

BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE RESOLUTION NO. 20-06

LIMITED SCOPE OF AMENDMENTS TO BRADLEY LAKE AGREEMENTS AND PROJECT TRANSMISSION LINE OPERATING PROTOCOLS

INTRODUCTION

Under the Agreement for the Sale and Purchase of Electric Power ("Power Sales Agreement"), the Bradley Lake Project Management Committee ("BPMC") is responsible for the management, operation, maintenance, and improvement of the Project, including, among other things, arranging for the operation and maintenance of the Project, and the scheduling, production, and dispatch of Project power

This BPMC Resolution 20-06 of the BPMC addresses the limited nature of the scope of the amendments to the Bradley Lake Agreements¹ and the establishment of operating protocols that are needed to accommodate the Proposed Transaction as defined below.

BACKGROUND

On May 22, 2020 Alaska Energy Authority ("AEA"), and Homer Electric Association, Inc. ("HEA") entered into a Letter of Intent containing, among other things, the terms and conditions under which AEA would purchase and Alaska Electric and Energy Cooperative, Inc. ("AEEC") and HEA would sell certain electric transmission facilities, transmission capacity, and other utility assets which are currently used by AEEC and HEA to provide electric service to Purchasers² of energy produced by the Project ("Proposed

¹ The term "Bradley Agreements" collectively refers to the agreements which direct and control the operation and maintenance of the Project, the transmission facilities and equipment used in the delivery of energy from the Project, the purchase of the energy produced by the Project, as well as the allocation of costs for operating and maintaining the Project. The Bradley Lake Agreements include: (1) the Agreement for the Sale and Purchase of Electric Power ("Power Sales Agreement"); (2) the Agreement for the Wheeling of Electric Power and for Related Services ("Services Agreement"); (3) the Agreement for the Sale of Transmission Capability, dated December 8, 1987, and the Amendment to Agreement for Sale of Transmission Capability, dated March 7, 1989 ("Transmission Sharing Agreement"); and (4) Alaska Power Authority Power Revenue Bond Resolution ("Bond Resolution").

² The Purchasers receiving this service are Chugach Electric Association, Inc. (CEA), City of Seward d/b/a/ Seward Electric System (Seward), Golden Valley Electric Association, Inc. (GVEA), Matanuska Electric Association, Inc. (MEA), and The Municipality of Anchorage d/b/a Municipal Light & Power (ML&P). On October 30, 2020, ML&P sold its interests in the Power Sales Agreement and the Project to Chugach. Chugach has assumed all of ML&P's rights and obligations under the Power Sales Agreement.

Transaction”). It is expected that the Proposed Transaction will close on or before December 17, 2020.

The components of the Proposed Transaction are:

1. Acquisition of certain transmission capacity rights in the Soldotna to Sterling Transmission Line (“SS Line”) subject to reservation for HEA’s native load requirements;
2. All of HEA’s property rights in the Sterling to Quartz Creek transmission line (“SSQ Line”);
3. All of HEA’s property rights to HEA’s 69kV Line through the area of the SSQ Line;
4. Reimbursement of the costs incurred by HEA to restore the Sterling to Quartz Creek Transmission Line (Swan Lake Fire damages); and,
5. The dismissal and/or withdraw of all regulatory proceedings, litigation, and appeals associated with Case No. 3AN-14-06125 CI, any filings with the Regulatory Commission of Alaska, as well as the Complaint pending before the BPMC concerning Kenai Peninsula transmission issues

Item Nos. 1, 2, and 3 above shall be referred to as the “Utility Assets.” This Resolution 20-06 addresses: 1) the limited changes needed to be made to certain Bradley Lake Agreements to accommodate the intent and objective of the Proposed Transaction; and 2) the operating protocols for the SS Line and SSQ Line. The other aspects of the Proposed Transaction will be addressed in a Memorandum of Proposed Transaction and Purchase and Sale agreements.

ASSET PURCHASE AGREEMENT

AEA and AEEC and HEA will enter into an Asset Purchase Agreement concerning the purchase and sale of the Utility Assets.

AMENDMENTS TO THE BRADLEY LAKE AGREEMENTS

Not all of the Bradley Lake Agreements are affected by the Proposed Transaction. The following agreements are affected by the Proposed Transaction and shall be modified accordingly³:

³ The changes to the named agreements are limited in scope. There is no intent to change the underlying provisions of the respective agreements; rather, the changes are made solely to accommodate the Proposed Transaction.

1. AMENDMENT TO AGREEMENT FOR SALE OF TRANSMISSION CAPABILITY by and among The HOMER ELECTRIC ASSOCIATION, INC. and The CHUGACH ELECTRIC ASSOCIATION, INC., The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC., The MUNICIPALITY OF ANCHORAGE d/b/a MUNICIPAL LIGHT & POWER, and The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., dated March 7, 1989 ("HEA Capability Agreement");
2. AGREEMENT FOR THE WHEELING OF ELECTRIC POWER AND FOR RELATED SERVICES, dated December 8, 1987 ("Services Agreement"); and,
3. BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY AND HOMER ELECTRIC ASSOCIATION, INC. dated August 26, 1996 ("Transmission Maintenance Agreement").

SS LINE/SSQ LINE OPERATION AND MAINTENANCE PROTOCOLS

Operating and Maintenance Protocols will also be established for the SS Line and the SSQ Line. These Operating Protocols are addressed below and incorporated into this BPMC Resolution 20-06.

After Closing of the Proposed Transaction, certain transmission capacity on the SS Line and the entirety of the SSQ Line will be part of the Project. As noted earlier, the BPMC is responsible for the management, operation, maintenance, and improvement of the Project, including, among other things, the scheduling, production, and dispatch of Project power. The BPMC is establishing the operation and maintenance protocols for the SS Line and the SSQ Line in this BPMC Resolution 20-06.

PURPOSE OF RESOLUTION

BPMC Resolution No. 20-06 sets forth the BPMC's intent that the changes to the above-referenced agreements shall be limited in scope. Moreover, in BPMC Resolution 20-06, the BPMC is approving and adopting the protocols under which certain transmission capacity on the SS Line will be managed and the manner which the SSQ Line will be managed, operated, and maintained.

BPMC RESOLUTION 20-06

WHEREAS, On May 22, 2020 AEA and HEA entered into a Letter of Intent outlining the terms and conditions of the Proposed Transaction;

WHEREAS, AEA, AEEC, and HEA will enter into a Purchase and Sale Agreement concerning the purchase and sale of certain transmission capacity on the SS Line and

the purchase and sale of all of the property rights and obligations in the physical assets being transferred, i.e., the SSQ Line and the 69 kV Line;

WHEREAS, The acquisitions comprising the Proposed Transaction are Project Required Work as that term is defined by the Bradley Lake Project Power Sales Agreement;

WHEREAS, The acquisition of certain transmission capacity rights on the SS Line, subject to reservation for HEA's native load requirements, requires, among other things, changes to the HEA Capability Agreement to assign maintenance responsibilities and allocate the transmission capacity on the SS Line in such a manner as to take into account HEA's obligations and right to serve its native load;

WHEREAS, The acquisition of certain transmission capacity rights on the SS Line, subject to reservation for HEA's native load requirements, requires that Operating Protocols for the SS Line be adopted by the BPMC;

WHEREAS, The purchase of the SSQ Line and the SSQ Line becoming part of the Project requires changes to the Services Agreement so that the Delivery Point for services is moved to the Quartz Creek Substation;

WHEREAS, The need for maintenance services on the SSQ Line as a Project Asset, and the revised duties and obligations regarding the SS Line require changes to the Transmission Maintenance Agreement and the HEA Capability Agreement so the SS Line and SSQ Line are properly maintained;

WHEREAS, The purchase of the SSQ Line and the SSQ Line becoming part of the Project requires that Operating Protocols for the SSQ Line be adopted by the BPMC;

WHEREAS, It is the intent of the BPMC that the changes to any of the Bradley Agreements be limited in scope;

WHEREAS, The changes to any Bradley Agreements are only being made to accommodate the Proposed Transaction; and,

WHEREAS, The need for establishing Operating Protocols for the transmission capacity of the SS Line and- the SSQ Line becoming part of the Project requires the BPMC to establish said Operating Protocols.

THEREFORE, BE IT RESOLVED THAT AEA, AEEC, and HEA will enter into a Purchase and Sale Agreement concerning the purchase and sale of the utility assets being transferred in substantially the same form as the Purchase and Sale Agreement set forth in Attachment A to this BPMC Resolution No. 20-06;

BE IT ALSO RESOLVED THAT the HEA Capability Agreement shall be amended for the sole purpose of transferring the duties and responsibilities of maintaining the SS Line to HEA and accommodating the allocation of transmission capacity on the SS Line to the Purchasers subject to a reservation of transmission capacity for HEA on the SS Line in

substantially the same form as the SECOND AMENDMENT TO AGREEMENT FOR THE SALE OF TRANSMISSION CAPACITY agreement is set forth in Attachment B to this BPMC Resolution No. 20-06;

BE IT ALSO RESOLVED THAT the Services Agreement shall be amended for the sole purpose of moving the Delivery Point for services to begin at the Quartz Creek Substation in substantially the same form as the FIRST AMENDMENT TO AGREEMENT FOR THE WHEELING OF ELECTRIC POWER AND RELATED SERVICES agreement is set forth in Attachment C to this BPMC Resolution No. 20-06;

BE IT ALSO RESOLVED THAT the Transmission Maintenance Agreement be amended for the sole purpose of adding the SSQ Line to the definition of Project Transmission Facilities in substantially the same form as the FIRST AMENDMENT TO BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT is set forth in Attachment D to this BPMC Resolution No. 20-06:

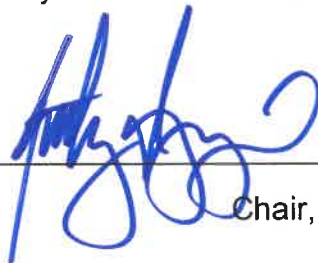
BE IT ALSO RESOLVED THAT the Operating Protocols for the operation and maintenance of the SS Line be established as more fully set forth in ATTACHMENT E to this Resolution 20-06;

BE IT ALSO RESOLVED THAT the Operating Protocols for the operation and maintenance of the SSQ Line be established as more fully set forth in ATTACHMENT F to this Resolution 20-06;

BE IT ALSO RESOLVED THAT the changes to the above-referenced agreements be limited in scope to specifically accommodate the changes needed as a result of the Proposed Transaction as provided for in this BPMC Resolution 20-06:

BE IT ALSO RESOLVED THAT any dispute or issue of intent and/or interpretation regarding the Bradley Agreements and how they may be affected by the Proposed Transaction and/or this BPMC Resolution 20-06 be brought to the BPMC for immediate resolution.

DATED at Anchorage Alaska, this 2nd day of December 2020.



Chair, Anthony M. Izzo

Attest: 

Secretary, Curtis Thayer

[Execution Copy]

**ATTACHMENT A
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") dated effective December 17, 2020 ("Effective Date") is made between Alaska Electric and Energy Cooperative, Inc., an Alaska electric cooperative, 3977 Lake Street, Homer, Alaska 99603 ("AEEC" or "Seller"); Homer Electric Association, Inc. an Alaska electric cooperative, 3977 Lake Street, Homer, Alaska 99603 ("HEA"); and Alaska Energy Authority, an instrumentality of the State of Alaska, 813 West Northern Lights Blvd., Anchorage, Alaska 99503 ("AEA" or "Buyer"), and is made for the purpose of purchase and sale of the below described utility assets. AEEC, HEA, and AEA may collectively be referred to as the "Parties" and individually as a "Party."

RECITALS

- A. The Parties entered into a Letter of Intent under which AEA would purchase and HEA would sell certain electric transmission facilities, transmission capacity, and utility assets which are currently used by HEA to provide electric service to the Purchasers¹ of energy produced by the Bradley Lake Hydroelectric Project ("Project").
- B. The Letter of Intent also involves changes to responsibilities under the various transmission-related agreements involving delivery of Project power, provides access to transmission capacity, resolves current litigation, and addresses compensation for restoration of transmission facilities following the Swan Lake fire.
- C. The agreements and other matters referenced in RECITAL A. and RECITAL B. above are part of a series of interdependent actions ("Proposed Transaction").
- D. The Memorandum of Proposed Transaction entered into this same date sets forth all of the components of the Proposed Transaction.
- E. The Parties are entering this Agreement in order to set forth the terms and conditions under which Seller will sell and Buyer will buy certain utility assets, acquire access to transmission capacity, and compensate Seller for cost incurred restoring the 115 kV line between Sterling Substation and Quartz Creek Substation ("SSQ Line") as part of the Proposed Transaction.

¹ Historically, the Purchasers receiving this service are Chugach Electric Association, Inc. (CEA), City of Seward d/b/a/ Seward Electric System (Seward), Golden Valley Electric Association, Inc. (GVEA), Matanuska Electric Association, Inc. (MEA), and The Municipality of Anchorage d/b/a Municipal Light & Power (ML&P). On October 30, 2020, ML&P sold its interests in the Power Sales Agreement and the Project to Chugach. Chugach has assumed all of ML&P's rights and obligations under the Power Sales Agreement.

F. This Agreement is an integral part of the Proposed Transaction.

AGREEMENT

In consideration of the covenants and agreements hereinafter made, the Parties agree as follows:

Section 1. Description of Assets

Subject to the terms and conditions set forth in this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, the following described utility assets:

1.1 SSQ Line. All property rights and obligations in the SSQ Line, including any and all engineering drawings, environmental reviews/evaluations, and other design and/or management materials regarding the SSQ Line;

1.2 69 kV Line. All property rights and obligations to the 69 kV line between Sterling Substation and Quartz Creek Substation ("69 kV Line"), including any and all engineering drawings, environmental reviews/evaluations, and other design and/or management materials regarding the 69 kV Line; and,

1.3 Transmission Capacity and Other Rights on SS Line. Capacity on the transmission line between Soldotna Substation and Sterling Substation ("SS Line") subject to the priority rights of HEA. AEA shall have the right to direct HEA to repair and/or upgrade the SS Line with any such cost incurred deemed a cost to be paid as a Project Cost;

The assets described in Section Nos. 1.1, 1.2, and 1.3 shall be collectively referred to in this Agreement as the "Utility Assets."

Section 2. Swan Lake Fire Restoration

Subject to the terms and conditions set forth in this Agreement, Buyer agrees to pay Seller for expenses incurred by Seller restoring the SSQ Line following the Swan Lake Fire (hereinafter referred to as the "Work").

Section 3. Purchase Price

The total purchase price for the Utility Assets and the Work is Thirteen Million Three Hundred Thousand Dollars (\$13,300,000) ("Purchase Price"). The Purchase Price shall be paid to Seller in two installments as set forth below. If the closing occurs on or before December 31, 2020, seven million three hundred thousand dollars (\$ 7,300,000.00) of the Purchase Price shall be paid to Seller on the Closing Date, and six million dollars (\$6,000,000) of the

Purchase Price shall be paid to the Seller on January 5, 2021. If the closing does not occur on or before December 31, 2020, seven million three hundred thousand dollars (\$7,300,000) of the Purchase Price shall be paid to the Seller on the Closing Date, and six million dollars (\$6,000,000) shall be paid to the Seller on January 5, 2022.

Section 4. Title; Condition of Utility Assets

Buyer acknowledges that it is purchasing the Utility Assets on the basis of Buyer's own independent investigations and studies, and not on the basis of anything actually or purportedly said, furnished or implied by Seller. Buyer acknowledges that it had access to the Utility Assets for purposes of making such physical inspections and analyses of the Utility Assets as it deemed necessary. Buyer acknowledges and agrees that, except as otherwise expressly set forth in this Agreement: (i) the purchase of the Utility Assets shall be on an "as is," "where is," "with all faults basis," subject to reasonable wear and tear from the date of this Agreement until the Closing; and (ii) none of Seller or any of its affiliates, nor any of their respective shareholders, members, partners, trustees, directors, officers, managers, employees, agents or representatives, nor any person purporting to represent any of the foregoing, have made any representation, warranty, guaranty, promise, projection or prediction whatsoever with respect to the Utility Assets or any portion thereof, written or oral, express or implied, arising by operation of law or otherwise, including, without limitation, any warranty of merchantability or fitness for a particular purpose, or any representation or warranty as to (a) the condition, quantity, quality, use, or operation of the Utility Assets or any portion thereof, (b) the past, present or future revenues or expenses with respect to the Utility Assets, or (c) the compliance of the Utility Assets or any portion thereof with any applicable law. Buyer acknowledges and agrees that Buyer is not relying on any statement made or information provided to Buyer by Seller or any of its affiliates, or any of their respective shareholders, members, partners, trustees, directors, managers, officers, employees, agents or representatives, or any person purporting to represent any of the foregoing, except for the representations and warranties expressly made by Seller in this Agreement.

Section 5. Environmental Contamination

For purposes of this Agreement, "Environmental Contamination" means any chemical, compound, material, or mixture of substances that is now or hereafter defined or listed in, or otherwise classified pursuant to Environmental Laws as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "infectious waste," "biohazardous waste," "toxic substance," "pollutant," "toxic pollutant," "contaminant," or any other chemical, compound, material, or mixture of substances that poses a significant present or potential hazard to human health and safety or to the environment if released into the environment. "Environmental Laws" means all applicable federal, state, borough or local statutes, rules, ordinances, or other regulation or

orders pertaining to the protection of human health or the environment, including air, water, groundwater, soil, noise, and odor.

5.1 Pre-Closing. Except as provided for in Section 9.4, Seller shall be liable to Buyer Buyer's officials, managers, directors, employees, consultants, advisors, counsel, successors, assigns, and other agents for any and all costs of investigation, removal, and remediation/cleanup of any Environmental Contamination caused or existing prior to or at the Closing Date, other than "Assumed Environmental Conditions" defined as environmental conditions existing at the time of Closing that are reasonably expected in the ordinary course of utility operations ("Assumed Environmental Conditions"). For the avoidance of doubt Assumed Environmental Conditions shall include, without limitation, the application of herbicides or pesticides commonly used in the utility industry or the leakage from transformers.

5.2 Post-Closing. Buyer shall be liable to Seller and Seller's officials, managers, directors, employees, consultants, advisors, counsel, successors, assigns, and other agents for any and all costs of investigation, removal and remediation/cleanup of any Environmental Contamination (a) arising after the Closing Date or (b) Assumed Environmental Conditions existing at the time of Closing.

5.3 Notice and Remediation. If Buyer discovers, encounters or is notified of the existence of any Environmental Contamination that it believes is the responsibility of Seller under Section 5.1, then Buyer shall promptly notify Seller thereof and shall take such reasonable actions with respect to the area containing such Environmental Contamination as are required or appropriate under Environmental Laws; and if such Environmental Contamination is the responsibility of Seller under Section 5.1, Seller may enter upon the applicable property and take reasonable steps to investigate, remove, remediate and cleanup such Environmental Contamination consistent with all Environmental Laws. If such Environmental Contamination is the responsibility of Seller under Section 5.1 and Seller fails to take reasonable steps to remove, remediate and cleanup such Environmental Contamination consistent with all Environmental Laws, then Buyer may take all necessary steps to remove, remediate and cleanup such Environmental Contamination consistent with all Environmental Laws and Seller shall be responsible for all costs related thereto.

Section 6. Rights of Way, Permits, easements, etc. related to Utility Assets

The Parties will cooperate and provide all necessary support to accommodate the assignment to Buyer of the working permits, easements, or other property or contractual interest from a third-party owner for authorization to use and occupy certain lands (including acceptable buffer zones), which have been granted to HEA (together the "Land Interests") for or related to the Utility Assets. In particular, certain Land Interests owned or controlled by the US Forest Service and the US Fish and Wildlife Service (Permit E 48 KE and Permit E 47 KE) are expected to be assigned or transferred to the Purchaser after closing, and if so, will in no way

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invalidate any of the provisions of this Agreement.

Until all Land Interests are held by Buyer, HEA shall provide from its own account the following support, including, but not limited to:

- a. Continuing to pay any fees or other payments that may become due;
- b. Accepting any liability that arises from the Land Interests, but in no event shall HEA accept liability for Buyer's own negligence, or for the negligence of Buyer's agents, contractors or assigns;
- c. Indemnifying Buyer from any claims or actions of any kind arising from the Land Interests, but in no event shall HEA indemnify Buyer for Buyer's own negligence, or for the negligence of Buyer's agents, contractors or assigns; and
- d. Supporting any future upgrade to the Utility Assets in the future.

Section 7. Closing.

This purchase shall be closed ("Closing") on either (a) December 17, 2020 ("Closing Date"), or, (b) if the closing conditions in Section 8 have not been satisfied as of such date, the earliest date such closing conditions have been satisfied, unless otherwise mutually agreed upon by the Parties.

Section 8. Buyer's and Seller's Contingencies

The obligations of Buyer and Seller under this Agreement are subject to the satisfaction at or prior to the Closing of the following conditions precedent:

8.1 Amendments to Transmission-Related Agreements. The execution and delivery of the amendments to the agreements set forth below:

- a. Amendment to Agreement for Sale of Transmission Capability by and among The Homer Electric Association, Inc. and The Chugach Electric Association, Inc., The Golden Valley Electric Association, Inc., The Municipality of Anchorage d/b/a Municipal Light & Power, and The Alaska Electric Generation and Transmission Cooperative, Inc., dated March 7, 1989;
- b. Agreement for the Wheeling of Electric Power and for Related Services, dated December 8, 1987; and,
- c. Bradley Lake Hydroelectric Project Transmission Facilities Maintenance Agreement between Alaska Energy Authority and Homer Electric Association, Inc. dated August 26, 1996.

8.2 Memorandum of Proposed Transaction. The execution and delivery of

the Memorandum of Proposed Transaction which outlines all facets of the Proposed Transaction and delineates actions to be taken.

8.3 SS Line and SSQ Line Operating Protocols. Approval of a Bradley Lake Project Management Committee ("BPMC") Resolution establishing Operating Protocols for the transmission capacity on the SS Line and the SSQ Line being acquired by Buyer.

8.4 Settlement of Disputes. Settlement documents withdrawing and/or dismissing with prejudice all regulatory proceedings, litigation, and appeals associated with Case No. 3AN-14-06125 CI and Case No. 3AN-14-08890 CI, any related filings with the Regulatory Commission of Alaska, and the Complaint pending before the BPMC ("Pending Claims"). The various utilities shall execute a settlement agreement as well as a Stipulation for Dismissal with Prejudice that resolves Pending Claims including, but not limited to, any future issues that are related or derivative to the Pending Claims on terms and conditions mutually acceptable to the utilities. The Stipulation for Dismissal with Prejudice shall be executed as part of the Proposed Transaction and filed with the Court directly following the Closing of the Proposed Transaction.

The contingencies set forth in this Section 8, along with this Agreement, comprise the agreements needed for the Proposed Transaction and are collectively referred to as the "Definitive Agreements."

The execution of the Definitive Agreements shall be subject to the approval: (a) of the respective governing boards of each signatory; (b) by other appropriate management bodies of the signatories; and (c) if necessary, by the United States Department of Agriculture, Rural Utilities Service ("RUS"). The Definitive Agreement shall not be considered executed until such approvals have been obtained.

Section 9. Seller's Representations

Seller makes the following representations to Buyer which are, on the date of this Agreement, and will be, unless Seller gives five days' prior written notice to the contrary, on the Closing Date, true to the best of Seller's knowledge:

9.1 Organization and Powers of Seller. The Seller is authorized to enter into and perform the Seller's obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of the Seller hereunder, subject to the approval of the RUS.

9.2 Authority. This Agreement has been duly authorized by all necessary action on the part of the Seller.

9.3 No Other Agreement. Neither Seller nor the Utility Assets are affected by any written or oral agreement which will prevent Seller's timely and full performance of all of Seller's obligations under this Agreement.

9.4 No Violations/Non-compliance. As of the Effective Date, Seller has received no written notice of violation or noncompliance of and, to Seller's reasonable knowledge, there is no material violation or noncompliance that has occurred and not been cured with respect to any law or regulation applicable to the Utility Assets, including, but not limited to, any Environmental Laws. Should any Seller's representations in this Section 9.4 be in any way untrue or incorrect, Seller will defend, indemnify and hold harmless Buyer and Buyer's officials, managers, directors, employees, consultants, advisors, counsel, successors, assigns, and other agents for any and all costs associated therewith.

9.5 No Suits. There is no action, suit, or proceeding pending against or affecting the Seller in any court or before or by any governmental authority which (i) affects the validity or enforceability of this Agreement, or (ii) could prohibit the Seller from performing its obligations hereunder or under any document to be delivered pursuant hereto.

9.6 Material Adverse Change. There shall not have occurred a material adverse change in or effect on the Utility Assets or any change that could materially impair the ability of the Parties to consummate the transaction contemplated by this Agreement and the Proposed Transaction.

Section 10. Buyer's Representations

Buyer makes the following representations to Seller which are, on the date of this Agreement, and will be, unless Buyer gives five days' prior written notice to the contrary, on the Closing Date, true to the best of Buyer's knowledge:

10.1 Organization and Powers of Buyer. The Buyer is authorized to enter into and perform the Buyer's obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of the Buyer hereunder.

10.2 Authority. This Agreement has been duly authorized by all necessary action on the part of the Buyer.

10.3 No Other Agreement. Buyer is not affected by any written or oral agreement which will prevent Buyer's timely and full performance of all of Buyer's obligations under this Agreement.

10.4 No Suits. There is no action, suit, or proceeding pending against or affecting the Buyer in any court or before or by any governmental authority which (i) affects

the validity or enforceability of this Agreement, or (ii) could prohibit the Buyer from performing its obligations hereunder or under any document to be delivered pursuant hereto.

Section 11. Operations and Maintenance

HEA currently provides the Operations and Maintenance ("O&M") on the SSQ Line. The Purchasers desire for HEA, and HEA agrees to continue to provide O&M services on the SSQ Line. If Buyer is required to offer this contract to other parties in accordance with its procurement provisions, it may do so in accordance with the First Amendment to Bradley Lake Hydroelectric Project Transmission Facilities Maintenance Agreement. The provision of O&M will fall under the existing standards outlined within the Transmission Facilities Maintenance Agreement, as amended. The O&M costs will be approved by the BPMC as is the current practice.

Section 12. Bill of Sale At Closing, AEEC and HEA shall transfer title to the Utility Assets to AEA by a Bill of Sale², and AEA shall accept the Utility Assets in all respects. HEA shall deliver all drawings, engineering data, and other information related to the Utility Assets.

Section 13. Federal Emergency Management Agency/State Recoveries

HEA will diligently pursue recovery of amounts incurred to restore the SSQ Line from State and Federal funding sources. Any amounts received by HEA from Federal Emergency Management Agency and/or any state recovery associated with the Swan Lake Fire and restoration of the SSQ Line shall be accounted for and transferred to Buyer and treated as a direct reduction in the Purchase Price. If any of the other utilities receive compensation for economic losses, each utility shall keep such amounts.

Section 14. Materials; Drawings

Seller shall provide to Buyer all engineering drawings, environmental reviews/evaluations, and other design and/or management materials regarding the SSQ Line as soon as practicable following Closing.

Section 15. Notice

Notices given under this Agreement shall be in writing and shall be delivered personally with written receipt therefor, or sent by certified mail or email, return receipt requested, or by overnight courier service, to the following addresses:

² Bill of Sale" means the Bill of Sale to be entered into by the Parties substantially in the form attached to this Agreement as Exhibit A.

Seller:

Bradley P. Janorschke, General Manager
Homer Electric Association, Inc.
3977 Lake Street
Homer, Alaska 99603
Email: bjanorschke@homerelectric.com

Buyer:

Curtis Thayer, Executive Director
Alaska Energy Authority
813 West Northern Lights Blvd.
Anchorage, Alaska 99503
Email: cthayer@akenergyauthority.org

with a copy to be provided to:

Rick Baldwin
Baldwin & Butler, LLC
125 N Willow
Kenai, AK 99611
Email: Rick@baldwinandbutler.com

with a copy to be provided to:

Stefan Saldanha
Assistant Attorney General
Alaska Department of Law
1031 West 4th Avenue, Suite 200
Anchorage, AK 99501
Email: Stefan.saldanha@alaska.gov

Any notice, request, demand, or other communication delivered or sent in the manner aforesaid shall be deemed given or made (as the case may be) when actually delivered to the intended recipient. Any Party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other Party in a manner described in this section.

Section 16. Additional Acts

Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and/or delivered by Seller or Buyer, Seller and Buyer hereby agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered any and all such further acts, deeds, and assurances as Buyer or Seller, as the case may be, as may reasonably be required to (a) evidence and vest in Buyer the ownership of and title to the Property, and (b) consummate the entirety of the transaction(s) contemplated hereunder.

Section 17. Assignment

Neither Party shall assign or in any manner transfer their interests or any part thereof in this Agreement without the prior written approval of the other Party to this Agreement. Any prohibited assignment shall be void.

Section 18. Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 19. Venue

Any disputes over the interpretation of this Agreement shall be resolved strictly by litigation in the Superior Court of the State of Alaska with venue in the Third Judicial District at Anchorage, Alaska. Seller and Buyer agree that the Superior Court of the State of Alaska will have exclusive jurisdiction over any such disputes and Seller and Buyer both agree to submit to the jurisdiction of that court. Any disputes regarding the application of this Agreement to the Project or the Bradley Agreements shall first be brought to the BPMC.

Section 20. Entire Agreement; Amendments

This Agreement constitutes the entire agreement between the Parties with respect to the purchase and sale of the Utility Assets, and supersedes all prior agreements, understandings, negotiations, and discussions of the Parties, whether oral or written related to the subject matter hereof. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

Section 21. Waiver

Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.

Section 22. Successors and Assigns

This Agreement will be binding on and will inure to the benefit of Buyer and Seller and all of their successors in interest and permitted assigns.

Section 23. Counterparts; Facsimile or Electronic Transmission

This Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

Section 24. Severability

If any term, covenant, or condition of this Agreement, or the application thereof to any person

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or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant, or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant, or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 25. No Partnership

This Agreement does not and shall not be construed to create a partnership, joint venture, or any other relationship between Seller and the Buyer except the relationship of seller and Buyer specifically established by this Agreement.

Section 26. Taxes

HEA shall be solely responsible for, and is legally bound to make payment of, any taxes determined to be due and owing (including penalties and interest related thereto) by it to any federal, state, local, or regional taxing authority as a result of the Purchase Price payment. HEA understands that AEA has not made, and it does not rely upon, any representations regarding the tax treatment of the sums paid pursuant to this Agreement. Moreover, HEA agrees to indemnify and hold AEA and the other utilities harmless in the event that any governmental taxing authority asserts against AEA or the other utilities any claim for unpaid taxes, failure to withhold taxes, penalties, or interest based upon the payment of the Purchase Price.

Section 27. Time of Essence

Time is of the essence with respect to every provision of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF have executed this Agreement as of the Effective Date.

Seller - AEEC:

Alaska Electric and Energy Cooperative, Inc.

By: 

Its: General Manager

Buyer:

Alaska Energy Authority

By: 

Its: Executive Director

HEA:

Homer Electric Association, Inc.

By: 

Its: General Manager

**ATTACHMENT B
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

Second Amendment to HEA Capability Agreement

**SECOND AMENDMENT TO AGREEMENT FOR SALE OF
TRANSMISSION CAPABILITY**

by and among

**The HOMER ELECTRIC ASSOCIATION, INC.
THE ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.**

And

**THE ALASKA ENERGY AUTHORITY
The CHUGACH ELECTRIC ASSOCIATION, INC.
The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.
The MATANUSKA ELECTRIC COOPERATIVE, INC.
CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM**

This SECOND AMENDMENT TO AGREEMENT FOR SALE OF TRANSMISSION CAPABILITY by and among The HOMER ELECTRIC ASSOCIATION, INC. and The CHUGACH ELECTRIC ASSOCIATION, INC., The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC., The MUNICIPALITY OF ANCHORAGE d/b/a MUNICIPAL LIGHT & POWER, and The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC. ("Second Amendment"), dated effective December 17, 2020 is being entered into by Homer Electric Association, Inc. ("HEA"), Chugach Electric Association, Inc. ("Chugach")¹, Golden Valley Electric Association, Inc. ("GVEA"), Matanuska Electric Association, Inc. ("MEA"), the City of Seward d/b/a Seward Electric System ("SES"), and Alaska Energy Authority ("AEA") as a result of AEA acquiring the Sterling Substation to Quartz Creek Substation transmission line ("SSQ Line") and the need to make changes to certain other transmission arrangements. HEA and MEA are successors in interest to Alaska Electric Generation and Transmission Cooperative, Inc. ("AEG&T").

¹ On October 23, 2020, the Bradley Lake Project Management Committee ("BPMC") passed BPMC Resolution No. 20-04 which, among other things, acknowledged receipt of Chugach's written assumption of obligations of The Municipality of Anchorage d/b/a MUNICIPAL LIGHT & POWER (ML&P) under the Power Sales Agreement and provided BPMC consent to the assignment of ML&P's shares of Project capacity to Chugach. On October 30, 2020, the transaction between ML&P and Chugach closed and Chugach assumed full and complete responsibility for ML&P's duties and obligations under the Power Sales Agreement and hereunder.

RECITALS

WHEREAS, AEA is the owner of the Bradley Lake Hydroelectric Project (the "Project") and sells power from the Project to certain interconnected cooperative and municipal utilities, including HEA ("Purchasers") under the terms of a power sales agreement (the "Power Sales Agreement");

WHEREAS, the AMENDMENT TO AGREEMENT FOR SALE OF TRANSMISSION CAPABILITY by and among The HOMER ELECTRIC ASSOCIATION, INC. and The CHUGACH ELECTRIC ASSOCIATION, INC., The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC., The MUNICIPALITY OF ANCHORAGE d/b/a MUNICIPAL LIGHT & POWER, and The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., dated March 7, 1989 ("Capability Agreement") was entered into in order to set forth the terms and conditions under which certain transmission lines would be constructed and operated for purposes of delivering energy from the Project to Project Purchasers;

WHEREAS, on May 22, 2020 Alaska Energy Authority ("AEA"), and HEA entered into a Letter of Intent containing, among other things, the terms and conditions under which AEA would purchase and Alaska Electric and Energy Cooperative, Inc. ("AEEC"), and HEA would sell certain electric transmission facilities, transmission capacity, and utility assets that are currently used by HEA to provide electric service to Purchasers of the Project ("Proposed Transaction");

WHEREAS, a component of the Proposed Transaction is the acquisition of transmission capacity rights by AEA on the Soldotna to Sterling Transmission Line Segment ("Sterling Segment" or "SS Line") subject to reservation for HEA's native load requirements and for AEA to have the right to require maintenance and upgrades on the Sterling Segment;

WHEREAS, this Second Amendment has been prepared and executed to modify the Capability Agreement to address the specific duties and obligations of the Parties relating to the Sterling Segment to accommodate the changes required as a result of the Proposed Transaction; and,

WHEREAS, the Parties understand that this Second Amendment is limited to the above-mentioned changes and that the Capability Agreement and this Second Amendment will be revised to develop an agreement which is reflective of current circumstances.

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/

/

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants set forth in the Capability Agreement and this Second Amendment, the Parties agree as follows:

SECTION 1. EFFECTIVE DATE; PARTIES

This Second Amendment shall become effective on the date of the Closing of the Proposed Transaction now expected to be December 17, 2020 ("Effective Date"). AEA, AEEC, Chugach, GVEA, HEA, MEA and SES are signatories to this Second Amendment. AEA, AEEC, Chugach, GVEA, HEA, MEA and SES may hereinafter be referred to individually as "Party" and jointly as "Parties." For avoidance of doubt, AEA is a Party only to the provisions of this Second Amendment.

SECTION 2. DEFINITIONS

Unless otherwise indicated in this Second Amendment, the capitalized terms in this Second Amendment shall have the meaning established in the Power Sales Agreement and the Capability Agreement.

SECTION 3. SOLE PURPOSE OF SECOND AMENDMENT

The purpose of this Second Amendment is to modify the Capability Agreement to specifically address the duties and obligations of the Parties with respect to Sterling Segment after Closing of the Proposed Transaction. Unless otherwise expressly provided herein all other terms, conditions, practices, and course of conduct of and under the Capability Agreement shall be unchanged.

SECTION 4. SECOND AMENDMENT TO CAPABILITY AGREEMENT

The Capability Agreement is hereby amended as follows:

4.1 Section 3(a) is amended to add a new subparagraph (iv) to read as follows:

(iv) After Closing of the Proposed Transaction, each Purchaser including HEA shall have the right to a share of the capability of the Sterling Segment in an amount

(stated in megawatts) equal to that Purchaser's Percentage Share (stated in megawatts), subject to the reservation of rights to HEA in Section 3(d), below.

4.2 Section 3(b) is amended to read as follows:

(b) Operation; line losses. HEA shall operate the Purchaser's Sterling Segment capability and Soldotna Segment capability as if each were part of HEA's system and make the Purchaser's Soldotna Segment and Sterling Segment transmission capability available for the use of the Purchaser to deliver energy and power in the manner directed by the Purchaser. HEA shall be compensated for system line losses, if any, resulting from power of the Purchasers flowing over the Soldotna Segment and Sterling Segment. The Project Management Committee will determine the amount of line losses and the appropriate amounts and manner of compensation.

4.3 Section 3 is amended to add a new paragraph (d) to read as follows:

(d) HEA Priority. HEA shall have the right to use the transmission capability of the Sterling Segment, at all times, in a manner that HEA reasonably determines to be necessary or prudent in order to meet, as a first priority, the safety, efficiency, and economic needs of HEA's own system. If, as a result of the exercise by HEA of its priority under this paragraph 3(d) the Purchasers are unable to receive their full shares as provided in subparagraph 3(a)(iv), above, any remaining transmission capability will be provided to the Purchasers and HEA on a pro rata basis based upon their respective Percentage Shares.

4.4 Section 4(b) is amended to read as follows:

(b) O & M expense. In addition to each Purchaser paying its share of the Construction Cost, AEA shall reimburse HEA in each month for a portion of HEA's actual expenses associated with operating, maintaining and repairing the Soldotna Segment and Sterling Segment (O & M expense) in accordance with the formula set forth in Attachment C. Such expenses will be an Annual Project Cost to be paid by the Purchasers and HEA which shall include but shall not be limited to all expenses related to providing necessary voltage support, except expenses related to capital improvements, for the Soldotna Segment installed at or between Bradley Junction and Soldotna Substation and the Sterling Segment, and all taxes, if any, for which HEA may become liable as a result of the sale of transmission capability. Prior to the beginning of each year HEA shall submit to the Bradley Lake Project Management Committee an annual schedule and budget of its proposed operation, maintenance, and repair expenses. Any costs associated with the under build facilities shall be the responsibility of HEA.

4.5 Section 6(c) is amended to read as follows:

(c) Scheduling. HEA shall schedule outages for maintenance or upgrading of the Sterling Segment and Soldotna Segment in consultation with the Bradley Lake Project Management Committee.

4.6 Section 7 is amended by adding a new paragraph (e) to read as follows:

(e) AEA Right to Direct Repair and Upgrades.

(i) AEA as the owner of the Project will have the right to direct HEA to repair and/or upgrade the Sterling Segment. Such direction shall be provided to HEA in writing and include a date within which HEA is to respond to AEA.

(ii) If HEA does not respond by the date set forth in the notice provided in accordance with Section 7(e)(i) or is unable or unwilling to repair and/or upgrade the Sterling Segment as directed by AEA, then AEA shall be authorized to have such work completed without further delay.

(iii) Any work performed by AEA, or its agents, under Section 7(e)(i) shall be done using Prudent Utility Practices and in reasonable coordination with HEA.

(iv) The cost associated with any repair and/or upgrade of the Sterling Segment required or directed by AEA shall be deemed a cost to be paid as a Project Cost (as defined in the Power Sales Agreement).

4.7 Section 10 is deleted in its entirety.

4.8 Section 18(c) is amended to read as follows:

(c) Agreement. This Agreement governing construction of the Transmission Line and sale of Soldotna Segment and Sterling Segment capability.

4.9 Section 18(s) is amended to read as follows:

(s) Forced Outage. Any event, without limitation, beyond the control of and unforeseen by HEA, the occurrence of which interferes with the capability of the Soldotna Segment or the Sterling Segment to transmit energy by rendering physically impossible or unsafe the transmission of all or a portion of the electric power that under normal conditions could safely be so transmitted. Any Forced Outage shall constitute an event of Force Majeure under this Agreement, but events of Force Majeure are not limited to Forced Outages.

4.10 Section 18(ee) is amended to read as follows

(ee) Purchaser. Every Party except HEA and AEEC.

4.11 Section 18(jj) is amended to read as follows:

(jj) Termination Date. The earliest of the following dates:

(i) As to the Soldotna Segment, the date the Soldotna Segment is no longer used and useful or required for delivery of Bradley Lake Power and each Purchaser has paid the full amount of its share of the Construction Cost;

(ii) As to the Sterling Segment, the date the Sterling Segment is no longer used and useful or required for delivery of Bradley Lake Power;

(iii) The date on which the Power Sales Agreement terminates as provided at Section 2(c) of the Power Sales Agreement; or,

(iv) Such other date as the Parties may mutually agree upon, subject to such approvals as may be necessary at the time of such agreement.

4.12 Section 18(kk) is amended to read as follows:

(kk) Transmission Line. The transmission line, approximately 74.13 miles in length, composed of the Soldotna Segment, the Fritz Creek Segment, and the Sterling Segment.

4.13 Section 18 is amended to add a new paragraph (ll) to read as follows:

(ll) AEEC. The Alaska Electric and Energy Cooperative, Inc.

4.14 Section 18 is amended to add a new paragraph (mm) to read as follows:

(mm) Sterling Segment. The approximately 14.22 mile 115 kV transmission line between the Soldotna Substation and the Sterling Substation being constructed of typically H-frame wood poles, and conductor typically 556.5 kcmil, 26/7 strands Dove ASCR. For purposes of this Agreement, the Sterling Segment does not include any HEA-owned distribution facilities.

4.15 Section 18 is amended to add a new paragraph (nn) to read as follows:

(nn) Sterling Substation. The Sterling Substation owned by AEEC.

4.16 Section 18 is amended to add a new paragraph (oo) to read as follows:

(oo) HEA. Homer Electric Association or AEEC, as the context indicates.

4.17 Attachment C is amended to modify the definition of O₁ to read as follows:

O ₁	=	Dollar amount of HEA's O & M expense for the Soldotna Segment and the Sterling Segment (non-native load, transmission related O&M expense) in the preceding quarter (including the Soldotna Segment's equitable share of any HEA A&G expense properly allocated to HEA transmission in that quarter, and including all expenses of providing voltage support to the Sterling Segment (non-native load, transmission related) and the Soldotna Segment at or between Bradley Junction and the Soldotna Substation during that quarter).
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SECTION 5. NO OTHER CHANGES

Other than the provisions delineated and expressly set forth in SECTION 4 of this Second Amendment, no other changes to the language contained in the Capability Agreement are made and/or intended to become incorporated and/or part of the Capability Agreement through the execution of this Second Amendment and therefore none should be implied or construed. The Parties agree, however, to work together in good faith to address any additional changes that may be required to reflect the effect of the Proposed Transaction.

SECTION 6. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Second Amendment may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Second Amendment may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be executed as of the Effective Date.

ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.

By  _____

As General Manager _____

ALASKA ENERGY AUTHORITY

By _____

As _____

SECTION 5. NO OTHER CHANGES

Other than the provisions delineated and expressly set forth in SECTION 4 of this Second Amendment, no other changes to the language contained in the Capability Agreement are made and/or intended to become incorporated and/or part of the Capability Agreement through the execution of this Second Amendment and therefore none should be implied or construed. The Parties agree, however, to work together in good faith to address any additional changes that may be required to reflect the effect of the Proposed Transaction.

SECTION 6. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Second Amendment may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Second Amendment may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be executed as of the Effective Date.

ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.

By _____

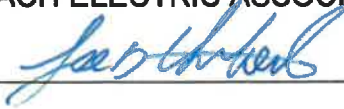
As _____

ALASKA ENERGY AUTHORITY

By 

As Executive Director

CHUGACH ELECTRIC ASSOCIATION, INC.

By 

As CEO

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As President & CEO

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By  _____

As General Manager _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____


CEO

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By Cory R. Borgeson

As Interim Utility Manager

**ATTACHMENT C
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

First Amendment to Services Agreement

**FIRST AMENDMENT
TO
AGREEMENT FOR THE WHEELING OF ELECTRIC POWER
AND FOR RELATED SERVICES
by and among
The CHUGACH ELECTRIC ASSOCIATION, INC.
and
The HOMER ELECTRIC ASSOCIATION, INC.,
The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.,
The MATANUSKA ELECTRIC ASSOCIATION, INC.,
The MUNICIPALITY OF ANCHORAGE d/b/a/ MUNICIPAL LIGHT AND POWER,
The CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM ("SES"), AND
The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC.**

This FIRST AMENDMENT TO AGREEMENT FOR THE WHEELING OF ELECTRIC POWER AND FOR RELATED SERVICES by and among The CHUGACH ELECTRIC ASSOCIATION, INC., The HOMER ELECTRIC ASSOCIATION, INC., The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC., The MATANUSKA ELECTRIC ASSOCIATION, INC., The MUNICIPALITY OF ANCHORAGE d/b/a/ MUNICIPAL LIGHT AND POWER, The CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM, and The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., dated effective December 17, 2020 is made by and between Chugach Electric Association, Inc. ("Chugach")¹, Homer Electric Association, Inc. ("HEA"), Golden Valley Electric Association, Inc. ("GVEA"), Matanuska Electric Association, Inc. ("MEA"), the City of Seward d/b/a Seward Electric System ("SES"), and the Alaska Electric Generation and Transmission Cooperative, Inc. ("AEG&T"), each an electric cooperative or a municipality duly organized and with its principal offices located in the State of Alaska, and MEA is the successor in interest to the Alaska Electric Generation and Transmission Cooperative, Inc. ("Amended Services Agreement"). Chugach, GVEA, HEA, MEA, and SES, shall hereinafter be referred to individually as "PARTY" and jointly as the "Parties."

RECITALS

¹ On October 23, 2020, the Bradley Lake Project Management Committee ("BPMC") passed BPMC Resolution No. 20-04 which, among other things, acknowledged receipt of Chugach's written assumption of obligations of The Municipality of Anchorage d/b/a MUNICIPAL LIGHT & POWER (ML&P) under the Power Sales Agreement and provided BPMC consent to the assignment of ML&P's shares of Project capacity to Chugach. On October 30, 2020, the transaction between ML&P and Chugach closed and Chugach assumed full and complete responsibility for ML&P's duties and obligations under the Power Sales Agreement and hereunder.

WHEREAS, the Alaska Energy Authority ("AEA") is the owner of the Bradley Lake Hydroelectric Project (the "Project") and sells power from the Project to certain interconnected cooperative and municipal utilities ("Purchasers") under the terms of a power sales agreement (the "Power Sales Agreement")

WHEREAS, the Parties entered into the AGREEMENT FOR THE WHEELING OF ELECTRIC POWER AND FOR RELATED SERVICES by and among The CHUGACH ELECTRIC ASSOCIATION, INC., The HOMER ELECTRIC ASSOCIATION, INC., The GOLDEN VALLEY ELECTRIC ASSOCIATION, INC., The MATANUSKA ELECTRIC ASSOCIATION, INC., The MUNICIPALITY OF ANCHORAGE d/b/a/ MUNICIPAL LIGHT AND POWER, The CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM, and The ALASKA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., dated December 8, 1987 ("Services Agreement"), which provided an alternative solution to the problem of transmitting or otherwise utilizing power generated by the Bradley Lake Hydroelectric Project ("Project");

WHEREAS, under the Services Agreement Chugach provides wheeling, storage, and energy purchase services beginning from the Soldotna Substation to the Quartz Creek Substation and then through Chugach's transmission facilities;

WHEREAS, HEA currently owns the transmission line facilities from the Soldotna Substation to the Quartz Creek Substation;

WHEREAS, the services provided by Chugach under the Services Agreement involve a Purchaser's Project energy delivered to Chugach at the Soldotna Substation (as set forth in the Services Agreement);

WHEREAS, HEA, Alaska Electric and Energy Cooperative, Inc. ("AEEC"), and AEA intend to enter into an Asset Purchase Agreement which will contain the terms and conditions under which AEA would purchase and HEA and AEEC would sell the Sterling Substation to Quartz Creek Substation transmission line ("SSQ Line") and certain other utility assets;

WHEREAS, following the purchase of the SSQ Line, HEA will operate and maintain the Soldotna Substation to Sterling Substation transmission line ("SS Line");

WHEREAS, AEA will be the owner of certain capacity rights on the SS Line;

WHEREAS, AEA will be the owner of the SSQ Line;

WHEREAS, the AEA's capacity rights on the SS Line and the SSQ Line will become part of the Project and will be managed and operated by the Bradley Lake Project Management Committee ("BPMC");

WHEREAS, AEA will be the owner of certain property rights and obligations to the 69 kV Line between Sterling Substation and the Quartz Creek Substation;

WHEREAS, the BPMC shall establish the terms and conditions under which the SSQ Line will be operated and maintained after the SSQ Line becomes part of the Project;

WHEREAS, Chugach services under the Services Agreement are still needed to begin from the Quartz Creek Substation and continue through the Chugach service territory;

WHEREAS, the Services Agreement needs to be amended to reflect these new circumstances;

WHEREAS, the services provided by Chugach under the Amended Services Agreement will involve a Purchaser's Project energy delivered to Chugach at the Quartz Creek Substation after transmission on the Project's SSQ Line;

WHEREAS, in accordance with the Power Sales Agreement, the BPMC has approved the terms of this Amended Services Agreement; and,

WHEREAS, the Parties are entering this Amended Services Agreement in order to set forth the new location from which Chugach will continue to provide the afore-mentioned wheeling, storage, and energy purchase services to the Parties.

AGREEMENT

NOW THEREFORE IN CONSIDERATION of the mutual covenants set forth in the Services Agreement and this Amended Services Agreement, the Parties agree as follows:

SECTION 1. EFFECTIVE DATE AND TERMINATION.

This Amended Services Agreement shall become effective on the date of the Closing of the Proposed Transaction now expected to be December __, 2020 ("Effective Date"). This Amended Services Agreement shall immediately terminate when the Services Agreement terminates.

SECTION 2. DEFINITIONS

Unless otherwise indicated, the capitalized terms in this Amended Services Agreement shall have the meaning established in the Power Sales Agreement and the Services Agreement.

SECTION 3. SOLE PURPOSE OF AMENDED SERVICES AGREEMENT

The sole purpose of this Amended Services Agreement is to clarify the location of where Chugach begins to provide the wheeling, storage, and energy purchase services to the

Parties under the Services Agreement. All other terms and conditions of the Services Agreement shall be unchanged.

SECTION 3. AMENDMENT TO SERVICES AGREEMENT

The following amendment shall be made to the Services Agreement by this Amended Services Agreement:

3.1. Amendment to Section 13 of the Services Agreement.

SECTION 13 (aa) of the Services Agreement shall be amended as set forth in this Section 3.1.

SECTION 13 (aa) shall be deleted in its entirety and replaced with the following:

SECTION 13 (aa) Soldotna Substation. The Quartz Creek Substation owned by Chugach Electric Association, Inc., shall be the successor facility to the Soldotna Substation at which Bradley Lake Energy can be and is delivered to Chugach at Chugach's metering point by a Wheeling Utility for services under this Agreement. All references to Soldotna Substation in the Services Agreement shall hereinafter be read in the Amended Services Agreement to mean the Quartz Creek Substation.

3.2. Effect of Change to the Services Agreement.

All references to Soldotna Substation in the Services Agreement shall hereinafter be read in the Amended Services Agreement to mean the Quartz Creek Substation.

SECTION 4. NO OTHER CHANGES

Other than the change in SECTION 13 (aa) concerning the location where services shall be initiated from by Chugach under the Amended Services Agreement as expressly set forth in SECTION 3 above, no other changes to the provisions contained in the Services Agreement are made and/or intended to become part of this Amended Services Agreement and therefore none should be implied or construed.

SECTION 5. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Amended Services Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Amended Services Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Amended Services Agreement to be executed effective the day and year when the SSQ Line is owned by AEA and made part of the Project.

CHUGACH ELECTRIC ASSOCIATION, INC.

By 

As CEO

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

SECTION 5. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Amended Services Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Amended Services Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Amended Services Agreement to be executed effective the day and year when the SSQ Line is owned by AEA and made part of the Project.

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As President & CEO

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

SECTION 5. COUNTERPARTS: FACSIMILE OR ELECTRONIC TRANSMISSION

This Amended Services Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Amended Services Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Amended Services Agreement to be executed effective the day and year when the SSQ Line is owned by AEA and made part of the Project.

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

As _____

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By  _____

As General Manager

MATANUSKA ELECTRIC ASSOCIATION, INC.

By  _____

As _____ CEO

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

ALASKA ELECTRIC GENERATION & TRANSMISSION COOPERATIVE, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By Cory R. Borgeson

As Interim Utility Manager

ALASKA ELECTRIC GENERATION & TRANSMISSION COOPERATIVE, INC.

By _____

As _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

By _____

As _____

THE CITY OF SEWARD d/b/a SEWARD ELECTRIC SYSTEM

By _____

As _____

ALASKA ELECTRIC GENERATION & TRANSMISSION COOPERATIVE, INC.

By  _____

As General Manager _____

**ATTACHMENT D
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

First Amendment to Transmission Facilities Maintenance Agreement

**FIRST AMENDMENT
TO
BRADLEY LAKE HYDROELECTRIC PROJECT
TRANSMISSION FACILITIES MAINTENANCE AGREEMENT
BETWEEN
ALASKA ENERGY AUTHORITY
AND
HOMER ELECTRIC ASSOCIATION, INC.**

DECEMBER 2020

[FINAL EDITS 12/1/2020]
FIRST AMENDMENT
TO
BRADLEY LAKE HYDROELECTRIC PROJECT
TRANSMISSION FACILITIES MAINTENANCE AGREEMENT
BETWEEN
ALASKA ENERGY AUTHORITY
AND
HOMER ELECTRIC ASSOCIATION, INC.

This FIRST AMENDMENT TO BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY AND HOMER ELECTRIC ASSOCIATION, INC., dated effective December 17, 2020 ("Amended Transmission Maintenance Agreement"), is entered into by and between Alaska Energy Authority ("AEA") and Homer Electric Association, Inc. ("HEA"), in order to expand the scope of the BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY AND HOMER ELECTRIC ASSOCIATION, INC. dated August 26, 1996 ("Transmission Maintenance Agreement") as a result of AEA acquiring the Sterling Substation to Quartz Creek Substation transmission line ("SSQ Line") and changes to certain other transmission arrangements. AEA and HEA shall hereinafter be referred to individually as "Party" and jointly as the "Parties."

RECITALS

WHEREAS, AEA is the owner of the Bradley Lake Hydroelectric Project ("Project") and sells power from the Project to certain interconnected cooperative and municipal utilities ("Purchasers") under the terms of a power sales agreement (the "Power Sales Agreement");

WHEREAS, On May 22, 2020 AEA and HEA entered into a Letter of Intent containing, among other things, the terms and conditions under which AEA would purchase and HEA would sell certain electric transmission facilities and utility assets that are currently used by HEA to provide electric service to Purchasers of the Project ("Proposed Transaction");

WHEREAS, the Parties entered into the Transmission Maintenance Agreement to provide for maintenance of Project Transmission Facilities;

WHEREAS, the purchase of the SSQ Line is a component of the Proposed Transaction and is Required Project Work under the terms of the Power Sales Agreement;

WHEREAS, the SSQ Line will become part of the Bradley Lake Hydroelectric Project;

WHEREAS, in accordance with the Power Sales Agreement, the BPMC has approved the terms of this Amended Transmission Maintenance Agreement; and,

WHEREAS, the Parties wish to enter into this Amended Transmission Maintenance Agreement to add the provision of the maintenance of the SSQ Line to the scope of the Transmission Maintenance Agreement.

AGREEMENT

NOW THEREFORE IN CONSIDERATION of the mutual covenants set forth in the Transmission Maintenance Agreement and this Amended Transmission Maintenance Agreement, the Parties agree as follows:

SECTION 1. EFFECTIVE DATE AND TERMINATION.

This Amended Transmission Maintenance Agreement shall become effective on the date of the Closing of the Proposed Transaction now expected to be December 17, 2020 ("Effective Date"). This Amended Transmission Maintenance Agreement shall immediately terminate when the Transmission Maintenance Agreement terminates.

SECTION 2. DEFINITIONS

Unless otherwise indicated, the capitalized terms in this Amended Transmission Maintenance Agreement shall have the meaning established in the Power Sales Agreement and the Transmission Maintenance Agreement.

SECTION 3. SOLE PURPOSE OF AMENDMENT

The purpose of this Amended Transmission Maintenance Agreement is to add the SSQ Line facilities to the Project Transmission Facilities described in SECTION 1.H. of the Transmission Maintenance Agreement and reflect same in the relevant Exhibits as expressly set forth in this Amended Transmission Maintenance Agreement. All other terms and conditions of the Transmission Maintenance Agreement shall remain unchanged.

SECTION 4. AMENDMENT TO TRANSMISSION MAINTENANCE AGREEMENT

The following amendment shall be made to the Transmission Maintenance Agreement by this Amended Transmission Maintenance Agreement:

4.1. Amendment to Section 1.H. of the Transmission Maintenance Agreement.

SECTION 1.H. of the Transmission Maintenance Agreement shall be amended as set forth in this Section.

SECTION 1.H. "Project Transmission Facilities" shall be amended to include:

Bradley Lake Plant to Bradley Junction 115 kV Line Segment – means the transmission facilities and equipment owned by the Authority interconnecting the Project and Soldotna transmission lines owned by HEA with the Bradley Lake Hydroelectric generation plant owned by the Authority. Project Transmission Facilities include the 115 kV switching station at Bradley Junction and approximately 20 miles of two parallel, single circuit, 115 kV transmission lines from the overhead line attachment point on the dead end structure adjacent to the transformer at the Bradley Lake Power Plant.

Sterling – Quartz Creek 115 kV Line Segment – means the transmission facilities and equipment owned by Authority that is an approximately 39.32 mile 115 kV transmission line between the Sterling Substation and the Quartz Creek Substation ("SSQ Line"). The line towers are typically H-frame wood pole construction. The conductor is typically 556.5 kcmil, 26/7 strands Dove ACSR.

The above-referenced Project Transmission Facilities are further described in Exhibits A and B.

4.2. Amendments to Exhibit A and Exhibit B of the Transmission Maintenance Agreement.

Exhibit A and Exhibit B of the Transmission Maintenance Agreement shall be amended as set forth in the Exhibits A-1 and Revised Exhibit B attached to this Amended Transmission Maintenance Agreement. The single line diagram in Exhibit A-1 shall be used in conjunction with the current Exhibit A to the Transmission Maintenance Agreement.

4.3. Effect of Changes to SECTION 1.H and Exhibits A and B.

The SSQ Line shall be added to the definition of Project Transmission Facilities in the Transmission Maintenance Agreement as further described in the Exhibit A-1 and Revised Exhibit B attached to this Amended Transmission Maintenance Agreement. HEA will perform maintenance accordingly under the Transmission Maintenance Agreement as amended by this Amended Transmission Maintenance Agreement.

SECTION 5. NO OTHER CHANGES

Other than the change to the language in SECTION 1.H., and the addition to Exhibit A with Exhibit A-1, and the revision to Exhibit B of the Transmission Maintenance Agreement as expressly set forth in SECTION 4 of this Amended Transmission Maintenance Agreement above, no other changes to the language contained in the Transmission Maintenance Agreement are made and/or intended to become part of this

Amended Transmission Maintenance Agreement and therefore none should be implied or construed.

SECTION 6. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Amended Transmission Maintenance Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Amended Transmission Maintenance Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Amended Transmission Maintenance Agreement to be executed as of the Effective Date when the SSQ Line is owned by AEA and made part of the assets of the Project.

ALASKA ENERGY AUTHORITY.

By 

As Executive Director

HOMER ELECTRIC ASSOCIATION, INC.

By _____

As _____

Amended Transmission Maintenance Agreement and therefore none should be implied or construed.

SECTION 6. COUNTERPARTS; FACSIMILE OR ELECTRONIC TRANSMISSION

This Amended Transmission Maintenance Agreement may be executed and notarized in counterparts, each of which will be deemed an original for all purposes, and all counterparts will collectively constitute one Agreement. This Amended Transmission Maintenance Agreement may be executed by using electronic signatures. To facilitate execution of this Agreement, facsimile transmission, or transmission by electronic mail of any signed original document shall be the same as delivery of an original.

IN WITNESS WHEREOF, the Parties have caused this Amended Transmission Maintenance Agreement to be executed as of the Effective Date when the SSQ Line is owned by AEA and made part of the assets of the Project.

ALASKA ENERGY AUTHORITY.

By _____

As _____

HOMER ELECTRIC ASSOCIATION, INC.

By  _____

As General Manager _____

EXHIBIT A -1
TO
FIRST AMENDMENT
TO
BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION
FACILITIES MAINTENANCE AGREEMENT
BETWEEN
ALASKA ENERGY AUTHORITY
AND
HOMER ELECTRIC ASSOCIATION, INC.

Figure 1 Delete Soldotna Sub to Sterling Sub

REVISED EXHIBIT B
TO
FIRST AMENDMENT
TO
BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION
FACILITIES MAINTENANCE AGREEMENT
BETWEEN
ALASKA ENERGY AUTHORITY
AND
HOMER ELECTRIC ASSOCIATION, INC.

REVISED EXHIBIT B

PROJECT TRANSMISSION FACILITIES

- A. As described in Exhibit A of the Operation and Maintenance Agreement for the Bradley Lake Project at A-9:

2.12 Transmission Line

Two parallel and separate single circuit 115 kV transmission lines, each about 20 miles long, connect to the substation at the powerhouse and carry the power generated to the Fritz Creek-Soldotna 115 kV Transmission Line owned by Homer Electric Association, Inc. The point of connection for these two lines is designated as the Bradley Junction.

The Bradley Lake transmission line towers are guyed, X-configuration towers manufactured of Corten type steel. The conductor is 556 kcmil, 42/19 Aluminum Steel "Special Dove."

- B. As described in Section 4 of the FIRST AMENDMENT TO BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY AND HOMER ELECTRIC ASSOCIATION, INC. dated effective December 17, 2020:

Sterling – Quartz Creek 115 kV Line Segment – means the transmission facilities and equipment owned by Authority that is an approximately 39.32 mile 115 kV transmission line between the Sterling Substation and the Quartz Creek Substation ("SSQ Line"). The line towers are typically H-frame wood pole construction. The conductor is typically 556.5 kcmil, 26/7 strands Dove ACSR.

**ATTACHMENT E
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

SS LINE OPERATING PROTOCOLS

SS LINE OPERATING PROTOCOLS

[Effective: December 17, 2020]

These Operating Protocols shall be used by the Bradley Lake Project Management Committee ("BPMC") to operate and maintain as well as manage the delivery of energy from the Bradley Lake Hydroelectric Project ("Project") on Soldotna Substation to Sterling Substation transmission line ("SS Line") once the Proposed Transaction is complete.¹ Only the BPMC shall have the authority to amend or modify these SS Line Operating Protocols. Any disputes, issues and/or concerns regarding the contents or interpretation or use of these SS Line Operating Protocols shall be immediately brought to the attention of the BPMC for resolution.

ALLOCATION OF TRANSMISSION CAPACITY

HEA shall have first priority to serve its native load from the transmission capacity of the SS Line. If, as a result of the exercise by HEA of its priority for serving native load the other utilities purchasing Project power are unable to receive their full shares, any remaining transmission capability will be provided to the Purchasers and HEA on a pro rata basis based upon their respective Percentage Shares of Project power.

RATES/COSTS

There will be no transmission rate collected. Except for amounts associated with HEA's native load and distribution facilities, all costs to operate and maintain the SS Line shall be a component of the Annual Project Costs. All costs to serve HEA's native load will be borne by HEA. HEA will be responsible for the cost of operating and maintaining all of its distribution facilities. Each Purchaser and HEA shall be responsible for Annual Project Costs associated with the SSQ Line in accordance with that Purchaser's Percentage Share (stated in megawatts) in the Project.

HEA shall keep accurate records of work performed on the transmission facilities comprising the SS Line. No cost related to or associated with the distribution facilities which are part of the SS Line transmission facilities shall be included in any billings to the Project.

¹ The Proposed Transaction is addressed in BPMC Resolution 2020-06.

DELIVERY/RECEIPT OF ENERGY

Homer Electric Association, Inc. ("HEA") will deliver, and the Project will receive Bradley Power at the SSQ Line side of HEA's Sterling Substation.

DISPATCH OF ENERGY

To be determined by the BPMC in accordance with the Bradley Agreements.

MAINTENANCE

To be determined by the BPMC in accordance with the Bradley Agreements.

MISCELLANEOUS

Certain transmission capacity of the SS Line is part of the Project and thus miscellaneous costs associated with the transmission capacity on the SS Line that is part of the Project (e.g., insurance, legal, AEA administrative costs, etc.) will be handled as part of the Project's general needs and billed to Purchasers and HEA based upon their respective shares of Project Capacity.

ACCOUNTING

Costs associated with the SS Line shall be tracked and accounted for separately from other Project costs and billed to Purchasers and HEA based upon their respective shares of Project Capacity.

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**ATTACHMENT F
TO
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 06**

SSQ LINE OPERATING PROTOCOLS

SSQ LINE OPERATING PROTOCOLS

[Effective: December 17, 2020]

These Operating Protocols shall be used by the Bradley Lake Project Management Committee ("BPMC") to operate and maintain as well as manage the delivery of energy from the Bradley Lake Hydroelectric Project ("Project") on and through the Sterling Substation to Quartz Creek Substation transmission line ("SSQ Line") once the Proposed Transaction is complete.² Only the BPMC shall have the authority to amend or modify these SSQ Line Operating Protocols. Any disputes, issues and/or concerns regarding the contents or interpretation or use of these SSQ Line Operating Protocols shall be immediately brought to the attention of the BPMC for resolution.

ALLOCATION OF TRANSMISSION CAPACITY

Each Purchaser and HEA shall have the right to a share of the transmission capability of the SSQ Line in an amount (stated in megawatts) equal to that Purchaser's Percentage Share (stated in megawatts) in the Project.

RATES/COSTS

There will be no transmission rate collected. All costs to operate and maintain the SSQ Line, including cost to repair and/or upgrade the SSQ Line shall be a component of the Annual Project Costs. Each Purchaser and HEA shall be responsible for Annual Project Costs associated with the SSQ Line in accordance with that Purchaser's Percentage Share (stated in megawatts) in the Project.

DELIVERY/RECEIPT OF ENERGY

Homer Electric Association, Inc. ("HEA") will deliver, and the Project will receive Bradley Power at the SSQ Line side of HEA's Sterling Substation.

² The Proposed Transaction is addressed in BPMC Resolution 2020-06.

DISPATCH OF ENERGY

The SSQ Line will be subject to the provisions of the Agreement for the Dispatch of Electric Power and For Related Services dated August 20, 1996 by and among Chugach Electric Association, Inc., and Alaska Energy Authority

MAINTENANCE

On or before December 17, 2020, the BRADLEY LAKE HYDROELECTRIC PROJECT TRANSMISSION FACILITIES MAINTENANCE AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY AND HOMER ELECTRIC ASSOCIATION, INC. dated August 26, 1996 ("Transmission Facilities Maintenance Agreement") shall be amended to include the SSQ Line. See Attachment D to BPMC Resolution 20-06. Maintenance services will be provided by Homer Electric Association, Inc. under the Transmission Facilities Maintenance Agreement as amended.

MISCELLANEOUS

The SSQ Line is part of the Project and thus miscellaneous costs associated with the SSQ Line (e.g., insurance, legal, AEA administrative costs, etc.) will be handled as part of the Project's general needs and billed to Purchasers and HEA based upon their respective shares of Project Capacity.

.ACCOUNTING

Costs associated with the SSQ Line shall be tracked and accounted for separately from other Project costs and billed to Purchasers and HEA based upon their respective shares of Project Capacity.
