



IDAHO POWER COMPANY
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MONICA B. MOEN
Senior Attorney

July 12, 2005

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol Street NE, Suite 215
P.O. Box 2148
Salem, OR 97308-2148

Re: Docket No. UM 1129

Dear Sir or Madam:

Enclosed please find Idaho Power Company's Application regarding the above-described docket.

Very truly yours,

Monica B. Moen

MBM:jb
Enclosure

c: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

Docket No. UM 1129

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION)	APPLICATION OF
OF OREGON)	IDAHO POWER COMPANY
)	
Staff's Investigation Relating to)	Advice No. 05-06
Electric Utility Purchases from)	
Qualifying Facilities)	
_____)	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with the provisions of OAR 860-013-0010 and Order No. 05-584 entered by the Public Utility Commission of Oregon ("Commission") on May 13, 2005, hereby submits its Standard Contract setting forth the standard rates, terms and conditions consistent with the policy decisions made in Order No. 05-584 as well as Idaho Power's Schedule 85, Cogeneration and Small Power Production Standard Contract Rates." This filing implements the resolutions made in Order No. 05-584.

By way of this Application, Idaho Power also respectfully requests that the Commission cancel Idaho Power's Schedule 86, "Cogeneration and Small Power Production Non-Firm Energy."

NOTICES

In accordance with OAR 860-013-0070, Idaho Power waives service by means other than by electronic mail. Consistent with that waiver, Idaho Power requests that the following receive notices and communications in respect to this Application:

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WHEREFORE, Idaho Power respectfully requests that, (1) consistent with the terms of Order No. 05-584, the Standard Contract and Schedule 85, attached hereto as Attachments 1 and 2, respectively, become effective thirty (30) days after the date of

filing, unless otherwise suspended by the Commission and (2) Schedule 86, attached hereto as Attachment 3, be canceled by the Commission.

Respectfully submitted this 12th day of July 2005.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of July 2005, I served a true and correct copy of the within and foregoing Application upon the following named parties by the method(s) indicated below, and addressed to the following:

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MONICA B. MOEN
Attorney for Idaho Power Company

ATTACHMENT 1

ENERGY SALES AGREEMENT
BETWEEN
IDAHO POWER COMPANY
AND

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ENERGY SALES AGREEMENT
(10 MW or Less)

Project Number: _____

THIS AGREEMENT, entered into on this _____ day of _____ 20__ between _____, a _____ company (Seller), and IDAHO POWER COMPANY, an Idaho corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, Seller will design, construct, own, maintain and operate an electric generation facility; and

WHEREAS, Seller wishes to sell, and Idaho Power is willing to purchase, electric energy produced by the Seller's Facility.

THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement and the appendices attached hereto, the following terms shall have the following meanings:

- 1.1 "Commission" - The Oregon Public Utility Commission.
- 1.2 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.3 "Designated Dispatch Facility" - Idaho Power's Systems Operations Group, or any subsequent group designated by Idaho Power.
- 1.4 "Facility" - That electric generation facility described in Appendix B of this Agreement.
- 1.5 "First Energy Date" - The day commencing at 0001 hours, Mountain Time, following the day that Seller has satisfied the requirements of Article IV and the Seller begins delivering energy to Idaho Power's system at the Point of Delivery.

- 1.6 “Generation Interconnection Process” – Idaho Power’s generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection in compliance with all applicable regulatory requirements, Prudent Electrical Practices and national safety standards.
- 1.7 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the point where the Facility’s energy is metered and the point the Facility’s energy is delivered to the Idaho Power electrical system. The loss calculation formula will be as specified in Appendix B of this Agreement.
- 1.8 “Market Energy Cost” – Eighty-five percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.9 “Material Breach” – A Default (paragraph 18.2.1) subject to paragraph 18.2.2.
- 1.10 “Nameplate Capacity” – The generation capacity (MW) of the Facility as rated by the manufacturer and verified in accordance with paragraph 4.1.2. The Nameplate Capacity may not exceed 10 MW.
- 1.11 “Net Energy” – Electric energy produced by the Facility, less Station Use and Losses, expressed in kilowatt hours (kWh) that is less than or equal to the Nameplate Capacity that Seller commits to deliver to Idaho Power at the Point of Delivery for the full term of the Agreement.
- 1.12 “Net Energy Amounts” – Monthly Net Energy amounts that the Seller estimates the Facility will deliver to Idaho Power at the Point of Delivery. The Seller shall use all available information (equipment characteristics, resource characteristics and data, Facility design, etc) to accurately estimate the Monthly Net Energy Amounts. These Net Energy Amounts as specified in paragraph 6.2.1 will be used to calculate the monthly Shortfall Energy quantities within this Agreement.

- 1.13 “Operation Date” – The day commencing at 0001 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.14 “Point of Delivery” – The location specified in Appendix B, where Idaho Power’s and the Seller’s electrical facilities are interconnected.
- 1.15 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.16 “Schedule 85” – Idaho Power’s Oregon Tariff No E-25, Schedule 85, dated *mm/dd/yy* or its successor schedules as approved by the Commission.
- 1.17 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date.
- 1.18 “Season” – The three periods identified in Schedule 85.
- 1.19 “Shortfall Energy” – The difference (kWh) between the monthly actual Net Energy delivered to Idaho Power and the Monthly Net Energy Amounts specified in paragraph 6.2 of this Agreement.
- 1.20 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility.
- 1.21 “Surplus Energy” – (1) All Net Energy produced by the Seller’s Facility and delivered by the Facility to the Idaho Power electrical system that exceeds the Nameplate Capacity of the Facility but is less than the Maximum Capacity of the Facility or (2) All Net Energy produced by the Seller’s Facility and delivered by the Facility to the Idaho Power electrical system prior to the Operation Date and is less than the Maximum Capacity of the Facility.
- 1.22 “Total Cost of the Facility” - The total cost of structures, equipment and appurtenances.

ARTICLE II: NO RELIANCE ON IDAHO POWER

- 2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon

the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.

- 2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller.

ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.
- 3.2 Qualifying Facility Status - Seller warrants that the Facility is a "Qualifying Facility," as that term is used and defined in 18 CFR §292.207. Seller's failure to maintain the Facility and operations of the Facility in a manner consistent with the initial Qualifying Facility certificate will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Seller's Qualifying Facility status and associated support and compliance documents at anytime during the term of this Agreement.
- 3.3 FERC License (*only applies to hydro projects*)- Seller warrants that Seller possesses a valid license or exemption from licensing from the Federal Energy Regulatory Commission ("FERC") for the Facility. Seller recognizes that Seller's possession and retention of a valid FERC license or exemption is a material part of the consideration for Idaho Power's execution of this Agreement. Seller will take such steps as may be required to maintain a valid FERC license or exemption for the Facility during the term of this Agreement, and Seller's failure to maintain a valid FERC license or exemption will be a material breach of this Agreement.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the First Energy Date and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller, Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.207.
- 4.1.2 Nameplate Capacity Determination - Submit to Idaho Power such data as Idaho Power may reasonably require to confirm the manufacturer's Nameplate Capacity rating of the Facility. Such data will include but not be limited to, equipment specifications, power factor assumptions, and any other data that would allow Idaho Power to verify the manufacturer's nameplate rating of this Facility. Upon receipt of this information, Idaho Power will review the provided data and if necessary, request additional data to complete the verification process within a reasonable time.
- 4.1.3 Engineer's Certifications - Submit an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- 4.1.4 Insurance - Submit written proof to Idaho Power of all insurance required in Article XI.
- 4.1.5 Interconnection - Provide written proof to Idaho Power that all Generation Interconnection Process requirements have been completed. The entire completed Generation Interconnection Process, including, but not limited to, the equipment specifications and requirements will be included by reference in this Agreement.
- 4.1.6 Security Requirements - Provide Idaho Power with commercially reasonable representations and warranties and other documentation to determine the Seller's creditworthiness. Such documentation would include, at a minimum, that the Seller is current on existing debt obligations and has not been a debtor in a bankruptcy preceding

within the preceding two years. Upon receipt of this information, Idaho Power will review the provided data and, if necessary, request additional data and/or will provide written confirmation or rejection of the provided data within a reasonable time. In lieu of providing evidence of acceptable creditworthiness, the Seller may provide Idaho Power with commercially reasonable security instruments such as letter of credit, senior lien rights, step-in-rights, escrow accounts or other forms of liquid financial security that would provide readily available cash to Idaho Power in the Event of a Default under this Agreement.

- 4.1.7 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall be provided within a commercially reasonable time following the Seller’s request and will not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM AND OPERATION DATE

- 5.1 Term - Subject to the provisions of paragraph 5.2 below, this Agreement shall become effective on the date first written and shall continue in full force and effect for a period of _____ (*not to exceed 20 years*) Contract Years from the Operation Date.
- 5.2 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:
- a) Achieved the First Energy Date.
 - b) Seller has demonstrated to Idaho Power's satisfaction that the Facility is complete and able to provide energy in a consistent, reliable and safe manner.
 - c) Seller has requested an Operation Date from Idaho Power in a written format.
 - d) Seller has received written confirmation from Idaho Power of the Operation Date.

This confirmation will not be unreasonably withheld by Idaho Power.

- 5.3 If the Seller fails to achieve the Operation Date within 30 days of the Scheduled Operation Date, Seller will reimburse Idaho Power for any Shortfall Energy Repayment Amount accruing from 30

days following the Scheduled Operation Date until the Seller achieves the Operation Date. Such reimbursement shall be determined in the manner described in paragraph 7.3, 7.4 and 7.5 of this Agreement.

5.4 Seller’s failure to achieve the Operation Date within ten (10) months of the Scheduled Operation Date will be an Event of Default.

ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and Seller will sell all of the Net Energy to Idaho Power at the Point of Delivery.

6.2 Net Energy Amounts - Seller intends to produce and deliver Net Energy in the following monthly amounts:

6.2.1 Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	XXXXXX
	April	XXXXXX
	May	XXXXXX
Season 2	July	XXXXXX
	August	XXXXXX
	November	XXXXXX
	December	XXXXXX
Season 3	June	XXXXXX
	September	XXXXXX
	October	XXXXXX
	January	XXXXXX
	February	XXXXXX

6.2.2 Seller’s Adjustment of Monthly Net Energy Amounts –

6.2.2.1 No later than the Operation Date, by written notice given to Idaho Power in accordance with paragraph 23.1, the Seller may revise all of the previously provided Monthly Net Energy Amounts.

6.2.2.2 At any time, by written notice given to Idaho Power in accordance with paragraph 23.1, Seller may revise all of the previously provided Monthly Net Energy Amounts, beginning with the next calendar year for the remaining term of the agreement.

6.3 Unless excused by an event of Force Majeure, Seller's failure to deliver Net Energy in any Contract Year in an amount equal to at least ten percent (10%) of the sum of the Net Energy Amounts as specified in paragraph 6.2 shall constitute an Event of Default and may result in termination of this Agreement.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

7.1 Net Energy Purchase Price – The Seller has selected option _____ from Schedule 85 as the purchase price for the first 15 Contract Years of this Agreement. For all Net Energy delivered to Idaho Power after the first 15 Contract Years and for the remaining term of this Agreement, the Seller has selected option _____ from Schedule 85 as the purchase price. The Seller may not select Option 1, Fixed Price Method, for any Contract Years past the first 15 Contract Years. The Net Energy Purchase Price shall be calculated as specified in Schedule 85 for the option(s) selected by the Seller resulting in an on-peak and off-peak Net Energy Purchase Price which will be applied to the applicable energy deliveries during on-peak and off-peak hours as defined by the North American Electric Reliability Council (NERC).

7.2 Surplus Energy Price - For all Surplus Energy, Idaho Power shall pay to the Seller the current month's Schedule 85, Option 1 (Fixed Price Method), Off-peak energy price.

7.3 Shortfall Energy Repayment Price – If the current month's Market Energy Cost is greater than the current month's Net Energy Purchase Price, the Shortfall Energy Repayment Price will be determined by subtracting the current month's Market Energy Cost from the current month's Net Energy Purchase Price. If the result of this subtraction is less than 0, then the Shortfall Energy Repayment Price is 0.

- 7.4 Shortfall Energy Repayment Amount – Current month’s Shortfall Energy multiplied by the Shortfall Energy Repayment Price.
- 7.5 Shortfall Energy Repayment Schedule – By January 31 of the following calendar year, Idaho Power will accumulate all of the previous year’s monthly Shortfall Energy Repayment Amounts. The accumulated Shortfall Energy Repayment Amount will then be offset in equal monthly amounts against the next 36 monthly Net Energy payments to the Seller. An annual interest rate of 7.8% will be applied to the unamortized balance of the accumulated Shortfall Energy Repayment Amount at the end of each month. The Seller may at any time pay Idaho Power the outstanding balance of the accumulated Shortfall Energy Repayment Amount, including any interest that has accumulated.
- 7.6 Payment Due Date – Energy payments to the Seller will be disbursed within 30 days of the date which Idaho Power receives and accepts the documentation of the monthly Net Energy actually produced by the Seller’s Facility and delivered to Idaho Power as specified in Appendix A.

ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 Idaho Power waives any claim to ownership of Environmental Attributes. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) directly associated with the production of energy from the Seller’s Facility.

ARTICLE IX - RECORDS

- 9.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate total generation, Net Energy, Station Use and maximum generation (kW) records in a form and content recommended by Idaho Power.
- 9.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any or all generation, Net Energy, Station Use and maximum generation (kW) records pertaining to the Seller's Facility.

ARTICLE X - OPERATIONS

10.1 Communications - Idaho Power and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.

10.2 Energy Acceptance –

10.2.1 Idaho Power shall be excused from accepting and paying for Net 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 Idaho Power determines that curtailment, interruption or reduction of Net 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, Idaho Power requires such a curtailment, interruption or reduction of Net Energy 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 Energy at a rate equivalent to the pro rata daily average of the amounts specified for the applicable month in paragraph 6.2. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

10.2.2 If, in the reasonable opinion of Idaho Power, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel or service to its customers, Idaho Power may physically interrupt the flow of energy from the Facility as specified within the Generation Interconnection Process or take such other reasonable steps as Idaho Power deems appropriate.

10.3 Scheduled Maintenance – On or before January 31 of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year and Idaho Power and Seller shall mutually agree as to the acceptability of the proposed schedule. The Parties' determination as to the acceptability of the Seller's timetable for scheduled

maintenance will take into consideration Prudent Electrical Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.

10.4 Maintenance Coordination - The Seller and Idaho Power shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.

10.5 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact the Seller prior to exercising its rights to curtail, interrupt or reduce deliveries from the Seller's Facility. Seller understands that, in the case of emergency circumstances, real time operations of the electrical system, and/or unplanned events Idaho Power may not be able to provide notice to the Seller prior to interruption, curtailment, or reduction of electrical energy deliveries to Idaho Power.

ARTICLE XI: INDEMNIFICATION AND INSURANCE

11.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, directors, agents, affiliates, subsidiaries, parent company and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs, including reasonable attorney fees, that may be incurred by the other Party in enforcing this indemnity.

11.2 Insurance -

11.2.1 If the Facility's Nameplate Capacity as determined in paragraph 1.10 of this Agreement is greater than 200 kW, the Seller shall secure and continuously carry the following insurance coverage:

11.2.1.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to \$1,000,000, each occurrence, combined single limit.

The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

11.2.1.2 The above insurance coverage shall be placed with an insurance company with an A.M. Best Company rating of A- or better and shall include:

- (a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and
- (b) A provision stating that such policy shall not be canceled or the limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.

11.2.1.3 Seller to Provide Certificate of Insurance - As required in paragraph 4.1.4 herein and annually thereafter, Seller shall furnish Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

11.2.1.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 11.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute a Material Breach of this Agreement.

ARTICLE XII. FORCE MAJEURE

12.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the control of the Seller or of Idaho Power which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, or changes in law or regulation occurring after the Operation Date, which, by the exercise of reasonable foresight such party could not

reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome. If either Party is rendered wholly or in part unable to perform its obligations 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:

- (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence.
- (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure.
- (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

ARTICLE XIII: LAND RIGHTS

13.1 Seller to Provide Access - Seller hereby grants to Idaho Power for the term of this Agreement all necessary rights-of-way and easements to install, operate, maintain, replace and remove Idaho Power's Metering Equipment, Interconnection Equipment, Disconnection Equipment, Protection Equipment and other Special Facilities necessary or useful to this Agreement, including adequate and continuing access rights on property of Seller. Seller warrants that it has procured sufficient easements and rights-of-way from third parties so as to provide Idaho Power with the access described above. All documents granting such easements or rights-of-way shall be subject to Idaho Power's approval and in recordable form.

13.2 Use of Public Rights-of-Way - The Parties agree that it is necessary to avoid the adverse environmental and operating impacts that would occur as a result of duplicate electric lines being constructed in close proximity. Therefore, subject to Idaho Power's compliance with paragraph 13.4, Seller agrees that should Seller seek and receive from any local, state or federal

governmental body the right to erect, construct and maintain Seller-furnished Interconnection Facilities upon, along and over any and all public roads, streets and highways, then the use by Seller of such public right-of-way shall be subordinate to any future use by Idaho Power of such public right-of-way for construction and/or maintenance of electric distribution and transmission facilities and Idaho Power may claim use of such public right-of-way for such purposes at any time. Except as required by paragraph 13.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 13.2.

13.3 Joint Use of Facilities - Subject to Idaho Power's compliance with paragraph 13.4, Idaho Power may use and attach its distribution and/or transmission facilities to Seller's Interconnection Facilities, may reconstruct Seller's Interconnection Facilities to accommodate Idaho Power's usage or Idaho Power may construct its own distribution or transmission facilities along, over and above any public right-of-way acquired from Seller pursuant to paragraph 13.2, attaching Seller's Interconnection Facilities to such newly constructed facilities. Except as required by paragraph 13.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 13.3.

13.4 Conditions of Use - It is the intention of the Parties that the Seller be left in substantially the same condition, both financially and electrically, as Seller existed prior to Idaho Power's exercising its rights under this Article XIII. Therefore, the Parties agree that the exercise by Idaho Power of any of the rights enumerated in paragraphs 13.2 and 13.3 shall: (1) comply with all applicable laws, codes and Prudent Electrical Practices, (2) equitably share the costs of installing, owning and operating jointly used facilities and rights-of-way. If the Parties are unable to agree on the method of apportioning these costs, the dispute will be submitted to the Commission for resolution and the decision of the Commission will be binding on the Parties, and (3) shall provide Seller with an interconnection to Idaho Power's system of equal capacity and durability as existed prior to Idaho Power exercising its rights under this Article XIII.

ARTICLE XIV: LIABILITY; DEDICATION

- 14.1 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 or affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

ARTICLE XV: SEVERAL OBLIGATIONS

- 15.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XVI: WAIVER

- 16.1 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 shall not be deemed a waiver with respect to any subsequent Default or other matter.

ARTICLE XVII: CHOICE OF LAWS AND VENUE

- 17.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Oregon without reference to its choice of law provisions.
- 17.2 Venue for any litigation arising out of or related to this Agreement will lie in the District Court of the Ninth Judicial District of Oregon in and for the County of Malheur.

ARTICLE XVIII: DISPUTES AND DEFAULT

- 18.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.
- 18.2 Notice of Default -
- 18.2.1 Defaults. If either Party fails to perform any of the terms or conditions of this Agreement (an “Event of Default” or “Default”), the nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such Default occurred. If the defaulting Party shall fail to cure such Default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the other Party that the Default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the nondefaulting Party may, at its option, terminate this Agreement and/or pursue its legal or equitable remedies.
- 18.2.2 Material Breaches – The notice and cure provisions in paragraph 18.2.1 do not apply to Defaults identified in this Agreement as Material Breaches. Material Breaches must be cured as expeditiously as possible following occurrence of the breach.
- 18.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:
- 18.3.1 Insurance - Evidence of compliance with the provisions of paragraph 11.2. If Seller fails to comply, such failure will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated;
- 18.3.2 Engineer’s Certifications - Every three (3) years after the Operation Date, Seller will supply Idaho Power with a Certification of Ongoing Operations and Maintenance (O & M) from a Registered Professional Engineer licensed in the State of Oregon, which Certification of Ongoing O & M shall be in the form specified in Appendix C. Seller’s failure to supply the required certificate will be an Event of Default. Such a Default may

only be cured by Seller providing the required certificate; and

18.3.3 Licenses and Permits - During the full term of this Agreement, Seller shall maintain compliance with all permits and licenses described in paragraph 4.1.1 of this Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses. At least every fifth Contract Year, Seller will update the documentation described in paragraph 4.1.1. If at any time Seller fails to maintain compliance with the permits and licenses described in paragraph 4.1.1 or to provide the documentation required by this paragraph, such failure will be an Event of Default and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

18.3.4 Security Requirements – During the full term of this Agreement, Seller shall maintain the Security Requirements established in accordance to paragraph 4.1.6. Failure to maintain these Security Requirements will be a Material Breach of this Agreement.

ARTICLE XIX: GOVERNMENTAL AUTHORIZATION

19.1 This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party of this Agreement.

ARTICLE XX: SUCCESSORS AND ASSIGNS

20.1 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 party which Idaho Power 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 Idaho Power'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. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXI: MODIFICATION

21.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and subsequently approved by the Commission.

ARTICLE XXII: TAXES

22.1 Each Party shall pay before delinquency all taxes and other governmental charges which, if failed to be paid when due, could result in a lien upon the Facility or the Interconnection Facilities.

ARTICLE XXIII: NOTICES

23.1 All written notices under this agreement shall be directed as follows and shall be considered delivered when deposited in the U. S. Mail, first-class postage prepaid, as follows:

To Seller: _____

To Idaho Power:

Original document to:

Vice President, Power Supply
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

Copy of document to:

Cogeneration and Small Power Production
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

ARTICLE XXIV: ADDITIONAL TERMS AND CONDITIONS

24.1 This Agreement includes the following appendices, which are attached hereto and included by reference:

Appendix A	-	Generation Scheduling and Reporting
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications

ARTICLE XXV: SEVERABILITY

25.1 The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other terms or provisions and this Agreement shall be construed in all other respects as if the invalid or unenforceable term or provision were omitted.

ARTICLE XXVI: COUNTERPARTS

26.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

ARTICLE XXVII: ENTIRE AGREEMENT

27.1 This Agreement constitutes the entire Agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements between the Parties concerning the subject matter hereof.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed
in their respective names on the dates set forth below:

Idaho Power Company

By

By

Dated

“Idaho Power”

Dated

“Seller”

APPENDIX A

A -1 MONTHLY POWER PRODUCTION AND SWITCHING REPORT

At the end of each month, the following required documentation will be submitted to:

Idaho Power Company
Attn: Cogeneration and Small Power Production
P. O. Box 70
Boise, Idaho 83707

The Meter readings required on this report will be the reading on the Idaho Power Meter Equipment measuring the Facility's total energy production and Station Use delivered to Idaho Power and the maximum generated energy (kW) as recorded on the Meter Equipment and/or any other required energy measurements to adequately administer this Agreement.

Idaho Power Company

Cogeneration and Small Power Production

MONTHLY POWER PRODUCTION AND SWITCHING REPORT

Month _____ Year _____

Project Name _____ Project Number: _____
 Address _____ Phone Number: _____
 City _____ State _____ Zip _____

	<u>Facility Output</u>	<u>Station Usage</u>	<u>Station Usage</u>	<u>Metered Maximum Generation</u>	
Meter Number:	_____	_____	_____	kW	
End of Month kWh Meter Reading:	_____	_____	_____		
Beginning of Month kWh Meter:	_____	_____	_____		
Difference:	_____	_____	_____		
Times Meter Constant:	_____	_____	_____	<u>Net Generation</u>	
kWh for the Month:	_____	-	_____		
Metered Demand:	_____	_____	_____		

Breaker Opening Record

<u>Date</u>	<u>Time</u>	<u>Meter</u>

* <u>Reason</u>

Breaker Closing Record

<u>Date</u>	<u>Time</u>	<u>Meter</u>

- * **Breaker Opening Reason Codes**
- 1 Lack of Adequate Prime Mover
 - 2 Forced Outage of Facility
 - 3 Disturbance of IPCo System
 - 4 Scheduled Maintenance
 - 5 Testing of Protection Systems
 - 6 Cause Unknown
 - 7 Other (Explain)

I hereby certify that the above meter readings are true and correct as of Midnight on the last day of the above month and that the switching record is accurate and complete as required by the Energy Sales Agreement to which I am a Party.

Signature Date

A-2 ROUTINE REPORTING

Idaho Power Designated Dispatch Facility contact information

Daily Energy Production Reporting

All projects with a Nameplate Capacity of 1 MW or greater shall:

Call daily by 10 a.m., 1-800-356-4328 or 1-800-635-1093 and leave the following information:

- Project Identification - Project Name and Project Number
- Current Meter Reading
- Estimated Generation for the current day
- Estimated Generation for the next day

If Idaho Power determines that adequate generation data is available for this Facility's daily generation, Idaho Power may modify these reporting requirements

Planned and Unplanned Project outages

Call 1-800-345-1319 and leave the following information:

- Project Identification - Project Name and Project Number
- Approximate time outage occurred
- Estimated day and time of project coming back online

Seller's Contact Information

24-Hour Project Operational Contact

Name: _____
Telephone Number: _____
Cell Phone: _____

Project On-site Contact information

Telephone Number: _____

APPENDIX B

FACILITY AND POINT OF DELIVERY

PROJECT NO. _____

B-1 DESCRIPTION OF FACILITY

B-2 LOCATION OF FACILITY

B-3 SCHEDULED FIRST ENERGY AND OPERATION DATE

Seller has selected _____ as the estimated Scheduled First Energy Date.

Seller has selected _____ as the estimated Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.2 of this Agreement must be completed prior to the project being granted an Operation Date.

B-5 POINT OF DELIVERY

_____ the point on the Idaho Power electrical system where the Sellers Facility's energy is delivered to the Idaho Power. This point shall be a point on the Idaho Power electrical system that is able to accept the Seller's energy and Idaho Power is able to disburse the energy to local Idaho Power load requirements or available capacity exists on the Idaho Power electrical system to allow transporting the Seller's energy to areas within the Idaho Power system that is capable of consuming the Seller's energy deliveries.

B-6 LOSSES

If the Idaho Power Metering equipment is capable of measuring the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, no Losses will be calculated for this Facility. If the Idaho Power Metering is unable to measure the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, a Losses calculation will be established to measure the energy losses (kWh) between the Seller's Facility and the Idaho Power Point of Delivery. This loss calculation will be initially set at 2% of the kWh energy production recorded on the Facility generation metering equipment. At such time as Seller provides Idaho Power with the electrical equipment specifications (transformer loss specifications, conductor sizes, etc) of all of the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power will configure a revised loss calculation formula to be agreed to by both parties and used to calculate the kWh Losses for the remaining term of the Agreement. If at anytime during the term of this Agreement, Idaho Power determines that the loss calculation does not correctly reflect the actual kWh losses attributed to the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power may adjust the calculation and retroactively adjust the previous months kWh loss calculations.

B-7 METERING AND TELEMETRY

At the minimum the Metering Equipment and Telemetry equipment must be able to provide and record hourly energy deliveries to the Point of Delivery and any other energy measurements required to administer this Agreement.

APPENDIX C

ENGINEER'S CERTIFICATION

OF

OPERATIONS & MAINTENANCE POLICY

The undersigned _____, on behalf of himself and _____, hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Oregon.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and is hereinafter referred to as the "Project."
4. That the Project, which is commonly known as the _____, is located in Section _____, Township _____, Range _____, _____ County, _____.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for period of _____ years.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance ("O&M") for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards, adherence to said O&M Policy will result in the

Project's producing at or near the design electrical output, efficiency and plant factor for a period of _____years.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By _____

(P.E. Stamp)

Date _____

APPENDIX C
ENGINEER'S CERTIFICATION
OF
ONGOING OPERATIONS AND MAINTENANCE

The undersigned _____, on behalf of himself and _____ hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Oregon.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the _____, is located at _____.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a period of _____ years.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing O&M has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency and plant factor for the remaining _____ years of the Agreement.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By _____

(P.E. Stamp)

Date _____

APPENDIX C
ENGINEER'S CERTIFICATION
OF
DESIGN & CONSTRUCTION ADEQUACY

The undersigned _____, on behalf of himself and _____, hereinafter collectively referred to as "Engineer", hereby states and certifies to Idaho Power as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Oregon.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project, which is the subject of the Agreement and this Statement, is identified as IPCo Facility No _____ and is hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the _____ Project, is located in Section _____ Township _____, Range _____, _____ County, _____.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (____) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project and has made the analysis of the plans and specifications independently.
8. That Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, prime mover conveyance system, Seller furnished Interconnection Facilities and other Project facilities and equipment.

9. That the Project has been constructed in accordance with said plans and specifications, all applicable codes and consistent with Prudent Electrical Practices as that term is described in the Agreement.

10. That the design and construction of the Project is such that with reasonable and prudent operation and maintenance practices by Seller, the Project is capable of performing in accordance with the terms of the Agreement and with Prudent Electrical Practices for a _____ (_____) year period.

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

12. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By _____
(P.E. Stamp)

Date _____

ATTACHMENT 2

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES

AVAILABILITY

Service under this schedule is available throughout the Company's service territory within the State of Oregon.

APPLICABILITY

Service under this schedule is applicable to any Seller that:

- 1) Owns or operates a Qualifying Facility with a nameplate capacity rating of 10 MW or less and desires to sell Energy generated by the Qualifying Facility to the Company in compliance with all the terms and conditions of the Standard Contract;
- 2) Meets all applicable requirements of the Company's Generation Interconnection Process.

For Qualifying Facilities with a nameplate capacity rating greater than 10 MW, a negotiated Non-Standard Contract between the Seller and the Company is required.

DEFINITIONS

Energy means the electric energy, expressed in kWh, generated by the Qualifying Facility and delivered by the Seller to the Company in accordance with the conditions of this schedule and the Standard Contract. Energy is measured net of Losses and Station Use.

Generation Interconnection Process is the Company's generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection in compliance with all applicable regulatory requirements, Prudent Electrical Practices and national safety standards.

Heat Rate Conversion Factor is 7,100 MMBTU divided by 1000.

Losses are the loss of electric energy occurring as a result of the transformation and transmission of electric energy from the Qualifying Facility to the Point of Delivery.

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

DEFINITIONS (Continued)

Non-Standard Contract is a negotiated contract between any Seller that owns or operates a Qualifying Facility with a nameplate capacity rating greater than 10 MW and desires to sell Energy generated by the Qualifying Facility to the Company. The starting point for negotiation of price is the Avoided Cost Components established in this schedule and may be modified to address specific factors mandated by federal and state law, including

- 1) The utility's system cost data;
- 2) The availability of capacity or energy from a Qualifying Facility during the system daily and seasonal peak periods, including:
 - a. The ability of the utility to dispatch the qualifying facility;
 - b. The expected or demonstrated reliability of the qualifying facility;
 - c. The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for non-compliance;
 - d. The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the utility's facilities;
 - e. The usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation;
 - f. The individual and aggregate value of energy and capacity from qualifying facilities on the electric utility's system; and
 - g. The smaller capacity increments and the shorter lead times available with additions of capacity from qualifying facilities; and
- 3) The relationship of the availability of energy or capacity from the Qualifying Facility to the ability of the electric utility to avoid costs, including the deferral of capacity additions and the reduction of fossil fuel use; and
- 4) The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from a Qualifying Facility, if the purchasing electric utility generated an equivalent amount of energy itself or purchased an equivalent amount of electric energy or capacity.

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

DEFINITIONS (Continued)

Point of Delivery is the location where the Company's and the Seller's electrical facilities are interconnected.

Prudent Electrical Practices are those practices, methods and equipment that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy.

PURPA means the Public Utility Regulatory Policies Act of 1978.

Qualifying Facility is a cogeneration facility or a small power production facility which meets the PURPA criteria for qualification set forth in Subpart B of Part 292, Subchapter K, Chapter I, Title 18, of the Code of Federal Regulations.

Seasonality Factor is the factor used in determining the seasonal purchase price of energy. The applicable factors are:

- 73.50% for Season 1 (March, April, May);
- 120.00% for Season 2 (July, August, November, December);
- 100.00% for Season 3 (June, September, October, January, February).

Seller is any entity that owns or operates a Qualifying Facility and desires to sell Energy to the Company.

Standard Contract is the Company's Energy Sales Agreement (10 MW or less) filed with the Public Utility Commission of Oregon.

Station Use is electric energy used to operate the Qualifying Facility which is auxiliary to or directly related to the generation of electricity and which, but for the generation of electricity, would not be consumed by the Seller.

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

QUALIFYING FACILITY INFORMATION INQUIRY PROCESS

There are two separate processes required for a Seller to deliver and sell energy from a Qualifying Facility to the Company. These processes may be completed separately or simultaneously.

1) Generation Interconnection Process

All generation projects physically interconnecting to the Company's electrical system, regardless of size, location or ownership, must successfully complete the Generation Interconnection Process prior to the project delivering energy to the Company. A complete description, application and Company contact information is maintained on the Idaho Power website at www.idahopower.com, or Seller may contact the Company's Customer Service Center at 1-800-488-6151 for further information.

2) Energy Sales Agreement

To begin the process of completing a Standard Contract or negotiating a Non-Standard Contract, for a proposed project, the Seller must submit in written form to the Company a request for an Energy Sales Agreement. This request, at the minimum, should contain:

- a. Date of request
- b. Description of the proposed project
- c. Type of project (wind, hydro, geothermal etc)
- d. Nameplate capacity of the proposed project
- e. Estimated monthly generation (kWh)
- f. Estimated on-line date of the proposed project
- g. Location of the proposed project
- h. Company / Organization that will be the contracting party
- i. Contact information including name, address and telephone number

All requests will be processed in the order of receipt by the Company. The request should be submitted to:

Idaho Power Company
Cogeneration and Small Power Production
P O Box 70
Boise, Idaho 83707

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

AVOIDED COST COMPONENTS

The Avoided Cost Components are calculated based upon the Surrogate Avoided Resource methodology (SAR) for determining the Company's standard avoided costs.

<u>Year</u>	<u>Capacity Cost</u> (mills/kWh)	<u>Fuel Cost</u> (mills/kWh)
2005	23.96	43.67
2006	24.52	43.45
2007	25.08	42.67
2008	25.66	41.46
2009	26.25	40.33
2010	26.86	39.19
2011	27.50	39.90
2012	28.13	40.54
2013	28.77	41.25
2014	29.44	41.96
2015	30.13	42.67
2016	30.83	44.02
2017	31.55	45.44
2018	32.27	47.00
2019	33.03	48.49
2020	33.78	50.06
2021	34.58	51.69
2022	35.39	53.32
2023	36.20	55.17
2024	37.05	56.94
2025	37.91	58.72
2026	38.79	60.63
2027	39.69	62.62
2028	40.61	64.61
2029	41.57	66.74
2030	42.54	68.87

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

NET ENERGY PURCHASE PRICE

The Company will pay the Seller monthly, for each kWh of Energy delivered and accepted at the Point of Delivery during the preceding calendar month, in accordance with the Standard Contract, an amount determined by the Seller's choice of one of the following options:

Option 1 - Fixed Price Method

Net Energy Purchase Price =

On-peak = (Fuel Cost + Capacity Cost) X Seasonality Factor

Off-peak = Fuel Cost X Seasonality Factor

where

Fuel Cost and Capacity Cost are the Avoided Cost Components established in this schedule for the applicable calendar year of the actual Net Energy deliveries to the Company.

Option 2 – Dead Band Method

Net Energy Purchase Price =

On-peak = (AGPU + Capacity Cost) X Seasonality Factor

Off-peak = AGPU X Seasonality Factor

Actual Gas Price Used (AGPU) =

90% of Fuel Cost if

Indexed Fuel Cost is less than 90% Fuel Cost; else

110% of Fuel Cost if

Indexed Fuel Cost is greater than 110% Fuel Cost; else

Indexed Fuel Cost

where

Fuel Cost and Capacity Cost are the Avoided Cost Components established in this schedule for the applicable calendar year of the actual Net Energy deliveries to the Company, and

Indexed Fuel Cost is the applicable weighted monthly average index price of natural gas at Sumas multiplied by the Heat Rate Conversion Factor.

SCHEDULE 85
COGENERATION AND SMALL POWER
PRODUCTION STANDARD
CONTRACT RATES
(Continued)

NET ENERGY PURCHASE PRICE (Continued)

Option 3 – Gas Market Method

Net Energy Purchase Price =

On-peak = (AGPU + Capacity Cost) X Seasonality Factor

Off-peak = AGPU X Seasonality Factor

Actual Gas Price Used (AGPU) = Indexed Fuel Cost

where

Capacity Cost is the Avoided Cost Component established in this schedule for the applicable calendar year of the actual Net Energy deliveries to the Company, and

Indexed Fuel Cost is the applicable weighted monthly average index price of natural gas at Sumas multiplied by the Heat Rate Conversion Factor.

ATTACHMENT 3

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES

SERVICE DISCONTINUED

(D)(N)

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES
(Continued)

SERVICE DISCONTINUED

(D)(N)

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES
(Continued)

SERVICE DISCONTINUED

(D)(N)

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES
(Continued)

SERVICE DISCONTINUED

(D)(N)

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES
(Continued)

SERVICE DISCONTINUED

(D)(N)

SCHEDULE 86
COGENERATION AND SMALL POWER PRODUCTION
STANDARD RATES
(Continued)

SERVICE DISCONTINUED

(D)(N)