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REPORT NAME: Qualifying Facilities Transactions

COMPANY NAME: Pacific Power

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: RE (Electric) RG (Gas) RW (Water) RO (Other)

Report is required by: OAR 860-029-0020

Statute

Order

Other

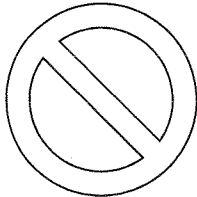
Is this report associated with a specific docket/case? No Yes

If yes, enter docket number: RE 142

List applicable Key Words for this report to facilitate electronic search:

Qualifying Facility

DO NOT electronically file with the PUC Filing Center:



- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.

December 24, 2015

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

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166

RE: RE-142 - Informational Filing on Qualifying Facility Transactions

In accordance with OAR 860-029-0020(1), PacifiCorp submits an electronic copy of an executed qualifying facility (QF) power purchase agreement (PPA), as listed on Attachment A. The PPA has been redacted to protect confidential information. A non-redacted version of the confidential PPA will be separately filed consistent with OAR 860-001-0070.

The PPA was entered into under the Public Utility Regulatory Policies Act of 1978 (PURPA). Under OAR 860-029-0020(1), public utilities must file a true copy of executed PPAs between the utility and PURPA QFs.

If you have any questions, please contact Erin Apperson, Manager, Regulatory Affairs, at (503) 813-6642.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

cc: Brittany Andrus, PUC Staff

RE-142

Informational Filing – QF Agreements

December 24, 2015

Attachment A

Oregon / PacifiCorp

Docket: RE-142 – Informational Filing

Qualifying Facility (QF) Agreements per OAR 860-029-0020(1)

Oregon Qualifying Facility (QF) Agreements ** CONFIDENTIAL **
Roseburg Forest Products Company (Dillard)

Oregon Qualifying Facility (QF) Agreements ** NON-CONFIDENTIAL / REDACTED **
Roseburg Forest Products Company (Dillard)

REDACTED

POWER PURCHASE AGREEMENT
BETWEEN
ROSEBURG FOREST PRODUCTS CO.
AND
PACIFICORP

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THIS POWER PURCHASE AGREEMENT (the “**Agreement**”), entered into this 14th day of December 2015, is by and between Roseburg Forest Products Co., an Oregon corporation (“**Seller**”), and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation (“**PacifiCorp**”), each individually, a “**Party**” and collectively, the “**Parties**.”

RECITALS

A. Seller owns, operates and maintains a multiple-shaft steam generation facility for the generation of electric power, including interconnection facilities, located in Dillard, Oregon in Douglas County with a Facility Capacity Rating of [REDACTED] kilowatts (kW) as further described in **Exhibit A** and **Exhibit B (“Facility”)**; and

B. The Parties desire to enter into this Agreement to replace in its entirety the power purchase agreement dated December 17, 2014 (the “PPA”), which terminates on December 31, 2015; and

C. Seller intends to continue to deliver Net Output under this Agreement; and

D. Seller shall sell Net Output surplus to its electric power needs served behind the Point of Interconnection at the Facility site to PacifiCorp, when available, and purchase partial electric requirements service from PacifiCorp through its retail tariff, or equivalent under Oregon’s direct access and such station use will be metered and billed separately, in accordance with the terms and conditions of this Agreement; and

E. Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is [REDACTED] kilowatt-hours (kWh), net of anticipated scheduled maintenance; and

F. Seller shall meet a minimum monthly delivery to PacifiCorp of [REDACTED] kWh; and

G. Seller has self-certified the Facility as a Qualifying Facility under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Seller intends to operate the Facility as a Qualifying Facility (“QF”), as such term is defined in Section 3.2.6 below; and

H. Commission Order No. 07-360 mandated utilities offering non-standard power purchase agreements to qualifying facilities to make specified adjustments to Avoided Costs Prices offered in standard power purchase agreements under PacifiCorp’s Schedule 37. Those changes to pricing and terms have been incorporated into this Agreement; and

I. Seller desires to sell and PacifiCorp desires to purchase the Net Output from the Facility in accordance with the terms and conditions of this Agreement; and

J. PacifiCorp intends to continue designating Seller’s Facility as a Network Resource for the purposes of serving Network Load; and

K. This Agreement is a “New QF Contract” under the PacifiCorp Inter-Jurisdictional Cost Allocation 2010 Protocol.

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1
DEFINITIONS; RULES OF INTERPRETATION

Definitions. When used in this Agreement, the following terms shall have the following meanings:

"Billing Period" means a calendar month.

"Business Day" means any day on which banks in Portland, Oregon are not authorized or required by Requirements of Law to be closed, beginning at 6:00 a.m. and ending at 5:00 p.m. local time in Oregon

"Commission" means the Oregon Public Utility Commission.

"Contract Price" means the applicable price, expressed in \$/MWh for Net Output stated in Section 5.1.

"Credit Requirements" means a long-term credit rating (corporate rating or long-term senior unsecured debt rating) of (a) "BBB-" or greater from Standard & Poor's Rating Service, or (b) "Baa3" or greater by Moody's Investors Service, or if no public rating is available, a credit rating determined by PacifiCorp in its reasonable discretion upon review of the Seller's audited financial statements.

"Default Security" means the amount of either a Letter of Credit or cash placed in an escrow account equal to the payments PacifiCorp would make for three (3) average months based on average monthly Energy Delivery Schedule over the Term of this Agreement at the average of the On-Peak Price and Off-Peak Price (in Section 5.1) over the Term of this Agreement.

"Effective Date" shall have the meaning set forth in Section 2.1.

"Energy Delivery Schedule" shall have the meaning set forth in Section 4.6.

"Environmental Attributes" shall have the meaning set forth in Section 5.7.

"Event of Default" shall have the meaning as set forth in Section 10.1.

"Excess Output" means energy delivered to PacifiCorp at the Point of Delivery in excess of the Maximum Monthly Delivery (as defined in Section 4.4) on a monthly basis.

"Expiration Date" shall have the meaning set forth in Section 2.2.

"Facility" shall have the meaning set forth in Recital A.

"Facility Capacity Rating" means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

“**FERC**” means the Federal Energy Regulatory Commission, or its successor.

“**Forced Outage**” means NERC Event Types U1, U2 and U3, as set forth in attached **Exhibit F**, and specifically excludes any Maintenance Outage or Planned Outage.

“**Generation Interconnection Agreement**” means the Large Generator Interconnection Agreement entered into separately between Seller and the Transmission Provider, providing for the construction and operation of the interconnection facilities at the Point of Delivery, which agreement is listed in **Exhibit C**.

“**Inadvertent Energy**” means energy delivered to PacifiCorp at the Point of Delivery at a rate exceeding the Maximum GIA Delivery Rate on an hour-averaged basis.

“**Letter of Credit**” means an irrevocable standby letter of credit in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder that:

- is issued by an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s;
- by its terms, permits PacifiCorp to draw up to the face amount thereof for the purpose of paying any and all amounts owing by Seller hereunder;
- if issued by a foreign bank with a U.S. branch, permits PacifiCorp to draw upon the U.S. branch;
- permits PacifiCorp to draw the entire amount available thereunder if such letter of credit is not renewed or replaced at least thirty (30) Business Days prior to its stated expiration date;
- permits PacifiCorp to draw the entire amount available thereunder if such letters of credit are not increased or replaced as and when provided in Section 10;
- is transferable by PacifiCorp to any party to which PacifiCorp may assign this Agreement; and
- shall remain in effect for at least ninety (90) days after the end of the Term.

“**Liquidated Damages**” is defined in Section 5.3.

“**Maintenance Outage**” means NERC Event Type MO, as set forth in attached **Exhibit F**, that is not a Forced Outage or a Planned Outage. A Maintenance Outage may occur any time during the year and may have a flexible start date.

“**Material Adverse Change**” means the occurrence of any Event of Default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement.

“**Maximum Facility Delivery Rate**” means the maximum instantaneous rate (kW) at which the Facility is capable of delivering Net Output at the Point of Delivery in compliance with the Generation Interconnection Agreement.

“**Maximum GIA Delivery Rate**” means the maximum rate (kW) at which the Generator Interconnection Agreement allows the Facility to deliver energy to the Point of Delivery and is set forth in **Exhibit A**.

“**Nameplate Capacity Rating**” means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovolt-amperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

“**Net Output**” means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any. For purposes of calculating payment under this Agreement, Net Output for a given hour shall be the amount, if positive, of the amount of energy flowing through the Point of Delivery from the Facility to PacifiCorp during such hour. Net Output for a given month shall not include Excess Output.

“**Network Service Provider**” means PacifiCorp Transmission, as a provider of network service to PacifiCorp under the Tariff.

“**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

“**On-Peak Hours**” means all hours between 6 a.m. and 10 p.m. Pacific Prevailing Time (“**PPT**”), Mondays through Saturdays, excluding Western Electricity Coordinating Council (WECC) and North American Electric Reliability Corporation (NERC) holidays.

“**On-Peak Price**” and “**Off-Peak Price**” shall have the meanings set forth in Section 5.1.

“**Output Shortfall**” shall have the meaning set forth in Section 5.2.

“**PacifiCorp**” is defined in the first paragraph of this Agreement, and excludes PacifiCorp Transmission.

“**PacifiCorp Transmission**” means PacifiCorp, an Oregon corporation, acting in its interconnection and transmission function capacity.

“**Planned Outage**” means an outage of predetermined duration that is scheduled in Seller’s Energy Delivery Schedule, attached hereto as **Exhibit D**, and revised pursuant to Section 6.4.1. Boiler overhauls, turbine overhauls or inspections are typical planned outages. Maintenance Outages and Forced Outages are not Planned Outages.

“**Point of Delivery**” means the Point of Change of Ownership as specified in the Generation Interconnection Agreement and in **Exhibit B**.

“Premises” means the real property on which the Facility is or will be located, as more fully described on **Exhibit A**.

“Prudent Electrical Practices” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

“Qualifying Facility” or **“QF”** shall have the meaning set forth in Section 3.2.6.

“Required Facility Documents” means all licenses, permits, authorizations, and agreements necessary for operation, and maintenance of the Facility including without limitation those set forth in **Exhibit C**.

“System” means the electric transmission substation and transmission or distribution facilities owned, operated or maintained by Transmission Provider, which shall include, after construction and installation of the Facility, the circuit reinforcements, extensions, and associated terminal facility reinforcements or additions required to interconnect the Facility, all as set forth in the Generation Interconnection Agreement.

“Tariff” means the PacifiCorp Transmission FERC Electric Tariff Seventh Revised Volume No. 11 Pro Forma Open Access Transmission Tariff or the Transmission Provider’s corresponding FERC tariff or both, as revised from time to time.

“Term” shall mean the period between the Effective Date and the Expiration Date.

“Transmission Provider” means PacifiCorp Transmission Services, acting in its transmission function capacity, or its successor.

Rules of Interpretation. Each Party conducts its operations in a manner intended to comply with FERC Order No. 2004, Standards of Conduct for Transmission Providers, requiring the separation of transmission and merchant functions. Moreover, the Parties acknowledge that Transmission Provider’s transmission function offers transmission service on its system in a manner intended to comply with FERC policies and requirements relating to the provision of open-access transmission service. The Parties recognize that Seller has or will entered into a separate Generation Interconnection Agreement.

The Parties acknowledge and agree that the Generation Interconnection Agreement is a separate and freestanding contract and that the terms of this Agreement are not binding upon Transmission Provider.

Except as explicitly provided in this Agreement, nothing in the Generation Interconnection Agreement shall alter or modify the Parties’ rights, duties, and obligations under this Agreement. This Agreement shall not be construed to create any rights between Seller and Transmission Provider.

Seller recognizes that, for purposes of this Agreement, Transmission Provider shall be deemed to be a separate entity and not a Party to the Agreement

SECTION 2
TERM; EFFECTIVE DATE

2.1 Effective Date. After execution by both Parties, this Agreement shall become effective at midnight January 1, 2016 PPT. (“**Effective Date**”)

2.2 Expiration. Except if otherwise terminated as provided herein, this Agreement shall expire at midnight on December 31, 2016 PPT. (“**Expiration Date**”).

SECTION 3
REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp Representations and Warranties. PacifiCorp represents, covenants, and warrants to Seller that:

3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.

3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.

3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors’ rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller Representations and Warranties. Seller represents, covenants, and warrants to PacifiCorp that:

3.2.1 Seller is a corporation duly organized and validly existing under the laws of the State of Oregon.

3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof.

3.2.3 Seller's officers and management, as appropriate, have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

3.2.7 Under no circumstances shall the hourly Net Output exceed the Maximum GIA Delivery Rate.

3.2.8 The anticipated use of the Facility complies with all applicable restrictive covenants affecting the Premises.

3.2.9 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants, and provides evidence acceptable to PacifiCorp in its reasonable discretion proving all of the following:

- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.

- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
- (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

 X Seller affirms and adopts all warranties of this Section 3.2.9, and therefore is not required to post security under Section 10; or

 Seller does not affirm and adopt all warranties of this Section 3.2.9, and therefore Seller elects to post the security specified in Section 10.

3.2.10 Retail Service Agreement. Seller will take station use energy requirements not supplied by the Facility pursuant to separate tariff electric service agreement with PacifiCorp during the Term of this Agreement.

SECTION 4
DELIVERY OF POWER

4.1 Commencing on the Effective Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output and Excess Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Delivery. Seller estimates that the Facility will deliver, on average, [REDACTED] kWh per Contract Year (“**Average Annual Delivery**”) to the Point of Delivery and further defined in **Exhibit D** as the Energy Delivery Schedule. Seller may, upon at least six months prior written notice, modify the Average Annual Delivery and Energy Delivery Schedule every other Contract Year.

4.3 Minimum Delivery. Seller shall make available from the Facility a minimum of [REDACTED] kWh of Net Output during each Contract Year and further defined in **Exhibit D** as Minimum Monthly Delivery provided that such minimum Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure (“**Minimum Monthly Delivery**”).

4.4 Maximum Delivery. Seller estimates that it will make available from the Facility a maximum of [REDACTED] kWh of Net Output during each Contract Year and further defined in **Exhibit D** as Maximum Monthly Delivery (“**Maximum Monthly Delivery**”). Seller’s basis for determining the Minimum and Maximum Monthly Delivery amounts is set forth in **Exhibit D**.

4.5 Deliveries in Deficit of Minimum Delivery Obligation. Seller’s failure to deliver the Minimum Monthly Delivery in any month shall be a default, and Seller shall be liable for Liquidated Damages in accordance with Section 5.3.

4.6 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Output expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5
PURCHASE PRICES AND LIQUIDATED DAMAGES

5.1 Contract Price. PacifiCorp shall pay Seller the prices (in \$US) in Section 5.1.1 and Section 5.2 for Net Output (other than Inadvertent Energy)

5.1.1 Contract price for Net Output up to Maximum Monthly Delivery

(a) When delivered during On-Peak hours:

On-Peak Price = [REDACTED] per MWh

(b) When delivered during Off-Peak hours:

Off-Peak Price = [REDACTED] per MWh

5.1.2 Excess Output. Excess Output delivered to PacifiCorp in excess of the Maximum Monthly Delivery, excluding Inadvertent Energy, will be paid as described in Section 5.1.2.

(a) When delivered during On-Peak hours:

On-Peak Price = 97% of the monthly average of the daily Peak firm energy market prices, as published in the *Intercontinental Exchange (“ICE”) Day Ahead Power Price Report* for the Mid-C market index. (\$/MWh)

(b) When delivered during Off-Peak hours:

Off-Peak Price = 97% of the monthly average of the daily Off-Peak firm energy market prices, as published in the *ICE Day Ahead Power Price Report* for the Mid-C market index. (\$/MWh)

5.1.3 Inadvertent Energy. Inadvertent Energy delivered to PacifiCorp in excess of the Maximum GIA Delivery Rate shall not be compensated and subject to the restrictions of

Section 6.6.

5.2 Output Shortfall. In any month, if Seller's Net Output is less than the Minimum Monthly Delivery, Seller shall incur an Output Shortfall, calculated as follows:

"Output Shortfall" (MWh) = Minimum Monthly Delivery minus Net Output

5.3 Liquidated Damages. For any Output Shortfall, Seller agrees to pay PacifiCorp the Liquidated Damages (if any) calculated as the sum of the following:

- (a) PacifiCorp's Cost to Cover multiplied by the Output Shortfall;
- (b) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement power to be delivered to the Point of Delivery or such points in PacifiCorp's western control area as are determined by PacifiCorp in its reasonable discretion; and
- (c) any additional cost or expense incurred as a result of Seller's failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

Where:

"PacifiCorp's Cost to Cover" = Liquidated Damages Market Index minus the applicable Contract Price from Section 5.1.1.

"Liquidated Damages Market Index" ("LDMI") means monthly average, as calculated by PacifiCorp, of the daily On-Peak or Off-Peak firm energy market prices, as published in the *ICE Day Ahead Power Price Report* for the Mid-C market index. In the event ICE fails to provide complete daily index data from the preceding month by the tenth of each month, PacifiCorp will fill the missing data by averaging the two values above and below the missing value and this value will be used for billing and not be corrected even if ICE fills the data at a later date.

5.4 If PacifiCorp's Cost to Cover is equal to or less than \$0, then Liquidated Damages shall equal \$0.

5.5 Each Party agrees and acknowledges that (a) the damages that PacifiCorp would incur due to an Output Shortfall would be difficult or impossible to predict with certainty, and (b) the Liquidated Damages contemplated by this Section 5.3 are a fair and reasonable calculation of such damages.

5.6 Final Purchase Price. The final monthly purchase price for output of the Facility shall be the payment for Net Output calculated in Section 5.1, less Liquidated Damages (if any) calculated in Section 5.3.

5.7 Environmental Attributes. PacifiCorp waives any claim to Seller's ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller's Facility.

5.8 Replacement of ICE Index. If the ICE index or any replacement of that index ceases to be published during the term of this Agreement, PacifiCorp shall select as a replacement a substantially equivalent index that, after any appropriate or necessary adjustments, provides the most reasonable substitute for the index in question. PacifiCorp's selection shall be subject to Seller's consent, which Seller shall not unreasonably withhold, condition or delay.

SECTION 6

OPERATION AND CONTROL

6.1 Operation. Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time.

6.2 Curtailement. PacifiCorp shall not be obligated to purchase, receive, pay for, or pay any damages associated with, Net Output if such Net Output is not delivered to the System or Point of Delivery due to any of the following: (a) the interconnection between the Facility and the System is disconnected, suspended or interrupted, in whole or in part, pursuant to the terms of the Generation Interconnection Agreement, (b) the Transmission Provider or Network Service Provider directs a general curtailment, reduction, or redispatch of generation in the area (which would include the Net Output) for any reason, even if such curtailment or redispatch directive is carried out by PacifiCorp, which may fulfill such directive by acting in its sole discretion; or if PacifiCorp curtails or otherwise reduces the Net Output in order to meet its obligations to the Transmission Provider or Network Service Provider to schedule within system limits, (c) the Facility's Output is not received because the Facility is not fully integrated or synchronized with the System, or (d) an event of Force Majeure prevents either Party from delivering or receiving Net Output.

6.3 Scheduling. For PacifiCorp's planning purposes, at least ten (10) business days before the beginning of each month, Seller shall notify PacifiCorp in writing, pursuant to the notice section of the Agreement, of the average hourly delivery rate for each week within the month per the form in **Exhibit D-1**, by On-Peak and Off-Peak Hours. Such forecast shall not replace Energy Delivery Schedules required by Section 4.3. Seller shall promptly update the forecast as necessary to advise PacifiCorp of changed circumstances.

6.3.1 Cooperation and Standards. With respect to any and all scheduling requirements in this Agreement, (a) Seller shall cooperate with PacifiCorp with respect to scheduling Net Output, and (b) each Party shall designate authorized representatives to communicate with regard to scheduling and related matters arising hereunder.

6.3.2 Schedule Coordination. If, as a result of this Agreement, PacifiCorp is

deemed by an RTO to be financially responsible for Seller's performance under the Generation Interconnection Agreement due to Seller's lack of standing as a "scheduling coordinator" or other RTO recognized designation, qualification or otherwise, then (a) Seller shall acquire such RTO recognized standing (or shall contract with a third party who has such RTO recognized standing) such that PacifiCorp is no longer responsible for Seller's performance under the Generation Interconnection Agreement, and (b) Seller shall defend, indemnify and hold PacifiCorp harmless against any liability arising due to Seller's performance or failure to perform under the Generation Interconnection Agreement or RTO requirement.

6.4 Outages.

6.4.1 Planned Outages. Except as otherwise provided herein, Seller shall not schedule Planned Outage during any portion of the months of November, December, January, February, June, July, and August, except to the extent a Planned Outage is reasonably required to enable a vendor to satisfy a guarantee requirement in a situation in which the vendor is not otherwise able to perform the guarantee work at a time other than during one of the months specified above or on those specific holidays the Seller has scheduled a shutdown of their wood products manufacturing plant operations. Seller shall, in **Exhibit D**, provide PacifiCorp with an annual forecast of Planned Outages and shall promptly update such schedule, or otherwise change it only, to the extent that Seller is reasonably required to change it in order to comply with Prudent Electrical Practices. Seller shall not schedule any maintenance of Interconnection Facilities during such months, without the prior written approval of PacifiCorp, which approval may be withheld by PacifiCorp in its sole discretion.

6.4.2 Maintenance Outages. If Seller reasonably determines that it is necessary to schedule a Maintenance Outage, Seller shall notify PacifiCorp of the proposed Maintenance Outage as soon as practicable but in any event at least five (5) days before the outage begins. Upon such notice, the Parties shall plan the Maintenance Outage to mutually accommodate the reasonable requirements of Seller and the service obligations of PacifiCorp. Seller shall take all reasonable measures and use best efforts consistent with Prudent Electrical Practices to not schedule any Maintenance Outage during the following periods: June 15 through June 30, July, August, and September 1 through September 15 except on those specific holidays the Seller has scheduled a shutdown of their wood products manufacturing plant operations. Seller shall include in such notice of a proposed Maintenance Outage the expected start date and time of the outage, the amount of generation capacity of the Facility that will not be available, and the expected completion date and time of the outage. Seller may provide notices under this Section 6.5.2 orally. Seller shall confirm any such oral notification in writing as soon as practicable. PacifiCorp shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use all reasonable efforts to comply with PacifiCorp's request to modify the schedule for a Maintenance Outage if such modification has no substantial impact on Seller. Seller shall notify PacifiCorp of any subsequent changes in generation capacity of the Facility during such Maintenance Outage and any changes in the Maintenance Outage completion date and time. Seller shall take all reasonable measures and exercise its best efforts consistent with Prudent Electrical Practices to minimize the frequency and duration of Maintenance Outages.

6.4.3 Forced Outages. Seller shall promptly provide to PacifiCorp an oral

report, via telephone to a number specified by PacifiCorp, of any Forced Outage of the Facility. Such report shall include the amount of generation capacity of the Facility that will not be available because of the Forced Outage and the expected return date and time of such generation capacity. Seller shall promptly update the report as necessary to advise PacifiCorp of changed circumstances. If the Forced Outage resulted in more than 15% of the Nameplate Capacity Rating of the Facility being unavailable, Seller shall confirm the oral report in writing as soon as practicable. Seller shall take all reasonable measures and exercise its best efforts consistent with Prudent Electrical Practices to avoid Forced Outages and to minimize their duration.

6.4.4 Notice of Deratings and Outages. Without limiting other notice requirements, Seller shall notify PacifiCorp, via telephone to a number specified by PacifiCorp, of any limitation, restriction, derating or outage known to Seller that affects the generation capacity of the Facility in an amount greater than fifteen percent (15%) of the Nameplate Capacity Rating and Net Output delivery for the following day. Seller shall promptly update such notice to reflect any material changes to the information in such notice.

6.4.5 Effect of Outages on Estimated Output. Seller shall factor Planned Outages and Maintenance Outages that Seller reasonably expects to encounter in the ordinary course of operating the Facility into the Energy Delivery Schedule set forth in **Exhibit D**.

6.5 Interconnection Costs. To the extent not otherwise provided in the Generation Interconnection Agreements, all reasonable costs incurred that are associated with the modifications to PacifiCorp's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PacifiCorp's system consistent with applicable interconnection standards, or any increase in generating capability of the Facility, or any increase of delivery of Net Output from the Facility, shall be borne by Seller.

6.6 Delivery Exceeding the Maximum GIA Delivery Rate. Seller shall not deliver energy from the Facility to the Point of Delivery at a rate that exceeds the Maximum GIA Delivery Rate. Seller's failure to limit such deliveries to the Maximum GIA Delivery Rate shall be a breach of a material obligation subject to Section 10.1.3.

6.7 Access Rights. Upon reasonable prior notice and subject to the prudent safety requirements of Seller, and Requirements of Law relating to workplace health and safety, Seller shall provide PacifiCorp and its authorized agents, employees and inspectors ("PacifiCorp Representatives") with reasonable access to the Facility: (a) for the purpose of reading or testing metering equipment, (b) as necessary to witness any acceptance tests, (c) for purposes of implementing Section 8 and (d) for other reasonable purposes at the reasonable request of PacifiCorp. PacifiCorp shall release Seller against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal resulting from actions or omissions by any of the PacifiCorp Representatives in connection with their access to the Facility, except to the extent that such damages are caused or by the intentional or grossly negligent act or omission of Seller.

SECTION 7

METERING

7.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement, if applicable.

7.2 Net Output delivered to the Point of Delivery shall be deemed to equal the net hourly positive flow of energy measured by the revenue meter (**shown in Exhibit B**) located at the Point of Delivery. Metering shall be performed in a manner consistent with this Agreement and as specified in the Generation Interconnection Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses and transformation losses, if any between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of energy flowing into PacifiCorp's system at the Point of Delivery.

7.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement, if applicable. If any of the inspections or tests discloses an error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 8

BILLINGS; COMPUTATION AND PAYMENTS

8.1 Bills. All bills or payments shall be paid within thirty (30) days after issuance of the bill. PacifiCorp shall send to Seller an invoice or payment for Seller's purchases or deliveries, as the case may be, together with computations supporting such invoice or payment. PacifiCorp or Seller may offset any such payment to reflect amounts owing from Seller to PacifiCorp or from PacifiCorp to Seller pursuant to this Agreement or any other agreement between the Parties.

8.2 Disputes. In the event that a portion of the bill or adjustment arising hereunder is disputed, payment of the portion not in dispute shall be made when due. Seller and PacifiCorp shall seek to make a determination on any disputed amount within sixty (60) days after issuance of Seller's notice of dispute. Either Party may resort to any remedy available at law or in equity.

8.3 Interest. Any amounts owing after the due date thereof shall bear interest at the lesser of five-tenths percent (0.5%) per month or the maximum rate allowed by law, from the date due until paid.

8.4 Corrections. Corrected billings may be made to adjust for incorrect billings

(excluding incorrect billings resulting from metering errors addressed in Section 7.3) made pursuant to Section 8.1. The Parties may issue corrected billings or invoices to make adjustments to incorrect billings up to but in no event later than thirty-six (36) months after the incorrect billing was issued. In the event PacifiCorp determines it has overpaid Seller, PacifiCorp may, in addition to any other available remedy, draw on Default Security or adjust Seller's future payment accordingly in order to correct the error in a reasonable time.

SECTION 9
CREDIT, SECURITY

9.1 Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.9 and has provided the required evidence proving creditworthiness, or in the event Seller, at any time, fails to maintain continued compliance with the creditworthiness warranties contained in Section 3.2.9, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow or letter of credit. Seller hereby elects to provide, in accordance with the applicable terms of this Section 9, the following security (Seller to initial one selection only):

- Cash Escrow
- Letter of Credit
- Seller has adopted the Creditworthiness Warranties of Section 3.2.9.

9.2 In the event Seller's obligation to post Default Security (under Section 9 or Section 10.1.3) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

9.3 In the event Seller sells the facility pursuant to Section 18, the assignee in such transaction shall comply with Section 9 of this Agreement.

[SKIP THIS SECTION 9.4 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

9.4 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within ten (10) Business Days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 9.5 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

9.5 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form

acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within ten (10) Business Days, restore the Default Security as if no such deduction had occurred.

SECTION 10 **DEFAULTS AND REMEDIES**

10.1 Events of Default. The following events shall constitute an “**Event of Default**” under this Agreement:

10.1.1 Material Breach. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure to make a payment when due) or breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice;

10.1.2 Bankruptcy. Filing of a petition in bankruptcy by or against a Party if such petition is not withdrawn or dismissed within sixty (60) days after it is filed;

10.1.3 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller (or in the event of an assignment of this Agreement, Seller’s assignee) and Seller (or Seller’s assignee, in the case of an assignment) fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;

10.1.4 Default Under Other Agreements. Seller’s failure to cure Event of Default under the Generation Interconnection Agreement or the retail electric service agreement for station use within the time allowed for a cure under such agreement.

10.1.5 Sale to Third Party. Seller sells Net Output from the Facility to a party other than PacifiCorp.

10.1.6 Failure to Maintain Facility Documents and Permits. After the Effective Date, Seller fails to maintain any Required Facility Documents or Permits necessary to own or operate the Facility, after the expiration of applicable notice, cure and waiver periods.

10.2 Termination. In the event of any default hereunder that is not cured in the manner provided for in this Agreement, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement, subject to Section 20. The rights provided in this Section 10 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

10.3 Termination Payment. If this Agreement is terminated because of Seller’s Event of Default, Seller shall pay PacifiCorp, in addition to any damages accrued but not paid prior to termination (“prior damages”), a lump sum termination payment equal to the calculated Liquidated Damages (calculated pursuant to Section 5.3 by month for the On-Peak and Off-Peak

Hours, setting Output Shortfall equal to monthly Net Output and PacifiCorp's Cost to Cover equal to the monthly Liquidated Damages Market Index) for a period of three (3) months from the date of termination or in the event the Agreement terminates within the three month period, the remainder of the Term. The Parties agree that the amount of termination payment shall be calculated by PacifiCorp within thirty (30) days after termination of the Agreement. Amounts owed pursuant to this section shall be due five (5) business days after PacifiCorp provides Seller notice of amount due. Prior damages and the termination payment shall be the sole remedy for default; *provided however*, that Seller shall not intentionally breach this Agreement in order to sell Facility output to another buyer.

10.4 Covenant Running with the Land. In the event this Agreement is terminated because of Seller's Event of Default and Seller or Seller's successor wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller or Seller's successor shall do so subject to the terms of this Agreement, including but not limited to the contract pricing of Section 5.1, until the Expiration Date. At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement. This Section 10.4 shall be deemed a covenant running with the land and shall survive any early termination of this Agreement.

10.5 Dispute Resolution. Whenever a Party believes that a dispute has arisen in connection with this Agreement, that Party shall promptly provide written notice to the other Party describing the matter in dispute. Unless the dispute is resolved sooner, the Senior Vice President of Commercial and Trading for PacifiCorp and the Vice President, Manufacturing, for Seller shall meet at least once within a period of thirty days following notice to attempt in good faith to resolve the dispute. If the Parties' senior management does not resolve the dispute, each Party shall have the right to pursue whatever remedies it may have under the terms of this Agreement or applicable regulations, laws, or principles of equity.

10.6 Set-Off. Upon an Event of Default or termination event under this Agreement, in addition to and not in limitation of any other right or remedy under contract or applicable law (including any right to set-off, counterclaim, or otherwise withhold payment), the non-defaulting Party may at its option set-off, against any amounts owed to the defaulting Party, any amounts owed by the defaulting Party under any contract or agreement between the Parties. The obligations of the Parties shall be deemed satisfied and discharged to the extent of any such set-off. The non-defaulting Party shall give the defaulting Party written notice of any set-off, but failure to give such notice shall not affect the validity of the set-off.

SECTION 11

INDEMNIFICATION, LIABILITY, AND INSURANCE

11.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on

account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

11.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, lenders or representatives.

11.3 Notice of Claims. If either Party receives notice of a threatened or asserted claim for which such Party might seek indemnification or defense or to be held harmless, it shall promptly give notice of such claim to the other Party.

11.4 Third-Party Beneficiaries, Dedication, and Status. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

11.5 INCIDENTAL AND CONSEQUENTIAL DAMAGES. NEITHER PARTY NOR ITS DIRECTORS, BOARD MEMBERS, COMMISSIONERS, OFFICERS, EMPLOYEES, OR AGENTS SHALL HAVE ANY LIABILITY TO THE OTHER PARTY FOR ANY LOST PROFITS, LOST REVENUES, OR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER ARISING FROM CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

11.6 Workers' Compensation Law. Seller shall comply with all applicable Workers' Compensation Laws and shall furnish proof thereof satisfactory to PacifiCorp prior to connection of the Facility to PacifiCorp's electric system.

11.7 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller hereunder, Seller shall secure and continuously carry the insurance coverage specified on **Exhibit E** during the Term or longer period if specified in **Exhibit E**.

SECTION 12 **FORCE MAJEURE**

12.1 Neither Party shall be subject to any liability or damages due to an event of Force Majeure. As used in this Agreement, "Force Majeure" means an inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the reasonable

control of either PacifiCorp or Seller, which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Examples of Force Majeure events include, but are not limited to the following: (a) the operation and effect of any rules, regulations and orders promulgated by the Commission, any municipality, or 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) war, sabotage or acts of terrorism; (d) flood, fire, storms or lightning; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts, which is in each case (i) are beyond the reasonable control of such Party, (ii) by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and (iii) by the exercise of due diligence, such Party shall be unable to prevent or overcome.

Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force to operate the Facility; changes in market conditions that affect the price of energy or transmission; failure to comply with applicable provisions of the WARN Act, or other disruptions in Facility performance resulting from Seller's voluntary conveyance of this Agreement or any related agreement in connection with a sale or closure of the Facility. Except for the obligation to pay amounts owed when due, time periods for performance obligations of Parties herein shall be extended for the period during which Force Majeure was in effect.

12.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

12.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

12.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to a Force Majeure event, within six months after the occurrence of the event.

SECTION 13 **SEVERAL OBLIGATIONS**

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 14 **CHOICE OF LAW**

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 15
PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 16
WAIVER

16.1 Any waiver at any time by either Party of its rights with respect to an Event of Default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 17
GOVERNMENTAL AUTHORIZATIONS; REPEAL OF PURPA

17.1 Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

17.2 This Agreement shall not terminate upon the repeal of the PURPA, unless federal or state law mandates such termination. The repeal of PURPA during the Term, shall not cause Seller to be deemed in breach of Seller's warranty in Section 3.2.6.

SECTION 18
SUCCESSORS AND ASSIGNS

18.1 This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without (a) the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed; (b) Seller agreeing to require as a condition of sale of the Facility that the buyer thereof agree to abide by the terms of this Agreement; (c) the assignee agreeing in writing to be bound by the terms hereof; and (d) assignee agreeing to comply with Section 10. Notwithstanding part (a) of the foregoing, either Party may assign this Agreement without the other Party's consent (x) to a lender as part of a financing transaction or (y) as part of a sale of the Facility (in the case of Seller) or of all or substantially all of the assigning Party's assets (in the case of PacifiCorp) or (z) as part of a merger, consolidation or other reorganization of the assigning Party.

SECTION 19
ENTIRE AGREEMENT

19.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of

Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

SECTION 20
WAIVER OF JURY TRIAL.

EACH PARTY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF THE PARTIES FOR ENTERING HEREINTO. EACH PARTY HEREBY WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY MATTER ARISING HEREUNDER OR THEREUNDER, WITH ANY PROCEEDING IN WHICH A JURY TRIAL HAS NOT OR CANNOT BE WAIVED.

SECTION 21
NOTICES

21.1 Addresses and Delivery Methods. All notices, requests, statements or payments shall be made to the addresses set out below. In addition, copies of a notice of termination of this Agreement under Section 11.3 shall contain the information required by Section 11.3 and shall be sent to the then-current President and General Counsel of PacifiCorp. Notices required to be in writing shall be delivered by letter, facsimile or other tangible documentary form. Notice by overnight mail or courier shall be deemed to have been given on the date and time evidenced by the delivery receipt. Notice by hand delivery shall be deemed to have been given when received or hand delivered. Notice by facsimile is effective as of transmission to each and all of the telefacsimile numbers provided below for a Party, but must be followed up by notice by registered mail or overnight carrier to be effective. Notice by overnight mail shall be deemed to have been given the Business Day after it is sent, if sent for next day delivery to a domestic address by a recognized overnight delivery service (e.g., Federal Express or UPS). Notice by certified or registered mail, return receipt requested, shall be deemed to have been given upon receipt.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5954 Facsimile: (503) 813 - 6291 Email: cntadmin@PacifiCorp.com Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Roseburg Forest Products Co. PO Box 1088 Roseburg, Oregon Phone: (541) 679 - 2157 Facsimile: (541) 679 - 2696 Duns: 13-107-5863 Federal Tax ID Number: 93-1240670
All Invoices:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Attn: Susan Moser Phone: 541-679-2604 Facsimile: 541-679-2107
Scheduling:	Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	Attn: Mark Schuler Phone: 541-679-2183 Facsimile: 541-679-2780
Payments:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Attn: Accounts Receivable Phone: 541-679-3311 Facsimile: 877-407-7261
Wire Transfer:	Bank One N.A. To be provided in separate letter from PacifiCorp to Seller	US Bank To be provided in separate letter from Seller to PacifiCorp
Credit and Collections:	Attn: Credit Manager, Suite 700 Phone: (503) 813 - 5684 Facsimile: (503) 813-5609	Attn: Susan Moser Phone: 541-679-2604 Facsimile: 541-679-2107
With Additional Notices of an Event of Default or Potential Event of Default to:	Attn: PacifiCorp General Counsel 825 NE Multnomah Street, Suite 1800 Portland, OR 97232 Phone: (503) 813-5029 Facsimile: (503) 813-7252	Attn: Allyn Ford Phone: 541-679-3311 Facsimile: 541-679-9150

21.2 Changes to Notice Information. The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section.

SECTION 22 **CONFIDENTIALITY**

22.1 Confidential Business Information. The following constitutes "Confidential Business Information," whether oral or written: (a) the Parties' proposals and negotiations concerning this Agreement, made or conducted prior to the Effective Date, (b) the actual charges billed to PacifiCorp hereunder, and (c) any information delivered by PacifiCorp to Seller prior to the Effective Date relating to the market prices of energy or Green Tags and methodologies for their determination or estimation. Seller and PacifiCorp each agree to hold such Confidential Business Information wholly confidential, except as otherwise expressly provided in this Agreement. "Confidential Business Information" shall not include information that (x) is in or enters the public domain through no fault of the Party receiving such information, or (y) was in the possession of a Party prior to the Effective Date, other than through delivery thereof as specified in subsections (a) and (c) above. A Party providing any Confidential Business Information under this Agreement shall clearly mark all pages of all documents and materials to be treated as Confidential Business information with the term "Confidential" on the front of each page, document or material. If the Confidential Business Information is transmitted by electronic means the title or subject line shall indicate the information is Confidential Business Information. All Confidential Business Information shall be maintained as confidential, pursuant to the terms of Section 22, for a period of two years from the date it is received by the receiving Party unless otherwise agreed to in writing by the Parties.

22.2 Duty to Maintain Confidentiality. Each Party agrees not to disclose Confidential Business Information to any other person (other than its Affiliates, accountants, auditors, counsel, consultants, lenders, prospective lenders, employees, officers and directors), without the prior written consent of the other Party, provided that: (a) either Party may disclose Confidential Business Information, if and to the extent such disclosure is required (i) by Requirements of Law, (ii) in order for PacifiCorp to receive regulatory recovery of expenses related to this Agreement, (iii) pursuant to an order of a court or regulatory agency, or (iv) in order to enforce this Agreement or to seek approval hereof, and (b) notwithstanding any other provision hereof, PacifiCorp may in its sole discretion disclose or otherwise use for any purpose in its sole discretion the Confidential Business Information described in Sections 22.1(b) or 22.1(c). In the event a Party is required by Requirements of Law to disclose Confidential Business Information, such Party shall to the extent possible promptly notify the other Party of the obligation to disclose such information.

22.3 PacifiCorp Regulatory Compliance. The Parties acknowledge that PacifiCorp is required by law or regulation to report certain information that is or could otherwise embody Confidential Business Information from time to time. Such reports include models, filings, reports of PacifiCorp's net power costs, general rate case filings, power cost adjustment mechanisms, FERC-required reporting such as those made on FERC Form 1, Form 12, or Form 714, market power and market monitoring reports, annual state reports that include resources and loads, integrated resource planning reports, reports to entities such as NERC, WECC, Pacific Northwest Utility Coordinating Committee, WREGIS, or similar or successor organizations, forms, filings, or reports, the specific names of which may vary by jurisdiction, along with supporting documentation. Additionally, in regulatory proceedings in all state and federal

jurisdictions in which it does business, PacifiCorp will from time to time be required to produce Confidential Business Information. PacifiCorp may use its business judgment in its compliance with all of the foregoing and the appropriate level of confidentiality it seeks for such disclosures. PacifiCorp may submit Confidential Business Information in regulatory proceedings without notice to Seller.

22.4 Irreparable Injury; Remedies. Each Party agrees that violation of the terms of this Section 22 constitutes irreparable harm to the other, and that the harmed Party may seek any and all remedies available to it at law or in equity, including injunctive relief.

SECTION 23
HEADINGS

Section and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp
By: _____
Name: Bruce Griswold
Title: Director, Short-term Origination
Date: _____

Roseburg Forest Products Co.
By: _____
Name: _____
Title: **B. GRADY MULBERY**
VP. MANUFACTURING
Date: 12/11/2015

mechanisms, FERC-required reporting such as those made on FERC Form 1, Form 12, or Form 714, market power and market monitoring reports, annual state reports that include resources and loads, integrated resource planning reports, reports to entities such as NERC, WECC, Pacific Northwest Utility Coordinating Committee, WREGIS, or similar or successor organizations, forms, filings, or reports, the specific names of which may vary by jurisdiction, along with supporting documentation. Additionally, in regulatory proceedings in all state and federal jurisdictions in which it does business, PacifiCorp will from time to time be required to produce Confidential Business Information. PacifiCorp may use its business judgment in its compliance with all of the foregoing and the appropriate level of confidentiality it seeks for such disclosures. PacifiCorp may submit Confidential Business Information in regulatory proceedings without notice to Seller.

22.4 Irreparable Injury; Remedies. Each Party agrees that violation of the terms of this Section 22 constitutes irreparable harm to the other, and that the harmed Party may seek any and all remedies available to it at law or in equity, including injunctive relief.

SECTION 23
HEADINGS

Section and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp
By: _____

Name: Bruce Griswold

Title: Director, Short-term Origination

Date: December 14, 2015

BWS 12-8-2015

Roseburg Forest Products Co.
By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
Description of Facilities

Seller's Facility consists of six (6) generators manufactured by GE & Elliot. More specifically, each generator at the Facility is described as:

#1 Steam Turbine Generator

Type (synchronous or inductive): Synchronous

Model: GE, generator model ATB-2

Number of Phases: 3

Rated Output (kW):

Rated Voltage (line

Rated Current (A):

Maximum kW Output

Minimum kW Output

#2 Steam Turbine Generator

Type (synchronous or inductive): Synchronous

Model: GE, generator model ATB-2

Number of Phases: 3

Rated Output (kW):

Rated Voltage (line t

Rated Current (A):

Maximum kW Output

Minimum kW Output

#3 Steam Turbine Generator

Type (synchronous or inductive): Synchronous

Model: GE

Number of Phases: 3

Rated Output (kW):

Rated Voltage (line t

Rated Current (A):

Maximum kW Output

Minimum kW Output

#4 Steam Turbine Generator

Type (synchronous or inductive): Synchronous

Model: GE Turbine, Elliot Generator

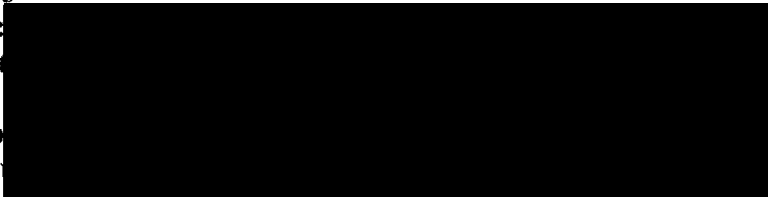
Number of Phases: 3

Rated Output (kW):
Rated Voltage (line
Rated Current (A):
Maximum kW Outp
Minimum kW Outp



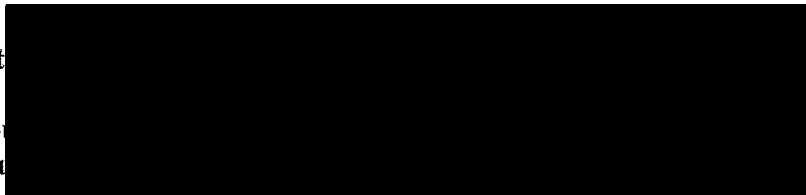
#5 Steam Turbine Generator
Type (synchronous or inductive): Synchronous

Model: Elliot Steam Turbine & Generator
Number of Phases: 3
Rated Output (kW):
Rated Voltage (line
Rated Current (A):
Maximum kW Outp
Minimum kW Outp



#6 Steam Turbine Generator (Out of Service)
Type (synchronous or inductive): Synchronous

Model: Elliot Steam Turbine & Generator
Number of Phases: 3
Rated Output (kW):
Rated Voltage (line t
Rated Current (A):
Maximum kW Outp
Minimum kW Outp



Location of the Facility: The Facility is constructed in the vicinity of the town of Dillard in Douglas County, Oregon. The location is more particularly described as follows:

Roseburg Forest Products Company
10500 Old 99 South
Dillard, OR 97432

Power factor requirements:
Rated Power Factor (PF) or reactive load (kVAR):

Maximum GIA Delivery Rate: [Redacted] kW

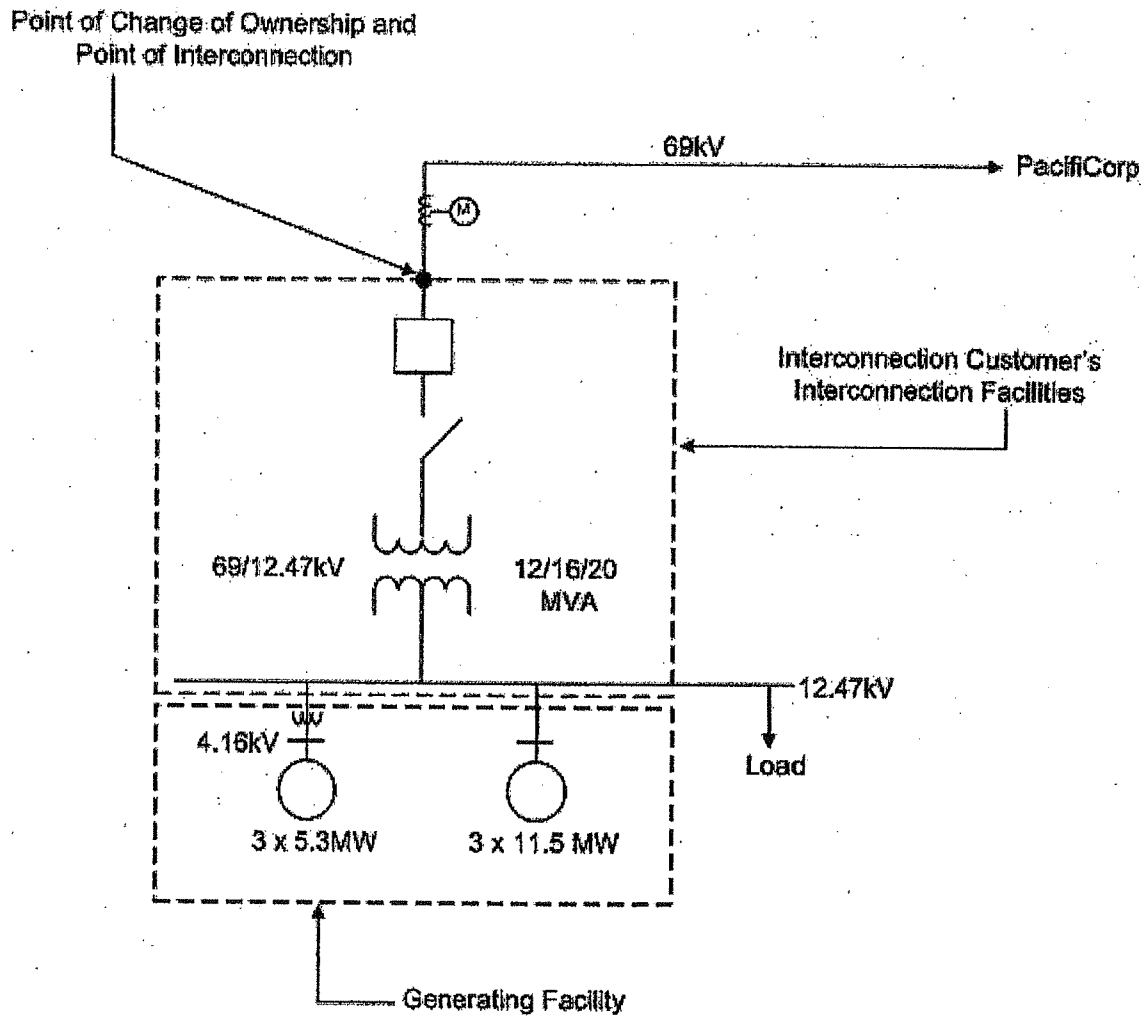
**EXHIBIT B
SELLER'S INTERCONNECTION FACILITIES**

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

1. Include description of point of metering, and Point of Delivery.
2. Provide interconnection single line drawing of Facility including any transmission facilities on Seller's side of the Point of Delivery.

The Point of Delivery is the Point of Interconnection shown on the attached one-line diagram. Hourly Net Output delivered to the Point of Delivery is measured directly at the Point of Interconnection as shown on the attached one-line diagram.

Interconnection Facilities



**EXHIBIT C
REQUIRED FACILITY DOCUMENTS**

REQUIRED OF ALL FACILITIES:

1. QF Certification # QF06-242-000
2. Abstract of seller's insurance policy
3. Interconnection Agreement – Executed June 23, 2005 and provided per previous power purchase agreement. Term of the GIA is for the useful life of the Facility and in effect covering the term of this agreement.

Original Sheet No. 92

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

PACIFICORP

By: *Mark W. Mader*

Title: *VP Transmission*

Date: *6/23/05*

ROSEBURG FOREST PRODUCTS CO.

By: *Allen O. Ford*

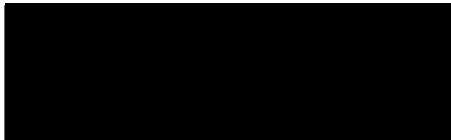
Title: *President*

Date: _____

EXHIBIT D
MONTHLY ENERGY DELIVERY SCHEDULE
AND
ANTICIPATED MONTHLY MAINTENANCE SCHEDULES

Month	Estimated Energy Deliveries, MWh	Minimum Monthly Delivery, MWh	Maximum Monthly Delivery, MWh
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Year Total			

Planned Outage Periods during the Term are tentatively scheduled for:



These maintenance outage should not affect Minimum Monthly Delivery for the affected months.

EXHIBIT E**REQUIRED INSURANCE**

1.1 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "A-/VII" by the A.M. Best Company the insurance coverage specified below:

1.1.1 **Workers' Compensation.** Seller shall comply with any applicable laws or statutes, state or federal jurisdiction, where Seller performs work.

1.1.2 **Employers' Liability.** Seller shall maintain employers' liability insurance with minimum limits covering bodily injury for: \$500,000 – each accident, \$500,000 by disease – each employee, and \$500,000 by disease – policy limit.

1.1.3 **Commercial General Liability.** Seller shall maintain insurance to include premises and operations, contractual liability, with a minimum single limit of \$1,000,000 each occurrence to protect against and from loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

1.1.4 **Business Automobile Liability.** Seller shall secure and continuously carry business automobile liability insurance with a minimum single limit of \$1,000,000 each accident covering bodily injury and property damage with respect to Seller's vehicles whether owned, hired or non-owned.

1.1.5 **Umbrella/excess Liability.** Seller shall maintain umbrella or excess liability insurance on an occurrence and following form basis with a minimum limits as follows:

- (a) Facility Capacity Rating under 200 KW - \$1,000,000
- (b) Facility Capacity Rating at or above 200 KW - \$5,000,000

1.1.6 **Property Insurance.** Seller shall maintain property insurance covering equipment and structures in an amount at least equal to the full replacement value for "all risks" of physical loss or damage, including coverage for earth movement, flood, boiler and machinery, and business interruption. The policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. Property insurance will be maintained in accordance with terms available in the insurance market for similar facilities.

1.2 Additional Provisions or Endorsements:

1.2.1 Except for workers' compensation and property insurance, the policies required herein shall include provisions or endorsements as follows:

- (a) naming PacifiCorp, parent, divisions, officers, directors and employees as additional insureds;
- (b) include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and

(c) cross liability coverage or severability of interest.

1.2.2 Unless prohibited by applicable law, all required insurance policies shall contain provisions that the insurer will have no right of recovery or subrogation against PacifiCorp.

1.3 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system if delivery to PacifiCorp is to be accomplished by wheeling, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) confirming Seller's compliance with the insurance requirements hereunder. Insurance certificate confirming compliance shall be provided to PacifiCorp by Seller at least annually and each time a new insurance policy is issued or becomes effective.

1.4 Commercial Liability. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate, and Seller shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

1.5 Periodic Review. PacifiCorp may review this schedule of insurance as often as once every two (2) years. PacifiCorp may in its discretion require Seller to make reasonable changes to the policies and coverages described in this Exhibit to the extent reasonably necessary to cause such policies and coverages to conform to the insurance policies and coverages typically obtained or required for power generation facilities comparable to the Facility at the time PacifiCorp's review takes place.

EXHIBIT F

NERC EVENT TYPES

Event Type	Description of Outages
U119	Unplanned (Forced) Outage—Immediate – An outage that requires immediate removal of a unit from service, another outage state or a Reserve Shutdown state. This type of outage results from immediate mechanical/electrical/hydraulic control systems trips and operator-initiated trips in response to unit alarms.
U21	Unplanned (Forced) Outage—Delayed – An outage that does not require immediate removal of a unit from the in-service state but requires removal within six (6) hours. This type of outage can only occur while the unit is in service.
U31	Unplanned (Forced) Outage—Postponed – An outage that can be postponed beyond six hours but requires that a unit be removed from the in-service state before the end of the next weekend. This type of outage can only occur while the unit is in service.
SF1	Startup Failure – An outage that results from the inability to synchronize a unit within a specified startup time period following an outage or Reserve Shutdown. A startup period begins with the command to start and ends when the unit is synchronized. An SF begins when the problem preventing the unit from synchronizing occurs. The SF ends when the unit is synchronized or another SF occurs.
MO	Maintenance Outage – An outage that can be deferred beyond the end of the next weekend, but requires that the unit be removed from service before the next planned outage. (Characteristically, a MO can occur any time during the year, has a flexible start date, may or may not have a predetermined duration and is usually much shorter than a PO.)
ME	Maintenance Outage Extension – An extension of a maintenance outage (MO) beyond its estimated completion date. This is typically used where the original scope of work requires more time to complete than originally scheduled. Do not use this where unexpected problems or delays render the unit out of service beyond the estimated end date of the MO.
PO	Planned Outage – An outage that is scheduled well in advance and is of a predetermined duration, lasts for several weeks and occurs only once or twice a year. (Boiler overhauls, Solar Array replacement or inspections are typical planned outages.)
PE	Planned Outage Extension – An extension of a planned outage (PO) beyond its estimated completion date. This is typically used where the original scope of work requires more time to complete than originally scheduled. Do not use this where unexpected problems or delays render the unit out of service beyond the estimated end date of the PO