

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 01-07084C

Priority: December 3, 1984

Maximum Diversion Rate: 3200.00 CFS

Maximum Diversion Volume: 811000.0 AF

This is to certify, that HAZELTON/WILSON JOINT VENTURE

PO BOX 7867

BOISE ID 83707

has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated December 3, 1984; and has submitted Proof of Beneficial Use on June 30, 1993. An examination indicates that the works have a diversion capacity of 3208.000 cfs of water from:

SNAKE RIVER

tributary to COLUMBIA RIVER

source, and a water right has been established as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>	<u>ANNUAL VOLUME</u>
POWER	01/01 to 12/31	3200.00 CFS	811000.0 AF

LOCATION OF POINT(S) OF DIVERSION: Lot 5(SWNW), Sec. 28, Township 10S, Range 21E
JEROME County

PLACE OF USE: POWER

TWN RGE SEC

09S 20E 35

NWNW

CONDITIONS OF APPROVAL AND REMARKS

1. The maximum diversion volume is defined as the maximum allowable volume of water that may be diverted annually from the source under this right. The use of water confirmed by this right is limited to the amount which can actually be beneficially used. The maximum diversion volume may be adjusted to more accurately describe the beneficial use or to implement accepted standards of diversion and use efficiency.
2. This water right is appurtenant to the described place of use.
3. This right is subject to all prior water rights and may be forfeited by five years of non-use.
4. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho law.
5. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
6. Use of water under this right shall be non-consumptive.

MICROFILMED

OCT 29 1997

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

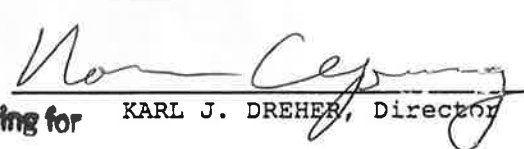
WATER RIGHT NO. 01-07084C

CONDITIONS OF APPROVAL AND REMARKS

7. The rights for the use of water confirmed in this license shall be junior and subordinate to all rights for the use of water other than hydropower, within the State of Idaho that are initiated later in time than the priority of this right and shall not give rise to any right or claim against any future rights for the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this right.
8. Use of water under this water right will be regulated by the watermaster of State Water District No. 01.
9. The diversion and use of water for hydropower purposes under this license is subject to review by the Director on or after December 21, 2035. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized herein and may revise, delete or add conditions under which the right may be exercised.
10. The combined diversion of water under this right for the Hazelton A Project and Right 01-07084C for the Hazelton B Project is limited to 3200.0 cfs in combination with the water rights of the North Side Canal Co. delivered through the power facilities for irrigation purposes.
11. Water cannot be diverted under this right except when water is being diverted into the North Side Canal Co. Main Canal to satisfy existing irrigation water rights.

This license is issued pursuant to the provisions of Section 42-219, Idaho Code. Witness the seal and signature of the Director, affixed at Boise, this 23rd day of OCTOBER, 1997.

Acting for


KARL J. DREHER, Director

MICROFILMED

OCT 29 1997

RECEIVED

AUG 14 1997

State of Idaho
Department of Water Resources

Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 01-07084C

Date of Priority: December 3, 1984

Maximum Diversion Rate: 3200.00 CFS

Maximum Diversion Volume: 1742400.0 AF

Comes now HAZELTON/WILSON JOINT VENTURE

~~1199 SHORLINE LN~~ P.O. Box 7867

BOISE ID ~~83702~~ Boise, ID 83707

and represents to the Director of the

Idaho Department of Water Resources:

That he is the owner and holder of Permit to appropriate the Public Waters of the State of Idaho No. 01-07084C, and requests that the permit be changed as follows:

Source: SNAKE RIVER

tributary to COLUMBIA RIVER

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>	<u>ANNUAL VOLUME</u>
POWER	~~03/01 to 11/30~~ * 01/01 - 12/31	3200.00 CFS	1742400.0 AF

LOCATION OF POINT(S) OF DIVERSION: Lot 5 (SWNW), Sec. 28, Township 10S, Range 21E
~~TWIN FALLS~~ County

Jerome **

PLACE OF USE: POWER

TWN RGE SEC

09S 20E 35

NWNW

* Permit Reads 01/01 to 12/31
Application Reads 01/01 to 12/31

** Permit apparently in error. Application says Jerome Co.
Permit listed rubberdam location, where actual
diversion is Milner Dam.

Permit holder asserts that no one will be injured by such change and that such change will be made at permit holder's own risk.

Signed at Sherry R. Miller, this 13 day of August, 1997.

Boise, Idaho

Sherry R. Miller
(Signature) 29 1997

MICROFILMED

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 01-07084C

FOR DEPARTMENT USE ONLY

Preliminary check by SWK Fee = 50.00 Received by KS # C039844 Date 10/8/97

ACTION OF THE DEPARTMENT OF WATER RESOURCES

I, Karl J. Dreher, of the Department of Water Resources hereby approve the
above Application for Amendment for Permit No. 01-07084C with the following;

CONDITIONS OF APPROVAL AND REMARKS

1. The maximum diversion volume is defined as the maximum allowable volume of water that may be diverted annually from the source under this right. The use of water confirmed by this right is limited to the amount which can actually be beneficially used. The maximum diversion volume may be adjusted to more accurately describe the beneficial use or to implement accepted standards of diversion and use efficiency.
2. This water right is appurtenant to the described place of use.
3. This right is subject to all prior water rights and may be forfeited by five years of non-use.
4. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho law.
5. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
6. Use of water under this right shall be non-consumptive.
7. The rights for the use of water confirmed in this license shall be junior and subordinate to all rights for the use of water other than hydropower, within the State of Idaho that are initiated later in time than the priority of this right and shall not give rise to any right or claim against any future rights for the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this right.
8. Use of water under this water right will be regulated by the watermaster of State Water District No. 01.

OCT 29 1997

MICROFILMED

OCT 29 1997

State of Idaho
Department of Water Resources

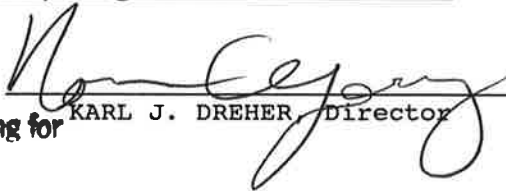
APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 01-07084C

CONDITIONS OF APPROVAL AND REMARKS

9. The diversion and use of water for hydropower purposes under this license is subject to review by the Director on or after December 21, 2035. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized herein and may revise, delete or add conditions under which the right may be exercised.
10. The combined diversion of water under this right for the Hazelton A Project and Right 01-07084C for the Hazelton B Project is limited to 3200.0 cfs in combination with the water rights of the North Side Canal Co. delivered through the power facilities for irrigation purposes.
11. Water cannot be diverted under this right except when water is being diverted into the North Side Canal Co. Main Canal to satisfy existing irrigation water rights.

Witness my hand this 23RD day of OCTOBER, 1997.

Acting for


KARL J. DREHER, Director

MICROFILMED

OCT 29 1997

HAZELTON B
HAND DELIV. 2ED 6/30/93
J. Huber

RECEIVED
JUN 30 1993
Department of Water Resources

OFFICE USE ONLY
Amt. of Fee \$ 600⁰⁰
Date 6-30-93
Receipt No. C028020
Receipt by CA

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

PROOF OF BENEFICIAL USE

The Idaho Department of Water Resources considers this form a statement that the permit holder(s) has/have completed all development that will occur under this permit and that water has been applied according to the provisions of the permit for the beneficial use(s) described below. This form must be accompanied by a license examination fee, when necessary, or a completed field examination report prepared by a certified water right examiner who has been appointed by the department.

1. Permit No. 01-07084C Telephone No. 208-336-4254
2. Name(s) of Permit Holder(s): HAZELTON POWER Company
3. Mailing Address: 1199 Shoreline Lane #310 Boise, Idaho
4. Source of Water: Snake River

If **GROUNDWATER**, Well Driller's Name: _____ Date Drilled: _____

OPTIONAL:

Pump horsepower: _____ Pressure (psi): _____ Dynamic pumping level (ft.): _____

5. Extent of Use (as authorized by the permit):

Domestic _____ (No. of households) Stockwater _____ (No. and type of stock)

Irrigation _____ (No. of acres) Other Hydro Power

6. Total rate and/or volume for which proof is submitted 3200 cfs OR _____ acre/feet

7. Refer to the approval conditions on your permit and respond accordingly:

Measuring device: Required? Yes No Installed? _____ Yes _____ No

OR
Flow Measurement Port: Required? Yes No Installed? _____ Yes _____ No

8. Fee Enclosed: \$ 600⁰⁰ (See License Fee Schedule on back of Instruction Sheet)

9. Person to contact to accompany the Department representative during field examination of the water system.

SHERRY R. HUBER 336-4254 (Idaho WEST ENERGY)
Name Telephone No.

1199 Shoreline Lane #310 Boise, Idaho
Address

10. The above information is my true statement of the extent to which the above numbered permit has been developed and I relinquish any undeveloped portion of the permit to the state of Idaho.

6/29/93
Date

[Signature] (PRESIDENT)
Signature (and title, if on behalf of a company or organization)

OCT 29 1997

State of Idaho
Department of Water Resources

Permit To Appropriate Water

NO. 01-07084C

Proposed Priority: December 3, 1984 Maximum Diversion Rate: 3200.00 CFS
This is to certify, that HAZELTON POWER CO.

333 N. 13TH ST.
BOISE, ID 83702

has applied for a permit to appropriate water from:

SNAKE RIVER

tributary of COLUMBIA RIVER

and a permit is APPROVED for development of water as follows:

BENEFICIAL USE

PERIOD OF USE

RATE OF DIVERSION

POWER

01/01 to 12/31

3200.00 CFS

LOCATION OF POINT(S) OF DIVERSION:

NWNW Sec. 35, Township 09S, Range 20E
TWIN FALLS County

PLACE OF USE: POWER

TWN RGE SEC

09S 20E 35

NWNW

CONDITIONS/REMARKS:

1. Proof of construction of works and application of water to beneficial use shall be submitted on or before July 1, 1993.
2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
4. The permit holder shall either install a measuring device or a flow measurement port or provide a certified measurement or computation of flow based upon system design to be prepared by a professional engineer.
5. The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.
6. Use of water under this permit shall be non-consumptive.

MICROFILMED

OCT 22 1992

State of Idaho
Department of Water Resources**Permit To Appropriate Water**

NO. 01-07084C

CONDITIONS/REMARKS:

7. Water diverted outside of the normal irrigation season can only be diverted at such times as there are sufficient flows in the Snake River to satisfy Idaho Power Company's water rights at its Twin Falls and Shoshone Falls hydropower plants, and any other water rights that have an earlier priority than this water right.
8. This permit authorizes the construction of the Hazelton B Project, located in the NWNW, S35, T09S, R20E, B.M.
9. This permit and any subsequent license shall be subject to review and possible amendment, modification or cancellation by the Director of the Department of Water Resources twenty (20) years from the date power is first generated at the power plant.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the seal and signature of the Director, affixed at Boise, this

15th day of May, 19 91.




R. Keith Higginson, Director

RECORDED
OCT 22 1992

Department of Water Resources

HAZELTON POWER COMPANY, hereby assigns to HAZELTON/WILSON
JOINT VENTURE, an Idaho joint venture, with offices at 333 North
13th Street, Boise, Idaho 83702

X All its right, title, and interest in and to Permit No. 01-7084C to appropriate the public waters of the State of Idaho.

_____ The following described portion of my right, title, and interest in and to Permit No. _____ to appropriate the public waters of the State of Idaho.

(Describe that portion of the Permit being assigned by listing the acreage within each 40 acre subdivision, the point of diversion and the amount of water in cubic feet per second for direct diversion, or acre fee for storage.)

ASSIGNED IN FULL

Made this 15th day of May, 1991.

HAZELTON POWER COMPANY

By:

Its:

State of Idaho)
) ss.
County of Ida)

On this 15th day of May, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Vito Dejan, personally known to me, who being duly sworn states that he is the President of HAZELTON POWER COMPANY, the corporation that executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.

NOTARY PUBLIC FOR IDAHO

Residing at:

My commission expires:

OCT 22 1992

ASSIGNMENT OF LEASE AND DEVELOPMENT AGREEMENTS

HAZELTON POWER COMPANY, an Idaho corporation, hereinafter referred to as the ("Assignor"), hereby assigns to HAZELTON/WILSON JOINT VENTURE, an Idaho joint venture ("Assignee"), all of its rights, titles, interests and obligations under that certain LEASE AND ASSIGNMENT AGREEMENT (the "Lease"), dated September 17, 1990, by and between Assignor and NORTH SIDE CANAL COMPANY, LTD. ("NSCC"), and that certain DEVELOPMENT AGREEMENT (the "Agreement"), dated September 17, 1990, by and between Assignor and NSCC, which Lease and Agreement affect certain real property located in Jerome County, State of Idaho, described in Exhibit "A", attached hereto and by this reference made a part hereof, and other rights, titles and interests.

Assignor hereby represents to Assignee that the Lease and Agreement are in full force and effect as of the date hereof, and that the Lease and Agreement are assignable upon the written consent of NSCC hereinafter set forth.

Assignee hereby accepts the assignments herein contained and agrees to fulfill all obligations under the Lease and Agreement from and after the date of this Assignment and to hold Assignor harmless therefrom.

911092

RECORDED
of Land Title & Escrow, Inc.

APR 5 3 58 PM '91

JEROME & CO. IDAHO
FEES 18.00

RECORDED
OCT 22 1992

IN WITNESS WHEREOF, Assignor and Assignee have caused these presents to be executed by their duly authorized officers or representatives as of the 2nd day of April, 1991.

Assignor:

HAZELTON POWER COMPANY

By: Kip W. Runyan

Kip W. Runyan
President

Assignee:

HAZELTON/WILSON JOINT VENTURE

By: Hazelton Power Company,
its joint venture partner

By: Kip W. Runyan

Kip W. Runyan
President

By: Wilson Power Company,
its joint venture partner

By: Kip W. Runyan

Kip W. Runyan
President

The undersigned, NORTH SIDE CANAL COMPANY, LTD., an Idaho corporation, hereby consents to the Assignments herein contained.

DATED this 5 day of April, 1991.

NORTHSIDE CANAL COMPANY, LTD.

By: Ied Diehl

Its Manager

NOT RECORDED
OCT 22 1992

STATE OF IDAHO)

County of Blaine) ss.

On this 2nd day of April, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Kip W. Runyan, personally known to me, who being duly sworn states that he is the President of Hazelton Power Company, the corporation that executed the within instrument, and acknowledged to me that he executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.



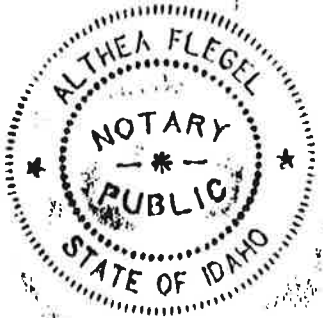
Althea Flegel
NOTARY PUBLIC FOR IDAHO
Residing at: Blaine
My commission expires: Aug 1996

STATE OF IDAHO)

County of Blaine) ss.

On this 2nd day of April, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Kip W. Runyan, personally known to me, who being duly sworn states that he is the President of Wilson Power Company, the corporation that executed the within instrument, and acknowledged to me that he executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.



Althea Flegel
NOTARY PUBLIC FOR IDAHO
Residing at: Blaine
My commission expires: Aug 1996

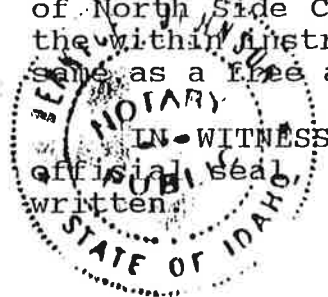
RECORDED

2 1992

STATE OF IDAHO)
County of Jerome) ss.

On this 5 day of April, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Ted Diehl, personally known to me, who being duly sworn states that he is the Manager of North Side Canal Company, Ltd., the corporation that executed the within instrument, and acknowledged to me that he executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.



Dorcas E. Hume
NOTARY PUBLIC, FOR IDAHO
Residing at: Jerome, Idaho
My commission expires: 7-15-91

I/assign.lea

OCT 22 1992

EXHIBIT "A"

To
Assignment of Lease and
Development Agreement
By and Between
Hazelton Power Company
and
Hazelton/Wilson Joint Venture
Dated April 2, 1991

Parcel No. 1:

TOWNSHIP 9 SOUTH, RANGE 20, EAST OF THE BOISE MERIDIAN,
JEROME COUNTY, IDAHO

Section 35: A parcel of land located in the NW¼SW¼, described
as follows:

Beginning at the Northwest corner of said Section
35;
Thence North 89°50'41" East a distance of 1325.33
feet to the Northeast corner of the NW¼NW¼ of
said Section 35;
Thence South 0°06'41" East a distance of 2640.92
feet along the Easterly boundary of the W¼NW¼ to
the Southeast corner of the W¼NW¼ of said
Section 35;
Thence South 0°06'36" East a distance of 600.02
feet along the Easterly boundary of said NW¼SW¼
to THE TRUE POINT OF BEGINNING;
Thence South 0°06'36" East a distance of 459.40
feet along the Easterly boundary of said NW¼SW¼
to the Northerly boundary of the Union Pacific
Railroad right-of-way;
Thence North 81°06'02" West a distance of 270.00
feet;
Thence North 00°53'50" East a distance of 150.00
feet;
Thence North 26°13'57" East a distance of 300.14
feet;
Thence North 89°53'25" East a distance of 110.00
feet to THE TRUE POINT OF BEGINNING.

(continued)

Parcel No. 2:

TOWNSHIP 9 SOUTH, RANGE 20, EAST OF THE BOISE MERIDIAN,
JEROME COUNTY, IDAHO

Section 27: A parcel of land located in the S½SE¼, described as follows:

Beginning at the Southeast corner of said Section 27;
Thence South 89°50'36" West a distance of 360.00 feet along the Southerly boundary of said S½SE¼ to THE TRUE POINT OF BEGINNING;
Thence South 89°50'36" West a distance of 957.67 feet to the Southwest corner of the SE¼SE¼ of said Section 27;
Thence North 0°08'27" West a distance of 420.00 feet;
Thence North 73°40'58" West a distance of 100.00 feet;
Thence North 16°19'02" East a distance of 250.00 feet;
Thence South 66°33'28" East a distance of 403.11 feet;
Thence South 16°19'02" West a distance of 200.00 feet;
Thence South 73°40'50" East a distance of 688.55 feet;
Thence South 04°04'54" East a distance of 140.00 feet to THE TRUE POINT OF BEGINNING.

OCT 22 1992

M E M O R A N D U M

DATE: December 1, 1997

TO: Files 01-07084C & 01-07010D

FROM: Kari Lynn Townsend

RE: Address Change

=====
The letter addressed to Randolph J Hill, c/o Hazelton/Wilson Joint Venture was returned with a yellow postoffice sticker showing a new addresws for Hazelton/Wilson Joint Venture.

I updated both files to reflect this new address for Hazelton/Wilson JV.

The letter to Mr. Hill was re-sent to the new address.

MICROFILMED
DEC 04 1997

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
100 North Orchard Street
Boise, Idaho 83706-2237

RETURN SERVICE
REQUESTED

PRESORTED
FIRST CLASS



RECEIVED

JUL 18 1997

Department of Water Resources

Return to Sender

ADDRESS SERVICE
REQUESTED





State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. BOX 83720, Boise, Idaho 83720-0098

Phone: (208) 327-7900 FAX: (208) 327-7866

November 24, 1997

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

Randolph J. Hill
Hazelton/Wilson Joint Venture
1199 Shoreline Lane, Suite 310
Boise, ID 83702

Michael A. Watson
New York Life Insurance Company
New York Life Insurance and Annuity Corporation
51 Madison Avenue
New York, New York 10010-1603

Karen B. Wong, Esq.
Milbank, Tweed, Hadley & McCloy
601 South Figueroa Street, 30th Floor
Los Angeles, CA 90017

RE: Assignments of Trust Agreement and Collateral Assignment of
Water Permit Nos. 01-7084C and 01-7010D

Ladies and Gentlemen:

This office has received a copy of an Assignment and Assumption Agreement (Collateral Assignment of Water Permit Nos. 01-7084C and 01-7010D) dated as of October 16, 1997 (the "Collateral Assignment"), between Allstate Life Insurance Company, an Illinois insurance company ("Allstate"), and New York Life Insurance Company, a New York insurance company, and New York Life Insurance and Annuity Corporation, a New York insurance company (each a "Note Purchaser" and together "Note Purchasers"), as consented to and acknowledged by Hazelton/Wilson Joint Venture, an Idaho joint venture (the "Company") and Land Title and Escrow, Inc. ("Land Title"), transferring from Allstate to the Note Purchasers Allstate's right, title and interest in that certain Trust Agreement and Collateral Assignment of Water Permit Nos. 01-7010D and 01-7084C (the "Trust Agreement"). Pursuant to the Collateral Assignment, Allstate has assigned to the Note Purchasers a first priority security interest in all of its right, title and interest in and to the permits to the Note Purchasers. Permit no. 01-7010D is a portion of the original permit which authorizes the Wilson Lake project. Permit no. 01-7084C is a permit which authorizes the Hazelton B project.

MICROFILMED
DEC 04 1997

As of the date of this letter, the Company is listed in the records of this office as the current owner of the permits. This office has received a certificate from the office of the Secretary of State of the State of Idaho verifying that Land Title is organized under the laws of the State of Idaho.

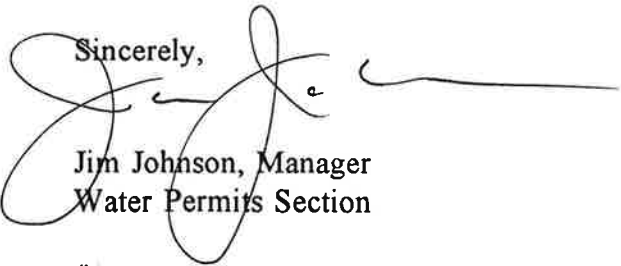
This office understands that as a condition to entering into the Note Purchase Assignment, the Note Purchasers have required that this office acknowledge and consent to the transfer of the interests of Allstate in the Trust Agreement to the Note Purchasers under the Collateral Assignment.

We find that the Trust Agreement satisfies the requirements of Idaho Code Sections 42-206 through 42-210. Specifically, Land Title, as an Idaho corporation, is a qualified entity to continue to hold the permits, as trustee, as collateral security in accordance with the laws of the State of Idaho. Therefore, the Collateral Assignment is consented to and approved by the Idaho Department of Water Resources (the "Department"), as of the date of this letter.

As of the date of this letter, the permits are valid.

Please note that the Company will continue to be listed as the owner of record of the permits. It is the ultimate responsibility of the parties to the Collateral Assignment to ensure the terms thereof are properly enforced.

Sincerely,



Jim Johnson, Manager
Water Permits Section

/j



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. BOX 83720, Boise, Idaho 83720-0098

Phone: (208) 327-7900 FAX: (208) 327-7866

October 24, 1997

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

HAZELTON/WILSON JOINT VENTURE
PO BOX 7867
BOISE ID 83707

RE: WATER RIGHT NO. 01-07084C

Dear Water Right Holder(s):

The Department of Water Resources (the Department) has issued the enclosed license confirming that a water right has been established in accordance with the permit referenced above. The license is a preliminary order issued by the Department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action of the Department unless a party petitions for reconsideration or files an exception and/or brief as further described below:

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the Department within fourteen (14) days of the service date of this order. The Department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See section 67-5243(3), Idaho Code.

EXCEPTIONS AND BRIEFS

Within twenty-one (21) days after (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding. Otherwise, this preliminary order will become a final order of the Department.

If any party appeals or takes exceptions to this preliminary order, opposing parties shall have twenty-one (21) days to respond to any party's appeal. Written briefs in support of or taking exceptions to the preliminary order shall be filed with the Department. The Department retains the right to review the preliminary order on its own motion.

MICROFILMED
OCT 29 1997

ORAL ARGUMENT

If the Department grants a petition to review the preliminary order, the Department shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Department will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Department orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Department in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with Rules of Procedure 302 and 303.

FINAL ORDER

The Department will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Department may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The Department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its issuance if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) the petition for reconsideration is disposed of; or
- (b) the petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

For your records I have also enclosed a copy of your Application for Amendment of Permit, which was approved.

Sincerely,

A handwritten signature in cursive script, reading "Shelley W. Keen".

Shelley W. Keen
Water Rights Supervisor

SK:klt

Enclosure

MICROFILMED 3

CERTIFICATE OF MAILING

I hereby certify that on the 24th day of October, 1997, I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER (Approved License) to the person(s) listed below:

Water Right No. 01-07084C

HAZELTON/WILSON JOINT VENTURE
PO BOX 7867
BOISE ID 83707


Kari Lynn Townsend
Secretary

MICROFILMED
OCT 29 1997

ASSIGNMENT AND ASSUMPTION AGREEMENT
(COLLATERAL ASSIGNMENT OF WATER PERMIT
NOS. 01-7010D AND 01-7084C)

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of October 16, 1997, is made by and between ALLSTATE LIFE INSURANCE COMPANY (the "Assignor") and NEW YORK LIFE INSURANCE COMPANY and NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION (each, together with its successors and permitted assigns, the "Assignee" and together "Assignees").

R E C I T A L S

A. Hazelton/Wilson Joint Venture, a joint venture organized and validly existing under the laws of the state of Idaho (the "Company") and the Sumitomo Bank, Limited, acting through its Los Angeles Branch ("Sumitomo"), previously entered into that certain Credit Agreement dated as of May 23, 1991, as amended by that certain First Amendment to Credit Agreement dated as of March 13, 1992 (as amended, supplemented, modified and in effect, the "Credit Agreement"), pursuant to which Sumitomo agreed to make construction loans in the aggregate amount of up to Eighteen Million One Hundred Thirty-Four Thousand Dollars (\$18,134,000), which construction loans are evidenced by a Secured Promissory Note dated May 23, 1991 (the "Original Note").

B. As an inducement to Sumitomo to make the loans, the Company, Land Title and Escrow, Inc., an Idaho corporation (the "Trustee"), and Sumitomo, previously entered into a Trust Agreement and Collateral Assignment of Water Permit Nos. 01-7010D and 01-7084C dated May 23, 1991 (the "Original Trust Agreement"), pursuant to which the Company granted and assigned to the Trustee, as trustee for the benefit of Sumitomo, a first priority security interest in all the Company's right, title, and interest in and to the Permit Nos. 01-7010D and 01-7084C and all amendments and supplements thereto as collateral security for the loans.

C. In connection with the purchase by the Assignor from Sumitomo of the Original Note, as amended and restated and substituted or exchanged for by certain notes (the "Notes"), the Company, the Assignor and the Trustee entered into the Trust Agreement and Collateral Assignment of Water Permit Nos. 01-7010D and 01-7084C ("Trust Agreement"), dated as of July 9, 1993, pursuant to which the Company granted and assigned to the Trustee, as Trustee for the benefit of the Note Purchaser, a first priority security interest in all of the Company's right, title and interest in and to the Permit Nos. 01-7010D and 01-7084 and all amendments and supplements thereto as collateral security for the payment obligations of the

Assignment: Trust Agreement
and Collateral Assignment
of Water Permits

Company under that certain Note Purchase Agreement between the Company and the Assignor, dated as of July 9, 1993 (the "Note Purchase Agreement").

D. In connection with the sale by the Assignor to the Assignees of the Notes, the Assignor has agreed to transfer all of the related collateral security and lien rights securing the Notes to the Assignees, and the Assignees have agreed to purchase the Notes and assume the rights and obligations of the Assignor under the Trust Agreement.

E. Each term used but undefined in this Agreement shall have the meaning assigned to such term in the Note Purchase Agreement.

In consideration of the foregoing and the mutual covenants contained in this Agreement, the parties hereby agree as follows:

Section 1. Assignment. The Assignor hereby assigns and conveys unto the Assignees all of its right, title and interest in and to the Trust Agreement. Each Assignee hereby assumes without recourse or warranty all of the Assignor's obligations and liabilities under the Trust Agreement and agrees to indemnify and hold harmless the Assignor with respect to such obligations and liabilities of the Assignor under the Trust Agreement.

Section 2. Assignor's Representation. The Assignor represents and warrants that it is a party to the Trust Agreement and that its right, title and interest is free and clear of any adverse claim.

Section 3. Governing Law and Construction. **THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.**

Section 4. Binding Effect. This Agreement applies to, inures to the benefit of and binds all parties to this Agreement and their successors and assigns.

Section 5. Counterpart Signatures. The parties may sign any number of copies of this Agreement. Each signed copy shall be an original, but all of them together represent the same agreement.

Assignment: Trust Agreement
and Collateral Assignment
of Water Permits

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ALLSTATE LIFE INSURANCE
COMPANY

By: [Signature]
Name: _____
Title: _____

INV
LAW
KOK

By: [Signature]
Name: _____
Title: _____

NEW YORK LIFE INSURANCE
COMPANY

By: _____
Name: _____
Title: _____

NEW YORK LIFE INSURANCE AND
ANNUITY CORPORATION

By: _____
Name: _____
Title: _____

Assignment of Trust Agreement
and Collateral Assignment
of Water Permits

OCT 29 1997

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ALLSTATE LIFE INSURANCE
COMPANY

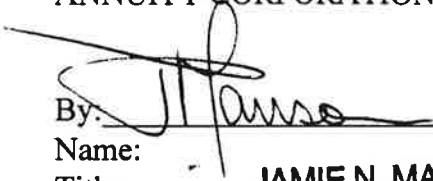
By: _____
Name:
Title:

By: _____
Name:
Title:

NEW YORK LIFE INSURANCE
COMPANY

By:  _____
Name: JAMIE N. MANSON
Title: DIRECTOR - PROJECT FINANCE

NEW YORK LIFE INSURANCE AND
ANNUITY CORPORATION

By:  _____
Name: JAMIE N. MANSON
Title: DIRECTOR - PROJECT FINANCE

Assignment of Trust Agreement
and Collateral Assignment
MICROFILMED of Water Permits

OCT 29 1997

The undersigned hereby acknowledges
and consents to the assignment
and assumption set forth above:

HAZELTON/WILSON JOINT VENTURE

By: HAZELTON POWER COMPANY

By: *Randolph J. Hill*
Name: *Randolph J. Hill*
Title: *President*

By: H.W. HYDRO PARTNERSHIP,
A LIMITED PARTNERSHIP

By: L.B. Development, Inc.,
its general partner

By: _____
Name:
Title:

LAND TITLE AND ESCROW, INC.

By: _____
Name:
Title:

The undersigned hereby acknowledges
and consents to the assignment
and assumption set forth above:

HAZELTON/WILSON JOINT VENTURE

By: HAZELTON POWER COMPANY

By: _____
Name:
Title:

By: H.W. HYDRO PARTNERSHIP,
A LIMITED PARTNERSHIP

By: L.B. Development, Inc.,
its general partner

By: Christopher W. Clark
Name: Christopher W. Clark
Title: Corporate Secretary

LAND TITLE AND ESCROW, INC.

By: _____
Name:
Title:

Assignment: Trust Agreement
and Collateral Assignment
of Water Permits

The undersigned hereby acknowledges
and consents to the assignment
and assumption set forth above:

HAZELTON/WILSON JOINT VENTURE

By: HAZELTON POWER COMPANY

By: _____
Name:
Title:

By: H.W. HYDRO PARTNERSHIP,
A LIMITED PARTNERSHIP

By: L.B. Development, Inc.,
its general partner

By: _____
Name:
Title:

LAND TITLE AND ESCROW, INC.

By:  _____
Name: Rick Bernsen
Title: Executive Vice President

LA-1\102257_2

Assignment: Trust Agreement
and Collateral Assignment
of Water Permits

MICROFILMED
OCT 29 1997

13087000 HISTORIC DIVERSION NORTH SIDE CANAL AT MILN (1000 AC-FT)

087000 9	0	0	0	0	0	0	0	528	808	911	813	197
087000010	105	0	0	0	0	0	331	817	1068	1047	367	564
087000011	386	276	224	555	586	804	1134	1403	1524	1478	851	1013
087000012	544	711	623	516	428	898	1267	1285	1433	1531	1480	1251
087000013	374	457	1035	529	417	909	1074	1483	1552	1585	1484	1325
087000014	582	628	902	395	342	580	943	1585	1565	1238	1302	995
087000015	175	73	393	342	493	746	1064	1448	1371	852	446	690
087000016	9	192	519	546	318	523	979	1608	1620	1655	1596	1329
087000017	1095	686	517	507	441	344	25	1048	1500	1688	1682	1354
087000018	134	231	241	386	272	474	990	1480	1640	1775	1732	1434
087000019	304	5	415	352	358	465	851	1458	1295	634	167	193
087000020	293	481	397	388	363	671	868	1658	1840	1814	1410	487
087000021	351	406	397	353	325	395	722	1671	1705	1884	1349	872
087000022	424	422	405	344	233	215	295	1263	1780	1878	1652	773
087000023	346	367	345	291	269	409	890	1742	1658	1831	1591	904
087000024	186	366	349	290	275	539	1052	916	546	724	173	255
087000025	716	438	389	309	274	531	1078	1809	1792	1766	1599	997
087000026	395	363	406	329	319	601	1283	1233	1607	1098	700	469
087000027	641	673	418	343	278	472	651	1771	1797	1865	1873	1457
087000028	448	293	355	301	299	529	851	1880	1790	1920	1860	1510
087000029	584	258	313	246	222	311	660	1760	1830	1870	1860	1490
087000030	266	102	470	450	426	603	1450	1220	1810	1910	1600	1080
087000031	67	319	309	320	250	403	774	1830	1500	1490	1090	338
087000032	516	479	363	344	286	392	637	1400	1360	1700	1650	1270
087000033	464	320	357	287	230	258	516	1360	1700	1540	1680	1140
087000034	375	417	387	350	369	353	513	1120	1150	1010	508	262
087000035	132	211	112	299	229	163	24	1091	1439	1504	989	624
087000036	8	283	274	267	196	244	330	1600	1531	1461	1386	850
087000037	434	331	285	244	162	182	165	1298	1384	1754	1576	700
087000038	306	330	318	289	267	285	240	1254	1464	1527	1535	1002
087000039	207	318	258	245	218	249	742	1544	1452	1552	1536	748
087000040	170	351	321	271	243	207	609	1396	1502	1523	1341	488
087000041	86	265	295	256	239	251	665	1393	1265	1551	1427	628
087000042	18	337	315	288	247	308	384	1216	1329	1573	1606	1054
087000043	15	303	328	305	259	345	408	1419	1287	1612	1645	1194
087000044	548	175	333	313	284	328	239	1135	1115	1596	1578	1036
087000045	448	208	312	288	260	350	366	1371	1298	1673	1635	1020
087000046	304	315	304	286	251	281	284	1552	1482	1612	1632	798
087000047	165	247	309	272	224	223	562	1489	1159	1635	1575	1038
087000048	190	267	288	220	285	346	623	1351	1447	1586	1573	1099
087000049	359	304	239	242	132	198	555	1555	1432	1594	1589	908
087000050	444	359	297	245	206	228	679	1372	1482	1678	1578	1110
087000051	464	379	342	312	228	233	624	1164	1509	1672	1551	1088
087000052	164	346	321	288	261	261	418	1437	1607	1686	1669	1183
087000053	494	351	300	266	235	209	672	1399	1367	1734	1683	1256
087000054	443	373	297	276	240	257	686	1506	1352	1661	1667	1212
087000055	250	246	322	244	217	238	93	1234	1659	1716	1736	1348
087000056	31	241	280	270	214	206	675	1468	1524	1720	1628	1150
087000057	354	0	239	202	180	184	523	1306	1506	1756	1699	1195
087000058	176	107	287	249	187	190	538	1531	1527	1804	1690	1140
087000059	341	121	301	240	241	199	831	1310	1495	1751	1681	939
087000060	130	202	253	179	167	144	625	1476	1442	1750	1629	1141
087000061	324	0	0	0	0	0	734	1387	1028	1425	1102	369
087000062	0	0	0	0	0	0	574	1389	1512	1851	1772	1330
087000063	311	0	0	0	0	0	708	1338	1431	1856	1701	1100
087000064	317	0	0	0	0	0	416	1423	1421	1840	1792	1332
087000065	218	0	0	0	0	99	753	1408	1535	1784	1673	1125
087000066	252	0	0	0	0	0	874	1593	1545	1802	1677	1173
087000067	229	0	0	0	10	84	878	1397	1428	1864	1790	1464

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08700068	392	0	0	0	0	81	810	1331	1559	1859	1414	1043
08700069	307	0	0	0	0	14	742	1496	1497	1748	1748	1139
08700070	182	0	0	0	0	62	557	1338	1532	1786	1684	947
08700071	162	0	0	0	0	44	633	1400	1468	1824	1820	1196
08700072	149	0	0	0	0	32	701	1529	1581	1831	1744	1098
08700073	81	0	0	0	0	62	574	1490	1584	1775	1648	894
08700074	83	0	0	0	0	43	453	1426	1588	1782	1595	1069
08700075	190	0	0	0	0	14	256	1141	1545	1785	1613	1174
08700076	87	0	0	0	0	34	421	1168	1425	1813	1501	1048
08700077	208	0	0	0	0	125	688	1015	1061	1413	1103	310
08700078	0	0	0	0	0	31	310	937	1231	1615	1426	532
08700079	36	0	0	0	0	0	293	1299	1540	1677	1403	1122
08700080	241	0	0	0	0	24	512	1232	1139	1624	1408	793
08700081	191	0	0	0	0	86	411	962	1193	1623	1539	1012
08700082	413	3	0	0	0	0	150	1031	1251	1494	1398	867
08700083	102	0	0	0	0	39	281	935	1392	1557	1279	878
08700084	135	0	0	0	0	0	206	885	945	1561	1356	890
08700085	186	0	0	0	0	0	337	1247	1361	1600	1334	693
08700086	423	217	0	0	0	0	408	1086	1294	1449	1341	699
08700087	54	0	0	0	0	44	628	1290	1254	1374	1246	782
08700088	88	0	0	0	0	9	413	1053	1241	1470	1283	730
08700089	382	0	0	0	0	13	322	1249	1368	1633	1429	977
08700090	183	7	0	0	0	85	829	1214	1226	1665	1488	1057
08700091	547	0	0	0	0	6	515	919	1359	1618	1535	963
08700092	558	0	0	0	0	5	724	1208	1247	1227	1085	530
08700093	436	0	0	0	0	0	118	1207	1328	1623	1422	1042
08700094	211	0	0	0	0	164	743	1089	1354	1584	1285	873
08700095	108	0	0	0	0	79	441	881	881	1432	1412	1021
08700096	658	0	0	0	0	194	486	1036	1389	1532	1308	895

OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEPT

X 100 AC-FT (Decimal not showing)

Blue Highlighted year = 811,100 AC-FT

Data from IDWR Hydrology Section
Provided by John Lindgren.

S.W. Kee
10/8/97

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OCT 29 1997



Ida-West Operating Services, Inc.

1199 Shoreline Lane, Suite 310
P.O. Box 7867
Boise, Idaho 83707
208 - 336-4254
Fax - 336-4120

RECEIVED

AUG 14 1997

August 13, 1997

Department of Water Resources

Mr. Shelly W. Keen, Water Rights Supervisor
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

Subject: Hazelton/Wilson Joint Venture Water Right No. 01-07084C

Dear Mr. Keen:

The enclosed edited copy of the Application for Amendment for Water Right No. 01-07084C contains necessary changes for Hazelton/Wilson Joint Venture. Also, included with our revised Amendment is the requested \$50.00 filing fee.

If you have any questions, please contact me at (208) 336-4254.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sherry Huber', is written over a horizontal line.

Sherry Huber
Manager Operations

MICROFILMED

OCT 29 1997

MEMORANDUM

DATE: August 11, 1997

TO: Water Right File 01-07084C

FROM: Shelley W. Keen *SWK*

RE: Phone call from Sherry Hubert of Hazelton-Wilson Joint Venture

Last week Sherry Hubert of Hazelton-Wilson Joint Venture (208-336-4254) called to discuss my request for a licensing amendment. Ms. Hubert had two concerns.

The amendment form lists the point of diversion and place of use as being in Twin Falls County. In fact, they are in Jerome County. I told Ms. Hubert that we will correct the error.

The recommended season of use, March 1 to November 30, is less than what was permitted and is, in Ms. Hubert's view too restrictive. Ms. Hubert explained that power generation under this right occurs whenever water is diverted into the North Side Main Canal. She believes that there may have been years in the past when water was diverted into the canal before March 1 or after November 30, and she does not want power production to be restricted if early or late season diversions occur again. Ms. Hubert was not willing to supply records showing the dates when water was diverted into the canal in years past. I suggested that it might be possible to list a year around season of use on the license and to explain its connection to the irrigation diversions in remarks.

At my suggestion, Ms. Hubert said she would write the changes on the amendment form and return it to me with the fee.

MICROFILMED

OCT 29 1997

FROM *Kari Lynn*

DATE *7-25-97*

TO *File #01-07084C*

SUBJECT *Telephone message*

*Left a phone message on answering machine
re: we need for current mailing address
for Hazelton / Wilson Joint Venture.*

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OCT 29 1997

Kari Lynn

SIGNATURE



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. BOX 83720, Boise, Idaho 83720-0098

Phone: (208) 327-7900 FAX: (208) 327-7866

July 15, 1997

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

HAZELTON/WILSON JOINT VENTURE
1199 SHORLINE LN
BOISE ID 83702

RE: WATER RIGHT NO. 01-07084C

Dear Permit Holder(s):

The above referenced water right is in the process of being licensed. However, before a license can be issued, your permit must be amended to depict your water right as it has actually been developed.

The enclosed Application for Amendment contains information that will be included on the license when it is issued. The amendment reflects a change in the location of the point(s) of diversion. Please review carefully and if you concur, sign the amendment and return with the \$50.00 filing fee within 14 days.

The last page of the Application for Amendment form contains a list of Conditions of Approval and Remarks proposed for the license when it is issued. These conditions of approval and remarks may be modified upon further administrative review.

If you do not concur, or if you have any questions about this information, please contact me as soon as possible. My telephone number is (208) 327-7946.

Sincerely,

Shelley W. Keen
Water Rights Supervisor

SK:klt

Enclosure

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OCT 29 1997

WR0749NP
No. L01-07084C

IDAHO DEPARTMENT OF WATER RESOURCES
WATER RIGHT PROFILE REPORT

DATE: 06/06/97
PAGE: 1

OWNER CODE	NAME & ADDRESS	PRIORITY DATE	WATER USE	USE PERIOD FROM TO	DIVERSION RATE	DIVERSION VOLUME
C	HAZELTON/WILSON JOINT VENTURE 1199 SHORLINE LN BOISE ID 83702	12/03/1984	POWER	03/01 11/30	3200.000 CFS	1742400.00 AFA
TOTAL DIVERSION:					3200.000 CFS	1742400.00 AFA

Water Source: SNAKE RIVER

Tributary to: COLUMBIA RIVER

Stage: LICENSE

Point(s) of Diversion Capacity: 3208.000 CFS

Point(s) of Diversion: T10S R21E S28 Lot 05(SWNW)

TWIN FALLS County

Place of use Legal Description for: POWER

NE				NW				SW				SE											
T	R	S	:	NENE	NWNE	SWNE	SENE	:	NENW	NWNW	SWNW	SENW	:	NESW	NWSW	SWSW	SESW	:	NESE	NWSE	SWSE	SESE	:
				Lt	Ac	Lt	Ac		Lt	Ac	Lt	Ac		Lt	Ac	Lt	Ac		Lt	Ac	Lt	Ac	
09S	20E	35	:					:					:					:					:

Pou County: TWIN FALLS

Other Water Rights with Same Point(s) of Diversion with Stage (Includes All Sources):

01-00005 01-00016 01-00023 01-02015 01-07010B 01-07010C 01-07011 01-07054 01-07084B 01-07123
01-07124 37-07891 L01-07010B L01-07084B

Conditions of Approval:

- 025 - This right does not constitute Idaho Public Utilities Commission
- or Federal Energy Regulatory Commission approval that may be
- required.
- 027 - Use of water under this right shall be non-consumptive.
- R22 - The rights for the use of water confirmed in this license
- shall be junior and subordinate to all rights for the use of
- water other than hydropower, within the State of Idaho that are
- initiated later in time than the priority of this right and
- shall not give rise to any right or claim against any future
- rights for the use of water, other than hydropower, within the
- State of Idaho initiated later in time than the priority of this
- right.
- R04 - Use of water under this water right will be regulated by the
- watermaster of State Water District No. 01.

Remarks:

Water diverted outside of the normal irrigation season can only
be diverted at such times as there are sufficient flows in the
Snake River to satisfy Idaho Power Company's water rights at its
Twin Falls and Shoshone Falls hydropower plants, and any other
water rights that have an earlier priority than this water
right.
The diversion and use of water for hydropower purposes under this
license is subject to review by the Director on or after

Remarks:

December 21, 2035. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized herein and may revise, delete or add conditions under which the right may be exercised.
The combined diversion of water under this right for the Hazelton A Project and Right 01-07084C for the Hazelton B Project is limited to 3200.0 cfs.
Water used for power production purposes under this right is also used for irrigation purposes under the water rights of the North Side Canal Co.

Dates:

App. Received: 12/03/1984 Priority Date: 12/03/1984
Proof Due Date: 07/01/1993 Proof Made Date: 06/30/1993
Exam Made Date: 10/27/1995 Exam Sent to S.O.: 11/01/1995
Licensed Date:

Misc:

Water District Number: 01 Field Exam Fee: R (Received)

Audit:

05/15/97 SCURTIS 05/16/97 SCURTIS 05/19/97 SCURTIS 06/02/97 SCURTIS
06/02/97 SCURTIS 06/05/97 SCURTIS

MEMORANDUM

TO: Files 01-07084B & C

FROM: Sharla

DATE: June 2, 1997

RE: Season of Use and Annual Volume

Flow of water through the power facilities occurs mainly during the irrigation season. A condition was placed on the permit relative to diverting water outside of the normal irrigation season. In a telephone conversation on this date, Cindy Bird spoke with Sherry (Project Coordinator with Ida-West for Hazelton/Wilson Joint Venture) and she confirmed that water is diverted sometimes as early as March 1 and no later than the first of December. This information coincides with data located in the map and exhibit files. Flow information for the Northside Canal Co. project shows diversions as early as March 15 and as late as December 1. The power purchase agreements refer to "three seasons", with one season being December through February and no diversions are shown as taking place in this season.

changed per telecon 8/11 memo background
~~The season of use to be shown on the licenses, therefore, is March 1 through November 30. The annual volume has been calculated accordingly.~~
is being left as calculated on 3/1 - 11/30 season.

The condition regarding diversions outside the normal irrigation season will be retained and a condition will be used to limit the flow to 3200.0 under both projects combined along with the irrigation rights flowing through the power facilities onto Northside Canal Co. lands.

*For annual volume
data, see Historic Division
North Side Canal at Milner data
from 10/4/97.
S.W. Kae*

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OCT 29 1997

LICENSE REVIEW CHECKLIST

PERMIT NO. 01-07084C

DATE 5/14/97

REVIEWER: SHARLA

NAME Change OK

Address Change No - no assign. to Ida. Dist Energy

SOURCE Change OK

Is change clarification of originally intended source? Yes

POINT OF DIV Change OK

If not, prepare Notice of Intent to Void Amendment required yes

PLACE OF USE Change OK

Amendment required No

Does map agree with written description? yes no

OVERLAPS P/D P/U

RATE OF DIV

Permitted Rate 3200.0 cfs

Fee limit 20.0+ cfs 4600.00

Measured 3208.0 cfs

Theoretical cfs

Recommended Total Div Rate 3200 cfs

ANNUAL VOLUME/
NATURE OF USES

Yes

Use

Power

Volume Calculation

 af
 af
 af
 af
SUBTOTAL af

Flow rate 3200 cfs X 365 days X 1.9835 = 2,312,640.0 af

Total volume recommended af

(SUBTOTAL or Flow Rate, whichever is less)

REMARKS

W42
spec cond outside irrig season

Proj. name: Hazelton B

CONDITIONS RA Watermaster Control WD# 01

 GW Measurement/Measuring Device

 Overlap

 Use-specific conditions 025, 027, R22

Advancement of Priority Date Required yes no

SRBA Claim Filed N/A
Adjustment Memo season volume

1st Amend Letter P39 P38
2nd Amend Letter P47

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
BENEFICIAL USE FIELD REPORT

RECEIVED

NOV 13 1995

Department of Water Resources

A. GENERAL INFORMATION

Permit No. 01-07084C

1. Owner: Ida-West Energy Phone No. 336-4254

Current Address: 1199 Shoreline Lane, Suite 310, Boise, ID 83702

2. Accompanied by: DeJoy Albertson EXAM DATE: 10-27-95

Address: PO Box 310, Hazelton, ID 83335 Phone No. 829-5344

Relationship to Permit Holder: plant operator

3. Source: Snake River tributary to _____

B. OVERLAP REVIEW

1. Other water rights with the same place of use: _____

2. Other water rights with the same point of diversion: 01-7084A & B, 00005, 00016, 00015, 07011
07054, 7010B & C, 7124

C. DIVERSION AND DELIVERY SYSTEM

1. Point(s) of Diversion:

Recharge Dist.

Ident No.	Gov't Lot	1/4	1/4	1/4	Sec.	Twp.	Rge.	County	Method of Determination/Remarks
	5		NW	NE	28	10S	21E	Jerome	Milner Quad Map
		SW	SW	NW					

2. Place(s) of Use:

Indicate Method of Determination

TWP	RGE	SEC	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
9S	20E	35					P												

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E. NARRATIVE/REMARKS/COMMENTS

Milner Dam on Snake River provides head for movement of water into North Side Main Canal. About 1/2 mile of new channel has been constructed above the power plant to move the entire flow of the NSMC to the plant. Water runs thru the plant & back into the old NSMC channel for delivery to downstream irrigators. The old NSMC channel east of the power plant is still used as an overflow channel as needed.

This power plant is about 1 1/2 miles downstream from the plant developed under Permit 01-07084B. Both facilities use the same water. The P/D listed on the 7084B exam is wrong - it is nowhere near the Snake River.

The P/D I am recommending is the point where Milner Dam crosses the main channel of the Snake River. This is also where the NSMC leaves Milner Reservoir.

Suggest 7084B & C be licensed together.

The water supply for these two power plants is totally controlled by the irrigation demands of the North Side Canal Co. Flows are reduced or shut off as the NSCC sees fit. The starting & ending dates for plant operation vary from year to year. The recommended period of use is for the earliest & latest dates that water is available in the NSMC.

Although the design specs for each turbine call for 1447 cfs (2900 cfs plant capacity), the plant operator said that the full 3200 cfs could be utilized for power production.

Have conditions of permit approval been met?

☒ yes ☐ no

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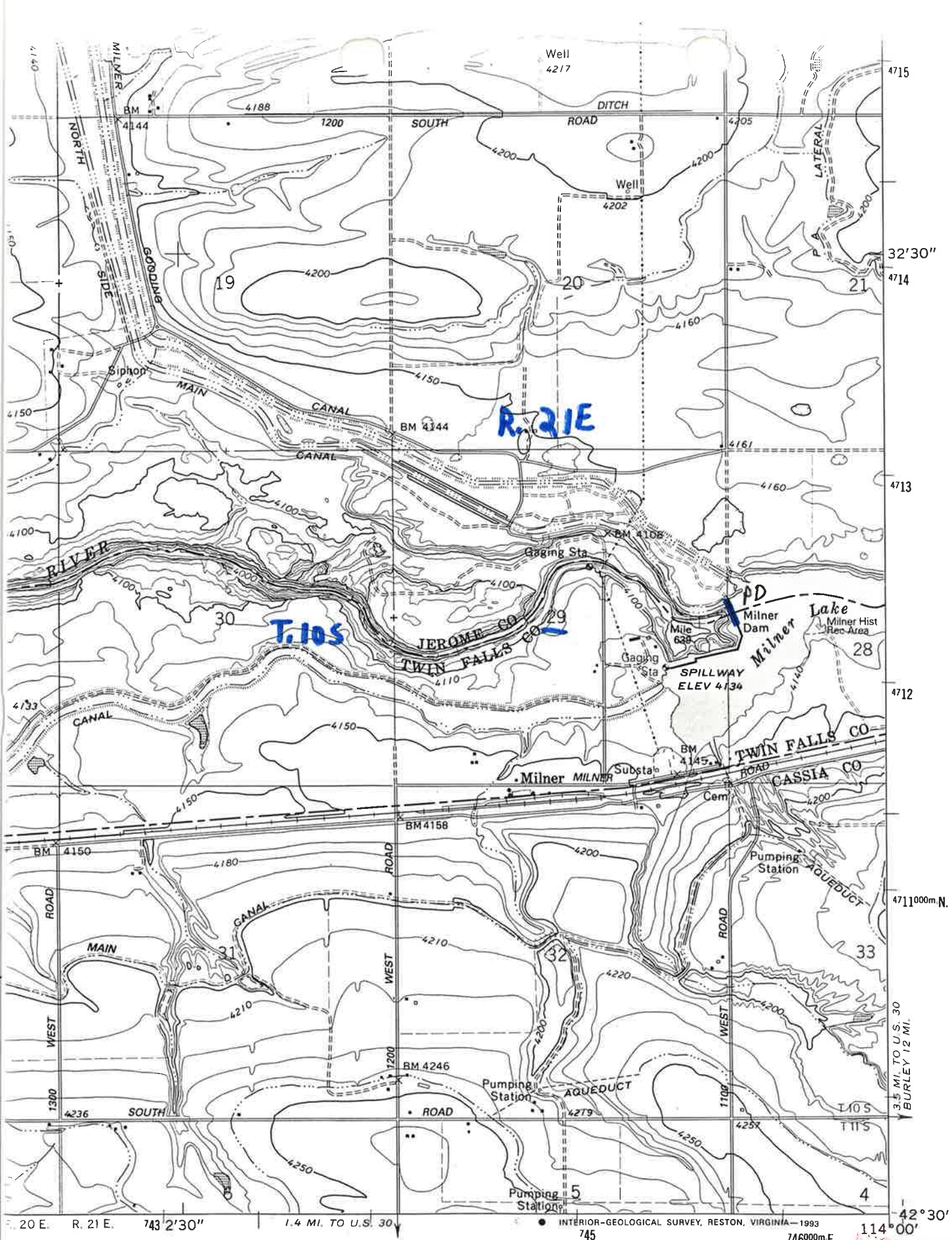
OCT 29 1997

2. TURBINE DESCRIPTION

2.A HAZELTON "B" AND WILSON LAKE GENERATING STATIONS

2A.1 <u>Kaplan Pit Turbine</u>	HAZELTON "B"	WILSON LAKE
Turbine Design Data		
Net head, rated	31 ft	40 ft
Discharge, rated	1447 ft ³ /sec	1457 ft ³ /sec
Generator output, rated	3420 KW	4468 KW
Turbine output at rated head & discharge	3568 KW	4660 KW
Speed	200 RPM	200 RPM
Runner diameter	2600 mm (102.36")	2600 mm (102.36")

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ROAD CLASSIFICATION

Primary highway, all weather, hard surface _____
 Secondary highway, all weather, hard surface _____
 Light-duty road, all weather, improved surface _____
 Unimproved road, fair or dry weather _____

○ Interstate Route □ U. S. Route ○ State Route

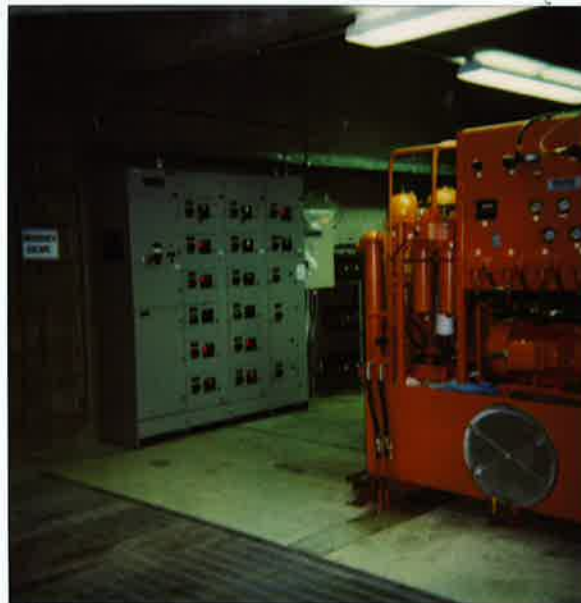
PHOTO FILMED
 OCT 29 1957
 (BURLY BUTTE)

Topographic map of the Eden NE area, showing the Gooding Canal Bridge 2.2 MI. The map includes contour lines, roads, and a blue line representing the canal. Key locations include McHenry, Greenwood, and various landmarks like 'P/U' and 'Gravel Pit'. The map is overlaid with a grid showing coordinates like 739 5' and 740.



Air Vent For Generators

Plant Interior
(Impellers Under
Floor Grating)



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DET 2 8 1987

01-07084C



Upstream Face of Power Plant



Canal Below Plant

Power Plant



MICROFILMED
APR 29 1987

01-07084C

July 2, 1993

HAZELTON/WILSON JOINT VENTURE
1199 SHORLINE LN
BOISE ID 83702

PROOF ACKNOWLEDGMENT LETTER

RE: PERMIT NO. 01-07084C

Dear Permit Holder:

The department acknowledges receipt of the proof of beneficial use form submitted for the above referenced permit. The next step in the process of developing a water right is for the department to conduct a field examination to determine and confirm the use being made of the water.

If you have questions concerning this matter, please feel free to contact the SOUTHERN Regional Office in Twin Falls at (208)736-3033.

Sincerely,

Karen L. Gustafson
Secretary/Records Manager

c: IDWR - Region

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OCT 29 1997

**ANALYSIS SHEET
FOR
PROOF OF BENEFICIAL USE**

Permit No. 01-07084C Reviewed by Klg Date 7/1/93

GENERAL CONSIDERATIONS

TYPES OF USE

yes Name same as permit? power -
no Address same as permit?
yes Proof timely received? Correct Uses? yes
If not, complete calculation below.

SOURCE OF WATER

✓ Surface water source
Ground water source
NA Drilling permit required?
Copy in the file? Drilling Permit No. _____
Amount paid for permit _____ Correct?
Well log in the file?

LICENSE EXAMINATION FEE

MEASURING DEVICE

yes Required? yes Required?
600 Amount Submitted no Installed?
yes Correct? no Waiver requested?

PRIORITY CALCULATION

Date proof received NA
Date proof due _____ - _____
No. of days late _____ = _____
Priority Date _____ + _____
New Priority Date _____

DEFICIENCIES OR ACTION ITEMS

needs a flow

DATA ENTRY

New Address 1199 Shoreline Ln 83702

Proof Made 6/30/93
7/1/93 Klg

IDAHO
DEPARTMENT OF WATER RESOURCES
Richard Street
83706-2237

CERTIFIED MAIL

NO. 33303 ID 837 009 40068-10-380

FUE 209

Remailed
5/6/93

Subsid of
Ida Pow

736-4010
324-7507

RECEIVED
MAY 4 1993
Kiplung
PO Box 786
83707

Ida West
Idaho Power
Opn Packwood
1221 W Idaho
Boise,

APR 3 09 3
P8 meter
7092444
OCT 29 1997
U.S. POSTAGE
152

April 30, 1993

HAZELTON/WILSON JOINT VENTURE
333 N. 13TH ST.
BOISE ID 83702

RE: PERMIT NO. 01-07084C PROOF DUE NOTICE

Dear Permit Holder:

One of the conditions of approval of the above referenced water permit was that proof of the extent of your beneficial use must be submitted to this office on or before July 1, 1993. (See last page of your approved permit or your last approved extension request.) Enclosed is a form which when accompanied by the license examination fee or a complete field examination report prepared by a certified water right examiner may be used to submit the required proof.

If you have not fully completed your project, and you or a previous owner of this permit have not received a prior extension of time, you may request an extension of time if the delay is for reasonable cause as provided in Section 42-204, Idaho Code. If you have been prevented from proceeding by a governmental agency or by litigation which might bring title to the water in question, more than one extension of time can be granted. An extension of time request form is enclosed for your convenience.

Either an acceptable proof of beneficial use submittal or an acceptable request for an extension of time must be received by this department on or before the above described proof due date. If neither is received, the department will send you a lapse notice. Within sixty (60) days of the mailing of the lapse notice, the permit will no longer be of any force nor effect.

SINCERELY,

Karen L. Gustafson
Secretary/Records Manager

Enclosures



140179

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OCT 29 1997



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720-9000

Phone: (208) 327-7900 FAX: (208) 327-7866

May 22, 1991

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

<name>

RE: Trust Agreement and Collateral Assignment of Water Permit
Nos. 01-7084C and 01-7010D

Dear <sal>:

This office has received an executed copy of a Trust Agreement and Collateral Assignment of Water Permit Nos. 01-7084C and 01-7010D dated as of May 23, 1991, (the "Collateral Assignment"), among Hazelton/Wilson Joint Venture, an Idaho joint venture (the "Company"), The Sumitomo Bank, Limited, Los Angeles Branch (the "Lender"), and Land Title and Escrow Inc., an Idaho corporation ("Land Title"), pursuant to which the Company shall grant and assign a first priority security interest in all of its right, title and interest in and to the above-referenced permits (the "Permits") to Land Title, as trustee for the benefit of the Lender.

This office has also received an executed copy of (i) the Assignment of Permit between North Side Canal Company, an Idaho corporation ("NSCC"), and Wilson Power Company, an Idaho corporation ("Wilson"), pursuant to which NSCC has assigned all of its right, title and interest in and to Permit No. 01-7010D to Wilson (the "NSCC/Wilson Assignment"); (ii) the Assignment of Permit between NSCC and Hazelton Power Company, an Idaho corporation ("Hazelton"), pursuant to which NSCC has assigned all of its right, title and interest in and to Permit No. 01-7084C to Hazelton (the "NSCC/Hazelton Assignment"); (iii) the Assignment of Permit between Wilson and the Company, pursuant to which Wilson has assigned all of its right, title and interest in and to Permit No. 01-7010D to the Company (the "Wilson/Company Assignment"); and (iv) the Assignment of Permit between Hazelton and the Company, pursuant to which Hazelton has assigned all of its right, title and interest in and to Permit No. 01-7084C to the Company (the "Hazelton/Company Assignment," together with the NSCC/Hazelton Assignment, the NSCC/Wilson Assignment and the Wilson/Company Assignment, collectively, the "Assignments"). In addition, this office has received certificates from the office of the Secretary of State of the State of Idaho verifying that each of Hazelton, Wilson, the Company, NSCC and Land Title are qualified to do business in Idaho.

RECEIVED
OCT 22 1992

Credit Agreement
May 22, 1991
Page - 2

Based upon our understanding of the information contained in the Collateral Assignment, the Lender has agreed to provide financing to enable the Company to, among other things, finance the cost of construction of the Hazelton B Hydroelectric Project and the Wilson Lake Hydroelectric Project (collectively, the "Projects"), pursuant to the Credit Agreement dated as of May 23, 1991 (the "Credit Agreement"), between the Company and the Lender. This office also understands that, (i) as a condition to the making of loans under the Credit Agreement, the Lender has required that the Assignments be executed and delivered and (ii) as part of the security for the Obligations (as defined in the Credit Agreement), the Lender has required that the Permits be assigned to Land Title, as trustee for the benefit of the Lender, pursuant to the Collateral Assignment in order to protect the Lender's interest in the Permits.

We find that the Assignments and the Collateral Assignment satisfy the requirements of Idaho Code Sections 42-206 through 42-210. Specifically, Land Title is qualified entity to hold the Permits, as trustee, as collateral security, in accordance with the laws of the State of Idaho. Therefore, the Assignments and the Collateral Assignment are consented to and approved by the Idaho Department of Water Resources, as of the date of this letter.

As of the date of this letter, (i) the Permits are in full force and effect, (ii) all conditions contained in the Permits have, to the Department's best knowledge, been complied with, and (iii) the Department has no knowledge of any fact or circumstance that could result in a modification, suspension, termination, revocation or cancellation of any of the Permits.

Please note that the company will continue to be listed as the owner of record of the Permits. The Department acknowledges the collateral assignment to and security interest of Land Title as trustee on behalf of the Lender, the first secured party with respect to the Permits. It is the ultimate responsibility of the parties to the Collateral Assignment to insure that the terms thereof are properly enforced.

Sincerely,

GARY SPACKMAN, Manager
Water Right Permits Section

OCT 22 1992

Edwin F. Foo, Esq.
Milbank, Tweed, Hadley & McCloy
601 South Figueroa Street, 30th Floor
Los Angeles. CA 90017

Randolph J. Hill, Esq.
Hawley Troxell Ennis & Hawley
P.O. Box 1617
First Interstate Center, Suite 1000
877 Main Street
Boise, ID 83701

Project Finance Group
The Sumitomo Bank, Limited, Los Angeles Branch
611 West 6th Street
Los Angeles, CA 90017

David Lincoln, Esq.
Elam, Burke & Boyd
P.O. Box 1539
702 West Idaho Street
Boise, ID 83701

John A. Rosholt, Esq.
Rosholt, Robertson, Tolman & Tucker
142 3rd Avenue North
P.O. Box 1906
Twin Falls, ID 83303-1906

Hazelton/Wilson Joint Venture
333 North 13th Street
Boise, ID 83702

FILED

OCT 22 1992

MEMORANDUM

TO: File No(s): 01-07084C
FROM: Brenda Miller
DATE: May 21, 1991
RE: Approved Permit

=====

Mr. Dave Hershey hand carried the approved permit to the customer's office [Hazelton Power Company].

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Water Right Number - P01-07084C

Adj. Flag Translation: PERMIT

Old (D) Number -

+ - - - - Last Name - - - - + + - First Name - - + + - - - - - Address - - - - - +

*** C - CURRENT OWNER ***
HAZELTON POWER CO.

1 - 333 N. 13TH ST.

2 -

3 -

City- BOISE

State- ID Zip- 83702

Phone - 208-000-0000

*** O - ORIGINAL OWNER ***
NORTH SIDE CANAL CO. LTD.

1 - 921 N. LINCOLN AVE.

2 -

3 -

City- JEROME

State- ID Zip- 83338

Phone - 208-000-0000

+ - - Priority Date - - + + - - Region - - + + - - Stage - - - + + - - Status - - - +
12/03/1984 17 ERROR IN REGION P - PERMIT+ - - Source - - - + + - - Tributary - - - - +
SNAKE RIVER COLUMBIA RIVER+ - - - - Point of Diversion - - - - - +
Twn Rng Sec Tract Lot RFlg County

09S 20E 35 NW NW (83) TWIN FALLS

+ - - - - Water Use - - - - - +
Code Description Period From Period To Diversion Rate Diversion Volume

28 - POWER

01/01

12/31

3200.000

+ - Total Div. Rate - + + - Total Div. Volume - + + - Total Div. Capacity - +
3200.000+ - - - - Place of Use - - - - - +
Twn Rng Sec Tract Lot Acres Code Description County

09S 20E 35 NW NW

28 POWER

(83) TWIN FALLS

Total Acres:

+ - - Diversion Means - MILNER DAM, EXISTING CANAL SYSTEM, HEADWORKS, PENSTOCKS

+ - - Non-Irrigation Use -

+ - - Other Rights for Same Use -

+ - - - - Remarks - - - - - +

Water diverted outside of the normal irrigation season can only
be diverted at such times as there are sufficient flows in the
Snake River to satisfy Idaho Power Company's water rights at itsMICROFILMED
OCT 22 1992

Water right number - P01-07084C

Adj. flag translation: PERMIT

+ - - - - Remarks - - - - - +

Twin Falls and Shoshone Falls hydropower plants, and any other water rights that have an earlier priority than this water right. This permit authorizes the construction of the Hazelton B Project, located in the NWNW, S35, T09S, R20E, B.M. This permit and any subsequent license shall be subject to review and possible amendment, modification or cancellation by the Director of the Department of Water Resources twenty (20) years from the date power is first generated at the power plant.

+ - - - - Conditions of Approval - - - - - +

- 26A - Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
- 01F - The permit holder shall either install a measuring device or a flow measurement port or provide a certified measurement or computation of flow based upon system design to be prepared by a professional engineer.
- 08A - This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.
- 17K - The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.
- 025 - This permit does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
- 027 - Use of water under this permit shall be non-consumptive.

APPROVED
OCT 8 2 1992

+ - - - - Decree Plaintiff - - - +

+ - - - - Decree Defendant - - - +

+ - Decree Date - +
00/00/0000

+ - - - - Comments - - - - - +

Date: 05/13/1991 User Id: SKAGGS Subject: MULTIPLE PLACES OF USE FOR POWER
THIS WATER RIGHT APPLICATION IS UNIQUE BECAUSE IT PROPOSES MULTIPLE PLACES OF USE FOR POWER USE. THE WATER RIGHT APPLICATION HAS ALREADY BEEN SPLIT INTO PARTS A AND B. PART A IS ~~THE~~ THE RESIDUAL PORTION, AND WAS SPLIT AGAIN FOR THIS APPROVAL. IN ORDER TO MORE CLEARLY IDENTIFY THE PROJECTS AS THEY ARE APPROVED, PART A WILL REMAIN THE RESIDUAL PORTION OF THE WATER RIGHT APPLICATION WHILE EACH ADDITIONAL PROJECT WILL BE ASSIGNED THE NEXT LETTER. THIS HAZELTON B PROJECT HAS BEEN ASSIGNED PART C.

+ - - Audit Fields - SKAGGS

Water right number - P01-07084C

Adj. flag translation: PERMIT

+ - - - - Water Rights Dates and Flags Area - - - - - +

Proof Due Date	- 07/01/1993	Field Exam Made	- 00/00/0000	Field Exam Fee	-
Approved/Denied	- 00/00/0000	Protested Date	- 00/00/0000	Swan Falls	- 3
Proof Made Date	- 00/00/0000	Hearing Date	- 00/00/0000	Temporary Right	- P
Start Work Date	- 00/00/0000	Verified Date	- 00/00/0000	DLE/Carey Act	-
Order Show Cause	- 00/00/0000	Receipt Number	-	Water District	-
Licensed Date	- 00/00/0000	Appl Received	- 12/13/1984	Transfer/Amended	-
Decree Date	- 00/00/0000				

WR0728NP
001221992

APPLICATION FOR PERMIT REVIEW

Application #: 01-7084C
Date: 5-10-91

Reviewer: Pam Skaggs ³⁸

Existing:

✓ No

Complete in 1 year - 26A-P17
P16

Yes

Proof not submitted - P16

Proof submitted - N/A

Groundwater:

GT. 0.7 cfs - 01G-P03, 01C-P03 (existing well)

LT. 0.7 cfs - N/A

Drilling Permit:

Approved w/permit - P99

Not included - 046-P23 (All GW, even existing wells)

Location:

Water Districts - WD No. _____

Surface water - 005, 005-01H-P01 (LT. 7 w/pump)
005-01J-P08 (GT. 7)

Groundwater - P05

Irrigation Districts - 023

Canal Co. Areas - 023

Drainage Districts - 024

Boise Front (63) - 058 (Groundwater)

✓ Swan Falls Flag - 3 (1, Blank or Other)

✓ Trust - 051-052-053-P74 (Cons.), 041 (DCMI, w/Irr
or Irr & Dom)

Non Trust - 048-049

River Basins:

(Surface Water) Water District Control Condition &....

Boise (63) - 05A & 11E

Payette (65) - 047-P04, 059-P71

✓ Snake (01, 02 & ~~03~~) - 11A-P04 (01), 061-P07 (02/03 No W.D. Cond.)

Use:

Fish Propagation - 06A, 09E-P10 & 010 (WQ/Choose One),
042 (req.), 002-P06 (MD), 07A (Spec.),
044 (Policy 5G)

✓ Power - 013 (01F), 08A, 17K, 25, 27 Use Power Review

Mining - 06A or 010, 09E-P10 & 054 (req.)

Storage - 18A-for multiple measuring devices (In WD),
18B-P09 (Size)

Rec. & Aesthetic - 027 (Non-Consumptive)

Domestic - 021 (restricted areas)

Ownership:

Non land owner - 004

Protested:

Agreement - 020

Minimum Stream Flow:

Overlapping uses - 029-P20

Beneficial Use Due Date: - 07-01-1993

Other Conditions Recommended Special Conditions per Gary & Memo 4-18-91

MEMORANDUM

TO: File No. 01-7084
FROM: Gary Spackman *Gary*
DATE: April 18, 1991

RE: Approval of the Hazelton B Project

I have reviewed the files, and conclude that all of the information required by the Department has been submitted by the applicant. My review locates the place of use of the Hazelton B power plant in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 35, T9S, R20E, B.M. I also find that the power plant will use water directly from the main Northside canal, and that the entire 3200 cubic feet per second (cfs) proposed by the application may be diverted and used.

I suggest the following conditions of approval:

1. Proof of construction of works and application of water to beneficial use shall be submitted on or before July 1, 1993.
2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.
4. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.
5. The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.
6. Water diverted outside of the normal irrigation season can only be diverted at such times as there are sufficient flows

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OCT 22 1992

MEMORANDUM

File No. 01-7084

Page - 2

in the Snake River to satisfy Idaho Power Company's water rights at its Twin Falls and Shoshone Falls hydropower plants, and any other water rights that have an earlier priority than this water right.

7. This permit authorizes the construction of the Hazelton B Project, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 35, T9S, R20E, B.M.

8. This permit and any subsequent license shall be subject to review and possible amendment modification or cancellation by the Director of the Department of Water Resources twenty (20) years from the date power is first generated at the power plant.

This water right application is unique because it proposes multiple places of use for power use. The water right application has already been split into an A and a B part. The A portion is the residual, and must be split again for this approval. Following standard rules for splitting water rights, this permit for the Hazelton B Project should be numbered 01-7084D and the residual portion should be numbered 01-7084C.

I note that in the documents we have received, permit no. 01-7084B has been assigned to Hazelton Power Company. The Hazelton Power Company should be shown as the current owner of the permit, and the Northside Canal Company should be made the original owner.

MICROFILMED

OCT 22 1992

DRAFT

NO. 1
DATE 5-13-91

TRUST AGREEMENT AND COLLATERAL ASSIGNMENT OF
WATER PERMIT NOS. 01-7010D AND 01-7084C

THIS TRUST AGREEMENT AND COLLATERAL ASSIGNMENT dated this day of , 1991, is made by and among HAZELTON/WILSON JOINT VENTURE, a joint venture organized and validly existing under the laws of the state of Idaho, with its principal office at 333 N. 13th Street, Boise, Idaho 83702 (the "Assignor"); LAND TITLE AND ESCROW, INC., an Idaho corporation with an office at P.O. Box 349, Jerome, Idaho 83338 (the "Trustee"); and THE SUMITOMO BANK, LIMITED, a foreign bank licensed to do business under California banking regulations, with its principal United States office at 611 West Sixth Street, Suite 3700, Los Angeles, California 90017 (the "Bank").

RECITALS:

A. The Assignor and the Bank have entered into a Credit Agreement dated as of the date hereof (the "Credit Agreement"), pursuant to which the Bank has agreed to make a loan to the Assignor in the aggregate principal amount of Eighteen Million One Hundred Thirty-four Thousand Dollars (\$18,134,000) to finance the construction of certain hydroelectric generating facilities in Jerome County, Idaho (the "Projects").

B. As an inducement to the Bank to make the loan to the Assignor under the Credit Agreement IDA-WEST ENERGY COMPANY, an Idaho corporation, with its principal office at 333 N. 13th Street, Boise, Idaho 83702 (the "Guarantor"), has executed a Guaranty dated as of the date hereof (the "Guaranty") in favor of the Bank to guarantee the punctual performance and payment of each and every obligation of the Assignor to the Bank under the Credit Agreement and the other loan documents (as defined in the Credit Agreement) to which it is a party.

C. NORTH SIDE CANAL COMPANY ("NSCC") was issued Permits to Appropriate Public Waters Nos. 01-7010D and 01-7084C (the "Permits") by the Department of Water Resources of the state of Idaho (the "Department") on , 19 ; copies of which are attached hereto as Exhibits A and B.

D. Pursuant to an Assignment of Permit dated , 19 , the NSCC assigned to Wilson Power Company its entire right, title, and interest in and to Permit No. 01-7010D; a copy of which Assignment is attached hereto as Exhibit C.

E. Pursuant to an Assignment of Permit dated , 19 , the NSCC assigned to the Hazelton Power Company its entire right, title, and interest in and to Permit No. 01-7084C; a copy of which Assignment is attached hereto as Exhibit D.

RECEIVED

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F. Pursuant to an Assignment of Permit dated _____, 1991, the Hazelton Power Company assigned to Assignor its entire right, title, and interest in and to the Permit No. 01-7084C; a copy of which Assignment is attached hereto as Exhibit F.

G. Pursuant to an Assignment of Permit dated _____, 1991, the Wilson Power Company assigned to Assignor its entire right, title, and interest in and to the Permit No. 01-7010D; a copy of which Assignment is attached hereto as Exhibit G.

H. The Department has approved the assignments referred to in Recitals D, E, F, and G above; a copy of which approval is attached hereto as Exhibit E.

Accordingly, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENTS

1. The Assignor hereby represents and warrants to the Bank that:

(a) The Recitals are true and correct; and

(b) The Assignor is the lawful owner of the rights and interests granted pursuant to the Permits; the Permits are in full force and effect and have not been amended or modified; and the Assignor has not transferred, assigned, conveyed, or granted a security interest in its rights and interests under the Permits to any person or entity.

2. Subject to and specifically conditioned upon the written approval of this Assignment by the Department, the Assignor hereby grants and assigns to the Trustee, as trustee for the benefit of the Bank, a first priority security interest in all the Assignor's right, title, and interest in and to the Permits and all amendments and supplements thereto. Such assignment is made as collateral security for the punctual performance and payment of each and every obligation of the Assignor to the Bank arising under the Credit Agreement.

3. This Assignment is an assignment only of all right, title, and interest of the Assignor in and to the Permits, and the Assignor covenants and agrees with the Trustee faithfully to perform, observe, and comply with all obligations of the Assignor under the Permits and with all limitations and conditions imposed under the Permits, as if this Assignment had not been made. The Trustee shall not be deemed in any manner to have assumed such obligations, and in no event shall the Bank be deemed to have assumed any of the obligations of the Assignor under or with respect to the permits, unless and until the Bank has given the Assignor written notice that the Bank has affirmatively assumed such obligations as the result of an event of default existing

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under the Credit Agreement or the Guaranty (a "Default") and of the enforcement of the rights and remedies of the Trustee under this Assignment.

4. The Assignor agrees that it will not cancel, terminate, modify, or amend the Permits or surrender any of its water rights granted under the Permits and will not further assign the Permits to any party, without in each instance the prior written consent of the Bank. The Assignor further agrees that it shall deliver to the Trustee or the Bank copies of all written agreements, correspondence, and memoranda between the Assignor and the Department relating to the Permits and any water licenses issued by the Department to replace the Permits.

5. Upon the occurrence of any Default, the Trustee, at the request of the Bank, may without notice or demand and with or without entry upon the site of the Projects, at its option, take over and enjoy the benefits of the Permits to the same extent as the Assignor might do. The exercise of such right by the Trustee shall not affect any of the rights or remedies of the Bank under the Guaranty or under any other instrument securing the performance and payment of the obligations under the Credit Agreement or other Loan Documents. In addition, upon the occurrence of a Default, the Trustee shall have the right to exercise and enforce any and all rights and remedies available after Default to a secured party under applicable law. If notice to the Assignor of any intended disposition of collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to the Assignor at least ten (10) days prior to the intended disposition or other intended action.

6. The Trustee shall hold all right, title, and interest in and to the Permits for the benefit of the Bank subject to the limitations under this Assignment, pending issuance by the Department of water licenses to replace the Permits. Any water licenses issued to replace the Permits shall be issued to the Assignor; provided, however, that this Assignment shall constitute an automatic assignment to the Trustee of all the Assignor's right, title, and interest in and to any such water licenses as collateral security for the punctual performance and payment of each and every obligation of the Assignor and the Guarantor to the Bank arising under the Credit Agreement and the Guaranty, and the rights and remedies of the Trustee with respect to any such water licenses shall be the same as those provided in this Assignment in respect to the Permits. In the event that any water licenses shall be issued to the Trustee instead of to the Assignor, the Trustee shall take all necessary steps to transfer ownership of such water licenses to the Assignor as promptly as possible, subject to the terms of this Assignment. In addition, the Assignor shall execute, acknowledge, and deliver to the Trustee, from time to time as requested by the Trustee, such other documents as shall be necessary or advisable in connection with the rights and remedies of the Trustee granted or provided

for by this Assignment and to confirm the rights created now or hereafter intended to be created under this Assignment; to protect and further the validity, priority, and enforceability of this Assignment; to subject to this Assignment any property or rights intended by the terms hereof to be covered by this Assignment; or otherwise to carry out the purposes hereof and the transactions contemplated hereunder.

7. The Assignor agrees to indemnify and to hold the Trustee harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Trustee in any way relating to or arising out of this Assignment or any action taken or omitted to be taken by the Trustee under this Assignment; provided, however, that the Assignor shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements resulting from the gross negligence or willful misconduct of the Trustee.

8. Nothing herein contained shall be construed as making the Trustee a mortgagee in possession or as constituting a waiver or suspension by the Bank of its right to enforce performance of the obligations under the terms of the Credit Agreement or the Guaranty. The Trustee is not the agent, partner, or joint venturer of either the Assignor or the Department.

9. The Bank hereby appoints and authorizes the Trustee to take such action on its behalf and to exercise such powers under this Assignment as are delegated to the Trustee by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Assignment, the Trustee shall not be required to exercise any discretion or take any action.

10. Neither the Trustee nor any of its respective directors, officers, employees, or agents shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Assignment, except for its own or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Trustee: (i) may consult with legal counsel and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel or experts; (ii) shall incur no liability under or in respect to this Assignment by acting upon any notice, certificate, or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the covenants and agreements of the Assignor under this Assignment or to determine whether a default has occurred; and (iv) shall not be responsible to the Bank for the due execution, legality, validity, enforceability, sufficiency,

or value of this Assignment or any document or instrument furnished pursuant to this Assignment.

11. The Bank agrees to indemnify the Trustee (to the extent not reimbursed by the Assignor upon demand) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Trustee in any way relating to or arising out of this Assignment or any action taken or omitted to be taken by it under this Assignment; provided, however, that the Bank shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements resulting from the gross negligence or willful misconduct of the Trustee.

12. The Trustee may resign at any time by giving at least ninety (90) days' prior written notice thereof to the Bank and the Assignor and may be removed at any time with or without cause by the Bank. Upon any such resignation or removal, the Bank shall have the right to appoint a successor Trustee. If no successor Trustee shall have been so appointed by the Bank and shall have accepted such appointment within sixty (60) days after the retiring Trustee's giving of notice of resignation or the removal of the retiring Trustee, as the case may be, then the retiring Trustee may, on behalf of the Bank, appoint a successor Trustee, which shall be a title insurance company or bank organized under the laws of the United States or of the state of Idaho having its principal office in the state of Idaho, and in the case of any bank having a combined capital and surplus of at least Twenty-five Million Dollars (\$25,000,000). Upon acceptance of any appointment as Trustee hereunder by a successor Trustee, such successor Trustee shall thereupon succeed to and become vested with all the rights, powers, privileges, and duties of the retiring Trustee, and the retiring Trustee shall be discharged from its duties and obligations under this Assignment. After any retiring Trustee's resignation or removal hereunder as Trustee, the provisions of paragraphs 7 through 11 of this Assignment shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Trustee under this Assignment.

13. The Trustee accepts the establishment of the trust arrangement set forth herein and agrees to perform the duties and obligations of the Trustee created herein for a fee of _____ Dollars (\$_____) payable by the Bank at closing.

14. The Assignor agrees that it will execute such other instruments and documents as the Bank or the Trustee may from time to time reasonably require to effectuate the assignment granted by this Assignment, including but not limited to filing with the Department such instruments and documents as the Department may require as a condition to approving the assignment of any water licenses that replace the Permits to the Trustee.

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15. This Assignment shall be binding upon the Assignor and its successors and assigns and shall inure to the benefit of the Trustee and its successors and assigns. This Assignment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

16. This Assignment can be waived, modified, terminated, or discharged only explicitly in a writing signed by the parties hereto. The mere failure to act shall not preclude the exercise or enforcement of any of the rights or remedies of the Trustee hereunder.

17. All notices to the Assignor provided for under this Assignment shall be in writing and mailed or delivered by overnight courier to the address of the Assignor indicated below:

Hazelton/Wilson Joint Venture
333 N. 13th Street
Boise, Idaho 83702
Attention: President

18. The Trustee shall release all collateral granted hereunder when all amounts outstanding under the Guaranty, the Credit Agreement, and the other Loan Documents, including without limitation accrued and unpaid interest, have been paid in full.

19. This Assignment shall be deemed made in and shall be governed by and construed in accordance with the laws of the state of Idaho.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

HAZELTON/WILSON JOINT VENTURE
an Idaho joint venture

By: HAZELTON POWER COMPANY,
an Idaho corporation,

By _____
Title:

By: WILSON POWER COMPANY,
an Idaho corporation

By _____
Title:

Address for Notices:

333 North 13th Street
Boise, Idaho 83702
Telex No.:
Telecopier No.: (208) 336-9795
Telephone No.: (208) 336-4254
Attention: President

LAND TITLE AND ESCROW, INC.
an Idaho corporation

By _____

Title: _____

Address for Notices:

P.O. Box 349
Jerome, Idaho 83338
Telex No.:
Telecopier No.:
Telephone No.:
Attention:

THE SUMITOMO BANK, LIMITED,
Los Angeles Branch

By _____

Title: _____

Lending Office for Prime Rate
Loans:

Lending Office for Loans other than
Prime Rate Loans:

Address for Notices:

611 West 6th Street
Los Angeles, California 90017
Telex No.:
Telecopier No.: (213) 623-6832
Telephone No.:
Attention:

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STATE OF)
) ss.
County of)

On this _____ day of _____, 1991, before me, _____, a notary public in and for said state, personally appeared _____, known or identified to me to be the _____ of Hazelton Power Company, an Idaho corporation and a joint venturer of Hazelton/Wilson Joint Venture, that executed the above instrument or the person who executed the instrument on behalf of Hazelton Power Company, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for _____
Residing at _____
Commission Expires _____

STATE OF)
) ss.
County of)

On this _____ day of _____, 1991, before me, _____, a notary public in and for said state, personally appeared _____, known or identified to me to be the _____ of Wilson Power Company, an Idaho corporation and a joint venturer of Hazelton/Wilson Joint Venture, that executed the above instrument or the person who executed the instrument on behalf of Wilson Power Company, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for _____
Residing at _____
Commission Expires _____

OCT 22 1992

STATE OF)
) ss.
County of)

On this _____ day of _____, 1991, before me, _____, a notary public in and for said state, personally appeared _____, known or identified to me to be the _____ of Land Title and Escrow, Inc. ("Corporation"), that executed the above instrument or the person who executed the instrument on behalf of the Corporation and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for _____
Residing at _____
Commission Expires _____

STATE OF)
) ss.
County of)

On this _____ day of _____, 1991, before me, _____, a notary public in and for said state, personally appeared _____, known or identified to me to be the _____ of The Sumitomo Bank ("Bank") that executed the above instrument or the person who executed the instrument on behalf of the Bank and acknowledged to me that such Bank executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for _____
Residing at _____
Commission Expires _____

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STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
AFFIDAVIT FOR WATER RIGHTS TO BE USED
FOR POWER PURPOSES

A. Establishment of Residency:

I, Ronald L. Williams of Boise, County of Ada, State of Idaho, being duly sworn, depose and say: That I am the designated agent of the Hazelton Power Company and the Wilson Power Company; that the Hazelton Power Company and Wilson Power Company have formed a joint venture known as the Hazelton/Wilson Joint Venture; that as such I am in charge of the registered offices of each Venturer as required by Section 30-1-12, Idaho Code, at Boise, Idaho, wherein are kept the records required by Section 30-1-52, Idaho Code; and that Hazelton/Wilson Joint Venture is a Joint Venture qualified to do business in the State of Idaho under the laws of the State of Idaho.

B. Ownership of Facilities:

The hydropower facility to be developed pursuant to the attached Assignment of Permit will utilize existing man-made irrigation facilities such as a dam or a canal and permission of the owner is documented in an affidavit attached hereto.

HAZELTON/WILSON JOINT VENTURE

By: HAZELTON POWER COMPANY

Ronald L. Williams

Ronald L. Williams
Registered Agent

By: WILSON POWER COMPANY

Ronald L. Williams

Ronald L. Williams
Registered Agent

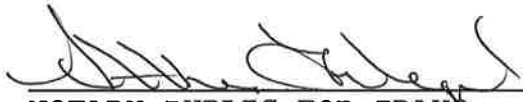
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OCT 22 1992

STATE OF IDAHO)
) ss.
County of Ada)

On this 13~~th~~ day of May, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Ronald L. Williams, personally known to me, who being duly sworn states that he is the Registered Agent of HAZELTON POWER COMPANY AND WILSON POWER COMPANY, the corporations which are the joint venturers of HAZELTON/WILSON JOINT VENTURE, which corporations executed the same as a free act and deed of said corporations.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.


NOTARY PUBLIC FOR IDAHO
Residing at: Bonanza
My commission expires: Aug 96

NOTARIAL

OCT 22 1992

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
AFFIDAVIT FOR WATER RIGHTS TO BE USED
FOR POWER PURPOSES

A. Establishment of Residency:

I, Ronald L. Williams of Boise, County of Ada, State of Idaho, being duly sworn, depose and say: That I am the designated registered agent of Hazelton Power Company; that as such I am in charge of the registered office of the said corporation as required by Section 30-1-12, Idaho Code, at Boise, Idaho, wherein are kept the corporate records required by Section 30-1-52, Idaho Code; and that Hazelton Power Company is a corporation qualified to do business in the State of Idaho under the laws of the State of Idaho.

B. Ownership of Facilities:

The hydropower facility to be developed pursuant to the attached Assignment of Permit will utilize existing man-made irrigation facilities such as a dam or a canal and permission of the owner is documented in an affidavit attached hereto.

HAZELTON POWER COMPANY

Ronald L. Williams

Ronald L. Williams
Registered Agent

STATE OF IDAHO)
) ss.
County of Ada)

On this 30 day of May, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared Ronald L. Williams, personally known to me, who being duly sworn states that he is the Registered Agent of HAZELTON POWER COMPANY, the corporation that executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.

[Signature]
NOTARY PUBLIC FOR IDAHO

Residing at: Boise, Idaho
My commission expires: Aug 96

OCT 22 1992

AFFIDAVIT

STATE OF IDAHO)
) ss.
County of Jerome)

I, RUSSELL WOOLLEY, after being first duly sworn, depose and state:

1. That I am the PRESIDENT of North Side Canal Company, Ltd., an Idaho corporation.

2. That North Side Canal Company, Ltd. and Hazelton Power Company entered into a Lease and Assignment Agreement dated September 17, 1990, wherein North Side Canal Company agreed to assign all of its right, title and interest in and to Water Right No. 01-7084C as said permit applies to the Hazelton B Hydroelectric Project to the Hazelton Power Company.

3. That North Side Canal Company, Ltd. has consented to an assignment of said Lease and Assignment Agreement to Hazelton/Wilson Joint Venture, an Idaho joint venture.

4. That North Side Canal Company, Ltd. has given permission to Hazelton/Wilson Joint Venture to utilize North Side Canal Company's existing man-made irrigation facilities, specifically the new canal adjacent to the existing Main Canal of North Side Canal Company, Ltd., for purposes of operating the Hazelton B Hydroelectric Project, as of the date of said Lease and Assignment Agreement, as assigned.

Further your affiant sayeth not.

Dated this 15th day of May, 1991.

NORTH SIDE CANAL COMPANY, LTD.

By: Russell Woolley
Its: President

SUBSCRIBED AND SWORN to before me this ____ day of May, 1991.

William D. Deil
NOTARY PUBLIC FOR IDAHO
Residing at: JEROME
My commission expires: 1992

OCT 22 1992

I/affidavi

State of Idaho

Department of Water Resources

ASSIGNMENT OF PERMIT

NORTH SIDE CANAL COMPANY, LTD., hereby assigns to HAZELTON POWER COMPANY, an Idaho joint venture, with offices at 333 North 13th Street, Boise, Idaho 83702

X All its right, title, and interest in and to Permit No. 01-7084C to appropriate the public waters of the State of Idaho.

_____ The following described portion of my right, title, and interest in and to Permit No. _____ to appropriate the public waters of the State of Idaho.

(Describe that portion of the Permit being assigned by listing the acreage within each 40 acre subdivision, the point of diversion and the amount of water in cubic feet per second for direct diversion, or acre feet for storage.)

ASSIGNED IN FULL.

Made this 15th day of May, 1991.

NORTH SIDE CANAL COMPANY, LTD.

By: Russell Woolley
Its: President

State of Idaho)
) ss.
County of Jerome)

On this 15th day of May, 1991, before me, the undersigned, a Notary Public in and for the above named State and County, personally appeared RUSSELL WOOLLEY, personally known to me, who being duly sworn states that he is the PRESIDENT of NORTH SIDE CANAL COMPANY, LTD., the corporation that executed the same as a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my official seal, the day and year in this certificate first above written.

William J. Dill
NOTARY PUBLIC FOR IDAHO
Residing at: JEROME
My commission expires: 1992

I/assign.per

RECORDED

OCT 22 1992

ASSIGNMENT OF WATER RIGHTS PERMIT

THIS ASSIGNMENT made and entered into this 4th day of April, 1990, by and between NORTH SIDE CANAL COMPANY, LTD., an Idaho corporation (hereinafter referred to as "Assignor"), and HAZELTON POWER COMPANY, an Idaho corporation (hereinafter referred to as "Assignee"),

WITNESSETH

WHEREAS, Assignor has obtained an approved Application for Permit to use water resources in the State of Idaho, Permit No. 01-7084A, a copy of which is attached hereto as Exhibit "A" and by this reference made a part hereof; and

WHEREAS, in connection with that certain Lease and Assignment Agreement between the parties hereto dated September 17, 1990 (the "Agreement"), incorporated herein by this reference, Assignor desires to assign to Assignee all of its right, title and interest in and to that portion of State of Idaho Department of Water Resources Water Permit No. 01-7084A with priority date of December 3, 1984, as said permit applies to the Hazelton B site located in Section 35 of Township 9 South, Range 20 East, Boise Meridian, Jerome County, Idaho, issued for appropriation of water for the operation of the Hazelton B Hydroelectric Facility, a hydroelectric project on a new canal adjacent to the existing Main Canal of the Assignor (the "Assigned Water Rights Permit").

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title and interest in and to the Assigned Water Rights Permit, to hold and use the same for and in connection with the Hazelton B Hydroelectric Facility during the entire term provided for in the Agreement.

2. Assignee hereby accepts the assignment of the Assigned Water Rights Permit in accordance with the terms hereof.

3. Assignee agrees to cause the rights and interests referred to in the Assigned Water Rights Permit to be used in connection with the Hazelton B Hydroelectric Facility in accordance with said Agreement.

RECORDED

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4. To induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignor hereby represents to the Assignee as follows:

- (a) Said Assigned Water Rights Permit is in full force and effect; and
- (b) Upon approval of the Department of Water Resources, State of Idaho, said Assigned Water Rights Permit is assignable.

5. That in consideration of the Assignor executing and delivering this Assignment, Assignee covenants with Assignor as follows:

- (a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Assigned Water Rights Permit that are to be kept, observed and performed by the Assignor;
- (b) That Assignee will not further assign the rights or the Assigned Water Rights Permit without the prior written consent of the Assignor and the prior written consent of the Director or Administrator of the Department of Water Resources, State of Idaho; and
- (c) That at the end of the lease and assignment term as described in the Agreement, Assignee will assign the Assigned Water Rights Permit to Assignor and this Agreement shall thereafter become null and void.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

NORTH SIDE CANAL COMPANY, LTD.

By: Russell Woolley
Its: _____

HAZELTON POWER COMPANY

By: K. W. Rung
Its: President

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STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
AFFIDAVIT FOR WATER RIGHTS TO BE USED
FOR POWER PURPOSES

A. Establishment of Residency: (Complete either 1, or 2).

1. Individual Applicant or Individual Members of a Partnership:

I, _____ of _____,
(name) (city)
county of _____, State of Idaho, being duly sworn, do
hereby certify that I am a bona fide resident of the State of Idaho.

2. Corporation:

I, KIP W. RUNYAN of BOISE,
(name) (city)
County of ADA, State of Idaho, being duly sworn, depose
and say: That I am the designated registered agent of the HAZELTON POWER
COMPANY
(name of corporation): that as such I am in charge of the registered
office of the said corporation as required by Section 30-1-12, Idaho Code, at
BOISE Idaho, wherein are kept the corporate records required
(city)
by Section 30-1-52, Idaho Code: and that HAZELTON POWER COMPANY
(name of corporation)
is a corporation qualified to do business in the State of Idaho under the laws of
the State of Idaho.

B. Ownership of Facilities: (To be completed for hydropower projects only)

The hydropower facility to be developed pursuant to the attached Application for
Permit:

- (check one)
- ☐ Will not utilize existing man-made irrigation facilities such as a dam or a canal.
- ☒ Will utilize existing man-made irrigation facilities such as a dam or a canal, and permission of the owner is documented in an affidavit attached hereto.
- ☐ Will utilize existing man-made irrigation facilities such as a dam or a canal and the owner of the facilities is the signee of this affidavit.
- HAZELTON POWER COMPANY

State of Idaho _____ }
County of ADA } ss.

By: Kip W. Runyan
Applicant KIP W. RUNYAN
PRESIDENT

On this 4th day of April, 1991, personally appeared
before me the signer(s) of the above instrument, who duly acknowledged to me that
he (she) (they) executed the same.

seal

Attorney General
Notary Public residing at
Boise

My commission expires:

Aug 1996

RECORDED

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FIRM ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

HAZELTON B

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APPROVED
OCT 2 1992

Facility No: 31715140
Project: Hazelton B
Less Than 10 MW
Renewable Resource
Engineering Certificate Rate

FIRM ENERGY SALES AGREEMENT

THIS AGREEMENT, entered into on this 21st day of December, 1990, is between HAZELTON POWER COMPANY, an Idaho corporation hereinafter referred to as "Seller", and IDAHO POWER COMPANY, an Idaho corporation hereinafter referred to as "Idaho Power" hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

W I T N E S S E T H:

WHEREAS, Seller plans to construct, own and operate an electric generation facility; and

WHEREAS, Seller wishes to sell, and Idaho Power is legally obligated to purchase firm electric energy from that electric generation facility; and

WHEREAS, the electric generation facility utilizes a renewable resource as its fuel source and Seller will obtain acceptable certification that the electric generation facility will be constructed and operated in a manner that will enable the electric generation facility to operate for the full thirty-five year term of this Agreement.

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

ARTICLE I: DEFINITIONS

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

1.1 "Annual Net Firm Energy" - The amount of Net Firm Energy Seller estimates it will deliver to Idaho Power at the Point of Delivery during each Contract Year.

1.2 "Commission" - The Idaho Public Utilities Commission.

1.3 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.

1.4 "Designated Dispatch Facility" - Idaho Power's Boise Bench System Dispatch Center.

1.5 "Disconnection Equipment" - Any device or combination of devices by which Idaho Power can manually and/or automatically interrupt the flow of energy from the Seller to Idaho Power's system, including enclosures or other equipment as may be required to ensure that only Idaho Power will have access to the devices.

1.6 "First Energy Date" - The date when the Seller begins delivering energy to Idaho Power's system.

1.7 "Facility" - That electric generation facility described in Appendix B of this Agreement.

1.8 "Interconnection Facilities" - All facilities which are reasonably required by Prudent Electrical Practices and the National Electric Safety Code to interconnect and to allow the delivery of energy from the Seller's electric generation plant to Idaho Power's system including, but not limited to, Special Facilities, Disconnection Equipment and Metering Equipment.

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1.9 "Losses" - The loss of energy occurring as a result of the transformation and transmission of energy between the Facility and the Point of Delivery.

1.10 "Metering Equipment" - Equipment required to measure, record or telemeter power flows between the Seller's electric generation plant and Idaho Power's system.

1.11 "Net Firm Energy" - The electric energy produced by the Facility, less Station Use and less Losses, expressed in kilowatt hours ("kWh"), which Seller commits to deliver to Idaho Power at the Point of Delivery on a long-term average basis for the full term of the Agreement.

1.12 "Operation Date" - The day commencing at 0001 hours Mountain Time, following the day on which the Facility demonstrates that it has been completed and reached a degree of reliability such that it is capable of delivering Net Firm Energy continuously into Idaho Power's system.

1.13 "Point of Delivery" - The location specified in Appendix B, where Idaho Power's and Seller's electrical facilities are interconnected.

1.14 "Prudent Electrical Practices" - Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy.

1.15 "Scheduled Operation Date" - The date specified in Appendix B when Seller anticipates achieving the Operation Date.

1.16 "Schedule 72" - Idaho Power's Tariff No 101, Schedule 72 or its successor schedules as approved by the Commission.

1.17 "Season" - The three time periods identified in Article VI.

1.18 "Seasonal Net Firm Energy" - The amount of Net Firm Energy Seller estimates it will deliver to Idaho Power at the Point of Delivery during each Season.

1.19 "Special Facilities" - Additions or alterations of transmission and/or distribution lines and transformers to safely interconnect the Seller's electric generation plant to the Company's system.

1.20 "Station Use" - Electric energy which is used solely to operate the Facility's equipment which is auxiliary or directly related to the production of electricity and which, but for the generation of electricity, would not be consumed by Seller.

1.21 "Surplus Energy" - Electric energy which is delivered and accepted prior to the Operation Date or which Seller does not commit to provide on a long-term average basis for the full term of the Agreement.

ARTICLE II: NO RELIANCE ON IDAHO POWER

2.1 Seller Independent Investigation - Except for the Disconnection Equipment and any other facilities exclusively within the control of Idaho Power, Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligation set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.

2.2 Seller Independent Experts - Except for the Disconnection Equipment and any other facilities within the exclusive control of Idaho Power, all professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in

undertaking the transactions contemplated by this Agreement, have been solely those of Seller.

ARTICLE III: WARRANTIES

3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power, and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including but not limited to safety, durability, reliability, strength, capacity, adequacy or economic feasibility.

3.2 Qualifying Facility Status - Seller warrants that prior to interconnection with Idaho Power the Facility will be a "qualifying facility," as that term is used and defined in 18 CFR, Part 292. Seller will take such steps as may be required to maintain the Facility's "qualifying facility" status during the term of this Agreement and Seller's failure to initially obtain or maintain qualifying facility status will be a material breach of this Agreement.

3.3 FERC License - Seller warrants that Seller possesses a valid license or exemption from licensing from the Federal Energy Regulatory Commission ("FERC") for the Facility. Seller recognizes that Seller's possession and retention of a valid FERC license or exemption is a material part of the consideration for Idaho Power's execution of this Agreement. Seller will take such steps as may be required to maintain a valid FERC license or exemption for the Facility during the term of this Agreement, and Seller's failure to maintain a valid FERC license or exemption will be a material breach of this Agreement.

ARTICLE IV: CONDITIONS TO INTERCONNECTION

4.1 Prior to the First Energy Date and as a condition of interconnection with Idaho Power, Seller shall:

4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including but not limited to those licenses, permits or approvals specified in Appendix C.

4.1.2 Submit to Idaho Power an opinion of counsel signed by an attorney admitted to practice and in good standing in the State of Idaho certifying as follows:

(1) That Seller has obtained the necessary licenses, permits and approvals required by paragraph 4.1.1;

(2) That the attorney has reviewed the approved Permit to Appropriate Water referred to in Appendix C;

(3) That downstream of the Facility, there are existing, non-condemnable senior water rights sufficient to ensure the availability of the water rights applied for in the Permit to Appropriate Water referred to in Appendix C;

(4) That the non-condemnable water rights described in (3) above are senior to the Facility's requested water rights and are not dependent on inflows below Seller's Point of Diversion specified in the Permit to Appropriate Water referred to in Appendix C.

(5) That the attorney has read Commission Order No 21690 and it is his legal opinion that Seller possesses water rights that do not require the application by Idaho Power of the "K" factor described in said Order.

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4.1.2.1 The opinion of counsel required in 4.1.2 above will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld.

4.1.3 Make payment to Idaho Power for all costs of Disconnection Equipment, Metering Equipment and Special Facilities as provided for in Schedule 72 and Appendix B of this Agreement;

4.1.4 Obtain written acceptance from Idaho Power as provided in paragraph 8.3;

4.1.5 Submit written proof to Idaho Power of all insurance required in Article XIV;

4.1.6 Demonstrate to Idaho Power's satisfaction that Seller's Facility has been completed, and is capable of operating safely to commence deliveries of electric energy into Idaho Power's system;

4.1.7 Demonstrate to Idaho Power's satisfaction that the Seller has established a maintenance escrow account in a form and with an escrow manager which complies with Commission Order Nos 21690 and 21800. Said maintenance escrow account shall be structured and funded as follows:

4.1.7.1 The escrow instructions establishing the maintenance escrow account will provide that the funds in the maintenance escrow account will be prudently invested and that all costs of implementing and operating the maintenance escrow account shall be paid by the Seller. All interest earned on the funds on deposit will be retained in the maintenance escrow account. At the end of the

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term of this Agreement, any balance remaining in the maintenance escrow account shall be the property of the Seller.

4.1.7.2 Within sixty (60) days after the completion of each Contract Year, the Seller will deposit cash in the maintenance escrow account in an amount equal to two percent (2%) of the Facility's estimated gross income for the ensuing Contract Year, less an amount equal to the Facility's actual maintenance, repair and replacement expense (maintenance expenses) incurred during the prior Contract Year.

4.1.7.3 At the time Seller makes the deposit described in paragraph 4.1.7.2, Seller will provide both the escrow manager and Idaho Power with a report prepared by Seller's outside accountants showing the prior Contract Year's actual maintenance expenses, identified by appropriate FERC maintenance account number, and the estimate of the Facility's gross income for the ensuing Contract Year used to compute the deposit amount, together with documentation supporting that estimate of gross income.

4.1.7.4 If at any time it appears that the maintenance expense for that Contract Year will exceed two percent (2%) of the Facility's estimated gross income for that Contract Year, the Seller may request that the escrow manager release funds from the maintenance escrow account in an amount sufficient to pay the anticipated additional maintenance expenses. The request must include documentation supporting the Seller's projection of excess maintenance expense, identified by appropriate FERC maintenance account number, and such documentation shall be submitted to both the Escrow Manager

and Idaho Power. Following receipt of the request and documentation, the Escrow Manager, shall, within five working days, release the required funds to Seller.

4.1.7.5 At the end of each Contract Year, Seller will provide Idaho Power with evidence of compliance with the maintenance escrow account requirements set out in this Agreement and Commission Order Nos 21690 and 21800. This evidence of compliance will be provided in a manner and form acceptable to Idaho Power. The maintenance escrow fund will be subject to the lien rights described in 4.1.8 below.

4.1.8 Provide Idaho Power with acceptable security for Seller's default under this Agreement. Acceptable security will conform to Commission Order Nos 21690 and 21800 and may include, but will not be limited to, title insurance, security interests in the real property associated with the Facility, equipment, fixtures, contracts, permits, the FERC license or exemption from licensing, water rights, including evidence of conforming third party downstream water rights, easements, rights-of-way, funds held in escrow in which Seller has an interest and that relate to the operation of the Facility, and other reasonable security arrangements consistent with the Facility's financing and ownership arrangements.

4.1.8.1 Idaho Power's security interests will be superior and senior to all liens other than the first mortgage lien and other security interests permitted in accordance with paragraphs 4.1.8.2.

4.1.8.2 If Seller desires to incur a first mortgage lien and other security interests that will be superior to Idaho Powers

security interests in the Facility, at least twenty-one (21) days prior to their execution Seller will provide Idaho Power with draft copies of the deeds of trust, mortgages and other security agreements that will be used to secure such first lien. Upon their execution Seller will provide Idaho Power with copies of the executed first lien documents. The executed first lien documents shall not be assigned, amended, modified, or extended, and no replacement or refinancing of any nature shall be undertaken, without Idaho Power's prior written consent which consent will not be unreasonably withheld. Seller has advised Idaho Power it intends to secure the loan used to finance the Facility by pledging both the assets of the Facility and the assets of the Wilson Lake Facility on a joint and several basis (cross-collateralization). In no event will the amount of the cross-collateralized first mortgage lien on the Facility and the Wilson Lake Facility exceed \$20,000,000. The amount of any refinanced or replaced first lien shall not exceed the unpaid balance of the cross-collateralized lien they replace.

4.1.8.3 Other than the first mortgage liens permitted herein, Seller will not allow any liens or encumbrances of any nature whatsoever to be placed on the Facility. If any unpermitted lien or encumbrance is placed on the Facility, Seller will provide Idaho Power with a bond, insurance or other security acceptable to Idaho Power in an amount sufficient to secure the full discharge of such lien or encumbrance.

4.1.8.4 If, after the initial first lien has been established, Seller desires to assign, replace or refinance said

first lien, Seller will reimburse Idaho Power for the out-of-pocket costs Idaho Power incurs for document review and revision including any consents to assignment or subordination agreements that Seller requests from Idaho Power. Idaho Power's out-of-pocket costs will include but not be limited to filing fees, title insurance premiums, and fees of legal counsel.

4.1.9 Obtain written confirmation from Idaho Power that all conditions to interconnection have been fulfilled. Such written confirmation shall not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM, EARLY TERMINATION AND OPERATION DATE

5.1 Term - Except as provided in paragraph 5.2 and Article XXIII, this Agreement shall become effective on the date first above written, and shall continue in full force and effect for a period of thirty-five (35) Contract Years.

5.2 Early Termination - At its option Idaho Power may terminate this Agreement at the end of the twentieth, twenty-fifth, or thirtieth Contract Years. This option to terminate can only be exercised by giving Seller written notice of termination prior to the beginning of the twentieth, twenty-fifth, or thirtieth Contract Years. Early termination under this paragraph is not a default and does not constitute a permanent curtailment under paragraph 21.3.1.

5.3 Operation Date - The Operation Date may occur only after Seller has achieved the First Energy Date, and the necessary degree of completion and reliability has been demonstrated to Idaho Power's satisfaction, and Idaho Power has confirmed that satisfaction in writing. Seller shall have the duty

to obtain that confirmation and it will not be unreasonably withheld by Idaho Power. Prior to the Operation Date, Seller must provide the following:

(1) As-built drawings of the Seller-furnished interconnection equipment, and

(2) Executed Certification of Design Engineer, Engineer's Certification of Design & Construction Adequacy, and Engineer's Certification of Operations and Maintenance Policy as described in Commission Order No 21690. These certificates will be in the form specified in Appendix F, but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.

ARTICLE VI: PURCHASE AND SALE OF NET FIRM ENERGY

6.1 Delivery and Acceptance of Net Firm Energy - Except when either Party's performance is prevented by events of force majeure (Article XVI) or otherwise excused as provided herein, Seller will sell and Idaho Power will purchase all of the Net Firm Energy and Surplus Energy produced by the Facility and delivered by Seller to the Point of Delivery.

6.2 Seasonal Net Firm Energy Amounts - Based on long-term historical water flow records and average long-term average energy production estimates based thereon, Seller estimates that it can deliver Net Firm Energy in the following monthly amounts:

Season 1	March	44,000	kWh
	April	1,602,000	kWh
	May	4,194,000	kWh
Season 2	June	4,614,000	kWh
	July	5,186,000	kWh
	August	4,920,000	kWh
	September	3,710,000	kWh

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Season 3	October	1,758,000	kWh
	November	482,000	kWh
	December	0	kWh
	January	0	kWh
	February	0	kWh

6.3 Annual Net Firm Energy Amount - The Annual Net Firm Energy shall be 26,510,000 kWh and shall be the sum of the three Seasonal Net Firm Energy amounts Seller specified above. For purposes of assuring that the liquidated damages in Article XXI are accurately computed, at Idaho Power's option the Annual Net Firm Energy amount may be adjusted based on the actual performance of the Facility.

6.4 Normal Water Conditions - The Net Firm Energy amounts Seller has estimated it can supply are based upon the anticipated long-term average water flows at the Facility. The Parties have reviewed these anticipated water flows, Seller's water right filings and the water records supporting those projected water flows and have agreed that, for purposes of this Agreement, the projected water flows used to calculate the Annual Net Firm Energy amount in paragraph 6.3 are reasonable and shall constitute the water flows available to the Facility under "normal" water conditions. No later than one hundred twenty (120) days after the Operation Date, Seller will install such water flow measuring equipment as is reasonably required to permit the Parties to monitor the water flows at the Facility site. Seller will operate and maintain this water flow measuring equipment and will perform such other water flow analyses as may be required to carry out the provisions of Article XXI.

6.5 Net Firm Energy Changes -

6.5.1 Increased Generation Capability - If, at any time during the term of this Agreement, as a result of some action by Seller, i.e. procurement

of additional long-term water supplies or improvements to the efficiency of the installed generating equipment, Seller intends to permanently increase the amount of Annual Net Firm Energy from the Facility above the amount specified in paragraph 6.3 above, Seller will promptly notify Idaho Power of that intent. If Idaho Power concurs that Seller is capable of actually providing such increased Net Firm Energy, Idaho Power will have the option to purchase this increased amount of Net Firm Energy in accordance with either of the following alternatives: (1) the purchase will be under the same terms and conditions of this Agreement except that the rate for the incremental increase of Net Firm Energy shall not be the rate in paragraph 7.1 of this Agreement, but instead will be priced at the appropriate firm energy rate in effect at the time of such increase; or (2) the purchase will be made under a separately negotiated agreement. The choice of purchase alternative will be Idaho Power's.

6.5.2 Subsequent Determination that Facility Capacity Exceeds Ten Megawatts - Cogeneration and small power production facilities with a generating capacity larger than 10 megawatts ("MW") are not legally entitled to the rates, terms and conditions contained in this Agreement. The rates, terms and conditions contained in this Agreement are premised on Seller's representation that the capacity of the Facility is not larger than 10 MW. If, at any time, Idaho Power determines that the Facility's capacity exceeds 10 MW, Idaho Power will notify Seller and will file a petition requesting that the Commission determine the actual capacity of the Facility and determine whether or not the rates, terms and conditions should be modified.

If the Commission determines that the Facility's capacity exceeds 10 MW, then this Agreement will be amended in accordance with the Commission's order.

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ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT;
ADJUSTMENT OF PURCHASE PRICE

7.1 Net Firm Energy Purchase Price - The price to be paid to Seller for Net Firm Energy will be the sum of the following payments:

7.1.1 Base Payment -

Season 1	36.83 Mills/kWh
Season 2	60.13 Mills/kWh
Season 3	50.11 Mills/kWh

7.1.2 Adjustable Payment - In addition to the base payment specified in paragraph 7.1.1, Idaho Power shall pay to Seller an adjustable payment which shall be established by the Commission and subject to change pursuant to Commission Order effective on June 1 of each year during the term of this Agreement. While the parties do not know what the adjustable payment amount will be as of the Operation Date under this Agreement, the parties acknowledge that the adjustable payments as of the date of the signing of the Agreement are as follows:

Season 1	6.45 Mills/kWh
Season 2	10.54 Mills/kWh
Season 3	8.78 Mills/kWh

7.2 Surplus Energy Purchase Price - Surplus Energy will be purchased at the non-firm avoided energy rate computed in accordance with Option B in Idaho Power's Tariff 101, Schedule 86 or its successor schedules as approved by the Commission.

7.3 Continuing Jurisdiction of the Commission - This Agreement is a special contract and as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with Idaho Power Company v. Idaho

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Public Utilities Comm'n and Afton Energy, Inc., 107 Idaho 781, 693 P2d 427 (1984), Idaho Power Company v. Idaho Public Utilities Comm'n, 107 Idaho 1122, 695 P2d 1261 (Idaho 1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P2d 400 (1986), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

ARTICLE VIII: FACILITY AND INTERCONNECTION

8.1 Design of Facility - Seller shall design, construct, install, own, operate and maintain the Facility. The Facility shall be designed and constructed so as to allow safe, reliable delivery of electric energy to Idaho Power's system.

8.2 Interconnection Facilities - Except for the Special Facilities, metering and telemetry equipment and Disconnection Equipment specified in Appendix B, Seller shall construct, install, own, and maintain all Interconnection Facilities. Seller recognizes that Idaho Power will file Schedule 72 with the Commission in the near future. Seller agrees that if Schedule 72 is finally approved by the Commission, Schedule 72 will be integrated into this Agreement and will supersede the O&M charges specified in Appendix B and any other applicable terms and conditions contained in this Agreement. Seller will pay all costs of interconnecting the Facility with Idaho Power.

8.3 Idaho Power Review - To assure the Facility and Seller-furnished Interconnection Facilities are of suitable size and are compatible with Idaho Power's system, Seller shall submit the designs, plans, specifications and performance data for the Facility and Seller-furnished Interconnection Facilities to Idaho Power for review. Idaho Power shall, in writing and in

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conformance with paragraph 4.1.4, notify Seller of its acceptance and confirmation of system compatibility or conversely, notify Seller, in writing, of any changes which, consistent with Prudent Electrical Practices, Idaho Power determines are necessary to assure the safe delivery of electric energy from the Facility to Idaho Power's system.

ARTICLE IX: DISCONNECTION EQUIPMENT

9.1 Disconnect Equipment - Idaho Power will, at Seller's expense, provide, own, operate, and maintain all Disconnection Equipment. At Seller's request, Idaho Power will provide Seller with the general specifications and an itemization by category of the costs of such Disconnection Equipment. Idaho Power will establish the settings of Disconnection Equipment to disconnect automatically from the Facility for the protection of Idaho Power's system and personnel consistent with Prudent Electrical Practices. Upon Seller's request, Idaho Power will notify Seller as to the original setting and any adjustments thereof. Except as otherwise required by Prudent Electrical Practices, Disconnection Equipment will be designed so that the closure of any breaker or other disconnecting device which connects the Facility to Idaho Power's system shall be controlled by equipment which will perform the following:

(1) Automatically monitor the status of the electrical system on Idaho Power's side of the disconnecting device; as to voltage and frequency; and

(2) Prohibit closure or reconnection until voltage and frequency have been within approved limits for a continuous period of not less than five (5) minutes; and

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(3) Operate so that if Idaho Power's system is de-energized within sixty (60) seconds after closure of the disconnecting device, the disconnecting device will immediately open and not close again until it has been manually reset and/or Idaho Power can safely reclose the Disconnecting Equipment.

9.2 Security of Disconnect Equipment - The Disconnection Equipment will be located in an enclosure secured by a lock or otherwise secured in a manner designed to ensure that only Idaho Power's authorized personnel will have access to the disconnecting devices.

9.3 Remote Disconnection - Other Disconnection Equipment, including equipment which will provide Idaho Power's operating personnel with the ability to remotely control and monitor the status of the breaker or other disconnecting device by radio or hard-wire circuit between the Facility and the Designated Dispatch Facility may be specified by Idaho Power when, in Idaho Power's reasonable judgment, such equipment is required by Prudent Electrical Practices. Seller recognizes that such remote control equipment may not initially be required by Idaho Power, but at such time as operating conditions on Idaho Power's system dictate, Idaho Power will install this remote control equipment at Seller's expense. If Seller disputes Idaho Power's determination that the installation of such remote Disconnection Equipment is required, such dispute shall be submitted to the Commission for resolution.

9.4 Interference with Disconnection Equipment - If Seller attempts to modify, adjust or otherwise interfere with the Disconnection Equipment or its enclosure, such action shall constitute an event of default pursuant to Article XXI.

ARTICLE X: METERING

10.1 Metering and Telemetry - Idaho Power shall, for the account of Seller, provide, install, and maintain required Metering Equipment to be located at a mutually agreed upon location to record and measure power flows to Idaho Power in accordance with the standards set forth in Appendix A of this Agreement. If required by Idaho Power, metering will also include measurement of kilovar-hours in a manner agreed to by both Parties. All Meter Equipment and installation costs shall be borne by Seller, including costs incurred by Idaho Power for inspecting and testing such equipment at reasonable intervals at Idaho Power's actual cost of providing this Metering Equipment and services. The point of metering shall be at the location described in Appendix B of this Agreement. All meters used to determine the billing hereunder shall be sealed and the seals shall be broken only by Idaho Power when the meters are to be inspected, tested or adjusted.

10.2 Meter Inspection - Idaho Power shall inspect and test all meters upon their installation and at least once every four (4) years thereafter. If requested by Seller, Idaho Power shall make a special inspection or test of a meter and Seller shall pay the reasonable costs of such special inspection. Both Parties shall be notified of the time when any inspection or test shall take place, and each Party may have representatives present at the test or inspection. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired, or replaced, at Idaho Power's expense, in order to provide accurate metering. If a meter fails to register, or if the measurement made by a meter during a test varies by more than two percent (2%) from the measurement made by the standard meter used in the test, adjustment (either upward or downward) to the payments Seller has received shall be made to correct those

payments affected by the inaccurate meter for the actual period during which inaccurate measurements were made. If the actual period cannot be determined, corrections to the payments will be based on the shorter of (1) a period equal to one-half the time from the date of the last previous test of the meter to the date the Seller requested the test which established the inaccuracy of the meter; or (2) six (6) months.

10.3 Telemetry - Consistent with Appendix A of this Agreement, Idaho Power will install, operate and maintain at Seller's expense metering, communications and telemetry Metering Equipment which will be capable of providing Idaho Power with continuous instantaneous telemetry of Seller's net generation to Idaho Power's Designated Dispatch Facility.

ARTICLE XI: RECORDS

11.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties, adequate metering and related power production records, in a form and content recommended by Idaho Power.

11.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any or all such metering and related power production records pertaining to Seller's account.

ARTICLE XII: PROTECTION

12.1 Seller shall construct, operate and maintain the Facility and Seller-furnished Interconnection Facilities in accordance with Appendix A, Prudent Electrical Practices, the National Electrical Code, the National

Electrical Safety Code and any other applicable local, state, and federal codes. If, in the reasonable opinion of Idaho Power, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel, or service to its customers, Idaho Power may physically interrupt the flow of energy from the Facility or take such other reasonable steps as Idaho Power deems appropriate. Except in the case of an emergency, Idaho Power will attempt to notify Seller of such interruption prior to its occurrence as provided in paragraph 13.8. Seller shall provide and maintain adequate protective equipment sufficient to prevent damage to the Facility and Seller-furnished Interconnection Facilities. In some cases, some of Seller's protective relays will provide back-up protection for Idaho Power's facilities. In that event, Idaho Power will test such relays annually and Seller will pay the actual cost of such annual testing.

ARTICLE XIII: OPERATIONS

13.1 Emergency Conditions - Seller agrees that in the event of and during a period of a shortage of power on Idaho Power's system as declared by Idaho Power in its reasonable discretion, Seller shall, at Idaho Power's request and within the limits of reasonable safety requirements as determined by Seller, use its best efforts to provide the requested energy, and shall, if necessary, delay any scheduled shutdown of the Facility.

13.2 Communications - Idaho Power and Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility, and Seller shall report to Idaho Power at the times and in the manner set forth in Appendix A of this Agreement.

13.3 Energy Acceptance - Idaho Power shall be excused from accepting and paying for Net Firm Energy delivered by Seller to the Point of Delivery under the following circumstances:

13.3.1 If it is prevented from doing so by an event of force majeure.

13.3.2 If Idaho Power determines that curtailment, interruption or reduction of Net Firm Energy deliveries is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices. If, for reasons other than an event of force majeure, Idaho Power requires such a curtailment, interruption or reduction of Net Firm Energy deliveries for a period that exceeds twenty (20) days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Firm Energy at a rate determined by dividing the monthly Net Firm Energy amount specified in paragraph 6.2 for the month in which the interruption or curtailment began by the number of hours in that month. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

13.4 Voltage Levels - Seller shall use its best efforts to minimize voltage fluctuations and to maintain voltage levels acceptable to Idaho Power. Idaho Power may, upon one hundred eighty (180) days' notice to Seller, change its nominal operating voltage level by more than ten percent (10%) at the Point of Delivery, in which case Seller shall modify, at Idaho Power's expense, Seller's equipment as necessary to accommodate the modified nominal operating voltage level.

13.5 Generator Ramping - Idaho Power shall have the right to specify the rate that generation is changed at startup, during normal operation or following reconnection to Idaho Power's system. Generation ramping may be required to permit Idaho Power's voltage regulation equipment time to respond to changes in power flow.

13.6 Scheduled Maintenance - On or before January 1 of each year, Seller shall submit a proposed maintenance schedule for that year and Idaho Power and Seller shall mutually agree as to the acceptability or unacceptability of the proposed date(s). The Parties' determination as to the acceptability of Seller's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices and neither Party shall unreasonably withhold its acceptance of the proposed date for scheduled maintenance.

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

13.8 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact Seller prior to exercising its rights to curtail, interrupt or reduce deliveries from Seller. Seller understands that in the case of emergency circumstances, no notice will be given to Seller prior to interruption, curtailment, or reduction.

ARTICLE XIV: INDEMNIFICATION AND INSURANCE

14.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's

construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs that may be incurred by the other Party in enforcing this indemnity.

14.2 Insurance - During the term of this Agreement, Seller shall secure and continuously carry the following insurance coverages:

14.2.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to fifteen percent (15%) of the total cost of the Facility, or \$1,000,000, whichever is greater, each occurrence, combined single limit. The deductible for such insurance shall not exceed one-half of one percent (0.5%) of the total cost of the Facility.

14.2.2 Property Insurance for catastrophic perils with minimum limits not less than sixty percent (60%) of the total cost of the Facility. The Property Insurance coverage will be written on a replacement cost basis and will include:

- (a) Standard fire policy.
- (b) Extended coverage endorsement.
- (c) Vandalism and malicious mischief endorsement.
- (d) Earthquake and flood insurance.
- (e) The deductible for the above property insurance coverage shall not exceed one percent (1%) of the total replacement cost of the Facility.

14.2.3 Boiler and machinery insurance with minimum limits not less than ninety percent (90%) of the total cost of the equipment covered in (a) below:

(a) All boiler and machinery coverage must be written on a "comprehensive form" basis to provide coverage against the sudden and accidental breakdown of all boilers, machinery and electrical equipment, turbines, generators, and switchgear.

(b) Coverage under this insurance must be written on a "Replacement Cost" basis.

(c) The deductible for this insurance shall not exceed two percent (2%) of the total cost of the equipment covered in (a) above.

14.2.4 Business Interruption (Loss of Income) Insurance with minimum daily limits not less than seventy-five percent (75%) of the Facility's estimated gross daily revenue and total policy limits not less than twenty percent (20%) of the Facility's estimated gross annual revenue:

(a) Coverage will include Seller's loss of earnings when business operations are curtailed or suspended because of a loss due to an insured peril. Coverage may be written on an actual loss sustained basis.

(b) This insurance coverage must be endorsed to the Property Insurance Policy and the Boiler and Machinery Insurance Policy.

(c) The deductible for this insurance coverage shall not exceed ten (10) days.

(d) Estimated gross daily revenue and estimated gross annual revenue shall be computed on the basis of the kWh production estimates contained in paragraph 6.2. OCT 22 1992

14.2.5 Low Water Insurance:

(a) Low water insurance means insurance which provides coverage for reduced project revenues resulting from reduced generation due to water flows at the project being less than the long-term average water flows established by the Parties under Paragraph 6.4.

(b) The annual policy limits shall be not less than twenty-five percent (25%) of the estimated gross annual revenue for the Facility.

(c) The deductible for this insurance coverage shall not exceed ten percent (10%) of the Facility's estimated gross annual revenue.

(d) The estimated gross annual revenue shall be computed on the basis of the kWh production estimates contained in paragraph 6.2.

14.2.6 All of the above insurance coverages shall include:

(a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable;

(b) A provision stating that such policies shall not be cancelled or their limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.

(c) In the case of the insurance coverages described in subparagraphs 14.2.1, 14.2.2 and 14.2.3 above, the total cost of the Facility will include any Seller-furnished Disconnection Equipment and/or Interconnection Facilities. The total cost of the Facility and total cost of equipment will be adjusted either upward or downward to reflect the current replacement cost of the Facility or equipment. This adjustment will be based on either (1) an appraisal made by, or for, the Seller's insurance company, or (2) the Handy-Whitman Index "Cost Trends of Electric Utility Construction - Plateau Region" -- "Hydro Production Plant" as

published by Whitman, Requardt & Associates, 2315 Saint Paul St, Baltimore, MD 21218. Such adjustment shall be made, at a minimum, every fifth Contract Year during the term of this Agreement. A copy of these computations and/or appraisals will be submitted to Idaho Power for Idaho Power's review and approval.

14.3 Seller to Provide Certificates of Insurance - As required in paragraph 4.1.5 herein and annually thereafter, Seller shall furnish Idaho Power certificates of insurance, together with the endorsements required therein, evidencing the coverages as set forth above.

14.4 Seller to Provide Copies of Policies of Insurance - Within one hundred twenty (120) days after the Operation Date, and within ninety (90) days of the effective date of any modifications to the policy, Seller will furnish to Idaho Power a certified copy of the original of each insurance policy and all endorsements for each of the insurance coverages described above. In the case of policy renewals, Seller may provide a certificate from the insurance carrier that there have been no changes to the policy in lieu of providing the required certified copy of the policy.

14.5 Seller to Notify Idaho Power of Lapse of Coverage - If any of the insurance coverages required by paragraph 14.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking to reinstate the coverage.

ARTICLE XV: LAND RIGHTS

15.1 Seller to Provide Access - Seller hereby grants to Idaho Power for the term of this Agreement all necessary rights-of-way and easements to

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

15.2 Use of Public Rights-of-Way - The Parties agree that it is necessary to avoid the adverse environmental and operating impacts that would occur as a result of duplicate electric lines being constructed in close proximity. Therefore, subject to Idaho Power's compliance with paragraph 15.4, Seller agrees that should Seller seek and receive from any local, state or federal governmental body the right to erect, construct and maintain Seller-furnished Interconnection Facilities upon, along and over any and all public roads, streets and highways, then the use by Seller of such public right-of-way shall be subordinate to any future use by Idaho Power of such public right-of-way for construction and/or maintenance of electric distribution and transmission facilities and Idaho Power may claim use of such public right-of-way for such purposes at any time. Except as required by paragraph 15.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 15.2.

15.3 Joint Use of Facilities - Subject to Idaho Power's compliance with paragraph 15.4, Idaho Power may use and attach its distribution and/or transmission facilities to Seller's Interconnection Facilities, may reconstruct Seller's Interconnection Facilities to accommodate Idaho Power's usage or Idaho Power may construct its own distribution or transmission facilities along, over

and above any public right-of-way acquired from Seller pursuant to paragraph 15.2, attaching Seller's Interconnection Facilities to such newly constructed facilities. Except as required by paragraph 15.4, Idaho Power shall not be required to compensate Seller for exercising its rights under this paragraph 15.3.

15.4 Conditions of Use - It is the intention of the Parties that the Seller be left in substantially the same condition, both financially and electrically, as Seller existed prior to Idaho Power's exercising its rights under this Article XV. Therefore, the Parties agree that the exercise by Idaho Power of any of the rights enumerated in paragraphs 15.2 and 15.3 shall: (1) comply with all applicable laws, codes and Prudent Electrical Practices, (2) equitably share the costs of installing, owning and operating jointly used facilities and rights-of-way. If the Parties are unable to agree on the method of apportioning these costs, the dispute will be submitted to the Commission for resolution and the decision of the Commission will be binding on the Parties, and (3) shall provide Seller with an interconnection to Idaho Power's system of equal capacity and durability as existed prior to Idaho Power exercising its rights under this Article XV.

ARTICLE XVI: FORCE MAJEURE

As used in this Agreement, "force majeure" or "an event of force majeure" means any cause beyond the control of the Seller or of Idaho Power which, despite the exercise of due diligence, such Party is unable to prevent or overcome, including but not limited to an act of God, fire, flood, explosion, strike, sabotage, an act of the public enemy, civil or military authority, court orders, laws or regulations, insurrection or riot, an act of

the elements or lack of precipitation resulting in reduced water flows for power production purposes. If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of force majeure, both Parties shall be excused from whatever performance is affected by the event of force majeure, provided that:

(1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the event of force majeure, give the other Party written notice describing the particulars of the occurrence.

(2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of force majeure.

(3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

ARTICLE XVII: LIABILITY AND 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 Idaho Power as an independent public utility corporation, or Seller as an independent individual or entity.

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ARTICLE XVIII: SEVERAL OBLIGATIONS

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

ARTICLE XIX: 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, shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XX: CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho.

ARTICLE XXI: DISPUTES, DEFAULT, NOTICE AND LIQUIDATED DAMAGES

21.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.

21.2 Default and Notice of Default - If either Party defaults in the performance of any of the terms or conditions of this Agreement, the

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nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting Party shall fail to cure such default within the sixty (60) days after service of such notice, then, and only then, may the nondefaulting Party pursue an action to terminate this Agreement, to specifically enforce the terms of this Agreement, or to recover damages for breach thereof. This article shall not be construed as restricting in any way Idaho Power's rights under Article XII, or paragraph A-4.1 of Appendix A to immediately interrupt flows of energy from the facility to Idaho Power's system.

21.3 Liquidated Damages - The Parties agree that the amount of the payments made to Seller are based on the Commissions determination of the value to Idaho Power of Seller's performance of its obligation to provide Net Firm Energy as set out in Article VI for the full term of the Agreement. The Parties further agree that if Idaho Power does not receive such full performance (1) Idaho Power shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho Power resulting therefrom, (3) the payments as provided below are in the nature of adjustments in Net Firm Energy prices and liquidated damages and not a penalty, and are a reasonable attempt by the Parties to estimate a fair compensation to Idaho Power for the reasonable losses that would result from such total or partial default. The Parties further agree that this paragraph does not constitute a waiver by either Party of their right to an award of pre and post judgement interest, costs and attorneys fees as permitted by law in any litigation arising out of this Agreement.

21.3.1 Failure to Deliver for Term of Agreement - If, at any time prior to the end of the term of the Agreement, Seller permanently

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curtails in whole or in part its long-term average deliveries of the Annual Net Firm Energy amount specified in paragraph 6.3, Seller shall pay to Idaho Power, as liquidated damages arising out of this permanent curtailment of Net Firm Energy deliveries, the appropriate lump sum repayment amount specified in Appendix D, multiplied by the difference in MWh between the Annual Net Firm Energy amount specified in paragraph 6.3 and the reduced Annual Net Firm Energy amount after the permanent curtailment. This payment amount will bear interest from sixty (60) days after Idaho Power gives or receives notice of Seller's permanent reduction of the Annual Net Firm Energy amount, until paid, at a rate equal to interest rates specified in Idaho Code §28-22-104 (2) or its successor Idaho Code provision in effect during each month of that period. For purposes of this paragraph, reduced deliveries of Net Firm Energy due to short-term below-normal water conditions (paragraph 6.4) shall not be considered a permanent curtailment.

21.3.2 Security for Repayment Obligation - During the full term of this Agreement, Seller will provide Idaho Power with adequate assurance that Seller will be able to repay the amounts owing Idaho Power under Article XXI if Seller were to default pursuant to paragraph 21.3.1. In accordance with Commission Order Nos 21690 and 21800, and subject to the provisions of paragraph 21.2 above, this assurance will be provided as follows:

21.3.2.1 Seller shall comply with the provisions of paragraph 14.2. If Seller fails to comply, such failure will be an event of default under Article XXI.

(a) In the case of the liability insurance coverage, (paragraph 14.2.1), a default will be a material breach and may only be cured by Seller supplying evidence that the liability insurance coverage has been replaced or reinstated.

(b) In the case of low water insurance coverage, (paragraph 14.2.5) if Seller, after the exercise of due diligence, is unable to secure low water insurance coverage which complies with Paragraph 14.2.5, or if the cost of insurance coverage which complies with Paragraph 14.2.5 exceeds two and one-half percent (2.5%) of the Facility's projected annual average gross revenue, then the failure to provide low water insurance shall not be deemed an event of default if Seller provides the following security in lieu of low water insurance until conforming low water insurance is available at a price that does not exceed the percentage amount specified above.

(c) In lieu security:

Because the Facility is located on the canal system of the Northside Canal Company and therefore receives the benefits of the Northside Canal Company's senior water rights and upstream storage, Idaho Power is willing to permit Seller to establish a Debt Service Reserve Account until conforming low water insurance becomes available. Said Debt Service Reserve Account will be separate from the maintenance escrow account and shall be structured as follows:

(1) The escrow instructions between the Seller and the Escrow Manager will provide that the funds in the Debt Service Reserve Account will be prudently invested and that all costs of setting up and operating the Debt Service Reserve

Account, shall be paid by the Seller. At the end of the term of this Agreement, or at the end of Seller's obligation to maintain an escrow account in lieu of purchasing low water insurance, any balance remaining in the Debt Service Reserve Account shall be released to Seller.

(2) Within sixty (60) days after commencement of a Contract Year in which Seller is entitled to provide security in-lieu of conforming low water insurance coverage, Seller will deposit cash in the Debt Service Reserve Account in an amount equal to two and one-half percent (2.5%) of the Facility's estimated gross income for that Contract Year. Said requirement to deposit two and one-half percent (2.5%) of estimated gross income for each Contract Year shall cease when the Debt Service Reserve Account is funded in an amount equal to three (3) month's debt service on the project or \$250,000, whichever is higher. All interest earned on the funds on deposit shall be retained in the Debt Service Reserve Account. The requirement that interest earned on funds on deposit in the Debt Service Reserve Account be retained in that account shall cease once the Debt Service Reserve Account is fully funded as provided above.

(3) The Escrow Manager will be instructed to only release funds from the Debt Service Reserve Account to the holder of the debt on the Facility. Funds from said account shall be released only when, and only to the extent that Seller certifies to the Escrow Manager that the Facility's revenues are insufficient to satisfy Seller's costs of operating the Facility

and as a result, remaining funds are not sufficient to make debt service payments on the Facility. For purposes of the Debt Service Reserve Account, costs for operating the Facility shall be limited to those costs necessary for the operation of the Facility such as taxes, insurance expenses, and other ordinary and necessary operating expenses. Costs for operating the Facility shall not include any disbursements which would constitute a profit or return on investment.

(4) When conforming low water insurance has been purchased, Seller will no longer be required to fund or maintain said Debt Service Reserve Account.

(d) Failure to provide conforming low water insurance or to maintain the Debt Service Reserve Account described above, will be a default which can be cured by reinstatement of the insurance or the Debt Service Reserve Account, or by posting liquid security in accordance with Paragraph 21.4 in an amount equal to 100% of the accumulated overpayment amount specified for that year in Appendix D.

(e) For all other insurance coverages described in paragraph 14.2, the default may be cured by replacement or reinstatement of the insurance, or by Seller posting liquid security in accordance with paragraph 21.4 in an amount equal to one hundred percent (100%) of the accumulated overpayment liability specified for that year in Appendix D.

21.3.2.2 Every three (3) years for the first twelve (12) years after the Operation Date, and every two (2) years thereafter during the full term of this Agreement, Seller will supply Idaho

Power with a certification of ongoing operation and maintenance from a Registered Professional Engineer licensed in the State of Idaho, which certification of ongoing operation and maintenance shall be in the form specified in Appendix F. Seller's failure to supply the required certificate will be an event of default under Article XXI of the Agreement. Such a default may be cured by Seller providing the required certificate or by posting liquid security in accordance with paragraph 21.4 in an amount equal to twenty percent (20%) of the accumulated overpayment liability specified for that year in Appendix D.

21.3.2.3 During the full term of this Agreement, Seller shall maintain and fund the maintenance escrow account described in paragraph 4.1.7 and Commission Order No 21690. If at any time Seller fails to maintain or fully fund that maintenance escrow account, such a failure will be default under Article XXI. Such default may be cured by reinstating the required maintenance escrow account or by Seller posting liquid security in accordance with paragraph 21.4 in an amount equal to twenty percent (20%) of the accumulated overpayment liability specified for that year in Appendix D.

21.3.2.4 During the full term of this Agreement, Seller shall maintain compliance with all of the requirements of Idaho Power's lien rights described in paragraph 4.1.8 of the Agreement and Commission Order No 21690. If at any time, Seller fails to comply with those requirements, in addition to any other remedies available under this Agreement, Commission Order No 21690, and the lien rights, Seller will be required by Idaho Power to post liquid security in

accordance with paragraph 21.4 in an amount equal to thirty-five percent (35%) of the accumulated overpayment liability specified for that year in Appendix D. Seller recognizes that in accordance with Commission Order No 21690, a default under either or both of paragraphs 21.3.2.2 or 21.3.2.3 constitutes a default under paragraph 21.3.2.4 and in that event the obligation to post liquid security under paragraphs 21.3.2.2 through 21.3.2.4 is cumulative.

21.3.2.5 During the full term of this Agreement, Seller shall maintain compliance with all permits and licenses described in paragraph 4.1.1 of the Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses Seller is required to obtain during the term of this Agreement including, but not limited to, the Permit to Appropriate Water within a reasonable time after their issuance. At least every fifth Contract Year, Seller will update the documentation described in Paragraph 4.1.1. If at any time Seller fails to maintain compliance with the permits and licenses described in paragraph 4.1.1 or to maintain its water rights, or to provide the documentation required by this paragraph, such failure will be a default under Article XXI.

(a) In the case of non-compliance with the required governmental permits, the default will be a material breach and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

(b) In the case of non-compliance with Seller's obligation to secure and maintain adequate water rights, default may be cured by Seller reacquiring the required water rights or by posting liquid

security in accordance with paragraph 21.4 in an amount equal to twenty-six and thirty-nine one hundredths percent (26.39%) of the accumulated overpayment liability specified for that year in Appendix D.

21.4 Liquid Security - If, pursuant to this Agreement or Commission Order No 21690, Seller becomes obligated to post liquid security, such obligation may be satisfied by Seller's depositing cash or a cash equivalent acceptable to Idaho Power, in an escrow to be held and managed by a bank or savings & loan association located and in good standing in the State of Idaho. The escrow holder and the escrow instructions will be acceptable to both Idaho Power and Seller. Payment of all taxes on the amounts deposited in the escrow will be the obligation of the Seller. The liquid security escrow account will be maintained separately from the maintenance reserve account described in paragraph 4.1.7. Failure to maintain and provide the liquid security required by this Agreement and Commission Order Nos 21690 and 21800 shall be a material breach and a default under Article XXI.

ARTICLE XXII: GOVERNMENTAL AUTHORIZATION

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

ARTICLE XXIII: COMMISSION ORDER

This Agreement shall not become effective until the Commission approves all terms and provisions hereof without change or condition and declares that all payments to be made hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

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ARTICLE XXIV: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by Seller shall become effective without the written consent of Idaho Power being first obtained. Such consent shall not be unreasonably withheld. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXV: MODIFICATION

No modification to this Agreement shall be valid unless it is in writing and signed by both Parties.

ARTICLE XXVI: TAXES

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

ARTICLE XXVII: NOTICES

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

To Seller: Hazelton Power Company
333 North 13th Street
Boise, Idaho 83702

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

ARTICLE XXVIII: ADDITIONAL TERMS AND CONDITIONS

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

- Appendix A - Standards for Interconnection and Metering
- Appendix B - Special Facilities, Point of Delivery, Metering, and Operation Date
- Appendix C - Schedule of Required Licenses and Permits
- Appendix D - Lump Sum Refund Payment
- Appendix E - Operating Instructions
- Appendix F - Statements of Professional Engineer

ARTICLE XXIX - ENTIRE AGREEMENT

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

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

IDAHO POWER COMPANY

By 
Vice President, Power Supply

Dated 12/21/90
"Idaho Power"

HAZELTON POWER COMPANY

By 
Its PRESIDENT

Dated 12/19/90
"Seller"

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STATE OF IDAHO)
County of Ada) ss

On this 21st day of December, 1990, before me, the undersigned, a Notary Public, personally appeared Jan B Packwood, personally known, who being duly sworn, did say that he is the Vice President, Power Supply of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

B J Schauffelberger
Notary Public for Idaho
Residing at Boise, Idaho

STATE OF IDAHO)
County of ADA) ss

On this 19th day of DECEMBER, 1990, before me, the undersigned, a Notary Public, personally appeared Kip W Runyan, personally known, who being duly sworn, did say that he is the PRESIDENT of the corporation that executed the within instrument, and acknowledged to me that he executed the same as the free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

W H Schauffelberger
Notary Public for Boise Idaho
Residing at: Ada County

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APPENDIX A

STANDARDS FOR INTERCONNECTION AND METERING

A-1 GENERAL PROVISIONS

A-1.1 It is the policy of Idaho Power to permit Seller to operate its Facility in parallel with Idaho Power's electric system, whenever this can be done without adverse effect to Idaho Power's equipment, personnel or other customers.

A-1.2 These guidelines contain the minimum metering, interconnection, protection, operation, and communications requirements for the safe and effective parallel operation of Seller's Facility with Idaho Power's system. Although these guidelines are established to provide a uniform approach for evaluating Seller's generation projects, each interconnection must be examined by Idaho Power individually. Idaho Power and the Seller will be guided by this document, which is a part of the Firm Energy Sales Agreement, in planning an interconnection between Idaho Power's system and the Seller.

A-1.3 Idaho Power may provide limited technical assistance for Seller, but will not perform any engineering, construction or repair work on power production equipment.

A-2 GENERAL DESIGN CONSIDERATIONS

A-2.1 All Seller generators larger than twenty (20) kVA shall be three-phase generators connected to three-phase circuits. Generators twenty (20) kVA and smaller may be either three-phase or single-phase, as approved by Idaho Power.

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Due to physical limitations within Idaho Power's transmission and distribution systems, induction machine sizes will be limited to confine voltage flicker within acceptable limits. Each generation site is unique and Idaho Power will determine the appropriateness of any proposed machine type for the site and interconnection.

A-2.2 Except in certain instances to be determined by Idaho Power, Seller's generator(s) shall be isolated from Idaho Power's system by a transformer. Transformer type and connection will be specified by Idaho Power. The Seller may be required to limit the fault current contribution to Idaho Power's system by generator impedance, neutral grounding, transformer connections or other means.

A-2.3 Idaho Power will not assume any responsibility for protection of the Seller's generator or of any other portion of the Seller's electrical equipment. The Seller is fully responsible for protecting his equipment from faults or disturbances on Idaho Power's system.

A-2.4 Seller is hereby notified that certain conditions on Idaho Power's system may cause negative sequence currents to flow in the Seller's generator. It is the sole responsibility of the Seller to protect his equipment from excessive negative sequence currents, reverse power flow, and single phasing.

A-3 METERING AND TELEMETRY REQUIREMENTS

A-3.1 Unless otherwise agreed by the Parties, metering will be provided for recording net output of the Facility and will be separate from any metering of Seller's load. Metering required will be determined by Idaho Power on a case-by-case basis, but will generally follow the guidelines below:

A-3.1.1 Capacity Under 750 kW - Two kWh/demand meters; one measuring power flow into customer's facilities and one measuring power flow into Idaho Power's system;

A-3.1.2 Capacity of 750 kW to 4999 kW - A bi-directional, electronic meter installation with load profiling and communication port capability will be installed, and connected to the project voice communications circuit supplied by the developer with a first priority given to Idaho Power's use of said communication circuit. An electro-mechanical kWh backup meter will also be installed;

A-3.1.3 Capacity of 5000 kW and Above - A bi-directional, electronic meter installation with load profiling and communication port capability will be installed, and connected to a voice communications circuit supplied by the developer with a first priority given to Idaho Power's use of said communication circuit. An electro-mechanical kWh backup meter will also be installed. In addition, all necessary telemetry and communication equipment and a dedicated voice quality unconditioned data line will be installed to provide continuous instantaneous telemetering of net generation to Idaho Power's Designated Dispatch Facility.

A-4 FACILITY PROTECTION

A-4.1 The Seller has full responsibility for the maintenance of his generating equipment and the equipment protecting the Facility. If, in the opinion of Idaho Power, the Seller has failed to provide proper maintenance of the Facility or its protection equipment, and this failure could adversely impact Idaho Power or other Idaho Power customers, Idaho Power can require the Seller to cease parallel operation.

A-5 SYNCHRONOUS GENERATORS

A-5.1 Idaho Power or the Seller may specify a governor. If a governor is used, the governor characteristics shall be capable of adjustment to at least five percent (5%) speed droop. The initial droop setting will be five percent (5%). Idaho Power may specify changes in the setting within the five percent (5%) capability.

A-5.2 A check interlock for synchronizing of the Seller's generator(s) is required.

A-5.3 Synchronous generators shall be capable of operating continuously at maximum power output within five percent (5%) of rated voltage and anywhere within a power factor range of from ninety percent (90%) lagging to ninety-five percent (95%) leading.

Unless otherwise approved by Idaho Power, synchronous generators shall be equipped with an excitation system and voltage regulator that are capable of automatically controlling generator voltage over the full range of generator power and reactive capability. In some cases, depending upon system requirements, one or more of the following control methods may be required, as specified in Appendix B:

- 1) a power factor regulator may be required as well as a voltage regulator;
- 2) a programmable controller capable of varying the reactive output based upon a preset time schedule;
- 3) a remote signal provided by Idaho Power to adjust the voltage or power factor regulator settings. Idaho Power will provide this remote signal from within Idaho Power's system and transmit the

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signal to the Facility at the Seller's expense, as specified in B-11 of Appendix B.

The generator excitation system shall have over and under excitation limiter equipment which will permit voltage regulator action to control the reactive output within the range of the generator's capability.

The reactive capability of the Facility shall be operated as specified by Idaho Power, within the generator reactive capability, to regulate either the interconnection voltage or Facility output power factor or both. Idaho Power will provide the desired voltage, power factors, and schedules required by the Seller to set voltage regulators, power factor regulators and programmed or remote signal controllers. Idaho Power may change these desired values from time to time as system requirements change.

If the Facility is not operated to control reactive output in the manner specified and after notification, or the Seller does not make necessary corrections within a reasonable time, a default will be declared pursuant to Article XXI.

A-5.4 Due to the ability of large synchronous generators to influence Idaho Power's system, protective and control relaying in addition to the usual voltage frequency, and fault relaying will be specified by Idaho Power. This will consist of generator relaying for phase-to-phase and three-phase fault detection. Idaho Power will specify the relay type and determine settings. This relay will be tested annually by Idaho Power and the actual cost of this testing will be paid by the Seller.

A-6 INDUCTION GENERATORS

A-6.1 Overvoltage can become a serious problem when an induction generator and a portion of the transmission or distribution facilities are isolated from the

system. Overvoltage relaying shall be provided that will open the generator breaker in the event that the voltage reaches predetermined limits consistent with the overvoltage capability of the generator and the system. Undervoltage protection may also be required. On larger units, underfrequency and overfrequency relaying may both be required.

A-6.2 Induction generators require reactive support to operate. The supplemental reactive required is that amount required to correct the Facility to unity power factor. The reactive may be supplied by either Idaho Power's system or from capacitive correction at the Facility or both. Idaho Power will charge the Seller (as specified in Appendix B) for reactive that is provided from Idaho Power's system.

At some Facilities, because of system considerations, it may not be practical to provide all of the reactive compensation at the Facility. In these instances, Idaho Power shall specify the power factor and compensation necessary at the Facility.

The Seller will have the option to furnish the reactive compensation that is required at the Facility. If the Seller furnishes the reactive compensation, the Facility must be operated at a power factor that is within five percent (5%) of the specified power factor. The Seller must also design the Facility to avoid possible overvoltage that can occur under certain conditions when capacitors are applied to the generator terminals.

A-7 DC TO AC CONVERTERS

A-7.1 Direct current generators may be operated in parallel with Idaho Power's system through a synchronous inverter. The inverter installation will be designed such that an Idaho Power system interruption will result in the immediate removal of the inverter power flow to Idaho Power. Harmonics and/or

spurious frequencies generated by the Seller's generator-inverter combinations must be limited to avoid causing any reduction in quality of electric service to Idaho Power's other customers.

A-8 SWITCHING REQUIREMENTS

A-8.1 Idaho Power reserves the right to open and secure by lock any disconnecting device without prior notice to Seller for any of the following reasons:

A-8.1.1 System emergency;

A-8.1.2 Inspection of the Seller's Facility protective equipment reveals a condition which might adversely impact Idaho Power or Idaho Power's other customers;

A-8.1.3 Seller's generating equipment interferes with other customers, or with Idaho Power's system.

A-8.2 Seller shall maintain a written record of all operating (opening and closing) by Seller of the Seller's interconnection with Idaho Power. Each operation will be recorded by the date, hour and minute and will include the generator kWh reading at the time of the operation. This record will be maintained on a monthly basis and the original will be mailed to Idaho Power on the first business day of the following month. Idaho Power will provide the forms necessary for filing this monthly switching report.

A-9 GENERATION SCHEDULING AND REPORTING

A-9.1 For installations under 750 kVA, the Seller shall read his generator kWh/demand meter within the 24-hour period following 12:00 noon on the last day of each month. That kWh meter reading is to be recorded on the Monthly Power Production Switching Report.

A-9.2 For installations 750 kVA and above, see Appendix E.

A-9.3 The written record of the end-of-month meter reading on the Monthly Power Production Switching Report, subject to subsequent review and correction by Idaho Power, will be the basis of payment for energy purchased by Idaho Power from the Seller. An adjustment in the kWhs delivered will be made to compensate for the losses in B-6.

A-9.4 At the end of each month, the Monthly Power Production Switching Report will be mailed to:

Operations and Joint Facilities Accounting
Idaho Power Company
P O Box 70
Boise, Idaho 83707

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APPENDIX B

SPECIAL FACILITIES, POINT OF DELIVERY, METERING,
AND OPERATION DATE
PROJECT NO 31715140
HAZELTON B

B-1 DESCRIPTION OF FACILITY

The Seller's Facility is described as two synchronous generators with nameplate ratings of 3,690 kW each at 4,160 Volts, three phase, 60 hertz, driven by horizontal bevel gear turbines.

B-2 LOCATION OF FACILITY

The Facility is located in the NW Quarter of Section 35, Township 9 South, Range 20 East, Boise Meridian, Jerome County, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected June 1, 1993, as the Scheduled Operation Date and May 1, 1993, as the First Energy Date. In making these selections, Seller recognizes that to allow for adequate testing of the Facility's degree of completion and reliability, it must achieve its First Energy Date at least thirty (30) days prior to the Operation Date. Idaho Power, based on the information supplied by Seller, will schedule its construction so that all Special Facilities, Disconnection Equipment and Metering Equipment will be completed in time so as not to delay Seller's achieving the First Energy Date. However, if Seller fails to pay the costs specified in B-11 below

at the time specified therein, or materially changes the specifications or design of the Facility or Seller-furnished Interconnection Facilities from what was previously provided to Idaho Power, Idaho Power may be required to reschedule its construction of these facilities which could adversely impact Seller's ability to achieve its scheduled First Energy Date.

B-4 FAILURE TO ACHIEVE OPERATION DATE

If Seller has not achieved the Operation Date within eleven (11) months of the Scheduled Operation Date, such failure shall be deemed to be an event of default pursuant to Article XXI.

B-5 POINT OF DELIVERY

The Point of Delivery of energy from the Seller to Idaho Power will be the 138,000 volt bushings of the Sellers transformer. The 7,768 kVA transformer will be owned and maintained by the Seller. The transformer connection will be specified at a later date.

B-6 LOSSES

Losses shall be 2.00% of the metered energy.

B-7 METERING AND TELEMETRY

The Metering Equipment will be on the 4,160 volt side of the Sellers step up transformer. Idaho Power provided metering equipment will consist of: current and potential transformers, a meter enclosure, meter test blocks, recorder, an electronic bi-directional meter for measuring net generation, an electro-mechanical meter for measuring auxiliary use, an isolation relay, transducer, communication equipment, and all meter wiring. Seller provided metering equipment will consist of all conduit and junction boxes from the metering transformers to the meter enclosure and all high side conductor and connectors. Seller will install all Seller provided

material as well as the metering transformers and the enclosure. Seller will arrange for and make available at Seller's cost, one telephone circuit dedicated to Idaho Power's use terminating in an RJ-11 receptacle to be used for load profiling and another telephone circuit dedicated to Idaho Power's communication equipment for continuous telemetering of the project's kilowatt output to Idaho Power's Designated Dispatch Facility. Both circuits will be installed to the meter enclosure. The meters will register kilowatt hours and kilowatts of demand. Idaho Power provided meter and communication equipment will be owned and maintained by Idaho Power, with total cost of purchase, installation, operation, and maintenance including administrative cost to be reimbursed to Idaho Power by the Seller.

B-8 SPECIAL FACILITIES

The construction of approximately 6,000 feet of three phase 138,000 volt H-frame transmission line, and a 138,000 volt transmission sectionalizing switch will be provided and maintained by Idaho Power. The total cost of these facilities will be reimbursed to Idaho Power by the Seller.

B-9 REACTIVE POWER

The Seller shall operate the synchronous generators within plus or minus 5% of unity power factor, or as listed in Appendix A.

B-10 DISCONNECTION EQUIPMENT

Disconnection Equipment is required to insure that the Seller's Facility will be disconnected from Idaho Power's system in the event of a disturbance on either Idaho Power's system or the Seller's Facility. This equipment is for the protection of Idaho Power's equipment only and will be located at the Point of Delivery. Idaho Power will supply a three

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phase gang operated 138,000 volt disconnect switch, a deadend structure, a 138,000 volt potential transformer, a 138,000 volt circuit switcher, a current transformer to be installed in the transformer neutral, a relay cabinet containing relays and associated wiring and logic, and a battery cabinet. Seller will install all Idaho Power supplied equipment, and all wiring and conduit necessary for the operation of the interconnection equipment. Idaho Power will supply details for the interconnection panel and will connect and test the equipment prior to operation of the Facility. Seller will provide drawings of the interconnection wiring for engineering approval before installation. The total cost of the Disconnection Equipment, connection and testing will be reimbursed to Idaho by the Seller.

B-11 COSTS

The total cost of Special Facilities is \$249,193. The total cost of the Metering Equipment is \$7,055. The total cost of the communication equipment is \$5,012. In addition, there will be a monthly charge for the communication circuit lease cost associated with the telemetry equipment. The communications circuit lease is \$140 per month as of the date of this Agreement. Seller recognizes that the monthly communications circuit charge may be adjusted by Idaho Power as the cost to Idaho Power is adjusted by the owner of the communications circuit. The total cost of the Disconnecting Equipment is \$100,726. The total cost to be paid by the Seller is \$361,986. This represents the amount that will be charged by Idaho Power if the Seller makes the payment on or before February 11, 1991. If the Seller does not make this payment by the specified date, the costs will be subject to update. Idaho Power will not schedule

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construction or order Special Facilities which are not ordinarily maintained in Idaho Power's inventory until payment has been made. In addition to the installation and construction charges above, in accordance with paragraph 8.2 during the term of the Agreement Seller will pay Idaho Power an operation and maintenance charge of 0.36% per month for \$228,405 of transmission line Facilities, and 0.7% per month on the remainder of the Facilities specified above or the operation and maintenance charge specified in Schedule 72. The total cost shown above is an estimate calculated on the basis of average costs. When the actual total cost is determined, Idaho Power will adjust the total cost amount to reflect the actual total cost incurred by Idaho Power. Beginning with the month of this adjustment, the operation and maintenance charges will also be adjusted. When the actual total cost is known, within sixty (60) days Idaho Power will refund any overpayment or Seller will remit any underpayment.

B-12 SALVAGE

No later than sixty (60) days after the termination or expiration of this Agreement, Idaho Power will prepare and forward to Seller an estimate of the remaining value of those Idaho Power furnished Interconnection Facilities described in this Appendix, less the cost of removal and transfer to Idaho Power's nearest warehouse, if the Interconnection Facilities will be removed. Idaho Power may then be invoiced by Seller for the net salvage value estimated by Idaho Power for the interconnection facilities and shall pay such amount to Seller within thirty (30) days after receipt of said invoice.

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APPENDIX C

SCHEDULE OF REQUIRED LICENSES AND PERMITS

1. Evidence of compliance with Part 1 of the Federal Power Act. Acceptable evidence of compliance will be an Order from FERC: (1) issuing a valid License for the Facility, or (2) validly exempting the Facility from Licensing.
2. Approved Permit to Appropriate Water for power production purposes issued by the Idaho Department of Water Resources.
3. Evidence of compliance with Subpart B of CFR §292.207.

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APPENDIX D

LUMP SUM REFUND PAYMENT FOR PERMANENT CURTAILMENT OF PORTION OR ALL OF ANNUAL NET ENERGY AMOUNT UNDER 35-YEAR CONTRACT

DOLLARS PER ANNUAL MEGAWATT HOUR

Contract Year of Curtailment Commencement	Facility Operation Date					
	1991	1992	1993	1994	1995	1996
1	28	31	34	19	20	21
2	58	64	53	39	41	42
3	92	83	72	59	62	64
4	110	102	92	80	83	87
5	128	121	112	101	105	110
6	146	140	132	122	128	133
7	165	160	153	144	150	157
8	184	180	174	166	173	181
9	204	200	195	188	196	205
10	223	220	216	210	220	230
11	242	241	238	233	243	254
12	261	261	259	255	267	278
13	280	281	280	277	290	303
14	299	301	301	299	312	326
15	317	320	321	320	335	350
16	335	338	340	341	356	372
17	351	356	359	360	377	393
18	367	372	376	379	396	414
19	381	387	392	396	414	432
20	394	400	406	411	430	449
21	404	412	418	424	443	463
22	412	420	428	435	454	474
23	417	426	435	442	462	482
24	419	429	438	446	466	486
25	417	427	437	445	465	486
26	411	421	431	440	459	480
27	400	410	419	429	448	468
28	382	392	402	411	429	448
29	358	367	377	386	403	421
30	325	334	343	352	367	384
31	284	292	300	308	321	336
32	233	239	246	252	264	275
33	169	174	179	184	192	201
34	93	95	98	101	105	110
35	0	0	0	0	0	0

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APPENDIX E

OPERATING INSTRUCTIONS FOR PLANTS OVER 750 KW

1. Prior to initial start-up at least one day in advance the Project shall:
 - A. Provide Idaho Power's System Scheduling at the Boise Bench System Dispatching Center with an estimate of the hourly generation that is expected to be produced during the first scheduled test day. The phone number for System Scheduling is listed below.
 - B. Notify the Division Substation Supervisor of project start up plans. The phone number is listed below.
 - C. The kWh meter should be read and entered on the Monthly Power Production and Switching Report (Form No: Cogen CAD-A-1).
2. Before 10:00 a.m. on each normal work day, after the initial start-up, the Project will report to the system scheduling office the previous day's actual generation based upon midnight to midnight meter readings and the estimate of generation planned for the following day or days. The phone number to report the actual generation and scheduling estimate is listed below. Note that the System Scheduling number is answered only between the hours of 8 a.m. to 5 p.m. Mountain Time, on weekdays and that generation estimates must be provided for weekend days and holidays.
3. Each time the generator breaker is closed or opened (including testing and normal operation), Idaho Power's system dispatchers must be notified by phone as soon as possible. Prompt reporting is very important. The Designated Dispatch Facility is manned 24 hours a day, 7 days a week, and the phone number is listed below.
4. In addition to promptly notifying the system dispatchers, the record of each breaker opening and closing must be entered on the Monthly Power Production and Switching Report mentioned in 1-C above.
5. For questions or problem concerning:

Power Scheduling: (208) 383-2931

System Dispatching: (208) 383-2826

Metering: Meter Engineer - Boise
(208) 383-2751

or

Division Metering Supervisor

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Payette	(208) 642-6205, ext 284
Boise	(208) 322-2029
Twin Falls	(208) 736-3205, ext 284
Pocatello	(208) 236-7700, ext 7771

Substations: Division Substation Supervisor

Payette	(208) 642-6205, ext 262
Boise	(208) 322-2064
Twin Falls	(208) 736-3205, ext 237
Pocatello	(208) 236-7700, ext 7774

Billing: Operations and Joint Facilities Accounting - Boise
(208) 383-2593

Contracts: Customer Generation - Boise
(208) 383-2427

6. Toll free numbers for Operating Reporting:

<u>In-State:</u>	System Scheduling	1-800-635-1093
	System Dispatching	1-800-635-7348

<u>Out-of-State:</u>	System Scheduling	1-800-356-4328
	System Dispatching	1-800-348-4328

APPENDIX F
CERTIFICATION OF DESIGN ENGINEER

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

1. That Design Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.

2. That Design Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____.

3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Hydro Project No _____ and is hereinafter referred to as the "Project".

4. That the Project, which is commonly known as the _____ Project, is located in Section _____, Township _____, Range _____, Boise Meridian, _____ County, Idaho.

5. That Design Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.

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6. That Design Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.

7. That Design Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, water conveying equipment, Seller furnished interconnection equipment and other project facilities and equipment.

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

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

10. That Design Engineer has supplied the Seller with at least one copy of said Plans and Specifications bearing his Stamp and the words "CERTIFIED FOR IDAHO P.U.C. SECURITY ACCEPTANCE" on each sheet thereof.

11. That Design Engineer recognizes that Idaho Power, in accordance with paragraph 5.2(2) of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

RECEIVED

OCT 22 1992

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

By _____
(P.E. Stamp)

Date _____

STATE OF IDAHO }
County of _____ } ss

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

RECEIVED
OCT 22 1992

APPENDIX F

ENGINEER'S CERTIFICATION OF DESIGN &
CONSTRUCTION ADEQUACY

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

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.

2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____.

3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Hydro Project No _____ and is hereinafter referred to as the "Project".

4. That the Project, which is commonly known as the _____ Project, is located in Section _____, Township _____, Range _____, Boise Meridian, _____ County, Idaho.

5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.

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6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.

7. That Engineer has no economic relationship to the Design Engineer of this Project and has made the analysis of the plans and specifications independently.

8. That Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, water conveying equipment, Seller furnished interconnection equipment and other Project facilities and equipment.

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

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

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2(2) of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

RECEIVED
OCT 22 1992

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

By _____
(P.E. Stamp)

Date _____

STATE OF IDAHO)
County of _____) ss

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

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APPENDIX F

ENGINEER'S CERTIFICATION OF
OPERATIONS & MAINTENANCE POLICY

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

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.

2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____.

3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Hydro Project No _____ and is hereinafter referred to as the "Project".

4. That the Project, which is commonly known as the _____ Project, is located in Section _____, Township _____, Range _____, Boise Meridian, _____ County, Idaho.

5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.

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6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.

7. That Engineer has no economic relationship to the Design Engineer of this Project.

8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance (O&M Policy) for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards, adherence to said O&M Policy will result in the Project's producing at or near the design electrical output, efficiency, and plant factor for a _____ (____) year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2(2) of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

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

By _____
(P.E. Stamp)

Date _____

OCT 22 1992

STATE OF IDAHO)
County of _____) ss

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

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OCT 22 1992

APPENDIX F

ENGINEER'S CERTIFICATION OF ONGOING
OPERATIONS AND MAINTENANCE

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

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.

2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____.

3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No _____ and is further designated as Federal Energy Regulatory Commission Hydro Project No _____ and is hereinafter referred to as the "Project".

4. That the Project, which is commonly known as the _____ Project, is located in Section _____, Township _____, Range _____, Boise Meridian, _____ County, Idaho.

5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.

OCT 22 1992

6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.

7. That Engineer has no economic relationship to the Design Engineer of this Project.

8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection, and the Project's Policy for Operation and Maintenance (O&M Policy) bearing the words "CERTIFIED FOR IDAHO P.U.C. SECURITY APPROVAL" and the Stamp of the Certifying Engineer. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing operation and maintenance has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency, and plant factor for _____ (____) years.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 21.2.2.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

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

By _____
(P.E. Stamp)

Date _____

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2 1992

STATE OF IDAHO)
County of _____) ss

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____, personally known, who being duly sworn, did say that he is the individual who executed the within instrument, and acknowledged to me that he executed the same as a free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: _____

FILED
JUN 22 1992

John A. Rosholt
NELSON, ROSHOLT, ROBERTSON,
TOLMAN & TUCKER
P. O. Box 1906
Twin Falls, Idaho 83303-1906
Telephone: (208) 734-0700
4587m/dcb/10-15-90

Attorneys for Applicant

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

* * * * *

IN RE:	)	
	)	
HAZELTON B HYDROELECTRIC	)	
PROJECT	)	NOTICE AND ACCEPTANCE
	)	OF TRANSFER OF EXEMPTION
PROJECT NO. 10326-000	)	OWNERSHIP
NORTH SIDE CANAL COMPANY, LTD.	)	
	)	
Applicant.	)	

* * * * *

NOTICE OF TRANSFER

COMES NOW North Side Canal Company, Ltd., Exemptee in small hydroelectric Project No. 10326-000 located on the Northside Main Canal, an irrigation canal near the town of Hazelton, in Jerome County, Idaho, and gives notices to the Commission and all persons that all rights and responsibilities under Exemption No. 10326-000 have been transferred to Hazelton

OCT 22 1992

Power Company, an Idaho corporation, effective September 17, 1990.

DATED: OCTOBER 19, 1990.

NORTH SIDE CANAL COMPANY, LTD.

By: Russell Woolley

ACCEPTANCE OF TRANSFER

COMES NOW, KIP W. RUNYAN, for Hazelton Power Company, an Idaho corporation, and hereby gives notice that Hazelton Power Company as of this date has received all title and interest in and accepts all responsibilities under Exemption No. 10326-000.

DATED: _____, 1990.

HAZELTON POWER COMPANY

By: _____
KIP W. RUNYAN
PRESIDENT

STATE OF IDAHO)
) ss.
County of _____)

On this ____ day of _____, 1990, before me, a Notary Public, in and for said County and State, personally appeared KIP W. RUNYAN, known or identified to me to be the President of HAZELTON POWER COMPANY, the corporation that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

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IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.

NOTARY PUBLIC FOR _____
Residing at: _____
My commission expires: _____

STATE OF IDAHO)
) ss.
County of Jerome)

On this 19 day of OCTOBER, 1990, before me,
a Notary Public, in and for said County and State, personally
appeared Russell Woolley, known or identified to me to
be the President of NORTH SIDE CANAL COMPANY, LTD., the
corporation that executed the foregoing instrument, and
acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.

John A. Rosholt
NOTARY PUBLIC FOR IDAHO
Residing at: Twin Falls
My commission expires: 1991

OCT 22 1992



**CERTIFICATE OF CORPORATE STATUS
OF**

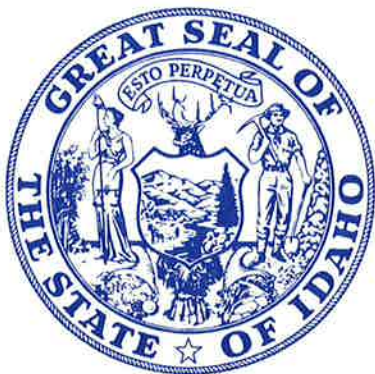
WILSON POWER COMPANY

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Idaho and was issued a certificate of incorporation in Idaho on September 13, 1990.

I FURTHER CERTIFY That the corporation's authority to do business has not been forfeited.

Dated May 09, 1991



Pete T. Cenarrusa

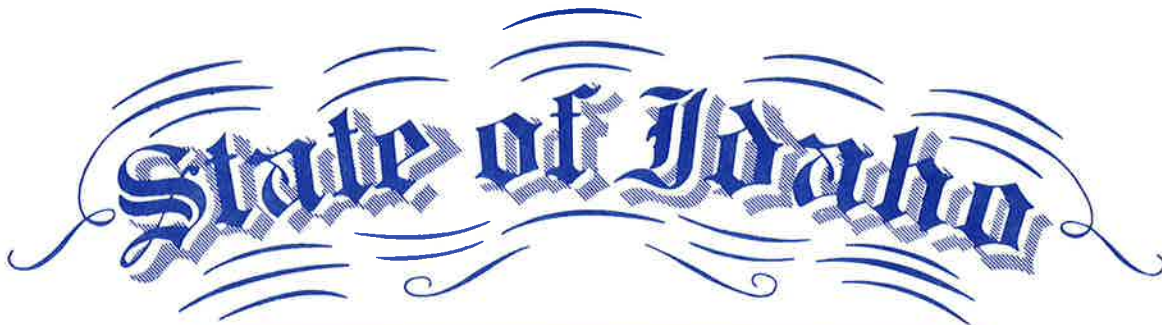
SECRETARY OF STATE

by

Elizabeth M. Basala

RECORDED

OCT 22 1992



**CERTIFICATE OF CORPORATE STATUS
OF**

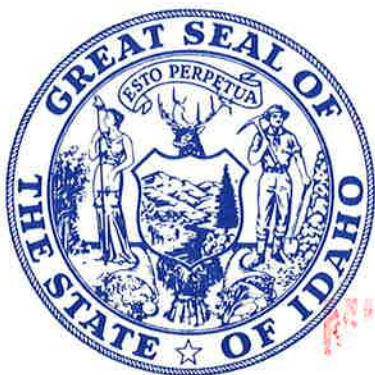
LAND TITLE AND ESCROW, INC.

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Idaho and was issued a certificate of incorporation in Idaho on March 26, 1959.

I FURTHER CERTIFY That the corporation's authority to do business has not been forfeited.

Dated May 09, 1991



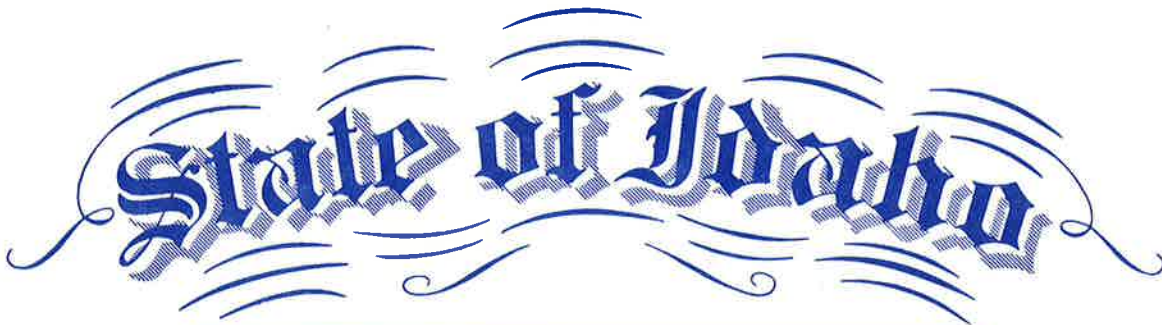
Pete T. Cenarrusa

SECRETARY OF STATE

by *Elizabeth M. Zabala*

NOT FILMED

OCT 22 1992



**CERTIFICATE OF CORPORATE STATUS
OF**

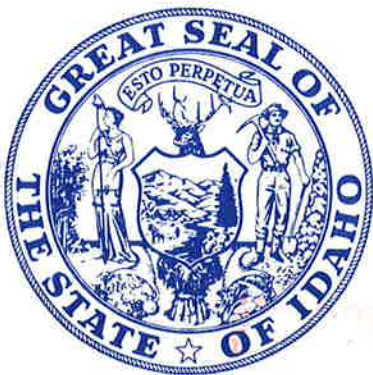
NORTH SIDE CANAL COMPANY, LIMITED

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Idaho and was issued a certificate of incorporation in Idaho on April 22, 1907.

I FURTHER CERTIFY That the corporation's authority to do business has not been forfeited.

Dated May 09, 1991



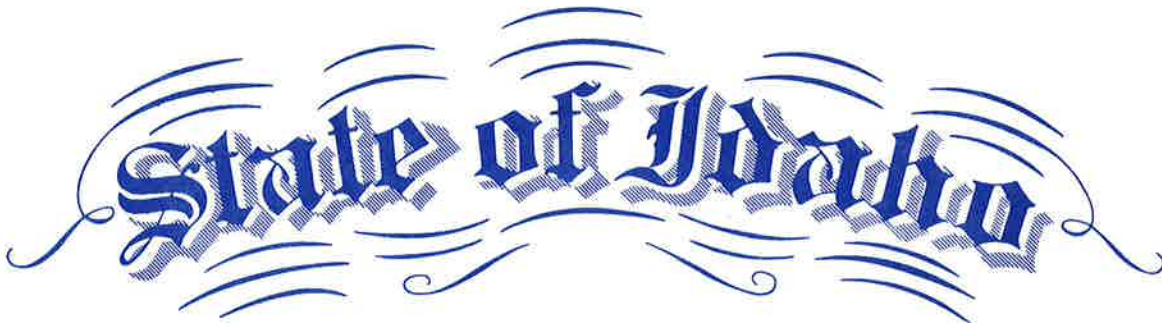
Pete T. Cenarrusa

SECRETARY OF STATE

by

Elizabeth M. Zabala

OCT 22 1992



**CERTIFICATE OF CORPORATE STATUS
OF**

HAZELTON POWER COMPANY

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Idaho and was issued a certificate of incorporation in Idaho on September 13, 1990.

I FURTHER CERTIFY That the corporation's authority to do business has not been forfeited.

Dated May 09, 1991



Pete T. Cenarrusa

SECRETARY OF STATE

by

Elizabeth M. Zabala

OCT 22 1992