

SCHEDULE 202
QUALIFYING FACILITIES GREATER THAN 10MW
AVOIDED COST POWER PURCHASE INFORMATION

PURPOSE

To provide information regarding procedures and timelines leading to a power purchase agreement between the Company and a Qualifying Facility (QF) with an aggregate nameplate capacity greater than 10,000 kW.

AVAILABLE

To owners of QFs making sales of electricity to the Company in the State of Oregon (Seller).

APPLICABLE

To qualifying cogeneration facilities or qualifying small power production facilities within the meaning of section 201 and 210 of the Public Utility Regulatory Act of 1978 (PURPA), 16 U.S.C. 796 and 824a-3.

A QF with nameplate capacity greater than 10,000 kW will be required to enter into a negotiated written power purchase agreement (Negotiated Agreement) with the Company.

A QF with nameplate capacity less than 10,000 kW or less may elect the option of a Standard Contract with terms and pricing as defined in Schedule 201.

POWER PURCHASE INFORMATION

A QF may call the Power Production Coordinator at (503) 464-8000 to obtain more information about being a Seller or how to apply for service under this schedule.

GUIDELINES

The Company will purchase any Energy in excess of station service (power necessary to produce generation) and amounts attributable to conversion losses, that is made available to Company by the Seller, pursuant to a Negotiated Agreement with the Company executed prior to delivery of such power. The Negotiated Agreement will comply with the requirements of the Federal Energy Regulatory Commission (FERC) and the guidelines established by Commission Order No. 07-360.

The Negotiated Agreement may have a term of up to 20 years, as selected by the Seller.

SCHEDULE 202 (Continued)

PROCEDURES TO DEVELOP A NEGOTIATED AGREEMENT

1. The Seller may request indicative power purchase prices. To obtain an indicative pricing proposal for a proposed project, the Seller must provide in writing, general project information reasonably required for the development of indicative pricing, including, but not limited to:
 - Demonstration of ability to obtain QF status.
 - Design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system.
 - Generation technology and other related technology applicable to the site.
 - Quantity and timing of monthly power deliveries (including project ability to respond to dispatch orders from the Company).
 - Proposed site location and electrical interconnection point.
 - Status of interconnection and transmission arrangements.
 - Proposed on-line date and outstanding permitting requirements.
 - Motive force or fuel plan consisting of fuel type(s) and source(s).
 - Proposed contract term and pricing provisions.

2. The Company will not be obligated to provide an indicative pricing proposal until all the information described above has been received in writing from the Seller. Within 30 business days following receipt of all required information, the Company will provide the Seller with an indicative pricing proposal, which may include other terms and conditions, tailored to the individual characteristics of the proposed project. Such proposal may be used by the Seller to make determinations regarding project planning, financing and feasibility. However, such prices are indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in Negotiated Agreement, once executed by both parties. The Company will provide with the indicative prices a description of the methodology used to develop the prices.

SCHEDULE 202 (Continued)

PROCEDURES TO DEVELOP A NEGOTIATED AGREEMENT (Continued)

3. The Avoided Cost Prices specified in Schedule 201 provide a starting point for indicative prices, and will be modified to address the following specific factors established in OPUC Order No. 07-360 and FERC 18 § CFR 292.304(e):
 - (e) *Factors affecting rates for purchases. In determining avoided costs, the following factors will, to the extent practicable, be taken into account.*
 - (1) *The data provided pursuant to 18 CFR § 292.302(b), (c), or (d), including State review of any such data;*
 - (2) *The availability of capacity or energy from a qualifying facility during the system daily and seasonal peak periods, including:*
 - (i) *The ability of the Company to dispatch the qualifying facility;*
 - (ii) *The expected or demonstrated reliability of the qualifying facility;*
 - (iii) *The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for non-compliance;*
 - (iv) *The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company's facilities;*
 - (v) *The usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation;*
 - (vi) *The individual and aggregate value of energy and capacity from qualifying facilities on the Company's system; and*
 - (vii) *The smaller capacity increments and the shorter lead time available with additions of capacity from qualifying facilities; and*
 - (3) *The relationship of the availability of energy or capacity from the qualifying facility as derived in part (e) (2) of this section, to the ability of the Company to avoid costs, including the deferral of capacity additions and the reduction of fossil fuel use; and*
 - (4) *The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from a qualifying facility, if the Company generated an equivalent amount of energy itself or purchased an equivalent amount of electric energy or capacity.*

SCHEDULE 202 (Continued)

PROCEDURES TO DEVELOP A NEGOTIATED AGREEMENT (Continued)

4. If the Seller desires to proceed with negotiations after reviewing the Company's indicative price proposal, the Seller must request in writing that the Company prepare a draft Negotiated Agreement to serve as the basis for negotiations between the parties. In connection with such request, the Seller must provide the Company with any additional project information that the Company reasonably determines to be necessary for the preparation of the Negotiated Agreement, which may include, but will not be limited to:
 - Updated information for the project information listed above in paragraphs 1 and 3.
 - Evidence of adequate control of proposed site.
 - Timelines for obtaining any necessary governmental permits, approvals or authorizations.
 - Assurance of fuel supply or motive force.
 - Anticipated timelines for completion of key project milestones.
 - Evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection arrangements have been executed or are under negotiation.
5. Within 30 days following receipt of updated information required by the Company, the Company will provide the Seller with a draft Negotiated Agreement. The draft agreement will contain proposed terms and conditions in addition to indicative pricing. The draft agreement is not binding; however, it will serve as the basis for subsequent negotiations.
6. After reviewing the draft Negotiated Agreement, the Seller will notify the Company in writing of its intent to proceed with negotiations. The Seller may prepare an initial set of written comments and proposals regarding the agreement and forward them to the Company. The Company will not be obligated to begin negotiations with a Seller until the Company has received an initial set of written comments. After the Company's receipt of comments and proposals, the Seller may contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties. In connection with such negotiations, the Company:
 - Will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft Negotiated Agreement that are proposed by the Seller.
 - May request to visit the site of the proposed project if such a visit has not previously occurred.
 - Will update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed project or proposed terms of the draft Negotiated Agreement.
 - May request any additional information from the Seller necessary to finalize the terms of the Negotiated Agreement and satisfy the Company's due diligence regarding the QF project.

SCHEDULE 202 (Continued)

PROCEDURES TO DEVELOP A NEGOTIATED AGREEMENT (Continued)

7. When both parties are in full agreement as to all terms and conditions of the draft Negotiated Agreement, the Company will prepare and forward to the Seller a final, executable version of the agreement within 15 business days. Prices and other terms and conditions in the Negotiated Agreement will not be final and binding until the agreement has been executed by both parties.
8. If parties are not in full agreement within 60 days from the date of written notice, the Seller may file a complaint with the Commission asking the Commission to adjudicate the disputed contract terms.

OFF SYSTEM POWER PURCHASE AGREEMENT

A QF that interconnects with an electric system other than the Company's electric system may enter into a power purchase agreement with the Company after following the applicable negotiated contract guidelines and making the arrangements necessary for transmission of power to the Company's system.