

February 6, 2018

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

RE: *PacifiCorp*
Docket No. ER18-_____-000

Dear Secretary Bose:

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 (2017), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby tenders for filing the following jurisdictional agreement:

Project Construction Agreement ("Construction Agreement") between Utah Associated Municipal Power Systems ("UAMPS") and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 731.

1. Background and Reason for Filing

PacifiCorp is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Utah. UAMPS is a municipal electric utility serving load in Utah. PacifiCorp and UAMPS are parties to the Joint Ownership and Operations Agreement, dated February 18, 2005, and the Integrated Transmission Services Agreement, dated January 12, 2006.

UAMPS and PacifiCorp jointly own certain assets at and between the St. George and Red Butte/Central Substations in southwest Utah, which includes a double circuit 345 kV transmission line that currently has one circuit energized at 138 kV and one circuit not energized. PacifiCorp has concluded from performing transmission planning studies that in order to reliably serve the loads from the Red Butte/Central Substations, the fourth circuit currently not energized needs to be placed in service. PacifiCorp has identified and initiated work to energize the jointly-owned 4th circuit at 138 kV from the Central/Red Butte substation to the jointly owned St. George Substation ("Project"). Parties have agreed to jointly fund the Project and that PacifiCorp will perform the

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

work required to complete the Project. Accordingly, PacifiCorp respectfully requests that the Commission accept the Construction Agreement, attached hereto, for filing.

2. Effective Date and Request for Waiver

In accordance with 18 C.F.R. § 35.3(a)(1), PacifiCorp respectfully requests that the Commission establish an effective date of April 9, 2018, for the Construction Agreement.

To the extent that any filing requirement in Part 35 of the Commission's regulations is not satisfied by this filing and the materials enclosed herewith, PacifiCorp respectfully requests waiver of such requirements.

3. Designation

PacifiCorp requests that the Construction Agreement be designated as PacifiCorp Rate Schedule No. 731.

4. Enclosure

The following enclosure is attached hereto:

Construction Agreement between UAMPS and PacifiCorp, to be designated as PacifiCorp Rate Schedule No. 731

5. Communications

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

Thomas C. Woodworth
Assistant General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5356
(503) 813-7252 (facsimile)
Tom.Woodworth@PacifiCorp.com

Rick Vail
Vice President, Transmission
PacifiCorp
825 N.E. Multnomah, Suite 1600
Portland, OR 97232
(503) 813-6938
(503) 813-6893 (facsimile)
Richard.Vail@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 the following:

Marshall Empey
Utah Associated Municipal Power Systems
155 North 400 West, Suite 480
Salt Lake City, UT 84103
marshall@uamps.com

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114
psc@utah.gov

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

Respectfully Submitted,

/s/ Thomas C. Woodworth
Thomas C. Woodworth
Counsel 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 6th day of February, 2018.

/s/ Thomas C. Woodworth

Thomas C. Woodworth
Assistant General Counsel
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
(503) 813-5356
(503) 813-7252 (facsimile)
Tom.Woodworth@PacifiCorp.com

PROJECT CONSTRUCTION AGREEMENT
PROJECT TITLE: PACIFICORP/UAMPS / ST. GEORGE SUBSTATION 4TH CIRCUIT
ENERGIZATION

This Project Construction Agreement (“Agreement”) is made and entered into this 23rd day of January, 2018, between Utah Associated Municipal Power Systems (“UAMPS”), and PacifiCorp (“Company”), is for work to be performed by PacifiCorp on certain facilities (as described below) jointly owned by UAMPS and Company. Hereinafter, UAMPS and PacifiCorp may be individually referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS:

- A. WHEREAS, Company is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Utah; and
- B. WHEREAS, UAMPS and Company are parties to the Joint Ownership and Operations Agreement (“JOA”) dated February 18, 2005, and the Integrated Transmission Services Agreement (“ITS”) dated January 12, 2006; and
- C. WHEREAS, UAMPS and Company jointly own certain assets at and between the St. George and Red Butte/Central Substations in SW Utah, which includes a double circuit 345 kV transmission line that currently has one circuit energized at 138 kV and one circuit not energized; and
- D. WHEREAS, Company has concluded from performing transmission planning studies that in order to reliably serve the loads from the Red Butte/Central Substations, the fourth circuit currently not energized needs to be placed in service; and
- E. WHEREAS, Company has identified and initiated work to energize the jointly-owned 4th circuit at 138 kV from the Central/Red Butte substation to the jointly owned St. George Substation (“Project”); and
- F. WHEREAS, the Parties have agreed to jointly fund the Project and that the Company will perform the work required to complete the Project.

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree to the following:

1. **DEFINITIONS.**

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards shall mean the requirements and guidelines of the North American Electric Reliability Corporation (“NERC”), the Western Electricity Coordinating Council (“WECC”), and the balancing authority area of the transmission systems to which the facilities subject to this Agreement are directly interconnected.

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.

2. **TERM & TERMINATION.**

2.1. This Agreement shall be effective upon the later of the following: (1) the date of execution by both Parties, or (2) the effective date established by the Federal Energy Regulatory Commission (“FERC”) upon acceptance for filing.

2.2. This Agreement shall terminate ninety (90) calendar days after the earliest of the following to occur:

(i) Company’s receipt of final payment under this Agreement of UAMPS’ share of actual costs; or

(ii) Termination of the Agreement as provided in Section 4.3 of this Agreement (Authorization of Additional Amounts for Project Costs); or

(iii) Termination of the Agreement as provided in Section 12 of this Agreement (Right to Stop Work).

3. **SCOPE AND PERFORMANCE OF WORK:**

Project Description and Scope.

The three existing energized 138 kV lines at Red Butte/Central will need to shift bay positions to the north in order to terminate the 4th circuit at Central and energize it at 138 kV. The existing Red Butte/Central substation will be configured to accommodate the two UAMPS 138 kV lines

out of Red Butte to St. George and the remaining two joint-owned 345 kV (energized at 138 kV) lines out of Central to St. George.

At the Red Butte Substation, a new 138 kV circuit breaker will be added to existing bay 'B' at the Red Butte 138 kV yard on the north end. This will allow the shifting of the 3 existing circuits and the addition of the fourth circuit.

At St. George substation, construct a limited duration 138 kV line (approximately 0.19 miles) and dead end structures to terminate the west circuit of the joint-owned Red Butte/Central- St. George 138 kV line into the available St. George 138 kV line position and add one 138 kV circuit breaker (center). A simplified one-line diagram illustrating the Project impacts is depicted in the attached Exhibit A, One-Line Diagram.

a. **Company Responsibilities.** Company agrees to design, procure, and install the Project as depicted in the attached Exhibit B, Estimated Scope of Work. Construction drawings will be provided for all work at the joint-owned St. George Substation for UAMPS review and comment. Monthly status reports of the construction will be provided. Any proposed changes in the operations of the ITS will be noticed in writing to UAMPS at least two weeks in advance. As-build drawings and specifications for the installed equipment will be provided to UAMPS upon completion of the work.

b. **UAMPS Responsibilities.** UAMPS agrees to provide funds as invoiced for the joint-owned facilities included in the Project as depicted in the attached Exhibit D - St. George Substation Ownership.

c. **Performance Standards.** The Company shall perform all its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice (as such terms are defined in this Agreement). To the extent the Company is required or prevented or limited in taking any action by such regulations and standards, the Company shall not be deemed to be in breach of this Agreement for compliance therewith.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership. The Parties shall have joint ownership or separate ownership for the facilities being installed in the Project as itemized in Exhibit D to this Agreement.

4.2. Estimated Costs. The Company's estimated cost for the Scope of Work for the Project is \$2,523,781. For the jointly owned facilities the estimated cost is \$ 935,831 which will be allocated \$ 395,678 for the Company and \$540,153 for UAMPS. The estimated remaining balance of \$1,587,950 will be a cost directly assigned to the Company for facilities that they will be the sole owner.

The estimated cost includes engineering, labor, materials, and subcontracts. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2016 dollars.
- If construction is delayed, the cost estimate will likely need to be adjusted.
- Estimate assumes no exceptional site preparation will be needed.
- Estimate assumes project will be built during normal hours and will not require schedule compression or overtime.
- Estimate assumes no new permitting, property, right of way or easements will be required.

4.2.1 Jointly Owned Facilities Costs. In consideration of the work to be performed by Company, UAMPS agrees to pay the allocated costs for jointly owned facilities as invoiced on a monthly basis. UAMPS shall reimburse Company for the actual cost to complete the work. There will be no AFUDC charged to UAMPS. UAMPS will have thirty (30) calendar days after receiving any invoice to make payment in full.

4.2.2 Future of Joint-Owned Facilities. It is anticipated that some of the joint-owned equipment needed for this Project will not be needed in future configurations of the ITS, i.e. when the joint-owned lines are converted to 345 kV. At that time, the value of all joint-owned equipment will be determined by the Parties and each Party will receive an equitable allocation either of the equipment or funds.

4.3 Authorization of Additional Amounts for Project Costs. In the event that Company determines the joint owned allocated costs may exceed \$540,153, Company shall notify UAMPS and request that UAMPS provide written approval authorizing such additional amounts for joint owned allocated costs within thirty (30) days of such notice. Company's obligation to proceed with the Project associated with such additional amounts shall be contingent upon receipt of such approval, along with a prepayment in such additional amount. UAMPS shall be responsible for such estimated costs, as increased pursuant to such written authorization. If UAMPS does not authorize such additional amounts within such thirty (30) day period, this Agreement shall terminate after Company gives UAMPS written notice and an additional fifteen (15) days to cure. If UAMPS agrees to the cost increase, a modification to this Agreement will be prepared to indicate the additional funding amount.

Company shall keep accurate and complete accounting records in support of all costs, billings and claims in accordance with generally accepted accounting principles. If UAMPS discovers discrepancies in an invoice and upon request, Company shall provide accounting records to UAMPS as required to clarify the discrepancy. Following completion of Project and upon UAMPS request the Company shall provide complete accounting records for the Project.

5. TAXES:

5.1. UAMPS Payments Not Taxable. The Parties intend that all payments made by UAMPS to Company for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Company. Notwithstanding Section 5.1, UAMPS shall protect, indemnify and hold harmless Company from the cost consequences of any current tax liability imposed against Company as the result of payments made by UAMPS to Company under this Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

Company shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges UAMPS under this Agreement unless (i) Company has determined, in good faith, that the payments or property transfers made by UAMPS to Company should be reported as income subject to taxation or (ii) any governmental authority directs Company to report payments or property as income subject to taxation. UAMPS shall reimburse Company for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from Company of the amount due, including detail about how the amount was calculated.

5.3. Tax Gross-up Amount. UAMPS's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that UAMPS will pay Company, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on Company ("Current Taxes") on the excess of (a) the gross income realized by Company as a result of payments made by UAMPS to Company 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 (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Company 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 Company'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 Company's anticipated tax depreciation deductions as a result of such payments by Company's current weighted average cost of capital. Thus, the formula for calculating UAMPS's liability to Company pursuant to this Article can be

expressed as follows:

(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation)) / (1-Current Tax Rate).

5.4. Contests. In the event any governmental authority determines that Company's receipt of payments or property constitutes income that is subject to taxation, Company shall notify UAMPS, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund. In the event that (a) a private letter ruling is issued to Company which holds that any amount paid by UAMPS to Company 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 Company in good faith that any amount paid by UAMPS to Company under the terms of this Agreement is not taxable to Company, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by UAMPS to Company are not subject to federal income tax, or (d) if Company receives a refund from any taxing authority for any overpayment of tax attributable to any payment by UAMPS to Company pursuant to this Agreement, Company shall promptly refund to UAMPS the following:

- (i) any payment made by UAMPS under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;
- (ii) interest on any amounts paid by UAMPS to Company for such taxes which Company did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by UAMPS to the date Company refunds such payment to UAMPS; and
- (iii) with respect to any such taxes paid by Company, any refund or credit Company 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 Company for such overpayment of taxes (including any reduction in interest otherwise payable by Company to any governmental authority resulting from an offset or credit); provided, however, that Company will remit such amount promptly to UAMPS only after and to the extent that Company has received a tax refund, credit or offset from any governmental authority for any applicable overpayment of income tax related to Company's Project.

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 the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE. The Parties have agreed to the Estimated Schedule and Milestones attached as Exhibit C, Estimated Schedule and Milestones, for the completion of the Project. All project schedule milestones shall be best estimates of the time required to complete each Parties task at the time the schedule was developed.

7. STANDARD OF WORK. All work performed pursuant to this Agreement by the Company or its agents shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and Applicable Reliability Standards.

8. CHANGES. The Parties may at any time, in writing, mutually agree to 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 is in writing and 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.

All revisions to this Agreement, if originally filed at FERC, will be filed by Company as an amended and restated agreement.

9. INSPECTION. UAMPS may, at its discretion and expense, inspect Company's construction work of the Project 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 FERC, 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, the Parties shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of Company's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

11. ACCESS. Either Party shall grant the other Party reasonable escorted access to the Project consistent with such access rights are as established in prior agreements between the Parties, provided that each party provides reasonable notice and comply with the other Parties safety and security rules.

12. **RIGHT TO STOP WORK.** UAMPS reserves the right, upon thirty (30) days advance written notice to Company, to require Company at any time to stop all work by Company pursuant to this Agreement, provided that such stop-work order is the result of suspension or termination of the Project. Issuance of any such stop-work order shall terminate this Agreement. Upon issuance of any such stop-work order, UAMPS shall pay the Project Costs Company has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts and any cancellation costs for equipment that is already ordered for the Project.

13. **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.

14. **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.

15. **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 jointly owned facilities, and Company shall have the right to sell, transfer and convey all or any part of the PacifiCorp existing facilities and the PacifiCorp directly assigned facilities and its interest in the jointly owned 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, (1) 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, and (2) Company may at any time assign its rights and delegate its obligations under this Agreement, in whole or in part, including, without limitation, transferring its rights and obligations under this Agreement to any: (i) affiliate; (ii) successor in interest with respect to the Project, or (iii) corporation or any other business entity in conjunction with a merger, consolidation or other business reorganization to which Company is a party. Affiliate of Company includes any entity in which Berkshire

Hathaway, Inc. owns more than a 5% interest, over which Berkshire Hathaway exercises management control.

16. 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.

17. 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.

18. NOTICES. Any correspondence regarding this work shall be directed to the appropriate party (or parties) as shown below:

UAMPS: Marshall Empey
Chief Operating Officer
Utah Associated Municipal Power Systems
155 North 400 West
Salt Lake City, UT 84103

Company: Director, Transmission Services
825 NE Multnomah St., Suite 1600
Portland, OR 97232

19. BILLING. Any Billing regarding this work shall be directed to the appropriate party (or parties) as shown below:

UAMPS: Accounts Payable
Utah Associated Municipal Power Systems
155 North 400 West
Salt Lake City, UT 84103

20. PAYMENT. Payments shall be sent to:

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave

Portland, OR 97232-2017

21. INDEMNIFICATION. Each Party agrees to protect, defend, indemnify and hold harmless the other Party, including its officers, employees and agents 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 such Party's subcontractors of any tier, 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, such 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 sole negligence of the other 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 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 section by an employee of the Party, a contractor, a subcontractor, a sub-subcontractor, 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 Party, the 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 his indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

22. 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.

23. 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 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.

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

25. 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.

26. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

27. 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.

28. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent Company or UAMPS 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 and UAMPS shall require a 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.

29. 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.

30. SURVIVAL. All payment obligations and liabilities incurred before the termination or expiration of this Agreement, will survive its termination or expiration.

31. MODIFICATIONS OR AMENDMENTS. No modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

32. RECITALS. The above stated recitals are incorporated into and made part of this Agreement by this reference to the same extent as if these recitals were set forth in full at this point.

33. WAIVER. Waiver of any right, privilege, claim, obligation, condition, or default shall be in writing and signed by the waiving Party. No waiver by a Party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach, and no waiver by a party of any right under this Agreement shall be construed as a waiver of any other right.

34. DISPUTE RESOLUTION.

34.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in a Federal court under Federal law.

34.2 Arbitration Procedures

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct

the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

34.3 Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

34.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

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

PACIFICORP

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS

/s/ Rick Vail
Signature

/s/ M R Empey
Signature

Rick Vail
Printed Name of Signor

Marshall Empey
Printed Name of Signor

V.P. Transmission
Title of Signor

Chief Operating Office
Title of Signor

1/23/18
Date

January 18, 2018
Date

Exhibit A One-Line Diagram

Red Butte Substation – General Plan

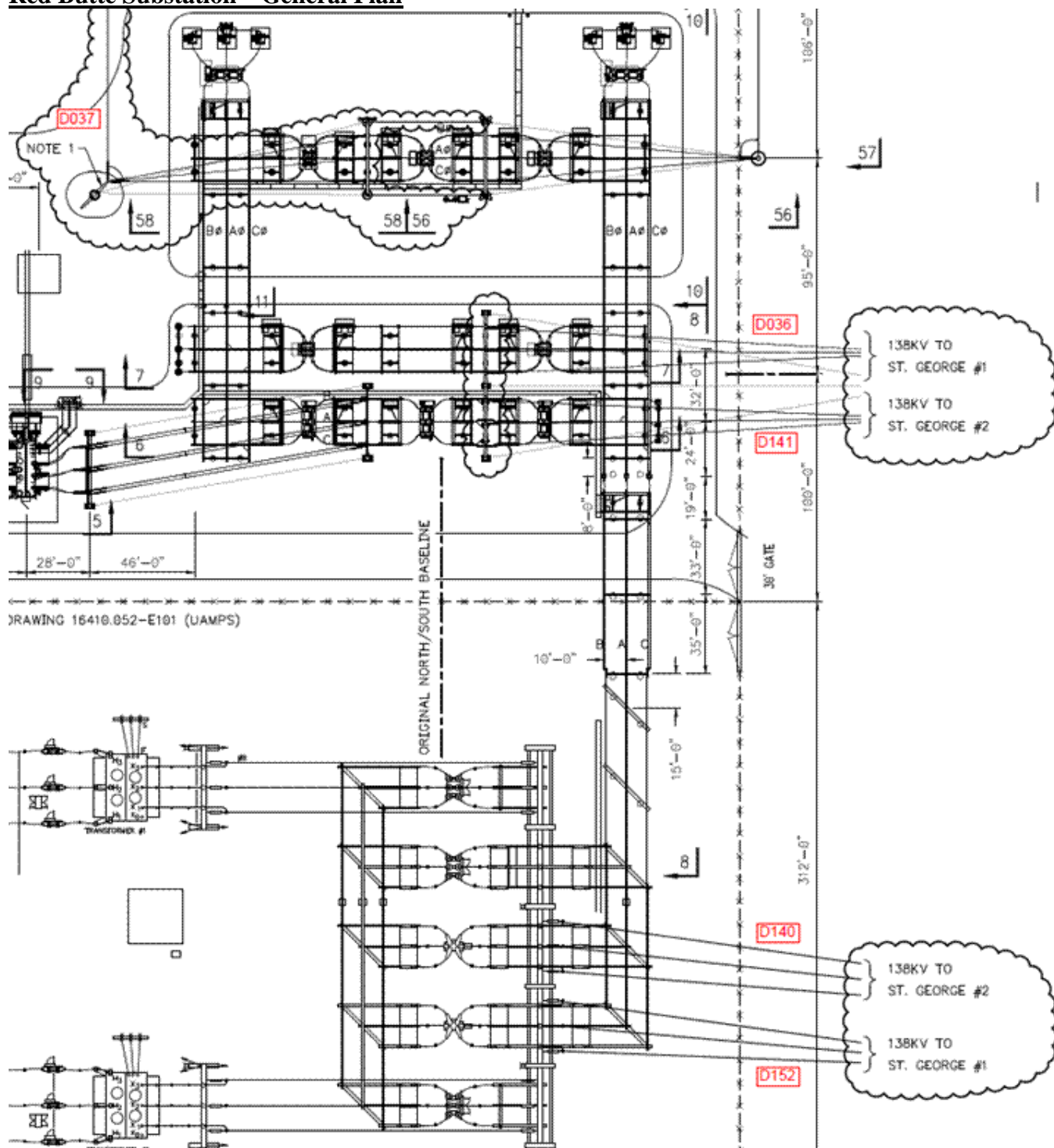


Exhibit A – One Line Diagram

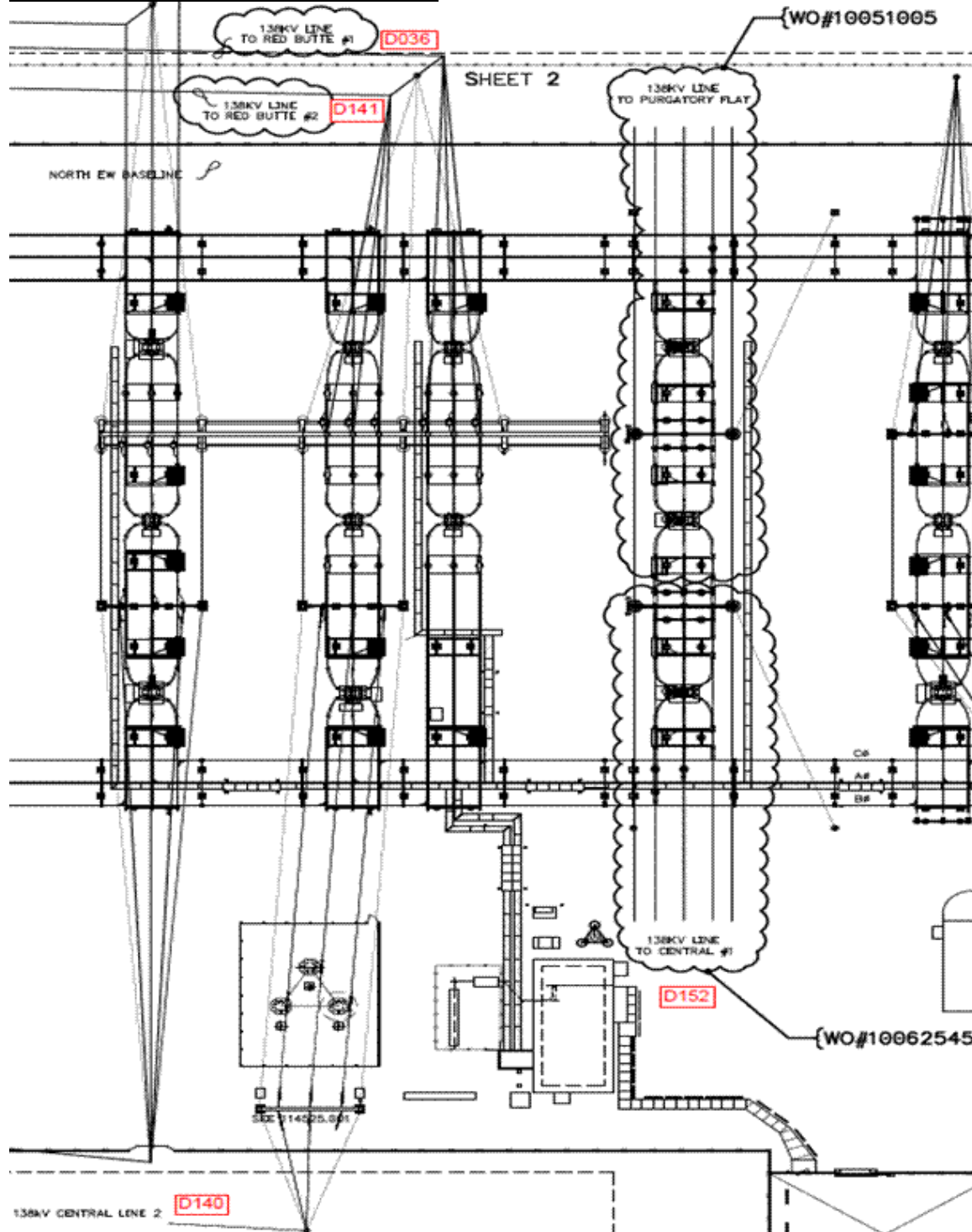
St. George Substation – General Plan

Exhibit A – One Line Diagram

Red Butte Substation – General Plan

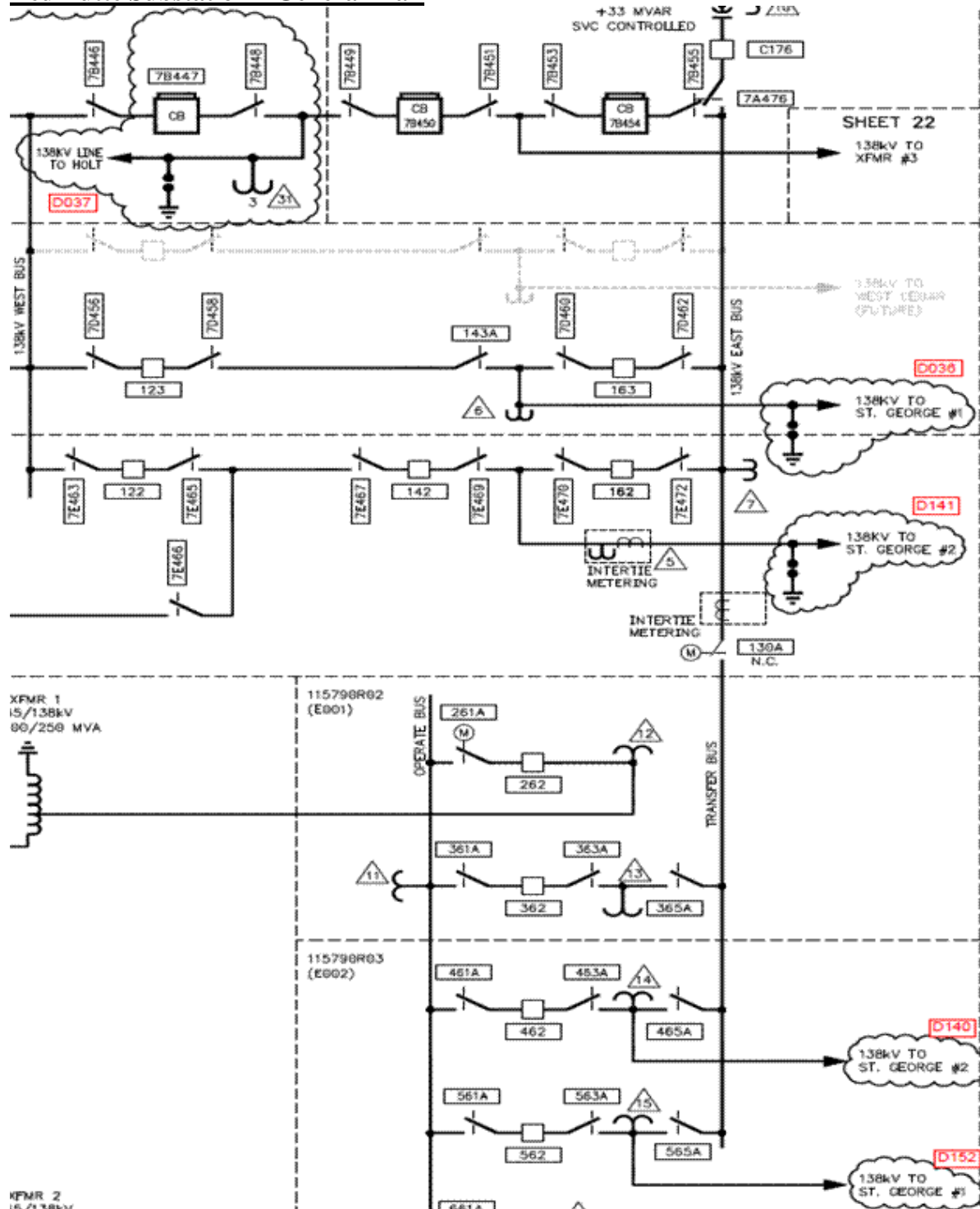


Exhibit A – One Line Diagram

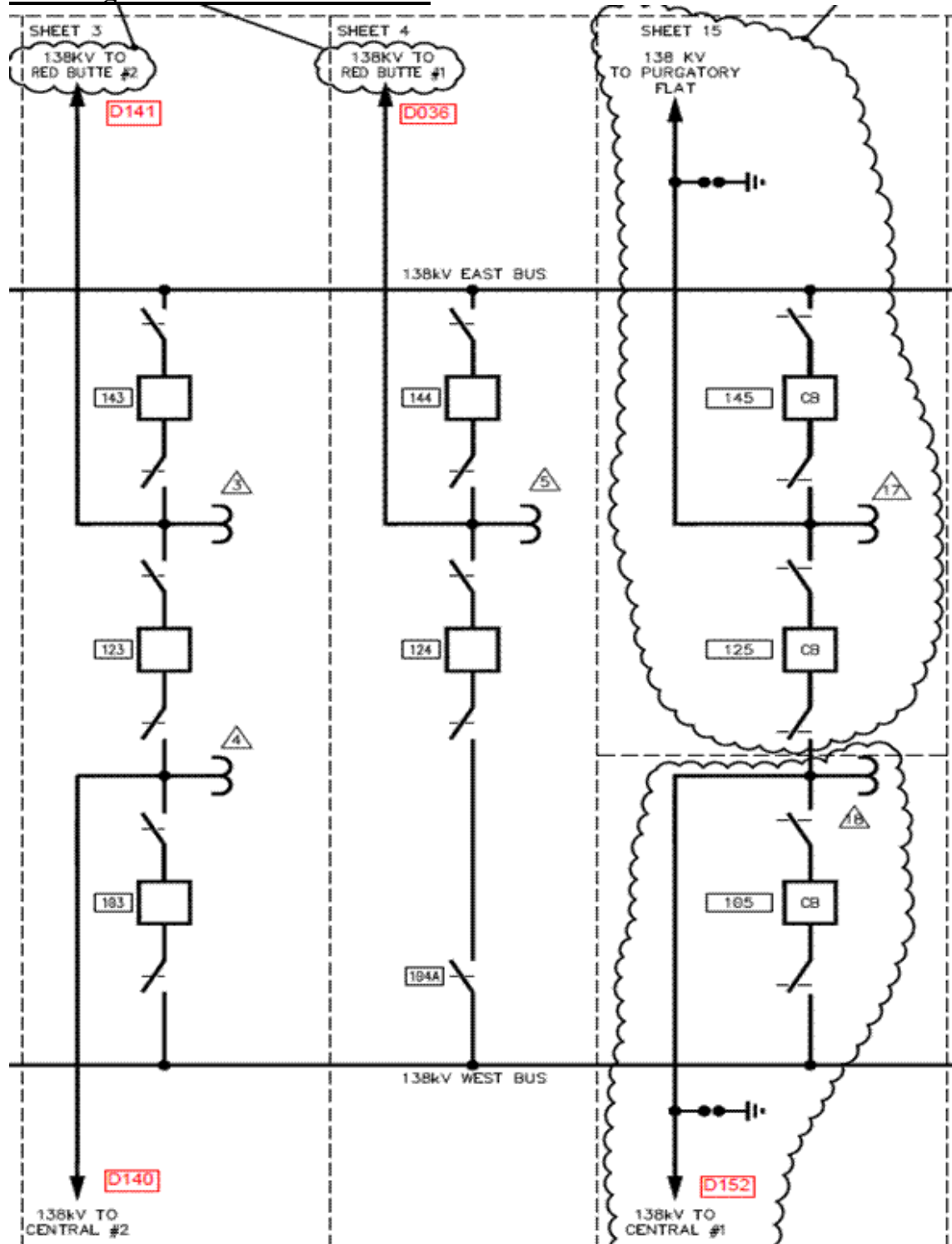
St. George Substation - General Plan

Exhibit B – Project Scope, Phases & Functional Locations

St. George Sub – Joint owned facility and additions. Install new 138 kV circuit breaker in existing third bay from the north in the St. George 138 kV. Connect joint-owned Red Butte – St. George 138 kV circuit (D152) between CB 125 and to new CB 105 and name it joint-owned 138 kV Central - St. George #1 line.

Red Butte Sub – PacifiCorp owned facility and additions. Install new 138 kV circuit breaker in existing bay ‘B’ of the Red Butte 138 kV yard on the north end. Connect existing PacifiCorp 138 kV Holt - Red Butte line (D037) between new CB7B447 and CB 7B450. Connect existing UAMPS owned 138 kV Red Butte - St. George line (D036) between CB 123 and CB 163 and rename it to UAMPS 138 kV Red Butte - St. George #1 line. Connect existing UAMPS owned 138 kV Central - St. George #1 line (D141) to Red Butte between CB 142 and CB 162 and rename it to UAMPS 138 kV Red Butte - St. George #2 line. CB 341 will be normally open.

Central Sub – UAMPS owned facility. Connect existing joint-owned 138 kV Central - St. George #2 line (D140) to CB 462. Connect joint owned Red Butte – St. George 138 kV circuit (D152) to CB 562 and name it joint-owned 138 kV Central - St. George #1 line.

D037 Holt – Red Butte – PacifiCorp owned. Reroute out the west side of the sub on 4 new steel structures and remove 2 existing wood structures and conductor at Red Butte Sub. Connect existing PacifiCorp 138 kV Holt - Red Butte line (D037) between new CB7C447 and CB 7B450.

D036 Red Butte – St. George #1 – UAMPS owned. Move to one bay north at Red Butte Sub. Connect existing UAMPS 138 kV Red Butte - St. George line (D036) between CB 123 and CB 163 and rename it to UAMPS 138 kV Red Butte - St. George #1 line.

D141 Red Butte – St. George #2 – UAMPS owned. Move to one bay north from Central Sub to Red Butte Sub. Connect existing UAMPS 138 kV Central - St. George #1 line (D141) to Red Butte between CB 142 and CB 162 and rename it to UAMPS 138 kV Red Butte - St. George #2 line.

D140 Central – St. George #2 – Joint owned. Move to one bay north at Central Sub. Connect existing joint-owned 138 kV Central - St. George #2 line (D140) to CB 462.

D152 Central – St. George #1 – Joint Owned. Connect to south 138kV bay at Central Sub. Requires 8 additional structures at St. George and at Red Butte substations. Connect joint-owned Red Butte – St. George 138 kV circuit (D152) to CB562 at Central Substation and between CB 125 and to new CB 105 at St. George Substation and name it joint-owned 138 kV Central - St. George #1 line.

D140 and D152 are built to 345 kV, but are currently energized at 138 kV.

Exhibit C

Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes which may be adjusted through the course of the Project. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Any delays in the Project have the potential to affect the entire schedule.

Key Milestones (Phase 1)	Baseline Finish
CAISO Submittal	9/7/2017
CAISO Deployment	2/1/2018
St. George: Full IFC Distributed	7/31/2017
St. George: LSA Heavy: Post to <u>Ariba</u>	9/20/2017
St. George: LSA: Contract Award	10/11/2017
St. George: Mechanical Completion	2/1/2018
Transmission: Permits Acquired	8/10/2017
Transmission: Full IFC Distributed	11/22/2017
Transmission: LSA Heavy: Post to <u>Ariba</u>	12/11/2017
Transmission: LSA: Contract Award	1/3/2018
Transmission: Mechanical Completion	5/4/2018
Red Butte: Full IFC Distributed	12/11/2017
Red Butte: LSA Heavy: Post to <u>Ariba</u>	12/27/2017
Red Butte: LSA: Contract Award	1/19/2017
Red Butte: Mechanical Completion	4/9/2018

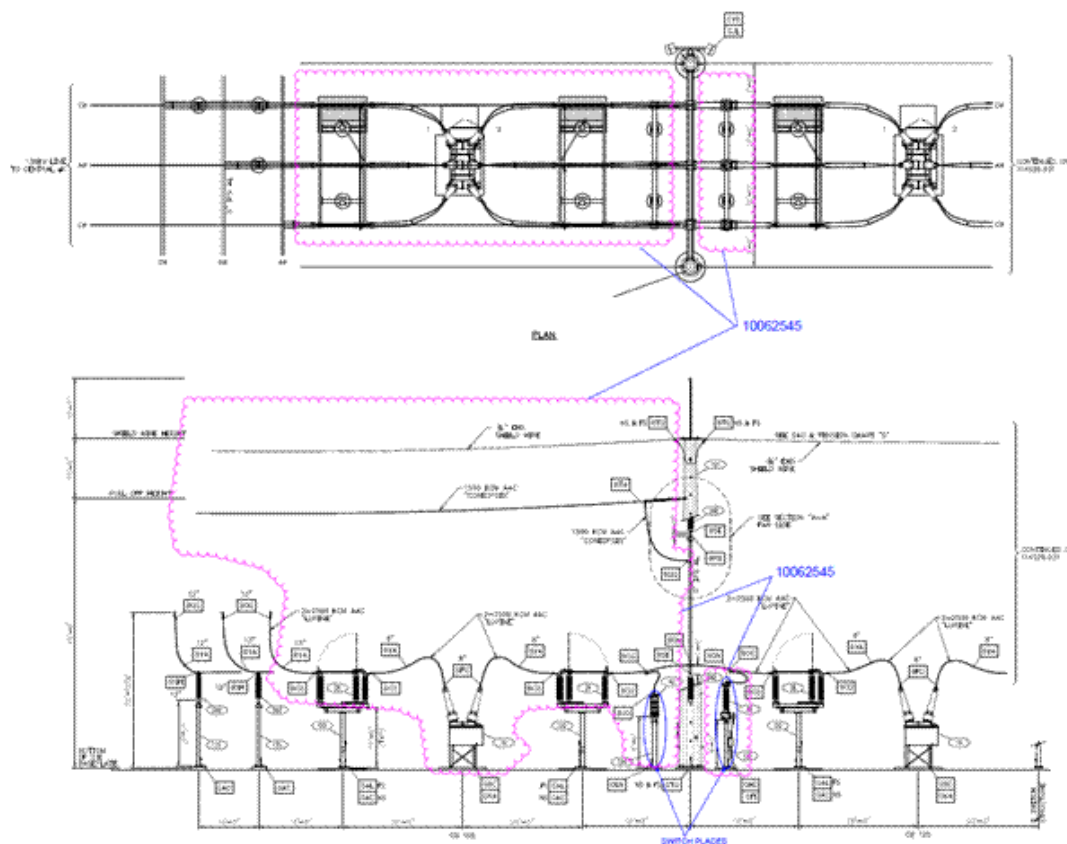
Exhibit D

St. George Substation Material Ownership

Material at St. George substation, as part of Red Butte/Central-St George Connect 4th 138kV Circuit:

Joint Owned:

- 1 – 138kV 3000A circuit breaker and foundation
- 2 – 138kV, 2000A horizontal mount, vertical break switches
- 3 – 138kV CCVT's
- 3 – 138kV surge arresters
- 1 – 138kV, 8'6" 3P CCVT Structure and foundation
- 1 – 138kV, 8'6" 3P Arrester Structure and foundation
- 1 - PC220 breaker control panel
- 1 - PL975 dual-breaker POTTD line protection panel
- 2 – SEL-2894M fiber optic transceiver (Associated with the new Red Butte – St. George #2 line)
- 1 lot – Rigid bus, conductor, and associated hardware



PacifiCorp Owned:

- 1 lot – Loop AM3440-C multiplex cabinet with standard common cards
- 2 each – 4C37 card for Red Butte – St. George #2 line 11A & 11B channels
- 1 lot – Misc. fiber jumpers, fiber duct, etc.

UAMPS Owned:

- 1 – none.

D152 Central – St. George #1 Ownership

Joint Owned: 10 – 138kV transmission structures, including conductor, insulators, and associated hardware.

Red Butte Substation Material OwnershipPacifiCorp Owned:

- 1 – 138kV 2000A circuit breaker and foundation
- 2 – 138kV, 2000A horizontal mount, vertical break switches and foundation
- 4 – 138kV CCVT's and foundations
- 9 – 138kV surge arresters and foundation
- 1 – 138kV, 8'6" 3P CCVT Structure and foundation
- 1 – 138kV, 8'6" 3P Arrester Structure and foundation
- 2 - PC220 breaker control panel
- 1 - PL975 dual-breaker POTTD line protection panel
- 2 – SEL-2894M fiber optic transceiver
- 1 lot – Rigid bus, conductor, and associated hardware

JAN 23 2018

TRANSMISSION SERVICES
PACIFICORP**PROJECT CONSTRUCTION AGREEMENT****PROJECT TITLE: PACIFICORP/UAMPS / ST. GEORGE SUBSTATION 4TH CIRCUIT
ENERGIZATION**

This Project Construction Agreement ("Agreement") is made and entered into this 23rd day of January, 2018, between Utah Associated Municipal Power Systems ("UAMPS"), and PacifiCorp ("Company"), is for work to be performed by PacifiCorp on certain facilities (as described below) jointly owned by UAMPS and Company. Hereinafter, UAMPS and PacifiCorp may be individually referred to as a "Party" or collectively referred to as the "Parties."

RECITALS:

- A. WHEREAS, Company is a transmission provider which owns and operates certain facilities for the transmission of electric power and energy located in Utah; and
- B. WHEREAS, UAMPS and Company are parties to the Joint Ownership and Operations Agreement ("JOA") dated February 18, 2005, and the Integrated Transmission Services Agreement ("ITS") dated January 12, 2006; and
- C. WHEREAS, UAMPS and Company jointly own certain assets at and between the St. George and Red Butte/Central Substations in SW Utah, which includes a double circuit 345 kV transmission line that currently has one circuit energized at 138 kV and one circuit not energized; and
- D. WHEREAS, Company has concluded from performing transmission planning studies that in order to reliably serve the loads from the Red Butte/Central Substations, the fourth circuit currently not energized needs to be placed in service; and
- E. WHEREAS, Company has identified and initiated work to energize the jointly-owned 4th circuit at 138 kV from the Central/Red Butte substation to the jointly owned St. George Substation ("Project"); and
- F. WHEREAS, the Parties have agreed to jointly fund the Project and that the Company will perform the work required to complete the Project.

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree to the following:

1. DEFINITIONS.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards shall mean the requirements and guidelines of the North American Electric Reliability Corporation ("NERC"), the Western Electricity Coordinating Council ("WECC"), and the balancing authority area of the transmission systems to which the facilities subject to this Agreement are directly interconnected.

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.

2. **TERM & TERMINATION.**

2.1. This Agreement shall be effective upon the later of the following: (1) the date of execution by both Parties, or (2) the effective date established by the Federal Energy Regulatory Commission ("FERC") upon acceptance for filing.

2.2. This Agreement shall terminate ninety (90) calendar days after the earliest of the following to occur:

(i) Company's receipt of final payment under this Agreement of UAMPS' share of actual costs; or

(ii) Termination of the Agreement as provided in Section 4.3 of this Agreement (Authorization of Additional Amounts for Project Costs); or

(iii) Termination of the Agreement as provided in Section 12 of this Agreement (Right to Stop Work).

3. **SCOPE AND PERFORMANCE OF WORK:**

Project Description and Scope.

The three existing energized 138 kV lines at Red Butte/Central will need to shift bay positions to the north in order to terminate the 4th circuit at Central and energize it at 138 kV. The existing Red Butte/Central substation will be configured to accommodate the two UAMPS 138 kV lines out of Red Butte to St. George and the remaining two joint-owned 345 kV (energized at 138 kV) lines out of Central to St. George.

At the Red Butte Substation, a new 138 kV circuit breaker will be added to existing bay 'B' at the Red Butte 138 kV yard on the north end. This will allow the shifting of the 3 existing circuits and the addition of the fourth circuit.

At St. George substation, construct a limited duration 138 kV line (approximately 0.19 miles) and dead end structures to terminate the west circuit of the joint-owned Red Butte/Central- St. George 138 kV line into the available St. George 138 kV line position and add one 138 kV circuit breaker (center). A simplified one-line diagram illustrating the Project impacts is depicted in the attached Exhibit A, One-Line Diagram.

a. **Company Responsibilities.** Company agrees to design, procure, and install the Project as depicted in the attached Exhibit B, Estimated Scope of Work. Construction drawings will be provided for all work at the joint-owned St. George Substation for UAMPS review and comment. Monthly status reports of the construction will be provided. Any proposed changes in the operations of the ITS will be noticed in writing to UAMPS at least two weeks in advance. As-built drawings and specifications for the installed equipment will be provided to UAMPS upon completion of the work.

b. **UAMPS Responsibilities.** UAMPS agrees to provide funds as invoiced for the joint-owned facilities included in the Project as depicted in the attached Exhibit D - St. George Substation Ownership.

c. **Performance Standards.** The Company shall perform all its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice (as such terms are defined in this Agreement). To the extent the Company is required or prevented or limited in taking any action by such regulations and standards, the Company shall not be deemed to be in breach of this Agreement for compliance therewith.

4. OWNERSHIP/RESPONSIBILITY FOR COSTS:

4.1. Ownership. The Parties shall have joint ownership or separate ownership for the facilities being installed in the Project as itemized in Exhibit D to this Agreement..

4.2. Estimated Costs. The Company's estimated cost for the Scope of Work for the Project is \$2,523,781. For the jointly owned facilities the estimated cost is \$ 935,831 which will be allocated \$ 395,678 for the Company and \$540,153 for UAMPS. The estimated remaining balance of \$1,587,950 will be a cost directly assigned to the Company for facilities that they will be the sole owner.

The estimated cost includes engineering, labor, materials, and subcontracts. The cost estimate is based on the following assumptions:

- Cost estimate is based on calendar year 2016 dollars.
- If construction is delayed, the cost estimate will likely need to be adjusted.
- Estimate assumes no exceptional site preparation will be needed.
- Estimate assumes project will be built during normal hours and will not require schedule compression or overtime.
- Estimate assumes no new permitting, property, right of way or easements will be required.

- 4.2.1 Jointly Owned Facilities Costs. In consideration of the work to be performed by Company, UAMPS agrees to pay the allocated costs for jointly owned facilities as invoiced on a monthly basis. UAMPS shall reimburse Company for the actual cost to complete the work. There will be no AFUDC charged to UAMPS. UAMPS will have thirty (30) calendar days after receiving any invoice to make payment in full.
- 4.2.2 Future of Joint-Owned Facilities. It is anticipated that some of the joint-owned equipment needed for this Project will not be needed in future configurations of the ITS, i.e. when the joint-owned lines are converted to 345 kV. At that time, the value of all joint-owned equipment will be determined by the Parties and each Party will receive an equitable allocation either of the equipment or funds.

4.3 Authorization of Additional Amounts for Project Costs. In the event that Company determines the joint owned allocated costs may exceed \$540,153, Company shall notify UAMPS and request that UAMPS provide written approval authorizing such additional amounts for joint owned allocated costs within thirty (30) days of such notice. Company's obligation to proceed with the Project associated with such additional amounts shall be contingent upon receipt of such approval, along with a prepayment in such additional amount. UAMPS shall be responsible for such estimated costs, as increased pursuant to such written authorization. If UAMPS does not authorize such additional amounts within such thirty (30) day period, this Agreement shall terminate after Company gives UAMPS written notice and an additional fifteen (15) days to cure. If UAMPS agrees to the cost increase, a modification to this Agreement will be prepared to indicate the additional funding amount.

Company shall keep accurate and complete accounting records in support of all costs, billings and claims in accordance with generally accepted accounting principles. If UAMPS discovers discrepancies in an invoice and upon request, Company shall provide accounting records to UAMPS as required to clarify the discrepancy. Following completion of Project and upon UAMPS request the Company shall provide complete accounting records for the Project.

5. TAXES:

5.1. UAMPS Payments Not Taxable. The Parties intend that all payments made by UAMPS to Company for the installation of the Project shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code ("IRC") and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the IRC and any applicable state income tax laws.

5.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Company. Notwithstanding Section 5.1, UAMPS shall protect, indemnify and hold harmless Company from the cost consequences of any current tax liability imposed against Company as the result of payments made by UAMPS to Company under this

Agreement for the Project, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Company.

Company shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges UAMPS under this Agreement unless (i) Company has determined, in good faith, that the payments or property transfers made by UAMPS to Company should be reported as income subject to taxation or (ii) any governmental authority directs Company to report payments or property as income subject to taxation. UAMPS shall reimburse Company for such costs on a fully grossed-up basis, in accordance with Section 5.3, within thirty (30) calendar days of receiving written notification from Company of the amount due, including detail about how the amount was calculated.

5.3. Tax Gross-up Amount. UAMPS's liability for the cost consequences of any current tax liability under this Section 5 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that UAMPS will pay Company, in addition to the amount paid for the Project, an amount equal to (1) the current taxes imposed on Company ("Current Taxes") on the excess of (a) the gross income realized by Company as a result of payments made by UAMPS to Company 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 (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Company 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 Company'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 Company's anticipated tax depreciation deductions as a result of such payments by Company's current weighted average cost of capital. Thus, the formula for calculating UAMPS's liability to Company pursuant to this Article can be expressed as follows:

(Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation)) / (1-Current Tax Rate).

5.4. Contests. In the event any governmental authority determines that Company's receipt of payments or property constitutes income that is subject to taxation, Company shall notify UAMPS, in writing, within thirty (30) calendar days of receiving notification of such determination by a governmental authority.

5.5. Refund. In the event that (a) a private letter ruling is issued to Company which holds that any amount paid by UAMPS to Company 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 Company in good faith that any amount paid by UAMPS to Company under the terms of this Agreement is not taxable to Company, (c) any abatement, appeal, protest, or other contest results in a determination that any payments made by UAMPS to Company are not subject to federal income tax, or (d) if Company receives a refund from any taxing authority for any overpayment of tax attributable to any payment by UAMPS to Company pursuant to this Agreement, Company shall promptly refund to UAMPS the following:

(i) any payment made by UAMPS under this Section 5 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;

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

(iii) with respect to any such taxes paid by Company, any refund or credit Company 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 Company for such overpayment of taxes (including any reduction in interest otherwise payable by Company to any governmental authority resulting from an offset or credit); provided, however, that Company will remit such amount promptly to UAMPS only after and to the extent that Company has received a tax refund, credit or offset from any governmental authority for any applicable overpayment of income tax related to Company's Project.

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 the Project hereunder, in the same position they would have been in had no such tax payments been made.

6. PROJECT SCHEDULE. The Parties have agreed to the Estimated Schedule and Milestones attached as Exhibit C, Estimated Schedule and Milestones, for the completion of the Project. All project schedule milestones shall be best estimates of the time required to complete each Parties task at the time the schedule was developed.

7. STANDARD OF WORK. All work performed pursuant to this Agreement by the Company or its agents shall be performed in a good and workmanlike manner in accordance with Good Utility Practice and with any and all prudent and Applicable Reliability Standards.

8. CHANGES. The Parties may at any time, in writing, mutually agree to 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 is in writing and 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.

All revisions to this Agreement, if originally filed at FERC, will be filed by Company as an amended and restated agreement.

9. INSPECTION. UAMPS may, at its discretion and expense, inspect Company's construction work of the Project 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 FERC, 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, the Parties shall bear the cost of all such modifications in accordance with the cost allocation in Section 4 above, except to the extent that any such modifications are required as a result of Company's or its agents' or its subcontractors' negligence, willful misconduct, or failure to comply with Good Utility Practice.

11. ACCESS. Either Party shall grant the other Party reasonable escorted access to the Project consistent with such access rights as established in prior agreements between the Parties, provided that each party provides reasonable notice and comply with the other Parties safety and security rules.

12. RIGHT TO STOP WORK. UAMPS reserves the right, upon thirty (30) days advance written notice to Company, to require Company at any time to stop all work by Company pursuant to this Agreement, provided that such stop-work order is the result of suspension or termination of the Project. Issuance of any such stop-work order shall terminate this Agreement. Upon issuance of any such stop-work order, UAMPS shall pay the Project Costs Company has incurred prior to the stoppage of work, including, without limitation, the costs incurred in connection with the cancellation of third-party contracts and any cancellation costs for equipment that is already ordered for the Project.

13. 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.

14. 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.

15. 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 jointly owned facilities, and Company shall have the right to sell, transfer and convey all or any part of the PacifiCorp existing facilities and the PacifiCorp directly assigned facilities and its interest in the jointly owned 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, (1) 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, and (2) Company may at any time assign its rights and delegate its obligations under this Agreement, in whole or in part, including, without limitation, transferring its rights and obligations under this Agreement to any: (i) affiliate; (ii) successor in interest with respect to the Project, or (iii) corporation or any other business entity in conjunction with a merger, consolidation or other business reorganization to which Company is a party. Affiliate of Company includes any entity in which Berkshire Hathaway, Inc. owns more than a 5% interest, over which Berkshire Hathaway exercises management control.

16. 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.

17. 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.

18. NOTICES. Any correspondence regarding this work shall be directed to the appropriate party (or parties) as shown below:

UAMPS:	Marshall Empey
	Chief Operating Officer
	Utah Associated Municipal Power Systems
	155 North 400 West
	Salt Lake City, UT 84103

Company: Director, Transmission Services
825 NE Multnomah St., Suite 1600
Portland, OR 97232

19. BILLING. Any Billing regarding this work shall be directed to the appropriate party (or parties) as shown below:

UAMPS: Accounts Payable
Utah Associated Municipal Power Systems
155 North 400 West
Salt Lake City, UT 84103

20. PAYMENT. Payments shall be sent to:

US Mail Deliveries: PacifiCorp Transmission
P.O. Box 2757
Portland, OR 97208

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland, OR 97232-2017

21. INDEMNIFICATION. Each Party agrees to protect, defend, indemnify and hold harmless the other Party, including its officers, employees and agents 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 such Party's subcontractors of any tier, 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, such 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 sole negligence of the other 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 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 section by an employee of the Party, a contractor, a subcontractor, a sub-subcontractor, 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 Party, the 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 his indemnity and defense agreement, including attorney's fees actually paid by the Indemnified Party.

22. 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.

23. 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 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.

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

25. 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.

26. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER

WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

27. 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.

28. CONTRACTORS AND SUBCONTRACTORS. Nothing in this Agreement shall prevent Company or UAMPS 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 and UAMPS shall require a 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.

29. 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.

30. SURVIVAL. All payment obligations and liabilities incurred before the termination or expiration of this Agreement, will survive its termination or expiration.

31. MODIFICATIONS OR AMENDMENTS. No modification or amendment of any provision of this Agreement shall be effective unless set forth in a written document signed by authorized representative of the Parties.

32. RECITALS. The above stated recitals are incorporated into and made part of this Agreement by this reference to the same extent as if these recitals were set forth in full at this point.

33. WAIVER. Waiver of any right, privilege, claim, obligation, condition, or default shall be in writing and signed by the waiving Party. No waiver by a Party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach, and no waiver by a party of any right under this Agreement shall be construed as a waiver of any other right.

34. DISPUTE RESOLUTION.

34.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within

thirty (30) calendar days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in a Federal court under Federal law.

34.2 Arbitration Procedures

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

34.3 Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) calendar days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service.

34.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

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

PACIFICORP

UTAH ASSOCIATED MUNICIPAL
POWER SYSTEMS



Signature

Rick Vail

Printed Name of Signor

VP, Transmission

Title of Signor

1/23/18

Date



Signature

Marshall Empey

Printed Name of Signor

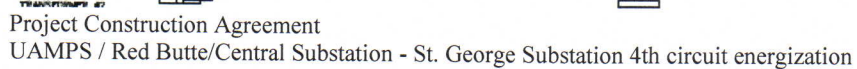
Chief Operating Officer

Title of Signor

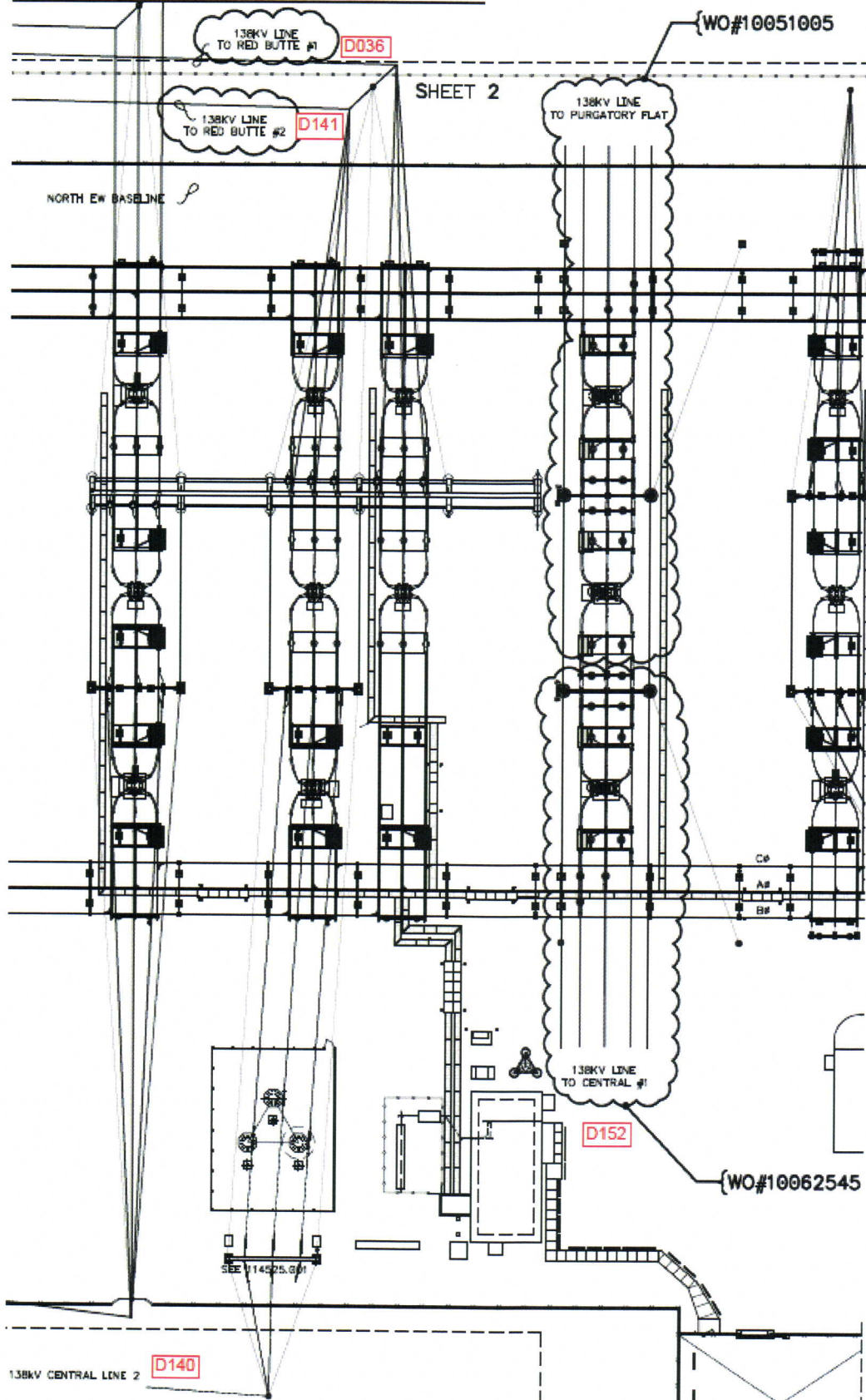
January 18, 2018

Date

Red Butte Substation – General Plan



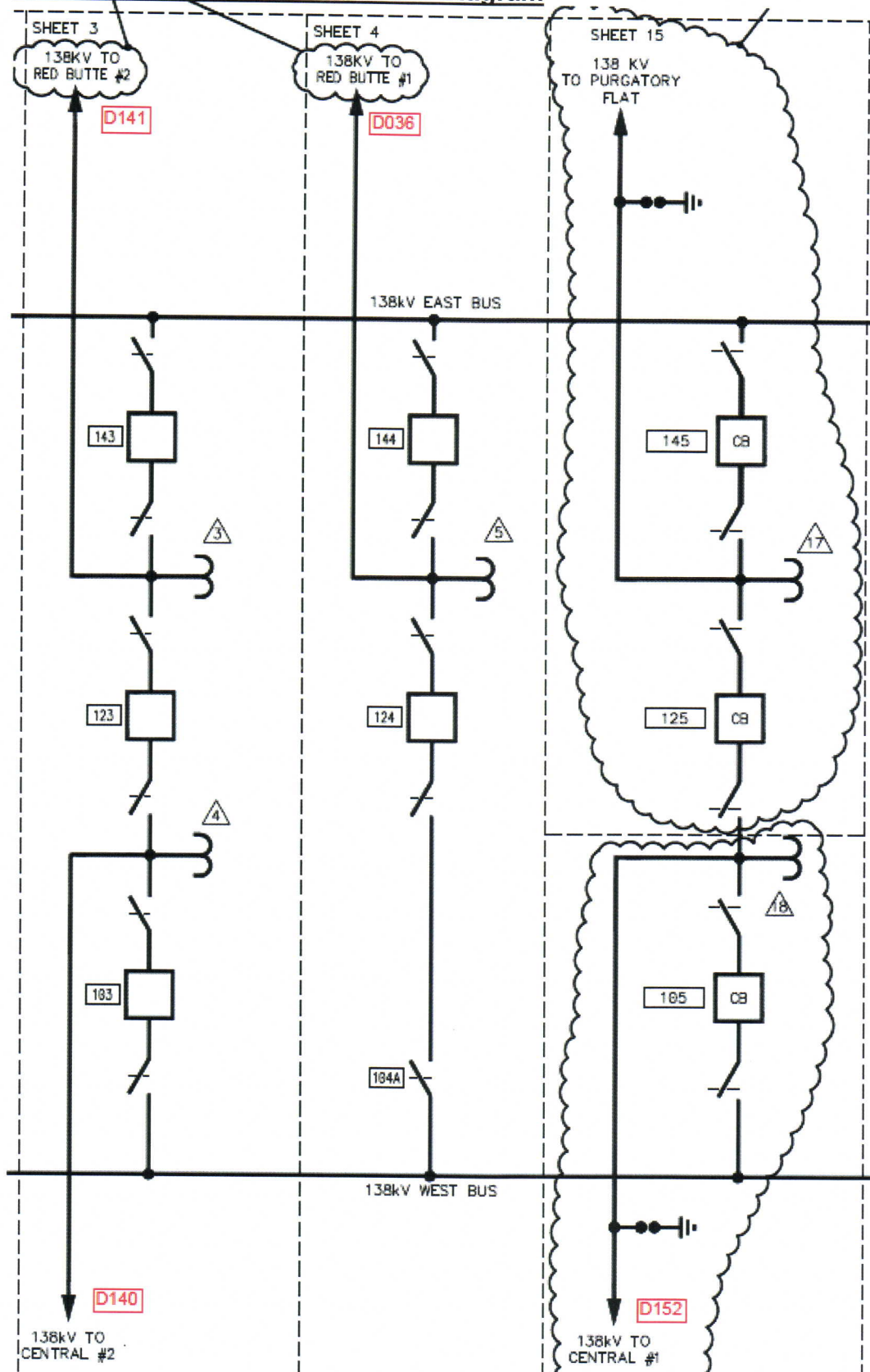
St. George Substation – General Plan



Project Construction Agreement
 UAMPS / Red Butte/Central Substation - St. George Substation 4th circuit energization

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St. George Substation – One Line Diagram



Project Construction Agreement
 UAMPS / Red Butte/Central Substation - St. George Substation 4th circuit energization

Exhibit B – Project Scope, Phases & Functional Locations

St. George Sub – Joint owned facility and additions. Install new 138 kV circuit breaker in existing third bay from the north in the St. George 138 kV. Connect joint-owned Red Butte – St. George 138 kV circuit (D152) between CB 125 and to new CB 105 and name it joint-owned 138 kV Central - St. George #1 line.

Red Butte Sub – PacifiCorp owned facility and additions. Install new 138 kV circuit breaker in existing bay ‘B’ of the Red Butte 138 kV yard on the north end. Connect existing PacifiCorp 138 kV Holt - Red Butte line (D037) between new CB7B447 and CB 7B450. Connect existing UAMPS owned 138 kV Red Butte - St. George line (D036) between CB 123 and CB 163 and rename it to UAMPS 138 kV Red Butte - St. George #1 line. Connect existing UAMPS owned 138 kV Central - St. George #1 line (D141) to Red Butte between CB 142 and CB 162 and rename it to UAMPS 138 kV Red Butte - St. George #2 line. CB 341 will be normally open.

Central Sub – UAMPS owned facility. Connect existing joint-owned 138 kV Central - St. George #2 line (D140) to CB 462. Connect joint owned Red Butte – St. George 138 kV circuit (D152) to CB 562 and name it joint-owned 138 kV Central - St. George #1 line.

D037 Holt – Red Butte – PacifiCorp owned. Reroute out the west side of the sub on 4 new steel structures and remove 2 existing wood structures and conductor at Red Butte Sub. Connect existing PacifiCorp 138 kV Holt - Red Butte line (D037) between new CB7C447 and CB 7B450.

D036 Red Butte – St. George #1 – UAMPS owned. Move to one bay north at Red Butte Sub. Connect existing UAMPS 138 kV Red Butte - St. George line (D036) between CB 123 and CB 163 and rename it to UAMPS 138 kV Red Butte - St. George #1 line.

D141 Red Butte – St. George #2 – UAMPS owned. Move to one bay north from Central Sub to Red Butte Sub. Connect existing UAMPS 138 kV Central - St. George #1 line (D141) to Red Butte between CB 142 and CB 162 and rename it to UAMPS 138 kV Red Butte - St. George #2 line.

D140 Central – St. George #2 – Joint owned. Move to one bay north at Central Sub. Connect existing joint-owned 138 kV Central - St. George #2 line (D140) to CB 462.

D152 Central – St. George #1 – Joint Owned. Connect to south 138kV bay at Central Sub. Requires 8 additional structures at St. George and at Red Butte substations. Connect joint-owned Red Butte – St. George 138 kV circuit (D152) to CB562 at Central Substation and between CB 125 and to new CB 105 at St. George Substation and name it joint-owned 138 kV Central - St. George #1 line.

D140 and D152 are built to 345 kV, but are currently energized at 138 kV.

Exhibit C - Estimated Schedule and Milestones

The estimated schedule and milestones are driven by the below timeframes which may be adjusted through the course of the Project. If there is a delay in any of the below activities, there will be, at a minimum, a day for day slip in the entire schedule. Any delays in the Project have the potential to affect the entire schedule.

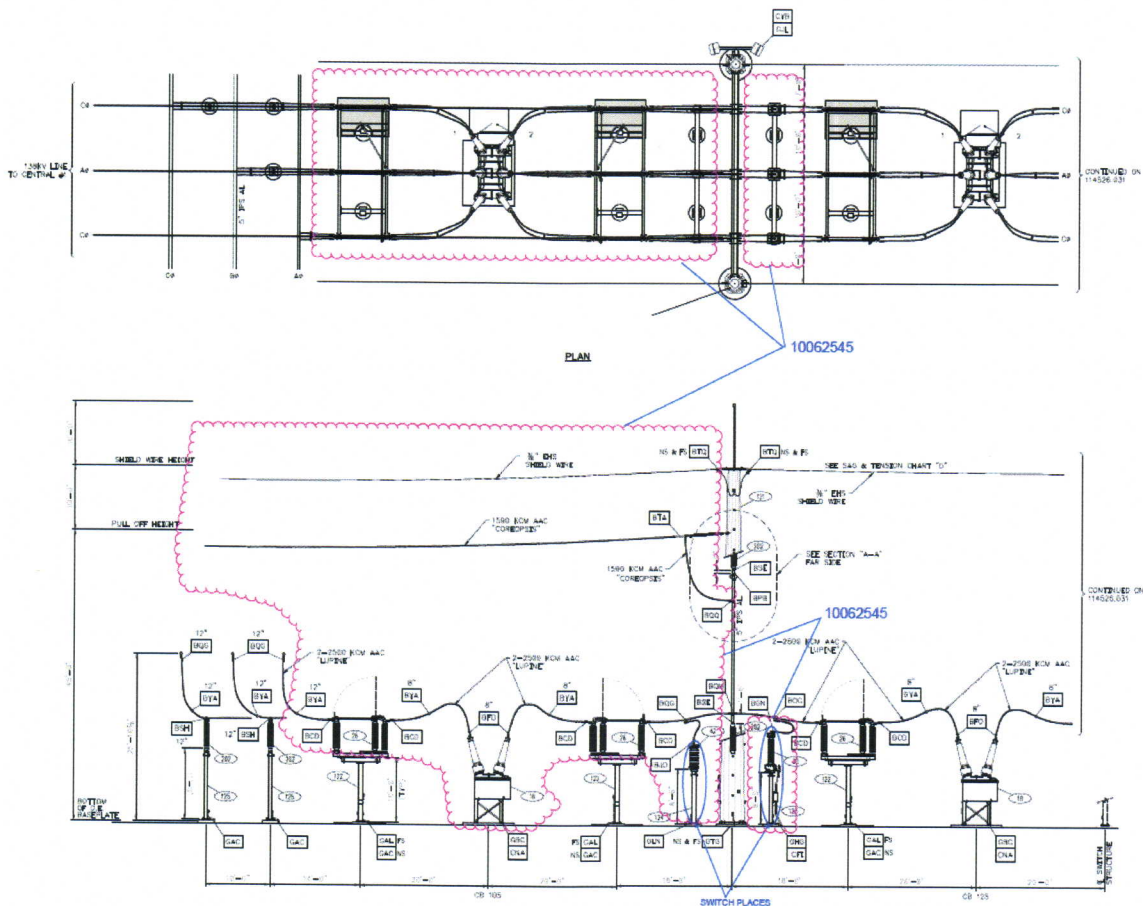
Key Milestones (Phase 1)	Baseline Finish
CAISO Submittal	9/7/2017
CAISO Deployment	2/1/2018
St. George: Full IFC Distributed	7/31/2017
St. George: LSA Heavy: Post to Ariba	9/20/2017
St. George: LSA: Contract Award	10/11/2017
St. George: Mechanical Completion	2/1/2018
Transmission: Permits Acquired	8/10/2017
Transmission: Full IFC Distributed	11/22/2017
Transmission: LSA Heavy: Post to Ariba	12/11/2017
Transmission: LSA: Contract Award	1/3/2018
Transmission: Mechanical Completion	5/4/2018
Red Butte: Full IFC Distributed	12/11/2017
Red Butte: LSA Heavy: Post to Ariba	12/27/2017
Red Butte: LSA: Contract Award	1/19/2018
Red Butte: Mechanical Completion	4/9/2018

Exhibit D St. George Substation Material Ownership

Material at St. George substation, as part of Red Butte/Central-St George Connect 4th 138kV Circuit:

Joint Owned:

- 1 – 138kV 3000A circuit breaker and foundation
- 2 – 138kV, 2000A horizontal mount, vertical break switches
- 3 – 138kV CCVT's
- 3 – 138kV surge arresters
- 1 – 138kV, 8'6" 3P CCVT Structure and foundation
- 1 – 138kV, 8'6" 3P Arrester Structure and foundation
- 1 - PC220 breaker control panel
- 1 - PL975 dual-breaker POTTD line protection panel
- 2 – SEL-2894M fiber optic transceiver (Associated with the new Red Butte – St. George #2 line)
- 1 lot – Rigid bus, conductor, and associated hardware



PacifiCorp Owned:

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UAMPS / OTP Q0134 St. George 4th Circuit Construction

- 1 lot – Loop AM3440-C multiplex cabinet with standard common cards
- 2 each – 4C37 card for Red Butte – St. George #2 line 11A & 11B channels
- 1 lot – Misc. fiber jumpers, fiber duct, etc.

UAMPS Owned:

- 1 – none.

D152 Central – St. George #1 Ownership

Joint Owned: 10 – 138kV transmission structures, including conductor, insulators, and associated hardware.

Red Butte Substation Material Ownership

PacifiCorp Owned:

- 1 – 138kV 2000A circuit breaker and foundation
- 2 – 138kV, 2000A horizontal mount, vertical break switches and foundation
- 4 – 138kV CCVT's and foundations
- 9 – 138kV surge arresters and foundation
- 1 – 138kV, 8'6" 3P CCVT Structure and foundation
- 1 – 138kV, 8'6" 3P Arrester Structure and foundation
- 2 - PC220 breaker control panel
- 1 - PL975 dual-breaker POTTED line protection panel
- 2 – SEL-2894M fiber optic transceiver
- 1 lot – Rigid bus, conductor, and associated hardware