

AGREEMENT

This Agreement made and entered into as of the 5th day of November, 1937, by and between WEBER CITY, a Municipal Corporation; MIDWAY CITY, a Municipal Corporation and CHARLESTON TOWN, a Municipal Corporation.

WITNESSETH,

WHEREAS, the parties hereto have constructed, maintained and operated the Heber Light & Power Plant pursuant to the terms and conditions of a certain written agreement dated January 30, 1935 which agreement was amended and restated on November 6, 1930 so as to conform with, and vest the benefits of, the Interlocal Co-operation Act as set forth in Chapter 13, Title 11 Utah Code Annotated 1953, as amended; and

WHEREAS, the parties hereto desire to upgrade and supplement said agreement.

NOW THEREFORE, PARTIES HEREBY MUTUALLY AGREE AS FOLLOWS:

1. Heber Light & Power Company is a separate legal entity and is deemed a political subdivision of the State of Utah.

2. The purpose of the Heber Light & Power Company is to provide electric power and energy for local governmental units and localities and their citizens and customers and to provide the benefit of economy of scale, economic development and utilization of natural resources for overall promotion of the general welfare of the State of Utah by undertaking and financing facilities, improvements or other endeavors relating to the operation, transmission and distribution of electric power and energy or taking such other action, or any combination thereof, as will accomplish the foregoing.

3. That the duration of said legal entity shall be fifty (50) years commencing on November 6, 1930, except where a contracting party shall withdraw as hereinafter set forth.

4. That the office for conducting the business of Heber Light & Power Company shall be and continue as heretofore at Heber City, Wasatch County, State of Utah, until and unless a difference location is agreed upon the majority of the Power Board hereinafter defined.

5. That the ownership of all assets of Heber Light & Power Company shall be and continue as heretofore, on the following basis, to-wit: Heber City is and shall be the owner of 6/8 of all assets, Midway City is and shall be the owner of 1/8 of all assets and Charleston Town is and shall be the owner of 1/8 of all assets.

6. That the direct management and control of the said Heber Light & Power Plant is and shall be as heretofore, vested in what is known as the Power Board, the membership of which said Board has been and shall continue to be on the following basis, to-wit:

Said Board shall consist of a membership of five members, three of whom shall consist of the Mayor of Heber City, or his designee, and two Heber City Councilmen, to be appointed by said Mayor of Heber City, and one member from Midway, who shall be the Mayor or his designee, and one member from Charleston Town who shall be the President of Charleston Town Board, or his designee.

The Mayor of Heber City shall continue as heretofore, to be the permanent chairman of said Power Board.

7. That the said Power Board shall be and continue to possess such power as is necessary for the ordinary management and control of the said Power Plant system and business, but the members of said Board shall be subject to and answerable to their respective City Councils or Town Board, and shall have only such power to act as their respective City Councils or Town Board have granted or may hereafter grant to said Board.

8. That the said Power Board shall have and it is hereby expressly given the right, power and authority to manage, operate, repair and maintain said Power Plant and system, and to replace any parts of said plant and system as may be necessary or advisable from time to time and said Board shall have the right, power and authority to purchase whatever material is necessary with which to repair, maintain and operate said Power Plant and system.

The Power Board shall have and is hereby expressly given the right, power and authority to construct, develop or purchase additional power generation facilities including the Lake Creek Hydro-electric Project and issue revenue bonds to pay for the same subject to the approval of the terms thereof by the contracting parties hereto. The contracting parties hereby specifically approve and ratify each and every resolution of the Power Board heretofore entered with respect to the Lake Creek Hydro-electric Project.

9. That said Power Board shall have and it is hereby given the right, power and authority, as the duly constituted and appointed agents of said Heber City, Midway City and Town of Charleston, to borrow money for and in behalf of said Heber City, Midway City and Town of Charleston for the purpose of purchasing material, or altering, repairing, maintaining, managing and operating the said Heber Light and Power Plant and system, and said Power Board is hereby given the right, power and authority as the duly appointed, constituted, qualified and acting agents, for and in behalf of said Heber City, Midway City and Town of Charleston, to borrow money with which to pay and defray expenses incidental or necessary in the repairing, operation and maintaining of said Power Plant and system and each and every part thereof, and to sign notes or bonds and all other necessary papers, for the payment thereof, upon such terms and conditions as the said Board may determine and to secure the payment of any and all moneys borrowed for the purpose of repairing, operating and maintaining said Power Plant and system and the physical properties thereof, to pledge, assign and hypothecate the net revenue derived from the operation of said Power Plant and system, for and in behalf of said Heber City, Midway City and Town of Charleston.

It is mutually agreed and understood, however, that all transactions of said Power Board concerning the borrowing of money and the pledging of net revenues of said Power Plant and system, to secure the payment of the same, shall receive the approval, sanction and confirmation of the City Council of Heber City and Midway and the Town Board of Charleston. Upon the approval, sanction and confirmation of the actions of said Power Board in borrowing money and pledging the net revenues of said Power Plant and system by said respective governing bodies of said Heber City, Midway City and Town of Charleston, then said obligation shall be legally binding upon the parties hereto.

10. It is agreed to by each of the contracting communities that separate accounts shall be kept by the Power Board of the generating and distribution parts of said system, and that the Power Board shall make an accounting of the earnings of the two divisions of the said system and furnish to each of the said communities a statement of the same, quarterly.

11. That the said Power Board shall have the power to collect all revenues coming from the sale of power, and to pay all necessary obligations incurred from managing, operating, repairing and maintaining said Power Plant and system, including a reasonable compensation for services rendered by Power Board members, and all net earnings of the Heber Light & Power Plant and system shall be paid to the respective communities quarterly in proportion to ownership, each to participate as follows: Heber City to receive six-eighths of said earnings; Midway City to receive one-eighth of said earnings and Charleston Town to receive one-eighth of said earnings.

12. In further consideration of the signing of this instrument by the respective municipalities, which form the membership hereto and as a reservation and stipulation in signing the same, it is hereby expressly agreed that either of the municipalities and parties hereto may withdraw from this Agreement under the following terms and conditions, to-wit:

(1) By giving to the remaining parties at least six months written notice of the intention to withdraw.

(2) By granting to the remaining parties or party an option to purchase the interest of the withdrawing member in the commonly owned property in accordance with the following terms:

A. In the event parties shall fail to agree upon the price to be paid for the withdrawing party's interest, said price shall be fixed by appraisal. The withdrawing party shall appoint an appraiser. The remaining parties shall appoint an appraiser. In the event said appraisers shall fail to agree upon the value of the withdrawing party's interest, said appraisers shall appoint a third

appraiser. Agreement of two out of the three appraisers shall be binding upon all parties.

E. The continuing parties shall have up to two years to pay the withdrawing party's purchase price, provided, however, said sum shall bear interest at the rate of eight percent per annum from the date the purchase price shall be fixed or agreed upon.

C. The continuing parties shall have one year from the time the value of the withdrawing party's interest is fixed or agreed upon in which to give notice of its' intention to exercise this option. Exercise shall be by giving written notice to the withdrawing party directed to its' Mayor or President.

D. In the event that the continuing party or parties shall fail to give notice of exercise of this option, the withdrawing party shall then be free to dispose of its' interest to any third party at its determination at such terms and conditions as it may decide or it may within three months of the deadline of giving notice of exercise terminate its' withdrawal and continue pursuant to the terms of this Agreement. In no event shall any withdrawing party dispose of its interest to other than a public entity.

E. A withdrawal by any party shall not in any manner alter or revoke the franchise of Heber Light & Power Company to serve the residents of this withdrawing party. Upon withdrawal of all member municipalities from the Heber Light & Power Company and/or termination of this Agreement, each member municipality shall be entitled to receive its beneficial interest in the assets of Heber Light & Power Company remaining after provision for all liabilities and obligations of Heber Light & Power Company.

13. All assets acquired pursuant to this Agreement shall be taken in the name of Heber Light & Power Company.

14. The appropriate DBA Affidavit (doing business as) shall be executed by the parties hereto and filed with the Secretary of State.

15. The Power Board shall have the same powers to acquire, administer and distribute electricity as the individual municipalities would have in their own right.

16. The Power Board shall have the authority to enter into that certain Utah Associated Municipal Powers Systems Agreement for Joint and Co-operative action, dated October 15, 1980. Nothing contained in Paragraph 9 above shall limit, modify or alter Articles VIII and IX or require municipal approval for said legal entity to borrow money or pledge its' net revenues to secure the same.

17. The budget for the Heber Light & Power Company shall be established and maintained by the Power Board. The operations of the Heber Light & Power Company shall be financed from the revenues derived from the operation of the Power Plant and system and any moneys received by it from other sources. Except as otherwise agreed upon by a member municipality, no member municipality shall be required to contribute money, services or properties to the Heber Light & Power Company. Under no circumstances shall any or all of the assets and earnings of the Heber Light & Power Company inure to the benefit of any private person.

18. The Heber Light & Power Company shall have and is hereby given the right, power and authority to borrow money or incur indebtedness, pledge revenues derived from the operation of the Power Plant and system, issue bonds, revenues bonds or notes to carry out its powers and accomplish its purposes including but not by way of limitation refunding of any or all debt of its member municipalities the proceeds of which were used to create, acquire, construct, extend, operate, maintain and repair assets of the Heber Light & Power Company.

19. The member municipalities hereby grant to Heber Light & Power Company an exclusive franchise and right to provide electric power and energy to the member municipalities and their inhabitants.

Dated as of this 5th day of November, 1987


Approved as to form and compatibility with
the laws of the State of Utah

By:


Attorney for Heber City

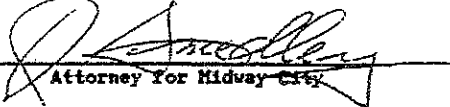
HEBER CITY, a municipal corporation

By:



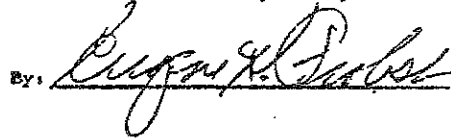
Approved as to form and compatibility with
the laws of the State of Utah

By:


Attorney for Midway City

MIDWAY CITY, a municipal corporation

By:



Approved as to form and compatibility with
the laws of the State of Utah

By:


Attorney for Charleston Town

CHARLESTON TOWN, a municipal
corporation

By:



HEBER LIGHT & POWER COMPANY ORGANIZATION AGREEMENT

On September 9, 2002, Heber City, Utah, Midway City, Utah, and Charleston Town, Utah made and entered this organization agreement pursuant to the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended.

RECITALS

WHEREAS Heber City, Midway City and Charleston Town had previously created the Heber Light and Power Company pursuant to an agreement for joint and cooperative action under the Act.

WHEREAS under the original agreement for joint and cooperative action, Heber City had a 75% interest in the Company, Midway City had a 12.5% and Charleston Town had a 12.5%.

WHEREAS Heber City, Midway City and Charleston Town have, from time to time, amended the original agreement for joint and cooperative action.

WHEREAS the Parties wish to amend, modify, and restate their agreement for joint and cooperative action as set forth in this Organization Agreement.

WHEREAS the Parties desire and intend for this Organization Agreement to replace and supercede all prior agreements among Heber City, Midway City and Charleston Town concerning the Company's creation, organization, management and powers, and concerning the Parties' respective rights and interests in the Company or its assets.

NOW THEREFORE, the Parties agree as follows:

A. Definitions

Capitalized terms in this Organization Agreement shall have the following meanings.

1. "Act" shall mean the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as it may be amended from time to time.
2. "Charleston" shall mean Charleston Town, Utah.
3. "Company" shall mean Heber Light & Power Company, an interlocal entity created by the Parties under the Act to accomplish the purpose of their joint or cooperative action as set forth in this Organization Agreement.
4. "Heber" shall mean the Heber City, Utah.
5. "Midway" shall mean the Midway City, Utah.
6. "Organization Agreement" shall mean this agreement.
7. "Party" or "Parties" shall mean Heber, Midway and Charleston either individually or collectively.
8. "Power Board" shall mean the governing body of the Company as provided in Paragraph H of this Organization Agreement.
9. "Party's Company Share" shall mean for Heber City, a 75% interest; Midway City, a 12.5% interest; and Charleston Town, a 12.5% interest.

B. Creation of Heber Light & Power Company

1. The Parties hereby confirm: (a) that the Heber Light & Power Company is an interlocal entity created by them under the Act to accomplish the purpose of their joint or cooperative action as set forth herein, (b) that, as an interlocal entity, it is a body politic and corporate and a political subdivision of the State of Utah, and (c) that it is a legal entity separate and distinct from the Parties.
2. Pursuant to the Act, the Parties hereby elect to make the Company an energy services interlocal entity.

3. The Company shall be named the Heber Light & Power Company. The Power Board may change the name of the Company.

4. From and after the effective date of this Organization Agreement, it shall supersede, in all respects, any prior agreements of the Parties concerning the creation, organization, management, or powers of the Company, and concerning the Parties' respective rights and interests in the Company or its assets.

5. The Company shall be bound by each and every resolution, contract and agreement, enacted by the Company or executed by the Company prior to the effective date of this Organization Agreement, including, without limitation, all resolutions, bond resolutions and indentures, ownership agreements, participation agreements, transmission service contracts, transmission purchase contracts, power sales contracts and power purchase contracts. The Company's present rights and obligations under such resolutions, indentures, contracts and agreements shall in no way be affected by this Organization Agreement.

C. Location

The Company's offices will be in Heber City, Wasatch County, State of Utah, unless a different location is chosen by a majority of the Power Board.

D. Franchise

The Parties hereby individually grant to the Company an exclusive franchise and right to provide electric power and energy to the Parties, their inhabitants, and others, during the term of this Organization Agreement. The franchise shall not terminate if a Party withdraws under Paragraph O.

E. Purpose

1. The purpose of this Organization Agreement and of the creation the Company is

to permit the Parties to benefit from the efficiencies and economies of scale that result from the Company's operation, maintenance and acquisition of facilities, services, and improvements that are necessary or desirable for the acquisition, generation, transmission, management, and distribution of electric energy and related services for the use and benefit of the Parties, their citizens, and the inhabitants of surrounding areas.

2. The Company and its operation of an electric system for the distribution of electric energy and related services is necessary to provide services and facilities in a manner, and pursuant to a form of governmental organization, that will accord best with geographic, economic, population and other factors influencing the needs and development of the Parties hereto, and to provide the benefit of economies of scale, economic development and utilization of natural resources.

3. The Parties have determined that, in order to accomplish these purposes and realize the benefits set forth in *Utah Code Ann.* § 11-13-102, it may be necessary for the Company (upon the determination of the Power Board) to create, construct, or otherwise acquire facilities or improvements to render services or provide benefits in excess of those required to meet the Parties' needs or requirements.

F. Company's Powers

To accomplish the purposes set forth in Paragraph E, the Company shall have all powers conferred on an interlocal entity and on an energy services interlocal entity by the Act. In addition, the Parties hereby delegate to the Company all powers possessed by the Parties: (1) to own and operate electric generation, transmission and distribution facilities that provide or deliver electric energy and related services to persons within the Parties' municipal boundaries and in the surrounding areas, and (2) to exercise, in furtherance of its purpose, the power of

eminent domain. Without limiting the foregoing, the Company powers include the power to:

1. adopt, amend, and repeal rules, bylaws, policies, and procedures for the regulation of its affairs and the conduct of its business;
2. sue and be sued;
3. have an official seal and alter that seal at will;
4. make and execute contracts and other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions;
5. acquire or dispose of real or personal property, or an undivided, fractional, or other interest in real or personal property, necessary or convenient for its purposes sell, lease, or otherwise dispose of that property;
6. directly or by contract with another: (a) own and acquire facilities and improvements or an undivided, fractional, or other interest in facilities and improvements; (b) construct, operate, maintain, and repair facilities and improvements; and (c) provide the services contemplated this Organization Agreement;
7. borrow money, incur indebtedness, and issue revenue bonds, notes, or other obligations and secure their payment by an assignment, pledge, or other conveyance of all or any part of the revenues and receipts from the facilities, improvements, or services that the Company provides;
8. offer, issue, and sell warrants, options, or other rights related to the bonds, notes, or other obligations issued by the Company;
9. sell or contract for the sale of the services, output, product, or other benefits provided by the Company;
10. own, acquire, and, by itself or by contract with another, construct, operate, and maintain a facility or improvement for the generation, transmission, and transportation of electric energy or related fuel supplies;
11. enter into a contract to obtain a supply of electric power and energy and ancillary services, transmission, and transportation services, and supplies of natural gas and fuels necessary for the operation of generation facilities;
12. sell its services within the Parties' boundaries and in the surrounding areas, and
13. adopt and implement risk management policies and strategies and enter into transactions and agreements to manage the risks associated with the purchase and

sale of energy in competitive markets, including forward purchase and sale contracts, hedging, tolling and swap agreements, and other instruments.

G. Assets

1. The Company's assets shall include all real and personal property, whether tangible or intangible, used in any way in the Company's acquisition, generation, transmission, management, and distribution of electric energy and related services. These assets include: (a) generators, (b) transformers, (c) transmission lines, (d) water rights, storage facilities, and hydro plant with related real property, (e) office, (f) accounts receivable and cash, (g) fuel supplies, (h) easements, (i) distribution facilities, (j) equipment and inventory, (k) tradename, and (l) going concern value.

2. The Company's assets shall be held in the name of and owned by the Company. The Parties hereby relinquish and transfer to the Company any ownership that they may have in the Company's assets.

H. Power Board

1. The Power Board shall manage the affairs of the Company, and shall exercise on behalf of the Company all of the powers provided by this Organization Agreement and the laws of the State of Utah.

2. The Power Board shall have seven members selected as provided in this Paragraph H.

(a) The Heber City Mayor will select three members from the Heber City Council.

(b) The Midway City Mayor will select two members from the Midway City Council.

(c) The Charleston Town President will select one member from the Charleston Town Council.

(d) The Wasatch County Council shall select one member from the Wasatch County Council.

For the purposes of this Organization, the Heber City Mayor, the Midway City Mayor and the Charleston Town President shall be considered members of their respective councils and may be selected to serve on the Power Board.

The Wasatch County Council's membership on the Board does not entitle Wasatch County to any ownership in or distributions from the Company.

3. The Heber City Mayor or his designee will be the permanent chair of the Board. The Board will select the Power Board's other officers including Vice Chair and Secretary, the later of which need not be a Board Member.

4. The Board Members will serve at the pleasure of the Mayor or County Council that selected them.

5. Four (4) Board members shall constitute a quorum of the Board for the purpose of conducting the business of the Company and exercising its powers and for all other purposes. When a quorum is in attendance, action may be taken by the Board upon a vote of the majority of its members present except as otherwise provided in this Organization Agreement.

6. A Board member representing a Party may call for Party Only Vote on any issue. In such case, votes shall be cast on the issue, for which the vote was called, only by Heber's three members, Charleston's one member and Midway's mayor or the mayor's designee. No other Board members may vote. A Party Only Vote shall only occur when Heber's three members, Charleston's one member and Midway's mayor or the mayor's designee are all present. If all of

these members are not present, then Party Only Vote on the issue for which the vote was called shall be continued until a meeting where Heber's three members, Charleston's one member and Midway's mayor or designee are all present. In the event of a Party Only Vote, the Board shall act based upon a majority vote except as otherwise provided in this Organization Agreement.

7. The Board may adopt and amend Bylaws not inconsistent with this Organization Agreement or the laws of the State of Utah. The Bylaws may include rules governing regular and special meetings of the Power Board; quorum and voting requirements; the establishment of offices; the indemnification of Board Members, officers, employees, representatives and agents; compliance with open meetings laws; and for such other matters as the Board may determine.

8. No Board Member shall be liable to the Company for breach of any fiduciary duty owed by such Board Member, except for damages arising out of: (a) a breach of the Board Member's duty of loyalty to the Company; (b) any act or omission not in good faith or which involves intentional misconduct or a knowing violation of law; or (c) any transaction from which the Board Member derived an improper personal benefit.

9. Meetings of the Board may be held through electronic communication, as provided for in written procedures adopted by the Board. A Board Member participating in a meeting through such means shall be considered present for purposes of a quorum and voting.

10. Each Board Member shall make diligent efforts to inform the governing body of the Party that he represents of the Company's business including the Company's operations, long-term contracts, debts, and general financial condition. The Parties agree that they are individually responsible for ensuring that their Board Member keep them properly informed of the Company's business.

I. Budget and Financing

1. The Company's operation and maintenance will be financed with revenue from the sale of electric energy and related services and other available moneys.
2. The Company may also finance improvements such as new construction and upgrade of existing facilities through the issuance of revenue bonds. Revenue bonds may be issued by the Company from time to time for any purpose permitted under the Act. Any bond issued by the Company is not a debt of any Party, and may be issued without the consent of the Parties' governing bodies.
3. Annually, on or before January 1, the Company shall adopt a budget for the ensuing year in accordance with the requirements of its bond resolutions or indentures. At a minimum, each annual budget shall set forth in reasonable detail estimates of:
 - a. revenues and operating and maintenance expenses;
 - b. debt service and reserve requirements;
 - c. cost of upgrade and/or replacement of existing facilities; and
 - d. amount of contingency reserves to pay unexpected energy price fluctuations and equipment failures or to provide rate stabilization.

The Company will send a copy of the annual budget to clerk for each of the Parties.

4. The Company shall monthly provide the Parties' representatives on the Power Board with a monthly statement of revenue and expenses.
5. No Party to this Organization Agreement shall be liable for any bond, note, indebtedness or other obligation incurred by the Company, nor liable for the indebtedness of any other Party to this Organization Agreement, nor liable for any indebtedness or contractual or other obligation with respect to the Company's operations.

J. Distributable Income

1. The Company may periodically pay its Distributable Income to the Parties as provided in this Paragraph J.
2. "Distributable Income" means the amount, if any, of the Company's net income that is available for distribution to the Parties after the payment of all operating expenses and debt service costs of the Company and the funding of all rate stabilization, surplus or similar funds established under the Company's bond indenture or resolution, or of any contingency reserves determined by the Power Board to be reasonably necessary to pay unexpected energy price fluctuations and equipment failures or to provide rate stabilization. The amount of Distributable Income shall not exceed the available amount on deposit in the rate stabilization, surplus or similar fund established under the Company's bond indenture or resolution.
3. At its first meeting after the end of a quarter, the Power Board shall determine: (a) whether Company has Distributable Income and whether it will make a distribution from its Distributable Income, (b) when the distribution will be made, and (c) how much of the Company's Distributable Income will be available for distribution. The Power Board shall have the sole discretion to make distributions from Distributable Income, and the Parties shall have no right to a distribution unless the Power Board approves the distribution.
4. The Power Board may adopt a policy or Bylaw for determining when distributions will be made.
5. Nothing in this Organization Agreement is intended nor should be interpreted to prohibit the Power Board from permitting the Company to accumulate revenues from its operation that exceed its debt reserves and reasonable operation and contingencies reserves.
6. If the Power Board determines to make a distribution from Distributable Income,

each Party shall be entitled to a pro rata portion of the distribution based on their Company Share.

K. Distribution of Assets on Termination

Upon the termination of this Organization Agreement, the Power Board will sell the Company's assets, pay its debts and obligations and distribute the balance to each Party pro rata based on each Party's Company Share.

L. Transfer of Company Assets to a Party

1. The Power Board may authorize the transfer of Company assets to a Party when the Power Board determines that the transfer is in the Company's best interest, and is in compliance with the provisions of this Paragraph L.

2. The sale of Company assets to a Party must be approved by five Board Members.

3. Upon approval of the Board, the asset will be sold to the Party for its fair market value as determined by an independent appraisal prepared at the expense of the Party purchasing the asset. The Party purchasing the asset will pay the purchase price upon transfer of the asset, unless the Board unanimously agrees that payments may be made over time.

M. Relationship and Liability of Parties

1. Nothing in this Organization Agreement is intended nor should it be interpreted to make the Parties liable or responsible for the actions, debts, obligations, liabilities or defaults of the Company.

2. Nothing contained in this Organization Agreement is intended nor should it be interpreted to create an agency, partnership, joint venture, or any other relationship between or among Heber City, Midway City, Charleston Town, the Company or any two or more of them that would in any way make one them liable for the actions, debts, obligations, liabilities or

defaults of another.

3. The Company is not the agent for the Parties, either individually or collectively.

4. The Parties acknowledge and agree that the protection afforded to the Parties under the Utah Governmental Immunity Act, Title 63, Chapter 30, Utah Code Annotated 1953, as amended (the "Immunity Act"), shall be extended to the Company and its Board Members, officers and employees. It is the express intention of the Parties that all of the protection afforded to the Parties and their officers and employees under the Immunity Act shall be extended to the Company and its Board Members, officers and employees. Each of the Parties hereby delegates to the Company and its Board Members, officers and employees, to the extent permitted by law, all of the powers, privileges and immunities conferred by the Immunity Act.

5. The Company shall indemnify and defend the Board Members and the Company's employees as provided in the Immunity Act.

N. Amendments

1. As provided in this Paragraph N., this Organization Agreement may be amended in any way that does not jeopardize or adversely effect any existing contracts, notes, bonds or other evidence of indebtedness, provided that such amendment shall not subject any Party hereto to any dues, assessments or liability without its consent.

2. The Power Board shall approve any proposed amendment to this Organization through a resolution proposing the amendment to the governing bodies of the Parties for approval. The resolution shall only be approved by an affirmative vote of five Board Members voting by a Party Only Vote as provided in Paragraph H 6. The voting shall be a Party Only Vote even if a Party does not call for a Party Only Vote.

3. Upon approval of at least two of the three Parties' governing boards, the

amendment shall become effective.

O. Withdrawal from Organization Agreement

A Party may withdraw from this Organization Agreement on the following terms and conditions:

1. The withdrawing Party shall give the Company and the remaining Parties twelve months written notice of the Party's intention to withdraw.
2. Within thirty days of receipt of the notice of withdrawal, the Power Board shall reject the notice of withdrawal only if: (a) the Parties' withdrawal would adversely affect the Company's contract rights and/or bond obligations, or (b) the withdrawal leaves only one remaining Party and no Third Party will purchase the withdrawing Party's interest.
3. If the Power Board accepts the notice of withdrawal, the remaining Parties or a Third Party may purchase the interest of the withdrawing Party on the following terms:
 - a. Within sixty days of the Power Board's acceptance of the notice of withdrawal, the remaining Parties would notify the withdrawing Party: (i) of the remaining Parties' intent to purchase the withdrawing Party's interest or (ii) of a Third Party's intent to purchase the withdrawing Party's interest.
 - b. The remaining Parties or the Third Party would pay the withdrawing Party an amount equal to the withdrawing Party's Company Share times the Company's net book value. For the purposes of this provision, net book value would equal the Owner's Equity as reflected on the Company's most recent audit report.
 - c. The remaining Parties or Third Party would pay the purchase price in quarterly installments over a twenty year period. The purchase price would accrue interest at a reasonable rate not greater than the rate paid by the Utah State Treasury Pool during each year that a balance is due.
4. The term "Third Party" as used in this Paragraph O shall mean a public agency, as defined in the Act, that has been selected or approved by the remaining Parties to purchase the

interest of the withdrawing Party and that has agreed to become a party to this Organization Agreement.

5. The withdrawing Party is prohibited from revoking or altering in any fashion the franchise of the Company to provide electrical service to the withdrawing Party, its residents, or the residents in the surrounding areas.

P. Termination of Organization Agreement

1. Except as provided in Paragraph P. 2 below, the Company shall cease to exist and this Organization Agreement shall terminate 50 years after the date on which all Parties' governing bodies have adopted a resolution approving this Organization Agreement.

2. If all the Parties agree, the Parties may terminate this Organization Agreement and dissolve the Company after the later of:

- a. five years after the Company has fully paid or otherwise discharged all of its indebtedness;
- b. five years after the Company has abandoned, decommissioned, or conveyed or transferred all of its interest in its facilities and improvements; or
- c. five years after the Company's facilities and improvements are no longer useful in providing the service, output, product, or other benefit of the facilities and improvements, as determined under the agreement governing the sale of the service, output, product, or other benefit.

Q. Governing Law

This Organization Agreement is made in the State of Utah, under the Constitution and laws of this State and is to be construed pursuant to such laws.

R. Severability

Should any part, term, or provision of this Organization Agreement be held by the Courts to be illegal or in conflict with any law of the State of Utah, or otherwise rendered unenforceable

or ineffectual, the validity of the remaining portions or provisions shall not be affected by such ruling.

S. Effective Date

This Organization Agreement shall take effect when the governing body of each of the Parties adopts a resolution approving the Organization Agreement.

Attest and Countersign:

Dated this ___ day of September, 2002.

Jeanette Wheeler 2-28-03
Secretary Date

Lynn Adams
Mayor of Heber City

Attest and Countersign:

Dated this ___ day of September, 2002.

Brad Wilson 9/28/03
Secretary Date

Bill Probst
Mayor of Midway City

Attest and Countersign:

Dated this ___ day of September, 2002.

Sheryl Lambert 9/11/02
Secretary Date

John Whiting
Charleston Town President

HEBER LIGHT & POWER COMPANY
POWER BOARD RESOLUTION

Enacted December 16, 2009

The Power Board of the Heber Light & Power Company ("Company") hereby enacts this Resolution pursuant to Paragraph N of the Company's Organization Agreement dated September 9, 2002 ("Organization Agreement").

WHEREAS, by resolution of their governing bodies and with the approval of their respective counsel, Heber City, Midway City and Charleston Town ("Members") adopted the Organization Agreement to replace and supersede all prior agreements among Heber City, Midway City and Charleston Town concerning the Company's creation, organization, management and powers, and concerning the Parties' respective rights and interests in the Company or its assets.

WHEREAS, Paragraph N of the Organization Agreement provides that the Power Board may propose amendments to the Organization Agreement to the Members respective governing bodies.

WHEREAS, the Power Board wishes to propose the amendments to the Organization Agreement set forth herein.

Now therefore, the Power Board hereby resolves:

The Power Board proposes to the Member's governing bodies the following amendments to the Organization Agreement:

A. Paragraph H. 2 of the Organization Agreement is deleted in its entirety and replaced with the following:

2. The Power Board shall have six members selected as provided in this Paragraph H.

(a) The Heber City Mayor shall be a member and chair of the Board and will select two members from the Heber City Council. The Mayor may, but is not required to, designate an alternate chair or members from the Council, to serve when the chair or member is temporarily unable to serve.

(b) The Midway City Mayor shall be a member and may, but is not required to, designate an alternate member from the Midway City Council to serve if the Mayor is temporarily unable to serve.

(c) The Charleston Town President shall be a member and may, but is not required to, designate an alternate member from the Charleston Town Council to serve if the President is temporarily unable to serve.

(d) The Wasatch County Council chair shall be a member and may, but is not required to, designate an alternate member from the Wasatch County Council to serve if the chair is temporarily unable to serve.

The Wasatch County Council's membership on the Board does not entitle Wasatch County to any ownership in or distributions from the Company.

B. The first sentence of Paragraph H. 3 is amended to delete the phrase "or his designee."

C. Paragraph H. 6 is deleted in its entirety and replaced with the following:

A Board member representing a Party may call for Party Only Vote on any issue. In such case, votes shall be cast on the issue, for which the vote was called, only by Heber's three members, Charleston's one member and Midway's one member, or these members' respective designees. No other Board members may vote. A Party Only Vote shall only occur when Heber's three members, Charleston's one member and Midway's one member, or their respective designees are all present. If all of these members or their respective designees are not present, then Party Only Vote on the issue for which the vote was called shall be continued until a meeting where Heber's three members, Charleston's one member and Midway's one member, or these members' respective designees, are all present.

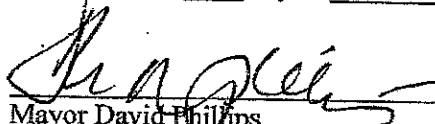
In the event of a Party Only Vote, members votes will be weighted as follow: (a) the votes of the Heber City members shall each have a 25% weight, (b) the vote of the Midway City member shall have a 12.5% weight, and (c) the vote of the Charleston Town member shall have a 12.5% weight. In the event of a Party Only Vote, the Board shall act based upon a 51% vote, except as otherwise provided in this Organization Agreement.

D. Paragraph N. 2 of the Organization Agreement is deleted in its entirety and replaced with the following:

2. The Power Board may amend this Organization Agreement by adopting an amendment as provided in this Paragraph N. 2. The voting on the amendment shall be a Party Only Vote even if a Party does not call for a Party Only Vote.

E. Paragraph N. 3. of the Organization Agreement is deleted in its entirety.

Approved this 16th day of December, 2009.



Mayor David Phillips
Chair, Power Board