



RECEIVED

2007 SEP 21 AM 9:05

201 South Main, Suite 2300  
Salt Lake City, Utah 84111

IDAHO PUBLIC  
UTILITIES COMMISSION

September 21, 2007

**VIA OVERNIGHT DELIVERY**

Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

Attention: Jean D. Jewell  
Commission Secretary

Re: Joint Motion for Approval of Second Amended Agreement  
Case No. PAC-E-05-9

Rocky Mountain Power, a division of PacifiCorp and Schwendiman Wind LLC hereby submit for filing an original and seven (7) copies of their Joint Motion for Approval of Second Amended Agreement. Please note that the Second Amendment to Power Purchase Agreement included in this filing as Attachment 1 is an exact duplicate of the original.

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

Brian Dickman  
Manager, Idaho Regulatory Affairs  
Rocky Mountain Power  
One Utah Center, Suite 2300  
201 South Main  
Salt Lake City, UT 84111  
[brian.dickman@pacificorp.com](mailto:brian.dickman@pacificorp.com)

Jordan A. White  
Senior Counsel  
Rocky Mountain Power  
One Utah Center, Suite 2300  
201 South Main  
Salt Lake City, UT 84111  
[Jordan.white@pacificorp.com](mailto:Jordan.white@pacificorp.com)

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon, 97232

By fax: (503) 813-6060

Idaho Public Utilities Commission

September 21, 2007

Page 2

Sincerely,

A handwritten signature in black ink that reads "Jeffrey K. Larsen" followed by a stylized monogram or initials "JL".

Jeffrey K. Larsen

Vice President, Regulation

Enclosures

cc: Service List

## CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of September 2007 I caused to be served, via U.S. Mail, a true and correct copy of the foregoing Joint Motion for Approval of Second Amended Agreement in Case No. PAC-E-05-09 to the following parties as shown:

Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 West Washington  
Boise, Idaho 83702  
[jjewell@puc.state.id.us](mailto:jjewell@puc.state.id.us)

Scott Woodbury  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702  
[scott.woodbury@puc.idaho.gov](mailto:scott.woodbury@puc.idaho.gov)

Brian D. Jackson, P.E.  
7800 Alfalfa Lane  
Melba, ID 83641  
[brian@clever-ideas.com](mailto:brian@clever-ideas.com)

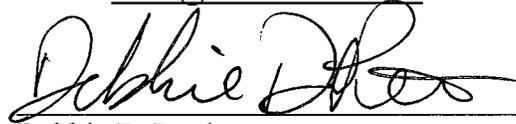
Dean J. Miller, Esq.  
McDevitt & Miller LLP  
420 W. Bannock  
Boise, ID 83702  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)

Jordan A. White  
Senior Counsel  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
[jordan.white@pacificorp.com](mailto:jordan.white@pacificorp.com)

Bruce Griswold  
Manager Origination  
PacifiCorp  
825 NE Multnomah Ste 600  
Portland, OR 97232  
[bruce.griswold@pacificorp.com](mailto:bruce.griswold@pacificorp.com)

Barton Kline  
Idaho Power Company  
1221 W. Idaho Street  
Boise, ID 83702  
[bkline@idahopower.com](mailto:bkline@idahopower.com)

Idaho Farm Energy Association  
515 N. 27<sup>th</sup> Street  
Boise, ID 83702  
[brian@clever-ideas.com](mailto:brian@clever-ideas.com)



Debbie DePetris  
Supervisor, Regulatory Administration

Jordan A. White  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, Utah 84111  
Tel: (801) 220-4640  
Fax: (801) 220-3299  
[jordan.white@pacificorp.com](mailto:jordan.white@pacificorp.com)  
*Attorney for Rocky Mountain Power*

RECEIVED

2007 SEP 21 AM 9:05

IDAHO PUBLIC  
UTILITIES COMMISSION

Dean J. Miller (ISB # 1968)  
McDEVITT & MILLER LLP  
420 West Bannock Street  
P.O. Box 2564-83701  
Boise, ID 83702  
Tel: (208) 343-7500  
Fax: (208) 336-6912  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)  
*Attorneys for Schwendiman Wind LLC*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

---

**IN THE MATTER OF THE  
APPLICATION OF ROCKY MOUNTAIN  
POWER FOR APPROVAL OF A POWER  
PURCHASE AGREEMENT FOR THE  
SALE AND PURCHASE OF ELECTRIC  
ENERGY BETWEEN PACIFICORP AND  
SCHWENDIMAN WIND LLC**

**CASE NO. PAC-E-05-09**

**JOINT MOTION FOR  
APPROVAL OF SECOND  
AMENDED AGREEMENT**

---

Pursuant to Rule 56 of the Idaho Public Utilities Commission ("Commission"), Rocky Mountain Power, a division of PacifiCorp ("Rocky Mountain Power" or the "Company") and Schwendiman Wind LLC ("Schwendiman Wind" or the "Seller"), hereinafter collectively referred to as the "Parties," apply to the Commission for an Order approving Second Amended Power Purchase Agreement ("Second Amended Agreement"), attached hereto as Attachment 1.

**JOINT MOTION FOR APPROVAL  
OF SECOND AGREEMENT**

**I.**  
**PROCEDURAL HISTORY**

Rocky Mountain Power and Schwendiman Wind entered into a 20-year Power Purchase Agreement on July 19, 2005 (the "Original Agreement") and submitted it to the Commission for approval in this docket on August 15 2005. Pursuant to Order Nos. 29880 and 29921, the Parties submitted an amended Agreement ("March 31, 2006 Agreement") which was subsequently approved by the Commission on March 31, 2006, in Order No. 30000.

As set forth in the March 31, 2006 Agreement, Schwendiman Wind proposes to design, construct, install, own, operate and maintain a wind generating facility with a nameplate capacity of twenty (20) MW to be located in Bonneville County, Idaho (the "Facility"). Schwendiman Wind would sell approximately 7.15 average MW ("aMW") of electric energy generated by the Facility to the Company. As previously described in the Application and Exhibits filed August 15, 2005, the Facility has been self-certified with FERC as a qualified small power production facility ("QF") under the Public Utility Regulatory Policies Act of 1978 ("PURPA"), and would interconnect with the Company's system on the Sugar Mill/Goshen-Rigby 69 kV line, 11 miles northeast of Idaho Falls, Idaho.

**II.**  
**CHANGES TO THE MARCH 31, 2006 AGREEMENT**

The Second Amended Agreement includes the following changes to the March 31, 2006 Agreement:

- a) Replace Exhibits A, B, D, and F-2 with new exhibits reflecting Schwendiman Wind's substitution of Nordic wind turbines for Clipper wind turbines;
- b) Update the Recitals to reflect the Nordic wind turbine output;

- c) Move forward in time on the Scheduled Commercial Operations Date and other intermediate milestones in Section 2;
- d) Stipulate (in Section 2.3) to Schwendiman Wind's liability for Delay Liquidated Damages, from August 1, 2007, until the Commercial Operation Date;
- e) Update the capacity factor table in Section 4.2.1 to reflect the substitution of turbines; and
- f) Add a new Section 22 containing security provisions applicable to Schwendiman Wind.

The Second Amended Agreement also adds pricing for year 2028 in Section 5 and updates obsolete contract information in Section 21. Otherwise, no substantive changes to the March 31, 2006 Agreement are contemplated.

### III.

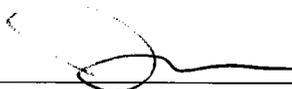
**NOW, THEREFORE**, the Parties respectfully request that the Commission proceed pursuant to a modified procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure and issue its Order:

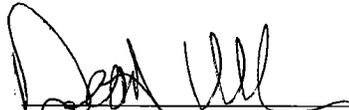
- 1) Approving the Second Amended Power Purchase Agreement between Schwendiman Wind LLC and Company without change or condition; and
- 2) Reaffirming that prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the cost incurred by Company for purchasing capacity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

Respectfully submitted this 19<sup>th</sup> day of September 2007.

ROCKY MOUNTAIN POWER

McDEVITT & MILLER LLP

  
\_\_\_\_\_  
Jordan A. White  
*Attorney for Rocky Mountain Power*

  
\_\_\_\_\_  
Dean J. Miller  
*Attorneys for Schwendiman Wind LLC*

# ATTACHMENT 1

August 29, 2007

Schwendiman Wind LLC  
9633 East Highway 33  
Newdale, ID 83436  
Attn: Tyler Schwendiman

Re: SECOND AMENDMENT TO POWER PURCHASE AGREEMENT

Dear Mr. Schwendiman,

This letter amends the *Amended Power Purchase Agreement Between Schwendiman Wind LLC and PacifiCorp*, which was approved by the Idaho Public Utilities Commission (IPUC) on March 31, 2006 (March 31, 2006 Agreement), PacifiCorp and Schwendiman Wind LLC (Schwendiman) desire to: (1) update the Recitals to reflect the Nordic wind turbine output; (2) move forward in time the Scheduled Commercial Operations Date and other intermediate milestones in Section 2; (2) stipulate (in Section 2.3) to Schwendiman's liability for Delay Liquidated Damages, from August 1, 2007 until the Commercial Operation Date; (3) update the capacity factor table in Section 4.2.1 to reflect the new turbines; (4) add a new Section 22 containing security provisions applicable to Schwendiman; and (5) replace Exhibit A, Exhibit B, Exhibit D, and Exhibit F-2 with new exhibits reflecting Schwendiman's substitution of Nordic wind turbines for Clipper wind turbines. This Agreement also adds pricing for year 2028 in Section 5, and updates obsolete contact information, in Section 21, but otherwise makes no substantive changes to the Agreement.

**Upon the Idaho Public Utilities Commission's unqualified approval, the attached (SECOND) Amended Power Purchase Agreement Between Schwendiman Wind LLC and PacifiCorp supercedes the March 31, 2006 Agreement.**

By September 10, 2007, PacifiCorp shall prepare and file a joint request with Schwendiman for IPUC approval of the proposed amendment, which shall be contingent upon IPUC's approval without modification.

[Remainder of page is intentionally left blank]

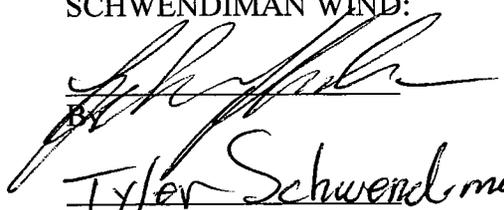
Mr. Tyler Schwendiman  
August 29, 2007  
Page 2 of 3

Please indicate your approval of the foregoing amendment by signing below, initialing next to the changes in the attached amended Agreement, and returning a copy of both to the above address. Thank you for your assistance in this matter.

Sincerely,

  
Stacey Kusters *JBE by DB*  
Director, Origination  
Commercial & Trading

SCHWENDIMAN WIND:

  
By Tyler Schwendiman  
Name

member  
Title

09/07/07  
Date

Attachment: *(Second) Amended Power Purchase Agreement Between Schwendiman Wind LLC and PacifiCorp*

(Second) AMENDED POWER PURCHASE AGREEMENT

<2>\* SK IS

BETWEEN

Schwendiman Wind LLC

AND

PACIFICORP

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

Original Agreement executed July 19, 2005

First Amended January 27, 2006

Second Amended 09/07, 2007

<2> SK IS

\*Changes noted "<2>" in the margin were agreed to by letter agreement dated 09/07, 2007 between PacifiCorp and Schwendiman Wind LLC ("Second Amendment").

Schwendiman Wind Power Project

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 .....	12*
Section 6: Operation and Control .....	14
Section 7: Motive Force.....	16*
Section 8: Metering.....	16
Section 9: Billings, Computations and Payments .....	17
Section 10: Defaults and Remedies .....	17
Section 11: Indemnification.....	19
Section 12: Liability and Insurance .....	19
Section 13: Force Majeure .....	21
Section 14: Several Obligations.....	22
Section 15: Choice of Law.....	22
Section 16: Partial Invalidity .....	23
Section 17: Waiver.....	23
Section 18: Governmental Jurisdiction and Authorizations .....	23
Section 19: Successors and Assigns .....	23
Section 20: Entire Agreement.....	23
Section 21: Notices .....	24 *
Section 22: Security.....	25*

*LM JS*

## POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 27<sup>th</sup> day of January, 2006, 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 20,000-kilowatt (kW) ("Facility"); and
- B. Seller intends to operate the Facility as a Qualifying Facility; as such term is defined in Section 1.37 below.
- C. Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is ~~62,723,088~~ <sup>45,834,784</sup> kilowatt-hours (kWh) pursuant to the monthly Capacity Factor schedules in **Exhibit D** hereto, which amount of energy PacifiCorp will include in its resource planning; and 498
- 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.
- F. On the 19<sup>th</sup> day of July, 2005, the Parties executed a Power Purchase Agreement (the "Original Agreement") and thereafter submitted the Original Agreement to the Idaho Public Utilities Commission for approval in Case No. PAC-E-05-09.
- G. On October 4, 2005 the Commission issued Order No. 29880 disapproving the Original Agreement.
- H. The Parties have in good faith negotiated this Amended Power Purchase Agreement with a view toward meeting the Commission's objections expressed in Order No. 29880.

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 "Adjusted Scheduled Monthly Capacity Factor" shall have the meaning set forth in Section 4.3.

1.2 "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.

Schwendiman Wind Power Project

1.3 "Billing Period" means the time period between PacifiCorp's reading of its power purchase meter at the Facility and for this Agreement shall coincide with calendar months.

1.4 "Capacity Factor" means, for any given period of time, the Net Output delivered divided by the Facility Capacity Rating divided by total hours in the given period of time.

1.5 "Capacity Factor Schedule" shall have the meaning set forth in Section 4.2 of this Agreement.

1.6 "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:

1.6.1 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;

1.6.2 Start-Up Testing of the Facility shall have been completed;

1.6.3 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

1.6.4 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

Schwendiman Wind Power Project

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.

1.7 "**Commercial Operation Date**" means the date the Facility first achieves Commercial Operation.

1.8 "**Commission**" means the Idaho Public Utilities Commission.

1.9 "**Conforming Energy**" means all Net Energy except Non-Conforming Energy and Inadvertent Energy.

1.10 "**Contract Price**" means the applicable price for energy and capacity, specified in Section 5.1.

1.11 "**Contract Year**" means a twelve (12) month period commencing at 00:00 hours Mountain Prevailing Time ("MPT") on January 1 and ending on 24:00 hours MPT 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.

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

1.13 "**Effective Date**" shall have the meaning set forth in Section 2.1 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.

Schwendiman Wind Power Project

1.20 "**Index Price**" shall mean the average of: (1) the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia index (Dow Jones Mid-C Index) prices for firm energy; and (2) the weighted average of the daily on-peak and off-peak Dow Jones Palo Verde index (Dow Jones Palo Verde Index) prices for firm energy. For Sunday and NERC holidays, the 24-Hour Index Price shall be used, unless Dow Jones <sup>TM</sup> 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. If the Dow Jones <sup>TM</sup> 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 Capacity Factor 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.

Schwendiman Wind Power Project

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

1.28 "**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.

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

1.30 "**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, less any station use not provided by the Facility.

1.31 "**Non-Conforming Energy**" means for any Billing Period: (1) that portion of Net Energy delivered in excess of 110% of the Facility Capacity Rating multiplied by the total hours in the Billing Period and multiplied by the Scheduled Monthly Capacity Factor for that Billing Period; or (2) all Net Energy in which Seller's Capacity Factor is less than 90% of the Scheduled Monthly Capacity Factor for that Billing Period; or (3) all Net Output produced by the Facility prior to the Commercial Operations Date.

1.32 "**PacifiCorp Transmission**" means PacifiCorp, an Oregon corporation, acting in its transmission function capacity.

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 "**Qualifying Curtailment**" shall have the meaning set forth in Section 4.3.

Schwendiman Wind Power Project

1.37 **"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.

1.38 **"Replacement Period"**, **"Net Replacement Power Costs"**, **"Replacement Price"** and **"Replacement Volume"** shall have the meanings set forth in Section 10.4 of this Agreement;

1.39 **"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**.

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

1.41 **"Scheduled Maintenance Periods"** means those times scheduled by Seller with advance notice to PacifiCorp as provided in Section 6.2 unless otherwise mutually agreed.

1.42 **"Scheduled Monthly Capacity Factor"** means the Capacity Factor during a given calendar month, as specified by Seller in the Capacity Factor Schedule.

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

1.44 **"Subsequent Capacity Factor Schedule"** shall have the meaning set forth in Section 4.2.3.

1.45 **"Tariff"** means the PacifiCorp FERC Electric Tariff Fifth Revised Volume No.11 Pro Forma Open Access Transmission Tariff, as revised from time to time.

1.46 **"Transmission Provider"** means PacifiCorp Transmission or a successor, including any RTO. Seller acknowledges that PacifiCorp, acting in its merchant capacity function as purchaser under this Agreement, has no responsibility for or control over PacifiCorp Transmission or any successor Transmission Provider.

**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"**)

Schwendiman Wind Power Project

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 **December 31, 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 **December 31, 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 ~~December 31, 2006~~ <sup>August 30, 2007</sup>, 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> SK JS

2.2.4 By ~~December 31, 2006~~ <sup>August 30, 2007</sup>, 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** in time to achieve the Scheduled Commercial Operation Date. <2> SK JS

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 31, 2007~~ <sup>May 1, 2008</sup>, Seller shall have achieved Commercial Operation ("Scheduled Commercial Operation Date"). <2> SK JS

2.2.7 Beginning **July 1, 2006**, Seller shall provide PacifiCorp a one-page monthly update by e-mail on the progress of the milestones in this section 2.2.

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 120 days ("Delay Liquidated Damages").~~ <2> SK JS  
July 31, 2007.

2.4 Delay Liquidated Damages equals the Delay Price times the Delay Volume

Where:

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

"Delay Volume" equals, for the Delay Period, the sum of: the applicable Capacity Factor from the Initial Year Capacity Factor Schedule times the Facility Capacity Rating times twenty-four, for each day of the Delay Period.

2.5 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 Capacity Factor 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 (“**Capacity Factor 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 Capacity Factor Schedule**”):

<u>Month</u>	<u>Capacity Factor</u>
January	31.3% 28.1%
February	27.3% 22.8%
March	49.2% 34.2%
April	48.9% 31.3%
May	46.0% 30.4%
June	37.1% 27.1%
July	35.1% 22.9%
August	32.9% 24.2%
September	31.6% 21.1%
October	26.5% 21.6%
November	35.8% 26.9%
December	27.6% 22.9%

<2> *She JS*

4.2.2 Seller may revise the Initial Year Capacity Factor 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 3rd month thereafter, Seller shall supplement the Capacity Factor Schedule with three additional months of forward estimates (which shall be appended to this Agreement as **Exhibit D**) (“**Subsequent Capacity Factor Schedule**”), such that the Capacity Factor Schedule will provide at least six months of Capacity Factor estimates at all times. Seller shall provide Subsequent Capacity Factor Schedules no later than 5:00 pm of the 5th day after the due date. If Seller does not provide a Subsequent Capacity Factor Schedule by the above deadline, Capacity Factors for the omitted period shall equal the Capacity Factors scheduled by Seller for the same three-month period during the previous year.

Schwendiman Wind Power Project

4.2.4 Beginning with the end of the third month after the Commercial Operation Date and at the end of every third month thereafter; (1) the Seller may not revise the immediate next three months of previously provided Capacity Factors, but by written notice given to PacifiCorp no later than 5:00 PM of the 5th day following the end of the previous month, the Seller may revise all other previously provided Net Energy Amounts. Failure to provide timely written notice of changed amounts will be deemed to be an election of no change.

4.3 Adjustment of Capacity Factor. If PacifiCorp is excused from accepting all or part of Seller's Net Output due to the occurrence of circumstances specified in Section 6.3.1, or if Seller is excused from delivery due to the occurrence of circumstances specified in Section 6.4, ("**Qualifying Curtailment**") the Scheduled Monthly Capacity Factor will be adjusted, *pro rata* ("**Adjusted Scheduled Monthly Capacity Factor**"). The Adjusted Scheduled Monthly Capacity Factor shall be calculated as follows:

$$\text{SMCF}(\text{adj}) = \text{SMCF} * \left[ 1 - \sum_{i=1}^n \left( \left( \frac{Hc_i}{Ht} \right) * \left( \frac{Cc_i}{C_{\text{max}}} \right) \right) \right]$$

Where:

- SMCF = Scheduled Monthly Capacity Factor
- SMCF (adj) = Adjusted Scheduled Monthly Capacity Factor.
- Ht = total hours in the month in which curtailment occurs
- Hc = total hours of Qualifying Curtailment in month in which curtailment occurs.
- Cc<sub>i</sub> = Capacity curtailed due to a Qualifying Curtailment (MW)
- C<sub>max</sub> = Facility Capacity Rating (MW)

4.4 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 Conforming Energy Purchase Price—Except as provided in Sections 5.2 and 5.4, PacifiCorp will pay Seller the following non-levelized prices for capacity and energy, in accordance with Commission Order 29646:

<u>Year</u>	<u>\$/MWh</u>
2006	\$52.59
2007	\$53.80
2008	\$55.03
2009	\$56.30
2010	\$57.59
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
2027	\$84.80
2028	\$86.76

<2> *JK JS*

Schwendiman Wind Power Project

5.2 Non-Conforming Energy Purchase Price—For all Non-Conforming Energy and associated capacity, PacifiCorp will pay Seller the following non-levelized prices for capacity and energy

<u>Year</u>	<u>\$/MWh</u>
2006	43.51
2007	44.51
2008	45.53
2009	46.58
2010	47.64
2011	48.74
2012	49.86
2013	51.00
2014	52.17
2015	53.37
2016	54.59
2017	55.84
2018	57.12
2019	58.43
2020	59.77
2021	61.15
2022	62.55
2023	63.98
2024	65.45
2025	66.95
2026	68.49
2027	70.06
2028	71.68

<2> SK TS

Schwendiman Wind Power Project

5.3 Payment

For the Billing Period in each Contract Year:

5.3.1 If Capacity Factor is between 90% and 110% of the Scheduled Monthly Capacity Factor, then:

Payment = Conforming Energy (kWh) times Conforming Energy Purchase Price (\$/MWh) divided by 1000

5.3.2 If Capacity Factor is less than 90% of the Scheduled Monthly Capacity Factor, then:

Payment = Non-Conforming Energy (kWh) times Non-Conforming Energy Purchase Price (\$/MWh) divided by 1000

5.3.3 If Capacity Factor is greater than 110% of the Scheduled Monthly Capacity Factor, then

Payment = Conforming Energy (kWh) times Conforming Energy Purchase Price (\$/MWh) divided by 1000 plus Non-Conforming (kWh) times Non-Conforming Energy Purchase Price (\$/MWh) divided by 1000

5.4 Inadvertent Energy—PacifiCorp may accept Inadvertent Energy at its sole discretion, but will not purchase or pay for Inadvertent Energy.

**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 Energy Acceptance

6.3.1 PacifiCorp shall be excused from accepting and paying for Net Output or accepting Inadvertent Energy produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, or if PacifiCorp determines that curtailment, interruption or reduction of Net

## Schwendiman Wind Power Project

Output or Inadvertent Energy deliveries is necessary because of line construction or maintenance requirements, emergencies, electrical system operating conditions on its system or as otherwise required by Prudent Electrical Practices. If, for reasons other than an event of Force Majeure, PacifiCorp requires such a curtailment, interruption or reduction of Net Output deliveries for a period that exceeds twenty (20) days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Output at a rate equivalent to the pro rata daily average of the amounts specified for the applicable month in Section 4.3. PacifiCorp will notify Seller when the interruption, curtailment or reduction is terminated.

6.3.2 PacifiCorp shall not be obligated to purchase, receive or pay for Net Output that is not delivered to the Point of Delivery (a) during times and to the extent that such energy is not delivered because the interconnection between the Facility and PacifiCorp's system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, (b) during times and to the extent that such energy is not delivered because the Transmission Provider Curtails (as defined in the Tariff) Network Integration Transmission Service (as defined in the Tariff) to PacifiCorp pursuant to the terms of the Tariff, or (c) during times and to the extent that an event of Force Majeure prevents either Party from delivering or receiving such energy.

6.3.3 Under no circumstances will the Seller deliver Net Output and/or Inadvertent Energy from the Facility to the Point of Delivery in an amount that exceeds the Maximum Facility Delivery Rate. Seller's failure to limit deliveries to the Maximum Facility Delivery Rate shall be a Material Breach of this Agreement.

### 6.4 Seller Declared Suspension of Energy Deliveries.

6.4.1 If the Seller's Facility experiences a forced outage due to equipment failure which is not caused by an event of Force Majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Seller's Facility, Seller may, after giving notice as provided in Section 6.4.2 below, temporarily suspend all deliveries of Net Energy to PacifiCorp from the Facility or from individual generation unit(s) within the Facility affected by the forced outage for a period of not less than 48 hours to correct the forced outage condition ("**Declared Suspension of Energy Deliveries**"). The Seller's Declared Suspension of Energy Deliveries will begin at the start of the next full hour following the Seller's notification as specified in Section 6.4.2 and will continue for the time as specified (not less than 48 hours) in the written notification provided by the Seller. In the month(s) in which the Declared Suspension of Energy occurred, the Net Energy Amount will be adjusted as specified in Section 4.3.

6.4.2 If the Seller desires to initiate a Declared Suspension of Energy Deliveries as provided in Section 6.4.1, the Seller will notify PacifiCorp's generation coordination desk, by e-mail to [wsc@pacificorp.com](mailto:wsc@pacificorp.com), by telephone (503-813-5394), or by fax (503-813-5512), of Seller's unscheduled outage. 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. The beginning hour of the Declared Suspension of Energy

Deliveries will be at the earliest the next full hour after making contact with PacifiCorp. The Seller will, within 24 hours after the telephone contact, provide PacifiCorp a written notice in accordance with Section 21 declaring the beginning hour and duration of the Declared Suspension of Energy Deliveries and a description of the conditions that caused the Seller to initiate a Declared Suspension of Energy Deliveries. PacifiCorp will review the documentation provided by the Seller to determine PacifiCorp's acceptance of the described forced outage as qualifying for a Declared Suspension of Energy Deliveries as specified in paragraph 6.4.1. PacifiCorp's acceptance of the Seller's forced outage as an acceptable forced outage will be based upon the clear documentation provided by the Seller that the forced outage is not due to an event of Force Majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Seller's Facility. 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 Seller's reporting of Facility Net Output and Adjusted Scheduled Monthly Capacity Factor.

#### 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 <sup>45,834,784</sup>~~62,723,088~~ 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. -2> *SK*

#### 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.

Schwendiman Wind Power Project

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 for the energy and associated capacity that Seller was scheduled to provide for a period of twelve (12) months ("**Replacement Period**") from the date of termination plus the estimated administrative cost to acquire the replacement power ("**Net Replacement Power Costs**"). Net Replacement Power Costs equals the Replacement Price times the Replacement Volume plus the estimated administrative cost to the utility to acquire replacement power.

Where:

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

"**Replacement Volume**" equals, for the Replacement Period, the sum of: the applicable Capacity Factor from the Capacity Factor Schedule times the Facility Capacity Rating times twenty-four, for each day of the Replacement Period.

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

## Schwendiman Wind Power Project

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 sub-limits 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

Schwendiman Wind Power Project

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
<b>All Notices</b>	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* <del>PO Box 262</del> 5304 Tildy Cir <del>Ririe, ID 83443</del> Ammon, ID 83401  EMail: tyler@holdenmccarty.com Phone: 208-390-4285  Val Schwendiman 9633 East Hwy 33 Newdale, ID 83436 Phone: 208-458-4261
<b>All Invoices:</b>	Attn: Back Office, Suite <del>600</del> 700* Phone: (503) 813 - 5674 Facsimile: (503) 813 - 5580	
<b>Scheduling:</b>	Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
<b>Payments:</b>	Attn: Back Office, Suite <del>600</del> 700* Phone: (503) 813 - 5674 Facsimile: (503) 813 - 5580	
<b>Wire Transfer:</b>	Bank One N.A. To be provided in separate letter from PacifiCorp to Seller	
<b>Credit and Collections:</b>	Attn: Credit Manager, Suite 1800 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	
<b>With Additional Notices of an Event of Default or Potential Event of Default to:</b>	Attn: General Counsel. and Dean Brockbank, Atty Phone: (503) 813- <del>6266</del> <sup>5029*</sup> and (801) 220-4568 Facsimile: (503) 813- <del>7262</del> <sup>7252*</sup> 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.

**SECTION 22—SECURITY\***

22.1 Definitions.

22.1.1 “**Default Security**” means \$200,000 U.S., unless otherwise agreed to in writing.

22.1.2 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from Standard & Poors or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

22.2 Duty to Post Security. Schwendiman, within 5 business days after IPUC approval of the Second Amendment to this Agreement, shall post a Letter of Credit in the amount of the Default Security. To the extent PacifiCorp draws on the Letter of Credit cause the remaining Default Security to drop below \$50,000, Schwendiman, within fifteen (15) days, shall restore the Default Security to no less than \$50,000.

22.3 Right to Draw on Security. PacifiCorp shall have the right to draw on the Letter of Credit to collect Delay Liquidated Damages, which Schwendiman will begin accruing, pursuant to Section 2.2 of the Second Amended Power Purchase Agreement, on August 1, 2007. Commencing on or about September 1, 2007, PacifiCorp will invoice Schwendiman for Delay Liquidated Damages incurred during the preceding month. Any undisputed amount not paid within 30 days of the invoice date shall be drawn on the Letter of Credit. Billings and payments for Delay Liquidated Damages shall be made in accordance with Section 9 of this Agreement.

22.4 Additional Security. The amount of Default Security represents the estimated value of Delay Liquidated Damages, from August 1, 2007 to the Scheduled Commercial Operation Date (May 1, 2008), based on forward price estimates and based upon Schwendiman’s Initial Year Capacity Factor Schedule. In the event PacifiCorp reasonably determines at any time that the remaining amount of Default Security is less than the estimated value of Delay Liquidated Damages (due to upward changes in market price and/or due to Schwendiman’s inability to meet the Scheduled Commercial Operation Date), PacifiCorp may demand that Schwendiman post within 5 business days additional Default Security equal to the estimated (unpaid) Delay Liquidated Damages.

22.5 Termination of Letter of Credit. Schwendiman may terminate the Letter of Credit on the 180<sup>th</sup> day following commencement of Commercial Operation by providing PacifiCorp with no less than thirty (30) days advanced written notice of its intent to do so unless PacifiCorp disputes whether all Delay Liquidated Damages have been paid.

\*This Section 22 added in its entirety by the Second Amendment.

<2> *sk TS*

Schwendiman Wind Power Project

22.6 Default. Failure to maintain Security in accordance with Section 22.2 and Section 22.4 until properly terminated in accordance with Section 22.5 shall constitute an Event of Default, unless cured in accordance with Section 10.1.1 of this Agreement.

[Remainder of this page intentionally left blank]

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

Schwendiman Wind LLC

By: Judi Johansen

By: [Signature]

Name: Judi Johansen

Name: Tyler Schwendime

Title: President and CEO

Title: member

EXHIBIT A \*

DESCRIPTION OF SELLER'S FACILITY

Turbine Selection and Configuration: Seller intends to construct the Facility using the wind turbine described in this Exhibit A. Any changes to the final configuration of the wind turbines made by the manufacturer in its normal course of business, which does not cause the Facility to exceed the Maximum Facility Delivery Rate of 10 aMW, would not constitute a default of this Agreement.. Any change in the manufacturer and/or model of turbine listed in the Facility shall require the express written consent of PacifiCorp.

---

**Facility Capacity Rating: 20,000 kW at wind speed between 31 mph and 45 mph**

---

The maximum net output of the Facility should be below the nameplate 20,000 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.

Total Project design constraint specifies less than 10aMW capacity per month or approximately 20MW facility output. Seller's Facility current design consists of twenty 1.0 MW wind turbine generators manufactured by Nordic Windpower. If revisions are made to the generation units by the same manufacturer or their specifications, such information will be provided to PacifiCorp in the As-Built drawings at project completion or when appropriate. More specifically, the current generators planned for each wind turbine at the Facility is described as:

**1. Introduction**

This document defines the major system attributes of the Nordic Windpower 1.0 MW Wind Turbine Generator System intended for this project at this time. Nordic reserves the right to change any specification contained herein without prior notice. It is the purpose of this document to provide general information regarding the product represented.

\*This Exhibit A replaces the prior Exhibit A in its entirety.

<2> *JK TS*

## Schwendiman Wind Power Project

### 2. General Specifications

Type	Horizontal Axis
Number of Blades	2
Orientation	Upwind
Operation	Fixed Speed
Rotor Speed	25 rpm
Control Principle	Stall
Hub Height	60m
Primary Braking	Air Brake, Turnable Blade Tips
Air Brake Activate/Deactivate	Centrifugal Force/Hydraulics
Power Output	1000 kW
Yaw	Active
Cut-in Wind Velocity	4 m/s – 10 min average
Cut-out Wind Velocity	20 m/s – 10 min average

### 3. Rotor

Diameter	59m
Swept Area	2734m <sup>2</sup>
Type of Blades	Nordic Designed
Tip Speed at Rated Output	71 m/s

### 4. Blade

Blade Length	29.5m
Material	Fiberglass Reinforced Epoxy (GRP)

### 5. Hub

Type	Teeter
Teeter Bearing	Elastomeric

### 6. Gearbox

Type	Planetary & Helical
Gear Arrangement	2 Planetary & 1 Stage Helical
Ratio	1:62.4
Main Bearings	Integrated Turbine Bearings
Cooling	Heat Exchanger

### 7. Generators

Type	4-Pole Induction with Variable Slip
Operational Speed	1560 rpm
Rated Power	1000 kW
Voltage	690 VAC
Enclosure/Protection	IP54
Cooling	Liquid (Glycol-Water)

## Schwendiman Wind Power Project

<b>8. Parking Brake</b>	
Type	Mechanical Disk Brake with Two Calipers
Activate/Deactivate	Springs/Hydraulic Pressure
<b>9. Yaw System</b>	
Type of Motor	Rolling Bearing
Drive Motor	Three Hydraulic
<b>10. Tower</b>	
Type	Welded Steel Tube, Painted
Diameter Top/Bottom	1.9/3.0m
<b>11. Control System</b>	
Type	Microprocessor
Control	Remote
<b>12. Environmental Application Limits</b>	
Extreme Wind Speed	55 m/s (standard)
<b>13. Grid Compatibility</b>	
Frequency – Continuous	60 Hz
Line Voltage – Continuous	690 VAC
Power Factor	1/.99 at 0/100% power
<b>14. Noise Performance</b>	
Sound Power Level LWA, ref	100 db (A)
40 db (A) at Distance	330m
<b>15. Weights</b>	
Tower	45 tonnes
Nacelle w/ Turbine	29 tonnes
Turbine	17 tonnes

EXHIBIT B\*

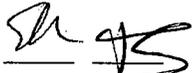
POINT OF DELIVERY / PARTIES' INTERCONNECTION FACILITIES

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 pad-mount 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 4 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 4 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 and revenue class meters. 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 also indicated. The metering point shall be at the substation. The site will be adjusted to accommodate twenty turbines under the latest configuration.

\*This Exhibit B replaces the prior Exhibit B in its entirety.

<2> 



Schwendiman Wind Power Project

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\*

CAPACITY FACTOR SCHEDULES

<b>Schwendiman Wind Farm Averaged Energy Production Estimate, 20MW Nameplate Capacity, Nordic Wind Turbines</b>			
Month	Estimated Generation, kWh	Ave MW/mo	Monthly NET Capacity Factor
January	4178339.4	5.62	28.1%
February	3068728.6	4.57	22.8%
March	5090696.5	6.84	34.2%
April	4511764.1	6.27	31.3%
May	4522168.6	6.08	30.4%
June	3908141.2	5.43	27.1%
July	3406675.2	4.58	22.9%
August	3607670.9	4.85	24.2%
September	3032170.3	4.21	21.1%
October	3221180.8	4.33	21.6%
November	3873421.5	5.38	26.9%
December	3413827.3	4.59	22.9%
<b>TOTAL</b>	<b>45834784.4</b>	<b>5.23</b>	<b>26.2%</b>

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

\*This Exhibit D replaces the prior Exhibit D in its entirety.

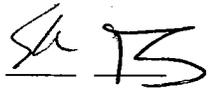
<2> 

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. Point-to-point continuity tests;
6. Bench tests of protective devices; and
7. Tests required by manufacturer of equipment

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly 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;
2. System operation tests;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Excitation and voltage regulation operation tests;
7. Auto stop/start sequence;
8. Completion of any 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  
Power Cables

Cable Installation Check Lists including:

Controller  
Top Deck / Yaw Deck  
Tower Top Section / Saddle  
Mid Section Cables or buss bars  
Base Section

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 AVERAGE NET ENERGY ESTIMATE IS 45,834,784 KWH PER YEAR IN EACH FULL CALENDAR YEAR OF THIS AGREEMENT;

Wind data has been collected on and near the Schwendiman wind farm site since the year 2001. Correlation and other wind data analysis has been performed on all of the available wind data, resulting in a long-term annual average wind speed estimate of 17.4 mph at 40 meters AGL at the Schwendiman 40 meter wind data tower location. The frequency distribution of the wind data closely follows a Rayleigh distribution, and the calculated wind shear estimate for the site is 0.09. Using these figures, wind data and the wind turbine manufacturer's power curve for the average air density of the site ( $1.02 \text{ kg/m}^3$ ), annual gross energy production estimates were performed for the 40 meter data tower site. For a Nordic wind turbine (59 meter rotor, 60 meter hub height) at the 40 meter data tower location, the gross capacity factor estimate is 35.12%. Adjusting for the other locations in the proposed wind farm array, the overall wind farm gross capacity factor estimate is 34.19% for the Nordic wind turbines. Gross to net losses are calculated at a total of 10%, including array and control losses, electrical distribution losses, icing, turbine availability, etc., which results in an overall wind farm net capacity factor estimate of 30.8% for the Nordic wind turbines. Adjusting the net wind farm energy production estimate for monthly variability from year to year in order to fall within the 90/110 band most often, the average annual net energy production for this wind farm (20 MW of Nordic wind turbines) is estimated at 45,834,784 kWh. Actual delivery over time will vary from this number according to the natural wind resource variations in any given year.

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

In all of the wind data collected at Schwendiman's and other area anemometer towers, the highest monthly wind speed average recorded since 2001 was approximately 23.3 mph. Using this average and data for that month, the calculated wind farm gross capacity factor for the Schwendiman wind farm site would have been 47.3%, and net capacity factor for that month would have been approximately 42.6% for the Nordic wind turbines. This would result in a monthly average power generation level of 8.52 aMW for Nordic turbines for that particular wind month, the highest monthly average recorded in the last seven years.

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

This engineering certification has been prepared by Idaho Professional Engineer Kurt S. Myers, PE, 4001 S. Pine Needle Cir., Idaho Falls, Idaho 83404, and is based on a detailed analysis of the site data and intended generation equipment.

*Kurt S. Myers*

IDAHO PE#12048, Dated: August 12, 2007

\*This Exhibit F2 replaces the prior Exhibit F2 in its entirety.

<2> *JS*