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IDAHO PUBLIC  
UTILITIES COMMISSION

**BARTON L. KLINE**  
Senior Attorney

September 12, 2007

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-06-34  
Idaho Power's Motion for Approval of the Hot Springs Generation  
Interconnection Agreement

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Motion 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,

Barton L. Kline

BLK:sh  
Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

BARTON KLINE, ISB # 1526  
LISA D. NORDSTROM, ISB # 5733  
Idaho Power Company  
1221 West Idaho Street  
P. O. Box 70  
Boise, Idaho 83707  
Telephone: (208) 388-2692  
FAX Telephone: (208) 388-6936

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO POWER'S MOTION FOR )  
APPROVAL OF THE HOT SRPINGS ) CASE NO. IPC-E-06-34  
GENERATION INTERCONNECTION )  
AGREEMENT ) MOTION

COMES NOW, Idaho Power Company ("Idaho Power" or the "Company") and, in accordance with RP 052 and RP 201 *et seq.*, hereby requests that the Commission issue its order approving the Generation Interconnection Agreement ("GIA") between Hot Spring Windfarm LLC ("Hot Springs") and Idaho Power.

This Motion is based on the following:

1. The Commission has previously approved a Firm Energy Sales Agreement between Idaho Power and Hot Springs Windfarm (Order Nos. 30245 and 30399).
2. A copy of the Hot Springs GIA is enclosed as Attachment No. 1.<sup>1</sup>

<sup>1</sup> The GIA covers both the Hot Springs and Bennett Creek Windfarm projects because a single interconnection will be built to interconnect both projects and both projects are being developed by the same developer.

3. Idaho Power has filed this Motion for two reasons. First, this GIA is the first interconnection agreement involving the Public Utility Regulatory Policies Act of 1978 (“PURPA”) generating facilities subject to Idaho Power’s Schedule 72 which involves substantial upgrades to Idaho Power’s transmission system. Second, the allocation of costs from the transmission upgrades for the Hot Springs project were not addressed in Commission Order No. 30414 in Case No. IPC-E-06-21 (“the Cassia Windfarms’ case”).

4. In the Cassia Windfarms’ case, the Commission approved a settlement which implemented a cost-sharing arrangement under which Idaho Power will contribute twenty-five percent (25%) of the cost of the needed transmission upgrades, Cassia Windfarms will make a non-refundable 25% contribution in aid-of-construction (“CIAC”) to support the transmission upgrades and Cassia Windfarms will make an advance in aid-of-construction (“AIAC”) for the remaining balance of the cost of the upgrades. The AIAC will be refunded to Cassia Windfarms over time if they fully perform their Firm Energy Sales Agreements with Idaho Power. For purposes of this Motion, the 25%/25%/50% cost sharing arrangement will be referred to as the “Cassia Formula”.

5. In Order No. 30414, the Commission concluded that use of the Cassia Formula was appropriate for the Cassia Windfarms as well as the other PURPA generation projects in the Twin Falls 138 kV transmission queue. However, the Commission did not authorize the Company to automatically apply the Cassia Formula in other locations on its system where transmission upgrades would be required. The Commission indicated that application of any terms or conditions approved as a part of the settlement in the Cassia Windfarms case to other Qualifying Facility (“QF”) interconnection requests “will depend on the specific characteristics of that situation.” (Order No. 30414 p. 11). In the GIA between

Hot Springs and Idaho Power, the parties have agreed to apply the Cassia Formula to share the costs of the transmission upgrades for the Hot Springs Windfarm.

6. In concluding that it is appropriate to use the Cassia Formula for sharing costs of transmission upgrades for Hot Springs, Idaho Power applied the Commission's findings and conclusions in Order No. 30414 as follows:

(1) But for the construction of the Hot Springs Windfarm, Idaho Power would not have constructed the transmission upgrades described in Attachment 1 to provide adequate service to its native load customers. Therefore, a contribution by the developer of a portion of the transmission upgrade cost is appropriate.

(2) Idaho Power believes that in Order No. 30414, the Commission directed Idaho Power to assess the benefits of individual transmission upgrades taking into consideration "the system wide benefits that accrue to all customers on an integrated transmission grid". (Order No. 30414 p. 10). One way to approach that assessment is to compare the level benefits that the Hot Springs upgrades will provide to the system with the level of benefits provided in the Cassia Windfarms case. The Company acknowledges that it is nearly impossible to precisely quantify the relative system benefits conferred by two distinct and geographically separate transmission upgrades. However, transmission engineers can exercise their judgment and their knowledge of transmission systems they have designed and operate. Based on their informed judgment, Idaho Power's transmission engineers are of the opinion that the transmission upgrades identified in Attachment 1 will provide different benefits than the transmission system benefits the Cassia Windfarms upgrades will provide. Where the Cassia Windfarms upgrade will install a new transformer to interconnect the 230 and 138 kV transmission systems in the

western portion of the Magic Valley, the improvements contemplated herein will upgrade (replace the line conductor) and update (replace poles, insulators and hardware not capable of supporting the larger conductor) an older transmission line. Some facilities on the line interconnecting the Hot Springs project may have been providing service since 1921. The use of the Cassia Formula is reasonable in this circumstance.

(3) The Company is also of the opinion that the application of the Cassia Formula in this case will maintain the balance between “the benefits accruing to the customers of the grid with the cost responsibility of the QF necessitating the timing and the construction of the upgrade.” (Order No. 30414 p. 11).

(4) Hot Springs, like the QF projects in the Twin Falls queue, will displace or defer the need for other or similar generation projects in the Company’s Integrated Resource Plan that would likely require related transmission investment by the Company. (Order No. 30414 p. 11).

(5) Idaho Power believes that application of the Cassia Formula in this instance will allow it to successfully defend a comparability claim brought by a Federal Energy Regulatory Commission (“FERC”) jurisdictional customer claiming that Idaho Power and the Commission had given unlawful, preferential treatment to QF resources.

7. Idaho Power requests that the Commission process this Motion by modified procedure in accordance with RP201 et seq.

### **CONCLUSION**

For the reasons cited herein, Idaho Power respectfully submits that the enclosed Generator Interconnection Agreement is consistent with Schedule 72, Commission Order

No. 30414 and is in the public interest. The Company hereby requests that the Commission issue its order: (1) processing this case in accordance with RP 201 *et seq.*, modified procedure; and (2) approving the Hot Springs Generator Interconnection Agreement without change or condition.

Respectfully submitted this 12<sup>th</sup> day of September 2007.

  
\_\_\_\_\_  
BARTON L. KLINE  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12<sup>th</sup> day of September 2007, I served a true and correct copy of the within and foregoing upon the following named parties by the method indicated below, and addressed to the following:

Scott Woodbury  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington Street  
Post Office Box 83720  
Boise, Idaho 83720-0074

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email [Scott.woodbury@puc.idaho.gov](mailto:Scott.woodbury@puc.idaho.gov)

Dean J. Miller  
Attorney for Bennett Creek  
McDevitt & Miller LLP  
420 W. Bannock  
Boise, ID 83701

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email: [joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)



Barton L. Kline

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-34**

**IDAHO POWER COMPANY**

**ATTACHMENT 1**

GENERATOR INTERCONNECTION AGREEMENT  
Schedule 72 (PURPA)

BENNETT CREEK / HOT SPRINGS PROJECT  
39.6 MW

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This Generator Interconnection Agreement ("Agreement") under Idaho Power Company's Schedule 72 is effective as of the \_\_\_\_ day of \_\_\_\_\_, 2007 between Bennett Creek Windfarm, LLC and Hot Springs Windfarm, LLC, ("Seller" or "Interconnection Customer") and Idaho Power Company – Delivery ("Company", or "Transmission Owner").

### RECITALS

A. Seller will own or operate a Generation Facility that qualifies for service under Idaho Power's Commission-approved Schedule 72 and any successor schedule.

B. The Generation Facility covered by this Agreement is more particularly described in Attachment 1.

### AGREEMENTS

1. Capitalized Terms

Capitalized terms used herein shall have the same meanings as defined in Schedule 72 or in the body of this Agreement.

2. Terms and Conditions

This Agreement and Schedule 72 provide the rates, charges, terms and conditions under which the Seller's Generation Facility will interconnect with, and operate in parallel with, the Company's transmission/distribution system. Terms defined in Schedule 72 will have the same defined meaning in this Agreement. If there is any conflict between the terms of this Agreement and Schedule 72, Schedule 72 shall prevail.

3. This Agreement is not an agreement to purchase Seller's power.

Purchase of Seller's power and other services that Seller may require will be covered under separate agreements. Nothing in this Agreement is intended to affect any other agreement between the Company and Seller.

4. Attachments

Attached to this Agreement and included by reference are the following:

Attachment 1 – Description and Costs of the Generation Facility, Interconnection Facilities, and Metering Equipment.

Attachment 2 – One-line Diagram Depicting the Generation Facility, Interconnection Facilities, Metering Equipment and Upgrades.

Attachment 3 – Milestones For Interconnecting the Generation Facility.

Attachment 4 – Additional Operating Requirements for the Company's Transmission System Needed to Support the Seller's Generation Facility.

Attachment 5 – Reactive Power.

Attachment 6 – Description of Upgrades required to integrate the Generation Facility and Best Estimate of Upgrade Costs.

5. Effective Date, Term, Termination and Disconnection.

5.1 Term of Agreement. Unless terminated earlier in accordance with the provisions of this Agreement, this Agreement shall become effective on the date specified above and remain effective as long as Seller's Generation Facility is eligible for service under Schedule 72.

5.2 Termination.

5.2.1 Seller may voluntarily terminate this Agreement upon expiration or termination of an agreement to sell power to the Company.

5.2.2 After a Default, either Party may terminate this Agreement pursuant to Section 6.5.

5.2.3 Upon termination or expiration of this Agreement, the Seller's Generation Facility will be disconnected from the Company's transmission/distribution system. The termination or expiration of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination. The provisions of this Section shall survive termination or expiration of this Agreement.

5.3 Temporary Disconnection. Temporary disconnection shall continue only for so long as reasonably necessary under "Good Utility Practice." Good Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice includes compliance with WECC or NERC requirements. Payment of lost revenue resulting from temporary disconnection shall be governed by the power purchase agreement.

5.3.1 Emergency Conditions. "Emergency Condition" means a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Company, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Company's transmission/distribution system, the Company's Interconnection Facilities or the equipment of the Company's customers; or (3) that, in the case of the Seller, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the reliability and security of, or damage to, the Generation Facility or the Seller's Interconnection Facilities. Under Emergency Conditions, either the Company or the Seller may immediately suspend interconnection service and temporarily disconnect the Generation Facility. The Company shall notify the Seller promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Seller's operation of the Generation Facility. The Seller shall notify the Company promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Company's equipment or service to the Company's customers. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

5.3.2 Routine Maintenance, Construction, and Repair. The Company may interrupt interconnection service or curtail the output of the Seller's Generation Facility and temporarily disconnect the Generation Facility from the Company's transmission/distribution system when necessary for routine maintenance, construction,

and repairs on the Company's transmission/distribution system. The Company will make a reasonable attempt to contact the Seller prior to exercising its rights to interrupt interconnection or curtail deliveries from the Seller's Facility. Seller understands that in the case of emergency circumstances, real time operations of the electrical system, and/or unplanned events, the Company may not be able to provide notice to the Seller prior to interruption, curtailment or reduction of electrical energy deliveries to the Company. The Company shall use reasonable efforts to coordinate such reduction or temporary disconnection with the Seller.

5.3.3 Scheduled Maintenance. On or before January 31 of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year and the Company and Seller shall mutually agree as to the acceptability of the proposed schedule. The Parties determination as to the acceptability of the Seller's timetable for scheduled maintenance will take into consideration Good Utility Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.

5.3.4. Maintenance Coordination. The Seller and the Company shall, to the extent practical, coordinate their respective transmission/distribution system and Generation Facility maintenance schedules such that they occur simultaneously. Seller shall provide and maintain adequate protective equipment sufficient to prevent damage to the Generation Facility and Seller-furnished Interconnection Facilities. In some cases, some of Seller's protective relays will provide back-up protection for Idaho Power's facilities. In that event, Idaho Power will test such relays annually and Seller will pay the actual cost of such annual testing.

5.3.5 Forced Outages. During any forced outage, the Company may suspend interconnection service to effect immediate repairs on the Company's transmission/distribution system. The Company shall use reasonable efforts to provide the Seller with prior notice. If prior notice is not given, the Company shall, upon request, provide the Seller written documentation after the fact explaining the circumstances of the disconnection.

5.3.6 Adverse Operating Effects. The Company shall notify the Seller as soon as practicable if, based on Good Utility Practice, operation of the Seller's Generation Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generation Facility could cause damage to the Company's transmission/distribution system or other affected systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Seller upon request. If, after notice, the Seller fails to remedy the adverse operating effect within a reasonable time, the Company may disconnect the Generation Facility. The Company shall provide the Seller with reasonable notice of such disconnection, unless the provisions of Article 5.3.1 apply.

5.3.7 Modification of the Generation Facility. The Seller must receive written authorization from the Company before making any change to the Generation Facility that may have a material impact on the safety or reliability of the Company's transmission/distribution system. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Seller makes such modification without the Company's prior written authorization, the latter shall have the right to temporarily disconnect the Generation Facility.

5.3.8 Reconnection. The Parties shall cooperate with each other to restore the Generation Facility, Interconnection Facilities, and the Company's

transmission/distribution system to their normal operating state as soon as reasonably practicable following a temporary disconnection.

5.3.9 Voltage Levels. Seller, in accordance with Good Utility Practices, shall minimize voltage fluctuations and maintain voltage levels acceptable to Idaho Power. Idaho Power may, in accordance with Good Utility Practices, upon one hundred eighty (180) days' notice to the Seller, change its nominal operating voltage level by more than ten percent (10%) at the Point of Delivery, in which case Seller shall modify, at Idaho Power's expense, Seller's equipment as necessary to accommodate the modified nominal operating voltage level.

#### 5.4 Land Rights.

5.4.1 Seller to Provide Access. Seller hereby grants to Idaho Power for the term of this Agreement all necessary rights-of-way and easements to install, operate, maintain, replace, and remove Idaho Power's Metering Equipment, Interconnection Equipment, Disconnection Equipment, Protection Equipment and other Special Facilities necessary or useful to this Agreement, including adequate and continuing access rights on property of Seller. Seller warrants that it has procured sufficient easements and rights-of-way from third parties so as to provide Idaho Power with the access described above. All documents granting such easements or rights-of-way shall be subject to Idaho Power's approval and in recordable form.

5.4.2 Use of Public Rights-of-Way. The Parties agree that it is necessary to avoid the adverse environmental and operating impacts that would occur as a result of duplicate electric lines being constructed in close proximity. Therefore, subject to Idaho Power's compliance with Paragraph 5.4.4, Seller agrees that should Seller seek and receive from any local, state or federal governmental body the right to erect, construct and maintain Seller-furnished Interconnection Facilities upon, along and over any and all public roads, streets and highways, then the use by Seller of such public right-of-way shall be subordinate to any future use by Idaho Power of such public right-of-way for construction and/or maintenance of electric distribution and transmission facilities and Idaho Power may claim use of such public right-of-way for such purposes at any time. Except as required by Paragraph 5.4.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this Paragraph 5.4.2.

5.4.3 Joint Use of Facilities. Subject to Idaho Power's compliance with Paragraph 15.4.4, Idaho Power may use and attach its distribution and/or transmission facilities to Seller's Interconnection Facilities, may reconstruct Seller's Interconnection Facilities to accommodate Idaho Power's usage or Idaho Power may construct its own distribution or transmission facilities along, over and above any public right-of-way acquired from Seller pursuant to Paragraph 5.4.2, attaching Seller's Interconnection Facilities to such newly constructed facilities. Except as required by Paragraph 5.4.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this Paragraph 5.4.3.

5.4.4 Conditions of Use. It is the intention of the Parties that the Seller be left in substantially the same condition, both financially and electrically, as Seller existed prior to Idaho Power's exercising its rights under this Paragraph 5.4. Therefore, the Parties agree that the exercise by Idaho Power of any of the rights enumerated in Paragraphs 5.4.2 and 5.4.3 shall: (1) comply with all applicable laws, codes and Good Utility Practices, (2) equitably share the costs of installing, owning and operating jointly used facilities and rights-of-way. If the Parties are unable to agree on the method of apportioning these costs, the dispute will be submitted to the Commission for resolution

and the decision of the Commission will be binding on the Parties, and (3) shall provide Seller with an interconnection to Idaho Power's system of equal capacity and durability as existed prior to Idaho Power exercising its rights under this Paragraph 5.4.

6. Assignment, Liability, Indemnity, Force majeure, Consequential Damages and Default.

6.1 Assignment. This Agreement may be assigned by either Party upon twenty-one (21) calendar days prior written notice and opportunity to object by the other Party; provided that:

6.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement.

6.1.2 The Seller shall have the right to contingently assign this Agreement, without the consent of the Company, for collateral security purposes to aid in providing financing for the Generation Facility, provided that the Seller will promptly notify the Company of any such contingent assignment.

6.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Seller. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

6.2 Limitation of Liability. Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

6.3 Indemnity.

6.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 6.2.

6.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

6.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim. Failure to defend is a Material Breach.

6.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified

person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

6.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall be a Material Breach and shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

6.4 Force Majeure. As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the control of the Seller or of the Company which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, or changes in law or regulation occurring after the Operation Date, which, by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome. If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure, provided that:

(1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence.

(2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure.

(3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

6.5 Default and Material Breaches.

6.5.1 Defaults. If either Party fails to perform any of the terms or conditions of this Agreement (a "Default" or an "Event of Default"), the nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting Party shall fail to cure such Default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the other Party that the Default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the nondefaulting Party may, at its option, terminate this Agreement and/or pursue its legal or equitable remedies.

6.5.2 Material Breaches. The notice and cure provisions in Paragraph 6.6.1 do not apply to Defaults identified in this Agreement as Material Breaches. Material Breaches must be cured as expeditiously as possible following occurrence of the breach.

7. Insurance.

During the term of this Agreement, Seller shall secure and continuously carry the following insurance coverage:

7.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to \$1,000,000, each occurrence, combined single limit. The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

7.2 The above insurance coverage shall be placed with an insurance company with an A.M. Best Company rating of A- or better and shall include:

(a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and

(b) A provision stating that such policy shall not be canceled or the limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.

7.3 Seller to Provide Certificate of Insurance. As required in Paragraph 7 herein and annually thereafter, Seller shall furnish the Company a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

7.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by Paragraph 7.1 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute grounds for a temporary disconnection under Section 5.3 and will be a Material Breach.

8. Miscellaneous.

8.1 Governing Law. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Idaho without regard to its conflicts of law principles.

8.2 Salvage. No later than sixty (60) days after the termination or expiration of this Agreement, Idaho Power will prepare and forward to Seller an estimate of the remaining value of those Idaho Power furnished Interconnection Facilities as required under Schedule 72 and/or

described in this Agreement, less the cost of removal and transfer to Idaho Power's nearest warehouse, if the Interconnection Facilities will be removed. If Seller elects not to obtain ownership of the Interconnection Facilities but instead wishes that Idaho Power reimburse the Seller for said Facilities the Seller may invoice Idaho Power for the net salvage value as estimated by Idaho Power and Idaho Power shall pay such amount to Seller within thirty (30) days after receipt of the invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho Power.

9. Notices.

9.1 General. Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

**If to the Seller:**

Interconnection Customer: Bennett Creek Windfarm, LLC / Hot Springs Windfarm, LLC

Attention: Donald Wong

Address: 8796 Petite Creek Way

City: Roseville State: CA Zip: 95661

Phone: (916) 791-1959 Fax: (916) 791-2250

**If to the Company:**

Company: Idaho Power Company - Delivery

Attention: Operations Manager

Address: 1221 W. Idaho Street

City: Boise State: Idaho Zip: 83702

Phone: 208-388-2360 Fax: 208-388-5504

9.2 Billing and Payment. Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: Bennett Creek Windfarm, LLC / Hot Springs Windfarm, LLC

Attention: Donald Wong

Address: 8796 Petite Creek Way

City: Roseville State: CA Zip: 95661

Phone: (916) 791-1959 Fax: (916) 791-2250

Company: Idaho Power Company - Delivery

Attention: Delivery Finance

Address: 1221 W. Idaho Street

City: Boise State: Idaho Zip: 83702

Phone: 208-388-6938 email: twhite@idahopower.com

9.3 Designated Operating Representative. The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

**Interconnection Customer's Operating Representative:**

Interconnection Customer: Bennett Creek Windfarm, LLC / Hot Springs Windfarm, LLC

Attention: Donald Wong

Address: 8796 Petite Creek Way

City: Roseville State: CA Zip: 95661

Phone: (916) 791-1959 Fax: (916) 791-2250

**Company's Operating Representative:**

Company: Idaho Power Company - Delivery  
Attention: Grid Operations Real Time Desk  
Address: 1221 W. Idaho Street  
City: Boise State: Idaho Zip: 83702  
Phone: 208-388-2826

9.4 Changes to the Notice Information. Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

10. Signatures.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

**For the Company**

Name: Tossee Park

Title: Manager, Grid Operations – Idaho Power Company, Delivery

Date: 9-12-07

**For the Interconnection Customer**

Name: John E. Stearns

Title: Authorized Manager

Date: 9-13-07

## Attachment 1

### Description and Costs of the Generation Facility, Interconnection Facilities and Metering Equipment

In this attachment the Generation Facility and Interconnection Facilities, including Special Facilities and upgrades, are itemized and identified as being owned by the Seller or the Company. As provided in Schedule 72, Payment For Interconnection Facilities, the Company will provide a best estimate itemized cost of its Interconnection Facilities, including Special Facilities, upgrades and Metering Equipment.

#### **Interconnection Details**

This Attachment 1 is a part of the Standard Generator Interconnection Agreement under Idaho Power Company's Schedule 72 between Interconnection Customer and Idaho Power Company – Delivery (Transmission Owner) for the Bennett Creek/Hot Springs Wind Interconnection Project, specifically Generator Interconnection Project # 186 and #187.

#### **Point of Interconnection**

The Point of Interconnection for the Bennett Creek/Hot Springs Project will be between the Transmission Owner's airbreak switch number 101B and the high side of the Interconnection Customer's transformer.

A drawing identifying the point of interconnection is included in the Single Line drawing as Attachment 2.

#### **Point of Change of Ownership**

The Point of Change of Ownership for the Bennett Creek/Hot Springs Project will be the fenceline at the Point of Interconnection.

#### **General Facility Description**

Interconnection Service will be provided at 138 kV for the integration of twenty-four (24) induction generator wind turbines for Bennett Creek/Hot Springs Windfarm. The project's location is (TS4S, R8E, S23) Elmore County, Idaho. The total project output is 39.6 MW.

Description	Ownership	Cost
<b>Generation Facilities</b>		
Seller to Provide	Seller	N/A
<b>Interconnection Facilities</b>		
Transmission Tap Structure with Disconnects	Company	\$50,000
Deadend Structure	Company	\$50,000
Power Circuit Breaker with Disconnects	Company	\$200,000
Protection, Telemetry and Control	Company	\$75,000
Power Line Carrier Wave Trap and Coupling Device	Company	\$50,000
Revenue Metering	Company	\$25,000
Total		\$450,000
<b>Transmission Network Upgrades (Special Facilities)</b>		
Reconductor 11.5 Miles of 138 kV Transmission Line	Company	\$2,025,000
Relocation of Mountain Home Junction - Upper Salmon Line Reactor	Company	\$115,000
Increase Size of Mountain Home Junction - Lucky Peak Line Reactor	Company	\$15,000
Total		\$2,155,000

5

4

3

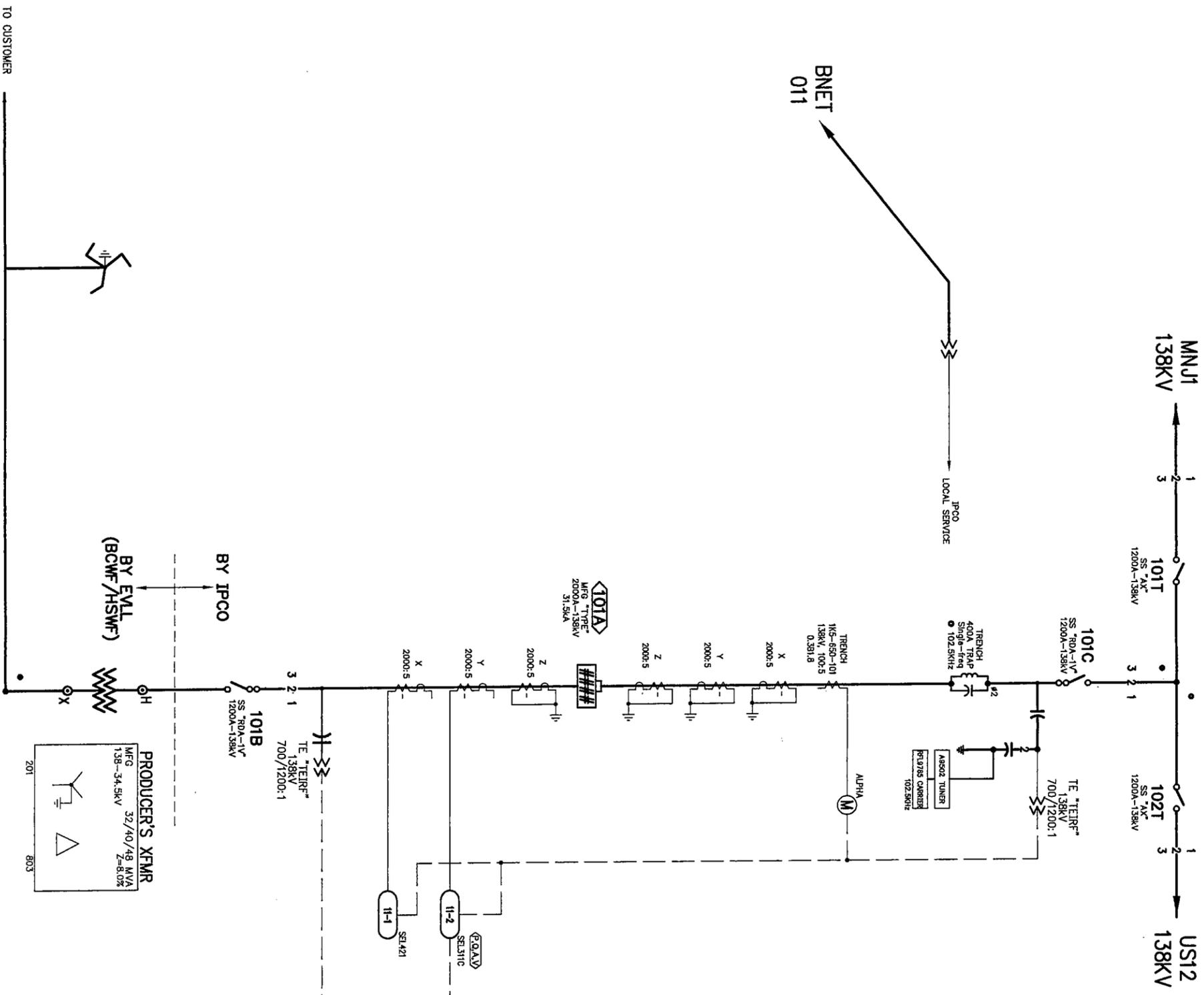
2

1

REVISION

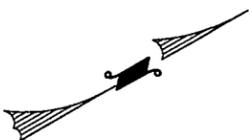
08-01-2007  
INSTALL INTERCONNECTION  
FOR BENNETT CREEK AND  
HOT SPRINGS WIND  
FARMS. 27245727  
BLF

ATTACHMENT 2



SCADA INDICATION IS PROCESSED THROUGH THE SEL311C RELAY. THIS RELAY OUTPUTS ALL METERING QUANTITIES.

PROJECT LOCATION:  
T-04S, R-08E, SECTION-23  
ADDRESS #, BENNETT, ID, ELMORE COUNTY



REFERENCE DRAWINGS

##-###-#	#
LAT= ###/###/###	
LONG= ###/###/###	

SINGLE LINE APPROVAL

Standard Engineer	/
Control Engineer	/
Spcl. Prot. Eng.	/
Apprentice Engineer	/
SPC Regional Leader	/
App. Regional Leader	/
Project Leader	/
Line Mgr. Dev. Eng.	/
RETURN BY	9-12-07
ID	Brett Flynn
NO.	27245727

BENNETT CREEK WIND FARM GENERATION INTERCONNECT 39.6MW	
DAVID POWER COMPANY BOISE, IDAHO	
SCALE: NONE	DATE: 8-01-2007
DES. BY: BLF	APPROVED: 21D-59982
REV. #	SHT. 1
REV. BY	01

WLT NO. 21D-59982-1

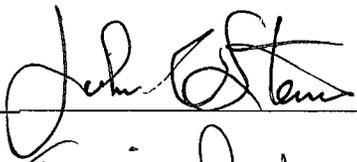
Attachment 3

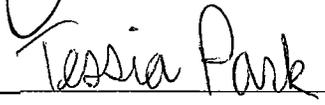
Milestones

Date	Milestone
12/31/2007	Design completion
3/15/2008	Construction completion
3/30/2008	Commissioning completion
4/1/2008	Commercial Operation

Transmission Owner's billing for its construction activities will be based upon actual expenditures.

**Agreed to by:**

For the Interconnection Customer  Date 9-13-07

For the Transmission Provider  
Idaho Power Company, Delivery  Date 9-12-07

## Attachment 4

### Additional Operating Requirements for the Company's Transmission System and Affected Systems Needed to Support the Seller's Needs

*The Company shall also provide requirements that must be met by the Seller prior to initiating parallel operation with the Company's Transmission System.*

#### **Security Arrangements Details**

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. All Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System will to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

#### **Reliability Management System**

##### **1. Definitions:**

**1.1 Member:** Any party to the WECC Agreement.

**1.2 Reliability Management System or RMS:** The contractual reliability management program implemented through the WECC Reliability Criteria Agreement, Section 2 of Appendix H Under Idaho Power Company's Open Access Transmission Tariff ("OATT") FERC Electric Tariff Revised Volume No. 5.<sup>1</sup> and any similar contractual arrangement.

**1.3 Western Interconnection:** The area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WECC operate synchronously connected transmission systems.

**1.4 WECC:** The Western Electricity Coordinating Council or any successor entity.

**1.5 WECC Agreement:** The Western Electricity Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

**1.6 WECC Reliability Criteria Agreement:** The Western Electricity Coordinating Council Reliability Criteria Agreement among the WECC and certain of its member Transmission Providers, as such may be amended from time to time.

**1.7 WECC Staff:** Those employees of the WECC, including personnel hired by the WECC on a contract basis, designated as responsible for the administration of the RMS.

##### **2. Terms and Conditions**

**2.1 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 Interconnection Customer and Idaho Power Company ("Transmission Owner") shall be required to comply.

**2.2 Compliance.** Interconnection Customer 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, agrees to be subject to any sanctions applicable to such failure assessed by WECC under its RMS so long as the Interconnection Customer is solely responsible for the resulting failure. Such sanctions shall be assessed pursuant to the procedures contained in the WECC Reliability Criteria Agreement. Each and all of the provisions of

<sup>1</sup> Idaho Power Company applies the same technical standards to all generators connecting to the electrical system.

the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Attachment 4 as though set forth fully herein, and Interconnection Customer 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.

**2.3 Payment and Sanctions.** Interconnection Customer shall be responsible for reimbursing Transmission Owner for any monetary sanctions assessed by WECC against Transmission Owner due solely to the action or inaction of Interconnection Customer, pursuant to the WECC Reliability Criteria Agreement. Interconnection Customer also shall be responsible for payment of any monetary sanction due solely to the action or inaction of Interconnection Customer assessed against Interconnection Customer 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.

**2.4 Condition to Effectiveness of Agreement.** This Agreement shall be void *ab initio* if Interconnection Customer is not afforded all rights and privileges to contest any purported violation or sanctions before WECC, NERC, the Federal Energy Regulatory Commission or any court of competent jurisdiction, which rights and privileges to contest any violation or sanction would be available to Transmission Owner if the act(s) constituting the purported violation had been taken by Transmission Owner.

**2.5 Publication.** Interconnection Customer consents to the release by the WECC of information related to Interconnection Customer's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement; provided however that no information will be released until after the final resolution of any dispute or challenge to any alleged compliance violation.

**2.6 Third Parties.** Except for the rights and obligations between the WECC and Interconnection Customer specified in this Attachment 4, 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 Attachment 4, of the WECC against Interconnection Customer, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Owner and Interconnection Customer expressly intend that the WECC is a third-party beneficiary to this Attachment 4, and the WECC shall have the right to seek to enforce against Interconnection Customer any provision of this Attachment 4 provided that specific performance shall be the sole remedy available to the WECC pursuant to Attachment 4 of this Agreement, and Interconnection Customer 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.

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

**2.8** [Intentionally left blank]

**2.9 Termination.** Interconnection Customer may terminate its obligations pursuant to this Attachment 4 at any time for any reason upon written notice.

**2.10 Mutual Agreement.** This Attachment 4 may be amended or terminated at any time by mutual agreement of Transmission Owner and Interconnection Customer.

## Attachment 5

### Reactive Power Requirements

*Idaho Power will determine the reactive power required to be supplied by the Company to the Seller, based upon information provided by the Seller. The Company will specify the equipment required on the Company's system to meet the Facility's reactive power requirements. These specifications will include but not be limited to equipment specifications, equipment location, Company-provided equipment, Seller provided equipment, and all costs associated with the equipment, design and installation of the Company-provided equipment. The equipment specifications and requirements will become an integral part of this Agreement. The Company-owned equipment will be maintained by the Company, with total cost of purchase, installation, operation, and maintenance, including administrative cost to be reimbursed to the Company by the Seller. Payment of these costs will be in accordance with Schedule 72 and the total reactive power cost will be included in the calculation of the Monthly Operation and Maintenance Charges specified in Schedule 72.*

### **Interconnection Requirements for a Wind Generating Plant**

#### A. Technical Standards Applicable to a Wind Generating Plant

##### i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below.

All wind generating plants must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 — 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to pre-fault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this agreement, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability 606 (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

The System Impact Study demonstrates that the Interconnection Customer may safely and reliably interconnect, the Generation Facilities associated with the Company's interconnection requests #186 and 187, with the 138 kV transmission system if such Generation Facilities maintain a power factor between 0.95 leading to 0.95 lagging at the high voltage side of the 138/34.5 kV transformer at the Interconnection Point. The Generation Facilities are to implement power factor control regulation with a unity power factor set point. Idaho Power may direct Interconnection Customer to maintain a set point other than unity as required by transmission system conditions.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

## Attachment 6

### Company's Description of Upgrades Required to Integrate the Generation Facility and Best Estimate of Upgrade Costs

As provided in Schedule 72 this Attachment describes Upgrades, including best work upgrades, and provides an itemized best estimate of the cost of the Upgrades.

### Interconnection Customer Construction Responsibility and Transfer of Ownership

#### 1. Interconnection Facilities:

##### Interconnection Facilities

Description	Owner	Estimated Cost
Transmission Tap Structure with Disconnects	Company	\$50,000
Deadend Structure	Company	\$50,000
Power Circuit Breaker with Disconnects	Company	\$200,000
Protection, Telemetry and Control	Company	\$75,000
Power Line Carrier Wave Trap and Coupling Device	Company	\$50,000
Revenue Metering	Company	\$25,000
Total		\$450,000

#### 2. Network Upgrades

##### Transmission Network Upgrades (Special Facilities)

Description	Owner	Estimated Cost
Reconductor 11.5 Miles of 138 kV Transmission Line	Company	\$2,025,000
Relocation of Mountain Home Junction - Upper Salmon Line Reactor	Company	\$115,000
Increase Size of Mountain Home Junction - Lucky Peak Line Reactor	Company	\$15,000
Total		\$2,155,000

#### 3. Allocation of Network Upgrade Costs

Interconnection Customer and Idaho Power will share the actual Network Upgrade costs attributable to the project as follows:

- (a) 25% of the costs will be provided by Interconnection Customer as a non-refundable contribution in aid of construction ("CIAC").
- (b) 25% of the costs will be funded by Idaho Power and included in Idaho Power's rate base.
- (c) 50% of the costs will be funded by Interconnection Customer as an advance in aid of construction ("AIAC") subject to refund as provided in section 4 below. As refunds are made, the refunded amounts will be included in rate base using standard regulatory accounting principles.

Company Costs (25%)	\$538,750
Non-reimbursable CIAC Costs (25%)	\$538,750
Reimbursable AIAC Costs (50%)	\$1,077,500

**4. Repayment of AIAC for Network Upgrades:**

Interconnection Customer will be entitled to a cash repayment, in monthly, equal installments, for the total AIAC amount Interconnection Customer advances to Idaho Power for Network Upgrades, including any tax gross-up or other tax related payments associated with the AIAC for Network Upgrades. Reimbursement will occur over a term not to exceed ten (10) years after the date the Interconnection Customer Generation Facilities achieve their Operation Date under the Firm Energy Sales Agreement ("FESA"). Repayments will be made in accordance with Article 11.4 of the Standard Large Generator Interconnection Agreement, included in the Company's OATT. Payment of such repayments in any month will be contingent on the FESA being in good standing (no uncured defaults) and Interconnection Customer's Generating Facility achieving a mechanical availability in that month in excess of 50%, defined as 100% multiplied by the ratio of (1) the sum of the capacity available to generate in each hour, over all hours of the month, divided by (2) the installed capacity multiplied by the number of hours in the month. In computing the mechanical availability, the capacity available in each hour will not be reduced from the installed capacity, if the reason for the reduction is an event of force majeure, (as that term is defined in the FESA). Upon request, the Interconnection Customer will provide the Company with data and information sufficient to allow the Company to determine the mechanical availability of the Generation Facility.

**5. Interest on Refunds**

Monthly refund payments on AIAC amounts shall include interest calculated in accordance with the methodology set forth in FERC regulations at 18 C.F.R. 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which Interconnection Customer receives repayment