

## **AGREEMENT FOR THE TRANSFER OF DISTRIBUTION FACILITIES AND CUSTOMERS**

This Agreement for the Transfer of Distribution Facilities and Customers (“Transfer Agreement”) is made and entered into between Heber Light & Power Company, an energy services interlocal entity of the State of Utah (“Heber Light & Power”), and Rocky Mountain Power, a division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power”). Heber Light & Power and Rocky Mountain Power each may be referred to as a “Party” or collectively as the “Parties.” This Transfer Agreement shall be effective as of the effective date of the Settlement Agreement and General Release (“Settlement Agreement”) between the Parties.

### **RECITALS**

- A. Heber Light & Power is an energy services interlocal entity formed by Heber City, Midway City and the Town of Charleston (“Member Cities”).
- B. Heber Light & Power owns and operates an electric power system for the retail sale of electricity to its customers.
- C. Rocky Mountain Power owns and operates an electric power system for the retail sale of electricity to its customers.
- D. Heber Light & Power and Rocky Mountain Power have entered into the Settlement Agreement in which they have agreed that, subject to the Public Service Commission of Utah (“Commission”) approving the Settlement Agreement and amending Rocky Mountain Power’s certificate of public convenience and necessity to remove the area in Wasatch County described in Appendix 5 to the Settlement Agreement (“HLP Service Area”) from the area Rocky Mountain Power is obligated to serve, Heber Light & Power will provide retail electric service to customers in the HLP Service Area and Rocky Mountain Power will provide retail electric service to customers outside the HLP Service Area. The recitals in the Settlement Agreement are incorporated in this Transfer Agreement.
- E. Rocky Mountain Power currently provides retail electric service to some customers in the HLP Service Area.
- F. Heber Light & Power currently provides retail electric service to some customers outside the HLP Service Area.
- G. Heber Light & Power and Rocky Mountain Power desire to enter into this Transfer Agreement to effectuate the transfer of distribution facilities of Rocky Mountain Power used to serve those customers that it currently serves in the HLP Service Area and the transfer of distribution facilities of Heber Light & Power used to serve customers that it currently serves outside the HLP Service Area, to provide for quit claim or apportionment of easements associated with the transferred facilities, to specify facilities to be constructed or installed by the Parties, and to provide for an orderly transition of service and transfer of customers.

## TERMS AND CONDITIONS

In consideration of the following agreements and conditions, the Parties agree as follows:

1. **Condition to Agreement.** This Transfer Agreement is conditioned on the issuance by the Commission of an Order that becomes a Final Order as provided in the Settlement Agreement.
2. **Terms of Transaction.** Upon the terms and subject to the conditions stated in this Transfer Agreement, the Parties agree that:
  - a. During the Transition Period (as hereinafter defined):
    - i. Rocky Mountain Power shall transfer, convey, and deliver to Heber Light & Power, and Heber Light & Power shall receive, acquire, and accept the distribution facilities of Rocky Mountain Power used to provide retail service to customers within the HLP Service Area (“Transferred Rocky Mountain Power Facilities”). (The customers within the HLP Service Area served by the Transferred Rocky Mountain Power Facilities shall be known as the “Transferred Rocky Mountain Power Customers.”)
    - ii. Heber Light & Power shall transfer, convey, and deliver to Rocky Mountain Power, and Rocky Mountain Power shall receive, acquire, and accept the distribution facilities of Heber Light & Power used to provide retail service to customers outside the HLP Service Area previously served by Heber Light & Power (“Transferred Heber Light & Power Facilities”). (The customers outside the HLP Service Area served by the Transferred Heber Light & Power Facilities shall be known as the “Transferred Heber Light & Power Customers.”)
    - iii. Rocky Mountain Power shall quit claim or apportion any easement that Rocky Mountain Power currently owns and that is associated with and necessary to operation of the Transferred Rocky Mountain Power Facilities to Heber Light & Power. The easement shall be apportioned only if Rocky Mountain Power retains ownership of facilities located on the easement.
    - iv. Heber Light & Power shall quit claim or apportion any easement that Heber Light & Power currently owns and that is associated with and necessary to operation of the Transferred Heber Light & Power Facilities to Rocky Mountain Power. The easement shall be apportioned only if Heber Light & Power retains ownership of facilities located on the easement.
    - v. Rocky Mountain Power shall construct or install facilities necessary to continued operation of its system following transfer of the Transferred Rocky Mountain Power Facilities.
    - vi. Heber Light & Power shall construct or install facilities necessary to continued operation of its system following transfer of the Transferred Heber Light & Power Facilities.

vii. Rocky Mountain Power shall transfer the Transferred Rocky Mountain Power Customers to Heber Light & Power, and Heber Light & Power shall assume responsibility to provide service to the Transferred Rocky Mountain Power Customers.

viii. Heber Light & Power shall transfer the Transferred Heber Light & Power Customers to Rocky Mountain Power, and Rocky Mountain Power shall assume responsibility to provide service to the Transferred Heber Light & Power Customers.

ix. Rocky Mountain Power shall notify Heber Light & Power of any pole attachment of any third party with respect to any pole that is to be transferred to Heber Light & Power pursuant to this Transfer Agreement and shall notify the attacher of the transfer.

x. Heber Light & Power shall notify Rocky Mountain Power of any pole attachment of any third party with respect to any pole that is to be transferred to Rocky Mountain Power pursuant to this Transfer Agreement and shall notify the attacher of the transfer.

b. In consideration of this Transfer Agreement and the Settlement Agreement, the Parties agree that the transfers of facilities, quit claims and apportionment of easements and transfers of customers contemplated in this Transfer Agreement will be made without additional monetary compensation between the Parties.

c. A preliminary chart of the tasks the Parties must complete to effect the transfers of facilities and customers and construction and installation of facilities contemplated by this Transfer Agreement is attached as Appendix 7.1 to this Transfer Agreement and incorporated herein. Appendix 7.1 shall be updated as necessary as the following process is completed. The Parties shall, within 90 days of the effective date of this Transfer Agreement, cooperate in good faith to:

i. Identify the Transferred Rocky Mountain Power Facilities and the Transferred Heber Light & Power Facilities to be transferred and associated easements to be quit claimed or apportioned.

A. Without limiting the foregoing, the Transferred Rocky Mountain Power Facilities shall include:

(1) Distribution facilities used by Rocky Mountain Power to serve customers in the Lake Creek area as of the date or dates during the Transition Period that the Transferred Rocky Mountain Power Facilities in the Lake Creek area are transferred from Rocky Mountain Power to Heber Light & Power. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.2 attached hereto and incorporated herein.

(2) The 12.5 kV underground distribution feeder sourced from the Wasatch Substation to Swiss Mountain Estates and Oak Haven. This facility as of the date of this Transfer Agreement is shown on Appendix 7.3 attached hereto and incorporated herein and more fully described in Appendix 7.5 attached hereto and incorporated herein.

(3) The 7.2 kV distribution circuit underbuilt on Rocky Mountain Power's existing 46 kV transmission line serving the Swiss Mountain Estates and Oak Haven areas (nine structures) from facility point 338801 to facility point 339401. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.4 attached hereto and incorporated herein and more fully described in Appendix 7.5.

(4) Distribution facilities used by Rocky Mountain Power to serve customers in the Swiss Mountain Estates area as of the date or dates during the Transition Period that the Transferred Rocky Mountain Power Facilities in the Swiss Mountain Estates area are transferred from Rocky Mountain Power to Heber Light & Power. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.6 attached hereto and incorporated herein.

(5) Distribution facilities used by Rocky Mountain Power to serve customers in the Oak Haven area as of the date or dates during the Transition Period that the Transferred Rocky Mountain Power Facilities in the Oak Haven area are transferred from Rocky Mountain Power to Heber Light & Power. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.7 attached hereto and incorporated herein.

B. Without limiting the foregoing, the Transferred Heber Light & Power Facilities shall include:

(1) Two single-phase distribution lines for two customers between Rocky Mountain Power's existing facilities north of Highway 32 near Old Highway 40 to the junction of Old Highway 40 and Highway 32. These facilities as of the date of this Transfer Agreement are shown as Section A-B on Appendix 7.8 attached hereto and incorporated herein and are more fully described on Appendix 7.9 attached hereto and incorporated herein.

(2) The 3-phase 12.5 kV distribution circuit underbuilt on Heber Light & Power's existing 12 kV express feeder from Highway 32 to the access road for College Substation. These

facilities as of the date of this Transfer Agreement are shown as Section B-C on Appendix 7.8 and more fully described on Appendix 7.9.

(3) The 3-phase 12.5 kV distribution circuit underbuilt on Heber Light & Power's existing 46 kV line on the access road for College Substation. These facilities as of the date of this Transfer Agreement are shown as Section C-D on Appendix 7.8 and more fully described on Appendix 7.9.

(4) The 3-phase 12.5 kV distribution circuit underbuilt on Heber Light & Power's existing 46 kV line from the access road for College Substation to the mutually agreed open point near Coyote Lane. These facilities as of the date of this Transfer Agreement are shown as Section D-E on Appendix 7.8 and more fully described on Appendix 7.9.

(5) Distribution facilities used by Heber Light & Power to serve customers in the North Village and North Fields areas as of the date or dates during the Transition Period that the Transferred Heber Light & Power Facilities in the North Village and North Fields areas are transferred from Heber Light & Power to Rocky Mountain Power. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.10 attached hereto and incorporated herein.

(6) Distribution facilities used by Heber Light & Power to serve customers in the Snake Creek area as of the date or dates during the Transition Period that the Transferred Heber Light & Power Facilities in the Snake Creek area are transferred from Heber Light & Power to Rocky Mountain Power. These facilities as of the date of this Transfer Agreement are shown on Appendix 7.11 attached hereto and incorporated herein.

C. To the extent not included in appendices to this Transfer Agreement, each of the Parties shall provide to the other one-line drawings identifying its facilities to be transferred.

D. The Parties agree that they need not prepare detailed schedules and inventories identifying each and every facility, but may identify transferred facilities more generally.

ii. If the Transferred Rocky Mountain Power Facilities are also used to serve customers outside the HLP Service Area or the Transferred Heber Light & Power Facilities are also used to serve customers within the HLP Service Area, determine the modifications to and construction or installation of facilities that are

necessary for the continuity of service to those customers that will not be transferred.

A. Without limitation, the facilities to be constructed or installed by Rocky Mountain Power shall include:

(1) A 12.5 kV distribution connection from its 12.5 kV circuit underbuilt on the 138 kV line from its Jordanelle Substation to the 3-phase 12.5 kV underbuilt circuit to be transferred by Heber Light & Power to it pursuant to subparagraph 2.c.i.B(2). This proposed facility is shown on Appendix 7.13 attached hereto and incorporated herein.

(2) A 12.5 kV interconnection from Rocky Mountain Power ground sleeve facility point 215401 to the Snake Creek distribution system to be transferred by Heber Light & Power to it pursuant to subparagraph 2.c.i.B(6). This proposed facility is shown on Appendix 7.14 attached hereto and incorporated herein.

(3) A feeder line from Rocky Mountain Power facility point 208801 to the Bonner Hollow pump station in Snake Creek Canyon. This proposed facility is shown on Appendix 7.14.

B. Without limitation, the facilities to be constructed or installed by Heber Light & Power shall include:

(1) A 12.5 kV express distribution feeder from the access road to College Substation to the mutually agreed open point near Coyote Lane. This proposed facility is shown as Section F-G on Appendix 7.8.

(2) A distribution line from its facilities to serve the Central Utah Water Conservancy District (“CUWCD”) pump at Moulton Lane. This proposed facility is shown on Appendix 7.10.

(3) A 12.5 kV express distribution feeder from its Mill Flat plant to the point at which Heber Light & Power’s existing distribution line in Snake Creek Canyon crosses Snake Creek Road to interconnect to its distribution system in Midway. This proposed facility is shown on Appendix 7.11.

iii. Identify the Transferred Rocky Mountain Power Customers and the Transferred Heber Light & Power Customers.

iv. Prepare a coordinated customer and public communication plan.

v. Develop a plan for transfers of facilities and customers and construction or installation of facilities based on the timeline and requirements to

physically separate the Transferred Rocky Mountain Power Facilities from Rocky Mountain Power's electrical system and the Transferred Heber Light & Power Facilities from Heber Light & Power's electrical system and that coordinates logistical and operational considerations related to separation of the Transferred Rocky Mountain Power Facilities from Rocky Mountain Power's electrical system and the Transferred Heber Light & Power Facilities from Heber Light & Power's electrical system in accordance with Prudent Utility Practices.

vi. Develop a plan for provision of service to customers in the Lake Creek area either through the Power Sale Agreement between Heber Light & Power Company and Utah Power & Light dated December 17, 1993 ("Power Sale Agreement") or through power supplied by Heber Light & Power not under the Power Sale Agreement while the transfers of facilities and customers in the Lake Creek area are being completed. The purpose of the plan for the Lake Creek area is to assure that the Party receiving revenue for service to a customer is responsible for the cost of the electricity used to serve the customer during the period when transfers of customers in the Lake Creek area are taking place.

vii. Identify third parties attaching to poles to be transferred from one Party to the other Party.

d. The Parties shall enter into the Joint Ownership and Operation Agreement attached hereto as Appendix 7.12 and incorporated herein to govern their joint ownership and use of:

i. the power lines owned by Heber Light & Power on which the 3-phase 12.5 kV distribution circuits referenced in subparagraphs 2.c.i.B(2), 2.c.i.B(3) and 2.c.i.B(4) are located as shown on Appendix 7.8; and

ii. the power line owned by Rocky Mountain Power on which the 7.2 kV distribution circuit referenced in subparagraph 2.c.i.A(3) is located as shown on Appendix 7.4.

e. In order to facilitate operation of their respective electric power systems following the transfers of facilities and customers contemplated in this paragraph, each Party shall construct and install facilities, including the facilities identified in subparagraph 2.c.ii. Each party shall be solely responsible for the construction and installation of facilities necessary to operation of its electric system as such system will be constituted following the transfers contemplated in this paragraph, but the Parties shall cooperate in providing access for construction or installation prior to the transfers and in cut over of service.

f. The identification of the Transferred Rocky Mountain Power Facilities and the Transferred Heber Light & Power Facilities shall be updated for any new facilities, easements or pole attachments added by either Party after the initial identification is completed that are used to serve customers that are to be transferred to

the other Party prior to the date the facilities are transferred to the other Party consistent with the terms of this Transfer Agreement.

g. The identification of Transferred Rocky Mountain Power Customers and the Transferred Heber Light & Power Customers shall be updated for any new customers added by either Party after the initial identification is completed and prior to the date service to the customers is transferred consistent with the terms of this Transfer Agreement.

h. Rocky Mountain Power shall continue to operate and maintain in good repair each Transferred Rocky Mountain Power Facility until the facility is transferred to Heber Light & Power. Immediately prior to transfer of each Transferred Rocky Mountain Power Facility, Rocky Mountain Power shall disconnect the applicable facility from its electrical system in accordance with the separation procedures to be mutually agreed upon by the Parties in good faith in accordance with Prudent Utility Practices as provided in subparagraph c of this paragraph. Upon disconnection, Rocky Mountain Power will read and remove its meters and issue a final billing to the Transferred Rocky Mountain Power Customers served by the applicable Transferred Rocky Mountain Power Facility. Heber Light & Power shall install its meters and shall connect the applicable Transferred Rocky Mountain Power Customers to its system, begin billing and be responsible for the continued maintenance and reliable provision of retail electric service to the applicable Transferred Rocky Mountain Power Customers immediately after Rocky Mountain Power has disconnected the applicable Transferred Rocky Mountain Power Customers from its electrical system. In order to increase efficiency and minimize disruption of service, the Parties shall cooperate in coordinating final meter reading, removal of meters and installation of new meters, including, if reasonably requested by Rocky Mountain Power, the final meter reading for Transferred Rocky Mountain Power Customers and disconnection of Rocky Mountain Power meters being done by Heber Light & Power.

i. Heber Light & Power shall continue to operate and maintain in good repair each Transferred Heber Light & Power Facility until the facility is transferred to Rocky Mountain Power. Immediately prior to transfer of each Transferred Heber Light & Power Facility, Heber Light & Power shall disconnect the applicable facility from its electrical system in accordance with the separation procedures to be mutually agreed upon by the Parties in good faith in accordance with Prudent Utility Practices as provided in subparagraph c of this paragraph. Upon disconnection, Heber Light & Power will read and remove its meters and issue a final billing to the Transferred Heber Light & Power Customers served by the applicable Transferred Heber Light & Power Facility. Rocky Mountain Power shall install its meters and shall connect the applicable Transferred Heber Light & Power Customers to its system, begin billing and be responsible for the continued maintenance and reliable provision of retail electric service to the applicable Transferred Heber Light & Power Customers immediately after Heber Light & Power has disconnected the applicable Transferred Heber Light & Power Customers from its electrical system. In order to increase efficiency and minimize disruption of service, the Parties shall cooperate in coordinating final meter reading, removal of meters and installation of new meters, including, if reasonably requested by Heber Light & Power,

the final meter reading for Transferred Heber Light & Power Customers and disconnection of Heber Light & Power meters being done by Rocky Mountain Power.

j. The Parties shall provide written notice of the transfer of service to the Transferred Rocky Mountain Power Customers and the Transferred Heber Light & Power Customers in accordance the coordinated communication plan developed by the Parties, but in any event at least 30 days in advance of the date the customers are to be transferred. If any new customer becomes a Transferred Rocky Mountain Power Customer or a Transferred Heber Light & Power Customer after the written notice is provided and prior to the transfer, the Parties shall provide written notice to that customer of the pending transfer at the time the customer becomes a customer.

k. If any customer whose service is to be transferred from one Party to the other Party makes any claim opposing or protesting the transfer, the Party complained against shall use its Best Efforts to defend against the claim and shall promptly notify the other Party of the claim. The other Party may attempt to intervene in the proceeding on the claim, and the Party complained against shall support any such intervention. The other Party shall have no obligation to defend against the claim, but shall cooperate with the Party complained against in providing information reasonably requested by the Party complained against and shall not, directly or indirectly, support the claim. The Party complained against shall not settle the claim in a manner that would affect the rights of the other Party under this Agreement without providing prior notice to the other Party and without the written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

l. If any customer whose service is transferred from one Party to the other Party owes any amount to the Party transferring service for service supplied by that Party prior to the transfer, the receivable shall remain a receivable of the Party owed the amount and the Party shall be free to pursue collection of the amount due in accordance with its applicable tariffs, regulations and rules, provided that the Party to whom the customer is transferred shall have no obligation to terminate electric service to the customer in support of the transferring Party's collection rights.

m. The Transition Period shall commence on the date on which the Order of the Commission approving the Application referenced in the Settlement Agreement becomes a Final Order as provided in the Settlement Agreement unless judicial review is sought of the Order and either Party elects not to proceed with the transfers of facilities and customers and construction or installation of facilities contemplated by this Transfer Agreement pending the review as provided in the Settlement Agreement. If judicial review of the Order is sought and either Party elects not to proceed as provided in the foregoing sentence, the Transition Period shall commence on the earlier of (i) the date the Order is affirmed or (ii) the date a Commission order approving the Settlement Agreement or amendments to the Settlement Agreement mutually agreed to between the Parties on remand becomes a Final Order. The Parties may also mutually agree on a different date for the Transition Period to commence. The Transition Period shall extend for up to 210 days following its commencement date. Either Party may unilaterally extend the Transition Period by up to an additional 150 days by giving written notice of

the extension to other Party. If either Party elects to unilaterally extend the Transition Period by up to an additional 150 days, the other Party may only elect to unilaterally extend the Transition Period by any portion of the additional 150-day period not elected by the first Party to unilaterally extend. The Transition Period may also be extended by mutual agreement of the Parties, which they shall do if an extension is reasonably required to complete the transfers of facilities and customers and the construction and installation of facilities contemplated by this Transfer Agreement or if transfers are suspended for the reasons specified in the Settlement Agreement or Force Majeure. Notwithstanding the foregoing term of the Transition Period, the Parties shall endeavor to complete the transfers of facilities and customers and construction and installation of facilities contemplated by this Transfer Agreement as soon following the commencement of the Transition Period as is reasonable.

n. The Transition Period shall end and the transfers of facilities and customers contemplated in this Transfer Agreement shall be deemed completed when all of the Transferred Rocky Mountain Power Facilities and Transferred Rocky Mountain Power Customers have been transferred to Heber Light & Power and all of the Transferred Heber Light & Power Facilities and Transferred Heber Light & Power Customers have been transferred to Rocky Mountain Power. Either Party may provide notice to the other Party when the Party believes all of the facility and customers transfers have been completed, and the transfers of facilities and customers shall be deemed to be completed on the date of the notice unless the other Party provides notice of additional transfers to be completed within 15 days of the date of the notice that the transfers have been completed. If the other Party provides notice of additional transfers to be completed, either Party may provide further notice to the other Party after completion of any additional transfers required to be completed, and the transfers of facilities and customers shall be deemed completed on the date of the notice subject to repeating the foregoing process if the other Party does not agree that all required transfers have been completed.

o. Within 30 days following the date each Transferred Rocky Mountain Power Facility is transferred to Heber Light & Power, Rocky Mountain Power shall deliver to Heber Light & Power a bill of sale or other mutually acceptable instrument of conveyance as shall be effective to vest in Heber Light & Power title to the Transferred Rocky Mountain Power Facility, a release of the facility from Rocky Mountain Power's mortgage or other indebtedness and quit claim deeds or apportionments of easements covering any real property interests associated with the Transferred Rocky Mountain Power Facility.

p. Within 30 days following the date each Transferred Heber Light & Power Facility is transferred to Rocky Mountain Power, Heber Light & Power shall deliver to Rocky Mountain Power a bill of sale or other mutually acceptable instrument of conveyance as shall be effective to vest in Rocky Mountain Power title to the Transferred Heber Light & Power Facility, a release of the facility from Heber Light & Power's bonds or other indebtedness and quit claim deeds or apportionments of easements covering any real property interests associated with the Transferred Heber Light & Power Facility.

q. The Power Sale Agreement shall be terminated in accordance with the plan of the Parties developed as provided in subparagraph 2.c.vi of this paragraph, but not later than the time when Rocky Mountain Power has disconnected all of the Transferred Rocky Mountain Power Customers in the Lake Creek area from its electrical system pursuant to the provisions of this Transfer Agreement. This termination shall release both Parties of any continuing obligation of any kind or nature under the Power Sale Agreement except for any obligation of Rocky Mountain Power to pay for electricity delivered under the Power Sale Agreement prior to termination. Heber Light & Power agrees that Rocky Mountain Power's agreement in Confidential Appendix 11 to the Settlement Agreement satisfies all claims of Heber Light & Power that Rocky Mountain Power is obligated to pay any impact fee under the Power Sale Agreement.

3. **Representations and Warranties by Rocky Mountain Power.** Rocky Mountain Power represents and warrants to Heber Light & Power as follows:

a. Rocky Mountain Power has the power and authority to enter into this Transfer Agreement, to convey the Transferred Rocky Mountain Power Facilities and associated real property interests and to quit claim or apportion the associated easements to Heber Light & Power and to perform its obligations under this Transfer Agreement. The execution and delivery of this Transfer Agreement and the consummation of the transactions contemplated by this Transfer Agreement have been duly authorized by the governing body of Rocky Mountain Power, and no other actions or proceedings on the part of Rocky Mountain Power are necessary to authorize this Transfer Agreement and the transactions contemplated by this Transfer Agreement, except as specifically provided in this Transfer Agreement. This Transfer Agreement constitutes the valid and binding obligation of Rocky Mountain Power, enforceable against Rocky Mountain Power in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies and principles of public policy. The execution, delivery, and performance of this Transfer Agreement by Rocky Mountain Power and the consummation by Rocky Mountain Power of the transactions contemplated by this Transfer Agreement do not (i) violate Rocky Mountain Power's articles of incorporation, bylaws or governing law or (ii) result in any breach or violation of, or constitute a default under, any agreement, loan, mortgage, lease, obligation, license, permit, franchise, judgment, decree, order, or other instrument or restriction of any kind to which Rocky Mountain Power is a party or by which its assets or property is bound. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental or regulatory authority is required in connection with the execution, delivery or performance of this Transfer Agreement by Rocky Mountain Power or the consummation by Rocky Mountain Power of the transactions contemplated by this Transfer Agreement, except as specifically provided in this Transfer Agreement.

b. With respect to the Transferred Rocky Mountain Power Facilities and the associated easements and real property interests, Rocky Mountain Power has good and marketable title to the facilities and real property interests and valid claim of right to the

easements. There are no liens or encumbrances, other than its mortgage and deed of trust, with respect to the Transferred Rocky Mountain Power Facilities and the associated easements and real property interests. Rocky Mountain Power has not received notice from any party claiming title to any part or all of the Transferred Rocky Mountain Power Facilities or the associated easements or real property interests or claiming a lien or other interest adverse to Rocky Mountain Power in the Transferred Rocky Mountain Power Facilities or the associated easements or real property interests or claiming a conflicting right to use the associated easements and real property interests, nor does Rocky Mountain Power have actual notice of any claim, lien or interest, other than its mortgage and deed of trust. Rocky Mountain Power will obtain a release of the Transferred Rocky Mountain Power Facilities and the associated easements and real property interests from its mortgage prior to the date the facilities are transferred to Heber Light & Power.

c. EXCEPT FOR THE WARRANTY OF TITLE PROVIDED IN PARAGRAPH 3.b, ROCKY MOUNTAIN POWER MAKES NO WARRANTIES OF ANY KIND CONCERNING THE TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES OR THE ASSOCIATED EASEMENTS AND REAL PROPERTY INTERESTS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. HEBER LIGHT & POWER ACKNOWLEDGES THAT IT WILL HAVE HAD AN OPPORTUNITY TO INSPECT THE TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES AND THE ASSOCIATED EASEMENTS AND REAL PROPERTY INTERESTS PRIOR TO TRANSFER AND ACCEPTS THEM “AS IS” AND “WHERE IS.”

4. **Representations and Warranties by Heber Light & Power.** Heber Light & Power represents and warrants to Rocky Mountain Power as follows:

a. Heber Light & Power has the power and authority to enter into this Transfer Agreement, to convey the Transferred Heber Light & Power Facilities and the associated real property interests and to quit claim or apportion the associated easements to Rocky Mountain Power and to perform its obligations under this Transfer Agreement. The execution and delivery of this Transfer Agreement and the consummation of the transactions contemplated by this Transfer Agreement have been duly authorized by the governing body of Heber Light & Power, and no other actions or proceedings on the part of Heber Light & Power or its Members Cities are necessary to authorize this Transfer Agreement and the transactions contemplated by this Transfer Agreement, except as specifically provided in this Transfer Agreement. This Transfer Agreement constitutes the valid and binding obligation of Heber Light & Power, enforceable against Heber Light & Power in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies and principles of public policy. The execution, delivery, and performance of this Transfer Agreement by Heber Light & Power and the consummation by Heber Light & Power of the transactions contemplated by this Transfer Agreement do not (i) violate Heber Light & Power's interlocal agreement, bylaws or governing law or (ii) result in any breach or violation of,

or constitute a default under, any agreement, loan, mortgage, lease, obligation, license, permit, franchise, judgment, decree, order, or other instrument or restriction of any kind to which Heber Light & Power is a party or by which its assets or property is bound. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental or regulatory authority is required in connection with the execution, delivery or performance of this Transfer Agreement by Heber Light & Power or the consummation by Heber Light & Power of the transactions contemplated by this Transfer Agreement, except as specifically provided in this Transfer Agreement.

b. With respect to the Transferred Heber Light & Power Facilities and the associated easements and real property interests, Heber Light & Power has good and marketable title to the facilities and real property interests and a valid claim of right to the easements. There are no liens or encumbrances, other than its bonds or other indebtedness, with respect to the Transferred Heber Light & Power Facilities or the associated easements and real property interests. Heber Light & Power has not received notice from any party claiming title to any part or all of the Transferred Heber Light & Power Facilities or the associated easements or real property interests or claiming a lien or other interest adverse to Heber Light & Power in the Transferred Heber Light & Power Facilities or the associated easements or real property interests or claiming a conflicting right to use the associated easements and real property interests, nor does Heber Light & Power have actual notice of any claim, lien or interest, other than its bonds and other indebtedness. Heber Light & Power will obtain a release of the Transferred Heber Light & Power Facilities and the associated easements and real property interests from its bonds or other indebtedness prior to the date the facilities are transferred to Rocky Mountain Power.

c. EXCEPT FOR THE WARRANTY OF TITLE PROVIDED IN PARAGRAPH 4.b, HEBER LIGHT & POWER MAKES NO WARRANTIES OF ANY KIND CONCERNING THE TRANSFERRED HEBER LIGHT & POWER FACILITIES OR THE ASSOCIATED EASEMENTS AND REAL PROPERTY INTERESTS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ROCKY MOUNTAIN POWER ACKNOWLEDGES THAT IT WILL HAVE HAD AN OPPORTUNITY TO INSPECT THE TRANSFERRED HEBER LIGHT & POWER FACILITIES AND THE ASSOCIATED EASEMENTS AND REAL PROPERTY INTERESTS PRIOR TO TRANSFER AND ACCEPTS THEM "AS IS" AND "WHERE IS."

5. **Covenants Pending the Transfers.** Each party shall use its Best Efforts as defined in the Settlement Agreement to obtain all consents and approvals necessary to carry out the transactions contemplated by this Transfer Agreement.

6. **Taxes.**

a. **Property Taxes.**

i. Rocky Mountain Power is a centrally assessed taxpayer for purposes of property taxes in the state of Utah and its various items of property, including the Transferred Rocky Mountain Power Facilities, are not separately assessed. Rocky Mountain Power has determined that the amount of state and local property taxes attributable to the Transferred Rocky Mountain Power Facilities for 2009 is as shown in Appendix 7.15 attached hereto and incorporated herein. Rocky Mountain Power and Heber Light & Power agree that the amounts shown in Appendix 7.15 for each group of the Transferred Rocky Mountain Power Facilities shall be allocated pro rata, on a daily basis, as of the date the last Transferred Rocky Mountain Power Facility in each group is transferred to Heber Light & Power during the Transition Period.

ii. Heber Light & Power is a governmental entity and is not subject to property taxes in the state of Utah. In the event any property tax is assessed on any of the Transferred Heber Light & Power Facilities following their transfer to Rocky Mountain Power, Rocky Mountain Power and Heber Light & Power agree that if the taxes are assessed for any period of time which includes a period of time prior to the transfer, the taxes shall be allocated pro rata, on a daily basis, as of the date each Transferred Heber Light & Power Facility that is subject to the tax is transferred to Rocky Mountain Power during the Transition Period.

b. **Sales, Transfer and Other Taxes.** Any sales, transfer, purchase, use, or similar tax or fee (other than capital gains tax) that may be payable by reasons of the transfer of the Transferred Rocky Mountain Power Facilities or the Transferred Heber Light & Power Facilities shall be borne by the Party that is liable for the tax under the law.

## 7. **Risk of Loss.**

a. Rocky Mountain Power shall have the risk of loss of each of the Transferred Rocky Mountain Power Facilities due to fire or other casualty prior to the date the facility is transferred to Heber Light & Power and shall be obligated to reasonably repair or replace any Transferred Rocky Mountain Power Facility damaged, other than damage caused by the negligence or willful or intentional misconduct of Heber Light & Power, its employees, agents or contractors, prior to transfer. Heber Light & Power shall have the risk of loss of each of the Transferred Rocky Mountain Power Facilities due to fire or other casualty from and after the date the facility is transferred to it.

b. Heber Light & Power shall have the risk of loss of each of the Transferred Heber Light & Power Facilities due to fire or other casualty prior to the date the facility is transferred to Rocky Mountain Power and shall be obligated to reasonably repair or replace any Transferred Heber Light & Power Facility damaged, other than damage caused by the negligence or willful or intentional misconduct of Rocky Mountain Power, its employees, agents or contractors, prior to transfer. Rocky Mountain Power shall have the risk of loss of each of the Transferred Heber Light & Power Facilities due to fire or other casualty from and after the date the facility is transferred to it.

## 8. **Indemnification.**

a. For Claims arising, as provided in paragraph 8.e, arising within one year following the date each Transferred Heber Light & Power Facility is transferred to Rocky Mountain Power, Heber Light & Power shall indemnify and hold harmless Rocky Mountain Power, its officers, directors, employees, affiliated corporations, representatives, agents, contractors, and insurers, and their respective successors and assigns, from and against any and all claims, demands, suits, losses, costs and damages of every kind and description, including attorney's fees and/or litigation expenses ("Claim"), made or brought by a third party (including, but not limited to, Heber Light & Power's employees, agents or contractors) as a result of any injury, death or damage to property arising from or on account of Heber Light & Power's ownership and operation of such Transferred Heber Light & Power Facility, or the associated easements and real property interests, prior to its transfer. The foregoing indemnification obligation shall include Claims arising from or on account of Heber Light & Power's ownership and operation of such Transferred Heber Light & Power Facility or the associated easements and real property interests prior to its transfer, even if caused in part by Rocky Mountain's actions or inaction following the transfer, but shall not extend to any Claim arising, in whole or in part, from the willful or intentional misconduct of Rocky Mountain Power, its employees, agents or contractors.

b. For Claims arising, as provided in paragraph 8.e, more than one year following the date each Transferred Heber Light & Power Facility is transferred to Rocky Mountain Power, Rocky Mountain Power shall indemnify and hold harmless Heber Light & Power, its officers, directors, employees, affiliated corporations, representatives, agents, contractors, and insurers, and their respective successors and assigns, from and against any and all Claims made or brought by a third party (including, but not limited to, Rocky Mountain Power's employees, agents or contractors) as a result of any injury, death or damage to property arising from or on account of Heber Light & Power's ownership and operation of such Transferred Heber Light & Power Facility, or the associated easements and real property interests, prior to the date the Transferred Heber Light & Power Facility was transferred to Rocky Mountain Power. The foregoing indemnification obligation shall include Claims arising from or on account of Heber Light & Power's ownership and operation of such Transferred Heber Light & Power Facility or the associated easements and real property interests prior to its transfer, even if caused in part by Heber Light & Power's actions or inaction prior to the transfer, but shall not extend to any Claim arising, in whole or in part, from the willful or intentional misconduct of Heber Light & Power, its employees, agents or contractors.

c. For Claims arising, as provided in paragraph 8.e, within one year following the date each Transferred Rocky Mountain Power Facility is transferred to Heber Light & Power, Rocky Mountain Power shall indemnify and hold harmless Heber Light & Power, its officers, directors, employees, affiliated corporations, representatives, agents, contractors, and insurers, and their respective successors and assigns, from and against any and all Claims made or brought by a third party (including, but not limited to, Rocky Mountain Power's employees, agents or contractors) as a result of any injury, death or damage to property arising from or on account of Rocky Mountain Power's

ownership and operation of such Transferred Rocky Mountain Power Facility, or the associated easements and real property interests, prior to its transfer. The foregoing indemnification obligation shall include Claims arising from or on account of Rocky Mountain Power's ownership and operation of such Transferred Rocky Mountain Power Facility or the associated easements and real property interests prior to its transfer, even if caused in part by Heber Light & Power's actions or inaction following the transfer, but shall not extend to any Claim arising, in whole or in part, from the willful or intentional misconduct of Heber Light & Power, its employees, agents or contractors.

d. For Claims arising, as provided in paragraph 8.e, more than one year following the date each Transferred Rocky Mountain Power Facility is transferred to Heber Light & Power, Heber Light & Power shall indemnify and hold harmless Rocky Mountain Power, its officers, directors, employees, affiliated corporations, representatives, agents, contractors, and insurers, and their respective successors and assigns, from and against any and all Claims made or brought by a third party (including, but not limited to, Heber Light & Power's employees, agents or contractors) as a result of any injury, death or damage to property arising from or on account of Rocky Mountain Power's ownership and operation of such Transferred Rocky Mountain Power Facility, or the associated easements and real property interests, prior to the date the Transferred Rocky Mountain Power Facility was transferred to Heber Light & Power. The foregoing indemnification obligation shall include Claims arising from or on account of Rocky Mountain Power's ownership and operation of such Transferred Rocky Mountain Power Facility or the associated easements and real property interests prior to its transfer, even if caused in part by Rocky Mountain Power's actions or inaction prior to the transfer but shall not extend to any Claim arising from willful or intentional misconduct of Rocky Mountain Power, its employees, agents or contractors.

e. Each of the Parties entitled to indemnification under the foregoing provisions ("Indemnitee") shall promptly provide notice to the other Party ("Indemnitor") when it becomes aware of any Claim arising under the foregoing indemnification provisions, including details relating to the Claim, estimated costs, and involved parties. The date notice is received by the Indemnitor shall determine whether the Claim arose during or after the first year following the date the transferred facility was transferred. The Indemnitor may contest and defend in good faith any Claim of a third party covered by the foregoing indemnification provisions, provided such contest is made without cost or prejudice to the Indemnitee, and provided that within ten days of the Indemnitor's receipt of notice of the Claim, the Indemnitor notifies the Indemnitee of the Indemnitor's desire to defend and contest the Claim. The Indemnitee shall reasonably cooperate with the Indemnitor in the Indemnitor's investigation and response to any third-party Claim. If the Indemnitor does not notify the Indemnitee of its desire to contest the Claim, the Indemnitor shall reimburse the Indemnitee upon submission of an invoice or other appropriate demand for any payment actually made by the Indemnitee with respect to any Claim to which the foregoing indemnity relates.

9. **Survival of Representation and Warranties.** The representations and warranties of Heber Light & Power and Rocky Mountain Power and the covenants relating to obligations of the Parties following transfers made in this Transfer Agreement and in the

documents delivered pursuant to this Transfer Agreement shall survive the execution and delivery of this Transfer Agreement and the consummation of the transactions contemplated by this Transfer Agreement; *provided that* the representations and warranties of the Parties are deemed made on the date of this Transfer Agreement or the date their respective facilities are transferred, as applicable.

10. **Miscellaneous.** The provisions of paragraph 15 of the Settlement Agreement are incorporated in this Transfer Agreement as if fully set forth herein. If there is any conflict between any provision of this Transfer Agreement and a provision of paragraph 15 of the Settlement Agreement, the provision of this Transfer Agreement shall govern. As part of this incorporation, paragraph 15.n of the Settlement Agreement is amended to refer to paragraphs 2 through 4 of this Transfer Agreement rather than to the paragraphs referenced in paragraph 15.n of the Settlement Agreement. IN WITNESS WHEREOF, the Parties have executed this Transfer Agreement on the dates indicated below.

**HEBER LIGHT & POWER COMPANY, an energy services interlocal entity of the state of Utah**      **ROCKY MOUNTAIN POWER, a Division of PACIFICORP, an Oregon corporation**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX 7.1**

**CHART OF TASKS TO BE UNDERTAKEN TO CONSUMMATE  
TRANSFERS**

**APPENDIX 7.2**

**TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES IN LAKE  
CREEK AREA**

**APPENDIX 7.3**

**TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES  
UNDERGROUND DISTRIBUTION FEEDER FROM WASATCH  
SUBSTATION TO SWISS MOUNTAIN ESTATES**

**APPENDIX 7.4**

**TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES 7.2 KV  
CIRCUIT UNDERBUILT ON 46 KV LINE TO SERVE SWISS  
MOUNTAIN ESTATES AND OAK HAVEN AREAS**

**APPENDIX 7.5**

**DESCRIPTION OF TRANSFERRED ROCKY MOUNTAIN POWER  
FACILITIES IN APPENDICES 7.3 AND 7.4**

**APPENDIX 7.6**

**TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES IN SWISS  
MOUNTAIN ESTATES AREA**

**APPENDIX 7.7**

**TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES IN OAK  
HAVEN AREA**

**APPENDIX 7.8**

**NORTH VILLAGE AND NORTH FIELDS AREA**

**APPENDIX 7.9**

**DESCRIPTION OF TRANSFERRED HEBER LIGHT & POWER  
FACILITIES AND FACILITIES TO BE CONSTRUCTED BY HEBER  
LIGHT & POWER IN APPENDIX 7.8**

**APPENDIX 7.10**

**NORTH VILLAGE AND NORTH FIELDS AREA COYOTE LANE TO  
NORTH OF HWY 32**

**APPENDIX 7.11**

**SNAKE CREEK DISTRIBUTION TRANSFER TO RMP AND HLP&P  
EXPRESS FEEDER**

**APPENDIX 7.12**

**JOINT OWNERSHIP AND OPERATION AGREEMENT**

**APPENDIX 7.13**

**FACILITIES TO BE CONSTRUCTED BY ROCKY MOUNTAIN POWER  
FROM 12.5 KV CIRCUIT UNDERBUILT ON 138 KV LINE FROM  
JORDANELLE SUBSTATION TO 12.5 KV DISTRIBUTION  
UNDERBUILD TRANSFERRED BY HEBER LIGHT & POWER**

**APPENDIX 7.14**

**FACILITIES TO BE CONSTRUCTED BY ROCKY MOUNTAIN POWER  
TO CONNECT ITS SYSTEM TO SNAKE CREEK AREA AND TO  
CONNECT BONNER HOLLOW PUMP STATION**

**APPENDIX 7.15**

**STATE AND LOCAL PROPERTY TAXES ATTRIBUTABLE TO  
TRANSFERRED ROCKY MOUNTAIN POWER FACILITIES**