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IDAHO PUBLIC
UTILITIES COMMISSION

BARTON L. KLINE
Lead Counsel

October 16, 2008

VIA HAND DELIVERY

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-08-20
Idaho Power Company v. Glens Ferry Cogeneration Partners, Ltd.

Dear Ms. Jewell:

Enclosed please find for filing an original and seven (7) copies of Idaho Power's Petition for Declaratory Order and Formal Complaint for Breach of Contract in the above matter.

It is my understanding that the Commission will issue a Summons and complete service of the Petition and Summons on the registered agent of Glens Gerry Cogeneration. For the Commission's convenience, I have enclosed a copy of the business information from the Idaho Secretary of State's website which lists the current registered agent for Glens Ferry and the registered agent's service address.

In addition, I would appreciate it if you would return a stamped copy of this letter for my file in the enclosed stamped, self-addressed envelope.

If you have any questions regarding the enclosed documents, please do not hesitate to contact me.

Very truly yours,

Barton L. Kline

BLK:csb
Enclosures

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1221 W. Idaho St.
Boise, ID 83702

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IDAHO POWER COMPANY,

Complainant,

vs.

GLENN'S FERRY COGENERATION
PARTNERS, LTD., a Colorado limited
partnership,

Respondent.

Case No. IPC-E-08-20

**IDAHO POWER COMPANY'S
PETITION FOR DECLARATORY
ORDER AND FORMAL COMPLAINT
FOR BREACH OF CONTRACT**

COMES NOW the Petitioner/Complainant, Idaho Power Company ("Idaho Power"), by and through its attorney, Bruce C. Jones, of the firm Jones & Swartz PLLC, and pursuant to this Commission's Rules of Procedure, including but not limited to RP 54 and RP 101, hereby files this Petition for Declaratory Order and Formal Complaint for Breach of Contract against the Respondent, Glens Ferry Cogeneration Partners, Ltd. ("Glens Ferry Cogeneration").

Communications regarding this Petition for Declaratory Order and Formal Complaint for Breach of Contract should be sent to:

Idaho Power Company
c/o Bruce C. Jones
Jones & Swartz PLLC
1673 W. Shoreline Drive, Suite 200 [83702]
P.O. Box 7808
Boise, ID 83707-7808
Telephone: (208) 489-8989
Facsimile: (208) 489-8988
E-mail: bruce@jonesandswartzlaw.com

Copies of all pleadings, production requests, production responses, Commission orders and other documents should also be provided to:

Bart L. Kline
Lead Counsel
Idaho Power Company
1221 W. Idaho
P.O. Box 70
Boise, ID 83707
Telephone: 388-2682
Facsimile: 388-6936
E-mail: bkline@idahopower.com

FACTUAL ALLEGATIONS

1. Idaho Power is an Idaho public utility subject to the jurisdiction of the Idaho Public Utilities Commission (“Commission”).
2. Glens Ferry Cogeneration is a Colorado limited partnership.
3. On December 9, 1992, Idaho Power and Glens Ferry Cogeneration entered into a Firm Energy Sales Agreement (“the Agreement”) under which Glens Ferry Cogeneration agreed to sell the energy generated by Glens Ferry Cogeneration’s electrical facility, a natural gas fired turbine generator located at the Magic Valley potato processing facility in Glens Ferry, Idaho (“Glens Ferry Project” or “Project”) to Idaho Power for a term of 20 “contract years”. A true and

correct copy of the Agreement is attached hereto as Exhibit 1 and incorporated herein by reference.

“Contract year” is defined by the Agreement as the “period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.” The Commission approved the Agreement on January 22, 1993, in Order No. 24674.

4. On April 12, 1994, Idaho Power and Glens Ferry Cogeneration entered into a First Amendment to the Agreement. A true and correct copy of the First Amendment is attached hereto as Exhibit 2 and incorporated herein by reference. The Commission approved the First Amendment to the Agreement on May 18, 1994, in Order No. 25505. Paragraph 2 of the First Amendment to the Agreement changed the Scheduled Operation Date from January 1, 1995 to January 1, 1996, and the First Energy Date was changed from December 1, 1994 to December 1, 1995.

5. On December 30, 1995, Idaho Power and Glens Ferry Cogeneration entered into a Second Amendment to the Agreement. Among other things, the Scheduled Operation Date was changed to March 7, 1996, and the First Energy Date was changed to February 5, 1996. A true and correct copy of the Second Amendment to the Agreement is attached hereto as Exhibit 3 and incorporated herein by reference. The Commission approved the Second Amendment in a Minute Entry dated January 8, 1996.

6. Paragraph 3.2 of the Agreement mandates that the Project maintain “qualifying facility” status:

3.2 Qualifying Facility Status - Seller warrants that prior to interconnection with Idaho Power the Facility will be a “qualifying facility,” as that term is used and defined in 18 CFR, §292.207. After initial qualification, Seller will take such steps as may be required to maintain the Facility’s “qualifying facility” status during the term of this Agreement and Seller’s failure to maintain qualifying facility status will be a material breach of this Agreement. (Emphasis added.)

In order to maintain its status as a “qualifying facility” under federal law, Glenns Ferry Cogeneration is required to sell thermal energy (steam) generated by the Project to a thermal host, an entity that uses the steam in its own manufacturing or production facility. Idaho Fresh-Pak, Inc. (“Idaho Fresh-Pak”) was a potato processing facility that was the thermal host to the facility. In April of 2008, Idaho Fresh-Pak permanently shut down its operations. As a result of Glenns Ferry Cogeneration losing Idaho Fresh-Pak as a thermal host, Glenns Ferry Cogeneration has failed to maintain its qualifying facility status, as required by paragraph 3.2 of the Agreement.

JURISDICTION

7. The Commission has jurisdiction over this dispute. Paragraph 7.3 of the Agreement provides for the continuing jurisdiction of the Commission over the Agreement:

7.3 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 Comm’n and Afton Energy, Inc., 107 Idaho 781, 693 P2d 427 (1984), Idaho Power Company v. Idaho Public Utilities Comm’n, 107 Idaho 1122, 695 P2d 1261 (Idaho 1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P2d 400 (1986), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

8. Paragraph 21.1 of the Agreement further provides that all disputes relating to the Agreement will be submitted to the Commission:

21.1 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.

9. A justiciable dispute has arisen between the parties and is being submitted to the Commission for resolution.

COUNT ONE
Declaratory Order To Terminate Contract

10. Idaho Power realleges and hereby incorporates by reference all of the foregoing allegations as if fully stated herein.

11. This is an action for declaratory order brought for the purpose of determining a question of actual controversy between the parties as hereinafter more fully set forth.

12. This action is ripe for adjudication.

13. As set forth in paragraph 3.2 of the Agreement, the failure of Glenns Ferry Cogeneration to maintain qualifying facility status is a material breach of the Agreement.

14. Paragraph 7 of the Second Amendment to the Agreement amended paragraph 21.2 of the Agreement, the default provision, as follows:

Default - 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 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 if the defaulting Party does not commence such cure within the sixty (60) day period and continue to diligently pursue such cure, then, the nondefaulting Party may pursue its legal or equitable remedies.

15. In a May 23, 2008 letter, Idaho Power notified Glenns Ferry Cogeneration that it was in default of the Agreement because Glenns Ferry Cogeneration had materially breached the Agreement by losing its Qualifying Facility status. A true and correct copy of the May 23, 2008 letter from Idaho Power to Glenns Ferry Cogeneration is attached hereto as Exhibit 4 and incorporated herein by reference.

16. On June 10, 2008, Glenns Ferry Management, Inc., the General Partner for Glenns Ferry Cogeneration, responded to Idaho Power's May 23, 2008 notice of default. A true and correct

copy of the June 10, 2008 letter from Glens Ferry Management, Inc., to Idaho Power is attached hereto as Exhibit 5 and incorporated herein by reference. While the response quibbled over whether Idaho Power had provided Glens Ferry Cogeneration with a formal notice of default, Glens Ferry Cogeneration did not deny that Idaho Fresh-Pak had shut down its processing facility, that Glens Ferry Cogeneration had lost its thermal host, or that the Facility was no longer generating electricity. The June 10, 2008 letter failed to address how Glens Ferry Cogeneration intended to cure the default within 60 days or to demonstrate to Idaho Power that the default could be cured within a commercially reasonable time but not within the 60-day period.

17. On August 7, 2008, Idaho Power again wrote to Glens Ferry Cogeneration and reiterated that “the sixty-day cure period specified in paragraph 21.2 of the [Agreement] commenced on May 23, 2008, and expired on July 22, 2008.” A true and correct copy of the August 7, 2008 letter from Idaho Power to Glens Ferry Cogeneration is attached hereto as Exhibit 6 and incorporated herein by reference.

18. On August 28, 2008, Glens Ferry Cogeneration responded to Idaho Power’s August 7, 2008 letter. A true and correct copy of the August 28, 2008 letter from Glens Ferry Management, Inc., to Idaho Power is attached hereto as Exhibit 7 and incorporated herein by reference. In the August 28, 2008 letter, Glens Ferry Cogeneration admitted that Idaho Fresh-Pak had shut down its processing facility, but denied that Glens Ferry Cogeneration has lost its qualifying facility status or that there has been a permanent curtailment under the terms of the Agreement.

19. As of the date of this Complaint, Glens Ferry Cogeneration has permanently lost its thermal host and the delivery of energy has been permanently curtailed. Glens Ferry Cogeneration has not delivered electricity pursuant to the Agreement since October 24, 2007. Glens Ferry

Cogeneration has neither cured the default nor made any effort to demonstrate to Idaho Power that the default can be cured within a commercially reasonable time. Thus, Glens Ferry Cogeneration has permanently curtailed its delivery of energy to Idaho Power and materially breached the Agreement. The Commission should issue an order finding that the Agreement is terminated.

COUNT TWO
Formal Complaint for Breach of Contract

20. Idaho Power realleges and hereby incorporates by reference all of the foregoing allegations as if fully stated herein.

21. Glens Ferry Cogeneration has breached the Agreement by losing qualifying facility status and failing to cure its default.

22. Paragraph 21.3 of the Agreement provides that Glens Ferry Cogeneration shall pay liquidated damages in the event that there is a permanent curtailment of its energy deliveries to Idaho Power:

21.3 Seller Permanent Curtailment - If, at any time prior to the end of the term of the Agreement, Seller permanently curtails in whole or in part its deliveries of the Annual Net Firm Energy amount specified in paragraph 6.3, Seller shall pay to Idaho Power, as reasonable liquidated damages arising out of this permanent curtailment of Annual Net Firm Energy deliveries, the appropriate lump sum repayment amount specified in Appendix C, multiplied by the difference in megawatt-hours between the Annual Net Firm Energy amount specified in paragraph 6.3 and the reduced Annual Net Firm Energy amount after the permanent curtailment. The lump sum repayment amount will bear interest from sixty (60) days after Idaho Power gives or receives notice of Seller's permanent reduction of the Annual Net Firm Energy amount, until paid, at a rate equal to interest rates specified in Idaho Code §28-22-104(2) or its successor Idaho Code provision in effect during each month of that period. For purposes of this paragraph, Idaho Power's voluntary termination in accordance with paragraph 5.2.2 shall not be considered a permanent curtailment. The Parties further agree that this paragraph does not constitute a waiver by Idaho Power of its right to pursue its remedies under paragraph 21.6 or by either Party of their right to an award of pre and post judgement interest, costs and attorneys fees as permitted by law in any litigation arising out of this Agreement.

23. Pursuant to the Agreement and paragraph 12 of the Second Amendment to the Agreement, Glens Ferry Cogeneration owes Idaho Power the sum of \$11,151,480. The mathematical calculation of the liquidated damages is attached hereto as Exhibit 8 and incorporated herein by reference.

WHEREFORE, Idaho Power respectfully requests that the Commission award the following relief:

1. Entry of a declaratory order that Glens Ferry Cogeneration has defaulted under the Agreement, that there has been a permanent curtailment of energy deliveries, and that the Agreement is terminated;

2. Entry of a declaratory order stating that, pursuant to paragraph 21.3 of the Agreement, Idaho Power is entitled to an award of liquidated damages and interest; and

3. Any further relief to which Idaho Power is entitled.

DATED this 13th day of October, 2008.

JONES & SWARTZ PLLC

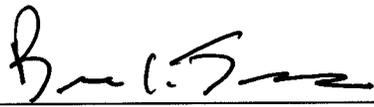
By 
BRUCE C. JONES

EXHIBIT 1

IDAHO POWER COMPANY

FIRM ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

GLENN'S FERRY COGENERATION PARTNERS, LTD.

A COLORADO LIMITED PARTNERSHIP

FIRM ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

GLENN'S FERRY COGENERATION PARTNERS, LTD.

A COLORADO LIMITED PARTNERSHIP

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FIRM ENERGY SALES AGREEMENT

THIS AGREEMENT, entered into on this 9th day of December, 1992, is between GLENN'S FERRY COGENERATION PARTNERS, LTD., a Colorado limited partnership (hereinafter referred to as "Seller"), and IDAHO POWER COMPANY, an Idaho corporation (hereinafter referred to as "Idaho Power"). Seller and Idaho Power are hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, Seller plans to construct, own and operate a cogeneration facility; and

WHEREAS, Seller wishes to sell, and Idaho Power is legally obligated to purchase firm electric energy generated by Seller's cogeneration facility.

NOW THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, 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 "Annual Net Firm Energy" - The amount of Net Firm Energy Seller estimates it will deliver to Idaho Power at the Point of Delivery during each Contract Year.
- 1.2 "Commission" - The Idaho Public Utilities Commission.
- 1.3 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.4 "Designated Dispatch Facility" - Idaho Power's Boise Bench System Dispatch Center.
- 1.5 "Disconnection Equipment" - Any device or combination of devices by which

Idaho Power can manually and/or automatically interrupt the flow of energy from the Seller to Idaho Power's system, including enclosures or other equipment as may be required to ensure that only Idaho Power will have access to the devices.

1.6 "Facility" - That cogeneration facility described in Appendix B of this Agreement.

1.7 "First Energy Date" - The date when the Seller begins delivering energy to Idaho Power's system.

1.8 "Interconnection Facilities" - All facilities which are reasonably required by Prudent Electrical Practices and the National Electric Safety Code to interconnect and to allow the delivery of energy from the Seller's electric generation plant to Idaho Power's system including, but not limited to, Special Facilities, Disconnection Equipment and Metering Equipment.

1.9 "Losses" - The loss of energy occurring as a result of the transformation and transmission of energy between the Facility and the Point of Delivery.

1.10 "Metering Equipment" - Equipment required to measure, record or telemeter power flows between the Seller's electric generation plant and Idaho Power's system.

1.11 "Net Firm Energy" - Electric energy produced by the Facility, less Station Use and less Losses, expressed in kilowatt hours ("Kwh"), which Seller commits to deliver to Idaho Power at the Point of Delivery for the full term of the Agreement.

1.12 "Operation Date" - The day commencing at 0001 hours Mountain Time, following the day on which the Facility demonstrates that it has been completed and reached a degree of reliability such that it is capable of delivering Net Firm Energy continuously into Idaho Power's system.

1.13 "Point of Delivery" - The location specified in Appendix B, where Idaho Power's and Seller's electrical facilities are interconnected.

1.14 "Prudent Electrical Practices" - Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment

lawfully and with safety, dependability, efficiency and economy.

1.15 **"Scheduled Operation Date"** - The date specified in Appendix B when Seller anticipates achieving the Operation Date.

1.16 **"Schedule 72"** - Idaho Power's Tariff No 101, Schedule 72 or its successor schedule(s) as approved by the Commission.

1.17 **"Season"** - The three time periods identified in Article VI.

1.18 **"Seasonal Net Firm Energy"** - The amount of Net Firm Energy Seller estimates it will deliver to Idaho Power at the Point of Delivery during each Season.

1.19 **"Special Facilities"** - Additions or alterations of transmission and/or distribution lines and transformers to safely interconnect the Seller's electric generation plant to the Idaho Power's system.

1.20 **"Station Use"** - Electric energy which is used solely to operate the Facility's equipment which is auxiliary or directly related to the production of electricity and which, but for the generation of electricity, would not be consumed by Seller.

1.21 **"Surplus Energy"** - Electric energy which is produced by the Facility and is delivered and accepted prior to the Operation Date or which exceeds the amounts specified in paragraph 6.1.

1.22 **"Thermal Energy Metering Equipment"** - Equipment required to measure and record the volume and heat content of fuel delivered to and consumed by the Facility and the amounts of thermal energy produced by the Facility and delivered to the thermal host.

ARTICLE II: NO RELIANCE ON IDAHO POWER

2.1 **"Seller Independent Investigation"** - Except for the Disconnection Equipment and any other facilities exclusively within the control of Idaho Power, Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligation 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 - Except for the Disconnection Equipment and any other facilities within the exclusive control of Idaho Power, 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 prior to interconnection with Idaho Power the Facility will be a "qualifying facility," as that term is used and defined in 18 CFR, §292.207. After initial qualification, Seller will take such steps as may be required to maintain the Facility's "qualifying facility" status during the term of this Agreement and Seller's failure to maintain qualifying facility status will be a material breach of this Agreement.

ARTICLE IV: CONDITIONS TO INTERCONNECTION

4.1 Prior to the First Energy Date and as a condition of interconnection with Idaho Power, Seller shall provide the following:

4.1.1 Licenses and Permits - 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 of 18 CFR §292.207.

4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an

opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller, provide the rights set forth therein, and are enforceable in accordance with their terms. The Opinion 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 Schedule 72 Payments - Make payment to Idaho Power for all costs of Disconnection Equipment, Metering Equipment and Special Facilities as provided for in Schedule 72 and Appendix B of this Agreement;

4.1.4 Written Acceptance - Obtain written acceptance from Idaho Power as provided in paragraph 8.3;

4.1.5 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIV;

4.1.6 Demonstration of Safe Operation - Demonstrate to Idaho Power's reasonable satisfaction that Seller's Facility has been completed, and is capable of operating safely to commence deliveries of electric energy into Idaho Power's system;

4.1.7 Maintenance Escrow Account - Demonstrate to Idaho Power's satisfaction that the Seller has established a maintenance escrow account in a form and with an escrow manager which complies with Commission Order Nos 21690 and 21800. Said maintenance escrow account shall be structured and funded as follows:

4.1.7.1 The escrow instructions establishing the maintenance escrow account will provide that the funds in the maintenance escrow account will be prudently invested and that all costs of implementing and operating the maintenance escrow account shall be paid by the Seller. All interest earned on the funds of deposit will be retained in the maintenance escrow account. At the end of the term of this

Agreement, any balance remaining in the maintenance escrow account shall be the property of the Seller.

4.1.7.2 Within sixty (60) days after the completion of each Contract Year, the Seller will:

a) provide both the escrow manager and Idaho Power with a report prepared by an independent accounting firm showing the prior Contract Year's actual maintenance expenses, identified by appropriate FERC maintenance account number; and

b) provide an estimate of the Facility's gross income from Net Firm Energy Sales for the ensuing Contract Year, together with documentation supporting that estimate; and

c) deposit cash in the maintenance escrow account in an amount equal to five percent (5%) of the Facility's estimated gross income from Net Firm Energy sales for the ensuing Contract Year, less an amount equal to the Facility's actual maintenance, repair and replacement expense (maintenance expenses) incurred during the prior Contract Year; and

d) provide Idaho Power with evidence of compliance with the maintenance escrow account deposit requirements. This evidence of compliance will be provided in a manner and form acceptable to Idaho Power. The maintenance escrow fund will be subject to the lien rights described in paragraph 4.1.8 below.

4.1.7.3 If Seller determines that the maintenance expense for a Contract Year will exceed five percent (5%) of the Facility's estimated gross income for that Contract Year, the Seller may request that the escrow manager release funds from the maintenance escrow account in an amount sufficient to pay the anticipated additional maintenance expenses. The request must include documentation supporting the Seller's projection of excess maintenance expense, identified by appropriate FERC

maintenance account number, and such documentation shall be submitted to both the escrow manager and Idaho Power. Following receipt of the request and documentation, the escrow manager, shall, within five working days, release the requested funds to Seller.

4.1.8 Security Interests - Provide Idaho Power with acceptable security for Seller's default under this Agreement. Acceptable security will conform to Commission Order Nos 21690 and 21800, and may include, but will not be limited to, security interests in real property, equipment, fixtures, contracts, permits, easements, rights-of-way, prepurchased fuel supplies, fuel supply contracts, thermal energy sales contracts, and fuel supply transportation contracts associated with the Facility. Seller will provide title insurance and other reasonable security arrangements consistent with the Facility's financing and ownership arrangements. Idaho Power's security interests will be superior and senior to all liens other than the first mortgage lien, leasehold, financing statement, security agreement and other security interests permitted in accordance with paragraph 4.1.8.1.

4.1.8.1 If Seller desires to enter into a lease and/or incur a first mortgage lien and other security interests that will be superior to Idaho Power's security interests in the Facility, at least twenty-one (21) days prior to their execution Seller will provide Idaho Power with draft copies of the lease and/or deeds of trust, mortgages and other security agreements that will be used to secure such first lien. Upon their execution, Seller will provide Idaho Power with copies of the executed first lien documents. In no event will the amount of any lease and/or first mortgage lien exceed \$15,000,000.00 without Idaho Power's prior written consent which consent shall not be unreasonably withheld or delayed. The executed first lien documents shall not be assigned, amended, modified, or extended, and no replacement or refinancing of any nature shall be undertaken, without Idaho Power's prior written consent which consent shall not be unreasonably withheld or delayed. The amount of any refinanced

or replaced first liens shall not exceed the unpaid principal balance of the lien they replace.

4.1.8.2 Other than the first mortgage liens permitted herein or temporary mechanics, statutory or similar liens incurred in the ordinary course of business in an amount not to exceed in aggregate ten thousand dollars (\$10,000.00), Seller will not permit any liens or encumbrances of any nature whatsoever to be placed on the Facility without Idaho Power's prior written consent, which consent will not be unreasonably withheld. If any unpermitted lien or encumbrance is placed on the Facility, Seller will provide Idaho Power with a bond, insurance or other security acceptable to Idaho Power in an amount sufficient to secure the full discharge of such unpermitted lien or encumbrance.

4.1.8.3 If, after the initial first lien has been established, Seller desires to assign this Agreement or assign, replace or refinance said first lien, Seller will reimburse Idaho Power for the reasonable out-of-pocket costs Idaho Power incurs for document review and revision including any consents to assignment or subordination agreements that Seller requests from Idaho Power. Idaho Power's out-of-pocket costs will include but not be limited to filing fees, title insurance premiums, and fees of legal counsel.

4.1.9 Debt Service Reserve Account - Demonstrate to Idaho Power's satisfaction that Seller has established and funded a debt service reserve account in a form and with a fund holder which complies with paragraph 21.4.2.

4.1.10 Fuel Supply and Transportation Contracts - Seller will demonstrate to Idaho Power's reasonable satisfaction that Seller has entered into fuel supply and fuel transportation contracts which will provide a firm supply of fuel and fuel transportation in amounts sufficient to allow the Facility to generate the Annual Net Firm Energy amount each Contract Year for the full term of this Agreement. The respective firm fuel supply and fuel transportation agreements will include provisions that recognize that: (1) Idaho Power is an

intended third party beneficiary of the fuel supply and fuel transportation agreements; and (2) that Seller and the fuel supplier and fuel transporter will be jointly and severally liable to Idaho Power under their respective agreements for payment to Idaho Power of damages arising out of Seller's permanent curtailment as described in paragraph 21.3 herein if such permanent curtailment by Seller arises out of an uncured breach of the fuel and/or fuel transportation agreements by the fuel supplier or fuel transporter resulting in a curtailment or termination of the fuel supply or fuel transportation. The contract provisions to be included in the fuel supply and transportation agreements to comply with the requirements of subparagraphs (1) and (2) will be substantially similar to Appendix F.

4.1.11 Thermal Host Contract - Seller will demonstrate to Idaho Power's reasonable satisfaction that Seller has entered into a firm contract for the sale of an amount of thermal energy from the Facility sufficient to ensure that the Facility will comply with paragraph 3.2 (Qualifying Facility Status) for the full term of this Agreement. The thermal energy purchaser will execute an agreement with Idaho Power and Seller providing, among other things, that: (1) Idaho Power is an intended third party beneficiary of the thermal energy sales agreement; and (2) that Seller and the thermal energy purchaser will be jointly and severally liable to Idaho Power for payment to Idaho Power of any damages arising out of Seller's permanent curtailment as described in paragraph 21.3 herein, if such permanent curtailment arises out of an uncured breach of the Thermal Energy Sales Agreement by the thermal host which results in a loss of Seller's qualifying facility status. The contract provision to be executed by the thermal energy purchaser to comply with the requirements of subparagraphs (1) and (2) will be substantially similar to Appendix G.

4.1.12 Obtain written confirmation from Idaho Power that all conditions to interconnection have been fulfilled. Such written confirmation shall not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM, EARLY TERMINATION, AND OPERATION DATE

5.1 Term - Except as otherwise provided, this Agreement shall become effective on the date first above written, and shall continue in full force and effect for a period of Twenty (20) Contract Years.

5.2 Early Termination - Either Party may terminate this Agreement at the end of the fifteenth Contract Years by giving the other Party written notice of termination a minimum of one year prior to the beginning of the fifteenth Contract Years provided, however, that neither party shall be allowed to terminate until at least five (5) years after the date of expiration of the initial lease and/or the initial permanent first lien financing for the Project.

5.2.1 Liquidated Administrative Costs - If either Party exercises its option to terminate, in addition to any payments due under paragraph 5.2.3, the Party initiating termination will pay the other Party liquidated administrative costs which will be determined according to the following formula:

$$(\text{kWh}) \times (\text{Rate/kWh}) \times (\text{Percent}) = \text{liquidated administrative costs}$$

Where:

"kWh" is the Annual Net Firm Energy amount shown in paragraph 6.3; and

"Rate/kWh" is the sum of the base payment shown in paragraph 7.1.1 plus the adjustable payment as set on the July 1st immediately prior to the notification of intention to terminate; and

"Percent" is a multiplier based on the following schedule:

4 Year's prior notice of termination: 1.5%

3 Year's prior notice of termination: 2.0%

2 Year's prior notice of termination: 2.5%

1 Year's prior notice of termination: 3.0%

5.2.2 Idaho Power - Early termination under this paragraph by Idaho Power is not a default by the Seller and will not constitute a permanent curtailment under paragraph 21.3.

5.2.3 Seller - Early termination under this paragraph by the Seller will constitute a permanent curtailment under paragraph 21.3.

5.3 Operation Date - The Operation Date may occur only after Seller has achieved the First Energy Date, and the necessary degree of completion and reliability has been demonstrated to Idaho Power's reasonable satisfaction, and Idaho Power has confirmed such reasonable satisfaction in writing. The procedure for establishing and confirming eligibility for an Operation Date is set out in Appendix H. Seller shall have the duty to obtain that confirmation and it will not be unreasonably withheld by Idaho Power. Prior to the Operation Date, Seller must provide the following:

- (1) As-built drawings of the Seller-furnished interconnection equipment, and
- (2) Executed Certification of Design Engineer, Engineer's Certification of Design & Construction Adequacy, and Engineer's Certification of Operations and Maintenance Policy as described in Commission Order No 21690. These certificates will be in the form specified in Appendix E, but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- (3) Written verification by the Design Engineer that the Thermal Energy Metering Equipment has been installed, tested and is operating satisfactorily.

ARTICLE VI: SALE OF NET FIRM ENERGY

6.1 Delivery and Acceptance of Net Firm Energy - Except when prevented by events of force majeure (Article XVI) or otherwise excused as provided herein, Idaho Power will purchase up to 10,000 kWh per hour of Net Firm Energy produced by the Facility and delivered by Seller to the Point of Delivery. All energy produced and delivered by Seller in excess of 10,000 kWh per hour will be purchased as Surplus Energy.

6.2 Seasonal Net Firm Energy Amounts - Based on expected site specific equipment performance and average energy production estimates based thereon, Seller estimates that it can deliver Net Firm Energy in the following seasonal amounts:

Season 1	March April May	20,976,000 kWh's Total
Season 2	June July August September	27,816,000 kWh's Total
Season 3	October November December January February	34,428,000 kWh's Total

6.3 Annual Net Firm Energy Amount - The Annual Net Firm Energy amount shall be 83,220,000 kWh and shall be the sum of the three Seasonal Net Firm Energy amounts Seller specified above. After a reasonable period of operating experience but not later than the end of the fifth (5th) Contract Year, the Parties will review the actual Annual Net Firm Energy production of the Facility. If the Parties determine that there is a material difference between the actual Annual Net Firm Energy production of the Facility and the Annual Net Firm Energy amount specified above, the Annual Net Firm Energy amount and the resulting Appendix C lump sum repayment amount will be amended to recognize actual operating experience.

6.4 Subsequent Determination that Facility Capacity Exceeds Ten Megawatts
Cogeneration and small power production facilities with generating capacity larger than 10 megawatts ("MW") are not legally entitled to the rates terms and conditions contained in this Agreement. The rates, terms and conditions contained in this Agreement are premised on Seller's representation that the capacity of the Facility is not larger than 10 MW. If, at any time, Idaho Power determines that the Facility's capacity consistently exceeds 10 MW, Idaho Power will notify Seller and the Commission.

If the Commission determines that the Facility's capacity exceeds 10 MW, then this Agreement may be modified by the Commission.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT;
ADJUSTMENT OF PURCHASE PRICE

7.1 Net Firm Energy Purchase Price - The price to be paid to Seller for Net Firm Energy will be the sum of the following payments:

7.1.1 Base Payment -

Season 1	35.63 Mills/kWh
Season 2	58.16 Mills/kWh
Season 3	48.47 Mills/kWh

7.1.2 Adjustable Payment - In addition to the base payment specified in paragraph 7.1.1, Idaho Power shall pay to Seller an adjustable payment which shall be established by the Commission and subject to change pursuant to Commission Order effective on July 1 of each year during the term of this Agreement. While the Parties do not know what the adjustable payment amount will be as of the Operation Date under this Agreement, the Parties acknowledge that the adjustable payments as of the date of the signing of this Agreement are as follows:

Season 1	7.00 Mills/kWh
Season 2	11.42 Mills/kWh
Season 3	9.52 Mills/kWh

7.2 Surplus Energy Purchase Price - Surplus Energy will be purchased at the non-firm rate computed in accordance with option B in Idaho Power's Tariff 101, Schedule 86 or with its successor schedule(s) as approved by the Commission.

7.3 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 Comm'n and Afton Energy, Inc., 107 Idaho 781, 693 P2d 427 (1984), Idaho Power Company v. Idaho Public Utilities Comm'n, 107 Idaho 1122, 695 P2d 1261 (Idaho 1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P2d 400 (1986), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

ARTICLE VIII: FACILITY AND INTERCONNECTION

8.1 Design of Facility - Seller shall design, construct, install, own, operate and maintain the Facility and any Seller-owned interconnection facilities so as to allow safe, reliable delivery of electric energy to Idaho Power's system for the full term of the Agreement.

8.2 Interconnection Facilities - Except as specifically provided for in this Agreement, interconnection of the Facility will be in accordance with Schedule 72. Seller will pay all costs of interconnecting the Facility with Idaho Power.

8.3 Idaho Power Review - To assure the Facility and Seller-furnished Interconnection Facilities are of suitable size and are compatible with Idaho Power's system, Seller shall submit the designs, plans, specifications and performance data for the Facility and Seller-furnished Interconnection Facilities to Idaho Power for review. Idaho Power shall, in writing and in conformance with paragraph 4.1.4, notify Seller of its acceptance and confirmation of system compatibility or conversely, notify Seller, in writing, of any changes which, consistent with Prudent Electrical Practices, Idaho Power determines are reasonable and necessary to assure the safe delivery of electric energy from the Facility to Idaho Power's system.

ARTICLE IX: DISCONNECTION EQUIPMENT

9.1 Disconnect Equipment - Idaho Power will, at Seller's expense, provide, own, operate, and maintain all Disconnection Equipment. At Seller's request, Idaho Power will provide Seller with the general specifications and an itemization by category of the costs of such Disconnection Equipment. Idaho Power will establish the settings of Disconnection Equipment to disconnect automatically from the Facility for the protection of Idaho Power's system and personnel consistent with Prudent Electrical Practices. Upon Seller's request, Idaho Power will notify Seller as to the original setting and any adjustments thereof. Except as otherwise required by Prudent Electrical Practices, Disconnection Equipment will be designed so that the closure of any breaker or other disconnecting device which connects the Facility to Idaho Power's system shall be controlled by equipment which will perform the following:

(1) Automatically monitor the status of the electrical system on Idaho Power's side of the disconnecting device as to voltage and frequency; and

(2) Prohibit closure or reconnection until voltage and frequency have been within approved limits for a continuous period of not less than five (5) minutes; and

(3) Operate so that if Idaho Power's system is de-energized within sixty (60) seconds after closure of the disconnecting device, the disconnecting device will immediately open and not close again until it has been manually reset and/or Idaho Power can safely reclose the Disconnecting Equipment.

9.2 Security of Disconnect Equipment - The Disconnection Equipment will be located in an enclosure secured by a lock or otherwise secured in a manner designed to ensure that only Idaho Power's authorized personnel will have access to the disconnecting devices.

9.3 Remote Disconnection - Other Disconnection Equipment, including equipment which will provide Idaho Power's operating personnel with the ability to remotely control and monitor the status of the breaker or other disconnecting device by radio or hard-wire circuit between the Facility and the Designated Dispatch Facility may be specified by Idaho Power when, in Idaho Power's reasonable judgment, such equipment is required by Prudent Electrical Practices. Seller recognizes that such remote control equipment may not initially be required by Idaho Power, but at such time as operating conditions on Idaho Power's system dictate, Idaho Power will install this remote control equipment at Seller's expense. If Seller disputes Idaho Power's determination that the installation of such remote Disconnection Equipment is required, such dispute shall be submitted to the Commission for resolution.

9.4 Interference with Disconnection Equipment - If Seller attempts to modify, adjust or otherwise interfere with the Disconnection Equipment or its enclosure such action shall constitute an event of default pursuant to Article XXI and a material breach of this Agreement.

ARTICLE X: METERING

10.1 Metering and Telemetry - Idaho Power shall, for the account of Seller, provide, install, and maintain required Metering Equipment to be located at a mutually agreed upon location to record and measure power flows to Idaho Power in accordance with the standards set forth in Appendix A of this Agreement. If required by Idaho Power, metering will also include measurement of kilovar-hours in a manner agreed to by both Parties. All Meter Equipment and installation costs shall be borne by Seller, including costs incurred by Idaho Power for inspecting and testing such equipment at reasonable intervals at Idaho Power's actual cost of providing this Metering Equipment and services. The point of metering shall be at the location described in Appendix B of this Agreement. All meters used to determine the billing hereunder shall be sealed and the seals shall be broken only by Idaho Power when the meters are to be inspected, tested or adjusted.

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

10.3 Telemetry - Consistent with Appendix A of this Agreement, Idaho Power shall install, operate and maintain, at Seller's expense, metering, communications and telemetry Metering

Equipment which will be capable of providing Idaho Power with continuous instantaneous telemetry of Seller's net generation to Idaho Power's Designated Dispatch Facility.

10.4 Thermal Energy Metering Equipment - During the term of this Agreement, Seller will install, operate and maintain or cause to be installed, operated and maintained the Thermal Energy Metering Equipment.

ARTICLE XI: RECORDS

11.1 Maintenance and Retention of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties, adequate electric metering and related power production records, thermal energy metering records and fuel delivery and consumption records sufficient to permit corroboration, by Idaho Power, that the Facility continues to meet the operating and efficiency standards required to maintain qualifying cogeneration facility status in compliance with 18 CFR 292.205(a). Seller will maintain these records in a form approved by Idaho Power and will retain them for a period of not less than three (3) years after the date the records are generated.

11.2 Inspection - Idaho Power, after reasonable notice to Seller, shall have the right, during normal business hours, to inspect and audit any or all of the above referenced records.

ARTICLE XII: PROTECTION

12.1 Seller shall construct, operate and maintain the Facility and Seller-furnished Interconnection Facilities in accordance with Appendix A, Prudent Electrical Practices, the National Electrical Code, the National Electrical Safety Code and any other applicable local, state, and federal codes. 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 physically interrupt the flow of energy from the Facility or take such other reasonable steps as Idaho Power deems appropriate under the circumstances. Except in the case of an emergency, Idaho Power will attempt to notify Seller of such interruption prior to its occurrence as provided in paragraph 13.8. Seller shall provide and maintain adequate protective equipment suffi-

cient to prevent damage to the 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.

ARTICLE XIII: OPERATIONS

13.1 Emergency Conditions - Seller agrees that in the event of and during a period of a shortage of power on Idaho Power's system as declared by Idaho Power in its reasonable discretion, Seller shall, at Idaho Power's request and within the limits of reasonable safety requirements as determined by Seller, use its best efforts to provide the requested energy, and shall, if necessary, delay any scheduled shutdown of the Facility.

13.2 Communications - Idaho Power and Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility, and Seller shall report to Idaho Power at the times and in the manner set forth in Appendix A of this Agreement.

13.3 Energy Acceptance - Idaho Power shall be excused from accepting and paying for Net Firm Energy delivered by Seller to the Point of Delivery under the following circumstances:

13.3.1 If it is prevented from doing so by an event of force majeure.

13.3.2 If Idaho Power determines that curtailment, interruption or reduction of Net Firm Energy deliveries is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices. If, for reasons other than an event of force majeure, Idaho Power requires such a curtailment, interruption or reduction of Net Firm Energy deliveries for a period that exceeds twenty (20) consecutive days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Firm Energy at a rate determined by dividing the seasonal Net Firm Energy amount specified in paragraph 6.2 for the season in which the interruption or curtailment occurs by the number of hours in that season. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

13.4 Voltage Levels - Seller shall use its best efforts to minimize voltage fluctuations and to maintain voltage levels acceptable to Idaho Power. Idaho Power may, upon one hundred eighty (180) days' notice to 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.

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

13.6 Scheduled Maintenance - On or before January 1 of each year, Seller shall submit a proposed maintenance schedule for that year and Idaho Power and Seller shall mutually agree as to the acceptability or unacceptability of the proposed date(s). The Parties' determination as to the acceptability of Seller's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices and neither Party shall unreasonably withhold its acceptance of the proposed date for scheduled maintenance.

13.7 Maintenance Coordination - The Parties shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.

13.8 Contact Prior to Curtailment - Idaho Power will contact Seller prior to exercising its rights to curtail, interrupt or reduce deliveries from Seller. Seller understands that in the case of emergency circumstances, no notice will be given to Seller prior to interruption, curtailment, or reduction.

ARTICLE XIV: INDEMNIFICATION AND INSURANCE

14.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, 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 that may be incurred by the other Party in enforcing this indemnity.

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

14.2.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to fifteen percent (15%) of the total cost of the Facility, or \$1,000,000, whichever is greater, each occurrence, combined single limit. The deductible for such insurance shall not exceed one-half of one percent (0.5%) of the total cost of the Facility.

14.2.2 Property Insurance for catastrophic perils with minimum limits not less than sixty percent (60%) of the total cost of the Facility. The Property Insurance coverage will be written on a replacement cost basis and will include:

- (a) Standard fire policy.
- (b) Extended coverage endorsement.
- (c) Vandalism and malicious mischief endorsement.
- (d) Earthquake and flood insurance.
- (e) The deductible for the above property insurance coverage shall not exceed one percent (1%) of the total cost of the Facility.

14.2.3 Boiler and machinery insurance with minimum limits not less than ninety percent (90%) of the total cost of the equipment covered in (a) below:

(a) All boiler and machinery coverage must be written on a "comprehensive form" basis to provide coverage against the sudden and accidental breakdown of all boilers, machinery and electrical equipment, turbines, generators, and switchgear.

(b) Coverage under this insurance must be written on a "Replacement Cost" basis.

(c) The deductible for this insurance shall not exceed two percent (2%) of the total cost of the equipment covered in (a) above.

14.2.4 Business Interruption (Loss of Income) Insurance with minimum daily limits not less than seventy-five percent (75%) of the Facility's estimated gross daily electrical revenue and total policy limits not less than twenty percent (20%) of the Facility's estimated gross annual revenue from the sale of electrical energy:

(a) Coverage will include Seller's loss of earnings when business operations are curtailed or suspended because of a loss due to an insured peril. Coverage may be written on an actual loss sustained basis.

(b) This insurance coverage must be endorsed to the Property Insurance Policy and the Boiler and Machinery Insurance Policy.

(c) The deductible for this insurance coverage shall not exceed ten (10) days gross daily revenues from the sale of electrical energy.

(d) Estimated gross daily revenue and estimated gross annual revenue shall be computed on the basis of the kWh production estimates contained in paragraph 6.2.

14.2.5 All of the above insurance coverages shall be covered with insurance companies with an A.M. Best rating of A- or better and shall include:

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

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

(c) In the case of the insurance coverages described in subparagraphs 14.2.1, 14.2.2 and 14.2.3 above, the total cost of the Facility will include any Seller-furnished Disconnection Equipment and/or Interconnection Facilities. The total cost of the Facility and total cost of equipment will be adjusted either upward or downward to reflect the current replacement cost of the Facility or equipment. This adjustment will be based on either (1) an appraisal made by, or for, the Seller's insurance company, or (2) the Handy-Whitman Index "Cost Trends of Electric Utility Construction -- Plateau Region" other production plant-gas turbo generators as published by Whitman, Requardt & Associates, 2315 Saint Paul St, Baltimore, MD

21218. Such adjustment shall be made, at a minimum, every fifth Contract Year during the term of this Agreement. A copy of these computations and/or appraisals will be submitted to Idaho Power for Idaho Power's review and approval.

14.3 Seller to Provide Certificates of Insurance - As required in paragraph 4.1.5 herein and annually thereafter, Seller shall furnish Idaho Power certificates of insurance, together with the endorsements required therein, evidencing the coverages as set forth above.

14.4 Seller to Provide Copies of Policies of Insurance - Within one hundred twenty (120) days after the Operation Date, and within ninety (90) days of the effective date of any modifications to the policy, Seller will furnish to Idaho Power a certified copy of the original of each insurance policy and all endorsements for each of the insurance coverages described above. In the case of policy renewals, Seller may provide a certificate from the insurance carrier that there have been no changes to the policy in lieu of providing the required certified copy of the policy.

14.5 Seller to Notify Idaho Power of Lapse of Coverage - If any of the insurance coverages required by paragraph 14.2 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.

ARTICLE XV: LAND RIGHTS

15.1 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, Disconnection 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.

15.2 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 15.4, 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 15.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 15.2.

15.3 Joint Use of Facilities - Subject to Idaho Power's compliance with paragraph 15.4, 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 15.2, attaching Seller's Interconnection Facilities to such newly constructed facilities. Except as required by paragraph 15.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 15.3.

15.4 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 Article XV. Therefore, the Parties agree that the exercise by Idaho Power of any of the rights enumerated in paragraphs 15.2 and 15.3 shall: (1) comply with all applicable laws, codes and Prudent Electrical 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 Article XV.

ARTICLE XVI: 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 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, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority, 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 event of 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.
- (4) Seller's obligation to pay liquidated damages as provided in paragraph 21.3 will not be excused by an event of force majeure.

ARTICLE XVII: LIABILITY; DEDICATION

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, nor affect the status of Idaho Power

as an independent public utility corporation, or Seller as an independent individual or entity.

ARTICLE XVIII: SEVERAL OBLIGATIONS

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 XIX: WAIVER

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 XX: CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho.

ARTICLE XXI: DISPUTES AND DEFAULT

21.1 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.

21.2 Default - 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, then, and only then, may the nondefaulting Party pursue its legal or equitable remedies.

21.3 Seller Permanent Curtailment - If, at any time prior to the end of the term of the Agreement, Seller permanently curtails in whole or in part its deliveries of the Annual Net Firm Energy amount specified in paragraph 6.3, Seller shall pay to Idaho Power, as reasonable liquidated damages arising out of this permanent curtailment of Annual Net Firm Energy deliveries, the appropriate lump sum repayment amount specified in Appendix C, multiplied by the difference in megawatt-hours between the Annual Net Firm Energy amount specified in paragraph 6.3 and the reduced Annual Net Firm Energy amount after the permanent curtailment. The lump sum repayment amount will bear interest from sixty (60) days after Idaho Power gives or receives notice of Seller's permanent reduction of the Annual Net Firm Energy amount, until paid, at a rate equal to interest rates specified in Idaho Code §28-22-104(2) or its successor Idaho Code provision in effect during each month of that period. For purposes of this paragraph, Idaho Power's voluntary termination in accordance with paragraph 5.2.2 shall not be considered a permanent curtailment. The Parties further agree that this paragraph does not constitute a waiver by Idaho Power of its right to pursue its remedies under paragraph 21.6 or by either Party of their right to an award of pre and post judgement interest, costs and attorneys fees as permitted by law in any litigation arising out of this Agreement.

21.4 Security for Repayment Obligation - During the full term of this Agreement, Seller will provide Idaho Power with adequate assurance that Seller will be able to repay the amounts owing Idaho Power if Seller defaults under this Agreement. In accordance with Commission Order Nos 21690, 21800 and Declaratory Order No. 23949 and subject to the provisions of paragraph 21.2 above, this assurance will be provided as follows:

21.4.1 Insurance - Seller shall comply with the provisions of paragraph 14.2. If Seller fails to comply, such failure will be an event of default.

(a) In the case of the liability insurance coverage, (paragraph 14.2.1), a default will be a material breach and may only be cured by Seller supplying evidence that the liability insurance coverage has been replaced or reinstated.

(b) For all other insurance coverages described in paragraph 14.2, the default may be cured by replacement or reinstatement of the insurance, or by Seller posting liquid

security in accordance with paragraph 21.5 in an amount equal to one hundred percent (100%) of the accumulated overpayment liability specified for that year in Appendix C.

21.4.2 Debt Service Reserve Account - (a) During the period of time in which the Facility acts as security for a first mortgage lien which is senior to Idaho Power's security interest in the Facility as described in paragraph 4.1.8 above, Seller shall maintain a debt service reserve account containing cash in an amount equal to twenty percent (20%) of the Facility's estimated gross revenue from Net Firm Energy sales for the first Contract Year rounded to the nearest \$1,000. With Idaho Power's consent, this debt service reserve account may be coordinated with any debt service reserve account required by Seller's first mortgage lender to avoid duplication of accounts.

(b) Upon full satisfaction of the above-referenced first mortgage lien and when Idaho Power's security interest becomes the senior security interest in the Facility, the escrow manager will pay to Seller the amount in the debt service reserve account which exceeds five percent (5%) of the Facility's estimated gross revenue for the next Contract Year rounded to the nearest \$1,000.

(c) The amount to be retained in the debt service reserve account will be recalculated every five (5) Contract Years to reflect any increases or decreases in the Adjustable Payment amount under paragraph 7.1.2 of the Agreement.

(d) During the period when the Facility is security for a first mortgage lien that is senior to Idaho Power's lien, the escrow manager of the debt service reserve account will be instructed to only release funds from the debt service reserve account to the holder of the first mortgage lien. Funds from said account shall be released only when, and only to the extent that Seller certifies to the escrow manager that after payment of all operating costs, the Facility's revenues are insufficient to make full debt service and/or lease payments on the Facility.

(e) During the period when Idaho Power's security interest is the senior security interest in the Facility, the escrow manager will be instructed to only release funds from

the debt service reserve account to pay operating costs for the Facility.

(f) For purposes of the debt service reserve account, operating costs are limited to those costs necessary for the operation of the Facility such as taxes, insurance expenses, lease payments and other ordinary and necessary operating expenses. Operating costs shall not include any disbursements other than lease payments which would constitute a profit or return on investment.

(g) After any release of funds by the escrow manager, Seller shall be obligated to restore the debt service reserve account to the amounts provided for in paragraphs 21.4.2(a) and (b), whichever is applicable, prior to Seller disbursing funds which would constitute a profit or return on investment. Until the debt service reserve debt account is fully restored, Seller will, within sixty (60) days of the completion of each Contract Year, provide the escrow manager and Idaho Power with a report prepared by Seller's independent outside accountants showing that Seller has not breached its obligations under this paragraph 21.4.2(g).

(h) Any breach of paragraph 21.4.2(g) by Seller will be an event of default and will require posting liquid security in accordance with paragraph 21.5 in an amount equal to one hundred percent (100%) of the accumulated overpayment amount specified for that year in Appendix C.

21.4.3 In lieu of establishing and funding the above-described debt service reserve account, with Idaho Power's prior written consent Seller may substitute irrevocable standby letter(s) of credit, book entry certificate(s) of deposit or other security instrument(s) acceptable to Idaho Power. During the period when the Facility is security for a first mortgage lien that is senior to Idaho Power's lien, Idaho Power and the first mortgage lender will be joint beneficiaries of the security instrument(s). When Idaho Power's security interest is the senior security interest in the Facility, Idaho Power will be the sole beneficiary of the security instrument(s).

21.4.4 Engineer's Certification - Every three (3) years for the first twelve (12)

years after the Operation Date, and every two (2) years thereafter during the full term of this Agreement, Seller will supply Idaho Power with an Engineer's Certification of Ongoing Operations and Maintenance from a Registered Professional Engineer licensed in the State of Idaho, which ongoing O & M Certificate shall be in the form specified in Appendix E. Seller's failure to supply the required certificate will be an event of default. Such a default may be cured by Seller providing the required certificate or by posting liquid security in accordance with paragraph 21.5 in an amount equal to twenty percent (20%) of the accumulated overpayment liability specified for that year in Appendix C.

21.4.5 Maintenance Escrow - During the full term of this Agreement, Seller shall maintain and fund the maintenance escrow account described in paragraph 4.1.7 and Commission Order No 21690. If at any time Seller fails to maintain or fully fund that maintenance escrow account, such a failure will be an event of default. Such default may be cured by reinstating the required escrow account or by Seller posting liquid security in accordance with paragraph 21.5 in an amount equal to twenty percent (20%) of the accumulated overpayment liability specified for that year in Appendix C.

21.4.6 Security Interests - During the full term of this Agreement, Seller shall maintain compliance with all of the requirements of Idaho Power's security interests described in paragraph 4.1.8 of this Agreement and Commission Order No 21690. Seller's failure to comply with those requirements, will be an event of default and in addition to any other remedies available under this Agreement, Commission Order No 21690, and the security interests, Seller will be required by Idaho Power to post liquid security in accordance with paragraph 21.5 in an amount equal to thirty-five percent (35%) of the accumulated overpayment liability specified for that year in Appendix C. Seller recognizes that in accordance with Commission Order No 21690, an event of default under either or both of paragraphs 21.4.3 or 21.4.4 constitutes an event of default under paragraph 21.4.5 and in that event the obligation to post liquid security under paragraphs 21.4.3 through 21.4.5 is cumulative.

21.4.7 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 the Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses Seller is required to obtain during the term of this Agreement. 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 a default.

(a) In the case of non-compliance with the required governmental permits, an event of default will be a material breach and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

21.4.8 "K" Factor and Estoppel Certificates - In reliance upon Seller's compliance with paragraphs 4.1.10 and 4.1.11, upon execution of this Agreement by Idaho Power, and approval of this Agreement by the Commission, application of the "K" factor as described in Commission Order No. 21690 is suspended. Every three (3) years during the term of this Agreement, commencing with the third anniversary of the Operation Date, Seller shall deliver to Idaho Power estoppel certificates from Seller and Seller's fuel supplier, fuel transporter and thermal energy purchaser certifying that the contracts described in paragraphs 4.1.10 and 4.1.11 are unmodified and in full force and effect and that there are no uncured defaults by either party.

If Seller fails to provide the required estoppel certificates and the Parties are unable to agree on alternative security, the Parties agree to submit to the jurisdiction of the Commission for a determination of whether the "K" factor and the obligation to post liquid security, as described in this Agreement and Commission Order No. 21690, should be applied to the Facility.

21.5 Liquid Security - If, pursuant to this Agreement or Commission Order No 21690, Seller becomes obligated to post liquid security, such obligation may be satisfied by Seller's (1)

depositing cash in an escrow to be held and managed by a bank or savings & loan association located and in good standing in the State of Idaho; or (2) providing an irrevocable standby letter of credit acceptable to Idaho Power. The escrow holder and the escrow instructions for the cash deposit will be acceptable to both Idaho Power and Seller. Payment of all taxes on the amounts deposited in the escrow will be the obligation of the Seller. The liquid security escrow account will be maintained separately from the maintenance reserve account described in paragraph 4.1.7. Failure to maintain and provide the liquid security required by this Agreement and Commission Order Nos 21690 and 21800 shall be an event of default.

21.6 Equitable Remedies - If as described in paragraph 21.3, Seller permanently curtails all or part of its deliveries of Net Firm Energy to Idaho Power and (1) within three (3) years after said curtailment Seller or its successors or assigns sells or delivers or attempts to sell or deliver said curtailed capacity or energy to any entity other than Idaho Power without Idaho Power's prior written consent, such sale or delivery or attempted sale or delivery shall be a breach of this Agreement; or (2) if, within three (3) years after such permanent curtailment Seller or its successors or assigns attempts to require Idaho Power to purchase said permanently curtailed Net Firm Energy at a rate that exceeds the rates contained in this Agreement, such attempt will be a breach of this Agreement. The remedy at law for the above described breaches shall be inadequate and Idaho Power shall be entitled to injunctive relief and specific performance of this Agreement. The provisions of this paragraph 21.6 shall survive any termination of this Agreement (other than an optional termination under paragraph 5.2) for the periods provided for in this paragraph.

21.7 Refund of Lump Sum Repayment - If Seller has made a lump sum repayment as required by paragraph 21.3 and;

- (1) Within three (3) years of said payment Seller becomes capable of resuming production of the curtailed Net Firm Energy and offers to resume sales to Idaho Power at the rates, terms and conditions contained in this Agreement for the number of Contract Years that were remaining under this Agreement at the time of the permanent curtailment; then

(2) Idaho Power will resume its purchases from the Facility and will refund a portion of the lump sum repayment amount as follows:

- (a) If sales resume within one year of the payment of the lump sum repayment amount, Idaho Power will refund 90% of the lump sum repayment amount;
- (b) If sales resume within two years of the payment of the lump sum repayment amount, Idaho Power will refund 85% of the lump sum repayment amount;
- (c) If sales resume within three years of the payment of the lump sum repayment amount, Idaho Power will refund 85% of the lump sum repayment amount.

ARTICLE XXII: GOVERNMENTAL AUTHORIZATION

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

ARTICLE XXIII: COMMISSION ORDER

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 XXIV: SUCCESSORS AND ASSIGNS

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 transfer of Seller's rights or obligations under this Agreement by merger or otherwise nor any assignment hereof by Seller shall become effective without the written consent of Idaho Power being first obtained. Such consent shall not be unreasonably withheld. 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 XXV: MODIFICATION

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 XXVI: TAXES

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 Interconnection Facilities.

ARTICLE XXVII: NOTICES

All written notices under this Agreement 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: Glenns Ferry Cogeneration Partners, Ltd.
 Attn: Alan K Forbes
 12150 E Briarwood, Suite 145
 Englewood, Colorado 80112

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

ARTICLE XXVIII: ADDITIONAL TERMS AND CONDITIONS

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

- Appendix A - Standards for Interconnection and Metering
- Appendix B - Special Facilities, Point of Delivery,
Metering, and Operation Date
- Appendix C - Lump Sum Refund Payment
- Appendix D - Operating Instructions
- Appendix E - Engineer's Certifications
- Appendix F -
- Appendix G -
- Appendix H - Determination of Eligibility for Operation Date

ARTICLE XXIX - ENTIRE AGREEMENT

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, an Idaho corporation

By *J. B. [Signature]*
Vice President, Power Supply

Date: Dec 7, 1992

"Seller"

GLENN'S FERRY COGENERATION PARTNERS, LTD., a Colorado limited partnership

By *[Signature]* G.P.
General Partner

Date: Dec 9, 1992

- 1. H F Wright
- 2. B L Kline
- 3. R W Stahman
- 4. W A Mott

FW
BLKline
RWS
WAM

- 5. J M Collingwood
- 6. L R Gunnoe
- 7. J W Marshall

[Signature]
[Signature]
[Signature]

STATE OF IDAHO)
) ss
County of Ada)

On this 7th day of December, 1992, before me, the undersigned, a Notary Public, personally appeared Jan B Packwood, personally known, who being duly sworn, did say that he is the Vice President, Power Supply of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

B T Schaufelberger
Notary Public for Idaho
Residing at Boise, Idaho

My Commission Expires: July 27, 1993

STATE OF COLORADO)
) ss
County of Arapahoe)

On this 9th day of December, 1992, before me, the undersigned, a Notary Public, personally appeared Alan K Forbes, personally known, who being duly sworn, did say that he is the General Partner of Glens Ferry Cogeneration Partners, Ltd. that executed the within instrument, and acknowledged to me that he executed the same as the free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

John Feist
Notary Public for
Residing at: Parker, Colorado

My Commission Expires: 5-20-94

APPENDIX A

STANDARDS FOR INTERCONNECTION AND METERING

A-1 GENERAL PROVISIONS

A-1.1 It is the policy of Idaho Power to permit Seller to operate its Facility in parallel with Idaho Power's electric system, whenever this can be done without adverse effect to Idaho Power's equipment, personnel or other customers.

A-1.2 These guidelines contain the minimum metering, interconnection, protection, operation, and communications requirements for the safe and effective parallel operation of Seller's Facility with Idaho Power's system. Although these guidelines are established to provide a uniform approach for evaluating Seller's generation projects, each interconnection must be examined by Idaho Power individually. Idaho Power and the Seller will be guided by this document, which is a part of the Firm Energy Sales Agreement, in planning an interconnection between Idaho Power's system and the Seller.

A-1.3 Idaho Power may provide limited technical assistance for Seller, but will not perform any engineering, construction or repair work on power production equipment.

A-2 GENERAL DESIGN CONSIDERATIONS

A-2.1 All Seller generators larger than twenty (20) kVA shall be three-phase generators connected to three-phase circuits. Generators twenty (20) kVA and smaller may be either three-phase or single-phase, as approved by Idaho Power.

Due to physical limitations within Idaho Power's transmission and distribution systems, induction machine sizes will be limited to confine voltage flicker within acceptable limits. Each generation site is unique and Idaho Power will determine the appropriateness of any proposed machine type for the site and interconnection.

A-2.2 Except in certain instances to be determined by Idaho Power, Seller's generator(s) shall be isolated from Idaho Power's system by a transformer. Transformer type and connection will be

specified by Idaho Power. The Seller may be required to limit the fault current contribution to Idaho Power's system by generator and/or transformer impedance, neutral grounding, transformer connections or other means.

A-2.3 Idaho Power will not assume any responsibility for protection of the Seller's generator or of any other portion of the Seller's electrical equipment. The Seller is fully responsible for protecting its equipment from faults or disturbances on Idaho Power's system. For example, most transmission and distribution line circuit breakers on Idaho Power's system will reclose automatically after they have attempted to clear a fault. The reclose time delays and system impedances are available from Idaho Power and should be considered very carefully by the Seller to determine if damage to the Seller's facility is possible. Dead line and synchronism check systems can be installed, at Seller's expense, that will minimize the possibility of a line reclosing into a generator while it is still connected to the system. In some cases, Idaho Power will require these dead line and synchronism check systems.

A-2.4 Seller is hereby notified that certain conditions on Idaho Power's system may cause negative sequence currents to flow in the Seller's generator. It is the sole responsibility of the Seller to protect its equipment from excessive negative sequence currents, reverse power flow, and single phasing.

A-3 METERING AND TELEMETRY REQUIREMENTS

A-3.1 Unless otherwise agreed by the Parties, metering will be provided for recording net output of the Facility and will be separate from any metering of Seller's load. Metering required will be determined by Idaho Power on a case-by-case basis, but will generally follow the guidelines below:

A-3.1.1 Capacity Under 750 kW - Two kWh/demand meters; one measuring power flow into Seller's facilities and one measuring power flow into Idaho Power's system;

A-3.1.2 Capacity of 750 kW to 4999 kW - A bi-directional, electronic meter installation with load profiling and communication port capability will be installed, and connected to the project voice communications circuit supplied by the developer with a first priority given to Idaho Power's use of said communication circuit. An electro-mechanical kWh backup meter will also be installed; Additionally, if a project is interconnected with Idaho Power's transmission system, all necessary telemetry and communication equipment and a dedicated voice quality

unconditioned data line may be installed to provide continuous instantaneous telemetering of net generation to Idaho Power's Designated Dispatch Facility;

A-3.1.3 Capacity of 5000 kW and Above - A bi-directional, electronic meter installation with load profiling and communication port capability will be installed and connected to a voice communications circuit supplied by the developer with a first priority given to Idaho Power's use of said communication circuit. An electro-mechanical kWh backup meter will also be installed. In addition, all necessary telemetry and communication equipment and a dedicated voice quality unconditioned data line will be installed to provide continuous instantaneous telemetering of net generation to Idaho Power's Designated Dispatch Facility.

A-4 FACILITY PROTECTION

A-4.1 The Seller has full responsibility for the maintenance of its generating equipment and the equipment protecting the Facility. If, in the opinion of Idaho Power, the Seller has failed to provide proper maintenance of the Facility or its protection equipment and this failure could adversely impact Idaho Power or other Idaho Power customers, Idaho Power can require the Seller to cease parallel operation.

A-5 SYNCHRONOUS GENERATORS

A-5.1 All synchronous machines five (5) MVA or larger shall be equipped with a speed governor operated with a speed droop characteristic of five percent (5%).

A-5.2 A check interlock for synchronizing of the Seller's generator(s) is required.

A-5.3 Synchronous generators shall be capable of operating continuously at maximum power output within five percent (5%) of rated voltage and anywhere within a power factor range of from ninety percent (90%) lagging to ninety-five percent (95%) leading.

Synchronous generators shall be equipped with an excitation system and a voltage regulator which are capable of automatically controlling voltage at the generator terminals or a point farther into the system through the use of compensation.

The excitation system shall be equipped with over and under excitation limiters or equivalent systems which will permit the voltage regulator to utilize the full reactive capability of the machine.

In some cases, because of specific system requirements in the area of the interconnection, this general rule may be modified by Idaho Power to include:

- 1) power factor or reactive control of the voltage regulator;
- 2) use of a programmable controller to vary the reactive output of the machine based upon a preset time schedule or other control criteria; or
- 3) Idaho Power may provide a remote signal which will be used to adjust the voltage or power factor regulator setting.

Facilities used to control reactive output including both local and remote equipment will be at the Seller's expense as specified in B-11 of Appendix B.

Idaho Power may also require the use of a power system stabilizer (PSS) on machines with high speed excitation systems.

Idaho Power will provide the required operating criteria (voltage, power factor, schedules, etc.) and/or settings. Idaho Power may change these criteria from time to time as system requirements change. If after notification of operational deficiencies the Facility is not operated as specified, or if the Seller does not make necessary corrections within a reasonable time, a default will be declared pursuant to Article XXI.

A-5.4 Due to the ability of large synchronous generators to influence Idaho Power's system, protective and control relaying, in addition to the usual voltage frequency and fault relaying, may be required by Idaho Power. If required, this will consist of generator relaying for phase-to-phase and three-phase fault detection. Idaho Power will specify the relay type and determine settings. This relaying will be tested annually by Idaho Power and the actual cost of this testing will be paid by the Seller.

A-6 INDUCTION GENERATORS

A-6.1 Overvoltage can become a serious problem when an induction generator and a portion of the transmission or distribution facilities are isolated from the system. Overvoltage relaying shall be provided that will open the generator breaker in the event that the voltage reaches predetermined limits consistent with the overvoltage capability of the generator and the system. Undervoltage protection

may also be required. On larger units, underfrequency and overfrequency relaying may both be required.

A-6.2 Induction generators require reactive support to operate. The supplemental reactive required is that amount required to correct the Facility to unity power factor. The reactive may be supplied by either Idaho Power's system or from capacitive correction at the Facility or both. Idaho Power will charge the Seller (as specified in Appendix B) for reactive that is provided from Idaho Power's system.

At some Facilities, because of system considerations, it may not be practical to provide all of the reactive compensation at the Facility. In these instances, Idaho Power shall specify the power factor and compensation necessary at the Facility.

The Seller will have the option to furnish the reactive compensation that is required at the Facility. If the Seller furnishes the reactive compensation, the Facility must be operated within five percent (5%) of the specified power factor. The Seller must also design the Facility to avoid possible overvoltage that can occur under certain conditions when capacitors are applied to the generator terminals.

A-7 DC TO AC CONVERTERS

A-7.1 Direct current generators may be operated in parallel with Idaho Power's system through a synchronous inverter. The inverter installation will be designed such that an Idaho Power system interruption will result in the immediate removal of the inverter power flow to Idaho Power. Harmonics and/or spurious frequencies generated by the Seller's generator-inverter combinations must be limited to avoid causing any reduction in quality of electric service to Idaho Power's customers.

A-8 SWITCHING REQUIREMENTS

A-8.1 Idaho Power reserves the right to open and secure by lock any disconnecting device without prior notice to Seller for any of the following reasons:

A-8.1.1 System emergency;

A-8.1.2 Inspection of the Seller's Facility protective equipment reveals a condition which might adversely impact Idaho Power or Idaho Power's customers;

A-8.1.3 Seller's generating equipment interferes with Idaho Power's customers, or system.

A-8.2 Seller shall maintain a written record of all operating (opening and closing) by Seller of the Seller's interconnection with Idaho Power. Each operation will be recorded by the date, hour and minute and will include the generator kWh reading at the time of the operation. This record will be maintained on a monthly basis and the original will be mailed to Idaho Power on the first business day of the following month. Idaho Power will provide the forms necessary for filing this monthly switching report.

A-9 GENERATION SCHEDULING AND REPORTING

A-9.1 For installations under 750 kVA, the Seller shall read its generator kWh/demand meter within the 24-hour period following 12:00 noon on the last day of each month. That kWh meter reading is to be recorded on the Monthly Power Production Switching Report.

A-9.2 For installations 750 kVA and above, see Appendix D.

A-9.3 The written record of the end-of-month meter reading on the Monthly Power Production Switching Report, subject to subsequent review and correction by Idaho Power, will be the basis of payment for energy purchased by Idaho Power from the Seller. An adjustment in the kWhs delivered will be made to compensate for the losses in B-6.

A-9.4 At the end of each month, the Monthly Power Production Switching Report will be mailed to:

Operations and Joint Facilities Accounting
Idaho Power Company
P O Box 70
Boise, Idaho 83707

A-9.5 Payment to the Seller will be made no later than thirty (30) days following receipt of the Monthly Power Production and Switching Report.

APPENDIX B
SPECIAL FACILITIES, POINT OF DELIVERY, METERING,
AND OPERATION DATE
PROJECT NO 21765151
MAGIC WEST COGENERATION PROJECT

B-1 DESCRIPTION OF FACILITY

The Seller's electrical Facility is described as natural gas fired turbine generator packages with total nameplate rating of less than 10 MW net at 4,160 volts, three phase, 60 Hz.

B-2 LOCATION OF FACILITY

The Facility is located in the SE Quarter of Section 29, Township 5 South, Range 10 East, Boise Meridian, Elmore County, at the Magic Valley potato processing facility in Glens Ferry, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected January 1, 1995, as the Scheduled Operation Date and December 1, 1994, as the First Energy Date. In making these selections, Seller recognizes that to allow for adequate testing of the Facility's degree of completion and reliability, it must achieve its First Energy Date at least thirty (30) days prior to the Operation Date. Idaho Power, based on the information supplied by Seller, will schedule its construction so that all Special Facilities, Disconnection Equipment and Metering Equipment will be completed in time so as not to delay Seller's achieving the First Energy Date. However, if Seller fails to pay the costs specified in B-11 below at the time specified therein, or materially changes the specifications or design of the Facility or Seller-furnished Interconnection Facilities from what was previously provided to Idaho Power, Idaho Power may be required to reschedule its construction of these facilities which could adversely impact Seller's ability to achieve its scheduled First Energy Date.

B-4 FAILURE TO ACHIEVE OPERATION DATE

If Seller has not achieved the Operation Date within eleven (11) months of the Scheduled Operation Date, such failure shall be deemed to be an event of default pursuant to Article XXI.

B-5 POINT OF DELIVERY

The Point of Delivery of energy from the Seller to Idaho Power will be the 138,000 volt bushings of the Seller's transformer. The 11,000 kVA transformer will be owned and maintained by the Seller. The transformer connection will be 138 kV grounded Wye/4.16 kV Delta.

B-6 LOSSES

Until modified by mutual agreement, losses shall be set at 2.00% of the metered energy delivered. When Seller has supplied Idaho Power with the data needed to properly analyze the Losses associated with the Facility, Idaho Power and Seller will review that data and re-set the loss factor for the Facility. If the Parties are unable to agree, they will submit the dispute to the Commission for resolution. Any adjustment will be retroactive to the First Energy Date.

B-7 METERING AND TELEMETRY

The Metering Equipment, will be on the 4,160 volt side of the Seller's step up transformer. Idaho Power provided metering equipment will consist of: current and potential transformers, a meter enclosure, an electronic bi-directional meter for measuring net generation, an isolation relay, transducer, communication equipment, and all meter wiring. Seller provided metering equipment will consist of all conduit and junction boxes from the metering transformers to the meter enclosure and all high side conductor and connectors. Seller will arrange for and make available at Seller's cost, a telephone circuit dedicated to Idaho Power's use terminating in an RJ-11 receptacle to be used for load profiling and another telephone circuit dedicated to Idaho Power's communication equipment for continuous telemetering of the project's kilowatt output to Idaho Power's Designated Dispatch Facility. The meter will register kilowatt-hours and kilowatts of demand. Idaho Power provided meter and communication equipment will be owned and maintained by Idaho Power with total cost of purchase, installation, operation and maintenance, including administrative cost to be reimbursed to Idaho Power by the Seller.

B-8 SPECIAL FACILITIES

The construction of approximately 3/4 mile of three phase 138,000 volt single pole transmission line with switching provisions and the reconstruction of approximately 1/4 mile of 12.5 kV

distribution circuit will be supplied and maintained by Idaho Power. The total cost of these facilities will be reimbursed to Idaho Power by the Seller.

B-9 REACTIVE POWER

The Seller shall operate the synchronous generators within plus or minus 5% of unity power factor, or as listed in Appendix A.

B-10 DISCONNECTION EQUIPMENT

Disconnection Equipment is required to insure that the Seller's Facility will be disconnected from Idaho Power's system in the event of a disturbance on either Idaho Power's system or the Seller's Facility. This equipment is for the protection of Idaho Power's equipment only and will be located at the Point of Delivery. Idaho Power will supply a three phase 138,000 volt gang operated disconnect switch, a 138,000 volt potential transformer, a 138,000 volt circuit switcher and a relay cabinet containing relays, associated wiring, logic, and batteries. Seller will install all Idaho Power supplied equipment, and all wiring and conduit necessary for the operation of the interconnection equipment. Idaho Power will supply details for the interconnection panel and will connect and test the equipment prior to operation of the facility. Seller will provide drawings of their interconnection wiring for engineering approval before installation. The total cost of the interconnection equipment, connection and testing will be reimbursed to Idaho Power by the Seller.

B-11 COSTS

The total cost of the 138,000 kV transmission line Special Facilities is \$160,000. The total cost of the distribution line Special Facilities is \$3,444. The total cost of the Metering Equipment is \$8,236. The total cost of the communication equipment is \$8,500. In addition, there will be a monthly charge for the communication circuit lease cost associated with the telemetry equipment. The communications circuit lease is \$280.00 per month as of the date of this Agreement. Seller recognizes that the monthly communications circuit charge may be adjusted by Idaho Power as the cost to Idaho Power is adjusted by the owner of the communications circuit. The total cost of the Disconnecting Equipment is \$93,468. The total cost to be paid

by the Seller is \$273,648. This represents the amount that will be charged by Idaho Power if the Seller makes the payment on or before January 18, 1993. If the Seller does not make this payment by the specified date, the costs will be subject to update. Idaho Power will not schedule construction or order Special Facilities which are not ordinarily maintained in Idaho Power's inventory until payment has been made. In addition to the installation and construction charges above, during the term of the agreement Seller will pay Idaho Power the operation and maintenance charge specified in Schedule 72 INTERCONNECTIONS TO NON-UTILITY GENERATION or its successor schedules(s). This monthly operation and maintenance charge will be calculated based on \$160,000.00 of 138 kV rated Interconnection Facilities plus an additional \$110,204.00 of Interconnection Facilities rated below 138 kV. The total cost shown above is an estimate calculated on the basis of average costs. When the actual total cost is determined, Idaho Power will adjust the total cost amount to reflect the actual total cost incurred by Idaho Power. Beginning with the month of this adjustment, the operation and maintenance charges will also be adjusted. When the actual total cost is known, within sixty (60) days Idaho Power will refund any overpayment or Seller will remit any underpayment.

B-12 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 described in this Appendix, 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 retain ownership of the Interconnection Facilities but instead wishes that Idaho Power purchase such facilities from Seller at the net salvage value, Idaho Power may then be invoiced by Seller for the net salvage value estimated by Idaho Power for the interconnection facilities and shall pay said amount to Seller within thirty (30) days after receipt of said invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho Power.

APPENDIX C

LUMP SUM REFUND PAYMENT FOR PERMANENT CURTAILMENT
OF PORTION OR ALL OF ANNUAL NET ENERGY AMOUNT
UNDER 20-YEAR CONTRACT

Contract Year of Curtailment Commencement	Dollars Per Annual Megawatt Hour
1	31
2	44
3	57
4	69
5	81
6	92
7	102
8	111
9	118
10	124
11	128
12	130
13	128
14	124
15	116
16	104
17	87
18	65
19	36
20	18

APPENDIX D

OPERATING INSTRUCTIONS FOR PLANTS OVER 750 KW

1. Prior to initial start-up at least one day in advance the Project shall:
 - A. Provide Idaho Power's System Scheduling at the Boise Bench System Dispatching Center with an estimate of the hourly generation that is expected to be produced during the first scheduled test day. The phone number for System Scheduling is listed below.
 - B. Notify the Division Substation Supervisor of project start up plans. The phone number is listed below.
 - C. The kWh meter should be read and entered on the Monthly Power Production and Switching Report (Form No: Cogen CAD-A-1).
2. Before 10:00 a.m. on each normal work day, after the initial start-up, the Project will report to the system scheduling office the previous day's actual generation based upon midnight to midnight meter readings and the estimate of generation planned for the following day or days. The phone number to report the actual generation and scheduling estimate is listed below. Note that the System Scheduling number is answered only between the hours of 8 a.m. to 5 p.m. Mountain Time, on weekdays and that generation estimates must be provided for weekend days and holidays.
3. Each time the generator breaker is closed or opened (including testing and normal operation), Idaho Power's system dispatchers must be notified by phone as soon as possible. Prompt reporting is very important. The Designated Dispatch Facility is manned 24 hours a day, 7 days a week, and the phone number is listed below.
4. In addition to promptly notifying the system dispatchers, the record of each breaker opening and closing must be entered on the Monthly Power Production and Switching Report mentioned in 1-C above.

5. For questions or problem concerning:

Power Scheduling: (208) 383-2931

System Dispatching: (208) 383-2826

Metering: Meter Engineer - Boise
(208) 383-2751

or

Division Metering Supervisor

Payette	(208) 642-6284
Boise	(208) 322-2029
Twin Falls	(208) 736-3284
Pocatello	(208) 236-7771

Substations: Division Substation Supervisor

Payette	(208) 642-6262
Boise	(208) 322-2064
Twin Falls	(208) 736-3237
Pocatello	(208) 236-7774

**Billing: Operations and Joint Facilities Accounting - Boise
(208) 383-2593**

**Contracts: Customer Generation - Boise
(208) 383-2427**

6. Toll free numbers for Operating Reporting:

System Scheduling	1-800-356-4328
System Dispatching	1-800-348-4328

APPENDIX E

CERTIFICATION OF DESIGN ENGINEER

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

1. That Design Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Design 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 Certification is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Cogeneration Project 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 Design Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.
6. That Design Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Design Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, Seller furnished interconnection equipment and other Project facilities and equipment.
8. 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.

9. 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.

10. That Design Engineer has supplied the Seller with at least one copy of said Plans and Specifications bearing his Stamp and the words "CERTIFIED FOR IDAHO P.U.C SECURITY ACCEPTANCE" on each sheet thereof.

11. That Design Engineer recognizes that Idaho Power, in accordance with paragraph 5.2(2) of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Certification.

12. That Design 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 _____

STATE OF IDAHO)
) ss
County of _____)

On this ____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

APPENDIX E

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 Certification is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Cogeneration Project 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, Seller furnished interconnection equipment 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 5.3 of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Certification.

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 _____

STATE OF IDAHO)
) ss
County of _____)

On this ____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

APPENDIX E

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 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 Certification is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Cogeneration Project 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.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance (O&M Policy) 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 _____ () year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.3 of the Agreement, is relying on Engineer's representations and opinions contained in this Certification.

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 _____

STATE OF IDAHO)
) ss
County of _____)

On this ____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

APPENDIX E

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 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 Certification is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Cogeneration Project 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.
8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection, and the Project's Policy for Operation and Maintenance (O&M Policy) bearing the words "CERTIFIED FOR IDAHO P.U.C. SECURITY APPROVAL" and the Stamp of the Certifying Engineer. It is Engineer's professional opinion, based on

the Project's appearance, that its ongoing operation and maintenance 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 _____ () years.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 21.4.3 of the Agreement, is relying on Engineer's representations and opinions contained in this Certification.

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 _____

STATE OF IDAHO)
) ss
County of _____)

On this ____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

APPENDIX F

Fuel Supplier - Fuel Transporter ("FS") recognizes that Glenns Ferry Cogeneration Partners, Ltd. ("GFCP") has elected to sell the electrical output of the Magic West Cogeneration Facility to Idaho Power at levelized rates under a twenty (20) year Firm Energy Sales Agreement. FS understands and agrees that Idaho Power will be a "Lender" as that term is defined and used in the Fuel Supply and Fuel Transportation Agreements. FS understands that under the Firm Energy Sales Agreement if GFCP permanently curtails its sales of firm electrical energy to Idaho Power prior to the conclusion of the twenty (20) year term of the Firm Energy Sales Agreement, GFCP's election to be paid levelized rates will trigger a substantial overpayment liability payment to Idaho Power. FS further recognizes that Idaho Power's willingness to purchase firm energy from the Magic West Cogeneration Facility at levelized rates was based, in part, on FS's commitment to supply and deliver fuel in an amount sufficient to allow the Magic West Cogeneration Facility to generate the annual Net Energy amount in the Firm Energy Sales Agreement each year during the full twenty (20) year term of the Firm Energy Sales Agreement. FS recognizes that if it terminates or permanently curtails its sales/deliveries of fuel to GFCP, such termination - curtailment could cause a permanent curtailment, as described in paragraph 21.3 of the Firm Energy Sales Agreement. FS and GFCP agree that Idaho Power is an intended third-party beneficiary of the Fuel Supply and Fuel Transportation Agreements. GFCP and FS further agree that they will be jointly and severally liable to Idaho Power for any damages Idaho Power may incur as a result of an uncured breach by FS of the conditions and covenants of the Fuel Supply/Fuel Transportation Agreements, and such uncured breach results in any permanent curtailment by GFCP.

APPENDIX G

Magic West, Inc. ("MW") recognizes that Glens Ferry Cogeneration Partners, Ltd. ("GFCP") has elected to sell the electrical output of the Magic West Cogeneration Facility to Idaho Power at levelized rates under a twenty (20) year Firm Energy Sales Agreement. MW understands and agrees that Idaho Power will be a "Lender" as that term is defined and used in the Thermal Energy Service Agreement. MW understands that under the Firm Energy Sales Agreement if GFCP permanently curtails its sales of firm electric energy to Idaho Power prior to the conclusion of the twenty (20) year term of the Firm Energy Sales Agreement, GFCP's election to be paid levelized rates will trigger a substantial overpayment liability payment to Idaho Power. MW further recognizes that Idaho Power's willingness to purchase firm energy from the Magic West Cogeneration Facility at levelized rates was based, in part, on MW's commitment to purchase sufficient thermal energy under the Thermal Energy Service Agreement to assure the Magic West Cogeneration Facility will be a Qualifying Facility under PURPA for the full twenty (20) year term of the Firm Energy Sales Agreement. MW recognizes that if it terminates or permanently curtails its purchases of thermal energy from GFCP, the Magic West Cogeneration Facility may lose its qualifying facility status. Such loss of qualifying facility status will be a default under the Firm Energy Sales Agreement and would cause a permanent curtailment, as described in paragraph 21.3 of the Firm Energy Sales Agreement. MW and GFCP agree that Idaho Power is an intended third-party beneficiary of the Thermal Energy Service Agreement. GFCP and MW further agree that they will be jointly and severally liable to Idaho Power for any damages Idaho Power may incur as a result of the loss of the Magic West Cogeneration Facility qualifying facility status, if such loss of qualifying facility status is a result of an uncured breach by MW of the conditions and covenants in the Thermal Energy Service Agreement, and such breach results in the failure by MW to purchase the amounts of thermal energy required to maintain qualifying facility status.

APPENDIX H

DETERMINATION OF ELIGIBILITY FOR OPERATION DATE

1. Prior to initial startup and during the determination of eligibility for an Operation Date, the Facility will observe all the applicable requirements of APPENDIX C - OPERATING INSTRUCTIONS FOR PLANTS OVER 750 kW.
2. The test period ("Test Period") for determination of eligibility for an Operation Date shall be thirty (30) consecutive days.
3. Concurrently with the start of its Test Period, the Facility will notify Idaho Power, in writing, of the date and time the test is considered to have started.
4. For each 24 hour period during the Test Period, the Facility will record, at a minimum, the net generation, in kWh, delivered (not scheduled) to Idaho Power.
5. The Facility will record all outages occurring during the Test Period. For each outage, the record will include, at a minimum, the starting time, the ending time, the total time the unit was disconnected from Idaho Power's system, and the cause(s) of the outage whether internal or external to the Facility.
6. If the Test Period spans the end of any month, the Facility will report to Idaho Power the previous month's total net generation delivered per the requirements of Paragraph A-9 - GENERATION SCHEDULING AND REPORTING. The total kWh delivered during the month will be correctly designated as having occurred either prior to the date stipulated in 3. above or after the start of the Test Period.
7. Prior to the determination of an Operation Date, all kWhs delivered are Surplus Energy and will be paid for at the Surplus Energy Purchase Price.
8. At the end of the Test Period, the Facility will submit to Idaho Power, in writing, the following:
 - a. the complete daily record per 4.; and
 - b. the total net kilowatt hours delivered to Idaho Power (the sum of 4.); and
 - c. the complete outage record per 5., including total hours of outage; and

- d. a calculation showing the Service Factor (SF) which is defined as

$$SF = (SH/TPH) \times 100\%$$

where

TPH is defined as the Test Period Hours which equals
24 hours x 30 consecutive days = 720 hours

and,

SH is defined as Service Hours which equals
TPH - total outage hours (from 8c)

- e. a calculation showing the Net Capacity Factor (NCF) which equals

$$ANG/PRSNFEA \times 100\%$$

where

ANG is defined as actual net generation delivered
during the Test Period (from 8b)

and,

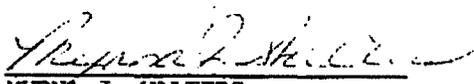
PRSNFEA is defined as the Pro-Rated Seasonal Net Firm
Energy Amount (from paragraph 6.2 of the Agreement)

- f. A letter certifying to the above and requesting Idaho Power's concurrence that the Facility has, indeed, demonstrated the necessary degree of completion and reliability and is thus eligible for an Operation Date.

9. The Facility shall be deemed eligible for an Operation Date if during the Test Period both the Service Factor and the Net Capacity Factor are equal to or greater than 90%. If both Factors are shown to exceed the minimum requirement, then the eligible Operation Date for the Facility, per paragraph 1.12, shall be deemed to have occurred at 0001 hours Mountain Time on the day following the day defined in 3. above as the day the test began.
10. If, at the end of the Test Period, either the Service Factor or the Net Capacity Factor (or both) are found to be below 90%, the Test Period will be extended on a day to day basis until such time as at the conclusion of a period of 30 consecutive days, both the Service Factor and the Net Capacity factor are simultaneously above 90%. The date when the Facility becomes eligible for an Operation date, in this case, shall be deemed to have occurred at 0001 hours Mountain Time on the day following the day 30 days previous to the conclusion of the extended Test Period.

11. Once the Facility has accomplished all the requirements of paragraph 5.2, including either 9. or 10. above, Idaho Power will, as part of the routine month-end payment process, and in addition to any payment due for the then current month, remit to the Seller the difference between the appropriate seasonal rate of paragraph 7.1 and the Surplus Energy Purchase Price previously paid for Test Period energy. If the project's Operation Date has been determined per 10., this adjustment will apply to only the 30 consecutive days prior to the conclusion of the Test Period. No interest will be paid on any adjustment amounts.

EXHIBIT 2



MYRNA J. WALTERS
COMMISSION SECRETARY

FIRST AMENDMENT TO THE
FIRM ENERGY SALES AGREEMENT

THIS FIRST AMENDMENT entered into on the 12th day of April 1994, to the FIRM ENERGY SALES AGREEMENT (the "Agreement") dated as of December 9, 1992, between GLENNS FERRY COGENERATION PARTNERS, LTD ("Seller"), and IDAHO POWER COMPANY, ("Idaho Power"), hereinafter sometimes referred to collectively as "Parties", or individually as "Party", for Seller's cogeneration project ("Facility").

WITNESSETH:

WHEREAS, the Agreement was approved by the Idaho Public Utilities Commission ("Commission") on January 22, 1993 per Order No. 24674; and

WHEREAS, the Seller desires to delay the Scheduled Operation Date of this Facility by one year; and

WHEREAS, the Parties desire to embody various other miscellaneous changes which have taken place since the Agreement was first signed.

NOW THEREFORE, the Parties have agreed to amend the Agreement as follows:

1. ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT; ADJUSTMENT OF PURCHASE PRICE

In Paragraph 7.1.1 Base Payment,

- "35.63 Mills/kWh" is changed to "37.22" Mills/kWh"
- "58.16 Mills/kWh" is changed to "60.77" Mills/kWh"
- "48.47 Mills/kWh" is changed to "50.64" Mills/kWh"

2. B-3 SCHEDULED OPERATION DATE

"January 1, 1995" is changed to "January 1, 1996" (Scheduled Operation Date)

"December 1, 1994" is changed to December 1, 1995" (First Energy Date)

3. B-11 COSTS is amended to read as follows:

The cost of the 138 kV transmission line Special Facilities is \$155,500. The cost of

the distribution line Special Facilities is \$3,444. The cost of right-of-way acquisition is \$4,500. The cost of the Metering Equipment is \$8,236. The cost of the communication equipment is \$8,500. In addition, there will be a monthly charge for the communication circuit lease cost associated with the telemetry equipment. The communications circuit lease is \$280.00 per month as of the date of this Agreement. Seller recognizes that the monthly communications circuit charge may be adjusted by Idaho Power as the cost to Idaho Power is adjusted by the owner of the communications circuit. The cost of the Disconnecting Equipment is \$103,000. The total cost to be paid by the Seller is \$283,180. The \$283,180 represents the amount that will be charged by Idaho Power if the Seller makes the payment on or before February 1, 1995. If the Seller does not make this payment by the specified date, the costs will be subject to update. Idaho Power will not schedule construction or order Special Facilities which are not ordinarily maintained in Idaho Power's inventory until payment has been made. In addition to the installation and construction charges above, during the term of the agreement Seller will pay Idaho Power the operation and maintenance charge specified in Schedule 72 INTERCONNECTIONS TO NON-UTILITY GENERATION or its successor schedules(s). This monthly operation and maintenance charge will be calculated based on \$160,000.00 of 138 kV rated Interconnection Facilities plus an additional \$119,736.00 of Interconnection Facilities rated below 138 kV. The total cost shown above is an estimate calculated on the basis of average costs. When the actual total cost is determined, Idaho Power will adjust the total cost amount to reflect the actual total cost incurred by Idaho Power. Beginning with the month of this adjustment, the operation and maintenance charges will also be adjusted. When the actual total cost is known, within sixty (60) days Idaho Power will refund any overpayment or Seller will remit any underpayment.

4. Except as modified by this First Amendment, all other parts of the Agreement shall remain in full force and effect.

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

IDAHO POWER COMPANY

By Jan B Packwood
Jan B Packwood
Vice President, Power Supply
Date 4/12/94

GLENN'S FERRY COGENERATION PARTNERS, LTD

By Alan K Forbes G.P.
Alan K Forbes
General Partner
Date 4/7/94

STATE OF IDAHO)
) ss
County of Ada)

On this 12th day of April, 1994, before me, the undersigned, a Notary Public, personally appeared Jan E Packwood, personally known, who being duly sworn, did say that he is the Vice President, Power Supply of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Barbara Hill
Notary Public for Idaho
Residing at: Boise, Idaho

STATE OF Colorado)
) ss
County of Arapahoe)

On this 7th day of April, 1994, before me, the undersigned, a Notary Public, personally appeared Alan K Forbes, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

[Signature]
Notary Public for Colorado
Residing at: Parker CO

EXHIBIT 3

APPROVED PER MINUTE ENTRY
DATED JANUARY 8, 1996.



MYRNA J. WALTERS
COMMISSION SECRETARY

Facility No. 21765151

Project: Magic West

SECOND AMENDMENT TO THE
FIRM ENERGY SALES AGREEMENT

THIS SECOND AMENDMENT entered into on the 30 day of December, 1996⁵, to the FIRM ENERGY SALES AGREEMENT (the "Agreement") dated as of December 9, 1992, between GLENNS FERRY COGENERATION PARTNERS, LTD ("Seller"), and IDAHO POWER COMPANY, ("Idaho Power"), hereinafter sometimes referred to collectively as "Parties", or individually as "Party", for Seller's cogeneration project ("Facility").

WITNESSETH:

WHEREAS, the Agreement was approved by the Idaho Public Utilities Commission ("Commission") on January 22, 1993 per Order No. 24674; and

WHEREAS, the First Amendment was approved by the Idaho Public Utilities Commission ("Commission") on May 18, 1994 per Order No. 25505; and

WHEREAS, the Parties desire to embody various other miscellaneous changes which have taken place since the Agreement was first signed.

NOW THEREFORE, the Parties have agreed to amend the Agreement as follows:

1. Paragraph 4.1.8.1 - "\$15,000,000.00" is changed to read "\$17,000,000.00"
2. Paragraph 4.1.8.2 - is changed to read:

"Other than the first mortgage liens permitted herein, Permitted Encumbrances as that term is defined in that certain Credit Agreement between Seller and Toronto Dominion (Texas) Inc., as Agent and as Collateral Agent, and The Toronto Dominion Bank, Houston Agency, as Letter of Credit Issuing Bank, as Lender, pursuant to which the Lender extends credit to Seller to construct, install and equip the Facility (the "Credit Agreement")) or temporary mechanics, statutory or similar liens incurred in the ordinary course of business in an amount not to exceed in aggregate ten thousand dollars (\$10,000.00), Seller will not permit any liens or encumbrances of any nature whatsoever to be placed on the Facility without Idaho Power's prior written consent, which consent will not be unreasonably withheld. If any unpermitted lien or encumbrance is placed on the Facility, Seller will provide

Idaho Power with a bond, insurance or other security acceptable to Idaho Power in an amount sufficient to secure the full discharge of such unpermitted lien or encumbrance.”

3. Paragraph 13.3.2 - is changed to read:

“If Idaho Power determines that curtailment, interruption or reduction of Net Firm Energy deliveries is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices. If, for reasons other than an event of force majeure, Idaho Power requires such a curtailment, interruption or reduction of Net Firm Energy deliveries for a period that exceeds twenty (20) consecutive days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Firm Energy at a rate determined by dividing the seasonal Net Firm Energy amount specified in paragraph 6.2 for the season in which the interruption or curtailment occurs by the number of hours in that season. Idaho Power shall be obligated to make payments in accordance with this Agreement for Net Firm Energy so calculated for the remainder of any such curtailment period. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.”

4. Paragraph 14.2.4 is changed to read:

“Business Interruption (Loss of Income) Insurance with minimum daily limits not less than seventy-five percent (75%) of the Facility’s estimated gross daily electrical revenue or one hundred percent (100%) of annual business income (i.e., profit before income taxes, debt service and continuing operating expenses) whichever is greater and total policy limits not less than twenty percent (20%) of the Facility’s estimated gross annual revenue from the sale of electrical energy or one hundred percent (100%) of the annual business income (as described above) for a period of up to twelve (12) months, whichever is greater.”

5. Paragraph 14.2.4(c) is changed to read:

“The deductible for this insurance coverage shall not exceed thirty (30) days gross daily revenues from the sale of electrical energy.”

6. Article XVI (4) is changed to read:

“Seller’s obligation under paragraph 21.3 to pay liquidated damages as a result of a permanent curtailment will not be excused even if the permanent curtailment arises out of an event of force majeure.”

7. Paragraph 21.2 Default is changed to read:

Default - 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 if the defaulting Party does not commence such cure within the sixty (60) day period and continue to diligently pursue such cure, then, the nondefaulting Party may pursue its legal or equitable remedies.

8. Paragraph 21.4.2 Debt Service Reserve Account - (a) is changed to read:

Debt Service Reserve Account - (a) During the period of time in which the Facility acts as security for a first mortgage lien which is senior to Idaho Power's security interest in the Facility as described in paragraph 4.1.8 above, Seller shall maintain a debt service reserve account containing cash in an amount equal to fifty percent (50%) of the Facility's estimated Annual Debt Service rounded to the nearest \$1,000. With Idaho Power's consent, this debt service reserve account may be coordinated with any debt service reserve account required by Seller's first mortgage lender to avoid duplication of accounts.

9. Paragraph 21.4.3 is changed to read:

In lieu of establishing and funding the above-described debt service reserve account, with Idaho Power's prior written consent Seller may substitute irrevocable standby letter(s) of credit, book entry certificate(s) of deposit or other security instrument(s) acceptable to Idaho Power. During the period when the Facility is security for a first mortgage lien that is senior to Idaho Power's lien, the Seller may, in lieu of establishing and funding the above-described debt service reserve account, substitute Debt Service Loan(s) as such term is defined in Section 2.1(c) of the Credit Agreement and Idaho Power and the first mortgage lender will be joint beneficiaries of the security instrument(s). When Idaho Power's security interest is the senior security interest in the Facility, Idaho Power will be the sole beneficiary of the security instrument(s) acceptable to Idaho Power.

10. **ARTICLE XXVII: NOTICES**

Notices are amended to read as follows:

"To Seller: Toronto Dominion (Texas) Inc
Attn: Manager, Agency
909 Fannin, Suite 1700
Houston, TX 77010

To Idaho Power: Vice President, Bulk Power Markets
Idaho Power Company
P O Box 70
Boise, ID 83707"

11. Appendix B to this Agreement is deleted in its entirety and the following is substituted in its place:

**"APPENDIX B
SPECIAL FACILITIES, POINT OF DELIVERY, METERING,
AND OPERATION DATE
PROJECT NO 21765151
MAGIC WEST COGENERATION PROJECT**

B-1 DESCRIPTION OF FACILITY

The Seller's electrical Facility is described as a natural gas fired turbine synchronous generator package with total net rating of less than 10 MW net at 12,470 volts, three phase, 60 Hz.

B-2 LOCATION OF FACILITY

The Facility is located in the SE Quarter of Section 29, Township 5 South, Range 10 East, Boise Meridian, Elmore County, at the Magic West, Inc potato processing facility in Glens Ferry, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected March 7, 1996, as the Scheduled Operation Date and February 5, 1996, as the First Energy Date. In making these selections, Seller recognizes that to allow for adequate testing of the Facility's degree of completion and reliability, it must achieve its First Energy Date at least thirty (30) days prior to the Operation Date. Idaho Power, based on the information supplied by Seller, will schedule its construction so that all Special Facilities, Disconnection Equipment and Metering Equipment will be completed in time so as not to delay Seller's achieving the First Energy Date. However, if Seller fails to pay the costs specified in B-11 below at the time specified therein, or materially changes the specifications or design of the Facility or Seller-furnished Interconnection Facilities from what was previously provided to

Idaho Power, Idaho Power may be required to reschedule its construction of these facilities which could adversely impact Seller's ability to achieve its scheduled First Energy Date.

B-4 FAILURE TO ACHIEVE OPERATION DATE

If Seller has not achieved the Operation Date within eleven (11) months of the Scheduled Operation Date, such failure shall be deemed to be an event of default pursuant to Article XXI.

B-5 POINT OF DELIVERY

The Point of Delivery of energy from the Seller to Idaho Power will be the 12.47 kV bushings on the Idaho Power side of the Seller's transformer. The 10,000 kVA transformer will be owned and maintained by the Seller. The transformer connection will be 12.47 kV Grounded Wye / 12.47 kV Delta.

B-6 LOSSES

The metering point and the Point of Delivery of energy are at the same location, so no adjustment to energy for losses will be necessary.

B-7 METERING AND TELEMETRY

The Metering Equipment, will be on the Idaho Power side of the Seller's transformer. Idaho Power provided metering equipment will consist of: current and potential transformers, a meter enclosure, an electronic bi-directional meter for measuring net generation, an isolation relay, transducer, communication equipment, and all meter wiring. Seller will arrange for and make available at Seller's cost, a telephone circuit dedicated to Idaho Power's use terminating in an RJ-11 receptacle to be used for load profiling. At Seller's cost, Idaho Power will arrange for a second telephone circuit dedicated to Idaho Power's communication equipment for continuous telemetering of the project's kilowatt output to Idaho Power's Designated Dispatch Facility. The meter will register kilowatt-hours and kilowatts of demand. Idaho Power provided meter and communication equipment will be owned and maintained by Idaho Power with total cost of purchase, installation, operation and maintenance, including administrative cost to be reimbursed to Idaho Power by the Seller.

B-8 SPECIAL FACILITIES

The construction of a substation breaker, with associated buss, relaying, control equipment and 138 kV PT's for fault detection, and a 3 phase 12.47 kV dedicated distribution line including all appropriate poles, crossarms, conductor, and disconnects and other associated hardware will be supplied and maintained by Idaho Power. The total cost of these facilities will be reimbursed to Idaho Power by the Seller.

B-9 REACTIVE POWER

The Seller shall operate the synchronous generators within plus or minus 5% of unity power factor, or as listed in Appendix A.

B-10 DISCONNECTION EQUIPMENT

Disconnection Equipment is required to insure that the Seller's Facility will be disconnected from Idaho Power's system in the event of a disturbance on either Idaho Power's system or the Seller's Facility. This equipment is for the protection of Idaho Power's equipment only and will be located at the Point of Delivery. Idaho Power will provide and install a three phase pole mounted 15 kV oil switch to be used as a breaker, the disconnection panel which includes the relays and associated logic, a pole mounted transformer bank for ground fault detection, and a pole with three single phase safety switches which will also be for the connection of Seller's conductor at the Point of Delivery. Seller will supply and install conduit and cable connecting CT's on the Seller's transformer to the disconnecting panel. Idaho Power will supply details for the disconnection panel and will connect and test the equipment prior to operation of the facility. Seller will provide drawings of their interconnection wiring for engineering approval before installation. The total cost of the disconnection equipment, installation, connection and testing will be reimbursed to Idaho Power by the Seller.

B-11 COSTS

The total cost of the substation Special Facilities is \$157,000. The total cost of the distribution line Special Facilities is \$16,700. The total cost of the Metering Equipment is \$10,800. The total cost of the communication equipment is \$8,500. In addition, there will be a monthly charge for the communication circuit lease cost associated with the telemetry equipment. The communications circuit lease is \$320.00 per month as of the date of this Agreement. Seller recognizes that the monthly communications circuit charge may be adjusted by Idaho Power as the cost to Idaho Power is adjusted by the owner of the communications circuit. The total cost of the Disconnecting Equipment is \$41,600. The total cost to be paid by the Seller is \$234,600. This represents the amount that will be charged by Idaho Power if the Seller makes the payment on or before December 11, 1995. If the Seller does not make this payment by the specified date, the costs will be subject to update. Idaho Power will not schedule construction or order Special Facilities which are not ordinarily maintained in Idaho Power's inventory until payment has been made. In addition to the installation and construction charges above, during the term of the agreement Seller will pay Idaho Power the operation and

maintenance charge specified in Schedule 72 INTERCONNECTIONS TO NON-UTILITY GENERATION or its successor schedules(s). The total cost shown above is an estimate calculated on the basis of average costs. When the actual total cost is determined, Idaho Power will adjust the total cost amount to reflect the actual total cost incurred by Idaho Power. Beginning with the month of this adjustment, the operation and maintenance charges will also be adjusted. When the actual total cost is known, within sixty (60) days Idaho Power will refund any overpayment or Seller will remit any underpayment.

B-12 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 described in this Appendix, 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 retain ownership of the Interconnection Facilities but instead wishes that Idaho Power purchase such facilities from Seller at the net salvage value, Idaho Power may then be invoiced by Seller for the net salvage value estimated by Idaho Power for the interconnection facilities and shall pay said amount to Seller within thirty (30) days after receipt of said invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho Power."

12. **Appendix C - Lump Sum Refund Payment for Permanent Curtailment is deleted in its entirety and following substituted in its place.**

"APPENDIX C

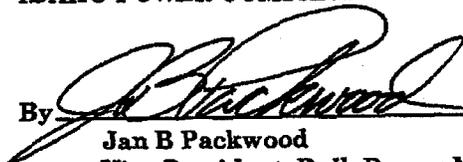
**LUMP SUM REFUND PAYMENT FOR PERMANENT CURTAILMENT
OF PORTION OR ALL OF ANNUAL NET ENERGY AMOUNT
UNDER 20-YEAR CONTRACT**

Contract Year of Curtailment Commencement	Dollars Per Annual Megawatt Hour
1	32
2	46
3	59
4	72
5	85
6	96
7	107
8	116
9	124
10	130
11	134
12	135
13	134
14	130
15	121
16	109
17	91
18	68
19	38
20	19

13. **Except as modified by this Second Amendment, all other parts of the Agreement shall remain in full force and effect.**

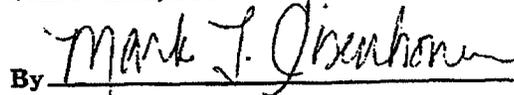
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as
of the day and year herein written.

IDAHO POWER COMPANY

By 
Jan B Packwood
Vice President, Bulk Power Markets

Date 12/30/95

GLENN'S FERRY COGENERATION
PARTNERS, LTD

By 
Its PRESIDENT

Date 12/26/95

STATE OF IDAHO)
) ss
County of Ada,)

On this 30 day of December, 1995, before me, the undersigned, a Notary Public, personally appeared Jan B Packwood, personally known, who being duly sworn, did say that he is the Vice President, Bulk Power Markets of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Barbara J Hill
Notary Public for Idaho
Residing at: Boise, Idaho
My Commission Expires July 21, 1999

STATE OF New York)
) ss
County of New York)

On this 26th day of December, 1995, before me, the undersigned, a Notary Public, personally appeared MARK L EISENHOWER, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Peter J. Feltman
Notary Public for New York
Residing at: New York
My Commission Expires _____

PETER J. FELTMAN
Notary Public, State of New York
No. 31-4998281
Qualified in New York County
Commission Expires June 22, 1996

PJF

EXHIBIT 4



May 23, 2008

Glenns Ferry Cogeneration Partners, Ltd
c/o Power Plant Management Services, LLC
7001 Boulevard 26, Suite 310
North Richland Hills, TX 76180
Attn: Fred Barber / Scott Gross

RE: Magic West Project

Dear Fred and Scott:

Article 3.2 of the Firm Energy Sales Agreement between Idaho Power Company and Glenns Ferry Cogeneration Partners, Ltd dated December 9, 1992 ("Agreement") specifies:

"Seller warrants that prior to interconnection with Idaho Power the Facility will be a "qualifying facility" as that term is used and defined in 18 CFR 292.207. After initial qualification, Seller will take such steps as may be required to maintain the Facility's "qualifying facility" status during the term of this Agreement and Seller's failure to maintain qualifying facility status will be a material breach of this Agreement."

Idaho Power understands the potato processing facility ("Host Facility") that was using the steam from the Magic West Project has ceased to operate and the project is dependent upon the Host Facility's use of the provided steam to retain its Qualifying Facility status. Subsequently, it is Idaho Power's understanding that the Magic West Project is no longer a Qualifying Facility. The loss of Qualifying Facility status is a material breach of the Agreement and Idaho Power will begin the process of terminating this Agreement, including but not limited to calculation and request for payment of damages as specified within the Agreement.

In recent months, Idaho Power and representatives from your organization have discussed alternatives to termination of this agreement and/or arrangements to keep the generation facility operating. In a letter from your organization dated May 16, 2008, you have proposed a tolling arrangement that is unacceptable to Idaho Power Company. Idaho Power believes the only proposal that warrants further discussion would be for the Magic West Project to operate, under a new contract, without Qualifying Facility status, and sell energy to Idaho Power at the existing contract rates for the remaining term of the Agreement.

In anticipation of this option not being acceptable to Glenns Ferry Cogeneration Partners, Ltd, Idaho Power has calculated liquidated damages of \$11,234,700 as provided in the Agreement. Please respond by June 6, 2008 with a plan for payment of the specified damages.

Idaho Power intends to proceed with filing notice with the Idaho Public Utilities Commission of the material breach and termination of this agreement. Please contact me at (208) 388-2483 if you have any further questions.

Sincerely,



M. Mark Stokes
Manager, Power Supply Planning
Idaho Power Company

cc: Barbara Nevins (Black Hills)
Karl Bokenkamp (IPCo)
Jim Miller (IPCo)
Randy Alphin (IPCo)
Bart Kline (IPCo)
Donovan Walker (IPCo)

EXHIBIT 5



Black Hills Idaho Management, Inc.

June 10, 2008

Mr. M. Mark Stokes
Manager, Power Supply Planning
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

Re: Firm Energy Sales Agreement (as amended, the "FESA") between Idaho Power Company ("Idaho Power") and Glens Ferry Cogeneration Partners, Ltd. (the "Partnership") – Magic West Project

Dear Mark:

We have received and reviewed your letter dated May 23, 2008 (the "May Letter"), in which Idaho Power identifies a purported material breach of the FESA, Idaho Power's intention to begin the process of terminating the FESA, and its assessment of liquidated damages payable under the FESA. Given that the May Letter does not identify itself as a formal notice of default or termination under and in accordance with the terms of the FESA, we do not consider it as such. Further, although we understand that Idaho Power believes that the Facility (as defined in the FESA) has lost its "qualifying facility" status (as that term is used and defined in 18 C.F.R. 292.207) due to the termination of the operations of Idaho Fresh-Pak, the Facility's steam host, Idaho Power should consider the following information in light of the conclusions outlined in the May Letter:

1. It is premature for Idaho Power to conclude that the Facility is no longer a qualifying facility. Compliance with the criteria of the Federal Energy Regulatory Commission (the "FERC") for status as a qualifying facility is measured over the course of the calendar year. Idaho Power's conclusion that the Facility has not satisfied FERC's criteria presently, therefore, is speculative. If the Partnership concludes that the Facility may be unable to satisfy FERC's criteria for qualifying facility status under the circumstances, the Partnership will undertake efforts to preserve such status, including petitioning the FERC for a temporary waiver of the applicable standards for qualifying facility status, and a reaffirmation of the Facility's status as a qualifying facility. We will apprise Idaho Power of any such petition.

350 Indiana Street, Suite 400, Golden, Colorado 80401
General: 303-568-3260 Facsimile: 303-568-3261

PS1

2. Even if a breach had occurred under Section 3.2 of the FESA, wouldn't the Partnership get the benefit of a notice of the default and the cure period specified in Section 21.2 of the FESA? Section 21.2 requires that a notice in writing be given to the defaulting party, and is quite clear on the limitations of the pursuit of remedies by a non-defaulting party, stating, "If the defaulting Party shall fail to cure such default within the sixty (60) days after service of [the default] 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 if the defaulting Party does not commence such cure within the sixty (60) day period and continue to diligently pursue such cure, then, the nondefaulting Party may pursue its legal or equitable remedies."

3. Idaho Power asserts in the May Letter that liquidated damages of \$11,234,700 are payable, without (i) citing on what basis the damages are payable, (ii) providing a calculation of such amount or (iii) referencing the applicable provision of the FESA pursuant to which such amounts are payable. Given the lack of substantiation of the liquidated damages claim, we will not have a plan for payment of the specified damages, as requested in the May Letter, as we believe those amounts are not due. If you would like to discuss this issue further, we are open to a meeting where your points could be reviewed.

We understand that our reading of the provisions of the FESA may differ with Idaho Power's, and would be willing, under Section 21.1 of the FESA, to take any resulting difference of opinion to the Idaho Public Utilities Commission ("PUC") for resolution. If, as you state in the last paragraph of the May letter, it is Idaho Power's intention to unilaterally file a notice of material breach and termination of the FESA with the PUC, the Partnership will vigorously challenge any such action. We continue to believe that an amicable resolution is in the best interest of all parties, and we would like to pursue further discussions with Idaho Power to work through these issues, as well as to reach an arrangement whereby the Partnership can continue to provide power to Idaho Power under terms that are acceptable to both parties. The tolling proposal that you reference in the May Letter was intended to be a starting point for discussions between the parties, and we hope that Idaho Power will be open to working with the Partnership to formulate terms for a tolling or other arrangement that will be workable for Idaho Power and the Partnership.

If, at any point in the future, a default actually has occurred under the FESA on which Idaho Power intends to take action and notify the Partnership, we would remind you of your obligations to the lenders to the Facility to provide all written notices under the FESA directly to their Collateral Agent, both under Article XXVII of the FESA (as amended pursuant to the Second Amendment to the Firm Energy Sales Agreement, dated

Idaho Power Company
June 10, 2008
Page 3

December 30, 1995), and under Section 1.01(c) of the Consent and Agreement, dated as of December 15, 1995, between Idaho Power and Toronto Dominion (Texas), Inc., as Collateral Agent, predecessor in interest to Calyon, New York Branch, the current Collateral Agent.

We look forward to further discussions with you.

Respectfully,

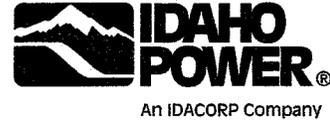
Glenns Ferry Cogeneration Partners, Ltd.

By: Glenns Ferry Management, Inc.,
its General Partner

By: 
Name: Steven J. Helmers
Title: Vice President

cc: Fred Barber, Power Plant Management Services, LLC
Scott Gross, Power Plant Management Services, LLC
Barbara Nevins, Black Hills Generation, Inc.
Mark Lux, Black Hills Energy, Inc.
Tom Ohlmacher, Black Hills Corporation
Ted Vandermel, Calyon - Crédit Agricole CIB
Anne Shean, Calyon - Crédit Agricole CIB

EXHIBIT 6



BARTON L. KLINE
Senior Attorney

August 7, 2008

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Steven J. Helmers, Vice President
Black Hills Idaho Management, Inc.
350 Indiana Street, Suite 400
Golden, Colorado 80401

Re: Firm Energy Sales Agreement (as amended, the "FESA") between Idaho Power Company ("Idaho Power") and Glenns Ferry Cogeneration Partners, Ltd. ("Glenns Ferry") – Magic West Project

Dear Mr. Helmers:

Mark Stokes has requested that I reply to your letter dated June 10, 2008 (the "June letter") in which you responded to the notice of material breach and default Idaho Power sent to Glenns Ferry on May 23, 2008 (the "May 23 letter" or "default notice"). In your June letter, you assert that (1) Glenns Ferry has not defaulted in its performance of the FESA and (2) that Idaho Power has not really notified Glenns Ferry that it has defaulted.

The purpose of this letter is to make sure there is no misunderstanding on Glenns Ferry's part. Idaho Power does not concur with Glenns Ferry's interpretation of the May 23 letter. The May 23 letter complies with the default notice requirements of the FESA. It is Idaho Power's position that the sixty-day cure period specified in paragraph 21.2 of the FESA commenced on May 23, 2008, and expired on July 22, 2008.

Idaho Power believes that your assertion that the May 23 letter does not constitute a notice of default under the FESA will be a very difficult position to sustain in light of the explicit language in the default notice advising Glenns Ferry that there has been a material breach of the FESA, that Idaho Power intends to terminate the FESA, and specifying the amount Idaho Power seeks to recover in the way of liquidated damages for the permanent curtailment of energy defenses and material breach of the FESA by Glenns Ferry.

Your June letter also asserts that the May 23 letter cannot be considered a notice of default because it failed to enumerate the provisions of the FESA recognizing your right to cure any default. As noted above, Idaho Power recognizes that the FESA permits Glenns Ferry to cure defaults. Of course, if Glenns Ferry had any intent or ability to cure the current defaults, Idaho Power would have expected to have received some indication of the steps Glenns Ferry was taking to cure the defaults.

Steven J. Helmer, Vice President

August 7, 2008

Page 2

In the June letter, you also claim that it is a requirement of the FESA that Idaho Power's notice of default provide a calculation of the liquidated damages amount and reference the applicable provisions of the FESA under which such damages are payable. The FESA contains no such requirements. Idaho Power presumes that sophisticated entities like Glens Ferry and its lender have the ability to interpret the FESA. Nevertheless, to avoid any confusion, I have enclosed a schedule to this letter showing how the \$11,234,700 amount cited in the default notice was computed. (Attachment No. 1.)

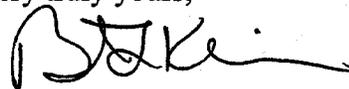
You will note that Attachment No. 1 shows that Idaho Power has computed the liquidated damages from December of 2007. As you know, Glens Ferry has not delivered any energy to Idaho Power since December 2007. The fact that the project has ceased generation and the thermal host for the project has permanently closed its potato processing operations in Glens Ferry makes it abundantly clear that the Glens Ferry project has permanently curtailed the deliveries of energy to Idaho Power it agreed to provide under the FESA. (Paragraph 6.3.) Such permanent curtailment is a breach and default under the FESA.

In your June letter, you also note a requirement to notify Glens Ferry's lenders that a default has occurred. First, I note that you copied your June letter to two individuals at Calyon – Crédit Agricole CIB. As a result, it appears that the lender has actual notice of Idaho Power's May 23 default notice. I have provided a copy of this letter to Calyon at the last address we have for them. This should eliminate any confusion on the part of Glens Ferry and Calyon regarding Idaho Power's notice of default and expiration of the cure period.

I have also enclosed (Attachment No. 2) a recent letter from Glens Ferry in which it directed Idaho Power to send notices under Article 27 of the FESA to Glens Ferry. Idaho Power has complied with Glens Ferry's wishes as identified in Attachment No. 2.

Finally, in the June letter, you indicate a willingness to continue discussions to resolve Glens Ferry's default without the necessity to proceed to litigation. Idaho Power has made numerous efforts to resolve this matter and, frankly, the Company has concluded that Glens Ferry does not have a good faith intent to address the problem. Idaho Power is certainly willing to continue discussions to resolve the matter; however, under the circumstances, those discussions will need to be done in conjunction with settlement of litigation.

Very truly yours,



Barton L. Kline

BLK:csb

Enclosures

cc: Calyon New York Branch – w/encls. (via certified mail, return receipt)
(Attn: Project Finance Group)

Glens Ferry Cogeneration Partners, Ltd. (via certified mail, return receipt)
(Attn: Fred Barber/Scott Gross)

Magic West

Permanent Curtailment Calculation

Annual Net Firm Energy
(Paragraph 6.3 of FESA)

83,220 MWh

Calendar Year			Contract Year	Dollars Per Annual Megawatt Hour (Appendix C of FESA) (Revised by Second Amendment)	Thermal Host Closure and Permanent Curtailment	Calculated Lump Sum Liquidated Damages Payment
12 / 1996	Thru	11 / 1997	1	\$32		
12 / 1997	Thru	11 / 1998	2	\$46		
12 / 1998	Thru	11 / 1999	3	\$59		
12 / 1999	Thru	11 / 2000	4	\$72		
12 / 2000	Thru	11 / 2001	5	\$85		
12 / 2001	Thru	11 / 2002	6	\$96		
12 / 2002	Thru	11 / 2003	7	\$107		
12 / 2003	Thru	11 / 2004	8	\$116		
12 / 2004	Thru	11 / 2005	9	\$124		
12 / 2005	Thru	11 / 2006	10	\$130	83,220 MWh	\$10,818,600
12 / 2006	Thru	11 / 2007	11	\$134	83,220 MWh	\$11,151,480
12 / 2007	Thru	11 / 2008	12	\$135	83,220 MWh	\$11,234,700
12 / 2008	Thru	11 / 2009	13	\$134	83,220 MWh	\$11,151,480
12 / 2009	Thru	11 / 2010	14	\$130	83,220 MWh	\$10,818,600
12 / 2010	Thru	11 / 2011	15	\$121	83,220 MWh	\$10,069,620
12 / 2011	Thru	11 / 2012	16	\$109	83,220 MWh	\$9,070,980
12 / 2012	Thru	11 / 2013	17	\$91	83,220 MWh	\$7,573,020
12 / 2013	Thru	11 / 2014	18	\$68	83,220 MWh	\$5,658,960
12 / 2014	Thru	11 / 2015	19	\$38	83,220 MWh	\$3,162,360
12 / 2015	Thru	11 / 2016	20	\$19	83,220 MWh	\$1,581,180

GLENN'S FERRY COGENERATION PARTNERS, LTD.

General Partner:
Glenn's Ferry Management, Inc.

VIA E-MAIL

July 23, 2007

Idaho Power Company
Attn: Randy C. Allphin
Contract Administrator
1221 West Idaho Street
Boise, ID 83702
e-mail: rallphin@idahopower.com

*Input 8/3/2007
pt*

Dear Mr. Allphin:

Reference is made to that certain Firm Energy Sales Agreement, dated as of December 9, 1992, as amended, between Idaho Power Company and the undersigned (the "Energy Sales Agreement").

Please be advised that effective today all notices to be delivered to Glenn's Ferry Cogeneration Partners, Ltd. in accordance with Article 27 of the Agreement should be sent to:

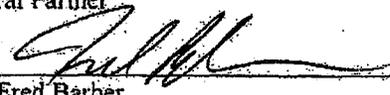
Glenn's Ferry Cogeneration Partners, Ltd.
c/o Power Plant Management Services, LLC
7001 Boulevard 26
Suite 310
North Richland Hills, TX 76180
Attn: Fred Barber/Scott Gross
Fax: (817) 616-0754
Phone: (817) 616-0750
E-mail: fbarber@ppmsllc.com
E-mail: sgrossppms@suddenlink.net

Furthermore, please be advised that Power Plant Management Services, LLC will be performing the accounting, financial and asset management services for Glenn's Ferry Cogeneration Partners, LTD as a subcontractor for one of the owners of Glenn's Ferry Cogeneration Partners, LTD. We look forward to working with you.

Very truly yours,

GLENN'S FERRY COGENERATION PARTNERS, LTD.

By: Glenn's Ferry Management, Inc.,
its General Partner

By: 
Name: Fred Barber
Title: Power Plant Management Services, LLC

7001 Boulevard 26 • Suite 310 • North Richland Hills, Texas • 76180 • 817.616.0750 • Fax 817.616.0754

ATTACHMENT NO. 2

EXHIBIT 7

**GLENN'S FERRY COGENERATION
PARTNERS, LTD.
c/o Power Plant Management Services, LLC
7001 Boulevard 26, Suite 310
North Richland Hills, TX 76180**

August 28, 2008

Barton L. Kline, Esq.
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

Re: Firm Energy Sales Agreement (as amended, the "FESA") between Idaho Power Company ("Idaho Power") and Glenn's Ferry Cogeneration Partners, Ltd. (the "Partnership") – Magic West Project (the "Project")

Dear Mr. Kline:

We have received and reviewed your letter dated August 7, 2008 (the "August IPC Letter"), in which Idaho Power contends that the Partnership is in breach and default under the FESA and that the applicable cure period has expired. A significant portion of the August IPC Letter devotes itself to establishing the prior May 23rd letter from Idaho Power to the Partnership (the "May IPC Letter") as a valid default notice. Whether or not the May IPC Letter constituted a valid notice of default is actually the least of the questions surrounding that communication. As outlined in the Partnership's June 10, 2008, response (the "June Partnership Response"), the basis for the default that Idaho Power is attempting to declare, whether through the May IPC Letter or the August IPC Letter, is unfounded. There are simply no provisions in the FESA that support a current declaration of an event of default against the Partnership on the bases referenced in the May or August IPC Letters. Idaho Power, consequently, is not entitled to take action against the Project or the Partnership with regard to those purported defaults, and is certainly not entitled to damages as a result.

The May IPC Letter specified the Project's loss of qualifying facility status as the basis for a default under the FESA. As explained in the June Partnership Response, there has been no such loss of status, and therefore, no breach of the FESA on that basis.

The August IPC Letter suggests that there has been a permanent curtailment of energy pursuant to which Idaho Power is entitled to collect damages. This is a position that was not asserted in the May IPC Letter, and we note that it is the only basis on which liquidated damages are payable under the FESA. The Project has not been permanently curtailed. It is true that the steam host for the Project, Idaho Fresh-Pak, has terminated its operations at the Project, which, in turn, has temporarily suspended the Project's energy production; however, Idaho Fresh-Pak

Idaho Power Company
August 28, 2008
Page 2

has indicated that there are at least two potential parties interested in its facilities adjacent to the Project. For one of those parties, the Partnership is in the process of executing a non-disclosure agreement to obtain details regarding the potential sale. In addition, the Partnership is attempting to bring yet another entity to the Project as a potential steam host. Consequently, there is no permanency with respect to the suspension of operations at the Project, and a temporary reduction in the amount of energy that the Project delivers to Idaho Power cannot be the basis of a "permanent curtailment." If Idaho Power would like a demonstration of the Project's ability to generate, the Partnership would be happy to accommodate you at your convenience.

In light of the foregoing, the August IPC Letter's suggestion of litigation is unwarranted and premature. As you know, the FESA requires that any disputes be heard before the Idaho Public Utilities Commission (the "PUC"). As we previously stated in our June Partnership Response, we would be willing to take our differences of opinion on the interpretation of the terms of the FESA before the PUC for resolution. However, we believe that both parties would be much better served by meaningful discussions rather than meaningless saber rattling.

It is disappointing that Idaho Power is focusing on the dubious position that the Project has been permanently curtailed, rather than the actual status and circumstances of the Project or what would be best for Idaho Power's ratepayers. Under the FESA, Idaho Power has no "right" to request energy from the Project, but rather takes power at the convenience of the generator. At times, this energy is more expensive than other energy available to Idaho Power customers at the applicable hourly pricing. Consequently, when the Project operates, it may displace less expensive generation. The Partnership offered Idaho Power the ability to call on energy from the Project at times that would benefit the ratepayers both in price and reliability, and conveyed the offer to Idaho Power via a term sheet meant to trigger discussions. Although Idaho Power specifically requested this proposal, it refused to discuss it after its submission by the Partnership. This refusal, together with other, previous efforts by the Partnership to open discussions on the FESA that Idaho Power declined, evidences Idaho Power's, not the Partnership's, failure to participate in a meaningful way in the efforts to improve the situation at the Project. Contrary to the last paragraph of your August IPC Letter, the Partnership has been forthright in its communications with Idaho Power, and has made numerous attempts to discuss the matter with Idaho Power through meetings, correspondence and phone conversations. We would be happy to provide you with a detailed list of each of our efforts to contact and discuss the Project with Idaho Power over the past months. Let us know if that would be helpful to you.

As we hope our previous communications and actions have clearly demonstrated, the Partnership is willing to set all accusations, arguments and counter-arguments aside, and meet with Idaho Power to resolve the issues at the Project, either by modifications to previous offers or by starting with a blank sheet of paper. If Idaho Power is interested in moving forward in a positive and constructive way, we would ask that you propose several meeting times and locations for the parties to meet. The Partnership will ensure participation and full cooperation. We truly believe an amicable solution best serves all.

Idaho Power Company
August 28, 2008
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We look forward to your response.

Sincerely,

GLENN'S FERRY COGENERATION
PARTNERS, LTD.

By: Glens Ferry Management, Inc.,
its General Partner

By: Mark D. Segel
Name: Mark Segel
Title: CFO

cc: Jim Miller, Idaho Power Company
Mark Stokes, Idaho Power Company
Fred Barber, Power Plant Management Services, LLC
Scott Gross, Power Plant Management Services, LLC
Barbara Nevins, Black Hills Generation, Inc.
Mark Lux, Black Hills Energy, Inc.
Tom Ohlmacher, Black Hills Corporation
Steve Helmers, Black Hills Corporation
Ted Vandermel, Calyon - Crédit Agricole CIB
Anne Shean, Calyon - Crédit Agricole CIB

EXHIBIT 8

Magic West

Permanent Curtailment Calculation

Annual Net Firm Energy (Section 6.3)

83,220 MWh

Calendar Year			Contract Year	Dollars Per Annual Megawatt Hour (Appendix C) (Revised by Second Amendment)	Actual Curtailment (Complete plant shutdown)	Calculated Contract Lump Sum Payment
12 / 1996	Thru	11 / 1997	1	\$32		
12 / 1997	Thru	11 / 1998	2	\$46		
12 / 1998	Thru	11 / 1999	3	\$59		
12 / 1999	Thru	11 / 2000	4	\$72		
12 / 2000	Thru	11 / 2001	5	\$85		
12 / 2001	Thru	11 / 2002	6	\$96		
12 / 2002	Thru	11 / 2003	7	\$107		
12 / 2003	Thru	11 / 2004	8	\$116		
12 / 2004	Thru	11 / 2005	9	\$124		
12 / 2005	Thru	11 / 2006	10	\$130	83,220 MWh	\$10,818,600
12 / 2006	Thru	11 / 2007	11	\$134	83,220 MWh	\$11,151,480
12 / 2007	Thru	11 / 2008	12	\$135	83,220 MWh	\$11,234,700
12 / 2008	Thru	11 / 2009	13	\$134	83,220 MWh	\$11,151,480
12 / 2009	Thru	11 / 2010	14	\$130	83,220 MWh	\$10,818,600
12 / 2010	Thru	11 / 2011	15	\$121	83,220 MWh	\$10,069,620
12 / 2011	Thru	11 / 2012	16	\$109	83,220 MWh	\$9,070,980
12 / 2012	Thru	11 / 2013	17	\$91	83,220 MWh	\$7,573,020
12 / 2013	Thru	11 / 2014	18	\$68	83,220 MWh	\$5,658,960
12 / 2014	Thru	11 / 2015	19	\$38	83,220 MWh	\$3,162,360
12 / 2015	Thru	11 / 2016	20	\$19	83,220 MWh	\$1,581,180