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Exhibit 85

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Excerpted pages of the “Contract between The United States Of America and The American Falls Reservoir District for Construction And Operation And Maintenance Of The American Falls Replacement Dam Program, Dated as of March 31, 1976.”

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CONTRACT

between

THE UNITED STATES OF AMERICA

and

THE AMERICAN FALLS RESERVOIR DISTRICT

for

**CONSTRUCTION AND OPERATION
AND MAINTENANCE OF
THE AMERICAN FALLS REPLACEMENT DAM PROGRAM**

Dated as of March 31, 1976

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Minidoka Project, Idaho-Wyoming

**CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND THE AMERICAN FALLS RESERVOIR DISTRICT FOR
CONSTRUCTION AND OPERATION AND MAINTENANCE OF
THE AMERICAN FALLS REPLACEMENT DAM PROGRAM**

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Minidoka Project, Idaho-Wyoming

CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND THE AMERICAN FALLS RESERVOIR DISTRICT FOR
CONSTRUCTION AND OPERATION AND MAINTENANCE OF
THE AMERICAN FALLS REPLACEMENT DAM PROGRAM

THIS CONTRACT, made this 31st day of March, 1976, between the UNITED STATES OF AMERICA, hereinafter referred to as the "United States," acting through the Regional Director, Pacific Northwest Region, Bureau of Reclamation, upon authorization of the Secretary of the Interior and pursuant to the Act of Congress approved December 28, 1973 (87 Stat. 904), and the AMERICAN FALLS RESERVOIR DISTRICT, an instrumentality of the State of Idaho, with its offices in Twin Falls, Idaho, hereinafter referred to as the "Constructing Agency;"

WITNESSETH, THAT:

EXPLANATORY RECITALS

2. WHEREAS, the United States has constructed the Existing Dam of the Minidoka Project pursuant to the Federal Reclamation Laws primarily for the furnishing of water for irrigation purposes and, due to alkali-aggregate reactions in the concrete portions of the Existing Dam, the United States is operating the Existing Dam at less than full active capacity; and

3. WHEREAS, continued operation at less than full active capacity could result in irrigation water shortages to some 900,000 acres of land which obtain a water supply from the Existing Dam; and

4. WHEREAS, the Constructing Agency pursuant to the Act of December 28, 1973, desires to undertake the replacement of the Existing Dam on behalf of all the Spaceholders by financing and constructing the American Falls Replacement Dam Program and to issue Bonds to finance all or part of the costs thereof pursuant to the provisions of Chapter 22, Title 43, Idaho Code, as amended, and upon substantial completion thereof to transfer title to the Replacement Dam to the United States to be operated and maintained primarily for the furnishing of water for irrigation purposes as a feature of the Minidoka Project; and

5. WHEREAS, the Constructing Agency pursuant to the Act of December 28, 1973, entered into a Falling Water Contract of even date herewith with the Idaho Power Company to utilize for power generation at the Powerplant the water released from the Replacement Dam (which utilization shall be subordinate to the furnishing of water for irrigation purposes) in consideration for the Falling Water Payments in order to pay part of the costs of financing and constructing the American Falls Replacement Dam Program and the Federal Power Commission has granted to the Idaho Power Company a License to construct, operate, and maintain the Powerplant attached to the Replacement Dam for such purpose; and

6. WHEREAS, an appropriate number of the Waterusers satisfactory to the Secretary and the Constructing Agency have entered into Spaceholder Contracts of even date herewith to pay their proportionate share of the total cost of the American Falls Replacement Dam Program; and

7. WHEREAS, this Government Contract is entered into for the purpose of authorizing the Constructing Agency to finance and provide for the construction of the American Falls Replacement Dam Program, to provide for the operation and maintenance of the Replacement Dam and Related Facilities,

and to make provision for the disposition of the storage space of those Waterusers which have not entered into Spaceholder Contracts, but only upon satisfaction of the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual and dependent stipulations and covenants herein contained, it is agreed by and between the parties hereto as follows:

PART I
DEFINITIONS AND PURPOSE AND TERM
(Articles 8-9)

DEFINITIONS

8. The following terms, whenever used in this Government Contract, shall have the following respective meanings:

"Act of December 28, 1973" shall mean the Act of Congress approved December 28, 1973 (87 Stat. 904).

"Advisory Committee" shall mean the committee presently designated in the existing contracts between the United States and the Waterusers as the "Committee of Nine" or its successors.

"American Falls Replacement Dam Program" shall mean the program to be undertaken by the Constructing Agency consisting of the Replacement Dam including the two-lane highway on the crest of the Replacement Dam, the two-lane highway bridge located immediately downstream from the Replacement Dam, the Related Facilities, the Recreation and Fish and Wildlife Mitigation Facilities, and the Water Quality Facilities to be accomplished pursuant to the Act of December 28, 1973, and under the authority of Section 43-2201(A), Idaho Code, which provides for the reconstruction, rehabilitation, replacement, and improvement of dams and other related structures and works together with all necessary appurtenances related thereto.

"Bonds" shall mean bonds and interim notes issued, and to be issued, by the Constructing Agency to pay the costs of the American Falls Replacement Dam Program.

"Constructing Agency" shall mean the American Falls Reservoir District, an instrumentality of the State of Idaho, being an irrigation district organized and existing under the provisions of Title 43, Idaho Code, as amended, and its successors and assigns.

"Construction Work Schedule" shall mean a schedule showing each item of major construction activity of the American Falls Replacement Dam Program including detailed coordination arrangements for the construction of the Powerplant with the construction of the Replacement Dam, and the time period within which each item is proposed to be started and concluded.

"Contracting Officer" shall mean the Regional Director, Pacific Northwest Region, Bureau of Reclamation, or his duly authorized representative.

"Defaulted Spaceholder(s)" shall mean the Spaceholders determined to be in default in all or any part of the Spaceholder Payments required to be made under a Spaceholder Contract, in accordance with the provisions of Article 29(a) thereof.

"Director of Design and Construction" shall mean the Director of Design and Construction, United States Department of the Interior, Bureau of Reclamation, Office of Design and Construction, Engineering and Research Center, Denver, Colorado.

"Existing Dam" shall mean the American Falls Dam and Reservoir owned by the United States located on the Snake River in southern Idaho adjacent to the City of American Falls, Idaho.

(d) Upon acceptance of all the final transfer review memoranda and the correction of the construction deficiencies therein specified and the submission of the documents and equipment specified in (c) of this Article, the Secretary shall give notice to the Constructing Agency, the Trustee, and the Idaho Power Company that construction of the Replacement Dam, the Related Facilities, and the Water Quality Facilities has been completed.

OPERATION AND MAINTENANCE OF THE REPLACEMENT DAM,
THE RELATED FACILITIES, AND THE WATER QUALITY FACILITIES

15. (a) Upon substantial completion of construction of the Replacement Dam and the Related Facilities, the United States will operate and maintain the Replacement Dam and the Related Facilities as a part of the Minidoka Project for the beneficial use of the water on the land within the service areas of the Spaceholders pursuant to Section 8 of the Reclamation Act of June 17, 1902 (32 Stat. 388). The Constructing Agency is responsible for the operation and maintenance of the Water Quality Facilities and has entered into the Water Quality Facilities Agreement to provide for such operation and maintenance, which agreement is acceptable to the Secretary. The Water Quality Facilities Agreement may not be amended, supplemented, terminated, or assigned without the approval of the Secretary.

(b) The United States shall continue an annual program for the correction and prevention of erosion related to the Replacement Dam or for the full and adequate compensation of adjacent landowners, including owners of land subject to a flowage easement for the Replacement Dam, if such erosion cannot be corrected or prevented. The costs thereof shall be billed to the Spaceholders as a part of the operation and maintenance charges as provided in (c) of this Article.

(c) Commencing with the year that the first Spaceholder Bond Payments are due under the Spaceholder Contracts the operation and maintenance costs of the Existing Dam and the Replacement Dam and the Related Facilities will be returned to the United States in the manner provided in the Spaceholder Contracts.

OPERATING CRITERIA

16. The Replacement Dam will be operated by the United States in a manner so that (1) the present proportionate storage rights of the Spaceholders shall not be altered or changed except as provided herein and in the Spaceholder Contracts, (2) the water surface elevation of the Replacement Dam shall not exceed a maximum of 4354.5 feet above mean sea level U.S.C.&G.S. datum, and (3) the primary irrigation purpose and the incidental purposes of the Minidoka Project shall not be impaired by the subordinate utilization for power generation at the Powerplant of the water released from the Replacement Dam. The United States is not obligated to operate the Replacement Dam in a manner to have water in the Replacement Dam at elevations for power generation or to operate to increase the head in the Replacement Dam for power generation.

PART IV

DELIVERY OF WATER AND CONTRACT WITH
THE IDAHO POWER COMPANY FOR FALLING WATER

(Articles 17-18)

DELIVERY OF WATER

17. (a) The delivery of water pursuant to this Government Contract is contingent upon the execution of a Spaceholder Contract and the continued fulfillment of the obligations thereunder. The Constructing Agency and the United States have executed Spaceholder Contracts with the Waterusers listed on *Exhibit A*, in substantially the form attached as *Exhibit C*. Spaceholder Contracts have not

Water Quality Facilities Operation and Maintenance Payments assignable to the Fort Hall Indian Reservation shall be returned as provided in its Spaceholder Contract.

(g) Although the parties hereto do not believe that any grounds exist for the awarding of damages to a Non-Participating Wateruser, if as a result of the application of this Article 17, a final determination of a court of competent jurisdiction holds that a Non-Participating Wateruser, whose use of space is permanently terminated, is nevertheless entitled to damages from the United States for the loss of such space, money in the construction fund (as defined in the Falling Water Contract), not necessary to pay other costs of construction of the American Falls Replacement Dam Program shall be used for such purpose, otherwise such amount shall be reimbursed to the United States as part of the Spaceholder Replacement Dam Operation and Maintenance Payments. In all other instances, to the extent related to the cost of the American Falls Replacement Dam Program, where a final determination of a court of competent jurisdiction holds that a Non-Participating Wateruser is entitled to damages from the United States as a result of the application of this Article 17, such amount shall be reimbursed to the United States as part of the Spaceholder Replacement Dam Operation and Maintenance Payments.

FALLING WATER CONTRACT WITH THE IDAHO POWER COMPANY

18. (a) The Idaho Power Company has acknowledged acceptance of all of the provisions, terms, and conditions of the License and the Constructing Agency and the Idaho Power Company have entered into the Falling Water Contract, approved by the Secretary and attached as *Exhibit D*, to utilize for power generation at the Powerplant the water released from the Replacement Dam in return for the Falling Water Payments, which utilization is and shall continue to be subordinate to the furnishing of water from the Replacement Dam for irrigation purposes, in that less than 10 percent of the water accruing to the active storage capacity in the Replacement Dam may be contractually scheduled for release by the Idaho Power Company, except for temporary increases resulting from the securing of water accruing to the storage space of a Defaulted Spaceholder or a Non-Participating Wateruser as provided for in (b) of this Article or arising from unusually wet or dry weather in the service area of the Replacement Dam. So long as the Idaho Power Company is not in default under the provisions of the Falling Water Contract, during the term of its License or any continuation or renewal thereof, the Idaho Power Company shall be entitled, subject to the limitations of this Article and Article 16 hereof and in accordance with the provisions of its License or any continuation or renewal thereof, to utilize for power generation at the Powerplant the water released from the Replacement Dam: *Provided*, That the approval of the Falling Water Contract by the Secretary does not preclude the Secretary from making any recommendations or comments in respect to the License or any continuation or renewal thereof.

(b) Subject to the limitations of this Article and Article 16 hereof, the Idaho Power Company shall also be entitled to schedule for release and to utilize for power generation at the Powerplant and at the downstream powerplants of the Idaho Power Company the water accruing to the storage space of a Defaulted Spaceholder or a Non-Participating Wateruser that is made available under the procedures of Article 17 hereof: *Provided, however*, That any such water may be utilized only during the period of May 15 through December 31 of the year in which such water is made available and only under a schedule of release so that the quantity of such water released during the period of November 1 through December 31 without regard to other released water, will not result in releases of water at the Minidoka Dam and Reservoir in excess of the hydraulic capacity of the Minidoka Powerplant as it now exists or as it may be enlarged in the future.

(c) The Contracting Officer, upon notice from the Constructing Agency or the Trustee that the Idaho Power Company is in default under the provisions of the Falling Water Contract, shall suspend any and all rights of the Idaho Power Company to the use of the water released from the Replacement Dam and during such suspension shall operate the Replacement Dam to bypass water around the Powerplant. The Contracting Officer, acting with the consent of either the Constructing Agency or the Trustee, may without further notice to the Idaho Power Company grant any or all of the suspended rights to any person or entity for the duration of the suspension.