

POWER PURCHASE AGREEMENT

BETWEEN

JAMES AND SHARON JANS

**[an existing Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less
and not an Intermittent Resource]**

AND

PACIFICORP

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT ("Agreement"), entered into this 28th day of December, 2010, is between Jim and Sharon Jans owners of Odell Creek Hydro, "**Sellers**" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "**PacifiCorp.**" (Sellers and PacifiCorp are referred to individually as a "**Party**" or collectively as the "**Parties**").

RECITALS

A. Sellers own, operate and maintain a hydroelectric facility for the generation of electric power, including interconnection facilities, located in Hood River County, Oregon with a Facility Capacity Rating of 225 -kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

B. The Parties desire to enter into this Agreement to replace in its entirety the power purchase agreement dated September 27, 1983 (the "PPA"), which terminates on December 31, 2010; and

C. Sellers intend to continue to deliver Net Output under this Agreement; and

D. Sellers intend to continue to operate the Facility as a Qualifying Facility, and is deemed to have established commercial operation under the previous PPA; and

E. Sellers estimate that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 232,000 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

F. Sellers shall (choose one) sell all Net Output to PacifiCorp and purchase their full electric requirements from PacifiCorp sell Net Output surplus to their needs at the Facility site to PacifiCorp and purchase partial electric requirements service from PacifiCorp, in accordance with the terms and conditions of this Agreement; and

G. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 “**As-Built Supplement**” shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Sellers following completion of construction on the Facility, describing the Facility as actually built.

1.2 “**Average Annual Generation**” shall have the meaning set forth in Section 4.2.

1.3 “**Billing Period**” means, unless otherwise agreed to, the time period between PacifiCorp's consecutive readings of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such periods typically range between twenty-seven (27) and thirty-four (34) days and may not coincide with calendar months.

1.4 “**Commission**” means the Oregon Public Utilities Commission.

1.5 “**Contract Price**” means the applicable price for capacity or energy, or both capacity and energy, stated in Sections 5.1 and 5.2.

1.6 “**Contract Year**” means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time (“PPT”) on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Effective Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.7 “**Credit Requirements**” means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) “Baa3” or greater by Moody’s, or (2) “BBB-” or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.

1.8 “**Default Security**”, unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at **Mid-Columbia** (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; provided, however, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Sellers’ average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost

Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.

1.9 “**Effective Date**” of this Agreement shall be 00:00 Pacific Prevailing Time, January 1, 2011, which is the date upon which the PPA terminates.

1.10 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.5.

1.11 “**Environmental Attributes**” shall have the meaning set forth in Section 5.5.

1.12 “**Excess Output**” shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.

1.13 “**Facility**” shall have the meaning set forth in Recital A.

1.14 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

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

1.16 “**Generation Interconnection Agreement**” means the generation interconnection agreement to be entered into separately between Sellers and PacifiCorp’s transmission or distribution department, as applicable, providing for the construction, operation, and maintenance of PacifiCorp’s interconnection facilities required to accommodate deliveries of Sellers’ Net Output if the Facility is to be interconnected directly with PacifiCorp rather than another electric utility.

1.17 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.18 “**Licensed Professional Engineer**” means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Sellers, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.19 “**Material Adverse Change**” means the occurrence of any event of default under any material agreement to which Sellers are a party and of any other development, financial or otherwise, which would have a material adverse effect on Sellers, the Facility or Sellers’ ability to operate, maintain or own the Facility as provided in this Agreement

1.20 “**Maximum Annual Delivery**” shall have the meaning set forth in Section 4.3.

- 1.21 **“Minimum Annual Delivery”** shall have the meaning set forth in Section 4.3.
- 1.22 **“Nameplate Capacity Rating”** means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovolt-amperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.
- 1.23 **“Net Energy”** means the energy component, in kWh, of Net Output.
- 1.24 **“Net Output”** means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments (e.g., Sellers’ load other than station use), if any. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Delivery.
- 1.25 **“Net Replacement Power Costs”** shall have the meaning set forth in Section 11.4.1.
- 1.26 **“Off-Peak Hours”** means all hours of the week that are not On-Peak Hours.
- 1.27 **“On-Peak Hours”** means the hours between 6 a.m. Pacific Prevailing Time (“PPT”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.
- 1.28 **“Point of Delivery”** means the high side of the Sellers’ step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp’s distribution/transmission system, or as otherwise specified in the Generation Interconnection Agreement, or, if the Facility is not interconnected directly with PacifiCorp, the point at which another utility will deliver the Net Output to PacifiCorp as specified in **Exhibit B**.
- 1.29 **“Prime Rate”** means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.
- 1.30 **“Prudent Electrical Practices”** means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.
- 1.31 **“QF”** means **“Qualifying Facility,”** as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.32 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Sellers are required to deliver under this Agreement plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Sellers’ failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.33 “**Required Facility Documents**” means all licenses, permits, authorizations, and agreements, including a Generation Interconnection Agreement or equivalent, necessary for operation, and maintenance of the Facility consistent with the terms of this Agreement and requested in writing by PacifiCorp, including without limitation those set forth in **Exhibit C**.

1.34 “**Schedule 37**” means the Schedule 37 of Pacific Power & Light Company’s Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. A copy of that Schedule 37 is attached as **Exhibit F**.

1.35 “**Termination Date**” shall have the meaning set forth in Section 2.4.

SECTION 2: TERM; EFFECTIVE DATE

2.1 After execution by both Parties, this Agreement shall become effective on the Effective Date.

2.2 By February 28, 2011, Sellers shall provide PacifiCorp with (a) a copy of an executed Generation Interconnection Agreement, or wheeling agreement, as applicable, which shall be consistent with all material terms and requirements of this Agreement, (b) the Required Facility Documents, and (c) an executed copy of **Exhibit E** – Sellers’ Interconnection Request.

2.3 By the date thirty (30) days after the Effective Date, Sellers shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.4 Except as otherwise provided herein, this Agreement shall terminate on December 31, 2025 (“**Termination Date**”).

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp represents, covenants, and warrants to Sellers that:

3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.

- 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
 - 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
 - 3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2 Sellers represent, covenant, and warrant to PacifiCorp that:
- 3.2.1 Sellers are a natural persons and residents of Oregon.
 - 3.2.2 Sellers have the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
 - 3.2.3 Sellers have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Sellers or any valid order of any court, or any regulatory agency or other body having authority to which Sellers are subject.
 - 3.2.5 This Agreement is a valid and legally binding obligation of Sellers, enforceable against Sellers in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general

principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Sellers will operate the Facility in a manner consistent with their FERC QF certification. Sellers have provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Sellers to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Sellers or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Sellers have maintained and will continue to maintain the Facility as a QF.

3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Sellers will not make any changes in their ownership, control, or management during the term of this Agreement that would cause them to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Sellers will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Sellers' continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Sellers identify as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.

3.2.8 Additional Sellers Creditworthiness Warranties. Sellers need not post security under Section 10 for PacifiCorp's benefit in the event of Sellers default, provided that Sellers warrants all of the following:

- (a) Neither of the Sellers nor any sole proprietorship, corporation, partnership or other business entity of which either Seller is or has been a principal equity owner or partner is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay their bills in the ordinary course of their business, or are the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Sellers' ability to own and

operate the Facility in accordance with the terms of this Agreement.

- (b) Sellers have not at any time defaulted in any of their payment obligations for electricity purchased from PacifiCorp.
- (c) Sellers are not in default under any of their other agreements and are current on all of their financial obligations, including construction related financial obligations.
- (d) Sellers own, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Sellers meet the Credit Requirements.

Sellers hereby declare (Sellers initial one only):

- Sellers affirm and adopt all warranties of this Section 3.2.8, and therefore are not required to post security under Section 10; or
- Sellers do not affirm and adopt all warranties of this Section 3.2.8, and therefore Sellers elect to post the security specified in Section 10.

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Effective Date, Sellers will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Sellers estimate that the Facility will generate, on average, 232,000 kWh per Contract Year (“**Average Annual Generation**”). Sellers may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Sellers shall make available from the Facility a minimum of 40,000 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced pro rata to reflect the Effective Date, and further provided that such minimum Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Sellers estimate, for informational purposes, that they will make available from the Facility a maximum of 390,000 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Sellers’ basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

4.4 Deliveries in Deficit of Delivery Obligation. Sellers’ failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Sellers shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Sellers have provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Sellers shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an option is selected the option will remain in effect for the duration of the Facility’s contract. Sellers have selected the following (Sellers to initial one):

- Fixed Price
- Firm Electric Market
- Gas Market
- Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Sellers, is attached as **Exhibit F**.

5.2 (Fixed Price Sellers Only). In the event Sellers elect the Fixed Price payment method, PacifiCorp shall pay Sellers the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Effective Date. Thereafter, PacifiCorp shall pay Sellers market-based rates, using the following pricing option (Sellers to initial one):

- Firm Electric Market
- Gas Market
- Banded Gas Market

5.3 If the Sellers elect a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output, PacifiCorp shall pay a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Sellers. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Sellers' ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Sellers' Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of any construction affecting the Facility, Sellers shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six month's prior written notice), Sellers may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Sellers may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Sellers to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase their Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Sellers' security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Sellers will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Sellers increase the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Sellers the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Sellers shall agree to a new negotiated rate. Sellers shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Sellers' Generation Interconnection Agreement and any other agreements with PacifiCorp.

6.3 Sellers shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement (if applicable), Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National

Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Sellers' non-compliance with the Generation Interconnection Agreement. PacifiCorp shall have the right to inspect the Facility to confirm that Sellers are operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Sellers. Sellers are solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Sellers of the Facility.

6.4 Scheduled Outages. Sellers may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Sellers shall exercise their best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Sellers immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Sellers shall take all reasonable measures and exercise their best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Sellers provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Sellers in Section 4.

SECTION 8: METERING

8.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement, if applicable.

8.2 Metering shall be performed at the location and in a manner consistent with this Agreement and as specified in the Generation Interconnection Agreement, or, if the Net Output is

to be wheeled to PacifiCorp by another utility, metering will be performed in accordance with the terms of PacifiCorp's interconnection agreement with such other utility. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of energy flowing into PacifiCorp's system at the Point of Delivery.

8.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement, if applicable. If the Net Output is to be wheeled to PacifiCorp by another utility, meter inspection, testing, repair and replacement will be performed in accordance with the terms of PacifiCorp's interconnection agreement with such utility. If any of the inspections or tests discloses an error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 9: BILLINGS, COMPUTATIONS, AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Sellers payment for Sellers' deliveries of Net Output to PacifiCorp, together with computations supporting such payment PacifiCorp may offset any such payment to reflect amounts owing from Sellers to PacifiCorp pursuant to this Agreement, the Generation Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Sellers (for Excess Output or otherwise), PacifiCorp may adjust Sellers' future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: SECURITY

Unless Sellers have adopted the creditworthiness warranties contained in Section 3.2.8, Sellers must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Sellers hereby elect to provide, in accordance with the applicable terms of this Section 10, the following security (Sellers to initial one selection only):

- Cash Escrow
- Letter of Credit
- Senior Lien
- Step-in Rights
- Sellers have adopted the Creditworthiness Warranties of Section 3.2.8.

In the event Sellers' obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Sellers' delinquent performance of construction-related financial obligations, upon Sellers' request, PacifiCorp will excuse Sellers from such obligation in the event Sellers have negotiated financial arrangements with their construction lenders that mitigate Sellers' financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLERS SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Sellers shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Sellers shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLERS SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Sellers shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Sellers shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLERS SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Within thirty (30) days after the Effective Date, Sellers shall grant PacifiCorp a senior, unsubordinated lien on the Facility and their assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Sellers shall not cause or permit the Facility or their assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLERS SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Sellers).

- 10.4.1 Prior to any termination of this Agreement due to an Event of Default of Sellers, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Sellers (in accordance with Sellers' rights, obligations, and interest under this Agreement) during the period provided for herein. Sellers shall not grant any person, other than the lending institution providing financing to the Sellers for construction of the Facility ("Facility Lender"), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp's right under this Section 10.4.
- 10.4.2 PacifiCorp shall give Sellers ten (10) calendar days notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Sellers shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices. Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Sellers hereby irrevocably appoint PacifiCorp as Sellers' attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under this Section 10.4.
- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Sellers until all Events of Default of Sellers have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Sellers shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Sellers.
 - (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Sellers shall resume operation and PacifiCorp shall relinquish its right to operate when Sellers demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided above, in that Sellers (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of

Sellers which allowed PacifiCorp to exercise its rights under this Section 10.4.

- (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.

10.4.5 PacifiCorp's exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Sellers. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Sellers, PacifiCorp shall provide Sellers with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Sellers shall take all measures necessary to resume possession and operation of the Facility on such date.

SECTION 11: DEFAULTS AND REMEDIES

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

- 11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Sellers to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.
- 11.1.2 Default on Other Agreements. Sellers' failure to cure any default under any commercial or financing agreements or instrument (including the Generation Interconnection Agreement) within the time allowed for a cure under such agreement or instrument.
- 11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.
- 11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Sellers and Sellers fail to provide such performance assurances

as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;

11.1.5 Underdelivery. If Sellers' Facility has a Facility Capacity Rating of 100 kW or less, Sellers' failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Sellers' failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.

11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

11.2.3 Sellers Default Under Other Agreements. Sellers shall cause any notices of default under any of their commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.

11.2.4 Sellers Delinquent on Construction-related Financial Obligations. Sellers promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime they becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate for a default under Section 11.1.5 unless such default is material. The rights provided in Section 10 and this

Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Sellers' default and Sellers wish to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Sellers shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Sellers and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Sellers' default, Sellers shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Sellers were otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Sellers pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Sellers' default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Sellers owe PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Sellers default under Subsection 11.1.5, then Sellers shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Sellers were otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

(a) Default Security Available. If Sellers have posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.

- (b) Default Security Unavailable. If Sellers have not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Sellers over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Sellers shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Sellers' default on their commercial or financing agreements necessary for their continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Sellers. Sellers shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Sellers under this Agreement to and at the Point of Delivery, (b) any facilities on Sellers' side of the Point of Delivery, (c) Sellers' operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Sellers or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Sellers, their directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Sellers under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Sellers, their directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement

shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Sellers as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE (FACILITIES OVER 200KW ONLY)

13.1 Certificates. No later than the Effective Date of this Agreement, Sellers shall secure and continuously carry insurance in compliance with the requirements of this Section. Sellers shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Sellers' compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Sellers under this Agreement, Sellers shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each

insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Sellers for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, “**Force Majeure**” or “**an event of Force Majeure**” means any cause beyond the reasonable control of the Sellers or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall recommence performance of such obligation, provided that:

- 14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and
- 14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and
- 14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Sellers fail to remedy Sellers' inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Sellers include two or more parties, each such party shall be jointly and severally liable for Sellers' obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 19: GOVERNMENTAL JURISDICTIONS AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Sellers shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

SECTION 21: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 22: ENTIRE AGREEMENT

22.1 Upon the Effective Date, this Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Sellers release PacifiCorp from any claims, known or unknown that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

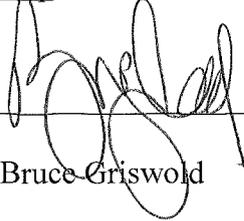
Notices	PacifiCorp	Sellers
All Notices	PacifiCorp 825 NE Multnomah Street	Jim and Sharon Jans

Notices	PacifiCorp	Sellers
	Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	4025 Summit Road Hood River, OR 97031 Phone: 541-354-2848.
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Same as above
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	Same as above
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Same as above
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	Same as above
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	Same as above

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

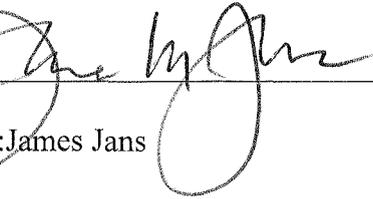
PacifiCorp

By:  _____ 

Name: Bruce Griswold

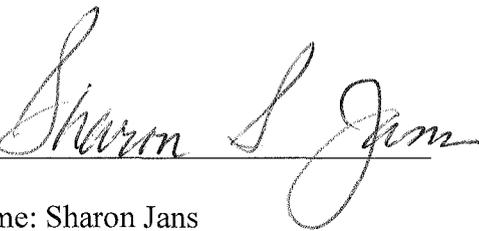
Title: Director, Short Term Origination and QF Contracts

Sellers

By:  _____

Name: James Jans

Title: Owner

By:  _____

Name: Sharon Jans

Title: Owner

EXHIBIT A
DESCRIPTION OF SELLERS' FACILITY
[Sellers to Complete]

Sellers' Facility consists of three 100 HP hydroelectric generators manufactured by Marathon Electric. More specifically, each generator at the Facility is described as:

Type (synchronous or inductive): Inductive

Model: RN-405TTDS7999 AN W, Frame 405TCZ

Number of Phases: 3

Rated Output (kW):225 **Rated Output (kVA):**281

Rated Voltage (line to line):

Rated Current (A): Stator: _____ A; Rotor: _____ A

Maximum kW Output: 185 kW **Maximum kVA Output:** 231 kVA

Minimum kW Output: 15 kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]: NA

Facility Capacity Rating: 225 kW at peak hydro flows

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating:

Station service requirements, and other loads served by the Facility, if any, are described as follows: Station service is provided by Hood River Electric Cooperative. Station service will be netted against gross generation to calculate Net Output on a monthly basis.

Location of the Facility: The Facility is located in Hood River County, Oregon. The location is more particularly described as follows:

2399 Odell Hwy, Hood River, OR 97031

SE ¼, Section 14, Township 2 N, Range 10 E, W.M.

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR):

EXHIBIT B

SELLERS' INTERCONNECTION FACILITIES

[Sellers to provide their own diagram and description]

POINT OF DELIVERY / SELLERS' INTERCONNECTION FACILITIES

Instructions to Sellers:

1. Include description of point of metering, and Point of Delivery
2. Provide interconnection single line drawing of Facility including any transmission facilities on Sellers' side of the Point of Delivery.

1. Point of metering description will be provided with Interconnection Agreement on March 11, 2011
2. One-line diagram will be provided with the Interconnection Agreement on March 11, 2011.

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification: Sellers have filed Form 556 with FERC

Interconnection Agreement: Seller has requested interconnection. Interconnection is in process.

Fuel Supply Agreement, if applicable

REQUIRED IF SELLERS ELECT TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

Deed or Lease to Facility Premises

Preliminary Title Report of Premises

Proof of ownership of Facility

Off-take sale agreements, e.g. surplus heat sale contract, if applicable

REQUIRED OF ALL HYDRO FACILITIES:

FERC License – FERC Exemption Project No. 6057-001. Dated: October 13, 1982

Power Generation Water Rights - Water rights for 45 CFS. Granted March 11, 1984 and signed by William Young, Director WRD of Oregon. Per Hydroelectric Project HE #451.

Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

**EXHIBIT D-1
SELLERS' MOTIVE FORCE PLAN**

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

Month	Average Energy (kWh)
January	34,000
February	37,000
March	38,000
April	29,000
May	21,000
June	14,000
July	12,000
August	11,000
September	10,000
October	3,000
November	3,000
December	20,000

Sellers provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate.

Average is based on the average generation for the years 1999 through 2009: 232,000 kWh

B. MINIMUM ANNUAL DELIVERY CALCULATION

Sellers specify the Minimum Annual Delivery of the Facility, and explain the basis for the estimate. NOTE: The Minimum Annual Delivery should be based on the most adverse natural motive force conditions reasonably expected and should take into account unscheduled repairs or maintenance and Sellers' load (if any).

Minimum estimate based on lowest hydro output year 2005 and adjusted for a potential water right restriction due to fish enhancements. Minimum is estimated to be 40,000 kWh.

C. MAXIMUM ANNUAL DELIVERY CALCULATION

Sellers specify the estimated Maximum Annual Delivery of the Facility, and explain the basis for the estimate.

Maximum estimate based on highest production year 2000: 390,000

EXHIBIT D-2

**ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Sellers provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Sellers' estimated average, maximum, and minimum Net Output.

Sellers' historic generation fulfills the Motive Force Plan requirement.

EXHIBIT E

Sellers Authorization to Release Generation Data to PacifiCorp

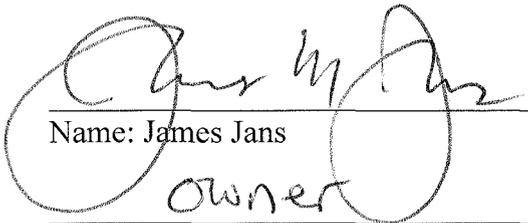
[Interconnection Customer Letterhead]

Transmission Services
Attn: Director, Transmission Services
825 NE Multnomah, Suite 1600
Portland, OR 97232

RE: James and Sharon Jans Interconnection Request

Dear Sir:

James and Sharon Jans hereby voluntarily authorize PacifiCorp's Transmission business unit to share James and Sharon Jans' generator interconnection information and generator meter data with Marketing Affiliate employees of PacifiCorp Energy, including, but not limited to those in the Commercial and Trading group. James and Sharon Jans acknowledge that PacifiCorp did not provide them any preferences, either operational or rate-related, in exchange for this voluntary consent.


Name: James Jans
owner

Title

12/29/10

Date


Name: Sharon Jans

OWNER

Title

12/29/10

Date

EXHIBIT F
SCHEDULE 37 and PRICING SUMMARY TABLE

Pricing Summary Table

Year	On-Peak ¢/kWh	Off-Peak ¢/kWh
2011	5.51	4.21
2012	5.87	4.36
2013	6.14	4.50
2014	7.96	6.10
2015	8.16	6.27
2016	8.39	6.46
2017	8.60	6.65
2018	8.87	6.87
2019	8.76	6.74
2020	8.85	6.79
2021	9.33	7.23
2022	9.84	7.70
2023	9.33	7.15
2024	9.03	6.81
2025	9.47	7.22

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

OREGON
SCHEDULE 37
Page 1

Available

To owners of Qualifying Facilities making sales of electricity to the Company in the State of Oregon.

Applicable

For power purchased from Qualifying Facilities with a nameplate capacity of 10,000 kW or less or that, together with any other electric generating facility using the same motive force, owned or controlled by the same person(s) or affiliated person(s), and located at the same site, has a nameplate capacity of 10,000 kW or less. Owners of these Qualifying Facilities will be required to enter into a written power sales contract with the Company.

Definitions

Cogeneration Facility

A facility which produces electric energy together with steam or other form of useful energy (such as heat) which are used for industrial, commercial, heating or cooling purposes through the sequential use of energy.

Qualifying Facilities

Qualifying cogeneration facilities or qualifying small power production facilities within the meaning of section 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. 796 and 824a-3.

Small Power Production Facility

A facility which produces electric energy using as a primary energy source biomass, waste, renewable resources or any combination thereof and has a power production capacity which, together with other facilities located at the same site, is not greater than 80 megawatts.

On-Peak Hours or Peak Hours

On-peak hours are defined as 6:00 a.m. to 10:00 p.m. Pacific Prevailing Time Monday through Saturday, excluding NERC holidays.

Due to the expansions of Daylight Saving Time (DST) as adopted under Section 110 of the U.S. Energy Policy Act of 2005, the time periods shown above will begin and end one hour later for the period between the second Sunday in March and the first Sunday in April and for the period between the last Sunday in October and the first Sunday in November.

Off-Peak Hours

All hours other than On-Peak.

West Side Gas Market Index

The monthly indexed gas price shall be the average of the price indexes published by Platts in "Inside FERC's Gas Market Report" monthly price report for Northwest Pipeline Corp. Rock Mountains, Northwest Pipeline Corp. Canadian Border, and Rockies/Northwest Stanfield, OR.

Excess Output

Excess output shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Nameplate Capacity. PacifiCorp shall pay Seller the Off-peak Price as described and calculated under pricing option 5 for all Excess Output.

(Continued)

Issued:	October 20, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after November 5, 2007	Seventh Revision of Sheet No. 37-1 Canceling Sixth Revision of Sheet No. 37-1

Issued By
Andrea L. Kelly, Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

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Same Site

Generating facilities are considered to be located at the same site as the QF for which qualification for the standard rates and standard contract is sought if they are located within a five-mile radius of any generating facilities or equipment providing fuel or motive force associated with the QF for which qualification for the standard rates and standard contract is sought.

Person(s) or Affiliated Person(s):

A natural person or persons or any legal entity or entities sharing common ownership, management or acting jointly or in concert with or exercising influence over the policies or actions of another person or entity. Two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) solely because they are developed by a single entity. Two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) if such common person or persons is a "passive investor" whose ownership interest in the QF is primarily related to utilizing production tax credits, green tag values and MACRS depreciation as the primary ownership benefit. A unit of Oregon local government may also be a "passive investor" if the local governmental unit demonstrates that it will not have an equity ownership interest in or exercise any control over the management of the QF and that its only interest is a share of the cash flow from the QF, which share will not exceed 20%. The 20% cash flow share limit may only be exceeded for good cause shown and only with the prior approval of the Commission.

Shared Interconnection and Infrastructure:

QFs otherwise meeting the separate ownership test and thereby qualified for entitlement to the standard rates and standard contract will not be disqualified by utilizing an interconnection or other infrastructure not providing motive force or fuel that is shared with other QFs qualifying for the standard rates and standard contract so long as the use of the shared interconnection complies with the interconnecting utility's safety and reliability standards, interconnection contract requirements and Prudent Electrical Practices as that term is defined in the interconnecting utility's approved standard contract.

Dispute Resolution:

Upon request, the QF will provide the purchasing utility with documentation verifying the ownership, management and financial structure of the QF in reasonably sufficient detail to allow the utility to make an initial determination of whether or not the QF meets the above-described criteria for entitlement to the standard rates and standard contract. Any dispute concerning a QF's entitlement to the standard rates and standard contract shall be presented to the Commission for resolution.

(Continued)

Issued:	April 12, 2007	P.U.C. OR No. 35
Effective:	With service rendered on and after April 13, 2007	First Revision of Sheet No. 37-2 Canceling Original Sheet No. 37-2

Issued By
Andrea L. Kelly, Vice President, Regulation

Self Supply Option

Owner shall elect to sell all Net Output to PacifiCorp and purchase its full electric requirements from PacifiCorp or sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from PacifiCorp, in accordance with the terms and conditions of the power purchase agreement and the appropriate retail service.

Pricing Options

1. Fixed Avoided Cost Prices

Prices are fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. Fixed Avoided Cost Prices are available for a contract term of up to 15 years and prices under a longer term contract (up to 20 years) will thereafter be under either the Firm Market Indexed, the Banded Gas Market Indexed or the Gas Market Indexed Avoided Cost pricing option.

2. Gas Market Indexed Avoided Cost Prices

Fixed prices apply during the resource sufficiency period (2010 through 2013), thereafter a portion of avoided cost prices are indexed to actual monthly West Side Gas Market Index prices. The remaining portion of avoided cost prices will be fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. Prices are available for a term of up to 20 years.

3. Banded Gas Market Indexed Avoided Cost Prices

Fixed prices apply during the resource sufficiency period (2010 through 2013), thereafter a portion of avoided cost prices are indexed to actual monthly West Side Gas Market Index prices. The remaining portion of avoided cost prices will be fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. The gas indexed portion of the avoided cost prices are banded to limit the amount that prices can vary with changes in gas prices. Prices are available for a term of up to 20 years.

4. Firm Market Indexed Avoided Cost Prices

Firm market index avoided cost prices are available to Qualifying Facilities that contract to deliver firm power. Monthly on-peak / off-peak prices paid are a blending of Dow Jones Index Firm day-ahead Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde on-peak and off-peak prices. The monthly blending matrix is available upon request.

5. Non-firm Market Index Avoided Cost Prices

Non- Firm market index avoided cost prices are available to Qualifying Facilities that do not elect to provide firm power. Qualifying Facilities taking this option will have contracts that do not include minimum delivery requirements, default damages for construction delay, for under delivery or early termination, or default security for these purposes. Monthly On-Peak / Off-Peak prices paid are a blending of Dow Jones Index Non-firm day-ahead Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde on-peak and off-peak prices. The monthly blending matrix is available upon request.

(Continued)

Issued: March 4, 2010
Effective: April 5, 2010

P.U.C. OR No. 35
Eighth Revision of Sheet No. 37-3
Canceling Seventh Revision of Sheet No. 37-3

Issued By
Andrea L. Kelly, Vice President, Regulation

Monthly Payments

A Qualifying Facility shall select the option of payment at the time of signing the contract under one of three Pricing Options as specified above. Once an option is selected the option will remain in effect for the duration of the Facility's contract.

Fixed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the fixed prices as provided in this tariff. The definition of On-Peak and Off-Peak is as defined in the definitions section of this tariff.

Gas Market Indexed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at On-Peak and Off-Peak prices calculated each month.

To calculate the Off-Peak price, multiply the West Side Gas Market Index price in \$/MMBtu by 0.715 to get actual gas price in cents/kWh. The Off-Peak Energy Adder is added to the actual gas price to get the Off-Peak Price.

The On-Peak price is the Off-Peak price plus the On-Peak Capacity Adder.

Banded Gas Indexed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at On-Peak and Off-Peak prices calculated each month.

To calculate the Off-Peak price, multiply the West Side Gas Market Index price in \$/MMBtu by 0.715 to get actual gas price in cents/kWh. This price is banded such that the actual gas price shall be no lower than the Gas Market Index Floor nor greater than the Gas Market Index Ceiling as listed in the price section of this tariff. The Off-Peak Energy Adder is added to the actual gas price to get the Off-Peak Price.

The On-Peak price is the Off-Peak price plus the On-Peak Capacity Adder.

Firm Market Indexed and Non-firm Market Index Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the market prices calculated at the time of delivery. The definition of On-Peak and Off-Peak is as defined in the definitions section of this tariff.

(Continued)

Issued: August 25, 2009
Effective: September 9, 2009

P.U.C. OR No. 35
Fifth Revision of Sheet No. 37-4
Canceling Fourth Revision of Sheet No. 37-4

Issued By
Andrea L. Kelly, Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

Avoided Cost Prices

Pricing Option 1 – Fixed Avoided cost Prices ¢/kWh

Deliveries During Calendar Year	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)
2010	5.12	3.95
2011	5.51	4.21
2012	5.87	4.36
2013	6.14	4.50
2014	7.96	6.10
2015	8.16	6.27
2016	8.39	6.46
2017	8.60	6.65
2018	8.87	6.87
2019	8.76	6.74
2020	8.85	6.79
2021	9.33	7.23
2022	9.84	7.70
2023	9.33	7.15
2024	9.03	6.81
2025	9.47	7.22
2026	9.65	7.36
2027	9.68	7.35
2028	10.04	7.67

(Continued)

Issued: March 4, 2010
Effective: April 5, 2010

P.U.C. OR No. 35
Sixth Revision of Sheet No. 37-5
Canceling Fifth Revision of Sheet No. 37-5

Issued By
Andrea L. Kelly, Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

Avoided Cost Prices (Continued)

Pricing Option 2 – Gas Market Indexed Avoided Cost Prices ¢/kWh

Deliveries During Calendar Year	Fixed Prices		Gas Market Index		Forecast	Estimated Prices (3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Capacity Adder (1)	Off-Peak Energy Adder	West Side Gas Market Index Price (2)	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Avoided Firm Capacity Costs / (0.876 * 90.4% * 57%)	Total Avoided Energy Costs - ((e) * 0.715)		(g) + (c)	((e) * 0.715) + (d)
2010	5.12	3.95	Market Based Prices 2010 through 2013				
2011	5.51	4.21					
2012	5.87	4.36					
2013	6.14	4.50					
2014			1.86	1.38	\$6.61	7.96	6.10
2015			1.89	1.40	\$6.81	8.16	6.27
2016			1.92	1.41	\$7.07	8.39	6.46
2017			1.96	1.41	\$7.32	8.60	6.65
2018			1.99	1.44	\$7.60	8.87	6.87
2019			2.03	1.45	\$7.40	8.76	6.74
2020			2.06	1.47	\$7.44	8.85	6.79
2021			2.10	1.53	\$7.97	9.33	7.23
2022			2.14	1.59	\$8.55	9.84	7.70
2023			2.18	1.51	\$7.89	9.33	7.15
2024			2.21	1.45	\$7.50	9.03	6.81
2025			2.25	1.51	\$7.98	9.47	7.22
2026			2.29	1.52	\$8.17	9.65	7.36
2027			2.33	1.57	\$8.08	9.68	7.35
2028			2.37	1.64	\$8.43	10.04	7.67
2029			2.42	1.71	\$8.83	10.43	8.02
2030			2.46	1.78	\$9.15	10.78	8.32
2031			2.50	1.81	\$9.32	10.98	8.48
2032			2.55	1.84	\$9.49	11.17	8.62

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2008 IRP.
- (2) A heat rate of 0.715 is used to adjust gas prices from \$/MMBtu to ¢/kWh
- (3) Estimated avoided cost prices based upon forecast West Side Gas Market Index prices.
Actual prices will be calculated each month using actual index gas prices.

(Continued)

Issued: March 4, 2010
Effective: April 5, 2010

P.U.C. OR No. 35
Sixth Revision of Sheet No. 37-6
Canceling Fifth Revision of Sheet No. 37-6

Issued By
Andrea L. Kelly, Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

Avoided Cost Prices (Continued)

Pricing Option 3 – Banded Gas Market Indexed Avoided Cost Prices €/kWh

Deliveries During Calendar Year	Fixed Prices		Banded Gas Market Index				Forecast West Side Gas Market Index Price (2) \$/MMBtu	Estimated Prices (3)	
	On-Peak	Off-Peak	On-Peak	Off-Peak	Gas Market Index			On-Peak	Off-Peak
	Energy	Energy	Capacity	Energy	Floor	Ceiling		Energy	Energy
	Price	Price	Adder (1)	Adder	90%	110%		Price	Price
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
			Avoided Firm Capacity Costs / (0.876 * 90.4% * 57%)	Total Avoided Energy Costs - ((e) * 0.715)	(g) * 0.715 * 90%	(g) * 0.715 * 110%		(i) + (c)	MIN(MAX(((g) * 0.715), (e)), (f)) + (d)

2010	5.12	3.95							
2011	5.51	4.21							
2012	5.87	4.36							
2013	6.14	4.50							
					Market Based Prices 2010 through 2013				
2014			1.86	1.38	4.25	5.20	\$6.61	7.96	6.10
2015			1.89	1.40	4.38	5.36	\$6.81	8.16	6.27
2016			1.92	1.41	4.55	5.56	\$7.07	8.39	6.46
2017			1.96	1.41	4.71	5.76	\$7.32	8.60	6.65
2018			1.99	1.44	4.89	5.98	\$7.60	8.87	6.87
2019			2.03	1.45	4.76	5.82	\$7.40	8.76	6.74
2020			2.06	1.47	4.79	5.85	\$7.44	8.85	6.79
2021			2.10	1.53	5.13	6.27	\$7.97	9.33	7.23
2022			2.14	1.59	5.50	6.72	\$8.55	9.84	7.70
2023			2.18	1.51	5.08	6.21	\$7.89	9.33	7.15
2024			2.21	1.45	4.83	5.90	\$7.50	9.03	6.81
2025			2.25	1.51	5.14	6.28	\$7.98	9.47	7.22
2026			2.29	1.52	5.26	6.43	\$8.17	9.65	7.36
2027			2.33	1.57	5.20	6.36	\$8.08	9.68	7.35
2028			2.37	1.64	5.42	6.63	\$8.43	10.04	7.67
2029			2.42	1.71	5.68	6.94	\$8.83	10.43	8.02
2030			2.46	1.78	5.89	7.20	\$9.15	10.78	8.32
2031			2.50	1.81	6.00	7.33	\$9.32	10.98	8.48
2032			2.55	1.84	6.11	7.46	\$9.49	11.17	8.62

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2008 IRP.
- (2) A heat rate of 0.715 is used to adjust gas prices from \$/MMBtu to €/kWh
- (3) Estimated avoided cost prices based upon forecast West Side Gas Market Index prices.
Actual prices will be calculated each month using actual index gas prices.

(Continued)

Issued: March 4, 2010
 Effective: April 5, 2010

P.U.C. OR No. 35
 Sixth Revision of Sheet No. 37-7
 Canceling Fifth Revision of Sheet No. 37-7

Issued By
 Andrea L. Kelly, Vice President, Regulation

Example of Gas Pricing Options available to the Qualifying Facility

An example of the two gas pricing options using different assumed gas prices is provided at the end of this tariff.

Qualifying Facilities Contracting Procedure

Interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (PacifiCorp Commercial and Trading).

It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to allow time for studies, negotiation of agreements, engineering, procurement, and construction of the required interconnection facilities. Early application for interconnection will help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

1. Qualifying Facilities up to 10,000 kW

APPLICATION: To owners of existing or proposed QFs with a design capacity less than or equal to 10,000 kW who desire to make sales to the Company in the state of Oregon. Such owners will be required to enter into a written power purchase agreement with the Company pursuant to the procedures set forth below.

I. Process for Completing a Power Purchase Agreement

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

Pacific Power & Light Company
Manager-QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

B. Procedures

1. The Company's approved generic or standard form power purchase agreements may be obtained from the Company's website at www.pacificorp.com, or if the owner is unable to obtain it from the website, the Company will send a copy within seven days of a written request.
2. In order to obtain a project specific draft power purchase agreement the owner must provide in writing to the Company, general project information required for the completion of a power purchase agreement, including, but not limited to:
 - (a) demonstration of ability to obtain QF status;

(Continued)

Issued:	October 20, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after November 5, 2007	Second Revision of Sheet No. 37-8 Canceling Original Sheet No. 37-8

Issued By
Andrea L. Kelly, Vice President, Regulation

B. Procedures (Continued)

- b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
 - c) generation technology and other related technology applicable to the site;
 - d) proposed site location;
 - e) schedule of monthly power deliveries;
 - f) calculation or determination of minimum and maximum annual deliveries;
 - g) motive force or fuel plan;
 - h) proposed on-line date and other significant dates required to complete the milestones;
 - i) proposed contract term and pricing provisions (i.e., fixed, deadband, gas indexed);
 - j) status of interconnection or transmission arrangements;
 - k) point of delivery or interconnection;
3. The Company shall provide a draft power purchase agreement when all information described in Paragraph 2 above has been received in writing from the QF owner. Within 15 business days following receipt of all information required in Paragraph 2, the Company will provide the owner with a draft power purchase agreement including current standard avoided cost prices and/or other optional pricing mechanisms as approved by the Oregon Public Utilities Commission in this Schedule 37.
4. If the owner desires to proceed with the power purchase agreement after reviewing the Company's draft power purchase agreement, it may request in writing that the Company prepare a final draft power purchase agreement. In connection with such request, the owner must provide the Company with any additional or clarified project information that the Company reasonably determines to be necessary for the preparation of a final draft power purchase agreement. Within 15 business days following receipt of all information requested by the Company in this paragraph 4, the Company will provide the owner with a final draft power purchase agreement.
5. After reviewing the final draft power purchase agreement, the owner may either prepare another set of written comments and proposals or approve the final draft power purchase agreement. If the owner prepares written comments and proposals the Company will respond in 15 business days to those comments and proposals.
6. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, the Company will prepare and forward to the owner within 15 business days, a final executable version of the agreement. Following the Company's execution a completely executed copy will be returned to the owner. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.

(Continued)

Issued:	October 20, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after November 5, 2007	Second Revision of Sheet No. 37-9 Canceling First Revision of Sheet No. 37-9

Issued By
 Andrea L. Kelly, Vice President, Regulation

II. Process for Negotiating Interconnection Agreements

[NOTE: Section II applies only to QFs connecting directly to PacifiCorp's electrical system. An off-system QF should contact its local utility or transmission provider to determine the interconnection requirements and wheeling arrangement necessary to move the power to PacifiCorp's system.]

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon the QF completing all necessary interconnection arrangements. It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

Because of functional separation requirements mandated by the Federal Energy Regulatory Commission, interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (including but not limited to PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (including but not limited to PacifiCorp's Commercial and Trading Group).

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp
Director – Transmission Services
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232

Based on the project size and other characteristics, the Company will direct the QF owner to the appropriate individual within the Company's transmission function who will be responsible for negotiating the interconnection agreement with the QF owner. Thereafter, the QF owner should direct all communications regarding interconnection agreements to the designated individual, with a copy of any written communications to the address set forth above.

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) undertaking studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, and (3) executing an interconnection agreement to address facility construction, testing, acceptance, ownership, operation and maintenance issues. Consistent with PURPA and Oregon Public Utility Commission regulations, the owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis. For interconnections impacting the Company's Transmission and Distribution System, the Company will process the interconnection application through PacifiCorp Transmission Services.

(Continued)

Issued:	October 20, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after November 5, 2007	Second Revision of Sheet No. 37-10 Canceling First Revision of Sheet No. 37-10

Issued By
Andrea L. Kelly, Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
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Example of Gas Pricing Options given Assumed Gas Prices ¢/kWh

Banded Gas Market Index												
Year	Prices Listed in the Tariff				Example using assumed Gas Prices						Compared to Fixed Prices	
	On-Peak Capacity Adder	Off-Peak Energy Adder	Gas Market Index		Assumed Gas Price \$/MMBtu	Actual Energy Price	Fuel Index		Price Paid to QF		Off-Peak Price	On-Peak Price
			Floor 90%	Ceiling 110%			Floor / Ceiling Component	Type of Price	Off-Peak Price	On-Peak Price		
(a)	(b)	(c)	(d)	(e)	(f) <small>(e) x 0.715</small>	(g)	(h)	(i) <small>(b) + (g)</small>	(j) <small>(a) + (i)</small>	(k)	(l)	
2014	1.86	1.38	4.25	5.20	\$3.00	2.15	4.25	Floor	5.63	7.49	6.10	7.96
					\$5.00	3.58	4.25	Floor	5.63	7.49		
					\$7.00	5.01	5.01	Actual	6.39	8.25		
					\$9.00	6.44	5.20	Ceiling	6.58	8.44		
					\$12.00	8.58	5.20	Ceiling	6.58	8.44		

Gas Market Method												
Year	Prices Listed in the Tariff				Example using assumed Gas Prices						Compared to Fixed Prices	
	On-Peak Capacity Adder	Off-Peak Energy Adder	Fuel Index		Assumed Gas Price \$/MMBtu	Actual Energy Price	Fuel Index		Price Paid to QF		Off-Peak Price	On-Peak Price
			Floor 90%	Ceiling 110%			Floor / Ceiling Component	Type of Price	Off-Peak Price	On-Peak Price		
(a)	(b)	(c)	(d)	(e)	(f) <small>(e) x 0.715</small>	(g)	(h)	(i) <small>(b) + (i)</small>	(j) <small>(a) + (i)</small>	(k)	(l)	
2014	1.86	1.38	Not Relevant		\$3.00	2.15	Not Relevant		3.53	5.39	6.10	7.96
					\$5.00	3.58			4.96	6.82		
					\$7.00	5.01			6.39	8.25		
					\$9.00	6.44			7.82	9.68		
					\$12.00	8.58			9.96	11.82		

Issued: March 4, 2010
 Effective: April 5, 2010

P.U.C. OR No. 35
 Third Revision of Sheet No. 37-11
 Canceling Second Revision of Sheet No. 37-11

Issued By
 Andrea L. Kelly, Vice President, Regulation



825 NE Multnomah, Suite 600
Portland, Oregon 97232

LETTER AGREEMENT

December 24, 2010

Mr. & Mrs. James and Sharon Jans
4025 Summit Road
Hood River, Oregon 97031

Dear Mr. & Mrs. Jans:

This Letter Agreement amends and extends the September 27, 1983 Power Purchase Agreement between Frederick and Wilma Plog, predecessor-in-interest to James and Sharon Jans ("Seller"), and Pacific Power & Light Company, predecessor-in-interest to PacifiCorp. Capitalized terms that are not defined in this Letter Agreement shall have the meanings ascribed to them in the September 27, 1983 Power Purchase Agreement.

If you agree to the terms and conditions, below, please execute where indicated. In order for PacifiCorp to continue purchasing the Net Output from your Facility, please return the executed original no later than December 31, 2010. If you have any questions, please call John Younie at 503-813-5960.

Recitals

Seller owns, operates and maintains a two hundred and twenty five (225) kW hydroelectric facility for the generation of electric power located on Odell Creek near Hood River, Oregon; and

Seller and PacifiCorp executed a combined Power Purchase Agreement and Interconnection Agreement on September 27, 1983 ("Old PPA"); and

Seller and PacifiCorp entered into a new, 15-year Power Purchase Agreement ("New PPA") which requires Seller to enter into a separate interconnection agreement with PacifiCorp, effective January 1, 2011; and

Seller and PacifiCorp desire to amend and extend the Old PPA to preserve Seller's interconnection rights in that Agreement, up to February 28, 2011, until Seller obtains a new interconnection agreement.

NOW, THEREFORE, PacifiCorp and Seller agree as follows:

Effective Date

This Letter Agreement shall be effective as of January 1, 2011.

Amendments to the Old PPA

The Old PPA shall be amended as follows:

ARTICLE II: TERM

Article II shall be deleted in its entirety and replaced with the following:

Except as otherwise provided herein, this Agreement shall end at midnight on February 28, 2011.

Prior to February 28, 2011, PacifiCorp may terminate this Agreement at the time Seller enters into a new Generation Interconnection Agreement that conforms to the terms and conditions approved by the Oregon Public Utility Commission.

ARTICLE VI: NOTICES

Article VI shall be deleted in its entirety and replaced with the following:

All written notices under this Agreement shall be directed as follows, and shall be considered delivered when deposited in the U.S. Mail, return-receipt requested:

To Seller: James and Sharon Jans
Odell Creek
4025 Summit Road
Hood River, Oregon 97031

To Pacific: PacifiCorp
825 NE Multnomah Street
Portland, OR 97232
Attn: Contract Administration, Suite 600
Phone: (503) 813 - 5952

The parties may change the persons to whom notices are addressed, or their addresses, by providing notice thereof as specified in this Article.

ARTICLE XV: MAINTENANCE

Article VI, Paragraph (B) shall be deleted in its entirety and replaced with the following:

James and Sharon Jans
Odell Creek,
Page 3 of 4 – December 24, 2010

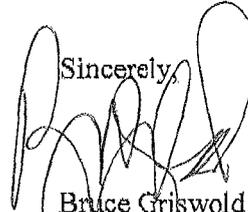
In the event the Facility must be shut down for unscheduled maintenance, Seller shall notify PacifiCorp's dispatcher immediately at (503) 251-5230 of the necessity of such shutdown, the time when the shutdown has occurred, or will occur, and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance and to limit the duration of such shutdowns.

ARTICLE XXIII: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

Article XXIII shall be deleted in its entirety.

ARTICLE XXVII: INTERPRETATION (New Section)

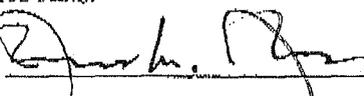
Seller and PacifiCorp entered into a new, 15-year Power Purchase Agreement ("New PPA"), effective January 1, 2011. The New PPA provides all necessary terms and conditions of Seller's sale of Net Output to PacifiCorp, commencing January 1, 2011. It is the intent of both parties to this Agreement that the terms, including pricing, in the New PPA supercede all inconsistent terms in this Agreement (dated September 27, 1983, including subsequent amendments thereto). It is the parties' further intent that all provisions in this Agreement pertaining to interconnection of Seller's facility shall remain in effect until the sooner of February 28, 2011, or when Seller executes a new Generation Interconnection Agreement with PacifiCorp.

Sincerely,

Bruce Griswold
Manager, Origination



Agreed to:

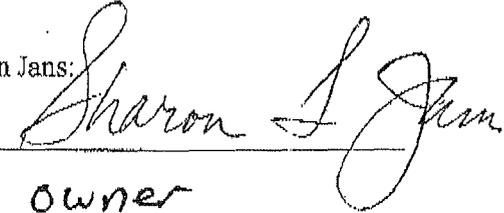
James Jans.

By:  _____

Title: owner

Date: 12/24/2010

Sharon Jans:

By:  _____

Title: owner

Date: 12/24/10