

PACIFICORP/PORTLAND GENERAL ELECTRIC

PNW AC Intertie FOIA Request

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Customer	Contract No.
PACIFICORP	29224
	92299
	94278
	94285
	94332
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PORTLAND GENERAL	29225
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PGE/PAC/USBR	59840

**ALTURAS INTERTIE PROJECT INTERCONNECTION
AND OPERATION AND MAINTENANCE AGREEMENT**

executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION,
SIERRA PACIFIC POWER COMPANY
and
PACIFICORP

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This ALTURAS INTERTIE PROJECT INTERCONNECTION AND OPERATION AND MAINTENANCE AGREEMENT (AGREEMENT), executed February 15, 19-____, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), SIERRA PACIFIC POWER COMPANY (Sierra), a corporation incorporated under the laws of the State of Nevada; and PACIFICORP (PacifiCorp), a corporation incorporated under the laws of the State of Oregon. Bonneville, Sierra, and PacifiCorp are hereinafter referred to individually as "Party" and collectively as "Parties."

W I T N E S S E T H :

WHEREAS Sierra desires to construct a 345 kilovolt (kV) transmission line between Sierra's North Valley Road Substation in Reno, Nevada, and Sierra's Hilltop Substation near Alturas, California (Alturas Intertie Project); and

WHEREAS the Alturas Intertie Project will be interconnected to Bonneville's Malin-Warner 230 kV Line (Malin-Warner Line); and

WHEREAS the Malin-Warner Line is located within PacifiCorp's control area and terminates in PacifiCorp's 230 kV Malin Substation; and

WHEREAS the Parties desire a transmission interconnection to conduct mutually beneficial electric power transactions; and

WHEREAS on March 3, 1994, the Parties executed a Proposed Reno-Alturas Project Letter of Understanding intended to define principles for the Alturas Intertie Project that would be incorporated into a definitive interconnection agreement among the Parties; and

WHEREAS the Parties desire to enter into this Agreement in order to interconnect and commence operation and maintenance (O&M) of such project upon its completion;

NOW, THEREFORE, the Parties agree as follows:

1. DEFINITIONS

- (a) "AC" means alternating current.
- (b) "Alturas Intertie Project" means a single circuit 345 kV transmission line and associated equipment, that begins at a point in Sierra's North Valley Road Substation in Reno, Nevada, continues through Sierra's Bordertown Substation, and terminates at Sierra's Hilltop Substation at the Point of Interconnection set forth in section 1(n), interconnecting with Bonneville's 230 kV Hilltop bus through a 345/230 kV transformer, as diagrammed in Exhibit B.
- (c) "Alturas Intertie Project Rated Transfer Capability" or "Project RTC" means the north-to-south and south-to-north capability of the Alturas Intertie Project to transfer power in a reliable manner as determined consistent with Prudent Utility Practice.
- (d) "Continuous Path" means the transmission path of Bonneville's Malin-Warner Line, including the 230 kV line fold and 230 kV breaker and associated bus and disconnect switches at Hilltop Substation, diagrammed in Exhibit B.
- (e) "Effective Date" means the date this Agreement becomes effective pursuant to section 2.
- (f) "Executive Summary" means the summary result attached as Exhibit A, completed by a Western Systems Coordinating Council (WSCC) Review

Group, of a joint Alturas Intertie Project Phase II rating study report that outlines the emergency and firm capabilities of the Alturas Intertie Project.

- (g) “FERC” means the Federal Energy Regulatory Commission.
- (h) “Load Carrying Capability” means the capability of PacifiCorp’s transmission system as described in section 22(n) of the Bonneville-PacifiCorp AC Intertie Agreement, Contract No. DE-MS79-94BP94332.
- (i) “Local Load Area” means the underlying 69 kV and 115 kV transmission systems owned or operated by Bonneville, PacifiCorp, or Surprise Valley Electric Cooperative in the Lakeview, Alturas, Cedarville, Canby, and Malin areas, including the buses identified in Exhibit A, page 2.
- (j) “Northwest AC Intertie” means the facilities, including but not limited to the following: two 500 kV transmission lines extending from John Day Substation to the Malin Substation and the California-Oregon border; portions of the 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; a portion of Bonneville’s capacity rights in the Summer Lake-Malin 500 kV transmission line and Bonneville’s share of ownership of the Alvey-Meridian 500 kV transmission line; Captain Jack Substation; the 500 kV transmission line from Captain Jack Substation to the California-Oregon border; and any modifications, additions, improvements, or other alterations thereto.
- (k) “Northwest AC Intertie Operational Transfer Capability” means the Northwest AC Intertie Rated Transfer Capability as reduced by limitations beyond the control of the Parties, and operational limitations (as determined by Bonneville in accordance with the agreement between Bonneville and PacifiCorp, Contract No. DE-MS79-94BP94332, as amended from time to time, and with the agreement between Bonneville and Portland General Electric, Contract No. DE-MS79-87BP92340, as amended from time to time,

and in accordance with Prudent Utility Practice) resulting from, among other things, line or equipment outages, stability limits, or loop flow.

- (l) “Northwest AC Intertie Rated Transfer Capability” or “Northwest AC Intertie RTC” means the north-to-south and south-to-north capability of the Northwest AC Intertie to transfer power in a reliable manner as determined consistent with Prudent Utility Practice.
- (m) “Operating Nomogram” means, for example, the graph attached as Exhibit A, which represents the acceptable operating relationship between two or more electric transmission paths or an electrical transmission path and a load area.
- (n) “Point of Interconnection” or “POI” means the point in the Hilltop Substation where the Alturas Intertie Project is physically connected to Bonneville’s 230 kV bus facilities.
- (o) “Prudent Utility Practice” means, at any particular time, the generally accepted practices, methods, and acts in the electrical utility industry in the Western Systems Coordinating Council area prior thereto that would achieve the desired result or, if there are no such practices, methods and acts, 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.
- (p) “Sierra Imports” means Sierra’s net import to its control area.

2. **TERM**

This Agreement shall be effective upon execution by the Parties and acceptance for filing or otherwise approved without change by the FERC with respect to Sierra and PacifiCorp. This Agreement shall terminate when the facilities comprising the Alturas Intertie Project are permanently taken out of service or when otherwise agreed upon by the Parties. All liabilities accrued hereunder shall be and are hereby preserved until satisfied.

3. EXHIBITS

The following documents are made a part of this Agreement by reference: Exhibit A (Executive Summary of the Alturas Intertie Project Phase II Rating Study), Exhibit B (Interconnection Facility Diagram), Exhibit C (Sample Operating Nomogram), Exhibit D (Facilities Operated and Maintained by Sierra), Exhibit E (Facilities Operated and Maintained by PacifiCorp), and Exhibit F (Facilities Operated and Maintained by Bonneville).

4. REVISION OF EXHIBITS

- (a) In the event a new rating study report for the Alturas Intertie Project is developed by the Parties, Exhibit A shall be revised to reflect the results of such study report.
- (b) Exhibits B and C may be revised upon mutual agreement of the Parties.
- (c) Exhibits D, E and F may be revised to add or delete facilities and equipment to be operated and maintained, based upon mutual consent of the Parties. Such revisions shall specify the facilities to be operated and maintained, location of the facilities, ownership of facilities, sharing of O&M between the Parties, annual O&M charges, and monthly O&M payments. Upon execution by the Parties, revisions to Exhibits D, E, and F shall be attached to and deemed to be a part of this Agreement. Such exhibits shall be effective on the effective date specified therein and shall supersede the respective exhibit then in effect.
- (d) If the Party performing the work determines that the charges specified in Exhibit D, E, or F must be adjusted to conform to such Party's current costs of operating and maintaining like facilities, such Party may revise such charges upon 90 days' written notice to the other Party, but not more often than once in any 12-month period. A revised Exhibit D, E, or F incorporating such revised charges shall be prepared by the Party performing the work and made a part of this Agreement effective as of the date specified in such notice.

5. PAYMENT PROVISIONS

Payment for O&M charges shall be in accordance with Exhibits D, E, and F. Payments made between Bonneville and Sierra or Bonneville and PacifiCorp shall be net billed in the appropriate Wholesale Power Bill. Payments made between Sierra and PacifiCorp shall be billed directly between the two Parties.

6. PLANNING, DESIGN, SITING, AND CONSTRUCTION ACTIVITIES

(a) In accordance with an Alturas Intertie Project Letter of Understanding for resolving issues concerning design, construction, ownership, and maintenance (Design and Construction LOU) executed between Sierra and Bonneville on May 26, 1995, and included herein by reference, Sierra shall, at Sierra's expense and in cooperation with the other Parties, site, plan, design, permit, and construct the Alturas Intertie Project, as depicted in Exhibit B, except the footings and electrical portion of the 230 kV terminal facilities at Hilltop Substation. The specifications for the Alturas Intertie Project, including engineering drawings for the Hilltop Substation and the phase-shifting transformer, shall be provided to Bonneville and PacifiCorp for input and review prior to such specifications being finalized. Such review shall be performed on a timely basis and such concurrence shall not be unreasonably withheld. Sierra's obligations pursuant to this section 6(a) shall include:

- (1) Construction of a 345 kV transmission line (utilizing two 954 ACSR conductors per phase) between Sierra's North Valley Road Substation in Reno, Nevada, continuing through Sierra's Bordertown Substation, terminating at Sierra's Hilltop Substation and interconnecting with Bonneville's 230 kV Hilltop Bus through a 345/230 kV auto transformer;
- (2) modification and expansion at Sierra's North Valley Road Substation to accommodate the termination of the Bordertown 345 kV line;
- (3) construction of a new substation at Bordertown to include a 345 kV 300 MVA (nominal rating), $\pm 45^\circ$ or greater phase-shifting transformer; and

- (4) construction of a new 345/230 kV substation at Hilltop as diagrammed in Exhibit B.
- (b) Sierra shall, at Sierra's expense and in accordance with Bonneville and PacifiCorp specifications, design and install equipment to mitigate, to the extent technically possible, any adverse impacts of the Alturas Intertie Project on the Load Carrying Capability, Northwest AC Intertie, Malin-Warner Line, or the Local Load Area, or any combination of the foregoing. At the time of execution of this Agreement, the Parties identified the following equipment additions or modifications as needed to mitigate such impacts:
 - (1) Relay modifications at PacifiCorp's Malin Substation;
 - (2) relay modifications at Bonneville's Warner Substation; and
 - (3) communication additions and other power system control modifications required to implement the Alturas Intertie Project plan of service.

The Parties may agree to identify different or additional equipment to mitigate such impacts if future circumstances warrant; however, the financial responsibility for any additional modifications shall be negotiated among the Parties.

- (c) Bonneville shall at Sierra's expense design and install the line fold consistent with the Design and Construction LOU dated May 26, 1995.
- (d) Bonneville shall, at Sierra's expense, design, procure, construct, and install all three 230 kV breakers and the control, protection, supervisory, and communications equipment on the 230 kV side of the Hilltop Substation.
- (e) The Design and Construction LOU shall define the Alturas Intertie Project design and construction accountabilities which are not specifically addressed in this Agreement.

- (f) Testing of the interconnected facilities shall be conducted jointly based upon mutually agreed to test plans and schedules.

7. OWNERSHIP

- (a) Ownership of facilities and equipment associated with the Alturas Intertie Project shall be as set forth in Exhibits D, E, and F.
- (b) Sierra shall own the Alturas Intertie Project, including equipment at North Valley Road Substation, Bordertown Substation, metering facilities, and all other facilities at Hilltop Substation, except for the equipment required to complete the Continuous Path required to connect the Warner Substation to Malin Substation via Hilltop Substation.
- (c) Bonneville shall own the Continuous Path and the relay modifications at Warner Substation.
- (d) PacifiCorp shall own the relay modifications at Malin Substation.
- (e) Bonneville shall own the 230 kV Supervisory Control and Data Acquisition (SCADA) at Hilltop Substation.
- (f) Sierra shall own the Interchange metering and 345 kV SCADA at Hilltop Substation.

8. TRANSFER CAPABILITIES

(a) Alturas Intertie Project RTC

The Parties agree that the Project RTC will be 300 megawatts (MW) north-to-south and 300 MW south-to-north, or as defined in the current WSCC rating report, attached hereto as Exhibit A and published in the WSCC rating catalog.

(b) **Northwest AC Intertie RTC**

The Northwest AC Intertie RTC at the California-Oregon border is 4800 MW from north-to-south and 3675 MW from south-to-north, or as defined in the current WSCC rating report, and published in the WSCC rating catalog.

(c) **Protection of Existing Systems**

The Parties agree that the Alturas Intertie Project shall not degrade: (1) the 4800 MW (north-to-south) or 3675 MW (south-to-north) Northwest AC Intertie Rated Transfer Capability; (2) PacifiCorp's 1500 MW Midpoint-Summer Lake 500 kV transmission line; and (3) the Load Carrying Capability. The Parties further agree that the Alturas Intertie Project does not constitute an increase to the 4,800 MW (north to south) or the 3,675 MW (south to north) Northwest AC Intertie Rated Transfer Capability.

9. OPERATION AND MAINTENANCE OF FACILITIES BY SIERRA

(a) Sierra shall:

- (1) operate and maintain the facilities which are described in Exhibit D in the same manner in which Sierra operates and maintains similar facilities of Sierra and consistent with Prudent Utility Practice;
- (2) install and operate a 345 kV 300 MVA \pm 45° or greater phase shifting transformer at Sierra's Bordertown Substation (Bordertown Phase Shifter) to provide control of power flows on the Alturas Intertie Project. Sierra shall operate the Bordertown Phase Shifter in accordance with the WSCC Controllable Devices Coordinated Operating Procedure (CDCOP). Sierra shall operate the Bordertown Phase Shifter upon the other Parties' request to mitigate overloading or voltage problems on the Parties' systems. Such operation shall not violate WSCC Minimum Operating Criteria; and
- (3) install and operate a 345 kV reactor at the Hilltop Substation for voltage control.

- (b) For such maintenance as specified in section 9(a)(1) on facilities not owned by Sierra, the Party in ownership of such facilities shall, upon election by Sierra, either:
- (1) provide all replacement parts at its expense;
 - (2) reimburse Sierra for parts Sierra may provide; or
 - (3) replace such parts, provided by Sierra, in kind at its expense.
- (c) In the event of a major failure or obsolescence of any of the facilities specified in Exhibit D not owned by Sierra, the Parties shall use all reasonable efforts to negotiate a mutually acceptable agreement providing for the replacement, repair, or removal of such facilities at the expense of the Party owning such facilities.
- (d) Sierra shall operate and maintain, or cause to be operated and maintained, its system in accordance with Prudent Utility Practice. The Alturas Intertie Project shall not restrict the use of Bonneville's or PacifiCorp's existing systems to serve the Local Load Area; **provided, however**, in the event such a restriction occurs, the Parties agree that responsibility for any remedies, such as facilities to serve future load growth, shall be according to the following:
- (1) Without the Alturas Intertie Project, Bonneville's and PacifiCorp's 69 kV, 115 kV, and 230 kV facilities used to serve the Local Load Area load are sufficient to serve the load as of the Effective Date until actual load of 66 MW is reached;
 - (2) If the Parties determine that the addition of the Alturas Intertie Project has caused a need for new facilities (or other remedies) in the area in advance of the Local Load Area reaching 66 MW, Sierra shall be responsible for the remedies; and
 - (3) Determination of the cause of any restriction shall be made by the Parties after consideration of factors including, but not limited to, the

Alturas Intertie Project, generation integration after the completion of the Alturas Intertie Project, existing interconnections, and interconnections occurring after completion of the Alturas Intertie Project. Remedies shall be as negotiated among the Parties.

- (e) The Parties shall coordinate maintenance and planned line outages for the Alturas Intertie Project, Malin-Warner Line, and any other major Sierra transmission lines that may impact operation of the Local Load Area, Load Carrying Capability, and the Northwest AC Intertie. The Parties shall jointly develop operating limits for any such maintenance or planned outages that impact operation of the Alturas Intertie Project.

10. OPERATION AND MAINTENANCE OF FACILITIES BY PACIFICORP

- (a) PacifiCorp shall operate and maintain the facilities which are described in Exhibit E in the same manner in which PacifiCorp operates and maintains similar facilities of PacifiCorp and consistent with Prudent Utility Practice.
- (b) For such maintenance as specified in section 10(a) on facilities not owned by PacifiCorp, the Party in ownership of such facilities shall, upon election by PacifiCorp, either:
 - (1) provide all replacement parts at its expense;
 - (2) reimburse PacifiCorp for parts PacifiCorp may provide; or
 - (3) replace such parts, provided by PacifiCorp, in kind at its expense.
- (c) In the event of a major failure or obsolescence of any of the facilities specified in Exhibit E not owned by PacifiCorp, the Parties shall use all reasonable efforts to negotiate a mutually acceptable agreement providing for the replacement, repair, or removal of such facilities at the expense of the Party owning such facilities.

- (d) The Parties agree to operate their respective systems in such a manner that loss of the Alturas Intertie Project would not unduly jeopardize any Party's system reliability.
- (e) The Parties shall coordinate maintenance and planned line outages for the Alturas Intertie Project, Malin-Warner Line, and any other major Sierra transmission lines that may impact operation of the Local Load Area, Load Carrying Capability, and the Northwest AC Intertie. The Parties shall jointly develop operating limits for any such maintenance or planned outages that impact operation of the Alturas Intertie Project.

11. OPERATION AND MAINTENANCE OF FACILITIES BY BONNEVILLE

- (a) Bonneville shall operate and maintain the facilities which are described in Exhibit F in the same manner in which Bonneville operates and maintains similar facilities of Bonneville and consistent with Prudent Utility Practice.
- (b) For such maintenance as specified in section 11(a) on facilities not owned by Bonneville, the Party in ownership of such facilities shall, upon election by Bonneville, either:
 - (1) provide all replacement parts at its expense;
 - (2) reimburse Bonneville for parts Bonneville may provide; or
 - (3) replace such parts, provided by Bonneville, in kind at its expense.
- (c) In the event of a major failure or obsolescence of any of the facilities specified in Exhibit F not owned by Bonneville, the Parties shall use all reasonable efforts to negotiate a mutually acceptable agreement providing for the replacement, repair, or removal of such facilities at the expense of the Party owning such facilities.
- (d) The Parties agree to operate their respective systems in such a manner that loss of the Alturas Intertie Project would not unduly jeopardize any Party's system reliability.

- (e) The Parties shall coordinate maintenance and planned line outages for the Alturas Intertie Project, Malin-Warner Line, and any other major Sierra transmission lines that may impact operation of the Local Load Area, Load Carrying Capability, and the Northwest AC Intertie. The Parties shall jointly develop operating limits for any such maintenance or planned outages that impact operation of the Alturas Intertie Project.

12. POWER SCHEDULING AND OPERATION

- (a) The Parties shall be responsible for operating and coordinating the scheduling and providing the accounting of power transactions over the Alturas Intertie Project.
 - (1) Sierra shall limit the operation of the Alturas Intertie Project to comply with (A) WSCC guidelines, and (B) the Project Operating Nomograms such as the example set forth in Exhibit C as agreed to by the Parties.
 - (2) The project Operating Nomograms shall be reviewed and revised by the Parties periodically to reflect changes in capabilities to (A) Load Carrying Capabilities; (B) Local Load Area; (C) Bonneville's Malin-Warner Line; (D) the Northwest AC Intertie; or (E) other transmission paths as identified by the Parties.
- (b) Curtailment of schedules on the Alturas Intertie Project for extreme loading conditions may be required to protect Bonneville's and/or PacifiCorp's systems. The conditions requiring such curtailments shall be determined through discussions between the Parties prior to the onset of such conditions.
- (c) The Parties shall jointly develop operating guidelines to further detail the scheduling of power and operation of the Alturas Intertie Project.
- (d) The Malin-Warner 230 kV transmission line is within PacifiCorp's load control area.

13. EMERGENCY SERVICE

- (a) In the event of a disturbance, any Party to this Agreement may, upon request of either of the other two Parties, supply as emergency assistance such power and energy as the requesting Party may need to protect or restore services to the requesting Party's customers, subject to terms and conditions as agreed to by the supplying and receiving Parties, and the availability of such power and energy and limited by the Project RTC, **provided, however**, that such supply will not result in the impairment of or jeopardize the supplier's system, its customers, or its commitments to third parties, all as determined solely by the supplier in compliance with WSCC guidelines. The receiving Party shall exercise due diligence to return its system to normal operating condition.
- (b) The emergency supplying Party may, upon request of the receiving Party, provide transmission for emergency service described in section 13(a), as the receiving Party may need subject to the availability of transmission capability and WSCC parameters, and limited by the capability of the POI, as outlined in Exhibit A and determined through the WSCC rating process, and updated as needed.
- (c) Any extended emergency service shall be by separate bilateral agreements.

14. FUTURE EXPANSIONS OF THE INTERCONNECTION

- (a) In the event the Parties desire to expand the Project RTC capability beyond that set forth in Exhibit A, then the Parties shall proceed with joint studies to identify the facility additions required to achieve such an expansion.
- (b) Absent an agreement for joint cost-sharing, the Party requesting a change in the rating shall be responsible for all costs necessary to achieve an increased interconnection rating.
- (c) The Party requesting a change to the rating is not automatically guaranteed ownership rights on the other Parties' systems. Rights to future transmission services are subject to negotiation between affected Parties.

- (d) In the event the Parties or a Party desire(s) to construct an interconnection to the Alturas Intertie Project, or the Parties desire to move either termination point of the Alturas Intertie Project, the Parties agree to negotiate in good faith to facilitate such interconnection(s) or moving of termination points and determine appropriate cost responsibility.
- (e) Bonneville may reterminate the northwestern-most terminus of the Malin-Warner Line at any time in the future at Bonneville's expense. The existing contracts providing for rights through the Malin-Warner Line shall be provided a wheeling path through such new terminal if constructed.

15. RATES

Each Party reserves the right to establish or apply any charges or rates established pursuant to contracts, existing rate schedules, or new rates developed in conformance with law and regulation, for services that may utilize the POI.

16. REGULATORY AUTHORITY

This Agreement is made subject to the jurisdiction of those regulatory authorities having jurisdiction over Sierra and its participation in this Agreement. Sierra shall file in a timely manner and take all reasonable action necessary to secure any necessary approvals of this Agreement in its entirety and without change. Nothing contained herein shall be construed as affecting in any way the right of any Party to thereafter unilaterally make application to the FERC for a change in rates under the Federal law applicable to such Party and pursuant to the FERC's Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as affecting in any way the rights of the Parties to each put into effect any change in rates, or as preventing in any way any change in rates from becoming effective, on an interim basis or otherwise pursuant to said Rules and Regulations.

17. LIABILITY

Except as provided in this section 18, each Party hereto hereby assumes all liability for injury or damage to persons or property arising from the act or neglect of its own employees, agents, or contractors and shall indemnify and hold the other harmless from any liability arising therefrom. Notwithstanding the foregoing, no Party (First Party) shall be liable, whether in contract warranty, tort, or strict liability, to

the other Party (Second Party) for any injury or death to any person, or for any loss or damage to any property, caused by or arising out of an electric disturbance on the First Party's electric system, whether or not such electric disturbance resulted from the First Party's negligent, grossly negligent or wrongful act or omission, excepting only action knowingly or intentionally taken, or failed to be taken, with intent that injury or damage result therefrom, or which action is wantonly reckless. Each Second Party releases the First Party from, and shall indemnify the First Party for, any such liability. As used in this section 18: (a) the term "Party" means, in addition to such Party itself, its directors, officers and employees; (b) the term "damage" means all damage, including consequential damage; and (c) the term "person" means any person, including those not connected with any Party to this Agreement. All Parties agree to maintain insurance or sufficient funds to mitigate liabilities associated with the Alturas Intertie Project.

18. UNCONTROLLABLE FORCES

- (a) No Party shall be considered to be in default in the performance of its obligations hereunder, except for a payment obligation pursuant to a service provided under this Agreement, when a failure of performance is due to an uncontrollable force as defined in section 18(b). Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any such obligations hereunder by reason of an uncontrollable force shall give prompt written notice of such fact to the other Parties and shall exercise due diligence to remove such inability with all reasonable dispatch consistent with Prudent Utility Practice.

- (b) An uncontrollable force is any cause beyond the control of a Party which renders it unable to perform such obligation, including but not limited to, failure of or threat of failure of facilities, flood, earthquake, volcanic activity, tornado, storm, fire, pestilence, lightning and other natural catastrophe, epidemic, war, riot, civil disturbance or disobedience, vandalism, strike, labor dispute, labor or material shortage, sabotage, terrorism, restraint by court order or public authority, and action or nonaction by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such Party could not reasonably

have been expected to avoid and which by exercise of due diligence it has been unable to overcome.

19. ASSIGNMENT

None of the Parties shall assign this Agreement, or any interest therein, without the prior written consent of the other Parties, except if such assignment is:

- (a) made to any person or entity into which or with which the Party making the assignment is merged or consolidated or to which the Party transfers substantially all of its assets;
- (b) made to any person or entity wholly owning, wholly owned by or wholly owned in common with the Party making the assignment; or
- (c) made solely as security of an underlying debt.

The Party making the assignment shall provide written notice of such assignment to the other Parties. Written notice granting or withholding consent shall be provided within 30 days of receipt of notice of assignment. Such consent shall not be unreasonably withheld. Failure of a Party to provide such notice within such 30-day period shall constitute consent. Any assignment made without such consent shall be void.

All the respective covenants and obligations of each of the Parties shall be and become the respective obligations of the successors and assigns of each Party. It is the specific intention of this provision that all such covenants and obligations shall be binding upon any person which acquires any of the right, title, and interest described herein.

20. NOTICES

Any notice, demand, or request provided for in this Agreement, or served, given, or made in connection with this Agreement, shall be in writing and shall be deemed properly served, given, or made if delivered in person, or sent by registered or certified mail or other qualified or recognized delivery service, postage prepaid, and properly addressed to the persons specified below:

To Sierra: Sierra Pacific Power Company
Director of Wholesale Electric Operations
6100 Neil Road
Reno, NV 89511

or P.O. Box 10100
Reno, NV 89520
Phone: (702) 689-3944

and a copy to: Sierra Pacific Power Company
Superintendent, Electric System Control
6100 Neil Road
Reno, NV 89511
Phone: (702) 689-4782

To Bonneville: Bonneville Power Administration
Manager, Transmission Contracts
905 NE 11th
Portland OR 97232
Phone: (503) 230-5631

To PacifiCorp: PacifiCorp
Vice President of Power Systems
825 NE. Multnomah, Suite 485
Portland, OR 97232
Phone: (503) 464-5619
(503) 275-2714

and a copy to: PacifiCorp
Director System Dispatching
9951 SE. Ankeny
Portland, OR 97216-2315

Any Party may, at any time by written notice to the other Parties, change the designation or the address of the person so specified. This section 22 shall not apply to notices and requests of a routine nature in connection with the delivery or receipt of transfers, request for funds, or in connection with operation of facilities. Such notices and requests shall be given in such a manner as the Parties shall arrange from time to time. Each Party shall ensure that this information set forth in this section 21 that relates to it is correct.

21. CONTROL AND POSSESSION

The electric systems of the Parties shall at all times be and remain in their respective exclusive possession and control. This Agreement shall not be construed

to grant any of the Parties any rights of ownership in or possession of the electric system of the other.

22. RULES OF LAW

The Parties agree that each fully participated in the drafting of each provision of this Agreement. Any 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. This Agreement shall be interpreted, governed by, and construed under Federal law.

23. ENTIRE AGREEMENT

This document constitutes the entire Agreement of the Parties and supersedes all previous agreements whether written or oral. This Agreement may be amended only by an instrument in writing signed by all Parties hereto.

24. MULTIPLE ORIGINALS

Three (3) copies of this Agreement have been executed by the Parties. Each executed copy shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /S/ TIM CASTILLE
Customer Account Executive

Name Timothy P. Castille
(Print/Type)

Date February 15, 1996

SIERRA PACIFIC POWER COMPANY

PACIFICORP

By /S/ GERALD CANNING

By /S/ BRIAN D. SICKELS

Name Gerald W. Canning
(Print/Type)

Name Brian D. Sickels
(Print/Type)

Title Vice President, Wholesale Energy
Business

Title Vice President, Power Systems

Date February 20, 1996

Date February 23, 1996

(MCPLAN-MPSM-W:\MPSM\CT\94600.DOC)

PLEASE NOTE:

**SYSTEM ONE-LINE EXHIBITS A THROUGH C
ARE NOT AVAILABLE IN ELECTRONIC FORMAT**

FACILITIES OPERATED AND MAINTAINED BY SIERRA

At Sierra's Expense

A. FACILITIES

1. All 345 kV facilities including Sierra's 345/230 kV 300 MVA auto transformer bank and the directly associated facilities not including the low side disconnect switch.

Location: at Sierra's Hilltop Substation.

Facilities

- a. One 345/230 kV 300 MVA auto transformer bank with no load tap changer and associated control and protection equipment;
 - b. One set each of 345, 230, and 24.9 kV surge arresters;
 - c. Two 345 kV 1600 A power circuit breakers and three 345 kV group operated 1600 A disconnect switches, and two sets of potential transformers.
 - d. Associated outdoor miscellaneous items consisting of, but not limited to, footings, grounding, supports, insulators, rod gaps, conduits, cables, and cable terminations;
 - e. All control house facilities excluding those facilities identified in Exhibit F, section II(A)(2); and
 - f. 345 kV reactor.
2. The 236.5 km (147 mile) Hilltop-Bordertown 345 kV transmission line.
 3. The Bordertown Substation.
 4. The 22.5 km (14 mile) Bordertown-North Valley Road 345 kV transmission line.
 5. The North Valley Road Substation.

AUTHENTICATED

Exhibit D, Page 2 of 2
Contract No. 95MS-94600
Sierra Pacific Power Company and
PacifiCorp
Effective on the Effective Date

B. OWNERSHIP

1. Title to and ownership of the 230 kV double circuit line fold (loop), the one 230 kV power circuit breaker across the terminals, the 230 kV bus up to and including the line-side breaker isolating disconnect switches, two sets of three each 230 kV potential transformers, and the control, protection, and communications equipment necessary for the operation and maintenance of the 230 kV ring bus at Hilltop Substation shall be and remain with Bonneville;
2. Title to and ownership of all other facilities at Hilltop Substation shall be and remain with Sierra;
3. Title to and ownership of the Hilltop-Bordertown 345 kV transmission line, the Bordertown Substation, the Bordertown-North Valley Road 345 kV transmission line, and the North Valley Road Substation shall be and remain with Sierra.

(MCPLAN-MPSM-W:\MPSM\CT\94600.DOC)

Contract No. 95MS-94600

AUTHENTICATED

Exhibit E, Page 1 of 1
Contract No. 95MS-94600
Sierra Pacific Power Company and
PacifiCorp
Effective on the Effective Date

FACILITIES OPERATED AND MAINTAINED BY PACIFICORP

At Pacificorp's Expense

A. FACILITIES

The relay modifications at Malin Substation for the 230 kV Malin-Warner Line Loop into Hilltop Substation.

B. OWNERSHIP

Title to and ownership of such relay modifications at Malin Substation shall be and remain with PacifiCorp.

(MCPLAN-MPSM-W:\MPSM\CT\94600.DOC)

Contract No. 95MS-94600

FACILITIES OPERATED AND MAINTAINED BY BONNEVILLE

At Bonneville's Expense

A. FACILITIES

1. The Malin-Warner 230 kV transmission line;
2. The 230 kV transmission line fold (loop) into Hilltop Substation.

Facilities

- a. One double circuit 2 kilometer (2.3) mile 230 kV line fold (loop) which interconnects Bonneville's Malin-Warner 230 kV transmission line with Sierra's Hilltop Substation;
- b. Relays at Warner Substation.

B. OWNERSHIP

Title to and ownership of the Malin-Warner 230 kV transmission line and the 230 kV double circuit line fold (loop) shall be and remain with Bonneville.

At Sierra's Expense

A. FACILITIES

All 230 kV facilities except the 345/230 kV autobank.

Location: at Sierra's Hilltop Substation.

Facilities

1. Outdoor

- a. The 230 kV ring bus consisting of three 230 kV 1600 A power circuit breakers, seven 230 kV group operated 1600 A disconnect switches, and three sets of potential transformers; and
- b. Associated 230 kV outdoor miscellaneous items consisting of, but not limited to: footings, grounding, supports, insulators, rod gaps, aluminum bus and fittings, conduits, cables, and cable terminations.

2. Indoor

- a. Associated 230 kV line terminal relays consisting of directional distance and fault detector, breaker failure, and two sets of transfer trip relays, and one synchronizing check relay;
- b. The 230 kV controls, indication, and Supervisory Control And Data Acquisition equipment; and
- c. Communications equipment associated directly with the controls, relays and telemetering necessary for the operation and maintenance of the 230 kV facilities.

Annual O&M: \$ 15,000

Monthly O&M: \$ 1,250 */

B. OWNERSHIP

- 1. Title to and ownership of the 230 kV double circuit line fold (loop), the one 230 kV power circuit breaker across the terminals, the 230 kV bus up to and including the line-side breaker isolating disconnect switches, two sets of three each 230 kV potential transformers, and the control, protection, and communications equipment described in section II(A)(2) of this Exhibit F shall be and remain with Bonneville.
- 2. Title to and ownership of all other facilities at Hilltop Substation shall be and remain with Sierra.

*/ This amount shall be increased each year on January 1 by multiplying \$15,000 by the Escalation Multiplier and dividing such amount by twelve (12). The Escalation Multiplier for any Calendar Year means the index for such Calendar Year divided by 126.9, the index for December 1994. The index for any Calendar Year means the index for the Gross Domestic Product last published prior to the commencement of such Calendar Year by the Bureau of Economic Analysis of the U.S. Department of Commerce in the table for Implicit Price Deflators for Gross Domestic Product (1987 = 100), included in the survey of current business, or any similar replacement index as may be agreed upon by Bonneville and Sierra. Bonneville shall provide Sierra O&M services at such rates as escalated for a period of 5 years ending on December 31, 2001. Bonneville and Sierra shall enter into good faith negotiations for a follow-on rate 1 year prior to December 31, 2001.

**AUTHENTICATED
FACILITIES OPERATED AND MAINTAINED BY PACIFICORP**

This Revision 1 changes item B in the At Sierra Expense Section to reflect change of ownership.

At Sierra's Expense

A. FACILITIES

The relay modifications at Malin Substation for the 230 kV Malin-Warner Line Loop into Hilltop Substation.

B. OWNERSHIP

None

(W:\MCP\TMC\CT\94600_E1.DOC)

FACILITIES OPERATED AND MAINTAINED BY BONNEVILLE

This Revision 1 adds item B.2 to the At Sierra Expense Section regarding ownership of the relay modifications at Malin Substation, and updates the O&M charges for Sierra facilities maintained by Bonneville.

AT BONNEVILLE'S EXPENSE

A. FACILITIES

1. The Malin-Warner 230 kV transmission line;
2. The 230 kV transmission line fold (loop) into Hilltop Substation.
 - a. One double circuit 2 kilometer (2.3) mile 230 kV line fold (loop) which interconnects Bonneville's Malin-Warner 230 kV transmission line with Sierra's Hilltop Substation;
 - b. Relays at Warner Substation.

B. OWNERSHIP

Title to and ownership of the Malin-Warner 230 kV transmission line and the 230 kV double circuit line fold (loop) shall be and remain with Bonneville.

AT SIERRA'S EXPENSE

A. FACILITIES

All 230 kV facilities except the 345/230 kV autobank.

Location: at Sierra's Hilltop Substation.

1. Outdoor

- a. The 230 kV ring bus consisting of three 230 kV 1600 A power circuit breakers, seven 230 kV group operated 1600 A disconnect switches, and three sets of potential transformers; and

- b. Associated 230 kV outdoor miscellaneous items consisting of, but not limited to: footings, grounding, supports, insulators, rod gaps, aluminum bus and fittings, conduits, cables, and cable terminations.

2. Indoor

- a. Associated 230 kV line terminal relays consisting of directional distance and fault detector, breaker failure, and two sets of transfer trip relays, and one synchronizing check relay;
- b. The 230 kV controls, indication, and Supervisory Control And Data Acquisition equipment; and
- c. Communications equipment associated directly with the controls, relays and telemetering necessary for the operation and maintenance of the 230 kV facilities.

Annual O&M: \$ 16,135

Monthly O&M: \$ 1,345¹

B. OWNERSHIP

- 1. Title to and ownership of the 230 kV double circuit line fold (loop), the one 230 kV power circuit breaker across the terminals, the 230 kV bus up to and including the line-side breaker isolating disconnect switches, two sets of three

¹ This amount shall be increased each year on January 1 by multiplying the annual O&M base amount of \$15,045 (for "1992=100" based Implicit Price Deflator (IPD) values) by the Escalation Multiplier and dividing the resultant amount by twelve (12). The Escalation Multiplier for any Calendar Year means the index for such Calendar Year divided by 105.08, the index for December 1994. The index for any Calendar Year means the index for the Gross Domestic Product last published prior to the commencement of such Calendar Year by the Bureau of Economic Analysis of the U.S. Department of Commerce in the table for Implicit Price Deflators for Gross Domestic Product (1992 = 100), included in the survey of current business, or any similar replacement index as may be agreed upon by Bonneville and Sierra. Bonneville shall provide Sierra O&M services at such rates as escalated for a period of 5 years ending on December 31, 2001. Bonneville and Sierra shall enter into good faith negotiations for a follow-on rate 1 year prior to December 31, 2001. In calculating the current O&M charges, the IPD factors used were shifted from the "1987=100" based index (no longer reported) to the "1992=100" based index now published by the Department of Commerce. The calculation used the new base O&M charge of \$15,045 (which is the "1992=100" indexed base amount up from the "1987=100" base amount of \$15,000 used in the original contract. The base O&M charge was multiplied by the "1992=100" escalation multiplier of 1.072421013 (CY 1998 IPD of 112.69 divided by CY 1994 IPD of 105.08), resulting in an Annual O&M charge of \$16,135. Calculations done in subsequent years will use the "1992=100" based index unless otherwise agreed to by the Parties or the base index published by the Department of Commerce changes..

Revision 1
Exhibit F, Page 3 of 2
Contract No. 95MS-94600
Sierra Pacific Power Company and PacifiCorp
Effective on the January 1, 2000

each 230 kV potential transformers, and the control, protection, and communications equipment described in section II(A)(2) of this Exhibit F shall be and remain with Bonneville.

2. Title to and ownership of the relay modifications at Malin Substation specified in Revision No. 1 of Exhibit E of this agreement shall be and remain with Bonneville.
3. Title to and ownership of all other facilities at Hilltop Substation shall be and remain with Sierra.



Department of Energy

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

TRANSMISSION BUSINESS LINE

July 12, 1999

In reply refer to: TMC/DITT

Mr. Gary Porter
Sierra Pacific Power Company
6100 Neil
Reno, Nevada 89520-0400

Dear Mr. Porter:

Enclosed is Revision No. 1 to Exhibit F of Operation & Maintenance Agreement (O&M), Contract No. 96MS-94600, between Bonneville Power Administration (Bonneville) and the Sierra Pacific Power Company (Sierra). This revision is in accordance with the provisions of the agreement between the Sierra and Bonneville.

Shown below are the current and new annual charges for this agreement. To facilitate billing, monthly amounts are also shown for the new charges.

<u>Contract No.</u>	<u>Current Annual Charge</u>	<u>New Annual Charge</u>	<u>New Monthly Payment</u>
96MS-94600	\$15,000	\$16,135	\$1,345

A copy of this letter should be filed with the original agreement and as official documentation of the change. If you have any questions, please call me at (360) 418-8282 or Jenny Wilson at (360) 418-8275.

Sincerely,

Susan Garifo Furst
Transmission Account Executive
Transmission Marketing and Sales

FACILITIES OPERATED AND MAINTAINED BY BONNEVILLE

This Revision 2 updates the O&M charges for Sierra facilities maintained by Bonneville, including the new 230 kV breaker associated with the capacitors at Hilltop Substation.

A. AT BONNEVILLE'S EXPENSE

FACILITIES

1. The Malin-Warner 230 kV transmission line;
2. The 230 kV transmission line fold (loop) into Hilltop Substation.
 - a. One double circuit 1.3 mile 230 kV line fold (loop) which interconnects Bonneville's Malin-Warner 230 kV transmission line with Sierra's Hilltop Substation;
 - b. Relays at Warner Substation.
 - c. One 230 kV circuit breaker across the line terminal, including four isolated disconnect switches which are under BPA ownership at Hilltop Substation.
 - d. Two sets of three each 230 kV potential transformers at Hilltop Substation.

B. AT SIERRA'S EXPENSE

FACILITIES

All 230 kV facilities except the 345/230 kV autobank and the 230 kV capacitors.

Location: at Sierra's Hilltop Substation.

1. **Outdoor**
 - a. The 230 kV ring bus consisting of two 230 kV power circuit breakers, and four 230 kV group operated disconnect switches.
 - b. Associated 230 kV outdoor miscellaneous items including, without limitation, footings, grounding, supports, insulators, rod gaps, aluminum bus and fittings, conduits, cables, and cable terminations.

- c. One 230 kV breaker and one 230 kV group operated disconnect switch associated with Sierra's 230 kV 55 MVAR capacitor bank at Hilltop Substation.
- d. One set of 230 kV potential transformers.

2. Indoor

- a. Associated 230 kV line terminal relays consisting of directional distance and fault detector, breaker failure, two sets of transfer trip relays, and one synchronizing check relay, and capacitor control and protection relays;
- b. The 230 kV controls, indication, and Supervisory Control And Data Acquisition equipment; and
- c. Communications equipment associated directly with the controls, relays and telemetering necessary for the operation and maintenance of the 230 kV facilities.

3. O & M Charges:

Three 230 kV circuit breakers at \$6624.00 each¹ = \$19872.00
Annual cost = \$19872.00
Monthly cost = \$1656.00

Service records detailing operation and maintenance activities for major equipment shall be provided to Sierra upon request.

C. OWNERSHIP

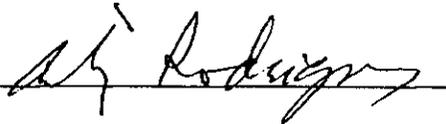
- 1. Title to and ownership of the Malin -Warner 230 kV transmission line, 230 kV double circuit line fold (loop), one 230 kV power circuit breaker across the terminals, the 230 kV bus up to and including the line-side breaker isolating disconnect switches, two sets of three each 230 kV potential transformers, and the control, protection, and communications equipment described in section B (2)(c) of this Exhibit F shall be and remain with Bonneville.

¹ This amount is based on BPA's three-year average of Operation and Maintenance cost of similar equipment. This amount shall be updated periodically, not more frequently than once every year.

2. Title to and ownership of the relay modifications at Malin Substation specified in Revision No. 1 of Exhibit E of this agreement shall be and remain with Bonneville.
3. Title to and ownership of all other facilities at Hilltop Substation shall be and remain with Sierra.
4. Title to and ownership of the 230 kV capacitors, associated 230 kV breaker, disconnect switch and relays at Hilltop Substation shall remain with Sierra.

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

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 

Name Antony Rodrigues

Title Transmission Account Executive

Date October 13, 2000

ACCEPTED:

SIERRA PACIFIC POWER COMPANY

By 

Name Gary Porter

Print/Type

Title Exec. Director, Transmission

Date December 11, 2000

ACCEPTED:

PACIFICORP

By 

Name David B. Cory

Print/Type

Title Transmission Account Mgr.

Date November 28, 2000

MALIN SUBSTATION

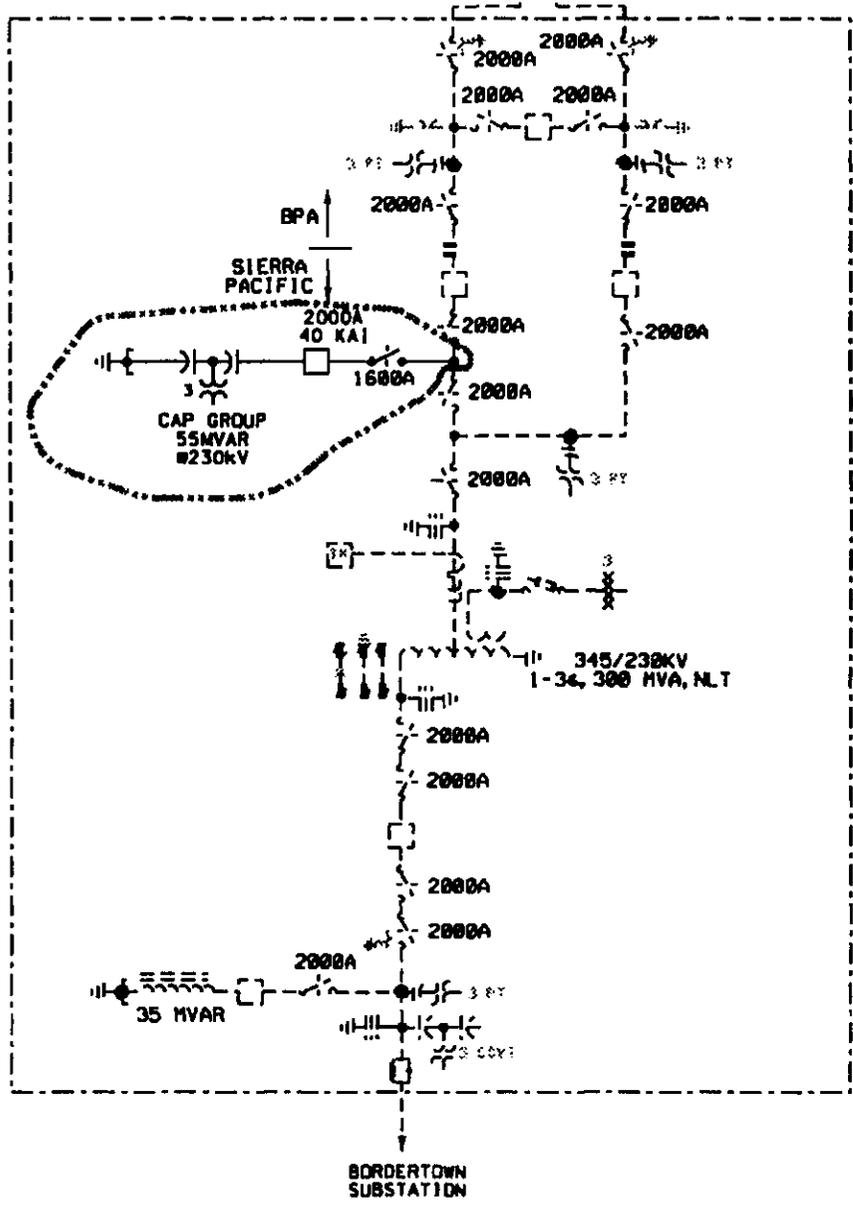
WARNER SUBSTATION

TO CANBY

(1.3 MI) DOUBLE CIRCUIT

EXHIBIT B
REVISION 1, PAGE 1 OF 1
CONTRACT #95MS-94600

HILLTOP SUBSTATION (SIERRA PACIFIC)



ACCEPTED:

DATE: 1/30/01

PACIFICORP:

[Signature]

SIERRA:

[Signature]

BPA:

[Signature]

ANTONY T RODRIGUES
TRANSMISSION ACCOUNT EXECUTIVE

LEGEND

- THIS PROJECT
- - - EXISTING
- |— CHANGE OF OWNERSHIP