

AMENDED AND RESTATED POWER PURCHASE AGREEMENT

BETWEEN

LACOMB HYDRO LIMITED PARTNERSHIP

AND

PACIFIC POWER & LIGHT COMPANY

THIS AGREEMENT, entered into on this 10th day of October, 1986, is between Lacombe Hydro Limited Partnership, an Oregon partnership, 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:

Seller will own and operate a 962 kilowatt (kW) hydroelectric facility for the generation of electric power located in the Southeast 1/4, Section 21, Township 11 South, Range 1 East, on Crabtree Creek, near Lacombe, Oregon ("Site"). The average annual energy production of the Facility is estimated to be 5,560,000 kilowatt-hours (kWh), which amount of energy Pacific is including in its resource planning.

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

Pacific and Lacombe Irrigation District ("District") entered into power purchase agreements on October 28, 1982, and October 4, 1985. The District's interest in these agreements were assigned to Seller and all

parties, including the District, now wish to supersede those agreements with this Agreement.

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 who is 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 determined at the end of each month of deliveries commencing on the later of January 1, 1988, or the Commercial Operation Date. The Demonstrated Capacity shall be the lesser of:

(1) $\frac{\text{kWh of Net Metered Output per month}}{730 \times 0.70}$

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) 1,200 kW;

(D) "Facility" is the Seller's 962 kW hydroelectric generating station, consisting of a diversion structure from Crabtree Creek, 3.8 miles of irrigation and power canal, intake structure, 1,300 feet of steel penstock, turbine(s) and generator(s), 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 electric facilities are connected on the high side of Seller's step-up transformer near the generator on Crabtree Creek;

(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" is 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

(A) Subject to the provisions of this Article, Article XVII, and Article XXIII, this Agreement shall become effective when executed by both the parties hereto, and shall end on December 31, 2022.

(B) Time is of the essence in this Agreement, therefore:

- (1) if Seller does not remit within thirty (30) days of Pacific's request the amount deemed necessary by Pacific to conduct a detailed interconnection study, or
- (2) if Seller does not demonstrate, in Pacific's determination, that Seller has commenced a significant amount of construction on the powerhouse and penstock by November 1, 1986, or
- (3) if deliveries of Net Metered Output do not commence by January 1, 1988, or
- (4) if Seller does not present to Pacific all required governmental authorizations and permits as further described in Article XXIII no later than thirty (30) days prior to initial deliveries, or
- (5) if Commercial Operation, as described in Article I(A) is not established by December 31, 1988,

this Agreement will terminate immediately without further action by either party.

ARTICLE III: DELIVERY OF POWER

Commencing on January 1, 1988, and for the term of this Agreement, Seller shall make available from the Facility a minimum of 2,200,000 kWh of

Net Metered Output during each Contract Year, provided that such minimum for the Contract Year 1988 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, 1988, or the Commercial Operation Date, and for all Net Metered Output delivered in excess of 8,500,000 kWh in any Contract Year, Pacific shall pay Seller Pacific's then-effective price for nonfirm energy, as approved by the Oregon Public Utility Commissioner.

(2) Firm Capacity Prices

Commencing upon the later of January 1, 1988, or the Commercial Operation Date, and ending on December 31, 2022, Pacific shall pay Seller \$6.66 per month for each kW of Demonstrated Capacity; provided, however, in any month during which Seller's deliveries of Net Metered Output are less than 70,000 kWh, Seller shall not receive payment for Demonstrated Capacity.

(3) Firm Energy Prices

Commencing upon the later of January 1, 1988, or the Commercial Operation Date, and ending on December 31, 2022, and except as provided in Subparagraph (1) of this paragraph, Pacific shall pay Seller 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>
1988	5.92
1989	6.00
1990	6.08
1991	6.17
1992	6.27
1993	6.36
1994	6.47
1995	6.58
1996	6.70
1997	6.82
1998	6.95
1999	7.10
2000	7.24
2001	7.40
2002	7.57
2003	7.74
2004	7.93
2005	8.13
2006	8.34
2007	8.56
2008	8.80
2009	9.05
2010	9.32
2011	9.60
2012	9.90
2013	10.22
2014	10.55
2015	10.91
2016	11.28
2017	11.68
2018	12.11
2019	12.56
2020	13.03
2021	13.54
2022	14.09

(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, without limitation of any other damages or remedies, Pacific will be harmed to the extent that Pacific incurs net costs to obtain replacement power for the Net Metered Output promised hereunder but not delivered.

(C) Seller expressly acknowledges that the prices to be paid by Pacific for Net Metered Output, pursuant to Paragraph (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 Contract Years of this Agreement. Seller further acknowledges that such levelized prices are offered on the basis of Seller's commitment to deliver and Pacific's expectation to receive 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 in such Contract Year(s) or over the entire term of the Agreement, without limitation of any other damages or remedies, 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 computation 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 under this Agreement 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: Norman E. Kamp
 Lacomb Hydro Limited Partnership
 P.O. Box 494310
 Redding, CA 96049

To Pacific: Supervisor, Small Purchased Resources
 Pacific Power & Light Company
 920 S.W. 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 license, design, construct, install, own, operate, and maintain the Facility. Seller shall provide Pacific with all electrical specifications for the Facility, together with electrical data concerning the Facility sufficient to allow Pacific to make stability and protection studies. All electrical specifications and changes in electrical 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, at least thirty (30) days prior to initial deliveries, 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 costs 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, and under the terms and conditions of Pacific's interconnection agreement. 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.

(D) From time to time at the request of Seller, Pacific has provided and may provide in the future, suggestions regarding the Facility and the general estimates of interconnection costs. These suggestions and estimates are provided without any warranty by Pacific as to the accuracy of such information. In the event Pacific provides such interconnection facilities, Seller shall pay all costs in connection therewith pursuant to the terms of a separate agreement with Pacific, regardless of any prior estimate provided to Seller. Seller's development of the Facility and any incurrence of costs arising from such development shall not be made in reliance upon Pacific's suggestions regarding the Facility or interconnection cost estimates. Without limitation, Seller acknowledges that it is proceeding at its own risk if it decides to proceed before detailed estimated costs of interconnection are

provided, or if actual interconnection costs are greater than the estimated costs.

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 the 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 the Facility from Pacific's system. Pacific's obligation to make payments to Seller for Net Metered Output 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 Net Metered Output, 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 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 if the quality of Pacific's service to other customers. Pacific's obligation to pay Seller for Net Metered Output 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, as necessary, at a location agreed upon by both parties within Seller's Facility to enable Seller to telemeter information and data. All costs relating to all metering devices and any necessary telemetering equipment 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) Seller agrees to protect, indemnify, and hold harmless Pacific, its directors, officers, employees, agents, and representatives, against and from any and all loss, claims, actions, or suits, including costs and attorneys' fees, both at trial and on appeal for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction of property belonging to Pacific or others, resulting from, or arising out of, or in any way connected with the facilities on Seller's side of the Point of Delivery, or Seller's operation and/or maintenance, excepting only such injury or harm as may be caused solely by the fault or negligence of Pacific, its directors, officers, employees, agents, or representatives.

(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 cancelled or their limits of liability reduced without thirty (30) days' prior written notice to Pacific. Initial limits of liability for all requirements under this Paragraph (B) shall be \$1,000,000 single limit, which limits may be increased as necessary 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. Except as provided in Paragraph (A) of this Article XII, Seller shall waive its insurers' rights of subrogation regarding Facility property losses.

(D) Seller shall provide Pacific with a copy of each insurance policy required under this Article, 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 satisfactory to Pacific certifying the issuance of such insurance. Seller shall submit such documents 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 electrical or communications 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 way and easements for the construction, operation, maintenance, and replacement of Pacific's facilities upon such property in a form satisfactory to Pacific.

ARTICLE XIV: COMMUNICATIONS

Seller shall, at its expense, maintain telephone communication facilities with Pacific's dispatcher.

ARTICLE XV: MAINTENANCE

(A) Seller may shut down the Facility for Scheduled Maintenance Periods, expected to occur in August or September, 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 number (503) 928-3311) immediately of the necessity of 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 Net Metered Output, 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 reasonably related to the Facility, 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, or pay Seller for, Net Metered Output that otherwise would have been delivered during such period of curtailment, interruption, or reduction. Pacific shall use its best efforts to keep all curtailments, interruptions, or reductions to a minimum.

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 CFR, 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 CFR, 292.209(b). In the event the Facility ceases to be a qualifying facility, Pacific may, without waiving any right it may then have, terminate this Agreement.

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, but specifically excludes nonavailability of streamflow to operate the Facility, except to the extent that such nonavailability of streamflow is caused by major geologic changes in the Crabtree Creek watershed, such as volcanic eruptions or earthquakes. 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 nonperforming 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 obligation of either party which arose before the occurrence causing the suspension of performance be excused as a result of the occurrence, and

(D) the nonperforming 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. This Agreement shall not become valid until all required authorizations and permits are first obtained and copies thereof are submitted to Pacific.

(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 approved by such regulatory authority.

(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 within thirty (30) days from the execution of the Agreement: (1) Seller has demonstrated to Pacific that the electorate of the

Lacomb Irrigation 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 for the District from the law firm of Morley, Thomas, Kingsley and Reuter, and for Seller from a law firm acceptable to Pacific stating, without qualification, that this Agreement is binding and enforceable against the District and Seller, respectively, in accordance with its terms and that the District's obligations hereunder shall be binding on the District for the term hereof notwithstanding the absence of voter approval of the District'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.

ARTICLE XXV: MODIFICATION

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

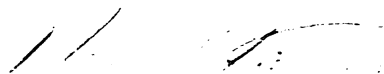
ARTICLE XXVI: INTEGRATION

This Agreement constitutes the full agreement of the parties, and all prior agreements, including without limitation the agreement dated October 28, 1982, and the agreement dated October 4, 1985, are hereby superseded.

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

LACOMB HYDRO LIMITED PARTNERSHIP

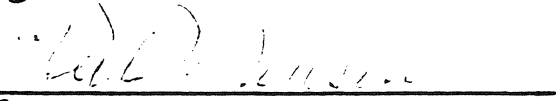
PACIFIC POWER & LIGHT COMPANY

By 
TKO Power, General Partner

By 
Vice President

This Agreement approved by Lacombe Irrigation District pursuant to Resolution, dated Sept 23, 1986. The District hereby agrees that its assignment of its interests in this Agreement shall not terminate or relieve the District of its obligations to Pacific hereunder, and that Pacific and Seller may make further modifications to this Agreement without consent of the District, which modifications shall be binding upon the District.


Chairman


Secretary

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 nongenerating 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.

AMENDATORY AGREEMENT NO. 1
TO RESTATED and AMENDED POWER PURCHASE AGREEMENT
BETWEEN
LACOMB HYDRO LIMITED PARTNERSHIP
AND
PACIFIC POWER & LIGHT COMPANY

THIS AMENDATORY AGREEMENT, entered into this 15th day of April, 1988, is for the purpose of modifying that certain Restated and Amended Power Purchase Agreement between Lacombe Hydro Limited Partnership (Seller) and Pacific Power & Light Company (Pacific) entered into on the 10th day of October 1986.

1. Article III of the Restated and Amended Power Purchase Agreement is amended to read in its entirety as follows:

"ARTICLE III: DELIVERY OF POWER

(A) Commencing on January 1, 1988, and for the term of this Agreement, Seller shall make available from the Facility a minimum of 2,200,000 kWh of Net Metered Output during each Contract year, provided that such minimum for the Contract year 1988 shall be reduced prorata to reflect the Commercial Operation Date of January 5, 1988. Subject to Article XVI, Seller shall make available and Pacific shall purchase all Net Metered Output from the Facility.

(B) Beginning with Contract Year 1988, if Seller does not make available from the Facility a minimum of 2,200,000 kWh of Net Metered Output in any Contract Year, without limitation of any other remedies, Pacific shall pay Seller Pacific's then-effective price for nonfirm energy, as approved by the Oregon Public Utility Commission. Such price will be applied effective January 1 of the succeeding Contract Year and continue until the later of (1) the date when Seller delivers 2,200,000 kWh of Net Metered Output from the Facility during such succeeding Contract Year or (2) the date on which Seller provides Pacific with a certification by a licensed professional engineer,

acceptable to Pacific and not then or previously associated with the Facility or Ott Water Engineers, that the Facility can reasonably be expected to generate electric power and energy reliably and in the estimated average amount set forth herein for the duration of the Agreement (unless Pacific waives in writing the need for certification).

(C) If Seller does not make available from the Facility a minimum of 2,200,000 kWh of Net Metered Output in any one of the three (3) Contract Years following the Contract Year in which the certification in (B) above was required, Pacific may terminate the Agreement, provided, that Force Majeure as described in Article XVIII or severe water shortage, documented as being below the historic minimum flows as used to establish the minimum annual delivery of 2,200,000 kWh of Net Metered Output, shall not be grounds for termination.

(D) The minimum of 2,200,000 kWh of Net Metered Output in any Contract Year shall be reduced to account for periods of inability of Pacific's system to accept Net Metered Output, provided that such inability is not associated with the generation of electricity or other operating conditions at the Facility. Such minimum shall be reduced by the cumulative products of 1) the hours in excess of 48 during each period in which conditions on Pacific's system reduced or prevented acceptance of Net Metered Output times 2) the average lost generation in kW during such period as estimated from the average actual levels of Net Metered Output occurring during the 48 hours prior to and 48 hours following such period; provided, that the limitations described in Article X, and curtailments, interruptions and reductions, as described in Article XVI of less than 48 hours duration, shall not be cause for reducing such minimum."

2. Article IV(A)(1) of the Amended and Restated Power Purchase Agreement is amended to read in its entirety as follows:

"(1) Nonfirm Energy Prices

For all Net Metered Output delivered prior to January 5, 1988, for all Net Metered Output delivered in excess of 8,500,000 kWh in any Contract Year, and for all Net Metered Output delivered pursuant to Article III(B), Pacific shall pay Seller Pacific's then-effective price for nonfirm energy as approved by the Oregon Public Utility Commission."

All other terms and conditions of the October 10, 1986 Restated and Amended Power Purchase Agreement are to remain unaltered and in full force and effect.

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

LACOMB HYDRO
LIMITED PARTNERSHIP
NORMAN E KAMP

By *Norman E. Kamp*

Title *General Partner*

PACIFIC POWER & LIGHT COMPANY

By *William L. Brown*

Title *VICE PRESIDENT*

FGB.178

mp



March 16, 2010

VIA FIRST CLASS MAIL

Lacomb Irrigation and Hydro District
Attn: Dean Castle
PO Box 2485
Lebanon, OR 97355

Re: Letter Agreement Amending *Power Purchase Agreement between PacifiCorp and Lacomb Irrigation District* dated June 17, 1998 (“PPA”)

Dear Mr. Castle:

Section 4.2 of the PPA, above, references indices for prices of wholesale energy published by Dow Jones & Company, Inc (Dow Jones). The indices are used to determine the purchase price of net output from your qualifying facility. PacifiCorp will cease using the Dow Jones indices as of April 1, 2010, and will use indices published by Intercontinental Exchange (ICE).¹ In order to conform to PacifiCorp’s current practice, PacifiCorp would like to amend Section 4.2 by substituting ICE indices for Dow Jones indices at the California-Oregon Border.

In accordance with the above paragraph, PacifiCorp hereby proposes to amend Section 4.2 of the PPA to read in its entirety:

- 4.2 **Market Price.** For each kilowatt-hour (kWh) of electricity that the District delivers to PacifiCorp at the Point of Delivery under this Agreement, PacifiCorp shall pay the District for Net Metered Output the price for which will be determined as follows: the Peak and Off-Peak firm energy market prices, as published in the *Intercontinental Exchange (ICE) Day Ahead Power Price Report* for the California-Oregon Border (COB). For the purposes of this calculation, this price will be averaged over the billing month, with each day receiving equal weight. Each day's price will be determined by weighting the reported Peak and Off-peak ICE COB prices by the portion of Peak hours and Off-Peak hours of that day; *provided, however*, that the price for Net Metered Output during peak hours in December, January, and February shall not be less

¹ The ICE indices to be used in connection with the PPA may be viewed at no charge at: <https://www.theice.com/marketdata/reports/ReportCenter.shtml>. When you arrive at that web page select “Indices” in the *Category* field, “ICE OTC” in the *Market* field, and “North American Power” in the *Report* field. Then select the desired trading hub, start date, and end date to retrieve your desired *Intercontinental Exchange (ICE) Day Ahead Power Price Report*. PacifiCorp will use the same procedure when retrieving index prices from ICE.

Mr. Dean Castle
March 16, 2010
Page 2

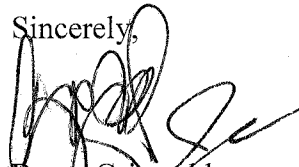
than \$0.018 per kWh and in March shall not be less than \$0.015 per kWh. If the index from which the price is derived or any revision or equivalent ceases to be published, the index shall be replaced by a substantially equivalent index, that, after any necessary adjustment, provides the most reasonable substitute for the discontinued index.

If you agree to the proposed amendment to Section 4.2 in the preceding paragraph, please execute this letter in the space provided below. Please retain one fully executed original for your files and return one fully executed original to this office at:

PacifiCorp
Attn: John Younie
825 NE Multnomah, Suite 600
Portland, OR 97232

If you have any questions, please contact me at 503-813-5218 or John Younie at 503-813-5960.

Sincerely,



Bruce Griswold
Director, Short-Term Origination
and QF Contracts

Lacomb Irrigation District ("Seller")

By: DEAN CASTLE

Name: Dean Castle

Title: Board Chair 3-24-10