

November 2, 2018

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

RE: *PacifiCorp*
Docket No. ER19-_____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012), Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35 (2018), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement Project Title: Bonneville Power Administration / Hilltop Happy Camp Radio Replacement ("Construction Agreement") between Bonneville Power Administration ("BPA") and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 739.

1. Background and Reason for Filing

On October 17, 2018, BPA and PacifiCorp entered into the Construction Agreement. Under the Construction Agreement, PacifiCorp agrees to perform, and BPA agrees to pay, for work on a jointly-owned transmission substation (the "Malin substation") to facilitate a separate and unrelated BPA project involving the installation of communications equipment on non-PacifiCorp-owned facilities. Specifically, under the Construction Agreement, PacifiCorp will design, procure, and install modifications to PacifiCorp equipment at the Malin substation to include on-panel wiring changes to add a 43TT switch on the panel and two RS232-to-fiber dongles. Accordingly, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached hereto, for filing.

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 January 2, 2019 for the Construction Agreement.

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

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. 739.

4. Enclosure

The following enclosure is attached hereto:

Construction Agreement between BPA and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 739

5. Communications

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

Karen J. Kruse
Deputy General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 2000
Portland, OR 97232
(503) 813-5863
Karen.Kruse@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

6. Service List

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, a copy of this filing is being served on the following:

U.S. Department of Energy
Bonneville Power Administration
ATTN: Eric H. Carter – TSE-TPP-2
P.O. Box 61409
Vancouver, WA 98666
ehcarter@bpa.gov

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

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me.

Respectfully Submitted,

/s/ Karen J. Kruse
Karen J. Kruse
Attorney for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused a copy of the foregoing document to be served via first-class mail or electronic mail upon each of the parties listed in the enclosed Service List.

Dated at Portland, Oregon this 2nd day November, 2018.

/s/ Karen J. Kruse

Karen J. Kruse
Deputy General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 2000
Portland, OR 97232
(503) 813-5863
Karen.Kruse@PacifiCorp.com

BPA Agreement No. 18TP-11610

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: BONNEVILLE POWER ADMINISTRATION / HILLTOP HAPPY
CAMP RADIO REPLACEMENT

This Project Construction Agreement (“Agreement”), is made and entered into this 17th day of September, 2018, between the Bonneville Power Administration (“Bonneville”), and PacifiCorp (“PacifiCorp”). Hereinafter, Bonneville and PacifiCorp may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- B. WHEREAS, Bonneville is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- C. WHEREAS, Bonneville has a project to upgrade the existing digital UHF radio to microwave between Sierra Pacific Power Company dba NV Energy’s Hilltop substation and Pacific Gas & Electric’s Happy Camp radio station.
- D. WHEREAS, as a consequence of Bonneville’s microwave project, PacifiCorp will perform certain wiring and programming modifications at the jointly owned Malin substation (the “Project”).

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein, 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 balancing authority areas potentially impacted by the Project.

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.

2. TERM & TERMINATION. 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 the Federal Energy Regulatory Commission (“FERC”) upon acceptance for filing. Subject to any required termination filing with FERC (in which case the termination date will be the date accepted by FERC), this Agreement shall terminate upon the earliest of the following to occur:

- (i) Ninety (90) days following PacifiCorp’s receipt of final payment of actual costs by Bonneville;
- (ii) Ninety (90) days following PacifiCorp’s refund of overpayment to Bonneville, pursuant to Section 4 of this Agreement;
- (iii) In the event that neither an invoice nor a refund is required following completion of the Project, ninety (90) days following PacifiCorp’s determination and written notification to Bonneville of the actual costs of the Project; or
- (iv) Termination of the Agreement as provided in Section 4.2 of this Agreement (Authorization of Additional Amounts for Project Costs); or
- (v) Termination of the Agreement as provided in Section 13 of this Agreement (Right to Stop Work); or
- (vi) Five years following the effective date.

3. SCOPE AND PERFORMANCE OF WORK:

3.1 Project Description and Scope. To facilitate the upgrade of the existing digital UHF radio to microwave between Hilltop substation and Happy Camp radio station, Bonneville will be installing relay to relay transfer trip circuits and retiring the existing transfer trip circuits along this path. PacifiCorp currently has existing equipment at Malin Substation that will need to be modified to accommodate Bonneville’s project.

3.2 PacifiCorp Responsibilities. PacifiCorp shall, at Bonneville’s expense, design, procure, and install modifications to PacifiCorp equipment at Malin to include on panel wiring changes to add a 43TT switch on the panel and two RS232-to-fiber dongles. Bonneville’s project requirements diagram illustrating the project is depicted in the attached Exhibit A, Project Diagram.

3.3 Bonneville Responsibilities. Bonneville, at its sole expense, agrees to design, procure, and install all other facilities as specified in the attached Exhibit A, Project Diagram.

3.4 Performance Standards. Each Party shall 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. RESPONSIBILITY FOR COSTS:

4.1. Payment of Actual Costs. As a Federal entity, Bonneville cannot provide advance funding pursuant to 31 U.S.C. § 3324. Bonneville's payment for services, however, is assured by section 7(a)(2) of the Pacific Northwest Power Planning and Conservation Act, 16 U.S.C § 839e(a)(2), which requires the Bonneville Administrator to set rates to meet the Bonneville Administrator's costs.

4.1.1. Within a reasonable time following completion of work, PacifiCorp shall submit an invoice to Bonneville for the reasonably incurred cost of performing the work described in this Agreement, which is estimated at the time of execution of this Agreement to be \$38,295. The invoice will include PacifiCorp's actual costs, including direct costs and applicable overheads. The invoice shall include supporting documentation showing cost detail, and is to be sent to Bonneville at the contact listed in Section 20 below. Bonneville shall remit payment within thirty (30) days following receipt of the invoice.

4.2. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project costs may exceed \$38,295, PacifiCorp shall notify Bonneville promptly in writing. If Bonneville agrees to the cost increase, a modification to this Agreement will be prepared to provide for the additional funding amount. PacifiCorp's obligation to proceed with the Project associated with such additional amounts shall be contingent upon execution of such modification to this Agreement. If Bonneville does not authorize such additional amounts within thirty (30) days following PacifiCorp's written notice, this Agreement shall terminate after PacifiCorp gives Bonneville written notice and an additional fifteen (15) days to cure.

4.3. Interest on Unpaid Balances. Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by

PacifiCorp.

5. TAXES:

5.1. Bonneville Payments Not Taxable. The Parties intend that all payments made by Bonneville to PacifiCorp 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. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 5.1, Bonneville shall protect, indemnify and hold harmless PacifiCorp from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments made by Bonneville to PacifiCorp under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by PacifiCorp.

PacifiCorp 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) PacifiCorp has determined, in good faith, that the payments or property transfers made by Bonneville to PacifiCorp should be reported as income subject to taxation or (ii) any governmental authority directs PacifiCorp to report payments or property as income subject to taxation. Bonneville shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) days of receiving written notification from PacifiCorp 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 PacifiCorp, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments made by Bonneville to PacifiCorp 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 PacifiCorp 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 PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and PacifiCorp 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 PacifiCorp's anticipated tax depreciation deductions as a result of such payments by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating Bonneville's liability to PacifiCorp 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 PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, PacifiCorp shall notify Bonneville, in writing, within thirty (30) 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 PacifiCorp which holds that any amount paid by Bonneville to PacifiCorp 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 PacifiCorp in good faith that any amount paid by Bonneville to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by Bonneville to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax attributable to any payment by Bonneville to PacifiCorp pursuant to this Agreement, PacifiCorp 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 PacifiCorp for such taxes which PacifiCorp 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 PacifiCorp refunds such payment to Bonneville; and
- (iii) with respect to any such taxes paid by PacifiCorp, any refund or credit PacifiCorp 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 PacifiCorp for such overpayment of taxes (including any reduction in interest otherwise payable by PacifiCorp to any governmental authority resulting from an offset or credit); provided, however, that PacifiCorp will remit such amount promptly to Bonneville only after and to the extent that PacifiCorp has received a tax refund, credit or offset from any governmental authority for any applicable overpayment of income tax related to PacifiCorp's Project.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no 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 Schedule and Milestones attached as Exhibit B, Estimated Schedule and Milestones, for the completion of the Project. All project schedule milestones shall be best estimates of the time required to complete each task at the time the schedule was developed.
7. OWNERSHIP. PacifiCorp shall own, operate and maintain the new equipment provided and installed by PacifiCorp under Section 3.2 above.
8. STANDARD OF WORK. All work performed pursuant to this Agreement shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and Applicable Reliability Standards.
9. CHANGES. The Parties may at any time, in writing, mutually agree to changes or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in work, or alter the schedule. If such direction results in a material change in the amount or character of the 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, if originally filed at FERC, will be filed by PacifiCorp as an amended and restated agreement.
10. INSPECTION. Either Party may, at its discretion and expense, inspect the other Party's work with respect to the Project upon reasonable notice and with supervision by the Party whose work is being inspected.
11. TESTING. Before the new facilities required for the Project are placed in service, such new facilities shall be tested by PacifiCorp to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable FERC, NERC and WECC criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, Bonneville shall bear the cost of all such modifications, except to the extent that any such modifications are required as a result of PacifiCorp's negligence, willful misconduct, or failure to comply with Good Utility Practice.
12. ACCESS. Either Party shall grant the other Party reasonable escorted access to the Project, provided that each Party provides reasonable notice and agrees to comply with the other Party's safety and security rules.
13. RIGHT TO STOP WORK. Bonneville reserves the right, upon thirty (30) days advance written notice to PacifiCorp, to require PacifiCorp at any time to stop all work by PacifiCorp pursuant to this Agreement, provided that such stop-work order is the result of suspension or termination of the Project. Issuance of any such stop-work order shall terminate this Agreement.

Upon issuance of any such stop-work order, Bonneville shall pay the Project costs PacifiCorp has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts and any cancellation costs for equipment that is already ordered for the Project.

14. 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, unless the parties agree to pursue alternative dispute resolution.

15. 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.

16. 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 thirty (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.

17. 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.

18. 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.

19. 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: Eric H. Carter – TSE-TPP-2
P.O. Box 61409
Vancouver, WA 98666

PacifiCorp: Vice President, Transmission Services
825 NE Multnomah St., Suite 1600

Portland, OR 97232

20. INVOICES AND PAYMENTS. Invoices and payments shall be sent to the following:

Bonneville: U.S. Department of Energy
Bonneville Power Administration
ATTN: Tonya Van Cleave – TPCC/TPP-4
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6050
Email to: tmvanleave@bpa.gov

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
825 NE Multnomah, Suite 550
Portland, OR 97232

21. 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.

22. 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 FERC, 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 or regulatory body having competent subject matter jurisdiction; (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 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.

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.

23. SUCCESSORS. This Agreement will be binding upon the Parties and will inure to the benefit of their respective successors.

24. 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 court of competent jurisdiction or other 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.

25. 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.

26. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp 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 PacifiCorp 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. Neither Party is the agent or principal of the other, nor are they partners or joint venturers. Each Party agrees that it will not represent that, in performing its obligations hereunder, it acts in the capacity of agent or principal of the other Party, nor that it is a partner or joint venturer with the other Party with respect to the subject matter of this Agreement.

27. 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.

28. SURVIVAL. Sections 4, 5 and all payment obligations and liabilities incurred before the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

29. MODIFICATIONS OR AMENDMENTS. 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.

30. RECITALS. The above stated recitals are incorporated into and made part of this Agreement by this reference to the same extent as if these recitals were set forth in full at this point.

31. 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.

32. DISPUTE RESOLUTION.

32.1. 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) 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. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to Bonneville's then-published arbitration policy or its successor. 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 in a Federal court under Federal law.

32.2. Arbitration Procedures

Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve any dispute implicating this arbitration procedures within one year of initiating arbitration. 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) 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) 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.

32.3. Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) 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 payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section, provided the Parties may agree to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against the Parties in any arbitration proceeding under this Section 34. 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.

32.4. 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 as of the day and year first herein above written.

PACIFICORP

BONNEVILLE POWER
ADMINISTRATION

/s/ Laura Raypush Dombrowsky
Signature

/s/ Eric H. Carter
Signature

Laura Raypush Dombrowsky
Printed Name of Signor

Eric H. Carter
Printed Name of Signor

Acct Manager, Transmission
Title of Signor

Senior Transmission Account Executive
Title of Signor

Oct 17, 2018
Date

October 11, 2018
Date

DISTRICTS: REDMOND, THE
DALLAS DCC AND MCC

NOTES:

1. THIS PROJECT REPLACES THE 2 ONE ANTILOS RADIO BETWEEN HILLTOP AND HAPPY CAMP WITH A DIGITAL FM RADIO. THE PROJECT WILL BE FUNDED VIA APPROPRIATIONS PROVIDED VIA THE SCALE OF THE 2 ONE STRUCTURE.
2. HILLTOP IS OWNED BY NEVADA ENERGY. AN AGREEMENT WITH NAE WILL BE REQUIRED FOR SPACE, 48 VDC POWER AND REDCAP POWER.
3. HAPPY CAMP IS OWNED BY PACIFIC GAS & ELECTRIC. AN AGREEMENT WITH PG&E WILL BE REQUIRED FOR SPACE, 48 VDC POWER, BACKUP POWER AND ANTILOS SPACE ON THE EXISTING TOWER. A NEW ICE BRIDGE MAY BE REQUIRED.
4. ADVANCED SECURITY SOFTWARE IS REQUIRED IN THE MAIN RMG AND FM ROOMS TO PROVIDE SECURITY FOR THE HAPPY CAMP AND HILLTOP NODES.
5. 90A CIRCUITS 300A, 7471 AND 7472 ARE CONNECTED ON THE 90A COMPUTATIONAL SYSTEM ON BEHALF OF PACIFIC GAS AND ELECTRIC. 90A NODES TO NOTIFY PACIFIC GAS AND ELECTRIC ENERGY THAT THE CIRCUITS WILL BE DOWN FOR A NEW DIGITAL RADIO PATH.
6. 90A CIRCUIT 3043 TERMINATES AT NEVADA ENERGY. NEVADA ENERGY MUST BE ADVISED THAT THE CIRCUIT WILL BE MOVED TO THE NEW DIGITAL RADIO.
7. 90A CIRCUITS 3043 AND 3044 ARE UP LARGER IN SIZE. BUT STILL APPROX 14 DEMONSTRATION. THE CIRCUIT NETWORK SHOULD BE UPGRADED TO SHOW THE CIRCUITS HAVE BEEN RETURNED.
8. FORMER CIRCUIT 4009 IS FOR THE PROG INQUIRY DTM. PREVIOUSLY THE CONNECTION TO DALLAS WAS RETURNED. HOWEVER THE CIRCUIT STILL PROVIDES THROUGH THE 90A COMPUTATIONAL SYSTEM. A NEW CIRCUIT NUMBER IS REQUIRED. NUMBER 4009 HAS BEEN RETURNED AND IS NO LONGER AVAILABLE TO THE 90A CIRCUIT.
9. C&C PLANNING ENGINEER: ALEX WHEELER, TTM-009-3
PH: 800 859-8773
10. C&C TECHNICIAN: ALEX WHEELER, TTM-009-3
PH: 800 859-8773

LEGEND

- NEW THIS PROJECT
- - - EXISTING OR OTHER PROJECT
- - - TO BE REMOVED
- - - CHANGE OF DIMENSION
- - - DIGITAL 4-WIRE RADIO CHANNEL, 16K 12.5KHz
- - - DIGITAL, SEPARATE CHANNEL
- - - DIGITAL OPTICAL, HIGH SPEED UNIT
- - - WAVE DBS PORT
- - - INTERACT PROTOCOL ROUTER CIRCUIT
- - - RF LINK
- - - CROSS-CONNECT
- - - ANALOG RADIO
- - - DIGITAL FM RADIO
- AG ACCESS SERVER
- BPS BITS PER SECOND
- CR CHANNEL BANK
- DCC DIGITAL CROSS-CONNECT SYSTEM
- DL DUAL LINE
- DTG DISPATCHER TELEPHONE SYSTEM
- ED ETHERNET SWITCH
- FM FIELD FREQUENCY
- FEX FOREIGN EXCHANGE SWITCHBOARD
- H HOST
- HMS HOST MANAGEMENT SYSTEM
- HSC NETWORK SECURITY
- PAC PACIFICORP
- RLTY RELAY
- TRIP TRIPPER TRIP
- TRM TRUNK
- TRM TRUNK TERMINAL UNIT
- SCM SYSTEMS CONTROL AND DATA ACQUISITION
- SONET SYNCHRONOUS OPTICAL NETWORK
- TRM TRUNK TERMINAL UNIT
- WH WIDE AREA NETWORK

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|--|
| PROJECT NUMBER: 319329 | | DATE: 11/28/15 | |
| PROJECT NAME: HAPPY CAMP - HILLTOP RADIO PATH REPLACEMENT | | DATE: 11/28/15 | |
| PROJECT DESCRIPTION: <p>REPLACE 2 ONE ANTILOS RADIO BETWEEN HILLTOP AND HAPPY CAMP WITH A DIGITAL FM RADIO. THE PROJECT WILL BE FUNDED VIA APPROPRIATIONS PROVIDED VIA THE SCALE OF THE 2 ONE STRUCTURE.</p> | | | |
| PROJECT LOCATION: <p>HILLTOP AND HAPPY CAMP</p> | | | |
| PROJECT STATUS: <p>319329 7P 1.8 2 0</p> | | | |

Exhibit B, Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes which may be adjusted through the course of the Project. The below estimated schedule will be confirmed once resources are assigned to the project upon approval of the agreement. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Any delays in the Project have the potential to affect the entire schedule.

| Milestones | Estimated Date |
|------------------------------|-----------------------|
| Agreement executed | 09/30/2018 |
| Agreement Approved by FERC | 11/30/2018 |
| Engineering design completed | 01/31/2019 |
| Construction Complete | 02/28/2019 |

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: BONNEVILLE POWER ADMINISTRATION / HILLTOP HAPPY
CAMP RADIO REPLACEMENT

This Project Construction Agreement (“Agreement”), is made and entered into this 17 day of October, 2018, between the Bonneville Power Administration (“Bonneville”), and PacifiCorp (“PacifiCorp”). Hereinafter, Bonneville and PacifiCorp may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- B. WHEREAS, Bonneville is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- C. WHEREAS, Bonneville has a project to upgrade the existing digital UHF radio to microwave between Sierra Pacific Power Company dba NV Energy’s Hilltop substation and Pacific Gas & Electric’s Happy Camp radio station.
- D. WHEREAS, as a consequence of Bonneville’s microwave project, PacifiCorp will perform certain wiring and programming modifications at the jointly owned Malin substation (the “Project”).

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein, 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 balancing authority areas potentially impacted by the Project.

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.

2. TERM & TERMINATION. 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 the Federal Energy Regulatory Commission ("FERC") upon acceptance for filing. Subject to any required termination filing with FERC (in which case the termination date will be the date accepted by FERC), this Agreement shall terminate upon the earliest of the following to occur:

- (i) Ninety (90) days following PacifiCorp's receipt of final payment of actual costs by Bonneville;
- (ii) Ninety (90) days following PacifiCorp's refund of overpayment to Bonneville, pursuant to Section 4 of this Agreement;
- (iii) In the event that neither an invoice nor a refund is required following completion of the Project, ninety (90) days following PacifiCorp's determination and written notification to Bonneville of the actual costs of the Project; or
- (iv) Termination of the Agreement as provided in Section 4.2 of this Agreement (Authorization of Additional Amounts for Project Costs); or
- (v) Termination of the Agreement as provided in Section 13 of this Agreement (Right to Stop Work); or
- (vi) Five years following the effective date.

3. SCOPE AND PERFORMANCE OF WORK:

3.1 Project Description and Scope. To facilitate the upgrade of the existing digital UHF radio to microwave between Hilltop substation and Happy Camp radio station, Bonneville will be installing relay to relay transfer trip circuits and retiring the existing transfer trip circuits along this path. PacifiCorp currently has existing equipment at Malin Substation that will need to be modified to accommodate Bonneville's project.

3.2 PacifiCorp Responsibilities. PacifiCorp shall, at Bonneville's expense, design, procure, and install modifications to PacifiCorp equipment at Malin to include on panel wiring changes to add a 43TT switch on the panel and two RS232-to-fiber dongles. Bonneville's project requirements diagram illustrating the project is depicted in the attached Exhibit A, Project Diagram.

3.3 Bonneville Responsibilities. Bonneville, at its sole expense, agrees to design, procure, and install all other facilities as specified in the attached Exhibit A, Project Diagram.

3.4 Performance Standards. Each Party shall 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. RESPONSIBILITY FOR COSTS:

4.1. Payment of Actual Costs. As a Federal entity, Bonneville cannot provide advance funding pursuant to 31 U.S.C. § 3324. Bonneville's payment for services, however, is assured by section 7(a)(2) of the Pacific Northwest Power Planning and Conservation Act, 16 U.S.C § 839e(a)(2), which requires the Bonneville Administrator to set rates to meet the Bonneville Administrator's costs.

4.1.1. Within a reasonable time following completion of work, PacifiCorp shall submit an invoice to Bonneville for the reasonably incurred cost of performing the work described in this Agreement, which is estimated at the time of execution of this Agreement to be \$38,295. The invoice will include PacifiCorp's actual costs, including direct costs and applicable overheads. The invoice shall include supporting documentation showing cost detail, and is to be sent to Bonneville at the contact listed in Section 20 below. Bonneville shall remit payment within thirty (30) days following receipt of the invoice.

4.2. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project costs may exceed \$38,295, PacifiCorp shall notify Bonneville promptly in writing. If Bonneville agrees to the cost increase, a modification to this Agreement will be prepared to provide for the additional funding amount. PacifiCorp's obligation to proceed with the Project associated with such additional amounts shall be contingent upon execution of such modification to this Agreement. If Bonneville does not authorize such additional amounts within thirty (30) days following PacifiCorp's written notice, this Agreement shall terminate after PacifiCorp gives Bonneville written notice and an additional fifteen (15) days to cure.

4.3. Interest on Unpaid Balances. Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by PacifiCorp.

5. TAXES:

5.1. Bonneville Payments Not Taxable. The Parties intend that all payments made by Bonneville to PacifiCorp 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. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 5.1, Bonneville shall protect, indemnify and hold harmless PacifiCorp from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments made by Bonneville to PacifiCorp under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by PacifiCorp.

PacifiCorp 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) PacifiCorp has determined, in good faith, that the payments or property transfers made by Bonneville to PacifiCorp should be reported as income subject to taxation or (ii) any governmental authority directs PacifiCorp to report payments or property as income subject to taxation. Bonneville shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) days of receiving written notification from PacifiCorp 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 PacifiCorp, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments made by Bonneville to PacifiCorp 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 PacifiCorp 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 PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and PacifiCorp 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 PacifiCorp's anticipated tax depreciation deductions as a result of such payments by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating Bonneville's liability to PacifiCorp 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 PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, PacifiCorp shall notify Bonneville, in writing, within thirty (30) 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 PacifiCorp which holds that any amount paid by Bonneville to PacifiCorp 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 PacifiCorp in good faith that any amount paid by Bonneville to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by Bonneville to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax attributable to any payment by Bonneville to PacifiCorp pursuant to this Agreement, PacifiCorp 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 PacifiCorp for such taxes which PacifiCorp 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 PacifiCorp refunds such payment to Bonneville; and

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

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no 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 Schedule and Milestones attached as Exhibit B, Estimated Schedule and Milestones, for the completion of the Project. All project schedule milestones shall be best estimates of the time required to complete each task at the time the schedule was developed.

7. OWNERSHIP. PacifiCorp shall own, operate and maintain the new equipment provided and installed by PacifiCorp under Section 3.2 above.
8. STANDARD OF WORK. All work performed pursuant to this Agreement shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and Applicable Reliability Standards.
9. CHANGES. The Parties may at any time, in writing, mutually agree to changes or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in work, or alter the schedule. If such direction results in a material change in the amount or character of the 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, if originally filed at FERC, will be filed by PacifiCorp as an amended and restated agreement.
10. INSPECTION. Either Party may, at its discretion and expense, inspect the other Party's work with respect to the Project upon reasonable notice and with supervision by the Party whose work is being inspected.
11. TESTING. Before the new facilities required for the Project are placed in service, such new facilities shall be tested by PacifiCorp to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable FERC, NERC and WECC criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, Bonneville shall bear the cost of all such modifications, except to the extent that any such modifications are required as a result of PacifiCorp's negligence, willful misconduct, or failure to comply with Good Utility Practice.
12. ACCESS. Either Party shall grant the other Party reasonable escorted access to the Project, provided that each Party provides reasonable notice and agrees to comply with the other Party's safety and security rules.
13. RIGHT TO STOP WORK. Bonneville reserves the right, upon thirty (30) days advance written notice to PacifiCorp, to require PacifiCorp at any time to stop all work by PacifiCorp pursuant to this Agreement, provided that such stop-work order is the result of suspension or termination of the Project. Issuance of any such stop-work order shall terminate this Agreement. Upon issuance of any such stop-work order, Bonneville shall pay the Project costs PacifiCorp has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts and any cancellation costs for equipment that is already ordered for the Project.
14. 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, unless the parties agree to pursue alternative dispute resolution.

15. 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.

16. 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 thirty (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.

17. 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.

18. 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.

19. 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: Eric H. Carter – TSE-TPP-2
P.O. Box 61409
Vancouver, WA 98666

PacifiCorp: Vice President, Transmission Services
825 NE Multnomah St., Suite 1600
Portland, OR 97232

20. INVOICES AND PAYMENTS. Invoices and payments shall be sent to the following:

Bonneville: U.S. Department of Energy
Bonneville Power Administration
ATTN: Tonya Van Cleave – TPCC/TPP-4
P.O. Box 61409
Vancouver, WA 98666
Phone: (360) 619-6050
Email to: tmvanleave@bpa.gov

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
825 NE Multnomah, Suite 550
Portland, OR 97232

21. 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.

22. 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 FERC, 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 or regulatory body having competent subject matter jurisdiction; (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 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.

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.

23. SUCCESSORS. This Agreement will be binding upon the Parties and will inure to the benefit of their respective successors.

24. 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 court of competent jurisdiction or other 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.

25. 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.

26. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp 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 PacifiCorp 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. Neither Party is the agent or principal of the other, nor are they partners or joint venturers. Each Party agrees that it will not represent that, in performing its obligations hereunder, it acts in the capacity of agent or principal of the other Party, nor that it is a partner or joint venturer with the other Party with respect to the subject matter of this Agreement.

27. 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.

28. SURVIVAL. Sections 4, 5 and all payment obligations and liabilities incurred before the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

29. MODIFICATIONS OR AMENDMENTS. 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.

30. RECITALS. The above stated recitals are incorporated into and made part of this Agreement by this reference to the same extent as if these recitals were set forth in full at this point.

31. 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.

32. DISPUTE RESOLUTION.

32.1. 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) 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. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to Bonneville's then-published arbitration policy or its successor. 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 in a Federal court under Federal law.

32.2. Arbitration Procedures

Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve any dispute implicating this arbitration procedures within one year of initiating arbitration. 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) 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) 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.

32.3. Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) 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 payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section, provided the Parties may agree to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against the Parties in any arbitration proceeding under this Section 34. 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.

32.4. 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 as of the day and year first herein above written.

PACIFICORP

BONNEVILLE POWER
ADMINISTRATION



Signature

Laura Raypush Dombrowsky

Printed Name of Signor

Acct Manager, Transmission

Title of Signor

Oct 17, 2018

Date



Digitally signed by ERIC CARTER
Date: 2018.10.11 09:56:47 -07'00'

Signature

Eric H. Carter

Printed Name of Signor

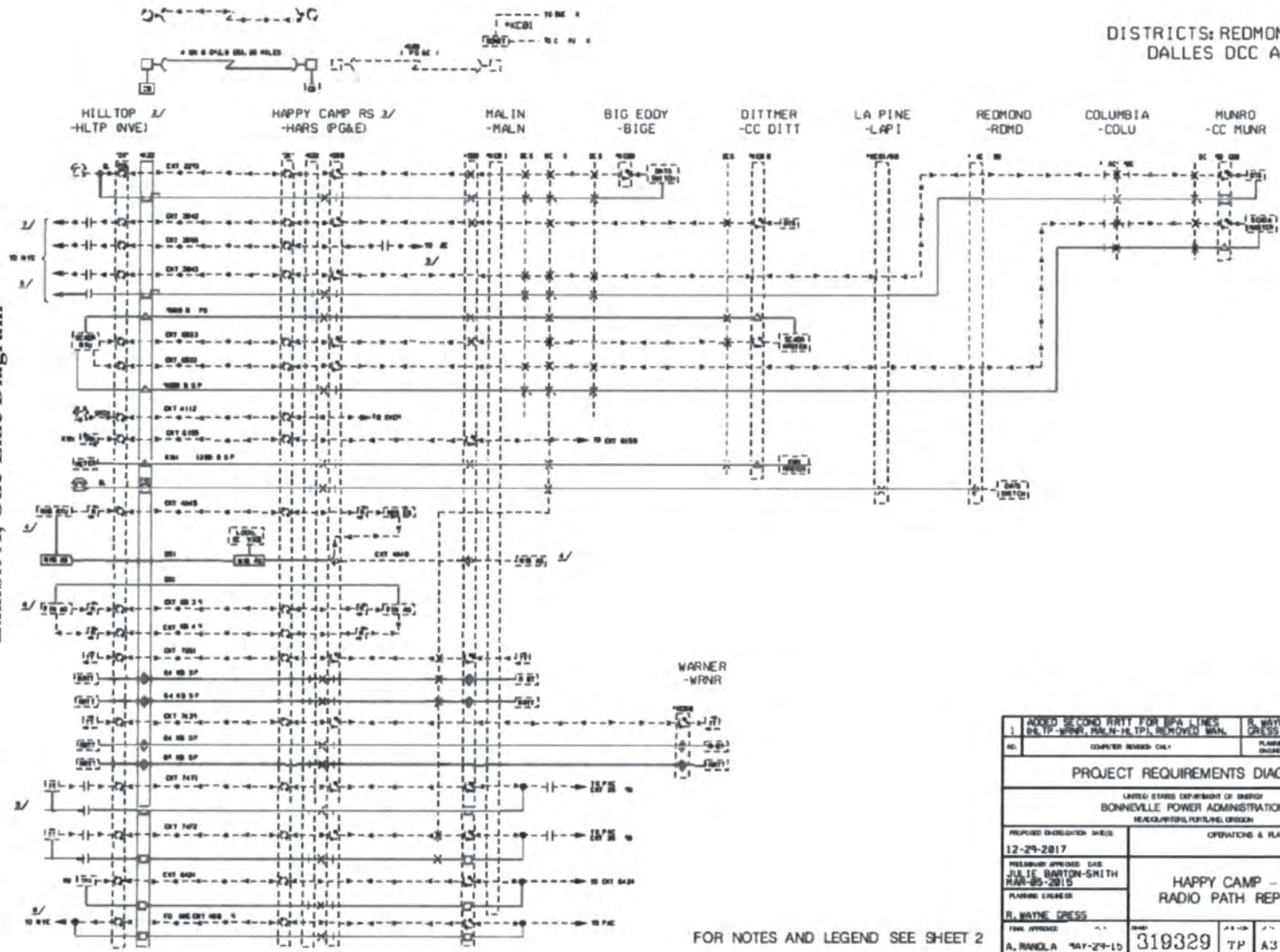
Senior Transmisison Account Executive

Title of Signor

October 11, 2018

Date

Exhibit A, One-Line Diagram



DISTRICTS: REDMOND, THE DALLAS DCC AND MCC

FOR NOTES AND LEGEND SEE SHEET 2

| | | | |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------|-------------|
| 1 | ADDED SECOND RPT FOR BPA LINES DLTP-WRNR, MALN-HLTP, REDMOND-MALN | R. WAYNE GRESS | A. RANOLA |
| NO. | COMPUTER GENERATED ONLY | PLANNING ENGINEER | CHECKED |
| PROJECT REQUIREMENTS DIAGRAM | | | |
| UNITED STATES DEPARTMENT OF ENERGY BONNEVILLE POWER ADMINISTRATION HEADQUARTERS/PORTLAND, OREGON | | | |
| PROPOSED SHEET(S) DATED: 12-29-2017 | | OPERATIONS & PLANNING | |
| REVISION APPROVED DATE: JULIE BARTON-SMITH 11-09-2016 | | HAPPY CAMP - HILLTOP RADIO PATH REPLACEMENT | |
| PLANNING ENGINEER | | | |
| R. WAYNE GRESS | | | |
| FORM APPROVED | NO. 310329 | TP | AS 1 OF 2 1 |
| A. RANOLA | 10-29-10 | | |

DISTRICTS: REDMOND, THE
DALLAS DCC AND MCC

NOTES:

1. THIS PROJECT REPLACES THE 2 GHz ANALOG RADIO BETWEEN HILLTOP AND HAPPY CAMP WITH A DIGITAL FM RADIO. THE PROJECT WILL BE FUNDED VIA APPROPRIATIONS PROVIDED VIA THE SALE OF THE 2 GHz SPECTRUM.
2. HILLTOP IS OWNED BY HERVOD ENERGY, AN ADJACENT WITH LINE WILL BE REQUIRED FOR SPACE, 48 VDC POWER AND BUCKLE POWER.
3. HAPPY CAMP IS OWNED BY PACIFIC ONE & ELECTRIC. AN AGREEMENT WITH PAC ONE WILL BE REQUIRED FOR 48 VDC POWER, BUCKLE POWER AND AIRSPACE SPACE ON THE EXISTING TOWER. A NEW ICE BRIDGE MAY BE REQUIRED.
4. ADVANCED SECURITY SOFTWARE IS REQUIRED IN THE MAIN RNS AND FIRE ROUTERS TO PROVIDE SECURITY FOR THE HAPPY CAMP AND HILLTOP ROUTERS.
5. 89A CIRCUITS 3884, 7471 AND 7472 ARE CARRIED BY THE 89A COMMUNICATIONS SYSTEM ON BEHALF OF PACIFICONE AND HERVOD ENERGY. 89A HAS TO NOTIFY PACIFICONE AND HERVOD ENERGY THAT THE CIRCUITS WILL BE CUTOFF TO A NEW DIGITAL RADIO PATH.
6. 89A CIRCUIT 3843 TERMINATES AT HERVOD ENERGY. HERVOD ENERGY MUST BE NOTIFIED THAT THE CIRCUIT WILL BE MOVED TO THE NEW DIGITAL RADIO.
7. 89A CIRCUITS 3842 AND 3884 ARE NO LONGER IN SERVICE, BUT STILL APPEAR IN DOCUMENTATION. THE CIRCUIT RECORDS SHOULD BE UPDATED TO SHOW THE CIRCUITS HAVE BEEN RETRACTED.
8. FUTURE CIRCUIT 4849 IS FOR THE FINEC ROADFIELD DIAL PARTY. THE CONNECTION TO DITTEEN WAS CANCELLED. THE CIRCUIT STILL PASSES THROUGH THE 89A COMMUNICATIONS SYSTEM. A NEW CIRCUIT IS REQUIRED. NUMBER 4849 HAS BEEN RE-USED AND IS NO LONGER AVAILABLE TO THE FINEC CIRCUIT.
9. DCC PROJECTING ENGINEER: WHITE DRESS, TRN-DPP-3 PHONE: (208) 514-6728
10. CAD TECHNICIAN: ALEX VASILLU, TRN-DPP-3 PHONE: (208) 514-6723

LEGEND

| | | | | |
|---------------------------------------------|-----|---------------------------------|-------|------------------------------------------|
| --- NEW THIS PROJECT | NS | ACCESS SERVER | SCNOR | SUPERVISORY CONTROL AND DATA ACQUISITION |
| - - - EXISTING ON OTHER PROJECT | 895 | 818 PER SECOND | SNVET | STANDARD OPTICAL NETWORK |
| - - - TO BE REMOVED | DS | CARRIER BRNK | SVCH | SERVICE CHANNEL |
| - - - CHANGE OF DIMENSION | DCS | DIGITAL CROSS-CONNECT SYSTEM | TRN | TRANSFER TRIP |
| - - - DIGITAL 4-WIRE AUDIO CHANNEL, 64 Kbps | DL | DIAL LINE | WNI | WIDE AREA NETWORK |
| - - - DIGITAL SUBRATE CHANNEL | DTB | DISTRIBUTION TELEPHONE SYSTEM | | |
| - - - DUAL OPTICAL HIGH SPEED UNIT | ES | ETHERNET SWITCH | | |
| - - - WAI DSI PORT | FS6 | FIELD SWITCH NETWORK | | |
| - - - INTERNET PROTOCOL ROUTER CPU CARD | N | NOISE | | |
| - - - RF LINK | IMS | NETWORK MANAGEMENT SYSTEM | | |
| - - - CROSS-CONNECT | INX | INTRA NETWORK ENERGY | | |
| - - - ANALOG RADIO | PAC | PACIFICONE | | |
| - - - DIGITAL FM RADIO | RBT | REGULATED-BEAM TRANSMITTER TRIP | | |
| | RTU | REMOTE TERMINAL UNIT | | |

| | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------|--|------------|----|-------|-----|
| PROJECT REQUIREMENTS DIAGRAM | | DATE | BY | APP'D | REV |
| UNITED STATES DEPARTMENT OF ENERGY BONNEVILLE POWER ADMINISTRATION PROJECTS, PLANS, AND DESIGN PROJECTS & PLANNING | | 12-27-2017 | | | |
| PROJECT DESCRIPTION: HILLTOP-HAPPY CAMP RADIO PATH REPLACEMENT | | 319329 | TP | AB | 2 |
| A. 090004 HW-28-18 | | | | | 0 |

Exhibit B, Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes which may be adjusted through the course of the Project. The below estimated schedule will be confirmed once resources are assigned to the project upon approval of the agreement. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Any delays in the Project have the potential to affect the entire schedule.

| Milestones | Estimated Date |
|------------------------------|-----------------------|
| Agreement executed | 09/30/2018 |
| Agreement Approved by FERC | 11/30/2018 |
| Engineering design completed | 01/31/2019 |
| Construction Complete | 02/28/2019 |

From: efiling@ferc.gov
To: [Zahnow, Jessica](#); [FERC Filings](#); efilingacceptance@ferc.gov
Subject: [INTERNET] FERC Acceptance for Filing in ER19-281-000
Date: Friday, November 2, 2018 11:34:54 AM

** STOP. THINK. External Email **

Notification of Acceptance for Filing

This is to notify that the FERC Office of the Secretary has accepted the following electronic submission for filing (Acceptance for filing does not constitute approval of any application or self-certifying notice):

-Accession No.: 201811025131
-Docket(s) No.: ER19-281-000
-Filed By: PacifiCorp
-Signed By: Karen Kruse
-Filing Title: Tariff Filing
-Filing Description: PacifiCorp submits tariff filing per 35.13(a)(2)(iii): BPA Construct Agmt for Hilltop Happy Camp to be effective 12/24/2018 under ER19-281 Filing Type : 10
-Type of Filing Code: 10
-Earliest Proposed Effective Date: 12/24/2018
-Submission Date/Time: 11/2/2018 2:28:24 PM
-Filed Date: 11/2/2018 2:28:24 PM

Your submission is now part of the record for the above Docket(s) and available in FERC's eLibrary system at:

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