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Monica B. Moen  
Attorney #  
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IDAHO PUBLIC  
UTILITIES COMMISSION

November 21, 2006

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P. O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-06-29  
In the Matter of the Application of Idaho Power Company for Approval  
of the Agreement for Sale and Purchase of Surplus Energy Between  
Idaho Power Company and the Amalgamated Sugar Company, LLC –  
Twin Falls Facility

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Application for the above-referenced matter.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Monica B. Moen

MBM:sh  
Enclosures

BARTON L. KLINE, ISB # 1526  
MONICA B. MOEN, ISB # 5734  
Idaho Power Company  
1221 West Idaho Street  
P. O. Box 70  
Boise, Idaho 83707  
Telephone: (208) 388-2682  
FAX Telephone: (208) 388-6936

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UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-06-29  
APPROVAL OF THE AGREEMENT FOR )  
SALE AND PURCHASE OF SURPLUS ) APPLICATION  
ENERGY BETWEEN IDAHO POWER )  
COMPANY AND THE AMALGAMATED )  
SUGAR COMPANY, LLC -- TWIN FALLS )  
FACILITY. )  
\_\_\_\_\_ )

COMES NOW Idaho Power Company ("Idaho Power" or "the Company"), and hereby applies for a Commission order approving an Agreement For Sale and Purchase of Surplus Energy between Idaho Power Company and The Amalgamated Sugar Company, LLC ("TASCO") under which Idaho Power operates in parallel with TASCO and purchases surplus electric energy generated by TASCO at its refined sugar production facility in Twin Falls, Idaho (the "Agreement").

This Application is based on the following:

I.

TASCO owns and operates electric generating facilities at its refined sugar production facility in Twin Falls, Idaho (the "Twin Falls Plant"). TASCO provides a portion of its electric load at the Twin Falls Plant with its own on-site generation. TASCO desires to sell the surplus energy to Idaho Power.

II.

Idaho Power provides electric service to the Twin Falls Plant under Idaho Power's Schedule 19. TASCO takes service under Schedule 19 to supplement the energy TASCO generates with its own on-site generation at the Twin Falls Plant.

III.

On August 11, 2001, Idaho Power entered into an Agreement for the Sale and Purchase of Surplus Energy from this facility. This previous agreement was approved by the Commission in IPUC Order No. 28910, dated December 6, 2001. This agreement was for a five-year term. The term of that agreement expired in August 2006.

IV.

On November 20, 2006, Idaho Power and TASCO entered into the accompanying Agreement for the purchase of the surplus energy from the TASCO generating facility. This Agreement is identical to the August 11, 2001 agreement with the exception of changes to the agreement term from five-years to annual renewals. The Agreement may be terminated by either party upon 60 days notice. In addition, minor changes were required in the new Agreement to reflect the continuity with the previously expired agreement.

V.

Negotiation of the Agreement and execution of the Agreement by TASCOCO pre-dated Order No. 30179 issued by the Commission in Case No. IPC-E-06-18, the Company's Application for authority to institute a uniform Schedule 72 interconnection agreement. Therefore, the Agreement does not include the modifications approved in that Order.

VI.

Within the parameters established in the Agreement, Idaho Power will purchase surplus electric energy up to 3 MW generated by the electric generating equipment located at the Twin Falls Plant. The energy purchased under the Agreement will be surplus energy not otherwise consumed by TASCOCO at the Twin Falls Plant. A copy of the Agreement is attached hereto as Exhibit 1.

VII.

Electric energy to be sold under the Agreement is non-firm energy and will only be available if TASCOCO does not consume the electric energy in the Twin Falls Plant. The surplus energy to be purchased from TASCOCO is priced at 85% of the monthly weighted average non-firm Dow Jones Mid-Columbia Index price. Setting the purchase price at a discount from market price assures that, when Idaho Power needs the energy, the price will always be more attractive than buying from the market. When it does not need the power, Idaho Power should be able to resell the energy at the higher wholesale market price.

VIII.

The Agreement provides that the Agreement will not become finally

effective until the Commission has approved the Agreement and declares that all payments for surplus energy under the Agreement shall be allowed as prudently-incurred expenses for ratemaking purposes.

IX.

Should the Commission approve this Agreement, Idaho Power intends to consider the Effective Date of the Agreement to be November 20, 2007.

X.

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

Barton L. Kline, Senior Attorney  
Monica B. Moen, Attorney II  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707  
[bkline@idahopower.com](mailto:bkline@idahopower.com)  
[mmoen@idahopower.com](mailto:mmoen@idahopower.com)

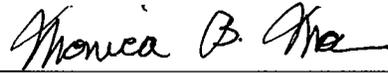
Randy C. Allphin  
Contract Administrator  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707  
[rallphin@idahopower.com](mailto:rallphin@idahopower.com)

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

(1) Approving the Agreement for Sale and Purchase of Surplus Energy between Idaho Power Company and The Amalgamated Sugar Company, LLC – Twin Falls Facility without change or condition; and

(2) Declaring that all payments for purchases of energy under the Agreement for Sale and Purchase of Surplus Energy between Idaho Power Company and The Amalgamated Sugar Company, LLC – Twin Falls Facility be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 21<sup>st</sup> day of November 2006.

A handwritten signature in black ink, appearing to read "Monica B. Moen". The signature is written in a cursive style with a horizontal line extending to the right.

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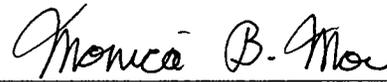
MONICA B. MOEN  
Attorney for Idaho Power Company

## CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 21<sup>st</sup> day of November 2006, 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:

The Amalgamated Sugar Company  
Attn: Ray Arp  
3184 Elder Street  
Boise, ID 83715

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



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MONICA B. MOEN

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IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-29**

**IDAHO POWER COMPANY**

**EXHIBIT 1**



# Idaho Public Utility Commission Copy

Please return this signed original to Idaho Power.

AGREEMENT FOR SALE AND PURCHASE OF SURPLUS ENERGY  
BETWEEN  
IDAHO POWER COMPANY  
AND THE AMALGAMATED SUGAR COMPANY, LLC  
TWIN FALLS FACILITY

THIS AGREEMENT is entered into on this 20<sup>th</sup> day of November, 2006, by The Amalgamated Sugar Company, LLC, a Delaware Limited Liability Company authorized to do business in the State of Idaho (TASCO), and Idaho Power Company, an Idaho corporation (Idaho Power or Company). TASCO and Idaho Power are hereinafter sometimes referred to collectively as Parties or individually as Party.

RECITALS

A. TASCO owns and operates electric generation facilities at its refined sugar production facility in Twin Falls, Idaho (Twin Falls Plant) and carries a portion of its electric loads at the Twin Falls Plant with its own on-site generation.

B. Idaho Power provides electric service to the Twin Falls Plant under Idaho Power Schedule 19. TASCO takes service under Schedule 19 to supplement the energy generated by TASCO on-site generation.

C. TASCO currently purchases standby electric service for the Twin Falls Plant from Idaho Power under the Agreement for Supply of Standby Electric Service Between Idaho Power Company and The Amalgamated Sugar Company, LLC dated April 6, 1998 (Standby Agreement).

D. TASCOCO desires to sell to Idaho Power surplus power from its on-site generation and to operate the Twin Falls Plant and the Twin Falls Generator (hereinafter defined) in parallel with Idaho Power system under the terms and conditions of this Agreement.

E. Within the parameters established in the Standby Agreement, Idaho Power is willing to allow TASCOCO to operate in parallel with Idaho Power and as provided in this Agreement will purchase up to 3 MW from the Twin Falls Generator not otherwise consumed by TASCOCO in the Twin Falls Plant.

THEREFORE, In consideration of the mutual covenants hereinafter set forth and other good and valued consideration, and the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### **SECTION 1 - DEFINITIONS**

In addition to the previously defined Capitalized Terms, when used in this Agreement, the following Capitalized Terms shall have the following meanings:

1.1 "Commission" means the Idaho Public Utilities Commission or its successor agency.

1.2 "Contract Year" means the annual period commencing each calendar year on the same calendar date as the Initial Service Date.

1.3 "Disconnection Equipment" means any device or combination of devices by which Idaho Power can manually and /or automatically interrupt the flow of energy between the Twin Falls Generator and Idaho Power's system, including enclosures or other equipment as may be required to ensure that only Idaho Power will

have access to the devices. The Disconnection Equipment is part of the Interconnection Facilities described in Paragraph 1.5.

1.4 “Communications Equipment” means the signal cable and converters required to provide the instantaneous telemetry of the power flows and Disconnection Equipment status at the Point of Delivery as required by Idaho Power’s dispatchers.

1.5 “Interconnection Facilities” means all facilities which are reasonably required by Prudent Electrical Practices and the National Electric Safety Code to interconnect and deliver power and energy to the Twin Falls Plant and to physically and electronically interconnect to receive energy generated by TASCOS Twin Falls Generator. The Interconnection Facilities include, but are not limited to, Network Upgrades, Disconnection Equipment, Communications Equipment, and Metering Equipment.

1.6 “Metering Equipment” means the equipment required to measure and record power flows between Idaho Power and the Twin Falls Plant and between the Twin Falls Generator and Idaho Powers system.

1.7 “Twin Falls Generator” means TASCOS Twin Falls Plant including the associated generating facilities capable of producing 3 MW net surplus generation connected via a common Point of Delivery for export to Idaho Power Company.

1.8 “Point of Delivery” means the location where Idaho Powers Metering Equipment and Disconnection Equipment for the Twin Falls Plant is installed.

1.9 “Prudent Electrical Practices” means those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and utility

operation to operate electrical equipment and deliver electric power and energy with safety, dependability, efficiency, and economy.

1.10 "Reliability Management System" or "RMS" shall mean the contractual reliability management program implemented through the WECC Reliability Criteria Agreement, Section 9 of this Agreement, and any similar contractual arrangement.

1.11 "Network Upgrades" means additions or alterations of Idaho Power transmission and/or distribution lines, apparatus, system protection equipment and control equipment to safely interconnect the Twin Falls Generator to the Company's system.

1.12 "Surplus Energy" means the total electric generation of the Twin Falls Generator not otherwise consumed by TASCOCO at the Twin Falls Plant.

1.13 "Total Contract Demand" means the sum of the Standby Facilities Contract Demand as specified in the Standby Agreement and the KVA of demand specified in the Uniform Large Power Service Agreements (Schedule 19 Agreements) and is measured at the Point of Delivery.

1.14 "Total Contract Generation" means the net export from the Twin Falls Generator to Idaho Power's system at the Point of Delivery, composed of up to 3 MW real power and such reactive power as provided for in Section 8.5.

## **SECTION 2 - WARRANTIES**

2.1 No Warranty By Idaho Power. Any review, acceptance, or failure to review TASCOCO's design, specifications, equipment or facilities associated with the Twin Falls Generator or any TASCOCO-owned Interconnection Facility shall not be an

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

2.2 Equipment Protection. Idaho Power does not assume any responsibility for the protection of the Twin Falls Generator. TASCOS is fully responsible for protecting the Twin Falls Generator and its electrical equipment at the Twin Falls Plant from faults or disturbances, negative sequence currents, reclosing, reverse power flows, or single phasing on Idaho Powers system.

2.3 Qualifying Facility Status. TASCOS warrants that the Twin Falls Generator is a qualifying facility as that term is used and defined in 18 CFR, Part 292. Idaho Power Company at its discretion may request documents from TASCOS supporting the Qualifying Facility Status and also reserves the right to audit the associated and supporting records.

### **SECTION 3 - TERM AND TERMINATION**

3.1 Initiation of Service. The Initial Service Date under this Agreement shall be the date the Order is issued by the Idaho Public Utilities Commission approving this Agreement as specified in paragraph 10.7.

3.2 Term of Agreement. The initial term of this Agreement shall be for one (1) Contract Year after which this Agreement shall automatically be renewed from year-to year until terminated. Either party may terminate this Agreement at the end of any Contract Year by providing notice to the other party no later than 60 days prior to the end of the current Contract Year.

## **SECTION 4 - PURCHASE OF SURPLUS GENERATION**

4.1 Delivery and Acceptance of Surplus Energy. Following the Initial Service Date, except when otherwise excused as provided in Paragraph 8.2 herein, and subject to the capacity limit defined as Total Contract Generation, Idaho Power will purchase the Surplus Energy delivered and accepted at the Point of Delivery.

### 4.2 Estimated Monthly Surplus Energy Amounts.

4.2.1 TASC0 will not attempt to deliver and Idaho Power will not be obligated to accept Surplus Energy at the Point of Delivery in a month in excess of the amounts shown in Exhibit 1.

4.2.2 TASC0 will provide Idaho Power with revised estimates of available Surplus Energy amounts by July 31 of each year for the period October 1 of the current year through January 31 of the following year. TASC0 will provide Idaho Power its revised estimates of surplus energy amounts by January 31 of each year for the period February 1 through September 30 of each year.”

4.3 Purchase Price. The purchase price for Surplus Energy will be as follows:

4.3.1 Eighty-five percent (85%) of the monthly weighted average non-firm Dow Jones Mid-Columbia Index price.

4.3.2 If the Dow Jones Mid-Columbia Index price is not reported for a particular period, day, or days, the average of the immediately preceding and following report periods or days will be used to set the Purchase Price.”

4.4 Purchase Price Credit. The Purchase Price shall be credited to TASC0 in the form of a dollar credit to TASC0's Schedule 19 purchase of energy and capacity for TASC0's Twin Falls Plant.

## **SECTION 5 - INTERCONNECTION**

5.1 Design of Twin Falls Generator. TASC0 has designed, constructed, installed, and will own, operate and maintain the Twin Falls Generator. The Twin Falls Generator and any TASC0-furnished Interconnection Facilities shall be maintained in accordance with Prudent Electrical Practices, the National Electric Code, the National Electrical Safety Code, and any other applicable local, state, and federal codes so as to allow safe, reliable delivery of electric energy to Idaho Power's system.

5.2 Interconnection Facilities. Under a previous agreement for this Facility dated August 11, 2001, TASC0 reimbursed the Company \$91,332.41 for the cost of the Interconnection Facilities specified in Exhibit 2. The Company did construct, install, and will continue to own, and maintain all Interconnection Facilities. TASC0 will reimburse the Company for the cost of future additions and modifications to the Interconnection Facilities reasonably required by operation of the Twin Falls Plant and/or the Twin Falls Generator and/or Prudent Electrical Practices. Exhibit 2 will be amended to reflect any additional facilities associated with such additions or modifications. TASC0 agrees to pay monthly the operation and maintenance charges associated with the Company-owned Interconnection Facilities identified on Exhibit 2. TASC0's monthly operation and maintenance charges are determined by multiplying the cost of the facilities identified on Exhibit 2 by the percentage rates specified below. The monthly operation and maintenance charge for the first Contract Year of this

agreement is equal to year 6 within this table. The second Contract Year will be equal to year 7 and so on for the term of this Agreement. If the term of this Agreement exceeds the 24 years within this table, Idaho Power will determine monthly O & M charges to be paid by TASC0 based upon the applicable rules and regulations that apply at that time.

**MONTHLY OPERATING AND MAINTENANCE CHARGES**

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
O & M Charge	.26%	.27%	.28%	.29%	.30%	.32%	.33%	.35%
<b>Year</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
O & M Charge	.36%	.38%	.40%	.41%	.43%	.45%	.47%	.49%
<b>Year</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>
O & M Charge	.52%	.54%	.56%	.59%	.59%	.64%	.67%	.70%

**SECTION 6 - DISCONNECTION EQUIPMENT**

6.1 Disconnection Equipment. Idaho Power has, at TASC0's expense, provided, owns, operates, and maintains all Disconnection Equipment. Idaho Power has established the settings of Disconnection Equipment to disconnect automatically at the Point of Delivery for the protection and operation of Idaho Power's system and personnel consistent with Prudent Electrical Practices, and in accordance with the Twin Falls Generator limits as defined as Total Contract Generation.

6.2 Communications Equipment. Idaho Power has installed a remote terminal unit (RTU), at TASC0's expense, to gather accumulated and instantaneous data to be telemetered to a location designated by Idaho Power through use of dedicated point-to-point data circuits. Instantaneous bi-directional analog real power

and reactive power information, circuit breaker status information, instantaneous analog voltage information, metering information, and disturbance monitoring information, shall be telemetered directly to a location, or locations, determined by Idaho Power. TASC0 shall obtain and pay the monthly expenses for the specified point-to-point data circuits.

6.3 Remote Disconnection. Other Disconnection Equipment, including equipment which will provide Idaho Power's operating personnel with the ability to remotely control the breaker or other disconnecting device by radio or hard-wire circuit, may be specified by Idaho Power when, in Idaho Power's reasonable judgment, such equipment is required by Prudent Electrical Practices. TASC0 recognizes that such remote control equipment may not initially be required by Idaho Power, but at such time as operating conditions on Idaho Power's system dictate, Idaho Power will install this remote control equipment at TASC0's expense.

6.4 Interference with Disconnection Equipment. If TASC0 attempts to modify, adjust, or otherwise interfere with the Disconnection Equipment or its enclosure, such action shall constitute grounds to cease parallel operation.

## **SECTION 7 - METERING**

7.1 Metering. Idaho Power has provided, installed, and will continue to maintain the required Metering Equipment at the Point of Delivery to record and measure power flows and kilovar-hours from Idaho Power to the Twin Falls Plant and from the Twin Falls Generator to Idaho Power. All Meter Equipment and installation costs shall be borne by TASC0, including costs incurred by Idaho Power for inspecting and testing such equipment at reasonable intervals, at Idaho Power's actual cost of providing this Metering Equipment and services.

7.2 Meter Inspection. Idaho Power shall inspect all meters every six (6) months and test all meters upon their installation and at least once every four (4) years thereafter. Idaho Power will provide TASCOS reasonable advance notice of the time Idaho Power will inspect such meters. If requested by TASCOS, Idaho Power shall make a special inspection or test of a meter and TASCOS shall pay the reasonable costs of such special inspection or test. Both Parties shall be notified of the time when any test shall take place, and each Party may have representatives present at the test. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired, or replaced, at Idaho Power's expense, in order to provide accurate metering. If a meter fails to register, or if the measurement made by a meter during a test varies by more than two percent (2%) from the measurement made by the standard meter used in the test, adjustment (either upward or downward) to the payments made to TASCOS shall be made to correct those payments affected by the inaccurate meter for the actual period during which inaccurate measurements were made. If the actual period cannot be determined, corrections to the payments will be based on the shorter of: (1) a period equal to one-half the time from the date of the last previous test of the meter to the date of the test which established the inaccuracy of the meter; or, (2) six (6) months.

7.3 Telemetry. Idaho Power has installed, operates and will continue to maintain, at TASCOS expense, metering, communications, and telemetry which is capable of providing Idaho Power with instantaneous telemetry of the measurement of power flows at the Point of Delivery. TASCOS recognizes that the power flow data provided by the telemetry equipment is only for general indication purposes and will not be as accurate or reliable as the data recorded by the Metering Equipment at the Point

of Delivery. TASC0 further recognizes that Idaho Power makes no representations regarding the accuracy or reliability of the power flow data received from the telemetry equipment. TASC0 assumes the risk for its operating decisions based on the power flow information from the telemetry equipment. All billing and other determinations based on power flows under this Agreement will be based solely on the recorded meter data from the Metering Equipment at the Point of Delivery.

## **SECTION 8 - OPERATIONS**

8.1 Facility Maintenance. TASC0 has full responsibility for the maintenance of the Twin Falls Generator and the TASC0-furnished Interconnection Facilities protecting the Twin Falls Generator. If, in the opinion of Idaho Power, TASC0 has failed to provide proper maintenance of the Twin Falls Generator or the TASC0-furnished Interconnection Facilities, and this failure could adversely impact Idaho Power or other Idaho Power customers, Idaho Power can operate the Disconnection Equipment to prevent parallel operation.

8.2 Energy Acceptance. Idaho Power shall be excused from accepting and paying for Surplus Energy delivered by TASC0 from the Twin Falls Generator under the following circumstances:

8.2.1 If it is prevented from doing so by any event of force majeure.

8.2.2 If Idaho Power determines that curtailment, interruption, or reduction of Surplus Energy deliveries is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices. To the extent practicable, Idaho

Power will attempt to provide notice to TASC0 in advance of any curtailment, interruption, or reduction.

8.2.3 TASC0 exceeds the limits described in Section 4.1 or 4.2.

8.3 Voltage Levels. When delivering Surplus Energy TASC0 shall use its best efforts to minimize voltage fluctuations and to maintain voltage levels acceptable to Idaho Power. Power output from and input to the facility shall be in accordance with the power quality standards contained in IEEE Standards 141 (voltage flicker) and 519 (harmonics).

8.4 Generator Ramping. Idaho Power shall have the right to limit the rate that generation at the TASC0 Facility is changed at startup, during normal operation or following reconnection to Idaho Power's system. Generation ramping may be required to permit Idaho Power's voltage regulation equipment time to respond to changes in power flow.

8.5 Reactive Power. While in Surplus Energy mode (exporting power to Idaho Power Company), the Twin Falls Generator shall be operated to maintain a voltage schedule, reactive schedule, or power factor schedule, whichever is applicable, as prescribed by Idaho Power Company within the Twin Falls Generator's reactive capabilities of the generation equipment in operation. Idaho Power Company may request the Twin Falls Generator to change its voltage schedule, reactive schedule or power factor schedule, whichever is applicable, or request the Twin Falls Generator to supply its maximum available reactive power output or absorb its maximum reactive power input (measured in MVAR) within the capabilities of the generation equipment in operation at the time in order to maintain system security. The Parties recognize that

the Twin Falls Generator will typically be able to provide reactive power at no cost and therefore agree that the Twin Falls Generator will provide reactive power to or absorb reactive power from Idaho Power within the capabilities of the generation equipment in operation at the time at no charge to Idaho Power. In the event the Twin Falls Generator is unable to consistently maintain required reactive power capability at the Point of Delivery, the Twin Falls Generator shall take other appropriate steps to configure the Twin Falls Generator to meet such requirements, including, as necessary, the installation of reactive power compensating devices subject to prior review and approval by Idaho Power.

8.6 Scheduled Maintenance. On or before April 1 of each year, TASC0 shall submit a proposed maintenance schedule for the Contract Year and Idaho Power and TASC0 shall mutually agree as to the acceptability or unacceptability of the proposed schedule. The Parties determination as to the acceptability of TASC0's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices and neither party shall unreasonable withhold its acceptance of the proposed schedule.

8.7 Maintenance Coordination. The Parties shall, to the extent practical, coordinate their respective facility maintenance schedules such that they occur simultaneously.

8.8 Contact Prior to Curtailment. Idaho Power will make a reasonable attempt to contact TASC0 prior to exercising its rights to curtail, interrupt, or reduce Surplus Energy deliveries from the Twin Falls Generator. TASC0 understands that in the case of emergency circumstances, notice may not be given to TASC0 prior to

interruption, curtailment, or reduction.

8.9 Performance measurements. TASC0 shall provide Idaho Power Company with all performance measurements required by NERC, WECC, and the RTO (if applicable) for compliance monitoring programs such as, but not limited to, the Reliability Management System (RMS).

8.10 Operating Agreement. The Operating Agreement between Idaho Power Company and The Amalgamated Sugar Company, LLC – Parallel Operation of the Twin Falls Facility, dated August 11, 2001 will continue in full effect until such time as this Agreement terminates.

## **SECTION 9 – RELIABILITY MANAGEMENT SYSTEM**

9.1 Purpose. In order to maintain the reliable operation of the transmission grid, the WECC Reliability Criteria Agreement sets forth reliability criteria adopted by the WECC to which the Twin Falls Generator and Idaho Power Company shall be required to comply.

9.2 Compliance . Twin Falls Generator shall comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria set forth in Section IV of Annex A thereof, and, in the event of failure to comply, TASC0 agrees to be subject to the sanctions applicable to such failure. Such sanctions shall be assessed pursuant to the procedures contained in the WECC Reliability Criteria Agreement. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Article 9 as though set forth fully herein, and TASC0, for the Twin Falls Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations

of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.

9.3 Payment of Sanctions TASC0, for the Twin Falls Generator shall be responsible for reimbursing Idaho Power Company for any monetary sanctions assessed against Idaho Power Company due to the action or inaction of Twin Falls Generator, by WECC pursuant to the WECC Reliability Criteria Agreement. TASC0 also shall be responsible for payment of any monetary sanction assessed against Twin Falls Generator by WECC pursuant to the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WECC Reliability Criteria Agreement.

9.4 Transfer of Control or Sale of Generation Facilities In any sale or transfer of control of any generation facilities subject to this Agreement, TASC0 shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of TASC0 with respect to this Agreement or to enter into an agreement with Idaho Power Company imposing on the acquiring party or transferee the same obligations applicable to Twin Falls Generator pursuant to this Section 9.

9.5 Publication TASC0 consents to the release by the WECC of information related to the Twin Falls Generator's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement.

9.6 Third Parties Except for the rights and obligations between the WECC and TASC0 specified in this Section 9, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as

between the Parties or with respect to the WECC: (a) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (b) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary under this Section 9, of the WECC against TASC0 for the Twin Falls Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Idaho Power Company and TASC0 expressly intend that the WECC is a third-party beneficiary to this Section 9, and the WECC shall have the right to seek to enforce against TASC0 any provision of this Section 9, provided that specific performance shall be the sole remedy available to the WECC pursuant to Section 9 of this Agreement, and TASC0 shall not be liable to the WECC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

9.7 Reserved Rights Nothing in the RMS or the WECC Reliability Criteria Agreement shall affect the right of Idaho Power Company, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, that Idaho Power Company may otherwise be entitled to take.

9.8 Severability If one or more provisions of this Section 9 shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

9.9 Termination of Section 9 TASC0 may terminate its obligations pursuant to this Section 9:

9.9.1 If after the effective date of this Section 9, the requirements of the WECC Reliability Criteria Agreement applicable to Twin Falls Generator are amended so as to adversely affect the Twin Falls Generator, provided that TASC0 gives fifteen (15) days' notice of such termination to Idaho Power Company and WECC within forty-five (45) days of the date of issuance of a Commission order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by TASC0 for an additional forty-five (45) days if TASC0 gives written notice to Idaho Power Company of such requested extension within the initial forty-five (45) day period; or

9.9.2 For any reason on one year's written notice to Idaho Power Company and the WECC.

#### **SECTION 10 - MISCELLANEOUS PROVISIONS**

10.1 Insurance. TASC0 will comply with the liability insurance requirements contained in Idaho Power's IPUC Schedule 86 and its successor schedules as those schedules may be modified from time to time by Commission order.

10.2 Rights of Way and Easements. TASC0 will grant to Idaho Power all necessary rights of way and easements to install, operate, maintain, replace, and

remove Idaho Power's metering and other Interconnection Facilities, including adequate and continuing access rights to TASCOS property. TASCOS warrants that it has procured sufficient easements and rights of way from third parties as are necessary to provide Idaho Power with the access described above. TASCOS will execute such other grants, deeds, or documents as Idaho Power may require to enable it to record such rights of way and easements.

10.3 Indemnification. TASCOS agrees to hold harmless and indemnify Idaho Power, its officers, agents, and employees, against all loss, damage, expense and liability to third persons or injury to or death of person or injury to property proximately caused by TASCOS's construction, operation or maintenance of, or by failure of, the Twin Falls Generator or the TASCOS-furnished Interconnection Facilities.

10.4 Regulatory Requirements. This Agreement and the rates, terms and conditions of service set forth or incorporated herein, and the respective rights and obligations of the Parties hereunder, will be subject to valid laws and to the regulatory authority and orders, rules and regulations of the Commission and such other administrative bodies having jurisdiction.

10.5 Commission Jurisdiction. The purchase prices contained herein are negotiated rates. Their inclusion does not constitute a waiver by Idaho Power of its right to contest TASCOS's entitlement to full avoided cost rates under PURPA. Nothing herein will be construed as limiting the Commission from changing any rates or charges or any rules, regulation or conditions relating to services provided and/or Surplus Energy purchases under this Agreement, or construed as affecting the right of Idaho Power or TASCOS to unilaterally make application to the Commission for any such

change.

10.6 Attorney's Fees. In any action at law or equity commenced under this Agreement and upon which judgment is rendered, the prevailing party, as part of such judgment, will be entitled to recover all costs, including reasonable attorney's fees, incurred on account of such action.

10.7 Effective Date of Agreement. This Agreement will not become effective until the Commission has approved it and declares that all payments for purchases of Surplus Energy shall be allowed as prudently incurred expenses for ratemaking purposes.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year herein written.

IDAHO POWER COMPANY

By James C. Miller  
James C. Miller, Sr. Vice President, Power Supply  
Date 11/20/06

THE AMALGAMATED SUGAR COMPANY, LLC

By Stan Good  
Title Plant Manager  
Date 11/15/06

AGREEMENT FOR SALE AND PURCHASE OF SURPLUS ENERGY

BETWEEN

IDAHO POWER COMPANY

AND THE AMALGAMATED SUGAR COMPANY, LLC

TWIN FALLS PLANT

EXHIBIT 1

Estimated Monthly Non-Firm Energy

TASCO estimates that it will deliver non-firm energy in the following monthly amounts:

<u>Month</u>	<u>3 MW Capacity</u>
January	2,232,000 kWh
February	2,016,000 kWh
March	2,232,000 kWh
April	2,160,000 kWh
May	2,232,000 kWh
June	2,160,000 kWh
July	2,232,000 kWh
August	2,232,000 kWh
September	2,160,000 kWh
October	2,232,000 kWh
November	2,160,000 kWh
December	2,232,000 kWh
Total	<hr/> 26,280,000 kWh

AGREEMENT FOR SALE AND PURCHASE OF SURPLUS ENERGY

BETWEEN

IDAHO POWER COMPANY

AND THE AMALGAMATED SUGAR COMPANY, LLC

TWIN FALLS PLANT

EXHIBIT 2

The Interconnection Facilities are as follows:

Metering Equipment

- Metering package and associated current transformers and potential transformers.
- Separate current transformers for TASCOS use.

Disconnection Equipment

- 15-kV recloser and associated current transformers and protection package (SEL 300G).
- Two pole-mounted voltage transformers, one on each side of the recloser. The transformer on the line side of the recloser provides local service to the protection package/recloser. The transformer on the load/customer side of the recloser provides synchronizing voltage and/or deadline sensing. Both voltages are available for TASCOS use.

Network Upgrades

- A potential transformer and associated control circuits at the Eastgate Substation (feeder 014) for deadline sensing.
- Capacitor Bank

Communications Equipment

- A remote terminal unit (SEL 2020) and modem at the Idaho Power Twin Falls

Operations Center for communication with the protection package.

A leased telephone line (in addition to the existing line connected to the metering equipment) will be provided by TASC0 between the protection package (SEL 300G) and the remote terminal unit (SEL 2020). TASC0 will order the telephone line from the local telephone company and pay the monthly telephone charges. The telephone line will need to be installed and operational prior to TASC0 cogenerating into the Idaho Power system.

Idaho Power will communicate with TASC0 via dry contacts. The dry contacts are described as follows:

- Four dry inputs to the SEL 300G from TASC0:
  1. Generator breaker 52b contact (i.e. generation connected to the feeder).
  2. Customer lockout trip
  3. Recloser close control
  4. Custom lockout reset
- Four dry contact outputs from the SEL 300G to TASC0:
  1. Recloser position (52a)
  2. IPC lockout trip
  3. System available for connection
  4. Recloser position (52a)