

RTO WEST CONSULTING AGREEMENT

Consultant: Tabors Caramanis & Associates, Inc.

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RTO WEST CONSULTING AGREEMENT

This Agreement is effective September 7, 2001 and is made between RTO West (“RTO West” or “Company”), a Washington not-for-profit corporation whose principal place of business is Portland, Oregon, and Tabors Caramanis & Associates, Inc. (TCA) (“Consultant”), whose address is 50 Church Street, Cambridge, Massachusetts. The parties agree as follows:

ARTICLE 1. DESCRIPTION OF WORK.

A. Phase 1, the Work. Consultant will perform the work hereinafter described and, except as hereinafter otherwise provided, will furnish all supervision, labor, equipment, and materials required therefor and will obtain all licenses and permits required for performing the following (the “Work”):

Consultant will perform a Benefit/Cost Analysis of RTO West implementation, as provided in this section and further outlined in Schedule A, Phase 1 Scope of Work, which is attached hereto and incorporated herein. The Work will include the preparation of a preliminary report (the “Preliminary Report”) summarizing the analysis and its results, the presentation of the Preliminary Report to Company and others as requested by Company, and the completion of a final written report (the “Final Report”). The Preliminary Report and the Final Report will comply with this Article 1, as well as Article 16, Deliverables, and Schedule A, Phase 1 Scope of Work. For purposes of performing the Work, Consultant will execute a three-month unlimited-run agreement with GE when instructed by Company after review and acceptance of the form of license by Company, for the exclusive benefit of Company, that allows Consultant to use GE MAPS as necessary to complete the Work. Consultant covenants that it will utilize GE MAPS only to the extent permitted by the three-month unlimited-run contract with GE. The Work will constitute Phase 1 of the services that Consultant may provide in relation to RTO West development activities.

B. Phase 2 In Phase 2, Filing Utilities (as defined in Schedule B) may contract, on an individual basis, with Consultant to perform follow-on work, including supplemental runs and further analyses, that relates to the Work described in this Agreement. This follow-on work, if performed by Consultant, will be at the sole expense of the requesting entity or person. Any entity participating in RTO West’s collaborative process or relevant state or provincial regulatory proceedings to approve participation of the Filing Utilities in RTO West may contract with Consultant, at the sole expense of the requesting entity, to perform supplemental sensitivity runs or to retrieve data output from Phase 1 runs utilizing GE MAPS. Except for Article 12, the terms and conditions of this Agreement will apply only to the Phase 1 Scope of Work.

ARTICLE 2. DOCUMENTS INCORPORATED BY REFERENCE. Any scope of work, specifications, and schedules listed herein and annexed to this Agreement are incorporated by reference.

ARTICLE 3. PERIOD OF PERFORMANCE. This Agreement is effective as of September 7, 2001 and will terminate upon written notice from one of Company's Authorized Representatives, as defined in Article 19, that the Work has been completed.

ARTICLE 4. PROGRESS AND MEETINGS. Consultant will provide Company with the Preliminary Report summarizing the analysis and its results consistent with the requirements of Articles 1, 16, and Schedule A, Phase 1 Scope of Work. Consultant will meet with Company and others as requested by Company within fourteen (14) days thereafter to present and review the Preliminary Report. Consultant will prepare the Final Report consistent with the requirements of Articles 1, 16, and Schedule A, Phase 1 Scope of Work, within fourteen (14) days after the meeting with Company. Other reasonable scheduling deadlines will be mutually determined by Consultant and Company on an ongoing basis.

The Work is to be carried out in consultation with and to the satisfaction of Company. Consultant will submit periodic progress reports as requested by Company. Company and its agent or representatives may visit Consultant's office at any reasonable time to determine the status of ongoing activities required by this Agreement. Meetings necessary for the performance of the Work will be attended by one or more senior members of Consultant's project team and will be scheduled on mutually agreed-upon dates by both Consultant and Company.

ARTICLE 5. CONSIDERATION AND PAYMENT.

A. Compensation Terms. For satisfactory performance of the Work described in Article 1, Description of Work, Company will pay Consultant on a time-and-material basis (as specified in Schedule C, Pricing Schedule, to this Agreement), but in no event will such amount exceed the Total Fixed Sum of two hundred eighty three thousand dollars (\$283,000) (which includes thirty thousand dollars (\$30,000) for the use of the WSCC database and a one-time fee of twenty-five thousand dollars (\$25,000) for the three-month unlimited-run licensing arrangement that Consultant will enter into with GE to allow Consultant to use GE MAPS as necessary to complete the Work). In addition to the Total Fixed Sum, Company will pay Consultant Direct Costs for performing the Work (which are Consultant's direct material costs, such as travel, photocopy, and shipping costs).

The consideration as stated herein is inclusive of all taxes to be borne by Company arising out of Consultant's performance hereunder, including, without limitation, sales, use, and value-added taxes. All invoices will contain copies of supporting documentation and proof of expenditures when and if available. Invoices will be addressed as follows:

RTO West
Attn: Richard Goddard, V.P., Sec., Treasurer
c/o Portland General Electric Company
121 SW Salmon Street
Portland, OR 97204

with a copy to:

RTO West
Attn: Christine Elliott
5933 NE Win Silvers Drive, Suite 201
Portland, OR 97220

IMPORTANT: INVOICES THAT DO NOT CONTAIN THE ABOVE INFORMATION OR ARE NOT ADDRESSED AS SPECIFIED ABOVE MAY CAUSE PAYMENT DELAY.

Consultant will issue invoices monthly, by the fifteenth (15th) day following the month in which services were performed. Payment(s) will be made by Company within thirty (30) days of receipt of a proper invoice. Any fees past due may accrue interest at the rate of six percent (6%) per annum or such lesser amount as required by law. Such payment(s) will be contingent upon Consultant's satisfactory compliance with all provisions of this Agreement.

B. Consultant's Responsibilities. Consultant will be responsible for payment of wages, if any, and withholding and payment of all income, Social Security, and other payroll tax liabilities for all individuals performing services under this Agreement. Consultant will be solely responsible for providing all tools and equipment necessary to provide services under this Agreement.

ARTICLE 6. COMPANY-FURNISHED DATA. Company will make available existing data in its possession that may be required by Consultant to perform the Work contemplated hereunder.

ARTICLE 7. INDEPENDENT CONTRACTOR. Consultant is an independent contractor, and persons employed by Consultant in connection herewith will be employees of Consultant and not employees of Company in any respect.

Notwithstanding the fact that Consultant is an independent contractor, Consultant agrees that it will disclose to Company, now and until all Federal Energy Regulatory Commission proceedings (or any other RTO proceedings involving the Filing Utilities) and state or provincial regulatory proceedings related to establishment or approval of RTO West are completed, the undertaking of any work that it agrees to perform for any other entity or person, including those listed in Schedule B (Filing Utilities), their affiliates, or any other entity or person interested in the development of RTO West, that may overlap with or relate to the Work described in this Agreement.

Consultant understands and agrees that absent the consent of Company, that will not be unreasonably denied in the event that there is no potential for actual conflict, it will not engage in any other consulting services or employment services that would create an actual or apparent conflict of interest between those services and Company's interests, including but not limited to the establishment of a regional transmission organization.

ARTICLE 8. PROFESSIONAL RESPONSIBILITY. Consultant will perform the Work hereunder using the standards of care, skill, and diligence normally provided by a professional in the performance of such services with respect to work similar to that contemplated hereunder and will comply with all codes and standards applicable to the Work. In the event of Consultant's failure to observe and adhere to these standards, Consultant will, upon notice from Company, promptly reperform the Work and correct the defect at Consultant's sole cost.

ARTICLE 9. EXAMINATION OF WORK. All Work will be subject to examination at any reasonable time or times by Company, which will have the right to reject unsatisfactory Work. Neither examination of Work nor the lack of same nor acceptance of the Work by Company nor payment therefor will relieve Consultant from any of its obligations under this Agreement.

ARTICLE 10. DISCOVERY OF AGREEMENT ERRORS, OMISSIONS OR DISCREPANCIES. Consultant will immediately inform Company in writing of any errors, omissions, discrepancies, conflicts, or noncompliance with applicable codes or standards in this Agreement. Company will promptly review such notice and provide written clarification to Consultant. Consultant will then be responsible for performing the Work in conformance with Company's written clarification. Any Work affected by such discoveries that is performed by Consultant before receiving written clarification from Company will be at Consultant's risk.

ARTICLE 11. CHANGES. Company may at any time, by written agreement with Consultant, require additional work or direct the omission of or variation in work within the general scope of this Agreement or any amendment hereto, or may alter the schedule. If such change results in a material change in the amount or character of the Work, an equitable adjustment in the Agreement price and such other provisions of this Agreement as may be affected will be made, and this Agreement will be modified in writing accordingly. Any claim by Consultant for an adjustment under this article must be asserted in writing within fifteen (15) days from the date of receipt by Consultant of the notification of change, or the claim will not be allowed.

No change will be binding upon Company until a Change Order is executed by an Authorized Representative (as defined in Article 19) of Company that EXPRESSLY STATES THAT IT CONSTITUTES A CHANGE ORDER TO THIS AGREEMENT. THE ISSUANCE OF INFORMATION, ADVICE, APPROVALS, OR INSTRUCTIONS BY ANYONE OTHER THAN AN AUTHORIZED REPRESENTATIVE OF COMPANY WILL NOT CONSTITUTE AN AUTHORIZED CHANGE PURSUANT TO THIS ARTICLE.

Nothing contained in this article will excuse Consultant from performing the Work required by this Agreement.

ARTICLE 12. FUTURE COOPERATION WITH COMPANY OR ANY FILING UTILITY. Consultant will cooperate with Company or any Filing Utility in Phase 2 to present, explain, and perform additional analyses as requested as to the Work in various contexts, including regulatory proceedings relating to the establishment of a regional transmission

organization whether as an expert witness or otherwise, on a time-and-material basis, beyond the Total Fixed Sum, in accordance with Schedule C.

ARTICLE 13. TERMINATION. Company may terminate this Agreement at any time without cause before its completion by sending to Consultant written notice of such termination. Such termination will be effective one (1) business day following Consultant's receipt of termination notice from Company to Consultant. Upon such termination, Company will pay to Consultant, in full satisfaction and discharge of all liabilities and obligations owed to Consultant, an equitable amount for all Work satisfactorily performed by Consultant as of the date of termination, excluding anticipated profits on Work not yet performed. Consultant will provide an acceptable invoice to Company documenting associated charges and expenses, and will timely and orderly turn over all materials prepared or developed as of the time of termination.

ARTICLE 14. SUSPENSION OF WORK. Company may, by written notice, which will be deemed effective upon receipt, direct Consultant to suspend performance of any or all of the Work for a specified period of time. If such suspension is not occasioned by the fault or negligence of Consultant, this Agreement may be supplemented to compensate Consultant for extra costs incurred due to said suspension, provided that any claim for adjustment is supported by appropriate cost documentation and asserted within twenty (20) days after the date Company issues an order for resumption of the Work. Upon receipt of such notice to suspend the Work, Consultant will (i) discontinue the Work; (ii) protect and maintain the Work; (iii) if requested by Company, turn over all materials prepared or developed as of the time of suspension; and (iv) otherwise mitigate Company's costs and liabilities for those areas of Work suspended.

ARTICLE 15. LAWS AND REGULATIONS. Consultant will at all times comply with all applicable licensing requirements, laws, statutes, rules, regulations, and ordinances, including, without limitation, those governing wages, hours, desegregation, employment discrimination, health, and safety.

In addition to any other indemnification stated in this Agreement, Consultant will indemnify, defend, and hold Company, and its directors, officers, employees, and agents, harmless from all losses, costs, and damages by reason of any violation thereof and from any liability, including, without limitation, fines, penalties, and other costs arising out of Consultant's failure to so comply.

ARTICLE 16. DELIVERABLES. Consultant will provide Company with the following Deliverables at the times specified below and as provided in Schedule A, Phase 1 Scope of Work, or elsewhere in this Agreement. Other reasonable scheduling deadlines will be mutually determined by the consultant and Company on an ongoing basis.

A. If Company provides Consultant with the necessary data, as outlined in Schedule A, Phase 1 Scope of Work, and in accordance with (1) Consultant's "Western Systems Coordinating Council Modeling Input Assumptions" memorandum, dated September 20, 2001, including all subsequent revisions; and (2) Consultant's "Fuel Price Projections for the WSCC

Region” memorandum, dated September 21, 2001, including all subsequent revisions, by October 15, 2001, Consultant will provide the results of the Base Case Analysis, as outlined in Schedule A, Phase 1 Scope of Work, to Company on or before October 31, 2001. If Company does not provide Consultant with the necessary data by October 15, 2001, Consultant will provide the results of the Base Case Analysis to Company within fifteen (15) calendar days after receiving the necessary data.

B. If Company requests Sensitivity Analyses from Consultant on or before November 7, 2001, Consultant will provide the results of the Sensitivity Analyses, as outlined in Schedule A, Phase 1 Scope of Work, to Company on or before November 30, 2001. If Company does not request Sensitivity Analyses from Consultant on or before November 7, 2001, Consultant will provide the results of the Sensitivity Analyses to Company within twenty-one (21) calendar days after receiving Company’s request for Sensitivity Analyses.

C. On or before the later of November 30, 2001, thirty (30) calendar days after receiving necessary data for the Base Case Analysis, or twenty-one (21) days after the Company provides notice of the Sensitivity Analyses, Consultant will provide to Company the Preliminary Report summarizing the results of the Base Case Analysis, Sensitivity Analyses, Other Benefit/Cost Elements, and Market Power Evaluation, as outlined in Schedule A, Phase 1 Scope of Work.

D. Within fourteen (14) calendar days after providing the Preliminary Report to Company, Consultant will meet with Company and others as requested by Company to present and review the Preliminary Report.

E. Within fourteen (14) calendar days of presenting and reviewing the Preliminary Report, Consultant will provide to Company the Final Report, as outlined in Schedule A, Phase 1 Scope of Work.

F. Consultant will cooperate with Company or any Filing Utility in Phase 2 to present, explain, and perform additional analyses as requested as to the Work in various contexts, including protests, interventions, and administrative proceedings, on a time-and-material basis, beyond the Total Fixed Sum, in accordance with Schedule C.

ARTICLE 17. OWNERSHIP OF WORK PRODUCT. Consultant acknowledges that Company owns the work product, including all work in progress, produced in connection with its performance of the Work, including the Deliverables, and that such work product and Deliverables constitutes “work made for hire.” Consultant acknowledges that Company owns, on a “work made for hire” basis, any and all intellectual property rights in such work product and Deliverables developed for Company under this Agreement (explicitly not including rights to GE MAPS or to preexisting Consultant proprietary data systems and databases) whether by way of copyright, trade secret, or otherwise and whether or not subject to protection by copyright laws. In the event such Work, Deliverables, or intellectual property rights related thereto are not deemed “work made for hire,” Consultant hereby assigns to Company all right, title, and interest in such Work, Deliverables and intellectual property rights. Consultant agrees to make available any or all of its work product requested by Company or

Filing Utilities in connection with any regulatory proceeding relating to the establishment of a regional transmission organization so long as the request is made by a Filing Utility or Company pursuant to a Phase 2 agreement.

Consultant may, upon request to Company and subject to Company's consent, retain copies of such work product and Deliverables for furtherance of its professional knowledge.

ARTICLE 18. CONSULTANT'S PERSONNEL. Consultant will perform the Work in accordance with its own methods in an orderly and workmanlike manner, enforce strict discipline and order among its employees, and not employ on the Work any person who is not properly qualified or who is incompetent or unskilled in the Work assigned. Consultant will immediately remove from the Work, whenever requested by Company, any person considered by Company to be incompetent, insubordinate, careless, or disorderly, and such person will not again be employed in the performance of the Work herein without the consent of Company.

Ellen Wolfe, Vice President of Consultant, will be the Principal in Charge of the Work and will provide direct management of Consultant's team as well as be the primary client contact. Ellen Wolfe will work closely with Company to ensure it has immediate access to Consultant's management and staff. Consultant will utilize additional internal staff and analysts, as needed, to ensure continuity and timely deliveries to the Work. In addition, the following senior staff from Consultant will be assigned to the Work:

Judith Cardell
Robert Fagan
Rick Hornby
Narasimha Rao
Alex Rudkevich
Richard Tabors
Assef Zobian

Consultant will employ other staff as necessary to complete the Work.

ARTICLE 19. COMMUNICATION AND ADMINISTRATION.

A. Company. Christine Elliott and Carol Opatry are the "Authorized Representatives" of Company and are authorized to issue information and provide advice and instruction. All liaison and general administration correspondence and reports should be sent directly to:

RTO West
Attn: Christine Elliott
5933 NE Win Sivers Drive, Suite 201
Portland, OR 97220

Carol Opatry

Opatny Consulting, Inc.
18509 NE Cedar Drive
Battle Ground, WA 98604

with a copy to:

RTO West
Attn: Richard Goddard
c/o Portland General Electric Company
121 SW Salmon Street
Portland, OR 97204

B. Consultant. For and on behalf of Consultant, Ellen Wolfe will be the person responsible for Consultant for the purpose of this Agreement. All liaison and general administration correspondence should be sent directly to:

Ellen Wolfe
Vice President
Tabors Caramanis & Associates, Inc.
9289 Shadow Brook Place
Granite Bay, CA 95746

with a copy to:

Richard D. Tabors
President, Tabors Caramanis & Associates
50 Church Street
Cambridge, MA 02138

ARTICLE 20. ACCOUNTING AND AUDITING. Consultant will keep accurate and complete accounting records in support of all cost billings to Company in accordance with generally recognized accounting principles and practices. Company or its audit representatives will have the right at any reasonable time or times to examine, audit, and reproduce the records, vouchers, and their source documents that serve as the basis for compensation other than compensation that is fixed in amount by this Agreement. Such documents will be available for examination, audit, and reproduction for three (3) years after the completion or termination of this Agreement.

ARTICLE 21. PATENT AND COPYRIGHT.

A. Indemnity. In addition to any other indemnification stated in this Agreement, Consultant will indemnify, defend, and hold Company, and its parent and affiliated companies and their directors, officers, employees, and agents harmless against and from all claims, losses, costs, suits, judgments, damages, and expenses, including attorneys' fees, on trial and appeal, of any kind or nature whatsoever, on account of infringement of any patent, copyrighted or uncopyrighted work, secret process, trade secret, unpatented invention, article,

appliance, or otherwise, including claims thereof pertaining to or arising from Consultant's performance under this Agreement. Consultant will have the right, in order to avoid such claims or actions, to substitute at its own expense noninfringing equipment, material, or processes, or Consultant may modify at its own expense such infringing equipment, material, or processes so that they become noninfringing, provided that such substitution and modified equipment, material, and processes will meet the requirements of and be subject to the provisions of this Agreement.

B. Inventions. Should Consultant or its employees, officers, agents, subcontractors of any tier, or anyone of a like nature originate or develop any trade secret, discovery, improvement, idea, formula, process, or invention (collectively "Invention") in performance of the Work, such Invention, whether or not patentable and whether or not reduced to practice, will be disclosed to and will be the property of Company, and Consultant hereby assigns to Company all of its right, title, and interest in such Invention and agrees to execute all documents that Company reasonably determines to be necessary or convenient for use in applying for, perfecting, or enforcing patents or other intellectual property rights, including, without limitation, the execution of any assignments, patent applications, or other documents that may reasonably be requested by Company.

ARTICLE 22. CONFIDENTIAL INFORMATION/NONDISCLOSURE.

A. Definition of Confidential Information. As used in this Agreement, the term "Confidential Information" means (i) proprietary information of Company or any Filing Utility; (ii) information marked or designated by Company or any Filing Utility as confidential; (iii) information, whether or not in written form and whether or not designated as confidential, that is known to Consultant as being treated by Company or any Filing Utility as confidential; (iv) information provided to Company by third parties that Company is obligated to keep confidential; (v) any information requested or developed by Consultant in connection with the performance of this Agreement; and (vi) any pre-existing proprietary information of the Consultant, excluding items already existing in the public domain without any protection for confidentiality.

B. Nondisclosure. Consultant agrees that it will not disclose Confidential Information, directly or indirectly, under any circumstances or by any means, to any third person without the express written consent of Company. To the extent that the Company wishes to disclose proprietary information of the Consultant, Company will request the express written consent of Consultant, such consent not to be unreasonably withheld. Consultant acknowledges that it understands that the Work, which includes the Preliminary Report, Final Report, and other Deliverables, is likely to be utilized in connection with regulatory proceedings relating to the establishment of a regional transmission organization and that discovery of relevant information is anticipated.

C. Nonuse. Except as provided in Article 12, Consultant further agrees that it will not use Confidential Information except as may be necessary to perform the Work called for by this Agreement. Except in connection with use of the Work in regulatory proceedings relating to the establishment of a regional transmission organization, Company agrees it will not

disclose proprietary information of the Consultant that constitutes Confidential Information, directly or indirectly, under any circumstances or by any means without the express written consent of Consultant.

D. Protection. Confidential Information will be made available by Consultant to its employees only on a “need-to-know” basis and only after notifying such employees of the confidential nature of the information and after having obligated them to the nonuse and nondisclosure obligations of this Agreement. Consultant agrees to take all reasonable precautions to protect the confidentiality of Confidential Information and, upon request by Company , to return to Company any documents that contain or reflect such Confidential Information.

Proprietary information of the Consultant that constitutes Confidential Information will be made available by the Company to others only on a “need-to-know basis” after notifying such persons of the confidential nature of the information and seeking reasonable assurances that the confidential nature of the information will be respected. The Company will notify such persons that use of such information may require a Phase 2 agreement between the party proposing to use the information and Consultant.

E. Exclusions. Confidential Information will not include (i) information that is or hereinafter becomes a part of the public domain, (ii) information already known to Consultant (or in the case of Consultant’s proprietary information, the Company) that was not confidential and as documented by written records that predate the Company’s request for proposals relating to the Work , or (iii) information rightfully obtained from third parties and not subject to any obligation of confidentiality.

F. Return of Information. Upon termination of this Agreement, or as otherwise requested by Company , Consultant will return or destroy (with such destruction certified in writing by Consultant) any originals and all copies of Confidential Information within five (5) calendar days upon written request for such return or destruction or within five (5) calendar days of the termination of this Agreement.

G. Injunctive Relief. Consultant and Company acknowledge that a breach of any obligation under this article will result in irreparable injury to the business of Company or Consultant, respectively, and that Company’s or Consultant’s remedy at law for such a breach will be inadequate. Accordingly, Consultant and Company agree that, in addition to other remedies available at law and in equity, Company or Consultant respectively will be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach of any obligation under this article; provided however, that Consultant covenants not to seek preliminary relief that would prevent Company and Filing Utilities from utilizing the Work in regulatory proceedings related to the establishment of a regional transmission organization.

H. Surviving Clauses. The obligations set forth under this Article 22, as well as under Articles 7, 12, 20, and 21, will survive the termination of this Agreement.

ARTICLE 23. COMMITMENT. Consultant will not, without prior written consent from Company, in any manner contract on behalf of or otherwise commit Company, for any purpose, to a third party.

ARTICLE 24. NO THIRD-PARTY BENEFICIARIES. This Agreement will be binding upon and inure solely to the benefit of the parties hereto and their respective successors, heirs, legal representatives, and permitted assigns, and, except with respect to the Filing Utilities as provided in Articles 1, 7, 12, 17, and 22, nothing in this Agreement, express or implied, is intended to or will confer upon any other person any right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

ARTICLE 25. ASSIGNMENT AND SUBCONTRACTS. Consultant will not assign this Agreement or any rights or responsibilities hereunder, or subcontract any of the Work to be performed by it, without the express written consent of Company, and any such attempted assignment or subcontracting will be void. If assignment or subcontracting is done with such consent, it will not relieve Consultant from its responsibility for the performance of any of its obligations hereunder.

ARTICLE 26. NONWAIVER. The failure of Company to insist upon or enforce strict performance by Consultant of any of the terms of this Agreement or to exercise any rights herein will not be construed as a waiver or relinquishment to any extent of Company's right to assert or rely upon such terms or rights on any future occasion.

ARTICLE 27. DISPUTES AND PERIOD OF LIMITATIONS. Except as otherwise provided herein, any dispute arising hereunder that is not disposed of by agreement will be decided by Company, which will mail or otherwise furnish a copy of its decisions to Consultant. Unless Consultant objects in writing to Company's decision, within thirty (30) calendar days, following receipt of Company's decision, Consultant will be deemed to have concurred with such decision. Consultant will continue its performance of this Agreement during such resolution.

ARTICLE 28. NOTICES. Any notice by either party to the other hereunder will be served, if delivered in person, to the office of the representative authorized and designated in writing to act for the respective party, or, if deposited in the mail, properly stamped with the required postage and addressed to the office of such representative. Either party may change its representative or address by giving the other party written notice of such change.

ARTICLE 29. SEVERABILITY AND SAVINGS CLAUSE. Any provisions of this Agreement prohibited or rendered unenforceable by local, state, or federal law will be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

If any provision of this Agreement is prohibited or rendered unenforceable, the provision will be deleted or modified, in keeping with the express intent of the parties to this

Agreement, as necessary to render all the remainder of this Agreement valid and enforceable. All such deletions or modifications will be the minimum required to effect the foregoing.

ARTICLE 30. APPLICABLE LAW AND DISPUTE RESOLUTION. This Agreement will be interpreted in accordance with the substantive and procedural laws of the state of Oregon without regard to choice-of-law principles. Consultant irrevocably consents to the jurisdiction of the courts of the state of Oregon or of the U.S. District Court for the District of Oregon for any action, suit, or proceeding in connection with this Agreement and waives any objection that Consultant may now or hereafter have regarding the choice of forum.

Except as provided in Article 22, any disputes arising now or hereafter in connection with the execution or operation of this Agreement, including, without limitation, claims made against Company by employees of Consultant, subcontractors or employees of subcontractors, or any other person or party asserting a claim relating in any way to this Agreement, will be resolved by confidential mediation or arbitration in Portland, Oregon in accordance with the procedures of Judicial Arbitration & Mediation Services/U.S. Arbitration & Mediation (“JAMS/USA&M”) or such other procedures as may be agreed upon by the parties. The parties will first attempt mediation with a neutral mediator agreed upon by the parties from a list provided by JAMS/USA&M, as otherwise agreed, or if no agreement is reached within ten (10) calendar days, the parties will accept a mediator appointed by JAMS/USA&M. If mediation is unsuccessful, the dispute will be submitted to arbitration. All arbitration proceedings will be conducted by a neutral arbitrator mutually agreed upon by the parties from a list provided by JAMS/USA&M, or as otherwise agreed, or appointed by JAMS/US A&M. The decision of the arbitrator will be final and binding on all parties. The costs of mediation and arbitration will be paid in equal shares by the parties.

ARTICLE 31. COMPLETE AGREEMENT AND EFFECTIVE DATE. This Agreement and any referenced attachments constitute the complete agreement between the parties and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement. It is subject to change only by an instrument executed in writing by Consultant and Company. The effective date of this Agreement is September 7, 2001.

ARTICLE 32. COUNTERPARTS. This Agreement may be executed and delivered in counterparts, all of which will have the same force and effect as the original.

CONSULTANT

COMPANY

TABORS CARAMANIS &
ASSOCIATES, INC.

RTO WEST

By: _____

By: _____

Name: Ellen Wolfe
Title: Vice President

_____, 2001
Date Executed

Name: Cindy A. Crane
Title: President

_____, 2001
Date Executed

SCHEDULE A
PHASE 1 SCOPE OF WORK

This Schedule A supplements and further defines the Work set forth in Article 1, Description of Work, and the Deliverables set forth in Article 16, Deliverables, of the RTO West Consulting Agreement, effective September 7, 2001 (the "Agreement"). For purposes of performing the Work, Consultant will obtain a three-month unlimited-run contract with GE when instructed by Company, for the exclusive benefit of Company which allows Consultant to use GE MAPS as necessary to complete the Work. Consultant covenants that it will utilize GE MAPS only to the extent permitted by the three-month unlimited-run contract with GE. The Work shall include the following:

1. MODELING OF THE BASE CASE ANALYSIS (Using GE MAPS)

A. Base Case Analysis:

Consultant will Perform a Base Case Analysis which consists of two different evaluations which will enable a comparison between: (1) a with RTO West state (the "With State") and; (2) a without RTO West state (the "Without State"). The Base Case Analysis will focus on the following three (3) elements:

- (1) Pricing Structure: The Without State will model company-specific OATT rates, terms and conditions, including pancaked rates and pancaked losses. The With State will model energy prices, assuming load-based Company Rates with transaction costs limited to losses and congestion expenses. The output will report the total cost of serving load (as well as the hourly prices at the load buses which also will be aggregated in order to support Phase II analyses, for example, average monthly prices at the load buses) and spinning reserve prices.
- (2) Through-put: The Without State will model flow-based dispatch constrained by the lesser of contract path or schedules. The With State will model flow-based dispatch that reflects nodal congestion.
- (3) Market Access: The With State will reflect non-pancaked access to the west-wide market.

B. General Assumptions for the Base Case Analysis:

Consultant will use the following six (6) General Assumptions (applied to both the With State and the Without State) in performing the Base Case Analysis:

- (1) 2004 Transmission System configuration which assumes the Western Governors' Association base case, G-9 transmission projects expected to be completed by 2004. (RTO West will supply G-9 transmission project details).
- (2) Generation projects currently under construction will be assumed to be operational in the 2004 Base Case Analysis. (RTO West will supply details).

- (3) Take as input, the PNW hydroelectric system (median water). (RTO West will supply hourly output).
- (4) Expected gas prices.
- (5) Some level of transmission outage (which will further affect Operating Transfer Capability “OTC”) will be assumed based on historical conditions. (RTO West will supply details).
- (6) Simultaneous interaction of transmission paths will be modeled by nomograms where known. (RTO West will supply details; Consultant will secure other information, as needed).

C. Defining the With State:

Consultant will analyze the costs and benefits of the With State using the following six (6) assumptions:

- (1) Assume all PNW entities participate in RTO West.
- (2) Assume RTO West pricing and congestion management schemes. (Details will be provided by RTO West).
- (3) Assume bus-specific energy prices and spinning reserve prices will be calculated.
- (4) Assume RTO West losses methodology (currently assumed to be average system for two areas within RTO West namely, the Province of British Columbia and the rest of the RTO West geography).
- (5) Assume through-put of the system is flow-based, constrained by nodal congestion.
- (6) Assume no export charges are imposed by RTO West, CAISO or Desert Star.

D. Defining the Without State:

Consultant will analyze the costs and benefits of the Without State using the following four (4) assumptions:

- (1) Assume Current Commercial Configuration (meaning that jurisdictional utilities and BPA have contract and transactional-based open-access rates, terms, and conditions).
- (2) Assume pancaked transmission rates and losses, taking into account the existing secondary market for transmission.

(3) Assume through-put on the system is constrained by the lower of seasonal OTCs or schedules (as defined by contract paths, where applicable). (RTO West will supply details).

(4) Assume no bidding for transmission (i.e., current OASIS rules).

2. MODELING OF SENSITIVITY ANALYSES (Using GE MAPS)

When requested by Company, Consultant will test the sensitivity of the following elements:

A. 2009 “out-year” sensitivity:

In order to test the sensitivity of the With State and Without State after experiencing load growth, additional expected transmission and generation development, etc., an out-year, i.e., 2009 will be evaluated. (RTO West will provide transmission and generation details).

B. With State Sensitivities:

In order to test the sensitivity of various With State assumptions, the following elements will be evaluated and compared with the With State Base Case Analysis.

- (1) Participation in RTO West:
Assume that some of BPA’s public agency and Direct Service Industrial (DSI) customers receive service under non-converted contracts which means that the contract paths needed to serve these loads are not available for the secondary market. (RTO West will provide details).
- (2) Losses:
Assume, for example, company-specific loss factors (i.e., historical system loss factors that are associated with each Filing Utility).
- (3) Import/Export Fees:
Assume an import/export fee is applied to all inter-RTO transactions.
- (4) Congestion Management/Pricing Schemes:
In coordination with the Company, Consultant shall modify the Congestion Management and/or Pricing schemes, details of which will be worked out after the Base Case Analysis is completed.

C. Water conditions (comparing the With State and Without State for 2004):

- (1) Assume high water

- (2) Assume low water

D. Gas prices (comparing the With State and Without State for 2004):

- (1) Assume high prices
- (2) Assume low prices

3. OTHER BENEFIT/COST ELEMENTS (Not modeled with GE MAPS)

A. System Reliability:

Based upon information that RTO West will provide regarding the relative reliability associated with the With State and Without State (i.e., the With State is characterized by a single Control Area, region-wide planning, direct access to region-wide system information, region-wide remedial action schemes, etc.), Consultant will identify the potential associated incremental cost or value.

B. Single (and Fewer) Transmission Control Area(s):

Consultant will use a conceptual approach which will include a qualitative discussion, and to the extent possible, quantify the benefit and cost impact(s) associated with moving from multiple Control Areas to a single (and fewer) Control Area(s), including but not limited to the following five (5) elements:

- (1) Operating Reserve Requirements
- (2) Load Following Requirements
- (3) Single Control Area
- (4) Outage/Maintenance Coordination
- (5) System Restoration

C. Planning and System Expansion:

Consultant will use a conceptual approach which will include a qualitative discussion, and to the extent possible, quantify the benefit and cost impact(s) associated with region-wide planning and expansion efforts.

D. Common Business Practices and One-Stop-Shop for Transmission Services:

Consultant will use a conceptual approach which will include a qualitative discussion, and to the extent possible, quantify the benefit and cost impact(s) associated with establishing common business practices and a “one-stop-shop” for transmission services, taking into consideration, but not limited to, the following seven (7) elements:

- (1) Tariff and rate design
- (2) Scheduling practices
- (3) Business practices
- (4) Coordination with other RTOs at the seams (Desert Star and CAISO)
- (5) Planning and construction practices
- (6) Open Architecture Transmission Function
- (7) Transaction Fees.

E. Benchmarking Studies:

Consultant will perform a literature review, and use original analysis, in order to prepare a qualitative discussion, and to the extent possible, quantify benefit and cost impacts associated with the following six (6) elements:

- (1) Set-up/operation of RTO West
- (2) Set-up/operation of scheduling coordinators
- (3) Set-up/operation of “transmission exchange” for secondary market
- (4) Costs/savings resulting from adoption of a single Control Area
- (5) Costs/savings resulting from adoption of a single OASIS.
- (6) Evaluation of outages (support for system reliability element).

F. External Study on Tax Implications:

Consultant will incorporate into its results an external analysis to be performed by RTO West that evaluates the change, if any, on tax liability(s) as a result of the formation of RTO West.

4. MARKET POWER EVALUATION

A. Generation Market Power:

Consultant will perform a structural analysis of generation market power for the purpose of evaluating the relative market power associated with the With State and Without State. The evaluation of these elements is intended to reflect incremental change in market power and will address ancillary services.

B. Transmission Market Power:

Consultant will develop a conceptual approach, which will include a qualitative evaluation, of transmission system market power for the purpose of evaluating the relative market power associated with the With State and Without State. This evaluation will include impacts of the transmission rights markets proposed under the With State.

5. PRELIMINARY REPORT AND FINAL REPORT

Consultant will provide Company with a Preliminary Report summarizing its analysis and results of the Base Case Analysis, Sensitivity Analyses, Other Benefit/Cost Elements, and Market Power Evaluation, as outlined above.

Consultant will prepare the Final Report summarizing its analysis and results of the Base Case Analysis, Sensitivity Analyses, Other Benefit/Cost Elements, and Market Power Evaluation, as outlined above.

6. DELIVERABLES AND TIMELINE

Consultant will provide Company with the following Deliverables at the times specified below and as provided in Article 1, Description of Work, and Article 16, Deliverables, of the Agreement. Other reasonable scheduling deadlines will be mutually determined by the consultant and Company on an ongoing basis.

A. If Company provides Consultant with the necessary data, as outlined in Schedule A, Phase 1 Scope of Work, and in accordance with (1) Consultant's "Western Systems Coordinating Council Modeling Input Assumptions" memorandum, dated September 20, 2001, including all subsequent revisions; and (2) Consultant's "Fuel Price Projections for the WSCC Region" memorandum, dated September 21, 2001, including all subsequent revisions, by October 15, 2001, Consultant will provide the results of the Base Case Analysis, as outlined above, to Company on or before October 31, 2001. If Company does not provide Consultant with the necessary data by October 15, 2001, Consultant will provide the results of the Base Case Analysis to Company within fifteen (15) calendar days after receiving the necessary data.

B. If Company requests Sensitivity Analyses from Consultant on or before November 7, 2001, Consultant will provide the results of the Sensitivity Analyses, as outlined above, to Company on or before November 30, 2001. If Company does not request Sensitivity Analyses from Consultant on or before November 7, 2001, Consultant will provide the results of the Sensitivity Analyses to Company within twenty-one (21) calendar days after receiving Company's request for Sensitivity Analyses.

C. On or before the later of November 30, 2001, thirty (30) calendar days after receiving necessary data for the Base Case Analysis, or twenty-one (21) calendar days after the Company provides notice of the Sensitivity Analyses, Consultant will provide to Company the Preliminary Report.

D. Within fourteen (14) calendar days after providing the Preliminary Report to Company, Consultant will meet with Company and others as requested by Company to present and review the Preliminary Report.

E. Within fourteen (14) calendar days of presenting and reviewing the Preliminary Report, Consultant will provide to Company the Final Report.

F. Consultant will cooperate with Company or any Filing Utility in Phase 2 to present, explain, and perform additional analyses as requested as to the Work in various contexts, including protests, interventions, and administrative proceedings, on a time-and-material basis, beyond the Total Fixed Sum, in accordance with Schedule C.

SCHEDULE B
FILING UTILITIES

As used in the Agreement, the term “Filing Utilities” is defined as follows:

Filing Utilities:

Avista Corporation
Bonneville Power Administration
British Columbia Hydro and Power Authority
Idaho Power Company
The Montana Power Company
Nevada Power Company
PacifiCorp
Portland General Electric Company
Puget Sound Energy, Inc.
Sierra Pacific Power Company.

SCHEDULE C
PRICING SCHEDULE

(prices not posted)