

## JOINT OWNERSHIP AND OPERATION AGREEMENT

This Joint Ownership and Operation Agreement (“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 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 owns and operates an electric power system for the retail sale of electric power to its customers.

B. Rocky Mountain Power owns and operates an electric power system for the retail sale of electric power to its customers.

C. 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 attached 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 Agreement.

D. As part of the Settlement Agreement, the Parties have entered into an Agreement for the Transfer of Distribution Facilities and Customers (“Transfer Agreement”) attached as Appendix 7 to the Settlement Agreement in which they have agreed that:

a. Heber Light & Power shall transfer to Rocky Mountain Power 12.5 kV distribution circuits underbuilt on Heber Light & Power’s 12 kV express distribution feeder between Highway 32 and the access road for the College Substation (“HLP 12.5 kV Line”) and on Heber Light & Power’s 46 kV distribution line between the access road for College Substation and Coyote Lane (“HLP 46 kV Line”) described in subparagraph 2.d.i of the Transfer Agreement. (The circuits transferred by Heber Light & Power to Rocky Mountain Power on the HLP 12.5 kV Line and the HLP 46 kV Line which are described in subparagraphs 2.c.i.B(2), 2.c.i.B(3) and 2.c.i.B(4) of the Transfer Agreement are referred to hereinafter as the “Transferred HLP Distribution Circuits.”)

b. Rocky Mountain Power shall transfer to Heber Light & Power the 7.2 kV distribution circuit underbuilt on Rocky Mountain Power’s 46 kV transmission line serving the Swiss Mountain Estates and Oak Haven areas (nine structures) from facility point 338801 to facility point 339401 (“RMP 46 kV Line”) described in subparagraph 2.d.ii of the Transfer Agreement. (The circuit transferred by Rocky Mountain Power to

Heber Light & Power which is described in subparagraph 2.c.i.A(3) of the Transfer Agreement is referred to hereinafter as the “Transferred RMP Distribution Circuit.”)

E. Heber Light & Power and Rocky Mountain Power desire to enter into this Agreement to provide the terms and conditions, on which they will jointly own, maintain and operate the HLP 12.5 kV Line, the HLP 46 kV Line and the RMP 46 kV Line.

## **TERMS AND CONDITIONS**

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

1. **Condition to Agreement.** The obligations of the Parties under this Agreement are conditioned on completion of the facility transfers contemplated in subparagraphs 2.c.i.A(3), 2.c.i.B(2), 2.c.i.B(3) and 2.c.i.B(4) of the Transfer Agreement as provided in the Transfer Agreement.

2. **HLP 12.5 kV Line and HLP 46 kV Line.**

a. Heber Light & Power shall own, maintain and operate the poles for the HLP 12.5 kV Line and the HLP 46 kV Line and the 12.5 kV express feeder on the HLP 12.5 kV Line and the 46 kV line on the HLP 46 kV Line. The 12.5 kV express feeder shall remain in the top position on the HLP 12.5 kV Line and the 3-phase 46 kV line shall remain in the top position on the HLP 46 kV Line.

b. Rocky Mountain Power will own, maintain and operate the Transferred HLP Distribution Circuits on the HLP 12.5 kV Line and the HLP 46 kV Line. The Transferred HLP Distribution Circuits shall remain in their present position on both lines. Rocky Mountain Power will also own, maintain and operate any other facilities on the HLP 12.5 kV Line and the HLP 46 kV Line that are used to provide service to customers in the North Village or North Fields areas as described in the Transfer Agreement.

c. The Transferred HLP Distribution Circuit on a portion of the HLP 46 kV Line on the access road to College Substation is on one side of distribution underbuild on the HLP 46 kV Line. Heber Light & Power shall own, maintain and operate the 12.5 kV express feeder on the other side of the distribution underbuild on this portion of the HLP 46 kV Line, and it shall remain in its current position on the HLP 46 kV Line.

3. **RMP 46 kV Line.**

a. Rocky Mountain Power shall own, maintain and operate the poles for the RMP 46 kV Line. The 46 kV line shall remain in the top position on the RMP 46 kV Line.

b. Heber Light & Power shall own, maintain and operate the Transferred RMP Distribution Circuit on the RMP 46 kV Line. The RMP Transferred Distribution Circuit shall remain in its present position on the line. Heber Light & Power shall also own any other facilities on the RMP 46 kV Line that are used to provide service to

customers in the Swiss Mountain Estates and Oak Haven areas as described in the Transfer Agreement.

**4. Parties' Obligations with Respect to Transferred Facilities.**

a. The Parties shall each install new or additional facilities as necessary to operate their respective facilities on the HLP 12.5 kV Line, the HLP 46 kV Line and the RMP 46 kV Line and maintain, operate and dispatch their respective facilities in conformance with Prudent Utility Practices.

b. The Parties shall apportion easement rights and permits associated with the HLP 12.5 kV Line, the HLP 46 kV Line, and the RMP 46 kV Line to permit each Party access to and operation and maintenance of its respective facilities on these lines.

c. The Parties shall perform routine scheduled and periodic maintenance on their respective facilities in conformance with Prudent Utility Practices.

d. The Parties shall make modifications necessary for their shared use of the poles on the HLP 12.5 kV Line, the HLP 46 kV Line, and RMP 46 kV Line on the construction schedule set forth in Appendix 7.1 to the Transfer Agreement.

e. In operating and maintaining their respective facilities on the HLP 12.5 kV Line, the HLP 46 kV Line, and RMP 46 kV Line, the Parties shall comply with the Switching Protocol set forth in Appendix 7.11.1 attached hereto and incorporated herein.

f. If it is necessary to replace any pole in the HLP 12.5 kV Line or the HLP 46 kV Line or to install any new in-line pole in those lines, Heber Light & Power shall install the pole and shall charge Rocky Mountain Power a portion of the cost of installation determined in accordance with Prudent Utility Practices.

g. If it is necessary to replace any pole in the RMP 46 kV Line or to install any new in-line pole in that line, Rocky Mountain Power shall install the pole and shall charge Heber Light & Power a portion of the cost of installation determined in accordance with Prudent Utility Practices.

h. Heber Light & Power shall be responsible for all pole attachments by third parties on the HLP 12.5 kV Line and the HLP 46 kV Line, and shall assure that no pole attachment on those lines interferes with Rocky Mountain Power's operation or maintenance of the HLP Transferred Distribution Circuits.

i. Rocky Mountain Power shall be responsible for all pole attachments by third parties on the RMP 46 kV Line, and shall assure that no pole attachment on that line interferes with Heber Light & Power's operation or maintenance of the RMP Transferred Distribution Circuit.

**5. Abandonment.** If either of the Parties abandons any of its facilities that are the subject of this Agreement, the other Party shall have the option to:

a. Assume ownership of the abandoned facilities and to thereafter operate and maintain the abandoned facilities in its discretion. In the event the Party assumes ownership of the abandoned facilities, the Party abandoning the facilities shall be relieved of its obligations under this Agreement with respect to the abandoned facilities.

b. Require the Party abandoning the facilities to remove the facilities from the HLP 12.5 kV Line, the HLP 46 kV Line, or the RMP 46 kV Line as applicable and to properly dispose of the facilities at the abandoning Party's expense.

6. **Required Relocation.** If the HLP 12.5 kV Line, the HLP 46 kV Line, or the RMP 46 kV Line is required to be relocated pursuant to direction, order or demand of an agency with authority to require the relocation:

a. The Party owning the poles in the affected line will take the lead in designing and constructing the relocated line, but shall keep the other Party fully informed of all aspects of design and construction and shall incorporate all reasonable suggestions of the other Party with regard to design or construction.

b. Each Party shall be responsible for relocation of the facilities it owns on the line being relocated to the relocated line. The Parties shall cooperate in scheduling such relocation in accordance with Prudent Utility Practices.

c. Any facilities constructed or installed by either Party in connection with the relocation shall accommodate the facilities of the other Party in compliance with Prudent Utility Practices.

d. Costs of relocation and reimbursement of costs for relocation shall be shared between the Parties in accordance with Prudent Utility Practices.

7. **Voluntary Relocation.** Any relocation of the HLP 12.5 kV Line, the HLP 46 kV Line, or the RMP 46 kV Line not undertaken as a result of the requirement of an agency with authority to require the relocation as provided in paragraph 6 of this Agreement may be undertaken only upon mutual consent of the Parties and on terms and conditions to which they mutually agree. The Parties agree to not withhold consent unreasonably and to cooperate in negotiating in good faith mutually fair and equitable terms and conditions for relocation.

8. **Taxes.** Each Party shall be responsible for state and local real and personal property taxes only with respect to the facilities and property that are the property of the Party and shall not be responsible for any taxes with respect to facilities and property that are the property of the other Party.

9. **Risk of Loss.** From and after the date the Transferred HLP Distribution Circuits are transferred to Rocky Mountain Power and the Transferred RMP Distribution Circuit is transferred to Heber Light & Power:

a. Rocky Mountain Power shall have the risk of loss of the Transferred HLP Distribution Circuits and RMP 46 kV Line other than the Transferred RMP Distribution

Circuit due to fire or other casualty unless the loss is caused by the acts or omissions of Heber Light & Power, its employees, agents or contractors.

b. Heber Light & Power shall have the risk of loss of the Transferred RMP Circuit and HLP 12.5 kV Line and the HLP 46 kV Line other than the Transferred HLP Distribution Circuits due to fire or other casualty unless the loss is caused by the acts or omissions of Rocky Mountain Power, its employees, agents or contractors.

**10. Indemnification.**

a. Heber Light & Power agrees to indemnify and hold harmless Rocky Mountain Power, its owners, officers, directors, employees, agents, representatives, and contractors from any and all claims, demands and causes of action of every kind and character arising in favor of any third party whomsoever (including, but not limited to, Heber Light & Power's employees, agents or contractors) on account of injuries, death or damage to property that occurs as a result of the acts or omissions of Heber Light & Power, its employees, agents or contractors arising out of the ownership, operation or maintenance of its portion of the HLP 12.5 kV Line, the HLP 46 kV Line and the RMP 46 kV Line, including any work in proximity to Rocky Mountain Power's portion of the foregoing lines.

b. Rocky Mountain Power agrees to indemnify and hold harmless Heber Light & Power, its owners, officers, directors, employees, agents, representatives, and contractors from any and all claims, demands and causes of action of every kind and character arising in favor of any third party whomsoever (including, but not limited to, Rocky Mountain Power's employees, agents or contractors) on account of injuries, death or damage to property that occurs as a result of the acts or omissions of Rocky Mountain Power, its employees, agents or contractors arising out of the ownership, operation or maintenance of its portion of the HLP 12.5 kV Line, the HLP 46 kV Line and the RMP 46 kV Line, including any work in proximity to Heber Light & Power's portion of the foregoing lines.

**11. Termination.** This Agreement shall terminate and the Parties shall be relieved of further obligations under this Agreement if:

a. the transfers of the HLP Distribution Circuits and the RMP Distribution Circuit are unwound in accordance with the terms of the Settlement Agreement; or

b. one or the other of the Parties abandons its interest in the facilities that are the subject of this Agreement such that only one Party retains an interest in each of the HLP 12.5 kV Line, the HLP 46 kV Line and the RMP 46 kV Line.

12. **Miscellaneous.** The provisions of paragraph 15 of the Settlement Agreement are incorporated in this Agreement as if fully set forth herein. If there is any conflict between any provision of this Agreement and a provision of paragraph 15 of the Settlement Agreement, the provision of this 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 Agreement rather than to the paragraphs referenced in paragraph 15.n of the Settlement Agreement.

IN WITNESS WHEREOF, the Parties have executed this 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 7.12.1**  
**SWITCHING PROTOCOL**