

SCHEDULE 23
IRRIGATION PEAK REWARDS
PROGRAM
(OPTIONAL)

PURPOSE

The Irrigation Peak Rewards Program (the Program) is an optional, supplemental service that permits participating agricultural irrigation Customers taking service under Schedule 24 to allow the Company to turn off specific irrigation pumps with the use of one or more Load Control Devices. In exchange for allowing the Company to turn off specified irrigation pumps, participating Customers will receive a financial incentive for load reductions during the calendar months of June, July, and August for each metered service point (Metered Service Point) enrolled in the Program.

AVAILABILITY

Service under this schedule is available on an optional basis to Customers with a Metered Service Point or Points receiving service under Schedule 24 where the Metered Service Point serves a water pumping or water delivery system used to irrigate agricultural crops or pasturage. The Program is only available to Customers that have an existing dispatchable Load Control Device installed on their equipment and existing participants under Interruption Option 3. Customers enrolled in the Program under the Timer Option in 2012 must either enroll in the Program under an Interruption Option that uses a dispatchable Load Control Device prior to the 2014 Program Season or no longer participate in the Program.

The Company shall have the right to select and reject Program participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, Billing Demand, location, pump horsepower, pumping system configuration, or electric system configuration. Past participation does not ensure selection into the Program in future years. Participation may be limited based upon the availability of Program equipment and funding.

Each eligible Customer who chooses to take service under this optional schedule is required to enter into a Uniform Irrigation Peak Rewards Service Application/Agreement (Agreement) with the Company prior to being served under this schedule. The Agreement will grant the Company or its representative permission, on reasonable notice, to enter the Customer's property to maintain one or more Load Control Devices on the electrical panel servicing the irrigation equipment associated with the Metered Service Points that are enrolled in this Program and to allow the Company or its representative reasonable access to the Load Control Device(s). By entering into the Agreement, each Customer also agrees to not increase for the sole purpose of participating in the Program the capacity, horsepower (HP) or size of the irrigation system served by the Company.

PROGRAM DESCRIPTION

Service under this optional, supplementary Program permits the Company to turn off specified irrigation pumps for a limited number of hours during the period of June 15 through August 15 (Program Season). The Company will utilize dispatchable Load Control Devices to turn off specific irrigation pumps during Load Control Events. In limited applications, a select group of eligible Customers will be permitted to manually interrupt electric service to participating irrigation pumps during Load Control Events (See Interruption Option 3). In exchange for allowing the Company to interrupt service to specified irrigation pumps, participating Customers will receive a financial incentive for usage that occurs during the calendar months of June, July, and August for each Metered Service Point enrolled in the Program.

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DEFINITIONS

Notification of Program Acceptance. An interested Customer must sign and return to the Company an Agreement specifying the Metered Service Point(s) to be included in the Program. If a Customer is selected for participation in the Program, a notification of acceptance into the Program will be mailed to participants, which will include a listing of the Metered Service Point(s) that have been enrolled.

Load Control Device. Load Control Device refers to any technology, device, or system utilized under the Program to enable the Company to initiate the Load Control Event.

Load Control Event. Refers to an event under the Program where the Company requests or calls for interruption of specific irrigation pumps either manually or with the use of one or more Load Control Devices.

Program Season. The Program Season is the period June 15 through August 15 of each year.

Program kW. The Program kW is the demand amount, as measured at the Customer's meter in kilowatts (kW) during the Program Season, that is multiplied by the applicable incentive amount to determine the Demand Credit under each Interruption Option.

Nominated Demand. Nominated Demand is the amount of demand that participants under Interruption Option 3 must declare as available for dispatch during Load Control Events.

Program kWh. The Program kWh is the energy amount, as measured at the Customer's meter in kilowatt-hours (kWh) during the Program Season, that is multiplied by the applicable incentive amount to determine the Energy Credit under each Interruption Option.

Variable Program kWh. The Variable Program kWh is the demand amount, as measured at the Customer's meter in kilowatts (kW) multiplied by the hours of interruption for the Metered Service Point during the Program Season. The Variable Program kWh is multiplied by the applicable variable incentive payment to determine the Variable Energy Credit under each Interruption Option.

Variable Program kWh = metered kW x hours of interruption during Program Season

Bill Credit. The Bill Credit is the sum of the Demand Credit and the Energy Credit applied to the Customer's monthly bills for usage that occurs during the calendar months of June, July, and August of each calendar year. This amount may be prorated for the number of days during the months of June, July, and August that fall in the Customer's billing cycle to correspond with the Program Season. The Bill Credit amount may be applied directly to participating Customers' bills or provided in the form of a check.

Demand Credit. The Demand Credit is a demand-based financial incentive provided in the form of a credit on the monthly bill for the Metered Service Point enrolled in the Program. The monthly Demand Credit is calculated by multiplying the Program kW by the demand-related incentive amount for the Interruption Option selected by the Customer. The Demand Credit will be included on the Customer's monthly bills for usage that occurs during the calendar months of June, July, and August of each year. This amount may be prorated for the number of days during the months of June, July, and August that fall in the Customer's billing cycle to correspond with the Program Season.

Demand Credit = Program kW x demand-related incentive amount

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DEFINITIONS (Continued)

Energy Credit. The Energy Credit is an energy-based financial incentive provided in the form of a credit on the monthly bill for the Metered Service Point enrolled in the Program. The monthly Energy Credit is calculated by multiplying the Program kWh by the energy-related incentive amount for the Interruption Option selected by the Customer. The Energy Credit will be included on the Customer's monthly bills for usage that occurs during the calendar months of June, July, and August of each year. This amount may be prorated for the number of days during the months of June, July, and August that fall in the Customer's billing cycle to correspond with the Program Season.

$$\text{Energy Credit} = \text{Program kWh} \times \text{energy-related incentive amount}$$

Variable Energy Credit. The Variable Energy Credit is an energy-based financial incentive provided for the Metered Service Point enrolled in the Program. The Variable Energy Credit is calculated by multiplying Variable Program kWh by the energy-related incentive amount for the Interruption Option selected by the Customer. The Variable Energy Credit is paid in the form of a check no later than 45 days after the Program Season. This amount may be prorated for the number of days during the months of June, July, and August that fall in the Customer's billing cycle to correspond with the Program Season.

$$\text{Variable Energy Credit} = \text{Variable Program kWh} \times \text{variable energy-related incentive amount}$$

INTERRUPTION OPTIONS

Under the Interruption Options, the Company will dispatch remotely service interruptions to specified irrigation pumps any Monday through Saturday during the Program Season between the hours of 1:00 P.M. and 8:00 P.M. Mountain Daylight Time (MDT), excluding holidays (Standard Interruption). Customers may elect to participate until 9:00 P.M. MDT (Extended Interruption) and will receive a larger Variable Energy Credit. Service interruptions may last up to 4 hours per day and will not exceed 15 hours per calendar week and 60 hours per Program Season. During each Program Season the Company will conduct a minimum of three Load Control Events. Customers participating in Interruption Option 1 and Option 2 may not receive advance notification of a Load Control Event. Notification will be sent to Customers under Interruption Option 1 and Option 2 after the Load Control Event begins. Customers participating in Interruption Option 3 will receive advance notification at least 4 hours prior to the Load Control Event. The Company will provide notice of a Load Control Event via the following communication technologies: telephone, e-mail and/or text message. If prior notice of a pending Load Control Event has been sent, the Company may choose to revoke the Load Control Event and will provide notice to Customers up to 30 minutes prior to the Load Control Event.

Customers who elect to participate in the Program may be eligible for one of the following Interruption Options:

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INTERRUPTION OPTIONS (Continued)

Option 1. A dispatchable one-way communication Load Control Device will be connected to the electrical panel(s) serving the irrigation pumps associated with the Metered Service Points enrolled in the Program. The Load Control Device utilized under Option 1 will provide the Company the ability to send a signal that will interrupt or not allow the associated irrigation pumps to operate during dispatched Load Control Events. This option requires that all pumps at the Metered Service Point be controlled.

Under Option 1, the Program kW will be based upon the monthly Billing Demand, as measured in kW, for the associated Billing Period. The Program kWh under this option will be based upon the monthly energy usage, as measured in kWh, for the associated Billing Period.

Customers selecting Option 1 may opt-out of a Load Control Event up to five times per season prior to or during a Load Control Event. Each time a customer chooses to opt-out of one of the three minimum Load Control Events a fee of \$5.00 per kW will be assessed based upon the current Billing Period's kW. Each time a customer chooses to opt-out of a Load Control Event after the three minimum Load Control Events a fee of \$1.00 per kW will be assessed based upon the current Billing Period's kW. The opt-out fee will not exceed the total Bill Credit for the Program Season. Any opt-out fee will be applied at the end of the Program Season.

Option 2. A dispatchable Load Control Device capable of two-way communication will be connected to the electrical panel(s) servicing the irrigation pumps associated with the Metered Service Points enrolled in this Program. The Load Control Device utilized under Option 2 will provide the Company and the Customer remote control and monitoring of the associated irrigation pumps. Under this option, the Company will use this technology to send a signal that will interrupt or not allow the irrigation pumps to operate during dispatched Load Control Events. This option requires that all pumps at the Metered Service Point be controlled.

Under Option 2, the Program kW will be based upon the monthly Billing Demand, as measured in kW, for the associated Billing Period. The Program kWh under this option will be based upon the monthly energy usage, as measured in kWh, for the associated Billing Period.

Customers selecting Option 2 may opt-out of a Load Control Event up to five times per season prior to or during a Load Control Event. Each time a customer chooses to opt-out of one of the three minimum Load Control Events a fee of \$5.00 per kW will be assessed based upon the current Billing Period's kW. Each time a customer chooses to opt-out of a Load Control Event after the three minimum Load Control Events a fee of \$1.00 per kW will be assessed based upon the current Billing Period's kW. The opt-out fee will not exceed the total Bill Credit for the Program Season. Any opt-out fee will be applied at the end of the Program Season.

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INTERRUPTION OPTIONS (Continued)

Option 3. Metered Service Points with interval metering having more than one pump and at least 1,000 cumulative HP are eligible for Option 3. Under Option 3, eligible Customers have the flexibility to choose which irrigation pumps will be interrupted during each dispatched Load Control Event. Customers electing this option must notify the Company of their Nominated Demand prior to June 1 of each year.

Customers selecting Option 3 are required to provide no less than their Nominated Demand during each Load Control Event. Each time a customer chooses to provide less than their Nominated Demand during one of the three minimum Load Control Events, an opt-out fee of \$5.00 per kW will be assessed on the Nominated Demand not made available for interruption. Each time a customer chooses to provide less than their Nominated Demand during a Load Control Event, after the three minimum Load Control Events, an opt-out fee of \$1.00 per kW will be assessed on the Nominated Demand not made available for interruption. The opt-out fee will not exceed the total Bill Credit for the Program Season. Any opt-out fee will be applied at the end of the Program Season.

Under Option 3, the Program kW will be based upon the maximum measured interval demand during the 24-hour period preceding 8:00 A.M. MDT the day of the announcement of a Load Control Event, minus the average demand during an event, as measured in kW over applicable load profile metering intervals. This applies to each Load Control Event initiated during a Billing Period. If there are no Load Control Events during a Billing Period then the Program kW will be the Nominated Demand. The Program kWh under this option will be based upon a calculated value, as measured in kWh. The Program kWh will be calculated separately for each Billing Period by multiplying the monthly Program kW by the ratio of the monthly energy usage to the Billing Demand for the associated Billing Period.

INCENTIVE STRUCTURE

Incentive payments under the Interruption Options will be determined based on a fixed payment and a variable payment. The fixed portion of the incentive payment will be paid through a Bill Credit and the variable portion will be paid by check no more than 45 days after the end of the Program Season. The first three Load Control Events will not be subject to the Variable Energy Credit. The variable payment will be based on the number of hours a participant's pump is interrupted during the Program Season and their associated Program kW after the first three Load Control Events.

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INCENTIVE STRUCTURE (Continued)

<u>Interruption Option</u>				
<u>Interruption Option</u>	<u>Fixed Incentive Payment</u>		<u>Variable Incentive Payment</u>	
	<u>Demand Credit</u> (\$ per Program kW)	<u>Energy Credit</u> (\$ per Program kWh)	<u>Standard Interruption</u> <u>Variable Energy</u> <u>Credit</u> (\$ per Variable Program kWh)	<u>Extended Interruption</u> <u>Variable Energy</u> <u>Credit</u> (\$ per Variable Program kWh)
1	\$5.00	\$0.0076	\$0.148	\$0.198
2	\$5.00	\$0.0076	\$0.148	\$0.198
3	\$5.00	\$0.0076	\$0.148	\$0.198

TERM OF AGREEMENT AND TERMINATION

The term of the Agreement, as it applies to each Metered Service Point accepted for participation, shall commence on the date the Agreement is signed by both the Customer and the Company and shall automatically renew on March 15 of each calendar year unless notice of termination is given by either party to the other prior to the annual renewal date or unless otherwise terminated as follows:

1. A Customer may terminate the participation of a Metered Service Point and avoid the Termination Fee by notifying the Company or its representative before the Program Season.
2. A Customer who terminates the participation of a Metered Service Point anytime between June 15 and August 15 of each calendar year shall pay the Company a Termination Fee, which sum will be included on the Customer's monthly bill following termination of participation. The Customer's Bill Credit shall be prorated for the number of days in that month the Customer satisfactorily participated in the Program. Upon terminating participation of a Metered Service Point under the provisions of item 2, the Customer may not re-enroll the Metered Service Point into the Program until the following calendar year and the applicable Termination Fee has been paid in full.

Termination Fees:

Interruption Options 1 and 2: \$500.00 per Metered Service Point terminated under item 2

3. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Load Control Event at a Metered Service Point, the Agreement as it applies to that Metered Service Point will be automatically terminated. In addition, the Customer will be subject to each of the following:

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TERM OF AGREEMENT AND TERMINATION (Continued)

- a. The Customer will be required to reimburse the Company for the cost of replacement or repair of the Load Control Device(s), including labor and other related costs.
- b. An applicable Termination Fee, as provided under item 2, will be applied to the Customer's monthly bill following the termination of participation.
- c. The Company will reverse any and all Demand Credits and/or Energy Credits applied to the Customer's monthly bill(s) for the Metered Service Point as a result of the Customer's participation in the Program during the current year.

Note: A service disconnection for any reason does not terminate the Agreement.

SPECIAL CONDITIONS

The provisions of this schedule do not apply for any time period that the Company utilizes a Load Control Device installed under this Program to interrupt the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this schedule will not affect the calculation or rate of the regular Service, Energy or Demand Charges associated with a Customer's standard service schedule.

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(OPTIONAL)
(Continued)

Uniform Irrigation Peak Rewards Service
Application/Agreement

THIS AGREEMENT Made this ____ day of _____, _____
between _____ hereinafter called
Customer, whose billing address is _____,
and IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho
Street, Boise, Idaho, hereinafter called Company. This Agreement shall automatically renew on March
15 of each calendar year unless notice of termination is given by either party to the other prior to the
annual renewal date. This Agreement is for the Metered Service Point(s) identified on the attached
worksheet (Worksheet):

The Customer designates the following person as the Customer's authorized contact:

Authorized Contact: _____

Phone: _____ Cell Phone: _____

Fax: _____

Email: _____

NOW, THEREFORE, The Parties agree as follows:

1. The Uniform Irrigation Peak Rewards Service Application/Agreement must be signed by the Customer and the Customer must be the person who is responsible for paying bills for retail electric service provided by the Company at the Metered Service Point(s) identified on the Worksheet.
2. The Customer understands that the information concerning the Metered Service Point(s) on the Worksheet is based on the best information currently available to the Company. The Bill Credit amounts are estimates based on the previous year's billing history for the Metered Service Point(s) specified on the Worksheet. Customers without sufficient billing history will be provided an estimated Bill Credit based on the stated cumulative horsepower at the Metered Service Point. The Bill Credit estimates are provided for illustration purposes. The Customer agrees to specify which Metered Service Point(s) listed on the Worksheet the Customer wishes to enroll in the Program and the Interruption Option selected for each specified Metered Service Point. For Metered Service Points enrolled in Interruption Option 3 the Customer must notify the Company of Nominated Demand amounts by June 1 of each year.

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PROGRAM

(OPTIONAL)

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Uniform Irrigation Peak Rewards Service

Application/Agreement

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3. From time to time during the term of this Agreement and with prior reasonable notice from the Company, the Customer shall permit the Company or its representative to enter the Customer's property on which the enrolled Metered Service Point(s) are located to permit the Company or its representative to install, service, maintain and/or remove Load Control Device(s) on the electrical panel that services the Customer's irrigation pumps. The Load Control Device(s) may remain in place on the Customer's property upon termination of the Agreement unless the Customer specifically requests removal.
4. The Customer understands and acknowledges that by participating in the Program, the Company shall, at its sole discretion, have the ability to interrupt the specified irrigation pumps at the Metered Service Point(s) enrolled in the Program according to the provisions of the Interruption Option selected. The Company retains the sole right to determine the criteria under which a Load Control Event is scheduled for each Metered Service Point. The Customer also understands and acknowledges that if a Metered Service Point provides electricity to more than one irrigation pump, each pump will be scheduled for service interruption simultaneously, excluding Metered Service Points participating in the Program under Interruption Option 3.
5. For the Customer's satisfactory participation in the Program, the Company agrees to pay the Customer the Demand Credit and/or Energy Credit corresponding to the Interruption Option selected by the Customer. The Bill Credit included on the Worksheet is based upon the billing history for the Metered Service Point(s) specified on the Worksheet, for the months of June, July, and August of the prior year. The Bill Credit will be paid in the form of a credit on the Customer's monthly bill or provided in the form of a check. The Demand Credit may be prorated for the months of June, July, and August depending on the Customer's billing cycle.

Metered Service Points with interval metering, at least 1,000 cumulative HP and participating under Interruption Options, will receive a Bill Credit from the Company within 30 days of billing due to the extensive data analysis required to process interval metering data.
6. If the Customer terminates this Agreement anytime between June 15 and August 15 of the current calendar year while the Metered Service Point(s) are still connected for service the Customer may not re-enroll that Metered Service Point into the Program until the following calendar year and the applicable Termination Fee has been paid in full.

SCHEDULE 23
IRRIGATION PEAK REWARDS
PROGRAM
(OPTIONAL)
(Continued)

Uniform Irrigation Peak Rewards Service
Application/Agreement
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7. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Load Control Event at a Metered Service Point(s), the Agreement as it applies to that Metered Service Point will be automatically terminated. The Customer will also be required to reimburse the Company for all costs of replacement or repair of the Load Control Device(s), including labor and other related costs, pay the Company the applicable Termination Fee which sum will be included on the Customer's monthly bill and the Company will reverse any Demand Credits applied to the Customer's monthly bill(s) for the Metered Service Point as a result of the Customer's participation in the Program during the current year.
8. The Company's Schedule 23, any revisions to that schedule and/or any successor schedule are to be considered part of this Agreement.
9. This Agreement and the rates, terms and conditions of service set forth or incorporated herein and the respective rights and obligations of the Parties hereunder shall be subject to valid laws and to the regulatory authority and orders, rules and regulations of the Idaho Public Utilities Commission and such other administrative bodies having jurisdiction.
10. Nothing herein shall be construed as limiting the Idaho Public Utilities Commission from changing any terms, rates, charges, classification of service or any rules, regulations or conditions relating to service under this Agreement, or construed as affecting the right of the Company or the Customer to unilaterally make application to the Commission for any such change.
11. In any action at law or equity under this Agreement and upon which judgment is rendered, the prevailing Party, as part of such judgment, shall be entitled to recover all costs, including reasonable attorneys fees, incurred on account of such action.
12. The Company retains the sole right to select and reject the participants to receive service under Schedule 23. The Company retains the sole right for its employees and its representatives to install or not install Load Control Devices on the Customer's electrical panel at the time of installation depending on, but not limited to, safety, reliability, or other issues that may not be in the best interest of the Company, its employees or its representatives.

SCHEDULE 23
IRRIGATION PEAK REWARDS
PROGRAM
(OPTIONAL)
(Continued)

Uniform Irrigation Peak Rewards Service
Application/Agreement
(Continued)

13. Under no circumstances shall the Company or any subsidiary, affiliates or parent Company be held liable to the Customer or any other party for damages or for any loss, whether direct, indirect, consequential, incidental, punitive or exemplary resulting from the Program or from the Customer's participation in the Program. The Customer assumes all liability and agrees to indemnify and hold harmless the Company and its subsidiaries, affiliates and parent company for personal injury, including death, and for property damage caused by the Customer's decision to participate in the Program and to reduce loads.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the Load Control Device(s) and any and all implied warranties are disclaimed.

(Appropriate Signatures)

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER
CYCLING PROGRAM
(OPTIONAL)

PURPOSE

The Residential Air Conditioner Cycling Program is an optional, supplemental service that permits participating residential Customers an opportunity to voluntarily allow the Company to cycle their central air conditioners with the use of a direct load control Device installed at their residence. Customers will receive a monetary incentive for successfully participating in the Program during the Air Conditioning Season.

DEFINITIONS

AC Cycling is the effect of the Company sending a signal to a Device installed at the Customer's residence and instructing it to cycle the Central Air Conditioning compressor for a specified length of time.

Air Conditioning Season is the period that commences on June 15 and continues through August 15 of each calendar year.

Central Air Conditioning is a home cooling system that is controlled by one or more centrally located thermostats that controls one or more refrigerated air-cooling units located outside the Customer's residence.

Cycling Event is a period during which the Company sends a signal to the Device installed at the Customer's residence, which instructs the Device to begin AC Cycling.

Device is a direct load control device installed at a Customer's residence that enables the Company to conduct AC Cycling.

Notification refers to the Customer's indication of intent to initiate or terminate participation in the Program by either contacting the Company's Customer Service Center, providing written notice or submitting an electronic Application via the Company's website.

Opt Out is the term used to describe the two times each Air Conditioning Season in which the Customer may choose to temporarily not participate in AC Cycling by providing advanced Notification to the Company.

Program Operation Area describes the area in which the Program will be offered to Customers and is comprised of the Company's service territory within the State of Idaho where the infrastructure required to support AC Cycling has been installed and is operational.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER
CYCLING PROGRAM
(OPTIONAL)
(Continued)

AVAILABILITY

Service under this schedule is available on an optional basis to Customers taking service under Schedule 1 or Schedule 5 who have Central Air Conditioning located at their residences and live within the Program Operation Area. Customers may request to be added to the Program at any time during the year by providing Notification to the Company.

Service under this schedule may be limited based upon the availability of Program equipment and/or funding. The Company shall have the right to select and reject Program participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, energy usage, residential location, size of home, or other factors. Customers' Central Air Conditioning equipment must be fully functional and comply with the National Electric Code (NEC) standards. Customers who are renting or leasing their home must provide to the Company written proof of the express permission of the owner of the Central Air Conditioning system prior to acceptance into the program.

TERMS AND CONDITIONS

Upon acceptance into the Program, Customers will be subject to the following terms and conditions:

1. Each eligible Customer who chooses to take service under this optional schedule is thereby giving the Company or its representative permission, on reasonable notice, to enter the Customer's residence or property to install a Device and, in certain cases, either a mass memory meter or an end-use meter and to allow Idaho Power or its representative, with prior notice to the Customer, reasonable access to the Device or other Program-related equipment following its installation.

2. Customers added to the Program during the Air Conditioning Season must be effectively participating in the Program prior to the 20th day of the month in order to receive an incentive payment for that month.

3. A Customer may Opt Out of the Program two times during the Air Conditioning Season.

4. A Customer may discontinue participation in the Program without penalty by providing Notification to the Company.

5. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Customer's participation in the Program will be terminated and the Customer will be required to reimburse the Company for the cost of replacement or repair of the Device or other Program equipment and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of the Customer's participation in the Program.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER
CYCLING PROGRAM
(OPTIONAL)
(Continued)

PROGRAM DESCRIPTION

1. At the Company's expense, the Company or its representative will install a Device at the Customer's residence.

2. A financial incentive of \$5.00 per month for each of the three months of June, July, and August will be paid to each Customer who successfully participates in the Program. This incentive will be paid in the form of a credit on the Customer's monthly bill for each month that the Customer successfully participates in the Program, beginning with the July bill and ending with the September bill. Incentive payments are limited to one controlled Central Air Conditioning unit per metered service point. Customers who have more than one Central Air Conditioning unit at a metered service point may participate in the Program. A Device must be installed at each Central Air Conditioning unit. However, no additional incentive will be paid.

3. The Company will send a signal to the Device to initiate a Cycling Event. A Cycling Event may be up to four hours per day on any weekday during the Air Conditioning Season, excluding holidays. A Cycling Event may occur over a continuous 4-hour period or may be segmented throughout the day at the Company's discretion in order to optimize available resources. Cycling Events may occur up to 15 hours each week and will not exceed a total of 60 hours per Air Conditioning Season. During each Air Conditioning Season, the Company will conduct at least three Cycling Events. Mass memory meters or end-use meters may be installed on some Customers' residences or Central Air Conditioning units for program evaluation purposes. The residences or Central Air Conditioning units selected for installation of the meter shall be at the Company's sole discretion.

SPECIAL CONDITIONS

The Company is not responsible for any consequential, incidental, punitive, exemplary or indirect damage to the participating Customer or third parties that results from AC Cycling, from the Customer's participation in the Program, or of Customer's efforts to reduce peak energy use while participating in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the Device and any and all implied warranties are disclaimed.

The Company shall have the right to select the AC Cycling schedule and the percentage of Customers' Central Air Conditioning systems to cycle at any one time, up to 100%, at its sole discretion.

The provisions of this schedule do not apply for any time period that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this schedule will not affect the calculation or rate of the regular Service or Energy Charges associated with a Customer's standard service schedule.