

border pursuant to the Treaty, as such points may be changed from time to time pursuant to Section 4; and

- (i) "Transmission Cost" for any period shall mean (i) the cost of transmission service, plus (ii) any cost, excluding transmission losses, which is necessarily incurred to deliver Canadian Entitlement for such period, in each case based on published prices, plus (iii) any costs of redispatch, construction or modification of transmission facilities as determined by the regulatory methodology then applicable to the parties involved; and
- (j) "U.S. Entity" shall mean the Administrator of the Bonneville Power Administration and the Division Engineer, Northwestern Division, Corps of Engineers, or any successor designated as U.S. Entity pursuant to the Treaty.

### 3. Reduction of Obligation

- 3.1. In accordance with the following provisions of this Section 3, British Columbia may dispose of portions of the Canadian Entitlement from time to time within the United States by agreement with any person having the right, through ownership or contract, to all or a percentage of the output of a hydroelectric generating project on the Columbia River in the United States, if and to the extent that such agreement would result in a reduction of such person's, or any other person's, obligation to generate electric power for delivery to the U.S. Entity.
- 3.2. If British Columbia proposes to enter into an agreement referred to in Section 3.1, British Columbia shall provide a written instrument to Bonneville that sets forth the following:
  - (a) the person whose obligation to the U.S. Entity would be reduced;
  - (b) the amount by which the obligation of the person identified in Section 3.2(a) to deliver energy to the U.S. Entity would be reduced for each month during the remaining term of this Agreement, provided, however, British Columbia may revise such monthly amounts of energy for any Operating Year by providing 30 days written notice to Bonneville prior to the start of the Operating Year;