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DONOVAN E. WALKER
Senior Counsel
dwalker@idahopower.com

October 5, 2010

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-09-25
***IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR APPROVAL OF A FIRM ENERGY SALES AGREEMENT FOR THE
SALE AND PURCHASE OF ELECTRIC ENERGY BETWEEN IDAHO POWER
COMPANY AND IDAHO WINDS LLC***

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Motion to Approve Generator Interconnection Agreement in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
LISA D. NORDSTROM (ISB No. 5733)
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com
lnordstrom@idahopower.com

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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-09-25
APPROVAL OF A FIRM ENERGY)
SALES AGREEMENT FOR THE SALE) MOTION TO APPROVE GENERATOR
AND PURCHASE OF ELECTRIC) INTERCONNECTION AGREEMENT
ENERGY BETWEEN IDAHO POWER)
COMPANY AND IDAHO WINDS LLC.)
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 052 and RP 201, *et seq.*, hereby moves that the Idaho Public Utilities Commission ("IPUC" or "Commission") issue an order approving the Generation Interconnection Agreement ("GIA") between Idaho Winds LLC ("Idaho Winds") and Idaho Power.

This Motion is based on the following:

1. The Commission has the authority and jurisdiction to allocate the costs of required transmission upgrades necessary to integrate PURPA generation facilities into Idaho Power's system, either entirely to the PURPA project or by some sharing "formula"

as was done in Case No. IPC-E-06-21 (“the Cassia case”). The Commission has exclusive authority and jurisdiction over the interconnection and allocation of interconnection costs for PURPA Qualifying Facilities (“QF”) when an electric utility is required to interconnect under 18 C.F.R. § 292.303 of the Federal Energy Regulatory Commission’s (“FERC”) PURPA regulations (i.e., when the QF’s entire output is sold to a regulated utility). 18 C.F.R. § 292.306. The Commission has such jurisdiction and authority in this case because the Sawtooth Wind Project is a QF with a Commission-approved Firm Energy Sales Agreement requiring it to sell its entire output to Idaho Power. *See Standardization of Generator Interconnection Agreements and Procedures*, FERC Stats. & Regs. ¶¶ 31,146 (2003) (“Order No. 2003”); and *Standardization of Small Generator Interconnection Agreements and Procedures*, FERC Stats. & Regs. ¶¶ 31,180 (2005) (Order No. 2006, p. 135, ¶ 516). Under FERC rules, interconnection costs, including all reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs caused solely by such QF interconnection, may be assessed by the IPUC against a QF. 18 C.F.R. §§ 292.306(a), (b); 292.101.7.

2. The Commission has previously approved a Firm Energy Sales Agreement between Idaho Power and Idaho Winds for its Sawtooth Wind Project (“Facility”) pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Order No. 30964.

3. Interconnection of the Facility is provided at 138 kV at an estimated cost to the Facility of approximately \$844,000. The addition of the Sawtooth Wind Facility requires substantial network transmission system upgrades at an estimated cost of approximately \$2,176,000. These upgrades include: (1) reconductor 5.6 miles of the Mountain Home Junction-Upper Salmon 138 kV transmission line from Sailor Creek Tap to Bennett Creek

Tap; (2) reconductor the first 2.25 miles of the Mountain Home Junction-Upper Salmon 138 kV transmission line; (3) increase the size of the Danskin-Mountain Home Junction 138 kV transmission line; (4) increase the Danskin 230/138 kV transformer size from 224 MVA to 300 MVA; and (5) install a sectionalizing breaker at the Bennett Creek Wind Plant substation. The estimated milestone date for construction completion is July 22, 2011. A copy of the Idaho Winds GIA is attached as Attachment No. 1.

4. This GIA is the second instance outside of the Twin Falls queue involving PURPA generating facilities subject to Idaho Power's Schedule 72 which involve substantial upgrades to Idaho Power's transmission system. The allocation of costs from the transmission upgrades for the Facility was not addressed in Commission Order No. 30414 in Case No. IPC-E-06-21 (the Cassia Gulch Wind Park and Cassia Wind Farm case, collectively "the Cassia case").

5. The first instance where the Commission authorized a sharing formula of transmission upgrade costs outside of the Twin Falls queue was in Case Nos. IPC-E-06-34 and IPC-E-06-35, for Hot Springs Windfarm and Bennett Creek Windfarm, respectively. These two projects shared the same developer and the interconnection and the same GIA. The Sawtooth Wind Project will be interconnected to the same transmission line as the Bennett Creek and Hot Springs Wind projects and the network transmission upgrades required will have a similar impact. Therefore, as a similarly situated project, the parties believe it appropriate to include in the GIA a cost sharing allocation as defined in the Cassia case, and subsequently approved by the Commission for the Bennett Creek/Hot Springs GIA.

6. In the Cassia case, the Commission approved a settlement which implemented a cost-sharing arrangement (the "Cassia Formula") under which Idaho Power will contribute 25 percent of the cost of the needed transmission upgrades, Cassia will make a non-refundable 25 percent contribution in aid-of-construction ("CIAC") to support the transmission upgrades, and Cassia will make an advance in aid-of-construction ("AIAC") for the remaining balance of the cost of the upgrades. The AIAC will be refunded to Cassia over time if they fully perform their Firm Energy Sales Agreements with Idaho Power.

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

8. In the GIA between Idaho Winds and Idaho Power, the parties have agreed to apply the Cassia Formula to share the costs of the transmission upgrades for the Sawtooth Wind Project.

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

- (1) But for the construction of the Sawtooth Wind Project, Idaho Power would not have constructed the transmission upgrades described in Attachment No. 1 to provide adequate service to its native load customers. Therefore, a contribution by the developer of a portion of the transmission upgrade cost is appropriate.

- (2) Idaho Power believes that in Order No. 30414, the Commission directed Idaho Power to assess the benefits of individual transmission upgrades taking into consideration “the system wide benefits that accrue to all customers on an integrated transmission grid.” (Order No. 30414, p. 10.) One way to approach that assessment is to compare the level of benefits that the Sawtooth upgrades will provide to the system with the level of benefits provided in the Cassia case. The Company acknowledges that it is nearly impossible to precisely quantify the relative system benefits conferred by two distinct and geographically separate transmission upgrades. However, transmission engineers can exercise their judgment and their knowledge of transmission systems they have designed and operate. Based on their informed judgment, Idaho Power’s transmission engineers are of the opinion that the transmission upgrades identified in Attachment No. 1 will provide different benefits than the transmission system benefits the Cassia upgrades will provide. Where the Cassia upgrade will install a new transformer to interconnect the 230 and 138 kV transmission systems in the western portion of the Magic Valley, the improvements contemplated herein will upgrade (replace the line conductor) and update (replace poles, insulators and hardware not capable of supporting the larger conductor) two older transmission lines and increase the size of a 230/138 transformer from 224 MVA to 300 MVA. The required 300 MVA capacity matches several recent installations across other parts of Idaho Power’s system (Nampa, Locust, and Bowmont) and will match the planned King transformer installation. Idaho Power gains operational and maintenance benefits by having the same size transformers across its system. Previous projects are responsible for the cost associated with the installation of the transformer at 224 MVA. Some facilities on the lines interconnecting the Sawtooth Project may have been providing service since as early as 1921. The use of the Cassia Formula is reasonable in this circumstance.

- (3) The Company is also of the opinion that the application of the Cassia Formula in this case will maintain the balance between “the benefits accruing to the customers of the grid with the cost responsibility of the QF necessitating the timing and the construction of the upgrade.” (Order No. 30414, p. 11).
- (4) Sawtooth, like the QF projects in the Twin Falls queue, will displace or defer the need for other or similar generation projects in the Company’s Integrated Resource Plan that would likely require related transmission investment by the Company. (Order No. 30414, p. 11).
- (5) Idaho Power believes that application of the Cassia Formula in this instance will allow it to successfully defend a comparability claim brought by a Federal Energy Regulatory Commission (“FERC”) jurisdictional customer claiming that Idaho Power and the Commission had given unlawful, preferential treatment to QF resources.

10. Idaho Power requests that the Commission process this Motion by Modified Procedure in accordance with RP 201, *et seq.*

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

Donovan E. Walker, Senior Counsel
Lisa D. Nordstrom, Lead Counsel
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
lnordstrom@idahopower.com

Dave Angell
Delivery Planning Manager
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
dangell@idahopower.com

CONCLUSION

For the reasons cited herein, Idaho Power respectfully submits that the enclosed Generator Interconnection Agreement is consistent with Schedule 72, Commission Order No. 30414, and is in the public interest. The Company hereby requests that the Commission issue its order: (1) processing this case by Modified Procedure in accordance

with RP 201, *et seq.*, and (2) approving the Idaho Winds Sawtooth Wind Project Generator Interconnection Agreement without change or condition.

Respectfully submitted this 5th day of October 2010.

A handwritten signature in black ink, appearing to read "Donovan E. Walker", written over a horizontal line.

DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5th day of October 2010 I served a true and correct copy of the MOTION TO APPROVE GENERATOR INTERCONNECTION AGREEMENT upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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

- Hand Delivered
- U.S. Mail
- Overnight Mail
- FAX
- Email Scott.woodbury@puc.idaho.gov

Idaho Winds LLC

Ryan McGraw
General Counsel for Idaho Winds LLC
Tracy, California

- Hand Delivered
- U.S. Mail
- Overnight Mail
- FAX
- Email rm@powerworks.com



Donovan E. Walker

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-09-25**

IDAHO POWER COMPANY

ATTACHMENT NO. 1

**GENERATOR INTERCONNECTION AGREEMENT
Schedule 72 (PURPA)**

Sawtooth Wind Project

Project # 317

22 MW

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This Generator Interconnection Agreement ("Agreement") under Idaho Power Company's Schedule 72 is effective as of the ____ day of September, 2010 between Idaho Winds, LLC ("Seller" or "Interconnection Customer") and Idaho Power Company – Delivery ("Company", or "Transmission Owner").

RECITALS

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

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

AGREEMENTS

1. Capitalized Terms

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

2. Terms and Conditions

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

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

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

4. Attachments

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

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

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

Attachment 3 – Milestones For Interconnecting the Generation Facility.

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

Attachment 5 – Reactive Power.

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

5. Effective Date, Term, Termination and Disconnection.

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

5.2 Termination.

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

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

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

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

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

5.3.2 Routine Maintenance, Construction, and Repair. The Company may interrupt interconnection service or curtail the output of the Seller's Generation Facility

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

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

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

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

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

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

5.3.8 Reconnection. The Parties shall cooperate with each other to restore the Generation Facility, Interconnection Facilities, and the Company's transmission/distribution system to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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

5.4 Land Rights.

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

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

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

5.4.4 Conditions of Use. It is the intention of the Parties that the Seller be left in substantially the same condition, both financially and electrically, as Seller existed prior to Idaho Power's exercising its rights under this Paragraph 5.4. Therefore, the Parties agree that the exercise by Idaho Power of any of the rights enumerated in Paragraphs 5.4.2 and 5.4.3 shall: (1) comply with all applicable laws, codes and Good Utility

Practices, (2) equitably share the costs of installing, owning and operating jointly used facilities and rights-of-way. If the Parties are unable to agree on the method of apportioning these costs, the dispute will be submitted to the Commission for resolution and the decision of the Commission will be binding on the Parties, and (3) shall provide Seller with an interconnection to Idaho Power's system of equal capacity and durability as existed prior to Idaho Power exercising its rights under this Paragraph 5.4.

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

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

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

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

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

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

6.3 Indemnity.

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

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

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

6.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

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

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

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

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

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

6.5 Default and Material Breaches.

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

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

7. Insurance.

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

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

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

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

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

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

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

8. Miscellaneous.

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

8.2 Salvage. *No later than sixty (60) days after the termination or expiration of this Agreement, Idaho Power will prepare and forward to Seller an estimate of the remaining value of those Idaho Power furnished Interconnection Facilities as required under Schedule 72 and/or described in this Agreement, less the cost of removal and transfer to Idaho Power's nearest warehouse, if the Interconnection Facilities will be removed. If Seller elects not to obtain ownership of the Interconnection Facilities but instead wishes that Idaho Power reimburse the Seller for said Facilities the Seller may invoice Idaho Power for the net salvage value as estimated by Idaho Power and Idaho Power shall pay such amount to Seller within thirty (30) days after receipt of the invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho Power.*

9. Notices.

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

If to the Seller:

Idaho Winds LLC
Attention: Mr. William Damon, Vice President

4255 S. Nickel Creek Place
Meridian, Idaho 83642
Phone: 208.888.7960

If to the Company:

Idaho Power Company - Delivery
Attention: Grid Operations Manager
1221 W. Idaho Street
Boise, Idaho 83702
Phone: 208-388-5669 Fax: 208-388-5504

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

Idaho Winds LLC
Attention: Mr. Tom Fetzer, Vice President
4255 S. Nickel Creek Place
Meridian, Idaho 83642
Phone: 208.888.7960

Idaho Power Company - Delivery
Attention: Corporate Cashier
PO Box 447
Salt Lake City Utah 84110-0447
Phone: 208-388-5697 email: asloan@idahopower.com

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

Interconnection Customer's Operating Representative:

Idaho Winds LLC
Attention: Mr. William Damon, Vice President and CFO
4255 S. Nickel Creek Place
Meridian, Idaho 83642
Phone: 208.888.7960

Company's Operating Representative:

Company: Idaho Power Company - Delivery
Attention: Outage Coordinator - System Dispatch
1221 W. Idaho Street
Boise Idaho 83702
Phone: 208-388-2861 during regular business hours
(after hours 208-388-2826).

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

10. Signatures.

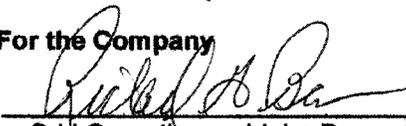
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Interconnection Customer

Name: 
Mr. Tom Fetzer, Vice President and CFO
Idaho Winds LLC

Date: September 24, 2010

For the Company

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

Date: 9/24/2010

Attachment 1

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

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

General Facility Description

The proposed wind farm will connect to Idaho Power's existing 138 kV #406 transmission line between Sailor Creek Tap and Sailor Creek Substation (SRCK). The project's location is approximately 2 miles north of SRCK and 3 miles northwest of Glens Ferry, Elmore County, Idaho. The total project output is 22 MW.

Interconnection Point

The Interconnection Point for the Sawtooth Wind Project will be on the Interconnection Customer's side of the 101B air break switch. A drawing identifying the Interconnection Point is included as Attachment 2.

Interconnection Customer's Interconnection Facilities

The Interconnection Customer will provide, install, own and operate the 34.5kV (delta) - 138kV (grounded Y) step up bank transformer, to be located in the Interconnection Customer's yard. The Interconnection Customer will provide phone service to IPCo's generator interconnect package as described in *Telecommunications* below. The Interconnection Customer will provide 50 kVA 240/120VAC to the IPCo portion of the Interconnection Customer control building.

Other Facilities Provided by Interconnection Customer

Telecommunications

In addition to communication circuits that may be needed by the Interconnection Customer, the following three communication circuits are required for IPCo's use. These circuits shall be provided by Interconnection Customer:

1. One POTS circuit (telephone)
2. One data circuit connected to the SCADA RTU. The data circuit type will be either, (a) a DDS frame relay circuit, or, (b) a 4-wire voice grade analog data circuit (Qwest VG36) to IPC's Boise Bench Transmission Station, 2001 East Amity, Boise.
3. One data circuit for Phasor Measurement data. The data circuit type will be either, (a) a DDS frame relay circuit, or, (b) a 4-wire voice grade analog data circuit (Qwest VG36) to IPC's Boise Bench Transmission Station, 2001 East Amity, Boise.

Property, Site Work and Station Building

The Interconnection Customer will provide the land, which is under easement for the Sawtooth Wind Project, located in Elmore County, Idaho for the IPCo owned interconnection equipment. See attached General Location drawing for details and dimensions.

The Interconnection Customer will perform all the grade work, and install fences, gates and grounding in accordance with IPCo specifications. This work is more efficiently performed at the same time (with the same contractor) that the Interconnection Customer yard is graded and prepared. The Interconnection Customer will provide IPCo with a geo-tech report for the IPCo yard.

Idaho Power Company's Interconnection Facilities

Idaho Power will install the required interconnection equipment for the Interconnection Customer's generator facility. The Interconnection Customer will provide the land required for the installation of this equipment. The Interconnection Customer will provide site prep, ground grid and fence w/ gates in accordance with IPCo specifications for the designated interconnection site.

IPCo installed equipment and facilities at the site includes transmission line tap structure, station dead end structure, 138 kV breaker, air break switches, CCVT's, wave trap/line tuner and primary metering. Idaho Power will install protection, control and communication panels, and a 130 volt battery in a control building to be provided by the Interconnection Customer. The portion of the yard where the breaker and air break switches are located will be fenced off from the Interconnection Customer's portion of the yard to restrict access to IPCo's portion of the yard. See single line drawing as Attachment 2.

Estimated Cost & Ownership

The following good faith estimates are provided in 2010 dollars

Description	Owner	Estimated Cost
Generation Facilities:		
Provided by Interconnection Customer	Interconnection Customer	\$N/A
Interconnection Facilities:		
Sawtooth Wind Interconnection Station	IPCO	\$844,000
TOTAL		\$844,000
GRAND TOTAL		\$844,000

Full payment is required up front in accordance with the protocols of Section 9.2, unless payment arrangements are made in advance with Idaho Power Delivery Finance.

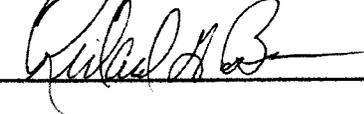
Billing for construction activities will be based upon actual expenditures.

Attachment 3**Milestones (Sawtooth Substation and Bennett Creek Sectionalizing Breaker):**

Date	Milestone
October 8, 2010	Construction funds received by IPCO
October 15, 2010	Order long lead items (longest lead is metering CTs – 6 mo)
February 18, 2011	Station site prep, grounding, fence completed by Sawtooth
February 21, 2011	Station construction by IPCo begins
April 18, 2011	Line reconductor begins
July 8, 2011	Station construction complete- ready to commission
July 15, 2011	Line reconductor complete
July 22, 2011	IPCO Commissioning complete

Agreed to by:

For the Interconnection Customer

Date 09/24/10For the Transmission Provider
Idaho Power Company, DeliveryDate 9/24/2010

Attachment 4

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

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

Operating Requirements

The project is required to comply with the applicable Voltage and Current Distortion Limits found in IEEE Standard 519-1992 *IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems* or any subsequent standards as they may be updated from time to time.

Interconnection Customer will be able to modify power plant facilities on the generator side of the Interconnection Point with no impact upon the operation of the transmission system whenever the generation facilities are electrically isolated from the transmission system via the 101B switch and a terminal clearance is issued by Idaho Power Company's Grid Operator.

Low Voltage Ride Through

The Sawtooth Wind Project shall remain interconnected upon the occurrence of a three phase or single phase to ground fault down to a voltage of zero at locations on Idaho Power's system as close to the Interconnection Customer's facilities as Idaho Power Company's Bennett Creek Station prior to the fault being cleared for the minimum times stated below before tripping off-line:

- Three phase fault: Project 138 kV voltage reduced to 28% with normal clearing that takes up to 9 cycles.
- Single phase to ground fault: Project 138 kV voltage reduced to 40% with delayed clearing that takes up to 50 cycles.

Ground Fault Equipment

The Interconnection Customer will install transformer configurations that provide a ground source to the transmission system.

Commercial Operation Requirements

The Interconnection Customer will be granted a requested Commercial Operation date only when all requirements have been met under this GIA and Idaho Power Company's Power Sales Agreement.

Generator Output Limit Control ("Re-dispatch" or "GOLC")

The Sawtooth Wind Project will be allowed to deliver the net output of 22MW at the Interconnection Point subject to reductions directed by Idaho Power Company Grid Operations during transmission system contingencies until the Generator Output Limit Control ("GOLC") is tested and in operation. The Interconnection Customer has elected to be subject to GOLC in order to receive reimbursement for transmission network upgrades as described in Attachment 6. Once the Sawtooth Wind Project is in operation, it will be able to generate up to the rated net output of 22MW subject to GOLC when outages occur on the following transmission lines.

The following Idaho Power Network transmission facilities have been identified to be affected by the addition of the Sawtooth Wind Project. An outage of any of these facilities during high power transfer conditions may result in overloads on the remaining facilities. Such outages may require the initiation of Generation Output Limit Control.

Boise Bench – Midpoint 230 KV transmission line
Boise Bench – Rattle Snake 230 KV transmission line
Rattle Snake – Midpoint 230 KV transmission line

Dram – Midpoint 230 KV transmission line
Hubbard – Danskin 230 KV transmission line
King 138/230 KV transformer
Danskin – Mountain Home Junction 138 KV transmission line
Upper Salmon – Mountain Home Junction 138 KV transmission line
Lower Malad – Mountain Home Junction 138 KV transmission line
Upper Salmon – Mountain Home Junction 138 KV line reactor
Lower Malad – Mountain Home Junction 138 KV line reactor
Lucky Peak – Mountain Home Junction 138 KV line reactor

Operations Limitations Prior to Completion of Network Upgrades

The Sawtooth Wind Project generation output will be limited if the project becomes commercially operational prior to the completion of network upgrades on the Upper Salmon – Mountain Home Junction 138 kV transmission line. The network upgrades include the Idaho Power project to install a power flow limiting series reactor on the Upper Salmon – Mountain Home Junction 138 kV transmission line. Idaho Power will provide the Interconnection Customer with the maximum generation output capability based on the network upgrade or upgrades that are not in-service at that time. Idaho Power will notify Interconnection Customer when network upgrades are complete allowing Interconnection Customer to generate at rated output capacity.

Attachment 5**Reactive Power Requirements**

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

The Sawtooth Wind Project will operate within a VAR range of +/- 95% power factor over the range of power output. The Interconnection Customer will be provided a voltage/VAr schedule from Idaho Power Grid Operations prior to Commercial Operation of the project that will provide detailed operational requirements within the VAr limitations.

Attachment 6

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

As provided in Schedule 72 this Attachment describes Upgrades, Special Facilities, including Network Upgrades, and provides an itemized best estimate of the cost of the required facilities.

Upgrades

Sectionalizing breaker at Bennett Creek & Communication upgrades

The addition of the proposed Sawtooth Windfarm on the #406 transmission line adds a fourth terminal to this line. The line cannot be adequately protected with this terminal addition. The line will be split into two sections with the installation of a sectionalizing power circuit breaker in the #406 138kv transmission line between the Bennett Creek Wind Farm (BCWF) tap and the Sailor Creek Tap. The BCWF IPCo yard will be expanded to incorporate this breaker, air break switches, CCVT's and wave trap/tuners. A double bay station dead end and transmission line tap will be required for the "in-and-out" configuration. The protection and control panels will be located in the existing building at BCWF. This sectionalizing breaker must be placed in service prior to placing the Sawtooth Wind Farm in service.

The newly created line segment from BCWF to Mountain Home Junction (MNJ1) will require upgrades to the carrier equipment at MNJ1. This includes replacing the line tuner and carrier, and installing a new tuning pack in the wave trap.

Transmission Line Upgrades

Reconductor/rebuild the 4/0 ACSR 138 kV transmission line section (approximately 5.6 miles) from Sailor Creek Tap to Bennett Creek Tap with 397.5 ACSR "IBIS" conductor.

Reconductor/rebuild the 250 MCM CU 138 kV transmission line section (first 2.25 miles outside the Mountain Home Junction Substation on the Upper Salmon 138 kV line) from Mountain Home Junction to "Change 1" on the Upper Salmon Line, with 397.5 ACSR "IBIS" conductor.

Increase the conductor size of the Danskin-Mountain Home Junction 138 kV transmission line from 795 "Tern" to 1272 ACSR "Bittern" conductor. Other projects are responsible for the conductor size increase from the existing 397.5 conductor to 795 "Tern".

Increase the Danskin 230/138 kV Transformer size from 224 MVA to 300 MVA. Previous projects are responsible for the cost associated with the installation of the transformer at 224 MVA.

Description	Ownership	Cost Estimate
Transmission Network Upgrades:		
Reconductor 2.25 miles of the Mountain Home Junction - Upper Salmon 138 kV and Sailor Creek Tap to Bennett Creek Tap lines	IPCO	\$811,000
Reconductor the Danskin-Mountain Home Junction 138 kV line	IPCO	\$167,000
Increase Danskin T232 to 300MVA	IPCO	\$388,000
Sectionalizing Breaker & Equipment at Bennett Creek	IPCO	\$810,000
TOTAL		\$2,176,000

1. Allocation of Transmission Network Upgrade Costs

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

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

Company Costs (25%)	\$544,000
Non-reimbursable CIAC Costs (25%)	\$544,000
Reimbursable AIAC Costs (50%)	\$1,088,000

2. Repayment of AIAC for Network Upgrades:

Interconnection Customer will be entitled to a cash repayment, in monthly, equal installments, for the total AIAC amount Interconnection Customer advances to Idaho Power for Network Upgrades, including any tax gross-up or other tax related payments associated with the AIAC for Network Upgrades. Reimbursement will occur over a term not to exceed ten (10) years after the date the Interconnection Customer Generation Facilities achieve their Operation Date under the Firm Energy Sales Agreement ("FESA"). Repayments will be made in accordance with Article 11.4 of the Standard Large Generator Interconnection Agreement, included in the Company's OATT.

Payment of such repayments in any month will be contingent on the FESA being in good standing (no uncured defaults) and Interconnection Customer's Generating Facility achieving a mechanical availability in that month in excess of 50%, defined as 100% multiplied by the ratio of (1) the sum of the capacity available to generate in each hour, over all hours of the month, divided by (2) the installed capacity multiplied by the number of hours in the month. In computing the mechanical availability, the capacity available in each hour will not be reduced from the installed capacity, if the reason for the reduction is an event of force majeure, (as that term is defined in the FESA). Upon request, the Interconnection Customer will provide the Company with data and information sufficient to allow the Company to determine the mechanical availability of the Generation Facility.

In the event that repayments are not paid to the Interconnection Customer in any month pursuant to this Section 2, future repayments shall continue when the Interconnection Customer satisfies the provisions of this Section 2 through the remainder of the ten year term.

3. Interest on Refunds

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