



Department of Energy

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

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

May 3, 2016

In reply refer to: FOIA #BPA-2016-00577-F

Dirk R. Middents
Senior Paralegal
K&L Gates LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158
dirk.middents@klgates.com

Dear Mr. Middents,

This communication is a final response to your Freedom of Information Act (FOIA) request received at Bonneville Power Administration (BPA) on February 26, 2016, which BPA acknowledged on March 7, 2016.

Request

“[A]ny agreements between the Bonneville Power Administration (BPA) and Longview Fibre Company or KapStone Paper and Packaging Corporation, including, but not limited to, an integration and/or transmission agreement and any agreements for the Longview plant (now KapStone) to purchase power from or sell power to BPA.”

Clarification

On February 29, 2016 you further clarified your request as:

- 1) Any agreements between BPA and Longview Fibre Paper and Packaging, Inc., AND
- 2) any agreements between BPA and KapStone Paper and Packaging Corporation, WITH
- 3) no records date limitation.

BPA's Response

BPA has conducted a search of records in the following offices: Bulk Marketing, Bulk Marketing Contract Support, Transmission Sales, and Transmission Account Services. BPA has located records responsive to your request. In accord with the FOIA and Executive Order 12,600 and Department of Energy (DOE) regulations at 10 C.F.R. § 1004.11, BPA submitted the records responsive to your request to KapStone Paper and Packaging Corporation (FKA, Longview Fibre

Paper & Packaging, Inc.) and to Public Utility District No. 1 of Cowlitz County (the submitters) on March 14, 2016. BPA also sent its solicitation of objection to release under 5 U.S.C. § 552(b)(4), which protects business trade secrets or other confidential commercial or financial information from release. The submitters failed to raise objections to release. BPA is therefore releasing 373 pages of responsive records to you, with no redactions. Those records accompany this communication.

Fee

You previously agreed to pay up to \$200.00 in FOIA fees for processing the above request. Search fees totaling \$282.52 were incurred in fulfilling this request. An invoice for \$200.00 will be billed and an invoice will be sent to you under separate cover.

Appeal

You may seek administrative appeal pursuant to DOE FOIA regulations at 10 C.F.R. § 1004.8. If you choose to appeal, you must do so in writing within 30 days of the date of this letter, and include the following information:

1. The nature of your appeal - denial of records, partial denial of records, lack of responsive records, or denial of fee waiver; and
2. any legal authorities relied upon to support the appeal; and
3. a copy of this determination letter.

Clearly mark both your letter and envelope with the words "FOIA Appeal," and direct it to the following address:

Director, Office of Hearings and Appeals
Department of Energy
1000 Independence Avenue SW
Washington DC 20585-1615

If you have questions about this communication, you may contact James King (CorSource Technology Group, Inc.), assigned to the BPA FOIA office, at 503-230-7621.

Sincerely,



C. M. Frost
Freedom of Information/Privacy Act Officer

Records enclosed

CUSTOMER PORTAL ACCESS AND USE AGREEMENT

Customer Portal is a secured consolidated web application designed to provide customers of the Bonneville Power Administration (BPA) with access to information from various BPA source systems, including bills, active contracts, customer profile information, load forecasts, and meter point data.

1. CUSTOMER'S AUTHORIZED USERS

- (a) **Portal Users.** The Customer authorizes the Portal Users, as registered electronically on the Customer Portal, to access and use the Customer Portal, or its successor, on behalf of the Customer. Portal Users may include employees, agents, and assigns of the Customer and Third Parties. The authorization and contact information for each Third Party is provided in Exhibit A of this Agreement. The Customer shall notify BPA of any change to a Third Party's contact information and provide a revised Exhibit A.
- (b) **Customer Portal Administrator.** The Customer shall designate Customer Portal Administrator(s) who will manage the Customer's Customer Portal account. The name and contact information for the Customer's designated Customer Portal Administrator(s) are provided in Exhibit A of this Agreement. The Customer shall notify BPA of any change to a Customer Portal Administrator's contact information and provide a revised Exhibit A.

2. ACCESS TO THE CUSTOMER PORTAL

- (a) The Customer is responsible for the acquisition and maintenance of the hardware, software and communication equipment necessary for the Customer and its Portal Users to access BPA's Customer Portal, or its successor.
- (b) The Customer and its Customer Portal Administrator(s) shall be responsible for assuring that the use of the Customer Portal by Portal Users is consistent with this Agreement.
- (c) Access to the Customer Portal may be revoked at BPA's sole discretion.
- (d) The Customer Portal is owned and operated by BPA. BPA's external website disclaimer and privacy policy applies to use of this site, and is available here: <http://www.bpa.gov/support/disclaimer.shtml>.

3. AUTHORIZED USE OF THE CUSTOMER PORTAL

The Customer Portal may be used by the Customer and its Portal Users to view information related to its business with BPA, to submit load forecast data, and for other purposes as determined by BPA.

4. UNAUTHORIZED USE OF THE CUSTOMER PORTAL

The Customer Portal is owned and operated by BPA, a U.S. Department of Energy (DOE) agency, U.S. Federal Government. All uses of the Customer Portal must be in accordance with the U.S. laws, federal regulations, DOE Orders, and BPA policies and directives.

The Customer Portal, or its successor, shall only be used as provided in Section 3 of this Agreement. Unauthorized use may result in the limitation, revocation or disabling of the Customer's Customer Portal login or investigation if possible criminal or illegal activities are suspected.

There is no expectation of privacy on the Customer Portal. All data, including e-mail, created, stored, or transmitted on the Customer Portal are the property of the United States government. BPA's IT department monitors the Customer Portal. Unauthorized access and/or use of the Customer Portal are prohibited. Violators are subject to criminal and civil penalties, and administrative actions. Access to the Customer Portal constitutes acknowledgement and understanding of this warning.

5. NOTICE

(a) Any notice required under this Agreement shall be provided in writing to BPA in one of the following ways:

- (1) by United States Certified Mail with return receipt requested;
- (2) electronically, if both Customer and BPA have means to verify the electronic notice's origin, date, time of transmittal and receipt; or
- (3) by another method agreed to by the Customer and BPA.

Notices are effective when received. BPA may change the name or address for delivery of notice by providing notice of such change or other mutually agreed method. Customer shall deliver notices to the following person and address:

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208
Attn: BPA Customer Portal Administrator –
KSK-4
Phone: 503-230-4246 FAX: 503-230-3204
E-Mail: customerportal@bpa.gov

- (b) The Customer shall notify BPA of any actual or suspected loss, compromise or unauthorized use of the Customer Portal, including the Customer's Customer Portal account access information, or of any changes in the status of a Third Party, including but not limited to when the Third Party is no longer affiliated with the Customer or is no longer authorized to use the Customer Portal on behalf of the Customer.

6. CUSTOMER ACCEPTANCE

The Customer agrees to the terms and conditions for use of the Customer Portal contained in this Agreement.

LONGVIEW FIBRE PAPER AND
PACKAGING, INC.

By Patrick W. Ortiz

Name PATRICK W. ORTIZ
(Print/Type)

Title Director - Engineering, Environmental & Safety

Date 5/15/14

EXHIBIT A
CUSTOMER PORTAL ADMINISTRATORS AND AUTHORIZED THIRD PARTIES

1. CUSTOMER PORTAL ADMINISTRATORS

The Customer authorizes the following persons to act as its Customer Portal Administrators (CP Administrator). Customer shall notify BPA of any changes to the Customer Portal Administrator information provided to BPA.

Primary CP Administrator

Secondary CP Administrator

Name: Bob Cox

Name: Mike Roberts

Title: Engineer III

Title: Director, Energy

Address: 300 Fibre Way
Longview, WA
98632

Address: 300 Fibre Way
Longview, WA
98632

Phone: 360-575-5537

Phone: 360-575-5219

Fax: 360-575-6106

Fax: 360-575-6123

E-mail: robert.cox @
kapstonepaper.com

E-mail: michael.roberts @
kapstonepaper.com

2. AUTHORIZED THIRD PARTIES

The Customer authorizes the following entities to access its data and/or submit data on the Customer's behalf via the Customer Portal.

(1) **Entity:** _____

Primary Point of Contact

Secondary Point of Contact

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Phone: _____

Phone: _____

Fax: _____

Fax: _____

E-mail: _____

E-mail: _____

(2) **Entity:** _____

Primary Point of Contact

Secondary Point of Contact

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Phone: _____

Phone: _____

Fax: _____

Fax: _____

E-mail: _____

E-mail: _____

3. EXHIBIT REVISIONS

If updates to this exhibit are necessary to accurately reflect the contact information contained in this exhibit, the Customer shall provide a revised Exhibit A to BPA. This revised Exhibit A shall be effective upon receipt by BPA.

LONGVIEW FIBRE PAPER AND
PACKAGING, INC.

By Patrick W. Ortiz

Name PATRICK W. ORTIZ
(Print/Type)

Title Director, Engineering, Environmental + Safety

Date 5/15/14

CONFIDENTIALITY AGREEMENT
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
LONGVIEW FIBRE COMPANY

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This CONFIDENTIALITY AGREEMENT (Agreement), is executed December 22, 2006, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and Longview Fibre Company (Longview Fibre), a corporation incorporated under the laws of the State of Washington. Bonneville and Longview Fibre are hereinafter sometimes referred to individually as “Party” and collectively as “Parties”.

RECITALS

Bonneville, Public Utility District No. 1 of Cowlitz County, Washington and Longview Fibre intend to enter into discussions concerning a possible change in the disposition of Longview Fibre’s Units 2 through 7 cogeneration.

During the course of these discussions each Party may disclose to the other Party information that the disclosing Party considers to be confidential but wishes to share with the other Party in order to advance these discussions.

Each Party recognizes that the other Party may wish to prevent the disclosure of its Confidential Information to third parties.

The Parties agree as follows:

1. TERM

This Agreement shall become effective on the date that it is executed by the Parties. Obligations and liabilities incurred under this Agreement shall be preserved until satisfied.

2. DEFINITION AND DESIGNATION OF CONFIDENTIAL INFORMATION

“Confidential Information” is nonpublic information expressly designated by the Party providing it as confidential and may include, but is not limited to, trade secrets, pricing data, cost information, financial information, and load or usage forecasts. Information already available to or in the possession of the Party receiving that information is not Confidential Information. Discussions between the Parties regarding such Confidential Information and any notes, memoranda, reports or other documents that incorporate or reference the Confidential Information described above are also Confidential Information, regardless of whether those documents are created by Bonneville or Longview Fibre; **provided, however**, that a Party may, at its sole discretion, determine that certain Confidential Information provided by it no longer requires the protection of this Agreement. If a Party makes such a determination, it shall inform the other Party of such determination in a timely manner. If Confidential Information becomes publicly available through no fault of a Party, that Party need not consider the information to be Confidential Information and such information shall no longer be subject to this Agreement.

3. MAINTENANCE OF CONFIDENTIALITY

A Party receiving Confidential Information shall not disclose such Confidential Information to any third party unless permitted to do so by this Agreement. The receiving Party shall treat Confidential Information received from the disclosing

Party with reasonable care that is at least the same degree of care that it regularly employs to safeguard its own Confidential Information from an unauthorized use or disclosure; **provided, however,** the defense of the confidentiality of any Confidential Information in any judicial or administrative process shall be solely the responsibility of the disclosing Party.

4. PERMISSIBLE DISCLOSURE TO THIRD PARTIES

A Party may disclose Confidential Information described above to its officers, directors, executives, other employees or contractors provided that disclosure to those persons is necessary for purposes of these discussions; **provided, however,** to the same extent as provided by this Agreement a receiving Party shall require all such persons who are not employees of the receiving Party and to whom such Confidential Information is disclosed to adhere to the terms of this Agreement.

5. PERMISSIBLE DISCLOSURE PURSUANT TO APPLICABLE LAW

If a Party receives a request made pursuant to applicable law to disclose to a third party Confidential Information provided to it by the other Party, it shall promptly advise the other Party. A Party may disclose Confidential Information to a third party pursuant to applicable law and, if it otherwise complies with the obligations set forth in this section 5, such Party shall not be liable to the other Party for having made such disclosure. Nothing in this Agreement is intended by the Parties either to foreclose or to require the application of any exemption from disclosure that might be available pursuant to the Freedom of Information Act, 5 U.S.C. 552, et seq.

6. RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION

All Confidential Information and copies thereof shall remain the property of the disclosing Party. If the disclosing Party so requests, the Party in receipt of Confidential Information shall return or destroy such Confidential Information at the termination of these negotiations; **provided, however,** that disclosure of Confidential Information by a receiving Party may only occur pursuant to this Agreement, and such obligation shall not terminate at the termination of these negotiations.

7. REMEDIES

The Parties agree that, for any violation of this Agreement, the aggrieved Party may take any remedy available at law or equity, including, without limitation, preliminary or permanent injunctive relief.

8. AMENDMENT

The provisions of this Agreement may be amended only by written agreement of the Parties.

9. SIGNATURES

The signatories represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

LONGVIEW FIBRE COMPANY

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 

By 

Name RICHARD J PARKER
(Print/Type)

Name Charles W. Forman
(Print/Type)

Title Sr VP Production

Title Account Executive

Date 12-22-06

Date 12-22-06

(W:\PSW\PM\AE_Forman\CW_Cowlitz\CW_11814\Longview Fibre Confidentiality Agreement_20061228_Final.doc)

10-21-80

AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

and

INDUSTRIES

and

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

Relating to Longview Fibre Energy

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This AGREEMENT, executed _____, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), LONGVIEW FIBRE COMPANY (Company), each of the industrial customers listed in Exhibit A which executes this agreement (hereinafter called Industry, and collectively called Industries), and the PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (hereinafter called Agency),

W I T N E S S E T H :

WHEREAS Bonneville at the request of the Company and the Industries has agreed to make available to the Industries, under the terms of this agreement,

45 average megawatts of electric energy each week, adjusted for transmission losses, from generation at facilities belonging to the Company and available to Bonneville during the term of this agreement ("Longview Fibre Energy"); and

WHEREAS the Agency has agreed to provide metering services and to transmit Longview Fibre Energy from the Company's generating facilities to the Federal System; and

WHEREAS Bonneville at the request of the Company and the Industries has agreed to serve as agent in the scheduling and delivery of Longview Fibre Energy in consultation with the Industries on an individual basis, and as trustee to establish and manage a trust deposit in the Bonneville Fund ("Trust Deposit") for the purposes of this agreement; and

WHEREAS Bonneville and each of the Industries have entered into interim agreements (which as the same may be amended or replaced are called "Interim Agreements" under which the Industries purchase power for use in their plants ("Industrial Firm Power")); and

WHEREAS Bonneville and each of the Industries have entered into an agreement (which as the same may be amended or replaced is called "Industrial Replacement Energy Agreement" or "IRE Agreement") providing for Bonneville to purchase energy from other suppliers for the account of the Industries; and

WHEREAS Bonneville is authorized pursuant to law to provide transmission and other services and to dispose of electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

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

1. Term of Agreement. This agreement shall be effective as of 2400 hours on June 30, 1980, and shall terminate at 2400 hours on June 30, 1983, but all liabilities accruing hereunder are hereby preserved until satisfied.

2. Exhibits and Terms and Definitions.

(a) Exhibits A through G are hereby made part of this agreement. Each of the Industries shall be the "Transferee" mentioned in Exhibit C and the Agency and Bonneville shall each be the "Transferor" therein mentioned. All references to "the Administrator" in the attached exhibits are changed to "Bonneville." Exhibit A attached to this agreement specifies the Percentage Share of Longview Fibre Energy each participating Industry has agreed to purchase.

The rate schedule attached hereto as the initial Exhibit B has been conditionally confirmed and approved by the Federal Power Commission pursuant to Docket No. E-9563 and has subsequently received conditional approval by the agency designated by the Secretary of the Department of Energy to confirm and approve Bonneville's schedules of rates and charges for transmission of electric energy (Designee). If the final rate schedule which is confirmed and approved by the Designee is an amendment or modification of the initial rate schedule, the applicable amended or modified rate schedule and associated general transmission rate schedule provisions shall be attached hereto and made a part of this agreement effective as of the date specified in the Designee's approval. Any overpayment made by the Industries pursuant to the terms of the initial rate schedule shall be subject to retroactive adjustment with interest in accordance with the terms of the Designee's approval of such amended or modified rate schedule and associated provisions. Such adjustment shall be made to the Industry's wholesale power bill as soon as reasonably practicable after the effective date of such rate schedule.

If Bonneville determines that the charges specified in Exhibit B must be changed pursuant to section 37 of Exhibit C, it shall prepare a new Exhibit B incorporating such changes. Such new Exhibit B shall be substituted for the Exhibit B then in effect and shall become effective as of the date determined pursuant to section 37.

If Bonneville determines that any transmission charges specified in this agreement or other factors used in the determination of charges must be changed pursuant to section 19 of Exhibit C, it shall prepare new charges incorporating such changes. Such new charges shall be substituted for the charges then in effect and shall become effective on the date determined by Bonneville.

(b) The deliveries of Longview Fibre Energy, or sale of nonfirm energy pursuant to section 9(c), to each Industry hereunder shall be subject to the appropriate terms and conditions of its Interim Agreement with Bonneville.

(c) The deliveries of Longview Fibre Energy by the Agency to Bonneville shall be subject to the appropriate terms and conditions of such Agency's power sales contract with Bonneville.

(d) "Backpressure Generating Facilities" shall mean turbines Nos. 2, 3, 5, 6, and 7 and related equipment.

(e) "Calendar Week" shall mean the period from 2400 hours on Saturday through 2400 hours the following Saturday.

(f) "Condensing Generating Facilities" shall mean turbines Nos. 1 and 4 and related equipment.

(g) "Federal System" shall be as defined in Exhibit C.

(h) "Impaired Production Periods" shall mean, to the extent Longview Fibre Energy cannot be generated, transmitted or received, the periods of (1) forced outages, which shall include (i) any periods of unscheduled mechanical outages of equipment that affect the supply of steam to the turbines or the

demand for the lower pressure steam exhausted from the turbines to the extent the outages actually affect the generation of electricity and (ii) any periods of unscheduled mechanical outages of turbines and related equipment to the extent the outages actually affect the generation of electricity, (2) scheduled annual maintenance whose combined duration shall not exceed 760 hours in any one Operating Year, (3) withdrawals pursuant to section 12, (4) Uncontrollable Forces and (5) shutdowns described in Section 15.

(i) "IRE Energy" shall have the same meaning as Industrial Replacement Energy under the IRE Agreements.

(j) "Monthly Variable Energy Charge" shall mean the charge determined pursuant to section 11.

(k) "Operating Year" shall mean the period July 1 through the following June 30.

(l) "Percentage Share" shall mean each Industry's share of Longview Fibre Energy as set forth in Exhibit A.

(m) "Period of Restriction" shall mean the period of time from the date on which Bonneville first gives notice of restriction pursuant to section 8(d)(F) of Exhibit C of Exhibit A to the Interim Agreements until the earlier of the latest date in any notice under section 8(d)(F) for such Operating Year that Bonneville will allow an actual restriction under section 8(d) or the date Bonneville terminates the notices of restriction under section 8(d)(F) for such Operating Year.

(n) "Points of Delivery" shall mean the point or points of delivery specified for each Industry in its Interim Agreement with Bonneville.

(o) "Points of Interconnection" shall mean the point or points of interconnection specified for the Agency in Exhibit D as described in such Agency's power sales contract with Bonneville (Contract No. 14-03-55775, as amended).

(p) "Uncontrollable Forces" means:

(1) strikes or work stoppage affecting the operation of the Company's or Industry's works, system, or other physical facilities upon which such operation is completely dependent, or of the system of Bonneville or of the Agency; the term "strikes or work stoppage" shall include threats of imminent strikes or work stoppage which reasonably require a party to restrict or terminate its operation to prevent substantial loss or damage to its works, system, or other physical facilities; or

(2) such of the following events, as any party, by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

(i) events, reasonably beyond the control of the party having jurisdiction thereof, causing failure, damage, or destruction of any such works, system or facilities; the word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such works, system or facilities; or

(ii) floods or other conditions caused by nature which limit or prevent the operation of, or which constitute an imminent threat of damage to, any such works, system or facilities; or

(iii) orders and temporary or permanent injunctions which prevent operation, in whole or in part, of the system of Bonneville or the Agency, or of the works, system or facilities of the Company or an Industry, and which are issued in any bona fide proceeding by:

(A) any duly constituted court of general jurisdiction; or

(B) any administrative agency or officer provided by law if (I) Bonneville, the Agency, Company or Industry, as the case may be, has no right to a review of the validity of such order

by a court of competent jurisdiction, or (II) such order is operative and effective unless suspended, set aside, or annulled by a court of competent jurisdiction and such order is not suspended, set aside, or annulled in a judicial proceeding prosecuted by Bonneville, the Agency, Company or Industry in good faith. If such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect. Bonneville, the Agency, Company or Industry shall not be required to prosecute such a proceeding, in order to have the benefits of the section, if the parties agree that there is no valid basis for contesting the order.

3. Generation and Delivery of Longview Fibre Energy. Subject to the conditions described in sections 4, 5, 12, 13, 14, and 15, the Company shall make available to the Agency for delivery to Bonneville for the purposes and duration of this agreement, 45 average megawatts of electrical energy each Calendar Week, exclusive of Impaired Production Periods. The Company expects to use all or a portion of its Backpressure Generating Facilities to generate Longview Fibre Energy. If Backpressure Generating Facilities are not available, the Company may, at its sole discretion, generate Longview Fibre Energy using Condensing Generating Facilities. The Company will supply such energy for delivery to Bonneville at the Points of Interconnection specified in Exhibit D or at other points as may be mutually agreed from time to time by the Company, the Agency, and Bonneville, as the case may be.

4. Operation of Generating Facilities.

(a) Except for Impaired Production Periods, the Company, in each Calendar Week, if requested by Bonneville, shall operate its Backpressure Generating Facilities to produce 45 average megawatts of electric energy.

(b) In any Operating Year, Bonneville, after consultation with the Industries on an individual basis, shall determine if and when Longview Fibre Energy is surplus to the needs of the Industries taking into account the current requests for Longview Fibre Energy by the Industries, availability of nonfirm energy, availability of energy to the Industries from existing storage in the Federal System and availability of storage on the Federal System. Upon 10 days written notice from Bonneville, the Company shall reduce generation and delivery of Longview Fibre Energy to the level requested by Bonneville. Bonneville, on five days notice, may require the Company to restart all or a portion of its generating facilities up to a total capacity of 45 megawatts. If the period of time between shutdown and restart of a particular Company generating facility exceeds 30 days, as a result of requests by Bonneville, the Company shall be reimbursed its actual startup expenses, not to exceed \$1,000.00 per restart, from the Trust Deposit provided for herein. No charge shall be made for the first startup in any Operating Year. Such startup expenses shall be allocated to the Industry or Industries receiving Longview Fibre Energy from the restarted generating facilities during the period that the restart operation is in effect, but not to exceed 90 days following such restart, in the ratio that the amount of energy from such restarted generating facilities received by each Industry during such restart period bears to the amount of energy from such restarted generating facilities received by all the Industries during such period.

(c) Bonneville shall require restart and delivery of all or the appropriate portion of Longview Fibre Energy upon the request of Industries entitled to at least 25 percent thereof.

5. Forecasts, Scheduling, Delivery of Energy to Bonneville, and Metered Amounts.

(a) After consultation with the Industries on an individual basis, Bonneville, in advance of each Operating Year and from time to time as it deems appropriate, will prepare for the use of the Company, forecasts of the amounts of energy Bonneville estimates may be purchased under this agreement for the ensuing Operating Year. The Company shall provide Bonneville, in advance of each Operating Year and from time to time upon Bonneville's request, its forecast of Backpressure Generating Facilities availability and other energy availability and the probable source thereof. The Company shall use its best efforts to provide Bonneville notice of scheduled generator shutdown and scheduled startup.

(b) Bonneville shall notify the Company of the amount of energy it estimates will be required for the Industries during each month. If for any month the amount of energy so requested must be revised, Bonneville shall notify the Company as soon as practicable and the Company shall adjust its generation accordingly.

(c) Upon the prior request of Bonneville for energy deliveries hereunder, the Company, at least 12 hours prior to the date of operation, shall provide or arrange to have provided to Bonneville a schedule of the planned hourly generation for each day. If conditions change substantially, and a revision in such schedule of generation becomes necessary, the Company shall promptly notify Bonneville of such revision.

(d) The Company shall deliver the energy generated at its generating facility to the Agency at the Company's point of interconnection with such Agency. The Agency shall transmit such energy to Bonneville at the Point(s) of Interconnection specified in Exhibit D.

(e) The Company shall notify or arrange to notify Bonneville at the end of each Calendar Week of the total energy generated in each hour of such week by each generator. However, the amount of electrical energy delivered during each month by the Company shall be the amount verified by the Agency from meters at the Company's generating facilities. Such metered amounts shall be totaled and submitted each month by the Agency to Bonneville and the Company.

(f) In addition to the conditions specified in subsection (b) above, during periods when Bonneville determines that Federal System operations can be materially improved by adjusting schedules of energy hereunder, it may request the Company to adjust its scheduled operations, and the Company to the extent its plant operations permit, shall comply with such request within a reasonable time.

(g) All forecasts, schedules, and notices affecting or proposing a change in the delivery rate of energy hereunder shall be provided to the Agency at the same time such forecasts, schedules, and notices are provided to any other party to this agreement.

6. Conditions of Delivery to the Federal System. The Company shall operate its generating facilities in a manner consistent with its contractual obligations with the Agency. The Agency shall operate its system at the Points of Interconnection with the Federal System in a manner consistent with the terms of its power sales contract with Bonneville. For the purpose of any power factor calculation under a power sales contract between Bonneville and the Agency, the actual meter readings at the respective Points of Interconnection shall be used without regard to the kilowatthours or kilovarhours of energy delivered hereunder. If operation under this agreement adversely affects the power factor of the Agency under its power sales contract with Bonneville, the parties agree to make adjustments for kilowatthours and kilovarhours of Longview Fibre Energy delivered for the

purpose of calculating power factor under such power sales contract. If it becomes necessary to implement the above adjustments, appropriate metering shall be provided subject to agreement by the Company, Bonneville and the Agency.

7. Delivery of Energy to the Agency. Bonneville, to satisfy its obligations for deliveries of electric power and energy to the Agency under the Agency's power sales contract with Bonneville and to compute the monthly power billing for such deliveries, shall make appropriate adjustment for the amounts of electric power and energy, excluding kilovarhours unless adjusted or metered pursuant to section 6, delivered to the Agency from the Company's generating facilities. If at any time a change occurs at a Point of Interconnection, or the Point of Interconnection is changed for the Agency, a revised Exhibit D shall be executed by Bonneville and the Agency, incorporated herein and the billing to the Agency shall be adjusted accordingly.

8. Delivery of Longview Fibre Energy to the Industries and Transfer Thereof. When requested by an Industry, Bonneville, subject to the provisions of section 2(b), shall deliver the Industry's Percentage Share of Longview Fibre Energy received from the Agency at the Industry's Point(s) of Delivery, adjusted for transmission losses pursuant to section 2 of Exhibit B.

From time to time an Industry may transfer to another Industry all or a part of its Percentage Share of Longview Fibre Energy. Such transfer shall be effective upon notice to Bonneville from the Industries participating in the transfer. Upon receipt of such notice by Bonneville, the column headed "Percentage Share" in Exhibit A shall be deemed to be modified accordingly.

Upon the request of an Industry, Bonneville shall use its best efforts to enter into agreements to transfer all or any portion of the Longview Fibre Energy to which that Industry is entitled hereunder, to another customer or customers of Bonneville, including customers outside the Pacific Northwest,

under terms and conditions which are mutually acceptable to such Industry, Bonneville and the other customer or customers.

9. Storage and Advance of Longview Fibre Energy and Payment Therefor.

(a) When requested by an Industry, Bonneville will store an Industry's share of Longview Fibre Energy ("Stored Energy") from time to time during the term of this agreement to the extent Bonneville determines space is available for that purpose on the Federal System. Subject to such determination, if in any Calendar Week the Percentage Share of Longview Fibre Energy delivered to Bonneville for an Industry is greater than the amount of such Longview Fibre Energy taken by such Industry, Bonneville shall store the excess energy, adjusted for transmission losses. Stored Energy will be delivered later at times, rates of delivery, and amounts mutually agreed upon by Bonneville and the Industry. If Bonneville determines that the continued storage of Longview Fibre Energy for an Industry will require the spill of water on the Federal System, Bonneville may designate Longview Fibre Energy stored hereunder as spilled and deemed to be a delivery of Longview Fibre Energy.

At the earliest date practicable, Bonneville shall inform an Industry having energy stored that it will be necessary to spill water at Federal System reservoirs.

(b) When requested by an Industry, Bonneville may at its option deliver energy to the Industries in advance of the time Longview Fibre Energy is delivered to Bonneville hereunder ("Advanced Longview Fibre Energy"). Each Industry shall be obligated to return Advanced Longview Fibre Energy when Bonneville requests its return, plus electric energy equivalent to its share of any head loss incurred on the Federal System ("Head Loss Energy"), determined by Bonneville to result from the delivery of Advanced Longview Fibre Energy. Each Industry shall return its share of each request, such share being in the proportion that the amount of Advanced Longview Fibre

Energy advanced to it at the time of the request bears to the total amount of Advanced Longview Fibre Energy advanced to all Industries at such time, by (1) curtailing its plant operations, (2) allocating Longview Fibre Energy to Bonneville, or (3) allocating to Bonneville electric energy available to such Industry from another resource.

(c) At any time when (1) all Federally controlled reservoirs (Reservoirs) are full, (2) water is released from the Reservoirs for the primary purpose of providing space for flood control, or (3) Bonneville determines that it does not need the return of the Advanced Longview Fibre Energy and Head Loss Energy pursuant to subsection (b) above, each Industry shall be relieved of its obligation to return such Advanced Longview Fibre Energy and Head Loss Energy and shall forward payment to Bonneville. Each Industry shall pay for such Advanced Longview Fibre Energy and Head Loss Energy pursuant to section 10(b)(2)(iii).

10. Payment.

(a) Subject to the provisions of sections 12, 13, 14, and 15 hereof, on or before the tenth day of each month during the term of this agreement, each Industry shall pay Bonneville a monthly amount for services provided in the previous month to be deposited in the Trust Deposit determined by multiplying its Percentage Share by the sum of:

(1) \$60,000 for Longview Fibre Energy availability; if the Company is unable to make 45 average megawatts of Longview Fibre Energy available during a month due to physical limitations on its generating capacity which is not covered by the provisions of sections 12, 13, 14, and 15, the Company will determine an average megawatt availability which will be used to reduce the \$60,000 monthly payment; such reduced payment shall be determined by multiplying \$60,000 by a fraction, the numerator of which

will be the average megawatt availability determined by the Company and the denominator of which equals 45 average megawatts;

(2) the Monthly Variable Energy Charge; and

(3) one-twelfth the estimated applicable annual state taxes, if and to the extent that Longview Fibre Energy made available hereunder is or becomes subject to such taxes.

In addition, each Industry shall pay its portion of any restart charge allocated to it pursuant to section 4.

The Company shall pay all applicable state taxes, including interest and penalties, if any, and the Industries agree to reimburse and indemnify the Company therefor. The Company agrees to consult with the Industries on an individual basis prior to paying any state tax claimed to be due on account of the manufacture and generation of energy hereunder and to assert all reasonable defenses and objection to any such tax at the request and expense of the Industry or Industries objecting.

(b) At the end of each month during the term of this agreement, or as appropriate under subsection (2) below, each Industry will be billed and shall pay Bonneville promptly upon receipt of such bill:

(1) its Percentage Share of the cost of services and excess capacity transmission provided by the Agency determined as the sum of the separate charges computed by the Agency; such charges shall be determined as the product of the kilowatthours metered at the respective generating facilities for the account of the Industries and the applicable rate per kilowatthour as follows: 0.625 mills multiplied by a fraction whose numerator is the rate per kilowatthour specified for Replacement Energy Delivery including Main Grid, Secondary System and lower voltage facilities as set forth in Exhibit B, as the same now is or as may be amended or superseded and generally applied by Bonneville to all

deliveries of this class, and whose denominator is 0.75 mill (the present such rate per kilowatthour in Schedule ET-1), such future rate to be rounded to the nearest 0.001 mill per kilowatthour and to be coeffective with each amendment or successor to rate schedule ET-1; in no case shall the amount paid to the Agency be less than \$500 in each calendar month during the term of this agreement, and

(2) its total cost:

(1) for the storage services provided by Bonneville pursuant to section 9(a), an amount determined as the product of 2.0 mills and the total amount of Longview Fibre Energy delivered to such Industry from its storage account during the month; such storage charge shall not apply to Stored Energy spilled and deemed delivered under section 9(a);

(ii) for advance delivery services by Bonneville pursuant to section 9(b), an amount determined as the product of 2.0 mills and the sum of (A) the Advanced Longview Fibre Energy, determined as the difference between the energy taken hereunder by such Industry and actually used in its own load during the month, (excluding deliveries of Stored Energy which are so used) and such Industry's Percentage Share of Longview Fibre Energy delivered to Bonneville for such Industry's account in the same month (excluding transmission losses) and (B) the Head Loss Energy;

(iii) for Advanced Longview Fibre Energy and Head Loss Energy purchased pursuant to section 9(c), an amount determined as the product of the appropriate rate specified in Exhibit E and the sum of such Advanced Longview Fibre Energy and Head Loss Energy; the product so determined shall be reduced by the amount previously paid by such

Industry for services related to such Advanced Longview Fibre Energy and Head Loss Energy pursuant to section (ii) above; and

(iv) for transmission services provided by Bonneville for an Industry pursuant to sections 8, 9(a) and 9(b)(2) in accordance with Exhibits B and C, determined as the product of the applicable rate as specified in Exhibit B and the amount of Longview Fibre Energy delivered during such month by the Agency to Bonneville, excluding deliveries to Bonneville for its own use.

(c) Payments made to Bonneville under section 10(a) and section 10(b)(1) shall be deposited in the Trust Deposit and paid to the Company and Agency, respectively, at the earliest practicable date. Payments made to Bonneville under section 10(b)(2) shall be compensation to the Government for services provided by Bonneville.

(d) Upon execution of this agreement, Bonneville shall immediately bill each Industry listed in Table 1 of Exhibit A and each such Industry shall pay promptly upon receipt of such bill, its Percentage Share of the total amount due pursuant to sections 10(a) and 10(b) above, between the effective date and the date of execution.

11. Monthly Variable Energy Charge. The Monthly Variable Energy Charge shall vary with the fuel cost adjustment of #6 Fuel Oil and shall be determined by the Company as follows:

$$[(14 \text{ mills/kWh}) + \frac{(\text{posted price} - \$10.95/\text{bbl})}{\$10.95} (0.85) (14 \text{ mills/kWh})] [(kWh \text{ generated})]$$

The fuel cost adjustment will be applied for each calendar quarter based on the posted price in effect at the Willbridge Terminal in Portland, Oregon, on the first day of that quarter, plus any applicable taxes. The Company shall promptly notify Bonneville and each Industry of any change in the posted price.

12. Withdrawal Rights.

If the Company is notified that service of electric power and energy to the Company will be restricted by any governmental agency having jurisdiction or by the Agency because the Agency itself was restricted by Bonneville, or if the Company experiences failure of generation or any unforeseen occurrence which seriously impairs its ability to perform hereunder, the Company may, upon using its best efforts to provide prior notice, withdraw part or all of the generating capacity made available hereunder if the following conditions are performed:

(a) the Company uses the withdrawn Longview Fibre Energy to meet only its own load requirements and its power supply obligations under contracts existing at the date of execution of this agreement; and

(b) the Company has made a good faith effort to secure power from other resources which are available to the Company at a cost no greater than the Monthly Variable Energy Charge of Longview Fibre Energy, it being the intent of this section that the Company will exercise its withdrawal rights hereunder only as a last resort.

The Company shall use its best efforts to provide 30 days prior written notice of such withdrawal. The Company may reduce the 30 day notice requirement by the number of days by which either (1) a notice of restriction is received by the Company, or (2) knowledge of serious impairment is available to the Company for less than 30 days. In any month in which the Company withdraws Longview Fibre Energy pursuant to this section, the Industries shall be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy, expressed in average monthly megawatts so withdrawn, bears to 45 average monthly megawatts.

13. Purchase by Bonneville. If Bonneville determines at any time during the term hereof that Longview Fibre Energy is reasonably required by Bonneville during the remainder of any Operating Year to permit Bonneville to meet its firm power obligations, including its obligations to deliver Industrial Firm Power, Bonneville may purchase from the Industries, for Bonneville's own system use, any part or all of Longview Fibre Energy not yet delivered to the Industries, subject to the following.

(a) Bonneville shall first purchase Longview Fibre Energy which has not yet been generated by the Company pro rata from the Industries otherwise entitled to receive such energy less an amount equal to the amount of Advanced Longview Fibre Energy.

(b) Bonneville shall next purchase Stored Energy pro rata from the Industries otherwise entitled to receive such energy. Bonneville shall give each Industry written notice that Bonneville intends to purchase Stored Energy hereunder. Each Industry by written notice to Bonneville may then designate as reserved to provide Advance Replacement Energy an amount of Stored Energy equal to such Industry's potential obligation to provide Advance Replacement Energy for that Operating Year under its Interim Agreement. Upon such notice by an Industry, such Industry's Stored Energy so designated shall not be available for purchase by Bonneville hereunder, but upon requesting Advance Replacement Energy pursuant to the Interim Agreement Bonneville shall have the right to the immediate use of any Stored Energy designated. Bonneville shall return the amount of such Industry's Stored Energy in excess of its Advance Replacement Energy which is used by Bonneville hereunder at a rate no slower than the rate at which Advance Replacement Energy is returned to Bonneville from sources other than Stored Energy. Alternatively, the Industries reserving Stored Energy which is used by Bonneville may cancel designation of

such Stored Energy as reserved and Bonneville shall purchase such energy which has not been returned pursuant to this section.

Designation pursuant to this section shall not be effective if Bonneville, in the same notice as its intent to purchase hereunder, (1) requests the return of Advance Replacement Energy, (2) purchases Longview Fibre Energy pursuant to subsection (a) above and purchases all energy which Bonneville then has a right to preempt or purchase from the Industries, and (3) notifies the Industries of an actual restriction pursuant to section 8(d)(F) of Exhibit C attached to Exhibit A of the Interim Agreements where the sum of such requests, purchases, preemptions, and restrictions is an amount of energy equal to the sum of: (i) the amount of Advance Replacement Energy for such Operating Year; (ii) the amount of Longview Fibre Energy subject to purchase under subsection (a) and all other energy which Bonneville is able to preempt or purchase from the Industries; (iii) the amount of Longview Fibre Energy subject to purchase under this subsection; and (iv) the maximum amount of energy subject to restriction for all Industries during such Operating Year as specified in the notice of restriction given pursuant to section 8(d)(A) of Exhibit C attached to Exhibit A of the Interim Agreements. If the sum of such requests, purchases, preemptions and restrictions is an amount of energy less than the sum of (i), (ii), (iii), and (iv) but greater than the sum of (i), (ii), and (iv), such designation shall not be effective with respect to only the excess over (i), (ii), and (iv).

(c) Bonneville will attempt to avoid purchasing Longview Fibre Energy under this section by operating the Federal System in a manner which is consistent with Bonneville's determination of prudent operating criteria for meeting firm obligations for electric power and energy, and which minimizes the need to purchase Longview Fibre Energy.

(d) During periods Bonneville has purchased Longview Fibre Energy under this section, Bonneville will operate the Federal System in the manner provided in section 8(d)(J) of Exhibit C attached to Exhibit A of the Interim Agreements.

(e) Before purchasing Longview Fibre Energy under this section, Bonneville shall acquire all electric power and energy then available at a price less than the price of Longview Fibre Energy.

(f) In the event Bonneville purchases Longview Fibre Energy pursuant to this section, the Industries will be reimbursed by Bonneville for:

(1) payments under section 10(a)(1) proportionate to the amount of Longview Fibre Energy purchased under this section; provided that Bonneville shall reimburse the Industries for the total of all payments made pursuant to section 10(a)(1) in any Operating Year in which Bonneville makes a purchase under this section, in the proportion that the total amount of Longview Fibre Energy purchased by Bonneville in that Operating Year bears to the total amount of Longview Fibre Energy the Company delivers to Bonneville pursuant to section 5(d) in such Operating Year;

(2) payments under sections 10(a)(2) and 10(a)(3), proportionate to the amount of Longview Fibre Energy purchased under this section;

(3) payments for transmission charges pursuant to section 10(b)(2)(iv), proportionate to the amount of Longview Fibre Energy purchased under this section; and

(4) payments for Agency costs levied under section 10(b)(1) proportionate to the amount of Longview Fibre Energy purchased under this section.

(g) Before making a restriction of Industrial Firm Power under section 8(d) of Exhibit C attached to Exhibit A of the Interim Agreement with each

Industry, Bonneville shall (1) purchase Longview Fibre Energy pursuant to this section and (2) take all appropriate measures to avoid making such a restriction. Such measures shall include, but not be limited to, the purchase of electric power and energy then available to Bonneville, including electric power and energy available to Bonneville under its contracts with the industries, at a price Bonneville determines is reasonable; but such measures shall not include mandatory curtailment or requests for mandatory curtailment of its other firm power supply obligations. Nothing in this subsection shall be construed to amend section 8(d)(G) of Exhibit C attached to Exhibit A of the Interim Agreement.

(h) In consideration of Bonneville's rights to purchase energy from the Industries pursuant to this section and in addition to the reimbursement provided for in subsection (f) above, Bonneville shall pay each Industry from which such a purchase was made for its share of the amount of Longview Fibre Energy so purchased which is used to enable Bonneville to meet its firm power obligations to customers other than the Industries. Such amount of energy shall be determined as follows:

$$\left(\frac{L}{P}\right) (P-A)$$

where:

L = an amount in kilowatthours equal to the sum of: (1) the Longview Fibre Energy generated during the Period of Restriction and purchased pursuant to subsection (a) above and (2) the Longview Fibre Energy purchased pursuant to subsection (b) above multiplied by the ratio of the hours in the Period of Restriction to the hours in the period from the date that Bonneville purchases such energy until the end of the Period of Restriction;

P = the sum of: (1) the amount of energy in kilowatthours generated during the Period of Restriction and purchased pursuant to: (i) subsection (a) above; (ii) contracts with terms similar to subsection (a) above; and (iii) the IRE Agreements excluding any advanced IRE Energy; and (2) the amount of energy in kilowatthours which has been generated, but not yet delivered to the Industries prior to purchase hereunder, pursuant to: (i) subsection (b) above, (ii) contracts with terms similar to subsection (b) above and (iii) the IRE Agreements with each amount in (2)(i), (2)(ii), and (2)(iii) multiplied by the ratio of the hours in the Period of Restriction to the hours in the period from the date that Bonneville sends notice of intent to purchase such energy until the end of the Period of Restriction;

A = the amount of energy in kilowatthours Bonneville would serve to the Industries in excess of 50 percent of the Industries' contract demand under the Interim Agreements which is determined by subtracting the amount of Industrial Firm Power restricted under section 8(d) of Exhibit C attached to Exhibit A of such contracts for all Industries from an amount determined by multiplying 25 percent of the contract demand for all Industries under such contracts times the hours in the Period of Restriction; if such remainder is a negative number, A shall equal zero.

Payment for such energy shall be as determined by Bonneville, based on part or all of the Industries' share of the value of the Industrial Firm Power used as reserves for Bonneville's firm power supply obligations. Bonneville shall pay each Industry, as soon as practicable after the end of each Period of

Restriction, any amount due pursuant to this subsection. Such payment shall be zero if A is equal to or greater than P.

14. Uncontrollable Forces. Each party shall notify the other parties as soon as possible of any Uncontrollable Forces which may in any way affect the delivery of energy hereunder. In the event the operations of any party are interrupted or curtailed due to such Uncontrollable Forces, such party shall exercise due diligence to reinstate such operations with reasonable dispatch. In any month in which Longview Fibre Energy cannot be generated, transmitted or received because of an Uncontrollable Force, the affected Industry or Industries shall be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy not so received by the affected Industry or Industries, expressed in average megawatts for such month, bears to the product of the total Percentage Share of all the affected Industries multiplied by 45 average monthly megawatts.

15. Market Conditions. In the event that the Company shuts down or reduces any part of its operation because of product or raw material market conditions, it is relieved of the obligation to supply the respective increment of energy not available during such shutdowns. In any month in which the Company does so, the Industries will be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy, expressed in average megawatts for such month not made available, bears to 45 average monthly megawatts.

16. Right of First Refusal. At various times during the term of this agreement the Company may decide to sell energy in excess of 45 average megawatts in any week which may also be in excess of the needs of the Agency. Prior to offering such energy to any other entity, the Company shall offer it to Bonneville for delivery to the Industries pursuant to this agreement,

except the Monthly Variable Energy Charge for energy produced by utilizing Condensing Generating Facilities shall be established by the Company. Bonneville, after consultation with the Industries on an individual basis, shall accept such offer in whole or in part within 10 days or the offer shall be deemed rejected and the Company shall be free to sell such energy on terms and conditions no more favorable than those offered Bonneville.

17. Execution by Counterpart. This agreement may be executed in a number of counterparts and shall be deemed to constitute a single document with the same force and effect as if all the parties hereto having signed a counterpart had signed all other counterparts. Each party shall deliver a signed counterpart to Bonneville, who will prepare a composite conformed copy and deliver the same to each party. The agreement shall become effective as to the signing parties on the effective date when counterparts have been signed by an Industry, Bonneville, the Agency and the Company.

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

EXHIBIT A, Page 1 of 1
 Table 1
 Contract No. DE-MS79-81BP90188
 Effective at 2400 hours on
 June 30, 1980

INDUSTRIAL PARTICIPANTS IN LONGVIEW FIBRE ENERGY 1/

<u>Industry</u>	<u>Contract Demand (MW)</u>	<u>Percentage Share</u> <u>2/</u>
Aluminum Co. of America	520.0	15.37
Anaconda Aluminum Co.	378.6	11.19
Carborundum Co.	29.75	.88
Crown Zellerbach	13.6	.4
Georgia-Pacific	27.0	.80
Hanna Nickel Smelting Co.	113.28	3.35
Intalco Aluminum Corp.	409.33	12.10
Kaiser Aluminum & Chem. Corp.	670.0	19.80
Martin Marietta Aluminum Inc.	380.0	11.23
Orement	7.0	.21
Pacific Carbide	8.0	.24
Pennwalt Corp.	45.33	1.34
Reynolds Metals Co.	689.5	20.38
Stauffer	79.8	2.36
Union Carbide Corp.	12.0	.35
	<u>3383.19</u>	<u>100.00</u>

1/ Based on June 30, 1980 contract demands.

2/ For the period beginning 2400 hours June 30, 1980, through 2400 hours June 30, 1981.

EXHIBIT A, Page 1 of 1
 Table 2
 Contract No. DE-MS79-81BP90188
 Effective at 2400 hours on
 June 30, 1981

INDUSTRIAL PARTICIPANTS IN LONGVIEW FIBRE ENERGY 1/

<u>Industry</u>	<u>Contract Demand (MW)</u>	<u>Percentage Share</u> <u>2/</u>
Aluminum Co. of America	520.0	15.29
Anaconda Aluminum Co.	378.6	11.13
Carborundum Co.	29.75	.87
Crown Zellerbach	13.6	.40
Georgia-Pacific	27.0	.79
Hanna Nickel Smelting Co.	113.28	3.33
Intalco Aluminum Corp.	409.33	12.04
Kaiser Aluminum & Chem. Corp.	670.0	19.70
Martin Marietta Aluminum Inc.	409.07	12.03
Oremet	7.0	.21
Pacific Carbide	8.0	.24
Pennwalt Corp.	45.33	1.33
Reynolds Metals Co.	689.5	20.28
Stauffer Chemical Co.	79.8	2.35
	<u>3400.26</u>	<u>100.00</u>

1/ Based on June 30, 1980 contract demands.

2/ For the period beginning 2400 hours June 30, 1981.

SCHEDULE ET-1
Energy Transmission

Section 1. AVAILABILITY:

This schedule is available for the incidental transmission of electric energy for another entity using excess capacity of the Federal Transmission System.

Section 2. RATES:

The charge for transmission of non-Federal electric energy under this rate schedule shall be based on the following rates and losses related to such transmission, both as specified in the Agreement.

	<u>Mills/kWh</u>	<u>Losses - %</u>
(a) System Delivery Including Main Grid, Secondary System and lower voltage facilities		
(1) above 115 kV	0.75	5.0
(2) nominal 115 kV	1.00	5.5
(3) all other deliveries	1.25	6.0
(b) Intertie Delivery Including Main Grid	1.25	8.0
(c) Replacement Energy Delivery Including Main Grid, Secondary System and lower voltage facilities	0.75	5.0

Section 3. GENERAL PROVISIONS:

Services provided under this schedule shall be subject to the provisions of the Bonneville Project Act, as amended, the Federal Columbia River Transmission System Act, and to the General Transmission Rate Schedule Provisions. The meaning of terms used in this rate schedule shall be as defined in the General Transmission Rate Schedule Provisions attached to the Agreement.

GENERAL WHEELING PROVISIONS

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GENERAL APPLICATION

1. Interpretation.

(a) The provisions in the agreement to which these General Wheeling Provisions are an exhibit shall be deemed to be a part hereof for the purpose of determining the meaning of any provision contained herein. If a provision in such agreement is in conflict with a provision contained herein, the former shall prevail.

(b) Nothing contained in this agreement shall, in any manner, be construed to abridge, limit, or deprive any party thereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions thereof which it would otherwise have.

2. Definitions. As used in this agreement:

(a) the words "Contractor", "Utility" or "Borrower" as used herein shall mean the party to this agreement other than the Administrator;

(b) the word "month" shall mean the period commencing at the time when the meters mentioned in this agreement are read by the Administrator and ending approximately 30 days thereafter when a subsequent reading of such meters is made by the Administrator;

(c) the words "Integrated Demand" shall mean the number of kilowatts which is equal to the number of kilowatt-hours delivered at any point during a clock hour;

(d) the words "System" or "Facilities" shall mean the transmission facilities: (1) which are owned or controlled by either party, or (2) which either party may use under lease, easement, or license.

3. Prior Demands. In determining any credit demand mentioned in, or money compensation to be paid under this agreement for any month, Integrated Demands at which electric energy was delivered by the Transferor at points of delivery mentioned herein for the account of the other party to this agreement prior to the date upon which the agreement takes effect shall be considered in the same manner as if this agreement had been in effect.

4. Measurements. Except as it is otherwise provided in section 7 hereof, each measurement of each meter mentioned in this agreement shall be the measurement automatically recorded by such meter, but if not so recorded, shall be the measurement as determined by the parties hereto.

If it is provided in this agreement that measurements made by any of the meters specified therein are to be adjusted for losses, such adjustments shall be made by using factors, or by compensating the meters, as agreed upon by representatives designated by the parties to such agreement. If changes in conditions occur which substantially affect any such loss factor or compensation, it will be changed in a manner which will conform to such changes in conditions.

5. Measurements and Installation of Meters. The Administrator may at any time install a meter or metering equipment of the Government to make the measurements required for any computation or determination mentioned in this agreement, and if so installed such measurements shall be used thereafter in such computation or determination.

6. Tests of Meters. Each party to this agreement will, at its expense, test its meters mentioned in this agreement at least once every two years, and, if requested to do so by the other party, will make additional tests or inspections of such meters, the expense of which will be paid by such other party unless such additional tests or inspections show such meters to be inaccurate as specified in section 7 hereof. Each party will give reasonable notice of the time when any such test or inspection is to be made to the other party, who may have representatives present at such test or inspection. Meters found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.

7. Adjustment for Inaccurate Metering.

(a) If any meter mentioned in this agreement fails to register, or if the measurement made by such meter during a test made as provided in section 6 hereof varies by more than one percent from the measurement made by the standard meter used in such test, adjustment shall be made correcting all measurements made by such inaccurate meter during the period hereinafter stated. Such corrected measurements shall be used to recompute the amounts of any electric power and energy to be made available, of any credits to be made in any exchange energy account, and of any money compensation to be paid to the Transferor as provided in this agreement for (1) the actual period during which such inaccurate measurements were made if such period can be determined, or (2) if not, the period immediately preceding a test of such inaccurate meter which is equal to one-half the time from the date of the last preceding test of such meter; provided, however, that the period for which such recomputations are to be made shall not exceed six months.

(b) If the credit theretofore made to the Transferor in the exchange energy account varies from the credit to be made as recomputed, the amount of the variance will be credited in such exchange energy account to the party entitled thereto.

(c) If the money compensation theretofore paid to the Transferor varies from the money compensation to be paid as recomputed, the amount of the variance will be paid to the party entitled thereto within 30 days after the recomputation is made; provided, however, that the other party may deduct such amount due it from any money compensation which thereafter becomes due the Transferor under this agreement.

8. Character of Service. Unless otherwise specifically provided for in the agreement, electric power and energy made available pursuant to this agreement shall be in the form of three-phase current, alternating at a frequency of approximately 60 hertz.

9. Point of Delivery and Delivery Voltage. Electric power and energy shall be delivered to each Transferee at such point or points and at such voltage or voltages as are agreed upon by the parties hereto.

10. Combining Deliveries Coincidentally. If it is provided in this agreement that the amounts of electric energy and varhours, delivered at any point of delivery; and of the Integrated Demands for such electric energy, for any period,

shall be the amounts thereof determined by combining deliveries at two or more metering points coincidentally:

(a) the amounts of electric energy and varhours so delivered at such point of delivery during such period shall be the sums computed by adding together the amounts of electric energy and varhours, respectively, which flow during such period at such metering points, determined as provided in this agreement; and

(b) the amount of each Integrated Demand for such electric energy at such point of delivery shall be the sum computed by adding together the Integrated Demands for such hour at such metering points, determined as provided in this agreement.

11. Suspension of Deliveries. The other party to this agreement may at any time notify the Transferor in writing to suspend the deliveries of electric power and energy provided for in this agreement. Upon receipt of any such notice, the Transferor will forthwith discontinue, and will not resume, such deliveries until notified to do so by the other party, and upon receipt of such notice from the other party to do so, will forthwith resume such deliveries.

12. Continuity of Service. The Transferor may temporarily interrupt or reduce deliveries of electric power and energy to the Transferee if he determines that such interruption or reduction is necessary or desirable in case of system emergencies, Uncontrollable Forces, or in order to install equipment in, make repairs, replacements, investigations, and inspections of, or perform other maintenance work on, the Transferor's System. Except in case of emergency and in order that the Transferee's operations will not be unreasonably interfered with, the Transferor will give the Transferee advance notice of any such interruption or reduction, the reason therefor, and the probable duration thereof.

13. Uncontrollable Forces.

(a) Each party shall notify the other as soon as possible of any Uncontrollable Forces which may in any way affect the delivery of power hereunder. In the event the operations of either party are interrupted or curtailed due to such Uncontrollable Forces, such party shall exercise due diligence to reinstate such operations with reasonable dispatch.

(b) The term "Uncontrollable Forces" means:

(1) Strikes affecting the operation of either party's System or other Facilities upon which such operation is completely dependent; or

(2) Such of the following events as either party, by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

(i) Events, reasonably beyond the control of the party having jurisdiction thereof, causing failure, damage, or destruction of any such system or facilities. The word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such System or Facilities; or

(ii) Floods which limit or prevent the operation of, or which constitute an imminent threat of damage to, any such system or facilities.

14. Reducing Charges for Interruptions. If deliveries of electric power and energy to the Transferee are suspended, interrupted, interfered with or curtailed due to Uncontrollable Forces, as defined in section 13 hereof, on either the Transferee's System or Transferor's System, or if the Transferor interrupts or reduces deliveries to the Transferee for any of the reasons stated in section 12 hereof, the credit in the exchange energy account which would otherwise be made, or the money compensation which would otherwise be paid, to the Transferor shall be appropriately reduced. No interruption, or equivalent interruption, of less than 30 minutes duration will be considered for computation of such reduction in charges.

15. Net Billing. Payments due one party may be offset against payments due the other party under all contracts between the parties hereto for the sale and exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, lease of electric facilities, mutual supply of emergency and standby electric power and energy, and under such other contracts between such parties as the parties may agree. Under contracts included in this procedure all payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists unless the latter elects to have such balance carried forward to be added to the payments due it in a succeeding month.

16. Power Factor.

(a) The formula for determining average power factor is as follows:

$$\text{Average Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{Kilowatthours})^2 + (\text{Reactive Kilovolt-ampere-hours})^2}}$$

In applying the above formula, the meter for measurement of reactive kilovolt-ampere-hours will be ratcheted to prevent reverse registration.

(b) When delivery of electric power and energy by the Transferor at any point is commingled with any other class or classes of power and it is impracticable to separately meter the kilowatthours and reactive kilovolt-ampere-hours for each class, the average power factor of the total delivery of such electric power and energy for the month will be used, where applicable, as the power factor for each of the separate classes.

(c) Except as it is otherwise specifically provided in this agreement, no adjustment will be made for power factor at any point of delivery described in this agreement while the varhours delivered at such point are not measured.

(d) The Transferor may, but shall not be obligated to, deliver electric energy hereunder at a power factor of less than 0.85 lagging.

17. Permits.

(a) If by the terms of any contract between the parties any equipment or facilities of a party to this agreement are, or are to be, located on the property of the other at any point of delivery provided in this agreement, a permit to install, test, maintain, inspect, replace, repair, and operate during the term of this agreement and to remove such equipment and facilities at the expiration of said term, together with the right of ingress to and egress from the location thereof at all reasonable times in such term is hereby granted by the other party.

(b) Each party shall have the right to read, at all reasonable times, any and all meters mentioned in this agreement which are installed on the property of the other.

(c) If by the terms of any contract between the parties either party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other party accurate drawings and wiring diagrams of associated equipment and facilities, or, if such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other party of any subsequent modifications which may affect the duties of the other party in regard to such equipment, and furnish the other party accurate revised drawings, if possible.

18. Ownership of Facilities.

(a) Except as otherwise expressly provided, ownership of any and all equipment, and of all salvable facilities installed by a party to this agreement on the property of the other party shall be and remain in the installing party.

(b) Each party shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvable facilities which are installed by such party on the property of the other. Within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the parties shall jointly prepare an itemized list of said movable equipment and facilities.

19. Adjustment for Change of Conditions. If changes in conditions hereafter occur which substantially affect any factor required by this agreement to be used in determining (a) any credit in any exchange energy account to be made, money compensation to be paid, or amount of electric power and energy to be made available to one party by the other party, or (b) any maximum replacement demand, or average power factor mentioned in this agreement, such factor will be changed in a manner which will conform to such changes of conditions. If an increase in the capacity of the facilities being used by the Transferor in making deliveries hereunder is required at any time after execution of this agreement to enable the Transferor to make the deliveries herein required together with those required for its own operations, the construction or installation of additional or other equipment or facilities for that purpose shall be deemed to be a change of conditions within the meaning of the preceding sentence.

If, pursuant to the terms of the agreement establishing such exchange energy account, another rate is substituted for the rate to be used in settling the balance in such account, the number of kilowatthours to be credited to the Transferor in such account for each month as provided in this agreement, shall be changed for each month thereafter to the amount computed by multiplying such number of kilowatthours by 2.5 mills and dividing the resulting product by the currently effective substituted rate in mills per kilowatthour.

20. Arbitration. If the parties do not agree on the determination of any question of fact hereinafter stated, such determination will be made by arbitration. The party calling for arbitration shall serve notice in writing on the other party, setting forth in detail the question or questions to be arbitrated and the arbitrator appointed by such party. The other party shall, within ten days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other party fails to appoint an arbitrator within said ten days, or in case the two so appointed fail for ten days to agree upon and appoint a third, the party calling for the arbitration, upon five days' written notice delivered to the other party, shall apply to the person who at the time shall be the presiding judge of the United States Court of Appeals for the Ninth Circuit for appointment of the second or third arbitrator, as the case may be.

The determination of the question or questions submitted for arbitration shall be made by a majority of the arbitrators, and shall be binding on the parties. Each party shall pay for the services and expenses of the arbitrator appointed by or for it, and all other costs incurred in connection with the arbitration shall be paid equally by the parties thereto.

The questions of fact to be determined as provided in this section shall be: (a) the determination of the measurements to be made by the parties hereto pursuant to section 4 hereof; (b) the correction of the measurements to be made as provided in section 7 hereof; (c) the amount of reduction in charges mentioned in section 14 hereof; (d) the duration of the interruption or equivalent interruption mentioned in section 14 hereof; (e) whether changes in conditions mentioned in section 19 hereof have occurred, and if so, the change to be made in the factor mentioned; (f) whether an increase or decrease in load or change in load factor mentioned in section 31 hereof is unusual; (g) any fact mentioned in sections 29 and 33 hereof; (h) whether an abnormal nonrecurring demand occurred and the amount and time thereof; (i) and the acceptable level of harmonics mentioned in section 34 hereof.

21. Contract Work Hours and Safety Standards. This agreement, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers, mechanics, apprentices, trainees, watchmen, and guards shall require or permit any laborer, mechanic, apprentice, trainee, watchman or guard in any workweek in which he is employed on such work to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek on work subject to the

provisions of the Contract Work Hours and Safety Standards Act unless such laborer, mechanic, apprentice, trainee, watchman, or guard receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

(b) Violation; liability for unpaid wages; liquidation of damages. In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer, mechanic, apprentice, trainee, watchman, or guard employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of 40 years without payment of the overtime wages required by subsection (a).

(c) Withholding for unpaid wages and liquidated damages. The Administrator may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of subsection (b) above.

(d) Subcontracts. The Contractor shall insert subsections (a) through (d) of this section in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) Records. The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for three years from the completion of the contract.

22. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

23. Equal Employment Opportunity. (The following clause is applicable unless this agreement is exempt under the rules, regulations and relevant orders of the Secretary of Labor [41 CFR, ch. 60].)

During the performance of this agreement, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other

forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Administrator setting forth the provisions of this Equal Opportunity clause.

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

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

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

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Administrator and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

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

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

24. Reports. The other party to this agreement will furnish the Administrator such information as is necessary for making any computation required for the purposes of this agreement, and the parties will cooperate in exchanging such additional information as may be reasonably useful for their respective operations.

25. Assignment of Agreement. This agreement shall inure to the benefit of, and shall be binding upon the respective successors and assigns of the parties to this agreement; provided, however, that neither such agreement nor any interest therein shall be transferred or assigned by either party to any party other than the United States or an agency thereof without the written consent of the other; provided, further, that the consent of the Administrator is hereby given to any security assignment which may be required under terms of any mortgage, trust, or security agreement made by and between the Utility and any mortgage, trustee, or secured party, as security for bonds or other indebtedness of such Utility, present or future; such mortgagee, trustee, or secured party may realize upon such security in foreclosure or other suitable proceedings, and succeed to all right, title, and interests of such Utility.

26. Waiver of Default. Any waiver at any time by any party to this agreement of its rights with respect to any default of any other party thereto, or with respect to any other matter arising in connection with such agreement, shall not be considered a waiver with respect to any subsequent default or matter.

27. Notices and Computation of Time. Any notice required by this agreement to be given to any party shall be effective when it is received by such party, and in computing any period of time from such notice, such period shall commence at 2400 hours on the date of receipt of such notice.

28. Interest of Member of Congress. No Member of, or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

APPLICABLE ONLY IF TRANSFEREE IS A PARTY TO THIS AGREEMENT

29. Balancing Phase Demands. The Administrator may, at any time during the term of this agreement, require the Transferee to make such changes as are necessary on its system to balance the phase currents at any point of delivery so that the current on any one phase shall not exceed the current on any other phase at such point by more than ten percent.

30. Adjustment for Unbalanced Phase Demands. If the Transferee fails to make promptly the changes mentioned in section 29 hercof, the Administrator, at the Transferee's expense, may determine, for each month thereafter until such changes are made, that the registered demand of the Transferee at the point of delivery in question is equal to the product obtained by multiplying by three the largest of the Integrated Demands of the Transferee on any phase at such point during such month. This section shall not apply with respect to any point of delivery where the current required to be supplied at such point is other than three-phase current.

31. Changes in Demands or Characteristics. The Transferee will, whenever possible, give reasonable notice to the Administrator of any unusual increase or decrease of its demands for electric power and energy on the Transferor's system, or of any unusual change in the load factor or power factor at which the Transferee will take delivery of electric power and energy under this contract.

32. Inspection of Transferee's Facilities. The Administrator may, but shall not be obligated to, inspect the Transferee's electric installation at any time, but such inspection, or failure to inspect, shall not render the Government, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this agreement. The Administrator shall observe written operating instructions posted in facilities and such other necessary instructions or standards for inspection as the parties agree to. Only those electric installations used in complying with the terms of this contract shall be subject to inspection.

33. Electric Disturbances.

(a) Each party shall design, construct, operate, maintain and use its electric system in conformance with accepted utility practices:

(1) to minimize electric disturbances such as, but not limited to, the abnormal flow of power which may damage or interfere with the electric system of the other party or any electric system connected with such other party's electric system; and

(2) to minimize the effect on its electric system and on its customers of electric disturbances originating on its own or another electric system.

(b) If both parties to this agreement are parties to the Agreement Limiting Liability Among Western Interconnected Systems, their relationship with respect to system damages shall be governed by that Agreement.

(c) During such time as a party to this agreement is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, its relations with the other party with respect to system damages shall be governed by the following sentence, notwithstanding the fact that the other party may be a party to said Agreement Limiting Liability Among Western Interconnected Systems. A party to this agreement shall not be liable to the other party for damage to the other party's system or facilities caused by an electric disturbance on the first party's system, whether or not such electric disturbance is the result of negligence by the first party, if the other party has failed to fulfill its obligations under subsection (a)(2) above.

(d) If one of the parties to this agreement is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, each party to this agreement shall hold harmless and indemnify the other party, its officers and employees, from any claims for loss, injury, or damage suffered by those to whom

the first party delivers power not for resale, which loss, injury or damage is caused by an electric disturbance on the other party's system, whether or not such electric disturbance results from the negligence of such other party, if such first party has failed to fulfill its obligations under subsection (a)(2) above, and such failure contributed to the loss, injury or damage.

(e) Nothing in this section shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a party to this agreement.

34. Harmonic Control. Each party shall design, construct, operate, maintain, and use its electric system in accordance with good engineering practices to minimize to acceptable levels the production of harmonic currents and voltages injected or coupled into the other party's facilities.

APPLICABLE ONLY IF TRANSFEREE IS NOT A PARTY TO THIS AGREEMENT

35. Protection of the Transferor. Protection is or will be afforded to the Government or its Transferor under such of the following provisions and conditions as are specified in each contract executed or to be executed by the Administrator and each third party Transferee named in this agreement: the power factor clause of the applicable Bonneville Wholesale Rate Schedule and the subject matter set forth in the General Contract Provisions under the following titles, namely:

Adjustment for Unbalanced Phase Demands; Uncontrollable Forces; Continuity of Service; Changes in Demands or Characteristics; Electric Disturbances; Harmonic Control; Balancing Phase Demands; Permits; Ownership of Facilities; and Inspection of Purchaser's Facilities.

RELATING ONLY TO RURAL ELECTRIFICATION ADMINISTRATION BORROWERS

36. Approval of Agreement. This agreement shall not be binding on the parties thereto if it is not hereafter approved by the Administrator of the Rural Electrification Administration and any other entity from whom the Borrower borrows under an indenture which requires the lender's approval; provided, however, that the Borrower shall notify the Administrator of any such entity prior to the Administrator's execution of this agreement. If so approved it shall be effective at the time stated in the section of this agreement entitled "Term of Agreement."

APPLICABLE ONLY IF THE ADMINISTRATOR IS THE TRANSFEROR

37. Equitable Adjustment of Rates.

(a) As used in this section, the words "Rate Adjustment Date" shall mean any date designated by the Administrator after the date a new rate schedule is available for the class, quality, and type of service covered by this agreement; provided, however, that a Rate Adjustment Date shall not occur more frequently than once in any 12-month period. The Administrator may file with the Federal Power Commission or its successor for approval of a revised or new rate when he determines such revised or new rate is necessary to reflect the cost of the

class, quality, and type of service covered by this agreement. The Administrator shall provide the Transferee with his then proposed schedule or schedules, supporting data, and a statement reflecting the effects of the proposed schedule or schedules on the charges specified in this agreement no less than 90 days prior to filing a proposed schedule or schedules with the Federal Power Commission or its successor, unless shorter periods are agreed upon by the parties hereto. The rate schedule in effect under this agreement on the Rate Adjustment Date shall continue in effect until the next Rate Adjustment Date on which revised or new rate schedules shall have been proposed by the Administrator and confirmed and approved by the Federal Power Commission or its successor.

(b) The Transferee shall pay the Administrator for the service made available under this agreement during the period commencing on each Rate Adjustment Date and ending at the beginning of the next Rate Adjustment Date at the rate specified in any rate schedule available at the beginning of such period which would be incorporated in a new agreement for service of the class, quality, and type provided for in this agreement, and in accordance with the terms hereof and of the General Transmission Rate Schedule Provisions incorporated or referred to in such rate schedule. If at the beginning of such period more than one rate is available for the class, quality, and type of service covered by this agreement, the Transferee shall, prior to 30 days after the later of the effective date of such rate or the date of approval of such rate by the Federal Power Commission or its successor, notify the Administrator in writing which of such rates the Transferee elects to have applied under this agreement during such period. If the Transferee fails to make such election, the Administrator shall determine the applicable rate. Such election by the Transferee or determination by the Administrator shall be applied as of the beginning of the first billing month following the effective date of such rate.

POINTS OF INTERCONNECTION

(1) THE COWLITZ 13.8 kV POINT OF INTERCONNECTION:

Location: the points in the Government's Cowlitz Substation where the 13.8 kV facilities of Bonneville and the Agency are connected;

Voltage: 13.8 kV;

Metering: in the system of the Company, in the 13.8 kV circuits over which such electric power and energy flows;

(2) THE COWLITZ 115 kV POINT OF INTERCONNECTION:

Location: the point in the Government's Cowlitz Substation where the 115 kV facilities of Bonneville and the Agency are connected;

Voltage: 115 kV;

Metering: in the system of the Company, in the 115 kV circuits over which such electric power and energy flows.

SCHEDULE H-6

Wholesale Nonfirm Energy Rate

Section 1. AVAILABILITY

This schedule is available for the purchase of nonfirm energy both inside and outside the Pacific Northwest. This schedule is also available for energy delivered for emergency use under the conditions set forth in section 5.1 of the General Rate Schedule provisions. This schedule is not available for the purchase of energy which Bonneville has a firm obligation to supply.

Section 2. RATE

a. *Thermal Displacement:*

This rate is for nonfirm energy sales to any purchaser for displacement of thermal generation. When Bonneville determines that nonfirm energy is available, such energy shall be offered to displace the thermal generation and purchases of energy, consistent with Public Law 88-552 and other applicable statutes.

(1) For all nonfirm energy sales for thermal displacement not subject to the provisions of a.(2) below the rate is 50-percent of either (a) the decremental cost in mills per kilowatthour of the displaced thermal resource or (b) the rate in mills per kilowatthour associated with the displaced purchase of energy. The maximum charge is 20 mills per kilowatthour. The minimum charge is 6.5 mills per kilowatthour during the period Monday through Saturday, 7:00 a.m. through 10:00 p.m.; and 4.5 mills per kilowatthour for all other hours of the year. Bonneville may determine that because of water and market conditions a rate of less than 50-percent of decremental cost or purchase rate, but not less than the minimum rates, may be charged. The purchaser will furnish Bonneville with either (a) the decremental cost in mills per kilowatthour of the purchaser's displaced thermal resource or (b) the rate in mills per kilowatthour associated with the displaced purchase of energy.

(2) For nonfirm energy sales to any Pacific Northwest utility during the period when that utility is either operating a displaceable thermal resource or is purchasing energy from a resource and is concurrently selling nonfirm energy outside the Pacific Northwest, as defined in Public Law 88-552, the rate is:

Thirty-three percent of the rate in mills per kilowatthour that the purchaser receives for concurrent nonfirm energy sales for use outside the Pacific Northwest. The maximum charge is 20 mills per kilowatthour. The minimum charge is 6.5 mills per kilowatthour during the period Monday through Saturday, 7:00 a.m. through 10:00 p.m.; and 4.5 mills per kilowatthour for all other hours of the year. The purchaser will furnish Bonneville with the amount and rate per kilowatthour for the purchaser's sale of nonfirm energy for use outside the Pacific Northwest for the period when nonfirm energy purchases are made from Bonneville.

b. Sales other than for Thermal Displacement:

This rate is for all nonfirm energy sales which are not applicable to the provisions of a. above.

(1) 6.5 mills per kilowatthour during the period Monday through Saturday, 7:00 a.m. through 10:00 p.m.; and

(2) 4.5 mills per kilowatthour for all hours of the year not included in subsection b.(1) above.

c. For contracts which refer to this schedule for determining the value of energy, the rate is 5.5 mills per kilowatthour.

Section 3. DELIVERY

Bonneville shall determine the availability of energy hereunder and the rate of delivery thereof.

Section 4. GENERAL PROVISIONS

Sales of energy under this schedule shall be subject to the provisions of the Bonneville Project Act, as amended, and to the applicable General Rate Schedule Provisions.

GENERAL RATE SCHEDULE PROVISIONS

1.1 FIRM POWER

Firm power is electric power which Bonneville will make continuously available to a purchaser to meet its load requirements except when restricted because the operation of generation or transmission facilities used by Bonneville to serve such purchaser is suspended, interrupted, interfered with, curtailed, or restricted as the result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract. Such restriction of firm power shall not be made until industrial firm power has been restricted in accordance with section 1.4 and until modified firm power has been restricted in accordance with section 1.2.

1.2 MODIFIED FIRM POWER

Modified firm power is electric power which Bonneville will make continuously available to a purchaser on a contract demand basis subject to: (a) the restriction applicable to firm power, and (b) the following:

When a restriction is made necessary because the operation of generation or transmission facilities used by Bonneville to serve such purchaser and one or more firm power purchasers is suspended, interrupted, interfered with, curtailed, or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract, Bonneville shall restrict such purchaser's contract demand for modified firm power to the extent necessary to prevent, if possible, or minimize restriction of any firm power, provided, however, that:

(1) such restriction of modified firm power shall not exceed at any time 25-percent of the contract demand therefor, and

(2) the accumulation of such restrictions of modified firm power during any calendar year, expressed in kilowatthours, shall not exceed 500 times the contract demand therefor. When possible, restrictions of modified firm power will be made ratably with restrictions of industrial firm power based on the proportion that the respective contract demands bear to one another. The extent of such restrictions shall be limited for modified firm power by this subsection and for industrial firm power by the Restriction of Deliveries Section of the General Contract Provisions of the contract.

1.3 FIRM CAPACITY

Firm capacity is capacity which Bonneville assures will be available to a purchaser on a contract demand basis except when operation of generation or transmission facilities used by Bonneville to serve such purchaser is suspended, interrupted, interfered with, curtailed, or restricted as the result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract.

1.4 INDUSTRIAL FIRM POWER

Industrial firm power is electric power which Bonneville will make continuously available to a purchaser on a contract demand basis subject to: (a) the restriction applicable to firm power, and (b) the following:

(1) the restrictions given in the Restriction of Deliveries Section of the General Contract Provisions of the contract.

(2) when a restriction is made necessary because of the operation of generation or transmission facilities used by Bonneville to serve such purchaser and one or more firm power purchasers is suspended, interrupted, interfered with, curtailed, or restricted as a result of the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract, Bonneville shall restrict such purchaser's contract demand for industrial firm power to the extent necessary to prevent, if possible, or minimize restriction of firm power. When possible, restrictions of industrial firm power will be made ratably with restrictions of modified firm power based on the proportion that the respective contract demands bear to one another. The extent of such restrictions shall be limited for modified firm power by section 1.2 (b) of these General Rate Schedule Provisions and for industrial firm power by the Restrictions of Deliveries Section of the General Contract Provisions of the contract.

1.5 AUTHORIZED INCREASE

An authorized increase is an amount of electric power specified in the contract in excess of the contract demand for firm power, modified firm power, or industrial firm power that Bonneville may be able to make available to the purchaser upon its request. The purchaser shall make such request in writing stating the amount of increase requested, the purpose for which it will be used, and the period for which it is needed. Such request shall be made prior to the first calendar month beginning such specified period. Bonneville will then determine whether such increase can be made available, but it shall retain the right to restrict the delivery of such increase if it determines at any subsequent time that such increase will no longer be available.

The purchaser may curtail an authorized increase, in whole or in part, at the end of any billing month within the period such authorized increase is to be made available.

1.6 FIRM ENERGY

Firm energy is energy which Bonneville assures will be available to a purchaser during the period or periods specified in the contract except during such hours as specified in the contract and when the operation of the Government's facilities used to serve the purchaser are suspended, interrupted, interfered with, curtailed, or restricted by the occurrence of any condition described in the Uncontrollable Forces or Continuity of Service Sections of the General Contract Provisions of the contract.

2.1 CONTRACT DEMAND

The contract demand shall be the number of kilowatts that the purchaser agrees to

purchase and Bonneville agrees to make available. Bonneville may agree to make deliveries at a rate in excess of the contract demand at the request of the purchaser (authorized increase), but shall not be obligated to continue such excess deliveries.

2.2 MEASURED DEMAND

Except where deliveries are scheduled as hereinafter provided, the measured demand in kilowatts shall be the largest of the 60-minute clock-hour integrated demands at which electric energy is delivered to a purchaser at each point of delivery during each time period specified in the applicable rate schedule during any billing period. Such largest 60-minute integrated demand shall be determined from measurements made as specified in the contract, or as determined in section 3.2 herein. Bonneville, in determining the measured demand, will exclude any abnormal 60-minute integrated demands due to or resulting from (a) emergencies or breakdowns on, or maintenance of, the Federal System facilities, and (b) emergencies on the purchaser's facilities, provided that such facilities have been adequately maintained and prudently operated as determined by Bonneville. For those contracts to which Bonneville is a party and which provide for delivery of more than one class of electric power to the purchaser at any point of delivery, the portion of each 60-minute integrated demand assigned to any class of power shall be determined as specified in the contract. The portion of the total measured demand so assigned shall constitute the measured demand for each such class of power.

If the flow of electric energy to a purchaser's system through two or more points of delivery cannot be adequately controlled because such points are interconnected within the purchaser's system, or the purchaser's system is interconnected directly or indirectly with the Federal System, the purchaser's measured demand for each class of power for such system for any billing period shall be the largest of the hourly amounts of such class of power which are scheduled for delivery to the purchaser during each time period specified in the applicable rate schedule.

2.3 PEAK COMPUTED DEMAND AND ENERGY COMPUTED DEMAND

The purchaser's peak computed demand for each billing month shall be the largest amount during such month by which the purchaser's 60-minute system demand exceeds its assured peaking capability.

The purchaser's average energy computed demand for each billing month shall be the amount during such month by which the purchaser's actual system average load exceeds its assured average energy capability.

a. GENERAL PRINCIPLES

(1) The assured peaking and average energy capability of each of the purchaser's systems shall be determined and applied separately.

(2) As used in this section, "year" shall mean the 12-month period commencing July 1.

(3) The critical period is that period, determined for the purchaser's system under adverse streamflow conditions adjusted for current water uses, assured storage operation, and appropriate operating agreements, during which the purchaser would

have the maximum requirement for peaking or energy after utilizing the firm capability of all resources available to its system in such a manner as to place the least requirement for capacity and energy on Bonneville.

(4) Critical water conditions are those conditions of streamflow based on historical records, adjusted for current water uses, assured storage operation, and appropriate operating agreements, for the year or years which would result in the minimum capability of the purchaser's firm resources during the critical period.

(5) Prior to the beginning of each year the purchaser shall determine the assured capability of each of the purchaser's systems in terms of peaking and average energy for each month of each year or years within the critical period. The firm capability of all resources available to the purchaser's system shall be utilized in such a manner as to place the least requirement for capacity and energy on Bonneville. Such assured capability shall be effective after review and approval by Bonneville.

(6) The purchaser's assured energy capability shall be determined by shaping its firm resources to its firm load in a manner which places a uniform requirement on Bonneville within each year of the critical period with such requirement increasing each year not in excess of the purchaser's annual load growth.

(7) As used herein, the capability of a firm resource shall include only that portion of the total capability of such resource which the purchaser can deliver on a firm basis to its load. The capabilities of all generating facilities which are claimed as part of the purchaser's assured capability shall be determined by test or other substantiating data acceptable to Bonneville. Bonneville may require verification of the capabilities of any or all of the purchaser's generating facilities. Such verification will not be required more often than once each year for operating plants, or more often than once each third year for thermal plants in cold standby status, if Bonneville determines that adequate annual preventive maintenance is performed and the plant is capable of operating at its claimed capability.

(8) In determining assured capability, the aggregate capability of the purchaser's firm resources shall be appropriately reduced to provide adequate

b. DETERMINATION OF ASSURED CAPABILITY

The purchaser's assured peaking and energy capabilities shall be the respective sums of the capabilities of its hydroelectric generating plants based on the most critical water conditions on the purchaser's system, the capabilities of its thermal generating plants based on the adverse fuel or other conditions reasonably to be anticipated; and the firm capabilities of other resources made available under contracts prior to the beginning of the year, after deduction of adequate reserves. Assured capabilities shall be determined for each month if the purchaser has seasonal storage. The capabilities of the purchaser's firm resources shall be determined as follows:

(1) Hydroelectric Generating Facilities

The capability of each of the purchaser's hydroelectric generating plants shall be determined in terms of both peaking and average energy using critical water conditions. The average energy capability shall be that capability which would be available under the storage operation necessary to produce the claimed peaking capability.

Seasonal storage shall mean storage sufficient to regulate all the purchaser's hydroelectric resources in such a manner that when combined with the purchaser's thermal generating facilities, if any, and with firm capacity and energy available to the purchaser under contracts, a uniform energy computed demand for a period of one (1) month or more would result.

A purchaser having seasonal storage shall, within 10 days after the end of each month in the critical period, notify Bonneville in writing of the assured energy capability to be applied tentatively to the preceding month; such notice shall also specify the purchaser's best estimate of its average system energy load for such month. If such notice is not submitted, or is submitted later than 10 days after the end of the month to which it applies, subject to the limitations stated herein, the assured energy capability determined for such month prior to the beginning of the year shall be applied to such month and may not be changed thereafter.

If notice has been submitted pursuant to the preceding paragraph, the purchaser shall, within 30 days after the end of the month, submit final specification of the assured energy capability to be applied to the preceding month; provided that the assured energy capability so specified shall not differ from the amount shown in the original notice by more than the amount by which the purchaser's actual average system energy load for such month differs from the estimate of that load shown in the original notice. If the assured energy capability for such month differs from that determined prior to the beginning of the year for such month, the purchaser, if required by Bonneville, shall demonstrate by a suitable regulation study based on critical water conditions that such change could actually be accomplished, and that the remaining balance of its total critical period assured energy capability could be developed without adversely affecting the firm capability of other purchaser's resources. The algebraic sum of all such changes in the purchaser's assured energy capability shall be zero at the end of the critical period or year, whichever is earlier. Appropriate adjustments in the assured peaking capability shall be made if required by any change in reservoir operation indicated by such revisions in the monthly distribution of critical period energy capability.

(2) Thermal Generating Facilities

The capability of each of the purchaser's thermal generating plants shall be determined in terms of both peaking and average energy. Such capabilities shall be based on the adverse fuel or other conditions reasonably to be anticipated. The effect of limitations on fuel supply due to war or other extraordinary situations will be evaluated at the time of occurrence.

(3) Other Sources of Power

The assured capability of other resources available to the purchaser on a firm basis under contracts shall be determined prior to each year in terms of both peaking and average energy.

c. DETERMINATION OF COMPUTED DEMAND

The purchaser's computed demand for each billing month shall be the greater of:

- (1) The largest amount during such month by which the purchaser's actual

60-minute system demand, excluding any loads otherwise provided for in the contract, exceeds its assured peaking capability for such month, or period within such month, or

(2) The largest amount for such month, or period within such month, by which the purchaser's actual system average energy load, excluding the average energy loads otherwise provided for in the contract, exceeds its assured average energy capability.

The use of computed demands as one of the alternatives in determining billing demand is intended to assure that each purchaser who purchases power from Bonneville to supplement its own firm resources will purchase amounts of power substantially equivalent to the additional capacity and energy which the purchaser would otherwise have to provide on the basis of normal and prudent operations, viz, sufficient capacity and energy to carry the load through the most critical water or other conditions reasonably to be anticipated, with an adequate reserve.

Since the computed demand depends on the relationship of capability of resources to system requirements, the computed demand for any month cannot be determined until after the end of the month. As each purchaser must estimate its own load, and is in the best position to follow its development from day to day, it will be the purchaser's responsibility to request scheduling of firm power, including any increase over previously established demands, on the basis estimated by the purchaser to result in the most advantageous purchase of the power to be billed at the end of the month.

Each contract in which computed demand may be a factor in determining the billing demand shall have attached to it as an exhibit a sample calculation of the computed demand of the purchaser for the period having the highest computed demand during the 12 months immediately preceding the effective date of the contract.

24 RESTRICTED DEMAND

A restricted demand shall be the number of kilowatts of firm power, modified firm power, industrial firm power, or authorized increase of any of the preceding classes of power which results when Bonneville has restricted delivery of such power for one (1) clock-hour or more. Such restrictions by Bonneville are made pursuant to section 8 of the General Contract Provisions for industrial firm power and pursuant to section 1.1 and 1.2 of the General Rate Schedule Provisions for firm power and modified firm power, respectively. Such restricted demand shall be determined by Bonneville after the purchaser has made its determination to accept such restriction or to curtail its contract demand for the month in accordance with section 2.5 of the General Rate Schedule Provisions.

25 CURTAILED DEMAND

A curtailed demand shall be the number of kilowatts of firm power, modified firm power, industrial firm power, or authorized increase of any of the preceding classes of power which results from the purchaser's request for such power in amounts less than the contract demand therefor. Each purchaser of industrial firm power or modified firm power may curtail its demand in accordance with the section entitled "Curtailed Deliveries and Payment Therefor" of the General Contract Provisions of the contract. Each purchaser of an authorized increase in excess of firm power, modified firm

power, or industrial firm power may curtail its demand in accordance with section 1.5 of the General Rate Schedule Provisions.

3.1 BILLING

Unless otherwise provided in the contract, power made available to a purchaser at more than one point of delivery shall be billed separately under the applicable rate schedule or schedules. The contract may provide for combined billing under specified conditions and terms when (a) delivery at more than one point is beneficial to Bonneville, or (b) the flow of power at the several points of delivery is reasonably beyond the control of the purchaser.

If deliveries at more than one point of delivery are billed on a combined basis for the convenience of the customer, a charge will be made for the diversity between the measured demands at the several points of delivery. The charge for the diversity shall be determined in a uniform manner among purchasers and shall be specified in the contract.

3.2 DETERMINATION OF ESTIMATED BILLING DATA

If the purchased amounts of capacity, energy, or the 60-minute integrated demands for energy must be estimated from data other than metered or scheduled quantities, Bonneville and the purchaser will agree on billing data to be used in preparing the bill. If the parties cannot agree on the estimated billing quantities, a determination binding on both parties shall be made in accordance with the arbitration provisions of the contract.

4.1 APPLICATION OF RATES DURING INITIAL OPERATION PERIOD

For an initial operating period, not in excess of 3 months, beginning with the commencement of operation of a new industrial plant, a major addition to an existing plant, or reactivation of an existing plant or important part thereof, Bonneville may agree (a) to bill for service to such new or reactivated plant facilities on the basis of the measured demand for each day, adjusted for power factor, or (b) if such facilities are served by a distributor purchasing power therefor from Bonneville, to bill for that portion of such distributor's load which results from service to such facilities on the basis of the measured demand for each day, adjusted for power factor. Any rate schedule provisions regarding contract demand, billing demand, and minimum monthly charge which are inconsistent with this section shall be inoperative during such initial operating period.

The initial operating period and the special billing provisions may, on approval by Bonneville, be extended beyond the initial 3 month period for such additional time as is justified by the developmental character of the operations.

5.1 ENERGY SUPPLIED FOR EMERGENCY USE

A purchaser taking firm power shall pay in accordance with Wholesale Nonfirm Energy Rate Schedule H-6 and emergency capacity Schedule F-8 for any electric energy which has been supplied (a) for use during an emergency on the purchaser's system, or (b) following an emergency to replace energy secured from sources other than Bonneville during such emergency, except that mutual emergency assistance may be provided and settled under exchange agreements.

6.1 BILLING MONTH

Meters will normally be read and bills computed at intervals of 1 month. A month is defined as the interval between meter-reading dates which normally will be approximately 30 days. If service is for less or more than the normal billing month, the monthly charges stated in the applicable rate schedule will be appropriately adjusted. Winter and summer periods identified in the rate schedules will begin and end with the beginning and ending of the purchaser's billing month having meter-reading dates closest to the periods so identified.

7.1 PAYMENT OF BILLS

Bills for power shall be rendered monthly and shall be payable at Bonneville's headquarters. Failure to receive a bill shall not release the purchaser from liability for payment. Demand and energy billings under each rate schedule application shall be rounded to whole dollar amounts, by elimination of any amount of less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

If Bonneville is unable to render the purchaser a timely monthly bill which includes a full disclosure of all billing factors, it may elect to render an estimated bill for that month to be followed at a subsequent billing date by a final bill. Such estimated bill, if so issued, shall have the validity of and be subject to the same repayment provisions as shall a final bill.

Bills not paid in full on or before the close of business of the 20th day after the date of the bill shall bear an additional charge which shall be the greater of one-fourth percent (0.25%) of the amount unpaid or \$50. Thereafter a charge on one-twentieth percent (0.05%) of the sum of the initial amount remaining unpaid and the additional charge herein described shall be added on each succeeding day until the amount due is paid in full. The provisions of this paragraph shall not apply to bills rendered under contracts with other agencies of the United States.

Remittances received by mail will be accepted without assessment of the charges referred to in the preceding paragraph provided the postmark indicates the payment was mailed on or before the 20th day after the date of the bill. If the 20th day after the date of the bill is a Sunday or other nonbusiness day of the purchaser, the next following business day shall be the last day on which payment may be made to avoid such further charges. Payment made by metered mail and received subsequent to the 20th day must bear a postal department cancellation in order to avoid assessment of such further charges.

Bonneville may, whenever a power bill or a portion thereof remains unpaid subsequent to the 20th day after the date of the bill, and after giving 30 days advance notice in writing, cancel the contract for service to the purchaser, but such cancellation shall not affect the purchaser's liability for any charges accrued prior thereto.

8.1 APPROVAL OF RATES

Schedules of rates and charges, or modifications thereof, for electric energy sold by Bonneville shall become effective only after confirmation and approval by the entity or

entities designated to confirm and approve such rates and charges by the Secretary of Energy.

9.1 AVERAGE POWER FACTOR

The formula for determining average power factor is as follows:

$$\text{Average Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{Kilowatthours})^2 + (\text{Reactive Kilovoltamperehours})^2}}$$

The data used in the above formula shall be obtained from meters which are ratcheted to prevent reverse registration.

When deliveries to a purchaser at any point of delivery include more than one class of power or are under more than one rate schedule, and it is impracticable to separately meter the kilowatthours and reactive kilovoltamperehours for each class, the average power factor of the total deliveries for the month will be used, where applicable, as the power factor for each of the separate classes of power and rate schedules.

10.1 TEMPORARY CURTAILMENT OF CONTRACT DEMAND

The reduction of charges for power curtailed pursuant to the purchaser's contract and sections 1.5 and 2.5 hereof shall be applied in a uniform manner.

11.1 GENERAL PROVISIONS

The Wholesale Rate Schedules and General Rate Schedule Provisions of the Bonneville Power Administration effective December 20, 1979, supersede in their entirety Bonneville's Wholesale Power Rate Schedules and General Rate Schedule Provisions effective December 20, 1974.

GENERAL TRANSMISSION RATE SCHEDULE PROVISIONS

1. DEFINITIONS: Capitalized terms that are used in the Transmission Rate Schedules shall be as defined below, or, if not so defined, as defined in the Agreement.
 - (a) Agreement means the transmission agreement to which this exhibit is attached.
 - (b) Annual Cost means the cost to the Government for the operation, maintenance and amortization of the Federal Transmission System facilities, or any applicable portion thereof, with interest, including an appropriate share of the general plant and administrative and general costs.
 - (c) Annual Cost Ratio means the annual cost of the Federal Transmission System, or any applicable portion thereof, divided by the investment in such system or portion thereof.
 - (d) Capacity means the load carrying capability of a transmission facility determined by use of general utility standards adopted by the Administrator for the purpose of calculating a use-of-facilities charge.
 - (e) Capacity Factor means the decimal fraction determined by dividing the average peak load carried by all comparable segments of the Federal Transmission System during the most recent heavy load periods, by the sum of their related Capacities.
 - (f) Federal Transmission System. The words Federal Transmission System or Federal Transmission System facilities mean the transmission facilities of the Federal Columbia River Power System, which for the purpose of these rate schedules are deemed to include the transmission facilities owned by the Government and operated by the Administrator, and other facilities which the Administrator uses under lease, easement, license, or exclusive use-of-facilities charge.
 - (g) Industrial Customer means a manufacturing firm which is being supplied electric power and energy under a power sales contract with the Administrator.
 - (h) Industrial Delivery means the transformation and Terminal Facilities located at a Point of Delivery to an Industrial Customer.
 - (i) Intertie means the Government's share of the 500 kV a-c and 800 kV d-c Pacific Northwest-Pacific Southwest transmission facilities extending from the vicinity of the Government's John Day and The Dalles substations to the Oregon-California and Oregon-Nevada borders, respectively.

- (j) Main Grid means that portion of the Federal Transmission System rated 230 kV and higher, exclusive of the Intertie.
- (k) Main Grid Delivery Terminal means 230 kV Terminal Facilities associated with a Point of Delivery.
- (l) Main Grid Distance means the distance in airline miles on the Main Grid between the Point of Interconnection and the Point of Delivery, multiplied by 1.15.
- (m) Main Grid Interconnection Terminal means the Main Grid Terminal Facilities located at the Point of Interconnection.
- (n) Main Grid Miscellaneous Facilities means switching, transformation and other backup facilities of the Main Grid required to integrate the Main Grid.
- (o) Main Grid Terminal means Terminal Facilities on the Main Grid adjacent to the Secondary System.
- (p) Point of Delivery and Point of Interconnection mean such point or points as are specified in the Agreement.
- (q) Replacement Energy means non-Federal energy acquired for another entity by the Administrator for delivery in lieu of Federal non-firm energy which has been restricted.
- (r) Secondary System means that portion of the Federal Transmission System facilities exclusive of Main Grid facilities, Intertie facilities, and lower voltage Federal Transmission System facilities which may be used on a use-of-facility basis.
- (s) Secondary System Delivery Terminal means a Point of Delivery from a Main Grid substation at 115 kV, or a terminal located at a Point of Delivery from the Secondary System.
- (t) Secondary System Distance means the number of circuit miles of Secondary System transmission line between the Main Grid and the Point of Delivery or the lower voltage Federal Transmission System facilities which may be used on a use-of-facility basis, as specified in the Agreement.
- (u) Secondary System Interconnection Terminal means the first Terminal Facility in the Secondary System.
- (v) Secondary System Intermediate Terminal means the final Terminal Facilities in the Secondary System.
- (w) Secondary Transformation means transformation from Main Grid to Secondary System facilities.

(x) Terminal Facilities means Federal Transmission System facilities interconnecting a transmission line with a switching station or a substation, or such Federal facilities interconnecting with another entity's facilities at a Point of Delivery or a Point of Interconnection. Terminal Facilities normally consist of a power circuit breaker, associated protective equipment, and appurtenant structures.

2. TRANSMISSION CONTRACT DEMAND: The Transmission Contract Demand shall be the number of kilowatts specified in the Agreement for transmission over the Federal Transmission System facilities.
3. MEASURED DEMAND: The Measured Demand is the maximum Integrated Demand for a billing month determined from measurements made as specified in the Agreement or as determined in section 7 hereof when metering or other data are not available for such purpose. The Administrator, in determining the Measured Demand, will exclude any abnormal Integrated Demands due to, or resulting from (a) emergencies or breakdowns on, or maintenance of, the Federal Transmission System facilities, and (b) emergencies on facilities of the Transferee, provided that such facilities have been adequately maintained and prudently operated as determined by the Administrator.

If the Agreement provides for delivery of more than one class of power to the Transferee at any Point of Delivery, the portion of each Integrated Demand assigned to any class of power shall be determined as specified in the Agreement. The portion of the Integrated Demand so assigned shall constitute the Measured Demand for such class of power.

4. SCHEDULED DEMAND: The Scheduled Demand is the maximum hourly demand, in kilowatts, at which electric power and energy is scheduled by the Transferee to the Administrator for transmission under the terms of the Agreement.
5. AVERAGE POWER FACTOR: The formula for determining Average Power Factor (Power Factor) is as follows:

$$\text{Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{kilowatthours})^2 + (\text{Reactive kilovoltamperehours})^2}}$$

In applying the above formula, the meter for measurement of reactive kilovoltamperehours will be ratcheted to prevent reverse registration.

When a class of electric power and energy delivered by the Administrator at any point is commingled with any other class or classes of power and it is impracticable to meter separately .

the kilowatthours and reactive kilovoltamperehours for each class, the Power Factor of the total delivery of such electric power and energy for the month will be used, where applicable, as the Power Factor for each of the separate classes.

Except as it is otherwise specifically provided in the Agreement, no adjustment will be made for Power Factor at any point of delivery described in the Agreement when the varhours delivered at such point are not measured.

6. BILLING MONTH: Bills for transmission service are normally computed at intervals of approximately 30 days, not always on a calendar month basis.
7. DETERMINATION OF ESTIMATED BILLING DATA: If the Integrated Demands for electric energy must be estimated from data other than metered or scheduled quantities, the Administrator and the Transferee will agree on billing data to be used in preparing the bill. If the parties cannot agree on the estimated billing quantities, a determination binding on both parties shall be made in accordance with the arbitration provisions of the Agreement.
8. PAYMENT OF BILLS: Bills for transmission service are rendered monthly and are payable at the Office of the Administrator. Failure to receive a bill does not release the Transferee from liability for payment. Billings under each rate schedule application are rounded to whole dollar amounts, by elimination of any amount of less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

If the Administrator is unable to render the Transferee a timely monthly bill which includes a full disclosure of all billing factors, he may elect to render an estimated bill for that month to be followed at a subsequent billing date by a final bill. Such estimated bill, if so issued, has the validity of, and is subject to, the same payment provisions as a final bill.

Bills not paid in full on or before the close of business of the twentieth day after the date of the bill bear an additional charge which is the greater of one-fourth percent of the amount unpaid or \$50. Thereafter, a charge of one-twentieth percent of the sum of the initial amount remaining unpaid and the additional charge herein described is added on each succeeding day until the amount due is paid in full. The provisions of this paragraph do not apply to bills rendered under contracts with other agencies of the United States.

Remittances received by mail will be accepted without assessment of the charges referred to in the preceding paragraph provided the postmark indicates the payment was mailed on or before the twentieth day after the date of the bill. If the twentieth day after the

date of the bill is a Sunday or other nonbusiness day of the Transferee, the next following day is the last day on which payment may be made to avoid such further charges. Payment made by metered mail and received subsequent to the twentieth day must bear a postal department cancellation in order to avoid assessment of such further charges.

The Administrator may, whenever a transmission bill or a portion thereof remains unpaid subsequent to the twentieth day after the date of the bill, and after giving 30 days' advance notice in writing, cancel the Agreement, but such cancellation does not affect the Transferee's liability for any charges accrued prior thereto.

9. APPROVAL OF RATES: Schedules of rates and charges, or modifications thereof, for transmission of electric power and energy by the Administrator shall become effective only after confirmation and approval by the Federal Power Commission.

3-9-81

AMENDATORY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

and

INDUSTRIES

and

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

Relating to Longview Fibre Energy

This AMENDATORY AGREEMENT, executed _____, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), LONGVIEW FIBRE COMPANY (Company), each of the industrial customers listed in Exhibit A (hereinafter called "Industry", and collectively called "Industries"), and the PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (Agency),

W I T N E S S E T H :

WHEREAS the parties hereto have executed, or simultaneously with this amendatory agreement are executing, Contract No. DE-MS79-81BP90188 providing for the sale of Longview Fibre Energy to the Industries (hereinafter referred to as "Primary Agreement"); and

WHEREAS the parties desire to amend said Primary Agreement as provided herein; and

WHEREAS Bonneville is authorized pursuant to law to provide transmission and other services and to dispose of electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

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

1. Effective Date of Agreement. This amendatory agreement shall be effective as of 2400 hours on June 30, 1980.

2. Amendment of Primary Agreement. The Primary Agreement is hereby amended as follows:

(a) Section 1 is replaced by the following:

"1. Term of Agreement. This agreement shall be effective as of 2400 hours on June 30, 1980, and shall terminate upon the earlier of either:

(a) 2400 hours on June 30, 1983, or

(b) the termination of the Interim Agreements and/or replacement of such agreements by new power sales contracts between each Industry and Bonneville, but only if the amount of Longview Fibre Energy not yet made available by the Company under this agreement has been purchased by Bonneville under another agreement entered into among Bonneville, the Company, and the Agency and consented to by the Industries.

"If this agreement is not terminated under the above provisions, and if new power sales contracts, agreements supplemental thereto or

an amendment to the IRE agreement executed subsequent to this agreement include provisions which conflict with provisions of this agreement and such provisions are not less favorable to the Company and the Agency than the provisions in this agreement, the parties shall be governed by the terms of this agreement as modified by such later provisions.

"If any of the events described above has occurred with respect to one or more but not all Industries, this agreement shall terminate or its provisions shall be deemed modified as to those Industries to which such event applies and survive as to the remaining Industries for the pro rata amount of Longview Fibre Energy allocated to the latter according to their respective Percentage Shares. All obligations accrued under this agreement and unsatisfied at termination shall survive until satisfied."

(b) Section 2(g) is replaced by the following:

"(g) "Federal System" shall mean the facilities of the Federal Columbia River Power System, and facilities: (1) from which Bonneville schedules and receives all or a portion of the generating output (other than station service) for use in meeting Bonneville's loads, such facilities being included only to the extent Bonneville may so schedule and receive such output, or which are owned or controlled by the Government under the jurisdiction of Bonneville, (2) which Bonneville may use under lease, easement, or license; or (3) constructed pursuant to the Treaty between the United States and Canada relating to the cooperative development of water resources of the Columbia River Basin, signed in Washington, D.C., on January 17, 1961; provided, however, that "Bonneville's loads" shall not include loads of its customers which are served by non-Federal generation

resources purchased or owned directly by such customers which may be scheduled by Bonneville."

- (c) The second sentence of section 9(a) is replaced by the following:

"Subject to such determination, if in any Calendar Week the amount of Longview Fibre Energy delivered to Bonneville for an Industry is greater than the amount of such Longview Fibre Energy taken by such Industry, Bonneville shall store the excess energy, adjusted for transmission losses."

- (d) Section 9(c) is replaced by the following:

"(c) At any time when (1) all Federally controlled reservoirs from which water was released to make the Advanced Longview Fibre Energy available (Reservoirs) are full or at or above the maximum elevation permitted by flood control requirements, (2) water is released from the Reservoirs for the primary purpose of providing space for flood control, or (3) Bonneville determines that it does not need the return of the Advanced Longview Fibre Energy and Head Loss Energy pursuant to subsection (b) above, each Industry shall be relieved of its obligation to return such Advanced Longview Fibre Energy and Head Loss Energy and shall forward payment to Bonneville. Each Industry shall pay for such Advanced Longview Fibre Energy and Head Loss Energy pursuant to section 10(b)(2)(iii)."

- (e) Section 10(a) is replaced by the following:

"(a) Subject to the provisions of sections 12, 13, 14, and 15 hereof, each Industry shall pay Bonneville for services provided in the previous month. Payments shall be made as follows:

"(1) On or before the tenth of each month, each Industry shall pay to Bonneville an amount obtained by multiplying \$60,000 by such Industry's Percentage Share, for Longview Fibre

Energy availability. If the Company is unable to make 45 average megawatts of Longview Fibre Energy available during a month due to physical limitations on its generating capacity which is not covered by the provisions of sections 12, 13, 14, and 15, the Company will determine an average megawatt availability which will be used to reduce the \$60,000 monthly payment; such reduced payment shall be determined by multiplying \$60,000 by a fraction, the numerator of which will be the average megawatt availability determined by the Company and the denominator of which equals 45 average megawatts. Refunds of payments made in excess of the reduced charge shall be made by Bonneville as soon as practicable.

"(2) Promptly upon receipt of a bill from Bonneville, each Industry shall pay its share of the Monthly Variable Energy Charge and annual state taxes, if and to the extent Longview Fibre Energy made available hereunder becomes subject to such taxes. Such share shall be determined by multiplying the sum of the Monthly Variable Energy Charge and one-twelfth of the estimated applicable annual state taxes by a fraction, the numerator of which is the amount of Longview Fibre Energy delivered by the Company to Bonneville for such Industry's account during such previous month and the denominator of which is the total amount of Longview Fibre Energy delivered by the Company to Bonneville during such previous month.

"In addition, each Industry shall pay its portion of any restart charge allocated to it pursuant to section 4.

"The Company shall pay all applicable state taxes, including interest and penalties, if any, and the Industries

agree to reimburse and indemnify the Company therefor. The Company agrees to consult with the Industries on an individual basis prior to paying any state tax claimed to be due on account of the manufacture and generation of energy hereunder and to assert all reasonable defenses and objections to any such tax at the request and expense of the Industry or Industries objecting."

(f) Section 10(b)(2)(ii) is replaced by the following:

"(ii) for advance delivery services by Bonneville pursuant to section 9(b), an amount determined as the product of 2.0 mills and the sum of (A) the Advanced Longview Fibre Energy, determined as the difference between the energy taken hereunder by such Industry and actually used in its own load during the month (excluding deliveries of Stored Energy which are so used) and the amount of Longview Fibre Energy delivered to Bonneville for such Industry's account in the same month (excluding transmission losses), and (B) the Head Loss Energy."

(g) The second sentence of the last paragraph of section 12 is replaced by the following:

"The Company may reduce the 30-day notice requirement by the number of days by which either (1) a notice of restriction received by the Company is, or (2) knowledge of serious impairment is available to the Company for, less than 30 days."

(h) Section 13 is replaced by the following:

"13. Preemption by Bonneville. If Bonneville determines at any time during the term hereof that Longview Fibre Energy is reasonably required by Bonneville during the remainder of any Operating Year to permit Bonneville to meet its firm power obligations, including its obligations to deliver Industrial Firm Power, Bonneville may preempt

from the Industries, for Bonneville's own system use, any part or all of Longview Fibre Energy not yet delivered to the Industries, subject to the following.

"(a) Bonneville shall first preempt Longview Fibre Energy which has not yet been generated by the Company pro rata as to the Industries otherwise entitled to receive such energy less an amount equal to the amount of Advanced Longview Fibre Energy.

"(b) Bonneville shall next preempt Stored Energy pro rata as to the Industries otherwise entitled to receive such energy. Bonneville shall give each Industry written notice that Bonneville intends to preempt Stored Energy hereunder. Each Industry by written notice to Bonneville may then designate as reserved to provide Advance Replacement Energy an amount of Stored Energy equal to such Industry's potential obligation to provide Advance Replacement Energy for that Operating Year under its Interim Agreement. Upon such notice by an Industry, such Industry's Stored Energy so designated shall not be available for preemption by Bonneville hereunder, but upon requesting Advance Replacement Energy pursuant to the Interim Agreement Bonneville shall have the right to the immediate use of any Stored Energy designated. Bonneville shall return the amount of such Industry's Stored Energy in excess of its Advance Replacement Energy which is used by Bonneville hereunder at a rate no slower than the rate at which Advance Replacement Energy is returned to Bonneville from sources other than Stored Energy. Alternatively, the Industries reserving Stored Energy which is used by Bonneville may cancel designation of such Stored Energy as reserved and Bonneville shall preempt such energy which has not been returned pursuant to this section.

"Designation pursuant to this section shall not be effective if Bonneville, in the same notice as its intent to preempt hereunder, (1) requests the return of Advance Replacement Energy, (2) preempts Longview Fibre Energy pursuant to subsection (a) above and acquires all energy which Bonneville then has a right to preempt or otherwise acquire from the Industries, and (3) notifies the Industries of an actual restriction pursuant to section 8(d)(F) of Exhibit C attached to Exhibit A of the Interim Agreements where the sum of such requests, acquisitions, preemptions, and restrictions is an amount of energy equal to the sum of: (i) the amount of Advance Replacement Energy for such Operating Year; (ii) the amount of Longview Fibre Energy subject to preemptions under subsection (a) and all other energy which Bonneville is able to preempt or otherwise acquire from the Industries; (iii) the amount of Longview Fibre Energy subject to preemption under this subsection; and (iv) the maximum amount of energy subject to restriction for all Industries during such Operating Year as specified in the notice of restriction given pursuant to section 8(d)(A) of Exhibit C attached to Exhibit A of the Interim Agreements. If the sum of such requests, preemptions and restrictions is an amount of energy less than the sum of (i), (ii), (iii), and (iv) but greater than the sum of (i), (ii), and (iv), such designation shall not be effective with respect to only the excess over (i), (ii), and (iv).

"(c) Bonneville will attempt to avoid preempting Longview Fibre Energy under this section by operating the Federal System in a manner which is consistent with Bonneville's determination of prudent operating criteria for meeting firm obligations for electric power

and energy, and which minimizes the need to preempt Longview Fibre Energy.

"(d) During periods Bonneville has preempted Longview Fibre Energy under this section, Bonneville will operate the Federal System in the manner provided in section 8(d)(J) of Exhibit C attached to Exhibit A of the Interim Agreements.

"(e) Before preempting Longview Fibre Energy under this section, Bonneville shall acquire all electric power and energy then available at a price less than the price of Longview Fibre Energy.

"(f) In the event Bonneville preempts Longview Fibre Energy pursuant to this section, the Industries will be reimbursed by Bonneville for:

"(1) payments under section 10(a)(1) proportionate to the amount of Longview Fibre Energy preempted under this section; provided that Bonneville shall reimburse the Industries for the total of all payments made pursuant to section 10(a)(1) in any Operating Year in which Bonneville exercises its right of preemption under this section, in the proportion that the total amount of Longview Fibre Energy preempted by Bonneville in that Operating Year bears to the total amount of Longview Fibre Energy the Company delivers to Bonneville pursuant to section 5(d) in such Operating Year;

"(2) payments under sections 10(a)(2), proportionate to the amount of Longview Fibre Energy preempted under this section;

"(3) payments for transmission charges pursuant to section 10(b)(2)(iv), proportionate to the amount of Longview Fibre Energy preempted under this section; and

"(4) payments for Agency costs levied under section 10(b)(1) proportionate to the amount of Longview Fibre Energy preempted under this section.

"(g) Before making a restriction of Industrial Firm Power under section 8(d) of Exhibit C attached to Exhibit A of the Interim Agreement with each Industry, Bonneville shall (1) preempt Longview Fibre Energy pursuant to this section and (2) take all appropriate measures to avoid making such a restriction. Such measures shall include, but not be limited to, the purchase of electric power and energy then available to Bonneville, including electric power and energy available to Bonneville under its contracts with the industries, at a price Bonneville determines is reasonable; but such measures shall not include mandatory curtailment or requests for mandatory curtailment of its other firm power supply obligations. Nothing in this subsection shall be construed to amend section 8(d)(G) of Exhibit C attached to Exhibit A of the Interim Agreement.

"(h) In consideration of Bonneville's rights to preempt energy from the Industries pursuant to this section and in addition to the reimbursement provided for in subsection (f) above, Bonneville shall pay each Industry from which energy was preempted for its share of the amount of Longview Fibre Energy so preempted which is used to enable Bonneville to meet its firm power obligations to customers other than the Industries. Such amount of energy shall be determined as follows:

$\left(\frac{L}{P}\right)$ (P-A)

where:

"L = an amount in kilowatthours equal to the sum of: (1) the Longview Fibre Energy generated during the Period of Restriction and preempted pursuant to subsection (a) above and (2) the Longview Fibre Energy preempted pursuant to subsection (b) above multiplied by the ratio of the hours in the Period of Restriction to the hours in the period from the date that Bonneville preempts such energy until the end of the Period of Restriction;

"P = the sum of: (1) the amount of energy in kilowatthours generated during the Period of Restriction and preempted or acquired pursuant to: (i) subsection (a) above; (ii) contracts with terms similar to subsection (a) above; and (iii) the IRE Agreements excluding any advanced IRE Energy; and (2) the amount of energy in kilowatthours which has been generated, but not yet delivered to the Industries prior to preemption hereunder, pursuant to: (i) subsection (b) above, (ii) contracts with terms similar to subsection (b) above and (iii) the IRE Agreements with each amount in (2)(i), (2)(ii), and (2)(iii) multiplied by the ratio of the hours in the Period of Restriction to the hours in the period from the date that Bonneville sends notice of intent to purchase such energy until the end of the Period of Restriction;

"A = the amount of energy in kilowatthours Bonneville would serve to the Industries in excess of 50 percent of the Industries' contract demand under the Interim Agreements which is determined by subtracting the amount of Industrial Firm Power restricted under section 8(d) of Exhibit C attached to

Exhibit A of such contracts for all Industries from an amount determined by multiplying 25 percent of the contract demand for all Industries under such contracts times the hours in the Period of Restriction; if such remainder is a negative number, A shall equal zero.

"Payment for such energy shall be as determined by Bonneville, based on part or all of the Industries' share of the value of the Industrial Firm Power used as reserves for Bonneville's firm power supply obligations. Bonneville shall pay each Industry, as soon as practicable after the end of each Period of Restriction, any amount due pursuant to this subsection. Such payment shall be zero if A is equal to or greater than P."

3. Execution by Counterpart. This amendatory agreement may be executed in a number of counterparts and shall be deemed to constitute a single document with the same force and effect as if all the parties hereto having signed a counterpart had signed all other counterparts. Each party shall deliver a signed counterpart to Bonneville, who will prepare a composite conformed copy and deliver the same to each party. This amendatory agreement shall become effective as to all of the parties on the effective date when counterparts have been signed by all of the Industries, Bonneville, the Agency and the Company.

IN WITNESS WHEREOF, the parties hereto have executed this amendatory

agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By _____
Bonneville Power Administrator

LONGVIEW FIBRE COMPANY

By _____
Title _____

ATTEST:

By _____
Title _____

AGENCY

By _____
Title _____

ATTEST:

By _____
Title _____

INDUSTRY

By _____
Title _____

ATTEST:

By _____
Title _____

WP PCI 3233A

Revision No. 1
 EXHIBIT A, Page 1 of 2
 Table 1
 Contract No. DE-MS79-81BP90188
 Effective at 2400 hours on
 June 30, 1980

INDUSTRIAL PARTICIPANTS IN LONGVIEW FIBRE ENERGY 1/

This Revision deletes those Industries who have elected not to participate in the Primary Agreement. Percentage Shares for the remaining Industries have been recomputed.

<u>Industry</u>	<u>Contract Demand (MW)</u>	<u>Percentage Share</u> <u>2/</u>
Aluminum Co. of America	520.00	15.80
Anaconda Aluminum Co.	378.60	11.51
Carborundum Co.	29.75	.90
Crown Zellerbach	13.60	.41
Hanna Nickel Smelting Co.	113.28	3.44
Intalco Aluminum Corp.	409.33	12.44
Kaiser Aluminum & Chem. Corp.	670.00	20.36
Martin Marietta Aluminum Inc.	409.07	12.43
Pennwalt Corp.	45.33	1.38
Reynolds Metals Co.	689.50	20.96
Union Carbide Corp.	<u>12.00</u>	<u>.37</u>
	3290.46	100.00

1/ Based on July 1, 1980 contract demands at 0001 hours.

2/ For the period beginning 2400 hours June 30, 1980, through 2400 hours June 30, 1981.

Revision No. 1
 EXHIBIT A, Page 2 of 2
 Table 2
 Contract No. DE-MS79-81BP90188
 Effective at 2400 hours on
 June 30, 1981

INDUSTRIAL PARTICIPANTS IN LONGVIEW FIBRE ENERGY 1/

This Revision deletes those Industries who have elected not to participate in the Primary Agreement. Percentage Shares for the remaining Industries have been recomputed.

<u>Industry</u>	<u>Contract Demand (MW)</u>	<u>Percentage Share</u> <u>2/</u>
Aluminum Co. of America	520.00	15.86
Anaconda Aluminum Co.	378.60	11.55
Carborundum Co.	29.75	.91
Crown Zellerbach	13.60	.41
Hanna Nickel Smelting Co.	113.28	3.45
Intalco Aluminum Corp.	409.33	12.49
Kaiser Aluminum & Chem. Corp. 670.0	670.00	20.44
Martin Marietta Aluminum Inc.	409.07	12.48
Pennwalt Corp.	45.33	1.38
Reynolds Metals Co.	<u>689.50</u>	<u>21.03</u>
	3,278.46	100.00

1/ Based on July 1, 1980 contract demands at 0001 hours.

2/ For the period beginning 2400 hours June 30, 1981.

Revision No. 1
EXHIBIT D Page 1 of 1
Contract No. DE-MS79-81BP90188
Effective at 2400 hours on
June 30, 1980

POINTS OF INTERCONNECTION

This Revision changes the description of the point of metering for the Cowlitz 115 kV point of delivery.

(1) THE COWLITZ 13.8 kV POINT OF INTERCONNECTION:

Location: the points in the Government's Cowlitz Substation where the 13.8 kV facilities of Bonneville and the Agency are connected;

Voltage: 13.8 kV;

Metering: in the system of the Company, in the 13.8 kV generator bus over which such electric power and energy flows;

(2) THE COWLITZ 115 kV POINT OF INTERCONNECTION:

Location: the point in the Government's Cowlitz Substation where the 115 kV facilities of Bonneville and the Agency are connected;

Voltage: 115 kV;

Metering: in the system of the Company, in the 13.8 kV generator bus over which such electric power and energy flows.

1-8-80

AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

and

INDUSTRIES

and

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

Relating to Longview Fibre Energy

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This AGREEMENT, executed March 5; 1980, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), LONGVIEW FIBRE COMPANY (Company), each of the industrial customers listed in Exhibit A which executes this agreement (hereinafter called Industry, and collectively called Industries), and the PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (hereinafter called Agency),

W I T N E S S E T H :

WHEREAS Bonneville at the request of the Company and the Industries has agreed to make available to the Industries, under the terms of this agreement, 45 average megawatts of electric energy each week, adjusted for transmission losses, from generation at facilities belonging to the Company and available to Bonneville during the term of this agreement (Longview Fibre Energy); and

WHEREAS the Agency has agreed to provide metering services and to transmit Longview Fibre Energy from the Company's generating facilities to the Federal System; and

WHEREAS Bonneville at the request of the Company and the Industries has agreed to serve as agent in the scheduling and delivery of Longview Fibre Energy in consultation with the Industries on an individual basis, and as trustee to establish and manage a trust deposit in the Bonneville Fund (Trust Deposit) for the purposes of this agreement; and

WHEREAS Bonneville is authorized pursuant to law to provide transmission and other services and to dispose of electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, and to enter into related agreements;

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

1. Term of Agreement. This agreement shall be effective at 2400 hours on December 31, 1979, and shall terminate at 2400 hours on June 30, 1980, but all liabilities accruing hereunder are hereby preserved until satisfied.

2. Exhibits and Terms and Definitions.

(a) Exhibits A through E are hereby made part of this agreement. Each of the Industries shall be the "Transferee" mentioned in Exhibit C and the Agency and Bonneville shall each be the "Transferor" therein mentioned. Exhibit A attached to this agreement specifies for each participating Industry the Percentage Share of Longview Fibre Energy it has subscribed.

(b) The deliveries of Longview Fibre Energy, or sale of nonfirm energy pursuant to section 9(c), to each Industry hereunder shall be subject to the appropriate terms and conditions of its power sales contract with Bonneville.

(c) The deliveries of Longview Fibre Energy by the Agency to Bonneville shall be subject to the appropriate terms and conditions of such Agency's power sales contract with Bonneville.

(d) "Calendar Week" shall mean the period from 2400 hours on Saturday through 2400 hours the following Saturday.

(e) "Impaired Production Periods" shall mean, to the extent Longview Fibre Energy cannot be generated, transmitted or received, the periods of (1) forced outages, (2) scheduled annual maintenance which will usually be between the approximate dates of July 1 and July 7, and December 22 and December 28, whose combined duration shall not exceed 760 hours in any one operating year, (3) withdrawals pursuant to section 12, (4) Uncontrollable Forces and (5) shutdowns described in section 14.

(f) "Monthly Variable Energy Charge" shall mean the charge determined pursuant to section 11.

(g) "Operating Year" shall mean the period July 1 through the following June 30; provided, however, that the first Operating Year shall begin on January 1, 1980, and end on June 30, 1980.

(h) "Percentage Share" shall mean each Industry's share, as set forth in Exhibit A, of Longview Fibre Energy made available by the Company and which Bonneville has agreed to deliver.

(i) "Points of Delivery" shall mean the point or points of delivery specified for each Industry in its power sales contract with Bonneville.

(j) "Points of Interconnection" shall mean the point or points of interconnection specified for the Agency in Exhibit D as described in such Agency's power sales contract with Bonneville (Contract No. 14-03-55775, as amended).

(k) "System" shall have the meaning as defined in Exhibit C.

(l) "Uncontrollable Forces" means:

(1) strikes or work stoppage affecting the operation of the Company's and/or Industry's works, system, or other physical facilities upon which such operation is completely dependent, or of the system of Bonneville or of the Agency; the term "strikes or work stoppage" shall include threats of imminent strikes or work stoppage which reasonably require a party to restrict or terminate its operation to prevent substantial loss or damage to its works, system, or other physical facilities; or

(2) such of the following events, as any party, by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

(i) events, reasonably beyond the control of the party having jurisdiction thereof, causing failure, damage, or destruction of any such works, system or facilities; the word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such works, system or facilities; or

(ii) floods which limit or prevent the operation of, or which constitute an imminent threat of damage to, any such works, system or facilities; or

(iii) orders and temporary or permanent injunctions which prevent operation, in whole or in part, of the system of Bonneville or the Agency, or of the works, system or facilities of the Company or an Industry, and which are issued in any bona fide proceeding by:

(A) any duly constituted court of general jurisdiction; or

(B) any administrative agency or officer provided by law if (I) Bonneville, the Agency, Company or Industry, as the case may be, has no right to a review of the validity of such order by a court of competent jurisdiction, or (II) such order is operative and

effective unless suspended, set aside, or annulled by a court of competent jurisdiction and such order is not suspended, set aside, or annulled in a judicial proceeding prosecuted by Bonneville, the Agency, Company or Industry in good faith; provided, however, that if such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect; provided, further, that Bonneville, the Agency, Company or Industry shall not be required to prosecute such a proceeding, in order to have the benefits of this section, if the parties agree that there is no valid basis for contesting the order.

3. Generation and Delivery of Longview Fibre Energy. Subject to the conditions described in sections 4, 5, 12, 13 and 14, the Company shall make available to the Agency for delivery to Bonneville for the purposes and duration of this agreement, 45 average megawatts of electrical energy each Calendar Week, exclusive of Impaired Production Periods. The Company expects to use backpressure turbines to the fullest extent possible to generate Longview Fibre Energy. If backpressure turbines are not available, the Company will generate Longview Fibre Energy using such other generating resources of the Company as the Company may, in its sole judgement, determine are available and will supply such energy for delivery to Bonneville at Points of Interconnection specified hereunder, or at other points as may be mutually agreed from time to time by the Company, the Agency, and Bonneville, as the case may be.

4. Operation of Generating Facilities.

(a) Except for Impaired Production Periods, the Company, in each Calendar Week, if requested by Bonneville, shall operate its generating facilities to produce 45 average megawatts of electric energy.

(b) In any Operating Year, Bonneville, after consultation with the Industries on an individual basis, shall determine if and when Longview Fibre Energy is surplus to the needs of the Industries taking into account the current requests for Longview Fibre Energy by the Industries, availability of nonfirm energy, availability of energy to the Industries from existing storage in the Federal System and availability of storage on the Federal System. Upon 10 days' written notice from Bonneville, the Company shall reduce generation and delivery of Longview Fibre Energy to the level requested by Bonneville. Bonneville, on five days' notice, may require the Company to restart all or a portion of its generating facilities up to a total capacity of 45 megawatts. If the period of time between shutdown and restart of a particular Company generating facility exceeds 30 days, as a result of requests by Bonneville, the Company shall be reimbursed its actual startup expenses, not to exceed \$1,000.00 per restart, from the Trust Deposit provided for herein; provided, however, that no charge shall be made for the first startup in any Operating Year. Such startup expenses shall be allocated to the Industry or Industries receiving Longview Fibre Energy from the restarted generating facilities during the period that the restart operation is in effect, but not to exceed 90 days following such restart, in the ratio that the amount of energy from such restarted generating facilities received by each Industry during such restart period bears to the amount of energy from such restarted generating facilities received by all the Industries during such period.

(c) Bonneville shall require restart and delivery of all or the appropriate portion of Longview Fibre Energy upon the request of Industries entitled to at least 25 percent thereof.

5. Forecasts, Scheduling, Delivery of Energy to Bonneville, and Metered Amounts.

(a) After consultation with the Industries on an individual basis, Bonneville, in advance of each Operating Year and from time to time as it deems appropriate,

will prepare for the use of the Company, forecasts of the amounts of energy Bonneville estimates may be purchased under this agreement for the ensuing Operating Year. The Company shall provide Bonneville, in advance of each Operating Year and from time to time upon Bonneville's request, its forecast of backpressure turbine availability and other energy availability and the probable source thereof. The Company shall provide Bonneville at least two days' written notice of scheduled generation shutdown and at least five days' written notice of scheduled startup.

(b) Bonneville, at least 10 days in advance of each calendar month, shall notify the Company of the amount of energy it estimates will be required for the Industries during such month. If for any month the amount of energy so requested must be revised, Bonneville (1) upon five days' prior notice to the Company may request an increase, but not at a delivery rate in excess of 45 megawatts without the Company's consent and (2) upon 10 days' prior notice may request a decrease in the amount of energy to be scheduled hereunder, and the Company shall adjust its generation accordingly.

(c) Upon the prior request of Bonneville for energy deliveries hereunder, the Company, at least 12 hours prior to the date of operation, shall provide or arrange to have provided to Bonneville a schedule of the planned hourly generation for each day. If conditions change substantially, and a revision in such schedule of generation becomes necessary, the Company shall promptly notify Bonneville of such revision.

(d) The Company shall deliver the energy generated at its generating facility to the Agency at the Company's point of interconnection with such Agency. The Agency shall transmit such energy to Bonneville at the Point(s) of Interconnection specified in Exhibit D.

(e) The Company shall notify or arrange to notify Bonneville at the end of each Calendar Week of the total energy generated in each hour of such week by each generator. However, the amount of electrical energy delivered during each

month by the Company shall be the amount verified by the Agency from meters at the Company's generating facilities. Such metered amounts shall be totaled and submitted each month by the Agency to Bonneville and the Company.

(f) In addition to the conditions specified in subsection (b) above, during periods when Bonneville determines that Federal System operations can be materially improved by adjusting schedules of energy hereunder, it may request the Company to adjust its scheduled operations, and the Company to the extent its plant operations permit, shall comply with such request within a reasonable time.

(g) All forecasts, schedules and notices affecting or proposing a change in the delivery rate of energy hereunder shall be provided to the Agency at the same time such forecasts, schedules and notices are provided to any other party to this agreement.

6. Conditions of Delivery to the Federal System. The Company shall operate its generating facilities in a manner consistent with its contractual obligations with the Agency. The Agency shall operate its system at the Points of Interconnection with the Federal System in a manner consistent with the terms of its power sales contract with Bonneville. For the purpose of any power factor calculation under a power sales contract between Bonneville and the Agency, the actual meter readings at the respective Points of Interconnection shall be used without regard to the kilowatthours or kilovarhours of energy delivered hereunder; provided, however, that if operation under this agreement adversely affects the power factor of the Agency under its power sales contract with Bonneville, the parties agree to make adjustments for kilowatthours and kilovarhours of Longview Fibre Energy delivered for the purpose of calculating power factor under such power sales contract. If it becomes necessary to implement the above adjustments, appropriate metering shall be provided subject to agreement by the Company, Bonneville and the Agency.

7. Delivery of Energy to the Agency. Bonneville, to satisfy its obligations for deliveries of electric power and energy to the Agency under the Agency's power sales contract with Bonneville and to compute the monthly power billing for such deliveries, shall make appropriate adjustment for the amounts of electric power and energy, excluding kilowarhours unless adjusted or metered pursuant to section 6 delivered to the Agency from the Company's generating facilities. If at any time a change occurs at a Point of Interconnection, or the Point of Interconnection is changed for the Agency, a revised Exhibit D shall be executed by Bonneville and the Agency, incorporated herein and the billing to the Agency shall be adjusted accordingly.

8. Delivery of Longview Fibre Energy to the Industries and Transfer Thereof. When requested by an Industry, Bonneville, subject to the provisions of section 2(b), shall deliver the Industry's Percentage Share of Longview Fibre Energy received from the Agency at the Industry's Point(s) of Delivery, adjusted for transmission losses pursuant to section 2 of Exhibit B.

From time to time an Industry may transfer to another Industry all or a part of its Percentage Share of Longview Fibre Energy. Such transfer shall be effective upon notice to Bonneville from the Industries participating in the transfer. Upon receipt of such notice by Bonneville, the column headed "Percentage Share" in Exhibit A shall be deemed to be modified accordingly.

Upon the request of an Industry, Bonneville shall use its best efforts to enter into agreements to transfer all or any portion of the Longview Fibre Energy to which that Industry is entitled hereunder, to another customer or customers of Bonneville, including customers outside the Pacific Northwest, under terms and conditions which are mutually acceptable to such Industry, Bonneville, and the other customer or customers.

9. Storage, Advance of Longview Fibre Energy and Payment Therefor.

(a) .When requested by an Industry, Bonneville will store an Industry's share of Longview Fibre Energy from time to time during the term of this agreement to the extent Bonneville determines space is available for that purpose on the Federal System. Subject to such determination, if in any Calendar Week the Percentage Share of Longview Fibre Energy delivered to Bonneville for an Industry is greater than the amount of such Longview Fibre Energy taken by such Industry, Bonneville shall store the excess energy, adjusted for transmission losses. Stored energy will be delivered later at times, rates of delivery, and amounts mutually agreed upon by Bonneville and the Industry; provided, however, that if Bonneville determines that the continued storage of Longview Fibre Energy for an Industry will require the spill of water on the Federal System, Bonneville may designate Longview Fibre Energy stored hereunder as spilled and deemed to be a delivery of Longview Fibre Energy.

At the earliest date practicable, Bonneville shall inform an Industry having energy stored that it will be necessary to spill water at Federal System reservoirs.

(b) When requested by an Industry, Bonneville may at its option deliver energy to the Industries in advance of the time Longview Fibre Energy is delivered to Bonneville hereunder (Advanced Longview Fibre Energy). Each Industry shall be obligated to return Advanced Longview Fibre Energy if Bonneville requests its return, plus electric energy equivalent to its share of any head loss incurred on the Federal System (Head Loss Energy), determined by Bonneville to result from the delivery of Advanced Longview Fibre Energy. Each Industry shall return its share of each request, such share being in the proportion that the amount of Advanced Longview Fibre Energy advanced to it at the time of the request bears

to the total amount of Advanced Longview Fibre Energy advanced to all Industries at such time, by (1) curtailing its plant operations, (2) allocating Longview Fibre Energy to Bonneville, and/or (3) allocating to Bonneville electric energy available to such Industry from another resource.

(c) At any time when (1) all Federally controlled reservoirs (Reservoirs) are full, (2) water is released from the Reservoirs for the primary purpose of providing space for flood control, or (3) Bonneville determines that it does not need the return of the Advanced Longview Fibre Energy and Head Loss Energy pursuant to subsection (b) above, each Industry shall be relieved of its obligation to return such Advanced Longview Fibre Energy and Head Loss Energy and shall purchase the same from Bonneville. Each Industry shall pay for such Advanced Longview Fibre Energy and Head Loss Energy pursuant to section 10(b)(2).

10. Payment.

(a) Subject to the provisions of sections 12, 13 and 14 hereof, on or before the tenth day of each month during the term of this agreement, each Industry shall pay Bonneville a monthly amount for services provided in the previous month to be deposited in the Trust Deposit determined by multiplying its Percentage Share by the sum of

(1) \$60,000 for Longview Fibre Energy availability; provided, however, that if the Company is unable to make 45 average megawatts of Longview Fibre Energy available during a month due to physical limitations on its generators which are not covered by the provisions of sections 12, 13 and 14, the Company will determine an average megawatt availability which will be used to reduce the \$60,000 monthly payment; such reduced payment shall be determined by multiplying \$60,000 by a fraction, the numerator of which will be the average megawatt availability determined by the Company and the denominator of which equals 45 megawatts.

(2) the Monthly Variable Energy Charge; and

(3) one-twelfth the estimated applicable annual state taxes, if and to the extent that Longview Fibre Energy made available hereunder is or becomes subject to such taxes.

In addition, each Industry shall pay its portion of any restart charge allocated to it pursuant to section 4.

The Company shall pay all applicable state taxes, including interest and penalties, if any, and the Industries agree to reimburse and indemnify the Company therefor. The Company agrees to consult with the Industries on an individual basis prior to paying any state tax claimed to be due on account of the manufacture and generation of energy hereunder and to assert all reasonable defenses and objection to any such tax at the request and expense of the Industry or Industries objecting.

(b) At the end of each month during the term of this agreement, or as appropriate under subsection (2) below, each Industry will be billed and shall pay Bonneville on or before the close of business of the twentieth day after the date of such bill,

(1) its Percentage Share of the cost for services and excess capacity transmission provided by the Agency determined as the sum of the separate charges computed by the Agency; such charges shall be determined as the product of the kilowatthours metered at the respective generating facilities for the account of the Industries and the applicable rate per kilowatthour as follows: 0.625 mills multiplied by a fraction whose numerator is the rate per kilowatthour specified for Replacement Energy Delivery Including Main Grid, Secondary System and lower voltage facilities as set forth in Exhibit B, as the same now is or as may be amended and/or superseded, and generally applied by Bonneville to all deliveries of this class, and whose

denominator is 0.75 mill (the present such rate per kilowatthour in schedule ET-1), such future rate to be rounded to the nearest 0.001 mill per kilowatt-hour and to be coeffective with each amendment or successor to rate schedule ET-1; provided, however, that in no case shall the amount paid to the Agency be less than \$500 in each calendar month during the term of this agreement; and

(2) its total cost for Advanced Longview Fibre Energy and Head Loss Energy purchased pursuant to section 9(c) determined as the product of the appropriate rate specified in Exhibit E and the sum of such Advanced Longview Fibre Energy and Head Loss Energy.

(c) Payments made to Bonneville under subsections (a) and (b)(1) above shall be deposited in the Trust Deposit and paid to the Company and Agency, respectively, at the earliest practicable date. Payments made to Bonneville under subsection (b)(2) above shall be compensation to the Government for services provided by Bonneville.

(d) Upon execution of this agreement, Bonneville shall immediately bill each Industry and each such Industry shall pay on or before the close of business of the twentieth day after the date of such bill, its Percentage Share of the total amount due pursuant to (a)(1) and (b)(1) above, between the effective date and the date of execution; provided, however, that payments to be made pursuant to this subsection (e) shall not duplicate payments made under the industrial replacement energy agreement applicable during the initial term of this contract.

11. Monthly Variable Energy Charge. The Monthly Variable Energy Charge shall vary with the fuel cost adjustment of #6 Fuel Oil and shall be determined by the Company as follows:

$$[(23.51 \text{ mills/kWh}) + \frac{(\text{posted price} - \$19.70/\text{bbl})}{\$19.70} (0.85) (23.51 \text{ mills/kWh})] [\text{kWh generated}]$$

The fuel cost adjustment will be applied for each calendar quarter based on the posted price in effect at the Willbridge Terminal in Portland, Oregon, on the first day of that quarter, plus any applicable taxes. The Company shall promptly notify Bonneville and each Industry of any change in the posted price.

12. Withdrawal Rights. If the Company is notified that service of electric power and energy to the Company will be restricted by any governmental agency having jurisdiction or by the Agency because the Agency itself was restricted by Bonneville, or if the Company experiences failure of generation or any unforeseen occurrence which seriously impairs its ability to perform hereunder, the Company may, upon providing 30 days' prior written notice, withdraw part or all of the generating capacity made available hereunder if the following conditions are performed:

(a) the Company uses the withdrawn Longview Fibre Energy to meet only its own load requirements and its power supply obligations under contracts existing at the date of execution of this agreement; and

(b) the Company has made a good faith effort to secure power from other resources which are available to the Company at a cost no greater than the Monthly Variable Energy Charge of Longview Fibre Energy, it being the intent of this section that Company will exercise its withdrawal rights hereunder only as a last resort.

The Company may reduce the 30-day notice requirement by the number of days by which a notice of restriction received by the Company is less than 30. In any month in which the Company withdraws Longview Fibre Energy pursuant to this section, the Industries shall be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy, expressed in average monthly megawatts so withdrawn, bears to 45 average monthly megawatts.

If Bonneville determines at any time during the term hereof that Longview Fibre Energy (excluding Advanced Longview Fibre Energy) is reasonably required by Bonneville during the remainder of any operating year in order that Bonneville can meet its firm power obligations, including firm power obligations to Industries, Bonneville, upon providing 10 days' prior notice, may purchase from Industries part or all of Longview Fibre Energy for Bonneville's own system use. In such an event payments hereunder will be appropriately adjusted.

13. Uncontrollable Forces. Each party shall notify the other parties as soon as possible of any Uncontrollable Forces which may in any way affect the delivery of energy hereunder. In the event the operations of any party are interrupted or curtailed due to such Uncontrollable Forces, such party shall exercise due diligence to reinstate such operations with reasonable dispatch. In any month in which Longview Fibre Energy cannot be generated, transmitted or received because of an Uncontrollable Force, the affected Industry or Industries shall be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy not so received by the affected Industry or Industries, expressed in average megawatts for such month, bears to the product of the total Percentage Share of all the affected Industries multiplied by 45 average monthly megawatts.

14. Market Conditions. In the event that the Company shuts down any part of its operation supplying steam to its generating resources because of product market conditions, it is relieved of the obligation to supply the respective increment of energy because steam is not available during such shutdowns. In any month in which the Company does so, the Industries will be relieved pro rata of the obligation to make the payment provided for in section 10(a)(1) in the proportion that the Longview Fibre Energy, expressed in average megawatts for such month not made available, bears to 45 average monthly megawatts.

15. Right of First Refusal. At various times during the term of this agreement the Company may have generating capabilities in excess of 45 average megawatts in any week, which may also be in excess of its own internal needs and the needs of the Agency. Prior to offering energy from such excess generating capability to any other entity, the Company shall offer such energy to Bonneville for delivery to the Industries pursuant to this agreement. However, if the excess generating capability is derived from other than use of backpressure turbines, such energy shall be offered to Bonneville for delivery to the Industries at a fair and equitable price. Bonneville, after consultation with the Industries on an individual basis, shall accept such offer in whole or in part within 10 days or the offer shall be deemed rejected and the Company shall be free to dispose of such energy as it sees fit. Unless otherwise agreed to by the parties hereto, the Company shall reoffer any such energy not otherwise disposed of at least once each 30 days. However, if such excess energy is derived from other than backpressure turbine generation; upon refusal by Bonneville the Company shall not be obligated to reoffer any such energy during the remainder of the operating year.

16. Execution by Counterpart. This agreement may be executed in a number of counterparts and shall be deemed to constitute a single document with the same force and effect as if all the parties hereto having signed a counterpart had signed all other counterparts. Each party shall deliver a signed counterpart to Bonneville, who will prepare a composite conformed copy and deliver the same to each party. The agreement shall become effective as to the signing parties on the effective date when counterparts have been signed by an Industry, Bonneville, the Agency and the Company.

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

several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By S/ Sterling Munro
Bonneville Power Administrator

LONGVIEW FIBRE COMPANY

By S/ G. E. Schwartz
Title Vice President - Production

ATTEST:

By S/ R. G. McDermott
Title Secretary

Agency

PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY, WASHINGTON

By S/ Joe B. Hill
Title President and Commissioner

ATTEST:

By S/ John M. Searing
Title Secretary and Commissioner

Industry

ALUMINUM COMPANY OF AMERICA

By S/ S. Alfred Jones
Title Vice Pres., Primary Metals

ATTEST:

By S/ H. E. Meeks
Title Assistant Secretary

ANACONDA Industries, Division of The
ANACONDA Company (Aluminum Division)

By S/ R. Richard Van Horne

Title President

ATTEST:

By S/ B. E. Johnson

Title Counsel

CARBORUNDUM CO.

By S/ John A. Ciccarelli

Title Operations Manager
Electro Minerals Division

ATTEST:

By _____

Title _____

CROWN ZELLERBACH

By S/ H. H. Becker

Title Vice President Purchases

ATTEST:

By _____

Title _____

HANNA NICKEL SMELTING COMPANY

By S/ F. H. Lee

Title President

ATTEST:

By S/ John S. Pyke, Jr.

Title Secretary

INTALCO ALUMINUM CORPORATION

By S/ Robert Ferrie

Title President

ATTEST:

By S/ Jeanne Chevalier

Title Assistant Secretary

KAISER ALUMINUM & CHEMICAL CORPORATION

By S/ G. L. Decker

Title Vice President & Director of Energy

ATTEST:

By S/ B. D. Oliver

Title Assistant Secretary

MARTIN MARIETTA ALUMINUM INC.

By S/ Jack P. Doan

Title Vice President, Northwest Operations

ATTEST:

By _____

Title _____

PACIFIC CARBIDE & ALLOYS COMPANY

By S/ Thomas J. Waters

Title President

ATTEST:

By S/ Marshall M. Okell

Title Assistant Corp. Secretary

PENNWALT CORPORATION

By S/ Robert S. Custer

Title Vice President - Chemicals

ATTEST:

By S/ Vera M. Byrne

Title Assistant Secretary

REYNOLDS METALS COMPANY

By S/ Harry V. Helton

Title Vice President

ATTEST:

By S/ Barbara A. Kelley

Title Assistant Secretary

UNION CARBIDE CORPORATION

By S/ Ralph W. Greenwood

Title Manager - Energy Supply

CERTIFICATE

I, David J. Anderson, Head of Contract Management, Branch of Customer Service, Division of Power Management, Bonneville Power Administration, do hereby certify that the agreement to which this certificate is attached is a true, complete and conformed composite copy of Contract No. DE-MS79-80BP90125 and that signed counterpart originals are on file with the Bonneville Power Administration, each signed by the parties thereto.

Date 3/24/80

S/ David J. Anderson

EXHIBIT A

INDUSTRIAL PARTICIPANTS IN LONGVIEW FIBRE ENERGY 1/

<u>Industry</u>	<u>Percentage Share</u> <u>2/</u>	<u>Weekly Share of Energy (KWH)</u> <u>3/</u>
Aluminum Co. of America	13.21	998,676
Anaconda Aluminum Co.	11.06	836,136
Carborundum Co.	0.87	65,772
Crown Zellerbach Corp.	0.47	35,532
Georgia-Pacific Corp.	-	-
Hanna Nickel Smelting Co.	3.79	286,524
Intalco Aluminum Corp.	15.10	1,141,560
Kaiser Aluminum & Chem. Corp.	20.25	1,530,900
Martin Marietta Aluminum Inc.	12.32	931,392
Oregon Metallurgical Corp.	-	-
Pacific Carbide & Alloys Co.	0.28	21,168
Pennwalt Corp.	1.55	117,180
Reynolds Metals Co.	20.58	1,555,848
Stauffer Chemical Co.	-	-
Union Carbide Corp.	0.52	39,312
	<u>100.00</u>	<u>7,560,000</u>

1/ Beginning 2400 hours December 31, 1979.

2/ Based on January 1, 1980 operating levels.

3/ At 45 average megawatts.

EXHIBIT D

POINTS OF INTERCONNECTION TO THE FEDERAL SYSTEM

Agency

Points of Interconnection

Cowlitz PUD

Cowlitz (BPA) 13.8 and 115-kV



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

**POWER BUSINESS LINE
 Trader and Scheduling Phones**

Date: February 05, 2001
 To: Cowlitz County PUD #1
 961 12th Avenue
 Longview, WA 98632

Attn: Gary Huhta
 Fax: 360-577-7559

Presch: 360-577-7553
 Real Time: 360-577-7538
 PS/RT
 FAX:

Brenda Anderson	(503) 230-5610
Dan Le	(503) 230-3144
Young Linn	(503) 230-3183
Bill Lamb	(503) 230-3135
David Mills	(503) 230-7588
BPA Trading Floor Fax	(503) 230-7463
BPA Preschedule Fax	(503) 230-3039
BPA SW Preschedule	(503) 230-3915
BPA NW Preschedule	(503) 230-3813
BPA S. Idaho Presch.	(503) 230-4311
BPA Real Time	(503) 230-3341 or 230-4194

CONFIRMATION AGREEMENT

The following memorializes the terms of a transaction agreed to by Bonneville Power Administration (BPA) and Cowlitz County PUD #1 (CWZ). Transactions hereunder are in accordance with reference contract or enabling agreement DE-MS79-81BP90493.

Transaction Date: 2/5/01 **Traders:** Young Linn (BPA) and Gary Huhta (CWZ)
BPA Contract: 01PB-24060

Seller of Energy: Cowlitz County PUD #1
Buyer of Energy: BPA
Product: Unit Contingent
Point of Delivery: Where the customer's interconnects with BPA's transmission network.

Start of Term	End of Term	Demand Limit	Hours	Amount (MWH/hr)	Total MWh	Price	Holiday Excluded	Revenue / Cost
2/6/01	2/28/01	30	ALL	30	16,560	\$75.00		\$1,242,000.00
3/1/01	9/30/01	40	ALL	40	205,400	\$75.00		\$15,405,000.00
				(See Add'l Provisions)	(See Add'l Provisions)			(See Add'l Provisions)

Energy Transaction Total: **\$16,647,000.00**

Additional Provisions

All energy deliveries under this agreement shall be determined after-the-fact. The CWZ collects hourly metering data for the total on-site generation at the Longview Fibre Company (LVF) mill. After the end of each month, these data shall be reduced, each hour, by the quantity of power that LVF has committed for sale from its Generator No. 8. The net amount of generation remaining for sale to BPA shall be provided for BPA's records. If for any reason the hourly metering is not available, BPA shall be promptly notified of such condition and mutually agreed estimates shall be used in place of the missing data.

Amount of Purchase (MWh/hr): Total output of Seller's generation minus committed sales from its Generator No. 8. Approximate output will be 30 MW/hr for February and 40 MW/hr for the balance of the agreement. Actual mill output will vary based on mechanical and production requirements of LVF. This purchase is based on "units contingent" with no Control Area Reserves.

CWZ is making available to BPA the output from the LVF on-site generation under this Agreement. For purposes of this agreement only, the generation is not otherwise available to, or a dedicated resource of CWZ.

Billing

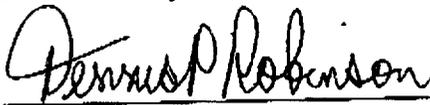
Cowlitz PUD #1 shall not be subject to Unauthorized Increase Charges or any penalty or charge arising from or in connection with Section 9 of the reference contract with respect to energy deliveries to the LVF mill for the period January 1, 2001, through February 5, 2001.

Billing and payment under this agreement shall be made consistent with and as a specific item in the Wholesale Power Bill.

Unless otherwise specified in this Agreement, all administrative and operational provisions required to perform this Agreement shall be those described in the reference contract, including provisions related to delivery, scheduling (if applicable), billing, payments, metering, access to facilities, dispute resolution, uncontrollable forces, continuity of services, and contract interpretation.

This confirmation agreement contains all of the terms and conditions of this transaction and expressly limits acceptance to the terms stated herein, and any additional or different terms proposed by Cowlitz County PUD #1 are rejected unless expressly agreed to in writing by BPA.

If the above accurately reflects your understanding of our agreement, please indicate your approval by signing a copy of this agreement and returning via fax to BPA.

AGREED AND ACCEPTED	
Bonneville Power Administration  <hr/> David E. Mills Manager, Trading Floor Date: <u>2/12/01</u>	Cowlitz County PUD #1  <hr/> Name: <u>Dennis P. Robinson</u> Title: <u>General Manager</u> Date: <u>February 23, 2001</u>

CONFIDENTIAL

00PB-10722
01PB-24060

DE-MS79-81BP90493



Department of Energy

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

POWER BUSINESS LINE

December 3, 2001

In reply refer to: PSW-6

REDACTED VERSION

Mr. Dennis P. Robinson
General Manager
Public Utility District No. 1
Of Cowlitz County
P.O. Box 3007
Longview, WA 98632-0307

Dear Denny:

As you know, the Bonneville Power Administration (BPA) and the Public Utility District No. 1 of Cowlitz County (Cowlitz) are currently in dispute concerning three issues:

1. Cowlitz's payment to BPA under its 1981 power sales contract, as amended, for power service to Cowlitz's load otherwise served by Longview Fibre's 60 aMW combustion turbine (Generator No.8);
2. Cowlitz's sale of output from Longview Fibre's Generator No. 8 to BPA under Confirm Agreement No. 01PB-24060;
3. The listing and treatment of consumer owned generation on Cowlitz's system under Exhibit C, Section 3 to the 2001 Power Sales Agreement No. 00PB-10722, dated October 31, 2001, (Subscription Contract).

In a prior settlement offer to Cowlitz, BPA included the option for Cowlitz to revise Exhibit C, Section 3 of the Subscription Contract. At the time BPA agreed to such a revision, market conditions were such that BPA was kept whole with respect to market exposure and potential costs. That settlement offer was rejected by Cowlitz on Thursday, September 27, 2001 in our meeting with Paul Norman here at BPA.

BPA remains committed to resolving this dispute. To that end, I would like to propose the following:

1. Cowlitz and BPA agree to resolve the dispute of Issues 1 and 2 listed above, using a simple form of binding arbitration consistent with the form of an arbitration agreement we discussed on December 3, 2001. The parties agree to complete an arbitration agreement detailing the arbitration process consistent with those discussions as soon as

practicable. The parties agree that in the arbitration, BPA will be limited to an estimated **REDACTED** on Issue 1, and Cowlitz will be limited to an estimated **REDACTED** Issue 2.

2. Regarding Issue No. 3, BPA would again extend the offer to Cowlitz to revise Exhibit C, Section 3 of the Subscription Contract, contingent on Cowlitz's agreement to and completion of binding arbitration for Issues 1 and 2.
3. Cowlitz agrees that its election to revise Section 3 of Exhibit C of the Subscription Contract will be final and binding for the term of that agreement, provided however that revision of Section 3 of Exhibit C consistent with the terms of section 4(e) of Exhibit C is not precluded. Cowlitz agrees to waive any and all claims, suits or causes of action of any kind, arising at any time prior to or as of the date of this letter agreement, from or out of Section 3 of Exhibit C of its Subscription Contract whether known or unknown. This waiver includes any filing of a petition for review in the United States Court of Appeals for the Ninth Circuit. BPA agrees to waive any and all other claims, suits, or causes of action, known or unknown against Cowlitz for federal power service provided under BPA's 1981 Utility Power Sales Agreement, Contract No. DE-MS79-81BP90493 with Cowlitz, as amended.
4. This agreement for the revision and settlement of Exhibit C and arbitration is contingent upon BPA's receipt within one week of this letter agreement, of a letter of waiver and agreement not to sue executed by Longview Fibre, and stating that any and all claims, suits, or causes of action of any kind whatsoever, known or unknown against BPA based on any past and present contract or actions taken between BPA and Cowlitz are waived and released. BPA acknowledges that Longview Fibre is not a party to its contracts with Cowlitz and that BPA will not assert any claim against Longview Fibre based on the subject matter of such contracts.

Because BPA does not expect market conditions to remain stable, which thereby increases the risk to BPA and other ratepayers of such a revision to Exhibit C, Section 3, the offer to allow Cowlitz to revise Exhibit C, Section 3 will expire at 5:00 p.m. December 3, 2001, and the offer to agree to binding arbitration to resolve Issues 1 and 2 will also expire at that time.

If you agree to this proposal, please sign below, and return this letter, along with the proposed Exhibit C revision to me no later than 5:00 p.m. December 3, 2001. The revision to Exhibit C will become effective December 5, 2001 and will be contingent 1) upon initiation and completion of the arbitration process and 2) upon receipt of the waiver letter from Longview Fibre. In the event that the arbitration process agreement is not executed by Cowlitz and BPA then the Exhibit C revision and this letter agreement shall become null and void, and the prior Exhibit C shall then apply for the remaining term of the Subscription Contract, subject to the terms of that agreement.

I believe that this approach is fair and equitable, and will provide the timely resolution of these issues for which we both strive. I look forward to your affirmative response, and the opportunity to focus on our future relationship.

Sincerely,



Paul J. O'Neal, P.E.
Account Executive

ACCEPTED:

PUBLIC UTILITY DISTRICT NO.1
OF COWLITZ COUNTY

By Dennis P Robinson
Name Dennis P Robinson
Title General Manager
Date December 3, 2001

**U.S. DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
AGREEMENT**

1. AGREEMENT NUMBER 11TX-15410	2. AGREEMENT EFFECTIVE FROM DATE IN BLOCK 4 UNTIL See DR Statement	3. MODIFICATION NO. -0-	4. EFFECTIVE DATE Same as Block 20	5. PROCUREMENT REQUEST NO.
ISSUED TO		ISSUED BY		
6. ORGANIZATION AND ADDRESS (Include 9-Digit ZIP Code) Longview Fibre Paper and Packaging, Inc. ATTN: Mr. Philip Herold Senior Commodity Manager, Energy and Chemicals 300 Fibre Way P.O. Box 639 Longview, WA 98665		9. ORGANIZATION AND ADDRESS U.S. Department of Energy Bonneville Power Administration ATTN: Tonya Van Cleave - TPC/TPP-4 P.O. Box 61409 Vancouver, WA 98666-1409		
7. TECHNICAL CONTACT Jorge Torres	PHONE NUMBER (360) 575-5533	10. BPA TECHNICAL CONTACT Debbie Ruckwardt	PHONE NUMBER (360) 619-6418	
8. ADMINISTRATIVE CONTACT Philip Herold	PHONE NUMBER (360) 575-5219	11. BPA ADMINISTRATIVE CONTACT Laura Oliver	PHONE NUMBER (360) 619-6043	

RECEIVED
NOV 23 2011
BY: **TPC**

12. TITLE/BRIEF DESCRIPTION OF WORK TO BE PERFORMED UNDER THIS AGREEMENT

LONGVIEW FIBRE PAPER AND PACKAGING, INC.'S (LFPP) GEN ICCP AND THE BONNEVILLE POWER ADMINISTRATION'S (BPA) STANDARD METERING/TELEMETRY INSTALLATION

This Reimbursable Agreement (Agreement) between BPA and LFPP provides for BPA, at LFPP's expense, to perform work that facilitates LFPP's use of green energy credits by allowing LFPP to schedule its existing generation from its generators 4, 6, and 7 across BPA's Balancing Authority Area (BAA). This project will be performed in two phases: 1) Phase 1 - install fiber communications and Generation Interconnection Inter-utility Control Center Communication Protocol (Gen ICCP) from LFPP's Longview Generation Facility to BPA at BPA's Longview Substation; and 2) Phase 2 - install BPA's required standard metering/telemetry package for generators at the LFPP facility on generators 4, 6, and 7.

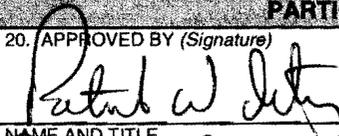
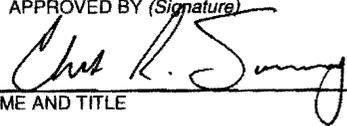
Specific duties are further described in the attached Division of Responsibilities Statement.

The estimated completion date for this entire project is September 30, 2013.

The following documents are attached to and become a part of this Agreement:

- Financial Terms and Conditions Statement
- Division of Responsibilities Statement

15. AMOUNT TO BE PAID BY BPA \$-0-	16. AMOUNT TO BE PAID TO BPA \$563,000 (Phase 1 & 2 - estimated)
17. SUBMIT SIGNED AGREEMENT TO U.S. Department of Energy Bonneville Power Administration ATTN: Tonya Van Cleave - TPC/TPP-4 P.O. Box 61409 Vancouver, WA 98666-1409	18. ACCOUNTING INFORMATION (For BPA Use Only) WO#^{'s} 299216, 299215, 299202, 299203
	19. SUBMIT INVOICE TO (Name and Address) Same as Block #6 above.

PARTICIPANT		BPA	
20. APPROVED BY (Signature) 	DATE (mm/dd/yyyy) 11/22/11	21. APPROVED BY (Signature) 	DATE (mm/dd/yyyy) 11/21/11
NAME AND TITLE PATRICK ORTIZ MANAGER OPERATIONAL SERVICES		NAME AND TITLE Charles R. Sweeney Transmission Account Executive	

FINANCIAL TERMS AND CONDITIONS STATEMENT

The cost of performing the project by BPA at LFPP's expense shall be the actual cost of doing the work specified in this agreement, plus an overhead rate of 23% for labor and 23% for materials, representing the indirect costs of the project office plus the contractual support costs of contract negotiation, billing and accounting functions, and contract management.

LFPP hereby agrees to advance \$563,000 the estimated project cost, to BPA based on the following payment schedule:

Payment	Amount	Date Due
1	\$88,000	<i>Received under Engineering and Procurement Agreement No. 11TX-15516</i>
2	\$237,500	November 23, 2011
3	\$237,500	January 5, 2012

Payments made to BPA will be held in an account established for this agreement. If BPA needs additional funds to complete the work at any time during performance of the project, BPA may request, in writing, for LFPP to advance such additional funds to BPA for deposit in the account. LFPP shall advance such additional funds within 30 days of BPA's written request, and BPA may temporarily stop work until LFPP supplies the requested funds. If LFPP does not advance such additional funds by the due date or, if at any time before completion of the project LFPP elects to stop work under this agreement, BPA will cease all work and restore, as a cost to the project at LFPP's expense, government facilities and/or records (1) to their condition prior to the beginning of work under this agreement, or (2) to some other mutually agreeable condition.

Within a reasonable time after completion of the project, BPA shall make a full accounting to LFPP showing the actual costs charged against the account. BPA shall either remit any unexpended balance in the account to LFPP or bill for any costs in excess of the deposits in the account. LFPP shall pay any excess costs within 30 days of the invoice date (due date).

Payments not received by the due date will accrue interest on the amount due beginning the first calendar day after the due date to the date paid, at an annual interest rate equal to the higher of i) the prime rate (as reported in the Wall Street Journal in the first issue published during the month in which payment by LFPP is due) plus 4 percent; or ii) such prime rate multiplied by 1.5.

DIVISION OF RESPONSIBILITIES STATEMENT

This Agreement between BPA and LFPP, herein sometimes collectively referred to as "Parties," documents Phase 1 and Phase 2 construction and coordination responsibilities and costs associated with installing BPA required Gen ICCP and metering and telemetry at the Longview Generation Facility (Project) and corresponding telemetry equipment at BPA's Longview Substation for Generators 4, 6, and 7, as required by BPA to enable LFPP to schedule its generation across the BPA transmission system. Phase 2 work will commence after completion of the Phase 1 energization.

The Parties hereby agree as follows:

1. PROJECT DESCRIPTION

The Project is a biomass generation facility that is located at the LFPP manufacturing facility in Longview, Washington. The Project consists of three generators with a combined name plate rating of 55 MWs. The Project is interconnected to the Public Utility District No. 1 of Cowlitz County's (CCPUD) transmission system.

2. DUTIES OF THE PARTIES BY FACILITY

(a) LFPP's Longview Generation Facility

LFPP shall, at LFPP's expense:

(1) Phase 1 (interim solution):

- (A) Provide, install, and test two new Gen ICCP servers.
- (B) Provide a dedicated LFPP fiber path from the BPA-owned metering and telemetry equipment at the Project to BPA's Longview Substation.
- (C) Provide BPA with required Gen ICCP data per a BPA provided Gen ICCP data requirements table. Such Gen ICCP data will include preexisting District meter and telemetry data for Generators 4, 6, and 7.
- (D) Connect the output of each generator's District-owned, and maintained Schweitzer Engineering Labs (SEL) 734 meter into the Gen ICCP servers.
- (E) Ensure that LFPP's Gen ICCP servers, current transformers (CT), potential transformers (PT), and fiber optic communication circuits meet BPA's specifications, performance and data requirements.

DIVISION OF RESPONSIBILITIES STATEMENT

(2) Phase 2 (permanent solution):

- (A) Provide space at the Project for BPA's standard metering and telemetry package for Generators 4, 6, and 7.
- (B) Provide a dedicated LFPP fiber path from the BPA-owned metering and telemetry equipment at the Project to BPA's Longview Substation.
- (C) Provide and test, three metering accuracy CTs and PTs for revenue metering. BPA requires that the CTs and PTs are revenue quality and meet BPA's specifications.
- (D) Provide, program, and test Gen ICCP in accordance with BPA's technical requirements for Generation and Load Interconnection.

(b) LFPP's Control Room

(1) LFPP shall, at LFPP's expense:

(A) Phase 1:

- (i) Provide BPA with all of the following with respect to the LFPP generation:
 - a. Complete system one-line diagrams showing all generators and transformers and line distances to meters.
 - b. Meters and communication facilities location and identification.
 - c. All available generator and step up transformer data.
 - d. Protective relay scheme descriptions.
 - e. Over and under voltage relay settings.
 - f. Over and under frequency relay settings.
 - g. Voltage and reactive power controls and setting descriptions.
 - h. Phone number for dial-up telephone circuit.
 - i. Provide 120 VAC and 125 VDC and backup power as required for BPA installed equipment.

DIVISION OF RESPONSIBILITIES STATEMENT

- (ii) Install two new circuits from the CTs and PTs at Generators 4, 6, and 7 to CCPUD's SEL 734 meters and to LFPP's new Gen ICCP servers. Use the existing BPA kW and kWh circuits for connecting the SEL 734 meter output to BPA's new Revenue Metering System (RMS) recorder and to the new LFPP Gen ICCP servers. Program the new LFPP Gen ICCP servers to meet BPA's set point/data requirements, as provided to LFPP by BPA.
- (iii) Lease four dedicated LFPP fiber optic strands (one pair for each circuit) from a fiber optic cable provider, and install the fiber per fiber interface specifications provided by BPA from the new LFPP Gen ICCP server to BPA's new router and two new fiber modems at LFPP, to BPA's fiber vault (LNGV1CV) at BPA's Longview Substation where these fibers will be spliced by BPA to BPA's operational fiber.
- (iv) Provide verification to BPA of the fiber optic cable provider, type of fiber and modulation, and the leased LFPP dedicated fiber numbers to be spliced by BPA.
- (v) Provide space in LFPP's Control Room, or other location as acceptable by BPA, for the BPA router and fiber modems.
- (vi) The Gen ICCP data circuits will use the new fiber optic cable being installed in the LFPP Facility. The leased fiber optic cable and BPA required data services transmitted over this fiber optic cable shall be in service prior to the actual commercial operation date (see estimated commercial operation date in Section 8 below). The services include the Gen ICCP data circuits, the dispatcher automatic trunks and the battery charger alarms from the BPA rack in LFPP's Control Room.
- (vii) Either provide an alternate current (AC) power source from an uninterruptible power source for the isolation equipment, or its own battery backup for the isolation equipment if AC power is lost.
- (viii) Specifications have been previously determined between BPA and LFPP. The Gen ICCP protocol is a published standard with which manufacturers and BPA comply.

DIVISION OF RESPONSIBILITIES STATEMENT

- (ix) Coordinate with BPA to test the metering and telemetry circuits and resolve any outstanding data and/or programming issues.
 - (x) Coordinate with CCPUD and BPA when CCPUD performs its meter commissioning and calibration at the Project site.
- (B) Phase 2:
- (i) Provide space for three BPA racks (Control Relay and Metering Racks (CRAM)) for Generators 4, 6, and 7, 24" W x 19" D x 90" H, within LFPP's Control Room, or other location as acceptable by BPA, as described under Section 2.(a)(2) above.
 - (ii) Provide two independent 20A 110 VAC power source circuits to each BPA rack for connection by BPA.
 - (iii) Provide 120 VAC and 125 VDC power sources. The sources (120 VAC and 125 VDC) will be backed up by a propane generator or other back-up system as agreed to by LFPP and BPA.
 - (iv) Unless BPA and LFPP agree otherwise: spacing between rows of these racks will be 8 ft - 6 in (2591 mm) centerline to centerline; spacing from the centerline of the first row of racks to the wall or from the centerline of the last row of racks to the wall will be 6 ft - 0 in (1829 mm) centerline-to-wall; spacing from the end of a row of racks to the start of the battery rack will be 6 ft - 0 in (1829 mm) clearance; the aisle way at the far end of long rack lineups for personnel safety exit will be 3 ft - 0 in (914 mm) clearance.
 - (v) Coordinate with BPA to arrange a witness to BPA's testing and calibration of the metering and telemetering equipment, if desired.
 - (vi) Coordinate with the telephone company to provide, install and maintain a two-wire central-office exchange line (dial up telephone circuit) at LFPP's Control Room to access the BPA JemStar meters to be installed by BPA under Section 2.(b)(2)(B)(iv) below.
 - (vii) Provide copper cabling, or other cabling as determined by BPA, between the meter locations at Generators 4, 6, and 7 and the telemetry equipment in the LFPP Control Room

DIVISION OF RESPONSIBILITIES STATEMENT

(approximately 300-500 feet in distance). The cabling type will be determined during the Phase 2 design work.

- (viii) Provide BPA with all required input and output points for BPA installed equipment at LFPP's Control Room.
- (ix) Coordinate with BPA to test the metering and telemetry circuits and resolve any outstanding data and/or programming issues.
- (x) Coordinate with CCPUD to provide BPA with metering PT and CT ratios.
- (xi) Coordinate testing of the metering PTs and CTs with CCPUD, and provide BPA with copies of the associated test data.
- (xii) If preexisting CTs and PTs do not meet BPA's revenue quality metering requirements, then LFPP shall coordinate with CCPUD to provide and install three revenue metering accuracy CTs and three revenue metering accuracy PTs with 5 Ampere CT secondary and 120 Volt PT secondary for BPA's four-wire, three-element JemStar meter. BPA shall be the first connection for the BPA meter in this CT circuit. PTs shall be dedicated to revenue metering. If CCPUD or LFPP desire to use the PT secondaries, PTs will be provided with dual secondary windings. Coordinate with BPA to make final connections to the meters.
- (xiii) Coordinate with BPA to arrange to witness BPA's testing and calibration of the metering and telemetering equipment.
- (xiv) Coordinate with BPA to complete the communication path from the Project to BPA's Longview Substation.

DIVISION OF RESPONSIBILITIES STATEMENT

(2) BPA shall, at LFPP's expense:

(A) Phase 1:

- (i) Provide and install a telecommunication rack in LFPP's data room, or other location as acceptable by BPA.
- (ii) Provide and install the BPA rack equipment to support the auto trunk, fiber router and fiber optic modems, and loss of charger alarm, which includes the router.
- (iii) Provide and install AC powered fiber modems and router equipment, (backed up by LFPP under Section 2.(b)(1)(A)(vii)) to support BPA's communication equipment.
- (iv) Provide and install one Cisco 2811 router to be connected to LFPP's Gen ICCP servers.
- (v) Design, provide, and install one RFL 9800 series transmitter and one RFL 9800 series receiver, including a power supply and shelf at LFPP's Control Room.
- (vi) Provide and install a channel bank for the automatic trunks, phone, and Gen ICCP circuits.
- (vii) Provide and install cards in BPA channel bank to support the automatic trunks, fiber, alarm, and Gen ICCP circuits.
- (viii) Provide and install a frequency shift keyed modem for the battery/charger alarm in the LFPP Control Room. Wire alarm contact as a Supervisory Control and Data Acquisition (SCADA) indication point. Revise the SCADA database to acknowledge the new points.

(B) Phase 2:

- (i) For each generator, provide and install a prefabricated CRAM rack within the LFPP Control House or BPA approved alternate location. The dimensions of the CRAM rack are 24" W x 19" D x 90" H.

This rack will contain BPA-owned and maintained metering and telemetry equipment, as noted below.

DIVISION OF RESPONSIBILITIES STATEMENT

The CRAM rack shall include one pre-wired metering panel including one JemStar meter, current and voltage test switches, analog cutout, and power switches. BPA shall isolate the analog output during testing and calibration.

- (ii) Provide and install one Time Mark, or equivalent, loss of meter potential relay.
- (iii) Connect the analog outputs (kW and kWh) of the JemStar meter through a telemeter transmitter in the CRAM rack to the fiber optic modem.
- (iv) Connect the JemStar meter to the two-wire telephone line for BPA dial-up access to MV90 demand data (used by BPA for billing). If required, BPA may share the use of this dial-up circuit through a BPA provided line-sharing switch.

BPA's RMS MV90 master will query the JemStar meter once a day shortly after midnight. BPA will post the data thus obtained at 7:00 AM each day, for use by BPA's Billing Information System (BILS).

- (v) Coordinate with LFPP staff to establish schedules to conduct testing and calibration of the metering and telemetering equipment at the Project and the corresponding receivers at BPA's Longview Substation. BPA will verify final meter scale and pulse values for the "as constructed" condition, and BPA will notify LFPP of the values.
- (vi) Install equipment necessary to provide the automatic trunks for communication to BPA's Dittmer and Munro Control Centers. When installation is complete there will be a dedicated fiber optic cable and phone circuit to BPA's Dittmer and Munro Control Centers.

DIVISION OF RESPONSIBILITIES STATEMENT

(c) BPA's Longview Substation

BPA shall, at LFPP's expense:

- (1) Develop a fiber optic work plan and coordinate with Cascade Networks, Inc. (CNI) – LFPP's fiber provider – to connect the LFPP dedicated fiber strands from LFPP's Gen ICCP server to BPA's Longview Substation.
- (2) Issue a Method of Procedure, coordinate, and splice LFPP identified fiber optic strands to BPA operational fiber optic strands in BPA's fiber vaults (LNGV1CV and AUR1BV).
- (3) Design, provide, and install an isolation amplifier, audio bridge and bandpass filters at BPA's Longview Substation that will pass the continuous kW data on to BPA's Schultz Substation receiver equipment.
- (4) Design, provide, and install one RFL 9800 series transmitter and one RFL 9800 series receiver, including a power supply and shelf.
- (5) Design, provide, and install two TC Comm 1705 fiber modems, with power supply and connectors, and two analog point wiring into BPA's SCADA system within the Longview Substation.
- (6) Connect the analog kW signal output to the SCADA.
- (7) Connect the analog kW receiver loss of tone alarm contact as a SCADA indication point. Revise the SCADA database to acknowledge the new points.
- (8) Add analog and digital SCADA point cards, as required.
- (9) The circuit for the continuous analog kW signal is to be in service prior to the actual test date.

(d) BPA's Longview Substation

BPA shall, at LFPP's expense:

Provide and install necessary cards and wiring to connect voice communication from the LFPP Control Room to the existing Dial Automatic Telephone Switching (DATS) switch at BPA's Longview Substation, if required by BPA for Phase 2.

DIVISION OF RESPONSIBILITIES STATEMENT

(e) BPA's Schultz Substation

BPA shall, at LFPP's expense:

Provide and install cross-connects as required for communication to BPA's Munro Control Center.

(f) BPA's Dittmer and Munro Control Centers

BPA shall, at LFPP's expense:

- (1) Provide and install cards and modems to support fiber optic and Gen ICCP circuits.
- (2) Modify control center hardware and software to add the new (integrated kW) telemetered kWh data quantity for LFPP's Project to the NUMBERS program at BPA's Dittmer Control Center.
- (3) Provide software modifications to add the new kW and kWh telemetry data to the kWh and SCADA master and create a rotary account number. The SCADA integration of the Project interchange will provide kWh.
- (4) Implement, verify and distribute new dispatching instructions and adjust processes as required.
- (5) Provide programming to add analog kW data, received from the Project, from the SCADA master to the Real Time Operations Dispatching and Scheduling (RODS) and automatic generation control computer at BPA's Dittmer Control Center. BPA will provide the indication point "LFPP's Project Telemeter Fail" to RODS as a bad data alarm. BPA will enable access to equivalent messages from BPA's Munro Control Center SCADA master.
- (6) Provide software modifications to add the SCADA points for LFPP's Project data at BPA's Munro and Dittmer Control Centers.
- (7) Program BPA's RMS MV90 master to query the Project meter once a day shortly after midnight. BPA's MV90 system will access data and verify the meter's time and automatically set LFPP's meter clock, if necessary. BPA will transfer the data to BPA's BILS at 7:00 AM.

DIVISION OF RESPONSIBILITIES STATEMENT

3. ACCESS

LFPP grants BPA access to enter the LFPP facilities at all reasonable times and in accordance with LFPP's safety and security requirements to install, operate, maintain, repair, replace or modify the BPA-owned equipment installed under this Agreement.

Long term access responsibilities shall be provided for under a separate Access Agreement between the Parties.

4. TERMINATION

This Agreement shall become effective upon execution by both Parties and shall terminate upon full performance by both Parties of their respective obligations set forth herein, but in no event shall the term of this Agreement exceed five years from its effective date. The Parties agree that any obligations set forth in this Agreement that remain unsatisfied as of the date of termination shall remain until satisfied.

5. ENVIRONMENTAL

BPA has determined that no environmental review will be needed for this project.

6. OWNERSHIP, OPERATION AND MAINTENANCE

(a) BPA, at its expense, shall own, operate and maintain the data acquisition and communications equipment installed under Sections 2.(b)(2), and 2.(c-f) above.

(b) LFPP, at its expense, shall own, operate, and maintain all the equipment installed under Sections 2.(a), and 2.(b)(1) above.

7. RELATED AGREEMENTS

Agreements associated with this Project are: Engineering and Procurement (E&P) Agreement No. 11TX-15516, Balancing Authority Area Services Agreement No. 11TX-15277, and Operations and Ownership Agreement No. 11TX-15537.

8. PROJECT SCHEDULE

The estimated energization date for Phase 1 of the Project is December 5, 2011, and the estimated commercial operation date for the Project is January 2012.

DIVISION OF RESPONSIBILITIES STATEMENT

LFPP shall keep the BPA project manager updated of the most current scheduled Project commercial operation date.

The energization date is defined in this Agreement as any injection of generation across BPA's BAA for testing, synchronization, or commercial operation. LFPP shall not test generation until fully operational interchange metering is installed. LFPP understands and agrees that an accurate on-line date is essential to BPA's ability to perform obligations for dispatch, scheduling, and billing.

Based on current project schedules, BPA estimates that Phase 2 of the Project shall be completed by September 30, 2013.

9. CONTACTS

(a) For transmission line problems, the contacts are:

BPA – Munro Dispatch: (509) 465-1820 or (888) 835-9590.
LFPP – Shift Coordinators Office, Jorge Torres: (360) 575-5533.

(b) For generation problems (problems defined as not generating per schedule or coming on-line or going off-line), the contacts are:

BPA – Munro Control Center Outage Office: (509) 466-2409.
LFPP – Philip Herold: (360) 575-5219.

(c) For leased line communications problems:

LFPP – Shift Coordinators Office, Jeff Hopkins: (360) 575-5178.

(d) For Fiber Optic Construction Coordination are:

BPA – Fiber Optic Construction Specialist: (360) 619-6348.
CNI (for LFPP) – Will Bartell: (360) 442-4456.

(e) The Project Management points of contact are:

BPA – Debby Ruckwardt: (360) 619-6418.
LFPP – Phillip Herold: (360) 575-5212.

(f) For installation and commissioning, the contacts are:

BPA – Longview District: (360) 423-1590; System Protection Control (SPC): (360) 418-2628 and (360) 423-1590; and Power System Control (PSC): (360) 423-5681.

**U.S. DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
AGREEMENT**

1. AGREEMENT NUMBER 11TX-15516	2. AGREEMENT EFFECTIVE FROM DATE IN BLOCK 4 UNTIL Completion of Work	3. MODIFICATION NO. -0-	4. EFFECTIVE DATE Same as Block 18	5. PROCUREMENT REQUEST NO.
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6. ORGANIZATION AND ADDRESS (Include 9-Digit ZIP Code) Longview Fibre Paper and Packaging, Inc. ATTN: Philip Herold, Senior Commodity Manager 300 Fibre Way Street Longview, WA 98632		9. ORGANIZATION AND ADDRESS U.S. Department of Energy Bonneville Power Administration ATTN: Tonya Van Cleave - TPC/TPP-4 P.O. Box 61409 Vancouver, WA 98666-1409	
7. TECHNICAL CONTACT Jorge Torres	PHONE NUMBER (360) 575-5533	10. BPA TECHNICAL CONTACT Laura Oliver	PHONE NUMBER (360) 619-6057
8. ADMINISTRATIVE CONTACT Philip Herold	PHONE NUMBER (360) 575-5219	11. BPA ADMINISTRATIVE CONTACT Charles Sweeney	PHONE NUMBER (360) 619-6004

RECEIVED
SEP 12 2011
BY:.....TPC

12. TITLE/BRIEF DESCRIPTION OF WORK TO BE PERFORMED UNDER THIS AGREEMENT
ENGINEERING AND PROCUREMENT ASSOCIATED WITH LONGVIEW FIBRE PAPER AND PACKAGING, INC.'S REQUEST TO MARKET GENERATION

Background: Longview Fibre Paper and Packaging, Inc. (LVF) owns a 115 kV transmission line from its facility in Longview, WA to the Bonneville Power Administration's (BPA) Cowlitz Substation. LVF is a customer of Cowlitz County Public Utility District No. 1(District), and connects to the District's 13.8 kV facilities in the District's Columbia Way Substation. LVF desires to market up to 90 MW of bio-mass generation output from the LVF facility in Longview, WA over BPA's transmission system.

BPA has developed a two-phase approach in response to LVF's request to market generation. Phase 1 is an interim solution which will allow for BPA's receipt of LVF provisioned GENICCP data and telemetry from LVF's generators 4, 6, and 7 (total nameplate of 55 MWs), at BPA's Longview Substation, Dittmer Control Center and Munro Control Center. Phase 2 will provide for the design and installation of BPA's standard metering/telemetry package, which is required for LVF to market generation on a long-term basis.

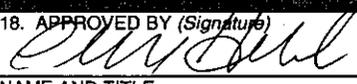
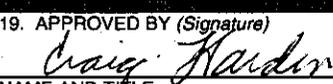
This Reimbursable Agreement (Agreement) provides for engineering and procurement activities associated with Phase 1, and must be completed before construction activities can begin. Construction activities for Phase 1 and Phase 2 will be provided for under Construction Agreement No. 11TX-15410, which, if offered, will be executed at a future date.

- LVF and BPA agree:**
- BPA shall, at LVF's expense, perform engineering, design, and material and equipment procurement activities as required to facilitate LVF's Request.
 - LVF shall, at LVF's expense, provide to BPA any information requested by BPA that is necessary for BPA to complete work under this Agreement.
 - LVF shall, at LVF's expense, perform engineering, design and material and equipment procurement activities as required to facilitate LVF's Request.

The estimated completion date for Phase 1 engineering and procurement activities provided for under this Agreement is December 5, 2011. LVF is responsible for all amounts due under this Agreement, irrespective of whether a Construction Agreement is offered to LVF or if LVF decides not to proceed with the Construction Agreement for Phase 1 and Phase 2. To the extent the equipment ordered can be canceled under reasonable terms, LVF shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, BPA may elect: (i) to take title to the equipment, in which event BPA shall refund LVF any amounts paid by LVF for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to LVF, in which event LVF shall pay any unpaid balance and cost of delivery of such equipment. Execution of this Agreement does not in any way imply or guarantee the certainty of an offer by BPA of a Construction Agreement, as the Construction Agreement may not be offered until completion of the National Environmental Policy Act studies and the issuance of a favorable Record of Decision.

The following document is attached to and becomes part of this Agreement:

13. AMOUNT TO BE PAID BY BPA \$-0-	14. AMOUNT TO BE PAID TO BPA \$88,000 (engineering and procurement, Phase 1)
15. SUBMIT SIGNED AGREEMENT TO U.S. Department of Energy Bonneville Power Administration ATTN: Tonya Van Cleave - TPC/TPP-4 P.O. Box 61409 Vancouver, WA 98666-1409	16. ACCOUNTING INFORMATION (For BPA Use Only)
	17. SUBMIT INVOICE TO (Name and Address) Same as Block 6 above.

18. APPROVED BY (Signature) 	DATE (mm/dd/yyyy) 9-9-2011	19. APPROVED BY (Signature) 	DATE (mm/dd/yyyy) 9/8/11
NAME AND TITLE Philip Herold Senior Commodity Manager	<i>for</i>	NAME AND TITLE Charles R. Sweeney Transmission Account Executive	

FINANCIAL TERMS AND CONDITIONS STATEMENT

The cost of performing the project by BPA at LVF's expense shall be the actual cost of doing the work specified in this Agreement, plus an overhead rate of 37% for labor and 22% for materials, representing the indirect costs of the project office plus the contractual support costs of contract negotiation, billing and accounting functions, and contract management.

LVF hereby agrees to advance \$88,000, the estimated project cost, to BPA upon execution of this Agreement. Payments made to BPA shall be held in an account established for this Agreement.

If BPA needs additional funds to complete the work at any time during performance of the project, BPA may request, in writing, for LVF to advance such additional funds to BPA for deposit in the account. LVF shall advance such additional funds within 30 days of BPA's written request, and BPA may temporarily stop work until LVF supplies the requested funds. If LVF does not advance such additional funds by the due date or, if at any time before completion of the project LVF elects to stop work under this Agreement, BPA will cease all work and restore, as a cost to the project at LVF's expense, government facilities and/or records (1) to their condition prior to the beginning of work under this Agreement, or (2) to some other mutually agreeable condition.

Within a reasonable time after completion of the project BPA shall make a full accounting to LVF showing the actual costs charged against the account. BPA shall either remit any unexpended balance in the account to LVF or bill for any costs in excess of the deposits in the account. LVF shall pay any excess costs within 30 days of the billing.

Payments not received within 30 days of the invoice date will accrue interest on the amount due from the invoice date to the date paid, at an annual interest rate equal to the higher of i) the prime rate (as reported in the Wall Street Journal in the first issue published during the month in which payment by LVF is due) plus 4 percent; or ii) such prime rate multiplied by 1.5.

RECEIVED
MAY 29 2011

WO # 257260

Agreement 11TX-15231

BY: TPC INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

Mar, 2011, by and between Longview Fibre Paper and Packaging, Inc. a corporation organized and existing under the laws of the State of Washington ("Interconnection Customer"), and the U.S. Department of Energy, acting by and through the Bonneville Power Administration ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer on September 10, 2010, and entered into the Interconnection Queue as Request No. G0444; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved Large Generation Interconnection Procedures (LGIP).
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of the LGIP in accordance with the Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the technical information provided by Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

Longview Fibre Paper and Packaging, Inc. - (G0444)
Interconnection System Impact Study Agreement

- 5.0 The Interconnection System Impact Study report shall provide the following information:
- 5.1 identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 5.2 identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 5.3 identification of any instability or inadequately damped response to system disturbances resulting from the interconnection; and
 - 5.4 description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.

- 6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is 90 days after the Transmission Provider receives this executed Agreement from the Interconnection Customer.

Upon receipt of the Interconnection System Impact Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

- 7.0 Miscellaneous.

- 7.1 *Governing Law, Regulatory Authority, and Rules:* The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by Federal law. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 7.2 *Amendment:* The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 7.3 *No Third-Party Beneficiaries:* This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed

are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

7.4 *Waiver*

7.4.1 The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

7.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any requested waiver of this Agreement shall be provided in writing.

7.5 *Multiple Counterparts:* This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

7.6 *No Partnership:* This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

7.7 *Severability:* If, for any reason, any provision or portion of this Agreement is held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

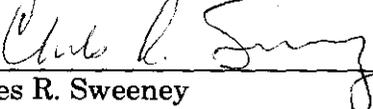
7.8 *Subcontractors:* Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such

services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- 7.8.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 7.8.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.
- 7.9 *Assignment:* Article 19 of Transmission Provider's Standard Large Generator Interconnection Agreement is incorporated into and made applicable to this Agreement.
- 7.10 *Representations, Warranties and Covenants:* Article 28 of Transmission Provider's Standard Large Generator Interconnection Agreement is incorporated into and made applicable to this Agreement.
- 7.11 Attachment A, Assumptions Used in Conducting the Interconnection System Impact Study, is incorporated into this Agreement.
- 7.12 Attachment B, Financial Terms and Conditions, is incorporated into this Agreement.
- 7.13 Attachment C, Contacts, is incorporated into this Agreement. Either Party may revise their contact information by written notice to the other Party.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

BONNEVILLE POWER ADMINISTRATION

By: 
Name/Title: Charles R. Sweeney
Transmission Account Executive
Date: May 16, 2011

LONGVIEW FIBRE PAPER AND PACKAGING, INC.

By: 
Name/Title: Philip HEROLD, Sr. Commodity Manager
Date: May 19, 2011

Attachment A

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The Interconnection System Impact Study will be based upon the results of the Scoping Meeting held between the Transmission Provider and Interconnection Customer, and on technical information provided by Interconnection Customer at a meeting held on May 11, 2011, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied:

The 115 kV bus in BPA's Cowlitz Substation.

Designation of alternative Point(s) of Interconnection and configuration:

Not Applicable.

Attachment B

**FINANCIAL TERMS AND CONDITIONS FOR THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The cost of performing the study by the Transmission Provider at the Interconnection Customer's expense shall be the actual cost of doing the work specified in this Agreement, plus an overhead rate of 37% for labor and 22% for materials, representing the indirect costs of the study office plus the contractual support costs of contract negotiation, billing and accounting functions, and contract management.

Interconnection Customer shall advance the \$50,000 deposit, the estimated study cost, to Transmission Provider who will place such advance in an account established for this Agreement, in accordance with Section 6 of this Agreement.

If the Transmission Provider needs additional funds to complete the work at any time during performance of the study, Transmission Provider may request, in writing, for Interconnection Customer to advance such additional funds to the Transmission Provider for deposit in the account. Interconnection Customer shall advance such additional funds within 30 days of Transmission Provider's written request, and Transmission Provider may temporarily stop work until Interconnection Customer supplies the requested funds. If Interconnection Customer does not advance such additional funds by the due date or, if at any time before completion of the study Interconnection Customer elects to stop work under this Agreement, Transmission Provider will cease all work and restore, as a cost to the study at Interconnection Customer's expense, government facilities and/or records 1) to their condition prior to work under this Agreement, or 2) to some other mutually agreeable condition.

Within a reasonable time after completion of the study Transmission Provider shall make a full accounting to Interconnection Customer showing the actual costs charged against the account. Transmission Provider shall either remit any unexpended balance in the account to Interconnection Customer at the Interconnection Customer's request, or hold any unexpended funds to offset the costs of future studies, or bill for any costs in excess of the deposits in the account. Interconnection Customer shall pay any excess costs within 30 days of the billing.

Payments not received within 30 days of the invoice date will accrue interest on the amount due from the invoice date to the date paid, at the appropriate rate calculated in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

Attachment C

CONTACTS

The Parties agree that any revision to this Attachment C shall be made by written notice to the other Party.

LONGVIEW FIBRE PAPER AND PACKAGING, INC.

Administrative Contact: Philip Herold
Senior Commodity Manager
Phone: (360) 575-5219
E-mail: pbherold@longfibre.com

Technical Contact: Jorge Torres
Electrical Engineeer
Phone: (370) 575-5533
E-mail: jetorres@longfibre.com

Billing Address: 300 Fibre Way
P.O. Box 639
Longview, Washington 98632

BONNEVILLE POWER ADMINISTRATION

Administrative Contact: Charles R. Sweeney
Transmission Account Executive
Phone: (360) 619-6004
E-mail: crsweeney@bpa.gov

Technical Contact: Laura L. Oliver
Customer Service Engineer
Phone: (360) 619-6043
E-mail: lloliver@bpa.gov

LGIP Administrator: Nick Peck
Phone: (360) 619-6419
E-mail: cnpeck@bpa.gov

Mailing Address: U.S. Department of Energy
Bonneville Power Administration
ATTN: LGIP Administrator - TPC/TPP-4
P.O. Box 61409
Vancouver, WA 98666

ENERGY SAVINGS PLAN
CONSERVATION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

RECEIVED
Energy Resources - LR

MAY 15 1994

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This AGREEMENT, executed May 13th, 1999, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the **BONNEVILLE POWER ADMINISTRATION** (Bonneville), and **LONGVIEW FIBRE COMPANY** (Contractor), a corporation organized under the laws of the state of Delaware.

WITNESSETH:

WHEREAS Bonneville is authorized by the Pacific Northwest Electric Power Planning and Conservation Act to acquire conservation, to develop and implement conservation programs, and to determine the cost-effectiveness of such conservation programs in the Region; and

WHEREAS Bonneville has implemented new guidelines to accelerate its conservation acquisition effort, and accordingly has modified its programs and implementation agreements to reflect such guidelines; and

WHEREAS Bonneville and the Contractor are interested in a long-term contract whereby a number of energy efficiency Projects may be implemented by the Contractor, over time, and the Energy Savings may be purchased by Bonneville pursuant to this long-term Agreement; and

WHEREAS the Contractor has proposed to operate the Energy Savings Plan (ESP) pursuant to the terms and conditions of this Agreement; and

NOW, THEREFORE, the parties hereto agree as follows:

1. Term.

This Agreement shall become effective at 0001 hours on the date the Contractor signs (Effective Date), and shall continue in effect until 2400 hours on June 30, 1999; unless terminated earlier as provided herein. All obligations arising from this Agreement shall be preserved until satisfied.

2. Definitions.

All capitalized terms are as defined below:

- (a) "Acquisition Payment" means the applicable Bonneville payment for Energy Savings, as determined in accordance with Item 3 of Exhibit B.
- (b) "Baseline Energy Use" means a measure of embodied electrical energy in a product or production stream calculated by dividing the measured input electrical energy, in kilowatt-hours (kWh), by the throughput, material flowrate or output rate of the product or production stream (i.e., kWh of electricity purchased divided by tons of product sold).
- (c) "Cogeneration" means a project involving the production of electrical and thermal power from the same heat source.
- (d) "Completion Report" means a final report prepared by the Contractor for each completed Project, in accordance with the terms of Item 3 of Exhibit B.
- (e) "Energy Review" means an analysis conducted by a qualified individual or firm to identify electrical energy conservation opportunities, estimated costs, Baseline Energy Use, and estimated Energy Savings, as defined in Item 2 of Exhibit C.

- (f) "Energy Savings" means the verifiable or verified first-year electrical energy (kilowatt-hour) savings associated with a Project, **excluding any Energy Savings** resulting from equipment for which a Rebate has been paid.
- (g) "Energy Savings Verification" means a methodology developed by the Contractor in accordance with Item 2 of Exhibit B and conducted by the Contractor in accordance with Item 2 of Exhibit B, in order to measure the **Energy Savings** for a Project.
- (h) "Fiscal Year" means the period of time which begins on October 1 and ends on the following September 30.
- (i) "Free Rider" means a Project that **would have been** implemented without E\$P.
- (j) "Fuel Switching" means an increase in the use of a nonelectrical fuel in order to achieve Energy Savings for a Project. A Project which **reduces** electrical energy use by reclaiming waste heat from a nonelectrical source will not be **considered** Fuel Switching if there is no increase in use of the nonelectrical fuel.
- (k) "Incremental" means the difference in **cost or energy** use between a baseline and what is installed because of the program.
- (l) "New Facilities" means either: (1) **retrofit improvements** to existing equipment or facilities that are identified or scheduled for installation prior to approval of a Project Proposal by Bonneville; or (2) any equipment retrofit or improvement, including new or expanded processes that add more than 30 percent to the production **capacity** of the Contractor.
- (m) "Power Factor Project" means a Project that involves the installation of power factor improvement equipment at or near the **points of end use** to reduce electrical energy line losses on the electrical system. The **Energy Savings** shall be the kWh associated with the Project, but shall not include line loss reductions on the **Contractor's** or Bonneville's electrical systems.
- (n) "Progress Payment" means a one-time **payment** that may be made after the Contractor certifies to Bonneville that the Project has been **installed** in accordance with the Project Proposal. (See Item 1, Section 5, Exhibit B.)
- (o) "Project" means the installation of **one or more** Energy Conservation Measures that improves electrical energy efficiency and that **meets the eligibility** requirements specified in Item 1 of Exhibit F.
- (p) "Project Cost" means all customary and **reasonable** costs incurred by the Contractor to implement a Project. This includes, **but is not** limited to: solely allocated, Project-specific Contractor administration costs; **Energy Review** costs not previously paid; engineering design and planning costs; proposal preparation costs; equipment installation, removal, and abandonment-in-place cost; instrumentation and data collection equipment to verify Energy Savings; permit and inspection fees; and **sales taxes**. Operation and maintenance expenses, depreciation, profit (margin), and **other typical** annual costs are not to be included in Project Cost.
- (q) "Project Proposal" means a detailed **description** of a proposed Project, which shall be prepared by the Contractor in accordance with **Item 2** of Exhibit B.

- (r) "Proprietary Information" means **trade secrets** or financial or commercial information which if disclosed could cause substantial **competitive harm** to the Contractor or Project equipment suppliers and which is designated as **proprietary** by the Contractor in accordance with Item 7 of Exhibit F.
- (s) "Rebate" means a payment for high-**efficiency** electrical equipment which qualify under Exhibit D of this Agreement.
- (t) "Receipt and Acceptance" means the **process** in which Bonneville reviews completed work to determine if the Contractor is in **compliance with the terms** of this Agreement, and by which Bonneville authorizes payment as **appropriate**.

3. Exhibits.

Exhibit A (General Conservation Contract **Provisions, 09/25/92**), Exhibit B (Energy Savings Plan Acquisitions), Exhibit C (Energy Reviews), **Exhibit D (Rebates)**, Exhibit E (Invoice Format), and Exhibit F (Referenced Documents) are **hereby attached** and by this reference made a part of this Agreement.

4. Termination.

In addition to the termination provisions in **Section 8(a)** of Exhibit A, the following provision applies under this Agreement: The Contractor **may, for its convenience**, terminate this Agreement by giving Bonneville 90 days written notice of such **termination**. In the event of such notice, the Contractor shall cease all new activities related to the **Program in this Agreement**. All obligations incurred prior to such notice shall **be satisfied**.

5. Interpretation.

- (a) The provisions in Exhibit A are **incorporated by reference** into this Agreement. In the event of a conflict, Exhibit A is subordinate to **all other parts** of this Agreement.
- (b) Except as provided in Section 18 of **Exhibit A**, **nothing** contained in this Agreement shall, in any manner, be construed to abridge, **limit or deprive** any party hereto of any remedy, either at law or in equity, for the breach of any of **the provisions** of this Agreement.
- (c) Headings are for convenient reference **only and** shall not affect the interpretation of this Agreement.
- (d) This Agreement shall be governed by **and construed** under Federal law.

6. Cost Sharing Policy.

The Bonneville Cost Share Policy determined in accordance with the provisions of Exhibit A shall apply to this Agreement. The portion which Bonneville pays is related to the percent of each utility's firm load which is served by Bonneville. Bonneville shall have the right to unilaterally amend this percentage to reflect changes in Exhibit A or Bonneville's Cost Share Policy.

7. Amendment of Agreement.

- (a) Except as provided in Section 6, 7(b) below, and Section 27(f) of Exhibit A, the provisions of this Agreement may be amended only by written agreement of the parties.
- (b) Exhibits B, C, D, E, and F may be unilaterally amended by Bonneville after reasonable notice is given to the Contractor.

8. Procedures.

Upon executing this Agreement, the Contractor may operate any or all of the activities identified in Exhibits B, C, and D to this Agreement; and shall comply with the procedures identified by the applicable Exhibit(s).

9. Payment.

- (a) Bonneville will pay the Contractor the amount shown on the invoice no later than 30 calendar days after Bonneville's Receipt and Acceptance of a proper invoice.
- (b) Payment under this Agreement shall be made either by check or electronic funds transfer. The Contractor shall include the name and address of the bank, the Contractor's bank account number, and the American Bankers Association 9-digit routing number on the invoice.
- (c) Bonneville will not pay for anything under this Agreement which has been or will be paid for under any other Bonneville Agreement.

10. Records.

The Contractor shall maintain, and make available to Bonneville upon request, records for all Projects, Energy Reviews, Rebates, and any other records as they apply to the provisions of this Agreement. The records shall be maintained in accordance with Section 10 of Exhibit A.

11. Evaluation.

Activities performed as part of this Agreement will be eligible for both process and impact evaluations. Bonneville's process and impact evaluations consist of several steps. These steps include interviews, site visits, review of program materials, measurement, and analysis.

(a) Process Evaluation.

- (1) The Contractor shall have a representative available, upon reasonable notice, to discuss each Project, each Energy Review, and each Rebate payment (as applicable) with Bonneville or its evaluation contractor.
- (2) The process evaluation will usually include interviews and discussions with the Contractor and may include site visits.
- (3) Interviews and discussions held with the Contractor will be conducted privately, and shall be of a confidential nature. Project reports will avoid identifying the sources of opinions or perceptions.

(b) Impact Evaluation.

- (1) The Contractor will be notified within 90 days of Bonneville's approval of the Completion Report, whether the project in the Completion Report will be used in an impact evaluation, and will be advised of the requirements of the evaluation. These requirements may include Project billing histories for one year before and one year following Project installation, and in some cases, additional measurement or metering for up to one year.
- (2) The impact evaluation will begin with a review of Project records (including the Project Proposal, the Energy Review, the verification data, and the Completion Report) combined with the process evaluation interviews. This may be sufficient to estimate the Project's long-term impacts for Bonneville's evaluation purposes.

(c) Responsibility.

The Contractor's responsibility is limited to no more than 8 hours of staff time per project for the purpose of impact or process evaluation over the life of the Agreement.

(d) Reimbursement.

All direct expenses occurring as a result of a direct request for additional information by Bonneville through its evaluation contractor will be reimbursed by Bonneville through the evaluation contractor. These expenses may include billing history record retrieval for data required beyond one year prior to or following Project installation, additional data collection (measurement and/or metering), staff time, or other costs, as required by the evaluation contractor. Bonneville's Cost Share policy shall not apply to any payment made to the Contractor to reimburse evaluation costs.

12. Dissemination of Information.

Bonneville shall not disclose Proprietary Information except as required otherwise pursuant to applicable laws and regulations. Exclusive of Proprietary Information, Bonneville shall have the right to publicly disseminate information provided by the Contractor pursuant to Item 7 of Exhibit F.

13. Notices and Other Communications.

Written communication between the parties, **including** invoices, shall be delivered in person or mailed to the address and to the attention of the **person** specified below:

Bonneville: Bonneville Power Administration
Lower Columbia Area Office
1500 NE. Irving Street, Room 578
Portland, OR 97232
Attn: Susan Holden - LR
Contracting **Officer's** Technical Representative
503-230-3531

Contractor: Longview Fibre Company
P.O. Box 639
Longview, WA 98632
Attn: Mark Hoehne
(206) 425-1550, ext. 4000

Copies of all written communications, **pertinent to the servicing Electric Utility**, exclusive of Proprietary Information, between the parties **shall be provided to the servicing Electric Utility**. These copies shall be mailed to the address and to the attention of the person specified below:

Utility: Cowlitz County PUD
P.O. Box 3007
Longview, WA 98632-0307
Attn: Jim Wellcome
206-577-7505

Either party may change or supplement **such address** or specified person by giving the other party written notice of such change.

14. Entire Agreement.

This Agreement sets forth the entire **Agreement of the parties** as of the Effective Date of this Agreement. The rights and obligations of **the parties** hereunder shall be subject to and governed by this Agreement.

15. Dispute Resolution and Arbitration.

Factual disputes regarding this Agreement **shall be resolved** under Section 18 of Exhibit A.

16. Severability.

If any provision of this Agreement is **finally adjudicated** by a court of competent jurisdiction to be invalid or unenforceable, it is the parties' **intent that the remainder of this Agreement**, to the extent practicable, continue in full force and effect **as though** such provision or any part thereof so adjudicated had not been included therein.

17. Signature Clause.

Each party hereto represents that it has **the authority** to execute this Agreement and that it has been duly authorized to enter into this Agreement.

IN WITNESS WHEREOF, the parties have **executed this Agreement.**

/s/ CLIFFORD C. PERIGO
Lower Columbia Area Manager

May 11, 1994

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: Clifford C. Perigo
Lower Columbia Area Manager

Name: Clifford C. Perigo
(Print/Type)

Date: MAY 11 1994

LONGVIEW FIBRE COMPANY

By: Mark E. Hoehne

Name: Mark E. Hoehne
(Print/Type)

Title: Assistant Vice President

Date: May 13, 1994

/s/ MARK E. HOEHNE

Assistant Vice President

May 13, 1994

GENERAL CONSERVATION CONTRACT PROVISIONS

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IN REFERENCE TO MEANING

1. Definitions.

- (a) "Actual Firm Bonneville Load" means load served by firm energy as defined in the Electric Utility's Power Sales Contract with Bonneville, as amended.
- (b) "Actual Firm Load" means the load served by firm energy plus load served by other generating resources or contractual resources, as defined in the Electric Utility's Power Sales Contract with Bonneville, as amended.
- (c) "Actual or Planned Computed Requirements Customer" means that term as defined in Bonneville's Northwest Power Act utility power sales contracts.
- (d) "Audit" means a complete, interim closeout or final closeout Audit of the records as may be specified in this Agreement.
- (e) "Computed Requirements Customer" means that term as it is defined in Bonneville's Northwest Power Act utility power sales contracts.
- (f) "Conservation" means any reduction in Electric Power consumption as a result of (1) increases in the efficiency of electric energy use, production, or distribution; or (2) load reduction resulting from direct application of a renewable resource.
- (g) "Consumer" means any end user of Electric Power in the region.
- (h) "Contracted Computed Requirements Customer" means that term as it is defined in Bonneville's Northwest Power Act utility power sales contracts.
- (i) "Contractor" means the party or parties to this Agreement other than Bonneville.
- (j) "Contracting Officer" or "CO" means the person designated in writing by Bonneville's Administrator with the authority to enter into, administer, modify, suspend, or terminate this Agreement and make related determinations and findings. The Contracting Officer may bind the Government only to the extent of delegated authority.
- (k) "Contracting Officer's Representative" or "COR" means the person designated in writing by the Contracting Officer to have all the rights, powers, and privileges of the Contracting Officer necessary for the administration of this Agreement. The Contracting Officer's Representative is not empowered to execute modifications to this Agreement, to make final decision of any matter which would be subject to the Dispute Resolution and Arbitration clause of this

Exhibit, or to suspend or terminate for any cause the Contractor's right to proceed under the Suspension or Termination clauses of this Exhibit.

- (l) "Contracting Officer's Technical Representative" or "COTR" means the authorized representative of the Contracting Officer designated in writing by the Contracting Officer for technical actions performed in relation to this Agreement. This includes the functions of (1) inspection and review of work performed; (2) inspection and witness of tests, presentations or other activities; (3) interpretation of technical specifications; (4) approval of Contractor's reports and other materials; and (5) rejection of nonconforming services material or equipment. The COTR is not authorized to act for the Contracting Officer in the following matters relating to this Agreement: (1) modifications to this Agreement that change the dollar amount, technical specifications, or time for performance; (2) suspension or termination of the Contractor's right to proceed, either for default or for convenience of the Government; and (3) final determinations on any matters subject to the Dispute Resolution and Arbitration clause of this Exhibit.
- (m) "Council" means the Pacific Northwest Electric Power and Conservation Planning Council established in accordance with section 4 of the Northwest Power Act.
- (n) "Electric Power" means electric peaking capacity, or electric energy, or both.
- (o) "Electric Utility" means either (1) a utility which has signed a Power Sales Contract with Bonneville and which sells Electric Power to Consumers in the Region, or (2) a regional Federal agency customer of Bonneville.
- (p) "Field Inspector" means the authorized representative of the COTR who performs the inspection and review functions for the COTR.
- (q) "Fiscal Year" means the period commencing on October 1 and ending the following September 30.
- (r) "Measure" means the installation or distribution of materials or devices or the provision of services which are described in this Agreement and are intended to accomplish Conservation.
- (s) "Metered Requirements Customer" means that term as it is defined in Bonneville's Northwest Power Act utility power sales contracts.
- (t) "Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501.

- (u) "Operating Area" means those portions of an Electric Utility's service area which are located within the Region and within which the Contractor may operate the Program in accordance with this Agreement.
- (v) "Plan" means the Northwest Conservation and Electric Power Plan in effect as of the effective date of this Agreement, including any amendments thereto, adopted in accordance with the Northwest Power Act.
- (w) "Planned Firm Bonneville Load" means the average annual firm energy load that an Electric Utility plans to place on Bonneville as indicated in Bonneville's most recently prepared Pacific Northwest Loads and Resources information.
- (x) "Power Sales Contract" means the Northwest Power Act firm power sales contract between the Electric Utility and Bonneville for the sale of power and energy to meet the Electric Utility's Actual Firm Bonneville Load, as may be amended or replaced.
- (y) "Program" means the Program identified in this Agreement.
- (z) "Region" means (1) the area consisting of the States of Oregon, Washington, and Idaho, the portion of the State of Montana west of the Continental Divide, and such portions of the States of Nevada, Utah, and Wyoming as are within the Columbia River drainage basin; and (2) any contiguous areas, not in excess of 75 air miles from the area referred to in (1) above, which are a part of the service area of a rural electric cooperative customer served by Bonneville on the effective date of the Northwest Power Act which has a distribution system from which it serves both within and without such Region.
- (aa) "Resource" means actual or planned load reduction resulting from Conservation.
- (bb) "Unavoidable Net Costs" mean all costs associated with the operation of the Program under this Agreement incurred prior to a notice of termination given by Bonneville pursuant to section 8(a) below.
- (cc) "Uncontrollable Forces" means:
 - (1) strikes or work stoppage affecting the performance of the Contractor or of Bonneville; the term "strikes or work stoppage" shall be deemed to include threats of imminent strikes or work stoppage which reasonably require a party to restrict or terminate its operations; or
 - (2) such of the following events as the Contractor or Bonneville by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

- (A) events, reasonably beyond the control of either party, causing failure, damage, or destruction of any works, system or facilities necessary for performance; the word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such works, system, or facilities;
- (B) floods or other conditions caused by nature which limit or prevent the performance of either party; and
- (C) orders and temporary or permanent injunctions which prevent said performance, and which are issued in any bona fide proceeding by:
 - (i) any duly constituted court of general jurisdiction; or
 - (ii) any administrative agency or officer, other than Bonneville or its officers, with proper jurisdiction
 - (a) if said party has no right to a review of the validity of such order by a court of competent jurisdiction; or
 - (b) if such order is operative and effective and such order is not suspended, set aside, or annulled in a judicial proceeding prosecuted by said party in good faith; provided, however, that if such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect; provided, further, that said party shall not be required to prosecute such a proceeding, in order to have the benefits of this section 1(cc), if the parties agree that there is no valid basis for contesting the order.

The term "performance" as used in this section shall be deemed to include installation of Measures if installation is required to implement the Agreement and is specified therein.

2. Interpretation.

- (a) Only Bonneville's Contracting Officer, or the Contracting Officer's Representative designated in writing, may issue interpretations of the body of this Agreement which are binding upon Bonneville, except as provided in section 2(b) below. Such interpretations shall be in writing and shall be distributed to each contractor which is a party to an agreement containing the provision being interpreted. All such interpretations shall also be available for review at each Bonneville Area/District Office.
- (b) Only the Bonneville official designated in writing by Bonneville's Administrator specifically for the purpose of interpreting Exhibit A

may issue interpretations of Exhibit A which are binding upon Bonneville. Such interpretations shall be in writing and shall be distributed to each contractor which is a party to an agreement containing the provision being interpreted. All such interpretations shall also be available for review at each Bonneville Area/District Office.

- (c) In administering this Agreement, only written statements of Bonneville officials acting with the scope of their authority will be considered to be official Bonneville statements.

IN REFERENCE TO PROGRAM OPERATION

3. Arrangements with Consumers and Contractors.

The Contractor shall not unreasonably discriminate among Consumers in implementing this Agreement. Bonneville shall not unreasonably discriminate among Contractors in implementing this Agreement.

4. Publicity and Advertising.

- (a) Bonneville may inform the general public within the Region of the existence of the Program encompassed by this Agreement by such means as press releases, speeches, public service announcements, advertising, or the like. When applicable, such information shall indicate that Program availability may vary from area to area. Bonneville shall inform and coordinate with affected Contractors prior to advertising the Program.
- (b) The Contractor shall not include in Program advertising or publicity any representations concerning: (1) warranties; or (2) the terms of payments which are offered to Consumers by Bonneville through the Contractor, without Bonneville's prior approval. Any such representations shall be sent to Bonneville for review and shall be deemed disapproved unless approved in writing within 15 days after receipt.

5. Arrangements with Other Entities.

- (a) If the Contractor is an Electric Utility which supplies power for resale to an entity that places a load on the Contractor, the Contractor may, with prior written approval of Bonneville and with the written consent of such entity, offer the Program to Consumers of such entity.
- (b) Bonneville shall have the right to revoke its approval of an arrangement meeting the conditions of section 5(a) of this Exhibit if the power sales contractual relationship between the Contractor and the entity changes in such a way so as to decrease the potential for energy savings to Bonneville from the Program.

- (c) The terms and conditions of such arrangement shall be determined by the Contractor and the entity and shall be consistent with the terms and conditions of this Agreement.

6. Coordination.

- (a) Bonneville shall inform an Electric Utility when this Agreement is offered to an entity within such Electric Utility's service area.
- (b) Upon the reasonable written request of the Electric Utility whose load is affected by implementation of this Agreement, the Contractor shall provide, in a timely manner, the actual or estimated kilowatt or kilowatthour savings resulting from or anticipated to result from this Agreement, unless such information is protected from disclosure by law. Copies of both the request by the Electric Utility and the Contractor's response shall also be sent to Bonneville to the address and to the attention of the person specified in this Agreement.

7. Suspension.

(a) Program Suspension After Consultation.

- (1) If Bonneville has determined that the Contractor's implementation of the Program is not in substantial compliance with the requirements of this Agreement, Bonneville shall provide a written description to the Contractor of the specific nature of the noncompliance.
- (2) Upon receipt of such written description, the Contractor shall not submit claims for payment for Measures or energy savings from any Measures affected by such noncompliance.
- (3) The Contractor shall correct such noncompliance within a reasonable time and shall notify Bonneville in writing when corrective action has been completed. If the Contractor does not correct the noncompliance within a reasonable time after written notice is received, Bonneville may either:
 - (A) suspend all or a portion of the Program in this Agreement, effective upon the Contractor's receipt of written notice, or
 - (B) terminate this Agreement in accordance with section 8(b) of this Exhibit.
- (4) If the Program has been suspended pursuant to section 7(a)(3)(A) of this Exhibit, Bonneville shall notify the Contractor in writing of the date that Program suspension is lifted, upon verifying that the noncompliance has been corrected.

(b) Program Suspension for Environmental, Health, or Safety Threats.

- (1) The Contractor shall implement the Program in accordance with applicable regulations issued by Federal, state, or local agencies related to the environment and the health and safety of the Contractor's employees and the general public.
- (2) If Bonneville determines that implementation of all or a portion of the Program presents an environmental, health, or safety threat, Bonneville shall notify the Contractor of such environmental, health, or safety threat.
 - (A) Bonneville may immediately suspend all or a portion of such Program, effective upon the Contractor's receipt of written notification.
 - (B) Bonneville shall provide, along with such notification, a description of the environmental, health, or safety threat that it perceives and references upon which Bonneville bases its determination.
 - (C) The Contractor shall have 30 calendar days from the date of receipt of the notice within which to comment on the perceived environmental, health, or safety threat and to propose mitigating action to such environmental, health, or safety threat and to provide estimated costs of such actions.
 - (D) Within 30 calendar days after receipt of the Contractor's comments, Bonneville shall consider the comments and, at its option, provide the Contractor with a proposed amendment to this Agreement to mitigate such environmental, health, or safety threat.
 - (E) The Contractor shall comment on the proposed amendment within 30 calendar days of its receipt.
 - (F) If Bonneville then issues such amendment, it shall be attached hereto and made a part of this Agreement. Bonneville shall reimburse the Contractor for reasonable increases in the costs of operating this Agreement to the extent caused by such amendment. Such reasonable increases shall be incorporated in such amendment.
 - (G) Bonneville shall notify the Contractor in writing of the date the Program suspension is lifted.
- (3) For environmental, health, or safety issues related to noncompliance with Federal, state, or local agency regulations, the Contractor shall bear the costs of compliance; for issues

other than noncompliance, claims for payment for Measures or energy savings from Measures affected by such environmental, health, or safety threat shall be limited to those Measures installed or completed prior to the date of receipt of the written notification of Program suspension.

(c) Immediate Suspension of Payment.

If Bonneville has reason to believe that the Contractor is claiming payment for activities which are not in substantial compliance with the requirements of this Agreement, Bonneville may, effective upon oral notification to the Contractor, immediately suspend all or a portion of payment for such activities under this Agreement while the process in either sections 7(a) or 7(b) of this Exhibit are completed. Bonneville shall issue written confirmation of such suspension of payment to the Contractor within 48 hours after oral notification is given. Following the completion of the process described in either sections 7(a) or 7(b) of this Exhibit, and unless this Agreement is terminated as described in section 7(a) of this Exhibit, Bonneville shall notify the Contractor in writing of the date that suspension of payment is lifted.

(d) After a suspension imposed under sections 7(a), 7(b) or 7(c) of this Exhibit is lifted, Bonneville shall pay for all claims that are in substantial compliance with the requirements of this Agreement, including claims for work performed during the previous suspension of payment.

(e) If this Agreement is suspended in accordance with section 7(b) of this Exhibit, or is suspended under sections 7(a) or 7(c) of this Exhibit and no significant corrective actions are required, Bonneville shall reimburse the Contractor for reasonable costs to the extent they are caused by such suspension.

(f) Within 30 calendar days after Bonneville receives a notice of reasonable one-time costs estimated by the Contractor to convert its Program in accordance with section 7(b)(2) or to bring its Program into compliance in accordance with sections 7(e) or 12 of this Exhibit, Bonneville shall review and furnish the Contractor with Bonneville's comments, if any, with respect thereto. When an agreement is reached, Bonneville shall approve any change in compensation due to payment of such costs by written notice to the Contractor. If costs to convert the Program are considered unreasonable by Bonneville, Bonneville may terminate this Agreement and obligations for payment under the provisions in this Agreement.

8. Termination.

(a) Bonneville may terminate or suspend all or any undelivered or unexecuted portion of this Agreement for its convenience upon 30 days written notice to the Contractor, with the understanding

that the Contractor is entitled to its Unavoidable Net Costs resulting therefrom. Upon receipt of the notice or on a date otherwise specified in the notice, the Contractor shall cease all activities related to the terminated or suspended portion of the Agreement unless otherwise approved by Bonneville. Upon notification of termination, the Contractor shall review its open Consumer files and the Measures in progress and assemble an invoice detailing its Unavoidable Net Costs resulting from the termination of the Agreement. Bonneville will have the option of either: (1) reimbursing the Contractor for its Unavoidable Net Costs as invoiced pursuant to the Agreement; or (2) having the Contractor complete work on its open Consumer files and those Measures in progress, such work to be invoiced upon completion pursuant to the Agreement.

- (b) Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice if the Contractor has failed to comply with the requirements of sections 7(a) or 7(b) of this Exhibit.
- (c) Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice if the Contractor is an Electric Utility and the Contractor either: (1) gives notice it will stop placing firm load on Bonneville pursuant to its Power Sales Contract; or (2) gives notice of its intent to terminate, or terminates any existing or new Power Sales Contract it may have now or in the future with Bonneville.
- (d) Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice if the Contractor is not an Electric Utility and the Electric Utility serving the Contractor of this Agreement either: (1) gives notice it will stop placing firm load on Bonneville pursuant to its Power Sales Contract; or (2) gives notice of its intent to terminate, or terminates its Power Sales Contract with Bonneville.
- (e) Termination Charge.
 - (1) A termination charge shall be determined pursuant to this section 8(e) if the Contractor is an Electric Utility and (A) this Agreement is terminated in accordance with section 8(c) of this Exhibit, or (B) the Operating Area in which a Measure is installed in accordance with this Agreement stops being served by an Electric Utility placing load on Bonneville pursuant to its Power Sales Contract, or (C) the Electric Utility does not execute a new Power Sales Contract with Bonneville which succeeds the existing or any preceding Power Sales Contract.
 - (2) The termination charge is based on the ratio of total estimated savings expected for the life of the units/Measures less

estimated annual savings achieved to date of termination to the total estimated savings for the life of the units/Measures expected.

- (3) The Contractor shall return payments received from Bonneville for savings not yet acquired by Bonneville in accordance with the following formula:

$$R = P \times \left(\frac{T - A}{T} \right)$$

where:

R = Reimbursement to Bonneville

P = Bonneville payments made to the Contractor for all units/Measures installed to date under this Agreement

A = Total estimated savings for all units/Measures achieved to date

T = Total estimated savings for the life of all units/Measures installed

The numbers for the estimated savings per unit/Measure and its associated life are based on the Council's Plan. The Contractor can request these numbers in writing from Bonneville.

- (4) Bonneville shall invoice the Contractor for payment calculated on the formula in section 8(e)(3) of this Exhibit.
- (5) The Contractor has the discretion to make reimbursement to Bonneville in one of the following ways:
- (A) The Contractor shall make a lump sum payment to Bonneville within 3 months of termination of the Power Sales Contract; or
 - (B) The Contractor shall make a lump sum payment to Bonneville within 30 days of the date the Electric Utility stops placing firm load on Bonneville pursuant to its Power Sales Contract; or
 - (C) The Contractor shall reimburse Bonneville in 12 consecutive equal monthly installments, commencing on the first business day of the month following the month in which termination of the Power Sales Contract occurs or the first business day of the month following the month in which the Electric Utility stops placing firm load on Bonneville pursuant to its Power Sales Contract.

- (6) If reimbursement is accomplished by installments as provided in section 8(e)(5)(C) of this Exhibit, interest shall be charged on the outstanding balance at Bonneville's average Treasury borrowing interest rate as of the date of termination of the Power Sales Contract or the date the Electric Utility stops placing firm load on Bonneville pursuant to its Power Sales Contract.
- (7) If, after the Contractor reimburses Bonneville in accordance with sections 8(e)(5)(A) or 8(e)(5)(B) of this Exhibit, the utility which previously ceased to be a firm power sales customer of Bonneville executes a Power Sales Contract with Bonneville or the Electric Utility resumes its purchases under its Power Sales Contract, Bonneville shall, within 90 days of the date of execution of such Power Sales Contract, return to the Contractor any such payments received from the Contractor less an amount based on the formula where A corresponds to the period when a Power Sales Contract was not in effect or no purchases were made under the Power Sales Contract.
- (8) If, after the Contractor initiates such installment payments as provided in section 8(e)(5)(C) of this Exhibit, the utility which previously ceased to be a firm power sales customer of Bonneville executes a Power Sales Contract with Bonneville or the Electric Utility resumes its purchases under its Power Sales Contract, the Contractor shall, from the date of such execution, not be obligated to make any further installment payments to Bonneville under this section. Bonneville shall, within 90 days of the date of execution of such Power Sales Contract, return to the Contractor any such payments received from the Contractor less an amount based on the formula where A corresponds to the period when a Power Sales Contract was not in effect.

9. Uncontrollable Forces.

Each party shall notify the other as soon as possible of any Uncontrollable Forces which may in any way affect performance in accordance with this Agreement. In the event the performance of either party is interrupted or curtailed due to such Uncontrollable Forces, such party shall be excused from such performance during such period of interruption or curtailment. However, such party shall exercise due diligence to reinstate such performance with reasonable dispatch.

IN REFERENCE TO PROGRAM REVIEW

10. Program Records.

- (a) Records shall be maintained by the Contractor in accordance with this Agreement. The records shall be maintained in a form determined solely by the Contractor, so long as the requirements of

section 10(b) of this Exhibit are met. The Contractor shall keep all records required by this Agreement until the later of either 3 years after creation of such records, or notification of completion of a financial Audit of such records by Bonneville. Bonneville shall initiate such financial Audit no later than 3 years after creation of the last record maintained in accordance with this section.

- (b) Program records shall be established and maintained in accordance with generally accepted accounting principles consistently applied, and in conformance with applicable laws and Federal regulations, including the provisions of the Privacy Act of 1974. If appropriate, a summary of the system of records developed by Bonneville to comply with the Privacy Act shall be supplied by Bonneville.

11. Audits.

- (a) The funds received under this Agreement should be considered Federal funds for application of OMB Circulars A-128 and A-133. If the Contractor is required to have a single audit solely as a result of the application of these provisions, Bonneville will, with prior approval, reimburse the Contractor for the additional costs involved.
- (b) Further, Bonneville may, upon reasonable notice, conduct financial Audits, monitoring reviews (including environmental reviews), or financial compliance reviews of the Contractor's implementation of the program under the terms of this Agreement. The number, timing, and extent of such reviews shall be at the discretion of Bonneville and may be conducted by Bonneville or its designee. Financial Audits shall be conducted in accordance with audit standards established by the Comptroller General of the United States. Monitoring reviews and financial compliance reviews shall be conducted in accordance with standards and procedures established by Bonneville. Bonneville, at its expense, may:
 - (1) audit, examine, or inspect Program records and accounts maintained by the Contractor or its agents, including Consumers receiving benefit hereunder, in accordance with the Program records section of the Agreement;
 - (2) obtain copies of such Program records and accounts for such purposes;
 - (3) conduct inspections of installations made under this Agreement, provided that all such inspections shall be arranged in advance through the Contractor; and
 - (4) review Contractor procedures employed in accomplishing the provisions of this Agreement.

12. Evaluation.

- (a) Activities performed as a part of the Program identified in this Agreement will be evaluated by Bonneville. The Contractor shall supply Bonneville or Bonneville's evaluation contractor with information to evaluate the Program. If appropriate, individually identifiable information shall be made available to Bonneville in accordance with the system of records identified in section 10(b) above.
- (b) Any reasonable costs incurred by the Contractor in assisting in such evaluation, to the extent not specifically required by this Agreement, shall be reimbursed by Bonneville's evaluation contractor.
- (c) Bonneville shall, upon completing the evaluation, make available the results of such evaluation to the Contractor.
- (d) Bonneville reserves the right to perform site visits and participant and nonparticipant interviews, to be agreed upon with the Contractor.

MISCELLANEOUS PROVISIONS

13. Indemnification.

- (a) The Contractor agrees to hold Bonneville harmless against any judgment for direct or consequential damages awarded to third parties arising from or related to the Contractor's performance of its obligations under this Agreement. However, the Contractor shall not indemnify and hold harmless Bonneville, but Bonneville shall indemnify and hold harmless the Contractor from any claim, demand, damage, loss, liability, and expense, including, but not limited to, reasonable attorney's fees, arising from or related to the Contractor's performance of its obligations under this Agreement, if the Contractor's performance is in the manner required by this Agreement and if the claim, demand, damage, loss, liability, or expense is based on standards or design requirements of the Program identified in this Agreement. Bonneville will not indemnify and hold the Contractor harmless unless the Contractor gives written notice to Bonneville within 30 days of the Contractor's receipt of written notice of any demand or claim, or of any lawsuit, relating to the Contractor's performance under this Agreement. This provision shall survive the termination of this Agreement, terminating only when all periods under any applicable statutes of limitation have lapsed.
- (b) The Contractor agrees that Bonneville has no responsibility for production of energy savings resulting from the Program. The Contractor agrees not to hold Bonneville responsible for any direct or consequential damages which were reasonably foreseeable at the

time of entering into the Agreement by the parties, and which arise out of or in connection with the lack of production of energy savings resulting from the Program.

- (c) Bonneville agrees to indemnify and hold harmless the Contractor from any losses, expenses, costs, or damages, including reasonable attorneys' fees incurred at trial, on appeal, or in arbitration, due to the actions of anyone who obtains access to proprietary information as a result of Bonneville's negligence or failure to protect proprietary information to the extent required by law.

14. Disclaimer of Liability.

The Contractor shall require any independent contractor with which it contracts to implement the provisions of this Agreement to indemnify and hold Bonneville harmless from all claims, damages, losses, liability, and expenses arising from the negligent or other tortious acts or omissions of such independent contractors, their officers, agents, or employees.

15. Assignment of Agreement.

Moneys due or to become due from Bonneville to the Contractor in accordance with the terms of this Agreement may be assigned by the Contractor to a bank, trust company, or other financing institution, including any Federal lending agency, for the purpose of financing any portion of the cost of this Agreement. In the event of any such assignment, the assignee thereof shall provide written notice of the assignment together with a true copy of the instrument of assignment to Bonneville within 10 calendar days of such assignment. Except as provided above, no other interest, right, or obligation in this Agreement may be assigned or transferred by the Contractor to another party without prior written consent of Bonneville.

16. Binding Effect.

This Agreement shall inure to the benefit of and be binding upon the parties, their respective legal representatives, assigns, and successors.

17. No Third Party Beneficiaries.

In promising performance to one another under this Agreement, the parties intend to create binding legal obligations to and rights of enforcement in: (a) one another; and (b) such assignees or successors in interest of the parties as may enjoy a right to enforce this Agreement by virtue of provisions of this Agreement that expressly create such a right in such assignees or successors in interest. By entering into this Agreement, the parties expressly do not intend to create any obligation or promise of any performance to any other third party, nor have the parties created for any third party any right to enforce this Agreement.

18. Dispute Resolution and Arbitration.

The parties agree to submit to binding arbitration all factual issues arising out of this Agreement which the parties have legal authority to arbitrate, and which cannot be otherwise resolved by discussions between

the parties. The following procedures shall apply to dispute resolution and arbitration:

- (a) The party requesting arbitration shall serve notice in writing upon the other party, setting forth in detail the question or questions to be arbitrated and the arbitrator appointed by such party. The nonrequesting party shall have 7 days to review the question or questions and present to the other party its question or questions.
- (b) The nonrequesting party shall, within 45 days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third arbitrator within 10 days, or if they fail to mutually agree on a third arbitrator, a third arbitrator shall be appointed by the United States District Court for the District of Oregon, located in Portland, Oregon.
- (c) If the nonrequesting party fails to name its arbitrator within 45 days after receiving notice under section 18(b) of this Exhibit, the arbitrator appointed shall proceed as a single arbitrator in accordance with section 18(d) and 18(e) of this Exhibit, and issue a decision as provided in section 18(e) of this Exhibit.
- (d) The arbitration hearing shall begin at Portland, Oregon, no later than 30 days after appointment of the third arbitrator, or the date on which a single arbitrator proceeds as detailed in section 18(c) above, and upon written notice to the parties by the arbitrators of the date, time, and location of the hearing. The arbitrators shall determine the procedures to be followed for the arbitration.
- (e) The arbitration hearing shall be concluded within 3 days unless otherwise ordered by the arbitrators and the decision thereon shall be made within 10 days after the close thereof. The decision shall include a brief informal discussion of the basis for the decision, but formal findings shall not be required.
- (f) Each party shall pay for the services and expenses of the arbitrator appointed for it, for its own attorneys' fees, and for compensation for its witnesses or consultants. All other costs incurred in connection with the arbitration, including those of the third arbitrator shall be shared equally by the parties thereto.

PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER

19. Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.).

(a) Overtime requirements.

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborers or mechanics in any workweek in which the individual is employed on

such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than 1-1/2 times the basic rate or pay for all hours worked in excess of 40 hours in such workweek.

(b) Violation; liability for unpaid wages; liquidated damages.

In the event of any violation of the provisions set forth in section 19(a) of this Exhibit, the Contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions set forth in section 19(a) of this Exhibit in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by provisions set forth in section 19(a) of this Exhibit.

(c) Withholding for unpaid wages and liquidated damages.

The Contracting Officer shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract subject to the Contract Work Hours and Safety Standards Act which is held by the same Prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in section 19(b) of this Exhibit.

20. Convict Labor (Executive Order No. 11755, Dec. 29, 1973).

In connection with the performance of work under this Agreement, the Contractor or any subcontractor agrees not to employ any person undergoing sentence of imprisonment except as otherwise provided by law.

21. Equal Opportunity (Executive Order No. 11246, Sept. 24, 1965).

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$25,000, the Contractor shall comply with sections 21(b)(1) through 21(b)(11) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this Agreement, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

- (2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to: (A) employment; (B) upgrading; (C) demotion; (D) transfer; (E) recruitment or recruitment advertising; (F) layoff or termination; (G) rates of pay or other forms of compensation; and (H) selection for training, including apprenticeship.
- (3) The Contractor shall post in conspicuous places, available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
- (4) The Contractor shall, in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
- (6) The Contractor shall comply with Executive Order No. 11246, Sept. 24, 1965 (30 FR 12319), as amended, and the rules, regulations and order of the Secretary of Labor.
- (7) The Contractor shall furnish to the contracting agency all information required by Executive Order No. 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of the award.
- (8) The Contractor shall permit access to its books, records and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for purposes of investigation to ascertain the Contractor's compliance with such rules, regulations, and orders.
- (9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this Agreement may be canceled.

terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order No. 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order No. 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of sections 21(b)(1) through 21(b)(11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order No. 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance: Provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the Government to enter into the litigation to protect the interest of the United States.

(c) Notwithstanding any other clause in this Agreement, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

22. Certification of Nonsegregated Facilities (48 CFR 22.810).

- (a) The Contractor certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause of this Exhibit.
- (b) The Contractor further agrees that it will (1) obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; (2) retain such certifications in its files; and (3) forward the following notice to such proposed subcontractors, except where the proposed subcontractors have submitted identical certifications for specific time periods:

"Notice to Prospective Subcontractors of Requirement for Certifications of Nonsegregated Facilities.

"A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract under which the subcontractor will be subject to the Equal Opportunity clause. This certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually)."

23. Officials Not to Benefit (41 U.S.C. 22).

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit arising from it. However, this clause does not apply to this Agreement to the extent that this Agreement is made with a corporation for the corporation's general benefit.

24. Bonneville's Obligations Not General Obligations of the United States (16 U.S.C. 839(j)).

None of the offerings of obligations, or promotional materials for such obligations, which may be offered by the Contractor to fund its activities pursuant to this Agreement, shall be construed to be, general obligations of the United States, nor are such obligations intended to be or are they secured by the full faith and credit of the United States.

25. Small Business Act (15 U.S.C. 631 and 15 U.S.C. 637).

If this Agreement exceeds \$10,000, then the following provisions apply:

- (a) It is the policy of the Government that small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency.
- (b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this Agreement. The Contractor further agrees to cooperate on any studies or surveys as may be conducted by the United States Small Business Administration or awarding agency of the Government as may be necessary to determine the extent of the Contractor's compliance with this clause.
- (c) As used in this Agreement the term "small business concern" shall mean a small business as defined in section 3 of the Small Business Act (15 U.S.C. 632) and relevant regulations promulgated pursuant thereto. The term "small business concerns owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:
 - (1) which is at least 51 percent owned by one or more socially disadvantaged individuals; or, in the case of any publicly

owned business, at least 51 percent of the stock of which is owned by one or more socially or economically disadvantaged individuals; and

- (2) whose management and daily business operations are controlled by one or more such individuals.

The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

- (d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

26. Other Statutes, Executive Orders, and Regulations.

- (a) The Contractor agrees to comply with the following statutes, executive orders, and regulations to the extent applicable:

- (1) False claims Act, 31 U.S.C. 3729, et seq. Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both;
- (2) Rehabilitation Act of 1973, as amended, (29 U.S.C. 793), Executive Order No. 11758, Jan. 15, 1974, and the regulations of the Secretary of Labor (41 CFR Part 60-741, et seq.), which concern affirmative action for handicapped workers;
- (3) Vietnam Era Veterans Readjustment Assistance Act of 1972, 38 U.S.C. 101, 102, 240, 241, 1502, 1504, 1507, as amended, and the clauses contained in 41 CFR 60-250, et seq., concern affirmative action for disabled veterans and veterans of the Vietnam Era;
- (4) Executive Order No. 11625, Oct. 13, 1971, and implementing regulations which concern utilization of small disadvantaged business concerns;
- (5) Anti-Kickback Act, 41 U.S.C. 51 et seq.; and
- (6) Privacy Act of 1974, 5 U.S.C. 552a.

- (b) The Contractor agrees to comply with requirements deemed necessary by Bonneville in order to implement Bonneville's obligations under the National Historic Preservation Act of 1966, 16 U.S.C. 470 et seq. (1982).

IN REFERENCE TO COST SHARE ARRANGEMENTS

27. Cost Share Arrangements.

Eligibility.

- (a) Metered Requirements Customers are eligible for participation in Bonneville's conservation programs without reduction in conservation payments.
- (b) Actual or Planned Computed Requirements Customers are eligible for participation in Bonneville's conservation programs without reduction in conservation payments when:
- (1) the Customer requests full participation; and
 - (2) the Area Manager determines that energy conservation in the service area of that customer would reduce Bonneville's obligation to serve firm load in the region.
- (c) If the Area Manager cannot ensure with confidence that conservation in an Actual or Planned Computed Requirements Customer service area fully acts to reduce Bonneville's obligation to serve firm load in the region, the customer may request, and the Area Manager may negotiate, a resolution of the issue that results in benefits to Bonneville at least equal to the cost to Bonneville of the conservation savings to be acquired.
- (d) In general, no payment will be made for acquisition of conservation in the service area of Contracted Computed Requirements Customers. Bonneville will consider proposals where Contracted Computed Requirements Customers can demonstrate that conservation in their service area reduces Bonneville's obligation to serve firm load in the region, or brings other benefits to Bonneville, in spite of their contractual status with Bonneville. In these cases, the customer utility may request, and the Area Manager may negotiate, a conservation payment not to exceed Bonneville's benefits from the conservation.
- (e) Area Managers will make their determination under this section annually, by September 1 of each year, prior to Bonneville's Fiscal Year for which the determination is being made, except that the determination for Fiscal Year 1993 shall be made by May 1, 1993. This determination shall be provided in writing, prior to the beginning of the Fiscal Year for which the determination is made, or as soon thereafter as is possible.

- (f) If Bonneville revises its policy on eligibility for participation under its Conservation programs, this Agreement may be unilaterally amended by Bonneville to effect the change in the policy. Such policy changes include, but are not limited to, revising the cost share provisions. Such policy changes may result in the Customer becoming ineligible, in part or in whole for participation in Bonneville's Conservation program.

Effective Date and Transition Procedures

- (g) Unless determined otherwise by the Area Manager, the effective date of Section 27 will be October 1, 1992.
- (h) Non-Residential Agreements.
These cost share provisions will apply retroactively to all agreements between Bonneville and non-residential end-use consumers, and between utilities and their non-residential end-use consumers, which were signed on or after October 1, 1992.
- (i) Residential Agreements.
Computed requirements customers found eligible for Bonneville payments pursuant to section 27(e) above, and metered requirements customers previously subject to a cost share requirement, shall choose one of the two following options of implementing these cost share arrangements for all of their Bonneville-funded residential programs, except the Appliance Efficiency Program.
- (1) Under option one, utilities can choose to do dual tracking. Work begun under utility/residential end-use consumer agreements signed prior to October 1, 1992, will be eligible for payments reduced by the cost share percentage in effect prior to October 1, 1992. (See section 27(1)(4) below.) Work begun under similar agreements signed after October 1, 1992, would be eligible for payments under these cost share provisions. If this option is chosen, the utility shall work with the Area or District program representatives to ensure adequate recordkeeping is maintained.
- (2) Under option two, the Administrative Simplicity Option, duplicate invoicing would be avoided. The utility would pay the cost share in effect prior to October 1, 1992, for work completed and invoiced during the first quarter of Fiscal Year 1993. Work completed and invoiced after January 1, 1993, would be subject to these cost share provisions.
- (j) Appliance Efficiency Program Agreements.
Payments under these cost share provisions will be made by Bonneville for all Appliance Efficiency Program (Residential Conservation Agreement Exhibit G) costs invoiced to Bonneville which were incurred on or after October 1, 1992.

- (k) Administrative and Other Nonincentive Payments.
All otherwise reimbursable administrative, marketing, training and other costs incurred on or after October 1, 1992, will be reimbursed for utilities found eligible for Bonneville payments in sections 27(a) through 27(e) above.
- (1) Bonneville/end-use consumer or utility/end-use consumer agreements signed prior to October 1, 1992, and not otherwise covered by sections 27(g) through 27(k) above, are subject to the following cost share provisions:
- (1) Bonneville shall determine the Bonneville cost share percentage for the electrical service area of each Electric Utility, based on the Bonneville load percentage calculated in accordance with section 27(1)(2) below.
 - (2) The Bonneville load percentage shall be the percentage produced by dividing the Actual Firm Bonneville Load for each Electric Utility by its Actual Firm Load. The load information used to make such determination shall be for the period of August 1 through the following July 31 prior to the Fiscal Year for which the determination is being made.
 - (3) The qualifying Bonneville load percentage calculated in accordance with section 27(1)(2) above will be rounded to the nearest whole number for the purpose of identifying the appropriate Bonneville cost share percentage shown in the table in section 27(1)(4) below.
 - (4) Cost Share Percentage

<u>Bonneville Load Percentage</u>	<u>Bonneville Cost Share Percentage</u>
Equal to or Greater Than 0% and Less Than 1%	0%
Equal to or Greater Than 1% and Less Than 40%	75%
Equal to or Greater Than 40% and Less Than 60%	85%
Equal to or Greater Than 60% and Less Than 80%	90%
Equal to or Greater Than 80% and Less Than 90%	95%
Equal to or Greater Than 90%	100%

(VS10-PMCE--1840)

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ENERGY SAVINGS PLAN ACQUISITIONS

1. Bonneville shall have the right to unilaterally amend this Exhibit.
2. This Exhibit contains the information that is needed to participate in the Energy Savings Plan Program:
 - Item 1. Energy Savings Plan Acquisition Procedures
 - Item 2. Project Proposal Requirements
 - Item 3. Completion Report Requirements
 - Item 4. Estimated Acquisition Payment Calculations
 - Item 5. Additional Energy Savings Verification Report
 - Item 6. Progress Payment Calculation Sheet

ITEM 1
ENERGY SAVINGS PLAN ACQUISITION PROCEDURES

In the event the Contractor offers the acquisition **part of the** Energy Savings Plan Program, the Contractor shall follow the procedures identified below:

1. Project Eligibility.

- (a) The Contractor shall ensure that any **Project meets** the requirements specified in Item 1 of Exhibit F.
- (b) If the Contractor has determined, **pursuant to Item 3** of Exhibit F, that the proposed Project is not categorically excluded for **environmental purposes**, then Bonneville agrees to work with the Contractor to determine the **appropriate level of environmental documentation** required in accordance with the National Environmental Policy Act. If a determination is made by Bonneville that a proposed Project **may have significant environmental impacts**, then that Project may be ineligible for funding under **this Agreement**.
- (c) Bonneville will not acquire Energy **Savings in excess** of the amount of firm electric energy which was purchased from the Contractor's **Electric Utility** for use by the Contractor during the 12-month period prior to Bonneville's **Receipt and Acceptance** of the Project Proposal, unless otherwise approved by Bonneville.
- (d) Approval of a Project is subject to **availability of funding**.

2. Project Procedures.

- (a) Bonneville accepts no responsibility **for costs incurred** by the Contractor until Bonneville has approved a Project Proposal in writing.
- (b) The Contractor shall send the proposal(s) **containing** the information required in Item 2 of this Exhibit to the representative specified **in Section 13** of the Agreement.
- (c) Bonneville shall notify the Contractor **in writing** within 30 days of receipt of the proposal of the outcome of the review of the proposal.
- (d) If Bonneville approves the Project **within the Project Proposal** for funding, then the Contractor can proceed with installation of the **Project in accordance** with the Project Proposal.
- (e) If the proposal is not approved, the **Contractor may** resubmit the proposal after correcting the deficiencies. **Within 15 days**, Bonneville will notify the Contractor of the outcome of the

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resubmitted proposal. If the initial or resubmitted proposal is determined by Bonneville to be unacceptable and cannot be corrected, or if the proposal is not resubmitted within 60 days of being disapproved, Bonneville will **not be obligated** to fund the Project(s) within the proposal.

3. Project Installation.

- (a) The Contractor shall notify Bonneville **within 15 days** following the installation of the Project, unless otherwise agreed. Bonneville **reserves** the right to visit the project site during installation.
- (b) The Contractor shall submit a **Completion Report** prepared in accordance with Item 3 of this Exhibit **within 30 days** following the **verification** of the Energy Savings for the Project unless otherwise agreed.
- (c) Bonneville shall notify the Contractor **in writing** within 30 days of receipt of the Completion Report of the outcome of the review **of the Completion Report**.
- (d) If the Completion Report is approved, **an inspection** will be performed in accordance with Section 4, Item 1 of this Exhibit (**Inspection**).
- (e) If the Completion Report is not approved, the Contractor may resubmit the Completion Report after correcting the deficiencies. Bonneville will notify the Contractor within 15 days of receipt of the resubmitted Completion Report **of the outcome** of the review of the resubmitted Completion Report. If the Completion Report is not resubmitted within 60 days, Bonneville will not be obligated to fund the Project.
- (f) If Bonneville determines that the **Completion Report** is unacceptable and cannot be modified, then Bonneville will:
 - (1) Not be obligated to fund the Project.
 - (2) Bill the Contractor, if applicable, **for an amount** equal to any Progress Payment made. Payment will be due 30 days **from the date** of the bill. If payment is not received by the scheduled due date, interest will **accrue on** the amount due from the scheduled due date to the date paid at the higher of the Department of Treasury's Current Value of Funds Rate or the Bonneville Cost of Borrowing Rate.

4. Inspection.

- (a) Bonneville will schedule an **inspection of the Project** within 30 days of Receipt and Acceptance of the Completion Report or another **date as agreed**.

- (b) If Bonneville determines, following **the inspection**, that the Project is not installed in accordance with the Project Proposal, Bonneville shall **notify** the Contractor in writing of such inconsistency within 15 calendar days of such inspection.
- (1) The Contractor shall make **necessary corrections** within 60 calendar days, or by another date as agreed.
 - (2) After Bonneville has been notified **that such inconsistencies** have been corrected, it shall reinspect the Project.
 - (3) If the Contractor does not correct **all such inconsistencies** within the period provided, or the inconsistencies cannot be corrected, Bonneville will:
 - (A) Not be obligated to fund the Project.
 - (B) Bill the Contractor, if applicable, for an amount equal to any Progress Payment made. Payment will be due 30 days from the date of the bill. If payment is not received by the scheduled due date, interest will accrue on the amount due from the scheduled due date to the date paid at the higher of the Department of Treasury's Current Value of Funds Rate or the Bonneville Cost of Borrowing Rate.
 - (4) If all such inconsistencies have been corrected as determined by Bonneville, then the provisions of Section 4(c) of this Exhibit shall apply.
- (c) If Bonneville determines, following **the inspection**, that the Project is installed in accordance with the Project Proposal, Bonneville shall **issue** written notification to the Contractor within 15 calendar days of the inspection.
- (d) Within 30 calendar days of receipt of **the notification** in Section 4(c) above, or another date as agreed, the Contractor shall submit an **invoice** to Bonneville in the format provided in Exhibit E.
- (e) Following Receipt and Acceptance of a **proper invoice**, Bonneville shall pay the Contractor pursuant to Section 9 of this Agreement.
- (f) Bonneville's review and inspection for **the purposes** of this Agreement shall not be construed as endorsement of the environmental, **health or safety** conditions present.

5. Progress Payment.

- (a) A Progress Payment of up to 50% (**exact percentage** to be determined by Bonneville) of the Estimated Acquisition Payment specified in the approved Project Proposal may be allowed after a Project has been installed, if the **time required** to complete the Energy Savings Verification is greater than 3 months following Project installation.

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- (b) If the Contractor desires a Progress Payment, the Contractor shall submit a written request to the Bonneville representative identified in Section 13 of this Agreement.
 - (c) Within 15 days of receipt of the Contractor's request for a Progress Payment, Bonneville shall inspect the Project installation. If Bonneville determines that the Project is installed in accordance with the Project Proposal, Bonneville shall issue written notification to the Contractor within 7 days after the inspection as to the outcome of the inspection. This written notification shall indicate approval or disapproval of the request for a Progress Payment and shall state the specific Progress Payment percentage that has been authorized for this Project.
 - (d) Within 15 days of receipt of the written notification of approval of the Progress Payment, the Contractor shall submit a Progress Payment Calculation Sheet (Item 6) and an Invoice (Exhibit E) to the Bonneville representative identified in Section 13 of this Agreement.
 - (e) Upon Receipt and Acceptance of a proper invoice, Bonneville shall pay the Contractor a Progress Payment pursuant to Section 9 of this Agreement.
6. Additional Energy Savings Verification Report

If the Actual Project Acquisition Payment equals or exceeds \$300,000, the Contractor shall be required to perform an additional Energy Savings Verification (Persistence Check) one year from the date of the Completion Report approval utilizing the format described in Item 5 of this Exhibit. No additional Acquisition Payment will be made for this Persistence Check verification. This Additional Energy Savings Verification Report shall be sent to the Bonneville representative identified in Section 13 of this Agreement.

ITEM 2
PROJECT PROPOSAL REQUIREMENTS

The Project Proposal shall contain the following information:

1. Contractor's Name and Address.
2. Bonneville Contract Number and Bonneville Procurement Number.
3. Date of Submittal.
4. Title of Proposed Project.
5. Standard Industrial Classification (SIC).
6. Detailed description of the proposed Project. Describe in detail for each energy conservation measure the existing equipment, systems, processes, and the product or service of the facility and how the proposed Measure(s) will modify it. Include a block/flow diagram for both before and after the modifications. Single composite diagram(s) showing the installation both before and after are encouraged. Include any land acquisitions or development required and estimates of changes in system output.
7. Energy Savings Estimate for each Project. Calculate the annual Baseline Energy Use and the estimated annual Energy Savings for each Measure proposed. The Energy Savings is the difference between the Baseline Energy Use and the energy use with the Measure installed. Briefly explain how the estimate was derived (e.g., theoretical calculations, field measurements, manufacturer's data) and what assumptions were made in determining the annual Energy Savings estimate. Discuss interactive effects between proposed Measures and if applicable, what effect they will have on the Energy Savings. Calculations should be clear and easy to follow. State the number of years the energy savings are expected to persist for each Measure.

In the case of retrofit Projects involving existing facilities, the Baseline Energy Use and the energy use with the Measure installed shall be measured directly or developed directly from measured electrical energy consumption and production data.

In the case of New Facilities and expansions, the Baseline Energy Use shall be determined by engineering analysis. The Baseline Energy Use shall reflect standard practice in the industry as approved by Bonneville. The energy use with the Measure installed shall be measured directly or developed directly from measured electrical energy consumption and production data. In cases where measuring of electrical energy use is not practical, the energy use may be determined by engineering analysis when approved by Bonneville.

8. Estimated Project Cost. Project Cost includes the costs associated with a project that increase electrical energy efficiency and result in Energy Savings as determined from a baseline. All customary and usual costs incurred to implement the project are included. (Also see "Project Cost" under the "Definitions" Section of this Agreement.) Operation and maintenance costs, depreciation, profit (margin), and other typically annual costs are not to be included in Project Cost. Non-energy related costs such as increased capacity are not to be included in Project Cost.

In the case of retrofit Projects involving existing facilities, the baseline cost is zero. The Project Cost includes all customary and usual costs incurred to implement the Project as defined above.

In the case of New Facilities, planned replacements or expansions, the Project Cost is the Incremental cost between the baseline cost and the cost with the project installed. The baseline cost is the cost of the less efficient equipment the Contractor would install in lieu of the more electrically-efficient equipment installed because of the program. The baseline cost shall be similar to what is standard and customary for the industry. The Project Cost is the difference between the baseline cost and the costs incurred to implement the Project.

9. Estimated Acquisition Payment Calculation, using estimated Project Cost and estimated Energy Savings pursuant to Item 4 of this Exhibit. **Note:** If the Acquisition Payment equals or exceeds \$300,000, the Contractor shall be required to perform an additional Energy Savings Verification one year from the date of the Completion Report approval. (See Item 5 of this Exhibit.)
10. Detailed description of methodology to be used to verify Energy Savings by Measure. If a second verification is required (see Line 9 above), describe the methodology to be used for this verification.
11. Estimated Project installation schedule and estimated completion date.
12. Environmental Effects Information Sheet and Applicable Environmental Permits pursuant to Item 2 of Exhibit F.
13. The Environmental Review Requirements pursuant to Item 3 of Exhibit F.
14. Utility Billing History. A copy of the utility billing history for the Contractor for 1 year prior to the installation of each Project.

ITEM 3
COMPLETION REPORT REQUIREMENTS

After the Contractor has completed inspection of the Project, a Completion Report shall be submitted by the Contractor to Bonneville. The report shall be written in the following format and sent to the Bonneville representative specified in Section 13 of this Agreement.

1. Name and Full Address of Contractor.

2. Date of Submittal.

3. Title of Project.

4. Description of the Completed Project.

Include a description of each Measure, a list of the equipment which was installed, and the electrical energy efficiency improvement accomplished. Describe any changes made to the Project Proposal and their impact, if any, on Energy Savings and Project Cost.

5. Energy Savings Verification.

The Contractor shall complete and document the results of the Energy Savings Verification as described in the Project Proposal. Describe any changes made from the verification methodology described in the Project Proposal and the reason for such changes.

6. Actual Cost and Acquisition Payment Calculations.

The Contractor shall complete pages B10 through B12 of this Exhibit for each Project and include them in the Completion Report.

7. Comments and Recommendations.

Provide a critique of the Project to identify possible improvements in equipment or procedures for similar projects.

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8. Certification by Contractor.

Acting as a duly authorized representative of the Contractor, I certify that the Project has been installed in accordance with the Project Proposal, that each Measure is operating, and that the Energy Savings amount derived from the Energy Savings Verification completed in accordance with Section 5 of this Item 3 is reasonable, based on generally accepted and customary engineering practice.

LONGVIEW FIBRE COMPANY

By: _____

Name: _____

(Print/Type)

Title: _____

Date: _____

ACTUAL PROJECT COSTS */

1. Name and Address of Contractor:
2. Date of Submittal:
3. Title of Project:
4. Energy Review Cost: (If Energy Review costs have already been reimbursed, check "e." below and do not fill in the Energy Review costs in this section.)
 - a. Scoping: \$ _____
 - b. Analysis: \$ _____
 - c. Proposal Preparation: \$ _____
 - d. Other (specify): \$ _____
 - e. Energy Review Costs Have Been Previously Reimbursed
5. Contractor Costs. List sales tax, where appropriate. Include invoices from consultants, suppliers of major pieces of equipment, and installers. (Add additional pages, if needed)
 - a. Solely-allocated, Project-specific Administration Costs: \$ _____
 - b. Contractor Engineering Design Costs (Proposal preparation if not included as part of Energy Review):

<u>Job Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Cost</u>
_____			\$ _____
_____			\$ _____
 - c. Subcontractor Engineering Design Costs (Proposal preparation if not included as part of Energy Review):

<u>Job Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Cost</u>
_____			\$ _____
_____			\$ _____

*/ If Project Proposal contains multiple Measures, report costs for each Measure separately.

- d. Equipment:
Type _____ \$ _____
 - e. Equipment Installation Costs (contracted and/or in-house):
Type _____ \$ _____
 - f. Equipment Removal or Abandonment-In-Place Costs:
Type _____ \$ _____
 - g. Instrumentation and Data Collection Costs (needed to verify Energy Savings):
Type _____ \$ _____
 - h. Permit or Inspection Fees:
Type _____ \$ _____
6. TOTAL PROJECT COSTS: \$ _____

ACTUAL ACQUISITION PAYMENT CALCULATIONS

Name of Contractor: _____

Project Title: _____

1. Existing Facilities:

a. Actual Project Cost: \$ _____

b. Line 1a × 80%: \$ _____

2. New Facilities:

a. Actual Incremental Cost: \$ _____

b. Line 2a × 100%: \$ _____

3. Total Energy Savings: (from Completion Report)

a. Existing Facilities: _____ kWh

b. New Facilities: _____ kWh

4. Acquisition Rate:

a. Existing Facilities: _____ 15 ¢/kWh

b. New Facilities: _____ 18 ¢/kWh

5. Acquisition Payment Calculation:

a. Existing Facilities: Line 3a × 4a: \$ _____

b. New Facilities: Line 3b × 4b: \$ _____

6. Acquisition Payment Comparison:

a. Existing Facilities: Lesser of Line 1b or 5a: \$ _____

b. New Facilities: Lesser of Line 2b or 5b: \$ _____

c. Combined Total: Line 6a + 6b: \$ _____

7. Cost Share Percentage: _____ %

8. Total Acquisition Payment (Line 6c × Line 7): \$ _____

9. Progress Payment (from Item 6, Line 6, this Exhibit): \$ _____

10. Balance Due (Line 8 - Line 9): \$ _____

ITEM 4
ESTIMATED ACQUISITION PAYMENT CALCULATIONS

This page is to be included in the Project Proposal **only** (see Item 2, Exhibit B).

Name of Contractor:	_____
Project Title:	_____
1. Existing Facilities:	
a. Estimated Project Cost:	\$ _____
b. Line 1a × 80%:	\$ _____
2. New Facilities:	
a. Estimated Incremental Cost:	\$ _____
b. Line 2a × 100%:	\$ _____
3. Estimated Annual Energy Savings:	
a. Existing Facilities:	_____ kWh
b. New Facilities:	_____ kWh
4. Acquisition Rate:	
a. Existing Facilities:	_____ 15 ¢/kWh
b. New Facilities:	_____ 18 ¢/kWh
5. Estimated Acquisition Payment Calculation:	
a. Existing Facilities: Line 3a × Line 4a:	\$ _____
b. New Facilities: Line 3b × Line 4b:	\$ _____
6. Base Acquisition Payment Comparison:	
a. Existing Facilities: Lesser of Line 1b or 5a:	\$ _____
b. New Facilities: Lesser of Line 2b or 5b:	\$ _____
c. Combined Total: Line 6a + 6b:	\$ _____
7. Cost Share Percentage:	_____ %
8. Estimated Acquisition Payment (Line 6c × Line 7):	\$ _____

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ITEM 5
ADDITIONAL ENERGY SAVINGS VERIFICATION REPORT

If the Actual Project Acquisition Payment equals or exceeds \$300,000, the Contractor shall be required to perform an additional Energy Savings Verification (**Persistence Check**) one year from the date of the Completion Report approval. The additional **Energy Savings** Verification shall be performed in accordance with the verification methodology approved in **the Project Proposal** or another method as mutually agreed upon.

1. Contractor's Name and Address:
2. Project Title:
3. Date of Completion Report Approval:
4. Verified Energy Savings from Completion **Report**:
5. Date of Submittal of this Report:
6. Actual verified Energy Savings Reported **during this Persistence Check**:
7. Additional Comments/Explanations/**Documentation**:

CONTRACTOR'S SIGNATURE

Name: _____

Title: _____

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ITEM 6
PROGRESS PAYMENT CALCULATION SHEET*

1. Name of Contractor: _____
2. Project Title: _____
3. Estimated Acquisition Payment (from Item 4, Line 8, this Exhibit): \$ _____
4. Line 3 × _____ (percentage determined by Bonneville):
(See Item 1, Section 5(c) of this Exhibit) \$ _____
5. Bonneville Cost Share Percentage: _____ %
6. Progress Payment due the Contractor (Line 4 × Line 5): \$ _____

*/ Submit a Progress Payment Calculation Sheet for each Project for which a Progress Payment is being requested.

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ENERGY REVIEWS

1. Bonneville shall have the right to **unilaterally amend this Exhibit.**
2. This Exhibit contains the information that **is needed to complete an Energy Review under this Agreement:**
 - Item 1. Energy Review Procedures
 - Item 2. Energy Review Components and **Proposal**
 - Item 3. Energy Review Payment Calculation
 - Item 4. Breakdown of Actual Energy Review Costs

ITEM 1
ENERGY REVIEW PROCEDURES

In the event the Contractor chooses to undergo an Energy Review, the Contractor shall follow the procedures identified below:

1. General.

- (a) The Energy Review may consist of **any combination** of the three components defined in Section 1 of Item 2 of this Exhibit. The Contractor shall ensure that any Energy Review performed in accordance with this Exhibit provides for the information described in Item 2 of this Exhibit.
- (b) The Contractor understands and agrees that, although an Energy Review may be broad in scope, Bonneville will pay only for Energy Review costs which identify and analyze Projects which are eligible or appear to be eligible for funding under this Agreement.
- (c) The Contractor shall ensure, to the extent multiple Projects are identified in the Energy Review, and to the extent practicable, that the Baseline Energy Use, the estimated Energy Savings and the estimated Project Cost for each such Project are separately identified.
- (d) Approval of an Energy Review is subject to availability of funding.

2. Energy Review Proposal.

- (a) When the Contractor desires an Energy Review, the Contractor shall prepare and submit, to the representative specified in Section 13 of this Agreement, an Energy Review Proposal prepared in accordance with Item 2 of this Exhibit.
- (b) Within 15 days of Bonneville's Receipt and Acceptance of an Energy Review Proposal, Bonneville will review the proposal and provide written notification to the Contractor of its decision.
- (c) Upon Bonneville's notification that it will fund a requested Energy Review, the Contractor may proceed with that Energy Review. Such Energy Review shall be performed in a manner consistent with the terms and conditions of Section 1(b) above.
- (d) If Bonneville determines that an Energy Review Proposal is unacceptable, then the Contractor shall have 60 days, or another date as agreed, to correct deficiencies, and resubmit the Energy Review Proposal. Pursuant to subsections 2(b) and (c) above, Bonneville will review the resubmitted request. Bonneville may reject an Energy Review Proposal for funding if the request is, or remains unacceptable.

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3. Completed Energy Review.

- (a) Within 60 days following the completion of the Energy Review, unless otherwise agreed, the Contractor shall submit the following to Bonneville:
- (1) The Energy Review Payment Calculation and Breakdown of Actual Energy Review Costs as specified in Item 3 and Item 4 of this Exhibit.
 - (2) A copy of the completed Energy Review.
- (b) Bonneville will review the documents submitted pursuant to Section 3(a) above within 30 days, unless otherwise agreed, and shall notify the Contractor in writing of the outcome of the review.
- (c) If Bonneville determines that the documents submitted in accordance with Section 3(a) above are not prepared in accordance with the terms of this Agreement, then the Contractor shall, within 30 days, or another date as agreed, make the necessary changes.
- (1) After making the necessary changes, the Contractor shall resubmit the documents for Bonneville's review.
 - (2) Bonneville will review the documents submitted pursuant to Section 3(c)(1) above within 30 days and will notify the Contractor in writing of the outcome of the review.
 - (3) If Bonneville accepts the documents submitted in accordance with Section 3(c)(1) above, then the provision of Section 3(e) below will apply.
- (d) If Bonneville determines that the documents submitted in accordance with Sections 3(a) or 3(c)(1) above are unacceptable and cannot be modified, then Bonneville will not be obligated to fund the Energy Review, or the Project/Projects identified in the Energy Review.
- (e) Following Receipt and Acceptance by Bonneville of the documents submitted pursuant to Section 3(a) or 3(c)(1) above, Bonneville shall notify the Contractor. Within 30 calendar days of receipt of this notification, or another date as agreed, the Contractor shall submit an invoice to Bonneville in the format provided in Exhibit E. Following Receipt and Acceptance of a proper invoice, Bonneville shall authorize payment to the Contractor pursuant to Section 9 of this Agreement.

ITEM 2
ENERGY REVIEW COMPONENTS AND PROPOSAL

1. The Energy Review may consist of any combination of the following three components:

a. Scoping.

A preliminary walk-through of the facility to identify potentially eligible electrical energy opportunities. This is not meant to be an in-depth analysis.

b. Analysis.

Determination of the electrical energy savings estimates, interactive and process effects, estimated costs, and eligibility of Project per this Agreement. The Energy Review Analysis should contain at a minimum:

- (1) Qualitative description of each Project.
- (2) Quantitative analysis of electrical Energy Savings (show calculations).
- (3) Quantitative analysis of cost savings (show calculations).
- (4) References for equipment costs.
- (5) Discussion of significant interactive effects between each Measure and other equipment or processes involved with the proposed Measure(s) (minimal analysis of such effects if needed).
- (6) Discussion of interactive effects between each Measure and other equipment and processes not involved with the Measure(s) (minimal analysis of such effects is allowed only if necessary to complete analysis of the Measure(s)).

c. Proposal Preparation:

Preparation of Project Proposal documents pursuant to Item 2 of Exhibit B.

2. The Energy Review Proposal shall contain the following:

- a. Name and Address of Contractor.
- b. Standard Industrial Classification (SIC).
- c. Estimated Energy Review Payment, using the format described in Item 3 of this Exhibit.

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Longview Fibre Company
Effective at 0001 hours on
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- d. Entity that will be performing the **Energy Review**.
- e. Description of Energy Review to be **performed**.
- f. Estimated Energy Review Completion **Schedule**.
- g. Date of Submittal.

ITEM 3
ENERGY REVIEW PAYMENT CALCULATION

1. Name of Contractor: _____
2. Name and Address of Facility: _____

3. Annual Energy Usage:
For existing facilities, use the actual **electrical energy** usage during the past 12 months. For **new and expanding** facility, use the estimated annual **electrical energy** usage for the first complete 12 months following the **Project** completion. _____ kWh
4. Total Energy Review Funding Available for this Facility:
For facilities using more than 10,000,000 kWh annually enter (Line 3 × \$0.0005) not to exceed \$50,000.
For facilities using less than 10,000,000 kWh annually, enter \$5,000^{1/}. \$ _____
5. Bonneville Cost Share Percentage: _____ %
6. Amount Previously Claimed for this Facility: \$ _____
7. Maximum Funding Currently Available (Line 4 - Line 6):
(If less than zero, enter 0) \$ _____
8. Actual Energy Review Cost (Attach Item 4, Exhibit C): \$ _____
9. Energy Review Payment (Lesser of Line 7 or Line 8): \$ _____
10. Energy Review Payment Due the Contractor:
(Line 9 × Line 5) \$ _____

^{1/}If Bonneville has authorized an amount that exceeds this calculation enter that amount here.

ITEM 4
BREAKDOWN OF ACTUAL ENERGY REVIEW COSTS

Fill in the actual costs incurred for those Energy Review services which were provided. Attach to Item 3 of this Exhibit C when submitting Item 3 for review.

1. Name of Contractor: _____

2. Name and Address of Facility: _____

3. Actual Cost for Scoping all Measures Identified: \$ _____
(If costs are claimed here, attach Scoping report)

4. Actual Cost for the Analysis of Selected Measures: \$ _____
(If costs are claimed here, attach Analysis report)

- Measure 1: _____ \$ _____
- Measure 2: _____ \$ _____
- Measure 3: _____ \$ _____
- Measure 4: _____ \$ _____
- Measure 5: _____ \$ _____
- Measure 6: _____ \$ _____
- Measure 7: _____ \$ _____
- Measure 8: _____ \$ _____
- Measure 9: _____ \$ _____
- Measure 10: _____ \$ _____

etc. (use additional pages as needed)

Analysis Total: \$ _____

5. Actual Cost for Project Proposal Preparation: \$ _____
(If costs are claimed here, attach Project Proposal(s))

6. Total of all Actual Energy Review Costs: \$ _____

REBATES

1. Bonneville shall have the right to unilaterally ~~amend this~~ Exhibit.
2. The Contractor may request Rebates at any ~~time during~~ the term of this Agreement. This Exhibit contains the information needed to participate ~~in the~~ Rebate portion of the Energy Savings Plan.

Item 1. Motor Rebate Procedures

Item 2. Motor Rebate Payment Calculation

Item 3. Table for Determination of Motor ~~Rebate~~

ITEM 1
MOTOR REBATE PROCEDURES

1. Each high-efficiency electric motor for which a **Motor Rebate** is paid shall meet the efficiency standards of Item 3 of this Exhibit.
2. Motors which qualify for a Rebate may be **purchased anywhere**, but shall be installed or placed in inventory by the Contractor and be **physically present**.
3. Rebates will not be available for motors used **in irrigation** pumping if the Contractor is participating in Bonneville's WaterWise Irrigation Program.
4. The Contractor shall submit the following **documents to the Bonneville** representative identified in Section 13 of the Agreement:
 - (a) A copy of the Motor Rebate Payment **Calculation Sheet** (Item 2 of this Exhibit).
 - (b) A copy of the proof of purchase (receipt/**invoice**).
 - (c) An invoice prepared in accordance with **the format** in Exhibit E.
5. Following Receipt and Acceptance of the **documents submitted** pursuant to Section 4 above, Bonneville shall authorize payment to the Contractor and **shall pay the Contractor** pursuant to Section 9 of this Agreement.
6. Motor Rebates are subject to availability of **funding**.

ITEM 3
TABLE FOR DETERMINATION OF MOTOR REBATE

1. To qualify for a Rebate, the motor shall meet the efficiency standards identified in the table below as determined using the IEEE Method B test at full load.

<u>HP</u>	<u>KW</u>	<u>RPM</u> <u>IEEE 112B Efficiency</u>				<u>Max. Rebate Per Motor</u>
		<u>900</u>	<u>1200</u>	<u>1800</u>	<u>3600</u>	
3	2.3	84.0	87.5	87.5	86.0	\$30
5	3.8	85.5	88.0	88.0	87.5	50
7.5	5.6	87.5	89.5	89.5	88.5	75
10	7.5	88.5	90.2	91.0	90.2	100
15	11.2	89.5	91.0	92.0	91.0	113
20	15.9	90.2	91.7	93.0	91.7	150
25	18.8	91.0	92.4	93.5	92.0	188
30	22.5	91.0	93.0	93.6	92.4	225
40	30.0	91.7	93.6	94.1	93.0	300
50	37.5	92.4	93.6	94.1	93.0	375
60	45.0	93.0	93.9	94.5	93.6	450
75	56.3	93.0	94.5	95.0	94.1	563
100	75.0	93.0	94.5	95.0	94.5	750
125	93.8	94.5	94.5	95.4	94.5	938
150	112.5	94.5	95.0	95.4	94.5	975
200	150.0	94.5	95.0	95.4	95.0	1,300
250	187.5	94.5	95.1	95.5	95.1	1,625
300	225.0	94.5	95.3	95.7	95.3	1,950
350	262.5	94.5	95.4	95.8	95.4	2,275
400	300.0	94.5	95.4	95.8	95.4	2,600
450	337.5	94.5	95.5	95.9	95.5	2,925
500	375.0	94.5	95.6	96.0	95.6	3,250

2. Due to the 1994 Washington State non-residential code which takes effect April 1, 1994, certain motors may not be eligible for a rebate, when installed in Washington State after this date. For additional information, contact the Bonneville representative identified in Section 13 of this Agreement.

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Invoice No. _____

INVOICE FORMAT

Directions: Photocopy and complete the following information.

1. CONTRACTOR NAME _____ CONTRACT/PROCUREMENT NUMBERS _____

TAX IDENTIFICATION NUMBER: _____

2. CONTRACTOR BANK IDENTIFICATION _____

Full name and address of Contractor's bank _____

Bank account number _____

American Bankers Association 9-digit routing number _____

3. PAYMENT _____

Payments requested by type:

a. ESP Acquisition Payment (Attach Item 3, Exhibit B) \$ _____

b. Progress Payment (Attach Item 6, Exhibit B) \$ _____

c. Energy Review Payment (Attach Item 3, Exhibit C) \$ _____

d. Motor Rebate Payment (Attach Item 2, Exhibit D) \$ _____

TOTAL PAYMENT REQUESTED (3a + 3b + 3c + 3d) \$ _____

4. CERTIFICATION BY CONTRACTOR _____

Acting as a duly authorized representative of the Contractor, I hereby certify that the information contained in the attached documents and the amount requested on this invoice is true, correct, and complete.

Signature _____

Title _____

Date _____

5. CERTIFICATION BY BONNEVILLE _____

I certify that the invoice is correct, the terms of the Agreement have been complied with, and the payment is authorized.

Signature _____

Date _____

Bonneville Power Administration

Contracting Officer's Technical Representative

ORG _____

OBJ _____

ACT _____

PL-6 _____

AMOUNT \$ _____

PROJECT # _____

PL-6 _____

AMOUNT \$ _____

PROJECT # _____

REFERENCED DOCUMENTS

1. Bonneville shall have the right to unilaterally amend this Exhibit.
2. The following Bonneville documents are hereby incorporated by reference into the Agreement:
 - Item 1. Project Eligibility Criteria and Project Requirements
 - Item 2. Environmental Effects Information Sheet and Applicable Environmental Permits
 - Item 3. Environmental Review Requirements
 - Item 4. Historic Preservation Implementation Guidelines
 - Item 5. Environmental, Health, and Safety Requirements
Lighting and Lighting Controls
 - Item 6. Handling and Disposal of PCB-Laden Light Ballasts
 - Item 7. Proprietary Information Designation Procedures

ITEM 1
PROJECT ELIGIBILITY CRITERIA AND PROJECT REQUIREMENTS

1. The following criteria must be met in order for a Project to be eligible for Energy Savings Plan acquisitions.
 - (a) The Contractor is not receiving funding from other Bonneville or Federally funded programs for the same Project or portion of the Project, unless otherwise approved by Bonneville.
 - (b) Equipment to be upgraded as part of a Project must be capable of operating. Equipment off line for routine maintenance or repair is eligible provided an acceptable Baseline Energy Use for determining Energy Savings can be established. Equipment that has been retired in place is ineligible unless it is being renovated for installation in New Facilities and provided that a method acceptable to Bonneville for determining Baseline Energy Use and Energy Savings can be established.
 - (c) The Project complies with the Historic Preservation guidelines identified in Item 4 of this Exhibit for each Project funded under this Agreement.
 - (d) The Project complies with all applicable Federal, State, and local laws, codes, and regulations.
2. The Project must meet the following requirements:
 - (a) Project installation shall not begin prior to the effective date of this Agreement.
 - (b) The Project is not a Free Rider.
 - (c) If the Project involves lighting or lighting controls, the Project complies with the Environmental, Health and Safety Requirements - Lighting and Lighting Controls identified in Item 5 of this Exhibit.
 - (d) If the Project is for installation of power-factor improvement equipment only and is above 1,000 KVAR per site, it must be forwarded to Bonneville and receive Bonneville's approval for funding. Projects involving the installation of power-factor improvement equipment as part of another Project and required to maintain the Contractor's power factor at its pre-Project level do not require prior Bonneville approval.
 - (e) The Project will not use energy produced by solar, wind, water, geothermal, or similar source to directly reduce the electrical power requirements of the Contractor.
 - (f) The Project will not utilize Fuel Switching or Cogeneration.

ITEM 2
ENVIRONMENTAL EFFECTS INFORMATION SHEET

The Contractor shall furnish responses to Questions 1-5. This information is used by Bonneville to help determine the appropriate environmental documentation and review for a proposed Project. This information is requested under the National Environmental Policy Act, the National Historic Preservation Act, and implementing regulations.

Name and Address of Contractor: _____

Title of Project: _____

Date of Submittal: _____

- | | Yes | No | |
|----|--------------------------|--------------------------|---|
| 1. | <input type="checkbox"/> | <input type="checkbox"/> | Is any building affected by this Project 45 or more years old? (If yes, contact Bonneville for further details. A "yes" answer to this question does not mean that this Project will be eliminated from consideration; it means that coordination with the State Historic Preservation Officer may be required.) |
| 2. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project involve any construction or alterations leading to the expansion of the present building(s) or new development on a previously undeveloped area? |
| 3. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project result in or alter use/discharge/disposal of air emissions, water, solid or liquid waste? (If yes, indicate alterations and what emission sources in the Project Proposal under a separate heading.) |
| 4. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project degrade power system quality? (If yes, attach description of mitigation Measures.) |
| 5. | <input type="checkbox"/> | <input type="checkbox"/> | Will your Project involve replacement of any lighting equipment installed prior to 1978? (If yes, provide planned disposal method and location for PCB-laden light ballasts.) |

If the answer to question 2 or 3 above is Yes, the Contractor shall answer the remaining questions and provide the names and addresses of all persons and agencies consulted.

- | | Yes | No | |
|----|--------------------------|--------------------------|--|
| 6. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project require development or construction activities within the boundaries of the 100-year flood plain or will it affect wetlands (any wetted area, e.g., bogs, mud flats, swamps, potholes, ponds, river overflows?) |
| 7. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project alter present land use at or near the Project site? |

- | | Yes | No | |
|-----|--------------------------|--------------------------|--|
| 8. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project affect fish and wildlife resources? |
| 9. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project require that permits be obtained or Federal, State, or local government agencies or planning offices be notified? |
| 10. | <input type="checkbox"/> | <input type="checkbox"/> | Will the Project affect any other activities or areas besides those previously mentioned, either directly or indirectly , including environmental quality, health and safety (e.g., indoor air quality , noise, drainage, hazardous waste, toxic substances)? |

ITEM 3
ENVIRONMENTAL REVIEW REQUIREMENTS

1. Is the proposed Project categorically excluded? Yes ___ No ___

NOTE: A proposed Project is categorically excluded from further environmental review by the U.S. Department of Energy if each Measure is on the following list of proven technologies.

PROVEN TECHNOLOGIES FOR PROPOSED ENERGY CONSERVATION PROJECTS

High Efficiency Motors

Install high efficiency electric motors, replacing existing or proposed standard efficiency motors. Disposal of any PCB containing materials shall be in accordance with applicable State and Federal regulations.

Adjustable/Variable Speed Drives (ASD/VSD)

Install drives to control motor speed to the appropriate load, thus eliminating the need for regulating devices such as gear reducers, belt and pulley systems, dampers, valves, flow restrictors, etc. for tailoring speed to work output.

Energy Efficient Motor Upgrades

Repair and /or rebuild a motor as to improve its efficiency. Tasks may include replacing bearings, windings, insulation and seals.

Energy Efficient Drive Power

Install energy efficient drive devices in place of lower efficiency equipment. Examples include mechanical systems like high efficiency belts, bearings, conveyors, gearboxes and lubricants.

Heat Recovery Equipment

Install equipment to transfer heat to or from a liquid or gas and to or from an existing or proposed process which will offset electric or other fuel use.

Thermal Storage

Install equipment to store energy in the form of hot or cold fluids or mass to provide heating or cooling capacity for later use in a process.

PROVEN TECHNOLOGIES FOR PROPOSED PROJECTS
(continued)

Insulation

Install insulation to reduce heat transfer in a process. Installation may not remove or disturb asbestos containing materials. Any disposal of asbestos shall be external to this contract.

Process Heat Equipment

Install equipment or make efficiency improvements to process heating or heat distribution systems.

Upgrade of Electrolizer Cathode and Anode Tubes

Reconditioning and redesigning electrolizer cathode and anode tubes in an electro-chemical chlorine production facility to improve their conductivity and increase the efficiency of the process.

Compressed Air Systems

Install efficiency improvements such as humidity controls, compressor changeouts, improved sequencing controls, piping upgrades, reduction of air leaks, and unloaders to existing or proposed compressed air system.

Lighting

Replace or upgrade existing or proposed lighting systems to reduce electrical energy use and maintain or improve light levels and quality. Disposal of PCB containing ballasts shall be in accordance with applicable guidelines. Disposal of mercury containing lamps shall be in accordance with applicable State and Federal regulations. Also refer to Item 5 of this Exhibit.

Energy Management Systems

Reduce the energy consumption of systems by optimizing control of fluid flows, material handling, and controlled variables such as temperatures, pressures, scheduling and sequencing.

Material Handling

Upgrade material handling systems efficiency by replacing pneumatic conveyors with mechanical systems, installing high efficiency motors, installing adjustable speed drives or other Measures.

Power Factor Improvement

Install capacitors to improve power factor and reduce line losses. Disposal of any PCB containing capacitors shall be in accordance with applicable State and Federal regulations.

PROVEN TECHNOLOGIES FOR PROPOSED PROJECTS
(continued)

Cooling Tower Conversion

Install modifications to cooling towers to improve **efficiency**, such as conversion from counterflow to cross flow, installation of 'Strainer Cycle' operation to **provide direct cooling**, installation of high efficiency motors, ASD's or other fan or pump control **system or larger capacity systems**.

Pumps and Fans

Replace, rebuild or modify fans, compressors, **blowers, pumps**, impellers or fluid conveyance systems with energy saving units.

Transformers

Replace existing or proposed transformers with **higher efficiency** transformers. Disposal of PCB containing materials shall be in accordance with **applicable** State and Federal regulations.

Dehumidifiers

Replace an existing or proposed electric **dehumidification** system with a more energy efficient system.

Furnace Upgrades

Replace existing furnaces with more energy **efficient furnaces**.

Water Recycle Processes

Upgrade existing water recycle or reclaim **processes to conserve** electrical energy.

Refrigeration Systems

Replace existing or proposed mechanical **refrigeration processes** or their components with systems or components of higher energy efficiency. This **may include** more efficient compressor systems, motors, controls, heat exchangers, oil cooling, auto purgers, **larger condensers** and refrigerant upgrades. All refrigerants removed must be recovered and **recycled in accordance** with the Clean Air Act Amendment of 1990.

Customer System Efficiency Improvements

General transmission improvements including **transformer** replacement, conductor replacement, and insulator additions and replacement. Disposal of **any PCB** containing materials shall be in accordance with applicable State and Federal regulations.

ITEM 4
HISTORIC PRESERVATION IMPLEMENTATION GUIDELINES

Under the Programmatic Memorandum of Agreement, August 23, 1983, between Bonneville and the Advisory Council on Historic Preservation, all Projects proposed for funding by Bonneville must comply with the National Historic Preservation Act and its implementing regulations, "Protection of Historic and Cultural Properties."

1. All Projects proposed for funding by Bonneville will be reviewed in the manner described below prior to the installation of any Energy Conservation Measures (ECMs).
 - (a) All ECMs shall be available to all properties less than 45 years old (as of the date of the project proposal submittal) without need for consultation with the State Historic Preservation Officer (SHPO).
 - (b) All ECMs on the Exempt List (Attachment 1) shall be available to properties 45 years or older without need for consultation with the SHPO.
 - (c) If the owner of the property 45 years or older desires ECMs other than those on the Exempt List, the Contractor must determine in consultation with the SHPO whether that property is included in or meets the criteria for inclusion in the National Register of Historic Places. Consultation shall be initiated by the Contractor, via letter, with the appropriate SHPO. Detailed information about how this consultation shall proceed, a sample letter that should be used to communicate with the SHPO, and the name and address of the appropriate SHPO can be obtained from your Bonneville Area Office.
2. Bonneville will routinely monitor the records of the Contractor to ensure that this Agreement is implemented in accordance with these guidelines. The Contractor shall keep records of all ECMs for buildings 45 years or older. This should include all correspondence and required information and reports.

**ATTACHMENT 1 TO ITEM 4
ECM EXEMPT LIST**

The following Measures can be undertaken in **all buildings** eligible for the Energy Savings Plan (ESP) Program, regardless of their status as historic **properties**. Undertaking these ECMs should not detract from the historic or architectural significance of a **building**. All Measures must comply with ESP Program rules governing their use.

Exempt Measures:

1. Insulation around pipes and ducts and in **exterior wall** cavities where such an installation can be accomplished without permanent visual **change to interior** and/or exterior finish materials.
2. Repair, replacement, or modification of **mechanical, electrical, or plumbing** systems, if this action does not require removal of historically or **architecturally** significant building systems, construction materials, or significant original fixtures.
3. Interior modifications when the **significance of the building** does not include the interior or when the alterations do not detract from the **significance of the building** (i.e., in a building with an architecturally significant exterior and an **insignificant interior**, lowering the ceiling so that they are visible from the exterior would not be **exempt**).
4. Items such as control boxes, provided they **are mounted** in an inconspicuous spot where visual intrusions will be minimized.
5. Tank wraps for industrial operations.

ITEM 5
ENVIRONMENTAL, HEALTH, AND SAFETY REQUIREMENTS
LIGHTING AND LIGHTING CONTROLS

1. High Pressure Sodium (HPS) Lamps. **Indoor HPS lighting applications shall be limited to:**
 - (a) Buildings such as warehouses and **parking garages**.
 - (b) High bay areas (lights 20 feet or more **above the floor surface**).
2. These installations must ensure that:
 - (a) Warning signs and danger signals be **illuminated** by light sources with good color rendition such as fluorescent, metal halide, or color **enhanced HPS** (with color rendition index of greater than 55).
 - (b) The stroboscopic effect is minimized **in areas** with rotating machinery when the flicker index is 0.1 or less by having luminaries **alternately wired** on three-phase systems (see 1984 Illuminating Engineering Society (IES) Lighting **Handbook**, Reference Volume, pages 8-51).
 - (c) Areas involving high visual demand **activities include:**
 - (1) Supplementary lighting with **good rendition** at specific task levels.
 - (2) At least one incandescent, fluorescent, or metal halide fixture for each HPS fixture (corresponding fixtures shall have **similar lumen output**).
3. Low Pressure Sodium (LPS) Lamps.

LPS Lamps shall not be installed indoors, **except as may be approved in writing on a case-by-case basis by Bonneville**.
4. Disposal of Light Ballasts Containing PCBs.

Ballasts containing polychlorinated biphenyls (**PCBs**) shall be disposed of in accordance with the following:
 - (a) Bonneville requires **non-leaking PCB-laden light ballast** removed pursuant to Bonneville sponsored energy conservation programs **be disposed of by:**
 - (1) Burying the entire ballast in an **EPA approved** chemical waste landfill.
 - (2) Incinerating the entire ballast in an **EPA approved** PCB incinerator.

- (3) Using a ballast recycling company to remove the capacitor from the ballast, recycling the uncontaminated portions of the ballast, and either burying the capacitor in an EPA approved chemical waste landfill or incinerating the capacitor in an EPA PCB incinerator.
- (b) Bonneville also requires that PCB-laden light ballast disposal comply with any applicable State regulations. Call your State environmental agency for information on State regulations.
- (c) Leaking PCB-laden light ballasts must be disposed of in accordance with the Toxic Substances Control Act (TSCA) regulations. Consult the Yellow Pages (Waste Disposal - Hazardous) or call the TSCA Hotline at (202) 554-1404 for further information.
- (d) Included in Item 6 of this Exhibit is information developed by Bonneville staff about PCB-laden light ballast disposal. This information packet should be provided to building owners/managers and other responsible officials involved in lighting retrofit programs.
- (e) The PCB Ballasts Disposal Assessment sheet included in Item 6 of this Exhibit is optional and may be used to document disposal method and location.

ITEM 6
HANDLING AND DISPOSAL OF PCB-LADEN LIGHT BALLASTS

Bonneville Power Administration (Bonneville) is concerned about the potential harmful effects caused by the improper handling and disposal of PCB-laden light ballasts and hopes this information will help you manage the risks to yourself and the environment. Although Bonneville believes this information is the best available at the time of this printing, it is recommended that you check with your regional Environmental Protection Agency (EPA) and State environmental offices to determine if any changes have been made to existing policies. Bonneville recommends that you consult with legal counsel regarding risks and liability associated with your handling and disposal of PCB light ballasts.

1. Why should you care about the handling and disposal of PCB-laden light ballasts?

- (a) PCBs are a probable human carcinogen and may cause choricne, nausea, dizziness, bronchitis, and eye irritation.
- (b) PCB-laden light ballasts may leak PCBs and cause significant health risks to exposed individuals and contaminate the environment.
- (c) The risks can be reduced by:
 - (1) Complying with Federal regulations when disposing of leaking ballasts.
 - (2) Following the disposal guidelines set by the EPA for non-leaking ballasts.
 - (3) Taking the precautions described in this document while handling PCB-laden ballasts.

2. How can I tell if my light ballast contains PCBs?

Assume light ballasts manufactured prior to 1978, or not marked with the statements "No PCBs", contain PCBs.

3. How do I identify a leaking ballast?

- (a) If the surface of a ballast is oily, it has leaked.
- (b) Treat any ballast leaking its asphalt potting compound (a black tarry substance) as if it were PCB contaminated.

4. What should I do when I find a leaking PCB light ballast?

- (a) Leaking PCB ballasts should be handled and disposed of only by specially trained personnel or contractors.
- (b) Call the TSCA hotline at (202) 554-1404 or consult the Yellow Pages (*Waste Disposal - Hazardous*) for proper packing, storage, transportation, and disposal assistance.

5. What should I do with a non-leaking PCB light ballast?

- (a) EPA Region 10 guidelines accept disposal of PCB-laden ballasts by:
- (1) Recycling.
 - (2) Incineration.
 - (3) Burial in a chemical waste landfill.
- (b) High temperature incineration is preferred by many companies and utilities.
- (c) Bonneville prefers recycling the uncontaminated portions of the ballasts and complete incineration of the remaining PCB's wastes.
- (d) Information on EPA approved chemical waste landfills and incinerators, and ballast recyclers is included with this document.

6. Things to remember when handling PCB-laden ballasts. Electrical contractors are generally very experienced with ballast replacement, but the following are some basic safety suggestions for handling PCBs.

(a) Removal and Packing.

- (1) Do not leave PCB-laden ballasts in the ceiling. It merely defers the cost of removal and disposal and in the event of a building fire, the PCBs may burn and contaminate large portions of the building.
- (2) Keep PCB-laden ballasts separate from non-PCB laden ballasts. Do not mix leaking and non-leaking ballasts.
- (3) If the ballast has been burning or smoking, cut the power off at the panel. Immediately vacate and ventilate the room. Allow the ballasts to cool for at least 20-30 minutes before replacing.
- (4) Always wear chemically resistant gloves when removing or handling PCB light ballasts.
- (5) Wrap any leaking ballasts in double plastic bags and immediately pack them in approved Department of Transportation (DOT) 17C or 17H drums with a yellow "Caution Contains PCBs" label attached. These standard labels may be obtained from most label companies.
- (6) Careful "packing" allows more ballasts per drum, reducing disposal costs per ballast. Pack non-leaking ballasts into approved DOT 17C or 17H drums as soon as possible.

- (7) Do not overpack the drums or **crush the ballasts**. For safety purposes, drum weight should not exceed 1,000 pounds.
- (8) Place absorbent material in the **bottom** of the barrel and in the spaces between ballasts.
 - (A) 6 - 12 inches in the **bottom** if **disposed** of in a chemical waste landfill.
 - (B) 1 - 3 inches in the **bottom** if **incinerated** or sent to recycler.
- (9) Do not seal the containers until **after the transporter** or disposer has inspected the contents.

(b) Identification and Storage.

- (1) Dispose of *leaking* ballasts **within 30 days** of removal from service.
- (2) Dispose of *non-leaking* ballasts **within 3 months** of removal from service to reduce the chance of accidental damage.
- (3) All drums of *non-leaking* and *leaking* ballasts should contain a label with the following information:
 - (A) The name and address of **the generator**.
 - (B) The date the ballasts were **first removed**.
 - (C) A description of the material (**e.g., Discarded Light Ballasts**).
 - (D) The DOT shipping description (**e.g., RQ, Polychlorinated Biphenyls, 9, UN2315, PGII**).

(c) Transportation and Disposal.

- (1) Use permitted hazardous waste **transporters**. They are trained and equipped to handle accidental spills, etc. Hazardous waste **transporters** usually are listed in the Yellow Pages under "*Waste Disposal - Hazardous*". A list of approved hazardous waste transporters also may be available from EPA or your State's environmental agency.
- (2) Maintain permanent records of **PCB-laden** ballast disposal.

Commercially permitted *CHEMICAL WASTE LANDFILLS* operating as of January 1993:

Some of these landfills offer full "turnkey" programs, providing pickup, transportation and disposal of your lighting wastes.

CECOS International
P.O. Box 340 LPO
Niagara Falls, NY 14302
(716) 282-2676

CECOS International
5092 Aber Road
Williamsburg, OH 45176
(513) 720-6114

Chemical Waste Mgt Alabama, Inc.
Box 55
Emelle, AL 35459
(205) 652-9721

Chemical Waste Mgt.
Box 471
Kettleman City, CA 93239
(209) 386-9711

Chem-Security Systems Inc.
17629 Cedar Springs Lane
Arlington, OR 97812
(503) 454-2643

CWM Chemical Services Control, Inc.
Box 200
Knolls, UT 84074
(716) 754-8231

Envirosafe Services of Idaho
P.O. Box 16217
Boise, ID 83715-6217
(800) 274-1516

U.S. Ecology, Inc.
Box 578
Beatty, NV 89003
(702) 553-2203

U.S. Pollution Control, Inc.
Grayback Mountain
8960N Hwy 40
Lake Point, UT 84074
(801) 534-0054

Recycling Resources

Ballast Recycling Services

Environmental Energy Group
Denton, TX
(817) 383-3632

FulCircle Ballast Recyclers
Cambridge, MA Bronx, NY
(617) 876-2229 (212) 328-4667

Lighting Resources, Inc.
Pomona, CA
(714) 622-0881

Salesco
Phoenix, AZ
(800) 368-9095 or (602) 233-2955

Lamp Recycling Services

Lighting Resources, Inc.
Pomona, CA
(714) 622-0881

Mercury Recovery Systems **
Monrovia, CA
(818) 301-1372

** This business does not offer a full "turnkey" program, but does offer discounted rates to customers who have the lamps delivered to the recycling plant.

Exhibit F, Page 17 of 19
Contract No. DE-MS79-94BP94504
Procurement No. 56867
Longview Fibre Company
Effective at 0001 hours on
the Effective Date

PCB DISPOSAL INFORMATION RESOURCES

EPA Region 10 (WA, OR, ID, AK) Environmental Protection Agency 1200 Sixth Avenue Seattle, WA 98101 (206) 442-1200	EPA Region 8 (MT, WY, ND, SD, UT, CO) Environmental Protection Agency Suite 500 999 18th Street Denver, CO 80202-2405 (303) 293-1603
--	--

State Solid and Hazardous Waste Agencies

IDAHO

Dept. of Health and Welfare
Div. of Environment
Bureau of Hazardous Materials
450 W. State Street
(208) 334-5879

OREGON

Dept. of Environmental Quality
Div. of Hazardous and Solid Waste
Executive Building
Portland, OR 97204
(503) 229-5254

MONTANA

Dept. of Health and Environmental Sciences
Environmental Sciences Div.
Solid Waste Mgt. Bureau
Cogswell Building
Helena, MT 59620
(406) 444-2821

UTAH

Dept. of Health
Div. of Environmental Health
Bureau of Solid and Hazardous Waste
P.O. Box 16690
288 North 1460 West
Salt Lake City, UT 84116-0690
(801) 538-6170

NEVADA

Dept. of Conservation and Natural Resources
Div. of Environmental Protection
201 South Fall Street, Capitol Complex
Carson City, NV 89710
(702) 885-4670

WASHINGTON

Dept. of Ecology
Solid and Hazardous Waste Program
Mail Stop IV-11
Olympia, WA 98504-8711
(206) 459-6316

Information Lines

Toxic Substances Control Act (TSCA)
Assistance Information Hotline
(202) 554-1404

Resource Conservation and Recovery Act
(RCRA) Hotline
(800) 424-9346

National Response Center (NRC) Hotline
(800) 424-8802

EPA Approved Disposal Locations

Commercially permitted **PCB INCINERATORS** operating as of January 1993:

Aptus Inc.
P.O. Box 1328
Coffeyville, KS 67337
(316) 251-6380

Rollins
P.O. Box 609
Deer Park, TX 77536
(713) 930-2300

PCB BALLAST DISPOSAL ASSESSMENT (for optional use)

Bonneville Power Administration (Bonneville) **requires non-leaking** PCB-laden light ballasts removed pursuant to Bonneville sponsored energy conservation programs **be disposed of by:**

- Burying the entire ballast in an EPA **approved chemical** waste landfill.
- Incinerating the entire ballast in an EPA **approved PCB** incinerator.
- Removing the capacitor from the ballast, **recycling** the uncontaminated portions of the ballast, and either burying the capacitor in an EPA **approved chemical** waste landfill or incinerating the capacitor in an EPA **approved PCB** incinerator.

Call your State environmental agency for **information on State** regulations.

Leaking PCB-laden light ballasts must be **disposed of in** accordance with Toxic Substances Control Act (TSCA) regulations. Consult the Yellow Pages (*Waste Disposal - Hazardous*) or call the TSCA Hotline at (202) 554-1404 for further information.

Complete the information below to document **project compliance** with Bonneville's disposal requirements. Return this sheet to the Bonneville Representative **identified in Section 13** of this contract.

Contractor Name:		Project Name:	
1. Disposal firm name:			
2. Disposal method (choose one):			
<input type="checkbox"/> EPA approved chemical waste landfill		<input type="checkbox"/> Recycle/Chemical waste landfill	
<input type="checkbox"/> EPA approved PCB incinerator		<input type="checkbox"/> Recycle/PCB incinerator	
<input type="checkbox"/> Other. If Other, please explain below:			
3. Number of PCB ballasts disposed of: (a) leaking _____ (b) non-leaking _____			
4. Disposal location:		5. Planned completion date:	
Signature of Contractor		Date	

ITEM 7
PROPRIETARY INFORMATION DESIGNATION PROCEDURES

If the Contractor does not want certain information provided in accordance with this Agreement to be disclosed to the public for any purpose, the following procedures shall apply:

1. Mark the title page of the document containing such information with the following legend:

This document includes information that **shall not be disclosed** outside Bonneville and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to administer this Agreement. This restriction does not limit Bonneville's right to use information contained in this document if it is obtained from another source without restriction. The information subject to this restriction is contained in sheets _____ (Insert numbers or other identification of sheets.)

2. The Contractor shall mark each sheet of information you wish to restrict with the following legend:

Use or disclosure of information contained on this sheet is subject to the restriction on the title page of this document.

PLEASE NOTE: Contractor name, estimated and/or actual Energy Savings, Acquisition Payment, and total Project Cost for each Project cannot be designated Proprietary Information.

(AUTHENTICATED COPY)

Contract No. DE-MS79-88BP92481

ENERGY SAVINGS PLAN

CONSERVATION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

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This AGREEMENT, executed March 24, 1988, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and LONGVIEW FIBRE COMPANY (Contractor), a corporation under the laws of the State of Delaware;

W I T N E S S E T H :

WHEREAS Bonneville is authorized by the Pacific Northwest Power Act to acquire conservation, to implement conservation measures, and to conduct demonstration projects to determine the cost-effectiveness of conservation measures in the Region; and

WHEREAS the Contractor has submitted Proposal No. AQ-E\$P-014 and Bonneville has agreed to accept and fund such Proposal subject to the terms and conditions contained in this Agreement; and

WHEREAS the parties intend to jointly fund Projects to achieve increased efficiency of electric energy use;

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

1. Definitions.

All capitalized terms are as defined in Exhibit A, except that the following terms shall have the following meaning:

- (a) "Conservation" means any reduction in Electric Power consumption as a result of increases in the efficiency of electric energy use.
- (b) "Energy Savings" means an increase in the efficiency of electric energy use, expressed as the difference in kilowatthours (kWh) used at the same level of system output before and after Project installation. Energy Savings do not include reduction in electric power consumption as a result of curtailments or fuel switching. For the purposes of this Agreement, "Energy Savings Measure" means "Measure" as defined in Exhibit A.
- (c) "Energy Savings Estimate" is 241,920 kWh/yr.
- (d) "Incentive Limit" is \$11,491.
- (e) "Incentive Payment" is the amount calculated in accordance with Exhibit D and authorized for payment pursuant to subsection 7(a).
- (f) "Project" means the retrofit electrical Energy Savings Measure(s) with a life span of at least 15 years contained in the Proposal. The Energy Savings Measure(s) function as a System and maintain facility output capability at a minimum of 95 percent of the original level. For the purposes of this Agreement, "Project" means "Program" as defined in Exhibit A.

- (g) "Proposal" is the Contractor's description of the Energy Savings Measure(s) submitted in response to the Notice of Program Interest, No. DE-AX-88BP92426, and listed as Item 1 of Exhibit B to this Agreement.
- (h) "Proprietary Information" means trade secrets or financial or commercial information which if disclosed could cause substantial competitive harm to the Contractor or Project equipment suppliers and which is designated as proprietary by the Contractor in accordance with Exhibit F.
- (i) "System" means an existing specific, well-defined, single or interrelated functional process which consumes electric power and which is located within a single industrial facility.

2. Exhibits.

Exhibit A (General Conservation Contract Provisions, GCCP Form CONS-4 dated 1/7/88), Exhibit B (Referenced Documents), Exhibit C (Completion Report Format), Exhibit D (Incentive Payment Calculation), Exhibit E (Invoice), and Exhibit F (Proprietary Information Designation Procedures) are hereby attached and made a part of this Agreement.

3. Term.

This Agreement becomes effective at 0001 hours on the date the Contractor signs (Effective Date) and shall terminate at 2400 hours on the earlier of (1) the date Bonneville completes payment to the Contractor in accordance with subsection 7(b) of this Agreement; or (2) as provided in section 4, below. All obligations arising from this Agreement shall be preserved until satisfied.

4. Termination of Agreement.

- (a) If Bonneville is notified or determines that an environmental, health, or safety threat exists or arises, the termination provisions of section 5 of Exhibit A shall apply.
- (b) If the Project is not installed pursuant to the terms of the Agreement, this Agreement may be terminated as provided in subsection 5(f) below.
- (c) Two and one-half years from the Effective Date of this Agreement.

5. Cost Share Percent.

As a customer of Cowlitz County PUD No. 1, the cost share percent to use for the term of this Agreement is 95 percent.

6. Project Procedures.

- (a) On or after the Effective Date, the Contractor shall install the Project in accordance with the Proposal. The Contractor shall

complete such installation within 2 years of the Effective Date of this Agreement (Completion Date).

- (b) The Completion Date and termination date shall be automatically extended by the suspension period in accordance with section 4 of Exhibit A.
- (c) The Contractor shall notify Bonneville when the Project is installed. Concurrent with such notification the Contractor shall submit to Bonneville the Completion Report described in Exhibit C.
- (d) Bonneville shall inspect the Project either (1) within 30 calendar days of Bonneville's approval of the Completion Report in accordance with subsection 6(c), or (2) by another date as mutually agreed.
- (e) If Bonneville determines that the Project is installed in accordance with the Proposal, Bonneville shall issue written notification to the Contractor within 15 calendar days of the final inspection. Within 30 calendar days of receipt of this notification, the Contractor shall submit an invoice to Bonneville in the format provided in Exhibit E.
- (f) If Bonneville determines that the Project is not installed in accordance with the Proposal, Bonneville shall notify the Contractor in writing of such inconsistency within 15 calendar days of the final inspection. The Contractor shall make necessary corrections within 60 calendar days, or by another date as mutually agreed. After Bonneville has been notified that such inconsistencies have been corrected, it shall reinspect the Project in accordance with subsection 6(d). If the Contractor does not correct all such inconsistencies within the period provided, Bonneville may terminate this Agreement, including any payment obligations.
- (g) The Contractor shall have a representative available to discuss the Project with Bonneville upon reasonable notice during the term of this Agreement. This may include site visits.
- (h) Bonneville shall retain the option of performing an audit of the Energy Savings verification. Upon reasonable notice by Bonneville, the Contractor shall permit additional metering at Bonneville's expense and/or review of primary data and supporting calculations.

7. Payment.

- (a) Bonneville shall authorize payment to the Contractor for the installed Project after Bonneville's approval of the invoice received in accordance with subsection 6(e).
- (b) Bonneville shall pay the Contractor the amount specified on line 3 of Exhibit E no later than 30 calendar days after Bonneville's receipt of a proper invoice.

(c) Payments in excess of \$25,000 shall be made through direct transfer of funds from Bonneville to the Contractor's bank account. The Contractor shall include the name and address of the bank, the Contractor's bank account number, and the American Bankers Association 9-digit routing number on the invoice.

8. Records.

The Contractor shall maintain supporting documents and records as described in section 7 of Exhibit A. Copies of the supporting documents and reports necessary to verify the actual cost of the installed Project and the costs billed to Bonneville shall accompany the Completion Report submitted to Bonneville in accordance with subsection 6(c).

9. Evaluation.

The Contractor shall have a representative available to discuss the Project with Bonneville or its evaluation contractor upon reasonable notice during the term of this Agreement. This may include site visits. Discussions held in compliance with this section shall be of a confidential nature, and reports will avoid identifying the sources of opinions or perceptions.

10. Dissemination of Information.

Bonneville shall not disclose Proprietary Information except as required otherwise pursuant to applicable laws and regulations. Exclusive of Proprietary Information, Bonneville shall have the right to publicly disseminate information provided by the Contractor in accordance with this Agreement.

11. Notices and Other Communications.

Written communication between the parties shall be delivered in person or mailed to the address and to the attention of the person specified below:

If to Bonneville:

Bonneville Power Administration
Lower Columbia Area Office
P.O. Box 3621
Portland, OR 97208
Attn: Allan E. Ingram - LCB
Energy Savings Plan COTR
(503) 230-4212

If to the Contractor:

Longview Fibre Company
End of Fibre Way
P.O.Box 629
Longview, WA 98632
Attn: Michael V. Glenn, Leader
Electrical & Instrument Section
(206) 425-1550

Copies of all written communications, exclusive of Proprietary Information, between the parties shall be provided to the servicing

Electric Utility. These copies shall be mailed to the address and to the attention of the person specified below:

Utility: Cowlitz County PUD No. 1
P.O. Box 3007
Longview, WA 98632
Attn: James Wellcome, Jr.
(206) 423-2210

IN WITNESS WHEREOF, the parties have executed this Agreement.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /s/ James J. Jura
Administrator

LONGVIEW FIBRE COMPANY

By /s/ Mark E. Hoehne

Title Asst. Vice President

Date March 24, 1988

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RELATING TO ALL CONTRACTORS

A. IN REFERENCE TO MEANING

1. Definitions.

- (a) "Conservation" means any reduction in Electric Power consumption as a result of increases in the efficiency of electric energy use, production, or distribution.
- (b) "Contracting Officer" or "CO" means the person designated in writing by Bonneville's Administrator with the authority to enter into, administer, modify, suspend, or terminate this Agreement and make related determinations and findings. The Contracting Officer may bind the Government only to the extent of delegated authority.
- (c) "Contracting Officer's Representative" or "COR" means the person designated in writing by the Contracting Officer to have all the rights, powers, and privileges of the Contracting Officer necessary for the administration of this Agreement. The Contracting Officer's Representative is not empowered to execute modifications to this Agreement, to make final decision of any matter which would be subject to appeal under the Disputes clause of this Agreement, or to suspend or terminate for any cause the Contractor's right to proceed under the Suspension or Termination clauses of this Agreement.
- (d) "Contracting Officer's Technical Representative" or "COTR" means the authorized representative of the Contracting Officer designated in writing by the Contracting Officer for technical actions performed in relation to this Agreement. This includes the functions of (1) inspection and review of work performed; (2) inspection and witness of tests, presentations or other activities; (3) interpretation of technical specifications; (4) approval of Contractor's reports and other materials; and (5) rejection of nonconforming services material or equipment. The COTR is not authorized to act for the Contracting Officer in the following matters relating to this Agreement: (1) modifications to this Agreement that change the dollar amount, technical specifications, or time for performance; (2) suspension or termination of the Contractor's right to proceed, either for default or for convenience of the Government; and (3) final determinations on any matters subject to appeal under the Disputes clause of this Agreement.
- (e) "Electric Power" means electric peaking capacity, or electric energy, or both.
- (f) "Electric Utility" means either a utility which has signed a firm requirements power sales contract with Bonneville and which sells Electric Power to end-use consumers in the Region, or a regional Federal agency customer of Bonneville.

- (g) "Financial Audit" means a complete interim closeout or final closeout audit of the records specified in the body of this Agreement.
- (h) "Measure" means the installation or distribution of materials or devices or the provision of services which are described in this Agreement and are intended to accomplish Conservation.
- (i) "Pacific Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501.
- (j) "Program" means the Program identified in the body of this Agreement.
- (k) "Region" means (1) the area consisting of the States of Oregon, Washington, and Idaho, the portion of the State of Montana west of the Continental Divide, and such portions of the States of Nevada, Utah, and Wyoming as are within the Columbia River drainage basin; and (2) any contiguous areas, not in excess of seventy-five air miles from the area referred to in paragraph (1) above, which are a part of the service area of a rural electric cooperative customer served by Bonneville on the effective date of the Pacific Northwest Power Act which has a distribution system from which it serves both within and without such Region.
- (l) "Uncontrollable Forces" means:
 - (1) strikes or work stoppage affecting the performance of the Contractor or of Bonneville; the term "strikes or work stoppage" shall be deemed to include threats of imminent strikes or work stoppage which reasonably require a party to restrict or terminate its operations; or
 - (2) such of the following events as the Contractor or Bonneville by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:
 - (A) events, reasonably beyond the control of either party, causing failure, damage, or destruction of any works, system or facilities necessary for performance; the word "failure" shall be deemed to include interruption of, or interference with, the actual operation of such works, system, or facilities;
 - (B) floods or other conditions caused by nature which limit or prevent the performance of either party; and
 - (C) orders and temporary or permanent injunctions which prevent said performance, and which are issued in any bona fide proceeding by:
 - (i) any duly constituted court of general jurisdiction; or
 - (ii) any administrative agency or officer, other than Bonneville or its officers, with proper jurisdiction

(a) if said party has no right to a review of the validity of such order by a court of competent jurisdiction; or (b) if such order is operative and effective and such order is not suspended, set aside, or annulled in a judicial proceeding prosecuted by said party in good faith; provided, however, that if such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect; provided, further, that said party shall not be required to prosecute such a proceeding, in order to have the benefits of this section, if the parties agree that there is no valid basis for contesting the order.

The term "performance" as used in this subsection shall be deemed to include installation of Measures if installation is required to implement the Agreement and is specified therein.

2. Interpretation.

- (a) The provisions in this Exhibit shall be deemed to be a part of this Agreement. If a provision in the body of this Agreement is in conflict with a provision contained in this Exhibit, the former shall prevail.
- (b) Except as provided in section 14 of this Exhibit, nothing contained in this Agreement shall, in any manner, be construed to abridge, limit, or deprive any party hereto of any remedy, either at law or in equity, for the breach of any of the provisions of this Agreement.
- (c) Only Bonneville's Contracting Officer, or the Contracting Officer's Representative designated in writing, shall issue interpretations of this Agreement which are binding upon Bonneville. Such interpretations shall be in writing and shall be distributed to each contractor which is a party to an agreement containing the provision being interpreted. All such interpretations shall also be available for review at each Bonneville Area/District Office.

B. IN REFERENCE TO PROGRAM OPERATION

3. Contractor Coordination.

Upon the written request of the Electric Utility whose load is affected by implementation of this Agreement, the Contractor shall provide, in a timely manner, the actual or estimated kilowatt or kilowatthour savings resulting from this Agreement. Copies of both the request by the Electric Utility and the Contractor's response shall also be sent to Bonneville to the address and to the attention of the person specified in the body of this Agreement.

4. Suspension.

(a) Program Suspension After Consultation.

If Bonneville has determined that the Contractor's implementation of the Program does not conform to the requirements of this Agreement, Bonneville shall provide a written description to the Contractor of the specific nature of the nonconformance. Upon receipt of such written description, the Contractor shall not submit claims for payment for Measures or energy savings from Measures affected by such nonconformance. The Contractor shall correct such nonconformance within a reasonable time and shall notify Bonneville in writing when corrective action has been completed. If the Contractor does not correct the nonconformance within a reasonable time after written notice is received, Bonneville may either suspend all or a portion of the Program in this Agreement, effective upon receipt of written notice by the Contractor, or Bonneville may terminate this Agreement in accordance with subsection 5(a) of this Exhibit. If the Program has been suspended, Bonneville shall notify the Contractor in writing of the date that Program suspension is lifted, upon verifying that the nonconformance has been corrected.

(b) Program Suspension for Environmental, Health, or Safety.

The Contractor shall implement the Program in accordance with applicable regulations issued by Federal, state, or local agencies related to the health and safety of the Contractor's employees and the general public. If Bonneville determines that implementation of all or a portion of the Program presents an environmental, health, or safety threat, Bonneville shall notify the Contractor of such environmental, health, or safety threat. Bonneville may immediately suspend all or a portion of such Program, effective upon the Contractor's receipt of written notification. Bonneville shall provide, along with such notification, a description of the environmental, health, or safety threat that it perceives and references upon which Bonneville bases its determination. The Contractor shall have 30 calendar days from the date of receipt of the notice within which to comment on the perceived environmental, health, or safety threat and to propose mitigating action to such environmental, health, or safety threat and to provide estimated costs of such actions. Within 30 calendar days after receipt of the Contractor's comments, Bonneville shall consider the comments and, at its option, provide the Contractor with a proposed amendment to this Agreement to mitigate such environmental, health, or safety threat. The Contractor shall comment on the proposed amendment within 30 calendar days of its receipt. If Bonneville then issues such amendment, it shall be attached hereto and made a part of this Agreement. Bonneville shall notify the Contractor in writing of the date the Program suspension is lifted. For health or safety issues related to noncompliance with Federal, state, or local agency regulations, the Contractor shall bear the costs of compliance; for issues other than noncompliance, claims for payment for Measures or energy savings from Measures affected by such environmental, health,

or safety threat shall be limited to those Measures installed or completed prior to the date of receipt of the written notification of Program suspension.

(c) Immediate Suspension of Payment.

If Bonneville has reason to believe that the Contractor is claiming payment for activities which do not conform to the requirements of this Agreement, Bonneville may, effective upon oral notification to the Contractor, immediately suspend all or a portion of payment for such activities under this Agreement while the process in either subsections 4(a) or 4(b) of this Exhibit is completed. Bonneville shall issue written confirmation of such suspension of payment to the Contractor on within 48 hours after oral notification is given. Following the completion of the process described in either subsections 4(a) or 4(b) of this Exhibit, and unless this Agreement is terminated as described in subsection 4(a) of this Exhibit, Bonneville shall notify the Contractor in writing of the date that suspension of payment is lifted.

- (d) After a suspension imposed under subsections 4(a), 4(b) or 4(c) of this Exhibit is lifted, Bonneville shall pay for all claims that conform to the requirements of this Agreement, including claims for work performed during the previous suspension of payment.
- (e) If this Agreement is suspended in accordance with subsection 4(b) of this Exhibit, or is suspended under subsections 4(a) or 4(c) of this Exhibit and no significant corrective actions are required, Bonneville shall reimburse the Contractor for reasonable costs to the extent they are caused by such suspension.
- (f) Within 30 calendar days after Bonneville receives a notice of reasonable one-time conversion costs incurred by the Contractor in accordance with subsections 4(a) or 4(e) or section 9 of this Exhibit, Bonneville shall review and furnish the Contractor with Bonneville's comments, if any, with respect thereto. When an agreement is reached, Bonneville shall approve any change in compensation due to payment of such costs by written notice to the Contractor. If conversion costs are considered unreasonable by Bonneville, Bonneville may terminate this Agreement and obligations for payment.

5. Termination.

- (a) If the Contractor has failed to comply with the requirements of subsections 4(a) or 4(b) of this Exhibit, Bonneville may terminate this Agreement 30 days after receipt of written notice by the Contractor.
- (b) If the Contractor files for bankruptcy, Bonneville may terminate this Agreement by giving the Contractor 30 days' written notice.

6. Uncontrollable Forces.

Each party shall notify the other as soon as possible of any Uncontrollable Forces which may in any way affect performance in accordance with this Agreement. In the event the performance of either party is interrupted or curtailed due to such Uncontrollable Forces, such party shall be excused from such performance during such period of interruption or curtailment. However, such party shall exercise due diligence to reinstate such performance with reasonable dispatch.

C. IN REFERENCE TO PROGRAM REVIEW

7. Program Records.

- (a) Records shall be maintained by the Contractor in accordance with this Agreement. The records shall be maintained by the Contractor in a form determined solely by the Contractor, so long as the requirements of subsection 7(b) of this Exhibit are met. The Contractor shall keep all records required by this Agreement until the later of either 3 years after creation of such records, or notification of completion of a Financial Audit of such records by Bonneville. Bonneville shall initiate such Financial Audit no later than 3 years after creation of the last record maintained in accordance with this section.
- (b) Program records shall be established and maintained in accordance with generally accepted accounting principles consistently applied, and in conformance with applicable laws and Federal regulations, including the provisions of the Privacy Act of 1974. If appropriate, a summary of the system of records developed by Bonneville to comply with the Privacy Act shall be supplied by Bonneville.

8. Program Financial Audits, Monitoring Reviews, or Financial Compliance Reviews.

Upon reasonable notice, Bonneville may conduct Financial Audits, monitoring reviews, or financial compliance reviews of the Contractor's Program records, and of the Contractor's implementation of the program under the terms of this Agreement as it deems appropriate. Their number, timing, and extent shall be at the discretion of Bonneville and may be conducted by Bonneville or its designee. Financial Audits shall be conducted in accordance with audit standards established by the Comptroller General of the United States. Monitoring reviews and financial compliance reviews shall be conducted in accordance with standards and procedures established by Bonneville. Bonneville, at its expense, may:

- (a) audit, examine, or inspect Program records and accounts maintained by the Contractor in accordance with the Program records section of this Agreement;
- (b) obtain copies of such Program records and accounts for such purposes;

- (c) conduct inspections of installations made under this Agreement, provided that all such inspections shall be arranged in advance through the Contractor; and
- (d) review Contractor implementation of the Program in accomplishing the provisions of this Agreement.

9. Evaluation.

The Contractor shall supply Bonneville with information for Bonneville to evaluate the Program administered under this Agreement. If appropriate, individually identifiable information shall be made available to Bonneville in accordance with the system of records established by Bonneville to comply with the Privacy Act of 1974. Any reasonable costs incurred by the Contractor in assisting in such evaluation, to the extent not specifically required by this Agreement, shall be reimbursed by Bonneville. When feasible, the information shall be obtained using a methodology accepted or provided by Bonneville. Bonneville shall, to the extent practicable, work with the Contractor in developing and implementing Program evaluation procedures. Bonneville shall, upon completing the evaluation, distribute the results of such evaluation to the Contractor.

D. MISCELLANEOUS PROVISIONS

10. Notices and Other Communications.

Except as provided in subsection 4(c) of this Exhibit, any notice, request, approval, consent, instruction, agreement or Program amendment, or other communication required by this Agreement to be given by either party to the other party shall be in writing and shall be delivered in person or mailed to the address and to the attention of the person specified in this Agreement. Notices or communications as required by this Agreement shall be effective no sooner than the date of receipt by the receiving party. Either party may from time to time change or supplement such address or specified representative to whom notice shall be given by giving the other party written notice of such change.

11. Indemnification.

Each party shall indemnify and hold harmless the other party and its respective officers, agents, and employees from and against all claims, damages, losses, liability, and expenses, including, but not limited to, reasonable attorney's fees, arising from the negligent or other tortious acts or omissions of the first party, its officers, agents, or employees.

12. Disclaimer of Liability.

Independent contractor's contracting with the Contractor to implement the provisions of this Agreement shall be required by contract to indemnify and hold Bonneville harmless from all claims, damages, losses, liability, and expenses arising from the negligent or other tortious acts or omissions of such independent contractors, their officers, agents, or employees.

13. Assignment of Agreement.

Moneys due or to become due from Bonneville to the Contractor in accordance with the terms of this Agreement may be assigned by the Contractor to a bank, trust company, or other financing institution, including any Federal lending agency, for the purpose of financing any portion of the cost of this Agreement. In the event of any such assignment, the assignee thereof shall provide written notice of the assignment together with a true copy of the instrument of assignment to Bonneville within 10 calendar days of such assignment. Except as provided above, no other interest, right, or obligation in this Agreement may be assigned or transferred by the Contractor to another party without prior written consent of Bonneville.

14. Dispute Resolution and Arbitration.

- (a) Contractual disputes involving solely questions of fact under this Agreement may be submitted to arbitration upon mutual written agreement of the parties. Questions of a party's timely performance of requirements in accordance with this Agreement, or of reasonable costs under sections 4 and 9 of this Exhibit shall be submitted to arbitration.
- (b) When the other party agrees to arbitration, or when a dispute concerns timeliness or reasonable costs, the following procedures shall apply:
 - (1) The party calling for arbitration shall serve notice in writing upon the other party, setting forth in detail the question or questions to be arbitrated and the arbitrator appointed by such party.
 - (2) The other party shall, within 45 days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third arbitrator within 10 days, or in lieu of such agreement on a third arbitrator by the two arbitrators so appointed, a third arbitrator shall be appointed by the United States District Court for the District of Oregon, located in Portland, Oregon.
 - (3) If the other party fails to name its arbitrator within 45 days after receiving notice under paragraph (1) above, the arbitrator appointed shall proceed as a single arbitrator in accordance with paragraphs (4) and (5) below, and issue an award, which shall be accepted by both parties as final and binding as provided in paragraph (5) below.
 - (4) The arbitration hearing shall begin at Portland, Oregon, no later than 30 days after appointment of the third arbitrator and upon written notice to the parties by the arbitrators of the date, time, and location of the hearing.

- (5) The arbitration hearing shall be concluded within 3 days unless otherwise ordered by the arbitrators and the award thereon shall be made within 10 days after the close thereof. An award rendered by a majority of the arbitrators appointed in accordance with this Agreement shall be final and binding on all parties to the proceeding, and judgment on such award may be entered by either party in the court, state or Federal, having jurisdiction.
- (6) Each party shall pay for the services and expenses of the arbitrator appointed for it, for its own attorneys' fees, and for compensation for its witnesses or consultants. All other costs incurred in connection with the arbitration, including those of the third arbitrator shall be shared equally by the parties thereto.
- (c) Nothing herein contained shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend, modify, add to, or subtract from any of the provisions of this Agreement.

15. Representations and Warranties of the Contractor.

The Contractor agrees that Bonneville has no responsibility for production of energy savings resulting from the Program. In addition, the Contractor agrees not to hold Bonneville responsible for any damages, including special, indirect, incidental, or consequential damages, arising out of or in connection with this Agreement.

E. PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER

16. Convict Labor.

In connection with the performance of work under this Agreement, the Contractor or any subcontractor agrees not to employ any person undergoing sentence of imprisonment except as provided by 18 U.S.C. 4082(c)(2) (1982), and Executive Order 11755 of December 29, 1973.

17. Equal Employment Opportunity.

During the performance of this Agreement, if and to the extent required by applicable law or if not otherwise exempted, the Contractor agrees as follows:

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

conspicuous places, available to employees and applicants for employment, notices to be provided by Bonneville setting forth the provisions of this clause.

- (b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by Bonneville, advising the labor union or workers' representative of the Contractor's commitments under this clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to said Contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The Contractor will include the provisions of subsections 17(a) through 17(g) of this Exhibit in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as Bonneville may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event the Contractor becomes involved in or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Bonneville, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

18. Interest of Member of Congress.

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this Agreement if made with a corporation for its general benefit.

19. Bonneville's Obligations Not General Obligations of the United States.

All offerings of obligations, and all promotional materials for such obligations, which may be offered by the Contractor to fund its activities pursuant to this Agreement shall include the following language found in subsection 6(j)(1) of the Pacific Northwest Power Act:

"Such obligations are not, or shall they be construed to be, general obligations of the United States, nor are such obligations intended to be or are they secured by the full faith and credit of the United States."

20. Other Statutes, Executive Orders, and Regulations.

- (a) The Contractor agrees to comply with the following statutes, executive orders, and regulations to the extent applicable:
- (1) False claims. Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both.
 - (2) Rehabilitation Act of 1973, P.L. 93-112, as amended, and the clauses contained in 41 CFR 60-741, et seq., which concern affirmative action for handicapped workers;
 - (3) Vietnam Era Veterans Readjustment Assistance Act of 1974, P.L. 92-540, as amended, and the clauses contained in 41 CFR 60-250, et seq., concern affirmative action for disabled veterans and veterans of the Vietnam Era;
 - (4) Executive Order 11625 and the clauses contained in 41 CFR 1-1.1310-2(a), which concern utilization of minority business enterprises;
 - (5) Small Business Act, as amended, 15 U.S.C. 631 et seq. (1982), including the requirements of 15 U.S.C. 637(d)(2) and (3) (1982);
 - (6) the clauses contained in 41 CFR 1-12.803-10 which concern certification of nonsegregated facilities;
 - (7) Anti-Kickback Act, 41 U.S.C. 51 et seq. (1982).

(b) The Contractor agrees to comply with requirements deemed necessary by Bonneville in order to implement Bonneville's obligations under the National Historic Preservation Act, 16 U.S.C. 470 et seq. (1982). Such requirements, if any, shall be subject to analysis and comment by the Contractor prior to becoming effective.

(VS6-PKL-3597c)

Exhibit B, Page 1 of 1
Contract No. DE-MS79-88BP92481
Effective on the Effective Date

Referenced Documents

Referenced documents may be included as separate items under this Exhibit by mutual agreement. Item 1 to this Exhibit shall be the Contractor's Proposal including the design documents, specifications, and other related material.

Item 1. Longview Fibre Company's Proposal

(WP-PKL-3661c)

Submittal of Step 2 of Proposal to BPA for
Energy Savings Plan Conservation Program Project

The following proposal is being presented in accordance with the criteria described in NOPI, Section 5 (c).

- A. Cover Sheet - See Exhibit A
- B. Project Description
- C. Technology Status
- D. Savings Estimate
- E. Savings Verification
- F. Project Costs
- G. Incentive Limit
- H. Age of Building Housing the Project - (See Exhibit J)
- I. Environmental
- J. Enclosure 1 - Potential Power Lost with "Low Efficiency" ASD's, Figure 4-1
- K. Enclosure 2 - Before and After Schematic
- L. Enclosure 3 - Metering Location and Steps for Verification

PROPOSAL

February 4, 1988

Longview Fibre Company
End of Fibre Way
P.O. Box 639
Longview, Washington 98632

Re: Installation of Variable
Frequency Drives on
Secondary Treatment System
Wet Well Pumps

Project Description

Longview Fibre Company manufactures pulp, paper and paperboard at its mill in Longview, Washington. Large quantities of water are required for this production, and the company has extensive waste water treatment facilities to treat water after use on the millsite. The Secondary Treatment facility collects and treats all mill water exiting the mill.

The wet well collects the water discharged from the secondary effluent clarifiers, which is then pumped by the wet well pumps to the discharge outfall line.

Three 200 hp effluent wet well pumps located at the Secondary Effluent Treatment plant are presently equipped with variable speed clutches. These clutches control the level of the wet well by varying the speed of the pumps.

The wet well pump eddy current clutches rely on slippage for speed variation, and have oil coolers to cool the clutches and keep the oil at a constant temperature. Each clutch cooling system is designed to cool the equivalent of 31 horsepower (approximately 23 kW) of heat due to clutch slippage. One of the three clutches is a spare.

Based on manufacturer's data, it is estimated we are consuming 46 kW in clutch losses on the two units required to serve the load.

We plan to replace the clutches with variable frequency AC drives that have losses of approximately 9 kW each. This revision will give a reduction in energy losses of 28 kW (46 kW - 18 kW) for these pumps, and save 241,920 kWh's annually, based on 24-hour a day operation, 360 days a year. This is a 61% reduction in energy losses.

The energy saving results from driving the pumps at the required speed using variable frequency drives rather than dissipating heat through clutch slippage using the present system.

See Enclosure 2 for a schematic one-line of the system before and after project revisions.

Technology Status

The variable frequency drive technology has been used in our mill on over 50 different installations. It has proven to be a reliable technology and has provided the expected energy savings in all cases.

As an example of the energy savings available by replacing less efficient drives such as fluid or eddy current clutches with a variable frequency drive, I reference the June 28, 1985 BPA Industrial Test Program Plant Report, (Section 4) by Ekono, Inc. mailed to BPA's Ms. Economus. We are enclosing a copy of Section 4 page 2 (see enclosure 1) showing a power loss chart. The complete confidential report is on file at BPA.

Savings Estimate

As stated under "Project Description" above, running the wet well pumps at slower speeds by using a variable frequency source for the pump motor rather than by using eddy current clutches which achieve reduced pump speed but incur significant losses, a net reduction of about 14 kW on each of two pump motors will be achieved. This savings is based on manufacturer's data applied to the pumps as they are now operating. This reduced electrical load 24 hours per day for 360 operating days a year calculates a savings of about 242,000 kWh per year.

Savings Verification

We propose to document the energy savings as follows: All three of the wet well pumps are supplied energy through a 2000 kVA 13.8kV to 480V transformer (#92 Transformer) that has a kWh meter connected to the secondary of the transformer. The entire Secondary Treatment facility is supplied by three transformers, #92 2000 kVA, #93 2000 kVA 13.8kV/480V, and #94 1000 kVA 13.8kV/2.4kV. We have an integrated plant flow totalizing meter that measures the total flow through the plant in MMGPD (millions of gallons per day). We will measure the energy consumed from #92 transformer (in kWh) which feeds the three wet well pumps, measure flow through the plant in MMGPD for a specified period of time and calculate a kWh/MMGPD ratio before and after the modification. This ratio will then be used to calculate the kWh per year energy saved from the installation of the VFD drives. See enclosure 3 for details.

We will make the verification reading before and after the project revisions. We propose to use a thirty day evaluation period under each condition, to establish the verification of the energy saved. Exhibit E shows what will be removed.

Project Costs

This project is estimated to cost \$115,922.

Engineering	\$ 7,293
Materials	63,532
Labor	36,000
Equipment Removal	200
Taxes	4,447
Interest	<u>4,450</u>
Total	\$115,922

Incentive Calculation

See Exhibit E (\$11,491)

Implementation Schedule and Time Frame for Contract

Implementation schedule: Within 120 days
Time frame for contract: Immediate

Environmental Impact

There will be no environmental impact from this project because the process is not being changed. The same water will be pumped through the same pumps to the same outlet as before. The only change being proposed is to change the means of controlling the speed of the pumps. Since we are not changing the characteristics of the water being pumped, no changes in environmental permits will be required. Consequently, copies of our existing permits have not been included with this proposal.

Eligibility Criteria Checklist

See Exhibit H, attached.

The following list of environmental permits under which the original installation was installed is provided for information.

List of Environmental Permits

1. NPDES Waste Discharge Permit No. WA000007-8.

Status: Active
Issuance Date: September 30, 1986
Expiration Date: September 30, 1991
Revised Date: September 28, 1987

2. Department of Ecology Regulatory Order Docket No. 80-602.

Status: Active
Issuance Date: November 12, 1980
Latest Amendment: Fourth

3. PSD Permit No. PSD-X81-10

Status: Active
Issuance Date: April 27, 1981
Revised Date: May 14, 1987

Also see Exhibit B, attached.

3. SIMPLE PAYBACK:

Identify the length of time required to recover the investment in the Project through the cost savings that accrue from it.

$$\frac{\text{Cost}}{\text{Incentive}} = \frac{115,922}{11,491} = 10 \text{ years @ } \$0.05/\text{kWh}$$

If the Cowlitz PUD annualized rate of \$0.028 kWh is used,

$$\text{Payback} = \frac{\$115,922}{\$6,774} = 17.1 \text{ years}$$

Using a weighted average of \$0.0181/kWh and disregarding the demand charge the simple payback becomes:

$$\text{Payback} = \frac{\$115,922}{\$4,379} = 26.5 \text{ years}$$

Cover Sheet

Directions: Complete Sections I through IV and submit with Project Abstract. Photocopy and complete Section V to submit with Project Proposal. Photocopy and complete Section VI to submit with the Completion Report.

I. SPONSOR INFORMATION

Name and Full Address of Sponsoring Entity

Longview Fibre Company
End of Fibre Way
P.O. Box 639
Longview, WA 98632

II. PROJECT IDENTIFICATION

Title Variable Frequency Drive Installation on Effluent Wet Well Pumps	Name and Title of Project Manager or Other Contact Michael V. Glenn, Electrical & Instrument Section Leader Area Code & Telephone No. (206) 425-1550
Location of Proposed Project Longview Fibre Company Millsite Longview, Washington	
Standard Industrial Classification Code (SIC) 2611 (Pulp) 2621 (Paper) 2631 (Paperboard)	Utility Service Area Cowlitz County PUD #1 (Lower Columbia Area)

III. PROJECT SUMMARY

Brief Description of Proposed Project

Replace three 200 hp oil cooled slip clutches with three 200 hp variable frequency drives on Secondary Treatment wet well pumps.

IV. ESTIMATED ENERGY SAVINGS AND COSTS (submit with Project Abstract)

Average Annual Energy Savings	Total Project Costs	Estimated Incentive	Incentive Type
241,920 kWh/yr	\$115,922	\$11,491	x 5¢ per kWh 80% of Project Costs

V. ESTIMATED ENERGY SAVINGS AND COSTS (submit with Project Proposal)

Average Annual Energy Savings	Total Project Costs	Estimated Incentive	Incentive Type
241,920 kWh/yr	\$115,922	\$11,491	x 5¢ per kWh 80% of Project Costs

VI. MEASURED ENERGY SAVINGS AND COSTS (submit with Completion Report)

Average Annual Energy Savings	Total Project Costs	Ratio of Actual Savings to Estimated Savings
kWh/yr	\$	%

Worksheet for Incentive Payment Calculation

I. ESTIMATED INCENTIVE FOR PROJECT ABSTRACT

Incentive Based on Annual Energy Savings

1. Incentive Rate Offered (¢/kwh)	5¢/kwh
2. Estimated Annual Energy Savings (kwh)	<u>\$241,920</u>
3. Estimated Value of Savings (Multiply Line 1 by Line 2)	<u>\$ 12,096</u>

Incentive Based on Project Costs

4. Estimated Project Costs	<u>\$115,922</u>
5. Eligible Project Costs (Multiply Line 4 by 0.80)	<u>\$ 92,738</u>

Estimated Incentive

6. Estimated Incentive (Lesser of Line 3 or Line 5 or \$250,000)	<u>\$ 12,096</u>
7. Cost-sharing percent for this utility service area (from Exhibit C)	<u>95%</u>
8. Estimated Incentive Based on Cost-Sharing (Multiply Line 6 by Line 7)	<u>\$11,491</u>

II. REVISED INCENTIVE ESTIMATED FROM PROJECT PROPOSAL

Incentive Based on Annual Energy Savings

9. Confirmed Incentive Rate (¢/kwh)	5¢/kwh
10. Revised Annual Energy Savings (kwh)	<u>\$241,920</u>
11. Cost-sharing percent for this utility service area (from Exhibit C)	<u>95%</u>
12. Revised Value of Energy Savings (Multiply Line 9 by Line 10 by Line 11)	<u>\$ 11,491</u>
13. Ratio of Incentives (Divide Line 9 by Line 1)	<u>1</u>
14. Contingency Margin (Add 0.20 to Line 13)	<u>1.2</u>
15. Energy Savings Incentive Cap (Multiply Line 8 by Line 14)	<u>\$ 13,789</u>
16. Revised Value of Energy Savings (Lesser of Line 12 or Line 15)	<u>\$ 11,491</u>

Incentive Based on Project Costs

17. Revised Project Costs	<u>\$115,922</u>
18. Eligible Project Costs (Multiply Line 17 by Line 11 by 0.80)	<u>\$ 88,101</u>
19. Project Cost Incentive Cap (Multiply Line 8 by 1.20)	<u>\$ 13,789</u>
20. Revised Project Cost Incentive (Lesser of Line 18 or Line 19)	<u>\$ 13,789</u>

Revised Project Incentive

21. Project Incentive Cap (Multiply \$250,000 by Line 11)	<u>\$237,500</u>
22. Revised Project Incentive (Lesser of Line 16, Line 20 or Line 21)	<u>\$11,491</u>

Project Cost/Savings Calculation Worksheet for Exhibit E

1. ESTIMATED PROJECT COSTS:

a. ENGINEERING DESIGN COSTS

<u>Job Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Cost</u>
Electrical Engineer	7% of project cost exclusive of interest		\$7,293

b. EQUIPMENT

<u>Type</u>	<u>Estimated Cost</u>
3-Emerson AS5115-200	\$46,208
Room Expansion	4,015
Transducers	645
Conduit & Wire	2,075
Misc. & Contingency	10,589

c. EQUIPMENT INSTALLATION COSTS (Subcontracted or in house)

Provide the same cost information as listed above for each subcontractor proposed.

<u>Type</u>	<u>Estimated Cost</u>
By Longview Fibre 144MD	\$36,000

d. EQUIPMENT REMOVAL OR ABANDON-IN-PLACE COSTS

<u>Type</u>	<u>Estimated Cost</u>
3 Dynamatic Clutches	\$2,000

e. INSTRUMENTATION & DATA COLLECTION COSTS (for verification of Energy Savings)

<u>Type</u>	<u>Estimated Cost</u>
Exists	0

Sales Tax	\$4,447
Interest during construction	\$4,450

TOTAL PROJECT COSTS \$ 115,922

2. ESTIMATED ANNUAL SAVINGS:

Explain the methodology used and include all original calculations and assumptions used in estimating the electrical Energy Savings in kWh/yr.

Two 200 hp (Nameplate Rating, Full Load @ 60 Hertz) Prime Movers in Operation at once:

Clutch losses operating under present conditions:
 23 kW per unit (Mfg. data) = 46 kW total
 VFD losses operating under proposed conditions:
 9 kW per unit (Mfg. data) = 18 kW total
 Savings (46-18) kW x 24 hours/day x 360 days/year = 241,920 kWh/year.

Eligibility Criteria Checklist

When submitting an Abstract, the Sponsor must respond to questions on the following eligibility checklist. All positive responses are required for participation. This Exhibit should be signed by the plant engineer or plant manager and submitted with the Project Abstract.

- | <u>Yes</u> | <u>No</u> | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (1) The Project will be installed in an existing industrial manufacturing, processing, or refining facility which is not an aluminum smelter DSI. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (2) The Sponsor intends to continue operation of the facility in the Region for at least 5 years. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (3) The Sponsor is <u>not</u> a national laboratory, educational institution, or governmental entity, at the Federal, State or local level. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (4) The Sponsor does not have an agreement pending, has not signed an offered agreement, and is not performing work under an agreement resulting from sponsor-designed program solicitations or feasibility study NOPI's. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (5) The Sponsor does not have an Abstract or Proposal under consideration or an agreement for the ENERGY SAVINGS PLAN. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (6) This Project contains the only application of this technology submitted under the ENERGY SAVINGS PLAN by a corporate Sponsor with multiple sites. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (7) The Sponsor is able and willing to negotiate an agreement with Bonneville promptly, once Bonneville has approved the Project Proposal. Within reasonable time frames agreement negotiations should be concluded by September 1 of the fiscal year in which Bonneville approves the Proposal. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (8) The Sponsor agrees to participate in an independent ENERGY SAVINGS PLAN evaluation as described in section 2(j) of this NOPI. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (9) The Project will utilize proven technology to improve electrical energy efficiency by upgrading existing process, equipment, or controls. Projects to modify or upgrade space heating/cooling or lighting are not eligible. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (10) The Project will not consist of a plant expansion which incorporates a new product or process or increases System output by more than 20 percent. |

- (11) The Project does not constitute a process changeout which incorporates a significantly different product or process that results in 15 percent or more of the total estimated Project costs being allocated for equipment removal or abandon-in-place.
- (12) The Project will not use energy produced by a solar, wind, water, geothermal, or similar source to directly reduce the electric power requirements of a consumer.
- (13) The Project will be capable of operating effectively and predictably for a 15-year period.
- (14) the length of time required to recover the investment in the Project through the cost savings that accrue from it will be greater than 1 year.
- (15) The Project is estimated to achieve measurable electric Energy Savings in an industrial process while maintaining System output capability at a minimum of 95 percent of the original level.
- (16) The construction and installation of the Project will comply with Federal, State, or local laws or regulations.
- (17) The Project will have no adverse environmental impacts. (See attached Exhibit B.)
- (18) Installation of the Project will begin after the effective date of the agreement with Bonneville and will be capable of completion within 2 years of the effective date of the agreement.
- (19) This is the only Project submitted by the Sponsor to be funded in the fiscal year indicated for completion of this Project.
- (20) The estimated incentive is equal to or less than \$250,000. (See attached Exhibit E.)

Comments: _____

Signed: *[Signature]*

Title: Section Leader, Elect & Instr Engineers

Date: February 4, 1988

Environmental Effects Information Sheet
(to be submitted with Project Abstract)

Answers to the questions below are necessary for Bonneville to determine the kind of environmental documentation needed before your Project can be considered for funding. The eligibility criteria at present limit funded projects to those needing minimum environmental documentation--neither an Environmental Assessment nor an Environmental Impact Statement. This information is requested under the National Environmental Policy Act and implementing regulations. Your answers to these questions will have to be documented in your Proposal. Accurate answers at this time will help avoid unnecessary costs and delay.

All applicants must answer the following questions:

1. YES NO Is any building(s) affected by this Project 45 or more years old?
(If yes, contact the Bonneville Program Manager for further details. A yes answer to this question does not mean that this Project will be eliminated from consideration. It means that coordination with the State Historic Preservation Officer may be required.)
2. YES NO Will your Project involve any construction or alterations leading to the expansion of the present building(s) or new development on a previously undeveloped area?
3. YES NO Will your Project result in or alter use/discharge/disposal of air emissions, water, solid or liquid waste? If yes, indicate alteration and what emission sources: _____

If you had a yes on either question 2 or 3 above, you must answer the remaining environmental questions (contact Bonneville Program Manager for more details if needed):

4. YES NO Will your Project require development or construction activities within the boundaries of the 100-year flood plain or will it affect wetlands (any wetted area, e.g., bogs, mud flats, swamps, potholes, ponds, river overflows)?
5. YES NO Will your Project alter present land use at or near the site of your undertaking?
6. YES NO Will your Project affect fish and wildlife resources?
7. YES NO Will your Project require that you notify or obtain permits from other Federal, State, or local government agencies or planning offices?
8. YES NO Will your Project affect any other activities or areas besides those previously mentioned, either directly or indirectly, including environmental quality, health, and safety (e.g., noise, drainage, hazardous waste, toxic substances)?

In preparing your answers to the environmental questions, you may have to consult with agencies and experts. At the time you submit a Proposal you must provide the names and addresses of all persons and agencies consulted. Bonneville must have this information to prepare its environmental documentation and consider how to proceed.

EXHIBIT J

The building within which this project will be housed is a special purpose control building erected in 1976.

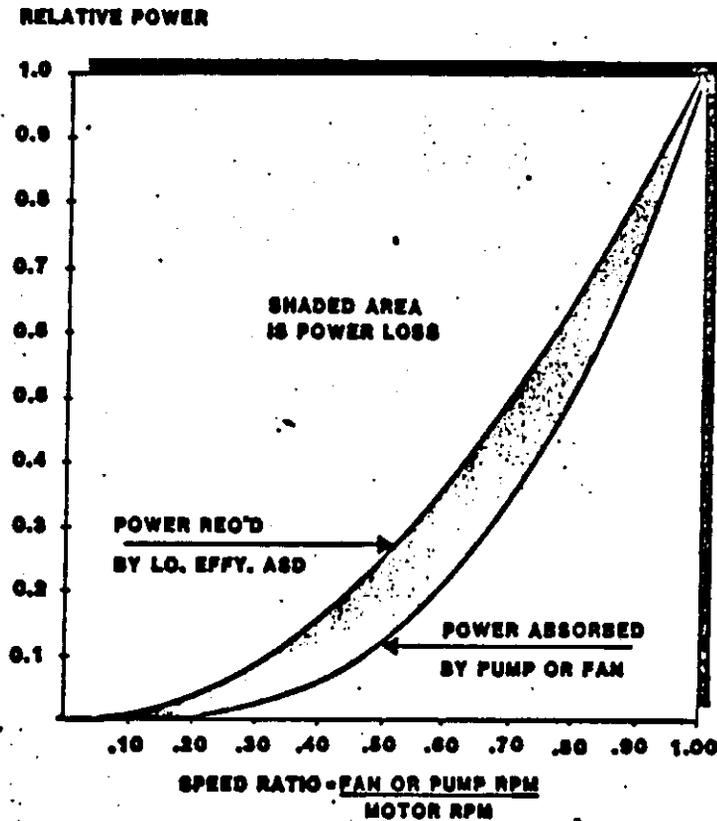


Fig. 4-1. Potential power lost with "low efficiency" ASD's

about 0.67. Replacing a "low efficiency" ASD with a VFD will allow the drive-motor-fan or pump system to approach the lower curve in Figure 4-1. If the speed ratio is in the range of 0.4 to 0.8 significant savings can result.

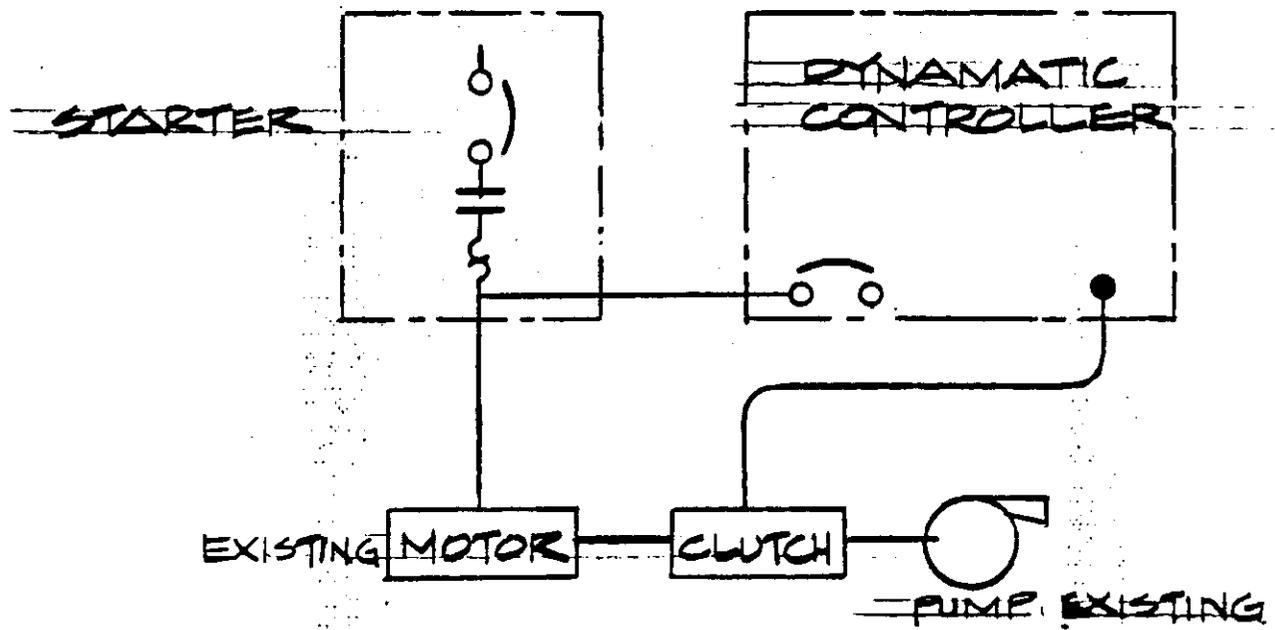
The five recovery furnace I.D. fans at Longview Fibre have Gyrol hydraulic drives. All operate at speed ratios indicating that significant savings will result if they were replaced with VFD's.

Methodology Applied

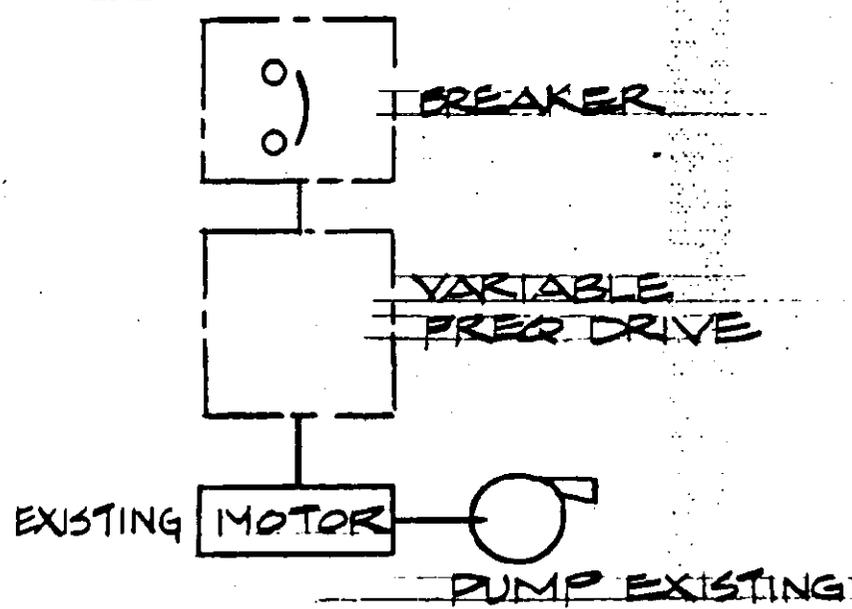
To determine how much energy could be saved by replacing hydraulic ASD's with VFD's requires the following data:

APPROVED		LONGVIEW FIBRE COMPANY		BY MVG	DATE 1-28-88	SCALE	EQUIP. NO.	DWG. NO.	A
BY	DATE								
W.O. No.	CHARGE	ENCLOSURE #2							

TYPICAL SYSTEM
SCHEMATIC FOR EACH PUMP
BEFORE

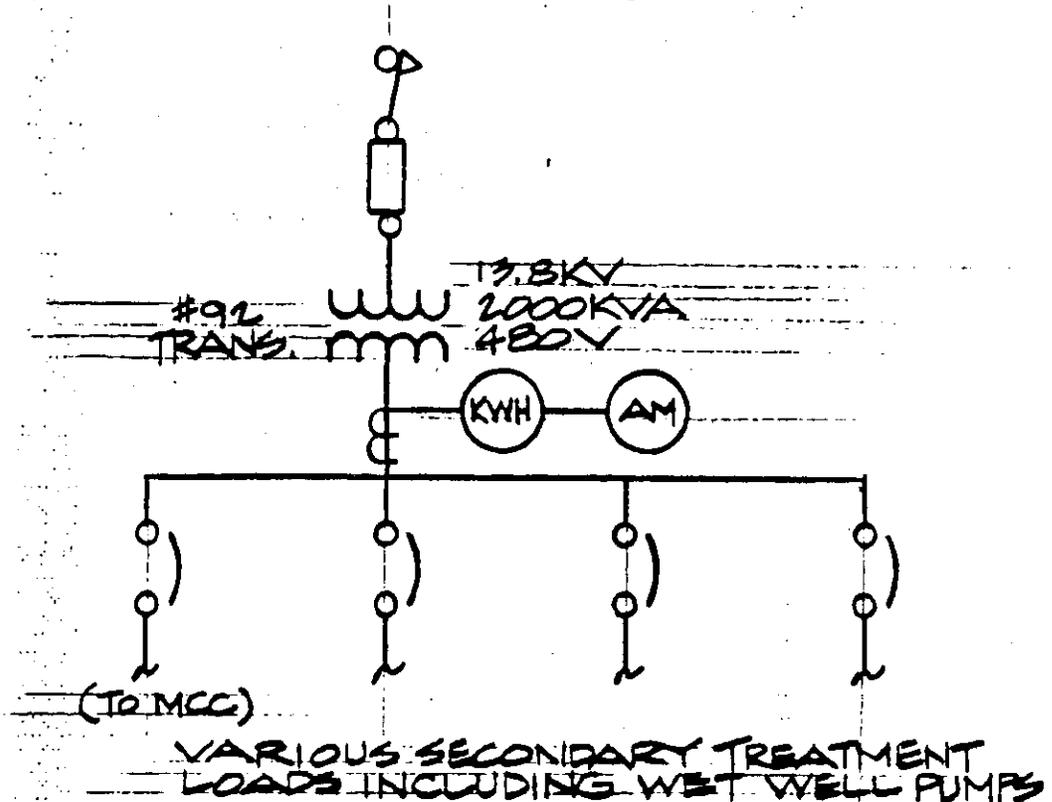


AFTER



APPROVED		LONGVIEW FIBRE COMPANY		BY MNG	DATE 1-28-88	SCALE	EQUIP. NO.	DWG. NO.	A
BY	DATE								
W.O. No.	CHARGE	ENCLOSURE # 3							

METHOD OF METERING POWER



STEPS TO DETERMINE BEFORE & AFTER ENERGY USAGE:

1) BEFORE

- a) READ KWH FOR ONE DAY OPERATION
- b) READ TOTAL FLOW IN GPM THRU PLANT FOR ONE DAY
- c) CALCULATE KWH/MMGPD TO DETERMINE ENERGY CONSUMPTION, PER GALLONS PER DAY.

2) AFTER

- a) READ KWH FOR ONE DAY OPERATION.
- b) READ TOTAL FLOW IN GPM THRU PLANT FOR ONE DAY
- c) CALCULATE KWH/MMGPD TO DETERMINE ENERGY CONSUMPTION, PER GALLONS PER DAY.
- d) SUBTRACT AFTER ENERGY CONSUMPTION FROM BEFORE ENERGY CONSUMPTION TO DETERMINE REDUCTION OF LOSSES OR ENERGY SAVED.

Requirements for Submitting a Completion Report

1. This report will identify the equipment installed and will identify any variance from the Proposal, explaining how the variance modifies the Project as previously proposed. It will also indicate any variances from estimated costs and/or Energy Savings quoted in the Proposal.
2. The Completion Report is due after the Project is installed and at least 2 weeks prior to the inspection. Receipt and approval of the report and the inspection provide the basis for the incentive payment. All proprietary information shall be marked according to the requirements of Exhibit F. The report shall be written in the following format and sent to the COTR identified in section 11 in the body of the Agreement.

(a) Cover Sheet:

Complete the appropriate section of Exhibit A of the Notice of Program Interest.

(b) Project Summary:

Include a brief (one paragraph) description of the Project and the electrical energy efficiency improvement accomplished. Identify any changes from the Proposal.

(c) Project Description:

Include a copy of the Project description from the Proposal and an electrical one-line diagram of the installed Project. Identify any changes made since the Proposal was submitted.

(d) Project Costs:

Include a list of actual Project costs showing engineering design costs, capital equipment costs, equipment installation costs, equipment removal or abandon-in-place costs, instrumentation costs, and data collection costs. Administrative costs, operation and maintenance costs, permit or inspection fees, or any incurred Project expenses which are not listed above are not reimbursable.

(e) Energy Savings Verification Test:

- (1) The objective of the Energy Savings Verification Test is to document the measured electrical energy efficiency improvement achieved. Performance shall be shown in terms of electrical energy input to the System, both before the Project was installed ("baseline") and after installation ("new"). Energy Savings equals the difference between annual energy consumption before and after installation of the Project. Energy Savings may be based on average System output within a specified time period (e.g., 1 week) and extrapolated to an annual basis.

(2) Savings shall be measured in kWh at the same level of System output both before and after Project installation. Include the electrical energy consumption calculations from the measured data with typical average numerical values.

(3) Baseline Performance

(A) Kilowatthours per year (kWh/yr) electrical energy input to the System.

(B) Amount per year of useful output from the System (e.g., units, pounds, or kWh).

(4) New Performance

(A) Kilowatthours per year (kWh/yr) electrical energy input to the System.

(B) Amount per year of output from the System (e.g., units, pounds, kWh).

(f) Incentive Payment Calculation:

Complete and include a copy of Exhibit D.

(WP-PKL-3661c)

PROPRIETARY INFORMATION DESIGNATION PROCEDURES

If the Contractor does not want certain information provided in accordance with this Agreement to be disclosed to the public for any purpose, the Contractor shall mark the title page of the document containing such information with the following legend:

This document includes information that shall not be disclosed outside Bonneville and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to administer this Agreement. This restriction does not limit Bonneville's right to use information contained in this document if it is obtained from another source without restriction. The information subject to this restriction is contained in sheets _____. (insert numbers or other identification of sheets.)

Mark each sheet of information you wish to restrict with the following legend:

Use or disclosure of information contained on this sheet is subject to the restriction on the title page of this document.

(VS6-PMC-3661c)

(AUTHENTICATED COPY)

Amendatory Agreement No. 1 to
Contract No. DE-MS79-88BP92481

July 15, 1988

AMENDATORY AGREEMENT

ENERGY SAVINGS PLAN

CONSERVATION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE COMPANY

Index to Sections

<u>Section</u>	<u>Page</u>
1. Effective Date of Agreement	2
2. Amendment of the Energy Savings Plan	2
Conservation Agreement	

This AMENDATORY AGREEMENT, executed August 24, 1988, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and LONGVIEW FIBRE COMPANY (Contractor), a corporation under the laws of the State of Delaware;

W I T N E S S E T H :

WHEREAS Bonneville has issued an Amendatory Energy Savings Plan Conservation Agreement, (Contract No. DE-MS79-88BP92481), which is hereinafter called the "Agreement"); and

WHEREAS the parties wish to amend the body of the Agreement to reflect changes contained herein;

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

1. Effective Date of Amendatory Agreement.
The effective date of this Amendatory Agreement shall be 2400 hours on the date the Contractor signs.
2. Amendment of the Agreement.
The Agreement is hereby amended as follows:
 - (a) Exhibits D and E are deleted and replaced with the attached Revision 1 to Exhibit D and Revision 1 to Exhibit E dated 7/12/88.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Agreement.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /s/ Richard L. Perlas
for Assistant Administrator
for Energy Resources

LONGVIEW FIBRE COMPANY

By /s/ Mark E. Hoehne
Title Asst. Vice President
Date August 24, 1988

(VS6-PMCN-3760c)

Revision 1 Exhibit D, Page 1 of 1
Contract No. DE-MS79-88BP92481
Effective on the Effective Date
July 12, 1988

Incentive Payment Calculation

1. Upon receipt and approval of the Completion Report and Bonneville's inspection of the project, Bonneville will pay the Contractor the Incentive \$11,491
2. Payment Ceiling (enter actual Project costs x 0.76) _____
3. Payment due (enter lesser of line 1 above or line 2 above) _____

Invoice

Directions: Photocopy and complete the following information.

1. IDENTIFICATION:

Full name and address (include complete mailing address)

Contract number (last five digits of
the Agreement identification number)

2. BANK IDENTIFICATION

full name and address of Contractor's bank

bank account number

American Bankers Association
9-digit routing number

3. PAYMENT

Incentive payment requested
pursuant to line 3, Exhibit D,
attached:

\$

4. CERTIFICATIONS BY CONTRACTOR

I state that the above information is true, correct, and complete.

Signature

Title

Date

5. CERTIFICATION BY BONNEVILLE

I certify that the invoice is correct, the terms of the Agreement have
been complied with, and that payment is authorized.

by:

Signature
Bonneville Power Administration
Contracting Officer's Technical
Representative

Date

TX



Department of Energy

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

OFFICE OF THE ADMINISTRATOR

SEP 15 1981

In reply refer to: PCI

Contract No. DE-MS79-81BP90338

- G. E. Schwartz, Longview Fibre Company, Longview, Washington
- R. L. McKinney, Cowlitz PUD, Longview, Washington
- J. D. Breazeal, Aluminum Company of America, Vancouver, Washington
- R. Hurlbut, The Anaconda Company, Vancouver, Washington
- Harvey Armintrout, Intalco Aluminum Corporation, Ferndale, Washington
- Jack Holtzapple, Kaiser Aluminum & Chemical Corporation, Vancouver, Washington
- J. P. Doan, Martin Marietta Aluminum, Inc., The Dalles, Oregon
- W. E. Campbell, Reynolds Metals Company, Portland, Oregon
- L. Baird, The Carborundum Company, Vancouver, Washington
- W. G. Lowe, Crown Zellerbach Corporation, Bellingham, Washington
- J. H. Dunkak, Georgia-Pacific Corporation, Bellingham, Washington
- R. P. Matson, Hanna Nickel Smelting Company, Riddle, Oregon
- H. T. Cusic, Oregon Metallurgical Corporation, Albany, Oregon
- T. J. Waters, Pacific Carbide & Alloys Company, Portland, Oregon
- R. S. Custer, Pennwalt Corporation, Philadelphia, Pennsylvania
- D. M. Greeno, Stauffer Chemical Company, Westport, Connecticut
- W. M. Jayne, Union Carbide Corporation, New York, New York

Gentlemen:

Bonneville Power Administration (Bonneville) has determined that energy presently being made available by Longview Fibre Company (Company) to Bonneville's direct service industrial customers (Industries) pursuant to Contract No. DE-MS79-81BP90188 ("Longview Fibre Agreement") is needed by Bonneville to meet its firm power obligations, including its obligations to deliver firm power to the Industries.

By the terms of this letter agreement each Industry assigns its rights under the Longview Fibre Agreement to Bonneville in consideration for which Bonneville agrees to perform the obligations of such Industry under such agreement.

Accordingly, Bonneville proposes the following terms and conditions for such an assignment:

1. Term. This agreement shall be effective as of 2400 hours on June 30, 1981, and shall continue in effect until 2400 hours on June 30, 1983, but all liabilities accruing hereunder are hereby preserved until satisfied.
2. Assignment of Rights and Obligations.
 - (a) Except as specified herein, each Industry assigns to Bonneville all of the rights of such Industry under the Longview Fibre Agreement, including the rights to:
 - (1) availability of up to 45 average megawatts of electrical energy from the Company each Calendar Week; and

- (2) delivery of such energy to Bonneville by Public Utility District No. 1 of Cowlitz County (Agency).
- (b) Except as specified herein, Bonneville agrees to perform the obligations of each Industry under the Longview Fibre Agreement, including the obligation of such Industry to pay its share of the following:
- (1) any restart charges that may apply during the year, pursuant to section 4(b);
 - (2) availability charges and Monthly Variable Energy Charges, pursuant to sections 10(a)(1), 10(a)(2) and 11;
 - (3) estimated applicable annual state taxes pursuant to section 10(a)(3); and
 - (4) costs associated with wheeling services provided by the Agency pursuant to section 10(b)(1).
- (c) The Industry reserves any rights it may have under section 16 to a right of first refusal of energy in excess of 45 average megawatts in any week which may also be in excess of the needs of the Agency.

To the extent that the Industry exercises any right to purchase under section 16, such purchase shall be subject to the terms of the Industrial Replacement Energy Agreement to be entered into between Bonneville and the Industry.

3. Payment. As soon as practicable after receipt of bills from the Agency or Longview Fibre Company, Bonneville shall forward payment to the Agency or the Company. The Industries shall not be obligated to make payments to Bonneville pursuant to section 10.
4. Ratification. Commencing on the first day of the first full billing period commencing on or after June 30, 1981, and continuing until the effective date of this agreement, each Industry has made its share of energy under the Longview Fibre Agreement available to Bonneville. Bonneville shall pay to the Agency and the Company all costs due under such agreement during such period. If an Industry has made payment for any such costs to Bonneville, Bonneville shall reimburse such Industry as soon as practicable after this agreement becomes effective as to such Industry.
5. Execution by Counterpart. This agreement may be executed in a number of counterparts and shall be deemed to constitute a single document with the same force and effect as if all the parties hereto having signed a counterpart had signed all other counterparts. Each party shall deliver a signed counterpart to Bonneville. This agreement shall become effective as to each Industry when counterparts have been signed by Bonneville, the Company, the Agency, and such Industry.

Please indicate your agreement to the above terms and conditions by signing one copy of this letter and returning it to Bonneville. The remaining copy is for your files.

We will prepare and deliver to each Industry, the Company, and the Agency a certified conformed, composite copy of this agreement when it has been fully executed.

Sincerely,

/s/ Peter T. Johnson

Administrator

ACCEPTED:

Industry

By _____

Title _____

APPROVED:

Longview Fibre Company

By _____

Title _____

APPROVED:

Agency

By _____

Title _____

ALUMINUM COMPANY OF AMERICA

By /s/ S. Alfred Jones

Title Vice Pres., Primary Metals

ATTEST:

By _____

Title _____

ANACONDA ALUMINUM COMPANY

By /s/ R. Richard Van Horne

Title President

ATTEST:

By _____

Title _____

CARBORUNDUM COMPANY

By /s/ Douglas C. Wise

Title Division Vice-President & General Manager

ATTEST:

By _____

Title _____

PUBLIC UTILTIY DISTRICT NO. 1
OF COWLITZ COUNTY

By /s/ Robert L. McKinney

Title General Manager

ATTEST:

By _____

Title _____

CROWN ZELLERBACH

By /s/ W. Lowe

Title Director of Purchases

ATTEST:

By _____

Title _____

HANNA NICKEL SMELTING COMPANY

By /s/ Frederick Heller

ATTEST:

Title Vice President

By _____

Title _____

INTALCO ALUMINUM CORPORATION

By /s/ Harvey P. Armintrout

ATTEST:

Title President & General Manager

By _____

Title _____

KAISER ALUMINUM & CHEMICAL CORPORATION

By /s/ Gerald L. Decker

ATTEST:

Title Vice President

By _____

Title _____

LONGVIEW FIBRE COMPANY

By /s/ G. E. Schwartz

ATTEST:

Title Vice President - Production

By _____

Title _____

MARTIN MARIETTA ALUMINUM INC.

By /s/ Jack P. Doan

ATTEST:

Title General Manager, Northwest Services
Sept. 25, 1981

By _____

Title _____

OREGON METALLURGICAL

By /s/ Frank Caputo

Title Ex. Vice Pres.
10-9-81

ATTEST:

By _____

Title _____

PACIFIC CARBIDE & ALLOYS CO.

By /s/ Thomas J. Waters

Title President

ATTEST:

By _____

Title _____

PENNWALT CORPORATION

By /s/ Robert S. Custer

Title Vice President - Chemicals

ATTEST:

By _____

Title _____

REYNOLDS METALS COMPANY

By /s/ Temple N. Brown

Title Vice President

ATTEST:

By _____

Title _____

By _____

Title _____

ATTEST:

By _____

Title _____

CERTIFICATE

I, David J. Anderson, Chief, Contract Negotiation Branch, Division of Customer Service, Bonneville Power Administration, do hereby certify that the agreement to which this certificate is attached is a true, complete and conformed composite copy of the Longview Fibre Agreement, Contract No. DE-MS79-81BP90388, and that signed counterpart originals are on file with the Bonneville Power Administration, each signed by the parties thereto.

/s/ David J. Anderson

Date March 12, 1982

David J. Anderson, Chief
Contract Negotiation Branch
Division of Customer Service



Department of Energy

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

TRANSMISSION SERVICES

June 10, 2015

In reply refer to: TSE/TPP-2

Mr. Pat Ortiz, Assistant Mill Manager
Longview Fibre Paper and Packaging, Inc.
300 Fibre Way
Longview, WA 98632

Re: Customer Data Entry (CDE) system access

Dear Mr. Ortiz:

On August 12, 2011, the Bonneville Power Administration (BPA) and Longview Fibre Paper and Packaging, Inc. (Longview Fibre) executed a Customer Data Entry Agreement, Contract No. 11TX-15281 (CDE Agreement). The CDE Agreement provides access to BPA's CDE system so that a customer may obtain information pertaining to its Ancillary Services, Loss return obligations, Portfolio Management, Contract Portfolio Management, etc. BPA recently performed an audit of the CDE system and, as a result, determined that the practice of requiring the customer to obtain access to the CDE system via an executed contract is no longer necessary and should be replaced with a system access letter. Therefore, this CDE system access letter replaces Longview Fibre's CDE Agreement and the CDE Agreement contract number will now be referred to as Longview Fibre's CDE System Access No. 11TX-15281 (CDE Access No.).

Access will continue under this CDE system access letter, so long as Longview Fibre follows BPA's Customer Data Entry System Access Business Practice or its successor. Unauthorized use of the CDE system may result in BPA exercising its right to restrict or revoke Longview Fibre's access to the CDE system at any time.

Additionally, enclosed is an "Authorized Security Officers, Level of Access, and Third Party Access" document which reflects the Longview Fibre's current levels of access to CDE. Requests to add; modify; remove Security Officers; or set up Third Party access must be submitted using the CDE System Access Form (located under "Forms" on the BPA Transmission Services Business Practices website) and sent via email to the CDE Support Staff at txcbs@bpa.gov referencing CDE Access No. 11TX-15281.

If you have any questions regarding this letter, please contact me at (360) 619-6012 or the CDE Support Staff via email at txcbs@bpa.gov or by phone at (360) 418-2163.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Jackson".

Melanie M. Jackson
Transmission Account Executive
Transmission Sales

cc: Mike Roberts, Commodity Manager, Energy & Chemicals

Enclosure

5/25/15
7/1/15

111
111

**AUTHORIZED SECURITY OFFICERS, LEVEL OF ACCESS,
AND THIRD PARTY ACCESS**

1. CDE ADMINISTRATIVE CONTACT

Transmission Customer Company Name: Longview Fibre Paper and Packaging, Inc.
 CDE Administrative Contact Name: Mike Roberts
 Phone: (360) 575-5219
 E-mail: michael.roberts@kapstonepaper.com

2. SECURITY OFFICERS

Customer's Security Officers are listed below. Per BPA's Customer Data Entry System Access Business Practice, or its successor, Customer shall notify BPA of any changes to the Security Officer information below.

Primary Point of Contact

NERC Entity Code: LFPP
 Name: Mike Roberts
 Phone: (360) 575-5219
 E-mail: michael.roberts@kapstonepaper.com

Secondary Point of Contact

NERC Entity Code: LFPP
 Name: Patrick Ortiz
 Phone: (360) 575-5397
 E-mail: patrick.ortiz@kapstonepaper.com

3. CUSTOMER LEVEL OF ACCESS

Display Name	Level of Access			
	None	Summary	Detail Read	Detail Write
Shared Path Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Daily Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Monthly Total Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Imbalance Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Plant Deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Load Data	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ancillary Service Data Report	<input checked="" type="checkbox"/>			
Self Supply OR Obligations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self Supply OR Integrated Delivery Amounts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Contract Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

4. **THIRD PARTY(IES) ACCESS**

Third Party(ies) that may access the Customer's information through the Customer Data Entry System are listed below. Per BPA's Customer Data Entry System Access Business Practice, or its successor, Customer shall notify BPA of any changes to the information below.

(a) **Company:** Brookfield Energy Marketing LP

NERC Entity Code: BMLP

Display Name	Level of Access			
	None	Summary	Detail Read	Detail Write
Shared Path Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Daily Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Monthly Total Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Imbalance Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Plant Deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Load Data	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ancillary Service Data Report	<input checked="" type="checkbox"/>			
Self Supply OR Obligations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self Supply OR Integrated Delivery Amounts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Contract Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

(b) **Company:** Exelon Generation Company, LLC

NERC Entity Code: EXGN

Display Name	Level of Access			
	None	Summary	Detail Read	Detail Write
Shared Path Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Daily Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Monthly Total Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Imbalance Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Plant Deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Load Data	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ancillary Service Data Report	<input checked="" type="checkbox"/>			
Self Supply OR Obligations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self Supply OR Integrated Delivery Amounts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Contract Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

CCM: 15281_CDE_Conversion_Ltr.Docx

EXHIBIT A
AUTHORIZED REPRESENTATIVES AND LEVEL OF ACCESS

1. SECURITY OFFICERS

The Transmission Customer authorizes the following persons to act as its Security Officers. Transmission Customer shall notify the Transmission Provider of any changes to the Security Officer information provided to the Transmission Provider.

(Primary Point of Contact)

(Secondary Point of Contact)

NERC Entity Code: LFPP

NERC Entity Code: LFPP

Name: Patrick W. Ortiz

Name: Philip Herold

Title: Assistant Mill Manager

Title: Sr. Commodity Manager

Address: 300 Fibre Way

Address: 300 Fibre Way

Longview, WA 98632

Longview, WA 98632

Phone: (360) 575-5397

Phone: (360) 575-5219

Fax: (360) 575-6123

Fax: (360) 575-6123

E-mail: pwortiz@longfibre.com

E-mail: pbherold@longfibre.com

2. THIRD PARTIES

(a) Transmission Customer shall notify the Transmission Provider of any changes to the Third Party information provided to the Transmission Provider.

(1) **Company:** Brookfield Energy Marketing LP

NERC Entity Code: BMLP

(Primary Point of Contact)

(Secondary Point of Contact)

Name:	<u>24 Hour Desk</u>	Name:	<u>Darryl Kaiman</u>
Title:	<u>Brookfield Energy Marketing LP</u>	Title:	<u>Senior Trader, Western Markets</u>
Address:	<u>480, boul. De la Cite</u> <u>GATINEAU (Quebec) J8T 8R3</u> <u>Canada</u>	Address:	<u>480, boul. De la Cite</u> <u>GATINEAU (Quebec) J8T 8R3</u> <u>Canada</u>
Phone:	<u>(819) 561-8645 Primary</u> <u>(819) 665-4174 Emergency Cell</u>	Phone:	<u>(819) 561-8063 Primary</u> <u>(819) 665-3081 Cell</u>
Fax:	<u></u>	Fax:	<u>(819) 561-7188</u>
E-mail:	<u>24hourpower@longfibre.com</u>	E-mail:	<u>darryl.kaiman@brookfieldpower.com</u>

(2) **Company:** _____

NERC Entity Code: _____

(Primary Point of Contact)

(Secondary Point of Contact)

Name:	_____	Name:	_____
Title:	_____	Title:	_____
Address:	_____	Address:	_____
Phone:	_____	Phone:	_____
Fax:	_____	Fax:	_____
E-mail:	_____	E-mail:	_____

- (b) Level of Access. The Transmission Customer authorizes the following display level of access to the Third Parties. Transmission Customer shall notify the Transmission Provider of any changes to the Level of Access information provided to the Transmission Provider. Transmission Provider shall notify the Transmission Customer of any additional user interface displays and the Transmission Customer will be offered a revised Exhibit A.

(1) **Company:** Brookfield Energy Marketing LP

NERC Entity Code: BMLP

Display Name	Level of Access			
	<i>Select only one access level per display</i>			
	None	Summary	Detail Read	Detail Write
Contract Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Daily Loss Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Imbalance Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Load Data	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plant Deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Portfolio Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self Supply OR Integrated Delivery Amounts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self Supply OR Obligations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shared Path Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(2) **Company:** _____

NERC Entity Code: _____

Display Name	Level of Access			
	<i>Select only one access level per display</i>			
	None	Summary	Detail Read	Detail Write
Contract Portfolio Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Daily Loss Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Imbalance Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Load Data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plant Deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Portfolio Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self Supply OR Integrated Delivery Amounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self Supply OR Obligations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shared Path Summary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(W:\TMC\CT\Longview Fibre\Contracts (Final)\15281 CDE.doc)

Contract No. 11TX-15299

QUALIFIED REPORTING ENTITY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE PAPER AND PACKAGING, INC.

(Providing for voluntary reporting of certain meter information by Bonneville Power Administration to the Western Renewable Energy Generation Information System)

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Exhibit A Meter Points

This QUALIFIED REPORTING ENTITY AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and LONGVIEW FIBRE PAPER AND PACKAGING, INC. (Account Holder). The Account Holder is a Commercial Generator. Bonneville and the Account Holder are sometimes referred to individually as "Party" and collectively as "Parties."

RECITALS

The Western Renewable Electricity Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC). WREGIS tracks renewable energy generation from units that register in the system using verifiable Data and creates renewable energy certificates (RECs) for this generation. Participation in WREGIS is voluntary.

Bonneville has voluntarily registered with WREGIS to serve as a Qualified Reporting Entity (QRE) and has been approved as a QRE by the WREGIS Administrator.

The Northwest Power Act, 16 U.S.C. § 839(1)(B), encourages the development of renewable resources within the Pacific Northwest. The Parties anticipate that WREGIS will play an important role in facilitating a market for RECs and, therefore, WREGIS will encourage the development of renewable resources within the region covered by the WECC, which includes the Pacific Northwest. Because of Bonneville's extensive Balancing Authority Area, Bonneville is uniquely suited to be a QRE for numerous entities in the Pacific Northwest. By serving as a QRE, Bonneville will make it possible for such entities to participate in WREGIS. Accordingly, serving as a QRE will further Bonneville's statutory direction.

The Account Holder has voluntarily registered as an Account Holder in WREGIS and registered certain Generating Units with WREGIS.

The Account Holder wishes to select Bonneville to act as its QRE for the Generating Units that the Account Holder has registered with WREGIS.

NOW THEREFORE, in order to define the roles and responsibilities that arise as Bonneville serves as the Account Holder's QRE, the Parties agree as follows:

1. TERM AND TERMINATION

This Agreement shall be effective upon execution by the Parties and shall continue in effect until the earlier of (a) thirty (30) years from the date the Agreement is executed by all Parties, or (b) such time as either Party, upon providing 60 days written notice to the other Party, chooses to terminate.

2. INCORPORATION OF WREGIS DOCUMENTS

There are three documents that govern the relationship between the Account Holder and WREGIS, as well as the relationship between Bonneville and WREGIS. They are:

- (a) WREGIS Terms of Use (a.k.a. Account Holder Registration Agreement). The WREGIS Terms of Use Agreement (WREGIS TOU) incorporates by reference the WREGIS Operating Rules and WREGIS Interface Control Document.
- (b) WREGIS Operating Rules.
- (c) WREGIS Interface Control Document.

These documents are general, form agreements which must be executed by all Account Holders (including Account Holders acting as QREs) wishing to use WREGIS. Bonneville has a signed Terms of Use Agreement in effect with WREGIS. The Account Holder also has a signed Terms of Use Agreement in effect with WREGIS.

This QRE Agreement hereby incorporates by reference, in their entirety, the general, form versions of the WREGIS TOU, Operating Rules, and Interface Control Document (each available at www.wregis.org or by contacting the WREGIS Administrator) and any subsequent revisions to or versions thereof. This QRE Agreement refers to these three WREGIS documents for definitional and other binding purposes. However, these three WREGIS documents shall apply to this QRE Agreement only to the extent Bonneville determines is consistent with its implementation of Bonneville's governing statutes (the Bonneville Project Act of 1937, 16 U.S.C. §§ 832–832l; the Regional Preference Act of August 31, 1964, 16 U.S.C. §§ 837–837h; the Federal Columbia River Transmission System Act, 16 U.S.C. §§ 838–838l; and the Northwest Power Act, 16 U.S.C. §§ 839–839h and any other applicable federal law or regulation.

3. DEFINITIONS

- (a) “Account Holder” is defined in section 2 of the WREGIS Operating Rules.
- (b) “Balancing Authority” is defined in attachment 1 of the WREGIS TOU.
- (c) “Certificate” is defined in section 2 of the WREGIS Operating Rules.
- (d) “Confidential Information” is defined in attachment 1 of the WREGIS TOU.
- (e) “Data” is defined in attachment 1 of the WREGIS TOU.
- (f) “Generating Unit” (GU) is defined in section 2 of the WREGIS Operating Rules.

- (g) "Metering External Webpage" means a website owned and operated by Bonneville located at: <https://mdm.transmission.bpa.gov/mdmr/app/login.jsp> which displays all Data that will be included in the Monthly Generation Extract File.
- (h) "Monthly Generation Extract File" means a Data file that contains generation Data from the Account Holder's Points of Metering and conforms to the characteristics and requirements set forth in the WREGIS Interface Control Document.
- (i) "Output" is defined in attachment 1 of the WREGIS TOU.
- (j) "Pacific Northwest" means the definition set forth in the Northwest Power Act, at 16 U.S.C. § 839a(14).
- (k) "Points of Metering" means the points at which electric generation is measured.
- (l) "Qualified Reporting Entity" (QRE) is defined in attachment 1 of the WREGIS TOU.
- (m) "Renewable" is defined in section 2 of the WREGIS Operating Rules.
- (n) "Revenue-Quality Meter Output" is defined in section 2 of the WREGIS Operating Rules.
- (o) "Settlement Estimation Procedures" means a calculation based on standard utility estimation rules using algorithms developed and approved by Bonneville's billing department.
- (p) "Station Service" is defined in section 2 of the WREGIS Operating Rules.
- (q) "WECC" is defined in section 2 of the WREGIS Operating Rules.
- (r) "Western Interconnection" is defined in Attachment 1 of the WREGIS TOU.
- (s) "Western Renewable Energy Generation Information System" (WREGIS) is defined in recital 1 of the WREGIS TOU.
- (t) "Wholesale Generation Also Serving On-Site Loads" is defined in section 2 of the WREGIS Operating Rules.
- (u) "Working Day" means a day of the week other than Saturday, Sunday, or a federal holiday.

4. **EXHIBITS**

There is one exhibit to this Agreement, which is hereby incorporated by reference as Exhibit A, Meter Points.

5. SCOPE

The Parties acknowledge that Bonneville will serve as a QRE only for Generating Units that meet the definition of Renewable, are within the metered boundaries of Bonneville's Balancing Authority, and are equipped with either: (1) Bonneville owned and operated meters; or (2) meters that meet Bonneville's 2005 Technical Requirements for Generation Interconnection, and any subsequent revisions to or versions thereof.

The specific Points of Metering that Bonneville will use as a QRE for the Account Holder are set forth in Exhibit A. By signing this Agreement, the Account Holder certifies that all Points of Metering listed in Exhibit A measure Data only from Generating Units that meet the definition of Renewable.

The Account Holder shall notify Bonneville at least thirty (30) Working Days prior to making any material changes to the Points of Metering set forth in Exhibit A. Such notice shall comply with the Notices and Contact Information procedures of section 12 of this Agreement. Following such notification, the Parties will decide whether such changes are mutually acceptable and can be added to Exhibit A.

6. QUALIFIED REPORTING ENTITY

Bonneville will serve as a Qualified Reporting Entity (QRE) to report the Account Holder's renewable generation Data to WREGIS. In order for Bonneville to be able to perform this function, the Account Holder shall submit such Data to Bonneville by allowing Bonneville to collect such Data, at the Points of Metering set forth in Exhibit A, and in the manner set forth in sections 7, Reporting, and 8, Measurement.

7. REPORTING

(a) **Monthly Generation Extract File**

Once a month Bonneville shall submit a Monthly Generation Extract File to WREGIS on the Account Holder's behalf, which will conform to the characteristics and Data requirements set forth in the WREGIS Interface Control Document.

(b) **Reporting Cycle**

Bonneville shall submit the Monthly Generation Extract File to WREGIS no sooner than the last Working Day of each month for Data collected during the previous month, or previous portion of month.

(c) **Verification**

The Account Holder shall have access to Bonneville's Metering External Webpage, located at: <https://mdm.transmission.bpa.gov/mdmr/app/login.jsp>. At any time until Bonneville submits the Monthly Generation Extract File to WREGIS, the Account Holder may notify Bonneville in writing at mdm@bpa.gov of any perceived errors in Data reflected on Bonneville's Metering External Webpage. This notification is an exception to the provisions of section 12, Notices and Contact Information.

(d) **Adjustments**

After Bonneville submits the Monthly Generation Extract File to WREGIS, the Parties acknowledge that any information contained in the Monthly Generation Extract File shall be final for purposes of WREGIS reporting, subject only to the adjustment procedures set forth in section 9.4 of the WREGIS Operating Rules.

(e) **Retroactive Reporting**

The Parties agree that any retroactive reporting Bonneville performs for Account Holder of generation Data which was created prior to the effective date of this Agreement shall be subject to all terms and conditions of this Agreement. The Parties also agree that any such retroactive reporting shall be subject to the versions of the WREGIS TOU, Operating Rules, and Interface Control Document in effect on the date Bonneville submits the Monthly Generation Extract File to WREGIS.

8. MEASUREMENT

(a) **Meter Data**

(1) **Availability**

The Account Holder authorizes Bonneville's metering services organization to provide the Account Holder's meter Data directly to WREGIS in the form of the Monthly Generation Extract File.

(2) **Wholesale Generation Also Serving On-Site Loads**

If the Account Holder has any Wholesale Generation Also Serving On-Site Loads, such Generating Units shall meter (and register) the on-site load generation separately from the generation that is supplied to the grid. In the absence of such separate metering, Bonneville will not report any Data from such Generating Units. If such Generating Units exist, they must be specified in Exhibit A.

(b) **Estimates**

When meter readings are not available due to meter hardware failure or Data that is determined to be invalid due to meter malfunction or calibration/configuration error, Bonneville will, if possible, rely on readings from redundant meters whether such meters are Bonneville owned or not. If readings from redundant meters are not possible, Bonneville will estimate and report meter Data according to Bonneville's Settlement Estimation Procedures.

9. INDEMNITY, HOLD HARMLESS AND WAIVER

(a) **Acknowledgment and Consideration**

The Parties acknowledge that Bonneville is voluntarily agreeing to serve as a QRE and will receive no monetary compensation from the Account Holder for performing the QRE function. Bonneville's consideration for performing the QRE function shall be: (1) the furtherance of its statutory directive to encourage the development of renewable resources within the Pacific Northwest, as described above in the Recitals; and (2) this Indemnity, Hold Harmless and Waiver provision (section 9).

(b) **Account Holder Solely Responsible for Data Submitted to Bonneville**

The Account Holder is solely responsible for the Data created and submitted to Bonneville, acting as a QRE, to forward to WREGIS.

Pursuant to this Agreement the Account Holder provides permission to Bonneville to gather Data from the Points of Metering listed in Exhibit A. All such Data is considered Data which the Account Holder has created and submitted to Bonneville, notwithstanding the fact that Bonneville, rather than the Account Holder will gather it.

(c) **Indemnity and Hold Harmless**

The Account Holder shall indemnify and hold Bonneville, its officers, employees, agents, or representatives, harmless for any and all liability for financial injury, or damage to persons or property that is in any way associated with Bonneville's performance of the QRE function including liability arising from the Data contained in the Monthly Generation Extract File.

(d) **Waiver of Causes of Action and Claims for Damages**

The Account Holder further agrees to waive any and all causes of action arising under or in respect to this Agreement, whether in contract, tort or any other legal or equitable theory (including strict liability) against Bonneville. In no event shall Bonneville be liable to the Account Holder its board of directors, employees, agents, or representatives for any demands, direct costs, lost or prospective profits or any other losses, liabilities or expenses, whether special, punitive, exemplary, consequential, incidental, or indirect in nature, that are in any way associated with Bonneville's performance of the QRE function or that are under or in respect of this Agreement. This includes, but is not limited to, damages based on Data contained in the Monthly Generation Extract File, or any other damages arising from financial injury or damage to persons or property.

10. NOTICE REGARDING CONFIDENTIALITY AND FOIA

By signing this Agreement, the Account Holder acknowledges that, pursuant to section 11 of the WREGIS TOU, any generation Data that Bonneville, acting as a QRE, provides to WREGIS shall reside in WREGIS and the Account Holder will have no control over such Data's use other than that provided for under the WREGIS TOU.

By signing this Agreement the Account Holder further acknowledges that, confidentiality of information shall be governed by section 13 of the WREGIS TOU; provided, however, that Bonneville is a federal agency and, as such, Bonneville may release information provided by the Account Holder to comply with the Freedom of Information Act (FOIA) or if required by any other federal law or court order.

11. STANDARD PROVISIONS

(a) Amendments

Except where this Agreement explicitly allows for one Party to unilaterally amend a provision or revise an exhibit, no amendment or exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

(b) Entire Agreement and Order of Precedence

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

(c) Information Exchange

To the extent not set forth in previous sections of this Agreement, the Parties shall provide each other with any information that is reasonably required to administer this Agreement.

(d) Assignment

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.

(e) No Third-Party Beneficiaries

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

- (f) **Waivers**
No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.
- (g) **Each Party Has Read Agreement**
Each Party represents and warrants that it or its responsible agent has read this Agreement and understands its contents.
- (h) **Governing Law and Dispute Resolution**
This Agreement shall be interpreted consistent with and governed by Federal law.

The Parties shall identify issue(s) in dispute and make a good faith effort to negotiate a resolution of disputes before either Party may initiate litigation. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. During a contract dispute or contract issue between the Parties arising out of this Agreement, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impracticable. Both Parties reserve the right to seek judicial resolution of any dispute arising under this Agreement.

12. NOTICES AND CONTACT INFORMATION

Any notice required under this Agreement shall be in writing and shall be delivered: (a) in person; or (b) with proof of receipt, by a nationally recognized delivery service or by United States Certified Mail.

Notices are effective when received. Either Party may change the name or address for receipt of notice by providing notice of such change. The Parties shall deliver notices to the following person and address:

If to the Account Holder:

Longview Fibre Paper and Packaging, Inc.
300 Fibre Way
Longview, WA 98632
Attention: Philip Herold
Title: Sr. Commodity Manager
Phone: 360-757-5219
Fax: 360-575-6123

If to Bonneville:

Attention: Transmission Account Executive
for Longview Fibre Paper and Packaging, Inc.
– TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration – TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

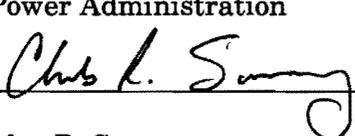
13. SIGNATURES

The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

LONGVIEW FIBRE PAPER AND
PACKAGING, INC.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: 

By: 

Name: Philip B. Herold
(Print/Type)

Name: Charles R. Sweeney
(Print/Type)

Title: Senior Commodity Manager

Title: Transmission Account Executive

Date: March 1, 2011

Date: March 1, 2011

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**EXHIBIT A
METER POINTS**

Unique Reporting ID	Meter Point Number	Meter Point Name	Source	Meter Multiplier	Loss Adjustment
LF2691	2691	Longview Fibre Genr #4	MV90	2.405	0.9896
LF2692	2692	LV Fibre Gen #6 In	MV90	4.51	0.9964
LF3485	3485	Input 3 Longview Fibre Gen #7 In	MV90	4.51	0.9907

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**EXHIBIT A
METER POINTS**

Unique Reporting ID	Meter Point Number	Meter Point Name	Source	Meter Multiplier	Loss Adjustment
LF2691	2691	Longview Fibre Genr #4	MV90	2.405	0.9896
LF2692	2692	LV Fibre Gen #6 In	MV90	4.51	0.9964
LF3485	3485	Input 3 Longview Fibre Gen #7 In	MV90	4.51	0.9907

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Contract No. 11TX-15510

BALANCING AUTHORITY AREA SERVICES AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE PAPER AND PACKAGING, INC.

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- Exhibit A Project Details**
- Exhibit B Balancing Authority Area Services**
- Exhibit C Balancing Authority Area Requirements and Operating Requirements**
- Exhibit D Voltage Schedules**
- Exhibit E Voltage Ride-Through and Reactive Power**
- Exhibit F Remedial Action Scheme**
- Exhibit G Notices**

RECEIVED

NOV 23 2011

This BALANCING AUTHORITY AREA SERVICES AGREEMENT (Agreement) is entered into by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and LONGVIEW FIBRE PAPER AND PACKAGING, INC. (Customer), (hereinafter individually referred to as "Party" and collectively as "Parties").

RECITALS

The Customer desires to operate its 55 MW Longview Fibre Generation (Project) in BPA's Balancing Authority Area. The Project consists of Project Units 4, 6, and 7. Project Units 4 and 6 interconnect directly with Cowlitz County Public Utility District's (CCPUD) 13.8 kV distribution system which interconnects with BPA's 115 kV Cowlitz Substation. Project Unit 7 interconnects directly at BPA's 115 kV Cowlitz Substation.

The Parties agree to the following:

1. DEFINITIONS

When used in this Agreement, the following terms have the meaning shown below:

- (a) "BPA Technical Requirements" means the "BPA Technical Requirements for Interconnection to the BPA Transmission Grid", BPA Standard Number STD-N-000001-00-01, as such may be amended or replaced from time to time.
- (b) "Balancing Authority Area" means the collection of generation, transmission, and loads within the metered boundaries of the BPA Balancing Authority. BPA maintains load-resource balance within this area.
- (c) "Electric Reliability Standard" means a reliability standard or its component requirements as approved by Federal Energy Regulatory Commission under its authority pursuant to the Energy Policy Act of 2005.
- (d) "Federal Columbia River Transmission System (FCRTS)" means all transmission facilities owned by the Federal government and operated by BPA, and other facilities over which BPA has obtained transmission rights.
- (e) "Remedial Action Scheme" or "RAS" has the meaning in BPA's Technical Requirements.

2. **TERM AND TERMINATION**

(a) **Term**

This Agreement shall become effective at 0000 hours on the date that the Agreement has been signed by both Parties (Effective Date) and shall continue in effect until 30 years after the Effective Date, unless otherwise terminated pursuant to this Agreement.

(b) **Termination**

If the Project ceases generating for a period of 24 consecutive months or more then BPA may terminate this Agreement upon 30 days written notice, provided that the cessation or failure to generate is not due to Uncontrollable Forces. BPA may also terminate this Agreement in accordance with Section 6(d) below.

3. **EXHIBITS**

The following Exhibits are hereby incorporated into and made part of this Agreement:

- (a) Exhibit A Project Details
- (b) Exhibit B Balancing Authority Area Services
- (c) Exhibit C Balancing Authority Area Requirements and Operating Requirements
- (d) Exhibit D Voltage Schedules
- (e) Exhibit E Voltage Ride-Through and Reactive Power
- (f) Exhibit F Remedial Action Scheme
- (g) Exhibit G Notices

4. COMPLIANCE WITH ELECTRIC RELIABILITY STANDARDS, BALANCING AUTHORITY AREA REQUIREMENTS, AND OPERATING REQUIREMENTS

(a) Compliance

- (1) The Customer shall comply with all applicable Electric Reliability Standards and Requirements.
- (2) The Customer shall comply with all of BPA's Balancing Authority Area requirements and operating requirements, as set forth in Exhibit C.

(b) Payment of Sanctions and Rates

- (1) The Customer shall be responsible for payment of any sanction assessed against BPA for the Customer's failure to comply with applicable Electric Reliability Standards.
- (2) In the event the Customer does not comply with any BPA Balancing Authority Area requirement or operating requirement, the Customer shall be responsible for the payment of charges associated with any rate that applies pursuant to BPA's rate schedules and General Rate Schedule Provisions (GRSP).
- (3) The Customer's responsibility for the payment of any sanction or any applicable rate pursuant to this section does not limit BPA's right to pursue any remedy available under this Agreement or pursuant to law.

5. BALANCING AUTHORITY AREA SERVICES AND OTHER SERVICES

(a) Balancing Authority Area Services¹

The Customer shall purchase the services, if any, identified in Exhibit B from BPA. The rates for such services will be as specified in BPA's applicable rate schedules and GRSP, as amended.

(b) Other Services

The Customer shall make arrangements for any other services required to supply energy for station service to the Project during periods of Project outage or startup.

¹ "Balancing Authority Area Services" may also be referred to as "Control Area Services" in BPA's rate schedules and GRSP.

6. BILLING AND PAYMENT

(a) **Billing**

BPA shall bill Customer monthly for all products and services provided during the preceding month(s). BPA may send Customer an estimated bill followed by a final bill. The Issue Date is the date BPA electronically sends the bill to Customer. If electronic transmittal of the entire bill is not practical, BPA shall transmit a summary electronically, and send the entire bill by United States mail.

(b) **Payment**

Customer shall pay all bills electronically in accordance with instructions on the bill. Payment of all bills, whether estimated or final, must be received by the 20th day after the Issue Date of the bill (Due Date). If the 20th day is a Saturday, Sunday, or federal holiday, then the Due Date is the next Business Day.

If Customer has made payment on an estimated bill then:

- (1) if the amount of the final bill exceeds the amount of the estimated bill, then Customer shall pay BPA the difference between the estimated bill and final bill by the final bill's Due Date; or
- (2) if the amount of the final bill is less than the amount of the estimated bill, then BPA shall pay Customer the difference between the estimated bill and final bill by the 20th day after the final bill's Issue Date. If the 20th day is a Saturday, Sunday, or federal holiday, BPA shall pay the difference by the next Business Day.

(c) **Late Payments**

After the Due Date, a late payment charge equal to the higher of:

- (1) the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) plus four percent, divided by 365; or
- (2) the Prime Rate times 1.5, divided by 365;

shall be applied each day to any unpaid balance.

(d) **Termination**

If Customer has not paid its bill in full by the Due Date, it shall have 45 days to cure its nonpayment by making payment in full. If Customer does not provide payment within three Business Days after receipt of an additional written notice from BPA, and BPA determines in its sole discretion that Customer is unable to make the payments owed, then BPA may terminate this Agreement. Written notices sent under this section 6 must comply with Exhibit G.

(e) **Disputed Bills**

- (1) If Customer disputes any portion of a charge or credit on Customer's estimated or final bills, Customer shall provide written notice to BPA with a copy of the bill noting the disputed amounts. Notwithstanding whether any portion of the bill is in dispute, Customer shall pay the entire bill by the Due Date. This section 6 does not allow Customer to challenge the validity of any BPA rate.
- (2) Unpaid amounts on a bill (including both disputed and undisputed amounts) are subject to the late payment charges provided above. Notice of a disputed charge on a bill does not constitute BPA's agreement that a valid claim under contract law has been stated.
- (3) If the Parties agree, or if after dispute resolution, Customer is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

7. UNCONTROLLABLE FORCES

The Parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party's reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (a) strikes or work stoppage;
- (b) floods, earthquakes, or other natural disasters; terrorist acts; and
- (c) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Party apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with section 8, Notices.

8. NOTICES

Except as otherwise provided in this Agreement, any notice or other communication related to this Agreement shall be given in writing to the persons identified in Exhibit G.

9. OUTAGES AND INTERRUPTIONS

- (a) The Customer shall provide notice of Project scheduled outages to the BPA Outage Coordination contact listed in Exhibit G no less than 3 days prior to the planned outage.
- (b) The Customer shall immediately notify the BPA generation dispatcher listed in Exhibit G by telephone of any contingency due to equipment problems, including, but not limited to, a forced outage that results in partial or total reduction of the Project's scheduled energy delivery for the hour.
- (c) If the Customer fails to comply with any Balancing Authority Area requirements or operating requirements set forth in Exhibit C, BPA shall give the Customer written notice specifying the requirement with which the Customer has failed to comply. If the Customer's noncompliance continues for a period of 30 days following delivery of a written notice of noncompliance pursuant to this paragraph, BPA may interrupt or reduce deliveries of electricity from the Project into BPA's Balancing Authority Area for as long as such noncompliance continues. If BPA reduces or interrupts deliveries of electricity from the Project into BPA's Balancing Authority Area pursuant to this paragraph, BPA shall provide the Customer with written documentation of the Customer's noncompliance and include in such documentation the reasons for interrupting or reducing deliveries of electricity and the actions the Customer must take to cure its noncompliance. Once the Customer has completed the actions specified in the documentation provided by BPA, the Customer shall notify BPA and BPA shall determine whether such noncompliance has been cured. If BPA determines that the Customer has cured such noncompliance, BPA shall restore the deliveries of electricity from the Project into BPA's Balancing Authority Area.

- (d) BPA may, without prior notice, take any actions that BPA reasonably believes are necessary to preserve the safety and reliability of the FCRTS, including, but not limited to, interrupting or reducing deliveries of electricity from the Project into BPA's Balancing Authority Area or ordering the Customer to limit or cease the production of electricity by the Project. The Customer shall comply with any order issued by BPA pursuant to this paragraph. If BPA reduces or interrupts deliveries of electricity from the Project pursuant to this paragraph, BPA shall provide the Customer with written documentation stating the reasons for BPA's actions. BPA shall restore deliveries of electricity from the Project into BPA's Balancing Authority Area when BPA determines that such deliveries no longer pose a risk to the safety and reliability of the FCRTS.

10. AMENDMENTS AND REVISIONS

Except as otherwise provided in this Agreement, no amendment or revision of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

11. RELATIONSHIP OF THE PARTIES

Neither Party is the agent or principal of the other, nor are they partners or joint venturers. Each Party agrees that it will not represent that, in performing its obligations hereunder, it acts in the capacity of agent or principal of the other Party, nor that it is a partner or joint venturer with the other Party with respect to the subject matter of this Agreement.

12. NO THIRD PARTY BENEFICIARIES

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

13. CONSEQUENTIAL DAMAGES

In no event shall either Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

14. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

15. ENTIRE AGREEMENT

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

16. ASSIGNMENT

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld. In any sale or transfer of control of the Project pursuant to which the Project will continue to operate in BPA's Balancing Authority Area, Customer shall, as a condition of such sale or transfer, require the acquiring entity or transferee either to assume the obligation of Customer in this Agreement or to enter into an Agreement with BPA that includes the same terms and conditions as this Agreement.

17. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

18. CHOICE OF LAW

This Agreement shall be interpreted, construed, and implemented under Federal law.

19. SIGNATURES

The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

LONGVIEW FIBRE PAPER AND
PACKAGING, INC.

By: Patrick W Ortiz

Name: PATRICK W ORTIZ
(Print/Type)

Title: MANAGER OPERATIONAL SERVICES

Date: 11/22/11

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: Charles R. Sweeney

Name: Charles R. Sweeney
(Print/Type)

Title: Transmission Account Executive

Date: 11/28/11

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**EXHIBIT A
PROJECT DETAILS**

IDENTIFICATION OF THE PROJECT

The Project has been generating since 1927. There are a number of Generation Units on site (see tables below), some of them active (#4, #6 and #7), some of them idle (#5 and #8), and some of them out of commission (#2 and #3). Generation Unit #1 has been removed. As of the Effective Date of this Agreement, the Project consists of Generation Units 4, 6, and 7 totaling 55 MW. Generation Units #4 and #6 interconnect directly with Cowlitz County Public Utility District's (CCPUD) 13.8 kV distribution system which interconnects with BPA's 115 kV Cowlitz Substation. Generation Unit #7 interconnects directly at BPA's 115 kV Cowlitz Substation.

Generation Units - Operating						
Generator #	Prime Mover	kW	Power Factor	kVA	Voltage	Comments
4	Steam	10,000	0.8	12,500	13,000	condensing turbine, serves mill load
6	Steam	20,000	0.8	25,600	13,000	primary generator, serves mill load, will replace soon
7	Steam	25,000	0.8	32,000	13,800	primary generator, serves mill load

Generation Units - Not Operating						
Generator #	Prime Mover	kW	Power Factor	kVA	Voltage	Comments
2	Steam	2,500	0.8	3,125	480	header not connected
3	Steam	3,500	0.7	5,000	13,000	header not connected
5	Steam	6,000	0.8	7,500	13,000	idled
8	Natural Gas Combustion Turbine	65,000	0.9	79,000	13,800	non-dispatchable, idle

The Customer has submitted a Large Generator Interconnection Request, No. G0444, to include additional Generation Units and increase generation capacity at the Project by 35 MW to a total not to exceed 90 MW. This request is currently under study. Contingent upon the conclusions of the study and the completion of any upgrades deemed necessary, this Agreement may be revised to include the additional Generation Units.

If the Customer desires in the future to include additional Generation Units and increase the generating capacity of the Project above that specified in this Agreement (or in the request described above), the Customer shall request such an increase by submitting an Interconnection Request in the form and manner of the interconnection procedures applicable at the time. Any addition of Generation Units to increase generation capacity at the Project shall be described in a (further) revision to this Agreement.

If the Customer intends at any time to change the status or operating configuration of any of the Generation Units listed in the Tables above, the Customer shall notify BPA no less than 90 days in advance of any such proposed change. BPA may require a study of the possible impacts upon the FCRTS of a proposed change prior to authorizing it, which may be described in a revision to this Agreement.

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**EXHIBIT B
BALANCING AUTHORITY AREA SERVICES**

1. REQUIRED BALANCING AUTHORITY AREA SERVICES

The ACS-12 Rate Schedule (or, if not in effect, the applicable Rate Schedule) or successor Rate Schedule shall apply to the services provided under this Agreement. In addition, any new or modified ACS rate will be applied to services provided under this Agreement, if appropriate.

As of the Effective Date of this Agreement, the Customer shall purchase the following services from BPA:

	Provided By	Contract No.
Generation Imbalance Service	BPA	11TX-15510
Operating Reserves - Spinning Reserve	BPA	11TX-15510
Operating Reserves - Supplemental Reserve	BPA	11TX-15510
Dispatchable Energy Resources Balancing Service (DERBS)	BPA	11TX-15510

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to conform to BPA's approved Transmission and Ancillary Rates and General Rate Schedule Provisions. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise such rates and revise this Exhibit.

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EXHIBIT C
BALANCING AUTHORITY AREA REQUIREMENTS
AND OPERATING REQUIREMENTS

1. The amount of electricity delivered from the Project into BPA's Balancing Authority Area shall not exceed 55 MW, except upon agreement by BPA and the Customer recorded in a written revision to this Agreement. If the amount of electricity delivered from the Project into BPA's Balancing Authority Area exceeds the amount stated in this paragraph at any time during the term of this Agreement, the Customer shall be responsible for all associated costs and damages, including, but not limited to, all costs of reprogramming the BPA owned generation meters and rescaling BPA's Supervisory Control and Data Acquisition (SCADA) MW value.
2. The Customer shall comply with the BPA requirements contained in: (1) BPA Technical Requirements, (2) BPA's scheduling procedures as posted on BPA's Open Access Same Time Information System (OASIS), and (3) BPA's business practices. BPA may unilaterally amend its Technical Requirements, scheduling procedures, and business practices. The BPA Technical Requirements are incorporated herein by reference.
3. The Customer shall operate the Project as directed by BPA and comply with all BPA Orders including, but not limited to, orders to reduce generation in accordance with BPA's Environmental Redispatch Business Practice(s), and other Dispatch Standing Orders or operational procedures and their successors.
4. The Customer shall provide BPA as built technical data for the Project and shall provide BPA updated data in the event of any changes. BPA may request technical data regarding the Project from the Customer. The Customer shall provide the data in accordance with BPA's request.
5. BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to conform to BPA's Balancing Authority Area requirements or operating requirements or to include new Balancing Authority Area requirements or operating requirements. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

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**EXHIBIT D
VOLTAGE SCHEDULES**

1. NOT APPLICABLE AT THIS TIME

Exhibit D, Voltage Schedules is not applicable at this time.

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

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EXHIBIT E
VOLTAGE RIDE-THROUGH AND REACTIVE POWER

Exhibit E sets forth requirements and provisions specific to the Project.

1. NOT APPLICABLE AT THIS TIME

Exhibit E, Voltage Ride-Through and Reactive Power is not applicable at this time.

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

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EXHIBIT F
REMEDIAL ACTION SCHEME

1. REMEDIAL ACTION SCHEME

Exhibit F, Remedial Action Scheme is not applicable at this time.

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Parties with as much notice as reasonably possible of its intent to revise this Exhibit.

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**EXHIBIT G
NOTICES**

1. ADMINISTRATIVE CONTACTS

Any notice or other communication related to this Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, by First Class mail, by facsimile or sent by overnight delivery service.

Administrative contacts under this Agreement are as follows:

If to Customer:

Longview Fibre Paper and
Packaging, Inc.
300 Fibre Way
Longview, WA 98665
Attention: Philip Herold
Title: Senior Commodity Manager
Phone: (360) 575-5219
Fax: (360) 575-6123
E-mail: pbherold@longfibre.com

If to BPA:

Attention: Transmission Account
Executive for Longview Fibre Paper and
Packaging, Inc. – TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration –
TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662

2. NOTICES OF AN OPERATING NATURE

The Customer shall provide BPA with the name (or title), address, voice phone number and Fax number for routine operational activities associated with the interconnection and operation of the Project with the Federal Columbia River Transmission System (FCRTS). Such operational activities shall include, but are not limited to outage coordination, generation dispatch and system dispatch. Any notice, request or demand of an operating nature between BPA and the Project Operator shall be made orally or in writing, by telefax, by First Class mail or overnight delivery service.

Party **Outage Coordination** **Operational Contact**
Generation Dispatcher

BPA

Planned Outages:
Dittmer CC
Phone: (360) 418-2274
Fax: (360) 418-2214

Primary:
Munro Dispatch:
Phone: (509) 465-1820
 or (888) 835-9590
Fax: (509) 466-2444

Alternate:
Dittmer Dispatch
Phone: (360) 418-2281
 or (360) 418-2280
 or (503) 283-8501
Fax: (360) 418-2938

The Customer

Primary:
Plant Operator (24 hour)
Phone: (360) 423-5490
Emergency: (360) 442-7733
Fax: 24hourpower@longfibre.com

3. CHANGES IN NOTICES

If either Party changes its contact(s), that Party shall notify the other Party by voice phone, facsimile transmission, or other means immediately. The Party making the change shall send written notice of the change to the other Party within 3 business days. BPA shall revise this Exhibit upon such notice.

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**EXHIBIT A
PROJECT DETAILS**

IDENTIFICATION OF THE PROJECT

The Project has been generating since 1927. There are a number of Generation Units on site (see tables below), some of them active (#4, #6 and #7), some of them idle (#5 and #8), and some of them out of commission (#2 and #3). Generation Unit #1 has been removed. As of the Effective Date of this Agreement, the Project consists of Generation Units 4, 6, and 7 totaling 55 MW. Generation Units #4 and #6 interconnect directly with Cowlitz County Public Utility District's (CCPUD) 13.8 kV distribution system which interconnects with BPA's 115 kV Cowlitz Substation. Generation Unit #7 interconnects directly at BPA's 115 kV Cowlitz Substation.

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Generator #	Prime Mover	kW	Power Factor	kVA	Voltage	Comments
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The Customer has submitted a Large Generator Interconnection Request, No. G0444, to include additional Generation Units and increase generation capacity at the Project by 35 MW to a total not to exceed 90 MW. This request is currently under study. Contingent upon the conclusions of the study and the completion of any upgrades deemed necessary, this Agreement may be revised to include the additional Generation Units.

If the Customer desires in the future to include additional Generation Units and increase the generating capacity of the Project above that specified in this Agreement (or in the request described above), the Customer shall request such an increase by submitting an Interconnection Request in the form and manner of the interconnection procedures applicable at the time. Any addition of Generation Units to increase generation capacity at the Project shall be described in a (further) revision to this Agreement.

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**EXHIBIT B
BALANCING AUTHORITY AREA SERVICES**

1. REQUIRED BALANCING AUTHORITY AREA SERVICES

The ACS-12 Rate Schedule (or, if not in effect, the applicable Rate Schedule) or successor Rate Schedule shall apply to the services provided under this Agreement. In addition, any new or modified ACS rate will be applied to services provided under this Agreement, if appropriate.

As of the Effective Date of this Agreement, the Customer shall purchase the following services from BPA:

	Provided By	Contract No.
Generation Imbalance Service	BPA	11TX-15510
Operating Reserves - Spinning Reserve	BPA	11TX-15510
Operating Reserves - Supplemental Reserve	BPA	11TX-15510
Dispatchable Energy Resources Balancing Service (DERBS)	BPA	11TX-15510

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to conform to BPA's approved Transmission and Ancillary Rates and General Rate Schedule Provisions. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise such rates and revise this Exhibit.

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**EXHIBIT C, REVISION NO. 1
BALANCING AUTHORITY AREA REQUIREMENTS
AND OPERATING REQUIREMENTS**

This Exhibit C, Revision No. 1 replaces the reference to Environmental Redispatch Business Practice(s) with a reference to the Oversupply Management Protocol of the Bonneville Power Administration's (BPA) Open Access Transmission Tariff in Section 3.

1. The amount of electricity delivered from the Project into BPA's Balancing Authority Area shall not exceed 55 MW, except upon agreement by BPA and the Customer recorded in a written revision to this Agreement. If the amount of electricity delivered from the Project into BPA's Balancing Authority Area exceeds the amount stated in this paragraph at any time during the term of this Agreement, the Customer shall be responsible for all associated costs and damages, including, but not limited to, all costs of reprogramming the BPA owned generation meters and rescaling BPA's Supervisory Control and Data Acquisition (SCADA) MW value.
2. The Customer shall comply with the BPA requirements contained in: (1) BPA Technical Requirements, (2) BPA's scheduling procedures as posted on BPA's Open Access Same Time Information System (OASIS), and (3) BPA's business practices. BPA may unilaterally amend its Technical Requirements, scheduling procedures, and business practices. The BPA Technical Requirements are incorporated herein by reference.
3. The Customer shall operate the Project as directed by BPA and comply with all BPA Orders including, but not limited to, orders to reduce generation in accordance with the Oversupply Management Protocol in BPA's Open Access Transmission Tariff, and other Dispatch Standing Orders or operational procedures and their successors.
4. The Customer shall provide BPA as built technical data for the Project and shall provide BPA updated data in the event of any changes. BPA may request technical data regarding the Project from the Customer. The Customer shall provide the data in accordance with BPA's request.
5. BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to conform to BPA's Balancing Authority Area requirements or operating requirements or to include new Balancing Authority Area requirements or operating requirements. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

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EXHIBIT D, REVISION NO. 1 VOLTAGE SCHEDULES

This Exhibit D, Revision No. 1 (Revision No. 1) adds applicable Voltage Schedule information. This Revision No. 1 replaces the original Exhibit D in its entirety.

1. The Customer shall at all times operate the Project at a voltage level between the maximum and minimum setpoints, or voltage band of operation, in the voltage schedule posted on BPA's website. Each calendar year, BPA may review the voltage schedules and will notify the Customer of any changes that will apply to the Project.
2. In order to reduce circulating reactive power flow between multiple generators in an area, and to increase real power capability, BPA may send the Customer a voltage setpoint signal. The voltage setpoint shall be within the range of the voltage schedule posted on BPA's website. If BPA sends the Customer a voltage setpoint signal, the Customer shall operate the Project in compliance with the voltage setpoint signal.
3. Under abnormal operating conditions, lasting a few months or less, and when necessary to maintain the reliability of the FCRTS, BPA may temporarily suspend the voltage schedule described in section 1 of this Exhibit and prepare a replacement voltage schedule to be followed by the Customer. Voltage schedules for such unique operating conditions shall be prepared by BPA, with special instructions to the Customer.
4. The Customer shall provide BPA information on the Project's reactive power capability.
5. To the extent practicable, the voltage schedules that BPA prepares pursuant to this Exhibit shall not require voltage support from the Project that is greater than the voltage support that BPA requires from other generating facilities that provide effective voltage support to the area in which the Project is located and that are of comparable size to the Project. BPA will install equipment located at the customer facility to provide control and indication required, as defined by BPA Technical Requirements, for operation of the project in a safe and reliable manner. BPA may revise these requirements from time to time. Customer will make appropriate revisions to their facilities to comply with the requirements.
6. BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

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EXHIBIT E, REVISION NO.1
VOLTAGE RIDE-THROUGH AND REACTIVE POWER

This Exhibit E, Revision No. 1 (Revision No. 1) adds applicable Voltage Ride-Through and Reactive Power information. This Revision No. 1 replaces the original Exhibit E in its entirety.

TECHNICAL STANDARDS APPLICABLE TO THE PROJECT

1. LOW VOLTAGE RIDE-THROUGH (LVRT) CAPABILITY

BPA has determined that the Post-Transitional Period LVRT Standard is not required for this Project.

2. POWER FACTOR DESIGN CRITERIA (REACTIVE POWER)

For the main grid, BPA requires dynamic reactive compensation for reliability of the power system and to maintain existing transfer capabilities across the main grid transmission system. The dynamic reactive compensation can be met by generator(s) or, for example, power electronics designed to supply this level of reactive capability (taking into account BPA study results, real power output, etc.) or fixed and switched capacitors, if agreed to by BPA, or a combination of the two. The Project shall be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer (if required) and automatic voltage regulation at the generator excitation system.

For the Project, BPA requires a compensation level over a continuous range between 0.95 leading and 0.95 lagging power factor at the Project site. This includes compensation for reactive power losses in the transformers, cables, and lines between the Biomass generator and the POI. The reactive compensation from the project must be operated in voltage control mode using line-drop compensation to support high-side voltage (115 kV).

Voltage changes due to capacitor switching shall be limited to less than 0.5% at the point of interconnection, and voltage changes due to plant ramping from 0 MW to full output shall be limited to 1.0%.

The project will use synchronous type generator. A reactive capability curve was provided with the data submittal and provides adequate reactive power support to meet these requirements.

The reactive compensation will be on voltage control using Line Drop or Voltage Droop Compensation.

The Customer shall not disable power factor equipment while the Project is in operation, nor switch off voltage control without direction from BPA.

3. SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) CAPABILITY

The BPA SCADA Remote Terminal Unit (RTU) located at Longview Substation control house will collect analog values for MW, MVAR, and kV. At a future date BPA may require additional SCADA quantities from the Project as needed to preserve transmission system safety and reliability. If BPA makes a request for additional SCADA quantities, the Customer will make appropriate revisions to their facilities to comply with the revised requirements.

4. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Customer with as much notice as reasonably possible of its intent to revise this Exhibit.

5. AUTOMATIC VOLTAGE REGULATOR (AVR) AND POWER SYSTEM STABILIZER (PSS)

WECC requires that generating units, where rated output exceeds certain thresholds (qualifying facility for registration as GO/GOP) individually or in aggregate, be equipped with an AVR and PSS.

Where WECC requires that AVR and PSS be installed and operational BPA shall require the same and BPA shall require AVR and PSS status.

BPA requires "continuous" AVR and PSS status when generation maximum nameplate (single unit or plant aggregates) is at 50 MVA and above.

For generation (maximum nameplate per individual unit or plant aggregate) regardless of MVA size and equal to or greater than the WECC required ratings for AVR/PSS, BPA requires phone notification by the generation owner and/or operator to BPA Dittmer Control Center, Generation Dispatcher at 360-418-2280 (see Exhibit G), as soon as practical but within 30 minutes, when AVR and PSS operational status changes.

(W:\TMC\CT\Longview Fibre\Revisions (Exhibit)\15510, ExE R1.doc)

EXHIBIT F
REMEDIAL ACTION SCHEME

1. REMEDIAL ACTION SCHEME

Exhibit F, Remedial Action Scheme is not applicable at this time.

2. REVISION OF THIS EXHIBIT

BPA may unilaterally revise this Exhibit upon BPA's determination that such revision is necessary to preserve transmission system safety and reliability. BPA shall provide the Parties with as much notice as reasonably possible of its intent to revise this Exhibit.

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**EXHIBIT G
NOTICES**

1. ADMINISTRATIVE CONTACTS

Any notice or other communication related to this Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, by First Class mail, by facsimile or sent by overnight delivery service.

Administrative contacts under this Agreement are as follows:

If to Customer:

Longview Fibre Paper and
Packaging, Inc.
300 Fibre Way
Longview, WA 98665
Attention: Philip Herold
Title: Senior Commodity Manager
Phone: (360) 575-5219
Fax: (360) 575-6123
E-mail: pbherold@longfibre.com

If to BPA:

Attention: Transmission Account
Executive for Longview Fibre Paper and
Packaging, Inc. – TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration –
TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662

2. NOTICES OF AN OPERATING NATURE

The Customer shall provide BPA with the name (or title), address, voice phone number and Fax number for routine operational activities associated with the interconnection and operation of the Project with the Federal Columbia River Transmission System (FCRTS). Such operational activities shall include, but are not limited to outage coordination, generation dispatch and system dispatch. Any notice, request or demand of an operating nature between BPA and the Project Operator shall be made orally or in writing, by telefax, by First Class mail or overnight delivery service.

Party **Outage Coordination** **Operational Contact**
Generation Dispatcher

BPA

Planned Outages:
Dittmer CC
Phone: (360) 418-2274
Fax: (360) 418-2214

Primary:
Munro Dispatch:
Phone: (509) 465-1820
 or (888) 835-9590
Fax: (509) 466-2444

Alternate:
Dittmer Dispatch
Phone: (360) 418-2281
 or (360) 418-2280
 or (503) 283-8501
Fax: (360) 418-2938

The Customer

Primary:
Plant Operator (24 hour)
Phone: (360) 423-5490
Emergency: (360) 442-7733
Fax: 24hourpower@longfibre.com

3. CHANGES IN NOTICES

If either Party changes its contact(s), that Party shall notify the other Party by voice phone, facsimile transmission, or other means immediately. The Party making the change shall send written notice of the change to the other Party within 3 business days. BPA shall revise this Exhibit upon such notice.

(W:\TMC\CT\Longview Fibre\Contracts (Final)\15510_BAASA.doc)

Contract No. 11TX-15537

OPERATION AND OWNERSHIP AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

LONGVIEW FIBRE PAPER AND PACKAGING, INC.

and

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY

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Exhibit A Notices

This OPERATION AND OWNERSHIP AGREEMENT (Agreement) is entered into by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), LONGVIEW FIBRE PAPER AND PACKAGING, INC. (LFPP), and PUBLIC UTILITY DISTRICT NO. 1 COWLITZ COUNTY (CCPUD), (hereinafter collectively referred to as "Parties" and individually as "Party").

RECITALS

WHEREAS, BPA and LFPP intend to enter into a Balancing Authority Area Services Agreement (BAASA), Contract No. 11TX-15510, to establish certain charges and other requirements related to the integration of LFPP's 55 MW Longview Fibre Generation (Project) in BPA's Balancing Authority Area. The Project consists of Generators 4, 6, and 7.

WHEREAS, BPA and LFPP intend to enter into a Construction Agreement, Contract No. 11TX-15410, to document discussions and correspondence between BPA and LFPP concerning mutual duties and responsibilities associated with LFPP's Generation Integration request.

WHEREAS, BPA and LFPP intend to integrate the Project per the terms and conditions of the BAASA, across the BPA Federal Columbia River Transmission System (FCRTS) at BPA's Cowlitz Substation (Point of Delivery).

In consideration of the promises and mutual covenants and agreements herein contained, the Parties agree as follows:

1. TERM OF AGREEMENT

This Agreement will be effective at 0000 hours on the date that this Agreement has been signed by the Parties (Effective Date), and shall continue in effect concurrently with the BAASA between the Parties for no longer than 30 years after the Effective Date, unless terminated by the Parties. This Agreement will terminate automatically upon termination of the BAASA between BPA and LFPP. This Agreement may be terminated with one year prior written notice by any Party.

In the event that the Agreement is terminated, all liabilities incurred hereunder are hereby preserved until satisfied.

2. EXHIBITS

Exhibit A is hereby incorporated as part of this Agreement.

3. REVISION OF EXHIBITS

The Parties may revise names and addresses in Exhibit A, as specified in Section 3 of the Exhibit. Revisions will be effective on the specified date.

4. OPERATION AND OWNERSHIP OBLIGATIONS

(a) **BPA:**

- (1) In the event that operation of the Project causes problems on BPA's transmission system, BPA will immediately contact CCPUD and LFPP or the LFPP on-duty turbine operator.
- (2) BPA shall at BPA's expense own, maintain, repair, test and calibrate all the metering and data acquisition equipment installed by BPA under the Construction Agreement, Contract No. 11TX-15410 (i.e., at the Project, Longview Substation, Dittmer and Munro Control Centers).
- (3) When BPA performs meter calibration at the Project, BPA shall invite CCPUD to witness the calibration.
- (4) At BPA's Cowlitz Substation, BPA shall provide and maintain a control and protection scheme such that PCBs B340 and B364 shall trip for all Cowlitz – Columbia Way Line and Cowlitz—LFPP 115 kV #3 line faults.

(b) **CCPUD:**

- (1) At CCPUD's Columbia Way Substation, CCPUD shall provide and maintain a control and protection scheme such that the CCPUD 13.8 kV line breaker(s) 13C23 and 13C22 will trip for all Columbia Way LFPP Line #1 and Line #2 line faults respectively and never automatically reclose.
- (2) When CCPUD performs meter commissioning and calibration at the Plant, CCPUD shall invite BPA to witness the calibration.

(c) **LFPP:**

- (1) LFPP shall provide and maintain a control and protection scheme such that the LFPP's breakers will trip and clear LFPP's generators that could source the fault for any CCPUD Line #1, Line #2 and Cowlitz – LFPP Line #3 line fault and never automatically reclose.
- (2) LFPP shall provide outage information as required by the North American Electric Reliability Corporation (NERC) Reliability Standard TOP-003-1, Planned Outage Coordination, as amended, according to BPA's outage reporting requirements.
- (3) LFPP shall provide BPA a written operation and maintenance program for maintaining, testing, calibrating, and repairing LFPP

protective relaying to ensure all generator site protective relaying schemes work properly.

- (4) LFPP shall implement an operation and maintenance program and document all actions, including:
 - (A) Protective relaying schemes that shall trip and isolate the Project for any 115 kV line fault or a LFPP 13.8 kV source line trip.
 - (B) Protective relaying scheme that shall not auto reclose the high side breaker after it has tripped.
- (5) Upon request by either BPA or CCPUD, LFPP shall provide copies of LFPP's operation and maintenance program and copies of maintenance and test records.

(d) BPA, CCPUD, and LFPP:

- (1) LFPP, CCPUD, and BPA agree that if the Cowlitz – Columbia Way 115 kV Line or Cowlitz - LFPP 115 kV Line #3 transmission lines are opened for any reason, BPA shall not close PCBs B340 or B364 until requested to do so by the Cowlitz PUD dispatcher.
- (2) LFPP, CCPUD, and BPA agree that if the Cowlitz – Columbia Way 115 kV Line or Cowlitz - LFPP 115kV Line #3 are opened automatically at Columbia Way Substation or at the Project while BPA workmen are doing hot line work:
 - (A) LFPP or CCPUD shall not energize the Cowlitz – Columbia Way 115 kV or the Cowlitz – LFPP 115 kV Line #3 until BPA workmen are in the clear; and
 - (B) The Project shall be kept off-line until BPA closes B340 or B364 at Cowlitz Substation.

If CCPUD and LFPP intend to operate otherwise, CCPUD and LFPP must first obtain the approval of BPA Dispatch.

5. ACCESS

LFPP grants BPA and CCPUD access to enter the LFPP facilities at all reasonable times and in accordance with LFPP's safety and security requirements in order to fulfill each Party's respective operation and maintenance obligations under Section 4 of this Agreement.

6. LIABILITY

- (a) LFPP shall hold BPA and CCPUD harmless for damage to equipment at the Project that may result when generation is isolated for Cowlitz – Columbia Way Line #1 and #2 or Cowlitz – LFPP #3 115 kV line operation.
- (b) In no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7. STANDARD PROVISIONS

- (a) **Amendments**
Except where this Agreement explicitly allows one Party to unilaterally amend a provision or exhibit, no amendment of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.
- (b) **Assignment**
This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.
- (c) **Dispute Resolution**
 - (1) Pending resolution of a disputed matter, the Parties will continue performance of their respective obligations pursuant to this Agreement.

- (2) In the event of a dispute arising out of this Agreement, the Parties shall negotiate in good faith to reach an acceptable and timely resolution. If the Parties are unable to resolve the dispute to their mutual satisfaction within five Business Days, or any other mutually acceptable time period after negotiation begins the Parties may mutually agree to resolve the dispute through nonbinding mediation.
- (3) In the event of a three-party dispute, each Party shall be responsible for its own expenses and one-third of the expenses of the mediator. In the event of a two-party dispute, each Party shall be responsible for its own expenses and one-half of the expenses of the mediator.
- (d) **Freedom of Information Act (FOIA)**
BPA may release information provided by the Parties to comply with FOIA or if required by any other federal law or court order. For information that the Parties designate as proprietary, BPA will limit the use and dissemination of that information within BPA to employees who need the information for purposes of this Agreement.
- (e) **Entire Agreement**
This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.
- (f) **No Third Party Beneficiaries**
This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.
- (g) **Relationship of the Parties**
None of the Parties are the agents or principals for the others, nor are they 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.
- (h) **Section Headings**
Section headings and subheadings appearing in this Agreement are inserted for convenience only and are not be construed as interpretations of text.
- (i) **Several Obligations**
Except where specifically stated in this Agreement, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective.

(j) **Uncontrollable Forces**

The Parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force.

“Uncontrollable Force” means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party’s reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (1) strikes or work stoppage;
- (2) floods, earthquakes, or other natural disasters; terrorist acts; and
- (3) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall: (1) immediately notify the other Parties of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Parties apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with Exhibit A, Notices.

(k) **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

8. SIGNATURES

The Parties have caused this Agreement to be executed as of the date all Parties have signed this Agreement.

LONGVIEW FIBER PAPER AND
PACKAGING, INC.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: Patrick W Ortiz

By: Charles R. Sweeney

Name: PATRICK W ORTIZ
(Print / Type)

Name: Charles R. Sweeney
(Print / Type)

Title: Manager Operational Services

Title: Transmission Account Executive

Date: Jan 05, 2012

Date: December 30, 2011

PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY

By: _____

Name: _____
(Print / Type)

Title: _____

Date: _____

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(k) **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

8. SIGNATURES

The Parties have caused this Agreement to be executed as of the date all Parties have signed this Agreement.

LONGVIEW FIBER PAPER AND PACKAGING, INC.

**UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration**

By: _____

By: Charles R. Sweeney

Name: _____
(Print/Type)

Name: Charles R. Sweeney
(Print/Type)

Title: _____

Title: Transmission Account Executive

Date: _____

Date: January 18, 2012

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY

By: Brian L. Skeahan

Name: Brian L. Skeahan
(Print/Type)

Title: General Manager

Date: January 11, 2012

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**EXHIBIT A
NOTICES**

1. NOTICES RELATING TO PROVISIONS OF THIS AGREEMENT

Any notice required under this Agreement shall be in writing and shall be delivered in person; or with proof of receipt by a nationally recognized delivery service or by United States Certified Mail. Notices are effective when received. Each Party may change the name or address for receipt of notice by providing notice of such change. The Parties shall deliver notices to the following person and address:

If to the Parties:

**Longview Fibre Paper and
Packaging, Inc.**
300 Fibre Way, Box 639
Longview, WA 98665
Attention: Philip B. Herold
Title: Senior Commodity Manager
Phone: (360) 575-5219
Fax: (360) 575-6123
E-mail: pbherold@longfibre.com

**Public Utility District No. 1
of Cowlitz County**
P.O. Box No. 3007
Longview, WA 98632
Attention: General Manager
Phone: (360) 423-2210
Fax: (360) 577-7559

If to BPA:

Attention: Transmission Account Executive
for Longview Fiber Paper and Packaging, Inc.
and Public Utility District No. 1 of Cowlitz
County - TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:
Bonneville Power Administration
7500 NE 41st Street – Suite 130
Vancouver, WA 98662

2. NOTICES OF AN OPERATING NATURE

The Parties shall provide BPA with the name (or title), address, voice mail phone number and facsimile number for routine operational activities associated with the interconnection and operation of the Project with the Federal Columbia River Transmission System (FCRTS). Such operational activities shall include, but are not limited to outage coordination, generation dispatch and system dispatch. Any notice, request or demand of an operating nature between BPA and the project operator shall be made orally or in writing, by facsimile, by First Class mail or overnight delivery service.

If to the Party:

**Longview Fibre Paper and
Packaging, Inc.**

Attention: On-Duty Turbine Operator
Phone: (360) 423-5490
Emergency: (360) 442-7733
E-mail: 24hourpower@longfibre.com

**Public Utility District No. 1
of Cowlitz County**

Attention: Mr. Tim Fromm
Title: Superintendent of Operations
Phone: (360) 577-7518
Fax: (360) 577-7559, or

Attention: Mr. Gary Huhta
Title: Power Manager
Phone: (360) 577-7513
Fax: (360) 577-7559

If to BPA:

Primary Contact:

Munro Dispatch:
Phone: (509) 465-1820
or (888) 835-9590
Fax: (509) 466-2444

Secondary Contact:

Dittmer Dispatch:
Phone: (360) 418-2281
or (360) 418-2280
or (503) 283-8501
Fax: (360) 418-2938

Outage Coordination:

Munro Control Center Outage Office
Phone: (509) 466-2409
or (360) 418-2275
Fax: (509) 466-2444
Email: bpaoutage@bpa.gov

Generator Outage Notices:

Customer Driven

Dittmer Control Center Outage Office
Phone: (360) 418-2274
Fax: (360) 418-2214

3. CHANGES IN CONTACTS

If either BPA or the Parties change their contact(s), then BPA or the Parties shall notify the other informally by voice phone, facsimile transmission or other means as soon as possible. The Party making the change shall send formal notice to the BPA administrative contact identified above as soon as practical. BPA shall revise this Exhibit upon such notice.

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

OFFICE OF THE ADMINISTRATOR

JAN 30 1986

In reply refer to: PKL

Contract No. DE-MS79-86BP92262

Mr. George Schwartz
Executive Vice President
Longview Fibre Company
Longview, WA 98632

Dear Mr. Schwartz:

The Longview Fibre Company (Longview Fibre), Public Utility District No. 1 of Cowlitz County, Washington (Cowlitz), and Western Area Power Administration (Western) have entered into Contract No. DE-MP65-85WP59106 (Power Sales Agreement), which provides for the long term sale of 394,200,000 kWh per year of Longview Fibre generation to Western. Further, Longview Fibre, Western, Cowlitz, and Bonneville Power Administration (Bonneville) plan to enter into Contract No. DE-MS79-86BP91952 (Transmission Agreement) which provides for transmission of Longview Fibre generation at a transmission demand level of 45 MW from the Cowlitz 115 kV Point of Integration to the John Day Point of Delivery.

Approval of the Power Sales Agreement by Bonneville for Assured Delivery pursuant to its Near Term Intertie Access Policy is contingent upon and will be contemporaneous with the execution of this agreement. Accordingly, the parties agree to the following terms and conditions:

1. Term. This agreement shall be effective at 2400 hours on January 31, 1986, and shall continue in effect until the earlier of (a) the termination of the Power Sales Agreement, (b) the termination of the Transmission Agreement, or (c) the date of termination of Bonneville's Near Term Intertie Access Policy. All liabilities incurred hereunder are hereby preserved until satisfied.
2. Termination of Power Sales Agreement. Longview Fibre shall notify Bonneville of any party's intent to terminate the Power Sales Agreement at the same time as it is made aware of such intent.
3. Operation of Longview Fibre Generation.
 - (a) At times when Western is unable to accept delivery of Longview Fibre generation due to loop flow, line outage, and curtailments by Pacific Gas and Electric Company, Longview Fibre agrees to reduce generation to the extent of Western's inability to accept delivery,

except as provided in subsection 3(e) below. Longview Fibre shall immediately notify Bonneville's schedulers of any changes in the amounts to be accepted by Western. When Western estimates the hours of such curtailments and submits such estimates to Longview Fibre pursuant to section 17(b) of the Power Sales Agreement, Longview Fibre agrees to make such estimates immediately available to Bonneville's schedulers.

(b) As long as Bonneville provides a firm transmission path pursuant to the Transmission Agreement and Assured Delivery for Longview Fibre generation under its Near Term Intertie Access Policy, Longview Fibre agrees not to run its generation to serve load in the Pacific Northwest except as provided in subsection 3(e) below.

(c) If the terms of subsections 3(a) or 3(b) above are not adhered to by Longview Fibre, then Longview Fibre shall pay Bonneville within one calendar month for any resulting loss in revenue.

(d) Longview Fibre agrees to provide Bonneville with notice of any change to its 90 MW contract demand level with Cowlitz during the term of this agreement. Longview Fibre further agrees to provide Bonneville's schedulers with hourly generation data for each calendar month during the term of this agreement.

(e) Notwithstanding the above terms and conditions, Longview Fibre may maintain minimum generation necessary for voltage stability, estimated at 2.5 average MW, and may generate as necessary to supply reactive power. Further, if Longview Fibre's load exceeds its contract demand level pursuant to its agreement with Cowlitz, Longview Fibre agrees to generate only the amount necessary to avoid incurring a demand ratchet from Cowlitz.

If the above terms and conditions are acceptable, please sign and return one copy to Bonneville. The remaining copy is for your files.

Sincerely,



ACTING Administrator

ACCEPTED:

LONGVIEW FIBRE COMPANY

BY 

Title Executive Vice President

Date 1/31/86

(WP-PKL-3116c)

4/28/86

TRANSMISSION AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

WESTERN AREA POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

and

LONGVIEW FIBRE COMPANY

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This TRANSMISSION AGREEMENT, executed November 5, 1986 by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville) and WESTERN AREA POWER ADMINISTRATION (Western), PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (District), a public utility district of the State of Washington, and LONGVIEW FIBRE COMPANY (Company), a corporation of the State of Delaware;

W I T N E S S E T H :

WHEREAS the Company, the District, and Western have entered into Contract No. DE-MP65-85WP59106, which as amended or replaced is hereinafter referred to as "Power Purchase and Transmission Agreement"; and

WHEREAS the Power Purchase and Transmission Agreement provides for the sale by the Company to Western of Electric Power generated at the Resource; and

WHEREAS the Power Purchase and Transmission Agreement provides for the District to transmit such Electric Power from the Resource to the FCRTS; and

WHEREAS Bonneville has agreed to transmit such Electric Power over the FCRTS as provided herein for a period and in a manner consistent with the terms for Assured Delivery under Bonneville's Intertie Access Policy; and

WHEREAS Bonneville has granted the Company initial access to the Pacific Northwest portion of the Pacific Northwest-Pacific Southwest Intertie in accordance with a letter dated February 10, 1986; and

WHEREAS Bonneville and the District have entered into Contract No. DE-MS79-81BP90493, which as amended or replaced is hereinafter referred to as "Power Sales Contract"; and

WHEREAS Bonneville is authorized pursuant to law to dispose of Electric Power generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

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

1. Term. This agreement shall be effective on the date of execution (Effective Date), and shall continue in effect until the earlier of:

(a) 2400 hours on the date 60 days after written notice from Western or the Company to Bonneville of termination of the Power Purchase and Transmission Agreement has been received by Bonneville;

(b) 2400 hours on the date which deliveries to Western under the Power Purchase and Transmission Agreement cease to qualify for Assured Delivery under Bonneville's Intertie Access Policy upon written notice by Bonneville;

(c) 2400 hours on the date 60 days after written notice to Bonneville of termination from Western or the Company after notice has been received by Western and the Company from Bonneville that Assured Delivery under Bonneville's Intertie Access Policy has been reduced; or

(d) 2400 hours on December 31, 2005.

All obligations incurred hereunder shall continue until satisfied.

2. Definition and Explanation of Terms.

(a) "Electric Power" or "power" means electric peaking capacity, expressed in kilowatts, or electric energy, expressed in kilowatthours, or both.

(b) "FCRTS" or "Federal Columbia River Transmission System" means the transmission facilities of the Federal Columbia River Power System (FCRPS), which include all transmission facilities owned by the Government and operated by Bonneville, and other regional facilities over which Bonneville has obtained transmission rights.

(c) "Point of Delivery" means the point, named in Exhibit C, where Electric Power may be made available for transmission by Bonneville pursuant to Bonneville's Intertie Access Policy.

(d) "Point of Integration" means the point, named in Exhibit C, where Electric Power from the Resource shall be integrated into the FCRTS hereunder.

(e) "Resource" means the Company's cogeneration facility located in Longview, Washington.

(f) "Transmission Demand" means the maximum firm transmission capacity which Bonneville shall be obligated to have available at the Point of Integration for the purpose of integrating Electric Power from the Resource.

3. Exhibits. Exhibits A through E are hereby made a part of this agreement. Western, the Company, and the District shall each be a "Contractor"; Western, the Company, the District, and Bonneville shall each be a "Party"; the District and the Company shall each be a "Transferee"; and Bonneville shall be the "Transferor" referred to in Exhibit B.

4. Transmission of Electric Power and Energy and Provision of Resource Services.

(a) For each hour during the term hereof, the Company shall make available or arrange to have made available to the District, and the District shall make available to Bonneville at the Point of Integration, the amounts of Electric Power scheduled for such hour by the Company.

(b) The Company shall submit, or arrange to have submitted, to Bonneville schedules of Electric Power to be made available to Bonneville pursuant to (a) above, for delivery pursuant to (c) below, in accordance with the provisions of section 6. The Company shall notify Bonneville as soon as practicable of any major modifications in the planned operation of the Resource. Amounts scheduled for delivery on an hour shall be deemed to be delivered.

(c) For each hour during the term hereof, Bonneville shall make available at the Point of Delivery the amount of Electric Power scheduled for such hour by the Company.

(d) To compensate Bonneville for Electric Power losses incurred in providing the services hereunder, the Company shall make available to Bonneville at the Point of Delivery, unless otherwise mutually agreed by the Company and Bonneville, concurrently, the amounts of Electric Power determined pursuant to Exhibit E (Returned Losses). Amounts of Electric Power to be made available to Bonneville as Returned Losses shall be scheduled pursuant to subsection 6(a)(3).

(e) Bonneville may provide resource services which may include, but shall not be limited to, such services as operating reserves and making available amounts of Electric Power which vary from the amounts of actual Resource

generation. In the event such services are provided, Exhibit D shall be revised pursuant to subsection 7(e) to include charges for such services. The Company shall pay Bonneville for such services pursuant to subsection 5(b).

5. Payment.

(a) The Company shall pay Bonneville each month, in accordance with Exhibit A, for the transmission services provided for the Electric Power scheduled hereunder. Any ratchet demand that may occur as determined by Bonneville pursuant to Exhibit A does not constitute an increase in Transmission Demand approved by Bonneville and any continued service at such level will depend on the availability of facilities as determined by Bonneville. Any changes in Transmission Demand must be requested in accordance with section 8.

(b) The Company shall pay Bonneville each month for the resource services provided pursuant to subsection 4(e) in accordance with Exhibit D. The resource services shall be developed and described pursuant to subsection 7(e).

(c) The Company shall pay Bonneville the Deviation Account Charge determined pursuant to subsection 6(b) and specified in Exhibit D.

6. Power Scheduling.

(a) The Company shall submit, or arrange to have submitted, to Bonneville by 0930 hours Pacific Time of each day which the Company and Bonneville jointly observe as a regular workday:

(1) at Bonneville's request, a schedule in advance of Electric Power to be supplied to Bonneville for each hour of the following day or days;

(2) a retroactive report of the Electric Power made available to Bonneville for each hour of the previous day or days; and

(3) separate schedules of the hourly amounts of Electric Power to be made available pursuant to subsection 4(d) for losses for each hour of the following day or days.

(b) Deviation Account.

(1) Bonneville shall create and maintain an account (Deviation Account) which records the difference between the maximum daily Resource generation and the amounts of Electric Power scheduled hereunder by the Company plus transmission losses.

(2) The Deviation Account shall show (i) the Electric Power owed to the Company to the extent that the maximum daily Resource generation exceeds the scheduled amount, and (ii) the Electric Power owed to Bonneville to the extent the scheduled amount exceeds the maximum daily Resource generation.

(3) Differences between the maximum daily Resource generation and the daily scheduled amount shall be entered into the Deviation Account. Such amounts shall be added to the accumulated amount already included in the Deviation Account.

(4) The total amount in the Deviation Account shall be compared, on a daily basis, to the Comparison Amount specified in Exhibit D, which is equal to plus or minus 10 percent of the maximum daily Resource generation. The Company shall pay Bonneville, based upon a daily computation, the Deviation Account Charge specified in Exhibit D for each kilowatthour in the Deviation Account that exceeds the Comparison Amount. During spill conditions on the FCRPS, deviations in excess of the Comparison Amount shall be spilled. The Deviation Account Charge may be revised by Bonneville to conform to Bonneville's costs of providing

similar services. The Comparison Amount may be revised by Bonneville to accommodate changes in Resource generation.

(5) Bonneville shall attempt to keep the Deviation Account at or near zero by coordinating adjustments to Resource generation and daily scheduled amounts with the Company.

7. Revision of Exhibits.

(a) The rate schedule included in Exhibit A shall be replaced by successor rate schedules in accordance with the provisions of section 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act and Agency rules. The unit rate or rates in such successor rate schedules shall be non-mileage based.

(b) The initial rate schedule included in Exhibit A has been conditionally confirmed and approved by the agency (Agency) designated by the Secretary of the Department of Energy to confirm and approve Bonneville's rates and charges for the transmission of Electric Power. If the final rate schedule which is approved by the Agency is an amendment or modification of the initial rate schedule, the applicable amended or modified rate schedule and associated general transmission rate schedule provisions shall be attached hereto and made a part of this agreement effective as of the date specified in the Agency's approval.

(c) Bonneville shall annually review Exhibit E and shall revise such exhibit as appropriate to incorporate values which represent then current FCRTS operating conditions or to incorporate any value, used in such exhibit to calculate the losses, which has changed due to a change in methodology. Bonneville shall prepare a new Exhibit E incorporating any revision and the revised exhibit shall become effective as of the date specified therein.

(d) If Bonneville determines that any charge specified in this agreement must be changed pursuant to sections 19 or 38 of Exhibit B, it shall prepare a new exhibit as appropriate incorporating such revised charges and parameters. Such new exhibit shall be substituted for the exhibit then in effect and shall become effective as of the date specified therein.

(e) Exhibit D shall be revised to include charges for resource services which Bonneville provides or upon determination by Bonneville that any such resource service charge contained therein must be changed to properly compensate Bonneville for providing such services. The resource service charges set forth in Exhibit D shall not be increased more frequently than once during any consecutive 12 month period. Bonneville shall provide the parties and Bonneville's other customers with a reasonable opportunity of not less than 90 days to comment prior to the effective date of such proposed revised charges. Revised charges shall take effect on the date specified by Bonneville in its written notice to the parties of its intention to revise such charges.

8. Changes in Transmission Demand.

(a) The Transmission Demand may be increased, subject to mutual agreement of the parties and to Bonneville's determination of available transmission capacity, upon 3 months' prior written notice to all parties. The Transmission Demand, when increased pursuant to this subsection, shall be effective for a period of at least 12 months, unless otherwise agreed by the parties.

(b) The Transmission Demand may be reduced subject to the notice requirements of subsection (c) below, and only:

(1) to the extent that the Company withdraws all or a portion of the Resource output;

(2) to the extent that Western assigns all or a portion of its entitlement to purchase a share of the Resource output;

(3) to the extent of a permanent partial or total reduction in Western's entitlement to purchase a share of the capability of the Resource;

(4) to the extent of the destruction, abandonment, or sale of the Resource;

(5) to the extent of the discontinuation of operation of the Resource under a final order of a public official having authority to issue such order; or

(6) to the extent specified in subsection (c) below.

The Transmission Demand, when reduced pursuant to this subsection, shall be effective for a period of at least 12 months, unless otherwise agreed by the parties.

(c) The District shall provide Bonneville 3 years' prior written notice of any decrease in the Transmission Demand, except as follows:

(1) the District shall provide 3 months' prior written notice of a decrease in Transmission Demand if there is an equal increase in Transmission Demand by another customer at the same Point of Integration resulting from the sale or assignment of the Resource and involving no loss of revenue to Bonneville;

(2) the District shall provide written notice as soon as possible if such decrease is due to involuntary loss of the Resource, or discontinuation of operation of the Resource under a final order of a public official having authority to issue such order;

(3) the Transmission Demand will be reduced immediately to the extent of a reduction in Assured Delivery by Bonneville under Bonneville's Intertie Access Policy; or

(4) this agreement is terminated pursuant to section 7.

(d) When changes are made pursuant to this section, Bonneville shall incorporate such changes in a new Exhibit C as soon as practicable.

9. Reactive Power. It is the intent of the parties that the voltage level at the Point of Integration and the Point of Delivery be controlled in accordance with prudent utility operating practice. The parties shall jointly plan and operate their systems so as not to place an undue burden on another party to supply or absorb reactive power accompanying or resulting from deliveries hereunder.

10. Execution in Counterpart. This agreement may be executed in any number of counterparts in which case all such counterparts shall be deemed to constitute a single document with the same force and effect as if all parties having signed a counterpart had signed all other counterparts. The agreement shall become effective on the Effective Date after originally signed counterparts are returned to Bonneville by Western, the District, and the Company, with an originally signed authorizing resolution for the District.

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

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By James Jones
Deputy Power Manager

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By David Coleman
Title Area Manager
Date September 29, 1986

By _____
Title _____
Date _____

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

LONGVIEW FIBRE COMPANY

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

(WP-PKT-0487e)

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By James S Jones
Deputy Power Manager

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By Robert L. McKinney
Title General Manager
Date July 22, 1986

By Jeffra J. Naze
Title Notary Public & Clerk of the Board
Date July 22, 1986

LONGVIEW FIBRE COMPANY

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

(WP-PKT-0487e)

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By James S Jones
Deputy Power Manager

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

LONGVIEW FIBRE COMPANY

ATTEST:

By B. Schwart
Title Executive Vice President
Date 8/7/86

By B. Schmidt
Title Secretary
Date 8-7-86

(WP-PKT-0487e)

SCHEDULE IR-85
INTEGRATION OF RESOURCES

SECTION I. AVAILABILITY:

This schedule supersedes IR-83 and is available for firm transmission service for electric power and energy using the Network, exclusive of the Eastern, Northern, and Southern Intertie segments.

SECTION II. RATE:

The monthly charge shall be the sum of A and B where:

A. The Demand Charge shall be:

1. \$0.3117 per kilowatt of billing demand; or
2. for Points of Integration (POI) specified in the Agreement as being short distance POI's, for which Network facilities are used for a distance of less than 75 circuit miles, the following formula applies:

$[\.2 + .8/75 \times (\text{transmission distance})] (\$0.3117 \text{ per kilowatt of billing demand})$

Where:

the billing demand for a short distance POI is the demand level specified in the Agreement for such POI, and the transmission distance is the circuit miles between the POI for a generating resource of the customer and a designated Point of Delivery (POD) serving load of the customer.

B. The Energy Charge shall be:

1.06 mills/kWh of billing energy.

SECTION III. BILLING FACTORS:

To the extent that the Agreement provides an option for the customer to be billed for transmission in excess of the Transmission Demand or Total Transmission Demand, as defined in the Agreement, at the nonfirm transmission rate (currently ET-85), such service shall not contribute to either the Billing Demand or the Billing Energy for the IR rate provided that the customer exercises the option in accordance with the prescribed provisions in the Agreement.

A. Billing Demand

The billing demand shall be the largest of:

1. the Transmission Demand, except under General Transmission Agreements where a Total Transmission Demand is defined;
2. the highest hourly Scheduled Demand for the month; or
3. the Ratchet Demand.

B. Billing Energy

The billing energy shall be the monthly sum of scheduled kilowatthours.

SECTION IV. GENERAL PROVISIONS:

Service provided under this transmission rate schedule shall be subject to the General Transmission Rate Schedule Provisions and the following Acts, as amended: the Bonneville Project Act, the Regional Preference Act (Pub. L. 88-552), the Federal Columbia River Transmission System Act, and the Pacific Northwest Electric Power Planning and Conservation Act.

The meaning of terms used in the transmission rate schedules shall be as defined in agreements or as in any of the above acts or provisions which are attached to agreements.

GENERAL TRANSMISSION RATE SCHEDULE PROVISIONS

SECTION I. ADOPTION OF REVISED TRANSMISSION RATE SCHEDULES AND GENERAL TRANSMISSION RATE SCHEDULE PROVISIONS:

A. Approval of Rates

These rate schedules and General Transmission Rate Schedule Provisions (GTRSP) shall become effective following confirmation and approval by the Federal Energy Regulatory Commission. If the rates and GTRSP are first approved on an interim basis, they shall not be considered final until the Commission has issued an order confirming and approving them on a final basis.

B. General Provisions

BPA's Transmission Rate Schedules and associated GTRSP, effective July 1, 1985, supersede in their entirety BPA's Transmission Rate Schedules and GTRSP effective February 1, 1984, as adjusted and extended; however, they do not supersede prior rate schedules required by agreement to remain in force.

C. Interpretation

If a provision in the executed Agreement is in conflict with a provision contained herein, the former shall prevail.

SECTION II. AVAILABILITY OF TRANSMISSION SERVICE:

Any capacity in the Federal Columbia River Transmission System (FCRTS) which BPA determines to be in excess of required capacity to transmit Federal obligations will be made available to all utilities by application of schedules identified in the 1985 Transmission Rate Schedules, or as subsequently revised.

SECTION III. BILLING FACTOR DEFINITIONS AND BILLING ADJUSTMENTS:

A. Billing Factors

1. Scheduled Demand

The largest of hourly amounts wheeled which are scheduled by the customer during the time period specified in the rate schedules.

2. Metered Demand

The Metered Demand in kilowatts shall be largest of the 60-minute clock-hour integrated demands measured by meters installed at each POD during each time period specified in the applicable rate schedule. Such measurements shall be made as specified in the Agreement. BPA, in determining the Metered Demand, will exclude any abnormal readings due to or resulting from (a) emergencies or breakdowns on, or maintenance of, the FCRTS; or (b) emergencies on the customer's facilities, provided that such facilities have been adequately maintained and prudently operated as determined by BPA. If more than one class of power is delivered to any POD, the portion of the metered quantities assigned to any class of power shall be as agreed to by the parties. The amount so assigned shall constitute the Metered Demand for such class of power.

3. Transmission Demand

The demand, as defined in the Agreement.

4. Total Transmission Demand

The demand, as defined in the General Transmission Agreement.

5. Ratchet Demand

The maximum demand established during the previous 11 billing months.

B. Billing Adjustments

Average Power Factor

The adjustment for average power factor, when specified in a transmission rate schedule or in the Agreement, shall be made in accordance with the average power factor section of the General Wheeling Provisions.

To maintain acceptable operating conditions on the Federal system, BPA may restrict deliveries of power at any time that the average leading power factor or average lagging power factor for all classes of power delivered to such point or to such system is below 85 percent.

SECTION IV. OTHER DEFINITIONS:

Definitions of the terms below shall be applied to these provisions and the Transmission Rate Schedules, unless otherwise defined in the Agreement.

A. Agreement

An agreement between BPA and a customer to which these rate schedules and provisions may be applied.

B. Eastern Intertie

The segment of the FCRTS for which the transmission facilities consist of the Townsend-Garrison double-circuit 500-kV transmission line segment including terminals and, prior to extension of the 500-kV portion of the Federal Transmission System to Garrison, the 500/230 kV transformer and related terminals at Garrison.

C. Electric Power

Electric peaking capacity (kW) and/or electric energy (kWh).

D. Firm Transmission Service

Transmission service which BPA provides for any non-BPA power, as specified in the Agreement, except for transmission service which is scheduled as nonfirm.

E. Integrated Network

The segment of the FCRTS for which the transmission facilities provide the bulk of transmission of electric power within the Pacific Northwest, excluding facilities not segmented to the network in the Cost of Service Analysis used in BPA's rate development.

F. Main Grid

As used in the FPT rate schedules, that portion of the FCRTS with facilities rated 230-kV and higher, exclusive of those designated as Interties.

G. Main Grid Distance

As used in the FPT rate schedules, the distance in airline miles on the Main Grid between the POI and the POD, multiplied by 1.15.

H. Main Grid Interconnection Terminal

As used in the FPT rate schedules, Main Grid terminal facilities that interconnect the FCRTS with non-BPA facilities.

I. Main Grid Miscellaneous Facilities

As used in the FPT rate schedules, switching, transformation, and other facilities of the Main Grid not included in other components.

J. Main Grid Terminal

As used in the FPT rate schedules, the Main Grid terminal facilities located at the sending and/or receiving end of a line exclusive of the Interconnection terminals.

K. Nonfirm Transmission Service

Interruptible transmission service which BPA will provide for non-BPA power, if and when BPA determines that capacity is available.

L. Northern Intertie

The segment of the FCRTS for which the transmission facilities consist of two 500-kV lines between Custer substation and the United States-Canadian border, one 500-kV line between Custer and Monroe substations, and two 230-kV lines from Boundary substation to the United States-Canadian border, and the associated substation facilities.

M. Point of Integration (POI)

Connection points between the FCRTS and non-BPA facilities where non-Federal power is made available to BPA for wheeling.

N. Point of Delivery (POD)

Connection points between the FCRTS and non-BPA facilities where non-Federal power is delivered to a customer by BPA.

O. Secondary System

As used in the FPT rate schedules, that portion of the FCRTS facilities with operating voltage of 115-kV or 69-kV, exclusive of Main Grid facilities, Intertie facilities, and all FCRTS facilities which are recovered on a use-of-facility basis.

P. Secondary System Distance

As used in the FPT rate schedules, the number of circuit miles of Secondary System transmission lines between the secondary POI or the Main Grid and the POD or the lower voltage FCRTS facilities which may be used on a use-of-facility basis.

Q. Secondary System Interconnection Terminal

As used in the FPT rate schedules, the terminal facilities on the Secondary System that interconnect the FCRTS with non-BPA facilities.

R. Secondary System Intermediate Terminal

As used in the FPT rate schedules, the first and final terminal facilities in the Secondary System transmission path exclusive of the Secondary System Interconnection terminals.

S. Secondary Transformation

As used in the FPT rate schedules, transformation from Main Grid to Secondary System facilities.

T. Southern Intertie

The segment of the FCRTS for which the major transmission facilities consist of two 500-kV AC lines from John Day Substation to the Oregon-California border, a portion of the 500-kV AC line from Buckley Substation to Summer Lake Substation, and one 800-kV DC line between the Celilo Substation and the Oregon-Nevada border, and associated substation facilities.

SECTION V. BILLING INFORMATION:

A. Payment of Bills

Bills for transmission service shall be rendered monthly by BPA. Failure to receive a bill shall not release the customer from liability for payment. Bills for amounts due of \$50,000 or more must be paid by direct wire transfer; customers who expect that their average monthly bill will not exceed \$50,000 and who expect special difficulties in meeting this requirement may request, and BPA may approve, an exemption from this requirement. Bills for amounts due BPA under \$50,000 may be paid by direct wire transfer or mailed to the Bonneville Power Administration, P.O. Box 6040, Portland, Oregon 97228-6040, or to another location as directed by BPA. The procedures to be followed in making direct wire transfers will be provided by the Office of Financial Management and updated as necessary.

1. Computation of Bills

The transmission billing determinant is the electric power quantified by the method specified in the

Agreement or Transmission Rate Schedule. Scheduled power or metered power will be used.

The transmission customer shall provide necessary information to BPA for any computation required to determine the proper charges for use of the FCRTS, and shall cooperate with BPA in the exchange of additional information which may be reasonably useful for respective operations.

Demand and energy billings for transmission service under each applicable rate schedule shall be rounded to whole dollar amounts, by eliminating any amount which is less than 50 cents and increasing any amounts from 50 cents through 99 cents to the next higher dollar.

2. Estimated Bills

At its option, BPA may elect to render an estimated bill to be followed at a subsequent billing date by a final bill. The estimated bill shall have the validity of and be subject to the same payment provisions as a final bill.

3. Due Date

Bills shall be due by close of business on the 20th day after the date of the bill (due date). Should the 20th day be a Saturday, Sunday, or holiday (as celebrated by the customer), the due date shall be the next following business day.

4. Late Payment

Bills not paid in full on or before close of business on the due date shall be subject to a penalty charge which shall be the greater of one-fourth percent (0.25%) of the unpaid amount or \$50. In addition, an interest charge of one-twentieth percent (0.05%) shall be applied each day to the sum of the unpaid amount and the penalty charge. This interest charge shall be assessed on a daily basis until such time as the unpaid amount and penalty charge are paid in full. BPA will bill the customer for the late payment interest charge on the customer's next power bill.

Remittances received by mail will be accepted without assessment of the charges referred to in the preceding paragraph provided the postmark indicates the payment was mailed on or before the due date. In order to avoid assessment of late payment charges for metered mail received subsequent to the due date, the payment must bear a postal department cancellation which demonstrates that payment was mailed on or before the due date.

Whenever a power bill or a portion thereof remains unpaid subsequent to the due date and after giving 30 days advance notice in writing, BPA may cancel the agreement for service to the customer. However, such cancellation shall not affect the customer's liability for any charges accrued prior thereto under such agreement.

5. Disputed Billings

In the event of a disputed billing, full payment shall be rendered to BPA and the disputed amount noted. Disputed amounts are subject to the late payment provisions specified above. BPA shall separately account for the disputed amount. If it is determined that the customer is entitled to the disputed amount, BPA shall refund the disputed amount with interest, as determined by BPA's Office of Financial Management.

6. Revised Bills

At its option, BPA may elect to render a revised bill. Any revised bill shall replace all previous bills issued by BPA that pertain to a specified customer for a specified billing period.

The date of the revised bill shall be determined as follows:

- a. If the amount of the revised bill is equal to or less than the amount of the bill which it is replacing, the revised bill shall have the same date as the replaced bill.
- b. If the amount of the revised bill is greater than the amount of the bill which it is replacing, the date of the revised bill shall be its date of issue.

GENERAL WHEELING PROVISIONS

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GENERAL APPLICATION

1. Interpretation.

(a) The provisions in this exhibit shall be deemed to be a part of the contract body to which they are an exhibit. If a provision in such contract body is in conflict with a provision contained herein, the former shall prevail.

(b) If a provision in the General Transmission Rate Schedule Provisions is in conflict with a provision in this exhibit or the contract body, this exhibit or the contract body shall prevail.

(c) Nothing contained in this contract shall, in any manner, be construed to abridge, limit, or deprive any party thereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions thereof which it would otherwise have.

2. Definitions. As used in this contract:

(a) "Contractor," "Utility" or "Borrower" means the party to this contract other than Bonneville.

(b) "Federal System" or "Federal System Facilities" means the facilities of the Federal Columbia River Power System, which for the purposes of this contract shall be deemed to include the generating facilities of the Government in the Pacific Northwest for which Bonneville is designated as marketing agent; the facilities of the Government under the jurisdiction of Bonneville; and any other facilities:

(1) from which Bonneville receives all or a portion of the generating capability (other than station service) for use in meeting Bonneville's loads, such facilities being included only to the extent Bonneville has the right to receive such capability; provided, however, that "Bonneville's loads" shall not include that portion of the loads of any Bonneville customer which are served by a nonfederal generating resource purchased or owned directly by such customer which may be scheduled by Bonneville;

(2) which Bonneville may use under contract, or license; or

(3) to the extent of the rights acquired by Bonneville pursuant to the Treaty, between the Government and Canada, relating to the cooperative development of water resources of the Columbia River Basin, signed in Washington, D.C., on January 17, 1961.

(c) "Integrated Demand" means the number of kilowatts which is equal to the number of kilowatt-hours delivered at any point during a clock hour.

(d) "Measured Demand" means the maximum Integrated Demand for a billing month determined from measurements made as specified in the contract or as determined in section 4 hereof when metering or other data are not available

for such purpose. Bonneville, in determining the Measured Demand, will exclude any abnormal Integrated Demands due to, or resulting from (a) emergencies or breakdowns on, or maintenance of, either parties' facilities, and (b) emergencies on facilities of the Transferee, provided that such facilities have been adequately maintained and prudently operated as determined by Bonneville.

If the contract provides for delivery of more than one class of power to a Transferee at any Point of Delivery, the portion of each Integrated Demand assigned to any class of power shall be determined as specified in the contract. The portion of the Integrated Demand so assigned shall constitute the Measured Demand for such class of power.

(e) "Month" means the period commencing at the time when the meters mentioned in this contract are read by Bonneville and ending approximately 30 days thereafter when a subsequent reading of such meters is made by Bonneville.

(f) "Point(s) of Delivery" means the point(s) of delivery listed either in the Points of Delivery Exhibit to this contract or in the body of this contract.

(g) "System" or "Facilities" means the transmission facilities: (1) which are owned or controlled by either party, or (2) which either party may use under lease, easement, or license.

(h) "Transferee" means an entity which receives power or energy from the system of the Transferor.

(i) "Transferor" means an entity which receives at one point on its system a supplying entity's power or energy and makes such power or energy available at another point on its system for the account of the delivering entity or a third party.

(j) "Uncontrollable Forces" means:

(1) strikes or work stoppage affecting the operation of the Contractor's works, system, or other physical facilities or of the Federal System Facilities or the physical facilities of any Transferee upon which such operation is completely dependent; the term "strikes or work stoppage" shall be deemed to include threats of imminent strikes or work stoppage which reasonably require a party or Transferee to restrict or terminate its operations to prevent substantial loss or damage to its works, system, or other physical facilities; or

(2) such of the following events as the Contractor or Bonneville or any Transferee by exercise of reasonable diligence and foresight, could not reasonably have been expected to avoid:

(A) events, reasonably beyond the control of either party or any Transferee, causing failure, damage, or destruction of any works, system or facilities of such party or Transferee; the word "failure"

shall be deemed to include interruption of, or interference with, the actual operation of such works, system, or facilities;

(B) floods or other conditions caused by nature which limit or prevent the operation of, or which constitute an imminent threat of damage to, any such works, system, or facilities; and

(C) orders and temporary or permanent injunctions which prevent operation, in whole or in part, of the works, system, or facilities of either party or any Transferee, and which are issued in any bona fide proceeding by:

i. any duly constituted court of general jurisdiction; or

ii. any administrative agency or officer, other than Bonneville or its officers, provided by law (a) if said party or Transferee has no right to a review of the validity of such order by a court of competent jurisdiction; or (b) if such order is operative and effective unless suspended, set aside, or annulled by a court of competent jurisdiction and such order is not suspended, set aside, or annulled in a judicial proceeding prosecuted by said party or Transferee in good faith; provided, however, that if such order is suspended, set aside, or annulled in such a judicial proceeding, it shall be deemed to be an "uncontrollable force" for the period during which it is in effect; provided, further, that said party or Transferee, shall not be required to prosecute such a proceeding, in order to have the benefits of this section, if the parties agree that there is no valid basis for contesting the order.

The term "operation" as used in this subsection shall be deemed to include construction, if construction is required to implement the contract and is specified therein.

3. Prior Demands.

(a) In determining any credit demand mentioned in, or money compensation to be paid under this contract for any month, Integrated Demands at which electric energy was delivered by the Transferor at Points of Delivery mentioned herein for the account of the other party to this contract prior to the date upon which the contract takes effect shall be considered in the same manner as if this contract had been in effect.

(b) If either party has delivered electric power and energy to the other party at any Point of Delivery specified in this contract or in any previous contract, and such Point of Delivery is superseded by another Point of Delivery specified in this contract, the Measured Demands, if any, at the superseded Point of Delivery shall be considered for the purpose of determining the charges paid to the Transferor for the electric power and energy delivered under this contract at such superseded point.

4. Measurements. Except as it is otherwise provided in section 7, each measurement of each meter mentioned in this contract shall be the measurement

automatically recorded by such meter or, at the request of either party, the measurement as mutually determined by the best available information.

If it is provided in this contract that measurements made by any of the meters specified therein are to be adjusted for losses, such adjustments shall be made by using factors, or by compensating the meters, as agreed upon by the parties hereto. If changes in conditions occur which substantially affect any such loss factor or compensation, it will be changed in a manner which will conform to such change in conditions.

5. Measurements and Installation of Meters. Bonneville may at any time install a meter or metering equipment to make the measurements for any Point of Delivery required for any computation or determination mentioned in this contract, and if so installed, such measurements shall be used thereafter in such computation or determination.

6. Tests of Metering Installations. Each party to this contract shall, at its expense, test its metering installations associated with this contract at least once every two years, and, if requested to do so by the other party, shall make additional tests or inspections of such installations, the expense of which shall be paid by such other party unless such additional tests or inspections show the measurements of such installations to be inaccurate as specified in section 7. Each party shall give reasonable notice of the time when any such test or inspection is to be made to the other party who may have representatives present at such test or inspection. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.

7. Adjustment for Inaccurate Metering

(a) If any meter mentioned in this contract fails to register, or if the measurement made by such meter during a test made as provided in section 6 varies by more than one percent from the measurement made by the standard meter used in such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made, if such period can be determined. If such period cannot be determined, the adjustment shall be made for the period immediately preceding the test of such meter which is equal to the lesser of (a) one-half the time from the date of the last preceding test of such meter, or (b) six months. Such corrected measurements shall be used to recompute the amounts of any electric power and energy to be made available, or any credits to be made in any exchange energy account, and of any money compensation to be paid to the Transferor as provided in this contract.

(b) If the credit theretofore made to the Transferor in the exchange energy account varies from the credit to be made as recomputed, the amount of the variance will be credited in such exchange energy account to the party entitled thereto.

(c) If the money compensation theretofore paid to the Transferor varies from the money compensation to be paid as recomputed, the amount of the variance will be paid to the party entitled thereto after both parties have agreed to such recomputation and within 30 days after receipt of invoice by the designated payment office of the payer; provided, however, that the other

party may deduct such amount due it from any money compensation which thereafter becomes due the Transferor under this contract.

8. Character of Service. Unless otherwise specifically provided for in the contract, electric power and energy made available pursuant to this contract shall be in the form of three-phase current, alternating at a nominal frequency of 60 hertz.

9. Point(s) of Delivery and Delivery Voltage. Electric power and energy shall be delivered to each Transferee at such point or points and at such voltage or voltages as are agreed upon by the parties hereto.

10. Combining Deliveries Coincidentally. If it is provided in this contract that charges for electric power and energy made available at two or more Points of Delivery will be made by combining deliveries at such points coincidentally:

(a) the total Measured Demand to be considered in determining the billing demand for each billing month shall be the largest sum obtained by adding for each demand interval of such month the corresponding Integrated Demands of the Transferee at all such points after adjusting said Integrated Demands as appropriate to such points;

(b) the number of kilowathours to be used in determining the energy charge, if any, and the average power factor at which electric energy is delivered at such points under this contract, during such month, shall be the sum of the amounts of electric energy delivered at such points under this contract during such month; and

(c) the number of reactive kilovolt-ampere-hours to be used in determining such average monthly power factor shall be the sum of the reactive kilovolt-ampere-hours delivered at such points under this contract such month.

11. Suspension of Deliveries. The other party to this contract may at any time notify the Transferor in writing to suspend the deliveries of electric power and energy provided for in this contract. Upon receipt of any such notice, the Transferor will forthwith discontinue, and will not resume, such deliveries until notified to do so by the other party, and upon receipt of such notice from the other party to do so, will forthwith resume such deliveries.

12. Continuity of Service. Either party may temporarily interrupt or reduce deliveries of electric power and energy if such party determines that such interruption or reduction is necessary or desirable in case of system emergencies, Uncontrollable Forces, or in order to install equipment in, make repairs to, make replacements within, make investigations and inspections of, or perform other maintenance work on its system. Except in case of emergency and in order that each party's operations will not be unreasonably interfered with, such party shall give notice to the other party of any such interruption or reduction, the reason therefor, and the probable duration thereof to the extent such party has knowledge thereof. Each party shall effect the use of temporary facilities or equipment to minimize the effect of any such interruption or outage to the extent reasonable or appropriate.

13. Uncontrollable Forces. Each party shall notify the other as soon as possible of any Uncontrollable Forces which may in any way affect the delivery of power hereunder. In the event the operations of either party are interrupted or curtailed due to such Uncontrollable Forces, such party shall exercise due diligence to reinstate such operations with reasonable dispatch.

14. Reducing Charges for Interruptions. If deliveries of electric power and energy to the Transferee are suspended, interrupted, interfered with or curtailed due to Uncontrollable Forces on either the Transferee's System or Transferor's System, or if the Transferor interrupts or reduces deliveries to the Transferee for any of the reasons stated in section 12 hereof, the credit in the exchange energy account which would otherwise be made, or the money compensation which would otherwise be paid to the Transferor, shall be appropriately reduced. No interruption, or equivalent interruption, of less than 30 minutes duration will be considered for computation of such reduction in charges.

15. Net Billing. Upon mutual agreement of the parties, payment due one party may be offset against payments due the other party under all contracts between the parties hereto for the sale and exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, lease of electric facilities, mutual supply of emergency and standby electric power and energy, and under such other contracts between such parties as the parties may agree, unless otherwise provided in existing contracts between the parties. Under contracts included in this procedure, all payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists unless the latter elects to have such balance carried forward to be added to the payments due it in a succeeding month.

16. Average Power Factor.

(a) The formula for determining average power factor is as follows:

$$\text{Average Power Factor} = \frac{\text{Kilowatthours}}{\sqrt{(\text{Kilowatthours})^2 + (\text{Reactive Kilovolt-ampere-hours})^2}}$$

The data used in the above formula shall be obtained from meters which are ratcheted to prevent reverse registration.

(b) When delivery of electric power and energy by the Transferor at any point is commingled with any other class or classes of power and it is impracticable to separately meter the kilowatthours and reactive kilovolt-ampere-hours for each class, the average power factor of the total delivery of such electric power and energy for the month will be used, where applicable, as the power factor for each of the separate classes.

(c) Except as it is otherwise specifically provided in this contract, no adjustment will be made for power factor at any point of delivery described in this contract while the varhours delivered at such point are not measured.

(d) The Transferor may, but shall not be obligated to, deliver electric energy hereunder at a power factor of less than 0.85 leading or lagging.

17. Permits.

(a) If any equipment or facilities associated with any Point of Delivery and belonging to a party to this contract are or are to be located on the property of the other party, a permit to install, test, maintain, inspect, replace, repair, and operate during the term of this contract and to remove such equipment and facilities at the expiration of said term, together with the right of entry to said property at all reasonable times in such term, is hereby granted by the other party.

(b) Each party shall have the right at all reasonable times to enter the property of the other party for the purpose of reading any and all meters mentioned in this contract which are installed on such property.

(c) If either party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other party with accurate drawings and wiring diagrams of associated equipment and facilities, or, if such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other party of any subsequent modification which may affect the duties of the other party in regard to such equipment, and furnish the other party with accurate revised drawings, if possible.

18. Ownership of Facilities.

(a) Except as otherwise expressly provided, ownership of any and all equipment, and of all salvable facilities installed or previously installed by a party to this contract on the property of the other party shall be and remain in the installing party.

(b) Each party shall identify all movable equipment and all other salvable facilities which are installed by such party on the property of the other by permanently affixing thereto suitable markers plainly stating the name of the owner of the equipment and facilities so identified. Within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the parties shall jointly prepare an itemized list of said movable equipment and facilities.

19. Adjustment for Change of Conditions. If changes in conditions hereafter occur which substantially affect any factor required by this contract to be used in determining (a) any credit in any exchange energy account to be made, money compensation to be paid, or amount of electric power and energy or losses to be made available to one party by the other party, or (b) any maximum replacement demand, or average power factor mentioned in this contract, such factor will be changed in an equitable manner which will conform to such changes of conditions. If an increase in the capacity of the facilities being used by the Transferor in making deliveries hereunder is required at any time after execution of this contract to enable the Transferor to make the deliveries herein required together with those required for its own operations, the construction or installation of additional or other

equipment or facilities for that purpose shall be deemed to be a change of conditions within the meaning of the preceding sentence.

If, pursuant to the terms of the agreement establishing such exchange energy account, another rate is substituted for the rate to be used in settling the balance in such account, the number of kilowatthours to be credited to the Transferor in such account for each month as provided in this agreement, shall be changed for each month thereafter to the amount computed by multiplying such number of kilowatthours by 2.5 mills and dividing the resulting product by the currently effective substituted rate in mills per kilowatthour.

20. Dispute Resolution and Arbitration.

(a) Pending resolution of a disputed matter the parties will continue performance of their respective obligations pursuant to this contract. If the parties cannot reach timely mutual agreement on any matter in the administration of this contract Bonneville shall, unless otherwise specifically provided for in subsection (b) below and, to the extent necessary for its continued performance, make a determination of such matter without prejudice to the rights of the other party. Such determination shall not constitute a waiver of any other remedy belonging to the Contractor.

(b) The questions of fact stated below shall be subject to arbitration. Other questions of fact under this contract may be submitted to arbitration upon written mutual agreement of the parties. The party calling for arbitration shall serve notice in writing upon the other party, setting forth in detail the question or questions to be arbitrated and the arbitrator appointed by such party. The other party shall, within 10 days after the receipt of such notice, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other party fails to appoint an arbitrator within said 10 days, or in case the two so appointed fail for 10 days to agree upon and appoint a third, the party calling for the arbitration, upon 5 days' written notice delivered to the other party, shall apply to the person who at the time shall be the presiding judge of the United States Court of Appeals for the Ninth Circuit for appointment of the second and third arbitrator, as the case may be.

The determination of the question or questions submitted for arbitration shall be made by a majority of the arbitrators and shall be binding on the parties. Each party shall pay for the services and expenses of the arbitrator appointed by or for it, for its own attorney fees, and for compensation for its witnesses or consultants. All other costs incurred in connection with the arbitration shall be shared equally by the parties thereto.

The questions of fact to be determined as provided in this section shall be limited to:

- (1) the determination of the measurements to be made by the parties hereto pursuant to section 4;
- (2) the correction of the measurements to be made pursuant to section 7;

(3) the duration of the interruption or equivalent interruption in section 14;

(4) whether changes in conditions mentioned in section 19 have occurred;

(5) whether the changes mentioned in section 30 were made "promptly";

(6) whether an increase or decrease in load or change in load factor mentioned in section 32 is unusual;

(7) any issue which both parties agree is an issue of fact mentioned in sections 30, 31, and 34;

(8) the occurrence of an abnormal nonrecurring demand and the amount and time thereof;

(9) whether a party has complied with section 34(b); and

(10) the acceptable level of harmonics for purposes of section 35.

21. Contract Work Hours and Safety Standards.

This contract, if and to the extent required by applicable law and if not otherwise exempted, is subject to the following provisions:

(a) Overtime Requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics, shall require or permit any laborer or mechanic in any workweek in which such worker is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, as the case may be.

(b) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for such employee's unpaid wages. In addition, such contractor and subcontractor shall be liable to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed in such work in excess of eight hours or in excess of such employee's standard workweek of 40 hours without payment of the overtime wages required by subsection (a) above.

(c) Withholding for Unpaid Wages and Liquidated Damages. Bonneville may withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in subsection (b) above.

(d) Subcontracts. The Contractor shall insert in any subcontracts the clauses ~~set forth in~~ subsections (a) through (c) of this provision and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts which they may enter into, together with a clause requiring this insertion in any further subcontracts that may in turn be made.

(e) Records. The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for 3 years from the completion of the contract.

22. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees, if and to the extent required by applicable law or if not otherwise exempted, not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

23. Equal Employment Opportunity. During the performance of this contract, if and to the extent required by applicable law or if not otherwise exempted, the Contractor agrees as follows:

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

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

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

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

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

thereto, and will permit access to said Contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.

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

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

24. Additional Provisions. The Contractor agrees to comply with the clauses for Government contracts contained in the following statutes, Executive Orders, and regulations to the extent applicable:

(a) the Rehabilitation Act of 1973, Public Law 93-112, as amended, and 41 CFR 60-741 (affirmative action for handicapped workers);

(b) the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 92-540, as amended, and 41 CFR 60-250 (affirmative action for disabled veterans and veterans of the Vietnam era);

(c) Executive Order 11625 and 41 CFR 1-1.1310-2 (utilization of minority business enterprises);

(d) the Small Business Act, as amended.

25. Reports. The other party to this contract will furnish Bonneville such information as is necessary for making any computation required for the purposes of this contract, and the parties will cooperate in exchanging such additional information as may be reasonably useful for their respective operations.

26. Assignment of Contract. This contract shall inure to the benefit of, and shall be binding upon the respective successors and assigns of the parties to this contract. Such contract or any interest therein shall not be transferred or assigned by either party to any party other than the Government or an agency thereof without the written consent of the other except as

specifically provided in this section. The consent of Bonneville is hereby given to any security assignment or other like financing instrument which may be required under terms of any mortgage, trust, security agreement or holder of such instrument of indebtedness made by and between the Contractor and any mortgagee, trustee, secured party, subsidiary of the Contractor or holder of such instrument of indebtedness, as security for bonds of other indebtedness of such Contractor, present or future; such mortgagee, trustee, secured party, subsidiary, or holder may realize upon such security in foreclosure or other suitable proceedings, and succeed to all right, title, and interests of such Contractor.

27. Waiver of Default. Any waiver at any time by any party to this contract of its rights with respect to any default of any other party thereto, or with respect to any other matter arising in connection with such contract, shall not be considered a waiver with respect to any subsequent default or matter.

28. Notices and Computation of Time. Any notice required by this contract to be given to any party shall be effective when it is received by such party, and in computing any period of time from such notice, such period shall commence at 2400 hours on the date of receipt of such notice.

29. Interest of Member of Congress. No Member of, or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

APPLICABLE ONLY IF TRANSFEREE IS A PARTY TO THIS CONTRACT

30. Balancing Phase Demands. If required by the Transferor at any time during the term of this contract, the Transferee shall promptly make such changes as are necessary on its system to balance the phase currents at any Point of Delivery so that the current of any one phase shall not exceed the current on any other phase at such point by more than 10 percent.

31. Adjustment for Unbalanced Phase Demands. If the Transferee fails to promptly make the changes mentioned in section 30, the Transferor may, after giving written notice one month in advance, determine that the Measured Demand of the Transferee at the Point of Delivery in question during each month thereafter, until such changes are made, is equal to the product obtained by multiplying by three the largest of the Integrated Demands on any phase adjusted as appropriate to such point during such month.

32. Changes in Requirements or Characteristics. The Transferee will, whenever possible, give reasonable notice to the Transferor of any unusual increase or decrease of its demands for electric power and energy on the Transferor's system, or of any unusual change in the load factor or power factor at which the Transferee will take delivery of electric power and energy under this contract.

33. Inspection of Facilities. Each party may for any reasonable purpose under this contract inspect the other party's electric installation at any reasonable time. Such inspection, or failure to inspect, shall not render

such party, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this contract. The inspecting party shall observe written instructions and rules posted in facilities and such other necessary instructions or standards for inspection as the parties agree to. Only those electric installations used in complying with the terms of this contract shall be subject to inspection.

34. Electric Disturbances.

(a) For the purposes of this section, an electric disturbance is any sudden, unexpected, changed, or abnormal electric condition occurring in or on an electric system which causes damage.

(b) Each party shall design, construct, operate, maintain and use its electric system in conformance with accepted utility practices:

(1) to minimize electric disturbances such as, but not limited to, the abnormal flow of power which may damage or interfere with the electric system of the other party or any electric system connected with such other party's electric system; and

(2) to minimize the effect on its electric system and on its customers of electric disturbances originating on its own or another electric system.

(c) If both parties to this contract are parties to the Western Interconnected Electric System Agreement, their relationship with respect to system damages shall be governed by that Agreement.

(d) During such time as a party to this contract is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, its relations with the other party with respect to system damages shall be governed by the following sentence, notwithstanding the fact that the other party may be a party to said Agreement Limiting Liability Among Western Interconnected Systems. A party to this contract shall not be liable to the other party for damage to the other party's system or facilities caused by an electric disturbance on the first party's system, whether or not such electric disturbance is the result of negligence by the first party, if the other party has failed to fulfill its obligations under subsection (b)(2) above.

(e) If one of the parties to this contract is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, each party to this contract shall hold harmless and indemnify the other party, its officers and employees, from any claims for loss, injury, or damage suffered by those to whom the first party delivers power not for resale, which loss, injury or damage is caused by an electric disturbance on the other party's system, whether or not such electric disturbance results from the negligence of such other party, if such first party has failed to fulfill its obligations under subsection (b)(2) above, and such failure contributed to the loss, injury or damage.

(f) Nothing in this section shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a party to this contract.

35. Harmonic Control. Each party shall design, construct, operate, maintain and use its electric facilities in accordance with good engineering practices to reduce to acceptable levels the harmonic currents and voltages which pass into the other party's facilities. Harmonic reductions shall be accomplished with equipment which is specifically designed and permanently operated and maintained as an integral part of the facilities of the party which owns the system on which harmonics are generated.

APPLICABLE ONLY IF TRANSFEREE IS NOT A PARTY TO THIS CONTRACT

36. Protection of the Transferor. Protection is or will be afforded to Bonneville or its Transferor under such of the following provisions and conditions as are specified in each contract executed or to be executed by Bonneville and each third party Transferee named in this contract: the power factor clause of the applicable Bonneville Wholesale Rate Schedule and the subject matter set forth in the General Contract Provisions under the following titles, namely:

Adjustment for Unbalanced Phase Demands; Uncontrollable Forces; Continuity of Service; Changes in Demands or Characteristics; Electric Disturbances; Harmonic Control; Balancing Phase Demands; Permits; Ownership of Facilities; and Inspection of Facilities.

RELATING TO RURAL ELECTRIFICATION ADMINISTRATION BORROWERS

37. Approval of Contract. If the Contractor borrows from the Rural Electrification Administration or any other entity under an indenture which requires the lender's approval of contracts, this contract and any amendment thereto shall not be binding on the parties thereto if they are not approved by the Rural Electrification Administration or such other entity. The Contractor shall notify Bonneville of any such entity. If approval is given, such contract or amendment shall be effective at the time stated therein.

APPLICABLE ONLY IF BONNEVILLE IS THE TRANSFEROR

38. Equitable Adjustment of Rates:

(a) Bonneville shall establish, periodically review and revise rates for the wheeling of electric power and/or energy pursuant to the terms of this contract. Such rates shall be established in accordance with applicable law.

(b) As used in this section, the words "Rate Adjustment Date" shall mean any date specified by Bonneville in a notice of intent to file revised rates as published in the Federal Register; provided, however, that such date shall not occur sooner than (1) nine months ~~from the date that~~ such notice of intent is published; or (2) twelve months from any previous Rate Adjustment Date. By giving written notice to the Contractor 45 days prior to such Rate Adjustment Date, Bonneville may delay such Rate Adjustment Date for up to 90 days if Bonneville determines either that the revenue level of the proposed rates

differs by more than five percent from the revenue requirements indicated by most recent repayment studies entered in the hearings record or that external events beyond Bonneville's control will prevent Bonneville from meeting such Rate Adjustment Date. Bonneville may cancel a notice of intent to file revised rates at any time (1) by written notice to the Contractor; or (2) by publishing in the Federal Register a new notice of intent to file revised rates which specifically cancels a previous notice.

(c) The Contractor shall pay Bonneville for the service made available under this contract during the period commencing on each Rate Adjustment Date and ending at the beginning of the next Rate Adjustment Date at the rate specified in any rate schedule available at the beginning of such period for service of the class, quality, and type provided for in this contract, and in accordance with the terms thereof, and of the General Transmission Rate Schedule Provisions, if any, as changed with, incorporated in or referred to in such rate schedule. New rates shall not be effective on any Rate Adjustment Date unless they have been approved on a final or interim basis by a governmental agency designated by law to approve Bonneville's rates. Rates shall be applied in accordance with the terms thereof, the General Transmission Rate Schedule Provisions as changed with, incorporated in or referred to in such rate schedule and the terms of this contract.

(WP-PKJ-0222f)

Exhibit C, Page 1 of 2
Contract No. DE-MS79-86BP91952
Western Area Power Administration
Cowlitz County PUD
Longview Fibre Company
Effective on the Effective Date

Transmission Parameters

A. Point of Integration, Transmission Demand, and Resource.

<u>Point of Integration (Voltage)</u>	<u>Transmission Demand</u>	<u>Resource to be Integrated</u>
Government's Cowlitz Substation 115 kV	45,000 kW	Longview Fibre Cogeneration Facility

B. Point of Delivery (Voltage).

Government's John Day
Substation 500 kV

Exhibit C, Page 2 of 2
Contract No. DE-MS79-86BP91952
Western Area Power Administration
Cowlitz County PUD
Longview Fibre Company
Effective on the Effective Date

C. Description of Point of Integration and Point of Delivery.

These are definitions only. Designations of these points as either Points of Integration or Points of Delivery are in Parts A and B of this exhibit.

1. COWLITZ 115 KV SUBSTATION:

Location: the point in the Government's Cowlitz Substation where the 115 KV facilities of the District and the Government are connected;

Voltage: 115 kV;

Metering: by the peripheral metering scheme described in Exhibit H of the Power Sales Contract;

Exception: there shall be an adjustment for losses between the point of delivery and metering points (a) and (b) in the peripheral metering scheme described in Exhibit H of the Power Sales Contract.

2. JOHN DAY SUBSTATION:

Location: the point in the Government's John Day Substation where the line terminals of the Southern Intertie are connected to the 500 KV bus;

Voltage: 500 kV.

(WP-PKT-0487e)

Exhibit D, Page 1 of 1
Contract No. DE-MS79-86BP91952
Western Area Power Administration
Cowlitz County PUD
Longview Fibre Company
Effective on the Effective Date

Resource Services and Deviation Account

A. Resource Services.

Resource service charges may be incorporated herein as developed by Bonneville according to section 7(e) of this agreement.

B. Deviation Account.

(1) Deviation Account Charge: 3 Mills/kWH.

(2) Comparison Amount: \pm (plus or minus) 113 MWH ((47.3 MW Resource generation)(24 hours)(\pm .10)).

(WP-PKT-0487e)

Calculation of Losses
Resulting From Wheeling Pursuant to the
Integration of Resources (IR) Rate Schedule

Assume:

- Lw = Wheeling loss for the power scheduled to be wheeled under this agreement pursuant to the IR Rate Schedule.
- Lb = Loss in the power flow base case on the Network segment. The Network segment is determined in Bonneville's most recent Cost of Service Analysis as a part of its Transmission Rate Design Study.
- SLh = Total transmission system load for a particular hour (sum of metered interchanges where power enters the FCRTS, representing both Federal power and non-Federal power).
- SLb = Total transmission system load assumed in the power flow base case.
- Pw = Total power wheeled on an hour pursuant to this agreement.
- Ps = Total power scheduled onto the FCRTS for a particular hour, representing both Federal power and non-Federal power.

All of the above quantities are expressed in megawatts.

C_0, C_1, C_2 = Constants used in the Hourly Wheeling Loss Calculation formula to adjust from the power flow base case to actual conditions.

Given:

- Lb = 514.1 megawatts
SLb = 25897 megawatts
 C_0 = 0.39
 C_1 = -0.79
 C_2 = 1.40

Hourly Wheeling Loss Calculation:

$$Lw = Lb \left[C_0 + C_1 \frac{(SLh)}{SLb} + C_2 \frac{(SLh)^2}{(SLb)^2} \right] \frac{(Pw)}{Ps}$$

Where all variables are expressed in megawatts.

Amendatory Agreement No. 1 to
Contract No. DE-MS79-86BP91952
4/27/88

Amendment No. 1 to Contract No. BP62

AMENDATORY AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

WESTERN AREA POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

and

LONGVIEW FIBRE COMPANY

This AMENDATORY AGREEMENT, executed June 10, 1988, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville) and WESTERN AREA POWER ADMINISTRATION (Western), PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON (District), a public utility district of the State of Washington, and LONGVIEW FIBRE COMPANY (Company), a corporation of the State of Delaware;

W I T N E S S E T H :

WHEREAS Western, the District, and the Company have entered into Contract No. DE-MP65-85WP59106 (Power Purchase and Transmission Agreement), pursuant to which Western purchases from the Company the Electric Power output of the

Resource as defined in the Primary Agreement; and

WHEREAS, on November 5, 1986, Western, the District, the Company, and Bonneville entered into Contract No. DE-MS79-86BP91952 (Primary Agreement) which provides, among other matters, for the transmission of the Electric Power output of the Resource by Bonneville from the point of interconnection between Bonneville and the District at the Government's Cowlitz 115 KV Substation, to the Government's John Day Substation; and

WHEREAS Bonneville has provided initial access to the Pacific Northwest portion of the Pacific Northwest-Pacific Southwest Intertie (Intertie) for the Electric Power output of the Resource pursuant to a letter from Bonneville dated February 10, 1986; and

WHEREAS Bonneville and Cowlitz intend to execute Contract No. DE-MS79-88BP92493 (Intertie Transmission Agreement), pursuant to which Bonneville shall provide access to the Intertie for the Electric Power output of the Resource in accordance with the terms of Bonneville's Long-Term Intertie Access Policy (LTIAP); and

WHEREAS Western, the District, the Company, and Bonneville desire to hereby amend the Primary Agreement to make the term of such agreement consistent with the term of the Power Purchase and Transmission Agreement; and

WHEREAS Western, the District, the Company, and Bonneville desire to hereby revise Exhibit E of the Primary Agreement to provide for a change in the transmission loss methodology; and

WHEREAS Bonneville is authorized pursuant to law to dispose of Electric Power generated at various federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

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

1. Term of Agreement. This amendatory agreement shall be effective commencing at 2400 hours on the effective date of the Intertie Transmission Agreement (Effective Date) and shall terminate on the termination date of the Primary Agreement.

2. Amendment of Primary Agreement. The Primary Agreement is hereby amended as follows:

(a) Subsection 1(d) is hereby deleted and replaced with the following:

"(d) 2400 hours on December 31, 2004."

3. Execution in Counterpart. This agreement may be executed in any number of counterparts in which case all such counterparts shall be deemed to constitute a single document with the same force and effect as if all parties having signed a counterpart had signed all other counterparts. The agreement shall become effective on the Effective Date after originally signed counterparts are returned to Bonneville by Western, the District, and the Company, with an originally signed authorizing resolution for the District.

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

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Walter S. Palmer 6/10/88
Acting Assistant Administrator
for the Office of Power Sales

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By *Randall Coleman*
Title Area Manager
Date May 16, 1988

By *Andrea Koshin*
Title Secretary
Date May 16, 1988

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

LONGVIEW FIBRE COMPANY

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

(WP-PKT-3070e)

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Walter S. Pallen 6/10/88
Acting Assistant Administrator
for the Office of Power Sales

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By Robert L. McKinney
Robert L. McKinney
Title General Manager
Date May 10, 1988

By Jessie J. Day
Title Secretary & Clerk of the Board
Date May 10, 1988

LONGVIEW FIBRE COMPANY

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

(WP-PKT-3070e)

several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Walter E. Palmer
Acting Assistant Administrator
for the Office of Power Sales

WESTERN AREA POWER ADMINISTRATION

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY, WASHINGTON

ATTEST:

By _____
Title _____
Date _____

By _____
Title _____
Date _____

LONGVIEW FIBRE COMPANY

ATTEST:

By Walter E. Palmer
Title ASSN VICE PRESIDENT
Date MAY 10, 1988

By J. Schwartz
Title Asst Secretary
Date 5/10/88

(WP-PKT-3070e)

Revision No. 1 to
Exhibit E, Page 1 of 1
Contract No. DE-MS79-86BP91952
Western Area Power Administration
Cowlitz County PUD
Longview Fibre Company
Effective on the Effective Date
of Amendatory Agreement No. 1
to Contract No. DE-MS79-86BP91952

Calculation of Losses
Resulting From Wheeling Pursuant to the
Integration of Resources (IR) Rate Schedule

<u>Rate Schedule</u>	<u>Loss Factor 1/</u>
IR-87	1.6%

1/ This factor may be revised at 2400 hours on or about June 30, 1988.

(VS6-PMT-3070e)