EXECUTIVE SUMMARY OF
CARBON FREE POWER PROJECT
POWER SALES CONTRACTS

OVERVIEW

The Power Sales Contracts for the Carbon Free Power Project are based upon the power sales contracts for UAMPS' other generating projects, and incorporate many of the same terms and provisions. New provisions have been added to address CFPP-specific items, including the management of and funding for the Development Work on the Project to the point in time when development is complete and the CFPP can move to construction.

The Power Sales Contracts have been drafted by UAMPS legal counsel under the supervision of the Project Management Committee, with additional legal review by the Legal Committee, which included PMC Representatives, city attorneys and outside counsel.

BASIC TERMS AND PROVISIONS

"Participants": The power purchasers that participate in the Project under the Power Sales Contracts (PSCs) with UAMPS.

"Project" or "CFPP": The Carbon Free Power Project.

"Entitlement Share":

> A specified percentage share of the output of the Project.
>
> Passes through benefits and burdens of ownership of the Project:
>
> > Benefit: Specified share of Project Output at cost for the life of the Project,
> >
> > Burden: Obligation to pay a percentage of all ownership, operating and decommissioning costs, including debt service and contract obligations on a "take-or pay" basis, and
> >
> > Burden: Observing contract covenants and risk of Entitlement Share step-up.

PSC terms that support Project operations and financings include:

> "Take-or-pay" payment obligation, the Participants are obligated to pay the amounts due under the PSCs regardless of whether the Project is completed, operable, operating, damaged, destroyed or terminated,

Payments made solely from each Participant's electric system revenues and as an operating expense of the Participant's electric system,

Rate covenant: Participant agrees to charge and collect rates for electric service that produce revenues sufficient to meet its payment obligations under the PSC and other obligations payable from such revenues, and

Step-up obligation, non-defaulting Participants can be required to take a portion of a defaulting Participant's Entitlement Share, subject to a maximum increase in the Entitlement Share over the term of the PSCs of 25%.

PROJECT MANAGEMENT COMMITTEE (PMC)

The Project Management Committee is established by the Power Sales Contracts and the UAMPS Joint Action Agreement. The PMC has complete and comprehensive decision-making authority over the Project and actions to be taken by UAMPS, including:

Approving the Budget and Plan of Finance and all revisions, updates and amendments to it

Approving the Development Agreement and all Project Agreements,

Reviewing the results of each run of the Economic Competitiveness Test,

Reviewing and authorizing all financings and Bond issues,

Reviewing and determining whether and when to submit the COLA,

Determining whether and when Completion of Development has occurred, including the feasibility of the Project, or whether the Project should be terminated or development be suspended, and

If the Project proceeds to the Construction and Operating Periods, supervising the construction and operation of the Project.

Certain decisions of the PMC are required to be made by a Super-Majority Vote (75% by number and Entitlement Share).

PROJECT PERIODS AND PHASES

Target Effective Date of PSCs is April 1, 2018 (PMC to determine).

Licensing Period: begins on Effective Date of PSCs and extends to Completion of Development, with two separate phases:

Phase 1: Effective Date to completion of Construction and Operating License Application (COLA), and

Phase 2: Submission of COLA to the NRC to the receipt of Construction and Operating License (COL) from the NRC and the PMC's determination that Completion of Development has occurred.

Construction Period: begins upon Completion of Development and continues through the construction of the Project to its Commercial Operation Date (COD).

Operating Period: COD to end of operating life of the Project.

Decommissioning Period: Project retirement to complete decommissioning.

DEVELOPMENT WORK DURING THE LICENSING PERIOD

The Development Work includes the following activities during the Licensing Period:

Estimating, design and engineering work under the Development Agreement with Fluor and NuScale, and analyzing each run of the Economic Competitiveness Test,

Completion of definitive Project Agreements, including the EPC contract, operating agreement, fuel, water supply and transmission agreements,

Contracting with prospective Participants, co-owners and third-party power purchasers to achieve full subscription for all Project Output,

Preparation, submission and processing of the COLA,

Obtaining all required permits and approvals for the Project, and

Updates to the Budget and Plan of Finance, finalization of all Project costs.

BUDGET AND PLAN OF FINANCE

The Budget and Plan of Finance for initial phase of the Licensing Period is approved by PMC and Participants' governing bodies at the same time as the PSCs are approved.

The Budget and Plan of Finance is updated and approved by the PMC and Participants' governing bodies before the second phase of the Licensing Period.

"Definitive" (*i.e.,* final and complete) Budget and Plan of Finance is approved by PMC as a part of its determination that Completion of Development has occurred.

Completion of Development would occur only if:

The NRC issues the COL,

UAMPS completes the negotiation of a final EPC contract for the construction of the Project, and

The PMC determines the CFPP to be feasible.

The contents of the Budget and Plan of Finance include:

The estimated total Development Costs to the Completion of Development,

The initial Budget and Plan of Finance and the updated Budget and Plan of Finance for the second phase of the Licensing Period, will include an estimate of and a cap on the Development Costs that can be incurred during each phase,

The estimated total Cost of Acquisition and Construction,

The estimated Commercial Operation Date,

A pro forma analysis of the expected costs of constructing, financing and operating the CFPP, including a target price for Project Output,

The proposed funding and financing arrangements for:

Development Costs during the Licensing Period, and

Cost of Acquisition and Construction during the Construction Period.

PARTICIPANT WITHDRAWAL/REDUCTION RIGHTS DURING THE LICENSING PERIOD

During the Licensing Period, Participants may withdraw from the Project or reduce their Entitlement Shares by action of their governing bodies:

If the PMC approves an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs that may be incurred during either phase of the Licensing Period,

When the PMC approves the updated Budget and Plan of Finance for the second phase of the Licensing Period,

When the PMC approves the definitive Budget and Plan of Finance at the Completion of Development,

If withdrawals or Entitlement Share reductions by other Participants cause the Participant's share of Development Costs to increase, and

If the Participant's governing body determines to withdraw/reduce for any reason.

Participant withdrawal terms include:

Withdrawals are effective on the last day of then-current phase of the Licensing Period,

A withdrawing Participant has no liability for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken after the effective date of its withdrawal, and

A withdrawing Participant remains liable for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken before the effective date of its withdrawal:

Repayment must be made within 12 months after the effective date of a Participant's withdrawal

FINANCING FOR DEVELOPMENT COSTS DURING THE LICENSING PERIOD

Financing arrangements during the Licensing Period include:

Amounts available under cost-sharing agreements, grants, etc.,

Bank facilities, and

Bond anticipation notes.

PMC determines whether to finance all Development Costs or to bill Participants for some part of Development Costs.

Development Cost financings would be repaid with long-term Bonds issued by UAMPS after the Completion of Development has occurred.

If all development and construction costs are financed as presently expected, Participants would not be required to make payments for debt service until after the commercial operation date of the CFPP.

FINANCING FOR COST OF ACQUISITION AND CONSTRUCTION

After Completion of Development has occurred, a range of financing instruments are permitted under the PSCs to finance the Cost of Acquisition and Construction of the Project:

Bonds, both taxable and tax-exempt, with fixed or variable interest rates,

DOE-guaranteed loan:

Will not finance all of the Cost of Acquisition and Construction, and

The DOE-financed portion of the Project is required to be mortgaged to secure the guaranteed loan,

Commercial paper,

Bank facilities, and

Special Obligations payable from CFPP revenues other than payments made by the Participants under the PSCs.

Interest on all financings would be capitalized to the estimated commercial operation date of the Project.

The PMC determines the types, timing and amounts of all financings.

Bonds would be issued and loans would be secured under the Financing Documents.

LEGAL SUMMARY OF POWER SALES CONTRACTS

A detailed summary of the terms and provisions of the Power Sales Contracts has been provided to the Participants with this Executive Summary.