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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR APPROVAL)
OF A FIRM ENERGY SALES AGREEMENT)
FOR THE SALE AND PURCHASE OF)
ELECTRIC ENERGY BETWEEN IDAHO)
POWER COMPANY AND ARROW ROCK)
WIND, INC.)
_____)

CASE NO. IPC-E-05-24

APPLICATION

COMES NOW Idaho Power Company ("Idaho Power" or the "Company") and, pursuant to RP 52, hereby applies for an Idaho Public Utilities Commission ("IPUC" or the "Commission") Order approving a Firm Energy Sales Agreement between Idaho Power and Arrow Rock Wind, Inc. ("Arrow Rock") under which Arrow Rock would sell and Idaho Power would purchase electric energy generated by the Arrow Rock Wind Generating Project located near Billings, Montana ("Facility").

This Application is based on the following:

I.

Arrow Rock proposes to design, construct, install, own, operate and maintain a 19.5 MW wind generating facility to be located near Billings, Montana. The Facility will be a qualified small power production facility under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

II.

On July 28, 2005, Idaho Power and Arrow Rock entered into a Firm Energy Sales Agreement ("Agreement") pursuant to the terms and conditions of Commission Order No. 29632 and Commission Order No. 29646. Under the terms of that Agreement, Arrow Rock elected to contract with Idaho Power for a twenty-year term. Arrow Rock further elected to contract with the Company using the non-levelized published avoided cost rates as currently established by the Commission for projects capable of monthly energy deliveries of less than 10 aMW.

III.

The Arrow Rock Agreement is similar in many respects to several recent agreements entered into by Idaho Power and approved by the Commission (i.e., Pilgrim Stage Station Wind Park, IPUC Order No. 29771; Oregon Trails Wind Park, IPUC Order No. 29772). The Agreement contains many of the various PURPA terms and conditions previously approved by the Commission in other PURPA agreements and as revised by Commission Order No. 29632 in Case No. IPC-E-04-8 (US Geothermal complaint).

IV.

The nameplate rating of the Facility is 19.5 MW. As provided by the Agreement, Arrow Rock will be required to provide data on the Facility that Idaho Power

will use to confirm that, under normal and/or average conditions, the Facility will not exceed 10 average MW on a monthly basis.

V.

Because the Facility is located in the State of Montana, Arrow Rock has made arrangements with NorthWestern Energy to deliver the Net Energy from this Facility to the Idaho Power electrical system at the points of delivery identified in the Agreement. This transmission arrangement with NorthWestern Energy means that the Company will receive firm energy from the Facility rather than the intermittent energy generally associated with a wind generating project. Energy delivered from the Facility to Idaho Power will be a flat, firm monthly schedule of energy for NorthWestern. Energy deliveries from the Arrow Rock project are for nine months out of the year and exclude deliveries during the spring months of March, April and May when the value of energy on the Company's system is the lowest.

VI.

Idaho Power currently has pending before the Commission a request for a temporary suspension of Idaho Power's obligation to enter into contracts to purchase energy generated by wind-powered small power production facilities (Case No. IPC-E-05-22). In its testimony in that case, the Company described the reasons why it believes the Arrow Rock project should not be subject to any temporary suspension if the Commission ultimately determines that such a suspension is in the public interest. Idaho Power requests that the Commission take administrative notice of the testimony of John R. Gale filed in Case No. IPC-E-05-22 and Exhibit No. 1 to Mr. Gale's testimony which describe the maturity of the contracting process followed by Idaho Power and

Arrow Rock. For the convenience of the Commission, a copy of the pertinent sections of Mr. Gale's testimony in Case No. IPC-E-05-22 and Exhibit 1 to that testimony are included as Exhibit 2.

VII.

Arrow Rock has selected December 1, 2005 as the scheduled operation date for this Facility (Appendix "B") of the Agreement. In the Agreement, various requirements have been placed upon Arrow Rock in order for Idaho Power to accept deliveries from this Facility. Idaho Power will monitor compliance with these initial requirements. In addition, Idaho Power will continue to monitor the ongoing requirements through the full term of this Agreement.

VIII.

Section 22 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and that all payments that Idaho Power makes to Arrow Rock for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

IX.

The Agreement, as signed and submitted by the Parties thereto, contains Non-Levelized Published Avoided Cost Rates in conformity with applicable IPUC Orders and is enclosed as Exhibit 1.

X.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

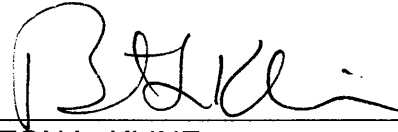
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Idaho Power Company
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NOW, THEREFORE, based on the foregoing, Idaho Power Company hereby requests that the Commission issue its Order:

- (1) Approving the enclosed Firm Energy Sales Agreement between Idaho Power Company and Arrow Rock Wind, Inc. without change or condition; and
- (2) Declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and Arrow Rock Wind, Inc. be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 28th day of July, 2005.



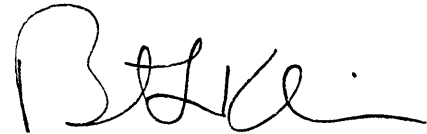
BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 28th day of July, 2005, I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Ted Sorensen
Arrow Rock Wind, Inc.
5203 South 11th East
Idaho Falls, ID 83404

<input type="checkbox"/>	Hand Delivered
<input checked="" type="checkbox"/>	U.S. Mail
<input type="checkbox"/>	Overnight Mail
<input type="checkbox"/>	FAX



BARTON L. KLINE

EXHIBIT 1

FIRM ENERGY SALES AGREEMENT
BETWEEN
IDAHO POWER COMPANY
AND
ARROW ROCK WIND, INC.
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FIRM ENERGY SALES AGREEMENT
(10 aMW or Less)

ARROW ROCK WIND PROJECT

Project Number: 41719142

THIS AGREEMENT, entered into on this 28th day of July 2005 between
ARROW ROCK WIND, an Idaho corporation (Seller), and IDAHO POWER COMPANY, an
Idaho corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or
individually as "Party."

WITNESSETH:

WHEREAS, Seller will Lease and ensure the maintenance and operation of an electric generation
facility; and

WHEREAS, Seller wishes to sell, and Idaho Power is willing to purchase, firm electric energy
produced by the Seller's Facility.

THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth, the
Parties agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement and the appendices attached hereto, the following terms
shall have the following meanings:

- 1.1 "Commission" - The Idaho Public Utilities Commission.
- 1.2 "Contract Year" - The period commencing each calendar year on the same calendar date as the
Operation Date and ending 364 days thereafter.
- 1.3 "Designated Dispatch Facility" - Idaho Power's System Operations Group, or any subsequent
group designated by Idaho Power.
- 1.4 "Facility" - That electric generation facility Leased by the Seller and described in Appendix B of
this Agreement.

- 1.5 "Interconnection Facilities" - All facilities required to be installed to interconnect and deliver energy from the Facility to the Transmitting Entity's system including, but not limited to, connection, switching, metering, relaying, communications and safety equipment.
- 1.6 "Initial Capacity Determination" – The process by which Idaho Power confirms that under normal or average design conditions the Facility will generate at no more than 10 average MW per month and is therefore eligible to be paid the published rates in accordance with Commission Order No. 29632.
- 1.7 "Lease" – Acquisition of the exclusive rights to the generation equipment and electrical energy output of the Facility and the Interconnection Facilities. The Lease will be for the specific equipment as specified in Appendix B and will obligate the Seller to ensure maintenance and operation of the Facility and all associated equipment in a manner that will allow the Facility to deliver energy to the Transmitting Entity(s) in a safe and reliable manner in the amounts specified in paragraph 6.2 of this Agreement for the full term of this Agreement. The lease shall have an option to purchase in favor of Arrow Rock Wind Inc. Expiration or termination of the Lease, for any reason ,except purchase by Arrow Rock Wind Inc, during the term of this Agreement will be a Material Breach of this Agreement.
- 1.8 "Losses" - The loss of energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the Facility and the Idaho Power electrical system.
- 1.9 "Market Energy Cost" – Eighty-five percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.10 "Material Breach" – A Default (paragraph 20.2.1) subject to paragraph 20.2.2.

- 1.11 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.12 “Monthly Net Energy Average MW” – Net Energy as defined in paragraph 1.14 divided by 1,000 divided by the hours in the month ((Net Energy / 1000) / hours in the month). Hours in the month are the calendar days of the month times 24 hours.
- 1.13 “Monthly Net Energy Amount Average MW” – Monthly Net Energy Amounts as defined in paragraph 6.2 divided by 1,000 divided by the hours in the month. ((Net Energy Amount / 1000) / hours in the month). Hours in the month are the calendar days of the month times 24 hours.
- 1.14 “Net Energy” – All of the electric energy produced by the Facility less Station Use, less Losses and energy supplied by the Transmitting Entity on behalf of the Seller so that the energy deliveries to Idaho Power will comply with the Transmitting Entity’s scheduling requirements specified in Article 10.1.1 of this Agreement, expressed in kilowatt hours (kWh), which Seller commits to deliver as specified in Article VI and the Transmitting Entity(s) schedules and delivers to Idaho Power at the Point(s) of Delivery for the full term of the Agreement. The amount of Net Energy scheduled and delivered to the Idaho Power electrical system will never exceed the Idaho Power Electrical System Allocation specified in paragraph 4.1.8 of this Agreement.
- 1.15 “Operation Date” – The day commencing at 0001 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.16 “Point of Delivery” – The location specified in Appendix B, where the Transmitting Entity(s) deliver the scheduled Net Energy to the Idaho Power electrical system.
- 1.17 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.18 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date.
- 1.19 “Season” – The three periods identified in paragraph 6.2.1 of this Agreement.

- 1.20 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility.
- 1.21 “Surplus Energy” – (1) Net Energy scheduled and delivered by the Transmitting Entity(s) on the Seller’s behalf and accepted by Idaho Power during the month which exceeds 110% of the monthly Net Energy Amount for the corresponding month specified in paragraph 6.2. or (2) If the Net Energy scheduled and delivered by the Transmitting Entity(s) on the Seller’s behalf and accepted by Idaho Power during the month is less than 90% of the monthly Net Energy Amount for the corresponding month specified in paragraph 6.2. then all Net Energy scheduled and delivered by the Transmitting Entity(s) to Idaho Power on the Seller’s behalf for that given month or (3) All Net Energy scheduled and delivered by the Transmitting Entity(s) on the Seller’s behalf and accepted by Idaho Power prior to the Operation Date.
- 1.22 “Total Cost of the Facility” - The total cost of structures, equipment and appurtenances.
- 1.23 “Transmitting Entity(s)” - The signatory(s) (other than the Seller) to the Transmission Agreement(s) referred to in paragraph 10.1 and its successors and assigns.

ARTICLE II: NO RELIANCE ON IDAHO POWER

- 2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.
- 2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller.

ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller’s design,

specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.

- 3.2 Qualifying Facility Status - Seller warrants that the Facility is a "Qualifying Facility," as that term is used and defined in 18 CFR §292.207. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility status during the term of this Agreement and Seller's failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Seller's Qualifying Facility status and associated support and compliance documents at anytime during the term of this Agreement.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the Operation Date and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller, Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.207.
- 4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and, based on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord

of the American Bar Association Section of Business Law (1991).

- 4.1.3 Initial Capacity Determination - Submit to Idaho Power such data as Idaho Power may reasonably require to perform the Initial Capacity Determination. Such data may include but not be limited to, equipment specifications, prime mover data, resource characteristics, normal and/or average operating design conditions and Station Use data. Upon receipt of this information, Idaho Power will review the provided data and if necessary, request additional data to complete the Initial Capacity Determination within a reasonable time.
- 4.1.4 Engineer's Certifications - Submit an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- 4.1.5 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIV.
- 4.1.6 Transmission Agreement(s) - Provide Idaho Power with a copy of all Firm Transmission Agreements executed by the Seller and the Transmitting Entity(s) to enable the Seller to deliver the Net Energy from this Facility to the Idaho Power electrical system at the Point(s) of Delivery identified within Appendix B and in the energy amounts designated in paragraph 4.1.8 of this Agreement. These Firm Transmission Agreements must be in a form acceptable to Idaho Power. Idaho Power's acceptance will not be unreasonably withheld.
- 4.1.7 Lease Agreement - Provide Idaho Power a copy of the Lease agreement between the Seller and the owner of the actual generation equipment. This Lease must be in a form acceptable to Idaho Power. The Lease will include but not be limited to the Seller's exclusive lease rights to the physical assets of the Facility, the electrical output from these leased assets and adequate interest in the electrical interconnection and electrical collection system to enable the Seller to deliver all energy produced by the leased assets

to the Transmitting Entity. Idaho Power's acceptance will not be unreasonably withheld.

4.1.8 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall not be unreasonably withheld by Idaho Power.

4.1.9 Idaho Power Electrical System Allocation – As of the date of this Agreement, the Seller has requested to deliver energy to Idaho Power in the following maximum amounts at the designated Points of Delivery on the Idaho Power electrical system for the designated calendar months:

Jan	9 MW	Jefferson line	Jul	7 MW	LOLO
Feb	9 MW	Jefferson Line	Aug	7 MW	LOLO
Mar	0 MW		Sep	9 MW	Jefferson line
Apr	0 MW		Oct	9 MW	Jefferson line
May	0 MW		Nov	9 MW	Jefferson Line
Jun	7 MW	LOLO	Dec	9 MW	Jefferson Line

Idaho Power agrees to accept the Seller's energy from the Transmitting entity(s) at the requested Points of Delivery at these maximum amounts and for the requested calendar month as designated, contingent upon the Seller complying and maintaining all other requirements of this Agreement. Under no circumstances will the Idaho Power Electrical System Allocation exceed the Maximum Capacity amount.

4.1.9.1 Idaho Power Adjustment of Electrical System Allocation –

- a.) Annual Review Reduction – Annually, at the end of each Contract Year, Idaho Power may review the Seller's Net Energy deliveries to Idaho Power Company. If Idaho Power Company determines that any of the Monthly Net Energy Average MW are less than the month's MW amount designated in paragraph 4.1.8 and this pattern is consistent with previous months and/or years, Idaho Power may, after notice to the Seller, reduce the monthly Idaho Power Electrical System Allocation for this Facility at the identified Point(s) of Delivery for the individual months. These revised monthly MW amounts will then replace the amount in paragraph 4.1.9 for the specific month for the

remaining term of the Agreement or until such time as the amount is revised as provided herein.

- b.) Net Energy Amount Reduction - If at any time during the term of this Agreement the Monthly Net Energy Amount Average MW is less than 90% of the corresponding Idaho Power Electrical System Allocation designated in paragraph 4.1.9 the monthly Idaho Power Electrical System Allocation in paragraph 4.1.9 will be reduced to be 110% of the currently calculated Monthly Net Energy Amounts Average MW. These revised monthly Idaho Power Electrical System Allocation amounts will then replace the Idaho Power Electrical System Allocation amounts in paragraph 4.1.9 for the specific month(s) for the remaining term of the agreement or until such time as the Idaho Power Electrical System Allocation is revised as provided herein.
- c.) Increase in Idaho Power Electrical System Allocation - Under no circumstances will the Seller request to deliver energy that exceeds the Maximum Capacity Amount. If the Seller wishes to increase the monthly Idaho Power Electrical System Allocation designated in paragraph 4.1.9 to a level equal to or less than the Maximum Capacity Amount;
- i. The Seller must provide Idaho Power with acceptable written documentation verifying that the Seller's Facility is capable of consistently and reliably delivering the energy amounts as requested by the Seller.
 - ii. The Seller must provide Idaho Power with acceptable written verification that the Seller is able to obtain sufficient Firm capacity on a Transmitting Entity (s') electrical system to enable the Seller to deliver the energy to the Idaho Power electrical system.
 - iii. Seller and Transmitting Entity(s) will request, in writing, a specific

Point of Delivery to Idaho Power for the Seller's energy deliveries specified in paragraph 6.2 to be scheduled to Idaho Power as specified in paragraph 10.1 of this Agreement. Upon receipt of this request, at Seller's expense, Idaho Power will complete an electrical system study to determine Idaho Power's ability to receive the Seller's energy at the Seller and Transmitting Entity's requested Point of Delivery.

- iv. If said study shows that Idaho Power will be unable to receive the Seller's energy at the requested Point of Delivery, the Seller and Transmitting Entity may request a different Point of Delivery or revise the energy amounts, and a similar study, at the Seller's expense, will be conducted.
- v. If the Seller and Transmitting Entity request permission to deliver the Seller's energy at a Point of Delivery that Idaho Power has identified as being unable to receive the Seller's energy, at Seller's request and expense, Idaho Power will conduct a study to determine the necessary upgrades and/or modifications required to enable receipt of the Seller's energy at the requested Point of Delivery.
- vi. Seller will be responsible for all customary and reasonable expenses associated with all Idaho Power studies, upgrades and/or modifications required to enable delivery of the Seller's energy at the requested Point of Delivery and integration into the Idaho Power Company electrical system. An initial deposit will be calculated based upon the estimated cost of each individual study, upgrade or modification and will be required to be paid by the Seller prior to Idaho Power conducting any work associated with the Seller's request. Upon completion of the Seller's request, Idaho Power will

reconcile the actual expenses with the previously paid deposit and the appropriate refund or additional billing will be processed. Seller will be required to pay any additional billing due Idaho Power within 30 days of Seller's receipt of the billing invoice.

ARTICLE V: TERM AND OPERATION DATE

- 5.1 Term - Subject to the provisions of paragraph 5.2 below, this Agreement shall become effective on the date first written and shall continue in full force and effect for a period of twenty (20) Contract Years from the Operation Date.
- 5.2 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:
- a) Completed all Conditions to Acceptance of Energy as specified in Article IV.
 - b) Commission approval of this Agreement in a form acceptable to Idaho Power has been received.
 - c) Seller has demonstrated to Idaho Power's satisfaction that the Lease documents are complete and the Facility is complete and able to provide energy in a consistent, reliable and safe manner and has requested an Operation Date in written form.
 - d) Seller has received written confirmation from Idaho Power of the Operation Date. This confirmation will not be unreasonably withheld by Idaho Power.
- 5.3 Seller's failure to achieve the Operation Date within ten (10) months of the Scheduled Operation Date will be an event of default.

ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

- 6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and Seller will sell all of the Net Energy as defined in section 1.14 of this Agreement and subsequently scheduled and delivered to Idaho Power by the Transmitting Entity(s) on the Seller's behalf to the Point of Delivery during the Calendar months

of January, February, June, July, August, September, October, November and December. At no time will the total amount of Net Energy delivered by the Transmitting Entity(s) to the Point of Delivery exceed the Idaho Power Electrical System Allocation.

6.2 Net Energy Amounts - Seller intends to produce and Transmitting Entity(s) shall deliver Net Energy in the following monthly amounts:

6.2.1 Initial Year Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	0
	April	0
	May	0
Season 2	July	5,208,000
	August	5,208,000
	November	6,480,000
	December	6,696,000
Season 3	June	5,040,000
	September	6,480,000
	October	6,696,000
	January	6,696,000
	February	6,048,000

6.2.2 Ongoing Monthly Net Energy Amounts - Seller shall initially provide Idaho Power with one year of monthly generation estimates (Initial Year Monthly Net Energy Amounts) and beginning at the end of month nine and every three months thereafter provide Idaho Power with an additional three months of forward generation estimates. This information will be provided to Idaho Power by written notice in accordance with paragraph 26.1, no later than 5:00 Pm of the 5th day following the end of the previous month. If the Seller does not provide the Ongoing Monthly Net Energy amounts in a timely manner, Idaho Power will use the most recent 3 months of the Initial Year Monthly Net Energy Amounts specified in paragraph 6.2.1 for the next 3 months of monthly Net Energy amounts.

6.2.3 Seller's Adjustment of Net Energy Amount –

6.2.3.1 No later than the Operation Date, by written notice given to Idaho Power in accordance with paragraph 26.1, the Seller may revise all of the previously provided Initial Year Monthly Net Energy Amounts.

6.2.3.2 Beginning with the end of the 3rd month after the Operation Date and at the end of every third month thereafter; (1) the Seller may not revise the immediate next three months of previously provided Net Energy Amounts, (2) but by written notice given to Idaho Power in accordance with paragraph 26.1, no later than 5:00 Pm of the 5th day following the end of the previous month, the Seller may revise all other previously provided Net Energy Amounts. Failure to provide timely written notice of changed amounts will be deemed to be an election of no change.

6.2.4 Idaho Power Adjustment of Net Energy Amount – If Idaho Power is excused from accepting the Seller's Net Energy as specified in paragraph 13.2.1, Transmitting Entity(s) are excused from scheduling and delivering Net Energy as specified in paragraph 13.2.2, or if the Seller declares a Suspension of Energy Deliveries as specified in paragraph 13.3.1 and the Seller's declared Suspension of Energy Deliveries is accepted by Idaho Power, the Net Energy Amount as specified in paragraph 6.2 for the specific month in which the reduction or suspension under paragraph 13.2.1, 13.2.2 or 13.3.1 occurs will be reduced in accordance with the following:

Where:

NEA = Current Month's Net Energy Amount (Paragraph 6.2)

SGU = a.) If Idaho Power is excused from accepting the Seller's Net Energy as specified in paragraph 13.2.1 or the Transmitting Entity is excused from delivering Net Energy as specified in paragraph 13.2.2 this value will be equal to the percentage of curtailment as specified by Idaho Power multiplied by the TGU as defined below.

b.) If the Seller declares a Suspension of Energy Deliveries as specified in paragraph 13.3.1 this value will be the sum of the individual generation units size ratings as specified in Appendix B that are impacted by the circumstances causing the Seller to declare a Suspension of Energy Deliveries.

TGU = Sum of all of the individual generator ratings of the generation units at this Facility as specified in Appendix B of this Agreement.

RSH = Actual hours the Facility's Net Energy deliveries were either reduced or suspended under paragraph 13.2.1 or 13.3.1

TH = Actual total hours in the current month

Resulting formula being:

$$\text{Adjusted Net Energy Amount} = \text{NEA} - \left(\left(\frac{\text{SGU}}{\text{TGU}} \times \text{NEA} \right) \times \left(\frac{\text{RSH}}{\text{TH}} \right) \right)$$

This Adjusted Net Energy Amount will be used in applicable Surplus Energy calculations for only the specific month in which Idaho Power was excused from accepting the Seller's Net Energy or the Seller declared a Suspension of Energy.

6.3 Unless excused by an event of Force Majeure, Seller's failure to deliver Net Energy in any Contract Year in an amount equal to at least ten percent (10%) of the sum of the Initial Year Net Energy Amounts as specified in paragraph 6.2 shall constitute an event of default.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

7.1 Net Energy Purchase Price – For all Net Energy, Idaho Power will pay the non-levelized energy price in accordance with Commission Order 29646 with seasonalization factors applied:

<u>Year</u>	<u>Season 1 - (73.50 %)</u> <u>Mills/kWh</u>	<u>Season 2 - (120.00 %)</u> <u>Mills/kWh</u>	<u>Season 3 - (100.00 %)</u> <u>Mills/kWh</u>
2005	37.00	60.41	50.34
2006	37.85	61.80	51.50
2007	38.73	63.23	52.69
2008	39.62	64.68	53.90
2009	40.53	66.17	55.14
2010	41.46	67.69	56.41
2011	42.42	69.25	57.71
2012	43.39	70.85	59.04
2013	44.39	72.48	60.40
2014	45.42	74.16	61.80
2015	46.47	75.86	63.22
2016	47.54	77.62	64.68
2017	48.63	79.40	66.17
2018	49.76	81.24	67.70
2019	50.91	83.11	69.26
2020	52.07	85.02	70.85
2021	53.28	86.99	72.49
2022	54.51	88.99	74.16
2023	55.76	91.04	75.87
2024	57.05	93.14	77.62
2025	58.37	95.29	79.41
2026	59.72	97.50	81.25
2027	61.09	99.74	83.12
2028	62.50	102.05	85.04

7.2 Surplus Energy Price - For all Surplus Energy, Idaho Power shall pay to the Seller the current month's Market Energy Cost or the Net Energy Purchase Price specified in paragraph 7.1, whichever is lower.