

NON-FIRM POWER PURCHASE AGREEMENT

BETWEEN

DOUGLAS COUNTY, INC.

**[an existing Non-Standard Oregon, Non-Firm, On-System, Qualifying Facility with
10,000 kW Facility Capacity Rating, or Less]**

AND

PACIFICORP

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NON-FIRM POWER PURCHASE AGREEMENT

THIS NON-FIRM POWER PURCHASE AGREEMENT, entered into this 27th day of July, 2010, is between Douglas County, Inc. doing business as Douglas County Forest Products, "Seller" and PacifiCorp (d/b/a Pacific Power & Light Company), 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 owns, operates and maintains a biomass fueled steam boiler and cogeneration facility for the generation of electric power, including interconnection facilities, located at 398 Del Rio Road, Roseburg, Oregon with a Facility Capacity Rating of 6,250 kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("Facility"); and

B. Seller has elected to forgo a Schedule 37 standard power purchase agreement in favor of negotiating the terms of this Agreement. This Agreement shall not establish any precedent regarding PacifiCorp's treatment of future Qualifying Facilities owned by the State of Oregon or otherwise; and

C. The Parties desire to enter into this Agreement to replace in its entirety the power purchase agreement dated July 15, 2008 (the "PPA"), which terminates on July 31, 2010; and

D. Seller intends to continue to deliver Net Output under this Agreement; and

E. Seller intends to continue to operate the Facility as a Qualifying Facility, and is deemed to have established commercial operation under the previous PPA; and

F. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 1,103,673 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

G. Seller shall (choose one) sell all Net Output to PacifiCorp and purchase its full electric requirements from PacifiCorp 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 this Agreement; and

H. 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 Seller 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 Net Output, stated in Section 5.1.

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 “**Effective Date**” of this Agreement shall be 24:00 PPT on July 31, 2010, which is the date upon which the PPA terminates.

1.8 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.3.

1.9 “**Environmental Attributes**” shall have the meaning set forth in Section 5.2.

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

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

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

1.13 “**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.

1.14 "**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.

1.15 "**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.

1.16 "**Net Output**" means all energy 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.

1.17 "**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**.

1.18 "**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 JPMorgan Chase & Co. If a JPMorgan Chase & Co. 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.

1.19 "**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.

1.20 "**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.

1.21 **"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**.

1.22 **"Termination Date"** shall have the meaning set forth in Section 2.3.

SECTION 2: EFFECTIVE DATE; TERM

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

2.2 By the Effective Date, Seller 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** – Seller's Interconnection Request.

2.3 Except as otherwise provided herein, this Agreement shall terminate at 24:00 PPT on July 31, 2015 (**"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 corporation 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 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it 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. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's 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 Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.

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, 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, 1,103,673 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 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Output expected to be delivered by the Facility ("**Energy Delivery Schedule**"), attached hereto as **Exhibit D.**

SECTION 5: PURCHASE PRICES

5.1 Net Output. For all Net Output delivered to the Point of Delivery, PacifiCorp shall pay Seller the greater of (1) \$0/kWh; or (2) ninety-three percent (93%) of the average market

index price for day-ahead firm energy at Mid-Columbia, as published in *Intercontinental Exchange (ICE) Day Ahead Power Price Report*, for the On-Peak and Off-Peak periods, calculated as shown in **Exhibit F**. If the ICE index or any replacement of that index ceases to be published during the term of this Agreement, PacifiCorp shall select as a replacement a substantially equivalent index that, after any appropriate or necessary adjustments, provides the most reasonable substitute for the index in question. PacifiCorp's selection shall be subject to Seller's consent, which Seller shall not unreasonably withhold, condition or delay.

5.2 Environmental Attributes. PacifiCorp waives any claim to Seller's 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 Seller's Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of any construction affecting 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.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six month's prior written notice), Seller 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. Seller may not increase Net Output under this Agreement by installing additional generating units.

6.3 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 6.3 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.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise reasonable efforts to notify PacifiCorp of planned outages at least ninety (90) days prior.

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) expected to last more than 48 hours, Seller reasonably shall notify PacifiCorp of the unscheduled outage or curtailment, the time when such has occurred or will occur, and the anticipated duration.

SECTION 7: METERING

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

7.2 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.

7.3 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 8: BILLINGS, COMPUTATIONS, AND PAYMENTS

8.1 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.

8.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 8.1. In the event PacifiCorp determines it has overpaid Seller, PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

8.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate on the date the principle amount became due 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 9: DEFAULTS AND REMEDIES

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

- 9.1.1 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.
- 9.1.2 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.
- 9.1.3 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.

9.2 Notice; Opportunity to Cure.

9.2.1 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.

9.2.2 Opportunity to Cure. A Party defaulting under Section 9.1.1 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. For such a default *not* resulting from failure of Seller to meet any deadline set forth in Section 2, 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. For such a default resulting from failure of Seller to meet any deadline set forth in Section 2, this thirty (30) day period shall be extended to one (1) year from receipt of proper notice 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 one (1) year 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.

9.3 Termination.

9.3.1 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. The rights provided in this Section 9 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.

9.3.2 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 2.3). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

SECTION 10: INDEMNIFICATION AND LIABILITY

10.1 Indemnities.

10.1.1 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.

10.1.2 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.

10.2 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.

10.3 No Consequential Damages. 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 11: INSURANCE

11.1 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.

11.2 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 "B+" by the A.M. Best Company the insurance coverage specified below:

11.2.1 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.

11.3 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.

11.4 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.

11.5 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 12: FORCE MAJEURE

12.1 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:

12.1.1 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

12.1.2 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

12.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

12.2 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.

12.3 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.

12.4 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 13: 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 14: 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 15: 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 16: 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 17: 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 18: 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 19: 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 20: ENTIRE AGREEMENT

20.1 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.

20.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 21: NOTICES

21.1 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 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Douglas County, Inc. P.O. Box 848 Winchester, OR 97495 Attn: General Manager Phone: (541) 672 - 5711 Facsimile: (541) 957 - 0246 Fed. ID Number: 93-0899201
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	(same as mailing address above) Attn: Main Office Phone: (541) 672 - 5711 Facsimile: (541) 957 - 0246
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090	(same as mailing address above) Attn: Main Office Phone: (541) 672 - 5711

Notices	PacifiCorp	Seller
	Facsimile: (503) 813 – 6265	Facsimile: (541) 957 – 0246
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 – 5580	(same as mailing address above) Attn: Main Office Phone: (541) 672 - 5711 Facsimile: (541) 957 – 0246
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 mailing address above) Attn: Main Office Phone: (541) 672 - 5711 Facsimile: (541) 957 – 0246
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 mailing address above) Attn: Main Office Phone: (541) 672 - 5711 Facsimile: (541) 957 – 0246

21.2 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 21.

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

Seller

By: _____

Name Richard Mathews

Title: General Manager

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

Seller's Facility consists of one generator manufactured by GENERAL ELECTRIC. More specifically, each generator at the Facility is described as:

Type (synchronous or inductive): synchronous

Model: EN139036

Number of Phases: 3

Rated Output (kW): 6250

Rated Output (kVA): 7813

Rated Voltage (line to line): 13.2 kV

Rated Current (A): Stator: 342 A; Rotor: - A

Maximum kW Output: 6250 kW **Maximum kVA Output:** 7813 kVA

Minimum kW Output: 1000 kW

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

Facility Capacity Rating: 6250 kW at maximum steam inflow pressure.

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating: No differences.

Station service requirements, and other loads served by the Facility, if any, are described as follows: None – facility utilizing distribution power for station service.

Location of the Facility: The Facility is in the vicinity of Winchester in Douglas County, Oregon. The location is more particularly described as follows:

Township 26 - Range 6W - Section 24C - Tax Lot 700

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): range between .95 leading and .95 lagging

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

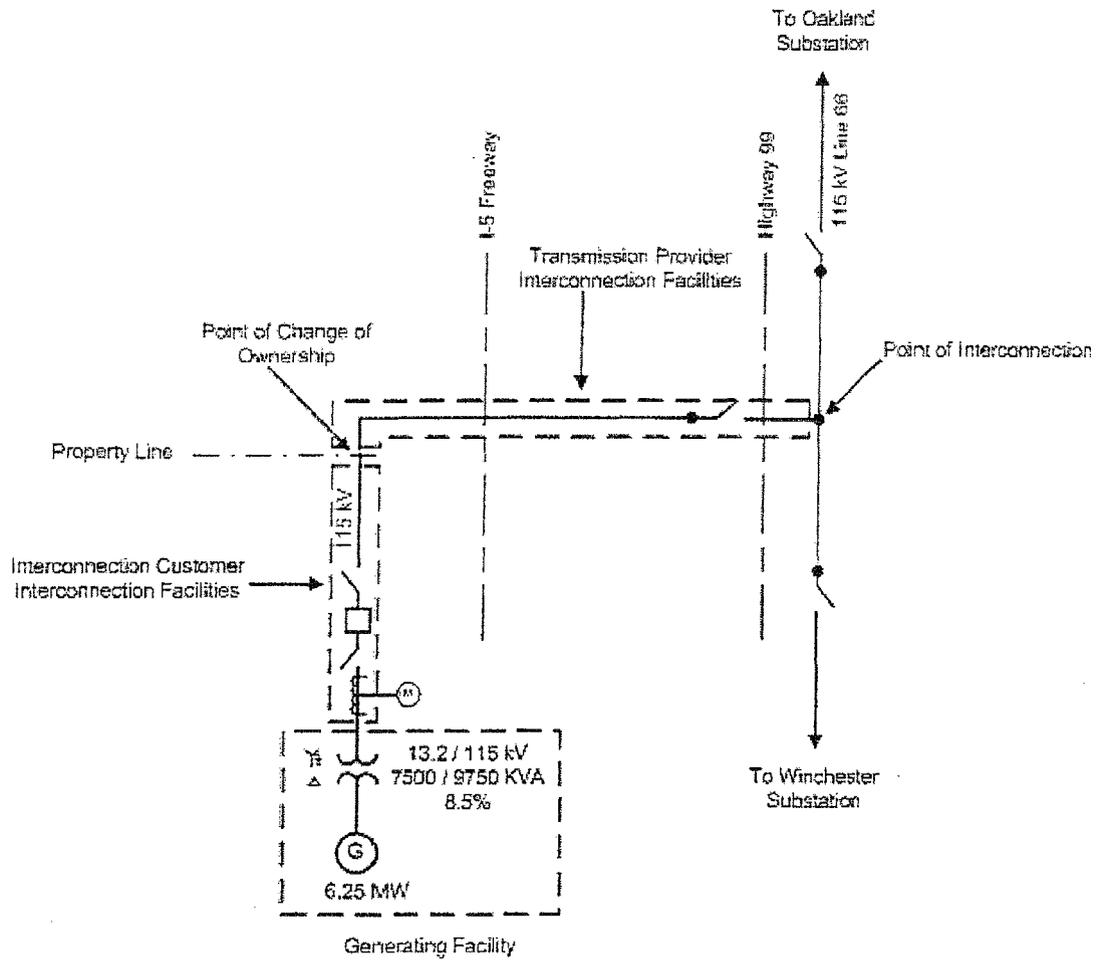
POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

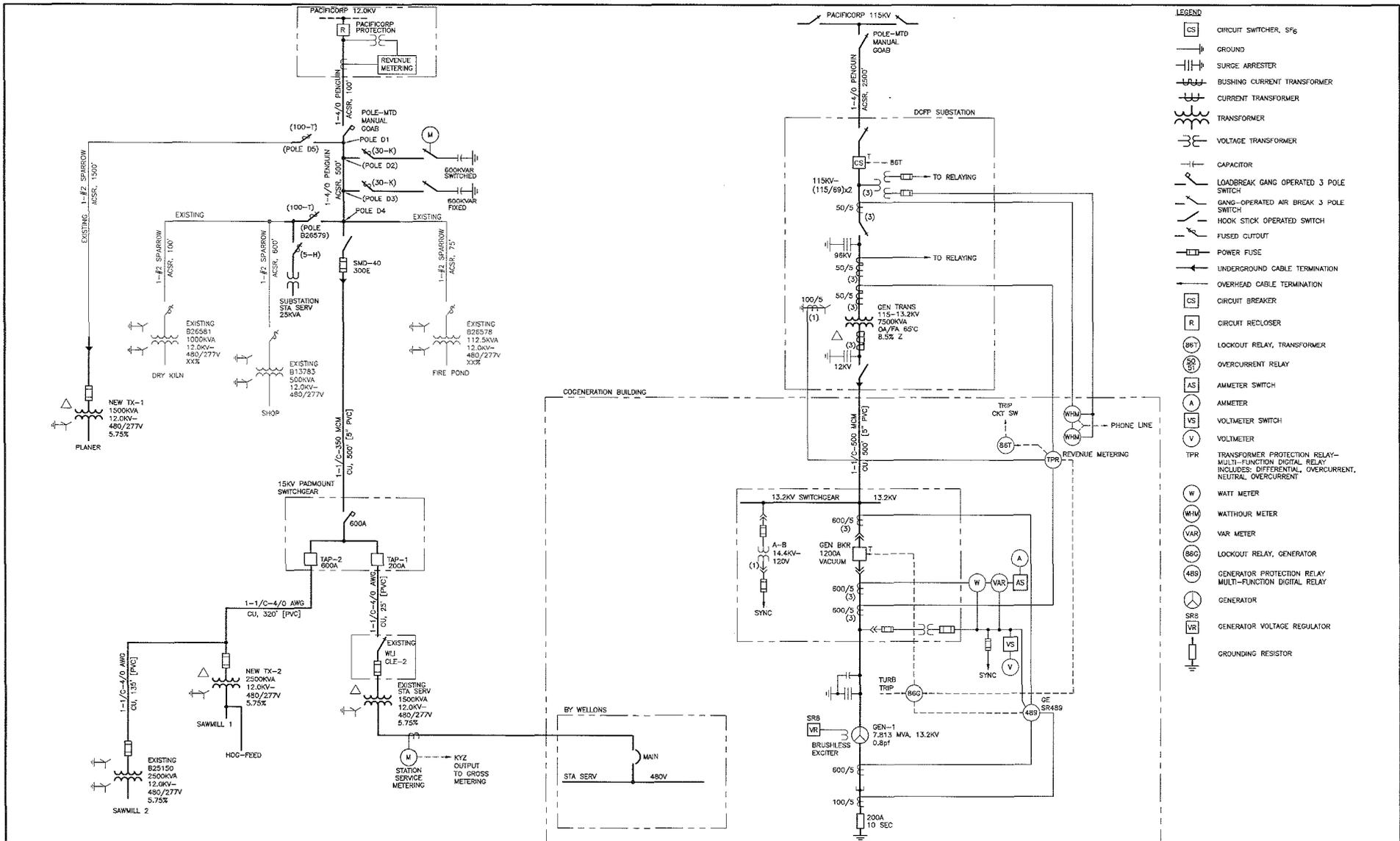
Instructions to Seller:

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.
 1. The revenue meter is identified as the "Revenue Meter" in the attached "Overall System One-Line Diagram" dated July 2005 and consists of two redundant "watthour meters". The Point of Delivery is identified as the Point of Interconnection in the attached "Attachment 3 to the QFSGIA", which is an attachment to the Generation Interconnection Agreement.
 2. A single line drawing of the Facility is attached as the "Overall System One-Line Diagram" dated July 2005.

Attachment 3 to QFSGIA

One-line Diagram Depicting the Small Qualifying Facility, Interconnection Facilities, Metering Equipment, and Upgrades





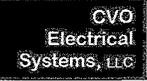
- LEGEND**
- CIRCUIT SWITCHER, SF6
 - GROUND
 - SURGE ARRESTER
 - BUSHING CURRENT TRANSFORMER
 - CURRENT TRANSFORMER
 - TRANSFORMER
 - VOLTAGE TRANSFORMER
 - CAPACITOR
 - LOADBREAK GANG OPERATED 3 POLE SWITCH
 - GANG-OPERATED AIR BREAK 3 POLE SWITCH
 - HOOK STICK OPERATED SWITCH
 - FUSED CUTOUT
 - POWER FUSE
 - UNDERGROUND CABLE TERMINATION
 - OVERHEAD CABLE TERMINATION
 - CIRCUIT BREAKER
 - CIRCUIT RECLOSER
 - LOCKOUT RELAY, TRANSFORMER
 - OVERCURRENT RELAY
 - AMMETER SWITCH
 - AMMETER
 - VOLTMETER SWITCH
 - VOLTMETER
 - TRANSFORMER PROTECTION RELAY—MULTI-FUNCTION DIGITAL RELAY INCLUDES: DIFFERENTIAL, OVERCURRENT, NEUTRAL OVERCURRENT
 - WATT METER
 - WATHOUR METER
 - VAR METER
 - LOCKOUT RELAY, GENERATOR
 - GENERATOR PROTECTION RELAY—MULTI-FUNCTION DIGITAL RELAY
 - GENERATOR
 - GENERATOR VOLTAGE REGULATOR
 - GROUNDING RESISTOR

DESIGN	CASTOR
CHK	ACI
DRW	JDW
APVD	

NO.	DATE	ISSUED FOR REVIEW	REVISION
A	7/20/05	ISSUED FOR REVIEW	

REUSE OF DOCUMENTS
 © 2005 CVO ELECTRICAL SYSTEMS, LLC
 THIS DOCUMENT IS THE PROPERTY OF CVOES
 AND IS NOT TO BE USED IN ANY WAY FOR OTHER
 WORK WITHOUT WRITTEN PERMISSION OF CVOES

VERIFY SCALES
 BAR IS ONE INCH ON ORIGINAL DRAWING
 0 1
 IF NOT ONE INCH ON THIS SHEET, ADOPT SCALES ACCORDANTLY.



12-KV DISTRIBUTION SYSTEM PROJECT
OVERALL SYSTEM ONE-LINE DIAGRAM

SHEET	2
DWG NO.	905219.02-2
DATE	JULY 2005
PROJ NO.	905219.02

PRELIMINARY

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

Generation Interconnection Agreement – The SGIA was extended through December 2015 in 2008. The SGIA was provided February 22, 2010.

This project operates under QF No. QF 05-92-000

EXHIBIT D
SELLER'S ENERGY DELIVERY SCHEDULE

Month	Average Energy (kWh)
January	88,705
February	39,156
March	41,598
April	189,443
May	163,919
June	85,589
July	53,804
August	69,706
September	33,056
October	177,174
November	130,057
December	31,466

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

EXHIBIT E

Seller 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: Douglas County Forest Products Interconnection Request

Dear Sir:

Douglas County Forest Products hereby voluntarily authorizes PacifiCorp's Transmission business unit to share Douglas County Forest Products 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. Douglas County Forest Products acknowledges that PacifiCorp did not provide it any preferences, either operational or rate-related, in exchange for this voluntary consent.



Name

GENERAL MANAGER

Title

07/31/10

Date

EXHIBIT F

ICE Index Price Calculation Example

[Site Search](#)



PRODUCTS
MARKETS
CLEARING
MARKET DATA
TRADING & TECHNOLOGY
SERVICES
ABOUT ICE

REPORT CENTER
DATA
DOCUMENTS

Category: Market: Report:

Hub:

Start Date: End Date:

ICE Day Ahead Power Price Report

Hub	Trade Date	Begin Date	End Date	High	Low	Close	Vol (MWh)	# Deals	# Cont/Deals
Mid C Off-Peak	Jul 7, 2010	Jul 8, 2010	Jul 8, 2010	19.00	16.50	17.73	19,400	82	19

[Site Search](#)



PRODUCTS
MARKETS
CLEARING
MARKET DATA
TRADING & TECHNOLOGY
SERVICES
ABOUT ICE

REPORT CENTER
DATA
DOCUMENTS

Category: Market: Report:

Hub:

Start Date: End Date:

ICE Day Ahead Power Price Report

Hub	Trade Date	Begin Date	End Date	High	Low	Close	Vol (MWh)	# Deals	# Cont/Deals
Mid C Peak	Jul 7, 2010	Jul 8, 2010	Jul 8, 2010	40.50	35.00	37.46	76,000	175	28

For July 8, 2010 (assume 30 MWh peak, 10MWh off-peak generation):

$$\begin{aligned}
 \text{Payment}_{\text{pk}} &= \text{Metered Energy}_{\text{pk}} * 0.93 * \text{Price}_{\text{pk}} \\
 &= 30\text{MWh} * 0.93 * \$37.46/\text{MWh} \\
 &= \$1,045.134
 \end{aligned}$$

$$\begin{aligned}
 \text{Payment}_{\text{off-pk}} &= \text{Metered Energy}_{\text{off-pk}} * 0.93 * \text{Price}_{\text{off-pk}} \\
 &= 10\text{MWh} * 0.93 * \$17.73/\text{MWh} \\
 &= \$164.889
 \end{aligned}$$

$$\text{Payment}_{\text{Total}} = \$1,210.02$$