

RECEIVED
FILED

2005 AUG 15 AM 9:00

IDAHO PUBLIC
UTILITIES COMMISSION

Lisa Nordstrom (ISB #5733)
Dean Brockbank
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
Telephone: (503) 813-6227
FAX: (503) 813-7252

Attorneys for PacifiCorp

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
PACIFICORP FOR APPROVAL OF A POWER) CASE NO. PAC-E-05-09
PURCHASE AGREEMENT FOR THE SALE)
AND PURCHASE OF ELECTRIC ENERGY)
BETWEEN PACIFICORP AND)
SCHWENDIMAN WIND LLC) APPLICATION

COMES NOW, PacifiCorp, d/b/a Utah Power & Light Company (“PacifiCorp” or the “Company”) and, pursuant to RP 52, hereby applies for an Idaho Public Utilities Commission (“IPUC” or the “Commission”) Order approving a Power Purchase Agreement between PacifiCorp and Schwendiman Wind L.L.C. (“Schwendiman”) under which Schwendiman would sell and PacifiCorp would purchase electric energy generated by the Schwendiman Wind Facility (“Facility”) located near Idaho Falls, Idaho.

This Application is based on the following:

I.

Schwendiman proposes to design, construct, install, own, operate and maintain a wind generating facility with a nameplate capacity rating of 17.5 MW to be located in Bonneville County, Idaho. The Facility will be a qualified small power production facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 (“PURPA”).

II.

On July 19, 2005, PacifiCorp and Schwendiman entered into a Power Purchase Agreement (“Agreement”) pursuant to the terms and conditions of Commission Order No. 29632, Commission Order 29646, and Commission Order 29839. Under the terms of that Agreement, Schwendiman elected to contract with the Company for a 20-year term. Schwendiman further elected to contract with the Company using the Non-Levelized Published Avoided Cost Rates as currently established by the Commission for energy deliveries of less than 10 average MW. The Agreement contains the various PURPA terms and conditions previously approved by the Commission in other PURPA agreements and as revised by Commission Order No. 29632 in Case No. IPC-E-04-8 (US Geothermal complaint). Commission Order 29839 provides that certain QF projects qualify for “grandfathering” treatment, provided that they satisfy certain criteria set forth in the Order. Schwendiman has submitted to PacifiCorp a completed Application for Interconnection Study and payment of the associated fee. Moreover, Schwendiman has provided information to PacifiCorp, attached hereto as Exhibit A, demonstrating other indicia of substantial progress and project maturity. PacifiCorp has not conducted independent due diligence with respect to these other indicia.

III.

The total nameplate capacity rating of this Facility is 17,500 kW. As defined in Paragraph 1.28 of the Agreement and as described in Section 7 of the Agreement, Schwendiman will be required to provide data on the Facility that PacifiCorp will use to determine whether, under normal and/or average conditions, the Facility will not exceed 10 average MW on a monthly basis. Furthermore, as described in Paragraph 5.4 of the Agreement, should the Facility exceed 10 average MW on a monthly basis, PacifiCorp will accept the energy (“Inadvertent

Energy”) that does not exceed the Maximum Capacity Amount, but will not purchase or pay for this Inadvertent Energy.

IV.

Paragraph 2.1 of the Agreement provides that the Agreement will not become effective until the Commission has approved the Agreement and determined that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the cost incurred by PacifiCorp for purchasing capacity and energy from Schwendiman are legitimate expenses, all of which the Commission will allow PacifiCorp to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses.

V.

Schwendiman has elected July 15, 2006 as the Commercial Operation Date for this Facility (Paragraph 2.2.6). Various requirements have been placed upon Schwendiman in order for PacifiCorp to accept energy deliveries from this Facility. PacifiCorp will monitor compliance with these initial requirements. In addition, PacifiCorp will monitor the ongoing requirements through the full term of this Agreement.

VI.

The Agreement, as signed and submitted by the Parties thereto, contains Non-Levelized Published Avoided Cost Rates in conformity with applicable IPUC Orders. All applicable interconnections charges and monthly operation and maintenance charges under the Generation Interconnection Agreement with PacifiCorp transmission will be assessed to Schwendiman.

VII.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

Lisa Nordstrom
Dean Brockbank
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
lisa.nordstrom@pacificorp.com
dean.brockbank@pacificorp.com

Bruce Griswold
Manager, Origination
PacifiCorp
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
bruce.griswold@pacificorp.com

NOW, THEREFORE, based on the foregoing, PacifiCorp hereby requests that the Commission issue its Order:

- (1) Approving the Power Purchase Agreement between PacifiCorp and Schwendiman Wind L.L.C. without change or condition; and
- (2) Declaring that prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the cost incurred by PacifiCorp for purchasing capacity and energy from Schwendiman are legitimate expenses, all of which the Commission will allow PacifiCorp to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses.

Respectfully submitted this 12 day of August 2005.

By 
Dean Brockbank
Attorney for PacifiCorp

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 12th day of August 2005, 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:

ADDRESS TO BE ENTERED

_____	Hand Delivered
_____	U.S. Mail
<u> X </u>	Overnight Mail
_____	FAX



Dean S. Brockbank

RENAISSANCE ENGINEERING & DESIGN PLLC

"Virtutem, Formam, Decorem" (Merit, Beauty, Honor)

August 9, 2005

Pacificorp
825 NE Multnomah Street
Suite 600
Portland, OR 97232

Attn: John Lowe

RE: Schwendiman Wind Farm Grandfathering Aspects per Commission Order 29839

Dear John,

The following information supports the IPUC requirements to grant grandfathering status to the Schwendiman Wind Farm.

In fact, as you know, no other project in Idaho could lay claim to so much history and so many points that would qualify for grandfathering. This project has been underway as a farmer-developed project since June of 2003. It has gone through many changes to get to what we now are intending to build.

When we set our goal in January of this year to finalize the PPA for the Schwendiman Project in July, 2005 no one could have anticipated what went on at the commission that month based on Idaho Power's actions. Otherwise, I believe we all would have accelerated our efforts and had this contract finished and approved well before such an event. We are still on track for turbine delivery and major construction even this year, but due to the delays from the IPUC hearing we will be working towards a February completion assuming things go well from here on.

I want to thank you personally and your team, especially John Younie and also Bruce Griswold for being so supportive of this project and helping us get where we are now. It has taken us more than two years to get right to the point of making this real. We can only hope the commission approves the contract in a timely fashion so we can finally achieve the goal and dream of constructing this project even perhaps still in 2005.

Sincerely,



Brian D. Jackson, PE MBA CEM
Project Engineer
Schwendiman Wind Farm Project

RENAISSANCE ENGINEERING & DESIGN PLLC

"Virtutum, Formae, Decora!" (Merit, Beauty, Honor)

The following points outline the history and grandfathering aspects in relation to the Schwendiman Wind Farm pertaining to the IPUC order number 29839 requirements.

Initial Eligibility Determination in one or both of the following two points;
(dates prior to July 1, 2005):

- 1.) Submittal of a signed power purchase agreement to the utility.

Initial power purchase agreement negotiations with Pacificorp were commenced during the summer of 2003 for the Schwendiman Wind Farm. Several turbine type changes and project size changes occurred during the negotiations. Initially the project was anticipated to be a single turbine, then a two phase project with one or two turbines first and ten to follow the second year. Finally, the project has become 7 total turbines. In the midst of finalizing negotiations, Schwendiman Wind Farm submitted a signed power purchase agreement to Pacificorp on June 26, 2005. Pacificorp was not yet willing to sign that document and thus, several points were revised and finalized during further negotiations in July to reach a negotiated final contract agreement agreeable to both parties.

- 2.) Submittal to the utility of a completed Application for Interconnection Study and payment of fee.

Application for the initial interconnection studies commenced for the Schwendiman Wind Farm in 2003 for a small stage early connection of a single turbine on a distribution line and were adjusted and scaled up to two turbines in 2004. Later in 2004 the interconnection study was scaled up to anticipate a transmission interconnection for the full-scale project. An initial request for interconnection was submitted June 15, 2003 for interconnection to PacifiCorp's transmission system and a System Impact Agreement was executed by Schwendiman on August 25, 2003 along with a deposit of \$17,100 to Pacificorp. Subsequently, Schwendiman asked that the study be converted to interconnection with PacifiCorp's distribution system. The study and deposit was then taken over by PacifiCorp's Distribution Function. On October 1, 2004, Schwendiman submitted another request for interconnection again on PacifiCorp's transmission system. Schwendiman signed the November 5, 2005 Generation System Impact Study Agreement on November 9, 2004 and provided a deposit in the amount of \$28,400. That Study was completed March 7, 2005 at a cost of \$7,800. The remainder of the study deposit was transferred to the March 31, 2005 Facilities Study Agreement and an additional deposit of \$4,400 made to cover the \$25,000 estimated Facilities Study cost.

Currently the interconnection process is at the final design stage including ordering of equipment and site construction on utility owned equipment pending approval of the Power Purchase Agreement.

RENAISSANCE ENGINEERING & DESIGN PLLC

"Virtutum, Formae, Decore" (Merit, Beauty, Honor)

Additional indicia of substantial progress and project maturity in one or more of the following four categories:

1.) A wind study demonstrating a viable site for the project.

The Schwendiman Wind Farm has been under continuous study and evaluation since 2002, however most activity has taken place since June 2003 when the owners submitted the application to the USDA and were awarded a federal grant to help them develop this project. That wind study was scrutinized by National Renewable Energy Laboratory personnel as part of the evaluation process. Furthermore, local data collected from anemometers near that site closely correlate with actual site data and confirm that this is actually a "world class" resource as quoted by Idaho National Laboratory experts. Summary statistics from this study are included as exhibits in the signed final power purchase agreements.

2.) A signed contract for wind turbines.

Schwendiman Wind Farms has preliminary agreements for supply of wind turbines with actual delivery scheduled for 2005. These agreements are subject to timely progress on the completed, signed, and approved power purchase agreement with Pacificorp. The wind turbine generating units are in very short supply and very high demand. Furthermore, the price has been constantly going up during 2005. Consequently, they are only available to this project during a short window of time. Pacificorp has worked very closely during the months of June and July of 2005 with personal meetings and conference calls often several times per week to finish the power purchase agreement as quickly as possible to facilitate this need. The original expected PPA finish date was intended for early July to facilitate signing the Turbine Purchase Order by the end of July.

3.) Arranged financing for the project.

The financing arrangements for the Schwendiman Project have been under continuous negotiations for the past 12 months and are completely contingent on the signed, approved Power Purchase Agreement as well as the signed and finalized Turbine Purchase Order. Such financing is standing by currently for execution as fast as the PPA is approved to secure the turbines themselves for this project as well as the substantial other substation equipment. Schwendimans had to prove access to financing for two turbines to the USDA for grant approval, the rest of the project financing has been a key to the total development now proposed.

4.) Related progress on the facility permitting and licensing path.

The Schwendiman Wind Farm has gone through several stages of permitting and licensing to get the project underway. Environmental reviews were conducted as a condition of the USDA grant in 2003 and 2004. Specifically, the initial conditional use permit for a single turbine was approved in 2003. The entire project with multiple turbines went through the conditional use hearing process and was approved by Bonneville County Planning & Zoning during 2004 for this complete project. Everyone who testified was in favor at both hearings for this project.

POWER PURCHASE AGREEMENT

BETWEEN

Schwendiman Wind LLC

AND

PACIFICORP

[IDAHO QUALIFYING FACILITY—10aMW/Month or less]

Section 1: Definitions	1
Section 2: Term, Commercial Operation Date	6
Section 3: Representations and Warranties.....	8
Section 4: Delivery of Energy and Capacity.....	10
Section 5: Purchase Prices	11
Section 6: Operation and Control	13
Section 7: Motive Force.....	13
Section 8: Metering.....	13
Section 9: Billings, Computations and Payments	14
Section 10: Defaults and Remedies	14
Section 11: Indemnification.....	16
Section 12: Liability and Insurance	17
Section 13: Force Majeure	19
Section 14: Several Obligations.....	20
Section 15: Choice of Law.....	20
Section 16: Partial Invalidity	20
Section 17: Waiver.....	20
Section 18: Governmental Jurisdiction and Authorizations	20
Section 19: Successors and Assigns	20
Section 20: Entire Agreement.....	21
Section 21: Notices	21

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 19th day of July, 2005, is between Schwendiman Wind LLC, an Idaho limited liability company (the "**Seller**") and PacifiCorp, an Oregon corporation acting in its regulated electric utility capacity ("**PacifiCorp**"). Seller and PacifiCorp are referred to collectively as the "**Parties**" and individually as a "**Party**".

RECITALS

- A. Seller intends to construct, own, operate and maintain a wind power generation facility for the generation of electric power located in Bonneville County, Idaho with an expected Facility Capacity Rating of 17,500-kilowatt (kW) ("**Facility**"); and
- B. Seller intends to operate the Facility as a Qualifying Facility, as such term is defined in Section 1.36 below.
- C. Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is 54,882,702 kilowatt-hours (kWh) pursuant to the monthly delivery schedules in **Exhibit D** hereto, which amount of energy PacifiCorp will include in its resource planning; and
- D. Seller shall sell and PacifiCorp shall purchase the Net Output from the Facility in accordance with the terms and conditions of this Agreement.
- E. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 "**As-built Supplement**" shall be a supplement to **Exhibit A**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 "**Availability**" means the percentage of time that the Facility is actually producing Net Energy compared to the total amount of time that the Facility could have produced Net Energy. The total amount of time that the Facility could have produced Net Energy is determined by taking the total hours in the measurement period and deducting the total number of hours of non-generation due to lack of Sufficient Wind, Force Majeure, and scheduled maintenance. Where the Facility is comprised of multiple wind turbines, the Availability of the Facility shall equal the weighted average of the availabilities of each individual turbine, calculated using the same method, above.

1.3 "**Billing Period**" means the time period between PacifiCorp's reading of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such periods

typically range between twenty-seven (27) and thirty-four (34) days and may not coincide with calendar months.

1.4 **“Commercial Operation”** means the Facility is fully operational and reliable, at not less than ninety percent (90%) of the expected Facility Capacity Rating, and interconnected and synchronized with the Transmission Provider’s System. In order to meet the requirements for Commercial Operation, all of the following events shall have occurred:

- 1.4.1 PacifiCorp shall have received a certificate addressed to PacifiCorp from a Licensed Professional Engineer (a) stating the Facility Capacity Rating of the Facility at the anticipated time of Commercial Operation and (b) stating that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;
- 1.4.2 Start-Up Testing of the Facility shall have been completed;
- 1.4.3 PacifiCorp shall have received a certificate addressed to PacifiCorp from a Licensed Professional Engineer, an attorney in good-standing in Idaho, or a letter from PacifiCorp Transmission, stating that, in accordance with the Generation Interconnection Agreement, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with the System in conformance with the Generation Interconnection Agreement; and
- 1.4.4 PacifiCorp shall have received a certificate addressed to PacifiCorp from a Licensed Professional Engineer, or an attorney in good standing in Idaho, stating that Seller has obtained all Required Facility Documents and, if requested by PacifiCorp in writing, Seller shall have provided copies of any or all such requested Required Facility Documents.

Seller shall provide notice to PacifiCorp when Seller believes that the Facility has achieved Commercial Operation. PacifiCorp shall have ten (10) days after receipt of such notice either to confirm to Seller that all of the conditions to Commercial Operation have been satisfied or have occurred, or to state with specificity those conditions that PacifiCorp reasonably believes have not been satisfied or have not occurred. If, within such ten (10) day period, PacifiCorp does not respond or notifies Seller confirming that the Facility has achieved Commercial Operation, the original date of receipt of Seller’s notice shall be the Commercial Operation Date. If PacifiCorp notifies Seller within such ten (10) day period that PacifiCorp believes the Facility has not achieved Commercial Operation, Seller shall be obligated to address the concerns stated in PacifiCorp’s notice to the mutual satisfaction of both Parties, and Commercial Operation shall be deemed to occur on the date of such satisfaction, as specified in a notice from PacifiCorp to Seller. If Commercial Operation is achieved at less than one hundred percent (100%) of the expected Facility Capacity Rating, Seller shall provide PacifiCorp an expected date for achieving the expected Facility Capacity Rating, and the Facility’s Capacity Rating on that date shall be the final Facility Capacity Rating under this Agreement. In no event will delay in achieving the

expected Facility Capacity Rating beyond the Commercial Operation Date postpone the Expiration Date specified in Section 2.1.

1.5 “**Commercial Operation Date**” means the date the Facility first achieves Commercial Operation.

1.6 “**Commission**” means the Idaho Public Utilities Commission.

1.7 “**Contract Price**” means the applicable price for energy and capacity, specified in Section 5.1.

1.8 “**Contract Year**” means a twelve (12) month period commencing at 00:00 hours on January 1 and ending on 24:00 hours on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the last day of the Term.

1.9 “**Conforming Energy**” means all Net Energy except Inadvertent Energy.

1.10 “**Cut-in Speed**” means the wind speed at which a stationary wind turbine begins producing Net Energy, as specified by the turbine manufacturer, and set forth in **Exhibit A**.

1.11 “**Delay Liquidated Damages**”, “**Delay Period**”, “**Delay Price**” and “**Delay Volume**” shall have the meanings set forth in Section 2.3 of this Agreement;

1.12 “**Effective Date**” shall have the meaning set forth in Section 2.1 of this Agreement.

1.13 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.2 of this Agreement.

1.14 “**Expiration Date**” shall have the meaning set forth in Section 2.1 of this Agreement.

1.15 “**Facility**” means Seller’s Schwendiman Wind Power Project, including the Seller’s Interconnection Facilities, as described in the Recitals, **Exhibit A**, and **Exhibit B**.

1.16 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

1.17 “**Force Majeure**” has the meaning set forth in Section 13.1.

1.18 “**Generation Interconnection Agreement**” means the generation interconnection agreement to be entered into separately between Seller and PacifiCorp’s transmission or distribution department, as applicable, specifying the Point of Delivery and providing for the construction and operation of the Interconnection Facilities.

1.19 **“Inadvertent Energy”** means: (1) energy delivered in excess of the Maximum Monthly Purchase Obligation; and (2) energy delivered at a rate exceeding the Maximum Facility Delivery Rate.

1.20 **“Index Price”** shall mean, for each market index as reported by Dow Jones TM at Mid-C and Palo Verde, the Monday through Saturday Firm On-Peak and Off-Peak Prices. For Sunday and NERC holidays, the 24-Hour Index Price shall be used, unless Dow Jones TM shall publish a Firm On-Peak and Firm Off-Peak Price for such days for Mid-C and Palo Verde, in which event such indices shall be utilized for such days. Dow Jones TM daily indexes are calculated seven days a week, including NERC holidays. If the Dow Jones TM index or any replacement of that index ceases to be published during the term of this Agreement, PacifiCorp shall select as a replacement a substantially equivalent index that, after any appropriate or necessary adjustments, provides the most reasonable substitute for the index in question. PacifiCorp’s selection shall be subject to Seller’s consent, which Seller shall not unreasonably withhold, condition or delay.

1.21 **“Initial Year Energy Delivery Schedule”** shall have the meaning set forth in Section 4.2.1.

1.22 **“Interconnection Facilities”** means all the facilities and ancillary equipment used to interconnect the Facility to the PacifiCorp transmission system, including electrical transmission lines, upgrades, transformers, and associated equipment, substations, relay and switching equipment, and safety equipment.

1.23 **“Licensed Professional Engineer”** means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Idaho, who has training and experience in the engineering discipline(s) relevant to the matters with respect to which such person is called to provide a certification, evaluation and/or opinion, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made. The engagement and payment of a Licensed Professional Engineer solely to provide the certifications, evaluations and opinions required by this Agreement shall not constitute a prohibited economic relationship, association or nexus with the Seller, so long as such engineer has no other economic relationship, association or nexus with the Seller.

1.24 **“Material Adverse Change”** shall mean, with respect to the Seller, if the Seller, in the reasonable opinion of PacifiCorp, has experienced a material adverse change in ability to fulfill its obligations under this Agreement.

1.25 **“Maximum Facility Delivery Rate”** means the maximum instantaneous rate (kW) at which the Facility is capable of delivering Net Output at the Point of Delivery, as specified in **Exhibit A**, and in compliance with the Generation Interconnection Agreement.

1.26 **"Maximum Monthly Purchase Obligation"** means the maximum amount of energy PacifiCorp is obligated to purchase under this Agreement in a calendar month. In accordance with Commission Order 29632, the Maximum Monthly Purchase Obligation for a given month, in kWh, shall equal 10,000 kW multiplied by the total number of hours in that month.

1.27 **"Minimum Availability Obligation"** shall have the meaning set forth in Section 4.3 of this Agreement.

1.28 **"Motive Force Plan"** shall have the meaning set forth in Section 7 of this Agreement.

1.29 **"Nameplate Capacity Rating"** means the maximum instantaneous generating capacity of any qualifying small power or cogeneration generating unit supplying all or part of the energy sold by the Facility, expressed in MW, when operated consistent with the manufacturer's recommended power factor and operating parameters, as set forth in a notice from Seller to PacifiCorp delivered before the Commercial Operation Date and, if applicable, updated in the As-built Supplement.

1.30 **"Net Energy"** means the energy component, in kWh, of Net Output.

1.31 **"Net Output"** means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Delivery.

1.32 **"Output Shortfall"** shall have the meaning set forth in Section 5.2 of this Agreement.

1.33 **"Point of Delivery"** means the high side of the generation step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp's transmission system, as specified in the Generation Interconnection Agreement and in **Exhibit B**.

1.34 **"Prime Rate"** means the rate per annum equal to the publicly announced prime rate or reference rate for commercial loans to large businesses in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate or reference rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.35 **"Prudent Electrical Practices"** means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.36 “**QF**” means “**Qualifying Facility**”, as that term is defined in the version of FERC Regulations (codified at 18 CFR Part 292) in effect on the date of this Agreement.

1.37 “**Replacement Price**” shall mean the annual average Index Price expressed in cents per kWh, plus additional transmission charges, if any, reasonably incurred by PacifiCorp for delivery of the replacement energy to the Point of Delivery if not included in the Replacement Price.

1.38 “**Required Facility Documents**” means all material licenses, permits, authorizations, and agreements necessary for construction, operation, and maintenance of the Facility, including without limitation those set forth in **Exhibit C**.

1.39 “**Scheduled Commercial Operations Date**” means the date by which Seller promises to achieve Commercial Operation, as specified in Section 2.2.6.

1.40 “**Scheduled Maintenance Periods**” means those times scheduled by Seller with advance notice to PacifiCorp as provided in Section 6 unless otherwise mutually agreed.

1.41 “**Scheduled Monthly Energy**” means the total volume of energy, in kWh, scheduled for delivery during a given calendar month, as specified by Seller in the Energy Delivery Schedule.

1.42 “**Start-Up Testing**” means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.43 “**Subsequent Energy Delivery Schedule**” shall have the meaning set forth in Section 4.2.3.

1.44 “**Sufficient Wind**” means any hour during which the average wind speed is equal to or greater than the manufacturer’s rated Cut-in Speed for the wind turbines comprising the Facility.

SECTION 2: TERM, COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties and after approval by the Commission (“**Effective Date**”); *provided*, however, this Agreement shall not become effective until the Commission has determined that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by PacifiCorp for purchases of capacity and energy from Seller are legitimate expenses, all of which the Commission will allow PacifiCorp to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses.

Unless earlier terminated as provided herein, the Agreement shall remain in effect until the twentieth (20th) anniversary of the Commercial Operation Date (“**Expiration Date**”)

2.2 Time is of the essence of this Agreement, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to achieve Commercial Operations by the Scheduled Commercial Operation Date is critically important. Therefore,

- 2.2.1 By **May 15, 2006**, Seller shall use best efforts to obtain and provide to PacifiCorp copies of all governmental permits and authorizations necessary for construction of the Facility.
- 2.2.2 By **May 15, 2006**, Seller shall use best efforts to provide to PacifiCorp a copy of an executed Generation Interconnection Agreement, whose terms shall be consistent with the terms of this Agreement.
- 2.2.3 By **May 15, 2006**, Seller shall use best efforts to provide to PacifiCorp written evidence acceptable to PacifiCorp that Seller has obtained construction financing for the Facility (or alternatively permanent financing subject only to construction of the Facility and Seller's execution of the lender's loan documents).
- 2.2.4 By **May 15, 2006**, Seller shall use best efforts to provide to PacifiCorp written evidence acceptable to PacifiCorp that Seller has obtained the contractual right to take delivery of the type and quantity of wind turbines specified in **Exhibit A**.
- 2.2.5 Prior to Commercial Operation Date, Seller shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp.
- 2.2.6 By July 15, 2006, Seller shall have achieved Commercial Operation ("**Scheduled Commercial Operation Date**").

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be liable to pay PacifiCorp delay damages for the number of days ("**Delay Period**") the Commercial Operation Date occurs after the Scheduled Commercial Operation Date, up to a total of 90 days ("**Delay Liquidated Damages**").

Delay Liquidated Damages equals the Delay Price times the Delay Volume

Where:

"**Delay Price**" equals the positive difference, if any, of the Contract Price minus the average Index Price for the Delay Period; and

"**Delay Volume**" equals, for the Delay Period, the sum of: Scheduled Monthly Energy for each month in the Initial Year Energy Delivery Schedule that the Delay Period occurs times the number of days in the Delay Period for that month divided by the total number of days in that month.

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

SECTION 3: REPRESENTATIONS AND WARRANTIES

- 3.1 PacifiCorp represents, covenants, and warrants to Seller that:
- 3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.
 - 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
 - 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.1.4 Subject to Commission approval, the execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
 - 3.1.5 Subject to Commission approval, this Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2 Seller represents, covenants, and warrants to PacifiCorp that:
- 3.2.1 Seller is a limited liability corporation duly organized and validly existing under the laws of Idaho.
 - 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
 - 3.2.3 Seller's shareholders, directors, and officers have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission self-certification to PacifiCorp prior to PacifiCorp's execution of this Agreement. At any time PacifiCorp has reason to believe during the term of this Agreement that Seller's status as a QF is in question, PacifiCorp may require Seller to provide PacifiCorp with a written legal opinion from an attorney in good standing in the state of Idaho and who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.
- 3.2.7 Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
- 3.2.8 Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- 3.2.9 Seller is not in default under any of its other agreements and is current on all of its financial obligations.
- 3.2.10 Seller owns all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF ENERGY AND CAPACITY

4.1 Delivery and Acceptance of Net Output—Unless otherwise provided herein, PacifiCorp will purchase and Seller will sell all of the Net Output from the Facility.

4.2 Energy Delivery Schedule—Seller shall prepare and provide to PacifiCorp, on an ongoing basis, a written schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), in accordance with the following:

4.2.1 During the first twelve full calendar months following the Commercial Operations Date, Seller predicts that the Facility will produce and deliver the following monthly amounts (“**Initial Year Energy Delivery Schedule**”):

<u>Month</u>	<u>Scheduled Monthly Energy (kWh)</u>
January	4,071,166
February	3,206,283
March	6,404,729
April	6,156,171
May	5,995,378
June	4,670,214
July	4,563,729
August	4,280,759
September	3,983,783
October	3,445,831
November	4,513,262
December	3,591,398

4.2.2 Seller may revise the Initial Year Energy Delivery Schedule any time prior to the Commercial Operation Date.

4.2.3 Beginning at the end of the ninth full calendar month of operation, and at the end of every quarter thereafter, Seller shall supplement the Energy Delivery Schedule with three additional months of forward delivery estimates (which shall be appended to this Agreement as **Exhibit D**) (“**Subsequent Energy Delivery Schedule**”), such that the Energy Delivery Schedule will provide at least six months of delivery estimates at all times. Seller shall provide Subsequent Energy Delivery Schedules no later than 5:00 pm of the 5th day after the due date. If Seller does not provide a Subsequent Energy Delivery Schedule by the above deadline,

scheduled energy for the omitted period shall equal the amounts scheduled by Seller for the same three-month period during the previous year.

4.3 Minimum Availability Obligation. (“**Minimum Availability Obligation**”) Except as provided elsewhere in the Agreement, the Facility shall achieve an average Availability minimum, during the first Contract Year, of at least 75%. During Contract Years 2-10, the Facility shall achieve an average Availability minimum of at least 85%. During the remaining Contract Years of the Agreement, the Facility shall achieve an average Availability minimum of at least 80%.

4.4 Availability Reporting Obligation. By January 31 of each Contract Year, Seller shall provide an annual report documenting Facility Availability during the previous Contract Year. In determining Availability, Seller shall use wind speed data and generation data collected from Facility SCADA. Seller shall certify the accuracy of the Report, and the Report shall include an electronic copy of the data used to calculate Availability, in a standard format specified by PacifiCorp (“**Annual Availability Report**”). If Seller fails to deliver the Annual Availability Report and accompanying data by January 31, PacifiCorp shall pay Seller 85% of Net Output Purchase Price as shown in 5.1, until the Annual Availability Report has been satisfactorily provided.

4.5 Audit Rights. In addition to data provided under Section 4.4, PacifiCorp shall have the right, but not the obligation, to audit the Facility’s compliance with its minimum availability obligation using any reasonable methods. Seller agrees to retain all performance related data for the facility for a minimum of three years, and to cooperate with PacifiCorp in the event PacifiCorp decides to audit such data.

4.6 Termination for Non-availability Unless excused by an event of Force Majeure, Seller’s failure to deliver any Net Energy for a continuous period of three months shall constitute an event of default.

SECTION 5: PURCHASE PRICES

5.1 Net Output Purchase Price—PacifiCorp will pay Seller the following non-levelized prices for capacity and energy, in accordance with Commission Order 29646:

<u>Year</u>	<u>Mills/kWh</u>
2005	51.41
2006	52.59
2007	53.80
2008	55.03
2009	56.30
2010	57.59

Schwendiman Wind Power Project

2011	58.92
2012	60.27
2013	61.66
2014	63.08
2015	64.53
2016	66.02
2017	67.54
2018	69.09
2019	70.68
2020	72.31
2021	73.97
2022	75.68
2023	77.42
2024	79.20
2025	81.03
2026	82.89

5.2 Penalty for Breach of Availability Obligation: If the Availability in any given Contract Year falls below the Minimum Availability Obligation for that Contract Year as specified in Section 4.3, the resulting shortfall shall be expressed in MWh as the “**Output Shortfall.**” The Output Shortfall shall be calculated in accordance with the following formula:

$$\text{Output Shortfall} = (\text{Minimum Availability Obligation} - \text{Availability}) \times 54,882,702 \text{ KWh} \\ (\text{or subsequent applicable annual energy delivery estimate})$$

5.3 If an Output Shortfall occurs in any given Contract Year, Seller shall pay PacifiCorp liquidated damages equal to the product of the Output Shortfall for that Contract Year, multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price; provided, however, that if the Commercial Operation Date occurs after the Scheduled Commercial Operation Date, the Output Shortfall for first Contract Year shall be prorated on the basis of the number of days in the period from the Commercial Operation Date through the end of December 31, 2006. Each Party agrees and acknowledges that (a) the damages that PacifiCorp would incur due to the Facility’s failure to achieve the Minimum Availability Obligation would be difficult or impossible to predict with certainty, (b) the liquidated damages contemplated by this provision are a fair and reasonable calculation of such damages, and (c) the required payment by Seller of such liquidated damages shall be PacifiCorp’s sole remedy for such deficiency in Net Output.

5.4 Inadvertent Energy—PacifiCorp may accept Inadvertent Energy at its sole discretion, but will not purchase or pay for Inadvertent Energy. At no time will the instantaneous delivery rate of Net Energy exceed the Maximum Facility Delivery Rate.

SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's non-compliance with the Generation Interconnection Agreement.

6.2 Seller may cease operation of the entire Facility or any individual unit for Scheduled Maintenance Periods not to exceed one hundred fifty (150) hours for each calendar year at such times as are provided in the monthly operating schedule set forth as **Exhibit D**.

6.3 If the Facility ceases operation for unscheduled maintenance of twenty-five (25%) percent of the units or more, Seller immediately shall notify PacifiCorp of the necessity of such unscheduled maintenance, the time when such shutdown has occurred or will occur and the anticipated duration of such shutdown. Seller shall notify PacifiCorp's generation coordination desk, by sending an e-mail to wsc@pacificorp.com or telephoning 503-813-5394 or sending a facsimile to 503-813-5512, of Seller's unscheduled maintenance. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during non-peak hours.

SECTION 7: MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp an engineering report, demonstrating to PacifiCorp's reasonable satisfaction: (1) the feasibility that Facility Net Energy will equal or exceed 54,882,702 kWh in each full calendar year for the full term of this Agreement; and (2) the likelihood that the Facility, under average design conditions, will generate at no more than 10 aMW in any calendar month ("**Motive Force Plan**") acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit F-1**, together with a certification from a Licensed Professional Engineer attached hereto as **Exhibit F-2**, certifying to PacifiCorp that the Facility can reasonably be expected to perform as predicted in the Motive Force Plan for the duration of this Agreement.

SECTION 8: METERING

8.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement.

8.2 Metering shall be performed at the location and in the manner specified in **Exhibit B** and the Generation Interconnection Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses (as reasonably calculated by PacifiCorp), if any, between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of power flowing into PacifiCorp's system at the Point of Delivery.

8.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement or at the request of Seller if Seller has reason to believe metering may be off and requests an inspection in writing. Seller shall bear the cost for any Seller requests. If any of the inspections or tests disclose an error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered.

8.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all PacifiCorp's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

SECTION 9: BILLINGS, COMPUTATIONS AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement and the Generation Interconnection Agreement.

9.2 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: DEFAULTS AND REMEDIES

10.1 The following events shall constitute defaults under this Agreement:

10.1.1 Seller's failure to make a payment when due under this Agreement, or maintain insurance in conformance with the requirements of Section 12 of this Agreement, if the failure is not cured within ten (10) days after the non-defaulting Party gives the defaulting Party a notice of the default.

10.1.2 Breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice.

- 10.1.3 Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Generation Interconnection Agreement) within the time allowed for a cure under such agreement or instrument; or
- 10.1.4 A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.
- 10.1.5 A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, within fifteen (15) days from the date of such request;
- 10.1.6 A Party otherwise fails to perform any material obligation (including but not limited to failure by Seller to meet any deadline set forth in Section 2.2) imposed upon that Party by this Agreement if the failure is not cured within thirty (30) days after the non-defaulting Party gives the defaulting Party notice of the default; *provided, however*, that, upon written notice from the defaulting Party, this thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

10.2 In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default. If the default has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement. The rights provided in this Section 10 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

10.3 If this Agreement is terminated because of Seller's default, Seller may not require PacifiCorp to purchase energy or capacity from the Facility prior to the Expiration Date, and Seller hereby waives its rights to require PacifiCorp to do so. This subsection 10.3 shall survive the termination of this Agreement.

10.4 If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Scheduled Monthly Energy that Seller was scheduled to provide for a period of twelve (12) months from the date of termination plus the estimated

administrative cost to the utility to acquire replacement power (“**Net Replacement Power Costs**”). Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

SECTION 11: INDEMNIFICATION

11.1 Indemnities.

11.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney’s fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller’s side of the Point of Delivery, (c) Seller’s operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

11.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney’s fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, Lenders or representatives.

11.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party’s system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

11.3 Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER

SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 12: LIABILITY AND INSURANCE

12.1 Certificates. Seller shall provide PacifiCorp insurance certificate(s) (of “ACORD Form” or the equivalent) certifying Seller’s compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a “claims-made” basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

12.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, from the commencement of interconnection with PacifiCorp’s electric transmission system until the Termination Date of this Agreement, at its own expense, Seller shall secure and continuously carry, with an insurance company or companies rated not lower than “A- or better” by the A.M. Best Company, the insurance coverage specified below:

- 12.2.1 Worker’s Compensation insurance which complies with the laws of the state within which the Wind Facility is located;
- 12.2.2 Commercial General Liability insurance with bodily injury and property damage combined single limits of at least \$1,000,000 per occurrence. Seller shall maintain the policy in accordance with terms available in the insurance market for similar electric generating facilities. Such insurance shall include, but not necessarily be limited to, specific coverage for contractual liability encompassing the indemnification provisions in this Agreement, broad form property damage liability, personal injury liability, explosion and collapse hazard coverage, products/completed operations liability, and, where applicable, watercraft protection and indemnity liability;
- 12.2.3 All Risk Insurance. The policy shall provide coverage in an amount equal to not less than 80% of the current replacement in kind of the Facility for “all risks” of physical loss or damage except as hereinafter provided, including coverage for boiler and machinery, transit and off-site storage accident exposure, but excluding the equipment owned or leased by Operator and its subcontractors and their personal property. The policy may contain separate sublimits and deductibles subject to insurance company underwriting guidelines. Seller shall maintain the policy in accordance with terms available in the insurance market for similar electric generating facilities. The policy shall include coverage for business interruption in an amount covering a period of indemnity equal to twelve (12) months. Additional coverages to be included are:

- (a) Catastrophic Perils Insurance not less than 80% of the current replacement cost of plant, building, and/or equipment.

12.3 Insurance Structure. Seller may satisfy the amounts of insurance required above by purchasing primary coverage in the amounts specified or by buying a separate excess Umbrella Liability policy together with lower limit primary underlying coverage. The structure of the coverage is at Seller's option, as long as the total amount of insurance meets the above requirements.

12.4 Occurrence-Based Coverage. The coverage required above, and any umbrella or excess coverage, shall be "occurrence" form policies. In the event that any policy is written on a "claims-made" basis and such policy is not renewed or the retroactive date of such policy is to be changed, the first insured Party shall obtain or cause to be obtained for each such policy or policies the broadest basic and supplemental extended reporting period coverage or "tail" reasonably available in the commercial insurance market for each such policy or policies and shall provide the other Party with proof that such basic and supplemental extended reporting period coverage or "tail" has been obtained.

12.5 Endorsement Items. Seller shall immediately cause its insurers to amend its Commercial General Liability and Umbrella or Excess Liability policies with all of the following endorsement items, and to amend its Worker's Compensation policy with the endorsement items set forth in Paragraphs 12.5.3 and 12.5.4 below:

- 12.5.1 PacifiCorp and its Affiliates, their respective directors, officers, employees, and agents as an additional insured under this policy and to the maximum extent allowed by law, shall be provided with coverage at least as broad as those required of the Seller by this Agreement;
- 12.5.2 This insurance is primary with respect to the interest of PacifiCorp and its Affiliates and their respective directors, officers, employees, and agents;
- 12.5.3 Insurer hereby waives all rights of subrogation against PacifiCorp, its Affiliates, officers, directors, employees and agents; and
- 12.5.4 Notwithstanding any provision of the policy, this policy may not be canceled, non-renewed or materially changed by the insurer without giving ten (10) days' prior written notice to PacifiCorp.
- 12.5.5 Cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

12.6 Periodic Review. PacifiCorp may review this schedule of required insurance as often as once every two (2) years. PacifiCorp may, in its discretion and if allowed by the Commission, require the Seller to make changes to the policies and coverages described in this Exhibit to the extent reasonably necessary to cause such policies and coverages to conform to the insurance policies and coverages typically obtained or required for power generation facilities comparable to the Facility at the time PacifiCorp's review takes place. In addition, Seller shall have the right, subject to PacifiCorp's consent, to make changes in the coverages and limits of

the Builder's All-Risk Insurance and the All-Risk Insurance required under this Section, to the extent the coverages and limits specified herein are not reasonably available at commercially reasonable rates.

SECTION 13: FORCE MAJEURE

13.1 As used in this Agreement, "**Force Majeure**" or "**an event of Force Majeure**" means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which is in each case (i) beyond the reasonable control of such party, (ii) by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and (iii) by the exercise of due diligence, such party shall be unable to prevent or overcome. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either party is rendered wholly or in part unable to perform its obligation 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:

- 13.1.1 the non-performing party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other party written notice describing the particulars of the occurrence, including the start date of the Force Majeure, the cause of Force Majeure, whether the Facility remains partially operational and the expected end date of the Force Majeure; and
- 13.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure ; and
- 13.1.3 the non-performing party uses its best efforts to remedy its inability to perform.
- 13.1.4 the non-performing party shall provide prompt written notice to the other party at the end of the Force Majeure event detailing the end date, cause there of, damage caused there by and any repairs that were required as a result of the Force Majeure event, and the end date of the Force Majeure.

13.2 No obligations of either party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.3 Neither party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to the party's best interests.

SECTION 14: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 15: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of Idaho, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 16: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 17: WAIVER

Any waiver at any time by either party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 18: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or this Agreement. PacifiCorp's compliance with the terms of this Agreement is conditioned on Seller's submission to PacifiCorp prior to the Commercial Operation Date and maintaining thereafter copies of all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility.

SECTION 19: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either party shall become effective without the written consent of the other party being first obtained and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing

transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 20: ENTIRE AGREEMENT

20.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

20.2 By executing this Agreement, each party releases the other from any claims, known or unknown, that may have arisen prior to the Effective Date with respect to the Facility and any predecessor facility proposed to have been constructed on the site of the Facility.

SECTION 21: NOTICES

21.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5956 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Mr. Tyler Schwendiman PO Box 262 Ririe, ID 83443 EMail: tyler@holdenmccarty.com
All Invoices:	Attn: Back Office, Suite 600 Phone: (503) 813 - 5674 Facsimile: (503) 813 - 5580	
Scheduling:	Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
Payments:	Attn: Back Office, Suite 600 Phone: (503) 813 - 5674 Facsimile: (503) 813 - 5580	
Wire Transfer:	Bank One N.A. ABA: 071000013 ACCT: 55-44688	

Schwendiman Wind Power Project

Notices	PacifiCorp	Seller
	NAME: PacifiCorp Wholesale	
Credit and Collections:	Attn: Credit Manager, Suite 1800 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	Attn: General Counsel. and Dean Brockbank, Atty Phone: (503) 813-6266 and (801) 220-4568 Facsimile: (503) 813-7262 and (801) 220-3299	

The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Subsection.

Schwendiman Wind Power Project

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

By: Judi Johansen

Name: Judi Johansen

Title: President and CEO

Schwendiman Wind LLC

By: Tyler Schwendiman

Name: Tyler Schwendiman

Title: member

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY

Facility Capacity Rating: 17,500 kW at wind speed between 30 mph and 55 mph

The maximum possible output of each wind turbine unit could be up to 2624 kW based on four 656 kW generators in each unit, however, electronically this is limited to 2500 kW as listed on the nameplate rating.

Maximum Facility Delivery Rate

The maximum net output of the Facility will not exceed the nameplate of 17,500 kW based on ancillary station loads. However at this facility such auxiliary loads are very small so as to be inconsequential and thus the maximum nameplate should be considered the maximum facility output.

Location of the Facility: The Facility is to be constructed in the vicinity of Idaho Falls in Bonneville County, Idaho. The location is more particularly described as follows:

Sections 3 and 4, of Township 2 North, Range 39 East,
Sections 33 and 34 of Township 3 North, Range 39 East

The equipment to be installed meets and exceeds industry standards and Pacificorp requirements for low voltage ride through and power factor compliance.

Seller's Facility current design consists of seven 2.5 MW wind turbine generators manufactured by Clipper Wind. More specifically, each wind turbine at the Facility is described as:

1. Introduction

This document defines the major system attributes of the Clipper Windpower Technology, Inc. (Clipper) 2.5 MW Wind Turbine Generator System. Clipper reserves the right to change any specification contained herein without prior notice. It is the purpose of this document to provide general sales information regarding the product represented.

2. General Specifications

Type	Horizontal Axis
Number of Blades	3
Orientation	Upwind
Operation	Variable Speed
Rotor Speed	9.6 – 15.5 rpm

Schwendiman Wind Power Project

Hub Height	73.5m, 75m or 80m
Primary Braking	Aerodynamic, Full-Span Blade Pitch
Power Output	2500 kW
Yaw	Active
Cut-in Wind Velocity	4 m/s – 10 min average
Cut-out Wind Velocity	25 m/s – 10 min average
Cut-out Wind Gust	29 m/s – 3 sec average
3. Rotor	
Diameter	93m
Swept Area	6793m ²
Type of Blades	Clipper Designed
Tilt	5.5°
Tip Speed at Rated Output	75 m/s
4. Blade	
Blade Length	43.2m, 45.2m, 48.2m
Material	Fiberglass Reinforced Epoxy
Maximum Chord Length	2.9m
5. Pitch System	
Type	Individual Blade Pitch – Failsafe
Drive	Electro-mechanical Gearmotor
Motor Type	DC Servo-drive
Failsafe Braking	Battery Powered
Blade Bearings	Internal Gear – Ball Bearing
6. Hub	
Type	Spherical
Material	Ductile Cast Iron
7. Gearbox	
Type	Distributed Generation

Schwendiman Wind Power Project

Gear Arrangement	Multi-output , 2 Stage
Output Shafts	4
Ratio	1:72.4
Rated Power	2675 kW
Housing Material	Ductile Cast Iron
Mainshaft	Forged Steel
Main Bearings	Tapered Roller
Lubrication	Forced Mechanical Pump
Filtration	Multi-element – Course/Fine
Cooling	Radiator

8. Generators

Type	Synchronous Permanent Magnet
Number of Units	4
Operational Speed Range	700 – 1,120 rpm
Rated Power	656 kW at 1120 rpm
Voltage	1,000 – 1,350 VDC
Enclosure	IP54
Insulation Class	H
Cooling	Liquid Cooled

9. Parking Brake

Type	Dual Disk w/ Hydraulic Calipers
Location	Gearbox Intermediate Stage

10. Machine Base

Material	Ductile Cast Iron
----------	-------------------

11. Yaw System

Type	Multiple, Electro-Mechanical Drives
------	-------------------------------------

Schwendiman Wind Power Project

Bearing	Internal Gear – Ball Bearing
Drive	Planetary Gearmotor
Motor	AC Induction
Number of Drives	4
Brake	Active Hydraulic – Disk
12. Tower	
Type	Partial Conical – Tubular
Material	Steel Plate
Sections	4
13. Power Converter	
Type	PWM 4 module IGBT Rectifier/Converter
Controller	DSP
Rated Power	2525 kW
Location	Within Tower Base
Power Factor	Unity
14. Controller	
Voltage	3 X 690 VAC 3 X 480 VAC 3 X 240 VAC 1 X 120 VAC
Frequency	47 – 63 Hz
Computer	Embedded Power PC
Configuration	Embedded Single Board System with
Connectors	
Operator Interface	Palm Top or Laptop PC compatible
SCADA	Standard Fiber Optic or Copper Serial Interface\
15. Environmental Application Limits	
Survival Wind Velocity	According to IEC Ia, IIa, and IIIa
Operational Ambient Temperature	-20° C to +40° C

Schwendiman Wind Power Project

Operational Ambient Temperature	-40° C to +40° C (Available Option)
Survival Temperature	-40° C to +50° C
16. Grid Compatibility	
Frequency – Continuous	50 Hz or 60 Hz ± 3 Hz
Line Voltage – Continuous	690 VAC ± 10%
Line Voltage – 5 sec	690 VAC ± 20%
Line Voltage – 500 ms	690 VAC ± 30%
Line Fault Ride-thru Capability	-90% of Nominal Line for 150 ms
Line Phase Imbalance – Continuous	± 5% at Rated Power
Line Phase Imbalance – Cut-in	± 10%
Line Phase Imbalance – 5 sec	± 10% at Rated Power
Line Phase Imbalance – 5 sec	± 20 % at Cut-in
Power Quality	IEEE 519 Compliant
17. Lightning Protection	
Blade	Tip Receptor – Internal Down Conductor
Nacelle	Air Termination – Full Shielded (Faraday Cage)
Electrical Systems	IEC 61400-24 Level III
18. Noise Performance	
SPL at 8 m/s	104 db (A) – According to IEC 61400-11
19. Maintenance Interval	
Post-Commissioning	Once at 500 Hours
Periodic	Every 12 Months
20. Weights	
Tower Assembly	452,000 lbs.
Rotor Assembly	117,000 lbs.
Nacelle Assembly	158,000 lbs.

EXHIBIT B

POINT OF DELIVERY / PARTIES' INTERCONNECTION FACILITIES

The Schwendiman Wind Power Project is located approximately 11 miles northeast of Idaho Falls Idaho. The project consists of several wind turbine generators, connected to a 14.4 kV distribution system. Each generator is connected to the distribution circuit via a padmount transformer at the base of each tower. A single, 3-phase, 69 / 14.4 kV, 15/20/25 MVA transformer is used to step up the voltage of the project to 69 kV. A 3.6 mile, 4/0 ACSR "Penguin" 69 kV conductor transmission line will connect the project to the PacifiCorp 31.4 mile, Sugar Mill/Goshen – Rigby 69 kV line. The Point of Interconnection will be located about 3 miles south of the Ucon substation tap and three miles north of the Sandcreek substation tap. Schwendiman will own the 3.6 mile, 69 kV line to the Point of Interconnection.

Bi-directional revenue metering will be installed at the wind plant end of the 69 kV line. The metering will use CTs that will be capable of accurately measuring the wide range of bi-directional power flows from max generation to no generation. The meter readings will be adjusted for losses back to the Point of Interconnection.

The following map shows a general turbine array Layout with the Substation location at the Northeast Corner of Section 3 near the end of the existing site access road indicated in red. The metering point shall be at the substation. The site will be adjusted to accommodate seven turbines under the latest configuration.

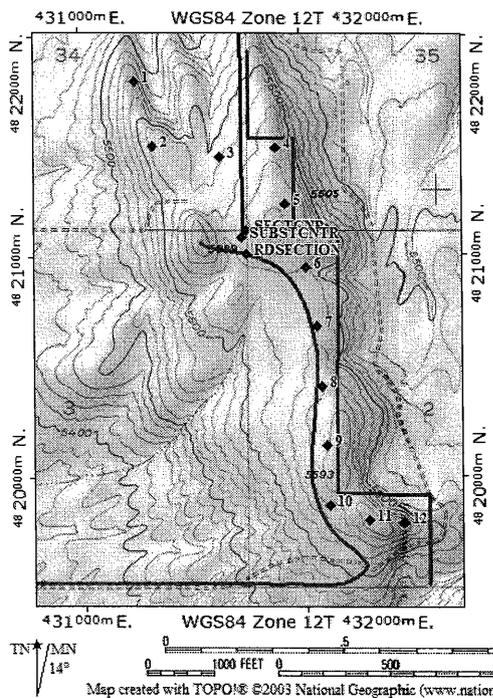


EXHIBIT C
REQUIRED FACILITY DOCUMENTS

Qualifying Facility Number from FERC: QF04-60-001

The following Documents are Required to complete this project:

Easements:

Wind Farm Easement Document from Property Owner

Permits:

Conditional Use Permit from Bonneville County for Commercial Wind Farm

Bonneville County Building Permits for Foundations

State Electrical Permits for Turbines and Substation

EXHIBIT D
ENERGY DELIVERY SCHEDULES

Month	Scheduled Monthly Energy (kWh)
January	4,071,166
February	3,206,283
March	6,404,729
April	6,156,171
May	5,995,378
June	4,670,214
July	4,563,729
August	4,280,759
September	3,983,783
October	3,445,831
November	4,513,262
December	3,591,398
Total	54,882,702

Scheduled Maintenance – Seller will provide a suggested maintenance schedule annually not to exceed 150 hours per turbine per year

EXHIBIT E
START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to:

1. Test of mechanical and electrical equipment;
2. Calibration of all monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. Insulation resistance Point-to-point continuity tests;
6. Bench tests of all protective devices; and
7. Tests required by manufacturer of equipment

Required start-up test are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to:

1. Turbine/generator mechanical runs and functionality and bearing temperature measurements;;
2. Running tests to establish tolerances and inspections for final adjustment of System operation tests;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Excitation and voltage regulation operation tests; Stator windings dielectric test;
7. Auto stop/start sequence;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load; Completion of all state and federal environmental testing requirements.
9. Tests required by manufacturer of equipment;

The following Wind Turbine Generator Installation Check Lists are required documents to be signed off by Manufacturer or Subcontract Category Commissioning Personnel as part of the Commissioning and startup testing:

Turbine Installation
Foundation Inspection
Controller Assembly

Schwendiman Wind Power Project

Power Cables

Cable Installation Check Lists including:

Top Deck / Yaw Deck

Tower Top Section / Saddle

Mid Section Cables or buss bars

Base Section / Controller

Tower Base Section

Tower Lights and Outlets

Tower Mid Section

Tower Top Section

Nacelle

Rotor

EXHIBIT F-1
WIND SPEED DATA SUMMARIES

The following is excerpted from the initial meteorologist report for the project:

The on-site met tower is 40 m tall, and was installed the end of October 2001. Its latitude (WGS84 reference datum) is 43° 32.336'N, longitude 111° 50.850'W, and elevation 5689 ft. This tower sits atop a knoll. There are anemometers at the 20-m, 30-m and 40-m levels, with the 40-m level being a stub mast. There are data through September 2003. We have also included data from the Twin Falls airport as a provisional reference anemometer. The correlation coefficient is not that great (0.47 for daily winds, 0.77 for monthly winds), but it does help a little to place the two years of on-site data in a greater climatological context.

For the 23-month period, the average wind speed at the 20-m and 30-m levels of the Schwendiman tower were 16.43 and 16.95 mph, respectively. The 40-m level data appears to have been compromised after a few months, as it typically runs less than the 30-m level—unlikely to be real. Therefore, we have completely ignored the 40-m data in our analyses below.

Monthly Mean Wind Speeds (mph)

Schwendiman Tower, Idaho
NREL Calibration Constants

Month	Year	Twin Falls	20-m	30-m	Mostly Invalid 40-m
Nov	2001	10.0	17.7	18.0	18.8
Dec	2001	10.2	13.8	14.4	14.6
Jan	2002	10.1	15.3	15.9	15.6
Feb	2002	10.4	14.3	14.8	15.2
Mar	2002	12.3	20.1	20.9	20.7
Apr	2002	12.1	20.2	21.0	21.0
May	2002	12.1	19.8	20.5	20.3
Jun	2002	10.3	17.0	17.3	17.4
Jul	2002	10.3	17.4	17.9	18.0
Aug	2002	10.5	13.3	13.4	13.4
Sep	2002	9.9	14.4	14.8	14.6
Oct	2002	9.9	13.7	14.1	13.8
Nov	2002	9.5	12.4	12.4	12.1
Dec	2002	10.1	15.4	16.1	16.5
Jan	2003	7.5	13.5	14.0	14.1
Feb	2003	11.8	16.6	17.3	17.3
Mar	2003	13.2	23.6	24.7	24.5
Apr	2003	11.0	17.8	18.5	18.2
May	2003	9.8	17.2	18.0	17.3
Jun	2003	11.2	16.8	17.3	16.8
Jul	2003	9.7	15.5	15.8	14.8
Aug	2003	9.8	16.7	17.0	16.5
Sep	2003	11.1	15.4	15.8	15.1
Overall		10.56	16.43	16.95	

Data Recovery Key: black = 90-100%; green = 75-90%; blue = 50-75%; orange = 25-50%; purple = 10-25%; "x" = 0-10%. All values represent the estimate for the full month when data recovery is less than 100%.

EXHIBIT F-2

ENGINEER'S CERTIFICATION

(1) THAT THE FACILITY WILL GENERATE AT LEAST 54,882,702 KWH PER YEAR IN EACH FULL CALENDAR YEAR OF THIS AGREEMENT;

The following table shows the data analysis summary for the full year of repaired data set from the 30m anemometer at the site. This data set is from November 8, 2001 through November 7, 2002. The data was repaired using 30m anemometer data from the nearby Black Canyon anemometer or other anemometers in the region where holes and icing existed to create a complete year of data for best analysis. The data indicates a gross capacity factor of 40% when scaled to 80m with power curves from the manufacturers. An expected net capacity factor of 35.8% results when consideration of the following losses are taken into consideration: array losses between turbines and across the ridgetop as well as individual turbine performance due to micrositing arrangement; distribution losses from the turbine generators to the individual transformers and from the transformers to the substation at the site; substation losses through the high voltage transformers; misc. efficiencies through the overall system to the point of delivery to the utility. Thus, the expected annual delivery based on this actual data set would be a net 54,882,702 kwh to the utility. Actual delivery over time will vary from this number according to the natural wind resource variations in any given year.

SCHWENDIMAN WIND FARM		Full Year 30m Data	
	Days in File	359.31	
	Hours in File	8623.50	
	Total Days in Period:	365	
	Average Wind Speed [mph]	17.05	
	Average Wind Direction	182.90	
	Maximum Wind Speed [mph]	70.7	
	Maximum Wind Speed Time	4/23/2002 2:50	
	Minimum Wind Speed [mph]	0.83	
	Minimum Wind Speed Time	8/1/2002 9:30	
	Total # of Data Points	52560	
	# of Data Points with 0 mph Average Windspeed	819	
	% of data at 0 mph	1.56%	
	Power Curve Used for Calculations	CLIPPER C93 1.02 Alt	
7	Turbines	Turbine Rating [kW]	2500 17.5 MW
	Gross Capacity Factor from Data at Anemometer Ht.	35%	6.12 aMW
	Gross Capacity Factor at Scaled Height	40%	7.05 aMW

Schwendiman Wind Power Project

ENERGY PRODUCTION		
Tower Height [m]	30	
Scale to Height [m]	80	
Wind Shear Estimate	0.09	
Calculated Air Density Rating [kg/m ³]	1.020	
Scaled Energy Output Per Turbine @ Hub Height [kWh]	8,711,540	40%
Substation, Line Losses & Array Losses	10%	NET
Estimated ACTUAL TURBINE ARRAY Energy Output kWh	54,882,702	ave MW
Estimated ACTUAL NET CAPACITY FACTOR of Array	35.8%	6.27

(2) THAT THE FACILITY, UNDER AVERAGE DESIGN CONDITIONS, LIKELY WILL GENERATE NO MORE THAN 10 aMW IN ANY CALENDAR MONTH.

The following table shows the results of a detailed analysis of the monthly data from the project site. This analysis calculates the expected generation for each particular month and calculates the resulting net capacity factor as well as the average MW capacity of the project per month (aMW). The results show the average net capacity factor on an annual basis to be 35.8% and the average MW per month factor of 6.26 MW which differs only from the analysis of the entire year data set by a mathematical rounding error. This confirms that the monthly data sets were accurately taken from the total annual data set without errors since this represents 52,560 data points as indicated in the table above. The results show that October, February, and December have the lowest average monthly MW values of 4.63, 4.77, and 4.83 aMW respectively. The results show that March and April have the highest average monthly MW values of 8.61 and 8.55 aMW.

Thus, under average design conditions with existing data, this project will likely generate no more than 10 aMW in any calendar month.

Schwendiman Wind Power Project

SCHWENDIMAN WIND FARM		7 CLIPPER 2.5 C93 @ 17.5 MW	
	Estimated Generation kWh	Ave MW/mo	Monthly NET Capacity Factor
January	4,071,166	5.47	31.3%
February	3,206,283	4.77	27.3%
March	6,404,729	8.61	49.2%
April	6,156,171	8.55	48.9%
May	5,996,378	8.06	46.0%
June	4,670,214	6.49	37.1%
July	4,563,729	6.13	35.1%
August	4,280,759	5.75	32.9%
September	3,983,783	5.53	31.6%
October	3,416,831	4.63	26.5%
November	4,513,262	6.27	35.8%
December	3,591,398	4.83	27.6%
TOTAL:	54,882,702	6.26	35.8%

This engineering certification has been prepared by Idaho Professional Engineer Brian D. Jackson, PE, 7800 Alfalfa Lane, Melba, Idaho 83641 and is based on a detailed analysis of the site data and intended generation equipment.

Brian D. Jackson
PE #8711
5 August 2005