

TAX APPEAL LIMITATION AGREEMENT

This Agreement, is entered September ___, 2019, by and between PacifiCorp, (hereafter "PacifiCorp") and the Carbon County Board of County Commissioners, Carbon County, MT (hereafter "Carbon County").

RECITALS

- A. Whereas, Carbon County is a county organized under the laws of the State of Montana and represented by a duly-elected board of County Commissioners, who have authority to enter into this Agreement.
- B. Whereas, PacifiCorp is an electric utility, with its principal place of business at 825 NE Multnomah, Suite 1800, Portland, Oregon 97232.
- C. Whereas, PacifiCorp is developing a wind generation facility and transmission facility.
- D. Whereas, when complete, the PacifiCorp project will be a wind generation facility with a nominal nameplate capacity of approximately 240 megawatts located on private property located in Townships 7, 8, and 9 North, Range 24 and 25 East, in Carbon County, Montana which has been referred to under the various names of Mud Springs, Bowler Flats, Horse Thief, and Pryor Cave in the past and will be referred to as Pryor Mountain wind project going forward (the "Project").
- E. Whereas, the Parties have entered into separate agreements addressing PacifiCorp's obligations to repair and maintain Carbon County roads utilized in connection with the Project (the "Road Use Agreement") and the wind generation facility impact fees to be assessed against PacifiCorp for the Project pursuant to 15-24-3004, Montana Code Annotated (the "Impact Fee Agreement").
- F. Whereas, PacifiCorp has applied for the 25% rate under the "New or Expanding Industry Classification" for the Project pursuant to §§15-24-1401 and 1402, Montana Code Annotated (the "Abatement Application"), which is pending before Carbon County.
- G. Whereas, PacifiCorp attached to the Abatement Application, as Attachment 3, a schedule showing the estimated tax impacts of the requested New or Expanding Industry classification of the Project which includes projected future market values for the Project (the "Tax Projection").
- H. Whereas, the Parties wish to maintain, to the extent possible, the economic impacts each expects from the tax abatement, if granted, by limiting PacifiCorp's ability to seek an assessed property tax value that is lower than the projected future market values of the Project.
- I. Whereas, the parties wish to set forth the terms and conditions applicable to PacifiCorp's conditional and partial waiver of its property tax appeal rights related to the Project.

NOW, THEREFORE, in consideration of mutual covenants and obligations contained herein, the Parties agree as follows:

1. **CONDITIONAL WAIVER OF APPEAL RIGHTS.** If Carbon County grants the Abatement Application, PacifiCorp agrees to conditionally limit its rights to object to or appeal its property tax assessments on the Project for the ten (10) year period starting with the first year in which the Montana Department of Revenue assesses the Project using the new industry classification (the "Waiver Period"), as follows:
 - a. If the assessed fair market value does not exceed the Projected Market Value by more than 2.5%, PacifiCorp shall not appeal the assessed value of Project for property tax purposes.
 - b. If the assessed fair market value exceeds the Projected Market Value by more than 2.5%, PacifiCorp may exercise its objection and appeal rights under Montana's tax appeal statutes, but shall not seek an assessed fair market value below the Projected Market Value.
 - c. For purposes of this Agreement, the term "Projected Market Value" shall mean the Market Value indicated for each year in Column F of the Tax Projection which attached as Exhibit A.
2. **ASSIGNMENT:** In the event PacifiCorp has assigned or conveyed its direct ownership of the Project to another entity before the end of the Waiver Period, PacifiCorp shall ensure that the new owner shall execute a conditional waiver of its rights to appeal its property tax assessment substantially similar to this Agreement.
3. **CONDITIONS PRECEDENT.** Carbon County granting PacifiCorp's Abatement Application at the requested 25% rate and the Montana Department of Revenue properly classifying the Project as New or Expanding Industry property shall be express conditions precedent to PacifiCorp's obligations under this Agreement. If Carbon County fails to grant the Abatement Application or the Montana Department of Revenue fails to properly classify the Project property, this Agreement shall be null and void and have no legal effect.
4. **TERM AND TERMINATION.** This Agreement shall be effective upon satisfaction of both conditions precedent, and shall terminate upon the expiration of the Waiver Period, or upon any change in the law materially changing the New or Expanding Industry Classification or the property tax burden imposed on the Project. Routine fluctuations in the local mills subject to the New or Expanding Industry Classification will not be considered a material change.
5. **NO AGREEMENT AS TO VALUE.** This Agreement constitutes a compromise for valid consideration, but nothing in this Agreement shall be considered an admission by either party as to the actual fair market value of the Project.

6. MISCELLANEOUS:

- a. Each party represents and warrants to the other that it is duly formed and validly existing under the laws of the state of its formation; it is duly qualified to do business in Montana and is in good standing under applicable law; and the individuals executing this Agreement are authorized and empowered to bind the Party on whose behalf they are signing this Agreement.
- b. The Parties agree that this Agreement may be executed in counterparts, each of which will be deemed an original and all of which, taken together, constitute the same instrument. Facsimile or emailed copies of original signatures are regarded as originals.
- c. This Agreement, together with any required submittals, shall constitute the entire agreement between the Parties with respect to its subject matter and shall supersede any prior negotiations or agreements.
- d. Nothing herein creates any joint venture, partnership or principal-agent relationship between the parties.
- e. To the extent of its negligence, PacifiCorp shall defend, indemnify and hold harmless Carbon County, its employees and officials from any claims, causes of action, suits for damages to personal and real property and for personal injury that derives from PacifiCorp's activities within Carbon County but only to the extent that such activities are related to the PacifiCorp's development of the Project. No party shall be responsible for any consequential or indirect damages.
- f. The terms of this Agreement are governed by the laws of the State of Montana and venue for any dispute shall be in Carbon County.

Signatures

PACIFICORP
an **Oregon corporation**

By: _____

Name: Chad Teply

Title: Senior Vice President of Business Policy and Development

CARBON COUNTY, MONTANA

By: _____

Name: Scott Blain

Title: Presiding Officer

Exhibit A

Pryor Mountain – Tax Projection

Column A indicates the operational year of the wind project commencing with Year 1 after the project has achieved its commercial operation date. Column F indicates the “Projected Market Value” of the wind project for each year from the first year of operation to the tenth year of operation.

Column A Operational Year	Column F Projected Market Value
Year 1	\$406,000,000
Year 2	\$392,466,667
Year 3	\$378,933,333
Year 4	\$365,400,000
Year 5	\$351,866,667
Year 6	\$338,333,333
Year 7	\$324,800,000
Year 8	\$311,266,667
Year 9	\$297,733,333
Year 10	\$284,200,000