

ATTACHMENT 6

**CONSTRUCTION AGREEMENT
FOR
HEBER-MIDWAY LINE
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER COMPANY**

This Construction Agreement for Heber-Midway Line (“Agreement”) is entered into on this 3rd day of April, 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power” or “RMP”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Rocky Mountain Power is a public electric utility regulated by the Utah Public Service Commission that owns and operates electric facilities for the purpose of generating, transmitting, and distributing electric power and energy for the use and benefit of its customers.

B. Rocky Mountain Power owns and operates substations located in Wasatch County, Utah. Rocky Mountain Power has a need to establish a 138kV connection between two such substations, the Jordanelle Substation located in unincorporated Wasatch County, and the Midway Substation located in Midway City, Utah. The purpose of the interconnection is to establish a transmission path to provide safe, reliable, and efficient electric service to Rocky Mountain’s retail customers in Wasatch and Summit Counties, as well as its transmission customers, including HLP, which presently takes delivery of power from Rocky Mountain Power.

C. HLP is an energy services interlocal entity that owns and operates distribution lines providing electric service to retail customers in its service territory. HLP has determined that the Jordanelle-Midway Line would improve the capacity and reliability of its electric service to its customers.

D. HLP owns certain power lines and associated rights, located along certain potential locations for portions of the Jordanelle-Midway Line.

E. The parties have determined that it is in their mutual best interests to work jointly to complete construction of the Jordanelle-Midway Line in accordance with the terms of this Agreement and the Highway 40 Line Agreement (as hereinafter defined).

F. On September 16, 2013, HLP and Rocky Mountain Power entered into the Highway 40 Line Agreement, under which they agreed to work cooperatively to improve, upgrade

and replace the Highway 40 Line to accommodate the proposed Jordanelle-Midway Line, as more specifically set forth therein. Under the terms of the Highway 40 Line Agreement, HLP has constructed the Highway 40 Line.

G. The parties have identified potential siting corridors to complete the Jordanelle-Midway Line, as shown on *Exhibit A*, and share a mutual interest in completing the remainder of the Jordanelle-Midway Line, consisting of Sections 110, 120, 130, 140A, 140B, 150, 160A, 160B, 170A, 170B, and 180, as shown on *Exhibit B*.

H. The parties desire, as more fully set forth in this Agreement, to work cooperatively to obtain all permits and rights of way for the Heber-Midway Line, the Section 120 Line, the Tie Line, and the Additional Facilities, and to design and construct these lines to accommodate the parties' respective needs in an economical manner and to utilize a single facility alignment to reduce the impact of the facilities on residents of Wasatch County.

I. This Agreement governs the parties' design and construction of the Heber-Midway Line, Section 120 Line, the Tie Line, and the Additional Facilities.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. DEFINITIONS.

1.1. "Additional Costs" means the sum of the Facilities Costs for the Additional Facilities and the Property Rights Acquisition Costs for the Additional Facilities.

1.2. "Additional Facilities" means the Western Lines and Contract Additions, if applicable pursuant to the provisions of ARTICLE VI.

1.3. "Agreement" is defined in the preamble.

1.4. "Audited Party" is defined in Section 7.6.

1.5. "Auditing Party" is defined in Section 7.6.

1.6. "Capital Surcharge" means Rocky Mountain Power's customary capital surcharge attributable to the Project, the Additional Facilities and the Section 120 Line under Rocky Mountain Power's Standard Practice.

1.7. "Change Order" is defined in Section 5.11.c.

1.8. "Contract Additions" is defined in Section 6.3.a.

1.9. “Contractor” is defined in Section 5.9.a.

1.10. “Contractor Claims” is defined in Section 5.11.d.

1.11. “Construction Contract” is defined in Section 5.9.c.

1.12. “Construction Design” is defined in Section 5.7.a.

1.13. “Cost of Capital” means Rocky Mountain Power’s customary “allowance for funds used during construction” (AFUDC) attributable to the Project, the Additional Facilities and the Section 120 Line under Rocky Mountain Power’s Standard Practice.

1.14. “Default” is defined in Section 12.1.

1.15. “Effective Date” is defined in the preamble.

1.16. “Facilities Costs” means the parties’ costs incurred in connection with completing the work performed under this Agreement with regard to the Project, the Additional Facilities or the Section 120 Line, as the case may be, determined using each party’s Standard Practice but excluding Property Rights Acquisition Costs. “Facilities Costs” does not include: (a) work performed or costs incurred or expended prior to the Effective Date, (b) the cost of Change Orders or Claims to be paid solely by Rocky Mountain Power or by HLP under Section 5.11.c, or (c) cost of connection and removal of facilities under Section 5.13. Facilities Costs shall be reduced by any amounts paid by the Contractor to Rocky Mountain Power under the Construction Contract or refunds.

1.17. “Final Completion” means the point in time when Rocky Mountain Power provides the Contractor acceptance of the Contractor’s “Notice of Final Completion” as defined in the Construction Contract.

1.18. “Final Siting” is defined in Section 5.3.b.

1.19. “Heber-Midway Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits and Property Rights within Sections 110, 130, 140A, 150, 160A, 160B, 170A, 170B, and 180 of the Jordanelle-Midway Line, as shown on *Exhibits A and B*, but does not include the Tie Line (Section 140B) or Additional Facilities.

1.20. “Highway 40 Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits and the property rights that comprise that segment of the Jordanelle-Midway Line designed and constructed by HLP pursuant to, and as defined in, the Highway 40 Line Agreement and the Engineering, Procurement and Construction Contract for the Highway 40 Line by and between Heber Light & Power Company and Probst Electric, Inc., dated March 27, 2014.

1.21. “Highway 40 Line Agreement” means the Joint Use and Construction Agreement for Highway 40 Line between Rocky Mountain Power and Heber Light & Power Company, dated September 16, 2013.

- 1.22.** “HLP” is defined in the preamble.
- 1.23.** “HLP Accommodations” is defined in Section 5.8.a.
- 1.24.** “HLP Betterment” is defined in Section 5.8.b.
- 1.25.** “HLP Betterment Share” is HLP’s share of Facilities Costs for the Heber-Midway Line and the Section 120 Line, calculated as provided in Section 5.4.
- 1.26.** “HLP Capital Surcharge Contribution” is defined in Section 7.2.a.viii.
- 1.27.** “HLP Circuits” means the HLP Accommodations and the HLP Betterments.
- 1.28.** “HLP Credits” is the item (c) total as shown in *Exhibits M-1 and M-2*.
- 1.29.** “HLP Cost of Capital Contribution” is defined in Section 7.2.a.vii.
- 1.30.** “HLP Distribution Line” means the insulators, cross-arms, conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that are included in the HLP Accommodations and HLP Betterments and will be owned, operated, and maintained by HLP and attached to the Transmission Structures.
- 1.31.** “HLP Distribution Line Design” is defined in Section 5.7.b.
- 1.32.** “HLP Existing Facilities” are identified on *Exhibit H*.
- 1.33.** “HLP Monthly Report” means a report substantially in the form attached hereto as *Exhibit L-2* computing HLP’s Project Costs, Additional Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs under HLP’s Standard Practice.
- 1.34.** “HLP Property Share” is HLP’s share of the Property Rights Acquisition Costs for the Heber-Midway Line and the Section 120 Line, calculated as provided in Section 5.4.
- 1.35.** “HLP Representative” is identified in Section 5.14.a.
- 1.36.** “Indemnifying Party” is defined in Section 12.3.
- 1.37.** “Indemnitees” is defined in Section 12.3.
- 1.38.** “Jordanelle-Midway Line” means the Highway 40 Line, the Heber-Midway Line, the Section 120 Line, the Tie Line, and the Additional Facilities.

1.39. “Land Use Permit” means a land use authorization issued for the Project or Additional Facilities by the land use authorities of Heber City, Midway City, or Charleston Town, under Utah Code Ann. § 10-9a-507 or by the land use authority of Wasatch County, under Utah Code Ann. § 17-27a-506.

1.40. “Line Section,” as used in the Exhibits, means the sections of the Heber-Midway Line and the Tie Line as shown on ***Exhibit B***.

1.41. “Maintenance and Operation Agreement” means that certain Maintenance and Operation Agreement for shared facilities to be entered into between the parties in substantially the form attached hereto as ***Exhibit N***.

1.42. “Project” consists of design, Property Rights acquisition, permitting, materials procurement, bidding and construction for the Heber-Midway Line and the Tie Line, as more fully set forth in this Agreement. “Project” does not include the Section 120 Line or the Additional Facilities.

1.43. “Project Costs” means the Facilities Costs for the Project and the Property Rights Acquisition Costs for the Project.

1.44. “Project Schedule” is defined in Section 3.1.

1.45. “Property Rights” means any easements, rights-of-way, or other real property rights reasonably necessary for the construction, operation, repair, replacement and maintenance of the Project, the Additional Facilities, and the Section 120 Line, including the RMP Circuits and the HLP Circuits.

1.46. “Property Rights Acquisition Costs” means the parties’ costs incurred in acquiring Property Rights for the Project, the Additional Facilities or the Section 120 Line, as the case may be, determined using each party’s Standard Practice, and including the purchase price for the Property Rights. “Property Rights Acquisition Costs” does not include work performed or costs incurred or expended prior to the Effective Date.

1.47. “Prudent Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, and/or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, consistent with good business practices for the electric utility industry and reliably, safely and expeditiously. Prudent utility practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to mean practices, methods or acts generally accepted in the geographic region where the parties operate. Prudent

Utility Practice includes meeting, at a minimum, the laws and regulations applicable to the facilities or decisions involved and the National Electrical Safety Code, as last revised.

1.48. “Reconciliation Report” is defined in Section 7.4.

1.49. “RMP” and “Rocky Mountain Power” are defined in the preamble.

1.50. “RMP Circuits” means the insulators, cross-arms conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that will be owned, operated, and maintained by Rocky Mountain Power and attached to the Transmission Structures.

1.51. “RMP Facilities” is defined in Section 8.3.

1.52. “RMP Facilities Cost Share” is Rocky Mountain Power’s share of Facilities Costs for the Heber-Midway Line and Section 120 Line, calculated as provided in Section 5.4.

1.53. “RMP Monthly Report” means a report substantially in the form attached hereto as *Exhibit L-1* computing Rocky Mountain Power’s Project Costs, Additional Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs under Rocky Mountain Power’s Standard Practice.

1.54. “RMP Property Share” is Rocky Mountain Power’s share of Property Rights Acquisition Costs for the Heber-Midway Line and Section 120 Line, calculated as provided in Section 5.4.

1.55. “RMP Representative” is identified in Section 5.14.b.

1.56. “Section 120 Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits, and Property Rights within the segment of the Jordanelle-Midway Line identified as Section 120 on *Exhibit B*.

1.57. “Section 120 Line Agreement” means the Construction Agreement for Section 120 Line between Rocky Mountain Power and Heber Light & Power Company attached hereto as Appendix 1 and executed herewith.

1.58. “Standard Practice” means a party’s ordinary method for (a) identifying, incurring, expending, and reporting the indirect and direct costs of permitting, design, procurement, construction, quality assurance, and commissioning a capital improvement and (b) allocating such costs to determine the total cost of the improvement.

1.59. “Target Completion Date” is defined in Section 3.1.

1.60. “Temporary Measure” is defined in Section 11.3.

1.61. “Tie Line” is defined in Section 5.3.c and is comprised of the associated Transmission Structures, the RMP Circuits, the HLP Circuits and the Property Rights.

1.62. “Transmission Structures” means the transmission poles, towers and other support structures, together with guys, anchors, static wire and related components that are part of the Jordanelle-Midway Line, but excludes the insulators, cross-arms conductor and associated pole line hardware related to the transmission, distribution, and communications facilities of the HLP Circuits and the RMP Circuits. The type and location of the Transmission Structures shall be designed, and the Transmission Structures installed, with sufficient capacity to accommodate the RMP Circuits and the HLP Circuits, in a manner consistent with Prudent Utility Practice.

1.63. “Western Lines” is defined in Section 6.2.

ARTICLE II. TERM.

2.1. This Agreement shall be effective as of the Effective Date. Unless terminated earlier as provided in ARTICLE XI, this Agreement shall continue in full force and effect until construction of the Jordanelle-Midway Line is complete, the parties have entered into the Maintenance and Operation Agreement, the parties have transferred and conveyed all real property rights and personal property that are to be transferred or conveyed hereunder, and the parties have paid to each other all sums due hereunder.

ARTICLE III. PLANNING CONFERENCES AND PROJECT SCHEDULE.

3.1. Project Schedule. The parties shall work cooperatively and efficiently together to complete the Section 120 Line and the Project in a reasonably timely manner and in accordance with this Agreement. To this end, within thirty (30) days after the Effective Date of this Agreement, the parties shall schedule an initial planning conference to occur within sixty (60) days of the Effective Date at which the parties will prepare a project schedule (“Project Schedule”) for completion of the Section 120 Line and the Project by December 31, 2019 (“Target Completion Date”), provided that the Target Completion Date may be extended by mutual agreement of the parties or as necessitated by Final Siting. The Project Schedule will include a schedule for permitting, Property Rights acquisition, Final Siting, material procurement, design, bidding and contracting, and shall designate the party responsible for each task.

The parties acknowledge that the Project Schedule will reflect the information available and will evolve over time as the work progresses. The Project Schedule will be updated approximately monthly to reflect the actual progress of the work and construction, and current projections of future work progress to complete the Project and the Section 120 Line by the Target Completion Date.

3.2. Planning Conferences. Following the initial planning conference, the parties shall hold regular planning conferences, no less than once per month, to discuss and coordinate the parties' respective actions, duties and responsibilities under this Agreement and to adjust the Project Schedule and modify deadlines to reflect actual progress, as appropriate. The planning conferences may be held to coincide with the construction coordination meetings held pursuant to Section 5.11.b.i.

ARTICLE IV. CONSTRUCTION OF SECTION 120 LINE.

4.1. With Rocky Mountain Power's support and assistance as required by this Agreement and the Section 120 Line Agreement, HLP shall construct the Section 120 Line including design, permitting, Property Right acquisition, material procurement and bidding/contracting in a manner consistent with Prudent Utility Practice and the Section 120 Agreement.

ARTICLE V. CONSTRUCTION OF PROJECT.

5.1. Construction of Project. With HLP's support and assistance as required by this Agreement, Rocky Mountain Power shall construct the Project including design, Property Right acquisition, and material procurement and bidding/contracting as provided in this Agreement and in a manner consistent with Prudent Utility Practice. The parties' respective responsibilities for permitting are more fully set forth in Section 5.6. Rocky Mountain Power shall use commercially reasonable efforts consistent with Prudent Utility Practice to achieve Final Completion on or prior to the Target Completion Date.

5.2. Scope of Work. Attached is the preliminary scope of work describing the facilities to be constructed under this Agreement relative to the Heber-Midway Line and the Tie Line (*Exhibit C*), based on the best available data and preliminary engineering studies as of the Effective Date. When completed as provided in Section 5.7 the Construction Design shall constitute the final scope of work, subject to modification under Sections 5.11.c, 5.11.d and 6.3.

5.3. Line Location and Final Siting.

a. Line Location. The parties have identified the general corridors for the Project, as shown on *Exhibits A and B*. The parties acknowledge that the line location will need to be adjusted within these corridors, due to permitting, Property Rights acquisition, design, construction or other constraints. The final line location is subject to approval by both parties, which approval shall not be unreasonably withheld.

b. Final Siting. "Final Siting" means and shall be deemed to have occurred when all Land Use Permits for the Project have been obtained and all Property Rights for the Project have been acquired for the line location.

c. Tie Line. If Final Siting within Section 130 is not adjacent to HLP's Heber Generation Substation, the parties shall design, permit, procure and construct a line connecting the Heber-Midway Line to HLP's Heber Generation Substation shown as Section 140B on ***Exhibit B*** or such other appropriate line location ("Tie Line") as a part of the Project in accordance with the provisions of this Agreement, provided that HLP shall be responsible for all Project Costs incurred by either party for the Tie Line. The Tie Line shall be included in the Construction Contract with a separate schedule of values, and each party shall separately identify their Project Costs incurred in connection with the Tie Line.

5.4. Determination of Facilities Cost Shares and Property Shares. Upon Final Siting under Section 5.3 and HLP's election of Betterments under Section 5.8, the HLP Property Share and the HLP Betterment Share shall be calculated using the calculations illustrated in ***Exhibit E*** and ***Exhibit J*** respectively, based on the line location and length established in the Final Siting and on the Betterments elected by HLP. The RMP Property Share and the RMP Facilities Cost Share shall be calculated using the following calculations:

a. The RMP Property Share shall be a percentage that is calculated using the following formula: 100% *minus* HLP Property Share.

b. The RMP Facilities Cost Share shall be a percentage that is calculated using the following formula: 100% *minus* HLP Betterment Share.

Thereafter, using the calculated HLP Property Share, HLP Betterment Share, RMP Property Share and RMP Facilities Cost Share, Rocky Mountain Power shall prepare updated ***Exhibits D, E, G and J***, which the parties shall execute and attach hereto in substitution for the attached ***Exhibits D, E, G and J***. The updated exhibits shall establish the HLP Property Share and HLP Betterment Share to be used in the final allocation of Facilities Costs and Property Rights Acquisition Costs for the Heber-Midway Line and the Section 120 Line under Section 7.2.

5.5. Property Rights.

a. Acquisition of Property Rights. Except as otherwise determined by the parties in accordance with subsection (i) below, Rocky Mountain Power shall obtain the Property Rights for the Project. In consultation with HLP, Rocky Mountain Power shall identify the Property Rights that are to be acquired for the Project, which Property Rights shall be (a) on Rocky Mountain Power's standard forms, subject to revisions as reasonably approved in advance by the parties, (b) no greater than 55 feet in width, (c) in the names of both HLP and Rocky Mountain Power as co-grantees, and (d) apportionable and assignable.

i. Negotiation and Purchase of Property Rights. The parties shall cooperate in obtaining the Property Rights for the Project, including either party negotiating directly with property owners as the parties shall mutually and reasonably determine during the regular meetings to be held pursuant to Section 3.2 or otherwise. The negotiating party shall keep the

other party reasonably informed of the progress of acquisition of the Property Rights for which it is responsible.

ii. Purchase Price. HLP may pay the purchase price for some of the Property Rights for the Project, and Rocky Mountain Power shall pay the purchase price for the remainder of the Property Rights for the Project. Prior to agreeing on a purchase price for the Property Rights for the Project, the purchasing party shall notify the other party of the proposed purchase price. The non-purchasing party shall have three (3) business days to approve the proposed purchase price, which approval shall not be unreasonably withheld. If the non-purchasing party does not timely and reasonably object to the price, the party shall be deemed to have approved the proposed purchase price. If the non-purchasing party timely and reasonably objects, the parties shall negotiate in good faith to determine a purchase price for the Property Rights for the Project in accordance with Section 13.3, except that the good-faith negotiation period shall be ten (10) days or as otherwise mutually agreed between the parties.

iii. Eminent Domain Proceedings.

(1) Each negotiating party, with the other party's support and cooperation, shall use commercially reasonable efforts to obtain the Property Rights for the Project through negotiated agreement with the landowners; however, the parties may not be able to obtain all Property Rights for the Project through such agreements. This section shall govern the Property Rights acquisition if the parties are unable to obtain such Property Rights for the Project through negotiated agreement.

(2) Before issuing a final offer to a property owner in anticipation of condemnation, the negotiating party shall give the other three (3) business days to approve the final offer and its issuance, which approval shall not be unreasonably withheld. If the non-purchasing party does not timely and reasonably object to the final offer, the party shall be deemed to have approved the issuance of the final offer. If the non-purchasing party timely and reasonably objects to the issuance of the final offer, the parties shall negotiate in good faith to determine how to proceed with acquisition of the Property Rights for the Project in accordance with Section 13.3, except that the good-faith negotiation period shall be ten (10) days or as otherwise mutually agreed between the parties.

(3) In the event a Property Right for the Project is not obtained by the negotiating party through negotiation with a property owner, the parties shall mutually select a private-practice attorney to represent the parties to pursue acquisition of the Property Rights for the Project through eminent domain proceedings. If the parties are unable to mutually agree on an attorney, each party shall nominate one attorney and the attorneys shall select a third attorney to represent the parties in such proceedings.

iv. Existing Rights. The parties acknowledge that HLP already holds some property rights along the corridors identified as possible locations for the Heber-Midway Line and will transfer those rights to Rocky Mountain Power for the Heber-Midway Line, the Tie Line and the Section 120 Line as provided in Section 8.3.a.iii.

v. Cost Allocation. The parties shall share the Property Rights Acquisition Costs for the Heber-Midway Line and Section 120 Line based on the HLP Property Share and the RMP Property Share calculated as provided in Section 5.4. This cost allocation does not apply to the Property Rights Acquisition Costs for Additional Facilities, which is governed by Subsection (b) below, or the Tie Line, which is governed by Subsection (c) below.

vi. Party's Objection. If a party objects to an action taken or proposed to be taken by the other party under this Section 5.5 and the parties are unable to determine a mutually-agreeable course for proceeding, a party may proceed, notwithstanding the objection, with the disputed action, provided that the party pays all costs associated with that action, irrespective of the cost allocation provided in this Agreement; and provided further that, if the objection did not state and was not supported by reasonable grounds or was not timely, the party may pursue a dispute resolution proceeding to recover some or all of the amounts paid.

b. Property Rights for Additional Facilities. Property Rights for Additional Facilities shall be obtained and paid for as provided in ARTICLE VI.

c. Property Rights for Tie Line. Property Rights for the Tie Line shall be obtained as provided in this Section 5.5, and HLP shall be responsible for all Property Rights Acquisition Costs incurred by either party for the Tie Line as provided in Section 5.3.c.

5.6. Governmental Authorizations.

a. Land Use Permits. The parties shall jointly apply for and participate in obtaining the Land Use Permits required for the Project and, if necessary, the Section 120 Line, with HLP as the lead applicant. All Land Use Permits for the Project and the Section 120 Line, not acquired prior to the Effective Date, shall be in the names of both HLP and Rocky Mountain Power as co-permittees. HLP shall not be required to publicly support or participate in any proceeding challenging a ruling of the land use authority, board of adjustment or governing body of Heber City, Midway City, Charleston Town, or Wasatch County with respect to the Project.

b. Other Permits. The Construction Contract shall require the Contactor to obtain such other building or construction permits or authorizations and/or regulatory approvals necessary for construction of the Project. HLP shall support Rocky Mountain Power in obtaining such authorizations by providing such effort, time, or resources, that a reasonably

prudent entity in a similar commercial and financial situation and with a similar business interest in the desired result would use, expend or incur to assist in obtaining the desired result within a reasonable period of time, at a reasonable cost, and subject to reasonable conditions.

c. Land Use Permits for Additional Facilities. Land Use Permits for Additional Facilities shall be obtained and paid for as provided in ARTICLE VI.

5.7. Design.

a. Construction Design. Using Prudent Utility Practices and its standard engineering guidelines and all applicable codes and regulations, Rocky Mountain Power shall prepare the final, detailed engineering and design for the Project (the “Construction Design”); such design shall be sufficient to accommodate the HLP Existing Facilities located along the route of the Project, and shall incorporate the HLP Distribution Line Design and the HLP Betterment.

Rocky Mountain Power shall provide HLP with the Construction Design for comment and approval, which approval shall not be unreasonably withheld. If HLP does not approve of the Construction Design, it shall notify Rocky Mountain Power of the grounds for its objection, within ten (10) business days. If HLP does not timely object, the design shall be deemed approved. Once approved by HLP, the costs of and any changes or modifications to the Construction Design shall be allocated as provided in Section 5.11.e.

b. HLP Distribution Line. In consultation with Rocky Mountain Power, HLP shall prepare the engineering and design for the HLP Distribution Line (“HLP Distribution Line Design”) and shall deliver the design to Rocky Mountain Power, within ten (10) business days after Final Siting. Rocky Mountain Power shall thereafter incorporate the HLP Distribution Line Design into the Construction Design for the Project. The HLP Distribution Line Design is subject to final approval by Rocky Mountain Power, which approval shall not be unreasonably withheld. Rocky Mountain Power’s review and approval of the HLP Distribution Line Design shall not constitute a representation or warranty of any kind or description.

c. Design of Additional Facilities. The design of Additional Facilities shall be performed and paid for as provided in ARTICLE VI.

5.8. HLP Facilities.

a. HLP Accommodations. Rocky Mountain Power shall design and construct the Heber-Midway Line to accommodate the HLP Existing Facilities identified on *Exhibit H*, and shall relocate or reconstruct such facilities on the Transmission Structures, without cost to HLP (“HLP Accommodations”).

b. HLP Betterment. Within ten (10) business days after Final Siting, HLP may elect certain betterments for inclusion in the design, procurement, and construction of the Project by providing Rocky Mountain Power written notice of its betterment election from the betterment

options described in ***Exhibit H*** (the “HLP Betterment”). HLP shall be responsible for the costs of HLP Betterments as provided in ARTICLE VII.

c. HLP Distribution Line Design. Within ten (10) business days after Final Siting, HLP shall provide to Rocky Mountain Power the HLP Distribution Line Design. The HLP Accommodations and Betterments shall be included in the scope of work in the Construction Contract.

5.9. Contractor Selection and Construction Contract.

a. Contractor Selection. Using its standard bidding and contracting procedures, as modified by the provisions of this Section 5.9, Rocky Mountain Power will select and contract with a contractor to construct the Project (the “Contractor”).

b. HLP’s Participation in Contractor Selection Process.

i. Approved Vendors. No less than forty-five (45) days prior to the bid event, Rocky Mountain Power shall provide HLP a list of Rocky Mountain Power’s MSA-approved vendors. Within ten (10) business days thereafter, HLP shall identify any contractors on Rocky Mountain Power’s list to which HLP objects, and the reasons for the objection(s). Rocky Mountain Power, in its sole discretion, may accept or reject HLP’s recommendations.

Selection Committee. HLP shall participate in Rocky Mountain Power’s bid review and contractor selection process through the HLP Representative who shall be a member of Rocky Mountain Power’s selection committee. Rocky Mountain Power shall provide the HLP Representative with reasonable notice of selection committee meetings and an opportunity to participate in person or electronically. HLP’s Representative shall exercise the following rights and responsibilities on HLP’s behalf:

- (1) The HLP Representative shall participate in selection committee meetings in person or electronically.
- (2) The HLP Representative shall be provided access to information provided to other selection committee members including correspondence or emails circulated to or among the members.
- (3) The HLP Representative shall participate in the review and editing of the request for proposal including the content of the selection criteria and questions and in any pre-bid meetings with potential bidders.
- (4) The HLP Representative shall, to the extent reasonably practical, participate in responding to questions of potential bidders, and will, in all cases, be provided copies of written questions and the responses.

(5) The HLP Representative shall review responses to the request for proposals, and participate in discussions with respondents.

(6) The HLP Representative shall participate in the grading of responses and bidders.

c. Construction Contract. Upon Rocky Mountain Power's selection of the Contractor, Rocky Mountain Power and HLP shall negotiate with the Contractor for a contract in substantially the form of the contract commonly known as the "MSA-Heavy" for construction of the Project and Additional Facilities, if applicable ("Construction Contract") consistent with the Construction Design. The Construction Contract shall provide that HLP shall have the right: (a) to be present on the construction site and observe construction; (b) to be present for inspection and testing of the Project and HLP's Additional Facilities, if applicable; and (c) to enforce the Contractor's warranties and/or guaranties on construction, to the extent applicable to the HLP Circuits. The Construction Contract shall provide that: (x) the Project and Additional Facilities, if applicable, shall be completed by the Contractor by the date that is two (2) calendar years following Final Siting or such other date as the parties shall mutually agree as memorialized in the Construction Contract (the "Final Completion Date"); and (y) the Contractor shall be liable for liquidated damages in the event the Project and the Additional Facilities, if applicable, are not completed by the Final Completion Date; and (z) Contractor's invoices will itemize Additional Costs and Tie Line costs, separately from Facilities Costs for the Heber-Midway Line. HLP shall have the right to review and approve any material changes to the MSA-Heavy form, which approval shall not be unreasonably withheld. Upon HLP's approval of any material changes to the Construction Contract, Rocky Mountain Power shall execute the Construction Contract.

5.10. Materials.

a. Purchase of Construction Materials. Rocky Mountain Power or the Contractor shall be responsible for purchasing the materials specified for construction of the Project and Additional Facilities, if applicable, using Rocky Mountain Power's ordinary procurement procedures. Rocky Mountain Power shall take advantage of reasonably available advantageous pricing in accordance with its ordinary purchasing practices. Except as provided in subparagraph (b) below, the materials shall be new and of good quality and workmanship and have standard warranties.

b. Reuse of HLP Materials. Rocky Mountain Power and/or the Contractor may, in constructing the Project and Additional Facilities, if applicable, either reuse some or all of HLP's conduit and/or conductor currently in use on the existing line, or install new conduit or conductor, as conclusively determined by the Contractor; provided, however, that Rocky Mountain Power and/or the Contractor expressly make no representations nor warranties as to any reused materials.

c. Payment for Materials for Additional Facilities. The parties' respective cost obligations for materials for Additional Facilities is governed by ARTICLE VI.

5.11. Construction.

a. Construction. Rocky Mountain Power shall construct the Project in accordance with this Agreement, in a manner consistent with Prudent Utility Practice, the Construction Design, and the Construction Contract.

b. Coordination and Consultation during Construction. During construction, Rocky Mountain Power shall consult with HLP on all significant aspects of the construction, including:

i. The parties' Representatives shall meet at least weekly to discuss construction status and any items requiring coordination. In addition, Rocky Mountain Power shall provide HLP with reasonable notice of planned meetings with the Contractor or subcontractors and of tests and inspections on construction or completed work.

ii. HLP shall have the right, at all times, to be present at the work site, to inspect the construction work performed or being performed by the Contractor and/or Rocky Mountain Power, and to observe testing conducted as part of the construction. HLP shall follow all safety rules, regulations and protocols, and shall act in accordance with Prudent Utility Practice.

iii. HLP may be present at any discussions with the Contractor concerning significant aspects of the Construction including change requests, plan modifications, or unexpected conditions.

iv. As soon as reasonably practicable, Rocky Mountain Power shall provide HLP with copies of any written, text or email communications to or from the Contractor concerning the HLP Circuits.

c. Change Orders. The parties recognize that, during construction, the parties may find it necessary to issue changes to the Contractor's work as set forth in the Construction Contract and any releases issued thereunder (each, a "Change Order"), which Change Orders may result in an adjustment in the price of the Contractor's work. Rocky Mountain Power may issue Change Orders as provided in the Construction Contract with the consent of HLP, which consent shall not be unreasonably withheld. HLP may request that Rocky Mountain Power issue Change Orders, which request(s) shall not be unreasonably denied by Rocky Mountain Power. Rocky Mountain Power may direct the Contractor to proceed with a Change Order pending negotiation of the price; provided that, except in the event of an urgency, a party shall pay the cost of any Change Order issued without the consent of the other party.

d. Contractor Claims. Pursuant to the Construction Contract, Contractor may file a claim, including requesting for a time extension, additional compensation, or any other adjustment of the Construction Contract terms, after the contract is awarded

(“Contractor Claims”). Rocky Mountain Power shall follow the requirements of the Construction Contract related to Contractor Claims. Rocky Mountain Power may approve a Contractor Claim with the consent of HLP, which consent shall not be unreasonably withheld.

e. Allocation of Costs for Change Orders and Contractor Claims.

i. All Change Orders and Contractor Claims shall be initially paid by Rocky Mountain Power and subject to the cost share allocation and reimbursement as provided in ARTICLE VII, except that:

(1) Rocky Mountain Power shall pay 100% of the costs for Change Orders and Contractor Claims that result from Rocky Mountain Power modification to its facilities; and

(2) HLP shall pay 100% of the costs for Change Orders and Contractor Claims that result from HLP modification to its facilities.

ii. At the time the Change Order or Contractor Claim is approved, the parties’ Representatives shall attempt to agree on whether such costs shall be borne solely by either of the parties under Subsection (i) or should be subject to the applicable cost share or allocation under ARTICLE VII. . If the parties cannot agree, the proper allocation of costs shall be determined through the dispute resolution procedure in ARTICLE XIII, commenced, if at all, by one of the parties within thirty (30) days after approval of the Change Order or Contractor Claim. If there is no agreement and neither party timely commences the dispute resolution procedure, the costs shall be allocated as provided under ARTICLE VII.

5.12. Connection. Each party shall be responsible, at such party’s sole expense, for designing, constructing and installing such connections as it deems necessary or prudent for connecting its system to the Jordanelle-Midway Line and the operation of its respective Circuits, including making final connections and switching orders that may be necessary for that party’s interconnection from its existing facilities to the Jordanelle-Midway Line. Either party’s connection may, at such party’s election, be included in the Construction Contract as Contract Addition pursuant to Section 6.3. If HLP elects to include its connection in the Construction Contract, it must provide the scope of work, specifications, and design for connections to the RMP Representative no less than thirty (30) days prior to the planned procurement event for the Construction Contract. If included as a Contract Addition in the Construction Contract, the connection work for each party will have its own schedule of values, and all costs for the work and any changes will be borne solely by the facility owner. Contractor’s invoices shall itemize the connection facility costs for each owner, separately pursuant to the schedule of values.

5.13. Removal of Existing Facilities. In accordance with Prudent Utility Practice, the parties shall be responsible, at their own cost, for removal and proper disposal of its facilities abandoned due to construction of the Jordanelle-Midway Line. These costs are not included in Facilities Costs. The parties shall coordinate with the Contractor to ensure that removal of the facilities does not unreasonably interfere with the Contractor's work.

5.14. Party Representative. Each party hereby designates a representative to act in its behalf and be available at all times during construction of the Project via mobile telephone. Either party may change its representative by providing written notice to the other party in accordance with Section 14.5.

- a. HLP Representative: Harold Wilson
Mobile Phone: (435) 671-2565
Email: hwilson@heberpower.com
- b. RMP Representative: Benjamin Clegg
Mobile Phone: (801) 633-4908
Email: benjamin.clegg@pacificorp.com

ARTICLE VI. ADDITIONAL FACILITIES.

6.1. Option for Additional Facilities. Either party shall have the option to include Additional Facilities in the scope of the Construction Contract, as more fully set forth in this ARTICLE VI.

6.2. Western Lines. Section 180 on *Exhibit B* shows the approximate location of the western end of the Heber-Midway Line, roughly south of HLP's Midway Substation and southwest of Rocky Mountain Power's Midway Substation. The terminus of the Heber-Midway Line shall be the last structure in Section 180 on which facilities to be owned by both parties are located. The "Western Lines" are each party's respective, separate line from the terminus of the Heber-Midway Line to their respective substations. Within ten (10) business days after Final Siting, each party shall provide written notice to the other party if it elects to include its Western Line as an Additional Facility. In the event HLP elects to include its Western Line in the Construction Contract, HLP shall provide Rocky Mountain Power with a construction design for its Western Line at the time it provides the HLP Distribution Line Design under Section 5.7.b.

6.3. Contract Additions.

a. A party may elect to supplement the work to be performed by the Contractor under the Construction Contract to better accommodate the requesting party's needs, provided such work can be performed without unreasonably delaying the completion of construction or interfering with the other party's facilities ("Contract Addition"). Contract Additions does not include Change Orders or Contractor Claims in Sections 5.11.c and 5.11.d. Before Rocky Mountain Power includes a

Contract Addition in the Construction Contract, the requesting party shall obtain the written consent of the other party, which consent shall not be unreasonably withheld.

b. The Contract Addition shall be included in the Construction Contract with a separate schedule of values and each party shall separately identify their Additional Costs incurred in connection with each Contract Addition.

c. The party requesting the Contract Addition shall be responsible for all Additional Costs incurred by either party in connection with the Contract Addition.

6.4. Completion of Additional Facilities and Payment of Additional Costs.

a. Design. Each party shall be responsible for designing its Additional Facilities; provided that the parties may agree that, at HLP's expense, Rocky Mountain Power will engineer and design HLP's Additional Facilities in a manner consistent with Prudent Utility Practices.

b. Land Use Permits and Property Rights.

i. To the extent the Land Use Permits and Property Rights for the Project are sufficient for the construction, operation, use and maintenance of the Additional Facilities, the costs of obtaining such Land Use Permits and Property Rights shall be Project Costs and shall not be Additional Costs.

ii. If the Land Use Permits and Property Rights for the Project are not sufficient for the Additional Facilities but including the Additional Facilities is reasonably convenient and will not materially delay acquiring the Land Use Permits and Property Rights for the Project, the parties may acquire Land Use Permits and Property Rights for the Additional Facilities in conjunction with the Land Use Permits and Property Rights for the Project; all such costs shall be deemed to be Project Costs except to the extent such costs are readily identifiable as relating to a particular Additional Facility, in which case those costs shall be Additional Costs payable by the party that will own the Additional Facility.

iii. In all other cases, each party shall obtain the Land Use Permits and Property Rights for its Additional Facilities and be responsible for the Additional Costs of such permitting and property acquisition.

c. Materials. Rocky Mountain Power or the Contractor shall obtain the materials for the Additional Facilities as provided in Section 5.10.a. Rocky Mountain Power shall pay the supplier invoices for the materials, subject to reimbursement as provided in ARTICLE VII.

d. Initial Payment of Additional Costs. Rocky Mountain Power shall pay the Contractor invoices for the Additional Facilities, subject to reimbursement as provided in ARTICLE VII.

e. Costs. Except as expressly provided in Subsection (b), the party requesting the Additional Facilities shall be responsible for all Additional Costs incurred by either party in connection with the Additional Facilities.

ARTICLE VII.COSTS.

7.1. Initial Payment of Project Costs. Except as provided in Section 5.5.a.ii, Rocky Mountain Power shall be responsible for the up-front payment of Project Costs and Additional Costs, subject to reconciliation of the parties' respective obligations as provided in this ARTICLE VII.

7.2. Final Allocation of Project Costs.

- a. HLP Obligation. HLP shall be responsible for the following costs:
 - i. HLP Betterment Share of the Facilities Costs for the Heber-Midway Line; plus
 - ii. HLP Property Share of the Property Rights Acquisition Costs for the Heber-Midway Line; plus
 - iii. All Project Costs for the Tie Line; plus
 - iv. All Additional Costs for HLP's Additional Facilities, if any; plus
 - v. HLP Betterment Share of Section 120 Facilities Costs; plus
 - vi. HLP Property Share of Section 120 Property Rights Acquisition Costs; plus
 - vii. HLP Cost of Capital Contribution, if any pursuant to Section 7.4.a; plus
 - viii. HLP Capital Surcharge Contribution, if any pursuant to Section 7.4.a.
- b. RMP Obligation. Rocky Mountain Power shall be responsible for the following costs:
 - i. HLP Accommodations; plus
 - ii. RMP Facilities Cost Share of the Facilities Costs for the Heber-Midway Line; plus

- iii. RMP Property Share of the Property Rights Acquisition Costs for the Heber-Midway Line; plus
- iv. All Additional Costs for Rocky Mountain Power's Additional Facilities, if any; plus
- v. RMP Facilities Cost Share of Section 120 Facilities Costs; plus
- vi. RMP Property Share of Section 120 Property Rights Acquisition Costs.

7.3. Monthly Reports. Each party shall prepare and provide to the other party its Monthly Report as provided in this ARTICLE VII. The parties shall track separately the Project Costs for the Heber-Midway Line, the Project Costs for the Tie Line, the Additional Costs for each party's respective Western Line, and the Additional Costs for each party's Contract Additions. An example of Rocky Mountain Power's project work breakdown cost tracking structure is attached hereto as ***Exhibit K*** for illustration purposes. The first Monthly Reports shall be prepared and provided to the other party within fifteen (15) days after the first full calendar month that follows Effective Date, and monthly thereafter until Final Completion. The Monthly Reports shall be in substantially the forms attached hereto as ***Exhibits L-1 and L-2***. Each party shall provide additional information and/or documents reasonably requested by the other party relating to the Monthly Reports.

7.4. Reconciliation Report.

- a. **Preparation of Reconciliation Report.** Within thirty (30) days following Final Completion of the Project and the Additional Facilities, if included in the Construction Contract, each party shall create and provide to the other party a final report of its total Facilities Costs for the Project, Facilities Costs for the Tie Line, Additional Costs for each respective party's Western Line, and Additional Costs for each party's Contract Additions, prepared using the same form as the Monthly Reports and using the party's Standard Practice, provided that Rocky Mountain Power shall remove the Cost of Capital and Capital Surcharge from its report and separately itemize those items as set forth below. Using such reports, Rocky Mountain Power shall, within twenty-one (21) days following receipt of the reports, prepare a reconciliation report (the "Reconciliation Report") in the form attached hereto as ***Exhibit P***, consisting of the following three major components:
 - i. Step 1: Rocky Mountain Power shall compile and summarize the Section 120 Facilities Costs, Section 120 Property Rights Acquisition Costs, Project Costs, and Additional Costs. This information will be compiled by Rocky Mountain Power in a form substantially similar to "Step 1" in ***Exhibit P***.
 - ii. Step 2: Rocky Mountain Power shall calculate each party's obligation based on its respective share of Facilities Costs for the Heber-Midway Line, Property Rights Acquisition

Costs for the Heber-Midway Line, Section 120 Facilities Costs, Section 120 Property Rights Acquisition Costs, Facilities Costs for the Tie Line, Property Rights Acquisition Costs for the Tie Line, Facilities Costs for any Additional Facilities, and Property Rights Acquisition Costs for any Additional Facilities. This information will be compiled by Rocky Mountain Power in a form substantially similar to “Step 2” in **Exhibit P**. This will result in a summary of each party’s pre-surge and pre-credit cost responsibility.

iii. Step 3: Rocky Mountain Power shall reconcile each party’s incurred costs and cost obligations. This information will be compiled by Rocky Mountain Power in a form substantially similar to “Step 3” in **Exhibit P**. This final step results in the net amount due from one party to the other and includes crediting to HLP the purchase price for the Highway 40 Transmission Structures by Rocky Mountain Power and adding HLP Cost of Capital Contribution and HLP Capital Surcharge Contribution, as applicable, and as more fully described below:

(1) Highway 40 Transmission Structure Credit to HLP. For Rocky Mountain Power’s purchase of the Highway 40 Transmission Structures, HLP shall receive a credit in the amount of \$390,908.40.

(2) HLP Cost of Capital Contribution. Using the calculations in Step 1 and Step 2 of the Reconciliation Report, Rocky Mountain Power will calculate HLP’s obligation to pay Cost of Capital, if applicable, pursuant to the method demonstrated in the example calculation attached hereto as **Exhibit M1** (“HLP Cost of Capital Contribution”). If HLP’s share of Project Costs is less than the HLP Credits, then the HLP Cost of Capital Contribution shall be \$0.00. If HLP’s share of Project Costs is greater than the HLP Credits, then the HLP Cost of Capital Contribution shall be calculated as follows (parentheses used to show order of operation): ((HLP share of Project Costs minus HLP Credits) divided by (Project Costs minus HLP Credits)) multiplied by the Project Cost of Capital.

HLP Capital Surcharge Contribution. Using the calculations in Step 1 and Step 2 of the Reconciliation Report, Rocky Mountain Power will calculate HLP’s obligation to pay Capital Surcharge, if applicable, pursuant to the method demonstrated in the example calculation attached hereto as **Exhibit M-2** (“HLP Capital Surcharge Contribution”). If HLP’s share of Project Costs is less than the HLP Credits, then the HLP Capital Surcharge Contribution shall be \$0.00. If HLP’s share of Project Costs is greater than the HLP Credits, then the HLP Capital Surcharge Contribution shall be calculated as follows (parenthesis used to show order of operation): ((HLP share of Project Costs minus HLP Credits) divided by (Project Costs minus HLP Credits)) multiplied by the Project Capital Surcharge.

b. Additional Information. In connection with preparation of the Reconciliation Report, each party shall provide additional information and documents reasonably requested by the other party. Upon completion of the Reconciliation Report, Rocky Mountain Power shall provide a written copy of the report to HLP.

7.5. Amount Due from or to HLP. Within thirty (30) business days following HLP’s receipt of the Reconciliation Report, as indicated by “Step 3” of the report, either:

a. HLP shall pay to Rocky Mountain Power the amount due from HLP to Rocky Mountain Power; or

b. Rocky Mountain Power shall pay to HLP the amount due from Rocky Mountain Power to HLP.

7.6. Audit. Either party (an “Auditing Party”) shall have the right to conduct a reasonable audit the records of the other party (the “Audited Party”) with respect to Project Costs by providing written notice to the Audited Party within ninety (90) days after delivery of the Reconciliation Report. The Audited Party shall provide such documentation and records as may be reasonably necessary for the Auditing Party to review all costs attributed by the Audited Party to the Project Costs.

ARTICLE VIII. TRANSFER OF OWNERSHIP.

8.1. Conditions Precedent to Transfer. After each of the following conditions precedent has been met, the parties shall perform the transfers as set forth in Sections 8.2 and 8.3:

a. HLP has completed construction of the Section 120 Line in accordance with ARTICLE III and the Section 120 Line Agreement.

b. Rocky Mountain Power has completed construction of the Project as required by this Agreement and the Construction Contract.

c. The Project and the Section 120 Line are suitable for commercial operation consistent with Prudent Utility Practice.

d. The parties have completed the reconciliation reports under Section 7.4 and paid any amounts due under Section 7.5; provided that such payment may be made simultaneously with the transfers.

8.2. Transfer by Rocky Mountain Power to HLP. Upon the occurrence of the conditions precedent set forth in Section 8.1 and simultaneous with HLP’s transfer to Rocky Mountain Power as set forth in Section 8.3, Rocky Mountain Power shall sell and transfer to HLP, and HLP shall receive and purchase from Rocky Mountain Power, HLP’s Circuits and Additional Facilities as provided in this Section 8.2.

a. Rocky Mountain Power shall deliver to HLP the following documents, in a form reasonably acceptable to HLP:

i. a bill of sale or other mutually acceptable instrument of conveyance that vests in HLP title to HLP’s Circuits and Additional Facilities, which shall include the conductor, insulators, and other major components of HLP’s Circuits and Additional Facilities and a map showing the location of the Transmission Structures to which HLP’s Circuits and Additional Facilities are attached;

ii. the executed Maintenance and Operation Agreement;

iii. quit claim deeds or apportionments of the Property Rights reasonably necessary to allow HLP to own, operate, repair, replace and maintain HLP's Circuits and Additional Facilities in a manner consistent with Prudent Utility Practice;

iv. an assignment to HLP of warranties or contract rights, if any, provided to Rocky Mountain Power by the contractors or the suppliers covering HLP's Circuits and Additional Facilities.

v. a partial assignment to HLP of warranties or contract rights, if any, provided to Rocky Mountain Power by the contractors or the suppliers covering the Transmission Structures, to the extent necessary for HLP to enforce any warranties or contract rights as they may relate to HLP's Circuits and Additional Facilities.

b. DISCLAIMER OF WARRANTIES. EXCEPT FOR THE WARRANTIES AND RIGHTS DESCRIBED IN SUBPARAGRAPH (a.iv-v) ABOVE, ROCKY MOUNTAIN POWER TRANSFERS THE HLP CIRCUITS TO HLP "AS IS-WHERE IS" AND WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONDITION, INCLUDING ENVIRONMENTAL CONDITION. HLP ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO INSPECT THE CONSTRUCTION AND CURRENT CONDITION OF THE HLP CIRCUITS AND THAT ROCKY MOUNTAIN POWER HAS NOT MADE, AND EXPRESSLY DISCLAIMS AND NEGATES, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, RELATING TO THE HLP CIRCUITS.

8.3. Transfer by HLP to Rocky Mountain Power. Upon the occurrence of the conditions precedent set forth in Section 8.1 and simultaneous with Rocky Mountain Power's transfer to HLP as set forth in Section 8.2, HLP shall sell and transfer to Rocky Mountain Power, and Rocky Mountain Power shall receive and purchase from HLP, the Highway 40 Line Transmission Structures, the Section 120 Line Transmission Structures, and the RMP Circuits located thereon (collectively, the "RMP Facilities").

a. HLP shall deliver to Rocky Mountain Power the following documents, in a form reasonably acceptable to Rocky Mountain Power:

i. a bill of sale or other mutually acceptable instrument of conveyance that vests in Rocky Mountain Power title to the RMP Facilities, which shall include a description of the facilities being conveyed;

ii. the executed Maintenance and Operation Agreement;

iii. quit claim deeds or apportionments of any existing property rights owned by HLP in connection with the RMP Facilities, reserving to HLP such rights as reasonably necessary to allow HLP to own, operate, repair, replace and maintain the HLP Circuits in a manner consistent with Prudent Utility Practice; and

iv. an assignment to Rocky Mountain Power of warranties or contract rights, if any, provided to HLP by the contractors or the suppliers covering the RMP Facilities.

b. DISCLAIMER OF WARRANTIES. EXCEPT FOR THE WARRANTIES AND RIGHTS DESCRIBED IN SUBPARAGRAPH (a.iv) ABOVE, HLP TRANSFERS THE RMP FACILITIES TO ROCKY MOUNTAIN POWER “AS IS-WHERE IS” AND WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONDITION, INCLUDING ENVIRONMENTAL CONDITION. ROCKY MOUNTAIN POWER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO INSPECT THE CONSTRUCTION AND CURRENT CONDITION OF THE RMP FACILITIES AND THAT HLP HAS NOT MADE, AND EXPRESSLY DISCLAIMS AND NEGATES, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, RELATING TO THE RMP FACILITIES.

ARTICLE IX. OPERATION AND MAINTENANCE OF THE JORDANELLE-MIDWAY LINE.

As a part of the transfers as provided in Sections 8.2 and 8.3, the parties shall enter into the Maintenance and Operation Agreement to provide for maintenance and operation of the facilities that are the subject of this Agreement, in substantially the form attached hereto as *Exhibit N*. The exhibits to the Maintenance and Operation Agreement shall be updated following Final Completion and prior to execution.

ARTICLE X. REPRESENTATIONS AND WARRANTIES.

10.1. HLP Representations and Warranties. HLP makes the following representations and warranties to and for the benefit of Rocky Mountain Power:

a. HLP is an energy services interlocal entity duly organized, validly existing and in good standing under the laws of the state of Utah, and has the requisite power and authority to own its properties, carry on its business as now being conducted, enter into this Agreement and the transactions contemplated herein, and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

b. HLP is duly authorized and is not prohibited, has taken all actions as may be necessary or advisable, and has obtained all governmental or regulatory approvals

necessary to execute and deliver this Agreement, consummate the transactions contemplated herein, and perform all of its obligations hereunder. The provisions of this Agreement and HLP's obligations hereunder will not violate any applicable laws, statutes, ordinances, regulations, licenses or legal requirements of any nature; the Organization Agreement of HLP; or any contractual obligation, trust indenture, trust deed, mortgage, loan agreement, lease, evidence of indebtedness, or agreement to which HLP is a party or by which it or any of its property is bound.

c. This Agreement is a legal, valid and binding obligation of HLP, enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

10.2. Rocky Mountain Power Representations and Warranties. Rocky Mountain Power makes the following representations and warranties to and for the benefit of HLP:

a. PacifiCorp is a corporation duly organized, validly existing and in good standing under the laws of the state of Oregon, and has the requisite power and authority to own its properties, carry on its business as now being conducted, enter into this Agreement and the transactions contemplated herein, and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

b. Rocky Mountain Power is duly authorized and is not prohibited, has taken all corporate actions as may be necessary or advisable, and has obtained all regulatory approvals necessary, if any, to execute and deliver this Agreement, consummate the transactions contemplated herein, and perform all of its obligations hereunder. The provisions of this Agreement and Rocky Mountain Power's obligations hereunder will not violate any applicable laws, statutes, ordinances, regulations, licenses or legal requirements of any nature; the certificate of incorporation and by-laws of Rocky Mountain Power; or any contractual obligation, trust indenture, trust deed, mortgage, loan agreement, lease, evidence of indebtedness, or agreement to which Rocky Mountain Power is a party or by which it or any of its property is bound.

c. This Agreement is a legal, valid and binding obligation of Rocky Mountain Power, enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

ARTICLE XI. TERMINATION; TEMPORARY MEASURE.

11.1. Option to Terminate for Lack of Final Siting. In the event the parties are unable to achieve Final Siting by December 31, 2019, despite good faith efforts by both parties, or if a court or other tribunal issues a final, nonappealable order or judgment denying a required Land Use Permit for the Project prior to December 31, 2019, then Rocky Mountain Power's Vice

President of Transmission and Distribution Operations and HLP's General Manager shall meet at least once during the month of January 2020 or in the month following entry of the order or judgment, whichever occurs first, to discuss in good faith a mutually agreeable alternative to termination of this Agreement. If the parties are unable to agree, either party may terminate this Agreement by providing written notice of termination to the other party, such termination to be on the following terms:

a. The termination shall be effective five (5) business days following delivery of written notice from the terminating party to the non-terminating party, and shall terminate all of the parties' rights and obligations under this Agreement except as provided in this Section 11.1 and the following provisions, all of which shall survive termination:

- i. ARTICLE I;
- ii. Section 7.6;
- iii. ARTICLE X;
- iv. ARTICLE XII;
- v. ARTICLE XIII; and
- vi. ARTICLE XIV.

b. Furthermore, as soon as reasonably practical following termination:

i. The parties shall provide the reports and perform the final reconciliation as provided in Section 7.4 as if Final Completion had been achieved, except that (a) in **Exhibit J** the value for the Section 120 Line shall be zero, (b) Section 120 Facilities Costs and Section 120 Property Rights Acquisition Costs shall be set to \$0.00 in Step 1 of Exhibit P, (c) the recalculated HLP Share shall be applied to the Facilities Costs in Step 2 of **Exhibit P**; and (d) Rocky Mountain Power's share of the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line shall be as set forth in Section 11.2.c.ii(4).

ii. The parties shall make such payments as required by Section 7.5.

iii. As the purchase price for the RMP Circuits located on the Section 120 Line, Rocky Mountain Power shall pay to HLP 35% of HLP's Section 120 Facilities Costs and 50% of the Section 120 Property Right Acquisition Costs.

iv. Notwithstanding the provisions of Section 8.1, the parties shall make the following transfers to each other:

(1) The parties shall execute and deliver to each other the Maintenance and Operation Agreement; and

(2) HLP shall make the following transfers and deliver to Rocky Mountain Power the following documents, in a form reasonably acceptable to Rocky Mountain Power:

(a) A bill of sale or other mutually acceptable instrument of conveyance that vests in Rocky Mountain Power title to the RMP Circuits located on the Highway 40 Line and the Section 120 Line;

(b) Quit-claim deeds or apportionments of any existing property rights owned by HLP in connection with the RMP Circuits on the Highway 40 Line and the Section 120 Line, reserving to HLP such rights as reasonably necessary to allow HLP to own, operate, repair, replace and maintain the HLP Circuits and the Transmission Structures in a manner consistent with Prudent Utility Practice; and

(c) An assignment to Rocky Mountain Power of warranties or contract rights, if any, provided to HLP or the suppliers covering the RMP Circuits on the Highway 40 Line and the Section 120 Line.

c. Disclaimer of Warranties. The parties' transfers under this Section 11.1 are subject to the disclaimer of warranties in Sections 8.2.b and 8.3.b.

11.2. Termination of the Construction Contract for Convenience.

a. Good Faith Negotiations. If Rocky Mountain Power intends to terminate the Construction Contract for convenience (but not for cause), Rocky Mountain Power shall provide HLP with no less than thirty (30) days' advance written notice of such intent. After notice is given but not less than fifteen (15) days before the termination becomes effective, Rocky Mountain Power's Vice President of Transmission and Distribution Operations and HLP's General Manager shall meet at least once to discuss, in good faith, mutually agreeable terms including: (i) terminating the Construction Contract, (ii) allowing HLP to complete construction of the Project and Additional Facilities, without the RMP Circuits or Rocky Mountain Power's Additional Facilities, (iii) providing for an equitable allocation of the Project Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs, and (iv) providing for the ownership and joint use of the Transmission Structures, HLP Circuits and RMP Facilities, Land Use Permits, and Property Rights constructed or obtained under this Agreement, the Section 120 Line Agreement and the Highway 40 Line Agreement.

Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties

further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to negotiate in good faith.

b. Termination of Agreement. If the parties cannot agree on terms as provided in Subsection (a) within the time period specified and notwithstanding the dispute resolution procedures in ARTICLE XIII, either party may terminate this Agreement by providing written notice to the other party and/or pursue its remedies, if any, under ARTICLE XII.

c. Effect of Termination. The termination shall be effective five (5) business days following delivery of written notice from the terminating party to the non-terminating party, and shall terminate all of the parties' rights and obligations under this Agreement except as provided in this Section 11.2 and the following provisions, all of which shall survive termination:

- (1) ARTICLE I;
- (2) Section 5.13;
- (3) Section 7.2;
- (4) Section 7.6;
- (5) ARTICLE X;
- (6) ARTICLE XI;
- (7) ARTICLE XII;
- (8) ARTICLE XIII;
- (9) ARTICLE XIV.

ii. Furthermore, as soon as reasonably practical following termination:

(1) The parties shall provide the reports and perform the final reconciliation as provided in Section 7.4 as if Final Completion had been achieved, except that (a) in ***Exhibit J*** the value for the Section 120 Line shall be zero, (b) Section 120 Facilities Costs and Section 120 Property Rights Acquisition Costs shall be set to \$0.00 in Step 1 of Exhibit P, (c) the recalculated HLP Share shall be applied to the Facilities Costs in Step 2 of ***Exhibit P***; and (d) Rocky Mountain Power's share of the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line shall be as set forth in Section (4).

(2) The parties shall pay any amounts due pursuant to Section 7.5.

(3) HLP shall make the transfers and deliver the documents as provided in Section 11.1.b.iv.

(4) Rocky Mountain Power shall purchase and HLP shall sell the RMP Circuits located on the Section 120 Line for 35% of HLP's Section 120 Facilities Costs and 50% of the Section 120 Property Right Acquisition Costs.

(5) Rocky Mountain Power shall execute and deliver to HLP the Maintenance and Operation Agreement.

(6) With respect to HLP's Circuits and Additional Facilities on completed or partially completed portions, Rocky Mountain Power shall make the transfers and deliver the documents to HLP as provided in Section 8.2.a.

iii. Conditions Precedent. The items set forth in Sections 8.1.b and 8.1.c shall not be conditions precedent to the transfers set forth in subsections (ii) and (ii)(6)).

iv. Completion of Construction.

(1) HLP may, at its cost, complete construction of the Project and HLP Additional Facilities, including the completion of partially completed facilities. Such construction may or may not use the Construction Design or Final Siting. Rocky Mountain Power shall have no obligation of any kind with regard to the facilities constructed or completed by HLP.

(2) HLP shall have sole ownership of the portions of the Project or HLP Additional Facilities that it constructs or completes and Rocky Mountain Power shall have no right to use such lines under this Agreement, the Operation and Maintenance Agreement, or otherwise, unless the parties expressly agree in writing.

v. Use of Completed Facilities. HLP shall have the right to use and connect to any completed or partially completed Transmission Structures and HLP Circuits as provided in the Operation and Maintenance Agreement.

vi. Disclaimer of Warranties. The parties' transfers under this Section 11.2 are subject to the disclaimer of warranties in Sections 8.2.b and 8.3.b.

11.3. Effect of Termination. Termination of this Agreement under Sections 11.1 or 11.2 shall not relieve either party of any liabilities or obligations arising hereunder prior to the date of

termination. The applicable provisions of this Agreement not expressly surviving termination under Sections 11.1.a or 11.2.c will continue in effect after termination only to the extent necessary for the enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

11.4. Temporary Measure. If Final Completion has not been achieved prior to December 31, 2021, then HLP shall have an option to have a shoo-fly constructed from switch 28A inside Rocky Mountain Power's Midway Substation to temporary facilities at HLP's Midway Substation as shown in the one-line drawing attached hereto as ***Exhibit O*** (the "Temporary Measure"). In the event HLP elects to proceed with the Temporary Measure: (a) HLP shall provide written notice to Rocky Mountain Power of HLP's exercise of the option on or before January 15, 2022; (b) the parties will agree on a mutually acceptable time for construction and duration of the Temporary Measure; (c) HLP shall install appropriate line protection as required; (d) HLP shall pay all costs associated with the Temporary Measure; (e) Rocky Mountain Power or the Contractor shall construct the facilities from switch 28A to a structure outside of parties' respective substations and HLP shall construct all remaining facilities; and (f) HLP shall assume all risk and liability associated with the Temporary Measure, and shall indemnify, defend and hold harmless the Rocky Mountain Power Indemnitees against any and all third party claims, liability, loss, damage, cost, expense, award, fine or judgment (including attorneys' fees and costs) which arise out of or result from the Temporary Measure. HLP shall not be relieved of its duty to perform, indemnify, defend and hold harmless the Indemnitees by any failure to obtain insurance covering the claim.

ARTICLE XII. DEFAULT; LIMITATION ON DAMAGES.

12.1. Default. For the purposes of this Contract, a "Default" means the occurrence of any of the following:

a. **Payment Default.** The failure to make, when due, any payment required pursuant to this Agreement, if such is not remedied within ten (10) business days after written notice.

b. **Performance Default.** The failure to comply timely with any other covenant of this Agreement, if such failure is not remedied within thirty (30) days after the defaulting party's receipt of a written notice describing the alleged default. If the nature of the alleged default is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 30-day period. If the Default is cured, then no Default shall exist and the noticing party shall take no further action.

12.2. Limitation on Damages. EXCEPT FOR A PAYMENT DEFAULT UNDER SECTION 12.1.a OR INDEMNIFICATION UNDER SECTION 12.3, A PARTY'S LIABILITY TO THE OTHER PARTY ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, STATUTE OR TORT, IS LIMITED TO THE COST (a) OF COMPLETING CONSTRUCTION OF THE PROJECT OR THE SECTION 120 LINE OR (b) OF REPAIRING

OR REPLACING ANY DEFECTIVE OR DAMAGED FACILITIES AND SHALL NOT, UNDER ANY CIRCUMSTANCES, INCLUDE SPECIAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, AS A RESULT OF THE PERFORMANCE OR NON-PERFORMANCE OF THEIR OBLIGATIONS UNDER THIS AGREEMENT OR PROVIDED BY STATUTE OR IN TORT.

12.3. Indemnification. Each party (“Indemnifying Party”) shall indemnify, hold harmless and defend the other party and its members, directors, officers employees, consultants, attorneys, and contractors (“Indemnitees”) against any and all third party claims, liability, loss, damage, cost, expense, award, fine or judgment (including attorneys’ fees and costs) which arise out of or result from the Indemnifying Party’s acts or omissions in connection with this Agreement, except to the extent caused by actions or failure to act of the Indemnitees. The Indemnifying Party shall not be relieved of its duty to perform, indemnify, defend and hold harmless the Indemnities by the Indemnifying Party's failure to obtain insurance covering the claim.

ARTICLE XIII. DISPUTE RESOLUTION

13.1. Dispute Resolution. Any dispute, claim, question, or disagreement arising from or relating to this Agreement, except any request for injunctive relief in emergency circumstances which makes resort to the following procedures unreasonable, shall be resolved through the procedures set forth in this ARTICLE XIII.

13.2. Claim Cutoff. Unless otherwise specifically provided in this Agreement, any Default, dispute, claim, question, or disagreement must be raised within one year of the date the Default, dispute, claim, question, or disagreement arose or be forever barred. The party claiming that there is a Default, dispute, claim, question or disagreement shall provide written notice of the Default, dispute, claim, question, or disagreement to the other Party.

13.3. Good Faith Negotiations. For a period of thirty (30) days following receipt of the notice, or such different period to which the parties may mutually agree, the parties shall use good-faith efforts to settle the dispute by consulting and negotiating with each other in good faith and by attempting to reach a just and equitable solution reasonably satisfactory to both parties. Unless the dispute is resolved sooner, Rocky Mountain Power’s Vice President of Transmission and Distribution Operations and HLP’s General Manager shall meet at least once during the good-faith-negotiation period. Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party’s agreement to negotiate in good faith.

13.4. Mediation.

- a. If the parties are unable to resolve the dispute, claim, question, or disagreement through good faith negotiation within the good faith negotiation period, then either party may submit the matter to nonbinding mediation by providing the other party a written request to mediate. Each party shall pay their own costs and fees relating to the mediation.
- b. The parties will jointly appoint a mutually acceptable mediator. If they are unable to agree upon a mediator within a reasonable period of time, the parties shall each select a mediator, and those two mediators who shall jointly appoint a third mediator to act as the parties' mediator.
- c. The parties agree to participate in at least one session of good faith mediation and thereafter shall mediate and/or negotiate in good faith for a period of sixty (60) days or such additional time as the Parties may mutually agree.
- d. Although the parties intend to mediate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to mediate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to mediate in good faith.
- e. The parties may, but are not required to, retain the American Arbitration Association to administer the meditation proceedings.

13.5. Arbitration.

a. Arbitration of Disputes. Any dispute, controversy or claim arising out of or relating to this Agreement, or a default or breach thereof, shall be resolved through arbitration as provided in this Section 13.5.

b. Conditions to Arbitration. Completion of good faith negotiations under Section 13.3 and mediation under 13.4 are conditions precedent to a party's right to pursue arbitration under this Section 13.5; provided, however, that a party may pursue its rights under this Section 13.5 if the other party declines to engage first in good faith negotiations and then in mediation.

Arbitration. If the parties are unable to resolve a dispute, controversy or claim through good faith negotiations or mediation, either party may submit the dispute for private, confidential, binding arbitration in the principal place of business in Utah of the other party by providing written notice of the party's intent to arbitrate. The arbitration shall be conducted before a single arbitrator agreed upon between the parties and in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association except insofar as the provisions of this subparagraph deviate from those rules and except insofar as those rules may call for the American Arbitration Association to administer the arbitration, and notwithstanding any AAA rules and procedures or any other provision of any state or federal laws, the parties agree that the arbitrator shall not consider or aware punitive damages as a remedy. Either of the parties may request that

AAA provide a list of arbitrators each of whom has experience and expertise with respect to the subject matter of this Agreement. Upon each of the party's receipt of such list, each party shall have ten (10) days to select an arbitrator. The two selected arbitrators shall then select a third arbitrator within thirty (30) days from the date the initial two arbitrators were selected and the matter subject to arbitration shall be arbitrated within sixty (60) days after the selection of the third arbitrator. The arbitration award may include equitable remedies of injunction and specific performance. Judgment upon the award rendered in the arbitration may be entered in any court of competent jurisdiction.

13.6. Jury Waiver. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

13.7. Continuation of Work. Unless otherwise ordered by a court or the arbitrator, the parties shall continue their respective duties under this Agreement on a timely basis in accordance with the Project Schedule. Each party shall continue to make any required payments on a timely basis in accordance with the terms of this Agreement, except to the extent the payment is the subject of the dispute.

ARTICLE XIV. GENERAL PROVISIONS.

14.1. Confidentiality. As a material condition and further consideration for this Agreement, the parties shall keep all of the material terms of this Agreement confidential, and shall not disclose this Agreement nor any of the terms hereof, except: (a) as required for a party to perform its obligations under this Agreement; (b) as between and among the parties hereto and their legal counsel, accountants or tax and financial advisors, and all state and federal taxing agencies entitled or required by law to such disclosure; (c) upon the express prior written consent of the opposing party, which may be given or withheld in its sole discretion; or (d) as required by order of a court of competent jurisdiction or by law including the Utah Governmental Records Access and Disclosure Act. The parties shall inform anyone to whom they rightfully disclose the terms of this Agreement of this confidentiality provision and further shall inform each such person that he/she is bound by this confidentiality provision. In the event any party is compelled by a court to disclose this Agreement or any of the terms hereof, they shall (i) immediately provide the opposing party with a copy of such order, and (ii) cooperate fully with the opposing party in seeking whatever order or assurance is necessary to ensure that confidential treatment will be accorded to this Agreement and the terms hereof. The parties acknowledge and agree that money damages may not be a sufficient remedy for any breach of the terms of this paragraph, and that the parties would be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy for any breach of this paragraph, but shall be in addition to all other remedies available to the parties at law or in equity. The parties further acknowledge that the limitations contained in this paragraph are reasonable and necessary for the protection of the parties' interests. Except as expressly provided herein, the parties agree to limit any

disclosure regarding the terms of this Agreement to the fact that the parties have entered into an agreement for construction of the Jordanelle-Midway Line. It is expressly understood, however, that this Agreement may be used as evidence in connection with any subsequent proceeding regarding its alleged breach or enforcement.

14.2. Force Majeure. Neither party shall be in breach of this Agreement or subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the reasonable control of such party using Prudent Utility Practice, including but not limited to the following: (a) the operation and effect of any law, rule, regulation and order of (i) the Utah Public Service Commission, (ii) a state, county or municipal governmental body or agency (not including HLP); or (iii) the United States; (b) restraining order, injunction or similar decree of any court; (c) war; (d) flood; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts. Provided, however, that the party claiming force majeure shall make every reasonable attempt, consistent with Prudent Utility Practice, to avoid or remedy the cause or effect thereof as diligently and expeditiously as possible. 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 a force majeure event was in effect.

14.3. Assignment. Neither party may, without the prior written consent of the other party (which shall not be unreasonably withheld, conditioned or delayed) assign, pledge or transfer all or any part of this Agreement, whether voluntarily or by operation of law. Notwithstanding the foregoing, a party may, without the other party's consent, assign its rights and obligations under this Agreement to an entity (a) with which such party is merged or consolidated; (b) to which the party sells, transfers or assigns all or a significant portion of its electric system. Provided, however, that the assigning or transferring party shall provide reasonable advance notice of such assignment or transfer to the other party, and the assignee or transferee shall consent in writing to be bound by all of the obligations of the transferring or assigning party under this Agreement.

14.4. Successors. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

14.5. Notice. Any notice or other communication required or desired to be given under this Agreement must be in writing and shall be deemed properly made upon delivery (or upon refusal of delivery) and shall be made by (a) personal delivery; (b) reputable overnight commercial courier service; (c) certified first-class United States mail with return receipt; (d) email (with confirmation of delivery); and/or (e) facsimile (with confirmation of delivery). Notices shall be directed to:

If to RMP:

Benjamin Clegg
Rocky Mountain Power PMO
1407 W. North Temple, Suite 220
Salt Lake City, UT 84116

Email: benjamin.clegg@pacificorp.com

with a copy to: Rocky Mountain Power
Office of General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116

[Email: robert.richards@pacificorp.com](mailto:robert.richards@pacificorp.com)

If to HLP:

Harold Wilson
Heber Light & Power Company
31 South 100 West
Heber City, UT 84032

[Email: hwilson@heberpower.com](mailto:hwilson@heberpower.com)

with copies to:

Jason Norlen
Heber Light & Power Company
31 South 100 West
Heber City, UT 84032

[Email: jnorlen@heberpower.com](mailto:jnorlen@heberpower.com)

and

Heber Light & Power Company
Office of General Counsel
31 South 100 West
Heber City, UT 84032

[Email: generalcounsel@heberpower.com](mailto:generalcounsel@heberpower.com)

Either party may change its contact information for notice by providing written notice to the other party in accordance with this paragraph.

14.6. Governing Law. This Agreement shall in all respects be interpreted and enforced in accordance with the laws of the State of Utah, without reference to conflicts of laws.

14.7. Time of the Essence. Time is of the essence of this Agreement.

14.8. Relationship of the Parties; No Third-Party Beneficiaries. Nothing contained in this Agreement shall be construed to create an agency relationship, association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to either of the parties. Each party shall be individually

responsible for its own covenants, obligations, and liabilities under this Agreement. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability or inference of liability to any third party.

14.9. Further Assurances. Each party shall do all things, including without limitation the timely preparation, execution, delivery, filing, and recording of any instruments or documents, reasonably requested by the other party to perform its obligations under this Agreement.

14.10. Severability. If any provision of this Agreement is held invalid or unenforceable for any reason by a court, governmental agency, or arbitrator, then the objectionable portions of the provision shall be stricken, and all other provisions of this Agreement shall remain unaffected and in force. The parties shall be relieved of their obligations only to the extent necessary to eliminate the objectionable portion(s) unless a court, governmental agency, or arbitrator holds that the invalidated provision is not separable from the remainder of this Agreement.

14.11. Waiver. Any waiver of a party's rights under this Agreement shall not constitute a continuing waiver or a waiver of any other breach of that right or any other right. All waivers must be in writing and signed by an authorized representative of the party granting the waiver.

14.12. Incorporation of Recitals and Exhibits. The above recitals and the attached exhibits to this Agreement are incorporated herein as an integral part of this Agreement.

14.13. Headings; Interpretation; Construction. The headings in this Agreement are for the convenience of the parties and are not to be used for its construction or interpretation. Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular. The use of the word "including" shall be non-exclusive and shall have the meaning "including, but not limited to." The parties acknowledge that this Agreement is the product of negotiations and that each of them has had the opportunity to consult with legal counsel of their own selection. The parties therefore agree that this Agreement is to be construed and interpreted fairly and reasonably in accordance with its terms and not as against any party as the drafter hereof.

14.14. Cumulative Rights and Remedies. All rights and remedies provided by this Agreement or available in law or equity are cumulative of each other and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

14.15. Entire Agreement; Amendment. This Agreement sets forth the entire agreement between the parties on the subject matter of this Agreement, and supersedes all prior agreements of the parties with respect to its subject matter. No amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representatives of both parties.

14.16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which, when taken

together, shall constitute one and the same instrument. Transmission of a party's signature by electronic format shall be deemed delivery of such party's signature.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP, an
Oregon corporation

By:/s/ Cindy Crane
Print name: Cindy Crane
Title: President
Date signed:4/3/17

HEBER LIGHT & POWER, an energy services
interlocal entity of the State of Utah

ATTEST:

By:/s/ Joseph T Dunbeck Jr.
Print name:Joseph T Dunbek Jr.
Title:General Council

By:/s/Jason Norlen
Print name:Jason Norlen
Title:General Manager
Date signed:3-23-2017

Exhibit

List

Potential Corridor Map

Section Map

Project SOW

HLP Property Rights Summary

Property Rights Cost Share

Example HLP Property Rights Acquisition Cost

HLP Betterment Election & Cost Share

HLP Betterment Election Key

HLP Betterment Cost Share

Example HLP Obligation Project Facilities Costs

Example RMP WBS Structure

Example RMP Monthly Cost Report

Example HLP Monthly Cost Report

Cost of Capital Contribution Example Calculation

Surcharge Contribution Example Calculation

Maintenance Agreement

Temporary Measure One Line

Reconciliation Calculation

Exhibit A

Exhibit B

Exhibit C

Exhibit D

Exhibit E

Exhibit F

Exhibit G

Exhibit H

Exhibit I

Exhibit J

Exhibit K

Exhibit L-1

Exhibit L-2 HLP

Exhibit M-1 HLP Capital

Exhibit M-2 Operation and

Exhibit N

Exhibit O

Exhibit P

Appendix - Section 120 Line Agreement

Section 120 SOW

Exhibit 120-A

Exhibit A

[See scanned PDF for exhibit]

Exhibit B

[See scanned PDF for exhibit]

Exhibit C

[See scanned PDF for exhibit]

Exhibit D

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Exhibit E

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Exhibit F

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Exhibit G

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Exhibit H

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Exhibit I

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Exhibit J

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Exhibit K

[See scanned PDF for exhibit]

Exhibit L-1

[See scanned PDF for exhibit]

Exhibit L-2

[See scanned PDF for exhibit]

Exhibit M-1

[See scanned PDF for exhibit]

Exhibit M-2

[See scanned PDF for exhibit]

Exhibit N

**AGREEMENT FOR THE
OPERATION, MAINTENANCE
AND
SHARED USE OF TRANSMISSION
STRUCTURES
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER
COMPANY**

This Agreement for the Operation, Maintenance and Shared Use of Transmission Structures (this “Operation Agreement”) is entered into on this 24 day of March 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Pursuant to that certain Joint Use and Construction Agreement for Highway 40 Line between the parties dated September 16, 2013 (referred to by the parties as the Highway 40 Line Agreement), the Highway 40 Line Agreement and the Engineering, Procurement and Construction Contract for the Highway 40 Line by and between Heber Light & Power Company and Probst Electric, Inc., dated March 27, 2014. and that certain Construction Agreement for Heber-Midway Line between the parties dated March 24, 2017 (referred to by the parties as the Heber-Midway Line Agreement) (jointly, the “Construction Agreements”), at the time of execution of this Operation Agreement the parties will have constructed a portion of the 138kV transmission line from Rocky Mountain Power’s Jordanelle substation located in unincorporated Wasatch County, Utah, and its Midway substation located in Midway City, Utah (“Jordanelle-Midway Line”).

B. Under the Construction Agreements and based on the final design and construction of the Heber-Midway Line, a party may own all of the Structures or each party may own specific Structures in the Jordanelle-Midway Line. In addition, each party will own its separate Facilities consisting of transmission and distribution lines, circuits, equipment and facilities that are attached to the Structures.

C. The parties desire to enter into this Operation Agreement to provide for the

joint operation, maintenance and use of the Structures and each party's operation, maintenance and use of its respective Facilities.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS.

- 1.1 "Construction Agreements" is defined in Recital A.
- 1.2 "Dispatcher" means the parties respective dispatch offices identified in Section 4.9 c
- 1.3 "Default" is defined in paragraph 11.1.
- 1.4 "Emergency" means an urgent circumstance where injury, bodily harm, loss of life, or serious risk to property or the environment appears imminent.
- 1.5 "Facilities" means the HLP Distribution Line and/or the RMP Circuits, either collectively or individually.
- 1.6 "HLP" is defined in the preamble.
- 1.7 "HLP Distribution Line" means the insulators, cross-arms, conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that are owned, operated, and maintained by HLP and attached to the Structures, all as provided in the Construction Agreements. In addition, the HLP Distribution Line includes all equipment and facilities used to repair and/or replace the equipment and facilities originally installed.
- 1.8 "Operation Agreement" is defined in the preamble.
- 1.9 "Owner" shall mean the party who owns the particular Facilities or Structures, either HLP or Rocky Mountain Power, as the case may be.
- 1.10 "Jordanelle-Midway Line" is defined in Recital A.
- 1.11 "Prudent Utility Practice" means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, and/or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, consistent with good business practices for the electric utility industry and reliably, safely and expeditiously. Prudent utility practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to mean practices, methods or acts generally accepted in the geographic region where the parties operate. Prudent Utility Practice includes meeting, at a minimum, the laws and regulations applicable to the facilities or decisions involved and the National Electrical Safety Code, as last revised.
- 1.12 "Required Relocation" is defined in paragraph 6.1.
- 1.13 "RMP Circuits" means the insulators, cross-arms conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that will be owned, operated, and maintained by Rocky Mountain Power and attached to the Transmission Structures. In addition, the RMP Circuits includes all equipment and facilities used to repair and/or replace the equipment and facilities originally installed.
- 1.14 "Rocky Mountain Power" is defined in the preamble.
- 1.15 "Structures" means the transmission poles, towers and other support structures, together with guys, anchors, static wire and related components that are part of the Jordanelle- Midway Line, but excludes the insulators, cross-arms conductor and associated pole line hardware related to the transmission, distribution, and communications facilities of the HLP Circuits and the RMP Circuits. The type and location of the Transmission Structures shall be designed, and the

Transmission Structures installed, with sufficient capacity to accommodate the RMP Circuits and the HLP Circuits, in a manner consistent with Prudent Utility Practice.

1.16 “Voluntary Relocation” is defined in paragraph 6.1.

ARTICLE II. SCOPE OF AGREEMENT.

2.1. **Scope of Agreement.** This Operation Agreement provides for the parties' use, operation, maintenance, repair and replacement of the Structures and the parties' respective Facilities, and the parties' rights and obligations concerning the Structures and Facilities.

2.2. **Ownership of Facilities and Structures.** Rocky Mountain Power owns, and this Operation Agreement is applicable to, the RMP Facilities and the Structures described in *Exhibits A and B* attached hereto. HLP owns, and this Operation Agreement is applicable to, the HLP Facilities and the Structures described in *Exhibits A and B* attached hereto.

ARTICLE III. TERM; TERMINATION.

3.1. **Term.** This Operation Agreement shall become effective on the Effective Date and shall continue in effect until either terminated by both parties in writing; provided that this Operation Agreement shall automatically terminate in the event either party becomes the sole owner of all of the Structures and Facilities.

3.2. **Effect of Termination.** Termination of this Operation Agreement shall not relieve either party of any liabilities or obligations arising hereunder prior to the date of termination. The applicable provisions of this Operation Agreement will continue in effect after termination, but only to the extent necessary for the enforcement of liability and indemnification obligations arising from acts or events that occurred while this Operation Agreement was in effect.

ARTICLE IV. USE, OPERATION, MAINTENANCE AND REPAIR.

4.1. **Right to Use Structures.** Subject to the terms of this Operation Agreement, each party shall have the right, without payment to the other party, to maintain its Facilities on the Structures owned by the other party, and to have access to and on the Structures to operate, maintain, repair or modify their respective Facilities.

4.2 **Routine Inspection and Maintenance.** Subject to the provisions of ARTICLE V, each party shall own, operate, repair, replace, modify and/or perform routine scheduled and periodic inspection and maintenance on their respective Facilities and Structures at their own expense; in accordance with Prudent Utility Practice and applicable federal, state and local law; and in such a manner to minimize the likelihood of a disturbance to the other party's Facilities; provided, however, that the Owner's failure to do so will not give rise to a cause of action by the other party for any failure that does not significantly and adversely affect the other party's Facilities. If either party's work on its Facilities or Structures causes damage to the other party's Facilities, the party causing the damage shall pay the cost to repair the other party's damaged Facilities.

4.3 **Emergency Work.** During an Emergency, a party shall have the right to

operate, maintain, repair, relocate, or take such other action with respect to the other party's Facilities and/or the Structures as reasonably necessary, consistent with Prudent Utility Practice, to protect public safety and property and the parties' Facilities, the Structures, and the parties' systems. The parties, in response to an Emergency, shall work together to provide safe and reliable system switching, isolation and grounding in accordance with Prudent Utility Practice and in a manner so as to restore the system to normal operation in a timely manner. The Owner shall reimburse the other party for Emergency work performed on the Owner's Facilities or Structures. Except during an Emergency, a party shall not operate, maintain, repair, relocate or otherwise come in contact with the other party's Facilities.

4.4 **Protection Devices.** Each party shall have the right, at its own expense, to install and operate on the Structures such relays, disconnecting devices and other equipment as it may deem appropriate for the protection of its Facilities, and may install new or additional Facilities as necessary to operate their respective Facilities in conformance with Prudent Utility Practice.

4.5. **Right to Inspect.** A non-Owner party, at its own expense, shall have the right to observe and inspect all maintenance, repair, replacement or modification activities, equipment tests, and installation, construction or modification of the Owner's Facilities or Structures that could have a material effect on the Facilities, Structures or operations of the non-Owner party.

4.6 **Switching Protocols.** Each party shall comply with the switching protocols set forth in *Exhibit C* attached hereto in operating and maintaining its Facilities and Structures. Switching Protocols will be updated by parties from time to time to comply with then-current laws, regulations, electric codes and Prudent Utility Practice.

4.7 **Pole Attachments.** The Owner shall review and have the right to approve or deny all third-party pole attachments to its Structures, and shall follow its then-current standard practice, including using any safe-harbor pole attachment agreement approved by a governmental entity having jurisdiction. An Owner shall not approve a pole attachment that infringes or interferes with the non-Owner's primary right to utilize the capacity on the Structures constructed for non-Owner's use and Facilities under the Construction Agreements, as described in *Exhibit B* hereto. The Owner of a Structure shall notify the non-Owner of a request for a pole attachment within ten (10) business days of receipt.

4.8 **Notification of Hazardous Conditions.** If a party becomes aware of a hazardous condition that may affect the other party's Facilities and Structures, the discovering party shall report the hazardous condition to the other party's Dispatcher as soon as reasonably practicable under the circumstances.

4.9 **Notice of Work/Work Clearance.**

a. General Notice. Generally, an Owner shall provide the other party with reasonable advance notice of any work to be performed on such Owner's Facilities or Structures to the other party's Dispatcher and shall follow the Clearance and Switching Protocols in ***Exhibit C***. The notice shall provide the other party with sufficient information regarding planned work to enable the other party to evaluate the impact of the proposed work on its Facilities and operations. The Owner shall make provision for the other party's existing Facilities in the design of planned modifications, and keep the other party apprised of the construction progress and of any design modifications during construction.

b. Notice of Specific Activities. With respect to the following situations, reasonable notice shall mean not less than provided in this Section 4.9 b:

i. Energized Work. An Owner desiring to perform work on its own Facilities with the other party's Facilities energized, shall provide at least one (1) business day advance written notice to the other party's Dispatcher. The other party shall arrange to put a hot line hold on its circuit for the duration of the Owner's work.

ii. Outage Work. An Owner desiring to perform work on its own Facilities with the other party's Facilities out of service, shall provide at least five (5) business days' advance written notice to the other party's Dispatcher, including the desired commencement and duration of the outage. Within those five (5) business days, the non-Owner party shall notify the Owner when the outage can occur, and the outage will be accomplished using the approved switching procedures of the non-Owner party.

iii. Emergency Work. For Emergency work, the Owner shall make reasonable efforts, given the nature of the Emergency, to give notice to the other party's Dispatcher prior to performing any work on the other party's Facilities, and the other party's Dispatcher shall provide clearance as soon as possible under the circumstances.

iv. Party Build-Out. When and if a party elects to use the additional structural capacity on the other party's Structures as provided in the Construction Contracts, the party shall provide the Owner of the Structure with in accordance with ARTICLE IX.

c. Party's Dispatchers.

i. HLP Dispatcher. The HLP Dispatcher's contact information is as follows: HLP Operation Center at dispatch@heberpower.com, 435-654- 2913

ii. Rocky Mountain Power Dispatcher. The Rocky Mountain Power Dispatcher's contact information is as follows: Salt Lake City Control Center (SCC) at email box_SCC Dispatch Foremen

[sccddispatchforemen@pacificorp.com], phone 801-220-6930, fax 801-220-6974.

ARTICLE V. REPLACEMENT OF STRUCTURES.

5.1. **Pole Replacement.** The Owner of a Structure shall be responsible for replacing its Structures in accordance with Prudent Utility Practice. Replacement of the Structures shall be done promptly, as needed, and in such a manner as to minimize interference with the use of the structure by either party to the extent reasonably practicable. Except as provided in Section 5.3, the parties shall share the cost of replacing Structures as follows:

a. For Structures owned by Rocky Mountain Power where the HLP Facilities include a 46kV (or above) line, Rocky Mountain Power shall be responsible for 65% of the cost and HLP shall be responsible for 35% of the cost.

b. For Structures owned by Rocky Mountain Power where the HLP Facilities do not include a 46kV (or above) line, Rocky Mountain Power shall be responsible for 85% of the cost and HLP shall be responsible for 15% of the cost.

c. For Structures owned by HLP, where the Rocky Mountain Power Facilities include a 138kV (or above) line, HLP shall be responsible for 65% of the cost and Rocky Mountain Power shall be responsible for 35% of the cost.

d. For Structures owned by HLP where the highest voltage of Rocky Mountain Power Facilities is less than 15kV, HLP shall be responsible for 85% of the cost and Rocky Mountain Power shall be responsible for 15% of the cost.

5.2. **Transfer of Facilities to New Structures.** Each Owner shall be responsible to transfer its Facilities to the replacement Structure, at its own expense.

5.3 **Recovery of Replacement Cost.** The Owner of the Structure shall pay the cost of replacing a Structure and shall invoice the other party for its share of the replacement cost using the allocation percentages provided in Sections 5.1(a) through (d). The Owner of the Structure shall use commercially reasonable efforts to obtain reimbursement from the Owner's insurance, from third parties, or from other sources. To the extent the Owner obtains reimbursement from these sources for the replacement costs, the Owner shall recover its collection costs and distribute the balance to the parties using the allocation percentages in Sections 5.1(a) through (d).

ARTICLE VI. RELOCATION.

6.1. **Relocation.** The parties shall not relocate any portion of the Jordanelle-Midway Line unless the relocation is required pursuant to direction or order of an agency, governmental entity or court with authority to require relocation (a "Required Relocation"), or the other party consents to such relocation, which consent shall not be unreasonably

withheld (a “Voluntary Relocation”). The parties shall work cooperatively together to design and construct the relocated Facilities in a manner consistent with Prudent Utility Practice.

6.2. Relocation Costs.

a. Required Relocation. In the event of a Required Relocation the parties shall share the cost of such relocation in accordance with Sections 5.1(a) through (d). Provided, however, that the Owner of the Structures shall use commercially reasonable efforts to obtain any available contributions and reimbursements, and the parties shall apportion any such amounts remitted to and received by the Owner in accordance with the percentages specified in Sections 5.1(a) through (d). Each Owner shall be responsible to transfer its Facilities to the relocated Structures, at its own expense.

b. Voluntary Relocation. The party requesting relocation shall pay all costs associated with such relocation, including the cost to relocate the other party’s Facilities.

ARTICLE VII. CLAIMS FOR THIRD-PARTY LOSS.

7.1. As provided in Section 4.2 and subject to ARTICLE V, the Owner of a Structure is responsible for the maintenance and repair of its Structures. If the Owner incurs maintenance and repair costs for damage to the Structures caused by third parties, the Owner of the Structure may seek recovery of such costs from the Owner’s insurance or from the responsible third parties and may retain all amounts recovered. If the Structure cannot reasonably be repaired and must be replaced, the costs of replacement shall be governed by Article V.

7.2. For losses arising from damage to Facilities caused by third parties, the Owner of the Facilities shall be responsible for pursuing any claims against the third party, in accordance with that party’s standard procedures for claims and losses and may retain all amounts recovered. Notwithstanding the forgoing, parties may work together in the collection of any third party damages.

ARTICLE VIII. DISCONTINUATION OF USE.

8.1. If an Owner intends to discontinue its use of all or any of its Structures or Facilities, the Owner shall provide no less than thirty (30) days advance written notice to the non-Owner of its intent, identifying in reasonable detail the Facilities and/or Structures at issue. The non-Owner shall have the option to purchase the Structures and/or Facilities to be discontinued at fair market value, and may exercise the option by providing written notice to the Owner within fifteen (15) days following receipt of the notice of intent. Thereafter, the parties shall work together in good faith to agree upon a purchase price for the Facilities and/or Structures, which shall include one or more meetings between HLP’s General Manager and Rocky Mountain Power’s Vice President of Transmission and Delivery Operations if necessary or desirable to reach an agreement. If the parties cannot agree on the purchase price, the parties shall each select an appraiser with expertise in valuing similar assets, and the two appraisers shall jointly select a third such appraiser. All three

appraisers shall each appraise the subject Structures and/or Facilities, and the purchase price shall be the average of the three appraisals. The parties shall equally share the costs and fees for the three appraisals.

ARTICLE IX. EXCLUSIVE RIGHT TO USE STRUCTURAL OVER-DESIGN.

9.1. Pursuant to the Construction Contracts and at each parties' respective expense, certain Structures were intentionally designed and constructed with additional structural capacity to accommodate the HLP Distribution Line and RMP Circuits and to allow future installation of, and/or upgrades to, the parties' respective Facilities, as more particularly set forth in *Exhibits A and B*. A party shall have the exclusive right to use such additional structural capacity that was constructed for its benefit, up to the limits indicated on *Exhibits A and B*. A party shall exercise that right, if at all, by providing written notice and construction drawings and specifications to the Owner of the Structure. Thereafter, the Owner shall have fifteen (15) business days to review drawings and provide comments. Within fifteen (15) business days of completion of party's facility modifications, the party shall provide Owner with redlined construction documents or as built drawings. The party's work on and use of such additional Facilities shall be subject to the provisions of this Operation Agreement, including but not limited to ARTICLE IV and the parties shall update *Exhibits B and D* to reflect the installation of such additional Facilities.

ARTICLE X. INDEMNIFICATION.

10.1. **Indemnification by Rocky Mountain Power.** Except to the extent caused by the negligence or intentional misconduct of HLP, Rocky Mountain Power shall indemnify, protect and hold harmless HLP, its successors and assigns, from and against any and all third party claims, demands, causes of action, costs (including attorney's fees) or other liabilities for damages to property and injury or death to third parties, to the extent arising out of or connected with: (a) Rocky Mountain Power's operation, presence, use, or removal of the RMP Facilities and Rocky Mountain Power's Structures, or (b) any removal, relocation, disconnection or other activity on HLP Facilities or Structures.

10.2 **Indemnification by HLP.** Except to the extent caused by the negligence or intentional misconduct of Rocky Mountain Power, HLP shall indemnify, protect and hold harmless Rocky Mountain Power, its successors and assigns, from and against any and all third party claims, demands, causes of action, costs (including attorney's fees) or other liabilities for damages to property and injury or death of a third party, to the extent arising out of or connected with: (a) HLP's operation, presence, use, or removal of the HLP Facilities or Structures, or (b) HLP's removal, relocation, disconnection or other activity on the RMP Facilities or Structures.

ARTICLE XI. DEFAULT; LIMITATION OF LIABILITY.

11.1. **Default.** "Default" means:

a. a failure by a party to pay any amount when due, which is not cured within five (5) business days after notice from the other party, or

b. a failure by a party to perform any of its duties or obligations under this Operation Agreement, when and as due (other than the failure to make a payment), which is not cured within 30 days after receipt of written notice thereof from the other party. If the nature of the alleged failure is such that it cannot reasonably be cured within such 30- day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 30-day period. If the Default is cured, then no Default shall exist and the noticing party shall take no further action.

11.2. **Remedies.** Subject to paragraph 11.4, a non-defaulting party shall be entitled to pursue any and all remedies available at law or in equity for a Default of the other party.

11.3. **Continued Operation.** The occurrence of a Default shall not excuse either party from their respective obligations under this Operation Agreement, including without limitation the obligation to operate and maintain the Structures and the Facilities in a manner consistent with Prudent Utility Practice, until this Operation Agreement is terminated by agreement of the parties or order of a court.

11.4. **Limitation of Liability.** A PARTY'S LIABILITY TO THE OTHER PARTY ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, STATUTE OR TORT, IS LIMITED TO THE COST OF REPAIRING OR REPLACING ANY DEFECTIVE OR DAMAGED FACILITIES OR STRUCTURES AND SHALL NOT, UNDER ANY CIRCUMSTANCES, INCLUDE SPECIAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, AS A RESULT OF THE PERFORMANCE OR NON-PERFORMANCE OF THEIR OBLIGATIONS UNDER THIS AGREEMENT OR PROVIDED BY STATUTE OR IN TORT.

11.5 **Force Majeure.** A party shall not be subject to any liability or damages for inability to meet its obligations under this Operation Agreement to the extent that such failure shall be due to causes beyond the control of the party, including, but not limited to the following: (a) the operation and effect of any laws, rules, regulations and orders promulgated by any state,, any municipality, or governmental agency of the United States, or subdivision thereof including the Public Service Commission of the state of Utah; (b) restraining order, injunction or similar decree of any court; (c) war; (d) flood; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts; provided, the party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. 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.

11.6 **Cumulative Rights and Remedies.** All rights and remedies provided by this Operation Agreement or available in law or equity are cumulative of each other and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

ARTICLE XII. DISPUTE RESOLUTION.

12.1. **Dispute Resolution.** Any dispute, claim, question, or disagreement arising from or relating to this Operation Agreement, except any request for injunctive relief in emergency circumstances which makes resort to the following procedures unreasonable, shall be resolved through the procedures set forth in this ARTICLE XII.

12.2. **Claim Cutoff.** Unless otherwise specifically provided in this Operation Agreement, any Default, dispute, claim, question, or disagreement must be raised within one year of the date the Default, dispute, claim, question, or disagreement arose or be forever barred. The party claiming that there is a Default, dispute, claim, question or disagreement shall provide written notice of the Default, dispute, claim, question, or disagreement to the other Party.

12.3. **Good Faith Negotiations.** For a period of thirty (30) days following receipt of the notice, or such different period to which the parties may mutually agree, the parties shall use good-faith efforts to settle the dispute by consulting and negotiating with each other in good faith and by attempting to reach a just and equitable solution reasonably satisfactory to both parties. Unless the dispute is resolved sooner, Rocky Mountain Power's Vice President of Transmission and Delivery Operations and HLP's General Manager shall meet at least once during the good-faith- negotiation period. Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to negotiate in good faith.

12.4. Mediation.

a. If the parties are unable to resolve the dispute, claim, question, or disagreement through good faith negotiation within the good faith negotiation period, then either party may submit the matter to nonbinding mediation by providing the other party a written request to mediate. Each party shall pay their own costs and fees relating to the mediation.

b. The parties will jointly appoint a mutually acceptable mediator. If they are unable to agree upon a mediator within a reasonable period of time, the parties shall each select a mediator, and those two mediators who shall jointly appoint a third mediator to act as the parties' mediator.

c. The parties agree to participate in at least one session of good faith mediation and thereafter shall mediate and/or negotiate in good faith for a period of sixty

(60) days or such additional time as the Parties may mutually agree.

d. Although the parties intend to mediate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to mediate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to mediate in good faith.

e. The parties may, but are not required to, retain the American Arbitration Association to administer the meditation proceedings.

12.5. Arbitration.

a. Arbitration of Disputes. Any dispute, controversy or claim arising out of or relating to this Operation Agreement, or a default or breach thereof, shall be resolved through arbitration as provided in this Section 12.5.

b. Conditions to Arbitration. Completion of good faith negotiations under Section 12.3 and mediation under 12.4 are conditions precedent to a party's right to pursue arbitration under this Section 12.5; provided, however, that a party may pursue its rights under this Section 12.5 if the other party declines to engage first in good faith negotiations and then in mediation.

c. Arbitration. If the parties are unable to resolve a dispute, controversy or claim through good faith negotiations or mediation, either party may submit the dispute for private, confidential, binding arbitration in the principal place of business in Utah of the other party by providing written notice of the party's intent to arbitrate. The arbitration shall be conducted before a single arbitrator agreed upon between the parties and in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association except insofar as the provisions of this subparagraph deviate from those rules and except insofar as those rules may call for the American Arbitration Association to administer the arbitration, and notwithstanding any AAA rules and procedures or any other provision of any state or federal laws, the parties agree that the arbitrator shall not consider or award punitive damages as a remedy. Either of the parties may request that AAA provide a list of arbitrators each of whom has experience and expertise with respect to the subject matter of this Agreement. Upon each of the party's receipt of such list, each party shall have ten (10) days to select an arbitrator. The two selected arbitrators shall then select a third arbitrator within thirty (30) days from the date the initial two arbitrators were selected and the matter subject to arbitration shall be arbitrated within sixty (60) days after the selection of the third

arbitrator. The arbitration award may include equitable remedies of injunction and specific performance. Judgment upon the award rendered in the arbitration may be entered in any court of competent jurisdiction.

ARTICLE XIII. GENERAL PROVISIONS.

13.1. **Notices.** Except as provided in paragraph 4.9, all notices required or desired to be given under this Operation Agreement shall be in writing, shall be given by (a) personal delivery, (b) reputable overnight courier, or (c) certified or registered United States mail, return receipt requested, and shall be deemed completed upon actual receipt or refusal of acceptance. Notice may also be given by email, provided the sender receives confirmation of delivery to the intended recipient. Notices shall be given to:

a. If to HLP: Heber Light & Power Company
Attn: Jason Norlen
31 South 100 West
Heber City, UT 84032
email: jnorlen@heberpower.com

with a copy to: Heber Light & Power Company
Office of General Counsel
31 South 100 West
Heber City, UT 84032
email: generalcounsel@heberpower.com

b. If to Rocky Mountain Power: Rocky Mountain Power
Attn: Park City Operations Manager
6280 Silver Creek Drive
Park City, UT 84095

with a copy to: Rocky Mountain Power
Office of General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
email: robert.richards@pacificorp.com

Either party may change its address for notice by providing notice to the other party in accordance with this paragraph 13.1.

13.2. **Relationship of Parties: No Third-Party Beneficiaries.** Nothing contained in this Operation Agreement shall be construed to create an agency relationship, association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to either of the parties. Each party shall be individually responsible for its own covenants, obligations, and liabilities under this Operation Agreement.

Nothing in this Operation Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability or inference of liability to any third party.

13.3 **Further Actions and Documents.** Each party shall do all things, including without limitation the timely preparation, execution, delivery, filing, and recording of any instruments or documents, reasonably requested by the other party to carry out the intent of this Operation Agreement.

13.4 **Waiver.** Any waiver of a party's rights with respect to any breach of this Operation Agreement, or with respect to any other matter arising in connection with this Operation Agreement, shall not constitute a waiver with respect to any other breach or matter arising in connection with this Operation Agreement. All waivers must be in writing and signed by an authorized representative of the party granting the waiver.

13.5 **Exhibits Incorporated.** The exhibits to this Operation Agreement are incorporated and made part of this Operation Agreement by this reference.

13.6 **Complete Agreement; Amendment.** This Operation Agreement sets forth the entire agreement between the parties on the subject matter of this Operation Agreement, and supersedes all prior agreements of the parties with respect to its subject matter. No amendment of any provision of this Operation Agreement shall be effective unless set forth in a written document signed by authorized representatives of both parties.

13.7 **Counterparts.** This Operation Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument. Transmission of a party's signature by electronic format shall be deemed delivery of such party's signature.

13.8 **Severability.** If any provision of this Operation Agreement is held invalid or unenforceable for any reason by a court or governmental agency of competent jurisdiction, then the objectionable portions of the provision shall be stricken, and all other provisions of this Operation Agreement shall remain unaffected and in force. The parties shall be relieved of their obligations only to the extent necessary to eliminate the objectionable portions unless a court or governmental agency of competent jurisdiction holds that the invalidated provision is not separable from the remainder of this Operation Agreement.

13.9 **Assignment.** HLP may not, without Rocky Mountain Power's prior written consent, which consent shall not be unreasonably withheld, assign, pledge, or transfer all or any part of this Operation Agreement or any right or obligation under this Operation Agreement, whether voluntarily or by operation of law, to any third party. Provided, however, that HLP may, without Rocky Mountain Power consent, assign its rights and obligations under this Agreement to a member of HLP or to which HLP sells, transfers, or assigns the HLP Distribution Line, so long as the survivor or the purchaser, transferee, or assignee of the HLP electric system consents in writing to be bound by all obligations of HLP under this

Agreement. Provided, further, that HLP may, without Rocky Mountain Power's consent, pledge or assign all or any portion of the HLP Facilities for financing purposes. This Operation Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successor and assignees.

13.10 **Governing Law.** Except to the extent preempted by federal law, this Operation Agreement shall in all respects be interpreted, and enforced in accordance with the laws of the state of Utah without reference to rules governing conflicts of laws.

13.11 **Jury Waiver.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

IN WITNESS WHEREOF, the parties have executed this Operation Agreement as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP, an
Oregon corporation

By: _____
Print name: Paul Radakovich
Title: Vice President
Date signed: _____

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By:	By:
Print name:	Print name:
Title:	Title:
	Date signed:

Exhibit N

Exhibit List

- Exhibit A List of Structures and Coordinates
- Exhibit B Ultimate Potential Design Build Out
- Exhibit C Switching Protocols
- Exhibit D As-Built Plan and Profile

O&M Agreement
Exhibit A

[See scanned PDF for exhibit]

O&M Agreement
Exhibit B

[See scanned PDF for exhibit]

O&M Agreement
Exhibit CSwitching Protocol
As adopted August 16, 2010

This document outlines the protocol to be followed between Rocky Mountain Power and Heber Light & Power when performing work on those facilities where both Heber Light & Power and Rocky Mountain Power have equipment and lines.

1. Definitions

- 1.1. Clearance. A guarantee from the dispatching entity to an individual that all known possible sources to a circuit have been opened, locked where equipment allows, and tagged out; and that they will remain open until the individual releases the clearance. Circuits covered by clearances cannot be re-energized through the tagged switch, even by the qualified person issued the clearance until directed to do so by the dispatcher.
- 1.2. Dispatcher. A person qualified to issue switching orders on substation and line equipment either by remotely controlling the switching and equipment operation through a SCADA computer system or by issuing orders to qualified field personnel using applicable communication equipment such as telephone or radio.
- 1.3. Hold. A guarantee from the dispatching entity to an individual that the reclosing equipment on a field recloser or circuit breaker has been switched to the non-reclosing position and tagged. The tag will not be removed and the setting will not be changed until after the individual has released the hold to the dispatcher and then only when directed to do so by the dispatcher.
- 1.4. Qualified Person. Any person designated as qualified through training and experience. Qualified persons may be employees or contractors. In general, qualified persons are journeymen linemen or other switching qualified personnel.
- 1.5. Switching Order. A written or verbal set of instructions designed to facilitate safe switching or operation of equipment, given by the dispatcher to a qualified employee or switchman.
- 1.6. Tagged Out. A condition where a switch or equipment has been labeled with either an electronic (SCADA) or physical tag, as required by local safety rules, to prohibit operation by any person until directed by the dispatcher.
- 1.7. Terminal Clearance. A guarantee from a dispatching entity to an individual or requesting dispatcher from another utility of isolation of equipment in a line or substation. The terminal clearance assures the individual or requesting dispatcher from another utility that the equipment is open, properly cleared and tagged according to local procedures, and that it will not be energized until a release or cancellation of the terminal clearance is given by the individual or requesting

dispatcher who received the terminal clearance.

With a terminal clearance, there may be additional sources not under the dispatcher's control where the circuit may become energized such as co-generation at a customer's facility.

- 1.8. Three-way Communication. The three-way communication system is the switching technique where instructions or actions are given to an individual by the dispatcher and then repeated back to the dispatcher by the person who received them. The person giving the instruction then acknowledges the correctness of the instructions and work proceeds. If the person receiving the instruction does not repeat the instruction correctly, the dispatcher will let the person know it was repeated incorrectly and start the process over. Once the instruction is repeated correctly, the switching may be performed. After the switching action has been completed, the communication process occurs with the individual notifying the dispatcher of the work performed, receiving acknowledgment from the dispatcher of the switching performed and the individual confirming the correctness of the work done.

2. Outages and Switching Requests

2.1. Emergency Situation on Heber Light & Power Equipment

2.1.1. During emergency situations involving Heber Light & Power equipment, notification by Heber Light & Power to Rocky Mountain Power dispatch shall occur as quickly as possible.

2.1.2. This notification will include information about the problem and actions taken to isolate the problem and restore power.

2.1.3. As necessary, and if possible, Heber Light & Power and Rocky Mountain Power will work together to restore power using local restoration policies and procedures.

2.1.4. Heber Light & Power will notify Rocky Mountain Power dispatch by calling 801-220-6930.

2.2. Emergency Situation on Rocky Mountain Power Equipment

2.2.1. During emergency situations involving Rocky Mountain Power equipment, notification by Rocky Mountain Power to Heber Light & Power dispatch shall occur as quickly as possible.

2.2.2. This notification will include information about the problem and actions taken to isolate the problem and restore power.

2.2.3. As necessary, and if possible, Heber Light & Power and Rocky Mountain Power will work together to restore power using local restoration policies and procedures.

2.2.4. Rocky Mountain Power dispatch will notify Heber Light & Power by calling the Heber Light & Power dispatch center at 435-654-2913.

2.3. Scheduled Outages on Heber Light & Power Equipment

2.3.1. When Heber Light & Power requires a scheduled outage on their equipment, they will notify their Rocky Mountain Power account manager of the need.

2.3.2. The account manager will then work with the local Rocky Mountain Power field personnel to determine Rocky Mountain Power's need to be involved.

2.3.3. If Rocky Mountain Power needs to be involved, but no switching of Rocky Mountain Power equipment is necessary (i.e. a hold is all that is required), Rocky Mountain Power area personnel may call the Rocky Mountain Power dispatch center the day of the switching to request a hold on the affected circuit.

2.3.4. If Rocky Mountain Power needs to be involved, and switching on Rocky Mountain Power equipment will be required, local Rocky Mountain Power field personnel will submit a COMPASS request following the COMPASS request submittal process. The request will include information about the work Heber Light & Power will be doing and the extent of Rocky Mountain Power's involvement.

2.3.5. The COMPASS request will need to be submitted a minimum of three working days in advance for distribution work and five working days in advance for sub-transmission work. This means the pre-submittal work will need to be done several days ahead of the submittal deadlines. Working days are defined as Monday-Friday not counting holidays or weekends.

2.4. Scheduled Outages on Rocky Mountain Power Equipment

2.4.1. When Rocky Mountain Power requires a scheduled outage on their equipment, they will notify the Rocky Mountain Power account manager for Heber City of the need.

2.4.2. The account manager will facilitate discussions between Heber Light & Power and the local Rocky Mountain Power field personnel to determine Heber Light & Power's need to be involved.

2.4.3. If Heber Light & Power needs to be involved, they will perform necessary switching function on their equipment using their internal policies and procedures.

2.4.4. After the discussions with Heber Light & Power have concluded, local Rocky Mountain Power field personnel will submit a COMPASS request following the COMPASS request submittal process. The request will include information about the work Rocky Mountain Power will be doing and the extent of Heber Light & Power's involvement.

2.4.5. The COMPASS request will need to be submitted a minimum of three working days in advance for distribution work and five working days in advance for sub-transmission work. This means the pre-submittal work will need to be done several days ahead of the submittal deadlines.

Working days are defined as Monday-Friday not counting holidays or weekends.

3. Switching Orders

3.1. For facilities and equipment where no ties between Rocky Mountain Power and Heber Light & Power exist, each company will develop their own switching orders for operation of their equipment.

3.2. For facilities and equipment where potential ties between Rocky Mountain Power and Heber Light & Power exist, the two companies will meet to jointly develop switching orders for use in switching

the joint facilities. Once developed these switching orders will be reviewed and approved by appropriate personnel from both companies.

- 3.3. Switching orders for use in switching these joint facilities will not be used unless and until they have been approved by appropriate personal from both companies.
 - 3.4. Rocky Mountain Power and Heber Light & Power personnel will regularly meet to review existing switching orders for revision and determine if additional orders need to be written. The frequency of these meetings will be jointly determined by those assigned to this task but shall be no less than once a year.
 - 3.5. The number of participants in the annual switching order meeting and who is assigned to this task shall be determined by management personnel of Rocky Mountain power and Heber Light & Power.
4. Contact list
 - 4.1. Contact lists will be developed for Rocky Mountain Power and Heber Light & Power and included with the joint switching orders that will be developed.

O&M Agreement

Exhibit D

Placeholder for the as-built Plan and Profile Drawings.

Exhibit O

[See scanned PDF for exhibit]

Exhibit P

[See scanned PDF for exhibit]

**CONSTRUCTION AGREEMENT
FOR
SECTION 120 LINE

ADDENDUM 1 TO
CONSTRUCTION AGREEMENT
FOR
HEBER-MIDWAY LINE
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER COMPANY**

This Construction Agreement for Section 120 Line (“Addendum”) is entered into on this 3rd day of April 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power” or “RMP”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Simultaneously with entering into this Addendum, the parties have entered into a Construction Agreement for Heber-Midway Line between Rocky Mountain Power and Heber Light & Power Company of even date herewith (the “Master Agreement”), to which this Addendum is attached.

B. The Recitals of the Master Agreement are incorporated herein by this reference.

C. Pursuant to and as additional consideration for the Master Agreement, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS.

1.1. Capitalized terms used in this Addendum but not defined herein shall have the meanings set forth in the Master Agreement.

ARTICLE II. TERM.

2.1. The term of this Addendum shall be concurrent with the term of the Master Agreement.

ARTICLE III. CONSTRUCTION OF SECTION 120 LINE.

3.1. Construction of the Section 120 Line shall be completed pursuant to this Addendum and the following provisions of the Master Agreement: ARTICLE III; ARTICLE IV; Sections 5.4 through 5.5, Section 5.6(a), Sections 5.11(c) through 5.11(e), Sections 5.12 through 5.14; ARTICLE VI, ARTICLES VII through X, and ARTICLES XII through XIV.

3.2. Scope of Work. Attached hereto as *Exhibit 120-A* is the scope of work describing the facilities to be constructed under this Agreement relative to the Section 120 Line, based on the best available data and preliminary engineering studies as of the Effective Date. The parties acknowledge and agree that the attached scope of work is general, and that the actual scope of work to be performed hereunder includes all work performed in furtherance of the purposes and requirements of this Agreement. The design for the Section 120 Line shall include Section 120 HLP Accommodations and Section 120 HLP Betterments. HLP shall elect HLP Betterments within ten (10) days of execution of this Agreement.

ARTICLE IV. AGREEMENT TO DESIGN AND CONSTRUCT SECTION 120 LINE.

4.1. Request for Proposals.

a. Preparation. On or before April 1, 2017, HLP shall prepare and approve a request for proposals ("RFP") for the engineering, planning and construction of the Section 120 Line. In preparation of the RFP, HLP and/or its engineer shall ensure that the RFP incorporates Rocky Mountain Power's standard engineering guidelines and the standards set forth in the National Electrical Safety Code.

b. Publication and Distribution. Upon approval of the draft RFP by HLP and in a manner consistent with HLP's policies and standard practices, HLP shall publish and/or distribute the RFP to qualified contractors.

c. RMP Review. At or prior to the time HLP publishes and/or distributes the RFP to contractors pursuant to subparagraph (b), HLP shall provide a copy of the RFP to Rocky Mountain Power. Rocky Mountain Power shall provide any comments on the RFP to HLP no less than ten (10) business days prior to close of RFP bid period.

4.2. Review and Acceptance of Proposal. Within ten (10) business days of the close of the RFP bid period, HLP and Rocky Mountain Power shall select the proposal of a qualified contractor ("Section 120 Contractor") that best meets the parties' needs including, but not limited to, the proposal with the lowest price.

4.3. **EPC Contract Terms.** Upon selection of the Section 120 Contractor, Rocky Mountain Power and HLP shall negotiate with the Section 120 Contractor for a contract (“EPC Contract”) for the engineering, planning and construction of the Section 120 Line. The EPC Contract shall contain terms typical of such contracts in the electric power industry and shall be approved by Rocky Mountain Power and HLP, which approval shall not be unreasonably withheld. The EPC Contract shall address, among other subjects, the following:

- a. The preparation and approval of engineering, design, and construction plans including a construction schedule for the scope of work (“Plans”) that conform with Rocky Mountain Power’s and HLP’s standard engineering guidelines, the standards set forth in the National Electrical Safety Code, and Prudent Utility Practice.
- b. Construction of the Section 120 Line consistent with the approved Plans.
- c. Obtaining all necessary permits by HLP and/or Contractor (except as set forth in paragraph 6.1 below).
- d. Removal and relocation of existing transmission and distribution circuits.
- e. Inspection and testing of the Section 120 Line to ensure its safe and reliable operation in accordance with Prudent Utility Practice and all applicable National Electrical Safety Code and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local laws, regulations and requirements.
- f. Submission and approval of change orders or modifications to the Plans.
- g. Draws or scheduled payments based upon completion of segments of the project.
- h. Warranties or guarantees on design and construction, for the benefit of both parties.

4.4. **Execution of EPC Contract.** Upon approval of the parties and the Section 120 Contractor, HLP shall execute the EPC Contract.

ARTICLE V. PARTIES’ RIGHTS AND OBLIGATIONS WITH RESPECT TO EPC CONTRACT.

5.1. **Construction of Section 120 Line.** HLP shall be responsible for construction of the Section 120 Line in accordance with this Addendum, in a manner consistent with Prudent Utility Practice and the Plans.

5.2. **Initial Payment of Costs.** HLP shall be responsible for the up-front payment of

the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line, subject to reconciliation of the parties' respective obligations as provided in ARTICLE VII of the Master Agreement.

5.3. **Performance.** As provided in this ARTICLE V, HLP shall, in consultation with Rocky Mountain Power, exercise the rights and perform the duties of the owner under the EPC Contract.

5.4. **Plans.** The parties shall work with the Section 120 Contractor in preparation of the Plans.

5.5. **Coordination and Consultation during Construction.**

a. The parties' representatives shall meet at least weekly to discuss construction status and any items requiring coordination. In addition, HLP shall provide Rocky Mountain Power with reasonable notice of planned meetings with the Section 120 Contractor or subcontractors and of tests and inspections on construction or completed work.

b. Rocky Mountain Power shall have the right, at all times, to be present at the work site, to inspect the construction work performed or being performed by the Section 120 Contractor and/or HLP, and to observe testing conducted as part of the construction. Rocky Mountain Power shall follow all safety rules, regulations and protocols, and shall act in accordance with Prudent Utility Practice.

c. Rocky Mountain Power may be present at any discussions with the Section 120 Contractor concerning significant aspects of the Construction including change requests, plan modifications, or unexpected conditions.

d. As soon as reasonably practicable, HLP shall provide Rocky Mountain Power with copies of any written, text or email communications to or from the Section 120 Contractor concerning the RMP Circuits.

**ARTICLE VI. GOVERNMENTAL AUTHORIZATIONS AND PERMITS;
PROPERTY RIGHTS.**

6.1. **Permits.** HLP has obtained a conditional use permit from Wasatch County and road right-of-way permits from the Utah Department of Transportation ("UDOT") for the construction, operation, maintenance, repair and replacement of the Section 120 Line. In the event these state and local governmental authorizations may be challenged, withdrawn or denied, or other state and local governmental authorizations may be required, the parties shall obtain such permits in accordance with Section 5.6(a) of the Master Agreement.

6.2. **Property Rights.** The parties anticipate that the construction, operation, repair

and replacement of the Section 120 Line can occur within the right of way for Utah Highway 40, the use of which has been authorized by UDOT. In the event UDOT revokes its authorization for use of the Highway 40 right-of-way, or the right-of-way is not sufficient to accommodate the Section 120 Line, the parties shall obtain easements and rights-of-way necessary for the construction and operation of the Section 120 Line in accordance with Section 5.5 of the Master Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: /s/Cindy Crane

Print name: Cindy Crane

Title: President

Date signed: 4/3/17

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By: /s/Joseph T Dunbeck Jr.

Print name: Joseph T Dunbeck Jr.

Title: General Counsel

By: /s/Jason Norlen

Print name: Jason Norlen

Title: General Manager

Date signed: 4/3/2017

**CONSTRUCTION AGREEMENT
FOR
HEBER-MIDWAY LINE
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER COMPANY**

This Construction Agreement for Heber-Midway Line (“Agreement”) is entered into on this 3rd day of April, 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power” or “RMP”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Rocky Mountain Power is a public electric utility regulated by the Utah Public Service Commission that owns and operates electric facilities for the purpose of generating, transmitting, and distributing electric power and energy for the use and benefit of its customers.

B. Rocky Mountain Power owns and operates substations located in Wasatch County, Utah. Rocky Mountain Power has a need to establish a 138kV connection between two such substations, the Jordanelle Substation located in unincorporated Wasatch County, and the Midway Substation located in Midway City, Utah. The purpose of the interconnection is to establish a transmission path to provide safe, reliable, and efficient electric service to Rocky Mountain’s retail customers in Wasatch and Summit Counties, as well as its transmission customers, including HLP, which presently takes delivery of power from Rocky Mountain Power.

C. HLP is an energy services interlocal entity that owns and operates distribution lines providing electric service to retail customers in its service territory. HLP has determined that the Jordanelle-Midway Line would improve the capacity and reliability of its electric service to its customers.

D. HLP owns certain power lines and associated rights, located along certain potential locations for portions of the Jordanelle-Midway Line.

E. The parties have determined that it is in their mutual best interests to work jointly to complete construction of the Jordanelle-Midway Line in accordance with the terms of this Agreement and the Highway 40 Line Agreement (as hereinafter defined).

F. On September 16, 2013, HLP and Rocky Mountain Power entered into the Highway 40 Line Agreement, under which they agreed to work cooperatively to improve, upgrade and replace the Highway 40 Line to accommodate the proposed Jordanelle-Midway Line, as more specifically set forth therein. Under the terms of the Highway 40 Line Agreement, HLP has constructed the Highway 40 Line.

G. The parties have identified potential siting corridors to complete the Jordanelle-Midway Line, as shown on ***Exhibit A***, and share a mutual interest in completing the remainder of the Jordanelle-Midway Line, consisting of Sections 110, 120, 130, 140A, 140B, 150, 160A, 160B, 170A, 170B, and 180, as shown on ***Exhibit B***.

H. The parties desire, as more fully set forth in this Agreement, to work cooperatively to obtain all permits and rights of way for the Heber-Midway Line, the Section 120 Line, the Tie Line, and the Additional Facilities, and to design and construct these lines to accommodate the parties' respective needs in an economical manner and to utilize a single facility alignment to reduce the impact of the facilities on residents of Wasatch County.

I. This Agreement governs the parties' design and construction of the Heber-Midway Line, Section 120 Line, the Tie Line, and the Additional Facilities.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. DEFINITIONS.

1.1. "Additional Costs" means the sum of the Facilities Costs for the Additional Facilities and the Property Rights Acquisition Costs for the Additional Facilities.

1.2. "Additional Facilities" means the Western Lines and Contract Additions, if applicable pursuant to the provisions of ARTICLE VI.

1.3. "Agreement" is defined in the preamble.

1.4. "Audited Party" is defined in Section 7.6.

1.5. "Auditing Party" is defined in Section 7.6.

1.6. "Capital Surcharge" means Rocky Mountain Power's customary capital surcharge attributable to the Project, the Additional Facilities and the Section 120 Line under Rocky Mountain Power's Standard Practice.

1.7. "Change Order" is defined in Section 5.11.c.

1.8. "Contract Additions" is defined in Section 6.3.a.

1.9. "Contractor" is defined in Section 5.9.a.

1.10. "Contractor Claims" is defined in Section 5.11.d.

1.11. "Construction Contract" is defined in Section 5.9.c.

1.12. “Construction Design” is defined in Section 5.7.a.

1.13. “Cost of Capital” means Rocky Mountain Power’s customary “allowance for funds used during construction” (AFUDC) attributable to the Project, the Additional Facilities and the Section 120 Line under Rocky Mountain Power’s Standard Practice.

1.14. “Default” is defined in Section 12.1.

1.15. “Effective Date” is defined in the preamble.

1.16. “Facilities Costs” means the parties’ costs incurred in connection with completing the work performed under this Agreement with regard to the Project, the Additional Facilities or the Section 120 Line, as the case may be, determined using each party’s Standard Practice but excluding Property Rights Acquisition Costs. “Facilities Costs” does not include: (a) work performed or costs incurred or expended prior to the Effective Date, (b) the cost of Change Orders or Claims to be paid solely by Rocky Mountain Power or by HLP under Section 5.11.c, or (c) cost of connection and removal of facilities under Section 5.13. Facilities Costs shall be reduced by any amounts paid by the Contractor to Rocky Mountain Power under the Construction Contract or refunds.

1.17. “Final Completion” means the point in time when Rocky Mountain Power provides the Contractor acceptance of the Contractor’s “Notice of Final Completion” as defined in the Construction Contract.

1.18. “Final Siting” is defined in Section 5.3.b.

1.19. “Heber-Midway Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits and Property Rights within Sections 110, 130, 140A, 150, 160A, 160B, 170A, 170B, and 180 of the Jordanelle-Midway Line, as shown on ***Exhibits A and B***, but does not include the Tie Line (Section 140B) or Additional Facilities.

1.20. “Highway 40 Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits and the property rights that comprise that segment of the Jordanelle-Midway Line designed and constructed by HLP pursuant to, and as defined in, the Highway 40 Line Agreement and the Engineering, Procurement and Construction Contract for the Highway 40 Line by and between Heber Light & Power Company and Probst Electric, Inc., dated March 27, 2014.

1.21. “Highway 40 Line Agreement” means the Joint Use and Construction Agreement for Highway 40 Line between Rocky Mountain Power and Heber Light & Power Company, dated September 16, 2013.

1.22. “HLP” is defined in the preamble.

1.23. “HLP Accommodations” is defined in Section 5.8.a.

1.24. “HLP Betterment” is defined in Section 5.8.b.

1.25. “HLP Betterment Share” is HLP’s share of Facilities Costs for the Heber-Midway Line and the Section 120 Line, calculated as provided in Section 5.4.

1.26. “HLP Capital Surcharge Contribution” is defined in Section 7.2.a.viii.

1.27. “HLP Circuits” means the HLP Accommodations and the HLP Betterments.

1.28. “HLP Credits” is the item (c) total as shown in *Exhibits M-1 and M-2*.

1.29. “HLP Cost of Capital Contribution” is defined in Section 7.2.a.vii.

1.30. “HLP Distribution Line” means the insulators, cross-arms, conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that are included in the HLP Accommodations and HLP Betterments and will be owned, operated, and maintained by HLP and attached to the Transmission Structures.

1.31. “HLP Distribution Line Design” is defined in Section 5.7.b.

1.32. “HLP Existing Facilities” are identified on *Exhibit H*.

1.33. “HLP Monthly Report” means a report substantially in the form attached hereto as *Exhibit L-2* computing HLP’s Project Costs, Additional Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs under HLP’s Standard Practice.

1.34. “HLP Property Share” is HLP’s share of the Property Rights Acquisition Costs for the Heber-Midway Line and the Section 120 Line, calculated as provided in Section 5.4.

1.35. “HLP Representative” is identified in Section 5.14.a.

1.36. “Indemnifying Party” is defined in Section 12.3.

1.37. “Indemnitees” is defined in Section 12.3.

1.38. “Jordanelle-Midway Line” means the Highway 40 Line, the Heber-Midway Line, the Section 120 Line, the Tie Line, and the Additional Facilities.

1.39. “Land Use Permit” means a land use authorization issued for the Project or Additional Facilities by the land use authorities of Heber City, Midway City, or Charleston Town, under Utah Code Ann. § 10-9a-507 or by the land use authority of Wasatch County, under Utah Code Ann. § 17-27a-506.

1.40. “Line Section,” as used in the Exhibits, means the sections of the Heber-Midway Line and the Tie Line as shown on *Exhibit B*.

1.41. “Maintenance and Operation Agreement” means that certain Maintenance and Operation Agreement for shared facilities to be entered into between the parties in substantially the form attached hereto as *Exhibit N*.

1.42. “Project” consists of design, Property Rights acquisition, permitting, materials procurement, bidding and construction for the Heber-Midway Line and the Tie Line, as more fully set forth in this Agreement. “Project” does not include the Section 120 Line or the Additional Facilities.

1.43. “Project Costs” means the Facilities Costs for the Project and the Property Rights Acquisition Costs for the Project.

1.44. “Project Schedule” is defined in Section 3.1.

1.45. “Property Rights” means any easements, rights-of-way, or other real property rights reasonably necessary for the construction, operation, repair, replacement and maintenance of the Project, the Additional Facilities, and the Section 120 Line, including the RMP Circuits and the HLP Circuits.

1.46. “Property Rights Acquisition Costs” means the parties’ costs incurred in acquiring Property Rights for the Project, the Additional Facilities or the Section 120 Line, as the case may be, determined using each party’s Standard Practice, and including the purchase price for the Property Rights. “Property Rights Acquisition Costs” does not include work performed or costs incurred or expended prior to the Effective Date.

1.47. “Prudent Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, and/or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, consistent with good business practices for the electric utility industry and reliably, safely and expeditiously. Prudent utility practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to mean practices, methods or acts generally accepted in the geographic region where the parties operate. Prudent Utility Practice includes meeting, at a minimum, the laws and regulations applicable to the facilities or decisions involved and the National Electrical Safety Code, as last revised.

1.48. “Reconciliation Report” is defined in Section 7.4.

1.49. “RMP” and “Rocky Mountain Power” are defined in the preamble.

1.50. “RMP Circuits” means the insulators, cross-arms conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that will be owned, operated, and maintained by Rocky Mountain Power and attached to the Transmission Structures.

1.51. “RMP Facilities” is defined in Section 8.3.

1.52. “RMP Facilities Cost Share” is Rocky Mountain Power’s share of Facilities Costs for the Heber-Midway Line and Section 120 Line, calculated as provided in Section 5.4.

1.53. “RMP Monthly Report” means a report substantially in the form attached hereto as *Exhibit L-1* computing Rocky Mountain Power’s Project Costs, Additional Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs under Rocky Mountain Power’s Standard Practice.

1.54. “RMP Property Share” is Rocky Mountain Power’s share of Property Rights Acquisition Costs for the Heber-Midway Line and Section 120 Line, calculated as provided in Section 5.4.

1.55. “RMP Representative” is identified in Section 5.14.b.

1.56. “Section 120 Line” means the Transmission Structures, the RMP Circuits, the HLP Circuits, and Property Rights within the segment of the Jordanelle-Midway Line identified as Section 120 on *Exhibit B*.

1.57. “Section 120 Line Agreement” means the Construction Agreement for Section 120 Line between Rocky Mountain Power and Heber Light & Power Company attached hereto as Appendix 1 and executed herewith.

1.58. “Standard Practice” means a party’s ordinary method for (a) identifying, incurring, expending, and reporting the indirect and direct costs of permitting, design, procurement, construction, quality assurance, and commissioning a capital improvement and (b) allocating such costs to determine the total cost of the improvement.

1.59. “Target Completion Date” is defined in Section 3.1.

1.60. “Temporary Measure” is defined in Section 11.3.

1.61. “Tie Line” is defined in Section 5.3.c and is comprised of the associated Transmission Structures, the RMP Circuits, the HLP Circuits and the Property Rights.

1.62. “Transmission Structures” means the transmission poles, towers and other support structures, together with guys, anchors, static wire and related components that are part of the Jordanelle-Midway Line, but excludes the insulators, cross-arms conductor and associated pole line hardware related to the transmission, distribution, and communications facilities of the HLP Circuits and the RMP Circuits. The type and location of the Transmission Structures shall be designed, and the Transmission Structures installed, with sufficient capacity to accommodate the RMP Circuits and the HLP Circuits, in a manner consistent with Prudent Utility Practice.

1.63. “Western Lines” is defined in Section 6.2.

ARTICLE II. TERM.

2.1. This Agreement shall be effective as of the Effective Date. Unless terminated earlier as provided in ARTICLE XI, this Agreement shall continue in full force and effect until construction of the Jordanelle-Midway Line is complete, the parties have entered into the Maintenance and Operation Agreement, the parties have transferred and conveyed all real property

rights and personal property that are to be transferred or conveyed hereunder, and the parties have paid to each other all sums due hereunder.

ARTICLE III. PLANNING CONFERENCES AND PROJECT SCHEDULE.

3.1. Project Schedule. The parties shall work cooperatively and efficiently together to complete the Section 120 Line and the Project in a reasonably timely manner and in accordance with this Agreement. To this end, within thirty (30) days after the Effective Date of this Agreement, the parties shall schedule an initial planning conference to occur within sixty (60) days of the Effective Date at which the parties will prepare a project schedule (“Project Schedule”) for completion of the Section 120 Line and the Project by December 31, 2019 (“Target Completion Date”), provided that the Target Completion Date may be extended by mutual agreement of the parties or as necessitated by Final Siting. The Project Schedule will include a schedule for permitting, Property Rights acquisition, Final Siting, material procurement, design, bidding and contracting, and shall designate the party responsible for each task.

The parties acknowledge that the Project Schedule will reflect the information available and will evolve over time as the work progresses. The Project Schedule will be updated approximately monthly to reflect the actual progress of the work and construction, and current projections of future work progress to complete the Project and the Section 120 Line by the Target Completion Date.

3.2. Planning Conferences. Following the initial planning conference, the parties shall hold regular planning conferences, no less than once per month, to discuss and coordinate the parties’ respective actions, duties and responsibilities under this Agreement and to adjust the Project Schedule and modify deadlines to reflect actual progress, as appropriate. The planning conferences may be held to coincide with the construction coordination meetings held pursuant to Section 5.11.b.i.

ARTICLE IV. CONSTRUCTION OF SECTION 120 LINE.

4.1. With Rocky Mountain Power’s support and assistance as required by this Agreement and the Section 120 Line Agreement, HLP shall construct the Section 120 Line including design, permitting, Property Right acquisition, material procurement and bidding/contracting in a manner consistent with Prudent Utility Practice and the Section 120 Agreement.

ARTICLE V. CONSTRUCTION OF PROJECT.

5.1. Construction of Project. With HLP’s support and assistance as required by this Agreement, Rocky Mountain Power shall construct the Project including design, Property Right acquisition, and material procurement and bidding/contracting as provided in this Agreement and in a manner consistent with Prudent Utility Practice. The parties’ respective responsibilities for permitting are more fully set forth in Section 5.6. Rocky Mountain Power shall use commercially reasonable efforts consistent with Prudent Utility Practice to achieve Final Completion on or prior to the Target Completion Date.

5.2. Scope of Work. Attached is the preliminary scope of work describing the facilities to be constructed under this Agreement relative to the Heber-Midway Line and the Tie Line (*Exhibit C*), based on the best available data and preliminary engineering studies as of the Effective Date. When completed as provided in Section 5.7 the Construction Design shall constitute the final scope of work, subject to modification under Sections 5.11.c, 5.11.d and 6.3.

5.3. Line Location and Final Siting.

a. Line Location. The parties have identified the general corridors for the Project, as shown on *Exhibits A and B*. The parties acknowledge that the line location will need to be adjusted within these corridors, due to permitting, Property Rights acquisition, design, construction or other constraints. The final line location is subject to approval by both parties, which approval shall not be unreasonably withheld.

b. Final Siting. “Final Siting” means and shall be deemed to have occurred when all Land Use Permits for the Project have been obtained and all Property Rights for the Project have been acquired for the line location.

c. Tie Line. If Final Siting within Section 130 is not adjacent to HLP’s Heber Generation Substation, the parties shall design, permit, procure and construct a line connecting the Heber-Midway Line to HLP’s Heber Generation Substation shown as Section 140B on *Exhibit B* or such other appropriate line location (“Tie Line”) as a part of the Project in accordance with the provisions of this Agreement, provided that HLP shall be responsible for all Project Costs incurred by either party for the Tie Line. The Tie Line shall be included in the Construction Contract with a separate schedule of values, and each party shall separately identify their Project Costs incurred in connection with the Tie Line.

5.4. Determination of Facilities Cost Shares and Property Shares. Upon Final Siting under Section 5.3 and HLP’s election of Betterments under Section 5.8, the HLP Property Share and the HLP Betterment Share shall be calculated using the calculations illustrated in *Exhibit E* and *Exhibit J* respectively, based on the line location and length established in the Final Siting and on the Betterments elected by HLP. The RMP Property Share and the RMP Facilities Cost Share shall be calculated using the following calculations:

a. The RMP Property Share shall be a percentage that is calculated using the following formula: 100% *minus* HLP Property Share.

b. The RMP Facilities Cost Share shall be a percentage that is calculated using the following formula: 100% *minus* HLP Betterment Share.

Thereafter, using the calculated HLP Property Share, HLP Betterment Share, RMP Property Share and RMP Facilities Cost Share, Rocky Mountain Power shall prepare updated *Exhibits D, E, G and J*, which the parties shall execute and attach hereto in substitution for the attached *Exhibits D, E, G and J*. The updated exhibits shall establish the HLP Property Share and HLP Betterment Share to be used in the final allocation of Facilities Costs and Property Rights Acquisition Costs for the Heber-Midway Line and the Section 120 Line under Section 7.2.

5.5. Property Rights.

a. Acquisition of Property Rights. Except as otherwise determined by the parties in accordance with subsection (i) below, Rocky Mountain Power shall obtain the Property Rights for the Project. In consultation with HLP, Rocky Mountain Power shall identify the Property Rights that are to be acquired for the Project, which Property Rights shall be (a) on Rocky Mountain Power's standard forms, subject to revisions as reasonably approved in advance by the parties, (b) no greater than 55 feet in width, (c) in the names of both HLP and Rocky Mountain Power as co-grantees, and (d) apportionable and assignable.

i. Negotiation and Purchase of Property Rights. The parties shall cooperate in obtaining the Property Rights for the Project, including either party negotiating directly with property owners as the parties shall mutually and reasonably determine during the regular meetings to be held pursuant to Section 3.2 or otherwise. The negotiating party shall keep the other party reasonably informed of the progress of acquisition of the Property Rights for which it is responsible.

ii. Purchase Price. HLP may pay the purchase price for some of the Property Rights for the Project, and Rocky Mountain Power shall pay the purchase price for the remainder of the Property Rights for the Project. Prior to agreeing on a purchase price for the Property Rights for the Project, the purchasing party shall notify the other party of the proposed purchase price. The non-purchasing party shall have three (3) business days to approve the proposed purchase price, which approval shall not be unreasonably withheld. If the non-purchasing party does not timely and reasonably object to the price, the party shall be deemed to have approved the proposed purchase price. If the non-purchasing party timely and reasonably objects, the parties shall negotiate in good faith to determine a purchase price for the Property Rights for the Project in accordance with Section 13.3, except that the good-faith negotiation period shall be ten (10) days or as otherwise mutually agreed between the parties.

iii. Eminent Domain Proceedings.

(1) Each negotiating party, with the other party's support and cooperation, shall use commercially reasonable efforts to obtain the Property Rights for the Project through negotiated agreement with the landowners; however, the parties may not be able to obtain all Property Rights for the Project through such agreements. This section shall govern the Property Rights acquisition if the parties are unable to obtain such Property Rights for the Project through negotiated agreement.

(2) Before issuing a final offer to a property owner in anticipation of condemnation, the negotiating party shall give the other three (3) business days to approve the final offer and its issuance, which approval shall not be unreasonably withheld. If the non-purchasing party does not timely and reasonably object to the final offer, the party shall be

deemed to have approved the issuance of the final offer. If the non-purchasing party timely and reasonably objects to the issuance of the final offer, the parties shall negotiate in good faith to determine how to proceed with acquisition of the Property Rights for the Project in accordance with Section 13.3, except that the good-faith negotiation period shall be ten (10) days or as otherwise mutually agreed between the parties.

(3) In the event a Property Right for the Project is not obtained by the negotiating party through negotiation with a property owner, the parties shall mutually select a private-practice attorney to represent the parties to pursue acquisition of the Property Rights for the Project through eminent domain proceedings. If the parties are unable to mutually agree on an attorney, each party shall nominate one attorney and the attorneys shall select a third attorney to represent the parties in such proceedings.

iv. Existing Rights. The parties acknowledge that HLP already holds some property rights along the corridors identified as possible locations for the Heber-Midway Line and will transfer those rights to Rocky Mountain Power for the Heber-Midway Line, the Tie Line and the Section 120 Line as provided in Section 8.3.a.iii.

v. Cost Allocation. The parties shall share the Property Rights Acquisition Costs for the Heber-Midway Line and Section 120 Line based on the HLP Property Share and the RMP Property Share calculated as provided in Section 5.4. This cost allocation does not apply to the Property Rights Acquisition Costs for Additional Facilities, which is governed by Subsection (b) below, or the Tie Line, which is governed by Subsection (c) below.

vi. Party's Objection. If a party objects to an action taken or proposed to be taken by the other party under this Section 5.5 and the parties are unable to determine a mutually-agreeable course for proceeding, a party may proceed, notwithstanding the objection, with the disputed action, provided that the party pays all costs associated with that action, irrespective of the cost allocation provided in this Agreement; and provided further that, if the objection did not state and was not supported by reasonable grounds or was not timely, the party may pursue a dispute resolution proceeding to recover some or all of the amounts paid.

b. Property Rights for Additional Facilities. Property Rights for Additional Facilities shall be obtained and paid for as provided in ARTICLE VI.

c. Property Rights for Tie Line. Property Rights for the Tie Line shall be obtained as provided in this Section 5.5, and HLP shall be responsible for all Property Rights Acquisition Costs incurred by either party for the Tie Line as provided in Section 5.3.c.

5.6. Governmental Authorizations.

a. Land Use Permits. The parties shall jointly apply for and participate in obtaining the Land Use Permits required for the Project and, if necessary, the Section 120 Line, with HLP as the lead applicant. All Land Use Permits for the Project and the Section 120 Line, not acquired prior to the Effective Date, shall be in the names of both HLP and Rocky Mountain Power as co-permittees. HLP shall not be required to publicly support or participate in any proceeding challenging a ruling of the land use authority, board of adjustment or governing body of Heber City, Midway City, Charleston Town, or Wasatch County with respect to the Project.

b. Other Permits. The Construction Contract shall require the Contactor to obtain such other building or construction permits or authorizations and/or regulatory approvals necessary for construction of the Project. HLP shall support Rocky Mountain Power in obtaining such authorizations by providing such effort, time, or resources, that a reasonably prudent entity in a similar commercial and financial situation and with a similar business interest in the desired result would use, expend or incur to assist in obtaining the desired result within a reasonable period of time, at a reasonable cost, and subject to reasonable conditions.

c. Land Use Permits for Additional Facilities. Land Use Permits for Additional Facilities shall be obtained and paid for as provided in ARTICLE VI.

5.7. Design.

a. Construction Design. Using Prudent Utility Practices and its standard engineering guidelines and all applicable codes and regulations, Rocky Mountain Power shall prepare the final, detailed engineering and design for the Project (the “Construction Design”); such design shall be sufficient to accommodate the HLP Existing Facilities located along the route of the Project, and shall incorporate the HLP Distribution Line Design and the HLP Betterment.

Rocky Mountain Power shall provide HLP with the Construction Design for comment and approval, which approval shall not be unreasonably withheld. If HLP does not approve of the Construction Design, it shall notify Rocky Mountain Power of the grounds for its objection, within ten (10) business days. If HLP does not timely object, the design shall be deemed approved. Once approved by HLP, the costs of and any changes or modifications to the Construction Design shall be allocated as provided in Section 5.11.e.

b. HLP Distribution Line. In consultation with Rocky Mountain Power, HLP shall prepare the engineering and design for the HLP Distribution Line (“HLP Distribution Line Design”) and shall deliver the design to Rocky Mountain Power, within ten (10) business days after Final Siting. Rocky Mountain Power shall thereafter incorporate the HLP Distribution Line Design into the Construction Design for the Project. The HLP Distribution Line Design is subject to final approval by Rocky Mountain Power, which approval shall not be unreasonably withheld. Rocky Mountain Power’s review and

approval of the HLP Distribution Line Design shall not constitute a representation or warranty of any kind or description.

c. Design of Additional Facilities. The design of Additional Facilities shall be performed and paid for as provided in ARTICLE VI.

5.8. HLP Facilities.

a. HLP Accommodations. Rocky Mountain Power shall design and construct the Heber-Midway Line to accommodate the HLP Existing Facilities identified on ***Exhibit H***, and shall relocate or reconstruct such facilities on the Transmission Structures, without cost to HLP (“HLP Accommodations”).

b. HLP Betterment. Within ten (10) business days after Final Siting, HLP may elect certain betterments for inclusion in the design, procurement, and construction of the Project by providing Rocky Mountain Power written notice of its betterment election from the betterment options described in ***Exhibit H*** (the “HLP Betterment”). HLP shall be responsible for the costs of HLP Betterments as provided in ARTICLE VII.

c. HLP Distribution Line Design. Within ten (10) business days after Final Siting, HLP shall provide to Rocky Mountain Power the HLP Distribution Line Design. The HLP Accommodations and Betterments shall be included in the scope of work in the Construction Contract.

5.9. Contractor Selection and Construction Contract.

a. Contractor Selection. Using its standard bidding and contracting procedures, as modified by the provisions of this Section 5.9, Rocky Mountain Power will select and contract with a contractor to construct the Project (the “Contractor”).

b. HLP’s Participation in Contractor Selection Process.

i. Approved Vendors. No less than forty-five (45) days prior to the bid event, Rocky Mountain Power shall provide HLP a list of Rocky Mountain Power’s MSA-approved vendors. Within ten (10) business days thereafter, HLP shall identify any contractors on Rocky Mountain Power’s list to which HLP objects, and the reasons for the objection(s). Rocky Mountain Power, in its sole discretion, may accept or reject HLP’s recommendations.

ii. Selection Committee. HLP shall participate in Rocky Mountain Power’s bid review and contractor selection process through the HLP Representative who shall be a member of Rocky Mountain Power’s selection committee. Rocky Mountain Power shall provide the HLP Representative with reasonable notice of selection committee meetings and an opportunity to participate in person or electronically. HLP’s Representative shall exercise the following rights and responsibilities on HLP’s behalf:

(1) The HLP Representative shall participate in selection committee meetings in person or electronically.

(2) The HLP Representative shall be provided access to information provided to other selection committee members including correspondence or emails circulated to or among the members.

(3) The HLP Representative shall participate in the review and editing of the request for proposal including the content of the selection criteria and questions and in any pre-bid meetings with potential bidders.

(4) The HLP Representative shall, to the extent reasonably practical, participate in responding to questions of potential bidders, and will, in all cases, be provided copies of written questions and the responses.

(5) The HLP Representative shall review responses to the request for proposals, and participate in discussions with respondents.

(6) The HLP Representative shall participate in the grading of responses and bidders.

c. Construction Contract. Upon Rocky Mountain Power's selection of the Contractor, Rocky Mountain Power and HLP shall negotiate with the Contractor for a contract in substantially the form of the contract commonly known as the "MSA-Heavy" for construction of the Project and Additional Facilities, if applicable ("Construction Contract") consistent with the Construction Design. The Construction Contract shall provide that HLP shall have the right: (a) to be present on the construction site and observe construction; (b) to be present for inspection and testing of the Project and HLP's Additional Facilities, if applicable; and (c) to enforce the Contractor's warranties and/or guaranties on construction, to the extent applicable to the HLP Circuits. The Construction Contract shall provide that: (x) the Project and Additional Facilities, if applicable, shall be completed by the Contractor by the date that is two (2) calendar years following Final Siting or such other date as the parties shall mutually agree as memorialized in the Construction Contract (the "Final Completion Date"); and (y) the Contractor shall be liable for liquidated damages in the event the Project and the Additional Facilities, if applicable, are not completed by the Final Completion Date; and (z) Contractor's invoices will itemize Additional Costs and Tie Line costs, separately from Facilities Costs for the Heber-Midway Line. HLP shall have the right to review and approve any material changes to the MSA-Heavy form, which approval shall not be unreasonably withheld. Upon HLP's approval of any material changes to the Construction Contract, Rocky Mountain Power shall execute the Construction Contract.

5.10. Materials.

a. Purchase of Construction Materials. Rocky Mountain Power or the Contractor shall be responsible for purchasing the materials specified for construction of the Project and Additional Facilities, if applicable, using Rocky Mountain Power's

ordinary procurement procedures. Rocky Mountain Power shall take advantage of reasonably available advantageous pricing in accordance with its ordinary purchasing practices. Except as provided in subparagraph (b) below, the materials shall be new and of good quality and workmanship and have standard warranties.

b. Reuse of HLP Materials. Rocky Mountain Power and/or the Contractor may, in constructing the Project and Additional Facilities, if applicable, either reuse some or all of HLP's conduit and/or conductor currently in use on the existing line, or install new conduit or conductor, as conclusively determined by the Contractor; provided, however, that Rocky Mountain Power and/or the Contractor expressly make no representations nor warranties as to any reused materials.

c. Payment for Materials for Additional Facilities. The parties' respective cost obligations for materials for Additional Facilities is governed by ARTICLE VI.

5.11. Construction.

a. Construction. Rocky Mountain Power shall construct the Project in accordance with this Agreement, in a manner consistent with Prudent Utility Practice, the Construction Design, and the Construction Contract.

b. Coordination and Consultation during Construction. During construction, Rocky Mountain Power shall consult with HLP on all significant aspects of the construction, including:

i. The parties' Representatives shall meet at least weekly to discuss construction status and any items requiring coordination. In addition, Rocky Mountain Power shall provide HLP with reasonable notice of planned meetings with the Contractor or subcontractors and of tests and inspections on construction or completed work.

ii. HLP shall have the right, at all times, to be present at the work site, to inspect the construction work performed or being performed by the Contractor and/or Rocky Mountain Power, and to observe testing conducted as part of the construction. HLP shall follow all safety rules, regulations and protocols, and shall act in accordance with Prudent Utility Practice.

iii. HLP may be present at any discussions with the Contractor concerning significant aspects of the Construction including change requests, plan modifications, or unexpected conditions.

iv. As soon as reasonably practicable, Rocky Mountain Power shall provide HLP with copies of any written, text or email communications to or from the Contractor concerning the HLP Circuits.

c. Change Orders. The parties recognize that, during construction, the parties may find it necessary to issue changes to the Contractor's work as set forth in the

Construction Contract and any releases issued thereunder (each, a “Change Order”), which Change Orders may result in an adjustment in the price of the Contractor’s work. Rocky Mountain Power may issue Change Orders as provided in the Construction Contract with the consent of HLP, which consent shall not be unreasonably withheld. HLP may request that Rocky Mountain Power issue Change Orders, which request(s) shall not be unreasonably denied by Rocky Mountain Power. Rocky Mountain Power may direct the Contractor to proceed with a Change Order pending negotiation of the price; provided that, except in the event of an urgency, a party shall pay the cost of any Change Order issued without the consent of the other party.

d. Contractor Claims. Pursuant to the Construction Contract, Contractor may file a claim, including requesting for a time extension, additional compensation, or any other adjustment of the Construction Contract terms, after the contract is awarded (“Contractor Claims”). Rocky Mountain Power shall follow the requirements of the Construction Contract related to Contractor Claims. Rocky Mountain Power may approve a Contractor Claim with the consent of HLP, which consent shall not be unreasonably withheld.

e. Allocation of Costs for Change Orders and Contractor Claims.

i. All Change Orders and Contractor Claims shall be initially paid by Rocky Mountain Power and subject to the cost share allocation and reimbursement as provided in ARTICLE VII, except that:

(1) Rocky Mountain Power shall pay 100% of the costs for Change Orders and Contractor Claims that result from Rocky Mountain Power modification to its facilities; and

(2) HLP shall pay 100% of the costs for Change Orders and Contractor Claims that result from HLP modification to its facilities.

ii. At the time the Change Order or Contractor Claim is approved, the parties’ Representatives shall attempt to agree on whether such costs shall be borne solely by either of the parties under Subsection (i) or should be subject to the applicable cost share or allocation under ARTICLE VII. . If the parties cannot agree, the proper allocation of costs shall be determined through the dispute resolution procedure in ARTICLE XIII, commenced, if at all, by one of the parties within thirty (30) days after approval of the Change Order or Contractor Claim. If there is no agreement and neither party timely commences the dispute resolution procedure, the costs shall be allocated as provided under ARTICLE VII.

5.12. Connection. Each party shall be responsible, at such party’s sole expense, for designing, constructing and installing such connections as it deems necessary or prudent for connecting its system to the Jordanelle-Midway Line and the operation of its respective Circuits, including making final connections and switching orders that may be necessary for that party’s interconnection from its existing facilities to the Jordanelle-Midway Line. Either party’s connection may, at such party’s election, be included in the Construction Contract as Contract

Addition pursuant to Section 6.3. If HLP elects to include its connection in the Construction Contract, it must provide the scope of work, specifications, and design for connections to the RMP Representative no less than thirty (30) days prior to the planned procurement event for the Construction Contract. If included as a Contract Addition in the Construction Contract, the connection work for each party will have its own schedule of values, and all costs for the work and any changes will be borne solely by the facility owner. Contractor's invoices shall itemize the connection facility costs for each owner, separately pursuant to the schedule of values.

5.13. Removal of Existing Facilities. In accordance with Prudent Utility Practice, the parties shall be responsible, at their own cost, for removal and proper disposal of its facilities abandoned due to construction of the Jordanelle-Midway Line. These costs are not included in Facilities Costs. The parties shall coordinate with the Contractor to ensure that removal of the facilities does not unreasonably interfere with the Contractor's work.

5.14. Party Representative. Each party hereby designates a representative to act in its behalf and be available at all times during construction of the Project via mobile telephone. Either party may change its representative by providing written notice to the other party in accordance with Section 14.5.

- a. HLP Representative: Harold Wilson
 Mobile Phone: (435) 671-2565
 Email: hwilson@heberpower.com

- b. RMP Representative: Benjamin Clegg
 Mobile Phone: (801) 633-4908
 Email: benjamin.clegg@pacificorp.com

ARTICLE VI. ADDITIONAL FACILITIES.

6.1. Option for Additional Facilities. Either party shall have the option to include Additional Facilities in the scope of the Construction Contract, as more fully set forth in this ARTICLE VI.

6.2. Western Lines. Section 180 on *Exhibit B* shows the approximate location of the western end of the Heber-Midway Line, roughly south of HLP's Midway Substation and southwest of Rocky Mountain Power's Midway Substation. The terminus of the Heber-Midway Line shall be the last structure in Section 180 on which facilities to be owned by both parties are located. The "Western Lines" are each party's respective, separate line from the terminus of the Heber-Midway Line to their respective substations. Within ten (10) business days after Final Siting, each party shall provide written notice to the other party if it elects to include its Western Line as an Additional Facility. In the event HLP elects to include its Western Line in the Construction Contract, HLP shall provide Rocky Mountain Power with a construction design for its Western Line at the time it provides the HLP Distribution Line Design under Section 5.7.b.

6.3. Contract Additions.

a. A party may elect to supplement the work to be performed by the Contractor under the Construction Contract to better accommodate the requesting party's needs, provided such work can be performed without unreasonably delaying the completion of construction or interfering with the other party's facilities ("Contract Addition"). Contract Additions does not include Change Orders or Contractor Claims in Sections 5.11.c and 5.11.d. Before Rocky Mountain Power includes a Contract Addition in the Construction Contract, the requesting party shall obtain the written consent of the other party, which consent shall not be unreasonably withheld.

b. The Contract Addition shall be included in the Construction Contract with a separate schedule of values and each party shall separately identify their Additional Costs incurred in connection with each Contract Addition.

c. The party requesting the Contract Addition shall be responsible for all Additional Costs incurred by either party in connection with the Contract Addition.

6.4. Completion of Additional Facilities and Payment of Additional Costs.

a. Design. Each party shall be responsible for designing its Additional Facilities; provided that the parties may agree that, at HLP's expense, Rocky Mountain Power will engineer and design HLP's Additional Facilities in a manner consistent with Prudent Utility Practices.

b. Land Use Permits and Property Rights.

i. To the extent the Land Use Permits and Property Rights for the Project are sufficient for the construction, operation, use and maintenance of the Additional Facilities, the costs of obtaining such Land Use Permits and Property Rights shall be Project Costs and shall not be Additional Costs.

ii. If the Land Use Permits and Property Rights for the Project are not sufficient for the Additional Facilities but including the Additional Facilities is reasonably convenient and will not materially delay acquiring the Land Use Permits and Property Rights for the Project, the parties may acquire Land Use Permits and Property Rights for the Additional Facilities in conjunction with the Land Use Permits and Property Rights for the Project; all such costs shall be deemed to be Project Costs except to the extent such costs are readily identifiable as relating to a particular Additional Facility, in which case those costs shall be Additional Costs payable by the party that will own the Additional Facility.

iii. In all other cases, each party shall obtain the Land Use Permits and Property Rights for its Additional Facilities and be responsible for the Additional Costs of such permitting and property acquisition.

c. Materials. Rocky Mountain Power or the Contractor shall obtain the materials for the Additional Facilities as provided in Section 5.10.a. Rocky Mountain Power shall pay the supplier invoices for the materials, subject to reimbursement as provided in ARTICLE VII.

d. Initial Payment of Additional Costs. Rocky Mountain Power shall pay the Contractor invoices for the Additional Facilities, subject to reimbursement as provided in ARTICLE VII.

e. Costs. Except as expressly provided in Subsection (b), the party requesting the Additional Facilities shall be responsible for all Additional Costs incurred by either party in connection with the Additional Facilities.

ARTICLE VII. COSTS.

7.1. Initial Payment of Project Costs. Except as provided in Section 5.5.a.ii, Rocky Mountain Power shall be responsible for the up-front payment of Project Costs and Additional Costs, subject to reconciliation of the parties' respective obligations as provided in this ARTICLE VII.

7.2. Final Allocation of Project Costs

a. HLP Obligation. HLP shall be responsible for the following costs:

i. HLP Betterment Share of the Facilities Costs for the Heber-Midway Line; plus

ii. HLP Property Share of the Property Rights Acquisition Costs for the Heber-Midway Line; plus

iii. All Project Costs for the Tie Line; plus

iv. All Additional Costs for HLP's Additional Facilities, if any; plus

v. HLP Betterment Share of Section 120 Facilities Costs; plus

vi. HLP Property Share of Section 120 Property Rights Acquisition Costs; plus

vii. HLP Cost of Capital Contribution, if any pursuant to Section 7.4.a; plus

viii. HLP Capital Surcharge Contribution, if any pursuant to Section 7.4.a.

b. RMP Obligation. Rocky Mountain Power shall be responsible for the following costs:

- i. HLP Accommodations; plus
- ii. RMP Facilities Cost Share of the Facilities Costs for the Heber-Midway Line; plus
- iii. RMP Property Share of the Property Rights Acquisition Costs for the Heber-Midway Line; plus
- iv. All Additional Costs for Rocky Mountain Power's Additional Facilities, if any; plus
- v. RMP Facilities Cost Share of Section 120 Facilities Costs; plus
- vi. RMP Property Share of Section 120 Property Rights Acquisition Costs.

7.3. Monthly Reports. Each party shall prepare and provide to the other party its Monthly Report as provided in this ARTICLE VII. The parties shall track separately the Project Costs for the Heber-Midway Line, the Project Costs for the Tie Line, the Additional Costs for each party's respective Western Line, and the Additional Costs for each party's Contract Additions. An example of Rocky Mountain Power's project work breakdown cost tracking structure is attached hereto as ***Exhibit K*** for illustration purposes. The first Monthly Reports shall be prepared and provided to the other party within fifteen (15) days after the first full calendar month that follows Effective Date, and monthly thereafter until Final Completion. The Monthly Reports shall be in substantially the forms attached hereto as ***Exhibits L-1 and L-2***. Each party shall provide additional information and/or documents reasonably requested by the other party relating to the Monthly Reports.

7.4. Reconciliation Report.

a. Preparation of Reconciliation Report. Within thirty (30) days following Final Completion of the Project and the Additional Facilities, if included in the Construction Contract, each party shall create and provide to the other party a final report of its total Facilities Costs for the Project, Facilities Costs for the Tie Line, Additional Costs for each respective party's Western Line, and Additional Costs for each party's Contract Additions, prepared using the same form as the Monthly Reports and using the party's Standard Practice, provided that Rocky Mountain Power shall remove the Cost of Capital and Capital Surcharge from its report and separately itemize those items as set forth below. Using such reports, Rocky Mountain Power shall, within twenty-one (21) days following receipt of the reports, prepare a reconciliation report (the "Reconciliation Report") in the form attached hereto as ***Exhibit P***, consisting of the following three major components:

- i. Step 1: Rocky Mountain Power shall compile and summarize the Section 120 Facilities Costs, Section 120 Property Rights Acquisition Costs, Project Costs, and Additional Costs. This information will be compiled by Rocky Mountain Power in a form substantially similar to "Step 1" in ***Exhibit P***.

ii. Step 2: Rocky Mountain Power shall calculate each party's obligation based on its respective share of Facilities Costs for the Heber-Midway Line, Property Rights Acquisition Costs for the Heber-Midway Line, Section 120 Facilities Costs, Section 120 Property Rights Acquisition Costs, Facilities Costs for the Tie Line, Property Rights Acquisition Costs for the Tie Line, Facilities Costs for any Additional Facilities, and Property Rights Acquisition Costs for any Additional Facilities. This information will be compiled by Rocky Mountain Power in a form substantially similar to "Step 2" in *Exhibit P*. This will result in a summary of each party's pre-surge and pre-credit cost responsibility.

iii. Step 3: Rocky Mountain Power shall reconcile each party's incurred costs and cost obligations. This information will be compiled by Rocky Mountain Power in a form substantially similar to "Step 3" in *Exhibit P*. This final step results in the net amount due from one party to the other and includes crediting to HLP the purchase price for the Highway 40 Transmission Structures by Rocky Mountain Power and adding HLP Cost of Capital Contribution and HLP Capital Surcharge Contribution, as applicable, and as more fully described below:

(1) Highway 40 Transmission Structure Credit to HLP. For Rocky Mountain Power's purchase of the Highway 40 Transmission Structures, HLP shall receive a credit in the amount of \$390,908.40.

(2) HLP Cost of Capital Contribution. Using the calculations in Step 1 and Step 2 of the Reconciliation Report, Rocky Mountain Power will calculate HLP's obligation to pay Cost of Capital, if applicable, pursuant to the method demonstrated in the example calculation attached hereto as *Exhibit M-1* ("HLP Cost of Capital Contribution"). If HLP's share of Project Costs is less than the HLP Credits, then the HLP Cost of Capital Contribution shall be \$0.00. If HLP's share of Project Costs is greater than the HLP Credits, then the HLP Cost of Capital Contribution shall be calculated as follows (parentheses used to show order of operation): ((HLP share of Project Costs minus HLP Credits) divided by (Project Costs minus HLP Credits)) multiplied by the Project Cost of Capital.

(3) HLP Capital Surcharge Contribution. Using the calculations in Step 1 and Step 2 of the Reconciliation Report, Rocky Mountain Power will calculate HLP's obligation to pay Capital Surcharge, if applicable, pursuant to the method demonstrated in the example calculation attached hereto as *Exhibit M-2* ("HLP Capital Surcharge Contribution"). If HLP's share of Project Costs is less than the HLP Credits, then the HLP Capital Surcharge Contribution shall be \$0.00. If HLP's share of Project Costs is greater than the HLP Credits, then the HLP Capital Surcharge Contribution shall be calculated as follows (parenthesis used to show order of operation): ((HLP share of Project Costs minus HLP Credits) divided by (Project Costs minus HLP Credits)) multiplied by the Project Capital Surcharge.

b. Additional Information. In connection with preparation of the Reconciliation Report, each party shall provide additional information and documents reasonably requested by the other party. Upon completion of the Reconciliation Report, Rocky Mountain Power shall provide a written copy of the report to HLP.

7.5. Amount Due from or to HLP. Within thirty (30) business days following HLP's receipt of the Reconciliation Report, as indicated by "Step 3" of the report, either:

a. HLP shall pay to Rocky Mountain Power the amount due from HLP to Rocky Mountain Power; or

b. Rocky Mountain Power shall pay to HLP the amount due from Rocky Mountain Power to HLP.

7.6. Audit. Either party (an "Auditing Party") shall have the right to conduct a reasonable audit the records of the other party (the "Audited Party") with respect to Project Costs by providing written notice to the Audited Party within ninety (90) days after delivery of the Reconciliation Report. The Audited Party shall provide such documentation and records as may be reasonably necessary for the Auditing Party to review all costs attributed by the Audited Party to the Project Costs.

ARTICLE VIII. TRANSFER OF OWNERSHIP.

8.1. Conditions Precedent to Transfer. After each of the following conditions precedent has been met, the parties shall perform the transfers as set forth in Sections 8.2 and 8.3:

a. HLP has completed construction of the Section 120 Line in accordance with ARTICLE III and the Section 120 Line Agreement.

b. Rocky Mountain Power has completed construction of the Project as required by this Agreement and the Construction Contract.

c. The Project and the Section 120 Line are suitable for commercial operation consistent with Prudent Utility Practice.

d. The parties have completed the reconciliation reports under Section 7.4 and paid any amounts due under Section 7.5; provided that such payment may be made simultaneously with the transfers.

8.2. Transfer by Rocky Mountain Power to HLP. Upon the occurrence of the conditions precedent set forth in Section 8.1 and simultaneous with HLP's transfer to Rocky Mountain Power as set forth in Section 8.3, Rocky Mountain Power shall sell and transfer to HLP, and HLP shall receive and purchase from Rocky Mountain Power, HLP's Circuits and Additional Facilities as provided in this Section 8.2.

a. Rocky Mountain Power shall deliver to HLP the following documents, in a form reasonably acceptable to HLP:

i. a bill of sale or other mutually acceptable instrument of conveyance that vests in HLP title to HLP's Circuits and Additional Facilities, which shall include the conductor, insulators, and other major components of HLP's Circuits and Additional Facilities and a map showing the location of the Transmission Structures to which HLP's Circuits and Additional Facilities are attached;

ii. the executed Maintenance and Operation Agreement;

iii. quit claim deeds or apportionments of the Property Rights reasonably necessary to allow HLP to own, operate, repair, replace and maintain HLP's Circuits and Additional Facilities in a manner consistent with Prudent Utility Practice;

iv. an assignment to HLP of warranties or contract rights, if any, provided to Rocky Mountain Power by the contractors or the suppliers covering HLP's Circuits and Additional Facilities.

v. a partial assignment to HLP of warranties or contract rights, if any, provided to Rocky Mountain Power by the contractors or the suppliers covering the Transmission Structures, to the extent necessary for HLP to enforce any warranties or contract rights as they may relate to HLP's Circuits and Additional Facilities.

b. **DISCLAIMER OF WARRANTIES.** EXCEPT FOR THE WARRANTIES AND RIGHTS DESCRIBED IN SUBPARAGRAPH (a.iv-v) ABOVE, ROCKY MOUNTAIN POWER TRANSFERS THE HLP CIRCUITS TO HLP "AS IS-WHERE IS" AND WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONDITION, INCLUDING ENVIRONMENTAL CONDITION. HLP ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO INSPECT THE CONSTRUCTION AND CURRENT CONDITION OF THE HLP CIRCUITS AND THAT ROCKY MOUNTAIN POWER HAS NOT MADE, AND EXPRESSLY DISCLAIMS AND NEGATES, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, RELATING TO THE HLP CIRCUITS.

8.3. Transfer by HLP to Rocky Mountain Power. Upon the occurrence of the conditions precedent set forth in Section 8.1 and simultaneous with Rocky Mountain Power's transfer to HLP as set forth in Section 8.2, HLP shall sell and transfer to Rocky Mountain Power, and Rocky Mountain Power shall receive and purchase from HLP, the Highway 40 Line Transmission Structures, the Section 120 Line Transmission Structures, and the RMP Circuits located thereon (collectively, the "RMP Facilities").

a. HLP shall deliver to Rocky Mountain Power the following documents, in a form reasonably acceptable to Rocky Mountain Power:

i. a bill of sale or other mutually acceptable instrument of conveyance that vests in Rocky Mountain Power title to the RMP Facilities, which shall include a description of the facilities being conveyed;

ii. the executed Maintenance and Operation Agreement;

iii. quit claim deeds or apportionments of any existing property rights owned by HLP in connection with the RMP Facilities, reserving to HLP such rights as reasonably necessary to allow HLP to own, operate, repair, replace and maintain the HLP Circuits in a manner consistent with Prudent Utility Practice; and

iv. an assignment to Rocky Mountain Power of warranties or contract rights, if any, provided to HLP by the contractors or the suppliers covering the RMP Facilities.

b. **DISCLAIMER OF WARRANTIES.** EXCEPT FOR THE WARRANTIES AND RIGHTS DESCRIBED IN SUBPARAGRAPH (a.iv) ABOVE, HLP TRANSFERS THE RMP FACILITIES TO ROCKY MOUNTAIN POWER “AS IS-WHERE IS” AND WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONDITION, INCLUDING ENVIRONMENTAL CONDITION. ROCKY MOUNTAIN POWER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO INSPECT THE CONSTRUCTION AND CURRENT CONDITION OF THE RMP FACILITIES AND THAT HLP HAS NOT MADE, AND EXPRESSLY DISCLAIMS AND NEGATES, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, RELATING TO THE RMP FACILITIES.

ARTICLE IX. OPERATION AND MAINTENANCE OF THE JORDANELLE-MIDWAY LINE.

As a part of the transfers as provided in Sections 8.2 and 8.3, the parties shall enter into the Maintenance and Operation Agreement to provide for maintenance and operation of the facilities that are the subject of this Agreement, in substantially the form attached hereto as ***Exhibit N***. The exhibits to the Maintenance and Operation Agreement shall be updated following Final Completion and prior to execution.

ARTICLE X. REPRESENTATIONS AND WARRANTIES.

10.1. HLP Representations and Warranties. HLP makes the following representations and warranties to and for the benefit of Rocky Mountain Power:

a. HLP is an energy services interlocal entity duly organized, validly existing and in good standing under the laws of the state of Utah, and has the requisite power and authority to own its properties, carry on its business as now being conducted, enter into this

Agreement and the transactions contemplated herein, and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

b. HLP is duly authorized and is not prohibited, has taken all actions as may be necessary or advisable, and has obtained all governmental or regulatory approvals necessary to execute and deliver this Agreement, consummate the transactions contemplated herein, and perform all of its obligations hereunder. The provisions of this Agreement and HLP's obligations hereunder will not violate any applicable laws, statutes, ordinances, regulations, licenses or legal requirements of any nature; the Organization Agreement of HLP; or any contractual obligation, trust indenture, trust deed, mortgage, loan agreement, lease, evidence of indebtedness, or agreement to which HLP is a party or by which it or any of its property is bound.

c. This Agreement is a legal, valid and binding obligation of HLP, enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

10.2. Rocky Mountain Power Representations and Warranties. Rocky Mountain Power makes the following representations and warranties to and for the benefit of HLP:

a. PacifiCorp is a corporation duly organized, validly existing and in good standing under the laws of the state of Oregon, and has the requisite power and authority to own its properties, carry on its business as now being conducted, enter into this Agreement and the transactions contemplated herein, and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

b. Rocky Mountain Power is duly authorized and is not prohibited, has taken all corporate actions as may be necessary or advisable, and has obtained all regulatory approvals necessary, if any, to execute and deliver this Agreement, consummate the transactions contemplated herein, and perform all of its obligations hereunder. The provisions of this Agreement and Rocky Mountain Power's obligations hereunder will not violate any applicable laws, statutes, ordinances, regulations, licenses or legal requirements of any nature; the certificate of incorporation and by-laws of Rocky Mountain Power; or any contractual obligation, trust indenture, trust deed, mortgage, loan agreement, lease, evidence of indebtedness, or agreement to which Rocky Mountain Power is a party or by which it or any of its property is bound.

c. This Agreement is a legal, valid and binding obligation of Rocky Mountain Power, enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

ARTICLE XI. TERMINATION; TEMPORARY MEASURE.

11.1. Option to Terminate for Lack of Final Siting. In the event the parties are unable to achieve Final Siting by December 31, 2019, despite good faith efforts by both parties, or if a

court or other tribunal issues a final, nonappealable order or judgment denying a required Land Use Permit for the Project prior to December 31, 2019, then Rocky Mountain Power's Vice President of Transmission and Distribution Operations and HLP's General Manager shall meet at least once during the month of January 2020 or in the month following entry of the order or judgment, whichever occurs first, to discuss in good faith a mutually agreeable alternative to termination of this Agreement. If the parties are unable to agree, either party may terminate this Agreement by providing written notice of termination to the other party, such termination to be on the following terms:

a. The termination shall be effective five (5) business days following delivery of written notice from the terminating party to the non-terminating party, and shall terminate all of the parties' rights and obligations under this Agreement except as provided in this Section 11.1 and the following provisions, all of which shall survive termination:

- i. ARTICLE I;
- ii. Section 7.6;
- iii. ARTICLE X;
- iv. ARTICLE XII;
- v. ARTICLE XIII; and
- vi. ARTICLE XIV.

b. Furthermore, as soon as reasonably practical following termination:

i. The parties shall provide the reports and perform the final reconciliation as provided in Section 7.4 as if Final Completion had been achieved, except that (a) in **Exhibit J** the value for the Section 120 Line shall be zero, (b) Section 120 Facilities Costs and Section 120 Property Rights Acquisition Costs shall be set to \$0.00 in Step 1 of Exhibit P, (c) the recalculated HLP Share shall be applied to the Facilities Costs in Step 2 of **Exhibit P**; and (d) Rocky Mountain Power's share of the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line shall be as set forth in Section 11.2.c.ii(4).

ii. The parties shall make such payments as required by Section 7.5.

iii. As the purchase price for the RMP Circuits located on the Section 120 Line, Rocky Mountain Power shall pay to HLP 35% of HLP's Section 120 Facilities Costs and 50% of the Section 120 Property Right Acquisition Costs.

iv. Notwithstanding the provisions of Section 8.1, the parties shall make the following transfers to each other:

(1) The parties shall execute and deliver to each other the Maintenance and Operation Agreement; and

(2) HLP shall make the following transfers and deliver to Rocky Mountain Power the following documents, in a form reasonably acceptable to Rocky Mountain Power:

(a) A bill of sale or other mutually acceptable instrument of conveyance that vests in Rocky Mountain Power title to the RMP Circuits located on the Highway 40 Line and the Section 120 Line;

(b) Quit-claim deeds or apportionments of any existing property rights owned by HLP in connection with the RMP Circuits on the Highway 40 Line and the Section 120 Line, reserving to HLP such rights as reasonably necessary to allow HLP to own, operate, repair, replace and maintain the HLP Circuits and the Transmission Structures in a manner consistent with Prudent Utility Practice; and

(c) An assignment to Rocky Mountain Power of warranties or contract rights, if any, provided to HLP or the suppliers covering the RMP Circuits on the Highway 40 Line and the Section 120 Line.

c. Disclaimer of Warranties. The parties' transfers under this Section 11.1 are subject to the disclaimer of warranties in Sections 8.2.b and 8.3.b.

11.2. Termination of the Construction Contract for Convenience.

a. Good Faith Negotiations. If Rocky Mountain Power intends to terminate the Construction Contract for convenience (but not for cause), Rocky Mountain Power shall provide HLP with no less than thirty (30) days' advance written notice of such intent. After notice is given but not less than fifteen (15) days before the termination becomes effective, Rocky Mountain Power's Vice President of Transmission and Distribution Operations and HLP's General Manager shall meet at least once to discuss, in good faith, mutually agreeable terms including: (i) terminating the Construction Contract, (ii) allowing HLP to complete construction of the Project and Additional Facilities, without the RMP Circuits or Rocky Mountain Power's Additional Facilities, (iii) providing for an equitable allocation of the Project Costs, Section 120 Facilities Costs, and Section 120 Property Rights Acquisition Costs, and (iv) providing for the ownership and joint use of the Transmission Structures, HLP Circuits and RMP Facilities, Land Use Permits, and Property Rights constructed or obtained under this Agreement, the Section 120 Line Agreement and the Highway 40 Line Agreement.

Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties further agree that neither party shall be held liable for expenses incurred

or opportunities foregone by the other party in reliance on the party's agreement to negotiate in good faith.

b. Termination of Agreement. If the parties cannot agree on terms as provided in Subsection (a) within the time period specified and notwithstanding the dispute resolution procedures in ARTICLE XIII, either party may terminate this Agreement by providing written notice to the other party and/or pursue its remedies, if any, under ARTICLE XII.

c. Effect of Termination. The termination shall be effective five (5) business days following delivery of written notice from the terminating party to the non-terminating party, and shall terminate all of the parties' rights and obligations under this Agreement except as provided in this Section 11.2 and the following provisions, all of which shall survive termination:

- (1) ARTICLE I;
- (2) Section 5.13;
- (3) Section 7.2;
- (4) Section 7.6;
- (5) ARTICLE X;
- (6) ARTICLE XI;
- (7) ARTICLE XII;
- (8) ARTICLE XIII;
- (9) ARTICLE XIV.

ii. Furthermore, as soon as reasonably practical following termination:

(1) The parties shall provide the reports and perform the final reconciliation as provided in Section 7.4 as if Final Completion had been achieved, except that (a) in **Exhibit J** the value for the Section 120 Line shall be zero, (b) Section 120 Facilities Costs and Section 120 Property Rights Acquisition Costs shall be set to \$0.00 in Step 1 of Exhibit P, (c) the recalculated HLP Share shall be applied to the Facilities Costs in Step 2 of **Exhibit P**; and (d) Rocky Mountain Power's share of the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line shall be as set forth in Section (4).

(2) The parties shall pay any amounts due pursuant to Section 7.5.

(3) HLP shall make the transfers and deliver the documents as provided in Section 11.1.b.iv.

(4) Rocky Mountain Power shall purchase and HLP shall sell the RMP Circuits located on the Section 120 Line for 35% of HLP's Section 120 Facilities Costs and 50% of the Section 120 Property Right Acquisition Costs.

(5) Rocky Mountain Power shall execute and deliver to HLP the Maintenance and Operation Agreement.

(6) With respect to HLP's Circuits and Additional Facilities on completed or partially completed portions, Rocky Mountain Power shall make the transfers and deliver the documents to HLP as provided in Section 8.2.a.

iii. Conditions Precedent. The items set forth in Sections 8.1.b and 8.1.c shall not be conditions precedent to the transfers set forth in subsections (ii) and (ii)(6)).

iv. Completion of Construction.

(1) HLP may, at its cost, complete construction of the Project and HLP Additional Facilities, including the completion of partially completed facilities. Such construction may or may not use the Construction Design or Final Siting. Rocky Mountain Power shall have no obligation of any kind with regard to the facilities constructed or completed by HLP.

(2) HLP shall have sole ownership of the portions of the Project or HLP Additional Facilities that it constructs or completes and Rocky Mountain Power shall have no right to use such lines under this Agreement, the Operation and Maintenance Agreement, or otherwise, unless the parties expressly agree in writing.

v. Use of Completed Facilities. HLP shall have the right to use and connect to any completed or partially completed Transmission Structures and HLP Circuits as provided in the Operation and Maintenance Agreement.

vi. Disclaimer of Warranties. The parties' transfers under this Section 11.2 are subject to the disclaimer of warranties in Sections 8.2.b and 8.3.b.

11.3. Effect of Termination. Termination of this Agreement under Sections 11.1 or 11.2 shall not relieve either party of any liabilities or obligations arising hereunder prior to the date of termination. The applicable provisions of this Agreement not expressly surviving termination under Sections 11.1.a or 11.2.c will continue in effect after termination only to the extent necessary

for the enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

11.4. Temporary Measure. If Final Completion has not been achieved prior to December 31, 2021, then HLP shall have an option to have a shoo-fly constructed from switch 28A inside Rocky Mountain Power's Midway Substation to temporary facilities at HLP's Midway Substation as shown in the one-line drawing attached hereto as **Exhibit O** (the "Temporary Measure"). In the event HLP elects to proceed with the Temporary Measure: (a) HLP shall provide written notice to Rocky Mountain Power of HLP's exercise of the option on or before January 15, 2022; (b) the parties will agree on a mutually acceptable time for construction and duration of the Temporary Measure; (c) HLP shall install appropriate line protection as required; (d) HLP shall pay all costs associated with the Temporary Measure; (e) Rocky Mountain Power or the Contractor shall construct the facilities from switch 28A to a structure outside of parties' respective substations and HLP shall construct all remaining facilities; and (f) HLP shall assume all risk and liability associated with the Temporary Measure, and shall indemnify, defend and hold harmless the Rocky Mountain Power Indemnitees against any and all third party claims, liability, loss, damage, cost, expense, award, fine or judgment (including attorneys' fees and costs) which arise out of or result from the Temporary Measure. HLP shall not be relieved of its duty to perform, indemnify, defend and hold harmless the Indemnitees by any failure to obtain insurance covering the claim.

ARTICLE XII. DEFAULT; LIMITATION ON DAMAGES.

12.1. Default. For the purposes of this Contract, a "Default" means the occurrence of any of the following:

- a. **Payment Default.** The failure to make, when due, any payment required pursuant to this Agreement, if such is not remedied within ten (10) business days after written notice.
- b. **Performance Default.** The failure to comply timely with any other covenant of this Agreement, if such failure is not remedied within thirty (30) days after the defaulting party's receipt of a written notice describing the alleged default. If the nature of the alleged default is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 30-day period. If the Default is cured, then no Default shall exist and the noticing party shall take no further action.

12.2. Limitation on Damages. EXCEPT FOR A PAYMENT DEFAULT UNDER SECTION 12.1.a OR INDEMNIFICATION UNDER SECTION 12.3, A PARTY'S LIABILITY TO THE OTHER PARTY ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, STATUTE OR TORT, IS LIMITED TO THE COST (a) OF COMPLETING CONSTRUCTION OF THE PROJECT OR THE SECTION 120 LINE OR (b) OF REPAIRING OR REPLACING ANY DEFECTIVE OR DAMAGED FACILITIES AND SHALL NOT, UNDER ANY CIRCUMSTANCES, INCLUDE SPECIAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, INDIRECT DAMAGES, LOST

PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, AS A RESULT OF THE PERFORMANCE OR NON-PERFORMANCE OF THEIR OBLIGATIONS UNDER THIS AGREEMENT OR PROVIDED BY STATUTE OR IN TORT.

12.3. Indemnification. Each party (“Indemnifying Party”) shall indemnify, hold harmless and defend the other party and its members, directors, officers employees, consultants, attorneys, and contractors (“Indemnitees”) against any and all third party claims, liability, loss, damage, cost, expense, award, fine or judgment (including attorneys’ fees and costs) which arise out of or result from the Indemnifying Party’s acts or omissions in connection with this Agreement, except to the extent caused by actions or failure to act of the Indemnitees. The Indemnifying Party shall not be relieved of its duty to perform, indemnify, defend and hold harmless the Indemnities by the Indemnifying Party's failure to obtain insurance covering the claim.

ARTICLE XIII. DISPUTE RESOLUTION

13.1. Dispute Resolution. Any dispute, claim, question, or disagreement arising from or relating to this Agreement, except any request for injunctive relief in emergency circumstances which makes resort to the following procedures unreasonable, shall be resolved through the procedures set forth in this ARTICLE XIII.

13.2. Claim Cutoff. Unless otherwise specifically provided in this Agreement, any Default, dispute, claim, question, or disagreement must be raised within one year of the date the Default, dispute, claim, question, or disagreement arose or be forever barred. The party claiming that there is a Default, dispute, claim, question or disagreement shall provide written notice of the Default, dispute, claim, question, or disagreement to the other Party.

13.3. Good Faith Negotiations. For a period of thirty (30) days following receipt of the notice, or such different period to which the parties may mutually agree, the parties shall use good-faith efforts to settle the dispute by consulting and negotiating with each other in good faith and by attempting to reach a just and equitable solution reasonably satisfactory to both parties. Unless the dispute is resolved sooner, Rocky Mountain Power’s Vice President of Transmission and Distribution Operations and HLP’s General Manager shall meet at least once during the good-faith-negotiation period. Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party’s agreement to negotiate in good faith.

13.4. Mediation.

a. If the parties are unable to resolve the dispute, claim, question, or disagreement through good faith negotiation within the good faith negotiation period, then either party may submit the matter to nonbinding mediation by providing the other party a written request to mediate. Each party shall pay their own costs and fees relating to the mediation.

b. The parties will jointly appoint a mutually acceptable mediator. If they are unable to agree upon a mediator within a reasonable period of time, the parties shall each select a mediator, and those two mediators who shall jointly appoint a third mediator to act as the parties' mediator.

c. The parties agree to participate in at least one session of good faith mediation and thereafter shall mediate and/or negotiate in good faith for a period of sixty (60) days or such additional time as the Parties may mutually agree.

d. Although the parties intend to mediate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to mediate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to mediate in good faith.

e. The parties may, but are not required to, retain the American Arbitration Association to administer the mediation proceedings.

13.5. Arbitration.

a. Arbitration of Disputes. Any dispute, controversy or claim arising out of or relating to this Agreement, or a default or breach thereof, shall be resolved through arbitration as provided in this Section 13.5.

b. Conditions to Arbitration. Completion of good faith negotiations under Section 13.3 and mediation under 13.4 are conditions precedent to a party's right to pursue arbitration under this Section 13.5; provided, however, that a party may pursue its rights under this Section 13.5 if the other party declines to engage first in good faith negotiations and then in mediation.

c. Arbitration. If the parties are unable to resolve a dispute, controversy or claim through good faith negotiations or mediation, either party may submit the dispute for private, confidential, binding arbitration in the principal place of business in Utah of the other party by providing written notice of the party's intent to arbitrate. The arbitration shall be conducted before a single arbitrator agreed upon between the parties and in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association except insofar as the provisions of this subparagraph deviate from those rules and except insofar as those rules may call for the American Arbitration Association to administer the arbitration, and notwithstanding any AAA rules and procedures or any other provision of any state or federal laws, the parties agree that the arbitrator shall not consider or award punitive damages as a remedy. Either of the parties may request that AAA provide a list of arbitrators each of whom has experience and expertise with respect to the subject matter of this Agreement. Upon each of the party's receipt of such list, each party shall have ten (10) days to select an arbitrator. The two selected arbitrators shall then select a third arbitrator within thirty (30) days from the date the initial two arbitrators were selected and the matter subject to arbitration shall be arbitrated within sixty (60) days after the selection of the third arbitrator. The arbitration

award may include equitable remedies of injunction and specific performance. Judgment upon the award rendered in the arbitration may be entered in any court of competent jurisdiction.

13.6. Jury Waiver. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

13.7. Continuation of Work. Unless otherwise ordered by a court or the arbitrator, the parties shall continue their respective duties under this Agreement on a timely basis in accordance with the Project Schedule. Each party shall continue to make any required payments on a timely basis in accordance with the terms of this Agreement, except to the extent the payment is the subject of the dispute.

ARTICLE XIV. GENERAL PROVISIONS.

14.1. Confidentiality. As a material condition and further consideration for this Agreement, the parties shall keep all of the material terms of this Agreement confidential, and shall not disclose this Agreement nor any of the terms hereof, except: (a) as required for a party to perform its obligations under this Agreement; (b) as between and among the parties hereto and their legal counsel, accountants or tax and financial advisors, and all state and federal taxing agencies entitled or required by law to such disclosure; (c) upon the express prior written consent of the opposing party, which may be given or withheld in its sole discretion; or (d) as required by order of a court of competent jurisdiction or by law including the Utah Governmental Records Access and Disclosure Act. The parties shall inform anyone to whom they rightfully disclose the terms of this Agreement of this confidentiality provision and further shall inform each such person that he/she is bound by this confidentiality provision. In the event any party is compelled by a court to disclose this Agreement or any of the terms hereof, they shall (i) immediately provide the opposing party with a copy of such order, and (ii) cooperate fully with the opposing party in seeking whatever order or assurance is necessary to ensure that confidential treatment will be accorded to this Agreement and the terms hereof. The parties acknowledge and agree that money damages may not be a sufficient remedy for any breach of the terms of this paragraph, and that the parties would be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy for any breach of this paragraph, but shall be in addition to all other remedies available to the parties at law or in equity. The parties further acknowledge that the limitations contained in this paragraph are reasonable and necessary for the protection of the parties' interests. Except as expressly provided herein, the parties agree to limit any disclosure regarding the terms of this Agreement to the fact that the parties have entered into an agreement for construction of the Jordanelle-Midway Line. It is expressly understood, however, that this Agreement may be used as evidence in connection with any subsequent proceeding regarding its alleged breach or enforcement.

14.2. Force Majeure. Neither party shall be in breach of this Agreement or subject to any liability or damages for inability to meet its obligations under this Agreement to the extent that such failure shall be due to causes beyond the reasonable control of such party using Prudent Utility

Practice, including but not limited to the following: (a) the operation and effect of any law, rule, regulation and order of (i) the Utah Public Service Commission, (ii) a state, county or municipal governmental body or agency (not including HLP); or (iii) the United States; (b) restraining order, injunction or similar decree of any court; (c) war; (d) flood; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts. Provided, however, that the party claiming force majeure shall make every reasonable attempt, consistent with Prudent Utility Practice, to avoid or remedy the cause or effect thereof as diligently and expeditiously as possible. 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 a force majeure event was in effect.

14.3. Assignment. Neither party may, without the prior written consent of the other party (which shall not be unreasonably withheld, conditioned or delayed) assign, pledge or transfer all or any part of this Agreement, whether voluntarily or by operation of law. Notwithstanding the foregoing, a party may, without the other party's consent, assign its rights and obligations under this Agreement to an entity (a) with which such party is merged or consolidated; (b) to which the party sells, transfers or assigns all or a significant portion of its electric system. Provided, however, that the assigning or transferring party shall provide reasonable advance notice of such assignment or transfer to the other party, and the assignee or transferee shall consent in writing to be bound by all of the obligations of the transferring or assigning party under this Agreement.

14.4. Successors. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

14.5. Notice. Any notice or other communication required or desired to be given under this Agreement must be in writing and shall be deemed properly made upon delivery (or upon refusal of delivery) and shall be made by (a) personal delivery; (b) reputable overnight commercial courier service; (c) certified first-class United States mail with return receipt; (d) email (with confirmation of delivery); and/or (e) facsimile (with confirmation of delivery). Notices shall be directed to:

If to RMP:

Benjamin Clegg
Rocky Mountain Power PMO
1407 W. North Temple, Suite 220
Salt Lake City, UT 84116

Email: benjamin.clegg@pacificorp.com

with a copy to:

Rocky Mountain Power
Office of General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116

Email: robert.richards@pacificorp.com

If to HLP: Harold Wilson
Heber Light & Power Company
31 South 100 West
Heber City, UT 84032

Email: hwilson@heberpower.com

with copies to: Jason Norlen
Heber Light & Power Company
31 South 100 West
Heber City, UT 84032

Email: jnorlen@heberpower.com

and

Heber Light & Power Company
Office of General Counsel
31 South 100 West
Heber City, UT 84032
Email: generalcounsel@heberpower.com

Either party may change its contact information for notice by providing written notice to the other party in accordance with this paragraph.

14.6. Governing Law. This Agreement shall in all respects be interpreted and enforced in accordance with the laws of the State of Utah, without reference to conflicts of laws.

14.7. Time of the Essence. Time is of the essence of this Agreement.

14.8. Relationship of the Parties; No Third-Party Beneficiaries. Nothing contained in this Agreement shall be construed to create an agency relationship, association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to either of the parties. Each party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability or inference of liability to any third party.

14.9. Further Assurances. Each party shall do all things, including without limitation the timely preparation, execution, delivery, filing, and recording of any instruments or documents, reasonably requested by the other party to perform its obligations under this Agreement.

14.10. Severability. If any provision of this Agreement is held invalid or unenforceable for any reason by a court, governmental agency, or arbitrator, then the objectionable portions of the provision shall be stricken, and all other provisions of this Agreement shall remain unaffected and in force. The parties shall be relieved of their obligations only to the extent necessary to

eliminate the objectionable portion(s) unless a court, governmental agency, or arbitrator holds that the invalidated provision is not separable from the remainder of this Agreement.

14.11. Waiver. Any waiver of a party's rights under this Agreement shall not constitute a continuing waiver or a waiver of any other breach of that right or any other right. All waivers must be in writing and signed by an authorized representative of the party granting the waiver.

14.12. Incorporation of Recitals and Exhibits. The above recitals and the attached exhibits to this Agreement are incorporated herein as an integral part of this Agreement.

14.13. Headings; Interpretation; Construction. The headings in this Agreement are for the convenience of the parties and are not to be used for its construction or interpretation. Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular. The use of the word "including" shall be non-exclusive and shall have the meaning "including, but not limited to." The parties acknowledge that this Agreement is the product of negotiations and that each of them has had the opportunity to consult with legal counsel of their own selection. The parties therefore agree that this Agreement is to be construed and interpreted fairly and reasonably in accordance with its terms and not as against any party as the drafter hereof.

14.14. Cumulative Rights and Remedies. All rights and remedies provided by this Agreement or available in law or equity are cumulative of each other and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.


14.15. Entire Agreement; Amendment. This Agreement sets forth the entire agreement between the parties on the subject matter of this Agreement, and supersedes all prior agreements of the parties with respect to its subject matter. No amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representatives of both parties.

14.16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument. Transmission of a party's signature by electronic format shall be deemed delivery of such party's signature.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: 
Print name: Cindy Crane
Title: President
Date signed: 4/3/17

ATTEST:

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

By: _____
Print name: _____
Title: _____

By: _____
Print name: _____
Title: _____
Date signed: _____


IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: _____
Print name: _____
Title: _____
Date signed: _____

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By: 
Print name: Joseph T. Durbach
Title: General Counsel


By: 
Print name: Jason Porter
Title: General Manager
Date signed: 3-23-2017

Exhibit List

Potential Corridor Map

Section Map

Project SOW

HLP Property Rights Summary

Property Rights Cost Share

Example HLP Property Rights Acquisition Cost

HLP Betterment Election & Cost Share

HLP Betterment Election Key

HLP Betterment Cost Share

Example HLP Obligation Project Facilities Costs

Example RMP WBS Structure

Example RMP Monthly Cost Report

Example HLP Monthly Cost Report

HLP Cost of Capital Contribution Example Calculation

HLP Capital Surcharge Contribution Example Calculation

Operation and Maintenance Agreement

Temporary Measure One Line

Reconciliation Calculation

Exhibit A

Exhibit B

Exhibit C

Exhibit D

Exhibit E

Exhibit F

Exhibit G

Exhibit H

Exhibit I

Exhibit J

Exhibit K

Exhibit L-1

Exhibit L-2

Exhibit M-1

Exhibit M-2

Exhibit N

Exhibit O

Exhibit P

Appendix - Section 120 Line Agreement

Section 120 SOW

Exhibit 120-A

Jordanelle - Midway
HLP - RMP Joint 138/46 Line
Corridor

Legend

- Corridor
- HLP Substation
- Tie Line

Exhibit A

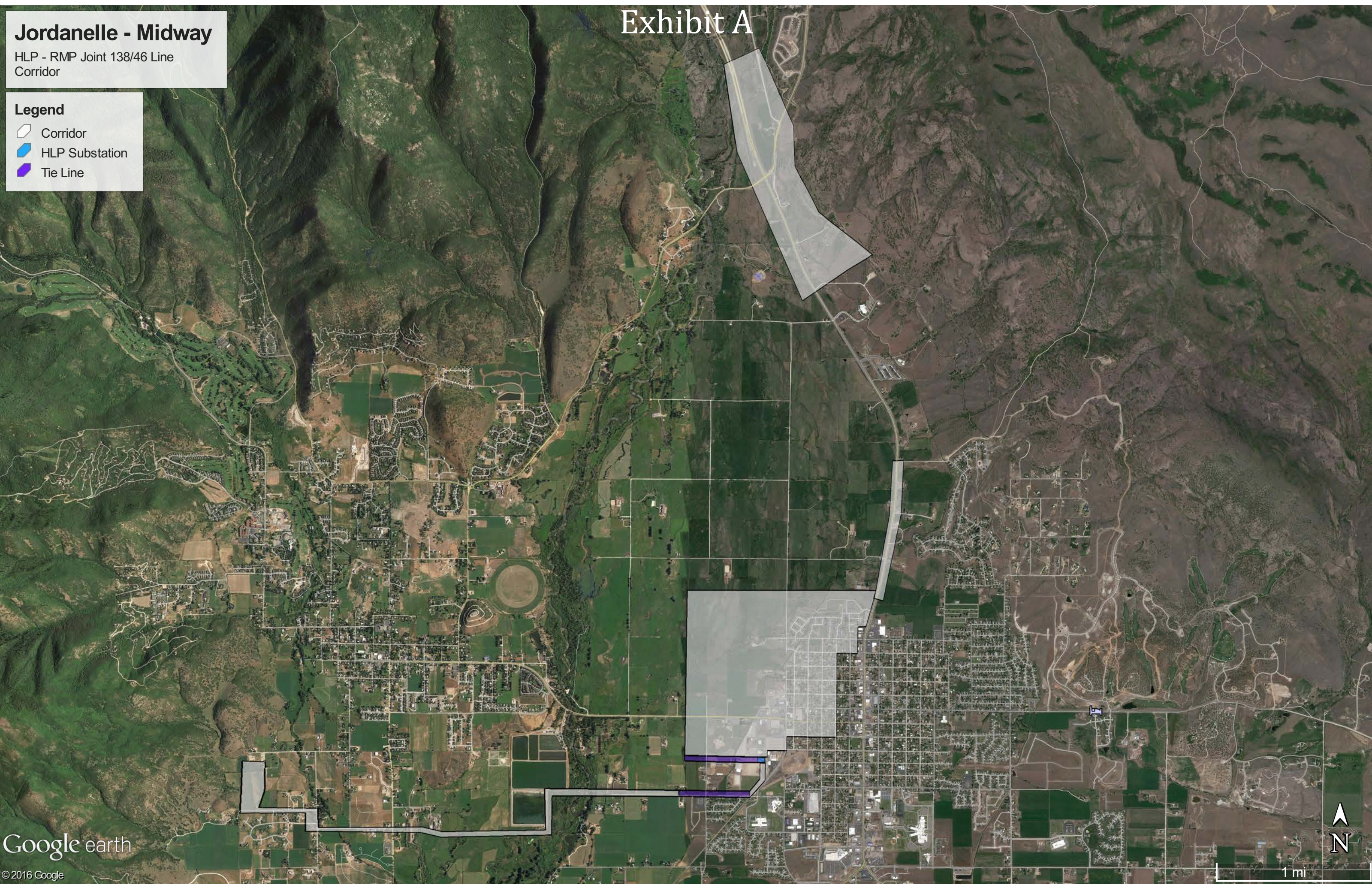


Exhibit B

Section 110

Begin

End



Dotted lines are for illustration only and do not necessarily reflect final line siting.

3000 ft

Exhibit B

Section 120

Begin

End

Oakwood Dr

E Solstice Cir



Exhibit B

Section 130

Ridge Dr
N Valley Dr

Begin

End

Dotted lines are for illustration only and do not necessarily reflect final line siting.



Exhibit B

Section 140A

S 500 W

Begin

End

N

2000 ft

Dotted lines are for illustration only and do not necessarily reflect final line siting.

Google earth

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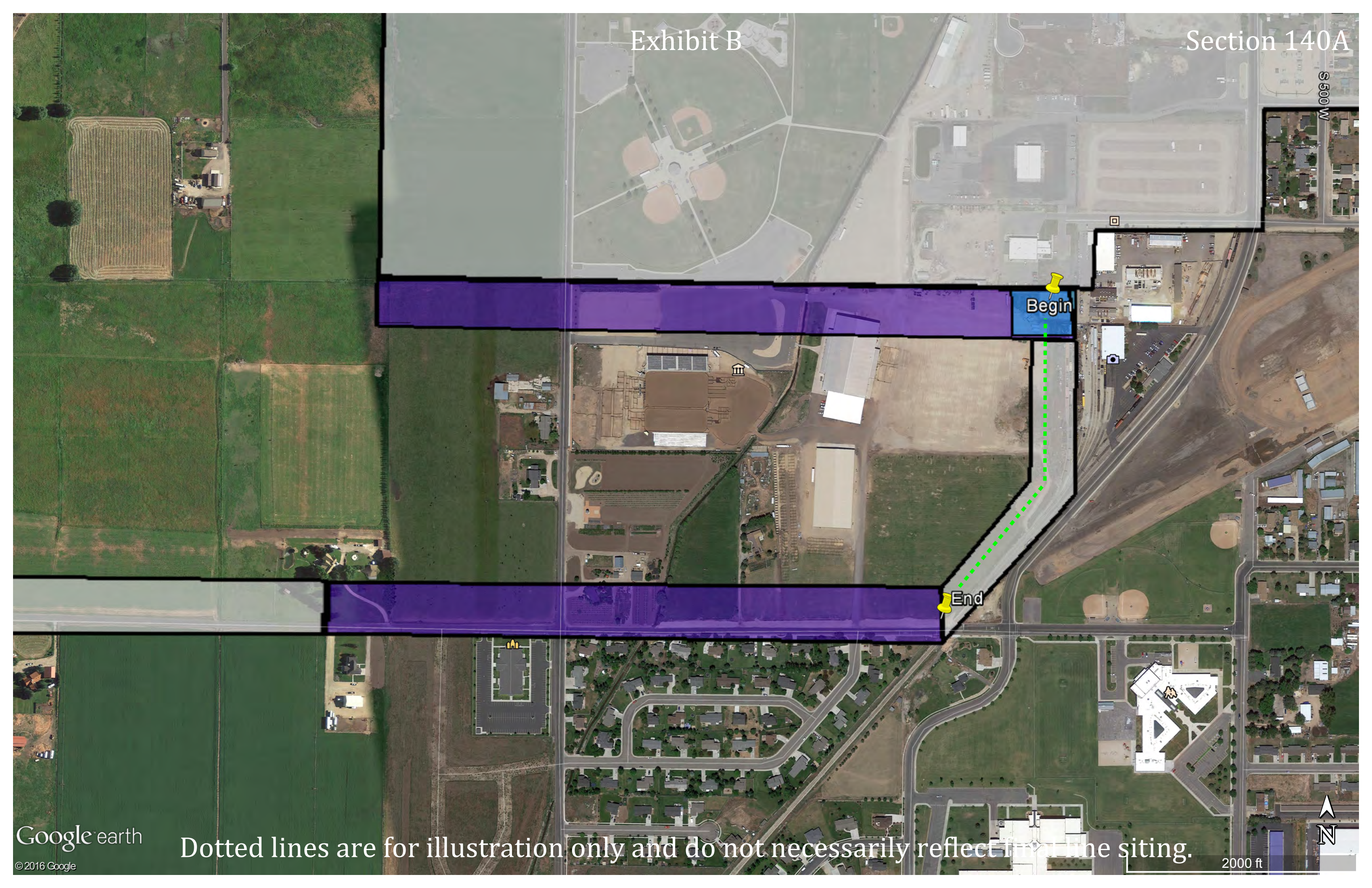


Exhibit B

Section 140B

S 500 W

Begin

End

End

Begin

N

Dotted lines are for illustration only and do not necessarily reflect final line siting.

1000 ft

Exhibit B

Section 150

End

Begin

Dotted lines are for illustration only and do not necessarily reflect final line siting.

1000 ft



Exhibit B

Section 160A

End

End

Begin

Begin

Google earth

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Dotted lines are for illustration only and do not necessarily reflect final line siting

2000 ft



Exhibit B

Section 160B

End

Begin



2000 ft

Dotted lines are for illustration only and do not necessarily reflect final line siting

Exhibit B

Section 170A

End

Begin



1000 ft

Dotted lines are for illustration only and do not necessarily reflect final line siting.

End

Begin

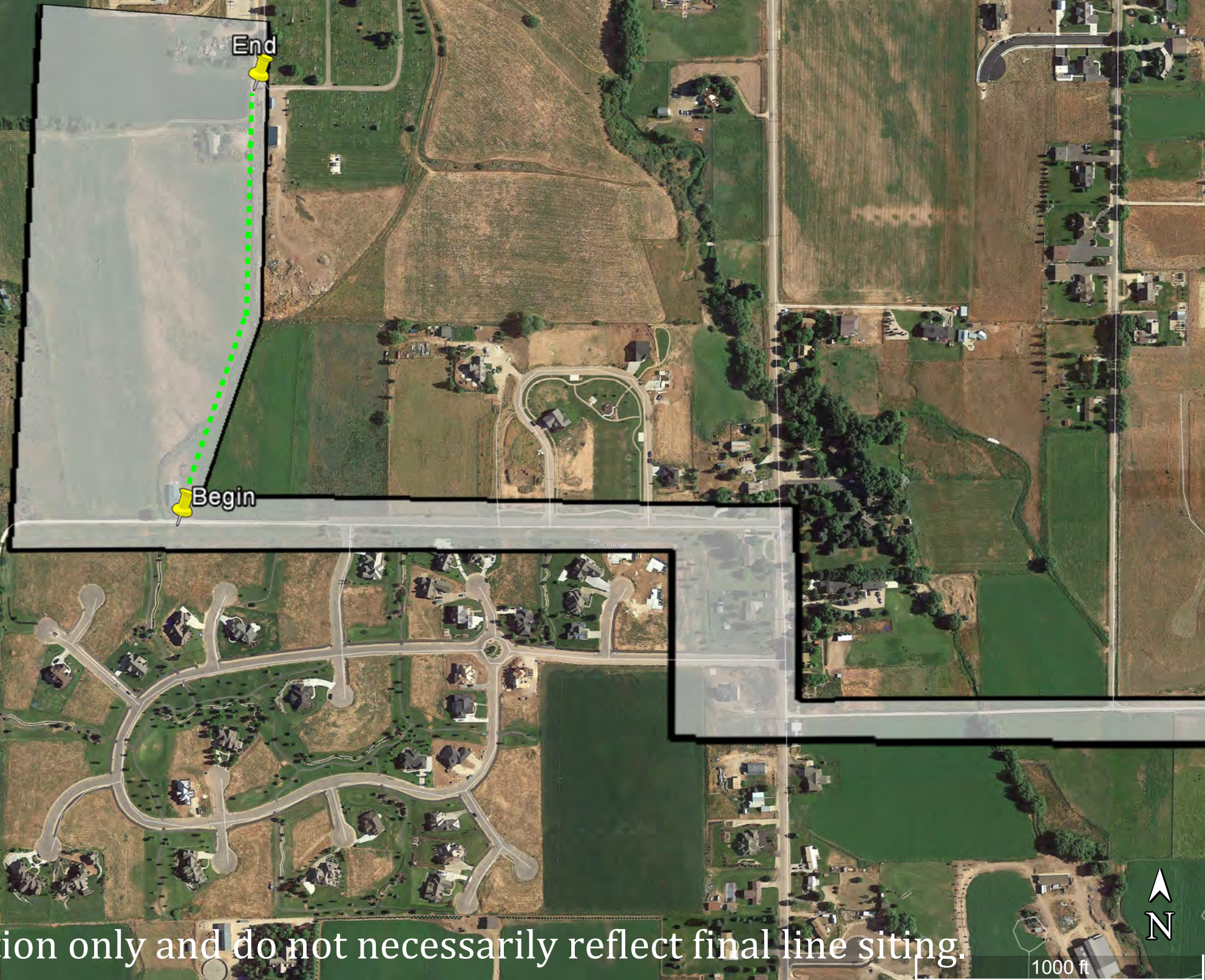


1000 ft

Dotted lines are for illustration only and do not necessarily reflect final line siting.

Exhibit B

Section 180



Dotted lines are for illustration only and do not necessarily reflect final line siting.

Exhibit C
Preliminary Scope of Work

Section 110 - College - Jordanelle Tie	HLP Facilities	Transmission:	None
		Distribution:	12.5kV Three Phase, 795 ACSR "Drake", Upper Position (Express Only), Shared RMP Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", Lower Position, Shared RMP Neutral
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
130 - 950N - South Field - Bypass Route	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
140A - HPL Sub - 650 S.	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal

Exhibit C
Preliminary Scope of Work

140B - HLP Tie Line	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
150 - 1400 W - Spring Creek	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral, Transfer Existing Conductor
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
160A - Spring Creek - 113	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal

Exhibit C
Preliminary Scope of Work

160B - North Sewer - South Sewer	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Three Phase, 4/0, High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
170A - 113 - Stringtown Road	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal
170B - Stringtown Road - 800 W	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Poles Sized for Three Phase, 477 AAC "Cosmos", High Neutral, Transfer Existing Conductor
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal

Exhibit C
Preliminary Scope of Work

180 - 865 S - Western End of Shared Facilities	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal

Exhibit D

Property Percentage by Heber-Midway Line Section

Line Section	Line Alignment	HLP Existing Easement	HLP Property Percentage		Section Length
Section 110 - College - Jordanelle Tie	Existing HLP Alignment	HLP Distribution	A	45.45%	1.63
	Alternate Alignment	None	B	50.00%	1.63
120 - Coyote - 950N	Existing HLP Alignment	HLP Transmission	C	0.00%	0.88
130 - 950N - South Field	Bypass Road	None	B	50.00%	2.2
	Alternate Alignment (600 West)	Partial None Partial HLP Distribution	Partial A Partial B	Partial 45.45% Partial 50.00%	1.79
140A - HPL Sub - 650 S.	Existing HLP Alignment	HLP Transmission	C	0.00%	0.25
150 - 1400 W - Spring Creek	Existing HLP Alignment	HLP Transmission & Distribution	C	0.00%	0.5
160A - Spring Creek - 113	Existing HLP Alignment	HLP Transmission	C	0.00%	1.25
160B - North Sewer - South Sewer	Existing HLP Alignment	HLP Transmission & Distribution	C	0.00%	0.4
170A - 113 - Stringtown Road	Existing HLP Alignment	HLP Transmission & Distribution	C	0.00%	0.9
170B - Stringtown Road - 800 W	Existing HLP Alignment	HLP Transmission & Distribution	C	0.00%	0.12
180 - 865 S - Midway Sub	Existing HLP Alignment	HLP Transmission	C	0.00%	0.27

HLP Signature: _____
 HLP Representative Name: _____
 Date: _____

RMP Signature: _____
 RMP Representative Name: _____
 Date: _____

Exhibit D

Explanation:

Purpose: This Exhibit D is a form for determining the HLP share of the Property Acquisition Costs for each Line Section of the Heber-Midway Line. The information in this form is preliminary and provided for illustration purposes only. The final computation of the HLP Property Percentage will occur after Final Siting establishes the final line alignment and length. This final information will be inserted in the form to determine the final HLP Property Percentage for each Line Section and the parties will execute the completed form. This HLP Property Percentage shall be used in the computation of the HLP Property Share in Exhibit E.

Line Section-Description: The section numbers and description refer to the sections and descriptions in Exhibit B.

Line Alignment/HLP Existing Easements: The HLP Property Percentage is based on whether the line alignment is within an HLP existing easement and whether the HLP existing easement is a transmission or distribution easements. This information in preliminary form is provided for illustration purposes. Final Siting will establish the final line alignment and the extent to which the line alignment is within an HLP existing easement.

HLP Property Percentage: The HLP Property Percentage is found in Exhibit F. The percentage is HLP's share of Property Rights Acquisition Costs for a Line Section and varies depending on whether HLP has existing easements for the line. For example, Exhibit F identifies as category "A" a line location where HLP has an existing distribution easement. In such case, the HLP Property Percentage is 45.45%. After Final Siting, the parties will insert the appropriate HLP Property Percentage from Exhibit F for each Line Section.

Section Length: The section length shown above is for illustration purposes only. Final Siting shall provide the length of each Line Section for the final computation of the HLP Property Percentage.

Exhibit E

Computation of HLP Property Share

Example Calculation:

Section - Description	Section Length	HLP Property Percentage	HLP Weighted Allocation
110 - College - Jordanelle Tie	1.63	45.45%	19.345%
120 - Coyote - 950N	N/A	0.00%	N/A
130 - 950N - South Field - Bypass Route	2.2	50.00%	28.721%
140A - HPL Sub - 650 S.	N/A	0.00%	N/A
150 - 1400 W - Spring Creek	N/A	0.00%	N/A
160A - Spring Creek - 113	N/A	0.00%	N/A
160B - North Sewer - South Sewer	N/A	0.00%	N/A
170A - 113 - Stringtown Road	N/A	0.00%	N/A
170B - Stringtown Road - 800 W	N/A	0.00%	N/A
180 - 865 S - Midway Sub	N/A	0.00%	N/A
Total ROW Mileage	3.83		48.066%

HLP Property Share: **48.066%**

HLP Signature: _____

HLP Representative Name: _____

Date: _____

RMP Signature: _____

RMP Representative Name: _____

Date: _____

Explanation:

Purpose: This Exhibit E is a form for the computation of the HLP Property Share. The information in this form is preliminary and provided for illustration purposes only. The final computation of the HLP Property Share shall be made by the parties using line location and length for each Line Section as provided in the Final Siting. This information will be inserted in the form above to arrive at the final HLP Property Share and the parties will execute below. This HLP Property Share shall be used in determining HLP's share of the Property Rights Acquisition Costs as provided in Section 7.2 of the Agreement.

Line Section-Description: The section numbers and description refer to the sections and descriptions in Exhibit B.

Section Length: The section length shown above is for illustration purposes only. Final Siting shall provide the length of each Line Section for the final computation of the HLP Property Share.

HLP Property Percentage: The HLP Property Percentage is HLP's share of the cost for each Line Section as shown in an updated Exhibit D.

Weighted Allocation: The weighted allocation for each line section is the HLP Property Percentage for a given Line Section multiplied by the section length divided by the total miles.

HLP Property Share: The HLP Property Share is, in this example, 48.066% the sum of the weighted allocations.

Exhibit F

Parties note in certain areas HLP does not currently have easements.

Parties agree easements will be obtained where needed.

Parties agree for fixed width easements, an easement width of 55' will be acquired.

Parties agree easement costs will be allocated as follows:

Condition	HLP Existing Easement Description	HLP Percentage	RMP Percentage
A	HLP has prescriptive or express distribution easements and HLP does not have prescriptive or express transmission easements.	45.45%	54.55%
B	HLP does not have prescriptive or express transmission and distribution easements.	50.00%	50.00%
C	HLP has prescriptive or express transmission easements.	0.00%	100.00% *
D	HLP Re-Route	100.00%	0.00%

The HLP Percentage for Line Sections in which it has prescriptive or express 46kv transmission easements is 0%. Notwithstanding the existence of these transmission easements, RMP may determine, in its sole discretion, to purchase easements in these Line Sections. In such a case, RMP shall pay 100% of the cost of acquiring such easements and these cost shall not be included in the Property Rights Acquisition Costs shared by the parties.

Exhibit G

Facilities Percentage Share by Heber-Midway Line Section

Section 110 - College - Jordanelle Tie	Existing HLP Alignment	Accommodation:	HLP Three Phase Distribution - 795 ACSR "Drake"	Section Length (Miles): 1.63	HLP Percentage:	
		Betterment:	48 Strand ADSS Fiber		T1, D1, C2	2.63%
Section 120 - Coyote - 950N	Existing HLP Alignment	Accommodation:	HLP Three Phase Distribution - Transfer Existing Conductor - 477 AAC "Cosmos" HLP 46kV Transmission - Transfer Existing Conductor	Section Length (Miles): 0.88	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor 48 Strand ADSS Fiber		T3, D1, C2	13.83%
Section 130 - 950N - South Field	Bypass Road	Accommodation:	None	Section Length (Miles): 2.2	HLP Percentage:	
		Betterment:	HLP 46 kV Transmission - Upsize Pole and Install 795 ACSR HLP Three Phase Capable Future Distribution - 12' Arm (High Neutral) 477 AAC "Cosmos" Capable of Three Phase 48 Strand ADSS Fiber		T4, D5, C2	37.42%
Section 140A - HPL Sub - 650 S.	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0)	Section Length (Miles): 0.25	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor HLP Three Phase Capable Future Distribution - 12' Arm (High Neutral) 477 AAC "Cosmos" Capable of Three Phase 48 Strand ADSS Fiber		T3, D5, C2	21.30%
Section 150 - 1400 W - Spring Creek	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0) HLP Single Phase Distribution	Section Length (Miles): 0.5	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor HLP Three Phase Capable Future Distribution - 12' Arm (High Neutral) 477 AAC "Cosmos" Capable of Three Phase - Transfer Existing Conductor to 12' Arm 48 Strand ADSS Fiber		T3, D4, C2	19.20%
160A - Spring Creek - SR 113	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0)	Section Length (Miles): 1.25	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor HLP Three Phase Capable Future Distribution - 12' Arm (High Neutral) 477 AAC "Cosmos" Capable of Three Phase 48 Strand ADSS Fiber		T3, D5, C2	21.30%

Exhibit G

Section 160B - North Sewer - South Sewer	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0) HLP Three Phase Distribution - 12' Arm (High Neutral) (4/0) Three Phase - Transfer Existing Conductor to 12' Arm	Section Length (Miles): 0.4	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor 48 Strand ADSS Fiber		T3, D1, C2	13.83%
Section 170A - SR 113 - Stringtown Road	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0) HLP Three Phase Distribution - 12' Arm (High Neutral) (#2) Three Phase	Section Length (Miles): 0.9	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor HLP Three Phase Distribution - Upsize Pole and Install 477 AAC "Cosmos" Conductor 48 Strand ADSS Fiber		T3, D3, C2	20.26%
Section 170B - Stringtown Road - 800 W	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0) HLP Three Phase Distribution - 12' Arm (High Neutral) (#2) Three Phase	Section Length (Miles): 0.12	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor HLP Three Phase Capable Future Distribution - 12' Arm (High Neutral) 477 AAC "Cosmos" 48 Strand ADSS Fiber		T3, D2, C2	13.21%
Section 180 - 865 S - Midway Sub	Existing HLP Alignment	Accommodation:	HLP 46kV Transmission - Existing Conductor (4/0)	Section Length (Miles): 0.27	HLP Percentage:	
		Betterment:	HLP 46kV Transmission - Upsize Pole and Install 795 ACSR "Drake" Conductor 48 Strand ADSS Fiber		T3, D1, C2	13.83%

HLP Signature:	
HLP Representative Name:	
Date:	
RMP Signature:	
RMP Representative Name:	
Date:	

The information in this Exhibit G is preliminary and provided only for illustration. The Final Siting will determine the length of each Line Section. HLP Betterment election in Section 5.8 with the Accommodations shown above provide the combination of HLP facilities on the Line Section.. The parties will include this information in the chart above with the HLP Percentage from Exhibit I. When completed and executed, the HLP Percentages shall be used to calculate HLP Betterment Share in Exhibit E.

Exhibit H

Type	Identifier	Existing HLP Facilities	Accommodation	HLP Betterment Options
Communication (C)	C1	No existing HLP ADSS or OPGW	No Accommodation.	No betterment.
	C2	No existing HLP ADSS or OPGW	No Accommodation.	RMP design and install 48 strand ADSS in communication space.
Distribution (D)	D1	Existing HLP 12.5kV Facilities	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	No betterment.
	D2	Existing HLP 12.5kV Three Phase Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	RMP design and install a pole capable of HLP 12.5kV Three Phase 477 AAC "Cosmos" Circuit. The 477 AAC "Cosmos" conductors are be installed by HLP at a future date.
	D3	Existing HLP 12.5kV Three Phase Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	RMP design and install a HLP 12.5kV Three Phase 477 AAC "Cosmos" Circuit.
	D4	Existing HLP 12.5kV Single Phase Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	RMP design and install a pole capable of HLP 12.5kV Three Phase 477 AAC "Cosmos" Circuit. The 477 AAC "Cosmos" conductors, insulators, and pole line hardware for the additional two (2) phases are be installed by HLP at a future date.
	D5	No existing HLP 12.5kV Circuit	No Accommodation.	RMP design and install a pole capable of HLP 12.5kV Three Phase 477 AAC "Cosmos" Circuit. The 477 AAC "Cosmos" conductors, cross-arms, insulators, and pole line hardware are be installed by HLP at a future date.
	D6	No existing HLP 12.5kV Circuit	No Accommodation.	RMP design and install HLP 12.5kV Three Phase 795 ACSR "Drake" Circuit.

Exhibit H

Transmission (T)	T1	Existing HLP 46 kV Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	No betterment. Transfer existing conductor.
	T2	Existing HLP 46 kV Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	Upsize pole for future 795 ACSR "Drake" transmission. Transfer existing conductor.
	T3	Existing HLP 46 kV Circuit	RMP design and transfer existing HLP Facilities or install equivalent facilities if RMP or its contractor determines that a transfer would not be cost effective.	Upsize pole and install 795 ACSR "Drake" transmission.
	T4	No existing HLP 46kV Circuit	No Accommodation.	RMP design and install HLP 46 kV Circuit w/ 795 ACSR "Drake"

Explanation:

Exhibit H identifies describes a different combination of HLP Existing Facilities, Accommodations and HLP Betterments. Each combination is identified by a letter and a number which are found in the column denominated "Identifier." For example, a T1 Identifier means a section of the Heber-Midway Line where HLP Existing Facilities would consist of an HLP 46 kV Circuit, where the Accommodation is RMP's transfer of the HLP Existing Facilities, and where HLP has elected Betterments consisting of upgrades to the poles. This column identifies the types of HLP Existing Facilities located along the route of the Heber-Midway Line. The column denominated HLP Betterments describes the improvements and upgrades that HLP may designate as HLP Betterments under Section 5.8 b of the Agreement.

Exhibit I

Potential Facilities Combinations and HLP Percentage Share

Potential Combination of Accommodations and HLP Betterment	HLP Percentage
T1, D1, C1	0.00%
T1, D2, C1	0.61%
T1, D3, C1	9.75%
T1, D4, C1	8.01%
T1, D5, C1	9.92%
T1, D6, C1	15.36%
T2, D1, C1	0.00%
T2, D2, C1	0.61%
T2, D3, C1	9.75%
T2, D4, C1	8.01%
T2, D5, C1	9.92%
T2, D6, C1	15.36%
T3, D1, C1	11.78%
T3, D2, C1	11.32%
T3, D3, C1	18.67%
T3, D4, C1	17.52%
T3, D5, C1	19.59%
T3, D6, C1	23.95%
T4, D1, C1	28.84%
T4, D2, C1	26.71%
T4, D3, C1	33.45%
T4, D4, C1	32.91%
T4, D5, C1	35.90%
T4, D6, C1	39.77%
T1, D1, C2	2.63%
T1, D2, C2	2.98%
T1, D3, C2	11.71%
T1, D4, C2	10.10%
T1, D5, C2	12.06%
T1, D6, C2	17.25%
T2, D1, C2	2.63%
T2, D2, C2	2.98%
T2, D3, C2	11.71%
T2, D4, C2	10.10%
T2, D5, C2	12.06%
T2, D6, C2	17.25%
T3, D1, C2	13.83%
T3, D2, C2	13.21%
T3, D3, C2	20.26%
T3, D4, C2	19.20%
T3, D5, C2	21.30%
T3, D6, C2	25.48%
T4, D1, C2	30.71%
T4, D2, C2	28.45%
T4, D3, C2	34.89%
T4, D4, C2	34.44%
T4, D5, C2	37.42%
T4, D6, C2	41.12%

Explanation:

Exhibit I shows the HLP Percentage of the cost for different, potential combinations of Accommodations and HLP Betterments in a Line Section. These potential combinations are identified by a letter-number identifier found in Exhibit H. For example, Exhibit H shows that T1, D1, and C1 mean a section of line where there are only RMP Accommodations and no HLP Betterments and Exhibit I shows a 0% HLP Percentage for the Line Section with these facilities. In contrast, Exhibit H shows that T4, D6, and C2 is a Line Section where there are no RMP Accommodations and HLP has Betterments and Exhibit I shows a 41.12% HLP Percentage.

The HLP Percentage in Exhibit I is used in Exhibit J to determine the HLP Betterment Share.

Exhibit J

HLP Betterment Share

Example Calculation:

Line Section - Description	Section Length	HLP Percentage	Weighted Allocation
110 - College - Jordanelle Tie	1.63	2.63%	0.51%
120 - Coyote - 950N	0.88	13.83%	1.45%
130 - 950N - South Field - Bypass Route	2.2	37.42%	9.80%
140A - HPL Sub - 650 S.	0.25	21.30%	0.63%
150 - 1400 W - Spring Creek	0.5	19.20%	1.14%
160A - Spring Creek - 113	1.25	21.30%	3.17%
160B - North Sewer - South Sewer	0.4	13.83%	0.66%
170A - 113 - String town Road	0.9	20.26%	2.17%
170B - String town Road - 800 W	0.12	13.21%	0.19%
180 - 865 S - Midway Sub	0.27	13.83%	0.44%
<hr/> Total Mileage		8.4	<hr/> 20.17%

HLP Betterment Share: **20.17%**

Explanation:

The section numbers and description refer to the sections and descriptions in Exhibit D.

Section Length-The section length is an estimate of the number of miles in the section of the Heber-Midway Line. The final computation of the HLP Betterment Share shall include the length of these sections after Final Siting.

HLP Cost Percentage-The HLP cost percentage is based on HLP's preliminary identification, in Exhibit G, of HLP Betterments for each line section. The final computation of the HLP Betterment Share shall be based on HLP's final election of Betterments as provided in the Agreement and the applicable cost percentage in Exhibit I for the final HLP Betterments on each line section.

Weighted Allocation-The weighted allocation for each line section is the HLP cost percentage for a given section multiplied by the section length divided by the total miles.

HLP Betterment Share-The HLP Betterment Share is, in this example, 20.17% the sum of the weighted allocations.

HLP Signature: _____

HLP Representative Name: _____

Date: _____

RMP Signature: _____

RMP Representative Name: _____

Date: _____

This will be considered final after Final Siting is complete, this form is updated, and HLP Representative executes on the signature line per the Agreement.

Exhibit K

Example RMP WBS Structure

Level One	TAME/2014/C/002
Level Two	Phase 1 - Highway 40
Level Three	Capital Work
Level Three	ROW
Level Three	Communications
Level Two	Heber-Midway HLP Shared
Level Three	Capital Facilities Work
Level Three	ROW
Level Three	Communications
Level Two	Jordanelle - Midway Substations (RMP Only)
Level Three	Substation 1
Level Four	Capital Facilities Work
Level Four	Land
Level Four	Communications
Level Three	Substation 2
Level Four	Capital Facilities Work
Level Four	Land
Level Four	Communications

*HLP Capital Surcharge Contribution and HLP Cost of Capital Contribution will be based on Capital Surcharges and AFUDC attributable to the Heber - Midway Line, bolded above.

Exhibit L-1

Example Monthly Cost Report



Category	CE Desc	Material Desc	Vendor Desc	Qty	Amount
Material Components	Breakers & Switches			28	\$16,126.05
	Insulators			197	\$3,492.74
	Conductor			30332	\$36,126.69
	Uniform / Safety Eqp			4	\$26.44
	Meter/Relay,I&C Part			0	
		INDICATOR,FAULT,ELB MTG,TEST PT,400A TR^		2	\$180.88
		PADVAULT,METERING,THREEPHASE,200A,5X7		0	\$2,812.29
	Electronic Supplies			3	\$19.23
	Oth Elect Equip/Supp			3424	\$14,686.78
	Fasteners			815	\$885.59
	Undgrnd Mat-Elec			39	\$3,820.25
	Tools			6	\$122.19
	Transformers			0	\$5,349.34
		XFMR,PAD,1PH,25,7.2,240/120,NT		1	\$1,207.49
		XFMR,POLE,10,7.2,120/240,NT,ARR		2	\$1,027.02
		XFMR,POLE,25,7.2,120/240,NT, ARR		1	\$726.24
	Misc M&S			177	\$23,660.32
	Poleline Hardware			589	\$7,288.64
	Wood Products			27	\$5,080.69
Material Components Total				35647	\$122,638.87
Internal Labor	Journeyman			18.327	\$1,263.35
	Estimator			177	\$23,152.40
Internal Labor Total				195.327	\$24,415.75
AFUDC Total				0	\$1,526.72
Surcharge/Overheads	Construction Overhea			0	\$36,760.84
Surcharge/Overheads Total				0	\$36,760.84
Utilities/Other Serv	Stores Exp Distribut			0	\$3,448.91
Utilities/Other Serv Total				0	\$3,448.91
Grand Total				35842.327	\$188,791.09

188,791.09

Exhibit L-2

HEBER LIGHT & POWER

Revision: 75771

03/14/2017 11:54:07 am

Page: 1

WORK ORDER BALANCING ACTIVITY

Detail

Module: AP-Accounts Payable

Period	Chg Work Order Code	Date	Journal Reference / Invoice	Vendor / Purchase Order	Name / Last Check/Tran	Pymts Applied	Amount
GL Div: 0	GL Account: 107.0	GL Dept: 0	GL Actv: 0				
FEB 2017	5 10193	02/10/2017	6778 AUDOCAD TO ESRI DATA CO 678	47	PTARMIGAN SOF 55219	1	7,962.11
Total for GL Div 0 GL Account 107.0 GL Dept 0:							7,962.11
Total For FEB 2017:							7,962.11
Total For AP-Accounts Payable:							7,962.11

Module: PL-Payroll/Labor

Period	GL Div	GL Acct	GL Dept	GL Actv	Chg Code	Work Order	Date	Work Date	Journal	Empl	Labor Hours	Amount Batch	Line
Future	0	591.0	2	0	3	10193	02/28/2017	03/14/2017		4	8.00	0.00 Self-Keyed	
								03/13/2017		4	8.00	0.00	
								03/10/2017		4	8.00	0.00	
								03/09/2017		4	8.00	0.00	
								03/08/2017		4	8.00	0.00	
								03/07/2017		4	8.00	0.00	
								03/06/2017		4	8.00	0.00	
								03/03/2017		4	8.00	0.00	
								03/02/2017		4	8.00	0.00	
								03/01/2017		4	8.00	0.00	
Total for GL Div 0 GL Account 591.0 GL Dept 2:											80.00	0.00	
Total For Future:											80.00	0.00	
FEB 2017	0	591.0	2	0	3	10193	02/28/2017	01/18/2017		19	8.00	0.00 Self-Keyed	
								01/31/2017		19	8.00	0.00	
								01/30/2017		19	8.00	0.00	
								01/27/2017		19	8.00	0.00	
								01/26/2017		19	8.00	0.00	
								01/25/2017		19	8.00	0.00	
								01/24/2017		19	8.00	0.00	

Exhibit L-2

HEBER LIGHT & POWER

Revision: 75771

03/14/2017 11:54:07 am

WORK ORDER BALANCING ACTIVITY

Page: 2

Detail

Module: PL-Payroll/Labor

Period	GL Div	GL Acct	GL Dept	GL Actv	Chg Code	Work Order	Date	Work Date	Journal	Empl	Labor Hours	Amount	Batch	Line
FEB 2017	0	591.0	2	0	3	10193	02/28/2017	01/23/2017		19	8.00	0.00	Self-Keyed	
								01/20/2017		19	8.00	0.00		
								01/19/2017		19	8.00	0.00		
								02/06/2017		19	8.00	0.00		
								02/14/2017		19	8.00	0.00		
								02/07/2017		19	4.00	0.00		
								02/03/2017		19	8.00	0.00		
								02/02/2017		19	8.00	0.00		
								02/01/2017		19	8.00	0.00		
								02/10/2017		19	8.00	0.00		
								02/09/2017		19	8.00	0.00		
								01/18/2017		4	8.00	0.00		
								01/19/2017		4	8.00	0.00		
								01/20/2017		4	8.00	0.00		
								01/31/2017		4	3.00	0.00		
										4	8.00	0.00		
								01/30/2017		4	3.00	0.00		
										4	8.00	0.00		
								01/21/2017		4	4.00	0.00		
								01/24/2017		4	8.00	0.00		
								01/27/2017		4	8.00	0.00		
								01/26/2017		4	8.00	0.00		
								01/25/2017		4	8.00	0.00		
								02/07/2017		4	8.00	0.00		
								02/06/2017		4	4.00	0.00		
								02/03/2017		4	8.00	0.00		
								02/02/2017		4	8.00	0.00		

Exhibit L-2

HEBER LIGHT & POWER

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WORK ORDER BALANCING ACTIVITY

Detail

Module: PL-Payroll/Labor

Period	GL Div	GL Acct	GL Dept	GL Actv	Chg Code	Work Order	Date	Work Date	Journal	Empl	Labor Hours	Amount	Batch	Line
FEB 2017	0	591.0	2	0	3	10193	02/28/2017	02/01/2017		4	8.00	0.00	Self-Keyed	
								02/13/2017		4	8.00	0.00		
								02/01/2017		4	3.00	0.00		
								02/14/2017		4	8.00	0.00		
								02/10/2017		4	8.00	0.00		
								02/12/2017		4	2.00	0.00		
								02/09/2017		4	8.00	0.00		
								02/08/2017		4	8.00	0.00		
								02/14/2017		62	8.00	0.00		
								02/13/2017		62	8.00	0.00		
								02/10/2017		62	8.00	0.00		
								02/09/2017		62	8.00	0.00		
								02/03/2017		62	8.00	0.00		
								02/02/2017		62	8.00	0.00		
								02/06/2017		62	8.00	0.00		
								02/01/2017		62	8.00	0.00		
								01/31/2017		67	8.00	0.00		
Total for GL Div 0 GL Account 591.0 GL Dept 2:											375.00	0.00		
Total For FEB 2017:											375.00	0.00		
Total For PL-Payroll/Labor:											455.00	0.00		

Grand Total:

Labor Hour 455.00
Amount: \$ 7,962.11

Exhibit L-2

HEBER LIGHT & POWER

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WORK ORDER BALANCING ACTIVITY

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Detail

PARAMETERS ENTERED:

Work Order: 10193 0

Period: FEB 2017 **To** FEB 2017

GL Account: All

GL Department: All

Module: All

Charge Code: All

Work Order Detail: Details

Group: Module

Exhibit M-1

HLP Cost of Capital Contribution Example Calculation:

Total Facility and Property Right Acquisition Costs:	Total
Total Pre-surge Cost Responsibility:	\$ 10,515,000.00
Total Costs: (a)	\$ 10,515,000.00

HLP share of Costs	HLP Share (\$)
Total Pre-surge HLP Cost Responsibility:	\$ 2,989,852.15
HLP share of Total Costs: (b)	\$ 2,989,852.15

HLP Expended and HLP Credits	Total
Total HLP Expended:	\$ 2,565,000.00
RMP Highway 40 Transmission Structure Purchase	\$ 390,908.40
Jordanelle - Midway Directs	\$ -
HLP Credits: (c)	\$ 2,955,908.40

Pre-Cost of Capital Sub-Total HLP due to RMP (b-c)	(d) \$ 33,943.75
--	------------------

Total Costs minus HLP Credits (a-c)	(e) \$ 7,559,091.60
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HLP Cost of Capital Contribution Percentage (d/e)	(f) 0.45%
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Cost of Capital Accrued	(g) \$ 636,000.00
-------------------------	-------------------

HLP Cost of Capital Contribution (f*g):	\$ 2,855.93
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If (d) is less than \$0.00, HLP Cost of Capital Contribution is \$0.00.

This is an example calculation only. The actual Cost of Capital Contribution may be different depending on actual contributions and costs.

HLP's Share and Credits are not fixed and will change dependent upon HLPs elections.

The information in this form is provided for illustration purposes only. The final reconciliation calculation will be based on the parties' final reports of their total costs as provided in Section 7.4 a of the Agreement. The information from the final reports will be inserted in the form to determine the parties respective payment obligations under Section 7.5 of the Agreement.

Exhibit M-2

HLP Capital Surcharge Contribution Example Calculation:

Total Facility and Property Right Acquisition Costs:	Total
Total Pre-surge Cost Responsibility:	\$ 10,515,000.00
Total Costs: (a)	\$ 10,515,000.00

HLP share of Costs	HLP Share (\$)
Total Pre-surge HLP Cost Responsibility:	\$ 2,989,852.15
HLP share of Total Costs: (b)	\$ 2,989,852.15

HLP Expended and HLP Credits	Total
Total HLP Expended:	\$ 2,565,000.00
RMP Highway 40 Transmission Structure Purchase	\$ 390,908.40
Jordanelle - Midway Directs	\$ -
HLP Credits: (c)	\$ 2,955,908.40

Pre-Capital Surcharge Sub-Total HLP due to RMP (b-c)	(d) \$ 33,943.75
--	------------------

Total Costs minus HLP Credits (a-c)	(e) \$ 7,559,091.60
-------------------------------------	---------------------

HLP Capital Surcharge Contribution Percentage (d/e)	(f) 0.45%
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Capital Surcharge Accrued	(g) \$ 874,500.00
---------------------------	-------------------

HLP Capital Surcharge Contribution (f*g):	\$ 3,926.90
---	--------------------

If (d) is less than \$0.00, HLP Capital Surcharge Contribution is \$0.00.

This is an example calculation only. The actual Capital Surcharge Contribution may be different depending on actual contributions and costs.

HLP's Share and Credits are not fixed and will change dependent upon HLPs elections.

The information in this form is provided for illustration purposes only. The final reconciliation calculation will be based on the parties' final reports of their total costs as provided in Section 7.4 a of the Agreement. The information from the final reports will be inserted in the form to determine the parties respective payment obligations under Section 7.5 of the Agreement.

**AGREEMENT FOR THE
OPERATION, MAINTENANCE AND
SHARED USE OF TRANSMISSION STRUCTURES
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER COMPANY**

This Agreement for the Operation, Maintenance and Shared Use of Transmission Structures (this “Operation Agreement”) is entered into on this 24 day of March 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Pursuant to that certain Joint Use and Construction Agreement for Highway 40 Line between the parties dated September 16, 2013 (referred to by the parties as the Highway 40 Line Agreement), the Highway 40 Line Agreement and the Engineering, Procurement and Construction Contract for the Highway 40 Line by and between Heber Light & Power Company and Probst Electric, Inc., dated March 27, 2014. and that certain Construction Agreement for Heber-Midway Line between the parties dated March 24, 2017 (referred to by the parties as the Heber-Midway Line Agreement) (jointly, the “Construction Agreements”), at the time of execution of this Operation Agreement the parties will have constructed a portion of the 138kV transmission line from Rocky Mountain Power’s Jordanelle substation located in unincorporated Wasatch County, Utah, and its Midway substation located in Midway City, Utah (“Jordanelle-Midway Line”).

B. Under the Construction Agreements and based on the final design and construction of the Heber-Midway Line, a party may own all of the Structures or each party may own specific Structures in the Jordanelle-Midway Line. In addition, each party will own its separate Facilities consisting of transmission and distribution lines, circuits, equipment and facilities that are attached to the Structures.

C. The parties desire to enter into this Operation Agreement to provide for the joint operation, maintenance and use of the Structures and each party’s operation, maintenance and use of its respective Facilities.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS.

1.1. “Construction Agreements” is defined in Recital A.

Exhibit N

1.2. “Dispatcher” means the parties respective dispatch offices identified in Section 4.9.c.

1.3. “Default” is defined in paragraph 11.1.

1.4. “Emergency” means an urgent circumstance where injury, bodily harm, loss of life, or serious risk to property or the environment appears imminent.

1.5. “Facilities” means the HLP Distribution Line and/or the RMP Circuits, either collectively or individually.

1.6. “HLP” is defined in the preamble.

1.7. “HLP Distribution Line” means the insulators, cross-arms, conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that are owned, operated, and maintained by HLP and attached to the Structures, all as provided in the Construction Agreements. In addition, the HLP Distribution Line includes all equipment and facilities used to repair and/or replace the equipment and facilities originally installed.

1.8. “Operation Agreement” is defined in the preamble.

1.9. “Owner” shall mean the party who owns the particular Facilities or Structures, either HLP or Rocky Mountain Power, as the case may be.

1.10. “Jordanelle-Midway Line” is defined in Recital A.

1.11. “Prudent Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, and/or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, consistent with good business practices for the electric utility industry and reliably, safely and expeditiously. Prudent utility practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to mean practices, methods or acts generally accepted in the geographic region where the parties operate. Prudent Utility Practice includes meeting, at a minimum, the laws and regulations applicable to the facilities or decisions involved and the National Electrical Safety Code, as last revised. .

1.12. “Required Relocation” is defined in paragraph 6.1.

1.13. “RMP Circuits” means the insulators, cross-arms conductor, and associated pole line hardware related to the transmission, distribution, and any communications facilities that will be owned, operated, and maintained by Rocky Mountain Power and attached to the Transmission Structures. In addition, the RMP Circuits includes all equipment and facilities used to repair and/or replace the equipment and facilities originally installed.

1.14. “Rocky Mountain Power” is defined in the preamble.

1.15. “Structures” means the transmission poles, towers and other support structures, together with guys, anchors, static wire and related components that are part of the Jordanelle-Midway Line, but excludes the insulators, cross-arms conductor and associated pole line hardware related to the transmission, distribution, and communications facilities of the HLP Circuits and the RMP Circuits. The type and location of the Transmission Structures shall be designed, and the Transmission Structures installed, with sufficient capacity to accommodate the RMP Circuits and the HLP Circuits, in a manner consistent with Prudent Utility Practice.

1.16. “Voluntary Relocation” is defined in paragraph 6.1.

ARTICLE II. SCOPE OF AGREEMENT.

2.1. **Scope of Agreement.** This Operation Agreement provides for the parties’ use, operation, maintenance, repair and replacement of the Structures and the parties’ respective Facilities, and the parties’ rights and obligations concerning the Structures and Facilities.

2.2. **Ownership of Facilities and Structures.** Rocky Mountain Power owns, and this Operation Agreement is applicable to, the RMP Facilities and the Structures described in *Exhibits A and B* attached hereto. HLP owns, and this Operation Agreement is applicable to, the HLP Facilities and the Structures described in *Exhibits A and B* attached hereto.

ARTICLE III. TERM; TERMINATION.

3.1. **Term.** This Operation Agreement shall become effective on the Effective Date and shall continue in effect until either terminated by both parties in writing; provided that this Operation Agreement shall automatically terminate in the event either party becomes the sole owner of all of the Structures and Facilities.

3.2. **Effect of Termination.** Termination of this Operation Agreement shall not relieve either party of any liabilities or obligations arising hereunder prior to the date of termination. The applicable provisions of this Operation Agreement will continue in effect after termination, but only to the extent necessary for the enforcement of liability and indemnification obligations arising from acts or events that occurred while this Operation Agreement was in effect.

ARTICLE IV. USE, OPERATION, MAINTENANCE AND REPAIR.

4.1. **Right to Use Structures.** Subject to the terms of this Operation Agreement, each party shall have the right, without payment to the other party, to maintain its Facilities on the Structures owned by the other party, and to have access to and on the Structures to operate, maintain, repair or modify their respective Facilities.

4.2. **Routine Inspection and Maintenance.** Subject to the provisions of ARTICLE V, each party shall own, operate, repair, replace, modify and/or perform routine scheduled and periodic inspection and maintenance on their respective Facilities and Structures at their own

expense; in accordance with Prudent Utility Practice and applicable federal, state and local law; and in such a manner to minimize the likelihood of a disturbance to the other party's Facilities; provided, however, that the Owner's failure to do so will not give rise to a cause of action by the other party for any failure that does not significantly and adversely affect the other party's Facilities. If either party's work on its Facilities or Structures causes damage to the other party's Facilities, the party causing the damage shall pay the cost to repair the other party's damaged Facilities.

4.3. **Emergency Work.** During an Emergency, a party shall have the right to operate, maintain, repair, relocate, or take such other action with respect to the other party's Facilities and/or the Structures as reasonably necessary, consistent with Prudent Utility Practice, to protect public safety and property and the parties' Facilities, the Structures, and the parties' systems. The parties, in response to an Emergency, shall work together to provide safe and reliable system switching, isolation and grounding in accordance with Prudent Utility Practice and in a manner so as to restore the system to normal operation in a timely manner. The Owner shall reimburse the other party for Emergency work performed on the Owner's Facilities or Structures. Except during an Emergency, a party shall not operate, maintain, repair, relocate or otherwise come in contact with the other party's Facilities.

4.4. **Protection Devices.** Each party shall have the right, at its own expense, to install and operate on the Structures such relays, disconnecting devices and other equipment as it may deem appropriate for the protection of its Facilities, and may install new or additional Facilities as necessary to operate their respective Facilities in conformance with Prudent Utility Practice.

4.5. **Right to Inspect.** A non-Owner party, at its own expense, shall have the right to observe and inspect all maintenance, repair, replacement or modification activities, equipment tests, and installation, construction or modification of the Owner's Facilities or Structures that could have a material effect on the Facilities, Structures or operations of the non-Owner party.

4.6. **Switching Protocols.** Each party shall comply with the switching protocols set forth in *Exhibit C* attached hereto in operating and maintaining its Facilities and Structures. Switching Protocols will be updated by parties from time to time to comply with then-current laws, regulations, electric codes and Prudent Utility Practice.

4.7. **Pole Attachments.** The Owner shall review and have the right to approve or deny all third-party pole attachments to its Structures, and shall follow its then-current standard practice, including using any safe-harbor pole attachment agreement approved by a governmental entity having jurisdiction. An Owner shall not approve a pole attachment that infringes or interferes with the non-Owner's primary right to utilize the capacity on the Structures constructed for non-Owner's use and Facilities under the Construction Agreements, as described in *Exhibit B* hereto. The Owner of a Structure shall notify the non-Owner of a request for a pole attachment within ten (10) business days of receipt.

4.8. **Notification of Hazardous Conditions.** If a party becomes aware of a hazardous condition that may affect the other party's Facilities and Structures, the discovering party shall

report the hazardous condition to the other party's Dispatcher as soon as reasonably practicable under the circumstances.

4.9. **Notice of Work/Work Clearance.**

a. **General Notice.** Generally, an Owner shall provide the other party with reasonable advance notice of any work to be performed on such Owner's Facilities or Structures to the other party's Dispatcher and shall follow the Clearance and Switching Protocols in *Exhibit C*. The notice shall provide the other party with sufficient information regarding planned work to enable the other party to evaluate the impact of the proposed work on its Facilities and operations. The Owner shall make provision for the other party's existing Facilities in the design of planned modifications, and keep the other party apprised of the construction progress and of any design modifications during construction.

b. **Notice of Specific Activities.** With respect to the following situations, reasonable notice shall mean not less than provided in this Section 4.9 b:

i. **Energized Work.** An Owner desiring to perform work on its own Facilities with the other party's Facilities energized, shall provide at least one (1) business day advance written notice to the other party's Dispatcher. The other party shall arrange to put a hot line hold on its circuit for the duration of the Owner's work.

ii. **Outage Work.** An Owner desiring to perform work on its own Facilities with the other party's Facilities out of service, shall provide at least five (5) business days' advance written notice to the other party's Dispatcher, including the desired commencement and duration of the outage. Within those five (5) business days, the non-Owner party shall notify the Owner when the outage can occur, and the outage will be accomplished using the approved switching procedures of the non-Owner party.

iii. **Emergency Work.** For Emergency work, the Owner shall make reasonable efforts, given the nature of the Emergency, to give notice to the other party's Dispatcher prior to performing any work on the other party's Facilities, and the other party's Dispatcher shall provide clearance as soon as possible under the circumstances.

iv. **Party Build-Out.** When and if a party elects to use the additional structural capacity on the other party's Structures as provided in the Construction Contracts, the party shall provide the Owner of the Structure with in accordance with ARTICLE IX.

c. Party's Dispatchers.

i. **HLP Dispatcher.** The HLP Dispatcher's contact information is as follows: HLP Operation Center at dispatch@heberpower.com, 435-654-2913

ii. **Rocky Mountain Power Dispatcher.** The Rocky Mountain Power Dispatcher's contact information is as follows: Salt Lake City Control Center (SCC) at email box_SCC Dispatch Foremen [sccdspatchforemen@pacificorp.com], phone 801-220-6930, fax 801-220-6974.

ARTICLE V. REPLACEMENT OF STRUCTURES.

5.1. **Pole Replacement.** The Owner of a Structure shall be responsible for replacing its Structures in accordance with Prudent Utility Practice. Replacement of the Structures shall be done promptly, as needed, and in such a manner as to minimize interference with the use of the structure by either party to the extent reasonably practicable. Except as provided in Section 5.3, the parties shall share the cost of replacing Structures as follows:

a. For Structures owned by Rocky Mountain Power where the HLP Facilities include a 46kV (or above) line, Rocky Mountain Power shall be responsible for 65% of the cost and HLP shall be responsible for 35% of the cost.

b. For Structures owned by Rocky Mountain Power where the HLP Facilities do not include a 46kV (or above) line, Rocky Mountain Power shall be responsible for 85% of the cost and HLP shall be responsible for 15% of the cost.

c. For Structures owned by HLP, where the Rocky Mountain Power Facilities include a 138kV (or above) line, HLP shall be responsible for 65% of the cost and Rocky Mountain Power shall be responsible for 35% of the cost.

d. For Structures owned by HLP where the highest voltage of Rocky Mountain Power Facilities is less than 15kV, HLP shall be responsible for 85% of the cost and Rocky Mountain Power shall be responsible for 15% of the cost.

5.2. **Transfer of Facilities to New Structures.** Each Owner shall be responsible to transfer its Facilities to the replacement Structure, at its own expense.

5.3. **Recovery of Replacement Cost.** The Owner of the Structure shall pay the cost of replacing a Structure and shall invoice the other party for its share of the replacement cost using the allocation percentages provided in Sections 5.1(a) through (d). The Owner of the Structure shall use commercially reasonable efforts to obtain reimbursement from the Owner's insurance, from third parties, or from other sources. To the extent the Owner obtains reimbursement from these sources for the replacement costs, the Owner shall recover its collection costs and distribute the balance to the parties using the allocation percentages in Sections 5.1(a) through (d).

ARTICLE VI. RELOCATION.

6.1. **Relocation.** The parties shall not relocate any portion of the Jordanelle-Midway Line unless the relocation is required pursuant to direction or order of an agency, governmental entity or court with authority to require relocation (a “Required Relocation”), or the other party consents to such relocation, which consent shall not be unreasonably withheld (a “Voluntary Relocation”). The parties shall work cooperatively together to design and construct the relocated Facilities in a manner consistent with Prudent Utility Practice.

6.2. Relocation Costs.

a. **Required Relocation.** In the event of a Required Relocation the parties shall share the cost of such relocation in accordance with Sections 5.1(a) through (d). Provided, however, that the Owner of the Structures shall use commercially reasonable efforts to obtain any available contributions and reimbursements, and the parties shall apportion any such amounts remitted to and received by the Owner in accordance with the percentages specified in Sections 5.1(a) through (d). Each Owner shall be responsible to transfer its Facilities to the relocated Structures, at its own expense.

b. **Voluntary Relocation.** The party requesting relocation shall pay all costs associated with such relocation, including the cost to relocate the other party’s Facilities.

ARTICLE VII. CLAIMS FOR THIRD-PARTY LOSS.

7.1. As provided in Section 4.2 and subject to ARTICLE V, the Owner of a Structure is responsible for the maintenance and repair of its Structures. If the Owner incurs maintenance and repair costs for damage to the Structures caused by third parties, the Owner of the Structure may seek recovery of such costs from the Owner’s insurance or from the responsible third parties and may retain all amounts recovered. If the Structure cannot reasonably be repaired and must be replaced, the costs of replacement shall be governed by Article V.

7.2. For losses arising from damage to Facilities caused by third parties, the Owner of the Facilities shall be responsible for pursuing any claims against the third party, in accordance with that party’s standard procedures for claims and losses and may retain all amounts recovered. Notwithstanding the forgoing, parties may work together in the collection of any third party damages.

ARTICLE VIII. DISCONTINUATION OF USE.

8.1. If an Owner intends to discontinue its use of all or any of its Structures or Facilities, the Owner shall provide no less than thirty (30) days advance written notice to the non-Owner of its intent, identifying in reasonable detail the Facilities and/or Structures at issue. The non-Owner shall have the option to purchase the Structures and/or Facilities to be discontinued at fair market value, and may exercise the option by providing written notice to the Owner within fifteen (15) days following receipt of the notice of intent. Thereafter, the parties shall work together in good

faith to agree upon a purchase price for the Facilities and/or Structures, which shall include one or more meetings between HLP's General Manager and Rocky Mountain Power's Vice President of Transmission and Delivery Operations if necessary or desirable to reach an agreement. If the parties cannot agree on the purchase price, the parties shall each select an appraiser with expertise in valuing similar assets, and the two appraisers shall jointly select a third such appraiser. All three appraisers shall each appraise the subject Structures and/or Facilities, and the purchase price shall be the average of the three appraisals. The parties shall equally share the costs and fees for the three appraisals.

ARTICLE IX. EXCLUSIVE RIGHT TO USE STRUCTURAL OVER-DESIGN.

9.1. Pursuant to the Construction Contracts and at each parties' respective expense, certain Structures were intentionally designed and constructed with additional structural capacity to accommodate the HLP Distribution Line and RMP Circuits and to allow future installation of, and/or upgrades to, the parties' respective Facilities, as more particularly set forth in ***Exhibits A and B***. A party shall have the exclusive right to use such additional structural capacity that was constructed for its benefit, up to the limits indicated on ***Exhibits A and B***. A party shall exercise that right, if at all, by providing written notice and construction drawings and specifications to the Owner of the Structure. Thereafter, the Owner shall have fifteen (15) business days to review drawings and provide comments. Within fifteen (15) business days of completion of party's facility modifications, the party shall provide Owner with redlined construction documents or as built drawings. The party's work on and use of such additional Facilities shall be subject to the provisions of this Operation Agreement, including but not limited to ARTICLE IV and the parties shall update ***Exhibits B and D*** to reflect the installation of such additional Facilities.

ARTICLE X. INDEMNIFICATION.

10.1. **Indemnification by Rocky Mountain Power.** Except to the extent caused by the negligence or intentional misconduct of HLP, Rocky Mountain Power shall indemnify, protect and hold harmless HLP, its successors and assigns, from and against any and all third party claims, demands, causes of action, costs (including attorney's fees) or other liabilities for damages to property and injury or death to third parties, to the extent arising out of or connected with: (a) Rocky Mountain Power's operation, presence, use, or removal of the RMP Facilities and Rocky Mountain Power's Structures, or (b) any removal, relocation, disconnection or other activity on HLP Facilities or Structures.

10.2. **Indemnification by HLP.** Except to the extent caused by the negligence or intentional misconduct of Rocky Mountain Power, HLP shall indemnify, protect and hold harmless Rocky Mountain Power, its successors and assigns, from and against any and all third party claims, demands, causes of action, costs (including attorney's fees) or other liabilities for damages to property and injury or death of a third party, to the extent arising out of or connected with: (a) HLP's operation, presence, use, or removal of the HLP Facilities or Structures, or (b) HLP's removal, relocation, disconnection or other activity on the RMP Facilities or Structures.

ARTICLE XI. DEFAULT; LIMITATION OF LIABILITY.

11.1. **Default.** “Default” means:

a. a failure by a party to pay any amount when due, which is not cured within five (5) business days after notice from the other party, or

b. a failure by a party to perform any of its duties or obligations under this Operation Agreement, when and as due (other than the failure to make a payment), which is not cured within 30 days after receipt of written notice thereof from the other party. If the nature of the alleged failure is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, shall be deemed to be a cure within such 30-day period. If the Default is cured, then no Default shall exist and the noticing party shall take no further action.

11.2. **Remedies.** Subject to paragraph 11.4, a non-defaulting party shall be entitled to pursue any and all remedies available at law or in equity for a Default of the other party.

11.3. **Continued Operation.** The occurrence of a Default shall not excuse either party from their respective obligations under this Operation Agreement, including without limitation the obligation to operate and maintain the Structures and the Facilities in a manner consistent with Prudent Utility Practice, until this Operation Agreement is terminated by agreement of the parties or order of a court.

11.4. **Limitation of Liability.** A PARTY’S LIABILITY TO THE OTHER PARTY ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, STATUTE OR TORT, IS LIMITED TO THE COST OF REPAIRING OR REPLACING ANY DEFECTIVE OR DAMAGED FACILITIES OR STRUCTURES AND SHALL NOT, UNDER ANY CIRCUMSTANCES, INCLUDE SPECIAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, AS A RESULT OF THE PERFORMANCE OR NON-PERFORMANCE OF THEIR OBLIGATIONS UNDER THIS AGREEMENT OR PROVIDED BY STATUTE OR IN TORT.

11.5. **Force Majeure.** A party shall not be subject to any liability or damages for inability to meet its obligations under this Operation Agreement to the extent that such failure shall be due to causes beyond the control of the party, including, but not limited to the following: (a) the operation and effect of any laws, rules, regulations and orders promulgated by any state, any municipality, or governmental agency of the United States, or subdivision thereof including the Public Service Commission of the state of Utah; (b) restraining order, injunction or similar decree of any court; (c) war; (d) flood; (e) earthquake; (f) act of God; (g) civil disturbance; or (h) strikes or boycotts; provided, the party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible. 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.

11.6. **Cumulative Rights and Remedies.** All rights and remedies provided by this Operation Agreement or available in law or equity are cumulative of each other and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

ARTICLE XII. DISPUTE RESOLUTION.

12.1. **Dispute Resolution.** Any dispute, claim, question, or disagreement arising from or relating to this Operation Agreement, except any request for injunctive relief in emergency circumstances which makes resort to the following procedures unreasonable, shall be resolved through the procedures set forth in this ARTICLE XII.

12.2. **Claim Cutoff.** Unless otherwise specifically provided in this Operation Agreement, any Default, dispute, claim, question, or disagreement must be raised within one year of the date the Default, dispute, claim, question, or disagreement arose or be forever barred. The party claiming that there is a Default, dispute, claim, question or disagreement shall provide written notice of the Default, dispute, claim, question, or disagreement to the other Party.

12.3. **Good Faith Negotiations.** For a period of thirty (30) days following receipt of the notice, or such different period to which the parties may mutually agree, the parties shall use good-faith efforts to settle the dispute by consulting and negotiating with each other in good faith and by attempting to reach a just and equitable solution reasonably satisfactory to both parties. Unless the dispute is resolved sooner, Rocky Mountain Power's Vice President of Transmission and Delivery Operations and HLP's General Manager shall meet at least once during the good-faith-negotiation period. Although the parties intend to negotiate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to negotiate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to negotiate in good faith.

12.4. Mediation.

a. If the parties are unable to resolve the dispute, claim, question, or disagreement through good faith negotiation within the good faith negotiation period, then either party may submit the matter to nonbinding mediation by providing the other party a written request to mediate. Each party shall pay their own costs and fees relating to the mediation.

b. The parties will jointly appoint a mutually acceptable mediator. If they are unable to agree upon a mediator within a reasonable period of time, the parties shall each select a mediator, and those two mediators who shall jointly appoint a third mediator to act as the parties' mediator.

c. The parties agree to participate in at least one session of good faith mediation and thereafter shall mediate and/or negotiate in good faith for a period of sixty (60) days or such additional time as the Parties may mutually agree.

d. Although the parties intend to mediate in good faith, they agree that neither party shall be held liable in damages for an alleged breach of an obligation to mediate in good faith. The parties further agree that neither party shall be held liable for expenses incurred or opportunities foregone by the other party in reliance on the party's agreement to mediate in good faith.

e. The parties may, but are not required to, retain the American Arbitration Association to administer the meditation proceedings.

12.5. Arbitration.

a. Arbitration of Disputes. Any dispute, controversy or claim arising out of or relating to this Operation Agreement, or a default or breach thereof, shall be resolved through arbitration as provided in this Section 12.5.

b. Conditions to Arbitration. Completion of good faith negotiations under Section 12.3 and mediation under 12.4 are conditions precedent to a party's right to pursue arbitration under this Section 12.5; provided, however, that a party may pursue its rights under this Section 12.5 if the other party declines to engage first in good faith negotiations and then in mediation.

c. Arbitration. If the parties are unable to resolve a dispute, controversy or claim through good faith negotiations or mediation, either party may submit the dispute for private, confidential, binding arbitration in the principal place of business in Utah of the other party by providing written notice of the party's intent to arbitrate. The arbitration shall be conducted before a single arbitrator agreed upon between the parties and in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association except insofar as the provisions of this subparagraph deviate from those rules and except insofar as those rules may call for the American Arbitration Association to administer the arbitration, and notwithstanding any AAA rules and procedures or any other provision of any state or federal laws, the parties agree that the arbitrator shall not consider or award punitive damages as a remedy. Either of the parties may request that AAA provide a list of arbitrators each of whom has experience and expertise with respect to the subject matter of this Agreement. Upon each of the party's receipt of such list, each party shall have ten (10) days to select an arbitrator. The two selected arbitrators shall then select a third arbitrator within thirty (30) days from the date the initial two arbitrators were selected and the matter subject to arbitration shall be arbitrated within sixty (60) days after the selection of the third arbitrator. The arbitration award may include equitable remedies of injunction and specific performance. Judgment upon the award rendered in the arbitration may be entered in any court of competent jurisdiction.

ARTICLE XIII. GENERAL PROVISIONS.

13.1. **Notices.** Except as provided in paragraph 4.9, all notices required or desired to be given under this Operation Agreement shall be in writing, shall be given by (a) personal delivery, (b) reputable overnight courier, or (c) certified or registered United States mail, return receipt requested, and shall be deemed completed upon actual receipt or refusal of acceptance. Notice may also be given by email, provided the sender receives confirmation of delivery to the intended recipient. Notices shall be given to:

a. If to HLP: Heber Light & Power Company
Attn: Jason Norlen
31 South 100 West
Heber City, UT 84032
email: jnorlen@heberpower.com

with a copy to: Heber Light & Power Company
Office of General Counsel
31 South 100 West
Heber City, UT 84032
email: generalcounsel@heberpower.com

b. If to Rocky Mountain Power: Rocky Mountain Power
Attn: Park City Operations Manager
6280 Silver Creek Drive
Park City, UT 84095

with a copy to: Rocky Mountain Power
Office of General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
email: robert.richards@pacificorp.com

Either party may change its address for notice by providing notice to the other party in accordance with this paragraph 13.1.

13.2. **Relationship of Parties; No Third-Party Beneficiaries.** Nothing contained in this Operation Agreement shall be construed to create an agency relationship, association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to either of the parties. Each party shall be individually responsible for its own covenants, obligations, and liabilities under this Operation Agreement. Nothing in this Operation Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability or inference of liability to any third party.

13.3. **Further Actions and Documents.** Each party shall do all things, including without limitation the timely preparation, execution, delivery, filing, and recording of any instruments or

documents, reasonably requested by the other party to carry out the intent of this Operation Agreement.

13.4. **Waiver.** Any waiver of a party's rights with respect to any breach of this Operation Agreement, or with respect to any other matter arising in connection with this Operation Agreement, shall not constitute a waiver with respect to any other breach or matter arising in connection with this Operation Agreement. All waivers must be in writing and signed by an authorized representative of the party granting the waiver.

13.5. **Exhibits Incorporated.** The exhibits to this Operation Agreement are incorporated and made part of this Operation Agreement by this reference.

13.6. **Complete Agreement; Amendment.** This Operation Agreement sets forth the entire agreement between the parties on the subject matter of this Operation Agreement, and supersedes all prior agreements of the parties with respect to its subject matter. No amendment of any provision of this Operation Agreement shall be effective unless set forth in a written document signed by authorized representatives of both parties.

13.7. **Counterparts.** This Operation Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument. Transmission of a party's signature by electronic format shall be deemed delivery of such party's signature.

13.8. **Severability.** If any provision of this Operation Agreement is held invalid or unenforceable for any reason by a court or governmental agency of competent jurisdiction, then the objectionable portions of the provision shall be stricken, and all other provisions of this Operation Agreement shall remain unaffected and in force. The parties shall be relieved of their obligations only to the extent necessary to eliminate the objectionable portions unless a court or governmental agency of competent jurisdiction holds that the invalidated provision is not separable from the remainder of this Operation Agreement.

13.9. **Assignment.** HLP may not, without Rocky Mountain Power's prior written consent, which consent shall not be unreasonably withheld, assign, pledge, or transfer all or any part of this Operation Agreement or any right or obligation under this Operation Agreement, whether voluntarily or by operation of law, to any third party. Provided, however, that HLP may, without Rocky Mountain Power consent, assign its rights and obligations under this Agreement to a member of HLP or to which HLP sells, transfers, or assigns the HLP Distribution Line, so long as the survivor or the purchaser, transferee, or assignee of the HLP electric system consents in writing to be bound by all obligations of HLP under this Agreement. Provided, further, that HLP may, without Rocky Mountain Power's consent, pledge or assign all or any portion of the HLP Facilities for financing purposes. This Operation Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successor and assignees.

13.10. **Governing Law.** Except to the extent preempted by federal law, this Operation Agreement shall in all respects be interpreted, and enforced in accordance with the laws of the state of Utah without reference to rules governing conflicts of laws.

Exhibit N

13.11. **Jury Waiver.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

IN WITNESS WHEREOF, the parties have executed this Operation Agreement as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: _____
Print name: Paul Radakovich
Title: Vice President
Date signed: _____

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By: _____
Print name: _____
Title: _____

By: _____
Print name: _____
Title: _____
Date signed: _____

Exhibit N

Exhibit List

- Exhibit A List of Structures and Coordinates
- Exhibit B Ultimate Potential Design Build Out
- Exhibit C Switching Protocols
- Exhibit D As-Built Plan and Profile

O&M Agreement Exhibit A

[illegible]

O&M Agreement
Exhibit B

Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 110 Structures X/X - X/X	HLP Facilities	Transmission:	None	None
		Distribution:	12.5kV Three Phase, 795 ACSR "Drake", Upper Position (Express Only), Shared RMP Neutral	12.5kV Three Phase, 795 ACSR "Drake", Upper Position (Express Only), Shared RMP Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", Lower Position, Shared RMP Neutral	12.5kV Three Phase, 477 AAC "Cosmos", Lower Position, Shared RMP Neutral
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal
Section 120 Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, Transfer Existing Conductor
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

O&M Agreement
Exhibit B

Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 130 Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal
Section 140A Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, Transfer Existing Conductor
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

O&M Agreement
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Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 140B Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal
Section 150 Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Transfer Existing Conductor & Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

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Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 160A Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal
Section 160A Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	Three Phase, 4/0, High Neutral	Three Phase, 4/0, High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

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Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 170A Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal
Section 170B Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	12.5kV Three Phase, 477 AAC "Cosmos", High Neutral	Pole Space and Capacity for 12.5kV Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

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Structures	Owner	Facility Type	Ultimate Potential Build-Out	Current As-Built
Section 180 Structures X/X - X/X	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"	46kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	ADSS, 48 Strand, Single Mode	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"	138kV, 795 ACSR "Drake"
		Distribution:	None	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal	OPGW, 48 Strand, Single Mode, 1/2" Nominal

O&M Agreement
Exhibit C

Switching Protocol

As adopted August 16, 2010

This document outlines the protocol to be followed between Rocky Mountain Power and Heber Light & Power when performing work on those facilities where both Heber Light & Power and Rocky Mountain Power have equipment and lines.

1. Definitions

- 1.1. Clearance. A guarantee from the dispatching entity to an individual that all known possible sources to a circuit have been opened, locked where equipment allows, and tagged out; and that they will remain open until the individual releases the clearance. Circuits covered by clearances cannot be re-energized through the tagged switch, even by the qualified person issued the clearance until directed to do so by the dispatcher.
- 1.2. Dispatcher. A person qualified to issue switching orders on substation and line equipment either by remotely controlling the switching and equipment operation through a SCADA computer system or by issuing orders to qualified field personnel using applicable communication equipment such as telephone or radio.
- 1.3. Hold. A guarantee from the dispatching entity to an individual that the reclosing equipment on a field recloser or circuit breaker has been switched to the non-reclosing position and tagged. The tag will not be removed and the setting will not be changed until after the individual has released the hold to the dispatcher and then only when directed to do so by the dispatcher.
- 1.4. Qualified Person. Any person designated as qualified through training and experience. Qualified persons may be employees or contractors. In general, qualified persons are journeymen linemen or other switching qualified personnel.
- 1.5. Switching Order. A written or verbal set of instructions designed to facilitate safe switching or operation of equipment, given by the dispatcher to a qualified employee or switchman.
- 1.6. Tagged Out. A condition where a switch or equipment has been labeled with either an electronic (SCADA) or physical tag, as required by local safety rules, to prohibit operation by any person until directed by the dispatcher.
- 1.7. Terminal Clearance. A guarantee from a dispatching entity to an individual or requesting dispatcher from another utility of isolation of equipment in a line or substation. The terminal clearance assures the individual or requesting dispatcher from another utility that the equipment is open, properly cleared and tagged according to local procedures, and that it will not be energized until a release or cancellation of the terminal clearance is given by the individual or requesting dispatcher who received the terminal clearance.
With a terminal clearance, there may be additional sources not under the dispatcher's control where the circuit may become energized such as co-generation at a customer's facility.

O&M Agreement
Exhibit C

- 1.8. Three-way Communication. The three-way communication system is the switching technique where instructions or actions are given to an individual by the dispatcher and then repeated back to the dispatcher by the person who received them. The person giving the instruction then acknowledges the correctness of the instructions and work proceeds. If the person receiving the instruction does not repeat the instruction correctly, the dispatcher will let the person know it was repeated incorrectly and start the process over. Once the instruction is repeated correctly, the switching may be performed.
- After the switching action has been completed, the communication process occurs with the individual notifying the dispatcher of the work performed, receiving acknowledgment from the dispatcher of the switching performed and the individual confirming the correctness of the work done.

2. Outages and Switching Requests

2.1. Emergency Situation on Heber Light & Power Equipment

- 2.1.1. During emergency situations involving Heber Light & Power equipment, notification by Heber Light & Power to Rocky Mountain Power dispatch shall occur as quickly as possible.
- 2.1.2. This notification will include information about the problem and actions taken to isolate the problem and restore power.
- 2.1.3. As necessary, and if possible, Heber Light & Power and Rocky Mountain Power will work together to restore power using local restoration policies and procedures.
- 2.1.4. Heber Light & Power will notify Rocky Mountain Power dispatch by calling 801-220-6930.

2.2. Emergency Situation on Rocky Mountain Power Equipment

- 2.2.1. During emergency situations involving Rocky Mountain Power equipment, notification by Rocky Mountain Power to Heber Light & Power dispatch shall occur as quickly as possible.
- 2.2.2. This notification will include information about the problem and actions taken to isolate the problem and restore power.
- 2.2.3. As necessary, and if possible, Heber Light & Power and Rocky Mountain Power will work together to restore power using local restoration policies and procedures.
- 2.2.4. Rocky Mountain Power dispatch will notify Heber Light & Power by calling the Heber Light & Power dispatch center at 435-654-2913.

2.3. Scheduled Outages on Heber Light & Power Equipment

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2.3.1. When Heber Light & Power requires a scheduled outage on their equipment, they will notify their Rocky Mountain Power account manager of the need.

2.3.2. The account manager will then work with the local Rocky Mountain Power field personnel to determine Rocky Mountain Power's need to be involved.

2.3.3. If Rocky Mountain Power needs to be involved, but no switching of Rocky Mountain Power equipment is necessary (i.e. a hold is all that is required), Rocky Mountain Power area personnel may call the Rocky Mountain Power dispatch center the day of the switching to request a hold on the affected circuit.

2.3.4. If Rocky Mountain Power needs to be involved, and switching on Rocky Mountain Power equipment will be required, local Rocky Mountain Power field personnel will submit a COMPASS request following the COMPASS request submittal process. The request will include information about the work Heber Light & Power will be doing and the extent of Rocky Mountain Power's involvement.

2.3.5. The COMPASS request will need to be submitted a minimum of three working days in advance for distribution work and five working days in advance for sub-transmission work. This means the pre-submittal work will need to be done several days ahead of the submittal deadlines. Working days are defined as Monday-Friday not counting holidays or weekends.

2.4. Scheduled Outages on Rocky Mountain Power Equipment

2.4.1. When Rocky Mountain Power requires a scheduled outage on their equipment, they will notify the Rocky Mountain Power account manager for Heber City of the need.

2.4.2. The account manager will facilitate discussions between Heber Light & Power and the local Rocky Mountain Power field personnel to determine Heber Light & Power's need to be involved.

2.4.3. If Heber Light & Power needs to be involved, they will perform necessary switching function on their equipment using their internal policies and procedures.

2.4.4. After the discussions with Heber Light & Power have concluded, local Rocky Mountain Power field personnel will submit a COMPASS request following the COMPASS request submittal process. The request will include information about the work Rocky Mountain Power will be doing and the extent of Heber Light & Power's involvement.

2.4.5. The COMPASS request will need to be submitted a minimum of three working days in advance for distribution work and five working days in advance for sub-transmission work. This means the pre-submittal work will need to be done several days ahead of the submittal deadlines.

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Exhibit C

Working days are defined as Monday-Friday not counting holidays or weekends.

3. Switching Orders

- 3.1. For facilities and equipment where no ties between Rocky Mountain Power and Heber Light & Power exist, each company will develop their own switching orders for operation of their equipment.
- 3.2. For facilities and equipment where potential ties between Rocky Mountain Power and Heber Light & Power exist, the two companies will meet to jointly develop switching orders for use in switching the joint facilities. Once developed these switching orders will be reviewed and approved by appropriate personnel from both companies.
- 3.3. Switching orders for use in switching these joint facilities will not be used unless and until they have been approved by appropriate personnel from both companies.
- 3.4. Rocky Mountain Power and Heber Light & Power personnel will regularly meet to review existing switching orders for revision and determine if additional orders need to be written. The frequency of these meetings will be jointly determined by those assigned to this task but shall be no less than once a year.
- 3.5. The number of participants in the annual switching order meeting and who is assigned to this task shall be determined by management personnel of Rocky Mountain power and Heber Light & Power.

4. Contact list

- 4.1. Contact lists will be developed for Rocky Mountain Power and Heber Light & Power and included with the joint switching orders that will be developed.

O&M Agreement
Exhibit D

Placeholder for the as-built Plan and Profile Drawings.

Exhibit O
Temporary Measure One-Line

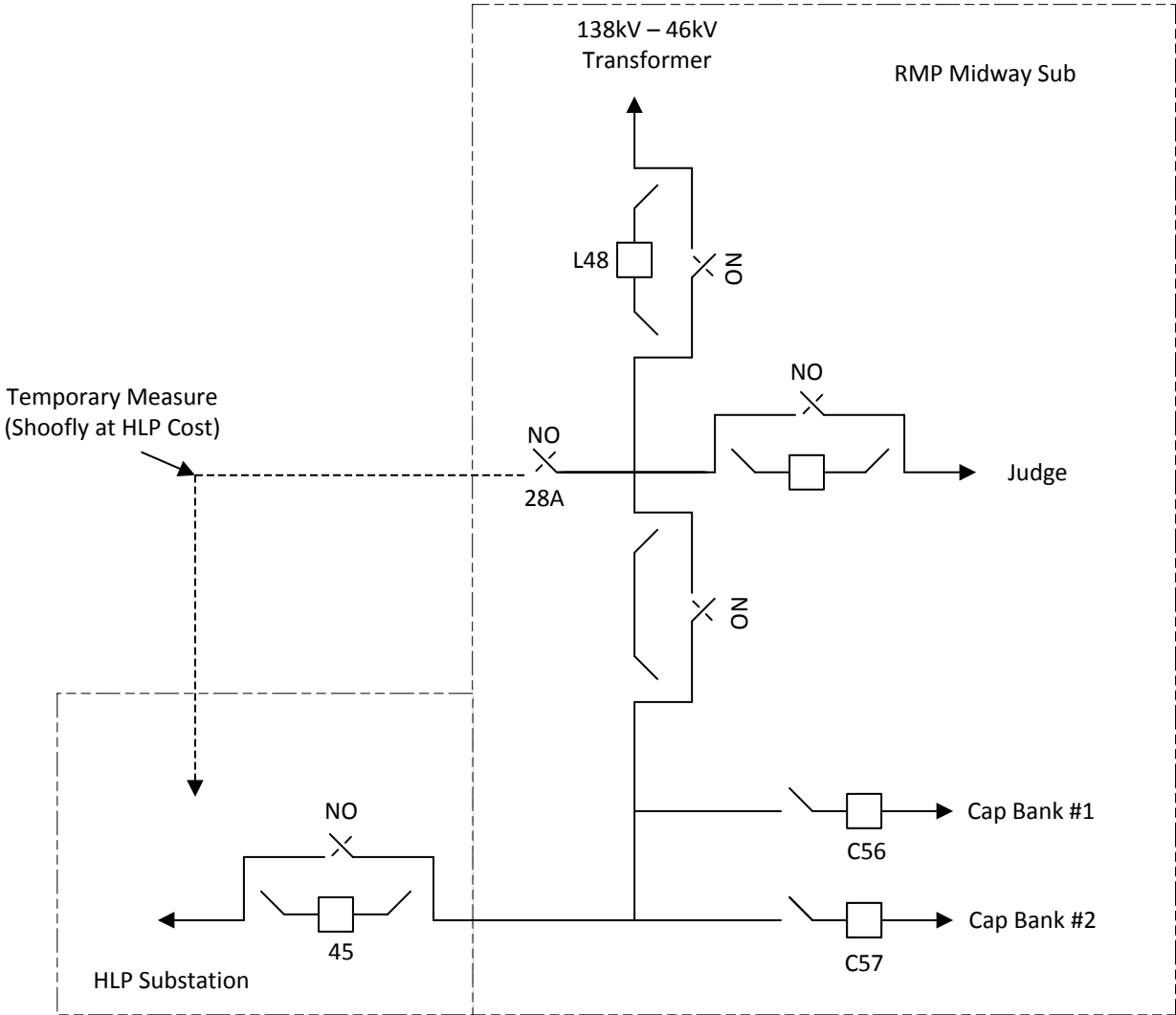


Exhibit P
Final Reconciliation Calculation

STEP 1 - SUMMARY OF USES

Heber-Midway Line:		
Facilities Costs (FC):		
FC expended by HLP:	\$	1,000,000.00
FC pre-surge costs expended by RMP:	\$	7,000,000.00
Total FC:	\$	8,000,000.00
Property Rights Acquisition Costs (PRAC):		
PRAC expended by HLP:	\$	300,000.00
PRAC pre-surge costs expended by RMP:	\$	300,000.00
Total PRAC:	\$	600,000.00
Section 120 Line:		
Section 120 Facilities Costs (120FC):		
120FC expended by HLP:	\$	800,000.00
120FC pre-surge costs expended by RMP:	\$	50,000.00
Total 120FC:	\$	850,000.00
Section 120 Property Rights Acquisition Costs (120PRAC):		
120PRAC expended by HLP:	\$	-
120PRAC pre-surge costs expended by RMP:	\$	-
Total 120PRAC:	\$	-
Tie Line Costs:		
Tie Line Facilities Costs (TLFC):		
TLFC expended by HLP:	\$	400,000.00
TLFC pre-surge costs expended by RMP:	\$	400,000.00
Total TLFC:	\$	800,000.00
Tie Line Property Right Costs (TLPRAC):		
TLPRAC expended by HLP:	\$	50,000.00
TLPRAC pre-surge costs expended by RMP:	\$	50,000.00
Total TLPRAC:	\$	100,000.00
Additional Facilities:		
Additional Facilities Costs (AFC):		
AFC expended by HLP:	\$	10,000.00
AFC pre-surge costs expended by RMP:	\$	100,000.00
Total AFC:	\$	110,000.00
Additional Facilities Property Right Costs (AFPRAC):		
AFPRAC expended by HLP:	\$	5,000.00
AFPRAC pre-surge costs expended by RMP:	\$	50,000.00
Total AFPRAC:	\$	55,000.00
<i>Pre-surge Costs Expended:</i>	\$	<i>10,515,000.00</i>
RMP Surcharges:		
Total AFUDC on RMP expended:	\$	636,000.00
Total Capital Surcharge on RMP expended:	\$	874,500.00
Total RMP Surcharges	\$	1,510,500.00
<i>Total Costs Expended:</i>	\$	<i>12,025,500.00</i>

Exhibit P
Final Reconciliation Calculation

STEP 1 - SUMMARY OF USES (Cont.)

HLP Funds Expended:		
FC expended by HLP:	\$	1,000,000.00
PRAC expended by HLP:	\$	300,000.00
120FC expended by HLP:	\$	800,000.00
120PRAC expended by HLP:	\$	-
TLFC expended by HLP:	\$	400,000.00
TLPRAC expended by HLP:	\$	50,000.00
AFC expended by HLP:	\$	10,000.00
AFPRAC expended by HLP:	\$	5,000.00
Total HLP Expended:	\$	2,565,000.00
RMP Funds Expended:		
FC pre-surge costs expended by RMP:	\$	7,000,000.00
PRAC pre-surge costs expended by RMP:	\$	300,000.00
120FC pre-surge costs expended by RMP:	\$	50,000.00
120PRAC pre-surge costs expended by RMP:	\$	-
TLFC pre-surge costs expended by RMP:	\$	400,000.00
TLPRAC pre-surge costs expended by RMP:	\$	50,000.00
AFC pre-surge costs expended by RMP:	\$	100,000.00
AFPRAC pre-surge costs expended by RMP:	\$	50,000.00
Total RMP Pre-surge Costs Expended:	\$	7,950,000.00
Total RMP Capital Surcharge and Cost of Capital Expended:	\$	1,510,500.00
Total Costs Expended:	\$	12,025,500.00

Exhibit P
Final Reconciliation Calculation

STEP 2 - ALLOCATION OF COSTS WITHOUT CAPITAL SURCHARGE & COST OF CAPITAL

Heber - Midway & Section 120 Facility Cost Allocation Calculation:		
Total FC:	\$	8,000,000.00
Total 120FC:	\$	850,000.00
Total FC + 120LC:	\$	8,850,000.00
HLP Betterment Share:		20.17%
RMP Facilities Cost Share:		79.83%
HLP FC + 120FC Facility Cost Allocation (Dollars)	\$	1,784,959.08
RMP FC + 120FC Facility Cost Allocation (Dollars)	\$	7,065,040.92
Heber - Midway & Section 120 PRAC Allocation Calculation:		
Total PRAC:	\$	600,000.00
Total 120PRAC:	\$	-
Total PRAC + 120LC:	\$	600,000.00
HLP Property Share:		48.07%
RMP Property Share:		51.93%
HLP PRAC Cost Allocation (Dollars):	\$	288,393.07
RMP PRAC Cost Allocation (Dollars):	\$	311,606.93
Tie Line Cost Allocation Calculation:		
Total TLFC:	\$	800,000.00
Total TLPRAC:	\$	100,000.00
Total Tie Line Costs:	\$	900,000.00
HLP share of Tie Line Share:		100%
HLP Tie Line Allocation (Dollars):	\$	900,000.00
Additional Facilities Cost Allocation Calculation:		
Total AFC:	\$	110,000.00
Total AFPRAC:	\$	55,000.00
Total Additional Facilities:	\$	165,000.00
Additional Facilities:		
HLP requested Additional Facility FC/PRAC [1] Cost:	\$	16,500.00
HLP requested Additional Facility FC/PRAC [2] Cost:	\$	-
HLP requested Additional Facility FC/PRAC [3] Cost:	\$	-
HLP requested Additional Facility FC/PRAC [4] Cost:	\$	-
HLP share of Additional Facilities:	\$	16,500.00
RMP requested Additional Facility FC/PRAC [1] Cost:	\$	148,500.00
RMP requested Additional Facility FC/PRAC [2] Cost:	\$	-
RMP requested Additional Facility FC/PRAC [3] Cost:	\$	-
RMP requested Additional Facility FC/PRAC [4] Cost:	\$	-
RMP share of Additional Facilities:	\$	148,500.00
HLP Total Allocation Sans Capital Surcharge & Cost of Capital Calculation:		
HLP FC + 120FC Facility Cost Allocation (Dollars)	\$	1,784,959.08
HLP PRAC Cost Allocation (Dollars):	\$	288,393.07
HLP Tie Line Allocation (Dollars):	\$	900,000.00
HLP share of Additional Facilities:	\$	16,500.00
Total Pre-surcharge HLP Cost Responsibility:	\$	2,989,852.15
RMP Total Allocation Sans Capital Surcharge & Cost of Capital Calculation:		
RMP FC + 120FC Facility Cost Allocation (Dollars)	\$	7,065,040.92
RMP PRAC Cost Allocation (Dollars):	\$	311,606.93
RMP share of Additional Facilities:	\$	148,500.00
Total Pre-surcharge RMP Cost Responsibility:	\$	7,525,147.85
Total Pre-surcharge Cost Responsibility:	\$	10,515,000.00
<i>Exhibits M-1 and M-2 will be incorporated at Step 3.</i>		
Total RMP Capital Surcharge and Cost of Capital Expended:	\$	1,510,500.00

Exhibit P
Final Reconciliation Calculation

STEP 3 - FINAL ALLOCATION OF FUNDING SOURCES

Cost True Up		
Total Pre-surge HLP Cost Responsibility:	\$	2,989,852.15
<i>minus</i>		
Total HLP Expended:	\$	2,565,000.00
<i>minus</i>		
RMP Highway 40 Transmission Structure Purchase	\$	390,908.40
<i>equals</i>		
Pre-surge amount due from HLP to RMP:	\$	33,943.75
<i>Perform the Cost of Capital and Capital Surcharge Calculations per Exhibits M-1 and M-2</i>		
<i>plus</i>		
Calculated HLP Cost of Capital Surcharge Contribution:	\$	2,855.93
<i>plus</i>		
Calculated HLP Capital Surcharge Contribution:	\$	3,926.90
<i>equals</i>		
Total amount due from RMP to HLP:	\$	40,726.58
Total Pre-surge RMP Cost Responsibility:	\$	7,525,147.85
<i>minus</i>		
Total RMP Pre-surge Costs Expended:	\$	7,950,000.00
<i>plus</i>		
RMP Highway 40 Transmission Structure Purchase	\$	390,908.40
<i>equals</i>		
Pre-surge amount due from RMP to HLP:	\$	(33,943.75)
<i>Perform the Cost of Capital and Capital Surcharge Calculations per Exhibits M-1 and M-2</i>		
<i>minus</i>		
Calculated HLP Cost of Capital Surcharge Contribution:	\$	2,855.93
<i>minus</i>		
Calculated HLP Capital Surcharge Contribution:	\$	3,926.90
<i>equals</i>		
Amount due from RMP to HLP:	\$	(40,726.58)

Summary of Funding Sources		
Total Costs Expended:	\$	12,025,500.00
HLP Ultimate Sources/Responsibility:		
Total Pre-surge HLP Cost Responsibility:	\$	2,989,852.15
Calculated HLP Cost of Capital Surcharge Contribution:	\$	2,855.93
Calculated HLP Capital Surcharge Contribution:	\$	3,926.90
HLP Gross Cost Responsibility:	\$	2,996,634.98
RMP Highway 40 Transmission Structure Purchase	\$	(390,908.40)
HLP Net Cost Responsibility	\$	2,605,726.58
RMP Ultimate Sources/Responsibility:		
Total Pre-surge RMP Cost Responsibility:	\$	7,525,147.85
Total RMP Capital Surcharge and Cost of Capital Expended:	\$	1,510,500.00
Calculated HLP Cost of Capital Surcharge Contribution:	\$	(2,855.93)
Calculated HLP Capital Surcharge Contribution:	\$	(3,926.90)
RMP Gross Cost Responsibility:	\$	9,028,865.02
RMP Highway 40 Transmission Structure Purchase	\$	390,908.40
RMP Net Cost Responsibility	\$	9,419,773.42
Total Sources	\$	12,025,500.00

The information in this form is provided for illustration purposes only. The final reconciliation calculation will be based on the parties' final reports of their total costs as provided in Section 7.4 a of the Agreement. The information from the final reports will be inserted in the form to determine the parties respective payment obligations under Section 7.5 of the Agreement.

**CONSTRUCTION AGREEMENT
FOR
SECTION 120 LINE**

**ADDENDUM 1 TO
CONSTRUCTION AGREEMENT
FOR
HEBER-MIDWAY LINE
between
ROCKY MOUNTAIN POWER
and
HEBER LIGHT & POWER COMPANY**

This Construction Agreement for Section 120 Line (“Addendum”) is entered into on this 3rd day of April, 2017 (the “Effective Date”), by and between **ROCKY MOUNTAIN POWER**, an unincorporated division of PacifiCorp, an Oregon corporation (“Rocky Mountain Power” or “RMP”) and **HEBER LIGHT & POWER COMPANY**, an interlocal entity organized under the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101, et seq. (“HLP”).

RECITALS:

A. Simultaneously with entering into this Addendum, the parties have entered into a Construction Agreement for Heber-Midway Line between Rocky Mountain Power and Heber Light & Power Company of even date herewith (the “Master Agreement”), to which this Addendum is attached.

B. The Recitals of the Master Agreement are incorporated herein by this reference.

C. Pursuant to and as additional consideration for the Master Agreement, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS.

1.1. Capitalized terms used in this Addendum but not defined herein shall have the meanings set forth in the Master Agreement.

ARTICLE II. TERM.

2.1. The term of this Addendum shall be concurrent with the term of the Master Agreement.

ARTICLE III. CONSTRUCTION OF SECTION 120 LINE.

3.1. Construction of the Section 120 Line shall be completed pursuant to this Addendum and the following provisions of the Master Agreement: ARTICLE III; ARTICLE IV; Sections 5.4

through 5.5, Section 5.6(a), Sections 5.11(c) through 5.11(e), Sections 5.12 through 5.14; ARTICLE VI, ARTICLES VII through X, and ARTICLES XII through XIV.

3.2. Scope of Work. Attached hereto as ***Exhibit 120-A*** is the scope of work describing the facilities to be constructed under this Agreement relative to the Section 120 Line, based on the best available data and preliminary engineering studies as of the Effective Date. The parties acknowledge and agree that the attached scope of work is general, and that the actual scope of work to be performed hereunder includes all work performed in furtherance of the purposes and requirements of this Agreement. The design for the Section 120 Line shall include Section 120 HLP Accommodations and Section 120 HLP Betterments. HLP shall elect HLP Betterments within ten (10) days of execution of this Agreement.

ARTICLE IV. AGREEMENT TO DESIGN AND CONSTRUCT SECTION 120 LINE.

4.1. Request for Proposals.

a. Preparation. On or before April 1, 2017, HLP shall prepare and approve a request for proposals (“RFP”) for the engineering, planning and construction of the Section 120 Line. In preparation of the RFP, HLP and/or its engineer shall ensure that the RFP incorporates Rocky Mountain Power’s standard engineering guidelines and the standards set forth in the National Electrical Safety Code.

b. Publication and Distribution. Upon approval of the draft RFP by HLP and in a manner consistent with HLP’s policies and standard practices, HLP shall publish and/or distribute the RFP to qualified contractors.

c. RMP Review. At or prior to the time HLP publishes and/or distributes the RFP to contractors pursuant to subparagraph (b), HLP shall provide a copy of the RFP to Rocky Mountain Power. Rocky Mountain Power shall provide any comments on the RFP to HLP no less than ten (10) business days prior to close of RFP bid period.

4.2. Review and Acceptance of Proposal. Within ten (10) business days of the close of the RFP bid period, HLP and Rocky Mountain Power shall select the proposal of a qualified contractor (“Section 120 Contractor”) that best meets the parties’ needs including, but not limited to, the proposal with the lowest price.

4.3. EPC Contract Terms. Upon selection of the Section 120 Contractor, Rocky Mountain Power and HLP shall negotiate with the Section 120 Contractor for a contract (“EPC Contract”) for the engineering, planning and construction of the Section 120 Line. The EPC Contract shall contain terms typical of such contracts in the electric power industry and shall be approved by Rocky Mountain Power and HLP, which approval shall not be unreasonably withheld. The EPC Contract shall address, among other subjects, the following:

a. The preparation and approval of engineering, design, and construction plans including a construction schedule for the scope of work (“Plans”) that conform with Rocky

Mountain Power's and HLP's standard engineering guidelines, the standards set forth in the National Electrical Safety Code, and Prudent Utility Practice.

- b. Construction of the Section 120 Line consistent with the approved Plans.
- c. Obtaining all necessary permits by HLP and/or Contractor (except as set forth in paragraph 6.1 below).
- d. Removal and relocation of existing transmission and distribution circuits.
- e. Inspection and testing of the Section 120 Line to ensure its safe and reliable operation in accordance with Prudent Utility Practice and all applicable National Electrical Safety Code and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local laws, regulations and requirements.
- f. Submission and approval of change orders or modifications to the Plans.
- g. Draws or scheduled payments based upon completion of segments of the project.
- h. Warranties or guarantees on design and construction, for the benefit of both parties.

4.4. **Execution of EPC Contract.** Upon approval of the parties and the Section 120 Contractor, HLP shall execute the EPC Contract.

ARTICLE V. PARTIES' RIGHTS AND OBLIGATIONS WITH RESPECT TO EPC CONTRACT.

5.1. **Construction of Section 120 Line.** HLP shall be responsible for construction of the Section 120 Line in accordance with this Addendum, in a manner consistent with Prudent Utility Practice and the Plans.

5.2. **Initial Payment of Costs.** HLP shall be responsible for the up-front payment of the Facilities Costs and Property Rights Acquisition Costs for the Section 120 Line, subject to reconciliation of the parties' respective obligations as provided in ARTICLE VII of the Master Agreement.

5.3. **Performance.** As provided in this ARTICLE V, HLP shall, in consultation with Rocky Mountain Power, exercise the rights and perform the duties of the owner under the EPC Contract.

5.4. **Plans.** The parties shall work with the Section 120 Contractor in preparation of the Plans.

5.5. **Coordination and Consultation during Construction.**

a. The parties' representatives shall meet at least weekly to discuss construction status and any items requiring coordination. In addition, HLP shall provide Rocky Mountain Power with reasonable notice of planned meetings with the Section 120 Contractor or subcontractors and of tests and inspections on construction or completed work.

b. Rocky Mountain Power shall have the right, at all times, to be present at the work site, to inspect the construction work performed or being performed by the Section 120 Contractor and/or HLP, and to observe testing conducted as part of the construction. Rocky Mountain Power shall follow all safety rules, regulations and protocols, and shall act in accordance with Prudent Utility Practice.

c. Rocky Mountain Power may be present at any discussions with the Section 120 Contractor concerning significant aspects of the Construction including change requests, plan modifications, or unexpected conditions.

d. As soon as reasonably practicable, HLP shall provide Rocky Mountain Power with copies of any written, text or email communications to or from the Section 120 Contractor concerning the RMP Circuits.

**ARTICLE VI. GOVERNMENTAL AUTHORIZATIONS AND PERMITS;
PROPERTY RIGHTS.**

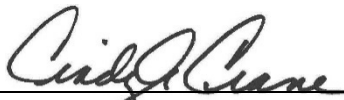
6.1. **Permits.** HLP has obtained a conditional use permit from Wasatch County and road right-of-way permits from the Utah Department of Transportation ("UDOT") for the construction, operation, maintenance, repair and replacement of the Section 120 Line. In the event these state and local governmental authorizations may be challenged, withdrawn or denied, or other state and local governmental authorizations may be required, the parties shall obtain such permits in accordance with Section 5.6(a) of the Master Agreement.

6.2. **Property Rights.** The parties anticipate that the construction, operation, repair and replacement of the Section 120 Line can occur within the right of way for Utah Highway 40, the use of which has been authorized by UDOT. In the event UDOT revokes its authorization for use of the Highway 40 right-of-way, or the right-of-way is not sufficient to accommodate the Section 120 Line, the parties shall obtain easements and rights-of-way necessary for the construction and operation of the Section 120 Line in accordance with Section 5.5 of the Master Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: 
Print name: Cindy Crane
Title: President
Date signed: 4/3/17

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By: _____
Print name: _____
Title: _____

By: _____
Print name: _____
Title: _____
Date signed: _____

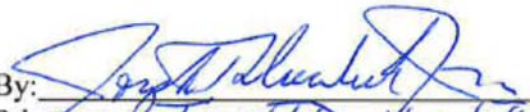
IN WITNESS WHEREOF, the parties have executed this Addendum as of the Effective Date.

ROCKY MOUNTAIN POWER, an
unincorporated division of PACIFICORP,
an Oregon corporation

By: _____
Print name: _____
Title: _____
Date signed: _____

HEBER LIGHT & POWER, an energy
services interlocal entity of the State of Utah

ATTEST:

By: 
Print name: Joseph T. Dunbar
Title: General Counsel

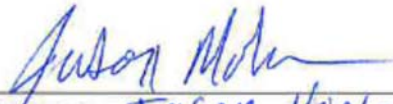
By: 
Print name: Jason Nolen
Title: General manager
Date signed: 4-3-2017

Exhibit 120-A

120 - Coyote - 950N	HLP Facilities	Transmission:	46kV, 795 ACSR "Drake"
		Distribution:	Three Phase, 477 AAC "Cosmos", High Neutral
		Communications:	ADSS, 48 Strand, Single Mode
	RMP Facilities	Transmission:	138kV, 795 ACSR "Drake"
		Distribution:	None
		Communications:	OPGW, 48 Strand, Single Mode, 1/2" Nominal