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December 4, 2009

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VIA OVERNIGHT DELIVERY IDAHO PUBLIC UTILITIES COMMISSION

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

Attention: Jean D. Jewell
Commission Secretary

**Re: Case No. PAC-E-09-09
IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA
ROCKY MOUNTAIN POWER FOR APPROVAL OF THE PURCHASE
POWER AGREEMENT BETWEEN ROCKY MOUNTAIN POWER AND
BELL MOUNTAIN HYDRO, LLC**

Enclosed for filing please find an original and seven (7) copies of Rocky Mountain Power's Application in the above matter.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

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-09-09
POWER COMPANY FOR APPROVAL)	
OF POWER PURCHASE AGREEMENT)	PETITION
BETWEEN PACIFICORP AND BELL)	
MOUNTAIN HYDRO, LLC)	

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 Bell Mountain Hydro, LLC, dated November 17, 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. Bell Mountain Hydro, LLC (“Bell Mountain Hydro”) intends to construct, own, operate and maintain a Pelton-wheel hydroelectric generating facility for the generation of electric power located approximately 40 miles north of Howe, Idaho, in Butte County with an expected nameplate capacity rating of 290 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 November 17, 2009, PacifiCorp and Bell Mountain Hydro entered into a Mechanical Availability Guarantee (“MAG”) Power Purchase Agreement (“Agreement”). Under the terms of the Agreement, Bell Mountain Hydro elected to contract with the Company for an approximate twenty year term, expiring December 31, 2029. Except as otherwise provided, PacifiCorp will pay Bell Mountain Hydro 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. PacifiCorp will also subtract \$5.10 per megawatt hour as a MAG Wind Integration Cost as prescribed in Commission Order 30497..

4. The total nameplate capacity of this Facility is 290 kilowatts. As described in Section 7 of the Agreement, Bell Mountain Hydro 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 1,102,530 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.

5. 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 Bell Mountain Hydro 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.

6. Bell Mountain Hydro has elected December 15, 2009, as the Commercial Operation Date for this Facility. Various requirements have been placed upon Bell Mountain Hydro 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.

7. The Agreement, as signed and submitted to the Commission, contains Non-Levelized Published Avoided Cost Rates in conformity with applicable IPUC orders. All applicable interconnections charges and monthly operation and maintenance charges under the Generation Interconnection Agreement with PacifiCorp transmission will be assessed to Bell Mountain Hydro.

8. 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 Bell Mountain Hydro 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 Bell Mountain Hydro 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 4th day of December, 2009

Respectfully submitted,



Daniel Solander
Attorney for PacifiCorp

DEC - 4 2009

Boise, Idaho

POWER PURCHASE AGREEMENT

BETWEEN

BELL MOUNTAIN HYDRO, LLC

[a non-fueled, non-levelized, Intermittent Resource with Mechanical Availability
Guarantee, Idaho Qualifying Facility—10aMW/Month or less]

AND

PACIFICORP

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 17 day of November, 2009, is between Bell Mountain Hydro, LLC, an Idaho limited liability company (the "Seller") and PacifiCorp, an Oregon corporation acting in its merchant function 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 Pelton-wheel hydroelectric facility for the generation of electric power located approximately 40 miles north of Howe, Idaho in Butte County with an expected Facility Capacity Rating of 290 kilowatts (kW) ("Facility"). The Facility is located at the end of a conduit used for irrigation, which conduit and irrigation system are operated by a third party. Seller has no ability to alter diversions, but will cycle its approximately 10 acre-feet of active storage in the power canal on a daily (24-hour) basis (or less) ("Cycle Period").
- B. The Parties have agreed to treat the Facility as an intermittent resource despite Seller's control over the motive force because such control, as described in this Agreement, is minimal and does not substantially alter run-of-river flow available to the hydroelectric facility. The aforementioned agreement is part of a compromise between PacifiCorp and Seller resolving a dispute, as such, and due also to the Facility's unique configuration and circumstances, this Agreement shall not establish any precedent regarding PacifiCorp's treatment of future hydroelectric Qualifying Facilities.
- C. Seller intends to operate the Facility as a Qualifying Facility; as such term is defined in Section 1.41 below.
- D. Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is 1,102,530 kilowatt-hours (kWh) ("Average Annual Net Output") pursuant to the monthly Energy Delivery Schedule in Exhibit D hereto, which amount of energy PacifiCorp will include in its resource planning.
- E. Seller shall sell and PacifiCorp shall purchase all Net Output from the Facility in accordance with the terms and conditions of this Agreement.
- F. PacifiCorp shall designate Seller's Facility as a Network Resource for the purposes of serving Network Load.
- G. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

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

- 1.1 "86 Relay" is identified in Exhibits A and B.

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 **"Availability"** means, for any Billing Period, the ratio, expressed as a percentage, of (x) the aggregate sum of the minutes in which the Facility was available to generate at the Maximum Facility Delivery Rate during the Billing Period divided by (y) the number of minutes in the Billing Period. The Facility shall be deemed not available to operate during minutes in which (a) the 86 Relay is in the lockout position or, while the pond is at or above the high level set point and the Facility is offline, as further described in **Exhibits A and B**; or (b) the Facility is otherwise not operational or capable of delivering at the Maximum Facility Delivery Rate to the Point of Delivery, unless if unavailable due solely to one or more of (i) a default by PacifiCorp; (ii) PacifiCorp is excused from accepting and paying for Net Output pursuant to Section 6.3.1; (iii) insufficient water; (iv) due to water conveyance system outages beyond Seller's control; (v) a disruption on the System (e.g., high or low voltage) plus sufficient time not exceeding 20 minutes after the disruption ceases for Seller to restart the generator; or (vi) a scheduled maintenance outage during a Scheduled Maintenance Period in accordance with Section 6.2.

1.4 **"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.

1.5 **"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 Provider's System, all of which shall be Seller's responsibility to receive or obtain, and which occurs when all of the following events (i) have occurred, and (ii) remain true and accurate as of the moment Seller requests PacifiCorp to declare that Commercial Operation has 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 shall have received a certificate addressed to PacifiCorp from a Licensed Professional Engineer, an attorney in good-standing in Idaho, or a letter from Transmission Provider, stating that, in accordance with the Generation Interconnection Agreement, all required Interconnection Facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with the System in conformance with the Generation Interconnection Agreement; and

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

in writing, Seller shall have provided copies of any or all such requested Required Facility Documents.

1.5.5 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 must address the concerns stated in PacifiCorp's notice to the mutual satisfaction of both Parties, and Commercial Operation shall 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 Capacity Rating on that date shall be the final Facility Capacity Rating under this Agreement. In no event will delay in achieving the expected Facility Capacity Rating beyond the Commercial Operation Date postpone the Expiration Date specified in Section 2.1.

1.5.6 PacifiCorp has received an executed copy of **Exhibit H**—Seller Authorization to Release Generation Data to PacifiCorp

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 except Non-Conforming Energy and Inadvertent Energy.

1.9 “**Conforming Energy Purchase 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 4.3 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 Interconnection Agreement"** means the generation interconnection agreement to be entered into separately between Seller and Transmission Provider, as applicable, specifying the Point of Delivery and providing for the construction and operation of the Interconnection Facilities.

1.19 **"Inadvertent Energy"** means: (1) energy delivered in excess of the Maximum Monthly Purchase Obligation; and (2) energy delivered at a rate exceeding the Maximum Facility Delivery Rate on an hour-averaged basis.

1.20 **"Index Price"** shall mean the average of: (1) the weighted average of the daily On-Peak and Off-Peak Intercontinental ExchangeTM (ICE) Mid-Columbia index (Mid-C) prices for firm energy; and (2) the weighted average of the daily On-Peak and Off-Peak ICE Palo Verde index (ICE Palo Verde Index) prices for firm energy. If the ICE 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 4.3.1.

1.22 **"Interconnection Facilities"** has the meaning set forth in the Generation Interconnection Agreement.

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

Agreement shall not constitute a prohibited economic relationship, association or nexus with the Seller, so long as such engineer has no other economic relationship, association or nexus with the Seller.

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

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

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

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

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

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

1.30 "**Net Output**" means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Delivery, less any station use not provided by the Facility. Net Output does not include Inadvertent Energy.

1.31 "**Non-Conforming Energy**" means Net Output produced by the Facility prior to the Commercial Operation Date.

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

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

1.34 "**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.

1.35 **"Output Shortfall"** and **"Output Shortfall Damages"** shall have the meanings set forth in Section 4.5 of this Agreement.

1.36 **"PacifiCorp"** is defined in the first paragraph of this Agreement, and excludes PacifiCorp Transmission.

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

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

1.39 **"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.

1.40 **"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.

1.41 **"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.

1.42 **"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**.

1.43 **"Scheduled Commercial Operation Date"** means the date by which Seller promises to achieve Commercial Operation, as specified in Section 2.2.4.

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

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

1.46 **"Subsequent Energy Delivery Schedule"** shall have the meaning set forth in Section 4.3.3.

1.47 "**System**" means the electric transmission substation and transmission or distribution facilities owned, operated or maintained by Transmission Provider, which shall include, after construction and installation of the Facility, the circuit reinforcements, extensions, and associated terminal facility reinforcements or additions required to interconnect the Facility, all as set forth in the Generation Interconnection Agreement.

1.48 "**Tariff**" means the PacifiCorp Transmission FERC Electric Tariff Seventh Revised Volume No.11 Pro Forma Open Access Transmission Tariff or the Transmission Provider's corresponding FERC tariff or both, as revised from time to time.

1.49 "**Transmission Provider**" means PacifiCorp Transmission or a successor, including any regional transmission organization ("**RTO**").

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 December 31, 2029 ("**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 Operation by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By **November 4, 2009**, Seller shall obtain and provide to PacifiCorp copies of all governmental permits and authorizations necessary for construction of and operation of the Facility.

2.2.2 By **November 4, 2009**, Seller shall provide to PacifiCorp a copy of an executed Generation Interconnection Agreement, whose terms shall be consistent with the terms of this Agreement.

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

2.2.4 By **December 15, 2009** Seller shall have achieved Commercial Operation ("**Scheduled Commercial Operation Date**").

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be liable to pay PacifiCorp delay damages for the

number of days (“**Delay Period**”) the Commercial Operation Date occurs after the Scheduled Commercial Operation Date, up to a total of 120 days (“**Delay Liquidated Damages**”).

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 Purchase 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.

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp represents, covenants, and warrants to Seller that:

3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.

3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

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

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

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

3.2.1 Seller is a limited liability company duly organized and validly existing under the laws of Idaho.

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

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

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

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

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

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

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

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

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

3.2.11 Seller has no right to directly or indirectly regulate the flow of water to the Facility except the cycling, or storing, of approximately 10 acre-feet of water in the canal immediately upstream of the Facility's generating structure. Seller warrants that it will cycle its active storage in the power canal on a daily (24-hour) basis (or less). **Exhibits A and B** accurately and completely describe the 86 Relay and the conditions under which the 86 Relay will be in the lockout position and the signal indicating pond high level.

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 POWER; AVAILABILITY GUARANTY

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

4.2 **No Sales to Third Parties.** During the term of this Agreement, Seller shall not sell any Net Output from the Facility to any entity other than PacifiCorp.

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

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

<u>Month</u>	<u>Energy Delivery (kWh)</u>
January	38,969
February	35,198

March	38,969
April	37,712
May	78,204
June	137,475
July	129,821
August	114,261
September	93,322
October	60,010
November	58,074
December	60,010

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

4.3.3 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 three 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.

4.3.4 Beginning with the end of the third month after the Commercial Operation Date and at the end of every third month thereafter 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 any such third 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.

4.4 Minimum Availability Obligation. Seller shall cause the Facility to achieve an Availability of at least 90% during each month ("**Guaranteed Availability**").

4.5 Liquidated Damages for Output Shortfall. If the Availability in any given month falls below the Guaranteed Availability, the resulting shortfall shall be expressed in kWh as the "**Output Shortfall.**" The Output Shortfall shall be calculated in accordance with the following formula:

$$\text{Output Shortfall} = (\text{Guaranteed Availability} - \text{Availability}) * \text{Past Monthly Energy Delivery}$$

Where:

Past Monthly Energy Delivery = the average of the monthly total Net Output for the calendar months of the same name as the month of Availability shortfall during the three immediately preceding Contract Years. Until Net Output has been delivered during for at least three such months, Past Monthly Energy Delivery shall equal the average of the total monthly Net Output for the named calendar month(s) during preceding Contract Years, if any, and the Scheduled Monthly Energy Delivery for the named month.

Seller shall pay PacifiCorp for any Output Shortfall at the lower of (1) the positive difference, if any, of the Index Price minus the weighted average of the On-Peak and Off-Peak monthly Conforming Energy Purchase Prices; or (2) the weighted average of the On-Peak and Off-Peak monthly Conforming Energy Purchase Prices ("**Output Shortfall Damages**").

Output Shortfall Damages = Output Shortfall * Output Shortfall Price

Where:

Output Shortfall Price = (Index Price - Weighted Average CEPP), except that if Output Shortfall Price < 0, then Output Shortfall Price = 0, and except that if Output Shortfall Price > Weighted Average CEPP, then Output Shortfall Price = Weighted Average CEPP.

Weighted Average CEPP = the weighted average On-Peak and Off-Peak Conforming Energy Purchase Prices for the month of Output Shortfall

If an Output Shortfall occurs in any given month, Seller may owe PacifiCorp liquidated damages. Each Party agrees and acknowledges that (a) the damages that PacifiCorp would incur due to the Facility's failure to achieve the Guaranteed Availability would be difficult or impossible to predict with certainty, and (b) the liquidated damages contemplated in this Section 4.5 are a fair and reasonable calculation of such damages.

4.6 Audit Rights. In addition to data provided under Section 8.5, PacifiCorp shall have the right, but not the obligation, to audit the Facility's compliance with its Guaranteed Availability using any reasonable methods. Seller agrees to retain all performance related data for the Facility for a minimum of three years, and to cooperate with PacifiCorp in the event PacifiCorp decides to audit such data.

SECTION 5: PURCHASE PRICES

5.1 Energy Purchase Price. Except as provided in Section 5.3, PacifiCorp will pay Seller Conforming Energy or Non-Conforming Energy Purchase Prices for Net Output adjusted for the month and On-Peak Hours or Off-Peak Hours and the Wind Integration Cost (WIC) using the following formulae, in accordance with Commission Order Nos. 30423, 30497, and 30744:

Conforming Energy Purchase Price = $(AR_{ce} * MPM) - WIC$

Non-Conforming Energy Purchase Price = $(AR_{nce} * MPM) - WIC$

Where:

AR_{ce} = Conforming Energy annual rate from Table 1, below, for the year of the Net Output.

AR_{nce} = *the lower of:*
 85% of the Conforming Energy annual rate from Table 1, below, for the year of Net Output

or

85% of weighted average of the daily On-Peak and Off-Peak ICE Mid-Columbia index prices for firm energy for the month, or portion of month, of Net Output.

MPM = monthly On-Peak or Off-Peak multiplier from Table 2, below, that corresponds to the month of the Net Output and whether the Net Output occurred during On-Peak Hours or Off-Peak Hours.

WIC = \$5.10/MWh, the Wind Integration Cost prescribed in Commission Order No. 30497.

Example calculations are provided in **Exhibit G**.

Table 1: Conforming Energy Annual Rates (from Commission Order No. 30744)

Year	Conforming Energy Annual Rate (AR_{ce}) \$/MWh
2009	76.73
2010	75.83
2011	77.95
2012	80.24
2013	82.14
2014	84.09
2015	86.09
2016	88.25
2017	90.34
2018	92.60
2019	94.80
2020	97.05
2021	99.36
2022	101.73
2023	104.15
2024	106.64
2025	109.19
2026	112.30
2027	115.50

2028	118.80
2029	122.20

Table 2: Monthly On-Peak/Off-Peak Multipliers (from Commission Order No. 30423)

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 each Billing Period in each Contract Year, PacifiCorp shall pay Seller as follows:

For delivery of Conforming Energy:

$$\text{Payment} = (\text{CEnergy}_{\text{On-Peak}} * \text{CEPPrice}_{\text{On-Peak}} / 1000) + (\text{CEnergy}_{\text{Off-Peak}} * \text{CEPPrice}_{\text{Off-Peak}} / 1000)$$

For delivery of Non-Conforming Energy:

$$\text{Payment} = (\text{NCEnergy}_{\text{On-Peak}} * \text{NCEPPrice}_{\text{On-Peak}} / 1000) + (\text{NCEnergy}_{\text{Off-Peak}} * \text{NCEPPrice}_{\text{Off-Peak}} / 1000)$$

Where:

- CEnergy = Conforming Energy in kWh
- CEPPrice = Conforming Energy Purchase Price in \$/MWh
- NCEnergy = Non-Conforming Energy in kWh
- NCEPPrice = Non-Conforming Energy Purchase Price in \$/MWh
- On-Peak = the corresponding value for On-Peak Hours
- Off-Peak = the corresponding value for Off-Peak Hours

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 the Generation Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's non-compliance with the Generation Interconnection Agreement. 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 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 not to exceed one hundred fifty (150) hours for each calendar year at such times as are provided in the monthly operating schedule set forth as **Exhibit D**.

6.3 Energy Acceptance.

6.3.1 PacifiCorp shall be excused from accepting and paying for Net Output or accepting Inadvertent Energy produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, or if PacifiCorp determines that curtailment, interruption or reduction of Net 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 Past Monthly Energy Delivery calculated pursuant to Section 4.5. PacifiCorp will notify Seller when the interruption, curtailment or reduction is terminated.

6.3.2 PacifiCorp as Merchant. Seller acknowledges that PacifiCorp, acting in its merchant capacity function as purchaser under this Agreement, has no responsibility for or control over PacifiCorp Transmission or any successor Transmission Provider and that interactions between PacifiCorp and PacifiCorp Transmission are at arm's length pursuant to the Tariff, FERC Order No. 888, and related regulation.

6.3.3 PacifiCorp shall not be obligated to purchase, receive or pay for Net Output that is not delivered to the Point of Delivery (a) during times and to the extent that such energy is not delivered because the interconnection between the Facility and

PacifiCorp's system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, (b) during times and to the extent that such energy is not delivered because the Transmission Provider Curtails (as defined in the Tariff) Network Integration Transmission Service (as defined in the Tariff) to PacifiCorp pursuant to the terms of the Tariff, or (c) during times and to the extent that an event of Force Majeure prevents either Party from delivering or receiving such energy.

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

6.4 Increase to the Maximum Facility Delivery Rate. Seller may, in accordance with this Section 6.4 and upon written approval by PacifiCorp, increase the Maximum Facility Delivery Rate, unless, after such increase, under normal or average design conditions the Net Output would exceed the Maximum Monthly Purchase Obligation in any given month. PacifiCorp approval of such increase is conditioned on the Public Utility Regulatory Policies Act (16 U.S.C. 824a-3) and other applicable law requiring PacifiCorp to purchase the incremental Net Output. If Seller increases the Maximum Facility Delivery Rate, PacifiCorp will continue to pay for base Net Output at the rate(s) prescribed by Section 5 of this Agreement, and PacifiCorp will pay for incremental Net Output resulting from the increase to the Maximum Facility Delivery Rate at the rate(s) prescribed by the Commission at the time of PacifiCorp's approval, if granted, of the increase in the Maximum Facility Delivery Rate. PacifiCorp shall, in its approval, if granted, specify a reasonable means of distinguishing such base Net Output from such incremental Net Output. Seller shall not increase the water storage capacity of the project beyond that specified in **Exhibit A**, operate the storage beyond the Cycling Period, or otherwise enhance the Facility's capability to shift Off-Peak generation to On-Peak periods.

SECTION 7: MOTIVE FORCE

Prior to the execution date of this Agreement, Seller provided to PacifiCorp an engineering report ("**Motive Force Plan**"). Such Motive Force Plan demonstrated to PacifiCorp's reasonable satisfaction: (1) the feasibility that Facility Net Energy will average 1,102,530 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. Despite anything to the contrary in Section 1.5 regarding the due date for Required Facility Documents, the Motive Force Plan included, or was accompanied by, all Required Facility Documents relating to Seller's right to use the motive force as reasonably determined by PacifiCorp (e.g. water right and Federal Power Act license or exemption). The Motive Force Plan and accompanying documents are attached hereto as **Exhibit F-1**, together with a certification from a Licensed Professional Engineer attached hereto as **Exhibit F-2**, certifying to PacifiCorp that the Facility can reasonably be expected to perform as predicted in the Motive Force Plan for the duration of this Agreement.

SECTION 8: METERING

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

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

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

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

8.5 Reports and Logs. Within thirty (30) days after the end of each Billing Period, reports shall be prepared as follows:

8.5.1 Reports. PacifiCorp shall prepare a report as part of the billing process that shall include (a) the Facility's energy output data for the Billing Period detailing the meter reading data showing hourly Net Output in kWh for On-Peak Hours and Off-Peak Hours and (b) accumulated hours of un-Availability recorded by the meter reading of the 86 Relay status and the pond overflow high level set point status, further described in Exhibit A, and any additional relevant information for the Billing Period sufficient to calculate Availability.

8.5.2 Plant Log. Seller shall maintain a hand-written plant log showing Facility outages and causes. Seller shall also maintain log of plant Availability using the plant unofficial available hour clock, further described in Exhibit A. Seller shall also maintain any supporting information that PacifiCorp may from time to time reasonably request (including historical water data for the Facility).

8.6 86 Relay Status. Seller shall cause a signal to be continuously transmitted to PacifiCorp's metering equipment (in the form specified in Exhibit A), signifying whether or not the 86 Relay is in the lockout position or the Pond overflow set point is activated.

8.7 Cost of Performance Monitoring. Seller shall pay for and design, furnish, install, own, inspect, test, maintain and replace all equipment required in order to record data required for the reports and logs in Sections 8.5 and 8.6.

SECTION 9: BILLINGS, COMPUTATIONS AND PAYMENTS

9.1 Payment for Net Output. 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 or to PacifiCorp Transmission pursuant to this Agreement, the Generation Interconnection Agreement, and any other agreement(s) between the Parties or between Seller and PacifiCorp Transmission. Any such offsets shall be separately itemized on the statement accompanying each payment to Seller.

9.2 Annual Invoicing for Output Shortfall. Thirty calendar days after the end of each Contract Year, PacifiCorp shall deliver to Seller an invoice showing PacifiCorp's computation of Output Shortfall, if any, for all Billing Periods in the prior Contract Year and Output Shortfall Damages, if any. In preparing such invoices, PacifiCorp shall utilize the meter data provided to PacifiCorp for the Contract Year in question, but may also rely on historical averages and such other information as may be available to PacifiCorp at the time of invoice preparation if the meter data for such Contract Year is then incomplete or otherwise not available. To the extent required, PacifiCorp shall prepare any such invoice as promptly as practicable following its receipt of actual results for the relevant Contract Year. Seller shall pay to PacifiCorp, by wire transfer of immediately available funds to an account specified in writing by PacifiCorp or by any other means agreed to by the Parties in writing from time to time, the amount set forth as due in such invoice, and shall within thirty (30) calendar days after receiving the invoice raise any objections regarding any disputed portion of the invoice. Objections not made by Seller within the thirty-day period shall be deemed waived.

9.3 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 Non-Payment. A Party'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) business days after the non-defaulting Party gives the defaulting Party a notice of the default.

10.1.2 Breach of Material Term. 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 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Generation Interconnection Agreement) within the time allowed for a cure under such agreement or instrument.

10.1.4 Insolvency. 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 Material Adverse Change. 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 Sale to Third-Party. Seller's sale of Net Output to an entity other than PacifiCorp, as prohibited by Section 4.2.

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 Output Shortfall for a period of twelve (12) months from the date of termination plus the estimated administrative cost to acquire the replacement power.

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 Section 10 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 (attn: Back Office) 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 System through the term 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 Section 12 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

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	Bell Mountain Hydro, LLC 5203 South 11 th East Idaho Falls, ID 83404 Phone: (208) 522-8069 Facsimile:(208) 522-8223 Federal Tax ID Number: 26- 2569876
All Invoices:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Same as above

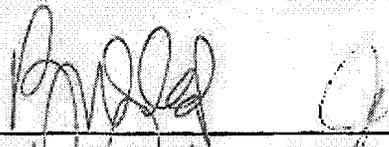
Notices	PacifiCorp	Seller
Scheduling:	Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	Same as above
Payments:	Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	Same as above
Wire Transfer:	Bank One N.A. To be provided in separate letter from PacifiCorp to Seller	
Credit and Collections:	Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813-5609	Same as above
With Additional Notices of an Event of Default or Potential Event of Default to:	Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-6761	Same as above

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

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

Seller

By: 

By: 

November 17, 2009

November 13, 2009

Name: Bruce Griswold

Name: Ted Sorenson

Title: Director, Short-term Origination & QF Contracts

Title: Manager

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY

[Seller to Complete]

Seller's Facility consists of one (1) hydroelectric generator manufactured by General Electric. More specifically, the Facility is described as:

Two creeks, Bell Mountain Creek and Mahogany Creek, feed into a 2-mile canal, which Seller has recently lined, and 16,000 feet of new steel pipe. Seller has also installed a new Pelton wheel and a new 290 kW generator. The water is used both for irrigation and power production. Water flow is year-round and irrigation season is from April to October. Seller has a non-consumptive water right to generate power. Seller has the ability to store approximately 10 acre-feet of water in the canal (the "Pond"), which is equivalent to about 7 hours of generation at the Facility Capacity Rating.

Seller has no right to directly or indirectly regulate the flow of water to the Facility except the cycling, or storing, of approximately 10 acre-feet of water in the canal immediately upstream of the Facility's generating structure. Seller intends to utilize any Pond storage within the Cycle Period and operate the plant to maximize Net Output during On-Peak Hours within the Cycle Period.

Subject to Section 1.3, the Facility shall be deemed un-Available whenever any of the following occur:

1. The 86 Relay is in the lockout position. The 86 Relay in the lockout position means the plant is offline and cannot auto restart.
2. The Pond level is at or above 71 inches (the overflow high level set point) and the plant is offline.

Subject to Section 1.3, the Facility shall be deemed Available when *both* of the following conditions exist: (1) the 86 Relay is in the manual position or auto restart position; and (2) the Pond overflow high level set point is not activated. The auto restart or manual position is maintained whenever any of the following occur:

1. Facility breaker is closed and the plant is online.
2. Auto restart of the Facility's generator after a trip caused by a disruption from the System (e.g. high or low voltage).
3. Auto restart of the Facility's generator after Off-Peak Hours storage time ends.
4. Auto restart of the Facility's generator when Pond normal high level set point is reached.
5. Auto shutdown of the Facility's generator at start of Off-Peak Hours storage time.

The 86 Relay will trip to the lockout position whenever any of the following occur:

1. The Facility's generator fails to auto restart after two attempts within twenty minutes.

2. The trip of Facility safety relays, excessive temperature or vibration, loss of penstock pressure, etc.

The 86 Relay in the lockout position or the Pond overflow high level set point activated will:

1. Activate a telephoned alarm to the Seller continuously until the event is corrected by Seller.
2. Activate the Seller's cumulative unofficial unavailable hour clock.
3. Activate PacifiCorp's cumulative unavailable hour clock located in PacifiCorp's kWh Net Output meter which can then be remotely read via telephone by PacifiCorp.

Seller shall provide a signal to PacifiCorp's meter from the 86 Relay and from the Pond overflow level set point. The signal shall be in the following format:

Unavailable hours clock will start with a closed contact and stops with a open contact
PacifiCorp's clock activation circuit shall be 12 volt DC.

Type (synchronous or inductive): Inductive

Model: General Electric

Number of Phases: 3

Rated Output (kW): 290 **Rated Output (kVA):** 378

Rated Voltage (line to line):

Rated Current (A): Stator: 450 A; Rotor:

Maximum kW Output ("Maximum Facility Delivery Rate"): 290 kW

Maximum kVA Output: 378 kVA

Minimum kW Output: 5 kW

Flow at minimum generation: 0.3 cfs

Flow at maximum generation: 7 cfs

Facility Capacity Rating: 290 kW at 0.95 Power Factor

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: None

Location of the Facility: The Facility is located 40 miles north of Howe in Butte and Lemhi Counties, Idaho. The location is more particularly described as follows:

SW1/4, SW ¼, Sec 7, T 10 N, R 27 E, Boise Meridian

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): 150 KVAR capacitor bank corrects Power Factor to at least .95.

EXHIBIT B

POINT OF DELIVERY / PARTIES' INTERCONNECTION FACILITIES

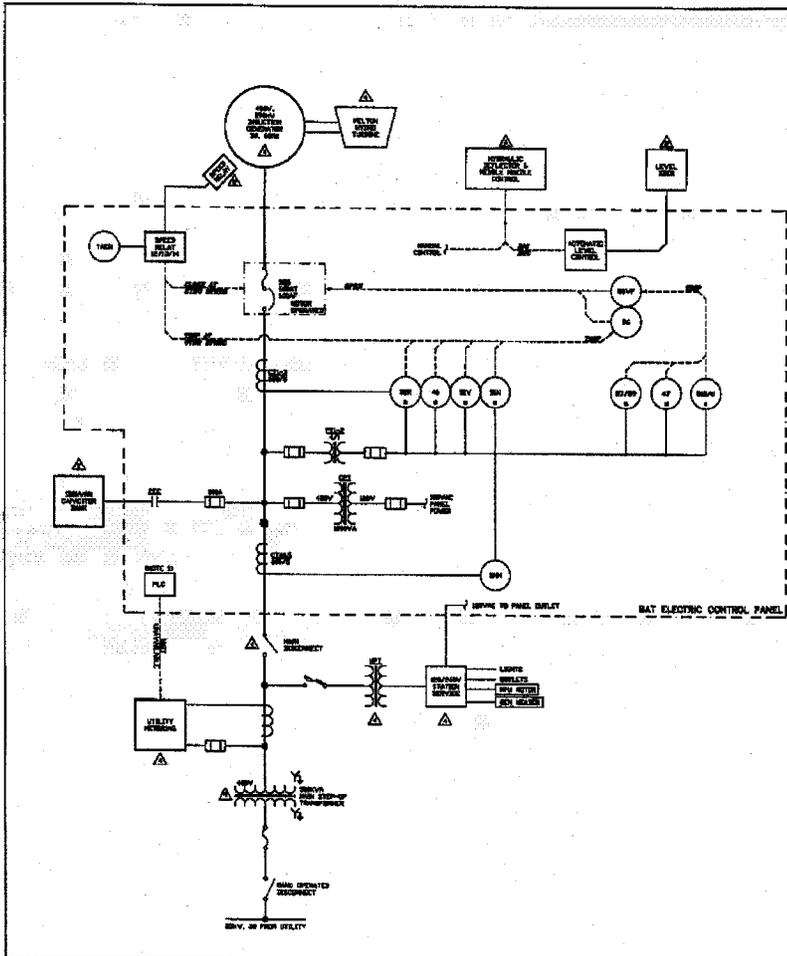
[Seller to provide its own diagram and description]

Instructions to Seller:

1. **Include description of point of metering, and Point of Delivery**
2. **Provide interconnection single line drawing of Facility including any transmission facilities on Seller's side of the Point of Delivery.**

The point of metering is on the lower side of the .48 KV / 25 KV step-up transformer. The meter is adjusted to account for transformer losses, which amount is approximately 1.4%, to the Point of Delivery. The Point of Delivery is the "change of ownership" as shown in the attached one-line diagram entitled "One-line Diagram Depicting the Generating Facility, Interconnection Facilities and Metering Equipment".

The 86 Relay is designated as *Style: 86, Function: Lockout Relay* and/or *Style: 86VF, Function: Volt/Freq Lockout Relay* in the attached one-line diagram entitled "Sorenson Engineering Pancheri 290kW Hydro Project" revision "G", dated 9-23-2009.



ELECTRICAL RELAY AND EQUIPMENT LIST					
STYLE	FUNCTION	DESCRIPTION	SETTING	MFG.	PART No.
25/25	SPEED RELAY	25-25VDC	10-100/100-100	SEE LIST	MANUFACTURER'S PART NO.
SR	REVERSE POWER RELAY	SRVAC, SA, 3P	BY REV. PWR. RELAY	RECO/WH	PART OF MFR.
46	CURRENT BALANCE	SA, 2P	REL. 10sec.	RECO/WH	PART OF MFR.
47	PHASE SEQUENCE	SRVAC, SA	27-300, 1sec.	RECO/WH	PART OF MFR.
47/59	UNDERVOLTAGE	SRVAC, SA	47-100, 10sec.	RECO/WH	PART OF MFR.
52N	NEUTRAL OVER CURRENT	SA, 1P	50A, 10S	RECO/WH	PART OF MFR.
51V	OVER CURRENT	SA, 3P	500A, 10S	RECO/WH	PART OF MFR.
52G	GENERATOR BREAKER	52G, 3 POLE, 500A	500A, 1000V	GENERAL ELECTRIC	MANUFACTURER'S PART NO.
52VU	OVERCURRENT	SRVAC, 1P	50-100, 10 cycle	RECO/WH	PART OF MFR.
54	LOCKOUT RELAY	25VDC, 2 POLE	NO SETTINGS	SHALCO	74000
54VF	VOLTA/FEED LOCKOUT RELAY	25VDC, 2 POLE	NO SETTINGS	ALLEN BRADLEY	74000-74000
55N	DIGITAL MULTI METER	SA, 200V, 2P	NO SETTINGS	HALITEK	1004-004
57	POWER FACTOR CONTACTOR	250V, 2P, 200A	NO SETTINGS	SPENCER & SONS	241-200-01-0-000
57R	MULTI FUNCTION RELAY	SRVAC, SA, 3P	REL. 10/100/100	RECO/WH	RECO/WH

* - TO BE DETERMINED

NOTE 1 - PLC IS PROGRAMMED TO SHOW HYDRO UNAVAILABLE WHEN 60 LOCKOUT IS TRIPPED, MODE SWITCH NOT AUTO AND UNIT OFFLINE, OR CHARG. HIGH LEVEL AND UNIT OFFLINE.

SYMBOLS
 △ BAT ELECTRIC OPTIMAL EQUIPMENT SUPPLIED BY BAT ELECTRIC
 ▲ INSTALLED BY OTHERS
 △ SUPPLIED BY OTHERS
 ▲ NOT BY BAT ELECTRIC
 * PART OF MFR.

DEVICE LEGEND
 OPT - CURRENT POWER TRANSFORMER
 CI - CURRENT TRANSFORMER
 MPT - MISC POWER TRANSFORMER
 PT - POTENTIAL TRANSFORMER
 TACH - TACHOMETER


MORRISON ENGINEERING
 PANCHERI ENGINEERING PROJECT
 ONE LINE DIAGRAM
 SHEET NO. 001012-01
 DATE: 01/21/00
 REV. 01

DEC 04 2008

**DISTRIBUTION GENERATOR
INTERCONNECTION AGREEMENT (DGIA)**

between

PACIFICORP

and

**BELL MOUNTAIN HYDRO, LLC.
Pancheri Hydro**

13.5 Changes to the Notice Information

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

Article 14. Signatures

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

Rocky Mountain Power

Name:

K. Hansen

Title:

Dir. Transmission

Date:

Dec. 4, 2008

Bell Mountain Hydro, LLC.

Name:

T. Hansen

Title:

Manager

Date:

12/2/2008

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

Qualifying Facility Number from FERC: QF08-592-000
Interconnection Agreement – Provided May 1, 2009
FERC Exemption No. 5637
**Documentation of right to use for hydroelectric generation the water flow described in
the Motive Force Plan.**

The following Documents are required to complete this project:

Easements:

From Pancheri to use:

BLM Right of Way No. ID1 – 17569

Forest Service Right of Way No. LSR - 32

Permits:

EXHIBIT D
ENERGY DELIVERY SCHEDULE

[Project Name]			— MW Nameplate Capacity
Base Estimates	Estimated Generation kWh	Ave KW/mo	Monthly NET Capacity Factor
January	48,711	65.5	23%
February	43,997	65.5	23%
March	48,711	65.5	23%
April	47,140	65.5	23%
May	97,754	131.4	45%
June	171,844	238.7	82%
July	162,276	218.1	75%
August	142,826	192.0	66%
September	116,653	162.0	56%
October	75,012	100.8	35%
November	72,593	100.8	35%
December	75,012	100.8	35%
TOTAL:	1,102,530		%

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

EXHIBIT E

START-UP TESTING

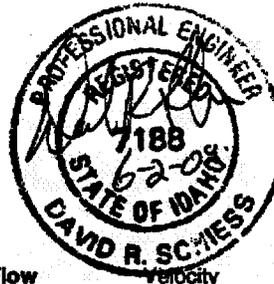
Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited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

1. Test of mechanical and electrical equipment;
2. Calibration of all monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. 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;

Exhibit F-1



Pancheri Hydro Motive Force Plan

Head Loss

Pipe Mtrl	Pipe Diam Inches	Pipe Length feet	Friction Factor	Flow Capacity cfs	Velocity ft/sec	Head Loss ft
STL	19.50	14,638	100	1.00	0.5	1.3
STL	19.50	14,638	100	2.00	1.0	4.6
STL	19.50	14,638	100	3.00	1.4	9.8
STL	19.50	14,638	100	4.00	1.9	16.7
STL	19.50	14,638	100	5.00	2.4	25.2
STL	19.50	14,638	100	6.00	2.9	35.4
STL	19.50	14,638	100	7.00	3.4	47.1
STL	19.50	14,638	100	8.00	3.8	60.3
STL	19.50	14,638	100	9.00	4.3	75.0
STL	19.50	14,638	100	10.00	4.8	91.1

KW Output At various flow

Flow CFS	Headloss Ft	Static Head Ft	Net Head Ft	Turbine Efficiency %	generator Efficiency %	Output KW
1	1.3	503.00	501.72	77.80%	0.87	28.7
2	4.6	503.00	498.37	83.45%	0.93	65.5
3	9.8	503.00	493.20	85.65%	0.94	100.8
4	16.7	503.00	486.30	84.90%	0.94	131.4
5	25.2	503.00	477.76	85.25%	0.94	162.0
6	35.4	503.00	467.62	86.00%	0.94	192.0
7	47.1	503.00	455.93	85.90%	0.94	218.1
8	60.3	503.00	442.73	84.70%	0.94	238.7
9	75.0	503.00	428.04	86.50%	0.94	285.1
10	91.1	503.00	411.89	86.50%	0.94	283.5

KW-HRs based upon expected water flow per existing records and comparison to dry creek

	Average Flow CFS	Kw	Total Average Kw-hr	On Peak Average Kw-hr	Off Peak Average Kw-hr
Jan	2	65.5	48,711	27,835	20,876
Feb	2	65.5	43,997	25,141	18,856
Mar	2	65.5	48,711	27,835	20,876
Apr	2	65.5	47,140	26,937	20,203
may	4	131.4	97,754	55,860	41,895
June	8	238.7	171,844	98,197	73,647
July	7	218.1	162,276	92,729	69,547
Aug	6	192.0	142,828	81,615	61,211
Sept	5	162.0	116,653	66,659	49,994
Oct	3	100.8	75,012	42,864	32,148
Nov	3	100.8	72,593	41,481	31,111
Dec	3	100.8	75,012	42,864	32,148
Estimated		Average	1,102,530	630,017	472,513

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 non-levelized purchase price during an On-Peak Hour in May of 2009 equals \$76.73/MWh (the 2009 annual rate for Conforming Energy) multiplied by 92% (0.92) (the May On-Peak Hour multiplier) minus \$5.10/MWh (the wind integration cost), which equals \$65.49/MWh.

Table 3: Sample calculations for non-levelized On-Peak Conforming Energy in 2009: Purchase Price = (annual rate * monthly On-Peak multiplier) – wind integration cost.

Month	Conforming Energy Annual Rate for 2009 (per MWh)	On-Peak Hour Multiplier	Wind Integration Cost	Calculated Purchase Price for 2009 On-Peak Conforming Energy (per MWh)
January	\$76.73	103%	\$5.10	\$73.93
February	\$76.73	105%	\$5.10	\$75.47
March	\$76.73	95%	\$5.10	\$67.79
April	\$76.73	95%	\$5.10	\$67.79
May	\$76.73	92%	\$5.10	\$65.49
June	\$76.73	94%	\$5.10	\$67.03
July	\$76.73	121%	\$5.10	\$87.74
August	\$76.73	121%	\$5.10	\$87.74
September	\$76.73	109%	\$5.10	\$78.54
October	\$76.73	115%	\$5.10	\$83.14
November	\$76.73	110%	\$5.10	\$79.30
December	\$76.73	129%	\$5.10	\$93.88

Table 4: Sample calculations for non-levelized Off-Peak Conforming Energy in 2009: Purchase Price = (annual rate * monthly Off-Peak multiplier) – wind integration cost.

Month	Conforming Energy Annual Rate for 2009 (per MWh)	Off-Peak Hour Multiplier	Wind Integration Cost	Calculated Purchase Price for 2009 Off-Peak Conforming Energy (per MWh)
January	\$76.73	94%	\$5.10	\$67.03
February	\$76.73	97%	\$5.10	\$69.33
March	\$76.73	80%	\$5.10	\$56.28
April	\$76.73	76%	\$5.10	\$53.21

Month	Conforming Energy Annual Rate for 2009 (per MWh)	Off-Peak Hour Multiplier	Wind Integration Cost	Calculated Purchase Price for 2009 Off-Peak Conforming Energy (per MWh)
May	\$76.73	63%	\$5.10	\$43.24
June	\$76.73	65%	\$5.10	\$44.77
July	\$76.73	92%	\$5.10	\$65.49
August	\$76.73	106%	\$5.10	\$76.23
September	\$76.73	99%	\$5.10	\$70.86
October	\$76.73	105%	\$5.10	\$75.47
November	\$76.73	96%	\$5.10	\$68.56
December	\$76.73	120%	\$5.10	\$86.98

EXHIBIT H

Seller Authorization to Release Generation Data to PacifiCorp

[Interconnection Customer Letterhead]

Transmission Services

Attn: Director, Transmission Services

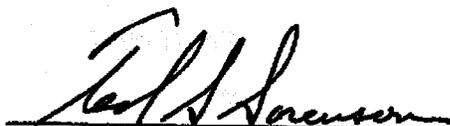
825 NE Multnomah, Suite 1600

Portland, OR 97232

RE: Bell Mountain Hydro, LLC Interconnection Request

Dear Sir:

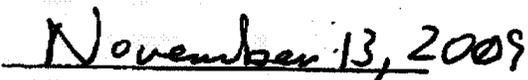
Bell Mountain Hydro, LLC hereby voluntarily authorizes PacifiCorp's Transmission business unit to share Bell Mountain Hydro, LLC's generator interconnection information and generator meter data relating to Bell Mountain Hydro, LLC's hydroelectric Qualifying Facility located 40 miles north of the town of Howe, Butte County, Idaho with Marketing Affiliate employees of PacifiCorp Energy, including, but not limited to those in the Commercial and Trading group. Bell Mountain Hydro, LLC acknowledges that PacifiCorp did not provide it any preferences, either operational or rate-related, in exchange for this voluntary consent.



Name



Title



Date