

AGREEMENT

Regarding the Bear River System

This Agreement is entered into this 5th day of October, 1999, by and among PACIFICORP, an Oregon corporation ("PacifiCorp"); SCOTTISH POWER plc, a public limited company registered in Scotland ("ScottishPower"); the STATE OF IDAHO, by and through the Director of the Department of Water Resources ("Idaho"); the STATE OF UTAH, by and through the Director of the Division of Water Resources, ("Utah"); and the STATE OF WYOMING, by and through the State Engineer ("Wyoming"). PacifiCorp, ScottishPower, Idaho, Utah, and Wyoming are individually referred to as a "Party" and collectively as the "Parties."

RECITALS

A. PacifiCorp operates hydroelectric plants on the Bear River and holds water rights in the Bear River and Bear Lake (such hydroelectric plants and water rights referred to herein as "Bear River System"). PacifiCorp's water rights in the Bear River System are subject to the Amended Bear River Compact among the States of Idaho, Utah and Wyoming, as well as the laws of the three States, and other obligations.

B. PacifiCorp and ScottishPower are parties to a merger transaction that is currently the subject of approval proceedings before the public utility commissions in the States of Idaho, Utah and Wyoming.

C. The Parties recognize the need to assure the public utility commissions of the States of Idaho, Utah, and Wyoming, and the other public officials and water users of the three States that PacifiCorp's merger with ScottishPower will not affect the operation of the Bear River System or PacifiCorp's ownership or exercise of its Bear River water rights.

D. By this Agreement, PacifiCorp and ScottishPower intend to assure the States of Idaho, Utah and Wyoming that PacifiCorp or ScottishPower will not make any separate agreement with any State individually regarding PacifiCorp's or ScottishPower's water rights in the Bear River System.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS:

1. Both ScottishPower and PacifiCorp agree that:
 - a. PacifiCorp's water rights are constrained by the historic practice of not making a delivery call for hydropower generation; and
 - b. Bear Lake is operated, consistent with long-standing historic practice and applicable laws, primarily as a storage reservoir to satisfy

contracts for existing irrigation uses and flood control needs in the three States, with the use of water for hydropower generation being incidental to the other purposes for which the water is being released.

2. The Parties agree to jointly negotiate an enforceable Bear River System Operations Agreement consistent with the provisions set forth in paragraph 1. With respect to the Bear River, the Operations Agreement shall confirm and continue PacifiCorp's historic practice of utilizing its water rights primarily for existing irrigation uses and contractual obligations. The Operations Agreement shall be made available for public review and comment in each of the three States.

3. This Agreement, the Operations Agreement, or any other agreement that may be entered into with PacifiCorp and/or ScottishPower concerning utilization of PacifiCorp's water rights in the Bear River System may be recorded in the County Recorders' Offices of the appropriate counties and shall be provided to the public utility commissions of the respective States within 10 days of execution of the document.

4. Approval and execution of the Operations Agreement by each of the States of Idaho, Utah, and Wyoming shall be required for the Operations Agreement to be effective.

5. The Parties commit to use their best efforts to complete negotiation, review, and execution of the Bear River System Operation Agreement within sixty (60) days of the execution of this Agreement.

6. No agreements between PacifiCorp and/or ScottishPower and one or more of the States concerning utilization of PacifiCorp's water rights in the Bear River System shall be effective unless jointly approved by all three States.

7. Nothing in this Agreement, nor in any Operations Agreement, shall be interpreted to modify, limit or enhance any rights or obligations of the three States under the laws of the States and the Amended Bear River Compact.

8. Consideration. ScottishPower and PacifiCorp acknowledge receiving sufficient consideration for the commitments contained in this Agreement and waive any argument that they might have in any judicial proceeding that no consideration exists to support this Agreement or that the consideration received is not sufficient.

9. Binding Effect of Agreement. This Agreement is intended to be a final and binding settlement agreement between the three States and ScottishPower and PacifiCorp, jointly and severally, and inures to the benefit of, and is binding upon, the representatives, successors in interest, and assigns of each entity.

10. Sovereign Immunity. Each of the three States and their various agencies do not waive their sovereign immunity by entering into this Agreement and fully retain all immunities and defenses provided by law with respect to any action based on or occurring as a result of this Agreement.

11. Capacity to Execute Agreement. ScottishPower and PacifiCorp each warrant and represent that the person executing this Agreement is empowered to do so on behalf of such company and thereby binds each entity by signing this Agreement.

12. Waivers. The failure to object to any breach of any term or condition in this Agreement shall not constitute a waiver and no failure to object shall be deemed a waiver of any prior or subsequent breach.

13. Entirety of Agreement. This Agreement represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations and oral agreements. No promise or inducement has been offered or made except as herein set forth and this Agreement is executed without reliance upon any statement or representation by any other Party or their agent.

14. Modification. This Agreement may be amended or modified only by a written agreement signed by each of the Parties to this Agreement.

15. Execution of Agreement in Parts. Due to time constraints, the Parties acknowledge that it is not possible to have all Parties sign the same copy of this Agreement. Therefore, the Parties agree that this Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. Signatures. In witness whereof, the Parties to this Agreement through their duly authorized representatives have executed this Agreement and certify that they have read, understood, and agreed to the terms and conditions of this Agreement as set forth herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and the year first above written.

PACIFICORP

By: 


DENNIS P. STEINBERG
Senior Vice President of PacifiCorp

SCOTTISH POWER plc

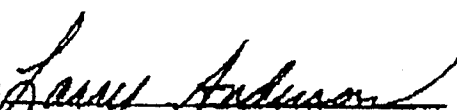
By: 

MATTHEW R. WRIGHT
Manager of Scottish Power plc

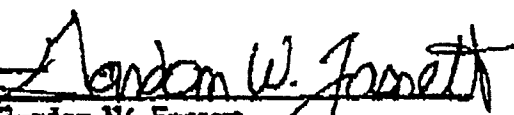
STATE OF IDAHO

By: 
Karl J. Decher, Director
Department of Water Resources


STATE OF UTAH

By: 
Larry Anderson, Director
Division of Water Resources

STATE OF WYOMING

By: 
Gordon W. Fassett
State Engineer

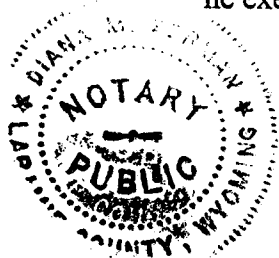
APPROVAL AS TO FORM:

By: 
for Wyoming

ACKNOWLEDGMENTS

STATE OF Wyoming)
) ss.
COUNTY OF Laramie)

On this 5th day of October, 1999, before me, Diana M. Gorman, a notary public of the State of Wyoming, personally appeared DENNIS P. STEINBERG, a Senior Vice President of PacifiCorp, known or identified to me to be the person who executed the foregoing instrument on behalf of PacifiCorp, and he acknowledged to me that he executed the same.

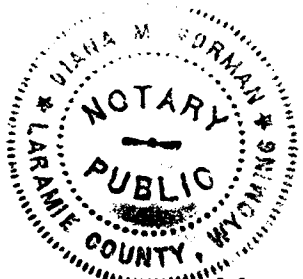


Diana M. Gorman
NOTARY PUBLIC FOR WYOMING
residing at:
739 Cypress Lane
Cheyenne, WY 82009

My commission expires: 2/21/02

STATE OF Wyoming)
) ss.
COUNTY OF Laramie)

On this 5th day of October, 1999, before me, Diana M. Gorman, a notary public of the State of Wyoming, personally appeared MATTHEW R. WRIGHT, a Manager of Scottish Power plc, known or identified to me to be the person who executed the foregoing instrument on behalf of Scottish Power plc, and he acknowledged to me that he executed the same.



Diana M. Gorman
NOTARY PUBLIC FOR WYOMING
residing at:
739 Cypress Lane
Cheyenne, WY 82009

My commission expires: 2/21/02