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IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Corporate Counsel

July 17, 2009

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-09-20

*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR APPROVAL OF A FIRM ENERGY SALES AGREEMENT FOR THE
SALE AND PURCHASE OF ELECTRIC ENERGY BETWEEN IDAHO POWER
COMPANY AND PAYNE'S FERRY WIND PARK, LLC*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Application in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
BARTON L. KLINE (ISB No. 1526)
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
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UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-09-20
APPROVAL OF A FIRM ENERGY SALES)
AGREEMENT FOR THE SALE AND) APPLICATION
PURCHASE OF ELECTRIC ENERGY)
BETWEEN IDAHO POWER COMPANY)
AND PAYNE'S FERRY WIND PARK, LLC)
_____)

Idaho Power Company ("Idaho Power" or the "Company"), in accordance with RP 52 and the applicable provisions of the Public Utilities Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for an Order approving the Firm Energy Sales Agreement between Idaho Power and Payne's Ferry Wind Park, LLC ("Payne's Ferry") under which Payne's Ferry would sell and Idaho Power would purchase electric energy generated by the Payne's Ferry Wind Park Project ("Facility") located near Hagerman, Idaho.

In support of this Application Idaho Power represents as follows:

I. BACKGROUND

1. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission ("FERC"), require that regulated electric utilities purchase power produced by cogenerators or small power producers that obtain qualifying facility ("QF") status. The rate a QF receives for the sale of its power is generally referred to as the "avoided cost" rate and is to reflect the incremental cost to an electric utility of electric energy or capacity or both, which, but for the purchase from the QF, such utility would generate itself or purchase from another source. The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of the FERC, 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

2. Payne's Ferry proposes to design, construct, install, own, operate, and maintain a 21.0 megawatt ("MW") wind generating facility to be located near Hagerman, Idaho. The Facility will be a QF under the applicable provisions of PURPA.

II. THE FIRM ENERGY SALES AGREEMENT

3. On July 9, 2009, Idaho Power and Payne's Ferry entered into a Firm Energy Sales Agreement ("Agreement") pursuant to the terms and conditions of the various Commission Orders applicable to this PURPA agreement for a wind resource. See, Order Nos. 30415, 30488, 30738, and 30744. Under the terms of this Agreement, Payne's Ferry elected to contract with Idaho Power for a 20-year term. Payne's Ferry further elected to contract with the Company using the Levelized Published Avoided Cost Rates as currently

established by the Commission for energy deliveries of less than 10 average MW. The Agreement is filed with this Application as Attachment No. 1.

4. The Payne's Ferry Agreement is a levelized Agreement and as such, it includes the various security requirements required by the Commission for levelized Agreements (i.e., Debt Service Reserve, Maintenance Reserve, second lien requirements, and an expanded list of required insurances).

5. The nameplate rating of this Facility is 21.0 MW. As defined in paragraphs 1.15 and 4.1.3 of the Agreement, Payne's Ferry will be required to provide data on the Facility that Idaho Power will use to confirm that under normal and/or average conditions, the Facility will not exceed 10 average MWs on a monthly basis. Furthermore, as described in paragraph 7.5 of the Agreement, should the Facility exceed 10 average MWs on a monthly basis, Idaho Power will accept the energy ("Inadvertent Energy") that does not exceed the Maximum Capacity Amount; however, the Company will not purchase or pay for this Inadvertent Energy.

6. This is one of the first PURPA wind agreements executed since the issuance of Commission Order No. 30488, which requires the inclusion of the Mechanical Availability Guarantee ("MAG"), Wind Integration Cost reduction, and Wind Forecasting cost sharing. In addition, the Agreement contains provisions for Delay Liquidated Damages and associated Delay Security to secure the established Scheduled Operation date of September 30, 2010.

7. Section 21 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions

and declared that all payments Idaho Power makes to Payne's Ferry for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

8. Payne's Ferry has elected September 30, 2010, as both the Scheduled First Energy Date and the Scheduled Operation Date for this Facility. (See, Appendix B). Various requirements have been placed upon Payne's Ferry in order for Idaho Power to accept energy deliveries from this Facility. Idaho Power will monitor compliance with these initial requirements. In addition, Idaho Power will monitor the ongoing requirements through the full term of this Agreement. Should the Commission approve this Agreement, Idaho Power intends to consider the Effective Date of the Agreement to be July 9, 2009.

9. The Agreement, as signed and submitted by the parties thereto, contains Levelized Published Avoided Cost Rates in conformity with applicable IPUC Orders. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to Payne's Ferry.

III. MODIFIED PROCEDURE

10. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and therefore respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201, *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present its testimony and support the Application in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

11. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan Walker, Corporate Counsel
Barton L. Kline, Senior Attorney
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
bkline@idahopower.com

Randy C. Allphin
Contract Administrator
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
rallphin@idahopower.com

V. REQUEST FOR RELIEF

12. Idaho Power Company respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure, (2) Approving the Firm Energy Sales Agreement between Idaho Power Company and Payne's Ferry Wind Park, LLC, without change or condition, and (3) declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and Payne's Ferry Wind Park, LLC, be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 17th day of July 2009.

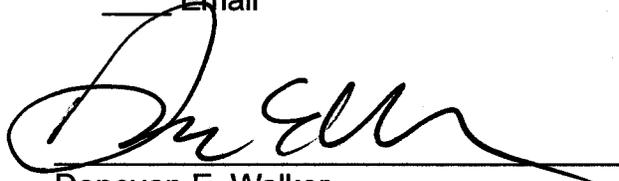

DONOVAN WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of July 2009 I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Payne's Ferry Wind Park, LLC
James T. Carkulis
Payne's Ferry Wind Park, LLC
802 West Bannock Street, 12th Floor
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email



Donovan E. Walker

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-20

IDAHO POWER COMPANY

ATTACHMENT NO. 1

FIRM ENERGY SALES AGREEMENT
BETWEEN
IDAHO POWER COMPANY
AND
PAYNE'S FERRY WIND PARK, LLC
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FIRM ENERGY SALES AGREEMENT
(10 aMW or Less)

Project Name: Payne's Ferry Wind Park, LLC

Project Number: 31315060

THIS AGREEMENT, entered into on this 9th day of July 2009 between PAYNE'S FERRY WIND PARK, LLC (Seller), and IDAHO POWER COMPANY, an Idaho corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

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

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

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

ARTICLE I: DEFINITIONS

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

- 1.1 "Calculated Net Energy Amount" - The Nameplate Capacity of the Facility multiplied by the total hours in the applicable month minus the estimated Lost Energy Production, and minus the estimated Station Use associated with the Lost Energy Production.
- 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 "Delay Liquidated Damages" - Damages payable to Idaho Power as calculated in paragraph 5.3, 5.4, 5.5 and 5.6.
- 1.5 "Delay Period" - All days past the Scheduled Operation Date until the Seller's Facility achieves the Operation Date.

- 1.6 "Delay Price" - The current month's Mid-Columbia Market Energy Cost minus the current month's All Hours Energy Price specified in paragraph 7.3 of this Agreement. If this calculation results in a value less than 0, the result of this calculation will be 0.
- 1.7 "Designated Dispatch Facility" - Idaho Power's Systems Operations Group, or any subsequent group designated by Idaho Power.
- 1.8 "Energy Shortfall Price" - The current month's Mid-Columbia Market Energy Cost minus the current month's All Hours Energy Price specified in paragraph 7.3 of this Agreement. If this calculation results in a value less than 15.00 Mills/Kwh the result shall be 15.00 Mills/Kwh.
- 1.9 "Facility" - That electric generation facility described in Appendix B of this Agreement.
- 1.10 "First Energy Date" - The day commencing at 0001 hours, Mountain Time, following the day that Seller has satisfied the requirements of Article IV and the Seller begins delivering energy to Idaho Power's system at the Point of Delivery.
- 1.11 "Forced Outage" - a partial or total reduction of a) the Facility's capacity to produce and/or deliver Net Energy to the Point of Delivery, or b) Idaho Power's ability to accept Net Energy at the Point of Delivery for non-economic reasons, as a result of Idaho Power or Facility: 1) equipment failure which was **not** the result of negligence or lack of preventative maintenance or 2) unplanned preventative maintenance to repair equipment that left unrepaired, would result in failure of equipment prior to the planned maintenance period. The Parties shall make commercially reasonable efforts to perform this unplanned preventative maintenance during periods of low wind availability or 3) responding to a transmission provider curtailment order.
- 1.12 "Heavy Load Hours" - The daily hours beginning at 07:00 am, ending at 11:00 pm Mountain Time, (16 hours) excluding all hours on all Sundays, New Years Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas.
- 1.13 "Inadvertent Energy" - Electric energy Seller does not intend to generate. Inadvertent Energy is more particularly described in paragraph 7.5 of this Agreement.
- 1.14 "Interconnection Facilities" - All equipment specified in Idaho Power's Schedule 72.

- 1.15 “Initial Capacity Determination” – The process by which Idaho Power confirms that under normal or average design conditions the Facility will generate at no more than 10 average MW per month and is therefore eligible to be paid the published rates in accordance with Commission Order No. 29632.
- 1.16 “Light Load Hours” – The daily hours beginning at 11:00 pm, ending at 07:00 am Mountain Time (8 hours), plus all other hours on all Sundays, New Years Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas.
- 1.17 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the point where the Facility’s energy is metered and the point the Facility’s energy is delivered to the Idaho Power electrical system. The loss calculation formula will be as specified in Appendix B of this Agreement.
- 1.18 “Lost Net Energy Production” - A monthly estimate after the fact, prepared and documented by Seller and accepted by the Buyer, of the Seller’s Facility’s individual generation unit’s energy production that was not delivered as Net Energy due to: 1) periods where the level of Sufficient Prime Mover were outside the manufacturer's acceptable operating range for the wind turbine generator, 2) incidents of Force Majeure, 3) scheduled maintenance, or 4) incidents of Forced Outage. If any of the above listed events (measured on each individual occurrence and individual generation unit) lasts for less than 15 minutes, then no Lost Energy Production will be calculated. Calculation of the amount of Lost Energy Production will be the verifiable duration (not less than 15 minutes) of the event multiplied by the Nameplate Capacity reduction of only the affected generation unit(s) occurring as a result of the event multiplied by the expected capacity factor which would have occurred during this time period less any Losses that would have been associated with this calculated Lost Net Energy Production. It is understood by the Parties, that a specific generation unit’s outage may indirectly impact other fully operational generation units, in which case the forced outage calculation could extend to the other impacted generation units. Example – if a single turbine with a Nameplate Capacity rating of 2.1 MW suffers a 100% gear box failure that was not a result of negligence or lack of preventative maintenance (Forced

Outage) and it takes 48 hours to replace the gear box, and other generation units in the immediate vicinity of this generation unit operated at a 30% capacity factor during this 48 hour period then the amount of Lost Energy Production will be; $48 \text{ hours} \times 2.1 \text{ MW} \times 30\% = 30.24 \text{ MWh}$ (30,240 kWh)

- 1.19 “Market Energy Reference Price” – Eighty-five percent (85%) of the Mid-Columbia Market Energy Cost.
- 1.20 “Material Breach” – A Default (paragraph 19.2.1) subject to paragraph 19.2.2.
- 1.21 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.22 “Mechanical Availability” - The percentage amount calculated by Seller within 5 days after the end of each month of the Facility’s monthly actual Net Energy divided by the Facility’s Calculated Net Energy Amount for the applicable month. Any penalty associated with falling short of the Mechanical Availability Guarantee for each month shall be determined in accordance with paragraph 6.4.4.
- 1.23 “Mechanical Availability Guarantee” shall be as defined in paragraph 6.4.
- 1.24 “Metering Equipment” - All equipment specified in Schedule 72, this Agreement and any additional equipment specified in Appendix B required to measure, record and telemeter bi-directional power flows between the Seller’s Facility at the Seller’s individual generation Facilities and the Point of Delivery on the Idaho Power electrical system.
- 1.25 “Mid- Columbia Market Energy Cost” – The monthly weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.26 “Nameplate Capacity” –The full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit

breakers, under standardized conditions, expressed in amperes, kilovolt-amperers, kilowatts, volts or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

- 1.27 “Net Energy” – All of the electric energy produced by the Facility, less Station Use, less Losses, expressed in kilowatt hours (kWh) delivered to Idaho Power at the Point of Delivery. Subject to the terms of this Agreement, Seller commits to deliver all Net Energy to Idaho Power at the Point of Delivery for the full term of the Agreement. Net Energy does not include Inadvertent Energy.
- 1.28 “Operation Date” – The day commencing at 0001 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.29 “Point of Delivery” – The location specified in Appendix B, where Idaho Power’s and the Seller’s electrical facilities are interconnected.
- 1.30 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.31 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date. In establishing this date it is expected that the Seller reasonably determines this date is based upon the best known information in regards to equipment availability and construction schedules.
- 1.32 “Schedule 72” – Idaho Power’s Tariff No 101, Schedule 72 or its successor schedules as approved by the Commission. The Seller shall be responsible to pay all costs of interconnection and integration of this Facility into the Idaho Power electrical system as specified within Schedule 72.
- 1.33 “Season” – The three periods identified in paragraph 6.2.1 of this Agreement.
- 1.34 “Special Facilities” - Additions or alterations of transmission and/or distribution lines and transformers as described in Schedule 72.
- 1.35 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility. To calculate the Station Use value for use

in the Mechanical Availability calculation, the previous period's actual Station Use will be used as a basis.

- 1.36 "Sufficient Prime Mover" means wind speed that is (1) equal to or greater than the generation unit's manufacturer-specified minimum levels required for the generation unit to produce energy and (2) equal to or less than the generation unit's manufacturer-specified maximum levels at which the generation unit can safely produce energy.
- 1.37 "Surplus Energy" – All Net Energy produced by the Seller's Facility and delivered by the Facility to the Idaho Power electrical system prior to the Operation Date.
- 1.38 "Total Cost of the Facility" - The total replacement cost of structures, equipment and appurtenances.
- 1.39 "Wind Energy Production Forecast" – A forecast of energy deliveries from this Facility provided by an Idaho Power provided wind forecasting model. The Facility shall be responsible for an allocated portion of the total costs of the forecasting model as specified in Appendix E.

ARTICLE II: NO RELIANCE ON IDAHO POWER

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

ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.
- 3.2 Qualifying Facility Status - Seller warrants that the Facility is a "Qualifying Facility," as that term is used and defined in 18 CFR 292.201 et seq. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility status during the term of this Agreement and Seller's failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Seller's Qualifying Facility status and associated support and compliance documents at anytime during the term of this Agreement.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the First Energy Date and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller, Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.201 et seq. and a Qualifying Facility certificate.
- 4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and, based on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter

will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).

4.1.3 Initial Capacity Determination - Submit to Idaho Power such data as Idaho Power may reasonably require to perform the Initial Capacity Determination. Such data will include but not be limited to, equipment specifications, prime mover data, resource characteristics, normal and/or average operating design conditions and Station Use data. Upon receipt of this information, Idaho Power will review the provided data and if necessary, request additional data to complete the Initial Capacity Determination within a reasonable time.

4.1.3.1 If the Maximum Capacity specified in Appendix B of this Agreement and the cumulative manufacturer's Nameplate Capacity rating of the individual generation units at this Facility is less than 10 MW, the Seller shall submit detailed, manufacturer-specific, verifiable data of the Nameplate Capacity ratings of the actual individual generation units to be installed at this Facility. Upon verification by Idaho Power that the data provided establishes the combined nameplate rating of the generation units to be installed at this Facility is less than 10 MW, it will be deemed that the Seller has satisfied the Initial Capacity Determination for this Facility.

4.1.4 Nameplate Capacity - Submit to Idaho Power Manufacturer's and engineering documentation that establishes the Nameplate Capacity of each individual generation unit that is included within the entire Facility. Upon receipt of this data, Idaho Power shall review the provided data and determine if the Nameplate Capacity specified is reasonable based upon the Manufacturer's specified generation ratings for the specific generation units.

- 4.1.5 Engineer's Certifications - Submit an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- 4.1.6 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIII.
- 4.1.7 Interconnection – Provide written confirmation from Idaho Power's delivery business unit that Seller has satisfied all interconnection requirements.
- 4.1.8 Network Resource Designation –
- 4.1.8.1 Provide all data required by the Idaho Power delivery business unit to enable the Seller's Facility to be designated as a network resource.
- 4.1.8.2 Receive confirmation from the Idaho Power delivery business unit that the Seller's Facility has been designated as a network resource.
- 4.1.9 Reserve Accounts - Demonstrate to Idaho Power's satisfaction that the Seller has established and funded (1) a debt service reserve account in a form and with a fund holder which complies with paragraph 19.3.2 and (2) demonstrate to Idaho Power's satisfaction that the Seller has established a maintenance reserve account in a form and with a fund holder acceptable to Idaho Power. Said maintenance reserve account shall be structured and funded as follows:
- 4.1.9.1 All funds will be prudently invested, in a guaranteed, insured account and all cost of implementing and operating the maintenance reserve account shall be paid by the Seller. All interest earned on the funds on deposit will be retained in the maintenance reserve account. At the end of the term of this Agreement, any balance remaining in the maintenance reserve account shall be the property of the Seller.
- 4.1.9.2 Within 60 days after the completion of each Contract Year, the Seller will deposit cash in the maintenance reserve account in an amount equal

to, or exceeding 5% of the Facility's estimated gross income for the ensuing Contract Year, less an amount equal to the Facility's actual maintenance, repair and replacement expenses (maintenance expenses) incurred during the prior Contract Year. At Seller's option, the cash required hereunder to be maintained in such reserve may be replaced by an irrevocable standby letter of credit in the same amount.

4.1.9.3 The minimum amount of deposit retained in the maintenance reserve account shall be \$2,000,000. This minimum amount will be adjusted either upward or downward to reflect current replacement cost of a complete wind turbine/generator. (i.e. tower, nacelle, generator, control unit, associated wiring, etc) This adjustment will be made at the beginning of each 3rd contract year and the replacement value determined by the replacement cost valuation methods as described within paragraph 13.2.6.c. In the event this adjustment results in a balance in this account exceeding 10% of the actual replacement cost of a complete wind turbine/generator then the Seller may request a disbursement of funds as specified in paragraph 4.1.9.6.

4.1.9.4 At the time Seller makes the deposit described in paragraph 4.1.9.2, Seller will provide Idaho Power with an accurate, verifiable report showing the prior Contract Year's actual maintenance expenses, identified by appropriate FERC maintenance account number, and the estimate of the Facility's gross income for the ensuing Contract Year used to compute the deposit amount, together with documentation supporting the estimate of gross income.

4.1.9.5 If at any time it appears that the maintenance expense for that Contract Year will exceed 5% of the Facility's estimated gross income for that Contract Year, the Seller may request that Idaho Power consent to the

release of funds from the maintenance reserve 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 Idaho Power. Upon approval by Idaho Power, the required funds will be released to Seller in accordance with Paragraph 4.1.9.6.

4.1.9.6 Control of the maintenance reserve account will be maintained by Idaho Power through the requirement of dual signatures on the account. The only authorized signers will be the Chief Operating Officer and the Chief Financial Officer of Idaho Power (or their respective designees) and the Treasurer of Seller (or his/her respective designee). Accordingly, funds will only be released from the maintenance reserve account upon the signatures of both Idaho Power authorized signers or one Idaho Power authorized signer and Seller's authorized signer.

4.1.9.7 At the end of each Contract Year, Seller will provide Idaho Power with evidence of compliance with the maintenance reserve account requirements set out in this Agreement. This evidence of compliance will be provided in a manner and form acceptable to Idaho Power. The maintenance reserve fund will be subject to the lien rights described in paragraph 4.1.10 below.

4.1.9.8 If the Facility has established a maintenance reserve account in a form and amount that meets or exceeds the maintenance reserve requirements as defined below for compliance with other parties having a financial interest in this Facility, the Seller shall provide Idaho Power with documentation of those requirements and upon Idaho Power's acceptance that the financial maintenance reserve requirements meet or

exceed the requirements within this Agreement, Idaho Power will accept this financial maintenance reserve account as meeting these requirements. If Idaho Power accepts, this financial maintenance reserve account, it will be required that within 60 days of the end of each Contract Year the Seller provide Idaho Power documentation of the balance within the financial maintenance reserve account and the previous year's activity within the account. Idaho Power reserves the right to require the Seller to provide a maintenance reserve account as specified below at any time during the term of this Agreement if Idaho Power determines that the Seller's financial maintenance reserve account no longer meets or exceeds these requirements.

4.1.10 Security Interests - Provide Idaho Power with acceptable security against Seller's default under this Agreement. Acceptable security will conform to Commission Order No. 21690 and No. 21800 and may include, but will not be limited to (1) title insurance, security interests in the real property associated with the Facility, equipment, fixtures, contracts, permits, easements, rights-of-way, land use agreements, funds held in escrow in which Seller has an interest and that relate to the operation of the Facility, and other reasonable security arrangements consistent with the Facility's financing and ownership arrangements; or (2) the seller may post liquid security in an amount equal to at least thirty five percent (35%) of the Accumulated Overpayment Amount specified for that year in Appendix F.

4.1.10.1 Idaho Power's security interests will be superior and senior to all liens other than the first mortgage lien and other security interests permitted in accordance with paragraphs 4.1.10.2. The Seller shall be responsible for all costs reasonably incurred by Idaho Power to review and perfect this security interest not to exceed \$15,000.

4.1.10.2 If Seller desires to incur a first mortgage lien or 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 shall provide Idaho Power with draft copies of the deeds of trust, mortgages and other security agreements that will be used to secure such first lien. Upon their execution Seller shall provide Idaho Power with copies of the executed first lien documents. 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. In no event will the amount of any first mortgage lien exceed \$56,250,000. The total amount of all refinanced or replaced first liens shall not exceed the unpaid principal balance of the first mortgage liens they replace.

4.1.10.3 Other than the first mortgage liens permitted herein, or temporary mechanic's, statutory or similar liens incurred in the ordinary course of business in an amount not to exceed in aggregate \$50,000, 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.

4.1.10.4 During the remaining term of this Agreement, Seller shall maintain compliance with all requirements of Idaho Power's security interests described above in paragraph 4.1.10 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 ("Performance Security") in a form as specified in Appendix D in an amount equal to at least thirty five percent (35%) of the Accumulated Overpayment Amount specified for that year in Appendix F. Failure to maintain and provide the liquid security required by this Agreement and Commission Order No. 21690 and No. 21800 shall be an event of default.

- 4.1.11 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall be provided within a commercially reasonable time following the Seller's request and will not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM AND OPERATION DATE

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

e) Seller has received written confirmation from Idaho Power of the Operation Date.

This confirmation will not be unreasonably withheld by Idaho Power.

5.3 Seller shall cause the Facility to achieve the Operation Date on or before the Scheduled Operation Date.

5.3.1 If the Operation Date occurs after the Scheduled Operation Date but prior to 90 days past the Scheduled Operation Date, Seller shall pay Idaho Power Delay Liquidated Damages calculated monthly as follows:

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

5.3.2 If the Seller's Facility has not achieved the Operation Date within 90 days after the Scheduled Operation Date, the Seller shall pay Idaho Power Delay Liquidated Damages calculated as follows:

Twenty dollars (\$20) multiplied by the Maximum Capacity Amount with the Maximum Capacity Amount being measured in KW.

5.4 If Seller fails to achieve the Operation Date within ninety (90) days after the Scheduled Operation Date, such failure will be a Material Breach and Idaho Power may terminate this Agreement.

5.5 Seller shall pay Idaho Power any calculated Delay Liquidated Damages within seven (7) days of when Idaho Power calculates and presents any Delay Liquidated Damages billings to the Seller. Seller's failure to pay these damages within the specified time will be a Material Breach of this Agreement and Idaho Power may draw funds from the Delay Security provided by the Seller in an amount equal to the calculated Delay Liquidated Damages.

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

5.7 Within thirty (30) days of the date of a Commission Order as specified in Article XXI approving this Agreement; Seller shall post liquid security ("Delay Security") in a form as described in Appendix D equal to or exceeding the amount calculated in paragraph 5.7.1. Failure to post this Delay Security in the time specified above will be a Material Breach of this Agreement and Idaho Power may terminate this Agreement.

5.7.1 Twenty dollars (\$20) multiplied by the Maximum Capacity Amount with the Maximum Capacity Amount being measured in kW.

5.7.1.1 If the Seller provides Idaho Power with certification that a generation interconnection agreement specifying a schedule that will enable the Facility to achieve the Operation Date no later than the Scheduled Operation Date has (1) been completed and the Seller has paid all required interconnection costs or (2) a generation interconnection agreement is substantially complete and all material costs of interconnection have been identified and agreed upon and (3) the Seller is in compliance with all terms and conditions of the generation interconnection agreement, the Delay Security calculated in accordance with paragraph 5.7.1 will be reduced by ten percent (10%).

5.7.1.2 If the Seller has received a reduction in the calculated Delay Security as specified in paragraph 5.7.1.1 and subsequently (1) at Seller's request, the generation interconnection agreement specified in paragraph 5.7.1.1 is revised and as a result the Facility will not achieve its Operation Date by the Scheduled Operation Date or (2) if the Seller does not maintain compliance with the generation interconnection agreement, the full amount of the Delay Security as calculated in paragraph 5.7.1 will be subject to reinstatement and will be due and owing within 5 business days from the date Idaho Power requests reinstatement. Failure to timely reinstate the Delay Security will be a Material Breach of this Agreement.

5.7.2 Idaho Power shall release any remaining security posted hereunder after all calculated Delay Liquidated Damages are paid in full to Idaho Power and the earlier of (1) 30 days

after the Operation Date has been achieved or (2) 120 days after the termination of this Agreement.

- 5.7.3 Early Termination Payment – At any time after the Operation Date has been achieved, Idaho Power terminates this Agreement due to any default by the Seller, Seller will make a termination payment to Idaho Power. The termination payment will include but not be limited to the Accumulated Overpayment Amount specified in Appendix F of this Agreement.

ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

- 6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and Seller will sell all of the Net Energy to Idaho Power at the Point of Delivery. All Inadvertent Energy produced by the Facility will also be delivered by the Seller to Idaho Power at the Point of Delivery. At no time will the total amount of Net Energy and/or Inadvertent Energy produced by the Facility and delivered by the Seller to the Point of Delivery exceed the Maximum Capacity Amount.
- 6.2 Net Energy Amounts - Seller intends to produce and deliver Net Energy in the following monthly amounts. These amounts shall be consistent with the Mechanical Availability Guarantee.

6.2.1 Initial Year Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	5,837,644
	April	5,639,662
	May	5,300,264
Season 2	July	3,552,365
	August	3,682,467
	November	4,276,414
	December	4,909,957
Season 3	June	4,632,782
	September	4,101,058
	October	4,700,661
	January	5,107,939
	February	4,830,764

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

6.4 Mechanical Availability Guarantee – After the Operational Date has been established, the Facility shall achieve a minimum monthly Mechanical Availability of 85% for the Facility for each month during the full term of this Agreement (the "Mechanical Availability Guarantee"). Failure to achieve the Mechanical Availability Guarantee shall result in Idaho Power calculating damages as specified in paragraph 6.4.4.

6.4.1 At the same time the Facility provides the Monthly Power Production and Switching Report, (Appendix A) the Seller shall provide and certify the calculation of the Facility's current month's Mechanical Availability. The Seller shall include a summary of: (a) Forced Outages, (b) Force Majeure events, (c) wind speeds and the impact on generation output and (c) scheduled maintenance and Station Use information that was used to calculate the current month's Mechanical Availability

- 6.4.2 The Facility shall maintain detailed documentation supporting its calculation of the Facility's Mechanical Availability. These records will be retained for three years.
- 6.4.3 Idaho Power shall have the right to review and audit the documentation supporting the calculation of the Facility's Mechanical Availability at reasonable times at the Seller's offices.
- 6.4.4 If the current month's Mechanical Availability is less than the Mechanical Availability Guarantee, damages will be calculated as :

The Mechanical Availability Guarantee multiplied by the Facility's aggregate Nameplate Capacity of all generation units at the Facility multiplied by the hours of the month minus the current month's measured Losses and Station Use minus the month's actual Net Energy deliveries multiplied by the Energy Shortfall Price.

- 6.4.5 Any damages calculated in paragraph 6.4.4 will be offset against the current month's energy payment. If an unpaid balance remains after the damages are offset against the energy payment, the Facility shall pay in full the remaining balance within fifteen (15) days of the date of the invoice.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

- 7.1 Heavy Load Purchase Price – For all Net Energy received during Heavy Load Hours, Idaho Power will pay the levelized energy price for a Facility scheduled to come on-line during calendar year 2010, for a contract term of twenty (20) years in accordance with Commission Order 30744, 30738 and adjusted in accordance with Commission Order 30415 for Heavy Load Hour Energy deliveries, and adjusted in accordance with Commission Order 30488 for the wind integration charge and with seasonalization factors applied:

Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
63.65	106.47	87.64

7.2 Light Load Purchase Price – For all Net Energy received during Light Load Hours, Idaho Power will pay the levelized energy price for a Facility scheduled to come on-line during calendar year 2010, for a contract term of twenty (20) years in accordance with Commission Order 30415 for Light Load Hour Energy deliveries, and adjusted in accordance with Commission Order 30488 for the wind integration charge and with seasonalization factors applied:

Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
58.73	97.73	80.36

7.3 All Hours Energy Price – The price to be used in the calculation of the Surplus Energy Price and Delay Damage Price shall be the levelized energy price for a Facility scheduled to come on-line during calendar year 2010, for a contract term of twenty (20) years in accordance with Commission Order 30744, 30738 and adjusted in accordance with Commission Order 30488 for the wind integration charge and with seasonalization factors applied:

Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
61.47	102.58	84.40

7.4 Surplus Energy Price - For all Surplus Energy, Idaho Power shall pay to the Seller the current month's Market Energy Reference Price or the All Hours Energy Price specified in paragraph 7.3, whichever is lower.

7.5 Inadvertent Energy –

7.5.1 Inadvertent Energy is electric energy produced by the Facility, expressed in kWh, which the Seller delivers to Idaho Power at the Point of Delivery that exceeds 10,000 kW multiplied by the hours in the specific month in which the energy was

delivered. (For example January contains 744 hours. 744 hours times 10,000 kW = 7,440,000 kWh. Energy delivered in January in excess of 7,440, 000 kWh in this example would be Inadvertent Energy.)

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

7.6 Payment Due Date – Energy payments, less Wind Energy Production Forecasting Monthly Cost Allocation (MCA), will be disbursed to the Seller within 30 days of the date which Idaho Power receives and accepts the documentation of the monthly Mechanical Available Guarantee and the Net Energy actually delivered to Idaho Power as specified in Appendix A.

7.7 Continuing Jurisdiction of the Commission .This Agreement is a special contract and, as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with *Idaho Power Company v. Idaho Public Utilities Commission and Afton Energy, Inc.*, 107 Idaho 781, 693 P.2d 427 (1984), *Idaho Power Company v. Idaho Public Utilities Commission*, 107 Idaho 1122, 695 P.2d 1 261 (1985), *Afton Energy, Inc. v. Idaho Power Company*, 111 Idaho 925, 729 P.2d 400 (1986), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308

ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

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

ARTICLE IX: FACILITY AND INTERCONNECTION

- 9.1 Design of Facility - Seller will design, construct, install, own, operate and maintain the Facility and any Seller-owned Interconnection Facilities so as to allow safe and reliable generation and delivery of Net Energy and Inadvertent Energy to the Idaho Power Point of Delivery for the full term of the Agreement.
- 9.2 Interconnection Facilities - Except as specifically provided for in this Agreement, the required Interconnection Facilities will be in accordance with Schedule 72, the Generation Interconnection Process and Appendix B. The Seller is responsible for all costs associated with this equipment as specified in Schedule 72 and the Generation Interconnection Process, including but not limited to initial costs incurred by Idaho Power for equipment costs, installation costs and ongoing monthly Idaho Power operations and maintenance expenses.

ARTICLE X: METERING AND TELEMETRY

- 10.1 Metering - Idaho Power shall, for the account of Seller, provide, install, and maintain Metering and Telemetry Equipment to be located at a mutually agreed upon location to record and measure power flows to Idaho Power in accordance with this Agreement and Schedule 72. The Metering Equipment will be at the location and the type required to measure, record and report the Facility's Net Energy, Station Use, Inadvertent Energy and maximum energy deliveries (kW) at the Point of Delivery in a manner to provide Idaho Power adequate energy measurement data to administer this Agreement and to integrate this Facility's energy production into the Idaho Power electrical system.
- 10.2 Telemetry - Idaho Power will install, operate and maintain at Seller's expense metering, communications and telemetry equipment which will be capable of providing Idaho Power with continuous instantaneous telemetry of Seller's Net Energy and Inadvertent Energy produced and delivered to the Idaho Power Point of Delivery to Idaho Power's Designated Dispatch Facility.

ARTICLE XI - RECORDS

- 11.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate total generation, Net Energy, Station Use, Inadvertent Energy and maximum generation (kW) records in a form and content recommended by Idaho Power.
- 11.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any or all generation, Net Energy, Station Use, Inadvertent Energy and maximum generation (kW) records pertaining to the Seller's Facility.

ARTICLE XII: OPERATIONS

- 12.1 Communications - Idaho Power and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.
- 12.2 Energy Acceptance -
- 12.2.1 Idaho Power shall be excused from accepting and paying for Net Energy or accepting Inadvertent Energy produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, Forced Outage or temporary disconnection of the Facility in accordance with Schedule 72. If, for reasons other than an event of Force Majeure or a Forced Outage, a temporary disconnection under Schedule 72 exceeds twenty (20) days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Energy at a rate equivalent to the pro rata daily average of the amounts specified for the applicable month in paragraph 6.2. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.
- 12.2.2 If, in the reasonable opinion of Idaho Power, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel or service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified

within Schedule 72 or take such other reasonable steps as Idaho Power deems appropriate.

- 12.2.3 Under no circumstances will the Seller deliver Net Energy and/or Inadvertent Energy from the Facility to the Point of Delivery in an amount that exceeds the Maximum Capacity Amount at any moment in time. Seller's failure to limit deliveries to the Maximum Capacity Amount will be a Material Breach of this Agreement.
- 12.3 Scheduled Maintenance – On or before January 31 of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year and Idaho Power and Seller shall mutually agree as to the acceptability of the proposed schedule. The Parties determination as to the acceptability of the Seller's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.
- 12.4 Maintenance Coordination - The Seller and Idaho Power shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.
- 12.5 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact the Seller prior to exercising its rights to interrupt the interconnection or curtail deliveries from the Seller's Facility. Seller understands that in the case of emergency circumstances, real time operations of the electrical system, and/or unplanned events, Idaho Power may not be able to provide notice to the Seller prior to interruption, curtailment, or reduction of electrical energy deliveries to Idaho Power.

ARTICLE XIII: INDEMNIFICATION AND INSURANCE

- 13.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, affiliates, subsidiaries, parent company and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's construction, ownership, operation or

maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all documented costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

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

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

13.2.2 All Risk Property Insurance with minimum limits not less than eighty percent (80%) of the Total Cost of the Facility. The Property Insurance coverage must be written on a Replacement Cost basis and will include:

- (a) Standard fire policy
- (b) Extended coverage endorsement; and
- (c) Vandalism and malicious mischief endorsement.
- (d) The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

13.2.3 Boiler and Machinery insurance with minimum limits not less than eighty percent (80%) of the total Replacement 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; and

- (c) The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

13.2.4 Earthquake & Flood (catastrophic perils) Insurance with limits not less than eighty percent (80%) of the Total Cost of the Facility. The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

13.2.5 Business Interruption (Loss of Income) Insurance with minimum daily limits not less than twenty percent (20%) of the Facility's estimated annual income;

- (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 both the All Risk Property Insurance Policy and the Boiler and Machinery Insurance Policy;
- (c) The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.
- (d) The estimated annual income shall be computed on the basis of the Net Energy Amounts contained in paragraph 6.2.

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

- (a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and
- (b) A provision stating that such policy shall not be canceled or the limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.
- (c) In the case of the insurance coverages described in sub-paragraphs 13.2.1, 13.2.2, 13.2.3, and 13.2.4 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 Replacement 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) use of an approved "industrial cost trend index" published by a national insurer (i.e., Factory Mutual Engineering and Research Building Cost Index; Kemper Replacement Value Cost Trends - Industrial Machinery & Equipment; Industrial Risk Insurers, U.S. Replacement Cost Factors) (3) any other mutually agreed upon methodology of establishing the total replacement cost. 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.

13.2.7 Insurance Alternatives - Comprehensive General Liability Insurance as defined in paragraph 13.2.1 will be required at all times throughout the term of this agreement. Alternative arrangements creating equivalent protection for Idaho Power in lieu of the insurance requirements specified in paragraphs 13.2.2, 13.2.3, 13.2.4 and 13.2.5 of this Agreement may be submitted to Idaho Power for review. Only upon Idaho Power's written acceptance of these alternate arrangements may the Seller be allowed to forgo the insurance requirements of paragraphs 13.2.2, 13.2.3, 13.2.3 and 13.2.5 of this Agreement. Any and all acceptable alternative arrangements must place Idaho Power in an equal or better position in the event of the occurrence of an insurable event.

13.3 Seller to Provide Certificate of Insurance - As required in paragraph 4.1.6 herein and annually thereafter, Seller shall furnish Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

13.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 13.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is

taking to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute a Material Breach of this Agreement.

ARTICLE XIV: FORCE MAJEURE

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

- (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence.
- (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure.
- (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

ARTICLE XV: LIABILITY; DEDICATION

15.1 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one

Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public or affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

ARTICLE XVI: SEVERAL OBLIGATIONS

- 16.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XVII: WAIVER

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

ARTICLE XVIII: CHOICE OF LAWS AND VENUE

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

ARTICLE XIX: DISPUTES AND DEFAULT

- 19.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.
- 19.2 Notice of Default -
- 19.2.1 Defaults. If either Party fails to perform any of the terms or conditions of this Agreement (an “event of default”), the nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting Party shall fail to cure such default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the other Party that the default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the nondefaulting Party may, at its option, terminate this Agreement and/or pursue its legal or equitable remedies.
- 19.2.2 Material Breaches – The notice and cure provisions in paragraph 19.2.1 do not apply to defaults identified in this Agreement as Material Breaches. Material Breaches must be cured as expeditiously as possible following occurrence of the breach.
- 19.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:
- 19.3.1 Insurance - Evidence of compliance with the provisions of paragraph 13.2. If Seller fails to comply, such failure will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated.
- 19.3.2 Debt Service Reserve Account – The Seller will establish a debt service reserve account. Said debt service reserve account will be separate from the maintenance reserve account and shall be structured as follows:

- 19.3.2.1 All funds will be prudently invested, in a guaranteed, insured account and all cost of implementing and operating the Debt Service Reserve Account shall be paid by the Seller. All interest earned on the funds on deposit will be retained in the Debt Service Reserve Account. At the end of the term of this Agreement, any balance remaining in the Debt Service Reserve Account shall be the property of the Seller.
- 19.3.2.2 Control of the Debt Service Reserve Account will be maintained by Idaho Power through the requirement of dual signatures on the account. The only authorized signers will be the Chief Operating Officer and the Chief Financial Officer of Idaho Power (or their respective designees) and the Treasurer of Seller (or his/her respective designee). Accordingly, funds will only be released from the Debt Service Reserve Account upon the signatures of both Idaho Power authorized signers or one Idaho Power authorized signer and Seller's authorized signer.
- 19.3.2.3 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 4.1.10, Seller shall maintain a debt service reserve account in cash or an irrevocable standby letter of credit in an amount equal to twenty percent (20 %) of the Facility's estimated gross Contract Year revenue rounded to the nearest \$1,000. The estimated gross Contract Year revenue is calculated to be the sum of the monthly Net Energy Amounts specified in paragraph 6.2 multiplied by the All Energy Price specified in paragraph 7.3.
- 19.3.2.4 During the period when the Facility is security for a first mortgage lien that is senior to Idaho Power's lien, funds from the debt service reserve account will only be released 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 Idaho Power 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.

19.3.2.5 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, a withdrawal from the Debt Service Reserve Account may be requested by the Seller for the amount in the debt service reserve account which exceeds five percent (5%) of the Facility's estimated gross Contract Year revenue rounded to the nearest \$1,000. Seller shall maintain a debt service reserve account in cash or an irrevocable standby letter of credit in an amount equal to five percent (5%) of the Facility's estimated gross Contract Year revenue rounded to the nearest \$1,000.

19.3.2.6 During the period when Idaho Power's security interest is the senior security interest in the Facility, funds from the debt service reserve account will only be released to pay operating costs for the Facility.

19.3.2.7 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.

19.3.2.8 After any release of funds from the debt service reserve account, Seller shall be obligated to restore the debt service reserve account to the amounts provided for in paragraphs 19.3.2.3 or 19.3.2.5, whichever is applicable, prior to Seller disbursing funds which would constitute a profit or return on investment. Until the debt service reserve account is fully restored, Seller will, within sixty (60) days of the completion of each Contract Year,

provide Idaho Power with a report prepared by Seller's outside accountants showing that Seller has not breached its obligations under this paragraph 19.3.2.

19.3.2.9 If the Facility has established a debt service reserve account in a form and amount that meets or exceeds the Debt Service Reserve Account requirements as defined below for compliance with other parties having a financial interest in this Facility, the Seller shall provide Idaho Power with documentation of those requirements and upon Idaho Power's acceptance that the financial debt service reserve requirements meet or exceed the requirements within this Agreement, Idaho Power will accept this financial debt service reserve account as meeting these requirements. If Idaho Power accepts this financial debt service reserve account it will be required that within 60 days of the end of each Contract Year the Seller provide Idaho Power documentation of the balance within the financial debt service reserve account and the previous year's activity within the account. Idaho Power reserves the right to require the Seller to provide a Debt Service Reserve Account as specified below at any time during the term of this Agreement if Idaho Power determines that the Seller's financial debt reserve account no longer meets or exceeds these requirements.

19.3.2.10 Any breach of paragraph 19.3.2 by Seller will constitute a Material Breach of this Agreement.

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

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

ARTICLE XX: GOVERNMENTAL AUTHORIZATION

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

ARTICLE XXI: COMMISSION ORDER

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

ARTICLE XXII: SUCCESSORS AND ASSIGNS

22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any party which Idaho Power may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of Idaho Power's rights,

obligations and interests under this Agreement. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIII: MODIFICATION

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

ARTICLE XXIV: TAXES

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

ARTICLE XXV: NOTICES

- 25.1 All written notices under this Agreement shall be directed as follows and shall be considered delivered when faxed, e-mailed and confirmed with deposit in the U.S. Mail, first-class, postage prepaid, as follows:

To Seller: Contract Manager
c/o Exergy Development Group of Idaho, LLC
802 W. Bannock St., 12th Floor
Boise, ID 83702
info@exergydevelopmentgroup.com

Copy of document to:
Peter Richardson
Richardson & O'Leary Law Firm
515 N. 27th Street
Boise, ID 83702
peter@richardsonandleary.com

To Idaho Power:

Original document to:

Senior Vice President, Delivery
Idaho Power Company
P O Box 70
Boise, Idaho 83707
Email: DMinor@idahopower.com

Copy of document to:

Cogeneration and Small Power Production
Idaho Power Company
P O Box 70
Boise, Idaho 83707
E-mail: rallphin@idahopower.com

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

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

Appendix A	-	Generation Scheduling and Reporting
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications
Appendix D	-	Forms of Liquid Security
Appendix E	-	Wind Energy Production Forecasting
Appendix F	-	Accumulated Overpayment Amount

ARTICLE XXVII: SEVERABILITY

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

ARTICLE XXVIII: COUNTERPARTS

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

ARTICLE XXIX: ENTIRE AGREEMENT

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

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

Idaho Power Company

Payne's Ferry Wind Park, LLC

By



By



Dan Minor
Senior Vice President, Delivery

Dated

7/9/09

Dated

09-July-2009
"Seller"

"Idaho Power"

APPENDIX A

A-1 MONTHLY POWER PRODUCTION AND SWITCHING REPORT

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

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

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

Idaho Power Company

Cogeneration and Small Power Production

MONTHLY POWER PRODUCTION AND SWITCHING REPORT

Month _____ Year _____

Project Name _____ Project Number: _____
 Address _____ Phone Number: _____
 City _____ State _____ Zip _____

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

Breaker Opening Record

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

<u>*</u>	<u>Reason</u>

Breaker Closing Record

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

* **Breaker Opening Reason Codes**

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

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

Signature Date

A-2 ROUTINE REPORTING

Once the Facility has achieved its Operation Date and has operated in a reliable and consistent manner for a reasonable period of time, the Parties may mutually agree to modify this Routine Reporting requirement.

Idaho Power Contact Information

Daily Energy Production Reporting

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

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

Planned and Unplanned Project outages

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

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

Seller's Contact Information

24-Hour Project Operational Contact

Name: _____
Telephone Number: _____
Cell Phone: _____

Project On-site Contact information

Telephone Number: _____

APPENDIX B

FACILITY AND POINT OF DELIVERY

RECEIVED

PROJECT NO. 31315060

2009 JUL 31 AM 10: 59

Payne's Ferry Wind Park, LLCIDAHO PUBLIC
UTILITIES COMMISSION

B-1 DESCRIPTION OF FACILITY

21.0 MW Installed capacity wind conversion power generation facility utilizing 14 GE Model 1500 xle wind turbine generators with standard reactive power range 0.95 lead (reactive power leaving the generator) to 0.90 lagging.

B-2 LOCATION OF FACILITY

Near: Hagerman, IDTownship 7 south, Range 12 east, County: Twin Falls, IDSection 1: W1/2SW1/4Section 11: SE1/4NE1/4, E1/2SE1/4Section 12: W1/2NW1/4, SW1/4Section 13: W1/2NW1/4, E1/2NW1/4, SW1/4Section 14: N1/2NE1/4, SE1/4NE1/4Section 24: E1/2NW1/4

Description of Interconnection Location: 400 W, 5900 N, Hagerman, connecting to the King / Bliss 138 kV line.

Nearest Idaho Power Substation: Tuana Substation

B-3 SCHEDULED FIRST ENERGY AND OPERATION DATE

Seller has selected September 30, 2010 as the Scheduled First Energy Date.Seller has selected September 30, 2010 as the Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.2 of this Agreement must be completed prior to the project being granted an Operation Date.

B-4 MAXIMUM CAPACITY AMOUNT: This value will be 21.0 MW which is consistent with the value provided by the Seller to Idaho Power in accordance with Schedule 72. This value is the maximum energy (MW) that potentially could be delivered by the Seller's Facility to the Idaho Power electrical system at any moment in time.

B-5 POINT OF DELIVERY

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

B-6 LOSSES

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

equipment between the Facility and the Idaho Power electrical system, Idaho Power may adjust the calculation and retroactively adjust the previous months kWh loss calculations.

B-7 METERING AND TELEMETRY

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

APPENDIX C

ENGINEER'S CERTIFICATION

OF

OPERATIONS & MAINTENANCE POLICY

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

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

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

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

By _____

(P.E. Stamp)

Date _____

APPENDIX C

ENGINEER'S CERTIFICATION

OF

ONGOING OPERATIONS AND MAINTENANCE

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

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

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

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

By _____

(P.E. Stamp)

Date _____

APPENDIX C

ENGINEER'S CERTIFICATION

OF

DESIGN & CONSTRUCTION ADEQUACY

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

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

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

10. That the design and construction of the Project is such that with reasonable and prudent operation and maintenance practices by Seller, the Project is capable of performing in accordance with the terms of the Agreement and with Prudent Electrical Practices for a twenty (20) year period.

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

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

By _____
(P.E. Stamp)

Date _____

APPENDIX D

FORMS OF LIQUID SECURITY

The Seller shall provide Idaho Power with commercially reasonable security instruments such as Cash Escrow Security, Guarantee or Letter of Credit as those terms are defined below or other forms of liquid financial security that would provide readily available cash to Idaho Power to satisfy the Delay Security, Performance Security and any other security requirements within this Agreement.

For the purpose of this Appendix D, the term "Credit Requirements" shall mean acceptable financial creditworthiness of the entity providing the security instrument in relation to the term of the obligation in the reasonable judgment of Idaho Power, provided that any guarantee and/or letter of credit issued by any other entity with a short-term or long-term investment grade credit rating by Standard & Poor's Corporation or Moody's Investor Services, Inc. shall be deemed to have acceptable financial creditworthiness.

1. Cash Escrow Security – Seller shall deposit funds in an escrow account established by the Seller in a banking institution acceptable to both Parties equal to the required security amount(s). A single escrow account may be established for all security requirements, however detailed accounting of the individual security requirements must be maintained by the Seller and Seller shall be obligated to maintain the appropriate amounts to satisfy each security requirement within the individually identified accounts. The Seller shall be responsible for all costs associated with establishing and maintaining the escrow account(s).
2. Guarantee or Letter of Credit Security – Seller shall post and maintain in an amount equal to the required security amount(s): (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to Idaho Power at its discretion, or (b) an irrevocable

Letter of Credit in a form acceptable to Idaho Power, in favor of Idaho Power. The Letter of Credit will be issued by a financial institution acceptable to both parties. A single aggregate Guarantee or Letter of Credit may be provided for all security requirements, however detailed accounting of the individual security requirements must be maintained by the Seller and Seller shall be obligated to maintain the appropriate amounts to satisfy each security requirement within the individually identified accounts. The Seller shall be responsible for all costs associated with establishing and maintaining the Guarantee(s) or Letter(s) of Credit.

APPENDIX E

WIND ENERGY PRODUCTION FORECASTING

As specified in Commission Order 30488, Idaho Power shall make use of a Wind Energy Production Forecasting model to forecast the energy production from this Facility and other QF wind generation resources. Seller and Idaho Power will share the cost of Wind Energy Production Forecasting equally. The Facility's share of Wind Energy Production Forecasting is determined as specified below. Sellers share will not be greater than 0.1% of the total energy payments made to Seller by Idaho Power during the previous Contract Year.

- a. For every month of this Agreement beginning with the first full month after the Scheduled First Energy Date as specified in Appendix of this Agreement, the Wind Energy Production Forecasting Monthly Cost Allocation (MCA) will be due and payable by the Seller. Any Wind Energy Production Forecasting Monthly Cost Allocations (MCA) that are not reimbursed to Idaho Power shall be deducted from energy payments to the Seller.
 - As the value of the 0.1% cap of the Facilities total energy payments will not be known until the first Contract Year is complete, at the end of the first Contract Year any prior allocations that exceeded the 0.1% cap shall be adjusted to reflect the 0.1% cap and if the Facility has paid the monthly allocations a refund will be included in equal monthly amounts over the ensuing Contract Year. If the Facility has not paid the monthly allocations the amount due Idaho Power will be adjusted accordingly and the unpaid balance will be deducted from the ensuing Contract Year's energy payments.
- b. During the first Contract Year, as the value of the 0.1% cap of the Facilities total energy payments will not be known until the first Contract Year is complete,

Idaho Power will deduct the Facility's calculated share of the Wind Energy Production Forecasting costs specified in item b each month during the first Contract Year and subsequently refund any overpayment (payments that exceed the cap) in equal monthly amounts over the ensuing Contract Year.

- c. The cost allocation formula described below will be reviewed and revised if necessary on the last day of any month in which the cumulative MW nameplate of wind projects having Commission approved agreements to deliver energy to Idaho Power has been revised by an action of the Commission.
- d. The monthly cost allocation will be based upon the following formula :

Where: **Total MW (TMW)** is equal to the total nameplate rating of all QF wind projects that are under contract to provide energy to Idaho Power Company.

Facility MW (FMW) is equal to the nameplate rating of this Facility as specified in Appendix B.

Annual Wind Energy Production Forecasting Cost (AFCost) is equal to the total annual cost Idaho Power incurs to provide Wind Energy Production Forecasting. Idaho Power will estimate the AFCost for the current year based upon the previous year's cost and expected costs for the current year. At year-end, Idaho Power will compare the actual costs to the estimated costs and any differences between the estimated AFCost and the actual AFCost will be included in the next year's AFCost.

Annual Cost Allocation (ACA) = AFCost X (FMW / TMW)

And

Monthly Cost Allocation (MCA) = ACA / 12

- e. The Wind Energy Production Forecasting Monthly Cost Allocation (MCA) is due and payable to Idaho Power. The MCA will first be netted against any monthly energy payments owed to the Seller. If the netting of the MCA against

the monthly energy payments results in a balance being due Idaho Power, the Facility shall pay this amount within 15 days of the date of the payment invoice.

APPENDIX F

ACCUMULATED OVERPAYMENT AMOUNT

PROJECT NUMBER: 31315060

PAYNE'S FERRY WIND PARK

The accumulated total of:

The monthly Initial Year Monthly Net Energy Amounts specified in paragraph 6.2.1 multiplied by the All Hours Energy Price (Mill/kWh) specified in paragraph 7.3 less the same monthly Initial Year Monthly Net Energy Amounts specified in paragraph 6.2.1 multiplied by the monthly, seasonalized, Non Levelized rates where the seasonalization factors are the same as identified in paragraph 7.3 and Non Levelized rates are in accordance with IPUC order No. 30744 for all expired months of this Agreement and the next 12 months. In addition a cumulative interest Amount will be calculated on the expired month's Accumulated Overpayment Amount and included in the Accumulated Overpayment Amount based upon the Idaho Power overall allowed rate of return in the Idaho jurisdiction, which at the time of the signing of this agreement is 8.18 %.

This Accumulated Overpayment Amount will be initially calculated prior to the First Energy Date and then recalculated annually at the end of each Contract Year.

APPENDIX F

TABLE OF ACCUMULATED OVERPAYMENT ENERGY RATES AS DEFINED IN THIS APPENDIX

Per IPUC Order 30744 and 30738

Calendar Year	Levelized Flat Energy Prices for a Project coming online in 2010			Non Levelized Flat Energy Prices			Accumulated Overpayment Energy Rate		
	Season 1	Season 2	Season 3	Season 1	Season 2	Season 3	Season 1	Season 2	Season 3
2010	61.47	102.58	84.40	51.15	84.28	69.60	10.31	18.30	14.80
2011	61.47	102.58	84.40	52.59	86.82	71.55	8.88	15.76	12.85
2012	61.47	102.58	84.40	54.13	89.56	73.65	7.33	13.02	10.75
2013	61.47	102.58	84.40	55.42	91.84	75.45	6.04	10.74	8.95
2014	61.47	102.58	84.40	56.74	94.18	77.40	4.73	8.40	7.00
2015	61.47	102.58	84.40	58.09	96.58	79.40	3.38	6.00	5.00
2016	61.47	102.58	84.40	59.54	99.16	81.55	1.92	3.42	2.85
2017	61.47	102.58	84.40	60.95	101.67	83.64	0.52	0.91	0.76
2018	61.47	102.58	84.40	62.48	104.38	85.90	(1.01)	(1.80)	(1.50)
2019	61.47	102.58	84.40	63.97	107.01	88.09	(2.50)	(4.43)	(3.69)
2020	61.47	102.58	84.40	65.49	109.71	90.34	(4.02)	(7.13)	(5.94)
2021	61.47	102.58	84.40	67.04	112.48	92.65	(5.58)	(9.90)	(8.25)
2022	61.47	102.58	84.40	68.64	115.32	95.01	(7.18)	(12.74)	(10.61)
2023	61.47	102.58	84.40	70.28	118.22	97.44	(8.81)	(15.64)	(13.04)
2024	61.47	102.58	84.40	71.96	121.21	99.92	(10.50)	(18.63)	(15.52)
2025	61.47	102.58	84.40	73.68	124.26	102.47	(12.22)	(21.68)	(18.07)
2026	61.47	102.58	84.40	75.87	127.99	105.57	(14.40)	(25.41)	(21.17)
2027	61.47	102.58	84.40	78.22	131.82	108.77	(16.75)	(29.24)	(24.37)
2028	61.47	102.58	84.40	80.65	135.78	112.07	(19.18)	(33.20)	(27.67)
2029	61.47	102.58	84.40	83.14	139.86	115.47	(21.67)	(37.28)	(31.07)
2030	61.47	102.58	84.40	85.72	144.06	118.97	(24.25)	(41.48)	(34.57)

APPENDIX F

EXAMPLE OF ACCUMULATED OVERPAYMENT CALCULATION

The calculation below is for example purposes only – to calculate the Accumulated Overpayment Amounts for this Agreement it will be required that the actual values from the agreement are used in this calculation.

Example Assumptions :

Project becomes Operational as of Jan 1, 2010.
Project terminates Agreement as of July 1, 2010.

Expired Months:

	Estimated Mwh (per article 6.2.1 of the Agreement)	Accumulated Overpayment Energy Rate	Calculated Overpayment	Interest applied to expired Months	Total Accumulated Overpayment including interest
				8.18%	
Jan-10	15,000	14.80	\$222,000	\$1,513.30	\$223,513
Feb-10	20,000	14.80	\$296,000	\$1,523.62	\$521,037
Mar-10	16,000	10.31	\$164,960	\$3,551.73	\$689,549
Apr-10	21,000	10.31	\$216,510	\$4,700.42	\$910,759
May-10	13,000	10.31	\$134,030	\$6,208.34	\$1,050,997
Jun-10	14,000	14.80	\$207,200	\$7,164.30	\$1,265,362

Plus Next 12 Months:

Jul-10	14,000	18.30	\$256,200		\$1,521,562
Aug-10	15,000	18.30	\$274,500		\$1,796,062
Sep-10	18,000	14.80	\$266,400		\$2,062,462
Oct-10	13,000	14.80	\$192,400		\$2,254,862
Nov-10	15,000	18.30	\$274,500		\$2,529,362
Dec-10	14,000	18.30	\$256,200		\$2,785,562
Jan-11	15,000	12.85	\$192,750		\$2,978,312
Feb-11	20,000	12.85	\$257,000		\$3,235,312
Mar-11	16,000	8.88	\$142,080		\$3,377,392
Apr-11	21,000	8.88	\$186,480		\$3,563,872
May-11	13,000	8.88	\$115,440		\$3,679,312
Jun-11	14,000	12.85	\$179,900		\$3,859,212

Based on this example - if this example Project were to terminate this "levelized" agreement in July 2011. The calculated accumulated Overpayment Amount would be \$3,859,212 which would be payable to Idaho Power in addition to any other damages due Idaho Power.