

UTAH PUBLIC
SERVICE COMMISSION

December 30, 2010

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The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RECEIVED

RE: *PacifiCorp*
Docket No. ER11-____-000

Dear Secretary Bose:

Docket No. 11-999-01

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2006), Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35 (2010), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

1. Project Construction Agreement ("Construction Agreement"), dated December 8, 2010, between Bountiful City Light & Power ("Bountiful") and PacifiCorp, to be designated as PacifiCorp Rate Schedule FERC No. 670.

1. Background and Reason for Filing

PacifiCorp owns and operates certain transmission facilities in Utah. Bountiful recently requested an additional interconnection at Parrish Substation to reliably serve its loads. Bountiful also requested that PacifiCorp perform certain work to accommodate its interconnection request. PacifiCorp determined that upgrades to the Parrish Substation are required in order to accommodate this request. Under the Construction Agreement, PacifiCorp agrees to perform, and Bountiful agrees to pay for, such upgrades identified as necessary to accommodate Bountiful's upgraded interconnection with PacifiCorp's transmission system. Thus, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached as Enclosure 1 hereto, for filing.

2. Effective Date & Request for Waiver

PacifiCorp respectfully requests waiver of the Commission's prior notice and filing requirements so as to permit a December 31, 2010 effective date for the Construction Agreement. The Commission has found that it will generally grant waiver of its prior notice requirements for new service that is not pursuant to an accepted contract or settlement if good cause is shown and the agreement is filed prior to the

¹ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

commencement of service.² Good cause exists here because no work under the Construction Agreement has yet commenced. Accordingly, PacifiCorp respectfully requests that the Commission establish an effective date of **December 31, 2010** for the Construction Agreement.

3. Designation

PacifiCorp requests that the Construction Agreement be designated as PacifiCorp Rate Schedule FERC No. 670.

4. Enclosure

The following enclosure is attached hereto:

Enclosure 1 Construction Agreement between Bountiful and PacifiCorp, to be designated as PacifiCorp Rate Schedule FERC No. 670.

5. Communications

All communications and correspondence regarding this filing should be forwarded to the following persons:

Mary M. Wiencke
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5058
(503) 813-7252 (facsimile)
mary.wiencke@pacificorp.com

Mark M. Rabuano
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5744
(503) 813-7252 (facsimile)
mark.rabuano@pacificorp.com

6. Service List

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, a copy of this filing is being served on each of the following:

Mark Athay, Engineering Manager
Bountiful City Light & Power
198 South 200 West
Bountiful, UT 84010
mathay@bountifulutah.gov

Utah Public Service Commission
Attn: Julie Orchard
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

² See, e.g., *Cleveland Electric Illuminating Co.*, 76 FERC ¶ 61,156 at 61,926 (1996).

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me.

Respectfully Submitted,

/s/ Mary M. Wiencke

Mary M. Wiencke

Mark Rabuano

Attorneys for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused a copy of the foregoing document to be served via first-class mail or electronic mail upon each of the parties listed in the enclosed Service List.

Dated at Portland, Oregon this 30th day of December, 2010.

/s/ Mark M. Rabuano

Mark M. Rabuano
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5744
(503) 813-7252 (facsimile)
mark.rabuano@pacificorp.com

**PROJECT CONSTRUCTION AGREEMENT
BOUNTIFUL CITY LIGHT & POWER / PARRISH SUBSTATION EXPANSION /
Q0030**

This Project Construction Agreement (the "Agreement") made and entered into this 8th day of December, 2010, between Bountiful City Light & Power, hereinafter called "Bountiful" or "Customer", and PacifiCorp, hereinafter called "PacifiCorp" or "Company", is for work to be performed by Company for Customer (hereinafter referred to as the "Project"). Hereinafter, Bountiful and PacifiCorp may be individually referred to as a "Party" or collectively referred to as the "Parties".

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Utah;
- B. WHEREAS, Bountiful is a municipal electric utility serving load in and around Davis County, Utah, and is a member of Utah Associated Municipal Power Systems ("UAMPS"), a joint action agency that provides wholesale electric energy to community-owned member power systems and which is a party to the Amended and Restated Transmission Service and Operating Agreement ("TSOA") with PacifiCorp;
- C. WHEREAS, PacifiCorp and Bountiful are parties to an Operating Agreement, dated March 16, 1967, including Addendum No. 1, executed July 13, 1988, and designated as PacifiCorp Rate Schedule No. 335 (the "O&M Agreement"), pursuant to which PacifiCorp provides Bountiful certain operation and maintenance services at the Parrish Substation, 200 N. Sheep Road, Centerville City, in Davis County, Utah;
- D. WHEREAS, Bountiful has requested additional interconnections at Parrish Substation to reliably serve its loads and has requested that PacifiCorp perform certain work to accommodate Customer's request;
- E. WHEREAS, PacifiCorp has determined that to accommodate Bountiful's request, certain upgrades will be required to the Parrish Substation (the "Project"), as further described and detailed in this Agreement; and
- F. WHEREAS, PacifiCorp and Bountiful have agreed to perform the work required to complete the upgrades according to the terms set forth herein.

NOW THEREFORE, the Parties enter into this Agreement with the understanding that each mutually benefits from this Agreement. The parties further agree to the following:

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- F. WHEREAS, PacifiCorp and Bountiful have agreed to perform the work required to complete the upgrades according to the terms set forth herein.

NOW THEREFORE, the Parties enter into this Agreement with the understanding that each mutually benefits from this Agreement. The parties further agree to the following:

1. TERM & TERMINATION

The term of this Agreement shall commence upon acceptance for filing by the Federal Energy Regulatory Commission ("Commission"), ("Effective Date") and shall terminate upon completion of the work and the determination of the actual cost of the Direct Assigned Facilities by the Company and receipt of any additional payment from the Customer or refund of any overpayment pursuant to Section 3 of the Agreement.

2. SCOPE AND PERFORMANCE OF WORK:

- a. **Project Description and Scope.** The Project shall consist of the expansion of Company's Parrish Substation to the south on property owned by the Customer, with a perpetual easement to the Company for such property and including design, procurement and installation of three substation breaker bays, breaker foundations and structures, switches, a bus tie breaker, bus work, ground grid and fencing (the "Project Facilities") to provide connection of Company's electrical system to two new Customer circuit breakers located in Customer's adjacent substation.
- b. **Company Responsibilities.** Company agrees to provide geotechnical work, site grading and drainage and to design, procure, and install the Project Facilities as outlined in the attached Exhibit A, Scope of Work and depicted in attached Exhibit B, One-line Diagram.
- c. **Customer Responsibilities.** Customer agrees to provide geotechnical work, site grading and drainage and for the property used for the Parrish Substation expansion to design, procure, and install facilities as outlined in the attached Exhibit A, Scope of Work and depicted in attached Exhibit B, One-line Diagram.

3. OWNERSHIP/RESPONSIBILITY FOR COSTS:

Ownership of the Project Facilities shall be as follows: Company shall own the new bus work, switches, and bus tie breaker including foundations and structures, fencing, ground grid and the conductor from the breaker bay take off structures to the Customer's deadend towers in Customer's substation. Customer shall own the property on which the Project Facilities are located. Customer shall provide Company a perpetual easement for the property on which the Project Facilities are located.

The Company's estimated cost for Company's Scope of Work for the Project Facilities is \$1,888,869 which includes \$1,526,006 in Network Upgrades and \$362,863 in Direct Assigned Facilities costs. Direct Assigned Facilities costs are those costs associated with the installation of those facilities between the Point of Interconnection and the Point of Change in Ownership. Network Upgrade Facilities costs are those costs

associated with the installation of facilities on Company's transmission system side of the Point of Interconnection as shown on Exhibit B, One-Line Diagram. Accordingly, in consideration of the work to be performed by Company, Customer agrees to pay the estimated Direct Assigned Facilities costs of \$362,863 within thirty (30) days after Agreement is accepted for filing by the Commission. Customer shall reimburse Company for the actual cost to complete the Direct Assigned Facilities. Following completion of the Project, Company shall calculate its actual costs for the Direct Assigned Facilities. Company's actual costs shall include all direct costs plus applicable overheads. Company will forward a copy of the calculation to Customer along with an invoice or a refund for the difference between the estimated and actual cost within one hundred twenty (120) days after completion of construction.

Company shall keep accurate and complete accounting records in support of all Direct Assigned Facilities cost billings and claims in accordance with generally accepted accounting principles. Customer, or its audit representative, shall have the right at any reasonable time or times to examine, audit, and copy the records, vouchers, and their source documents which relate to any claim or compensation other than pricing elements, if any, which are fixed in amount by this Agreement. Such documents shall be available for examination, audit, and copying for three (3) years after the completion or termination of this Agreement.

4. TAXES

4.1 Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by Customer to PacifiCorp for the installation of PacifiCorp's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

4.1.1 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Customer and PacifiCorp represent and covenant that this Agreement covers an interconnection for transfers of interties used exclusively or in part to transmit power over PacifiCorp's transmission grid in connection with a long-term interconnection agreement.

4.2 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Company. Notwithstanding Article 4.1, Customer shall protect, indemnify and hold harmless Company from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments or property transfers made by Customer to PacifiCorp under this Agreement for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

PacifiCorp shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Customer under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by Customer to PacifiCorp should be reported as income subject to taxation or (ii) any Governmental Authority directs PacifiCorp to report payments or property as income subject to taxation. Customer shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Article 4.3, within thirty (30) Calendar Days of receiving written notification from Company of the amount due, including detail about how the amount was calculated. The indemnification obligation shall terminate at the earlier of the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by PacifiCorp upon request of the IRS, to keep these years open for audit or adjustment.

- 4.3 Tax Gross-Up Amount. Customer's liability for the cost consequences of any current tax liability under this Article 4 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Customer will pay PacifiCorp, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments or property transfers made by Customer to PacifiCorp under this Agreement (without regard to any payments under this Article) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit PacifiCorp to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and Company will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting PacifiCorp's anticipated tax depreciation deductions as a result of such payments or property transfers by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating Customer's liability to Transmission Owner pursuant to this Article can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$.

- 4.4 Contests. In the event any Governmental Authority determines that PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, Company shall notify Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Customer, the Customer and PacifiCorp will discuss

whether to pursue an appeal, protest, seek abatement of, or otherwise oppose such determination. Upon mutual agreement, PacifiCorp will file a claim for refund with respect to any taxes paid under this Article 4. PacifiCorp reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but PacifiCorp shall keep Customer informed, shall consider in good faith suggestions from Customer about the conduct of the contest, and shall reasonably permit Customer or a Customer representative to attend contest proceedings. At any time during the contest, PacifiCorp may agree to a settlement either with Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by PacifiCorp, but reasonably acceptable to Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Customer's consent or such written advice will relieve Customer from any obligation to indemnify PacifiCorp for the tax at issue in the contest.

- 4.5 Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid or the value of any property transferred by Customer to PacifiCorp under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to PacifiCorp in good faith that any amount paid or the value of any property transferred by Customer to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Customer to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Customer to PacifiCorp pursuant to this Agreement, Company shall promptly refund to Customer the following:

- (i) any payment made by Customer under this Article 4 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,
- (ii) interest on any amounts paid by Customer to PacifiCorp for such taxes which PacifiCorp did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Customer to the date PacifiCorp refunds such payment to Customer, and

(iii) with respect to any such taxes paid by PacifiCorp, any refund or credit PacifiCorp receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to PacifiCorp for such overpayment of taxes (including any reduction in interest otherwise payable by PacifiCorp to any Governmental Authority resulting from an offset or credit); provided, however, that PacifiCorp will remit such amount promptly to Customer only after and to the extent that PacifiCorp has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to PacifiCorp's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5. PROJECT SCHEDULE:

The Parties shall mutually agree to a schedule to complete the Project Facilities to support an estimated May 1, 2011 in-service date.

6. OPERATION AND MAINTENANCE:

The Parties agree that operation and maintenance of the Project Facilities shall be as described and set forth in a future agreement between the Parties. Specifically, the Parties agree that the Operations and Maintenance ("O&M") Agreement shall be amended and restated to contain the Parties' entire agreement as to operation and maintenance responsibilities and cost. The Parties agree to work diligently and in good faith to negotiate and execute such amended and restated O&M Agreement on or before the completion of construction of the Project.

7. STANDARD OF WORK:

All work performed pursuant to this Agreement by either Party or their agents shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and applicable safety and reliability standards. As used in this Agreement, Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, 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, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all

others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

8. CHANGES:

The Parties may at any time in writing mutually agreed to by both Parties require changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in Work, or alter the schedule. If such direction results in a material change in the amount or character of the Work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

No change shall be binding upon the Parties until a change order is executed by each Party which EXPRESSLY STATES THAT IT CONSTITUTES A CHANGE ORDER TO THIS AGREEMENT. THE ISSUANCE OF INFORMATION, ADVICE, APPROVALS, OR INSTRUCTIONS VERBALLY OR BY AN EXCHANGE OF E-MAIL OR IN ANY OTHER MANNER SHORT OF A WRITING EXECUTED BY BOTH PARTIES SHALL NOT CONSTITUTE AN AUTHORIZED CHANGE ORDER PURSUANT TO THIS PROVISION.

9. INSPECTION:

Customer may, at its discretion, inspect Company construction work in progress upon reasonable notice and with supervision by Company.

10. TESTING:

Before the new facilities required for the Project are energized, such new facilities shall be tested by Company to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable Federal Energy Regulatory Commission, North American Electric Reliability Corporation and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, Customer shall bear the cost of all such modifications in accordance with the cost allocation in Section 3 above, except to the extent that any such modifications are required as a result of Company's or its agent's or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

11. ACCESS:

Company shall grant Customer and their designees reasonable escorted access to the Project Facilities consistent with such access rights as are established in prior agreements between the Parties, provided that Customer provides Company with reasonable notice and complies with Company's safety and security rules.

12. GOVERNING LAW:

Enforcement or interpretation of this Agreement shall be in the state court of the State of Utah, and all parties hereby submit to the jurisdiction of said court for the stated purpose. Furthermore, this Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

13. NO PARTNERSHIP:

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

14. NON-ASSIGNABILITY:

Neither this Agreement, nor any part thereof, may be assigned, without the express written consent of the other Party which consent will not be unreasonably withheld. Any attempt to assign this Agreement will be deemed voidable.

15. PROVISIONAL REMEDIES:

Either party may seek provisional legal remedies, if in such party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

16. ENTIRE CONTRACT:

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

17. NOTICES:

Any correspondence regarding this work shall be directed to the appropriate party as shown below:

Bountiful:

Mark Athay, Engineering Manager
Bountiful City Light & Power
198 South 200 West
Bountiful, Utah 84010
Phone: (801) 298-6072
Fax: (801) 298-1110
e-mail: mathay@bountifulutah.gov

PacifiCorp:

Director, Transmission Services
PacifiCorp
825 NE Multnomah Street, Suite 1600
Portland, OR 97232
Phone (503) 813-6712
Fax (503) 813-6893

18. BILLING AND PAYMENT:

Billings and payments shall be sent to the addresses set out below:

Customer: Bountiful City Light & Power
Attention: Alan Farnes
Address: 198 South 200 West
Bountiful, Utah 84101
Fax No.: (801) 298-1110

with a copy by e-mail to: afarnes@bountifulutah.gov
mathay@bountifulutah.gov

19. INDEMNIFICATION:

Company and Customer ("Indemnifying Party") each agree to protect, defend, indemnify and hold harmless the other Party, its officers, employees and agents (collectively the "Indemnified Party") against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature, including court costs and attorney's fees, even if such actions or claims are completely groundless, growing out of injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, or any other person or persons, or any and all destruction, loss or damage to property arising in any way in connection with, or related to, the Indemnifying Party's performance of any Work or any of its obligations under the Agreement, except as to injury to persons or damage to property on the Work site caused by the negligence of the Indemnified Party.

The indemnification obligations set forth herein shall not be limited by amounts or types of damages, compensation or benefits payable by or for the Indemnifying Party, contractors, subcontractors, sub-subcontractors, material suppliers or any person or entity for which any of them may be liable, under workers compensation acts, or any disability or employee benefit acts, in the event claims are asserted against persons or entities indemnified under this Paragraph 25 by an employee of the Indemnifying Party, a contractor, a subcontractor, a sub-subcontract or, a material supplier, anyone directly or indirectly employed by any of them or anyone (or for whose acts they may be liable.)

Moreover, at the request of the Indemnified Party, the Indemnifying Party shall defend any action, claim or suit asserting a claim that might be covered by this indemnity. The Indemnifying Party shall pay all costs and expenses that may be incurred by the Indemnified Party in enforcing this indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

20. LIMITATION OF LIABILITY:

Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

21. FORCE MAJEURE:

A Party shall not be 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 control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Federal Energy Regulatory Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A

Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

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 either Party herein shall be extended for the period during which Force Majeure was in effect.

22. SUCCESSORS:

This Agreement will be binding upon the Parties and will inure to the benefit of their successors.

23. SEVERABILITY:

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

24. MULTIPLE COUNTERPARTS:

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

25. CONTRACTORS AND SUBCONTRACTORS:

Nothing in this Agreement shall prevent Company or Customer from utilizing the services of any third party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that Company or Customer shall require its third party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third party contractor and subcontractor.

26. NO THIRD-PARTY BENEFICIARIES:

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the day and year first herein above written.

PACIFICORP

BOUNTIFUL CITY LIGHT & POWER

/s/ K Houston

Signature

/s/ Allen Ray Johnson

Signature

Kenneth Houston

Printed Name of Signor

Allen Ray Johnson

Printed Name of Signor

Dir., Transmission

Title of Signor

Director

Title of Signor

Dec. 10, 2010

Date

December 8, 2010

Date

Exhibit A
Scope of Work

The following outlines the scope of work for PacifiCorp, d/b/a Rocky Mountain Power ("RMP"), and Bountiful City Light & Power ("Bountiful City"):

Project Description

Expand the existing 138kV main bus and transfer bus to support additional 138kV line positions to the south. This project includes the addition of two bays and two breaker structures with 138kV breakers in the expanded Bountiful City yard. The design also includes the addition of a 138kV bay and bus tie breaker (CB B101). Rocky Mountain Power will own and operate the new bus tie breaker.

Major Outdoor Equipment

(RMP)

New Equipment

- 3- 138kV, Potential Transformer, Metering Class.
- 1 - 138kV, 2000A, 40kA, -30 Deg C, 5000' Elevation Power Circuit Breaker.
- 6 - 138kV, 2000A, Group Operated, Horizontally Mounted, Vertical Break Switch with Ground Switch.
- Lot - 138kV Insulators, High Strength

Rigid and Wire Bus

138kV rigid bus and high to low bus jumpers will be sized to support 2000A operation. 138kV line position rigid bus and jumpers will be sized to match or exceed the line conductor rating.

Recommended

Rigid Bus - 4" IPS Aluminum (Schedule 40) - 2460A (recommended based on span deflection)
High to Low Bus Jumpers - Bundled 1272 KCM ACSR "Bittern" - 2542A (Summer SS)
Breaker Jumpers (138kV Line Position) - 1272 KCM ACSR "Bittern" - 1271A (Summer SS)

Recommended

Bus damping wire will be installed.

Recommended

Bus Damping Wire - 4/0 AAC

Property and Right-of-Way

All property required to expand the substation is owned by Bountiful City. RMP shall obtain an easement from Bountiful City for this property.

Permitting Requirements and/or Environmental Study Requirements

Customer has obtained a 404 Wetland Permit and a Conditional Use Permit.

Customer will be responsible for all permits.

Site Work

This is an existing substation. The substation site will be expanded to the south for this project.

Site drainage design will take into account the substations location and proximity to wetlands and high water table.

Company is responsible for drainage system design, installation and operation within the easement area.

Customer is responsible for drainage system design, installation and operation in the remainder of the Customer's substation.

A geotechnical report has been completed by Company.

A topographical survey will be required for the site. The topographical survey will extend 100' or more beyond the identified property line to ensure there is adequate information to analyze drainage. Survey will be coordinated with transmission engineering and include any information required to complete the transmission design. The transmission line ROW, centerline, and structure locations (including down guy locations) will be included in the survey.

Site work design will satisfy all permit requirements set forth by applicable jurisdictions.

Fencing

The new construction area to the south will require new fencing. Also, a new interior fence dividing RMP and Bountiful City will need to be erected. Fencing on the west, southwest and internal fence in the new construction area will be done by RMP and will match and extend to existing fences. Fences to the southeast and east side of the construction area will be done by Bountiful City. West fence line will be altered to accommodate the roadway in RMP's Parrish yard so the new construction area can be accessed by service vehicles. There will be no access gates for Company in this new construction area. RMP will remove an existing fence section that runs along the existing bay to the south.

Building

The existing RMP control house does not need to be expanded for this project.

A new DC Panel and a new AC Panel will be installed on the north wall west of the door as identified below as part of the Skypark project. Those panels will be large enough to accommodate this new bus tie expansion. The existing cable tray will be extended (also as part of the Skypark project) to the wall to support the installation of new AC and DC cables in and out of the new panel.

The existing panel bracing will need to be modified to support the additional panels.

Steel Structures

The following steel structures have been identified for this project:

- 1- 138kV PT structure
- 6 - 138kV short switch structure
- 12 - 138kV tall three phase bus support structure (White Rock)
- 6 - 138kV short three phase bus support structure (White Rock)
- 2 - 138kV 138kV dead-end towers
- 2 - Static Mast (White Rock)

Steel structure types and quantities are preliminary and are subject to change during detailed design.

Foundations

The following foundations have been identified for this project. Foundation diameters may increase or decrease depending on soil conditions and/or steel requirements.

- 4 - 4'-0" diameter pier, 138kV dead-end structure
- 1 - 138kV breaker foundation (slab on grade)
- 2 - 4'-0" diameter pier, Static Mast
- TBD - 2'-6" diameter pier, all other structures

Foundation types and quantities are preliminary and are subject to change during detailed design and final geotechnical report.

Grounding

The existing 4/0 copper ground grid will be expanded unless required otherwise. Soil resistivity measurements will be provided in the geotechnical engineering report. The measurements will be required to complete a CDEGS analysis of the substation grounding system.

138kV Design Fault Duty:

- Single Phase to Ground: 14,464.4 Amps

Company is responsible to design and install the ground grid within the easement area, and to ground the fence that Company installs.

Customer is responsible to design and install the ground grid within the remainder of the substation area, and to ground the fence that Customer installs.

Conduit & Cable Trench

Below grade control conduit will be no smaller than 2" PVC conduit. Above grade conduit will be RGS or Flex (3' to 4' maximum length for flex). The elbows will be no smaller than 24" radius and will be PVC.

Conduit from the new bus tie breaker and lights will go into a new (RMP) trench that will tie into the existing cable trench to the north. Conduit from Bountiful City's new power circuit breakers will go into a new (Bountiful) cable trench that will lead to the existing trench that leads to both Bountiful control house and RMP's control house. Bountiful City's new power circuit breakers will send contacts for SCADA trip & indication to RMP by way of conduits to RMP's new cable trench.

Removals

Existing fence on the south side of the substation shall be removed to allow expansion of 138kV bus.

AC Station Service System

The existing AC Panel "E" located in the control house does not have adequate spares for this project. This panel provides 120/240VAC for PCB's. A new 120/240VAC will be installed in the control house on the north wall west of the door as part of the Skypark expansion project. This new panel will accommodate the new 138kV bus tie breaker installation.

The existing AC Panel "A" located in the 138kV yard does have adequate spares for this project. The panel provides 120/240VAC for yard lighting and receptacles.

AC load study will be completed during detailed design to ensure existing station service transformers are adequate for this location after additions. If it is determined the station service needs to be upgraded it will be sized to support the future development of the substation.

DC Battery System

As part of the Skypark expansion project, a new 125VDC breaker panel will be installed as the existing panels do not have adequate spare breaker positions. The new 125VDC panel will be installed on the north wall just west of the door. This panel will accommodate the new 138kV bus tie breaker installation.

DC load study will be completed during detailed design to ensure existing 125VDC battery is adequate for this location after additions.

Yard Lighting

New yard lighting will be HPS lights mounted on deadend and static mast structures similar to White Rock Substation. SCADA control of the substation yard lights may be required.

SCADA

The existing RTU will not support the bus tie position addition. The existing L&G 5700 RTU will be replaced with a new GE D20 RTU as part of the Skypark expansion project. This will allow for the addition of the bus tie breaker control and indication. The existing interposition panel will remain in place and be expanded as necessary to support the Skypark expansion project. New wiring will not be required to existing panels as the interposition panel will remain in place.

Bountiful City's CB102 and new CB118 and CB119 will be RTU monitored for status and have trip control.

Protection & Control

Bountiful City will be responsible for the Relay, Control and Protection for both CB118 and CB119 and for the new breaker in position CB102.

Bountiful City will need to provide the following for each Breaker position:

- CT Connection (on the load side of each circuit breaker) to be used in the 138 kV Bus Differential protection.
- One 52A Contact for RTU indication.
- RTU control input for TRIP.
- CT Connection (on the load side of each circuit breaker) for the RTU to monitor load.
- Interface point for breaker tripping through either Bus Differential relay or bus lockout.
- Interface point for Block close Breaker through Bus Lockout relay.

RMP will provide the following for each breaker:

- Bus Potentials for WATT/VAR Transducer (One 3-Phase circuit for both Breakers).
- Bus Potential transformer outputs shall be fused towards Bountiful City's yard.
- Bus Potential transformers shall have a selector switch on the secondary side of the PT's.
- Dry Contact for TRIP (Through Bus Differential or Bus Lockout).
- Dry Contact for Block Close (Through Bus Lockout)

- RTU Control point for TRIP.

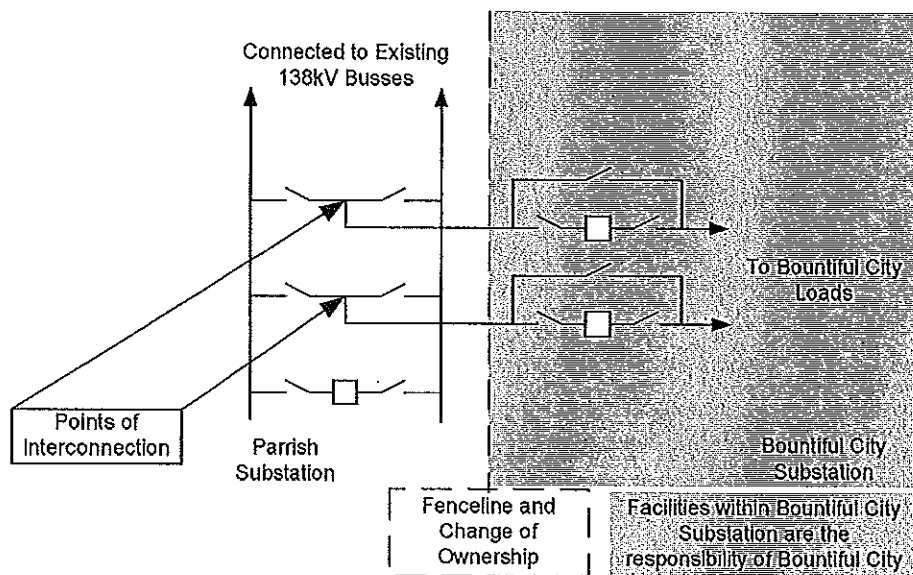
Relay, Control, and Miscellaneous P&C Items

- 1 - PC210 breaker control, metering, and protection – Panel E1F
- 1- PL351 138kV bus tie breaker line relays with 12 position selector switch – Panel D3
- 1- PI111 Annunciator – Panel C6

The existing 64 drop annunciator (Panel A2F) is to be removed from service.

Revenue Metering

Revenue metering will be located at Bountiful City's control house and RMP will phone in to these meters to interrogate. New PT's will be installed for potential for these meters on the 138kV East bus and the existing PT's will be connected to the 138kV West bus. The new PT's will be fused.

Exhibit B
One-Line Diagram

DEC 09 2010

**PROJECT CONSTRUCTION AGREEMENT
BOUNTIFUL CITY LIGHT & POWER / PARRISH SUBSTATION EXPANSION /
Q0030**

This Project Construction Agreement (the "Agreement") made and entered into this 8th day of December, 2010, between Bountiful City Light & Power, hereinafter called "Bountiful" or "Customer", and PacifiCorp, hereinafter called "PacifiCorp" or "Company", is for work to be performed by Company for Customer (hereinafter referred to as the "Project"). Hereinafter, Bountiful and PacifiCorp may be individually referred to as a "Party" or collectively referred to as the "Parties".

RECITALS:

- A. WHEREAS, PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Utah;
- B. WHEREAS, Bountiful is a municipal electric utility serving load in and around Davis County, Utah, and is a member of Utah Associated Municipal Power Systems ("UAMPS"), a joint action agency that provides wholesale electric energy to community-owned member power systems and which is a party to the Amended and Restated Transmission Service and Operating Agreement ("TSOA") with PacifiCorp;
- C. WHEREAS, PacifiCorp and Bountiful are parties to an Operating Agreement, dated March 16, 1967, including Addendum No. 1, executed July 13, 1988, and designated as PacifiCorp Rate Schedule No. 335 (the "O&M Agreement"), pursuant to which PacifiCorp provides Bountiful certain operation and maintenance services at the Parrish Substation, 200 N. Sheep Road, Centerville City, in Davis County, Utah;
- D. WHEREAS, Bountiful has requested additional interconnections at Parrish Substation to reliably serve its loads and has requested that PacifiCorp perform certain work to accommodate Customer's request;
- E. WHEREAS, PacifiCorp has determined that to accommodate Bountiful's request, certain upgrades will be required to the Parrish Substation (the "Project"), as further described and detailed in this Agreement; and
- F. WHEREAS, PacifiCorp and Bountiful have agreed to perform the work required to complete the upgrades according to the terms set forth herein.

NOW THEREFORE, the Parties enter into this Agreement with the understanding that each mutually benefits from this Agreement. The parties further agree to the following:

1. TERM & TERMINATION

The term of this Agreement shall commence upon acceptance for filing by the Federal Energy Regulatory Commission ("Commission"), ("Effective Date") and shall terminate upon completion of the work and the determination of the actual cost of the Direct Assigned Facilities by the Company and receipt of any additional payment from the Customer or refund of any overpayment pursuant to Section 3 of the Agreement.

2. SCOPE AND PERFORMANCE OF WORK:

- a. **Project Description and Scope.** The Project shall consist of the expansion of Company's Parrish Substation to the south on property owned by the Customer, with a perpetual easement to the Company for such property and including design, procurement and installation of three substation breaker bays, breaker foundations and structures, switches, a bus tie breaker, bus work, ground grid and fencing (the "Project Facilities") to provide connection of Company's electrical system to two new Customer circuit breakers located in Customer's adjacent substation.
- b. **Company Responsibilities.** Company agrees to provide geotechnical work, site grading and drainage and to design, procure, and install the Project Facilities as outlined in the attached Exhibit A, Scope of Work and depicted in attached Exhibit B, One-line Diagram.
- c. **Customer Responsibilities.** Customer agrees to provide geotechnical work, site grading and drainage and for the property used for the Parrish Substation expansion to design, procure, and install facilities as outlined in the attached Exhibit A, Scope of Work and depicted in attached Exhibit B, One-line Diagram.

3. OWNERSHIP/RESPONSIBILITY FOR COSTS:

Ownership of the Project Facilities shall be as follows: Company shall own the new bus work, switches, and bus tie breaker including foundations and structures, fencing, ground grid and the conductor from the breaker bay take off structures to the Customer's deadend towers in Customer's substation. Customer shall own the property on which the Project Facilities are located. Customer shall provide Company a perpetual easement for the property on which the Project Facilities are located.

The Company's estimated cost for Company's Scope of Work for the Project Facilities is \$1,888,869 which includes \$1,526,006 in Network Upgrades and \$362,863 in Direct Assigned Facilities costs. Direct Assigned Facilities costs are

those costs associated with the installation of those facilities between the Point of Interconnection and the Point of Change in Ownership. Network Upgrade Facilities costs are those costs associated with the installation of facilities on Company's transmission system side of the Point of Interconnection as shown on Exhibit B, One-Line Diagram. Accordingly, in consideration of the work to be performed by Company, Customer agrees to pay the estimated Direct Assigned Facilities costs of \$362,863 within thirty (30) days after Agreement is accepted for filing by the Commission. Customer shall reimburse Company for the actual cost to complete the Direct Assigned Facilities. Following completion of the Project, Company shall calculate its actual costs for the Direct Assigned Facilities. Company's actual costs shall include all direct costs plus applicable overheads. Company will forward a copy of the calculation to Customer along with an invoice or a refund for the difference between the estimated and actual cost within one hundred twenty (120) days after completion of construction.

Company shall keep accurate and complete accounting records in support of all Direct Assigned Facilities cost billings and claims in accordance with generally accepted accounting principles. Customer, or its audit representative, shall have the right at any reasonable time or times to examine, audit, and copy the records, vouchers, and their source documents which relate to any claim or compensation other than pricing elements, if any, which are fixed in amount by this Agreement. Such documents shall be available for examination, audit, and copying for three (3) years after the completion or termination of this Agreement.

4. TAXES

4.1 Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by Customer to PacifiCorp for the installation of PacifiCorp's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

4.1.1 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Customer and PacifiCorp represent and covenant that this Agreement covers an interconnection for transfers of interties used exclusively or in part to transmit power over PacifiCorp's transmission grid in connection with a long-term interconnection agreement.

4.2 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Company. Notwithstanding Article 4.1, Customer shall protect, indemnify and hold harmless Company from the cost consequences of any current tax liability imposed against PacifiCorp as the result of payments or

property transfers made by Customer to PacifiCorp under this Agreement for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

PacifiCorp shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Customer under this Agreement unless (i) PacifiCorp has determined, in good faith, that the payments or property transfers made by Customer to PacifiCorp should be reported as income subject to taxation or (ii) any Governmental Authority directs PacifiCorp to report payments or property as income subject to taxation. Customer shall reimburse PacifiCorp for such costs on a fully grossed-up basis, in accordance with Article 4.3, within thirty (30) Calendar Days of receiving written notification from Company of the amount due, including detail about how the amount was calculated. The indemnification obligation shall terminate at the earlier of the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by PacifiCorp upon request of the IRS, to keep these years open for audit or adjustment.

- 4.3 Tax Gross-Up Amount. Customer's liability for the cost consequences of any current tax liability under this Article 4 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Customer will pay PacifiCorp, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on PacifiCorp ("Current Taxes") on the excess of (a) the gross income realized by PacifiCorp as a result of payments or property transfers made by Customer to PacifiCorp under this Agreement (without regard to any payments under this Article) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit PacifiCorp to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on PacifiCorp's composite federal and state tax rates at the time the payments or property transfers are received and Company will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting PacifiCorp's anticipated tax depreciation deductions as a result of such payments or property transfers by PacifiCorp's current weighted average cost of capital. Thus, the formula for calculating Customer's liability to Transmission Owner pursuant to this Article can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$.

- 4.4 Contests. In the event any Governmental Authority determines that PacifiCorp's receipt of payments or property constitutes income that is subject to taxation, Company shall notify Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Customer, the Customer and PacifiCorp will discuss whether to pursue an appeal, protest, seek abatement of, or otherwise oppose such determination. Upon mutual agreement, PacifiCorp will file a claim for refund with respect to any taxes paid under this Article 4. PacifiCorp reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but PacifiCorp shall keep Customer informed, shall consider in good faith suggestions from Customer about the conduct of the contest, and shall reasonably permit Customer or a Customer representative to attend contest proceedings. At any time during the contest, PacifiCorp may agree to a settlement either with Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by PacifiCorp, but reasonably acceptable to Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Customer's consent or such written advice will relieve Customer from any obligation to indemnify PacifiCorp for the tax at issue in the contest.
- 4.5 Refund. In the event that (a) a private letter ruling is issued to PacifiCorp which holds that any amount paid or the value of any property transferred by Customer to PacifiCorp under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to PacifiCorp in good faith that any amount paid or the value of any property transferred by Customer to PacifiCorp under the terms of this Agreement is not taxable to PacifiCorp, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Customer to PacifiCorp are not subject to federal income tax, or (d) if PacifiCorp receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Customer to PacifiCorp pursuant to this Agreement, Company shall promptly refund to Customer the following:

(i) any payment made by Customer under this Article 4 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Customer to PacifiCorp for such taxes which PacifiCorp did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Customer to the date PacifiCorp refunds such payment to Customer, and

(iii) with respect to any such taxes paid by PacifiCorp, any refund or credit PacifiCorp receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to PacifiCorp for such overpayment of taxes (including any reduction in interest otherwise payable by PacifiCorp to any Governmental Authority resulting from an offset or credit); provided, however, that PacifiCorp will remit such amount promptly to Customer only after and to the extent that PacifiCorp has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to PacifiCorp's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5. PROJECT SCHEDULE:

The Parties shall mutually agree to a schedule to complete the Project Facilities to support an estimated May 1, 2011 in-service date.

6. OPERATION AND MAINTENANCE:

The Parties agree that operation and maintenance of the Project Facilities shall be as described and set forth in a future agreement between the Parties. Specifically, the Parties agree that the Operations and Maintenance ("O&M") Agreement shall be amended and restated to contain the Parties' entire agreement as to operation and maintenance responsibilities and cost. The Parties agree to work diligently and in good faith to negotiate and execute such amended and restated O&M Agreement on or before the completion of construction of the Project.

7. STANDARD OF WORK:

All work performed pursuant to this Agreement by either Party or their agents shall be performed in a good and workmanlike manner in accordance with Good

Utility Practice and with any and all prudent and applicable safety and reliability standards. As used in this Agreement, Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, 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, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

8. CHANGES:

The Parties may at any time in writing mutually agreed to by both Parties require changes and/or additions within the general scope of this Agreement or any amendment hereto, direct the omission of or variation in Work, or alter the schedule. If such direction results in a material change in the amount or character of the Work, an equitable adjustment in estimated costs and other such provisions of this Agreement as may be affected shall be made and this Agreement shall be modified in writing accordingly.

No change shall be binding upon the Parties until a change order is executed by each Party which EXPRESSLY STATES THAT IT CONSTITUTES A CHANGE ORDER TO THIS AGREEMENT. THE ISSUANCE OF INFORMATION, ADVICE, APPROVALS, OR INSTRUCTIONS VERBALLY OR BY AN EXCHANGE OF E-MAIL OR IN ANY OTHER MANNER SHORT OF A WRITING EXECUTED BY BOTH PARTIES SHALL NOT CONSTITUTE AN AUTHORIZED CHANGE ORDER PURSUANT TO THIS PROVISION.

9. INSPECTION:

Customer may, at its discretion, inspect Company construction work in progress upon reasonable notice and with supervision by Company.

10. TESTING:

Before the new facilities required for the Project are energized, such new facilities shall be tested by Company to ensure their safe and reliable operation in accordance with Good Utility Practice, all applicable Federal Energy Regulatory Commission, North American Electric Reliability Corporation and Western Electricity Coordinating Council criteria and requirements, and all applicable federal, state, and local law, regulations, and requirements. If testing indicates that modifications are required, Customer shall bear the cost of all such modifications in accordance with the cost allocation in Section 3 above, except to the extent that any such modifications are required as a result of Company's or its

agent's or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

11. ACCESS:

Company shall grant Customer and their designees reasonable escorted access to the Project Facilities consistent with such access rights as are established in prior agreements between the Parties, provided that Customer provides Company with reasonable notice and complies with Company's safety and security rules.

12. GOVERNING LAW:

Enforcement or interpretation of this Agreement shall be in the state court of the State of Utah, and all parties hereby submit to the jurisdiction of said court for the stated purpose. Furthermore, this Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

13. NO PARTNERSHIP:

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

14. NON-ASSIGNABILITY:

Neither this Agreement, nor any part thereof, may be assigned, without the express written consent of the other Party which consent will not be unreasonably withheld. Any attempt to assign this Agreement will be deemed voidable.

15. PROVISIONAL REMEDIES:

Either party may seek provisional legal remedies, if in such party's judgment such action is necessary to avoid irreparable damage or preserve the status quo.

16. ENTIRE CONTRACT:

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.

17. NOTICES:

Any correspondence regarding this work shall be directed to the appropriate party as shown below:

Bountiful:

Mark Athay, Engineering Manager
Bountiful City Light & Power
198 South 200 West
Bountiful, Utah 84010
Phone: (801) 298-6072
Fax: (801) 298-1110
e-mail: mathay@bountifulutah.gov

PacifiCorp:

Director, Transmission Services
PacifiCorp
825 NE Multnomah Street, Suite 1600
Portland, OR 97232
Phone (503) 813-6712
Fax (503) 813-6893

18. BILLING AND PAYMENT:

Billings and payments shall be sent to the addresses set out below:

Customer: Bountiful City Light & Power
Attention: Alan Farnes
Address: 198 South 200 West
Bountiful, Utah 84101
Fax No.: (801) 298-1110

with a copy by e-mail to: afarnes@bountifulutah.gov
mathay@bountifulutah.gov

19. INDEMNIFICATION:

Company and Customer ("Indemnifying Party") each agree to protect, defend, indemnify and hold harmless the other Party, its officers, employees and agents (collectively the "Indemnified Party") against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature, including court costs and attorney's fees, even if such actions or claims are completely groundless, growing out of injury to or death of the Indemnifying Party or its subcontractors of any tier, their employees, agents or guests, or any other person

or persons, or any and all destruction, loss or damage to property arising in any way in connection with, or related to, the Indemnifying Party's performance of any Work or any of its obligations under the Agreement, except as to injury to persons or damage to property on the Work site caused by the negligence of the Indemnified Party.

The indemnification obligations set forth herein shall not be limited by amounts or types of damages, compensation or benefits payable by or for the Indemnifying Party, contractors, subcontractors, sub-subcontractors, material suppliers or any person or entity for which any of them may be liable, under workers compensation acts, or any disability or employee benefit acts, in the event claims are asserted against persons or entities indemnified under this Paragraph 25 by an employee of the Indemnifying Party, a contractor, a subcontractor, a sub-subcontract or, a material supplier, anyone directly or indirectly employed by any of them or anyone (or for whose acts they may be liable.)

Moreover, at the request of the Indemnified Party, the Indemnifying Party shall defend any action, claim or suit asserting a claim that might be covered by this indemnity. The Indemnifying Party shall pay all costs and expenses that may be incurred by the Indemnified Party in enforcing this indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

20. LIMITATION OF LIABILITY:

Except as otherwise expressly provided in this Agreement, each Party's liability to the other Party for any loss, cost, claim, injury, damage, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as specifically authorized by this Agreement.

21. FORCE MAJEURE:

A Party shall not be 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 control of the Party, including, but not limited to the following: (a) the operation and effect of any new or modified rules, regulations and orders promulgated by the Federal Energy Regulatory Commission, any applicable state public utility commission, any municipality, or any governmental agency of the United States, or subdivision thereof (so long as the claiming party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) any Force Majeure event.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

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 either Party herein shall be extended for the period during which Force Majeure was in effect.

22. SUCCESSORS:

This Agreement will be binding upon the Parties and will inure to the benefit of their successors.

23. SEVERABILITY:

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

24. MULTIPLE COUNTERPARTS:

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

25. CONTRACTORS AND SUBCONTRACTORS:

Nothing in this Agreement shall prevent Company or Customer from utilizing the services of any third party contractor or subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that Company or Customer shall require its third party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such third party contractor and subcontractor.

26. NO THIRD-PARTY BENEFICIARIES:

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement effective as of the day and year first herein above written.

PACIFICORP

K Houston
Signature

Kenneth Houston
Printed Name of Signor

Dir. Transmission
Title of Signor

Dec. 10, 2010
Date

BOUNTIFUL CITY LIGHT & POWER

Allen Ray Jr
Signature

Allen Ray Johnson
Printed Name of Signor

Director
Title of Signor

December 8, 2010
Date

Exhibit A
Scope of Work

The following outlines the scope of work for PacifiCorp, d/b/a Rocky Mountain Power ("RMP"), and Bountiful City Light & Power ("Bountiful City"):

Project Description

Expand the existing 138kV main bus and transfer bus to support additional 138kV line positions to the south. This project includes the addition of two bays and two breaker structures with 138kV breakers in the expanded Bountiful City yard. The design also includes the addition of a 138kV bay and bus tie breaker (CB B101). Rocky Mountain Power will own and operate the new bus tie breaker.

Major Outdoor Equipment

(RMP)

New Equipment

- 3- 138kV, Potential Transformer, Metering Class.
- 1 - 138kV, 2000A, 40kA, -30 Deg C, 5000' Elevation Power Circuit Breaker.
- 6 - 138kV, 2000A, Group Operated, Horizontally Mounted, Vertical Break Switch with Ground Switch.
- Lot - 138kV Insulators, High Strength

Rigid and Wire Bus

138kV rigid bus and high to low bus jumpers will be sized to support 2000A operation. 138kV line position rigid bus and jumpers will be sized to match or exceed the line conductor rating.

Recommended

Rigid Bus - 4" IPS Aluminum (Schedule 40) - 2460A (recommended based on span deflection)

High to Low Bus Jumpers - Bundled 1272 KCM ACSR "Bittern" - 2542A (Summer SS)

Breaker Jumpers (138kV Line Position) - 1272 KCM ACSR "Bittern" - 1271A (Summer SS)

Recommended

Bus damping wire will be installed.

Recommended

Bus Damping Wire - 4/0 AAC

Property and Right-of-Way

All property required to expand the substation is owned by Bountiful City. RMP shall obtain an easement from Bountiful City for this property.

Permitting Requirements and/or Environmental Study Requirements

Customer has obtained a 404 Wetland Permit and a Conditional Use Permit.

Customer will be responsible for all permits.

Site Work

This is an existing substation. The substation site will be expanded to the south for this project.

Site drainage design will take into account the substations location and proximity to wetlands and high water table.

Company is responsible for drainage system design, installation and operation within the easement area.

Customer is responsible for drainage system design, installation and operation in the remainder of the Customer's substation.

A geotechnical report has been completed by Company.

A topographical survey will be required for the site. The topographical survey will extend 100' or more beyond the identified property line to ensure there is adequate information to analyze drainage. Survey will be coordinated with transmission engineering and include any information required to complete the transmission design. The transmission line ROW, centerline, and structure locations (including down guy locations) will be included in the survey.

Site work design will satisfy all permit requirements set forth by applicable jurisdictions.

Fencing

The new construction area to the south will require new fencing. Also, a new interior fence dividing RMP and Bountiful City will need to be erected. Fencing on the west, southwest and internal fence in the new construction area will be done by RMP and will match and extend to existing fences. Fences to the southeast and east side of the construction area will be done by Bountiful City. West fence line will be altered to accommodate the roadway in RMP's Parrish yard so the new construction area can be

accessed by service vehicles. There will be no access gates for Company in this new construction area. RMP will remove an existing fence section that runs along the existing bay to the south.

Building

The existing RMP control house does not need to be expanded for this project.

A new DC Panel and a new AC Panel will be installed on the north wall west of the door as identified below as part of the Skypark project. Those panels will be large enough to accommodate this new bus tie expansion. The existing cable tray will be extended (also as part of the Skypark project) to the wall to support the installation of new AC and DC cables in and out of the new panel.

The existing panel bracing will need to be modified to support the additional panels.

Steel Structures

The following steel structures have been identified for this project:

- 1- 138kV PT structure
- 6 - 138kV short switch structure
- 12 - 138kV tall three phase bus support structure (White Rock)
- 6 - 138kV short three phase bus support structure (White Rock)
- 2 - 138kV 138kV dead-end towers
- 2 - Static Mast (White Rock)

Steel structure types and quantities are preliminary and are subject to change during detailed design.

Foundations

The following foundations have been identified for this project. Foundation diameters may increase or decrease depending on soil conditions and/or steel requirements.

- 4 - 4'-0" diameter pier, 138kV dead-end structure
- 1 - 138kV breaker foundation (slab on grade)
- 2 - 4'-0" diameter pier, Static Mast
- TBD - 2'-6" diameter pier, all other structures

Foundation types and quantities are preliminary and are subject to change during detailed design and final geotechnical report.

Grounding

The existing 4/0 copper ground grid will be expanded unless required otherwise. Soil resistivity measurements will be provided in the geotechnical engineering report. The measurements will be required to complete a CDEGS analysis of the substation grounding system.

138kV Design Fault Duty:

- Single Phase to Ground: 14,464.4 Amps

Company is responsible to design and install the ground grid within the easement area, and to ground the fence that Company installs.

Customer is responsible to design and install the ground grid within the remainder of the substation area, and to ground the fence that Customer installs.

Conduit & Cable Trench

Below grade control conduit will be no smaller than 2" PVC conduit. Above grade conduit will be RGS or Flex (3' to 4' maximum length for flex). The elbows will be no smaller than 24" radius and will be PVC.

Conduit from the new bus tie breaker and lights will go into a new (RMP) trench that will tie into the existing cable trench to the north. Conduit from Bountiful City's new power circuit breakers will go into a new (Bountiful) cable trench that will lead to the existing trench that leads to both Bountiful control house and RMP's control house. Bountiful City's new power circuit breakers will send contacts for SCADA trip & indication to RMP by way of conduits to RMP's new cable trench.

Removals

Existing fence on the south side of the substation shall be removed to allow expansion of 138kV bus.

AC Station Service System

The existing AC Panel "E" located in the control house does not have adequate spares for this project. This panel provides 120/240VAC for PCB's. A new 120/240VAC will be installed in the control house on the north wall west of the door as part of the Skypark expansion project. This new panel will accommodate the new 138kV bus tie breaker installation.

The existing AC Panel "A" located in the 138kV yard does have adequate spares for this project. The panel provides 120/240VAC for yard lighting and receptacles.

AC load study will be completed during detailed design to ensure existing station service transformers are adequate for this location after additions. If it is determined the station service needs to be upgraded it will be sized to support the future development of the substation.

DC Battery System

As part of the Skypark expansion project, a new 125VDC breaker panel will be installed as the existing panels do not have adequate spare breaker positions. The new 125VDC panel will be installed on the north wall just west of the door. This panel will accommodate the new 138kV bus tie breaker installation.

DC load study will be completed during detailed design to ensure existing 125VDC battery is adequate for this location after additions.

Yard Lighting

New yard lighting will be HPS lights mounted on deadend and static mast structures similar to White Rock Substation. SCADA control of the substation yard lights may be required.

SCADA

The existing RTU will not support the bus tie position addition. The existing L&G 5700 RTU will be replaced with a new GE D20 RTU as part of the Skypark expansion project. This will allow for the addition of the bus tie breaker control and indication. The existing interposition panel will remain in place and be expanded as necessary to support the Skypark expansion project. New wiring will not be required to existing panels as the interposition panel will remain in place.

Bountiful City's CB102 and new CB118 and CB119 will be RTU monitored for status and have trip control.

Protection & Control

Bountiful City will be responsible for the Relay, Control and Protection for both CB118 and CB119 and for the new breaker in position CB102.

Bountiful City will need to provide the following for each Breaker position:

- CT Connection (on the load side of each circuit breaker) to be used in the 138 kV Bus Differential protection.
- One 52A Contact for RTU indication.
- RTU control input for TRIP.
- CT Connection (on the load side of each circuit breaker) for the RTU to monitor load.

- Interface point for breaker tripping through either Bus Differential relay or bus lockout.
- Interface point for Block close Breaker through Bus Lockout relay.

RMP will provide the following for each breaker:

- Bus Potentials for WATT/VAR Transducer (One 3-Phase circuit for both Breakers).
- Bus Potential transformer outputs shall be fused towards Bountiful City's yard.
- Bus Potential transformers shall have a selector switch on the secondary side of the PT's.
- Dry Contact for TRIP (Through Bus Differential or Bus Lockout).
- Dry Contact for Block Close (Through Bus Lockout)
- RTU Control point for TRIP.

Relay, Control, and Miscellaneous P&C Items

- 1 - PC210 breaker control, metering, and protection – Panel E1F
- 1- PL351 138kV bus tie breaker line relays with 12 position selector switch – Panel D3
- 1- PI111 Annunciator – Panel C6

The existing 64 drop annunciator (Panel A2F) is to be removed from service.

Revenue Metering

Revenue metering will be located at Bountiful City's control house and RMP will phone in to these meters to interrogate. New PT's will be installed for potential for these meters on the 138kV East bus and the existing PT's will be connected to the 138kV West bus. The new PT's will be fused.

Exhibit B
One-Line Diagram

