

POWER PURCHASE AGREEMENT

BETWEEN

FARMERS IRRIGATION DISTRICT

**[an existing Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less
and not an Intermittent Resource]**

AND

PACIFICORP

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT ("Agreement"), entered into this 29th day of December, 2010, is between Farmers Irrigation District, "Seller" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "PacifiCorp." (Seller and PacifiCorp are referred to individually as a "Party" or collectively as the "Parties").

RECITALS

A. Seller owns, operates and maintains a hydroelectric facility for the generation of electric power, including interconnection facilities, located in Hood River, Hood River County, Oregon with a Facility Capacity Rating of 4,800-kilowatts (kW) as further described in **Exhibit A** and **Exhibit B ("Facility")**; and

B. Seller has elected to forgo a Schedule 37 standard power purchase agreement in favor of negotiating the terms of this Agreement. The terms of this Agreement are part of a settlement between PacifiCorp and Seller resolving a dispute. As such, this Agreement shall not establish any precedent regarding PacifiCorp's treatment of future Qualifying Facilities owned by Seller or otherwise; and

C. The Parties desire to enter into this Agreement to replace in its entirety their power purchase agreement in effect immediately prior to the Effective Date; and

D. Seller intends to continue to deliver Net Output under this Agreement; and

E. Seller intends to continue to operate the Facility as a Qualifying Facility, and is deemed to have established commercial operation under its current power purchase agreement; and

F. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 22,730,021 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

G. Seller shall (choose one) sell all Net Output to PacifiCorp and purchase its full electric requirements from PacifiCorp sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from PacifiCorp, in accordance with the terms and conditions of this Agreement; and

H. Seller has demonstrated to PacifiCorp's satisfaction that it meets Credit Requirements for this Agreement as of the Effective Date.

I. This Agreement is a “New QF Contract” under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

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

1.1 “**As-Built Supplement**” shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction on the Facility, describing the Facility as actually built.

1.2 “**Average Annual Generation**” shall have the meaning set forth in Section 4.2.

1.3 “**Billing Period**” means, unless otherwise agreed to, the time period between PacifiCorp's consecutive readings of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such periods typically range between twenty-seven (27) and thirty-four (34) days and may not coincide with calendar months.

1.4 “**Commission**” means the Oregon Public Utilities Commission.

1.5 “**Contract Price**” means the applicable price for capacity or energy, or both capacity and energy, stated in Section 5.1.

1.6 “**Contract Year**” means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time (“PPT”) on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Effective Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.7 “**Credit Requirements**” means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) “Baa3” or greater by Moody's, or (2) “BBB-” or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment. At any time that Seller does not have a long-term credit rating from Moody's or S&P, upon request by PacifiCorp, but no less frequently than annually, Seller shall furnish PacifiCorp with its audited financial statements, prepared in accordance with generally accepted accounting principles, such that a determination can be made that Seller meets the Credit Requirements.

1.8 “**Default Security**”, unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit from an entity (other than Seller) that meets the Credit Requirements or cash placed in an escrow account. The amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller's average monthly volume over the term of this Agreement and utilizing the average Contract Prices specified in Section 5.1.

- 1.9 “**Effective Date**” shall have the meaning set forth in Section 2.1.
- 1.10 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.5.
- 1.11 “**Environmental Attributes**” shall have the meaning set forth in Section 5.3.
- 1.12 “**Excess Output**” shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.
- 1.13 “**Facility**” shall have the meaning set forth in Recital A.
- 1.14 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.
- 1.15 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.
- 1.16 “**Generation Interconnection Agreement**” means the generation interconnection agreement to be entered into separately between Seller and PacifiCorp’s transmission or distribution department, as applicable, providing for the construction, operation, and maintenance of PacifiCorp’s interconnection facilities required to accommodate deliveries of Seller’s Net Output if the Facility is to be interconnected directly with PacifiCorp rather than another electric utility.
- 1.17 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.
- 1.18 “**Licensed Professional Engineer**” means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.
- 1.19 “**Material Adverse Change**” means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to operate, maintain or own the Facility as provided in this Agreement
- 1.20 “**Maximum Annual Delivery**” shall have the meaning set forth in Section 4.3.
- 1.21 “**Minimum Annual Delivery**” shall have the meaning set forth in Section 4.3.
- 1.22 “**Nameplate Capacity Rating**” means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as

transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovolt-amperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

1.23 “**Net Energy**” means the energy component, in kWh, of Net Output.

1.24 “**Net Output**” means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Delivery.

1.25 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1

1.26 “**Network Service Provider**” means PacifiCorp Transmission, as a provider of network service to PacifiCorp under the Tariff.

1.27 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.28 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“PPT”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.29 “**PacifiCorp Transmission**” means PacifiCorp, an Oregon corporation, acting in its interconnection and transmission function capacity.

1.30 “**Point of Delivery**” means the high side of the Seller’s step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp’s distribution/transmission system, or as otherwise specified in the Generation Interconnection Agreement, or, if the Facility is not interconnected directly with PacifiCorp, the point at which another utility will deliver the Net Output to PacifiCorp as specified in **Exhibit B**.

1.31 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by JPMorgan Chase & Co. If a JPMorgan Chase & Co. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.32 “**Production Tax Credits**” means production tax credits under Section 45 of the Internal Revenue Code as in effect from time to time during the term hereof or any successor or other provision providing for a federal tax credit determined by reference to renewable electric energy produced from renewable resources and any correlative state tax credit determined by reference to renewable electric energy produced from renewable resources for which the Facility is eligible. Production Tax Credits do not include any tax credit determined by reference to investment.

1.33 "**Prudent Electrical Practices**" means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.34 "**QF**" means "**Qualifying Facility**," as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.35 "**Replacement Price**" means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller's failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.36 "**Required Facility Documents**" means all licenses, permits, authorizations, and agreements, including a Generation Interconnection Agreement or equivalent, necessary for operation, and maintenance of the Facility consistent with the terms of this Agreement and requested in writing by PacifiCorp, including without limitation those set forth in **Exhibit C**.

1.37 "**Schedule 37**" means the Schedule 37 of Pacific Power & Light Company's Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. Page 1 of Schedule 37 is attached as **Exhibit F**.

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

1.39 "**Termination Date**" shall have the meaning set forth in Section 2.3.

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

SECTION 2: TERM; EFFECTIVE DATE

2.1 This Agreement shall become effective on the later of: (1) 00:00 PPT on January 1, 2011; or (2) 00:00 PPT of the day following the date this Agreement is executed by both Parties (“**Effective Date**”).

2.2 By the Effective Date, Seller shall provide PacifiCorp with (a) a copy of an executed Generation Interconnection Agreement, or wheeling agreement, as applicable, which shall be consistent with all material terms and requirements of this Agreement, (b) the Required Facility Documents, and (c) an executed copy of **Exhibit E** – Seller’s Interconnection Request.

2.3 Except as otherwise provided herein, this Agreement shall terminate on December 31, 2025 (“**Termination Date**”).

SECTION 3: REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

- 3.2.1 Seller is an Irrigation District duly organized and validly existing under the laws of Oregon.
- 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
- 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.
- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or

Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.

3.2.8 Additional Seller Creditworthiness Warranties. Seller hereby affirms and adopts all the following warranties:

- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
- (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) Seller meets the Credit Requirements.

3.2.9 No Reliance. In connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any guaranty or letter of credit to which it is a party, and each related transaction, if any: (i) Seller is acting as principal (and not as agent or in any other capacity, fiduciary or otherwise); (ii) PacifiCorp is not acting as a fiduciary or financial or investment advisor for it; (iii) Seller is not relying upon any representations (whether written or oral) of PacifiCorp other than the representations expressly set forth in this Agreement and in such guaranty or letter of credit, if any; (iv) PacifiCorp has not given to Seller (directly or indirectly through any other person) any advice, counsel, assurance,

guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of this Agreement, such guaranty or letter of credit, or such transaction; (v) Seller has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not upon any view expressed by PacifiCorp; (vi) all trading decisions, if any, have been the result of arm's length negotiations between the Parties; and (vii) Seller is entering into this Agreement, such guaranty or letter of credit, if any, and such transaction with a full understanding of all the risks hereof and thereof (economic and otherwise), and Seller is capable of assuming and willing to assume (financially and otherwise) those risks.

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

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Effective Date, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 22,730,021 kWh per Contract Year ("**Average Annual Generation**"). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall make available from the Facility a minimum of 16,883,000 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced pro rata to reflect the Effective Date, and further provided that such minimum Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure or Net Output is curtailed pursuant to Section 6.4(b) or Section 6.4(d) ("**Minimum Annual Delivery**"). Seller estimates, for informational purposes, that it will make available from the Facility a maximum of 28,525,000 kWh of Net Output during each Contract Year ("**Maximum Annual Delivery**"). Seller's basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Energy Purchase Price. PacifiCorp will pay Seller prices in Table 1, below, for Net Output.

Table 1: Contract Prices

Contract Year	On-Peak (\$/MWh)	Off-Peak (\$/MWh)
2011	\$66.91	\$50.85
2012	\$72.68	\$54.82
2013	\$73.02	\$54.60
2014	\$77.67	\$59.37
2015	\$77.67	\$59.37
2016	\$77.67	\$5,937
2017	\$77.67	\$59.37
2018	\$83.23	\$64.10
2019	\$88.88	\$68.22
2020	\$93.15	\$71.40
2021	\$93.15	\$71.40
2022	\$93.15	\$71.40
2023	\$93.15	\$71.40
2024	\$93.15	\$71.40
2025	\$93.15	\$71.40

5.2 For all Excess Output, PacifiCorp shall pay 93% of a blended average market index price for day-ahead firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as published in *Intercontinental Exchange (ICE) Day Ahead Power Price Report*, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.3 Environmental Attributes. PacifiCorp waives any claim to Seller’s ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller’s Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of any construction affecting the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six month's prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Generation Interconnection Agreement and any other agreements with PacifiCorp.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement (if applicable), Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 PacifiCorp shall not be obligated to purchase, receive, pay for, or pay any damages associated with, Net Output (or associated Production Tax Credits or Environmental Attributes) if such Net Output (or associated Production Tax Credits or Environmental Attributes) is not delivered to the System or Point of Delivery due to any of the following: (a) the interconnection between the Facility and the System is disconnected, suspended or interrupted, in whole or in part, consistent with the terms of the Generation Interconnection Agreement, (b) the Transmission Provider or Network Service Provider directs a general curtailment, reduction, or redispatch of generation in the area (which would include the Net Output) for any reason, even if such curtailment or redispatch directive is carried out by PacifiCorp, which may fulfill such directive by acting in its sole discretion; or if PacifiCorp curtails or otherwise reduces the Net

Output in order to meet its obligations to the Transmission Provider or Network Service Provider to operate within System limitations, (c) the Facility's Net Output is not received because the Facility is not fully integrated or synchronized with the System, or (d) an event of Force Majeure prevents either Party from delivering or receiving Net Output. Seller shall reasonably determine the MWh amount of Net Output curtailed pursuant to this Section 6.4 after the fact based on the amount of energy that could have been generated at the Facility and delivered to PacifiCorp as Net Output but that was not generated and delivered because of the curtailment. Seller shall determine the quantity of such curtailed energy based on (x) the time and duration of the curtailment period and (y) water conditions recorded at the Facility during the period of curtailment and the power curve for each Unit specified in **Exhibit A**. Seller shall promptly provide PacifiCorp with access to such information and data as PacifiCorp may reasonably require to confirm to its reasonable satisfaction the amount of energy that was not generated or delivered because of a curtailment described in this Section 6.4.

6.5 PacifiCorp as Merchant. Seller acknowledges that PacifiCorp, acting in its merchant capacity function as purchaser under this Agreement, has no responsibility for or control over PacifiCorp Transmission or any successor Transmission Provider.

6.6 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.7 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

SECTION 8: METERING

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

8.2 Metering shall be performed at the location and in a manner consistent with this Agreement and as specified in the Generation Interconnection Agreement, or, if the Net Output is to be wheeled to PacifiCorp by another utility, metering will be performed in accordance with the terms of PacifiCorp's interconnection agreement with such other utility. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of energy flowing into PacifiCorp's system at the Point of Delivery.

8.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement, if applicable. If the Net Output is to be wheeled to PacifiCorp by another utility, meter inspection, testing, repair and replacement will be performed in accordance with the terms of PacifiCorp's interconnection agreement with such utility. If any of the inspections or tests discloses an error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 9: BILLINGS, COMPUTATIONS, AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Generation Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate on the due date plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: RESERVED

[Reserved]

SECTION 11: DEFAULTS AND REMEDIES

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.

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

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

11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of Default Security, within thirty (30) days from the date of such request;

11.1.5 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.

- 11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.
- 11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.
- 11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

- 11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate for a default under Section 11.1.5 unless such default is material. The rights provided in this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.
- 11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.3). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.
- 11.3.3 Termination Damages.

- (a) If this Agreement is terminated as a result of Seller’s default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power.
- (b) The Parties acknowledge that the purchase prices for the first three Contract Years (2011-2013) are based on Seller’s performance during the first six Contract Years and that termination prior to the end of the sixth year will damage PacifiCorp. Therefore, in addition to any amounts owed pursuant to Section 11.3.3(a), if this Agreement is terminated as a result of Seller’s default at any time prior to 00:00 PPT on January 1, 2017, Seller shall pay PacifiCorp the estimated amount of overpayment (“**Overpayment Damages**”) according to the following calculation.

Overpayment Damages equals the sum of the overpayment amounts provided in Table 2, below, for all Contract Years preceding and including the year of termination, prorated for any partial year. For example, if termination occurred three-quarters of the way through 2014, Overpayment Damages would equal $[\$66,923 + \$92,167 + \$69,726 - (\$35,148 * 0.75)]$, which equals \$202,455.

Table 2: Overpayments

Year	Overpayment
2011	\$66,923
2012	\$92,167
2013	\$69,726
2014	(\$35,148)
2015	(\$84,388)
2016	(\$109,280)

Amounts owed by Seller pursuant to this Section 11.3.3 shall be due within five (5) business days after any invoice from PacifiCorp for the same. The Parties agree that the damages PacifiCorp would incur due to termination of this Agreement prior to the Termination Date would be difficult or impossible to predict with certainty, and that the damages under this Section 11.3.3 are an appropriate approximation of such damages.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided for the benefit of Seller to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3 after any applicable reductions in Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing pursuant to Section 11.4.1 by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation

and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

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

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

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE (FACILITIES OVER 200KW ONLY)

13.1 Certificates. No later than the Effective Date of this Agreement, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy

by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than “B+” by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, “**Force Majeure**” or “**an event of Force Majeure**” means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities,

civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which 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, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall recommence performance of such obligation, provided that:

- 14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and
- 14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and
- 14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 19: GOVERNMENTAL JURISDICTIONS AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

SECTION 21: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such

consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 22: ENTIRE AGREEMENT

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

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

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

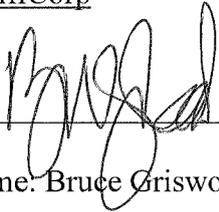
Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Farmers Irrigation District 1985 Country Club Road Hood River, OR 97031 Phone: (541) 386 - 3115 Facsimile: (541) 368 - 9103 Duns: Federal Tax ID Number:
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	(same as above)
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	(same as above)
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	(same as above)
Wire Transfer:	Bank One N.A.	

Notices	PacifiCorp	Seller
	ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 700 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	(same as above)
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-6761	(same as above)

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

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

PacifiCorp

By:  _____ 

Name: Bruce Griswold

Title: Director, Short Term Origination
and QF Contracts

Farmers Irrigation District

By:  _____

Name: Steve Benton

Title: Chairman

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

Seller's Facility consists of three hydroelectric generators manufactured by Unit 1, Kato Engineering Model A233640000, Unit 2, Kato Engineering Model A234000000, Unit 3, Kunming Electrical Machinery Type SFW1800-12\1730. More specifically, each generator at the Facility is described as:

Plant 2 consists of Units 1 and 2. Plant 3 consists of Unit 3.

Type (synchronous or inductive): Synchronous

Model: See unit model information above

Number of Phases: 3

Rated Output (kW): Unit 1 – 2,000, Unit 2 – 1,000 Unit 3 – 1,800

Rated Output (kVA): Unit 1 – 2,222, Unit 2 – 1,111, Unit 3 – 1,998

Rated Voltage (line to line): Plant 2, Unit 1: 4160

Plant 2, Unit 2: 4160

Plant 3, Unit 3: 4160

Rated Current (A): Plant 2, Unit 1: 308.4 – stator and rotor

Plant 2, Unit 2: 154 – stator and rotor

Plant 3, Unit 3: 277.6 – stator and rotor

Maximum kW Output: 4,800 kW **Maximum kVA Output:** 5,331 kVA

Minimum kW Output: 0 kW

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

Facility Capacity Rating: 4,800 kW at _____

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

Station service requirements, and other loads served by the Facility, if any, are described as follows: Station Loads: Plant 2 47 kW, Plant 3 40kW–

Location of the Facility: The Facility is located in the City of Hood River, Hood River County, Oregon. The location is more particularly described as follows: Peter's Drive (Plant 3) and Copper Dam Road (Plant 2) with legal descriptions as follows:

Plant 2, 2N-10E-11-SE/SE-1300 land owned by Pacific Power & Light

Plant 3, 2N-10E-10-SE/SE-3101 owned by Farmers Irrigation District.

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): .9

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

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



1985 Country Club Road, Hood River, OR 97031, 541-386-3115, fax 541-386-9103, email www.fidhr.org

9/29/2010

To Whom It May Concern:

The explanation that follows should be used in conjunction with drawing 699-sp. The point of delivery is located in the FID switchyard at the end of Copper Dam Rd. PP&L 69kv Neal Creek Line on the South end of the FID switchyard is grid connection for power delivery. The point of metering also is in the FID switchyard with the actual meter location being roughly 150 feet to the North East on the outside North wall of FID plant # 2, just to the left of PPL service meter # 78 744 295.

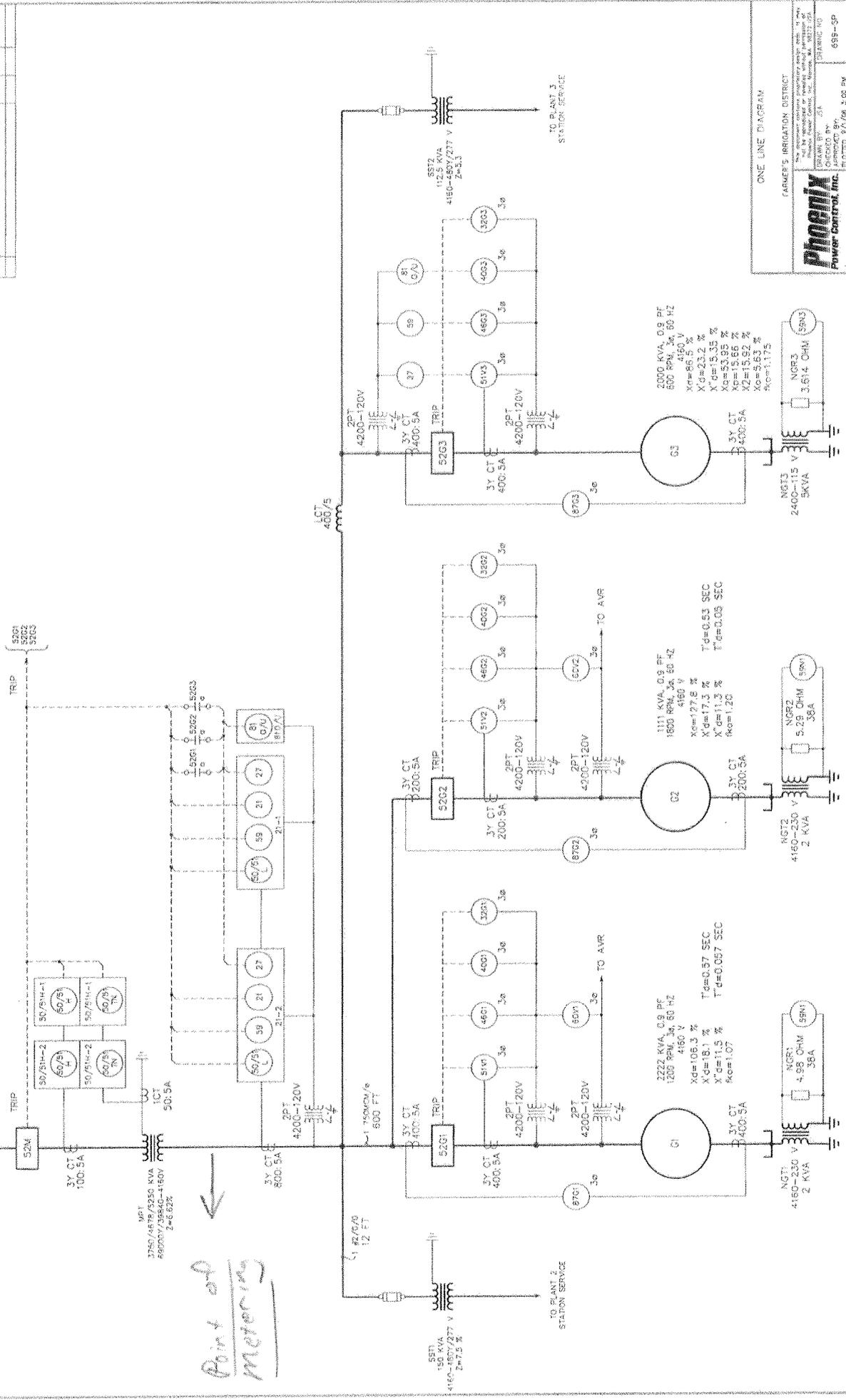
Thank you,

Jamie Kind
Farmers Irrigation District
Hydro Systems Director
1985 Country Club Road
Hood River, OR 97031
Office: 541-436-2867
Cell: 541-806-2300
Jamie@fidhr.org

REV.	DESCRIPTION	DATE
0	ORIGINAL ISSUE	JSA
1	ADDED EGVAL RELAY	JAC
		9/7/56

Point of Delivery.

PP&L 89KV NEAL CREEK LINE



Point of Metering

ONE LINE DIAGRAM

FARMER'S IRRIGATION DISTRICT

DESIGNED BY: JSA

CHECKED BY: JAC

DATE: 9/7/56

PROJECT: 47/56 2.68 PW

698-SP

Phoenix
Power Control, Inc.

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification: QF83-400-000 for Plant 2; QF83-401-000 for Plant 3

Interconnection Agreement

Fuel Supply Agreement, if applicable – Power Generation Water Rights

FERC Exemptions: FERC Docket No. P-7532 for Plant 2; FERC Docket No. P-6801 for Plant 3. (see explanation in August 30, 2010 email from Greg Adams, counsel for Seller, on following page)

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From: "Greg Adams" <Greg@richardsonandoleary.com>
Date: August 30, 2010 5:13:43 PM PDT
To: "Jeff Lovinger" <lovinger@lklaw.com>
Cc: "Peter Richardson" <peter@richardsonandoleary.com>, <mike@fidhr.org>, "Ken Kaufmann" <kaufmann@lklaw.com>
Subject: [SPAM] Farmers v. PacifiCorp (UM 1441)

Jeff,

I've attached a letter from Pete responding to your letter dated August 27, 2010, regarding the Farmers Irrigation District settlement, with a hard copy to follow in the mail.

Also, Farmers has decided to file a Form 556 Self Recertification for both plants, as that appeared to be an issue for PacifiCorp earlier in this litigation. You should receive a hard copy in the mail this week.

Finally, PacifiCorp had inquired into the FERC exemptions for Plants 2 and 3 in the draft PPA circulated a few weeks ago. We have looked into that issue and are providing the following explanation and documents.

PacifiCorp inserted a comment in Exhibit C of the draft PPA circulated for settlement purposes on August 6, 2010, which states: "The exemption on file for Plant 3 is only for 1.65 MW. The exemption on file for Plant 2 (P-7532) is only for 2.5 MW. Please provide amended exemptions to cover the full 4.8 MW of the Facility or explain why the exemptions on file are sufficient." Hopefully, this correspondence will satisfy PacifiCorp's request.

We have attached the initial FERC exemption orders for Plant 2 and Plant 3. *See* 27 FERC ¶ 61,067, FERC Doc. No. P-7532 (April 6, 1984) (authorizing Plant 2, under the "less than 5 MW" exemption, as described by Farmers' initial application to be a 2.5 MW facility with one Pelton turbine unit); 22 FERC ¶ 62,127, FERC Doc. No. P-6801 (February 1, 1983) (authorizing Plant 3, under small conduit exemption, as described by Farmers' initial application to be a facility with one generating unit rated with a 1.65 MW capacity). The actual, constructed capacities ended up being greater than those in these initial orders, but the projects are both properly exempted at their current capacities.

Plant 2

For Plant 2, Farmers filed a letter dated June 1, 1985 in FERC Docket No. P-7532, providing notification that Farmers would construct Plant 2 with two Francis turbines rather than one Pelton turbine and providing updated design specifications resulting in a 3 MW capacity. FERC's docketing site indicates that the letter's official filing date was June 6, 1985. We've attached the June 6, 1985 letter filing (minus some of the oddly sized exhibits), which Farmers also provided to PacifiCorp in response to PacifiCorp's data request number 1.28, as Attachment 6, pp. 224-27 in this docket (UM 1441). We've also attached a print out of the FERC docket in P-7532. That FERC docket print-out reveals no action by FERC rejecting the exemption revisions requested in Farmer's letter filing, and at that time FERC inaction on an exemption application resulted in the exemption being granted. *See* 18 C.F.R. § 4.105(b)(4) (1984). Since that time, FERC's acceptance of the validity of Farmers' initial exemption has been evidenced by FERC's regular safety inspections of Plant 2 wherein FERC has not challenged the validity of the initial exemption, and by FERC's currently-available, official list of exemption projects, which states that Farmers' Plant 2 (Project P-7532) is a 3 MW project. We've also attached that sheet, which PacifiCorp can download at FERC's website -- <http://www.ferc.gov/industries/hydropower.asp>.

Plant 3

FERC granted Farmers the requested amended exemption for Plant 3 for an increase in capacity to 1.8 MW. *See* 44 FERC ¶ 62,131 (August 12, 1988). Farmers subsequently sought, and FERC granted, yet another exemption for Plant 3 to utilize additional water to more efficiently generate 1.8 MW. 54 FERC ¶ 62,059 (Jan. 29, 1991). Both orders are attached, and the 1988 amendment order was also provided to PacifiCorp in this UM 1441 docket in response to PacifiCorp's data request number 1.28, as Attachment 6, p. 228.

We hope this explanation and the attachments provided will satisfy PacifiCorp's inquiry into the exemptions for

these projects.

We look forward to resolving this matter soon.

Greg

Greg Adams
Richardson & O'Leary PLLC
515 N. 27th Street, 83702
P.O. Box 7218, 83707
Boise, Idaho
Voice: 208.938.2236
Facsimile: 208.938.7904

**EXHIBIT D-1
SELLER'S MOTIVE FORCE PLAN**

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

Month	Average Energy (kWh)
January	2,596,690
February	2,600,601
March	2,881,832
April	2,839,172
May	2,574,407
June	1,584,880
July	861,749
August	761,938
September	992,009
October	1,017,133
November	1,814,582
December	2,205,028

Seller provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate.

Average monthly Net Output of the Facility is based upon the average actual Facility output from 2002 through 2009, with appropriate adjustments for system efficiency enhancements.

B. MINIMUM ANNUAL DELIVERY CALCULATION

Seller specify the Minimum Annual Delivery of the Facility, and explain the basis for the estimate. NOTE: The Minimum Annual Delivery should be based on the most adverse natural motive force conditions reasonably expected and should take into account unscheduled repairs or maintenance and Seller's load (if any).

Minimum Generation: 16,883,000 kWh

This minimum generation estimate is based on actual production data collected during the course of the most adverse, yet still reasonably expected, motive force conditions experienced during the District's 25 years of hydropower plant operation. The estimate takes into account adverse weather conditions, unscheduled repairs and maintenance, and Seller's load.

C. MAXIMUM ANNUAL DELIVERY CALCULATION

Seller specify the estimated Maximum Annual Delivery of the Facility, and explain the basis for the estimate.

Maximum Generation: 28,525,000 kWh

This maximum generation estimate is based on actual production data collected during the course of the most positive, yet still reasonably expected, motive force conditions experienced during the District's 25 years of hydropower plant operation. The estimate takes into account scheduled repairs, unscheduled repairs, maintenance outages, efficiency upgrades, and Seller's load.

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

EXHIBIT D-2: FARMERS IRRIGATION DISTRICT MOTIVE FORCE PLAN

Period of Record: 2002 through 2008, with corrections from 2009 and 2010 data to reflect system efficiency gains

Month	Plant 2 average flow	Plant 2 net head (feet)	Plant 2 average kW	Plant 2 average kWh	Plant 3 average flow	Plant 3 net head (feet)	Plant 3 average kW	Plant 3 average kWh	Utility average kW	Utility average kWh
January	90	382	2,135	1,588,292	28	727	1355	1,008,398	3,490	2,596,690
February	100	378	2,421	1,626,722	29	722	1449	973,879	3,870	2,600,601
March	100	378	2,447	1,820,243	30	720	1427	1,061,589	3,874	2,881,832
April	102	377	2,494	1,795,671	29	722	1449	1,043,501	3,943	2,839,172
May	99	378	2,380	1,770,433	22	738	1081	803,974	3,461	2,574,407
June	72	390	1,743	1,255,058	10	757	458	329,822	2,201	1,584,880
July	48	396	1,119	832,342	1	774	40	29,407	1,159	861,749
August	43	397	1,012	752,774	1	774	13	9,164	1,025	761,938
September	53	395	1,250	900,226	3	774	127	91,783	1,377	992,009
October	43	397	1,000	744,232	8	766	367	272,901	1,367	1,017,133
November	73	389	1,773	1,276,853	16	745	747	537,729	2,520	1,814,582
December	78	386	1,998	1,486,490	19	740	966	718,538	2,964	2,205,028
Average monthly =	75	387	1,814		16	747	790		2,604	
Average annual total =				15,849,336				6,880,685		22,730,021

I certify that this facility, including Plants 2 and 3, is capable under average conditions foreseeable during the term of this agreement of meeting Seller's estimated average, maximum, and minimum net output as set forth in Exhibit D-1. Those amounts are:

Average Annual output: 22,730,021 kwh
 Maximum Annual output: 28,525,000 kwh
 Minimum Annual output: 16,883,000 kwh

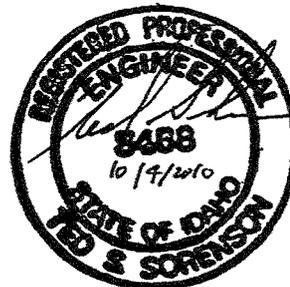


EXHIBIT E
Seller Authorization to Release Generation Data to PacifiCorp

Standards of Conduct Compliance
Voluntary Consent Notice

A non-affiliated Transmission Customer may voluntarily consent, in writing, to allow the Transmission Provider to share the non-affiliated customer's information with an Affiliate. The Transmission Provider must post notice on OASIS of the consent along with a statement that it did not provide any preferences in exchange for the voluntary consent.

Pursuant to the Standards of Conduct, Interconnection Customer Q0279, hereby consents to the disclosure by PacifiCorp as a Transmission Provider to the Affiliate personnel of PacifiCorp, of Transmission Information or other information of Interconnection Customer Q0279, which is acquired or developed by PacifiCorp in the process of Interconnection Customer Q0279's request for interconnection service. PacifiCorp and Interconnection Customer Q0279 acknowledge that this Voluntary Consent is limited solely to information disclosed in or related to this specific service request.

Interconnection Customer Q0279 acknowledges that notice of this Voluntary Consent will be posted by PacifiCorp on its Open Access Same-Time Information System (OASIS).

Interconnection Customer Q0279 states that this Voluntary Consent has not been given in exchange for any preferences, either operational or rate-related from PacifiCorp.

Please check one of the following terms of Voluntary Consent:

For any information specific to this project
For the purposes limited to the following only (e.g., phase of project or specific terms of disclosure):

PacifiCorp
By: _____
Kenneth Houston
Title: Director, Transmission Services
Date: _____

Interconnection Customer Q0279
By: Peter J. Scherer
Title: Counsel
Date: 8/12/09

EXHIBIT F
Page 1 of Schedule 37

(Note: Prices in Schedule 37 are not applicable to this PPA, which contains prices negotiated in settlement of a legal dispute. Schedule 37 is referred to in Section 1.37 and Section 3.2.7 of this Agreement. The relevant portion of Schedule 37 (page 1) is attached.)

PACIFIC POWER & LIGHT COMPANY
AVOIDED COST PURCHASES FROM QUALIFYING
FACILITIES OF 10,000 KW OR LESS

OREGON
SCHEDULE 37
Page 1

Available

To owners of Qualifying Facilities making sales of electricity to the Company in the State of Oregon.

Applicable

For power purchased from Qualifying Facilities with a nameplate capacity of 10,000 kW or less or that, together with any other electric generating facility using the same motive force, owned or controlled by the same person(s) or affiliated person(s), and located at the same site, has a nameplate capacity of 10,000 kW or less. Owners of these Qualifying Facilities will be required to enter into a written power sales contract with the Company.

Definitions

Cogeneration Facility

A facility which produces electric energy together with steam or other form of useful energy (such as heat) which are used for industrial, commercial, heating or cooling purposes through the sequential use of energy.

Qualifying Facilities

Qualifying cogeneration facilities or qualifying small power production facilities within the meaning of section 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. 796 and 824a-3.

Small Power Production Facility

A facility which produces electric energy using as a primary energy source biomass, waste, renewable resources or any combination thereof and has a power production capacity which, together with other facilities located at the same site, is not greater than 80 megawatts.

On-Peak Hours or Peak Hours

On-peak hours are defined as 6:00 a.m. to 10:00 p.m. Pacific Prevailing Time Monday through Saturday, excluding NERC holidays.

Due to the expansions of Daylight Saving Time (DST) as adopted under Section 110 of the U.S. Energy Policy Act of 2005, the time periods shown above will begin and end one hour later for the period between the second Sunday in March and the first Sunday in April and for the period between the last Sunday in October and the first Sunday in November.

Off-Peak Hours

All hours other than On-Peak.

West Side Gas Market Index

The monthly indexed gas price shall be the average of the price indexes published by Platts in "Inside FERC's Gas Market Report" monthly price report for Northwest Pipeline Corp. Rock Mountains, Northwest Pipeline Corp. Canadian Border, and Rockies/Northwest Stanfield, OR.

Excess Output

Excess output shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Nameplate Capacity. PacifiCorp shall pay Seller the Off-peak Price as described and calculated under pricing option 5 for all Excess Output.

(Continued)

Issued:	October 20, 2008	P.U.C. OR No. 35
Effective:	With service rendered on and after November 5, 2007	Seventh Revision of Sheet No. 37-1 Canceling Sixth Revision of Sheet No. 37-1

Issued By
Andrea L. Kelly, Vice President, Regulation

TF1 37-1.E

Advice No. 07-021