

UAMPS Existing Facilities, the PacifiCorp Existing Facilities and the Phase 2 facility additions will be operated in parallel. The ITS will be operated as an integral part of PacifiCorp's Control Area in accordance with this Agreement. Such operation of the ITS shall be consistent with the requirements of the Standards and Good Utility Practice. Subject to the terms of this Agreement, such operations and requirements shall be undertaken and implemented by the Parties in a manner that makes no adverse distinction between the ITS transmission facilities serving each Party.

Section 4.02 Non-ITS Operations.

Except as provided in Section 4.01, each Party shall operate its non-ITS facilities in accordance with Good Utility Practice and shall endeavor to minimize any adverse impact by such facilities on the ITS or on any facilities of the other Party.

Article 5. Maintenance, Repair, and Replacement.

Each Party shall be responsible for the control, maintenance, repair, and replacement of the transmission facilities it owns that are included within the ITS; provided, however, that upon the completion of Phase 2, the Parties agree that for efficient and safe operations, that one entity should be designated to perform the operations and maintenance of the facilities included within the ITS. Therefore, the Parties agree that prior to the completion of Phase 2, they will enter into an agreement that will be effective upon the completion of Phase 2 and delegate to one Party the operation, maintenance, repairs and replacements of the facilities included in the ITS, and that Party shall keep an accounting of the Actual Maintenance Cost it thereby incurs. Such Actual Maintenance Cost shall be borne by the Parties pro rata based upon their ownership interest in ITS facilities. In every case, and whether performed by PacifiCorp or UAMPS, all maintenance, repair, and replacement of ITS transmission facilities shall be consistent with the requirements of the Standards and Good Utility Practice.

Article 6. Integrated Transmission System

Section 6.01 Construction of the ITS.

The ITS transmission facilities existing on the Effective Date are listed in either Appendix B or C, as either UAMPS Existing Facilities or PacifiCorp Existing Facilities, respectively. Additional ITS transmission facilities installed pursuant to this Agreement shall be listed in Appendix A, and shall be identified as Cost Shared Facilities or PacifiCorp Funded Facilities. All like kind replacements of ITS transmission facilities installed as a result of failure or in the course of routine maintenance shall be either UAMPS Existing Facilities, PacifiCorp Existing Facilities, Cost Shared Facilities or PacifiCorp Funded Facilities, and the items replaced shall be removed from the Appendix in which they were included, and the replacement items shall be listed in the same Appendix.

Construction of new ITS transmission facilities shall be undertaken in a manner consistent with the requirements of the Standards, Good Utility Practice, and the PCS, and which makes no adverse distinction between the ITS transmission facilities serving each Party.

Section 6.02 Project Phases

The Parties anticipate constructing the ITS in four phases as described below:

Phase 1. The Parties will install a breaker on the existing interconnection between the St. George Switchyard and the Middleton Substation and install a breaker and capacitor bank in the St. George Switchyard; these facilities shall be PacifiCorp Funded Facilities.

Phase 2. The Parties will enlarge the St. George Switchyard on real property owned by UAMPS, install a SVC and associated equipment, and install additional breakers and associated equipment to terminate all 138 kV lines into the St. George Switchyard in order to operate the Central/Red Butte – Switchyard 138 kV system in parallel; the switchyard expansion, breaker installation, and associated equipment shall be Cost Shared Facilities; the SVC installation and associated equipment shall be PacifiCorp Funded Facilities; and the load serving entities shall each bear their own costs of terminating their 138 kV circuits at the St. George Switchyard 138 kV bus. The Switchyard expansion shall provide space for future installation of three 345/138 kV power transformers. UAMPS shall either convey the real

property or grant an irrevocable perpetual easement to PacifiCorp on the real property for the purposes of Phase 2 at no cost to PacifiCorp for as long as PacifiCorp has facilities located in the St. George Switchyard.

Phase 3. The Parties will reconstruct the PacifiCorp Red Butte – Switchyard 138 kV line to a double circuit 138 kV line, convertible to single circuit 345 kV, to be operated at 138 kV; these facilities shall be Cost Shared Facilities.

Phase 4. The Parties will install a capacitor bank at the St. George Switchyard; these facilities shall be Cost Shared Facilities.

Section 6.03 Project Approval.

Specific proposals and timing for ITS facility additions in Phase 1 through Phase 4 shall originate from the Joint Committee. Implementation, and funding mechanisms as provided for in Section 7 herein, shall require the approval of both Parties, subject to each Party's decision whether to implement any particular project, solely at its own discretion and subject to all of its requisite internal approvals, including by its board of directors or other governing body, and subject to the availability of funds. Project recommendations from the Joint Committee that gain the approval of both Parties shall be deemed additions to the ITS governed by this Agreement. Documentation of necessary approvals as provided for herein and the scope of work for each phase shall be appended to this Agreement as an exhibit to Appendix A. The Parties will execute exhibits for Phase 1 and Phase 2 to Appendix A concurrently with the execution of this Agreement.

Section 6.04 Ownership of New ITS Transmission Facilities.

PacifiCorp shall own the PacifiCorp Funded Facilities. Each Party shall own such Cost Shared Facilities projects that it solely funds; each Party shall own a share of any jointly-funded Cost Shared Facilities, along with a share of the transfer capability of such facilities, in proportion to the amount of funding it provides; and all such ownership rights shall survive the termination of this Agreement.

Section 6.05 Implementation of ITS Construction Projects.

PacifiCorp shall enter into engineering, procurement, and construction contracts with third parties for the construction of new ITS Facilities, to the extent such projects are approved by the Parties pursuant this Agreement, and to the extent PacifiCorp elects not to perform such activities with its own personnel. For contracts with values greater than Fifty-thousand Dollars (\$50,000.00), PacifiCorp shall, prior to executing the contract, present to UAMPS a copy of the contract for review. UAMPS shall have five (5) days within which UAMPS may present to PacifiCorp in writing reasonable objections to any provision or provisions in the contract, or to PacifiCorp's selection of contractors, vendors, suppliers or consultants. The Parties shall negotiate in good faith to address any reasonable objections raised by UAMPS. PacifiCorp shall not execute such a contract until the later of: (i) the passage of thirty (30) days after presentation of the contract to UAMPS, in the absence of receipt of any written objections from UAMPS; or (ii) the date of resolution of all reasonable objections timely raised in writing by UAMPS.

Article 7. Funding; Cost Sharing

Section 7.01 Phase 1

- (a) PacifiCorp shall fund all facilities constructed in Phase 1. UAMPS shall provide PacifiCorp with access to, and the right to install Phase 1 facilities in the St. George Switchyard.

Section 7.02 Phase 2

PacifiCorp shall fund the Phase 2 facility additions. UAMPS shall contribute the UAMPS Existing Facilities to the ITS.

Section 7.03 Phase 3

- (a) PacifiCorp and UAMPS shall jointly fund Phase 3 additions pursuant to the cost sharing mechanism provided for in this Section 7.03.
- (b) Prior to beginning construction of the Phase 3 facilities, the Parties shall calculate:
 - (i) Each Party's Load Ratio Share for the previous Contract Year; and
 - (ii) An estimate of the Actual Project Cost of the Phase 3 Facilities.
- (c) Subject to both Parties obtaining the approvals provided for in Section 6.03, each Party shall commit to funding Phase 3 facilities construction as follows.
 - (i) PacifiCorp will fund the first \$5.9 million of Phase 3 facilities additions
 - (ii) After such funding,

UAMPS funding shall equal =

UAMPS prior year LRS * (total estimated Phase 3 Actual Project Costs in excess of \$5.9 million)

Additional PacifiCorp funding shall equal

PacifiCorp prior year LRS * (total estimated Phase 3 Actual Project Costs in excess of \$5.9 million)

- (iii) The Parties shall fund or be refunded pro rata any amount by which total Phase 3 Actual Project Costs are different than estimated costs, based on prior year LRS.
- (iv) Provided, in the event UAMPS elects the Annual Payment Mechanism provided for in Section 7.05 with respect to the Phase 3 facilities, then PacifiCorp shall fund all of the Phase 3 facilities.

Section 7.04 Phase 4

- (a) PacifiCorp and UAMPS shall jointly fund Phase 4 additions pursuant to the cost sharing mechanism provided for in this Section 7.04.
- (b) Prior to beginning construction of the Phase 4 facilities, the Parties shall calculate:
 - (i) Each Party's Load Ratio Share for the previous Contract Year; and
 - (ii) An estimate of the Actual Project Cost of the Phase 4 Facilities.
- (c) Subject to both Parties obtaining the approvals provided for in Section 6.03, each Party shall commit to funding Phase 4 facilities construction as follows.
 - (i) UAMPS funding shall equal

UAMPS prior year LRS * total estimated Phase 4 Actual Project Costs

(ii) PacifiCorp funding shall equal

PacifiCorp prior year LRS * total estimated Phase 4 Actual Project Costs

(iii) The Parties shall fund or be refunded pro rata any amount by which total Phase 4 Actual Project Costs are different than estimated costs, based on prior year LRS.

(iv) Provided, in the event UAMPS elects the Annual Payment Mechanism provided for in Section 7.05 with respect to the Phase 4 facilities, then PacifiCorp shall fund all of the Phase 4 facilities.

Section 7.05 Annual Payment Mechanism

Prior to construction of the Phase 3 or Phase 4 facilities, and in lieu of providing funding in the full amount respectively determined by Section 7.03 or Section 7.04 above, UAMPS may elect to make Annual Payments to PacifiCorp, as provided in this Section 7.05.

- (a) The Annual Payment associated with Phase 3 or Phase 4 facilities construction shall be the sum of the Revenue Requirements associated with the total amount of UAMPS' Phase 3 or Phase 4 funding obligation (as determined by Section 7.03 or 7.04 above, as applicable) that UAMPS has elected to forego, multiplied by PacifiCorp's CCR.
- (b) The annual CCR shall be the aggregate of the rates of depreciation, ad valorem taxes, payroll taxes, insurance, and operating expenses including administrative and general expenses properly allocated thereto, as a percentage of investment, and all as properly recorded in accordance with the FERC's Uniform System of Accounts. The annual CCR shall not include charges for maintenance, repair, or replacement of facilities.
- (c) The first Annual Payment shall be payable April 30, of the Contract Year following the Contract Year in which facilities that UAMPS has elected not to fund, are first placed into service, and shall be paid pursuant to the terms of Article 8.

Article 8. **Billing and Payment; Disputes**

Section 8.01 Billing and Payment

Billing statements for all services provided to UAMPS under this Agreement shall be sent by certified mail to the UAMPS Manager of Finance, by PacifiCorp. UAMPS shall pay such amounts within fifteen (15) calendar days from the date of receipt by UAMPS. UAMPS, or Assignee following an assignment pursuant to Section 15.03 herein, may change where billing statements are directed with prior written notice to PacifiCorp. Payment for all services provided hereunder shall be electronically wire transferred to Bank One (ABA# 07100013), for the account of PacifiCorp, account number 55-44688, or such other financial institution or account number as specified

by PacifiCorp in writing. In the event the due date of the billing statement occurs on a weekend or a federal holiday, the due date shall be the following business day. Any amounts on the billing statements due and unpaid after the due date shall be termed delinquent, and simple interest shall be added to such delinquent amounts at the simple interest rate of 0.0411 percent (0.0411%) per day (fifteen percent (15%) per year) until received by PacifiCorp.

Section 8.02 Disputes

In the event of a disputed billing statement, payment of the amount on such statement shall be made within the fifteen (15) day period provided for in Section 8.01 herein. Within six (6) months of the billing statement due date, the disputing Party shall give notice of payments made and designated as disputed and shall provide a written description of the reasons therefore. The billing Party shall give consideration to the disputing Party's position and shall advise the disputing Party of the billing Party's response within thirty (30) days of the receipt of such notice. Any refunds or payments resulting from the settlement of such disputed amounts shall include interest at the interest rate specified in Section 8.01 herein during the period of such dispute. If a Party fails to notify the other Party of a dispute to a billing statement within six (6) months of the billing statement due date, the billing statement and payment shall be deemed to be correct and neither of the Parties shall be entitled to make any claim against the other Party arising from the billing statement except for adjustments or refunds ordered by the FERC.

Article 9. Relationship to ARTSOA; Transmission Agreement with Assignee

Section 9.01 Agreement; Charging Arrangements.

This Agreement is a stand-alone agreement between the Parties, and the charging arrangements hereunder are entirely separate from, and in addition to, the charging arrangements under the ARTSOA or any transmission services agreement between PacifiCorp and Assignee, including any transmission service agreement under PacifiCorp's FERC Open Access Transmission Tariff.

Section 9.02 Termination or Suspension of ARTSOA

Termination or suspension of the ARTSOA shall have no effect on the rights and obligations of the Parties under the terms of this Agreement.

Section 9.03 Delivery Points.

- (a) The Parties agree to amend Appendix A of the ARTSOA so that, upon the completion of Phase 2, UAMPS' 345kV delivery points at UAMPS' Central Substation under the ARTSOA, as originally executed and recited herein in Appendix E, are amended to add the 138kV delivery points at the St. George Switchyard, as identified in Appendix E.
- (b) In the case of the assignment of this Agreement pursuant to Section 15.03 herein, and so long as this Agreement remains in effect as between PacifiCorp and Assignee, following the ITS Operational Date, any transmission services agreement between PacifiCorp and Assignee shall specify the 138kV delivery point at the St. George Switchyard and the 345 kV delivery points at Central Substation identified in Appendix E as the points of delivery in that transmission services agreement.
- (c) As an additional condition to PacifiCorp's provision of St. George Switchyard delivery points to UAMPS, prior to conversion of the ITS to 345 kV operation,

UAMPS shall make available to PacifiCorp the two 345/138 kV 250 MVA Central Substation transformers, the five 138 kV circuit breakers, and associated equipment, for relocation to St. George Switchyard; such relocated equipment will remain the property of UAMPS.

- (d) The Parties agree to amend Appendix A of the ARTSOA so that, upon the conversion of the ITS to 345kV operation, 1) UAMPS' 345kV delivery points at UAMPS' Central Substation under the ARTSOA, as originally executed and recited herein in Appendix E, and the additional 138kV delivery point at St. George Switchyard, provided for in Section 9.03 herein, shall be replaced with a single 138kV delivery point at the St. George Switchyard, and 2) with respect to the ITS, PacifiCorp shall bear the burden of funding and constructing any further "enhancements" required by UAMPS that constitute "Network Upgrades" under Section 5.4(d) of the ARTSOA, as those terms are defined in the ARTSOA.

Article 10. Joint Committee

This Agreement, and the rights and obligations of the Parties hereunder, shall be administered and implemented through the Joint Committee, to which each Party shall appoint representatives. UAMPS' representatives will be designated by the UAMPS 138 kV Project Management Committee. Any determination provided in this Agreement to be made by the Parties, or any agreement to be reached by the Parties shall be made or reached through the Joint Committee. The actions and authority of the Joint Committee shall be subject to the rights and obligations of the Parties to this Agreement. Notwithstanding the foregoing provisions of this Article 10, it is the clear, controlling and overriding intent of this Agreement and of the Parties that this Agreement shall survive any functional demise or failure to function of and by the Joint Committee and, in such event, the responsibilities, duties and obligations designed to be performed by the Joint Committee pursuant to this Agreement shall be performed by the Parties hereto.

Article 11. Metering

The transfer of energy over ITS transmission facilities shall be measured by electric meters of type and in locations sufficient to allow for the calculation of each Party's Peak Load and Load Ratio Share, as well as to permit operation of the ITS in accordance with the Standards. Main metering will be at Red Butte to capture overall ITS load. Individual metering points for each Party will be established and listed in Appendix F. New metering required for operation of the ITS may be included as Cost Shared Facilities upon agreement of the Parties. Each Party shall have the right to require the other Party to test, upon reasonable notice and at the requiring Party's sole expense, the metering equipment owned by the other Party, and the Party requiring such tests will be permitted to witness the tests.

Article 12. Conditions Precedent; Filing with FERC

The respective obligations of the Parties hereunder are conditioned upon FERC accepting this Agreement for filing without condition or modification. Each Party shall cooperate with each other, as the other shall reasonably request, in connection with the procurement by PacifiCorp of all necessary FERC approvals. Either Party may terminate this Agreement, in its sole discretion, following the issuance of a final and unappealed order by the FERC rejecting the Agreement or approving the Agreement with conditions or in a modified form. PacifiCorp or UAMPS may elect to exercise such termination right only within the ninety (90) day period following the expiration of all periods within which a request for rehearing of such an order could be filed by any person or entity.

Article 13. Liability and Indemnification; Risk of Loss; Ownership of Existing Facilities

Each Party hereby assumes all liability for injury or damage to persons or property arising from the act or neglect of its own employees, agents or contractors and shall indemnify and hold the other Party harmless

from any liability arising therefrom. Notwithstanding the foregoing, neither Party shall be liable, whether in contract, warranty, tort or strict liability, to the other Party for any injury or death to any person, or for any loss or damage to any property, caused by or arising out of an electric disturbance on the Party's electric system, whether or not such electric disturbance resulted from that Party's negligent, grossly negligent or wrongful act or omission, excepting only gross action knowingly or intentionally taken, or failed to be taken, with intent that injury or damage result therefrom, or which action is wantonly reckless. Each Party releases the other Party from, and shall indemnify the other Party from, any such liability. As used in this Section, (1) the term "Party" means, in addition to such Party itself, its directors, officers and employees; (2) the term "damage" means all damage, including consequential damage and (3) the term "person" means any person, including those not connected with either Party to this Agreement.

PacifiCorp shall remain the owner of the PacifiCorp Existing Facilities and UAMPS shall remain the owner of the UAMPS Existing Facilities for all tax, accounting and regulatory purposes, and the parties agree to make no contrary claim or take any action contrary to the foregoing. Each Party shall bear the risk of loss, whether by casualty or otherwise, of any of its respective facilities, and shall have control over and bear the cost of any insurance, maintenance, repairs and replacements of its respective facilities. Each party shall retain all revenue from the operation of its respective facilities.

Article 14. Notices

Notices under this Agreement shall be in writing and shall be effective when delivered as follows:

If to PACIFICORP:

PacifiCorp Transmission Systems
Transmission Account Manager
700 NE Multnomah Street, Suite 550
Portland, OR 97232

If to UAMPS:

Operations Manager
Utah Associated Municipal Power Systems
2825 E. Cottonwood Parkway, Suite 200
Salt Lake City, UT 84121

Either Party may change its address for notices by written notice to the other in accordance with this Agreement.

Article 15. Miscellaneous Provisions

Section 15.01 Governing Law.

This Agreement is for the benefit of PacifiCorp and UAMPS, and will be governed by and construed in accordance with the laws of the State of Utah.

Section 15.02 Successors and Assignees

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

Section 15.03 Transfer and Assignment.

UAMPS shall have the right to sell, transfer and assign all or any part of the UAMPS Existing Facilities and its interest in the Cost Shared Facilities, and PacifiCorp shall have the right to sell, transfer and convey all or any part of the PacifiCorp Existing Facilities and the PacifiCorp Funded Facilities and its interest in the Cost Shared Facilities; provided in each case that the purchaser, transferee or assignee shall (i) assume in writing the obligations hereunder of the selling, transferring or assigning Party and (ii) be reasonably capable of fulfilling such obligations.

Neither Party may assign or otherwise transfer its rights or delegate its duties under this Agreement without prior written consent, which shall not be unreasonably withheld, and any attempt to do so without consent is void. Provided, UAMPS shall have the right to assign the totality of its rights and

obligations under this Agreement to an entity formed by two or more UAMPS municipalities located in Washington County, Utah under the Utah Interlocal Cooperation Act or to any individual municipality located in Washington County, Utah (either referred to herein as "Assignee"), for the purpose of taking assignment of this Agreement in full and fulfilling all of the obligations and taking all of the rights of UAMPS hereunder, so long as Assignee is reasonably capable of fulfilling such obligations.

Section 15.04 No Third Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer on any person except the Parties, any rights, interests, obligations or remedies hereunder.

Section 15.05 No Association, Partnership or Joint Venture

This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon either Party.

Section 15.06 Survival of Obligations

Termination of this Agreement shall not relieve either Party of obligations that by their nature should survive termination, including payment obligations and limitations on liability.

Section 15.07 Amendments

No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

Section 15.08 Entire Agreement.

This Agreement shall constitute the entire agreement between the Parties relating to the subject matter hereof, except as such matters addressed in this Agreement are also addressed by the ARTSOA.

Section 15.09 No Waiver.

No failure or delay on the part of any Party to exercise any of its rights under this Agreement, no partial exercise of any of its rights under this Agreement and no course of dealing between the Parties shall constitute a waiver of the rights of either Party under this Agreement. A waiver shall only be effective if it is in writing and signed by the Party granting such waiver.

Section 15.10 Further Assurances.

The Parties hereto agree to execute and deliver promptly, at the expense of the Party requesting such action, any and all instruments, documents and information which may be reasonably requested in order to effectuate this Agreement.

Section 15.11 Headings.

The article and section headings are inserted for convenience only and are not to be construed as part of the terms hereof or used in the interpretation of this Agreement.

Section 15.12 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

Section 15.13 FERC Standard of Review

Absent the agreement of the Parties to the proposed change, the standard of review for changes to this Agreement specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting *sua sponte*, shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S.

332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

Section 15.14 Severability

The Parties agree that in the event that any portion of this Agreement is determined to be invalid, illegal or unenforceable for any reason, the remaining portions of this Agreement shall be unaffected and unimpaired thereby, and shall remain in full force and effect, to the fullest extent permitted by applicable law, and the Parties shall negotiate in good faith to amend this Agreement to affect the intent of the Parties in entering into this Agreement and to provide to each Party material benefits of similar value to those portions affected.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by persons duly authorized as of this _____ day of _____, 2004.

PACIFICORP

Utah Associated Municipal Power Systems

By: _____

By: _____

Matthew Wright
Executive Vice President Power Delivery
PacifiCorp
Power Systems
700 NE Multnomah Street, Suite 550
Portland, Oregon 97232

Douglas Hunter
General Manager
Utah Associated Municipal
2825 E. Cottonwood Pkwy
Suite 200
Salt Lake City, Utah 84121

APPENDIX A
ITS Planned Facilities in Phase 1 through Phase 4

Calendar		Project	Cost Shared	PacifiCorp
Year	Phase	Description	Amount	Funded
2005	Phase 1	138 kV Breaker & Capacitor Addition to SGSY	\$0.0	\$1.3
2006	Phase 2	SGSY 138 kV Expansion and SVC Install	0.0	\$30.0
2009	Phase 3	New double circuit 138 kV line convertible to single circuit 345 kV line between Red Butte and SGSY	\$19.9	\$5.9
2012	Phase 4	Capacitor addition to SGSY	\$3.4	

Note: Dates and costs are estimates upon the Effective Date of the Agreement. Costs borne by each Party will reflect Actual Project Cost of construction and shall be determined by the provisions of Article 7 of this Agreement. Actual construction of each phase will be as agreed in writing by the Parties pursuant to Section 6.03 and will be documented in the exhibits attached to this Appendix.

JOINT OPERATING AGREEMENT
between
PACIFICORP
and
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS
Appendix A, Exhibit 1
Phase 1 ITS Facilities Project Scope and
Approval of UAMPS and PacifiCorp

Project Scope:

1. Install new breaker on the existing Middleton line and place in service with relays in the existing control building. Work will be done inside the existing fence. (in service 12/21/05) - By PacifiCorp. All facilities will be designed and constructed to PacifiCorp Construction Standards, provided that the Parties intend that all facilities and equipment will be compatible to the extent possible and necessary with existing facilities and equipment of the Parties.

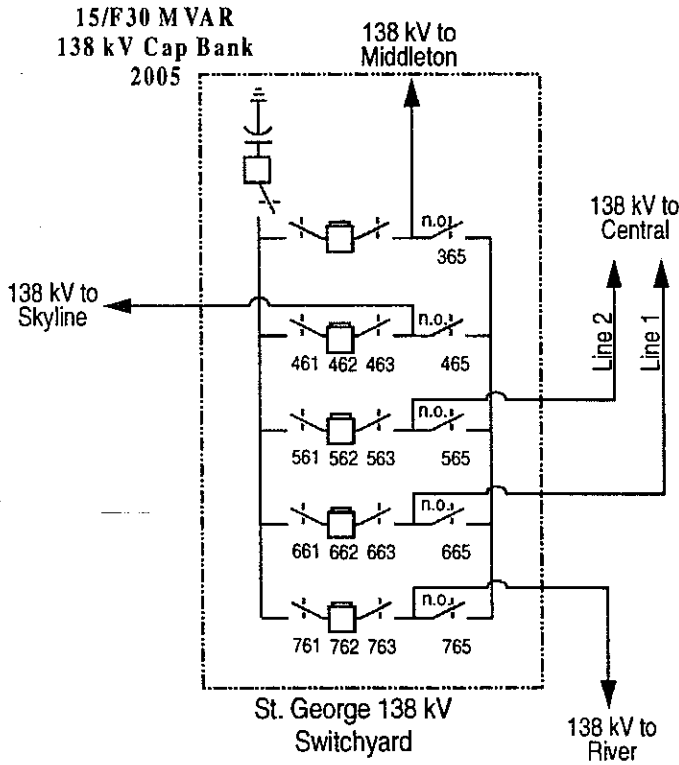
2. Install new 138 kV breaker (with zero crossing or preinsertion resistors) and capacitor bank and place in service with relays in the existing control building. Work will be done inside the existing fence. (see sketch) (in service 12/21/05) - By PacifiCorp

ASSUMPTION:

The work in line items 1 and 2 can be done without any new permits because they are inside the existing fence, and there is room in the existing control building for the new control and protection panels.

Project One-line (follows on next page):

St George Switchyard Phase 1



S. Smith
Network Planning
StGeorgeColor
12/9/04

- Legend
- Joint
 - UAMPS
 - PacifiCorp
 - DixieREA

By signing below, each party agrees as follows. The Phase I ITS Facilities Project, the scope of work for which is included herein, shall be constructed pursuant to all of the terms and conditions of the Joint Operating Agreement between PacifiCorp and UAMPS, dated February ____, 2005

Agreed, this _____ day of _____, 200__.

PACIFICORP

UAMPS

By: _____

By: _____

JOINT OPERATING AGREEMENT
between
PACIFICORP
and
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS
Appendix A, Exhibit 2
Phase 2 ITS Facilities Project Scope and
Approval of UAMPS and PacifiCorp

Project Scope:

1. Obtain permits to allow additional new construction at St. George switchyard. (Complete 2/21/05)
2. Install tortoise fence along project boundary (complete 3/15/05)
3. Do site preparation work and relocate substation fence to new positions around what will become the new yard. (start construction 5/1/05 finish 7/1/05)
4. Relocate the existing River line to get it out of the new SVC construction site (finish 6/01/05).
New poles to be in the final position for moving this line to its new location later. - By UAMPS
5. Build new control building and relocate station service. (finish 8/01/05)
6. Take the existing transfer bus out of service and tear down including foundations. The existing main bus will remain in service with both incoming and load lines in service. (start 7/1/05)
7. Build new East bus and install new breakers connected to the East bus and build two new breaker and one-half bays. This will require eight additional new breakers; breaker "H" and "I" in bay 4, breaker "K" and "L" in bay 5, breakers "T" and "U" in bay 8 and breakers "W" and "X" in Bay 9. (see sketch and reference drawings) Breakers "W" and "X" may need to be zero crossing or have preinsertion resistors.) (finish 10/02/05)
8. New control building needs to be complete at this point with new relay panels, station service and wiring for the new East bus breakers, also the new communications path needs to be complete and in service. (finish 9/19/05)
9. Take W. Central line out of service (breaker "I") and use it to place the new breaker "H" in service. Use breaker "H" to energize the new East bus and all of the new equipment associated with the new East bus. Place back in service feeding both the new East bus (new breaker "H") and the existing main bus (existing breaker "I"). (finish 10/06/05)
10. Take the E. Central line out of service (breaker "L"), and use it to place the new breaker "K" in service. Place back in service feeding both the new East bus (new breaker "K") and the existing main bus (existing breaker "L"). (finish 10/08/05)
11. Complete the protection and control on the new breaker and one-half bays (bays 8 and 9) and get them ready for service. (finish 10/23/05)
12. Move the River line to the East position of new bay 8. (see sketch) (finish 10/30/05) - By UAMPS
13. Move the Skyline line to the West position of the new bay 9. This bay will also be the position for the new SVC. (finish 11/07/05) - By UAMPS
14. Take the St. George - Middleton line (bay 3) out of service. This will clear the entire load from the existing main bus (do 11/10/05). Middleton will be fed radial from Red Butte. The existing Ft. Pierce line will need to stay in service fed from Red Butte.
15. Take the existing main bus out of service and tear down including foundations. Remove existing control building including foundations.
16. Build the new West bus and install the new breakers connected to the West bus. Reuse the old Skyline and River line breakers in positions "G" and "Y". Reuse the West Central Line breaker (breaker "I") in position "E". Install new breakers in positions "I" and "L". (see sketch) (finish 2/06/06)
17. Finish protection and control on the breakers West of the existing Middleton line (breakers "F" and "G"), West of the River line (breaker "U"), West of the Skyline line (breaker "Y"), West of the West Central line (breaker "I") and West of the East Central line (breaker "L"). Use one of them to place the new West bus and all of the new equipment associated with the new West bus in service. (finish 2/27/06)
18. Tie the River, Skyline, West and East Central lines to the new West bus. (finish 3/10/06)
19. Move the Middleton line to the new position on bay 3 (breakers "F" and "G"). (finish 3/17/06)
20. Complete the new Static VAR Compensator device on the South end. (finish 5/1/06)
21. Move the Ft. Pierce line into the newly vacated Middleton bay (breakers "E" and "F"). (see sketch) (finish 3/24/06) The existing Ft. Pierce breaker becomes a spare.- By Dixie REA

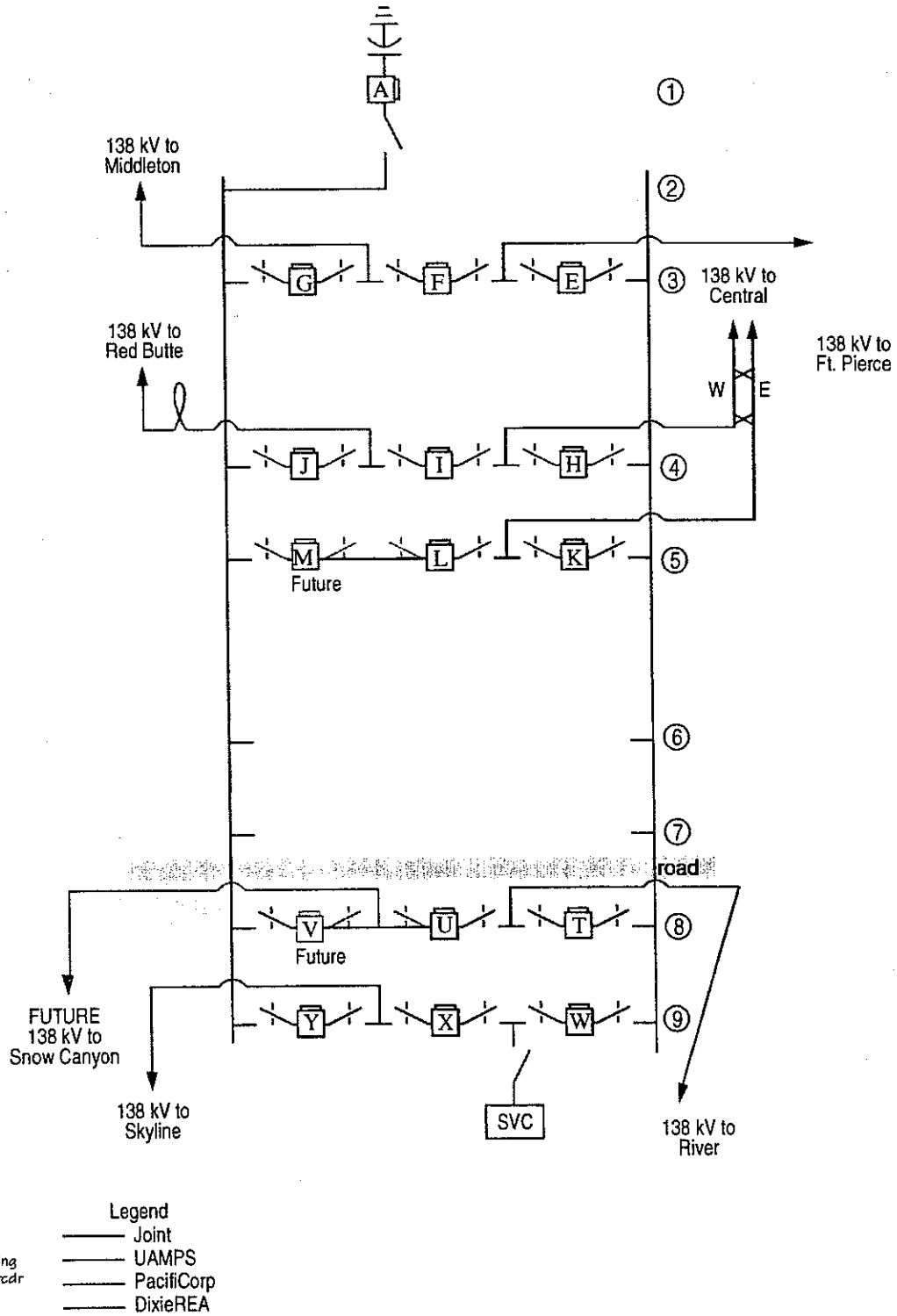
22. Relocate the existing breaker "L" to the West most position opposite the West Central Line bay (position "J") and prepare for service. (finish 4/03/06)
23. The new Red Butte line can be tied into the West bay opposite the W. Central line (bay 4), including new series reactors. (see sketch 23) (finish 4/20/06)
24. Remove remaining portions of the two existing, but now unused, bays to provide access to the interior of the new bays. (The old Skyline and River line bays) (finish 5/17/06)
25. All facilities will be designed and constructed to PacifiCorp Construction Standards, provided that the Parties intend that all facilities and equipment will be compatible to the extent possible and necessary with existing facilities and equipment of the Parties.

ASSUMPTIONS:

1. The existing SGSY and Ft. Pierce breakers have 6 CT's per pole or can be modified to have 6 CT's per pole or they will be relocated to positions that only require 4 CT's per pole.
2. All design and construction will be performed by PacifiCorp except for the items noted otherwise
3. The above dates are to be considered "not later than" dates. Preferred schedule dates may be earlier.

Project One-line (follows on next page):

St George Switchyard Phase 2



N
S. Smith
Network Planning
StGeorgeColorcdr
12/9/04

By signing below, each party agrees as follows. The Phase 2 ITS Facilities Project, the scope of work for which is included herein, shall be constructed pursuant to all of the terms and conditions of the Joint Operating Agreement between PacifiCorp and UAMPS, dated February _____, 2005.

Agreed, this _____ day of _____, 200_____.

PACIFICORP

UAMPS

By: _____

By: _____

EXECUTABLE VERSION
TRANSMISSION SERVICES

JOINT OPERATING AGREEMENT
between
PACIFICORP
and
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

APR 06 2009

Appendix A, Exhibit 3

**Phase 3 ITS Facilities Project Scope, Estimated Project Cost,
Party Load Ratio Shares and Approval of UAMPS and PacifiCorp**

PacifiCorp and Utah Associated Municipal Power Systems ("UAMPS") are Parties to that certain Joint Operating Agreement dated February 18, 2005 ("Agreement"). Pursuant to Section 6.03 of the Agreement, the Parties hereby agree to amend the Agreement by appending and incorporating this document as part of the Agreement as Appendix A, Exhibit 3. This document is intended to provide: (1) a calculated Load Share Ratio for each Party as required by Section 7.03(b)(i) of the Agreement; (2) an estimate of the Actual Project Cost of Phase 3 Facilities as required by Section 7.03(b)(ii) of the Agreement; and (3) a scope of work for Phase 3 construction as required by Section 6.03 of the Agreement. Terms with initial capitalization used herein shall have the meanings assigned in Article 1 of the Agreement.

(1) Load Ratio Shares:

As required by Section 7.03(b)(i) of the Agreement, the Parties agree that each Party's Load Ratio Share for the Contract Year shall be:

PacifiCorp:	45.46%;
UAMPS:	54.54%

UAMPS did not select the Annual Payment Mechanism provided for in Section 7.05 with respect to Phase 3 Facilities.

(2) Estimated Cost of Phase 3 Facilities:

As required by Section 7.03(b)(ii) of the Agreement, the Parties estimate the Actual Project Costs of the Phase 3 Facilities to be \$41,362,472. A detailed estimate of the estimated Actual Project Cost by segment and by anticipated cash flow is attached hereto and is made part of this Appendix as Attachment A. Pursuant to Sections 7.03(c)(i) and (ii), PacifiCorp is responsible for the first \$5,900,000 of the Actual Project Cost of Phase 3 Facilities and the remaining Actual Project Cost will be allocated to and paid by the Parties pursuant to the Load Ratio Share stated herein. The remaining Actual Project Cost is estimated to be \$35,462,472.

This estimated Actual Project Cost allocated to and paid by UAMPS will not include "Accounting for Funds Used During Construction" ("AFUDC"). UAMPS will be billed monthly for UAMPS share of the Actual Project Cost, excluding AFUDC.

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In addition, the Actual Project Cost is based on an average PacifiCorp Surcharge of 2.1764% for CY2009 and 2.2995% for CY2010. PacifiCorp will not change the basis or the application of the Surcharge without written consent of UAMPS.

This estimate represents a non-binding, good faith effort to estimate the Actual Project Cost of the Phase 3 Facilities. The Parties acknowledge and agree that final Actual Project Cost of the Phase 3 Facilities may differ substantially from the estimate contained herein.

The Parties had reasonable opportunity to review the estimated Actual Project Cost and Attachment A, and approve such estimate by virtue of executing this amendment to the Agreement.

Upon completion of the Phase 3 Facilities, the Parties agree that ownership of the Phase 3 Facilities by the Parties will be determined based on the percentage of the final Actual Project Costs paid by each Party. Using current estimates, UAMPS is estimated to own 45.15% and PacifiCorp is estimated to own 54.85% of the Phase 3 Facilities.

(3) Phase 3 ITS Facilities Project Scope:

As required by Section 6.03 of the Agreement, the Parties agree to implement the following scope of work for Phase 3:

1. Install one 33 MVAR, 138 kV capacitor bank at St. George Substation. (Complete as of 5/1/07)
2. Install one 138 kV circuit breaker and one 138 kV air break switch at St. George Substation. (Complete as of 5/1/07)
3. Install shunt capacitor protection and control panel at St. George Substation. (Complete as of 5/1/07)
4. Install one 138 kV air break switch support and lightning mast at St. George Substation. (Complete as of 5/1/07)
5. Install foundation for breaker, cap bank, air break switch, and lightning mast at St. George Substation. (Complete as of 5/1/07)
6. Remove the existing PacifiCorp 138 kV line from Red Butte Substation to St. George Substation. Construct 20 miles of new double circuit 345 kV line using tubular weathering steel structures from Red Butte to St. George Substation. Line will be constructed at 345 kV standards initially operated at 138 kV. Conductor will be double bundle 1272 ACSR "BITTERN". V-String insulators shall be porcelain due to the high potential for fire along the alignment. One shield wire will be Optical Ground Wire (OPGW), which both Parties will have rights to use.

Initially only one circuit of the double circuit of the 138 kV will be operational. The line will be converted to double circuit 138 kV operations and ultimately to double circuit 345 kV operations under future phases of the JOA plan as agreed to by the Parties.