



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

May 28, 2009

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: Case No. PAC-E-09-05
In the Matter of the Application of PacifiCorp d/b/a Rocky Mountain Power
Company for Approval of a Power Purchase Agreement between PacifiCorp and
Lower Valley Energy Inc.**

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Rocky Mountain Power's Petition for approval in the above-referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen /pm

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

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UTILITIES COMMISSION

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Salt Lake City, Utah 84111

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Attorney for PacifiCorp

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
PACIFICORP d/b/a ROCKY MOUNTAIN) CASE NO. PAC-E-09-05
POWER COMPANY FOR APPROVAL)
OF POWER PURCHASE AGREEMENT) PETITION
)

COMES NOW, PacifiCorp, d/b/a Rocky Mountain Power (“PacifiCorp” or the “Company”), and pursuant to RP 52, hereby applies to the Idaho Public Utilities Commission (the “Commission”) for an order approving the Power Purchase Agreement between PacifiCorp and Lower Valley Energy, Inc dated May 22, 2009. In support of this Petition, the Company states as follows:

1. PacifiCorp is an electrical corporation and public utility doing business as Rocky Mountain Power in the state of Idaho and is subject to the jurisdiction of the Commission with regard to its public utility operations. PacifiCorp also provides retail electric service in the states of Utah, Oregon, Wyoming, Washington, and California.
2. Lower Valley Energy, Inc. (“Lower Valley”) intends to construct, own, operate and maintain a run of river hydroelectric generating facility for the generation of electric power located in or near the town of Afton, Lincoln County, Wyoming with an expected nameplate capacity rating of 940-kilowatts (the “Facility”). The Facility will

be a qualified small power production facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 ("PURPA").

3. On May 22, 2009, PacifiCorp and Lower Valley entered into a Power Purchase Agreement ("Agreement"). Under the terms of the Agreement, Lower Valley elected to contract with the Company for an approximate three year term, expiring May 1, 2012. Except as otherwise provided, PacifiCorp will pay Lower Valley non-levelized, Conforming Energy or Non-Conforming Energy Purchase Prices for capacity and energy adjusted for seasonality and On-Peak/Off-Peak Hours in accordance with Commission Order 30480 and Errata to Order 30480.

4. The Facility is interconnected to Lower Valley's electrical system and Lower Valley will transmit Net Output to PacifiCorp at the Goshen substation in Idaho via transmission facilities operated by Bonneville Power Administration ("BPA"). Lower Valley will acquire and pay for a transmission services agreement to schedule and deliver the power to PacifiCorp and PacifiCorp intends to accept scheduled firm delivery via BPA of Lower Valley's Net Output.

5. The total nameplate capacity of this Facility is 940 kilowatts. As described in Section 7 of the Agreement, Lower Valley will be required to provide data on the Facility that PacifiCorp will use to determine whether under normal and/or average conditions: (1) the feasibility that Facility Net Energy will equal or exceed 4,696,298 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 MW in any calendar month. Further, as described in Section 5.3 of the Agreement, should the Facility exceed 10 average MW on a monthly basis, PacifiCorp

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

6. Paragraph 2.1 of the Agreement provides that the Agreement will not become effective until the Commission has approved the Agreement and determined that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the cost incurred by PacifiCorp for purchasing capacity and energy from Lower Valley 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.

7. Lower Valley has elected June 1, 2009, as the Commercial Operation Date for this Facility. Various requirements have been placed upon Lower Valley in order for PacifiCorp to accept energy deliveries from this Facility. PacifiCorp will monitor compliance with these initial requirements. In addition, PacifiCorp will monitor the ongoing requirements through the full term of this Agreement.

8. The Agreement, as signed and submitted to the Commission, contains Non-Levelized Published Avoided Cost Rates in conformity with applicable IPUC orders. All applicable transmission service charges for delivery of the Net Output from the Facility to PacifiCorp’s electrical system will be paid by Lower Valley.

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

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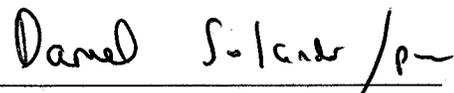
CONCLUSION

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

- (1) Approving the Power Purchase Agreement between Lower Valley and PacifiCorp without change or condition; and
- (2) Declaring that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the cost incurred by PacifiCorp for purchasing capacity and energy from Lower Valley 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.

DATED this 28th day of May, 2009

Respectfully submitted,

Handwritten signature of Daniel Solander in black ink, written over a horizontal line.

Daniel Solander
Attorney for PacifiCorp

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UTILITIES COMMISSION

POWER PURCHASE AGREEMENT

BETWEEN

LOWER VALLEY ENERGY, INC.

[a non-fueled, non-levelized, non-MAG Qualifying Facility located in PacifiCorp Control Area interconnected to non-PacifiCorp system in Wyoming delivering power to PacifiCorp in Idaho—10aMW/Month or less]

AND

PACIFICORP

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 22nd day of May, 2009, is between Lower Valley Energy, Inc., a Wyoming Corporation (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 run of river hydroelectric generating facility for the generation of electric power located in or near the town of Afton, Lincoln County, Wyoming with an expected Facility Capacity Rating of 940-kilowatts (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 4,530,244 kilowatt-hours (kWh) pursuant to the monthly Energy Delivery Schedule in Exhibit D hereto, which amount of energy PacifiCorp will include in its resource planning; and
- D. Seller shall sell and PacifiCorp shall purchase all the Net Output from the Facility in accordance with the terms and conditions of this Agreement.
- E. Seller intends to transmit Net Output to PacifiCorp via transmission facilities operated by a third party, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as Addendum W and incorporated contemporaneously herewith.
- F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol and, as such, the costs of QF energy under this Agreement shall be allocated as a system resource unless any portion of those costs exceeds the cost PacifiCorp would have otherwise incurred acquiring comparable resources. In that event, the Revised Protocol assigns those excess costs on a situs basis to the state in which the Facility is located. In addition, for the purposes of inter-jurisdictional cost allocation, PacifiCorp represents that the costs of this Agreement do not exceed the costs PacifiCorp would have otherwise incurred acquiring resources in the market that are defined as "Comparable Resources" in Appendix A to the Inter-Jurisdictional Cost Allocation Revised Protocol. For the purposes of inter-jurisdictional cost allocation, PacifiCorp represents that the costs and revenues from the energy and capacity sold to Seller by PacifiCorp will be assigned on a situs basis to the state to which Net Output from the Facility is delivered.

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 Energy Delivery" 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.

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 divided by the product of Facility Capacity Rating and the total hours in the given period of time.

1.5 "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 Entity's System. In order to meet the requirements for Commercial Operation, all of the following events shall have occurred:

1.5.1 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;

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

1.5.3 PacifiCorp has received an executed copy of Seller's Transmission Agreement(s); and

1.5.4 PacifiCorp shall have received a certificate addressed to PacifiCorp from a Licensed Professional Engineer, or an attorney in good standing in Idaho or Wyoming, stating that Seller has obtained all Required Facility Documents and, if requested by PacifiCorp in writing, Seller shall have provided copies of any or all such requested Required Facility Documents.

Seller shall provide notice to PacifiCorp when Seller believes that the Facility has achieved Commercial Operation. PacifiCorp shall have ten (10) days after receipt of such notice either to confirm to Seller that all of the conditions to Commercial Operation have been satisfied or have occurred, or to state with specificity those conditions that PacifiCorp reasonably believes have not been satisfied or have not occurred. If, within such ten (10) day period, PacifiCorp does not respond or notifies Seller confirming that the Facility has achieved Commercial Operation, the original date of receipt of Seller's notice shall be the Commercial Operation Date. If PacifiCorp notifies Seller within such ten (10) day period that PacifiCorp believes the Facility has not achieved Commercial Operation, Seller shall be obligated to address the concerns stated in PacifiCorp's notice to the mutual satisfaction of both Parties, and Commercial Operation shall be deemed to occur on the date of such satisfaction, as specified in a notice from PacifiCorp to

Seller. If Commercial Operation is achieved at less than one hundred percent (100%) of the expected Facility Capacity Rating, Seller shall provide PacifiCorp an expected date for achieving the expected Facility Capacity Rating, and the Facility's Capacity Rating on that date shall be the final Facility Capacity Rating under this Agreement. In no event will delay in achieving the expected Facility Capacity Rating beyond the Commercial Operation Date postpone the Expiration Date specified in Section 2.1.

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

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

1.8 **"Conforming Energy"** means all Net Energy delivered to the Point of Delivery except Non-Conforming Energy.

1.9 **"Conforming Energy Price"** means the applicable price for Conforming Energy and capacity, specified in Section 5.1.

1.10 **"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 Expiration Date, unless earlier terminated as provided herein.

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

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

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

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

1.15 **"Facility"** means Seller's 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 Scheduling Addendum"** means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Net Output from the Facility to the Point of Delivery via a non-PacifiCorp Transmission Entity(s).

1.19 **"Inadvertent Energy"** means energy delivered to the Point of Interconnection (1) in excess of the Maximum Monthly Purchase Obligation; or (2) at an average hourly rate exceeding the Maximum Facility Delivery Rate. Inadvertent Energy is not included in Net Output.

1.20 **"Index Price"** shall mean the weighted average of the daily On-Peak and Off-Peak 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 TM shall publish a Firm On-Peak and Firm Off-Peak Price for such days for Palo Verde, in which event such indices shall be utilized for such days. If the Dow Jones TM index or any replacement of that index ceases to be published during the term of this Agreement, PacifiCorp shall select as a replacement a substantially equivalent index that, after any appropriate or necessary adjustments, provides the most reasonable substitute for the index in question. PacifiCorp's selection shall be subject to Seller's consent, which Seller shall not unreasonably withhold, condition or delay.

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

1.22 **"Interconnected Utility"** means Lower Valley Energy, Inc., the operator of the electric utility system at the Point of Interconnection.

1.23 **"Interconnection Facilities"** means all the facilities and ancillary equipment used to interconnect the Facility to the Interconnected Utility, including electrical transmission lines, upgrades, transformers, and associated equipment, substations, relay and switching equipment, and safety equipment.

1.24 **"Licensed Professional Engineer"** means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Wyoming, 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.

1.25 **"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.

1.26 **"Maximum Curtailed Facility Delivery Rate"** means the maximum instantaneous rate (kW) at which the Facility is capable of delivering Net Output at the Point of Interconnection during a Qualifying Curtailment.

1.27 **"Maximum Facility Delivery Rate"** means the maximum instantaneous rate (kW) at which the Facility is capable of delivering Net Output at the Point of Interconnection, as specified in Exhibit A, and in compliance with the Facility's generation interconnection agreement, if applicable.

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

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

1.30 **"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.

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

1.32 **"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 Interconnection, less any station use not provided by the Facility. Net Output does not include Inadvertent Energy.

1.33 **"Non-Conforming Energy"** means for any Billing Period: (1) that portion of Net Energy delivered to the Point of Delivery in excess of 110% of the Scheduled Monthly Energy Delivery for that Billing Period delivered subsequently to that initial 110%; or (2) all Net Energy delivered to the Point of Delivery when Net Energy delivered is less than 90% of the Scheduled Monthly Energy Delivery for that Billing Period; or (3) all Net Output produced by the Facility prior to the Commercial Operations Date.

1.34 **"Non-Conforming Energy Price"** means the applicable price for Non-Conforming Energy and capacity, specified in Section 5.1.

1.35 **"Off-Peak Hours"** means all hours of the week that are not On-Peak Hours.

1.36 **"On-Peak Hours"** means hours from 7:00 a.m. to 11:00 p.m. Mountain Prevailing Time, Monday through Saturday, excluding Western Electricity Coordinating Council (WECC) and North American Electric Reliability Corporation (NERC) holidays.

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

1.38 **"Point of Delivery"** means PacifiCorp's 161 kV busbar at the Goshen Substation, Idaho the point of interconnection between Bonneville Power Administration's system and PacifiCorp's system where PacifiCorp has agreed to receive Seller's Net Output.

1.39 **"Point of Interconnection"** means the high voltage side of Seller's step-up transformer at the point of interconnection between Seller's Facility and the Interconnected Utility's system.

1.40 **"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 JPMorgan Chase & Co. If a JPMorgan Chase & Co. 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.

1.41 **"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.

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

1.43 **"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.

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

1.45 **"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**.

1.46 **"Scheduled Commercial Operations Date"** means the date by which Seller promises to achieve Commercial Operation, as specified in Section 2.2.5.

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

1.48 "Scheduled Monthly Energy Delivery" means the Net Energy scheduled to be delivered to the Point of Delivery during a given calendar month, as specified by Seller in the Energy Delivery Schedule.

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

1.50 "Subsequent Energy Delivery Schedule" shall have the meaning set forth in Section 4.2.3.

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

1.52 "Transmission Agreement(s)" means the agreement(s) (or contemporaneous agreements) between Seller and the Transmitting Entity(s) providing for Seller's uninterrupted right to transmit Net Output to the Point of Delivery.

1.53 "Transmitting Entity(s)" means the Bonneville Power Administration, the (non-PacifiCorp) operator(s) of the transmission system(s) between the Point of Interconnection and the Point of Delivery.

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 May 1, 2012 ("Expiration Date").

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

2.2.1 By **May 22, 2009**, Seller shall use best efforts to obtain and provide to PacifiCorp copies of all governmental permits and authorizations necessary for construction of the Facility.

2.2.2 By **May 22, 2009**, Seller shall provide PacifiCorp with a copy of an executed Transmission Agreement(s), which shall be consistent with all material terms and requirements of this Agreement.

2.2.3 By **May 22, 2009**, 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 prime mover(s) specified in **Exhibit A**.

2.2.4 Prior to Commercial Operation Date, Seller shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp.

2.2.5 By **June 1, 2009**, Seller shall have achieved Commercial Operation ("**Scheduled Commercial Operation Date**").

2.2.6 PacifiCorp has received an executed copy of **Exhibit H**—Seller's Interconnection Request.

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**"). Billings and payments for Delay Liquidated Damages shall be made in accordance with Section 9. Any undisputed amount of Delay Liquidated Damages not paid within 30 days of the invoice date shall be drawn on the Delay Security.

Delay Liquidated Damages equals the sum of the Delay Price times the Delay Volume, for each day of the Delay Period.

Where:

"**Delay Price**" equals the positive difference, if any, of the Index Price minus the weighted average of the On-Peak and Off-Peak monthly Conforming Energy Prices; and

"**Delay Volume**" equals the applicable Scheduled Monthly Energy Delivery divided by the number of days in that month.

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

2.3.1 **Duty to Post Security.** Seller, within thirty (30) days after Commission approval of this Agreement, shall provide Delay Security in the amount determined pursuant to 2.3.2 and in a form deemed acceptable by Section 2.3.3.

2.3.2 **Delay Security Amount.** PacifiCorp shall calculate the amount of Delay Security by making good faith forecast of Delay Liquidated Damages, as calculated in Section 2.3, for each month of the potential 120 day delay period. The Delay Security will be \$0.

2.3.3 **Acceptable Forms of Security.** Seller shall provide Delay Security in the form of:

Letter of Credit: An irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of "A" or greater from Standard & Poor's 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; or

Cash Escrow: funds deposited in an escrow account established by the Seller in a banking institution acceptable to both Parties.

2.3.4 **Termination of Delay Security.** Seller may terminate or withdraw the Delay Security on the 180th 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.

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 Wyoming corporation duly organized and validly existing under the laws of Wyoming.

3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.

3.2.3 Seller's shareholders, directors, and officers have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission self-certification to PacifiCorp prior to PacifiCorp's execution of this Agreement. At any time PacifiCorp has reason to believe during the term of this Agreement that Seller's status as a QF is in question, PacifiCorp may require Seller to provide PacifiCorp with a written legal opinion from an attorney in good standing in the state of Idaho and who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request)

demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

3.2.7 Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.

3.2.8 Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.

3.2.9 Seller is not in default under any of its other agreements and is current on all of its financial obligations.

3.2.10 Seller owns all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.

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

SECTION 4: DELIVERY OF ENERGY AND CAPACITY

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

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

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

<u>Month</u>	<u>Energy Delivery (kWh)</u>
January	193,440

February	147,840
March	163,680
April	282,939
May	562,150
June	671,287
July	677,951
August	550,511
September	382,459
October	374,729
November	300,058
December	223,200

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

4.2.3 Beginning at the end of the ninth full calendar month of operation, and at the end of every 3rd month thereafter, Seller shall supplement the Energy Delivery Schedule with three additional months of forward estimates (which shall be appended to this Agreement as **Exhibit D**) ("**Subsequent Energy Delivery Schedule**"), such that the Energy Delivery Schedule will provide at least six months of scheduled energy estimates at all times. Seller shall provide Subsequent Energy Delivery Schedules no later than 5:00 pm of the 5th day after the due date. If Seller does not provide a Subsequent Energy Delivery Schedule by the above deadline, scheduled energy for the omitted period shall equal the amounts scheduled by Seller for the same three-month period during the previous year.

4.2.4 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 Energy Delivery Schedules, 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 Energy Delivery Schedules. Failure to provide timely written notice of changed amounts will be deemed to be an election of no change.

4.3 Adjustment of Energy Delivery Schedule. 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 and 6.3.2 and, or if Seller is excused from delivery due to the occurrence of circumstances specified in Section 6.4, or due to a combination thereof ("**Qualifying Curtailment**") the Scheduled Monthly Energy Delivery will be adjusted, *pro rata* ("**Adjusted Scheduled Monthly**

Energy Delivery"). The Adjusted Scheduled Monthly Energy Delivery shall be calculated as follows:

$$SMED(adj) = SMED * \left(1 - \sum_{i=1}^n \left(\frac{Hc_i}{Ht} * \frac{DRm - DRc_i}{DRm} \right) \right)$$

Where:

- SMED* = Scheduled Monthly Energy Delivery for the month in which the curtailment occurs
- SMED(adj)* = Adjusted Scheduled Monthly Energy Delivery for the month in which curtailment occurs
- Hc_i* = total hours of the Qualifying Curtailment in the month subject of this calculation
- Ht* = total hours in the month in which curtailment occurs
- DRc_i* = the Maximum Curtailed Facility Delivery Rate
- DRm* = the Maximum Facility Delivery Rate
- i* = a Qualifying Curtailment
- n* = the number of Qualifying curtailments in the month

Where Qualifying Curtailments overlap, each distinct period of overlap shall be calculated as a separate Qualifying Curtailment such that no hour within a month may figure into more than one Qualifying Curtailment.

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

SECTION 5: PURCHASE PRICES

5.1 Energy Purchase Price. Except as provided in Section 5.3, PacifiCorp will pay Seller non-levelized, Conforming Energy or Non-Conforming Energy Purchase Prices for capacity and energy adjusted for seasonality and On-Peak/Off-Peak Hours using the following formulae, in accordance with Commission Order 30480 and Errata to Order 30480:

$$\text{Conforming Energy Purchase Price} = \text{AR}_{ce} * \text{MPM}$$

$$\text{Non-Conforming Energy Purchase Price} = \text{Minimum of } [\text{AR}_{ce} * \text{MPM}; \text{PV-85}]$$

Where “AR_{ce}” is the Conforming Energy annual rate from

Table 1; “MPM” is the appropriate monthly On-Peak or Off-Peak multiplier from Table 2; and “PV-85” is 85% of the monthly weighted average of the daily On-Peak and Off-Peak Dow Jones Palo Verde Index for firm energy. The appropriate MPM depends on the month of delivery and whether the hour of delivery is On-Peak or Off-Peak. Example calculations are provided in Exhibit G.

Table 1: Conforming Energy Annual Rates

Year	Conforming Energy Annual Rate (AR _{ce}) \$/MWh
2009	76.73
2010	75.83
2011	77.95
2012	80.24

Table 2: Monthly On-Peak/Off-Peak Multipliers

Month	On-Peak Hours	Off-Peak Hours
January	103%	94%
February	105%	97%
March	95%	80%
April	95%	76%
May	92%	63%
June	94%	65%
July	121%	92%
August	121%	106%
September	109%	99%
October	115%	105%
November	110%	96%
December	129%	120%

5.2 Payment

For the Billing Period in each Contract Year:

5.2.1 If Net Energy delivered to the Point of Delivery is between 90% and 110% of the Scheduled Monthly Energy Delivery, then:

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

5.2.2 If Net Energy delivered to the Point of Delivery is less than 90% of the Scheduled Monthly Energy Delivery, then:

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

5.2.3 If Net Energy delivered to the Point of Delivery is greater than 110% of the Scheduled Monthly Energy Delivery, 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.

5.3 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 this Agreement, the Facility's generation interconnection agreement, if applicable, Transmission Agreement(s), 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 the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Facility's generation interconnection agreement, if applicable, or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Facility's generation interconnection agreement, if applicable, or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.2 Seller may cease operation of the entire Facility or any individual unit for Scheduled Maintenance Periods 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 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 the Energy Delivery Schedule under Section 4.2 unadjusted by 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 Facility's generation interconnection agreement, if applicable, or Transmission Agreement(s), (b) during times and to the extent that such energy is not delivered because the Transmission Entity Curtails (as defined in the Tariff) 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, except as provided in Addendum W. 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 Scheduled Monthly Energy Delivery 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, 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 Off-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 Energy Delivery.

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 4,696,298 kWh in each full calendar year for the full term of this Agreement; and (2) the likelihood that the Facility, under average design conditions, will generate at no more than 10 aMW in any calendar month ("Motive Force Plan") acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit F-1**, together with a certification from a Licensed Professional Engineer attached hereto as **Exhibit F-2**, certifying to PacifiCorp that the Facility can reasonably be expected to perform as predicted in the Motive Force Plan for the duration of this Agreement.

SECTION 8: METERING AT THE POINT OF INTERCONNECTION

8.1 Metering shall be performed at the location and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net Output in hourly increments, and any other energy measurements required to administer this

Agreement. If the Transmitting Entity(s) requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. Seller's metered output shall be adjusted to account for electrical losses, if any, between the point of metering and the Point of Interconnection ("adjusted metered output"). The loss adjustment shall be 2% of the kWh energy production recorded on the Facility output meter until actually measured and confirmed in letter agreement between the Parties. Subject to other provisions applicable to Net Output in this Agreement (e.g., disallowance of Inadvertent Energy), PacifiCorp shall subtract Seller's station service load from Seller's adjusted metered output to determine Net Output.

8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement 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. 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 following the repair of the meter, or during the shortest reasonable period.

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 any other agreement(s) between the Parties.

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 Facility's generation interconnection agreement, if applicable) within the time allowed for a cure under such agreement or instrument.

10.1.4 A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.

10.1.5 A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, within fifteen (15) days from the date of such request.

10.1.6 Failure to maintain Delay Security in accordance with Section 2.3.1 until properly terminated in accordance with Section 2.3.4.

10.1.7 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 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output from the facility using the same motive force to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller do so subject to the terms of this Agreement, including but not limited to the purchase prices as set forth in (Section 5), until the Expiration Date (as set forth in Section 2.1). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms 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 sum of the Replacement Price times the Replacement Volume for each day of the Replacement Period, plus the estimated administrative cost to the utility to acquire replacement power.

Where:

"**Replacement Price**" equals the positive difference, if any, of the Index Price minus the weighted average of the On-Peak and Off-Peak Conforming Energy Prices; and

"**Replacement Volume**" equals the applicable Scheduled Monthly Energy Delivery divided by the number of days in that month.

10.5 Upon an event of default or termination event resulting from default under this Agreement, in addition to and not in limitation of any other right or remedy under this Agreement or applicable law (including any right to set-off, counterclaim, or otherwise withhold payment), the non-defaulting Party may at its option set-off, against any amounts owed to the defaulting Party, any amounts owed by the defaulting Party under any contract(s) or agreement(s) between the Parties. The obligations of the Parties shall be deemed satisfied and discharged to the extent of any such set-off. The non-defaulting Party shall give the defaulting Party written notice of any set-off, but failure to give such notice shall not affect the validity of the set-off.

10.6 Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

SECTION 11: INDEMNIFICATION

11.1 Indemnities.

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

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

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

11.3 CONSEQUENTIAL DAMAGES. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 12: LIABILITY AND INSURANCE

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

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

12.2.1 Worker's Compensation insurance which complies with the laws of the state within which the 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 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;

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; and

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, 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;

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;

13.1.3 the non-performing Party uses its best efforts to remedy its inability to perform; and

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 and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any entity with which PacifiCorp may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of PacifiCorp's rights, obligations, and interests under this Agreement. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. PacifiCorp shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

SECTION 20: ENTIRE AGREEMENT

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

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

SECTION 21: NOTICES

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

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5952 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Lower Valley Energy, Inc. PO Box 188 Afton, Wyoming 83110 Attention Rick Knori Director of Engineering Phone (307) 739-6038 Facsimile: (307) 739-1610
All Invoices:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Attention GayLynn Turner Phone (307) 885-6136 Facsimile: (307) 885-5787
Scheduling:	Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	Attention Rick Knori Phone: (307) 739-6038 Facsimile: (307) 739-1610
Payments:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Attention GayLynn Turner Phone (307) 885-6136 Facsimile: (307) 885-5787
Wire Transfer:	Bank One N.A. To be provided in separate letter from PacifiCorp to Seller	To be provided in separate letter from Lower Valley Energy to Buyer
Credit and Collections:	Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813-5609	Attention GayLynn Turner Phone (307) 885-6136 Facsimile: (307) 885-5787
With Additional Notices of an	Attn: PacifiCorp General Counsel Phone: (503) 813-5029	James Webb, General Manager

Notices	PacifiCorp	Seller
Event of Default or Potential Event of Default to:	Facsimile: (503) 813-7252	Lower Valley Energy, Inc. Phone (307) 885-3175 Facsimile: (307) 885-5787

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.

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

PacifiCorp

By: _____

Name: Bruce Griswold
Title: Director Short Term Origination
and QF Contracts

Seller

By: _____

Name: James R. Webb
Title: President/ CFO

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY
[Seller to Complete]

Seller's Facility consists of one generator manufactured by Marelli Motori _____.
More specifically, each generator at the Facility is described as:

Type (synchronous or inductive): S1 Induction Generator

Model: C4G500 LC 10

Number of Phases: 3

Rated Output (kW): 940

Rated Output (kVA):

Rated Voltage (line to line):

Rated Current (A): Stator: 1131 A; Rotor: Induction 1131 A

Maximum kW Output: 940 kW **Maximum kVA Output:** 986 kVA

Minimum kW Output: 0 kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]:

Facility Capacity Rating: 940 kW at Hz 60 A
1360

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating:

Station service requirements, and other loads served by the Facility, if any, are described as follows: Station service loads are metered and connected on a separate service and meter from the 12.47 kv distribution system through a 120/240 single phase service.

Location of the Facility: The Facility is located in Lincoln County, W Wyoming. The location is more particularly described as follows:

The project is located on Swift Creek, in Lincoln County, Wyoming, partially within the Bridger-Teton National Forest at approximately 42°43' N and 110°54' W.

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): PF = .83

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

1. Describe the point(s) of metering, including the type of meter(s), and the owner of the meter(s).
2. Provide single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection, One-Line diagram of facility was provided on April 15, 2009, see attached document
3. Specify the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output. The power will be delivered from the Lower Valley Energy distribution system to BPA. BPA will deliver the power to PacifiCorp at the Goshen Substation. See attached one-line diagram.

LEGEND
 BONNEVILLE POWER ADMIN
 LVE LOWER VALLEY ENERGY
 RMP ROCKY MOUNTAIN POWER
 PACE PACIFIC CORP - EAST

(ALL TRANSFORMERS RATED IN MVA)
 REMOTE METERING SYSTEM POLLED
 AUTOMATICALLY BY THE RMS MASTER
 OR THE IMB SYSTEM

ARROWS ADJACENT TO METERS
 SIGNIFY DIRECTION OF ENERGY
 FLOW OUT OF TEL

SUBSTATION BOUNDARY

CHANGE OF OWNERSHIP

FUTURE

EXISTING

NOTES

1. BPA TO CONSTRUCT A 138 - 115 KV SUBSTATION LIVE TO CONSTRUCT TWO 115 KV LINES INTO THEIR SOUTHERN SYSTEM. EMERGENCY OF 12/28/10 EXPECTED.
2. RMP TO TAP THE JIM BRIDGER 345 KV LINE AND CONSTRUCT A 345 - 138 KV SUBSTATION.

ROCKY MOUNTAIN POWER IS THE
 HOST BALANCING AUTHORITY

REVISED: 3/26/2009 SHEET 1 OF 1

BONNEVILLE POWER ADMINISTRATION
 Customer Service Engineering
 Meter Diagram

LOWER VALLEY ENERGY
 Customer #10244

CUSTOMER SERVICE ENGINEER:
 DUSTY GLANS - TPC/DI/HD FALLS

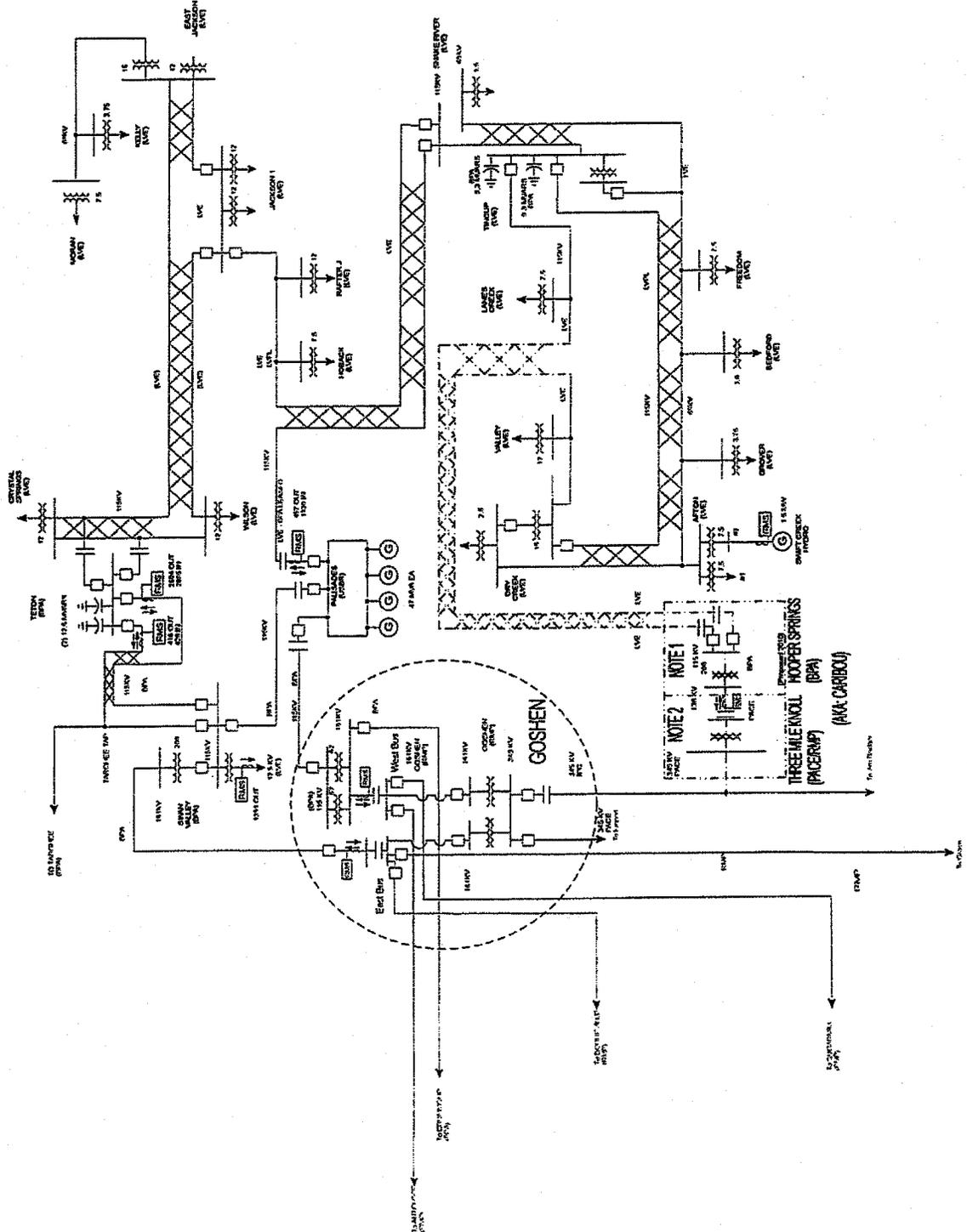


EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification QF 08-641-000

Generation Interconnection Agreement Not applicable

Fuel Supply Agreement, if applicable N/A

BPA point-to-point transmission service agreement

The following Documents are required to complete this project:

Easements:

Permits:

EXHIBIT D
ENERGY DELIVERY SCHEDULE

Swift Creek Hydro			0.940MW Nameplate Capacity
Base Estimates	Scheduled Monthly Energy Delivery (kWh)	Ave MW/mo	Monthly NET Capacity Factor
January	193,440	0.26	28%
February	147,840	0.22	23%
March	163,680	0.22	23%
April	282,939	0.39	42%
May	562,150	0.76	80%
June	671,287	0.93	99%
July	677,951	0.91	97%
August	550,511	0.74	79%
September	382,459	0.53	57%
October	374,729	0.50	54%
November	300,058	0.42	44%
December	223,200	0.30	32%
TOTAL:	4,530,244	0.52	55%

Scheduled Maintenance – Seller will provide a suggested maintenance schedule annually.

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;

For wind projects only, 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
MOTIVE FORCE PLAN

Exhibit F-1

nighttime hours, for the period May 1 through September 30; and

- 4 cfs average (24 hours) minimum flow with a maximum fluctuation of 1 cfs (never to fall below 4 cfs) from October 1 through April 30, during all hours."

Power Development

The characteristics of the variations in flows as illustrated in figures 3-1 to 3-6 were reviewed in order to determine the appropriate power development at the

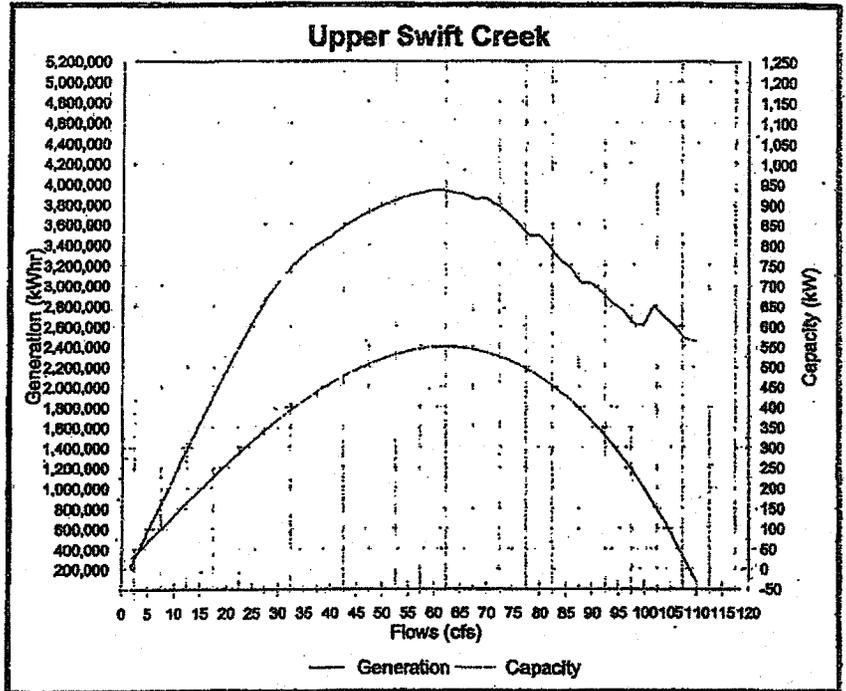


Figure 3-5 Upper Swift Creek turbine sizing chart for a 36" penstock

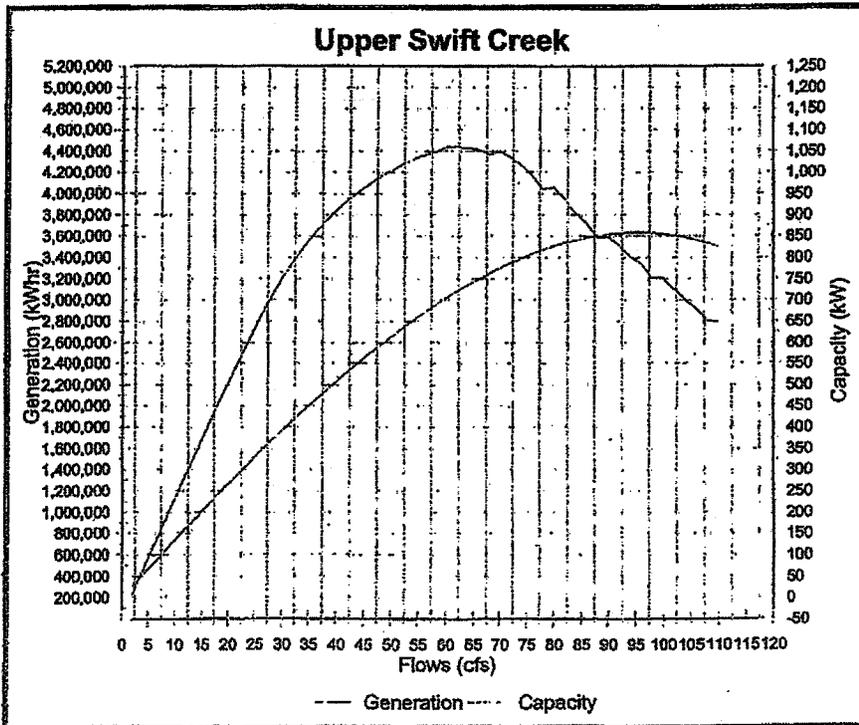


Figure 3-6 Upper Swift Creek turbine sizing chart for a 42" penstock

site. It was assumed that the past records for the selected period provided the best measure of future flows. It is anticipated that a horizontal Francis type turbine will be used for the project. A Francis turbine has a runner with fixed vanes, which the water enters the turbine in a radial direction, with respect to the shaft and discharges in an axial direction. Major components consist of the runner, a water supply case to convey the water

to the runner, wicket gates to control the quantity of water and distribute it equally to the runner and a draft tube to convey the water away from the turbine. Utilizing the estimated efficiencies, head losses, turbine configurations, and 5% general losses; the estimated average annual production for this site was between 3.9 and 4.5 million kilowatts/year pending on the size of the penstock.

3.2 Culinary Project Hydrology

Flows

Flow data used was provided in Sunrise Engineering's update to Feasibility Study dated August 7, 2001, Exhibit A. Flow data consists of monthly annual averages. The estimated flow duration curve, figure 3-7, was extrapolated from the monthly annual averages which appear as blue in figure 3-7.

Power Development

Data from figure 3-7 was used to preliminarily size turbines and estimate annual average generation for this site. Utilizing the estimated efficiencies, head losses, turbine configurations, and 5% general losses; the estimated average annual production for this site was 1.27 million kilowatt hours per year.

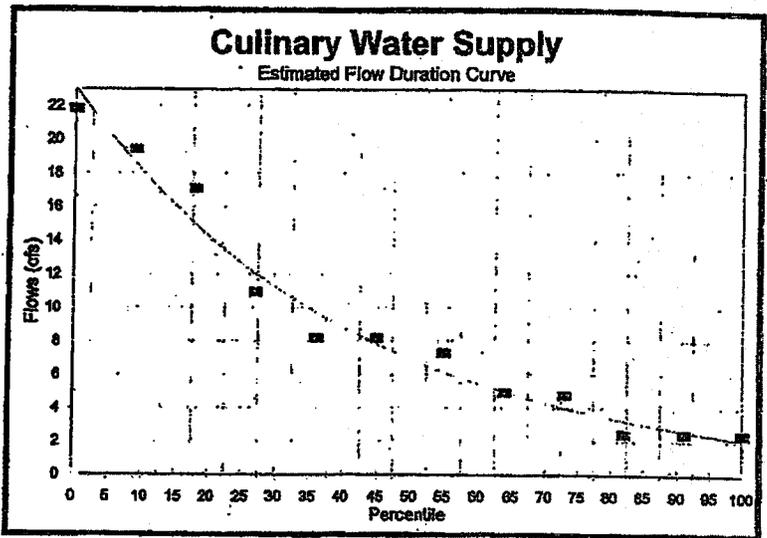


Figure 3-7 The estimated flow duration curve for Afton Culinary Water Supply

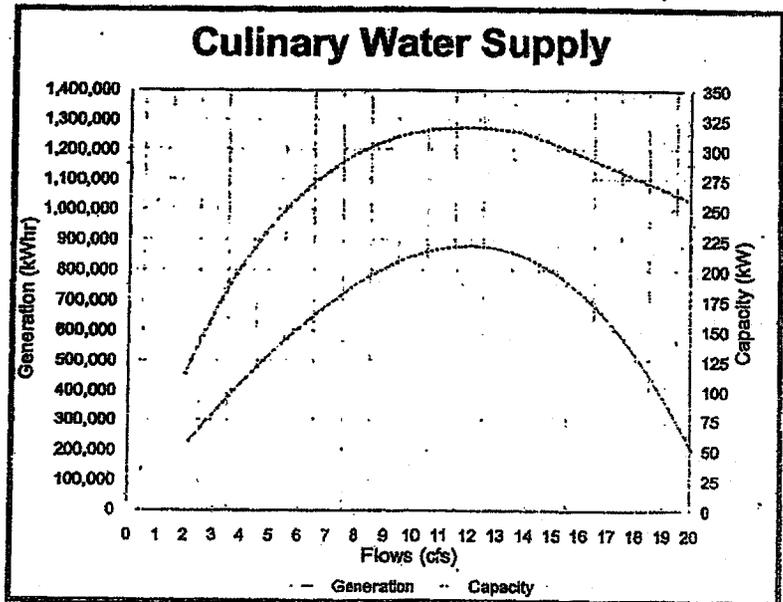


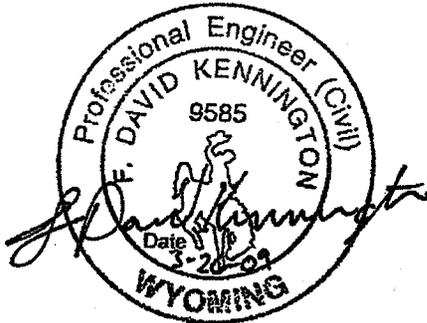
Figure 3-8 Culinary Water Supply turbine sizing chart

EXHIBIT F-2

ENGINEER'S CERTIFICATION

(1) THAT THE FACILITY AVERAGE NET ENERGY ESTIMATE IS 4,530,237
KWH PER YEAR IN EACH FULL CALENDAR YEAR OF THIS AGREEMENT;

Wyoming Civil 9585 [Engineer's certification]



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

Wyoming Civil 9585 [Engineer's certification]

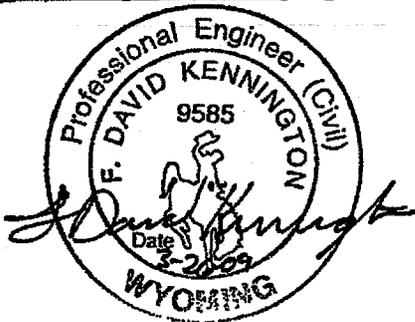


EXHIBIT F-2

ENGINEER'S CERTIFICATION

(1) THAT THE FACILITY AVERAGE NET ENERGY ESTIMATE IS _____ KWH
PER YEAR IN EACH FULL CALENDAR YEAR OF THIS AGREEMENT;

_____ [Engineer's certification]

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

_____ [Engineer's certification]

Base Estimates	Estimated Generation kWh	Ave MW/mo	Monthly NET Capacity Factor
January	193,440	0.26	28%
February	147,840	0.22	23%
March	163,680	0.22	23%
April	282,939	0.39	42%
May	562,150	0.76	80%
June	671,287	0.93	99%
July	677,951	0.91	97%
August	550,511	0.74	79%
September	382,459	0.53	57%
October	374,729	0.50	54%
November	300,058	0.42	44%
December	223,200	0.30	32%
TOTAL:	4,530,244	0.52	55%

EXHIBIT G
SAMPLE ENERGY PURCHASE PRICE CALCULATIONS

The following are samples of calculations of energy purchase prices using the formula and tables in Section 5.1.

The calculation for the purchase price during an On-Peak Hour in May of 2009 is \$76.73/MWh (the 2009 annual rate for Conforming Energy) multiplied by 92% (0.92) (the May On-Peak Hour multiplier), which equals \$70.59/MWh.

Table 3: Sample Calculations for Conforming Energy in 2009 [Purchase Price = annual rate * monthly On-Peak/Off-Peak multiplier].

Month	Conforming Energy Annual Rate for 2009 (per MWh)	On-Peak Hour Multiplier	Calculated Purchase Price for 2009 On-Peak Conforming Energy (per MWh)	Off-Peak Hour Multiplier	Calculated Purchase Price for 2009 Off-Peak Conforming Energy (per MWh)
January	\$76.73	103%	\$79.03	94%	\$72.13
February	\$76.73	105%	\$80.57	97%	\$74.43
March	\$76.73	95%	\$72.89	80%	\$61.38
April	\$76.73	95%	\$72.89	76%	\$58.31
May	\$76.73	92%	\$70.59	63%	\$48.34
June	\$76.73	94%	\$72.13	65%	\$49.87
July	\$76.73	121%	\$92.84	92%	\$70.59
August	\$76.73	121%	\$92.84	106%	\$81.33
September	\$76.73	109%	\$83.64	99%	\$75.96
October	\$76.73	115%	\$88.24	105%	\$80.57
November	\$76.73	110%	\$84.40	96%	\$73.66
December	\$76.73	129%	\$98.98	120%	\$92.08



236 N. Washington • P.O. Box 188 • Afton, WY 83110 • 307-885-3175 • Fax: 307-885-5787

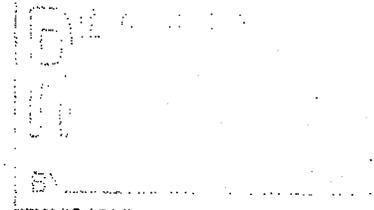


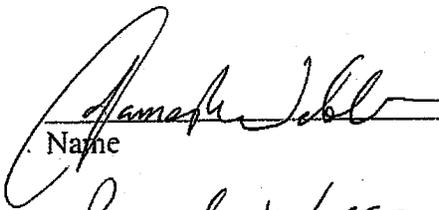
EXHIBIT H
Seller Authorization to Release Generation Data to PacifiCorp

Transmission Services
Attn: Director, Transmission Services
825 NE Multnomah, Suite 1600
Portland, OR 97232

RE: Lower Valley Energy, Inc. Interconnection Request

Dear Sir:

Lower Valley Energy, Inc. hereby voluntarily authorizes PacifiCorp's Transmission business unit to share Lower Valley Energy, Inc.'s generator interconnection information and generator meter data with Marketing Affiliate employees of PacifiCorp Energy, including, but not limited to those in the Commercial and Trading group. Lower Valley Energy, Inc. acknowledges that PacifiCorp did not provide it any preferences, either operational or rate-related, in exchange for this voluntary consent.


Name

President / CEO
Title

3/27/09
Date

ADDENDUM W

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller's Facility will not interconnect directly to PacifiCorp's System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a generation interconnection agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output to the Point of Delivery on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement ("this Agreement") and this Addendum W shall apply to this Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or "EIA," means, for a given Settlement Period, the accumulated difference (beginning at zero (0) at the start of each Settlement Period) between Seller's Net Output and the energy actually delivered at the Point of Delivery. Each Settlement Period contains two independent EIAs, one for On-Peak Hours and one for Off-Peak Hours. A positive accumulated difference indicates Seller's delivery of Surplus Delivery.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Point of Delivery pursuant to Seller's Transmission Agreement(s).

"Settlement Period" means one month unless changed pursuant to Section 9 of this Addendum.

"Supplemented Output" means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour.

"Surplus Delivery" means any energy delivered to the Point of Delivery by the Facility in excess of hourly Net Output that is not offset by the delivery of energy to the Point of Delivery in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to the Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). All Net Output delivered via non-firm transmission rights shall be subject to the payment rate of Non-Conforming Energy in provision in Section 5.1 of this Agreement.

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries to the Point of Delivery at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Interconnection. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity(s) shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Inadvertent Energy (energy delivered to the Point of Interconnection at an average hourly rate exceeding the Maximum Facility Delivery Rate), and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service;

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity(s) requires Seller to schedule deliveries of Net Output to the Point of Delivery in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 7, above, PacifiCorp agrees to accept and pay for Supplemented Output by treating it as Net Output for those purposes; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and an EIA of zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Positive Energy Imbalance Accumulations.** In the event Seller does not achieve zero (0) EIA at the end of a Settlement Period, any positive balance shall be Surplus Delivery and shall not be included in or treated as Net Output. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** A negative EIA at the end of a Settlement Period (indicating that the Transmitting Entity has delivered less than Seller's Net Output) will not result in any corresponding compensation by PacifiCorp.

9. **PacifiCorp's Option to Change Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month. If a Settlement Period does not coincide with a Billing Period, PacifiCorp shall deduct any amount paid for Surplus Delivery during that Settlement Period from the Billing Period terminating concurrently or soonest subsequently to the Settlement Period.

Example of Seller's Output Reporting Requirement

Day	Hour ending (HE)	A Meter Reading ^ψ at Point of Interconnection (MWh)	B Meter reading at Station Power Meter* (MWh)	C (=A-B) Adjusted Gross Output (MWh)	D Maximum Facility Delivery Rate (MW)	E (=Max (0, C-D)) Inadvertent Energy (MWh)	F (C-E) Net Output (MWh)
1	7:00	0.50	0.01	0.49	1.50	0	0.49
1	8:00	0.50	0.02	0.48	1.50	0	0.48
1	9:00	0.50	0.01	0.49	1.50	0	0.49
1	10:00	0.50	0.01	0.49	1.50	0	0.49
1	11:00	0.50	0.01	0.49	1.50	0	0.49
1	12:00	1.60	0.01	1.59	1.50	0.09	1.50
1	13:00	1.70	0.01	1.69	1.50	0.19	1.50
1	14:00	1.60	0.01	1.59	1.50	0.09	1.50
1	15:00	1.50	0.01	1.49	1.50	0	1.49
1	16:00	1.50	0.01	1.50	1.50	0	1.50
1	17:00	1.50	0.00	1.50	1.50	0	1.50
1	18:00	1.50	0.01	1.49	1.50	0	1.49
1	19:00	0.50	0.02	0.48	1.50	0	0.48
1	20:00	0.50	0.01	0.49	1.50	0	0.49

ψ Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Interconnection, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.