

POWER PURCHASE AGREEMENT

BETWEEN

Oregon Environmental Industries, LLC
[a Qualifying Facility with 10MW Design Capacity, or Less]

AND

PACIFICORP

<u>Section 1: Definitions</u>	2
<u>Section 2: Term; Commercial Operation Date</u>	6
<u>Section 3: Representations and Warranties</u>	6
<u>Section 4: Delivery of Power</u>	9
<u>Section 5: Purchase Prices</u>	10
<u>Section 6: Operation and Control</u>	10
<u>Section 7: Fuel/Motive Force</u>	11
<u>Section 8: Metering</u>	11
<u>Section 9: Billings, Computations, and Payments</u>	12
<u>Section 10: Security</u>	12
<u>Section 11: Defaults and Remedies</u>	15
<u>Section 12: Indemnification and Liability</u>	17
<u>Section 13: Insurance (<i>Facilities over 200kW only</i>)</u>	18
<u>Section 14: Force Majeure</u>	19
<u>Section 15: Several Obligations</u>	20
<u>Section 16: Choice of Law</u>	20
<u>Section 17: Partial Invalidity</u>	21
<u>Section 18: Waiver</u>	21
<u>Section 19: Governmental Jurisdictions and Authorizations</u>	21
<u>Section 20: Repeal of PURPA</u>	21
<u>Section 21: Successors and Assigns</u>	21
<u>Section 22: Entire Agreement</u>	21
<u>Section 23: Notices</u>	22
<u>Section 24: Commission Investigation</u>	23

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 18th day of August, 2006, is between Oregon Environmental Industries, LLC, "Seller" and PacifiCorp, an Oregon corporation acting in its regulated utility capacity, "PacifiCorp." (Seller and PacifiCorp are referred to individually as a "Party" or collectively as the "Parties").

RECITALS

A. Seller intends to construct, own, operate and maintain a landfill gas to energy facility for the generation of electric power, including interconnection facilities, located at the Dry Creek Landfill in Eagle Point, Jackson County, Oregon with a Facility Capacity Rating of 3,200 -kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("Facility"); and

B. Seller intends to commence delivery of Net Output under this Agreement, for the purpose of Start-up Testing, on February 1, 2007 ("**Scheduled Initial Delivery Date**"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on September 5, 2007 ("**Scheduled Commercial Operation Date**"); and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 23,937,940 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

E. Seller shall sell and PacifiCorp shall purchase all Net Output from the Facility in accordance with the terms and conditions of this Agreement; and

F. 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**, provided by Seller following completion of construction of 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 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 “**Commercial Operation Date**” means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing;

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, (a), in accordance with the Generation Interconnection Agreement, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with PacifiCorp's electric system, or (b) if the Facility is interconnected with another electric utility that will wheel Net Output to PacifiCorp, all required interconnection facilities have been completed and tested and are in place to allow for such wheeling;

1.4.4 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents and if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents. (Facilities over 200 kW only).

1.4.5 Seller has complied with the security requirements of Section 10.

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

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

1.7 “**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 Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.8 “**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.

1.9 “**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 rate at PacifiCorp pole # B34087 (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 Seller’s 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.

1.10 “**Effective Date**” shall have the meaning set forth in Section 2.1.

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

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 Seller 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 Seller’s 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 Seller, 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 Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller's ability to develop, construct, 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 maximum generating capacity, as provided by the manufacturer, in kW, of any qualifying small power or cogeneration unit supplying all or part of the Facility's Net Output. Voluntary curtailment by Seller of a generating unit cannot reduce the Nameplate Capacity Rating of that unit.

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., Seller's 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 Seller's step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp's distribution/transmission system, as 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 Seller is 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 Seller’s 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 construction, operation, and maintenance of the Facility consistent with the terms of this Agreement, 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 “**Scheduled Commercial Operation Date**” shall have the meaning set forth in Recital C.

1.36 “**Scheduled Initial Delivery Date**” shall have the meaning set forth in Recital B.

1.37 "Start-Up Testing" means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.38 "Termination Date" shall have the meaning set forth in Section 2.4.

SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties ("**Effective Date**").

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By April 1, 2007, Seller shall provide PacifiCorp with 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.

2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

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

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 Except as otherwise provided herein, this Agreement shall terminate on July 31, 2022 [enter Date that is no later than 20 years after the Scheduled Initial Delivery Date] ("**Termination Date**").

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp represents, covenants, and warrants to Seller 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 Seller represents, covenants, and warrants to PacifiCorp that:
- 3.2.1 Seller is a limited liability company duly organized and validly existing under the laws of Oregon.
 - 3.2.2 Seller has 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 Seller has 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 Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
 - 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller 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 Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has 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 Seller 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 Seller 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 Seller has maintained and will continue to maintain the Facility as a QF.

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

- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations.
- (d) Seller owns, 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 Seller's with a Facility having a Facility Capacity Rating greater than 3 MW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

X Seller affirms and adopts all warranties of this Section 3.2.7, and therefore is not required to post security under Section 10; or

 Seller does not affirm and adopt all warranties of this Section 3.2.7, and therefore Seller elects 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 Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 23,937,940 kWh per Contract Year (“**Average Annual Generation**”). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall make available from the Facility a minimum of 10,879,920 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 Commercial Operation 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**”). Seller estimates, for informational purposes, that it will make available from the Facility a maximum of 28,032,000 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

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

4.5 Energy Delivery Schedule Seller has 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 Seller shall have the option to select one of three pricing options: Fixed Avoided Cost Prices ("Fixed Price"), 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. Seller has selected the following (Seller to initial one):

<u> X </u>	Fixed Price
<u> </u>	Gas Market
<u> </u>	Banded Gas Market

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

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

<u> </u>	Gas Market
<u> </u>	Banded Gas Market

- 5.3 If the Seller elects 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 PacifiCorp shall pay Seller the Off-peak Price for all Excess Output and for all Net Output delivered prior to the Commercial Operation Date. Such payment will be accomplished by adjustments pursuant to Section 9.2.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of construction of the Facility, Seller 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. Seller shall not increase the Facility Capacity Rating above that specified in **Exhibit A** or increase the ability of the Facility to deliver Net Output in quantities in excess of the Facility Capacity Rating through any means including, but not limited to, replacement of, modification of, or addition of existing equipment, except with the written consent of PacifiCorp.

6.2 Seller 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 Seller's non-compliance with the Generation Interconnection Agreement. PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.2 upon reasonable notice to Seller. Seller is 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 Seller of the Facility.

6.3 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its 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.

6.4 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), Seller 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. Seller shall take all reasonable measures and exercise its 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, Seller 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 Seller 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 disclose 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 Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller 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 Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's 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 Seller has adopted the creditworthiness warranties contained in Section 3.2.7, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow

Letter of Credit

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section 3.2.7.

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

10.1 Cash Escrow Security. Seller 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, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

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

10.2 Letter of Credit Security. Seller 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, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

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

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its 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, Seller shall not cause or permit the Facility or its 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 SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

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

10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, 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 Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller 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 Seller ten (10) calendar days notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Seller 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. Seller hereby irrevocably appoints PacifiCorp as Seller's 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 Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller 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 Seller (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of Seller 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 Seller. 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 Seller, PacifiCorp shall provide Seller 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 Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

10.5 As a condition to providing a Senior Lien or Step-in Rights, Seller shall, before the Scheduled Commercial Operation Date, post and maintain, in an amount reasonably determined by PacifiCorp, a Letter of Credit in favor of PacifiCorp, which PacifiCorp, during the term of this Agreement, can draw upon to satisfy amounts PacifiCorp might reasonably incur in order to satisfy environmental remediation requirements.

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 Seller 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. Seller's 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 Seller and Seller fails 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 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.
- 11.1.6 Underdelivery. Seller's failure to satisfy the minimum delivery obligation of Section 4.3.

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 or 11.1.5 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 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its 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.

11.3 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 11.1.6 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 Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller 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 Seller 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 Seller's default, Seller 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 Seller was 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 Seller 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 Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated to provide during the period of default ("**Net Replacement Power Costs**").

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has 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 Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller 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

Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's 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, Seller 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 Seller, its 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 Seller 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 Seller, its 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 Seller 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. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system if delivery to PacifiCorp is to be accomplished by wheeling, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's 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 Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "A-:VII" 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 Seller 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 Seller 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 Seller fails to remedy Seller's 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 Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's 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. Seller 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 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, Seller releases 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	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5952 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Oregon Environmental Industries, LLC P.O. Box 3187 Central Point, Oregon 97502 Attn: Lee Fortier, P.E. Engineering & Operations Manager Phone: (541)-494-5411 Facsimile: (541)-830-8387
All Invoices:	(same as street address above) Attn: Back Office, Suite 600 Phone: (503) 813 - 5585 Facsimile: (503) 813 - 5580	(same as address above)
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	(same as address above)
Payments:	(same as street address above) Attn: Back Office, Suite 600 Phone: (503) 813 - 5585 Facsimile: (503) 813 - 5580	(same as address above)
Wire Transfer:	Bank One N.A. ABA: 071000013 ACCT: 55-44688 NAME: PacifiCorp Wholesale	Umpqua Bank ABA: 123205054 ACCT: 010152770 NAME: Oregon Environmental Industries, LLC
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1800 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	(same as address above) Attn: Marianne Fowler Phone: (541) 494 - 5405 Facsimile: (541) 779 - 4366
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: General Counsel. and Legal Counsel Phone: (503) 813-6266 and (801) 220-4568	(same as address above) Attn: Stephen Gambee Managing Member Phone: (541) 494-5440 Facsimile: (541) 779 - 4366

Notices	PacifiCorp	Seller
	Facsimile: (503) 813-7262 and (801) 220-3299	

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.

SECTION 24: COMMISSION INVESTIGATION

The Seller and PacifiCorp acknowledge that the rates, terms and conditions specified in this Agreement and the related tariffs are being investigated by the Oregon Public Utility Commission. Upon a decision by the Oregon Public Utility Commission in the investigation, PacifiCorp will notify the Seller within ten calendar days. The Seller shall have thirty calendar days from the effective date of the revised standard contract and tariffs complying with the Commission's order to amend this Agreement if the Seller so chooses to adopt the revised standard contract and/or the revised rates, terms and conditions in the tariff approved by the Oregon Public Utility Commission as a result of the investigation.

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

Oregon Environmental Industries

By: 

By: 

Name: MARY T. KLEIN

Name: Stephen M. Gambee

Title: VICE President, Commercial & Trading

Title: Managing Member

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY
[Seller to Complete]

Seller's Facility consists of two generators manufactured by Caterpillar. More specifically, each generator at the Facility is described as:

Type (synchronous or inductive): synchronous

Model: SR4B

Number of Phases: Three (3)

Rated Output (kW): 1600

Rated Output (kVA): 2000

Rated Voltage (line to line): 4160

Maximum kW Output: 1600 kW **Maximum kVA Output:** 2000 kVA

Minimum kW Output: 1600 kW

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

Facility Capacity Rating: 3200 kW at 0.95 P.F. (lagging)

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:

500 kVA station transformer serving the following loads:

1. Landfill gas treatment system;
2. Landfill gas extraction blower and flare;
3. Facility HVAC systems;
4. Landfill gas flare blowers;
5. Facility air compressor; and
6. Facility utility and lighting loads.

Location of the Facility: The Facility is to be constructed in the vicinity of Medford, Oregon in Jackson County. The location is more particularly described as follows:

Legal Description for lease parcel located
in Section 1, T37S, R1W, W.M.
Being a portion of 37-1W-01, Tax Lot 300
Jackson County, Oregon

Lessor: Dry Creek Landfill, Inc.
P.O. Box 3187
Central Point OR 97502

Lessee: Oregon Environmental Industries, LLC

Commencing at the northwest corner of Section 1, Township 37 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon; thence South $26^{\circ}16'29''$ East 1955.71 feet to the **true point of beginning** of the leased property to be described; thence South $77^{\circ}29'43''$ East 116.00 feet; thence South $3^{\circ}05'11''$ West 272.00 feet; thence North $84^{\circ}09'51''$ West 348.00 feet; thence North $43^{\circ}27'10''$ East 360.00 feet to the true point of beginning. Site contains 1.50 acres, more or less.

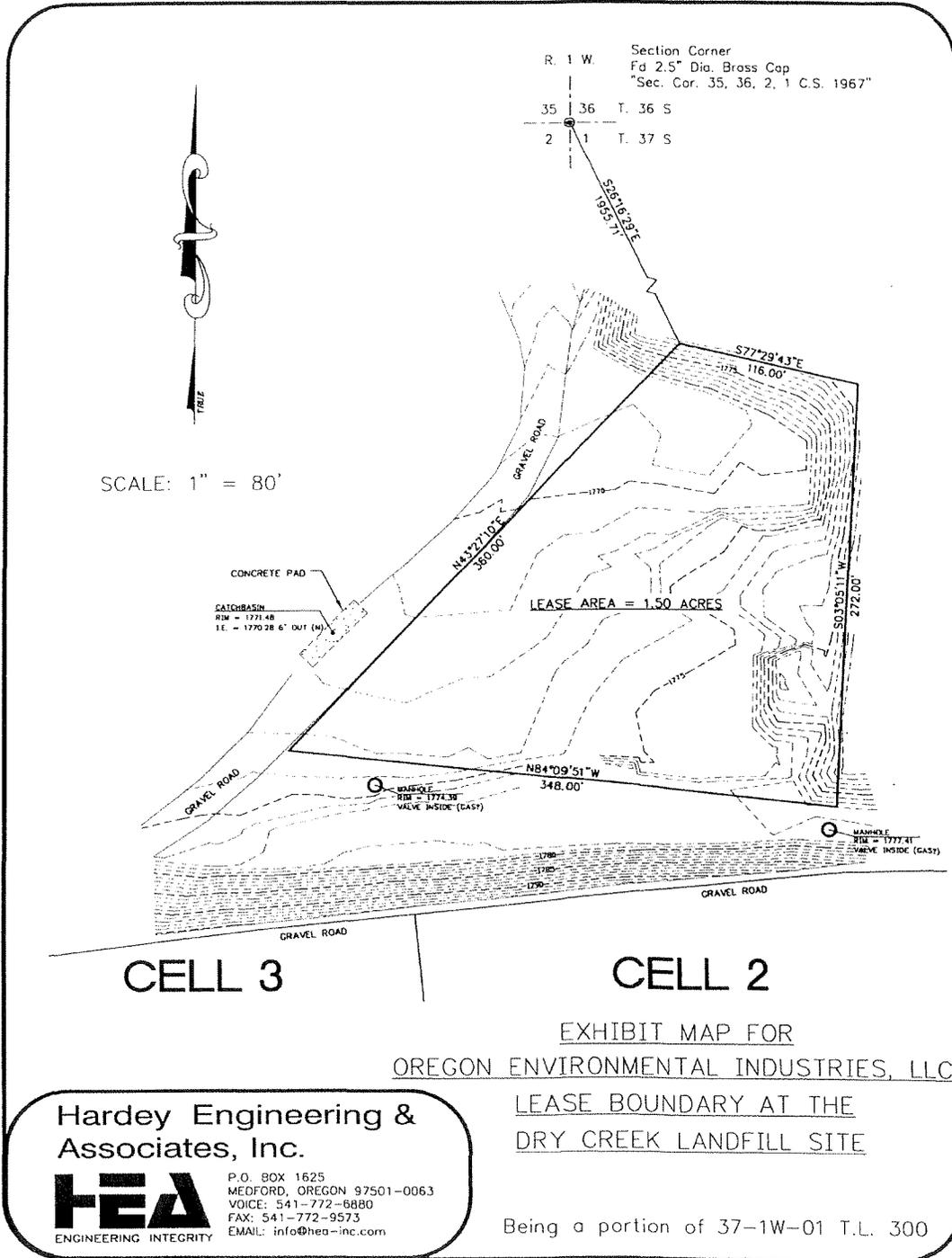
See attached exhibit.

Power factor requirements:

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

0.95 P.F. Lagging

EXHIBIT A - Attachment



CELL 3

CELL 2

EXHIBIT MAP FOR
OREGON ENVIRONMENTAL INDUSTRIES, LLC

LEASE BOUNDARY AT THE
DRY CREEK LANDFILL SITE

Hardey Engineering & Associates, Inc.



P.O. BOX 1625
MEDFORD, OREGON 97501-0063
VOICE: 541-772-6880
FAX: 541-772-9573
EMAIL: info@hea-inc.com

Being a portion of 37-1W-01 T.L. 300

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

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

A bi-directional meter in accordance with PacifiCorp requirements will be installed at PacifiCorp pole # B34087. This will be both the point of metering and point of delivery. The interconnection is shown on the attached single line diagram, Drawing No. E-401.

A description of the electrical connection between the generators and PacifiCorp pole #B34087 is as follows:

Quantity two (2) CAT 3520 generators, capable of producing 1600 KW each at 4160/3/60, will be connected to CAT ISO paralleling switchgear. The parallel switchgear will contain various engine, generator, and power monitors/relays as shown on the attached single line diagram. The 4160V power will be stepped up to 20.8 kV with a 5,000 kVA pad-mount transformer. A Basler relay will be provided to monitor bus and transformer differential currents. The power will then pass through 27KV switchgear before being routed to PacifiCorp power pole # B34087 via an overhead transmission line. The transmission line will be 133% EPR MV-105-25KV shielded cable with 4-#4/0 cables. A Schweitzer intertie protection relay will be provided as part of the 27KV switchgear to provide power monitoring and transfer trip capability.

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

Interconnection Agreement, Wheeling Agreement [if applicable], and [others to be identified]

Interconnection Agreement to be attached when completed

FERC QF Number: QF06-155-000

**EXHIBIT D-1
SELLER'S MOTIVE FORCE PLAN**

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

Month	Average Energy (kWh)
January	2,032,236
February	1,835,568
March	2,032,236
April	1,966,680
May	2,032,236
June	1,966,680
July	2,032,236
August	2,032,236
September	1,966,680
October	2,032,236
November	1,966,680
December	2,032,236
Total	23,927,940

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

At a capacity factor of 93% and accounting for parasitic loads for the equipment listed in Exhibit A, the average yearly facility output will be 23,927,940 kWh. The monthly average will be between 1,835,568 kWh and 2,032,236 kWh, depending upon the number of days in the month. This value includes time allowance for down time due to routine maintenance and unanticipated outages of short duration.

$$(3200kW - 263kW) * (24hr/day) * (365days/year) * (0.93) = 23,927,940 \text{ kWh/yr}$$

Minor and major overhauls are anticipated after every two and four years of operation, respectively. Minor overhauls will take approximately 1 week per engine to complete. Major overhauls will take approximately 3 weeks per engine to complete. When possible, overhauls will be scheduled for off-peak periods.

B. MINIMUM ANNUAL DELIVERY CALCULATION

Seller 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 maintenance and Seller's load (if any).

The Minimum Annual Delivery of the facility is anticipated to be 10,879,920 kWh. This scenario would occur if the equivalent of one generator is off-line for the entire year and the operating generator is run at 90% capacity factor. This value includes time allowance for downtime due to routine maintenance, major overhauls, and unanticipated outages of short duration.

$$(1600\text{kW} - 220\text{kW}) * (24\text{hr/day}) * (365\text{days/year}) * (0.90) = 10,879,920 \text{ kWh/yr}$$

C. MAXIMUM ANNUAL DELIVERY CALCULATION

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

The Maximum Annual Delivery of the facility is expected to be 25,728,120 kWh. This assumes that the facility is operated at 100% capacity for the entire year and outages of short duration are compensated for by operation at above generator nameplate capacity.

$$(3200\text{kW} - 263\text{kW}) * (24\text{hr/day}) * (365\text{days/year}) = 25,728,120 \text{ kWh/yr}$$

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller 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 Seller's estimated average, maximum, and minimum Net Output.

The Facility as described in Exhibit A of this Agreement, is likely capable under average operating conditions foreseeable during the term of this Agreement of meeting the estimated average, maximum, and minimum Net Output as described in Exhibit D-1 and shown below.

Average Annual Facility Output:	23,927,940 kWh
Minimum Annual Facility Output:	10,879,920 kWh
Maximum Annual Facility Output:	25,728,120 kWh

Robert D. Viers, P.E. (CA)
License No. M028717
License Expiration Date: 09/30/2007
SCS Energy

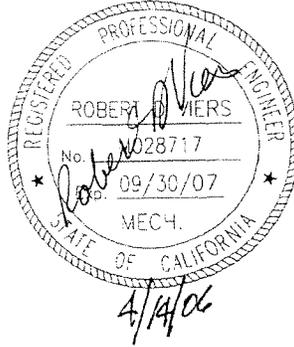


EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]**

All electrical Testing noted below will be performed on site by a third party NETA certified Electrical Testing Agency; not affiliated with the equipment manufacturer or installing contractor. Testing reports will be provided.

1. Pressure tests of all steam system equipment; N/A. The facility does not have a steam system.
2. Calibration of all pressure, level, flow, temperature and monitoring instruments; instrumentation and monitoring equipment will receive factory calibration.
3. Operating tests of all valves, operators, motor starters and motor; process equipment will be inspected, commissioned and started-up by factory trained and authorized technicians per the equipment manufacturer's start-up procedures.
4. Alarms, signals, and fail-safe or system shutdown control tests; system alarms and controllers will be integrated into a plant wide SCADA system. The proper operation of all alarms and controllers will be checked during commissioning of the facility.
5. Insulation resistance and point-to-point continuity tests; switchgear will be tested using applicable tests to the standard per NETA "Acceptance Testing Specifications"-2003; Section 7.1: Switchgear and Switchboard Assemblies, Section 7.6.1.1: Circuit Breakers, Air Insulated-Case; Molded Case, and Section 7.10: Instrument Transformers.
6. Medium Voltage Cable will be test per Section 7.3.3 – "Cables; Medium and High Voltage of NETA "Acceptance Testing Specifications"-2003.
7. Intertie Transformer will be tests per Section 7.2.2 - "Liquid Filled Transformers" of NETA "Acceptance Testing Specifications"-2003. This will include oil sample for a starting base line.
8. Grounding system will be tested per Section 7.13 - "Grounding Systems" per NETA "Acceptance Testing Specifications"-2003. Testing will include point to point testing and 3 point fall of potential.
9. Bench tests of all protective devices; relays will be field calibrated and tested to NETA "Acceptance Testing Specifications" Section 7.9. The relays will be tested with Omnicron or similar test unit to the settings provided in the coordination study.
10. Tests required by manufacturer of equipment; and factory tests: perform design and routine tests according to standards specified for components. Conduct transformer tests according to IEEE C57.12.90.

Transformer factory test:

1. Resistance measurements of all windings on rated-voltage connection and on tap extreme connections.
2. Ratios on rated-voltage connection and on tap extreme connections.

3. Polarity and phase relation on rated-voltage connection.
4. No-load loss at rated voltage on rated-voltage connection.
5. Excitation current at rated voltage on rated-voltage connection.
6. Impedance and load loss at rated current on rated-voltage connection and on tap extreme connections.
7. Applied potential.
8. Induced potential.
9. Short circuit withstand capability shall be verified by full short circuit tests on similar or larger units in accordance with the latest revision of ANSI C57.12.00 and ANSI C57.12.90. The maximum allowable variation in impedance measured on a per-phase basis after the test series shall not differ from that measured before the test series by more than 2% for category II and III equipment for circular or noncircular coils. Certified test reports from applicable short circuit tests shall be submitted to the Owner, upon request, prior to shipment of the transformers.
10. All test data will provided by the manufacturer to SCS Energy for incorporation into net and load meters where required.

27kV Intertie Circuit breaker factory tests:

1. The following standard factory tests shall be performed on the circuit breaker element provided under this section. All tests shall be in accordance with the latest version of ANSI standards.
 - i. Alignment test with master cell to verify all interfaces and interchangeability
 - ii. Circuit breakers operated over the range of minimum to maximum control voltage
 - iii. Factory setting of contact gap
 - iv. One-minute dielectric test per ANSI standards
 - v. Final inspections and quality checks
2. The following production test shall be performed on each breaker housing:
 - i. Alignment test with master breaker to verify interfaces
 - ii. One-minute dielectric test per ANSI standards on primary and secondary circuits
 - iii. Operation of wiring, relays and other devices verified by an operational sequence test
 - iv. Final inspection and quality check.
3. Complete pre-parallel checks with PacifiCorp.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Engine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;
3. Brake tests;

4. Energizing of transformers;
5. Synchronizing tests (manual and auto);
6. Stator windings dielectric test;
7. Armature and field windings resistance tests;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load;
9. Heat runs;
10. Tests required by manufacturer of equipment;
11. Excitation and voltage regulation operation tests;
12. Open circuit and short circuit; saturation tests;
13. Governor system steady state stability test;
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;
15. Auto stop/start sequence;
16. Level control system tests; and
17. Completion of all state and federal environmental testing requirements.

Facility equipment will be tested in accordance with the manufacturer's recommended procedures. Proper operation of interlock and alarm functions will be performed during commissioning and start-up of the facility.

EXHIBIT F
SCHEDULE 37 and PRICING SUMMARY TABLE

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. 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. 798 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.

Off-Peak Hours

All hours other than On-Peak.

Opal Gas Market Index

The monthly indexed gas price shall be from Platts "Gas Daily Price Guide" for gas deliveries to Northwest Pipeline Corp at the Rocky Mountains.

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 for all Excess Output.

(Continued)

Issued:	February 28, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after March 28, 2008	First Revision of Sheet No. 37-1 Canceling Original Sheet No. 37-1

Issued By

D. Douglas Larson, Vice President, Regulation

TF1 37-1.E

Advice No. 06-006

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 Banded Gas Market Indexed Avoided Cost Prices or Gas Market Indexed Avoided Cost Prices.

2. Gas Market Indexed Avoided Cost Prices

Fixed prices apply during the resource sufficiency period (2005 through 2009), thereafter a portion of avoided cost prices are indexed to actual Opal monthly 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 (2005 through 2009), thereafter a portion of avoided cost prices are indexed to actual Opal monthly 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.

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 Opal Gas Market Index price in \$/MMBtu by 0.78 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.

(Continued)

Issued:	July 12, 2005	P.U.C. OR No. 35
Effective:	With service rendered on and after August 11, 2005	Original Sheet No. 37-2

Issued By

D. Douglas Larson, Vice President, Regulation

TF1 37-2.E

Advice No. 05-008

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

OREGON
SCHEDULE 37
 Page 3

Monthly Payments (Continued)

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 Opal Gas Market Index price in \$/MMBtu by 0.78 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.

Avoided Cost Prices

Pricing Option 1 – Fixed Avoided cost Prices t/kWh

Deliveries During Calendar Year	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)
2005	7.13	5.98
2006	6.36	5.27
2007	5.96	4.87
2008	5.58	4.63
2009	5.26	4.33
2010	6.21	4.30
2011	6.54	4.57
2012	7.13	5.11
2013	7.43	5.35
2014	7.52	5.37
2015	7.66	5.45
2016	7.86	5.59
2017	8.07	5.73
2018	8.27	5.86
2019	8.50	6.02
2020	8.72	6.17
2021	8.97	6.33
2022	9.23	6.49
2023	9.49	6.66
2024	9.75	6.82
2025	10.03	7.00
2026	10.31	7.18
2027	10.60	7.36
2028	10.90	7.55

(Continued)

Issued:	July 12, 2006	P.U.C. OR No. 35
Effective:	With service rendered on and after August 11, 2005	Original Sheet No. 37-3

Issued By
 D. Douglas Larson, Vice President, Regulation

TF1 37-3.E

Advice No. 05-008

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

OREGON
SCHEDULE 37
 Page 4

Avoided Cost Prices (Continued)

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

Deliveries During Calendar Year	Fixed Prices		Gas Market Index		Forecast Opal Gas Index Price (2) \$/MMBtu	Estimated Prices (3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Capacity Adder (1)	Off-Peak Energy Adder		On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Avoided Firm Capacity Costs / (0.576 * 84.25% * 37%)	Total Avoided Energy Costs - ((e) * 0.76)		(f) + (e)	((f) * 0.76) - (g)
2005	7.13	5.98					
2006	6.36	5.27					
2007	5.96	4.87					
2008	5.58	4.43					
2009	5.26	4.33					
			Market Based Prices 2005 through 2009				
2010			1.91	0.38	\$5.16	6.21	4.30
2011			1.97	0.46	\$5.49	6.54	4.57
2012			2.02	0.42	\$6.17	7.13	5.11
2013			2.08	0.42	\$6.48	7.43	5.35
2014			2.14	0.42	\$6.51	7.52	5.37
2015			2.21	0.44	\$6.60	7.66	5.45
2016			2.27	0.43	\$6.77	7.86	5.59
2017			2.34	0.43	\$6.95	8.07	5.73
2018			2.41	0.43	\$7.12	8.27	5.86
2019			2.48	0.46	\$7.31	8.50	6.02
2020			2.55	0.47	\$7.50	8.72	6.17
2021			2.64	0.48	\$7.70	8.97	6.33
2022			2.73	0.49	\$7.90	9.23	6.49
2023			2.83	0.50	\$8.10	9.49	6.66
2024			2.93	0.51	\$8.31	9.75	6.82
2025			3.03	0.52	\$8.53	10.03	7.00
2026			3.13	0.53	\$8.75	10.31	7.18
2027			3.24	0.54	\$8.98	10.60	7.36
2028			3.35	0.55	\$9.21	10.90	7.55

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2004 IRP.
- (2) A heat rate of 0.76 is used to adjust gas prices from \$/MMBtu to \$/kWh.
- (3) Estimated avoided cost prices based upon forecast Opal Gas Market Index prices.
 Actual prices will be calculated each month using actual Opal Gas Market Index prices.

(Continued)

Issued: July 12, 2005 P.U.C. OR No. 35
 Effective: With service rendered on and after August 11, 2005 Original Sheet No. 37-4

Issued By
 D. Douglas Larson, Vice President, Regulation

TF1 37-4.E

Advice No. 05-008

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

OREGON
 SCHEDULE 37
 Page 6

Avoided Cost Prices (Continued)

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

Deliveries: During Calendar Year	Fixed Prices		Banded Gas Market Index				Forecast Opal Gas Index Price (2) \$/MWh	Estimated Prices (3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Capacity Adder (1)	Off-Peak Energy Adder	Gas Market Index			On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)	Floor 90%	Ceiling 110%	(g)	(h)	(i)
	Avoided Firm Capacity Costs (0.876 * \$4.24 * 57%)			Total Avoided Energy Costs -(i) * 0.76	(g) * 0.76 * 90%	(g) * 0.76 * 110%	(g)	(h) - (c)	MIN(MAX) (0.76), (g), (h) - (i)
2005	7.13	5.98							
2006	6.36	5.27							
2007	5.96	4.87							
2008	5.58	4.63							
2009	5.26	4.33							
			Market Based Prices: 2005 through 2009						
2010			1.91	0.38	3.53	4.31	\$5.06	6.21	4.39
2011			1.97	0.40	3.75	4.59	\$5.49	6.54	4.57
2012			2.02	0.42	4.22	5.16	\$6.17	7.13	5.11
2013			2.08	0.42	4.43	5.42	\$6.48	7.43	5.35
2014			2.14	0.42	4.45	5.44	\$6.51	7.52	5.37
2015			2.21	0.44	4.51	5.51	\$6.60	7.66	5.45
2016			2.27	0.45	4.63	5.66	\$6.77	7.86	5.59
2017			2.34	0.45	4.75	5.81	\$6.95	8.07	5.73
2018			2.41	0.45	4.87	5.96	\$7.12	8.27	5.86
2019			2.48	0.46	5.00	6.11	\$7.31	8.50	6.02
2020			2.55	0.47	5.13	6.27	\$7.50	8.72	6.17
2021			2.64	0.48	5.27	6.44	\$7.70	8.97	6.33
2022			2.73	0.49	5.40	6.60	\$7.90	9.23	6.49
2023			2.83	0.50	5.54	6.77	\$8.10	9.49	6.66
2024			2.93	0.51	5.69	6.95	\$8.31	9.75	6.82
2025			3.03	0.52	5.83	7.13	\$8.53	10.05	7.00
2026			3.13	0.53	5.99	7.32	\$8.75	10.31	7.18
2027			3.24	0.54	6.14	7.51	\$8.98	10.60	7.36
2028			3.35	0.55	6.30	7.70	\$9.21	10.90	7.55

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2004 IRP.
- (2) A base rate of 0.76 is used to adjust gas prices from \$/MWh to c/kWh
- (3) Estimated avoided cost prices based upon forecast Opal Gas Market Index prices.
Actual prices will be calculated each month using actual Opal Gas Market Index prices.

(Continued)

Issued:	July 12, 2005	P.U.C. OR No. 35
Effective:	With service rendered on and after August 11, 2005	Original Sheet No. 37-5

Issued By
 D. Douglas Larson, Vice President, Regulation

TF1 37-5.E

Advice No. 05-008

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

OREGON
SCHEDULE 37

Page 6

Example of Pricing Options available to the Qualifying Facility

An example of the three pricing options using different assumed gas prices is available at the Company web site.

Qualifying Facilities Contracting Procedure

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
625 NE Multnomah St, Suite 800
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:	July 12, 2005	P.U.C. OR No. 35
Effective:	With service rendered on and after August 11, 2005	Original Sheet No. 37-6

Issued By
D. Douglas Larson, Vice President, Regulation

TF1 37-6.E

Advice No. 05-008

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

OREGON
 SCHEDULE 37

Page 7

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.
 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 14 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 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.

Issued:	July 12, 2005	P.U.C. OR No. 35
Effective:	With service rendered on and after August 11, 2005	Original Sheet No. 37-7

Issued By
 D. Douglas Larson, Vice President, Regulation

TF1 37-7.E

Advice No. 05-008