

February 21, 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 (2016), and Order No. 714¹ regarding electronic filing of tariff submissions, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement ("Construction Agreement") between Portland General Electric Company ("PGE") and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 732.

1. Background and Reason for Filing

PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon. PGE is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon.

PGE is planning to construct a second 230 kV Blue Lake – Troutdale circuit. In order to avoid creating a clearance issue with PacifiCorp's existing 69 kV Troutdale—James River transmission line, PGE requested that PacifiCorp lower, remove, or re-route a portion of PacifiCorp's existing 69 kV Troutdale – James River transmission line.

In response to PGE's request above, PacifiCorp requested and PGE agreed, subject to the provisions of the Construction Agreement, to reimburse PacifiCorp for modification of a portion of PacifiCorp's existing 115 kV single circuit Troutdale—Runyan transmission line, which will accommodate PacifiCorp's existing transmission needs following the removal and rerouting of that portion of PacifiCorp's 69 kV Troutdale—James River transmission line necessary to avoid potential clearance issues associated with PGE's development of the second 230 kV Blue Lake transmission line. Accordingly, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached hereto, for filing.

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

2. Effective Date and Request for Waiver

In accordance with 18 C.F.R. § 35.3(a)(1), PacifiCorp respectfully requests that the Commission establish an effective date of April 23, 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.

3. Designation

PacifiCorp requests that the Construction Agreement be designated as PacifiCorp Rate Schedule No. 732.

4. Enclosure

The following enclosure is attached hereto:

Construction Agreement between PGE and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 732

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@Pacifcorp.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:

Shaun Foster
Portland General Electric Company
121 SW Salmon, 3WTC 0409
Portland, OR 97204
shaun.foster@pgn.com
cece.coleman@pgn.com

Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148
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
Counsel 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 21st day of February, 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: REROUTING OF A PORTION OF PACIFICORP'S TROUTDALE—JAMES RIVER TRANSMISSION LINE

This Project Construction Agreement (“Agreement”) is made and entered into this 12th day of February, 2018, between Portland General Electric Company (“PGE”), and PacifiCorp (“PAC”), for work to be performed by PacifiCorp on a portion of its 69 kV Troutdale—James River transmission line, to make way for a second 230 kV Blue Lake—Troutdale circuit for PGE, at PGE’s expense. Hereinafter, PGE 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, PGE is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- C. WHEREAS, PGE is planning to construct a second 230 kV Blue Lake – Troutdale circuit which will create a clearance issue with PacifiCorp’s existing 69 kV Troutdale – James River transmission line, unless steps are taken to avoid such clearance issue; and
- D. WHEREAS, in order to avoid creating a clearance issue with PacifiCorp’s existing 69 kV Troutdale—James River transmission line, PGE has requested that PacifiCorp lower, remove, or re-route a portion of PacifiCorp’s existing 69 kV Troutdale – James River transmission line north of PGE’s existing structures 1/10, 2/1, & 2/2; and
- E. WHEREAS, PacifiCorp has future plans to build a new 115 kV line across the Columbia river into the State of Washington and is expected to utilize its existing Troutdale—James River 69 kV corridor to accomplish that objective; and
- F. WHEREAS, in response to PGE’s request above, PacifiCorp has requested and PGE has agreed, subject to the provisions of this Agreement, to reimburse PacifiCorp for modification of a portion of PacifiCorp’s existing 115 kV single circuit Troutdale–Runyan transmission line, which will accommodate PacifiCorp’s existing transmission needs following the removal and rerouting of that portion of PacifiCorp’s 69 kV Troutdale—James River transmission line necessary to avoid potential clearance issues and thus, facilitating the development of the second 230 kV Blue Lake transmission line by PGE.

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 area of the transmission systems to which Parties are directly interconnected.

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

Project shall have the meaning set forth in Section 3.1 below.

2. TERM & TERMINATION.

2.1. This Agreement shall be effective upon the later of the following: (1) the date of execution of this Agreement by both Parties, or (2) the effective date established by the Federal Energy Regulatory Commission (“FERC”), upon its acceptance for filing.

2.2. Unless terminated earlier pursuant to the termination provision found in Section 12, this Agreement shall terminate ninety (90) calendar days after any one of the following events occur:

- (i) PacifiCorp’s receipt of final payment from PGE, for actual costs due pursuant to Section 4.5 of this Agreement; or
- (ii) PGE’s receipt of any refund from PacifiCorp, pursuant to Section 4.5 of this Agreement, due to any overpayment(s) made by PGE, 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 4.5.

3. SCOPE AND PERFORMANCE OF WORK:

3.1. Project Description and Scope. At PGE's expense, PacifiCorp will complete the following under this Agreement (all of which collectively constitute the "Project"): (i) lower, remove or re-route structures 5/1, 4/1 and 3/1 of PacifiCorp's existing 69 kV Troutdale—James River transmission line north of PGE's structures 1/10, 2/1 and 2/2 on PGE's existing 230 kV Blue Lake—Troutdale circuit; and (ii) construct certain modifications to a portion of PAC's existing single-circuit 115 kV Troutdale – Runyan transmission line to include a double circuit. A simplified diagram, illustrating the preliminary scope of the Project, including the specific modifications the Parties have agreed are to be made by PacifiCorp to its transmission system, is depicted in the attached Exhibit A, One-Line Diagram.

3.2. PacifiCorp Responsibilities. PacifiCorp agrees to design, procure, and install the Project as depicted in the attached Exhibit B, PacifiCorp's Estimated Scope of Work. PacifiCorp acknowledges and agrees that time is of the essence for the Project and will proceed promptly with the Project upon FERC's acceptance of this Agreement for filing.

3.3. PGE Responsibilities. In support of PacifiCorp's efforts toward completing the Project, PGE agrees to perform those responsibilities depicted in the attached Exhibit C, PGE's Estimated Scope of Work.

3.4. Performance Standards. Each Party shall perform all of 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 any applicable law, regulation or standard either requires different actions than what is contemplated under this Agreement, or prevents or limits a Party's performance of its obligations under this Agreement, such Party shall not be deemed to be in breach of this Agreement for its compliance with such law, regulation, or standard.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership. Each Party shall retain ownership and maintain the respective equipment it owns or controls.

4.2. Estimated Costs. PacifiCorp's estimated cost for the Project is \$600,000. PacifiCorp shall notify PGE, in writing, within thirty (30) calendar days if, at any time during the course of the Project, PacifiCorp expects the cost of the Project to exceed \$600,000.

The estimated cost of the Project includes engineering, labor, materials, subcontracts, and reasonable overhead costs assessed consistent with Good Utility Practice. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2017 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 does not include costs associated with new, or modifications to, the existing permits, property, right of way or easements.

4.3. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project Costs will exceed \$600,000, PacifiCorp shall, at least 30 days prior to exhausting the pre-paid funds on deposit, notify PGE in writing of the additional amount PacifiCorp estimates will be required to complete the Project and request that PGE provide written approval authorizing such additional amount for Project Costs, within thirty (30) days of its receipt of such notice from PacifiCorp.

4.4. Obligation to Proceed. PacifiCorp's ability to obtain cost reimbursement in excess of \$600,000 shall be contingent upon receipt of such written approval by PGE, along with a prepayment in such additional amount that is consistent with the notice provided by PacifiCorp under Section 4.3 above. PGE shall only be responsible for additional estimated costs to the extent of its written authorization. If PGE has any objection that will prevent it from providing written authorization within such thirty (30) day period, PGE must, alternatively, provide PacifiCorp with written notice of its dispute, consistent with Section 31 of this Agreement, within such thirty (30) day period. Pending resolution of the dispute, PacifiCorp reserves the right to suspend work until the matter is resolved. If PGE agrees to the cost increase, a modification to this Agreement will be prepared and signed by both Parties, signifying agreement with the additional funding amount.

4.5. Payment of Actual Costs. In consideration of the work to be performed by PacifiCorp, PGE agrees to advance the total estimated costs of \$600,000 to PacifiCorp within thirty (30) calendar days after the Effective Date of this Agreement.

Within one hundred twenty (120) calendar days following completion of the Project, PacifiCorp shall determine its actual costs incurred for its work on the Project, identified in the Scope of Work at Exhibit B. PacifiCorp's actual costs shall include all direct costs plus reasonable overhead costs assessed consistent with Good Utility Practice. If the actual costs exceed the estimated costs advanced by PGE, PacifiCorp will forward to PGE an itemized list of costs and overhead charges constituting the actual costs incurred by PacifiCorp, along with an invoice for the additional amount, within such one hundred twenty (120) calendar days following completion of construction. Alternatively, if the actual costs prove to be less than the estimated costs, PacifiCorp will forward to PGE an itemized list of costs and overhead charges constituting the actual costs incurred, along with a refund to cover the overage, within thirty (30) calendar days of the notification of the actual costs.

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 PGE following completion of the Project.

5. TAXES:

5.1. PGE Payments Not Taxable. The Parties intend that all payments made by PGE to PacifiCorp for work on 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 or any other applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 5.1, PGE 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 PGE to PacifiCorp under this Agreement for the Project, as well as any interest and penalties as are imposed under applicable law, 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 PGE under this Agreement unless (i) PacifiCorp has determined, in good faith, that any payments or property transfers made by PGE to PacifiCorp, for the Project, should be reported as income subject to taxation, or (ii) any governmental authority directs PacifiCorp to report any payments or property received from PGE, for the Project, as income subject to taxation. PGE shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including all the details about how the amount was calculated.

5.3. Tax Gross-up Amount. Any liability that PGE may ultimately have 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 PGE will pay PacifiCorp, in addition to the amount previously 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 PGE 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 Oregon tax rates at the time the payments or property transfers were 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 PGE'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 PGE, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by PGE 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, acting in good faith, that any amount paid by PGE 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 PGE 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 made by PGE to PacifiCorp pursuant to this Agreement, then, PacifiCorp shall promptly refund to PGE the following:

- (i) any payment, made by PGE 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 PGE 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 PGE to the date PacifiCorp refunds such payment to PGE; 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 PGE 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 D, Estimated Schedule and Milestones, for the completion of the Project. All Project schedule milestones shall be considered "best estimates" of the time required to complete each of the Parties' tasks at the time the schedule was developed.

7. 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.

8. 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 any such change that is mutually agreed upon by the Parties results in a material change in the amount or character of the work to be performed, this Agreement shall be modified in writing to reflect such changes.

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.

9. INSPECTION. PGE may, at its discretion and expense, inspect PacifiCorp's construction work on the Project in progress, upon reasonable notice and with supervision by PacifiCorp.

10. TESTING. Before any new facilities associated with 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, PGE shall bear the cost of all such modifications in accordance with Section 4 above, except 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.

11. ACCESS. Either Party shall grant the other Party reasonable, escorted, access to the Project during the term of this Agreement, provided that each party provides reasonable notice and will comply with the other Party's safety and security rules.

12. RIGHT TO STOP WORK. PGE 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, however, that such stop-work order is the result of termination of the Project. Issuance of any such stop-work order by PGE shall terminate this Agreement. Upon issuance of any such stop-work order, PGE shall remain responsible for 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 has already been ordered for the Project. Such termination will become effective upon approval by FERC if this agreement is filed.

13. 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.

14. 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.

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

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

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

PGE: Shaun Foster
OATT Contract Administrator

PGE
121 SW Salmon, 3WTC 0409
Portland, OR 97204

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

18. PAYMENT. Payments shall be sent to:
US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208
Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland, OR 97232-2017

19. INDEMNIFICATION.

19.1. PGE (“Indemnifying Party”) agrees to protect, defend, indemnify and hold harmless PacifiCorp, its officers, employees and agents (collectively, the “Indemnified Party”) against and from any and all liability, suits, loss, damage, claims, actions (even if such actions or claims are completely groundless), costs and expenses of any nature, including court costs and attorney’s fees, resulting from injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, 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 under this Agreement, except as to injury to persons or damage to property resulting from the negligence, gross negligence, reckless conduct, willful misconduct or bad faith of the Indemnified Party.

19.2. PacifiCorp (“Indemnifying Party”) agrees to protect, defend, indemnify and hold harmless PGE, its officers, employees and agents (collectively, the “Indemnified Party”) against and from any and all liability, suits, loss, damage, claims, actions (even if such actions or claims are completely groundless), costs and expenses of any nature, including court costs and attorney’s fees, resulting from 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 under this Agreement, except as to injury to persons or damage to property resulting from the negligence, gross negligence, reckless conduct, willful misconduct or bad faith of the Indemnified Party.

19.3. 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.)

19.4. 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..

20. 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 lost or prospective profits or any indirect, special, consequential, exemplary, moral, incidental, or punitive damages, except as may specifically be authorized by this Agreement, whether or not arising from such Party's sole, joint or concurrent negligence.

21. FORCE MAJEURE. A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the 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.

The Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

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

23. 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.

24. 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.

25. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp or PGE 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 PGE 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(s).

26. NO THIRD-PARTY BENEFICIARIES; ASSIGNMENT.

26.1. 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.

26.2. Either Party may assign its interest in or any obligations under this Agreement to an affiliate. In the case of PacifiCorp, an affiliate shall be any entity in which Berkshire Hathaway Inc., owns more than a five percent (5%) interest or over which Berkshire Hathaway Energy Company exercises management control.

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

28. 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.

29. 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.

30. 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.

31. DISPUTE RESOLUTION.

31.1. 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 State or Federal court located in Multnomah County, Oregon under Oregon law; PROVIDED, HOWEVER, THAT TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS AGREEMENT WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LIGATION 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. THIS WAIVER OF JURY TRIAL PROVISIO WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

31.2. 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.

31.3. 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.

31.4. 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 day and year first herein above written.

PACIFICORP

PORTLAND GENERAL ELECTRIC
COMPANY

/s/ Rick Vail
Signature

/s/ Larry Bekkedahl
Signature

Rick Vail
Printed Name of Signor

Larry Bekkedahl
Printed Name of Signor

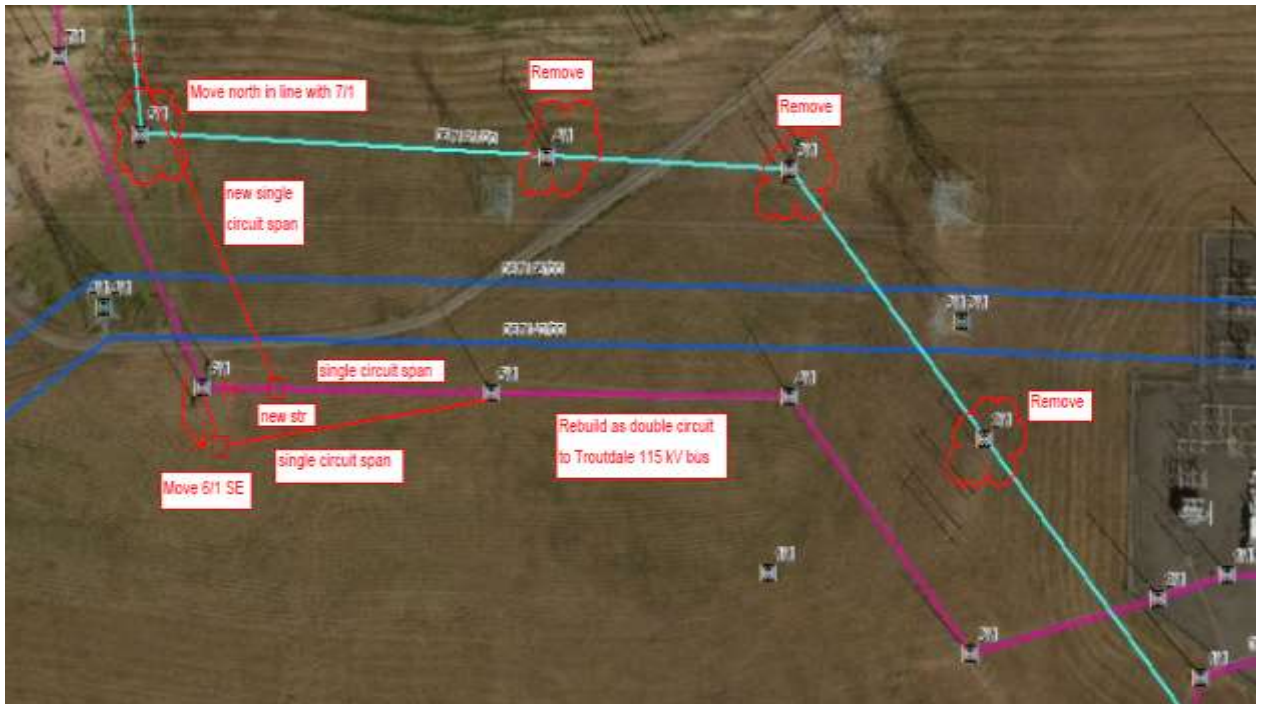
VP, Transmission
Title of Signor

VP Transmission & Distribution
Title of Signor

2/12/18
Date

2/3/2018
Date

Exhibit A One-Line Diagram



This is a simplified visual depiction of the preliminary scope. More detailed drawings will be created during the detailed design phase of this project.

Exhibit B
PacifiCorp's Estimated Scope of Work

PacifiCorp will, at PGE's expense:

- Upon its receipt of the final double circuit line design for the Troutdale—Runyan line and any specific transmission structure specifications from its third-party contractor, finalize the Scope of Work for the Project within 60 days following PacifiCorp's receipt of the final double circuit line design.
- As part of its efforts to finalize the scope of work for the Project, schedule a meeting with PGE to discuss scope of final design, to review estimated costs, and to mutually agree upon the timeline for completion of the Project.
- Following the meeting with PGE and the development of the detailed scoping, revise the cost estimate consistent with the detailed scoping and its discussions with PGE, and then provide the revised cost analysis to PGE.
- Within one (1) month following completion of the detailed design, review existing right of way and, if needed, determine the additional right of way or modifications to existing right of way that will be required, based upon the detailed design for the Project.
- Promptly notify PGE, in writing, of the need for additional easements, and identify the proposed new right of way required for the line modifications.
- Within one (1) month following completion of the detailed design, review existing permits and determine whether additional permitting or modifications to existing permitting will be needed, based upon the line modifications.
- Promptly notify PGE, in writing, of the need for additional permits or modifications to existing permits, and identify any details necessary to accommodate the work required for the line modifications.
- Complete geotechnical activities to accurately support the new transmission structures to be erected as part of this Project.
- Design and construct appropriate foundations for each structure for the transmission line section being constructed as part of this Project.
- Remove structures 5/1, 4/1, and 3/1 on the Troutdale – James River 69 kV line.
- Redesign structures 5/1, 4/1, 3/1, 2/1, and 1/1 on the Troutdale – Runyan 115 kV line and structure 6/1 on the Troutdale – James River 69 kV line to accommodate double circuit 115 kV lines. The Troutdale-James River line will be built to 115 kV standards but will initially be operated at 69 kV.
- Design structure 5X1/1 and 5X2/1 to facilitate the line crossing with PGE's Bluelake – Troutdale lines. Insulator placement on the southern side of both PacifiCorp's Troutdale –Runyan and Troutdale-James River lines need to be low enough to maintain clearances as they pass under PGE's 230 kV lines.
- Coordinate outage request(s) to minimize impact to PacifiCorp customers and operational ability of the system.
- Notify PGE of any material delays in the Estimated Schedule, or in completing the milestones, as outlined in Exhibit D.

- Procure materials and complete construction of the new structures that PacifiCorp will need for the redesign of the Troutdale—Runyan and Troutdale –James River lines, that are part of this Project.

Exhibit C
PGE's Estimated Scope of Work

PGE will, at its own expense:

- At PacifiCorp's request, and only as needed, facilitate PacifiCorp's efforts to obtain one or more new right(s) of way in PacifiCorp's name to accommodate the placement of any new or modified transmission structures that need to be relocated outside of the existing right of way PacifiCorp has for its Troutdale – Runyan 115 kV line.
- At PacifiCorp's request, and only as needed, facilitate PacifiCorp's efforts to obtain new permits in PacifiCorp's name to accommodate the placement of any new or modified transmission structures, which placement would fall outside the scope of any existing permits PacifiCorp may have with respect to its Troutdale – Runyan 115 kV line.
- Submit, as required, and based upon the line design, any line crossing requests to PacifiCorp that are necessary for PGE's Blue Lake – Troutdale 230 kV line.

FEB 12 2018

TRANSMISSION SERVICES
PACIFICORP

PROJECT CONSTRUCTION AGREEMENT
PROJECT: REROUTING OF A PORTION OF PACIFICORP'S TROUTDALE—JAMES
RIVER TRANSMISSION LINE

This Project Construction Agreement (“Agreement”) is made and entered into this 12th day of February, 2018, between Portland General Electric Company (“PGE”), and PacifiCorp (“PAC”), for work to be performed by PacifiCorp on a portion of its 69 kV Troutdale—James River transmission line, to make way for a second 230 kV Blue Lake—Troutdale circuit for PGE, at PGE’s expense. Hereinafter, PGE 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, PGE is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Oregon; and
- C. WHEREAS, PGE is planning to construct a second 230 kV Blue Lake – Troutdale circuit which will create a clearance issue with PacifiCorp’s existing 69 kV Troutdale – James River transmission line, unless steps are taken to avoid such clearance issue; and
- D. WHEREAS, in order to avoid creating a clearance issue with PacifiCorp’s existing 69 kV Troutdale—James River transmission line, PGE has requested that PacifiCorp lower, remove, or re-route a portion of PacifiCorp’s existing 69 kV Troutdale – James River transmission line north of PGE’s existing structures 1/10, 2/1, & 2/2; and
- E. WHEREAS, PacifiCorp has future plans to build a new 115 kV line across the Columbia river into the State of Washington and is expected to utilize its existing Troutdale—James River 69 kV corridor to accomplish that objective; and
- F. WHEREAS, in response to PGE’s request above, PacifiCorp has requested and PGE has agreed, subject to the provisions of this Agreement, to reimburse PacifiCorp for modification of a portion of PacifiCorp’s existing 115 kV single circuit Troutdale—Runyan transmission line, which will accommodate PacifiCorp’s existing transmission needs following the removal and rerouting of that portion of PacifiCorp’s 69 kV Troutdale—James River transmission line necessary to avoid potential clearance issues and thus, facilitating the development of the second 230 kV Blue Lake transmission line by PGE.

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein,

008857/331491/2
PGE / TROUTDALE 230 KV DOUBLE CIRCUIT

Project Construction Agreement

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 area of the transmission systems to which Parties are directly interconnected.

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

Project shall have the meaning set forth in Section 3.1 below.

2. TERM & TERMINATION.

2.1 This Agreement shall be effective upon the later of the following: (1) the date of execution of this Agreement by both Parties, or (2) the effective date established by the Federal Energy Regulatory Commission (“FERC”), upon its acceptance for filing.

2.2 Unless terminated earlier pursuant to the termination provision found in Section 12, this Agreement shall terminate ninety (90) calendar days after any one of the following events occur:

- (i) PacifiCorp’s receipt of final payment from PGE, for actual costs due pursuant to Section 4.5 of this Agreement; or
- (ii) PGE’s receipt of any refund from PacifiCorp, pursuant to Section 4.5 of this Agreement, due to any overpayment(s) made by PGE, 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 4.5.

3. SCOPE AND PERFORMANCE OF WORK:

3.1 **Project Description and Scope.** At PGE’s expense, PacifiCorp will complete the following under this Agreement (all of which collectively constitute the “Project”): (i) lower, remove

or re-route structures 5/1, 4/1 and 3/1 of PacifiCorp's existing 69 kV Troutdale—James River transmission line north of PGE's structures 1/10, 2/1 and 2/2 on PGE's existing 230 kV Blue Lake—Troutdale circuit; and (ii) construct certain modifications to a portion of PAC's existing single-circuit 115 kV Troutdale – Runyan transmission line to include a double circuit. A simplified diagram, illustrating the preliminary scope of the Project, including the specific modifications the Parties have agreed are to be made by PacifiCorp to its transmission system, is depicted in the attached Exhibit A, One-Line Diagram.

3.2 PacifiCorp Responsibilities. PacifiCorp agrees to design, procure, and install the Project as depicted in the attached Exhibit B, PacifiCorp's Estimated Scope of Work. PacifiCorp acknowledges and agrees that time is of the essence for the Project and will proceed promptly with the Project upon FERC's acceptance of this Agreement for filing.

3.3 PGE Responsibilities. In support of PacifiCorp's efforts toward completing the Project, PGE agrees to perform those responsibilities depicted in the attached Exhibit C, PGE's Estimated Scope of Work.

3.4 Performance Standards. Each Party shall perform all of 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 any applicable law, regulation or standard either requires different actions than what is contemplated under this Agreement, or prevents or limits a Party's performance of its obligations under this Agreement, such Party shall not be deemed to be in breach of this Agreement for its compliance with such law, regulation, or standard.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership. Each Party shall retain ownership and maintain the respective equipment it owns or controls.

4.2. Estimated Costs. PacifiCorp's estimated cost for the Project is \$600,000. PacifiCorp shall notify PGE, in writing, within thirty (30) calendar days if, at any time during the course of the Project, PacifiCorp expects the cost of the Project to exceed \$600,000.

The estimated cost of the Project includes engineering, labor, materials, subcontracts, and reasonable overhead costs assessed consistent with Good Utility Practice. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2017 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 does not include costs associated with new, or modifications to, the existing permits, property, right of way or easements.

4.3. Authorization of Additional Amounts for Project Costs. In the event that PacifiCorp determines the Project Costs will exceed \$600,000, PacifiCorp shall, at least 30 days prior to exhausting the pre-paid funds on deposit, notify PGE in writing of the additional amount PacifiCorp estimates will be required to complete the Project and request that PGE provide written approval authorizing such additional amount for Project Costs, within thirty (30) days of its receipt of such notice from PacifiCorp.

4.4. Obligation to Proceed. PacifiCorp's ability to obtain cost reimbursement in excess of \$600,000 shall be contingent upon receipt of such written approval by PGE, along with a prepayment in such additional amount that is consistent with the notice provided by PacifiCorp under Section 4.3 above. PGE shall only be responsible for additional estimated costs to the extent of its written authorization. If PGE has any objection that will prevent it from providing written authorization within such thirty (30) day period, PGE must, alternatively, provide PacifiCorp with written notice of its dispute, consistent with Section 31 of this Agreement, within such thirty (30) day period. Pending resolution of the dispute, PacifiCorp reserves the right to suspend work until the matter is resolved. If PGE agrees to the cost increase, a modification to this Agreement will be prepared and signed by both Parties, signifying agreement with the additional funding amount.

4.5. Payment of Actual Costs. In consideration of the work to be performed by PacifiCorp, PGE agrees to advance the total estimated costs of \$600,000 to PacifiCorp within thirty (30) calendar days after the Effective Date of this Agreement.

Within one hundred twenty (120) calendar days following completion of the Project, PacifiCorp shall determine its actual costs incurred for its work on the Project, identified in the Scope of Work at Exhibit B. PacifiCorp's actual costs shall include all direct costs plus reasonable overhead costs assessed consistent with Good Utility Practice. If the actual costs exceed the estimated costs advanced by PGE, PacifiCorp will forward to PGE an itemized list of costs and overhead charges constituting the actual costs incurred by PacifiCorp, along with an invoice for the additional amount, within such one hundred twenty (120) calendar days following completion of construction. Alternatively, if the actual costs prove to be less than the estimated costs, PacifiCorp will forward to PGE an itemized list of costs and overhead charges constituting the actual costs incurred, along with a refund to cover the overage, within thirty (30) calendar days of the notification of the actual costs.

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 PGE following completion of the Project.

5. TAXES:

5.1. PGE Payments Not Taxable. The Parties intend that all payments made by PGE to PacifiCorp for work on 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 or any other applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon PacifiCorp. Notwithstanding Section 5.1, PGE 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 PGE to PacifiCorp under this Agreement for the Project, as well as any interest and penalties as are imposed under applicable law, 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 PGE under this Agreement unless (i) PacifiCorp has determined, in good faith, that any payments or property transfers made by PGE to PacifiCorp, for the Project, should be reported as income subject to taxation, or (ii) any governmental authority directs PacifiCorp to report any payments or property received from PGE, for the Project, as income subject to taxation. PGE shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from PacifiCorp of the amount due, including all the details about how the amount was calculated.

5.3. Tax Gross-up Amount. Any liability that PGE may ultimately have 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 PGE will pay PacifiCorp, in addition to the amount previously 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 PGE 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 Oregon tax rates at the time the payments or property transfers were 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 PGE'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 PGE, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid by PGE 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, acting in good faith, that any amount paid by PGE 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 PGE 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 made by PGE to PacifiCorp pursuant to this Agreement, then, PacifiCorp shall promptly refund to PGE the following:

(i) any payment, made by PGE 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 PGE 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 PGE to the date PacifiCorp refunds such payment to PGE; 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 PGE 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 D, Estimated Schedule and Milestones, for the completion of the Project. All Project schedule milestones shall be considered "best estimates" of the time required to complete each of the Parties' tasks at the time the schedule was developed.

7. 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.

8. 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 any such change that is mutually agreed upon by the Parties results in a material change in the amount or character of the work to be performed, this Agreement shall be modified in writing to reflect such changes.

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.

9. INSPECTION. PGE may, at its discretion and expense, inspect PacifiCorp's construction work on the Project in progress, upon reasonable notice and with supervision by PacifiCorp.

10. TESTING. Before any new facilities associated with 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, PGE shall bear the cost of all such modifications in accordance with Section 4 above, except 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.

11. ACCESS. Either Party shall grant the other Party reasonable, escorted, access to the Project during the term of this Agreement, provided that each party provides reasonable notice and will comply with the other Party's safety and security rules.

12. RIGHT TO STOP WORK. PGE 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, however, that such stop-work order is the result of termination of the Project. Issuance of any such stop-work order by PGE shall terminate this Agreement. Upon issuance of any such stop-work order, PGE shall remain responsible for 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 has already been ordered for the Project. Such termination will become effective upon approval by FERC if this agreement is filed.

13. 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.

14. 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.

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

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

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

PGE: Shaun Foster
OATT Contract Administrator
PGE
121 SW Salmon, 3WTC 0409
Portland, OR 97204

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

18. PAYMENT. Payments shall be sent to:

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

Other Deliveries: PacifiCorp Transmission

Attn: Central Cashiers
1033 NE 6th Ave
Portland, OR 97232-2017

19. INDEMNIFICATION.

- 19.1. PGE ("Indemnifying Party") agrees to protect, defend, indemnify and hold harmless PacifiCorp, its officers, employees and agents (collectively, the "Indemnified Party") against and from any and all liability, suits, loss, damage, claims, actions (even if such actions or claims are completely groundless), costs and expenses of any nature, including court costs and attorney's fees, resulting from injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, 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 under this Agreement, except as to injury to persons or damage to property resulting from the negligence, gross negligence, reckless conduct, willful misconduct or bad faith of the Indemnified Party.
- 19.2. PacifiCorp ("Indemnifying Party") agrees to protect, defend, indemnify and hold harmless PGE, its officers, employees and agents (collectively, the "Indemnified Party") against and from any and all liability, suits, loss, damage, claims, actions (even if such actions or claims are completely groundless), costs and expenses of any nature, including court costs and attorney's fees, resulting from 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 under this Agreement, except as to injury to persons or damage to property resulting from the negligence, gross negligence, reckless conduct, willful misconduct or bad faith of the Indemnified Party.
- 19.3. 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.)
- 19.4. 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..

20. 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 lost or prospective profits or any indirect, special, consequential, exemplary, moral, incidental, or punitive damages, except as may specifically be authorized by this Agreement, whether or not arising from such Party's sole, joint or concurrent negligence.

21. FORCE MAJEURE. A Party shall not be subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the 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.

The Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Time periods for performance obligations of either Party herein shall be extended for the period during which Force Majeure was in effect.

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

23. 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.

24. 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.

25. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent PacifiCorp or PGE 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 PGE 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(s).

26. NO THIRD-PARTY BENEFICIARIES; ASSIGNMENT.

26.1. 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.

26.2. Either Party may assign its interest in or any obligations under this Agreement to an affiliate. In the case of PacifiCorp, an affiliate shall be any entity in which Berkshire Hathaway Inc., owns more than a five percent (5%) interest or over which Berkshire Hathaway Energy Company exercises management control.

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

28. 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.

29. 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.

30. 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.

31. DISPUTE RESOLUTION.

31.1. 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 State or Federal court located in Multnomah County, Oregon under Oregon law; PROVIDED, HOWEVER, THAT TO THE FULLEST

EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS AGREEMENT WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LIGATION 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. THIS WAIVER OF JURY TRIAL PROVISO WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

31.2. 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.

31.3. 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.

31.4. 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 day and year first herein above written.

PACIFICORP

PORTLAND GENERAL ELECTRIC
COMPANY

Rich Vail
Signature

Rich Vail
Printed Name of Signor

VP, Transmission
Title of Signor

2/12/18
Date

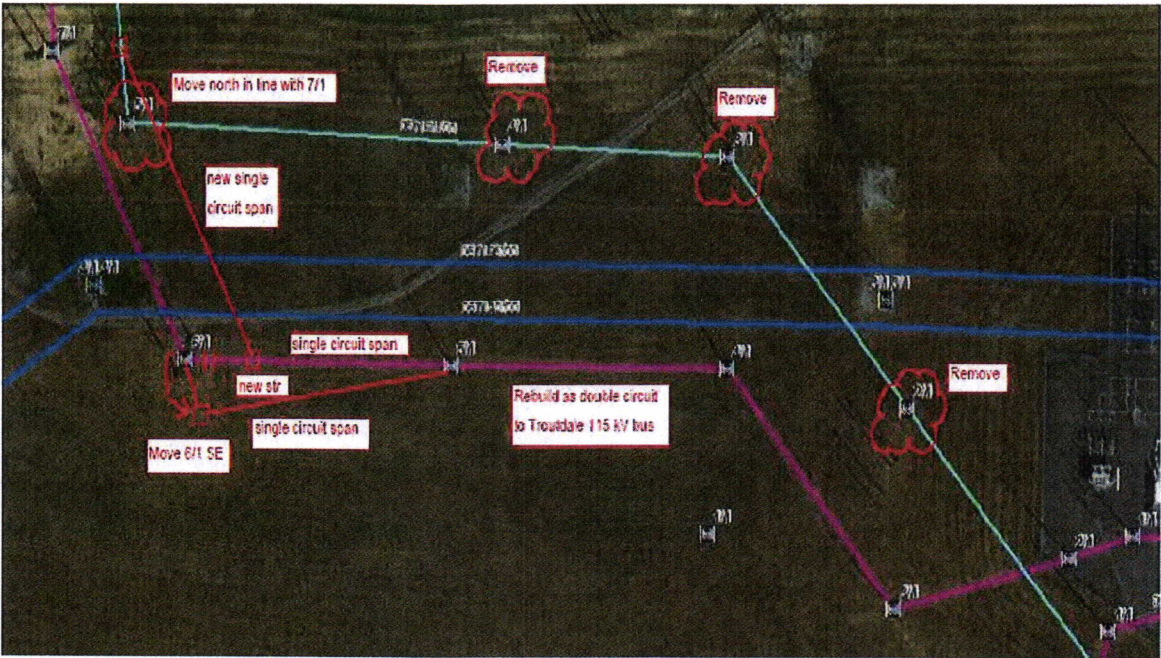
Larry Bekkedahl *de Ha*
Signature

Larry BEKKEDAH
Printed Name of Signor

VP TRANSMISSION + DISTRIBUTION
Title of Signor

2/3/2018
Date

Exhibit A One-Line Diagram



This is a simplified visual depiction of the preliminary scope. More detailed drawings will be created during the detailed design phase of this project.

Exhibit B
PacifiCorp's Estimated Scope of Work

PacifiCorp will, at PGE's expense:

- Upon its receipt of the final double circuit line design for the Troutdale—Runyan line and any specific transmission structure specifications from its third-party contractor, finalize the Scope of Work for the Project within 60 days following PacifiCorp's receipt of the final double circuit line design.
- As part of its efforts to finalize the scope of work for the Project, schedule a meeting with PGE to discuss scope of final design, to review estimated costs, and to mutually agree upon the timeline for completion of the Project.
- Following the meeting with PGE and the development of the detailed scoping, revise the cost estimate consistent with the detailed scoping and its discussions with PGE, and then provide the revised cost analysis to PGE.
- Within one (1) month following completion of the detailed design, review existing right of way and, if needed, determine the additional right of way or modifications to existing right of way that will be required, based upon the detailed design for the Project.
- Promptly notify PGE, in writing, of the need for additional easements, and identify the proposed new right of way required for the line modifications.
- Within one (1) month following completion of the detailed design, review existing permits and determine whether additional permitting or modifications to existing permitting will be needed, based upon the line modifications.
- Promptly notify PGE, in writing, of the need for additional permits or modifications to existing permits, and identify any details necessary to accommodate the work required for the line modifications.
- Complete geotechnical activities to accurately support the new transmission structures to be erected as part of this Project.
- Design and construct appropriate foundations for each structure for the transmission line section being constructed as part of this Project.
- Remove structures 5/1, 4/1, and 3/1 on the Troutdale – James River 69 kV line.
- Redesign structures 5/1, 4/1, 3/1, 2/1, and 1/1 on the Troutdale – Runyan 115 kV line and structure 6/1 on the Troutdale – James River 69 kV line to accommodate double circuit 115 kV lines. The Troutdale-James River line will be built to 115 kV standards but will initially be operated at 69 kV.
- Design structure 5X1/1 and 5X2/1 to facilitate the line crossing with PGE's Bluelake – Troutdale lines. Insulator placement on the southern side of both PacifiCorp's Troutdale –Runyan and Troutdale-James River lines need to be low enough to maintain clearances as they pass under PGE's 230 kV lines.
- Coordinate outage request(s) to minimize impact to PacifiCorp customers and operational ability of the system.
- Notify PGE of any material delays in the Estimated Schedule, or in completing the milestones, as outlined in Exhibit D.
- Procure materials and complete construction of the new structures that PacifiCorp will need for the redesign of the Troutdale—Runyan and Troutdale –James River lines, that are part of this Project.

Exhibit C
PGE's Estimated Scope of Work

PGE will, at its own expense:

- At PacifiCorp's request, and only as needed, facilitate PacifiCorp's efforts to obtain one or more new right(s) of way in PacifiCorp's name to accommodate the placement of any new or modified transmission structures that need to be relocated outside of the existing right of way PacifiCorp has for its Troutdale – Runyan 115 kV line.
- At PacifiCorp's request, and only as needed, facilitate PacifiCorp's efforts to obtain new permits in PacifiCorp's name to accommodate the placement of any new or modified transmission structures, which placement would fall outside the scope of any existing permits PacifiCorp may have with respect to its Troutdale – Runyan 115 kV line.
- Submit, as required, and based upon the line design, any line crossing requests to PacifiCorp that are necessary for PGE's Blue Lake – Troutdale 230 kV line.

Exhibit D
Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes, which may be adjusted over the course of the Project. 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.

The Parties will coordinate with each other to schedule any necessary outages required for completing work under this Agreement, such that required work by each Party may be done concurrently, to the extent practical. Both Parties recognize that outage availability may impact the completion date for the Project. The below schedule will be adjusted based upon the final scope of work defined for the Project.

Milestones	Estimated Timeframe
FERC Approval of Agreement	2 months
Engineering design completed	6 – 9 months
Permitting	TBD
Construction Complete	9 – 12 months
Testing Complete	2 Weeks
Commissioning Complete	2 Weeks

Exhibit D

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