



MORNING VIEW WATER COMPANY

3996 E 200 N
PO Box 598
Rigby, ID 83442

RECEIVED

2014 MAY -6 AM 8:27

IDAHO PUBLIC
UTILITIES COMMISSION

PH 208-745-0029

morningviewwater@gmail.com

FAX 208-745-0041

May 1, 2014

MNV-W-14-01

Jean Jewel
Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

RE: Morning View Water Company- **Order #31061** -Updated IDEQ Loan Agreement and Additional Request
MNV-W-14-01

Dear Ms. Jewel,

The Morning View Water Company would like to formally request approval from the Idaho Public Utilities Commission to borrow funds from the Idaho Department of Environmental Quality for improvements to our water system. The original approval was for \$275,000. We requested an amendment from DEQ to allow for legal and administrative costs and have accepted a loan from DEQ for \$300,000 @ 1.25% interest with \$78,533 principal forgiveness. In addition to this loan agreement we have requested \$25,000 from DEQ to be added to the loan to for power costs that were not included in the original engineer estimate. The additional request will result in a total loan of \$325,000.

Included with this letter are copies of the executed DEQ Loan Agreement, a letter requesting DEQ to amend the loan for an additional \$25,000, and a copy of the Rocky Mountain Power Service Contract. We appreciate your interest and attention to this matter. Please call if you have any questions regarding this request.

Sincerely,


Nolan Gneiting
President

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2014 MAY -6 AM 8:27

IDAHO PUBLIC UTILITIES COMMISSION

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
LOAN OFFER, ACCEPTANCE AND AGREEMENT
FOR DRINKING WATER TREATMENT
DESIGN AND CONSTRUCTION**

SECTION I. INTRODUCTION

The State of Idaho (State) is authorized by Title 39, Chapter 36 (Act), Idaho Code, to make loans from the Drinking Water Treatment Facility Loan Account (Account) to assist municipalities in the construction of drinking water treatment facilities. The Idaho Board of Environmental Quality, through the Department of Environmental Quality (Department), is authorized to administer the Act. The Department has determined that the Morning View Water Company (Applicant/Borrower) has established eligibility for a loan under the terms of the Act and IDAPA 58.01.20, the Idaho Rules for Administration of Drinking Water Loan Program (the Rules).

The Applicant is a public entity with the authority to finance public improvements. The Department hereby offers a loan to the Applicant according to the terms and conditions contained in this document and the Rules.

SECTION II. DESCRIPTION OF PROJECT

This loan offer is for design and construction of the following project:

- A. Loan Project Number: DW 1302
- B. Name and Address of Applicant: Morning View Water Company
3996 E. 200 N.
Rigby, Idaho 83442
- C. Project Description: The project consists of drilling a new well, constructing a new pump house, installation of meters and variable frequency drive pumps.
- D. Terms: \$300,000 at 1.25% (interest of 0.25% and loan fee of 1.00%) to be repaid in biannual installments over 30 years, with \$78,533 of principal forgiveness.
- E. Estimated Project Budget:

1. Transmission & Distribution	\$275,000
2. Administration/Legal	<u>25,000</u>
Total	<u>\$300,000</u>

SECTION III. GENERAL CONDITIONS

This offer may only be accepted by signature by an authorized representative of the Applicant. Upon acceptance by the Applicant, this offer shall become a loan agreement (Agreement) and the Applicant shall become a Borrower. By accepting this offer, the Borrower agrees to all terms and conditions set forth in this document and the Rules:

The Borrower agrees:

- A. To not transfer, assign or pledge any beneficial interest in this Agreement to any other person or entity without the prior written consent of the Director of the Department of Environmental Quality (Director). To not enter into sale, lease or transfer of any of the property related to the Agreement. To not make any additional material encumbrances to the project without the prior written consent of the Director. To not incur any liabilities that would materially affect the funds pledged to repay this loan without the prior written consent of the Director. To not delegate legal responsibility for complying with the terms, conditions, and obligations of this Agreement without the prior written consent of the Director. Notwithstanding any other provision of this paragraph, the Borrower may sell or otherwise dispose of any of the works, plant, properties and facilities of the project or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the project, or no longer necessary, material or useful in such operation, without the prior written consent of the Director.
- B. To enter into such contractual arrangements with third parties as it deems advisable to assist it in meeting its responsibilities under this Agreement.
- C. To fulfill all declarations, assurances, representations and statements in the application and all other documents, amendments and communications filed with the Department by the Borrower in support of the request for this loan. Which application is attached hereto and incorporated by reference herein.
- D. To comply with applicable State and Federal employment requirements including, but not limited to, Equal Employment Opportunity and Civil Rights requirements.
- E. To make efforts to award subagreements to Disadvantaged Business Enterprises (DBE) which includes Minority and Women-owned businesses (MBE/WBE).
 - a. The separate fair share goals for MBE and for WBE will be in bid solicitations and documentation of efforts to obtain MBE/WBE participation will be required of any contractor who fails to attain the goals; and,
 - b. Semi-annual reports of MBE/WBE utilization will be prepared on forms supplied by the Department; and,
 - c. Include the following language in all procurement contracts *"The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies."*

- F. To provide evidence of ownership in the form of fee simple title or long-term lease and right of access or easements for real property on which the project is proposed to be constructed. Clear title or legal right to all real property necessary for the successful operation of the facilities shall be guaranteed by the Borrower for the useful life of the project, prior to commencement of construction. Land acquisitions shall only be reimbursed by DEQ if obtained from a willing seller.
- G. To take affirmative action to ensure that the project shall be completed and operated in conformance with federal and state laws relating to occupational health and safety.
- H. That if prior to completion of this Agreement the project is damaged or destroyed, there will be no reduction in the amounts payable by the Borrower to the Department.
- I. That in the event there is any default in the payment of either the principal amount, loan fee or the interest due under this Agreement, or any breach by the Borrower of any of the terms or conditions of this Agreement, the entire principal amount and whatever interest and fees are due to the date of payment may be declared due and immediately payable. The amount of such default shall bear the same interest and fee rate as applies to the principal of this loan from the date of default until the date of payment by the Borrower. All costs incurred by the Department due to such default, including court costs and attorney's fees, shall be repaid by the Borrower to the Department.
- J. That any waiver by the Department at any time of the rights or duties under this Agreement shall not be deemed a waiver of any subsequent or additional rights or duties under this Agreement.
- K. That the use by the Department of any remedy specified in this Agreement for its enforcement is not exclusive and shall not deprive the Department of the right to seek any other appropriate legal or equitable remedy.
- L. That this Agreement is binding upon the Borrower and the Department, and any person, office or entity succeeding the Borrower or the Department.
- M. To comply with all applicable federal, state and local laws.
- N. In the event any term of this Agreement is held to be invalid or unenforceable by a court, the remaining terms of this Agreement will remain in force.
- O. The total loan funds disbursed per this Agreement are considered federal financial assistance per the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 (SAA), 31 U.S.C. §§7501-7507. (2000). If Borrower expends more than \$500,000 of any federal funds in a fiscal year, Borrower shall conduct an audit in accordance with the SAA. In such case, Borrower shall provide the Department a copy of the SAA audit within nine (9) months of the end of the audit period per the SAA. Borrower recognizes that it is responsible for determining if the \$500,000 threshold is reached and if a SAA audit is required. Additionally, Borrower shall inform the Department, in writing, of findings or recommendations pertaining to the State Revolving Fund contained in any SAA audits conducted by Borrower.

- P. As per Executive Order 12549, 2 CFR 180 and 2 CFR 1532 the loan recipient agrees to not enter into covered transactions with any contractors or subcontractors that have been suspended or debarred, and to include a similar term or condition in all lower tier covered contracts and transactions.

SECTION IV. PROJECT MANAGEMENT

The Borrower agrees to:

- A. Require the prime engineering firm(s) and their principals retained for engineering services to carry professional liability insurance to protect the public from the engineer's negligent acts and errors of omission of a professional nature. The total aggregate of the engineer's professional liability insurance shall be at least one hundred thousand dollars (\$100,000) or twice the amount of the engineer's fee, whichever is greater. Professional liability insurance must cover all services rendered for all phases of the project, whether or not those services are state funded, until the certification of project performance is accepted by the Department.
- B. Comply with the Public Works Contractors License Act and the Public Contracts Bond Act, Title 54, Chapter 19, Idaho Code, including requiring the prime construction contractor retained for construction to carry performance and payment bonds equal to one hundred percent (100%) of the contract price. The bond will be released when the constructed facility is accepted by the Borrower.
- C. Assure that contracts related to the project which provide for arbitration allow appeal of any resulting arbitration decision to a district court or allow the arbitration to be non-binding on both parties if either party desires not to use arbitration as a method of dispute settlement.
- D. Jointly with an engineering consultant provide assurances that the physical and operational integrity of the works, when constructed, will achieve the level of treatment provided for in the design specifications.
- E. Provide for the accumulation of funds through charges made for services or otherwise, for the purposes of establishing a fund dedicated solely to (1) the repayment of principal, interest and loan fee on this loan, (2) capital replacement and (3) a reserve account as required by the Terms of the loan agreement, and (4) future improvements.
- F. Provide a plan and program for an equitable user charge system, as permitted by law, for payment of operation and maintenance of constructed facilities. The user charge system shall be approved by the Department and enacted by the Borrower prior to receiving final payment. Make available on an equitable basis the services of the project to the residents and commercial and industrial establishments of the area it was designed to serve.
- G. Develop and adopt a water system protection ordinance approved by the Department prior to receiving final payment of loan funds.
- H. Provide to the Department for approval, an operation and maintenance manual for the project. The manual shall be approved by the Department prior to receiving final payment of loan funds.

- I. Provide adequate staffing and qualified operation and maintenance personnel as specified in the operation and maintenance manual approved by the Department.
- J. Assure that the operator in responsible charge of the facility has a level of competency commensurate with the nature of the facility. He or she must be licensed as a Drinking Water Operator in a class equal to or greater than that of the facility.
- K. Assure that distribution and treatment facility personnel shall participate in operator training programs designed to assure competence in the operation and maintenance of the facility.
- L. Commence satisfactory operation and maintenance of the drinking water treatment facility on completion of the project in accordance with applicable provisions, rules of the Department and any other applicable law, rule or regulation and not discontinue operation or dispose of the facility without the written approval of the Department.
- M. Review and update the user charge system, as permitted by law, at least biennially during the life of this Agreement to assure that all costs including debt retirement, operation and maintenance are offset by sufficient revenues.
- N. Maintain project accounts in accordance with generally accepted accounting principles.
- O. All laborers and mechanics employed by the prime construction contractor and subcontractors in the project using State Revolving Fund (SRF) loans shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality in accordance with the labor standards, including prevailing wage rates and instructions for reporting, as established by the United States Department of Labor (subchapter IV of Chapter 31 of title 40, United States Code). Borrower agrees that all procurement contracts must include as a term and condition that contractors and subcontractors must obtain wage determinations from the Department of Labor and comply with Department of Labor guidance and regulations implementing wage rate requirements applicable to SRF funds. Wage determinations shall be finalized prior to final bid submissions. Specific requirements related to Davis Bacon compliance are included in Attachment B to this loan agreement.

SECTION V. SPECIAL CONDITIONS

- A. The Borrower shall complete the attached project schedule and submit to the Department for approval on or before 60 days from the date of this loan offer. No funds shall be disbursed per this Agreement until a project schedule has been approved by the Department. The Department approved project schedule shall be attached to this Agreement as Attachment A and incorporated by reference as if fully set forth herein. The Borrower shall complete the project in accordance with the approved project schedule.
- B. All amendments to the project schedule must be approved by the project engineer in the Department's Idaho Falls Regional Office, prior to becoming effective.
- C. Prior to final loan distribution, the Borrower shall have established a written Operations and Maintenance manual, an Operating Emergency plan and a Safety/Risk Management plan.

SECTION VI. SECURITY REQUIREMENTS

The Borrower agrees:

- A. This loan will be evidenced and secured by a promissory note in the amount of \$221,467 (two hundred twenty one thousand four hundred and sixty seven dollars). The promissory note will be issued upon project completion and incorporated by reference into this Agreement.
- B. There will be a reserve fund equal to one year's payment of principal, fees and interest on the loan established. The Borrower has ten years to establish the reserve, setting aside 10% (ten percent) of one year's payment into the reserve fund each year.

SECTION VII. LOAN DISBURSEMENTS

The Borrower agrees:

- A. This loan shall be used solely to aid in the financing of the Borrower's project described in Section II.
- B. Requests for actual disbursement of loan funds will be made by the Borrower using forms provided by the Department. Upon approval of the disbursement request by the Department loans funds shall be released to the Borrower.
- C. The costs set forth in Section II have been determined by the Department to be eligible costs for funding. Some of the costs however, have been estimated, and the actual costs may differ from such estimated costs. A project review by the Department will determine final eligible costs for the project.
- D. If the actual eligible cost of the project is determined by the Department to be lower than the estimated eligible cost, the loan amount will be reduced accordingly.
- E. An increase in the loan amount as a result of an increase in eligible project costs shall be considered, provided funds are available. Documentation supporting the need for an increase

must be submitted to the Department for approval prior to incurring any costs above the eligible cost ceiling.

- F. Payment of the final five percent (5%) of this loan shall be withheld until the following requirements are met:
1. The Borrower's engineer certifies (a) that the project has been constructed according to plans and specifications previously approved by the Department, (b) an operations manual has been completed and (c) that the project is fully operational; and
 2. The Department has inspected the project and verifies the engineer's certification.
- G. Payment of the final ten percent (10%) of this loan shall be withheld until the following requirements are met:
1. The Special Conditions in Section V have been met; and
 2. A responsible charge operator (RCO) has been designated who is licensed at or above the classification level of the system. At such times as the RCO is not available, a substitute RCO shall be designated to replace the RCO, who is licensed at or above the classification level of the system.
- H. This offer is subject to the existence of the offered sum of money in the Account at the time of payment. Should the offered sum of money not be available in the Account at the time of payment, the Department hereby agrees to pay the Borrower the offered sum of money on the basis of the Borrower's priority position immediately upon the accrual of said sum in the Account.

SECTION VIII. REPAYMENT TERMS AND SCHEDULE

The Borrower agrees:

- A. This loan shall be repaid in the manner set forth in the promissory note which shall be attached to this Agreement and incorporated by reference.
- B. To pay biannual payments of principal, fees and interest and to fully amortize this loan not later than thirty (30) years from project completion. Interest will begin accruing with the first disbursement of funds. At the time of closing, accrued interest will be either paid to the Department or incorporated into the final loan amount if the approved amount has not been exceeded.
- C. At the time of closing, the Department may elect to impose a loan fee (not to exceed 1%) pursuant to the Rules. If a loan fee is imposed, the loan interest rate will be reduced by the amount of the loan fee. The loan fee will be assessed against the final loan balance, which shall include the entire principal balance and may include capitalized interest. Any loan fee shall be due and payable concurrently with scheduled loan principal and interest repayments over the repayment period.

- D. This Agreement shall remain in full force and effect until all loan proceeds, including principal, interest and loan fee, have been paid in full or the Agreement is otherwise suspended or terminated by the Department.

SECTION IX. SUSPENSION OR TERMINATION OF LOAN AGREEMENT

- A. The Director may suspend or terminate this Agreement prior to final disbursement for failure of the loan recipient or its agents, including engineering firm(s), contractor(s), or subcontractor(s) to perform. This Agreement may be suspended or terminated for good cause including, but not limited to, the following:
1. Commission of fraud, embezzlement, theft, forgery, bribery, misrepresentation, conversion, malpractice, misconduct, malfeasance, misfeasance, falsification or unlawful destruction of records, receipt of stolen property or any form of tortious conduct; or
 2. Commission of any crime for which the maximum sentence includes the possibility of one (1) or more years imprisonment or any crime involving or affecting the project; or
 3. Violation(s) of any term of this Agreement; or
 4. Any willful or serious failure to perform within the scope of the project, plan of operation and project schedule, terms of engineering subagreements, or contracts for construction; or
 5. Utilizing a contractor or subcontractor who has been suspended or debarred by order of any federal or state agency from working on public work projects funded by that agency.
- B. The Director will notify the Borrower in writing and by certified mail of the intent to suspend or terminate this Agreement. The notice of intent shall state:
1. Specific acts or omissions which form the basis for suspension or termination; and
 2. Availability of a contested case hearing before the Board of Environmental Quality conducted as provided for in the Rules of Administrative Procedure Before the Board of Environmental Quality, IDAPA 58.01.23.
- C. If the Borrower does not initiate a contested case hearing before the Board by filing a petition within the time period specified by the Rules of Administrative Procedure Before the Board of Environmental Quality, IDAPA 58.01.23., the Department may thereafter terminate or suspend the Agreement by written notice to the Borrower. If the Borrower initiates a contested case, the termination or suspension shall be determined by the Board.
- D. The Borrower shall perform no work under the Agreement after receiving a notice of intent to suspend or terminate until all administrative proceedings and appeals therefrom are final or the Department reinstates the Agreement as provided herein.

- E. Upon written request by the Borrower with evidence that the cause(s) for suspension no longer exists, the Director may, if funds are available, reinstate the Agreement. If a suspended Agreement is not reinstated, the loan will be amortized and a repayment schedule prepared in accordance with the provisions of this Agreement.
- F. No terminated loan shall be reinstated. Terminated loans will be amortized and a repayment schedule prepared in accordance with the provisions of this Agreement.

SECTION X. ACCESS AND INDEMNIFICATION

The Borrower agrees to:

- A. Provide the Director, or his/her authorized agents, and the U.S. Environmental Protection Agency, access to all files, records, accountings and books relating to the management and accountability of this loan.
- B. Indemnify and hold harmless the State of Idaho, its agents and its employees from any and all claims, actions, damages, liabilities and expenses directly or indirectly connected to the Borrower or its agents, employees, contractors, or assignees actions related to the location, design, construction, operation, maintenance, repair, failure or deactivation of the project or any part of the project.

SECTION XI. OFFER

The offer set forth herein must be accepted, if at all, on or before 60 days from the date of this loan offer. An acceptance must be accompanied by a resolution of the Applicant's governing body authorizing the signator to sign on the Applicant's behalf for the purpose of this agreement.

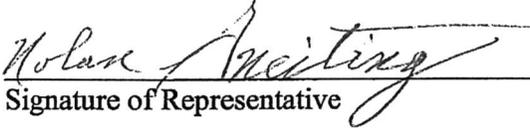
Dated February 22, 2013.



Curt A. Fransen
Director
Department of Environmental Quality

SECTION XII. ACCEPTANCE

The Morning View Water Company, by and through its undersigned representative(s), accepts the foregoing offer and agrees to discharge all obligations and to comply with all terms and conditions contained herein.



Signature of Representative

Nolan Greiting / OWNER Morning View WATER COMPANY LLC
Name and Title of Representative - type or print

MARCH 19, 2013
Date



MORNING VIEW WATER COMPANY

3996 E 200 N

PO Box 598

Rigby, ID 83442

Ph 208-745-0029

morningviewwater@gmail.com

Fax 208-745-0041

MNV-W14-01

March 17, 2014

Tim Wendland
Department of Environmental Quality
1410 N Hilton
Boise, Idaho 83402

RE: Budget Amendment Request- Morning View Water Company Loan# DW 1302

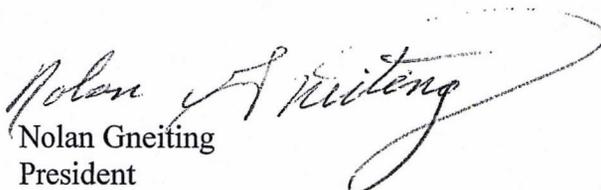
Dear Mr. Wendland

The Morning View Water Company would like to formally request an amendment to the budget for our water loan. We are requesting an additional \$25,000 to be added to our construction budget as reflected in the below outline. The request will allow us to pay Rocky Mountain Power for the electrical costs that were not originally allocated in the scope of work. This request will help us facilitate all the costs associated with our water system improvement project.

1. Administrative Costs	\$25,000
2. Engineering	\$30,000
3. Construction	\$270,000
Total	\$325,000

We appreciate your support and interest in our needs and enjoy working with the DEQ on our project.

Sincerely,


Nolan Gneiting
President

Cc: Willie Teuscher
Rick Miller, The Development Company

MNV-W14-01

(ID May2013)
Account #:59535984 001
Service ID #:793593310
Monthly

NB
C/C: 11471
Request #: 5852088
Contract #:

**GENERAL SERVICE CONTRACT
(1000 KW OR LESS)
between
ROCKY MOUNTAIN POWER
and
MORNING VIEW WATERS**

This General Service Contract ("Contract"), dated January 6, 2014, is between PacifiCorp, doing business as Rocky Mountain Power ("Company"), and **Morning View Waters** ("Customer"), for electric service for Customer's Comercial operation at or near 180 N 3900 E # Well , Idaho.

The Company's filed tariffs (the "Electric Service Schedules" and the "Electric Service Regulations") and the rules of the Idaho Public Utilities Commission ("Commission"), as they may be amended from time to time, regulate this Contract and are incorporated in this Contract. In the event of any conflict between this Contract and the Electric Service Schedules or the Electric Service Regulations, such schedule and rules shall control. They are available for review at Customer's request.

1. **Delivery of Power.** Company will provide 277/480 volt, three-phase electric service to the Customer facilities.
2. **Contract Demand.** The specified Demand in kW that Customer requires to meet its load requirement and Company agrees to supply and have available for delivery to Customer, shall be 70 kW (diversified, based on Customer's submitted load prior to the signing of this Contract) unless otherwise agreed in writing in accordance with the terms of this Contract. Within fifteen (15) days of the written request for additional demand, Company shall advise Customer in writing whether the additional power and energy is or can be made available and the conditions on which it can be made available.
3. **Extension Costs.** Company agrees to invest \$6,300.00 (the "Extension Allowance") to fund a portion of the cost of the improvements (the "Improvements") as per tariff. Customer agrees to pay Company the estimated construction costs in excess of the Extension Allowance ("Customer Advance"). Customer has paid for engineering, design, or other advance payment for Company's facilities in the amount of \$0.00, which amount is reflected in the balance due in the Customer selected option below. **(Customer must initial** selected option on the blank space at the beginning of the option and pay the balance due given in that option.)

— **Refund Option.** The total Customer Advance for this work is \$21,970.00, the **balance due is \$21,970.00**, and Customer remains eligible for refunds. Company will refund part of the Customer Paid Costs if additional customers connect to the Improvements within sixty (60) months of the date the Company is ready to supply service. Company will refund a proportional share of the refundable Customer Paid Costs allocable to the **shared** Improvements for four (4) additional applicants. The Company will try to inform Customer when a refund is due. However, in the event Company is unable to locate Customer or has not identified that a refund is

due Customer is responsible for requesting a refund within twenty-four (24) months of the additional applicant connecting to the Improvements.

Contract Administration Credit Option. Customer chooses to receive a Contract Administration Credit of \$250 and waives their right to refunds should additional applicants connect to the Improvements. Accordingly, the balance due is \$21,720.00.

4. **Contract Minimum Billing.** Customer agrees to pay a contract minimum billing (the "Contract Minimum Billing") during the first sixty (60) months beginning from the date the Company is ready to supply service. The Contract Minimum Billing shall be the greater of: (1) the Customer's monthly bill; or, (2) \$252.41 (the monthly facilities charge) plus eighty percent (80%) of the Customer's monthly bill. Billings will be based on Rate Schedule No. 23 and superseding schedules. The Company will reduce the minimum charges by the amount of the facilities charges associated with refunds due from additional applicants connecting to the Improvements.
5. **Effective.** This Contract will expire unless Customer signs and returns an original of this Contract along with any required payment to Company within ninety (90) days of the Contract date shown on page 1 of this Contract.
6. **Term.** This Contract becomes binding when both the Company and Customer have signed it, and will remain in effect for five (5) years following the date when the Company is ready to supply service.

In the event Customer terminates service or defaults (which results in termination of service) within the first five (5) years of this Contract, Customer shall be responsible for paying the remaining Contract Minimum Billing for the remainder of the five year term.

If Customer is not ready to receive service from Company within one-hundred fifty (150) days of the Customer signature date recorded at the end of this Contract, then Company may unilaterally terminate this Contract. If Company has not installed Improvements, then such termination of this Contract shall not be treated as a Customer default and Customer shall not be responsible for paying the Contract Minimum Billing for the five (5) year term, only Customer's advance will be applied to Company costs incurred for design, permitting and other associated Contract costs. However, if Company has installed Improvements so that Company is ready to supply service, but Customer is not ready to receive service from Company within said one-hundred fifty (150) days, then the failure of Customer being ready to receive service from Company may be treated as a Customer default, and Customer shall be responsible for paying the Contract Minimum Billing for the five (5) year term.

7. **Customer Obligations.** Customer agrees to:
 - a) Provide legal rights-of-way to Company, at no cost to the Company, using Company's standard forms. This includes rights-of-way on Customer's property and/or adjoining property and any permits, fees, etc. required to cross public lands;
 - b) Prepare the route to Company's specifications;
 - c) Install all Customer provided trench, conduit, equipment foundations, or excavations for equipment foundations within the legal rights-of-ways; and,

d) Comply with all of Company's tariffs, procedures, specifications and requirements.

8. **Special Provisions:** Meterbase must EUSERC approved and meet Rocky Mountain Power specifications.
9. **Underground Facilities.** If service is provided by an underground line extension, Customer will provide, or Company will provide at Customer's expense: all trenching and backfilling, imported backfill material, conduit and duct, and furnish and install all equipment foundations, as designed by the Company. Company may abandon in place any underground cables installed under this Contract that are no longer useful to Company.

Customer warrants that all Customer provided trench and excavations for equipment foundations, and Customer installed conduit and equipment foundations are installed within legal rights-of-way, and conform to the specifications in the Company's Electric Service Requirements Manual, and other specifications as otherwise provided by the Company. In the event Customer fails to comply with the foregoing, Customer shall be liable for the cost to the Company for relocating the facilities within a legal right-of-way, acquiring right-of-way for the Company facilities, repair or replacement of improperly installed conduit or foundations, and paying costs for damages that may arise to any third party as a result of the Company facilities being located outside of a legal right-of-way. The provisions of this paragraph 9 shall survive the termination of this agreement.

10. **Design, Construction, Ownership and Operation.** The Company shall design, construct, install, and operate the Improvements in accordance with the Company's standards. The Company will own the Improvements, together with the Company's existing electric utility facilities that serve or will serve Customer. Construction of the Improvements shall not begin until (1) both the Company and Customer have executed (signed) this Contract, and (2) all other requirements prior to construction have been fulfilled, such as permits, payments received, inspection, etc. Any delays by the Customer concerning site preparation and right-of-way acquisition or trenching, inspection, permits, etc. may correspondingly delay completion of the Improvements.

The Company warrants that its work in constructing and maintaining the Improvements shall be consistent with prudent utility practices. **THE COMPANY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE WARRANTY OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, AND SIMILAR WARRANTIES.** The Company's liability for breach of warranty, defects in the Improvements, or installation of the Improvements shall be limited to repair or replacement of any non-operating or defective portion of the Improvements or the Company's other electric utility facilities. Under no circumstances shall the Company be liable for other economic losses, including but not limited to consequential damages. The Company shall not be subject to any liability or damages for inability to provide service to the extent that such failure shall be due to causes beyond the reasonable control of the Company.

No other party, including Customer, shall have the right to operate or maintain the Company's electric utility facilities or the Improvements. Customer shall not have physical access to the Company's electric utility facilities or the Improvements and shall engage in no activities on or related to the Company's electric utility facilities or the Improvements.

11. **Payments.** All bills shall be paid by the date specified on the bill, and late charges shall be imposed upon any delinquent amounts. Company reserves the right to require customer payments be sent by EDI or wire transfer. If Customer disputes any portion of Customer's bill, Customer shall pay the total bill and shall designate the disputed portion. Company shall decide the dispute within sixty (60) days after Customer's notice of dispute. Any refund Company determines Customer is due shall bear interest at the rate then specified by the Commission or, if no rate is specified, the then effective prime rate as established by the Morgan Guaranty Trust Bank of New York.

The Company may request deposits from Customer to the extent permitted under the applicable Electric Service Regulations and the applicable Electric Service Schedule. In the event of a default by Customer in any of its obligations, the Company may exercise any or all of its rights and remedies with respect to any such deposits.

12. **Furnishing Information.** Upon the Company's request, Customer shall submit its year-end financial statements to the Company, certified to be true and correct and in accordance with GAAP (General Accepted Accounting Principles). Furthermore, Customer shall submit additional information as the Company may reasonably request from time to time in furtherance of the purposes of this Contract. Such information shall be deemed confidential. The Company will base its decision with respect to credit, deposits or any other material matter on information furnished under this section by Customer, and shall reserve its rights with respect to such decisions should such information be inaccurate.
13. **Governing Law; Venue.** All provisions of this Contract and the rights and obligations of the parties hereto shall in all cases be governed by and construed in accordance with the laws of the State of Idaho applicable to contracts executed in and to be wholly performed in Idaho by persons domiciled in the State of Idaho. Each party hereto agrees that any suit, action or proceeding in connection with this Contract may only be brought before the Commission, the Federal courts located within the State of Idaho, or state courts of the State of Idaho, and each party hereby consents to the exclusive jurisdiction of such forums (and of the appellate courts therefrom) in any such suit, action or proceeding.
14. **Assignment.** The obligations under this Contract are obligations at all times of Customer, and may not be assigned without the Company's consent except in connection with a sale, assignment, lease or transfer of Customer's interest in Customer's facility. Any such assignment also shall be subject to (i) such successor's qualification as a customer under the Company's policies and the Electric Service Regulations, the applicable Electric Service Schedule, and (ii) such successor being bound by this Contract and assuming the obligation of Customer from the date of assignment, which may be evidenced by written agreement of such successor or other means acceptable to the Company. The Company may condition this assignment by the posting by the successor of a deposit as permitted under the applicable Electric Service Regulations and the applicable Electric Service Schedule.
15. **Remedies; Waiver.** Either party may exercise any or all of its rights and remedies under this Contract, the applicable Electric Service Regulations, the applicable Electric Service Schedule and under any applicable laws, rules and regulations. No provision of this Contract, the Electric Service Regulations, or the applicable Electric Service Schedule shall be deemed to have been waived unless such waiver is expressly stated in writing and signed by the waiving party.

16. **Attorneys' Fees.** If any suit or action arising out of or related to this Contract is brought by any party, the prevailing party or parties shall be entitled to recover the costs and fees (including, without limitation, reasonable attorneys' fees, the fees and costs of experts and consultants, copying, courier and telecommunication costs, and deposition costs and all other costs of discovery) incurred by such party or parties in such suit or action, including, without limitation, any post-trial or appellate proceeding, or in the collection or enforcement of any judgment or award entered or made in such suit or action.
17. **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.
18. **Entire Agreement.** This Contract contains the entire agreement of the parties with respect to the subject matter, and replaces and supersedes in their entirety all prior agreements between the parties related to the same subject matter. This Contract may be modified only by a subsequent written amendment or agreement executed by both parties.

MORNING VIEW WATERS

By _____
signature

NAME (type or print legibly) TITLE

DATE

Customer's Mailing Address for Executed Contract

Nolan Gneiting
ATTENTION OF

PO Box # 598
ADDRESS

Rigby, ID 83442
CITY, STATE, ZIP

ROCKY MOUNTAIN POWER

By _____
signature

Aaron Hancock Manager
NAME (type or print legibly) TITLE

DATE

Rocky Mountain Power's Mailing Address for Executed Contract

170 West 2nd North
ADDRESS

Rexburg, Id 83440
CITY, STATE, ZIP

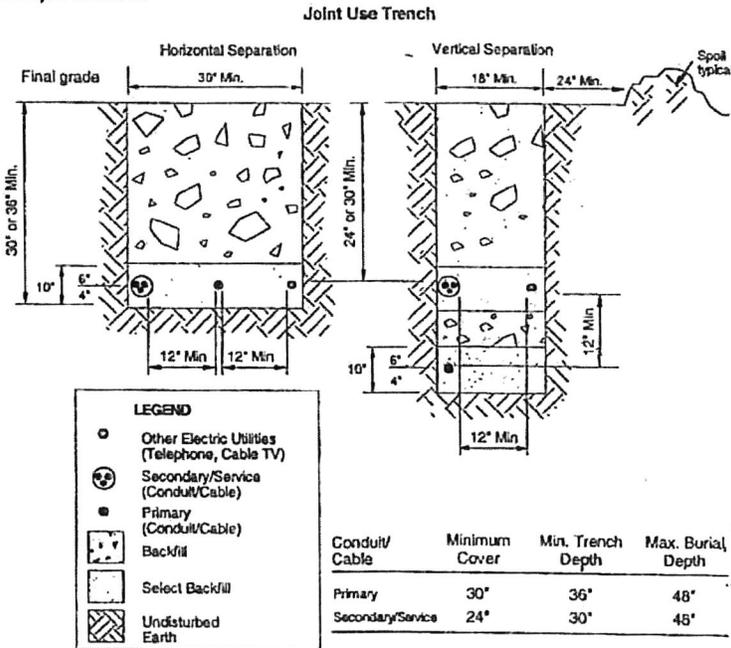
Load Information - The load information you provide is used in sizing the Company facilities to meet your electrical demands, therefore it is imperative that you provide accurate information and notify your estimator if anything changes as quickly as possible.

General Information:

- Line Extension Policy information can be found online at www.pacificcorp.com by navigating as follows:
 - News & Info > Regulatory Information > Choose your State > Approved Tariffs
- Customer to call UG locating two (2) full working days prior to digging. The numbers for each state are:
 - OR(800)332-2344; WA(800)553-4344; CA(800)227-2600; ID(800)342-1585; UT(800)662-4111; WY(800)849-2476 or (800)348-1030.
- By accepting the \$250 Contract Administration Credit you waive your right to future refunds if applicable.
- Contact our estimator if you wish to relocate the route as designed. Do not relocate the estimator's stakes.
- The Customer is responsible for following the specifications contained herein as well as those found in the Electric Service Requirements Manual for the appropriate state. These can be found online at www.pacificcorp.com by navigating News & Info > Electric Service Requirements

Trench & Conduit

- Electric utilities (Cable TV, Telephone) must have at least 12" clearance from secondary/service conductors (12" horizontal and vertical is preferred and is required relative to primary conductors).
- Non-electric utilities (Gas, Water, Sewer, etc.) and privately-owned facilities may not be installed in the power trench without prior approval by your estimator
- Contact the estimator if you plan to change the route of the service, install more sweeps or increase the length.



Meter Base

- Height of meter shall be no greater than 6' and no less than 4' to center of socket.
- Each metered service must be permanently labeled to identify customer addresses by means of a metal or hard plastic engraved type label for two or more units.
- If overhead service is taken 24" minimum tails are required to be left out of the service mast.
- When overhead service to a meter pole is taken, the pole must be set at least 5' deep and the weatherhead shall be located within 1' of the top of the pole.
- The Electrical Inspector (State, County or City) is the proper person to answer most of your questions regarding your wiring & equipment beyond the interconnection with our supplied service.

Before Service Can Be Provided

- If overhead primary is to be installed the general requirement is for the trees & limbs to be clear 10' on each side of the line. **DO NOT TRIM TREES WITHIN 10' OF EXISTING OVERHEAD PRIMARY LINES.** Walk the route with your estimator to determine what is acceptable.
- The Company can prepare the easement documents, but it is the customer's responsibility to ensure that they get signed and pay any associated costs.
- Direct buried underground cable cannot be energized until covered by the customer. Do not cover a conduit system until approved by the Company inspector.
- The schedule of Company construction on your project depends on its size, the type of material ordered (some materials have long lead delivery dates), and the workload of the Company in your area and any changes to the initial design. The work will not be scheduled until you have met all of the requirements detailed on this form and have called in to inform the Company.

ELECTRIC SERVICE REQUIREMENTS AGREEMENT

Customer Name/Location: Morning View Waters - New Well Request # 5852088

Load Information (Commercial Customer Load Sheet required for commercial customers):

Service Panel Size: 200 Amp Phases: 3 Voltage: 480 Sq. Ft.: _____ Motor/Heat Pump/A.C. Size: 60 HP
 Temporary service required: No Yes (Fee of \$_____ will appear on first monthly billing)

General Information:

- Line Extension Policy Explained: Customer to call for locates N/A
- Customer will accept \$250 Contract Administration Credit: Yes No Decide Later N/A
- Route (including poles, trench route & equipment locations) Staked out and / or explained:
Read the back of this sheet for additional line extension information

Trench & Conduit (Note: customer to install non-metallic 'poly' pull rope, 400lb test minimum for all conduit installations):

- Customer to Install: Trench Conduit Vault Company to Install: Trench Conduit Vault
- Primary Trench Dimensions 40" deep X 12" wide
- No. Of runs Primary Conduit required 1 Diameter 4" (Schedule 40 Gray Electrical Grade PVC)
- Number of primary sweeps 90° 2 45° 3 Radius 36" Steel/Fiberglass PVC (factory-made only)
- Secondary/Service Trench Dimensions 30" deep X 12" wide
- No. Of runs Secondary/Service Conduit required 1 Diameter 3" (Sch. 40 Gray Electrical Grade PVC)
- No. Of secondary/service sweeps 90° 2 45° _____ Radius 36" Steel/F.G. PVC (factory-made only)
- Riser Location marked on pole N/A
- Vault excavation: _____" w X _____" l X _____" d (from final grade) Vault spec provided
Read the back of this sheet for additional information on trenching and conduit installations

Meter Base to be installed by Customer Location set as shown below on sketch (no variation without estimator approval):

- Underground fed Overhead fed Treated Customer Meter Pole Length (if required): _____
- Manual Link Bypass / Safety Socket Required C.T. Enclosure required Dimensions: _____
- Specifications or drawings provided: Transformer pad specification will be provided
Read the back of this sheet for additional information on metering installations

Before Service Can Be Provided (call us at 390-8011 to inform us of your progress on the following):

- Tree Trimming Required to be done by: Customer Company N/A
- Electrical Inspection required (customer to contact City, County or State permitting office)
- Right of Ways required & explained N/A
- Contract or Letter of Agreement required and explained N/A
- Trench and conduit to be inspected (call 390-8011 for trench inspection-24 hrs notice min) N/A
- Other information needed from customer before design can take place: _____

Read the back of this sheet for additional information on requirements

Sketch & Notes

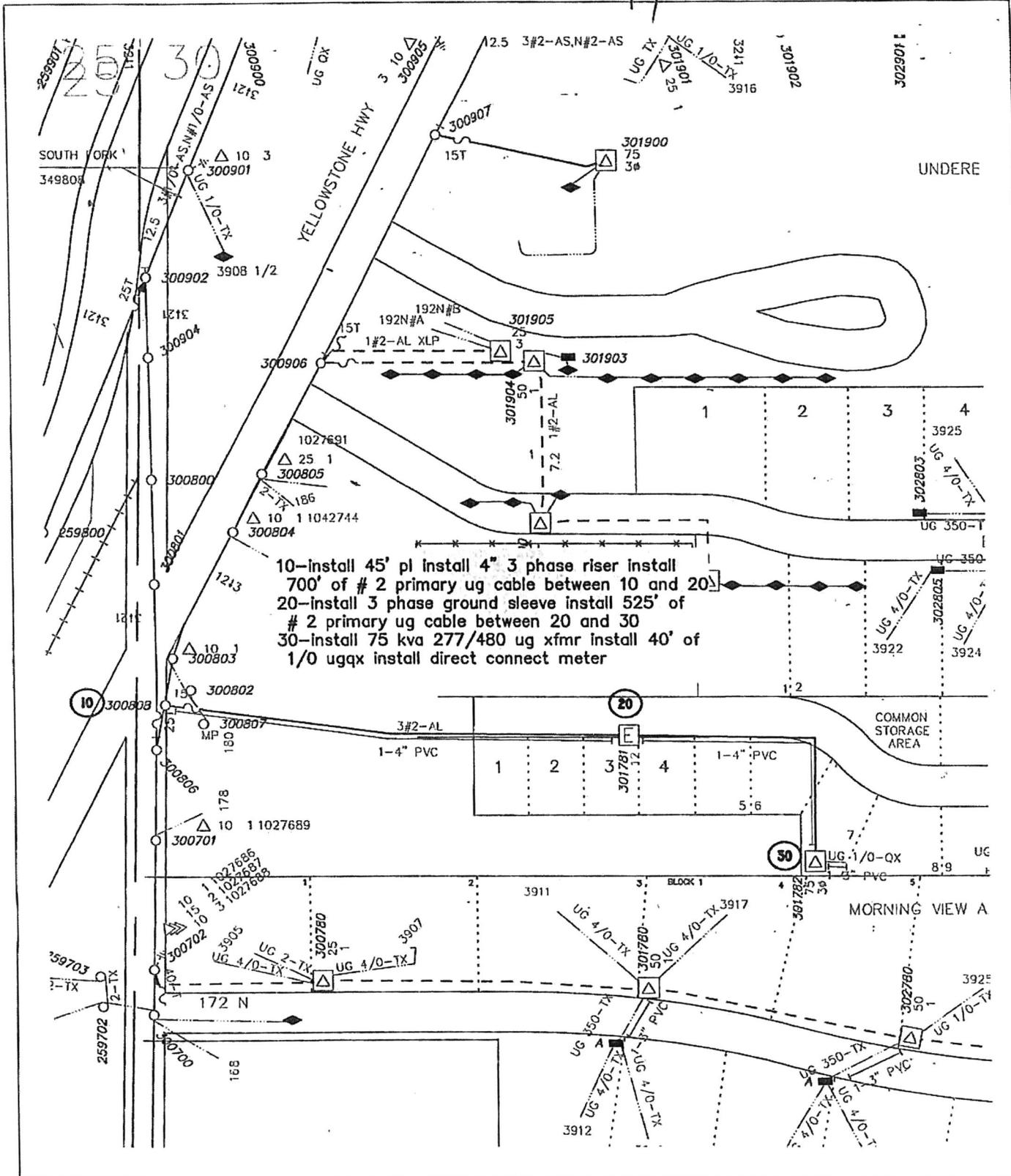
Note: Any changes to this agreement must be communicated to the Estimator. Your estimate is good for 90 days. If you request changes to the estimate, or if it must be recreated after cancellation, the Company may require a non-refundable re-engineering fee (minimum of \$200), payable in advance.

David Bennett
 Pacific / Rocky Mountain Power
 Form #NC000004 01/11/07

 Customer or Representative

 Date

Customer's Copy



Foreman		Emp #	Job Start Date	 <p>PACIFIC CORP A MIDAMERICAN ENERGY HOLDINGS COMPANY</p>		
CC#	WO# / REQ#	Map String	Job Comp Date			
	005852088	03104039.0				
CUSTOMER : MORNING VIEW WATERS ADDRESS : 180 N 3900 E # WELL RIGBY, ID			Circuit RGB11	Post Jobs <input type="checkbox"/> RQII <input type="checkbox"/> Posted <input type="checkbox"/>	EST ID# Print Date 01/06/14	Scale 1=200'