

September 29, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: *PacifiCorp*
Docket No. ER14-_____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2006), Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35 (2013), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement ("Construction Agreement"), between Bonneville Power Administration ("BPA") and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 705.

1. Background and Reason for Filing

On September 16, 2014, BPA and PacifiCorp entered into the Construction Agreement. The Construction Agreement sets forth the division of responsibilities among the parties and the associated terms and conditions relating to the project modifications and upgrades. Accordingly, PacifiCorp respectfully asks that the Commission accept the Construction Agreement, attached hereto, for filing.

2. Effective Date and Request for Waiver

In accordance with 18 C.F.R. § 35.3(a)(1), PacifiCorp respectfully requests that the Commission establish an effective date of November 29, 2014 for the Agreement.

To the extent that any filing requirement in Part 35 of the Commission's regulations is not satisfied by this filing and the materials enclosed herewith, PacifiCorp respectfully requests waiver of such requirements.

¹ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

3. Designation

PacifiCorp requests that the Agreement be designated as PacifiCorp Rate Schedule No. 705.

4. Enclosure

The following enclosure is attached hereto:

Enclosure Project Construction Agreement between BPA and PacifiCorp, to
be designated as PacifiCorp Rate Schedule No. 705

5. Communications

All communications and correspondence regarding this filing should be forwarded to the following persons:

Patrick C. Cannon
Senior Counsel
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5613
(503) 813-7252 (facsimile)
Patrick.Cannon@PacifiCorp.com

Rick Vail
Vice President, Transmission
PacifiCorp
825 N.E. Multnomah, Suite 1600
Portland, OR 97232
(503) 813-6938
(503) 813-6893 (facsimile)
Richard.Vail@PacifiCorp.com

6. Service List

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, a copy of this filing is being served on the following:

David Fitzsimmons
U.S Department of Energy
Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409
dafitzsimmons@bpa.gov
kystuwe@bpa.gov
garussell@bpa.gov

Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148
PUC.FilingCenter@state.or.us

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me.

Respectfully Submitted,

/s/ Patrick C. Cannon
Patrick C. Cannon

Attorney for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused a copy of the foregoing document to be served via first-class mail or electronic mail upon each of the parties listed in the enclosed Service List.

Dated at Portland, Oregon this 29th day of September, 2014.

/s/ Patrick C. Cannon

Patrick C. Cannon
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5613
(503) 813-7252 (facsimile)
patrick.cannon@pacificorp.com

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: Bonneville Power Administration / Green Springs Hydroelectric
Generation Facility 115 kV Upgrade / OTP Q0071

This Project Construction Agreement (the “Agreement”) made and entered into this 16 day of September, 2014, between the Bonneville Power Administration (“BPA”), and PacifiCorp, is for work to be performed by PacifiCorp for BPA (hereinafter referred to as the “Project”). Hereinafter, BPA and PacifiCorp may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- B. WHEREAS, BPA is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon and Washington; and
- C. WHEREAS, The United States Bureau of Reclamation (“USBR”) is a federal government entity that owns the Green Springs Hydroelectric Generation Facility which generates electricity in and around Jackson County, Oregon; and
- D. WHEREAS, PacifiCorp and USBR are parties to a Small Generator Interconnection Agreement, executed February 12, 2010, and designated as PacifiCorp Service Agreement No. 591, effective January 25, 2010 (the “SGIA”), pursuant to which USBR’s Green Springs Hydroelectric Generation Facility is interconnected to PacifiCorp’s transmission system at the PacifiCorp-owned Green Springs Substation located in Jackson County, Oregon; and
- E. WHEREAS, USBR has entered into an Interagency Agreement with BPA and requested to make modifications to its Green Springs Hydroelectric Generation Facility, Green Springs Switchyard, and associated collector system; and
- F. WHEREAS, BPA has the responsibility under the Interagency Agreement with USBR to coordinate the necessary services and construction to affect the required modifications to Green Springs Hydroelectric Generation Facility, Green Springs Switchyard and associated collector system; and
- G. WHEREAS, BPA has requested that PacifiCorp perform the work; and
- H. WHEREAS, PacifiCorp has completed a System Impact and Facilities Study, dated October 30, 2013, and determined that to accommodate USBR’s request,

certain upgrades will be required to PacifiCorp's Green Springs Substation, as further described and detailed in this Agreement; and

- I. WHEREAS, PacifiCorp has agreed to perform the work required to complete the upgrades according to the terms set forth herein.

NOW THEREFORE, the Parties agree to the following:

1. DEFINITIONS

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

2. TERM & TERMINATION

The term of this Agreement shall commence on the date designated by the Federal Energy Regulatory Commission ("Commission" or "FERC"), ("Effective Date"). This Agreement shall terminate ninety (90) calendar days following: (i) PacifiCorp's receipt of final payment of actual costs by BPA; or (ii) PacifiCorp's refund of overpayment to BPA, pursuant to Section 4 of this Agreement. In the event that neither an invoice nor a refund is required, this Agreement shall terminate ninety (90) calendar days following PacifiCorp's determination of actual costs after completion of construction, which shall not exceed five years.

3. SCOPE AND PERFORMANCE OF WORK:

- a. **Project Description and Scope.** The Project shall consist of the removal of the existing bank of three (3) 115/69 kV single phase transformers and associated equipment; expansion of PacifiCorp's existing Green Springs Substation yard; installation of a new 145 kV breaker, associated equipment and revenue metering; and updating the associated communications equipment as more specifically outlined in Exhibit A, Section 2 Estimated Scope of Work.
- b. **PacifiCorp Responsibilities.** PacifiCorp agrees to design, procure, and install the Project as depicted in the attached Exhibit A, Section 2 Estimated Scope of Work.
- c. **BPA Responsibilities.** BPA agrees to coordinate the design, procurement,

installation, and construction of the Project between PacifiCorp and USBR as depicted in the attached Exhibit A, Section 1, Estimated Scope of Work and Exhibit B, One-Line Diagram.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership

PacifiCorp shall retain ownership and maintain all equipment as listed in Exhibit A, Section 2.

USBR shall retain ownership and maintain all equipment located at USBR's Green Springs Hydroelectric Facility and Green Springs Switchyard as referenced in Exhibit A, Section 1.

4.2. Estimated Costs

PacifiCorp's estimated cost for the Project is \$1,550,000. PacifiCorp shall notify BPA, in writing, within thirty (30) calendar days if, at any time during the course of the Project, PacifiCorp expects the cost of performing the work identified under this Agreement to exceed \$1,550,000. If BPA agrees to the cost increase, a modification to this Agreement will be prepared to provide for the additional funding amount.

4.3. Payment of Actual Costs

As a Federal entity, BPA cannot provide advance funding pursuant to 31 U.S.C. § 3324. BPA's payment for services, however, is assured by section 7(a)(2) of the Pacific Northwest Power Planning and Conservation Act, 16 U.S.C. § 839e(a)(2), which requires the Administrator to set rates to meet the Administrator's costs.

PacifiCorp's actual cost of performing the Project shall be reimbursed by BPA, including applicable overheads. PacifiCorp's actual costs shall include all direct costs plus applicable overheads estimated to be 15%. PacifiCorp will provide an invoice on a monthly basis to BPA and will include as an attachment to such invoice a project cost report containing sufficient detail to demonstrate applicability of the charged costs to the Project, including any allocable overheads, for the preceding month. BPA shall pay to PacifiCorp the invoiced amount within thirty (30) calendar days following receipt of such invoice from PacifiCorp.

Following completion of the Project, PacifiCorp shall calculate its actual costs including actual applied overheads for the completed Project. PacifiCorp will forward a copy of the calculation to BPA, and, if necessary, an invoice or a refund

for the difference between the accumulated amounts provided by BPA under the monthly invoicing cycles and actual cost of the project's construction. Such final accounting will be provided no later than one hundred twenty (120) calendar days after completion of construction. If BPA owes any additional amount, BPA will have thirty (30) calendar days after receiving any invoice to make a payment. If BPA's accumulated amounts paid during the monthly invoicing cycles exceed the total costs of construction, PacifiCorp shall remit to BPA as a refund, the excess amount within thirty (30) calendar days.

PacifiCorp shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles.

5. TAXES:

5.1. BPA Payments Not Taxable

The Parties intend that all payments made by BPA to PacifiCorp for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp

Notwithstanding Section 5.1, BPA shall protect, indemnify and hold harmless PacifiCorp from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments made by BPA to PacifiCorp under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by PacifiCorp.

PacifiCorp shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges BPA under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by BPA to PacifiCorp should be reported as income subject to taxation or (ii) any governmental authority directs PacifiCorp to report payments or property as income subject to taxation. BPA shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including detail about how the amount was calculated.

5.3. Tax Gross-up Amount

BPA's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that BPA will pay PacifiCorp, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments made by BPA to PacifiCorp under this Agreement (without regard to any payments under this Article) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit PacifiCorp to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and PacifiCorp will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting PacifiCorp's anticipated tax depreciation deductions as a result of such payments by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating BPA's liability to PacifiCorp pursuant to this Article can be expressed as follows:

(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate).

5.4. Contests

In the event any governmental authority determines that PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, PacifiCorp shall notify BPA, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund

In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by BPA to PacifiCorp under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to PacifiCorp in good faith that any amount paid by BPA to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by BPA to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax

attributable to any payment by BPA to PacifiCorp pursuant to this Agreement, PacifiCorp shall promptly refund to BPA the following:

- (i) any payment made by BPA under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by BPA to PacifiCorp for such taxes which PacifiCorp did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by BPA to the date PacifiCorp refunds such payment to BPA; and
- (iii) with respect to any such taxes paid by PacifiCorp, any refund or credit PacifiCorp receives or to which it may be entitled from any governmental authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to PacifiCorp for such overpayment of taxes (including any reduction in interest otherwise payable by PacifiCorp to any governmental authority resulting from an offset or credit); provided, however, that PacifiCorp will remit such amount promptly to BPA only after and to the extent that PacifiCorp has received a tax refund, credit or offset from any governmental authority for any applicable overpayment of income tax related to PacifiCorp's Project.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE:

The Parties have agreed to the Estimated Schedule and Milestones attached as Exhibit C for the completion of the Project.

7. OPERATION AND MAINTENANCE:

The Parties agree that operation and maintenance of the Project shall be as described and set forth in the existing Small Generator Interconnection Agreement between PacifiCorp and USBR designated as PacifiCorp Service Agreement No. 591, or as otherwise agreed to by the Parties.

8. STANDARD OF WORK:

All work performed pursuant to this Agreement by either Party or their agents shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and applicable safety and reliability standards.

9. CHANGES:

The Parties may at any time, in writing, mutually agree to changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in work, or alter the schedule. If such direction results in a material change in the amount or character of the work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

No change shall be binding upon the Parties until a change order is executed by each Party which is in writing and expressly states that it constitutes a change order to this Agreement. The issuance of information, advice, approvals, or instructions verbally or by an exchange of e-mail or in any other manner short of a writing executed by both Parties shall not constitute an authorized change order pursuant to this provision.

All revisions to this Agreement will be filed at FERC by PacifiCorp as a restated agreement.

10. INSPECTION:

BPA (and USBR) may, at its discretion, inspect PacifiCorp's construction work of the Project in progress upon reasonable notice and with supervision by PacifiCorp.

PacifiCorp may inspect USBR's construction work of the Project in accordance with the Section 2.3 of the SGIA upon reasonable notice and with BPA or USBR supervision.

11. TESTING:

Before the new facilities required for the Project are energized, such new facilities shall be tested by PacifiCorp to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable FERC, North American Electric Reliability Corporation and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, BPA shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of PacifiCorp's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

12. ACCESS:

Either Party shall grant the other Party reasonable escorted access to the Project provided that each party provides reasonable notice and comply with the other Parties safety and security rules.

13. GOVERNING LAW:

Enforcement or interpretation of this Agreement shall be subject to the appropriate Federal court. Furthermore, this Agreement shall be governed by and construed in accordance with Federal law.

14. NO PARTNERSHIP:

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

15. NON-ASSIGNABILITY:

Neither this Agreement, nor any part thereof, may be assigned, without the express written consent of the other Party which consent will not be unreasonably withheld. Any attempt to assign this Agreement that lacks express written consent will be deemed voidable.

16. PROVISIONAL REMEDIES:

Either Party may seek provisional legal remedies, if in such Party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

17. ENTIRE CONTRACT:

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

18. NOTICES:

Any correspondence regarding this work shall be directed to the appropriate party (or parties) as shown below:

BPA:

U.S. Department of Energy
Bonneville Power Administration
ATTN: David A. Fitzsimmons, TSE/TPP-2
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6005
Fax: (360) 619-6940

PacifiCorp:

PacifiCorp
ATTN: Vice President, Transmission Services
825 NE Multnomah St., Suite 1600
Portland, OR 97232
Phone: (503) 813-6938
Fax: (503) 813-6893

19. BILLING AND PAYMENT:

Billings and payments shall be sent to:

BPA:

U.S. Department of Energy
Bonneville Power Administration
ATTN: Michele Holst - TEPO/TPP-1
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6621
Email to: mrholst@bpa.gov

PacifiCorp:

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland, OR 97232-2017

20. LIMITATION OF LIABILITY:

Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

21. **FORCE MAJEURE:**

A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Except for the obligation to pay amounts owed when due, time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

22. **SUCCESSORS:**

This Agreement will be binding upon the Parties and will inure to the benefit of their respective successors.

23. **SEVERABILITY:**

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other governmental authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable

the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

24. MULTIPLE COUNTERPARTS:

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

25. CONTRACTORS AND SUBCONTRACTORS:

Nothing in this Agreement shall prevent PacifiCorp or BPA from utilizing the services of any third party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that PacifiCorp and BPA shall require a third party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third party contractor and subcontractor.

26. NO THIRD-PARTY BENEFICIARIES:

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

27. SURVIVAL

The provisions of Sections 4, as well as all payment obligations and liabilities incurred before the termination or expiration of this Agreement, will survive its termination or expiration.

28. MODIFICATIONS OR AMENDMENTS

No modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

29. DISPUTE RESOLUTION

29.1. Submission

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of

each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in a Federal court under Federal law.

29.2. Arbitration Procedures

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

29.3. Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

29.4. Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the day and year first herein above written.

PACIFICORP

U.S. DEPARTMENT OF ENERGY
BONNEVILLE POWER
ADMINISTRATION

 /s/ Rick Vail
Signature

 /s/ David Fitzsimmons
Signature

 Rick Vail
Printed Name of Signor

 David Fitzsimmons
Printed Name of Signor

 VP - Transmission
Title of Signor

 Transmission Sales Manager
Title of Signor

 9/16/14
Date

 9/16/2014
Date

Exhibit A Estimated Scope of Work

The modifications to USBR's Green Springs Hydroelectric Generating Facility, Green Springs Switchyard, and associated collector system will require the removal of PacifiCorp's bank of three 115/69 kV single phase transformers and related equipment, the expansion of PacifiCorp's Green Springs Substation yard, the installation of a new 145 kV breaker, associated equipment and revenue metering along with updating the related communications equipment.

An estimated list of the major equipment identified for this Project is as follows:

- 1 – 145kV, 2000A, 40kA Circuit Breaker
- 1 – 115kV, 1200A, TPST, Manually Operated, Vertical Break Switch
- 1 – 115kV, 1200A, TPST, Manually Operated, Vertical Break Switch equipped with spill gaps (replaces switch 2R702)
- 3 – 115kV metering units
- 2 – Landis & Gyr Elite meters
- 1 – Metering panel
- 1 – 115kV CCVT
- 1 – 125Volt, 100AH Battery System with Zone 4 Seismic rack
- 1 – 130Volt D/C, 12A LaMarche Battery Charger
- 1 – 13' x 23' PacifiCorp Standard Trachte Building
- 160' of new fence
- 1 – 24' wide double gate
- 1 – PC 210 breaker control and protection panel
- 1 – PE 310 bus differential panel
- 1 – PL 351 line protection with the addition of SEL 351A relays and an Electroschwitch 31TR control switch
- 1 – PI 111 Annunciator panel
- 1 – Clock/Data Panel with:
 - 1 – Switch, Telephone, Line Sharing; Teltone Part #M-394-B01
 - 1 – Modem; Teltone Part #MOD-2
 - 1 – Switch, Data; SEL 2030
 - 1 – GPS Satellite controlled clock; Arbiter type 1084B
 - 1 – GE – D20 RTU

1. **USBR's Green Springs Hydroelectric Generating Facility and Green Springs Switchyard.**

The following outlines the coordination required for the design, procurement, and installation of the equipment for the Green Springs Hydroelectric Generating Facility and Green Springs Switchyard.

- 1.1. BPA shall be responsible for:
 - Coordination of design and construction activities with PacifiCorp for the

Project.

- Coordination with PacifiCorp for the SEL-321 line protection relays to be installed at the Green Springs Substation.
- Coordination of the design, procurement, and installation of the protective relaying systems required by PacifiCorp for USBR's new 115/4.16 kV transformer at USBR's Green Springs Switchyard. The protection for the transformer needs to detect and clear faults in the transformer in eight cycles or less.
- Submission of a request to PacifiCorp, prior to the procurement of the equipment, for digital or analog outputs from the meter required by BPA or USBR.
- Facilitation of the USBR application for retail station power when power is back-fed through the point of interconnection.
- Coordination with PacifiCorp for the bus differential relay system to monitor the line between USBR's Green Springs Switchyard and PacifiCorp's Green Springs Substation and to be located at PacifiCorp's Green Springs Substation.
- Coordinate the design, procurement, and installation of USBR's interrupting device at USBR's Green Springs Switchyard.
- Facilitate the provision of the output of current transformers from the USBR 115/4.16 kV transformer's 115 kV bushings, or the 115 kV circuit breaker's current transformers, to be fed into the PacifiCorp bus differential relays.
- Coordinate USBR's removal of the existing RTU located in USBR's Green Springs Hydroelectric Generating Facility.

2. **PacifiCorp's Green Springs Substation**

The following outlines the design, procurement, installation and ownership of the equipment for the Green Springs Substation.

2.1. BPA shall be responsible for:

- Coordination of design and construction activities with PacifiCorp for the Project.
- Coordination with PacifiCorp in the execution of a document granting Right of Way ("ROW") access to PacifiCorp for the expanded Green Springs Substation.

2.2. PacifiCorp shall be responsible for:

- Coordination of design and construction activities with BPA and USBR for the project.
- Design of the expansion of the existing substation yard approximately 20 feet to the west and approximately 20 feet to the south. Resurfacing the yard in the expanded area and installation of the as required along with installation of

appropriate fencing enclosing the expanded area.

- Design and construction of the entrance road slightly rerouting it to accommodate the new gate and fence expansion.
- Removal of the three 115/69kV single phase transformers, the S&C 115kV circuit switcher with motor operator, the 115kV, 600A switch (2R702), the 400 amp wave trap, two 69kV VTs, the GE, JKW-5 CT and all structures and foundations associated with the removed equipment.
- Design, procurement, installation and ownership of a new control building, a new 115kV CCVT, a 145kV circuit breaker, metering equipment and two (2) new 115kV, 1200A TPST switches on each side of the new circuit breaker.
- Design, procurement, installation and ownership of new metering for the Project. The metering equipment is to be installed on the plant side of the line and be located between the circuit breaker and the plant side disconnect switch.
- Design, procurement, installation and ownership of a line protection package including two SEL-321 relays to disconnect the plant for faults on the transmission line back to the line breakers at COPCO 2, Baldy, and Oak Knoll substations.
- Design of the SEL-321 relays will include two relay setting groups with a remote controlled switch to be operated by PacifiCorp's system operators.
- Design, procurement, installation and ownership of a line protection relay used for under/over voltage and over/under frequency protection. If the voltage, magnitude, or frequency is outside of the normal operation range, this relay will force the disconnection of the plant from the transmission system.
- Design, procurement, installation and ownership of a bus differential relay system to monitor the line between USBR's Green Springs Hydroelectric Generating Facility and PacifiCorp's Green Springs Substation.
- Design, procurement, installation and ownership of RTU to be installed at Green Springs Substation.
- Design, procurement, installation and ownership of two new revenue meters (primary and backup) will be installed in the Green Springs Substation in a standard 12" panel.
- Design, procurement, installation and ownership of combination CT/PT instrument transformers to be installed at the point of interconnection. The CT's will be extended range, 0.15% accuracy class, and be used exclusively for metering. The PT's will be 0.15% accuracy class and WYE connected.
- Design, procurement, installation and ownership of the communications for the Project, including a new T1 lease between the Green Springs Substation and Pacific Power Medford Service Center.
- Design, procurement, installation and ownership of a metering communication system to be comprised of either a USBR supplied dial up land line, PacifiCorp supplied cell phone, or PacifiCorp supplied Ethernet connection. The alternate meter will communicate on a separate DS0 channel on the T1 to

Pacific Power Medford Service Center. The existing alternate meter 4-wire lease will be cancelled.

Exhibit B Estimated One-Line Diagram

The following diagram shows PacifiCorp's existing transmission system and the estimated connection of USBR's Green Springs Hydroelectric Facility and Switchyard after the modifications at the Project.

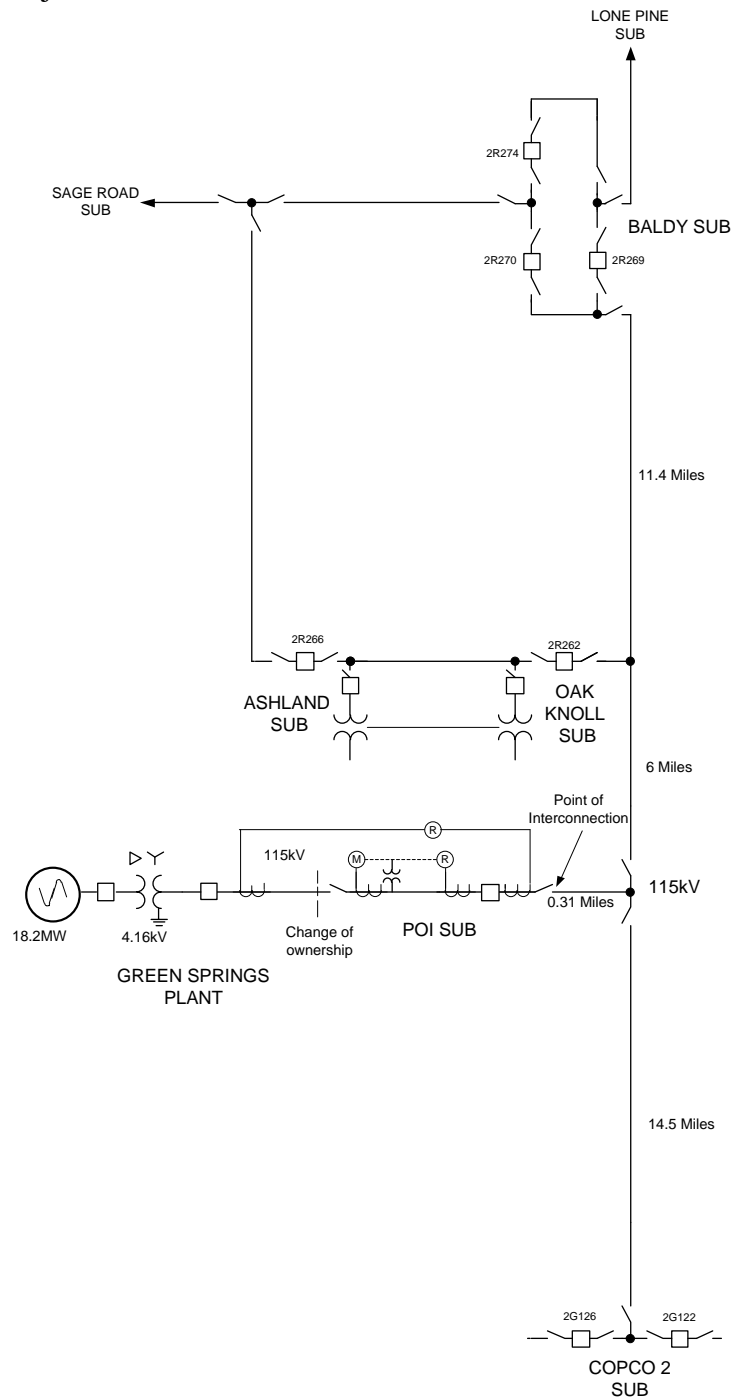


Exhibit C Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes and start when the Construction Agreement is signed and the right-of-way (ROW) is provided. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Delays in the Project have the potential to affect the entire schedule.

The construction milestones listed below are contingent on the completion and approval of any required environmental review by PacifiCorp and USBR.

Milestones	Estimated Schedule
Construction Agreement Executed	1 Month
Contract and Grant of License for Substation ROW	1 Month
Agreement Filed with FERC	61 Days
Financial Security Provided	1 Month
Engineering & procurement commences	1 Month
Engineering design completed	12 Months
PacifiCorp Construction Phase	6 Months
USBR Construction Begins	October 15, 2015
Testing	2 weeks
Commercial Operation	18 months from commencement of engineering
Estimated In-Service Date	2 weeks

SEP 17 2014

TRANSMISSION SERVICES
PACIFICORP

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: Bonneville Power Administration / Green Springs Hydroelectric
Generation Facility 115 kV Upgrade / OTP Q0071

This Project Construction Agreement (the "Agreement") made and entered into this 16 day of September, 2014, between the Bonneville Power Administration ("BPA"), and PacifiCorp, is for work to be performed by PacifiCorp for BPA (hereinafter referred to as the "Project"). Hereinafter, BPA and PacifiCorp may be individually referred to as a "Party" or collectively referred to as the "Parties."

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- B. WHEREAS, BPA is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon and Washington; and
- C. WHEREAS, The United States Bureau of Reclamation ("USBR") is a federal government entity that owns the Green Springs Hydroelectric Generation Facility which generates electricity in and around Jackson County, Oregon; and
- D. WHEREAS, PacifiCorp and USBR are parties to a Small Generator Interconnection Agreement, executed February 12, 2010, and designated as PacifiCorp Service Agreement No. 591, effective January 25, 2010 (the "SGIA"), pursuant to which USBR's Green Springs Hydroelectric Generation Facility is interconnected to PacifiCorp's transmission system at the PacifiCorp-owned Green Springs Substation located in Jackson County, Oregon; and
- E. WHEREAS, USBR has entered into an Interagency Agreement with BPA and requested to make modifications to its Green Springs Hydroelectric Generation Facility, Green Springs Switchyard, and associated collector system; and
- F. WHEREAS, BPA has the responsibility under the Interagency Agreement with USBR to coordinate the necessary services and construction to affect the required modifications to Green Springs Hydroelectric Generation Facility, Green Springs Switchyard and associated collector system; and
- G. WHEREAS, BPA has requested that PacifiCorp perform the work; and
- H. WHEREAS, PacifiCorp has completed a System Impact and Facilities Study, dated October 30, 2013, and determined that to accommodate USBR's request, certain upgrades will be required to PacifiCorp's Green Springs Substation, as further described and detailed in this Agreement; and

- I. WHEREAS, PacifiCorp has agreed to perform the work required to complete the upgrades according to the terms set forth herein.

NOW THEREFORE, the Parties agree to the following:

1. DEFINITIONS

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

2. TERM & TERMINATION

The term of this Agreement shall commence on the date designated by the Federal Energy Regulatory Commission ("Commission" or "FERC"), ("Effective Date"). This Agreement shall terminate ninety (90) calendar days following: (i) PacifiCorp's receipt of final payment of actual costs by BPA; or (ii) PacifiCorp's refund of overpayment to BPA, pursuant to Section 4 of this Agreement. In the event that neither an invoice nor a refund is required, this Agreement shall terminate ninety (90) calendar days following PacifiCorp's determination of actual costs after completion of construction, which shall not exceed five years.

3. SCOPE AND PERFORMANCE OF WORK:

- a. **Project Description and Scope.** The Project shall consist of the removal of the existing bank of three (3) 115/69 kV single phase transformers and associated equipment; expansion of PacifiCorp's existing Green Springs Substation yard; installation of a new 145 kV breaker, associated equipment and revenue metering; and updating the associated communications equipment as more specifically outlined in Exhibit A, Section 2 Estimated Scope of Work.
- b. **PacifiCorp Responsibilities.** PacifiCorp agrees to design, procure, and install the Project as depicted in the attached Exhibit A, Section 2 Estimated Scope of Work.
- c. **BPA Responsibilities.** BPA agrees to coordinate the design, procurement, installation, and construction of the Project between PacifiCorp and USBR as depicted in the attached Exhibit A, Section 1, Estimated Scope of Work and Exhibit B, One-Line Diagram.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership

PacifiCorp shall retain ownership and maintain all equipment as listed in Exhibit A, Section 2.

USBR shall retain ownership and maintain all equipment located at USBR's Green Springs Hydroelectric Facility and Green Springs Switchyard as referenced in Exhibit A, Section 1.

4.2. Estimated Costs

PacifiCorp's estimated cost for the Project is \$1,550,000. PacifiCorp shall notify BPA, in writing, within thirty (30) calendar days if, at any time during the course of the Project, PacifiCorp expects the cost of performing the work identified under this Agreement to exceed \$1,550,000. If BPA agrees to the cost increase, a modification to this Agreement will be prepared to provide for the additional funding amount.

4.3. Payment of Actual Costs

As a Federal entity, BPA cannot provide advance funding pursuant to 31 U.S.C. § 3324. BPA's payment for services, however, is assured by section 7(a)(2) of the Pacific Northwest Power Planning and Conservation Act, 16 U.S.C. § 839e(a)(2), which requires the Administrator to set rates to meet the Administrator's costs.

PacifiCorp's actual cost of performing the Project shall be reimbursed by BPA, including applicable overheads. PacifiCorp's actual costs shall include all direct costs plus applicable overheads estimated to be 15%. PacifiCorp will provide an invoice on a monthly basis to BPA and will include as an attachment to such invoice a project cost report containing sufficient detail to demonstrate applicability of the charged costs to the Project, including any allocable overheads, for the preceding month. BPA shall pay to PacifiCorp the invoiced amount within thirty (30) calendar days following receipt of such invoice from PacifiCorp.

Following completion of the Project, PacifiCorp shall calculate its actual costs including actual applied overheads for the completed Project. PacifiCorp will forward a copy of the calculation to BPA, and, if necessary, an invoice or a refund for the difference between the accumulated amounts provided by BPA under the monthly invoicing cycles and actual cost of the project's construction. Such final accounting will be provided no later than one hundred twenty (120) calendar days after completion of construction. If BPA owes any additional amount, BPA will have thirty (30) calendar days after receiving any invoice to make a payment. If

BPA's accumulated amounts paid during the monthly invoicing cycles exceed the total costs of construction, PacifiCorp shall remit to BPA as a refund, the excess amount within thirty (30) calendar days.

PacifiCorp shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles.

5. TAXES:

5.1. BPA Payments Not Taxable

The Parties intend that all payments made by BPA to PacifiCorp for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp

Notwithstanding Section 5.1, BPA shall protect, indemnify and hold harmless PacifiCorp from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments made by BPA to PacifiCorp under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by PacifiCorp.

PacifiCorp shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges BPA under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by BPA to PacifiCorp should be reported as income subject to taxation or (ii) any governmental authority directs PacifiCorp to report payments or property as income subject to taxation. BPA shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including detail about how the amount was calculated.

5.3. Tax Gross-up Amount

BPA's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that BPA will pay PacifiCorp, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments made by BPA to PacifiCorp under this Agreement (without regard to any payments under this

Article) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit PacifiCorp to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and PacifiCorp will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting PacifiCorp's anticipated tax depreciation deductions as a result of such payments by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating BPA's liability to PacifiCorp pursuant to this Article can be expressed as follows:

(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate).

5.4. Contests

In the event any governmental authority determines that PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, PacifiCorp shall notify BPA, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund

In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by BPA to PacifiCorp under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to PacifiCorp in good faith that any amount paid by BPA to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by BPA to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax attributable to any payment by BPA to PacifiCorp pursuant to this Agreement, PacifiCorp shall promptly refund to BPA the following:

- (i) any payment made by BPA under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by BPA to PacifiCorp for such taxes which PacifiCorp did not submit to the taxing authority, calculated in accordance with

the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by BPA to the date PacifiCorp refunds such payment to BPA; and

(iii) with respect to any such taxes paid by PacifiCorp, any refund or credit PacifiCorp receives or to which it may be entitled from any governmental authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to PacifiCorp for such overpayment of taxes (including any reduction in interest otherwise payable by PacifiCorp to any governmental authority resulting from an offset or credit); provided, however, that PacifiCorp will remit such amount promptly to BPA only after and to the extent that PacifiCorp has received a tax refund, credit or offset from any governmental authority for any applicable overpayment of income tax related to PacifiCorp's Project.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE:

The Parties have agreed to the Estimated Schedule and Milestones attached as Exhibit C for the completion of the Project.

7. OPERATION AND MAINTENANCE:

The Parties agree that operation and maintenance of the Project shall be as described and set forth in the existing Small Generator Interconnection Agreement between PacifiCorp and USBR designated as PacifiCorp Service Agreement No. 591, or as otherwise agreed to by the Parties.

8. STANDARD OF WORK:

All work performed pursuant to this Agreement by either Party or their agents shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and applicable safety and reliability standards.

9. CHANGES:

The Parties may at any time, in writing, mutually agree to changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in work, or alter the schedule. If such direction results in a material change in the amount or character of the work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

No change shall be binding upon the Parties until a change order is executed by each Party which is in writing and expressly states that it constitutes a change order to this Agreement. The issuance of information, advice, approvals, or instructions verbally or by an exchange of e-mail or in any other manner short of a writing executed by both Parties shall not constitute an authorized change order pursuant to this provision.

All revisions to this Agreement will be filed at FERC by PacifiCorp as a restated agreement.

10. INSPECTION:

BPA (and USBR) may, at its discretion, inspect PacifiCorp's construction work of the Project in progress upon reasonable notice and with supervision by PacifiCorp.

PacifiCorp may inspect USBR's construction work of the Project in accordance with the Section 2.3 of the SGIA upon reasonable notice and with BPA or USBR supervision.

11. TESTING:

Before the new facilities required for the Project are energized, such new facilities shall be tested by PacifiCorp to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable FERC, North American Electric Reliability Corporation and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, BPA shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of PacifiCorp's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

12. ACCESS:

Either Party shall grant the other Party reasonable escorted access to the Project provided that each party provides reasonable notice and comply with the other Parties safety and security rules.

13. GOVERNING LAW:

Enforcement or interpretation of this Agreement shall be subject to the appropriate Federal court. Furthermore, this Agreement shall be governed by and construed in accordance with Federal law.

14. NO PARTNERSHIP:

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

15. NON-ASSIGNABILITY:

Neither this Agreement, nor any part thereof, may be assigned, without the express written consent of the other Party which consent will not be unreasonably withheld. Any attempt to assign this Agreement that lacks express written consent will be deemed voidable.

16. PROVISIONAL REMEDIES:

Either Party may seek provisional legal remedies, if in such Party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

17. ENTIRE CONTRACT:

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

18. NOTICES:

Any correspondence regarding this work shall be directed to the appropriate party (or parties) as shown below:

BPA:

U.S. Department of Energy
Bonneville Power Administration
ATTN: David A. Fitzsimmons, TSE/TPP-2
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6005
Fax: (360) 619-6940

PacifiCorp:

PacifiCorp
ATTN: Vice President, Transmission Services
825 NE Multnomah St., Suite 1600
Portland, OR 97232
Phone: (503) 813-6938
Fax: (503) 813-6893

19. BILLING AND PAYMENT:

Billings and payments shall be sent to:

BPA:

U.S. Department of Energy
Bonneville Power Administration
ATTN: Michele Holst - TEPO/TPP-1
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6621
Email to: mrholst@bpa.gov

PacifiCorp:

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland, OR 97232-2017

20. LIMITATION OF LIABILITY:

Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

21. FORCE MAJEURE:

A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Except for the obligation to pay amounts owed when due, time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

22. SUCCESSORS:

This Agreement will be binding upon the Parties and will inure to the benefit of their respective successors.

23. SEVERABILITY:

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other governmental authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

24. MULTIPLE COUNTERPARTS:

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

25. CONTRACTORS AND SUBCONTRACTORS:

Nothing in this Agreement shall prevent PacifiCorp or BPA from utilizing the services of any third party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that PacifiCorp and BPA shall require a third party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third party contractor and subcontractor.

26. NO THIRD-PARTY BENEFICIARIES:

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

27. SURVIVAL

The provisions of Sections 4, as well as all payment obligations and liabilities incurred before the termination or expiration of this Agreement, will survive its termination or expiration.

28. MODIFICATIONS OR AMENDMENTS

No modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

29. DISPUTE RESOLUTION

29.1. Submission

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in a Federal court under Federal law.

29.2. Arbitration Procedures

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an

opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

29.3. Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

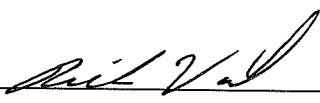
29.4. Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the day and year first herein above written.

PACIFICORP

U.S. DEPARTMENT OF ENERGY
BONNEVILLE POWER
ADMINISTRATION



Signature



Signature

Rick Vail

Printed Name of Signor

David FITZSIMMONS

Printed Name of Signor

VP - Transmission

Title of Signor

Transmission Sales Manager

Title of Signor

9/18/14

Date

9/16/2014

Date

Exhibit A
Estimated Scope of Work

The modifications to USBR's Green Springs Hydroelectric Generating Facility, Green Springs Switchyard, and associated collector system will require the removal of PacifiCorp's bank of three 115/69 kV single phase transformers and related equipment, the expansion of PacifiCorp's Green Springs Substation yard, the installation of a new 145 kV breaker, associated equipment and revenue metering along with updating the related communications equipment.

An estimated list of the major equipment identified for this Project is as follows:

- 1 – 145kV, 2000A, 40kA Circuit Breaker
- 1 – 115kV, 1200A, TPST, Manually Operated, Vertical Break Switch
- 1 – 115kV, 1200A, TPST, Manually Operated, Vertical Break Switch equipped with spill gaps (replaces switch 2R702)
- 3 – 115kV metering units
- 2 – Landis & Gyr Elite meters
- 1 – Metering panel
- 1 – 115kV CCVT
- 1 – 125Volt, 100AH Battery System with Zone 4 Seismic rack
- 1 – 130Volt D/C, 12A LaMarche Battery Charger
- 1 – 13' x 23' PacifiCorp Standard Trachte Building
- 160' of new fence
- 1 – 24' wide double gate
- 1 – PC 210 breaker control and protection panel
- 1 – PE 310 bus differential panel
- 1 – PL 351 line protection with the addition of SEL 351A relays and an Electros witch 31TR control switch
- 1 – PI 111 Annunciator panel
- 1 – Clock/Data Panel with:
 - 1 – Switch, Telephone, Line Sharing; Teltone Part #M-394-B01
 - 1 – Modem; Teltone Part #MOD-2
 - 1 – Switch, Data; SEL 2030
 - 1 – GPS Satellite controlled clock; Arbiter type 1084B
 - 1 – GE – D20 RTU

1. USBR's Green Springs Hydroelectric Generating Facility and Green Springs Switchyard.

The following outlines the coordination required for the design, procurement, and installation of the equipment for the Green Springs Hydroelectric Generating Facility and Green Springs Switchyard.

- 1.1. BPA shall be responsible for:
- Coordination of design and construction activities with PacifiCorp for the Project.
 - Coordination with PacifiCorp for the SEL-321 line protection relays to be

installed at the Green Springs Substation.

- Coordination of the design, procurement, and installation of the protective relaying systems required by PacifiCorp for USBR's new 115/4.16 kV transformer at USBR's Green Springs Switchyard. The protection for the transformer needs to detect and clear faults in the transformer in eight cycles or less.
- Submission of a request to PacifiCorp, prior to the procurement of the equipment, for digital or analog outputs from the meter required by BPA or USBR.
- Facilitation of the USBR application for retail station power when power is back-fed through the point of interconnection.
- Coordination with PacifiCorp for the bus differential relay system to monitor the line between USBR's Green Springs Switchyard and PacifiCorp's Green Springs Substation and to be located at PacifiCorp's Green Springs Substation.
- Coordinate the design, procurement, and installation of USBR's interrupting device at USBR's Green Springs Switchyard.
- Facilitate the provision of the output of current transformers from the USBR 115/4.16 kV transformer's 115 kV bushings, or the 115 kV circuit breaker's current transformers, to be fed into the PacifiCorp bus differential relays.
- Coordinate USBR's removal of the existing RTU located in USBR's Green Springs Hydroelectric Generating Facility.

2. **PacifiCorp's Green Springs Substation**

The following outlines the design, procurement, installation and ownership of the equipment for the Green Springs Substation.

2.1. BPA shall be responsible for:

- Coordination of design and construction activities with PacifiCorp for the Project.
- Coordination with PacifiCorp in the execution of a document granting Right of Way ("ROW") access to PacifiCorp for the expanded Green Springs Substation.

2.2. PacifiCorp shall be responsible for:

- Coordination of design and construction activities with BPA and USBR for the project.
- Design of the expansion of the existing substation yard approximately 20 feet to the west and approximately 20 feet to the south. Resurfacing the yard in the expanded area and installation of the as required along with installation of appropriate fencing enclosing the expanded area.
- Design and construction of the entrance road slightly rerouting it to accommodate the new gate and fence expansion.
- Removal of the three 115/69kV single phase transformers, the S&C 115kV circuit switcher with motor operator, the 115kV, 600A switch (2R702), the

400 amp wave trap, two 69kV VTs, the GE, JKW-5 CT and all structures and foundations associated with the removed equipment.

- Design, procurement, installation and ownership of a new control building, a new 115kV CCVT, a 145kV circuit breaker, metering equipment and two (2) new 115kV, 1200A TPST switches on each side of the new circuit breaker.
- Design, procurement, installation and ownership of new metering for the Project. The metering equipment is to be installed on the plant side of the line and be located between the circuit breaker and the plant side disconnect switch.
- Design, procurement, installation and ownership of a line protection package including two SEL-321 relays to disconnect the plant for faults on the transmission line back to the line breakers at COPCO 2, Baldy, and Oak Knoll substations.
- Design of the SEL-321 relays will include two relay setting groups with a remote controlled switch to be operated by PacifiCorp's system operators.
- Design, procurement, installation and ownership of a line protection relay used for under/over voltage and over/under frequency protection. If the voltage, magnitude, or frequency is outside of the normal operation range, this relay will force the disconnection of the plant from the transmission system.
- Design, procurement, installation and ownership of a bus differential relay system to monitor the line between USBR's Green Springs Hydroelectric Generating Facility and PacifiCorp's Green Springs Substation.
- Design, procurement, installation and ownership of RTU to be installed at Green Springs Substation.
- Design, procurement, installation and ownership of two new revenue meters (primary and backup) will be installed in the Green Springs Substation in a standard 12" panel.
- Design, procurement, installation and ownership of combination CT/PT instrument transformers to be installed at the point of interconnection. The CT's will be extended range, 0.15% accuracy class, and be used exclusively for metering. The PT's will be 0.15% accuracy class and WYE connected.
- Design, procurement, installation and ownership of the communications for the Project, including a new T1 lease between the Green Springs Substation and Pacific Power Medford Service Center.
- Design, procurement, installation and ownership of a metering communication system to be comprised of either a USBR supplied dial up land line, PacifiCorp supplied cell phone, or PacifiCorp supplied Ethernet connection. The alternate meter will communicate on a separate DS0 channel on the T1 to Pacific Power Medford Service Center. The existing alternate meter 4-wire lease will be cancelled.

Exhibit B Estimated One-Line Diagram

The following diagram shows PacifiCorp's existing transmission system and the estimated connection of USBR's Green Springs Hydroelectric Facility and Switchyard after the modifications at the Project.

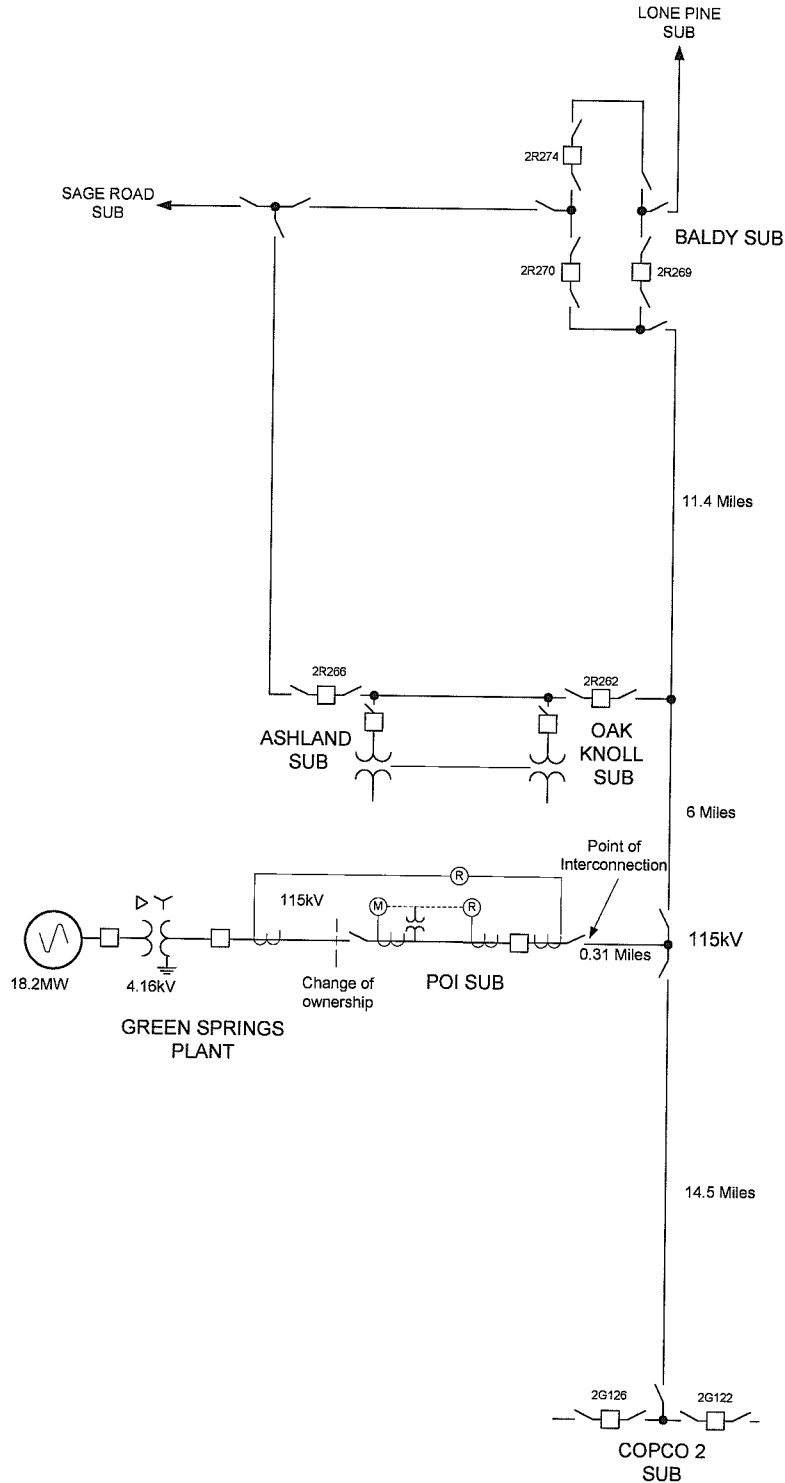


Exhibit C
Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes and start when the Construction Agreement is signed and the right-of-way (ROW) is provided. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Delays in the Project have the potential to affect the entire schedule.

The construction milestones listed below are contingent on the completion and approval of any required environmental review by PacifiCorp and USBR.

Milestones	Estimated Schedule
Construction Agreement Executed	1 Month
Contract and Grant of License for Substation ROW	1 Month
Agreement Filed with FERC	61 Days
Financial Security Provided	1 Month
Engineering & procurement commences	1 Month
Engineering design completed	12 Months
PacifiCorp Construction Phase	6 Months
USBR Construction Begins	October 15, 2015
Testing	2 weeks
Commercial Operation	18 months from commencement of engineering
Estimated In-Service Date	2 weeks