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IDAHO PUBLIC  
UTILITIES COMMISSION

Barton L. Kline  
Senior Attorney

December 26, 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-06-36  
In the Matter of the Application of Idaho Power Company for Approval  
of a Firm Energy Sales Agreement for the Sale and Purchase of  
Electric Energy Between Idaho Power Company and Idaho Winds  
LLC for the Alkali Wind Generation 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,

Barton L. Kline

BLK:sh  
Enclosures

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2006 DEC 26 PM 3: 35  
IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Express Mail Address

1221 West Idaho Street  
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR APPROVAL )  
OF A FIRM ENERGY SALES AGREEMENT )  
FOR THE SALE AND PURCHASE OF )  
ELECTRIC ENERGY BETWEEN IDAHO )  
POWER COMPANY AND IDAHO WINDS LLC )  
FOR THE ALKALI WIND GENERATION )  
FACILITY )  
\_\_\_\_\_ )

CASE NO. IPC-E-06-36  
APPLICATION

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company") and, pursuant to RP 52, hereby requests that the Commission issue its Order approving a Firm Energy Sales Agreement (the "Agreement") between Idaho Power and Idaho Winds LLC ("Idaho Winds") under which Idaho Winds would sell and Idaho Power would purchase electric energy generated by Idaho Wind's Alkali Wind Farm Facility located approximately 6 miles northwest of Glens Ferry, in Elmore County, Idaho ("Facility"). A copy of the Agreement is enclosed herewith as Attachment 1.

This Application is based on the following:

I.

In interlocutory Order No. 29839 issued in Case No. IPC-E-05-22, the Commission reduced the size cap for QF wind generation facilities entitled to receive the published avoided cost rates from 10 average megawatts to 100 kW. In Order No. 29839, the Commission also identified several criteria that it would consider to determine whether a particular QF wind generation facility, that had been in the negotiation queue when Order No. 29839 was issued, was sufficiently mature so as to justify “grandfathering” the wind generation facility to entitlement to the published rates.

These criteria are as follows:

- (1) Submittal of a signed power purchase agreement to the utility, or
- (2) Submittal to the utility of a completed Application for Interconnection Study and payment of fee.

In addition to a finding of existence of one or both of the preceding threshold criteria, the QF must also be able to demonstrate other indicia of substantial progress and project maturity, e.g.,

- (1) A wind study demonstrating a viable site for the project,
- (2) A signed contract for wind turbines,
- (3) Arranged financing for the project, and/or
- (4) Related progress on the facility permitting and licensing path.

(Order No. 29839, p. 10, August 4, 2005; final Order No. 29851).

The Commission noted in Order No. 29872 in Case No. IPC-E-05-22, that the degree of substantial progress and project maturity that it would look for is a demonstration that the QF project can be brought on-line in a timely manner and within a reasonable period following contract execution and approval. The Commission stated it would look at the totality of the facts presented.

## II.

Following the issuance of reconsideration Order No. 29872, the Commission has reviewed several requests from wind QFs for grandfathering status. Of particular import is Commission Order No. 29954, issued January 17, 2006 in Case No. IPC-E-05-35 in which Cassia Wind sought grandfather status for its tow wind farm projects, (“Cassia Wind Order”). In the Cassia Wind Order the Commission determined that even though, as of the August 4, 2005 cut-off date, Cassia Wind had not completed several important secondary criteria, it would be reasonable for Cassia Wind to receive an exemption from the published rate eligibility cap established in Order No. 29839 *provided* that Cassia Wind was able to demonstrate that it had secured financing and obtained a turbine commitment from John Deere Credit by January 4, 2006.

## III.

In this case, the Alkali Facility developer, Pacific Wind LLC, initially advised Idaho Power that it did not desire to pursue a “grandfathering” determination. However, since the issuance of the Cassia Wind order, the developer has decided to pursue a “grandfathered” contract. Based on Idaho Power Company’s review of the information provided by the developer and in light of the Commission’s analysis in the Cassia Wind order, Idaho Power has determined that it would be reasonable to grandfather the Facility based on the following:

### Primary Criteria:

1. Prior to Idaho Power filing its petition on June 17, 2005 in Case No. IPC-E-05-22, (“Suspension Petition”), Idaho Power and the Facility developer had completed contract negotiations and were prepared to sign a Firm Energy Sales Agreement for this

Facility. At the time Idaho Power filed the Suspension Petition, Idaho Power advised the developer that Idaho Power would not sign the Firm Energy Sales Agreement until the Commission had considered the Suspension Petition. As noted above, the developer initially decided not to pursue "grandfathering" but now desires to move forward with the Facility. Idaho Power believes that in light of the fact that the parties had fully negotiated and were ready to sign the FESA prior to August 5, 2005, the first primary criteria should be deemed to have been met.

2. The second primary criteria described by the Commission in Order No. 29039 is submittal of a completed application for interconnection. The developer submitted a generation interconnection study application for the Facility on January 31, 2005 for a 10 MW project along with a \$2,000 initial feasibility analysis fee. The developer withdrew the application on May 26, 2005 at the recommendation of Idaho Power Company's transmission group because the developer desired to increase the Facility size to 18 MW. At that time Idaho Power Company's transmission group correctly advised the developer that the interconnection application could not be amended but instead, a new application had to be filed. The developer decided to defer submitting a revised generation interconnection application until the Power Purchase Agreement was signed; an event which both Idaho Power and the developer believed was imminent.

Secondary Criteria:

On August 15, 2005 the developer wrote to Idaho Power describing the development status of the Facility. A copy of the August 15, 2005 letter is attached as Attachment 2. As noted in the August 15, 2005 letter, the developer did not, as of

August 5 2005, have a signed contract for turbines. However, Idaho Power has reviewed the information provided by the developer and confirmed that this developer had determined that obtaining financing was the highest priority on the critical path. Prior to August 4, 2005, the developer had obtained firm commitments to finance the Facility. The Company had also confirmed that as of August 4, 2005, the Facility had made substantial progress on the other secondary criteria, except for acquisition of turbines. As in the case of Cassia Wind, the developer has now obtained a firm commitment for turbines for the Facility. A copy of Idaho Power's November 7, 2006 letter to the developer confirming satisfaction of the required secondary commitments is attached as Attachment 3.

#### **IV.**

Based on the foregoing, on December 12, 2006, Idaho Power and Idaho Winds LLC entered into a Firm Energy Sales Agreement ("Agreement") for the Facility pursuant to the terms and conditions of Commission Order No. 29632. Under the terms of that Agreement, Idaho Winds elected to contract with Idaho Power for a 20-year term. Idaho Winds further elected to contract with the Company using the Non-Levelized Published Avoided Cost Rates as currently established by the Commission for projects that, under normal operating conditions, will not generate more than 10 aMW on a monthly basis.

#### **V.**

For the most part the Agreement contains terms and conditions identical to the terms and conditions previously approved by the Commission in other Firm Energy Sales Agreements between Idaho Power and various QFs. However, there are two

provisions that the Commission should be aware of in its consideration of this Agreement.

1. In the negotiations of this project, Idaho Power and Idaho Winds agreed that a Facility on-line date of December 2007 is crucial for various reasons. The Agreement contains Delay Damage provisions that require Idaho Winds to pay Idaho Power damages for on-line delays past December 31, 2007 for a period of up to 90 days.

2. The Agreement reflects the changes to Idaho Power's Schedule 72 approved in Order No. 30179 issued on November 17, 2006 in Case No. IPC-E-06-18. Consistent with Order No. 30179, the Agreement no longer contains certain provisions covering interconnection issues that had previously been included in firm energy sales agreements. Those provisions are now covered by Schedule 72 and the Uniform Interconnection Agreement that is a part of Schedule 72.

## VI.

Idaho Winds has indicated that the Facility will be an 18 MW wind generating facility. The Facility will be a qualified small power production facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 ("PURPA"). The Facility will consist of 12 GE wind turbines with individual generator ratings of 1.5 MW for each unit for a total facility generator rating of 18 MW. As provided by the Agreement, Idaho Winds will be required to provide data on the Facility that Idaho Power will use to confirm that, under normal and/or average conditions, generation from the Facility will not exceed 10 aMW on a monthly basis.

## **VII.**

Idaho Winds has selected December 30, 2007 as the Scheduled First Energy Date and December 31, 2007 as the Scheduled Operation Date for the Facility. As the Agreement specifies, once a project requests and is assigned an Operation Date, various terms of the Agreement are activated, primarily the 90%/110% performance criteria. The Agreement requires that only the monthly variable non-firm price for energy be paid for any energy the Facility delivers to Idaho Power prior to the assignment of an Operation Date for this project.

## **VIII.**

Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes to Idaho Winds for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

## **IX.**

Within this Agreement, various requirements have been placed upon Idaho Winds in order for Idaho Power to accept energy deliveries from this project. Idaho Power will confirm that the initial requirements have been completed prior to accepting energy from this Facility. The Company will also monitor the ongoing requirements through the full term of this Agreement. Should the Commission approve this Agreement, Idaho Power intends to consider the Effective Date of the Agreement to be December 12, 2007.

**X.**

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

**XI.**

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)  
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Ric Gale  
VP-Pricing and Regulatory  
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 Firm Energy Sales Agreement between Idaho Power Company and Idaho Winds without change or condition; and
- (2) Declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and Idaho Winds be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 26<sup>th</sup> day of December 2006.

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

BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-06-36

IDAHO POWER COMPANY

ATTACHMENT NO. 1

APPLICATION

FIRM ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

IDAHO WINDS LLC

TABLE OF CONTENTS

<u>Article</u>	<u>TITLE</u>
1	Definitions
2	No Reliance on Idaho Power
3	Warranties
4	Conditions to Acceptance of Energy
5	Term and Operation Date
6	Purchase and Sale of Net Energy
7	Purchase Price and Method of Payment
8	Environmental Attributes
9	Facility and Interconnection
10	Metering and Telemetry
11	Records
12	Operations
13	Indemnification and Insurance
14	Force Majeure
15	Liability; Dedication
16	Several Obligations
17	Waiver
18	Choice of Laws and Venue
19	Disputes and Default
20	Governmental Authorization
21	Commission Order
22	Successors and Assigns
23	Modification
24	Taxes
25	Notices
26	Additional Terms and Conditions
27	Severability
28	Counterparts
29	Entire Agreement Signatures
	Appendix A
	Appendix B
	Appendix C

FIRM ENERGY SALES AGREEMENT  
(10 aMW or Less)

ALKALI WIND FARM

Project Number: 21615200

THIS AGREEMENT, entered into on this 12<sup>TH</sup> day of DECEMBER 2006 between IDAHO WINDS LLC an Idaho limited liability company (Seller), and IDAHO POWER COMPANY, an Idaho corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, Seller will design, construct, own, maintain and operate an electric generation facility; and

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

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

ARTICLE I: DEFINITIONS

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

- 1.1 "Commission" - The Idaho Public Utilities Commission.
- 1.2 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.3 "Delay Liquidated Damages" - Damages payable to Idaho Power as calculated in paragraph 5.3, 5.4, 5.5 and 5.6.
- 1.4 "Delay Period" - All days past the Scheduled Operation Date until the Seller's Facility achieves the Operation Date. This Delay Period shall not exceed 90 days.

- 1.5 “Delay Price” - The current month’s Market Energy Cost minus the current month’s Net Energy Purchase Price specified in paragraph 7.1 of this Agreement. If this calculation results in a value less than 0, the result of this calculation will be 0.
- 1.6 “Designated Dispatch Facility” - Idaho Power’s Systems Operations Group, or any subsequent group designated by Idaho Power.
- 1.7 “Facility” - That electric generation facility described in Appendix B of this Agreement.
- 1.8 “First Energy Date” - The day commencing at 0001 hours, Mountain Time, following the day that Seller has satisfied the requirements of Article IV and the Seller begins delivering energy to Idaho Power’s system at the Point of Delivery.
- 1.9 “Inadvertent Energy” – Electric energy Seller does not intend to generate. Inadvertent energy is more particularly described in paragraph 7.3 of this Agreement.
- 1.10 “Interconnection Facilities” - All equipment specified in Schedule 72.
- 1.11 “Initial Capacity Determination” – The process by which Idaho Power confirms that under normal or average design conditions the Facility will generate at no more than 10 average MW per month and is therefore eligible to be paid the published rates in accordance with Commission Order No. 29632.
- 1.12 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the point where the Facility’s energy is metered and the point the Facility’s energy is delivered to the Idaho Power electrical system. The loss calculation formula will be as specified in Appendix B of this Agreement.
- 1.13 “Market Energy Cost” – Eighty-five percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.14 “Material Breach” – A Default (paragraph 19.2.1) subject to paragraph 19.2.2.

- 1.15 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.16 “Metering Equipment” - All equipment specified in Schedule 72, this Agreement and any additional equipment specified in Appendix B required to measure, record and telemeter power flows between the Seller's electric generation plant and Idaho Power's system.
- 1.17 “Net Energy” – All of the electric energy produced by the Facility, less Station Use, less Losses, expressed in kilowatt hours (kWh). Seller commits to deliver all Net Energy to Idaho Power at the Point of Delivery for the full term of the Agreement. Net Energy does not include Inadvertent Energy.
- 1.18 “Operation Date” – The day commencing at 0001 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.19 “Point of Delivery” – The location specified in Appendix B, where Idaho Power's and the Seller's electrical facilities are interconnected.
- 1.20 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.21 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date.
- 1.22 “Schedule 72” – Idaho Power's Tariff No 101, Schedule 72 or its successor schedules as approved by the Commission.
- 1.23 “Season” – The three periods identified in paragraph 6.2.1 of this Agreement.
- 1.24 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility.
- 1.25 “Surplus Energy” – (1) Net Energy produced by the Seller's Facility and delivered to the Idaho Power electrical system during the month which exceeds 110% of the monthly Net Energy Amount for the corresponding month specified in paragraph 6.2. or (2) If the Net Energy produced by the Seller's Facility and delivered to the Idaho Power electrical system during the

month is less than 90% of the monthly Net Energy Amount for the corresponding month specified in paragraph 6.2, then all Net Energy delivered by the Facility to the Idaho Power electrical system for that given month or (3) All Net Energy produced by the Seller's Facility and delivered by the Facility to the Idaho Power electrical system prior to the Operation Date.

1.26 "Total Cost of the Facility" - The total cost of structures, equipment and appurtenances.

## ARTICLE II: NO RELIANCE ON IDAHO POWER

2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.

2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller.

## ARTICLE III: WARRANTIES

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

3.2 Qualifying Facility Status - Seller warrants that the Facility is a "Qualifying Facility," as that term is used and defined in 18 CFR 292.201 et seq. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility status during the term of this Agreement and Seller's failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Seller's Qualifying

Facility status and associated support and compliance documents at anytime during the term of this Agreement.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the First Energy Date and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller, Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.201 et seq. and a Qualifying Facility certificate.
- 4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and, based on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).
- 4.1.3 Initial Capacity Determination - Submit to Idaho Power such data as Idaho Power may reasonably require to perform the Initial Capacity Determination. Such data will include but not be limited to, equipment specifications, prime mover data, resource characteristics, normal and/or average operating design conditions and Station Use data. Upon receipt of this information, Idaho Power will review the provided data and if necessary, request additional data to complete the Initial Capacity Determination within a

reasonable time.

- 4.1.4 Engineer's Certifications - Submit an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- 4.1.5 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIII.
- 4.1.6 Interconnection – Provide written confirmation from Idaho Power's Delivery Business Unit that Seller has satisfied all interconnection requirements.
- 4.1.7 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall be provided within a commercially reasonable time following the Seller's request and will not be unreasonably withheld by Idaho Power.

#### ARTICLE V: TERM AND OPERATION DATE

- 5.1 Term - Subject to the provisions of paragraph 5.2 below, this Agreement shall become effective on the date first written and shall continue in full force and effect for a period of twenty (20) Contract Years from the Operation Date.
- 5.2 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:
  - a) Achieved the First Energy Date.
  - b) Commission approval of this Agreement in a form acceptable to Idaho Power has been received.
  - c) Seller has demonstrated to Idaho Power's satisfaction that the Facility is complete and able to provide energy in a consistent, reliable and safe manner.
  - d) Seller has requested an Operation Date from Idaho Power in a written format.
  - e) Seller has received written confirmation from Idaho Power of the Operation Date.

This confirmation will not be unreasonably withheld by Idaho Power.

5.3 Seller shall cause the Facility to achieve the Operation Date on or before the Scheduled Operation Date. If the Operation Date occurs after the Scheduled Operation Date, Seller shall pay Idaho Power Delay Liquidated Damages. Delay Liquidated Damages will be calculated monthly as follows:

Delay Liquidated Damages are equal to ((Current month's Initial Year Net Energy Amount as specified in paragraph 6.2.1 divided by the number of days in the current month) multiplied by the current month's Delay Period) multiplied by the current month's Delay Price.

5.4 Delay Liquidated Damages will be calculated for a maximum of ninety (90) days past the Scheduled Operation Date. If Seller fails to achieve the Operation Date within ninety (90) days of the Scheduled Operation Date, Idaho Power may terminate this Agreement.

5.5 Seller shall pay Idaho Power any calculated Delay Liquidated Damages within five (5) business days of when Idaho Power calculates and presents any Delay Liquidated Damages billings to the Seller. Seller's failure to pay these damages within the specified time will be a Material Breach of this Agreement.

5.6 The Parties agree that the damages Idaho Power would incur due to delay in the Facility achieving the Operation Date on or before the Scheduled Operation Date would be difficult or impossible to predict with certainty, and that the Delay Liquidated Damages are an appropriate approximation of such damages.

#### ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and Seller will sell all of the Net Energy to Idaho Power at the Point of Delivery. All Inadvertent Energy produced by the Facility will also be delivered by the Seller to Idaho Power at the Point of Delivery. At no time will the total amount of Net Energy and/or Inadvertent Energy produced by the Facility and delivered by the Seller to

the Point of Delivery exceed the Maximum Capacity Amount.

6.2 Net Energy Amounts - Seller intends to produce and deliver Net Energy in the following monthly amounts:

6.2.1 Initial Year Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	4,560,300
	April	4,589,900
	May	4,278,500
Season 2	July	3,193,800
	August	3,048,400
	November	4,100,900
	December	4,402,300
Season 3	June	3,771,600
	September	3,368,800
	October	3,927,900
	January	4,176,000
	February	3,868,700

6.2.2 Ongoing Monthly Net Energy Amounts - Seller shall initially provide Idaho Power with one year of monthly generation estimates (Initial Year Monthly Net Energy Amounts) and beginning at the end of month nine and every three months thereafter provide Idaho Power with an additional three months of forward generation estimates. This information will be provided to Idaho Power by written notice in accordance with paragraph 25.1, no later than 5:00 PM of the 5<sup>th</sup> day following the end of the previous month. If the Seller does not provide the Ongoing Monthly Net Energy Amounts in a timely manner, Idaho Power will use the most recent 3 months of the Initial Year Monthly Net Energy Amounts specified in paragraph 6.2.1 for the next 3 months of monthly Net Energy amounts.

6.2.3 Seller's Adjustment of Net Energy Amount -

6.2.3.1 No later than the Operation Date, by written notice given to Idaho Power in accordance with paragraph 25.1, the Seller may revise all of the previously

provided Initial Year Monthly Net Energy Amounts.

6.2.3.2 Beginning with the end of the 3<sup>rd</sup> month after the Operation Date and at the end of every third month thereafter: (1) the Seller may not revise the immediate next three months of previously provided Net Energy Amounts, (2) but by written notice given to Idaho Power in accordance with paragraph 25.1, no later than 5:00 PM of the 5<sup>th</sup> day following the end of the previous month, the Seller may revise all other previously provided Net Energy Amounts. Failure to provide timely written notice of changed amounts will be deemed to be an election of no change.

6.2.4 Idaho Power Adjustment of Net Energy Amount – If Idaho Power is excused from accepting the Seller’s Net Energy as specified in paragraph 12.2.1 or if the Seller declares a Suspension of Energy Deliveries as specified in paragraph 12.3.1 and the Seller’s declared Suspension of Energy Deliveries is accepted by Idaho Power, the Net Energy Amount as specified in paragraph 6.2 for the specific month in which the reduction or suspension under paragraph 12.2.1 or 12.3.1 occurs will be reduced in accordance with the following:

Where:

---

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

SGU = a.) If Idaho Power is excused from accepting the Seller’s Net Energy as specified in paragraph 12.2.1 this value will be equal to the percentage of curtailment as specified by Idaho Power multiplied by the TGU as defined below.

b.) If the Seller declares a Suspension of Energy Deliveries as specified in paragraph 12.3.1 this value will be the sum of the individual generation units size ratings as specified in Appendix B that are impacted by the circumstances causing the Seller to declare a Suspension of Energy Deliveries.

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

RSH = Actual hours the Facility's Net Energy deliveries were either reduced or suspended under paragraph 12.2.1 or 12.3.1

TH = Actual total hours in the current month

Resulting formula being:

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

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

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

#### ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

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

<u>Year</u>	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2007	38.73	63.23	52.69
2008	39.62	64.68	53.90
2009	40.53	66.17	55.14
2010	41.46	67.69	56.41
2011	42.42	69.25	57.71
2012	43.39	70.85	59.04
2013	44.39	72.48	60.40
2014	45.42	74.16	61.80
2015	46.47	75.86	63.22
2016	47.54	77.62	64.68
2017	48.63	79.40	66.17
2018	49.76	81.24	67.70
2019	50.91	83.11	69.26
2020	52.07	85.02	70.85
2021	53.28	86.99	72.49
2022	54.51	88.99	74.16

2023	55.76	91.04	75.87
2024	57.05	93.14	77.62
2025	58.37	95.29	79.41
2026	59.72	97.50	81.25
2027	61.09	99.74	83.12

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

7.3 Inadvertent Energy –

7.3.1 Inadvertent Energy is electric energy produced by the Facility, expressed in kWh, which the Seller delivers to Idaho Power at the Point of Delivery that exceeds 10,000 kW multiplied by the hours in the specific month in which the energy was delivered. (For example January contains 744 hours. 744 hours times 10,000 kW = 7,440,000 kWh. Energy delivered in January in excess of 7,440, 000 kWh in this example would be Inadvertent Energy.)

7.3.2 Although Seller intends to design and operate the Facility to generate no more than 10 average MW and therefore does not intend to generate Inadvertent Energy, Idaho Power will accept Inadvertent Energy that does not exceed the Maximum Capacity Amount but will not purchase or pay for Inadvertent Energy

7.4 Payment Due Date – Energy payments to the Seller will be disbursed within 30 days of the date which Idaho Power receives and accepts the documentation of the monthly Net Energy and Inadvertent Energy actually produced by the Seller's Facility and delivered to Idaho Power as specified in Appendix A.

7.5 Continuing Jurisdiction of the Commission – This Agreement is a special contract and, as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with Idaho Power Company v. Idaho Public Utilities Commission and Afton Energy, Inc., 107 Idaho 781, 693 P.2d 427 (1984); Idaho Power Company v. Idaho Public Utilities Commission, 107 Idaho 1122, 695 P.2d 1 261 (1985); Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925,

729 P.2d 400 (1986); Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 Idaho Power waives any claim to ownership of Environmental Attributes. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) directly associated with the production of energy from the Seller's Facility.

ARTICLE IX: FACILITY AND INTERCONNECTION

- 9.1 Design of Facility - Seller will design, construct, install, own, operate and maintain the Facility and any Seller-owned Interconnection Facilities so as to allow safe and reliable generation and delivery of Net Energy and Inadvertent Energy to the Idaho Power Point of Delivery for the full term of the Agreement.

ARTICLE X: METERING AND TELEMETRY

- 10.1 Metering and Telemetry - Idaho Power shall, for the account of Seller, provide, install, and maintain Metering Equipment to be located at a mutually agreed upon location to record and measure power flows to Idaho Power in accordance with Schedule 72. The Metering Equipment will be at the location and the type required to measure, record and report the Facility's Net Energy, Station Use, Inadvertent Energy and maximum energy deliveries (kW) in a manner to provide Idaho Power adequate energy measurement data to administer this Agreement and to integrate this Facility's energy production into the Idaho Power electrical system.

ARTICLE XI - RECORDS

- 11.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate total generation, Net Energy, Station Use, Inadvertent Energy

and maximum generation (kW) records in a form and content recommended by Idaho Power.

- 11.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any or all generation, Net Energy, Station Use, Inadvertent Energy and maximum generation (kW) records pertaining to the Seller's Facility.

## ARTICLE XII: OPERATIONS

- 12.1 Communications - Idaho Power and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.

- 12.2 Energy Acceptance -

12.2.1 Idaho Power shall be excused from accepting and paying for Net Energy or accepting Inadvertent Energy produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, or temporary disconnection of the Facility in accordance with Schedule 72. If, for reasons other than an event of Force Majeure, a temporary disconnection under Schedule 72 exceeds twenty (20) days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Energy at a rate equivalent to the pro rata daily average of the amounts specified for the applicable month in paragraph 6.2. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

12.2.2 If, in the reasonable opinion of Idaho Power, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel or service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission / distribution system as specified within Schedule 72 or take such other reasonable steps as Idaho Power deems appropriate.

12.2.3 Under no circumstances will the Seller deliver Net Energy and/or Inadvertent Energy from the Facility to the Point of Delivery in an amount that exceeds the Maximum Capacity Amount. Seller's failure to limit deliveries to the Maximum Capacity Amount will be a Material Breach of this Agreement.

12.3 Seller Declared Suspension of Energy Deliveries

12.3.1 If the Seller's Facility experiences a forced outage due to equipment failure which is not caused by an event of Force Majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Seller's Facility, Seller may, after giving notice as provided in paragraph 12.3.2 below, temporarily suspend all deliveries of Net Energy to Idaho Power from the Facility or from individual generation unit(s) within the Facility impacted by the forced outage for a period of not less than 48 hours to correct the forced outage condition ("Declared Suspension of Energy Deliveries"). The Seller's Declared Suspension of Energy Deliveries will begin at the start of the next full hour following the Seller's telephone notification as specified in paragraph 12.3.2 and will continue for the time as specified (not less than 48 hours) in the written notification provided by the Seller. In the month(s) in which the Declared Suspension of Energy occurred, the Net Energy Amount will be adjusted as specified in paragraph 6.2.4.

12.3.2 If the Seller desires to initiate a Declared Suspension of Energy Deliveries as provided in paragraph 12.3.1, the Seller will notify the Designated Dispatch Facility by telephone. The beginning hour of the Declared Suspension of Energy Deliveries will be at the earliest the next full hour after making telephone contact with Idaho Power. The Seller will, within 24 hours after the telephone contact, provide Idaho Power a written notice in accordance with Article XXV that will contain the beginning hour and duration of the Declared Suspension of Energy Deliveries and a description of the conditions that caused the Seller to initiate a Declared Suspension of Energy Deliveries. Idaho Power will review the documentation provided by the Seller to determine Idaho Power's acceptance of the described forced outage as qualifying for a Declared Suspension of Energy

Deliveries as specified in paragraph 12.3.1. Idaho Power's acceptance of the Seller's forced outage as an acceptable forced outage will be based upon the clear documentation provided by the Seller that the forced outage is not due to an event of Force Majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Seller's Facility.

- 12.4 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 Idaho Power 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 Prudent Electrical Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.
- 12.5 Maintenance Coordination - The Seller and Idaho Power shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.
- 12.6 Contact Prior to Curtailment - Idaho Power 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 Idaho Power may not be able to provide notice to the Seller prior to interruption, curtailment, or reduction of electrical energy deliveries to Idaho Power.

#### ARTICLE XIII: INDEMNIFICATION AND INSURANCE

- 13.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, affiliates, subsidiaries, parent company and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit

asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

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

13.2.1 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.

13.2.2 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.

13.3 Seller to Provide Certificate of Insurance - As required in paragraph 4.1.5 herein and annually thereafter, Seller shall furnish Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

13.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 13.2 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 a Material Breach of this Agreement.

#### ARTICLE XIV: FORCE MAJEURE

14.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the control of the Seller or of Idaho Power 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.

#### ARTICLE XV: LIABILITY; DEDICATION

15.1 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public or affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

#### ARTICLE XVI: SEVERAL OBLIGATIONS

16.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained

in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

#### ARTICLE XVII: WAIVER

- 17.1 Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

#### ARTICLE XVIII: CHOICE OF LAWS AND VENUE

- 18.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho without reference to its choice of law provisions.
- 18.2 Venue for any litigation arising out of or related to this Agreement will lie in the District Court of the Fourth Judicial District of Idaho in and for the County of Ada.

#### ARTICLE XIX: DISPUTES AND DEFAULT

- 19.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.
- 19.2 Notice of Default -
- 19.2.1 Defaults. If either Party fails to perform any of the terms or conditions of this Agreement (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.

19.2.2 Material Breaches – The notice and cure provisions in paragraph 19.2.1 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.

19.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:

19.3.1 Insurance - Evidence of compliance with the provisions of paragraph 13.2. If Seller fails to comply, such failure will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated;

19.3.2 Engineer's Certifications - Every three (3) years after the Operation Date, Seller will supply Idaho Power with a Certification of Ongoing Operations and Maintenance (O & M) from a Registered Professional Engineer licensed in the State of Idaho, which Certification of Ongoing O & M shall be in the form specified in Appendix C. Seller's failure to supply the required certificate will be an event of default. Such a default may only be cured by Seller providing the required certificate; and

19.3.3 Licenses and Permits - During the full term of this Agreement, Seller shall maintain compliance with all permits and licenses described in paragraph 4.1.1 of this Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses. At least every fifth Contract Year, Seller will update the documentation described in Paragraph 4.1.1. If at any time Seller fails to maintain compliance with the permits and licenses described in paragraph 4.1.1 or to provide the documentation required by this paragraph, such failure will be an event of default and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

ARTICLE XX: GOVERNMENTAL AUTHORIZATION

- 20.1 This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party of this Agreement.

ARTICLE XXI: COMMISSION ORDER

- 21.1 This Agreement shall become finally effective upon the Commission's approval of all terms and provisions hereof without change or condition and declaration that all payments to be made to Seller hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

ARTICLE XXII: SUCCESSORS AND ASSIGNS

- 22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any party which Idaho Power may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of Idaho Power's rights, obligations and interests under this Agreement. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIII: MODIFICATION

- 23.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and subsequently approved by the Commission.

ARTICLE XXIV: TAXES

24.1 Each Party shall pay before delinquency all taxes and other governmental charges which, if failed to be paid when due, could result in a lien upon the Facility or the Interconnection Facilities.

ARTICLE XXV: NOTICES

25.1 All written notices under this agreement may be sent via e-mail and then confirmed by US Mail. All written notices shall be directed as follows and shall be considered delivered when deposited in the U. S. Mail, first-class postage prepaid, as follows:

To Seller:

Original document to:

Idaho Winds LLC  
Attn: Rick Koebbe, President  
5356 N. Cattail Way  
Boise, Idaho 83714  
E-mail: Rk@powerworks.com

To Idaho Power:

Original document to:

Vice President, Power Supply  
Idaho Power Company  
P O Box 70  
Boise, Idaho 83707

Copy of document to:

Cogeneration and Small Power Production  
Idaho Power Company  
P O Box 70  
Boise, Idaho 83707  
E-Mail: Contact Idaho Power to get the current e-mail address.

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

26.1 This Agreement includes the following appendices, which are attached hereto and included by reference:

Appendix A	-	Generation Scheduling and Reporting
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications

ARTICLE XXVII: SEVERABILITY

27.1 The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other terms or provisions and this Agreement shall be construed in all other respects as if the invalid or unenforceable term or provision were omitted.

ARTICLE XXVIII: COUNTERPARTS

28.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

ARTICLE XXIX: ENTIRE AGREEMENT

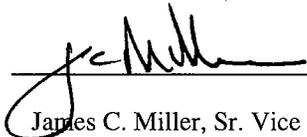
29.1 This Agreement constitutes the entire Agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements between the Parties concerning the subject matter hereof.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed in their respective names on the dates set forth below:

Idaho Power Company

Idaho Winds LLC

By

  
James C. Miller, Sr. Vice President, Power Supply

By

  
Rick Koebbe, President

Dated

DEC 13, 2006  
"Idaho Power"

Dated

12 DEC 2006  
"Seller"

APPENDIX A

GENERATION SCHEDULING AND REPORTING

A -1 MONTHLY POWER PRODUCTION AND SWITCHING REPORT

At the end of each month the following required documentation will be submitted to:

Idaho Power Company  
Attn: Cogeneration and Small Power Production  
P O Box 70  
Boise, Idaho 83707

The Meter readings required on this report will be the reading on the Idaho Power Meter Equipment measuring the Facility's total energy production, Station Usage, Inadvertent Energy delivered to Idaho Power and the maximum generated energy (kW) as recorded on the Meter Equipment and/or any other required energy measurements to adequately administer this Agreement.

**Idaho Power Company**

**Cogeneration and Small Power Production**

**MONTHLY POWER PRODUCTION AND SWITCHING REPORT**

Month \_\_\_\_\_

Year \_\_\_\_\_

Project Name \_\_\_\_\_

Project Number: \_\_\_\_\_

Address \_\_\_\_\_

Phone Number: \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

	<u>Facility Output</u>	<u>Station Usage</u>	<u>Station Usage</u>	<u>Metered Maximum Generation</u>
Meter Number:	_____	_____	_____	kW
End of Month kWh Meter Reading:	_____	_____	_____	
Beginning of Month kWh Meter:	_____	_____	_____	
Difference:	_____	_____	_____	
Times Meter Constant:	_____	_____	_____	<u>Net Generation</u>
kWh for the Month:	_____ -	_____ -	_____ =	
Metered Demand:	_____	_____	_____	

**Breaker Opening Record**

**Breaker Closing Record**

<u>Date</u>	<u>Time</u>	<u>Meter</u>

*	<u>Reason</u>

<u>Date</u>	<u>Time</u>	<u>Meter</u>

\* **Breaker Opening Reason Codes**

- 1 Lack of Adequate Prime Mover
- 2 Forced Outage of Facility
- 3 Disturbance of IPCo System
- 4 Scheduled Maintenance
- 5 Testing of Protection Systems
- 6 Cause Unknown
- 7 Other (Explain)

I hereby certify that the above meter readings are true and correct as of Midnight on the last day of the above month and that the switching record is accurate and complete as required by the Firm Energy Sales Agreement to which I am a Party.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Idaho Power Contact Information

Daily Energy Production Reporting

Call daily by 10 a.m., 1-800-356-4328 or 1-800-635-1093 and leave the following information:

- Project Identification - Project Name and Project Number
- Current Meter Reading
- Estimated Generation for the current day
- Estimated Generation for the next day

Planned and Unplanned Project outages

Call 1-800-345-1319 and leave the following information:

- Project Identification - Project Name and Project Number
- Approximate time outage occurred
- Estimated day and time of project coming back online

Seller's Contact Information

24-Hour Project Operational Contact

Name: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_

Project On-site Contact information

Name: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_

## APPENDIX B

### FACILITY AND POINT OF DELIVERY

PROJECT NO. 21615200

ALKALI WIND FARM

#### B-1 DESCRIPTION OF FACILITY

The Facility will consist of 12 GE wind turbines with individual generator ratings of 1.5 MW for each unit, for a total Facility generator rating of 18 MW. Seller may substitute at any time prior to the Operation Date, a different manufacturer and/or model wind turbine provided that the aggregate nameplate rating of the Facility does not exceed 18 MW.

#### B-2 LOCATION OF FACILITY

Near: Approximately 6 miles northwest of Glens Ferry, ID, nearest intersection Bennett Road (Old Oregon Trail Road) at W. Wicher Road.

Section: 16, Township: T5S, Range: R9E Quarter: Northwest (T5S) County: Elmore, Idaho.

#### B-3 SCHEDULED FIRST ENERGY AND OPERATION DATE

Seller has selected December 30, 2007 as the estimated Scheduled First Energy Date.

Seller has selected December 31, 2007 as the estimated Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.2 of this Agreement must be completed prior to the project being granted an Operation Date. Idaho Power, based on the information supplied by the Seller, will schedule its construction in accordance with Schedule 72.

B-4 MAXIMUM CAPACITY AMOUNT: This value will be 18 MW which is consistent with the value provided by the Seller to Idaho Power in accordance with Schedule 72. This value is the maximum energy (MW) that potentially could be delivered by the Seller's Facility to the Idaho

Power electrical system at any moment in time.

**B-5 POINT OF DELIVERY**

“Point of Delivery” means, unless otherwise agreed by both Parties, the point of where the Seller’s Facility’s energy is delivered to the Idaho Power electrical system. Schedule 72 will determine the specific Point of Delivery for this Facility. The Point of Delivery identified by Schedule 72 will become an integral part of this Agreement.

**B-6 LOSSES**

If the Idaho Power Metering equipment is capable of measuring the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, no Losses will be calculated for this Facility. If the Idaho Power Metering is unable to measure the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, a Losses calculation will be established to measure the energy losses (kWh) between the Seller’s Facility and the Idaho Power Point of Delivery. This loss calculation will be initially set at 2% of the kWh energy production recorded on the Facility generation metering equipment. At such time as Seller provides Idaho Power with the electrical equipment specifications (transformer loss specifications, conductor sizes, etc) of all of the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power will configure a revised loss calculation formula to be agreed to by both parties and used to calculate the kWh Losses for the remaining term of the Agreement. If at anytime during the term of this Agreement, Idaho Power determines that the loss calculation does not correctly reflect the actual kWh losses attributed to the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power may adjust the calculation and retroactively adjust the previous months’ kWh loss calculations.

**B-7 METERING AND TELEMETRY**

Schedule 72 will determine the specific metering and telemetry requirements for this Facility. At

the minimum the Metering Equipment and Telemetry equipment must be able to provide and record hourly energy deliveries to the Point of Delivery and any other energy measurements required to administer this Agreement. These specifications will include but not be limited to equipment specifications, equipment location, Idaho Power provided equipment, Seller provided equipment, and all costs associated with the equipment, design and installation of the Idaho Power provided equipment. Seller will arrange for and make available at Seller's cost communication circuit(s) compatible to Idaho Power's communications equipment and dedicated to Idaho Power's use terminating at the Idaho Power facilities capable of providing Idaho Power with continuous instantaneous information on the Facilities energy production. Idaho Power provided equipment will be owned and maintained by Idaho Power, with total cost of purchase, installation, operation, and maintenance, including administrative cost to be reimbursed to Idaho Power by the Seller. Payment of these costs will be in accordance with Schedule 72 and the total metering cost will be included in the calculation of the Monthly Operation and Maintenance Charges specified in Schedule 72.

APPENDIX C  
ENGINEER'S CERTIFICATION  
OF  
OPERATIONS & MAINTENANCE POLICY

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_, hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. \_\_\_\_\_ and is hereinafter referred to as the "Project."
4. That the Project, which is commonly known as the \_\_\_\_\_, is located in Section \_\_\_\_ Township \_\_\_\_\_, Range \_\_\_\_\_, Boise Meridian, \_\_\_\_\_ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a twenty (20) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance ("O&M") for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards, adherence to said O&M Policy will result in the

Project's producing at or near the design electrical output, efficiency and plant factor for a twenty (20) year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_

(P.E. Stamp)

Date \_\_\_\_\_

APPENDIX C

ENGINEER'S CERTIFICATION

OF

ONGOING OPERATIONS AND MAINTENANCE

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_ hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. \_\_\_\_\_ and hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the \_\_\_\_\_ Project, is located at \_\_\_\_\_.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a twenty (20) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing O&M has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency and plant factor for the

remaining \_\_\_\_\_ years of the Agreement.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_

(P.E. Stamp)

Date \_\_\_\_\_

APPENDIX C  
ENGINEER'S CERTIFICATION  
OF  
DESIGN & CONSTRUCTION ADEQUACY

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_, hereinafter collectively referred to as "Engineer", hereby states and certifies to Idaho Power as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the cogeneration or small power production project, which is the subject of the Agreement and this Statement, is identified as IPCo Facility No \_\_\_\_\_ and is hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the \_\_\_\_\_ Project, is located in Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_, Boise Meridian, \_\_\_\_\_ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a \_\_\_\_\_ (\_\_\_\_) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project and has made the analysis of the plans and specifications independently.
8. That Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, prime mover conveyance system, Seller furnished Interconnection Facilities and other Project facilities and equipment.

9. That the Project has been constructed in accordance with said plans and specifications, all applicable codes and consistent with Prudent Electrical Practices as that term is described in the Agreement.

10. That the design and construction of the Project is such that with reasonable and prudent operation and maintenance practices by Seller, the Project is capable of performing in accordance with the terms of the Agreement and with Prudent Electrical Practices for a \_\_\_\_\_ (\_\_\_\_\_) year period.

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

12. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_  
(P.E. Stamp)

Date \_\_\_\_\_

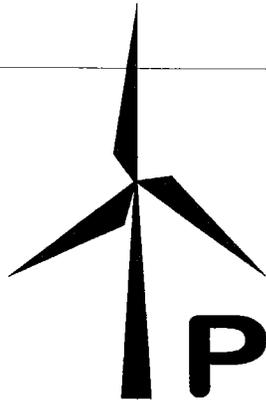
BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-06-36

IDAHO POWER COMPANY

ATTACHMENT NO. 2

APPLICATION



# Pacific Winds LLC

19 August 2005

hand-delivered

Idaho Power Company  
1221 West Idaho Street  
Boise, Idaho 83702

Attention: Mr. Randy Allphin, Contract Administrator

Subject: PPA Contract PURPA Eligibility Criteria  
18 MW Alkali Wind Project

Dear Randy:

As mentioned during our telephone conversation, I have been traveling and did not receive your letter dated August 8, 2005 until I returned from vacation on August 16, 2005. Although it was impossible to meet your August 15, 2005 deadline for submittal of the information and documentation contained in your letter, we have responded as quickly as possible with the enclosed information.

Pursuant to your August 8, 2005 letter (attached for reference) outlining the PURPA QF power purchase agreement ("PPA") eligibility criteria for wind generation projects greater than 100 kW, as recently established by the Idaho Public Utilities Commission ("IPUC") in its Order No. 29839, please find attached the following information and documentation concerning our 18 MW Alkali wind project. We believe that the following will demonstrate that this project meets the IPUC's eligibility criteria for PURPA wind generation greater than 100 kW.

**1.a Submittal of a signed PPA.** As you know, on June 14, 2005, we e-mailed Idaho Power Company ("IPC") an electronic file of the completed PPA "ready to sign", attached for reference. The PPA would have been signed by us immediately upon return from IPC, however, this did not happen because IPC subsequently filed a petition with IPUC on June 17, 2005 to suspend its obligation to enter into new wind power QF contracts. The foregoing was documented in our July 1, 2005 letter to IPUC, which IPC received a copy, attached for reference.

**1.b Submittal of a completed Application for Interconnection.** We submitted a generation interconnection application on January 31, 2005 for a 10 MW project along with a

\$2,000 initial feasibility analysis fee, attached for reference. We withdrew this application on May 26, 2005 at the recommendation of IPC's transmission group because we increased the project size to 18 MW, consistent with our PPA request—IPC's transmission group said that we could not modify our existing application, but instead, must re-file a new application, even though it's the same project. However, we were waiting to submit a revised 18 MW generation interconnection application until the execution of the PPA contract because if IPC, for some unknown reason, would not sign the PPA, then we would have lost our \$10,000 application fee deposit.

**2.a FERC QF certificate for the project.** A copy of FERC QF Self-certification (Docket No. QF05-53, dated January 25, 2005) was submitted to IPC on January 31, 2005 (attached for reference), along with the project's generation interconnection application. You acknowledged receipt of this documentation in your letter. As you know, we discussed the timing to increase the FERC QF size from 10 MW to 18 MW, but you said it was unimportant to IPC until the project was ready to startup in 2007, i.e., the FERC QF filing was important but the project size was not, until later. As background, we initially began with a 10 MW project size because we believed that the IPUC QF contracts limited us to 10 MW, but we learned later that it was 10 MW monthly average, which allowed us to increase the project size to 18 MW.

**2.b Wind study for the project.** Please find attached excerpts from our confidential long-term wind study report for this project dated March 10, 2005 as prepared by WindLogics Inc. Furthermore, we have a 50 meter meteorological tower installed at the project site collecting wind data. All information confirms the economic feasibility of the proposed wind project under the Idaho published avoided cost rates as of June 2004.

**2.c Project and access road site control.** Please find attached excerpts from our confidential 35-year land lease agreement dated January 21, 2005 for this project.

**2.d Signed contract for wind turbines.** This project has a PPA on-line date of September 2007. It is customary to enter into a contract for the supply of wind turbines approximately one year before project startup, when issues that affect the details of the supply order have been addressed and resolved—issues relating to permitting, utility interconnection, site engineering, and turbine supply availability, to name just a few. It is not practical or reasonable to require a signed wind turbine supply contract two years in advance of startup, as you suggest. Furthermore, as an alternative, as provided for in our permit application, we could use our existing 100 kW wind turbines currently installed at Altamont Pass, California (we currently own 900 x 100 kW wind turbines) for this project, and therefore, a signed wind turbine supply contract is not necessary.

**2.e Project financing.** Please find attached a financing commitment letter for this project dated June 15, 2005 from our lender, Trust Company of the West.

**2.f Permitting and licensing.** Please find attached copies of the applicable Elmore County permit applications dated May 10, 2005 for this project (conditional use, variance, zoning, and zoning change permits). We have had a series of meetings with the Elmore County Growth and Development Director, and we understand it will require only about three months to obtain these permits.

-- The remainder of this page left intentionally blank --

Thank you for your attention to this matter and please contact me if you have any questions.

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We look forward to hearing from you.

Sincerely,

Pacific Winds LLC



Rick Koebbe  
President

Attachments

cc: Mr. Rick Sterling, Idaho Public Utilities Commission (hand-delivered)

BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-06-36

IDAHO POWER COMPANY

ATTACHMENT NO. 3

APPLICATION

November 17, 2006

**Randy C. Allphin**  
Contract Administrator

Idaho Winds LLC  
Attn: Rick Koebbe, President  
5356 N. Cattail Way  
Boise, ID 83714

E-mail Copy: Rick Koebbe – rk@powerworks.com

Original: US Mail

RE: **Alkali and the Black Mesa Wind Farm**  
Entitlement to Published Avoided Cost Rates.

Dear Mr Koebbe;

As specified and agreed to in the letter agreement between Idaho Power and Idaho Winds LLC, dated November 15, 2006, there were various requirements that Idaho Winds LLC needed to complete in order for Idaho Power to provide Firm Energy Agreements for these projects. Summarized below are these requirements and the status as of the date of this letter.

1.) IPUC approval required –

Upon execution of final agreements for these projects by both parties, Idaho Power will file the agreements with the IPUC seeking their approval. Only after IPUC approval has been received as specified in the agreements shall the agreements be considered effective and binding on both parties.

2.) By December 15, 2006

a.) Wind Turbine Supply

Idaho Wind LLC has provided Idaho Power with documentation from GE Energy that GE will supply wind turbines for these projects in a time frame to meet the required 2007 project on line date.

b.) Financing Secured

Idaho Wind LLC has provided Idaho Power Company a letter from Trust Company of West ("TCW"), that TCW will provide the financing for these projects as they had previously advised..

c.) Interconnection

Idaho Wind LLC has provided a copy of a cover letter sent to the Idaho Power interconnection group which indicates that interconnection applications have been made. In addition, the Idaho Power interconnection personnel have confirmed that the applications submitted are complete.

As of the date of this letter, Idaho Power confirms that all items required to be completed by November 15, 2006 have been satisfied. Idaho Power will prepare a draft firm energy sales agreement for Idaho Wind LLC's review.

If you have any questions please contact me at your convenience.

Very truly yours,



Randy C. Allphin  
Idaho Power Company  
Contract Administrator

CC: Mark Stokes (IPCo)  
Bart Kline (IPCo)  
Rick Sterling (IPUC)  
Scott Woodbury (IPUC)