

SITE CERTIFICATION AGREEMENT
Between
The State of Washington
and
PacifiCorp
For the
CHEHALIS GENERATION FACILITY



Located in:

Lewis County, Washington
Chehalis, Washington

Executed March 4, 1997

As Amended by Amendment No. 1
March 6, 2001

As Amended by Amendment No. 2
Resolution No. 325, September 2008

Energy Facility Site Evaluation Council

Olympia, Washington

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**SITE CERTIFICATION AGREEMENT
(AS AMENDED)
FOR THE CHEHALIS GENERATION FACILITY**

between

THE STATE OF WASHINGTON

and

PACIFICORP

This Site Certification Agreement is made pursuant to Chapter 80.50 of the Revised Code of Washington (RCW) by and between the State of Washington, acting by and through the Governor of the State, and PacifiCorp.

Chehalis Power Generating, L.P. ("Chehalis Power") filed, as required by law, an application with the Energy Facility Site Evaluation Council (EFSEC or Council) for site certification for the construction and operation of a natural gas fired electric generation facility in Lewis County. The Council reviewed the Application, conducted public and adjudicative hearings, and by order, recommended approval of the Application by the Governor. The Governor approved the Application and the original Site Certification Agreement effective March 4, 1997.

On January 10, 2000, Chehalis Power filed a request with EFSEC for a number of modifications to the generating facility and amendments to the Site Certification Agreement. The Council reviewed those modifications and amendments and conducted adjudicative and public hearings. The Council recommended approval of the amendments, with conditions, by the Governor. On March 6, 2001, the Governor approved Amendment No. 1 authorizing changes in the design and construction and operational conditions for the Chehalis Generation Facility.

On September 22, 2008, the Council adopted Resolution No. 325, amending the Site Certificate Agreement (Amendment No. 2) to make PacifiCorp the Certificate Holder.

The parties hereby now desire to set forth all terms, conditions, and covenants relating to such site certification in this Agreement pursuant to RCW 80.50.100(1).

The effective date of Amendment No. 1 to this Agreement was March 6, 2001. Amendment No. 1 superceded the original agreement approved March 4, 1997, and incorporated No. EFSEC/95-02 Extension 1 Notice of Construction and Prevention of Significant Deterioration (PSD) Permit.

ARTICLE I

Definitions

Where used in this Site Certification Agreement the following terms shall have the meaning set forth below:

1. "Application" means the Application for Site Certification, designated No. 94-2, filed by Chehalis Power with EFSEC for the Chehalis Generation Facility (CGF), and incorporated by reference herein, including all revisions to the Application.
2. "Approval" (by EFSEC) means an affirmative action by EFSEC regarding documents, plans, designs, programs, or other similar requirements submitted pursuant to this Agreement. Approval shall include affirmative actions of EFSEC or its authorized agents.
3. "Associated facilities" means storage, transmission, handling, or other related and supporting facilities connecting the CGF with existing energy supply, processing, or distribution systems, including, but not limited to, the natural gas fuel line from the CGF metering point to the turbines, the backup diesel fuel storage tanks, diesel pipelines, utility connections, and the electrical power lines connecting the CGF to existing Bonneville Power Administration electrical transmission lines. The project does not include a natural gas delivery system, other than those elements located on the generating facility site.
4. "CGF" means the Chehalis Generation Facility and its associated facilities. The Chehalis Generation Facility consists of two natural gas fired combined cycle combustion turbine units with heat recovery steam generators. The specific components of the CGF are identified below in Article IV.
5. "Certificate Holder" means PacifiCorp after September 22, 2008. Prior to that date, Chehalis Power Generating Limited Partnership was the Certificate Holder. Construction of the CGF was completed in October 2003, when Chehalis Power (then under prior ownership) was the Certificate Holder.
6. "Chehalis Power" means Chehalis Power Generating, Limited Partnership (Chehalis Power), the original project sponsor.
7. "City" means the City of Chehalis, Washington.
8. "Combustion turbine" means a natural gas- and/or fuel oil- turbine configured to drive an electric generator.
9. "Commencement of construction" means the initiation or beginning of any actual construction activities such as form work, rebar, and pouring concrete for the power block structures.

10. "Ecology" means the Washington Department of Ecology.
11. "EFSEC" or "Council" means the State of Washington Energy Facility Site Evaluation Council created by Chapter 80.50 RCW, or such other agency or agencies of the State of Washington as may hereafter succeed to the powers of EFSEC for the purpose of this Agreement.
12. "Site" means the property identified below in Article II.A, located in Lewis County, Washington, on which the CGF is to be constructed and operated.
13. "Site Certification Agreement (SCA)", also termed "Agreement", means this formal written agreement, which governs the construction and operation of the CGF, including all attachments hereto and exhibits, modifications, amendments, and documents incorporated herein.
14. "Site preparation" means grading, excavation, and preparation of lay down areas.
15. "Sponsor" means the Certificate Holder.
16. "Utility connections" means all utility connections, including the water supply line from the City and waste water lateral into the City interceptor.
17. "WDFW" means the Washington Department of Fish and Wildlife.
18. "Wetland" means a wetland as determined by the United States Natural Resource Conservation Service for the generating facility site and a wetland as determined by United States Army Corps of Engineers.

ARTICLE II

Site Certification

A. Site Description

The Site on which the CGF is to be constructed and operated is located in Lewis County, Washington, south of the City of Chehalis, east of Interstate 5, and is more particularly described in Attachment 1.

B. Site Certification

The State of Washington hereby authorizes the Certificate Holder to construct and operate the Chehalis Generation Facility (CGF) at the Site subject to the terms and conditions of the Council's Final Orders, Findings of Fact and Conclusions of Law, commitments made during the adjudicative hearings, and this Amended Site Certification Agreement. Such construction and operation shall be located within the areas designated

for construction that are indicated in the Application and subsequent amendments, and described in Attachment 1.

This Site Certification Agreement authorizes construction of either or both units of the CGF to begin within ten (10) years from the date of signing of this Agreement. Construction may begin separately or simultaneously for each unit within that 10-year period. Construction is deemed to begin upon the start of construction of a unit's major components, excluding site preparation, upon a schedule and with the intention of completing construction within twenty-seven months after commencement. If construction of either unit's major components has not commenced within ten (10) years of the signing of this Agreement, rights under this Agreement to construct and operate the combustion turbine unit that has not commenced construction shall cease.

Six months before commencement of construction, the Certificate Holder (a) during the first five years after execution of this Site Certification Agreement shall identify to the Council any substantial relevant change or certify the lack of substantial change in relevant environmental conditions, regulatory environment, or economically available technology, and (b) during the second five years shall certify that the representations of the Application, environmental conditions, pertinent technology, and regulatory conditions remain current, or identify any changes and propose appropriate resulting changes in the Site Certification Agreement to deal with changes. Construction may begin only upon prior Council authorization, upon the Council's finding that no changes to the Site Certification Agreement are necessary or appropriate, or upon the effect of any necessary or appropriate changes.

ARTICLE III

General Conditions

A. Legal Relationship

1. This Agreement is made in lieu of any permit, certificate, or similar document required by any department, agency, division, bureau, commission or board of this state, or its political subdivisions for construction and operation of the CGF.
2. The Certificate Holder shall comply with all applicable federal laws and regulations and with the terms and conditions of any permits and licenses, which may be issued to the Certificate Holder for the CGF by appropriate federal agencies.
3. This Agreement shall bind the Certificate Holder, its subsidiary corporations, affiliated partnerships, contractors, subcontractors, and their successors in interest, and the state and any of its departments, agencies, divisions, bureaus, commissions, boards, or its political subdivisions, subject to all the terms and

conditions set forth herein, as to the approval of the Site and Associated Facilities and the construction and operation of the CGF.

4. The Certificate Holder shall pay to the Council reasonable and necessary monitoring costs during the construction and operation of the CGF to assure compliance with the conditions of this Agreement as required by Chapter 80.50 RCW. The amount and manner of payment shall be prescribed by EFSEC pursuant to applicable rules and procedures.
5. This Agreement, together with those commitments made in the Application, constitutes the whole and complete Agreement between the State of Washington and PacifiCorp and supersedes any other negotiations, representations, or agreements, either written or oral. *Provided*, that any representations and/or commitments made of or on behalf of Chehalis Power in the Application and on the record during the adjudicative proceeding, are incorporated herein by this reference and made a part hereof as though set forth herein except for those commitments made by or on behalf of Chehalis Power related to the use of reclaimed or surface water which are specifically superseded or deleted by this Agreement.
6. This Agreement incorporates by reference Attachment 5, Stipulated Agreements with Critical Issues Council, and Attachment 6, Stipulated Agreements with Washington Department of Fish and Wildlife and Department of Ecology. Where these agreements conflict with the provisions set out in articles I-VII of this Agreement, the provisions in Articles I-VII control.

B. Enforcement

1. This Agreement may be enforced by resort to all remedies available at law or in equity.
2. This Agreement may be modified, suspended, or revoked pursuant to Chapter 34.05 RCW and Chapter 80.50 RCW, for failure by the Certificate Holder to comply with the terms and conditions of this Agreement, for violations of Chapter 80.50 RCW, regulations issued thereunder and any other applicable laws or regulations, or for violation of any applicable resolutions or orders of EFSEC.

C. Notices and Filings

Filing of any documents or notice required by this Agreement with EFSEC shall be deemed to have been duly made after delivery to EFSEC's offices in Olympia, WA. Notices to be served on the Certificate Holder shall be deemed to have been duly made when deposited in first class mail, postage prepaid, addressed to the Certificate Holder.

D. Rights of Inspection

The Certificate Holder shall provide access to the CGF site, all facilities therein, and all records associated with the construction and operation of the CGF, to designated representatives of EFSEC in the performance of their official duties.

E. Site Certification Agreement Compliance Monitoring and Costs

The Certificate Holder shall pay to the Council such reasonable costs as are actually and necessarily incurred for monitoring and compliance activities during the construction and operation of the project as authorized in this Site Certification Agreement and as required in chapter 80.50 RCW. EFSEC shall prescribe the amount and manner of such payment subject to applicable rules and procedures.

F. EFSEC Liaison

The Certificate Holder shall designate a person to act as a liaison between EFSEC and the Certificate Holder.

G. Changes in Project Management

The Certificate Holder shall notify EFSEC of any change in the management of, or responsibilities for, the CGF.

H. Amendment or Modification of Agreement

1. This Agreement may be amended pursuant to EFSEC rules and procedures then in effect. Any requests for amendments to this Agreement shall be made in writing, by either EFSEC or the Certificate Holder.
2. A change in ownership of the CGF shall require an amendment to this Agreement. An application for change of ownership shall provide an analysis of the effects of such change on the areas identified under Chapters 463-39 and 463-42 WAC and demonstrate that the successor is able and willing to comply with all terms and conditions of this Agreement.
3. In circumstances where the CGF causes a significant adverse impact on the environment not previously analyzed or mitigated by this Agreement or where such impacts are imminent, EFSEC may impose specific conditions or requirements on the Certificate Holder as a consequence of such a situation, in addition to the terms and conditions of this Agreement. Such additional conditions or requirements shall be effective for not more than 90 days, and may be extended once for an additional 90 day period if deemed necessary by EFSEC.

I. Site Restoration

The Certificate Holder is responsible for site restoration pursuant to Council rules. At least six months prior to commencement of construction, the Certificate Holder shall present to the Council its initial site restoration plan. Construction may not begin until the Council has approved a plan adequately providing for site restoration and for the funding of site restoration in the event of the Chehalis Generation Facility being terminated before it has completed its planned useful operating life. A detailed site restoration plan shall be submitted consistent with Council rules.

ARTICLE IV

Project Description

A. Combustion Turbines (CTs)

The CGF consists of two natural gas-fired combined-cycle combustion turbine generator units. Each combustion turbine is expected to have a power rating of 175 MWs, net at site average annual ambient temperatures. The two combustion turbines and one steam turbine generator combine to produce a facility nominal output of 520 MWs, net at site average annual ambient temperatures. The CT will be fired by natural gas, delivered at a pressure of 540 psig, as measured at the facility site boundary. Natural gas will be fired in the turbine's combustion section using Advanced Dry Low NO_x (ADLN) Combustors. In the event that natural gas is unavailable, the CTs will burn low sulfur ($\leq 0.05\%$) No. 2 diesel fuel. Use of low sulfur No. 2 diesel fuel will be limited to 720 hours per year for each combustion turbine and auxiliary boiler.

B. Heat Recovery Steam Generators (HRSGs)

The high temperature exhaust produced by each CT will flow directly to a HRSG. Nominal steam production from each HRSG is 580,000 pounds per hour. Each HRSG will be a triple pressure, natural circulation, drum type with horizontal gas flow. Exhaust gases leaving the HRSG boiler will exit into a 150 foot tall (maximum) steel stack with Federal Aviation Agency (FAA) approved aircraft warning lights and/or obstruction markings. A stack damper may be provided to retain heat during shutdown. A continuous emission monitoring (CEM) system will be provided on the stack. The CEM system will measure constituents as required by the PSD permit.

C. Steam Turbine

High pressure steam produced by each HRSG will be collected in a manifold and directed to a single condensing steam turbine generator. The steam turbine will be provided with a steam extraction system to supply steam for a future steam host.

D. Fuel Supply

The facility's primary fuel will be natural gas, with backup fuel oil. The natural gas will be delivered to a metering station at the boundary of the Site by an interstate gas line, regulated by the Federal Energy Regulatory Commission (FERC). A fuel gas system will be provided on site to supply natural gas at suitable pressure and temperature to each combustion turbine, the auxiliary boiler(s), and any other miscellaneous uses, such as unit heaters.

Fuel oil will be a low sulfur ($\leq 0.05\%$) No. 2 diesel fuel as backup fuel. This fuel will be delivered by truck and five (5) day full operation storage will be provided on site by two 1,700,000 gallon storage tanks. See IV.A for limits on use of diesel fuel.

E. Water Supply System

The CGF will use an air cooled condenser for cooling of the power generation cycle and to promote water conservation through the reduction of water needs by at least 90% as compared to an evaporative water cooled system. Chehalis municipal supply water will be used for process make-up and potable water needs. The municipal supply water will be obtained from the City of Chehalis pursuant to the City's existing water rights and will be supplied through the City's municipal water supply system.

The Certificate Holder shall notify the Washington Department of Fish and Wildlife (WDFW) and the Critical Issues Council (CIC) of the anticipated location and routing for any municipal water line(s) intended to actually serve the CGF, after the City of Chehalis has established such location and routing and provided the Certificate Holder with notice of its determination. Upon the completion of the preliminary design (including sizing) for each of such municipal water line(s), the Certificate Holder will provide WDFW and the CIC with copies of such preliminary design information.

F. Water Discharge System

Sanitary sewer water from the CGF will be discharged to the City's municipal sewage collection system in the Industrial Park and will be treated at the Chehalis Wastewater Treatment Plant.

All process wastewater from the CGF will also be discharged to the existing City municipal sewage collection system. Storm water runoff will be collected, treated if necessary, and directed to either an existing storm water tributary system or to the municipal sanitary sewer system, or to another collection and treatment system consistent with the Stormwater Management manual (SWMM) for the Puget Sound Basin, February 1992 (WDOE 1992) and other requirements in Attachment 3 . Excavation and Erosion Control Measures.

The Certificate Holder shall notify WDFW and CIC of the anticipated location and routing for any wastewater line(s) intended to actually connect the CGF with the City of

Chehalis. Municipal sewerage collection system, after the City of Chehalis has established such location and routing and provided the Certificate Holder with notice of its determination. Upon the completion of the preliminary design (including sizing) of each of such wastewater line(s), the Certificate Holder will provide WDFW and the CIC with copies of such preliminary design information.

G. Cooling System

Low pressure steam from the Steam Turbine Generator exhaust will be directed to an Air Cooled Condenser. Fans installed on the top of this condenser will force air flow across heat exchangers. Heat will be rejected from the steam through conduction and convection to the atmosphere. By this process, the steam will be cooled to its liquid form (condensate/water) before being re-introduced back into the cycle to make high pressure steam for the Steam Turbine Generator.

H. Electrical Interconnection

The facility will be interconnected to the Bonneville Power Administration's (BPA's) 500 kV transmission system through a new switchyard located at the CGF. The 500 kV switchyard will be connected into BPA's Paul-Allston 500 kV Line No. 1 through new transmission lines of approximately 1700 feet in length. See Section 2.2.4.1 of the Application for the legal description of the transmission line corridor.

I. Aesthetics and Landscaping

1. The CGF will be constructed in a manner that is aesthetically compatible with the adjacent area. Major exterior components of the CGF will be painted neutral and natural colors to minimize visual contrasts with the background.
2. All site areas not needed for CGF facilities, roadways, drainage or ponds will be planted with trees and shrubs, including native species to the maximum extent feasible, to provide visual buffering of the buildings and parking lot, and to provide feeding, foraging and nesting opportunities for wildlife species known to occur in the project vicinity. This provision does not preclude the planting of lawn around CGF facilities. Landscaped areas will primarily be located on the south perimeter between the facility and Bishop Road, along the western perimeter south of the transmission lines, and on the eastern perimeter south of the cooling towers.

ARTICLE V

Project Construction

A. Construction Commencement and Reporting

Thirty (30) days prior to commencement of construction, the Certificate Holder shall submit an overall construction schedule. Construction progress reports shall be filed quarterly within thirty (30) days after the end of the quarter. Notices of significant changes in the construction schedule shall be filed with EFSEC within fifteen (15) days of the schedule change.

B. Plans and Specifications

1. The Certificate Holder shall submit to EFSEC or its designated representatives for approval those design documents, operation and maintenance manuals, or construction and/or operating protocols that demonstrate compliance with Agreement conditions. The design documents will include, but are not limited to, conceptual design studies, flow diagrams, system descriptions, detailed design drawings, specifications, and vendor guarantees for equipment and processes as appropriate.
2. The Certificate Holder shall design the proposed facility to comply with Seismic Zone 3 standards of the Uniform Building Code (UBC).
3. CGF buildings, structures, and utility connections shall be designed and constructed consistent with the requirements found in the Lewis County construction codes and Section 301(a) of the UBC. Buildings and structures are defined in the UBC Section 403 and 420. Work exempt from consistency requirements is defined in UBC Section 301(b), and as amended by Lewis County.

C. Surface Runoff and Erosion Control

1. During construction, the Certificate Holder will require its contractors to employ all reasonable means necessary to meet standards set forth in this Agreement. The Certificate Holder will set forth such conditions necessary thereto in its bidding documents, plans, and contracts, which will be developed in consultation with the Council.
2. The Certificate Holder will comply with provisions relating to excavation and erosion control described in Attachment 3 and will require all contractors to comply therewith.
3. Sedimentation, erosion control, dust control, and related construction plans pertaining to work on the site and on permanent and/or temporary roads must conform to requirements set forth in Attachments 3 and 4, or alternative plans submitted by the Certificate Holder to and approved by the Council.
4. The Certificate Holder will develop an erosion and sedimentation control plan, including a storm water control plan for the construction phase, to be submitted to the Council six months before commencement of construction,

and to consult with Ecology and WDFW during the preparation of such plan (Attachment 3).

5. In the event of unforeseen surface water runoff during construction, the Certificate Holder will comply with all pertinent industry standards for control of such runoff during construction. The Certificate Holder further agrees to take such actions as are deemed necessary and reasonable by the Council to control said runoff. The Certificate Holder will promptly notify the Council of the occurrence or likely occurrence of any surface water runoff problems.
6. The Certificate Holder will take such steps as are necessary to assure that all construction activity will not result in a violation of applicable turbidity criteria in the State of Washington Water Quality Standards. The Council may, at its discretion, grant a temporary waiver of such standards upon request by the Certificate Holder .

D. Construction Inspection

EFSEC shall contract with the Lewis County Public Services Department to provide construction inspection services for all CGF buildings, structures, and utility connections to ensure consistency with the approved design and construction plans. Construction shall be in accordance with the approved design and construction plans, the UBC, and County building codes and regulations.

E. As-built Drawings

The Certificate Holder agrees to maintain on file record drawings and to allow access to the Council or its designated representatives, on request following reasonable notice, to complete sets of as-built drawings.

F. Construction Noise

The Certificate Holder and its contractors and subcontractors shall use industry standard noise attenuation controls during construction to mitigate noise impacts including mufflers on construction equipment and timing of construction activities to avoid Sundays, legal holidays, or the hours between 10 p.m. and 6 am.

G. Construction Traffic

In consultation with appropriate local and state agencies, the Certificate Holder shall develop a plan to minimize any significant traffic impacts associated with construction of the CGF. The Certificate Holder shall fund or provide those traffic control measures or devices along Bishop Road that are found necessary by EFSEC in accordance with said plan to mitigate such traffic impacts.

H. Construction Phase Spill Prevention

In order to prevent spills of petroleum products or toxic materials that could contaminate soil, ground water or surface waters during the construction phase, the Certificate Holder shall submit a spill prevention and countermeasure program three (3) months prior to commencement of construction of the CGF. The program shall address oil/chemical storage, containment, site security and personnel training. The program shall also address measures that will be taken to control and contain discharge, cleanup actions, notification of appropriate agencies and a list of available cleanup materials.

I. Construction Phase Spill Contingency Plan

In order to minimize the environmental impact from any spill of petroleum products or toxic materials during the construction phase of the project, the Certificate Holder shall have a spill contingency plan. This plan shall address measures that will be taken to control and contain discharge, cleanup actions, notification of appropriate agencies and a list of available cleanup contractors and oil cleanup materials.

ARTICLE VI

Project Operation

A. Water Use

1. EFSEC hereby recognizes the City of Chehalis' surface water withdrawal permit No. 11303 to divert 15 cubic feet per second (cfs) from the Chehalis River. The City's Chehalis River water withdrawal permit does not allow withdrawal of water if the instream flow is below 50 cfs. No withdrawal rights from the Chehalis River or any other state surface water or ground waters are granted by this agreement.
2. The Certificate Holder shall use municipal supply water from the City of Chehalis to meet its needs for process makeup and potable water. The Certificate Holder shall take all practicable steps to minimize its use of municipal supply water.
3. To protect against potential impacts on the Chehalis River from the use of municipal supply water during low flow periods (defined as flow below 165 cfs, as measured at Grand Mound), prior to commencement of commercial operation of the CGF, the Certificate Holder shall do the following:
 - a. Prior to commencement of commercial operation of the CGF, the Certificate Holder shall use its best efforts to acquire surface and/or ground water rights of at least 102 acre feet at the rate of up to \$2,000 per acre foot. In calculating the amount of water rights acquired, the total amount acquired will be based on acre feet net of the amount that could possibly be taken from exempt wells allowed by zoning applicable at the time of water right

acquisition. The Certificate Holder shall report to Ecology and the Council quarterly on its efforts to acquire these rights, until such time as at least 102 acre feet are acquired, or until December 31, 2002.

- b. In the event that the Certificate Holder is unable to acquire, despite its best efforts, at least 102 acre feet of surface and/or ground water rights as described herein by December 31, 2002, the Certificate Holder shall deliver on a one-time basis a sum equal to the product of \$4,000 and the number of acre feet of water below 102 acre feet that could not be acquired by the Certificate Holder. Such sum shall be delivered in trust to the Chehalis Basin Partnership, or to some other organization agreed upon by the Certificate Holder, Ecology and the Council for purposes of acquiring and retiring water rights to improve instream flows or flow-related conditions in the Centralia Reach of the Chehalis River. The organization conducting this work shall report semi-annually to the Certificate Holder, Ecology and the Council on the status of its activities, until all the funds contributed by the Certificate Holder are expended.
4. Water rights to be acquired pursuant to subparagraph 3.a shall: (a) be dedicated to the Chehalis River by retirement or other mechanism mutually agreed upon (after notice to Ecology) by the Certificate Holder and the Council; (b) to the extent practicable be upstream from the point of the City of Chehalis. Chehalis River pump station; (c) be in beneficial use; and (d) have priority dates earlier than April 9, 1976. The Certificate Holder shall submit to Ecology and the Council information indicating that all water rights proposed to be acquired are in beneficial use. The Council will promptly review and determine if water rights acquired pursuant to subparagraph 3.a are consistent with the requirements of this subparagraph 4. The Certificate Holder shall submit information on its proposed water rights acquisitions to Ecology and EFSEC at least 30 calendar days prior to the date requested for EFSEC action. Failure of Ecology to respond within this period constitutes waiver of any potential objection from the Department of Ecology. The Certificate Holder shall not commence commercial operation of the CGF until EFSEC determines that the Certificate Holder has satisfied the obligations imposed by this subparagraph or subparagraph 3. b. The Parties contemplate, however, that subsequent to EFSEC.s determination, the Certificate Holder and/or the holder(s) of the water rights to be acquired shall submit an application to Ecology for transfer of the rights to the water right trust program or for approval of a transaction with a similar objective. Ecology shall have sole authority to process such applications.
5. Pending continuing efforts by state and local agencies to establish a gauging station in the Centralia Reach, restrictions on CGF's use of municipal water will be based on measurements from the Grand Mound Gauging Station. The Certificate Holder is encouraged to participate in discussions to determine if gauging in the Reach should be required. The Certificate Holder shall report

to the Council regarding any such discussions. The Council reserves the right to have river gauging requirements considered as part of its review of detailed monitoring plans in the final design for the project.

6. The Certificate Holder shall pay Ecology \$16,000 to cover Ecology's costs of performing its obligations under this Agreement. Such payment shall be made on or before the date that the Certificate Holder submits its first request for a determination by EFSEC pursuant to subparagraph 4.
7. To minimize the impact of the CGF on the Chehalis River:
 - a. During low flow periods (as defined in subparagraph 3) the Certificate Holder shall not purchase municipal supply water from the City unless and to the same extent that the Certificate Holder makes municipal supply water available through funding conservation for the City's municipal water supply system, with 15 days advance notice to Ecology and approval by the Council.
 - b. The Certificate Holder shall not purchase municipal supply water from the City in an amount to exceed 70 million gallons per year.
 - c. From May 1 to October 31 annually, the Certificate Holder shall not purchase municipal supply water from the City at a rate in excess of 850,000 gallons per day for any period of more than seven consecutive days.
 - d. From May 1 to October 31 annually, the Certificate Holder shall not use fuel oil for firing unless such use is conducted in a manner that draws no more than 110,000 gallons per day of municipal water from the City, or unless then available supplies of natural gas to the CGF are interrupted due to a declaration of force majeure by one or more of the gas suppliers and/or gas pipeline companies serving the CGF.
8. The Certificate Holder may construct water storage facilities of sufficient capacity to meet its need for water during low flow periods. The Certificate Holder shall submit its plans for these water storage facilities to the Council for its review as part of the design documents required pursuant to Article V, B-1 (Plans and Specifications).
9. The Certificate Holder shall meter and record all water purchased and discharged by the CGF in operating, testing, maintenance, start up and shut down, or other such activities that require the use of stored or purchased water for the CGF as follows:
 - a. Pursuant to Attachment 5 and the conditions of this SCA, the Certificate Holder shall report daily water purchase and discharge data to the Council

monthly and compile an annual report on water purchase by the CGF, to be submitted to the Council no later than January 31 of the following year.

- b. The format and content of the water usage reports will be developed by the Certificate Holder in consultation with the Council. The water usage reports prepared by the Certificate Holder shall be available to the public at the Council's office.
 - c. The Council will reevaluate the report requirements at least once every three years.
10. The Council shall review water usage at the CGF as part of the compliance monitoring program established for overseeing the construction and operation of the project. This will include review of reports and plant data that document the use and discharge of all water at the site, and updates on the Certificate Holder's retirement of water rights. Commensurate with the submittal of the annual water usage report, the Council will evaluate the data and consult with the Certificate Holder and determine if additional requirements are needed for the use of water for the CGF.

B. Water Discharge

- 1. All discharges by the Certificate Holder to state waters shall be subject to the terms and conditions of this Agreement and the pretreatment discharge requirements as specified by EPA.
- 2. The Certificate Holder and its contractors shall dispose of sanitary waste in accordance with applicable local and state requirements.
- 3. Any use of chemicals such as biocides, anti-corrosion inhibitors, or any such additives to the cooling water system, or any other system of the CGF which may result in any waste water discharge shall be in conformance with applicable regulatory standards.
- 4. Ecology has agreed to use its best efforts to work with the Certificate Holder and EPA on the prompt review, processing and decision-making by EPA of the pretreatment discharge permit application for the CGF.
- 5. The Certificate Holder shall work with the City of Chehalis, Ecology and other interested parties to ensure that Total Maximum Daily Load (TMDL), National Pollutant Discharge Elimination System (NPDES), and SCA requirements for Chehalis River water usage are met.

C. Air Emissions

1. Pending resolution of the issues regarding the amendments to the existing Notice of Construction and Prevention of Significant Deterioration (PSD) Approval (No. EFSEC/95- 02 Extension 1) Conditions, the existing PSD air emissions permit issued by the Council in conjunction with Order No. 698, and extended by Council action effective December 18, 1998, is retained as a condition of the Amended SCA as Attachment 2.
2. The Certificate Holder shall operate the CGF so that emissions to the atmosphere comply with the Notice of Construction and Prevention of Significant Deterioration (PSD) Approval (No. EFSEC/95-02 Extension 1) Conditions issued by the Council in conjunction with Order No. 698 and extended by Council action effective December 18, 1998 (Attachment 2).
3. The Certificate Holder shall properly operate and maintain in good working order all air pollution control equipment and monitoring equipment required in Attachment 2.
4. The Certificate Holder shall be subject to the time limitations for construction and renewal conditions set in the PSD permit (Attachment 2).
5. The Certificate Holder shall report immediately to the Council whenever the air monitoring programs disclose emergency conditions or conditions that might lead to a violations of the air emission permit as provided in Attachment 2.
6. Upon completion of the PSD air emissions permit process regarding proposed amendments to the existing permit, the Council may issue an amended PSD air emissions permit for consideration by the Governor to replace the existing permit in Attachment 2.

D. Greenhouse Gases and Carbon Dioxide (CO₂) Mitigation

1. The Certificate Holder shall comply with the *Greenhouse Gas Offset Strategy and Plan* approved by the Council in September 2001.
2. PacifiCorp shall provide \$1.5 million in funding for greenhouse gas mitigation projects. EFSEC staff and PacifiCorp representatives will work together to identify potential mitigation projects and will consult with Washington agencies including the Department of Ecology, the Department of Fish and Wildlife, the Department of Natural Resources and the Department of Community Trade and Economic Development. EFSEC staff and PacifiCorp representatives will evaluate potential projects, considering among other things, the extent to which the projects would offset CO₂ emissions, the location of the projects (favoring projects that would be implemented in

Washington, and if possible near Chehalis) and the availability of matching funds (favoring projects that would combine PacifiCorp's funding with other funding). Based on the recommendations of EFSEC staff and PacifiCorp, the Council shall make final decisions selecting projects to be funded out of the \$1.5 million of funding provided by PacifiCorp. The Council may also use a portion of the \$1.5 million provided to fund its direct and indirect administrative costs incurred in connection with identifying, evaluating and selecting mitigation projects. In no event, however, shall the total amount of project funding and Council charges exceed \$1.5 million.

3. Within 180 days of the transfer of this Site Certificate Agreement to PacifiCorp, PacifiCorp will submit an application to amend relevant permits to allow for the installation and operation of an auxiliary boiler to produce steam for the heat recovery steam generators and steam turbine. Within eighteen months after receiving the necessary permits and approvals, PacifiCorp will install an auxiliary boiler. However, PacifiCorp shall be under no obligation to go forward with the proposed auxiliary boiler if it would result in changes in the Facility's air permit other than those specifically related to the new auxiliary boiler.
4. The mitigation requirements outlined in subsections (1), (2) and (3) above shall constitute the entire greenhouse gas mitigation requirement for the CGF. In the event that the Certificate Holder seeks to amend this Agreement in the future, the Council will not require any additional mitigation for the maximum potential greenhouse gas emissions associated with the existing Facility as a condition of approving any such amendment.
5. Any offsets or credits obtained through any mitigation funding provided pursuant to subsection (1).or (2) above will remain the property of PacifiCorp. The Council will support any effort by PacifiCorp to use these same offsets and credits to obtain credit for these early actions under future regulatory programs. The above greenhouse gas mitigation obligations will sunset and cease to exist upon adoption of future state or federal greenhouse gas mitigation requirements that are applicable to the CGF.

E. Vegetation, Fish and Animal Life

Mitigation measures for vegetation, fish and animal life are set forth in Attachment 4.

F. Lighting

Outdoor or directional lighting will be limited and lighting angles will be adjusted to minimize glare impacts, or supplemental light shields and/or vegetation will be used for extra screening in those areas where glare or light spillover would be obtrusive to nearby residents or to users of Bishop Road.

ARTICLE VII

Public and Environmental Protection

A. Safety and Security

1. The safety of construction and operating personnel is required by regulations promulgated under the Federal Occupational Safety and Health Act (OSHA) and the Washington Industrial Safety and Health Act (WISHA). The Certificate Holder shall comply with applicable federal and state safety regulations and local and industrial codes and standards (such as the Uniform Fire Code or those standards administered by the National Boiler Board and Pressure Vessel Inspectors). The Certificate Holder, its general contractor, and all subcontractors, shall make every reasonable effort to maximize safety for individuals working at the CGF.
2. The CGF site perimeter will be enclosed with a chain link fence and will have two (2) ingress and egress gates at completion of site preparation.
3. During construction, the gates will be staffed 24-hours-per-day or locked. Parking for construction contractor employees will be in an assigned parking area outside of the fenced area. Access to the CGF site by all personnel will be through the staffed security gate. All construction and delivery vehicles will be logged in and out by the gate security person.
4. During operation, the CGF will retain the perimeter fencing and access gates used during construction, or will provide similar security measures. A security person will monitor the site entry gate at least 8-hours-per-day Monday through Friday during normal business hours, or the site will be secured with electronic access and admittance. During off hours, holidays and weekends, the access gate will be monitored by on-site personnel from the CGF Control Room using closed circuit television and voice intercom recorders.
5. Visitors shall be provided with safety equipment where and when appropriate.

B. Emergency Plan

The Certificate Holder will establish an emergency response plan for the CGF to provide employee safety in the event of the following emergencies: on-site chemical release, flood, medical emergency, major power loss, fire, extreme weather, earthquake, volcano, and bomb threat no later than three (3) months prior to operation of the combustion turbines. In preparing the plan, the Certificate Holder agrees to:

1. Coordinate such plan with local, state and federal agencies directly involved in implementing such a plan.

2. Follow the requirements of WAC 296-24-567 and 296-62-3112 and 29 CFR 1910.38, Emergency Action Plan.
3. Include detailed provisions for public health and safety, emergency medical treatment, special emergency training programs and prevention of property damage.
4. Periodically provide the Council with updated lists of emergency personnel, communication channels and procedures.
5. All hourly and salaried employees, including administrative staff, contractors and visitors will be covered by the plan.

C. On-site Fuel Pipelines

The natural gas pipeline connecting the CGF with the delivery pipeline (from the metering station to the CGF) shall conform to all state safety standards for natural gas lines and all state and federal standards for construction of gas pipelines. The pipeline supplying the diesel fuel from onsite storage to the CTs shall be constructed in such a manner that it conforms to all applicable state and federal codes.

D. Fire Protection

After consultation with the appropriate Fire Marshal, the Certificate Holder shall submit to EFSEC for approval all fire protection plans to be in force during construction and operation of the CGF.

E. Explosions

Gas release detectors shall be installed and set at the 20 percent lower explosion limit. In addition, the Certificate Holder shall describe in the final design and plans and specifications those systems that are primary, secondary, or back-up systems.

F. Dangerous or Hazardous Materials

The Certificate Holder shall handle, treat, store, and dispose of all dangerous or hazardous materials in accordance with state standards for hazardous and dangerous wastes, Chapter 463-40 WAC and Chapter 173-303 WAC.

G. Spill Prevention, Control and Countermeasure Plan

1. The Certificate Holder shall prepare and submit for the Council's review and approval a Spill Prevention, Control and Countermeasure (SPCC) Plan approved by a professional Engineer that meets applicable requirements of 40 CFR 112 and that includes the amount and type of oil(s) and hazardous

materials to be stored at the project site, patterns of usage, transfer procedures and other factors that will indicate the magnitude of spill potential.

2. As required, the SPCC plan shall also describe procedures for securing valves, type of gauges, dike size and design, site security, lighting, alarms, spill response materials and equipment, inspection procedures, personnel training, emergency procedures and spill notification requirements.
3. The SPCC plan shall also include location and topographic maps, accurate diagrams of the storage tank, dike(s), piping, valves, transfer pad and other significant components of the oil storage delivery system.
4. The SPCC plan shall be submitted to the Council and its designated representatives within one year of commencement of construction of the CGF, and shall be updated a minimum of every two years.
5. The bulk oil storage tanks shall be contained in a manner consistent with 40 CFR 112 and applicable state and local rules and regulations. The containment dikes will include a barrier that is sufficiently impervious to keep spilled oil from entering waters of the State following any failure of the primary containment. Design of the tank containment shall address storm water management and shall be approved by a Professional Engineer.
6. Truck unloading facilities will include an unloading and spill collection area sized for four highway tanker trucks. The area surrounding the oil transfer pad will be adequately curbed and sealed to prevent entry of any spilled oil into the waters of the State. The approach selected shall be approved by a Professional Engineer.

H. Air Emission Reporting

The Certificate Holder shall report immediately to the Council whenever the air monitoring programs disclose the existence of emergency conditions or conditions that reasonably could lead to a violation of the Prevention of Significant Deterioration (PSD) Permit (Attachment 2).

I. Noise Monitoring

The CGF will be designed to meet applicable state and local noise standards. Following commencement of plant operation, noise monitoring will be conducted to verify the model-predicted levels at the residential areas where increased noise was predicted. The Council will review the monitoring results to determine if the state and local standards are being exceeded. If the Council finds that standards are being exceeded, it will direct that additional noise mitigation measures be developed and implemented¹.

¹ To provide consistency with the Attachments, the language in I. Noise Monitoring has been replaced with the language shown in original Attachment 6 Mitigation Measures and Project Conditions, Part IV

ATTACHMENTS

Attached hereto and incorporated in this Agreement by this reference are the following:

1. Site Legal Description
2. Approval of Notice of Construction and Prevention of Significant Deterioration Application
3. Excavation and Erosion Control Measures
4. Mitigation Measures and Project Conditions
5. Stipulated Agreements with Critical Issues Council
6. Stipulated Agreements with Washington Department of Fish and Wildlife and Department of Ecology.

Dated and effective this 6th day of March, 2001.

FOR THE STATE OF WASHINGTON

Gary Locke, Governor

FOR PACIFICORP

Operation Mitigation, B. Noise. Attachment 6 has been renumbered as Attachment 4 to this amended SCA. Noise regulations are pursuant to Washington State Noise Regulation (WAC 173-60) which defines land uses for environmental noise assessment and sets daytime and nighttime noise limits for receiving properties. (See page 4.1-3 of Application for complete description.