

June 24, 2016

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-1166

Attn: Filing Center

**RE: UP \_\_\_ —PacifiCorp's Application for a Proposed Asset Exchange Agreement**

PacifiCorp d/b/a Pacific Power encloses for filing its Application for a Proposed Asset Exchange Agreement.

PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By E-Mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, Oregon, 97232

Please direct informal inquiries with respect to this filing to Natasha Siores at (503) 813-6583.

Sincerely,



R. Bryce Dalley  
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP \_\_\_\_\_

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for a proposed Asset Exchange Agreement.

**APPLICATION OF PACIFICORP**

1           Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp  
2 d/b/a Pacific Power (PacifiCorp or Company) seeks approval from the Public Utility  
3 Commission of Oregon (Commission) of the proposed Asset Exchange Agreement between  
4 Company and Western Area Power Administration (WAPA), an agency within the U.S.  
5 Department of Energy.

6           Under the proposed Asset Exchange Agreement, PacifiCorp intends to acquire from  
7 WAPA certain transmission facilities located at PacifiCorp’s Thermopolis, Wyoming,  
8 substation, and to sell to WAPA certain transmission facilities located at WAPA’s Spence,  
9 Wyoming, substation, all in a cash-free like-kind exchange transaction under Section 1031 of  
10 the Internal Revenue Code. The completion of the asset exchange will generally eliminate  
11 the need for the parties to pay each other for upgrades and will allow the parties to maintain  
12 all assets within their respective substations.

**I.     BACKGROUND**

13  
14           PacifiCorp owns the Thermopolis substation in Wyoming. WAPA owns certain  
15 assets in the Thermopolis substation (the WAPA Facilities), some of which will need to be  
16 upgraded this summer. Similarly, WAPA owns the Spence Substation in Wyoming.  
17 PacifiCorp owns certain assets in the Spence Substation (the Company Facilities). The

1 parties have entered into an Asset Exchange Agreement (Agreement), dated April 14, 2016,  
2 in an effort to align the ownership of all assets with the ownership of the respective  
3 substations. A copy of the Agreement is attached hereto as Attachment A. Schedule 1 and  
4 Schedule 2 of the Agreement describe the list of equipment composing the assets that the  
5 parties will exchange. The closing of the transaction is expressly conditioned on the receipt  
6 of required regulatory approvals, including approval from this Commission sought  
7 hereunder. The completion of the transaction will eliminate the need for the parties to pay  
8 each other for upgrades and will allow the parties to maintain all assets within their  
9 respective substations.

10 The total consideration for the assets will be the exchange of assets in Schedules 1  
11 and 2 of the Agreement. The parties agree that the assets being exchanged are equivalent in  
12 value, and therefore, no additional cash or other consideration is required to be paid by either  
13 party to the Agreement. The transaction is structured as a Section 1031 like-kind exchange  
14 under the Internal Revenue Code. The book value of the Company Facilities is  
15 approximately \$769,000.00 as of December 31, 2015. The Company Facilities are classified  
16 as transmission property and are system-allocated. As more fully explained below, this  
17 transaction will not affect the Company's ability to perform its public duties.

18 **II. COMPLIANCE WITH OAR 860-027-0025(1)**  
19 **FILING REQUIREMENTS**

20 **A. Name and Address**

21 The Company's exact name and address of its principal business office are:

22 PacifiCorp  
23 825 NE Multnomah Street  
24 Portland, OR 97232

1 **B. State in which incorporated; date of incorporation; other states in which**  
2 **authorized to transact utility business**

3 PacifiCorp is a corporation organized and existing under and by the laws of the State  
4 of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized  
5 to provide retail electric service in Oregon, California, Idaho, Utah, Washington, and  
6 Wyoming.

7 **C. Communications and notices**

8 All notices and communications with respect to this Application should be addressed  
9 to:

Jeffery B. Erb  
Assistant General Counsel  
Pacific Power  
825 NE Multnomah Street, Suite 1800  
Portland, OR 97232  
Telephone: 503.813.5029  
Email: jeff.erb@pacificcorp.com

PacifiCorp Oregon Dockets  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Email: [OregonDockets@pacificcorp.com](mailto:OregonDockets@pacificcorp.com)

10 Additionally, PacifiCorp respectfully requests that all data requests regarding this  
11 matter be addressed to:

12 By e-mail (**preferred**) [datarequest@pacificcorp.com](mailto:datarequest@pacificcorp.com)

13  
14 By regular mail Data Request Response Center  
15 PacifiCorp  
16 825 NE Multnomah St., Suite 2000  
17 Portland, OR 97232

18 Informal inquires may also be directed to Natasha Siores at (503) 813-6583.

19 **D. Principal officers**

NAME	TITLE
Gregory E. Abel	Chairman of the Board & Chief Executive Officer
Cindy A. Crane	President & Chief Executive Officer, Rocky Mountain Power
Stefan Bird	President & Chief Executive Officer, Pacific Power
R. Patrick Reiten	President & Chief Executive Officer, PacifiCorp Transmission
Nikki L. Kobliha	Vice President & Chief Financial Officer

1 **E. Description of business; designation of territories served**

2 The Company engages in the generation, purchase, transmission, distribution, and  
3 sale of electric energy in Benton, Clackamas, Clatsop, Coos, Crook, Deschutes, Douglas,  
4 Gilliam, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn,  
5 Marion, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wallowa, Wasco, and  
6 Washington Counties in Oregon. PacifiCorp also engages in the generation, purchase,  
7 transmission, distribution, and sale of electric energy in the states of California, Idaho, Utah,  
8 Washington, and Wyoming.

9 **F. Statement showing for each class and series of capital stock: brief description;  
10 amount authorized; amount outstanding; amount held as required securities;  
11 amount pledged; amount owned by affiliated interests; amount held in any fund**

12 Not applicable. This transaction does not involve the sale of financial instruments or  
13 PacifiCorp capital stock.

14 **G. Statement showing for each class and series of long-term debt and notes: brief  
15 description of amount authorized; amount outstanding; amount held as required  
16 securities; amount pledged; amount held by affiliated interests; amount in  
17 sinking and other funds**

18 Not applicable. This transaction does not involve the sale of long-term debt or notes.

19 **H. Purpose of application; description of consideration and method of arriving at  
20 amount thereof**

21 The parties have entered into the Agreement in an effort to align the ownership of all  
22 assets with the ownership of their respective substations. The completion of the transaction  
23 will eliminate the need for the parties to pay each other for upgrades and will allow the  
24 parties to maintain all assets within their respective substations. The total consideration for  
25 the assets will be the exchange of assets in Schedules 1 and 2 of the Agreement. The parties  
26 agree that the assets being exchanged are equivalent in value, therefore, no additional cash or

1 other consideration is required to be paid by either party to the Agreement. The book value  
2 of the Company Facilities is approximately \$769,000.00.

3 **I. Statement of facilities to be disposed of; description of present use and**  
4 **proposed use; inclusion of all operating facilities of parties to the**  
5 **transaction**

6 The Company Facilities to be exchanged consist of certain relays and controls, a  
7 circuit breaker, switches, take-off structure, a transformer and insulators and buswork, all as  
8 noted in Schedule 1 to the Agreement. The transmission assets are and will continue to be  
9 used to operate the 230 kV line position for the Spence-Mustang 230 kV transmission line.

10 The WAPA Facilities to be exchanged consist of certain switches, transformers,  
11 relays, insulators and a circuit breaker. The transmission assets are and will continue to be  
12 used to operate the 230 kV line position for the Spence-Thermopolis 230 kV transmission  
13 line (currently known as the Badwater-Thermopolis 230 kV transmission line).

14 **J. Statement by primary account of cost of the facilities and applicable**  
15 **depreciation reserve**

16 The book value of the Company Facilities is approximately \$769,000.00 as of  
17 December 31, 2015.

18 **K. Required filings with other state or federal regulatory bodies**

19 In addition to this filing, this transaction requires approval from FERC, the California  
20 Public Utilities Commission, and the Wyoming Public Service Commission. FERC approval  
21 of this transaction was received May 31, 2016.

22 **L. Facts relied upon by applicant to show transaction is in the public**  
23 **interest**

24 ORS 757.480 requires Commission pre-approval for sales of property necessary and  
25 useful in the performance of a utility's duties to the public with a value in excess of  
26 \$100,000. OAR 860-027-0025(1)(l) requires PacifiCorp to show that such a proposed sale is

1 “consistent with the public interest.” The Commission has previously held that this standard  
2 requires a “no harm” showing.<sup>1</sup> The proposed transaction will not harm customers. The  
3 exchange of the assets will eliminate the need for the parties to pay each other for upgrades  
4 and will allow the parties to maintain all assets within their respective substations.

5 **M. Reasons relied upon for entering into the proposed transaction; benefits to**  
6 **customers**

7 Please refer to sections I. and L. above, as well as the background section.

8 **N. Amount of stock, bonds, or other securities, now owned, held or controlled by**  
9 **applicant, of the utility from which stock or bonds are proposed to be acquired**

10 Not applicable. This transaction does not involve the sale of stock or other financial  
11 instruments.

12 **O. Statement of franchises held; date of expiration; facilities of transferees**

13 Not applicable. This transaction will not affect PacifiCorp’s service territory.

14 **III. COMPLIANCE WITH OAR 860-027-0025(2)**  
15 **FILING REQUIREMENTS**

16 **A. Exhibit A—Articles of Incorporation**

17 Not applicable. Review of the Articles of Incorporation would not advance the  
18 Commission’s analysis of this Application because the subject transaction involves the  
19 conveyance of utility property and does not affect the Company’s corporate structure or  
20 governance.

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<sup>1</sup> See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order No. 01-778 (Sept. 4, 2001) (“The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) and has been read to require a no harm standard, or contains a ‘not contrary to the public interest’ standard (ORS 757.490, .495.)”) (emphasis added); *In the Matter of the Application of PacifiCorp*, Docket No. UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); *In the Matter of Portland General Electric*, Docket No. UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of the Application of Portland General Electric*, Docket Nos. UP 165/UP 170, Order No. 99-730, at 7(Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

1 **B. Exhibit B—Bylaws**

2 Not applicable. Review of PacifiCorp’s bylaws would not advance the Commission’s  
3 analysis of this Application because the subject transaction involves the conveyance of utility  
4 property and does not affect the Company’s corporate structure or governance.

5 **C. Exhibit C—Resolution of directors authorizing transaction**

6 This transaction did not require approval from the Company’s board of directors.

7 **D. Exhibit D—Mortgages, trust, deeds or indentures securing obligation of each**  
8 **party**

9 Not applicable.

10 **E. Exhibit E—Balance sheet showing booked amounts, adjustments to record the**  
11 **proposed transaction and pro forma, with supporting fixed capital or plant**  
12 **schedules in conformity with the forms in the annual report**

13 Not applicable. This transaction will not materially affect the Company’s balance  
14 sheet.

15 **F. Exhibit F—Known contingent liabilities**

16 There are no known contingent liabilities associated with this transaction.

17 **G. Exhibit G—Comparative income statements showing recorded results of**  
18 **operations, adjustments to record the proposed transaction and pro forma, in**  
19 **conformity with the form in the annual report**

20 Not applicable. The transaction will not materially affect the Company’s income  
21 statement.

22 **H. Exhibit H—Analysis of surplus for the period covered by income statements**  
23 **referred to in G**

24 Not applicable. The transaction will not materially affect the Company’s income  
25 statement.



1 **I. Exhibit I—Copy of contract for transaction and other written instruments**

2 Included with this Application as Attachment A is a copy of the Asset Exchange  
3 Agreement, by and between PacifiCorp and Western Area Power Administration. The  
4 closing of the transaction is expressly conditioned on the receipt of required regulatory  
5 approvals, including approval from this Commission.

6 **J. Exhibit J. Copy of each proposed journal entry to be used to record the**  
7 **transaction**

8 See proposed journal entry in Attachment B.

9 **K. Exhibit K. Copy of each supporting schedule showing the benefits, if any, which**  
10 **each applicant relies upon to support the facts required by (1)(l) of this rule and**  
11 **reasons as required by (1)(m)**

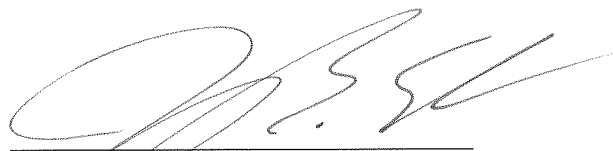
12 This Application and attachments contain the necessary information to demonstrate  
13 the benefits of this transaction and for the Commission to base its decision. However, the  
14 Company is prepared to provide additional information as requested by the Commission.

15 **IV. PRAYER FOR RELIEF**

16 PacifiCorp respectfully requests a Commission order (1) approving the Agreement  
17 and finding that the exchange of certain transmission assets as described herein, will not  
18 harm the Company's customers and is consistent with the public interest; and (2) granting  
19 other such relief as the Commission deems necessary and proper.

Respectfully submitted this 24<sup>th</sup> day of June, 2016.

By:

  
\_\_\_\_\_  
Jeffery B. Erb  
Assistant General Counsel  
Pacific Power

**ATTACHMENT A**  
**Asset Exchange Agreement**

## ASSET EXCHANGE AGREEMENT

THIS ASSET EXCHANGE AGREEMENT (the "Agreement") is made and entered into as of the 14<sup>th</sup> day of April, 2016, by and between WESTERN AREA POWER ADMINISTRATION, an agency within the U.S. Department of Energy ("Western"), and PacifiCorp, an Oregon corporation acting in its capacity as a regulated transmission provider ("PacifiCorp"), both hereinafter referred to individually as Party and collectively, as Parties.

### RECITALS

A. PacifiCorp is a public electric utility regulated by the Public Service Commission of Wyoming and owns certain facilities located at the Western-owned Spence Substation in Wyoming, as more specifically identified in **SCHEDULE 1** to this Agreement (the "PacifiCorp Facilities").

B. Western is an agency within the U.S. Department of Energy and owns certain facilities located at the PacifiCorp-owned Thermopolis Substation in Wyoming, as more specifically identified in **SCHEDULE 2** to this Agreement (the "Western Facilities").

C. Western wishes to convey and transfer to PacifiCorp and PacifiCorp wishes to acquire and accept from Western, all of Western's rights, title and interest in the Western Facilities, subject to the terms and conditions set forth in this Agreement.

D. PacifiCorp wishes to convey and transfer to Western and Western wishes to acquire and accept from PacifiCorp all of PacifiCorp's rights, title and interest in the PacifiCorp Facilities, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### ARTICLE 1. EXCHANGE OF FACILITIES

1.1. Transfer of PacifiCorp Facilities. Subject to the terms and conditions set forth in this Agreement, PacifiCorp agrees to transfer and convey to Western, and Western agrees to acquire and accept from PacifiCorp, all of PacifiCorp's right, title and interest in and to the PacifiCorp Facilities, as more fully described in **SCHEDULE 1** attached hereto and incorporated herein.

1.2. Transfer of Western Facilities. Subject to the terms and conditions set forth in this Agreement, Western agrees to transfer and convey to PacifiCorp, and PacifiCorp agrees to acquire and accept from Western, all of Western's right, title and interest in and to the Western Facilities, as more fully described in **SCHEDULE 2** attached hereto and incorporated herein.

1.3. Consideration. The total consideration to be provided by Western to PacifiCorp at Closing for the PacifiCorp Facilities will be the conveyance to PacifiCorp at Closing of the Western Facilities, and the total consideration to be provided by PacifiCorp to Western at

Closing for the Western Facilities will be the conveyance to Western at Closing of the PacifiCorp Facilities.

1.4. 1031 Exchange. The Parties desire and intend that the exchange of the PacifiCorp Facilities and the Western Facilities provided for under this Agreement will satisfy the requirements of a like-kind exchange.

1.5. Regulatory Approvals. The Parties acknowledge and agree that PacifiCorp may be required to obtain approval from the Federal Energy Regulatory Commission (“FERC”) and one or more state public utility commissions for the transaction contemplated in this Agreement. PacifiCorp or Western may terminate this Agreement at any time, without penalty, if the transaction contemplated herein is denied by FERC or any state utility commission having jurisdiction, or if the terms or conditions of any such regulatory approval are not reasonably satisfactory to PacifiCorp or Western. PacifiCorp or Western also may terminate this Agreement at any time, without penalty, if such Regulatory Approvals are not obtained within one year of execution of this Agreement.

1.6. Transfer Taxes. PacifiCorp will file, to the extent required by applicable governmental requirements, all necessary tax returns and other documentation with respect to all such transfer taxes relating to the Western Facilities.

1.7. Release of Mortgage Liens.

(a) Western has no liens on the Western Facilities.

(b) As soon as reasonably practicable following the Closing date pursuant to Article 3.1 of this Agreement, but in any event, not later than thirty (30) calendar days after the Closing date, PacifiCorp will obtain a release of the lien of any applicable mortgage liens on the PacifiCorp Facilities. The release shall be in form and substance reasonably acceptable to Western and PacifiCorp will promptly provide a copy of such release to Western.

(c) The obligations under this Section 1.7 shall continue in full force and effect notwithstanding the occurrence of the Closing.

## **ARTICLE 2. REPRESENTATIONS AND WARRANTIES**

2.1. PacifiCorp Representations and Warranties. PacifiCorp makes the following representations and warranties to Western, as of the date of this Agreement and as of Closing:

2.1.1. PacifiCorp is a corporation duly organized and validly existing under the laws of the State of Oregon, and is duly qualified to do business in the State of Wyoming.

2.1.2. PacifiCorp has the right, power and authority to execute, deliver, and perform this Agreement and to consummate the transaction contemplated herein, subject to any required regulatory approvals as described in Section 1.5 of this Agreement.

2.2. Western Representations and Warranties. Western makes the following representations and warranties to PacifiCorp, as of the date of this Agreement and as of Closing:

2.2.1. Western is a federal power marketing administration within the U.S. Department of Energy.

2.2.2. Western is owner of the Western Facilities and Spence Substation in its capacity and authority as a power marketing administration, and, as such, has the ownership and authority to execute, deliver, and perform this Agreement and to consummate the transaction contemplated herein.

2.3. Survival. The above representations and warranties shall survive Closing.

### **ARTICLE 3. CLOSING**

3.1. Time and Place of Closing. The transaction contemplated in this Agreement shall close on a date as the Parties may agree in writing, following receipt of applicable Regulatory Approvals as required in Sections 1.5 and 3.3 of this Agreement, at the offices of Western, 5555 East Crossroads Boulevard, Loveland, Colorado, or at such other place as the Parties may agree in writing ("Closing").

3.1.1. PacifiCorp's Obligations. At Closing, PacifiCorp shall deliver to Western the following:

3.1.1.1. A duly executed Bill of Sale, transferring all of PacifiCorp's right, title and interest in and to the PacifiCorp Facilities to Western, in substantially the form attached hereto as **EXHIBIT A**.

3.1.1.2. Any other instruments or documents as may be reasonably required to consummate the transaction contemplated in this Agreement, including but not limited to, Revision No. 1 to Exhibit B of Contract No. 88-LAO-349 and Revision No. 1 to Exhibit B of Contract No. 87-LAO-311.

3.1.2. Western's Obligations. At Closing, Western shall deliver to PacifiCorp the following:

3.1.2.1. A duly executed Bill of Sale, transferring all of Western's right, title and interest in and to the Western Facilities to PacifiCorp, in substantially the form attached hereto as **EXHIBIT B**.

3.1.2.2. Any other instruments or documents as may be reasonably required to consummate the transaction contemplated in this Agreement, including but not limited to, Revision No. 1 to Exhibit B of Contract No. 88-LAO-349 and Revision No. 1 to Exhibit B of Contract No. 87-LAO-311.

3.2. Possession. PacifiCorp shall deliver physical possession of the PacifiCorp Facilities to Western upon Closing, and Western shall deliver physical possession of the Western Facilities to PacifiCorp upon Closing.

3.3. Condition Precedent to Closing. The Parties' obligation to transfer and convey the PacifiCorp Facilities and the Western Facilities to each other is subject to the Parties' advance receipt of required Regulatory Approvals.

#### ARTICLE 4. AS-IS, WHERE-IS SALE

4.1. As-Is, Where-Is Sale. Western agrees that it shall accept the PacifiCorp Facilities AS-IS, WHERE-IS, WITH ALL FAULTS AND CONDITIONS. Without limiting the generality of the foregoing, PacifiCorp makes no written or oral representations of any kind, whether expressed or implied, with respect to the fitness, merchantability or suitability of the PacifiCorp Facilities for any particular purpose whatsoever. PacifiCorp agrees that it shall accept the Western Facilities AS-IS, WHERE-IS, WITH ALL FAULTS AND CONDITIONS. Without limiting the generality of the foregoing, Western makes no written or oral representations of any kind, whether expressed or implied, with respect to the fitness, merchantability or suitability of the Western Facilities for any particular purpose whatsoever. The provisions of this ARTICLE 4 shall survive the Closing.

#### ARTICLE 5. GENERAL PROVISIONS

5.1. Entire Agreement. This Agreement (together with all schedules, exhibits, and attachments hereto) contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior agreements, discussions and negotiations, whether written or oral, between the Parties. Any amendments or modifications to this Agreement shall be in writing and executed by the Parties hereto.

5.2. Headings; Interpretation. The paragraph headings herein contained are for purposes of identification only and shall not be considered in construing this Agreement. The Parties acknowledge that they have each had the opportunity to review this Agreement and have had it reviewed by legal counsel of its own choosing; therefore, the provisions hereof shall not be construed against either Party as the drafter hereof.

5.3. Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute one complete instrument.

5.4. Successor and Assigns. This Agreement is binding on any successors and assigns of the Parties. Neither Party may transfer or assign this Agreement, in whole or in part, without the other Party's written consent (which shall not be unreasonably withheld), except that, after 30 days written notice to the other Party, either Party may assign this Agreement, if consistent with federal law, to any: (i) affiliate, (ii) successor in interest, or (iii) corporation or any other business entity acquiring all or substantially all assets of the Party.

5.5. Notices. Any notice, demand or document which any Party is required or any Party desires to give or deliver to or make upon any other Party shall be in writing, and may be personally delivered or given or made by recognized overnight courier service or by United States registered or certified mail, return receipt requested, with postage prepaid, addressed as follows:

PacifiCorp:

PacifiCorp  
Attn: Rachel Matheson  
1407 West North Temple, Room 270  
Salt Lake City, UT 84116

Western:

Western Area Power Administration  
Attn: Robert H. Easton  
5555 East Crossroads Blvd.  
Loveland, CO 80538

Either Party may change its address to receive notice by providing written notice of such change to the other Party, in accordance with this Section 5.5.

5.6. Waiver. Except as herein expressly provided, no waiver by a Party of any breach of this Agreement or any warranty or representation under this Agreement by another Party shall be deemed to be a waiver of any other breach of any kind or nature (whether preceding or succeeding and whether or not of the same or similar nature) and no acceptance of payment or performance by a Party after any such breach by another Party shall be deemed to be a waiver of any further breach of this Agreement or of any representation or warranty by such other Party whether or not the first Party knows of such a breach at the time it accepts such payment or performance. No failure on the part of a Party to exercise any right it may have by the terms of this Agreement or by law upon the default of another Party, and no delay in the exercise of any such right by the first Party at any time when such other Party may be in default, shall operate as a waiver of any default, or as a modification in any respect of the provision of this Agreement.

5.7. Choice of Law and Forum: Federal law shall control the obligations and procedures established by this Agreement the performance and enforcement thereof. The forum for litigation arising from this Agreement shall exclusively be a Federal court of the United States, unless the Parties agree to pursue alternative dispute resolution.

5.8. Further Assurances. Each Party hereto shall from time to time execute and deliver such further documents or instruments as the other Party, its counsel or the Title Company may reasonably request to effectuate the intent of this Agreement, including without limitation, documents necessary for compliance with the laws, ordinances, rules and regulations of any applicable governmental or regulatory authorities.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date inscribed above.

**PACIFICORP**


By:  \_\_\_\_\_

Print Name: BRIAN FRITZ

Title: DIRECTOR TRANSMISSION SERVICES

Date: 4/4/2016

**WESTERN AREA POWER ADMINISTRATION**

By:  \_\_\_\_\_

Print Name: Bradley S. Warren

Title: Senior Vice President  
Rocky Mountain Regional Manager

Date: 4.14.16



## **SCHEDULE 1**

### **PacifiCorp Facilities** **Spence Substation**

The following equipment installed at Western's Spence Substation and required to operate the 230kV Line position for the Spence-Mustang 230-kV Transmission Line <sup>1/</sup>:

1. One (1) 230-kV circuit breaker No. 586 and associated current transformers and electrical equipment
2. Relays and controls associated with circuit breaker No. 586
3. Three (3) 230-kV disconnect switches Nos. 585, 587, and 689, and associated electrical equipment
4. One (1) 230-kV grounding switch No. 680
5. One (1) take-off structure for the Spence-Mustang 230-kV Transmission Line
6. One (1) coupling capacitor voltage transformer VV6B2 associated with the Spence-Thermopolis 230-kV Transmission Line (now known as the Badwater-Thermopolis 230-kV Transmission Line)
7. One (1) lot 230-kV post insulators and buswork

<sup>1/</sup> Includes associated equipment not listed.

## **SCHEDULE 2**

### **Western Facilities** **Thermopolis Substation**

The following equipment installed at PacifiCorp's Thermopolis Substation and required to operate the 230kV Line position for the Spence-Thermopolis 230-kV Transmission Line (now known as the Badwater-Thermopolis 230-kV Transmission Line)<sup>1/</sup>:

1. One (1) 230-kV circuit breaker No. 1H228, and associated electrical equipment, relays, and controls associated with circuit breaker No. 1H228
2. Two (2) 230-kV disconnect switches Nos. 1H730 and 1H731, and associated electrical equipment
3. One (1) 230-kV transmission line isolating disconnect switch No. 1H229
4. One (1) 230-kV grounding switch No. 1H570
5. Supervisory Control and Data Acquisition equipment
6. One (1) take-off structure for the Badwater-Thermopolis 230-kV Transmission Line
7. Three (3) 230-kV current transformers
8. One (1) 230-kV potential transformer
9. One (1) lot 230-kV post insulators and buswork

<sup>1/</sup> Includes associated equipment not listed.

**EXHIBIT A**

**Form of Bill of Sale**

THIS BILL OF SALE is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2016, by and between PACIFICORP, an unincorporated division of PACIFICORP, an Oregon corporation (“Seller”) and WESTERN AREA POWER ADMINISTRATION, an agency within the U.S. Department of Energy (“Buyer”).

Pursuant to that certain Asset Exchange Agreement dated as of \_\_\_\_\_, 2016, between the Parties, and for the consideration therein recited, Seller does hereby grant, assign, transfer, convey and deliver unto Buyer, and its successors and assigns, forever, all of Seller’s right, title and interest in and to the PacifiCorp Facilities described on ***SCHEDULE I*** attached hereto, with all appurtenances thereto, TO HAVE AND TO HOLD unto Buyer, and its successors and assigns, for its use forever, free and clear of all liens and encumbrances.

The provisions of this Bill of Sale are subject, in all respects, to the terms and conditions of the Asset Exchange Agreement, including all of the covenants, representations and warranties, and remedies contained therein, all of which shall survive the execution and delivery of this Bill of Sale to the extent indicated in the Asset Exchange Agreement.

This Bill of Sale may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Bill of Sale and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representative to execute this Bill of Sale as of the date first above written.

**PACIFICORP**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WESTERN AREA POWER ADMINISTRATION**

By: \_\_\_\_\_

Print Name: Bradley S. Warren

Title: Senior Vice President  
Rocky Mountain Regional Manager

**EXHIBIT B**

**Form of Bill of Sale**

THIS BILL OF SALE is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2016, by and between PACIFICORP, an unincorporated division of PACIFICORP, an Oregon corporation (“Buyer”) and WESTERN AREA POWER ADMINISTRATION, an agency within the U.S. Department of Energy (“Seller”).

Pursuant to that certain Asset Exchange Agreement dated as of \_\_\_\_\_, 2016, between the Parties, and for the consideration therein recited, Seller does hereby grant, assign, transfer, convey and deliver unto Buyer, and its successors and assigns, forever, all of Seller’s right, title and interest in and to the Western Facilities described on **SCHEDULE 2** attached hereto, with all appurtenances thereto, TO HAVE AND TO HOLD unto Buyer, and its successors and assigns, for its use forever, free and clear of all liens and encumbrances.

The provisions of this Bill of Sale are subject, in all respects, to the terms and conditions of the Asset Exchange Agreement, including all of the covenants, representations and warranties, and remedies contained therein, all of which shall survive the execution and delivery of this Bill of Sale to the extent indicated in the Asset Exchange Agreement.

This Bill of Sale may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Bill of Sale and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representative to execute this Bill of Sale as of the date first above written.

**PACIFICORP**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WESTERN AREA POWER ADMINISTRATION**

By: \_\_\_\_\_

Print Name: Bradley S. Warren

Title: Senior Vice President  
Rocky Mountain Regional Manager

**ATTACHMENT B**  
**Proposed Journal Entry**

**PACIFICORP  
PROPOSED JOURNAL ENTRIES**

Proposed journal entries to exchange undivided ownership interests in equipment between PacifiCorp and Western Area Power Administration (WAPA) to provide the parties with transmission capacity that better aligns with the current configuration of the parties respective transmission systems

<u>#</u>	<u>FERC Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
1.	108	Accumulated provision for depreciation of electric plant	1,215,933	
	101	Electric plant in service		1,215,933
		<i>To retire PacifiCorp assets in the exchange of the undivided ownership interest in assets to WAPA.</i>		
2.	101	Electric plant in service	1,215,933	
	108	Accumulated provision for depreciation of electric plant		1,215,933
		<i>To clear account FERC account 108 - Accumulated provision for depreciation for the value of the undivided ownership interest in assets received from WAPA.</i>		
3	282	Accumulated deferred income taxes - Other property	288,519	ATL Rate Base
	411.2	Provision for deferred income taxes - Credit, other income and deductions		288,519 BTL
		<i>To record the reversal of the accumulated deferred income tax balance on the relinquished property method/life differences.</i>		
4.	410.2	Provision for deferred income taxes, other income and deductions	288,519	BTL
	282	Accumulated deferred income taxes - Other property		288,519 ATL Non-Rate Base
		<i>To establish the accumulated deferred income tax balance (non-rate base offsetting) on the replacement property basis difference.</i>		

*All amounts are estimated . The final amounts of all entries above will be based on the actual amounts at the time of closing*