

EXHIBIT H

WETLANDS - OAR 345-21-015(1)(h)

INTRODUCTION

Exhibit H requires the submittal of either (1) a completed application to the U.S. Army Corps of Engineers ("Corps") and the Oregon Department of State Lands ("ODSL") for a Section 404 permit under the Clean Water Act and for a state fill and removal permit or (2) a map identifying the location of any jurisdictional wetland, along with certain additional information describing those wetlands. Because the Project will not impact any jurisdictional wetlands, this requirement does not appear to be applicable to the Project.

EXISTING WETLANDS

There are no jurisdictional wetlands at the site of the energy facility or along the gas pipeline right-of-way. The only areas that may be considered wetlands or other "waters of the United States" subject to Corps or ODSL jurisdiction are located along the electrical transmission line route. These include the riparian corridor Umatilla River at the point where the transmission line crosses the river, and a small area (about one acre) approximately one quarter of a mile west of the river crossing (Figure H-1). The source of water for the small wetland area is irrigation water. A pond that has been used for potato processing wastewater is also located in the southeast corner of Section 1, T4N, R28E. All three of these areas are described in Exhibit N.

POTENTIAL IMPACTS

Development of the Project will not have any impact on any jurisdictional wetlands. The Umatilla River will be spanned by the transmission line, which will not, therefore, impact the river or associated riparian zones. Similarly, the transmission line will either span or otherwise avoid the small wetland area west of the river, as well as the potato wastewater pond, and Applicant will not be removing fill from or placing material in either of these areas.

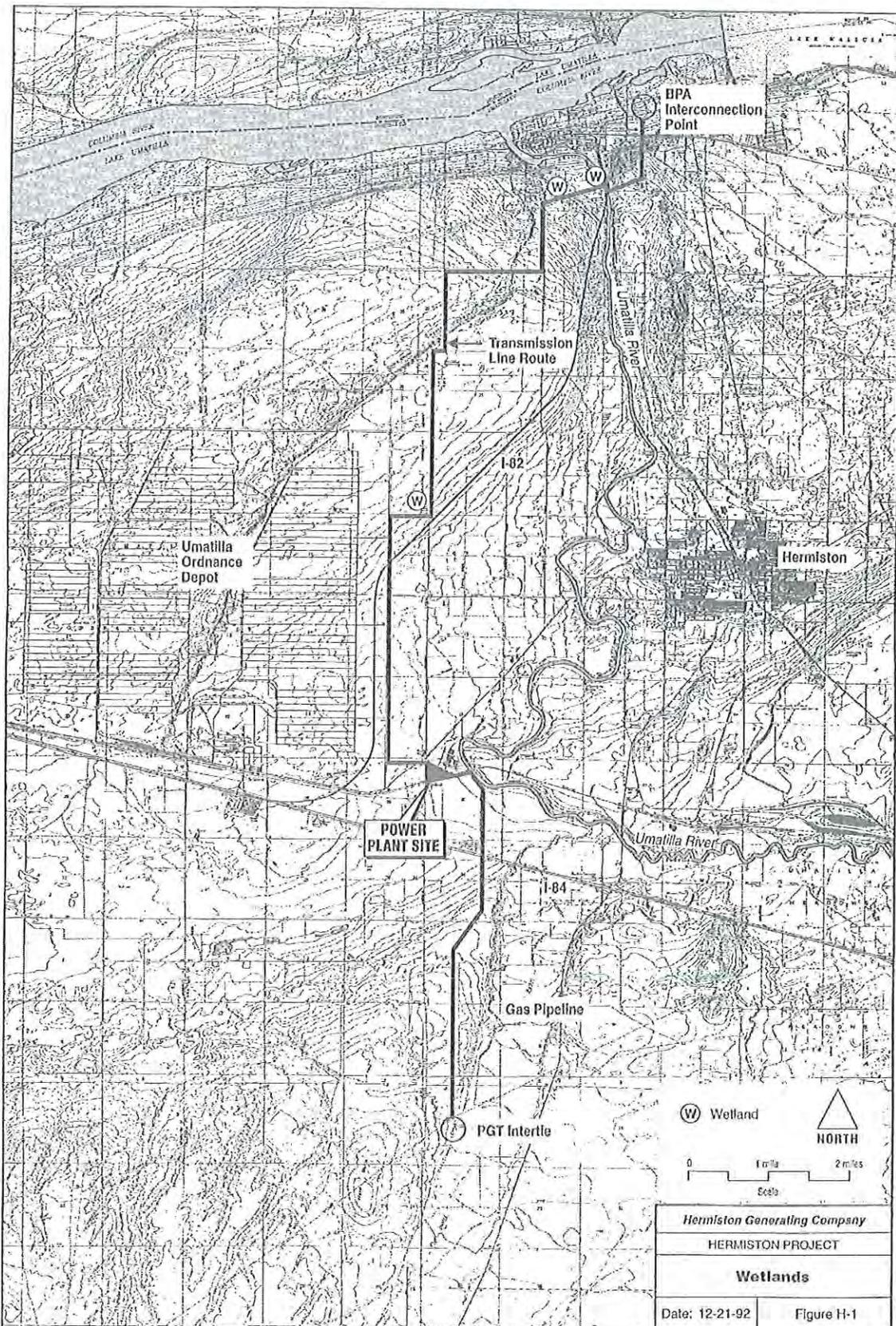


EXHIBIT I

LAND USE PLANS AND POLICIES

INTRODUCTION

This Exhibit discusses the land use issues relevant to the approval of the site certificate application. Under the land use standards of review, OAR 345-22-030, in approving the site certificate, the EFSC must find that the local governments having jurisdiction over the facility have acknowledged comprehensive plan and zoning ordinances and that the facility is consistent with those land use regulations. This Exhibit also contains the information required by OAR 345-21-015(1)(i) which includes:

- maps showing the comprehensive plan designations and zoning of the site and property adjacent to the site (Figures I-2 through I-4);
- a description of the proposed facility's consistency with the acknowledged comprehensive land use plans and land use regulations of the local governments having jurisdiction over the site; and
- the proposed facility's consistency with any applicable land use management plan adopted by a federal agency having jurisdiction.

CONCLUSION

Both Umatilla County and the City of Umatilla, the two local governments having land use jurisdiction over the project, have acknowledged comprehensive plans and zoning ordinances. The facility is consistent with the acknowledged plan and zoning ordinances, and complies with the applicable criteria and standards of the City of Umatilla.

LAND USE IMPACT AREA

The Project Order issued by the EFSC for the Project identifies the land use Impact Area as the area that consists of either the noise boundary as determined by 10 dBA over ambient background noise under normal conditions, or a distance of one-half mile from the energy facility site, whichever is greater. The one-half mile impact area represents the greater distance and has been utilized for discussion of the land use impact analysis. Figure I-1 shows the energy facility site and the land use impact area.

ACKNOWLEDGEMENT OF LOCAL JURISDICTIONS

The Land Conservation and Development Commission (LCDC) has acknowledged, pursuant to ORS 197.251, the comprehensive plan and land use regulations for both Umatilla County and the City of Umatilla, the two local governments which have land use planning jurisdiction over the facility. Exhibit I-1 includes the acknowledgement order. Because the City and County comprehensive plans and implementing regulations are acknowledged, and the proposed facility is consistent with those plans and regulations, this application need not address consistency with Statewide Planning Goals. See OAR 345-21-015(1)(i) (application requirements), 345-22-030(1) (general siting standards). The divisions of OAR Chapter 660 identified in the Project Order similarly are not applicable to jurisdictions that have received acknowledgment.

LOCATION OF FACILITIES AND THEIR LAND USE DESIGNATIONS

The energy facility plant site and the gas pipeline are located within Umatilla County's jurisdiction. The transmission corridor is also located primarily within the county, although a small portion of the corridor passes through the jurisdiction of the City of Umatilla. The following sections describe the relevant county and city comprehensive plan and zoning designations for the plant site, the gas pipeline, the electric transmission corridor, and properties within the designated impact area.

Energy Facility

The energy facility is in an undeveloped industrially-zoned 10-acre parcel in Umatilla County. It is adjacent to an existing industrial facility, the Lamb-Weston potato processing plant. The site is bounded by the Lamb-Weston access road to the north, Westland Road to the west and the Union

Pacific Railroad track to the south. It is otherwise in an area predominated by industrial and agricultural uses. The plant site is within an Enterprise Zone intended for future industrial development. It has a comprehensive plan designation of Industrial and a zoning designation of Light Industrial (LI). The LI zone permits utility facilities as a conditional use.

Land uses within a one-half mile radius of the plant site include the following:

- The Lamb-Weston potato processing facility, immediately northeast of the project site;
- A residence surrounded by trees and located approximately 500 feet north of the project site;
- Several mobile homes surrounded by trees about 1/4 mile south of the project site;
- A mobile home about 200 feet northeast of the Lamb-Weston facility and adjacent to the Umatilla River;
- Several residences about 1/4 to 1/2 mile northeast of the project site, and across the Umatilla River;
- The Northwest Livestock Commission about 2/3 mile southeast of the project site;
- A mobile home situated near the Northwest Livestock Commission property;
- The Umatilla-Morrow Growers Coop about 1/4 mile southwest of the site along Westland Road;
- An open field located west of Westland Road and across from the project site;
- Westland Furniture store and a mobile home about 1/4 mile north of the project site at the intersection of Westland Road and Walker Road; and
- The Umatilla Army Ordnance Depot west of I-82, about 3/4 of a mile from the project site.

Agricultural and agribusiness uses are the predominant land use beyond the one-half mile site radius.

Gas Pipeline

The natural gas pipeline corridor consists of a lateral connection approximately 4-1/2 miles long to the existing PGT natural gas pipeline, which brings natural gas from the Canadian province of Alberta. Beginning at the energy facility site, the pipeline route generally parallels County Road No. 1327 south for about 2 miles. It then continues south across lands principally in agricultural use. See Exhibit E, Figure E-2.

The lateral pipeline will be underground. Construction of the pipeline will temporarily remove about 27 acres of land from agricultural use. Construction of the pipeline is expected to take 3 to 4 months. Once construction is completed, the pipeline will be covered and agricultural lands can be returned to production.

The entire lateral pipeline is within Umatilla County's jurisdiction. A small portion of the pipeline—closest to the plant—will be on land with a comprehensive plan designation of Industrial and zoned LI (Light Industrial). The remainder of the pipeline will be on land with a comprehensive plan designation of North and South County Agricultural and zoned EFU (Exclusive Farm Use).

Land uses with a one-half mile area of the pipeline corridor include agricultural and agribusiness uses.

Transmission Line

Electric power from the Project will be delivered to the regional power grid at BPA's McNary Substation at Umatilla. This will require upgrading approximately 12 miles of the existing UECA Westland-McNary transmission line from 115 kV to 230 kV. See Exhibit E, Figure E-2. This upgrade would consist of replacing existing wooden pole structures with single-shaft steel poles. These poles will carry both the existing 115 Kv and the new 230 kV circuits. Depictions of typical steel pole designs under consideration are provided as Figures B-6. Poles will incorporate raptor-proof design features described in Exhibit P.

Upgrading of the transmission line will occur within the existing transmission right-of-way. Where the right-of-way crosses the Umatilla River, pole placements directly adjacent to the river will be avoided to discourage nesting.

In addition, approximately 1/4 mile of new 230 kV transmission line will be required from the existing transmission line route to McNary substation. This new section of transmission line will be of similar design to that of the upgraded portion of the line.

Most of the existing transmission line and all of the new transmission line is within the jurisdiction of Umatilla County. From the energy facility site, approximately the first mile of the transmission line is Zoned LI (Light Industrial), with a comprehensive plan designation of Industrial. The transmission line proceeds north along the boundary of the Umatilla Ordnance Depot. For 2-1/2 miles, the transmission line is on land zoned by the County EFU-40 (Exclusive Farm Use, 40-acre minimum) with a comprehensive plan designation of West County Irrigation. The right-of-way continues north and east to the urban growth boundary (UGB) of the City of Umatilla on land zoned EFU (Exclusive Farm use) with a comprehensive plan designation of North and South County Agricultural.

Land inside the UGB but outside the City (i.e., in the "urban growth area") is under County jurisdiction. However, under the "Urban Growth Area Joint Management Agreement" between the County and the City of Umatilla, the County has agreed to incorporate that portion of the City of Umatilla Comprehensive Plan which address the urban growth area into the Umatilla County Comprehensive Plan. Thus, in the urban growth area, County zoning designations apply, but the City's comprehensive plan designations apply.

Approximately 1/4 mile of existing right-of-way along Spud Road is within the urban growth area, and has County zoning of EFU and a City comprehensive plan designation of SR (suburban residential). The transmission line then enters the City limits, and passes through several zones. As discussed below, the City allows transmission lines as a conditional use under a "Community Service" designation which can be applied in any city zoning district.

After leaving the City, the remainder of the existing UECA transmission line right-of-way is within the urban growth area, and has county zoning of F1 (exclusive farm use, 19-acres), F2 (General rural, 19-acres) and R1 (Agricultural-Residential, 4 acres). These zones predate the current County Development Ordinance, and are not part of that ordinance.

The new transmission line will be within the urban growth area, on land zoned F1, with City comprehensive plan designations of PF (Public Facilities) and R-O/S (Recreation-Open Space). Part of the new transmission line will be located on federally owned land.

Land uses within a one-half mile area of the transmission corridor include agriculture and agribusiness, the Umatilla Ordinance Depot, and urban and rural uses including residential, commercial and industrial uses.

CONSISTENCY WITH LOCAL LAND USE REGULATIONS

This section describes the land use regulations applicable to each part of the facility and describes how the facility is consistent with the relevant sections of the comprehensive plans and land use regulations of Umatilla County and the City of Umatilla.

Umatilla County

Energy Facility

This subsection describes how the proposed energy facility is consistent with the applicable comprehensive plan goals and policies, and zoning regulations of Umatilla County. As described above, the energy facility is located in the county's LI zoning district. In addition, because portions of the related and supporting facilities (the gas pipeline and the electrical transmission line) also are located in the same LI zoning district, these aspects of the project are also addressed here.

Applicable County Zoning Regulations

Conditional Use Criteria

Utility facilities are a conditional use in the county's Light Industrial (LI) zone. Umatilla County Development Ordinance (UCDO) Section 3.184(16). As a utility facility in the LI zone, the energy facility is subject to two sets of conditional use criteria: the general criteria for conditional uses in the LI zone (UCDO Section 3.185); and the more extensive criteria for utility facilities as conditional uses generally (UCDO Section 7.060(55)).

The general criteria for conditional uses in the LI zone (UCDO Section 3.185) are evaluated below. The applicable requirement is cited, after which the Project is evaluated against the requirement.

“The following general criteria shall be used to review all conditional uses listed in the LI Zone, notwithstanding any other criteria listed in this Ordinance for a particular use:

“(1) The use will be compatible with other uses allowed in the LI Zone;

The LI zone permits industrial uses such as warehouses, manufacturing of processed materials, machine shops, bottling works, food processing facilities, nurseries and greenhouses, grain elevators, flour mills, and other uses. Conditional uses permitted include utility facilities, major manufacturing, junk yards, sand or gravel storage, wood processing facilities, gas stations, gravel extraction and processing facilities and other various uses listed in Section 3.184 of the UCDO.

The energy facility is located on a site that is presently undeveloped. It will introduce another industrial facility within an area that presently contains a potato processing plant, railroad tracks, warehouses, animal stockyards, agricultural activities, and several rural residences. Generally, the Project will result in the intensification of industrial activity in an area that is designated for that use. During construction, the Project will result in minor inconveniences caused by increases in noise, dust and traffic. However, these impacts are not considered significant (see Exhibit M for a discussion of air quality). During operation, the Project is not expected to result in land use incompatibilities. It will not cause significant land use conflicts with nearby uses nor will it be adversely affected by the operations associated with these uses.

Once operational, the Project will be a low intensity use. It will employ about 25 workers over a 24-hour period with the greatest number of employees (15) working during the eight to five shift. The Project will not generate significant increases in noise, dust or vibrations that could adversely affect nearby land uses.

The energy facility project site and parking areas will be paved so that dust will not be a concern. Access to the site will be via the existing Lamb-Weston access road which is in compliance with County standards. Project traffic will include employees (25 employees over 3 shifts) commuting to and from the site and infrequent deliveries to the Project.

“(2) The use will be in conformance with policies listed in the text of the Comprehensive Plan;

Conformity with comprehensive plan policies is addressed below.

- “(3) The use would not have an adverse impact on existing industrial uses in that it would not be incompatible with the noise, dust, vibrations and odors that may emanate from or be caused by the existing adjacent industrial uses.”**

As discussed in connection with subsection (1), existing industrial uses in the area include a potato processing plant, railroad tracks, warehouses, and animal stockyards. The Project will serve as a source of process steam for the Lamb-Weston potato processing plant and is therefore supportive of one of the primary existing industrial uses in the area. The Project is not sensitive to existing levels of noise, dust, vibrations and odors, and will not be constrained by existing conditions.

In addition, Section 7.060(55) of the county’s zoning code identifies conditional use criteria relevant to utility facilities. They include the following:

- “(a) The facility is designed to minimize conflicts with scenic values and adjacent recreational residential, forest, grazing and farm uses as outlined in policies of the Comprehensive Plan;**

Conformity with these comprehensive plan policies is addressed below. In addition, issues relating to scenic values are addressed in Exhibit S. Of the listed uses, only farm uses are in the proximity of the site. The energy facility will conflict with farm uses. The gas pipeline will only temporarily disturb farming for several months during construction. Placement of the pipeline underground and use of the existing transmission line rights-of-way will minimize conflicts with farm uses.

- “(b) The facility be of a size and design to help reduce noise or other detrimental effects when located adjacent to recreational residential dwellings;**

There are no recreational residential dwellings adjacent to the energy facility.

- “(c) The Hearings Officer may require that the facility be fenced and landscaped buffering and/or screening be provided;**

The energy facility will be fenced and landscaped. A landscaping plan will be developed to include, as appropriate, a combination of native and ornamental plants. The landscaping plan will allow easy access to equipment, while partially screening the energy facility and providing visual buffering.

- “(d) The facility does not materially alter the stability of the overall land use pattern of the area;**

The energy facility is an industrial use in an area designated and developed for industrial uses. It will help assure the successful development of this area for industrial uses and, in particular, will be complementary with the Lamb-Weston potato processing plant as a source of process steam.

“(e) The facility does not constitute an unnecessary fire hazard, and consideration be made for minimum fire safety measures which can include but are not limited to:

“(A) The site be maintained free of litter and debris;

Litter and debris will be stored in on-site dumpsters, with periodic hauling via a private contractor to a properly licensed facility. Site maintenance will be performed on a regular basis to assure that the grounds are kept free of litter and debris.

“(B) Using non-combustible or fire retardant treated materials for structures and fencing;

As described in Exhibit B, the energy facility will be constructed from fire retardant materials, and will incorporate a comprehensive on-site fire suppression system. The two main buildings containing the combustion turbines will be composed of a steel frame supported on a concrete foundation.

“(C) Clearing site of all combustible materials within thirty (30) feet of structures;

As part of the maintenance plan for the Project, clearing of combustible materials from the site at regular intervals will be required, including all areas within 30 feet of structures.

“(f) Major transmission tower, poles and similar gear shall consider locations within or adjacent to existing rights-of-way in order to take the least amount of timberland out of production and maintain the overall stability and land use patterns of the area, and construction methods consider minimum soil disturbance to maintain water quality;

The portion of the electrical transmission line within the LI zone will utilize an existing transmission right-of-way held by Umatilla Electric Cooperative. Only a very small portion of the natural gas lateral pipeline is within the LI zone. The pipeline will be buried, and will require a new right-of-way to connect with the PGT main line to the south. Beginning at

the energy facility site, the pipeline route generally parallels County Road No. 1327 south for about 2 miles.

- “(g) The facility shall adequately protect fish and wildlife resources by meeting minimum Oregon State Department of Forestry regulations;**

The Project is located approximately 1/4 mile west of the Umatilla River, and is well outside of both the flood plain and riparian zone of the river. No wildlife resources are inventoried in the area of the plant site. As a result, fish and wildlife resource will not be impacted by the energy facility or by those portions of the electrical transmission line or natural gas line within the LI zone.

- “(h) Access roads or easements be improved to a standard and follow grades recommended by the Public Works Director;**

The energy facility is located on a ten-acre site, which is bounded on the north by the existing, fully-improved access road to Lamb-Weston’s potato processing facility. The energy facility is bounded on the west by Westland Road. Access to the site will be from Lamb-Weston’s existing access road. From the energy facility site, Interstate-84 can be accessed from Westland Road and Interstate-82 can be accessed from Lamb Road. The only access improvements that will be required are the on-site road system shown on Exhibit B. These roads will be improved to county standards.

- “(i) Road construction be consistent with the intent and purposes set forth in the Oregon Forest Practices Act or the 208 Water Quality Program to minimize soil disturbance and help maintain water quality;**

A construction management plan to minimize erosion and maintain water quality is required in conjunction with the construction stormwater permit contained in Exhibit M. This plan will minimize soil disturbance and maintain water quality during road construction.

- “(j) Land or construction clearing shall be kept to a minimum to minimize soil disturbances and help maintain water quality;**

See immediately above.

- “(k) Complies with other conditions deemed necessary by the Hearings Officer.”**

No other conditions on plant construction or operation have been identified as necessary by Umatilla County.

Other Standards.

Several other standards for uses in the LI zone apply to the proposed energy facility and its related and supporting facilities. These include: (1) Limitations on Use (UCDO Section 3.186); (2) Design Review (UCDO Section 3.187); and (3) Dimensional Standards (UCDO Section 3.188). These regulations are discussed below.

Limitations on Use (UCDO Section 3.186). This code section contains two applicable requirements. The first is that all activities be conducted wholly within a building, or if not conducted in a building, that the activities be screened unless the activity is more than 500 feet from surrounding non-industrial uses or public roads. The second is that all noise, vibration, dust, odor, smoke, appearance or other objectionable factors involved in any activity shall comply with appropriate state and federal regulations. As described above and in Exhibit B, activities will be conducted within buildings with few exceptions. In addition, the energy facility site will be landscaped to screen any exterior activities from view. The closest residential use is approximately 500 feet north of the plant site. As described in Exhibits M and CC, all applicable state and federal regulations will be met during operation of the facility.

Design Review (UCDO Section 3.187). This code section provides that the Planning Director may require landscaping around the building(s) or property line to insure conformance with country policies, and require compliance with parking, setback and vision clearance standards. Proposed landscaping for the Project is described above. The Project will include parking and access improvements in conformity with country requirements. Setbacks are described immediately below.

Dimensional Standards (UCDO Section 3.188). This section establishes standards for lot size, lot width, setbacks, and stream setbacks. The energy facility will be located on a lot containing ten acres, well above the minimum lot size. Minimum lot width is well above the 100 foot requirement. The following setbacks will be observed: front yard -- 20 feet; side yard -- 20 feet; rear yard -- 20 feet. Sewage disposal stream setbacks do not apply to this proposal as Lamb-Weston's existing sanitary system will be utilized.

Applicable County Comprehensive Plan Policies and Goals

The following Umatilla County Comprehensive Plan Policies and Goals are applicable to the proposed energy facility.

Economic Policies and Goals: Construction of the Project will occur on land that is currently designated as industrial by the county's Comprehensive Plan. The county's Goal 9 policies (Economy of the State) call for the county to encourage industrial diversification and investment, recognizing the need to protect agricultural resources and limited water supplies. The proposed Project will not encroach into lands presently designated for agricultural use and is consistent with the County's goal to preserve and maintain agricultural lands. By utilizing existing water rights, as described in Exhibit O, by minimizing water demand as described in Exhibit B, and by beneficially reusing cooling water, as described in Exhibits B and M, the energy facility will assure that it does not significantly affect limited water supplies. Development of the Project will represent a new industrial use for the Project area. The Project is consistent with these policies and goals.

Agriculture Policies and Goals: As noted above, the energy facility is located outside of agriculturally designated areas, and is not on land currently in farm use. As a source of process steam to the Lamb-Weston potato processing plant, and as a source of irrigation water for Madison Farms, the energy facility is supportive of agricultural uses in Umatilla County. The Project is consistent with these policies and goals.

Open Space, Scenic and Historic Areas, and Natural Resources Policies and Goals: There are no inventoried significant open space, scenic, historic, or natural resource areas in the vicinity of the energy facility or that portion of the natural gas pipeline or electrical transmission line within the LI zoning district. The only inventoried site in the vicinity, the Westland School, burned down in the late 1980s. There is no wetland and/or riparian vegetation on site. Although there are no inventoried significant scenic sites or views in the area, Exhibit S contains a description of the scenic impacts of the Project, and proposed measures to mitigate for potential adverse visual impacts. The energy facility is consistent with these goals and policies.

Air, Land and Water Quality Policies and Goals: The energy facility has been designed with the Best Available Control Technology to maintain air emissions within state and federal air quality standards as described in Exhibits B and M. Wastewater will be reused beneficially for irrigation

on Madison Farms, as described in Exhibits B and M, avoiding impacts to surface and groundwater, and reducing demands on limited water supplies. The energy facility is consistent with these policies.

Natural Hazards Policies and Goals: The energy facility is located outside of the designated floodway and floodplain boundaries of the Umatilla River. Seismic issues are addressed in Exhibit G, and the energy facility's design takes into account potential earthquake hazards. As described above, the ten-acre site is generally level, and has no slopes exceeding 25 percent.

Gas Pipeline

The entire natural gas pipeline is within the land use jurisdiction of Umatilla County. This subsection describes how the proposed natural gas pipeline, connecting the energy facility with the PGT gas pipeline to the south, is consistent with the applicable comprehensive plan goals and policies, and zoning regulations of Umatilla County. As described above, the pipeline would temporarily remove about 27 acres of land from agricultural use. This land would be contained within approximately a 50 foot wide, four-mile long corridor. Construction of the pipeline is expected to occur over a 3 to 4 month time frame. Once installed, the pipeline will be covered, and soils replaced. The pipeline will be partially constructed along County Road 1237 and would not seriously interfere with farm operations and practices. Although it would temporarily affect a limited amount of agricultural lands, these lands would be returned to agricultural production upon completion of the pipeline construction. The Project would not permanently remove agricultural lands from production and would be in conformance with the Comprehensive Plan.

Applicable County Zoning Regulations

Light Industrial Zone

As discussed above, the section of the gas pipeline closest to the plant site is on land zoned Light Industrial. The pipeline is a "utility facility," which is a conditional use in the LI zone. UCDO Section 3.184(16). The pipeline is included in the discussion above of the consistency of the plant site with the conditional use criteria of the County Development Ordinance.

Exclusive Farm Use (EFU) Zone

The County's EFU zone permits outright the "construction and maintenance of local feeder lines of utility companies and agencies." UCDO Section 3.011.4. The pipeline corridor for the project consists only of a lateral to connect the plant site to the PGT line, part of which is along existing road right-of-way. Therefore, its construction is permitted outright in the EFU zone.

Applicable County Comprehensive Plan Goals and Policies

As a permitted use, the lateral natural gas pipeline is not subject to review under the county's Comprehensive Plan. Furthermore, due to the fact that the pipeline will be buried, and impacts to other land uses and inventoried resources will be limited to short-term construction impacts.

Transmission Line

As described above, almost all of the required upgrading of the existing UECA transmission line will occur on lands under the land use jurisdiction of Umatilla County. All of the new transmission line corridor is within County jurisdiction. This subsection describes how the upgraded and new transmission lines comply with applicable zoning regulations and comprehensive plan goals and policies of Umatilla County.

Applicable County Zoning Regulations

Light Industrial Zone

As discussed above, the section of the transmission line closest to the plant site is on land zone Light Industrial. The transmission line is a "utility facility," which is a conditional use in the LI zone. Section 3.184(16). The transmission line is included in the discussion above of the consistency of the plant site with the conditional use criteria of the UCDO.

EFU and EFU-40 Zones

The majority of the transmission line corridor that will be upgraded is in the county EFU and EFU-40 zones. The "maintenance and minor betterment of existing transmission lines and facilities of utility companies and agencies" is an outright permitted use in both of those zones. UCDO Sections 3.011.5 (EFU) and 3.051.5 (EFU-40). The proposed upgrading of the existing transmission line operated by UECA consists of the replacement of the existing wooden pole

structures with single-shaft steel poles which will carry both existing 115 kV and the new 230 kV lines. No new right-of-way is required in the EFU and EFU-40 zones. The upgrading of UECA's existing transmission lines within an existing right-of-way is "minor betterment of existing transmission lines and facilities" and is a permitted use in the EFU and EFU-40 zones.

F-1, F-2, and R-1 Zones

As discussed above, the transmission line passes through land zoned by the county as F-1, F-2, and R-1. The one-quarter mile section of new transmission line is located entirely within the F-1 zone. These three zones are no longer employed in the Umatilla County Development Ordinance. According to county officials, these zones now exist only within the city of Umatilla urban growth boundary.

A portion of the upgraded transmission line and all of the new transmission line is located on land zoned F-1. The F-1 zone is an exclusive farm use zone. Included among the permitted uses allowed outright within the F-1 zone are "utility facilities necessary for public service except commercial facilities for the purpose of generating power for public use by sale." Section 3.012(5)(prior zoning ordinance). The transmission line is a utility facility necessary for public service, and does not generate power for public use by sale. Therefore, it is a permitted use in the F-1 zone.

A "utility facility" is a conditional use in both the F-2 (general rural) and R-1 (agricultural/residential) zones. See Sections 3.024(14) and 3.072(6)(prior zoning ordinance). Therefore, the portion of the upgraded transmission line within the F-2 and R-1 zones must satisfy county conditional use criteria. To the extent that the county conditional use criteria require application of comprehensive plan, goals, and policies, the joint management agreement between the city and the county requires that the city's comprehensive plan be applied.

Section 7.060(55) of the Umatilla County Zoning Ordinance identifies the conditional use criteria relevant to utility facilities. These are analyzed below:

- “(a) The facility is designed to minimize conflicts with scenic values and adjacent recreational residential, forest, grazing and farm uses as outlined in policies of the Comprehensive Plan;**

As discussed above, the policies of the city of Umatilla Comprehensive Plan apply within the urban growth boundary. There are no recreational residential or forest

uses adjacent to the existing UECA powerline corridor. The city Comprehensive Plan does not identify any scenic values associated with the relevant section of the power line. Some agricultural uses are located adjacent to the existing right-of-way. However, the design of the Project will minimize conflict with grazing and farm uses, and any unidentified scenic values, by utilizing the existing right-of-way and upgrading the existing facility operated by the Umatilla Electric Cooperative.

- “(b) The facility be of a size and design to help reduce noise or other detrimental effects when located adjacent to recreational residential dwellings;**

The relevant portion of the transmission line is not located adjacent to recreational residential dwellings. In any event, the upgraded transmission line will not produce significant noise, and any other detrimental effects will be limited by the use of the existing right-of-way and by upgrading the existing transmission facility.

- “(c) The Hearings Officer may require that the facility be fenced and landscaped buffering and/or screening be provided;**

The transmission line will be suspended from steel poles, which have minimal visual impact at ground level. Thus, landscaping is not appropriate.

- “(d) The facility does not materially alter the stability of the overall land use pattern of the area;**

The Project will utilize an existing powerline right-of-way and will upgrade the existing poles from wood to steel. It does not introduce a new land use to the area, nor will it result in any significant secondary effect (noise, traffic, population growth, etc.) that could alter the stability of the land use pattern of the area.

- “(e) The facility does not constitute an unnecessary fire hazard, and consideration be made for minimum fire safety measures which can include but are not limited to:**

- “(A) The site be maintained free of litter and debris;**

The facility will be located in the existing Umatilla Electric Cooperative powerline right-of-way, which is maintained by the UECA. Applicant anticipates that UECA will continue to maintain the right-of-way, including removal of litter and debris, to minimize the fire hazard associated with the facility.

- “(B) Using non-combustible or fire retardant treated materials for structures and fencing;**

The upgraded transmission line will use steel poles, rather than the existing wooden poles.

“(C) Clearing site of all combustible materials within thirty (30) feet of structures;

See discussion above, under criterion (A).

“(f) Major transmission tower, poles and similar gear shall consider locations within or adjacent to existing rights-of-way in order to take the least amount of timberland out of production and maintain the overall stability and land use patterns of the area, and construction methods consider minimum soil disturbance to maintain water quality;

The relevant portion of the transmission line will utilize the existing transmission right-of-way held by UECA. Replacement of existing wooden poles with steel poles will require only temporary and very limited soil disturbance.

“(g) The facility shall adequately protect fish and wildlife resources by meeting minimum Oregon State Department of Forestry regulations;

The Oregon Department of Forestry did not identify any standards for protection of fish and wildlife resources in the Project Order. Within the relevant area, the transmission line will cross the Umatilla River. The poles for the transmission line will be placed to avoid riparian habitat. As discussed in Exhibit P, upgrading the electrical transmission line will result, at most, in a temporary disturbance to ground-nesting birds and small mammals. Those impacts may be mitigated by scheduling construction outside the nesting season.

“(h) Access roads or easements be improved to a standard and follow grades recommended by the Public Works Director;

No access improvements will be required in conjunction with upgrading the relevant portion of the transmission line.

“(i) Road construction be consistent with the intent and purposes set forth in the Oregon Forest Practices Act or the 208 Water Quality Program to minimize soil disturbance and help maintain water quality;

No road construction will be required in conjunction with upgrading the relevant portion of the transmission line.

- “(j) **Land or construction clearing shall be kept to a minimum to minimize soil disturbances and help maintain water quality;**

Soil disturbance will be minimal, given the single steel pole structure from which the transmission line will be suspended. Areas of soil disturbance will be small in dimension and separated from each other.

- “(k) **Complies with other conditions deemed necessary by the Hearings Officer.”**

No other conditions on upgrading the existing transmission line have been identified as necessary by Umatilla County.

City of Umatilla

Energy Facility

The energy facility is not located within City jurisdiction.

Gas Pipeline

The gas pipeline is not located within City jurisdiction.

Transmission Line

As indicated on Figure I-4, the existing UECA transmission line corridor passes through several zoning districts inside the city limits of the City of Umatilla. However, the City zoning ordinance recognizes certain Community Service uses, “which, by reason of their public convenience, necessity, unusual character or effect on the neighborhood, may be appropriate in any district, but not suitable for listing within the other sections of this ordinance.” Zoning Ordinance No. 554, Section 3.120. These community service uses are permitted as conditional uses. “Community Service” includes “[p]ower substation or other public utility building or use.”

Section 7.020(4) identifies the standards of approval for the conditional use as follows:

For such facilities as a utility substation, water storage tank, radio or television transmitter, etc., the Planning Commission shall determine that the site is so located as to best serve the intended area with a minimum effect on surrounding property. Towers,

tanks, poles, overhead wires, pumping stations and similar structures shall be located, designed and installed with suitable regard for aesthetic values.

The proposed powerline upgrade complies with this standard. The upgrade will utilize an existing transmission line right-of-way within the City limits. It will not add additional poles - wooden poles that support the existing 115 kV line will be replaced with the steel poles that will support both the existing 115 kV line and the new 230 kV line. This minimizes the effect on surrounding property, as compared with establishing an additional right-of-way or duplicating facilities within or adjoining the existing right-of-way.

Similarly, upgrading existing facilities minimizes the aesthetic impacts of the 230 kV powerline. Use of steel poles will have little if any additional visual impact as compared to the existing wooden poles.

LAND USE IMPACTS WITHIN THE IMPACT AREA

Plant Site

The energy facility site is shown on Figure I-2. As described above, the energy facility and much of the Impact Area are within an existing industrial area designated for industrial use by Umatilla County. Based on the findings in this Exhibit I, and the analyses of soils, water, resources, fish and wildlife, recreational facilities, threatened and endangered species, visual quality, cultural resources, and socioeconomic impacts, and noise (in Exhibits N, O, P, Q, R, S, T, U, & CC, respectively) the proposed energy facility will have no significant impact on land uses within the Impact Area.

Gas Pipeline Right-of-way

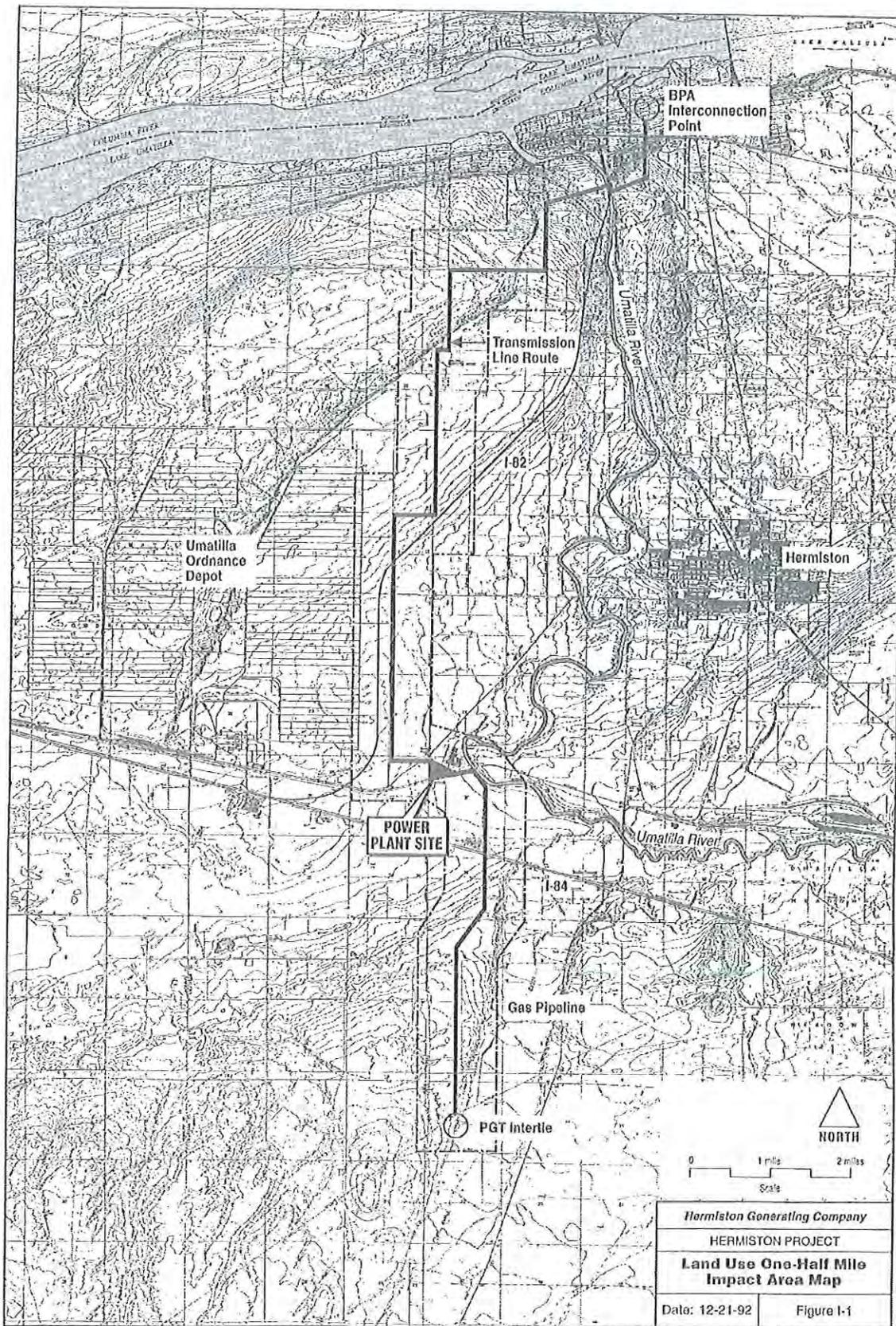
The gas pipeline right-of-way is shown on Figure I-3. As described above, the pipeline will be buried, and will follow an existing road right-of-way for part of its length. Such facilities are allowed outright by the county on agricultural lands, in recognition that any impacts are limited to the period of construction.

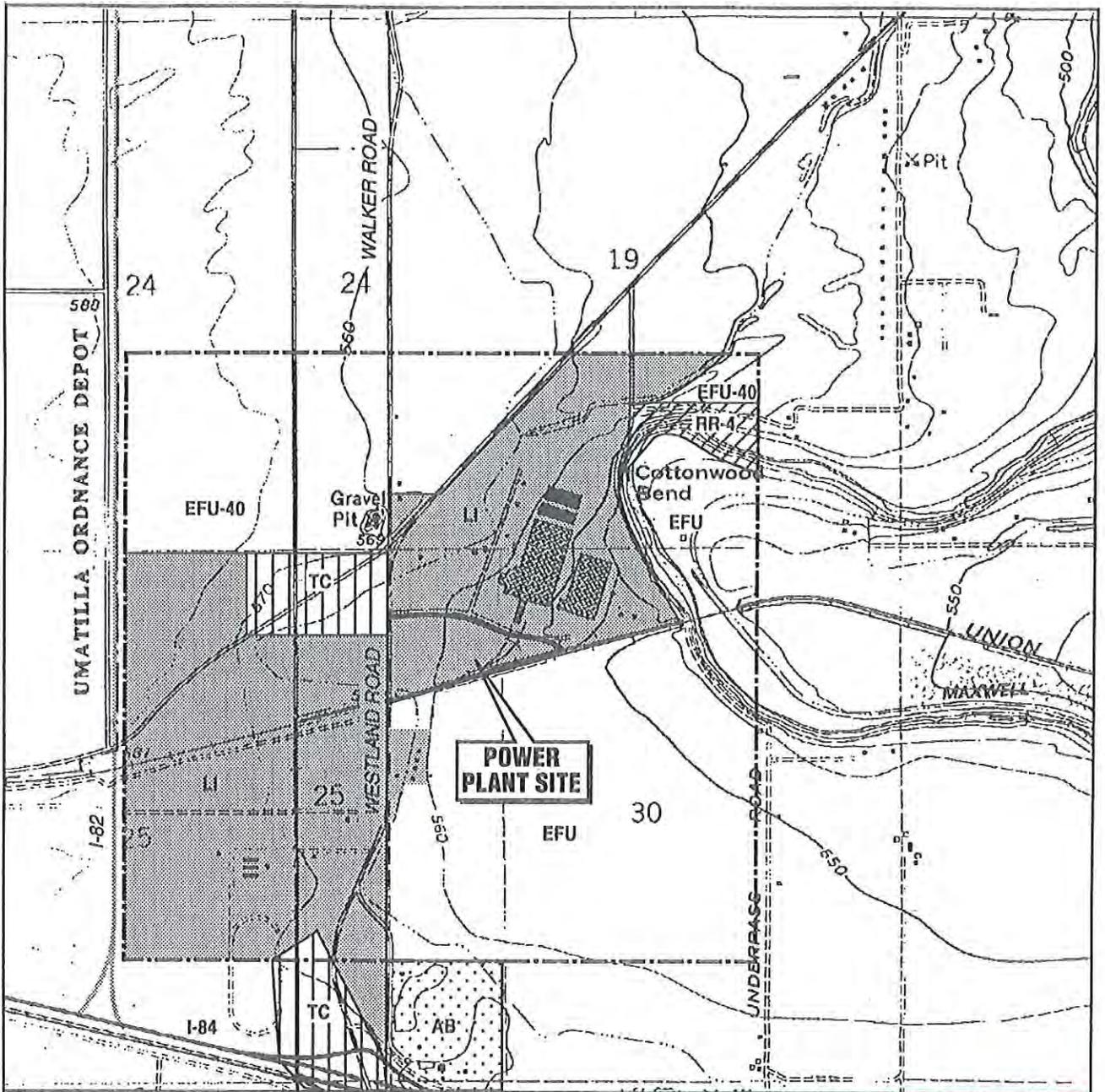
Transmission Line Right-of-way

The transmission line right-of-way is shown on Figure I-4. As described above, the transmission line will consist almost entirely of the upgrade of existing UECA lines and, as a result, there will be no impacts on land uses. The one small section of new transmission line is sited in an area that already contains multiple transmission lines, adjacent to the McNary Substation.

FEDERAL LAND MANAGEMENT PLANS

Neither the energy facility nor the natural gas pipeline are located on lands under federal land use jurisdiction. The upgraded electrical transmission line crosses several small parcels under the control of the BPA and the Department of Interior (Bureau of Land Management and Reclamation). However there is no applicable federal land management plan for these properties. As a result, the proposed facility meets the requirements of OAR 345-21-015(1)(i) and OAR 345-22-030(2) with respect to federal lands.





----- One-half Mile Impact Area Boundary

Zoning Designations

- LI – Light Industrial
- EFU – Exclusive Farm Use
- EFU-40 – 40 Acre Minimum
- EFU/FI – 19 Acre Minimum
- TC – Tourist Commercial
- AB – Agribusiness
- RR-4 – Rural Residential/
4 Acre Minimum

**Comprehensive Plan
Land Use Designations**

- Industrial
- Exclusive Farm Use
- Commercial
- Agribusiness
- Rural Residential

0 .5 mile

Scale



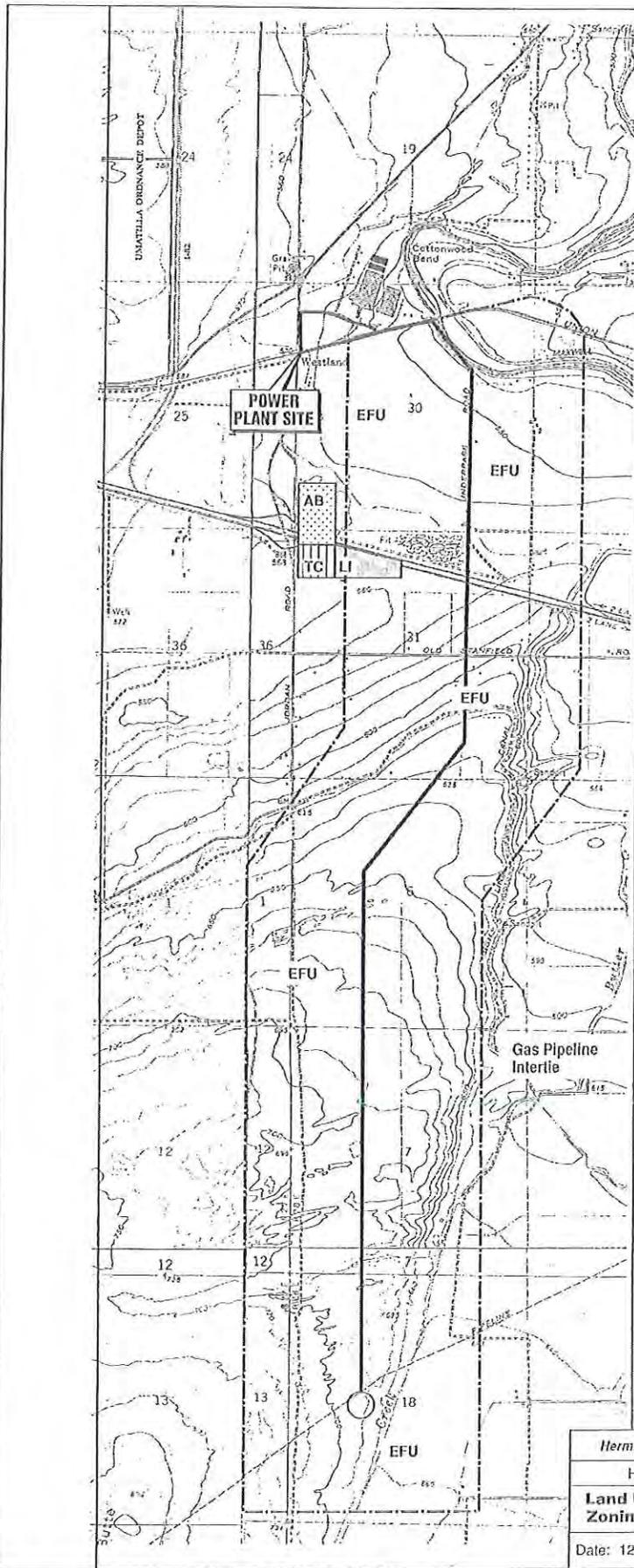
Hermiston Generating Company

HERMISTON PROJECT

**Land Use Designation and
Zoning - Energy Facility**

Date: 12-21-92

Figure I-2



--- One-half Mile Impact Area Boundary

Zoning Designations

- LI - Light Industrial
- EFU - Exclusive Farm Use
- TC - Tourist Commercial
- AB - Agribusiness

Comprehensive Plan Land Use Designations

- Industrial
- Exclusive Farm Use
- Commercial
- Agribusiness



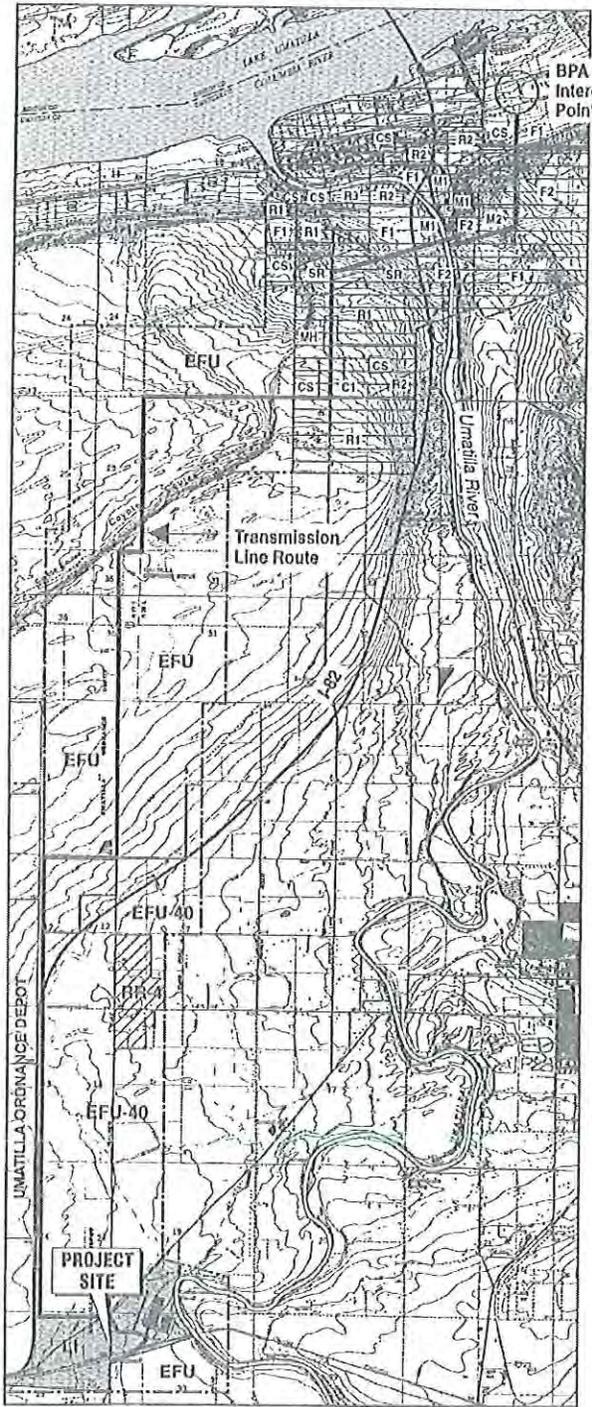
Hermiston Generating Company

HERMISTON PROJECT

Land Use Designation and Zoning - Pipeline Corridor

Date: 12-21-92

Figure I-3



**Comprehensive Plan
Land Use Designations**

- Industrial
- Exclusive Farm Use
- Rural Residential
- Cities & Urban Growth Area

Zoning Designations

- LI - Light Industrial
- EFU - Exclusive Farm Use
- EFU-40 - 40 Acre Minimum
- RR-4 - Rural Residential/
4 Acre Minimum
- F1 - Exclusive Farm Use/
19 Acre Minimum
- F2 - General Rural/
19 Acre Minimum
- R1 - Agricultural Residential/
4 Acre Minimum
- M2 - Heavy Industrial
- M1 - Light Industrial

**Zoning Designations
City of Umatilla**

- SR - Residential Suburban
- R1 - Residential - Single Family
- R2 - Residential - Multi Family
- R3 - Residential - Multi-Family Apt.
- M1 - Light Industrial
- CS - Community Service

----- One-half Mile Impact Area Boundary



<i>Hermiston Generating Company</i>	
HERMISTON PROJECT	
Land Use Designation and Zoning - Transmission Corridor	
Date: 12-21-92	Figure I-4

10-AUG-92, 10:00 AM, 3
12-21-92

EXHIBIT I-1

BEFORE THE
LAND CONSERVATION AND DEVELOPMENT COMMISSION
OF THE STATE OF OREGON

IN THE MATTER OF UMATILLA)
COUNTY'S COMPREHENSIVE PLAN) COMPLIANCE ACKNOWLEDGMENT
AND LAND USE REGULATIONS) ORDER 88-ACK-349

This matter came before the Commission on April 21, 1988, as a request for acknowledgment of compliance pursuant to ORS 197.251 and the Commission's Acknowledgment Rule, OAR 660-03-000 to 660-03-033. The Commission, having fully considered Umatilla County's comprehensive plan and land use regulations, comments and objections of interested parties, and the report of the Department of Land Conservation and Development, now enters its:

Findings of Fact and Conclusions

1. Umatilla County's request for acknowledgment of compliance was reviewed by the Commission previously on November 17, 1983 and March 15, 1984, pursuant to ORS 197.251 and the Commission's Acknowledgment Rule, OAR 660-03-000 to 660-03-033. For these reviews, the Commission found that the county's comprehensive plan and land use regulations did not comply with certain statewide planning goals and continued the two requests for acknowledgment (Continuance Orders 83-CONT-277 and 84-CONT-062, Exhibit A and B).

2. The Commission again reviewed Umatilla County's plan and land use regulations on October 24, 1985, regarding its compliance with the statewide planning goals. For this review, the Commission found that the county's comprehensive plan and land use regulations complied with the statewide planning goals pursuant to certain specified amendments. The county's comprehensive plan and land use regulations were acknowledged by delayed signing on November 6, 1985 (Acknowledgment Order 85-ACK-176, Exhibit C).

3. On April 22, 1987, the Oregon Court of Appeals reversed and remanded the Commission's Acknowledgment Order (85-ACK-176) for Goal 2 as applied to the Hinkle-Feedville site, the McNary Industrial site, the Battle Mountain site (parcel C), and the Tollgate site (parts of two parcels in Special Exception Area 5). (Exhibit C). Also the Court of Appeals reversed the Commission's acknowledgment with regard to the Goal 5/FPA issue. On July 1, 1987, the Court of Appeals affirmed on reconsideration the Commission's acknowledgment with regard to the Goal 5 FPA issue in light of the Oregon Supreme Court's decision in 1000 Friends of Oregon v. LCDC/Tillamook County (May 27, 1987).

4. On June 11, 1987, the Commission on remand from the Court of Appeals considered the compliance of the plan and land use regulations with the statewide planning goals. The Commission found that Umatilla County's comprehensive plan and land use regulations did not comply with certain statewide planning goals with respect to the four exception areas listed in Finding 3 above, for the reasons set forth in the Director's report of May 28, 1987, as amended by the Commission on June 11, 1987 (Continuance Order 87-CONT-251, Exhibit E). Also, the Commission found that Umatilla County's comprehensive plan and land use regulations complied with the goals, as applied to the remainder of the county for the reasons set forth in the Commission's previous Acknowledgment Order (85-ACK-176), as readopted and made part of that order (Acknowledgment Order 87-ACK-252, Exhibit F).

5. On April 21, 1988, the Commission again considered the compliance of Umatilla County's plan and land use regulations with the statewide planning goals for three of the four exception areas listed in Finding 3 above. The Commission found that Umatilla County's comprehensive plan and land use regulations complied with the statewide planning goals for the reasons set forth in Section IV of the Director's report of April 7, 1988 as amended by the Commission on April 21, 1988 except for Goal 3 regarding the McNary Industrial site (Exhibit G).

6. All areas of Umatilla County's comprehensive plan and land use regulations remain acknowledged as in compliance with the Commission's July 3, 1987 Acknowledgment Order (87-ACK-252) as readopted and made part of this order except for the McNary Industrial site which was remanded by the Court of Appeals decision.

Conclusion

The comprehensive plan and land use regulations of Umatilla County, as applied to all lands in the county, comply with the requirements of the statewide planning goals for the reasons set forth in the Commission's previous Acknowledgment Order as described in Finding 4 above. All areas addressed in the Umatilla County plan and land use regulations are acknowledged to be in compliance with the aforementioned statewide planning goals for the reasons set forth in the Director's report of April 7, 1988, as amended by the Commission on April 21, 1988 and the Commission's previous Acknowledgment Order (87-ACK-252) except for the McNary Industrial site.

THEREFORE, IT IS ORDERED THAT:

In accordance with ORS 197.251 and the Commission's Acknowledgment Procedures Rule, OAR 660-03-000 to 660-03-033, the Land Conservation and Development Commission acknowledges that the comprehensive plan and land use regulations of Umatilla County are in compliance with the statewide planning goals except for the McNary Industrial site (see Continuance Order 87-CONT-251).

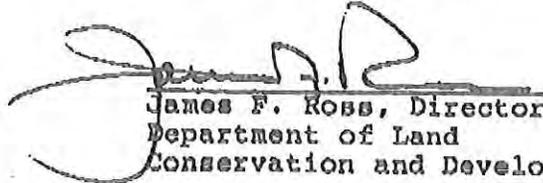
Severability

If, upon judicial review, this order is reversed or remanded solely with respect to an identifiable geographic area, the remainder of the order shall remain valid and shall be treated as a limited acknowledgment order under ORS 197.251(6). If requested by the local government or if otherwise necessary, the Director may issue, without further review by the Commission, an

amended acknowledgment order describing the geographic area that remains acknowledged.

DATED THIS 17TH DAY OF MAY 1988.

FOR THE COMMISSION:


James F. Ross, Director
Department of Land
Conservation and Development

NOTICE: You are entitled to judicial review of the order. Judicial review may be obtained by filing a petition for review within 60 days from the service of this final order. Judicial review is pursuant to the provisions of ORS 183.482 and 197.630.

** Copies of all exhibits are available for review at the Department's office in Salem.

JFR:DW/tmc
<orders>

EXHIBIT J

PROTECTED AREAS - OAR 345-21-015(i)(j)

INTRODUCTION

With certain exceptions not relevant here, OAR 345-22-040 provides that the EFSC must find that (1) the components of the Project will not be located within any of the "Protected Areas" listed in OAR 345-22-040(1); and (2) taking into account mitigation, the design, construction and operation of the Project will not result in significant adverse impacts to any Protected Area. Exhibit J is relevant to those findings. As described in Exhibit C, the Impact Area for Protected Areas is within 20 miles of the energy facility, gas pipeline, or transmission line.

The Project is not located within Protected Areas as described in OAR 345-22-040. In addition, because of the distance of the Project from those areas, it will have no adverse impacts on them.

LOCATION OF PROTECTED AREAS

Figure J-1 shows the locations of Protected Areas within the Impact Area. Table J-1 lists these areas and their distance and direction from the energy facility, gas pipeline, and electrical transmission line.

Table J-1: Distance to Protected Areas

Protected Area	Distance and Direction from:	
	Energy Facility & Pipeline	Transmission Line
Cold Springs National Wildlife Refuge	9 miles, ENE	8 miles, E
Umatilla National Wildlife Refuge	11 miles, WNW	9 miles, W
Power City State Wildlife Area	8 miles, NNE	1.5 miles, SE
Coyote Springs State Wildlife Area	12 miles, W	12 miles, W
Irrigon Fish Hatchery	11 miles, WNW	11 miles, W
Hat Rock State Park	12 miles, NE	7 miles, E
Hermiston Agricultural Research & Extension Center	4 miles, E	4 miles, E

POTENTIAL IMPACTS

All of the Protected Areas are 4 miles or more from the energy facility and gas pipeline, and 1.5 miles or more from the transmission line. An evaluation of potential impacts from the Project on Protected Areas is discussed below.

Air Quality

Air pollutant emissions from the Project will comply with permit conditions established by DEQ for the Project as well as with all State and Federal air quality regulations. Project emissions will not result in a violation of ambient air quality standards and the Project will not release significant quantities of hazardous or toxic air contaminants. Project emissions and emission controls are discussed in detail in the Air Contaminant Discharge Permit Application included in Exhibit M.

Noise

There will be no noise from the gas pipeline or the transmission line. Using a conservative estimate (not accounting for attenuation due to topography and other natural and domestic features) of a 6 dBA decrease in noise levels per doubling of distance, noise levels at the nearest Protected Area (4 miles from the project site) would be less than 10 dBA. An average noise level for a quiet residential area is 38 dBA. Therefore, noise from the Project at any of the Protected Areas will be well below background levels.

Visual

Intervening topography and other natural and domestic features will effectively screen the Project from Protected Areas. As a result, the Project will not visually impact these areas.

Light and Glare

Intervening topography and other natural and domestic features will shield the Protected Areas from the Project so that Project lighting will not be noticeable.

Hazardous Releases

The only potentially hazardous materials that will be located at the Project site will include natural gas, fuel oil, and small amounts of solvents, lubricants and water treatment chemicals. Hazardous materials at the energy facility site will be handled in accordance with all applicable federal and state standards, and the likelihood of a hazardous materials release is remote. Materials handling is described in Exhibit F. Because of the distance (4 miles) of the nearest Protected Area from the energy facility site, the potential for impacts to Protected Areas in the unlikely event of a hazardous release is remote.

Water Quality

Cooling water effluent from the Project will be reused for crop irrigation. No effluent from the Project will be discharged to Protected Areas.

Water Supply

None of the water supply alternatives under consideration for the Project is expected to have an adverse impact on Protected Areas. The impacts of each alternative either have been or will be evaluated by the appropriate agencies through water appropriation permitting processes. None of the alternative points of diversion or delivery systems that would be used lies within a Protected Area. Water supply is discussed in Exhibits F, M and O.

- 1 - Cold Springs National Wildlife Refuge
- 2 - Umattila National Wildlife Refuge
- 3 - Power City State Wildlife Area
- 4 - Irigon Fish Hatchery
- 5 - Hat Rock State Park
- 6 - Coyote Springs State Wildlife Area
- 7 - Hermiston Agricultural Research & Extension Center



20-Mile Impact
Area Boundary

Hermiston Generating Company
HERMISTON PROJECT
Protected Areas Map
Date: 12-22-92
Figure J-1



EXHIBIT K

FINANCIAL ANALYSIS

INTRODUCTION

Under OAR 345-22-050, the EFSEC must find that Applicant has, or has reasonable assurance of obtaining, the funds necessary to construct, operate and retire the Project and to do so without violating its respective bond indenture provisions, articles of incorporation, common stock covenants or similar agreements. This Exhibit is relevant to that finding.

ESTIMATED LIFETIME OF THE PROJECT - OAR 345-21-015(1)(K)(A)(i)

Applicant's registered engineer estimates that the lifetime of the Project is between twenty-five and thirty years. The engineer's signed and stamped estimate is attached as Exhibit K-1.

ESTIMATE OF THE COST TO CONSTRUCT THE PROJECT - OAR 345-21-015(K)(A)(i))

Applicant estimates that the cost to construct the Project is \$440 million. This cost includes the development, construction, equipping and financing of the Project. The total cost of the Project will vary depending on such factors as inflation and interest rates.

This estimate is based upon projections of the cost of constructing the Project provided to Applicant by its general contractor, Bechtel Power Corporation. Applicant added to this amount other costs that will be incurred in connection with the development, equipping and financing of

the Project, including development costs (such as permitting) and financing costs (such as interest and loan commitment fees). The projection of Bechtel Power Corporation includes a signed and stamped statement from a registered engineer.

The projection provided by Bechtel Power Corporation and the additional cost estimates Applicant developed constitute a trade secret within the scope of ORS 192.501(2). This information will be submitted at such time as Applicant receives assurances that the EFSEC will treat it as a trade secret. Applicant has submitted separately from (but contemporaneously with) this SCA a justification for the information to be treated confidentially.

ESTIMATE OF THE COST TO OPERATE THE PROJECT - OAR 345-21-015(K)(A)(i)

Applicant has obtained a signed estimate by Bechtel Power Corporation as to the costs of operating the Project. The estimate constitutes a trade secret within the scope of ORS 192.501(2). This information will be submitted at such time as Applicant receives assurances that the EFSEC will treat it as a trade secret. Applicant has submitted separately from (but contemporaneously with) this SCA a justification for the information to be treated confidentially. The estimate is signed by an engineer and includes the engineer's licensing stamp.

ESTIMATED COST OF POWER PRODUCTION - OAR 345-21-015(K)(A)(ii)

The cost of power to be produced by the Project will be based upon on one or more wholesale power purchase agreements executed by Applicant and the utilities purchasing electricity from the Project. These agreements have not yet been executed, but they will be executed prior to commencement of construction as required by OAR 345-25-010(3)(b). Depending on the terms and conditions of these agreements, Applicant may sequentially construct each of the two units comprising the Project.

SOURCES OF FUNDS - OAR 345-21-015(K)(A)(ii)(I)

Introduction

USGen will provide services to Applicant in securing sources of funds to develop and construct the Project. See Exhibit D for a discussion of USGen's successful performance in securing such

funds for other projects located throughout the United States. Funds to operate and retire the Project will be generated by the sale of electricity.

Development Funding

USGen will fund the development of the Project until such time as construction financing is arranged or development of the Project ends. Such funding has commenced and is now continuing. At the time Applicant enters into agreements for construction funding, it will reimburse USGen for all of USGen's costs and expenses incurred until such date.

Construction and Permanent Financing

It is now expected that prior to the commencement of construction, USGen will have arranged construction financing of the Project. Based on current market conditions, Applicant expects to execute a construction loan with a financing institution or a large commercial bank (or a combination of the two) for the full cost of developing, constructing and equipping the Project. Again, based on current market conditions, the loan will probably be secured by a mortgage in all of the assets Applicant owns at the time the construction loan is made.

Applicant now expects that on or about the date upon which the Project commences operations, Applicant will enter into a permanent, long-term financing arrangement. This arrangement could comprise a loan from one or more financial institutions or large commercial banks (or a combination of the two) or the issuance of taxable bonds that would be either privately placed or publicly sold. This permanent financing is expected to cover approximately eighty percent of the total costs of constructing the Project.

Importantly, the exact nature of construction and permanent financing will depend on a number of factors, including, among other things, interest rates and related conditions of the financial markets and the terms and conditions of all power sales contracts executed for the Project.

Equity Contributions

Applicant anticipates that at least two of the partners in Applicant will collectively contribute the majority of equity needed to develop, construct and equip the Project. This contribution will probably be made at the same time that permanent financing is arranged. Larkspur Power Corporation's contribution will most likely be made pursuant to an agreement with its corporate parent, PG&E Enterprises, which is the non-utility subsidiary of PG&E. Buckeye Power Corporation's contribution is expected to be made pursuant to an agreement with its corporate parent, Bechtel Enterprises.

Funds for Operation and Retirement

Funds for the operation and retirement of the Facility will be generated through the sale of electricity produced over the term of the power sales contracts that Applicant will execute. A requirement of financing (whether construction or permanent) will be satisfying potential lenders and equity investors that the revenues generated through the sale of electricity under these power sales contracts will be sufficient to cover all operating and capital costs, repay all loans and provide a market rate of return on both debt and equity. Applicant's provision for retirement are described in Exhibit Z.

OPINION OF LEGAL COUNSEL - OAR 345-21-015(K)(A)(ii)(II)

An opinion from legal counsel stating that, to counsel's best knowledge, the Applicant has the legal authority to construct and operate the Project without violating its bond indenture provisions, articles of incorporation, common stock covenants, or similar agreements included at Exhibit K-2.

FINANCIAL STATEMENTS - OAR 345-21-015(K)(A)(ii)(III)

Applicant is a partnership owned entirely by subsidiaries of PG&E and the Bechtel Group. Neither it nor any of the subsidiaries that own Applicant have now or have had any assets. Consequently, they do not prepare and have not prepared financial statements.

Bechtel

9801 Washingtonian Boulevard
Gaithersburg, Maryland 20878-5356
(301) 417-3000

CONFIDENTIAL

December 24, 1992

Mr. Peter B. Evans
U. S. Generating Company
444 Market St., Suite 1900
San Francisco, CA 94111

Dear Peter:

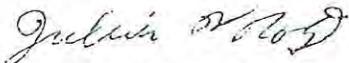
Subject: Hermiston Cogen Project Estimates

I have reviewed the capital cost estimate for the subject facility and I am satisfied that the estimate of [REDACTED] (in 1992 dollars, excluding escalation for material and labor prior to startup of the facility) is representative of the constructed cost of the facility.

In the same context, the average annual operating cost, estimated at [REDACTED] (in 1992 dollars) and comprising fixed and variable costs, annual (routine) and major (extraordinary) maintenance costs, but excluding fuel and other indirect costs such as property taxes, etc., is representative of the average yearly cost to operate the facility.

As the facility is designed in accordance with the applicable codes and industry standards, and materials and equipment/systems are supplied and erected by reliable and qualified vendors and contractors, the estimated lifetime of the facility is expected to be in the range of 25 to 30 years on the basis of normal due care and diligence in the plant operation and maintenance.

Sincerely,



Julius V. Rotz, PE
State of Oregon License No. 5684

JVR/jkl



U.S. Generating Company

December 28, 1992

Ms. Christine Ervin, Director
Oregon Department of Energy
625 Marion Street, N.E.
Salem, Oregon 97310

RE: Application of Hermiston Generating Company, L.P. for Site Certificate

Dear Ms. Ervin:

I am Assistant General Counsel to U.S. Generating Company, with which Hermiston Generating Company, L.P. (the "Applicant") is affiliated. In such capacity, I have reviewed: Limited Partnership Agreement of Central Florida Generating Company Limited Partnership, dated as of September 17, 1991 and First Amendment to Limited Partnership Agreement of Central Florida Generating Company Limited Partnership (collectively, the "Agreements") and the duly maintained partnership books and records of Applicant as those books and records may bear upon the Agreements (collectively, the "Records").

In rendering the opinion expressed below, I have examined the originals or conformed copies of the Agreements and the Records and such matters of law as I have deemed appropriate as a basis for the opinion hereinafter expressed. As to factual matters, I have relied, to the extent deemed proper, upon statements and certifications of officers of the Applicant. In giving the following opinion, I have assumed the genuineness of all signatures and the authenticity of all documents that I reviewed.

Based upon the foregoing, I am of the opinion, based upon my best knowledge, that subject to Applicant meeting all applicable federal, state and local laws (including all rules and regulations promulgated pursuant thereto) and complying with the terms and



Ms. Christine Ervin
December 28, 1992
Page 2

conditions of the Agreements, Applicant has the authority under the Agreements to construct and operate the power generating facility (the "Project") that Applicant proposes in its Application for Site Certificate filed with the Oregon Energy Facility Siting Counsel on or around December 29, 1992.

The foregoing opinion is limited solely to whether Applicant has the authority under the Agreements to construct and operate the Project. I express no opinion as to the applicability of any federal, state and local laws (including all rules and regulations promulgated thereto) to such construction and operation or as to the effects of the foregoing laws on such construction and operation.

I am admitted to the Bar in the District of Columbia. In rendering the opinion set forth above, I do not express any opinion concerning the laws of any jurisdiction other than the District of Columbia.

Sincerely,



Sanford L. Hartman
Assistant General Counsel



EXHIBIT L

NEED FOR FACILITY - OAR 345-21-015(1)(I)(F)

INTRODUCTION

The Project is exempt under OAR 345-23-010(2) from the requirement to prove need under OAR 345-21-015(1) because (a) fuel chargeable to power heat rate is 8,000 BTU/kWh or less; (b) all but twenty percent of the capacity will be used by energy suppliers operating in the Pacific Northwest Region, as defined in 16 USC 839 a. (14); and (c) the capacity of natural gas fired facilities for which applications are pending before the EFSC, including the Project, plus extant site certificates for natural gas fired facilities does not exceed nine hundred and fifty megawatts.

FUEL CHARGEABLE TO POWER HEAT RATE

As demonstrated in Exhibit B, the fuel chargeable to power heat rate for the Project is less than 8,000 BTU/kWh.

USE OF CAPACITY BY PACIFIC NORTHWEST ENERGY SUPPLIERS

When the EFSC adopted OAR 345-23-010 (2), it expressly rejected a requirement that the site certificate applicant have executed power sales contracts, or even letters of intent, to demonstrate conclusively at the time the applicant filed its site certification application that eighty percent of the capacity of its project will be used in the Region. Instead, the EFSC adopted OAR 345-25-010 (3) (b). This provision requires EFSC to condition site certification on an applicant

obtaining, before the commencement of construction, sales contracts with an energy supplier or combination of energy suppliers operating in the Pacific Northwest Region, as defined in 16 USC 839a (14), for at least eighty percent of its project's capacity, if that applicant was otherwise exempt from demonstrating need under OAR 345-23-010. The exemption applies regardless of whether Applicant initially constructs a one or two unit Project. Therefore, Applicant will be exempt from a showing of need provided that, at the time it files this SCA, it meets the heat rate requirement (previously discussed) and there are less than nine hundred and fifty megawatts of gas-fired capacity represented by filed and outstanding site certifications (discussed below).

PENDING APPLICATIONS AND EXTANT SITE CERTIFICATES

To the best of Applicant's knowledge, there are no natural gas fired generating facilities in Oregon which hold site certificates. Also, to the best of Applicant's knowledge, at the time of the filing of this SCA, there are no other applications for natural gas fired facilities that have been "deemed complete" by the Oregon Department of Energy and that, consequently, are pending before the EFSC under OAR 345-21-030(1) (a).