



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

February 9, 2017

E-File
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Public Utility Commission of Oregon
201 High Street, SE
P. O. Box 1088
Salem, OR 97308-1088

Attn: Commission Filing Center

**Re: UE 231 - Steam Sale Agreement between PGE and Columbia River Processing, Inc.
Advice Filing 2017-S1**

Per ORS 757.005, 757.007, and 757.009, enclosed for filing is an original executed version of a steam contract between Portland General Electric Company ("PGE") and Columbia River Processing, Inc.

PGE has negotiated with Columbia River Processing, Inc. to establish a new steam agreement effective April 1, 2017, to replace the current agreement that expires March 31, 2017. The primary changes incorporated into the new agreement are:

1. Section 2. Extend the total contract period (with renewals) to ten years versus five.
2. Section 5. Adding a provision that the Buyer can request an increase to the reserved base steam capacity, and that PGE can approve the request (no changes to any other terms & conditions), without filing for Public Utility Commission of Oregon ("Commission") approval.
3. Section 8. Adding a charge for large changes in steam use per minute (as they may impact Coyote plant operations). The charge can be avoided if the steam customer installs a steam block and control valve.
4. Section 10. Adding a capacity charge for the base steam capacity that is reserved. And adding tiered volumetric pricing for base steam, peak steam and excess peak steam.
5. Exhibit D. Neither Party is responsible for Consequential Damages. Previously only PGE was exempted.

PGE asks that the Commission approve this contract for the following reasons: (1) the revenue generated from this steam sale is sufficient to cover relevant costs; (2) this contract is not

Page 2
Commission Filing Center
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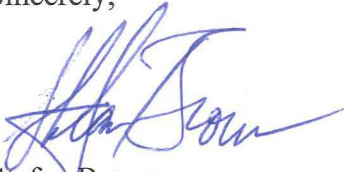
discriminatory; and (3) PGE customers are held harmless, as this contract incorporates opportunity-cost pricing (i.e., the steam pricing is based on the market value of power that would otherwise be used for electric production.) *See Commission Order No. 01-489; docket UE 125.*

We also ask that this matter be considered at the March 21, 2017 Public Meeting, as the steam customer has requested that service begin under the contract on or about April 1, 2017. Therefore, PGE requests that the contract become effective with meter readings on and after April 1, 2017.

PGE will file similar contract renewals for: 1) the Lamb Weston, Inc. (fka, ConAgra Foods Lamb Weston, Inc.) agreement (Advice 2017-S3, UE 243), 2) the Boardman Foods, Inc. agreement (Advice 2017-S2, UE 238); and 3) JSH Farms, Inc. (Advice 2012-S1 UE 252) which will require renewal on or about May 31, 2017.

If you have any questions or require further information, please call me at (503) 464-8929. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com.

Sincerely,



Stefan Brown
Manager, Regulatory Affairs

SB/sp

Attachs: via electronics

cc: Max St. Brown, OPUC

PORTLAND GENERAL ELECTRIC COMPANY

**COYOTE SPRINGS
&
COLUMBIA RIVER PROCESSING, INC.**

STEAM SALE AGREEMENT

DATED APRIL 1, 2017

TABLE OF CONTENTS

SECTION 1 – DEFINITIONS	3
SECTION 2 – TERM	3
SECTION 3 – RETURN CONDENSATE	4
SECTION 4 - CONDITIONS PRECEDENT	4
SECTION 5 - STEAM SUPPLY	5
5.1 GENERAL	5
5.2 BASE STEAM	5
5.3 PEAK STEAM	6
5.4 EMERGENCY STEAM	6
SECTION 6 - STEAM QUALITY	6
6.1 STEAM CONDITIONS	7
6.2 STEAM CHEMISTRY	7
SECTION 7 - SELLER'S DELIVERY OF STEAM TO BUYER	7
7.1 SELLER'S RESPONSIBILITIES	7
7.2 BUYER'S RESPONSIBILITIES	8
SECTION 8 - COORDINATION/SCHEDULING	10
8.1 GENERAL	10
8.2 SCHEDULING STEAM DELIVERIES	10
8.3 SCHEDULING MAINTENANCE	11
SECTION 9 - STEAM METERING	12
9.1 SELLER'S METERING SYSTEM	12
9.2 BUYER'S METERING SYSTEM	12
9.3 METERING SYSTEM CALIBRATION	13
9.4 METERING ADJUSTMENT	14
9.5 METERING FAILURE	15
SECTION 10 - MONTHLY CHARGE FOR STEAM	15
10.1 MONTHLY CHARGE FOR STEAM	15
10.2 CAPACITY CHARGE	16
10.3 BASE STEAM PRICE	16
10.4 PEAK STEAM PRICE	17
10.5 STEAM DELIVERED	17
10.6 PORT AGENCY FEE	18
10.7 CONDENSATE RETURN CREDIT	18
10.8 TAXES	18
10.9 REGULATORY APPROVAL	18
SECTION 11 - BILLING, PAYMENT AND RECORDS	18
11.1 MONTHLY STATEMENT	18
11.2 PAYMENT	19
11.3 STATEMENT DISPUTES	19

11.4	RECORDS	20
SECTION 12 – CREDITWORTHINESS		20
12.1	ADEQUATE ASSURANCE	20
12.2	FINANCIAL INFORMATION	20
SECTION 13 – GENERAL PROVISIONS		20
SECTION 14 – RETURN CONDENSATE		20
14.1	RETURN CONDENSATE CONDITIONS	21
14.2	RETURN CONDENSATE DELIVERY – SELLER’S RESPONSIBILITIES	21
14.3	RETURN CONDENSATE DELIVERY – BUYER’S RESPONSIBILITIES	21
14.4	BUYER’S RETURN CONDENSATE METERING SYSTEM AND CALIBRATION	23
14.5	METERING ADJUSTMENTS	24
14.6	DETERMINING MONTHLY CONDENSATE RETURN	24
14.7	MONTHLY STATEMENTS	25
14.8	RECORDS	25
14.9	MONTHLY CREDIT FOR CONDENSATE RETURNED TO SELLER	25
14.10	WATER VALUE	25
14.11	CHEMICAL VALUE	25
14.12	HEAT VALUE	25
14.13	CONDENSATE DELIVERED	26
EXHIBIT A - DEFINITIONS		1
EXHIBIT B – STEAM AND WATER CHEMICAL CONTROL ADDITIVES		1
EXHIBIT C – EXAMPLE OF CALCULATION OF MONTHLY CHARGE FOR STEAM		1
EXHIBIT D - GENERAL TERMS AND CONDITIONS		1
SECTION A	DEFAULT	1
SECTION B	TERMINATION	3
SECTION C	FORCE MAJEURE	3
SECTION D	INSURANCE	4
SECTION E	INDEMNIFICATION	6
SECTION F	DISPUTES	7
SECTION G	NOTICE AND SERVICE	8
SECTION H	CONSEQUENTIAL DAMAGES	9
SECTION I	AMENDMENTS	9
SECTION J	SUCCESSORS AND ASSIGNS	9
SECTION K	MISCELLANEOUS	9
EXHIBIT E – CONDENSATE QUALITY REQUIREMENTS		1
EXHIBIT F – EXAMPLE OF CREDIT CALCULATION FOR RETURN CONDENSATE VALUE		1
EXHIBIT G – DESCRIPTION OF RETURN CONDENSATE EQUIPMENT		1

PORTLAND GENERAL ELECTRIC COMPANY
COYOTE SPRINGS
STEAM SALE AGREEMENT

This AGREEMENT is effective this 1st day of April 2017 (“Effective Date”), by and between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation (“Seller” or “PGE”), and Columbia River Processing, Inc., an Oregon corporation (“Buyer”).

WITNESSETH

WHEREAS, Buyer owns a cheese and whey production facility in Morrow County, Oregon (the "Buyer's Facility"), that will utilize Steam for industrial purposes; and

WHEREAS, Seller operates a natural gas fired plant for the production of electricity (the “CS1 Plant”) on a site near to the Buyer’s Facility; and

WHEREAS, Seller produces Steam during the normal production of electricity; and

WHEREAS, Seller desires to sell and Buyer desires to purchase thermal energy in the form of Steam generated by the CS1 Plant or the Auxiliary Boiler System for use at Buyer’s Facility.

NOW, THEREFORE, in consideration of the agreements and covenants hereinafter set forth, the Parties hereto hereby covenant and agree as follows:

SECTION 1
DEFINITIONS

The capitalized terms used in this Agreement shall have the meanings set forth in Exhibit A, which is made hereby a part of this Agreement.

SECTION 2 TERM

This Agreement shall be effective from the Effective Date and, unless earlier terminated in accordance with the terms of this Agreement, shall continue until December 31, 2017 the first (1st) anniversary of the Effective Date (the "Term") with ten succeeding options for the Parties to renew for an additional one (1) year term starting January 1st (each, a "Renewal Term"). Each such one (1) year renewal option shall be deemed automatically exercised unless, at least 180 days prior to the end of the Term or a Renewal Term, either Party provides notice of termination to the other Party, provided that in no event shall the last renewal term extend beyond December 31, 2027. In the event such notice is provided, this Agreement shall terminate at the end of the Term or such Renewal Term.

SECTION 3 RETURN CONDENSATE

By checking one of the boxes below, Buyer hereby elects whether or not to return Condensate to Seller's CSI plant pursuant to this Agreement. If Buyer checks the "yes" box below, then all provisions of this Agreement, and all Exhibits to this Agreement, shall be applicable. If Buyer checks the "no" box below, then Section 4.4; Section 14; the reference to "Condensate Return Credit" in Section 10.1; the definitions of "Buyer's Condensate Metering System", "Capital Charge", "Condensate", "Condensate Delivery Point" and "Condensate System" in Exhibit A; and Exhibits F and G shall not be applicable to this Agreement.

Buyer chooses to return Condensate Yes No

SECTION 4 CONDITIONS PRECEDENT

Seller's obligations under this Agreement are subject to the satisfaction, or waiver by Seller, of the following conditions precedent:

- 4.1 To the extent required, Seller shall have received all necessary approvals of this Agreement by the Oregon Public Utility Commission.
- 4.2 Buyer shall maintain a written agreement between Buyer and the Port of Morrow for transportation of Steam from the Steam Delivery Point to the Buyer's Facility, which at a minimum, will assign liabilities for the Steam being transported and will designate maintenance responsibilities for the PMSDS.
- 4.3 Buyer shall install and maintain Buyer's Metering System.
- 4.4 Buyer shall execute a written agreement between Buyer and the Port of Morrow for transportation of Condensate from the Buyer's Facility to the Condensate Delivery Point, which agreement, at a minimum, will assign liabilities for the Condensate being

transported and will designate maintenance responsibilities for the PMSCS.

SECTION 5 STEAM SUPPLY

5.1 General

- (a) Commencing upon the Effective Date and continuing throughout the Term or a Renewal Term, Seller shall deliver to the Steam Delivery Point and sell to Buyer, and Buyer shall accept and purchase from Seller, subject to the terms and conditions contained herein, Base Steam, Peak Steam, and Emergency Steam for Buyer's Facility.
- (b) Seller reserves the right to contract to sell Steam to other purchasers.
- (c) Seller's obligations to provide Steam under this Agreement shall be subject to the availability of the PMSDS to deliver such Steam. In the event the PMSDS is incapable of delivering Steam from Seller to Buyer, Seller shall have the right but not the obligation to deliver Steam to the Steam Delivery Point and sell Steam to Buyer.
- (d) Seller reserves the option at all times to provide Buyer with Steam from either the Auxiliary Boiler System or the CS1 Plant, assuming both are available and operable pursuant to the following operating rules:
 - i. In the event that the CS1 Plant, in Seller's sole discretion, cannot be Economically Dispatched, then Steam will be provided by the Auxiliary Boiler System.
 - ii. In the event that the Auxiliary Boiler System is unavailable under Prudent Operating Practices, and the CS1 Plant, in Seller's reasonable judgment, cannot be Economically Dispatched and despite commercially reasonable efforts, Seller is unable to supply Steam from an alternative source, Seller shall have no obligation under this Agreement to provide Steam to Buyer.

5.2 Base Steam

- (a) Seller shall make Base Steam available to Buyer at the Steam Delivery Point in the amount of 30 thousand pounds (klbs) per hour, up to a maximum annual Base Steam delivery of 262,800 klbs. (the "Base Steam Capacity"). Buyer may purchase this amount for any and all hours of the year. The Base Steam Capacity includes Steam delivered to the Buyer's Metering System and Steam lost due to condensation and leakage between the Steam Delivery Point and Buyer's Metering System. From time to time during the Term, Buyer may request an increase in the Base Steam Capacity amount. Within 30 days following receipt of

such a request, Seller shall notify Buyer as to whether Seller approves or disapproves the request. Seller may choose to approve or disapprove any such request in its sole discretion. If approved, the requested change to the Base Steam Capacity (and steam pricing), will be effective beginning with the month in which the customer submitted the written request to Seller.

- (b) Buyer shall regulate the flow of Steam to its facilities so as not to exceed the Base Steam Capacity at Buyer's Metering System.

5.3 Peak Steam

- (a) Peak Steam shall mean hourly Steam deliveries to Buyer under this Agreement in excess of the hourly Base Steam Capacity, subject to the limitation specified in Section 5.3(b) below.
- (b) If requested by Buyer, Seller may deliver and sell Peak Steam to Buyer, but only to the extent that Seller determines in its sole discretion that such Peak Steam is available.
- (c) If Steam flow or supply conditions arise that Seller determines could restrict Seller's ability to safely and reliably provide Steam to customers, Seller may reduce or terminate all Peak Steam deliveries to Buyer. If such conditions persist, Seller may make further reductions to the Steam flow to Buyer by reducing the Base Steam Capacity, but shall use commercially reasonable efforts to do so in a manner that minimizes the impact to Buyer until such condition are resolved.

5.4 Emergency Steam

Seller shall deliver Emergency Steam to Buyer as follows:

- (a) Seller will inform Buyer that in Seller's judgment an emergency condition exists and Buyer shall use its best efforts and take immediate actions to minimize Steam consumption by incrementally shutting down Buyer's batch processes to reduce its steam consumption rate every 40 minutes, by 1,000 pounds per hour until consumption is zero.
- (b) Notwithstanding Section 5.4(a) above and consistent with Seller's obligations under Section 5.1, Seller will use Prudent Operating Practices to supply Emergency Steam as long as possible, but reserves the right to allocate Emergency Steam among all its customers in a manner that it deems in its sole discretion to be equitable to all customers when Seller cannot deliver the Steam demand of all of its customers.
- (c) Seller may provide Emergency Steam but makes no guarantees or warranties except as expressly provided herein as to the availability of Emergency Steam.

SECTION 6 STEAM QUALITY

6.1 Steam Conditions

- (a) Seller will deliver Steam to Buyer at the Steam Delivery Point within the following limits:

Pressure @ 250-400 pounds per square inch
Temperature @ 400-495°F, 0-50°F superheat

- (b) Buyer will take all steps necessary to ensure that the isolation equipment is properly operated to prevent mixing with Seller steam.

6.2 Steam Chemistry

- (a) Seller's Responsibilities:

- (i) Seller represents that the water treatment chemicals used in the water from which the Steam is produced are as set forth in Exhibit B.
- (ii) Seller shall provide advance written notice to Buyer at least 30 days before any chemicals other than those identified in Exhibit B are used in water treatment. Seller's notice shall include the same level of descriptive information for such other chemicals as is contained in Exhibit B.

- (b) Buyer's Responsibilities:

- (i) Buyer shall be responsible for assuring upon the Effective Date that the chemicals used by the Seller to treat its Steam and water set forth in Exhibit B meet or exceed standards applicable to Buyer, and Buyer shall obtain any required approvals for its use of such chemicals.
- (ii) Any changes to the chemicals used by Seller shall be subject to Buyer's written pre-approval, which approval shall not be unreasonably withheld. Buyer will submit written pre-approval to Seller within fifteen days (15) of receiving Seller's notice pursuant to Section 6.2(a)(ii) above. If Buyer fails to object to the change in that period, the change shall be deemed to have been approved by Buyer.

SECTION 7 SELLER'S DELIVERY OF STEAM TO BUYER

7.1 Seller's Responsibilities:

- (a) Seller shall be solely responsible for the Steam Facilities up to and including the Steam Delivery Point.
- (b) Seller shall not be regarded as Buyer's agent, nor shall Buyer have any responsibility or liability, for Seller's design, construction, operation or maintenance of those facilities on Seller's side of the Steam Delivery Point.
- (c) Seller shall, at its option, have the right, without assuming any duty, to enter upon the location of the interconnection of Buyer's Facilities with the PMSDS, upon reasonable advance notice, for the purpose of making any repairs or securing any equipment in the event a Hazardous Condition comes to Seller's attention. Seller may stop delivering Steam until the Hazardous Condition is remedied.
- (d) Seller shall use commercially reasonable efforts to avoid any unnecessary interference with Buyer's operations at the Buyer's Facility, and shall comply with Buyer's reasonable rules and regulations regarding security, sanitation and safety.
- (e) Seller does not hereby agree to undertake any monitoring or surveillance of Buyer's Facilities.
- (f) Seller shall, at its own expense, maintain its portion of the Steam Facilities in accordance with Prudent Operating Practices.
- (g) Seller shall, at its own expense, maintain the Auxiliary Boiler System in accordance with Prudent Operating Practices.
- (h) Seller shall, if the Auxiliary Boiler System is inoperable, use commercially reasonable efforts to restore operation of the Auxiliary Boiler System as soon as practicable.

7.2 Buyer's Responsibilities:

- (a) Buyer shall provide Seller and its agents, employees, representatives and contractors with access at reasonable times, upon reasonable advance notice, to those portions of Buyer's Facility as are reasonably necessary for the construction, installation, maintenance, monitoring and metering of the Steam Facilities provided that Seller complies with Buyer's reasonable rules and regulations regarding security, sanitation and safety.
- (b) No later than ninety (90) days after the Effective Date, Buyer shall, at its own expense, install and maintain throughout the remainder of the Term of this Agreement a Steam block and control valve at Buyer's Facility that will control the rate of change in Steam used, and that can be remotely operated from the CS1

Plant control room to allow Seller to control and shut off Steam distribution to Buyer. If Buyer does not install such Steam block and control valve within such 90-day period, Seller may, in its sole discretion, in lieu of declaring Buyer in default and terminating this Agreement, enforce its right to collect additional charges for limit violations under Section 8.2(a)(i). Such an election by Seller shall not constitute a waiver of Buyer's obligations under this Section 7.2(b) and Seller shall retain the right to declare Buyer in default and terminate this Agreement at any time until such time as Buyer has installed the Steam block and control valve as referenced above. Seller may inspect the Steam block and control valve up to four times per year (in coordination with Buyer) to ensure that the equipment is working effectively.

- (c) Upon Seller's notice to Buyer of the existence of a Hazardous Condition within Buyer's Facility, Buyer shall remedy such Hazardous Condition as soon as possible, but in any event no later than 24 hours after receipt of such notice. If Buyer fails to do so, Seller may, following notice to Buyer, seek to remedy such Hazardous Condition and/or close the Steam supply valve to Buyer's Facility. Buyer shall, within thirty days following receipt of an invoice, reimburse Seller for any reasonable expenses incurred by Seller in its efforts to remedy such Hazardous Condition. Buyer shall at all times during the Term provide Seller with current mobile and office telephone numbers and a current email address for the Plant Manager at Buyer's Facility and for any other individual who is responsible for on-site operations at Buyer's Facility. Any notice given by Seller pursuant to this paragraph (c) may be given by telephone to the Plant Manager at such telephone number. If the Plant Manager cannot be reached at such telephone number, such notice shall be deemed given if Seller leaves a voicemail message, followed up with a confirmation email sent to the email address provided by Buyer pursuant to this paragraph (c).
- (d) Buyer shall, at its own expense, maintain its portion of the Steam Facilities in accordance with Prudent Operating Practices.
- (f) Buyer shall not be regarded as Seller's agent, nor shall Seller have any responsibility or liability for Buyer's design construction, operation or maintenance of any facilities on the PMSDS side of the Steam Delivery Point.
- (g) Buyer shall be solely responsible for the Steam interconnection facilities between the PMSDS and Buyer's Facility, including without limitation the interconnection of Buyer's Facility with the PMSDS, but excluding any portion of the PMSDS within the control of the Port of Morrow.
- (h) Title to and risk of loss with respect to all Steam shall pass to and rest in Buyer when such Steam is delivered by Seller to the Steam Delivery Point in accordance with the terms of this Agreement.
- (i) Buyer shall not resell the Steam without Seller's prior written consent.

SECTION 8 COORDINATION/SCHEDULING

8.1 General

Buyer and Seller shall each use commercially reasonable efforts to coordinate operations and maintenance between the CS1 Plant and the Buyer's Facility and to cooperate in facilitating the reliable and efficient operation of the CS1 Plant and Buyer's Facility.

8.2 Scheduling Steam Deliveries

(a) Buyer's responsibilities:

(i) Until such time as Buyer has installed the Steam block and control valve required under Section 7.2 (b), and during any period in which such equipment is not operating, Buyer shall ensure that its hourly rate of Steam use does not increase or decrease at a rate greater than 25,000 pounds per minute. In the event of such increases or decreases, Buyer shall be required to pay additional charges in accordance with the following provisions:

A. For each such increase or decrease that is greater than 25,000 pounds per minute but is equal to or less than 35,000 pounds per minute Buyer shall be assessed one limit violation. For each such increase or decrease that is greater than 35,000 pounds per minute but is equal to or less than 45,000 pounds per minute, Buyer shall be assessed two limit violations. If Buyer is assessed four limit violations in any calendar month, Buyer shall pay an additional charge of 10 percent of the total Steam charges for the month in which such limit violations are assessed. Each additional limit violation beyond four in the same calendar month will result in an additional charge of 2.5 percent of the Steam charges for such calendar month.

B. For each such increase or decrease that is greater than 45,000 pounds per minute but is equal to or less than 65,000 pounds per minute, Buyer shall pay an additional charge of 10 percent of the total Steam charges for the month in which such increase or decrease occurred. Any such increase or decrease would not also be included as a limit violation under Section 8.2(a)(iii)(A) above.

- C. For each such increase or decrease that is greater than 65,000 pounds per minute, Buyer shall pay an additional charge of 25 percent of the total Steam charges for the calendar month in which such increase or decrease occurred. Any such increase or decrease would not also be included in calculations under Sections 8.2(a)(iii)(A) and 8.2(a)(iii)(B) above.
 - D. Charges in paragraphs (A), (B) and (C) above shall be separately calculated and assessed, provided that total charges under paragraphs A, B, C above for any calendar month shall not, in the aggregate, exceed 30 percent of the total Steam charges for such calendar month.
 - E. If increases or decreases in Buyer's hourly rate of Steam result in the accrual, for any calendar month, of additional charges of 30 percent of the total Steam charges for such calendar month, or if Buyer's hourly rate of Steam increases or decreases by more than 65,000 pounds per minute two or more times in any calendar month, Seller may, without notice, close the Steam supply valve to Buyer's Facility until such time as Buyer demonstrates to Seller's satisfaction that the cause of such increases or decreases has been rectified and that such fluctuations will not resume in the future.
- (b) Seller's Responsibilities:
- (i) Seller will provide Buyer reasonable notice of scheduled or planned Steam pressure changes of greater than 75 pounds per square inch.
 - (ii) Seller will promptly provide reasonable notice of impending plant problems that may restrict Steam flow to the Buyer.
 - (iii) Seller makes no guarantees or warranties as to the availability of the PMSDS.
 - (iv) Seller makes no guarantees or warranties as to the effects of other Steam users on the Buyer's Facility.

8.3 Scheduling Maintenance

- (a) Seller's Responsibilities:

Seller shall use commercially reasonable efforts to ensure that both the CS1 Plant and the Auxiliary Boiler System are not inoperative at the same time.

- (b) Except for necessary repairs to equipment shared by both the CS1 Plant and the Auxiliary Boiler System, Seller shall use commercially reasonable efforts to avoid scheduling outages of both the CS1 Plant and the Auxiliary Boiler System at the same time.
 - (i) The Parties acknowledge that there may be times when Seller's entire Steam facility must be shut down for maintenance purposes. Accordingly, and notwithstanding any other provisions of this Agreement, Seller reserves the right to shut down the facilities for maintenance purposes and shall be relieved of its obligation to provide Steam to Buyer under such circumstances. Absent an emergency or Hazardous Condition that necessitates an immediate full or partial shutdown, Seller shall provide Buyer notice of any scheduled shutdown at least 30 days prior to such shutdown.
 - (ii) Seller is not responsible for maintenance and operation of the PMSDS, which connects Seller's Steam Facilities to Buyer's Facilities.
- (c) Buyer's Responsibilities:
 - (i) Buyer will cooperate with Seller and other Steam customers to schedule Steam Facilities outages to minimize impacts on the operations of Buyer, Seller and other Steam Customers.
 - (ii) Buyer will provide Seller with notice of any maintenance or other issues with respect to Buyer's Facility that could affect the CS1 plant or Seller's rights or obligations under this Agreement.

SECTION 9 STEAM METERING

9.1 Seller's Metering System

- (a) Seller shall provide, and maintain metering ("Seller's Metering System") that measures the Steam delivered to the PMSDS at the Steam Delivery Point
- (b) Seller's Metering System consists of meters near the Steam Delivery Point, the Auxiliary Boiler System and the Steam Turbine Extraction and the associated components to establish steam flows.

9.2 Buyer's Metering System

- (a) Buyer shall provide, and maintain in working order, a meter(s) ("Buyer's Metering System") that measures, transmits data to Seller, and records the Steam

Delivered at the Buyer's Facility and other data described in Subsection 9.2(d) below. Buyer shall ensure that all Steam delivered to Buyer's Facility shall be metered at Buyer's Facility by Buyer's Metering System.

- (b) Buyer's Metering System shall be used to determine the total Steam lost through condensation and leakage in the PMSDS between the Steam Delivery Point and the Buyer's Metering System, which shall be the difference between the total Steam delivered to the PMSDS as measured by Seller's Metering System and the sum of all Steam delivered to Seller's Steam customers as measured by such customers' meters. Such total Steam lost shall be allocated among Seller's Steam customers in accordance with Section 10.5. In the event that all Buyers do not submit their complete flow meter information to the Seller within twelve hours following the end of each month, Seller shall have, at its sole discretion, the right to select a reasonable method for accurately calculating and apportioning Steam consumption and line losses to Buyer and other steam customers for that month.
- (c) Buyer's metering system shall be designed, constructed and maintained in accordance with criteria reasonably approved by Seller.
- (d) Buyer will communicate on an hourly basis, to Seller's CS1 Plant via telemetry or hard wire in a form satisfactory to Seller, all information measured by Buyer's Metering System, including:
 - i. Instantaneous Steam flow, raw and compensated, in a form that accurately shows all variations in Steam flow;
 - ii. Integrated Steam flow, including monthly totals;
 - iii. Steam temperature; and
 - iv. Steam pressure.

9.3 Metering System Calibration

- (a) Buyer and Seller shall each provide and maintain their respective meters, sensing elements, transmitters, and special and general purpose computer systems to be used for the primary measurement, signal conditioning, calculation and invoice accounting for determination of payments by Buyer to Seller.
- (b) At least once each work shift, Buyer and Seller, each at its own expense, shall, monitor their respective metering instrumentation for proper function, including controller, transmitters and sensing devices.
- (c) Buyer and Seller, each at its own expense, shall perform maintenance and calibration checks on their respective flow meters in the fourth quarter of each year.
- (d) Buyer and Seller shall have the right to be present whenever the other Party reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts the sensing elements,

pneumatic or electronic transmitters used in measuring or checking the measurement of Steam delivered to Buyer. Buyer and Seller will cooperate in good faith to meet the intent of this paragraph. Without limiting the generality of the foregoing sentence, each Party shall provide at least two (2) hours advance notice to the other Party of a request to inspect or observe the operation of the other Party's metering system.

- (e) The calibration records for the measuring equipment shall remain the property of the Party that owns such equipment. Each Party will provide to the other Party copies of its records and charts, plus calculations, for inspection and verification, not later than 90 days after the calibration is completed.

Each Party may, at any time that it reasonably suspects an error in the performance of the other Party's Metering System, request additional testing of the other Party's Metering System whereupon such other Party shall promptly schedule testing or verification of the portion of the Metering System suspected of being responsible for the error. Such testing shall not be requested more frequently than once per month, except in the case of an error that remains unresolved following testing or verification. Buyer or Seller may request that such additional testing be completed by a competent third party. In such case, the Parties shall mutually agree on such third party. The Party requesting the additional testing shall pay the cost of such additional testing unless the test results show that the metering system is in error by more than 1.0 percent, in which event the other Party shall pay the cost of such additional testing.

9.4 Metering Adjustments

- (a) If Buyer's or Seller's Metering System is found upon testing to be in error by more than ± 1.00 percent of Steam flow, measured Steam flow during the month will be adjusted.
- (b) The adjustment in measured Steam flow pursuant to Section 9.4(a) above, will be made for the actual period during which inaccurate measurements were made if that period can be determined to the mutual satisfaction of the Parties, otherwise the adjustment in measured Steam flow will be made by Seller for one-half of the period from the date of the last previous test of the Seller's Metering System or the Buyer's Metering System (whichever one was determined to have been inaccurate pursuant to Section 9.4(a) above or one calendar quarter, whichever period is shorter.
- (c) The amount of the adjustment will be determined by correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation or if such correction is impracticable, then by estimating on the basis of deliveries during a period under similar conditions when the Buyer's and Seller's Metering System was registering accurately.
- (d) Buyer will pay Seller the amount of any underpayment, or Seller will refund to Buyer the amount of any overpayment, determined as a result of an adjustment in

measured Steam flow made in accordance with this Section 9.4 for the previous 12 months.

9.5 Metering Failure

- (a) If the Buyer's or Seller's Metering System fails to register, or is otherwise inoperable for all or part of the billing period, measured Steam flow will be adjusted in the same manner as under Section 9.4.
- (b) If one or more of the Buyer's Metering System(s) fails to register, or is otherwise inoperable for all or part of a billing period, the Steam line losses will be determined and apportioned among the customers of Seller based upon historical loss patterns for a comparable seasonal period. The Seller shall have sole discretion to determine a reasonable method employed for this purpose, apportioning Steam line losses to Buyer and other steam customers for that period.
- (c) If the Seller's Metering System fails to register or is otherwise inoperable for all or part of a billing cycle, the Steam line losses will be determined and apportioned among the customers of Seller based upon historical loss patterns for a comparable seasonal period. As the Seller has multiple meters in the Seller's Metering System, all Seller's meters would have to fail for this paragraph to be applicable. The Seller shall have sole discretion to determine a reasonable method employed for this purpose, apportioning Steam line losses to Buyer and other steam customers for that period.

SECTION 10 MONTHLY CHARGE FOR STEAM

10.1 Monthly Charge for Steam

The Monthly Charge for Steam to be paid by Buyer to Seller for Steam delivered under this Agreement shall be determined in accordance with the formulas specified in this Section 10 and the example given in Exhibit C. The monthly steam charge will have the following components:

- Capacity charge
- Base Steam usage charge
- Peak Steam usage charge
- Excess Peak Steam usage charge
- Port Fee
- Condensate Return Credit (if applicable)

10.2 Capacity Charge

The Capacity Charge recovers the fixed costs invested for the benefit of steam customers. The Capacity Charge for each calendar year of the Term will be established as of December 1st (of the prior year) based on the forecasted fixed costs. The Capacity Charge shall be calculated as set forth below.

Capacity Charge = Base Steam Capacity * Fixed Cost Charge

Fixed Cost Charge = (100 percent of Fixed Costs / the greater of Contracted Steam Capacity or 45 percent of CS1 Steam Capacity @ 150 klbs of capacity)

10.3 Base Steam Price

The Base Steam Price applies to the total amount of Base Steam delivered to Buyer as determined in the manner described in Section 10.5 up to the Base Steam Capacity referenced in Section 5.2. The Base Steam Price is designed to enable Seller to recover its costs relating to the production and delivery of Steam, including variable operations and maintenance costs and the market value of the lost electricity generation resulting from the generation of Steam. The Base Steam Price shall be calculated as set forth below.

Base Steam Price = (Forward Market Price x Steam Conversion x Service Factor) + Variable Operations and Maintenance Costs

Forward Market Price shall mean the forward sale price of electricity based on the Flat Mid-C Index Price, which is adjusted monthly. The Base Steam Price for a given month shall be based on the Forward Market Price on the 15th day of the preceding month (or on the following business day if the 15th day falls on a weekend or holiday). The Forward Market Price for each month shall be published by Seller on its website (www.portlandgeneral.com) by the third Thursday of the preceding month. If the Flat Mid-C Index Price is no longer available, PGE will substitute a comparable index price for purposes of this Agreement.

Steam Conversion = 0.102 MW/1,000 pounds of steam/hour

The Steam Conversion factor is based on the steam turbine correction curves assuming the unit is at base load with extraction flow typically at 30klb/hr. Four curves are used: 1) throttle flow vs. extraction flow; 2 & 3) Delta KW vs. Exhaust Pressure and condenser performance; and 4) Delta KW vs. extraction pressure. Therefore, at the typical 30klb/hr, lost MW is 3.39-0.29-0.052 or 3.04MW. Dividing by 30klb/hr derives the Steam Conversion of 0.102 (as rounded for reading accuracy of the curves.)

Service Factor = Three year rolling average

The Service Factor is based on a three year rolling average of the percentage of time Steam is supplied by the Steam/Gas Turbine versus the Auxiliary Boiler.

Variable Operations and Maintenance (“VOM”) Costs shall mean the annual variable budgeted operations and maintenance costs to operate the CS1 Plant and the Auxiliary Boiler System, as calculated on January 1 of each applicable calendar year. The cost of natural gas, as required to operate the Auxiliary Boiler System is included in the annual VOM Costs. The VOM Costs for each calendar year during the Term will be updated by January 31 of such calendar year. Seller reserves the right to update the VOM Costs, upon 30 days’ prior written notice, to reflect non-budgeted incremental operations and maintenance costs reasonably incurred by the Seller to maintain the contractual steam flow to the Buyer. Seller will itemize such non-budgeted incremental costs to Seller in its notice to Buyer.

Exhibit C sets forth a detailed example of the calculation of the Base Steam Price for purposes of this Agreement.

10.4 Peak Steam Price

Peak Steam Price shall apply to deliveries of Peak Steam pursuant to Section 5.3 up to the greater of (i) 5 klbs per hour or (ii) 10 percent of the hourly Base Steam Capacity specified in Section 5.2(a). The Peak Steam Price for 1,000 pounds of Steam shall be the Base Steam Price plus the Fixed Cost Charge.

Exhibit C sets forth a detailed example of the calculation of the Peak Steam Price for purposes of this Agreement.

Excess Steam Price. If Buyer’s Peak Steam usage exceeds the greater of (i) 5 klbs per hour or (ii) 10 percent of the hourly Base Steam Capacity specified in Section 5.2(a), the price for the Peak Steam in excess of such amount shall be 120 percent of the Peak Steam Price referenced above in this Section 10.4.

10.5 Steam Delivered

Steam Delivered to Buyer during a given month shall be calculated as set forth below:

Steam Delivered to Buyer = Buyer’s Hourly Metered Steam x Steam Loss Adjustment

Steam Loss Adjustment = Steam delivered by Seller to the PMSDS at the Steam Delivery Point / Steam delivered to all CS1 Steam customers as measured by such customers’ metering systems

The total amount of Steam delivered to Buyer at the Steam Delivery point during the month is the sum of the average hourly Steam flows as measured by Seller’s Metering System, or if such sum is unavailable, the difference between the total pounds of Steam at

the end of the month and the total pounds of Steam at the beginning of the month, as measured by Seller's Metering System.

The total amount of Steam delivered to all CS1 Steam customers during the month is the sum of the differences between the total pounds of Steam at the end of the month and the total pounds of steam at the beginning of the month for each Steam customer, as measured by those customer's metering systems.

10.6 Port Agency Fee

Buyer shall pay the Port Agency Fee invoiced each month, which will be a percentage of the realized gross sales price for Capacity, Base Steam, Peak, and Excess Peak Steam purchased during such month. The Port Agency Fee is based on the following matrix:

- 10.0% - for sales up to 130,000 average lbs/hr
- 13 2/3% - for sales greater than 130,000 average lbs/hr to 250,000 average lbs/hr
- 12 2/5% - for sales greater than 250,000 average lbs/hr

10.7 Condensate Return Credit

If applicable to this Agreement, the Condensate Return Credit shall be calculated pursuant to Section 14 and Exhibit F

10.8 Taxes

Buyer shall pay all taxes on the sale or use of Steam now or hereafter levied by the State of Oregon or any other taxing authority.

10.9 Regulatory Approval

The above-described formulas shall be subject to renegotiation if the Oregon Public Utility Commission, or any successor agency, disapproves of any terms and conditions of this Agreement, including but not limited to, the price charged for Steam hereunder, at any time following the Effective Date.

SECTION 11 BILLING, PAYMENT AND RECORDS

11.1 Monthly Statement

- (a) Seller shall deliver to Buyer by the fifteenth (15th) day of each month following the month for which the reading was taken, a statement showing the pounds of Steam delivered to Buyer and the Monthly Charge for Steam for the applicable month, as adjusted to reflect the amount of any adjustment pursuant to Sections 9 and 10.

- (b) Any statement delivered to Buyer pursuant to Section 11.2 shall set forth in detail Seller's calculation of the Monthly Charge for Steam and the payment due from Buyer, and shall be accompanied by information reasonably sufficient for Buyer to determine the accuracy of such statement.

11.2 Payment

- (a) Buyer shall pay to Seller the payment due as set forth in the statements provided to Buyer by Seller pursuant to this Section 11.2, and such payment shall be made on the date specified on the invoice, which date shall not be sooner than the 30th day from the date of the invoice.
- (b) Any payment not so made will bear interest from the date on which payment was required to be made to the date such payment is actually received by Seller, and such interest shall accrue at an annual rate of 1.5 percent per month, but in no event more than the maximum rate permitted by applicable law.
- (c) Except in the event of a statement dispute under Section 11.3, and, if this Agreement is not terminated for failure to pay in accordance with the terms contained herein, if Buyer fails to make a payment due as required by Section 11.3(a), in addition to any other remedies that may be allowed by law or pursuant to this Agreement, Buyer shall be required to make monthly prepayments for Steam. Such prepayments shall equal an estimated payment amount for Buyer's typical Steam consumption in any particular month, as reasonably determined by Seller. In addition, Seller shall continue to bill Buyer in accordance with this Section 11, and Buyer shall be responsible for payment, pursuant to Section 11.2, of any amounts owed in addition the amount already prepaid for a particular month. In the event Buyer's prepayment is greater than the actual Monthly Charge for Steam for the corresponding month, Seller shall adjust by such amount future prepayments for Steam.

11.3 Statement Disputes

- (a) If Buyer in good faith disputes a statement prepared by Seller, Buyer shall pay the full amount of such statement, and the disputed portion shall be subject to the dispute resolution procedures as set forth in Section F of the attached Exhibit D, which is hereby made a part of this Agreement, which shall be commenced within thirty (30) days of payment.
- (b) Any billing adjustment determined to be necessary pursuant to said dispute resolution procedures shall be made in the next regularly prepared billing statement issued following the final resolution or decision, either in the form of a credit to Buyer against amounts otherwise due or as an additional charge to Buyer, as the case may be.

11.4 Records

Seller and Buyer will maintain and preserve for a period of at least one year from the date of the preparation thereof, complete and accurate records of all data and information (a) reflecting the pounds of Steam delivered to Buyer in each year during the Term or a Renewal Term, and (b) necessary to calculate the payments as provided in this Agreement, including invoices, receipts, charts, printouts and other materials and documents. Seller and Buyer shall make all such records available for inspection by the other Party or its representatives upon reasonable advance notice.

SECTION 12 CREDITWORTHINESS

12.1 Adequate Assurance

Should the creditworthiness, financial responsibility, or performance of Buyer or Buyer's Guarantor (if applicable) become reasonably unsatisfactory to Seller after the Effective Date, Seller, upon fifteen days (15) prior written notice to Buyer, may require at its sole option adequate assurance of due performance. Such assurance may be provided in the form of a guaranty, Letter of Credit, cash prepayment, or any other security in a form and amount acceptable to Seller.

12.2 Financial Information

Buyer and Buyer's Guarantor (if applicable) shall each deliver within 120 days following the end of each fiscal year, a copy of Buyer's or Buyer's Guarantor's annual report containing audited consolidated financial statements for the most recently ended fiscal year. Each of Buyer and Buyer's Guarantor (if applicable) shall also deliver within 60 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles, consistently applied; provided, however, that if any such statements are not available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Buyer or Buyer's Guarantor diligently pursues the preparation, certification and delivery of the statements.

SECTION 13 GENERAL PROVISIONS

This Agreement shall be further subject to those general terms and conditions contained in the attached Exhibit D.

SECTION 14 RETURN CONDENSATE

14.1 Return Condensate Conditions

- (a) Buyer shall deliver to Seller all Condensate not utilized by Buyer for industrial purposes up to, but not more than, 100 percent of the Steam purchased by Buyer on an average basis over each calendar year.
- (b) Buyer shall not return any Condensate that does not conform to standards provided in the attached "Exhibit E" "Condensate Quality Requirements", or that contains substances reasonably determined by Seller to be harmful to the efficient and reliable operation of the CS1 Plant.
- (c) If Buyer utilizes other sources of steam, Buyer will provide isolation, at Buyer's expense, such that no condensate from other sources is or is capable of being mixed with Condensate delivered to Seller.
- (d) Seller reserves the right to refuse to accept delivery of any condensate that fails to conform to the terms of this Section 14, in which case Buyer shall be responsible for collection, storage and disposal of the by-product water and such Condensate shall be disregarded for purposes of calculating a credit as discussed in Section 12.7 "Monthly Statements".

14.2 Return Condensate Delivery - Seller's Responsibilities

- (a) Seller shall, at Buyer's expense, design, construct, operate, and maintain certain return condensate equipment, more fully described in Exhibit G (the "Condensate Equipment"), for the purpose of accepting Condensate from Buyer.
- (b) Seller shall not be regarded as Buyer's agent and, except as otherwise provided herein, Buyer shall have no liability for Seller's design, construction, operation or maintenance of those facilities on Seller's side of the Condensate Delivery Point.
- (c) Seller shall have the right, but not the obligation, to enter upon the location of the Condensate interconnection of Buyer's Facility with the PMRCS, for the purpose of making any repairs or securing any equipment in the event of a Hazardous Condition.
- (d) Seller shall, at its own expense, maintain its portion of the Condensate System (including the Condensate Equipment) in accordance with Prudent Operating Practices. Seller's portion of the Condensate System shall consist of the Seller's facilities up to the Condensate Delivery Point, but shall not include the PMRCS.

14.3 Return Condensate Delivery - Buyer's Responsibilities

- (a) Buyer shall provide Seller and its agents, employees, representatives and contractors with access at reasonable times, and upon advance notice when practicable, to those

portions of the Buyer's Facility as are reasonably necessary for the construction, installation, maintenance, monitoring and metering of the Condensate System.

- (b) Buyer shall pay the monthly Capital Charge installment as defined in Exhibit A. Buyer shall pay the monthly Capital Charge installment regardless of the quantity of Condensate returned. The obligation to pay the monthly Capital Charge installment shall commence with the first payment due under this Agreement and shall continue until the Capital Charge has been paid in full. Buyer's obligation to pay the full Capital Charge shall survive the termination or expiration of this Agreement, if necessary. Upon termination or expiration of this Agreement, Buyer shall pay the remaining balance of the Capital Charge within 30 days following such termination or expiration.
- (c) Buyer shall, at its own expense, install Buyer's Condensate Metering System and block valve at the Buyer's Facility that can be remotely operated from the CS1 Plant control room to allow the Seller to control the return of Condensate.
- (d) Buyer is responsible for remedying all Hazardous Conditions within the Buyer's Facility. If Buyer fails to promptly correct a Hazardous Condition, Seller may remedy such Hazardous Condition and Buyer shall reimburse Seller for all reasonable expenses incurred by Seller to remedy such Hazardous Condition.
- (e) Buyer shall, at its own expense, maintain its portion of the Condensate System (excluding the Condensate Equipment) in accordance with Prudent Operating Practices. Buyer's portion of the Condensate System shall be between Buyer's Facility and the PMRCS.
- (f) Buyer shall maintain a written agreement between Buyer and the Port of Morrow for transportation of Condensate from the Buyer's Facility to the Condensate Delivery Point, which agreement, at a minimum, will assign liabilities for the Condensate being transported and will designate maintenance responsibilities for the PMRCS.
- (g) Buyer shall not be regarded as Seller's agent, nor shall Seller have any responsibility or liability, for Buyer's design, construction, operation or maintenance of any facilities on the Port of Morrow's side of the Condensate Delivery Point.
- (h) Title to and risk of loss with respect to all Condensate shall pass to and rest with Seller when such Condensate is delivered by Buyer and accepted by Seller at the Condensate Delivery Point, in accordance with the terms of this Agreement.
- (i) Upon termination or expiration of this Agreement, or if, during the Term, the Condensate Equipment is not utilized or fails to operate for a period of six consecutive months, Seller may notify Buyer that Seller intends to remove the Condensate Equipment from Buyer's Facility. Buyer shall have sixty (60) days to deliver a written response to such notice in which Buyer agrees to resume use of the Condensate Equipment within sixty (60) days of Buyer's response. If Buyer fails to

timely deliver such a response, Seller shall either (i) remove the Condensate Equipment from Buyer's Facility, subject to giving reasonable notice to Buyer prior to such removal, or (ii) leave the Condensate Equipment in place at Buyer's Facility and return Buyer's deposit for removal of such equipment. These terms and conditions concerning notices and removal of the Condensate Equipment shall survive the termination or expiration of this Agreement or any assignment of this Agreement.

14.4 Buyer's Return Condensate Metering System and Calibration

- (a) Buyer shall, at its own expense, provide in-line instrumentations and a dump valve prior to the Condensate Delivery Point. Buyer's Condensate Metering System will measure the Condensate Quality Requirements, as defined in Exhibit E, and transmit wireless data in a format compatible to Seller's system. The Buyer's downstream dump valve will be controlled and programmed by Seller to accept or reject Condensate as defined in the attached Exhibit E "Condensate Quality Requirements".
- (b) Buyer shall return to Seller only Condensate that meets the Condensate Quality Requirements, as described in Exhibit E, and for which Buyer's Condensate Metering System has made such a determination. Buyer shall not return any Condensate for which Buyer's Condensate Metering System is unable to make such a determination
- (c) Buyer shall provide and maintain all necessary meters, sensing elements, valves, modems, transmitters, and special and general purpose computer systems to monitor electrical conductivity, at Buyer's expense, between Buyer's Condensate pump and the Condensate Delivery Point.
- (d) Buyer shall, at its own expense, at least once during each 12-hour work shift, monitor the metering instrumentation for proper functioning, including controller, transmitters and sensing devices.
- (e) Buyer at its own expense shall perform maintenance and calibration checks on the metering controller and on the pneumatic or electronic transmitters not less frequently than semi-annually, and shall perform inspections and calibration checks on the primary transmitters at least annually.
- (f) Seller shall have the right to be present whenever Buyer reads, cleans, changes, repairs, inspects, tests, calibrates or adjusts the sensing elements, pneumatic or electronic transmitters used in measuring or checking the measurement of Condensate delivered to Seller. Buyer shall give telephone notice to Seller in advance of taking any of such actions. Seller shall have 24-hour access to Buyer's Condensate Metering System, provided that Seller gives advance notice when practicable. Buyer shall have the right to be present at all times during such access.

- (g) The calibration records from the Buyer's Condensate Metering System shall remain the property of the Buyer. Annually, Buyer will provide to Seller copies of its calibration records, repair documentation and charts, plus calculations, as well as, access to such originals for inspection and verification purposes.
- (h) Seller may, at any time it reasonably suspects an error of the Buyer's Condensate Metering System, request additional testing whereupon Buyer, as appropriate, shall promptly schedule and complete testing or verification of the portion of the Buyer's Condensate Metering System suspected of being in error. Seller may request that this additional testing be completed by a competent third party. In such case, the Parties shall mutually agree on the third party. Seller shall pay the cost of such additional testing.
- (i) Upon notification from Seller, and in the event other steam customers commence to return Condensate, the Buyer agrees to install flow measurement meters, and to provide electronic flow data on a real time basis to Seller.

14.5 Metering Adjustments

- (a) If the Seller's or Buyer's Condensate Metering System is found upon testing to be in error by more than ± 5 percent of Condensate flow, measured Condensate flow during the month will be adjusted.
- (b) Adjustment to measured Condensate flow data will occur in the actual period during which inaccurate measurements were made, if that period can be determined to the mutual satisfaction of the Parties. Otherwise, the adjustment in measured Condensate flow data will be made for one-half of the period, from the date of the last previous test of the Seller's Condensate Metering System.
- (c) The amount of the adjustment will be determined by correcting the error, if the percentage of error is ascertainable by calibration tests or mathematical calculation. If such correction is impracticable, then the amount of the adjustment will be determined by estimating on the basis of deliveries during a period, under similar conditions, when the Seller's Condensate Metering System was registering accurately.
- (d) The amount of any underpayment or overpayment, determined as a result of an adjustment in measured Condensate for the previous 12 months, made in accordance with this Section will be reflected in the invoice for the following month.

14.6 Determining Monthly Condensate Return

Seller shall record from Seller's Condensate Metering System the monthly Condensate returned to the Condensate Delivery Point.

14.7 Monthly Statements

Condensate return will be included in the monthly Steam invoices as a credit against the cost of Steam. The invoice will indicate the pounds of Condensate returned and the total credit for the applicable month.

14.8 Records

Seller and Buyer will maintain and preserve, for a period of at least one year from the date of the preparation thereof, complete and accurate records of all data and information (i) reflecting the pounds of Condensate delivered to Seller in each year during the Term, and (ii) necessary to calculate the credits for Condensate as provided in the Agreement, including invoices, receipts, charts, printouts and other materials and documents. Seller and Buyer shall make all such records available for inspection by the other Party or its representatives upon reasonable advance notice.

14.9 Monthly Credit for Condensate Returned to Seller

Except as provided otherwise in Section 12, the value of the Monthly Credit for Condensate returned to the Seller shall be determined in accordance with the formulas specified in Exhibit F "Example of Credit Calculation for Return Condensate Value", which is hereby made a part of this Agreement. The terms used in Exhibit F have the meaning defined in Sections 12.10 through 12.13.

14.10 Water Value

Water Value is the cost CS1 pays to purchase 1,000 pounds of water under contract with the Port of Morrow, for its normal make up for electricity generation and producing extraction steam for steam buyers. The Water Value for water that does not meet the Quality Standards for "To Tower" in Exhibit E is zero.

14.11 Chemical Value

Chemical Value is the equivalent dollar cost of the avoided chemical treatment cost realized by the return of Condensate that meets all of the Quality Standards in Exhibit E for "To Demin." The Chemical Value for water that does not meet the Quality Standards for "To Demin" in Exhibit E is zero.

14.12 Heat Value

Heat Value is the equivalent dollar cost, based on CS1 Plant costs to purchase natural gas for its normal electric generation and steam production, of BTU's above a reference temperature of 55 degrees F contained in every 1,000 pounds of Condensate returned from Buyer. The Heat Value for water that does not meet the Quality Standards for "To Tower" in Exhibit E is zero.

14.13 Condensate Delivered

Condensate Delivered is the Condensate received by Seller, as measured by Seller's meter, from Buyer at the Condensate Delivery Point in 1,000 pound increments, in accordance with the Condensate Quality Standards in Exhibit E.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the day and year first set forth above.

Seller:

Buyer:

PORTLAND GENERAL ELECTRIC
COMPANY

COLUMBIA RIVER PROCESSING, INC.

By: *David Jenkins*

By: _____

Its: *VP, Power Supply Generation*

Its: Chief Financial Officer

Date: *2/1/17*

Date: _____

PGE Approved By:	
Business Terms	<i>BNT</i>
Credit	<i>True</i>
Legal	<i>MB</i>
Risk Mgt.	<i>JB</i>

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the day and year first set forth above.

Seller:

Buyer:

PORTLAND GENERAL ELECTRIC
COMPANY

COLUMBIA RIVER PROCESSING, INC.

By: *Brad Jenkins*

By: *Sinda Pearce*

Its: *VP, Power Supply Generation*

Its: Chief Financial Officer

Date: *2/1/17*

Date: *2/2/2017*

PGE Approved By:	
Business Terms	<i>BNT</i>
Credit	<i>[Signature]</i>
Legal	<i>M/B</i>
Risk Mgt.	<i>SB</i>

EXHIBIT A

Steam Sale Agreement between Portland General Electric Company and

DEFINITIONS

Except as otherwise defined in the Agreement to which this Exhibit is a part, capitalized terms shall have the meanings set forth below:

1. *"Agreement"* has the meaning given to it in the preamble.
2. *"Available Capacity"* means the amount of total CS1 Plant steam generation capacity that has not been contracted for as Base Steam by CS1 Plant Steam customers.
3. *"Available Capacity Percentage"* means the amount of total plant steam generation capacity that has not been contracted for as Base Steam by CS1 Plant Steam customers divided by the total CS1 Plant steam generation capacity.
4. *"Auxiliary Boiler System"* means a gas fired steam boiler appurtenant to the CS1 Plant, one of two Steam sources used by Seller to supply Steam for sale.
5. *"Base Steam Capacity"* has the meaning set forth in Section 5.2.
6. *"Base Steam"* means the Steam sold to Buyer up to the Base Steam Capacity in each hour of a billing period.
7. *"Base Steam Price"* has the meaning set forth in Section 10.3
8. *"Buyer's Condensate Metering System"* means Buyer's instruments, gauges, sensing elements, pneumatic and/or electronic signal transmitters, processors and controllers which are used to sense and transmit the quality of Condensate returned by Buyer.
9. *"Buyer's Facility"* means a cheese and whey production facility located at 79588 N. Rippee Road, Boardman, OR in Morrow County, Oregon.
10. *"Buyer's Metering System"* means Buyer's system of instruments, gauges, sensing elements, pneumatic and/or electronic signal transmitters, processors and controllers as provided by Section 9.2(a) which is used to sense, transmit and calculate the quantity of Steam delivered by Seller at Buyer's Facility.
11. *"Capital Charge"* means the monthly amount required for Seller to: 1) recover the costs, on an amortized basis, that Seller incurred to place the Condensate Equipment in service under that certain Energy Sale Agreement dated N/A , 20xx entered into between the Parties, and 2) secure a deposit in the amount of [EXAMPLE - \$xx,xxx] to cover the cost of Seller's removal of the Condensate Equipment pursuant to Section 14.3(i).

12. “*Condensate*” means the water which is the by-product resulting from the removal of the thermal energy from Steam that is returned by Buyer to Seller at the Condensate Delivery Point pursuant to this Agreement, if applicable, which shall meet the specifications contained in Exhibit E.
13. “*Condensate Delivery Point*” means the physical point, at which Condensate is delivered from the Buyer's Facility to the CS1 Plant pursuant to Section 14.
14. “*Condensate System*” means those facilities reasonably required for the production, receipt, delivery, isolation, protection and monitoring of Condensate.
15. “*Credit Rating*” means with respect to an entity (or its Guarantor, if applicable), (i) the current ratings issued or maintained by S&P and Moody's with respect to such entity's long-term, senior unsecured, unsubordinated debt obligations not supported by third party credit enhancement, (ii) the current corporate credit rating by S&P and long term issuer rating by Moody's and (iii) if such entity is a financial institution, current ratings with respect to its long-term, unsecured, unsubordinated deposits.
16. “*CS1 Plant*” means the combustion turbines and generators, heat recovery boiler, Steam turbine generator, and all other appurtenant structures, fixtures, improvements, equipment other than the Auxiliary Boiler System and other personal and real property interests located on or near the Coyote Springs Project now or hereafter owned or leased by Seller and used primarily in connection with generating and delivering electricity.
17. “*Dispatch Costs*” means the cost of delivered fuel, and other variable operation and maintenance to generate one MWh from the CS1 plant.
18. “*Economically Dispatched*” means that the CS1 Plant is dispatched when there is a positive difference between the Forward Market Price of electricity and the Dispatch Costs of the CS1 Plant.
19. “*Effective Date*” has the meaning set forth in the preamble.
20. “*Emergency Steam*” shall mean steam delivered during periods when Seller's ability to deliver steam is reduced.
21. “*Event of Default*” has the meaning set forth in Exhibit D, Section A.
22. “*Excess Steam Price*” has the meaning set forth in Section 10.4.
23. “*Fixed Costs*” are the capital and related revenue requirement costs associated with investment in physical assets used to support/generate Steam for Steam Customers and not for electric generation.
24. “*Fixed Cost Charge*” has the meaning set forth in Section 10.2.
25. “*Force Majeure*” has the meaning set forth in Exhibit D, Section C.

26. *"Forward Market Price"* has the meaning set forth in Section 10.3.
27. *"Guarantor"* means with respect to Buyer, none, and respect to Seller, none.
28. *"Gas or Natural Gas"* means natural gas or the residue gas remaining after natural gas has been treated for the removal of any of its constituent parts other than methane.
29. *"Hazardous Condition"* means a condition presenting a serious risk of significant damage to property or persons.
30. *"Letter of Credit"* means one or more irrevocable, transferable, unconditional standby letters of credit issued in the name of Seller in a form and substance reasonably acceptable to Seller from a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank with such bank having shareholders' equity of at least \$10 billion (U.S. Dollars) and a Credit Rating of at least A2 from Moody's or A from S&P. Costs of a Letter of Credit shall be borne by the Party posting such Letter of Credit.
31. *"Moody's"* means Moody's Investor Services, Inc. or its successor.
32. *"Monthly Charge for Steam"* means the amount payable by Buyer to Seller for Steam delivered pursuant to this Agreement as determined under Section 10 and set forth on each monthly invoice for Steam delivered by Seller to Buyer.
33. *"Party or Parties"* means a signatory or the signatories to this Agreement and its or their successors and permitted assigns, as the case may be.
34. *"Peak Steam Capacity"* has the meaning set forth in Section 5.3.
35. *"Peak Steam Price"* has the meaning set forth in Section 10.4.
36. *"PMRCS"* means the Port of Morrow Return Condensate System, which consists of the condensate piping, supports, vaults, traps, transmitters, receivers and insulation and other personal and real property interests located between the CS1 Plant and Buyer's Facility, including any such interests hereafter owned or leased by the Port and used in connection with returning Condensate to the Seller.
37. *"PMSDS"* means the Port of Morrow Steam Distribution System, which consists of the Steam piping, supports, vaults, Steam traps, transmitters, receivers and insulation and other personal and real property interests located between the CS1 Plant and Buyer's Facility, including any such interests hereafter owned or leased by the Port and used in connection with supplying Steam to the Seller.
38. *"Port of Morrow" or "Port"* means the municipal corporation of the State of Oregon responsible for commercial development of the area around and including Buyer's Facility and the CS1 Plant.
39. *"Prudent Operating Practices"* means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry (with respect to Seller) or

the dairy industry (with respect to Buyer) that at a particular time, in the exercise of reasonable judgment in light of the facts known or that reasonably should have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, reliability, safety, environmental protection, economy and expedition.

40. “*Renewal Term*” has the meaning set forth in Section 2.
41. “*S&P*” means the Standard & Poor’s, a division of McGraw-Hill Companies, Inc. or its successor.
42. “*Seller*” means Portland General Electric Company, an Oregon Corporation, and its successors and permitted assigns as seller under this Agreement.
43. “*Seller’s Metering System*” has the meaning set forth in Section 9.1(c).
44. “*Service Factor*” shall mean the expected operating hours of the gas turbine divided by the total hours of Steam delivered. For purposes of this Agreement, service factor is defined at 0.75, unless the Parties agree to modify it.
45. “*Steam*” means steam produced by the Seller’s Steam Facilities as measured in 1,000 pound increments and delivered by Seller to Buyer at the Steam Delivery Point pursuant to this Agreement.
46. “*Steam Capacity*” equals the maximum hourly steam output of the CS1 Plant times hours for the relevant calendar year in the Term as measured at the Steam Delivery Point.
47. “*Steam Conversion*” equals 0.102 MW per 1000 lbs of Steam.
48. “*Steam Delivery Point*” means the physical point at which Steam is delivered from the CS1 Plant to the PMSDS pursuant to Section 5. The Steam Delivery Point is currently a 12” flanged connection to the PMSDS, located in the Seller’s vault near the southern most boundary of the CS1 Plant.
49. “*Steam Facilities*” means those facilities reasonably required for the production, receipt, delivery, isolation, protection and monitoring of Steam, including valving, safety relief valves, appropriate pressure reducing valves, appropriately designed desuperheating station, supports, metering systems, pipe systems, pipelines and other facilities reasonably required to connect the Steam systems of the Buyer’s Facility and the CS1 Plant in order to effectuate the purposes of this Agreement.
50. “*Steam Turbine Extraction*” means the extraction line off the steam turbine which may be used to supply steam to the Buyer.
51. “*Term*” has the meaning set forth in Section 2.
52. “*Variable Operations and Maintenance Costs*” or “*VOM Costs*” has the meaning set forth in Section 10.3.

EXHIBIT B

**Steam Sale Agreement between
Portland General Electric Company and**

STEAM AND WATER CHEMICAL CONTROL ADDITIVES

The following chemical additives are used in the Coyote Springs Steam systems:

- (1) Supplier/Function: Nalco Corporation / Aux Boiler oxygen control
Description: Aqueous solution of volatile oxygen control additives
Active Chemicals: Erythorbic Acid & Diethylaminoethanol
- (2) Supplier/Function: Nalco Corporation / Steam cycle pH control
Description: Aqueous solution of volatile pH control additives
Active Chemicals: Cyclohexylamine and/or Morpholine
- (3) Supplier/Function: Nalco Corporation / Boiler drum pH control
Description: Aqueous solution of non-volatile pH control additives
Active Chemicals: Sodium tri-polyphosphate and Sodium hydroxide
- (4) Supplier/Function: Various suppliers / Boiler drum pH control
Description: Aqueous solution of non-volatile pH control additive
Active Chemicals: Sodium Hydroxide
- (5) Supplier/Function: Nalco Corporation / Auxiliary boiler oxygen control
Description: Aqueous solution of non-volatile oxygen control additives
Active Chemicals: Cobalt sulfite, Sodium Metabisulfite, Sodium Sulfite

Chemicals used in the HRSG can be entrained in Steam water droplets. These water droplets are vaporized in the superheater sections of the boiler and the non-volatile chemicals are expected to plate out in the superheaters, HP Steam piping and Steam turbine before reaching the extraction system. Chemicals used in the Auxiliary Boiler are added directly to the boiler and can be entrained in the Steam as carryover to the PMSDS.

Volatile chemicals are used to control pH in the feedwater and Steam. Chemical concentrations expected in the Steam, which may carry over into the extraction Steam are:

<i>Chemical</i>	<i>Normal Concentration</i>	<i>Potential Concentration</i>
Morpholine	0.5 ppm	5 ppm
Cyclohexylamine	1 ppm	5 ppm

EXHIBIT C

**Steam Sale Agreement Between
Portland General Electric Company and _____**

EXAMPLE OF CALCULATION OF MONTHLY CHARGE FOR STEAM

Assumptions used for this example:						
Steam Deliveries are measured in units of 1,000 pounds (klbs)						
		klbs/hour	*	hours/year	=	klbs / year
CS1 Plant Steam Capacity		150		8,760		1,314,000
Base Capacity Under Contract						15.0 klbs/hour
Peak Steam Capacity = Greater of, 5 klbs or Base x 10%						5.0 klbs/hour
Total: Base + Peak Capacity						20.0 klbs/hour
One of 30 identical Days in 30 Day Month						
Hour	Hourly Usage	Base Steam	Peak Steam	Excess Steam		
1	25.00	15.00	5.00	5.00		
2	23.00	15.00	5.00	3.00		
3	21.00	15.00	5.00	1.00		
4	20.00	15.00	5.00	-		
5	18.00	15.00	3.00	-		
6	16.00	15.00	1.00	-		
7	16.00	15.00	1.00	-		
8	16.00	15.00	1.00	-		
9	16.00	15.00	1.00	-		
10	16.00	15.00	1.00	-		
11	15.00	15.00	-	-		
12	14.00	14.00	-	-		
13	14.00	14.00	-	-		
14	14.00	14.00	-	-		
15	14.00	14.00	-	-		
16	14.00	14.00	-	-		
17	21.50	15.00	5.00	1.50		
18	20.50	15.00	5.00	0.50		
19	16.50	15.00	1.50	-		
20	14.50	14.50	-	-		Buyers
21	14.50	14.50	-	-	Days in	Metered
22	14.50	14.50	-	-	Month	Steam
23	-	-	-	-		
24	-	-	-	-		
					Assume each days usage is identical for 30 days.	
	Base volume	323.50		*	30	=> 9,705.0 klbs
	Peak volume		39.50	*	30	=> 1,185.0 klbs
	Excess volume				11.00	* 30 => 330.0 klbs
						11,220.0 klbs

Calculation of monthly Steam delivered using equation from Section 10.5:					
Steam Loss Adjustment =					
	Steam delivered to PMSDS at Steam Delivery Point:	29,452	=	1.01	
divided by	Steam delivered to Customers Meter:	29,160			
Rounded to 2 decimal points					
Steam Delivered to Buyer = Buyer's Metered Steam x Steam Loss Adjustment					
Base Steam Delivered to Buyer (with Losses)	9,802.00	=	9,705	*	1.01
Peak Steam Delivered to Buyer (with Losses)	1,197.00	=	1,185	*	1.01
Excess Steam Delivered to Buyer (with Losses)	333.00	=	330	*	1.01
	11,332.00	klbs	11,220		

Calculation of Monthly Steam Charge					
					Monthly Charge
Capacity Charge:	Base Capacity Contract	15	klbs/hr		
	Days in the month	30			
	Hours per day	24			
	Monthly Capacity in klbs:	10,800	klbs		
	Capacity Price	\$ 0.35	/ klbs		
	Capacity Charge	\$ 3,780.00	=>	\$ 3,780.00	
	klbs / month		\$ / klbs		
Base Steam Usage	9,802.0	*	\$ 4.18	=	\$ 40,972.36
Peak Steam Usage	1,197.0	*	\$ 4.53	=	\$ 5,422.41
Excess Steam Usage	333.0	*	\$ 5.44	=	\$ 1,811.52
	11,332.0				
Total Before Port Fee					\$ 51,986.29
Port Fee				10%	\$ 5,198.63
Total Monthly Charge					\$ 57,184.92

EXHIBIT D

**Steam Sale Agreement between
Portland General Electric Company and**

GENERAL TERMS AND CONDITIONS

**SECTION A
DEFAULT**

- A.1 An event of default (“Event of Default”) under this Agreement shall be deemed to exist upon the occurrence of any one or more of the following events:
- a. If Buyer permanently closes the Buyer’s Facility, such closure being evidenced by, without limitation, the triggering of the notice provisions of the Worker Adjustment and Retraining Notification Act.
 - b. Failure by Buyer to make payment of any amounts due Seller under this Agreement, or failure by Seller to provide Steam in accordance with this Agreement, which failure continues for a period of three (3) business days after written notice pursuant to Section G.2 of this Exhibit D of such failure, provided that it shall not be an Event of Default if disputed amounts are deposited in escrow while the Parties proceed under Section F of this Exhibit D to resolve any dispute over the amounts due. All costs of such escrow shall be borne by Buyer.
 - c. Failure by either Party to perform fully any other material provision of this Agreement, and (a) such failure continues for a period of three (3) business days after written notice pursuant to Section G.2 of this Exhibit D of such nonperformance or (b) if the non-performing Party shall commence within such three (3) business days and shall thereafter proceed with all due diligence to cure such failure, such failure is not cured within such longer period not to exceed ninety (90) days as shall be necessary for such Party to cure the same with all due diligence;
 - d. If either Party shall fail to comply with the terms of any decision reached pursuant to Section F of this Exhibit D, and (a) such failure shall continue for three (3) business days after notice thereof pursuant to Section G.2 of this Exhibit D or (b) if the nonperforming Party shall commence within such three (3) business days and shall thereafter proceed with all due diligence to cure such failure, such failure is not cured within such longer period not to exceed ninety (90) days as shall be necessary for such Party to cure the same with all due diligence;
 - e. If by order of a court of competent jurisdiction, a receiver or liquidator or trustee of either Party or of any of the property of either Party shall be appointed, and

such receiver or liquidator or trustee shall not have been discharged within a period of ninety (90) days; or if by decree of such a court, either Party shall be adjudicated bankrupt or insolvent or any substantial part of the property of such Party shall have been sequestered, and such decree shall have continued undischarged and un-stayed for a period of ninety (90) days after the entry thereof; or if a petition to declare bankruptcy or to reorganize either Party pursuant to any of the provisions of the federal Bankruptcy Code, as it now exists or as it may hereafter be amended, or pursuant to any other similar state statute applicable to such Party, as now or hereafter in effect, shall be filed against such Party and shall not be dismissed within ninety (90) days after such filing; or

- f. If either Party or Buyer's Guarantor (if applicable) shall file a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limitation of the generality of the foregoing, if either Party or Buyer's Guarantor shall file a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the federal Bankruptcy Code, as it now exists or as it may hereafter be amended, or pursuant to any other similar state statute applicable to such Party or Guarantor, as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in such a proceeding; or if either Party or Buyer's Guarantor shall make an assignment for the benefit of its creditors; or if either Party or Buyer's Guarantor shall admit in writing its inability to pay its debts generally as they become due; or if either Party or Buyer's Guarantor shall consent to the appointment of a receiver or receivers, or trustee or trustees, or liquidator or liquidators of it or of all or any part of its property.
- g. Failure by Buyer to establish, maintain, extend or increase adequate assurance of due performance in a form and amount acceptable to Seller when required pursuant to Section 12.1.
- h. Failure to provide financial information in accordance with Section 12.2.
- i. Buyer's Guarantor (if applicable) fails to perform any covenant set forth in the guaranty agreement it delivered in respect of this Agreement, any representation or warranty made by such Guarantor in said guaranty agreement shall prove to have been false or misleading in any material respect when made or when deemed to be repeated, or the guaranty agreement shall expire or be terminated or shall in any way cease to guaranty the obligations of Buyer under this Agreement.

If both Parties agree that an Event of Default has occurred, then the non-defaulting Party may proceed to exercise any remedy given under this Agreement without proceeding to dispute resolution under Section F of this Exhibit D. However, if one Party believes in good faith that no Event of Default has occurred, and promptly informs the Party asserting the existence of the Event of Default of such belief, then the Parties shall proceed under Section F of this Exhibit D prior to the exercise of any remedy given under this Agreement, provided that if the Event of

Default concerns a failure to make any payment due Seller as required by this Agreement, then Seller may proceed with termination of this Agreement unless Buyer pays, or places in escrow (as provided in Section A.1(b) of this Exhibit D) while the Parties proceed under Section F of this Exhibit D to resolve any dispute, the amount claimed by Seller within a period of three (3) business days after written notice pursuant to Section G.2 of this Exhibit D of such nonpayment.

- A.2 Upon the occurrence and during the continuation of any Event of Default hereunder, the Party not in default shall have the right:
- a. To terminate this Agreement upon ten (10) days written notice pursuant to Section G.2 of this Exhibit D to the defaulting Party; and
 - b. To pursue any other remedy given under this Agreement or now or hereafter existing at law or in equity or otherwise.
- A.3 Upon the occurrence and during the continuation of any Event of Default related to payment by Buyer to Seller hereunder (whether or not disputed in accordance with Section F of this Exhibit D), Seller shall have the right to suspend any performance obligations it may have hereunder in addition to any other remedy provided under Section A.2 of this Exhibit D unless the disputed amounts are placed in escrow (as provided in Section A.1(b) of this Exhibit D) while the Parties proceed under Section F of this Exhibit D to resolve any dispute.

SECTION B TERMINATION

- B.1 In the event of termination of this Agreement pursuant to Section A.2 of this Exhibit D, the Parties shall be released and discharged from any obligations arising or accruing hereunder from and after the date of such termination; provided that termination of this Agreement shall not discharge or relieve either Party from any obligations or liabilities which may have accrued under the terms of this Agreement prior to such termination.

SECTION C FORCE MAJEURE

- C.1 Force Majeure shall mean any event or events that wholly or partly prevents or delays the performance of obligations arising under this Agreement, or renders such performance commercially impracticable, and which is not reasonably within the control of the non-performing Party, and shall include, without limitation, an act of God, nuclear emergency, explosion, fire, epidemic, landslide, lightning, earthquake, storms, flood or similar occurrence; an act of war, blockade, insurrection, riot, civil disturbance, sabotage, strikes, lockouts, or other labor difficulties; unavailability of labor, fuel, power or raw materials; plant breakdowns or equipment failure; inability to obtain supplies; restrictions or restraints imposed by law or by rule, regulation or order of governmental authorities, whether federal, state or local; interruption or other loss of utilities; and any other cause beyond the reasonable control of the Party relying on such cause to excuse its

performance hereunder; provided, however, that neither the lack of money nor changes in market conditions shall constitute Force Majeure.

- C.2 In the event that the Parties are unable in good faith to agree that a Force Majeure has occurred, the Parties shall submit the dispute to mediation pursuant to Section F of this Exhibit D, provided that the burden of proof as to whether an event of Force Majeure has occurred shall be upon the Party claiming an event of Force Majeure.
- C.3 If either Party is rendered wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from whatever performance is affected by the Force Majeure event (other than an obligation to make a payment) to the extent so affected, provided that:
- a. The non-performing Party as soon as is practicable, but in any event within five (5) business days after the occurrence of the inability to perform due to a Force Majeure event, provides written notice to the other Party of the particulars of the occurrence including an estimation of its expected duration and probable impact on the performance of its obligations hereunder, and continues to furnish timely regular reports with respect hereto during the period of Force Majeure;
 - b. The non-performing Party shall exercise commercially reasonable efforts to continue to perform its obligations under this Agreement and to remedy its inability to so perform;
 - c. The non-performing Party shall provide the other Party with prompt notice of the cessation of the event of Force Majeure giving rise to the excuse from performance; and
 - d. No performance of an obligation of either Party that arose prior to the occurrence of the event of Force Majeure shall be excused as a result of such occurrence.
- C.4 Nothing in this Section C shall require the settlement of any strike, walkout, lockout or other labor dispute on terms that, in the sole judgment of the Party involved in the dispute, are contrary to such Party's interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party having the difficulty.

SECTION D INSURANCE

- D.1 Commencing on the Effective Date, except as otherwise provided herein, each Party shall, at its own expense, maintain, or cause to be maintained, the following minimum insurance coverage (in any combination of primary and excess layers of coverage) as long as such coverage or reasonably similar coverage are available on reasonable commercial terms:

- a. Statutory coverage for Workers' Compensation, and Employers' Liability Coverage with a limit of \$2 million each line;
- b. Commercial General Liability Coverage (in any combination of primary and excess layers thereof), including Premises and Operations, Contractual Liability, Explosion, Collapse and Underground Hazards, and Broad Form Property Damage Liability, written with limits of \$5 million per occurrence and in the annual aggregate.
- c. Business Automobile Liability Coverage, including all owned, non-owned and hired vehicles; written with a combined single limit for bodily injury and property damage of \$2 million per accident.
- d. Commencing as of the Effective Date and continuing during the Term or Renewal Term, each Party shall acquire and maintain, or cause to be acquired and maintained, as long as such coverage or reasonably similar coverage are available on reasonable commercial terms, All Risk Property Coverage and Boiler and Machinery Coverage against damage to the Facility for full replacement cost.

Such coverage required under Section D.1.d. of this Exhibit D shall be endorsed to provide that:

- (i) The coverage afforded shall not be canceled or reduced by a Party without at least thirty (30) days prior written notice;
- (ii) In the event of a loss, the insurance proceeds shall be applied to repair of the Party's facility, unless such proceeds are not sufficient to restore the Party's facility to full or substantial operating level; and
- (iii) The insurer shall waive any right of subrogation of the insurer to the rights of any insured party thereunder against the other Party, and any right of the insurer to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of that Party.

D.2 With the exception of Workers' Compensation and Employer's Liability, the insurance policies maintained, or caused to be maintained, by a Party pursuant to Section D.1 of this Exhibit D shall; (1) include the other Party, its directors, officers, employees and affiliates, as their interests may appear, as additional insured with respect to third-party bodily injury or property damage claims arising from the Party's performance of this Agreement; (2) contain provisions indicating that each Party's interests in such insurance are severable; (3) require thirty (30) days prior written notice to be given to the other Party of cancellation or material change in any of the policies (except ten (10) days for cancellation due to non-payment of premium) in accordance with each policy's terms and conditions; and (4) be primary and not excess or contributing with respect to any other coverage available to the other Party or to its affiliates and shall not be deemed to limit a Party's liability under this Agreement.

- D.3 Evidence of insurance for the coverage specified herein shall be provided by each Party to the other Party on or before the effective date for those coverage's set forth in Section D.1 of this Exhibit D.
- D.4 Notwithstanding anything in this Section D to the contrary, either Party may insure for the amount of any insurance required to be carried by it under this Section D: (a) under any plan of self-insurance which it may from time to time have in force and effect so long as that Party's net worth exceeds \$10,000,000.00; (b) under a blanket policy or policies covering other liabilities of that Party and its subsidiaries, controlling or affiliated corporations; or (c) partly under such a plan of self-insurance and partly under such blanket policies.

SECTION E INDEMNIFICATION

- E.1 Each Party shall indemnify, defend, and hold the other Party and its affiliates, its respective successors and assigns, and the officers, directors, employees and stockholders of each of them harmless from and against all damages, losses or expenses suffered or paid as a result of any and all claims, demands, suits, causes of action, proceedings, judgments and liabilities, including reasonable counsel fees incurred in litigation, on appeal or otherwise, assessed, incurred or sustained by or against any such Party with respect to or arising out of:
- a. With respect to Seller, an act or omission of Buyer, its successors and assigns, or any of their employees, contractors, agents or representatives in:
 - (i) the use or disposal of Steam made available by Seller at the Steam Delivery Point;
 - (ii) the design, use or maintenance of Buyer's equipment at the Steam Delivery Point or connecting the Steam Facilities or PMSDS to the Buyer's Facility; or
 - (iii) the construction, design, operation, or maintenance of the Buyer's Facility, including without limitation the Buyer's portion of the Steam Facilities;
 - b. With respect to Seller, any act or omission of any person in the construction, design, operation or maintenance of any other Steam producing equipment utilized by Buyer in Buyer's Facility.
 - c. With respect to Buyer, any act or omission of any person in the construction, design, operation, or maintenance of the CS1 Plant or the Auxiliary Boiler System.

- E.2 Promptly after receipt by either Party of any claim or notice of the commencement of any action, administrative or legal proceeding, or investigation as to which the indemnity provided for in Section E.1 of this Exhibit D may apply, the Party receiving such claim or notice shall notify the other Party in writing of such fact. The indemnifying Party shall assume the defense thereof with counsel designated by the indemnifying Party which is satisfactory to the indemnified Party; provided, however, that if the defendants in any such action include both Buyer and Seller and the indemnified Party reasonably concludes that there may be legal defenses available to it which are different from or additional to, or inconsistent with, those available to the indemnifying Party, the indemnified Party shall have the right to select separate counsel to participate in the defense of such action on behalf of the indemnified Party, at the indemnified Party's expense.
- E.3 Should the indemnified Party be entitled to indemnification under Section E.1 of this Exhibit D as a result of a claim by a third party, and the indemnifying Party fails to assume the defense of such claim, the indemnified Party may at the expense of the indemnifying Party contest (or, with the prior written consent of the indemnifying Party, settle) such claim, provided that no such contest need be made and settlement or full payment of any such claim may be made without consent of the indemnifying Party (with the indemnifying Party remaining obligated to indemnify the indemnified Party under Section E.1 of this Exhibit D) if, in the written opinion of the indemnified Party's counsel, such claim is meritorious.

SECTION F DISPUTES

- F.1 All claims and disputes between Buyer and Seller arising out of or related to this Agreement will first be attempted to be resolved by the responsible project management personnel for both Parties. In the event such resolution fails to materialize, senior management for both Buyer and Seller will negotiate in good faith to reach an acceptable and timely resolution of the claim or dispute. Should the Parties be unable to resolve the dispute to their mutual satisfaction within five (5) working days after such negotiation by senior management, or any other mutually agreeable time period, the Parties will attempt to resolve the dispute through non-binding mediation (using a mediator upon which the Parties shall mutually agree within thirty (30) days), as a condition precedent to pursuing litigation. Neither Party shall be obligated to engage in mediation for longer than two (2) days. Each Party shall be responsible for its own expenses and one-half of any mediation expenses incurred to resolve the dispute. If the Parties are still unable to resolve their differences after good faith consideration of a resolution through mediation for a period not to exceed two (2) days, each Party shall have the right to pursue litigation in accordance with the provisions set forth below.
- F.2 Neither Party shall commence any action at law or in equity as a result of any dispute, controversy or claim arising out of or in connection with or relating to this Agreement or any breach or alleged breach of this Agreement ("Litigation") until the above procedures with respect to settlement and mediation have been complied with. Buyer and Seller

agree that in the event of legal action with regard to the terms of this Agreement, in any such action any court of general jurisdiction in the State of Oregon shall have personal and subject matter jurisdiction over such controversy and the venue in such action shall be in Multnomah County, Oregon, in the Circuit Court for the State of Oregon in Multnomah County or the United States District Court for the State of Oregon. Buyer and Seller irrevocably waive any objection to venue or claim to inconvenient forum in any such court.

SECTION G
NOTICE AND SERVICE

- G.1 All notices, including communications and statements which are required or permitted under the terms of this Agreement, shall be in writing, except as otherwise provided under this Agreement.
- G.2 Except as otherwise provided under this Agreement, service of a notice may be accomplished by personal service, registered or certified mail (postage prepaid) or reputable overnight courier service. Notices shall be sent to the Parties at the following addresses:

Seller: Portland General Electric Company
Attn: General Manager, Risk Management
121 SW Salmon Street 3WTC0306
Portland, OR 97204

With a Copy To: Portland General Electric Company
Attn: Coyote Springs Plant Manager
PO Box 10
Boardman, OR 97818

Buyer: Columbia River Processing, Inc.
Attn: Plant Manager
79588 N. Rippee Road
Boardman, OR 97818

With a copy to: Columbia River Processing, Inc.
Attn: Chief Financial Officer
4185 Hwy 101 North
Tillamook, OR 97141

From time to time Buyer and Seller each may designate a new address for itself for purpose of notice hereunder by written notice to each of the others duly given as provided herein which new address shall be deemed effective 20 days after such notice of new address is given unless the notice of new address specifies an effective date more than 20 days after the notice is given.

- G.2.1 If a notice is sent by registered or certified mail, it shall be deemed served three days, excluding Saturdays, Sundays or federal legal holidays, after it is mailed.
- G.2.2 If a notice is served by telegram, it shall be deemed served 18 hours after delivery to the telegram company.
- G.2.3 If a notice is served by reputable overnight courier service, it shall be deemed served on the business day following the day the notice was delivered to the courier service.

SECTION H CONSEQUENTIAL DAMAGES

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM SUCH FIRST PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE.

SECTION I AMENDMENTS

No amendment or modification of the terms of this Agreement shall be binding on either the Buyer or Seller unless reduced to writing and signed by the Party against which enforcement is sought.

SECTION J SUCCESSORS AND ASSIGNS

Except as specified below, the rights and obligations of the Parties to this Agreement may not be assigned by either Party except upon the express written consent of the other Party, which consent shall not be unreasonably withheld. Seller shall be entitled to assign this Agreement, without Buyer's consent, to any bona fide transferees of ownership or operation of the CS1 Plant. Buyer shall be entitled to assign this Agreement, without Seller's consent, to bona fide transferees of ownership or operation of the Buyer's Facility, for Steam to be used at the Buyer's Facility. Buyer and Seller each shall remain liable for its transferee's performance.

SECTION K MISCELLANEOUS

- K.1 This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

- K.2 Should any provisions of this Agreement for any reason be declared invalid or unenforceable by final and un-appealable order of any court or regulatory body having jurisdiction thereof, such decision shall not affect the validity of the remaining portions, which remaining portions shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated.
- K.3 This Agreement supersedes any and all oral or written agreements and understandings heretofore made relating to the subject matters herein, and constitutes the entire Agreement and understanding of the Parties relating to the subject matters herein.
- K.4 All indices, titles, subject headings, section title and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive or to affect the meaning, content or scope of this Agreement.
- K.5 Any provisions of this Agreement which are expressly or by implication to come into or remain in force following the termination or expiration of this Agreement shall survive such termination or expiration.
- K.6 The Parties shall execute such additional documents including, without limitation, a consent to assignment or similar document, and shall cause such additional actions to be taken as may be required or, in the judgment of any Party, be necessary or desirable, to effect or evidence the provisions of this Agreement and the transactions contemplated hereby.
- K.7 This Agreement may be executed in any number of counterparts, and each counterpart shall have the same force and effect as the original instrument.

EXHIBIT E

**Steam Sale Agreement between
Portland General Electric Company and**

Condensate Quality Requirements

- (a) Buyer's instrument system shall be designed, installed and maintained to protect the Seller's condensate polisher and other water treatment equipment from contaminated condensate.
- (b) Condensate from Steam used for any direct-contact use in Buyer's Facility shall not be mixed into or otherwise returned to Seller.
- (c) Condensate containing additives from Buyer's process or chemical treatment system, not previously approved by Seller, shall not be returned to Seller.
- (d) Condensate quality will be monitored and verified by Seller via in-line instrumentation from Buyer's Condensate Metering System. The Condensate will be continuously monitored and subsequent data transmitted by wireless telemetry compatible with Seller's system.
- (e) Any Condensate in the process of being returned by Buyer, which is deemed to not meet this Section's Condensate Quality Requirements, will be rejected by Seller. Disposal of such condensate will be the responsibility of the Buyer. This rejected volume will not be considered in the credit calculation.
- (f) Any conditions or incidents that may cause contamination of the Buyer's Condensate System, including that portion of the Condensate System not directly on Buyer's Facility, shall be reported to Seller as soon as practical.
- (g) Buyer shall deliver Condensate to Seller at the Condensate Delivery Point within the following limits:

Quality Standards

	Supply Steam		Return Condensate		
	Non organic	Organic	To Demin	To Tower	Reject all condensate for disposal by UCM
Conductivity in Micromhos	<10	<10	<50	<150	> or = 150
PH	8.5 - 9.5	4.5 - 5.5	>8.5	>4.5	< or = 4.5
Organics (ppm)	<<1	<<1	<5	<50	> or = 50

Return Pressure

The minimum pressure required at the Point of Delivery is: 1) for any flow rate up to 30 GPM, 35psig; and 2) for any flow rate above 30 GPM, >or= to the pressure defined by the straight line (and its extension) between the two points, as follows:

Flow in GPM	Minimum Pressure in PSIG
30	35
80	50

In addition to the above in-line instrumentation system, Seller will perform "grabsample" analyses on a periodic basis, testing Buyer's Condensate in Seller's chemistry lab. Excessive contamination discovered in these tests shall also be reason for rejecting the Condensate. Any samples taken pursuant to such "grabsample" analyses must maintain the Condensate quality requirements for a duration of at least one hour to be deemed acceptable.

EXHIBIT F

**Steam Sale Agreement between
Portland General Electric Company and**

EXAMPLE OF CREDIT CALCULATION FOR RETURN CONDENSATE VALUE

Return Condensate ("RC") received by Seller at the Condensate Delivery Point in 1,000 pound units shall be measured using Buyer's Metering System as defined in Section 12.4(a). Condensate temperature readings at the Condensate Delivery Point shall be averaged each hour. Mass flow readings at the Condensate Delivery Point shall be summed each hour. At the end of each month, these readings will be used to calculate the hourly value of RC for billing purposes in accordance with the following example:

Credit Calculation for Return Condensate Value Assumptions:

RC lb / Gal @ 190 degrees F	8.0676
RC lb/ 1000 Gal	8067.6
BTU's /#of Steam @250 psig sat	1202
Hourly Average Temp of RC	190
BTU's /lb Condensate	158
BTU's /lb of Ground Water -	23 F
<u>BTU's Lost in Process -</u>	<u>14.74</u>
BTU's / lb Recovered by Seller in RC = 120.26	

The RC value shall be calculated hourly depending on how Condensate is utilized by Seller as shown in the table on the following page:

1) Heat Credit per 1000 lbs RC		Demineralizer	Cooling Tower
MMBTU/1,000 lbs of RC	0.12026		
Gas cost per MMBTU	x \$ 1.87		
Reduced Gas Cost of RC	\$ 0.22		
Total CS Heat Credit / 1,000 pounds		\$ 0.22	\$ 0.22

2) Water Credit per 1,000 lbs RC:			
CS MU Water Cost from POM / 1,000 lbs		\$ 0.21	\$ 0.21
CS MU Water Chemical Costs / 1,000 lbs		\$ 0.10	\$ -
Total CS MU Water Credit / 1,000 pounds		\$ 0.31	\$ 0.21

3) Sum of Heat Water Cost per 1,000 lbs RC	\$ 0.53	\$ 0.43
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4) Calculation of Monthly RC Returned			Total
Lbs of steam delivered	21,600		
Lbs of RC in Month (Demineralizer)	10,000		
Lbs of RC in Month (Cooling Tower)	9,000		
Total RC	19,000		
Lessor of Steam Delivered or Total RC		10,000	9,000
Total Credit: Row 3 x Row 4		\$ 5,349	\$ 3,914
			\$ 9,263

EXHIBIT G

**Steam Sale Agreement Between
Portland General Electric Company and**

DESCRIPTION OF RETURN CONDENSATE EQUIPMENT

List of return Condensate equipment installed, operated and maintained by Seller, at Buyer's expense, in accordance with Section 14:

Item No.	Qty	Description
1		
2		
3		
4		
5		



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