

# McDowell & Rackner PC



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November 13, 2009

## VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148


**Re: UP \_\_\_\_ - In The Matter of the Application of Idaho Power Company Requesting  
Approval of the Sale of the Goshen Capacitor Bank**

Attention Filing Center:

Enclosed for filing in the captioned docket are the original and one copy of the Application of Idaho Power Company Requesting Approval of the Sale of the Goshen Capacitor Bank.

Thank you in advance for your assistance.

Very truly yours,

  
Wendy McIndoo

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UP \_\_\_\_\_**

In the Matter of the Application of IDAHO  
POWER COMPANY Requesting Approval  
of the Sale of the Goshen Capacitor Bank

APPLICATION OF IDAHO POWER AND  
WAIVER OF PAPER SERVICE

Pursuant to ORS 757.480(1)(a) and OAR 860-027-0025, Idaho Power Company ("Idaho Power" or "Company"), seeks approval from the Public Utility Commission of Oregon ("Commission") for the sale of property used for utility purposes. Idaho Power seeks approval to sell to PacifiCorp a capacitor bank located at PacifiCorp's Goshen Substation ("Goshen Capacitor Bank") located south of Idaho Falls, Idaho. Pursuant to OAR 860-013-0070(4), the Company respectfully waives paper service in this docket.

**I. Introduction**

Idaho Power seeks approval for the sale of the Goshen Capacitor Bank to PacifiCorp. The Goshen Capacitor Bank was used to support Idaho Power's and PacifiCorp's 345 kV transmission lines on the Jim Bridger transmission system—which is jointly owned by Idaho Power and PacifiCorp. However, PacifiCorp has recently made several upgrades to its transmission system that eliminates the need for this capacitor bank at the Goshen Substation. However, PacifiCorp does require an additional capacitor bank as part of its Energy Gateway Transmission Expansion project. Thus, the proposed sale will benefit Idaho Power's customers by (1) allowing the Company to receive value for an asset that is no longer required by the Company, and (2) facilitating an upgrade to PacifiCorp's transmission system, which is interconnected with Idaho Power's transmission system. After the sale, Idaho Power will continue to provide safe and reliable electricity to its customers.

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## **II. Assets Subject to Sale**

3       The Goshen Capacitor Bank is a 345 kV, 3-phase, 60 Hz, 2 equal segment, outdoor  
4 series capacitor bank. The bank includes control cabinets located in a control building, a  
5 battery bank, three platforms for the series capacitors, MOV's (metal oxide varistor), OCT's  
6 (optical current transducers), and reactors. The sale also includes two independent pole  
7 bypass circuit breakers, two combination air brake/grounding switches, and one bypass  
8 switch. The exact rights and property subject to this application are listed in the Asset  
9 Purchase Agreement, attached as Attachment 1.

10

## **III. Background**

11       The Goshen Capacitor Bank is part of the larger Jim Bridger transmission system—  
12 owned jointly by Idaho Power and PacifiCorp. Idaho Power and PacifiCorp (Pacific Power  
13 at the time) built the Jim Bridger transmission system to deliver electricity produced by the  
14 jointly owned Jim Bridger steam-electric generating plant ("Jim Bridger Plant") to customers  
15 located in their respective service territories. Generally, this transmission system consists of  
16 several 345 kV transmission lines and substations, with series capacitor banks located at  
17 the Goshen, Kinport, and Borah Substations in Idaho.

18       In 2002, as part of a general upgrade to the Jim Bridger transmission system, Idaho  
19 Power and PacifiCorp entered into an agreement to replace the series capacitors at the  
20 Goshen Substation. At the time, Idaho Power paid for the costs of the replacement  
21 capacitor bank and entered into an agreement with PacifiCorp whereby PacifiCorp would  
22 pay for its use of the bank under the general cost recovery mechanism for the Jim Bridger  
23 transmission system.

24       In 2006, PacifiCorp commenced construction of the Three Mile Knoll Substation  
25 ("Three Mile Knoll") on the Jim Bridger transmission system. The presence of the new  
26 Three Mile Knoll Substation, with its new capacitor bank, was expected to render the

1 Goshen Capacitor Bank unnecessary. For this reason, Idaho Power and PacifiCorp entered  
2 into an agreement to use the Goshen Capacitor bank to replace the capacitor bank located  
3 at one of two other substations on the Jim Bridger transmission system—either the Kinport  
4 or Borah Substations.

5 Prior to the completion of the Three Mile Knoll Substation, PacifiCorp launched its  
6 Energy Gateway Transmission Expansion project. As part of that project, PacifiCorp will  
7 construct a new substation in southeast Idaho called the Populus Substation (“Populus”).  
8 The construction of this new substation requires reconfiguration the existing capacitor banks  
9 at the Kinport and Borah Substations, and the Goshen Capacitor Bank will no longer be  
10 needed to replace the capacitor banks at either the Kinport or Borah Substations. However,  
11 PacifiCorp now requires an additional capacitor bank on its Borah–Ben Lomond 345 kV  
12 transmission line. The Borah–Ben Lomond line is part of PacifiCorp’s transmission system,  
13 not the jointly owned Jim Bridger transmission system. As the Goshen Capacitor Bank will  
14 no longer be required by Idaho Power, this relocation requires the sale of the Goshen  
15 Capacitor Bank by Idaho Power to PacifiCorp.

16 **IV. Asset Purchase Agreement**

17 On July 31, 2009, Idaho Power and PacifiCorp entered into the Asset Purchase  
18 Agreement (“Agreement”), attached as Attachment 1. The Agreement contains a full list of  
19 all assets Idaho Power intends to sell and a full description of the terms and conditions for  
20 the sale.<sup>1</sup> The total consideration for the purchased assets will be \$6,698,610. The closing  
21 is expressly conditioned upon approval by the Commission of this application subject to  
22 ORS 757.480(1)(a) and approval of a separate application by PacifiCorp subject to ORS  
23 757.485(1).

24

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26 <sup>1</sup> See Schedule 2.1 of Agreement.

1                   **V. Compliance with OAR 860-027-0025(1) Filing Requirements**

2                   **A. Address**

3                   The Company's exact name and address of its principal business office are:

4                   Idaho Power Company  
5                   PO Box 70  
6                   1221 West Idaho Street  
7                   Boise, ID 83702

8                   **B. State in which incorporated; date of incorporation; other states in which  
9                   authorized to transact utility business**

10                  Idaho Power is a corporation organized on May 6, 1915 under the laws of the State  
11                  of Maine. Idaho Power migrated its state of incorporation from the State of Maine to the  
12                  State of Idaho effective June 30, 1989. It is qualified as a foreign corporation to do business  
13                  in the states of Oregon, Nevada, Montana, and Wyoming in connection with its utility  
14                  business. Idaho Power is authorized to provide retail electric service in Idaho and Oregon.

15                  **C. Communications and notices**

16                  All notices and communications with respect to this Application should be addressed  
17                  to:

18                  Donovan Walker  
19                  Idaho Power Company  
20                  PO Box 70  
21                  Boise, ID 83707-0070  
22                  Telephone: 208-388-5317  
23                  Facsimile: 208-388-6936  
24                  Email: [dwalker@idahopower.com](mailto:dwalker@idahopower.com)

25                  Christa Bearry  
26                  Idaho Power Company  
27                  PO Box 70  
28                  Boise, ID 83707-0070  
29                  Telephone: 208-388-5996  
30                  Facsimile: 208-388-6936  
31                  Email: [cbearry@idahopower.com](mailto:cbearry@idahopower.com)

32                  Lisa Rackner  
33                  McDowell & Rackner PC  
34                  520 SW 6<sup>th</sup> Ave., Suite 830  
35                  Portland, OR 97204  
36                  Telephone: 503-595-3925  
37                  Facsimile: 503-595-3928  
38                  Email: [lisa@mcd-law.com](mailto:lisa@mcd-law.com)

39                  Adam Lowney  
40                  McDowell & Rackner PC  
41                  520 SW 6<sup>th</sup> Ave., Suite 830  
42                  Portland, OR 97204  
43                  Telephone: 503-595-3925  
44                  Facsimile: 503-595-3926  
45                  Email: [adam@mcd-law.com](mailto:adam@mcd-law.com)

1 Wendy McIndoo  
2 McDowell & Rackner PC  
3 520 SW 6<sup>th</sup> Ave., Suite 830  
4 Portland, OR 97204  
5 Telephone: 503-595-3922  
6 Facsimile: 503-595-3928  
7 Email: [wendy@mcd-law.com](mailto:wendy@mcd-law.com)

8 **D. Principal officers**

<u>Name</u>	<u>Title</u>
J. LaMont Keen	President & Chief Executive Officer
Darrel T. Anderson	Executive Vice President of Administrative Services and Chief Financial Officer
Daniel B. Minor	Executive Vice President of Operations
Lisa A. Grow	Senior Vice President of Power Supply
Rex Blackburn	Senior Vice President and General Counsel
Patrick A. Harrington	Corporate Secretary
N. Vern Porter	Vice President of Delivery Engineering and Operations
Warren Kline	Vice President of Customer Service and Regional Operations
John R. Gale	Vice President of Regulatory Affairs
Steve R. Keen	Vice President and Treasurer
Dennis C. Gribble	Vice President and Chief Information Officer
Luci K. McDonald	Vice President of Human Resources
Jeffrey L. Malmen	Vice President of Public Affairs
Lori D. Smith	Vice President of Corporate Planning and Chief Risk Officer
Naomi C. Shankel	Vice President of Audit & Compliance

19 The address of all of the above officers is:

20 1221 W. Idaho Street  
21 PO Box 70  
22 Boise, ID 83702

23 **E. Description of business; designation of territories served**

24 The Company is an electric public utility engaged principally in the generation,  
25 purchase, transmission, distribution, and sale of electric energy in an approximately 24,000  
26 square mile area in southern Idaho and in the counties of Baker, Harney, and Malheur in

1 eastern Oregon. A map showing Applicant's service territory is on file with the Commission  
2 as Exhibit H to Applicant's application in Docket UF 4063.

3 **F. Statement showing for each class and series of capital stock: brief**  
4 **description; amount authorized; amount outstanding; amount held as**  
5 **required securities; amount pledged; amount owned by affiliated**  
6 **interests; amount held in any fund**

7 See request for waiver in Section VII below.

8 **G. Statement showing for each class and series of long-term debt and**  
9 **notes: brief description of amount authorized; amount outstanding;**  
10 **amount held as required securities; amount pledged; amount held by**  
11 **affiliated interests; amount in sinking and other funds**

12 See request for waiver in Section VII below.

13 **H. Purpose of application; description of consideration and method of**  
14 **arriving at amount thereof**

15 The Company seeks approval of the sale of the assets described in Schedule 2.1 of  
16 the attached Agreement for the total consideration of \$6,698,610. The valuation for the  
17 assets was a result of arms-length negotiation between Idaho Power and PacifiCorp.

18 **I. Statement of facilities to be disposed of; description of present use and**  
19 **proposed use; inclusion of all operating facilities of parties to the**  
20 **transaction**

21 The property Idaho Power intends to sell to PacifiCorp consists of the Goshen  
22 Capacitor Bank. The Goshen Capacitor Bank is a 345 kV, 3-phase, 60 Hz, 2 equal  
23 segment, outdoor series capacitor bank. The bank includes control cabinets located in a  
24 control building, a battery bank, three platforms for the series capacitors, MOV's, OCT's, and  
25 reactors. The sale also includes two independent pole bypass circuit breakers, two  
26 combination air brake/grounding switches, and one bypass switch. The exact rights and  
property subject to this application are listed in Schedule 2.1 of the Asset Purchase  
Agreement, attached as Attachment 1.

The construction of the Three Mile Knoll Substation made the Goshen Capacitor  
Bank unnecessary in its location in the Goshen Substation. The construction of the Populus  
Substation will make the capacitor bank unnecessary where Idaho Power and PacifiCorp

1 intended to use it after its removal from Goshen. Thus, it is no longer necessary to the  
2 Idaho Power transmission system. PacifiCorp requires an additional capacitor bank,  
3 however, on its Borah–Ben Lomond transmission line and the Goshen Capacitor Bank will  
4 therefore move to that location and serve exclusively PacifiCorp’s transmission system.

5 **J. Statement by primary account of cost of the facilities and applicable**  
6 **depreciation reserve**

7 Please refer to Attachment 2, which demonstrates the cost of the facilities by primary  
8 account.

9 **K. Required filings with other state or federal regulatory bodies**

10 The Company was required to make a filing with the Federal Energy Regulatory  
11 Commission under the Federal Power Act (“FPA”) Section 205, for the purpose of amending  
12 certain existing agreements. The Company must also make a filing with the Idaho Public  
13 Utilities Commission.

14 **L. Facts relied upon by applicant to show transaction is within the public**  
15 **interest**

16 A proposed transaction must be consistent with the public interest for Commission  
17 approval.<sup>2</sup> A transaction is consistent with the public interest when it will not harm the  
18 Company’s customers.<sup>3</sup> The proposed transaction is consistent with the public interest.  
19 The sales price for the Goshen Capacitor Bank is \$6,698,610. This valuation was derived  
20 by evaluation of, among other things, the accumulated depreciation and tax depreciation of

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21 <sup>2</sup> See OAR 860-027-0025(1)(l).

22 <sup>3</sup> See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket UM 1011, Order No.  
23 01-778 (Sept. 4, 2001) (“The remainder of the statutory scheme, those statutes governing transfer,  
24 sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS  
25 757.480, .485) and has been read to require a no harm standard, or contains a ‘not contrary to the  
26 public interest’ standard (ORS 757.490, .495.)”) (emphasis added); *In the Matter of the Application  
of PacifiCorp*, Docket UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the  
Centralia generating plant); *In the Matter of Portland General Electric*, Docket UP 158, Order No.  
00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of  
the Application of Portland General Electric*, Docket UP 165/UP 170, Order No. 99-730, at 7 (Nov.  
29, 1999) (regarding the sale of the Centralia generating plant).



1 the asset. The purchase price is equal to the net book value of the asset, which will result in  
2 no after tax gain or loss to either Idaho Power or PacifiCorp. As described in Section III, the  
3 capacitor bank is no longer necessary for Idaho Power's transmission system to continue to  
4 provide safe, reliable, and efficient electricity to its customers. The capacitor bank is,  
5 however, needed on PacifiCorp's system. The sale allows PacifiCorp to make upgrades to  
6 its interconnected transmission system that will increase the overall reliability and safety of  
7 the regional transmission system—including Idaho Power's transmission system.

8 **M. Reasons relied upon for entering into the proposed transaction;  
9 benefits to customers**

10 Please refer to Section III and subsection L above.

11 **N. Amount of stock, bonds, or other securities, now owned, held or  
12 controlled by applicant, of the utility from which stock or bonds are  
13 proposed to be acquired**

14 Not applicable. See request for waiver in Section VII below.

15 **O. Statement of franchises held; date of expiration; facilities of transferees**

16 Not applicable. See request for waiver in Section VII below.

17

18 **VI. Compliance with OAR 860-027-0025(2) Filing Requirements**

19 **A. Exhibit A. Articles of Incorporation**

20 See request for waiver in Section VII below.

21 **B. Exhibit B. Bylaws**

22 See request for waiver in Section VII below.

23 **C. Exhibit C. Resolution of directors authorizing transaction**

24 The Board of Directors will review this proposed transaction at its upcoming meeting  
25 on November 19, 2009. Upon approval the Company will file the resolution authorizing the  
26 transaction.

27

28

1           **D.     Exhibit D. Mortgages, trust, deeds or indentures securing obligation of**  
2                           **each party**

3           Copies of Mortgage and Deed of Trust, including First Supplemental Indenture, are  
4 on file with the Commission in Docket UF 795; Second Supplemental Indenture in Docket  
5 UF 1102; Third Supplemental Indenture in Docket UF 1247; Fourth Supplemental Indenture  
6 in Docket UF 1351; Fifth Supplemental Indenture in Docket UF 1467; Sixth Supplemental  
7 Indenture in Docket UF 1608; Seventh Supplemental Indenture of Docket UF 2000; Eighth  
8 and Ninth Supplemental Indentures in Docket UF 2068; Tenth Supplemental Indenture in  
9 Docket UF 2146; Eleventh Supplemental Indenture in Docket UF 2159; Twelfth  
10 Supplemental Indenture in Docket UF 2188; Thirteenth Supplemental Indenture in Docket  
11 UF 2253; Fourteenth Supplemental Indenture in Docket UF 2304; Fifteenth Supplemental  
12 Indenture in Docket UF 2466; Sixteenth Supplemental Indenture in Docket UF 2545;  
13 Seventeenth Supplemental Indenture in Docket UF 2596; Eighteenth Supplemental  
14 Indenture in Docket UF 2944; Nineteenth Supplemental Indenture in Docket UF 3063;  
15 Twentieth Supplemental Indenture and Twenty-first Supplemental Indentures in Docket UF  
16 3110; Twenty-second Supplemental Indenture in Docket UF 3274; Twenty-third  
17 Supplemental Indenture in Docket UF 3457; and Twenty-fourth Supplemental Indenture in  
18 Docket UF 3614; Twenty-fifth Supplemental Indenture in Docket UF 3758; Twenty-sixth  
19 Supplemental Indenture in Docket UF 3782; Twenty-seventh Supplemental Indenture in  
20 Docket UF 3947; Twenty-eighth Supplemental Indenture in Docket UF 4022; Twenty-ninth  
21 Supplemental Indenture in Docket UF 4014; Thirtieth Supplemental Indenture in Docket UF  
22 4033; Thirty-first Supplemental Indenture in Docket UF 4033; Thirty-second Supplemental  
23 Indenture in Docket UF 4053; Thirty-third Supplemental Indenture in Case UF 4088; Thirty-  
24 fourth Supplemental Indenture in Docket UF 4111; Thirty-fifth Supplemental Indenture in  
25 Docket UF 4175; Thirty-sixth Supplemental Indenture in Docket UF 4181; Thirty-seventh  
26 Supplemental Indenture in Docket UF 4196; Thirty-ninth Supplemental Indenture in Docket

1 UF 4200; Fortieth Supplemental Indenture in Docket UF 4211; and Forty-first Supplemental  
2 Indenture in Docket UF 4227, reference to all of which is hereby made.

3           **E.     Exhibit E. Balance sheet showing booked amounts, adjustments to**  
4                   **record the proposed transaction and pro forma, with supporting fixed**  
5                   **capital or plant schedules in conformity with the forms in the annual**  
6                   **report**

7           The sale of the assets did not materially affect the Company's balance sheet. See  
8           request for waiver in Section VII below.

9           **F.     Exhibit F. Known contingent liabilities**

10           There are no known contingent liabilities associated with this transaction. See  
11           request for waiver in Section VII below.

12           **G.     Exhibit G. Comparative income statements showing recorded results of**  
13                   **operations, adjustments to record the proposed transaction and pro**  
14                   **forma, in conformity with the form in the annual report**

15           The sale of the assets did not materially affect the Company's income statements.  
16           See request for waiver in Section VII below.

17           **H.     Exhibit H. Analysis of surplus for the period covered by income**  
18                   **statements referred to in G**

19           The sale of the assets does not materially affect the Company's income statements.  
20           See request for waiver in Section VII below.

21           **I.     Exhibit I. Copy of contract for transaction and other written instruments**

22           Included with this Application as Attachment 1 is a copy of the Asset Purchase  
23           Agreement.

24           **J.     Exhibit J. Copy of each proposed journal entry to be used to record the**  
25                   **transaction**

26           Please refer to Attachment 3.

1           **K.     Exhibit K. Copy of each supporting schedule showing the benefits, if**  
2                           **any, which each applicant relies upon to support the facts required by**  
3                           **(1)(l) of this rule and reasons as required by (1)(m).**

4           The Company relies upon this Application and attached documentation to provide  
5 support for OAR 860-027-0025(1)(l) and (1)(m). See request for waiver in Section VII  
6 below.

7                           **VII.     Request for Waiver of certain filing requirements**

8           Idaho Power seeks a waiver of the following requirements set forth in OAR 860-027-  
9 0025(1) and (2).

10           (a)     The information required by OAR 860-027-0025(1)(a)-(e) and (h)-(m) is  
11 provided in the Application. Idaho Power requests the Commission waive the requirements  
12 of OAR 860-027-0025(1)(f), (g), (n) and (o) because this transaction does not involve the  
13 acquisition or sale of financial instruments. A grant of this waiver will not impede the  
14 Commission's analysis of this Application.

15           (b)     OAR 860-27-0025(2)(a) and (b) require submission of a copy of the  
16 Company's articles of incorporation and bylaws. Due to the burdensome nature of these  
17 requirements, Idaho Power respectfully requests a waiver of these filing requirements. The  
18 production of these documents also would not advance the Commission's analysis of this  
19 application. The transaction at issue here does not affect the Company's corporate  
20 structure or governance.

21           (c)     OAR 860-27-0025(2)(e) requires submission of balance sheets showing  
22 booked amounts, adjustments to record the proposed transaction, and pro forma  
23 information. Idaho Power respectfully requests that the requirement to provide pro forma  
24 information be waived because the subject transaction is not expected to materially affect  
25 the Company's financial statements.

26           (d)     OAR 860-27-0025(2)(f) requires submission of a statement of all known  
contingent liabilities as of the date of the Application. Idaho Power respectfully requests a

1 waiver of this requirement because the Company is unaware of any contingent liabilities that  
2 remain outstanding as of the date of this Application.

3 (e) OAR 860-27-0025(2)(g) and (h) require submission of comparative income  
4 statements showing the results of operations as affected by the transaction and an analysis  
5 of "surplus" for the period of the income statements, respectively. For the reasons set forth  
6 in Section VII(e) above, the Company respectfully requests a waiver of these requirements.

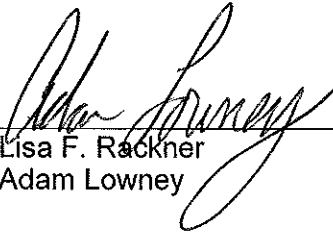
7 (f) OAR 860-27-0025(2)(k) requires submission of schedules upon which the  
8 applicant relies for the contention that the transaction is in the public interest. The Company  
9 relies upon the statements made in this application and respectfully requests a waiver of this  
10 filing requirement.

11 **VIII. Prayer for Relief**

12 Idaho Power respectfully requests a Commission order finding that the sale of the  
13 Goshen Capacitor Bank will not harm Idaho Power's customers and is consistent with the  
14 public interest.

15 DATED this 13<sup>th</sup> day of November, 2009.

16 MCDOWELL & RACKNER PC

17  
18   
19 Lisa F. Rackner  
Adam Lowney

20  
21 IDAHO POWER COMPANY  
22 Donovan Walker  
23 PO Box 70  
24 Boise, ID 83707-0070  
25 Telephone: 208-388-5317  
26 Facsimile: 208-388-6936  
Email: [dwalker@idahopower.com](mailto:dwalker@idahopower.com)

Attorneys for Idaho Power Company

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

IDAHO POWER COMPANY

---

Attachment 1  
Asset Purchase Agreement

**ASSET PURCHASE AGREEMENT**

**by and between**

**IDAHO POWER COMPANY  
“Seller”**

**and**

**PACIFICORP  
“Buyer”**

**dated as of July 31, 2009**

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “**Agreement**”) dated as of July 31, 2009, (the “**Agreement Date**”) is made and entered into by and between PacifiCorp, an Oregon corporation (“**Buyer**”) and Idaho Power Company, an Idaho corporation (“**Seller**”). Seller and Buyer are sometimes referred to in this Agreement individually as a “**Party**” and, collectively, as the “**Parties**,” in each case as the context may require.

### RECITALS

- A. Seller is the owner of the Purchased Assets (as defined herein).
- B. Buyer and Seller are parties to the Restated and Amended Transmission Facilities Agreement, dated February 15, 2007 (“**RATFA**”), pursuant to which Buyer makes an annual use of facilities payment to Seller associated with the Purchased Assets..
- C. Seller and Buyer executed the Populus Construction Agreement dated as of March 2, 2009, which describes the terms and conditions associated with the installation and delivery of the Purchased Assets to Seller’s Borah substation on the Borah to Ben-Lomond 345 kV line located in southeast Idaho.
- D. Seller desires to sell and assign to Buyer, and Buyer desires to purchase from Seller, the Purchased Assets on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE I. DEFINITIONS AND INTERPRETATION

1.1 Definitions. Capitalized terms used herein or in any Seller Related Documents or Buyer Related Documents have the meanings set forth in this Agreement or **Exhibit A** hereto.

1.2 Interpretation. The following rules of interpretation apply throughout this Agreement and in any Seller Related Documents and Buyer Related Documents:

(a) The word “or” is used in the inclusive sense of “and/or.” The word “including” (and “include” and variations thereof) means including without limiting the generality of any description preceding such term. The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to “Articles,” “Sections,” “Exhibits” and “Schedules” are intended to refer to Articles or Sections of this Agreement and Exhibits or Schedules to this Agreement.

(c) Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to both genders.

(d) Unless otherwise specified, all references to monetary amounts are to currency of the United States of America.

(e) Whenever Seller agrees to take or refrain from taking action, such provision shall be read to include the agreement of each Affiliate of Seller to take or refrain from taking such action.

(f) When calculating the period of time before which, within which or following which any act is to be done or step is to be taken under this Agreement, the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

(g) This Agreement is the result of negotiations between, and has been reviewed by, the Parties and their respective legal counsel. Accordingly, this Agreement shall be deemed to be the product of each Party, and there shall be no presumption that an ambiguity should be construed in favor of or against a Party solely as a result of such Party’s actual or alleged role in the drafting of this Agreement and any law, regulation, or rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement, the Seller Related Documents and Buyer Related Documents.

## ARTICLE II. PURCHASE AND SALE

2.1 Purchased Assets. Pursuant to the RATFA, Buyer shall continue to pay the annual use of facilities charges associated with the Purchased Assets as invoiced by Seller in the Interim Period. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, assign, convey, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of all Encumbrances, all of Seller’s right, title and interest in and to the property, tangible or intangible, constituting the Purchased Assets set forth on **Schedule 2.1.**

2.2 Liabilities Not Assumed. Buyer does not assume, and shall have no responsibility for, any Liability of Seller, including without limitation any Liability relating to the Purchased Assets which have arisen, been accrued or incurred, or are otherwise based on events taking place, prior to and as of the Closing including Liability for Taxes arising as a result of the Contemplated Transaction. Seller shall remain fully responsible for all Liabilities. Buyer shall be entitled to forward to Seller all invoices or other claims or evidences of Liability for which

Seller is responsible which Buyer shall receive and Buyer shall have no obligation to make any payment thereon. If Buyer has, at its election, made any such payments, Buyer shall be entitled to reimbursement therefor.

2.3 Purchase Price. The total consideration for the Purchased Assets will be \$6,698,610 (the “**Purchase Price**”).

2.4 Payment. On the Closing Date (defined below), Buyer shall pay to Seller the Purchase Price, in cash by wire transfer to an account or accounts designated by Seller.

2.5 Closing. Unless this Agreement is terminated pursuant to its terms, the closing (the “**Closing**”) of the purchase and sale of the Purchased Assets (the “**Contemplated Transaction**”) shall take place at the offices of PacifiCorp located at 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232, or at such other place as Buyer and Seller mutually agree on, at 10:00 a.m., local time, on a date (“**Closing Date**”) mutually agreed on by the Parties but that is no more than ten (10) Business Days after satisfaction or waiver of the conditions specified in ARTICLE VII and ARTICLE VIII (other than conditions that by their terms are to be satisfied on the Closing Date).

2.6 Closing Deliveries by Seller. At Closing, Seller shall deliver to Buyer (in form and substance acceptable to Buyer) each of the following, duly executed:

(a) This Agreement and all Seller Related Documents necessary or desirable to convey the Purchased Assets to Buyer, in accordance with Section 2.1 hereof, all duly executed by Seller and duly acknowledged or executed by any required third parties, where applicable.

(b) A certificate duly executed by an authorized officer of Seller, dated the Closing Date, stating that each of the conditions set forth in ARTICLE VII, other than the condition set forth in Section 7.9, has been satisfied.

(c) A certificate duly executed by an authorized officer of Seller, dated the Closing Date, setting forth and certifying (i) the text of the resolutions of the board of directors (or similar body) of Seller authorizing the execution, delivery, and performance of this Agreement and each Seller Related Document to which such Seller is a party; (ii) the text of the resolutions of the board of directors (or similar body) of Seller authorizing the release of any mortgages associated with the Purchased Assets; (iii) the incumbency and signature of the officer(s) of Seller executing this Agreement and the Seller Related Documents and (iv) the Original Cost and the Accumulated Provision for Depreciation and Amortization for the Purchased Assets as of the Closing Date.

(d) All Seller Required Consents, duly executed by all appropriate parties thereto.

(e) Each Seller Related Document.

(f) Such other certificates, documents and instruments as Buyer reasonably requests for the purpose of (i) evidencing the accuracy of Seller’s representations and warranties contained in this Agreement and any Seller Related Document, (ii) evidencing the performance

and compliance by Seller with its covenants, obligations and agreements contained in this Agreement and any Seller Related Document, (iii) evidencing the satisfaction of any condition referred to in ARTICLE VII, or (iv) otherwise facilitating the consummation of the Contemplated Transaction.

2.7 Closing Deliveries by Buyer. At Closing, Buyer shall deliver to Seller (in form and substance acceptable to Seller) each of the following, duly executed:

- (a) This Agreement;
- (b) A certificate duly executed by an authorized officer of Buyer, dated the Closing Date, stating that the conditions set forth in ARTICLE VIII have been satisfied.
- (c) A certificate duly executed by an authorized officer of Buyer, dated the Closing Date, setting forth and certifying (i) the text of the resolutions of the board of directors of Buyer authorizing the execution, delivery, and performance of this Agreement and each Buyer Related Document, if applicable and (ii) the signatures and incumbency of the officers of Buyer.
- (d) Such other Buyer Related Documents as Seller reasonably requests for the purpose of (i) evidencing the accuracy of Buyer's representations and warranties, (ii) evidencing the performance and compliance by Buyer with its agreements contained in this Agreement, (iii) evidencing the satisfaction of any condition referred to in ARTICLE VIII, or (iv) otherwise facilitating the consummation of the Contemplated Transaction.

2.8 Closing Costs. The Parties shall each be responsible for payment of their respective costs and fees incurred in connection with activities required or related to completion of the Contemplated Transaction.

2.9 Tax Matters. Notwithstanding any other provision of this Agreement, responsibility for payment of any and all Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by Seller. Seller shall, at its own expense, file, to the extent required by Law, all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and Buyer will be entitled to review such return in advance and, if required by applicable Law, Buyer shall join in the execution of any such Tax Returns or other required documentation.

2.10 Prorations. Buyer and Seller agree that, except as otherwise set forth in this Agreement, all of the items normally prorated relating to the Purchased Assets, including any Taxes and other items payable by or to Seller under any of the Transferred Contracts to be assigned to and assumed by Buyer hereunder, shall be prorated as of the effective time of the Closing on the Closing Date, with Seller liable to the extent such items relate to any time period through the effective time of the Closing on the Closing Date, and Buyer liable to the extent such items relate to any time period subsequent to the effective time of the Closing on the Closing Date.

2.11 Further Assurances. From time to time, whether before, at or after Closing, Buyer and the Seller will execute and deliver such further instruments, in form and substance

reasonably satisfactory to the other, and take such other action as may be reasonably necessary to carry out the purposes and intent of this Agreement, including to assure that Buyer has acquired the Purchased Assets free and clear of Encumbrances.

### ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller represents and warranties to Buyer that the statements contained in this ARTICLE III are true and correct as of the date hereof and will be true and correct as of the Closing Date.

3.1 Organization and Good Standing; Authority. Seller is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. Seller has all requisite power and authority to enter into this Agreement and each of the Seller Related Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and each of the Seller Related Documents and the performance by Seller of its obligations hereunder and thereunder have been duly and validly authorized by all necessary action on behalf of Seller. This Agreement and each of the Seller Related Documents have been duly and validly executed and delivered by Seller and constitute the legal, valid and binding obligation of Seller enforceable against Seller in accordance with their respective terms except that the enforcement hereof and thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

#### 3.2 No Conflict.

(a) Neither the execution and delivery of this Agreement nor the consummation or performance of the Contemplated Transaction will, directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of Seller, or (B) any resolution adopted by the governing body of Seller; (ii) contravene, conflict with, or result in a violation of, or give any Governmental Authority or other Person the right to challenge the Contemplated Transaction or to exercise any remedy or obtain any relief under, any Law or any Order to which Seller, or any of the Purchased Assets, may be subject; (iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization included in the Purchased Assets; (iv) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or result in the importing, acceleration or increase of any payments or amounts due under, or to cancel, terminate, or modify, any Transferred Contract; or (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Purchased Assets.

(b) **Schedule 5.1(a)** contains a complete and accurate list of all Required Notices and Seller Required Consents. Seller has given all Required Notices and obtained all Seller Required Consents.

3.3 Title. Subject to the Encumbrance specified in **Schedule 3.3** Seller has good, valid and marketable title to all of the Purchased Assets, free and clear of all Encumbrances, and will effectively convey to Buyer at Closing, good and marketable title to all of the Purchased Assets, free and clear of all Encumbrances (whether or not disclosed to Buyer).

3.4 Condition of Purchased Assets. **Schedule 2.1** contains a complete and accurate list of all Purchased Assets and (i) all Purchased Assets are in good condition (ordinary wear and tear excepted), no Purchased Asset is in need of any repair or maintenance (other than normal and routine repair and maintenance), and (ii) there are no facts or conditions affecting the Purchased Assets which could interfere in any material respect with the use or operation thereof or their adequacy for such use.

3.5 Sufficiency of Assets. The Purchased Assets comprise all the properties and assets necessary or desirable to use and operate the Capacitor Bank after Closing in substantially the same manner as conducted prior to Closing or, if the Capacitor Bank was not in use or being operated prior to the Closing, in the manner in which Capacitor Banks are customarily used and operated.

3.6 No Material Adverse Effect. There has not been a Material Adverse Effect, and no event has occurred or circumstance exists that may result in a Material Adverse Effect.

3.7 Compliance with Laws; Governmental Authorizations. (i) Seller is, and has at all times been, in full compliance with each Law that is or was applicable to the Purchased Assets; (ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a violation or failure to comply with, any Law affecting the Purchased Assets, or (B) may require undertaking or bearing any cost of remedial action of any nature in connection with the Purchased Assets; and (iii) in connection with the Purchased Assets, Seller has not received at any time any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Law, or (B) any actual, alleged, possible, or potential obligation to undertake, or bear any cost of, any remedial action of any nature.

3.8 Legal Proceedings; Orders.

(a) There is no pending Proceeding (i) that has been commenced by or against Seller or that otherwise relates to or may affect the Purchased Assets; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, the Contemplated Transaction. To Seller's knowledge, (1) no such Proceeding has been threatened and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding.

(b) (i) There is no Order to which any of the Purchased Assets is subject; and (ii) Seller is not subject to any Order that relates to the Purchased Assets.

3.9 Insurance. Seller maintains and has at all times during which it has owned the Purchased Assets maintained without any gaps in coverage, (a) insurance on all of the Purchased



Assets covering property damage and by fire or other casualty and (b) adequate insurance protection against all liabilities, claims and risks relating to the Purchased Assets which it is customary and appropriate to insure, including general liability, professional liability, fire, theft, casualty, workmen's compensation, employee fidelity and other casualty and liability insurance. **Schedule 3.9** contains a complete and accurate list (including type of coverage, limits of liability, and deductibles) of all insurance policies, currently in effect and covering the Purchased Assets. All such policies are in full force and effect, Seller has paid all premiums due thereon in a timely manner, there were no misrepresentations in the applications for such policies, Seller is in compliance with each such policy, and no insurer thereunder has given notice of cancellation or premium increase with respect to any such insurance policy. There is no claim by Seller relating to the Purchased Assets pending under any such insurance policy as to which the insurer has questioned, denied, or disputed coverage.

3.10 Tax Matters. All Tax Returns that are required to be filed on or before the Closing Date by, on behalf of or relating to Seller or its financial results have been or will be duly and timely filed or are the subject of a timely filed and valid extension. All Taxes that are shown to be due on such Tax Returns with respect to the Purchased Assets have been or will be timely paid in full. Seller does not have in force any waiver of any statute of limitations in respect of Taxes or any extension of time with respect to a Tax assessment or deficiency. There are no pending or active audits or, to Seller's knowledge, threatened audits or proposed deficiencies or other claims for unpaid Taxes of Seller.

3.11 Full Disclosure.

(a) No representation or warranty of Seller in this Agreement and no statement in the Schedules omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(b) No notice given pursuant to Section 5.6 will contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading.

3.12 Solvency

(a) Seller is not now insolvent, and Seller will not be rendered insolvent by the Contemplated Transaction. As used in this Section, "**insolvent**" means that the sum such Seller's debts and other probable Liabilities exceeds the present fair saleable value of such Seller's assets.

(b) Immediately after giving effect to the consummation of the Contemplated Transaction, (i) Seller will be able to pay its Liabilities as they become due in the usual course of its business, (ii) Seller will not have unreasonably small capital with which to conduct its present or proposed business, (iii) Seller will have assets (calculated at fair market value) that exceed its Liabilities and (iv) taking into account all pending and threatened litigation, final judgments against Seller in actions for money damages are not reasonably anticipated to be rendered at a time when, or in amounts such that, such Seller will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum probable amount of

such judgments in any such actions and the earliest reasonable time at which such judgments might be rendered) as well as all other obligations of such Seller. The cash available to Seller, after taking into account all other anticipated uses of the cash, will be sufficient to pay all such debts and judgments promptly in accordance with their terms.

3.13 Brokers or Finders. Neither Seller nor any of its respective agents have incurred any Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or the Contemplated Transaction and will indemnify and hold Buyer harmless from any such payment alleged to be due.

3.14 Environmental Matters.

(a) Seller has made available to Buyer, true and complete copies of all environmental site assessment reports, studies and related documents in the possession of, or available to, Seller or its Affiliates and that relate to environmental matters in connection with the operation of the Purchased Assets.

(b) Except as set forth on **Schedule 3.14(b)**:

(i) Seller has not been served with notice of any Environmental Claims and, to Seller's Knowledge, no Environmental Claims are threatened against Seller by any Governmental Authority or other Person (including any private citizen's group) under any Environmental Laws;

(ii) there has been no event or occurrence related to the Purchased Assets that has caused or reasonably would be expected to cause Seller to fail to comply with any applicable Environmental Laws in any material respect;

(iii) there has been no Release of any Hazardous Material at or from the Purchased Assets that could reasonably be expected to result in an Environmental Claim;

(iv) there are not outstanding, nor have there been issued, any judgments, decrees or judicial orders relating to the Purchased Assets regarding (A) compliance with any Environmental Law or (B) the investigation or cleanup of Hazardous Materials under any Environmental Law;

(v) Seller is, and at all times has been, in compliance with, in all material respects, and has not been and is not in violation of or liable in any material respect under, any Environmental Law in connection with the Purchased Assets; and

(vi) To Seller's Knowledge, there are no Environmental Liabilities associated with the Purchased Assets that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

ARTICLE IV.  
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this ARTICLE IV are true and correct as of the date hereof and will be true and correct as of the Closing Date.

4.1 Organization and Good Standing; Authority. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Oregon. Buyer has all corporate power and authority to enter into this Agreement and each of the Buyer Related Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and each of the Buyer Related Documents and the performance by Buyer of its obligations hereunder and thereunder have been duly and validly authorized by all necessary action on behalf of Buyer. This Agreement and each of the Buyer Related Documents have been duly and validly executed and delivered by Buyer and constitute the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with their respective terms except that the enforcement hereof and thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

4.2 No Conflict. Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of the Contemplated Transaction by Buyer will give any Person the right to prevent, delay, or otherwise interfere with the Contemplated Transaction pursuant to (i) any provision of Buyer's Organizational Documents; (ii) any resolution adopted by the governing body or shareholders of Buyer, if applicable; (ii) any Law or Order to which Buyer may be subject; or (iii) any Contract to which Buyer is a party or by which Buyer may be bound.

4.3 Certain Proceedings. There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, the Contemplated Transaction. To Buyer's knowledge, no such Proceeding has been threatened.

4.4 Brokers or Finders. Buyer has incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or the Contemplated Transaction and will indemnify and hold Seller harmless from any such payment alleged to be due.

ARTICLE V.  
COVENANTS

5.1 Regulatory Approvals.

(a) From the date of this Agreement until the earlier of the Closing or termination of this Agreement in accordance with its terms (the "**Interim Period**"), Seller will, in order to consummate the Contemplated Transaction (including the transfer of the Transferred Contracts to Buyer), take such reasonable steps as are necessary or desirable, and proceed diligently and in

good faith and use all reasonable efforts to expedite and obtain the Required Consents, and to make all filings with, and to give all notices to, Governmental Authorities, and provide such other information and communications to such Governmental Authorities or other Persons, as such Governmental Authorities or other Persons may reasonably request in connection therewith. Buyer covenants that, during the Interim Period, Buyer will, in order to consummate the Contemplated Transaction (including the transfer of the Transferred Contracts to Buyer), take such reasonable steps as are necessary or desirable, and proceed diligently and in good faith and use all reasonable efforts to expedite and obtain the Required Consents, and to make all filings with, and to give all notices to, Governmental Authorities, and provide such other information and communications to such Governmental Authorities or other Persons, as such Governmental Authorities or other Persons may reasonably request in connection therewith. **Schedule 5.1(a)** contains a complete and accurate list of each Required Consent to be obtained in connection with consummation of the Contemplated Transaction. Without limiting the generality of the foregoing, each Party shall provide, and cause its respective Affiliates to provide, true and accurate information in a timely manner with respect to all filings with and notices to Governmental Authorities. Nothing in this Section 5.1(a) shall be construed to require Buyer to take any action with respect to filings with or notices to Governmental Authorities that in Buyer's discretion could materially adversely affect any other proceeding with such Governmental Authority. Each Party will cooperate fully in good faith with the other Party with respect to all filings that are required by Law or that such other Party elects to make in connection with the Contemplated Transaction. Each Party will also cooperate fully in good faith with the other in obtaining all material consents and approvals required under this Agreement.

(b) Each Party will provide the other Party with a reasonable opportunity to review and provide prior comment upon any notices, filings or other submissions that the Party plans to deliver or submit to any Governmental Authority, and will promptly provide to such other Party a copy of any such notices or filings. Each Party will provide prompt notification to the other Party when any approval referred to in Section 5.1(a) is obtained, taken, made or given, as applicable, and will advise the other Party of any material communications with any Governmental Authority from which such approval is required regarding any pending application or request for approval by such Governmental Authority of any of the transactions contemplated by this Agreement.

(c) Buyer shall prepare, as soon as is reasonably practicable following the execution of this Agreement, all necessary filings in connection with the Contemplated Transaction required to be made by Buyer with FERC, under Section 203 of the Federal Power Act of 1935, and Part 33 of the FERC Regulations (18 CFR Part 33), for the approval of the Contemplated Transaction. The Parties shall promptly make any appropriate or necessary subsequent or supplemental filings and shall cooperate in the preparation of such filings as is reasonably necessary and appropriate.

(d) To the extent that any Transferred Contract is not assignable without the consent of another party, then this Agreement shall not constitute an assignment or attempted assignment thereof if such assignment or attempted transfer thereof would constitute a breach thereof or a default thereunder. Without limiting the provisions of Section 5.1(a), if any such consent shall

not be obtained, or if any attempted assignment of a Transferred Contract would be ineffective or would impair Buyer's rights and obligations such that Buyer would not in effect acquire the benefit of substantially all of such rights and obligations, Seller shall cooperate with Buyer in any reasonable arrangement, to the extent legally permissible, designed to provide for Buyer the benefits intended to be assigned to Buyer under the Transferred Contract, including enforcement at the cost and for the account of Buyer of any and all rights of Seller against the other party thereto arising out of the breach or cancellation thereof by such party or otherwise. If and to the extent that such arrangement is not made in a manner reasonably satisfactory to Buyer, Buyer shall have no obligation with respect to such Transferred Contract. The provisions of this Section 5.1(d) shall not affect the right of Buyer not to consummate the Contemplated Transaction if the conditions to Buyer's obligations set forth in ARTICLE VII have not been fulfilled.

5.2 Additional Affirmative Covenants of Seller. During the Interim Period, Seller shall:

- (a) Use its best efforts to preserve intact the Purchased Assets;
- (b) Operate and maintain the Purchased Assets in the usual and ordinary course consistent with Good Operating Practices, including maintaining all services, personnel, and agreements with suppliers and others related to the Purchased Assets;
- (c) Maintain or cause to be maintained all insurance policies (or reasonably equivalent renewals or replacements thereof) covering the Purchased Assets until the Closing;
- (d) Take any and all commercially reasonable actions necessary or appropriate to ensure that Seller Required Notices are given and that all Required Consents and Seller Required Consents are obtained on or before the Closing. Seller shall otherwise cooperate with Buyer and use its best efforts to make all registrations, filings, and applications and to cause the other conditions to Buyer's obligation to close to be satisfied;
- (e) Take all actions that are reasonably necessary or appropriate to ensure that the representations and warranties in ARTICLE III remain true and correct in all respects at the Closing;
- (f) Bring about, as soon as practical after the date hereof, the satisfaction of all the conditions set forth in ARTICLE VII;
- (g) Supplement or amend the Schedules to this Agreement (1) to correct any matter that, if not so supplemented or amended, would constitute a breach of any representation or warranty of Seller, and (2) with respect to any matter arising after the Agreement Date, to include any matter that if existing at, or occurring on, the Agreement Date, would have been required to be set forth or described on any such Schedule; and
- (h) Confer with Buyer concerning matters of a material nature affecting the Purchased Assets; and otherwise report periodically to Buyer concerning the status of the Purchased Assets.

5.3 Negative Covenants. During the Interim Period, Seller will not, without the prior consent of Buyer:

- (a) Permit, allow, or suffer to exist any Encumbrance against any of the Purchased Assets;
- (b) Sell, lease (as lessor), transfer, convey or otherwise dispose of any Purchased Assets (including by way of merger, liquidation or dissolution);
- (c) Make any material change in the operations of the Purchased Assets;
- (d) Prohibit payment of or delay payment of or prohibit or delay discharge of any Assumed Liability;
- (e) Grant any waiver of any material term under, or give any material consent with respect to, any Transferred Contract;
- (f) Take or omit to take any action which, individually or in the aggregate, has or could be reasonably anticipated to have a Material Adverse Effect or the rights of Buyer under this Agreement;
- (g) Take or omit to take any action that would require notification under Section 5.6 if each representation and warranty herein were remade as of the time of such action or omission; or
- (h) Agree or commit to do any of the foregoing.

Notwithstanding the foregoing, Seller may take commercially reasonable actions with respect to emergency situations affecting the Purchased Assets so long as Seller shall, upon receipt of notice of any such actions, promptly inform Buyer of any such emergency actions taken outside the ordinary course of business.

5.4 No Duty to Accept Changes. Notwithstanding anything to the contrary contained in this Agreement (including obligations to act commercially reasonably), Buyer shall not be required to accept or honor (nor shall any Seller be permitted to accept or honor except with Buyer's prior written consent) any conditions, changes, modifications or additions to, or in connection with, any Transferred Contracts or the Purchased Assets (or any portion thereof), other than modifications of a ministerial nature.

5.5 Access and Investigation. During the Interim Period, Seller and its Representatives will (a) afford Buyer and its Representatives (collectively, "**Buyer's Advisors**") full and free access to the Purchased Assets and all of Seller's contracts, books and records, and documents and data related to the Purchased Assets, (b) furnish to Buyer and Buyer's Advisors copies of all such contracts, books and records, and other existing documents and data related to the Purchased Assets as Buyer may reasonably request, and (c) furnish to Buyer and Buyer's Advisors such additional financial, operating, and other data and information related to the Purchased Assets as Buyer may reasonably request.

5.6 Notification. During the Interim Period, Seller will promptly notify Buyer in writing if Seller becomes aware of any fact or condition that causes or constitutes a breach of any of Seller's representations and warranties as of the Agreement Date, or if Seller becomes aware of the occurrence after the Agreement Date of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the Interim Period, Seller will promptly notify Buyer of the occurrence of any breach of any covenant of the Seller in this Agreement or of the occurrence of any event that may make the satisfaction of the conditions in ARTICLE VII and ARTICLE VIII of this Agreement impossible or unlikely. Notwithstanding anything to the contrary, no such notice or disclosure shall be deemed to amend or supplement the Schedules or to prevent or cure any misrepresentation or breach.

5.7 Exclusivity. Until such time, if any, as this Agreement is terminated in accordance with its terms, Seller will not directly or indirectly, through any Representative or otherwise, enter into or agree to enter into any transaction with respect to, or solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any other person relating to, the acquisition of the Purchased Assets, in whole or in part. Seller shall promptly notify Buyer of any such inquiry or proposal.

5.8 Best Efforts. During the Interim Period, Seller shall use its best efforts to cause the conditions in ARTICLE VII and ARTICLE VIII to be satisfied.

## ARTICLE VI. ADDITIONAL AGREEMENTS

6.1 Expenses. Each Party shall pay its own, fees, costs and expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees and expenses) incurred in connection with or related to the sales process, the negotiation of this Agreement, the Seller Related Documents, and the Buyer Related Documents, the performance of its obligations hereunder and thereunder, and the consummation of the Contemplated Transaction, including all fees, costs and expenses arising from any breach of any provision of this Agreement; provided, however, that if (a) Seller breaches any provision of this Agreement, whether or not the Contemplated Transaction is consummated or (b) before May 1, 2010, or such later date as may be agreed to by the Parties pursuant to Section 9.1(e), Seller consummates a transaction described in Section 5.7 (Exclusivity) with a Person other than Buyer, in addition to any other rights and remedies that Buyer may have, Seller shall pay the fees, costs and expenses of Buyer and its Affiliates incurred in connection with the due diligence review, negotiation, documentation, pursuit and closing of the Contemplated Transaction as well as all fees, costs and expenses arising from any such breach.

6.2 Risk of Loss. During the Interim Period, all risk of loss or damage to the property included in the Purchased Assets shall be borne by Seller.

6.3 Delivery and Installation of Purchased Assets. Seller shall perform all work necessary to disconnect and transport the Capacitor Bank and Related Equipment from Seller's substation and install and reconnect the Capacitor Bank and Related Equipment at such location as Buyer may direct, all in accordance with the terms of the Populus Construction Agreement, dated as of March 2, 2009, by and between Buyer and Seller.

## ARTICLE VII. CONDITIONS TO OBLIGATIONS OF BUYER

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing only by Buyer, in whole or in part):

7.1 Accuracy of Representations. All of Seller's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall be true and correct as of the Agreement Date, and shall be true and correct as of the Closing Date as if made on the Closing Date.

7.2 Seller's Performance. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of the covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

7.3 Deliveries. Each document required to be delivered pursuant to Section 2.6 shall have been delivered.

7.4 Consents and Approvals. Each of the Required Consents shall have been obtained and be in full force and effect and such actions as Buyer's counsel may reasonably require will have been taken in connection therewith.

7.5 Readiness of Purchased Assets. Buyer shall be satisfied that all Purchased Assets which are tangible property are available and ready for pick-up and transport. Buyer shall have the right to enter the site for the purpose of verification of Purchased Assets readiness.

7.6 Approvals of Governmental Authorities. All Required Consents of Governmental Authorities shall have been obtained with such terms and conditions as shall have been imposed by the Governmental Authority issuing such Consents, and such terms or conditions in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

7.7 No Prohibition. Neither the consummation nor the performance of the Contemplated Transaction will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause Buyer or any Person affiliated with Buyer to suffer any material adverse consequence under, (a) any applicable



Law or Order, or (b) any Law or Order that has been published, introduced, or otherwise proposed by or before any Governmental Authority.

7.8 No Proceedings. Buyer will have received evidence reasonably acceptable to it that no Litigation is pending or threatened (i) involving any challenge to, or seeking damages or other relief in connection with the Purchased Assets or the Contemplated Transaction, (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the Contemplated Transaction, (iii) seeking to prohibit direct or indirect ownership or operation by Buyer of the Purchased Assets, or to compel Buyer or any of its Affiliates to dispose of, or to hold separately, or to make any change in any portion of the business or assets of Buyer or its Affiliates as a result of the Contemplated Transaction, (iv) seeking to require direct or indirect transfer or sale by Buyer of, or to impose material limitations on the ability of Buyer to exercise full rights of ownership of, any of the Purchased Assets or (v) imposing or seeking to impose material damages or sanctions directly arising out of the Contemplated Transaction on Buyer or Seller or any of their respective officers or directors.

7.9 No Material Adverse Effect. There shall have been no change in or event relating to Seller that has had or that Buyer expects to have a Material Adverse Effect or a material adverse effect on the Contemplated Transaction.

#### ARTICLE VIII. CONDITIONS TO OBLIGATIONS OF SELLER

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing only by Seller, in whole or in part):

8.1 Accuracy of Representations. All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall be true and correct as of the date of this Agreement, and shall be true and correct as of the Closing Date as if made on the Closing Date.

8.2 Buyer's Performance.

(a) All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

(b) Each document required to be delivered pursuant to Section 2.7 shall have been delivered.

8.3 No Injunction. There shall not be in effect any Law or any injunction or other Order that (a) prohibits the sale of the Purchased Assets by Seller to Buyer and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

#### ARTICLE IX. TERMINATION

9.1 Termination. This Agreement may be terminated by written notice at any time prior to the Closing Date only in one of the following ways:

- (a) By the mutual written consent of Buyer and Seller.
- (b) By Buyer if a material breach of any provision of this Agreement has been committed by Seller or (ii) by Seller if a material breach of any provision of this Agreement has been committed by Buyer.
- (c) By Buyer if any of the conditions in ARTICLE VII has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through Buyer's breach of this Agreement) or (ii) by Seller if any of the conditions in ARTICLE VIII has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through Seller's breach of this Agreement).
- (d) By Buyer or Seller if Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before May 1, 2010, or such later date as the Parties may agree in writing.

9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1, neither Party shall have any continuing obligation hereunder, except that (a) Sections 6.1 (Expenses), ARTICLE XII (General Provisions), and this Section will survive any termination hereof and (b) if this Agreement is terminated due to a breach of a Party, then the other Party shall retain full rights to pursue all legal remedies notwithstanding termination.

#### ARTICLE X. SURVIVAL AND INDEMNIFICATION

10.1 Survival. All representations, warranties, covenants, and obligations in this Agreement, the Schedules, the certificates delivered pursuant to Sections 2.6 and 2.7, and any other certificate or document delivered pursuant to this Agreement will survive the Closing. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of Damages, or other remedy based on such representations, warranties, covenants, and obligations.

## 10.2 Indemnification.

(a) From and after the Closing, Seller hereby agrees to indemnify, defend and hold harmless Buyer and its Representatives and Affiliates from and against any and all Damages, whether or not involving a third-party Claim, resulting from or arising out of or in connection with:

- i. any breach of a representation or warranty made by Seller in this Agreement or any Seller Related Document;
- ii. the breach by Seller of, or default in the performance by Seller of, any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or in any Seller Related Document;
- iii. any Environmental Liabilities that accrue, arise or occur prior to the Closing; and
- iv. Liabilities which arise out of or are related to Seller's ownership of the Purchased Assets prior to Closing;

(b) From and after the Closing, Buyer hereby agrees to indemnify, defend and hold harmless Seller and its Representatives and Affiliates from and against any and all Damages, whether or not involving a third-party Claim, resulting from or arising out of or in connection with:

- i. any breach of a representation or warranty made by Buyer in this Agreement or any Buyer Related Document; and
- ii. the breach by Buyer of, or default in the performance by Buyer of, any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or in any Buyer Related Document; and

## 10.3 Time Limitations.

(a) If the Closing occurs, Seller will have Liability (for indemnification or otherwise) with respect to any breach of a representation or warranty in ARTICLE III (other than those in Sections 2.10, 3.3 and 3.10, as to which a claim may be made at any time), only if on or before the second anniversary of the Closing Date, Buyer notifies Seller of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Buyer.

(b) If the Closing occurs, Buyer will have Liability (for indemnification or otherwise) with respect to any breach of a representation or warranty in ARTICLE IV only if on or before the second anniversary of the Closing Date, Seller notifies Buyer of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Seller.

## 10.4 Procedure for Indemnification – Third-Party Claims.

(a) If any Party shall claim indemnification hereunder arising from any Claim of a third party, the Party seeking indemnification (the “**Indemnified Party**”) shall notify in writing the Party from which indemnification is sought (the “**Indemnifying Party**”) of the basis for such Claim, setting forth the nature of the Claim in reasonable detail. The failure of the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the defense of such Claim is materially prejudiced by the failure to give such notice.

(b) If any proceeding is brought by a third party against an Indemnified Party and the Indemnified Party gives notice to the Indemnifying Party pursuant to Section 10.4(a), the Indemnifying Party shall be entitled to participate in such proceeding and, to the extent that it wishes, to assume the defense of such proceeding, if (i) the Indemnifying Party provides written notice to the Indemnified Party that the Indemnifying Party intends to undertake such defense, (ii) the Indemnifying Party conducts the defense of the third-party Claim actively and diligently with counsel reasonably satisfactory to the Indemnified Party and (iii) if the Indemnifying Party is a party to the proceeding, the Indemnifying Party has not determined in good faith that joint representation would be inappropriate because of a conflict in interest. The Indemnified Party shall, in its sole discretion, have the right to employ separate counsel (who may be selected by the Indemnified Party in its sole discretion) in any such action and to participate in the defense thereof, and the fees and expenses of such counsel shall be paid by such Indemnified Party. The Indemnified Party shall fully cooperate with the Indemnifying Party and its counsel in the defense or compromise of such Claim. If the Indemnifying Party assumes the defense of a proceeding, no compromise or settlement of such Claims may be effected by the Indemnifying Party without the Indemnified Party’s consent unless (A) there is no finding or admission of any violation of Law or any violation of the rights of any Person and no effect on any other Claims that may be made against the Indemnified Party and (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party.

(c) If (i) the Indemnified Party gives notice to the Indemnifying Party of the commencement of any third-party legal proceeding and the Indemnifying Party does not, within ten (10) days after the Indemnified Party’s notice is given, give notice to the Indemnified Party of the Indemnifying Party’s election to assume the defense of such legal proceeding, (ii) any of the conditions set forth in clauses (i) through (iii) of Section 10.4(b) above become unsatisfied or (iii) an Indemnified Party determines in good faith that there is a reasonable probability that a legal proceeding may adversely affect it other than as a result of monetary damages for which it would be entitled to indemnification from the Indemnifying Party under this Agreement, the Indemnified Party shall (upon notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such Claim; provided that the Indemnifying Party shall reimburse the Indemnified Party for the Indemnified Party’s costs of defending against the third-party Claim (including reasonable attorneys’ fees and expenses) and the Indemnifying Party shall remain responsible for any indemnifiable amounts arising from or related to such third-party Claim to the fullest extent provided in this ARTICLE X. The Indemnifying Party may elect to participate in such legal proceedings, negotiations or defense at any time at its own expense.

ARTICLE XI.  
DISPUTE RESOLUTION

Except as may be expressly provided elsewhere in this Agreement to the contrary, any dispute arising out of or in connection with this Agreement or its performance, including but not limited to its validity, construction, or enforcement shall, to the extent possible, be resolved amicably by negotiation between the Parties represented by the signatories to this Agreement or their assigned agent or successor, prior to either party initiating legal action. Both Buyer and Seller agree to make good faith efforts to resolve any dispute under this Agreement as provided in this Article XI. If a Party believes a dispute exists that is subject to this Article XI, the Party shall provide the other Party with notice of such dispute. If the Parties have failed to resolve a dispute under this Article XI within thirty (30) days of such notice of dispute, either Party may seek any remedy that it may have in law or equity. Negotiations and meetings conducted pursuant to this Article XI shall be confidential and shall be treated as compromise and settlement discussions not admissible in any legal proceeding involving this Agreement, in accordance with state and federal Rules of Evidence.

ARTICLE XII.  
GENERAL PROVISIONS

12.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that notices sent by mail will not be deemed given until received:

If to Buyer, to:

PacifiCorp  
825 NE Multnomah Street, Suite 1600  
Portland, Oregon 97232  
Attention: John Cupparo, Vice President, Transmission  
Telephone No.: 503-813-7017  
Email: John.Cupparo@PacifiCorp.com

If to Seller, to:

Idaho Power  
P.O. Box 70  
1221 West Idaho  
Boise, Idaho 83707  
Attention: Lisa A. Grow, Vice President, Engineering and  
Operations  
Telephone No.: 208-388-2243  
Email: LGrow@Idahopower.com

12.2 Disclosure Schedules. Information set forth in the Schedules to this Agreement specifically refers to the section of this Agreement to which such information is responsive and such information shall not be deemed to have been disclosed with respect to any other article or section of this Agreement or for any other purpose, unless specifically cross-referenced to another schedule. The Schedules shall not vary, change or alter the language of the representations and warranties contained in this Agreement and, to the extent the language in the Schedules does not conform in every respect to the language of such representations and warranties, such language shall be disregarded and be of no force or effect. The right to indemnification or other remedy based on any representation, warranty, covenant or obligation herein or in any document delivered hereunder will not be affected by any investigation conducted with respect to or any knowledge acquired (or capable of being acquired) at any time, whether before, at or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation.

12.3 Entire Agreement; No Third Party Beneficiaries. This Agreement, the Exhibits, Schedules, and other documents among the Parties referenced herein (a) constitute the entire agreement by and among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof and (b) shall be binding upon and inure solely to the benefit of each Party, and nothing in herein or therein, express or implied, is intended to or shall confer upon any other person any other right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. The exhibits and schedules attached to this Agreement are hereby incorporated into and form a part of this Agreement. If any term or condition, express or implied, of any exhibit or schedule conflicts or is at variance with any term or condition in the body of this Agreement, the term or condition in the body of this Agreement shall control and prevail.

12.4 Amendment. No amendment or variation of the provisions of this Agreement shall be binding upon the Parties unless evidenced in a writing which indicates that such writing is intended to amend the terms of this Agreement and is signed by duly authorized officers of each Party. The Parties agree that this Agreement shall not be amended in any manner by any course of dealing among the Parties.

12.5 Assignment. Neither Party may assign any of its rights or duties hereunder without the prior written consent of the other Party; provided, however, that Buyer may, without consent, assign any or all of its rights under this Agreement to any Affiliate of Buyer and may designate any such Affiliate to acquire any of the Purchased Assets.

12.6 Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the Parties. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each Party irrevocably consents to the exclusive jurisdiction and venue of any court within State of New York, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of New York for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue or process.

12.8 Conditions. To the extent that this Agreement provides that the rights of a Party are conditioned upon satisfaction of conditions, such conditions will be deemed satisfied if the Party responsible therefor has taken the steps necessary to act and is prepared to perform and to tender documents required to be performed or tendered by such Party, it being understood that actual performance or tendering of documents shall not be required if the other Party has not satisfied its obligations and is not willing or able to perform or other conditions have not been met.

12.9 Remedies. The Parties recognize that, in the event that a Party should refuse to perform any provisions of this Agreement, monetary damages alone will not be adequate. The non-defaulting Party shall therefore be entitled, in addition to any other remedies which may be available, including money damages, to obtain specific performance of the terms of this Agreement. In the event of any action to enforce this Agreement specifically, the defaulting Party hereby waives the defense that there is an adequate remedy at law. No remedy conferred by any specific provision of this Agreement (including termination under Section 9.1) is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by a Party shall not constitute a waiver of the right to pursue other available remedies at any time.

12.10 No Waiver. No delay or forbearance by a Party in exercising any right or remedy accruing to such Party upon the occurrence of any breach or default by the other Party under this Agreement shall impair any such right or remedy of such Party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver on the part of either Party of any provision or condition of this Agreement must be in writing signed by the Party to be bound by such waiver and shall be effective only to the extent specifically set forth in such writing and shall not limit or affect any rights with respect to any other or future circumstance.

12.11 Counterparts; Facsimiles. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute one agreement. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either Party, the Parties will confirm facsimile transmitted signatures by signing an original document.

\* \* \*

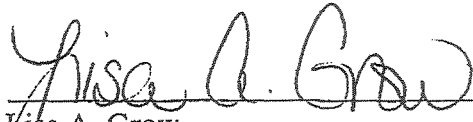
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IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the Agreement Date.

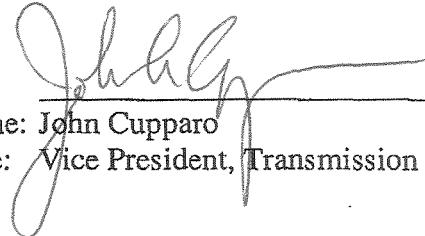
**SELLER:**

**IDAHO POWER COMPANY**

By:   
Name: Lisa A. Grow  
Title: Vice President, Engineering and Operations

**BUYER:**

**PACIFICORP**

By:   
Name: John Cupparo  
Title: Vice President, Transmission

## EXHIBIT A

### DEFINED TERMS

“**Accumulated Provision for Depreciation and Amortization**” means the net accumulated credit balance arising from provisions for depreciation or amortization of assets. The net balance reflects current and prior credits less charges.

“**Affiliate**” means any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through ownership of voting securities or ownership interests, by contract or otherwise, and specifically with respect to a corporation, partnership or limited liability company, means direct or indirect ownership of more than 50% of the voting securities in such corporation or of the voting interests in a partnership or limited liability company.

“**Agreement**” means this Asset Purchase Agreement, as amended in accordance with its terms.

“**Agreement Date**” means the date set forth in the first paragraph of this Agreement.

“**Buyer**” is defined in the first paragraph of this Agreement.

“**Buyer’s Advisors**” is defined in Section 5.5 hereof.

“**Buyer Related Document**” means any certificate, agreement or other document to be delivered by Buyer in connection with this Agreement or the Contemplated Transaction.

“**Capacitor Bank**” means the Goshen Capacitor Bank as further defined in **Schedule 2.1** hereof.

“**Claim**” means any demand, claim, action, investigation, legal proceeding (whether at law or in equity) or arbitration.

“**Closing**” is defined in Section 2.5 hereof.

“**Closing Date**” is defined in Section 2.5 hereof.

“**Contemplated Transaction**” is defined in Section 2.5 hereof.

“**Contract**” means any agreement, contract, lease obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

“**Damages**” means the amount of, any loss, liability, claim, damage (including incidental and consequential damages), expense (including costs of investigation and defense and reasonable attorneys’ fees) or diminution of value, whether or not involving a third-party claim.

**“Encumbrance”** means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

**“Environmental Claim”** means any Claim arising out of or related to any violation of Environmental Law, or in respect of any Environmental Conditions or Hazardous Materials.

**“Environmental Law”** means any Law relating to (i) land use and environmental matters, (ii) the control of any pollutant, or protection of the air, water, or land, (iii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, (iv) exposure to hazardous, toxic or other harmful substances, and (v) the protection and enhancement of the environment.

**“Environmental Liabilities”** mean all Liabilities with respect to the Purchased Assets, including settlements, judgments, costs and expenses, including reasonable attorney’s fees, whether based on common law or Environmental Laws.

**“FERC”** means the Federal Energy Regulatory Commission, or its successor.

**“Good Operating Practices”** means the practices, methods and acts generally engaged in or approved by a significant portion of the independent electric power industry in the WECC for similarly situated facilities in the WECC during a particular time period, or any of such practices, methods, and acts, which, in the exercise of reasonable judgment in light of the facts known or that reasonably should be known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with applicable Law, reliability, safety, environmental protection, economy and expedition, and taking into consideration the requirements of this Agreement, the Transferred Contracts and the other Contracts affecting the operation of the Purchased Assets. Good Operating Practices are not intended to be limited to the optimum practices, methods or acts, to the exclusion of all others, but rather to include a spectrum of possible practices, methods or acts generally acceptable in the region during the relevant period in light of the circumstances.

**“Governmental Authorization”** means any approval, consent, license, permit, waiver, franchise, ruling, certification, exemption, filing, variance, order, judgment, decree or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

**“Governmental Authority”** means any federal, provincial, state, county, municipal or local government and any political subdivision thereof, or any other governmental, quasi-governmental, executive, legislative, administrative, regulatory, judicial, public or statutory department, body, instrumentality, agency, ministry, court, commission, bureau, board, or other governmental authority.

**“Hazardous Material”** means any chemicals, materials, substances, or items in any form, whether solid, liquid, gaseous, semisolid, or any combination thereof, whether waste materials, raw materials, chemicals, finished products, by-products, or any other materials or

articles, which are listed or regulated as hazardous, toxic or dangerous or as waste or a contaminant, or are otherwise listed or regulated, or for which liability or standards of care are imposed, under any Environmental Law, including petroleum products, asbestos, PCBs, coal combustion by-products, urea formaldehyde foam insulation, lead-containing paints or coatings, and any substances included in the definition of “hazardous debris,” “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” “pollutants,” “contaminants” or words of similar import, under any Environmental Law.

“**Indemnified Party**” is defined in Section 10.4(a) hereof.

“**Indemnifying Party**” is defined in Section 10.4(a) hereof.

“**Intellectual Property**” means the following intellectual property rights, both statutory and common law rights, if applicable: (a) copyrights, and registrations and applications for registration thereof, (b) trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, slogans, domain names, logos and trade dress, and registrations and applications for registrations thereof, (c) patents, as well as any reissued and reexamined patents and extensions corresponding to the patents, and any patent rights and patent applications, as well as any related continuation, continuation in part and divisional applications and patents issuing therefrom and (d) trade secrets and confidential information, including ideas, designs, concepts, inventions, compilations of information, methods, techniques, procedures, processes and other know-how, whether or not patentable.

“**Interim Period**” is defined in Section 5.1(a) hereof.

“**Law**” means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

“**Liability**” means any debt, liability, obligation or commitment of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise.

“**Lien**” means any mortgage; deed of trust; pledge; security interest; adverse possessory right; mechanic’s, materialmen’s or other lien; covenant, condition or restriction; charge or assessment; lease; easement; license; purchase option; right of first refusal; or any other matter affecting title of any nature whatsoever.

“**Material Adverse Effect**” means a material adverse effect upon the condition of the Purchased Assets.

“**Order**” means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Authority or by any arbitrator

**“Organizational Documents”** means (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (d) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (e) any amendment to any of the foregoing.

**“Original Cost”** means the cost of utility property at the time such property was brought into service.

**“Party”** and **“Parties”** are defined in the first paragraph of this Agreement.

**“Person”** whether or not capitalized, means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

**“Proceeding”** means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

**“Purchase Price”** is defined in Section 2.3.

**“Purchased Assets”** means all of the right, title and interest in and to the assets, tangible or intangible, including the following: (i) the Capacitor Bank, including any control panels or other appurtenant assets for its installation and operation; (ii) all Warranty Rights; (iii) all Transferred Contracts; (iv) all Transferred Intellectual Property; (v) all Related Inventories; (vi) all Related Equipment; (vii) all Records; and (viii) all Third Party Claims associated with the Purchased Assets.

**“Records”** means all financial records and all records of repair work or work in progress, spare parts, materials and supplies in inventory records owned and held by Seller and principally relating to the Capacitor Bank on the Closing Date.

**“Related Equipment”** means all fixtures, and equipment owned, used or held for use primarily in connection with the Capacitor Bank, including all handling equipment, machinery, tools, supplies, computer hardware, appliances, vehicles and rolling stock.

**“Related Inventories”** means all inventories of supplies, materials and spare parts owned and held for use by Seller principally in connection with the Capacitor Bank on the Closing Date.

**“Release”** means any release, spill, emission, migration, leaking, pumping, injection, deposit, disposal or discharge of any Hazardous Materials into the environment, to the extent prohibited under applicable Environmental Laws.

“**Representative**” means respect to a particular Person, any director, officer, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

“**Required Consent**” means each approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization) required to be obtained in order to consummate the Contemplated Transaction in accordance with this Agreement.

“**Required Notice**” means each notice required to be given (including to any Governmental Authority) in connection with the execution and delivery of this Agreement and the consummation and performance of the Contemplated Transaction in accordance with this Agreement.

“**Schedules**” means the disclosure schedules to be delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

“**Seller Related Document**” means any certificate, agreement or other document delivered by Seller in connection with this Agreement or the Contemplated Transaction.

“**Seller Required Consent**” means each Required Consent required to be obtained by Seller in connection with the execution and delivery of this Agreement and the consummation and performance of the Contemplated Transaction in accordance with this Agreement.

“**Seller**” is defined in the first paragraph of this Agreement.

“**Tax Return**” means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Law relating to any Tax.

“**Taxes**” means any and all taxes, fees, withholdings, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority (foreign or domestic), including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, GST, property, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation, or net worth, taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added or gains taxes, license, registration and documentation fees, and customs duties, tariffs and similar charges.

“**Third Party Claims**” means all rights, privileges, claims, causes of action and options against any third parties (including indemnification, contribution and insurance claims) relating to any Purchased Assets.

“**Transferred Contracts**” means only such Contracts expressly identified on **Schedule 2.1** of this Agreement as “Transferred Contracts”, subject to receipt of necessary consents and approvals.

“**Transferred Intellectual Property**” means the Intellectual Property identified on **Schedule 2.1** as “Transferred Intellectual Property,” subject to receipt of necessary consents and approvals, and any plant drawings, equipment performance data, design criteria or maintenance records collected by the Seller’s data collection or other information technology systems or software and relating to the Purchased Assets, whether or not identified on **Schedule 2.1** as “Transferred Intellectual Property.”

“**Transfer Taxes**” means all transfer, sales, transaction privilege, use, goods and services, value added, documentary, stamp duty, gross receipts, excise, transfer and conveyance Taxes and other similar Taxes, duties, fees or charges.

“**Warranty Rights**” means all warranties, express and implied, against manufacturers or vendors relating to the Purchased Assets, to the extent that such warranties are unexpired as of the Closing Date and are transferable, including those warranties set forth on **Schedule 2.1**.

## SCHEDULE 2.1

### PURCHASED ASSETS

1. **The Goshen Capacitor Bank.**

The Goshen series Capacitor bank is a 345kV, 3-phase, 60 Hz, 2 equal segment, outdoor series capacitor bank. The bank provides up to approximately 45% (57 Ohms) line reactance compensation for the 225.88-mile, 345kV transmission line between PacifiCorp's Goshen Transmission Substation and the Jim Bridger Power Plant in Point of Rocks, Wyoming. It includes (4) control cabinets in a control building, a battery bank, three (3) platforms that house the Series Capacitors, MOV's OCT's, and reactors. There are two independent pole bypass circuit breakers, serial numbers 8666375A, 8666375B, 8666375C and 8666376A, 8666376B, 8666376C that are part of the package. It also includes two (2) combination air brake/grounding switches and one (1) bypass switch.

2. **Warranty Rights.**

None.

3. **Transferred Contracts.**

None.

4. **Transferred Intellectual Property.**

None.

5. **Related Equipment**

None.

6. **Related Inventories**

Spare Parts:

- One fiber optic column
- One set of insulators
- One partial set of MACH 2 circuit boards
- One close and trip coil for bypass breaker
- One set of gaskets for bypass breaker
- One drive unit for bypass breaker
- One auxiliary contacts for bypass breaker
- One main contacts for bypass breaker

Tools:

- One capacitor lifting device



One relay test device, type Sverker 750  
One laptop

7. **Records**

Original set of manuals that include:

Installation Documentation 1: Main Drawings  
Installation Documentation 2: Equipment & Cable Tables  
Manual A1: Functional System Description, Operation, Plant Overview and Preventative Maintenance  
Manual A2: Functional System Description, Operation, Plant Overview and Preventative Maintenance  
Manual B1: Equipment Description – Control and Protection system Hardware  
Manual B2: Equipment Description – Components and Accessories  
Manual B3: Equipment Description – Main Circuit Equipment  
Manual B4: Equipment Description – Main Circuit Equipment  
Manual C1: Plant Documents, Mechanical Station Design and Civil Drawings  
Manual D1: Technical Reports  
Manual E1: Test Records  
Appendix A1: Software Overview Documents  
Appendix A2: Software Overview Documents  
Appendix A3: Software Overview Documents

IPC maintenance records

CD containing IPC drawings

8. **Third Party Claims**

None.

### SCHEDULE 3.3

#### ENCUMBRANCES

Idaho Power Company's Mortgage and Deed of Trust, dated as of October 1, 1937, and indentures supplemental thereto, made to Deutsche Bank Trust Company Americas, formerly known as Bankers Trust Company, and Stanley Burg, as Trustees.

SCHEDULE 3.9

INSURANCE

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**Property "All Risk" Program including Boiler & Machinery**

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**Named Insured:** IDACORP and any subsidiary, and IDACORP's interest in any partnership or joint venture in which IDACORP has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear.

**Carrier:** Factory Mutual Insurance Company Policy #UW324

**Policy Term:** May 1, 2009 to May 1, 2010

**Perils:** All Risks of direct physical loss or damage including the perils of earthquake and flood, including boiler and machinery, and vehicle physical damage.

**Policy Form:** Power Generation GE 1/2008

**Limits of Liability:** \$ 2,000,000,000 Policy Limit

**Sublimits of Liability:** The Company will pay up to the following sublimits of liability in any one occurrence. These sublimits are part of, and do not serve to increase, the limits of liability above or the aggregate limits of liability below:

\$ 200,000,000	Annual aggregate Earthquake
\$ 200,000,000	Annual aggregate Flood
\$ 200,000,000	Annual aggregate Dams and Dikes Except;
\$ 1,000,000	Combined all coverage's Including CT's, except:

**Deductibles:**

**Valuation:** Replacement cost, except on Transformers 25 years or older, or have not been completely rewound within the past 25 years and mobile equipment, ACV

SCHEDULE 3.14(b)

ENVIRONMENTAL MATTERS

None.

SCHEDULE 5.1 (a)

REQUIRED CONSENTS

	<b>PacifiCorp</b>	<b>Idaho Power Company</b>
Federal Energy Regulatory Commission Section 203	Yes, by virtue of being a purchaser of jurisdictional assets.	Not required.
Federal Energy Regulatory Commission Section 205	Yes, for the purpose of amending certain existing agreements.	Yes, for the purpose of amending certain existing agreements.
California Public Utilities Commission	Not required.	Not required.
Idaho Public Utilities Commission	Not required.	Yes
Oregon Public Utility Commission	Yes, pursuant to ORS 757.485(1).	Yes, pursuant to ORS 757.480(a).
Utah Public Service Commission	Not required	Not required
Washington Utilities and Transportation Commission	Not required	Not required
Wyoming Public Service Commission	Not required	Not required

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

IDAHO POWER COMPANY

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Attachment 2

Attachment 2  
 Goshen Capacitor Bank  
 Cost of Facilities and Associated Estimated Accumulated Depreciation

Electric Plant Inservice	101352	\$169,238
Electric Plant Inservice	101353	\$7,269,139
Accum. Depr	108352	(\$10,812)
Accum. Depr	108353	(\$728,954)

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

IDAHO POWER COMPANY

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Attachment 3



Attachment 3  
Goshen Capicitor Bank  
Proposed Journal Entry

	Account	
Cash	131000	\$6,698,610
Accum. Depr	108000	(\$6,698,610)

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Accum. Depr	108352	\$169,238
Accum. Depr	108353	\$7,269,139
Electric Plant Inservice	101352	(\$169,238)
Electric Plant Inservice	101353	(\$7,269,139)