

PACIFICORP/PORTLAND GENERAL ELECTRIC

PNW AC Intertie FOIA Request

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

AC INTERTIE AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PACIFICORP

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This AC INTERTIE AGREEMENT ("Agreement"), executed June 1, 1994, by the UNITED STATES OF AMERICA ("Government"), DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION ("Bonneville") and PACIFICORP ("PacifiCorp"), a corporation organized and existing under the laws of Oregon, (hereinafter referred to individually as "Party" and collectively as "Parties").

W I T N E S S E T H:

WHEREAS the Parties have entered into the Transmission Agreement (Contract No. DE-MS79-79BP90091), as amended, which

hereinafter is referred to as "Midpoint-Medford Agreement"; and

WHEREAS the Parties have entered into the Intertie Agreement (Contract No. DE-MS79-86BP92299), as amended, which hereinafter is referred to as "Intertie Agreement"; and

WHEREAS the Parties have entered into an Agreement of Principles, dated May 28, 1993, which hereinafter is referred to as "Letter of Understanding" and which provides, among other things, for the revision of certain terms and conditions in the Midpoint-Medford Agreement and the Intertie Agreement; and

WHEREAS the Parties have entered into the Midpoint-Meridian Transmission Agreement (Contract No. DE-MS79-94BP94333) which hereinafter is referred to as "Midpoint-Meridian Transmission Agreement" which replaces and supersedes the Midpoint-Medford Agreement; and

WHEREAS the Parties desire to replace and supersede the Intertie Agreement with this Agreement; and

WHEREAS the Parties have entered into the AC Intertie Operation and Maintenance Agreement (Contract No. DE-MS79-93BP94278) which hereinafter is referred to as "AC Intertie O&M Agreement"; and

WHEREAS Bonneville and PacifiCorp are Parties to Contract No. 14-03-59840 ("Malin Substation Construction Agreement") which provides for rights and obligations regarding construction, operation, ownership and use of the Malin Substation and desire to continue such agreement for the term of this Agreement; and

WHEREAS PacifiCorp has constructed a 500 kv line from the interconnection with Bonneville at Alvey Substation to Meridian Substation ("Alvey-Meridian Line") to provide increased Load Carrying Capability; and

WHEREAS Bonneville has expanded the Rated Transfer Capability of the AC Intertie to approximately 4800 megawatts and has acquired a 50 percent undivided ownership right in the Incremental Capacity of the Alvey-Meridian Line; and

WHEREAS PacifiCorp and Bonneville have acquired joint ownership in the Alvey-Meridian Line and related facilities as provided for in Amendatory Agreement No. 2 to the Intertie Agreement ("Payment Agreement"), Amendatory Agreement No. 1 to the Intertie Agreement ("Option Agreement") attached hereto as Exhibits A and D respectively and Exhibit B hereto; and

WHEREAS nothing in this Agreement is intended to be determinative of transmission or ownership rights of utilities not party to this Agreement;

NOW, THEREFORE, in the interest of resolving issues of AC Intertie rights and service to PacifiCorp's Load Area, now and in the future, Bonneville and PacifiCorp are entering into this Agreement to accomplish the following goals:

(a) To enable Bonneville's planning, construction, operation and maintenance of an AC Intertie with a bidirectional Rated Transfer Capability of approximately 4800 megawatts and to enable PacifiCorp's planning, construction, operation and maintenance of facilities to serve its Load Area.

(b) To permit the Parties' specified use of the Buckley-Alvey Loop in a manner that does not jeopardize reliable service on either Party's system.

(c) To limit PacifiCorp's right to use its own facilities to schedule power and energy from its Load Area to adjoining areas and to ensure that this right is exercised in a manner that does not reduce the Operational Transfer Capability of the AC Intertie.

(d) To facilitate joint development of facilities by Bonneville and PacifiCorp as specified in this Agreement.

(e) As between the Parties, to facilitate the economical development and fair allocation of any AC Intertie transfer capability above 4800 megawatts.

It is the intention of the Parties that this Agreement be implemented and interpreted to best effectuate the above stated goals. Where this Agreement makes reference to not unreasonably withholding consent or agreement, the reasonableness of each Party's position will be judged with reference to the above stated goals.

1. Term of Agreement. This Agreement shall be effective and shall supersede the Intertie Agreement in accordance with section 15 herein when executed by the Parties and accepted for filing or otherwise approved without change by the Federal Energy Regulatory Commission and shall terminate when all of the facilities comprising the AC Intertie are permanently taken out of service. Upon termination of this Agreement, all liabilities

accrued hereunder shall be and are hereby preserved until satisfied.

2. Exhibits. Exhibits A through E are incorporated as part of this Agreement. Revisions to the Exhibits shall be by mutual consent.

3. Plan-of-Service for AC Intertie.

(a) Bonneville's Right to Establish Plan-of-Service.

PacifiCorp agrees that Bonneville alone shall have the right to establish any Plan-of-Service for upgrading the AC Intertie to approximately 4800 megawatts, provided such Plan-of-Service is in keeping with Prudent Utility Practice, and further provided such Plan-of-Service does not result in reducing PacifiCorp's Load Carrying Capability.

(b) PacifiCorp's Right to Comment. Bonneville shall provide PacifiCorp the opportunity to comment on any such Plan-of-Service Bonneville may establish.

4. AC Intertie Construction and Ownership up to Approximately 4800 Megawatts of Rated Transfer Capability

(a) Alvey-Meridian Line Rights. To achieve the upgrade of the AC Intertie to a Rated Transfer Capability of approximately 4800 megawatts, Bonneville has acquired a 50 percent undivided ownership right in the Incremental Capacity of the Alvey-Meridian Line which is jointly owned by Bonneville and PacifiCorp as provided for in the Payment Agreement and Exhibit B. For the term of this Agreement, Bonneville shall have the unrestricted right to use such ownership interest. Bonneville

may use such unrestricted right for purposes including, but not limited to, the interregional transfer of electric power, the integration of the electric power output of generation resources, and for service to the electric power loads of Bonneville's customers. Bonneville and PacifiCorp have shared, in accordance with the percentages specified in Exhibit B, the actual costs of facilities associated with construction of the Alvey-Meridian Line and other related additions. Unless otherwise stated in Exhibit B or in the AC Intertie O&M Agreement, Bonneville shall pay 42 percent and PacifiCorp shall pay 58 percent of the operation and maintenance costs of those facilities specified in Exhibit B. PacifiCorp shall bear all operation and maintenance costs for those facilities used exclusively to serve PacifiCorp's own loads. PacifiCorp and Bonneville shall act in good faith and use best efforts, including utilization of all reasonable legal remedies, to obtain and protect all necessary permits and licenses for the Alvey-Meridian Line.

(b) Captain Jack Substation. Bonneville has constructed and, except for those facilities which PacifiCorp owns pursuant to section 4(b)(3) herein, owns the Captain Jack Substation and the associated interconnection to COTP. Bonneville's ownership includes the land on which the substation and the interconnection are located. Bonneville has connected the Captain Jack Substation to PacifiCorp's 500 kV system between Meridian Substation and Malin Substation where the COTP

interconnects with the AC Intertie subject to the following terms, conditions and exceptions:

(1) Bonneville has constructed and owns terminal equipment, lines, and facilities required to interconnect the COTP with the Captain Jack Substation.

(2) Bonneville has constructed and owns the series and shunt compensation equipment and facilities located in the Captain Jack Substation required to connect to the COTP.

(3) PacifiCorp and Bonneville have shared equally in the cost of the bay 3 terminal equipment and facilities, which PacifiCorp owns, including the land on which such facilities are located, required to loop PacifiCorp's Malin-Meridian 500 kV line ("Malin-Meridian Line") into the Captain Jack Substation.

(4) PacifiCorp, at its expense and subject to Prudent Utility Practice, may install transformation equipment at the Captain Jack Substation. PacifiCorp agrees to provide Bonneville the one-line diagram and plot plan for the installation of transformation equipment in a timely fashion for inclusion in Bonneville's Plan-of-Service. Subsequent changes in the one-line diagram or plot plan of transformation equipment are subject to mutual consent.

(c) Modification of Facilities.

(1) Except in regard to the Malin Substation,

PacifiCorp agrees that it will make or permit Bonneville to make, at Bonneville's expense, any improvements or modifications of PacifiCorp's facilities in the Buckley-Alvey Loop that are required to accomplish Bonneville's Plan-of-Service. Unless otherwise mutually agreed, Bonneville shall own such improvements or modifications unless they cannot be removed without impairment or damage to PacifiCorp's facilities, in which case such modifications or improvements shall be jointly owned by Bonneville and PacifiCorp.

(2) AC Intertie Reactive Support. After joint studies have been completed and the Parties have mutually agreed that additional reactive support is required at the Malin Substation or Captain Jack Substation to support the AC Intertie, PacifiCorp shall be financially responsible for its share of the cost of such added reactive support.

(3) At such time as the Parties mutually agree, which agreement shall not be unreasonably withheld, that a second 500/230 kV transformer is required at the Malin Substation or a 500/230 kV transformer is required at the Captain Jack Substation, the Parties shall jointly develop the plan of service for such transformer(s). Each Party shall have the right to acquire up to a one-half ownership interest in such transformer(s) at a pro-rata share of cost, provided that PacifiCorp's Load Carrying Capability is not impacted. If a Party does not participate in the

ownership of such transformer(s) at the Malin or Captain Jack Substations at the time such transformer(s) are installed, such Party shall have the unilateral right to acquire up to a one-half ownership interest based on a pro-rata share of the original cost plus capital additions, if any, at a future date to the extent that capacity is available.

(4) Except as provided for in subsection 4(c)(1) herein, any improvements or modifications of the Buckley-Alvey Loop shall be by mutual consent, which consent shall not be unreasonably withheld. Except as provided for in subsections 4(c)(2) and 4(c)(3) above, installation of any equipment in the Malin Substation shall be made pursuant to the terms of the Malin Substation Construction Agreement.

(5) If Bonneville determines additions or modifications to the Alvey-Meridian Line are necessary to maintain the Rated Transfer Capability or Operational Transfer Capability of the AC Intertie at 4800 megawatts, Bonneville may, by written notice, cause PacifiCorp to add such equipment or make such modifications, and Bonneville and PacifiCorp shall share equally in the costs and ownership of such additions and modifications unless otherwise mutually agreed. PacifiCorp and Bonneville shall share equally in any Incremental Capacity resulting from such modifications.

5. Rights of Use.

(a) Determination of AC Intertie Rated Transfer Capability and Operational Transfer Capability. PacifiCorp agrees that Bonneville may determine the Rated Transfer Capability and Operational Transfer Capability of the AC Intertie, provided such determination is in keeping with Prudent Utility Practice, and further provided it does not have the effect of reducing PacifiCorp's ability to serve up to its Load Carrying Capability as specified in this section 5.

(b) Bonneville's Right to Use of PacifiCorp's Malin-Meridian Line. PacifiCorp shall provide Bonneville, at no charge, sufficient capacity in the Malin-Meridian Line for Bonneville's AC Intertie transactions for itself or on behalf of other parties to enable Bonneville to operate the AC Intertie at its Rated Transfer Capability. To the extent modifications in the Malin-Meridian Line are required to effectuate this subsection 5(b), the cost of such modifications shall be borne equally by Bonneville and PacifiCorp. PacifiCorp shall operate and maintain the Malin-Meridian Line to maintain the Rated Transfer Capability on the AC Intertie in keeping with Prudent Utility Practice.

(c) Bonneville's Rights and Obligations for Intertie Service. PacifiCorp agrees that Bonneville has the right to operate the AC Intertie up to its Rated Transfer Capability or Operational Transfer Capability, subject to the following terms and conditions:

(1) Subject to section 4(c)(2) herein, Bonneville shall provide reactive support to maintain the Rated Transfer Capability of the AC Intertie.

(2) Bonneville shall provide transmission reinforcement to maintain the Rated Transfer Capability of the AC Intertie.

(3) Bonneville shall not rate or operate the AC Intertie in a manner that interferes with PacifiCorp's use of its Load Carrying Capability as described in subsections 5(d)(1), 5(d)(2), and 5(d)(3) below. However, Bonneville may make use of PacifiCorp's unused Load Carrying Capability for AC Intertie transactions for itself or on behalf of other parties at no additional charge, except as otherwise provided in this Agreement.

(d) PacifiCorp's Rights and Obligations for Service to Load.

(1) Upon energization of the Alvey-Meridian Line, PacifiCorp shall have the right to serve PacifiCorp's Load Area and parallel paths, pursuant to section 10 herein, up to the Load Carrying Capability specified as follows:

(A) PacifiCorp shall have a Load Carrying Capability of 1875 megawatts.

(B) By the date when PacifiCorp's Load is expected to exceed the Load Carrying Capability recognized in subsection 5(d)(1)(A) herein, PacifiCorp shall provide additional facilities to supply power to its Load Area.

(2) The Load Carrying Capability specified in this subsection 5(d) may be correspondingly increased if new transmission facilities are constructed or if modifications are made to transmission facilities that increase the Load Carrying Capability. The effect of any such additions or modifications of transmission facilities on Load Carrying Capability shall be established by mutual agreement of the Parties using the results of joint planning studies conducted pursuant to subsection 5(d)(3) herein, and such mutual agreement shall not be unreasonably withheld.

(3) PacifiCorp's Load in its Load Area, and the date that such load is expected to exceed the Load Carrying Capability, shall be mutually determined by joint planning studies conducted annually, or as otherwise mutually agreed, by PacifiCorp and Bonneville in accordance with normal utility planning criteria. Such studies shall be based on mutually agreed to load forecasts for PacifiCorp's Load, as well as records of actual metered power flows on the then existing transmission lines serving the Load Area. PacifiCorp and Bonneville shall furnish any data reasonably required for the joint planning study.

(4) PacifiCorp shall provide reactive support and internal transmission reinforcement for PacifiCorp's Load, including, but not limited to, 500/230 kV transformation, and 230 kV and below transmission reinforcement. To the extent PacifiCorp fails to provide such reinforcements,

Bonneville shall not be obligated to reduce the Rated Transfer Capability or Operational Transfer Capability of the AC Intertie.

(5) Use of the Summer Lake Substation as a point of delivery by the Parties shall not impact PacifiCorp's Load Carrying Capability or Bonneville's usage of the AC Intertie.

(e) PacifiCorp's Scheduling Rights for AC Intertie Rated Transfer Capability in Excess of 4000 Megawatts. PacifiCorp's Southbound Scheduling Rights are 400 megawatts. PacifiCorp's Northbound Scheduling Rights shall equal 400 megawatts multiplied by a fraction whose numerator is the northbound Rated Transfer Capability of the AC Intertie and whose denominator is the southbound Rated Transfer Capability of the AC Intertie. PacifiCorp shall have the right to net its total northbound and southbound schedules under this Agreement. PacifiCorp agrees to cooperate with Bonneville in its efforts, if any, to secure a northbound AC Intertie Rated Transfer Capability of 4800 megawatts. PacifiCorp's Northbound Scheduling Rights and Southbound Scheduling Rights shall be subject to the following terms and conditions:

(1) To the extent PacifiCorp has unused Scheduling Rights available in any hour under this Agreement, such unused Scheduling Rights shall be available to Bonneville for AC Intertie transactions at no charge.

(2) Except as mutually agreed to, any net southbound

schedules by PacifiCorp in excess of Southbound Scheduling Rights available to PacifiCorp pursuant to this subsection 5(e) and the southbound scheduling rights available to PacifiCorp pursuant to transmission agreements entered into in accordance with the Letter of Understanding, including future Pacific Northwest AC Intertie Capacity Ownership Agreements, shall be deemed to be transmitted over the AC Intertie from John Day Substation, or any other AC Intertie delivery point subsequently established by Bonneville. Except as mutually agreed to, any net northbound schedules by PacifiCorp in excess of Northbound Scheduling Rights available to PacifiCorp pursuant to this subsection 5(e) and the northbound scheduling rights available to PacifiCorp pursuant to transmission agreements entered into in accordance with the Letter of Understanding, including future Pacific Northwest AC Intertie Capacity Ownership Agreements, shall be deemed to be transmitted over the AC Intertie to the John Day Substation, or any other AC Intertie delivery point subsequently established by Bonneville. Such excess schedules shall be subject to Bonneville's then effective Long-Term Intertie Access Policy, PacifiCorp's rights under other agreements, and the IS-93 Rate Schedule, or its successor, plus losses applicable to the AC Intertie. In the event that PacifiCorp's net northbound/southbound schedules exceed PacifiCorp's scheduling rights as described above,

Bonneville shall provide transmission services to PacifiCorp pursuant to the same policies and rates that are generally applicable to Bonneville's other regional utility customers.

(3) If insufficient capacity exists in the combined capability of PacifiCorp's Midpoint-Malin 500 kV line ("Midpoint-Malin Line"), the Malin-Meridian Line, and the Alvey-Meridian Line for PacifiCorp to use its net Southbound Scheduling Rights available to it, any increment above the combined capability of such facilities shall be deemed to be transmitted from the John Day Substation, or any other AC Intertie delivery point subsequently established by Bonneville, and shall be subject to the IS-93 Rate Schedule, or its successor, plus losses applicable to the AC Intertie. Net Northbound Scheduling Rights shall be deemed to be delivered to PacifiCorp at Malin Substation or Captain Jack Substation. If insufficient capacity exists in the combined capability of PacifiCorp's Midpoint-Malin Line, the Malin-Meridian Line, and the Alvey-Meridian Line for PacifiCorp to integrate deliveries associated with its net Northbound Scheduling Rights available to it, any increment in excess of PacifiCorp's Load that can be served using the combined capability of PacifiCorp's facilities still in service shall be deemed to be transmitted from the Malin Substation to the John Day Substation, or any other AC Intertie

delivery point subsequently established by Bonneville, and shall be subject to the IS-93 Rate Schedule, or its successor, plus losses applicable to the AC Intertie. Transmission service over the Federal Transmission System shall carry charges and losses as specified in the Midpoint-Meridian Transmission Agreement.

(4) During times when the southbound AC Intertie Operational Transfer Capability is less than the southbound AC Intertie Rated Transfer Capability, PacifiCorp's reduced net southbound scheduling rights at Malin Substation and Captain Jack Substation as described herein shall be an amount determined by multiplying the southbound Operational Transfer Capability of the AC Intertie by the ratio of 400 megawatts to the southbound Rated Transfer Capability of the AC Intertie. During times when the northbound AC Intertie Operational Transfer Capability is less than the northbound AC Intertie Rated Transfer Capability, PacifiCorp's reduced net northbound scheduling rights shall be an amount determined by multiplying the northbound Operational Transfer Capability of the AC Intertie by the ratio of the Northbound Scheduling Rights to the northbound Rated Transfer Capability of the AC Intertie.

(f) Additional PacifiCorp Wheeling Rights. Until December 31, 2023, during Off-Peak Hours when PacifiCorp's northbound scheduling capability is less than 582 megawatts, Bonneville will provide PacifiCorp the right to utilize Bonneville's unused

northbound capability on the AC Intertie and the DC Intertie at the IS-A Rate, or its successor rate, so as to provide PacifiCorp with a total northbound scheduling capability of 582 megawatts. For the purposes of this subsection 5(f), PacifiCorp's northbound scheduling capability for any hour shall equal the sum during such hour of its Northbound Scheduling Rights hereunder and its northbound scheduling rights under the AC Intertie Transmission Agreement, Contract No. DE-MS79-94BP94285, including rights under Future Pacific Northwest AC Intertie Capacity Ownership Agreements. Bonneville's unused AC Intertie capability and DC Intertie capability shall be deemed to be capability not required to satisfy Bonneville's firm contractual commitments, as determined by Bonneville. PacifiCorp shall use best efforts to provide Bonneville advance notice of its desire to utilize its rights pursuant to this subsection 5(f). To the extent possible, such notice shall be provided at the time that PacifiCorp submits its preschedules to Bonneville pursuant to section 7 herein, provided, however, that PacifiCorp's failure to provide such notice with preschedules shall not diminish in any way, PacifiCorp's rights under this subsection 5(f).

(g) Remedial Action Schemes. PacifiCorp shall be responsible for providing or assuring, at its cost, the provision of its pro-rata share of remedial action schemes required to support the Rated Transfer Capability and Operational Transfer Capability of the AC Intertie either

northbound or southbound. In support of its obligations to provide generator dropping for its net southbound AC Intertie schedules, PacifiCorp shall provide generator dropping from its share of Mid-Columbia generation on line at the time of a remedial action scheme requirement. Bonneville may, after it has exhausted its own capability to provide generator dropping in support of its obligation for net southbound AC Intertie schedules, have access to PacifiCorp's total Mid-Columbia rights on line at the time of a remedial action scheme requirement at no cost. To the extent PacifiCorp does not have the capability on line to provide generator dropping from its Mid-Columbia rights for its net southbound AC Intertie schedules, Bonneville shall, to the extent it has available on line generation, provide generator dropping capability to PacifiCorp at no cost. In the event that PacifiCorp no longer has rights to Mid-Columbia generation, PacifiCorp's obligation to provide or assure, at its cost, the provision of its pro-rata share of remedial action schemes required to support the Rated Transfer Capability and the Operational Transfer Capability of the AC Intertie either northbound or southbound shall not be diminished. In support of PacifiCorp's net northbound AC Intertie schedules or its northbound DC Intertie schedules, PacifiCorp shall be responsible for making arrangements for any load dropping requirements. To the extent possible, as determined by Bonneville, Bonneville shall offer to sell remedial action scheme service to PacifiCorp to enable

PacifiCorp to meet its obligations pursuant to this subsection 5(g).

(h) PacifiCorp shall provide Bonneville firm capacity in the existing 500/230 kV transformer at the Malin Substation at a use-of-facilities rate for Bonneville's firm requirements, provided such capacity will be made available to Bonneville only after PacifiCorp has determined that it has the capacity necessary to meet its own requirements and provided further, that Bonneville's right to use the existing Malin transformer shall be limited to 200 megawatts.

6. Upgrades of the AC Intertie Above Planned Rated Transfer Capability of 4800 Megawatts. After Bonneville has determined that the southbound or northbound AC Intertie Rated Transfer Capability is at least 4800 megawatts, but not more than 4900 megawatts, Bonneville and PacifiCorp agree that if any additions or changes to the Buckley-Alvey Loop or other jointly-owned facilities are required to increase the Rated Transfer Capability of the AC Intertie, such additions or changes shall be by mutual consent of the Parties hereto, which consent shall not be unreasonably withheld. Bonneville and PacifiCorp shall have the right, but not the obligation, to participate equally in such increase in the AC Intertie Rated Transfer Capability resulting from such additions or changes, and, if they do so, each shall share equally in the costs of such additions or changes to the Buckley-Alvey Loop or other jointly owned facilities required for such increases.

7. Scheduling.

(a) Bonneville and PacifiCorp shall schedule through the Joint Intertie Scheduling Office all schedules with southwest entities at the Malin and Captain Jack Substations.

(b) Upon Bonneville's request, PacifiCorp shall notify the Joint Intertie Scheduling Office each recognized workday of the planned schedules over PacifiCorp's parallel facilities, as described and limited in section 10 herein, for the following day or days. PacifiCorp shall also provide Bonneville's schedulers with all preschedule modifications prior to the hour of such schedules in accordance with Bonneville's standard scheduling practices.

8. Losses. The Parties shall be compensated for electric power losses pursuant to Calculation of Losses as shown in Exhibit E. Such compensation shall be based upon an equitable allocation of the Parties' control area losses associated with this Agreement and with the Midpoint-Meridian Transmission Agreement (Contract No. DE-MS79-94BP94333). The loss allocation specified in Exhibit E shall be reviewed at least every five years, but a review may be requested by either Party annually. The loss allocation shall be reviewed by the Parties to reflect any changes to the loss allocation.

9. Waivers. Except as specified in this Agreement and the Letter of Understanding, PacifiCorp waives any claim to any ownership share or right to use the AC Intertie Rated Transfer Capability or to additional scheduling rights based on its

ownership in: (1) existing facilities as such facilities may be modified or (2) the Alvey-Meridian Line.

10. Construction and Operation of Parallel Facilities.

(a) PacifiCorp's right to construct and right to operate existing and new interconnections with Pacific Gas & Electric Company or other utilities adjoining PacifiCorp's service territory in southern Oregon and northern California in parallel with the AC Intertie shall be subject to the following terms and conditions:

(1) The interconnection shall operate at 230 kV or below and shall include a phase shifter, unless the Parties mutually agree that a phase shifter is not required.

(2) On any given hour the sum of PacifiCorp's Load and the schedule on the parallel path shall not exceed the Load Carrying Capability.

(3) Except as provided in subsection 10(c) herein, PacifiCorp's total Rated Transfer Capability on such interconnections shall not exceed 400 megawatts. The total Rated Transfer Capability on such interconnections shall include the 100 megawatt Cottonwood Interconnection with Pacific Gas and Electric Company. The Operational Transfer Capability on such interconnections shall never exceed the Rated Transfer Capability on such interconnections.

(4) PacifiCorp shall schedule as provided in subsection 7(b) herein. In no case shall such schedules exceed the Operational Transfer Capability of such

interconnections.

(5) PacifiCorp shall make available to Bonneville telemetry of the actual power flow over PacifiCorp's parallel path interconnections.

(6) Construction or operation of such interconnections shall not reduce or adversely impact the Operational Transfer Capability of the AC Intertie. If Bonneville determines the operation of any such interconnection reduces or impacts the Operational Transfer Capability of the AC Intertie on any hour, and AC Intertie users have need of additional Operational Transfer Capability on the AC Intertie, upon Bonneville's request PacifiCorp shall reduce schedules to the extent needed to eliminate such impact. PacifiCorp shall not be required to reduce schedules on the parallel paths if the Operational Transfer Capability of the AC Intertie is reduced as a result of outages on the AC Intertie.

(b) Except as provided in subsection 10(c) herein, PacifiCorp shall not construct, participate in, or allow new interconnections for any 345 kV or above transmission lines or facilities from any point on PacifiCorp's system in Oregon to the existing two Malin-Round Mountain-Table Mountain 500 kV lines or the COTP north of Table Mountain.

(c) Notwithstanding the provisions of subsections 10(a)(3) and 10(b) herein, PacifiCorp may (i) construct and operate existing and new interconnections, as referenced in subsection

10(a)(3) herein with Rated Transfer Capability in excess of 400 megawatts, and/or (ii) construct, participate in, and allow new interconnections as referenced in subsection 10(b) herein, if:

(1) such increase in Rated Transfer Capability or new interconnection is needed for PacifiCorp to meet good faith third-party requests for transmission service; and

(2) Bonneville has declined to provide, or lacks transmission facilities to provide, the requested transmission service; and

(3) such actions do not reduce the Rated Transfer Capability of the AC Intertie.

11. Wheeling From Palo Verde. For a period coincident with the term of PacifiCorp's March 23, 1993 Transmission Service Agreement ("TSA") with Southern California Edison Company ("SCE"), PacifiCorp, on hours that PacifiCorp does not require all or a portion of its transmission capacity rights pursuant to the TSA, shall offer Bonneville a first right of refusal to utilize such excess transmission rights under the TSA. PacifiCorp shall have sole discretion to determine whether it is making use of its TSA transmission rights. If Bonneville exercises its right to use PacifiCorp's TSA transmission rights, Bonneville shall reimburse PacifiCorp for SCE's charges to PacifiCorp for such usage. Such reimbursement shall be based upon PacifiCorp's then-effective transmission demand charges from SCE under the TSA which shall initially be \$4.00 per megawatt-hour. If Bonneville exercises its first right of

refusal to utilize PacifiCorp's excess TSA transmission rights, Bonneville shall use its own AC Intertie or DC Intertie scheduling capability to accept and transmit power and energy scheduled under this section 11. Additionally, the exercise of such access by Bonneville shall not preclude PacifiCorp from utilizing its transmission rights acquired from Bonneville on the AC Intertie or the DC Intertie.

12. Summer Storage and Spring Energy Option

(a) Summer Storage. For a period of 20 years commencing with the effective date of this Agreement, PacifiCorp shall accept and store energy for Bonneville during the months of June and July of each year, provided that PacifiCorp is not required to reduce generation from its thermal plants to accept such energy. Bonneville shall provide PacifiCorp notice as to the amount of energy Bonneville desires to have stored one-week prior to the beginning of each month that Bonneville will deliver energy to be stored by PacifiCorp. Energy to be stored pursuant to this subsection 12(a) shall be delivered to PacifiCorp at the points of delivery specified in Exhibit C of the Short-Term Surplus Firm Capacity Sales Agreement (Contract No. DE-MS79-92BP93757), as amended or superseded, or such other points as may be mutually agreed to. PacifiCorp may, but shall not be required to, accept more than 100,000 megawatt-hours per month for storage and Bonneville shall deliver no less than 25,000 megawatt-hours per month for storage. Bonneville shall deliver energy to PacifiCorp for storage prior to entering into

the market to sell surplus energy. Unless otherwise mutually agreed, the hourly rate of delivery shall be determined by dividing the total energy to be stored in the month by the number of hours in such month. Except in times of system emergency, Bonneville shall adhere to the agreed-upon schedule of deliveries. PacifiCorp shall return stored energy to Bonneville during the months of September, October and November of each year in which energy was delivered to PacifiCorp. Unless otherwise mutually agreed, the hourly rate of return of the energy to Bonneville shall be determined by summing the total energy delivered to PacifiCorp during the prior June and July period, dividing such sum by three (3) and dividing the result by the number of hours in the month in which the energy is to be returned to Bonneville. Except during times of system emergency, PacifiCorp shall adhere to this hourly return schedule. Except when prevented by constraints on the Parties' transmission systems, including both operational and scheduling constraints, returned energy in any hour shall be delivered to Bonneville at the Hot Springs Substation, at an amount not to exceed 110 MW unless otherwise mutually agreed to, Summer Lake Substation or other mutually-agreed upon points of delivery. Storage provided pursuant to this subsection 12(a) shall be at no charge to Bonneville.

(b) Spring Energy Option. For a period of 20 years following the effective date of this Agreement, if requested by Bonneville, PacifiCorp shall deliver to Bonneville during Off-

Peak Hours, at the Hot Springs Substation, or other mutually-agreed points of delivery, up to 50,000 megawatt-hours during the month of March of each such year. The maximum rate of delivery for such energy shall be 200 megawatts per hour. To exercise its option to take such energy, Bonneville shall notify PacifiCorp by February 15 of each year as to the amount of energy Bonneville desires to have delivered during the following March. Except in times of system emergency, PacifiCorp shall deliver such energy in accordance with Bonneville's request, subject to the limitations of this subsection 12(b). Bonneville shall return the energy delivered by PacifiCorp during the following June 1 through July 15 period during Off-Peak hours at an hourly rate of delivery determined by dividing the amount of energy delivered by PacifiCorp during the previous March by the number of Off-Peak Hours in the June 1 through July 15 period or such other hourly rate of delivery as mutually agreed to. Such March Energy shall be returned to PacifiCorp at points of delivery as specified in Exhibit C of Contract No. DE-MS79-92BP93757 or such other points of delivery as are mutually agreed.

13. Sale or Assignment.

(a) This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties to this Agreement.

(b) PacifiCorp and Bonneville agree not to sell, assign, lease, sublease, or otherwise transfer this Agreement or any

interest therein, without the written consent of the other Party, such consent not to be unreasonably withheld. PacifiCorp and Bonneville also agree not to sell, assign, lease, sublease, or otherwise transfer any direct or indirect interest in the Malin Substation, the portion of the Midpoint-Malin Line between Summer Lake Substation and Malin Substation ("Summer Lake-Malin Line"), the Malin-Meridian Line, or the Alvey-Meridian Line, without the written consent of the other Party, such consent not to be unreasonably withheld, provided, however, that PacifiCorp's interest in such facilities may be conveyed to its respective trustees as security under a mortgage or deed of trust to secure indebtedness without such written consent, provided that each such trustee may act with respect to such interest only to the extent and in the manner that such act would have been authorized under this Agreement.

(c) If Bonneville or PacifiCorp is acquired in total by other entities, subsection 13(b) shall not apply to such acquisition.

14. Extension of Existing Agreements. The Parties agree that the termination dates of the Midpoint-Meridian Transmission Agreement, the Malin Substation Construction Agreement and all agreements related to joint ownership or interconnection on the Buckley-Alvey Loop, including but not limited to arrangements for the operation and maintenance of new facilities, shall be coincident with the termination date of this Agreement. The Payment Agreement and the Option Agreement are attached hereto

as Exhibits A and D respectively and made a part of this Agreement. The Payment Agreement and the Option Agreement provide for, among other things, certain construction, payment, ownership, operation and maintenance activities in progress at the time of execution of this Agreement. As these activities are completed or superseded by future agreements, PacifiCorp and Bonneville may agree to terminate some or all of the Payment Agreement and the Option Agreement provisions. To the extent any provisions of the Payment Agreement or the Option Agreement are in conflict with this Agreement, the terms and conditions of this Agreement shall prevail.

15. Termination of Agreement. The Parties agree that this AC Intertie Agreement supersedes and terminates in its entirety the Intertie Agreement, Contract No. DE-MS79-86BP92299, provided, however, that any liabilities incurred thereunder are hereby preserved until satisfied.

16. Execution of Other Agreements. The Parties agree to negotiate in good faith and execute construction agreements, operation and maintenance agreements, transmission agreements, and other such agreements that may be required to implement the provisions of this Agreement.

17. Arbitration. In the event of any dispute related to rights or obligations of the Parties, or satisfaction thereof, under this Agreement, including but not limited to the amount or reasonableness of costs, identification of exclusive use facilities, extent of amortization of past costs, and the

reasonableness of withholding consent, either Party may elect to submit such dispute to nonbinding arbitration. If one Party so elects, such Party shall notify the other Party in writing and both Parties shall participate pursuant to the following:

(a) If the Parties cannot agree on an arbiter within 30 days of such notification, the notifying Party shall request the American Arbitration Association to designate an arbiter with sufficient expertise in the subject under dispute.

(b) After an arbiter is agreed to or designated, the arbiter shall establish a schedule for submission of the Parties' written positions. The Party electing the arbitration shall first state its position in a letter to the arbiter. The second Party shall then state its position in a letter to the arbiter. The first Party may then submit a response to the Second Party's position and the second Party may thereafter submit a reply to the first Party's response.

(c) Each letter submitted to the arbiter shall be no more than 5 pages in length, unless the Parties otherwise mutually agree. The Parties may attach exhibits that they consider relevant to the dispute. A copy of each submission also shall be simultaneously served on the other Party.

(d) The arbiter shall provide the Parties with a written analysis of the dispute, and his or her proposed resolution of the dispute.

(e) The Parties shall equally share the fee and other costs of the arbiter.

In the event neither Party submits the dispute to nonbinding arbitration or if either Party elects not to accept the finding of the arbiter, the Parties may elect other approaches, including litigation, to resolve the dispute.

18. Rules of Law.

(a) The Parties agree that each fully participated in the drafting of each provision of this Agreement. The rule of law interpreting ambiguities against the drafting Party shall not be applicable to or utilized in resolving any dispute over the meaning or intent of this Agreement or any of its provisions.

(b) The construction and interpretation of this Agreement shall be governed solely by Federal law.

(c) This Agreement shall not be construed to establish a partnership, association, joint venture, or trust. Neither Party shall be under the control of or shall be the agent of or have a right or power to bind the other Party without the other Party's express written consent, except as provided in this Agreement.

19. Delay of Performance. The time for each act specified in this Agreement shall be extended for a time equivalent to such delays, if any, as are occasioned by events which the Party hereto obligated to perform such act could not be reasonably expected to avoid by the exercise of reasonable diligence and foresight.

20. Regulatory Jurisdiction. The provisions of this Agreement are subject to such regulatory agencies having

jurisdiction thereof. Nothing contained herein shall be construed as affecting in any way the right of PacifiCorp to make application unilaterally to the Federal Energy Regulatory Commission for a change in rates, charges, classification, or service, or any rule or regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

21. Severability and Breach.

(a) It is the intention of the Parties that the provisions of this Agreement be severable in the event that any of such provisions, or portions thereof, are held to be illegal, invalid or unenforceable by a court of competent jurisdiction; provided that if section 10 herein, or any portion thereof, is found to be illegal, invalid or unenforceable by a court of competent jurisdiction, Bonneville shall have firm transmission rights to 50 percent of the total Rated Transfer Capability of any parallel interconnections other than the 100 megawatt Cottonwood Interconnection between PacifiCorp and Pacific Gas & Electric or other utilities adjoining PacifiCorp's territory in southern Oregon and northern California. In any legal proceeding, Bonneville and PacifiCorp shall act in good faith to defend the enforceability of all provisions of this Agreement.

(b) The Parties agree that breach of this Agreement, or any of its provisions, will cause irreparable harm and that the appropriate remedy is injunctive relief.

22. Definitions.

(a) AC Intertie. For the purposes of this Agreement, the AC Intertie means Bonneville's rights in the alternating current ("AC") transmission facilities for transferring power and energy between Oregon and California as follows: two 500 kV lines extending from John Day Substation to Malin Substation and to the California-Oregon Border; portions of John Day, Grizzly, and Malin Substations and the Sand Springs, Fort Rock, and Sycan Compensation Stations; a portion of the Buckley-Summer Lake 500 kV transmission line and associated substations; portions of the Buckley-Marion and Marion-Alvey 500 kV transmission lines and associated facilities; Bonneville's capacity rights in the Summer Lake-Malin 500 kV transmission line; Bonneville's share of ownership of the Alvey-Dixonville and Dixonville-Meridian 500 kV transmission lines; portions of the Alvey, Dixonville, Meridian and Captain Jack Substations; the 500 kV transmission line extending from Captain Jack Substation to the California-Oregon Border; and any modifications, improvements, or additions to such facilities.

(b) Alvey-Meridian Line. The 500 kV transmission line facilities and substations constructed by PacifiCorp that extend from the interconnection with Bonneville's system at Alvey Substation to PacifiCorp's Meridian Substation.

(c) Buckley-Alvey Loop. The 500 kV transmission lines, facilities, and substations from Buckley Substation south to Summer Lake Substation, continuing south to Malin Substation,

west to Meridian Substation, including the Captain Jack Substation, and the Alvey-Meridian Line.

(d) Captain Jack Substation. The substation where COTP interconnects with the AC Intertie in the Pacific Northwest.

(e) California Intertie. The two existing 500 kV AC lines extending northward from within California at Round Mountain Substation and terminating at Malin Substation.

(f) COTP. The 500 kV California-Oregon Transmission Project, which operates in parallel with the California Intertie and terminates at the California-Oregon Border.

(g) DC Intertie. For the purposes of this Agreement, the DC Intertie means Bonneville's rights in the existing 1,000 kV direct current ("DC") transmission line, and associated substation facilities, extending from the Bonneville's Big Eddy Substation to the Nevada-Oregon Border.

(h) Federal Transmission System. The transmission facilities owned by Bonneville.

(i) Future Pacific Northwest AC Intertie Capacity Ownership Agreements. Agreements entered into by Bonneville and regional utilities providing for those utilities' ownership of AC Intertie capacity available as a result of increasing the Rated Transfer Capability of the AC Intertie to 4800 megawatts.

(j) Incremental Capacity. For the purpose of this Agreement, Incremental Capacity means capacity realized through the construction of the Alvey-Meridian Line in excess of the capacity on the previously existing 230 kV Alvey-Meridian line

that was removed as a result of construction of the Alvey-Meridian Line.

(k) IS-A Rate. The Nonfirm Transmission Rate specified in Section II.A. of Bonneville's Southern Intertie Transmission Schedule IS-93, or its successor.

(l) Joint Intertie Scheduling Office. The group of schedulers presently located at Bonneville's Dittmer Control Center in Vancouver, Washington, appointed by Bonneville, Portland General Electric Company and PacifiCorp and designated to coordinate the schedule of energy over the AC Intertie and the DC Intertie.

(m) Load Area. The geographic area encompassing portions of southern Oregon and northern California which is generally south of Eugene, Oregon and Bonneville's Summer Lake Substation and west of Burns, Oregon. Such geographic area shall be limited to:

(1) That area in which PacifiCorp is authorized to provide retail electric service, now and in the future; and

(2) That area in which PacifiCorp provides wholesale electric service at the date of execution of this Agreement; provided that such areas are normally within PacifiCorp's load control area, connected to PacifiCorp's transmission system, and served by the transmission lines in Exhibit C.

Revisions to the Load Area shall be by mutual agreement of the Parties, and such agreement shall not be unreasonably withheld.

(n) Load Carrying Capability. The capability of PacifiCorp's transmission system, as specified in Exhibit C, serving the Load Area and parallel paths as limited by section 10 herein to provide firm transmission service in accordance with Prudent Utility Practice.

(o) Northbound Scheduling Rights. PacifiCorp's right to schedule power and energy through the Malin Substation and the Captain Jack Substation in a northerly direction from the 500 kV lines which extend to California and interconnect with the California Intertie and the COTP as provided in this Agreement.

(p) Off-Peak Hours. The first six and last two hours of each day Monday through Saturday and all day Sunday or other hours as mutually agreed to.

(q) Operational Transfer Capability. Rated Transfer Capability less reductions caused by, but not limited to, physical limitations beyond the control of the Parties, operational limitations imposed by California utilities, line or equipment outages, stability limits or loop flow.

(r) PacifiCorp's Load. PacifiCorp's net firm load obligations within the Load Area excluding Bonneville's Surprise Valley Electric Cooperative Load transferred by PacifiCorp pursuant to the General Transfer Agreement, Contract No. DE-MS79-82BP90049.

(s) Plan-of-Service. The project plans that Bonneville develops to realize an increase of the AC Intertie Rated Transfer Capability up to approximately 4800 megawatts, which

shall include but are not necessarily limited to plans, schedules, costs, and facility and equipment requirements.

(t) Prudent Utility Practice. At any particular time, the generally accepted practices, methods, and acts in the electrical utility industry prior thereto or the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result consistent with reliability and safety.

(u) Rated Transfer Capability. The ability of a transmission line or system to transfer power in a reliable manner as determined in accordance with Prudent Utility Practice.

(v) Southbound Scheduling Rights. PacifiCorp's right to schedule power and energy through the Malin Substation and the Captain Jack Substation in a southerly direction to the 500 kV lines which extend to California and interconnect with the California Intertie and the COTP as provided in this Agreement.

AMENDATORY AGREEMENT NO. 2
TO THE INTERTIE AGREEMENT
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
PACIFICORP

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This AMENDATORY AGREEMENT NO. 2 to the Intertie Agreement, Contract No. DE-MS79-86BP92299, executed March 16, 1993, by the BONNEVILLE POWER ADMINISTRATION (Bonneville) and PACIFICORP with its principal office in Portland, Oregon (hereinafter collectively referred to as "Parties" and individually as "Party").

W I T N E S S E T H :

WHEREAS the Parties hereto desire to make progress payments towards the design and construction of those facilities identified in Exhibit C to the Intertie Agreement, as amended; and

WHEREAS the Parties have entered into an Interim Payment Agreement, Contract No. DE-MS79-92BP93772 (Interim Payment Agreement), as amended, which provides for partial payment by Bonneville to PacifiCorp in the net amount of \$10,000,000 for each Party's costs through May 31, 1992, related to the Alvey-Meridian Line and the AC Intertie (such payment represents a \$16,000,000 payment to PacifiCorp and a \$6,000,000 payment to Bonneville); and

WHEREAS the Parties have entered into a Cooperative Communication Agreement, Contract No. DE-MS79-92BP93740 (Communications Agreement), which

provides for, among other things, construction of microwave communication facilities needed for the AC Intertie (Intertie Communication Facilities); and

WHEREAS the Parties have entered into a Remedial Action Scheme Agreement, Contract No. DE-MS79-92BP93039, which provides for, among other things, cost-sharing and payment by the Parties for the remedial action scheme equipment needed to support the rated transfer capability of the AC Intertie; and

WHEREAS the Parties have entered into the Sycan Interconnection Agreement, Contract No. DE-MS79-92BP93644 (Sycan Interconnection Agreement), which provides for, among other things, the installation and connection of series capacitors and related equipment (Sycan Addition) to PacifiCorp's Summer Lake-Malin 500 kV transmission line at the Sycan Compensation Station and Summer Lake and Malin Substations; and

NOW, THEREFORE, to establish the Parties' payment obligations throughout the construction phase of the Alvey-Meridian Line; the Alvey, Dixonville, Meridian, and Captain Jack 500 kV Substations; the Sycan Addition; and the Parties' Intertie Communication Facilities; and for continued obligations related to the AC Intertie, the Parties agree to the following:

1. Term of Amendment. This Amendatory Agreement No. 2 shall be effective on the date of execution (Amendment Effective Date) and shall remain in effect concurrently with the Intertie Agreement. All liabilities incurred hereunder shall be preserved until satisfied. Section 1 of the Intertie Agreement is hereby amended to include "Prior to the termination date of this Agreement, and no later than December 31, 2009, the Parties will commence negotiations for a follow-on agreement concerning services associated with the AC Intertie unless this Agreement is extended past 2016 then the Parties will commence negotiation of a follow-on agreement 7 years prior to termination."

2. Termination of Prior Agreement. The Interim Payment Agreement is hereby terminated upon the Amendment Effective Date. All obligations and liabilities incurred thereunder have been satisfied.

3. Definitions.

(a) Section 19(o) of the Intertie Agreement is hereby amended to read:

"(o) Captain Jack Substation. The Substation where the COTP interconnects with the AC Intertie in the Pacific Northwest and is sometimes referred to as the Southern Oregon Substation."

(b) Section 19 of the Intertie Agreement is hereby amended to add the following definitions:

"(p) Actual Costs are Bonneville and PacifiCorp Direct Costs, Indirect Costs, Overhead Costs, AFUDC, Interest and Credits as defined herein which are recorded monthly to construction work in progress (CWIP), retirement work in progress, removal work in progress, or electric plant in service according to generally accepted accounting principles and Prudent Utility Practice allocable to the Alvey-Meridian Line and other related facilities identified in Exhibit C herein. Costs related to construction that would not be capitalized, such as relocation, switching, and conductor transfer shall also be included in Actual Costs. The sharing of AFUDC on CWIP and Interest on electric plant in service is dependent on the timing of payments from the other Party relative to when costs are incurred. Bonneville's normal allocation of Bonneville Overheads and Bonneville Indirect Costs shall be included in the Actual Costs. PacifiCorp's normal allocation of PacifiCorp Overheads shall be included in the Actual Costs.

"(q) Advances are the monthly amounts of projected cash flow estimates for the Cost Shared Facilities expected to be incurred as Actual Costs in a given month as specified in Exhibits G and H.

"(r) Allowance for Funds Used During Construction (AFUDC) shall be as defined in the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts found in 18 CFR, Part 101, Electric Plant Instructions 3.A [17]. AFUDC shall be an Actual Cost until the Party constructing the Cost Shared Facilities is funded by the other Party. AFUDC shall be included in CWIP.

"(s) Bonneville Direct Costs are costs which are readily identifiable or obviously traceable to a specific program, project, or other cost objective and will not be included in Bonneville's Overhead or Indirect Costs.

"(t) Bonneville Indirect Costs are any costs incurred for common objectives which cannot be directly charged to any single point of cost application. Indirect costs are often allocated to various categories of work in proportion to the benefit to each category and will not be included in Bonneville's Direct or Overhead Costs.

"(u) Bonneville Overhead Costs. Bonneville's Overhead Costs are subject to change as Bonneville's methodology for computing Overhead Costs may change and shall be reflected in the Actual Costs. Bonneville's Overhead Costs include the following and will not be included in Bonneville's Direct or Indirect Costs:

"(1) Costs that are distributed each month to benefiting programs using an annual direction of effort basis which may include automated data processing, materials and procurement, tools and work equipment, fixed wing aircraft, helicopter, General Services Administration (GSA) rent and building management, general and administrative, laboratory, and Electric Power Research Institute;

"(2) Costs that are charged to benefiting projects and programs based upon a fixed rate for services performed which include vehicle maintenance, general shops, and equipment use;

"(3) Costs that are loaded to labor charged to specific projects or programs which include personnel benefits and leave accrual; and

"(4) Costs that benefit all construction projects and are charged to all projects as construction overhead.

"(v) Cost Shared Facilities are those facilities identified in the cost share percentage column of Exhibit C herein. Such facilities shall include but are not limited to costs for land, environmental impact studies, preconstruction materials, and construction which PacifiCorp and Bonneville agree to pay through an exchange of payments in accordance with the cost share percentages as provided in Exhibit C.

"(w) Credits are the applicable portion of any income, rebate, allowance, or other receivable relating to any Cost Shared Facilities received by either Party. This includes, but is not limited to, materials, surplus property, scrap, timber revenues and future sales of Jointly-Owned and cost-shared land (Fee-Owned and Easement Rights). Proceeds from Credits shall be paid to the other Party either as a billing credit or by cash refund based on the original Cost Shared Facility proration between Bonneville and PacifiCorp.

"(x) Hazardous Substances mean any hazardous, toxic, or dangerous substance, waste, or material that is now or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination, or cleanup, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C.

9601 et seq., the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act (CWA), 33 U.S.C. 1251 et seq., the Clean Air Act (CAA), 42 U.S.C. 7401 et seq., the Toxic Substances Control Act (TSCA), 15 U.S.C. 2601 et seq. and all comparable programs under Oregon Law.

"(y) Historic Contamination means all contamination through seepage, spill, disposal, or release by any other method, of a Hazardous Substance at or from any facility which occurred prior to the Amendment Effective Date.

"(z) Interest based on AFUDC rates and applicable to electric plant in service, shall be applied to Cost Shared Facilities placed in service before cost reimbursement has occurred.

"(aa) Jointly-Owned refers to those facilities identified in Exhibit C which are not solely owned by either Party.

"(bb) PacifiCorp Direct Costs are costs which are readily identifiable or obviously traceable to a specific program, project, or other cost objective and will not be included in PacifiCorp's Overhead Costs.

"(cc) PacifiCorp Overhead Costs are costs incurred which cannot be directly charged to any single point of application. PacifiCorp Overhead Costs are assigned to various categories in proportion to the benefit of each category. PacifiCorp overhead transactions are made by either allocations or by clearing. PacifiCorp's Overhead Costs are subject to change as PacifiCorp's methodology for computing Overhead Costs may change and shall be reflected in Actual Costs. PacifiCorp Overhead Costs include the following components and will not be included in PacifiCorp's Direct Costs:

"(1) Labor Loading. These costs are directly associated personnel costs and include payroll taxes, leave, and benefits.

"(2) Material Overheads (for stores issues and for direct purchases) includes the costs of purchase, storage, handling and distribution of materials and supplies.

"(3) Tool Overheads represent the costs incurred to the purchase, use, and maintenance of small tools for force account work.

"(4) Transportation Overheads represent the costs incurred to purchase, lease, rent, operate, and maintain the fleet of PacifiCorp vehicles.

"(5) Construction (General) Overheads are all other construction costs incurred as a corporation, but which are not assignable to a specific project. Construction Overheads are applied to PacifiCorp's Direct Costs plus PacifiCorp's Overhead Costs described above in Sections cc(1) through cc(4).

"(dd) Prior Costs. Actual Costs for Cost Shared Facilities Incurred by the Parties through December 31, 1991, which are identified in section 7(b) to this Amendment.

"(ee) Project Diagram. Exhibit F to this Amendment describes the plan-of-service for the Eugene-Medford (Alvey-Meridian) project."

4. Revision of Exhibits. Section 2 of the Intertie Agreement is hereby deleted in its entirety and replaced with the following:

"2. Exhibits. Exhibits A through K are hereby incorporated as part of the Intertie Agreement as amended. Revisions to the Exhibits, except for Exhibit K shall be by mutual consent."

The monthly Operation and Maintenance (O&M) charge in Exhibit K may be revised unilaterally by Bonneville once every year to be effective on July 1, but not until after January 1, 1994.

5. Accounting and Record Keeping.

(a) Record Keeping. Each Party shall keep up-to-date books and records of financial transactions, and other arrangements in carrying out the terms of this Amendatory Agreement No. 2. Such books and records shall be kept in accordance with the system of accounts prescribed for electric utilities by FERC and shall be available for inspection on a regular basis to the other Party. Each Party shall have access to such records of the other Party as required for audit, for state and local tax preparation purposes, for regulatory purposes, and as necessary for engineering, design, and project management review.

(b) Continuing Property Records. Each Party shall maintain the complete cost records and investment reports on facilities they constructed in accordance with the Project Diagram, as well as investment records which delineate the ownership percentage in facilities constructed by the other Party.

For example, Bonneville will record 100 percent of the facilities constructed by Bonneville with an offsetting credit for PacifiCorp's percentage of ownership of those facilities and record Bonneville's ownership percentage of facilities constructed by PacifiCorp.

In conjunction with the final accounting and true-up of project costs, Bonneville and PacifiCorp shall exchange investment records and appropriate support documentation normally required for FERC account investment analysis. This may include, but is not limited to, structure/hardware lists, plan and profile drawings, and bills of materials. Bonneville and PacifiCorp shall provide periodic exchanges of information as necessary to properly identify

replacements, retirements, additions and improvements as such activities occur on the Jointly-Owned facilities.

(c) Capital Spare Parts. Capital spare parts for the Jointly-Owned facilities are subject to joint-ownership and cost-sharing if they are unique to a specific Jointly-Owned or Cost Shared Facility and if they are stored at or near the Cost Shared Facilities. Spare parts that are charged to inventory shall not be cost-shared until the spare part is placed in service at a Jointly-Owned facility.

6. Capital Budgets. Four years prior to the year costs are expected to be incurred, each Party shall provide to the other Party a forecast of capital budget expenditures related to the planned construction and operation activities of the Cost Shared Facilities except for the excluded facilities identified by a footnote in Exhibit C. This forecast shall be provided to the other Party on or before July 1 of each year and shall include updates of any estimated costs for the next 3 years. The Parties shall exchange and review any necessary data as needed to determine the necessity and adequacy of the proposed construction and operation activities. This notification requirement shall not apply to emergency replacement of equipment.

7. Payment Provisions.

(a) Payments made under this Amendment shall be made in accordance with provisions in this section 7 and shall be made for the following periods:

(1) Actual Costs for Cost Shared Facilities incurred for Prior Costs;

(2) Advances and Actual Costs for the Cost Shared Facilities incurred for the period from January 1, 1992, through the last month listed in the cash flow exhibits, Exhibits G and H by monthly invoices in accordance with Section 7(c) Progress Payments;

(3) Payment or refund for the final accounting of Actual Costs in accordance with Section 7(d) Final Accounting of Costs;

(4) Payment for future capital replacements in accordance with Section 7(e) and tables to Exhibit J; and,

(5) Payment for Operation and Maintenance shall be in accordance with Exhibit K.

Bonneville and PacifiCorp shall specify the financial institution and account number in a written notice to each other at the invoicing address and provide updates as necessary for the transfer of funds. Each invoice shall include a reference to Contract No. DE-MS79-86BP92299 and an invoice number.

(b) Prior Costs Payments. Bonneville shall pay PacifiCorp by check or electronic transfer of funds within 30 days after the date of an itemized invoice for PacifiCorp's Prior Costs, \$10,047,832.97 as agreed to by the Parties pursuant to the audit dated February 4, 1993. The date of such invoice shall be no earlier than the mailing date of such invoice. Such amount represents payment to PacifiCorp of Prior Costs through December 31, 1991, except for land and related land costs which may be subject to adjustment after Bonneville's receipt and review of all PacifiCorp's legal conveyance documents in accordance with Sections 8 and 14. Adjustments of Prior Costs as a result of PacifiCorp's final analysis of accounts performed for the final accounting of costs shall also be made upon mutual agreement of the Parties.

PacifiCorp shall pay Bonneville by check or electronic transfer of funds within 30 days after the date of an itemized invoice for Bonneville's Prior Costs, \$4,920,877.92, as agreed to by the Parties pursuant to the audit dated December 31, 1992. The date of such invoice shall be no earlier than the mailing date of such invoice. Such amount represents payment to Bonneville of

Prior Costs through December 31, 1991, except for land and related land costs which may be subject to adjustment after PacifiCorp's receipt and review of all Bonneville's legal conveyance documents in accordance with Sections 8 and 14. Adjustments of Prior Costs as a result of Bonneville's final analysis of accounts performed for the final accounting of costs shall also be made upon mutual agreement of the Parties.

(c) Progress Payments. Each Party shall make monthly payments to the other Party for the Cost Shared Facilities incurred after January 1, 1992, in accordance with Sections 7(c)(1) and 7(c)(2) below. The initial invoice shall also include amounts due for all past months from January 1, 1992, through the Amendment Effective Date with a credit for the amount previously paid under the Interim Payment Agreement.

(1) Payment by PacifiCorp. Each month Bonneville shall submit an Itemized Invoice to PacifiCorp (Jerry Walker, 800 PSB, 920 SW. Sixth Avenue, Portland, Oregon 97204) for the next month's Advance, in accordance with Exhibit G, and any adjustments for the previously invoiced Advance amounts when Actual Costs for such month(s) are known. The date of such invoice shall be no earlier than the mailing date of such invoice. The Actual Costs adjustment shall identify the Cost Shared Facilities with an itemization of cost elements by Bonneville work functions (i.e., materials, design, construction, etc.)

PacifiCorp shall pay Bonneville by check or electronic transfer of funds within 30 days after the date of the invoice. Should the 30th day be a Saturday, Sunday, or holiday, as observed by PacifiCorp, then the due date shall be the next following business day.

A credit balance on an invoice of \$100,000 or less shall be carried forward to the next month's invoice. A credit balance on an invoice of

more than \$100,000 shall be refunded to PacifiCorp by check or electronic transfer of funds within 15 days of the date of Bonneville's credit invoice. A refund of the credit balance shall also be made, regardless of the amount, if the sum of the remaining Advances is less than the credit balance.

(2) Payment by Bonneville. Each month PacifiCorp shall submit an itemized invoice to Bonneville (Bonneville Power Administration, P.O. Box 3621 - DSAC, Portland, Oregon 97208-3621) for the next month's Advance in accordance with Exhibit H, and any adjustments for the previously invoiced Advance amounts when Actual Costs for such month(s) are known. The date of such invoice shall be no earlier than the mailing date of such invoice. The Actual Costs adjustment shall identify the Cost Shared Facilities with an itemization of cost elements (i.e., labor, materials, purchase services, miscellaneous and overheads, etc.)

Bonneville shall pay PacifiCorp by check or electronic transfer of funds within 30 days after the date of the invoice. Should the 30th day be a Saturday, Sunday, or holiday as observed by Bonneville, then the due date shall be the next following business day.

A credit balance on an invoice of \$100,000 or less shall be carried forward to the next month's invoice. A credit balance on an invoice of more than \$100,000 shall be refunded to Bonneville by electronic transfer of funds within 15 days of the date of PacifiCorp's credit invoice. A refund of the credit balance shall also be made, regardless of the amount, if the sum of the remaining Advances is less than the credit balance.

(d) Final Accounting of Costs. Within 3 years after the date of commercial operation of all the Jointly-Owned and Cost Shared Facilities,

Bonneville and PacifiCorp shall each prepare a final accounting of all Actual Costs incurred for the Cost Shared Facilities identified in Exhibit C.

Each Party shall prepare an itemized invoice for the total final Actual Costs with either a refund or payment due the other Party. Payments and refunds shall be made in accordance with Sections 7(c)(1) and 7(c)(2).

(e) Payment Provisions for Capital Replacements:

(1) For reimbursable Capital Replacements, either Party shall prepare, for execution by the Parties hereto, an additional table to Exhibit J each time the Parties hereto agree that facilities shall be added or replaced to those facilities identified in Exhibit C to the Intertie Agreement. Those facilities identified by footnote one in Exhibit C shall be exempt from further cost sharing on capital replacements. Each table shall specify the facilities to be installed, the work to be performed by each Party, and the estimated costs to be borne by each Party. Payments shall be made as provided in each table to Exhibit J for the work to be performed in amounts and at times requested by the Party due reimbursement.

(2) Upon execution by the Parties hereto, new tables to Exhibit J shall be attached to and deemed to be a part of this Amendment to the Intertie Agreement and shall be effective on the date specified therein.

(f) Operation and Maintenance Charges. Effective on December 18, 1992, and pursuant to Exhibit K, PacifiCorp shall pay Bonneville for 50 percent of the operation and maintenance of the three Alvey 500 kV power circuit breaker terminals. Such operation and maintenance charge shall be included in PacifiCorp's monthly Wholesale Power Bill and shall remain in effect until such time the Alvey 500 kV facilities are available for commercial operation as part of the AC Intertie. Effective on December 18, 1992, PacifiCorp shall

pay Bonneville 35 percent of the operation and maintenance of the series capacitors at the Sycan Compensation Station (Sycan) pursuant to Exhibit K. Such operation and maintenance charge shall be included in PacifiCorp's monthly Wholesale Power Bill and shall remain in effect until such time as the Alvey-Meridian transmission line is available for commercial operation as part of the AC Intertie. However, the payments for such operation and maintenance charges shall be provided for in the follow-on Operations and Maintenance Agreement from the date of commercial operation as part of the AC Intertie.

(g) Disputed Billing. In the event of a disputed billing, full payment shall be made with written notification of the disputed amount. If it is determined that an adjustment is required, the adjustment shall be made on the next invoice allowing reasonable notice and time to make the adjustment. Refunds of the disputed amount shall include interest at the same interest rate specified in Section 7(h) below.

(h) Late Payment by Bonneville or PacifiCorp. Invoices not paid in full on or before the close of business on the due date shall be subject to an interest charge on the amount due from the due date to the date paid consistent with the Prompt Payment Act Renegotiation Board's Interest Rate published in the Federal Register.

8. Audit. Each Party, at its expense, shall have the right to review and audit any cost on the other Party's books, records, and documents that directly pertain to the billings, investments, and costs of the Cost Shared Facilities. Any audit(s) shall be undertaken by either Party's representative(s) upon reasonable notice to the other Party and at reasonable times and in conformance with generally accepted auditing standards. The foregoing shall not be construed to permit either Party to conduct a general audit of the other Party's records beyond those needed to perform an audit of the Cost Shared

Facilities. The Party being audited agrees to cooperate fully with any such audit(s). The right to audit a cost shall extend for a period of 3 years following the last day of the fiscal year in which such cost was incurred or the final accounting of costs under this Amendment. If either Party does not audit the costs of the other Party for fiscal years 1992, 1993, or 1994, prior to the completion of the final accounting of costs, the right to audit those costs shall extend for a period of 3 years after the date of completion of the final accounting of costs. The Parties agree to retain all records and documentation prepared in the normal course of business for the entire length of this audit period and in accordance with generally accepted accounting principles.

The Party being audited shall be notified promptly in writing of any exception taken as a result of an audit after completion of the audit. The Party being audited shall have 30 days to review the notice of exception. If the Parties agree upon any exception(s) found as a result of the audit, the owing Party shall directly refund the amount of such exception(s) within 30 days of such agreement to the other Party. In the event of late payment, the Late Payment Provisions of Section 7(h) shall apply to amounts not paid in full by the due date.

Prior to the Amendment Effective Date, the Parties performed audits of each Party's Prior Costs. Such costs shall not be subject to additional audits, except for the audit of supporting documentation required for accounting adjustments that may have originated from the Prior Cost audit. However, both Parties reserve the right to review Prior Costs billed under Section 7(b) for land and related land costs. Any Prior Cost adjustment shall be determined after a Party receives and reviews all legal conveyance documents

from the other Party. The results of the Prior Cost audits and resulting amounts due are reflected in Section 7(b).

9. Ownership of Facilities.

(a) Transfer of legal ownership pursuant to Amendatory Agreement No. 2 shall be effective at such time the facilities are energized and made available for commercial operation as part of the AC Intertie and shall remain in effect so long as any facilities of the Alvey-Meridian Line are in existence and operable and shall survive the term of the Intertie Agreement.

(b) All Jointly-Owned equipment, facilities, and capital spare parts shall be identified as such with co-ownership tags and signs. Either Party, at such Party's sole expense, shall provide the tags and signs.

10. Operation and Maintenance of Facilities.

(a) The Parties agree that Section 1(b) to Amendment No. 1 to the Intertie Agreement is hereby replaced in its entirety by the following:

"(b) Maintenance and Operation. PacifiCorp shall assume system operation and maintenance responsibilities of the Dixonville 500 kV Substation including the series capacitors; the terminal facilities at Meridian Substation for the Dixonville-Meridian Line, including the series capacitors; the Alvey-Meridian Line; PacifiCorp's relays, digital fault recorder, and SCADA remote terminal unit at Captain Jack Substation; the loop-in of PacifiCorp's Malin-Meridian 500 kV Line at Captain Jack Substation; PacifiCorp's relays installed at Summer Lake and Malin Substations; PacifiCorp's Dead-End Tower installed at Sycan as part of the Sycan Addition; and all communication facilities owned by PacifiCorp. Bonneville shall assume system operation and maintenance responsibilities of the Alvey Substation including the series capacitors; all the facilities at Captain Jack Substation other than PacifiCorp's relays.

digital fault recorder and SCADA remote terminal unit; the Sycan Addition other than PacifiCorp's Dead-End Tower; and all communication facilities owned by Bonneville. The Parties shall exchange maintenance standards with each other and shall carry out their respective maintenance responsibilities according to Prudent Utility Practices. Payment for operation and maintenance costs associated with these facilities shall be as specified in the Intertie Agreement, including Exhibit C, as amended."

(b) The Parties shall use best efforts to develop and execute a new AC Intertie Operation and Maintenance Agreement for the facilities identified in Exhibit C by December 1993. During the period between the energization date of any of these facilities and the date that such facilities are available for commercial operation as part of the AC Intertie, operation and maintenance shall be provided by the Parties as identified in Section 10(a) above and Exhibit C to the Intertie Agreement, without charge to the other Party, except for those facilities identified in Section 7(f) of this Amendatory Agreement.

11. Environmental Requirements.

(a) Historic Contamination. Neither Party shall be liable for any fines, penalties and assessments, costs for investigation, response, removal and remediation, arising from Historic Contamination of facilities owned by the other Party or operated by the other Party prior to becoming Jointly-Owned facilities pursuant to this Amendment.

(b) Disclosure of Information. Bonneville shall provide PacifiCorp, within 90 days after the Amendment Effective Date, a summary of all known and suspected Hazardous Substance release, spill and disposal events at facilities described herein which occurred prior to the Amendment Effective Date. PacifiCorp may request and Bonneville shall provide, for the purpose of establishing baseline contamination data for the facilities transferred to

Jointly-Owned facilities pursuant to this Amendment, all information including records, files and documentation pertaining to all known and suspected Hazardous Substance release, spill and disposal events at such transferred facilities. Such information shall also include correspondence, requests, determinations, findings and orders made by or to Federal, state or local agencies in connection with known and suspected Hazardous Substance release, spill and disposal events.

PacifiCorp shall provide Bonneville, within 90 days after the Amendment Effective Date, a summary of all known and suspected Hazardous Substance release, spill and disposal events at PacifiCorp's facilities described herein which occurred prior to the Amendment Effective Date. Bonneville may request and PacifiCorp shall provide, for the purpose of establishing baseline contamination data for the facilities transferred to Jointly-Owned facilities pursuant to this Amendment, all information including records, files, and documentation pertaining to all known and suspected Hazardous Substance release, spill and disposal events at such transferred facilities. Such information shall also include correspondence, requests, determinations, findings and orders made by or to Federal, state or local agencies in connection with known and suspected Hazardous Substance release, spill and disposal events.

(c) Emergency Environmental Responsibility. The Party in operational control of a Jointly-Owned facility shall prepare and obtain approval required for emergency response plans for Hazardous Substance releases from all appropriate Federal, state and local agencies and shall be responsible for management and implementation of all laws and regulations pertaining to Hazardous Substances at the Jointly-Owned facility. Costs associated with

approval and implementation of such plans shall be included in the Actual Costs.

12. Capital Replacements. Cost sharing for replacement of facilities specified in Exhibit C, due to obsolescence or major failure, shall be shared by the Parties according to the original cost share percentage of such facilities and in accordance with Exhibit J and Section 7(e) except for the excluded facilities identified by footnote one in Exhibit C.

13. Decommissioning Costs. The Parties shall pay decommissioning costs of Jointly-Owned facilities in accordance with their ownership shares as specified in Exhibit C. Proceeds from the disposal of Jointly-Owned surplus property or facilities shall be equitably distributed or allocated to the Parties in accordance with their ownership shares as specified in Exhibit C. The cost-sharing of decommissioning costs shall survive the term of the Intertie Agreement.

14. Land and Improvements. Right-of-way and land costs for the Alvey-Meridian Line and for Alvey, Dixonville, Meridian, and Captain Jack Substations will be cost-shared consistent with Exhibit C and the following principles. Bonneville's land maps are attached as Exhibit I, 1 and 2. PacifiCorp's land drawings attached as Exhibit I 3 through I 9 represent the Parties intent using such generic examples.

(a) Alvey-Spencer Line. Right-of-way and/or land costs shall conform to the following:

(1) If Bonneville acquires new right-of-way (Easement Rights) on land not owned by Bonneville, Bonneville and PacifiCorp will each pay 50 percent of the Actual Cost to purchase such Easement Rights and will each receive 50 percent interest in such Easement Rights. Exhibit I, pages 1 of 13 and 2 of 13, provide an example of such right-of-way.

(2) If PacifiCorp uses existing right-of-way (Fee-Owned Land), Bonneville will not share in the cost and will receive easement for access only for such Fee-Owned Land. This includes land owned by PacifiCorp adjacent to PacifiCorp's Spencer Switchstation (Section 22, Township 18 South, Range 3 West, W.M.).

(b) Spencer-Meridian 500 kV Line. Right-of-way and/or land costs shall conform to the following:

(1) If PacifiCorp acquires new right-of-way (Easement Rights) on land not owned by PacifiCorp, Bonneville and PacifiCorp will each pay 50 percent of the Actual Cost to purchase such Easement Rights and will each receive 50 percent interest in such Easement Rights. Exhibit I, page 4 of 13, page 6 of 13, and page 7 of 13, provides examples of such right-of-way.

(2) If PacifiCorp acquires new land (Fee-Owned Land) for the sole purpose of providing right-of-way for the Spencer-Meridian Line, Bonneville and PacifiCorp will each pay 50 percent of the Actual Cost of acquiring such Fee-Owned Land and will each receive 50 percent ownership of the Fee-Owned Land actually utilized to provide the necessary right-of-way. This includes land that is excess to normal right-of-way requirements which was purchased to provide necessary right-of-way and has been rendered non-marketable due to the transmission line construction. Exhibit I, page 5 of 13 and page 8 of 13, provides examples of such right-of-way.

(3) If PacifiCorp acquires new land (Fee-Owned Land) to provide right-of-way for the Spencer-Meridian Line, which it intends to market or retain portions thereof for its own purposes, PacifiCorp will provide and maintain Easement Rights for the portion of such Fee-Owned Land necessary

for such right-of-way. Bonneville and PacifiCorp will each pay 50 percent of the Actual Costs to provide Easement Rights and will each receive 50 percent interest in such Easement Rights. Exhibit I, page 5 of 13, provides an example of such right-of-way.

(4) If PacifiCorp uses existing right-of-way (Easement Rights or Fee-Owned Land), Bonneville will not share in the cost and will receive easement for access only in addition to an ownership interest in the Alvey-Meridian 500 kV Transmission Line.

(5) If PacifiCorp secures any permits for right-of-way across public lands, Bonneville and PacifiCorp will each pay 50 percent of the Actual Costs associated with such permits and will each receive 50 percent interest in such permits. Exhibit I, page 7 of 13, provides an example of such right-of-way.

(6) If, in the future, PacifiCorp markets any of the Fee-Owned Land as described in Section 14(b)(2) herein for which Bonneville has paid PacifiCorp 50 percent of the Actual Costs, Bonneville will receive 50 percent of the sale proceeds, less expenses.

(c) Substations. Right-of-way and/or land costs shall conform to Exhibit C and the following:

(1) Alvey Substation. Land will be cost-shared jointly on square footage of usage within the area shown on Exhibit I, page 10 of 13, and each Party will receive a 50 percent ownership.

(2) Dixonville Substation. Land will be cost-shared jointly on square footage of usage within the area shown on Exhibit I, page 11 of 13, and each Party will receive a 50 percent ownership.

(3) Meridian Substation. Land will not be cost-shared jointly on the existing land as shown in Exhibit I, page 12 of 13. Bonneville will receive Easement Access only.

(4) Captain Jack Substation. Land will be cost-shared jointly on square footage of usage within the area shown on Exhibit I, page 13 of 13, and PacifiCorp will receive a 100 percent ownership of such specific area.

(d) Title Transfer. Title and easement rights will be transferred by and to the Parties by a recordable conveyance document agreeable to both Parties after energization of the Alvey-Meridian Line.

To accomplish this, each Party will provide the other a copy of each recorded conveyance instrument and all permits obtained. Each instrument will be identified by category Exhibit I, page 4 of 13 through page 9 of 13. A full set of property maps will also be provided by each Party to the other depicting ownership acquisition. Both acquisition documents and a full set of property records (Plans) will be given by each Party to the other within 30 days after execution of this Amendment.

15. Notices. Any notice required to be served in accordance with the terms of this Agreement, shall be in writing and sent by registered or certified mail, return receipt requested, to the appropriate address listed below:

Bonneville Power Administration
P.O. Box 3621 - P
Portland, OR 97228-3621

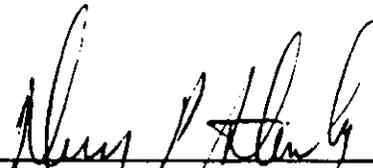
PacifiCorp
Jerry Walker, 800 PSB
920 SW. Sixth Ave.
Portland, OR 97204

16. Liability.

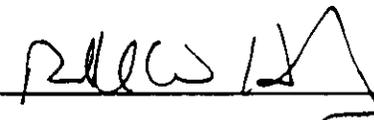
(a) Bonneville and PacifiCorp assert that neither Party is the agent or principal for the other or that they are partners or joint venturers; and the Parties agree that they will not represent to any other party that they act in The capacity of agent or principal for the other. Any judgments in tort obtained against either Party shall not be an Actual Cost of the Cost Shared Facilities.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendatory Agreement in several counterparts.

PACIFICORP

By 
Name Dennis P. Steinberg
(Print/type)
Title Vice President
Date March 16, 1993

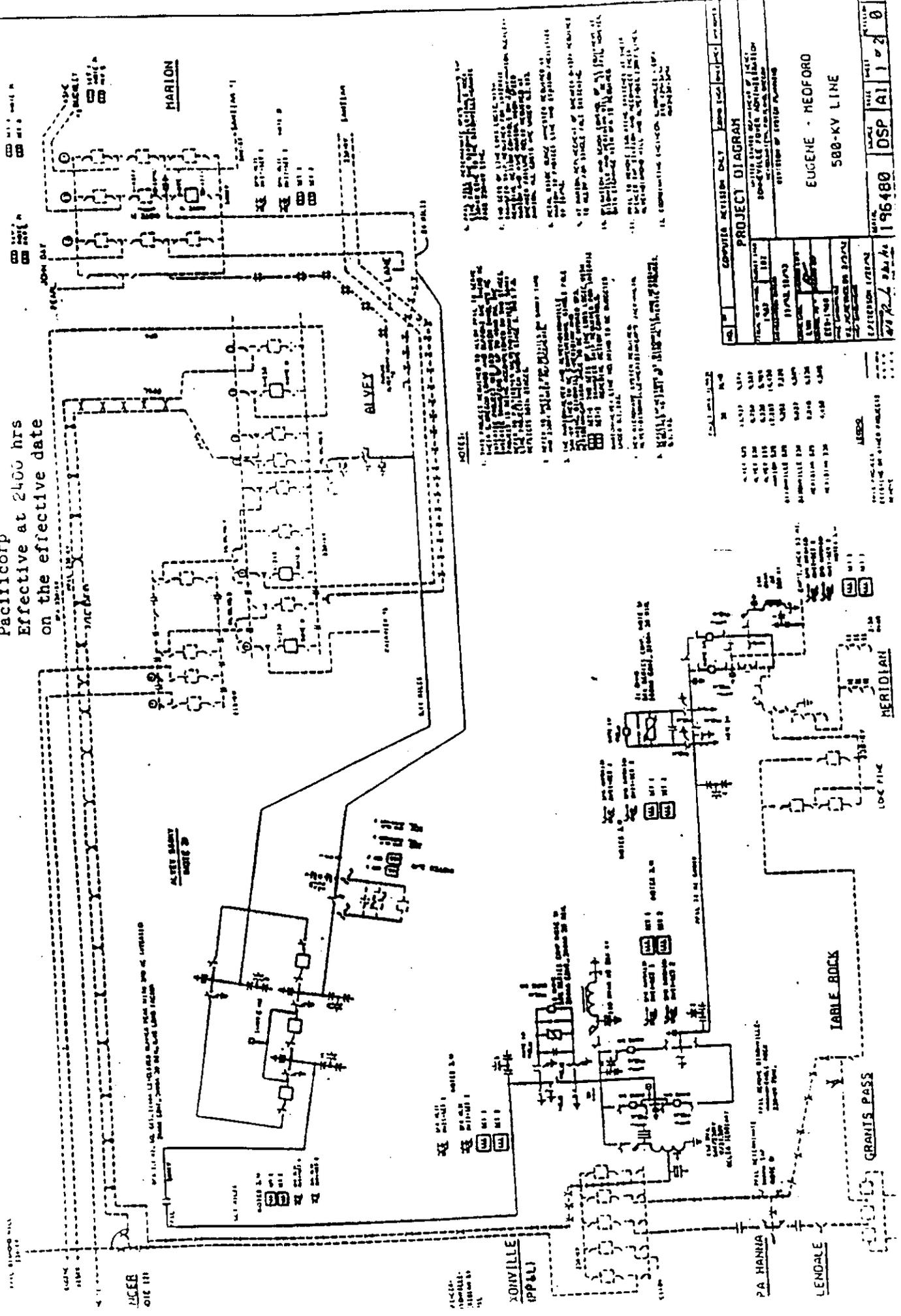
UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Name Randall W. Hardy
(Print/type)
Title Administrator
Effective Date March 16, 1993

(VS10-PMTT-3568e)

Exhibit A, Page 1 of 2
 Amendatory Agreement No. 2
 Contract No. DE-MS79-86BP92299
 Pacificorp
 Effective at 2400 hrs
 on the effective date

LOWER COLUMBIA AREA



NOTES:
 1. THIS PROJECT WAS DESIGNED BY THE ORIGINAL DESIGNER AND THE ORIGINAL CONTRACTOR. THE ORIGINAL CONTRACTOR IS RESPONSIBLE FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.
 2. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 3. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 4. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 5. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 6. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 7. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 8. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 9. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.
 10. THE DESIGNER HAS REVIEWED THE PROJECT AND HAS FOUND IT TO BE IN ACCORD WITH THE ORIGINAL DESIGN AND CONSTRUCTION.

PROJECT DIAGRAM	
PROJECT NO.	196480
DATE	11/10/80
DESIGNER	ALVEY
CHECKED BY	ALVEY
APPROVED BY	ALVEY
PROJECT TITLE	EUGENE - HEDFORD 500-KV LINE
PROJECT LOCATION	LOWER COLUMBIA AREA
PROJECT NO.	196480
DATE	11/10/80
DESIGNER	ALVEY
CHECKED BY	ALVEY
APPROVED BY	ALVEY
PROJECT TITLE	EUGENE - HEDFORD 500-KV LINE
PROJECT LOCATION	LOWER COLUMBIA AREA

SCHEDULE	
NO.	DATE
1	11/10/80
2	11/10/80
3	11/10/80
4	11/10/80
5	11/10/80
6	11/10/80
7	11/10/80
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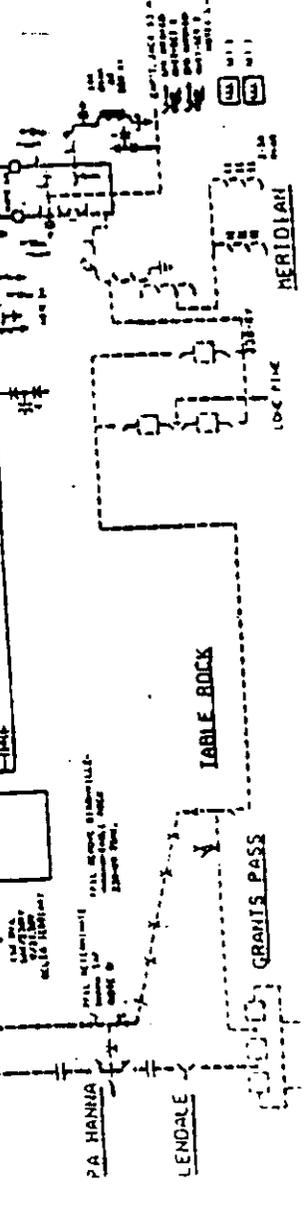
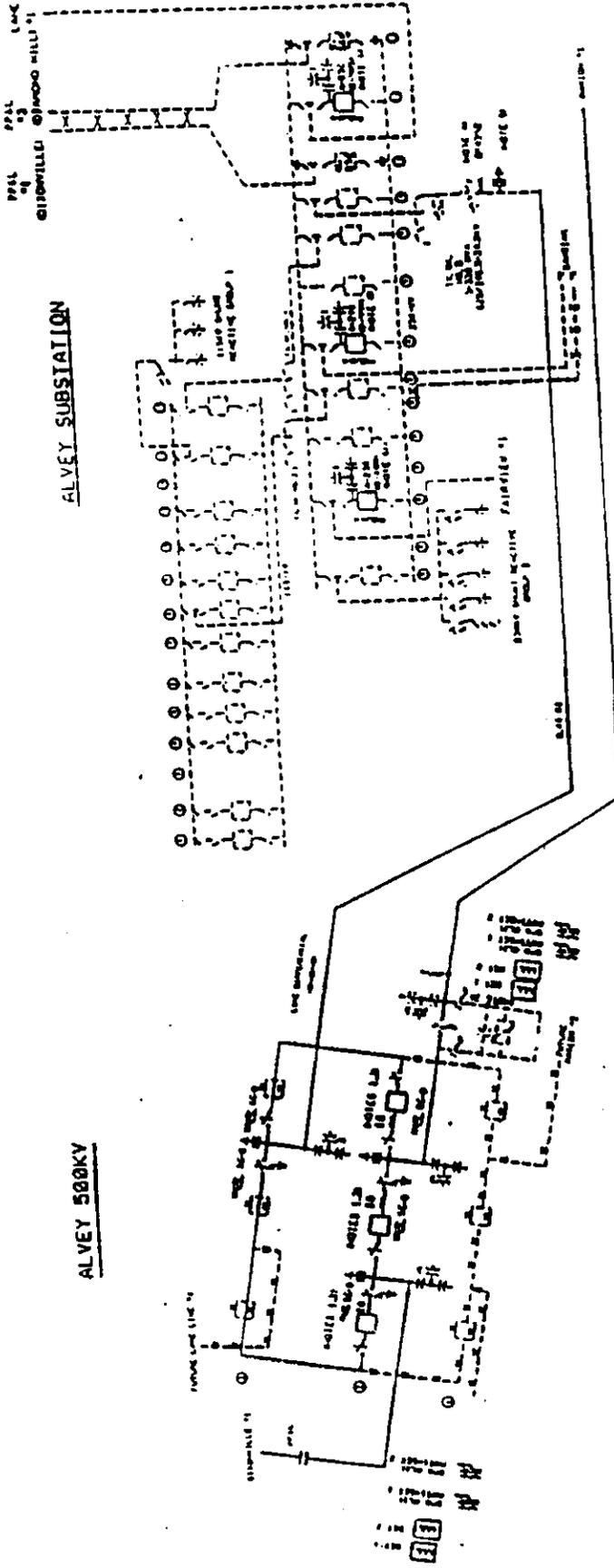


Exhibit F, Page 2 of 2
 Amendatory Agreement No. 2
 Contract No. DE-MS79-86BP92299
 Pacificorp
 Effective at 2400 hrs
 on the effective date

1. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.
2. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.
3. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.
4. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.
5. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.
6. ALL 230KV AND 115KV TRANSMISSION LINES SHALL BE REDESIGNED TO ACCOMMODATE THE PROPOSED 500KV LINE WITH THE APPROPRIATE CLEARANCES AND SUPPORTS.



PROJECT DIAGRAM		DATE		SCALE	
EUGENE - MEDFORD 500-KV LINE ALVEY SUBSTATION					
DRAWING NO. 196488					
DATE 11/2/83					
BY [Signature]					
CHECKED BY [Signature]					
APPROVED BY [Signature]					
TITLE: PROJECT DIAGRAM					
PROJECT: EUGENE - MEDFORD 500-KV LINE					
SUBSTATION: ALVEY SUBSTATION					
DRAWING NO. 196488					
DATE 11/2/83					
BY [Signature]					
CHECKED BY [Signature]					
APPROVED BY [Signature]					

DATE	BY	REVISION
11/2/83	[Signature]	1
11/2/83	[Signature]	2
11/2/83	[Signature]	3
11/2/83	[Signature]	4

Bonneville Cash Flow
(Dollars in Thousands)

<u>Year</u>	<u>Month</u>	<u>Advances</u>
1992	January through September	\$ 5,534
	October	3,047
	Less Interim Payment	(6,000)
	November	392
	December	220
	1993	January
	February	585
	March	769
	April	750
	May	325
	June	132
	July	166
	August	166
	September	78
	October	73
	Total	\$ <u>6,822</u>

Source Document:

Bonneville Eugene-Medford Project Cash Flow Estimates
Prepared by J. Quinata, dated 1/25/93

Prior Costs are excluded.

(VS10-PMTT-3596e)

PacifiCorp Cash Flow
(Dollars in Thousands)

<u>Year</u>	<u>Month</u>	<u>Advances</u>
1992	January through September	\$ 25,125
	October	3,897
	Less Interim Payment	(16,000)
	November	3,000
	December	4,500
1993	January	2,896
	February	1,995
	March	1,853
	April	1,788
	May	2,076
	June	2,103
	July	2,026
	August	1,800
	September	1,492
	October	1,579
	November	1,101
	December	234
	<u>Total</u>	\$ <u>41,465</u>

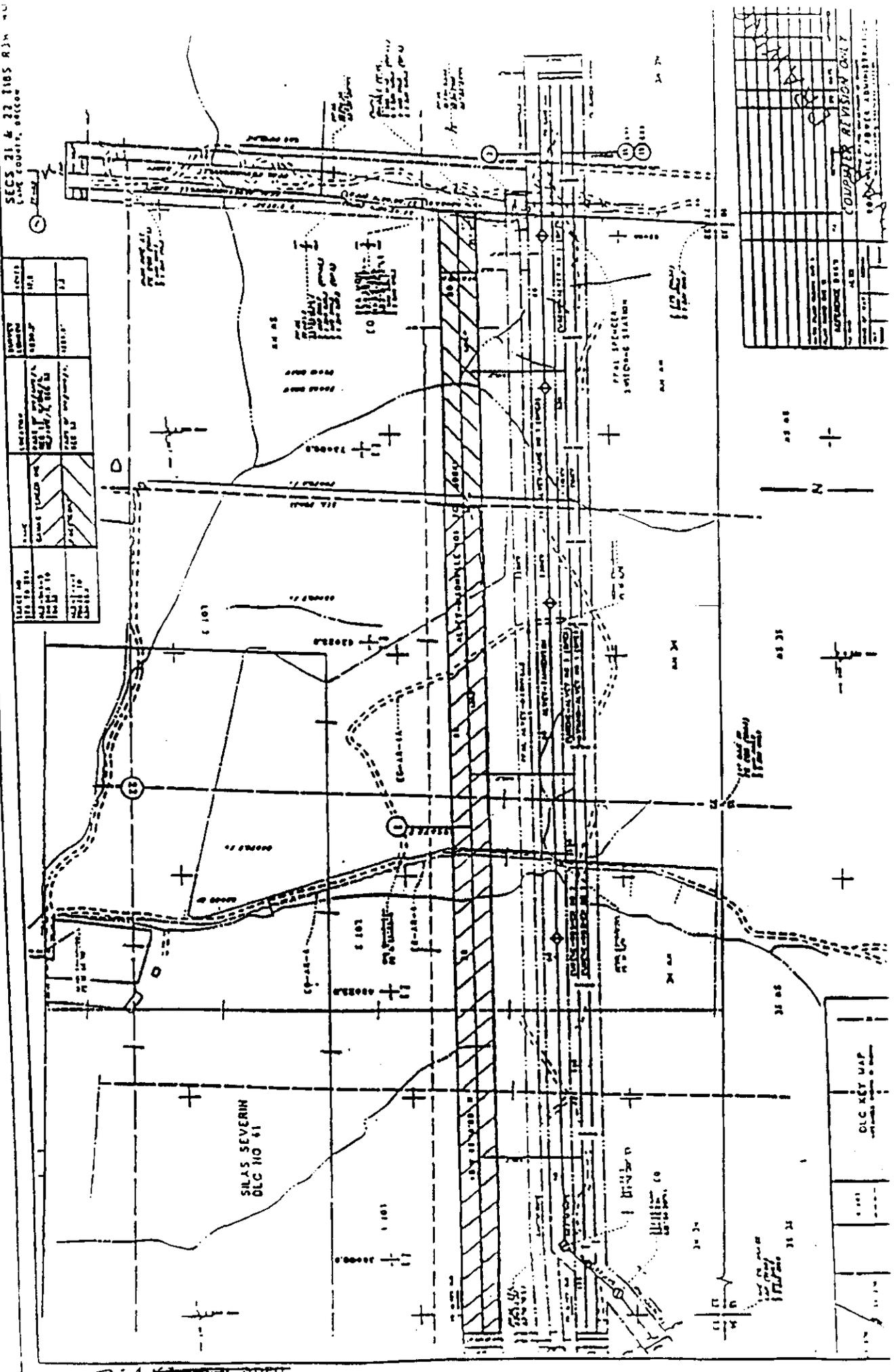
Source Document:

PacifiCorp: October 1992 Project Forecast
Southern Oregon 500 kV Project
Prepared by T. Jestrab, dated 12/31/92

Prior Costs are excluded.

(VS10-PMTT-3596e)

Exhibit I, Page 1 of 13
 Amendatory Agreement No. 2
 Contract No. DE-MS79-86BP92299
 PacifiCorp
 Effective at 2400 Hours
 on the Effective Date

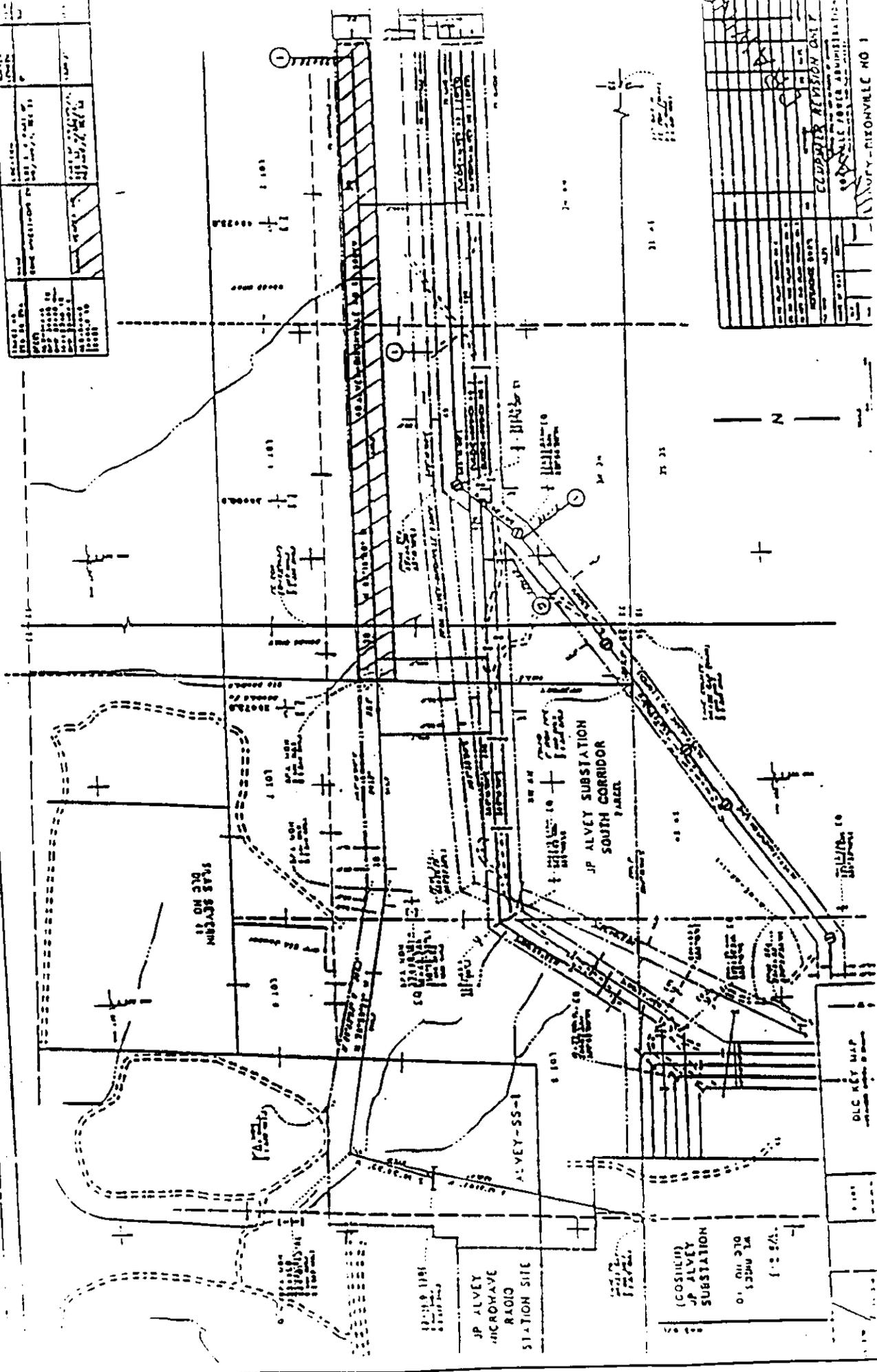


SECTION	REVISION	DATE	BY	CHKD
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110	1	11/15/86	J. J. [unclear]	[unclear]

NO.	DATE	DESCRIPTION	BY	CHKD
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3	11/15/86	REVISION	J. J. [unclear]	[unclear]
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9	11/15/86	REVISION	J. J. [unclear]	[unclear]
10	11/15/86	REVISION	J. J. [unclear]	[unclear]

Exhibit 1, Page 2 of 13
 Amendatory Agreement No. 2
 Contract No. DE-MS79-86BP92299
 PacificCorp
 Effective at 2400 Hours
 of the Effective Date

SECS 23 & 22 1105 R3W W4
 1/4 SECTION



DATE	DESCRIPTION	BY	CHECKED
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11/15/86	ISSUED FOR PERMITS	J. J. [unclear]	[unclear]
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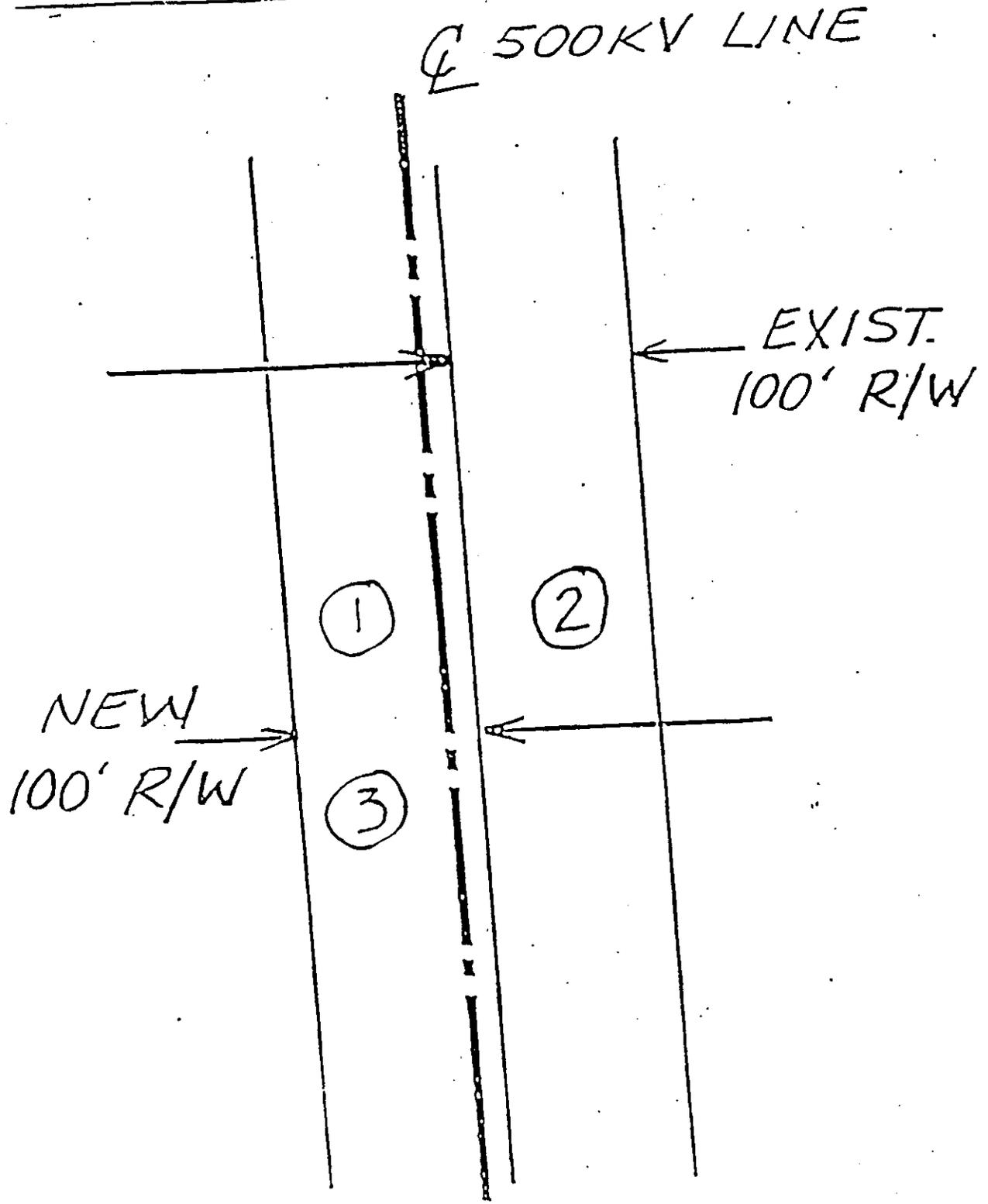
NO.	DATE	DESCRIPTION	BY	CHECKED
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3	11/15/86	ISSUED FOR PERMITS	J. J. [unclear]	[unclear]
4	11/15/86	ISSUED FOR PERMITS	J. J. [unclear]	[unclear]
5	11/15/86	ISSUED FOR PERMITS	J. J. [unclear]	[unclear]

CLUBBER DESIGN ONLY
 PACIFIC CORP. ADMINISTRATION
 1105 R3W W4
 1/4 SECTION

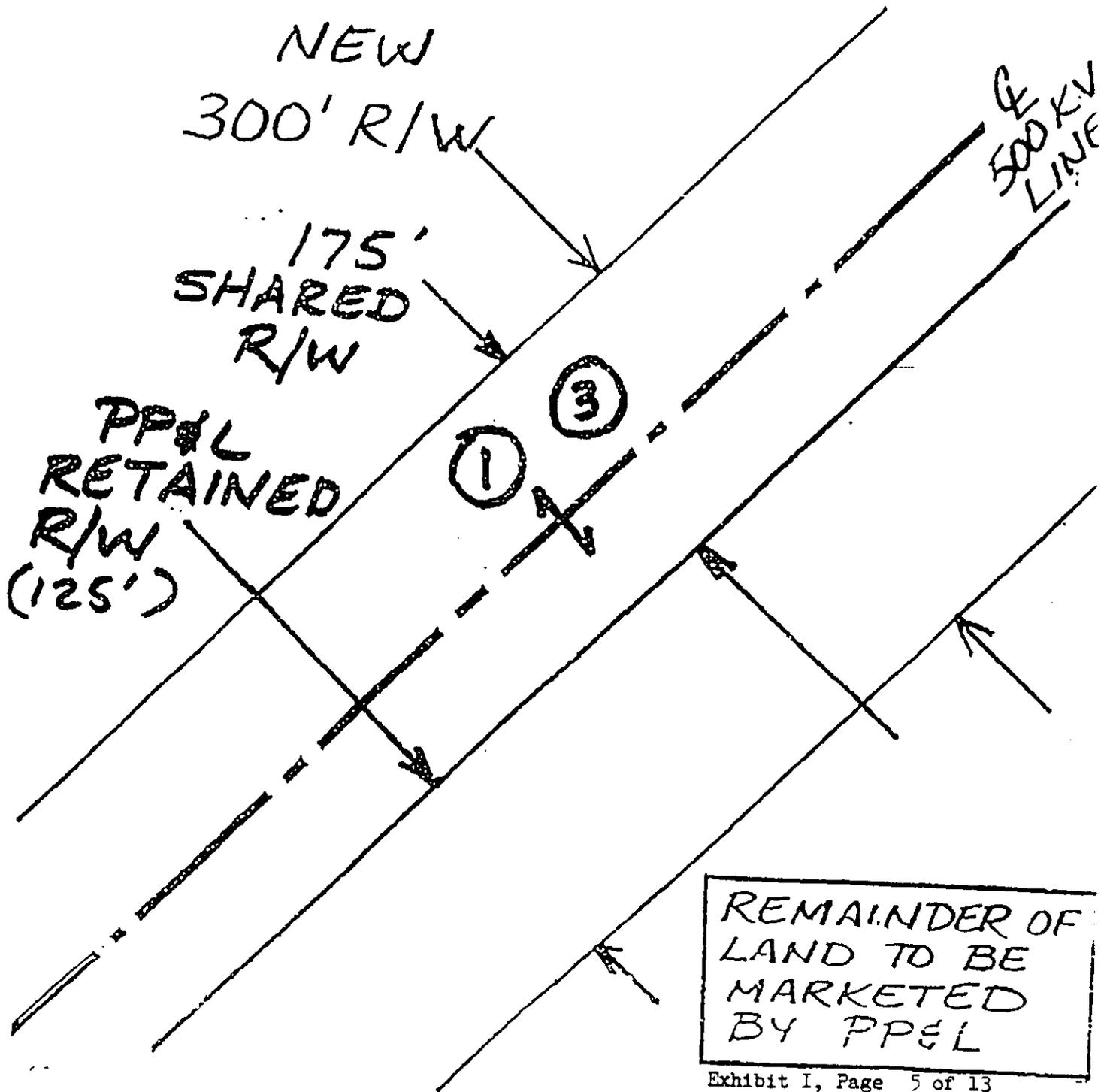
LEGEND

- ① - SHARED COST
- ② - SHARED EASEMENT ACCESS ONLY
- ③ - SHARED EASEMENT RIGHTS

A. EXISTING R/W PRIVATE LAND - (1)



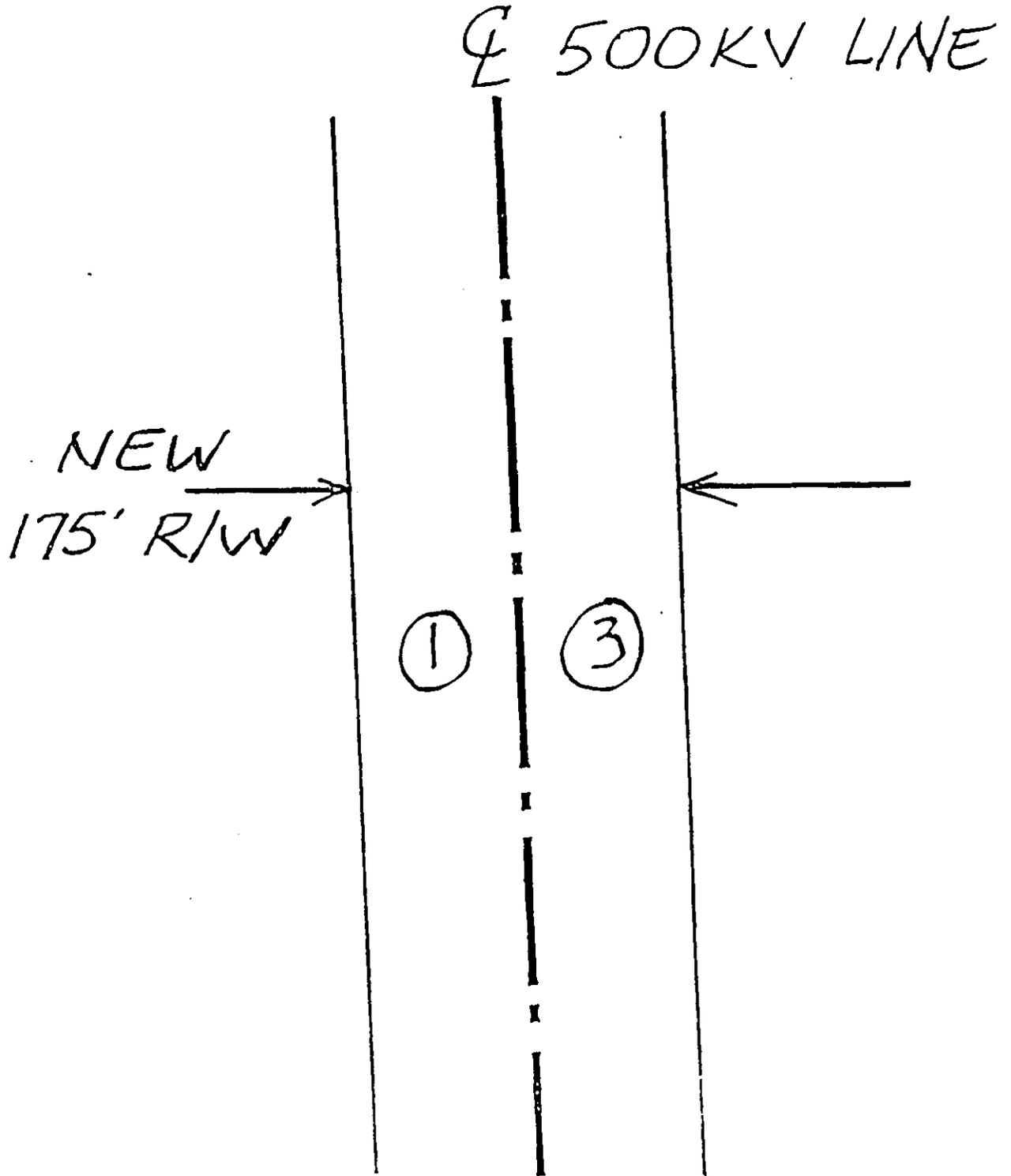
B. NEW R/W ON PP&L
FEE OWNED LAND - (I)



REMAINDER OF
LAND TO BE
MARKETED
BY PP&L

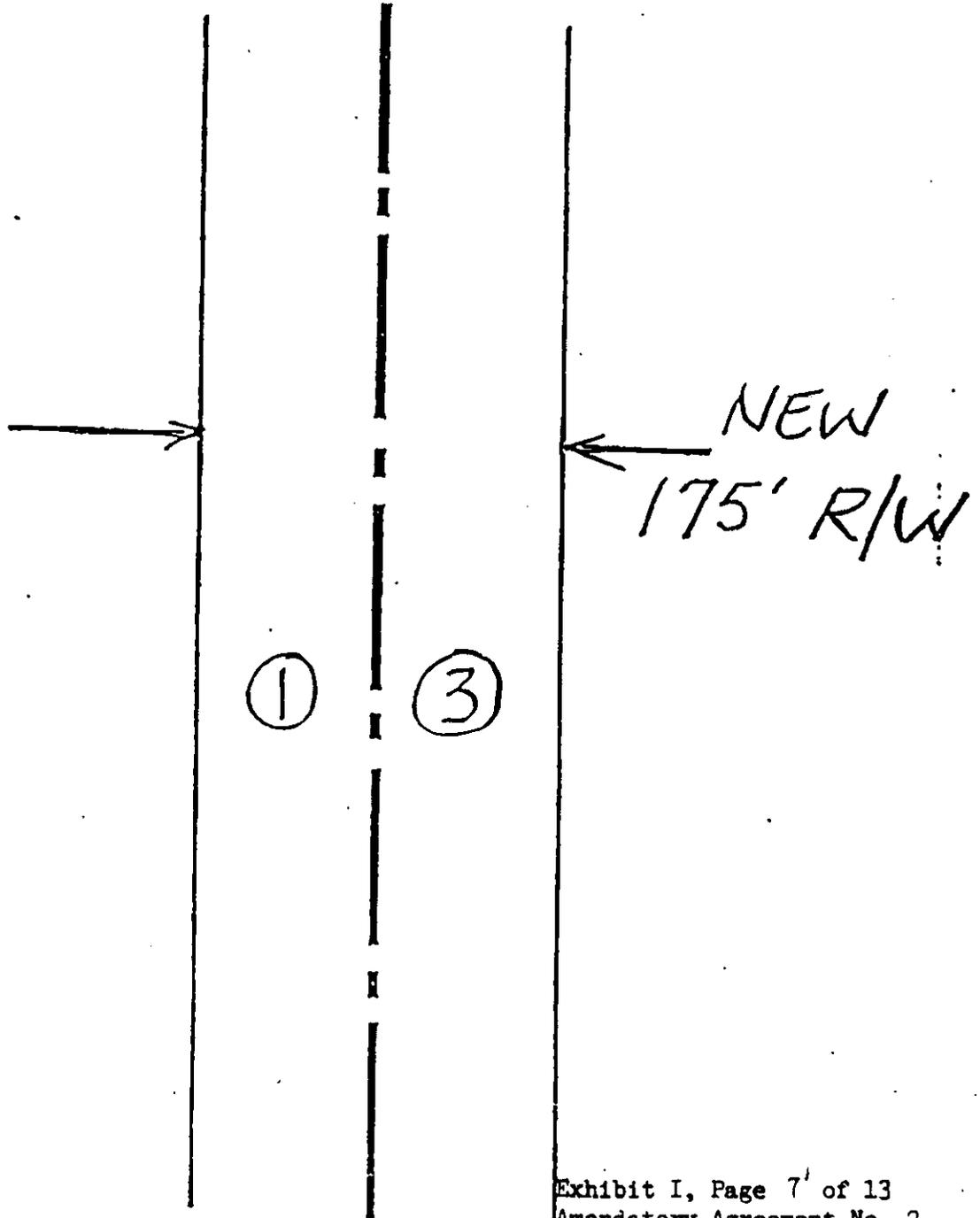
Exhibit I, Page 5 of 13
Amendatory Agreement No. 2
Contract No. DE-MS79-86BP92299
PacifiCorp
Effective at 2400 Hours
on the Effective Date.

C. NEW R/W
PRIVATE LAND



D. NEW R/W ON GOVERNMENT LANDS

500KV LINE



E. EXISTING R/W ON PP&L FEE OWNED LAND - (2)

500KV LINE

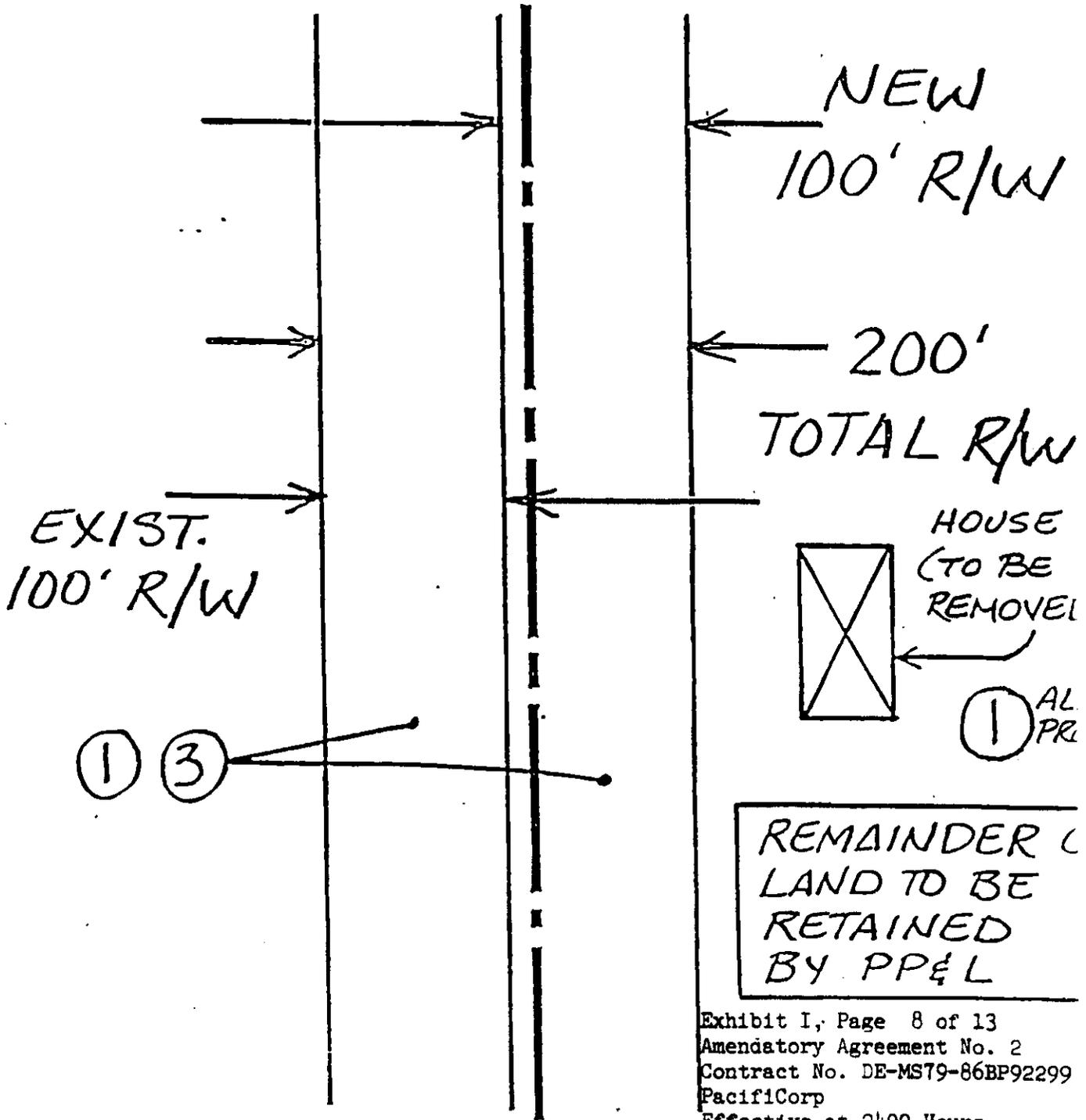
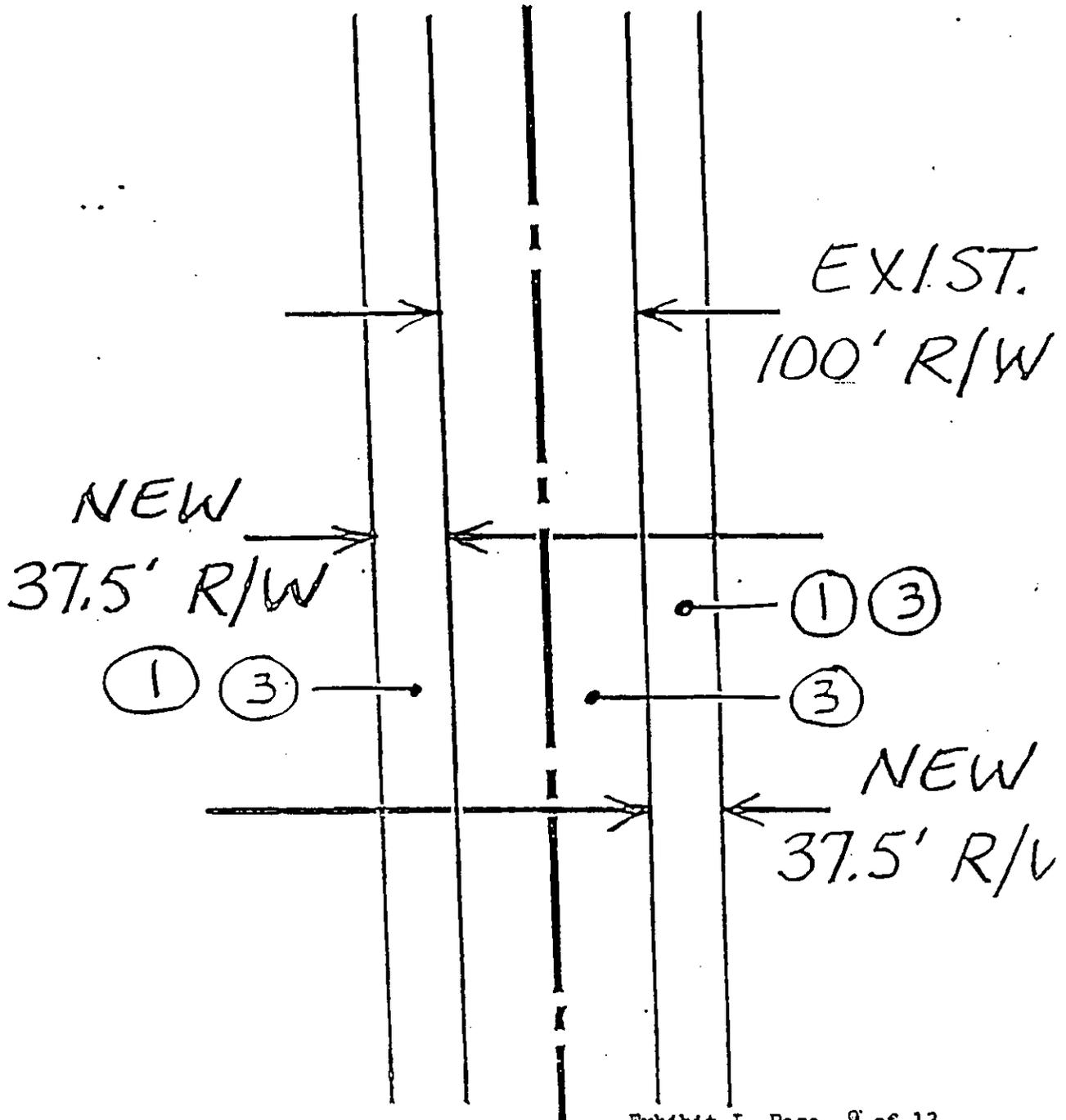


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Amendatory Agreement No. 2
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PacifiCorp
Effective at 2400 Hours
on the Effective Date

F. EXISTING R/W ON PRIVATE LAND - (2)

500KV LINE

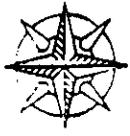


B.P.A. PROPERTY LINE

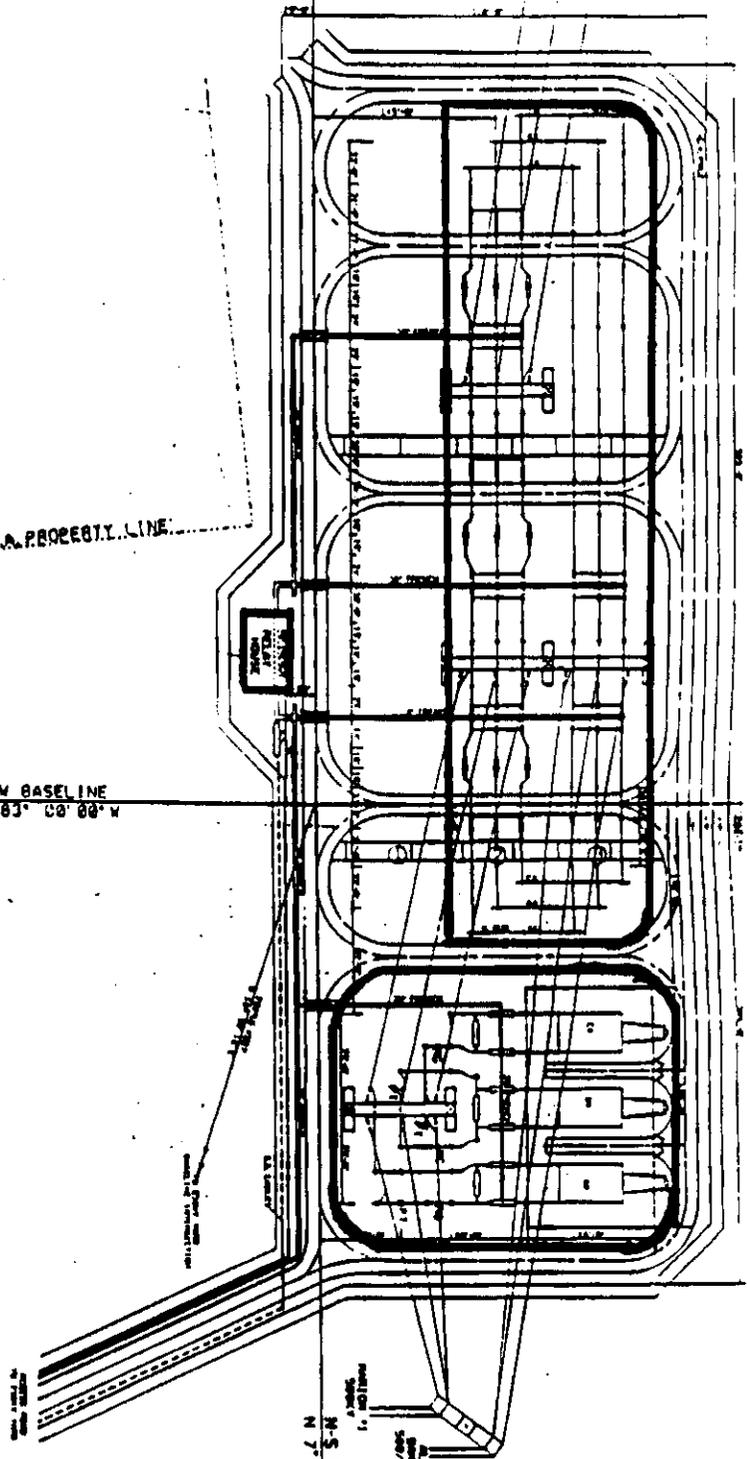
B.P.A. PROPERTY LINE

E-W BASELINE
N 83° 00' 00" W

N-S BASELINE
N 7° 00' 00" E



SCALE 1" = 10'



DATE	2/1/78
BY	J.P. ALVEY
CHECKED	J.P. ALVEY
SCALE	AS SHOWN
PROJECT	580KV YARD
DRAWING NO.	249078
SHEET NO.	1 OF 1

COMPUTER REVISION DATA

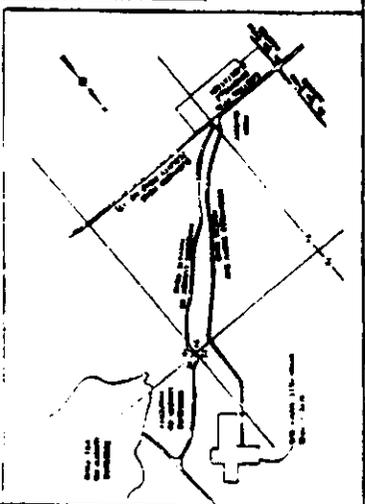
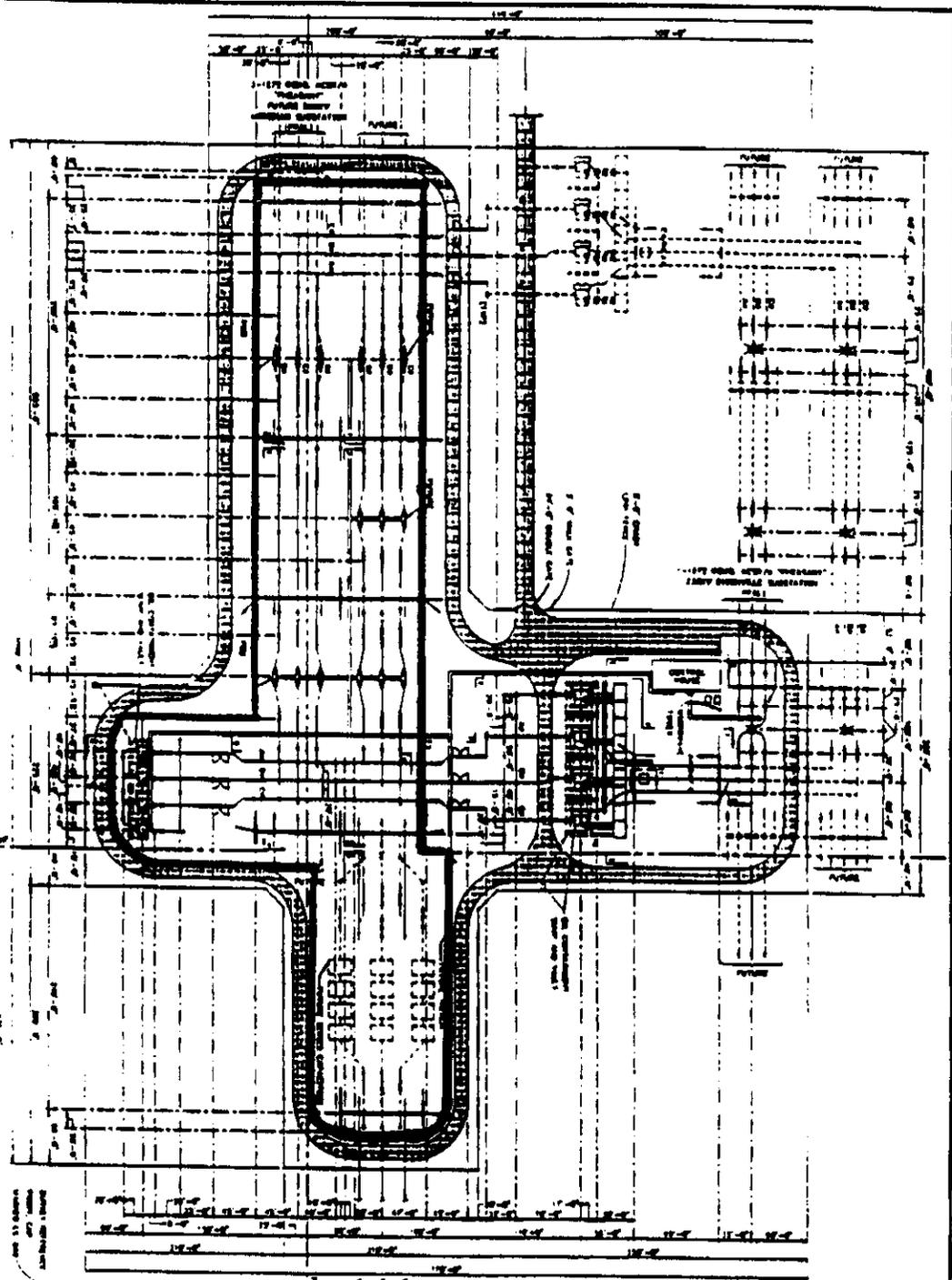
NO.	DATE	BY	REASON
1	2/1/78	J.P. ALVEY	ISSUE FOR CONSTRUCTION

J.P. ALVEY SUBSTITUTION
580KV YARD
PLOT PLAN

249078 ESA 1/1 0

Contract No. DE-MST9-86BP92299
 PacificCorp
 Effective at 2400 Hours
 on the Effective Date

Contract No. DE-MST9-86BP92299
 PacifiCorp
 Effective at 2400 Hours
 on the Effective Date



**NOT TO BE USED
 FOR CONSTRUCTION**

SCALE IN FEET
 1" = 50'

SCALE IN FEET
 1" = 1000'

REVISIONS

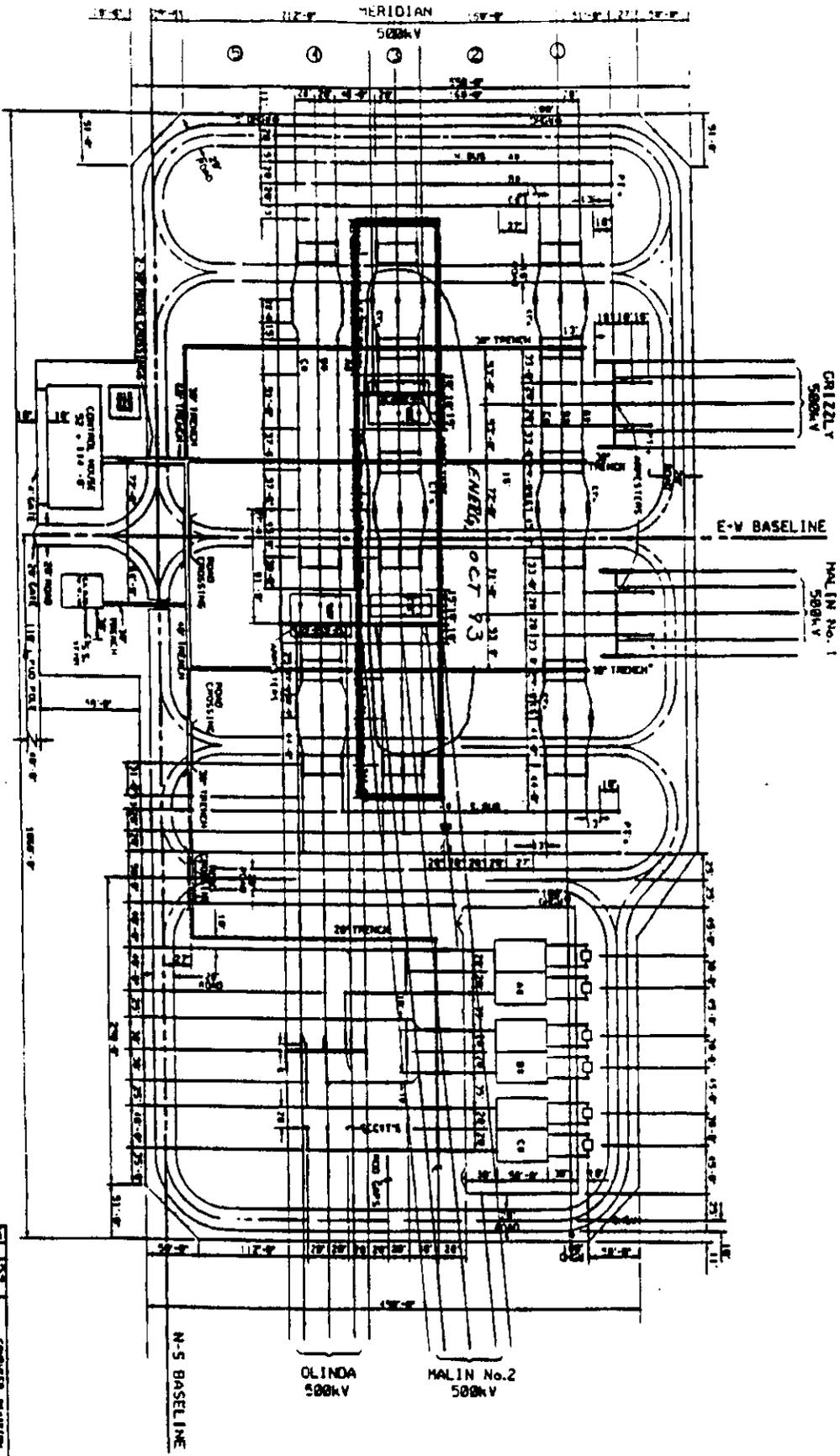
NO.	DATE	DESCRIPTION
1	10/1/86	ISSUED FOR CONSTRUCTION

LEGEND

SYMBOL	DESCRIPTION
(Symbol)	300kV Busbar
(Symbol)	300kV Breaker
(Symbol)	300/115kV Transformer
(Symbol)	115kV Busbar
(Symbol)	115kV Breaker
(Symbol)	115kV Transformer
(Symbol)	115kV Busbar
(Symbol)	115kV Breaker
(Symbol)	115kV Transformer
(Symbol)	115kV Busbar
(Symbol)	115kV Breaker
(Symbol)	115kV Transformer
(Symbol)	115kV Busbar
(Symbol)	115kV Breaker
(Symbol)	115kV Transformer

ROSEBURG, OREGON
 300kV SUBSTATION
 GENERAL PLAN

AUCTOR VOLV ARIEEMU NO. 2
 Contract No. DE-MST9-86BP92299
 PacificCorp
 Effective at 2400 Hours
 on the Effective Date
 16:36:19 28-OCT-91 ZH8:051.157247519501.DGN



LEGEND

- FORMS & COUPLERS
- WALLS
- CONCRETE CONSTRUCTION

NO.	DATE	DESCRIPTION	BY	DATE	APPROVED
1	10/28/91	ISSUED FOR CONSTRUCTION	JACK	10/28/91	JACK
2	11/15/91	REVISION	JACK	11/15/91	JACK
3	11/15/91	REVISION	JACK	11/15/91	JACK
4	11/15/91	REVISION	JACK	11/15/91	JACK
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100	11/15/91	REVISION	JACK	11/15/91	JACK

CAPTAIN JACK SUBSTITUTION
 PLOT PLAN

247519 ES8 11/15/91

Exhibit J, Page 1 of 1
Amendatory Agreement No. 2
Contract No. DE-MS79-86BP92299
PacifiCorp
Effective at 2400 Hours On
the Effective Date

Capital Replacements

Either Party shall be able to initiate Capital Replacement projects to be added under this Exhibit as additional tables.

(VS10-PMTT-3568e)

Calculation of O&M Charges

<u>Facilities</u>	<u>Annual Operation and Maintenance Charge 1/</u>	<u>Annual Payment Due From PacifiCorp</u>
Alvey (3) 500 kV PCB Terminals x (\$46,018 terminal) Monthly Charge = \$5752	\$138,054	\$69,027 2/
Sycan New Series capacitor bank (546 MVAR) in The Summer Lake-Malln 500 kV Line Monthly Charge = \$5290	\$181,381	\$63,483 2/

- 1/ O&M Cost: From Bonneville Power Administration's Annual O&M Charges for Customer-Owned or Leased Facilities dated September 30, 1991.
2/ Effective December 18, 1992

(VS10-PMTT-3568e)

Facility Description	Design	Cost Share Percentage Bonneville/ Pacifi	Ownership Percentage Bonneville/ Pacifi	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ Pacifi	Comments
Alvey Substation						
◆ 3-500 kV breakers/CT's, buswork, towers, MOD's, PT's, arresters, associated grounding, conduit, control and power cables, site dev. including landscaping, station service equipment for the 3 breaker ring bus layout.	Bonneville	50/50	50/50	Bonneville	42/58	BPA to operate and maintain (including maintenance of conduit, trench and grounding systems at BPA discretion).
◆ Environmental related work.	Bonneville	50/50	N/A	N/A	N/A	
◆ Series capacitors and auxiliaries.	Bonneville	50/50	50/50	Bonneville	42/58	BPA to operate and maintain (including maintenance of conduit, trench and grounding systems at BPA discretion).
◆ Property acquired for 500 kV yard for Intertie purposes, excluding any additions, for future BPA projects.	Bonneville	50/50	50/50	Bonneville	42/58	Requires identification of boundaries. O&M costs subject to non-routine work. BPA to maintain at 100% BPA costs, things like surface rock, sidewalks, roads, fence/line, aesthetics.
◆ 500 kV Relay House building.	Bonneville	50/50	50/50	Bonneville	42/58	Future BPA/PP&L expansion will be done at 100% BPA/PP&L costs, otherwise 50/50 if Intertie related. General building maintenance should be at BPA discretion with 42/58 cost sharing.

Facility Description	Design	Cost Share Percentage	Ownership Percentage	Operation & Maintenance	Operation & Maintenance Payments %	Comments
◆ Relaying and controls, data system equip. inside the 500 kV Relay House for the Alvey-Dixonville, Marion-Alvey and 500 kV Tie Line.	Bonneville	Bonneville/ PacifiCorp	Bonneville/ PacifiCorp	Bonneville	42/58	BPA has future rights for BPA projects at 100% BPA costs otherwise 50/50 if Intertie related. O&M at 42/58 as per this Exhibit C for Intertie related facilities. BPA to maintain.
◆ RAS related equip.	Bonneville					Refer to Contract #93039.
◆ Metering/Telemetering equipment on the Alvey-Dixonville Line.	Bonneville	50/50	50/50	Bonneville	42/58	BPA to do the maintenance at BPA discretion.
◆ <u>500 kV Tie Line (Alvey 500-Tx. Bank #5)</u>						
◆ Transmission related costs.	Bonneville	50/50	50/50	Bonneville	100/0	50/50 ownership means PP&L has 50% capacity rights on the Tie Line but not physical ownership. Transfer rights over Bank #5 are not covered here.
<u>Marion-Alvey 500 kV Line Modifications</u>						
◆ Transmission costs only. <u>1/</u>	Bonneville	50/50	100/0	Bonneville	100/0	
<u>34.5 kV Line Relocation</u>						
◆ Transmission costs only. <u>1/</u>	Bonneville	50/50	100/0	Bonneville	100/0	

Facility Description	Design	Cost Share Percentage Bonnevillle/ Pacifi	Ownership Percentage Bonnevillle/ Pacifi	Operation & Maintenance	Operation & Maintenance Payments % Bonnevillle/ Pacifi	Comments
Alvey-Dixonville 500 kV Line						
◆ 1.4 mile Alvey-Spencer Tap Section. <u>2/</u>	Pacific	50/50	50/50	Pacific	42/58	Applicable only to the ROW for Intertie purposes. Additional ROW at 100% BPA costs.
◆ Remaining 56.7 miles. <u>2/</u>	Pacific	50/50	50/50	Pacific	42/58	Requires identification of specific properties upon which these percentages are applicable. Access roads must also be considered. Timber costs and revenues also to be included. <u>2/</u>
Spencer Tap						
◆ Costs to reterminate the PP&L Alvey-Dix. 230 kV Line. <u>1/</u>	Pacific	50/50	0/100	Pacific	0/100	
◆ Costs to reterminate the PP&L Alvey-Diamond Hill 230 kV Line. <u>1/</u>	Pacific	0/100	0/100	Pacific	0/100	
Dixonville 500 kV Substation						
◆ 3-Breaker Ring Bus, 180 MVAR Reactor, arresters, grounding, conduit, control and power cables, site development, PT's, station service, isolating disconnect switches for 500 kV ring bus.	Pacific	50/50	50/50	Pacific	42/58	PP&L to operate and maintain (including maintenance of conduit, trench and grounding systems at PP&L discretion).
◆ Series capacitors and auxiliaries.	Pacific	50/50	50/50	Pacific	42/58	PP&L to operate and maintain (including maintenance of conduit, trench and grounding systems at PP&L discretion).

<u>Facility Description</u>	<u>Design</u>	<u>Cost Share Percentage</u> Bonneville/ PacifiCorp	<u>Ownership Percentage</u> Bonneville/ PacifiCorp	<u>Operation & Maintenance</u>	<u>Operation & Maintenance Payments %</u> Bonneville/ PacifiCorp	<u>Comments</u>
◆ 500/230 kV Transformer and related 230 kV equipment. 1/	Pacific	0/100	0/100	Pacific	0/100	PP&L to maintain.
◆ Wetland mitigation and other environmental requirements.	Pacific	50/50	N/A	N/A	N/A	
◆ Property acquired for 500 kV yard for Intertie purposes, excluding any additional future PP&L projects and any property for PP&L's 500/230 kV transformer.	Pacific	50/50	50/50	Pacific	42/58	Requires identification of boundaries. O&M costs subject to non-routine work. PP&L to maintain at 100% PP&L costs, things like surface rock, sidewalks, roads, fence/line, aesthetics.
◆ 500 kV Control House building.	Pacific	50/50	50/50	Pacific	42/58	Future PP&L/BPA expansion will be done at 100% PP&L/BPA costs. Otherwise 50/50 if Intertie related. General building maintenance should be at PP&L discretion with 42/58 cost-sharing.
◆ Relaying and controls, data system equip. inside the 500 kV Control House, excluding that associated with PP&L's 500/230 kV transformer and 230 kV line position(s).	Pacific	50/50	50/50	Pacific	42/58	PP&L has future rights for PP&L projects at 100% PP&L costs. Otherwise 50/50 if Intertie related. O&M at 42/58 as per this Exhibit C for Intertie related facilities. PP&L to maintain.
◆ RAS related equipment.	Pacific					Refer to Contract #93039.
◆ Metering/Telemetering equipment on the Dixonville-Alvey Line.	Pacific	50/50	50/50	Pacific	42/58	PP&L to do the maintenance at PP&L discretion.

Facility Description	Design	Cost Share Percentage Bonneville/ PacifiCorp	Ownership Percentage Bonneville/ PacifiCorp	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ PacifiCorp	Comments
Dixonville-Meridian 500 kV Line						
◆ Transmission costs. <i>2/</i>	Pacific	50/50	50/50	Pacific	42/58	Requires identification of specific properties upon which these percentages are applicable. Access roads/bridge must also be considered. Timber costs and revenues also to be included.
Hanna Tap Relocation						
◆ Transmission and switching modification costs. <i>1/</i>	Pacific	50/50	0/100	Pacific	0/100	Ownership and O&M costs percentages reflect existing arrangements which will be maintained.
Table Rock Switching Station						
◆ Costs to remove existing station.	Pacific	50/50	N/A	N/A	N/A	Existing station is in the path of the new 500 kV Line.
◆ Costs to reconnect Line #71 to south portion of Line #54. <i>1/</i>	Pacific	50/50	0/100	Pacific	0/100	
Meridian Substation						
◆ Installation of 2-500 kV breakers, CTs, 180 MVAR reactor, 2 Line PT sets, isolating disconnect switches, arresters, buswork, conduit, control and power cables, grounding, including site development for Inter tie purposes.	Pacific	50/50	50/50	Pacific	42/58	PP&L to operate and maintain (including maintenance of conduit, trench and grounding systems at PP&L discretion). 50/50 ownership does not apply to the existing property upon which such facilities lie.

Facility Description	Design	Cost Share Percentage Bonneville/ PacifiCorp	Ownership Percentage Bonneville/ PacifiCorp	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ PacifiCorp	Comments
◆ Environmental related work associated with the 500 kV expansions required.	PacifiCorp	50/50	N/A	N/A	N/A	
◆ Any additional new property required to support the project.	PacifiCorp	50/50	50/50	PacifiCorp	42/58	Requires identification of boundaries. O&M costs subject to non-routine work. PP&L to maintain at 100% PP&L costs, things like surface rock, sidewalks, roads, fence line, aesthetics.
◆ Access road improvements or new access road.	PacifiCorp	50/50	50/50	PacifiCorp	0/100	Boundaries to be identified that conveys future BPA rights of use.
◆ Existing property. <i>✓</i>	PacifiCorp	0/100	0/100	PacifiCorp	0/100	
◆ Series capacitors and auxiliaries.	PacifiCorp	50/50	50/50	PacifiCorp	42/58	PP&L to operate and maintain (including maintenance of conduit, trench and grounding systems at PP&L discretion).
◆ Data system equip. inside the existing 500 kV Control House associated with the 2 breakers, 180 MVAR reactor, and the Meridian-Dixonville and Meridian-Captain Jack Lines.	PacifiCorp	50/50	50/50	PacifiCorp	42/58	PP&L to maintain.
◆ Relaying and controls for the Meridian-Dixonville 500 kV Line.	PacifiCorp	50/50	50/50	PacifiCorp	42/58	PP&L to maintain.
◆ Relaying and controls for the Meridian-Captain Jack #2 500 kV Line. <i>✓</i>	PacifiCorp	50/50	0/100	PacifiCorp	0/100	PP&L to maintain. BPA retains the right to review any future relay replacements/modifications.

Facility Description	Design	Cost Share Percentage Bonneville/ Pacific	Ownership Percentage Bonneville/ Pacific	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ Pacific	Comments
◆ Any modification to the existing Control House or construction of a new Control House as a result of the Eugene-Medford projects.	Pacific	50/50	50/50	Pacific	0/100	Future PP&L/BPA expansion will be done at 100% PP&L/BPA costs, other-wise 50/50 if Intertie related. PP&L to maintain at their discretion.
◆ Construction of a new storage building.	Pacific	50/50	50/50	Pacific	0/100	Use of building to be audited later to confirm cost sharing percentages.
◆ RAS related equipment.						Refer to Contract #93039.
<u>Malin-Meridian 500 kV Line Loop Into Captain Jack Substation</u>						
◆ Transmission line modifications. 1/	Pacific	50/50	0/100	Pacific	0/100	3/
<u>Captain Jack Substation</u>						
◆ Bay 3 facilities, including 2-500 kV breakers, 4-MOD's, buswork, PT's, conduit, grounding, towers.	Bonneville	50/50	0/100	Bonneville	0/100	BPA to operate and maintain (including maintenance of conduit, trench and grounding systems at BPA discretion).
◆ Property under Bay 3.	Bonneville	50/50	0/100	Bonneville	Prorate	Prorate based on 2/7. BPA to maintain.
◆ Relays and controls, data systems equip. for Bay 3 facilities.	Bonneville	50/50	0/100	Pacific	0/100	PP&L to maintain. BPA retains the right to review any future relay replacements/modifications.

Facility Description	Design	Cost Share Percentage Bonneville/ Pacific	Ownership Percentage Bonneville/ Pacific	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ Pacific	Comments
◆ Remaining 5-500 kV breakers, MOD's, buswork towers, conduit, grounding, site develop. ✓	Bonneville	100/0	100/0	Bonneville	100/0	BPA to operate and maintain (including maintenance of conduit, trench and grounding systems at BPA discretion).
◆ Station service facilities for the entire station. ✓	Bonneville	100/0	100/0	Bonneville	Prorate	Prorate based on 2/7. BPA to maintain.
◆ Remaining relays and controls, data system equipment. ✓	Bonneville	100/0	100/0	Bonneville	100/0	BPA to maintain.
◆ Control House, exclusive of the property upon which it lies. ✓	Bonneville	100/0	100/0	Bonneville	100/0	Any future expansions due to PP&L additions will be at 100% PP&L costs but BPA to retain 100% ownership.
◆ All remaining property including access road. ✓	Bonneville	100/0	100/0	Bonneville	100/0	Requires identification of boundaries. PP&L has right to add transformer in future.
◆ Series capacitors. ✓	Bonneville	100/0	100/0	Bonneville	100/0	Cost sharing/ownership is with TANC as per Interconnection Agreement (short or long term, whatever prevails). BPA to maintain.
◆ RAS related equipment.						Refer to Contract #93039.
◆ Metering/Telemetering equipment on the Captain Jack-Meridian and Captain Jack-Malin #2 Lines.	Bonneville	50/50	0/100	Bonneville	0/100	BPA to do the maintenance at BPA discretion.

Facility Description	Design	Cost Share Percentage	Ownership Percentage	Operation & Maintenance	Operation & Maintenance Payments %	Comments
Malin Substation						
◆ Any modifications/additions in PP&L's Control House in support of the Eugene-Medford/Thurd AC Inertie project, which includes the relay replacement for the Malin-Captain Jack Line. <i>U</i>	Pacific	50/50	0/100	Pacific	0/100	BPA retains the right to review any future relay replacements and/or modifications.
◆ Replacement of arresters on PacifiCorp's 500 kV reactor bank No. 4. <i>U</i>	Pacific	0/100	0/100	Pacific	0/100	
◆ Replacement of rod gaps with arrestors on PacifiCorp's C.J. Line terminal. <i>U</i>	Pacific	50/50	0/100	Pacific	0/100	
◆ RAS related equipment.						Refer to Contract #930339.
◆ Any modifications in main control house.	Bonneville	50/25	50/25	Bonneville	50/25	
◆ Relay replacement for the Summer Lake line.	Pacific	50/50	0/100	Pacific	42/58	Refer to Contract #93644.

Facility Description	Design	Cost Share Percentage Bonneville/ Pacific	Ownership Percentage Bonneville/ Pacific	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ Pacific	Comments
<u>Line Relays at Dixonville, Meridian, and Malin and Related Accessories</u>						
◆ Line relays at Dixonville, Meridian, and Malin for the Dixonville-Alvey, Dixonville-Meridian, Meridian-Captain Jack, and Malin-Captain Jack #2 Lines are to be supplied to PP&L at BPA material cost plus BPA overheads. Any additional PP&L overheads, subject to 50/50 cost share, is to be determined.	Pacific	50/50	See Comments	N/A	N/A	Ownership and O&M of such relays are as described under the respective substations.
◆ Spare Equipment.	Bonneville	50/50	50/50	N/A	N/A	Reference 7/12/91 Letter from Don Feltz to Susan Wiess. Such spare equipment are to be located at PP&L station(s) in Southern Oregon. In addition to that referenced in the 7/12/91 Letter, there may be other spare equipment supplied by PP&L also located in S. Oregon and subject to cost-share. Required test equipment and tools are to be 100% respectively acquired by either BPA or PP&L for 100% discretionary use.
◆ Specialized relay training costs. <u>U</u>	N/A	50/50	N/A	N/A	N/A	Cost sharing only if agreed to capitalize such costs.

Facility Description	Design	Cost Share Percentage	Ownership Percentage	Operation & Maintenance	Operation & Maintenance Payments %	Comments
General PSC Modifications						
◆ PSC Modifications at Dittmer and ECC will be 100% BPA and similarly PSC modifications at PP&L control centers will be 100% PP&L.	respectively	100%	100%	100%	100%	
◆ Any other modifications at other wholly-owned substations will be 100% of the respective party.	respectively	100%	100%	100%	100%	
Summer Lake Substation						
◆ Relay replacement for the Summer Lake-Malin 500 kV Line.	Pacific	50/50	0/100	Pacific	42/58	Refer to agreement #93644.
◆ RAS related equipment.						Refer to Trust Tables 18 & 19, Contract # 37013.
◆ Replacement of rod gaps with arrestors on PacifiCorp's Malin Line terminal. 1/	Bonneville	100/0	0/100	Pacific	0/100	
Sycan Series Compensation Station						
◆ New series capacitor bank in the S. Lake-Malin 500 kV Line.	Bonneville	65/35	65/35	Bonneville	65/35	Refer to agreement #93644.
◆ Bypass switch and associated support structures and foundations.	Bonneville	65/35	0/100	Bonneville	0/100	Refer to agreement #93644.

Facility Description	Design	Cost Share Percentage	Ownership Percentage	Operation & Maintenance	Operation & Maintenance Payments %	Comments
◆ Dead-End tower.	Pacific	Bonneville/ Pacific	Bonneville/ Pacific	Pacific	Bonneville/ Pacific	Refer to agreement #93644.

Capital Spare Parts

◆ Various spare parts.		50/50	50/50		42/58	Capital spare parts subject to cost sharing and joint ownership are to be mutually agreed upon and consistent with this agreement.
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Overall Planning, Preliminary Engineering, Project Management

Related costs for the Eugene-Medford Project, including any costs to resolve/mitigate legal matters (e.g., spotted owl and union vs. non-union issues).

Communication:

◆ Summer Lake-Malin Communication, Two Downlinks. <i>U</i>	Pacific	50/50	0/100	Pacific	0/100	Refer to the Sycan Agreement Contract No. DE-MS79-92BP93644 and Cooperative Communications Agreement Contract No. DE-MS79-92BP93740.
◆ Dixonville - Two Microwave Terminals. <i>U</i>	Pacific	50/50	0/100	Pacific	0/100	Refer to the Cooperative Communications Agreement Contract No. DE-MS79-92BP93740.

Facility Description	Design	Cost Share Percentage Bonneville/ PacifiCorp	Ownership Percentage Bonneville/ PacifiCorp	Operation & Maintenance	Operation & Maintenance Payments % Bonneville/ PacifiCorp	Comments
◆ Meridian - Two Microwave Terminals ✓	PacifiCorp	50/50	0/100	PacifiCorp	0/100	Refer to the Cooperative Communications Agreement, Contract No. DE-MS79-92BP93740.
◆ All Other Bonneville Communication Facilities.	Bonneville	100/0	100/0	Bonneville	100/0	Refer to the Cooperative Communications Agreement, Contract No. DE-MS79-92BP93740
◆ Other PacifiCorp Communication Facilities	PacifiCorp	0/100	0/100	PacifiCorp	0/100	Refer to the Cooperative Communications Agreement, Contract No. DE-MS79-92BP93740.

- ✓ Credits and sharing of costs for capital replacements will not be applicable to this item after completion of the initial construction. Proceeds from credits realized by either Party during the initial construction phase of this item shall be subject to cost-share and the final accounting of costs.
- 2/ Costs of (1) removal of any existing 230 kV facilities; (2) permitting; and (3) incremental right-of-way to be included.
- 3/ Includes procurement of right-of-way from Meridian-Malin transmission line structures to Captain Jack Substation.

FACILITIES SERVING PACIFICORP'S LOAD AREA

PacifiCorp's Load Area is the area serviced by the following existing transmission lines and transformers.

1. PacifiCorp's Malin 500-230 kV transformer.
2. PacifiCorp's Yamsey-Chiloquin 230 kV line.
3. PacifiCorp's Dixonville 500-230 kV transformer.
4. PacifiCorp's Alvey-Dixonville 230 kV line.
5. PacifiCorp's Reston-Dixonville 230 kV line.
6. PacifiCorp's Meridian 500-230 kV transformer.

Amendment No. 1 to the AC INTERTIE AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PACIFICORP

This Amendment No. 1 to the AC INTERTIE AGREEMENT ("Amendment No. 1"), Contract No. DE-MS79-94BP94332, executed February 27, 1998 by the UNITED STATES OF AMERICA ("Government"), DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION ("Bonneville") and PACIFICORP ("PacifiCorp"), a corporation organized and existing under the laws of Oregon, (hereinafter referred to individually as "Party" and collectively as "Parties").

W I T N E S S E T H :

WHEREAS the Parties entered into the AC Intertie Agreement (Contract No. DE-MS79-94BP94332) which was executed on June 1, 1994; and

WHEREAS the Federal Energy Regulatory Commission's Order No. 888 under FERC Docket No. RM95-8-000 effectuated a new Part 35.28 to Title 18 of the Code of Federal Regulations ("18 CFR") which requires the implementation of open **access** transmission tariffs by public utilities; and

WHEREAS Part 35.28(c)(iii) of 18 CFR requires that access to PacifiCorp's transmission rights associated with transmission facilities jointly owned with non-public utilities be made available to third parties under a pro-forma open access transmission tariff;

NOW, THEREFORE, the Parties hereto have entered into this Amendment No. 1 to the AC Intertie.

1. Term of Agreement. This Amendment No. 1 shall be effective when executed by the Parties and accepted for filing or otherwise approved without change by the Federal Energy Regulatory Commission and shall terminate upon the termination of the original AC Intertie Agreement.

2. Revision of Section 5(e)(1). Section 5(e)(1) shall be replaced in its entirety by the following:

"(1) To preserve Bonneville's rights to use PacifiCorp's unused Scheduling Rights in a manner that allows third-party access to such rights in any hour, PacifiCorp and Bonneville agree to the following provisions. PacifiCorp or any successive assignee may make its Scheduling Rights available on a firm basis to all parties under the provisions of PacifiCorp's open access transmission tariff; provided, however, that neither PacifiCorp nor any successive assignee of PacifiCorp's Scheduling Rights may make such Scheduling Rights available for periods shorter than daily or on a nonfirm basis. To the extent that PacifiCorp or any successive assignee has unused Scheduling Rights available in any hour under this Agreement as of the close of the normal

preschedule deadline for firm point-to-point transmission service in accordance with Bonneville's standard scheduling practices, Bonneville shall add such unused Scheduling Rights to its available nonfirm transmission capacity for AC Intertie transactions, which shall be posted on Bonneville's Open Access Same-time Information System and made available pursuant to the provisions of Bonneville's open access transmission tariff. After such unused Scheduling Rights are added to Bonneville's available nonfirm transmission capacity, PacifiCorp or any successive assignee of the Scheduling Rights may modify preschedules up to 30 minutes prior to the hour for service to be provided pursuant to such preschedules for use of such firm transmission capacity (with such right available even if a preschedule had not been submitted, and in such case, PacifiCorp or any successive assignee shall be deemed to have submitted, with rights to modify, a 0 (zero) preschedule) and any such use shall have priority over any use or sale of unused Scheduling Rights by Bonneville. After 30 minutes prior to the hour for service to be provided pursuant to such preschedule, these unused Scheduling Rights shall be relinquished to Bonneville. There shall be no charge to Bonneville for unused Scheduling Rights."

3. Revision of Section 7. In Section 7 whenever the phrase "Joint Intertie Scheduling Office" is used the phrase "BPA Transmission Scheduling Office" shall be used instead.

IN WITNESS WHEREOF, the Parties hereto have executed this
Amendment No. 1.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Clifford C. Perigo
Date 2-27-98

PACIFICORP

By Jerry D. Ernst
Date 2-17-98

CALCULATION OF LOSSES

Pursuant to Section 10 of the Letter of Understanding dated May 28, 1993, Bonneville and PacifiCorp have conducted a joint study of electrical losses related to AC Intertie transactions. Representatives of Bonneville and PacifiCorp jointly issued a letter dated April 21, 1994, which stated the conclusions reached as a result of this study. The treatment of electrical losses related to AC Intertie transactions shall be in accordance with the April 21, 1994 letter as summarized below.

Bonneville shall return losses to PacifiCorp. Such return of losses shall be calculated as 0.2 percent (0.2%) of Bonneville's Net AC Intertie Schedule, and shall be scheduled to PacifiCorp 168 hours later. "Bonneville's Net AC Intertie Schedule," means the net of all AC Intertie schedules, other than PacifiCorp's schedules associated with its Northbound and Southbound ownership rights in the AC Intertie. Returned losses shall be scheduled from Bonneville to PacifiCorp's main system points of delivery, or as otherwise agreed by the Parties.

EXAMPLE

On a given hour:

Net AC Intertie Schedule is 4,800 MW

PacifiCorp's Schedule over its AC Intertie capacity is 400 MW

Bonneville's Net AC Intertie Schedule is:

$$4,800 \text{ MW} - 400 \text{ MW} = 4,400 \text{ MW}$$

Loss to be scheduled to PacifiCorp 168 hours later:

$$4,400 \text{ MW} \times 0.2\% = 8.8 \text{ MW}$$

Amendatory Agreement No. 2 to
Contract No. DE-MS79-94BP94332

AMENDATORY AGREEMENT NO 2 TO THE

AC INTERTIE AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PACIFICORP

Index to Sections

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Exhibit F (Capital Replacements and Capital Additions)	

This AMENDATORY AGREEMENT NO. 2 to the AC INTERTIE AGREEMENT ("AA No. 2 to AC Intertie Agreement"), Contract No. DE-MS79-94BP94332, executed June ____, 1998 by the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION ("Bonneville") and PACIFICORP ("PacifiCorp"), a corporation organized and existing under the laws of Oregon, (hereinafter referred to individually as "Party" and collectively as "Parties").

W I T N E S S E T H

WHEREAS, PacifiCorp's predecessor and Bonneville originally entered into the Intertie Agreement, Contract No. DE-MS79-86BP92299 ("Original Intertie Agreement"), and

WHEREAS, the Original Intertie Agreement was amended by, inter alia, Amendatory Agreement No. 2, ("AA No. 2 to Original Intertie Agreement"), subsection 7(e) of which provided for reimbursable Capital Replacements, and

WHEREAS, PacifiCorp and Bonneville have entered into a successor agreement, the AC Intertie Agreement, Contract No. DE-MS79-94BP94332 ("AC Intertie Agreement"), which superseded and replaced in its entirety the Original Intertie Agreement, and

WHEREAS, the AC Intertie Agreement creates construction obligations, assigns ownership rights, and allocates cost responsibility for operation and maintenance of new facilities to upgrade the transfer capability of the Pacific Northwest AC Intertie from 3,200 megawatts to approximately 4,800 megawatts, and

WHEREAS, certain payment and cost-sharing provisions of the Original Intertie Agreement were incorporated into the AC Intertie Agreement as Exhibit A thereto, and

WHEREAS, the Parties desire to amend the AC INTERTIE AGREEMENT by creating a new Exhibit F that will authorize reimbursable Capital Replacements and Capital Additions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto undertake and agree as follows:

SECTION 1 - DEFINITIONS

1.1 "Capital Additions" means the addition of any new facilities under the AC Intertie Agreement (e.g., not replacements for assets already listed on Exhibit B) that are required to serve the common good of both Parties .

1.2 "Capital Replacements" means the replacement asset for the facilities listed in Exhibit B of the AC Intertie Agreement that are required to serve the common good of both Parties.

SECTION 2 - EFFECTIVE DATE AND TERM

This Amendatory Agreement No. 2 shall be effective on the date of execution and shall remain in effect concurrently with the AC Intertie Agreement; provided, all liabilities incurred hereunder shall be preserved until satisfied.

SECTION 3 - CAPITAL BUDGETS

Excluding any facilities designated for omission by footnote 1 of Exhibit B of the AC Intertie Agreement, each Party

by July 1 of each year shall send a notice to the other Party containing (i) an estimate the capital budget amounts related to the planned construction activities of the facilities described in such Exhibit B such Party expects to incur four (4) years in the future, and (ii) an update of any capital budget amounts it expects to incur within the upcoming three (3) years. Except for emergency Capital Replacements or emergency Capital Additions, the Parties shall exchange and review any necessary data as needed to determine the necessity and adequacy of the proposed construction and operation activities.

SECTION 4 - PAYMENT PROVISIONS

4.1 For reimbursable Capital Replacements or Capital Additions, the Party proposing the action shall prepare a proposed revision to Exhibit F whenever the Parties concur that it is necessary to add to or to replace the facilities identified in Exhibit B of the AC Intertie Agreement. The Parties shall share the costs of such action according to the original cost share percentage of such facilities as set forth in Exhibit B in a manner consistent with the cost sharing methodologies contained in such exhibit, except that the replacement of facilities identified by footnote 1 of Exhibit B shall not be eligible for

cost-sharing. Each revision of Exhibit F shall specify the facilities added or replaced.

4.2 The Party responsible to make payment shall pay according to the provisions of the revision of Exhibit F for the work performed in amounts and at times as negotiated by the Parties.

4.3 In the event of a dispute regarding billing, the Party owing the bill shall pay the amount in full and provide written notification of the disputed amount. Any adjustment shall be made on the next invoice allowing reasonable notice and time to make the adjustment. Refunds of the disputed amount shall include interest at the same interest rate specified in section 4.4.

4.4 Invoices not paid in full on or before the close of business on the date due shall be subject to an interest charge on the amount due from the due date to the date paid consistent with the Prompt Payment Act Renegotiation Board's Interest Rate published in the Federal Register.

SECTION 5 - AUDIT RIGHTS

5.1 Each Party, at its expense, may review and audit any cost on the other Party's books, records, and documents that directly pertain to the billings on the jointly owned facilities.

The Party undertaking the audit shall provide reasonable notice to the other Party and shall conduct such audit at reasonable times and in conformance with generally accepted auditing standards. The Party being audited shall cooperate fully with any such audit. Neither Party shall audit a cost incurred more than three (3) years following the last day of the fiscal year in which such cost was incurred under this Amendatory Agreement No.2. The Parties shall retain all records and documentation prepared in the normal course of business for the entire length of this audit period and in accordance with generally accepted accounting principles.

5.2 After completion of the audit, the Party conducting the audit shall promptly notify the other Party of any exception taken as a result of an audit, and the audited Party may review the notice of exception and basis therefor for a period of thirty (30) days. Upon agreement regarding the validity of any exception, the owing Party shall directly refund the amount of the exception within thirty (30) days of such agreement.

SECTION 6 - OWNERSHIP OF THE FACILITIES

6.1 Transfer of legal ownership pursuant to this Amendatory Agreement No. 2 shall be effective at such time as the facilities

are energized and made available for commercial operation as part of the AC Intertie.

6.2 All jointly-owned equipment and facilities shall be identified as such with co-ownership tags and signs. Each Party shall provide the tags and signs for equipment which it operates. Costs for such tags and signs shall be shared equally by each Party.

SECTION 7 - INTEGRATION

7.1 To the extent that Exhibit A of the AC Intertie Agreement is inconsistent with provisions of this Amendatory Agreement No. 2, such Exhibit A is superseded by the provisions of this Agreement.

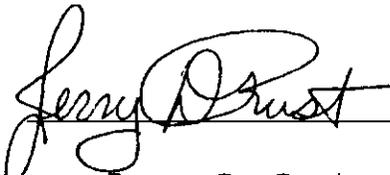
7.2 Any revisions to Exhibit F shall be attached to and deemed to be a part of the AC Intertie Agreement and shall be effective on the date specified therein.

SECTION 8 - EXHIBITS

Exhibit F is incorporated as part of this Intertie Agreement. Any revision of this exhibit to capture those capital facilities that qualify as Capital Replacements or Capital Additions shall be by mutual consent, except as noted in Section 3 of this Amendment No.2 regarding emergency Capital Replacements or emergency Capital Additions.

IN WITNESS WHEREOF, the Parties hereto have executed this
Amendatory Agreement No.2.

PACIFICORP

By: 
Name: Jerry D. Rust

Title: AVP, Transmission Sys.

Date: June 3, 1998

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: 
Name: CLIFFORD C. PERIGO

Title: SR. ACCOUNT EXEC.

Date: 6-26-98

Exhibit F
 Amendatory Agreement No. 2
 Contract No. DE-MS79-94BP94332
 PacifiCorp
 Effective upon execution

BPA 500KV 3RD AC INTERTIE - CAPITAL ADDITIONS & REPLACEMENTS
 Dec 1996 Through April 1998

PROJECT	FACILITY DESCRIPTION	MATERIAL	LABOR	OUTSIDE SERVICES	MISC	100% CHARGES	COST SHARE %	BPA SHARE AMOUNT
64290	Dixonville Sub - SF6 Interrupters	10,199.74	2,568.17		4,151.45	16,919.36	50/50	8,459.68
420227	Dixonville Sub- Retire Excess Mat'l (Removal)		1,404.10		196.06	1,600.16	50/50	800.08
	Total	10,199.74	3,972.27		4,347.51	18,519.52		9,259.76

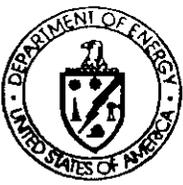
Payment: Bonneville shall remit payment for the BPA SHARE AMOUNT within 30 days of receipt of invoice from PacifiCorp.

Exhibit F
 Amendatory Agreement No. 2
 Contract No. DE-MS79-94BP94332
 PacifiCorp
 Effective upon execution

BPA 500KV 3RD AC INTERTIE - CAPITAL ADDITIONS & REPLACEMENTS
 Dec 1996 Through April 1998

PROJECT	FACILITY DESCRIPTION	MATERIAL	LABOR	OUTSIDE SERVICES	MISC	100% CHARGES	COST SHARE %	BPA SHARE AMOUNT
64290	Dixonville Sub - SF6 Interrupters	10,199.74	2,568.17		4,151.45	16,919.36	50/50	8,459.68
420227	Dixonville Sub- Retire Excess Matl (Removal)		1,404.10		196.06	1,600.16	50/50	800.08
	Total	10,199.74	3,972.27		4,347.51	18,519.52		9,259.76

Payment: Bonneville shall remit payment for the BPA SHARE AMOUNT within 30 days of receipt of invoice from PacifiCorp.



Department of Energy
Bonneville Power Administration
P.O. Box 491
Vancouver, WA 98666

February 15, 1996

Mr. Colin Persichetti
Customer Contract Administration Manager
PacifiCorp
825 NE Multnomah, Suite 625
Portland, OR 97232

Dear Mr. Persichetti:

This letter indicates the intent of the Bonneville Power Administration NOT to exercise our rights for Spring energy pursuant to Section 12(b) of our Intertie Agreement, Contract No. DE-MS79-94BP94332.

If you have any questions regarding this notice, please contact Terrin Pearson at (360) 418-2181 or Brenda Anderson at (360) 418-2146.

Sincerely,

Edward L. Bleifuss
Manager, Short-Term Contracts

bcc:

K. Graves-Pyrch - FCC
T. Caine - MGHS
A. Schuff - MGHU
C. Westbrook - MGHV
M. Flynn - MGS
Y. Linn - MGS
A. Burns - MPB
P. McRae - SH-700
Official File - MGS (PM-11-14)

S. Jensen-Fewel - LP
B. MacKay - MGHS
Duty Schedulers - MGHU
C. Pauley - MGHW
P. Hiatt - MGS
T. Pearson - MGS
J. Woerner - MPPD
T. Kirk - TOT-DITT2

C. Surface - MGHJ
N. King - MGHU
M. Felkel - MGHV
E. Bleifuss - MGS
T. Larson - MGS
G. Smith - MGS
S. Zenner - SFR

BMoulton:bm:dw:2571 (P/MGS/PACIFCOR.DOC)



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

January 29, 1997

TRANSMISSION SALES AND MARKETING

Mr. Dennis Steinberg
Senior Vice President
Wholesale Transactions and Transmission
PacifiCorp
825 NE. Multnomah Street, Suite 625
Portland, OR 97232

Dear Mr. Steinberg:

Section 11(b) of the Pacific Northwest AC Intertie Capacity Ownership Agreement, Contract No. DE-MS79-94BP94628 (Capacity Ownership Agreement), requires PacifiCorp to provide appropriate remedial actions in support of PacifiCorp's 32 megawatts (MW) Capacity Ownership Share on the AC Intertie. On January 16, 1995, Bonneville Power Administration (BPA) met with PacifiCorp and the other Capacity Owners to discuss, among other things, such remedial action requirements. Pursuant to section 11(b)(4) of the Capacity Ownership Agreement, BPA and PacifiCorp may agree that BPA will provide the remedial actions required of PacifiCorp in section 11(b), subject to the Parties reaching an agreement on terms and conditions. At the January 16, 1995, meeting the Capacity Owners requested that BPA develop a proposal for BPA-provided remedial actions.

In addition, section 5(g) of the AC Intertie Agreement, Contract No. DE-MS79-94BP94332 requires PacifiCorp to make arrangements for load dropping requirements associated with PacifiCorp's 400 MW northbound AC or DC Intertie schedules.

BPA has determined that it has adequate remedial actions capability available to meet PacifiCorp's needs under the Capacity Ownership Agreement and the AC Intertie Agreement. Enclosed are two signature copies of a letter agreement BPA is offering to PacifiCorp under which BPA would provide the remedial actions required of PacifiCorp under section 11(b) of the Capacity Ownership Agreement and section 5(g) of the AC Intertie Agreement. Features of the letter agreement are as follows:

Product: Generator dropping and load tripping which fulfills all of PacifiCorp's Remedial Action Scheme requirements under section 11(b).
Term: 1 year
Initial Price: \$46 megawatt-month (MW-mo) plus use fees for actual load tripping.

BPA has priced this product based upon:

1. avoided capital costs, economic dispatch costs, and average annual occurrences for generator dropping (\$25/MW-me); and
2. BPA's associated costs with Direct Service Industries providing load tripping (\$21/MW-mo).

If PacifiCorp decides to obtain remedial action scheme services from BPA, there will be no charge to PacifiCorp for such services provided by BPA thus far from the effective dates of the Capacity Ownership Agreement and the AC Intertie Agreement.

If PacifiCorp decides to sign the enclosed letter agreement, please sign both copies and return one copy to my office by March 1, 1997. If PacifiCorp chooses to provide its own remedial actions, PacifiCorp should demonstrate to BPA that PacifiCorp has such remedial actions in place and implemented by October 1, 1997. In this case, BPA will bill PacifiCorp based on the charges set forth above for remedial actions provided by BPA from March 1, 1997, to the date PacifiCorp implements its own remedial actions as required under section 11(b) of the Capacity Ownership Agreement and section 5(g) of the AC Intertie Agreement.

If you have any questions, please do not hesitate to call me at 503/230-5381.

Sincerely,



Clifford C. Perigo
Senior Account Executive

Enclosures



Department of Energy
Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

April 30, 1998

In reply refer to: TM/DITT2

Mr. Dave Cory
Transmission Account Manager
PacifiCorp
920 NE Holladay Suite 210
Portland, OR 97232

Dear Mr. Cory:

On February 1, 1997, the Bonneville Power Administration (BPA) provided PacifiCorp and the other Capacity Owners with a one-year agreement, Contract No. 96MS-95316 (RAS Agreement), for BPA provided remedial action schemes associated with Section 11(b) of the Pacific Northwest AC Intertie Capacity Ownership Agreement, Contract No. DE-MS79-94BP94628 (Capacity Ownership Agreement) and section 5(g) of the AC Intertie Agreement, Contract No. DE-MS79-94BP94332 (AC Intertie Agreement). The one-year RAS Agreement terminated on March 1, 1998. A five-year follow-on agreement was offered to the Capacity Owners on December 1, 1997, providing long-term service for load tripping and generation dropping associated with the Capacity Owners' shares in the AC Intertie.

On March 3, 1998, BPA met with the Capacity Owners to discuss costs associated with the five-year follow-on agreement, and based on those discussions BPA is reviewing the issues brought up by the Capacity Owners. BPA is also reconsidering the practicality of offering an agreement with a five-year time frame in light of changes in Tariffs that may occur in 2001. BPA will be in a position to offer the Capacity Owners a re-draft of such agreement soon, along with new pricing and an analysis related to the distribution of costs between the AC and DC Interties.

BPA will continue to bill PacifiCorp under the terms of the one-year RAS Agreement, Contract No. 96MS-95316, until such time the Parties execute a follow-on agreement, or until such time PacifiCorp provides its own remedial action schemes associated with 11(b) of the Capacity Ownership Agreement and 5(g) of the AC Intertie Agreement.

Please feel free to call me at (360) 418-8293 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Clifford C. Perigo".

Clifford C. Perigo
Senior Account Executive
Transmission Marketing and Sales



Department of Energy

Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

November 25, 1998

In reply refer to: TM/DITT2

Mr. Dave Cory
Transmission Account Manager
PacifiCorp
920 NE Holladay Suite 210
Portland, OR 97232

Dear Mr. Cory:

On February 1, 1997, the Bonneville Power Administration (BPA) provided PacifiCorp and the other Capacity Owners with a one-year remedial action schemes agreement, Contract No. 96MS-95316 (RAS Agreement), for BPA-provided remedial action schemes (RAS) associated with Section 11(b) of the Pacific Northwest AC Intertie Capacity Ownership Agreement, Contract No. DE-MS79-94BP94628 (Capacity Ownership Agreement), and Section 5(g) of the AC Intertie Agreement, Contract No. DE-MS79-94BP94332 (AC Intertie Agreement). The one-year RAS Agreement terminated on March 1, 1998. A five-year follow-on agreement was offered to the Capacity Owners on December 1, 1997, providing long-term service for load tripping and generation dropping associated with the Capacity Owners' shares in the AC Intertie.

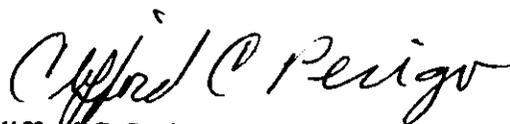
Due in part to the issues raised by the Capacity Owners pertaining to the newly proposed methodology for calculating the Remedial Action Charges associated with the five year follow-on agreement, BPA has decided not to implement any changes at this time to the original rate as offered under the one-year RAS Agreement. BPA now believes it may be preferable to develop a new methodology as part of the upcoming rate case.

BPA will provide the Capacity Owners with a contract offer at the next Capacity Ownership meeting to be held on December 8, 1998, at BPA's Ross Complex in Vancouver, Washington. The terms of the contract will extend service and charges provided for under the original one-year RAS Agreement until September 30, 2001.

BPA will continue to bill PacifiCorp under the terms of the one-year RAS Agreement Contract No. 96MS-95316, until such time as the Parties execute a follow-on agreement, or until such time that PacifiCorp provides its own RAS associated with 11(b) of the Capacity Ownership Agreement and 5(g) of the AC Intertie Agreement.

Please feel free to call me if you have any questions. I can be reached at (360) 418-8293.

Sincerely,



Clifford C. Perigo
Senior Transmission Account Executive
Transmission Marketing & Sales

bcc:

C. Perigo – TM/DITT2

J. Ordal – TMB-MODD

R. Paulsrude – TMC/Ditt-2

Customer File - TM/DITT2

Official File-TMC/DITT2

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Department of Energy

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

POWER BUSINESS LINE

December 10, 1998

In reply refer to: PST/5

Mr. David B. Cory
Transmission Account Manager
PacifiCorp
825 N.E. Multnomah Street, Suite 625
Portland, OR 97232

Dear Dave,

This letter is to exercise Bonneville Power Administration's option, pursuant to Section 5(h) of the AC Intertie Agreement (Agreement, Contract No. DE-MS79-94BP94332), for firm capacity in the 500/230 kV transformer at the Malin substation for Bonneville's firm requirements. While the Agreement allows up to 200 megawatts (MW) of rights, at this time we request only 102 MW of transformer capacity, to enable us to serve Wells Rural and Harney Electric Cooperative loads in Northern Nevada via Sierra Pacific's new Reno-Alturas transmission line.

It is our understanding that the Reno-Alturas line is completed and is currently being tested. If possible, we would like to begin deliveries to Wells and Harney over the line beginning January 1, 1999. Please let us know as soon as possible whether, pursuant to the Agreement, PacifiCorp has the capacity necessary to meet its own firm requirements, as well as that required to serve the requested 102 MW. If you have any questions, please call me at 230-5516, or Scott Wiley at (509) 358-7413.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick G. McRae", is written over the word "Sincerely,".

Patrick G. McRae
Manager, Transmission Acquisition and Reserve Services