



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

June 17, 2009

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97301-2551

Attn: Filing Center

RE: UI \_\_\_\_ - Application Requesting Approval of Approval of an Affiliate Interest Agreement with Nalco Company

Enclosed for filing by PacifiCorp dba, Pacific Power ("PacifiCorp") is PacifiCorp's Application Requesting Approval of the Affiliated Interest Agreement with Nalco Company. An original and three (3) copies will be provided via overnight delivery.

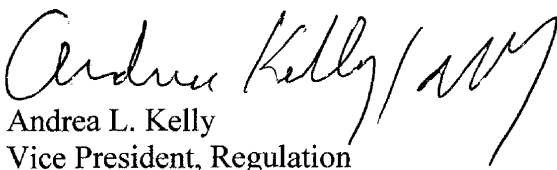
PacifiCorp respectfully requests that all formal correspondence and data requests regarding this matter be addressed to:

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

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

Please direct informal questions with respect to this filing to Paul M. Wrigley, Regulatory Director, at (503) 813-6048.

Very truly yours,

  
Andrea L. Kelly  
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UI \_\_\_\_\_

In the Matter of the Application of  
PACIFICORP, d.b.a. Pacific Power,  
Requesting Approval of an Affiliate Interest  
Agreement with Nalco Company

**APPLICATION OF PACIFIC POWER  
AND WAIVER OF PAPER SERVICE**

1           Pursuant to ORS 757.495(1) and OAR 860-027-0040, PacifiCorp, d.b.a Pacific  
2 Power (“Company”) requests approval from the Public Utility Commission of Oregon  
3 (“Commission”) of the Contract for Chemical Supply/Services (“Contract”) between  
4 PacifiCorp and Nalco Company (“Nalco”), a copy of which is attached as Attachment A.  
5 The Company respectfully requests that the Commission approve the Contract as an  
6 affiliated interest agreement and allow PacifiCorp to continue to purchase services  
7 pursuant to the Contract.

8           Additionally, pursuant to OAR 860-013-0070(4) the Company waives paper  
9 service for this proceeding.

10 **I.     Background**

11           PacifiCorp is a wholly-owned subsidiary of MidAmerican Energy Holdings  
12 Company (“MEHC”). MEHC is a wholly-owned subsidiary of Berkshire Hathaway, Inc.  
13 Nalco is a financial subsidiary of Nalco Holding Company, a publicly-traded company.  
14 Sometime during the fourth quarter of 2008, Berkshire Hathaway, Inc., purchased  
15 8,739,100 shares of Nalco Holding Company, creating an approximate six percent  
16 ownership interest. “Affiliated interest”, as defined in ORS 757.015(3), includes every  
17 corporation or person owning five percent of the voting securities in any successive chain

1 of ownership of a public utility. Berkshire Hathaway Inc.'s ownership interest in  
2 PacifiCorp and Nalco qualifies as an affiliated interest.

3 Nalco provides the Company with certain water treatment facilities, chemicals  
4 and expertise and has been doing so for more than thirty years. The current agreement  
5 with Nalco became effective January 1, 2007, well before Berkshire Hathaway Inc.'s  
6 ownership interest began, and terminates December 31, 2009.

7 With this Application, the Company requests Commission authorization to  
8 continue to engage in business transactions with Nalco for the duration of the contract.

9 **II. Compliance with OAR 860-027-0040 Filing Requirements**

10 **A. Address**

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

12 PacifiCorp  
13 825 NE Multnomah Street  
14 Portland, OR 97232

15 **B. Communications and Notices**

16 All notices and communications with respect to this Application should be  
17 addressed to:

18 PacifiCorp Oregon Dockets  
19 825 NE Multnomah Street, Suite 2000  
20 Portland, OR 97232  
21 [OregonDockets@pacificorp.com](mailto:OregonDockets@pacificorp.com)

Michelle R. Mishoe  
Legal Counsel  
Pacific Power  
825 NE Multnomah Street, Suite 1800  
Portland, OR 97232  
Tel. (503) 813-5977  
Fax (503) 813-7252  
[michelle.mishoe@pacificorp.com](mailto:michelle.mishoe@pacificorp.com)

26 In addition, PacifiCorp respectfully requests that all data requests regarding this  
27 matter be addressed to:

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

29 By regular mail Data Request Response Center  
30 PacifiCorp  
31 825 NE Multnomah, Suite 2000  
32 Portland, OR 97232

1 Informal inquires may be directed to Paul M. Wrigley, Regulatory Director, at  
2 (503) 813-6048.

3 **C. Relationship Between PacifiCorp and Affiliated Interest**

4 The Company is a wholly-owned subsidiary of MEHC. MEHC is a wholly-owned  
5 subsidiary of Berkshire Hathaway, Inc. Nalco is a financial subsidiary of Nalco Holding  
6 Company, a publicly-traded company. During the fourth quarter of 2008, Berkshire  
7 Hathaway, Inc., purchased 8,739,100 shares of Nalco Holding Company, creating an  
8 approximate six percent ownership interest. Therefore, Nalco is an “affiliated interest” of  
9 the Company as set forth in ORS 757.015(3). The Company’s relationship with Nalco  
10 began well before Nalco became an affiliated interest.

11 **D. Voting Securities**

12 The Company and Nalco do not own voting securities in each other.

13 **E. Common Officers and Directors**

14 The Company and Nalco do not share any officers or directors.

15 **F. Pecuniary Interest**

16 No officer or director of either the Company or Nalco is a party to or has a  
17 pecuniary interest in the contemplated business transactions between the Company and  
18 Nalco.

19 **G. Description of Goods and Services Provided; Cost(s) Incurred;  
20 Market Value; Pricing Methods**

21 Nalco provides the Company with water treatment programs and related services  
22 for many of the Company’s generation facilities and has been doing so for more than  
23 thirty years. Nalco provides generation plant engineering assistance and supplies certain  
24 water treatment and dust suppression chemicals. Additionally, Nalco may provide no-cost



1 consulting services and technical assistance for water treatment programs for new  
2 generation plant development.

3           The most recent Contract leverages the long-standing relationship between the  
4 two companies to achieve cost savings. Pricing for Nalco’s products and services are  
5 contained in Appendix A to the Contract. The products and services provided under the  
6 Contract are priced in accordance with pricing indices and Nalco guarantees its prices to  
7 be competitive. The Contract requires Nalco to provide the Company with “most favored  
8 nation” pricing, meaning Nalco will charge the Company the same or better than  
9 similarly-sized and situated companies. Also, Nalco provides a 40 percent discount for  
10 products not currently listed in Appendix A to the Contract. The Contract also allows the  
11 Company to entertain other lower-priced offers by giving Nalco fifteen days to match or  
12 beat the offer. If Nalco is unable to acquiesce, then the Company may choose the other  
13 supplier. The Contract includes “normal” on-site service, which includes routine service,  
14 equipment inspections, trouble-shooting and emergency call-outs, at no extra charge.  
15 Additionally, Nalco will provide additional consulting and other services, up to 30 man-  
16 days per year, at no additional charge. For any services above the 30 man-days, the  
17 Company receives a 40 percent discount on the normal labor rates.

18           Under the Contract, pricing for chemicals may be adjusted annually based on  
19 economic and industrial price statistics from the Bureau of Labor Statistics, with a cap of  
20 3.5 percent for each chemical. These price indices reflect Nalco’s costs for providing  
21 products and services. The Company has the right to audit Nalco’s books for the  
22 determination of price increases.

1                   **H. Estimate of Amount PacifiCorp will Pay Annually for Services**

2                   The Company pays Nalco approximately \$1.75 million annually for products and  
3 services under the Contract.

4                   **I. Reasons Relied Upon for Procuring the Proposed Services, and**  
5                   **Benefits to the Public**

6                   The Company uses water as a major component of operating its generation  
7 facilities. The Company procures water treatment services for effective, efficient and safe  
8 operation of its generation facilities. These services benefit the public by ensuring the  
9 Company's generation facilities operate and provide customers with cost-effective  
10 energy.

11                   **J. Description of the Procurement Process**

12                   Prior to entering into the current agreement with Nalco, in 2001 the Company  
13 conducted a formal competitive bidding process. The current agreement, which took  
14 effect January 1, 2007, is a renewal of the agreement arising out of the competitive  
15 bidding process. The Company evaluated bidders on pricing, quality of systems and  
16 documented performance, strategic management and commercial considerations,  
17 experience and financial strength.

18                   Additionally, because the Contract expires December 31, 2009, the Company is  
19 working to develop a new competitive bidding process for the types of goods and  
20 services provided under the Contract. The Company expects a new agreement to take  
21 effect January 1, 2010. At this time, it is unknown who the vendor will be.

22                   **K. Relationship of Cost of Provision of Services and Market Value**

23                   As explained in Section G above, pricing for chemicals is dependent upon price  
24 indices that reflect Nalco's cost of providing chemicals and services.

1                   **L. Contracts Between Affiliated Interest and PacifiCorp**

2                   A copy of the Contract for Chemical Supply / Services between PacifiCorp and  
3 Nalco is attached as Exhibit A.

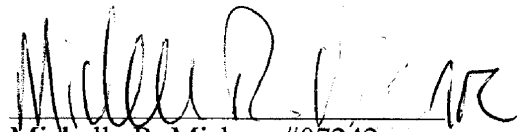
4                   **M. Copy of Board Resolutions**

5                   The Contract with Nalco did not require a resolution from the Company's board  
6 of directors.

7                   WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests  
8 that the Commission issue an order authorizing PacifiCorp to continue conducting  
9 business with Nalco Company, pursuant to the provisions of ORS 757.495 and OAR 860-  
10 027-0040.

DATED: June 17, 2009

Respectfully submitted,



Michelle R. Mishoe, #07242

Legal Counsel  
Pacific Power

**Exhibit A**

Contract for Chemical Supply / Services

**Contract for Chemical Supply / Services  
PacifiCorp and Nalco Company (“Nalco”)**

**Purpose**

PacifiCorp wants the most cost-effective water treatment programs and related services for use in all of its facilities. This agreement with Nalco is intended to combine Nalco’s worldwide expertise in water treatment and PacifiCorp’s expertise in power plant operations toward utilizing both partners’ products and services in the most cost-effective, and efficient manner.

The purpose of this agreement between PacifiCorp and Nalco is to maximize the value of a long-term business relationship to both parties. PacifiCorp benefits from this relationship by gaining access to Nalco’s worldwide water treatment products, technology, services and support. PacifiCorp also obtains significant costs savings for state-of-the-art water treatment programs designed specifically for use at each of its facilities.

Nalco benefits by not expending sales and marketing resources to establish new relationships and continually defending its position from competitive proposals. This allows Nalco to focus all of its energies on water treatment program administration, problem solving and joint profit improvement projects. Nalco’s business depends upon having long-term, satisfied customers. This agreement will allow Nalco to focus its energy on meeting mutually agreed upon goals.

**Term**

This agreement is for a period of 3 years starting January 1, 2007 and continuing year-to-year thereafter through December 31, 2009. The pricing proposed for 2007 will remain firm through 12/31/07 (see Appendix A). To provide PacifiCorp with price assurance for subsequent years, Nalco may either use the proposed price adjustment mechanisms detailed in the “Future Price Adjustments” section to determine pricing for years 2 and 3 or leave the prices fixed for subsequent years. However, if Nalco is asked to competitively bid for subsequent years, other pricing mechanisms may be used by Nalco.

PacifiCorp reserves a 45-day option to cancel this agreement for non-performance. Nalco will be notified of any deficiencies in writing and given 45 days to improve/correct before being removed as the chemical supplier at PacifiCorp’s facilities.

**Scope of Work**

The intent of this agreement is for Nalco to provide power plant engineering assistance and be the supplier of certain water treatment and dust suppression chemicals (i.e. does not include bulk commodity chemicals such as sulfuric acid, molten sulfur, sodium hydroxide, lime, etc.) and

Nalco Agreement

1

July 2007

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution	
PacifiCorp: Initial <i>gw</i>	Nalco: Initial <i>JLB</i>

services for all PacifiCorp facilities. The facilities to be included in this agreement that currently use, or in the future will use, water treatment chemicals and services are as follows:

- Hunter Plant (Castle Dale, Utah)
- Huntington Plant (Huntington, Utah)
- Carbon Plant (Helper, Utah)
- Currant Creek Plant (Mona, Utah)
- Lakeside Plant (Orem, Utah)
- Gadsby Plant (Salt Lake City, Utah)
- Naughton Plant (Kemmerer, Wyoming)
- Jim Bridger Plant (Point of Rocks, Wyoming)
- Dave Johnston Plant (Glenrock, Wyoming)
- Wyodak Plant (Casper, Wyoming)
- Blundell Geothermal Plant (Milford, Utah)
- Others as identified, subject to mutual agreement

Nalco will be the preferred water treatment and dust suppression chemical supplier and PacifiCorp will receive preferred discount pricing for products and services. PacifiCorp agrees to use Nalco as the preferred water treatment supplier at all of its operating sites unless

- Nalco is unable to meet the chemical or service related specifications of the project
- Nalco does not have a local or regional presence to adequately support the facility

Nalco agrees to provide competent on-site services as well as cost competitive chemical programs delivered and applied according to PacifiCorp's safety and technical requirements.

**New Project Development**



For plants that PacifiCorp may build or purchase, Nalco will provide no-cost consulting and technical assistance that correctly identifies the best water treatment programs to lower the overall operating cost of those plants. This includes water lab testing, modeling, pre-treatment and technical reviews of critical plant areas. (See Appendices B & C for a complete description of services). In the event Nalco is not selected to provide chemicals to those facilities, Nalco may invoice PacifiCorp for the services provided.

**Terms & Conditions**

The terms and conditions of sale for the Nalco products and services are attached as Appendix E. The Professional Services Agreement attached hereto (Appendix F) is made a part hereof. To the extent this Contract is in conflict with Appendices E or F, the terms of this Contract shall prevail. In the event of a conflict between Appendix E & F, the content of Appendix F shall prevail.

Nalco Agreement

July 2007

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PacifiCorp: Initial 	Nalco: Initial 

**Pricing**

The attached pricing schedule (Appendix A) lists current 2007 pricing for all chemicals currently used at PacifiCorp facilities. The listed pricing for 2007 is effective 1/1/07 and shall be firm through 12/31/07. Pricing for future years may be set through the pricing index described below or remain fixed at the prices in effect in 2007.

**Assurance of Competitive Pricing**

A fundamental part of this agreement is developing a win-win situation for both parties. This agreement addresses economics from two aspects. First, Nalco provides assurance of competitive pricing and preferential pricing to PacifiCorp. Second, PacifiCorp agrees to utilize Nalco for its water treatment and dust suppression chemical needs with the assurance that Nalco will return the highest value for the water treatment programs implemented at PacifiCorp's facilities. Discounted pricing is possible due to the status of Nalco being the provider of water treatment chemicals and services for PacifiCorp.

The following is a summary of the pricing discount schedule:

1. The products and pricing for sale to the PacifiCorp facilities are presented in Appendix A. The listed pricing is FOB destination (freight to be prepaid and added to the invoice), and includes the cost of the package (for non-bulk deliveries) and where applicable includes the cost of Nalco's "transfer service." Additionally, the pricing includes the cost of service visits.
2. Nalco agrees to provide PacifiCorp with most favored nation pricing. That is, Nalco guarantees the pricing offered to PacifiCorp will be as good if not better than pricing provided to all Nalco customers of a similar size and makeup. PacifiCorp shall have the right to audit pricing offered to other customers in order to verify the most favored nation pricing; provided, however, PacifiCorp shall not be entitled to the names of such other customers. Such an audit would be through a mutually acceptable independent third party auditor at PacifiCorp's cost.
3. Pricing for chemical products not currently listed in Appendix A, or used for future applications, are guaranteed to be discounted a minimum of 40 % off Nalco's heavy industrial book price.
4. If PacifiCorp should receive a proposal for any product or service that is priced below Nalco's price currently in effect, and such proposal is determined to be the same or functionally similar to Nalco's product/service, then PacifiCorp will allow Nalco 15 days, after written notification from PacifiCorp, to review its offering and make an adjustment (i.e. price). If Nalco's adjustment meets the other supplier's price or is otherwise

Nalco Agreement

July 2007

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PacifiCorp. Initial <u>          <i>gwl</i>          </u>	Nalco: Initial <u>          <i>jsb</i>          </u>

acceptable to PacifiCorp, then Nalco will continue to be the supplier for said product/service. If after the 15-day review period, Nalco chooses to not make the necessary adjustment, then PacifiCorp is free to utilize the other product/service.

If PacifiCorp should receive a proposal for any product or service that offers in PacifiCorp's sole opinion a significant improvement in results, PacifiCorp will notify Nalco in writing and allow Nalco 15 days to review Nalco's similar offering to make any necessary adjustments (pricing, product, services, etc.). If the other supplier's proposal is still attractive to PacifiCorp, then a field trial of the product/service will be conducted for a period of time not to exceed 1 month and Nalco will be given the opportunity to conduct a similar trial with its new offering. If after the trial periods are concluded and PacifiCorp finds the other supplier's offering provides in PacifiCorp's sole opinion superior results and Nalco chooses to not make further adjustments, then PacifiCorp is free to utilize the other products and services.

Upon PacifiCorp's election to replace any Nalco product or service, Nalco shall have the option to revise its performance obligations in such manner as it deems necessary or appropriate under the changed circumstances, but only to the extent such performance obligations are directly related to the change made by PacifiCorp.

Nalco will provide additional price discounts to PacifiCorp based on growth in chemical business (non-equipment) that result in an increase in total revenue to Nalco. **Nalco will discount the price of all chemicals sold to PacifiCorp by 1.0% for every additional \$250,000 spend with Nalco over "baseline spend"**. The baseline spend will be defined as PacifiCorp's total chemical spend with Nalco in 2006. This volume discount will be applied to 2008 pricing based on total 2007 chemical revenues. This volume discount will be applied again in 2009 based on 2008 chemical revenues.

**Services**

Nalco's normal on-site service will be provided to PacifiCorp plants at no extra charge. This includes routine service visits, equipment inspections, trouble-shooting, problem-solving, report writing and emergency call-outs. Nalco will provide the level of service time appropriate for the volume of business being conducted at the individual plant sites in agreement with the primary plant contact. The minimum level of service for each plant is found in Appendix D. If additional service time beyond this minimum level of service is needed, then Nalco reserves the right to negotiate a mutually agreeable rate to cover these additional costs (i.e. special start-up services for a new plant requiring 24/7 coverage).

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <u>agw</u>	Nalco: Initial <u>js</u>



**Analytical Services**

Pricing for analytical tests conducted at Nalco’s Naperville IL laboratory are shown in Appendix D. On-site analytical testing at PacifiCorp facilities by Nalco’s field engineers will be completed at no charge.

**Future Price Adjustments**

Chemical prices may be adjusted annually on the contract anniversary date starting 1/1/08 based on economic and industrial price statistics obtained from the Bureau of Labor Statistics and in a manner set forth herein. Nalco will advise PacifiCorp of expected price adjustments 60 days prior to the end of the previous calendar year, i.e. by November 1. Nalco will provide PacifiCorp with copies of the indices utilized in determining price adjustments as appropriate.


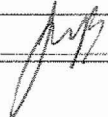
The price adjustment will be applied at the same time as the volume discount (if applicable) to calculate the net price going forward for the year.

Example: If in 2007 the spend increased \$250,000 over the 2006 baseline spend to earn a 1% volume discount and the price index calculates a 3% price increase, then the net adjustment for 2008 would be a 2% increase.

The annual price adjustment will be capped at a maximum of 3.5% for each chemical on the list.

1. It is Nalco's intent to maintain chemical pricing via the “price index” formula listed below. However, recent history in the chemical market has seen volatility in specific sectors. If a raw material cost directly impacts the cost of a Nalco product by greater than 10%, either increase or decrease (> +/-10%), then Nalco will make a selective and appropriate adjustment in the selling price to PacifiCorp. This RMPA (raw material price adjustment) can result in a higher or lower price and shall be based strictly on actual product cost changes experienced by Nalco, not a percent margin basis. Any RMPA that is implemented will be considered temporary and reviewed quarterly.
2. PacifiCorp shall have the right, at reasonable times and upon reasonable notice, to audit Nalco’s books and records regarding any RMPA taken. Said audit would be through a third party auditor at PacifiCorp’s expense.

PacifiCorp reserves the right to negotiate pricing before implemented the following year, i.e. on January 1.

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial 	Nalco: Initial 

**Price Index**

Prices may be adjusted using a blend of the three published indices listed below that reflect Nalco's cost of providing chemicals and services.

- o Producer Price Index Industry Data Series ID PCU325998
- o Consumers Price Index – All Urban Consumers (CPI-U) United States City Average Series ID CUUR0000SAT.
- o Average Hourly Earnings of Production Workers (Chemical Manufacturing) Series ID CEU3232500006

PPI Industry Code PCU325998 is the Producers Price index for miscellaneous chemical production and preparation manufacturing.

The CPI-U CUUR0000SAT index is a transportation-specific index published by the Bureau of Labor Statistics.

The Average Hourly Earnings of Production Workers (Chemical Manufacturing) index is published by the Bureau of Labor Statistics.

**Price Adjustment Formula**

**% inc/dec for chemicals**

$$= 40(PCU2-PCU1)/PCU1 + 30(CPI-U2-CPI-U1)/CPI-U1 + 30 (CEU2-CEU1)/CEU1$$

2 Denotes index for the current year

1 Denotes index for the previous year

See Exhibit A attached for example applications of this formula.

**Affiliate Interests**

Any subsidiary of PacifiCorp that is owned in whole or in part by MidAmerican Energy Holdings Company (MEHC) shall have the right, but not the obligation, to enter into an agreement substantially similar to this agreement. If a subsidiary enters into such an agreement, then Nalco will include a volume discount for the total spend at said subsidiary, (structured in the same manner as this agreement), that will be independent of the spend at other MEHC affiliates.

Nalco Agreement

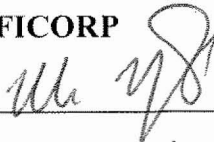
6

July 2007


Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <u>  <i>gw</i>  </u>	Nalco: Initial <u>  <i>[Signature]</i>  </u>

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of July \_\_\_\_, 2007.

**PACIFICORP**

By:   
Name Printed: Mark Mansfield  
Title: VP  
Date: 10/13/07



**NALCO COMPANY**

By:  *KIK*  
Name Printed: Lou Loosbrock  
Title: President - I+IS  
Date: 10-8-07

Nalco Agreement

7

July 2007

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <u></u>	Nalco: Initial <u></u>

## Exhibit A

### Blended Price Index with Sample Calculation

**Nalco Price Adjustment Formula**  
**Nalco Blended Price Index (NBPI) = 30% (CPI-U increase) + 40% (PCU325998 increase) + 30%(CEU3232500006 increase)**

Year	CPI-U	PCU	CEU	NBPI	CPI-U	PCU	CEU
1993	144.8	120.1	13.92		1.002	1.001	0.996
1994	149.0	124.6	14.29	3.17%	1.031	1.038	1.023
1995	152.9	129.9	14.82	3.60%	1.058	1.083	1.061
1996	157.3	129.4	15.40	1.88%	1.089	1.078	1.102
1997	160.8	134.7	15.78	3.05%	1.113	1.123	1.130
1998	163.4	134.9	16.24	1.42%	1.131	1.124	1.162
1999	167.1	135.0	16.37	0.95%	1.156	1.125	1.172
2000	172.8	135.8	17.17	2.73%	1.196	1.132	1.229
2001	177.5	138.2	17.53	2.15%	1.228	1.152	1.255
2002	180.7	139.3	17.94	1.56%	1.251	1.161	1.284
2003	184.6	141.9	18.58	2.46%	1.278	1.183	1.330
2004	189.5	147.8	19.24	3.53%	1.311	1.232	1.377
2005	196.4	160.9	19.73	5.40%	1.359	1.341	1.412
2006	203.9	174.4	19.17	3.65%	1.411	1.453	1.372

**Average increase from 1993 - 2006**  
2.73%

**Example Calculation:**

$$\%inc/dec = 40 (PCU2-PCU1)/PCU1 + 30 (CPI-U2 - CPI-U1)/CPI-U1 + 30 (CEU2-CEU1)/CEU1$$

	PCU	CPI-U	CEU	Net Inc/Dec%
2006	174.4	203.9	19.17	
2005	160.9	196.4	19.73	
2-1	13.5	7.5	-0.56	
(2-1)/1	0.0839	0.0382	-0.028	
Factor	40	30	30	
<b>xfactor</b>	<b>3.35612</b>	<b>1.1456</b>	<b>-0.851</b>	<b>3.6502</b>

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.

PacifiCorp: Initial *gwr*

Nalco: Initial *jsb*

## Appendix A

### 2007 PACIFICORP Chemical/Service Pricing

<u>Item</u>	<u>Short text</u>	<u>Material</u>	<u>Material</u>	<u>Manufacturer part no.</u>	<u>Net price</u>	<u>Per</u>	<u>OUn</u>
00010	DWD Tube Sample Analysis				240.00	1	SVC
00020	DEP Tube Sample Analysis				330.00	1	SVC
00030	SEM Tube Sample Analysis				270.00	1	SVC
00040	CHEMICAL,POLYMER,ANIONIC,198 LB FIBER DR	0000376582	1000026198	8173.04 PCL-361.15 DEPOSIT	2.54	1	LB
00050	CHEMICAL,SURFACTANT,BOIDISPERSANT,450 LB	0001000841	1000193105	PENETRANT	1.05	1	LB
00100	CHEMICAL,INHIBITOR,CORROSION,2370 LB TOT	0001005459	1000197168	PRE-TECT 5500.32 PT7000.15 PRE-	0.90	1	LB
00110	CHEMICAL,INHIBITOR,CORROSION,430 LB DRUM	0001005460	1000197177	TECT	1.34	1	LB
00120	CHEMICAL,POLYMER,ANIONIC,EMULSION,465 LB	0001007559	1000025409	POL-E-Z 2706.15 5200M.61	1.19	1	EA
00130	CHEMICAL,INHIBITOR,SCALE,2560 LB TOTE CO	0001008901	1000043336	PHREEDOM	2.04	1	LB
00140	CHEMICAL,POLYMER,CATIONIC,DISPERSION,53	0001010292	1000028629	7752.15	3.57	1	LB
00150	CHEMICAL,DEFOAMER,465 LB DRUM CONTAINER	0001010315	1000034178	71D5 PLUS.15	2.52	1	LB
00160	CHEMICAL,DEFOAMER,33 LB PAIL	0001010316	1000034212	71D5 PLUS.11	2.93	1	LB
00170	CHEMICAL,POLYMER,CATIONIC,BULK	0001010372	1000048659	CAT-FLOC 4954.91	0.70	1	LB
00180	CHEMICAL,POLYMER,ANIONIC,EMULSION,40 LB	0001033738	1000200456	POLY-E-Z-7736.11	2.71	1	LB
00190	CHEMICAL,INHIBITOR,SCALE & DEPOSIT,BULK,	0001160705	1000202550	PCL-711.91	0.59	1	LB
00200	CHEMICAL,INHIBITOR,TOLYLTRIAZOLE,2344 LB	0001170258	1000202790	CUPROSTAT.61	2.28	1	LB
00220	CHEMICAL,CORROSION,INHIBITOR,POWDER,51 L	0001506352	1000104675	CS.11 THRUGUARD	2.35	1	LB
00240	CHEMICAL,INHIBITOR,SCALE,BULK	0002024710	1000202333	THR600.91	1.04	1	LB
00250	CHEMICAL,POLYMER,ANIONIC,DRY,55 LB BAG	0006000818	1000233354	8173 PULV 26A	2.65	1	LB
00260	CHEMICAL,POLYMER,LIQUID,525 LB DRUM CONT	0006000819	1000233355	CAT-FLOC 4954.15	0.70	1	LB
00270	CHEMICAL,POLYMER,CATIONIC,LIQUID,BULK	0006000820	1000233356	CAT-FLOC CL	1.42	1	LB
00280	CHEMICAL,SOLUTION,CORROSION,496 LB DRUM	0006000821	1000233358	LCS 20.15	0.57	1	LB
00290	CHEMICAL,SOLUTION,CORROSION,BULK	0006000822	1000233360	LCS 20.91	0.44	1	LB
00300	CHEMICAL,SOLUTION,CORROSION,2599 LB TOTE	0006000823	1000233401	N-1336.61	2.11	1	LB
00310	CHEMICAL,SOLUTION,CORROSION,COPPER,BULK	0006000824	1000233402	N-1336.91	1.89	1	LB
00330	CHEMICAL,POLYMER,465 LB DRUM CONTAINER	0006000827	1000233405	POL-E-Z 8736.15	1.15	1	LB
00360	CHEMICAL,DIAGNOSTIC,TRASAR,LIQUID,450 LB	0006000846	1000194955	23299.56	1,521.00	1	DRM
00410	CHEMICAL,INHIBITOR,CORROSION,COPPER,465	0006000855	1000234341	ELIMINOX.15	1.81	1	LB
00420	CHEMICAL,BIOCIDE,LIQUID,ALGAECIDE,51 LB	0006000856	1000234342	7336.11	3.65	1	LB
00430	CHEMICAL,INHIBITOR,SCALE,LIQUID,600 LB C	0006000857	1000234343	CL 50.15	0.87	1	LB
00440	CHEMICAL,INHIBITOR,SCALE,LIQUID,55 LB PA	0006000858	1000234344	CL 50.11	1.80	1	LB
00450	CHEMICAL,CLEANER,RO,LIQUID,ALKALINE,40 L	0006000859	1000234345	PC 33.11	4.67	1	LB
00460	CHEMICAL,CLEANER,RO,LIQUID,SURFACTANT,44	0006000860	1000234346	PC 67.11	5.77	1	LB
00480	CHEMICAL,CLEANER,RO,LIQUID,SURFACTANT,49	0006000862	1000234348	PC 67.15 7763.33	5.01	1	LB
00500	CHEMICAL,POLYMER,ANIONIC,EMULSION,1739 L CHEMICAL,REAGENT,OXIDATION REDUCTION	0006001684	1000233404	NALCLEAR	2.07	1	LB
00580	POT	0006001857	1000253170	460-SO932A.75	32.00	1	L
00590	CHEMICAL, INHIBITOR,SCALE,400 GALLON TOT	0006002196	1000258450	1383.31	1.29	1	LB
00610	CHEMICAL,POLYMER,CATIONIC,2251 LB TOTE,M	0007880745	1000223904	71257.61	0.70	1	LB
00630	CHEMICAL,POLYMER,CATIONIC,40 LB PAIL	0007881479	1000224909	CAT-FLOC 4954.11	1.06	1	LB

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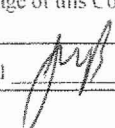
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00670	CHEMICAL,INHIBITOR,CORROSION,LIQUID,2498	0008723976	1000218440	LCS 20.61 CAT-FLOC	0.57	1	LB
00680	CHEMICAL,POLYMER,CATIONIC,BULK,HIGH CHAR	0009013102	1000220557	CFTL.91	0.47	1	LB
00690	CHEMICAL,POLYMER,ANIONIC,EMULSION,465 LB	0009013103	1000220569	POL-E-Z 7736.15	1.30	1	LB
00700	CHEMICAL,INHIBITOR,CORROSION,99 LB FIBER	0009013105	1000220580	CS.25	1.57	1	LB
00710	CHEMICAL,INHIBITOR,SCALE,HEDP,DRUM	0009013107	1000220588	PCL-4021.15	1.14	1	LB
00730	CHEMICAL,INHIBITOR,BULK,TOLYLTRIAZOLE AN	0009018002	1000217327	CUPROSTAT.91	2.17	1	LB
00750	CHEMICAL,CLEANER,RO,LIQUID,ALKALINE,465	0006000861	1000234347	PC 33.15	4.06	1	LB
00760	CHEMICAL,DISPERSANT,SCALE,ANIONIC,40 LB	0006000850	1000234076	BLR3715.11 3DT187.91 3D TRASAR CONTROLLER	1.95	1	LB
00770	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001760	1000249834	FEE	1.02	1	LB
00780	CHEMICAL,INHIBITOR,SCALE,BULK,CALCIUM C	0006005676	1000256519	1383.91 863D.91	0.91	1	LB
00790	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0007881522	1000226643	PHREEDOM	0.57	1	LB
00820	CHEMICAL,CLEANER,RO,LIQUID,SURFACTANT,	0006003201	1000262281	PC-98.11	1.75	1	LB
00830	CHEMICAL,CLEANER,RO BOOSTER,LIQUID, SUR,	0006003202	1000262282	PC-40.11 3DT189.91 3D TRASAR CONTROLLER	2.75	1	LB
00850	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001758	1000249832	FEE 3DT188.91 3D TRASAR	0.67	1	LB
00860	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001759	1000249833	CONTROLLER 3DT187.91 3D TRASAR	0.65	1	LB
00870	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001760	1000249834	CONTROLLER FEE 3DT187.91 3D TRASAR	1.12	1	LB
00880	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001760	1000249834	CONTROLLER FEE 3DT187.91 3D TRASAR	1.12	1	LB
00890	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001760	1000249834	CONTROLLER FEE 3DT188.91 3D TRASAR NO	1.02	1	LB
00900	CHEMICAL,INHIBITOR,SCALE & CORROSION,BUL	0006001761	1000249835	CONTROLLER FEE	0.60	1	LB
00910	CHEMICAL,POLYMER,FLOCCULANT,465 LB CONTA	0009013109	1000133420	POL-E-Z 692.15 THRUGUARD	1.98	1	LB
00920	CHEMICAL,INHIBITOR,SCALE,BULK,ONCE THROU CHEMICAL,IRON,CORROSION,PRODUCT	0006000828	1000233406	404.91	1.03	1	LB
00930	CLEANER,	0002023956	1000136339	TRC-316.15	1.80	1	LB
00940	CHEMICAL,INHIBITOR,CORROSION,LIQUID,1737	0006000854	1000234080	1250.33	3.63	1	LB
00950	CHEMICAL,REAGENT,TRASAR 3D CALIBRATION S	0006001856	1000253169	460-SO940.75	46.00	1	L
00970	CHEMICAL,INHIBITOR,SCALE & CORROSION,BU	0008040420	1000154981	73280.91 CAT-FLOC 8108 PLUS	0.75	1	LB
00980	CHEMICAL,POLYMER,LIQUID,450 LB DRUM CHEMICAL,CLEANER,BIODETERGENT,275	0006003200	1000262280		1.10	1	LB
00990	GALLON	0006003203	1000262283	73551.61	1.59	1	LB
01000	CHEMICAL,BIOCIDE,REVERSE OSMOSIS,51 LB P CHEMICAL,ANTISCALANT,WATER	0001003546	1000040408	PC-11.11	7.88	1	LB
01010	TREATMENT,529 lbs per drum	0001330590	1000236960	PC-1850.15	1.34	1	LB
01020	CHEMICAL,INHIBITOR,CORROSION,LIQUID,3333	0006000832	1000234349	1250.31	3.63	1	LB
01030	CHEMICAL,INHIBITOR,SCALE,BULK	0006090309	1000262992	94DO233.91	0.56	1	LB

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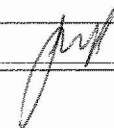
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Nalco: Initial



## Appendix B

### *Support of Business Development & Design and Proposal Support*

Nalco agrees to provide support services to PacifiCorp to assist in its efforts to acquire or build new generating facilities. Business development will include both new construction and proposal support when considering the acquisition of existing facilities. The support required will be specific to each project. The goal of our efforts is to combine the strengths of Nalco and PacifiCorp. Following is an overview of the capabilities that are anticipated for these efforts:

#### **Development**

Nalco's knowledge of local water chemistries can be essential to the successful design of water treatment systems and chemical programs needed to maximize the availability of your facility. We will provide assistance to PacifiCorp in the evaluation of the cost effectiveness of water treatment systems and chemical programs. Following is a summary of Nalco resources that are available:

- Power Partners Cost Estimator – This program provides complete chemical O&M cost estimate for water treatment systems. For feasibility studies, this program is effective in evaluating the cost impact of alternative raw water sources and alternative treatment scenarios.
- Water Analysis Laboratory
- Global network of service representatives to obtain water samples
- Evaluation of pretreatment and effluent scenarios
- Cooling water modeling for determination of optimum cooling tower cycles of concentration
- Library of Material Safety Data Sheets for inclusion with various permit applications
- Library of product toxicity studies for environmental permit applications
- Advanced Recycle Technology ('ART') for evaluation of water and wastewater reuse



#### **Design**

Nalco will provide expertise and assistance to PacifiCorp during the design of any new facilities. Experienced Nalco personnel will be available for meetings to review the following:

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- P & ID's
- Water analyses
- Sampling points
- Chemical injection point
- Chemical feed system design
- Equipment specification reviews
- Monitoring and control equipment
- Automation
- Chemical shipping and storage

**Construction**

If requested by PacifiCorp, local Nalco representatives will be on site to assist PacifiCorp and its contractors/partners. We will work to verify that each water treatment system is capable of meeting the needs of the facility. We will supply the following on-site service during construction:

- Water treatment systems walk-downs
- Punch list for corrections
- Water treatment systems inspections
- Steam generator/boiler boil out chemistry review
- Steam generator/boiler lay-up procedures
- Boil out chemical analyses
- Inspections after cleanings
- Assist start-up engineers with trouble-shooting and problem solving of water treatment systems
- Diagnostic technical services


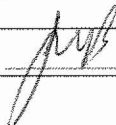
**Start-Up**

Start-up is a critical time in the life of any plant. Avoiding mistakes during start-up will assure that the plant meets its design criteria. If requested by PacifiCorp, local Nalco representatives will be on site during start-up to assure proper procedures are used to maintain system integrity. **In addition to local Nalco personnel, a designated Nalco start-up team will be assigned for these projects (comprised/supported by experienced Nalco power team personnel from around the world).** This assures proper coverage throughout the start-up. Nalco personnel will supply the following services during the start-up of the plant:

- Conduct water analyses
- Review water system performance
- Review system preparation chemistry

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- Supervise steam blow chemistry
- Supervise steam generator/boiler chemistry during initial turbine roll
- Conduct operator training
- Develop a program administration manual
- Implement SPC and data trending
- Establish testing programs and procedures



**Commissioning & Operation**

Nalco personnel will be available during commissioning and normal operation to conduct the following services:

- Review of chemistry and control
- Customize operator training
- Confirm steam purity
- Confirm water plant performance
- Establish routine service plan
- Establish results monitoring measurement plan
- Perform system deposition and/or corrosion monitoring
- Continual operator training
- Equipment inspections
- Final program administration manual
- Updating program administration manual
- Quarterly business reviews with plant management

**Confidential Information**

Nalco agrees to treat as confidential all information obtained or developed by it in the performance of the work, as well as all materials and information provided to Nalco by Company, and not to disclose the same to any third party in any manner without Company's prior written consent.

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**Appendix C**

**New Plant Engineering Assistance**

In consideration of the mutual promises and agreements set forth herein for new plant engineering assistance, Nalco and PacifiCorp hereby agree as follows:

1. Nalco shall:
  - a. Provide consulting assistance to PacifiCorp and its engineers in the areas of power plant water pretreatment, cooling tower water, boiler water, and wastewater effluent treatment systems.
  - b. Provide technical assistance on optimum choices and treatment options for wastewater, well water, surface water, and other water sources with the goal of minimizing PacifiCorp's capital and operating costs.
  - c. Provide water analysis as required substantiating data on any final project design at no cost to PacifiCorp.
  - d. Provide on-site operating and safety training for all final system installations pertaining to water treatment, water chemistry, chemical testing, and water fundamentals.
  - e. Provide information/results from:
    - i. The Consultant Water Treatment Management System
    - ii. The Nalco Knowledge Management System
    - iii. The "3DT Optimizer" System Analysis
    - iv. The Vantage 100 statistical logging and monitoring program
  - f. Provide a private "extra-net" site to log all Nalco reports, MSDSs and communications.
  - g. Work within the spirit of this agreement to lower PacifiCorp's total cost of operation.
  - h. Extend to EPC contractor ("EPC") the same pricing structure that PacifiCorp enjoys, should it offer an overall cost savings compared to that commercially available to the EPC under a competitive bid process, for the new plant first fill, through start-up, until substantial completion.
  
2. PacifiCorp, in turn, agrees to:
  - a. Recommend using Nalco as its water treatment supplier for the New Plant starting with "substantial completion" and continuing for the first 24 months of operation. Recommend to the EPC that Nalco be chosen as the water treatment supplier for the New Plant for the first fill, through start-up, until "substantial completion". Work within the spirit of this agreement, acknowledging Nalco's cost of

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engineering and technical assistance in the on-going development of power plant water treatment systems.

3. Both parties agree that:
- a. PacifiCorp reserves a 45-day option to cancel this agreement for non-performance. Nalco will be notified of any deficiencies in writing and given 45 days to improve/correct before being removed as the chemical supplier at this site.
- This agreement pertains to, and only to, new plants where Nalco is not already the supplier.

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## Appendix D Technical Services & Analytical Pricing

### Minimum Technical Service:

Quarterly water analysis for all plant waters (cooling, boiler, raw, etc) and equipment inspection during outages is a minimum at all plants. Other minimum requirements follow:

- Carbon Plant site visits: Every 2 weeks to check corrosion coupons, chemical inventories and feed rates, and cooling tower condition.
- Dave Johnston Plant site visits: One visit per quarter.
- Hunter Plant site visits: Every 2 weeks to check corrosion coupons, chemical inventories, and equipment condition.
- Huntington Plant site visits: Every 2 weeks to check corrosion coupons, chemical inventories, and equipment condition.
- Jim Bridger Plant site visits: Every week to monitor corrosion coupons (formal report quarterly), chemical inventories, and equipment condition.
- Naughton Plant site visits: Every 2 weeks to check corrosion coupons, chemical inventories, and equipment condition.
- Wyodak Plant: Semi-annual visit to review chemistry concerns.

### Additional Technical Services


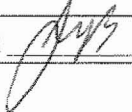
Nalco will continue the long-standing tradition of providing PacifiCorp with technical expertise and services on an "as-needed" basis at no charge. In addition to the services outlined above, Nalco will provide, at no charge, additional consulting and other services to PacifiCorp up to 30 man-days per year. If the additional services provided exceed 30 man-days in any year, then Nalco reserves the right to invoice PacifiCorp for the extra man-days at a 40% discount off the normal rates shown below.

- Senior consultant time (\$1,500/day)
- Field engineer time (\$1,250/day)

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- Technical representative time (\$850/day).

**Analytical Pricing - 2007**

The following charges apply only for analytical work completed at Nalco's Naperville laboratory. All field analyses are completed at no charge.

**Boiler Tube Analyses**

<b>Analysis Code/ description</b>	<b>Price</b>
DWD (deposit weight determination)	\$240/each
DEP (deposit analysis)	\$330/each
SEM (1 hr scanning electron microscope analysis)	\$270/each

**Other Analyses**

For additional analyses beyond the quarterly samples included in the minimum technical services describe above, Nalco's published "Customer Analytical Pricing" will apply.

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## Appendix E

### Terms and Conditions of Sale

1. **GENERAL**

Nalco shall be responsible for reasonable diligence and care in providing its services and products, and Customer shall be reasonably diligent in following Nalco instructions related to such products and services. Nalco shall not be liable for any failure caused by Customer's failure to follow Nalco's instructions.

2. **TERMS**

Standard payment terms are net 30 days of invoice date. Undisputed past due invoice amounts are subject to a late fee of 1% per month. Prices exclude any applicable sales, use, excise, VAT, export and import taxes, and similar fees.

3. **NALCO EQUIPMENT**

For Nalco-owned Equipment such as TRASAR) and PORTA-FEED<sup>®</sup> units ("Equipment") furnished to Customer on a rental or use basis, the following applies:



- a) Equipment shall remain the sole personal property of Nalco even though attached to realty. Nalco may mark Equipment to indicate its ownership, and file a financing statement covering such Equipment. Customer shall provide a suitable location and utilities for the Equipment, and is responsible for applicable personal property or use taxes.
- b) Customer shall not use the Equipment with any materials or products other than those recommended or approved by Nalco. Customer shall operate the Equipment in accordance with Nalco's recommendations. Nalco shall have the right to inspect and service Equipment during normal business hours. Customer assumes all risk of loss, damage or liability arising from its possession or use of Equipment, and shall indemnify Nalco from all such losses, damages or liabilities.
- c) Empty PORTA-FEED units shall be promptly returned to Nalco. Upon termination of this agreement, Customer at its expense shall return all Equipment to Nalco in the same condition as received, ordinary wear and tear excepted.
- d) Any software and documentation owned and supplied by Nalco remains the sole and exclusive property of Nalco, and shall be used only for purposes authorized by Nalco. Such software and documentation, and any materials such as drawings, reports, notes or specifications necessary to the Customer's use are hereby licensed to Customer, through a fully paid perpetual license, for Customer's own use for the work that is the subject of this agreement to the fullest extent necessary to accomplish the purposes of this agreement and any future use.

<sup>®</sup> PORTA-FEED and TRASAR are Nalco Company trademarks.

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4. **FORCE MAJEURE**

Neither party shall be liable for any failure or delay in performance (other than payment) which is due, in whole or in part, to any cause of any nature beyond the reasonable control of the party affected.

5. **WARRANTIES**

Nalco warrants that (a) its chemical products shall conform to Nalco's standard product specifications in effect at the time of shipment, (b) its services shall be performed in a professional and workmanlike manner, (c) its Equipment shall be free from material defects in workmanship and materials for a period of 12 months from the date of shipment, and (d) its products and Equipment shall be transferred with good title free of liens. Nalco's liability under this warranty is limited to replacement of nonconforming product, repair or replacement of defective items, or, a refund of or invoice credit for the product price. The water treatment program does not cover, and Nalco makes no warranties with respect to, water system biohazards from waterborne pathogens, including but not limited to Legionella bacteria. **NALCO DISCLAIMS ALL OTHER WARRANTIES INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

In no event shall either party be liable for any consequential or indirect damages, including without limitation lost profits or economic damages.

6. **CONFIDENTIALITY**

Customer shall not: (a) disclose to a third party any nonpublic information, composition, design, operation or application of Nalco products and equipment ("Proprietary Information") without the prior written consent of Nalco; or (b) use the Proprietary Information for any purpose not authorized by Nalco. Customer shall not be liable for disclosure of information that: (a) is or becomes part of the public domain through no fault of Customer; (b) is disclosed to Customer by a third party having the right to make such disclosure; or (c) is in the possession of Customer at the time of disclosure by Nalco.

Nalco agrees to treat as confidential all information obtained or developed by it in the performance of the work, as well as all materials and information provided to Nalco by Customer, and not to disclose the same to any third party in any manner without Customer's prior written consent.

7. **COMPLIANCE WITH LAWS**

Customer shall not resell product without Nalco's prior consent, and shall not resell, divert, transship, export or re-export the product to any country, except in accordance with applicable national and state laws and regulations. Customer is responsible for compliance with all environmental, health and safety regulations regarding its facility, operations, and equipment, including any registrations applicable to use of storage tanks at its facilities. Notwithstanding the foregoing, nothing in this agreement shall preclude customer from reselling, giving or otherwise transferring any product to Customer's affiliates.

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Nalco shall be solely responsible for being aware of and initiating, maintaining, and supervising compliance with all safety laws, regulations, precautions, and programs in connection with the performance of this Contract. Nalco shall also make itself aware of and adhere to the Customer site regulations, if any, including, without limitation, environmental protection, loss control, dust control, safety, and security.

**8. TERMINATION**

Either party may terminate this agreement if (a) the other party fails to perform a material obligation and (b) such default is not cured within 45 days after written notice of the failure. If Customer fails to make any undisputed payment when due, then Nalco, at its option, may (a) withhold future performance until Customer cures the default; (b) require payment in advance; or (c) terminate this agreement.

**9. MISCELLANEOUS**

- (a) The United Nations Convention on Contracts for the International Sale of Goods is inapplicable to this agreement.
- (b) With respect to matters related to this agreement, each party as indemnitor agrees to hold the other party harmless from damages, claims, liabilities and costs caused by the negligence or misconduct of the indemnitor.

**10. ACCOUNTING:**

Nalco shall keep accurate and complete accounting records in support of all cost billings to Customer in accordance with generally accepted accounting principles. Such records shall be made available in Nalco's office for examination, audit, and reproduction for three (3) years after the completion or termination of this agreement.

**11. ALLOCATION**

If there is a product shortage for any reason, Nalco agrees to give it's multi-year contract/purchase agreement customers, like PacifiCorp, a priority for delivering available product before delivering product to non-contract/purchase agreement customers.**12. APPLICABLE LAW AND VENUE**  
This agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any litigation between the parties arising out of or relating to this agreement will be conducted exclusively in federal or state courts in the State of Oregon and Nalco consents to jurisdiction by such courts.

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <u>  <i>ju</i>  </u>	Nalco: Initial <u>  <i>[Signature]</i>  </u>



## Appendix F

### PACIFICORP PROFESSIONAL SERVICES CONTRACT

THIS CONTRACT is made and entered into October 5, 2007, by and between PACIFICORP ("Company"), an Oregon corporation, with its principal office in Portland, Oregon, and Nalco Company ("Contractor"), a Delaware corporation, with its principal office in Naperville Illinois.

#### WITNESSETH

WHEREAS, Company requires professional, consulting and engineering services from time to time, and

WHEREAS, Contractor is willing to provide such services upon the terms and conditions hereinafter set forth,

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

**PG-1. CONTRACT DOCUMENTS.** The Contract Documents include the Purchase or Work Order, Proposal, Scope/Statement of Work, Professional Services Contract, or other documents applicable to the Services.

The intent of these documents is to include all supervision, labor, equipment, materials (except as specified), of every kind necessary for the proper execution of the Services, and the terms and conditions of payment therefor.


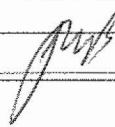
The documents are to be considered as one, and whatever is called for by any one of the documents shall be as binding as if called for by all.

**PG-2. SERVICES TO BE PERFORMED BY THE CONTRACTOR.** The professional Services ("Services") to be performed by the Contractor may include but are not limited to advising, consulting, engineering, planning, special studies, project management, conversion and implementation planning, system analysis, system/applications design, programming, hardware planning/installation and evaluation, direct and user support, education, training, documentation, providing contract/temporary employees and Services for projects of undefined or indefinite scope. The specific Services to be provided pursuant to this Contract are outlined in the Contract Documents.

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PG-3. INDEPENDENT CONTRACTOR. Contractor shall undertake the Services provided for in the Contract as an independent contractor, at Contractor's sole risk, and shall employ all persons performing Services under the Contract, such persons to be Contractor's sole employees and subject to Contractor's direction and control and not the employees of Company or subject to Company's direction and control. Contractor is to determine the manner and method in which the Services shall be performed by it to attain the results required by the Contract, and Company's general right of supervision of the Services shall not make the Contractor or its agents and employees the agents or employees of the Company.

PG-4. EQUIPMENT, MATERIALS, EMPLOYEES. Except as otherwise specifically provided for in the Contract, Contractor shall provide and pay for all materials, labor, tools, and other items necessary to complete the Services provided.

PG-5. COMPANY'S RESPONSIBILITIES. Contractor understands and agrees that Company will be responsible for the following:

1. Approve all procedures established to govern the relationships among Company, Contractor and third parties.
2. Make final engineering, system and planning decisions utilizing information supplied by Contractor.
3. Enter into contracts for purchases or other services with Contractors, subcontractors and vendors; provide financing; and make payments in accordance with the terms of the contracts.
4. Enter into contracts for purchases of any required Third Party Licenses and make payments in accordance with the terms of the contract(s).

Company may assign any responsibility described in this section to Contractor by providing written instructions to Contractor to act as the Company's agent and assume responsibility on behalf of the Company.

PG-6. NONDISCLOSURE OF PROPRIETARY INFORMATION. Contractor shall consider all information provided by Company and all drawings, reports, studies, design calculations, plans, specifications, and other documents resulting from the Contractor's performance of the Services to be proprietary unless such information is available from public sources. Contractor shall not publish or disclose proprietary information for any purpose other than the performance of the service without the prior written authorization of Company.

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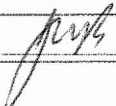
Company may provide to Contractor, its employees or subcontractors a limited, non-exclusive and non-transferable right to utilize or access Company's passwords, access codes, computers, computer systems, data, computer networks, or secure web sites and related areas for the purpose of providing specific Services pursuant to this Contract. Under no circumstance will Contractor, its employees or subcontractors utilize or access this information or equipment after termination of employment by Contractor or termination of Services for the Company. Contractor shall instruct and bind Contractor employees and subcontractors to these same provisions for the protection of Company. Contractor and its agents, employees, or other persons performing Services under this Contract will be required to execute a separate Confidentiality Agreement and Nondisclosure Statement as applicable.

Contractor shall not make any written or verbal statement to any press or news media, or other party concerning the Services without the written authorization of Company. In a similar manner, proprietary, non-public information of Contractor, reasonably identified as such—in writing—by Contractor, and disclosed to Company, shall be protected and held confidential by Company using reasonable confidentiality measures.

**PG-7. OWNERSHIP OF DOCUMENTS OR DISCOVERIES.** Reports, summaries, plans, and other documents arising out of this Contract, which are prepared as a part of the Services, shall become the property of the Company and shall be delivered to Company upon completion of Services. Such works or material shall be deemed as "works made for hire". Original notes, calculations and investigative information, and copies of other documents shall remain in the files of the Contractor, but shall be made available and supplied to the Company if requested.

Contractor shall furnish Company with complete information on any invention or discovery made or conceived by Contractor in the course of, in connection with, or under the terms of this Contract. Company shall have the sole power to determine whether or not and where a patent application shall be filed, and to determine the disposition of the title to and the rights under any application or patent that may result. The judgment of Company on these matters shall be accepted as final and the Contractor agrees that he will execute all documents and do all things necessary or proper to carry out the judgment of Company, including compliance with Company's request for conformance to its policies and procedures pertaining to the filing of foreign patent applications.

**PG-8. COMPENSATION.** The Contractor shall be entitled to the compensation stated in the Contract Documents. The Contractor shall submit to Company on a monthly basis, a detailed invoice for payment including any necessary documentation for reimbursable expenses. In relation to expenses, the most reasonable and cost effective means of travel and other services shall be used by Contractor. Company will only pay actual charges incurred without markup or additional surcharges for travel, living, and related expenses that are reasonably incurred in providing Services under this Contract.

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Automobile travel will be reimbursed at actual cost of a mid-sized rental vehicle or the Internal Revenue Service's standard mileage rate, whichever is less. Airline travel will be pre-approved by Company and reimbursed at no greater than economy class fares. Contractor shall submit to Company a detailed invoice for payment and any necessary documentation for reimbursable expenses.

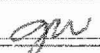

The price(s) stated in the Contract Documents shall include all costs and should be itemized as a separate item, all state and local sales or use taxes, royalties, customs duties, federal taxes, license fees and assessments which may be lawfully assessed against the Company or the Contractor. Applicable sales, use and other taxes, fees or assessments for the Work or portions thereof shall be paid by the Contractor and listed separately, itemized and easily identifiable on the Contractor's invoice. Company shall pay to the Contractor the invoiced amount within thirty (30) days from receipt of an approved invoice.

In order to meet requirements of regulatory bodies, it is essential that the total of all payments made under this contract be itemized to permit distribution of costs to be designated accounts and to meet requirements with respect to accounting for property units. Company has the right to withhold payment should the invoice rendered by Contractor not contain a reasonable detail of the charges.

**PG-9. GUARANTEES AND WARRANTY.** The Contractor warrants and guarantees it shall exercise the same degree of care, skill and diligence in the performance of the Services as is ordinarily provided by a professional under similar circumstances. Contractor further guarantees and warrants that such Services shall be performed and completed in a workmanlike manner satisfactory and acceptable to Company. Contractor shall, at no cost to Company, re-perform Services which, in sole judgment of the Company, fail to attain the results required by the Contract Documents. Contractor shall at all times during the performance of the Services exercise the highest degree of care possible to protect the property of the Company from damage and to prevent interference with or interruption of Company operations.

The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Contract. The Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them. The Company shall have the unilateral right to notify the Contractor of any person on the Services who is in the Company's opinion unsatisfactory. The Contractor shall immediately remove such persons from the Services and shall not re-employ them on the Services.

**PG-10. COMPLIANCE WITH LAWS AND INCIDENT REPORTING.** Contractor shall comply with all laws including federal, state, local laws, rules, orders, codes, standards and regulations. Contractor shall be responsible for procuring permits, certificates, and licenses required for the Services.

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Contractor shall report within 24 hours any accidents and/or occupational injuries or vehicle accidents that occur to any of Contractor's employees while engaged in projects specific to the Company. Such reporting shall be to the local Company safety and training coordinator.

**PG-11. LIABILITY AND INDEMNIFICATION.**

Professional Liability. Contractor agrees to defend and indemnify Company from and against legal liability for damages arising out of the performance of professional Services for Company where such liability is caused by an error, omission, or negligent act of, or advice or consultation given by, the Contractor, its Agents, Employees or any person or organization for whom Contractor is legally liable.

Patent or Copyright Infringement. Contractor agrees to defend all suits or claims for infringement of any copyright or patent arising out of the Services provided, and shall hold harmless the Company from loss or damage resulting therefrom.

Protection of Property and Persons. Contractor agrees to defend, indemnify and hold Company harmless from and against all damages, claims, loss or liability on account of damage to property, bodily injury or death, or personal injury of any person(s) caused by an occurrence arising out of Contractor's presence or performance of the Services.

Additionally, any injury or death or property damage sustained on the premises of Company by Contractor or by an employee or representative of Contractor, or by his subcontractor, or by any employee or representative of his subcontractor, or by any other person whose presence or the presence of whose property on Company's premises is due to Contractor's or his subcontractor's invitation, license or procurement shall be deemed conclusively to have arisen out of Contractor's performance of the Services, and Contractor shall be obligated to defend and indemnify Company against liability, except that the foregoing indemnification provision shall not cover the negligence of the Company, its agents, representatives and employees.

**PG-12. INSURANCE.**

Prior to the start of the Services, and at all times during the term of the Services and this Contract, the Contractor shall purchase, at its own expense, and maintain with insurance companies in good standing and acceptable to the Company, such insurance as will protect the Contractor from liability and claims for injuries and damages which may arise out of or result from the Contractor's operations under the Contract and for which the Contractor may be legally liable, whether such operations are by the Contractor or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

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The Company intends that this Contract shall also be one of indemnity, and that such indemnification shall be covered by insurance. For the further protection of the Contractor and the Company, but without restricting or waiving any obligations of the Contractor herein contained, the Contractor shall insure the risks associated with the Services and this Contract with minimum coverages and limits as set forth below:

1. Workers' Compensation Insurance and Occupational Disease Insurance in accordance with statutory requirements of the state and/or Federal Regulations (FELA, USL&H, Jones Act) and Employers' Liability Insurance with limits of not less than:

Bodily Injury by Accident	\$500,000	Each Accident
Bodily Injury by Disease	\$500,000	Policy Limit
Bodily Injury by Disease	\$500,000	Each Employee


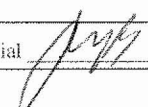
covering location of all work places involved in this Contract.

2. The most recently approved ISO Commercial General Liability Insurance policy, or its equivalent, written on an Occurrence Basis, with limits not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate (on a per location and/or per job basis) Bodily Injury and Property Damage, including the following coverages.

- a. Premises and Operations Coverage
- b. Independent Contractor's Coverage
- c. Contractual Liability
- d. Products and Completed Operations Coverage
- e. Coverage for explosion, collapse, and underground property damage
- f. Broad Form Property Damage Liability
- g. Personal Injury Liability, with the contractual exclusion removed
- h. Sudden and Accidental Pollution Liability, as appropriate

3. Professional Liability insurance covering damages arising out of negligent acts, errors, or omissions committed by Contractor in the performance of this Contract, with a liability limit of not less than \$1,000,000 each claim. Contractor shall maintain this policy for a minimum of two years after completion of the work or shall arrange for a two-year extended discovery (tail) provision if the policy is not renewed. The intent of this policy is to provide coverage for claims arising out of the performance of professional Services under this contract and caused by any error, omission, breach or negligent act for which the Contractor is held liable.

4. The most recently approved ISO Business Automobile Liability Insurance policy, or its equivalent, covering owned, hired and non-owned vehicles with limits not less than \$1,000,000 each accident Bodily Injury and Property Damage combined, including Sudden and Accidental Pollution Liability, as appropriate.

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5. Umbrella Liability Insurance with a minimum limit of \$5,000,000 each occurrence/aggregate where applicable to be excess of the coverages and limits required in subsections 1 (employer's liability only), 2 and 4 above. Contractor shall notify Company, if at any time their full umbrella limit is not available during the term of this Contract, and will purchase additional limits, if requested by Company.

The Contractor shall, on or prior to the date Services commence, deliver to the Company certificates of insurance evidencing valid coverage in effect as specified in this Contract. All Workers' Compensation, Commercial General Liability and Umbrella Liability policies shall contain provisions that the insurance companies will have no right of recovery or subrogation against the Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the parties that the insurance as effected shall protect all parties. The Commercial General Liability policy waiver of subrogation endorsement shall be ISO Form CG 24 04 or its equivalent. All required insurance policies shall provide that the policy is primary and will not contribute with any policy carried by Company.

PacifiCorp Energy Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, and servants shall be named as an additional insured in each of Contractor's insurance policies, except statutory Workers' Compensation and Professional Liability. The Commercial General Liability additional insured endorsement shall be ISO Form CG 20 10 or its equivalent.

Any and all deductibles in the above-described insurance policies or inadequacy of limits shall be assumed by, for the account of and at Contractor's sole risk.



No cancellation or material reductions of coverage in the policies shall become effective except on thirty (30) days' written notice thereof to the PacifiCorp Energy Company Contract Administrator at the Company's office originating the Contract. For those insurance coverages whereby Company is required to be named as an additional insured, the Contractor shall at any time be requested by the Company prior to or during the term of the Services or this Contract, deliver to the Company certified copies of any and all insurance policies so requested. Further, should a loss arise during the term of the Contract that may give rise to a claim against the Contractor, and/or the Company as additional insured, the Contractor shall deliver to the Company, or shall cause its insurers or agents to deliver, certified copies of the policies maintained during the term of the Services or this Contract, if so requested by the Company.

Should the Contractor or its Subcontractors fail to provide or maintain any of the insurance coverages referred to in this Contract, the Company shall have the right, but no obligation, to provide or maintain such coverage, or coverage affording equivalent protection, at the Contractor's expense, either by direct charge or set-off.

Company does not represent that the insurance coverages specified herein, whether in scope of coverage or amounts of coverage, are adequate to protect the

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obligations of the Contractor, and the Contractor shall be solely responsible for any deficiencies thereof. Nothing in this Section shall be deemed to limit the Contractor's liability under this Contract.

**SUBCONTRACTOR'S INSURANCE**

Should the Company permit the Contractor to further sublet or subcontract any portion of the Services, the Contractor shall, before permitting any of its Subcontractors to perform any Services at the site, require each Subcontractor to carry insurance with terms and limits identical to that specified in this Contract, or provide evidence that such Subcontractors are covered as Named Insureds under the Contractor's insurance coverages as required in this Contract. Prior to the commencement of Services by any Subcontractor, the Contractor shall provide to the Company certificates of insurance evidencing that each Subcontractor carries insurance as required by this Contract, or evidencing that such Subcontractors are named insureds under the Contractor's insurance coverages. As with the Contractor's insurance coverage, the Company, its parent, divisions, subsidiary companies, affiliates, co-lessees, or co-venturers, agents, directors, officers, employees and servants shall be named as an additional insured on any Subcontractor insurance required by this section.

**PERFORMANCE AND PAYMENT BONDS**

If requested by the Company, the Contractor shall furnish and deliver prior to the commencement of Services, a Performance and Payment Bond satisfactory to the Company in the minimum amount of one-hundred percent (100%) of the Contract Sum to cover the faithful performance of the Contract, all bills, labor, equipment and materials and the payment of all obligations thereunder. Such bonds shall be written by insurance/surety companies acceptable to the Company and having a rating equivalent to A.M. Best of "A-" or better.

PG-13. TERMINATION OF CONTRACT. Should Contractor neglect to perform the Services properly or fail to perform any provision of the Contract, Company, after seven (7) days' written notice to Contractor, may, without prejudice to any other remedy Company may have, make good the deficiencies and may deduct the cost thereof from the payment then or thereafter due Contractor or, at Company's option, may notify Contractor and immediately terminate the Contract and take possession of all materials and documents and finish the Services by such means as Company sees fit, and if the unpaid balance of the contract price exceeds the expense of finishing the Services, such excess shall be paid to Contractor, but if such expense exceeds the unpaid balance, Contractor shall pay the difference to Company.

Company shall have the right to terminate this Contract for Company's convenience upon written notice to Contractor, and Contractor shall terminate performance of Services on a schedule acceptable to Company. In the event of termination for Company's convenience, Company shall pay Contractor for all Services performed through date of termination.

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Termination of this Contract by the Company for any reason whatsoever shall not affect any obligation with respect to Services performed prior to such termination or the indemnity or insurance provisions contained herein.

PG-14. SEVERABILITY AND GOVERNING LAW. Each of the provisions of this Contract shall be enforceable independently of any other provision of this Contract and independent of any other claim or cause of action. In the event of any dispute arising under this Contract, it is agreed between the parties that the law of the State of Oregon will be given the interpretation, validity and effect of this Contract without regard to the place of execution or place of performance thereof.

PG-15. ASSIGNMENT AND BENEFIT. Neither the Contract nor any interest therein nor any claim arising therefrom shall be assigned by Contractor to any person, firm or corporation without the written consent of Company. Notwithstanding any other terms or provisions to the contrary, no provision of this Contract shall be construed to limit Company's authority or right to assign all of its authority, rights or obligations under this Contract to any corporation or any other business entity which is the result of or the survivor of a merger, consolidation or other business combination to which Company is a party. Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than the Company and Contractor.

No provision of this Contract shall be construed as limiting Company's right to permit its parent, divisions, affiliates, subsidiary companies to use or benefit from the Services provided for in this Contract.

PG-16. SUCCESSORS. Company and Contractor each binds itself and its partners, successors, executors, administrators, assigns and legal representatives to the other party to this Contract and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, contracts, and obligations of this Contract.

PG-17. FOREIGN CORPORATIONS. If Contractor is a corporation organized under the laws of any state other than the State of Iowa, it shall furnish Company with a certified copy of its permit to transact business in Iowa prior to commencing work under the Contract.

PG-18. WAGE AND LABOR LAWS. Contractor shall comply with all federal, state, and municipal laws and ordinances and all wage and labor laws and regulations thereunder, and shall indemnify and hold harmless Company from any violation thereof by Contractor or any subcontractor, including failure to withhold from wages or salaries of employees under state or federal tax laws, and nonpayment of any contributions or assessments under any unemployment or social security law based on employment in the course of performance of this Contract.

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PG-19. EQUAL OPPORTUNITY (FAR 52.222-26).

During the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government contracting officer setting forth the provisions of this non-discrimination clause.

2. As required by law, the Contractor will in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

3. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The Contractor will comply with all provisions of Executive Order 11246, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.



5. The Contractor will furnish all information and reports required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor, for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. Pursuant to the Vietnam Veterans Readjustment Act of 1972, (41 CFR 60-250), as amended, the Contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: Employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this

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Contract and those which occur during the performance of this Contract, including those not generated by this Contract and including those occurring at an establishment of the Contractor other than the one wherein the Contract is being performed but excluding those of independently operated corporate affiliates, shall be listed at an appropriate local office of the State employment service system wherein the opening occurs. The Contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required. The provisions of 41 CFR 60-250.5(A) are incorporated by reference herein.

7. Pursuant to Section 503 of the Rehabilitation Act of 1973, the Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: Employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The provisions of 41 CFR 60-741.5(A) are incorporated by reference herein.

8. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts or sanctioned in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor on Equal Employment Opportunity, or as otherwise provided by law.

9. The Contractor will include the provisions of subsections 1 through 9 in every subcontract or Purchase Order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or Purchase Order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

CERTIFICATION OF NON-SEGREGATED FACILITIES (FAR 52.222-21)

The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are

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maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit direction or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontractors exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that it will retain such certifications in its files.

REVISED REPORTS

If this Contract is in the amount of \$50,000 or more and if the Contractor has fifty (50) or more employees and if not exempted from the requirements contained in subsections 1 and 2 below by any rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, then the Contractor agrees to the provisions contained in both subsections 1 and 2 below.

1. Reporting Requirements. The Contractor agrees to file with the appropriate federal agency a complete and accurate report on Standard Form 100 (EEO-1) within thirty (30) days after the acceptance of this Contract (unless such a report has been filed in the last 12 months), and agrees to continue to file such reports annually, on or before March 31. (41 CFR 60-1.7).

2. Written Affirmative Action Program. The Contractor agrees to develop and maintain a current written affirmative action compliance program for each of its establishments in accordance with the regulations of the Secretary of Labor promulgated under Executive Order 11246, as amended. (FAR 22.804-1) (41 CFR 60-1.40).

UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS (FAR 52.219-8, 19.708(a))

The Contractor shall comply with Executive Order No. 12432, dated July 14, 1983, as amended, if applicable, which promotes Small Business and Disadvantaged Small Business concerns as follows:

1. It is the policy of the United States that small business concerns owned and controlled by socially and economically disadvantaged individuals, as well as service disabled veteran owned small business concerns, veteran owned small business concerns, women owned small business concerns, and HUBzone small business

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concerns shall have the maximum practicable opportunity to participate in the performance of contracts let by any company that has contracts with any Federal agency.

2. The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

3. As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:

a. Which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

b. Whose management and daily business operations are controlled by one or more of such individuals.

Additional definitions may be found at FAR 52.219-8.

4. Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

5. The Contractor, unless it is a small business concern, shall include the clause entitled "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals" in all subcontracts exceeding the simplified acquisition threshold which offer further subcontracting opportunities.

6. All provisions of this Section shall apply to subcontractors except as noted in Executive Order No. 12432 when subcontracts are less than the simplified acquisition threshold or when the Contractor is a small business concern.

7. Where required, the Contractor shall submit to Company Standard Form 294, Subcontracting Report for Individual Contracts, and Standard Form 295, Summary Subcontract Report. (FAR 19.704)

NOTICE TO EMPLOYEES

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <u>gw</u>	Nalco: Initial <u>[Signature]</u>



If the value of the goods/services exceeds \$100,000, Contractor agrees to comply with the provisions of 29 CFR Part 470 "Obligations of Federal Contractors and Subcontractors; Notice of Employee Rights Concerning Payment of Union Dues or Fees."

PG-20. FEDERAL SECURITY REGISTRY. Contractor warrants that Contractor, its employees and subcontractors are not on Federal Government's list of suspected terrorists or suspected terrorist organizations.

PG-21. CRIMINAL BACKGROUND CHECK, IDENTITY VERIFICATION AND RELATED SCREENING.


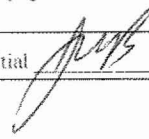
If requested by the Company, the Contractor shall conduct, at Contractor's cost and expense, criminal background checks for the current and past counties of residence on all employees, agents, subcontractors or independent contractors and the employees, agents or representatives of subcontractors or independent contractors, that have electronic or physical access to Services or Company facilities. At a minimum, a social security number verification and seven-year criminal background check, including felony or misdemeanor convictions involving: (a) violence to persons/property; (b) theft/fraud; (c) drug/alcohol; or (d) traffic/other are required. Employment history, education verification, and professional certifications may also be required by the Company. All background checks will be conducted in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements or other agreements, if any. Contractor shall not allow persons who have not met the Company's criteria to perform Services, unless Contractor has received assent from Company. Contractor shall supply a certification that meets Company's criteria for each Contractor employee, agent or representative and for employees, agents or representatives of any subcontractor or independent contractor employed by Contractor. Contractor shall ensure that employees, agents, subcontractors or independent contractors and the employees of subcontractors or independent contractors sign an appropriate authorization form prior to criminal background checks being conducted, acknowledging the background check is being conducted and authorizing the information obtained to be provided to Company.

Contractor shall have and ensure compliance with a substance abuse/drug and alcohol policy that complies with all applicable federal, state and/or local statutes or regulations.

Contractor shall ensure DOT compliance, including but not limited to valid drivers license, equipment inspections, hours of service and all appropriate documentation.

Contractor warrants that Contractor, its employees, agents, subcontractors or independent contractors and the employees of subcontractors or independent contractors have met the Company's criteria or received assent from the Company and are in compliance with Contractor's substance abuse/drug and alcohol policy.

It is understood and agreed that Company may review Contractor's policies, background checks and related documentation upon request, subject to applicable federal, state and/or local statutes or regulations. Company may also request that

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PactiCorp: Initial 	Nalco: Initial 

Contractor provide an ongoing and updated list of persons that have been denied authorization to perform Services for Company or denied access to Company facilities.

PG-22. BUSINESS ETHICS. Contractor, its employees, agents, representatives and subcontractors shall at all times maintain the highest ethical standards and avoid conflicts of interest in the conduct of Services for the Company.

PG-23. ENTIRE CONTRACT. The provisions contained in this Contract constitute the entire agreement between the Contractor and the Company. It is understood and agreed between the parties that during the term this Contract is in effect Company is not bound by any representation, statements, terms, understandings or agreements that are not specifically set forth within this Contract. This Contract shall be effective and binding when executed by a duly authorized representative of both parties.

PG-24. SURVIVAL. Termination of this Contract by either party for any reason whatsoever shall not affect any obligation of the Parties with respect to services or maintenance performed prior to such termination or the indemnity, confidentiality or insurance provisions contained herein.

PG-25. TERM. The term of this Contract shall be from \_\_\_\_\_, 2007, through December 31, 2009, unless terminated in accordance with other provisions of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first above written.

PACIFICORP

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

Name Printed: \_\_\_\_\_

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

*MS*

*Mark Mansfield*

*VP*

NALCO COMPANY

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

Name Printed: \_\_\_\_\_

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

*[Signature]*

*Lou Loosbrock*

*President - I+IS*

*KTK*

Both Parties have caused an individual with the requisite authority to acknowledge this and each page of this Contract prior to execution.	
PacifiCorp: Initial <i>ms</i>	Nalco: Initial <i>[Signature]</i>