

PROPOSED DECISION

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Decision **PROPOSED DECISION OF ALJS PARK AND GOLDBERG**
(Mailed 10/30/2017)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a Rate Increase Effective January 1, 2011 and Granting Conditional Authorization to Transfer Assets, pursuant to the Klamath Hydroelectric Settlement Agreement.

Application 10-03-015

**DECISION GRANTING IN PART AND DENYING IN PART THE
PETITION FOR MODIFICATION OF DECISION 11-05-002 AND
ADOPTING FUNDING AGREEMENT**

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Attachment A - Funding Agreement

**DECISION GRANTING IN PART AND DENYING IN PART THE
PETITION FOR MODIFICATION OF DECISION 11-05-002 AND
ADOPTING FUNDING AGREEMENT****Summary**

This decision grants in part and denies in part the petition for modification of Decision 11-05-002 filed by PacifiCorp on August 12, 2016. We grant PacifiCorp's request to modify Ordering Paragraphs 13 and 15 to reflect amendments made to the Klamath Hydroelectric Settlement Agreement. We deny PacifiCorp's request to add new Ordering Paragraph 18 to authorize the Commission's Executive Director to enter into agreements to facilitate the distribution of money from the California Trust Accounts. Rather, to ensure that there are proper ratepayer protections in place for the disbursement of funds, we adopt a Funding Agreement between the Commission and the Klamath River Renewal Corporation. We authorize the Commission's Executive Director and Deputy Executive Director to direct the disbursement of funds from the California Trust Accounts to the Klamath River Renewal Corporation or its successor in accordance with the requirements of the Funding Agreement.

1. Factual and Procedural Background

On March 18, 2010, PacifiCorp filed Application (A.) 10-03-015, its *Application for an Order Authorizing a Rate Increase Effective January 1, 2011 and Granting Conditional Authorization to Transfer Assets, pursuant to the Klamath Hydroelectric Settlement Agreement* (Application). PacifiCorp and over 40 federal, state, county, tribal, irrigation, conservation, and fishing organizations, including the states of California and Oregon, entered into the Klamath Hydroelectric Settlement Agreement (KHSA) in

February 2010. The KHSA established a process for potential removal of PacifiCorp's four main-stem dams on the Klamath River.¹

In its Application, PacifiCorp requested authorization, pursuant to the KHSA, to: (1) institute a surcharge of \$13.76 million for the purpose of funding California's contribution to the removal of the four dams;² (2) institute two trust accounts for the deposit of the surcharge; (3) depreciate the rate base, and amortize the relicensing and settlement costs associated with the Lower Klamath Project on an accelerated basis; and (4) transfer the Lower Klamath Project assets³ to an entity designated to remove the dams in question.

On May 5, 2011, the Commission issued Decision (D.) 11-05-002 approving: (1) a surcharge of \$13.76 million collected over nine years; (2) the institution of two trust accounts for the deposit of the surcharge;⁴ and (3) the depreciation of the rate base of the Lower Klamath Project assets, and amortization of the relicensing and settlement costs associated with the Lower Klamath Project, on an accelerated basis.⁵ D.11-05-002 also authorized PacifiCorp to file a Tier 3 advice letter to request authority to transfer each Klamath Hydroelectric Project asset once specific milestones are met.⁶ D.11-05-002 built in specific reporting requirements that PacifiCorp must adhere to throughout the collection of the surcharge and the dam removal process outlined by the KHSA.⁷

¹ J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate; together the Klamath Hydroelectric Project or the Lower Klamath Project.

² The \$13.76 million surcharge represents approximately 8% of customer contributions with the remainder of customer contributions to be collected from PacifiCorp's Oregon customers.

³ The Klamath Hydroelectric Project assets or Lower Klamath Project assets include the four PacifiCorp owned dams, as well as related plant.

⁴ The California Copco I and II/Iron Gate Dams Trust Account and the California J.C. Boyle Dam Trust Account (collectively, California Trust Accounts).

⁵ D.11-05-002 at 2.

⁶ D.11-05-002 at Ordering Paragraph (OP) 13.

⁷ D.11-05-002 at OPs 14-15.

On January 13, 2012, PacifiCorp filed a petition for modification of D.11-05-002, in which PacifiCorp requested that the \$13.76 million surcharge be recovered over eight years, instead of the originally authorized nine. In D.12-10-028, the Commission granted PacifiCorp's request and authorized recovery of the surcharge over a period of less than eight years.

On August 12, 2016, PacifiCorp filed its second petition for modification of D.11-05-002 (Petition) asking the Commission to act with expedited consideration to: (1) modify OPs 13 and 15 to reflect amendments made to the KHSA; and (2) add new OPs 18 and 19 to clarify the distribution of money from the two trust accounts created under D.11-05-002. The original KHSA contemplated U.S. Congressional authorization to proceed with removal of the Klamath assets. Due to the lack of Congressional action, the amended KHSA removes the need for Congressional action and allows for the dam removal to proceed through the traditional license transfer and surrender processes established by the Federal Energy Regulatory Commission (FERC).

The following parties filed Responses in support of PacifiCorp's Petition: California Natural Resources Agency and the California Department of Fish and Wildlife (jointly); American Rivers, California Trout, Trout Unlimited, Karuk Tribe, and Yurok Tribe (jointly); Pacific Coast Federation of Fishermen's Association; and the Klamath River Renewal Corporation (KRRC). The County of Siskiyou, Siskiyou County Flood Control and Water Conservation District, and Siskiyou Power Authority (jointly) (collectively "Siskiyou County"), and the Siskiyou County Water Users Association filed Responses in opposition to PacifiCorp's Petition. On September 22, 2016, PacifiCorp timely filed its Reply.

On March 2, 2017, the assigned Administrative Law Judges (ALJs) issued a ruling requesting additional information from PacifiCorp regarding its Petition, and giving other parties an opportunity to respond. The ruling requested: (1) a copy of the Amended KHSA in both regular and redlined format; (2) financial information for each trust; (3) a comparison of surcharge amounts collected from PacifiCorp's California customers and

deposits to trust accounts; and (4) information regarding past and current signatories to the KHSA and Amended KHSA. PacifiCorp submitted a response on March 13, 2017. Replies to PacifiCorp's Response were filed by California Trout, Institute for Fisheries Resources, American Rivers, Trout Unlimited, and Pacific Coast Federation of Fishermen's Associations (jointly) on March 22, 2017; California Natural Resources Agency and California Department of Fish and Wildlife (jointly) on March 24, 2017; and Siskiyou County and the Siskiyou County Water Users Association on March 27, 2017.

On May 8, 2017, the KRRC filed a motion requesting that this Commission officially notice the *Public Utility Commission of Oregon's Order UE 219 Approving the Funding Agreement with the Klamath River Renewal Corporation* (Oregon Order), which included the Funding Agreement.⁸ No responses to this motion were filed. Pursuant to Rule 13.9 of the Commission's Rules of Practice and Procedure (Rules), "[o]fficial notice may be taken of such matters as may be judicially noticed by the courts of the State of California pursuant to Evidence Code section 450 et. seq." Evidence Code § 452(c) permits judicial notice to be taken of any official act of any state of the United States. The Oregon Order constitutes an official act of the state of Oregon. Therefore, pursuant to Rule 13.9 and Evidence Code § 452(c), we take official notice of the Oregon Order.

2. Procedural Requirements Under Rule 16.4

Rule 16.4 governs the process for the filing and consideration of petitions for modification. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and to propose specific wording for all requested modifications. Rule 16.4(d) states that if more than one year has elapsed since the effective date of the decision, then the petition must explain why it could not have been presented within one year of the effective date of the decision.

⁸ For the balance of this decision, we shall refer to this Funding Agreement as the Oregon Funding Agreement.

PacifiCorp states that it is submitting this Petition more than one year from the effective date of D.11-05-002 because the amendments to the KHSA were not made until 2016.⁹ PacifiCorp seeks modification of D.11-05-002 to conform the original decision to the Amended KHSA by updating the required milestones for implementation of the settlement. PacifiCorp also requests that the same funds authorized in rates pursuant to D.11-05-002 be disbursed to the KRRC, which is identified in the Amended KHSA as the dam-removal entity, under authority delegated to the Executive Director.

We conclude that PacifiCorp's Petition complies with the procedural requirements of Rule 16.4 and provides adequate justification as to why the petition could not have been presented within one year of the effective date of D.11-05-002.

3. Requested Modifications

The original KHSA contemplated Congressional authorization to remove PacifiCorp's four dams on the main stem of the Klamath River. Because of the lack of Congressional action, the signatories to the KHSA worked together to amend the KHSA, removing the need for Congressional action and allowing dam removal to proceed through traditional license transfer and surrender processes established by the FERC. The amended KHSA identifies the KRRC as the dam-removal entity that will become the FERC licensee and follow the FERC process to surrender the license and remove the Lower Klamath Project. It also provides that the States of California and Oregon will enter into funding agreements with the KRRC for the purpose of specifying how collected funds will be released to pay for the costs of dam removal.

PacifiCorp requests that OPs 13 and 15 of D.11-05-002 be modified to reflect the terms of the Amended KHSA. OP 13 of D.11-05-002 requires PacifiCorp to file a Tier 3 advice letter to dispose of each Lower Klamath Project asset after specified milestones are met. These milestones include the passage of federal legislation (OP 13.a); an

⁹ The KHSA was amended on April 6, 2016 and November 11, 2016.

affirmative determination by the United States Secretary of the Interior that the costs of the removal will not exceed available funds and that removal is in the public interest (OP 13.c); and with the exception of the Commission's approval, the obtainment of all necessary permits and approvals for the removal of a main-stem dam (OP 13.d).

PacifiCorp requests that these milestones be modified to reflect that under the amended KHSA, the dam removal will proceed under FERC's traditional license transfer and surrender processes.

OP 14 of D.11-05-002 requires PacifiCorp to file an annual status report. OP 15 of D.11-05-002 specifies the information that must be contained in the annual status report, including updates on the status of the milestones required pursuant to OP 13. Similar to the requested modifications to OP 13, PacifiCorp requests that OP 15 be modified to reflect the milestones required pursuant to the amended KHSA. PacifiCorp also requests that all references in OP 15 to the KHSA be modified to reference the Amended KHSA.

PacifiCorp further states that in order to accomplish the actions contemplated in the Amended KHSA, it is necessary to have clear direction regarding the disbursement of funds from the California Trust Accounts. The surcharge authorized in D.11-05-002 to fund dam removal is currently deposited in two California Trust Accounts. The KRRC will require timely disbursement of these funds in order to implement the Amended KHSA and proceed with removal of the Lower Klamath Project assets.

PacifiCorp contends that the distribution of funds from the California Trust Accounts will be largely ministerial and can be performed by the Commission's Executive Director without the need to return to the Commission to approve each disbursement. Accordingly, PacifiCorp requests that two new ordering paragraphs be added to D.11-05-002 to allow for this delegation. The proposed new OPs 18 and 19 would read as follows:

18. The Commission authorizes its Executive Director to enter into agreements with the California Natural Resources Agency,

and the KRRC or its successor, to facilitate the distribution of money from the Trust Accounts to the KRRC or its successor for purposes of implementing the KHSA.

19. The Commission authorizes its Executive Director and Deputy Executive Director, as the Commission's current designated representatives for the Trust Accounts, to direct the trustees of the Trust Accounts to disburse funds from the Trust Accounts to the KRRC or its successor for purposes of implementing the KHSA.

4. Discussion

4.1. PacifiCorp's Proposed Modifications are Granted in Part and Denied in Part

Based on the facts presented by PacifiCorp, we find that PacifiCorp's request to modify OPs 13 and 15 of D.11-05-002 should be adopted. We also adopt a new OP in this decision, which in substance adopts PacifiCorp's proposed new OP 19. As discussed in Section 4.2 below, we decline to adopt PacifiCorp's proposed new OP 18. In its stead, we adopt a Funding Agreement with the KRRC.

In D.11-05-002, the Commission authorized the \$13.76 million Klamath surcharge to provide sufficient funds for the dam-removal entity to begin removal of the Klamath assets as proposed in the KHSA. The Commission determined that the surcharge was in the best interest of ratepayers as the cost cap in the KHSA protected ratepayers from the uncertain costs related to relicensing, litigation, and decommissioning of the Klamath assets.¹⁰ To protect ratepayer funds, the Commission also ordered that if the KHSA was terminated, the collected surcharge together with accrued interest should be refundable to California customers and must be used only for the benefit of ratepayers.¹¹

¹⁰ D.11-05-002 at Finding of Fact 8.

¹¹ D.11-05-002 at OP 5.

OP 13 sets forth certain milestones based on provisions of the KHSA, which are no longer in effect. The Amended KHSA no longer contemplates the passage of federal legislation nor any action by the United States Secretary of the Interior. Consequently, the conditions precedent in OP 13 can no longer be met and the Lower Klamath Project assets would never be removed. Given that the objective of D.11-05-002 is to provide funding for removal of the Lower Klamath Project assets, it is necessary to modify the conditions precedent contained in OP 13 to conform to the provisions of the Amended KHSA.

Similarly, we find that the proposed modifications to OP 15 should be adopted. As with OP 13, OP 15 contains references to the enactment of federal legislation and actions by the United States Secretary of the Interior. Since these actions will no longer occur under the Amended KHSA, requiring that this information be included in an annual Status Report is nonsensical. The proposed modifications would require the annual Status Report to include the actions associated with the FERC license transfer and surrender processes. These proposed modifications would provide the relevant information to the Commission and parties in the proceeding concerning the removal of the Lower Klamath Project assets.

We further find that the substance of the new proposed OP 19 should be adopted in order to ensure timely and efficient disbursement of funds from the California Trust Accounts. D.11-05-002 did not establish a mechanism for disbursement of these funds to the dam-removal entity. Today's decision clarifies that the Executive Director and the Deputy Executive Director are authorized to direct the disbursement of funds in the California Trust Accounts to the KRRC for purposes of implementing the Amended KHSA, in accordance with the requirements of the Funding Agreement we adopt in today's decision.

However, as discussed further below, we deny PacifiCorp's request to add the new proposed OP 18. While the proposed OP directs the Executive Director to enter into an agreement with the KRRC or its successor regarding the disbursement of funds from the

California Trust Accounts, we find that it is more appropriate for the Commission to establish the necessary oversight requirements for disbursement of the funds by adopting a funding agreement between the Commission and the KRRC.

Siskiyou County and the Siskiyou County Water Users Association oppose the Petition and contend that the requested modifications are not in the ratepayers' best interests. Siskiyou County argues that dam removal is a speculative, moving target and that there are continuing questions about the sufficiency of funds for the proposed project and for mitigation of all associated environmental impacts.¹² The Siskiyou County Water Users Association argues that the modifications requested in the Petition raise new and unstudied safety concerns by removing the federal review and oversight contemplated in the original KHSA.¹³

Our consideration of PacifiCorp's Petition is limited to consideration of the modifications requested in the Petition. We do not reconsider all of the determinations made in D.11-05-002 nor do we consider issues that will be determined in other forums. PacifiCorp's Petition does not seek to increase or otherwise modify the surcharge authorized in D.11-05-002, as modified by D.12-10-028. The Petition also does not seek approval of the Amended KHSA or authorization to remove the Lower Klamath Project assets.

In D.11-05-002, the Commission determined that the surcharge pursuant to the KHSA was in the ratepayers' best interests. The modifications to D.11-05-002 requested in the Petition do not change the underlying basis for the Commission's determination in D.11-05-002.¹⁴ The Amended KHSA retains the cost cap to California ratepayers.¹⁵

¹² Siskiyou County Response to Petition at 3-4.

¹³ Siskiyou County Water Users Association Response to Petition at 5.

¹⁴ Siskiyou County identifies differences between the original KHSA and Amended KHSA and argues that there are questions as to whether the Amended KHSA provides the same protection and benefits to California ratepayers as the original agreement. (Siskiyou County March 27, 2017 Reply at 3-5.)

Footnote continued on next page

OP 5 of D.11-05-002, which requires that the collected surcharge only be used for ratepayer benefit, also remains unchanged. Moreover, the Funding Agreement we adopt in today's decision provides further protections for California ratepayer funds by requiring the KRRC to meet certain requirements in order to receive disbursements from the California Trust Accounts. Based on the foregoing, we are satisfied that there are adequate protections for California ratepayer funds.

We note that the issue of whether to authorize the removal of the Lower Klamath Project assets is not before us. This issue will be considered by FERC through its existing license transfer and surrender processes. These processes include consideration of costs, safety, and environmental impacts.

Contrary to Siskiyou County's contention,¹⁶ none of the modifications we adopt today eliminate the need for PacifiCorp or KRRC as the dam-removal entity to obtain the necessary permits and approvals. In fact, pursuant to the Funding Agreement we adopt today, any disbursement request by the KRRC must include a certification that all necessary permits and approvals for the relevant project activities have been obtained. If the KRRC cannot make such a certification, the KRRC must provide an explanation supported by appropriate documentation as to how the necessary permits and approvals will be obtained in a timeframe consistent with the project activities being conducted within 210 days of the date of the disbursement request.

4.2. A Funding Agreement Governing the Disbursement of Funds is Adopted

PacifiCorp's proposed new OP 18 seeks to authorize the Commission's Executive Director to enter into an agreement with the KRRC or its successor, to facilitate the

However, the Commission's decision to approve the surcharge in D.11-05-002 was not based on consideration of any of the provisions of the original KHSAs identified by Siskiyou County.

¹⁵ PacifiCorp March 13, 2017 Response, Exhibit A at §§ 4.1.1 & 4.1.3.

¹⁶ Siskiyou County Response to Petition at 3.

distribution of money from the California Trust Accounts to the KRRC or its successor for purposes of implementing the Amended KHSA. We find that it is more appropriate for this Commission, rather than the Executive Director, to establish the oversight requirements necessary to ensure that any ratepayer funds disbursed are used for ratepayer benefit. The Commission may then delegate review and disbursement of funds, in accordance with these established oversight requirements, to the Executive Director or the Deputy Executive Director and the Energy Division Director or his/her designee.

As discussed above, we take official notice of the Oregon Funding Agreement filed in this docket by the KRRC on May 8, 2017. Based on our review, we find that the Oregon Funding Agreement provides almost all of the terms necessary to ensure that all surcharge funds are used for ratepayer benefit. Therefore, we use the Oregon Funding Agreement as a basis for a funding agreement we adopt between this Commission and the KRRC.¹⁷ The Funding Agreement we adopt in today's Decision, however, includes specific procedures for the request and disbursement of funds and annual reporting requirements. These changes include:

1. Documentation Required for Disbursement Requests – KRRC shall use Exhibit D (Disbursement Request Form) of the Funding Agreement when making its disbursement requests. This form requires the identification of the Project Phase (1, 2 or 3), Project Activity (identified in Exhibit A1, A2 or A3) and the Eligible Project Costs for that Project Activity (identified in Exhibit B1, B2 or B3), as well as the Amount Requested. KRRC shall attach to the request form the following documents:
 - a. the projected Project activities to be performed and the estimated Eligible Project Costs associated with each activity;
 - b. an expenditure report, showing the expenses incurred during the prior semi-annual period;
 - c. a certification from the KRRC that the request is for payment of Eligible Project Costs included in the budget that the KRRC

¹⁷ The Funding Agreement is attached as Attachment A to this decision.

expects to incur for the Project activities to be completed by the KRRC or under subagreement during the period within 210 days after the date of the request. The certification shall also certify that no material authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the Project activities to be completed by the KRRC or under subagreement during the period within 210 days after the request. If the KRRC cannot make such a certification, KRRC shall explain how any outstanding material authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority not yet obtained or given, as applicable, that is required for the Project activities is expected to be met in a timeframe consistent with Project activities to be conducted within 210 days and provide appropriate documentation; and

- d. a certification that all expenditures will only be used for Ratepayer Benefit.
2. Review of Disbursement Request by Energy Division – Within 14 working days of receiving the Disbursement Request, the Energy Division Director, or his/her designee, shall review all Disbursement Request Forms for the purpose of confirming that:
 - a. the disbursement request is to fund Project activities identified in the applicable Exhibit A for the applicable Project Phase; and
 - b. the funds requested, in combination with funds already disbursed for the identified Phase, do not exceed the budgeted amount for a particular Phase by more than ten percent.
 3. Disbursement Procedures – Upon Energy Division review, one of the following shall occur:
 - a. The Energy Division Director, or his/her designee, shall promptly notify the Executive Director that the funds may be released. The Executive Director shall then direct the trustees of the Trust Accounts to disburse the funds to KRRC; or
 - b. In the event the Energy Division Director, or his/her designee, has reasonably determined that the foregoing requirements have not been met with respect to any portion of the Funds requested, then the Energy Division Director, or his/her designee, shall promptly notify KRRC in writing and in reasonable detail of the

reason for such determination. In the event KRRC disagrees with such determination it shall provide such further information as it may elect, it being the intent that the Parties shall thereafter reasonably and promptly cooperate with each other to resolve any such disagreement, at which point the Executive Director shall direct the release of the requested funds.

4. Annual Audit Review – In addition to the annual reporting already provided for in the Oregon Funding Agreement, KRRC shall also provide annually its audited financial statements by a third party. These statements shall include a balance sheet showing all funds, a statement of budgeted and actual income and expenditures, indicating thereon any changes in fund balances, and any appropriate notes of explanation or disclosure. The Executive Director, or his/her designee, shall have 60 days to review the audited financial statements and notify the KRRC, in writing, of all concerns regarding the disbursement of funds in the prior year. KRRC shall address these concerns/proposed adjustments in writing to the Executive Director or his/her designee within 30 days or such longer period of time as may be necessary, with reasonable diligence, to do so. The Executive Director or his/her designee shall notify the KRRC in writing within 10 days after receipt of KRRC's response of any remaining concerns and whether any proposed adjustments should be made. The Executive Director and KRRC shall thereafter reasonably cooperate to address any remaining concerns of the Executive Director. In the event that notwithstanding such cooperation all matters have not been resolved within 30 days after the Executive Director's notice then the Executive Director shall notify the KRRC in writing of its final determination regarding its concerns. A copy of this communication shall be sent to the Energy Division Director or his/her designee and the service list of A.10-03-015.

5. Comments on the Proposed Decision

The proposed decision of the ALJs in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed

under Rule 14.3. Opening comments were filed on November 20, 2017 by Siskiyou County.¹⁸ Reply comments were filed on November 27, 2017 by PacifiCorp.

In its comments, Siskiyou County contends the proposed decision commits legal errors regarding the scope and process for reviewing PacifiCorp's Petition. Siskiyou County also contends the proposed decision is premature given FERC's pending review of the Amended KHSA. Finally, Siskiyou County alleges the proposed decision errs by deleting a necessary reporting requirement.¹⁹ We have carefully considered Siskiyou County's comments and do not find a basis for modifying the proposed decision.

Siskiyou County fails to demonstrate that there is legal error in limiting our consideration of PacifiCorp's Petition to the requests contained in that filing. Siskiyou County does not cite to any legal authority that would require the Commission to reconsider other determinations made in D.11-05-002 or all other issues contained in the Amended KHSA.

Siskiyou County fails to demonstrate there are material contested issues of fact that would require evidentiary hearings per Rule 12.3. Consistent with the Commission's Rules, Siskiyou County was afforded the opportunity to file a response to PacifiCorp's Petition and raise any disputed legal or factual issues. As explained above, the modifications to D.11-05-002 requested in the Petition do not affect the underlying basis for the Commission's determinations in D.11-05-002, nor do they affect the protections for ratepayer funds adopted in D.11-05-002.

Moreover, by modifying Ordering Paragraph 15.f, the proposed decision does not delete a necessary reporting requirement. Instead of requiring status updates regarding PacifiCorp's dam removal progress, the proposed decision appropriately requires updates regarding the KRRC's dam removal progress.

¹⁸ Opening Comments by the Siskiyou County Water Users Association were not properly filed and served in accordance with Rules 1.9 and 14.3. Therefore, we do not consider these comments.

¹⁹ D.11-05-002 at Ordering Paragraph 15.f.

6. Assignment of Proceeding

Liane M. Randolph is the assigned Commissioner and Sophia J. Park and Sasha Goldberg are the assigned ALJs in this proceeding.

Findings of Fact

1. In D.11-05-002, as modified by D.12-10-028, the Commission authorized a \$13.76 million surcharge pursuant to the KHSA, which established a process for potential removal of PacifiCorp's four main-stem dams on the Klamath River.

2. Amendments to the KHSA were made in 2016.

3. PacifiCorp's Petition seeks modification to OPs 13 and 15 of D.11-05-002 to reflect amendments made to the KHSA.

4. The Amended KHSA removes the need for federal legislation or any affirmative declaration by the United States Secretary of Interior.

5. Under the Amended KHSA, dam removal will proceed under FERC's traditional license transfer and surrender processes.

6. The Amended KHSA identifies the KRRC as the dam-removal entity.

7. The Amended KHSA provides that the States of California and Oregon will enter into funding agreements with the KRRC for the purpose of specifying how collected funds will be released to pay for the costs of dam removal.

8. In D.11-05-002, the Commission determined that the surcharge pursuant to the KHSA was in the best interests of ratepayers because the KHSA's cost cap provisions protected ratepayers from the uncertain costs related to relicensing, relitigation, and decommissioning of the Klamath assets.

9. The modifications to D.11-05-002 requested in the Petition do not change the underlying basis for the Commission's determination that the surcharge was in the ratepayers' best interests.

10. PacifiCorp's Petition does not seek to increase or otherwise modify the surcharge in D.11-05-002, as modified by D.12-10-028.

11. The Amended KHSA retains the cost cap for California ratepayers.

12. PacifiCorp's Petition does not seek modification of OP 5 of D.11-05-002, which requires that the surcharge collected pursuant to the KHSA only be used for ratepayer benefit.

13. None of the modifications requested by PacifiCorp eliminate the need for PacifiCorp or KRRC as the dam-removal entity to obtain the necessary permits and approvals for the Lower Klamath Project.

14. OP 13 of D.11-05-002 sets forth certain milestones based on provisions of the KHSA that are no longer in effect.

15. It is necessary to modify the conditions precedent contained in OP 13 of D.11-05-002 to conform to the provisions of the Amended KHSA.

16. OP 15 of D.11-05-002 requires annual status updates on actions that will no longer occur under the Amended KHSA.

17. It is necessary to modify OP 15 of D.11-05-002 to provide the relevant information to the Commission and the parties in the proceeding concerning the removal of the Lower Klamath Project assets.

18. It is more appropriate for the Commission, rather than its Executive Director, to establish the oversight requirements necessary to ensure that any ratepayer funds disbursed from the California Trust Accounts are used for ratepayer benefit.

19. The Oregon Funding Agreement provides almost all of the terms necessary to ensure that all surcharge funds are used for ratepayer benefit and can be used as a basis for a funding agreement between the Commission and the KRRC.

20. Changes to the Oregon Funding Agreement are necessary to include specific procedures for the request and disbursement of funds and annual reporting requirements.

Conclusions of Law

1. PacifiCorp's Petition complies with the procedural requirements of Rule 16.4 of the Commission's Rules of Practice and Procedure and provides adequate justification as

to why the petition could not have been presented within one year of the effective date of D.11-05-002.

2. PacifiCorp's proposed modifications to OPs 13 and 15 should be adopted.

3. Official notice of the Oregon Order should be taken pursuant to Rule 13.9 of the Commission's Rules of Practice and Procedure.

4. A Funding Agreement between the Commission and the KRRC should be adopted in order to establish the oversight requirements necessary to ensure that any ratepayer funds disbursed are used for ratepayer benefit.

5. In order to ensure timely and efficient disbursement of funds from the California Trust Accounts, the Commission should authorize the Executive Director and the Deputy Executive Director to disburse the funds in the California Trust Accounts to the KRRC or its successor for purposes of implementing the Amended KHSA, in accordance with the provisions of the executed Funding Agreement between the Commission and KRRC.

O R D E R

IT IS ORDERED that:

1. PacifiCorp's Petition to Modify Decision (D.) 11-05-002 filed on August 12, 2016 is granted in part and denied in part as discussed in this Decision. Other than the modifications specified in this Decision, all other provisions of D.11-05-002 and D.12-10-028 remain unchanged.

2. Ordering Paragraph 13 of Decision 11-05-002 is modified to read as follows:

13. PacifiCorp must file a Tier 3 advice letter to request authority to dispose of each Klamath Hydroelectric Project asset no later than after the milestones listed below are met. These milestones are:

- a. The KRRC has demonstrated to PacifiCorp's and the State's reasonable satisfaction that the KRRC has met the obligations set out in Amended KHSA section 7.1.4 and Appendix L;
- b. FERC has issued the license transfer order identified in Amended KHSA section 7.1.5.D; and

- c. The availability of sufficient funds to cover estimated costs of dam removal, provided by California and Oregon, as set forth in Section 4.1 of the Amended Klamath Hydroelectric Settlement Agreement.
3. Ordering Paragraph 15 of Decision 11-05-002 is modified to read as follows:
 15. The annual Status Report must address, at a minimum, events regarding and progress toward achievement of:
 - a. All items listed in Exhibit 2 to Exhibit PPL-104;
 - b. The enactment of California legislation to authorize the issuance of a California Bond;
 - c. The availability of sufficient funds to cover estimated costs of dam removal, provided by California and Oregon customers, as set forth in Section 4.1 of the Amended KHSA;
 - d. The status of the joint license transfer application required under sections 7.1.4 and 7.1.5 of the Amended KHSA;
 - e. The status of the KRRC's license surrender application required under section 7.1.7 of the Amended KHSA;
 - f. The KRRC's progress made in making the demonstrations required under section 7.1.4 and Appendix L of the Amended KHSA;
 - g. The securing of California state funds through a California Bond or other form of state funding;
 - h. The Dam Removal Entity's development of a detailed plan to effect dam removal consistent with budget and liability controls;
 - i. The securing of all permits and funding necessary to perform the detailed plan;
 - j. The amount of surcharge revenue collected in California by year and cumulatively;
 - k. Both the amounts of interest accrued on the balances in the California Copco I and II/Iron Gate Dams Trust Account and the J.C. Boyle Dam Trust Account since the last Status Report and the cumulative total of interest earned to date;

- l. Whether the combined total of surcharge collected and interest earned to date is expected to equal \$16 million by the start of dam removal;
- m. Based on the surcharge collected and interest earned to date, what adjustment, if any, should be made to the surcharge if it appears that there will be either more or less than \$16 million by the start of dam removal;
- n. Any other items that bear on the probability, schedule, and cost of implementing the Amended Klamath Hydroelectric Settlement Agreement; and
- o. Any other significant events related to the Amended Klamath Hydroelectric Settlement Agreement that have occurred in the past 12 months.

4. The Funding Agreement included as Attachment A is hereby adopted. The Commission's Executive Director shall execute the Funding Agreement with the Klamath River Renewal Corporation. The Klamath River Renewal Corporation shall be subject to the Commission's jurisdiction for purposes of complying with the requirements of the Funding Agreement.

5. The Commission's Legal Division is authorized to make any necessary, non-material conforming modifications to the Funding Agreement prior to its execution so long as the modifications are consistent with the Commission's directives regarding the use and distribution of funds set forth in Decision (D.) 11-05-002, as modified by D.12-10-028, and today's decision.

6. The Commission authorizes its Executive Director and Deputy Executive Director, as the Commission's current designated representatives for the California Trust Accounts, to direct the trustees of the Trust Accounts to disburse funds from the Trust Accounts to the Klamath River Renewal Corporation or its successor for purposes of implementing the Klamath Hydroelectric Settlement Agreement, in accordance with the requirements of the executed Funding Agreement between the Commission and the Klamath River Renewal Corporation.

7. The Klamath River Renewal Corporation's request for official notice of the *Public Utility Commission of Oregon's Order UE 219 Approving the Funding Agreement with the Klamath River Renewal Corporation* filed on May 8, 2017 is granted.

8. Application 10-03-015 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A**FUNDING AGREEMENT**

This Agreement is made and entered into by and between the **California Public Utilities Commission**, the “CPUC,” and the **Klamath River Renewal Corporation**, a California nonprofit public benefit corporation, hereinafter referred to as the “KRRC.”

RECITALS

WHEREAS, the States of California and Oregon, the United States, PacifiCorp, and other parties entered into the Klamath Hydroelectric Settlement Agreement, dated February 18, 2010, as subsequently amended (as amended, the “KHSA”) to establish a process for the removal of four hydropower facilities within the jurisdictional boundary of FERC Project no. 2082 located on the Klamath River: Iron Gate Dam, Copco No. 1 Dam, Copco No. 2 Dam, J.C. Boyle Dam, and appurtenant works currently licensed to PacifiCorp (the “Project”) and for the operation of the Klamath Hydroelectric Project until the completion of the Project; and

WHEREAS, pursuant to Section 4.1.1 of the KHSA, the CPUC and the Public Utility Commission of Oregon (OPUC) have each established customer surcharges for PacifiCorp’s customers for the purposes of paying the costs of Facilities Removal; and

WHEREAS, pursuant to Section 4.1.1 of the KHSA, the total amount of funds to be collected pursuant to the customer surcharges shall not exceed \$200,000,000, with the maximum amount of \$16,000,000 to be collected from California customers.

WHEREAS pursuant to Section 4.1.2.A of the KHSA the State of California has appropriated \$250,000,000 of the proceeds of the bonds authorized by California Proposition 1 for the purposes of paying the costs of Facilities Removal, to the extent that the costs of Facilities Removal exceed the Customer Contributions; and

WHEREAS in Decision (D.)11-05-002, as amended by D.12-10-028, the CPUC approved a request by PacifiCorp for a surcharge of \$13.76 million, collected over less than 8 years for the purpose of paying the costs of removing Klamath River dams. As specified in in Section 4.4.4(d) of the KHSA, one surcharge is designed to collect removal costs for the J.C. Boyle Dam and the other surcharge collects removal costs for the other three dams. Pursuant to D.11-05-002, Ordering Paragraph 9, the Commission has established two interest bearing trust accounts in which the customer surcharges are to be held and administered – the California Copco I and II/Iron Gate Dams Trust Account and the California J.C. Boyle Trust Account. Pursuant to D.11-05-002, Ordering Paragraph 5, the customer surcharge together with accrued interest must be used only for the benefit of ratepayers; and

WHEREAS, in accordance with D.11-05-002, as amended by D.12-10-028, and Section 4.1.1 of the KHSA, the CPUC has been collecting non-bypassable customer surcharges for the purpose of Facilities Removal and has a responsibility to ensure those funds are used in a manner consistent with D.11-05-002; and

WHEREAS, section 4.12 of the KHSA provides that the States of California and Oregon will enter into funding agreements with the KRRC for the purpose of specifying how the Customer Contributions and the California Bond Funding will be released to pay for the costs of Facilities Removal; and

WHEREAS, section 4.2.4 of the KHSA provides that California and Oregon will prepare draft trustee instructions for submission to the California and Oregon PUCs concerning: (1) when funds will be disbursed from the trust accounts; (2) the methodology used to determine which accounts will be drawn from; (3) coordination with use of the California Bond Funds; (4) a protocol for reallocating funds between the trust accounts to pay for the costs of the removal of specific facilities (if necessary); and (5) a means for the return of Customer Contributions to PacifiCorp customers in the event that there are remaining funds in the trust accounts following completion of Facilities Removal; and

WHEREAS, the Facilities Removal is contemplated to take place pursuant to three funding phases, with Phase One, which has already commenced, expected to consist of the start-up of the KRRC, evaluating risk mitigation such as insurance for the Project, certain regulatory actions and preparation work for the Definite Plan; Phase Two is expected to consist of development of the Definite Plan, including preparation of procurement documents for final design, deconstruction and risk management and completion of regulatory actions; and Phase Three will consist of the Facilities Removal through deconstruction and restoration; and

WHEREAS, it is contemplated that up to \$4.4 million will be necessary to fund Phase One activities with Oregon funding 92% of the Phase One costs (\$4,048,000) and California funding 8% of the Phase One costs (\$352,000).

NOW THEREFORE, the parties enter into this Agreement as provided below.

AGREEMENT

1. Defined Terms.

“Applicable Law” means general law that (1) exists outside of the KHSA including, but not limited to a Constitution, statute, regulation, court decision, or common law, and (2) applies to obligations or activities of Parties contemplated by this Agreement. The use of this term is not intended to create a contractual obligation to comply with any law that would not otherwise apply.

“California Public Utilities Commission” or **“CPUC”** means the public utilities commission for the State of California. References to actions or approvals by CPUC shall mean action or approval delegated to the Energy Division Director of CPUC or its designee by the Commission pursuant to this Agreement or otherwise, and not a vote of the Commissioners of the CPUC unless otherwise expressly stated.

“California Trust” refers to the two separate interest bearing trust accounts – the California Copco I and II/Iron Gate Dams Trust Account and the California J.C. Boyle Trust Account –

established pursuant to CPUC Decision 11-05-002, Ordering Paragraph 9, for the collection of the customer surcharges by PacifiCorp.

“Definite Plan” means a plan and timetable for Facilities Removal submitted by KRRC or any of its contractors or assigns under Section 7.2.1 of the KHSA.

“Detailed Plan” means the plan dated July 2012 that includes elements described in Section 7.2.2 of the KHSA.

“Eligible Project Costs” include the costs necessary for: (i) physical removal of the dams, (ii) site remediation and restoration; (iii) avoiding downstream impacts of dam removal; (iv) downstream impacts of dam removal; (v) permits that are required for the removal; (vi) removal and disposal of sediment, debris and other materials, if necessary; (vii) compliance with environmental laws; and (viii) matters otherwise in furtherance of the Project. Eligible Project Costs include costs of the foregoing items that have been incurred prior to the date of this Agreement and the repayment of amounts received from other sources and applied to Eligible Project Costs prior to the date of this Agreement.

“FERC” refers to the Federal Energy Regulatory Commission.

“FERC Project” refers to the Klamath Hydroelectric Project as licensed by FERC under Project No. 2082.

“Funds” refers to funds disbursed to the KRRC from the California Trust.

“Klamath Hydroelectric Settlement Agreement” or **“KHSA”** means the Klamath Hydroelectric Settlement Agreement, dated February 18, 2010, as amended on April 6, 2016 and November 11, 2016, and as may be amended in the future.

“Klamath River Dams” refers to the J.C. Boyle Dam, the Copco 1 Dam, the Copco 2 Dam and the Iron Gate Dam.

“KRRC” refers to the Klamath River Renewal Corporation, a California nonprofit public benefit corporation.

“Material” as applicable to an action or representation means an action or representation that would delay the Project, result in a budget overrun greater than ten percent, result in the misapplication or misexpenditure of Funds, or otherwise prevent the KRRC from performing duties under this Agreement.

“Non-bypassable surcharge” means a monetary surcharge authorized by the appropriate state utility commission through a tariff schedule that applies to all retail customers who rely on PacifiCorp’s transmission and distribution system for the delivery of electricity.

“Notice” means a written notice directed to the appropriate party that reasonably apprises that party of the intended action that may follow such notice.

“ODFW” means the Oregon Department of Fish and Wildlife.

“**Parties**” or “**Party**” means the signatories of this Agreement.

“**Phase 1**” refers to the funding phase under this Agreement for which the budget is expected to consist of the start-up costs of the KRRC, evaluating risk mitigation such as insurance for the Project, certain regulatory actions and preparation work for the Definite Plan.

“**Phase 2**” refers to the funding phase under this Agreement for which the budget is expected to consist of development of the Definite Plan, including preparation of procurement documents for final design, deconstruction and risk management and completion of regulatory actions.

“**Phase 3**” refers to the funding phase under this Agreement for which the budget is expected to consist of the Facilities Removal through deconstruction and restoration.

“**Project**” refers to the responsibilities of the KRRC under the KHSA.

“**Public Utility Commission of Oregon**” or “**OPUC**” means the public utility commission for the State of Oregon.

“**Ratepayer Benefit**” means, for purposes of this Agreement, the execution of the Project. For the avoidance of doubt, Funds disbursed for Eligible Project Costs shall be deemed to be used for Ratepayer Benefit.

“**State Cost Cap**” means the collective maximum monetary contribution from the states of California and Oregon as described in Section 4.1.3 of the KHSA.

“**States**” refers to the State of Oregon or the State of California.

“**Trustee**” means the Wells Fargo Bank.

2. Effective Date and Expiration. This Agreement shall become effective on the date this Agreement is fully executed. This Agreement shall expire upon the earlier of January 31, 2022, or the date the KHSA terminates (the “Expiration Date”).

3. Agreement Documents. This Agreement consists of the Agreement through the signature page, together with the following Exhibits, all of which are attached hereto and incorporated herein by reference:

- Exhibit A1: Phase 1 Project Activities**
- Exhibit B1: Phase 1 Project Budget Form**
- Exhibit C: [RESERVED]**
- Exhibit D: Disbursement Request Form**

In the event of a conflict between portions of this Agreement, the following order of precedence, listed from highest precedence to lowest precedence, will prevail: this Agreement without Exhibits; Exhibit A; Exhibit B; Exhibit D; Exhibit C.

4. KRRC Fiscal Administration.

- a. Administrative Practices.** As soon as practicable after execution of this Agreement and thereafter upon preparation of each of the following, the KRRC shall provide to the CPUC copies of the following documents and any amendments that may be made thereto:
- (i) Agenda and Minutes of KRRC's regular and special meetings, in each case to the extent made publicly available;
 - (ii) KRRC Bylaws;
 - (iii) KRRC internal policies addressing financial controls, governance and internal operations;
 - (iv) Periodic reports or summaries of the fiscal status of the KRRC; and
 - (v) An audited annual financial statement for the KRRC that must include a balance sheet showing all funds, a statement of budgeted and actual income and expenditures, indicating thereon any changes in fund balances, and any appropriate notes of explanation or disclosure.
- b. Status Updates to CPUC.** KRRC shall provide to CPUC Staff periodic updates on at least a semi-annual basis, and more frequently if necessary, regarding the KRRC and the Project, which may be either oral or in writing. KRRC shall make an annual presentation before the CPUC that includes a review of Project activities in the preceding year, relevant financial information, and an overview of Project activities planned for the coming year.
- c. Conflicts of Interest and Gifts.** KRRC shall adopt and maintain a written standard of conduct under which an employee, officer, or agent of the KRRC shall not participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved, unless otherwise consistent with Applicable Law.
- Further, KRRC shall adopt and maintain a written standard of conduct under which the officers, employees, and agents of the KRRC shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or subcontractors. KRRC may set a different standard for situations in which the gift is an unsolicited item of nominal value.
- Finally, KRRC certifies that it has and will maintain and enforce a standard of conduct requiring compliance with the conflict of interest standards set forth above and that provides for disciplinary action to be applied for violations.
- d. Management of Disbursements from California Trust Accounts.** KRRC shall maintain funds disbursed to the KRRC from the California Trust Accounts in one

or more interest-bearing demand deposit accounts in a financial institution of high credit quality, with minimal risk of loss to principal at all times, prior to expenditure on Eligible Project Costs as provided in this Agreement.

- e. **Notice of Bankruptcy or Receivership.** KRRC shall promptly notify CPUC and provide a copy of any notice or other knowledge the KRRC receives of a bankruptcy or receivership of a contractor or subcontractor engaged for the Project.

5. Business Status.

- a. **Registry.** KRRC has registered as a nonprofit corporation with the California Secretary of State.
- b. **Registry and status as a Charitable Organization.** KRRC has registered as a charitable organization.
- c. **Corporate Dissolution.** KRRC shall take the necessary steps to ensure that when the KRRC is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the KRRC, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the KRRC Board of Directors then determines is qualified both as an exempt organization under Internal Revenue Code Section 501(c)(3), and as an organization engaged in activities substantially similar to those of the KRRC or return to CPUC as may be required by Section 7.f.

6. Disbursements for Eligible Project Costs.

- a. **Trust Accounts.** The Customer Contributions, as they are collected, are held in segregated trust accounts (the "California Trust") established by the CPUC. The Wells Fargo Bank is the current trustee of the Trust. The Customer Contributions derive from surcharges currently being collected by PacifiCorp at rates approved by CPUC, but which may not exceed more than \$13,760,000, as authorized in D.11-05-002. Pursuant to D.12-10-028, this surcharge is to be collected over a period of less than 8 years, starting in 2011.
- b. **Trust Account Management.** CPUC shall manage the California Trust consistent with any account management and coordination agreement as may be jointly approved by the State of Oregon and the State of California. If the CPUC is a party to any such agreement, it shall provide to the KRRC an opportunity to review and comment on any draft account management and coordination agreement before it is finalized.
- c. **Trust Disbursement Directions.** In accordance with the terms and conditions of this Agreement, the CPUC will timely direct the Trustee to disburse funds from the California Trust to the KRRC to pay for Eligible Project Costs.

7. **Use of Funds.** KRRC shall use the Funds for Eligible Project Costs.
- a. **Phase 1 Costs.** The categories of Eligible Project Costs for Phase 1 are described in Exhibit A1. The total Eligible Project Costs for Phase 1 are estimated to be \$4.4 million, of which \$308,369 has already been disbursed to the KRRC under the “Phase 1A Grant Agreement” between the KRRC and ODFW. Exhibit B1 includes a budget for Phase 1, of which \$3,739,000¹ has been advanced by OPUC as of July 21, 2017.
- b. **Phase 2 and Phase 3 Costs.** Ninety days prior to making an initial semi-annual request for disbursements for Phases 2 and 3, KRRC will submit to the CPUC an Exhibit A2 (Phase 2 Project Activities) and A3 (Phase 3 Project Activities), respectively, describing categories of Eligible Project Costs for Phases 2 and 3 and will also provide Exhibit B2 (Phase 2 Budget) and B3 (Phase 3 Budget), respectively providing a proposed budget for each phase. KRRC must submit, with either an Exhibit A3 or Exhibit B3 to CPUC, a certification that all of the conditions in Section 7.1.4 of the KHSA have been met or, to the extent any such conditions have not been met as of the date of such certification, an explanation of how the conditions in Section 7.1.4 of the KHSA are expected to be met in a timeframe consistent with continued progress on the Project and with appropriate documentation.
- (i) In the event that at any time actual or foreseeable costs associated with physical performance of Facilities Removal or the combined Project budget for all three Phases is estimated to exceed the State Cost Cap and sufficient additional funding is not available to carry out Facilities Removal, the KRRC:
- (A) Shall promptly initiate the meet and confer process with the parties to the KHSA under Section 7.2.1(5) of the KHSA and diligently pursue resolution of that process;
- (B) Shall not enter any new contractual obligations until the process of meeting and conferring under Section 7.2.1(5) of the KHSA is resolved, unless the Parties agree that it is reasonable, necessary and consistent with the KHSA for the KRRC to enter into one or more additional contracts; and
- (C) Shall promptly notify CPUC it has initiated the meet and confer process, and keep CPUC Staff reasonably apprised of the progress of the KHSA parties towards a resolution.
- (ii) Upon finding that actual or foreseeable costs associated with physical performance of Facilities Removal or the combined Project budget for all three Phases is estimated to exceed the State Cost Cap and sufficient

¹ Amounts advanced by OPUC to be updated at time of execution.

funding is not available to carry out Facilities Removal, KRRC may thereafter, in the regular course, submit one disbursement request under Section 7.f while it is engaged in the process of meeting and conferring with the parties to the KHSA. Before submitting any further disbursement requests while the process of meeting and conferring under Section 7.2.1(5) of the KHSA remains unresolved, KRRC shall meet with the CPUC and present a plan supporting continued disbursements. CPUC may, in its discretion, suspend further disbursements until the meet and confer process is resolved.

- c. **Budget forms.** Exhibit budget forms for each Phase shall identify the projected Project activities for such Phase and how each activity will be completed in Exhibit A, and set forth, in Exhibit B, the estimated Eligible Project Costs associated with each program activity identified in Exhibit A for such Phase, and the originating source of funds to be applied to the aggregate costs, and include or be accompanied by an estimate of the time period within such Phase in which each Exhibit A activity will be conducted. Exhibit budget forms A1 and B1 for Phase 1 are attached to this Agreement.
- d. **Minor Modifications of Budget.** The KRRC may, in its reasonable discretion, make minor modifications to the budgets for Phases 1 through 3, including but not limited to reallocating costs within categories in each budget; provided, however, if the KRRC modifies the amount of funds allocated to a category or Phase by an amount that is greater than ten percent then the KRRC will provide an updated Exhibit to the CPUC for its review as specified in the following paragraph (e).
- e. **Major Modifications of Budget.** A major modification of the budget is: (a) any increase in the amount being requested for a particular Phase of more than ten percent, or (b) an increase in the amount being requested for a particular category of expenses of more than fifteen percent. The KRRC shall notify the CPUC when it becomes aware of a need for a major modification of a budget and provide CPUC with a revised Exhibit B and a certification that such a major modification is necessary for Facilities Removal.
- f. **Disbursement Requests.**
 - (i) The KRRC will make requests for disbursements to the CPUC on a semi-annual basis by submitting a disbursement request (in both hard and electronic formats) in the form and containing the information required on Exhibit D (Disbursement Request Form). The Disbursement Request Form shall be submitted to the CPUC Executive Director and Energy Division Director. The following supporting documentation shall be submitted along with the Disbursement Request Form:
 - (A) the projected Project activities to be performed and the estimated Eligible Project Costs associated with each activity;

(B) an expenditure report, showing the expenses incurred during the prior semi-annual period;

(C) a certification from the KRRC that the request is for payment of Eligible Project Costs included in the budget that the KRRC expects to incur for the Project activities to be completed by the KRRC or under subagreement during the period within 210 days after the date of the request. The certification shall also certify that no material authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the Project activities to be completed by the KRRC or under subagreement during the period within 210 days after the request. If the KRRC cannot make such a certification, KRRC shall explain how any outstanding material authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority not yet obtained or given, as applicable, that is required for the Project activities is expected to be met in a timeframe consistent with Project activities to be conducted within 210 days and provide appropriate documentation.

(D) a certification that all expenditures will only be used for Ratepayer Benefit.

(ii) The KRRC will, contemporaneously with its request to the CPUC, make a corresponding request to the OPUC, to the extent appropriate.

g. Proportional Disbursements. The Parties understand and agree that 8% of the Customer Contribution funds for the Project will be disbursed from the California Trust, except however, in no event will the total funding from the California Trust and the Oregon Trust exceed \$200 million. CPUC's direction to disburse funds from the California Trust shall not be subject to a corresponding disbursement from the Oregon Trust, unless expressly required by any account management and coordination agreement as may be jointly approved by the State of Oregon and the State of California.

h. Action on Disbursement Requests.

(i) Except as provided in Section 7.b, disbursement requests will be processed by the CPUC within 14 working days after receipt of the disbursement request if the disbursement request includes all of the information required under Section 7.f.

(ii) The Energy Division Director, or his/her designee, shall review all Disbursement Request Forms for the purpose of confirming that:

(A) the disbursement request is to fund Project activities identified in the applicable Exhibit A for the applicable Project Phase;

(B) the Funds requested, in combination with Funds already disbursed for the identified Phase, do not exceed the budgeted amount for a particular Phase by more than ten percent.

(iii) Upon determination that the requirements of clause (ii) above are met, the Energy Division Director, or his/her designee, shall promptly notify the Executive Director that the funds may be released. In the event that the Energy Division Director, or his/her designee, has reasonably determined that the foregoing requirements have not been met with respect to any portion of the Funds requested, then the Energy Division Director, or his/her designee, shall promptly notify KRRC in writing and in reasonable detail of the reason for such determination. In the event KRRC disagrees with such determination it shall provide such further information as it may elect, it being the intent that the Parties shall thereafter reasonably and promptly cooperate with each other to resolve any such disagreement, at which point the Executive Director shall direct the release of the applicable Funds.

i. Recovery of Funds.

- (i) KRRC shall provide annually its audited financial statements by a third party in accordance with Section 12.c. of this Agreement. These statements shall include a balance sheet showing all funds, a statement of budgeted and actual income and expenditures, indicating thereon any changes in fund balances, and any appropriate notes of explanation or disclosure. The Executive Director, or his/her designee, shall have 60 days to review the audited financial statements and notify the KRRC in writing, of all concerns regarding the disbursement of funds in the prior year. KRRC shall address these concerns/proposed adjustments in writing to the Executive Director or his/her designee within 30 days or such longer period of time as may be necessary, with reasonable diligence, to do so. The Executive Director or his/her designee shall notify the KRRC in writing within 10 days after receipt of KRRC's response of any remaining concerns and whether any proposed adjustments should be made. The Executive Director and KRRC shall thereafter reasonably cooperate to address any remaining concerns of the Executive Director. In the event that notwithstanding such cooperation all matters have not been resolved within 30 days after the Executive Director's notice then the Executive Director shall notify the KRRC in writing of its final determination regarding its concerns. A copy of this communication shall be sent to the Energy Division Director or his/her designee and the service list of Application 10-03-015.
- (ii) Any funds disbursed to KRRC that remain unexpended on the earlier of the completion of Facilities Removal, termination or expiration of this Agreement ("Unexpended Funds") or that remain unexpended due to the suspension of disbursement requests under Section 7.b of this Agreement

for a period of two years or longer must be returned to the CPUC upon its request. Unexpended Funds shall not include funds set aside for ongoing monitoring following facilities removal or other similar activities as may be required under the Definite Plan or as a condition of a license or permit required for the Project. Recipient shall return all Unexpended Funds and associated interest to the CPUC within 15 days after the earlier of expiration or termination of this Agreement, or upon the demand of the CPUC following the suspension of disbursement requests for a period of two years or longer, consistent with this Section.

8. Final Reporting. Within six months of the completion of Facilities Removal, the KRRC will file a final report (the "Final Report") with the CPUC. The Final Report must include a summary of all Project costs compared to the Project Budget, together with reasonable supporting documentation that evidences KRRC's expenditure of the funds disbursed from the California Trust. The Final Report shall include a summary of the Project as completed as well as an explanation for any Project cost variances that are greater than 10 percent from the Project Budget. The Final Report shall also document the amount of funding received from OPUC and the California Natural Resources Agency.

9. Conditions Precedent.

- a. Conditions Precedent to the CPUC's Obligations.** The CPUC's obligations under this Agreement are subject to the receipt by the CPUC of the following item, all in form and substance satisfactory to the CPUC and its counsel:
- (i) A copy of the resolution of the KRRC's board of directors authorizing the execution and delivery of this Agreement and performance by KRRC of its obligations hereunder.
- b. Conditions to Disbursement.** CPUC's obligation to disburse any of the Funds to KRRC is subject to the following conditions.
- (i) **Disbursement Request.** The KRRC has filed a disbursement request with the CPUC, consistent with section 7.f, above.
 - (ii) **Availability of Funds.** Sufficient funds are currently deposited in the California Trust to fulfill the CPUC's obligation to disburse funds under this Agreement.
 - (iii) **No Default.** No event of default has occurred or is occurring.
 - (iv) **Representations.** KRRC's representations and warranties set forth in Section 10 hereof are true and correct in all material respects on the date of disbursement with the same effect as though made on the date of disbursement.

10. Representations, Warranties and Covenants of KRRC.

- a. KRRC Representations, Warranties.** KRRC makes the following representations and warranties to the CPUC.
- (i) **Organization and Authority.** KRRC is a duly organized and validly existing nonprofit public benefit corporation under the California Corporations Code. KRRC has full power, authority, and legal right to make this Agreement and to incur and perform its obligations hereunder; and the making and performance by KRRC of this Agreement (1) have been duly authorized by all necessary action of KRRC, (2) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency or any provision of KRRC's organizational documents, and (3) do not and will not result in the breach of, or constitute a default or require any consent under, any other agreement or instrument to which KRRC is a party or by which KRRC or any of its properties may be bound or affected. No authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery or performance by KRRC of this Agreement. Certain additional authorizations, consents, licenses, approvals of, filings or registrations with or notifications to a governmental body or regulatory or supervisory authority shall be required for certain Project activities.
- (ii) **Binding Obligation.** This Agreement has been duly executed and delivered by KRRC and, when executed and delivered by the CPUC, constitutes a legal, valid and binding obligation of KRRC, enforceable in accordance with its terms, subject to the application of bankruptcy, insolvency or similar laws relating to the rights of creditors generally and general principles of equity.
- b. KRRC's Inspections; Information.** During the term of this Agreement, KRRC shall permit the CPUC, at any reasonable time and with reasonable notice, to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, investment of Funds, if any, and any other matters related to the use of Funds or the Project. The KRRC shall supply related reports and information relating to the Project as the CPUC may reasonably require. The KRRC shall promptly respond to requests for information and provide an explanation regarding submissions to the CPUC upon its request.

11. Representations, Warranties and Covenants of CPUC. CPUC makes the following representations and warranties to the KRRC.

- a.** CPUC is a constitutional agency of the State of California.

- b. CPUC has all necessary right, power, authority, approvals and consents under its applicable enabling statutes, or other California law to (a) execute and deliver this Agreement, and (b) incur and perform its obligations under this Agreement.
- c. This Agreement has been duly authorized by a vote, resolution or other act of the Commissioners of the CPUC, is executed by an authorized representative of CPUC, and is legal, valid and binding, and enforceable in accordance with its terms without the need for any further vote, resolution or act of the CPUC or its Commissioners.

12. **Records Maintenance and Access; Audit Requirements.**

- a. **Records Maintenance and Access.** KRRC shall make and retain proper and complete books of record, and account and maintain all fiscal records related to this Agreement, the Funds, and the Project in accordance with all applicable generally accepted accounting principles. KRRC shall create and maintain all expenditure records in sufficient detail in such a manner as to clearly document KRRC's performance and to permit the CPUC and the KRRC's third party auditor to verify how the Funds were expended. The State of California, the CPUC and their duly authorized representatives shall have access to the books, documents, papers and records of KRRC that are directly related to this Agreement, the funds provided hereunder, or the Project for the purpose of making audits and examinations. In addition, CPUC and its duly authorized representatives may make and retain excerpts, copies, and transcriptions of the foregoing books, documents, papers, and records. KRRC shall permit authorized representatives of the CPUC to perform site reviews of the Project as needed to determine compliance with the terms of this Agreement.
- b. **Retention of Records.** KRRC shall retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the Funds, or the Project for a minimum of six (6) years, or such longer period as may be required by other provisions of this Agreement or applicable law, following the termination of this Agreement. If there are unresolved disputes or audit questions at the end of the retention period, KRRC shall retain the records until the disputes or questions are resolved. These records will be made available, without restriction, to both the CPUC and California Secretary of State.
- c. **Audit Requirements.** KRRC must retain the services of a professional third-party audit firm to conduct a financial audit of all expenditures of the Funds made by KRRC on an annual basis and provide to the CPUC, not later than 90 calendar days after the end of each calendar year, beginning in 2017, a true and correct copy of the auditor's final report. Each audit must apply Generally Accepted Accounting Principles. KRRC shall cooperate with all requests from the auditor for data and other related requests from the auditor. Disputed points not resolved between KRRC and the auditor, and any exceptions from, qualifications of, or exclusions from the audit must be noted in the final audit

report. KRRC shall include third-party audit expenses as appropriate in expense and budget forms submitted under Sections 7.a. and 7.b.

13. KRRC Subagreements.

- a. Subagreements.** KRRC may enter into agreements with sub-recipients, contractors, subcontractors, consultants, advisors, agents, representatives and other providers of services or materials (collectively, “subagreements”) reasonably necessary or desirable for performance of the Project, including agreements with an executive director and other staff or employees of KRRC. Notwithstanding the foregoing, the use of a subagreement shall not relieve KRRC of its responsibilities under this Agreement.
- b. Procurement standards and policies.** KRRC shall adopt, maintain, provide to CPUC, and comply with written standards of conduct and appropriate policies governing the performance of its employees, agents, consultants, directors, officers or contractors engaged in the award and administration of subagreements.
- (i) All such standards and policies shall implement and be consistent with the following goals:
- (A) optimizing the cost, efficiency, timing, expertise and quality of work performed under subagreements;
 - (B) effectively executing the Project; and
 - (C) maintaining consistency with industry standards.
- (ii) Such standards and policies shall include a competitive process for all primary subagreements for the design or execution of physical removal of facilities and associated site remediation activity under the Project (“Major Subagreements”). Upon selection of a competitive process to be used to award a Major Subagreement, KRRC shall notify CPUC of the subject matter, selected process, and provide an explanation as to how the selected process meets the goals listed in Section 13.b.i of this Agreement. KRRC shall provide CPUC with a substantially final form of the solicitation materials for each Major Subagreement sufficiently prior to issuance as to allow for CPUC review, in no event less than 15 business days.
- c.** Any breach of a term or condition of a Major Subagreement relating material misapplication, misexpenditure or loss of Funds must be reported by KRRC to CPUC within ten (10) days of its being discovered by KRRC.
- d. Insurance.** KRRC shall cause the other party, or parties, to each of its Major Subagreements to obtain and maintain insurance of the types set forth in Section 14(b) and in commercially reasonable amounts.

14. Indemnity; Insurance.

- a. Indemnity.** KRRC and CPUC acknowledge and agree that the indemnity provided in Section 7.1.3 of the KHSa shall be applicable to this Agreement.

Neither KRRC, nor any attorney engaged by KRRC shall defend any Claim in the name of the State or any agency of the State of California, nor purport to act as legal representative of the State of California or any of its agencies, without the prior written consent of the California Attorney General. The CPUC may, at any time at its election, assume its own defense and settlement in the event that it determines that KRRC is prohibited from defending State or that KRRC is not adequately defending State's interests, or that an important governmental principle is at issue or that it is in the best interests of State to do so. CPUC reserves all rights to pursue claims it may have against KRRC if State elects to assume its own defense.

- b. Insurance.** KRRC shall maintain, or cause to be maintained, insurance policies with responsible insurers or self-insurance programs, insuring against directors' and officers' liability and sufficient to insure the Project. KRRC shall provide a summary of any insurance coverage to the CPUC within ten days following the effective date of this agreement and upon the execution of any additional insurance agreements. KRRC shall include CPUC (i) as an additional insured on its liability insurance coverages and (ii) as a loss-payee on its property insurance and on any performance bonds, or letters of credit taken out to insure performance of the Project, provided, however, that for so long as this Agreement is in effect and no Event of Default exists, CPUC shall have no claim to any proceeds of property insurance, performance bonds or letters of credit that are recovered in respect of Eligible Project Costs and that KRRC applies or intends to apply toward Eligible Project Costs in connection with the completion or restoration following any casualty of the Project. Proceeds of any of the foregoing that are not eligible or expected to be applied to Eligible Project Costs by KRRC, if any, shall be paid to CPUC in trust for contributing PacifiCorp customers in proportion to any disbursement of Funds previously directed by CPUC and in proportion to other funding sources that are also loss-payees.
- c. Survival.** Following any termination of this Agreement, for so long as KRRC has an ownership interest in the Project site, KRRC shall maintain, or cause to be maintained commercially reasonable insurance that will name CPUC as additional insured or loss-payee as its interests may appear.

15. Compliance with Laws.

- a. Compliance with Laws.** KRRC shall comply with all Applicable Law, including, to the extent such laws are applicable without being a requirement of this agreement:

- (i) (A) Title VI of Civil Rights Act of 1964; (B) Title V and Section 504 of the Rehabilitation Act of 1973; (C) the Americans with Disabilities Act of 1990; (D) all regulations and administrative rules established pursuant to the foregoing laws; and (E) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations.
 - (ii) (A) if applicable, prevailing wage rate requirements set forth in 40 U.S.C. 3141 et seq. (“Davis-Bacon Act”), and (B) if the Project is subject to the Davis-Bacon Act, the requirement that require its contractors and subcontractors to comply with the Davis-Bacon Act.
- b. KRRC agrees to contract with, and require any subrecipients to contract with, competent, properly licensed and bonded contractors and professionals for the performance of the Project.
 - c. All subagreements that KRRC may enter which are funded wholly or in part with the Funds must be subcontractual in nature, with the other party engaged in the role of a subcontractor. KRRC will administer all contracts with its subcontractors to ensure compliance by any subcontractors with the terms of this Agreement with respect to requirements that flow through to subcontractors.

16. Termination; Default

- a. **Termination by CPUC.** CPUC may terminate this Agreement effective upon delivery of written notice of termination to KRRC, or at such later date as may be established by CPUC in such written notice, only if:
 - (i) A change in law makes performance or completion of Facilities Removal in compliance with the KHSA no longer possible; or
 - (ii) The occurrence and continuance of an Event of Default as provided below.
- b. **Event of Default.** The occurrence of any of the following listed events shall constitute an Event of Default under this Agreement:
 - (i) Any material representation is made by KRRC in this Agreement or in any document provided by or on behalf of KRRC related to this Agreement or the Project that is false or misleading in any material respect when made; or
 - (ii) A petition, proceeding or case is filed by or against KRRC (for purposes of this section, “Debtor”) under any federal or state bankruptcy or insolvency law, and in the case of a petition filed against the Debtor, the Debtor acquiesces to such petition or such petition is not dismissed within 90 calendar days after such filing; Debtor files a petition seeing to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, winding-up or composition or

adjustment of debts; Debtor admits in writing its inability to pay its debts as they become due, or makes an assignment for the benefit of its creditors; Debtor applies for or consents to the appointment of, or taking of possession by, a custodian (including, without limitation, a receiver, liquidator or trustee) of Debtor or any substantial portion of its property; or Debtor takes any action for the purpose of effecting any of the above; or

- (iii) KRRC fails to perform any material obligation required under this Agreement and that failure continues for a period of 30 calendar days after written notice specifying such failure is given to KRRC by CPUC, except with respect to any shorter period expressly provided in this Agreement, provided that so long as KRRC is diligently seeking to cure such failure to perform such 30-day period shall be extended.

c. Remedies. Upon the occurrence and continuance of an Event of Default, and dispute resolution under section 18.a is not successful in a timely manner, the CPUC may, at its option, pursue any or all of the following remedies:

- (i) Ceasing disbursement of Funds under this Agreement until the Event of Default has been cured or the Agreement is terminated;
- (ii) Terminating this Agreement with KRRC;
- (iii) Bringing an action at law or filing a claim in a court with jurisdiction to recover damages incurred as a result of the Event of Default, in order to recover Funds disbursed to the KRRC hereunder, with interest thereon, that have not been expended on Eligible Project Costs prior to an event of default or that were misexpended;
- (iv) Seeking any equitable remedies, including specific performance, which may be available to the CPUC; and
- (v) Pursuing any rights as loss payee on insurance or as payee on a performance bond, letter of credit or any similar performance or payment guarantor, if any.

d. No Termination by KRRC. KRRC may not terminate this Agreement unless the KHSA has been terminated or the Project has been abandoned, terminated, or is otherwise unable to proceed.

17. California Trust is Sole Source of Funding. The California Trust is the sole source of funding for this Agreement, with respect to funding from California, and KRRC shall have no recourse to, and the CPUC shall have no obligation to pay, any amounts under this Agreement from moneys deposited in the State Treasury, including but not limited to the General Fund; nor will the CPUC have any obligation to seek an appropriation or other expenditure authority from the Oregon Legislative Assembly in the event there are insufficient moneys in the California Trust.

18. General Provisions.

- a. Dispute Resolution.** The Parties shall attempt in good faith to resolve any dispute arising out of this Agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation.
- b. Amendments.** This Agreement may be amended or extended only by a written instrument signed by both Parties and, in the case of amendments relating to the amount or application of the Funds, approved by a vote of the Commissioners of the CPUC. For the avoidance of doubt, a vote of the Commissioners shall not be required for extensions of time, contract administration matters, or to waive any provision of this Agreement.
- c. No Third Party Beneficiaries.** CPUC and KRRC are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly or indirectly, to a third person unless such a third person is individually identified by name herein and expressly described as an intended beneficiary of the terms of this Agreement.
- d. Notices.** Except as otherwise expressly provided in this Agreement, any communications between the Parties hereto or notices to be given hereunder shall be given in writing by personal delivery, facsimile, email, or mailing the same, postage prepaid, to KRRC Contact or CPUC Contact at the address or number set forth on the signature page of this Agreement, or to such other addresses or numbers as either Party may hereafter indicate pursuant to this Section 18.d. Any communication or notice personally delivered shall be deemed to be given when actually delivered. Any communication or notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine, and to be effective against CPUC, such facsimile transmission must be confirmed by telephone notice to CPUC Contact. Any communication by email shall be deemed to be given when the recipient of the email acknowledges receipt of the email. Any communication or notice mailed shall be deemed to be given when received.

- e. Choice of Law; Designation of Forum; Federal Forum.**
- (i) The laws of the State of California (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement.
 - (ii) Any Party bringing a legal action or proceeding against any other Party arising out of or relating to this Agreement shall bring the legal action or proceeding in the Circuit Court of the State of California for the County of San Francisco. Each Party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.
 - (iii) Notwithstanding the prior paragraph, if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the Northern District of California. This paragraph applies to a claim brought against the State of California only to the extent Congress has appropriately abrogated the State of California's sovereign immunity, and is not consent by the State of California to be sued in federal court. This paragraph is also not a waiver by the State of California of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.
- f. Survival.** The following sections or subsections of this Agreement shall survive the Expiration Date and any earlier termination of this Agreement: Sections 7.b, 7.h, 7.i, 7.j, 8, 12, 14.a, 16.c, 18.a, 18.d, 18.e, 18.f, 18.h and 18.l and any other section or provision that by its terms is stated to survive.
- g. Severability.** If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Agreement did not contain the particular term or provision held to be invalid.
- h. Counterparts.** This Agreement may be executed in two or more counterparts (by facsimile or otherwise), each of which is an original and all of which together are deemed one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart.
- i. Integration and Waiver.** This Agreement and the KHSAs, as they may be amended from time to time, including all Exhibits, constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. The delay or failure of either Party to enforce any provision of this

Agreement shall not constitute a waiver by that Party of that or any other provision.

- j. KHSA.** This Agreement is intended to facilitate the implementation of the KHSA. Nothing in this Agreement shall be construed in a way that is inconsistent with or conflicts with the terms of the KHSA. In the event of any such conflict or inconsistency the applicable terms shall be deemed waived or modified to the extent necessary to comply with the requirements of the KHSA insofar as the KHSA's requirements are consistent with law.
- k. Non-Disclosure Agreements.** Nothing in this Agreement shall be construed as requiring KRRC to violate any confidentiality, non-disclosure agreement or similar agreement.
- l. Coordination with Other Funding Sources.** CPUC acknowledges that pursuant to the KHSA, the Project will have several sources of funds and agrees to reasonably cooperate with the other Project funding sources as reasonably requested by KRRC. In the event conflicting positions or interpretations with respect to any matter or Approval among the Project's funding sources, CPUC agrees to meet and confer with such other funding sources and to make good faith efforts to promptly resolve any such disputes or conflicts. The pendency of any such dispute or conflict and any resulting delay or other impact on the Project shall be deemed to be beyond KRRC's control and shall not be a breach of this Agreement or give rise to an Event of Default.

THE PARTIES, by execution of this Agreement, hereby acknowledge that each Party has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

SIGNATURE PAGE TO FOLLOW

Klamath River Renewal Corporation

California Public Utilities Commission

By _____

By _____

Name: _____
(printed)

Name: _____
(printed)

Title: _____

Title _____

Date _____

Date _____

APPROVED

(If required)

By _____
KRRC's Legal Counsel

Date _____

KRRC Contact:

Name: Mark Bransom
Title: Executive Director
Address: 423 Washington St. 3rd Floor
Address: San Francisco, CA 94111
Phone: 510 914-4199
Email: mark@klamathrenewal.org

CPUC Contacts:

Name: Timothy Sullivan
Title: Executive Director
Address: California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: 415-703-_____
Email: timothy.sullivan@cpuc.ca.gov

Name: Edward Randolph
Title: Director, Energy Division
Address: California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: 415-703-_____
Email: edward.randolph@cpuc.ca.gov

**EXHIBIT A1
PHASE 1 ACTIVITIES**

EXHIBIT B
PHASE 1 PROJECT BUDGET

**EXHIBIT C
[RESERVED]**

**EXHIBIT D
Disbursement Request Form**

Date: _____

Attn: _____

Address: _____

Phone: _____

Email: _____

Re: Disbursement for Klamath Dam Removal Funding Agreement (the “Agreement”) Phase _____

The Klamath River Renewal Corporation requests the Public Utility Commission to submit a request for disbursement from the Customer Contribution Trust Accounts pursuant to D.17-XX-XXX in the amount of \$ _____ as outlined below:

Phase	Project Activity		Eligible Project Costs	Amount Requested

Attached to this Disbursement Request Form are the supporting documents for this request as required by Section 7(f) of the Agreement.

Disbursement shall be made through wire transfers to the following:

Recipient Name: _____

Wire Transfer Acct. #: _____

Bank Name: _____

ABA #: _____

For Benefit of: _____

FBO Acct #: _____

Attn: _____

Phone #: _____

KLAMATH RIVER RENEWAL CORPORATION

By: _____
Signature

Name & Title (print): _____

(End of Attachment A)