



Pacific Power | Utah Power
Rocky Mountain Power
825 NE Multnomah
Portland, Oregon 97232

August 17, 2007

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

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

Attention: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: **Docket UP-_____**
**Application of PacifiCorp Requesting Approval of the Sale of a Transmission
Line and Removal of a Switching Station**

Enclosed for filing by PacifiCorp dba, Pacific Power & Light Company ("PacifiCorp") is PacifiCorp's Application Requesting Approval of the Sale of a Transmission Line and Removal of a Switching Station. An original and one copy will be provided via overnight delivery.

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

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

By Fax: (503) 813-6060

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 Joelle Steward at 503-813-5542.

Very truly yours,

Andrea L. Kelly
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP- _____

In the Matter of the Application of
PACIFICORP Requesting Approval of the
Sale of a Transmission Line and Removal
of a Switching Station

APPLICATION OF
PACIFICORP

Pursuant to ORS 757.480(1)(a) and OAR 860-027-0025, PacifiCorp, d.b.a. Pacific Power (“PacifiCorp” or “Company”), seeks approval from the Oregon Public Utility Commission (“Commission”) to sell certain utility transmission plant facilities and to disassemble other transmission plant assets related to the sale.

I. Background

PacifiCorp owns the Goose Creek-Decker radial transmission line (“Goose Creek Line”), consisting of 13.85 miles of 230 kV transmission line supported by approximately 180 H-frame structures extending from PacifiCorp’s Goose Creek switching station approximately 1-mile north of Sheridan, Wyoming and extending north to a terminus at the Decker 230 kV substation near Decker, Montana which is owned by Flathead Electric Cooperative. In addition to the Goose Creek radial transmission line, structures and miscellaneous support equipment, the Company also owns easements and rights-of-way for the Goose Creek line. A copy of the Asset Purchase Agreement is attached as Exhibit I. Schedule 1.02 of the Asset Purchase Agreement contains a description of assets included in the proposed transaction.

PacifiCorp seeks approval to sell the Goose Creek Line to Basin Electric Power Cooperative (“Basin”). Basin is a regional generation and transmission cooperative serving approximately 120 members in nine states. Basin intends to use the Goose Creek Line to serve anticipated load growth instead of building a new transmission line.

The Goose Creek Line is no longer needed for the Company’s utility purposes and is no longer necessary and useful in the performance of PacifiCorp’s duties to the public. Currently, PacifiCorp only uses the Goose Creek Line to make transfers of Basin Network Resources delivered at Yellowtail to the Decker 230 kV substation under Basin’s Open Access Transmission Tariff (“OATT”) Network Transmission Service Agreement. The Company wheels resources for Basin southeast over the Yellowtail to Goose Creek transmission line and then north over the Goose Creek radial transmission line to Basin’s retail distribution member, Flathead Electric Cooperative at its Decker 230 kV substation. The transaction will merely move the point of delivery to Basin from the Decker substation to the Goose Creek switchyard.

The proposed sale of the Goose Creek radial transmission line will result in the Goose Creek switching station no longer being needed by or useful to the Company. Upon approval of the sale of the Goose Creek radial transmission line, the Company will remove the existing Goose Creek switching station including the equipment, structures, slabs and other above-ground facilities and level the site to a uniform surface. After removal of the Goose Creek switching station, the Company’s Sheridan to Yellowtail 230 kV transmission line must be made continuous for ongoing operation of that transmission line. The Company proposes to rebuild the short segment of 230 kV transmission line to fill the gap to be caused by the Goose Creek switching station removal. ORS 758.015(1)

requires a certificate of public convenience and necessity to construct an overhead transmission line requiring condemnation. The Company is not seeking condemnation authority to rebuild a short segment of the Sheridan to Yellowtail connection, therefore no certificate of public convenience and necessity is needed.

The total sale price of this transaction is \$2,849,152, plus the reimbursement of all transfer and legal costs. The sale price is based on PacifiCorp's policy to sell assets for depreciated replacement cost less consideration for Basin's activities related to perfecting title to the property. Oregon's jurisdictional allocation is approximately \$814,811, which necessitates this filing pursuant to ORS 757.480(1)(a).

II. Compliance with OAR 860-027-0025 Filing Requirements

A. Address

The applicant'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

The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating the consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of the Company from Maine to Oregon. The Company serves customers as Pacific Power in California, Oregon and Washington and as Rocky Mountain Power in Idaho, Utah and Wyoming.

C. Communications and notices

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

PacifiCorp Oregon Dockets
825 NE Multnomah, Ste 2000
Portland, OR 97232
OregonDockets@pacificorp.com

Michelle Mishoe
Legal Counsel
PacifiCorp
825 NE Multnomah, Ste 1800
Portland, OR 97232
Telephone: 503.813.5977
Facsimile: 503.813.7252
Email: michelle.mishoe@pacificorp.com

In addition, 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, Suite 2000
Portland, OR 97232

By facsimile (503) 813-6060

Informal inquires may also be directed to Joelle Steward, State Regulatory Manager at (503) 813-5542.

D. Principal officers

<u>Name</u>	<u>Title</u>
Gregory E. Abel	Chairman of Board & Chief Executive Officer
William J. Fehrman	President, PacifiCorp Energy
A. Richard Walje	President, Rocky Mountain Power & Utah Power

Patrick J. Reiten	President, Pacific Power
David Mendez	Senior Vice President & Chief Financial Officer, Pacific Power
Bruce N. Williams	Vice President, Treasurer, Pacific Power
Natalie L. Hocken	Vice President & General Counsel, Pacific Power

E. Description of business; designation of territories served

The Company is engaged 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 is also engaged in the generation, purchase, transmission, distribution and sale of electric energy in the states of Washington, California, Idaho, Wyoming and Utah.

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

Not applicable. Please see request for waiver in Section IV below.

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

Not applicable. Please see request for waiver in Section IV below.

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

The Company seeks approval to sell the Goose Creek Line to Basin. Basin will pay \$2,849,152, plus the reimbursement of all transfer and legal costs to the Company up to a limit of \$50,000. Basin is financially able and willing to purchase these assets. The original cost less depreciation value of the Goose Creek Line is approximately \$334,479. The attached Exhibit E demonstrates this calculation. The purchase price is based on PacifiCorp's policy to sell assets for depreciated replacement costs.

For accounting purposes, PacifiCorp will remove from the Company's books the original book value of the sold assets with a credit to FERC account 101, Electric Plant in Service. In addition, the Accumulated Provision for Depreciation in FERC account 108 and Accumulated Deferred Income Tax Reserve in FERC account 282 will be debited to eliminate the balances associated with the Goose Creek Line. The exact book value of the transactions in the various FERC accounts will not be known until the sale is closed. The net proceeds of the sale will be approximately \$1.73 million consisting of the sale price (approximately \$2.85 million), less the net book value (approximately \$0.33 million), less income taxes – net of deferred tax liability (approximately \$0.60 million), less the cost of removing the Goose Creek switching station and the cost of replacing the short segment of 230 kV transmission line in place of the switching station (approximately \$0.18 million). The net proceeds from this transaction will be treated as an offset to ratebase. The final accounting transaction will be a credit to FERC account 108, Accumulated Provision for Depreciation.

The attached Exhibit J describes the pro forma accounting entries reflecting the transaction.

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

The Company proposes to sell the Goose Creek Line to Basin. The Goose Creek Line consists of 13.85 miles of 230 kV transmission line supported by approximately 180 H-frame structures beginning at the Company's Goose Creek switching station approximately 1-mile north of Sheridan, Wyoming and extending north to a terminus at the Decker 230 kV substation near Decker, Montana which is owned by Flathead Electric Cooperative. The Company currently uses the line solely to make transfers of Basin Network Resources delivered at Yellowtail to the Decker 230 kV substation under Basin's OATT network Transmission Service Agreement. The Company does not anticipate serving any additional customers on this line and no longer needs this line to serve its current customers. Selling the Goose Creek Line will not reduce the service charge to Basin or cause the Company to forego revenues from other potential customers. The transaction merely moves the point of delivery to Basin from the Decker substation to the Goose Creek switchyard. Essentially, the line is used solely for Basin's needs.

Basin wishes to acquire the Goose Creek Line to serve anticipated load growth on Basin's system. Basin considered constructing its own line; however the cost would be approximately twice that of the purchase price of the Goose Creek Line. Additionally, given that the Company would not be serving additional customers from the Goose Creek Line, Basin's construction of a new line would render the Goose Creek Line obsolete.

Additionally, upon approval of the sale of the Goose Creek line, the Company will remove the existing Goose Creek switching station including the equipment, structures, slabs and other above-ground facilities and level the site to a uniform surface. After removal of the Goose Creek switching station, the Company's Sheridan to Yellowtail 230 kV transmission line must be made continuous for ongoing operation of that transmission line. The Company proposes to rebuild the short segment of 230 kV transmission line to fill the gap to be caused by the Goose Creek switching station removal.

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

Please see Exhibit E. Exhibit E contains a list of the assets which are the subject of this transaction, including the Company's original costs, accumulated depreciation, and net book value of the Goose Creek Line.

K. Required filings with other state or federal regulatory bodies

This proposed transaction also requires approval of the California Public Utilities Commission, the Wyoming Public Service Commission, and the Idaho Public Utilities Commission. A copy of the regulatory filings required by these agencies will be provided to the Commission upon request.

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

ORS 757.480 requires Commission approval for sales of property necessary and useful in the performance of public service with a value in excess of \$100,000. ORS 757.480(1)(a). OAR 860-027-0025(1)(l) requires that a utility show that such a proposed

sale is “consistent with the public interest.” The Commission has previously held that this standard requires only a “no harm” showing.¹

The sale of the Goose Creek Line is consistent with the public interest because the use being granted is surplus to the Company’s needs and not necessary for the Company to meet its public service obligations. The Goose Creek Line is currently used solely for Basin’s service needs. Therefore, selling the Goose Creek Line to Basin would not harm the public interest.

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

Please see sections I. and L. above.

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. Please see request for waiver in Section IV below.

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

Please see request for waiver in Section IV below.

¹ See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket 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 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 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 UP 165/UP 170, Order No. 99-730, at 7 (Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

III. Exhibits

PacifiCorp submits and references the following exhibits to be made part of this application:

- 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
- Exhibit I Copy of contract for transaction and other written instruments
- Exhibit J Copy of each proposed journal entry to be used to record the transaction

IV. Request for Waiver of certain filing requirements

Oregon Administrative Rules 860-027-0025(1) and (2) require certain information and exhibits be provided when filing an application for authority to transfer utility property. See OAR 860-027-0025. The Company either provides the required information as noted above, or seeks the Commission's waiver of the requirements as follows:

(a) The information required in OAR 860-027-0025(1)(a)-(e), (h)-(m) is provided in the Application, *supra*. Since this transaction does not involve the acquisition or sale of financial instruments, the Company respectfully requests waiver of the requirements of OAR 860-027-0025(1)(f), (g), (n) and (o). A grant of this waiver will not impede the Commission's analysis of this application.

(b) OAR 860-27-0025(2)(a) & (b) require submittal of a copy of the Company's articles of incorporation and bylaws. See OAR 860-27-0025(a) & (b). The Company respectfully requests a waiver of these filing requirements on the grounds that

production of these documents would be burdensome and would not advance the Commission's analysis of this application because the subject transaction involves a relatively minor encumbrance on utility property and does not affect the Company's corporate structure or governance.

(c) OAR 860-27-0025(2)(c) requires submittal of a copy of the board of director's resolution authorizing the transaction. The Company respectfully requests a waiver of this requirement as no board resolution was necessary for approval of this transaction.

(d) OAR 860-27-0025(2)(d) requires submittal of the security documents for financing the obligations of the parties to this transaction. The Company respectfully requests a waiver of this provision as no security requirement has been deemed necessary due to the size of the transaction.

(e) OAR 860-27-0025(2)(f) requires submittal of a statement of all known contingent liabilities as of the date of the application. The Company respectfully requests a waiver of this requirement as the Company is unaware of any contingent liabilities that remain outstanding as of the date of this application.

(f) OAR 860-27-0025(2)(g) & (h) require submittal of comparative income statements showing the results of operations as affected by the transaction and an analysis of "surplus" for the period of the income statements, respectively. For the reasons set forth in Section IV(e) above, the Company respectfully requests that this Commission waive these requirements.

(g) OAR 860-27-0025(2)(k) requires submittal of schedules upon which the applicant relies for the contention that the transaction is in the public interest. The

Company relies upon the statements made in this application and respectfully requests a waiver of this filing requirement.

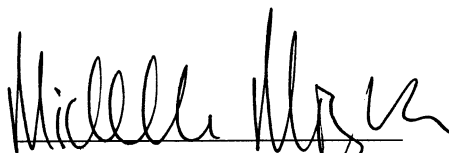
V. Prayer for Relief

The Company respectfully requests a Commission order:

- (a) finding that approval of the sale of PacifiCorp's Goose Creek Line to Basin will not harm the Company's customers and is consistent with the public interest;
- (b) approving the sale by November 6 to allow the transaction to close by December 31, 2007; and
- (c) granting other such relief as the Commission deems necessary and proper.

DATED this 17th day of August, 2007.

Respectfully submitted,



Michelle Mishoe, OSB #07242

PacifiCorp

825 NE Multnomah, Ste 2000

Portland, OR 97232

Counsel for Pacific Power

EXHIBIT E

**Property Valuation
Sale in Place - Transmission Facilities
For: Goose Creek-Decker 230kV Line
Requested by: Daniel Johannsen
Valuation**

Loc.	Vintage	Account	PRU	Qty	Unit Meas.	Description	Original Unit Cost	Installed Orig Cost	Accumulated Depreciation	NBV
540104	1971	35020		1	EA.	LAND RIGHTS - TRANS	21,704.78	21,704.78	(11,152.92)	10,551.86
437097	1971	35020		1	EA.	LAND RIGHTS - TRANS	21,704.78	21,704.78	(11,152.92)	10,551.86
Total Account 35020								43,409.56	(22,305.84)	21,103.72
540104	1971	35501	POL01	1	EA.	WOOD POLES, <=60 FT.	354.59	354.59	(223.81)	130.78
540104	1976	35501	POL01	1	EA.	WOOD POLES, <=60 FT.	159.03	159.03	(88.67)	70.36
Total Account 35501								513.62	(312.48)	201.14
540104	1971	35515	POL15	140	EA.	WOOD POLES, >=65 FT.	461.71	64,639.04	(40,798.13)	23,840.91
540104	1976	35515	POL15	2	EA.	WOOD POLES, >=65 FT.	253.39	506.78	(282.57)	224.21
540104	1988	35515	POL15	2	EA.	WOOD POLES, >=65 FT.	1,182.88	2,464.54	(884.58)	1,579.96
540104	1996	35515	POL15	2	EA.	WOOD POLES, >=65 FT.	8,183.31	17,960.55	(3,818.12)	14,142.43
540104	2001	35515	POL15	1	EA.	WOOD POLES, >=65 FT.	10,349.82	10,349.82	(1,212.29)	9,137.53
540104	2003	35515	POL15	1	EA.	WOOD POLES, >=65 FT.	12,921.77	12,921.77	(1,012.21)	11,909.56
437097	1971	35515	POL15	31	EA.	WOOD POLES, >=65 FT.	461.71	14,312.93	(9,033.87)	5,279.06
Total Account 35515								123,155.44	(57,041.77)	66,113.67
540104	1971	35571	ACH71	367	EA.	ANCHOR	57.45	21,082.79	(13,306.79)	7,776.00
540104	1988	35571	ACH71	7	EA.	ANCHOR	53.94	393.35	(68.72)	324.63
540104	1996	35571	ACH71	2	EA.	ANCHOR	2,820.43	6,190.21	(1,315.94)	4,874.27
437097	1971	35571	ACH71	14	EA.	ANCHOR	57.45	804.25	(507.62)	296.63
Total Account 35571								28,470.60	(15,199.07)	13,271.53
540104	1971	35572	XRM72	63	EA.	CROSSARMS & CROSS BRACES	204.20	12,864.85	(8,119.89)	4,744.96
540104	1976	35572	XRM72	2	EA.	CROSSARMS & CROSS BRACES	181.61	363.21	(202.52)	160.69
540104	1980	35572	XRM72	31	EA.	CROSSARMS & CROSS BRACES	378.82	11,743.41	(5,808.88)	5,934.53
540104	1996	35572	XRM72	1	EA.	CROSSARMS & CROSS BRACES	1,350.06	1,481.54	(314.95)	1,166.59
540104	2001	35572	XRM72	1	EA.	CROSSARMS & CROSS BRACES	798.20	798.20	(93.49)	704.71
437097	1971	35572	XRM72	15	EA.	CROSSARMS & CROSS BRACES	204.20	3,063.06	(1,933.31)	1,129.75
Total Account 35572								30,314.27	(16,473.04)	13,841.23
540104	1971	35606	OHC06	121610	FT.	WIRE, <=499 MCM	0.07	8,362.66	(4,997.49)	3,365.17
437097	1971	35606	OHC06	24664	FT.	WIRE, <=499 MCM	0.07	1,696.05	(1,013.55)	682.50
Total Account 35606								10,058.71	(6,011.04)	4,047.67
540104	1971	35608	OHC08	182415	FT.	WIRE, >=1000 MCM	1.59	289,163.65	(172,802.83)	116,360.82
437097	1971	35608	OHC08	36996	FT.	WIRE, >=1000 MCM	1.59	58,645.94	(35,046.53)	23,599.41
Total Account 35608								347,809.59	(207,849.36)	139,960.23
540104	1971	35680	DIS80	2449	EA.	DISC INSULATOR	6.71	16,434.02	(9,820.89)	6,613.13
540104	1977	35680	DIS80	180	EA.	DISC INSULATOR	4.04	726.95	(363.26)	363.69
540104	1978	35680	DIS80	7	EA.	DISC INSULATOR	57.70	403.92	(195.15)	208.77
540104	1979	35680	DIS80	108	EA.	DISC INSULATOR	23.89	2,580.52	(1,203.94)	1,376.58
540104	1980	35680	DIS80	28	EA.	DISC INSULATOR	57.32	1,604.82	(722.07)	882.75
540104	1982	35680	DIS80	325	EA.	DISC INSULATOR	58.09	18,878.93	(7,865.93)	11,013.00
540104	1988	35680	DIS80	32	EA.	DISC INSULATOR	8.41	280.40	(88.80)	191.60
540104	1992	35680	DIS80	102	EA.	DISC INSULATOR	57.99	6,174.06	(1,543.55)	4,630.51
540104	1997	35680	DIS80	50	EA.	DISC INSULATOR	31.76	1,570.12	(261.70)	1,308.42
540104	1999	35680	DIS80	8	EA.	DISC INSULATOR	48.66	424.29	(56.57)	367.72
540104	2003	35680	DIS80	20	EA.	DISC INSULATOR	533.55	10,670.98	(711.47)	9,959.51
540104	2004	35680	DIS80	20	EA.	DISC INSULATOR	1,967.60	39,351.90	(1,967.85)	37,384.05
437097	1971	35680	DIS80	588	EA.	DISC INSULATOR	6.71	3,945.78	(2,357.98)	1,587.80
Total Account 35680								103,046.68	(27,159.16)	75,887.52
437097	1971	35681	PST81	3	EA.	POST INSULATOR	43.86	131.59	(78.94)	52.65
Total Account 35681								131.59	(78.94)	52.65
Grand Total For: Goose Creek-Decker 230kV Line :								686,910.06	(352,430.70)	334,479.36

EXHIBIT I

Execution Version

ASSET PURCHASE AGREEMENT
BETWEEN
BASIN ELECTRIC POWER COOPERATIVE
AND
PACIFICORP

June 18, 2007

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Schedules

<u>Schedule</u>	<u>Title</u>
1.02	Description of Assets
1.15	Regulatory Approval
14.02	Purchase Price Allocation

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “Agreement”), dated this 18 day of June, 2007, is between Basin Electric Power Cooperative, a North Dakota cooperative corporation (“Buyer”), and PacifiCorp, an Oregon corporation (“PacifiCorp”).

SECTION I DEFINITIONS

For purposes of this Agreement, the following terms used herein but not otherwise defined herein will have the following meaning when used with initial capitalization, whether singular or plural:

- 1.01 “Agreement” has the meaning given in the preamble.
- 1.02 “Assets” means the assets and properties owned by PacifiCorp as described on **Schedule 1.02**.
- 1.03 “Assumed Liabilities” means the liabilities of PacifiCorp to be assumed by Buyer pursuant to Section 2.04.
- 1.04 “Buyer” has the meaning given in the preamble.
- 1.05 “Closing” has the meaning given in Section 11.01.
- 1.06 “Closing Date” means the date of the Closing of this Agreement as provided for in Section 11.
- 1.07 “Costs Estimate” has the meaning given in Section 2.05(b).
- 1.08 “Effective Time of Closing” has the meaning given in Section 11.01.
- 1.09 Intentionally left blank.
- 1.10 “Legal Costs” has the meaning given in Section 2.05(a).
- 1.11 “Losses” has the meaning given in Section 14.01(b).
- 1.12 “Meter” has the meaning given in Section 2.06.
- 1.13 “Prudent Utility Practice” means those practices, methods and acts which (a) when engaged in are commonly used in prudent engineering and operations to operate electric equipment and associated mechanical and civil facilities lawfully and with safety, reliability, efficiency and expedition or (b) in the exercise of reasonable judgment considering the facts known when engaged in, could have been expected to achieve the desired result consistent with applicable law, safety, reliability, efficiency and expedition. Prudent Utility Practice is not limited to the optimum practiced method or act, but rather a spectrum of possible practices, methods or acts.

- 1.14 “Purchase Price” has the meaning given in Section 2.02.
- 1.15 “Regulatory Approval” means approval by the governmental bodies listed on **Schedule 1.15** of the sale of the Assets pursuant to this Agreement.
- 1.16 “Reimbursed Termination” has the meaning given in Section 12.02.
- 1.17 “Reimbursed Termination Date” has the meaning given in Section 12.02.
- 1.18 “Second Party” has the meaning given in Section 14.01(c).
- 1.19 “Termination Costs” has the meaning given in Section 2.05(a).
- 1.20 “Transfer Costs” has the meaning given in Section 2.05(a).

SECTION II SALE AND PURCHASE OF ASSETS

2.01 Assets to be Sold. Subject to all terms and conditions of this Agreement, PacifiCorp agrees to sell and Buyer agrees to buy all of PacifiCorp’s right, title and interest in the Assets.

2.02 Purchase Price. The purchase price for the Assets will be \$2,849,152.00 plus the assumption of liabilities as set forth in Section 2.04, plus reimbursement of all Transfer Costs and Legal Costs as set forth in Section 2.05(a) (the “Purchase Price”). Except as set forth in Section 2.05(a), the Purchase Price will be paid at Closing. All payments will be by wire transfer to the following account of PacifiCorp or such other account as PacifiCorp may designate in writing prior to the time of transfer:

PacifiCorp
JP Morgan
Chicago, IL
ABA 071000013
Account 5531896

2.03 Instruments of Conveyance and Transfer. At Closing, PacifiCorp will deliver to Buyer such bills of sale, endorsements, assignments, consents and other good and sufficient instruments of conveyance and assignment as will be effective to vest in Buyer title in and to the Assets and will assign to Buyer PacifiCorp’s interest in the contracts, permits, authorizations, easements and rights-of-way which are capable of assignment and which are included in the Assets.

2.04 Assumption of Liabilities. At Closing, Buyer will assume the following debts, liabilities and obligations (whether arising from contract, tort, or otherwise) associated with the Assets (“Assumed Liabilities”) consisting of (a) liabilities disclosed to and agreed to in writing by Buyer prior to the Closing Date and (b) the obligations and liabilities with respect to the ownership and operation of the Assets after the Effective Time of Closing, including, without limitation, obligations under, or other liabilities associated with, any easements or rights-of-way

included within the Assets. PacifiCorp shall hold Buyer harmless for all claims or liabilities (except Assumed Liabilities) relating to the Assets for periods prior to the Effective Time of Closing. Buyer shall hold PacifiCorp harmless for all claims or liabilities relating to Assumed Liabilities.

2.05 Costs.

(a) Costs to be Reimbursed. Buyer will reimburse PacifiCorp for:

(i) any costs incurred by PacifiCorp related to the transfer of the Assets to Buyer agreed to by the parties in writing ("Transfer Costs");

(ii) all legal costs actually incurred by PacifiCorp in connection with the transactions contemplated by this Agreement, not to exceed \$50,000 ("Legal Costs"); and

(iii) upon the occurrence of a Reimbursed Termination, all costs incurred by PacifiCorp to reinstate the Assets to their original condition and placement as a result of termination of this Agreement and Legal Costs ("Termination Costs").

(b) Payment Schedule. Within 45 days after the Closing Date or the Reimbursed Termination Date, as the case may be, PacifiCorp will inform Buyer in writing of the total Transfer Costs, Legal Costs and Termination Costs, if any. Buyer shall pay to PacifiCorp all such costs not previously paid, in cash by wire transfer of immediately available funds in U.S. dollars not later than the tenth business day after Buyer's receipt of PacifiCorp's notice of the amount due, to the account specified in Section 2.02 or such other account as PacifiCorp may designate in writing prior to the time of transfer.

2.06 Meter. Prior to Closing, Buyer will install, or ensure the existence of, metering equipment at the Decker Substation capable of calculating losses on the transmission line between the Goose Creek Switching Station and the Decker Substation (the "Meter"). Buyer will notify PacifiCorp of the Meter's installation or existence at least three business days prior to the Closing. Buyer will be responsible for the operation and maintenance of the Meter.

2.07 Property Taxes. The property taxes and assessments relating to the Assets for the current tax year shall be pro-rated between PacifiCorp and Buyer at Closing, such that PacifiCorp is responsible for all such taxes up to the Effective Time of Closing and Buyer is responsible for all such taxes thereafter.

2.08 Sales Tax. All liabilities or obligations for taxes in the nature of sales, use taxes, excise taxes, recordation and transfer taxes incurred as a result of transactions contemplated by this Agreement shall be borne by Buyer.

2.09 Expenses. Except as provided in Section 2.05, each party will bear its own expenses in preparing regulatory filings and seeking required consents and approvals.

**SECTION III
REPRESENTATIONS AND WARRANTIES OF PACIFICORP**

PacifiCorp represents and warrants as follows:

3.01 Organization and Powers of PacifiCorp. PacifiCorp is an Oregon corporation, duly organized and legally existing under the laws of the State of Oregon. PacifiCorp has all requisite corporate power and authority to own the Assets and to operate the business conducted with the Assets as now being conducted.

3.02 Authority Relative to Agreement. PacifiCorp has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by PacifiCorp of this Agreement have been duly and validly authorized by all necessary action of PacifiCorp in accordance with the requirements of applicable law and no other action on the part of PacifiCorp is required in connection therewith. This Agreement constitutes the valid and binding obligation of PacifiCorp enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought. Except for filings with the state utility regulatory agencies of California, Idaho, Oregon and Wyoming, which PacifiCorp shall make prior to the Closing, no material consent or approval of a governmental authority is required to consummate the transactions contemplated by this Agreement.

3.03 Condition of Assets. The Assets will be sold to Buyer "AS IS, WHERE IS" and with no representations or warranties of any kind or character, including any warranty of quality, merchantability, fitness for a particular purpose or condition, except as specifically set forth herein or in the conveyance document to be delivered to Buyer at Closing. BUYER ACKNOWLEDGES THAT EXCEPT AS EXPRESSLY STATED IN SECTION III OF THIS AGREEMENT, PACIFICORP HAS NOT MADE, AND PACIFICORP EXPRESSLY DISCLAIMS AND NEGATES, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, RELATING TO THE ASSETS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER WAIVES ALL RIGHTS TO CONTRIBUTIONS, OFFSETS AND DAMAGES WHICH IN ANY MANNER RELATE TO THE COMPLIANCE OF THE ASSETS WITH ANY LAW OR REGULATION APPLICABLE THERETO.

3.04 Environmental Laws. To the best of PacifiCorp's knowledge, PacifiCorp has not violated any applicable law or regulation relating to the environment with respect to its ownership and operation of the Assets, other than such violations which would not, in the aggregate, have a material adverse effect on the value of the Assets or Buyer's ability to utilize the Assets in the ordinary course of business.

SECTION IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants as follows:

4.01 Organization and Powers of Buyer. Buyer is a North Dakota cooperative corporation, duly organized and legally existing under the laws of the State of North Dakota. Buyer has all requisite corporate power and authority to own, operate and purchase the Assets.

4.02 Authority Relative to Agreement. Buyer has the power and authority, and has complied with all applicable laws and statutory requirements necessary to execute and deliver this Agreement and to consummate the transactions, including the acquisition of the Assets as contemplated hereby. The execution, delivery and performance by Buyer of this Agreement have been duly and validly authorized by all necessary action of Buyer in accordance with the requirements of applicable law and no other action on the part of Buyer is required in connection therewith. This Agreement constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought.

4.03 Buyer Financing. Buyer has allocated sufficient funds to finance the purchase of the Assets, including all sales or similar taxes, Transfer Costs and Legal Costs.

SECTION V MUTUAL COVENANTS

5.01 Press Releases. Prior to Closing, no press releases or other public announcements concerning the transactions contemplated by this Agreement will be made by either party without the consent of the other party, which consent shall not be unreasonably withheld; *provided, however*, that nothing herein will operate to prevent a party from supplying such information or making statements as required by governmental authority or in order for a party to satisfy its legal obligations (prompt prior notice of which shall in any such case be given to the other party).

SECTION VI COVENANTS OF PACIFICORP

PacifiCorp covenants and agrees as follows:

6.01 Insurance; Risk of Loss. Until the Effective Time of Closing, PacifiCorp will continue to self-insure or carry insurance currently in effect related to the Assets, insuring the Assets in accordance with its past practices. PacifiCorp will bear the risk of loss or damage to the Assets prior to transfer of the Assets to Buyer at the Effective Time of Closing.

6.02 Conditions and Best Efforts. Subject to the terms of this Agreement, PacifiCorp will use its reasonable best efforts to effectuate the transactions contemplated by this Agreement

and to fulfill all of the conditions of the parties' obligations under this Agreement and will do all such acts and things as reasonably may be required to carry out PacifiCorp's obligations hereunder and to consummate and complete this Agreement, including without limitation of the foregoing promptly making application for Regulatory Approval. Notwithstanding the foregoing, PacifiCorp will not be required in connection with any necessary approval or consent to agree to any payment or agree to any conditions of approval that are reasonably unacceptable to PacifiCorp.

6.03 Maintain Properties. Prior to Closing, PacifiCorp will maintain the Assets, consistent with past practices and in accordance with Prudent Utility Practice, including, but not limited to, maintenance, repair, replacement or changes to the Assets. At and after the Effective Time of Closing, PacifiCorp shall not have any express or implied obligation to maintain the Assets.

SECTION VII COVENANTS OF BUYER

Buyer covenants and agrees as follows:

7.01 Conditions and Best Efforts. Subject to the terms of this Agreement and fiduciary obligations under applicable law, Buyer will use its reasonable best efforts to effectuate the transactions contemplated by this Agreement and to fulfill all of the conditions of the parties' obligations under this Agreement and will do all such acts and things as reasonably may be required to carry out Buyer's obligations hereunder and to consummate and complete this Agreement, including without limitation of the foregoing, cooperating promptly with PacifiCorp with respect to the preparation of applications for Regulatory Approval and assisting PacifiCorp in seeking approval of its filings.

Buyer will not prior to Closing, without PacifiCorp's prior consent, make any filing with, or initiate any discussion or proceeding with, any governmental body having regulatory authority seeking consent to the sale by PacifiCorp, or the purchase by Buyer, of the Assets. Prior to filing applications, pre-filed testimony or responses to data requests in the course of obtaining Regulatory Approval, Buyer will provide such materials to PacifiCorp for its information. Notwithstanding the foregoing, Buyer will not be required in connection with any regulatory approval to agree to any conditions of approval that are reasonably unacceptable to Buyer.

7.02 Confidentiality. To the maximum extent allowed by law, all material nonpublic information requested and obtained by Buyer from PacifiCorp will be kept confidential by Buyer and used by Buyer solely for the purposes of evaluation of the transactions contemplated by this Agreement and the operation of the Assets.

SECTION VIII CONDITIONS PRECEDENT TO PACIFICORP'S OBLIGATIONS

All of the obligations of PacifiCorp to be discharged prior to or at Closing are subject to the fulfillment, prior to or at Closing, of each of the following conditions:

8.01 Representations, Warranties and Covenants of Buyer. All representations and warranties made in this Agreement by Buyer will be true and correct in all material respects as of the Closing Date as fully as though such representations and warranties had been made on and as of the Closing Date and Buyer will have complied in all material respects with all covenants made by it in this Agreement to be performed prior to Closing. At Closing, Buyer will provide to PacifiCorp a certificate dated as of the date of Closing and signed by the Chief Executive Officer and General Manager of Buyer confirming the accuracy of the matters stated in this Section.

8.02 Third Party Releases and Consents. PacifiCorp or Buyer will have obtained the written consent of third parties, including government agencies, in form and substance satisfactory to PacifiCorp and its counsel, necessary for consummation of the transactions contemplated by this Agreement, other than those which, if not obtained, would not, in the aggregate, have a material adverse effect on the value of the Assets or Buyer's ability to utilize the Assets in the ordinary course of business.

8.03 Litigation. At the Closing Date, there will not be in effect any order, decree or injunction of a court of competent jurisdiction restraining, enjoining or prohibiting the consummation of the transactions contemplated by this Agreement (each party agreeing to use its best efforts, including appeals to higher courts, to have any such order, decree or injunction set aside or lifted), and no action will have been taken and no statute, rule or regulation will have been enacted by any state or federal government or governmental agency in the United States which would prevent the consummation of such transactions.

8.04 Meter. Buyer will have satisfied its Meter obligations under Section 2.06.

8.05 Regulatory Approval. The Regulatory Approval will have been obtained and be in effect at the Closing Date on terms acceptable to PacifiCorp.

SECTION IX CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All of the obligations of Buyer to be discharged prior to or at the Closing are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

9.01 Representations, Warranties and Covenants of PacifiCorp. All representations and warranties made in this Agreement by PacifiCorp will be true and correct in all material respects as of the Closing Date as fully as though such representations and warranties had been made on and as of the Closing Date. As of the Closing Date, PacifiCorp will have complied in all material respects with all covenants made by it in this Agreement to be performed prior to Closing. At Closing, PacifiCorp will provide to Buyer a certificate dated as of the date of Closing and signed by an authorized officer of PacifiCorp confirming the accuracy of the matters stated in this Section.

9.02 Third Party Consents. PacifiCorp or Buyer will have obtained the written consent of third parties, including government agencies, in form and substance satisfactory to Buyer and its counsel, necessary for consummation of the transactions contemplated by this Agreement,

other than those which, if not obtained, would not, in the aggregate, have a material adverse effect on the value of the Assets or Buyer's ability to utilize the Assets in the ordinary course of business.

9.03 Litigation. At the Closing Date, there will not be in effect any order, decree, or injunction of a court of competent jurisdiction restraining, enjoining or prohibiting the consummation of the transactions contemplated by this Agreement (each party agreeing to use its best efforts, including appeals to higher courts, to have any such order, decree or injunction set aside or lifted), and no action will have been taken and no statute, rule or regulation will have been enacted by any state or federal government or governmental agency in the United States which would prevent the consummation of such transactions.

9.04 Regulatory Approval. The Regulatory Approval will have been obtained and be in effect at the Closing Date on terms that would not, in the aggregate, have a material adverse effect on the value of the Assets or Buyer's ability to utilize the Assets in the ordinary course of business.

SECTION X NOTICES OF DEVELOPMENT

10.01 Notice. PacifiCorp will notify the Buyer in writing of any development known to PacifiCorp prior to Closing which at the time of notification causes any of the representations and warranties in this Agreement to be materially inaccurate. Unless Buyer terminates this Agreement pursuant to Section 12.01, the written notice pursuant to this Section 10.01 will be deemed to have qualified the representations and warranties, to have amended any schedule referenced in such Sections, and to have caused any representation or breach of warranty that otherwise might have existed hereunder by reason of the development to be cured.

10.02 Asset Description. Buyer acknowledges that changes in the Assets and liabilities relating to the Assets or other information shown on the Schedules may occur after the date of this Agreement and prior to Closing. PacifiCorp may, prior to Closing, deliver to Buyer updated Schedules. Unless Buyer terminates this Agreement pursuant to Section 12.01, the updated Schedules delivered pursuant to this section will be deemed to replace the applicable Schedule attached hereto.

SECTION XI CLOSING

11.01 Time and Place. The closing of the transactions contemplated by this Agreement (the "Closing") will take place at 10:00 a.m., Pacific time, on the date ten days following receipt of Regulatory Approval or on such date as may be mutually agreed upon by the parties (the "Closing Date"). The transfer of the Assets and the assumption of the Assumed Liabilities will be effective as of 11:59:59 p.m., Pacific time, on the Closing Date (the "Effective Time of Closing"). The Closing will be held at PacifiCorp's headquarters, 825 NE Multnomah Street, Suite 1800, Portland, Oregon, or at such other place as the parties may mutually agree and may be conducted by exchange of documents by facsimile and overnight courier service.

11.02 Further Assurances. From time to time after the Closing, each party, upon the request of the other party, will without further consideration execute, deliver and acknowledge all such further instruments of transfer and conveyance and do and perform all such other acts and things as either party may reasonably require to more effectively carry out the intent of this Agreement.

SECTION XII TERMINATION

12.01 Termination. This Agreement may be terminated and abandoned at any time prior to the Closing:

(a) if the parties agree in writing to terminate this Agreement by mutual consent;

(b) by Buyer if Buyer delivers a written notice to PacifiCorp to the effect that (1) one or more of the conditions to the obligations of Buyer set forth in Section 9 (which will be specified in detail in such notice) cannot be met on or before December 31, 2007 (or such later date to which the term of this Agreement may be extended pursuant to Subsection 12.01(f)); or (2) PacifiCorp has defaulted in a material respect under one or more of its covenants and agreements contained herein (which will be specified in detail in such notice) and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by Buyer) within 30 days after the date such notice is delivered by Buyer to PacifiCorp; or (3) Buyer is terminating the Agreement as a result of a notice under Section 10.01 or a revised Schedule under Section 10.02, which notice or revised Schedule has a material adverse effect on the value of the Assets or Buyer's ability to utilize the Assets in the ordinary course of business, and such termination occurs within ten (10) days of Buyer's receipt after such notice or revised Schedule;

(c) by PacifiCorp if PacifiCorp delivers a written notice to Buyer to the effect that (1) one or more of the conditions to the obligations of PacifiCorp set forth in Section 8 (which will be specified in detail in such notice) cannot be met on or before December 31, 2007 (or such later date to which the term of this Agreement may be extended pursuant to Subsection 12.01(f)); or (2) Buyer has defaulted in a material respect under one or more of its covenants and agreements contained herein (which will be specified in detail in such notice), and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by PacifiCorp) within 30 days after the date such notice is delivered by PacifiCorp to Buyer;

(d) by either party if any governmental or regulatory body, the consent of which is a condition to the obligations of Buyer and PacifiCorp to consummate the transactions contemplated by this Agreement, will have determined not to grant its consent and all appeals of such determination will have been taken and have been unsuccessful;

(e) by either party if any court of competent jurisdiction in the United States or any state will have issued an order, judgment or decree (other than a temporary restraining order) restraining, enjoining or otherwise prohibiting the purchase of the Assets from PacifiCorp by Buyer and such order, judgment or decree will have become final and nonappealable; or

(f) by either party if the Closing does not occur on or before [September 30, 2007] (other than by virtue of a default by one of the parties), or such later date to which the term of this Agreement may be extended pursuant to mutual agreement of the parties, provided that one of the parties gives written notice to the other so terminating this Agreement.

12.02 Effect of Termination. Except as provided below and in Section 2.05, any termination pursuant to this Section 12 will relieve both the parties hereto of all of their obligations set forth herein and any liability with respect thereto; provided that termination of this Agreement does not relieve either party of liability for breach of the Agreement. In the event of termination by Buyer pursuant to Section 12.01(b), Buyer shall not be responsible for reimbursement of any Transfer Costs, Legal Costs or Termination Costs incurred by PacifiCorp pursuant to Section 2.05. In the event of termination by PacifiCorp pursuant to Section 12.01(c)(2), reimbursement for Transfer Costs, Legal Costs or Termination Costs incurred by PacifiCorp pursuant to Section 2.05 shall be paid by Buyer (a "Reimbursed Termination," on the date of such Reimbursed Termination, the "Reimbursed Termination Date"). In the event of termination by PacifiCorp or by Buyer, PacifiCorp will refund to Buyer amounts paid to PacifiCorp by Buyer pursuant to Section 2.05 only to the extent such amounts are in excess of the total Transfer Costs, Legal Costs and Termination Costs actually incurred by PacifiCorp.

SECTION XIII ASSIGNMENT

13.01 Assignment. Neither party may assign its rights under this Agreement to any third party without the written consent of the other party to this Agreement which consent shall not be unreasonably withheld.

13.02 No Discharge. No assignment of this Agreement will operate to discharge the assignor of any duty or obligation hereunder without the written consent of the other party.

SECTION XIV MISCELLANEOUS

14.01 Indemnification. From and after the Effective Time of Closing, PacifiCorp and Buyer will each indemnify and hold harmless the other party from and against any Losses, as defined below, incurred by reason of any breach or inaccuracy of a representation or warranty or breach of covenant of a party in this Agreement. Any claims for indemnification by Buyer shall not exceed the Purchase Price in the aggregate and all indemnification claims must be brought within one year after the Closing Date.

(a) After Closing, the indemnification provided by this section shall be the sole and exclusive remedy for any Losses of a party with respect to any breach or inaccuracy of any representation or warranty or breach of any covenant contained in this Agreement.

(b) "Losses" shall include actual loss, liability, damage or expense (including reasonable legal fees and expenses but excluding incidental, consequential or punitive damages).

(c) Neither party shall be liable under any provision of this Agreement for any Loss to the extent that such Loss was caused or exacerbated by the other party, or to the extent such other party failed to mitigate such Loss as required by Section 14.01(d).

(d) Each party entitled to indemnification hereunder shall take all reasonable steps to mitigate all Losses after becoming aware of any event which could reasonably be expected to give rise to any Losses that are indemnifiable or recoverable hereunder or in connection herewith.

14.02 Allocation of Purchase Price. The Purchase Price will be allocated among the Assets in accordance with **Schedule 14.02** attached hereto. Neither PacifiCorp nor Buyer will take any action that would be inconsistent with such allocation.

14.03 Termination of Use of Name and Logo. Buyer will not use PacifiCorp's name, logo, trade names or trademarks other than use of equipment purchased under this Agreement bearing PacifiCorp's name or logo prior to Closing, and as soon as practicable after the Closing, but in any event within six months after Closing, will obliterate, cover or remove PacifiCorp's logo and name from the Assets.

14.04 Amendment. This Agreement may be amended only by an instrument in writing executed by the parties which expressly refers to this Agreement and states that it is an amendment hereto.

14.05 Section and Paragraph Headings. The section and subsection headings contained in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

14.06 Waiver. Any of the terms or conditions of this Agreement may be waived at any time and from time to time, in writing, by the party entitled to the benefit of such terms or conditions.

14.07 Choice of Law. This Agreement will be subject to and be construed under the laws of the State of Wyoming, without giving effect to conflicts of laws principles.

14.08 Prevailing Party Costs. If a party commences an action against the other party because of a breach by that party of its obligations under this Agreement or any documents executed in consummation with the transaction contemplated by this Agreement, the prevailing party in any such action shall be entitled to recover from the losing party its expenses, including reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action, and any appeal thereof.

14.09 Notices. All notices, requests, demands and other communications given by Buyer or PacifiCorp will be in writing and will be deemed to have been given when telecopied with confirmed transmission, when hand delivered, when delivered by overnight courier or four business days after deposit into the United States mail, to the following addresses:

If to Buyer to: Basin Electric Power Cooperative
 1717 East Interstate Avenue

Bismarck, ND 58503
Attn: Transmission Department
Fax: 701-224-5332
Phone: 701-355-5645

With a copy to: Basin Electric Power Cooperative
1717 East Interstate Avenue
Bismarck, ND 58503
Attn: Legal Department
Fax: 701-224-5343
Phone: 701-223-0441

If to PacifiCorp, to: PacifiCorp
825 NE Multnomah Street, Suite 1600
Portland, OR 97232
Attn: Transmission Department
Fax: (503) 813-6893
Phone: (503) 813-7090

With a copy to: Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, UT 84111
Attn: Legal Department
Fax: (801) 220-3299
Phone: (801) 220-4568

or to such other address as Buyer or PacifiCorp may designate in writing.

14.10 Integrated Agreement. This Agreement, the schedules and exhibits hereto, when executed, constitute the entire agreement between the parties hereto and supersedes all prior agreements and understandings, oral and written, between the parties with respect to the subject matter hereof.

14.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which will for all purposes be deemed to be an original and both of which will constitute one and the same instrument.

14.12 Disclosure. Disclosure of any fact or item in any schedule or exhibit hereto shall be deemed to have been so disclosed in any other schedule, exhibit or representation or warranty made by PacifiCorp herein, provided disclosure of such fact or item on such schedule or exhibit contains disclosure of facts that would otherwise be required to be disclosed in such other schedules, exhibit or representation or warranty. Matters reflected in the schedules and exhibits hereto are not necessarily limited to matters required by this Agreement to be disclosed. Such additional matters are provided for information purposes only and shall not be deemed to be an admission or acknowledgement by PacifiCorp that such information is material or outside the ordinary course of the business of PacifiCorp.

14.13 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be construed as nearly as possible to give effect to the original intent of the parties.


14.14 No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended or shall be construed to confer upon or give to a person, firm, corporation or municipality other than the parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.


BUYER:

BASIN ELECTRIC POWER COOPERATIVE

By: 
Name: Paul M. Sukut
Title: Acting CEO & GM

PACIFICORP:

PACIFICORP

By: 
Name: A. Richard Walje
Title: President, Rocky Mtn Power

Schedule 1.02
Description of Assets

A 230 kilovolt electric transmission line 13.85 miles of wood constructed H frame structure design with 1272 ACSR conductor. The southern end of the line is connected to PacifiCorp's Goose Creek switchyard located approximately a mile north of Sheridan, Wyoming. The northern termination of the line is at Flathead Electric Cooperative's Decker substation located near Decker, Montana.

Vintage	Qty	Unit Meas.	Description
1971	1	EA.	LAND RIGHTS - TRANS
1971	1	EA.	LAND RIGHTS - TRANS
1971	1	EA.	WOOD POLES, <=60 FT.
1976	1	EA.	WOOD POLES, <=60 FT.
1971	140	EA.	WOOD POLES, >=65 FT.
1976	2	EA.	WOOD POLES, >=65 FT.
1988	2	EA.	WOOD POLES, >=65 FT.
1996	2	EA.	WOOD POLES, >=65 FT.
2001	1	EA.	WOOD POLES, >=65 FT.
2003	1	EA.	WOOD POLES, >=65 FT.
1971	31	EA.	WOOD POLES, >=65 FT.
1971	367	EA.	ANCHOR
1988	7	EA.	ANCHOR
1996	2	EA.	ANCHOR
1971	14	EA.	ANCHOR
1971	63	EA.	CROSSARMS & CROSS BRACES
1976	2	EA.	CROSSARMS & CROSS BRACES
1980	31	EA.	CROSSARMS & CROSS BRACES
1996	1	EA.	CROSSARMS & CROSS BRACES
2001	1	EA.	CROSSARMS & CROSS BRACES
1971	15	EA.	CROSSARMS & CROSS BRACES
1971	121610	FT.	WIRE, <=499 MCM
1971	24664	FT.	WIRE, <=499 MCM
1971	182415	FT.	WIRE, >=1000 MCM
1971	36996	FT.	WIRE, >=1000 MCM
1971	2449	EA.	DISC INSULATOR
1977	180	EA.	DISC INSULATOR
1978	7	EA.	DISC INSULATOR
1979	108	EA.	DISC INSULATOR
1980	28	EA.	DISC INSULATOR
1982	325	EA.	DISC INSULATOR
1988	32	EA.	DISC INSULATOR
1992	102	EA.	DISC INSULATOR
1997	50	EA.	DISC INSULATOR
1999	8	EA.	DISC INSULATOR

2003	20	EA.	DISC INSULATOR
2004	20	EA.	DISC INSULATOR
1971	588	EA.	DISC INSULATOR
1971	3	EA.	POST INSULATOR

The Assets also include all easements and rights-of-way owned by PacifiCorp relating to the 13.85 mile, 230 kilovolt electric transmission line described above, including those listed below. No assurance can be given that the easements and rights-of-way, or other such rights are complete with respect to the Assets. Prescriptive rights may exist or facilities may have been constructed outside of existing easements. Any and all such prescriptive rights that may exist are also included as Assets.

Instrument/ Central File No.	Grantor(s)	Date	Location	Recordation Information
Easement L217A/1	John E. Rice & Sons, Inc.	11/13/1970	T57N R84W Sheridan County	11/20/1970 Bk 179 Pg 257
Easement L2179A/2	Wyoming Board of Land Commissioners	3/29/1971	T57N R84W Sheridan County	4/16/1971 Bk 181 Pg 262
Easement L217A/3	Barbula-Turley Ranch, Inc.	11/19/1970	T57N R84W Sheridan County	12/10/1970 Bk 179 Pg 465
Easement L217A/4	Jack C. and Dorothy L. Dow	11/16/1970	T57N R83W Sheridan County	11/20/1970 Bk 179 Pg 263
Easement L217A/5	Jack R. and Hazel M. Wilson	11/13/1970	T57N R83W T57N R84W Sheridan County	11/20/1970 Bk 179 Pg 260
Easement L217A/6	Steve and George Cherni	11/14/1970	T57N R83W Sheridan County	11/20/1970 Bk 179 Pg 265
Easement L217A/7	Hermina Schreiber Farenbruch	11/23/1970	T57N R83W Sheridan County	12/10/1970 Bk 179 Pg 467
Easement L217A/8	Elmer J. and Suzanne L. Mydland	11/13/1970	T57 N R83W Sheridan County	11/20/1970 Bk 179 Pg 270
Easement L217A/9	Robert A. Ross	11/9/1970	T57N R83W Sheridan County	11/20/1970 Bk 179 Pg 268
Easement L217A/10	Stanley D. and Margaret P. Pilch	11/16/1970	T57N R83W T58N R83W Sheridan County	11/20/1970 Bk 179 Pg 249
Easement L217A/11	Joseph S. and Anna Pilch	11/13/1970	T58N R83W T57N R83W Sheridan County	12/10/1970 Bk 179 Pg 469
Easement L217A/12	M.E. and Joyce Kukuchka	11/17/1970	T58N R83W Sheridan County	11/20/1970 Bk 179 Pg 273
Easement L217A/13	Clyde and Clara Hall	11/10/1970	T58N R83W Sheridan County	11/20/1970 Bk 179 Pg 255
Easement L217A/13	Clyde and Clara Hall	11/10/1970	T9S R40E Big Horn County	11/18/1970 Bk 59 Pg 620
Easement L217A/14	Arlo W. and LaVon M. Conner	11/12/1970	T9S R40E Big Horn County	11/18/1970 Bk 59 Pg 616

Easement L217A/15	Theodore Muller	11/10/1970	T9S R40E Big Horn County	11/18/1970 Bk 59 Pg 618
Easement L217A/16	James D. and Jean s. Muller	11/12/1970	T9S R40E Big Horn County	11/18/1970 Bk 59 Pg 622
Easement L217A/17	Emmett and Vada L. Munson	11/19/1970	T9S R40E Big Horn County	11/23/1970 Bk 59 Pg 629

Additional right-of-way interests in the following property:

Township 58 North, Range 83 West of the 6th P.M., Sheridan County, Wyoming:

Section 22: SE $\frac{1}{4}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 23: SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 33: SE $\frac{1}{4}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ SW $\frac{1}{4}$

Township 9 South, Range 40 East of the M.P.M., Big Horn County, Montana:

Section 33: NW $\frac{1}{4}$ NE $\frac{1}{4}$

Schedule 1.15
Regulatory Approval

1. Oregon Public Utility Commission Approval
2. California Public Utilities Commission Approval
3. Wyoming Public Service Commission Approval
4. Idaho Public Utility Commission Approval

Schedule 14.02
Purchase Price Allocation

	<u>Total</u>	<u>Wyoming</u>	<u>Montana</u>
Miles of line	13.85	11.51	2.34
Percentage	100%	83.10%	16.90%

Purchase Price Allocation:

Easement Rights	\$159,275	\$132,358	\$26,917
Transmission Plant	\$2,689,877	\$2,235,288	\$454,589
Total	<u>\$2,849,152</u>	<u>\$2,367,646</u>	<u>\$481,506</u>

EXHIBIT J

Proposed Entry to Record the Sale of Goose Creek - Decker 230kV Line

Record receipt of proceeds from the sales of facilities of the Goose Creek - Decker 230kV Line

Account	Description	Debit	Credit
131	Cash	2,849,152.00	
108.2	Salvage - Accumulated Provision for Depreciation of Utility Plant		2,849,152.00
131	Cash	18,314.05	
186.1	Miscellaneous Deferred Debits		18,314.05

Retire facilities from Electric Plant in Service

Account	Description	Debit	Credit
108.1	Accumulated Provision for Depreciation of Utility Plant	352,430.70	
108.1	Accumulated Provision for Depreciation of Utility Plant	334,479.36	
101	Electric Plant in Service		686,910.06

Record estimated removal cost

Account	Description	Debit	Credit
108.3	Removal - Accumulated Provision for Depreciation of Utility Plant	181,912.00	
131	Cash		181,912.00

Record estimated entries to income tax expense

Account	Description	Debit	Credit
409.1	Income Taxes, Utility Operating Income	823,707.00	
236	Taxes Accrued		823,707.00
282.1	Accumulated Deferred Taxes	224,982.00	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income		224,982.00