

Appendix F

Pacific Gas and Electric Company
245 Market Street
San Francisco 6, California

N. R. Sutherland
President

January 5, 1962

Pacific Power & Light Company
Public Service Building
Portland 4, Oregon

Gentlemen:

This letter states our agreement to augment our existing electric interconnection facilities by the construction of a new large capacity transmission line to provide for the sale and exchange of energy between our companies and for the parallel operation of our systems, and to provide facilities and arrangements that make possible the sale and exchange of energy between other electric systems in the Pacific Northwest and PG&E, either directly or indirectly through PP&L.

We agree to continue to maintain our respective portions of our existing interconnecting transmission lines. These lines, which connect our electric systems at two points, both located at Delta in Shasta County, are the "Cottonwood Line", a 110-kv electric transmission line running from PG&E's Cottonwood Substation via Delta to PP&L's COPCO No. 2 Power House in Siskiyou County, and the "Stillwater Line", a 60-kv electric transmission line running from PG&E's Stillwater Substation "B" via Delta to PP&L's COPCO No. 2 Power House in Siskiyou County.

In addition, we agree to construct, operate and maintain a new transmission line running from Klamath Falls to Round Mountain, with the point of interconnection on or in the immediate vicinity of the township boundary line between Townships 42 N and 43 N in Range 1 E, MDB&M. PP&L will construct, own, and operate the norther section of the line, with terminal facilities at Klamath Falls, and PG&E will construct, own, and operate the southern section, with terminal facilities at Round Mountain and also, if it wishes, at Pit 3. The line shall be capable of operating at not less than 500 kv, and shall be designed and constructed in accordance with specifications acceptable to both parties. However, the line will be operated initially at 230 kv, and accordingly the terminal facilities shall be constructed for initial operation at that voltage.