

THERMAL POWER PLANT
SECOND AMENDED SITE CERTIFICATE
for the
HERMISTON GENERATING PROJECT

(includes amendments No. 1 (August 12, 1994), No. 2 (May 10, 1996),
No. 3 (partial assignment)(July 23, 1996), and No.4 (August 28, 1997))

This Site Certificate is made and entered into in the manner provided by ORS Chapter 469, as amended by Oregon Laws, 1993, Senate Bill 1016, by and between the State of Oregon (State), acting by and through its Energy Facility Siting Council (EFSC), PacifiCorp, an Oregon corporation (PacifiCorp), and Hermiston Generating Company, L.P. (HGC), a Delaware limited partnership. As used in this Site Certificate "Holder" means HGC and PacifiCorp, or HGC or PacifiCorp, as the context requires. It is the intent of the parties that HGC and PacifiCorp be jointly and severally responsible for compliance with all conditions in this Site Certificate.

I. SITE CERTIFICATION

- A. To the extent authorized by State law and subject to those warranties and conditions set forth herein, the State approves and authorizes the construction, operation and retirement by Holder of a natural gas-fired combustion turbine energy facility, together with certain related or supporting facilities, at the site near Hermiston in Umatilla County, Oregon, in the manner described in Holder's application for site certificate (ASC). "Facility", as used in this Site Certificate, consists of the energy facility and the related or supporting facilities described in Holder's ASC, except where otherwise stated or where the context clearly indicates otherwise. As used in this Site Certificate, the "application for site certificate" or the ASC, includes those changes and/or additions to the Facility described in: (a) Holder's Request for Amendment No. 1, dated June 3, 1994, attached to the First Amendment as Exhibit 1; (b) in Holder's Petition to Apply Subsequent Rules and Request for Amendment No. 2, dated January 19, 1996; (c) Holder's Request for Partial Assignment, dated April 26, 1996; and (d) Holders' Request for Amendment dated May 16, 1997. The facts, reasoning, conclusions and conditions relied on for approval are set out in EFSC's final orders dated March 11, 1994, August 12, 1994, May 10, 1996, July 23, 1996, and August 28, 1997, which by this reference are incorporated herein.

Subject to the conditions herein, this certificate binds the State and all counties, cities and political subdivisions in this State as to the approval of the site and the construction, operation and retirement of the facility, as to matters that are included in and governed by this Site Certificate.

- B. Each affected state agency, county, city and political subdivision with authority to issue a permit, license or other approval addressed in or governed by the Site Certificate or EFSC's final order shall, upon submission by Holder of the proper application and payment of the proper fees, issue such permit, license or other approval without hearing or other proceeding, subject only to conditions set forth in the Site Certificate. Each agency that issues a permit, license or other approval to Holder shall continue to exercise enforcement authority over such permit, license or other approval.

For a permit, license or other approval addressed in the Site Certificate, Holder shall comply with applicable state and federal laws adopted in the future to the extent that such compliance is required under the respective state agency statutes and rules.

- C. Both the State and Holder shall abide by local ordinances and state law and the rules of EFSC in effect on the date the Site Certificate is executed. The EFSC rules in effect on the date the Site Certificate is executed are attached as Exhibit C. In addition, upon a clear showing of a significant threat to the public health, safety or the environment that requires application of later-adopted laws or rules, EFSC may require compliance with such later-adopted laws or rules.

II. DESCRIPTION OF SITE AND ENERGY FACILITY

A. Description of Site

The site where the facility is to be constructed and operated includes the following (as more particularly described in Holder's ASC):

1. **Energy Facility:** The energy facility will be constructed on a site containing approximately thirteen acres located approximately 3 miles southwest of Hermiston, Umatilla County, Oregon. The site is in the northwest quarter of Section 30, Township 4 North, Range 28 East, Willamette Meridian. The location of the energy facility is shown on Figures C-1a of the ASC and, with more particularity, on Figure B-2 of the amendment to the application (dated December 24, 1993). Figures C-1a and B-2 are by this reference is incorporated herein.
2. **Related or Supporting Facilities.**
 - a. **Transmission Line Right of Way:** The right-of-way for the 230 kV transmission line delivering electricity from the energy facility to Bonneville Power Administration's McNary Substation is located entirely within Umatilla County. A portion of the right-of-way is located within the City of Umatilla. The general location of the right-of-way is shown in Figure C-3 of the ASC. For approximately one and one-half miles, the right-of-way consists of two alternate alignments. These two alignments are shown in Figure A of the amendment to the application (dated December 24, 1993). Figures C-3 and A are by this reference incorporated herein.

- b. **Gas Pipeline Right of Way:** The right-of-way for the gas pipeline is located entirely within Umatilla County. The right-of-way is shown in Figure C-4 of the ASC, and by this reference is incorporated herein.

B. Description of Facility

The facility includes the following (as more particularly described in Holder's ASC):

- 1. **Energy Facility:** The energy facility is a combustion turbine/combined cycle electric power plant fueled by natural gas. It will generate electricity for sale to energy suppliers operating in the Pacific Northwest Region, as defined in 16 USC 839a. At annual average site conditions, net of auxiliary loads and assuming no process steam supply, the energy facility will have a nominal electric generating capacity of 474.2 MW.

The energy facility may supply process steam to a nearby potato processing facility owned by Lamb-Weston, Inc.

The power plant consists of two units, each of which is made up of a combustion turbine generator, a heat recovery steam generator, a condenser, a steam turbine, a mechanical induced draft evaporative cooling tower, an air compressor system, an emission stack, and miscellaneous supporting equipment and improvements. Facilities common to both units include a maintenance/warehouse area, a control/administration building, water pipelines connecting to Lamb-Weston's process water system, backup zero discharge facilities, stormwater detention facilities, paved roads and a parking area. A raw water storage tank may also be included.

2. Related or Supporting Facilities:

- a. **Transmission Line** -- A 230 kV electric transmission line will carry electricity from the energy facility to Bonneville Power Administration's McNary Substation in Umatilla County. Almost all of the line will be constructed as an upgrade of an existing 115kV line owned by the Umatilla Electric Cooperative Association. For approximately one and one-half miles, the right-of-way will be in one of two alternate alignments. These two alignments are shown in Figure A of the amendment to the application (dated December 24, 1993). In addition, approximately one-quarter mile of new right of way is required at the northern end of the line where it connects to the McNary Substation.
- b. **Gas Pipeline** -- A buried pipeline will carry natural gas from an interstate gas transmission line owned by Pacific Gas Transmission Company to the energy facility. The pipeline will be less than five miles in length.

In the event of a conflict between the descriptions of the facility, or the design, construction, operation, or retirement of the facility, in this Site Certificate (as amended), EFSC's final order, or Holder's ASC, the following priority of construction shall apply to determine which document controls: first, this Site Certificate (as amended); second, EFSC's final orders; third, Holder's ASC.

III. WARRANTIES

In consideration of the execution of this Site Certificate by the EFSC, and pursuant to Oregon Laws 1993, Senate Bill 1016, Section 11(3), Holder makes the following warranties:

A. Financial Ability

Holder warrants that it has reasonable assurance of obtaining the funds necessary to cover the estimated construction, operating and retirement costs for the design lifetime of the energy facility including related fuel-cycle costs, and that it will be capable of providing funds as needed to construct, operate and retire the energy facility without violating its bond indenture provisions, articles of incorporation, common stock covenants or similar agreements.

B. Ability to Construct and Operate

Holder warrants that it has the ability to take those actions necessary to ensure that the facility is constructed, operated and retired substantially as described in this Site Certificate and in the orders approving the Site Certificate (including all amendments).

C. Completion of Construction

Holder warrants that completion of construction of the facility, which shall be defined as the commercial operation date of the energy facility, shall occur within five years from the effective date of this Site Certificate and EFSC's final order (the "effective date"). For the purposes of this warranty, the effective date shall be deemed to be the date any judicial review of EFSC's final order or of this Site Certificate is completed, including any proceedings on remand to EFSC.

D. Protection of the Public Health and Safety

Holder warrants that it will take those actions, including compliance with all local, state and Federal ordinances, statutes, rules and regulations in effect on the date this Site Certificate is issued, necessary to ensure that construction, operation and retirement of the facility pose no significant danger to the public health and safety. For related and supporting facilities that Holder is not constructing or operating, Holder shall use its best efforts to require any third party constructing or operating such related and supporting facilities to abide by the terms of this warranty.

IV. CONDITIONS

A. Conditions Required by OAR Chapter 345, Division 27

1. Holder shall design, construct, operate and retire the energy facility in accordance with the requirements of the Oregon energy facility siting statutes, ORS 469.300 et seq., and the rules of OAR Chapter 345 applicable to the facility; all other applicable Oregon statutes and rules implementing those statutes applicable to the facility; and all applicable local ordinances.
2. The conditions in this Site Certificate may not be changed during the term of the certificate except as provided in OAR 345-27-050 through OAR 345-27-080, and OAR 345-27-095 (November 1995). Holder may request that amendments to conditions be considered pursuant to the Division 27 rules in effect at the time the amendment is filed. A request to have the amendment considered pursuant to a later adopted version of Division 27 rules will be granted unless the EFSC finds that applying the later-adopted rules would create a significant threat to public health, safety or the environment.
3. Holder shall design, construct, operate and retire the facility substantially as described in this Site Certificate (as amended) and the EFSC final orders approving the Site Certificate and any amendments to the Site Certificate, which orders are incorporated herein. Modifications or amendments to the design, construction, operation or retirement of the facility shall be considered pursuant to OAR 345-27-050 through 080 and 345-27-095 (November 1995). Notwithstanding the foregoing, Holder may request that such modifications or amendments be considered pursuant to the Division 27 rules in effect at the time the amendment is filed. A request to have the amendment considered pursuant to a later adopted version of Division 27 rules will be granted unless the EFSC finds that applying the later-adopted rules would create a significant threat to public health, safety or the environment.
4. This certificate shall expire at the end of the useful life of the energy facility. Application for termination of the Site Certificate shall be made according to the provisions of OAR 345-27-110.
5. Prior to commencing construction on any part of the facility, including clearing of a right of way, except for the initial survey, Holder shall present evidence acceptable to the EFSC that Holder has control of all lands on which clearing or construction will occur. If an entity other than Holder will construct any related or supporting facility, Holder shall submit to the EFSC evidence acceptable to the EFSC that this other entity has control over all lands on which clearing or construction will occur. Evidence acceptable to the EFSC shall include, but is not limited to, a deed, option to purchase, lease, easement, or other similar binding agreement.

6. Holder shall, prior to commencing construction of the facility, or a portion of the facility, provide the EFSC with a copy of a firm power sales contract or contracts demonstrating that 80% of the capacity from the facility, or that portion of the facility which Holder proposes to construct, will be purchased by an energy supplier or suppliers operating in the Pacific Northwest, as defined by 16 USC Section 839a for a period of at least 10 years from the commercial operation date.
7. If Holder builds a visitors information center at the site, information regarding conservation of energy and the means by which it may be accomplished shall be included with any energy facility information provided.
8. Insofar as practicable, Holder shall restore vegetation and landscape portions of the site disturbed by construction in a manner which is compatible with its surroundings. Upon completion of construction, Holder shall dispose of all temporary structures not required for future use and all used timber, brush, refuse or flammable material resulting from the clearing of lands or from construction of the facility.
9. Holder shall promptly inform the Oregon Office of Energy (OE), the Department of Geology and Mineral Industries and the Water Resources Department if site investigations or trenching reveal that conditions in the foundation rocks differ from those previously described. The Office of Energy may require additional design measures considered necessary based on such information.
10. Holder shall inform the Office of Energy, Department of Geology and Mineral Industries and Water Resources Department of trenching project plans on a timely basis so their representatives can inspect them. During construction, Holder shall notify these agencies if shear zones, artesian aquifers, deformations or clastic dikes are found near or beneath the site of the facility.
11. Holder shall prevent any condition from developing on the site that would preclude restoring the site to a useful condition.
12. At least five years prior to energy facility retirement, Holder shall submit a retirement plan to the EFSC for review and approval. The plan shall describe how the site will be restored adequately to a useful condition, including options for post-retirement land use, information on how impacts to fish, wildlife and the environment will be minimized during the retirement process and measures to protect the public against risk or danger resulting from post-retirement site conditions. Holder shall restore the site to a useful condition following retirement.

B. Conditions Related to EFSC Standards

Structural Standard

(1) Prior to the start of construction, Holder shall conduct a detailed survey of the energy facility site. The survey will include core drilling sufficient to learn: 1, the overburden soil types and thicknesses under energy facility structures; 2, the depth and characterization of the bedrock under the site; 3, if evidence of seismic faulting not considered in the application is present or if there are indications that the seismic classification of the portion of the site containing the energy facility is not correct in the application. The survey shall also characterize ground response to potential seismic events. The survey shall be peer reviewed by the Oregon Department of Geology and Mineral Industries or by a private qualified registered geologist that is independent from Holder and the Holder's contractors and subcontractors. If a private geologist is used, the choice of peer reviewer shall be approved by EFSC in consultation with the Oregon Department of Geology and Mineral Industries.

(2) If the detailed survey reveals evidence that is not as described in the ASC, then Holder shall revise the facility design parameters to comply with corresponding UBC requirements. If pre-construction seismic analysis reveals features unique to the energy facility site that justify enhanced seismic design, Holder shall design safety structures critical to public health or safety in consultation with the BCA, subject to approval by EFSC. Critical structures include hazardous material storage areas and control rooms.

(3) Except as provided for in condition 2 above, Holder shall design and construct the proposed facility to be consistent with Seismic Zone 2B requirements, in compliance with the laws and regulations administered by BCA.

(4) Holder shall place electrical transmission towers to avoid, to the greatest extent possible given the existing UECA corridor, the narrow strip of alluvium along the Umatilla River that may be subject to liquefaction. If this strip cannot be avoided, the transmission towers shall be constructed so as to otherwise mitigate for the risk of liquefaction.

(5) Placement of electrical transmission towers will include setbacks from cut slopes associated with the quarry east of the Umatilla River, along the electrical transmission line route.

(6) Topsoils and subsoils resulting from excavation for the gas pipeline should be segregated and the topsoil restored to minimize impacts on soil fertility.

Land Use Standard

(1) Following issuance of the Site Certificate by the Energy Facility Siting Council, and prior to commencing construction of the facility, Holder shall obtain all appropriate land use permits and approvals and pay all required fees of Umatilla County and the City of Umatilla. Umatilla County and the City of Umatilla shall continue to exercise enforcement authority over such land use permits and approvals.

(2) Holder shall file with the Umatilla County Planning Department a landscaping plan for the power plant prior to issuance of a building permit. The landscaping plan shall incorporate native vegetation where feasible and shall provide screening and visual buffering for the power plant and its parking and loading areas to the extent reasonably feasible.

(3) The power plant shall incorporate an on-site fire suppression system and shall be constructed from fire retardant materials to the extent reasonably feasible. The power plant design shall incorporate spill prevention and containment designs for the storage of all hazardous materials. Compliance with all applicable fire suppression and hazardous material safety requirements shall be established in consultation with the Hermiston Fire Department, the State Fire Marshall, and the Building Codes Agency.

(4) Holder shall file a site plan with the County which shall consist of a map showing the property lines, location of buildings, access road or roads and the names of the owner and developer of the site of the energy facility. The site plan shall also show that county ordinances related to parking and loading requirements, setbacks, signs, and vision clearance are satisfied. This shall be submitted to the county prior to the county issuing the building permit.

(5) If Holder purchases all or any part of the site of the energy facility, Holder shall file with the county an application for a minor partition in conformance with the information included in the ASC and file and record a final plat in accordance with county ordinances.

(6) Prior to commencing construction of the energy facility, Holder shall submit a plan acceptable to EFSC, in consultation with Umatilla County, for responding to an emergency at the Umatilla Army Depot. The plan shall be developed in consultation with the Umatilla County Chemical Stockpile Emergency Preparedness Program.

(7) With the exception of the alternate alignment described in Holder's amendment to the application for site certificate (dated December 24, 1993), and the one-quarter mile section of new right-of-way required immediately south of the McNary substation, the transmission line upgrade shall be constructed substantially along the route of the existing UECA right-of-way. Any new right-of-way required for the transmission line shall avoid populated areas to the extent practicable. Holder shall configure the transmission lines to reduce EMF. Upon certification and throughout the construction and operation of the facility, Holder shall provide on request by the public, information in Holder's possession or publicly available related to EMF levels associated with the power plant and related transmission lines.

(8) To minimize the impact on future development in the City of Umatilla, the transmission line upgrade shall follow easements 60 feet from the centerline in either direction (120 feet total) except as necessary to comply with other federal, state, and local regulations or other Site Certificate conditions.

(9) Holder shall take all reasonable precautions to minimize dust and noise during construction.

(10) At the time of filing for the required city land use approval, Holder shall file a map at a scale satisfactory to the city describing the transmission line corridor to allow the city to appropriately depict the corridor on the official city zoning map.

Organizational, Managerial and Technical Expertise Standard

(1) Holder shall obtain all necessary state and local permits or approvals required for the construction and operation of the facility. Said permits and approvals are listed in section (1) of the Findings of Fact of EFSC's order (dated March 11, 1994).

(2) A quantity of water sufficient to supply the energy facility shall be applied to beneficial use under the Port of Umatilla Water Right Permit Number 49497 by October 1, 1997, unless the time limits for the permit are otherwise extended.

(3) Holder shall have a contract or other binding arrangement with the Port of Umatilla for a quantity of water sufficient to supply the energy facility prior to commencement of construction.

(4) Prior to commencing construction of the process waste water discharge pipelines to Lamb-Weston, the Holders shall demonstrate that DEQ has approved an amendment to Lamb-Weston's Water Pollution Control Facilities permit allowing Lamb-Weston to use process waste water received from the energy facility for irrigation.

(5) Prior to commencing construction of the wastewater pipelines to Lamb-Weston, the Holders shall have a contract with Lamb-Weston to accept and dispose of the energy facility's process waste water.

Financial Assurance Standard

(1) Prior to commencement of construction of the facility and within a reasonable time after they become available, Holder shall submit to the EFSC evidence that Holder has received commitments for equity contributions and project financing with a repayment period not longer than the duration of the power sales contract required under Condition (2) under the discussion on the Need For Power standard, in amounts sufficient for construction and operation of the facility. Evidence may be in the form of a certificate attached to the Site Certificate. This condition may be satisfied by delivery to EFSC of an executed certificate substantially in the form attached hereto as Exhibit A.

(2) Within five days after the construction financial closing, Holder shall submit to EFSC evidence that the equity contributions and loans have been made to Holder in amounts sufficient for the construction and post-construction financing of the facility. This condition may be satisfied by delivery to EFSC of an executed certificate substantially in the form attached hereto as Exhibit B.

(3) In the event that Holder desires to commence construction of the facility prior to the construction financial closing, Holder shall submit to the State of Oregon, through EFSC, prior to commencing construction, a bond or other comparable security in the amount of \$5 million, which funds shall be used to restore the site (including the transmission line and gas pipeline rights-of-way) if Holder fails to complete construction of the facility by the deadlines set forth in the Site Certificate. The bond or other comparable security shall be issued by a surety acceptable to EFSC in a form acceptable to EFSC. Construction activities along the transmission line and gas pipeline rights-of-way undertaken prior to the construction financing closing shall, to the extent feasible, be minimized.

General Standard of Review

(1) Holder shall design, select, locate and/or orient components of the energy facility, or use shielding, noise dampening or other techniques necessary to ensure that the operation of the energy facility complies with OAR 340-35-035.

(2) Holder shall perform noise surveys in accordance with the requirements of OAR 340-35-035 within two months of: (a) the date the first unit commences operation; (b) the date first unit is operating at full rated capacity; (c) the date the second unit commences operation; and (d) the date both units are operating at full rated capacity. The unit operating conditions shall be documented when measurements are made in accordance with subparts (a) and (c) above. When taking the measurements required by (b) above, Holder shall conduct the surveys with the operating unit operating at within ten percent of rated power. When taking the measurements required by (d) above, Holder shall conduct the surveys with both units operating at within ten percent of rated power.

(3) During construction, and operation of the facility, Holder shall make information in Holder's possession about the noise levels generated by the facility available to the public. In selecting sensitive receptors for the noise surveys and analysis, Holder shall comply with applicable DEQ rules and consider all noise sensitive properties within one-half mile of the energy facility (the impact area).

(4) Holder shall consult with Umatilla County and the City of Umatilla and with neighbors to the energy facility site to minimize the impacts of construction noise.

Fish and Wildlife Standard

(1) Areas disturbed by construction of the power plant, gas pipeline and transmission line shall be revegetated upon completion of construction. Revegetation shall emphasize the use of native species.

(2) If feasible, Holder shall schedule the construction of the gas pipeline and transmission line to occur outside the nesting season for the state sensitive species identified in the Woodward-Clyde field surveys (mid-April to August 1). These are: the long billed curlew (*Numenius americanus*), Swainson's Hawk (*Buteo swainsonii*), the Grasshopper sparrow (*Ammodramus savannarum*), and the Bank swallow (*Riparia riparia*). If Holder cannot schedule construction activities outside the nesting season, pre-construction biological surveys shall be conducted at the energy facility site, along the affected portion of the transmission line or gas pipeline right-of-way to identify location of nest sites. If the surveys do not locate any nest sites of the state sensitive species named above, construction may proceed. If the surveys do locate nest sites, Holder shall submit to EFSC mitigation plans acceptable to EFSC in consultation with ODFW. Holder shall not commence construction in the area of the identified nest sites until EFSC, in consultation with ODFW, has approved the mitigation plan. EFSC will make every reasonable effort to review the plans, consult with ODFW, and revise or approve the plans as quickly as possible.

(3) The transmission line shall either span or otherwise avoid wetland areas. Poles shall be set back from the Umatilla River as much as possible.

(4) Because of susceptibility of soils in the project area to wind erosion, precautions will be taken during construction to minimize erosion. This shall include watering of the site and pipeline access road and/or use of dust palliatives.

(5) Holder shall notify the Northeast Regional office of the Oregon Department of Fish and Wildlife at least one week before the start of construction for the power plant, transmission line or pipeline.

(6) If appropriate, topsoils and subsoils should be segregated during excavation for the pipeline to minimize impacts on soil fertility.

(7) Holder shall consult with the Office of Energy and ODFW on any mitigation because of water withdrawal which is provided according to the terms of the settlement agreement with Columbia Basin Institute.

Threatened or Endangered Species Standard

(1) Raptor protection shall be employed in the design and construction of the transmission towers according to the methods described by Olendorff et. al. 1981. All energized facilities shall be designed with either a minimum separation of nine feet, or other measures to reduce the potential for electrocution of raptors or other birds.

(2) If construction of the transmission line occurs during the spring growing season for Columbia Milkvetch (*Astragalus succumbens*), any population of the plant within 50 feet of the proposed transmission line poles shall be flagged and avoided by construction activities.

Scenic and Aesthetic Standard

(1) To minimize visual intrusion caused by the stacks, the stacks shall be painted in a matte finished neutral color to minimize the potential for glare caused by reflective surfaces. Colors shall be chosen to blend with the surrounding area.

(2) Landscaping shall be used to screen the energy facility from the nearest residence and roadways to the extent reasonably feasible. Shrubbery and trees planted along the perimeter of the energy facility site and other landscaping shall be well-maintained and include low-maintenance and indigenous plants.

(3) To minimize project visibility at night, outdoor lighting shall be limited to the extent necessary to maintain safety conditions.

Historic, Cultural and Archaeological Standard

(1) Holder shall consult with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) before commencing construction. Holder shall provide the CTUIR with an opportunity to

conduct a review of the oral history of the tribes. The purpose of the consultation and review is to identify areas having a high potential for cultural resources within the impact area. If deemed necessary by the CTUIR based on the oral history review, Holder shall conduct additional pre-construction field surveys in cooperation with the CTUIR.

(2) Holder shall notify CTUIR before starting construction and shall provide the opportunity for a CTUIR representative, knowledgeable in cultural resources of the area, to be available for on-site monitoring during construction activities.

(3) If cultural resources are discovered during project construction or construction-related activities, Holder shall stop all work in the immediate area of the find. Holder shall consult with the CTUIR and SHPO. Holder shall not restart work in the affected area until CTUIR or SHPO have concurred that Holder has identified actions to minimize or avoid further impacts.

(4) Holder shall take all reasonable steps to avoid disturbance of the West Extension Irrigation Canal during construction and operation of the transmission line by ensuring that transmission towers/poles are placed away from the canal banks, and by avoiding any disturbance at the canal crossing when electrical lines are strung.

(5) Holder shall consult with the irrigation district in which the canal is located before construction or the upgrading of the transmission line in the area of the canal in order to learn whether there are any applicable restrictions.

Socio-Economic Standard

(1) Holder shall make a good faith effort to hire most or all permanent workers for the project from the local areas.

(2) Holder shall make a good faith effort to hire as many construction workers from the local area as feasible, including the Tri-city area.

(3) Holder shall enter into an Irrevocable Consent Agreement (ICA) with Umatilla County. The ICA will formally acknowledge that Holder agrees to waive its right to oppose the formation and equitable funding of any Local Improvement District (LID) for that portion of Westland Road fronting the power plant property and extending south from the plant to its intersection with Interstate Highway 84.

(4) Rail delivery shall be used to the extent practical to minimize heavy-haul truck trips during construction.

(5) Traffic control measures shall be used during construction to reduce the impact of traffic on Westland Road.

(6) Holder shall consult with local officials to provide assistance to construction workers in need of housing and to minimize the impact on housing in the area.

Waste Minimization Standard

(1) Upon completion of construction, Holder shall dispose of all temporary structures not required for future operation of the facility and all used timber, brush, refuse, or flammable material resulting from clearing of lands or from construction of the facility.

(2) During construction of the facility, Holder shall identify means of minimizing waste generation and shall recycle waste to the extent reasonably practicable. Holder shall also implement a waste minimization and recycling program to remain in effect throughout the life of the Project.

(3) In the event a secondary cooling tower is used in place of a brine crystallizer, Holder shall design the main cooling towers to limit drift to a rate of one-thousandth of one percent (0.001%) of the circulating water, and to limit drift from the secondary cooling tower (if built) to a rate of five- ten thousandths of one percent (0.0005%) of the circulating water. If a brine crystallizer is used, Holder shall design the cooling towers to limit drift to less than four-thousandths of one percent of the circulating water.

(4) In the event a secondary cooling tower is used in place of a brine crystallizer, Holder shall operate the cooling tower circulating water system, the cooling towers and the circulating water cleanup system to maintain the total dissolved solids in the main cooling tower circulating water at less than five thousand two hundred parts per million (5,200 ppm) on an average annual basis, and in the secondary cooling tower circulating water at less than one hundred thousand parts per million (100,000 ppm) on an average annual basis. If a brine crystallizer is used, Holder shall operate the cooling tower circulating water system, the cooling towers and the circulating water cleanup systems to maintain the total dissolved solids in the circulating water at less than five thousand two hundred parts per million (5,200 ppm) on an annual average basis.

(5) Wastewater conveyed from the energy facility to Lamb-Weston for potato wash and irrigation use shall comply with all applicable water quality parameters of Lamb-Weston's Water Pollution Control Facilities permit.

Retirement Standard

(1) Holder shall prevent any condition from developing on the site during construction, operation, and retirement that would preclude restoring the site to a useful condition. Holder shall have satisfied this requirement by complying with all applicable federal, state, and local environmental and land use statutes and ordinances, including all rules and regulations promulgated thereto and all governmental approvals issued pursuant thereto.

(2) Starting with the tenth year after the first unit has commenced commercial operation, Holder shall evaluate the expected useful life of the facility. If in any year Holder decides that the life of the facility is expected to be five years or less from the date of the evaluation, then Holder shall develop a plan for decommissioning the facility. The decommissioning plan shall include the following elements: (a) the requirements and procedure for removing equipment and structures from the portion of the site

containing the energy facility; (b) any additional requirements and procedures needed to restore the energy facility site to a useful condition; (c) a description of options for post-retirement land use, information on how impacts to fish, wildlife and the environment will be minimized during the retirement process and measures to protect the public against risk or danger resulting from post-retirement site conditions; and (d) a description of how decommissioning will be funded. Holder shall submit the plan to EFSC for approval within six months of deciding that the facility is to be retired.

(3) In addition, starting with the fifth year after the first unit has commenced commercial operation, Holder will establish the decommissioning fund and begin making annual commitments to the fund in the amount of \$200,000 (in 1993 dollars) secured by a Letter of Credit, performance bond, or other security reasonably acceptable to the EFSC. Such annual commitments shall continue until the total security in the decommissioning fund reaches \$5 million (in 1993 dollars). In the event the security in the decommissioning fund is less than \$5 million (in 1993 dollars) at the time Holder notifies the EFSC of its intent to retire the energy facility (as specified in the preceding condition), the annual commitments to the decommissioning fund shall be adjusted so as to assure that the total security in the fund is \$5 million (in 1993 dollars) at the time of retirement. Holder shall describe the status of the fund in the annual report submitted to EFSC. All funds received by Holder from the salvage of equipment or buildings shall be committed to the restoration of the energy facility site, to the extent necessary to fund the approved restoration.

(4) The restoration plan shall use native vegetation to restore the energy facility site to the maximum extent consistent with the anticipated use of the energy facility site after the facility is retired.

C. Conditions Related to Exemption from the Requirement to Demonstrate Need

(1) Commencement of construction of the first unit shall begin no later than thirty months after final issuance of the Site Certificate. As used in Condition (1) and (3) of this section, "final issuance of the Site Certificate" occurs upon completion of any judicial review and any proceedings on remand to EFSC. If commencement of construction does not begin by the end of the first year after final issuance of the Site Certificate, Holder may produce a letter of intent or other commitment from energy suppliers operating in the Pacific Northwest, as defined in 16 USC Section 839 (a), to purchase at least 80% of the capacity of the facility for a period of at least ten years from the commercial operation date. That portion of the project's capacity for which such a commitment from energy suppliers operating in the Pacific Northwest to purchase 80% is demonstrated shall retain its exemption from need showing under OAR Chapter 345, Division 23. If such a demonstration is not made within the first year after final issuance of the Site Certificate, Holder may apply within sixty days thereafter to amend its Site Certificate to demonstrate the facility is needed in accordance with the EFSC rules and standards in effect at the time. If Holder demonstrates need, this certificate shall in all other respects remain in full force and effect in accordance with its terms, except EFSC shall attach new conditions regarding construction start and completion dates, and power sales contract terms consistent with the demonstrated need for power.

(2) Holder shall, prior to commencing construction of the facility, or a portion of the facility, provide the EFSC with a copy of a firm power sales contract or contracts demonstrating that 80% of the capacity from the facility, or that portion of the facility that Holder proposes to construct, will be

purchased by an energy supplier or suppliers operating in the Pacific Northwest, as defined by 16 USC Section 839(a), for a period of at least ten years from the commercial operation date.

(3) Construction completion of the facility, which shall be defined as the commercial operation date of the facility, shall occur within five years from the final issuance of the Site Certificate. EFSC may grant extensions of the construction completion date in accordance with OAR 345-27-030.

D. Conditions Related to Public Health and Safety

(1) Holder shall design, construct, operate and retire the facility in accordance with all applicable statutes, rules, and ordinances.

(2) The gas pipeline shall be constructed in accordance with the requirements of the U.S. Department of Transportation as set forth in Title 49, Code of Federal Regulations, Part 192.

(3) The gas pipeline shall have mechanical structures that allow the pipeline to be sealed off, in the event of leakage, in a manner that will minimize the release of flammable materials. This is rebuttably presumed to be satisfied if the gas pipeline meets the requirements of Title 49, Code of Federal Regulations, Part 192.

(4) Holder shall develop a program, or assure the development of a program by the entity responsible for the gas pipeline, using the best available, practicable technology to monitor the proposed gas pipeline to ensure protection of public health and safety.

(5) The transmission line shall be designed so that alternating current electrical fields shall not exceed 9 kV per meter at one meter above the ground surface in areas accessible to the public.

(6) The transmission line shall be designed so that induced currents resulting from the transmission line and related facilities will be as low as reasonably achievable. Holder shall agree to a program, or assure the entity responsible for the transmission line agrees to a program, which shall provide reasonable assurance that all fences, gates, cattle guards, trailers, or other permanent objects or structures that could become inadvertently charged with electricity shall be grounded through the life of the line.

(7) The transmission line shall be designed, constructed, and operated in a manner consistent with the National Electrical Safety Code, Section C2, 1990 Edition (American National Standards Institute), as well as the Rural Electrification Administration standards, where applicable.

(8) Before commencing construction of the transmission line, Holder shall notify the Office of Energy of which alternative transmission line route it has elected to use. Once this election has been made, EFSC approval of the other alternative transmission line shall terminate.

E. Conditions Related to EFSC to Monitoring and Reporting

(1) The following rules from OAR Chapter 345, Division 26 apply to this facility: OAR 345-26-005, 345-26-010, 345-26-015, 345-26-020, 345-26-025, 345-26-050 and 345-26-145. The remainder of the Division 26 rules are either outside the scope of EFSC's decisional authority under SB 1016, applicable only to nuclear power plants, or superseded by specific requirements set out below.

(2) Prior to commencing construction for the first unit, Holder shall submit to EFSC a program acceptable to EFSC for monitoring and reporting to EFSC the status of construction of the facility. The program shall include a description of a report to be submitted to EFSC at least quarterly from the start of construction to commercial operation of the second unit. The report shall include, but is not limited to:

(a) an assessment of the construction schedule for each unit, including any changes to major milestones that affect the critical path for construction;

(b) an assessment of the financial condition of the project, including changes to the power sales contract and the equity and loan commitments;

(c) an assessment of the construction staffing, including status of staffing, any staffing problems that may affect construction schedule, and any deviation from plans to hire most construction workers locally;

(d) any work stoppages of more than 30 days;

(e) any violations of the conditions of permits issued by any other Federal, State or Local authority; including the background of the causes of the violation, the mitigation or correction of the violation, and the impact of the violation on the project schedule or financing;

(f) any violations of the conditions of permits issued to third parties that are necessary for construction or operation of the facility, such as Water Right Permits or Water Pollution Control Facility Permits; including the background of the causes of the violation, the mitigation or correction of the violation, and the impact of the violation on the project schedule or financing;

(g) copies of all correspondence and reports related to facility construction which were submitted to a Federal, State, or Local authority, except material withheld from public disclosure under Federal or State law. Abstracts of reports may be submitted in place of full reports. However, full copies of abstracted reports must be provided at the request of the Office of Energy or EFSC;

(h) Prior to commencing commercial operation of each unit, a written report certified by an Oregon registered structural engineer documenting that the unit has been constructed in compliance with the conditions in the Site Certificate adopted under the structural standard;

(i) any noncompliance with the conditions of the Site Certificate, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance and any effect on the project schedule or financing; and

(j) any other information that EFSC requests that is considered necessary to monitor and evaluate the Holder's compliance with the terms and conditions of the Site Certificate.

(3) Prior to commencing preoperational testing for the first unit, Holder shall submit to the EFSC a program acceptable to EFSC for monitoring and reporting to EFSC the status of operation of the facility and of the decommissioning fund. The program shall include a description of a report to be submitted to EFSC at least annually from the start of commercial operation of the first unit through retirement of the last operating unit. The report shall include, but is not limited to:

(a) results of performance tests, including project efficiency testing, summaries of fuel use, average volume and mass of steam supplied to the cogeneration host and the estimated fuel used to generate the host steam load;

(b) in the first report submitted after commencement of commercial operation, unit heat rate in Btu per kilowatt hour produced, corrected to ISO conditions and accounting for steam delivered to the steam host, and also facility capacity corrected to 52.8°F, 55% relative humidity, standard air pressure adjusted for elevation, no steam to process, natural gas fuel, and normal steam turbine exhaust pressure, net of plant auxiliary loads;

(c) the power production by the facility by unit, by month, including peak capacity, average capacity, gross and net kilowatt hour production, availability, potential capacity constrained by dispatch agreement, reasons and durations of planned and unplanned outages, plans to improve capacity and availability and to correct recurring problems;

(d) an assessment of the operations staffing, including status of staffing, any staffing problems that may affect facility operation, and any deviation from plans to hire most operations workers locally;

(e) any violations of the conditions of permits issued by any other Federal, State or Local authority; including the background of the causes of the violation, the mitigation or correction of the violation, and the impact of the violation on the project operation or financing;

(f) any violations of the conditions of permits issued to third parties that are necessary for construction or operation of the facility, such as Water Right Permits or Water Pollution Control Facility Permits; including the background of the causes of the violation, the mitigation or correction of the violation, and the impact of the violation and any effect on the project operation or financing;

(g) copies of all correspondence related to facility operation which was submitted to a Federal, State, or Local authority, except material withheld from public disclosure under Federal

or State law. Abstracts of reports may be submitted in place of full reports. However, full copies of abstracted reports must be provided at the request of the Office of Energy or EFSC;

(h) an assessment of the financial condition of the project, including changes to the power sales contract and the equity and loan commitments.

(i) any noncompliance with the conditions of the Site Certificate, including the background of the cause of the noncompliance, the mitigation or correction of the noncompliance and any effect on the project schedule or financing; and

(j) any other information that EFSC requests that is considered necessary to monitor and evaluate the Holder's compliance with the terms and conditions of the Site Certificate.

(4) INFORMATION TO BE REPORTED PROMPTLY

(a) Holder shall report any material violation of any condition of the Site Certificate by Holder or any of its contractors, subcontractors or agents to the Office of Energy within 72 hours.

(b) Holder shall report to the Office of Energy within 24 hours if Holder or any of its contractors, subcontractors or agents creates any condition by construction or operation of the facility that endangers the public health and safety.

F. Conditions Added in Accordance with OAR 345-27-020(11)

Pursuant to OAR 345-27-020(11) (November 1995), EFSC has reviewed the ASC and identified those statements and representations that it deems to be binding commitments. Notwithstanding the foregoing, OAR 345-27-020(2)(a) (November 1995) shall apply to the following conditions unless specifically noted within the particular condition. In the event of a conflict between the ASC and Amendment No. 1 to the Site Certificate, Amendment No. 1 to the Site Certificate shall be deemed controlling.

Exhibit A

(1) HGC shall notify the Office of Energy of any modification to the identity of the partners to the HGC partnership agreement, or to the ownership of the controlling interest of the HGC partnership.

(2) Holder shall report any change to the identity of the operator (USOSC) to the Office of Energy.

Exhibit B

(1) Holder shall construct and operate a zero discharge system as described on pages B-12.a.2 through B-14.a.2 of the ASC, as amended by the "Amendment to Application for Site Certificate" dated December 24, 1993 (at pages 1 and 4), as further amended by the "Request for Amendment", at pages 6-8, submitted on June 3, 1994, and as further amended by the "Request for Amendment" dated May 16, 1997. The zero discharge system shall be a reserve backup system. The primary system for disposing of process waste water shall be through reuse as potato wash water and irrigation water in accordance with the Lamb-Weston Water Pollution Control Facilities permit, as described in the Holders' "Request for Amendment," dated May 16, 1997.

(2) Holder shall design and construct the stormwater system for the energy facility as described in the letter from Ray Hanley to Adam Bless, dated April 3, 1996, which description is reproduced below:

The stormwater system for the energy facility site consists of two separate components. The first component relates to all process work areas where there is the potential for chemical releases. Each of these areas is drained to an oil/water separator and then to the cooling tower basin for reuse as cooling water make-up.

The second component of the stormwater system relates to the non-process portions of the site. Stormwater from these areas (where there is no chemical storage or potential for stormwater contact with chemicals), is channeled to a detention basin designed to detain runoff from the 100 year, 24-hour storm event with approximately a 50 percent surplus capacity. Water from the detention basin will either evaporate, percolate into the ground, or will be discharged to the cooling tower basin to be used as cooling water make-up. There will be no stormwater discharge from the energy facility site to a public stormwater system.

(3) The facility shall be designed and constructed in compliance with the commitment of pages B-23a through the first paragraph on page B-26a, except that the reference in the ASC to NFPA 580 shall be replaced by the Uniform Fire Code, 1991 edition, with Oregon Amendments. Notwithstanding the provisions of OAR 345-27-020(2)(a) (November 1995) Holder shall comply with the terms of this condition specifically as expressed herein.

Exhibit E

(1) Any request for amendment of the Site Certificate shall be accompanied by a list of the names and mailing addresses of all owners of record, as shown on the most recent property tax assessment roll, of property located within the site, and: (a) within 100 feet of the site where the site is within an urban growth boundary; (b) within 250 feet of the site where the site is outside an urban growth boundary and not within a farm or forest zone; and (c) within 500 feet of the site where the site is outside an urban growth boundary and in a farm or forest zone.

Exhibit F

(1) Solid waste materials shall be handled and disposed of as described in the ASC at page F-2a.2 under "Solid Waste Materials."

(2) Constituents in the cooling water effluent shall primarily be higher concentrations of native impurities. Concentrations of other additives should be below detectable levels as stated on page F-4a.2 of the ASC.

(3) Chemicals associated with the SCR system and other chemicals shall be stored and handled as described in the last four paragraphs of page F-4a.2 and the first four paragraphs of page F-5a.2 of the ASC. Holder shall comply with the terms of this condition specifically as expressed herein, notwithstanding the provision of OAR 345-27-020(2)(a) (November 1995).

(4) Holder shall store compressed gases as described in the last paragraph of page F-5.a.2 of the ASC and in Amendment No. 1 to the Site Certificate.

Exhibit U

(1) The energy facility shall obtain process and cooling water from the Port of Umatilla's regional supply system as stated on page U-12a.2 of the ASC.

(2) Water for domestic used shall be supplied by Lamb Weston's existing water supply system. Lamb Weston's system shall not require any modification to supply water to the energy facility other than a supply line from their facility to the energy facility as stated on page U-13a.2 of the ASC.

(3) Fuel oil shall not be required for the energy facility, as stated on page U-13a.2 of the ASC.

Exhibit V

(1) Holder shall conduct periodic audits to ensure compliance with and evaluate the effectiveness of the waste minimization and recycling programs described in the ASC at page V-3a.2.

(2) Holder shall utilize water saving measures as practical, as described in the ASC at pages V-4a.2 and V-5a.2.

V. AMENDMENT OF SITE CERTIFICATION AGREEMENT

Holder and EFSC recognize that, because of the length of time that may pass between the date on which this Agreement is executed and the date on which construction will commence, and that will pass between the time construction is commenced and the energy facility is retired, it may be necessary to amend this Agreement.

Amendments shall be made in accordance with OAR Chapter 345, Division 27.

VI. SUCCESSORS AND ASSIGNS

No Site Certificate, or any portion thereof, may be transferred, assigned, or disposed of in any other manner, directly or indirectly, except in compliance with OAR 345-27-100.

VII. SEVERABILITY AND CONSTRUCTION

If any provision of this agreement and certificate is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the agreement and certificate did not contain the particular provision held to be invalid. In the event of a conflict between the warranties and conditions contained in the Site Certificate and EFSC's final orders, the warranties and conditions contained in this Site Certificate shall control.

VIII. GOVERNING LAW AND FORUM

- A. This agreement shall be governed by the laws of the State of Oregon.
- B. Any litigation or arbitration arising out of this agreement shall be conducted in an appropriate forum in Oregon.

1 IN WITNESS WHEREOF, this amended Site Certificate has been executed by the State of
2 Oregon, acting by and through its Energy Facility Siting Council, Hermiston Generating Company,
3 L.P., and PacifiCorp.
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6 ENERGY FACILITY SITING COUNCIL

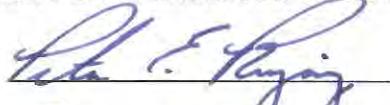
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August 28, 1997

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10 By: TERRY EDVALSON

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12 Its: CHAIR

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16 HERMISTON GENERATING COMPANY, L.P.

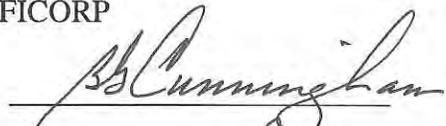
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8/29/97
DATE

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20 By: PETER E. RIGNEY

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22 Its: AUTHORIZED REPRESENTATIVE

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26 PACIFICORP

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9-03-97
DATE

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30 By: BARRY G. CUNNINGHAM

31
32 Its: AUTHORIZED REPRESENTATIVE