

Exhibit M
Applicant's Financial Capability

Umatilla-Morrow County Connect Project



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Application for Site Certificate

May 2025

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TABLE OF CONTENTS

1.0 INTRODUCTION..... 1
2.0 ANALYSIS..... 1
 2.1 Opinion of Legal Counsel..... 1
 2.2 Proposed Type and Amount of Bond or Comparable Security 1
 2.3 Evidence of Reasonable Likelihood of Obtaining Security..... 1
3.0 CONCLUSION 2
4.0 COMPLIANCE CROSS REFERENCES..... 2

TABLES

TABLE M-1. COMPLIANCE REQUIREMENTS AND RELEVANT CROSS-REFERENCES..... 2

ATTACHMENTS

- ATTACHMENT M-1 LETTER FROM GENERAL COUNSEL
- ATTACHMENT M-2 LETTER FROM UEC'S CREDITOR INDICATING WILLINGNESS TO PROVIDE LETTER OF CREDIT/BOND FOR AMOUNT OF ESTIMATED COSTS OF DECOMMISSIONING AND SITE RESTORATION

ACRONYMS AND ABBREVIATIONS

EFSC or Council	Energy Facility Siting Council
OAR	Oregon Administrative Rule
OPUC	Oregon Public Utilities Commission
Project	Umatilla-Morrow County Connect Project
Project Order	First Amended Project Order, <i>In the Matter of the Application for Site Certificate for the Umatilla-Morrow County Connect Project</i> (April 04, 2024)
UEC	Umatilla Electric Cooperative

1.0 INTRODUCTION

Exhibit M provides evidence demonstrating Umatilla Electric Cooperative (UEC) has the financial capability to obtain a bond or letter of credit in an amount sufficient to restore the Umatilla-Morrow County Connect Project (Project) site to a useful, non-hazardous condition. UEC has committed lines of credit, from which letters of credit can be issued, that are sufficient to restore the Project to a useful, non-hazardous condition.

2.0 ANALYSIS

2.1 Opinion of Legal Counsel

OAR 345-021-0010(1)(m)(A): An opinion or opinions from legal counsel stating that, to the counsel's best knowledge, the applicant has the legal authority to construct and operate the facility without violating its bond indenture provisions, articles of incorporation, common stock covenants, or similar agreements.

An opinion from UEC's legal counsel is provided in **Attachment M-1**, stating that, to counsel's best knowledge, UEC has the legal authority to construct and operate the Project without violating its bond indenture provisions, as supplemented; articles of incorporation; bylaws (which together with the articles of incorporation contain all applicable covenants pertaining to common stock); credit agreement; or similar agreements.

2.2 Proposed Type and Amount of Bond or Comparable Security

OAR 345-021-0010(1)(m)(B): The type and amount of the applicant's proposed bond or letter of credit to satisfy the requirements of OAR 345-022-0050.

To satisfy the requirements of OAR 345-022-0050, UEC proposes that, prior to beginning construction on the Project, it will provide an irrevocable letter of credit to the State of Oregon in the amount of up to \$5,350,000. The justification for the proposed amount is that it is equal to the costs of Project retirement as detailed in **Exhibit X**. The irrevocable letter of credit will be provided in a form approved by EFSC and will ensure that adequate funds exist for the retirement of the Project and for restoration of the Project site to a useful, non-hazardous condition. The irrevocable letter of credit will be adjusted annually for inflation according to the Gross Domestic Product Implicit Price Deflator Index.

2.3 Evidence of Reasonable Likelihood of Obtaining Security

OAR 345-021-0010(1)(m)(C): Evidence that applicant has a reasonable likelihood of obtaining a bond or other security before beginning construction of the facility.

UEC submits **Attachment M-2**, a letter from its primary creditor, as evidence that UEC has the financial capability to obtain an irrevocable letter of credit in the amount of the retirement and decommissioning costs estimated for the Project in **Exhibit X**. The letter states the creditor's

willingness to furnish or arrange an irrevocable letter of credit to cover the full costs associated with decommissioning and site restoration of the Project.

3.0 CONCLUSION

Exhibit M establishes that UEC has a reasonable likelihood of obtaining a letter of credit in a form and amount satisfactory to EFSC to secure UEC's financial obligation to restore the site to a useful, non-hazardous condition, pursuant to the Financial Assurance Standard set forth at OAR 345-022-0050(2).

4.0 COMPLIANCE CROSS REFERENCES

Table M-1 identifies the location in the Application for Site Certificate (ASC) of the information responsive to the application submittal requirements in OAR 345-021-0010(1)(m), the Financial Assurances Standard at OAR 345-022-0050(2), and the relevant Project Order provisions.

TABLE M-1. COMPLIANCE REQUIREMENTS AND RELEVANT CROSS-REFERENCES

REQUIREMENT	LOCATION
OAR 345-021-0010(1)(m)	
(A) An opinion or opinions from legal counsel stating that, to counsel's best knowledge, the applicant has the legal authority to construct and operate the facility without violating its bond indenture provisions, articles of incorporation, common stock covenants, or similar agreements.	Exhibit M, Section 2.1 and Attachment M-1
(B) The type and amount of the applicant's proposed bond or letter of credit to meet the requirements of OAR 345-022-0050.	Exhibit M, Section 2.2 and Attachment M-2; Exhibit X, Section 2.2
OAR 345-022-0050	
(2) The applicant has a reasonable likelihood of obtaining a bond or letter of credit in a form and amount satisfactory to the Council to restore the site to a useful, non-hazardous condition.	Exhibit M, Section 2.3 and Attachment M-2

REQUIREMENT	LOCATION
<p>Project Order</p> <p>To find that the proposed transmission line satisfies the Financial Assurance Standard (OAR 345-022-0050(2)), the Council must find that the applicant has a reasonable likelihood of obtaining a bond or letter of credit in a form and amount satisfactory to the Council to restore the site to a useful, non-hazardous condition. The application shall include the type and amount of the applicant's proposed bond or letter of credit to satisfy the requirements of OAR 345-022-0050.</p> <p>The applicant shall propose a bond or letter of credit in a form and amount adequate to restore the site to a useful, non-hazardous condition in the event construction of the transmission line is not completed or if the transmission line were to be retired. Recognizing that the permanence of the transmission line can be less certain as circumstances change and technology evolves over time, it is recommended that the applicant submit a proposal that recognizes the increased risks associated with changing circumstances and/or an aging facility and proposes a bonding mechanism commensurate with that risk.</p> <p>The application shall include a proposed a mechanism by which the certificate holder can keep the Council apprised of the condition of the transmission line, evolving transmission technology, and the line's performance in the context of the larger northwest power grid; an age at which a bond would become warranted to provide adequate restoration assurance in the event the transmission line were to be retired or decommissioned; and the amount, or graduated amount, of that bond.</p>	<p>Exhibit M, Section 2.2 and Attachment M-2</p>

ATTACHMENT M-1 LETTER FROM GENERAL COUNSEL



THOMAS M. GRIM

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cablehuston.com

May 28, 2025

VIA UEC APPLICATION SUBMITTAL

Oregon Department of Energy
550 Capitol St. NE, 1st Floor
Salem, OR 97301

**RE: Umatilla Electric Cooperative - Site Certificate Application
Umatilla Morrow County Crossing**

To Whom it May Concern:

This firm represents Umatilla Electric Cooperative Association (“UEC”) as its general counsel. We submit this letter as part of UEC’s Application for a site certificate for the Umatilla Morrow County Crossing project (“Project”), and specifically to address the requirement of OAR 345-021-0010(1)(m)(A).

We have reviewed the following documents (“Documents”):

1. UEC’s Articles of Incorporation, as amended
2. UEC’s proposed financial assurances relating to the Project
3. UEC’s outstanding debt obligations
4. UEC’s Exhibit M being submitted as part of the Application

UEC is an electric cooperative corporation organized under ORS Chapter 62 and does not have common stock covenants.

To the best of our knowledge, and based only on our review of the Documents, it is our opinion that UEC has the legal authority to construct and operate the facility without violating its bond indenture provisions, articles of incorporation, common stock covenants, or similar agreements.

Our opinion in this letter is based on the following limitations:

- A. the phrase “knowledge” as used in this opinion is limited to matters within the present actual knowledge of the lawyers in this firm actively engaged in the representation of

UEC, shall mean only the conscious awareness of facts or other information by such lawyers, and shall not include any knowledge that may be imputed to such individuals by constructive notice or other means or imply that any inquiry has been undertaken by such individuals with respect to any of such matters except to the extent that facts and circumstances presented to such individuals would compel a prudent lawyer to make further inquiry when presented with the same facts and circumstances.

- B. This opinion is rendered at the request of UEC as a requirement for the Application. This opinion does not establish any attorney-client relationship between this firm and any addressee. Nothing contained in this opinion shall be deemed to constitute a waiver of the attorney-client privilege between this firm and UEC.
- C. This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. Our opinion is limited to the matters expressly stated herein, and no other opinions may be implied or inferred.
- D. Regardless of the states in which members of this firm are licensed to practice, our opinion is limited to the laws of Oregon.

Sincerely,

A handwritten signature in blue ink, consisting of a long horizontal line with a slight upward curve at the end, and a vertical line intersecting it near the middle, followed by a horizontal line extending to the right.

Thomas M. Grim

**ATTACHMENT M-2 LETTER FROM UEC'S CREDITOR INDICATING
WILLINGNESS TO PROVIDE LETTER OF
CREDIT/BOND FOR AMOUNT OF ESTIMATED
COSTS OF DECOMMISSIONING AND SITE
RESTORATION**



February 6, 2025

Oregon Department of Energy
625 Marion Street NE
Salem, Oregon 97301-3737

To Whom it May Concern,

The purpose of this letter is to confirm that Umatilla Electric Cooperative Association (Umatilla) is a member in good standing with National Rural Utilities Cooperative Finance Corporation (“CFC”).

Further, CFC hereby expresses its interest in issuing a commitment to provide an Irrevocable Letter of Credit up to \$5,350,000 for estimated costs associated with decommissioning and site restoration related to new transmission lines in connection with the Umatilla-Morrow County Connect Project. CFC will need to complete a due diligence review and obtain the necessary internal corporate approvals, which have not been obtained as of this date.

Umatilla has an existing revolving line of credit which could be utilized to support the proposed Irrevocable Letter of Credit.

CFC is a private cooperative association formed in 1969 by America’s consumer-owned electric cooperatives. CFC is a \$34 billion not-for-profit financing corporation created to meet the private capital needs of the electric cooperatives and to supplement capital available from federal sources.

CFC appreciates Umatilla’s business and looks forward to working with the cooperative on current and future projects. If you have any questions, please feel free to call me at 1-800-424-2954, ex. 1775.

Sincerely,

Terese K Jacob
Associate Vice President