

POWER PURCHASE AGREEMENT
BETWEEN
SANTIAM WATER CONTROL DISTRICT
AND
PACIFIC POWER & LIGHT COMPANY

THIS AGREEMENT, entered into on this 30th day of September, 1983, is between Santiam Water Control District, hereinafter referred to as "Seller," and Pacific Power & Light Company, an electric utility with corporate headquarters in Portland, Oregon, hereinafter referred to as "Pacific."

RECITALS:

Pacific and Seller on June 14, 1982, entered into an agreement calling for Seller to provide water to Pacific for Pacific's Stayton Power Plant ("Water Supply Agreement"); and

Seller will own and operate a 160 kilowatt (kW) hydroelectric facility for the generation of electric power located in the SE 1/4, Section 10 and NE 1/4, Section 15, Township 9 South, Range 1 West, W.M., at Stayton, in Marion County, Oregon ("Site"), near Pacific's Stayton Power Plant. The average annual energy production of the Facility is estimated to be 1,000,000 kilowatt-hours (kWh), which amount of energy is used by Pacific for resource planning purposes; and

The Oregon Department of Energy ("ODOE"), pursuant to the Small Scale Energy Loan Program ("SELP"), will finance the construction of the Facility; and

Seller wishes to sell, and Pacific wishes to purchase, the Net Metered Output from the Facility;

NOW, THEREFORE, the parties hereto mutually agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

(A) "Commercial Operation Date" is the date agreed to by Seller and Pacific after start-up testing of the Facility is completed and after Pacific receives a written statement from a licensed professional engineer acceptable to Pacific certifying that the Facility is able to generate electric power reliably;

(B) "Contract Year" is a calendar year commencing at 12:01 a.m. on January 1 and ending at 12:00 p.m. on December 31;

(C) "Demonstrated Capacity" is the actual ability of the Facility to generate and deliver electric power, expressed in kW and determined monthly from the Net Metered Output, available to Pacific in meeting its capacity requirements. The Demonstrated Capacity shall be initially determined at the end of the first month of delivery commencing on the later of January 1, 1985 or the Commercial Operation Date. For each month thereafter, the Demonstrated Capacity shall be determined using the current month. The Demonstrated Capacity shall be the lesser of:

(1) kWh of Net Metered Output per month
730 x 0.70

or

(2) the average rate of delivery (kW) during the highest consecutive 24-hour period of kWh deliveries of Net Metered Output in such month,

or

(3) 160 kW.

(D) "Facility" is the Seller's 160 kilowatt hydroelectric generating station, consisting of intake structure, penstock, generator, turbine, and all Seller's Interconnection Equipment, all located at the Site;

(E) "Net Metered Output" is all energy and capacity produced by the Facility, less Facility use and less transformation and transmission losses if any, as determined at the Point of Delivery;

(F) "Point of Delivery" is the location where Pacific's and Seller's electrical facilities are connected on the high side of the step-up transformer adjacent to the site;

(G) "Scheduled Maintenance Periods" are those times during which the Facility is shut down for routine maintenance with the advance approval of Pacific as provided in Article XV(A) hereof;

(H) "Seller's Interconnection Equipment" is all equipment and facilities not owned by Pacific on Seller's side of the Point of Delivery required to be installed solely to interconnect and deliver power from Seller's Facility to Pacific's system including, but not limited to, connection, transformation, switching, and safety equipment;

(I) "System Emergency" means a condition on a utility's system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

ARTICLE II: TERM

Subject to the provisions of this Article and Articles XXIII and XXIV, this Agreement shall become effective when executed by both the parties hereto, and shall end on December 31, 2019; provided, however, that if deliveries of power do not commence by January 1, 1986, Pacific may, without waiving any claim or right Pacific may then have, terminate this Agreement by providing notice thereof to Seller.

ARTICLE III: DELIVERY OF POWER

Commencing on January 1, 1985, and for the term of this Agreement, Seller shall make available from the Facility a minimum of 350,000 kWh of Net Metered Output during each Contract Year, provided that such minimum for Contract Year 1985 shall be reduced pro rata to reflect the Commercial Operation Date. Subject to Article XVI, Seller shall make available and Pacific shall purchase all Net Metered Output from the Facility.

ARTICLE IV: PRICES

(A) The following prices are established for all deliveries of Net Metered Output hereunder; provided, however, that nothing in this Article shall be construed as affecting or limiting the Seller's

obligation to make deliveries in each Contract Year as established in Article III hereof.

(1) Nonfirm Energy Prices

For all Net Metered Output delivered prior to the later of January 1, 1985, or the Commercial Operation Date, and for all Net Metered Output delivered in excess of 1,200,000 kWh in any Contract Year, Pacific shall pay Seller Pacific's then effective price for nonfirm energy, as reviewed and approved by the Public Utility Commissioner of Oregon.

(2) Firm Capacity Prices

Commencing upon the later of January 1, 1985, or the Commercial Operation Date, and ending on December 31, 2019, Pacific shall pay \$7.10 per month for each kW of Demonstrated Capacity, provided, however, if any month during which Seller's deliveries of Net Metered Output are less than 11,700 kWh, Seller shall not receive payment for the Demonstrated Capacity.

(3) Firm Energy Prices

Commencing upon the later of January 1, 1985 or the Commercial Operation Date, and ending on December 31, 2019, and except as provided in subparagraph (1) above, Pacific shall pay for each kWh of Net Metered Output the energy prices for the Contract Years set forth below:

<u>Contract Year</u>	<u>Energy Price Cents/kWh</u>
1985	6.23
1986	6.31
1987	6.39
1988	6.48
1989	6.57
1990	6.67
1991	6.78
1992	6.89
1993	7.01
1994	7.13
1995	7.27
1996	7.41
1997	7.56
1998	7.71
1999	7.88
2000	8.06
2001	8.25
2002	8.45
2003	8.66
2004	8.88
2005	9.12
2006	9.37
2007	9.64
2008	9.92
2009	10.22
2010	10.54
2011	10.88
2012	11.24
2013	11.62
2014	12.02
2015	12.44
2016	12.90
2017	13.37
2018	13.88
2019	14.42

(B) Seller expressly acknowledges that in the event that Seller is unable to make deliveries of Net Metered Output as required by this Agreement for any Contract Year, or for the entire term of this Agreement, Pacific will be harmed as follows:

- (1) to the extent that there is a positive price differential between the prices for Net Metered Output

for any Contract Year in Paragraph (A) above, and the prices paid by Pacific for capacity and energy to replace such Net Metered Output in such Contract Year, and

- (2) to the extent that Pacific incurs costs to secure an alternative power supply equal to the expected annual average Net Metered Output of the Facility for the remaining term of the Agreement which are in excess of those costs which would have been incurred by Pacific under this Agreement.

(C) Seller expressly acknowledges that the prices to be paid by Pacific for Net Metered Output, pursuant to subparagraphs (A)(2) and (3) above, are at least in part levelized prices and, as such, represent overpayments by Pacific for Net Metered Output in at least some of the early Contract Years of this Agreement. Seller further acknowledges that such levelized prices are based on Seller's delivery, and Pacific's receipt of, an amount of Net Metered Output over the entire term of this Agreement. Seller, therefore, agrees in the event it is unable to deliver such amounts of Net Metered Output over the entire term of the Agreement, Pacific will have been harmed to the extent of its overpayments to Seller.

ARTICLE V: PAYMENTS AND COMPUTATIONS

(A) On a monthly basis, Pacific shall provide Seller with computations of Net Metered Output and Demonstrated Capacity and shall concurrently therewith make payments therefor in accordance with the terms

and conditions of Article IV, at the address specified in Article VI, below.

(B) Seller shall pay Pacific for Pacific's costs incurred hereunder, at the address specified in Article VI, below, within thirty (30) days of receipt of Pacific's written statement. Should Seller fail to pay in full statement(s) from Pacific within thirty (30) days, Pacific may offset future payment(s) to Seller hereunder by such amount(s).

ARTICLE VI: NOTICES

All written notices under this Agreement shall be directed as follows, and shall be considered delivered when deposited in the U.S. Mail, return receipt requested:

To Seller: Manager
 Santiam Water Control District
 11371 Dieckman Lane, S.E.
 Aumsville, OR 97325

To Pacific: Vice President, Power Resources
 Pacific Power & Light Company
 920 SW Sixth Avenue
 Portland, OR 97204

The parties may change the persons to whom notices are addressed, or their addresses, by providing notice thereof as specified in this Article.

ARTICLE VII: FACILITY DESIGN AND CONSTRUCTION

(A) Seller shall design, construct, install, own, operate, and maintain the Facility. Seller shall provide Pacific with electrical data concerning its Facility sufficient to allow Pacific to make stability and protection studies. All specifications and changes in specifications,

including new or additional equipment, shall be subject to Pacific's review and acceptance. Pacific's acceptance of Seller's specifications shall not be construed as confirming nor endorsing the design, nor as a warranty of safety, durability, or reliability of the Facility. Pacific shall not, by reason of any review, acceptance, or failure to review, be responsible for the Facility, including but not limited to the strength, details of design, adequacy or capacity thereof, nor shall Pacific's acceptance be deemed to be an endorsement of the Facility.

(B) The design and construction of the Facility shall meet the requirements of all applicable federal, state and local laws. Prior to commencement of generation, and upon completion of any major changes, the Facility shall be inspected and approved by appropriate state and local officials.

(C) At the request of Pacific, Seller shall provide Pacific, prior to the Commercial Operation Date, with a statement from a licensed professional engineer acceptable to Pacific certifying that the Facility can reasonably be expected to generate capacity and energy in the amounts set forth herein for the duration of this Agreement.

ARTICLE VIII: INTERCONNECTION

(A) Seller shall install all Seller's Interconnection Equipment. Seller's Interconnection Equipment shall be of a size to accommodate the delivery of the Net Metered Output under this Agreement. Seller shall allow Pacific to review the adequacy of all protective devices, and to establish requirements for settings and periodic testing;

provided, however, that neither such action nor inaction by Pacific shall be construed as warranting the safety or adequacy of Seller's Interconnection Equipment. All such equipment installed hereunder shall conform with the Required Equipment Standards established in Schedule A, attached hereto. Seller shall reimburse Pacific for Pacific's cost associated with initial testing and such periodic testing.

(B) Connection of Seller's Interconnection Equipment to Pacific's system shall be by or under the direction of Pacific.

(C) In the event that it is necessary for Pacific to install any facilities and equipment on Pacific's system to accommodate Seller's deliveries, or to reinforce Pacific's system for purposes of this Agreement, Seller shall reimburse Pacific for all of Pacific's costs associated therewith, in accordance with the rules for repayment established by the Public Utility Commissioner of Oregon. Not less often than annually, Seller shall also reimburse Pacific, pursuant to Article V(B) above, for all of Pacific's operation and maintenance costs resulting from Pacific's installation of facilities and equipment under this Paragraph. Such reimbursement shall be paid at the rate of eight percent (8%) annually of the actual installed cost of such facilities and equipment.

ARTICLE IX: SYSTEM EMERGENCY

In the event of a System Emergency, Pacific may require Seller to curtail its consumption of electricity purchased from Pacific in the same manner and to the same degree as other customers within the same customer class who do not own facilities for generating electricity.

ARTICLE X: OPERATION, PROTECTION, AND CONTROL

(A) Seller shall operate and maintain the Facility in a safe manner and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code currently in effect.

(B) Seller may operate the Facility in parallel with Pacific's system, but subject at all times to any operating instructions that Pacific may issue and to any and all other conditions established by Pacific in its sole discretion.

(C) Seller shall operate the Facility in such a manner as not to affect adversely Pacific's system and to be compatible with Pacific's system voltage level, fluctuating voltage guidelines (Engineering Bulletin No. 02.14), and voltage regulation at the Point of Delivery during all times that Seller's Facility is connected and operating in parallel with Pacific's system.

(D) Pacific may, upon one hundred eighty (180) days' notice to Seller, change its nominal operating voltage level at the Point of Delivery, in which case Seller shall modify Seller's Interconnection Equipment as necessary to accommodate the modified nominal operating voltage level.

(E) Seller shall remedy any demonstrated harmonic distortions on Pacific's system attributable to the operation of Seller's Facility which result in objectionable service to Pacific's other customers. Should Seller's actions to remedy such harmonic distortions be inadequate, Pacific may without liability disconnect Seller's Facility from Pacific's system. Pacific's obligation to make payments to Seller for capacity

and/or energy that otherwise would have been delivered during such period of disconnection shall be suspended.

(F) Seller agrees that in the event of and during a period of a shortage of energy or capacity on Pacific's system as declared by Pacific in its sole discretion, Seller shall, at Pacific's request and within the limits of reasonable safety requirements as determined by Seller, use its best efforts to provide requested energy or capacity, and shall, if necessary, delay any Scheduled Maintenance Periods.

(G) Seller shall furnish and install on the Seller's side of the Point of Delivery a disconnect switch which shall be capable of fully disconnecting the Facility from Pacific's system. Such disconnect switch shall be of the visible-break type which can be secured by a padlock, to be provided by Pacific, and shall be accessible to Pacific's personnel at all times. Pacific shall have the right to disconnect the Facility from Pacific's system at the disconnect switch when necessary to maintain safe electrical operating conditions or, if in Pacific's sole judgment, the Facility at any time adversely affects Pacific's operation of its electrical system or the quality of Pacific's service to other customers. Pacific's obligation to pay Seller for capacity and/or energy that otherwise would have been delivered during any such period of disconnection shall be suspended.

ARTICLE XI: METERING

(A) Flows of electricity to Pacific shall be measured by meters to be equipped with detents so that the record of those flows will not be

affected by any flows to Seller. Flows to Seller shall be metered separately and billed monthly in accordance with the terms of the service agreement, if any, existing between the parties, and/or otherwise in accordance with tariffs filed and approved by the Public Utility Commissioner of Oregon.

(B) Pacific shall procure, install, own, inspect, test and maintain meters to record flows to Pacific. Such meters shall be located at a mutually agreed upon designated location(s) and shall record and indicate the integrated demand for each sixty (60)-minute period, and shall also measure kWh. Pacific shall also procure, install, own, inspect, test and maintain meters for measurement of reactive volt-amperes. Pacific may also, in its sole discretion, install additional metering devices at a location agreed upon by both parties within Seller's Facility to enable Seller to transmit information and data. All costs relating to all metering devices installed to accommodate Seller's generation shall be borne by Seller.

(C) All meters and metering equipment shall be sealed by Pacific. The seal shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted and representatives of both Pacific and Seller shall be present upon such occasions. The metering equipment shall be inspected and tested periodically by Pacific and at other reasonable times upon request therefor by Seller. Any metering equipment found to be defective or inaccurate by an error in registration of more than plus or minus two percent (2%), at light load or at heavy load, shall be repaired, readjusted, or replaced. If any of the inspections or tests

provided for herein disclose 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 period of three (3) months immediately preceding the removal of such meter from service for test, or from the time the meter was in service since last tested, but not exceeding three (3) months, in the amount the meter shall have been shown to be in error by such test. Any correction in billing resulting from a correction in the meter records shall be made in the next monthly bill rendered, and such correction, when made, shall constitute full adjustment of any claim between Seller and Pacific arising out of such inaccuracy of metering equipment.

ARTICLE XII: LIABILITY AND INSURANCE

(A) Neither party, its directors, officers, and employees, shall be liable to the other party for any loss or damage to the electric system of the other caused by or arising out of an electric disturbance, whether or not such electric disturbance resulted from the negligent, grossly negligent, or wrongful act or omission of the other party, its directors, officers, or employees, whether its or their own or imputed, in the design, construction, operation, maintenance, use or ownership of its electric system, or the performance or nonperformance of the obligation of the other. Each party releases the other party, its directors, officers and employees, from any such liability.

(B) Prior to connection of the Facility to Pacific's system, Seller shall secure and continuously carry for the term hereof, in an

insurance company or companies acceptable to Pacific, insurance policies for bodily injury and property damage liability. Such insurance shall include: provisions or endorsements naming Pacific, its directors, officers and employees as additional insureds; provisions that such insurance is primary insurance with respect to the interest of Pacific and that any insurance maintained by Pacific is excess and not contributory insurance with the insurance required hereunder; cross-liability or severability of insurance interest clause; and provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days' prior written notice to Pacific. A copy of each such insurance policy, certified as a true copy by an authorized representative of the issuing insurance company or, at the discretion of Pacific, in lieu thereof, a certificate in form satisfactory to Pacific certifying to the issuance of such insurance, shall be furnished to Pacific. Initial limits of liability for all requirements under this Paragraph (B) shall be \$5,000,000 single limit, which limits may be required to be increased by Pacific's giving Seller two years' notice. Such increase shall not exceed fifteen percent (15%) per year.

(C) Prior to connection of the Facility to Pacific's system, Seller shall obtain and continuously carry for the term hereof, insurance acceptable to Pacific against property damage or destruction in an amount not less than the cost of replacement of the Facility. Seller shall promptly notify Pacific of any loss or damage to the Facility. Unless the parties agree otherwise, Seller shall repair or replace the damaged or

destroyed Facility. Seller agrees to waive its insurers' rights of subrogation regarding Facility property losses.

(D) Seller shall provide Pacific with copies of all required insurance policies or certificates thereof at the address listed in Article VI prior to connection of the Facility to Pacific's system and at all other times such insurance policies are renewed or changed.

ARTICLE XIII: LAND RIGHTS

Seller hereby grants to Pacific for the term of this Agreement all necessary rights of way and easements to install, operate, maintain, replace, and remove Pacific's metering and other facilities necessary or useful to this Agreement, including adequate and continuing access rights on property of Seller. Seller agrees to execute such other grants, deeds or documents as Pacific may require to enable it to record such rights of way and easements. If any part of Pacific's facilities is installed on property owned by other than Seller, Seller shall, if Pacific is unable to do so without cost to Pacific, procure from the owners thereof all necessary permanent rights of ways and easements for the construction, operation, maintenance, and replacement of Pacific's facilities upon such property in a form satisfactory to Pacific. At Seller's request, Pacific shall, to the extent it is legally able, acquire such rights of way at Seller's cost.

ARTICLE XIV: COMMUNICATIONS

Seller shall at its expense maintain appropriate communication

facilities, as determined by Pacific, with Pacific's dispatcher.

ARTICLE XV: MAINTENANCE

(A) Seller may shut down the Facility for Scheduled Maintenance Periods not to exceed thirty (30) days each Contract Year at such times as are approved in advance by Pacific. Seller shall propose to Pacific Scheduled Maintenance Periods by February 1 of each Contract Year, but not later than six (6) months prior to beginning the proposed scheduled maintenance. Within sixty (60) days of Pacific's receipt of such proposal, Pacific shall inform Seller of the acceptability or unacceptability of the proposed periods.

(B) In the event the Facility must be shut down for unscheduled maintenance, Seller shall notify Pacific's dispatcher (Telephone No. (503) 928-3311) immediately of the necessity of such shutdown, the time when such shutdown has occurred, or will occur, and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance and to limit the duration of such shutdowns.

ARTICLE XVI: CONTINUITY OF DELIVERIES

Pacific may require Seller to curtail, interrupt, or reduce deliveries of energy or capacity, in order for Pacific to construct, install, maintain, repair, replace, remove, investigate, or inspect any of Pacific's equipment or any part of its system, or if Pacific determines

that curtailment, interruption, or reduction is necessary because of emergencies, operating conditions on its system, or as otherwise required by prudent utility practices. In such circumstances, Pacific shall not be obligated to accept deliveries of energy or pay Seller for energy or capacity that otherwise would have been delivered during such period of curtailment, interruption, or reduction. Pacific shall use its best efforts to minimize all such curtailments, interruptions, or reductions. Pacific shall not interrupt power deliveries solely because less costly power is available to Pacific from other sources.

ARTICLE XVII: QUALIFYING FACILITY STATUS

Seller covenants that the Facility is and shall continue to be a "qualifying facility," as that term is used and defined in 18 C.F.R. Part 292 (1982), for the term of this Agreement. Pacific may, in its discretion, require certification by the Federal Energy Regulatory Commission of qualifying status under 18 C.F.R. 292.207(b).

ARTICLE XVIII: FORCE MAJEURE

As used in this Agreement, "Force Majeure" means unforeseeable causes beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure, and specifically excludes non-availability of streamflow to operate Seller's Facility. If either party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure, that party shall be excused from

whatever performance is affected by the Force Majeure to the extent so affected, provided that:

(A) the non-performing party, within two weeks after the occurrence of the Force Majeure, give the other party written notice describing the particulars of the occurrence;

(B) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure;

(C) no obligations of either party which arose before the occurrence causing the suspension of performance be excused as a result of the occurrence, and

(D) the non-performing party use its best efforts to remedy its inability to perform.

ARTICLE XIX: LIABILITY; DEDICATION

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 Pacific as an independent public utility corporation, or Seller as an independent individual or entity.

ARTICLE XX: SEVERAL OBLIGATIONS

Except where specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the parties are intended

to be several and not joint or collective. 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 on or with regard to either party. Each party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XXI: WAIVER

Any waiver at any time by either party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XXII: CHOICE OF LAWS

This Agreement shall be construed and interpreted 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.

ARTICLE XXIII: GOVERNMENTAL JURISDICTION AND AUTHORIZATION

(A) This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or this Agreement. Seller shall obtain and submit to Pacific copies of all required governmental authorizations and permits.

(B) This Agreement shall not become effective until the Public Utility Commissioner of Oregon has reviewed all terms and provisions

hereof and has determined that the prices to be paid for Net Metered Output are in accordance with the appropriate prices reviewed by the Commissioner.

(C) Pacific may terminate this Agreement by providing Seller written notice thereof, in the event that Seller does not fulfill one of the following two conditions by July 1, 1984: (1) Seller has demonstrated to Pacific that the electorate of the Santiam Water Control District has approved at a general or special election Seller's proceeding with the construction of the Facility and Seller's entering into this Agreement; or (2) Seller has presented to Pacific an opinion of counsel from a law firm acceptable to Pacific stating that Seller's obligations hereunder shall be binding on Seller for the term hereof notwithstanding the absence of voter approval of Seller's entering into this Agreement.

ARTICLE XXIV: SUCCESSORS AND ASSIGNS

(A) This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto. Excepting assignments by Pacific to Bonneville Power Administration ("BPA"), no assignment hereof by either party hereto shall become effective without the written consent of the other being first obtained and such consent shall not be unreasonably withheld. Nothing in this Agreement shall be construed as limiting or restricting Pacific's right to enter into arrangements with BPA whereby BPA acquires the output of the Facility or Pacific takes a billing or energy credit therefrom.

(B) Nothing in this Agreement shall be construed as restricting the right of the ODOE or Pacific as its designate from operating the Facility pursuant to that certain project loan agreement entered into between Seller and the ODOE, or from undertaking and assuming pursuant thereto all of the right and responsibility of the Seller hereunder; provided, however, that nothing contained in this Agreement shall be construed as a waiver of any right Pacific now has, or may hereafter have, against Seller; ~~and provided further that this Agreement shall not become valid or effective until ODOE and Pacific entered into a mutually satisfactory agreement allowing Pacific under certain specified circumstances to take over and operate the Facility as a consequence of Seller's default under the project loan agreement with ODOE.~~

of B.
etc
etc

ARTICLE XXV: MODIFICATION

No modification of this Agreement shall be effective unless it is in writing and signed by both parties hereto.

ARTICLE XXVI: INTEGRATION

(A) This Agreement supplements, and shall be construed in a manner consistent with, the Water Supply Agreement.

(B) For the duration of this Agreement, Seller shall not terminate the Water Supply Agreement, or any successor thereof, for the purpose of making available or increasing the water to be used in its own or another hydroelectric generating facilities, including but not limited to, the Facility.

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

SANTIAM WATER CONTROL DISTRICT

By Andrew J. Bush

Title President

PACIFIC POWER & LIGHT COMPANY

By B. R. Walker
Vice President

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SCHEDULE A
REQUIRED EQUIPMENT STANDARDS

In order to protect the Facility, Seller's Interconnection Equipment, and Pacific's system from property damage, to minimize the likelihood of injury to operating personnel and third parties, and to allow Pacific to provide service to its non-generating customers in the event Seller's Facility or Seller's Interconnection Equipment encounters operating difficulties, Seller shall provide, install, and maintain the following equipment:

1. A lockable main disconnect switch which allows isolation of Seller's generation from Pacific's system;
2. An automatic disconnecting device to be used in conjunction with relaying devices;
3. An overcurrent device to be used in conjunction with the automatic disconnecting device required under Paragraph 2;
4. Underfrequency and overfrequency relays to be used in conjunction with the automatic disconnecting device required under Paragraph 2;
5. A dedicated voltage transformation, with ground source as required by Pacific, for Seller's generation and load; and
6. Undervoltage and overvoltage relays.

In the event that Seller's Facility incorporates a synchronous generator, Seller shall furnish, install, and maintain equipment necessary to establish and maintain synchronism automatically with Pacific's system.

Seller shall not employ anything other than three phase generators without first obtaining express written permission from Pacific.

SCHEDULE A