

May 8, 2018

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

RE: *PacifiCorp*
Docket No. ER18-_____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2006), Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35 (2017), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement ("Construction Agreement"), dated April 25, 2018, between Avangrid Renewables, LLC ("Avangrid") and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 736.

1. Background and Reason for Filing

Avangrid is establishing its own balancing authority area ("BAA"), and has requested that PacifiCorp support the relocation of its 635 MW nameplate Klamath Energy Facility, LLC into the new Avangrid BAA. Under the terms of the Construction Agreement, PacifiCorp will work with Avangrid to develop a new interchange point between PacifiCorp's "PacifiCorp-West, or 'PACW'" BAA and Avangrid's new BAA. Accordingly, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached hereto, for filing as PacifiCorp Rate Schedule No. 736.

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 July 9, 2018, 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.

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

3. Designation

PacifiCorp requests that the Construction Agreement be designated as PacifiCorp Rate Schedule No. 736.

4. Enclosure

The following enclosure is attached hereto:

Construction Agreement between Avangrid and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 736

5. Communications

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

Thomas C. Woodworth
Assistant General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5356
(503) 813-7252 (facsimile)
Tom.Woodworth@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:

Mark Perryman
Avangrid Renewables, LLC
1125 NW Couch, Suite 700
Portland, OR 97209
mark.perryman@avangrid.com
ryan.leonard@avangrid.com
gerry.froese@avangrid.com
toan.nguyen@avangrid.com

Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salt Lake City, UT 84114
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/ Thomas C. Woodworth
Thomas C. Woodworth
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 8th day of May, 2018.

/s/ Thomas C. Woodworth

Thomas C. Woodworth
Assistant General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5356
(503) 813-7252 (facsimile)
Tom.Woodworth@PacifiCorp.com

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: AVANGRID RENEWABLES, LLC / KLAMATH ENERGY
BALANCING AREA MOVE

This Project Construction Agreement (“Agreement”), made and entered into this 25 day of April, 2018, between Avangrid Renewables, LLC (“Customer”), and PacifiCorp, is for work to be performed by PacifiCorp for Customer. Hereinafter, Customer 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 operates a Balancing Authority Area (“BAA”) located in Oregon; and
- B. WHEREAS, Customer is an independent power producer which is establishing a BAA located in Oregon and the Pacific Northwest; and
- C. WHEREAS, Customer has submitted a request to PacifiCorp to move the 635 MW nameplate Klamath Energy, LLC facility (hereinafter referred to as the “Facility”) into a new BAA owned and operated by Customer; and
- D. WHEREAS, the Parties intend to perform the work required to complete the Project (the “Project”), as provided below.

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, and the applicable balancing authorities to which Company and Customer are directly interconnected.

Direct Assignment Facilities shall mean facilities or portions of facilities that are constructed by PacifiCorp for the sole use/benefit of the Customer requesting service. Direct Assignment Facilities shall be specified in this Agreement. The Customer will pay all costs of Direct Assignment Facilities.

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.

Network Upgrades shall mean additions, modifications, and upgrades to PacifiCorp's transmission system required at or beyond the point at which the customer's facilities connect with PacifiCorp's transmission system. Network Upgrades are integrated with and support PacifiCorp's Transmission System for the general benefit of all users of such transmission system. The cost of Network Upgrades may or may not be directly assigned to the Customer.

2. TERM & TERMINATION.

2.1. This Agreement shall be effective (the "Effective Date") 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.

2.2. Unless terminated earlier pursuant to the termination provisions found in Section 5 and Section 12, this Agreement shall terminate ninety (90) calendar days after the earliest of the following to occur:

- (i) PacifiCorp's receipt of final payment of actual costs by Customer; or
- (ii) PacifiCorp's refund of overpayment to Customer, pursuant to Section 5 of this Agreement; or
- (iii) Following PacifiCorp's determination of actual costs after completion of construction, in the event that neither a final payment nor a refund is required pursuant to Section 5; or

3. SCOPE AND PERFORMANCE OF WORK:

a. **Project Description and Scope.** Customer is establishing its own BAA and requested the Project be relocated from PacifiCorp's existing BAA to Customer's newly established BAA. To accommodate Customer's request, a new interchange point will be required between PacifiCorp and Customer at the location of the Project.

b. **Parties Responsibilities.** Parties agree to work together to design, procure, and install the Project as depicted in the attached Exhibit A, Estimated Project Scope.

c. **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 (as such terms are defined in this Agreement). 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. Each Party shall retain ownership and maintain the equipment purchased and installed by the respective party.
5. RESPONSIBILITY FOR COSTS:

5.1. Estimated Costs. PacifiCorp's estimated cost for PacifiCorp's Scope of Work for the Project is \$1,532,500, which includes \$1,532,500 in Direct Assignment Facilities costs and \$0 in Network Upgrade costs. Direct Assignment Facilities costs are those costs associated with the installation of Direct Assignment Facilities, while Network Upgrade costs are those costs associated with the installation of Network Upgrades.

The estimated cost includes engineering, labor, materials, subcontracts, and applicable overheads. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2018 dollars.
- If construction is delayed, the cost estimate will likely need to be adjusted.
- Estimate assumes no exceptional site preparation will be needed.
- Estimate assumes Project will be built during normal hours and will not require schedule compression or overtime.
- Estimate assumes no new permitting, property, right of way or easements will be required to be completed by PacifiCorp.

5.1.1. Direct Assignment Facilities Costs. In consideration of the work to be performed by PacifiCorp, Customer agrees to pay the estimated Direct Assignment Facilities costs of \$1,532,500.

5.1.2. Network Upgrade Costs. PacifiCorp agrees to pay the estimated Network Upgrade costs of \$0.

5.2. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project Costs may exceed \$1,532,500, PacifiCorp shall notify Customer and request that Customer provide written approval authorizing such additional amounts for Project Costs within thirty (30) days, or such other mutually agreed upon timeframe, of such notice. PacifiCorp's obligation to proceed with the Project associated with such additional amounts shall be contingent upon receipt of such approval, along with a prepayment in such additional amount. Customer shall be responsible for such estimated costs, as increased pursuant to such written authorization. If Customer does not authorize such additional amounts within such thirty (30) day period, this Agreement shall terminate after PacifiCorp gives Customer written notice and an additional fifteen (15) days to cure. If Customer agrees to the cost increase, a modification to this Agreement will be prepared to indicate the additional funding amount.

5.3. Payment of Costs. In consideration of the work to be performed by PacifiCorp, Customer agrees to pay a deposit of \$1,282,500 towards the total estimated costs of \$1,532,500. The deposit will be submitted based on the following schedule:

- \$427,500 within thirty (30) calendar days after the Effective Date of this Agreement;
- \$427,500 prior to the procurement of long lead equipment;
- \$427,500 prior to the commencement of construction; and
- \$250,000 upon completion of construction.

Customer shall reimburse PacifiCorp for the actual cost to complete the work, including the cost of obtaining any permits and authorizations which may be necessary to complete the work. Following completion of the Project, PacifiCorp shall determine its actual costs for the Project identified in the Scope of Work. PacifiCorp's actual costs shall include all direct costs plus applicable overheads. If the actual costs are more than the total estimated cost set forth above, PacifiCorp will forward a copy of the actual costs to Customer along with an invoice for the additional amount within one hundred twenty (120) calendar days after completion of construction. If the actual costs are less than the total estimated cost set forth above, PacifiCorp will forward a copy of the actual costs to Customer along with a refund to cover the overage within one hundred twenty (120) calendar days after completion of construction. Customer will have thirty (30) calendar days after receiving any invoice to make payment in full.

PacifiCorp shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles. Upon request, PacifiCorp shall provide accounting records to Customer following completion of the Project.

6. TAXES:

6.1. Customer Payments Not Taxable. The Parties intend that all payments made by Customer 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.

6.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 6.1, Customer 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 Customer 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 Customer under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by Customer 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. Customer shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 6.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including detail about how the amount was calculated.

6.3. Tax Gross-up Amount. Customer's liability for the cost consequences of any current tax liability under this Section 6 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Customer 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 Customer 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 Customer'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).

6.4. 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 Customer, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

6.5. Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by Customer 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 Customer 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 Customer 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 Customer to PacifiCorp pursuant to this Agreement, PacifiCorp shall promptly refund to Customer the following:

- (i) any payment made by Customer under this Section 6 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by Customer 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 Customer to the date PacifiCorp refunds such payment to Customer; 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 Customer 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.

7. **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. PacifiCorp will commence work following the Effective Date and receipt of Direct Assignment Facilities Costs from the Customer in accordance with section 5.1.1. All project schedule milestones shall be best estimates of the time required to complete each Party's task at the time the schedule was developed. Parties will mutually agree on a scheduled for any necessary outages to the Facility that, to the extent possible, limits the commercial impact to the Facility.

8. **STANDARD OF WORK.** All work performed pursuant to this Agreement by either Party or their agents 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 and/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.

No change shall be binding upon the Parties until a change order is executed by each Party which is in writing and expressly states that it constitutes a change order to this Agreement. The issuance of information, advice, approvals, or instructions verbally or by an exchange of e-mail or in any other manner short of a writing executed by both Parties shall not constitute an authorized change order pursuant to this provision.

All revisions to this Agreement, if originally filed at FERC, will be filed by PacifiCorp as an amended and restated agreement.

10. INSPECTION. Customer may, at its discretion and expense, inspect PacifiCorp's construction work of the Project in progress upon reasonable notice and with supervision by PacifiCorp. PacifiCorp may, at its discretion and Customer's expense, inspect Customer's construction work of the Project in progress upon reasonable notice and with supervision by Customer. Customer will provide testing results to PacifiCorp as specified in the technical specifications.

11. TESTING. Before the new facilities required for the Project are energized, 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, Customer shall bear the cost of all such modifications in accordance with Section 5 above, except (a) to the extent the required modifications constitute Network Upgrades; or (b) to the extent that any such modifications are required as a result of PacifiCorp's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

12. ACCESS. Either Party shall grant the other Party reasonable access to the Project during the term of this Agreement, provided that each Party provides reasonable notice and comply with the other Parties safety and security rules.

13. RIGHT TO STOP WORK. Customer 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 for more than ninety (90) days shall terminate this Agreement. Upon issuance of any such stop-work order, Customer shall pay the Project Costs PacifiCorp has incurred prior to the stoppage of work, including, without

limitation, the costs incurred in connection with the suspension of third-party contracts and any eventual cancellation costs for equipment that is already ordered for the Project.

14. GOVERNING LAW. This Agreement shall be governed by, and construed, interpreted and enforced in accordance with, the substantive law of the State of Oregon, excluding any conflict of laws principles. With respect to any suit, action or proceedings relating to this Agreement (the "Proceedings"), each Party irrevocably submits to the exclusive jurisdiction of the courts of the State of Oregon and the United States District Court located in Multnomah County, Oregon, and irrevocably waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such Party. Nothing in this Agreement precludes either Party from enforcing, in any jurisdiction, any judgment, order or award obtained in any such court.

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. PacifiCorp may at any time assign its rights and delegate its obligations under this Agreement, in whole or in part, including, without limitation, transferring its rights and obligations under this Agreement to any: (i) affiliate; (ii) successor in interest with respect to the Project, or (iii) corporation or any other business entity in conjunction with a merger, consolidation or other business reorganization to which PacifiCorp is a party. Affiliate of PacifiCorp includes any entity in which Berkshire Hathaway, Inc. owns more than a 5% interest, over which Berkshire Hathaway exercises management control. Should such assignment take place, PacifiCorp will provide written notice to Customer. Customer shall not assign its rights, nor delegate its obligations, under this agreement without the prior written consent of PacifiCorp, which shall not be unreasonably withheld, and any attempted transfer in violation of the restriction shall be void.

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:

Customer: Avangrid Renewables, LLC
Attn: Contracts Administration
1125 NW Couch, Suite 700
Portland, OR 97209

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:

Customer: Avangrid Renewables, LLC
Attn: Contracts Administration
1125 NW Couch, Suite 700
Portland, OR 97209

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

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

21. INDEMNIFICATION. Each Party (“Indemnifying Party”) agrees to protect, defend, indemnify and hold harmless the other Party, its officers, employees and agents (collectively, the “Indemnified Party”) against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature, including court costs and attorney’s fees, even if such actions or claims are completely groundless, growing out of injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, or any other person or persons, or any and all destruction, loss or damage to property arising in any way in connection with, or related to, the Indemnifying Party's performance of any work or any of its obligations under the Agreement, except as to injury to persons or damage to property on the work site caused by the sole negligence of the Indemnified Party.

The indemnification obligations set forth herein shall not be limited by amounts or types of damages, compensation or benefits payable by or for the Indemnifying Party, contractors, subcontractors, sub-subcontractors, material suppliers or any person or entity for which any of them may be liable, under workers compensation acts, or any disability or employee benefit acts, in the event claims are asserted against persons or entities indemnified under this section by an

employee of the Indemnifying Party, a contractor, a subcontractor, a sub-subcontractor, a material supplier, anyone directly or indirectly employed by any of them or anyone (or for whose acts they may be liable.)

Moreover, at the request of the Indemnified Party, the Indemnifying Party shall defend any action, claim or suit asserting a claim that might be covered by this indemnity. The Indemnifying Party shall pay all costs and expenses that may be incurred by the Indemnified Party in enforcing his indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

22. 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.

23. 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; (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.

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.

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

25. 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.

26. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

27. 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.

28. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp or Customer 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 Customer 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.

29. 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.

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

31. 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.

32. 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.

33. 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.

34. DISPUTE RESOLUTION.

34.1. 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. 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.

34.2. 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.

34.3. 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.

34.4. 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.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the Effective Date.

PACIFICORP

/s/ Rick Vail
Signature

Rick Vail
Printed Name of Signor

VP, Transmission
Title of Signor

4/25/18
Date

AVANGRID RENEWABLES, LLC

/s/Mark Perryman
Signature

Mark Perryman
Printed Name of Signor

Authorized Representative
Title of Signor

Date

/s/Doug Stuver
Signature

Doug Stuver
Printed Name of Signor

Vice President, Controller
Title of Signor

4/24/2018
Date

Exhibit A

Estimated Project Scope

Parties agree to coordinate on and identify a Project design team to develop the detailed design required to implement the below identified scope of work.

Klamath Cogeneration Substation Modifications

The North-West corner of the substation will potentially need to be expanded approximately 40' to the North in order to accommodate the new equipment required to accommodate the balancing area move. On the Meridian line position, it will be required to replace the existing dead end structure and move the existing switches and lightning arresters to accommodate the installation of the new metering units. On the Captain Jack line position, it will be required to remove the existing line CCVT's and install new bus supports and metering units.

Transmission Line Modifications

The tower outside the substation does not need to change except for an 8 degree bearing change from the substation tower and installation of an approximately 50 ft. shorter span into the tower in the substation. The new substation tower must be able to take an 8 degree larger pull off angle or be rotated by 8 degrees to the northeast.

Property Modifications

The Customer will be required to obtain the necessary property to accommodate the expansion of the substation required for the Project. The Customer will also be required to provide any necessary approvals for the additional equipment Company needs to install for the Project.

Metering Modifications

To accommodate the balancing area move, new interchange metering at Klamath substation is required. This includes the following:

- Add interchange revenue metering on the line towards Meridian 500 kV, Line 81
- Add (1) ION 8650 panel board meter supplied by Customer physically connected to the second CT secondary winding such that Customer can measure revenue quality meter values on the line towards Meridian 500kV, Line 81 utilizing Customer EMS network.
- Add interchange revenue metering on the line towards Captain Jack 500 kV, Line 81
- Add (1) ION 8650 panel board meter supplied by Customer physically connected to the second CT secondary winding such that Customer can measure revenue quality meter values on the line towards Captain Jack 500kV, Line 81 utilizing Customer EMS network.
- Note: If it does not conflict or impair the installation of the new interchange metering, the existing metering is to remain in place.

The total metering design package will include extended range .15% revenue class CT/VT combined instrument transformers. On each line (2) two ION 8650 high-end interchange quality

meters with expander I/O boards for SCADA and telemetry. Ethernet connections will not be allowed for meter connections.

Metering outputs will include DNP real time serial digital data. One meter will be designated a primary with DNP SCADA outputs, a second meter will be used designated as backup with real time data outputs. Both Primary and Secondary Meters shall deliver data to Klamath Energy, LLC, Avangrid Generation Plant over existing communications infrastructure for Avangrid to connect to their Primary Control Center, and Avangrid Alternate Control Center. Output interposition terminations will include providing real time instantaneous data to both PacifiCorp and Customer-Klamath Generation Plant operation centers. Both Primary and Backup Meter shall be capable of allowing PacifiCorp to read meter MHW data registers via PacifiCorp's MV90 system.

The ION 8650 default DNP map will be made available. Values included are bidirectional (KWH, KVARH), instantaneous KW, KVAR, PF per phase voltage and amps. Changes to this map will be discussed and approved by Customer and PacifiCorp. Prior to design approval Customer will have an opportunity to suggest new points it may need. Analog milliamp real time MW, MVAR, including 2 or 3 wire contact closure bidirectional (KWH) energy data shall be provided.

Estimated metering equipment / devices required for the project include the following:

- Instrument Transformers: Seven (7) each 500 kV combined CT/VT instrument transformers. Three (3) transformers each per line, including one (1) spare. Manufacturer Trench, Model unit SVAS 550 (SF6 Gas) insulated. Current transformer ratio 2000/5, (RF) rating factor (1.5) at .15% accuracy class. The current transformer shall have dual secondary windings and separate secondary box. Voltage transformer 4500/2500:1 at .3% accuracy class.
- Revenue Meters: Four (4) each meters with I/O expander board, two (2) per panel. Manufacture, Schneider ION 8650 form 9Z switchboard.
- Meter Panels: Two (2) 12-inch panels for two (2) meters, hardware, two (2) test switch's and miscellaneous terminations with provisions for SCADA outputs including alternate path communications.
- NEMA 4 Junction Box's: Two (2) 24x24x6 inch with back panel, including fuses and shorting block.
- Secondary Wire: Metering secondary color coded current and voltage leads.
- A separate meter panel space shall be supplied for Customer-installed MV-90 check meters. The Customer may use the second CT secondary winding and junction box in the panels in such a way that Klamath Energy can connect a future Check Meter to the circuit without significant rewiring of secondary circuits. Space considerations will be made for a panel which will fit these future meters.

Data Requirements

System models will need to be updated, representing the changes to be made to accommodate the change in the balancing area authority for the generation facility. Changes include the following:

- AGC interchange metering at PacifiCorp's 500kV bus.
- New Actual and scheduled tie line interchange points and modification to the tie line summary and actual generation summary.
- Generation of the new points list and modification of the EMS database work to add in the new meters.
- A topography change will need to be made in the PacifiCorp 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.

Communication Modifications

Installation of communication circuits for the new alternate meters will be required. Connection of the alternate meters to existing 8DBRA cards in the Loop AM-3440A channel banks and routing the circuits to existing communication lines will be required.

Agreement Modifications

The existing interconnection agreements for Klamath Energy will need to be modified to reference the material changes that are being made to the interconnection facilities and to the switchyard. These affected agreements include the following:

- Generation Interconnection Agreement between PacifiCorp and Klamath Energy, LLC for the Klamath Expansion Project, fully executed May 23, 2002.
- Amendment No. 1 to the Generation Interconnection Agreement between PacifiCorp and the City of Klamath Falls, entered into May 23, 2001.

Exhibit B
Estimated Schedule and Milestones

The estimated schedule and milestones are targets which may be adjusted through the course of the Project. The actual schedule will be outlined upon identification of the detailed design team and coordinated between the Parties. Outages to accommodate the Project will need to be coordinated and have the ability to impact the identified milestones. If there is a delay in any of the below milestones, there is the potential to affect the entire schedule and delay any of the identified milestones.

Milestones	Estimated Date
Execution of Construction Agreement	April 2018
FERC Approval Received	June 2018
Long Lead Equipment Ordered	August 2018
Klamath Falls is no longer Dynamically Scheduled	January 2019
Engineering design completed	February 2019
Construction Begins	March 2019
Construction Complete	September 2019
Testing Complete	October 2019
Commissioning Complete	November 2019
Estimated Commercial Operation	December 2019

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: AVANGRID RENEWABLES, LLC / KLAMATH ENERGY
BALANCING AREA MOVE

This Project Construction Agreement ("Agreement"), made and entered into this 25 day of April, 2018, between Avangrid Renewables, LLC ("Customer"), and PacifiCorp, is for work to be performed by PacifiCorp for Customer. Hereinafter, Customer 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 operates a Balancing Authority Area ("BAA") located in Oregon; and
- B. WHEREAS, Customer is an independent power producer which is establishing a BAA located in Oregon and the Pacific Northwest; and
- C. WHEREAS, Customer has submitted a request to PacifiCorp to move the 635 MW nameplate Klamath Energy, LLC facility (hereinafter referred to as the "Facility") into a new BAA owned and operated by Customer; and
- D. WHEREAS, the Parties intend to perform the work required to complete the Project (the "Project"), as provided below.

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, and the applicable balancing authorities to which Company and Customer are directly interconnected.

Direct Assignment Facilities shall mean facilities or portions of facilities that are constructed by PacifiCorp for the sole use/benefit of the Customer requesting service. Direct Assignment Facilities shall be specified in this Agreement. The Customer will pay all costs of Direct Assignment Facilities.

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.

Network Upgrades shall mean additions, modifications, and upgrades to PacifiCorp's transmission system required at or beyond the point at which the customer's facilities connect with PacifiCorp's transmission system. Network Upgrades are integrated with and support PacifiCorp's Transmission System for the general benefit of all users of such transmission system. The cost of Network Upgrades may or may not be directly assigned to the Customer.

2. **TERM & TERMINATION.**

- 2.1. This Agreement shall be effective (the "Effective Date") 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.
- 2.2. Unless terminated earlier pursuant to the termination provisions found in Section 5 and Section 12, this Agreement shall terminate ninety (90) calendar days after the earliest of the following to occur:
 - (i) PacifiCorp's receipt of final payment of actual costs by Customer; or
 - (ii) PacifiCorp's refund of overpayment to Customer, pursuant to Section 5 of this Agreement; or
 - (iii) Following PacifiCorp's determination of actual costs after completion of construction, in the event that neither a final payment nor a refund is required pursuant to Section 5; or

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

- a. **Project Description and Scope.** Customer is establishing its own BAA and requested the Project be relocated from PacifiCorp's existing BAA to Customer's newly established BAA. To accommodate Customer's request, a new interchange point will be required between PacifiCorp and Customer at the location of the Project.
- b. **Parties Responsibilities.** Parties agree to work together to design, procure, and install the Project as depicted in the attached Exhibit A, Estimated Project Scope.
- c. **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 (as such terms are defined in this Agreement). 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. Each Party shall retain ownership and maintain the equipment purchased and installed by the respective party.

5. RESPONSIBILITY FOR COSTS:

5.1. Estimated Costs. PacifiCorp's estimated cost for PacifiCorp's Scope of Work for the Project is \$1,532,500, which includes \$1,532,500 in Direct Assignment Facilities costs and \$0 in Network Upgrade costs. Direct Assignment Facilities costs are those costs associated with the installation of Direct Assignment Facilities, while Network Upgrade costs are those costs associated with the installation of Network Upgrades.

The estimated cost includes engineering, labor, materials, subcontracts, and applicable overheads. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2018 dollars.
- If construction is delayed, the cost estimate will likely need to be adjusted.
- Estimate assumes no exceptional site preparation will be needed.
- Estimate assumes Project will be built during normal hours and will not require schedule compression or overtime.
- Estimate assumes no new permitting, property, right of way or easements will be required to be completed by PacifiCorp.

5.1.1. Direct Assignment Facilities Costs. In consideration of the work to be performed by PacifiCorp, Customer agrees to pay the estimated Direct Assignment Facilities costs of \$1,532,500.

5.1.2. Network Upgrade Costs. PacifiCorp agrees to pay the estimated Network Upgrade costs of \$0.

5.2. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project Costs may exceed \$1,532,500, PacifiCorp shall notify Customer and request that Customer provide written approval authorizing such additional amounts for Project Costs within thirty (30) days, or such other mutually agreed upon timeframe, of such notice. PacifiCorp's obligation to proceed with the Project associated with such additional amounts shall be contingent upon receipt of such approval, along with a prepayment in such additional amount. Customer shall be responsible for such estimated costs, as increased pursuant to such written authorization. If Customer does not authorize such additional amounts within such thirty (30) day period, this Agreement shall terminate after PacifiCorp gives Customer written notice and an additional fifteen (15) days to cure. If Customer agrees to the cost increase, a modification to this Agreement will be prepared to indicate the additional funding amount.

5.3. Payment of Costs. In consideration of the work to be performed by PacifiCorp, Customer agrees to pay a deposit of \$1,282,500 towards the total estimated costs of \$1,532,500. The deposit will be submitted based on the following schedule:

- \$427,500 within thirty (30) calendar days after the Effective Date of this Agreement;

- \$427,500 prior to the procurement of long lead equipment;
- \$427,500 prior to the commencement of construction; and
- \$250,000 upon completion of construction.

Customer shall reimburse PacifiCorp for the actual cost to complete the work, including the cost of obtaining any permits and authorizations which may be necessary to complete the work. Following completion of the Project, PacifiCorp shall determine its actual costs for the Project identified in the Scope of Work. PacifiCorp's actual costs shall include all direct costs plus applicable overheads. If the actual costs are more than the total estimated cost set forth above, PacifiCorp will forward a copy of the actual costs to Customer along with an invoice for the additional amount within one hundred twenty (120) calendar days after completion of construction. If the actual costs are less than the total estimated cost set forth above, PacifiCorp will forward a copy of the actual costs to Customer along with a refund to cover the overage within one hundred twenty (120) calendar days after completion of construction. Customer will have thirty (30) calendar days after receiving any invoice to make payment in full.

PacifiCorp shall keep accurate and complete accounting records in support of all cost billings and claims in accordance with generally accepted accounting principles. Upon request, PacifiCorp shall provide accounting records to Customer following completion of the Project.

6. TAXES:

6.1. Customer Payments Not Taxable. The Parties intend that all payments made by Customer 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.

6.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 6.1, Customer 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 Customer 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 Customer under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by Customer 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. Customer shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 6.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including detail about how the amount was calculated.

6.3. Tax Gross-up Amount. Customer's liability for the cost consequences of any current tax liability under this Section 6 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Customer 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 Customer 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 Customer'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).

6.4. 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 Customer, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

6.5. Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by Customer 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 Customer 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 Customer 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 Customer to PacifiCorp pursuant to this Agreement, PacifiCorp shall promptly refund to Customer the following:

(i) any payment made by Customer under this Section 6 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;

(ii) interest on any amounts paid by Customer 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 Customer to the date PacifiCorp refunds such payment to Customer; 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 Customer 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.

7. 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. PacifiCorp will commence work following the Effective Date and receipt of Direct Assignment Facilities Costs from the Customer in accordance with section 5.1.1. All project schedule milestones shall be best estimates of the time required to complete each Party's task at the time the schedule was developed. Parties will mutually agree on a scheduled for any necessary outages to the Facility that, to the extent possible, limits the commercial impact to the Facility.

8. STANDARD OF WORK. All work performed pursuant to this Agreement by either Party or their agents 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 and/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.

No change shall be binding upon the Parties until a change order is executed by each Party which is in writing and expressly states that it constitutes a change order to this Agreement. The issuance of information, advice, approvals, or instructions verbally or by an exchange of e-mail or in any other manner short of a writing executed by both Parties shall not constitute an authorized change order pursuant to this provision.

All revisions to this Agreement, if originally filed at FERC, will be filed by PacifiCorp as an amended and restated agreement.

10. INSPECTION. Customer may, at its discretion and expense, inspect PacifiCorp's construction work of the Project in progress upon reasonable notice and with supervision by PacifiCorp. PacifiCorp may, at its discretion and Customer's expense, inspect Customer's construction work of the Project in progress upon reasonable notice and with supervision by Customer. Customer will provide testing results to PacifiCorp as specified in the technical specifications.

11. TESTING. Before the new facilities required for the Project are energized, 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, Customer shall bear the cost of all such modifications in accordance with Section 5 above, except (a) to the extent the required modifications constitute Network Upgrades; or (b) to the extent that any such modifications are required as a result of PacifiCorp's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

12. ACCESS. Either Party shall grant the other Party reasonable access to the Project during the term of this Agreement, provided that each Party provides reasonable notice and comply with the other Parties safety and security rules.

13. RIGHT TO STOP WORK. Customer 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 for more than ninety (90) days shall terminate this Agreement. Upon issuance of any such stop-work order, Customer shall pay the Project Costs PacifiCorp has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the suspension of third-party contracts and any eventual cancellation costs for equipment that is already ordered for the Project.

14. GOVERNING LAW. This Agreement shall be governed by, and construed, interpreted and enforced in accordance with, the substantive law of the State of Oregon, excluding any conflict of laws principles. With respect to any suit, action or proceedings relating to this Agreement (the "Proceedings"), each Party irrevocably submits to the exclusive jurisdiction of the courts of the State of Oregon and the United States District Court located in Multnomah County, Oregon, and irrevocably waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such Party. Nothing in this Agreement precludes either Party from enforcing, in any jurisdiction, any judgment, order or award obtained in any such court.

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. PacifiCorp may at any time assign its rights and delegate its obligations under this Agreement, in whole or in part, including, without limitation, transferring its rights and obligations under this Agreement to any: (i) affiliate; (ii) successor in interest with respect to the Project, or (iii) corporation or any other business entity in conjunction with a merger, consolidation or other business reorganization to which PacifiCorp is a party. Affiliate of PacifiCorp includes any entity in which Berkshire Hathaway, Inc. owns more than a 5% interest, over which Berkshire Hathaway exercises management control. Should such assignment take place, PacifiCorp will provide written notice to Customer. Customer shall not assign its rights, nor delegate its obligations, under this agreement without the prior written consent of PacifiCorp, which shall not be unreasonably withheld, and any attempted transfer in violation of the restriction shall be void.

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:

Customer: Avangrid Renewables, LLC
Attn: Contracts Administration
1125 NW Couch, Suite 700
Portland, OR 97209

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:

Customer: Avangrid Renewables, LLC
Attn: Contracts Administration
1125 NW Couch, Suite 700
Portland, OR 97209

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757

Portland, OR 97208-2757

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

21. INDEMNIFICATION. Each Party ("Indemnifying Party") agrees to protect, defend, indemnify and hold harmless the other Party, its officers, employees and agents (collectively, the "Indemnified Party") against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature, including court costs and attorney's fees, even if such actions or claims are completely groundless, growing out of injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, or any other person or persons, or any and all destruction, loss or damage to property arising in any way in connection with, or related to, the Indemnifying Party's performance of any work or any of its obligations under the Agreement, except as to injury to persons or damage to property on the work site caused by the sole negligence of the Indemnified Party.

The indemnification obligations set forth herein shall not be limited by amounts or types of damages, compensation or benefits payable by or for the Indemnifying Party, contractors, subcontractors, sub-subcontractors, material suppliers or any person or entity for which any of them may be liable, under workers compensation acts, or any disability or employee benefit acts, in the event claims are asserted against persons or entities indemnified under this section by an employee of the Indemnifying Party, a contractor, a subcontractor, a sub-subcontractor, a material supplier, anyone directly or indirectly employed by any of them or anyone (or for whose acts they may be liable.)

Moreover, at the request of the Indemnified Party, the Indemnifying Party shall defend any action, claim or suit asserting a claim that might be covered by this indemnity. The Indemnifying Party shall pay all costs and expenses that may be incurred by the Indemnified Party in enforcing his indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

22. 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.

23. 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; (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.

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.

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

25. 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.

26. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

27. 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.

28. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp or Customer 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 Customer 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.

29. 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.

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

31. 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.

32. 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.

33. 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.

34. DISPUTE RESOLUTION.

34.1. 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. 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.

34.2. 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.

34.3. 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.

34.4. 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.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the Effective Date.

PACIFICORP

Rick Vail
Signature

Rick Vail
Printed Name of Signor

VP, Transmission
Title of Signor

4/25/18
Date

AVANGRID RENEWABLES, LLC

Mark Perryman
Signature

Mark Perryman
Printed Name of Signor
Authorized Representative

Title of Signor

Date

LEGAL
IN

Doug Stuver
Signature
Doug Stuver

Printed Name of Signor
Vice President, Controller

Title of Signor
4/24/2018

Date

Exhibit A Estimated Project Scope

Parties agree to coordinate on and identify a Project design team to develop the detailed design required to implement the below identified scope of work.

Klamath Cogeneration Substation Modifications

The North-West corner of the substation will potentially need to be expanded approximately 40' to the North in order to accommodate the new equipment required to accommodate the balancing area move. On the Meridian line position, it will be required to replace the existing dead end structure and move the existing switches and lightning arresters to accommodate the installation of the new metering units. On the Captain Jack line position, it will be required to remove the existing line CCVT's and install new bus supports and metering units.

Transmission Line Modifications

The tower outside the substation does not need to change except for an 8 degree bearing change from the substation tower and installation of an approximately 50 ft. shorter span into the tower in the substation. The new substation tower must be able to take an 8 degree larger pull off angle or be rotated by 8 degrees to the northeast.

Property Modifications

The Customer will be required to obtain the necessary property to accommodate the expansion of the substation required for the Project. The Customer will also be required to provide any necessary approvals for the additional equipment Company needs to install for the Project.

Metering Modifications

To accommodate the balancing area move, new interchange metering at Klamath substation is required. This includes the following:

- Add interchange revenue metering on the line towards Meridian 500 kV, Line 81
- Add (1) ION 8650 panel board meter supplied by Customer physically connected to the second CT secondary winding such that Customer can measure revenue quality meter values on the line towards Meridian 500kV, Line 81 utilizing Customer EMS network.
- Add interchange revenue metering on the line towards Captain Jack 500 kV, Line 81
- Add (1) ION 8650 panel board meter supplied by Customer physically connected to the second CT secondary winding such that Customer can measure revenue quality meter values on the line towards Captain Jack 500kV, Line 81 utilizing Customer EMS network.
- Note: If it does not conflict or impair the installation of the new interchange metering, the existing metering is to remain in place.

The total metering design package will include extended range .15% revenue class CT/VT combined instrument transformers. On each line (2) two ION 8650 high-end interchange quality meters with expander I/O boards for SCADA and telemetry. Ethernet connections will not be allowed for meter connections.

Metering outputs will include DNP real time serial digital data. One meter will be designated a primary with DNP SCADA outputs, a second meter will be used designated as backup with real time data outputs. Both Primary and Secondary Meters shall deliver data to Klamath Energy, LLC, Avangrid Generation Plant over existing communications infrastructure for Avangrid to connect to their Primary Control Center, and Avangrid Alternate Control Center. Output interposition terminations will include providing real time instantaneous data to both PacifiCorp and Customer-Klamath Generation Plant operation centers. Both Primary and Backup Meter shall be capable of allowing PacifiCorp to read meter MHW data registers via PacifiCorp's MV90 system.

The ION 8650 default DNP map will be made available. Values included are bidirectional (KWH, KVARH), instantaneous KW, KVAR, PF per phase voltage and amps. Changes to this map will be discussed and approved by Customer and PacifiCorp. Prior to design approval Customer will have an opportunity to suggest new points it may need. Analog milliamp real time MW, MVAR, including 2 or 3 wire contact closure bidirectional (KWH) energy data shall be provided.

Estimated metering equipment / devices required for the project include the following:

- Instrument Transformers: Seven (7) each 500 kV combined CT/VT instrument transformers. Three (3) transformers each per line, including one (1) spare. Manufacturer Trench, Model unit SVAS 550 (SF6 Gas) insulated. Current transformer ratio 2000/5, (RF) rating factor (1.5) at .15% accuracy class. The current transformer shall have dual secondary windings and separate secondary box. Voltage transformer 4500/2500:1 at .3% accuracy class.
- Revenue Meters: Four (4) each meters with I/O expander board, two (2) per panel. Manufacture, Schneider ION 8650 form 9Z switchboard.
- Meter Panels: Two (2) 12-inch panels for two (2) meters, hardware, two (2) test switch's and miscellaneous terminations with provisions for SCADA outputs including alternate path communications.
- NEMA 4 Junction Box's: Two (2) 24x24x6 inch with back panel, including fuses and shorting block.
- Secondary Wire: Metering secondary color coded current and voltage leads.
- A separate meter panel space shall be supplied for Customer-installed MV-90 check meters. The Customer may use the second CT secondary winding and junction box in the panels in such a way that Klamath Energy can connect a future Check Meter to the circuit without significant rewiring of secondary circuits. Space considerations will be made for a panel which will fit these future meters.

Data Requirements

System models will need to be updated, representing the changes to be made to accommodate the change in the balancing area authority for the generation facility. Changes include the following:

- AGC interchange metering at PacifiCorp's 500kV bus.
- New Actual and scheduled tie line interchange points and modification to the tie line summary and actual generation summary.
- Generation of the new points list and modification of the EMS database work to add in the new meters.
- A topography change will need to be made in the PacifiCorp 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.

Communication Modifications

Installation of communication circuits for the new alternate meters will be required. Connection of the alternate meters to existing 8DBRA cards in the Loop AM-3440A channel banks and routing the circuits to existing communication lines will be required.

Agreement Modifications

The existing interconnection agreements for Klamath Energy will need to be modified to reference the material changes that are being made to the interconnection facilities and to the switchyard. These affected agreements include the following:

- Generation Interconnection Agreement between PacifiCorp and Klamath Energy, LLC for the Klamath Expansion Project, fully executed May 23, 2002.
- Amendment No. 1 to the Generation Interconnection Agreement between PacifiCorp and the City of Klamath Falls, entered into May 23, 2001.

Exhibit B
Estimated Schedule and Milestones

The estimated schedule and milestones are targets which may be adjusted through the course of the Project. The actual schedule will be outlined upon identification of the detailed design team and coordinated between the Parties. Outages to accommodate the Project will need to be coordinated and have the ability to impact the identified milestones. If there is a delay in any of the below milestones, there is the potential to affect the entire schedule and delay any of the identified milestones.

Milestones	Estimated Date
Execution of Construction Agreement	April 2018
FERC Approval Received	June 2018
Long Lead Equipment Ordered	August 2018
Klamath Falls is no longer Dynamically Scheduled	January 2019
Engineering design completed	February 2019
Construction Begins	March 2019
Construction Complete	September 2019
Testing Complete	October 2019
Commissioning Complete	November 2019
Estimated Commercial Operation	December 2019