

POWER PURCHASE AND ELECTRIC SERVICE AGREEMENT

BETWEEN

TESORO REFINING AND MARKETING COMPANY

AND

PACIFICORP

THIS POWER PURCHASE AND ELECTRIC SERVICE AGREEMENT (the "Agreement"), entered into this 2nd day of February, 2007, is by and between Tesoro Refining and Marketing Company, a Delaware corporation, ("Seller") and PacifiCorp, an Oregon corporation ("PacifiCorp") individually, a "Party" and (collectively, the "Parties").

RECITALS

Seller has constructed, and intends to operate and maintain a natural gas-fired cogeneration facility for the generation of electric power located in Salt Lake City, Salt Lake County, Utah with a Nameplate Capacity Rating of 25.0 megawatts ("MW") ("Facility"); and

Seller intends to operate the Facility as a "qualifying facility," as such term is defined in Section 3.2.6 below; and

Seller shall have the option, but not the obligation, to provide and deliver to PacifiCorp a portion of the Net Output from the Facility at the Point of Delivery as more particularly described in Section 4.2 hereto; and

Seller estimates that the average annual amount of Delivered Energy to be delivered by the Facility to PacifiCorp is 24,000 megawatt-hours ("MWh") pursuant to any maintenance schedules in Exhibit C hereto; and

Seller shall sell and PacifiCorp shall purchase the Delivered Energy from the Facility in accordance with the terms and conditions of this Agreement; and

PacifiCorp shall sell and Seller shall purchase energy and capacity in accordance with the terms and conditions of this 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 "Back-up Contract Demand" shall be the specified Demand in kilowatts of Back-up Power that the Seller contracts with PacifiCorp to supply and which PacifiCorp agrees to have available for delivery to the Seller in excess of which PacifiCorp is under no obligation to supply. The Back-up Contract Demand shall be established by agreement between Seller and PacifiCorp. The level of Back-up Contract Demand shall not exceed the total output capacity of the Seller's generation facilities. Seller elects Back-up Contract Demand of 15,000 kW.

1.3 "Back-up Power" means the kilowatts ("kW") of Back-up Contract Demand supplied by PacifiCorp to the Seller. Back-up Power shall be determined for each day of the Billing Period containing On-peak hours. The kW of Back-up Power each day shall be the kW for the fifteen (15) minute period of the Seller's greatest use of Back-up Power during the On-peak hours of the day. The Back-up Power for the Billing Period shall be the sum of the Back-up Power for each day of the Billing Period. For each fifteen minute period, Back-up Power shall equal the Measured Demand minus the Supplementary Contract Demand but shall not be less than zero nor greater than the Back-up Contract Demand.

1.4 "Billing Period" means the time period between PacifiCorp's reading of its power purchase billing meter located at the Retail Meter Point 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.

1.5 "Commission" means the Public Service Commission of Utah.

1.6 "Contract Year" means a twelve (12) month period commencing HE 0100 Mountain Prevailing Time ("MPT") on January 1 and ending midnight MPT on December 31 of the calendar year.

1.7 "Demand" means the rate in kilowatts at which electric energy is used. Demand (Power) measurements are calculated based on the average (integrated) usage over consecutive fifteen (15) minute periods of time. Demand or Power determinants may be based on any one such fifteen minute period in a Billing Period, on the period of greatest use during the Billing Period, or on the period of greatest use during On-peak hours. Demands may be adjusted for Power Factor. Abnormally high Demands established as a result of extraordinary conditions existing on PacifiCorp's interconnected system or as a result of accidents caused by PacifiCorp's negligence resulting in temporary separation of PacifiCorp's and Seller's system shall be excluded from the determination of Demand.

1.8 "Excess Power" means the power supplied by PacifiCorp to the Seller in excess of the Total Contract Demand. The kW of Excess Power for the Billing Period shall be the kW for the fifteen (15) minute period of the Seller's greatest use of Excess Power during the Billing Period. For each fifteen minute period, Excess Power shall equal the Measured Demand minus the Total Contract Demand but shall not be less than zero.

1.9 "Delivered Energy" shall have the meaning ascribed thereto in Section 4.2 of this Agreement.

1.10 "Electric Service Regulations" means PacifiCorp's currently effective electric service regulations, on file with and approved by the Commission, as they may be amended or superseded from time to time with the approval of the Commission.

1.11 "Electric Service Schedule" means PacifiCorp's currently effective Utah Electric Service Schedule No. 31, on file with and approved by the Commission, as it may be amended or superseded from time to time with the approval of the Commission.

1.12 "Facility" means Seller's natural gas-fired cogeneration facility as described in Exhibit A of this Agreement.

1.13 "Generation Interconnection Agreements" means the generation interconnection agreements entered into separately between Seller and PacifiCorp's transmission or distribution department, as applicable, providing for the construction and operation of the interconnection facilities at the Point of Delivery, which agreements are described in Exhibit B.

1.14 "Maintenance Power" means the power and energy made available by PacifiCorp to Seller during the Scheduled Maintenance Periods established in accordance with Section 6.2 to replace Back-up Power. Maintenance Power shall not exceed the Back-up Contract Demand.

1.15 "Measured Demand" means the fifteen (15) minute Demands in kilowatts as shown by or computed from the readings of the demand meter located at the Retail Meter Point for On-peak and Off-peak periods during the Billing Period.

1.16 "Measured Energy" means the electric energy in kilowatt-hours ("kWh") as shown by or computed from the readings of the kilowatt-hour meter located at the Retail Meter Point.

1.17 "Nameplate Capacity Rating" means the maximum capacity of the Facility, expressed in MW, when operated consistent with the manufacturer's recommended power factor and operating parameters, as set forth in Exhibit A.

1.18 "Net Dependable Capacity" means the maximum capacity anticipated to be in excess of Seller's refinery electrical usage that the Facility can sustain over a specified period modified for seasonal limitations and reduced by the capacity required for station service or auxiliaries. For purposes of this Agreement, Net Dependable Capacity shall be 12 MW On-Peak and 7 MW Off-Peak.

1.19 "Net Output" means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any.

1.20 "On-Peak" means those hours starting HE0800 Mountain Prevailing Time ("MPT") through HE2300 MPT (7:00 am to 11:00 pm) Monday through Friday and "Off-Peak" means those hours starting HE2400 MPT through HE0700 MPT Monday through Friday and Saturdays, Sundays, and holidays as defined in Utah Electric Service Schedule No. 31.

1.21 "Point of Delivery" means the Point of Change of Ownership as defined and specified in the Generation Interconnection Agreements described in Exhibit B.

1.22 "Power Factor" means the ratio of real (MW) power to apparent power (MVA). Power factor is the cosine of the phase angle difference between the current and voltage of a given phase.

1.23 "Prime Rate" means the publicly announced prime rate or reference 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 or reference 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, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.24 "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.

1.25 "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for construction, operation, and maintenance of the Facility including without limitation those set forth in Exhibit B.

1.26 "Retail Meter Point" means the bi-directional revenue metering on the existing 46 kV primary metering structure, which is approximately 100' north, across the road from PacifiCorp's Northwest Substation, as specified in the Generation Interconnection Agreement and in Exhibit B.

1.27 "Scheduled Maintenance Periods" means those times, as reflected in Exhibit C, during which the Facility is shut down for routine maintenance with the advance notice to PacifiCorp as provided in Section 6.2.

1.28 "Supplementary Contract Demand" means the specified Demand in kilowatts of Supplementary Power that the Seller contracts with PacifiCorp to supply and which PacifiCorp agrees to have available for delivery to the Seller in excess of which PacifiCorp is under no obligation to supply. Seller elects Supplementary Contract Demand of 0 kW.

1.29 "Supplementary Power" means the kW of Supplementary Contract Demand supplied by PacifiCorp to the Seller. The kW of Supplementary Power for the Billing Period shall be the kW for the fifteen (15) minute period of the Seller's greatest use of Supplementary Power during the Billing Period. For each fifteen minute period, Supplementary Power shall

equal the Measured Demand but shall not be less than zero nor greater than the Supplementary Contract Demand.

1.30 "Total Contract Demand" means the sum of the Back-up Contract Demand and the Supplementary Contract Demand, and Total Contract Demand is the maximum Demand that PacifiCorp agrees to supply and have available for delivery to Customer; Total Contract Demand shall be 15,000 kW, unless otherwise agreed in accordance with the terms of this Agreement.

1.31 "Total Payment per Billing Period" shall have the meaning as set forth in Section 5 of this Agreement.

SECTION 2: TERM

2.1 This Agreement shall become effective as of February 5, 2007, if so ordered by the Commission, or such other date as ordered by the Commission ("Effective Date"); provided, however, this Agreement shall not become effective until the Commission has determined that the prices to be paid for energy and capacity sold to PacifiCorp and the prices for energy and capacity sold to Seller are just and reasonable, and in the public interest. For purposes of inter-jurisdictional cost allocation, the QF provisions of this Agreement constitute a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Protocol and, as such, the costs of those QF provisions are allocated as a system resource unless any portion of those costs exceed the cost PacifiCorp would have otherwise incurred acquiring comparable resources. In that event, the Revised Protocol assigns those excess costs on a situs basis to the State of Utah. The rates, terms and conditions in this Agreement are in accordance with the rates, terms and conditions approved by the Commission in Docket No. 03-035-14 for purchases from qualifying facilities. In addition, for the purposes of inter-jurisdictional cost allocation, PacifiCorp represents that the costs of this Agreement do not exceed the costs PacifiCorp would have otherwise incurred acquiring resources in the market that are defined as "Comparable Resources" in Appendix A to the Inter-Jurisdictional Cost Allocation Revised Protocol. For the purposes of inter-jurisdictional cost allocation, the costs and revenues from the energy and capacity sold to Seller by PacifiCorp will be assigned on a situs basis to the State of Utah. In the event that the Commission order approving this Agreement contains any condition, that is materially adverse to either Party, the Party adversely impacted by the condition may terminate this Agreement by providing the other Party notice within ninety (90) days of the entry of the Commission's order.

2.2 Except as otherwise provided herein, this Agreement shall terminate HE 2400 MPT December 31, 2007.

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 Subject to Commission approval, 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 Subject to Commission approval, 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 Delaware.

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's officers and management, as appropriate have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on 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 Subject to Commission approval, 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 "qualifying facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in

effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission (“FERC”) self-certification to PacifiCorp 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 a written legal opinion from an attorney in good standing in the state of Utah and 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.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Effective Date and continuing through the term of this Agreement, Seller shall sell and make available to PacifiCorp a portion of the Net Output from the Facility at the Point of Delivery as more particularly described in Section 4.2 hereto.

4.2 Seller shall have the option, but not the obligation, to provide and deliver to PacifiCorp at the Point of Delivery approximately 12MW per hour of the Net Output during On-Peak periods and approximately 7 MW per hour of the Net Output during Off-Peak periods, (the amount of energy that Seller actually delivers to PacifiCorp from the Facility, whether more or less than 12 MW On-Peak and 7 MW Off-Peak, shall be referred to herein as the “Delivered Energy” and shall be determined by the Measured Energy that is exported or delivered to PacifiCorp, if any). PacifiCorp shall take the Delivered Energy at the Point of Delivery.

4.3 Seller shall not increase the Nameplate 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 Net Dependable Capacity through any means including, but not limited to, replacement of, modification of, or addition of existing equipment, except with the written consent of PacifiCorp, which consent shall not be unreasonably withheld. To the extent not otherwise provided in the Generation Interconnection Agreements, all costs associated with the modifications to PacifiCorp's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PacifiCorp’s system, or any increase in generating capability of the Facility, or any increase of delivery of Net Dependable Capacity from the Facility, shall be borne by Seller.

SECTION 5: PURCHASE PRICES

PacifiCorp shall pay to Seller the Total Payment per Billing Period, for the Delivered Energy, hereto, to be calculated as follows:

Total Payment per Billing Period (\$) = Σ Total On-Peak Payment and Total Off-Peak Payment.

Where:

“Total On-Peak Payment” = \$50.31 * Delivered Energy during On-Peak periods in each Billing Period * 1.0358

and

“Total Off-Peak Payment” = \$25.30 * Delivered Energy during Off-Peak periods in each Billing Period * 1.0358

The 1.0358 adjustment factor is to account for avoided line losses.

SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, 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 or Delivered Energy 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.

6.2 Seller may cease operation of the entire Facility or individual units, if applicable, for Scheduled Maintenance Periods not to exceed forty-five (45) days each Contract Year at such times as are provided in the monthly operating schedule set forth as Exhibit C.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller immediately shall notify PacifiCorp of the necessity of such unscheduled maintenance, the time when such shutdown has occurred or will occur and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during non-peak hours.

6.4 Delivered Energy shall be provided per Seller’s schedule. Seller shall provide Buyer its estimated delivery pattern from the Seller’s Facility on the first business day of the month or as soon thereafter as practicable, for the following calendar month. Seller shall provide such schedules and schedule changes to PacifiCorp’s scheduling personnel per Section 22 using the best information available, but it is understood that the delivery pattern is only an estimate and, therefore, shall not be binding on Seller.

6.5 Seller offers no guarantee of unit availability; however, Seller agrees to notify PacifiCorp of unplanned unit outage and will make best commercial efforts to keep both generation units operating at highest availability for providing Delivered Energy to PacifiCorp.

SECTION 7: FUEL/MOTIVE FORCE

Seller shall procure and pay for gas in the natural gas marketplace and/or use gas generated by Seller and have it delivered to the Facility by a pipeline serving the Facility or, in the case of gas generated by Seller, by Seller's pipeline. The only pipeline currently available for marketplace gas is Questar Gas Company but would include any subsequently constructed and operational pipeline capable of serving the Facility.

SECTION 8: STANDBY AND BACK-UP SERVICE

8.1 PacifiCorp shall sell and deliver and Seller shall purchase and receive electric service at the rates defined herein.

8.2 Monthly Charges shall be calculated using the following cost elements as defined in PacifiCorp's Utah Electric Service Schedule No. 31. In the event that the Commission changes any or all of the Monthly Charges in Electric Service Schedule No. 31 during the term of this Agreement, the Monthly Charges in this Agreement will also change by the same amount, effective on the effective date of the Commission order approving the change in Electric Service Schedule No. 31. Not all charges will be applicable in all months.

8.2.1 Customer Charges: Transmission voltage \$ 476.00 per month

8.2.2 Facilities Charges: Transmission voltage \$ 1.53 per kW month.
The Facilities Charge applies to the kW of Back-up Contract Demand.

8.2.3 Back-up Power Charges: Transmission voltage
On-Peak Hour \$ 0.3614 per kW Day
During Scheduled Maintenance Period One half (1/2) On-Peak Charge
Off-peak Hour No charge

The Power Charge for Back-up Power is billed on a per day basis and is based on the fifteen (15) minute period of Seller's greatest use of Back-up Power during On-peak hours each day.

8.2.4 Excess Power Charges Transmission voltage \$ 30.91 per kW

8.2.5 Supplementary Power and all Energy: Supplementary Power and all Energy shall be billed under the pricing provisions of the applicable general service schedule.

8.2.6 Surcharge Adjustment: All monthly bills shall be adjusted in accordance with Schedule 193.

8.3 Power Factor Adjustment. The rates for power sold and delivered by PacifiCorp to Seller are based on Seller maintaining at all times a Power Factor of 90% lagging, or higher, as determined by the measurement and averaging of all Points of Delivery. If the average Power Factor is found to be less than 90% lagging, the Measured Demand as recorded by PacifiCorp's meter will be increased by 3/4 of 1% for every 1% that the Power Factor is less than 90%.

8.4 Setting Total Contract Demand, Supplementary Contract Demand, and Back-Up Contract Demand. The Seller shall contract for Total Contract Demand. This shall be the sum of the Supplementary Contract Demand and the Back-up Contract Demand. The Seller may elect to increase Total Contract Demand by increasing Supplementary Contract Demand and/or Back-up Contract Demand prospectively at any time, provided there are facilities of adequate capacity available to PacifiCorp to serve the increase in Total Contract Demand, Supplementary Contract Demand and/or Back-up Contract Demand, by providing notice to PacifiCorp. The Seller may elect to increase Total Contract Demand by increasing Supplementary Contract Demand and/or Back-up Contract Demand retroactively to the most recently completed billing cycle, provided there are facilities of adequate capacity available to PacifiCorp to serve the increase in Total Contract Demand, Supplementary Contract Demand and/or Back-up Contract Demand, by providing notice to PacifiCorp by the statement due date of the Billing Period. Any increase in Total Contract Demand shall establish a new Total Contract Demand which shall be in effect for the term of the contract, unless superseded by subsequent increases.

8.5 The Parties agree that surcharges or credits that apply to service to tariff customers generally will also apply to service under this Agreement.

SECTION 9: METERING

9.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment as provided in the Generation Interconnection Agreements.

9.2 Metering shall be performed at the location and in the manner specified in the Generation Interconnection Agreements. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of generation metering and the Point of Delivery, so that the purchased amount reflects the net amount of power flowing into PacifiCorp's system at the Point of Delivery.

9.3 The metering equipment will be inspected, tested, repaired and replaced as provided in the Generation Interconnection Agreements. If any of the inspections or tests disclose Inaccurate Metering as defined in the Generation Interconnection Agreements, a correction will be made as provided in those agreements. Any correction in billings or payments resulting from a correction in the meter records shall be settled and netted in accordance with Section 10.2.

9.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all PacifiCorp's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

SECTION 10: BILLINGS, COMPUTATIONS AND PAYMENTS

10.1 All bills or payments shall be paid within fifteen (15) days after issuance of the bill. PacifiCorp shall send to Seller an invoice or payment for Seller's purchases or deliveries, as the case may be, together with computations supporting such invoice or payment. PacifiCorp or

Seller may offset any such payment to reflect amounts owing from Seller to PacifiCorp or from PacifiCorp to Seller pursuant to this Agreement, the Generation Interconnection Agreement, and any other agreement between the Parties or otherwise.

10.2 In the event that a portion of the bill or adjustment arising hereunder is disputed, payment of the portion not in dispute shall be made when due. Seller and PacifiCorp shall seek to make a determination on any disputed amount within sixty (60) days after issuance of Seller's notice of dispute. Either Party may resort to any remedy available at law or in equity.

10.3 Any amounts owing after the due date thereof shall bear interest at the rate of one percent (1%) per month from the date due until paid.

SECTION 11: DEFAULT AND REMEDIES

11.1 The following events shall constitute defaults under this Agreement:

11.1.1 Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure to make a payment when due, or failure by Seller to meet any deadline set forth in Section 2.2) or breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice;

11.1.2 Filing of a petition in bankruptcy by or against a Party if such petition is not withdrawn or dismissed within sixty (60) days after it is filed;

11.1.3 Seller's failure to cure any default under the Generation Interconnection Agreement within the time allowed for a cure under such agreement.

11.2 In the event of any default hereunder that is not cured in the manner provided for in this Agreement, 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 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

11.3 If this Agreement is terminated because of Seller's default, Seller may not require PacifiCorp to purchase energy or capacity from the Facility prior to the date set forth in Section 2.2.6, and Seller hereby waives its rights to require PacifiCorp to do so. This Section 11.3 shall survive the termination of this Agreement.

11.4 Whenever a Party believes that a dispute has arisen in connection with this Agreement, that Party shall promptly provide written notice to the other Party describing the matter in dispute. Unless the dispute is resolved sooner, senior management for both Parties shall meet at least once within a period of one month following notice to attempt in good faith to resolve the dispute. If the Parties' senior management does not resolve the dispute, each Party shall have the right to pursue whatever remedies it may have under the terms of this Agreement or applicable regulations, laws, or principles of equity.

SECTION 12: INDEMNIFICATION, LIABILITY AND INSURANCE

12.1 Seller agrees to release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, 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 hereunder to and at the Point of Delivery, and facilities on Seller's side of 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 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.

12.2 PacifiCorp agrees to release, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, 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 hereunder 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 or representatives.

12.3 Notice of Claims. If either Party receives notice of a threatened or asserted claim for which such Party might seek indemnification or defense or to be held harmless, it shall promptly give notice of such claim to the other Party.

12.4 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.

12.5 Neither Party nor its directors, board members, commissioners, officers, employees, or agents shall have any liability to the other Party for any lost profits, lost revenues, or any indirect, incidental, consequential, special, exemplary, or punitive damages, whether arising from contract, tort (including negligence), strict liability or otherwise.

12.6 Seller shall comply with all applicable Workers' Compensation Laws and shall furnish proof thereof satisfactory to PacifiCorp prior to connection of the Facility to PacifiCorp's electric system.

12.7 Without limiting any liabilities or any other obligations of Seller, Seller shall, prior to connection of the Facility to PacifiCorp's electric system, secure and continuously carry with insurers acceptable to PacifiCorp the following insurance coverage:

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.

Employers' Liability insurance with a minimum limit of \$1,000,000.

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.

Business Automobile Liability insurance with a minimum single limit of \$1,000,000 for bodily injury and property damage with respect to vehicles whether owned, hired or non-owned, assigned to or used in connection with this Agreement.

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.

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. A certificate in a form satisfactory to PacifiCorp certifying to the issuance of such insurance, shall be furnished to PacifiCorp. 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.

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.

Seller, at its option, may self-insure for any or all of the coverage described above. In the event and to the extent Seller so elects, Seller shall advise PacifiCorp in writing. For all such self-insurance maintained by Seller, Seller agrees to provide PacifiCorp all the benefits that would otherwise be available and provided under an insurance policy in accordance with the requirements set forth above in this Section 12.8, including but not limited to defense of claims.

SECTION 13: FORCE MAJEURE

13.1 Neither Party shall be subject to any liability or damages due to an event of Force Majeure. As used in this Agreement, "Force Majeure" means an inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the reasonable control of either PacifiCorp or Seller, which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Examples of Force Majeure events include, but are not limited to the following: (a) the operation and effect of any rules, regulations and orders promulgated by the Commission, any municipality, or governmental agency of the United States, or subdivision thereof (so long as the claiming party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) war, sabotage or acts of terrorism; (d) flood, fire, storms or lightning; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts, which is in each case (i) beyond the reasonable control of such Party, (ii) by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and (iii) by the exercise of due diligence, such Party shall be unable to prevent or overcome. Provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force to operate the Facility or changes in market conditions that affect the price of energy or transmission. Except for the obligation to pay amounts owed when due, time periods for performance obligations of Parties herein shall be extended for the period during which Force Majeure was in effect.

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

13.3 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.

13.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to a Force Majeure event, within six (6) months after the occurrence of the event.

SECTION 14: REGULATORY TERMINATION

PacifiCorp or Seller may terminate this Agreement with one (1) day's notice if Seller (i) permanently suspends operations at its oil refinery containing the Facility in Salt Lake City, Utah, for any reason whatsoever including, without limitation, regulatory or legal actions by either the State of Utah or the United States Environmental Protection Agency that affect the operation of the Facility for environmental purposes or (ii) loses its QF certification.

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 Utah, 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 JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. PacifiCorp's compliance with the terms of this Agreement is conditioned on approval of this Agreement by the Commission, Seller's submission to PacifiCorp prior to the Commercial Operation Date and maintaining thereafter copies of 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. The Electric Service Regulations of PacifiCorp on file with and approved by the Commission, including future applicable amendments, will be considered as forming a part of and incorporated in this Agreement.

SECTION 20: 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. 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 the Facility (in the case of Seller) or of all or substantially all of the assigning Party's assets (in the case of PacifiCorp) or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 21: ENTIRE AGREEMENT

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

SECTION 22: NOTICES

22.1 All notices except as otherwise provided in this Agreement shall be in writing, and all notices and payments 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

To Seller:

Tesoro Refining and Marketing Company
Attn: Matthew Baebler
474 West 900 North
Salt Lake City, UT 84103
Telephone Number: (801) 521 - 9810
Facsimile Number: (801) 521 - 4925

With a copy to:

Tesoro Refining and Marketing Company
Attn: Legal Department
300 Concord Plaza Drive
San Antonio, TX 78216-6999
Telephone Number: (210) 283 - 2457
Facsimile Number: (210) 745 - 4609

To PacifiCorp:

All Notices:

Street: 825 NE Multnomah Street
City: 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

Invoices:

Attn: Back Office, Suite 600
Phone: (503) 813 - 5585
Facsimile: (503) 813 - 5580

Scheduling:

Attn: Resource Planning, Suite 600
Phone: (503) 813 - 6090
Facsimile: (503) 813 - 6265

Payments:

Attn: Wholesale Sales
PO Box 5504
Portland, OR 97228

Wire Transfer:

To be provided as needed.

Credit and Collections:

Attn: Credit Manager, Suite 1800
Phone: (503) 813 - 5684
Facsimile: (503) 813 - 5609

With additional Notices of an Event of Default or

Potential Event of Default to:

Attn: Dean S. Brockbank, Esq.
Phone: (801) 220-4568
Facsimile: (801) 220-3299

22.2 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.

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: Stacy Kusters
Name: Stacy Kusters
Title: Director, Origination

Tesoro Refining and Marketing Company

By: Don Sorensen (DTS)
Name: Don Sorensen
Title: VP, Salt Lake City Refinery

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY

Seller's Facility consists of two (2) gas fired generators manufactured by Solar Turbines with a total combined Nameplate Capacity Rating of 25,000kW. More specifically, the Facilities Description is Appendix D of the Generation Interconnection Facilities Agreement between PacifiCorp and Tesoro Refining and Marketing Company dated March 17, 2004.

Location of the Facility: The Facility is located in the vicinity of the Tesoro Refinery in Salt Lake County, Utah. The location is more particularly described as follows:

Beginning at a point North 24°22'53" West 27.45 feet from the Northeast Corner of Lot 32, Block 11, Lake View Subdivision: thence North 24°22'53" West 428.4 feet; thence Southwesterly along a curve to the left 226.39 feet ;thence South 0°01'01" West 16.5 feet; thence North 89°59'37" West 27 feet; South 24°22'53" East 210.7 feet: thence South 89°59'34" East 3.3 Feet; thence South 0°01'01" East 25 feet; thence North 89°59'34" West 28.15 feet; thence South 24°22'53" East 118 feet; thence South 89°59'34" East 170 feet; thence North 24°22'52" West 118 feet; Thence South 89°59'34" East 133.784 feet to the point of Beginning.

EXHIBIT B
REQUIRED FACILITY DOCUMENTS

- GENERATION INTERCONNECTION FACILITIES AGREEMENT between PACIFICORP and TESORO REFINING AND MARKETING COMPANY dated March 17, 2004

- GENERATION INTERCONNECTION OPERATION AND MAINTENANCE AGREEMENT between PACIFICORP and TESORO REFINING AND MARKETING COMPANY dated July 23, 2004.
 - First Synchronization of Tesoro's New Generation dated April 16, 2004

EXHIBIT C

MONTHLY MAINTENANCE SCHEDULES

Scheduled Maintenance Periods during the term are tentatively scheduled for:

- March 2007
- September 2007

These schedules are tentative and may be adjusted by Seller with thirty (30) day written notice to PacifiCorp.