

October 16, 2019

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

RE: *PacifiCorp*  
Docket No. ER\_\_-\_\_\_\_\_-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d (2012), Part 35 of the Federal Energy Regulatory Commission’s (“Commission”) regulations, 18 C.F.R. Part 35 (2019), and Order No. 714<sup>1</sup> regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement: Bonneville Power Administration / Lost Creek Balancing Area Move (“Construction Agreement”) between Bonneville Power Administration (“BPA”) and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 747.

As discussed further below, PacifiCorp respectfully requests the Commission accept this Construction Agreement effective December 16, 2019.

## **1. Background and Reason for Filing**

BPA requested that a 46 megawatt (“MW”) Lost Creek Generation Facility owned by the United States Army Corps of Engineers (defined in the Construction Agreement as the “Facility”) be moved from the BPA-operated Balancing Authority Area (“BAA”) into PacifiCorp’s BAA. To accommodate this request, on October 3, 2019, BPA and PacifiCorp entered into the Construction Agreement. The Construction Agreement sets forth the design, installation, and construction work to be performed by BPA and PacifiCorp to move the Facility to PacifiCorp’s BAA. The Agreement also sets forth the costs to be paid by BPA for the work undertaken by PacifiCorp, as well as a proposed schedule for completion of the work. Accordingly, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached hereto, for filing.

---

<sup>1</sup> *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

## **2. Effective Date and Request for Waiver**

In accordance with 18 C.F.R. § 35.3(a)(1), PacifiCorp respectfully requests that the Commission establish an effective date of December 16, 2019, for the Construction Agreement.

To the extent that any filing requirement in Part 35 of the Commission's regulations is not satisfied by this filing and the materials enclosed herewith, PacifiCorp respectfully requests waiver of such requirements.

## **3. Designation**

PacifiCorp requests that the Construction Agreement be designated as PacifiCorp Rate Schedule No. 747.

## **4. Enclosure**

The following enclosure is attached hereto:

Construction Agreement between BPA and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 747

## **5. Communications**

All communications and correspondence regarding this filing should be forwarded to the following persons:

Matthew P. Loftus  
Senior Counsel  
PacifiCorp  
825 N.E. Multnomah, Suite 1600  
Portland, OR 97232  
(503) 813-6642  
[Matthew.Loftus@PacifiCorp.com](mailto:Matthew.Loftus@PacifiCorp.com)

Rick Vail  
Vice President, Transmission  
PacifiCorp  
825 N.E. Multnomah, Suite 1600  
Portland, OR 97232  
(503) 813- 6938  
(503) 813- 6893 (facsimile)  
[Richard.Vail@PacifiCorp.com](mailto:Richard.Vail@PacifiCorp.com)

## **6. Service**

Pursuant to 18 C.F.R. § 35.2(e), a copy of this filing is being served on the following:

U.S. Department of Energy  
Bonneville Power Administration  
ATTN: Dan Yokota  
905 NE 11th Ave. PST-6  
Vancouver, WA 98666  
[dryokota@bpa.gov](mailto:dryokota@bpa.gov)  
[ragreene@bpa.gov](mailto:ragreene@bpa.gov)

Public Utility Commission of Oregon  
550 Capitol Street N.E.  
Suite 215  
Salem, Oregon 97301-2551  
[PUC.FilingCenter@state.or.us](mailto:PUC.FilingCenter@state.or.us)

## 7. Conclusion

For the above reasons, PacifiCorp requests that the Commission accept this Construction Agreement for filing and grant the proposed effective date of December 16, 2019, and grant waiver of any Commission regulations not addressed herein that the Commission may deem applicable to this filing.

Respectfully Submitted,

/s/ Matthew P. Loftus

Matthew P. Loftus  
Attorney for PacifiCorp

**PROJECT CONSTRUCTION AGREEMENT**  
**BONNEVILLE POWER ADMINISTRATION / LOST CREEK**  
**BALANCING AREA MOVE**

This Project Construction Agreement (the “Agreement”) made and entered into this 3rd day of October, 2019, between the Bonneville Power Administration (“Bonneville”), and PacifiCorp, an Oregon corporation (“Company”). Hereinafter, Bonneville and Company may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, Company is a transmission provider which operates a Balancing Area Authority (“BAA”) located in Oregon; and,
- B. WHEREAS, Bonneville is a transmission provider which operates a BAA located in Oregon; and,
- C. WHEREAS, the 46 MW Lost Creek Generation Facility (hereinafter referred to as the “Facility”) owned by the United States Army Corps of Engineers (“USACE”) is currently connected to PacifiCorp’s transmission system and telemetered into the Bonneville-operated BAA.
- D. WHEREAS, Bonneville has requested, and Company has agreed to allow Bonneville, to move the Facility from the Bonneville-operated BAA to the Company-operated BAA as further described in Exhibit B.

NOW THEREFORE, the Parties agree to the following:

1. DEFINITIONS.

**Applicable Laws and Regulations** shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the North American Electric Reliability Corporation (“NERC”), the Western Electricity Coordinating Council (“WECC”), and the applicable balancing authorities to which Bonneville and Company are directly interconnected.

**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally

accepted in the region.

**Facility** shall have the meaning given to that term in the recitals.

**Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Bonneville, Company, or any affiliate thereof.

**The Project** shall mean the work and related actions required to be taken by this Agreement in order to allow Bonneville to move the Facility from the Bonneville-operated BAA to the Company-operated BAA, as further described in Section 3.1 and Exhibit B.

## 2. **TERM & TERMINATION.**

2.1 This Agreement shall be effective upon the later of the following:

- (1) the date of execution by both Parties, or
- (2) the effective date established by FERC upon acceptance for filing.

2.2 This Agreement shall terminate ninety (90) days after the earliest of the following to occur:

- (3) receipt of final payment of actual costs by Bonneville; or Company's refund of overpayment to Bonneville, pursuant to Section 4 of this Agreement. In the event that the final accounting provided in Section 4.4 results in neither a final invoice nor a final refund, this Agreement shall terminate ninety (90) calendar days following Company's notice of final accounting;
- (4) as provided in Section 4.3 of this Agreement; or
- (3) as provided in Section 11 of this Agreement.

## 3. **SCOPE AND PERFORMANCE OF WORK.**

3.1. **Project Description and Scope.** Bonneville has requested the Facility be moved from Bonneville's BAA to Company's BAA. To accommodate Bonneville's request, communication and metering modifications need to be made to transmit the data required from the Facility to Company's BAA. A one-line diagram illustrating the interconnection of the Project to Company's transmission system is depicted in the attached Exhibit A, Simplified One-Line Diagram.

3.2. **Company Responsibilities.** Company agrees to design, procure, and install the

Project as outlined in the attached Exhibit B, Estimated Scope of Work.

3.3. **Bonneville Responsibilities.** Bonneville agrees to design, procure, and install the Project as outlined in the attached Exhibit B, Estimated Scope of Work.

3.4. **Performance Standards.** Each Party shall perform, and as applicable shall require its representatives and agents to perform, all its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in breach of this Agreement for compliance therewith.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS.

4.1. **Ownership.** Each Party shall retain ownership and maintain equipment installed by the respective Party, except as otherwise provided in Exhibit B.

4.2. **Estimated Costs.** Company's estimated cost for the Scope of Work outlined in Exhibit A for the Project is \$721,616. Company shall notify Bonneville, in writing, within thirty (30) calendar days if, at any time during the course of the Project, Company expects the cost of performing the work identified under this Agreement to exceed \$793,777 (which is the estimated costs plus 10%).

4.3. **Authorization of Additional Amounts for Project Costs.** Bonneville must agree to any increase in costs in the event the costs are estimated to exceed \$793,777, evidenced by a written amendment to this Agreement. Company's obligation to proceed with the Project work associated with amounts in excess of \$793,777 shall be contingent upon the Parties entering into such written amendment. Bonneville shall be responsible for all estimated costs, as may be increased pursuant to such written amendment. If Bonneville does not authorize any such additional amounts within thirty (30) days of Bonneville's receipt of the notice described in Section 4.2, Company shall terminate, as provided in Section 2.2 of this Agreement, after giving Bonneville written notice and an additional fifteen (15) days to cure. In the event of termination pursuant to this Section 4.3, Bonneville shall pay all of the costs incurred by Company pursuant to this Agreement prior to termination, up to the then-agreed maximum estimate.

4.4. **Payment of Actual Costs.** Company's actual cost of performing the Project shall be reimbursed by Bonneville, including applicable overheads. Company's actual costs shall include all direct costs plus applicable overheads estimated to be 15%. Company will provide an invoice on a monthly basis to Bonneville and will include as an attachment to such invoice a Project cost report containing sufficient detail to demonstrate applicability of the charged costs to the Project, including any allocable overheads, for the preceding month. Bonneville shall pay to Company the invoiced amount within thirty (30) calendar days following receipt of such invoice from Company.

Following completion of the Project, Company shall calculate its actual costs, including

actual applicable overhead costs, for the completed Project. Company will forward a copy of the calculation to Bonneville, and, if necessary, a final invoice or a refund for the difference between the accumulated amounts provided by Bonneville under the monthly invoicing cycles and the actual costs of the Project's construction. Such final accounting will be provided no later than one hundred twenty (120) calendar days after completion of construction. Bonneville will have thirty (30) calendar days after receiving any invoice to make a payment. If Bonneville's accumulated amounts paid during the monthly invoicing cycles exceed the total costs of construction, Company shall remit to Bonneville as a refund, the excess amount within thirty (30) calendar days of the date of Company's notice of final accounting.

Company shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles.

5. TAXES.

5.1. **Bonneville Payments Not Taxable.** The Parties intend that all payments made by Bonneville to Company for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. **Reimbursement for the Cost Consequences of Current Tax Liability Imposed Upon Company.** Notwithstanding Section 5.1, Bonneville shall reimburse Company for the cost consequences of any current tax liability imposed against Company as the result of payments made by Bonneville to Company under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

Company shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Bonneville under this Agreement unless (i) Company has determined, in good faith, that the payments or property transfers made by Bonneville to Company should be reported as income subject to taxation or (ii) any Governmental Authority directs Company to report payments or property as income subject to taxation. Bonneville shall reimburse Company for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from Company of the amount due, including detail about how the amount was calculated.

5.3. **Tax Gross-up Amount.** Bonneville's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Bonneville will pay Company, as a cost of the Project, an amount equal to (1) the current taxes imposed on Company ("Current Taxes") on the excess of (a) the gross income realized by Company as a result of payments made by Bonneville to Company under this Agreement (without regard to any payments under this Article) (the "Gross Income Amount") over (b) the

present value of future tax deductions for depreciation that will be available as a result of such payments (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Company to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Company's composite federal and state tax rates at the time the payments or property transfers are received and Company will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Company's anticipated tax depreciation deductions as a result of such payments by Company's current weighted average cost of capital. Thus, the formula for calculating Bonneville's liability to Company pursuant to this Article can be expressed as follows:

***(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1- Current Tax Rate).***

5.4. **Contests.** In the event any Governmental Authority determines that Company's receipt of payments or property constitutes income that is subject to taxation, Company shall notify Bonneville, in writing, within thirty (30) calendar days of receiving notification of such determination by a Governmental Authority.

5.5. **Refund.** In the event that (a) a private letter ruling is issued to Company which holds that any amount paid by Bonneville to Company under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Company in good faith that any amount paid by Bonneville to Company under the terms of this Agreement is not taxable to Company, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by Bonneville to Company are not subject to federal income tax, or (d) if Company receives a refund from any taxing authority for any overpayment of tax attributable to any payment by Bonneville to Company pursuant to this Agreement, Company shall promptly refund to Bonneville the following:

- (i) any payment made by Bonneville under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by Bonneville to Company for such taxes which Company did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by Bonneville to the date Company refunds such payment to Bonneville; and
- (iii) with respect to any such taxes paid by Company, any refund or credit Company receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i),



above) owed to Company for such overpayment of taxes (including any reduction in interest otherwise payable by Company to any Governmental Authority resulting from an offset or credit); provided, however, that Company will remit such amount promptly to Bonneville only after and to the extent that Company has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Company's Project.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that taxes are due with respect to any payment for the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE. The Parties have agreed to the estimated timeframes attached as Exhibit C, Timeframe and Milestones, for the completion of the Project. All Project schedule milestones are good faith estimates of the time required to complete the Project at the time the schedule was developed.

7. CHANGES. The Parties may at any time, in writing, mutually agree to changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in Project work, or alter the schedule. If such direction results in a material change in the amount or character of the Project work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

All revisions to this Agreement will be filed at FERC by Company as an amended and restated agreement.

8. INSPECTION. Bonneville may, at its discretion and expense, reasonably inspect Company's construction work with respect to the Project upon reasonable notice and with supervision by Company. Company may, at its discretion and Bonneville's expense, reasonably inspect Bonneville's construction work with respect to the Project upon reasonable notice and with supervision by Bonneville.

9. TESTING. Before the new facilities required for the Project are energized, such new facilities shall be tested by Company to ensure their safe and reliable operation in accordance with Good Utility Practice, Applicable Reliability Standards, and Applicable Laws and Regulations. If testing indicates that modifications are required, Bonneville shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of Company's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice. Each Party will provide the other with the results of any testing.

10. ACCESS. Either Party shall, upon reasonable advance notice by the other Party, and to the extent practicable and consistent with Good Utility Practice, grant the other Party escorted access to the Project consistent with any access rights that may be established in other agreements between the Parties, provided that the Party being granted access agrees to comply with the safety and security protocols of the Party granting access.

11. RIGHT TO STOP WORK. Bonneville reserves the right, upon thirty (30) days advance written notice to Company, to require Company at any time to stop all work by Company pursuant to this Agreement. Issuance of any such stop-work order shall terminate this Agreement as provided in Section 2.2 of this Agreement. Upon issuance of any such stop-work order, Bonneville shall pay the Project-related costs Company has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts.

12. GOVERNING LAW AND FORUM. This Agreement shall be interpreted, construed, enforced and implemented pursuant to Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum pursuant to Federal Law, unless the parties agree to pursue alternative dispute resolution.

13. NO PARTNERSHIP. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

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

15. PROVISIONAL REMEDIES. Either Party may seek provisional legal remedies, if in such Party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

16. ENTIRE CONTRACT. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

17. NOTICES. Any correspondence regarding this work shall be directed to the appropriate Party (or Parties) as shown below:

Bonneville: U.S. Department of Energy  
Bonneville Power Administration  
ATTN: Chris Lockman  
P. O. Box 3621 PSST-6  
Portland, OR 97208-3621

Company: PacifiCorp

ATTN: Vice President, Transmission Services  
825 NE Multnomah St., Suite 1600  
Portland, OR 97232  
Phone: (503) 813-6938  
Fax: (503) 813-6893

18. BILLING AND PAYMENT. Billings and payments shall be sent to:

Bonneville: U.S. Department of Energy  
Bonneville Power Administration  
ATTN: Chris Lockman  
P. O. Box 3621 PSST-6  
Portland, OR 97208-3621

Company: US Mail Deliveries: PacifiCorp Transmission  
P.O. Box 2757  
Portland, OR 97208  
Other Deliveries: PacifiCorp Transmission  
ATTN: Central Cashiers  
P.O. Box 5504  
Portland, OR 97228-5504

19. LIMITATION OF LIABILITY. Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

20. FORCE MAJEURE. A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Federal Energy Regulatory Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation tariff or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Except for the obligation to pay amounts owed when due, time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

21. SEVERABILITY. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

22. MULTIPLE COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

23. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent Company or Bonneville from utilizing the services of any third-party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that Company and Bonneville shall require a third-party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third-party contractor and subcontractor.

24. NO THIRD-PARTY BENEFICIARIES. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

25. SURVIVAL. All payment obligations and liabilities incurred before the termination or expiration of this Agreement will survive its termination or expiration.

26. MODIFICATIONS OR AMENDMENTS. Subject to Section 8, no modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

27. WAIVER. Waiver of any right, privilege, claim, obligation, condition, or default shall be in writing and signed by the waiving Party. No waiver by a Party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach, and no waiver by a Party of any right under this Agreement shall be construed as a waiver of any other right.

28. DISPUTE RESOLUTION

28.1. **Submission**. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute").

Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below to the extent consistent with Federal law. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have under Federal law.

**28.2. Arbitration Procedures.** Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

**28.3. Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

**28.4. Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective pursuant to Section 2.1.

PACIFICORP

/s/ Rick Vail

Signature

Rick Vail

Printed Name of Signor

VP, Transmission

Title of Signor

10/3/2019

Date

U.S. DEPARTMENT OF ENERGY  
BONNEVILLE POWER  
ADMINISTRATION

/s/ Dan Yokota

Signature

Dan Yokota

Printed Name of Signor

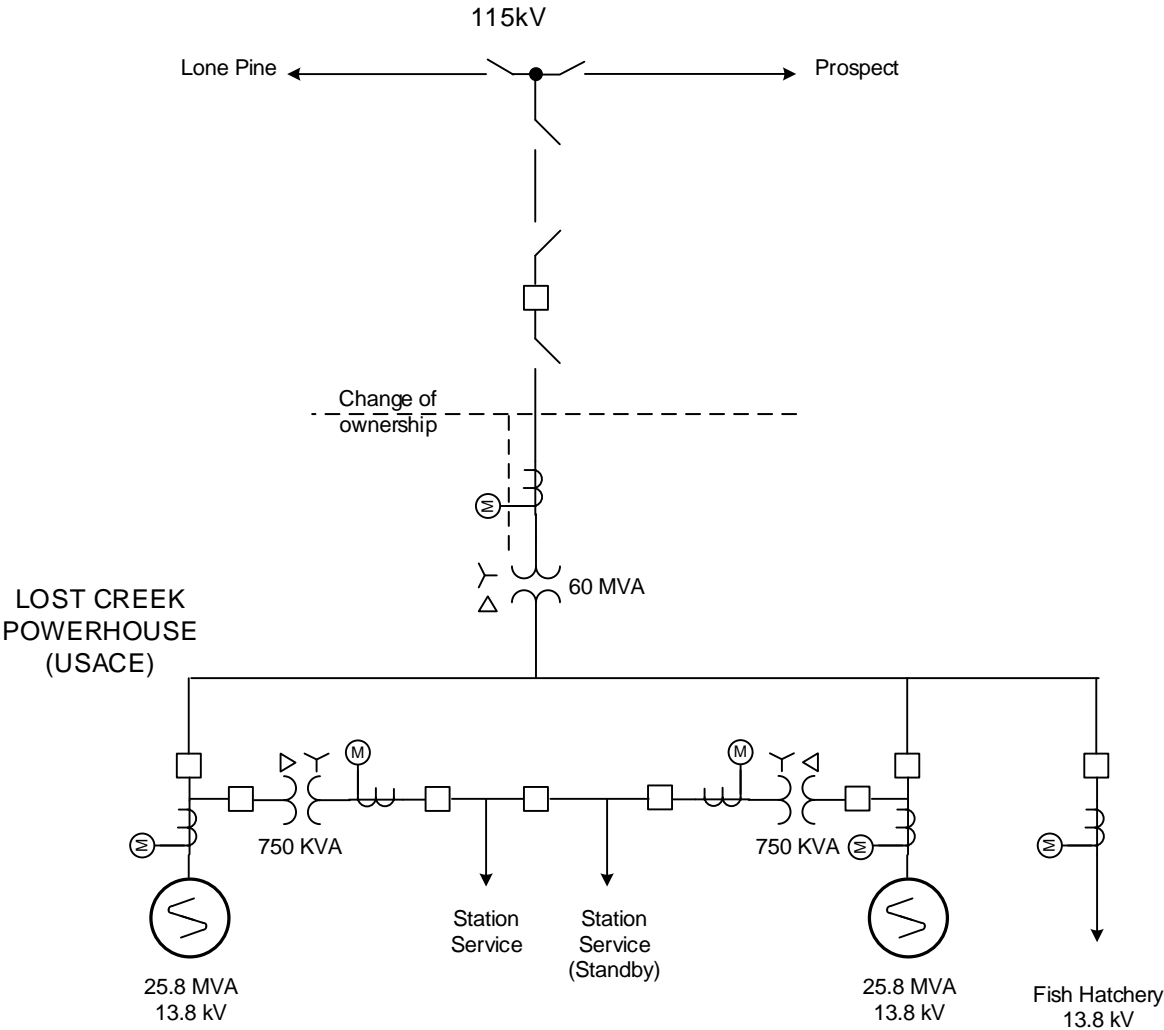
Manager, Transfer Services

Title of Signor

10/2/19

Date

**Exhibit A**  
**Simplified One-Line Diagram**



## **Exhibit B**

### **Estimated Scope of Work**

#### **1. Generation Facility Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the generating facility modifications required for the Project.

##### **1.1. Bonneville to be Responsible For**

- Coordination with the USACE to provide a separate graded, grounded and fenced area along the perimeter of the generating facility for Company to install a 12' x 12' control building. This area will share a fence and ground grid with the generating facility and have unencumbered access for Company. Fencing, gates and road access shall meet Company standards.
- Coordination with the USACE to perform a CDEGS grounding analysis for Company's control building property and provision of the results to Company.
- Adding Company's new control building to the existing retail station service account for the generation facility.

##### **1.2. Company to be Responsible For**

- Procure and install a control building on the property prepared by Bonneville in coordination with the USACE adjacent to the collector substation.
- Procure and install backup DC battery systems for Company's control building.
- Procure and install an RTU, communications rack and associated communications equipment in Company's control building and hardwire the Bonneville's data recorder devices in order to receive the required data points.
- Provide permanent AC station service to Company's control building

#### **2. Metering Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the metering modifications required for the Project.

##### **2.1. Bonneville to be Responsible For**

- Compliance with NERC BAL-005 and BAL-006 standards along with Company's Policy 139 standards for generation metering.
- Provide drawings of the existing metering system to Company to update to include the new ION meters.
- Bonneville shall provide and own a data recorder to be read by their interrogation system. Bonneville will provide make, model, and calibration or setting configurations.
- Providing a Bonneville cellular connection for data retrieval.
- On each of the two generator units, at 13.8 kV, install secondary metering leads from existing instrument transformers to meter panel inside Company owned control building to be used by Company grid operations.



## **2.2. Company to be Responsible For**

- Metering design package at 115kV will include two revenue quality meters, test switch, with DNP real time digital data terminated at a metering interposition block. One meter will be designated a primary meter and a second meter will be used designated as backup with metering data delivered to the alternate control center.
- Design, procure, install and own two 12X90 inch panels to mount new metering equipment to be installed in the new control building. One meter panel will be used for aggregate metering on the high side and the second will be per unit generation metering.
- Installing a Bonneville-provided load profile data recorder on the Company meter panel or other control room panel with sufficient space.
- Providing bidirectional energy outputs from the ION meters, and coordinating with Bonneville the wiring of the load profile data recorder.
- Modify and update the Company metering drawings to reflect changes associated with this Project.
- For each generator at 13.8 kV, install own and maintain ION meters with DNP real time digital data terminated at a metering interposition block inside the Company control building. The ION meter will provide both DNP and analog metering data outputs that includes bidirectional energy MWH and MW, MVAR instantaneous data.

## **3. SCADA Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the SCADA modifications required for the Project.

### **3.1. Company to be Responsible For**

- An RTU will need to be installed in the new control building to bring into Company's SCADA system indication of the 115 kV and 12 kV circuit breaker.
- Health status of the relaying associated with the 115 kV and 12 kV circuit breaker will also need to be brought into the RTU.
- Monarch EMS database work will need to be done for the RTU addition and the primary and backup metering additions.
- Review of the existing real time data received from this facility may identify additional data point that need to be incorporated.
- Providing ICCP data for the new metering points.

## **4. Communication Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the communication modifications required for the Project.

### **4.1. Bonneville to be Responsible For**

- Bonneville will be responsible for installing a leased T1, or other appropriate communications path, from the new equipment building to Company's Medford Service Center.

#### **4.2. Company to be Responsible For**

- Installation of channel bank, DC-DC Converters, Cisco 2010 CGR, Cisco 2520 CGS, and fuse panel.
- Routing serial metering and SCADA circuits to the channel bank, over the T1 to Medford Service Center, and from there to control centers over existing communication systems.
- Installing fiber and fiber optic transceivers between the new equipment building and the meters, if they are located outside the equipment building.

### **5. Data Requirements**

The following outlines the design, procurement, construction, installation, and ownership of any data requirements or programming changes that need to be made to facilitate the Project.

#### **5.1. Company to be Responsible For**

- New Actual and scheduled tie line metering points and modification to the tie line summary and actual generation summary will need to be incorporated into the existing systems.
- Generation of the new points list and modification of the EMS & CAS databases to incorporate the change in the BAA.
- A network topography change will need to be made in the Company system model to coordinate with CAISO model of the system. CAISO deployments of model changes occur every 3 months, and require the submission of the model changes to be submitted in a timely manner in accordance with CAISO's schedule for model changes.
- Adding new telemetered and/or ICCP measurements and new pseudo measurements (including new OPCAL if needed) may be added to support the new generating unit configuration.
- Updates to the existing OPCALs for the PACW total generation will be completed to add the new generation in the Company's BAA.

### **6. Energy Imbalance Market Requirements**

The following outlines the requirements necessary to comply with Company's Energy Imbalance Market ("EIM").

#### **6.1. Bonneville to be Responsible For**

- Providing the necessary documents outlined in Company's EIM business practice, including the non-participating resource data template and the base scheduling submission form, at least 60 days prior to the switch to Company's BAA.

#### **6.2. Company to be Responsible For**

- Submitting all necessary documentation to the California Independent System Operator ("CAISO") to assign the generating facility to Bonneville's base scheduling coordinator ID.

**Exhibit C**  
**Estimated Timeframe and Milestones**

The estimated timeframe starts upon execution of this Agreement between the Parties. Resources will be assigned upon receipt of approval from the applicable Governmental Authority. A proposed schedule for this Project will be determined upon the assignment of resources. If there is an interruption to any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Interruptions in the Project have the potential to affect the entire schedule. The proposed schedule may be amended based upon further evaluation completed during the design or construction phases of the Project.

**Milestones**

**Estimated Timeframe**  
**(From the Effective Date of this**  
**Agreement, unless otherwise specified)**

Agreement Approved with FERC	December 2019
*Company Engineering & Procurement Commences	February 2020
Company Engineering Design Complete	February 2020
**Energy Imbalance Market Modeling Data Submittal	September 2020
Construction Complete	June 2021
***Company Commissioning Document Review Complete	June 2021
Initial Synchronization/Generation Testing Begins	July 2021
In-Service	August 2021

\*As applicable and determined by Company, within 60 days of the Bonneville's authorization for the Public Utility to begin engineering, the Bonneville shall provide a detailed short circuit model of its generation system. This model must be constructed using the ASPEN OneLine short circuit simulation program and contain all individual electrical components of the Bonneville's generation system.

\*\*Any design modifications to the Bonneville's generating facility after this date requiring updates to the Company's network model will result in a minimum of 3 months added to all future milestones including In-Service.

\*\*\*Company requires a minimum of five business days to review commissioning forms once construction is complete. If determined that any commissioning forms are not acceptable it will result in a minimum of a day for day adjustment of the remaining milestones of this Project.

**PROJECT CONSTRUCTION AGREEMENT**  
**BONNEVILLE POWER ADMINISTRATION / LOST CREEK**  
**BALANCING AREA MOVE**

This Project Construction Agreement (the “Agreement”) made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019, between the Bonneville Power Administration (“Bonneville”), and PacifiCorp, an Oregon corporation (“Company”). Hereinafter, Bonneville and Company may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, Company is a transmission provider which operates a Balancing Area Authority (“BAA”) located in Oregon; and,
- B. WHEREAS, Bonneville is a transmission provider which operates a BAA located in Oregon; and,
- C. WHEREAS, the 46 MW Lost Creek Generation Facility (hereinafter referred to as the “Facility”) owned by the United States Army Corps of Engineers (“USACE”) is currently connected to PacifiCorp’s transmission system and telemetered into the Bonneville-operated BAA.
- D. WHEREAS, Bonneville has requested, and Company has agreed to allow Bonneville, to move the Facility from the Bonneville-operated BAA to the Company-operated BAA as further described in Exhibit B.

NOW THEREFORE, the Parties agree to the following:

1. DEFINITIONS.

**Applicable Laws and Regulations** shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the North American Electric Reliability Corporation (“NERC”), the Western Electricity Coordinating Council (“WECC”), and the applicable balancing authorities to which Bonneville and Company are directly interconnected.

**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method,

or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

**Facility** shall have the meaning given to that term in the recitals.

**Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Bonneville, Company, or any affiliate thereof.

**The Project** shall mean the work and related actions required to be taken by this Agreement in order to allow Bonneville to move the Facility from the Bonneville-operated BAA to the Company-operated BAA, as further described in Section 3.1 and Exhibit B.

## 2. TERM & TERMINATION.

2.1 This Agreement shall be effective upon the later of the following:

- (1) the date of execution by both Parties, or
- (2) the effective date established by FERC upon acceptance for filing.

2.2 This Agreement shall terminate ninety (90) days after the earliest of the following to occur:

- (3) receipt of final payment of actual costs by Bonneville; or Company's refund of overpayment to Bonneville, pursuant to Section 4 of this Agreement. In the event that the final accounting provided in Section 4.4 results in neither a final invoice nor a final refund, this Agreement shall terminate ninety (90) calendar days following Company's notice of final accounting;
- (4) as provided in Section 4.3 of this Agreement; or
- (3) as provided in Section 11 of this Agreement.

## 3. SCOPE AND PERFORMANCE OF WORK.

3.1. **Project Description and Scope.** Bonneville has requested the Facility be moved from Bonneville's BAA to Company's BAA. To accommodate Bonneville's request, communication and metering modifications need to be made to transmit the data required from the Facility to Company's BAA. A one-line diagram illustrating the interconnection of the Project to Company's transmission system is depicted in the attached Exhibit A, Simplified One-Line Diagram.

3.2. **Company Responsibilities.** Company agrees to design, procure, and install the Project as outlined in the attached Exhibit B, Estimated Scope of Work.

3.3. **Bonneville Responsibilities.** Bonneville agrees to design, procure, and install the Project as outlined in the attached Exhibit B, Estimated Scope of Work.

3.4. **Performance Standards.** Each Party shall perform, and as applicable shall require its representatives and agents to perform, all its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in breach of this Agreement for compliance therewith.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS.

4.1. **Ownership.** Each Party shall retain ownership and maintain equipment installed by the respective Party, except as otherwise provided in Exhibit B.

4.2. **Estimated Costs.** Company's estimated cost for the Scope of Work outlined in Exhibit A for the Project is \$721,616. Company shall notify Bonneville, in writing, within thirty (30) calendar days if, at any time during the course of the Project, Company expects the cost of performing the work identified under this Agreement to exceed \$793,777 (which is the estimated costs plus 10%).

4.3. **Authorization of Additional Amounts for Project Costs.** Bonneville must agree to any increase in costs in the event the costs are estimated to exceed \$793,777, evidenced by a written amendment to this Agreement. Company's obligation to proceed with the Project work associated with amounts in excess of \$793,777 shall be contingent upon the Parties entering into such written amendment. Bonneville shall be responsible for all estimated costs, as may be increased pursuant to such written amendment. If Bonneville does not authorize any such additional amounts within thirty (30) days of Bonneville's receipt of the notice described in Section 4.2, Company shall terminate, as provided in Section 2.2 of this Agreement, after giving Bonneville written notice and an additional fifteen (15) days to cure. In the event of termination pursuant to this Section 4.3, Bonneville shall pay all of the costs incurred by Company pursuant to this Agreement prior to termination, up to the then-agreed maximum estimate.

4.4. **Payment of Actual Costs.** Company's actual cost of performing the Project shall be reimbursed by Bonneville, including applicable overheads. Company's actual costs shall include all direct costs plus applicable overheads estimated to be 15%. Company will provide an invoice on a monthly basis to Bonneville and will include as an attachment to such invoice a Project cost report containing sufficient detail to demonstrate applicability of the charged costs to the Project, including any allocable overheads, for the preceding month. Bonneville shall pay to Company the invoiced amount within thirty (30) calendar

days following receipt of such invoice from Company.

Following completion of the Project, Company shall calculate its actual costs, including actual applicable overhead costs, for the completed Project. Company will forward a copy of the calculation to Bonneville, and, if necessary, a final invoice or a refund for the difference between the accumulated amounts provided by Bonneville under the monthly invoicing cycles and the actual costs of the Project's construction. Such final accounting will be provided no later than one hundred twenty (120) calendar days after completion of construction. Bonneville will have thirty (30) calendar days after receiving any invoice to make a payment. If Bonneville's accumulated amounts paid during the monthly invoicing cycles exceed the total costs of construction, Company shall remit to Bonneville as a refund, the excess amount within thirty (30) calendar days of the date of Company's notice of final accounting.

Company shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles.

5. TAXES.

5.1. **Bonneville Payments Not Taxable.** The Parties intend that all payments made by Bonneville to Company for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. **Reimbursement for the Cost Consequences of Current Tax Liability Imposed Upon Company.** Notwithstanding Section 5.1, Bonneville shall reimburse Company for the cost consequences of any current tax liability imposed against Company as the result of payments made by Bonneville to Company under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

Company shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Bonneville under this Agreement unless (i) Company has determined, in good faith, that the payments or property transfers made by Bonneville to Company should be reported as income subject to taxation or (ii) any Governmental Authority directs Company to report payments or property as income subject to taxation. Bonneville shall reimburse Company for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from Company of the amount due, including detail about how the amount was calculated.

5.3. **Tax Gross-up Amount.** Bonneville's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Bonneville will pay

Company, as a cost of the Project, an amount equal to (1) the current taxes imposed on Company ("Current Taxes") on the excess of (a) the gross income realized by Company as a result of payments made by Bonneville to Company under this Agreement (without regard to any payments under this Article) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Company to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Company's composite federal and state tax rates at the time the payments or property transfers are received and Company will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Company's anticipated tax depreciation deductions as a result of such payments by Company's current weighted average cost of capital. Thus, the formula for calculating Bonneville's liability to Company pursuant to this Article can be expressed as follows:

***(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1- Current Tax Rate).***

5.4. **Contests.** In the event any Governmental Authority determines that Company's receipt of payments or property constitutes income that is subject to taxation, Company shall notify Bonneville, in writing, within thirty (30) calendar days of receiving notification of such determination by a Governmental Authority.

5.5. **Refund.** In the event that (a) a private letter ruling is issued to Company which holds that any amount paid by Bonneville to Company under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Company in good faith that any amount paid by Bonneville to Company under the terms of this Agreement is not taxable to Company, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by Bonneville to Company are not subject to federal income tax, or (d) if Company receives a refund from any taxing authority for any overpayment of tax attributable to any payment by Bonneville to Company pursuant to this Agreement, Company shall promptly refund to Bonneville the following:

- (i) any payment made by Bonneville under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by Bonneville to Company for such taxes which Company did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by Bonneville to the date



Company refunds such payment to Bonneville; and

(iii) with respect to any such taxes paid by Company, any refund or credit Company receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Company for such overpayment of taxes (including any reduction in interest otherwise payable by Company to any Governmental Authority resulting from an offset or credit); provided, however, that Company will remit such amount promptly to Bonneville only after and to the extent that Company has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Company's Project.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that taxes are due with respect to any payment for the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE. The Parties have agreed to the estimated timeframes attached as Exhibit C, Timeframe and Milestones, for the completion of the Project. All Project schedule milestones are good faith estimates of the time required to complete the Project at the time the schedule was developed.

7. CHANGES. The Parties may at any time, in writing, mutually agree to changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in Project work, or alter the schedule. If such direction results in a material change in the amount or character of the Project work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

All revisions to this Agreement will be filed at FERC by Company as an amended and restated agreement.

8. INSPECTION. Bonneville may, at its discretion and expense, reasonably inspect Company's construction work with respect to the Project upon reasonable notice and with supervision by Company. Company may, at its discretion and Bonneville's expense, reasonably inspect Bonneville's construction work with respect to the Project upon reasonable notice and with supervision by Bonneville.

9. TESTING. Before the new facilities required for the Project are energized, such new facilities shall be tested by Company to ensure their safe and reliable operation in accordance with Good Utility Practice, Applicable Reliability Standards, and Applicable Laws and Regulations. If testing indicates that modifications are required, Bonneville shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of Company's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice. Each Party will provide the other with the results of any testing.

10. ACCESS. Either Party shall, upon reasonable advance notice by the other Party, and to the extent practicable and consistent with Good Utility Practice, grant the other Party escorted access to the Project consistent with any access rights that may be established in other agreements between the Parties, provided that the Party being granted access agrees to comply with the safety and security protocols of the Party granting access.

11. RIGHT TO STOP WORK. Bonneville reserves the right, upon thirty (30) days advance written notice to Company, to require Company at any time to stop all work by Company pursuant to this Agreement. Issuance of any such stop-work order shall terminate this Agreement as provided in Section 2.2 of this Agreement. Upon issuance of any such stop-work order, Bonneville shall pay the Project-related costs Company has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts.

12. GOVERNING LAW AND FORUM. This Agreement shall be interpreted, construed, enforced and implemented pursuant to Federal law. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, or other forum pursuant to Federal Law, unless the parties agree to pursue alternative dispute resolution.

13. NO PARTNERSHIP. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

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

15. PROVISIONAL REMEDIES. Either Party may seek provisional legal remedies, if in such Party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

16. ENTIRE CONTRACT. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

17. NOTICES. Any correspondence regarding this work shall be directed to the appropriate Party (or Parties) as shown below:

Bonneville: U.S. Department of Energy  
Bonneville Power Administration  
ATTN: Chris Lockman  
P. O. Box 3621 PSST-6  
Portland, OR 97208-3621

Company: PacifiCorp  
ATTN: Vice President, Transmission Services  
825 NE Multnomah St., Suite 1600  
Portland, OR 97232  
Phone: (503) 813-6938  
Fax: (503) 813-6893

18. BILLING AND PAYMENT. Billings and payments shall be sent to:

Bonneville: U.S. Department of Energy  
Bonneville Power Administration  
ATTN: Chris Lockman  
P. O. Box 3621 PSST-6  
Portland, OR 97208-3621

Company: US Mail Deliveries: PacifiCorp Transmission  
P.O. Box 2757  
Portland, OR 97208  
Other Deliveries: PacifiCorp Transmission  
ATTN: Central Cashiers  
P.O. Box 5504  
Portland, OR 97228-5504

19. LIMITATION OF LIABILITY. Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

20. FORCE MAJEURE. A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Federal Energy Regulatory Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation tariff or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Except for the obligation to pay amounts owed when due, time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

21. SEVERABILITY. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

22. MULTIPLE COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

23. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent Company or Bonneville from utilizing the services of any third-party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that Company and Bonneville shall require a third-party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third-party contractor and subcontractor.

24. NO THIRD-PARTY BENEFICIARIES. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

25. SURVIVAL. All payment obligations and liabilities incurred before the termination or expiration of this Agreement will survive its termination or expiration.

26. MODIFICATIONS OR AMENDMENTS. Subject to Section 8, no modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

27. WAIVER. Waiver of any right, privilege, claim, obligation, condition, or default shall be in writing and signed by the waiving Party. No waiver by a Party of any breach of this Agreement

shall be a waiver of any preceding or succeeding breach, and no waiver by a Party of any right under this Agreement shall be construed as a waiver of any other right.

## 28. DISPUTE RESOLUTION

28.1. **Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below to the extent consistent with Federal law. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have under Federal law.

28.2. **Arbitration Procedures.** Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

28.3. **Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

28.4. **Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator

chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective pursuant to Section 2.1.

PACIFICORP

U.S. DEPARTMENT OF ENERGY  
BONNEVILLE POWER  
ADMINISTRATION

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Signor

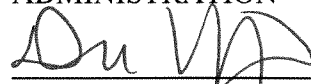
\_\_\_\_\_  
Printed Name of Signor

\_\_\_\_\_  
Title of Signor

\_\_\_\_\_  
Title of Signor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

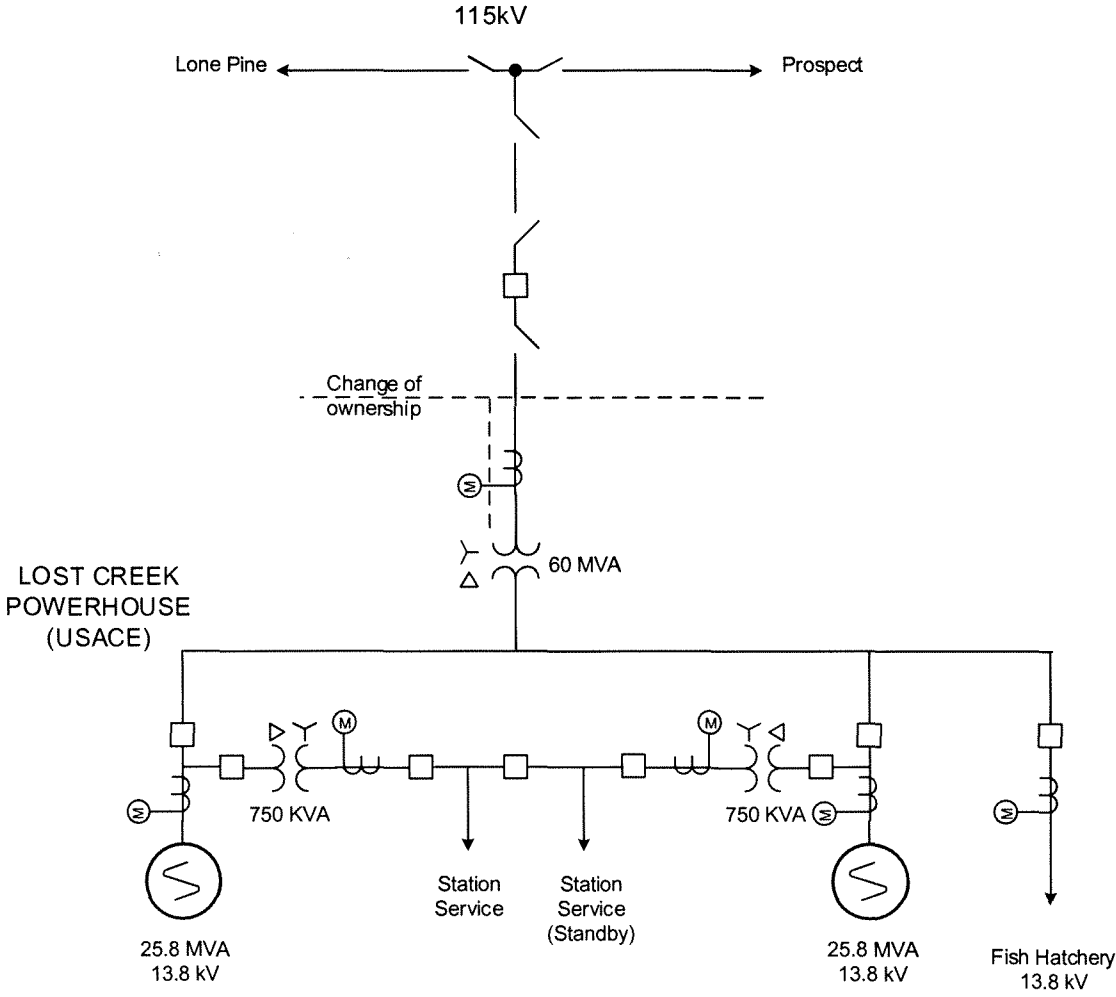


Dan Yolcota

Manager, Transfer Services

10/2/19

**Exhibit A  
Simplified One-Line Diagram**



## **Exhibit B Estimated Scope of Work**

### **1. Generation Facility Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the generating facility modifications required for the Project.

#### **1.1. Bonneville to be Responsible For**

- Coordination with the USACE to provide a separate graded, grounded and fenced area along the perimeter of the generating facility for Company to install a 12' x 12' control building. This area will share a fence and ground grid with the generating facility and have unencumbered access for Company. Fencing, gates and road access shall meet Company standards.
- Coordination with the USACE to perform a CDEGS grounding analysis for Company's control building property and provision of the results to Company.
- Adding Company's new control building to the existing retail station service account for the generation facility.

#### **1.2. Company to be Responsible For**

- Procure and install a control building on the property prepared by Bonneville in coordination with the USACE adjacent to the collector substation.
- Procure and install backup DC battery systems for Company's control building.
- Procure and install an RTU, communications rack and associated communications equipment in Company's control building and hardwire the Bonneville's data recorder devices in order to receive the required data points.
- Provide permanent AC station service to Company's control building

### **2. Metering Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the metering modifications required for the Project.

#### **2.1. Bonneville to be Responsible For**

- Compliance with NERC BAL-005 and BAL-006 standards along with Company's Policy 139 standards for generation metering.
- Provide drawings of the existing metering system to Company to update to include the new ION meters.
- Bonneville shall provide and own a data recorder to be read by their interrogation system. Bonneville will provide make, model, and calibration or setting configurations.
- Providing a Bonneville cellular connection for data retrieval.
- On each of the two generator units, at 13.8 kV, install secondary metering leads from existing instrument transformers to meter panel inside Company owned control building to be used by Company grid operations.



## **2.2. Company to be Responsible For**

- Metering design package at 115kV will include two revenue quality meters, test switch, with DNP real time digital data terminated at a metering interposition block. One meter will be designated a primary meter and a second meter will be used designated as backup with metering data delivered to the alternate control center.
- Design, procure, install and own two 12X90 inch panels to mount new metering equipment to be installed in the new control building. One meter panel will be used for aggregate metering on the high side and the second will be per unit generation metering.
- Installing a Bonneville-provided load profile data recorder on the Company meter panel or other control room panel with sufficient space.
- Providing bidirectional energy outputs from the ION meters, and coordinating with Bonneville the wiring of the load profile data recorder.
- Modify and update the Company metering drawings to reflect changes associated with this Project.
- For each generator at 13.8 kV, install own and maintain ION meters with DNP real time digital data terminated at a metering interposition block inside the Company control building. The ION meter will provide both DNP and analog metering data outputs that includes bidirectional energy MWH and MW, MVAR instantaneous data.

## **3. SCADA Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the SCADA modifications required for the Project.

### **3.1. Company to be Responsible For**

- An RTU will need to be installed in the new control building to bring into Company's SCADA system indication of the 115 kV and 12 kV circuit breaker.
- Health status of the relaying associated with the 115 kV and 12 kV circuit breaker will also need to be brought into the RTU.
- Monarch EMS database work will need to be done for the RTU addition and the primary and backup metering additions.
- Review of the existing real time data received from this facility may identify additional data point that need to be incorporated.
- Providing ICCP data for the new metering points.

## **4. Communication Modifications**

The following outlines the design, procurement, construction, installation, and ownership of equipment to facilitate the communication modifications required for the Project.

### **4.1. Bonneville to be Responsible For**

- Bonneville will be responsible for installing a leased T1, or other appropriate communications path, from the new equipment building to Company's Medford Service Center.

#### **4.2. Company to be Responsible For**

- Installation of channel bank, DC-DC Converters, Cisco 2010 CGR, Cisco 2520 CGS, and fuse panel.
- Routing serial metering and SCADA circuits to the channel bank, over the T1 to Medford Service Center, and from there to control centers over existing communication systems.
- Installing fiber and fiber optic transceivers between the new equipment building and the meters, if they are located outside the equipment building.

### **5. Data Requirements**

The following outlines the design, procurement, construction, installation, and ownership of any data requirements or programming changes that need to be made to facilitate the Project.

#### **5.1. Company to be Responsible For**

- New Actual and scheduled tie line metering points and modification to the tie line summary and actual generation summary will need to be incorporated into the existing systems.
- Generation of the new points list and modification of the EMS & CAS databases to incorporate the change in the BAA.
- A network topography change will need to be made in the Company system model to coordinate with CAISO model of the system. CAISO deployments of model changes occur every 3 months, and require the submission of the model changes to be submitted in a timely manner in accordance with CAISO's schedule for model changes.
- Adding new telemetered and/or ICCP measurements and new pseudo measurements (including new OPCAL if needed) may be added to support the new generating unit configuration.
- Updates to the existing OPCALs for the PACW total generation will be completed to add the new generation in the Company's BAA.

### **6. Energy Imbalance Market Requirements**

The following outlines the requirements necessary to comply with Company's Energy Imbalance Market ("EIM").

#### **6.1. Bonneville to be Responsible For**

- Providing the necessary documents outlined in Company's EIM business practice, including the non-participating resource data template and the base scheduling submission form, at least 60 days prior to the switch to Company's BAA.

#### **6.2. Company to be Responsible For**

- Submitting all necessary documentation to the California Independent System Operator ("CAISO") to assign the generating facility to Bonneville's base scheduling coordinator ID.

**Exhibit C**  
**Estimated Timeframe and Milestones**

The estimated timeframe starts upon execution of this Agreement between the Parties. Resources will be assigned upon receipt of approval from the applicable Governmental Authority. A proposed schedule for this Project will be determined upon the assignment of resources. If there is an interruption to any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Interruptions in the Project have the potential to affect the entire schedule. The proposed schedule may be amended based upon further evaluation completed during the design or construction phases of the Project.

**Milestones**

**Estimated Timeframe**  
**(From the Effective Date of this Agreement, unless otherwise specified)**

Agreement Approved with FERC	December 2019
*Company Engineering & Procurement Commences	February 2020
Company Engineering Design Complete	February 2020
**Energy Imbalance Market Modeling Data Submittal	September 2020
Construction Complete	June 2021
***Company Commissioning Document Review Complete	June 2021
Initial Synchronization/Generation Testing Begins	July 2021
In-Service	August 2021

\*As applicable and determined by Company, within 60 days of the Bonneville's authorization for the Public Utility to begin engineering, the Bonneville shall provide a detailed short circuit model of its generation system. This model must be constructed using the ASPEN OneLine short circuit simulation program and contain all individual electrical components of the Bonneville's generation system.

\*\*Any design modifications to the Bonneville's generating facility after this date requiring updates to the Company's network model will result in a minimum of 3 months added to all future milestones including In-Service.

\*\*\*Company requires a minimum of five business days to review commissioning forms once construction is complete. If determined that any commissioning forms are not acceptable it will result in a minimum of a day for day adjustment of the remaining milestones of this Project.