

May 3, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UP ___ —PacifiCorp's Application for Approval of a Lease Agreement

PacifiCorp d/b/a Pacific Power encloses for filing its Application for Approval of a Lease Agreement with Dredge Management, LLC.

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

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

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

Please direct any informal inquiries regarding this filing to me at (503) 813-6583.

Sincerely,



Natasha Siores
Manager, Regulatory Affairs

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of a Lease Agreement
with Dredge Management, LLC.

**PACIFICORP’S APPLICATION
FOR APPROVAL**

Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp d/b/a Pacific Power seeks approval from the Public Utility Commission of Oregon (Commission) of the proposed Lease Agreement between PacifiCorp and Dredge Management, LLC, a non-affiliate (Dredge), for Dredge’s use of a portion of PacifiCorp’s Camp Williams 345 kilovolt (kV) transmission corridor real property located in Salt Lake County, Utah. Dredge intends to use the real property for employee and customer vehicle parking. There will be no additional use of the property for any other purpose.

Included with this Application as Attachment A is the Lease Agreement between PacifiCorp and Dredge.

I. BACKGROUND

PacifiCorp owns property in Salt Lake City, Utah, on which the Camp Williams 345 kV transmission corridor runs. Dredge owns and operates a trucking business, which is located on property adjacent to a portion of PacifiCorp’s Camp Williams 345 kV transmission corridor property. PacifiCorp proposes leasing two parcels of 12.44 acres and 1.13 acres (the Leased Property) that is adjacent to Dredge’s property for the purpose of allowing additional space for Dredge employees and customers to park vehicles. Dredge’s

use of the Leased Property will not interfere with PacifiCorp's ability to operate and maintain its transmission assets located on the Camp Williams 345 kV transmission corridor property.

The parties have negotiated a proposed lease of the Leased Property with a five-year term (Lease) commencing June 1, 2018. The Lease Agreement will be fully executed by PacifiCorp only upon Commission approval. The value of the Lease over its term is \$191,423 (\$1,100 per month for the first year, \$3,550 per month the second year, with an annual increase of three percent thereafter). The Leased Property is classified as transmission property and is system-allocated. The value of the Lease to Oregon will be approximately \$49,871 over the five-year term of the Lease. As more fully explained below, this transaction will not affect PacifiCorp's ability to perform its public duties.

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

A. Name and Address

PacifiCorp's exact name and address of its principal business office are:

PacifiCorp
825 NE Multnomah Street
Portland, OR 97232

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

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

C. Communications and notices

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

Robert Betcone Jr.
Senior Attorney
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Telephone: 503.813.5620
Email: bob.betconejr@pacificorp.com

PacifiCorp Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: OregonDockets@pacificorp.com

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

By e-mail (**preferred**) datarequest@pacificorp.com

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

Informal inquires may also be directed to Natasha Siores, Manager, Regulatory Affairs, at (503) 813-6583.

D. Principal officers

| NAME | TITLE |
|--------------------|---|
| William H. Fehrman | Chairman of the Board & Chief Executive Officer of PacifiCorp |
| Cindy A. Crane | President & Chief Executive Officer, Rocky Mountain Power |
| Stefan Bird | President & Chief Executive Officer, Pacific Power |
| Nikki L. Kobliha | Vice President, Chief Financial Officer & Treasurer |

E. Description of business; designation of territories served

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

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

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

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

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

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

The purpose of this application is to satisfy ORS 757.480 and OAR 860-027-0025.

Dredge would like to use the Leased Property to park employee and customer vehicles from its adjacent property. PacifiCorp determined the value of the Lease by looking at comparable property lease values in the area. Four comparables were used and PacifiCorp used the average of the four lease rates. PacifiCorp then discounted the average lease rate due to the restrictions placed on the development of the subject property. PacifiCorp will collect \$191,423 over the life of the five-year Lease. PacifiCorp files this Application to obtain Commission approval of the Lease.

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

As described above, this transaction involves lease of certain PacifiCorp real property that supports the Camp Williams 345 kV transmission corridor in Utah. Dredge intends to use the Leased Property for parking employee and customer vehicles from its adjacent property. This use will not interfere with PacifiCorp's operation and maintenance of the Camp Williams 345 kV transmission corridor.

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

The applicable book value included in FERC account 35010 (transmission lands) is \$258,420.31.

K. Required filings with other state or federal regulatory bodies

This transaction does not require approvals from any other state or federal regulatory bodies.

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

ORS 757.480 requires Commission pre-approval for sales of property necessary and useful in the performance of a utility's duties to the public with a value in excess of \$100,000. OAR 860-027-0025(1)(l) requires PacifiCorp to show that such a proposed sale is "consistent with the public interest." The Commission has previously held that this standard requires a "no harm" showing.¹ The proposed transaction will not harm customers. The portion of the property on which Dredge intends to use for vehicle parking does not contain any PacifiCorp facilities or transmission assets, and PacifiCorp maintains access to its nearby substation and transmission facilities. Additionally, Dredge's use will not interfere with PacifiCorp's ability to operate and maintain the Camp Williams 345 kV transmission

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

corridor or any other facilities in the area. PacifiCorp will continue to access the Camp Williams 345 kV transmission corridor as needed.

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

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

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

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

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

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

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

A. Exhibit A—Articles of Incorporation

Not applicable. Review of the Articles of Incorporation would not advance the Commission's analysis of this Application because the subject transaction involves the conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

B. Exhibit B—Bylaws

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

C. Exhibit C—Resolution of directors authorizing transaction

This transaction did not require approval from the company's board of directors.

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

Not applicable.

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

Not applicable. This transaction will not materially affect PacifiCorp's balance sheet.

F. Exhibit F—Known contingent liabilities

There are no known contingent liabilities associated with this transaction.

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

Not applicable. The transaction will not materially affect the company's income statement.

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

Not applicable. The transaction will not materially affect the company's income statement.

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

Included with this Application as Attachment A is a copy of the Lease Agreement, by and between PacifiCorp and Dredge, which will be executed by the parties upon receipt of the Commission's approval of the transaction.

J. Exhibit J—Copy of each proposed journal entry to be used to record the transaction

At the time of invoicing for the rent due, PacifiCorp will debit the Lessee's Accounts Receivable account (FERC Account 1720000 Rents Receivable Current Asset) for the appropriate rental amount and credit to Rent Revenue Transmission Lands (FERC Account

4541000 Rents-Common Other Revenue) the same amount. After PacifiCorp receives payment from the Lessee, Lessee's Accounts Receivable account will be credited the payment amount and a debit will be made to Main Depository-Deposit Clearing Account (FERC Account 1310000 Cash Current Asset) in the same amount.

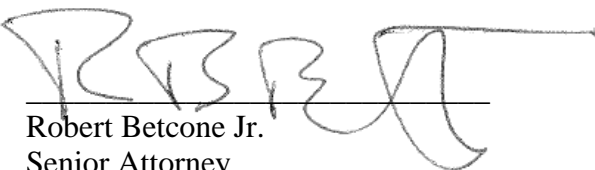
K. Exhibit K—Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)

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

IV. PRAYER FOR RELIEF

PacifiCorp respectfully requests a Commission order (1) finding that the leasing of certain real property in Salt Lake City, Utah as described herein, will not harm PacifiCorp's customers and is consistent with the public interest; and (2) granting other such relief as the Commission deems necessary and proper.

Respectfully submitted this 3rd day of May 2018,

By: 
Robert Betcone Jr.
Senior Attorney
PacifiCorp

ATTACHMENT A
Lease Agreement

LEASE AGREEMENT

This Lease Agreement (“Lease”) is entered into by and between PACIFICORP, an Oregon corporation (“Lessor”) and Dredge Management, LLC (“Lessee”).

RECITALS

A. Lessor owns real property, known as Salt Lake County, Utah, Tax Lot 14-01-401-002 and 14-01-451-007, located in Section 01 Township 1S Range of 2W, Salt Lake Meridian, as more particularly described on Exhibit A attached to and incorporated into this Lease by reference (“Lessor’s Property”).

B. Lessee desires to lease from Lessor that portion of Lessor’s Property (“Premises”) more particularly described and depicted on Exhibit B, both of which exhibits are attached hereto and incorporated into this Lease by this reference.

C. Lessor has used and will continue to use the Premises for the construction, operation, maintenance, repair, and replacement of transmission and distribution lines and other facilities and equipment normally associated with the generation and distribution of power and/or the use or leased use of the Premises for communication structures and facilities. Lessor also uses and will continue to use the Premises to access adjoining properties and facilities, including properties and facilities that may be used in the future. The uses described in this paragraph, as they may be limited or further specified in this Lease, are referred to collectively as “Lessor’s Uses.”

D. Lessee desires to use the Premises in connection with Lessee’s business, for such uses more particularly described in this Lease.

TERMS AND CONDITIONS

IN CONSIDERATION of the mutual promises and subject to the conditions set forth below, Lessor and Lessee agree as follows:

1. **Lease.** Lessor hereby leases the Premises to Lessee for the specific purposes specified in this Lease subject to Lessor’s Uses and further subject to all other terms and conditions set forth herein.
2. **Conditions Precedent to Granting Lease.** Lessee must fulfill the following conditions to Lessor’s satisfaction prior to execution of this Lease Agreement. Lessee must tender payment of a \$500.00 application fee for the administrative costs associated with granting this lease. Lessee must submit a survey drawing that shows the existing grade and any proposed changes to grade to ensure that Lessee is not directing water over Lessor’s property in any manner that interferes with Lessor’s Uses, in Lessor’s sole discretion. Lessee shall submit engineering plans for the proposed drainage system for Lessor’s review and approval. Lessee will make changes to its plans as requested by Lessor.
3. **Term.** The initial term of this Lease shall be five (5) years, commencing on April 1, 2018 (the “Commencement Date”), unless earlier terminated as provided in herein. In the event that Lessee has not entered into default during the term of the Lease, Lessee shall have the unconditional option to renew this Lease for an additional five (5) year term. The base rent for each year and such extension period shall be calculated using the last year of the preceding term multiplied by 1.03% with annual increases of 3% per year, all other lease terms shall remain constant. Lessee shall notify Landlord in writing of their intent to exercise option at least 120 days before the termination of the current term.

4. **Rent.** Commencing on the date hereof, Lessee shall pay Lessor as rent for the Premises ("Rent") the monthly amount of **One Thousand One Hundred dollars (\$1,100.00)** in advance for the first year of this Lease. Beginning on the anniversary of the Commencement Date, rent shall be increased to **Three Thousand Five Hundred Fifty dollars (\$3,550.00)** per month and shall be due on or before the first day of each month throughout the term of the Lease. Each Rent payment shall be paid to Lessor at the address indicated for notice to Lessor, unless otherwise specified by Lessor in writing. At the end of the second year, Rent shall be increased on the anniversary date each year throughout the remaining term of this Lease by 3.0% calculated by multiplying the Rent in effect immediately prior to such anniversary by 1.030. In addition, any increase in taxes, impositions, and/or assessments related to the Premises which are due to any of Lessee's commercial use of or improvements made to the Premises will be paid for and born solely by Lessee.
5. **Lessee's Use of the Premises.** Subject to the terms and conditions of this Lease, the Premises may be used by Lessee for the parking of Lessee's employee's and customer's motorized vehicles ("Lessee's Uses") and for no other purposes whatsoever. Notwithstanding Lessee's Uses, Lessee's use of the Premises shall be done in such a manner so as to not interfere with or impair Lessor's use of the Premises for Lessor's Uses. The Premises are leased to Lessee and accepted by Lessee in their present condition without warranty by Lessor as to present or future condition. Provided Lessor shall have the right to maintain the power lines and associated equipment and facilities which are now or hereafter constructed and operated by Lessor on the Premises, Lessor is under no obligation to repair, maintain, or improve the Premises. Nothing in this Agreement shall be construed as to give Lessee any right to use the Premises or other property or facilities except for Lessee's Uses.
6. **Improvements.** Lessee may make improvements or changes to the Premises, including changing existing ground elevation, excavating, constructing any structure or lighting structure, or landscaping to the Premises, only with Lessor's prior written consent. If Lessee desires to make any improvements or changes whatsoever to the Premises, or proposes any maintenance or repair, Lessee shall provide Lessor with detailed plans and specifications for the proposed change or improvement at least sixty (60) days in advance, for Lessor's approval. All plans and specifications shall meet any requirements provided by Lessor to Lessee. Lessee shall not begin any improvements until all plans have been approved by Lessor and grading is complete.
- (a) All improvements shall be made in a good and workmanlike manner. Any improvement that violates building codes or the laws or ordinances of any governing jurisdiction, or that harm Lessor's power lines and related equipment or the Premises in any manner, as determined solely by Lessor, shall be timely cured by Lessee at Lessee's sole expense and in a manner satisfactory to Lessor, in Lessor's sole discretion.
- (b) Please see Exhibit "C" for list of improvements
7. **Additional Restrictions On Use and Improvements.**
- (a) Lessee shall not place or store any flammable material, including but not limited to chemical solvents, fuels, rubbish piles, haystacks, or lumber products, on the Premises, excluding from this prohibition, however, motor vehicle fuels and lubricants properly and normally contained in vehicles coming on to the Premises. Lessee shall not cause any structure, building, or equipment to be placed, erected, or stored on the Premises, except such as may be approved by Lessor prior to any construction thereof in accordance with the terms of this Lease. Due to the existence of high voltage electrical equipment Lessee's shall not place or store any equipment of any type on the Premises that exceeds fourteen (14) feet. Persons working or occupying the Premises shall not be allowed to work or occupy any space above fourteen (14) feet from the ground. In addition, Lessee shall advise all persons of the height restrictions encumbering the Premises. Lessee understands the risk of injury or death associated with Lessor's power lines and that

electricity can arc between lines and persons or objects within twenty (20) feet of the lines. In addition, Lessee shall advise all persons to remain at least twenty feet from such power lines. Lessee understands the risk of injury or death associated with Lessor's power lines and that electricity can arc between lines and persons or objects within twenty feet of the lines. Lessee assumes all risks related thereto.

(b) Lessee shall be solely responsible for the operation, maintenance and repair of the drainage system. Lessee shall be solely responsible for ensuring that the drainage system does not in any way cause flooding or pooling of water on Lessor's property or interfere with Lessor's Uses in any way. Lessee shall be solely liable for any and all damage to, or interference in any way with, Lessor's Property and/or Lessor's electric utility company resulting from or in any way related to, or in any way arising from the existence, operation or maintenance of the drainage system.

8. **Leasehold Mortgages Prohibited.** Lessee may not hypothecate, encumber, pledge or mortgage its interest in this Lease.

9. **No Assignment and Subletting.** This Lease may not be transferred or assigned in whole or in part and may not be sublet without the express written approval of Lessor. In the event Lessee makes a request for transfer, assignment or sublet, Lessee agrees to pay Lessor a processing and review fee of \$2,000.00. In the event Lessee desires transfer or assign all of its right, title, and interest under this Lease in and to the Premises such transferee or assignee shall, in a writing reasonably acceptable to Lessor, assume all duties, responsibilities and obligations of Lessee under this Lease and agree to be bound by all provisions contained herein, such transferring Lessee shall be released from all rights, duties, and obligations of Lessee under this Lease, except with respect to any rights, duties, responsibilities, and/or obligations which accrued during the period such transferring Lessee was the Lessee hereunder.

Lessor is aware that at the beginning of this lease, the Lessee intends to rent ground to the Lessees existing tenant for expansion space.

10. **No Liens, Encumbrances or Claims.** In the event any lien, encumbrance, or claim not previously approved in writing by Lessor is filed or recorded against the Premises as a result of any action or inaction by Lessee, the Lessee shall immediately remove same.

11. **Lessor's Use.** It is understood and agreed upon that Lessor reserves the right to access the Premises at any time for Lessor's Uses, including the maintenance or repair of its existing power lines and associated equipment and facilities and the placement of additional lines and equipment upon the Premises. It is further understood and agreed upon that Lessor shall reserve the right to add to, change, or enlarge its power lines and associated facilities and structures on the Premises, including such equipment and facilities of others, including fiber optic and cable lines ("Lessor Alterations"). In no event shall Lessor have any obligations, duties, or liabilities to Lessee with respect to loss or diminution of use caused thereby to Lessee or the Premises. However, if such Lessor Alterations require Lessee to make changes to any of Lessee's structures or other improvements located on the Premises, Lessor shall give Lessee at least three (3) days advance notice and thereafter work cooperatively with Lessee to allow Lessee to make reasonable changes or additions (subject to Lessor's approval) to the parking improvements as necessary to mitigate any adverse affects of the Lessor Alterations. Lessee acknowledges that future power lines may be constructed within the Premises which may result in some disruption, displacement, or temporary loss of access during the time of construction. Lessee shall not be entitled to any loss or damage due to the above maintenance or new improvements to the Premises by Lessor.

12. **Compliance With Law.** Lessee shall, at all times, comply with all laws, ordinances, and regulations affecting or pertaining to Lessee's use or occupation of the Premises, including environmental laws and regulations. Lessee shall indemnify, defend, and hold harmless Lessor from loss, cost, or damage by reason of any actual

or alleged violation by Lessee thereof, and from any liability, including fines, penalties and other costs, arising out of Lessee's failure to so comply. Lessee shall at all times keep the Premises in a neat and orderly manner reasonably satisfactory to Lessor. Lessee shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb adjoining land owners or which may violate the law. The parties agree not to take any action that will seek to void or invalidate this Lease, or otherwise participate in any challenge to the validity or enforceability of this Lease, on the basis that this Lease, or any of its terms or conditions, may violate any laws, ordinances or regulations relating to the division or subdivision of land.

- 13. Other Indemnification.** Lessee shall release, indemnify defend, and hold Lessor harmless from any and all liability, claim, loss, costs, damages, or expenses (collectively, "Liabilities") arising by reason of any personal injury, including death, or property damage, including Lessee's property and the property of all other persons, occurring on or about the Premises, or arising in connection with Lessee's use or occupation of the Premises. Lessee covenants and agrees to, at all times, protect Lessor and the Premises, including Lessor's improvements or property on the Premises, from any and all injury, damage, or loss by reason of Lessee's occupation of the Premises or from any cause whatsoever growing out of or related to Lessee's use thereof. The indemnification obligations of Lessee described herein shall include, without limitation, any Liabilities of Lessor relating to the Lease and/or any rights set forth herein (as described in Section 16 below).

Lessee shall be responsible for its own acts and the results thereof, and therefore agrees that it will assume all risk and liability to itself, its agents, employees, consultants, contractors and subcontractors, for any injury to persons or property resulting in any manner from the conduct of its own operations, and the operation of its agents, employees, consultants, contractors and subcontractors under this Lease, for any loss, cost, damage, or expense resulting at any time from any and all causes due to any act or acts, negligence, or by the failure to exercise proper precautions, of or by itself or its own agents, employees, consultants, contractors and subcontractors while occupying or visiting the Premises.

Lessee hereby, on behalf of itself, its employees, officers, partners, subsidiary and affiliated companies, agents, contractors, and invitees, and any and all parties claiming by through or under any of the foregoing, waives its right to recover from, and forever releases and discharges, Lessor, its shareholders, directors, officers, partners, parent companies, subsidiaries, and affiliates, and the employees, contractors, consultants and agents of each of them, and their respective heirs, successors, personal representatives and assigns (collectively, the "Grantor Parties"), from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs, or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected to the use and operations by Lessee, or from any defects in the Premises whether apparent or hidden, or from the installation, existence, use, maintenance, condition, repair, alteration, removal or replacement of any improvements thereon, including, without limitation, any damage to property or personal injury.

- 14. Insurance.** Without limiting any liabilities or any other obligations of Lessee, Lessee shall, prior to leasing property and commencing Work, secure and continuously carry with insurers having an A.M. Best Insurance Reports rating of A-:VII or better such insurance as will protect Lessee from liability and claims for injuries and damages which may arise out of or result from Lessee's use or operations under the Contract and for which Lessee may be legally liable, whether such operations are by Lessee or a SubLessee or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Lessee shall insure the risks associated with the Work, use or occupancy of the premises and this Contract with minimum coverages and limits as set forth below:

Workers' Compensation. Lessee must comply with all applicable Workers' Compensation laws and shall furnish proof thereof satisfactory to Company prior to commencing any work.

Employers' Liability. Lessee shall maintain employers' liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 disease each employee, and \$1,000,000 disease policy limit.

Commercial General Liability. Lessee shall maintain commercial general liability insurance on the most recently approved ISO policy form, or its equivalent, written on an occurrence basis, with limits not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate and shall include the following coverages:

1. Premises and operations coverage
2. Independent Lessee's coverage
3. Contractual liability
4. Coverage for explosion, collapse and underground property damage
5. Broad form property damage liability
6. Personal and advertising injury liability, with contractual exclusion removed
7. Sudden and accidental pollution liability, as applicable

Business Automobile Liability. Lessee shall maintain business automobile liability insurance on the most recently approved ISO policy form, or its equivalent, with a minimum single limit of \$1,000,000 each accident for bodily injury and property damage including sudden and accidental pollution liability, with respect to Lessee's vehicles whether owned, hired or non-owned, assigned to or used in the performance of the Work, use or occupancy of the premises.

Umbrella or Excess Liability. Lessee shall maintain umbrella or excess liability insurance with a minimum limit of \$5,000,000 each occurrence/aggregate where applicable on a following form basis to be excess of the insurance coverage and limits required in employers' liability insurance, commercial general liability insurance and business automobile liability insurance above. Lessee shall provide Notice to Company, if at any time the full umbrella limit required under this Contract is not available, and will purchase additional limits, if requested by Company.

Company does not represent that the insurance coverages specified herein (whether in scope of coverage or amounts of coverage) are adequate to protect the obligations of Lessee, and Lessee shall be solely responsible for any deficiencies thereof.

Except for workers' compensation, the policies required herein shall include provisions or endorsements naming Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, co-venturers, officers, directors, agents, employees, servants and insurers as additional insureds or loss payees, as applicable to specific insurance coverage. The commercial general liability additional insured endorsement shall be ISO Form CG 20 10 and ISO Form CG 20 37, or their equivalents.

To the extent of Lessee's negligent acts or omissions, all policies required by this Contract shall include: (i) provisions that such insurance is primary insurance with respect to the interests of Company and that any other insurance maintained by Company (including self-insurance) is excess and not contributory insurance with the insurance required hereunder; and (ii) provisions that the policy contain a cross liability or severability of interest clause or endorsement in the commercial general liability and automobile liability coverage. Unless prohibited by applicable law, all required insurance policies shall contain provisions that the insurer will have no right of recovery or subrogation against 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 of the above-referenced entities evidenced by waiver of subrogation wording.

A certificate of insurance shall be furnished to Company confirming the issuance of such insurance prior to the use or commencement of Work by Lessee. Should a loss arise during the Term of the Contract that may give rise to a claim against Lessee and/or Company as an additional insured, Lessee shall deliver to Company (or cause to be delivered to Company) certified copies of such insurance policies. Lessee shall not cancel or reduce limits of liability without (i) ten (10) calendar days prior written Notice to Company if canceled for nonpayment of premium; or (ii) thirty (30) calendar days prior written Notice to Company if canceled for any other reason. Lack of notification shall be considered a material breach of this Contract.

Lessee shall require SubLessees who perform Work at the Work Site to carry liability insurance (auto, commercial general liability and excess) and workers' compensation/employer's liability insurance commensurate with their respective scopes of work. Lessee shall remain responsible for any claims, lawsuits, losses and expenses included defense costs that exceed any of its SubLessees' insurance limits or for uninsured claims or losses.

15. Termination. This Lease may be terminated prior to the expiration of its initial term or any additional term upon the happening of any of the following events:

- (a) Any failure by Lessee to pay rent, or any other monetary sums required to be paid under this Lease, where such failure continues for thirty (30) days after written notice thereof by Lessor to Lessee; or
- (b) A failure by Lessee to observe and perform any other term, covenant, or condition of this Lease to be observed or performed by Lessee where such failure continues for thirty (30) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of the default cannot reasonably be cured within the thirty (30) day period, Lessee shall not be deemed to be in default if Lessee shall within the thirty (30) day period commence action to cure the default and thereafter diligently prosecute the same to completion.
- (c) Lessee or Lessor may terminate this lease at any time, for any reason by giving the other party 60-day written notice of its intent to do so. Prepaid rent that has been unused at the time of lease termination will be returned to the Lessee. As an example, if the lease is terminated but there are four months of term remaining that have been paid for, the annual rent will be divided by twelve for that year of the lease and the monthly amount will be multiplied by 4 for the total rent to be refunded.

16. Events Upon Termination. Upon termination of this Lease, Lessee shall not be entitled to damages of any kind, including lost profits or relocation costs or expenses. If, upon the expiration or termination of the Lease, Lessor is required to dispose of improvements made by Lessee which are not affixed to the real property or which have not been consented to in writing by Lessor, then Lessee agrees to reimburse Lessor for the reasonable costs of such removal.

17. Lessor's Other Rights. In addition to all other rights provided herein or by law, Lessor shall have the right to enter upon and inspect the Premises at all reasonable times, to show or sell the Premises to prospective Lessees (during the last 90 days of the term of the Lease) or purchasers, to assign its rights under this Lease, or to mortgage or pledge the Premises as security to a lender, in which event the Lessee will subordinate its rights as may be reasonably necessary to accommodate the security interest of lender. In any event, this Lease shall continue in full force and effect unless terminated according to the terms hereof.

18. Miscellaneous.

- (a) **Notice.** Any notice, consent or request under this Lease shall be made and in writing and is considered given under this Lease when actually received, either as a result of: (i) personal delivery to the recipient named below, or (ii) delivery by United States mail, either registered or certified, as evidenced by return receipt, addressed by name and address to the party or person intended. All notices shall be given to the following:

LESSOR: PacifiCorp
 c/o Rocky Mountain Power
 Property Management Department
 1407 West North Temple, suite 110
 Salt Lake City, Utah 84116

LESSEE: Dredge Management, LLC
 537 West 600 South
 Salt Lake City, UT 84101

Upon written notification, any party may designate a different individual or address for notices.

- (b) **Titles and Captions.** Section titles and captions to this Lease are for convenience only and shall not be deemed part of this Lease and in no way define, limit, augment, extend, or describe the scope, content, or intent of any part or subparts of this Lease.
- (c) **Applicable Law.** This Lease shall be construed in accordance with and governed by the laws of the state of Utah.
- (d) **Binding Effect Upon Successors.** This Lease shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, legal representatives, and assigns; provided that this provision shall not be construed as permitting assignment, substitution, delegation, or other transfer of rights or obligations except strictly in accordance with the provisions of this Lease.
- (e) **Integration.** This Lease constitutes the entire agreements between the parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto. No covenant, representation, or condition not expressed in this Lease shall affect or be deemed to interpret, change, or restrict the express provisions hereof.
- (f) **Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such right or remedy or of any other covenant, agreement term, or condition. Any party may, by notice delivered in the manner provided in this Lease, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation, or covenant of any other party. No waiver shall affect or alter the remainder of this Lease but each and every other covenant, agreement, term, and condition hereof shall continue in full force and effect with respect to any other breach.
- (g) **Rights and Remedies.** The rights and remedies of any of the parties shall not be mutually exclusive, and the exercise of one or more of the provisions of this Lease shall not preclude the exercise of any other provisions. Each of the parties confirms that damages at law may be an inadequate remedy for a breach or threatened breach of any provision hereof. Except as specifically provided herein, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to or shall limit or affect any rights at law or by statute

or otherwise of any party aggrieved as against the other parties for a breach or threatened breach of any provision hereof, it being the intent of this paragraph to make clear the agreement of the parties that the respective rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

- (h) **Severability**. In the event any condition, covenant, or other provision herein contained is held to be invalid or void by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Lease and shall in no way effect any other covenant or condition contained herein. If such condition, covenant, or other provisions shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth lease by law.
- (i) **Enforceability and Litigation Expenses**. If any action, suit, or proceeding is brought by a party hereto with respect to a matter or matters covered by this Lease or if a party finds it necessary to retain an attorney to enforce its rights under this Lease, all costs and expenses of the prevailing party incident to such proceeding or retention, including reasonable attorney's fees, shall be paid by the non-prevailing party.
- (j) **Authorization**. Each individual executing this Lease represents and warrants that he or she has been duly authorized by appropriate action of the governing body of the party for which he signs to execute and deliver this Lease in the capacity and for the entity set forth where he signs and that as a result of his signature, this Lease shall be binding upon the party for which he signs.
- (k) **Recordation**. This Lease may not be recorded on behalf of either party, but in lieu thereof, Lessor and Lessee agree that each will, upon execution of this Lease, execute, in recordable form, a "short form" of the Lease, which shall contain a description of the Premises, the term of the Lease, and the parties to the Lease. The short form of the Lease shall not modify the terms of the Lease or be used in interpreting the Lease and in the event of any inconsistency between this Lease and the short form of the Lease, the terms and conditions of this Lease shall be controlling.
- (l) **Counterparts**. This Agreement may be executed in multiple counterparts, which taken together shall constitute one and the same instrument and each of which shall be considered an original for all purposes.
- (m) **Jury Waiver**. To the fullest extent lease by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement on the day and year last below written.

LESSOR:

PACIFICORP, an Oregon Corporation

BY: _____

Printed Name and Title: _____

Date: _____

LESSEE:

Dredge Management, LLC

BY:  _____

Printed Name and Title: Cory Grundmann

Date: 3/12/18

EXHIBIT A

Legal Description

Lessor's Property

Parcel 1 – 12.44 Acres

Location Information:

Legal Description: **BEG 1164.9 FT N & 3960.6 FT E M OR L FR SW COR SEC 1, T 1S, R 2W, S 1M; N 0 14'52" W 620.73 FT; S 89 55'37" W 660 FT; S 0**

| | | | | | |
|----------------------|---------------|------------------|-------|-------------------|------------|
| County: | SALT LAKE | FIPS Code: | 49035 | Census Tract/Blk: | 114500 / 3 |
| APN: | 14-01-401-002 | Alternative APN: | | Map Ref: | |
| Township-Range-Sect: | 1N - 2W - 01 | Legal Book/Page: | | Tract No: | |
| Legal Lot: | | Legal Block: | | | |
| Subdivision: | | | | | |

Parcel 2 – 1.13 Acres

Location Information:

Legal Description: **BEG 1320.0 FT N & 330.0 FT E FR THE S 1/4 COR OF SEC 1, T 1S, R 2W, S 1M; E 330.0 FT; S 148.0 FT; S 89 56' W 178.3 FT; S 88**

| | | | | | |
|----------------------|---------------|------------------|-------|-------------------|------------|
| County: | SALT LAKE | FIPS Code: | 49035 | Census Tract/Blk: | 114500 / 3 |
| APN: | 14-01-451-007 | Alternative APN: | | Map Ref: | |
| Township-Range-Sect: | 1N - 2W - 01 | Legal Book/Page: | | Tract No: | |
| Legal Lot: | | Legal Block: | | | |
| Subdivision: | | | | | |

EXHIBIT B

Site Plan
Premises

