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IDAHO PUBLIC UTILITIES COMMISSION

Randy C. Allphin
Contract Administrator

January 26, 2006

Idaho Public Utilities Commission
Attn: Jean Jewell
PO Box 83720
Boise, ID 83720-0074

IPC-E-05-01

Dear Ms. Jewell:

Attached is a correspondence and a revised Appendix B to be included with the Firm Energy Sales Agreement between US Geothermal Inc and Idaho Power Company dated December 29, 2004 approved by Idaho Public Utilities Commission Order number 29692 on January 24, 2005.

Please return to me a file stamped copy, acknowledging receipt of this letter and the attached Exhibit B.

Sincerely,

Randy C Allphin
Idaho Power Company

Cc: Rick Sterling (IPUC)
Scott Woodbury (IPUC)
Bart Kline (IPCo)
Dan Kuntz (US Geothermal)



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Randy C. Allphin
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January 26, 2006

Daniel Kunz
US Geothermal Inc
1509 Tyrell Land, Suite B
Boise, ID 83706

Original: U S Mail

Copy: E-Mail dkunz@usgeothermal.com
kkitz@usgeothermal.com

Dear Mr. Kunz,

Idaho Power has received and reviewed your letter dated January 6, 2006 to Mr. Miller in which you have requested to revise various items within Appendix B of the previously approved Firm Energy Sales Agreement between Idaho Power Company and US Geothermal Inc dated December 29, 2004. This Firm Energy Sales Agreement was previously approved by Idaho Public Utilities Commission Order number 29692.

Section B-1 Description of Facility

As you have summarized in your letter and in previously provided draft working documents, the changes you have proposed, which provide significant detail of the actual Facility, is consistent with the original Appendix B as the original Appendix B stated "Appendix B shall be amended to include final details of RRGPP 1 upon completion of the design"

Section B-2 Location of Facility

No Change

Section B-3 Scheduled Operation Date

Request to revise the Scheduled Operation Date from June 15, 2006 to August 1, 2007.

Idaho Power and US Geothermal have been in extensive discussions and negotiations of a single QF agreement for this entire site that would result in a larger facility. At this time both parties have agreed that these discussions are not resulting in an agreement that can be accepted by both parties. It is Idaho Power's understanding that development and financing of the Facility within the original agreement was delayed pending the outcome of the discussions and negotiations for a single, larger facility. Your request to revise the Scheduled Operation Date to August 1, 2007 is reasonable in consideration of the circumstances.

Section B-4 Maximum Capacity Amount

Request to set the Maximum Capacity Amount at 15.9 MW.

As stated in the original Appendix B, this value was to be provided to Idaho Power in a request for an Idaho Power Electrical System Study.

Idaho Power accepts your request to revise the Maximum Capacity Amount to be 15.9 MW. However, our acceptance of this Maximum Capacity Amount assumes that US Geothermal has confirmed with the Idaho Power delivery business unit that the Idaho Power electrical system is capable of accommodating 15.9 MW at the Point of Delivery.

If, as of the date of this letter, the Idaho Power delivery business unit has not confirmed this Maximum Capacity Amount, Idaho Power reserves the right to revise the Maximum Capacity Amount to a lower level if during the confirmation process it is determined that the Idaho Power electrical system is unable to accommodate the Maximum Capacity Amount as requested by US Geothermal.

Section B-5 Point of Delivery

No Change

Section B-6 Losses

No Change

Section B-7 Metering and Telemetry

No Change

Section B-8 Reactive Power

No Change

Section B-9 Costs

No Change

Summary

Idaho Power accepts your proposed revisions to Appendix B as you have proposed and as we have summarized above. Attached for your convenience is a copy of the revised Appendix B, which you provided in your letter dated January 6, 2006.

Idaho Power will forward a copy of this letter and the revised Appendix B to the Idaho Public Utilities Commission (IPUC) for inclusion with the previously approved Firm Energy Sales Agreement. If the IPUC requires any further action on this matter, Idaho Power will advise US Geothermal of the IPUC request and US Geothermal and Idaho Power will mutually work to resolve any addition IPUC requirements.

Only the identified items within Appendix B of the Firm Energy Sales Agreement are revised by this letter, all other terms and conditions of the Firm Energy Sales Agreement are not modified and will be administered as specified by the original Firm Energy Sales Agreement.

Please contact me at your convenience with any questions you may have.

Sincerely,



Randy C Allphin
Idaho Power Company

Cc: Karl Bokenkamp (IPCo)
Bart Kline (IPCo)
Kevin Kitz (US Geothermal)
Jean Jewell (IPUC)

APPENDIX B

FACILITY AND POINT OF DELIVERY

PROJECT NO. 31765155

RAFT RIVER GEOTHERMAL POWER PLANT

Revision 1 - January 6, 2006

B-1 DESCRIPTION OF FACILITY

The Facility is the Raft River Geothermal Power Plant, Unit #1 (RRGPP-1). The RRGPP-1 is an Ormat OEC™ water-cooled, closed-loop, Rankine cycle geothermal power plant using pentane as the working fluid, and auxiliary equipment. The Facility includes two Ormat turbines (one HP (high pressure) and one LP (low pressure) turbine) coupled to a single generator with a gross nameplate rating of 18 MW, and a generator voltage of 12.47 kV. After Facility Station Use (including pumps and fans, compressors, lighting, transformer losses, and other auxiliary loads), the Maximum Capacity Amount of the generator will be as specified in Section B-2 of this Appendix B. Power will be delivered to the Transmitting Entity on the high side of the 34.5kV step-up transformer through the Idaho Power Metering Equipment and after Station Use. Each turbine discharges to a 2-shell condenser and is fed by a 2-shell vaporizer with a 2-shell pre-heater and two feed pumps using geothermal fluid as the heat source. The HP turbine has a desuperheater/economizer between the turbine and the condenser. Cooling water will be supplied by two circulating water pumps in the basin of a four-cell counterflow cooling tower. The Facility is protected by a fire water system comprising fire water pumps, pipes, monitors, and so on. Geothermal fluid will be delivered to the Facility from four or more geothermal production wells. Residual geothermal fluid will be reinjected via two or more injection wells. The Geothermal Production Well Contribution Ratings summation equals the Maximum Capacity Amount and are:

Production Well RRG#1	4.55 MW
Production Well RRG#2	4.23 MW
Production Well RRG#3	3.95 MW
Production Well RRG#5	3.17 MW

The Geothermal Production Well Contribution Ratings will be updated after completion of the 2006 drilling and testing activities and prior to the Operation Date per the terms of Paragraph 14.4.

B-2 LOCATION OF FACILITY

The Facility is located at: Section 23, Township 15 South, Range 26 East, Cassia County, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected August 1, 2007, as the Scheduled Operation Date.

B-4 MAXIMUM CAPACITY AMOUNT:

The Maximum Capacity Amount is 15.9 MW.

B-5 POINT OF DELIVERY

“Point of Delivery” means, unless otherwise agreed by both Parties, the point of interconnection between Idaho Power and the Transmitting Entity at the Minidoka dam substation. The Transmitting Entity will be the Bonneville Power Administration – Transmission Business Line.

B-6 LOSSES

If Idaho Power is provided acceptable and accurate energy (kWh) delivery data by the Transmitting Entity for actual energy delivered at the Point of Delivery on the Idaho Power electrical system for this Facility, no energy loss calculation will be required. If the Transmitting Entity does not provide acceptable and accurate energy delivery data to Idaho Power then a Loss calculation will be required. The Loss calculation will consist of the most accurate measurement of the energy losses (kWh), agreed to by both parties, associated with transformation and transmission of the Facility’s generated energy

between the Transmitting Entity's or Idaho Power's metering point and the Point of Delivery on the Idaho Power electrical system. This loss calculation will be initially set at 2% of the kWh energy production recorded on the Transmitting Entity's or Idaho Power's Metering equipment. At such time as the Seller provides Idaho Power with electrical equipment specifications (transformer loss specifications, conductor sizes, etc) of all of the electrical equipment between the Transmitting Entity's or Idaho Power's Metering equipment and the Point of Delivery on the Idaho Power electrical system or other acceptable calculations of this energy loss, Idaho Power will configure a revised loss calculation formula to be agreed by both parties and used to calculate the kWh Losses for the remaining term of the Agreement. If, at anytime during the term of this Agreement, the Parties agree that the loss calculation does not correctly reflect the actual kWh losses attributed to the electrical equipment between the Idaho Power Metering Equipment and the Idaho Power electrical system, Idaho Power shall adjust the calculation and retroactively adjust the previous months kWh loss calculations.

B-7 METERING AND TELEMETRY

If Idaho Power is required to install metering and telemetry equipment as specified in Article 11 of this Agreement, the Idaho Power Metering Equipment, provided by Idaho Power at the Sellers expense will be located at a point that will enable the Metering Equipment to measure the Facility's total energy deliveries to the Transmitting Entity. Telemetry equipment will be installed by Idaho Power at the Seller's expense that will be able to provide continuous telemetering of the Facility's energy deliveries to the Transmitting Entity. The Seller will arrange for and make available at Seller's cost, a communications circuit acceptable to Idaho Power, dedicated to Idaho Power's use to be used for load profiling and another communications circuit dedicated to Idaho Power's

communication equipment for continuous telemetering of the Facility's energy deliveries to the Transmitting Entity to Idaho Power's Designated Dispatch Facility. The meters will register kilowatt-hours and kilowatts of demand. Idaho Power provided meter and communication equipment will be owned and maintained by Idaho Power with total cost of purchase, installation, operation and maintenance including engineering and administrative cost to be reimbursed to Idaho Power by the Seller. Seller metering equipment will be located at all necessary points within the Seller's Facility to accurately measure each generators energy production, Station Usage, and any other energy diversions that occur prior to the Idaho Power Metering Equipment.

B-8 REACTIVE POWER

Idaho Power will provide no reactive power to the Facility.

B-9 COSTS

The cost of the Metering and Telemetry Equipment will be determined based upon the final design of the Facility and this total cost will be paid to Idaho Power in accordance with Schedule 72. In addition to the installation and construction charges above, during the term of this Agreement, Seller will pay Idaho Power the monthly operation and maintenance charge specified in Schedule 72 or its successor schedules(s). The monthly operations and maintenance charge will begin on the first day of the month following completion of the installation of the Idaho Power provided equipment. The monthly operations and maintenance charge will be based upon the initial cost paid by the Seller in accordance with Schedule 72. Upon reconciliation of the actual costs, in accordance with Schedule 72 the monthly operations and maintenance charge will be adjusted to reflect the actual cost incurred by Idaho Power and the previously charged monthly operation and maintenance expense will be revised to reflect the actual cost incurred by

Idaho Power. Idaho Power will refund or Seller will remit any underpayment of the adjusted monthly operations and maintenance charge within sixty (60) days of the determination of this amount. In addition, there will be a monthly charge for the communication circuit lease cost associated with the telemetry equipment. Seller recognizes that the monthly communications circuit charge may be adjusted by Idaho Power as the cost to Idaho Power is adjusted by the owner of the communication circuit(s).