

PACIFICORP/PORTLAND GENERAL ELECTRIC

PNW AC Intertie FOIA Request

DOJ File No. 150302-GT0373-02

November 19, 2002

Customer	Contract No.
PACIFICORP	29224
	92299
	94278
	94285
	94332
	94333
	94600
	94628
PORTLAND GENERAL	29225
	56747
	63627
	92277
	92340
PGE/PAC/USBR	59840

4-4-73

CONSTRUCTION TRUST AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

acting by and through the

BONNEVILLE POWER ADMINISTRATOR

and

PACIFIC POWER & LIGHT COMPANY

providing for design, construction and test of

Pacific's portion of the Malin Substation

Index to Sections

<u>Section</u>	<u>Page</u>
1. Termination of Agreement.....	3
2. Term of Agreement.....	3
3. Exhibits.....	3
4. Trust Fund.....	3
5. Duties of the Administrator.....	4
6. Duties of Pacific.....	4
7. Extension of Time.....	5
8. Ownership of Facilities and Equipment.....	5
9. Review by the Administrator.....	5
10. Additions to Exhibit B.....	5
11. Accounting.....	6
Exhibit A (Provisions Required by Statute or Executive Order).....	3
Exhibit B (Modification of Facilities).....	3

This CONSTRUCTION TRUST AGREEMENT, executed June 20, 1973, by the UNITED STATES OF AMERICA (Government), Department of the Interior, acting by and through the BONNEVILLE POWER ADMINISTRATOR (Administrator), and PACIFIC POWER & LIGHT COMPANY (Pacific), a corporation organized and existing under the laws of the State of Maine,

W I T N E S S E T H:

WHEREAS Pacific, Portland General Electric Company (Portland General), and the Government, acting by and through the Bureau of Reclamation and the Administrator, entered into an agreement (Contract No. 14-03-59840) which, among other things, provided for the construction of the Malin substation near Malin, Oregon, and outlines the ownership and responsibilities of the parties; and

WHEREAS the Malin substation is a part of the Pacific Northwest-Pacific Southwest Intertie program as recommended to Congress by the Secretary of the Interior and approved by Congress by making appropriations for the construction of the Government's portion thereof; and

WHEREAS the parties hereto executed Construction Trust Agreement, Contract No. 14-03-59835, which provided funds for the Administrator to design, furnish certain labor and material, construct and test Pacific's portion of the 500 kv switchyard (said switchyard is as defined in said Agreement No. 14-03-59840, and is hereinafter called the 500 kv Switchyard), at the Malin substation in conjunction with the design, construction, and test of the remainder of the 500 kv Switchyard; and

WHEREAS Portland General and the Administrator entered into a similar trust agreement (Contract No. 14-03-59834) which provided that the Administrator design, furnish certain labor and material, construct, and test Portland General's portion of the 500 kv Switchyard; and

WHEREAS the parties hereto desire to terminate said Contract No. 14-03-59835 and execute an agreement which provides for additional work, upon approval by

Pacific, to be performed by the Administrator when the Administrator determines that such performance is beneficial to the Government; and

WHEREAS Portland General and the Administrator expect to enter into a Construction Trust Agreement (Contract No. 14-03-29225) similar to this agreement which provides for additional work, upon approval by Portland General, to be performed by the Administrator; and

WHEREAS the Administrator is authorized pursuant to law to dispose of electric power and energy generated at various federal hydroelectric projects in the Pacific Northwest and to enter into related agreements;

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

1. Termination of Agreement. Contract No. 14-03-59835 is hereby terminated as of the time this agreement takes effect but all liabilities accrued thereunder shall be and are hereby preserved.

2. Term of Agreement. This agreement will be effective on the date of execution of said Contract No. 14-03-29225 with Portland General or on the date of execution of this agreement, whichever is later, and shall continue in effect until terminated by either party upon written notice to the other party. All liabilities accrued as of the date of termination shall be and are hereby preserved.

3. Exhibits. Exhibits A and B are by this reference incorporated herein and made a part of this agreement. Pacific shall be the Contractor as that term is used in Exhibit A.

4. Trust Fund. Pacific hereby agrees to pay the Administrator an amount equal to its share of the total cost of performing the work as outlined in Exhibit B or any addition to Exhibit B, less any credit to Pacific for facilities furnished under section 6. Such amounts (trust fund) shall be held by the Administrator in trust for Pacific's share of the costs of performing the Administrator's duties pursuant to section 5(b). Pacific will make payments on account of such share of estimated cost in amounts requested by the Administrator. If at any time thereafter

the Administrator estimates that such amounts are insufficient to pay Pacific's share of the cost of completing performance of such duties, Pacific shall advance to the Administrator, when he so requests and in such installments as may be specified by him, such additional moneys as he estimates will be required for such completion.

The moneys so received by the Administrator, as aforesaid, together with all moneys, if any, advanced to him in trust under any other provisions of this agreement, will be placed in a trust account in the United States Treasury subject to withdrawal as provided in 31 U. S. C., sections 725r and 725s, for payment of the cost of performing the Administrator's duties pursuant to this agreement.

5. Duties of the Administrator.

(a) The Administrator shall submit to Pacific and Portland General all proposals for adding or modifying facilities at Malin substation, outlining the work to be performed and the costs to be borne by each party. Such work and pertinent data shall be described in Exhibit B, or additions to Exhibit B.

(b) The Administrator shall furnish all material and labor except that furnished by Pacific pursuant to section 6 and by Portland General pursuant to Contract No. 14-03-29225, and shall design, construct, and test the facilities to be installed at the Malin substation pursuant to Exhibit B.

(c) All work done at Pacific's expense hereunder will be performed in whole or in part by force account, by contract, or by both, in the same manner and subject to the same limitations as if all funds being expended therefor were Government funds.

6. Duties of Pacific. Pacific, at its sole expense, shall provide, for installation by the Administrator pursuant to section 5(b), any facilities which it agrees to supply.

7. Extension of Time. The completion date specified in Exhibit B shall be extended for a time equivalent to such delays, if any, as are caused by events which either party hereto could not reasonably avoid by the exercise of reasonable diligence and foresight.

8. Ownership of Facilities and Equipment.

(a) Each party's ownership of facilities constructed and installed pursuant to this agreement shall be as specified in said Agreement No. 14-03-59840.

(b) Title to all facilities constructed pursuant to section 5(b) that are furnished by the Administrator will remain in the Government until such facilities have been approved for the purposes of this agreement by the Administrator as being ready for operation. Notice of such approval shall be sent to Pacific. Title to and ownership of such facilities shall then pass to, and shall be vested in the parties in accordance with said Contract No. 14-03-59840.

9. Review by the Administrator. The Administrator shall review the design, construction, and test of the facilities installed hereunder with Pacific at regular intervals.

10. Additions to Exhibit B.

(a) The Administrator shall prepare, for execution by the parties hereto, an additional table to Exhibit B each time the parties hereto agree that facilities shall be added or modified at Malin substation. Such table shall specify the facilities to be installed, the work to be performed by each party and the estimated costs to be borne by Pacific. Such estimated costs less any credit for facilities furnished by Pacific shall constitute the amount of the trust fund, as specified in section 4, for each particular project.

(b) Upon execution by the parties hereto, new tables to Exhibit B shall be attached to and deemed to be a part of this agreement and shall be effective on the date specified therein.

11. Accounting.

(a) Within a reasonable time after completion of the work for which a deposit in trust has been made under the terms hereof, the Administrator shall make a full accounting to Pacific showing the receipts credited to, and the costs charged against, said trust fund. Such accounting shall be made in such manner so that Pacific can place the various units of property on its books in the manner prescribed in the Federal Power Commission Uniform System of Accounts for class A public utilities. The Administrator shall remit to Pacific any unexpended balance of said trust fund within a reasonable time after accounting is made as herein provided.

(b) If at any time the Administrator requests Pacific to advance additional moneys pursuant to section 4, the Administrator shall, within a reasonable time after Pacific so requests, make a full accounting to Pacific showing the receipts credited to, and the costs charged against, said trust fund. The Administrator shall, at the same time, submit a statement to Pacific showing in detail his estimate of the additional moneys required to pay its share of the cost of completing performance of his responsibilities specified in section 5(b).

(c) Pacific's share of the cost of performing the work and furnishing the materials mentioned in section 5(b) shall be proper charges against the trust fund, and shall be determined by charging the cost elements exclusive of interest in the same manner as if Government funds were being expended, including among other items, labor, leave obligations, contributions - employee benefits, equipment use, tool and stores expense, expense of transportation of any materials or equipment which is not included as stores expense, and overhead reasonably allocable thereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in

several counterparts.

UNITED STATES OF AMERICA
Department of the Interior

(SEAL)

By *J. M. O'Neil*
Acting Bonneville Power Administrator

PACIFIC POWER & LIGHT COMPANY

(SEAL)

By *R. B. Richardson*
Title Vice President

PHS

ATTEST:

By *F. L. Sullivan*
Title Assistant Secretary

(12-3-69)

PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER1. Contract Work Hours and Safety Standards.

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (Public Law 87-581, 76 Stat. 357-360, as amended) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Contract Work Hours and Safety Standards Act.

(a) No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work, to work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible for such violation shall be liable to any affected employee for his unpaid wages. In addition, such Contractor or subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the provisions of subsection (a), in the sum of \$10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of forty hours in a workweek without payment of the required overtime wages.

(c) The Administrator may withhold, or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor, the full amount of wages required by this contract and such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for liquidated damages as provided in subsection (b).

(d) No contractor or subcontractor contracting for any part of the contract work shall require any laborer or mechanic employed in the performance of the contract to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health or safety, as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation based on proceedings pursuant to section 553 of title 5, United States Code, provided that such proceedings include a hearing of the nature authorized by said section.

(e) The Contractor shall require the foregoing subsections (a), (b), (c), (d) and this subsection (e) to be inserted in all subcontracts.

(f) The Contractor shall keep and maintain for a period of three (3) years from the completion of this contract the information required by 29 CFR § 516.2(a). Such material shall be made available for inspection by authorized representatives of the Government, upon their request, at reasonable times during the normal work day.

2. Convict Labor. The Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

3. Equal Opportunity. Unless exempted pursuant to the provisions of Executive Order 11246 of September 24, 1965 and the rules, regulations and relevant orders of the Secretary of Labor thereunder, during the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Administrator setting forth the provisions of this equal opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Administrator, advising the labor union or worker's representative of the Contractor's commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor,

or pursuant thereto, and will permit access to his books, records, and accounts by the Administrator and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the equal opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Administrator may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Administrator, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. Interest of Member of Congress. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to such contract if made with a corporation for its general benefit.

Modification of Facilities

Replacement of Out-of-Step Relaying

1. Amount of the trust fund: \$3,750
(Total estimated cost of replacement: \$15,000)
(Pacific's share of the cost: 25%)
2. Duties of the Administrator: The Administrator within 24 months after the date of execution shall furnish the necessary labor and material and
 - (a) design, construct, and install a General Electric Company type SLL out-of-step relaying system;
 - (b) perform test and energization of the facilities installed hereunder; and
 - (c) remove the existing type HZM and KS out-of-step relaying systems after a successful trial period of the type SLL system mentioned in subsection (a) above.
3. Duties of Pacific: None.



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

February 19, 1993

OFFICE OF THE ADMINISTRATOR

In reply refer to: **PMTT**

Revision No. 1, Exhibit B
Table 25, Page 1 of 4
Contract No. 14-03-29224
Effective on the Effective Date

Mr. Dennis P. Steinberg
Vice President
PacifiCorp
700 NE. Multnomah, Suite 1600
Portland, OR 97232-4116

Dear Mr. Steinberg:

This Revision No. 1 supersedes Table 25 executed by Bonneville Power Administration (Bonneville) and PacifiCorp Electric Operations, doing business as Pacific Power & Light Company (Pacific) on January 6, 1992. Revision No. 1 adds \$1,072,000, which includes a 30 percent overhead rate, for Remedial Action Scheme additions which are required for the AC Intertie.

Representatives of Bonneville and Pacific have agreed to provide relaying, controls, and data systems at jointly-owned Malin Substation (Malin) for the Grizzly No. 2 and Captain Jack No. 1 line positions (Power System Controls). The parties have also agreed to modify the existing line loss logic for the Grizzly No. 2, Round Mountain Nos. 1 and 2, and the Summer Lake and Captain Jack No. 1 line terminals (Line Loss Logic). On July 8, 1986, the parties executed an Intertie Agreement, Contract No. DE-MS79-86BP92299, as amended, which established cost-sharing principles between the parties for modifications of certain Malin Substation facilities of the AC Intertie by reference to the Malin Substation Construction and Operation Agreement, Contract No. 14-03-59840, as amended. The Power System Controls and Line Loss Logic are required for the Joint AC Intertie.

Further, Bonneville and Pacific have agreed to replace the protective relaying equipment and add automatic voltage control relaying for the shunt reactor banks No. 1 and No. 2 on the Captain Jack No. 1 and Grizzly No. 2 lines at the Malin Substation (Relay Additions). The Relay Additions are required due to (1) the obsolescence of the existing relaying equipment; and (2) the need to improve voltage controls at the Malin Substation to support the AC Intertie. Energization is planned for December 1, 1992.

Accordingly, Bonneville proposes the work be performed under the following terms and conditions:

1. Effective Date. This Revision No. 1 to Table 25 (Table 25) shall be effective at 2400 hours on the date that Bonneville has received all of the following:

(a) an original signed copy of this Table 25 and payment from Pacific in the amount of the Trust Deposit as specified in section 3 below; and

(b) an original signed copy of Table 22 of Exhibit B to Contract No. 14-03-29225 from Portland General Electric Company (Portland General) and the attendant Trust Deposit (Effective Date).

2. Cost-Sharing. The estimated total cost for Bonneville to perform the duties as described in section 4 is \$2,108,266, which includes appropriate overheads. The estimated total cost of such work is to be shared by the parties in proportion to their percentage ownership of the Malin Substation jointly-owned property. Subsection 5(a) of the Malin Substation Construction and Operation Agreement (Contract No. 14-03-59840), as amended, defines those percentages and stipulates their applicability to the Malin Substation control house equipment as follows:

<u>Party</u>	<u>Joint Ownership Percentage (%)</u>	<u>Budget Item 103 (\$)</u>	<u>Budget Item 150 (\$)</u>	<u>Estimated Cost Share (\$)</u>
Bonneville	50	789,000	265,000	1,054,000
Portland General	25	394,500	132,500	527,000
Pacific	<u>25</u>	<u>394,500</u>	<u>132,500</u>	<u>527,000</u>
Total	100	1,578,000	530,000	2,108,000

Final sharing shall be based on actual costs including appropriate overheads.

3. Trust Deposit. Pacific hereby agrees to pay Bonneville \$527,000 (Trust Deposit) to be held in an account to defray the cost to the Government of performing the duties specified in section 4. Payment made by Pacific in the amount of \$259,000 under the previous Table 25 executed by the parties on January 6, 1992, shall be credited towards the Trust Deposit. Bonneville shall prepare a final accounting of actual costs for the duties performed pursuant to section 4.

4. Duties of Bonneville. Bonneville shall:

(a) Design and install the Line Loss Logic and test in conjunction with the remedial action scheme central controllers;

- (b) Design, procure, and install SCADA, SER points, and automatic voltage control relaying (i.e., SEL-187V) on reactor banks No. 1 and No. 2 at Malin Substation;
- (c) Design, procure, and install new replacement reactor relaying consisting of phase and neutral over-current relay and a new differential relay for both reactor banks No. 1 and No. 2 at Malin Substation;
- (d) Design, procure, and install data systems for the 500 kV PCB and MOD replacements;
- (e) Provide relays and design the protective relaying scheme for the Captain Jack No. 1 500 kV line and the Grizzly No. 2 500 kV line; and
- (f) As soon as practicable, after the completion of Bonneville's duties specified in section 4, forward to Pacific the final accounting of the actual costs for the Power System Controls, Line Loss Logic, and Relay Additions.

5. Duties of Pacific. Pacific shall cooperate with Bonneville as necessary for Bonneville to perform the work as specified in section 4 above. Pacific shall make payment as required in section 3 above.

6. Ownership. Title to and ownership of the facilities and equipment installed hereunder shall be in accordance with subsection 5(a) of the Malin Construction and Operation Agreement (Contract No. 14-03-59840), as amended, and as indicated by the percentages specified in section 2 above.

7. Operation and Maintenance. Bonneville shall operate and maintain the facilities and equipment installed hereunder as provided under the Malin Substation Operation and Maintenance Trust Agreement (Contract No. 14-03-62876), as amended.

If this Table 25 is acceptable to Pacific, please indicate your approval by signing both enclosed copies and returning both copies with a check in the

Revision No. 1, Exhibit B
Table 25, Page 4 of 4
Contract No. 14-03-29224
Effective on the Effective Date

amount of the Trust Deposit balance (\$268,000) to Bonneville. Upon execution by Bonneville, a fully executed original will be forwarded to Pacific.

Sincerely,



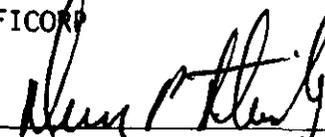
Administrator

Name Randall W. Hardy
(Print/Type)

Effective Date FEB 1 1993

ACCEPTED:

PACIFICORP

By 

Name Dennis P. Steinberg
(Print/Type)

Title Vice President

Date February 11, 1993

(VS10-PMTT-3564e)