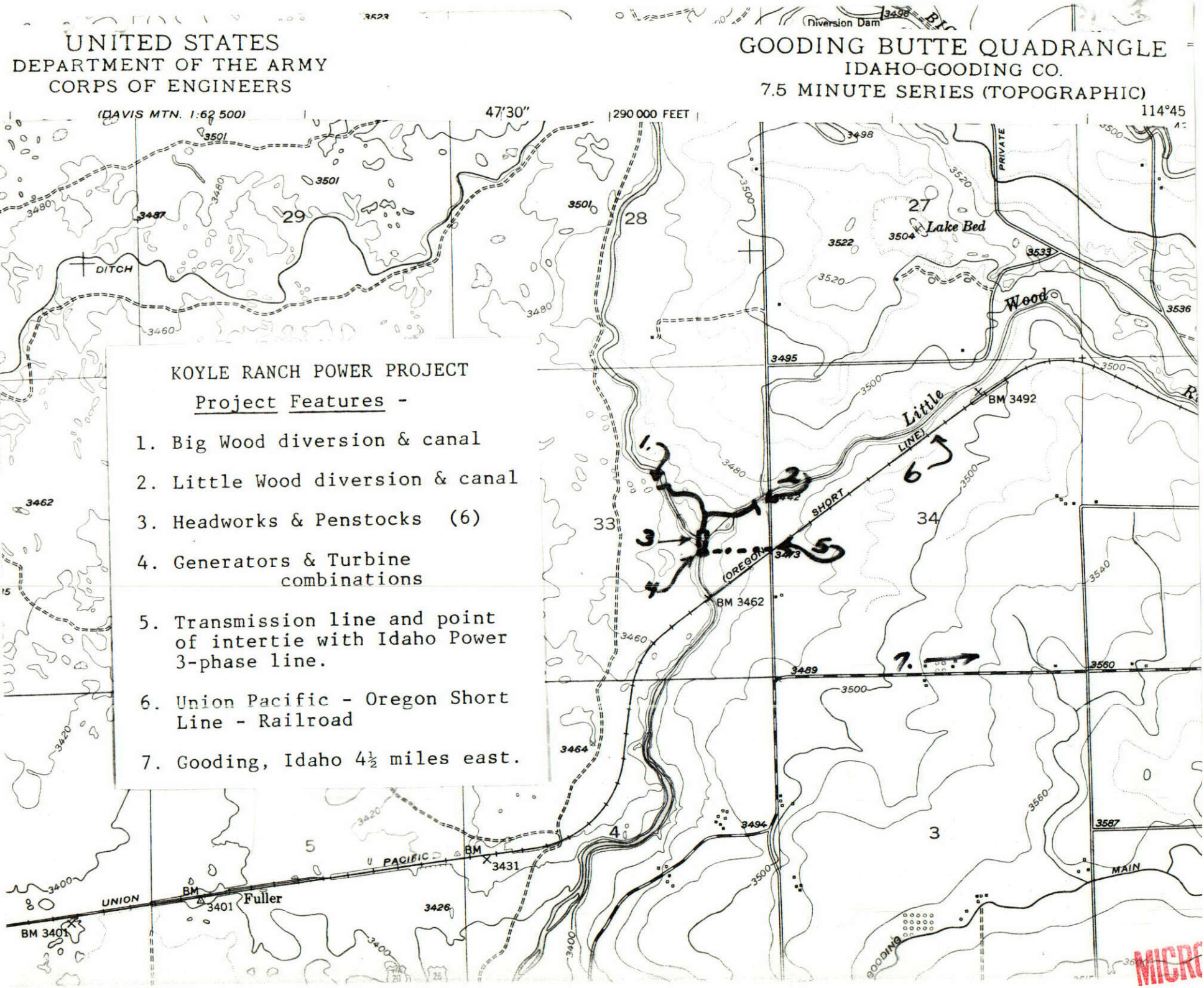

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS
GOODING BUTTE QUADRANGLE
IDAHO-GOODING CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)
(DAVIS MTN. 1:62 500)
47'30"
290 000 FEET
114°45
KOYLE RANCH POWER PROJECT
Project Features -
1. Big Wood diversion & canal
2. Little Wood diversion & canal
3. Headworks & Penstocks (6)
4. Generators & Turbine combinations
5. Transmission line and point of intertie with Idaho Power 3-phase line.
6. Union Pacific - Oregon Short Line - Railroad
7. Gooding, Idaho 4½ miles east.
Diversion Dam
PRIVATE
Lake Bed
Wood
Little
LINE
SHORT
(OREGON
PACIFIC
UNION
MAIN
GOODING
Fuller
BM 3492
BM 3462
BM 3431
BM 3401
BM 3401
27
28
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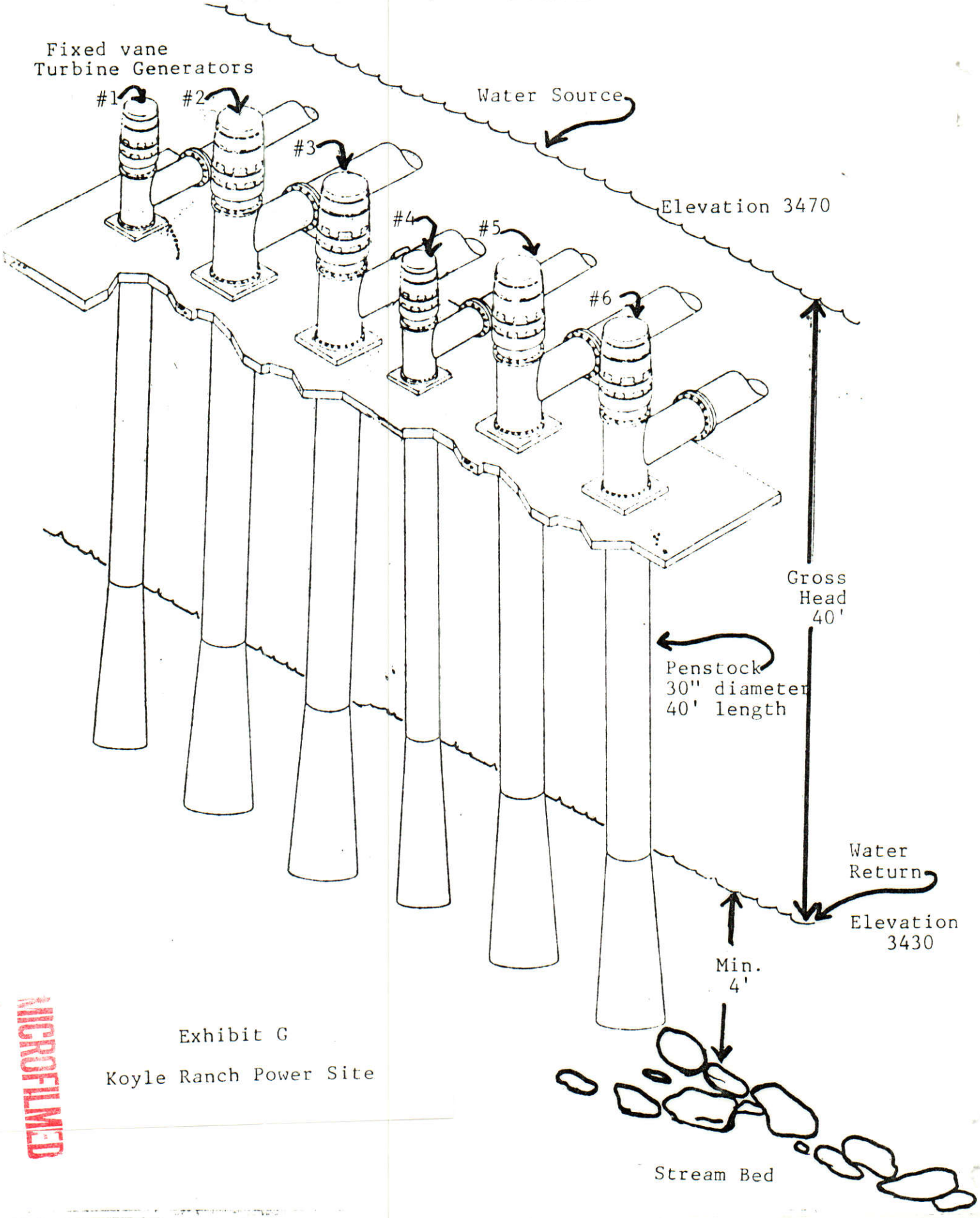


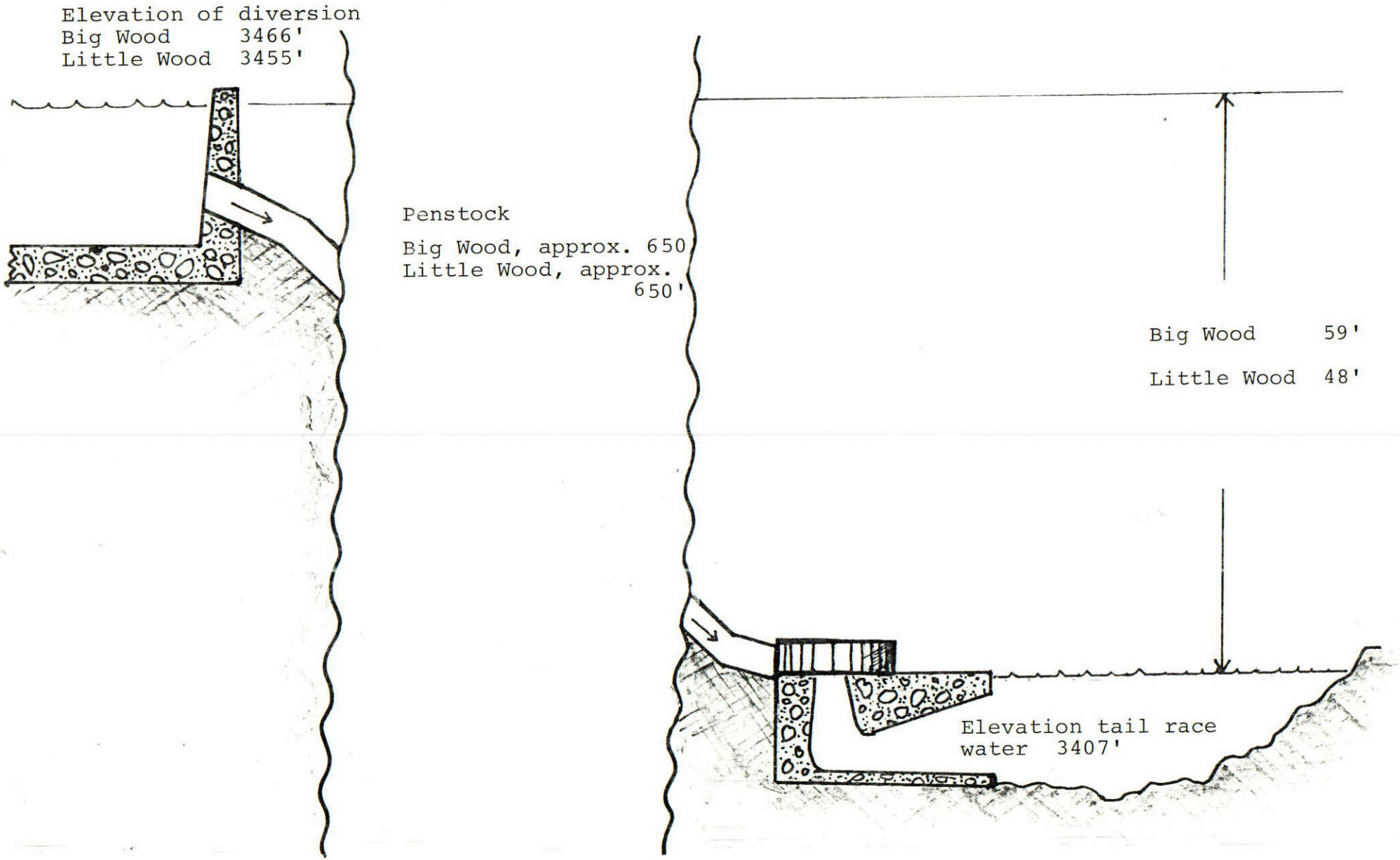
Exhibit G

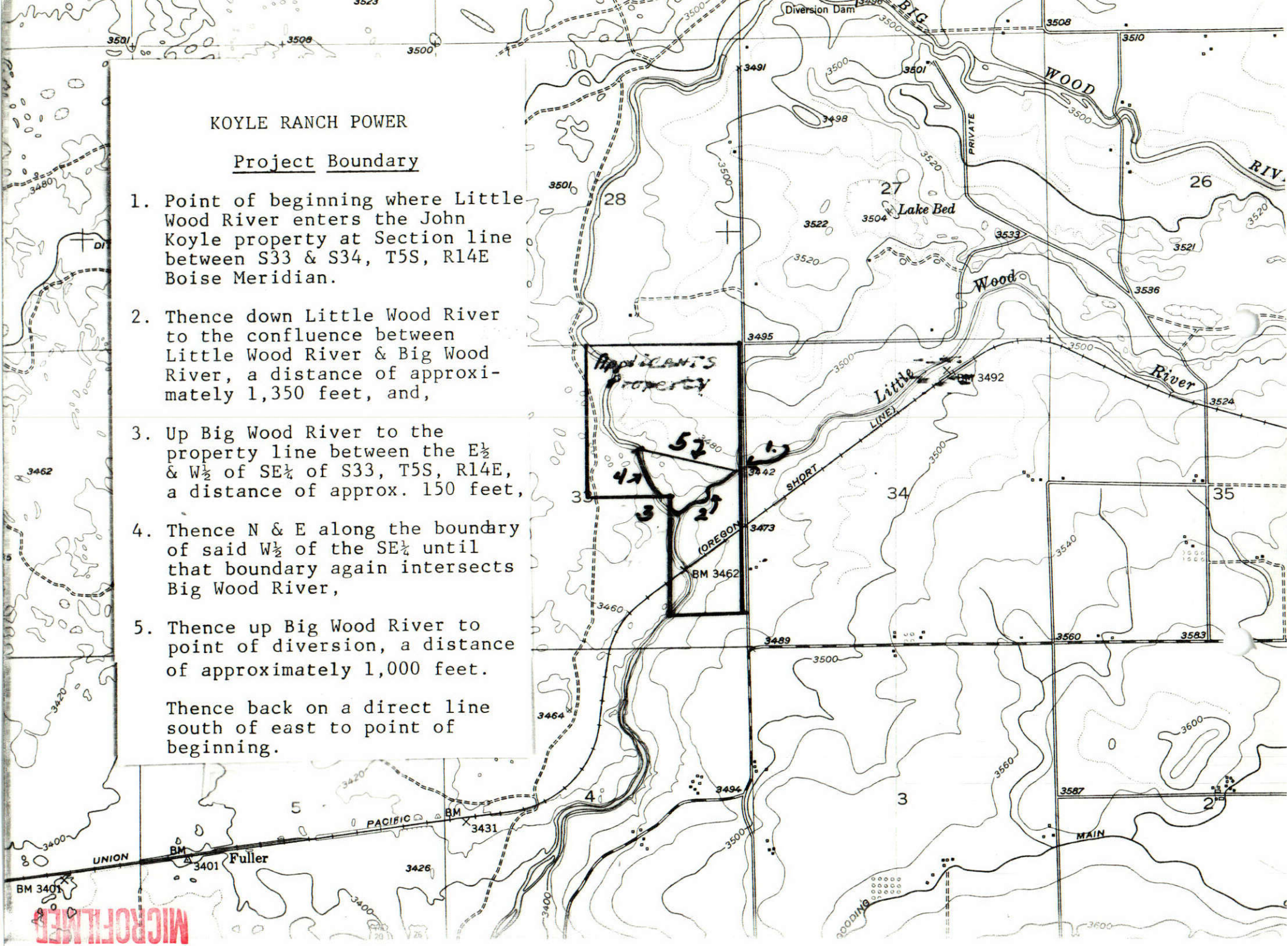
Koyle Ranch Power Site

MICROFILMED

JOHN KOYLE PROJECT
Gooding County, Idaho
(See maps attached for legal descriptions)

MICROFILMED





KOYLE RANCH POWER

Project Boundary

1. Point of beginning where Little Wood River enters the John Koyle property at Section line between S33 & S34, T5S, R14E Boise Meridian.

2. Thence down Little Wood River to the confluence between Little Wood River & Big Wood River, a distance of approximately 1,350 feet, and,

3. Up Big Wood River to the property line between the E½ & W½ of SE¼ of S33, T5S, R14E, a distance of approx. 150 feet,

4. Thence N & E along the boundary of said W½ of the SE¼ until that boundary again intersects Big Wood River,

5. Thence up Big Wood River to point of diversion, a distance of approximately 1,000 feet.

Thence back on a direct line south of east to point of beginning.

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MICROFILMED

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS

GOODING BUTTE QUADRANGLE
IDAHO-GOODING CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

(DAVIS MTN. 1:62 500) 47'30" 290 000 FEET 114°45

KOYLE RANCH POWER PROJECT

Project Features -

1. Big Wood diversion & canal
2. Little Wood diversion & canal
3. Headworks & Penstocks (6)
4. Generators & Turbine combinations
5. Transmission line and point of intertie with Idaho Power 3-phase line.
6. Union Pacific - Oregon Short Line - Railroad
7. Gooding, Idaho 4½ miles east.

NOTICE OF APPLICATION FOR WATER RIGHT

Notice is hereby given that the following application(s) have been submitted for permit to appropriate the public waters of the State of Idaho:

37-7916

KOYLE, JOHN H.
RT. 2, BOX 254, GOODING, ID 83330
Source: BIG WOOD RIVER tributary to MALAD RIVER LITTLE WOOD RIVER tributary to MALAD RIVER
Date Filed: 06/15/1981
Amount: 280.00 CFS
Diversion Point: SWNE SENE Sec 33 T 05S R 14E, GOODING Co.
Use: POWER (280.00 CFS) from 01/01 to 12/31
Place of Use: NESE Sec 33 T 05S R 14E
Diversion Means: ROCK & CEMENT DIVERSION DAM

If issued, the permit(s) will be subject to all prior water rights. Protests against the granting of any permit must be filed with the Director of the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before JULY 10, 1981.

/s/ A. KENNETH DUNN
Director

PUB: 6-24; 7-1, 1981

UNITED STATES OF A[illegible]
FEDERAL ENERGY REGULATORY C[illegible]ISSION

John H. Koyle) Project No. 4052-002

NOTICE OF APPLICATION FOR EXEMPTION FOR SMALL HYDROELECTRIC POWER PROJECT UNDER 5 MW CAPACITY

(December 10, 1981)

Take notice that on October 22, 1981, John H. Koyle (Applicant) filed an application, under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705, and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project, Project No. 4052 would be located on the Big Wood River, near the town of Gooding, in Gooding County, Idaho. Correspondence with the Applicant should be directed to: John H. Koyle, Route #2, Gooding, Idaho 83330.

Project Description - The proposed project would consist of: (1) an 8-foot high rock-rubble diversion structure; (2) a canal; (3) headworks; (4) six 265-foot long, 30 inch diameter penstocks; (5) a powerhouse containing six generating units, each rated at 150 kW; and (6) a 1-mile long transmission line. The average annual energy generation is estimated to be 6.7 million kWh.

Purpose of Project - The power output from the project would be sold to the Idaho Power Company.

Agency Comments - The U.S. Fish and Wildlife Service, The National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

DC-A-28

Project No. 4052-002

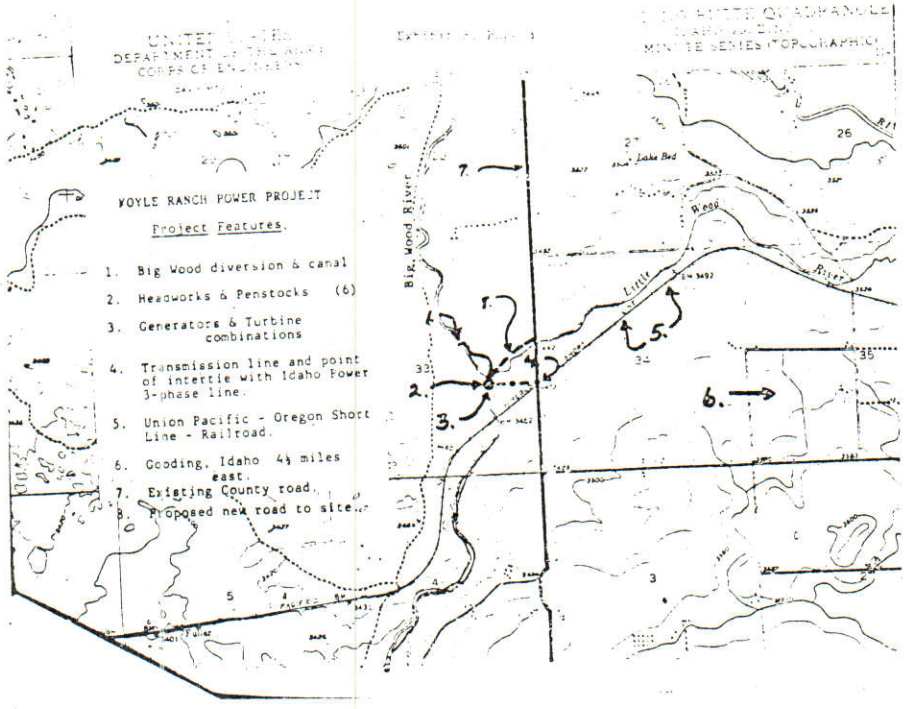
Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before JAN 25 1982 either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

A notice of intent must conform with the requirements of 18 C.F.R. §4.33(b) and (c) (1980). A competing license application must conform with the requirements of 18 C.F.R. §4.33(a) and (d) (1980).

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of the Rules of Practice and Procedure, 18 C.F.R. §1.8 or §1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or petitions to intervene must be received on or before JAN 25 1982.

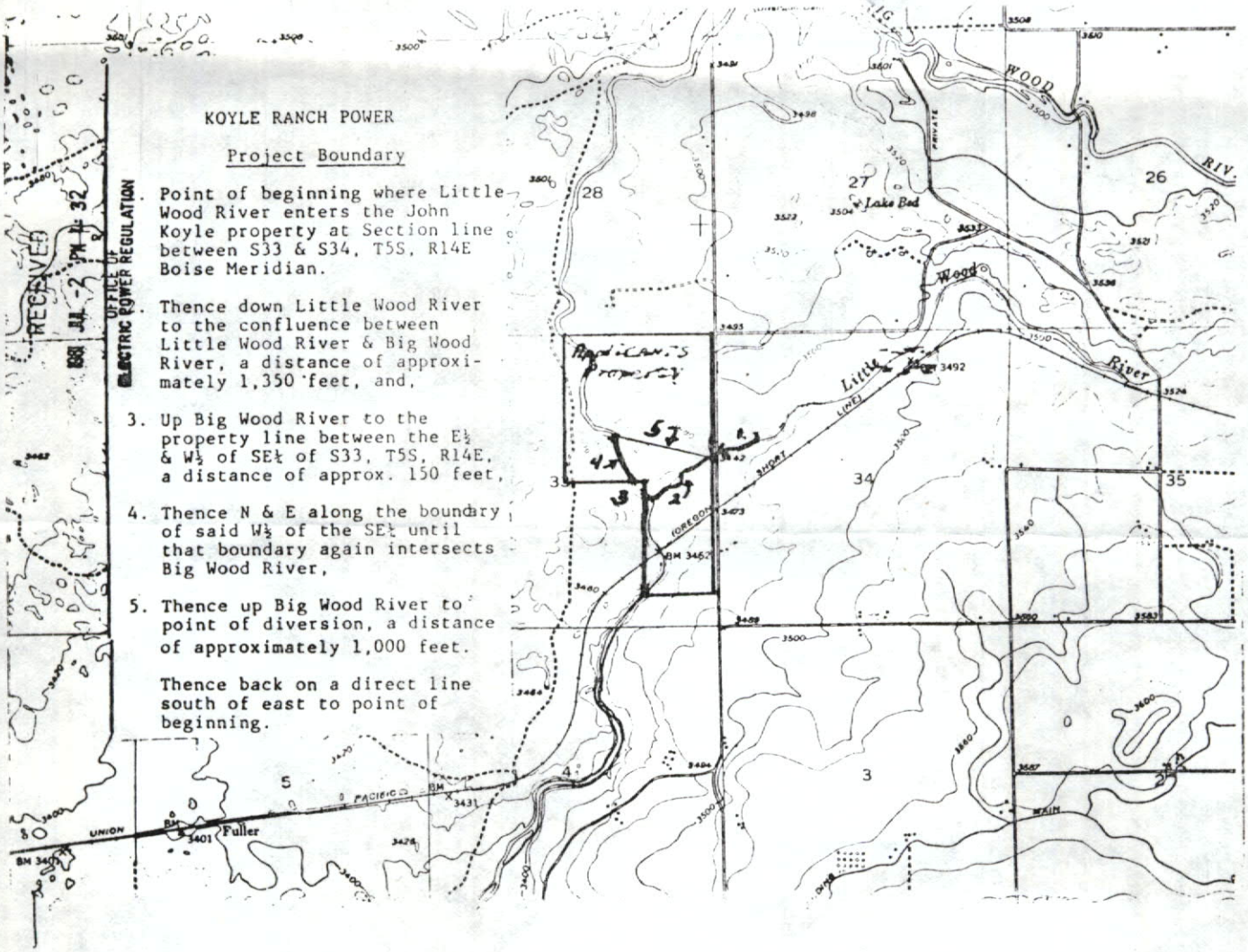
Filing and Service of Responsive Documents - Any filings must bear in all capital letters the title "COMMENTS", "NOTICE OF INTENT TO FILE COMPETING APPLICATION", "COMPETING APPLICATION", "PROTEST", or "PETITION TO INTERVENE", as applicable, and the Project Number of this notice. Any of the above named documents must be filed by providing the original and those copies required by the Commission's regulations to: Kenneth F. Plumb, Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, D.C. 20426. An additional copy must be sent to: Fred E. Springer, Chief, Applications Branch, Division of Hydropower Licensing, Federal Energy Regulatory Commission, Room 208 RB at the above address. A copy of any notice of intent, competing application, or petition to intervene must also be served upon each representative of the Applicant specified in the first paragraph of this notice.

Kenneth F. Plumb
Secretary



MICROFILMED

bill - Koyle



FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D C 20426
EQUAL OPPORTUNITY EMPLOYER

POSTAGE AND FEES PAID
FEDERAL ENERGY REGULATORY COMMISSION
FERC 361
FIRST CLASS MAIL

RECEIVED
AUG 21 1981

Consulting Associates
P. O. Box 893
Boise, Idaho 83701

P-405

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State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 37-07916

Priority: June 15, 1981

Maximum Diversion Rate: 280.00 CFS
Maximum Diversion Volume: 116179.5 AF

This is to certify, that BONNEVILLE PACIFIC CORP
C/O DAVID P HIRSCHI
257 E 200 S
SUITE 800
SALT LAKE CITY UT 841110000 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated June 15, 1981; and has submitted Proof of Beneficial Use on October 3, 1985. An examination indicates that the works have a diversion capacity of 300.000 cfs of water from:

BIG WOOD RIVER	tributary to	**MALAD RIVER**
LITTLE WOOD RIVER	tributary to	**MALAD RIVER**

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

BENEFICIAL USE	PERIOD OF USE	RATE OF DIVERSION	ANNUAL VOLUME
POWER	01/01 to 12/31	280.00 CFS	116179.5 AF

LOCATION OF POINT(S) OF DIVERSION: SWSE , Sec. 28, Township 05S, Range 14E
SWNE , Sec. 6, Township 06S, Range 15E
GOODING County

PLACE OF USE: POWER

TWN	RGE	SEC	
05S	14E	33	NESE

CONDITIONS/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.

MICROFILMED

DEC 09 1992

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 37-07916

CONDITIONS/REMARKS:

5. The water right confirmed in this license 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 license and shall not give rise to any right or claim against any future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this license.
6. Use of water under this water right will be regulated by the watermaster of State Water District No. 37.
7. A measuring device of a type approved by this Department shall be required at the diversions of the Big and Little Wood Rivers if determined to be necessary by either the Department of Water Resources or the watermaster of Water District 37.
8. The diversion and use of water under this license is subject to review by the Director 25 years from the date of issuance. 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.
9. Use of water pursuant to this right shall be non-consumptive.
10. Any loss of water to the Big Wood River or the Little Wood River resulting from conveyance and use pursuant to this license shall be mitigated with replacement water.
11. Use of water under this license shall not cause fluctuation in the flows of the Malad River which impairs the ability of prior right holders to divert their water.
12. This right is used in connection with Right No. 37-07889.
13. This license is subject to revocation pursuant to Section 42-350, Idaho Code.
14. Bypass flows in the Big Wood River and Little Wood River must be maintained at sufficient levels to ensure protection of fish, wildlife, aquatic and riparian values.

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 10TH day of NOVEMBER, 1992.

Acting for R. Keith Higginson, Director

MICROFILMED

DEC 09 1992

State of Idaho
Department of Water Resources

RECEIVED
JAN 14 1988
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 37-7916

APPROVED

Date of Priority: June 15, 1981

Comes now BONNEVILLE PACIFIC CORP.
C/O DAVID P. HIRSCHI
185 S. STATE ST.
P.O. BOX 11898
SALT LAKE CITY, UT 84147 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. **37-7916**, and requests that the permit be changed as follows:

Source: **BIG WOOD RIVER** tributary to: **MALAD RIVER**
Source: **LITTLE WOOD RIVER** tributary to: **MALAD RIVER**

BENEFICIAL USE	PERIOD OF USE	RATE OF DIVERSION	VOLUME
Power	01/01 to 12/31	280.00 cfs	116179.5 afa

LOCATION OF POINT OF DIVERSION(S): SWSE, Sec. 28, Township 5S, Range 14E
SWNE, Sec. 6, Township 6S, Range 15E
Gooding County

PLACE OF USE: Power

TWN	RGE	SEC	
5S	14E	33	NESE

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 Salt Lake City, Utah, this 5th day of January, 1988.

BONNEVILLE PACIFIC CORPORATION

Robert N. Pratt
(Signature)
Robert N. Pratt, President

DPK

RECEIVED
DEC 09 1992

871124

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 37-7916

****

FOR DEPARTMENT USE ONLY #48291

Preliminary check by KW Fee = $20.00 ✓ Receipted by ___ Date 1-15-88

ACTION OF THE DEPARTMENT OF WATER RESOURCES

I, R. Keith Higginson, of the Department of Water Resources hereby approve the above Application for Amendment for Permit No. 37-7916 with the following;

CONDITIONS/REMARKS:

1. The right to the use of the water hereby confirmed is limited to the amount which can actually be beneficially used and is restricted and appurtenant to the lands or place of use and to the purpose herein described, as provided by the laws of Idaho.
2. This right is subject to all prior water rights and may be forfeited by five years of non-use.
3. Modifications to or variance from this license must be made within the limits of Section 42-222, **Idaho Code**, or the applicable Idaho law.
4. The water right confirmed in this license 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 license and shall not give rise to any right or claim against any future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this license.
5. Use of water under this license is subject to control by the watermaster of State Water District No. 37 .
6. A measuring device of a type approved by this Department shall be required at the diversions of the Big & Little Wood Rivers if determined to be necessary by either the Department of Water Resources or the watermaster of Water District 37.
7. This right is used in connection with Right 37-7889.

Witness my hand this 10TH day of NOVEMBER, 19 92 .

Acting for Norman C Young (Director)

DEC 09 1992

871124

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

June 14, 1983

RE: Assignment of Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Bonneville Pacific Corporation
c/o David P. Hirschi
Parsons Behle & Latimer
185 South State Street
P. O. Box 11898
Salt Lake City, UT 84147

Gentlemen:

This office has reviewed the Assignment of Water Rights and Permits dated June 13, 1983, between John H. Koyle and Margaret H. Koyle, as Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Assignment Agreement between the Koyles and Bonneville Pacific Corporation and certain loan commitments of First Interstate Bank of Utah, N. A. (Construction Lender) and New England Mutual Life Insurance Company (Permanent Lender), relating to the ownership and financing of the proposed Koyle Ranch Hydroelectric project.

This letter confirms that this office has received all of the documentation that we need to process the Assignment of the above referenced permits from John H. Koyle and Margaret H. Koyle to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Section 42-206 and 42-207, Idaho Code, for the Assignment to Bonneville Pacific Corporation.

Sincerely,

NORMAN C. YOUNG
Administrator
Resources Administration Division

NCY:alw

cc: John H. Koyle

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Form 202
3/78

Ident. No. 37-7916

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant John H. Koyle Phone 934-4060

   Post office address Route 2, Box 254, Gooding, ID 83330

2. Source of water supply Big Wood & Little Wood which is a tributary of for Malad and then Tributary of Snake river

3. Location of point of diversion is SW (Big Wood) ¼ of NE ¼ of Section 33 Township 5S

   Range 14E B.M. Gooding County, additional points of diversion if any:

   Little Wood SE ¼ of NE ¼, Section 33 - Township 5 s Range 14 E B.M.

4. Water will be used for the following purposes:

   Amount 280 (cfs or acre-feet per annum) for Hydropower purposes from Jan 1 to Dec. 31 (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated:

   a. 280 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Big Wood simple rock and cement diversion aprox. 10' high - diversion via canal and cement flume. Little Wood same - join flows from both to support one generation facility

   b. Height of storage dam none feet, active reservoir capacity none acre-feet; total reservoir capacity NA acre-feet, materials used in storage dam: NA

      Period of year when water will be diverted to storage none (Month/Day) to NA (Month/Day) inclusive.

   c. Proposed well diameter is NA inches; proposed depth of well is NA feet.

7. Time required for the completion of the works and application of the water to the proposed beneficial use is ~~3~~ 5 years *(minimum 1 year – maximum 5 years).*

8. Description of proposed uses:
   a. If water is **not** for irrigation:
      (1) Give the place of use of water: NE ¼ of SE ¼ of Section 33 Township 5 S

      Range 14 E B.M.

      (2) Amount of power to be generated: 800 KW total / 1100 hp installed capacity. (In combination with previous application) horsepower under 50 feet of head.

      (3) List number of each kind of livestock to be watered None

      (4) Name of municipality to be served None, or number of families to be supplied with domestic water _____.

      (5) If water is to be used for other purposes describe: _____

b. If water is for irrigation, indicate acreage in each subdivision in the tabulation below:

N/A

TWP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

Total number of acres to be irrigated NA

c. Describe any other water rights used for the same purposes as described above. Application made 3/9/81 for 20 C.F.S. Project feasibility indicates a practical use of a total of 300 C.F.S.

9. a. Who owns the property at the point of diversion John Royle - Applicant

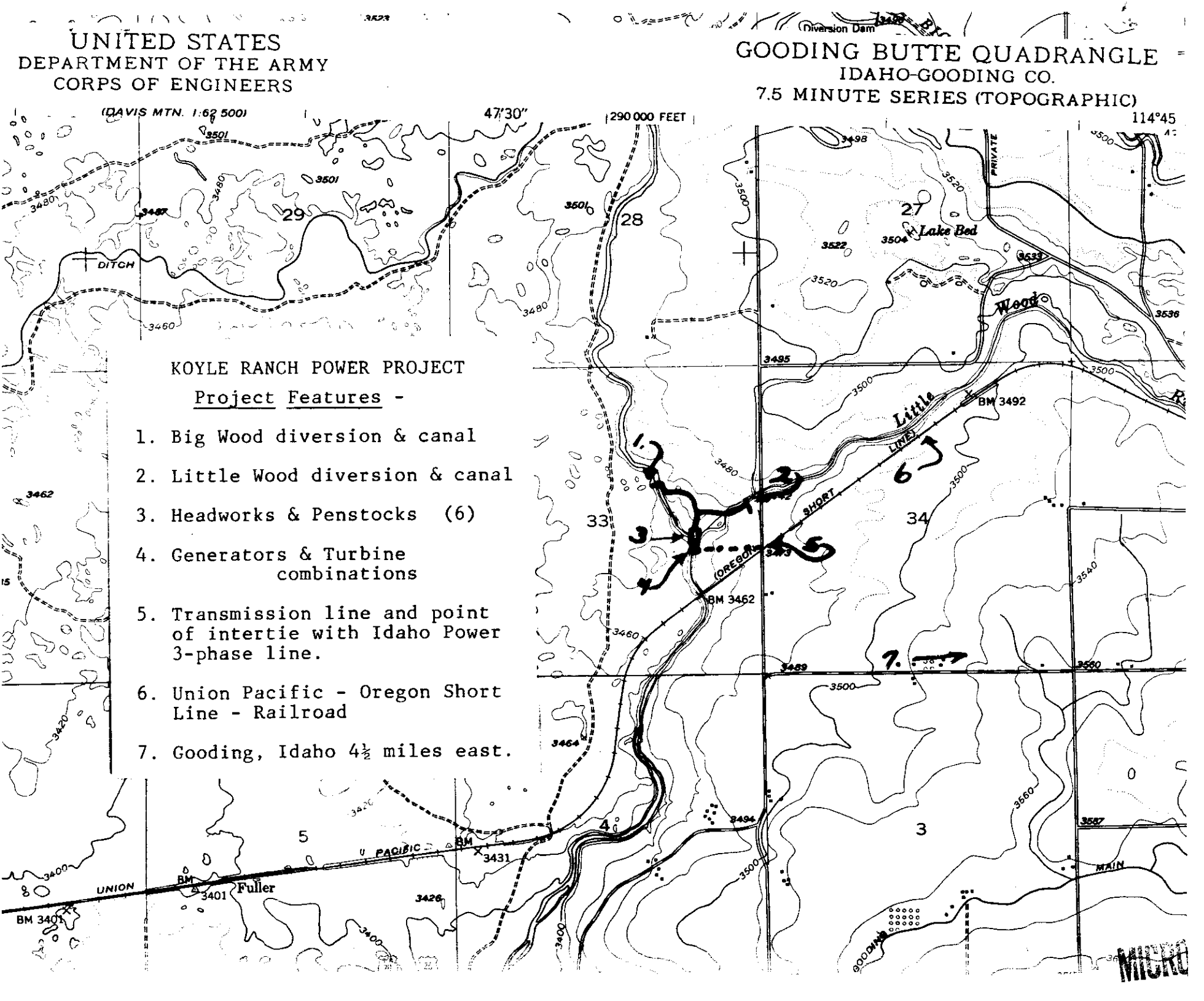
b. Who owns the land to be irrigated or place of use John Royle - Applicant

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing NA

10. Remarks Reference Loren Holmes letter to John Royle - April 14, 1981 the project has now matured in concept. The hydrology work is completed and the project concept has been simplified See the map attached below. Also find attached the multiple generation concept which the engineering firm (J.U.B. - Boise, Idaho) purpose as the practical way to best use the variable flow available from the two streams. In the final determination the actual installation will probably be 2 - 75 - C.F.S. turbines and 3 - 50 - C.F.S. units as a more feasable alternative to the 6 - 50 - C.F.S. units presently calculated

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS

GOODING BUTTE QUADRANGLE
IDAHO-GOODING CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)



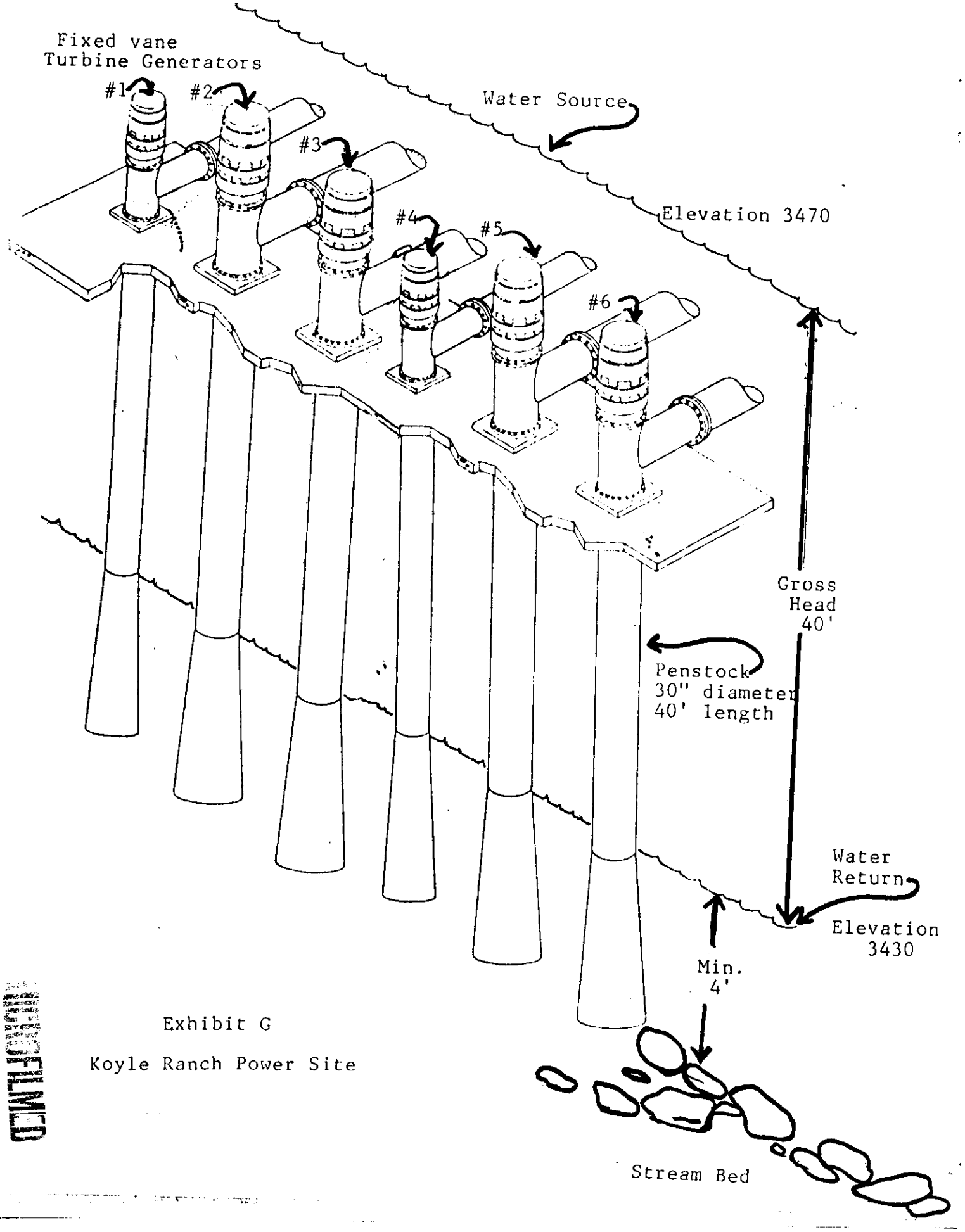
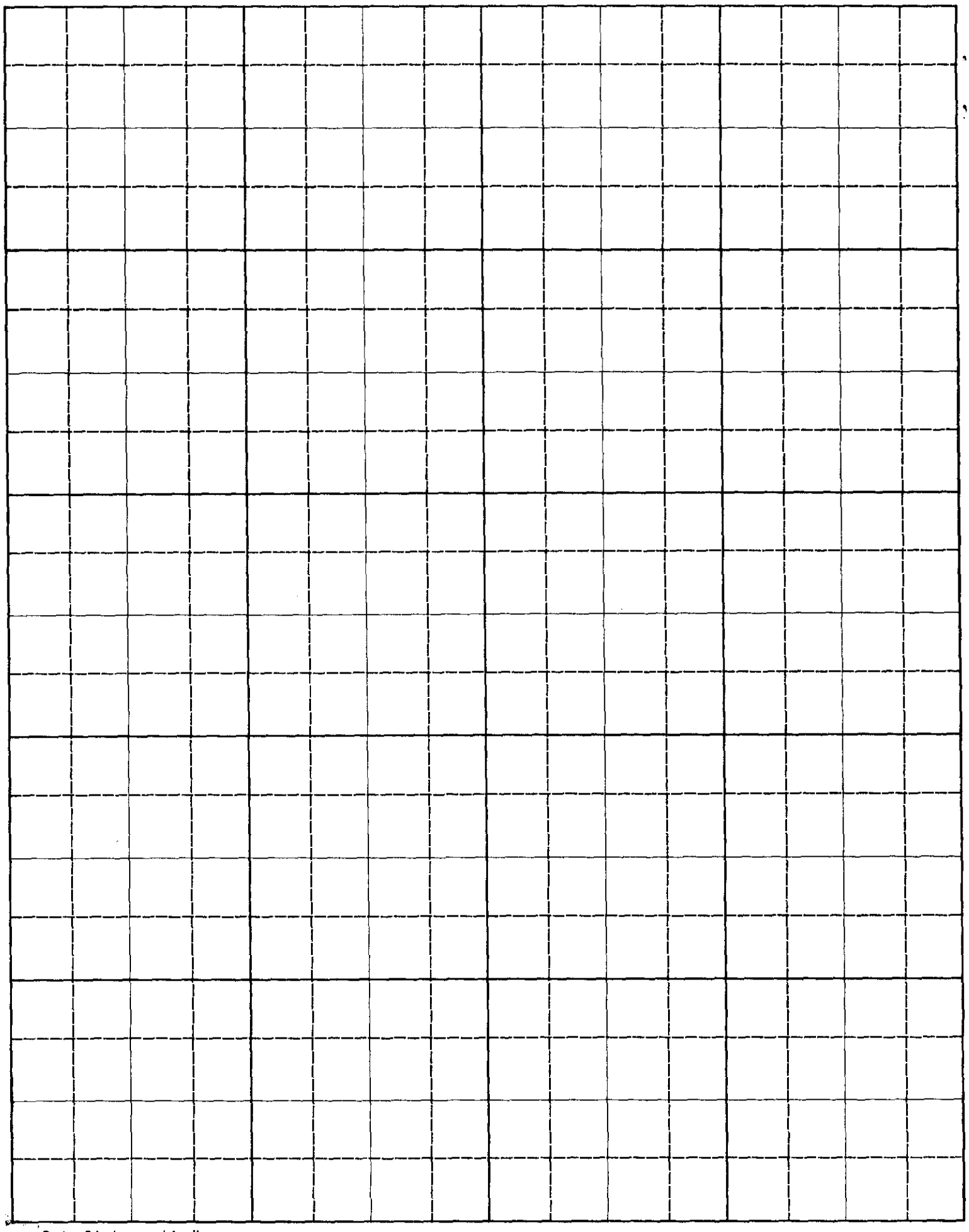


Exhibit G

Koyle Ranch Power Site

MICROFILMED

11. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile.

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

John H. Koyle
(Applicant)

Proposed Priority 6/15/1981

Received by JP Date 6-15-81 Time 3:55pm

Preliminary check by ADM Fee $ 2125.00

Receipted by JP Date 6-15-81 #18661

Publication prepared by maya Date 6/17/81

Published in Gooding Co. Leader

Publication dates 6/24/81 & 7/1/81

Publication approved maya Date 6/24/81

Protests filed by: _____

Copies of protests forwarded by _____

Hearing held by _____ Date _____

Recommended for (approval) denial by LL

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. 37-7916, and said application is hereby APPROVED.

1. Approval of said application is subject to the following limitations and conditions:

a. SUBJECT TO ALL PRIOR WATER RIGHTS.

b. Proof of construction of works and application of water to beneficial use shall be submitted on or before January 1, 19 87.

c. The rate of diversion, if water is to be used for irrigation under this permit, when combined with all other water rights for the same land shall not exceed 0.02 cubic feet per second for each acre of land.

d. Other: A measuring device device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

Use of water under this permit is subject to control by the watermaster of State Water District No. 37, Big Wood River.

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.

This project shall be operated in a manner that will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

This permit does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.

Witness my hand this 2nd day of February, 1982.

L. Glen Saxton

Chief, Operations Bureau

FORM 206
1/81

Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
AFFIDAVIT OF RESIDENCY OR QUALIFICATION TO DO BUSINESS IN AND UNDER THE LAWS OF IDAHO

A. Individual Applicant or Individual Members of a Partnership:

I John H. Koyle (name) of Gooding (city), County of Gooding, State of Idaho, being duly sworn, do hereby certify that I am a bona fide resident of the State of Idaho.

/s/ John H. Koyle

Subscribed and sworn to before me this 15th day of June, 1981

/s/ Loren O. Fahrni

Notary Public

Residence Twin Falls, ID

My Commission expires Life

B. Corporation:

I _____ (name) of _____ (city), County of _____, State of Idaho, being first duly sworn, depose and say: That I am the designated registered agent of the _____ (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 _____ (city)

Idaho, wherein are kept the corporate records required by Section 30-1-52, *Idaho Code:* and that _____ (name of corporation) is a corporation qualified to do business in the State of Idaho under the laws of the State of Idaho.

/s/ _____

Subscribed and sworn to before me this _____ day of _____, 19 _____

/s/ _____

Notary Public
Residence _____

My Commission Expires _____

Consulting Associates, Incorporated

BOISE OFFICE
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-2670
P.O. BOX 893
BOISE, IDAHO 83701

July 22, 1981

Mr. Loren O. Holmes
Southern Region Supervisor
Idaho Dept. of Water Resources
1041 Blue Lakes Blvd. N.
Twin Falls, ID 83301

Department of Water Resources
Southern District Office

Dear Loren,

In behalf of our client, Mr. John Koyle, this letter is submitted to answer your questions in your letter of July 16.

1. We attach the copy of the boundary map as submitted to the Federal Energy Regulatory Commission, and a conceptual drawing of the facility, but ask that you understand that the actual design is yet to be completed, so this information is based on field reconnaissance and is not final.

2. Mr. Tom Schafer, consulting engineer from Twin Falls, is preparing a field estimate of the civil costs and a copy of his report will be forwarded just as soon as it is received. Based upon the detailed project analysis completed at a neighboring installation, which, in turn, was estimated by J.U.B. Engineering of Boise, the technical works for the Koyle project will cost approximately $750,000. In combination, the overall cost of the project appears to be in the range of $1,200,000 to $1,500,000.

3. Mr. Koyle, from his own resources, has already paid for the water rights, the preparation of the FERC exemption, surveys, and engineering reconnaissance. Our firm, Consulting Associates, is working with a group of financial interests to put together a combination of these small hydro projects in anticipation that a broad based group of feasible projects will be capable of attracting major money market funding. Mr. Koyle's project is included as a part of that package. If desired, the Idaho Water Resources Department will be kept informed as to the progress made in connection with this source of funding.

In addition to the three items requested in the letter, you also asked for an affidavit certifying that this project would not use man made conduit of irrigation water. Both diversions and usage of water will be from the natural bed of the Big Wood and Little Wood Rivers, and that affidavit was left with Glenn Holmes at your Twin Falls office on Tuesday, July 21.

Sincerely,

Vernon F. Ravenscroft

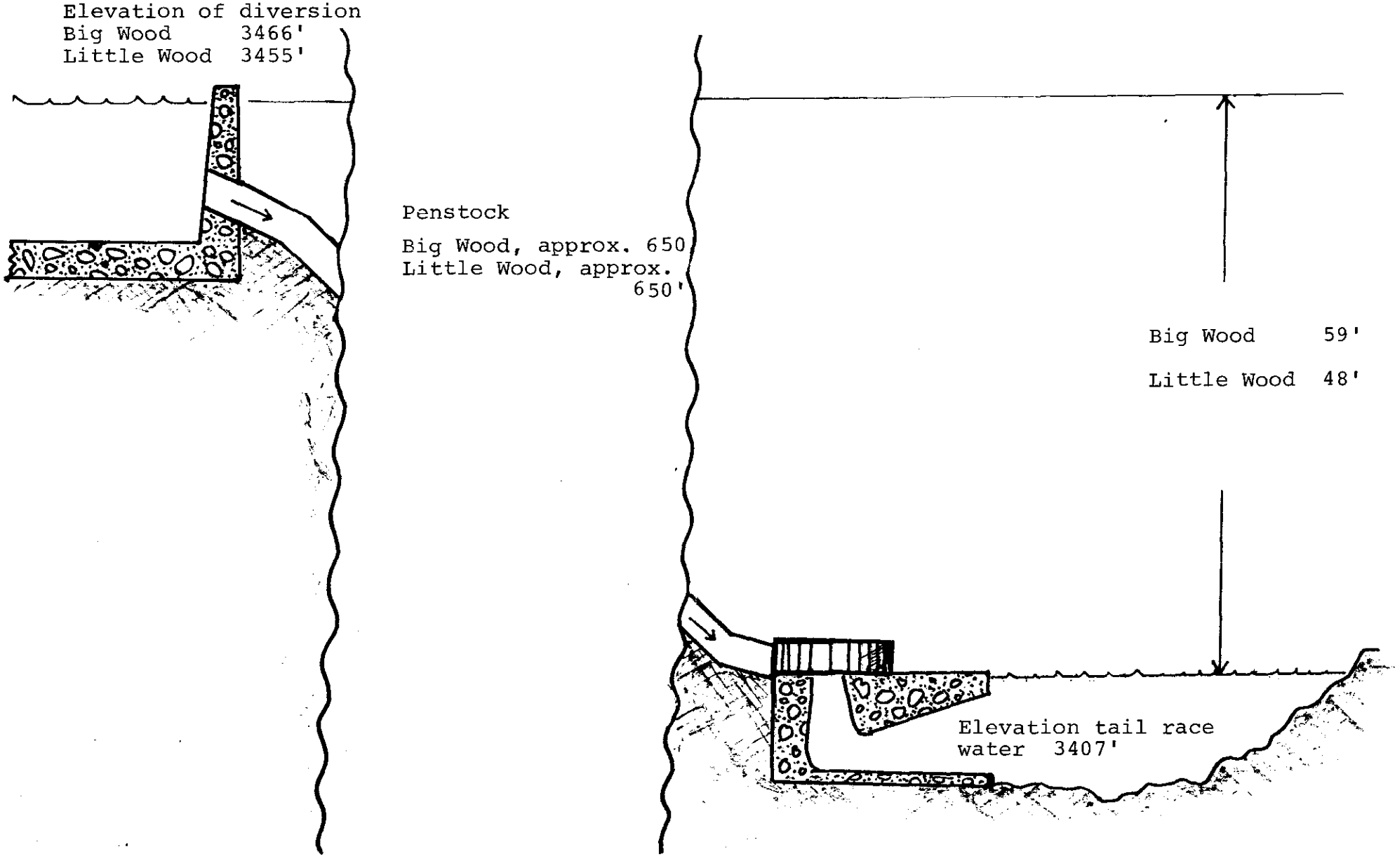
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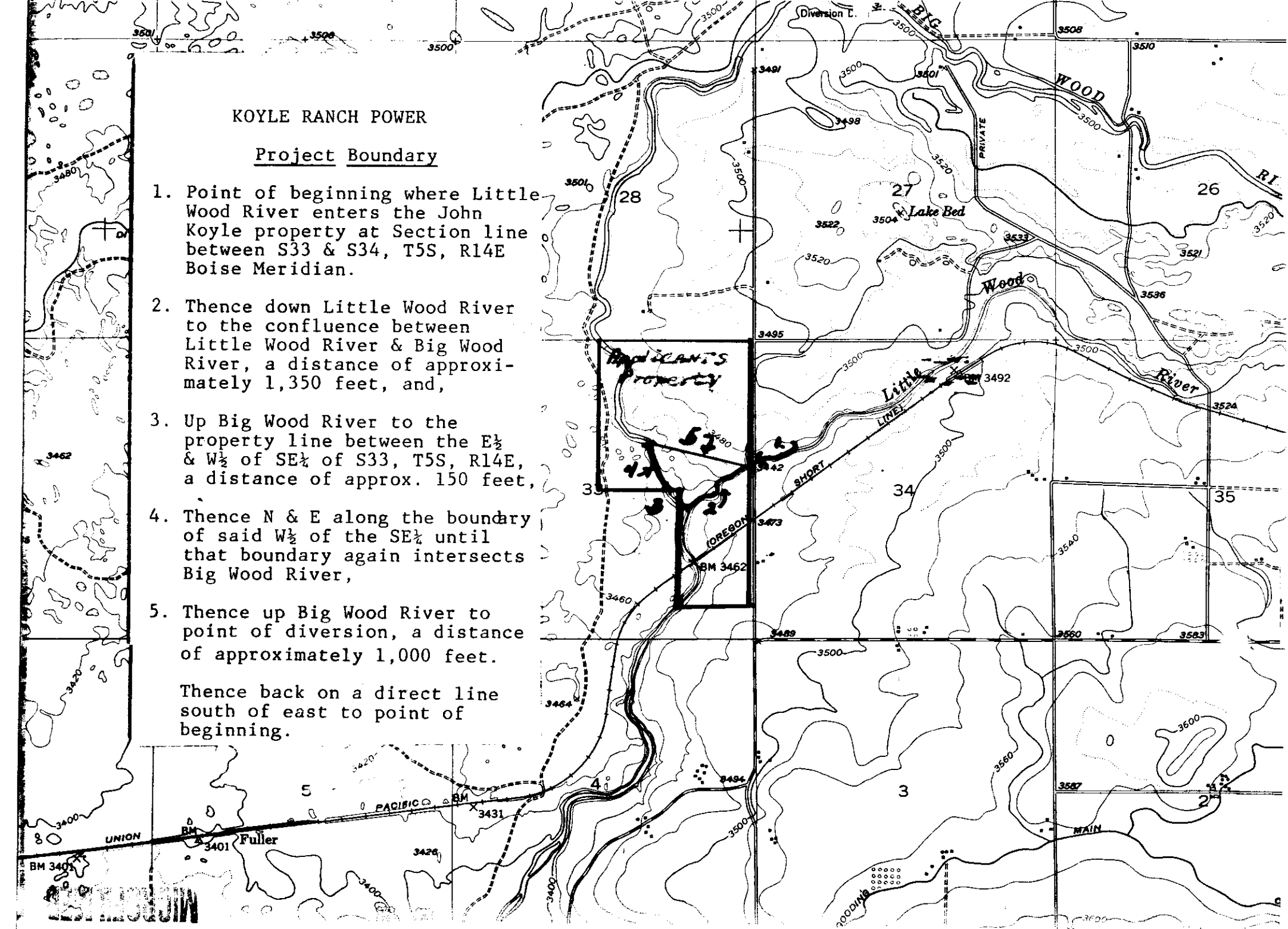
Enc.

cc: John Koyle

JOHN KOYLE PROJECT
Gooding County, Idaho
(See maps attached for legal descriptions)

MICROFILMED




KOYLE RANCH POWER
Project Boundary
1. Point of beginning where Little Wood River enters the John Koyle property at Section line between S33 & S34, T5S, R14E Boise Meridian.
2. Thence down Little Wood River to the confluence between Little Wood River & Big Wood River, a distance of approximately 1,350 feet, and,
3. Up Big Wood River to the property line between the E½ & W½ of SE¼ of S33, T5S, R14E, a distance of approx. 150 feet,
4. Thence N & E along the boundary of said W½ of the SE¼ until that boundary again intersects Big Wood River,
5. Thence up Big Wood River to point of diversion, a distance of approximately 1,000 feet.
Thence back on a direct line south of east to point of beginning.
Applicants Property
Diversion C.
Lake Bed
Wood
Little
River
SHORT LINE
OREGON
PACIFIC
UNION
PRIVATE
MAIN
BM 3462
BM 3401
BM 3431
Fuller
27
28
34
35
26
5
4
3
2

MICROFILMED

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS

GOODING BUTTE QUADRANGLE
IDAHO-GOODING CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

(DAVIS MTN. 1:62 500)

47'30"

290 000 FEET

114°4

KOYLE RANCH POWER PROJECT

Project Features -

1. Big Wood diversion & canal
2. Little Wood diversion & canal
3. Headworks & Penstocks (6)
4. Generators & Turbine combinations
5. Transmission line and point of intertie with Idaho Power 3-phase line.
6. Union Pacific - Oregon Short Line - Railroad
7. Gooding, Idaho 4½ miles east.

7/81

Ident. No. 37-7916

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

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.

John W. Koyle
Applicant

State of Idaho)
County of Gooding) ss.

On this 20th day of July, 19 81, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he (she) (they) executed the same.

Lenora Lockpard
Notary Public residing at Gooding, ID

seal

My commission expires:

Lifetime

RECEIVED
JUL 21 1981
Department of Water Resources
Southern District Office

MICROFILMED

AFFIDAVIT of PUBLICATION

RECEIVED
JUL 6 1981
Department of Water Resources
Southern District Office

State of Idaho, } SS.
County of Gooding }

Gary Gosh, being first duly sworn, deposes and says that he is the printer (publisher) of the Gooding County Leader, a newspaper published every week in Gooding, County of Gooding, State of Idaho, that said newspaper has been continuously and uninterruptedly published for a period of seventy-eight consecutive weeks prior to the first publication of the annexed notice, and is a newspaper qualified to publish legal notices as provided by act of the 1919 session of the legislature of the State of Idaho, known as House Bill 145; that the annexed advertisement was published once each week for 2 consecutive issues in said newspaper proper and not in a supplement; that the date of the first publication of said advertisement was on the 24 day of June 19 81, and the date of the last publication was on the 1 day of July, 19 81.

Subscribed and sworn to before me this 1 day of July, 19 81.
(SEAL)

Cindy Davis
NOTARY PUBLIC

COPY OF NOTICE
(Paste Here)

Notice of Application for Water Right # 37-7916
TITLE OF NOTICE
PLAINTIFF ATTORNEY

DEFENDANT

PLAINTIFF

Dept. of Water Resources
BILL TO

GOODING COUNTY LEADER
Gooding, Idaho

COST OF PUBLICATION

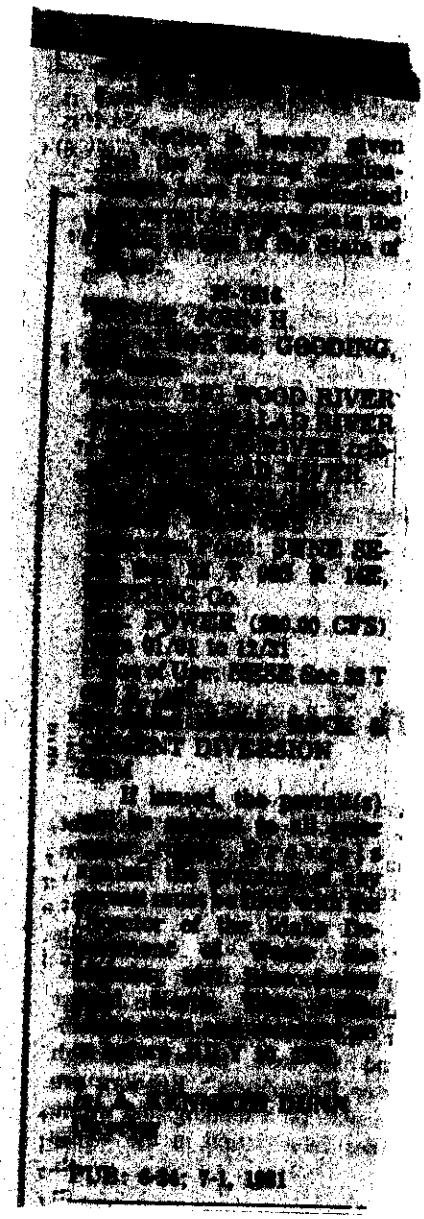
Number of Lines in Notice		48
Number of Insertions		2
Lines tabular at	20 .42	8.40
Lines straight at	28 .32	8.96
Subsequent lines at	48 .21	10.08
TOTAL COST		27.44

PUBLICATION RATES
(Idaho Code, Rev. Statutes 1971)

7 pt. per line, straight	21c
7 pt. per line, tabular	315c
7 pt. per line, successive insertions	15c

No 2814
37298

RECEIVED



C9C

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT

Dated as of May 1, 1984

Between

BONNEVILLE PACIFIC CORPORATION

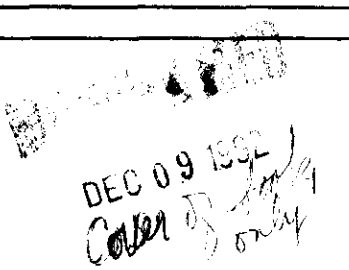
Debtor

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION

Security Trustee

(Koyle Ranch Hydroelectric Project)



This instrument was prepared by:

Robert P. Davis
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

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ATTACHMENTS TO INDENTURE OF MORTGAGE AND SECURITY AGREEMENT:

Schedule 1 -- Operating Expense Categories

Exhibit A -- Form of 14% Secured Note

Exhibit B -- Description of Land

Exhibit C -- Description of Water Rights

Exhibit D -- Description of Facility

Exhibit E -- Description of Construction Contracts

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") dated as of May 1, 1984 between BONNEVILLE PACIFIC CORPORATION, a Utah corporation (the "Debtor"), whose post office address is 200 East South Temple, Suite 300, Salt Lake City, Utah 84111, and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION (the "Security Trustee"), whose post office address is 79 South Main Street, Salt Lake City, Utah 84111.

RECITALS:

A. The defined terms used in this Mortgage shall have the respective meanings indicated in Section 1 unless elsewhere defined or the context shall otherwise require.

B. The Debtor has entered into a Note Agreement dated as of May 1, 1983 (the "Note Agreement") with the Purchaser. The Note Agreement, as amended, provides for, among others, the commitment of the Purchaser to purchase on or before October 31, 1984, the 14% Secured Notes due 1984 - 1994 of the Debtor, not exceeding an aggregate principal amount of $1,622,500. The Notes are to be dated the date of issue, to bear interest at the rate of 14% per annum prior to maturity, to be payable in 40 consecutive installments of both principal and interest, and to be payable quarterly on the Interest Payment Dates with the final such installment being payable on October 31, 1994. The Notes are to be otherwise substantially in the form set forth as Exhibit A hereto.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the cost to the Debtor of a hydro-electric facility constructed on the Land.

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Mortgage a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed.

NOW, THEREFORE, the Debtor in consideration of the premises and of the payment of the proceeds of the issuance and sale of the Notes to the Debtor in the total amount of $1,622,500 and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the equal and pro rata payment of both the principal of and premium, if any, and interest upon Notes at any time outstanding hereunder according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of

all the covenants and conditions contained in the Notes, this Mortgage and the Note Agreement, does hereby mortgage, assign, pledge and hypothecate unto the Security Trustee, its successors in trust and assigns, forever, and grants to the Security Trustee, its successors in trust and assigns, forever, a security interest in, all and singular the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "mortgaged property"):

DIVISION I

All right, title and interest of the Debtor in that certain real property (the "Land") described in Exhibit B attached hereto.

DIVISION II

All right, title and interest of the Debtor in the water and water rights (the "Water Rights") described in Exhibit C attached hereto.

DIVISION III

All right, title and interest of the Debtor in all buildings, other constructions, structures and improvements, together with all appurtenances thereto, and all heating, sprinkler and electric light systems, boilers, plumbing, electrical switchgear, duct work, reactors, distribution lines, tracks, tanks and switches and other machinery and equipment used or useful by the Debtor which are classified as fixtures and a part of the freehold under applicable laws, whether such right, title or interest is now owned or hereafter acquired by conveyance, lease, servitude or otherwise, and which are located on the Land.

DIVISION IV

The Facility, as the same is now and will hereafter be constituted, whether now owned by the Debtor or hereafter acquired, together with all accessories, equipment, parts and appurtenances appertaining or attached to the Facility, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of said Facility together with all the rents, issues, income, profits and avails thereof.

DIVISION V

All right, title, interest, claims and demands of the Debtor in, to and under

A. the Construction Contracts, and all right, title, interest, claims and demands of the Debtor under the purchase orders, installation contracts and other agreements in respect thereof,

B. the Assignment Agreement and the Assignment of Water Rights,

C. the Water Agreement,

D. the FERC Exemption, and

E. any and all other contracts and agreements relating to the Facility or any rights or interests therein to which the Debtor is now or may hereafter be a party,

together with all rights, powers, privileges, licenses, easements, options and other benefits of the Debtor under each thereof, including, without limitation, the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Debtor is or may be entitled to do thereunder.

DIVISION VI

All right, title, interest, claims and demands of the Debtor, as seller under the Power Sales Agreement, together with all rights, powers, privileges and other benefits of the Debtor as seller thereunder, including, without limitation, the immediate and continuing right to receive all moneys payable to or receivable by the Debtor pursuant thereto, and the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of an Event of Default, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things whatsoever which the Debtor is or may be entitled to do thereunder; it being the intent and purpose hereof that the assignment and transfer to the Security Trustee of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall

continue in full force and effect, and the Security Trustee shall have the right to collect and receive said moneys for application in accordance with the provisions of Section 5 hereof at all times during the period from and after the date of this Mortgage until the Indebtedness Hereby Secured has been fully paid and discharged.

DIVISION VII

Funds now or hereafter held pursuant to Section 5 and Section 6 hereof.

SUBJECT, HOWEVER, to Permitted Encumbrances.

TO HAVE AND TO HOLD the mortgaged property unto the Security Trustee, its successors and assigns, forever, IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding hereunder from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever; provided always, however, that these presents are upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Mortgage shall become null and void; otherwise this Mortgage shall remain in full force and effect.

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Mortgage:

"Assignment Agreement" shall mean the Assignment Agreement dated June 13, 1983, between the Koyles and the Debtor, substantially in the form attached to the Note Agreement as Exhibit B.

"Assignment of Water Rights" shall mean the Assignment of Water Rights and Permits dated June 13, 1983, between the Koyles and the Debtor, substantially in the form attached to the Note Agreement as Exhibit C thereto, as approved by the Idaho Department of Water Resources in its letter dated June 14, 1983 to the Debtor.

"Canal Company" shall mean the Northside Canal Company, Ltd., a non-profit Idaho irrigation corporation.

"Casualty Occurrence" shall mean the destruction of all or substantially all of the Facility or damage to the Facility to such an extent that, in the good faith determination of the Debtor as approved by its Board of Directors (which determination shall be made as soon as practical after the occurrence of such damage, but in no event later than 90 days after such occurrence), the repair of the Facility is impracticable or uneconomic.

"Condemnation" shall mean the condemnation (which shall include a requisition of use by any governmental authority only when such requisition is by its terms for a specified period of more than three years) or taking of all or substantially all of the Project.

"Construction Contracts" shall mean the contracts described in Exhibit E hereto, in each case relating to the construction of the Facility, as assigned pursuant to the Assignment of Contracts dated June 21, 1983 from the Koyles to the Debtor.

"Construction Lender" shall mean First Interstate Bank of Utah, N.A.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, had been satisfied.

"Eligible Securities" shall mean (a) Certificates of Deposit issued by a bank or trust company organized under the laws of the United States or any state thereof having capital, surplus and undivided profits aggregating at least $25,000,000, (b) Certificates of Deposit issued by, and money market and savings accounts of, First Security Bank of Utah, National Association, so long as First Security Bank of Utah, National Association shall be acting as Security Trustee hereunder, and (c) direct obligations of the United States of America.

"Event of Default" is defined in Section 7.1 hereof.

"Facility" shall mean those personal property components of the hydroelectric plant which are described in Exhibit D hereto, together with any and all appliances, parts, instruments, appurtenances, accessories and other equipment from time to time incorporated or installed in the hydroelectric plant which are the property of the Debtor.

"FERC Exemption" shall mean the Order Granting Exemption from Licensing for a Conduit Hydroelectric Project issued

February 17, 1982, Project No. 4052-002, by the Office of Electric Power Regulation, Federal Energy Regulatory Commission.

"Indebtedness Hereby Secured" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the outstanding Notes or this Mortgage.

"Interest Payment Dates" shall mean the last day of each October, January, April and July, commencing January 31, 1985, with the last such date being October 31, 1994.

"Koyles" shall mean John H. Koyle and Margaret H. Koyle, husband and wife, residing at Route 2, Box 254, Gooding, Idaho 83330.

"Land" is defined in Division I of the granting clauses hereof.

"Note" shall mean any of, and "Notes" shall mean all of, the then outstanding Notes from time to time issued hereunder. The term "outstanding" when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Debtor hereunder and secured hereby, except:

(a) Notes theretofore cancelled by the Security Trustee or delivered to the Security Trustee for cancellation;

(b) Notes for the payment or prepayment of which moneys in the necessary amount shall have been deposited in trust with the Security Trustee;

(c) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to the terms of Section 2 hereof; and

(d) Notes held by or under the direct or indirect control of the Debtor (unless all of the Notes have been purchased by the Debtor).

The term "Noteholder" shall mean a Person in whose name a Note is registered in the Register.

"Note Agreement" is defined in Recital B hereof.

"Officer's Certificate" shall mean a certificate signed by the Chairman of the Board, the President, a Vice President or the Treasurer of any corporation or a general partner of any partnership (and if a corporate general partner, signed on behalf of said general partner by its Chairman of the Board, President, any

Vice President or Treasurer) or the trustee of any trust, and delivered to the Security Trustee.

"Operative Agreements" shall have the meaning specified in the Note Agreement.

"Permitted Contest" shall mean a good faith contest by the Debtor, in a manner which the Security Trustee determines will not result in the imposition of any criminal penalty on, or adversely affect the title, property or right of, any Noteholder or the Security Trustee, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, liens or impositions (collectively referred to in this paragraph as "charges") which, under the terms of this Security Agreement, are required to be paid by the Debtor. If the Security Trustee obtains an opinion of counsel for purposes of making such determination, the Debtor shall reimburse the Security Trustee for any reasonable legal fees incurred in obtaining such legal opinion. No contest which would otherwise be a Permitted Contest shall be carried on or maintained by the Debtor after the time limited for the payment of any such charges unless the Debtor, at its option, (i) shall pay the amount involved under protest, or (ii) shall procure and maintain a stay of all proceedings to enforce any collection of such charges, together with all penalties, interest, costs and expenses, by a deposit of a sufficient sum of money or by a good and sufficient undertaking as may be required or permitted by law to accomplish such stay, or (iii) shall deposit with the Security Trustee, as security for the performance by the Debtor of its obligations hereunder with respect to such charges, an amount equal to the principal of the contested charges, plus such further amounts as the Security Trustee may reasonably require from time to time to cover all penalties, interest, costs and expenses that may accrue during the period of the contest. In the event any such contest is made by the Debtor, the Debtor shall, within five days after final determination thereof, fully pay and discharge the amount determined to be due in any such contest, together with all penalties, fines, interest, costs or expenses that may have accrued thereon or that may result from any such action by the Debtor, whereupon if no Event of Default shall have occurred and be continuing, the Security Trustee shall return to the Debtor all amounts, if any, deposited by the Debtor in accordance with clause (iii) of the third sentence of this paragraph.

"Permitted Encumbrances" shall with respect to the Project mean (i) the security interest of the Security Trustee hereunder; (ii) any liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any liens of mechanics, suppliers, materialmen and laborers for work or service performed or materials furnished in connection with the Project which are not

due and payable or the amount or validity of which is being contested by a Permitted Contest; (iv) rights reserved to or vested in any government or public authority to condemn or appropriate the Project or control or regulate the Project or the use of the Project in any manner; and (v) restrictions and minor defects, encumbrances and irregularities in the title to the Land which, in the aggregate, do not materially impair the use of the Project or materially and adversely affect the value thereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Power Company" shall mean Idaho Power Company, a Maine corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Power Sales Agreement" shall mean the Agreement dated February 15, 1983, as amended by Amendment No. 1 thereto dated as of March 1, 1983, in each case between the Koyles and the Debtor, joint venturers, and the Power Company and substantially in the form attached to the Note Agreement as Exhibit E, as assigned to the Debtor pursuant to the Assignment Agreement.

"Project" shall mean the hydroelectric facility known as the Koyle Ranch Hydroelectric Project, comprised of the Land, the Water Rights and the Facility.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchaser" shall mean New England Mutual Life Insurance Company, and its successors and assigns under the Note Agreement.

"Register" is defined in Section 2.3 hereof.

"Registered Note" is defined in Section 2.3 hereof.

"Reserve Fund" shall mean the reserve fund created pursuant to Section 6 hereof.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Water Agreement" shall mean the Agreement dated May 4, 1983, between the Canal Company and John H. Koyle, substantially in the form attached to the Note Agreement as Exhibit D, as assigned to the Debtor pursuant to the Assignment Agreement.

"Water Rights" is defined in Division II of the granting clauses hereof.

Terms not otherwise defined herein shall have the respective meanings assigned thereto in the Note Agreement.

SECTION 2. EXECUTION, PAYMENT, REGISTRATION, ETC. OF NOTES.

Section 2.1. Execution of Notes. The Notes shall be signed on behalf of the Debtor by any person who, at the date of the actual execution of such Note, shall be a proper officer of the Debtor. Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto shall be entitled to the benefits of this Mortgage or be valid or obligatory for any purpose. Such certificate by the Security Trustee upon any Note executed by the Debtor shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Mortgage. The authentication by the Security Trustee of any Note issued hereunder shall not be construed as a representation or warranty by the Security Trustee as to the validity or security of this Mortgage or of such Note, and the Security Trustee shall in no respect be liable or answerable for the use made of such Note or the proceeds thereof. The Security Trustee shall, upon presentation to it of Notes duly executed on behalf of the Debtor, authenticate such Notes upon the written request of the Debtor so to do and shall thereupon deliver such Notes to or upon the written order of the Debtor signed by the President or a Vice President of the Debtor.

Section 2.2. Payment of Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.2, if any Note is held by a Noteholder, other than the Security Trustee, named in a written notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Note and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such Noteholder at its address appearing on the Register as defined in Section 2.3 and such holder (or person for

whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer and notation as provided in Sections 2.4 and 2.5. Upon written notice from any Noteholder, other than the Security Trustee, or its nominee given not less than 30 days prior to the payment or prepayment of the Notes, the Security Trustee will cause all payments and prepayments of the principal of, and premium, if any, and interest on the Notes held by such Noteholder or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve Funds to such bank, on each such date such payment or prepayment is due, provided that such bank has facilities for the receipt of a wire transfer. The Security Trustee will transmit any such wire transfer from its offices not later than 10:00 A.M., Salt Lake City, Utah time on each such date payment or prepayment is due.

Section 2.3. Registered Notes; the Register. The Notes shall be issuable as fully registered Notes in the form attached hereto as Exhibit A. The Debtor shall cause to be kept at the principal office of the Security Trustee a register for the registration and transfer of Registered Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

Section 2.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal office of the Security Trustee. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in aggregate principal amount equal to the original principal amount of the Note so surrendered, and the Security Trustee shall authenticate and deliver such new Note or Notes to such transferee.

(b) The holder of any Note may at any time surrender such Note at the principal office of the Security Trustee in exchange for an equal aggregate principal amount of Notes.

(c) All Notes presented or surrendered for transfer shall be accompanied by a written instrument or instruments of assignment or transfer, in form satisfactory to the Security Trustee, duly executed by the holder or by its attorney duly authorized in writing. The Debtor and the Security Trustee shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any Interest Payment Date with respect thereto.

(d) No notarial seal shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.4, and

the holder of any Note issued as provided in this Section 2.4 shall be entitled to any and all rights and privileges granted under this Mortgage to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Security Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Debtor and to the Security Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Security Trustee such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Security Trustee the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Purchaser or its nominee is the owner of any mutilated, destroyed, lost or stolen Note, then the affidavit of its President, Vice President, Assistant Vice President, Treasurer, Secretary or Assistant Secretary in form reasonably satisfactory to the Debtor and the Security Trustee setting forth the fact of destruction, loss or theft and the Purchaser's ownership of the Note at the time of such mutilation, destruction, loss or theft shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of the Purchaser, in form reasonably satisfactory to the Debtor and the Security Trustee, to indemnify the Debtor and the Security Trustee.

Section 2.5. The New Notes.

(a) Each new Note (herein, in this Section 2.5, called a "New Note") issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 2.5, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the

original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 2.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Mortgage to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Mortgage, the Security Trustee shall deliver to the holder thereof an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment.

Section 2.6. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Security Trustee for cancellation or, if surrendered to the Security Trustee, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Mortgage. The Security Trustee shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made. All such cancelled Notes shall be held by the Security Trustee until this Mortgage shall have been discharged, at which time the Security Trustee shall either deliver such cancelled Notes in a manner necessary to effect the discharge and release of this Mortgage or, if no such delivery is necessary, such Notes shall be delivered to or disposed of as directed by the Debtor.

Section 2.7. Security Trustee as Agent. The Security Trustee is hereby appointed the agent of the Debtor for the payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.2, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Mortgage may be served or made at, the principal office of the Security Trustee.

Section 2.8. Ownership. The Person in whose name any Note shall be registered shall be deemed and treated as the owner

thereof for all purposes of this Mortgage and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Security Trustee may deem and treat the registered owner of any Note as the owner and holder thereof without production of such Note.

SECTION 3. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees for the benefit of the Security Trustee and the holders of the Notes as follows:

Section 3.1. Further Assurances. The Debtor agrees that at any time and from time to time, upon the written request of the Security Trustee, the Debtor will promptly and duly execute and deliver any and all such further instruments and documents as the Security Trustee may deem desirable in obtaining the full benefit of the security intended to be afforded hereby and of the rights and powers herein granted.

Section 3.2. Acts of Debtor. The Debtor hereby warrants and represents that it has the right, power and authority to grant, bargain, sell, release, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and create a security interest in, the mortgaged property unto the Security Trustee for the uses and purposes herein set forth and that the Debtor has good title to the mortgaged property free and clear of all liens, charges and other encumbrances whatsoever, subject to Permitted Encumbrances. Without limiting the foregoing, the Debtor hereby further warrants and represents that it has not assigned or pledged (except to the Construction Lender, which assignment and pledge has been terminated and released concurrently with the delivery of this Mortgage), and hereby covenants that it will not assign or pledge, so long as this Mortgage shall remain in effect, any of its right, title or interest in and to the mortgaged property, to anyone other than the Security Trustee.

Section 3.3. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Security Trustee, become and be subject to the lien and security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.3 contained shall be deemed to modify or change the obligation of the Debtor under Section 3.1 hereof.

Section 3.4. Actions with Respect to Mortgaged Property. The Debtor will not without the written consent of the Security Trustee:

(a) declare a default or exercise the remedies of seller or assignee, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Power Sales Agreement, the Assignment Agreement, the Assignment of Water Rights, the Water Agreement or the FERC Exemption (except as otherwise expressly provided herein); or

(b) receive or collect or permit the receipt or collection of any payment of moneys payable under the the Power Sales Agreement, prior to the date for the payment thereof provided for thereby or assign, transfer or hypothecate (other than to the Security Trustee hereunder) any moneys then due or to accrue in the future under the Power Sales Agreement; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee hereunder) its interest in the Project or any part thereof or in any amount to be received by it from the use or disposition of the Project.

Section 3.5. Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Security Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (i) to ask, demand, collect, receive and receipt for any and all income and other sums which are assigned under the granting clauses hereof and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and (ii) without limiting provisions of the foregoing clause (i) hereof, during the continuance of any Event of Default under this Mortgage, to sue for, compound and give acquittance for, to settle, adjust or compromise any claim for any and all such income and other sums which are assigned under the granting clauses hereof as fully as the Debtor could itself do, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such income and other sums and the security intended to be afforded hereby.

Section 3.6. Taxes. The Debtor agrees to pay all license and registration fees and all taxes, assessments (including without limitation all assessments for public improvements or benefits), water, sewer and other rents, rates and charges, excises, license fees, permit fees, inspection fees, levies,

imposts, duties, charges or withholdings of any nature whatsoever, including without limitation sales, gross receipts, use or similar taxes, together with any penalties, fines or interest thereon imposed against the Debtor or the mortgaged property or any part thereof by any Federal, state or local government or taxing authority in the United States, upon or with respect to the mortgaged property or any part thereof.

Section 3.7. Insurance.

(a) Required Insurance Coverages and Limits. The Debtor agrees that it will at its own cost and expense at all times (i) keep the Project insured against loss by fire, windstorm, explosion and flood and with extended coverage and against all such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor, in an amount not less than the principal amount of the Notes from time to time outstanding together with accrued and unpaid interest thereon, and (ii) maintain general public liability insurance with respect to the Project against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $1,000,000 combined single limit in respect of bodily injury, death and damage to property of others. Any such insurance described in clauses (i) and (ii) above may, with the written consent of the Security Trustee, have applicable thereto deductible provisions of not more than $100,000 provided that such deductible provisions shall not be higher than one customarily carried by companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor or by the Debtor for similar such plants which it owns or operates. All such insurance shall cover the interests of the Debtor in the Project or, as the case may be, shall protect the Security Trustee and the Debtor in respect of public liability risks arising out of the condition, maintenance, use, ownership or operation of the Project and shall provide that losses, if any, in respect of the Project shall be payable to the Security Trustee (except as provided below) under a standard mortgage loss payable clause satisfactory to the Security Trustee. The Debtor also agrees that it will at all times during the term maintain all-risk business interruption insurance, in form and substance satisfactory to the Security Trustee, with respect to the Project, including coverage against loss from earthquake and flood, in an amount at least equal to $1,622,500, provided that if at any time and from time to time payments pursuant to paragraph (B) of Article IV of the Power Sales Agreement in the aggregate for any period are less than the principal and interest due on the Notes during such period, the Debtor shall obtain and maintain insurance coverage, satisfactory to the Security Trustee, insuring against loss from the interruption of business as a result of high or low water flow at the Project, until the end of any subsequent quarter in which such

payments under the Power Sales Agreement were in the aggregate in excess of such principal and interest due during such quarter. Any such business interruption insurance (including such high and low water insurance) shall provide for all payments thereunder to be made to the Security Trustee for application by the Security Trustee pursuant to Section 5 hereof. Debtor agrees to effect all insurance provided for in this Section 3.7 with good and responsible insurance companies not reasonably objected to by the Security Trustee. All such policies shall provide that the same shall not be cancelled or terminated without at least 30 days' prior written notice to the Security Trustee, and shall provide for at least 30 days' prior written notice to the Security Trustee as of the date on which such policies shall terminate by lapse of time if not renewed. No such policy shall contain a provision (i) under which the Debtor is a co-insurer, or (ii) relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Project against the peril involved, whether collectible or not, or by reason of the breach or violation by Debtor of any warranties, declarations or conditions contained in such policies. Any such insurance may be carried under blanket policies maintained by the Debtor so long as such policies otherwise comply with the provisions of this Section 3.7(a). If general public liability insurance shall be carried under any blanket policy which is subject to aggregate annual claim limitations, the Debtor shall keep the Security Trustee advised from time to time of the amount of any such limitations.

(b) Adjustment of Losses. The loss, if any, under any insurance covering the Project required to be carried by paragraph (a) of this Section shall be adjusted with the insurance companies by the Debtor, or otherwise collected, including the filing of proceedings deemed advisable by the Debtor, subject to the approval of the Security Trustee if the loss exceeds $10,000. The loss so adjusted shall be paid to the Security Trustee unless the amount thereof is $10,000 or less, in which case such amount shall be paid directly to the Debtor. All such policies shall provide that the loss, if any, under such insurance shall be adjusted and paid as provided in this Mortgage.

(c) Evidence of Insurance. The Debtor shall furnish the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and shall with respect to any renewal policy or policies, furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. Each such certificate or other evidence of insurance shall identify the insurance carrier, the type of insurance, the coverage limits and the policy term. On or before the Closing Date and March 1 in each year hereafter, the Debtor will deliver to the Security Trustee a report by a firm of independent insurance brokers (which may be the Debtor's regular insurance agency) chosen by the Debtor and satisfactory to

the Security Trustee setting forth the insurance obtained by the Debtor pursuant to this Section 3.7 and then in effect and stating that, in the opinion of such firm, such insurance complies with the requirements of this Section 3.7.

Section 3.8. Maintenance, Replacement of Parts; Alterations, Modifications and Additions.

(a) Maintenance. The Debtor at its sole cost and expense shall maintain, service and repair the Project to keep it in satisfactory operating condition (normal wear and tear excepted) so as to fulfill its original functional purpose to the same extent as the Debtor, in the prudent management of its own properties, maintains, services and repairs similar property owned by it and in any event, to the extent required to maintain the Project in good repair and in compliance with all applicable laws, rules and regulations noncompliance with which would materially adversely affect the Project or the operation thereof. In the event of any damage to or destruction of the Project, or any part thereof, by fire or other casualty, unless such damage or destruction shall constitute a Casualty Occurrence, the Debtor shall, at its own expense, with reasonable promptness, repair, restore or rebuild the same so that upon the completion of such repair, restoration or rebuilding the value and utility of the Project shall be at least equal to the value and utility of the Project immediately prior to the happening of such casualty.

(b) Replacement of Parts. The Debtor, at its sole cost and expense, will, with reasonable promptness, replace all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this paragraph collectively called "Components") which may from time to time be incorporated or installed in or attached to the Project and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use by damage or obsolescence. All replacement Components shall be free and clear of all liens and rights of others except Permitted Encumbrances and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Components replaced assuming such replaced Components were in the condition and repair required to be maintained by the terms hereof.

The Debtor at its sole cost and expense, will, with reasonable promptness, replace all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this Section 3.8 collectively called "Parts") which may from time to time constitute a part of the Facility and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use by damage or obsolescence. All replacement Parts shall be free and clear of

all liens and rights of others except Permitted Encumbrances and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof.

(c) Required Alterations. The Debtor, at its sole cost and expense, shall, with reasonable promptness, make such alterations, modifications and additions (herein for the purpose of this Section 3.8 collectively called "Alterations") to the Project as may be required from time to time to meet the requirements of applicable law or of any Federal, state or local governmental authority having jurisdiction.

(d) Optional Alterations. In addition to the foregoing, the Debtor at its own expense, may from time to time make such Alterations to the Facility as the Debtor may deem desirable in the proper conduct of its business and which are not inconsistent with the continuing operation of the Facility in accordance with its original functional purpose; provided, that any such Alteration made by the Debtor pursuant to this paragraph shall not diminish the value or utility of the Facility below the value and utility thereof immediately prior to such Alteration, assuming the Facility was then in the condition and repair required to be maintained by the terms of this Mortgage.

(e) Reports of Alterations. On or before March 1 of each calendar year after the date of this Mortgage, the Debtor shall furnish the Security Trustee with a report describing in reasonable detail all Alterations to the Facility of the character referred to in this Section 3.8 involving, in any case, a cost to the Debtor in excess of $20,000 which have been made during the period from the date of this Mortgage in the case of the first such report or during the period from the last previous report in the case of all subsequent reports.

Section 3.9. Location and Use. The Debtor agrees that the Facility will be used solely in the conduct of its business and will at all times be and remain in the exclusive possession and control of the Debtor on the Land, provided that the Debtor may deliver possession of any part or portion of the Facility to any manufacturer, contractor or supplier designated by the Debtor, for purposes of realizing the benefits of any warranty or in order to comply with the obligations and rights of the Debtor under Section 3.8 hereof, but the rights of any such party in possession of such part or portion of the Facility shall be subject and subordinate to the terms of this Mortgage, including without limitation, the right of the Security Trustee to take possession of the Facility pursuant to Section 7.2 hereof. In the event that pursuant to the foregoing sentence hereof any part or portion of the Facility having a value in excess of $20,000 is removed from the Land, the Debtor shall give the Security Trustee not less than

ten days' prior written notice of such intended removal and shall deliver to the Security Trustee promptly after such removal and in any event within 15 days thereafter the opinion of the Debtor's counsel that such removal shall not impair or adversely affect the security interest in such part or portion of the Facility of the Debtor, that all necessary recordings and filings under applicable law have been duly made in the public offices wherein such recordings or filings are necessary to protect the validity and effectiveness of this Mortgage and that all fees, taxes and charges payable in connection therewith have been paid in full by the Debtor. The Debtor covenants and warrants that the Project will at all times be used and operated under and in compliance with the laws of the jurisdiction in which it may be operated, and in compliance with all lawful acts, rules, regulations and orders of any commissions, boards or other legislative, executive or judicial bodies or officers having power to regulate or supervise the use of such property; provided, however, the Debtor may in good faith contest in any reasonable manner the application of any such rule, regulation or order to the extent that such contest, in the opinion of independent counsel for the Security Trustee, will prevent the forfeiture or sale of the Project or any portion thereof and will not have any adverse effect on the lien and security interest of the Security Trustee in the Project or any portion thereof hereunder.

Section 3.10. Liens. The Debtor agrees that it will keep the Project free and clear of any and all liens, charges and encumbrances other than Permitted Encumbrances.

Section 3.11. Marking. The Debtor covenants and warrants that each major component of the Facility is plainly, permanently and conspicuously marked by stencilling or by a metal tag or plate affixed thereto, and a marker or sign placed in the area of the principal entrance to the Facility, each setting forth the following legend:

> THIS FACILITY IS OWNED BY BONNEVILLE PACIFIC CORPORATION AND IS SUBJECT TO A MORTGAGE AND SECURITY INTEREST GRANTED TO FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, AS SECURITY TRUSTEE.

The Debtor covenants and agrees to replace any stencilling, tag or plate and sign or marker which may be removed or destroyed or become illegible and to indemnify the Security Trustee against any liability, loss or expense incurred by it as a result of the failure to maintain such markings.

Section 3.12. Consolidation, Merger and Sale of all Assets. The Debtor will not merge or consolidate with any other corporation or sell, lease or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, unless (i) in any such transaction the rights and powers of the

Security Trustee and the Noteholders will not be adversely affected, (ii) immediately after such transaction, no Default or Event of Default shall have occurred and be continuing, and (iii) if the Debtor is a party to the merger or consolidation or is the transferring corporation, any corporation which is to be the surviving or acquiring corporation in such transaction (A) shall be a corporation organized and existing under the laws of the United States of America or a state thereof, (B) shall (unless the Debtor is the survivor), by agreement in writing, expressly assume the due and punctual payment of the principal of and premium, if any, and interest on the Notes and the due and punctual performance and observance of all the covenants and provisions of this Mortgage and the other Operative Agreements to which the Debtor is a party, and (C) shall, immediately after giving effect to such transaction, have a net worth and net current assets not less than the net worth and the net current assets, respectively, of the Debtor immediately prior to such transaction. The Debtor agrees that in the event the Debtor is merged with another corporation, is consolidated with another corporation or sells all or substantially all of its assets, then within 30 days thereafter the Debtor will deliver to the Security Trustee an Officer's Certificate stating that such merger, consolidation or sale was consummated in accordance with this Section and attaching a true copy of the assumption referred to in clause (iii)(B) above and an opinion of counsel stating that (x) such merger, consolidation or sale does not adversely affect the rights of the Security Trustee or the Noteholders, (y) the surviving or successor corporation is duly organized and validly existing under the laws of the United States of America or a state thereof and (z) (unless the Debtor is the surviving corporation) the surviving or successor corporation has effectively assumed all of the Debtor's obligations hereunder and under the other Operative Agreements and such obligations are fully enforceable against such corporation.

Section 3.13. Financial Statements and Reports; Inspection and Certificates.

(a) Financial Statements and Other Reports. The Debtor agrees that it will maintain its financial statements in a manner which fairly presents the financial condition of the Project and the results of the Project's operations and changes in its financial position in accordance with generally accepted accounting principles consistently applied. The Debtor will furnish to the Security Trustee and each Noteholder:

(i) Quarterly Statements - As soon as practicable after the end of the first, second, and third quarterly fiscal periods in each fiscal year of the Debtor, and in any event within 60 days thereafter, duplicate copies of financial statements covering operations of the Project, setting forth in each case in comparative form the amount for the corresponding periods of the preceding fiscal

year, all in reasonable detail and attested as complete and correct in all material respects, subject to changes resulting from fiscal year-end adjustments, by a financial officer of the Debtor.

(ii) Annual Statements - As soon as practicable after the end of each fiscal year, and in any event within 120 days thereafter, duplicate copies of financial statements covering operations of the Project, setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an opinion of a firm of independent certified public accountants of recognized national standing stating that such financial statements present fairly the financial condition of the Project and have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur);

(iii) Notice of Default or Claimed Default - Immediately upon becoming aware of the existence of a Default or an Event of Default, a written notice specifying the nature of the Default or Event of Default or claimed default and what action the Debtor is taking or proposes to take with respect thereto;

(iv) Information in Respect of Damages Etc. - Such information and data as the Security Trustee or any Noteholder may from time to time request as to location and the existence and status of any claims for damages (whether against the Project or against the Debtor) arising out of the use, operation or condition of the Project and such other data pertinent to the Project and the condition, use, repair and operation thereof as any such party from time to time may reasonably request. Without limiting the foregoing, the Debtor agrees that, without any such request, it will furnish the Security Trustee and each Noteholder with prompt written notice of (x) any claim for damages arising out of the use, operation or condition of the Project if the amount of such claim exceeds $10,000 and (y) any damage, loss, theft or destruction, partial or complete, of any of the Project, if the amount thereof exceeds $10,000; and

(v) Request for Information - Such other information as the Security Trustee or any Noteholder may reasonably request.

(b) Officer's Certificate. Each set of financial statements delivered by the Debtor pursuant to this Section will be accompanied by an Officer's Certificate stating that the signer has reviewed the relevant terms of this Mortgage and the other

Operative Agreements and has made, or caused to be made, under his supervision, a review of the transactions and conditions of the Debtor from the beginning of the fiscal period covered by the statements of operations being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default or Default, or, if any such condition or event existed or exists, specifying the nature and period of existence and what action the Debtor has taken or proposes to take with respect thereto.

(c) Project Report. Each set of financial statements of the Debtor delivered pursuant to this Section will be accompanied by a report of an officer of the Debtor familiar with the status and condition of the Project which describes the status, condition and location of the Project, including whether any part of the Project is not then in the condition required by this Mortgage and, if so, what the Debtor is doing or intends to do in connection therewith.

(d) Inspection. Subject to the Debtor's reasonable safety and security requirements, the Debtor will permit any representative of the Security Trustee or any Noteholder (in the case of any such party, at such party's risk and expense) to visit and inspect the Project, and to discuss the affairs, finances and accounts with respect thereto and with respect to the Debtor with the officers and (after notice to the Debtor) independent certified public accountants (and by this provision, the Debtor authorizes said accountants to discuss with such representative the finances and affairs of the Debtor), all at such reasonable times and as often as may be reasonably requested.

Section 3.14. Opinions of Counsel. The Debtor agrees at its own expense to furnish to the Security Trustee (i) promptly after the execution and delivery of any supplement and amendment hereto, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that in the opinion of such counsel, such supplement or amendment to this Mortgage (or a financing statement, continuation statement or similar notice thereof if and to the extent required by applicable law) has been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the lien and security interest provided by this Mortgage as a valid first lien and security interest in the Project, and (ii) within 30 days prior to March 1 in each year beginning in 1985, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that this Mortgage (or financing statements or similar notices thereof if and to the extent required by applicable law) have been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the security interest provided by the Mortgage as a valid first lien and security

interest in the Project, and stating the requirements of applicable law with respect to the rerecording or refiling of this Mortgage (or financing statements, continuation statements or similar notices thereof to the extent required by applicable law) prior to March 1 of the succeeding year in order to maintain such rights, titles and interests of the Security Trustee.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 4.1. Possession of Mortgaged Property. So long as no Event of Default has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Project and to manage, operate and use the same, and each part thereof with the rights and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use thereof shall at all times be subject to the observance and performance of the terms of this Mortgage.

Section 4.2. Release of Parts. The Security Trustee shall, upon request of the Debtor, execute a release in respect of any part or parts of the Facility which are removed and replaced in accordance with the provisions of Section 3.8(b) hereof.

Section 4.3. Condemnation. The Debtor immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the mortgaged property or any portion thereof, shall notify the Security Trustee of the pendency of such proceedings. The Security Trustee may participate in any such proceedings, and the Debtor from time to time will deliver or cause to be delivered to the Security Trustee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable to the Debtor shall be paid to the Security Trustee, and such award or compensation shall be retained by the Security Trustee as part of the mortgaged property and applied in accordance with Section 5.1(d) hereof. The Security Trustee shall be under no obligation to question the amount of the award or compensation and the Security Trustee may accept any such award or compensation. In any such condemnation proceedings the Security Trustee may be represented by counsel.

Section 4.4. Release of Facility - Consent of Noteholders. In addition to the release pursuant to the foregoing sections, the Debtor may sell or otherwise dispose of the Land or any portion thereof then subject to the lien of this Mortgage, and the Security Trustee shall release the same from the lien and security interest hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of all the Indebtedness Hereby Secured.

Section 4.5. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 5. APPLICATION OF ASSIGNED MONEYS RECEIVED BY THE SECURITY TRUSTEE.

Section 5.1. Application of Moneys. As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Security Trustee a security interest in, among other things, the amounts payable by the Power Company pursuant to the Power Sales Agreement, as security for the Notes. The Debtor has also agreed, pursuant to the terms hereof that condemnation awards and insurance proceeds (to the extent herein provided) shall be paid to the Security Trustee for application hereunder. So long as no Event of Default has occurred and is continuing to the knowledge of the Security Trustee:

(a) Payments under Power Sales Agreement. The amounts from time to time received by the Security Trustee which constitute payments under the Power Sales Agreement shall be applied as follows:

FIRST, on each monthly anniversary of the original issuance of the Notes, to the payment of operating expenses in accordance with Schedule 1 hereto as evidenced by an Officer's Certificate of the Debtor setting forth the actual amount of such expenses incurred during the immediately preceding monthly period; and

SECOND, on each Interest Payment Date to replenish the Reserve Fund of moneys applied to the payment of the Notes pursuant to Section 6.2 hereof; and

THIRD, on (i) each monthly anniversary of the original issuance of the Notes that is not an Interest Payment Date, the Security Trustee shall set aside and hold pursuant to this Section 5.1(a) moneys in the amount of one-third of the next succeeding installment of principal and interest on the Notes and pay the balance of the amounts constituting payments under the Power Sales Agreement to or upon the order of the Debtor, and (ii) each Interest Payment Date,

the Security Trustee shall apply the amounts set aside pursuant to clause (i) above together with such other amounts received by the Security Trustee constituting payments under the Power Sales Agreement due on or before such Interest Payment Date as are necessary to the payment of the installments of principal and interest (and, in each case, first to interest and then to principal) on the Notes due on such Interest Payment Date; and

FOURTH, on each Interest Payment Date, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

Moneys held pursuant to this Section 5.1(a) shall be invested by the Security Trustee in Eligible Securities as directed by the Debtor or failing such timely direction, as the Security Trustee shall determine; provided, that such Eligible Securities shall mature not later than the monthly anniversary of the original issuance of the Notes next succeeding the receipt of such moneys. Interest paid in respect of such Eligible Securities shall be applied in the manner provided for in this Section 5.1(a).

(b) Business Interruption Insurance Proceeds. The amount, if any, received by the Security Trustee which constitutes payment on any business interruption insurance policy (including coverage against high and low water flows) shall be held, invested and applied in the manner set forth in Section 5.1(a) hereof, except that (i) all moneys received under the Power Sales Agreement shall be applied before any application of moneys under this Section 5.1(b), and (ii) no distribution shall be made to the Debtor unless such interruption shall have ceased.

(c) Insurance Proceeds. The amounts received by or payable to the Security Trustee from time to time which constitute insurance proceeds in respect of any damage to or destruction of the Facility or any part thereof (less the actual costs, fees and expenses incurred in the collection thereof) shall be applied or dealt with as follows:

(1) All such proceeds actually received on account of any such damage or destruction other than a Casualty Occurrence shall be paid over to the Debtor or as it may direct from time to time, as restoration, replacement, rebuilding, alterations and additions ("Restoration")

progress, to pay (or reimburse the Debtor for) the cost of Restoration, if the amount of such proceeds received by the Security Trustee, together with such additional amounts, if any, theretofore expended by the Debtor out of its own funds for Restoration are sufficient to pay the estimated cost of completing Restoration, but only upon a written application of the Debtor accompanied by an Officer's Certificate of the Debtor showing in reasonable detail the nature of Restoration, the actual cash expenditures made to date for Restoration, the estimated cost (which shall be verified by an accompanying certificate of an engineer or architect not an employee of the Debtor) to complete Restoration and stating that no Default or Event of Default has occurred and is continuing to the knowledge of the Debtor. Upon the written request of the Debtor, accompanied by evidence satisfactory to the Security Trustee that Restoration has been completed and the costs thereof paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid over or assigned to the Debtor or as it may direct, upon receipt by the Security Trustee of a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor), to grant a lien and security interest in any additions to or substitutions for the Facility to the Security Trustee, which opinion shall also cover the filing and/or recording of such supplement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect the lien and security interest in such additions or substitutions, or in the alternative an opinion that no such supplement is required for such purpose.

Upon the payment and satisfaction of all Indebtedness Hereby Secured, all such insurance proceeds shall be released to or upon the order of the Debtor.

(2) All such proceeds actually received on account of any such damage or destruction which constitutes a Casualty Occurrence shall be applied first, to the payment of the unpaid principal balance of the Notes, together with accrued interest thereon to the date of prepayment, and second, the balance to or upon the order of the Debtor.

(d) Condemnation Awards. Except in the case of a Condemnation, any amounts received by the Security Trustee from time to time which constitute the award, compensation or damages payable for the condemnation or taking of all or any part of the Facility for any public or quasipublic use (less the actual costs, fees and expenses incurred in the collection thereof) shall be applied to the cost of Restoration in the same manner and subject to the same conditions as provided in Section 5.1(c)(1) hereof with respect to insurance proceeds. Upon the written request of the Debtor, accompanied by evidence satisfactory to the Security Trustee that Restoration has been completed and the cost thereof has been paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such award shall be paid over or assigned to the Debtor or as it may direct. Upon the payment and satisfaction of all Indebtedness Hereby Secured, any such award shall be released to or upon the order of the Debtor. In the case of a Condemnation, any amounts received by the Security Trustee which constitute the award, compensation or damages payable therefor shall be applied in the manner set forth in Section 5.1(c)(2) hereof.

Section 5.2. Default. If an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, all amounts received by the Security Trustee shall be applied in the manner provided for in Section 7 hereof in respect of proceeds and avails of the mortgaged property. If a Default which has not matured into an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, such amounts shall be held by the Security Trustee until either (i) such Default shall have been cured or waived, or (ii) the first sentence of this Section 5.2 is applicable.

SECTION 6. RESERVE FUND.

Section 6.1. Deposit in Reserve Fund. The Security Trustee hereby acknowledges receipt of the sum of $150,000 for a Reserve Fund as security for the Indebtedness Hereby Secured.

Section 6.2. Reserve Fund Moneys Held as Collateral. All moneys in the Reserve Fund shall be held by the Security Trustee as part of the mortgaged property and to the extent sums paid under the Power Sales Agreement or the business interruption insurance policy are not sufficient to pay operating expenses and the Notes as contemplated by clauses FIRST and THIRD of Section 5.1(a) hereof and by Section 5.1(b) hereof, moneys held in the Reserve Fund shall be applied to the payment of operating

Drew agreed to substitute for quarterly

expenses and the Notes in the manner and order contemplated as set forth in said clauses FIRST and THIRD of Section 5.1(a).

Section 6.3. Investment of Reserve Fund Moneys. Moneys in the Reserve Fund shall be invested by the Security Trustee in Eligible Securities as directed by the Debtor or failing such timely direction by the Debtor, as the Security Trustee shall determine; provided, that such Eligible Securities shall mature not later than the next succeeding monthly anniversary of the original issuance of the Notes after the investment by the Security Trustee therein. Interest paid in respect of such Eligible Securities shall be applied by the Security Trustee first to replenish the Reserve Fund of moneys applied to the payment of the Notes pursuant to Section 6.2 hereof, and second, the balance, if any, of such interest shall, provided no Default or Event of Default shall have occurred and be continuing, be paid to the Debtor.

SECTION 7. DEFAULTS AND REMEDIES.

Section 7.1. Events of Default. Any of the following occurrences or acts shall constitute an "Event of Default" under this Mortgage:

(a) Default in payment of an installment of the principal of, premium, if any or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for more than 5 days; or

(b) Default on the part of the Debtor in the due observance or the performance of the provisions of Section 3.7 hereof; or

(c) Default on the part of the Debtor in the due observance or the performance of any other covenant or other agreement to be observed or performed by it under this Mortgage or the Note Agreement and such default shall continue unremedied for thirty days after written notice from the Security Trustee to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any material representation or warranty made by the Debtor in the Note Agreement or in any certificate or other statement furnished by the Debtor to the Security Trustee or the Purchaser in connection with the execution and delivery of the Note Agreement or made on the Closing Date under the Note Agreement shall prove to be untrue in any material respect as of the date of the issuance or making thereof; or

(e) The Debtor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against the Debtor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 days; or

(g) Final judgment or judgments for the payment of money aggregating in excess of $50,000 shall be outstanding against the Debtor and any one of such judgments has been outstanding for more than 30 days from the date of its entry and has not been discharged in full or stayed; or

(h) Default shall have occurred and be continuing for ten days under the Power Sales Agreement, or the Power Sales Agreement shall cease to be in full force and effect for any reason whatsoever; or

(i) Default shall have occurred and be continuing under the Water Agreement for a period of 20 days, or the Water Agreement shall cease to be in full force and effect for any reason whatsoever.

Section 7.2. Security Trustee's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, the Security Trustee may, without limitation of all other rights and remedies available at law or in equity in such event, exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative

and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Security Trustee may, and upon the written request of the holders of at least 25% in principal amount of the Notes then outstanding shall, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable, and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Security Trustee personally, or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to enter into and upon all or any part of the mortgaged property and to exclude the Debtor wholly therefrom, and having and holding the same may use, operate, manage and control the mortgaged property and conduct the business thereof and to collect and receive all earnings, revenues, rents, issues, proceeds and income of the mortgaged property and every part thereof and may maintain, repair and renew the mortgaged property and make replacements, alterations, additions and improvements thereto or remove and dispose of any portion of the mortgaged property and may otherwise exercise any and all of the rights and powers of the Debtor in respect thereof.

(c) The Security Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property, or any part thereof, or interest therein, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the mortgaged property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Security Trustee or the holder or holders of any Notes, or of any interest therein, may bid and become the purchaser at any such sale.

(d) The Security Trustee may proceed to protect and enforce this Mortgage and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or, subject to the provisions of Section 9 hereof, for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) The Security Trustee may proceed to exercise all rights, privileges and remedies of the Debtor under the Agreements described in Division V and VI of the granting clauses hereof and may exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee.

Section 7.3. Acceleration Clause. In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the principal of and premium, if any, on the Notes, if not previously due, and the interest accrued thereon and all other sums required to be paid by the Debtor pursuant to this Mortgage, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use any Note or Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 7.4. Waiver by Debtor. To the extent now or at any time hereafter enforceable under applicable law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction, nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the

property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Debtor, acquiring any interest in or title to the mortgaged property or any part thereof subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 7.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

Section 7.6. Application of Sale and Other Proceeds. The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee or the holder or holders of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

Second, to the payment of the whole amount then due, owing and unpaid upon the Notes for principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid premium, if any, and interest, with application on each Note to be made, first, to the unpaid principal thereof, second, to unpaid premium, if any, thereon, and third, to unpaid interest thereon; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 7.7. Discontinuance of Remedies. In case the Security Trustee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Security Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the lien and security interest created under this Mortgage.

Section 7.8. Cumulative Remedies. No delay or omission of the Security Trustee or of the holder of any Note to exercise any right or power arising from any default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Mortgage or any rights, powers or remedies hereunder, nor shall the Security Trustee or the holder of any Note be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 8. THE SECURITY TRUSTEE.

The Security Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:

Section 8.1. Duties of Security Trustee. The Security Trustee undertakes (i) except while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to perform such duties and only such duties as are specifically set forth in this Mortgage, and (ii) while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Mortgage and to use the same degree of care and skill in their exercise as an ordinary prudent

man would exercise or use under the circumstances in the conduct of his own affairs.

The Security Trustee upon receipt of instruments furnished to the Security Trustee pursuant to the provisions of this Mortgage shall examine the same to determine whether or not such instruments conform to the requirements of this Mortgage.

Section 8.2. Security Trustee's Liability. No provision of this Mortgage shall be construed to relieve the Security Trustee from liability for its own negligent action, negligent failure to act, or its own wilful misconduct, except that:

(a) unless an Event of Default actually known to the Security Trustee shall have occurred and be continuing, the Security Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Mortgage and no implied covenants or obligations shall be read into this Mortgage against the Security Trustee but the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Mortgage; and

(b) in the absence of bad faith on the part of the Security Trustee, the Security Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, opinion of counsel, Note, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report, stock certificate, or other paper or document believed by the Security Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties; and

(c) in the absence of bad faith on the part of the Security Trustee, whenever the Security Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officers' Certificate; provided, however, that the Security Trustee, or such agent, representative, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable; and

(d) the Security Trustee may consult with counsel and the advice or opinion of such counsel shall be full

and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel; and

(e) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the holders of the Notes; and

(f) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts; and

(g) the Security Trustee shall not be deemed to have knowledge of any Default or Event of Default unless and until an officer of the Corporate Trust Department of the Security Trustee who customarily handles corporate trusts shall have actual knowledge thereof or the Security Trustee shall have received written advice thereof from the holder of any Note; and

(h) whether or not an Event of Default shall have occurred, the Security Trustee shall not be under any obligation to take any action under this Mortgage which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Mortgage, unless and until it is requested in writing so to do by one or more holders of Notes outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; and

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Mortgage that the Security Trustee consent to any act or omission by any Person or that the Security Trustee exercise its discretion in any manner, the Security Trustee may (but need not) seek the written acquiescence of the holders of at least 66-2/3% in principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Security Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion, provided, however, holders of 66-2/3% in principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Security Trustee such indemnification as the Security Trustee shall reasonably request, by an instrument in writing delivered to the Security Trustee, to determine which of the remedies herein set forth shall be adopted

and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Mortgage for the enforcement thereof or of the Notes; provided, however, that the Security Trustee shall have the right to decline to follow any such direction if the Security Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to holders of Notes not parties to such direction.

Section 8.3. No Responsibility of Security Trustee for Recitals. The recitals and statements contained herein and in the Notes (except for the Security Trustee's certificate of authentication endorsed on the Notes) shall be taken as the recitals and statements of the Debtor, and the Security Trustee assumes no responsibility for the correctness of the same, nor shall the Security Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Notes by the Debtor or by any other Person.

The Security Trustee makes no representation as to the validity or sufficiency of this Mortgage, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor to the mortgaged property or the descriptions thereof, or the filing or recording or registering of this Mortgage or any other document.

The Security Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Mortgage or of any Property or Securities or the proceeds thereof which shall be released from the lien hereof in accordance with the provisions of this Mortgage.

Section 8.4. Certain Limitations on Security Trustee's Rights to Compensation and Indemnification. Except to the extent otherwise expressly provided in the Operative Agreements, the Security Trustee shall have no right against the holder of any Note for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Debtor under Section 2.4 of the Note Agreement for such payment and indemnification, and it shall have no lien on or security interest in the mortgaged property as security for such compensation, expenses, disbursements and indemnification.

Section 8.5. Status of Moneys Received. All moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder (except as otherwise expressly provided herein). The Security Trustee and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation, or the Security Trustee may act as depositary or otherwise in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

Section 8.6. Resignation of Security Trustee. The Security Trustee may resign and be discharged from the trusts created hereby by delivering notice thereof, by first-class mail postage prepaid to the Debtor and all holders of the Notes at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Security Trustee shall have been appointed as provided in Section 8.8, in which event such resignation shall take effect immediately upon the appointment of such successor Security Trustee.

Section 8.7. Removal of Security Trustee. The Security Trustee may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Notes, other than the Security Trustee, at the time outstanding and delivered to the Security Trustee with a copy to the Debtor, specifying the removal and the date when it shall take effect.

Section 8.8. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes, other than the Security Trustee, at the time outstanding, by an instrument or instruments in writing executed by such Noteholders and filed with such successor Security Trustee.

Until a successor Security Trustee shall be so appointed by the Noteholders, the Debtor shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the Debtor and delivered to the successor Security Trustee. If

all or substantially all of the mortgaged property shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Debtor, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first class mail postage prepaid to each holder of the Notes at the time outstanding.

Any successor Security Trustee so appointed by the Debtor, or such receivers, trustees, custodians, liquidators or assignees, shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes (other than the Security Trustee) then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of Security Trustee, the holder of any Note (other than the Security Trustee) or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

Section 8.9. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the mortgaged property, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any such successor Security Trustee, however, the Debtor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee the title to the mortgaged property and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any Property subject to the lien of this Mortgage which may then be in its possession.

Section 8.10. Eligibility of Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing, organized under the laws of the United States of America or of the States of Illinois, Massachusetts, Utah or Idaho, and having its principal office in the cities of Chicago, Boston, Salt Lake City or Boise, having a capital, surplus and undivided profits aggregating at least $25,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 8.6 hereof.

Section 8.11. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 8.10 hereof, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 8.12. Co-Trustees. (a) At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the mortgaged property may at the time be located, the Debtor and the Security Trustee jointly shall have power and shall execute and deliver all instruments, to appoint one or more persons approved by the Security Trustee, to act as co-trustee, or co-trustees, jointly with the Security Trustee, or separate trustee or separate trustees, of all or any part of the mortgaged property, and to vest in such person or persons in such capacity, such title to the mortgaged property or any part thereof, and such rights, powers, duties, trusts or obligations as the Debtor and the Security Trustee may consider necessary or desirable. If the Debtor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default referred to in Section 7 hereof shall have occurred and be continuing, the Security Trustee alone shall have power to make such appointment.

(b) The Debtor and the Security Trustee hereby jointly appoint First Security Bank of Idaho, National Association, a national banking association qualified to do business in and under the laws of the State of Idaho, as required by Sections 42-206 and 42-207 of the Idaho Code, whose post office address is P.O. Box 7069, Boise, Idaho 83730, Attention: Corporate Trust Department,

to act as co-trustee, jointly with the Security Trustee, for the purpose of holding the lien and security interest granted by the Debtor under this Mortgage in the Water Rights described in Division II of the granting clause hereof and in Exhibit C hereto, and only for such purpose.

SECTION 9. LIMITATIONS OF LIABILITY.

Anything in this Mortgage to the contrary notwithstanding, neither the Security Trustee nor the holder of any Note, nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed against the Debtor in its individual capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever set forth in this Mortgage, from any source other than the mortgaged property. The Security Trustee by the execution of this Mortgage and the holders of the Notes by their acceptance thereof, waive and release any personal liability of the Debtor in its individual capacity for and on account of such indebtedness or such liability, and the Security Trustee and the holders of the Notes agree to look solely to the mortgaged property, including the sums payable pursuant to the Power Sales Agreement, for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the holders of the Notes or the Security Trustee to accelerate the maturity of the Notes upon a default under this Mortgage, to bring suit and obtain a judgment against the Debtor on the Notes, to bring suit and obtain a judgment for damages against the Debtor for the Debtor's gross negligence or wilfull misconduct, or to exercise all rights and remedies provided under this Mortgage or otherwise realize upon the mortgaged property.

SECTION 10. SUPPLEMENTS; WAIVERS.

Section 10.1. Supplemental Indentures Without Noteholder Consent. The Debtor and the Security Trustee from time to time and at any time, subject to the restrictions in this Mortgage contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the lien of this Mortgage additional Property hereafter acquired by the Debtor and intended to be subjected to the lien of this Mortgage and to correct and amplify the description of any property subject to the lien of this Mortgage; or

(c) to permit the qualification of this Mortgage under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect;

and the Debtor covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Mortgage, be waived or modified by such supplemental indentures, or otherwise.

Section 10.2. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of Notes then outstanding (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Mortgage or any indenture supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Mortgage or of any indenture supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the premium, if any, and interest on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any Lien with respect to any of the mortgaged property, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the lien of this Mortgage upon all or any part of the mortgaged property without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee without the consent of the holders of all of the Notes at the time outstanding.

Section 10.3. Notice of Supplements. Promptly after the execution by the Debtor and the Security Trustee of any supplemental indenture or agreement pursuant to the provisions of

Section 10.1 or 10.2 hereof, the Security Trustee shall give written notice, setting forth in general terms the substance of such supplemental indenture or agreement, together with a conformed copy thereof, mailed first-class postage prepaid, to each holder of the Notes at its address set forth in the Register. Any failure of the Security Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or agreement.

Section 10.4. Opinion of Counsel Conclusive as to Supplements. The Security Trustee is hereby authorized to join with the Debtor in the execution of any such supplemental indenture or agreement authorized or permitted by the terms of this Mortgage and to make the further agreements and stipulations which may be therein contained, and the Security Trustee may receive an opinion of counsel selected by the Security Trustee (which may be counsel for the Debtor) as conclusive evidence that any supplemental indenture or agreement executed pursuant to the provisions of this Section 10 complies with the requirements of this Section 10.

SECTION 11. MISCELLANEOUS.

Section 11.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Debtor or by or on behalf of the Security Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 11.2. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.3. Communications. All communications provided for herein shall be in writing. Communications to the Debtor or the Security Trustee shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered as follows:

If to the Debtor: Bonneville Pacific Corporation
200 East South Temple
Suite 300
Salt Lake City, Utah 84111

Attention: President

If to the Security Trustee: First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Attention: Corporate Trust Department

or to the Debtor or the Security Trustee at such other address as the Debtor or the Security Trustee may designate by notice duly given in accordance with this Section to the other parties. Communications to the holder of a Note shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed to such holder at its address set forth in the Register.

Section 11.4. Release. The Security Trustee shall release this Mortgage and the lien and security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged.

Section 11.5. Counterparts. This Mortgage may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

Section 11.6. Governing Law. This Mortgage and the Notes shall be construed in accordance with and governed by the laws of the State of Idaho.

Section 11.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Mortgage nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Mortgage to be executed, and First Security Bank of Utah, National Association in evidence of its acceptance of the trusts hereby created, has caused this Mortgage to be executed on its behalf by one of its CORPORATE TRUST COUNSEL and its corporate seal to be hereunto affixed, and said Seal and this Mortgage to be attested by one of its CORPORATE TRUST COUNSEL all as of the day and year first above written.

BONNEVILLE PACIFIC CORPORATION

By L. Wynn Johnson
Its Vice President

DEBTOR

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION

By
Its CORPORATE TRUST COUNSEL

[SEAL]

SECURITY TRUSTEE

Attest:

CORPORATE TRUST COUNSEL

STATE OF UTAH)
) SS.:
COUNTY OF SALT LAKE)

On the 10th day of October 1984, personally appeared before me T. R. ADAMS who being by me duly sworn, did say that he is the CORPORATE TRUST COUNSEL of First Security Bank of Utah, National Association and said instrument was signed in behalf of said bank by authority of its bylaws and of a resolution of its Board of Directors, and said T. R. ADAMS acknowledged to me that said bank executed the same.

[SEAL]

Cynthia B Eichner
NOTARY PUBLIC

Residing at: Salt Lake Co

My Commission Expires:

Oct 24-1987

STATE OF UTAH)
) SS.:
COUNTY OF SALT LAKE)

On the 23rd day of May 1984, personally appeared before me D. Wynn Johnson, who being by me duly sworn, did say that he is the Vice President of Bonneville Pacific Corporation, and said instrument was signed in behalf of said corporation by the authority of said corporation's bylaws and of a resolution of its Board of Directors, and said D. Wynn Johnson acknowledged to me that said corporation executed the same.

[SEAL]

Vickie Y. Howell
NOTARY PUBLIC

Residing at: SLC, Ut.

My Commission Expires:

11/1/84

OPERATING EXPENSE CATEGORIES

Moneys to be applied pursuant to clause FIRST of Section 5.1(a) of the foregoing Mortgage may be so applied in respect of the following categories of operating expenses only:

1. Labor
2. Insurance Premiums
3. Federal, State and local taxes
4. Miscellaneous operating supplies
5. Repair and Maintenance
6. Service Contracts

Schedule 1
(to Mortgage)

BONNEVILLE PACIFIC CORPORATION

14% SECURED NOTE DUE 1984 - 1994

No. R-1

$1,622,500.00 October 31, 1984

FOR VALUE RECEIVED, the undersigned, BONNEVILLE PACIFIC CORPORATION, a Utah corporation (the "Debtor"), promises to pay to

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

or registered assigns,
the principal sum of

ONE MILLION SIX HUNDRED TWENTY-TWO
THOUSAND FIVE HUNDRED DOLLARS ($1,622,500)

together with interest from the date hereof until maturity at the rate of 14% per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months) in 39 installments of principal and interest each in the amount of $75,977.27* payable on January 31, 1984, and on each succeeding April 30, July 31, October 31 and January 31 thereafter to and including July 31, 1994, with a final installment on October 31, 1994 in an amount equal to the entire principal and interest remaining unpaid as of said date, and to pay interest (computed on the basis of a 360-day year of 12 consecutive 30-day months) at such higher rate, not in excess of 16% per annum, as shall be the highest rate a borrower such as the Debtor may pay by law on any overdue principal and (to the extent permitted by applicable law) overdue premium, if any, and interest from the due date thereof until paid, payable on demand. Such principal, premium, if any, and interest shall be payable upon presentation of this Note at the principal corporate trust office of First Security Bank of Utah, National Association (the "Security Trustee") located at 79 South Main Street, Salt Lake City, Utah 84111, the Security Trustee under the Indenture of Mortgage and Security Agreement dated as of May 1, 1984 (herein together with any supplements and amendments thereto called the "Mortgage") from the Debtor to the Security Trustee.

This Note is one of the Debtor's 14% Secured Notes due 1984 - 1994 (the "Notes") which are equally and ratably secured by the Mortgage. Reference is hereby made to the Mortgage for a description of the property subject thereto, the nature and extent

*4.68272823% of the original principal amount.

of the security for the Notes, the rights of the holders of the Notes, the Security Trustee and the Debtor in respect of such security and otherwise, certain rights of the Debtor, and the terms upon which the Notes are to be authenticated and delivered. As provided in the Mortgage, the aggregate principal amount of Notes which may be issued thereunder shall not exceed $1,622,500.

This Note and any other Notes outstanding under the Mortgage may be declared due prior to its and their expressed maturity date, all in the events, on the terms and in the manner provided for in the Mortgage, and certain prepayments (which are required to be applied ratably on all outstanding Notes) are required to be made thereon. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Mortgage.

The Debtor shall, to the extent permitted by applicable law, indemnify the holder hereof against any loss, damage and expense such holder incurs if the unpaid principal sum of this Note, or any portion thereof, is paid prior to the maturity date thereof, whether by operation of law or in connection with an acceleration by such holder or the Security Trustee pursuant to Section 7.2(a) of the Mortgage or otherwise. Such indemnification shall include, without limitation, payment to such holder by the Debtor of:

(a) the present value, computed as of the date of prepayment, at the yield on 8-3/4% United States Treasury Bonds due August 1994 as most recently reported in The Wall Street Journal (or if the same is not then published, another similar journal selected by such holder) as of the date of repayment, of the installments of principal and interest thereafter payable hereunder (computed on a quarterly basis);

LESS

(b) the amount so prepaid;

PLUS

(c) the amount, as reasonably estimated by such holder, of such holder's out-of-pocket costs and expenses in reinvesting the amount prepaid (i.e., the sums determined under (a) and (b) above), including, without limitation, transaction and processing fees and costs, legal fees and brokerage expenses and such holder's expenses incurred in terminating any servicing agreement related to the loan.

If the foregoing indemnity is determined to be unenforceable in whole or in part, such holder may, at its option, pursue any other legal or equitable right or remedy now or hereafter available to such holder.

The terms and provisions of the Mortgage and the rights and obligations of the Debtor and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Mortgage.

On and subject to the conditions contained in the Mortgage, this Note is transferable by the registered holder hereof in person or by its duly authorized attorney on that Register (as defined in the Mortgage) to be kept for that purpose at said principal office of the Security Trustee. On and subject to the conditions contained in the Mortgage, this Note is exchangeable for Notes of other denominations. The Debtor and the Security Trustee may deem and treat the person in whose name a Note is registered on said Register as the absolute owner and holder hereof (whether or not this Note shall be overdue) for the purpose of receiving payment and for all other purposes, and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary.

This Note shall not be valid until the certificate of authentication hereon shall have been signed by the Security Trustee.

This Note and the Mortgage are governed by the laws of the State of Idaho.

Anything in this Note to the contrary notwithstanding, neither the Security Trustee nor any holder hereof, nor their respective successors or assigns, shall have any claim, remedy or right to proceed against the Debtor in its individual capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever set forth in the Mortgage, from any source other than the mortgaged property (as defined in the Mortgage). The Security Trustee by its execution of the Mortgage and the holder of this Note by its acceptance hereof, waive and release any personal liability of the Debtor in its individual capacity for and on account of such indebtedness or such liability, and the Security Trustee and the holder of this Note agree to look solely to the mortgaged property for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the right of the Security Trustee to accelerate the maturity of this Note upon a default under the

Mortgage, to bring suit and obtain a judgment against the Debtor on this Note, to bring suit and obtain a judgment for damages against the Debtor for the Debtor's gross negligence or willfull misconduct, or to exercise all rights and remedies provided under the Mortgage or otherwise realize upon the mortgaged property.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

This Note is one of the Notes described in the within-mentioned Mortgage.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
as Security Trustee

By_____
Its_____

NOTICE:

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS NOTE MAY BE OFFERED OR SOLD ONLY IF REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR IF AN EXEMPTION FROM SUCH REGISTRATIONS IS AVAILABLE.

DESCRIPTION OF LAND

Tract I

Township 5 South, Range 14 East, Boise Meridian
Section 33
Part NE¼SE¼ Gooding County, Idaho

Beginning at the East Quarter Corner of Section 33;

thence N 89° 42' 44" W, 764.73 feet along the Northerly boundary of the NE¼SE¼ said Section 33 to the True Point of Beginning:

thence continuing N 89° 42' 44" W, 557.52 feet to the Northwest corner of the NE¼SE¼ said Section 33;

thence S 0° 08' 27" W, 198.51 feet along the Westerly boundary of the NE¼SE¼ said Section 33 to a point on the Easterly rim of the Big Wood River Canyon;

thence Southeasterly along the Big Wood River the following two courses and distances:

S 45° 02' 16" E, 74.26 feet;

S 63° 49' 13" E, 193.51 feet to the confluence of the Big Wood River and the Little Wood River;

thence Northeasterly along the Northerly rim of the Little Wood River Canyon the following two courses and distances:

N 39° 40' 35" E, 93.90 feet;

N 46° 08' 07" E, 377.05 feet to a point on the Northerly boundary of the NE¼SE¼ said Section 33, being the True Point of Beginning, containing 2.67 acres, more or less.

Tract II

Township 5 South, Range 14 East, Boise Meridian
Section 33
Part NE¼ Gooding County, Idaho

Beginning at the East Quarter corner of Section 33;

EXHIBIT B
(to Mortgage)

thence N 89° 42' 44" W, 980.00 feet along the Southerly boundary of the NE¼ said Section 33 to the True Point of Beginning:

thence N 27° 42' 44" W, 980.00 feet;

thence N 46° 03' 41" W, 630.54 feet;

thence N 0° 23' 35" E, 670.98 feet;

thence N 8° 36' 24" W, 310.00 feet;

thence N 34° 33' 21" W, 444.22 feet to a point on the Northerly boundary of the NE¼ said Section 33;

thence N 89° 41' 34" W, 450.00 feet along the Northerly boundary of the NE¼ said Section 33 to the Northwest corner thereof;

thence S 0° 14' 16" W, 2642.50 feet along the Westerly boundary of the NE¼ said Section 33 to the Southwest corner thereof;

thence S 89° 42' 44" E, 1664.5 feet along the Southerly boundary of the NE¼ of said Section 33 to the True Point of Beginning, containing 60.08 acres, more or less.

Tract III

Township 5 South, Range 14 East, Boise Meridian
Section 28
Part SW¼SE¼ Gooding County, Idaho

Beginning at the Southeast corner of Section 28;

thence N 89° 41' 34" W, 2185.56 feet along the Southerly boundary of said Section 28 to the True Point of Beginning:

thence N 15° 34' 47" W, 584.09 feet;

thence N 55° 48' 17" W, 48.07 feet;

thence N 32° 43' 34" W, 100.03 feet;

thence N 56° 14' 24" W, 98.10 feet;

thence N 43° 58' 30" W, 94.04 feet;

thence N 65° 41' 06" W, 48.72 feet;

thence N 1° 01' 00" E, 102.23 feet;

thence N 34° 30' 24" E, 99.15 feet;

thence N 17° 46' 45" E, 191.84 feet;

thence N 8° 52' 28" E, 139.40 feet;

thence N 89° 41' 34" W, 144.31 feet to the Westerly boundary of said SW¼SE¼;

thence S 0° 04' 40" W, 1318.74 feet along the Westerly boundary of the SW¼SE¼ said Section 28 to the South Quarter Corner thereof;

thence S 89° 41' 34" E, 450.00 feet along the Southerly boundary of said Section 28 to the True Point of Beginning, containing 6.63 acres, more or less.

AND ALSO

A seventy (70) feet wide strip of land for an access roadway over and across a portion of the NE¼ Section 33, Township 5 South, Range 14 East of the Boise Meridian, being centered on the following described centerline;

Beginning at the East Quarter Corner of Section 33;

thence N 0° 02' 38" E, 555.49 feet along the Easterly boundary of said Section 33 to the Point of Beginning;

thence S 59° 29' 24" W, 754.83 feet;

thence S 49° 03' 35" W, 256.43 feet to a point on the Southerly boundary of the NE¼ said Section 33, said point being the Point of Ending.

From the point of ending the East Quarter Corner of said Section 33 bears S 89° 42' 44" E, 843.61 feet.

DESCRIPTION OF WATER RIGHTS

Water Rights evidenced by Applications for Permit, Identification Nos. 37-7889 and 37-7916, respectively, approved by State of Idaho, Department of Water Resources

EXHIBIT C
(to Mortgage)

DESCRIPTION OF FACILITY

One completed hydroelectric project sized for 300 cfs of water and at least 969 kw of electrical output, more particularly described as:

Diversion Dam

Control Gates

Stop-Log Structure

+ 3320 lineal feet of earthen canal spillway and steel wear plate

Headwork structure with trash racks and railings

151 lineal feet of 84" Primary Penstock

65 feet Penstock manifold and thrust blocks

Powerhouse and valve box

22 lineal feet of 54" Secondar Penstock

22 lineal feet of 36" Secondary Penstock

21 lineal feet of 30" Secondary Penstock

Butterfly Valves and Actuators

Valve Box

Powerhouse

Switchhouse

Programmable Controller

High Intensity Exist Door Lights (6)

Transmission Intertie

Remote Monitor and Printer

1 1500 KVA 3PH Terra Transformer
Series Number
0078EA64K02L

EXHIBIT D
(to Mortgage)

Lot Series 81000 type medium voltage controllers, rated 2400-V, 3 0, 60 Hz, NEMA I-A enclosed, consisting of:

3 Induction Generator Controls

1 Fuse Loan-Interrupter Feeder Switch

1 Non-fused Loan Interrupter Incoming Line Switch

1 Incoming Line Auxiliary Unit

1 Model 33 WTH Kaplan Turbine/Generator Set
Serial Number 088329
45 cfs capacity, 192 kw capacity

1 Model 36 WTTM Kaplan Turbine/Generator Set
Serial Number 08830
77 cfs capacity, 339 kw capacity

1 Model 39 WTM Kaplan Turbine/Generator Set
Serial Number 088331
170 cfs capacity, 749 kw capacity

DESCRIPTION OF CONSTRUCTION CONTRACTS

1. The Turn-key Construction Agreement dated June 17, 1983 between the Debtor, as owner, and Interwest Hydro, Inc., an Idaho corporation, as contractor.

2. The Butterfly Valve Equipment Purchase Agreement dated June 9, 1983 between John H. Koyle, as owner, and Folsom Associates, Inc., as contractor.

3. The Contract dated March 8, 1983 between the Debtor, as buyer, and Siemens-Allis, Inc., as seller.

4. The Contract dated June 6, 1983 between the Debtor, as owner, and A&J Construction Co., Inc., as contractor.

5. The Turbine/Generators Equipment Purchase Agreement between the Debtor, as buyer, and Ingersoll-Rand Company, as seller.

6. The Transformer Equipment Purchase Agreement dated March 18, 1983 between John H. Koyle, as buyer, and RTE Corporation, as seller.

7. The Agreement for Engineering Services dated September 16, 1982 between John H. Koyle, as owner, and J-U-B Engineers, Inc., as engineer.

EXHIBIT E
(to Mortgage)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

RECEIVED

APR 2 8 1998

Department of Water Resources

NOTICE OF AMENDMENT OF ARTICLE 2

(April 21, 1998)

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a.	Type of Application:	Amendment of article 2
b.	Project No:	4052-008
c.	Date Filed:	February 24, 1998
d.	Applicant:	Koyle Hydro, Inc.
e.	Name of Project:	Koyle Ranch Power Project
f.	Location:	Big Wood River, near Gooding, in Gooding County, Idaho
g.	Filed Pursuant to:	Federal Power Act, 16 U.S.C. 791(a)-825(r)
h.	Applicant Contact:	Mr. John Koyle Koyle Hydro, Inc. 1774 So. 1500 E. Gooding, ID 83330 (208) 934-4060
i.	FERC Contact:	Diana Shannon, (202) 208-7774
j.	Comment Date:	**MAY 28, 1998**

k. Description of Proposed Action: Koyle Hydro Inc., exemptee for the Koyle Ranch Power Project, requests article 2 be modified to require the release of a minimum flow of five cfs throughout the year. Currently, article 2 requires a release of five cfs from June 16 through March 31 and 80 cfs from April 1 through June 15.

l. This notice also consists of the following standard paragraphs: B, C1, and D2.

DC-A-24

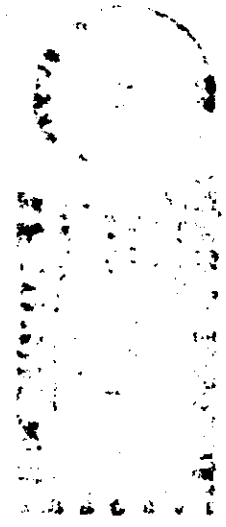
37-7889
37-7916

B. Comments, Protests, or Motions to Intervene -- Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

C1. Filing and Service of Responsive Documents -- Any filings must bear in all capital letters the title "COMMENTS", "RECOMMENDATIONS FOR TERMS AND CONDITIONS", "PROTEST", OR "MOTION TO INTERVENE", as applicable, and the Project Number of the particular application to which the filing refers. Any of the above-named documents must be filed by providing the original and the number of copies provided by the Commission's regulations to: The Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. A copy of any motion to intervene must also be served upon each representative of the Applicant specified in the particular application.

D2. Agency Comments -- Federal, state, and local agencies are invited to file comments on the described application. A copy of the application may be obtained by agencies directly from the Applicant. If an agency does not file comments within the time specified for filing comments, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

Linwood A. Watson, Jr.
Acting Secretary



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

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

November 17, 1992

BONNEVILLE PACIFIC CORP
% DAVID P HIRSCHI
257 E 200 S STE 800
SALT LAKE CITY UT 84111

RE: WATER RIGHT NOS. 37-07889 & 37-07916

Dear Water Right Holder(s):

Enclosed herewith are copies of the Water Right Licenses issued on the above referenced permits along with copies of your approved applications for amendment.

Should you have any questions regarding these documents, please feel free to contact our office.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:cz

Enclosure

RECEIVED
DEC 09 1992

Bonneville Pacific Corporation

RECEIVED
AUG 30 1990
Department of Water Resources

August 28, 1990

Mr. Gary Spackman, Manager
Water Rights Permits Section
Idaho Department of Water Resources
1301 North Orchard Street, Statehouse Mail
Boise, ID 83720

RE: Permits to Appropriate Water Nos. 37-7889 and 37-7916, Koyle Ranch. Your Letter of July 23, 1990.

Dear Mr. Spackman:

As per your request, please find enclosed turbine data sheets for the three turbines located at the Koyle Ranch plant. These indicate maximum plant capacity of 292 CFS. Also enclosed are actual plant flow records for the years 1984-1989 supplied by the local Idaho State Water Master.

I apologize for the delay in getting this information to you. I hope it meets your needs.

Sincerely,

Elmer C. Newman
Assistant to the President

mw
Enclosures

cc: Brett Van Wagoner

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DEC 09 1992

257 East 200 South, Suite 800 / Salt Lake City, Utah 84111 / 801-363-2520 / Facsimile 801-363-9557 / 801-359-1735

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AUG 3 0 1990
Department of Water Resources

FACSIMILE TRANSMISSION SHEET
BONNEVILLE PACIFIC SERVICES
252 DEERE STREET
TWIN FALLS, IDAHO 83303-2467
FAX NO. 208-734-0566

DATE: August 01, 1990

TO: Elmer Newman, BPC

FROM: Brett Van Wagoner, BPSC

NUMBER OF PAGES INCLUDING THIS COVER: 4

COMMENTS: Turbine Data Sheets for Koyle

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TURBINE DATA SHEET

PURCHASER	John H. Koyle
USER	Koyle Site Hydroelectric Project
LOCATION	Tuttle, Idaho
INGERSOLL-RAND ORDER	006-36322, Item 1
SERIAL NUMBER	0883-29
APPLICATION	Water Turbine
LIQUID	60°F. River Water
TURBINE SIZE	33 WTH
DRIVEN MACHINE	Westinghouse 195.5 K.W. Induction Generator
TURBINE CAPACITY	20,197 GPM - 45 CFS
TURBINE SPEED	729 RPM
DESIGN HEAD	58 Feet
TURBINE EFFICIENCY	87%
TURBINE ROTATION	CW-HI
BEARING LUBRICATION	Self Lubricated

APPROXIMATE WEIGHTS

TURBINE (DRY)	6,500 Lbs.
WATER ABOVE LWL	4,800 Lbs.
GENERATOR	4,030 Lbs.
TOTAL FLOOR WEIGHT	15,330 Lbs.

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TURBINE DATA SHEET

PURCHASER	John H. Koyle
USER	Koyle Hydroelectric Project
LOCATION	Tuttle, Idaho
INGERSOLL-RAND ORDER	006-36322, Item 2
SERIAL NUMBER	0883-30
APPLICATION	Water Turbine
LIQUID	60°F. River Water
TURBINE SIZE	36 WTTM
DRIVEN MACHINE	Westinghouse 340 K.W. Induction Generator
TURBINE CAPACITY	34,560 GPM - 77 CFS
TURBINE SPEED	729 RPM
DESIGN HEAD	58 Feet
TURBINE EFFICIENCY	90%
TURBINE ROTATION	CW-HI
BEARING LUBRICATION	Self Lubricated

APPROXIMATE WEIGHTS

TURBINE (DRY)	7,400 Lbs.
WATER ABOVE LWL	6,700 Lbs.
GENERATOR	4,965 Lbs.
TOTAL FLOOR WEIGHT	19,065 Lbs.

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TURBINE DATA SHEET

PURCHASER	John H. Koyle
USER	Koyle Hydroelectric Project
LOCATION	Tuttle, Idaho
INGERSOLL-RAND ORDER	006-36322, Item 3
SERIAL NUMBER	0883-31
APPLICATION	Water Turbine
LIQUID	60°F. River Water
TURBINE SIZE	39 WTM
DRIVEN MACHINE	Westinghouse 749 K.W. Induction Generator
TURBINE CAPACITY	76,301 GPM - 170 CFS
DESIGN HEAD	58 Feet
TURBINE SPEED	421 RPM
TURBINE EFFICIENCY	90%
TURBINE ROTATION	CW-HI
BEARING LUBRICATION	Self Lubricated

APPROXIMATE WEIGHTS

TURBINE (DRY)	16,500 Lbs.
WATER ABOVE LWL	11,522 Lbs.
GENERATOR/GEAR	11,390 Lbs.
TOTAL FLOOR WEIGHT	39,412 Lbs.

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Bonneville Pacific Services Co. Inc.

TRANSMITTAL SHEET
BONNEVILLE PACIFIC SERVICES
252 DEERE STREET
TWIN FALLS, IDAHO 83303-2467

DATE: August 17, 1990

TO: Elmer Newman, BPC

FROM: Brett Van Wagoner, BPSC

NUMBER OF PAGES INCLUDING THIS COVER: 7

COMMENTS: Koyle Water Records



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DEC 09 1992

252 Deere St. • P.O. Box 2467 • Twin Falls, Idaho 83303-2467 • (208) 734- 0553 (208) 734-0551

1984

DAY	COYLE #38HP						UPPER FROST #38						DAY
	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	
1	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	1
2	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	2
3	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	3
4	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	4
5	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	5
6	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	6
7	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	7
8	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	8
9	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	9
10	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	10
11	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	11
12	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	12
13	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	13
14	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	14
15	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	15
16	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	16
17	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	17
18	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	18
19	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	19
20	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	20
21	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	21
22	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	22
23	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	23
24	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	24
25	300.0	300.0	300.0	300.0	300.0				6.0	6.0	5.0	6.0	25
26	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	26
27	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	27
28	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	28
29	300.0	300.0	300.0	300.0	300.0				6.0	6.0	6.0	6.0	29
30	300.0	300.0	300.0	300.0	300.0			3.0	6.0	6.0	6.0	6.0	30
31		300.0		300.0	300.0			3.0		6.0	6.0		31
T	9000.0	9300.0	9000.0	9300.0	9300.0			6.0	180.0	186.0	174.0	180.0	T

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DEC 09 1992

1985

DAY	JONES #35-P3 APRIL	MAY	JUNE	JULY	AUGUST	SEPT	KOYLE #37 POWER PLANT APRIL	MAY	JUNE	JULY	AUGUST	SEPT	DAY
1			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	1
2			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	2
3			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	3
4			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	4
5			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	5
6			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	6
7			1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	200.0	300.0	7
8		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	200.0	300.0	8
9		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	300.0	300.0	300.0	9
10		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	10
11		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	11
12		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	200.0	300.0	12
13		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	200.0	300.0	13
14		1.5	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	14
15		-0-	1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	15
16			1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	16
17			1.7	1.7	1.7	1.7	300.0	300.0	300.0	150.0	300.0	300.0	17
18			1.7	1.7	1.7	-0-	300.0	300.0	300.0	150.0	300.0	300.0	18
19			1.7	1.7	1.7		300.0	300.0	300.0	150.0	300.0	300.0	19
20			1.7	1.7	1.7		300.0	300.0	300.0	150.0	300.0	300.0	20
21			1.7	1.7	1.7		300.0	300.0	300.0	150.0	300.0	300.0	21
22			1.7	1.7	1.7		300.0	300.0	300.0	150.0	300.0	300.0	22
23			1.7	1.7	1.7		300.0	300.0	300.0	150.0	300.0	300.0	23
24		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	24
25		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	25
26		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	26
27		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	27
28		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	28
29		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	29
30		1.7	1.7	1.7	1.7		300.0	300.0	300.0	300.0	300.0	300.0	30
31		1.7		1.7	1.7			300.0		300.0	300.0		31
T		24.1	51.0	52.7	52.7	28.9	9000.0	9300.0	9000.0	7200.0	7200.0	9000.0	

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DAILY DISCHARGE IN SECOND FEET OF KOYLE POWER PLANT #37-HP FOR YEAR ENDING SEPTEMBER 30, 1986

DAY	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER
1	300	300	223	184	280	280
2	300	300	217	177	274	288
3	300	300	216	177	274	288
4	300	300	216	266	264	291
5	300	300	212	266	261	298
6	300	300	212	266	246	298
7	300	300	222	238	266	293
8	300	300	222	238	266	291
9	300	300	200	241	274	310
10	300	300	200	235	256	323
11	300	300	197	247	258	326
12	300	300	197	253	242	336
13	300	282	186	264	234	339
14	300	280	186	263	256	329
15	300	257	186	256	266	342
16	300	286	192	250	276	351
17	300	282	192	238	284	336
18	300	280	188	253	270	336
19	300	278	188	235	270	326
20	300	202	186	256	268	329
21	300	204	186	266	263	329
22	300	234	186	274	274	323
23	300	256	172	270	282	326
24	300	310	172	272	286	336
25	300	380	172	282	266	336
26	300	370	172	293	263	323
27	300	384	173	286	255	323
28	300	336	173	291	219	323
29	300	380	173	291	252	336
30	300	204	184	286	240	336
31		230		276	266	
24 HOUR CFS	9000	9058	5801	7890	8151	9601
MEAN	300	292	193	255	263	320
ACRE FEET	17852	17966	11506	15650	16167	19043

TOTAL 24 HR CFS 49,501.0

TOTAL NO. OF DAYS 183

YEARLY MEAN 270

YEARLY ACRE FEET 98,184.0

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DAILY DISCHARGE IN SECOND FEET OF KOYLE #37-HP FOR THE YEAR ENDING SEPTEMBER 30, 1987

DAY	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER
1	238	291	253	---	282	96
2	238	291	253	---	282	96
3	238	291	188	278	274	96
4	238	266	188	278	274	90
5	238	266	188	278	247	90
6	238	263	188	305	247	90
7	238	263	188	305	263	95
8	238	205	310	266	263	95
9	238	205	310	266	263	97
10	238	205	305	270	260	97
11	238	247	305	270	260	97
12	238	247	342	270	270	97
13	291	195	342	291	270	97
14	291	195	342	291	247	97
15	253	253	300	305	247	97
16	253	253	300	305	247	98
17	196	253	300	286	256	98
18	196	260	300	286	256	96
19	196	260	282	286	274	96
20	256	274	282	361	274	96
21	256	274	282	361	253	94
22	172	278	286	370	253	94
23	172	278	286	370	253	94
24	266	278	---	342	253	94
25	266	274	---	342	253	94
26	266	274	274	342	270	94
27	229	305	274	300	270	94
28	229	305	274	300	256	93
29	256	286	260	282	256	93
30	256	286	260	282	256	93
31		286		282	96	
24 HOUR CFS	7156	8107	7662	8770	7925	2850
MEAN	238.5	261.5	255.4	282.9	255.6	95.0
ACRE FEET	14312	16214	15324	17540	15850	5700

TOTAL 24 HOUR CFS 42,470.0 YEARLY MEAN 232

TOTAL NO. OF DAYS 183 YEARLY ACRE FEET 84,940.0

UNDOCUMENTED DEC 09 1992

WATER DISTRICT 37 & 37-M

CANAL NAME KOYLE POWER PLANT CANAL NUMBER 37 HP YEAR 1988

OWNER PAGE USER

DATE	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	DATE
1		127.00	295.00	85.00	121.00	76.00	1
2		58.00	295.00	85.00	85.00	76.00	2
3		58.00	219.00	85.00	85.00	84.00	3
4		144.00	219.00	76.00	121.00	84.00	4
5		144.00	219.00	76.00	121.00	84.00	5
6		127.00	129.00	76.00	129.00	128.00	6
7		127.00	129.00	76.00	129.00	128.00	7
8		226.00	174.00	76.00	129.00	128.00	8
9		226.00	174.00	76.00	130.00	128.00	9
10		226.00	258.00	76.00	130.00	128.00	10
11	219.00	184.00	258.00	77.00	67.00	128.00	11
12	219.00	184.00	258.00	77.00	67.00	128.00	12
13	128.00	120.00	191.00	76.00	76.00	128.00	13
14	128.00	120.00	191.00	76.00	76.00	128.00	14
15	127.00	120.00	129.00	77.00	76.00	249.00	15
16	127.00	127.00	129.00	77.00	76.00	249.00	16
17	127.00	127.00	105.00	77.00	76.00	214.00	17
18	187.00	173.00	105.00	76.00	122.00	214.00	18
19	187.00	173.00	105.00	76.00	122.00	214.00	19
20	158.00	OFF	50.00	85.00	76.00	119.00	20
21	158.00		50.00	85.00	76.00	119.00	21
22	137.00		122.00	121.00	76.00	288.00	22
23	137.00	130.00	122.00	121.00	76.00	288.00	23
24	137.00	130.00	76.00	121.00	76.00	226.00	24
25	132.00	130.00	76.00	130.00	76.00	286.00	25
26	132.00	121.00	76.00	130.00	76.00	246.00	26
27	131.00	121.00	76.00	121.00	76.00	246.00	27
28	131.00	45.00	76.00	121.00	76.00	162.00	28
29	127.00	45.00	76.00	121.00	76.00	162.00	29
30	127.00	217.00	76.00	121.00	76.00	165.00	30
31		217.00		121.00	76.00		31
TOTAL	2956.00	3947.00	4458.00	2874.00	2850.00	5063.00	

YEARLY C.F.S. 22148.00

YEARLY ACRE FEET 43928.34

TOTAL NUMBER OF DAYS 173

MICROFILMED

DEC 09 1992

WATER DISTRICT #37 & 37-M

DAILY DISCHARGE IN SECOND FEET OF BONNEVILLE PACIFIC #37 HP

FOR YEAR ENDING SEPTEMBER 30, 1989

DAY	APRIL	MAY	JUNE	JULY	AUG	SEPT
1		84	297	76	131	168
2		84	297	76	130	168
3		84	297	76	130	168
4		84	297	76	131	107
5		21	255	76	131	107
6		21	255	76	131	171
7		22	221	76	172	171
8		22	221	76	172	172
9		22	131	76	130	172
10		46	131	76	130	172
11		46	131	76	130	254
12	130	69	208	208	130	254
13	130	69	208	208	130	294
14	131	69	46	107	220	294
15	131	292	46	107	220	252
16	131	292	170	107	106	252
17	-0-	293	170	130	106	252
18		293	170	130	131	239
19	70	289	98	97	131	239
20	70	289	98	97	131	291
21	-0-	289	95	97	174	291
22		291	95	97	174	295
23		291	82	97	224	295
24	283	224	82	76	224	295
25	283	224	82	76	222	277
26	287	179	128	97	222	277
27	287	179	128	97	222	238
28	297	179	208	106	293	238
29	297	296	208	106	293	243
30	297	296	76	106	254	243
31		297		131	254	
24 HR. CFS	2824	5236	4931	3113	5379	6889
MEAN	94	169	164	100	174	230
ACRE FEET	5601	10385	9780	6174	10669	13663

TOTAL 24 HR. CFS 28,372.0 YEARLY MEAN 165

YEARLY ACRE FEET 56,273 TOTAL NO. OF DAYS 172

MICROFILMED

DEC 09 1992

State of Idaho
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720 - (208) 327-7900

CECIL D. ANDRUS
GOVERNOR
R. KEITH HIGGINSON
DIRECTOR

July 23, 1990

Bonneville Pacific Corp.
257 E. 200 S.
Suite 800
Salt Lake City, UT 84111

RE: Permits to Appropriate Water Nos. 37-7889 and 37-7916 - Koyle Ranch

Gentlemen:

We have been trying to license the Koyle Ranch hydropower project, and are uncertain about the flow rate and the annual volume which should be identified. The field examiner identified a flow rate of approximately 247 cfs for the plant, but alleges that a higher flow rate should be granted. We do not have records to show that a greater flow has been diverted.

Could you supply us with information from the project which would verify the maximum flow rate, and also verify the amount of water that has annually been diverted through the hydropower plant. We may be able to calculate these flows from power generation if we know the approximate efficiency of the power plant.

Sincerely,

Gary Spackman

GARY SPACKMAN, Manager
Water Right Permits Section

GS:js

cc: Southern Region

MICROFILMED
DEC 09 1992

RECEIVED
FEB - 4 1988
Department of Water Resources

Bonneville Pacific Corporation

January 29, 1988

Mr. Jim Johnson
Water Rights Supervisor
Idaho Department of Water Resources
State Office
1301 North Orchard Street
Boise, Idaho 83706-2237

Re: Permit Nos. 37-7889 and 37-7916 -- Your Letter of January 26, 1988

Dear Jim:

Pursuant to your letter of January 26, 1988, I am enclosing herewith a copy of the Power Purchase Contract relating to the Koyle Ranch Hydroelectric Project and Permit Nos. 37-7889 and 37-7916.

Article II of the enclosed Power Contract designates the term of the Contract to be for a period of 35 years from Operation Date. I have also enclosed a letter herewith dated May 10, 1984, executed by John Simpson, engineer of Customer Generation for Idaho Power Company designating April 2, 1984, as the Operation Date for this project. Therefore, the water right licenses to be issued by your Department relating to this project should run through April 2, 2019.

Please feel free to contact me should you have any comments or questions regarding this matter.

Very truly yours,

David P. Hirschi
General Counsel

DPH:ts

cc: Robert L. Wood
Orlin V. Clements

Enclosures

DEC 09 1992

362d:69

257 East 200 South, Suite 800 / Salt Lake City, Utah 84111 / 801-363-2520 / Facsimile 801-363-9557 / Telex 453068

SNAKE RIVER

HYDRO POWER

IDAHO POWER COMPANY

BOX 70 • BOISE, IDAHO 83707

May 10, 1984

Mr Bruce Blazer
Interwest Financial
815 Park Blvd., Suite 310
Boise, ID 83702

Re: John Koyle Project

Dear Mr Blazer:

This will acknowledge receipt of your letter of April 19, 1984, together with the monthly Switching Report covering the time period from April 1 - through April 30, 1984.

The above project has demonstrated a degree of completion and reliability such that it has shown it is capable of operating continuously to deliver power into Idaho's system since the completion of the final repair and adjustments on April 1, 1984. Therefore, the operation date for this project is considered to have been 0001 hours on April 2, 1984. Payments for capacity will commence as of that date.

If you have any questions please feel free to give me a call.

Sincerely,

John Simpson
Engineer
Customer Generation

c: R. Williams
F. Wright
D. Monson

DEC 0 9 19

Facility No 3161503O
Project Name: Koyle Small
Hydro Project

POWER SALES AGREEMENT

THIS AGREEMENT, entered into on this 15th day of February 1983, is between JOHN H KOYLE and MARGARET H KOYLE, husband and wife, and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, joint venturers, (Seller), and IDAHO POWER COMPANY, a corporation, (Idaho). The joint venturers are jointly and severally obligated to perform all of the covenants of the Seller under this Agreement, for the first twenty years from the Operation Date. At the end of said twenty-year period, Bonneville Pacific Corporation shall assign, transfer and convey to John and Margaret Koyle, all of its right, title and interest under this Agreement and its joint venture agreement with the Koyles; Koyles shall then be the sole owners and operators of the Facility which is the subject of this Agreement, and thereafter Bonneville shall have no further obligation or liability under this Agreement.

W I T N E S S E T H:

WHEREAS, Seller owns or will own and operate a Small Power Production Facility with generating capacity of not more than 10,000 kilowatts; and

WHEREAS, Seller wishes to sell, and Idaho wishes to purchase, electric power from the Facility,

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

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ARTICLE I: DEFINITIONS

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

"Capacity" - The ability of the Facility to deliver electric power, expressed in kilowatts ("kw"), to the Point of Delivery.

"Capacity Price" - The price in $/kw-year set forth in Article IV(B) of this Agreement.

"Capacity Sale Increase"- An increase in the amount of Capacity provided or to be provided and purchased under this Agreement.

"Capacity Sale Reduction" - A reduction in the amount of Capacity provided or to be provided and purchased under this Agreement.

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

"Current Capacity Cost" - The $/kw-year avoided capacity cost from the most recent schedule of avoided capacity costs being published by Idaho and on file with the Idaho Public Utilities Commission.

"Designated Dispatch Facility" - Idaho's local dispatching center. For purposes of this Agreement, the Southern Division Dispatch Center located in Twin Falls, Idaho, is the Designated Dispatch Facility for the Seller.

"Disconnection Equipment" - Any device or combination of devices located between the Facility and Idaho's system by which Idaho can manually and automatically interrupt the flow of power from the Facility to Idaho's system. Disconnection Equipment includes such enclosures or other facilities as may be required to ensure that only Idaho will have access to the devices.

"Dispatchable" - That condition of the Facility whereby, through engineering design, installed equipment, and operating conditions and procedures,

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Facility No: 1615030
Project Name: Koyle Small
Hydro Project

AMENDMENT NO 1

POWER SALES AGREEMENT BETWEEN

IDAHO POWER COMPANY AND

JOHN KOYLE AND MARGARET KOYLE

AND BONNEVILLE PACIFIC CORPORATION

THIS AMENDMENT, entered into as of this 1st day of March, 1983, between John Koyle and Margaret Koyle, husband and wife, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, joint venturers (Seller), and Idaho Power Company, a Maine corporation (Idaho).

WHEREAS, Seller and Idaho previously, as of the 15th day of February, 1983, entered into a Power Sales Agreement which provided for the sale by Seller and purchase by Idaho of electrical Capacity and Energy from a small power production facility to be constructed, owned and maintained by the Seller; and

WHEREAS, the parties now desire to amend ARTICLE III of the Power Sales Agreement to increase the Energy and Capacity to be provided under the Power Sales Agreement.

NOW THEREFORE, the parties agree as follows:

1. That the existing paragraph (A) of ARTICLE III of the Power Sales Agreement should be deleted and the following inserted in its place:

"(A) Seller agrees to deliver and sell and Idaho agrees to accept and purchase all of the Energy and non-Dispatchable Capacity delivered by Seller at the Point of Delivery. Seller agrees to provide Energy in the average amount [illegible] 6,370,000

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the Facility may be called upon by Idaho to provide the Capacity at any time other than periods of Scheduled Maintenance or Forced Outage.

"Facility" - That generation facility described in Article III of this Agreement.

"Forced Outage" - Any outage caused by mechanical or electrical equipment failure that either fully or partially curtails the electrical output of the Facility.

"Energy" - Electric energy, expressed in kilowatt hours ("kwh"), to be delivered by Seller to Idaho in the quantities and at the times specified in the Agreement.

"Initial Period" - That part of the Term of this Agreement commencing with the Operation Date and ending 12 years from the Operation Date, on or about January 1, 1996.

"Interconnection Facilities" - All facilities required to be installed solely to interconnect and deliver power from the Facility to Idaho's system, including, but not limited to, connection, transformation, switching, metering, relaying communications and safety equipment.

"Operation Date" - The day commencing at 0001 hours, following the day during which all features and equipment of the Facility have reached a degree of completion and reliability, such that they are capable of operating simultaneously to deliver power continuously into Idaho's system; provided that the Operation Date may occur only after such degree of completion and reliability has been demonstrated to Idaho's satisfaction which must be confirmed by Idaho in writing. Seller shall have the duty to obtain the confirmation from Idaho; however, such confirmation shall not be unreasonably withheld by Idaho.

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

"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.

"Purchase Price" - The amount(s) to be paid to Seller by Idaho for Energy or Energy and Capacity delivered to Idaho.

"Scheduled Maintenance" - The periods of time during which the Facility is shut down for routine maintenance operations with the advance approval of Idaho, as provided in Article VI(H) hereof.

"Unit Avoided Energy Cost" - The sum of the variable costs associated with the specific generating unit or project designated by the Idaho Public Utilities Commission as the basis for the determination of avoided capacity cost. Variable costs include fuel costs and operation and maintenance expenses which vary with the designated unit's or project's generation.
hereunder and has not relied upon the advice, experience or expertise of Idaho in connection with the transactions contemplated by this Agreement.

ARTICLE II: TERM

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) years from the Operation Date, ending on or about January 1, 2019.

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ARTICLE III: SALE OF POWER

(A) Seller agrees to deliver and sell and Idaho agrees to accept and purchase all of the Energy and non-Dispatchable Capacity delivered by Seller at the Point of Delivery.

Seller agrees to provide Energy in an average amount of 6,217,000 kilowatt-hours per year. Seller further agrees to provide non-Dispatchable Capacity in the amount of 946 kilowatts calculated pursuant to Appendix A.

(B) Seller's Facility is described as: Make: (to be supplied by Seller), Model: (to be supplied by Seller), fuel or energy source: Water, having a total nameplate output rating of 1136 kw (three units) and 2300 volts, three phase, 60 hertz.

(C) Seller's Facility is located at the confluence of the Big Wood and Little Wood Rivers, as more particularly described in Appendix "B", and the scheduled Operation Date of the Facility for Energy is November 1, 1983, and for both Capacity and Energy is January 1, 1984.

ARTICLE IV: PURCHASE PRICE AND METHOD OF PAYMENT

(A) Energy. Idaho shall pay Seller monthly for Energy delivered and accepted at the Unit Avoided Energy Cost rate specified in Appendix "A".

(B) Capacity. Seller shall be paid for Capacity made available to Idaho in accordance with Appendix A. The applicable Capacity Price for purposes of computing Capacity payments is $350 per kilowatt-year, except as may otherwise be adjusted in accordance with this Agreement. The Capacity Price is derived from Table 1, Appendix A. Idaho's obligation to pay Seller for Capacity furnished to Idaho shall commence as of the Operation Date.

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Payment for the Capacity provided in each Contract Year will be made in twelve (12) equal monthly amounts.

(C) Following the Initial Period, the Purchase Price and the methods for calculating that Purchase Price specified in (A) and (B) above and Appendix A, as well as all other rates, terms and conditions set forth in this Agreement, will be subject to the continuing jurisdiction of the Idaho Public Utilities Commission and will be subject to change or revision (which change or revision may be requested by Idaho) by order of the Idaho Public Utilities Commission upon a finding, supported by substantial competent evidence, that such change or revision is just, fair, reasonable, sufficient, non-preferential and non-discriminatory. In no event will such subsequent change or revision result in Seller's receiving a Purchase Price higher than the Purchase Price that would have been paid pursuant to the rates, terms and conditions set out in (A) and (B) above.

(D) If, during the Initial Period, the Idaho Public Utilities Commission acts upon a request from Idaho, or the Idaho Public Utilities Commission, upon their own motion, determines new Purchase Prices for power generated by cogeneration or small power production facilities which Purchase Prices, had they been in effect during the Initial Period, would have resulted in Idaho's paying Seller a lesser amount than Idaho paid Seller based on the rates, terms and conditions set out in (A) and (B) above, Seller agrees to repay Idaho, without interest, the difference between the total dollars paid during the Initial Period under the rates, terms and conditions set out in (A) and (B) above and the lesser dollar amount which would have been paid under the revised Purchase Prices adopted by the Idaho Public Utilities Commission during

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the Initial Period. In calculating the amount of the refund, if any, the effect of the revision shall be calculated from the effective date, or dates, of the Idaho Public Utilities Commission Order revising the Purchase Price. Any such repayment will be made by offsetting against the payments for Energy and Capacity required by paragraphs (A) and (B) above during the ten (10) years following the end of the Initial Period.

ARTICLE V: FACILITY, INTERCONNECTION AND METERING REQUIREMENTS

(A) Seller shall design, construct, install, own, operate and maintain the Facility. Seller agrees to meet reasonable Idaho requirements for those portions of the Seller's Facility and equipment generating or transmitting electrical power and for any other equipment which directly affects Idaho's system. To aid in determination of compliance with Idaho's requirements, Seller shall submit a description of the equipment to be installed and the performance data associated with that equipment to Idaho for review. Seller shall not be interconnected with Idaho's system unless Seller receives Idaho's written acceptance of the equipment. All changes including new or additional equipment, shall similarly be subject to Idaho's acceptance. Idaho's acceptance of Seller's equipment shall not be construed as confirming or endorsing the design, or as a warranty of safety, durability, or reliability of the Facility. Prior to interconnecting the Facility to Idaho's system, Seller will submit to Idaho a statement from a licensed professional engineer certifying that the design of and equipment in Seller's Facilities comply with the standards of this Agreement and with Prudent Electrical Practices.

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(B) Except as otherwise provided herein, Seller shall construct, install, own and maintain Interconnection Facilities as required for Idaho to receive Energy and Capacity from Seller's Facility. Seller will pay all costs of interconnecting the Seller's Facility with Idaho. Seller's Interconnection Facilities shall be of a size to accomodate the delivery of the Energy and Capacity designated in Paragraphs III(A) and VI(E) of this Agreement. At Seller's request, Idaho will provide, install, own and maintain the Interconnection Facilities as Special Facilities. If Seller requests Idaho to provide Special Facilities or if Idaho determines that it is necessary to install Special Facilities, including Disconnection Equipment, Seller shall pay all costs, including ownership, operation and maintenance costs, relating to those Special Facilities. The costs and payment requirements associated with the Special Facilities will be set out in Appendix B--Special Facilities and Point(s) of Delivery and Metering".

(C) Idaho will provide, install, own, operate and maintain all Disconnection Equipment as Special Facilities. Idaho will establish the settings of Disconnection Equipment to disconnect automatically from the Facility for the protection of Idaho's system and personnel consistent with Prudent Utility Practices. Except as otherwise required by Prudent Utility Practices, Disconnection Equipment will be designed so that the closure of any breaker or other disconnecting device which connects the Facility to deliver power to Idaho's system shall be controlled by equipment which will perform the following:

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

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

(3) Operate so that if Idaho's system is de-energized within ten seconds after the initial closure of the disconnecting device, the disconnecting device will immediately open and not close again until Idaho has been satisfied that Idaho can safely reclose its disconnecting 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's authorized personnel will have access to the disconnecting devices.

Other Disconnection Equipment, including equipment which will provide Idaho'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 when, in Idaho's judgment, such equipment is required by Prudent Utility Practices. Seller recognizes that such remote control equipment may not initially be required by Idaho, but at such time as operating conditions on Idaho's system dictate, Idaho will install this remote control equipment and Seller will pay the costs in accordance with (B) above.

IF SELLER ATTEMPTS TO MODIFY, ADJUST OR OTHERWISE INTERFERE WITH THE DISCONNECTION EQUIPMENT OR ITS ENCLOSURE, IDAHO WILL IMMEDIATELY INITIATE LEGAL ACTION.

(D) Idaho shall provide, install and maintain meters to be located at a mutally agreed upon location to record and measure power flows to Idaho.

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If required by Idaho, metering will also include measurement of kilovar-hours and secondary meters at locations within Seller's Facility, agreed to by both parties. All meter equipment, installation, ownership and administration costs, therefore shall be borne by Seller, including costs incurred by Idaho for inspecting and testing such equipment at Idaho's actual cost of providing this equipment and services. Appendix D--"Standards for Interconnection and Metering" describes the metering configurations Idaho will utilize.

(E) Except as otherwise agreed by the parties, metering will be provided for recording net output of the Facility and will be separate from metering of Seller's load. Idaho's sales to Seller shall continue to be metered in accordance with the terms of the service agreement, if any, existing between the parties, and/or otherwise in accordance with tariffs filed and approved by the regulatory authority having jurisdiction.

(F) The point of metering for energy or energy and Capacity to Idaho's system shall be at the location described in Appendix B.

(G) All meters used to determine the billing hereunder shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested or adjusted.

(H) Idaho shall, at Seller's expense, inspect and test all meters upon their installation and at least once every two years thereafter. If requested to do so by Seller, Idaho shall inspect or test a meter more frequently than every two years, but the expense of such inspection or test shall be paid by Seller unless upon being inspected or tested the meter is found to register inaccurately by more than two percent of full scale. Each party shall give reasonable notice of the time when any inspection or test shall take place

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to the other party, and that 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'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 from the measurement made by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter for:

(1) the actual period during which inaccurate measurements were made, if the period can be determined, or if not

(2) the period immediately preceding the test of the meter equal to one-half the time from the date of the last previous test of the meter; provided, that the period covered by the correction shall not exceed six months.

Each party, after reasonable notice to the other party, shall have the right of access to all metering and related records.

VI: OPERATION, PROTECTION AND MAINTENANCE

(A) Seller shall operate and maintain the Facility and Seller furnished Interconnection Facilities in accordance with Appendix D--Standards for Interconnection and Metering, Prudent Electrical Practices, the National Electric Safety Code as modified from time to time, and any other applicable local, State and Federal codes. If, in the opinion of Idaho, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho's equipment or personnel, or those of other Sellers or Idaho's

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other customers, Idaho may physically interrupt the flow of energy from the Facility or take such other steps as Idaho deems appropriate.

(B) Seller shall provide and maintain adequate protective equipment sufficient to prevent damage to the Facility.

(C) Seller shall use its best efforts to minimize voltage swings and to maintain voltage levels acceptable to Idaho. Idaho 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(s) of Delivery, in which case Seller shall modify, at Idaho's expense, Seller's equipment as necessary to accommodate the modified nominal operating voltage level.

(D) Seller agrees that in the event of and during a period of a shortage of energy and capacity on Idaho's system as declared by Idaho in its sole discretion, Seller shall, at Idaho's request and within the limits of reasonable safety requirements as determined by Seller, use its best efforts to provide requested Energy and Capacity, and shall, if necessary, delay any scheduled shutdown of the Facility.

(E) Seller shall maintain a power factor at the Point of Delivery of not less than ninety-five percent (95%) lagging. In the event that Seller shall fail to limit real and reactive flows or to maintain the required power factor as herein provided, Idaho may, in addition to any other remedy available at law or in equity, require the Seller to compensate Idaho for vars supplied by Idaho, install adequate capacitors or, if required for safety or system stability, physically interrupt all service and interconnections without prior notice and without liability therefor.

(F) Seller shall report monthly to the Designated Dispatch Facility the times, by hour and minute, of opening and closing by Seller of the gen-

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erator breaker and the corresponding kwh meter reading at the time of opening as well as closing the breaker.

Idaho and Seller shall maintain appropriate operating communications through Idaho's Designated Dispatch Facility. These communications are described in Appendix D.

(G) Idaho shall not be obligated to accept, and Idaho may require Seller to curtail, interrupt or reduce deliveries of Energy and Capacity if Idaho determines that curtailment, interruption or reduction is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices; provided under no circumstances shall Idaho refuse to accept Energy and Capacity on account of a strike against Idaho, a strike against an Idaho customer, or a reduced need for Energy and Capacity.

Except in the event of Force Majeure, if Idaho requires, pursuant to this provision, a curtailment, interruption or reduction of Energy and Capacity deliveries that exceeds twenty days, from the twenty-first day of such interruption, curtailment or reduction until Idaho notifies Seller that it is ready to accept full Energy and Capacity deliveries, Seller will be deemed, for purposes of determining the monthly Energy and Capacity payment, to be delivering energy at the same average rate as Seller was delivering Energy and Capacity for the 30-day period immediately preceding the curtailment, interruption or reduction.

(H) Seller may shut down the Facility for Scheduled Maintenance of a total period not to exceed thirty (30) days during each consecutive 12-month period. Seller shall submit its proposed maintenance schedule for each calendar year by the preceding February 1, and Idaho shall inform Seller to the

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acceptability or unacceptability of the proposed date(s). To the extent reasonably possible, Seller will attempt to perform its Scheduled Maintenance during Idaho's off-peak months (March, April, October or November). Seller and Idaho will coordinate, insofar as possible, Seller's periods of Scheduled Maintenance with any line construction or maintenance by Idaho that would require a curtailment, interruption or reduction of deliveries of Energy and Capacity under Paragraph (G).

(I) Consistent with Prudent Utility Practices, Idaho will make a reasonable attempt to contact Seller prior to exercising its rights to curtail or interrupt deliveries from Seller under this ARTICLE VI. Seller understands that in the case of critical operating conditions or other emergency circumstances, no notice will be given to Seller prior to interruption or curtailment of deliveries from Seller.

ARTICLE VII: INDEMNIFICATION AND INSURANCE

(A) Each party shall 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.

(B) During the term of this Agreement, Seller shall secure and continuously carry liability insurance coverage which includes or is equivalent

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to comprehensive liability insurance policies for both bodily injury and property damage liability in the amount of $1,000,000 combined single limit. Such insurance shall include an endorsement naming Idaho as an additional insured insofar as work performed under this Agreement is concerned; a provision that such liability policies shall not be cancelled or their limits of liability reduced without thirty (30) days written notice to Idaho. Seller shall furnish Idaho, prior to commencing performance hereof, but not less than thirty (30) days before the scheduled Operation Date, certificates of insurance, together with the endorsements required therein. Idaho shall have the right to inspect the original policies of such insurance.

(C) "All Risk" Property insurance covering, at a minimum, the perils of fire, extended coverage, including vandalism and malicious mischief and earthquake and flood. Such policy shall:

(a) include valued loss of income insurance for the perils mentioned above in amounts equal to the accumulated Capacity overpayments that would be owed to Idaho pursuant to paragraph XIV(B);

(b) include Idaho as an additional insured and loss payee; and

(c) include a provision stating that such "All Risk" policy shall not be canceled or the limits reduced without thirty (30) days' written notice to Idaho.

(d) Idaho will, at least 90 days prior to the scheduled Operation Date, supply Seller with a schedule showing the yearly amounts of insurance coverage which will be required under this paragraph.

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ARTICLE VIII: LAND RIGHTS

Seller hereby grants to Idaho for the terms of this Agreement all necessary rights-of-way and easements to install, operate, maintain, replace and remove Idaho's metering and other facilities necessary or useful to this Agreement, including adequate and continuing access rights on property of Seller. Seller agrees to execute such other grants, deeds or documents as Idaho may require to enable it to record such rights-of-way and easements. If any part of the Interconnection Facilities must be installed on property owned by other than Idaho or Seller, Seller shall, if Idaho is unable to do so without cost to Idaho, procure from the owners thereof all necessary permanent rights-of-way and easements for the construction, operation, maintenance and replacement of the Interconnection Facilities upon such property in a form satisfactory to Idaho. At Seller's request, Idaho shall, to the extent it is legally able, acquire such rights-of-way at Seller's cost.

ARTICLE IX: FORCE MAJEURE

As used in this Agreement, "Force Majeure" means unforeseeable causes beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure, and specifically excludes strikes, walkouts, lockouts or other labor disputes in which Idaho or Seller or their respective employees participate. If either party is rendered wholly or in part unable to perform its obligations under this Agreement because of Force Majeure, both parties shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

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(A) The non-performing party shall, as soon as is reasonably possible after the occurrence of the Force Majeure, give the other party written notice describing the particulars of the occurrence;

(B) The suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure;

(C) 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 the occurrence; and

(D) The non-performing party shall use its best efforts to remedy its inability to perform. This subparagraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the party having the difficulty; provided that, in the event of a strike affecting Seller's Facility, Seller shall use its best efforts to operate the Facility with management personnel.

ARTICLE X: LIABILITY; 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

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the status of Idaho as an independent public utility corporation, or Seller as an independent individual or entity.

ARTICLE XI: 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 XII: 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 XIII: CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho and the parties agree that the courts and administrative agencies within the State of Idaho shall have the sole power to resolve disputes among the parties.

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ARTICLE XIV: DEFAULT AND NOTICE

(A) In the event either party defaults in the performance of any of the terms or conditions of this Agreement, the non-defaulting party may 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 30 days after service of such Notice, then, and only then, may the non-defaulting party pursue any remedy which it may have in law or equity, including an action to terminate this Agreement, 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's rights under ARTICLE VI or paragraph D-8 of Appendix D to immediately interrupt flows of energy from the Facility to Idaho's system nor shall it be applicable to a Capacity Sale Reduction carried out in accordance with Appendix C.

(B) In the event of the termination of this Agreement due to a default by Seller, in addition to any other damages Idaho might be entitled to recover, Seller shall refund to Idaho an amount equal to the difference between the Capacity payments already paid by Idaho (based on the original term of the Agreement) and the total Capacity payments which would have been paid if the Capacity Price had been based on the period from the Operation Date to the actual date of termination.

ARTICLE XV: GOVERNMENTAL JURISDICTION AND AUTHORIZATION

(A) This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or this Agreement. This Agreement shall not become effective until all required governmental authorizations and permits are first obtained and copies thereof are submitted to

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Idaho; provided that this Agreement shall not become effective unless it, and all provisions thereof, are authorized and permitted by such governmental agencies without change or condition.

(B) If, after this Agreement becomes effective, any governmental agency having jurisdiction over the Seller requires any change in this Agreement, or imposes any condition or obligation on the Seller for which Seller can show good cause that the condition or obligation renders this Agreement unreasonably burdensome, the Seller may terminate this Agreement and such termination shall be a default and subject to ARTICLE XIV.

ARTICLE XVI: 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, save that no assignment hereof by Seller shall become effective without the written consent of Idaho 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 shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

XVII: MODIFICATION

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

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ARTICLE XIII: 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: Mr John H Koyle, Margaret H Koyle and/or
Bonneville Pacific Corporation
c/o Consulting Associates
P O Box 893
Boise, Idaho 83701

To Idaho: Vice President, Power Operations
Idaho Power Company
P O Box 70
1220 Idaho Street
Boise, Idaho 83707

ARTICLE XIX: ADDITIONAL TERMS AND CONDITIONS

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

Appendix A - Schedule of Power Purchase Rates

Appendix B - Special Facilities and Point(s) of Delivery and Metering

Appendix C - Adjustment of Payments in the Event of Capacity Sale Reduction

Appendix D - Standards for Interconnection and Metering

ARTICLE XX: NO RELIANCE ON IDAHO

(A) Seller warrants and represents to Idaho 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 under the terms of this agreement.

(B) All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied

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

(C) Seller convenants that the Facility is and shall continue to be a "qualifying facility," as that term is used and defined in 18 CFR, Part 292, for the term of this Agreement. Idaho may, in its discretion, require certification by the Federal Energy Regulatory Commission of qualifying status under 18 CFR, Part 292.207.

ARTICLE XXI: NO WARRANTIES BY IDAHO

Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho, and Idaho makes no warranties, express 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.

ARTICLE XXII: TAXES

(A) Each party agrees to pay its own federal and state taxes on its share of income attributable to the parties' performance of this agreement, and any other tax, including any tax in the nature of an excise tax. Any kilowatt hour tax assessed by the State of Idaho shall be paid by Seller.

(B) Each party shall pay before delinquency all ad valorem 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.

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

IDAHO POWER COMPANY

By /s/ D E Barclay
Vice President - Planning
and Resources

"Idaho"

SUBSCRIBED AND SWORN To before me this 15th day of February 1983.

/s/ Julie A Ryan
Notary Public for Idaho
Residing at Boise, Idaho

(NOTARIAL SEAL)

JOHN H KOYLE and MARGARET H KOYLE
Husband and Wife

John H Koyle

Margaret H Koyle

BONNEVILLE PACIFIC CORPORATION

By
Its President

"Seller"

SUBSCRIBED AND SWORN To before me this 17 day of Feb 1983.

By
Notary Public for Idaho
Residing at: Boise

(NOTARIAL SEAL)

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APPENDIX A

SCHEDULE OF POWER PURCHASE PRICES

A-1

Payments to Seller under this Agreement will be determined from the Energy Component and the Capacity Component described below. The amount of each component is determined by reference to the attached Table 1.

(1) Energy Component. This component will be calculated by multiplying the kwh of Energy delivered and accepted by the Unit Avoided Energy Cost specified in Table 1. The Idaho Public Utilities Commission may, by Order, modify the Unit Avoided Energy Cost. Idaho will maintain on file with the Idaho Public Utilities Commission, a tariff specifying the effective Unit Avoided Energy Cost.

(2) Capacity Component. This component will be calculated by multiplying the Capacity of the Facility as specified in Article III, by the appropriate avoided capacity cost specified in Table 1. The price will be determined by dividing the Energy specified in Article III by 8,760 (total hours in a year) divided by .75 times $350 (the avoided capacity cost from Table 1.)

(3) The Capacity Seller has agreed to supply in ARTICLE III, paragraph (A) is based upon the most recent 35 years of known water records as of the Operation Date and the anticipated net head and projected plant efficiency of the Facility. On this basis, the Capacity for the first Contract Year has been assumed to be 969 kw. During the first Contract Year, Seller will install, operate and maintain such measuring equipment and perform such engineering analysis as Idaho and Seller agree are

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reasonably required to permit the parties to reasonably project the Facility's long-term average energy production. Twelve months after the Operation Date, based on the measurements and analysis described above, the Seller and Idaho will review this assumed Capacity and, if necessary, adjust the Capacity specified in ARTICLE III, paragraph (A) to reflect the agreed upon projection of the performance of the Facility. Based on that adjustment, the Capacity payments made during the first Contract Year will be adjusted retroactively to reflect any underpayments or overpayments. For the balance of the term of the Agreement, except as otherwise provided herein, Seller's failure to provide the Capacity specified in ARTICLE III, paragraph (A), shall be grounds for a Capacity Sale Reduction in accordance with Appendix C. For purposes of this Agreement the same water records used to calculate the assumed Capacity for the first Contract Year, are agreed to be the basis upon which "normal" precipitation is judged. On that basis, (1) if Seller's failure to provide the specified Capacity is due to below-normal precipitation, such failure will not be grounds for a Capacity Sale Reduction, and (2) above-normal precipitation shall not be grounds for a Capacity Sale Increase.

(4) At any time during the term of this Agreement Seller may request a Capacity Sale Increase. Such request shall be in writing and shall set out the data and analysis upon which Seller bases its request for a Capacity Sale Increase. At Idaho's request, Seller will provide such additional data and information as may be reasonably required for Idaho to verify the information supplied by Seller. Idaho will review the information supplied and may perform such analysis as Idaho deems appropriate for purposes of verifying the information provided by Seller. If Idaho

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concurs that the Facility's long-term average energy production will be increased and a Capacity Sale Increase is justified, the Capacity specified in ARTICLE III will be increased accordingly. Idaho's concurrence in this regard will not be unreasonably withheld. Any Capacity Sale Increase will be limited to the incremental increase in long-term average energy production and the price to be paid for the additional Capacity will be limited to the then-current avoided capacity cost rate for the years remaining on the term of the Agreement. For example, if Seller signs a thirty-five (35) year agreement with an Operation Date of 1983 and in 1993 the parties agree that supplemental water obtained by Seller will increase the long-term average energy production of the Facility so as to justify a Capacity Sale Increase, the additional Capacity will be priced at the then-current avoided capacity cost rate for a 1993 Operation Date for a twenty-five (25) year contract and the additional Energy will be priced at the then-current avoided energy cost rate for a 1993 Operation Date for a twenty-five (25) year contract.

A-2 APPLICATION OF CURRENT CAPACITY COST SCHEDULES

The payment for Capacity will be adjusted upward to the Current Capacity Cost as of the Operation Date if the scheduled Operation Date specified in Article III(C) is met. If the scheduled Operation Date is not met, the Capacity Price specified in Article IV will apply.

A-3 DAMAGES ARISING OUT OF SELLER'S FAILURE TO MEET SCHEDULED OPERATION DATE

Seller recognizes that Idaho is relying on Seller to begin supplying Energy on or about November 1, 1983, and both Capacity and Energy on or about January 1, 1984. Seller represents that in scheduling said Operation Dates, it has investigated and determined that, except for delays arising out of events

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beyond its reasonable control, it is capable of achieving said scheduled Operation Dates. Seller will exercise its best efforts to meet said Operation Dates.

A-4 IDAHO'S OBLIGATION TO PROVIDE INTERCONNECTION FACILITIES IN A TIMELY MANNER

Idaho has agreed to provide a portion of the Interconnection Facilities. Those Interconnection Facilities to be supplied by Idaho are described in Appendix B. Idaho recognizes that Seller is relying on Idaho to have those Interconnection Facilities in place and capable of functioning by November 1, 1983. Idaho represents that it has investigated and determined that, except for delays arising out of events beyond its reasonable control, it is capable of achieving that date. Idaho will exercise its best efforts to meet that date.

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APPENDIX A
TABLE 1

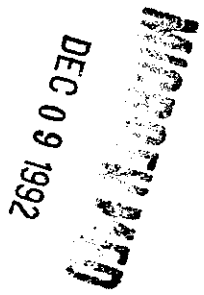
IDAHO POWER COMPANY
POWER RATES
FOR
COGENERATION AND SMALL POWER PRODUCTION

AVOIDED CAPACITY COSTS
($/kw-year)

Operation Date	Length of Contract 2 Years	4 Years	6 Years	8 Years	10 Years	12 Years	15 Years	20 Years	25 Years	30 Years	35 Years
1981	107	116	124	133	143	152	167	192	216	240	263
1982	118	127	137	147	157	167	184	211	238	264	290
1983	130	140	151	162	173	184	202	232	262	291	319
1984	143	154	166	178	190	202	222	255	288	320	350
1985	157	169	182	195	209	223	244	281	317	352	385
1986	173	186	200	215	230	245	269	309	348	387	424

Unit Avoided Energy Costs

As specified in Idaho's Tariff Schedule 89 on file with the Idaho Public Utilities Commission



APPENDIX B

SPECIAL FACILITIES AND POINT(S)

OF DELIVERY AND METERING

B-1 LOCATION OF FACILITY

The Facility is located at the confluence of the Big and Little Wood Rivers in the NE¼ of the SE¼ of Section 33, Township 5 South, Range 14E BM in Gooding County, Idaho.

B-2 POINT OF DELIVERY

The Point of Delivery of Energy from the Seller to Idaho will be the 19900/34500 volt bushings of the transformer. The transformer will be a padmounted, three phase, 2400/4160 volts to 19900/34500 volts transformer connected grounded-wye--grounded-wye, located near the generator building, and will be supplied, installed, owned and maintained by the Seller.

B-3 METERING

The metering equipment will be located in a weathertight lockable enclosure positioned between the pad mount transformer and the generator building. It will consist of three current transformers, three potential transformers and associated wiring. The equipment will be connected to the 2400 volt conductors leading from the generator to the transformer. The meter will be located on a wall external to the generator building, and will register kilowatt-hours and kilowatts of demand. An adjustment will be made to the meter readings to compensate for losses through the transformer. Idaho will provide Seller with metering pulses for Seller's use. The metering equipment enclosure, associated conduit and wiring wi

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be supplied, installed, owned and maintained by the Seller. The metering equipment and meter will be owned and maintained by Idaho, with the total cost to be reimbursed to Idaho by the Seller.

B-4 SPECIAL FACILITIES

The reconstruction of approximately one-half mile of existing overhead line, and the construction of approximately 1000 feet of overhead line and fifty feet of underground cable to the transformer will be provided by Idaho as Special Facilities. In addition, a modification to the sub-station voltage regulator is required as a part of these facilities. The total cost of these Special Facilities will be reimbursed to Idaho by the Seller.

B-5 REACTIVE POWER

Total Reactive Power required to be supplied by Idaho to the Seller is 243 KVAR, as provided in information by the Seller, Idaho will install and maintain facilities on its system so as to meet this requirement with total cost of installation to be reimbursed to Idaho by the Seller.

B-6 DISCONNECTING EQUIPMENT

Idaho will provide and install a 34500 volt circuit breaker. A three phase, 34500 volt groundings transformer bank, relays, and associated poles, hardware, and controls as Disconnecting Equipment. The equipment is necessary to insure that the Seller's Facility will be disconnected from Idaho's system in the event of a disturbance on either Idaho's system or the Seller's Facility. The total cost of this Disconnecting Equipment will be reimbursed to Idaho by the Seller.

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B-7 COSTS

The total cost of Special Facilities and Metering Equipment is $22,688. The cost of installation of Reactive Power is $1,791. The cost of the Disconnecting Equipment is $22,458. The total amount to be paid to Idaho by the Seller is $46,937. This amount will be paid to Idaho on or before April 3, 1983. If the Seller does not make this payment by the specified date, the cost will be subject to adjustment by Idaho. Idaho will not begin construction of the Interconnection Facilities or order special equipment until all payments have been made. In addition to the installation and construction charges above, Seller will pay Idaho an operation and maintenance charge of 0.7% per month times the total amount specified above.

B-8 SALVAGE VALUE

No later than sixty (60) days after the termination or expiration of this Agreement, Idaho 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's nearest warehouse, if the Interconnection Facilities will be removed. Idaho may then be invoiced by Seller for the net salvage value estimated by Idaho for the Interconnection Facilities and shall pay such amount to Seller within thirty (30) days after receipt of said invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho.

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APPENDIX "C"

ADJUSTMENT OF PAYMENTS IN THE EVENT

OF CAPACITY SALE REDUCTION

C-1 GENERAL PROVISIONS

(A) This Appendix shall be applicable in the event there is a Capacity Sale Reduction

(B) The parties agree that the amount of the payment which Idaho is to make to Seller for Capacity is based on the agreed value to Idaho of Seller's performance of its obligation to provide non-Dispatachable Capacity during the the Term of the Agreement. The parties further agree that in the event Idaho does not receive such full performance due to a Capacity Sale Reduction, (1) Idaho shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho resulting therefrom, (3) the reductions, offsets and refund payments as provided in this Appendix, as applicable, are in the nature of adjustments in Capacity prices and liquidated damages, and not a penalty, and are a reasonable endeavor by the parties to estimate a fair compensation for the reasonable losses that would result from such reduction.

(C) Seller shall be invoiced by Idaho for all refund payments due under this Appendix and, unless another payment schedule is agreed to by the parties within thirty (30) days after the invoice date, the parties agree to submit the payment schedule dispute to the Idaho Public Utilities Commission for resolution and such resolution shall be binding on the parties.

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(D) Idaho shall have the right to offset any amount due it against any present or future payments due Seller.

(E) Any refunds determined to be due pursuant to this Appendix C shall bear interest until paid at the average prime rate of the Idaho First National Bank.

C-2 CAPACITY SALE REDUCTION DUE TO SELLER'S FAILURE TO PERFORM

Except as otherwise provided in this Agreement, if Seller fails to provide the Capacity specified in Article III, such failure shall be grounds for a Capacity Sale Reduction in accordance with the following: (Idaho will specify either Option 1 or Option 2.)

(A) Capacity Sale Reduction - Option 1. Idaho may immediately suspend or reduce the Capacity payments to Seller for a probationary period not to exceed twelve (12) months. Such reduction or suspension of payments will be calculated so that Idaho will recover the total amount of the overpayments made to Seller in equal monthly amounts over the term of the probationary period. All such amounts recovered by reduction or suspension will be retained by Idaho.

(1) If, during the probationary period Seller meets or satisfies Idaho that it can meet its obligation to supply Capacity, Idaho shall, following the probationary period, reinstate the Capacity payment.

(2) If Seller fails to satisfy its obligation to supply Capacity during the probationary period, Idaho may permanently derate the Capacity appropriately or terminate the Capacity purchases if no Capacity is supplied during the probationary period.

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(B) Capacity Sale Reduction - Option 2. If at any time, based on appropriate tests, studies or prior performance, Idaho determines that Seller will be unable to provide the Capacity specified in ARTICLE III, Idaho may immediately reduce or terminate Capacity purchases. Such reduction or termination will be in accordance with the following:

(1) Twenty days prior to date of the proposed termination or reduction, Idaho will notify Seller pursuant to ARTICLE XVIII of its intention to reduce or terminate Capacity purchases and the amount of such reduction. The Notice will set out the basis for Idaho's determination.

(2) If Seller disputes Idaho's determination, Seller shall, prior to the proposed date of reduction or termination so notify Idaho, in writing, setting out the basis for its dispute of Idaho's determination.

(3) Within five (5) days of Idaho's receipt of Seller's notice of dispute, the parties will meet to attempt to resolve the dispute.

(4) If the parties are unable to resolve the dispute, the parties agree to submit the dispute to the Idaho Public Utilities Commission for resolution and the parties agree that the decision of the Idaho Public Utilities Commission shall be binding on the parties.

(5) During the pendancy of the dispute, Idaho will continue to make Capacity payments to Seller, but these payments shall be subject to refund based on the Idaho Public Utilities Commission's decision.

(6) The probationary period described in Option 1 shall not be applicable to reductions or terminations of Capacity payments under Option 2.

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APPENDIX "D"

Standards for Interconnection and Metering

D-1 GENERAL PROVISIONS

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

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

Idaho may provide limited technical assistance for Sellers, but will not perform any engineering, construction or repair work on power production equipment.

D-2 GENERAL DESIGN CONSIDERATIONS

All Seller generators larger than 20 KVA shall be three-phase generators connected to three-phase circuits unless otherwise approved by Idaho. Generators 20 KVA and smaller may be either single-phase or three-phase.

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Except in certain instances to be determined by Idaho, all Seller's generators shall be isolated from Idaho's system by a transformer. The Seller may be required to limit the fault current contribution to Idaho's system by generator impedence, neutral grounding or other means.

Idaho 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's system.

Sellers are hereby notified that certain conditions on Idaho'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 check interlock for synchronizing of the Seller's generator is required.

D-3 METERING REQUIREMENTS

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 on a case-by-case basis, but will generally follow the guidelines below:

(A) Capacity Under 750 KVA

A kilowatt-hour demand meter will be installed.

(B) Capacity of 750 KVA and Above

Four meters will be installed. These will measure KWH, KW demand, and reactive power flow to and from the generator. These meters will have

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pulse outputs to a solid state recorder in order to determine power factor and demand.

D-4 FACILITY PROTECTION

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

D-5 SYNCHRONOUS GENERATORS

On synchronous generators, over and under voltage and over and under frequency relays are required to trip the unit when significant differences exist between loads and generation.

Synchronous generators must be operated with governors. Governor characteristics may be adjusted to at least 5% droop. Governors are to be operated unrestrained to allow automatic reduction of generation in the event of excessive system frequency.

D-6 INDUCTION GENERATORS

Overvoltage can become a serious problem when an induction generator is isolated to a portion of a transmission or distribution system. Overvoltage relays 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 be required.

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Vars for excitation of the induction generator will need to be supplied from the power system or from capacitors as a component of a static Var source. The Power Sales Agreement provides for compensation to the Company for Vars supplied.

D-7 DC TO AC CONVERTERS

Direct current generators may be operated in parallel with Idaho system through a synchronous inverter. The inverter installation will be designed such that an Idaho system interruption will result in the immediate removal of the inverter power flow to Idaho. Harmonics and/or spurious frequencies generated by the Seller's generator-inverter combinations must be limited to avoid causing any reduction in quality or electric service to other Sellers or Idaho's other customers.

D-8 SWITCHING REQUIREMENTS

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

(1) System emergency.

(2) Inspection of the Seller's Facility protective equipment reveals a condition which might adversely impact Idaho or Idaho's other customers.

(3) Seller' generating equipment interferes with other customers, other Seller's, or with Idaho's system.

(B) Seller shall maintain a written record of all operating (opening and closing) by Seller of the Seller's interconnection with Idaho. Each operation will be recorded by the date, hour and minute and will include the generator kilowatt hour reading at the time of the operation. This record will be

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maintained on a monthly basis and the original will be mailed to Idaho on the first business day of the following month. Idaho will provide the forms necessary for filing this monthly switching report.

D-9 GENERATION SCHEDULING AND REPORTING

(A) For installations under 750 KVA, the Seller shall read his generator kilowatt-hour meter within the 24 hour period following 12:00 noon on the last day of each month and he shall, within the period, notify the Designated Dispatch Facility of that meter reading. That kilowatt-hour meter reading shall also be recorded on the monthly switching report that is mailed to Idaho.

(B) For installations 750 KVA and above, before 10:00 A M each day, the Seller shall provide the Designated Dispatch Facility with an estimate of what the Seller will generate on the following day or days as may be required. In order to maintain a continuous record of energy actually generated and delivered, the Seller shall, by means acceptable to Idaho, obtain the kilowatt-hour reading at midnight of each day and shall notify the Designated Dispatch Facility, the following day, of that meter reading. Additionally, the kilowatt-hour meter reading, corresponding to midnight at the end of the last day of each month, shall also be recorded on the monthly switching report that is mailed to Idaho.

The written record of the end-of-month meter reading on the monthly switching report will be the basis of payment for energy purchased by Idaho from the Seller.

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AMENDMENT NO 1

POWER SALES AGREEMENT BETWEEN

IDAHO POWER COMPANY AND

JOHN KOYLE AND MARGARET KOYLE

AND BONNEVILLE PACIFIC CORPORATION

THIS AMENDMENT, entered into as of this 1st day of March, 1983, between John Koyle and Margaret Koyle, husband and wife, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, joint venturers (Seller), and Idaho Power Company, a Maine corporation (Idaho).

WHEREAS, Seller and Idaho previously, as of the 15th day of February, 1983, entered into a Power Sales Agreement which provided for the sale by Seller and purchase by Idaho of electrical Capacity and Energy from a small power production facility to be constructed, owned and maintained by the Seller; and

WHEREAS, the parties now desire to amend ARTICLE III of the Power Sales Agreement to increase the Energy and Capacity to be provided under the Power Sales Agreement.

NOW THEREFORE, the parties agree as follows:

1. That the existing paragraph (A) of ARTICLE III of the Power Sales Agreement should be deleted and the following inserted in its place:

"(A) Seller agrees to deliver and sell and Idaho agrees to accept and purchase all of the Energy and non-Dispatchable Capacity delivered by Seller at the Point of Delivery. Seller agrees to provide Energy in the average amount of 6,370,000

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kilowatt-hours per year. Seller further agrees to provide non-Dispatchable Capacity in the amount of 969 kilowatts calculated pursuant to Appendix A."

Except as modified by this Amendment No 1, all other parts of the Power Sales Agreement shall remain in effect.

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

IDAHO POWER COMPANY

By /s/ D E Barclay
Vice President - Planning
and Resources

"Idaho"

SUBSCRIBED AND SWORN To before me this 2nd day of March 1983.

/s/ Julie A Ryan
Notary Public for Idaho
Residing at Boise, Idaho

(NOTARIAL SEAL)

JOHN H KOYLE and MARGARET H KOYLE
Husband and Wife

John H Koyle

Margaret H Koyle

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BONNEVILLE PACIFIC CORPORATION

By _____
Its Vice President

"Seller"

SUBSCRIBED AND SWORN To before me this ___ day of _____ 1983.

By _____
Notary Public for Idaho
Residing at: _____

(NOTARIAL SEAL)

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kilowatt-hours per year. Seller further agrees to provide non-Dispatchable Capacity in the amount of 969 kilowatts calculated pursuant to Appendix A."

Except as modified by this Amendment No 1, all other parts of the Power Sales Agreement shall remain in effect.

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

IDAHO POWER COMPANY

By /s/ D E Barclay
Vice President - Planning and Resources

"Idaho"

SUBSCRIBED AND SWORN To before me this 2nd day of March 1983.

/s/ Julie A Ryan
Notary Public for Idaho
Residing at Boise, Idaho

(NOTARIAL SEAL)

JOHN H KOYLE and MARGARET H KOYLE
Husband and Wife

John H Koyle

Margaret H Koyle

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BONNEVILLE PACIFIC CORPORATION

By L. Wynn Johnson
Its Vice President
"Seller"

SUBSCRIBED AND SWORN To before me this 25 day of March 1983.

By Sue Hallstrom
Notary Public for Idaho
Residing at: Boise

(NOTARIAL SEAL)

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STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signatures appear on this document.

On this 19th day of December, 1986, before me personally appeared JAY R. BINGHAM to me known be the individual described in and who executed the within and foregoing instruments, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Deborah Buckley
NOTARY PUBLIC in and for the
State of Utah, residing at
Salt Lake City
My commission expires: 5/9/87

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State of Idaho
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720 - (208) 327-7900

CECIL D. ANDRUS
GOVERNOR
R. KEITH HIGGINSON
DIRECTOR

July 23, 1990

Bonneville Pacific Corp.
257 E. 200 S.
Suite 800
Salt Lake City, UT 84111

RE: Permits to Appropriate Water Nos. 37-7889 and 37-7916 - Koyle Ranch

Gentlemen:

We have been trying to license the Koyle Ranch hydropower project, and are uncertain about the flow rate and the annual volume which should be identified. The field examiner identified a flow rate of approximately 247 cfs for the plant, but alleges that a higher flow rate should be granted. We do not have records to show that a greater flow has been diverted.

Could you supply us with information from the project which would verify the maximum flow rate, and also verify the amount of water that has annually been diverted through the hydropower plant. We may be able to calculate these flows from power generation if we know the approximate efficiency of the power plant.

Sincerely,

Gary Spackman

GARY SPACKMAN, Manager
Water Right Permits Section

GS:js

cc: Southern Region

See file 37-7889 for info. submitted in response to this letter.

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WR-NUMBER: 37-07848

CURRENT OWNER:
COOK ELECTRIC INC.
P.O. BOX 1071
TWIN FALLS, ID 83301

PRIORITY DATE: 08-14-1980

STAGE: PERMIT

COUNTY: BLAINE
SOURCE: BIG WOOD RIVER
TRIBUTARY: SNAKE RIVER
WATER-DIST: 37

WATER USE:	DIVERSION RATE:	DIVERSION VOLUME:	PERIOD FROM:	PERIOD TO:
POWER	800.000		04/01	10/01
TOTAL:	800.000			

REMARKS: THE DESIGN & CONSTRUCTION OF THE HYDRO FACILITY TO BE INSTALLED AT MAGIC DAM SHALL BE APPROVED BY THE DEPT., PURSUANT TO THE SAFETY OF DAMS STATUTES, IDAHO CODE. FEET OF HEAD = 70. HORSEPOWER = 5405.

POINT OF DIVERSION:	Twp	Rge	Sec	Tract	Lot
	02S	18E	18	NE NE	

PLACE OF USE:	Twp	Rge	Sec	Tract	Lot	Acres
	02S	18E	18	NE NE		

WR-NUMBER: 37-07881

CURRENT OWNER:
BIG WOOD CANAL CO.
AMERICAN FALLS RESERVOIR DISTRICT NO. 2
112 SOUTH APPLE
SHOSHONE, ID 83352

PRIORITY DATE: 02-20-1981

STAGE: APPLICATION

COUNTY: BLAINE
SOURCE: BIG WOOD RIVER
TRIBUTARY: MALAD RIVER
WATER-DIST: 37

WATER USE:	DIVERSION RATE:	DIVERSION VOLUME:	PERIOD FROM:	PERIOD TO:
POWER	2000.000		01/01	12/31
TOTAL:	2000.000			

REMARKS: (175 DROP) SESE, S19, T4S, R18E; 160 CFS, 345 HP @ 22'.
(PENDLETON DROP) SWSE, S35, T4S, R17E; 155 CFS, 380 HP @ 25'.
(498 DROP) SENW, S34, T4S, R17E; 150 CFS, 200 HP @ 14'.
(GUTHERIES DROP) NWNW, S34, T4S, R17E; 150 CFS, 145 HP @ 145'.
(702 LATERAL) SWNE, S9, T6S, R19E; 80 CFS, 130 HP @ 17'.
(#11 CUT DIETRICH MAIN) SWSE,S25,T4S,R19E; 200 CFS, 330 HP @ 17'.
(J.B. SLOUGH MOUTH) SESE, S13, T4S, R19E; 132 CFS, 75 HP @ 6'.
(END WEST MAIN) SENW, S9, T4S, R19E; 90 CFS, 420 HP @ 48'.
(HEAD J.B. SLOUGH) NENE, S19, T3S, R19E; 94 CFS, 300 HP @ 33'.
(#513) NWNE, S27, T3S, R19E; 30 CFS, 425 HP @ 146'.
(OLD HIGHWAY) SESE, S4, T3S, R18E; 237 CFS, 1850 HP @ 80'.
(#7 END OF BYPASS) NESW, S15, T4S, R18E; 184 CFS, 2300 HP @ 128'.

POINT OF DIVERSION:	Twp	Rge	Sec	Tract	Lot
	02S	18E	18	NE NE	
	02S	18E	30	SE NE	
	03S	18E	4	SE SE	
	04S	18E	15	NE SW	
	03S	19E	19	NE NE	
	03S	19E	23	SE SE	

WATER RESOURCES RECEIVED DEC 09 1992

WR-NUMBER: 37-07881 (cont'd)

PLACE OF USE:	Twp	Rge	Sec	Tract	Lot	Acres
	04S	18E	15	NE SW		
	03S	18E	4	SE SE		
	03S	19E	27	NW NE		
	03S	19E	19	NE NE		
	04S	19E	9	SE NW		
	04S	19E	13	SE SE		
	04S	19E	25	SW SE		
	06S	19E	9	SW NE		
	04S	17E	34	SE NW		
	04S	17E	34	NW NW		
	04S	17E	35	SW SE		
	04S	18E	19	SE SE		
	02S	18E	18	NE NE		

RECEIVED DEC 09 1992

WR-NUMBER: 37-07916

CURRENT OWNER:
BONNEVILLE PACIFIC CORP.
C/O DAVID P. HIRSCHI
PARSONS BEHLE & LATIMER
P.O. BOX 11898
SALT LAKE CITY, UT 84147

PRIORITY DATE: 06-15-1981

STAGE: PERMIT

COUNTY: GOODING
WATER-DIST: 37
SOURCE: BIG WOOD RIVER — TRIBUTARY: MALAD RIVER
LITTLE WOOD RIVER — MALAD RIVER

WATER USE:	DIVERSION RATE:	DIVERSION VOLUME:	PERIOD FROM:	PERIOD TO:
POWER	280.000		01/01	12/31
TOTAL:	280.000			

REMARKS: HEAD = 50 FT.
SOURCES ARE BIG WOOD RIVER, TRIB. MALAD RIVER; LITTLE WOOD RIVER, TRIB. MALAD RIVER.
WATER DIST. 37 & 37M.

POINT OF DIVERSION:	Twp	Rge	Sec	Tract	Lot
	05S	14E	33	SW NE	
	05S	14E	33	SE NE	

PLACE OF USE:	Twp	Rge	Sec	Tract	Lot	Acres
	05S	14E	33	NE SE		

WR-NUMBER: 37-08178

CURRENT OWNER:
MAGIC RESERVOIR HYDROELECTRIC INC.
2399 S. ORCHARD ST.
SUITE 201
BOISE, ID 83705

PRIORITY DATE: 07-02-1984

STAGE: PERMIT

COUNTY: BLAINE
WATER-DIST: 37
SOURCE: BIG WOOD RIVER — TRIBUTARY: SNAKE RIVER

WR-NUMBER: 37-08178 (cont'd)

WATER USE:	DIVERSION RATE:	DIVERSION VOLUME:	PERIOD FROM:	PERIOD TO:
POWER	250.000		01/01	12/31
TOTAL:	250.000			

REMARKS: FEET OF HEAD = 85 HORSEPOWER = 1800
THE DESIGN & CONSTRUCTION OF THE HYDRO FACILITY TO BE INSTALLED AT MAGIC DAM SHALL BE APPROVED BY THE DEPT., PURSUANT TO THE SAFETY OF DAMS STATUTES, IDAHO CODE.

POINT OF DIVERSION:	Twp	Rge	Sec	Tract	Lot
	02S	18E	18	NE NE	

PLACE OF USE:	Twp	Rge	Sec	Tract	Lot	Acres
	02S	18E	18	NE NE		

MICROFILMED DEC 09 1992

WR-NUMBER: 37-08389

CURRENT OWNER:
MAGIC RESERVOIR HYDROELECTRIC, INC.
C/O JAY R. JACKSON, PRES.
2399 S. ORCHARD ST. STE. 201
BOISE, ID 83705

PRIORITY DATE: 10-28-1988

STAGE: PERMIT

COUNTY: BLAINE
SOURCE: BIG WOOD RIVER TRIBUTARY: SNAKE RIVER

WATER USE:	DIVERSION RATE:	DIVERSION VOLUME:	PERIOD FROM:	PERIOD TO:
POWER	300.000		01/01	12/31
TOTAL:	300.000			

POINT OF DIVERSION:	Twp	Rge	Sec	Tract	Lot
	02S	18E	18	NE NE	

PLACE OF USE:	Twp	Rge	Sec	Tract	Lot	Acres
	02S	18E	18	NE NE		

END OF REPORT

Cook Electric 37-7848

JUN 2 0 1989
Department of Water Resources

DEC 09

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Martha O. Hesse, Chairman; Charles G. Stalon, Charles A. Trabandt, Elizabeth Anne Moler and Jerry J. Langdon.

37-8178 37-8389

Magic Reservoir Hydroelectric, Inc.	)	Project No. 3407-006
	)	
Idaho Renewable Resources,	)	
7916 Bonneville Pacific Corp.,	)	Project No. 8909-002
37-7881 and Big Wood Canal Company	)	

ORDER DENYING AND DISMISSING APPEALS

(Issued June 9, 1989)

By orders issued January 15, 1987, 1/ and May 22, 1987, 2/ respectively, the Director, Office of Hydropower Licensing (Director), issued licenses to Cook Electric, Inc. for the Magic Dam Project No. 3407, 3/ and jointly to Idaho Renewable Resources, Bonneville Pacific Corp., and Big Wood Canal Company for the Dietrich Drop Water Power Project No. 8909. Project No. 3407 is located on the Big Wood River in Blaine County, Idaho. Project No. 8909 is located in Lincoln County, Idaho, on the U.S. Bureau of Reclamation's (Bureau) Milner Gooding Canal, which takes flows diverted from the Bureau's Milner Dam on the Snake River. Intervenors Idaho Department of Water Resources (Department) and Idaho Power Company (Company) filed timely appeals of both orders issuing license. For the reasons discussed below, we are denying the Department's appeals and dismissing the Company's appeals.

Discussion

A. Department's Appeals

Section 10(a)(2)(A) of the Federal Power Act (FPA), 16 U.S.C. § 803(a)(2)(A), as amended by the Electric Consumers Protection Act of 1986, Pub. L. No. 99-495 (Oct. 16, 1986), requires the Commission to consider the extent to which a project proposed for licensing is consistent with comprehensive plans (where they exist) for improving, developing, or conserving a waterway or waterways affected by the project. The Commission will treat as a comprehensive plan under Section 10(a)(2)(A) of the FPA a plan that: (1) is prepared by an agency established by federal law that has the authority to prepare such a plan, or by a state; (2) is a comprehensive study of one or more of the beneficial uses of a waterway or waterways; (3) articulates the standard applied, the data relied upon, and the methodology used; and (4) is filed with the Secretary of the Commission. 4/

The orders issuing licenses for Project Nos. 3407 and 8909 did not indicate that the 1986 Idaho State Water Plan (Water Plan) developed by the Department is a Section 10(a)(2)(A) comprehensive plan. In addition, the orders rejected requests made by the Department in its motions to intervene that each license include provisions subordinating project operations to upstream depletionary uses as specified in the Water Plan. 5/ The orders concluded that inclusion of such subordination provisions in the licenses would cloud the financial and operational future of the projects and, contrary to the intent of the FPA, would vest in the Department rather than in the Commission ultimate control over operation and viability of the projects. 6/

The Department contends on appeal that the Water Plan is a state comprehensive plan under Section 10(a)(2)(A) and that the failure of the orders to either recognize this or specifically consider the consistency of the projects with the Water Plan and its subordination provisions was arbitrary and capricious. The Department also contends that the license orders impermissibly failed to consider the subordination requests under the provisions of Section 10(a)(2)(B) of the FPA, 16 U.S.C. § 803(a)(2)(B), which requires the Commission to consider the recommendations of federal and state agencies exercising jurisdiction over, inter alia, flood control, navigation, and irrigation. Finally, the Department contends that inclusion of the requested water subordination provisions in the licenses is fully consistent with Section 27 of the FPA's recognition of

1/ 38 FERC ¶ 62,034 (1987).

2/ 39 FERC ¶ 62,210 (1987).

3/ By order issued August 17, 1988, the Commission approved the transfer of the license for Project No. 3407 from Cook Electric, Inc. to Magic Reservoir Hydroelectric, Inc. See 44 FERC ¶ 62,144 (1988).

4/ See Order No. 481-A, 43 FERC ¶ 61,120 (April 27, 1988), 53 Fed. Reg. 15802 (May 4, 1988), III FERC Stats. & Regs. ¶ 30,811.

5/ See 38 FERC at 63,067-68 (Project No. 3407), 39 FERC at 63,497 (Project No. 8909).

6/ Id.

MEMORANDUM

TO: File no. 37-7916
FROM: Gary Spackman Gary
DATE: May 15, 1989
RE: Condition of license limiting term of license

The following condition should be added to the license:

This license is subject to review by the Director in the year 2019, 30 years from the date of this license. Upon review based on the public interest the license may be renewed, limited or cancelled.

RECEIVED
DEC 09 1992

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER DISTRICT NO. 37 & 37 M
P.O. Box T
Shoshone, Idaho 83352
886-2451

RECEIVED
JUN 27 1988
Department of Water Resources

REID J. NEWBY
Watermaster

June 22, 1988

Bonneville Pacific
%Elmer Newman
257 East 200 South
Salt Lake City, UT 84111

DEar Mr. Newman:

As per my telephone conversations this date with both Brett Van Wagoner and Orlon Clements regarding the Koyle Power Plant fluctuation, your permit #37-7916 states in the stipulations that the use of water under this permit is subject to the control of the Watermaster of Water District #37, Big Wood River. Since June 20 there has been a fluctuation that has created problems for decree and canal water users below this point. This fluctutation cannot be tolerated if the water is to be delivered under the priority system as in the past. Any further disturbance in the delivery of this water could result in the loss of the use of your permit.

If we can be of any assistance please call on us.

Sincerely,

Reid J. Newby
Watermaster

RJN:ic

cc: Brett Van Wagoner
Norman Young
Ted Diehl
Richard Oneida

RECEIVED
DEC 09 1992

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 1301 North Orchard Street Boise, Idaho 83706-2237 • (208) 334-4440

CECIL D. ANDRUS
Governor

R. KEITH HIGGINSON
Director

January 26, 1988

RE: Permit Nos. 37-7889 & 37-7916

Bonneville Pacific Corp.
c/o David P. Hirschi
257 E. 200 S., Suite 800
Salt Lake City, UT 84111

Dear Mr. Hirschi:

We are in the process of licensing the above referenced permits. Before we can complete processing, additional information is required so that a term of license issuance can be determined as required in Section 42-203B, Idaho Code. This statute requires the Department to determine a term of years for which the water right licenses should be issued, based upon one or all of the following:

1) the term of any power purchase contract
2) policy of the Idaho Public Utilities Commission
3) the term of a FERC license
4) existing downstream uses

Based upon this criteria, you should provide a copy of items 1, 2, or 3 which identifies the terms of such.

Please provide the above information within 15 days so that we may continue with the licensing process. If you have any questions, please feel free to contact us.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:sc

RECEIVED
JAN 14 1988
Department of Water Resources

Bonneville Pacific Corporation

January 12, 1988

Idaho Department of Water Resources
State House
Boise, Idaho 83720

Ref: Koyle Ranch Water Rights
Water Right Nos. 37-7916 and 37-7889

Att: Jim Johnson

Dear Mr. Johnson:

Enclosed please find executed Applications for Amendment relating to the above referenced water rights, together with two (2) checks for $20.00 each made payable to the Idaho Department of Water Resources as filing fees for these Applications for Amendment.

If you have any questions regarding this or any other matter please contact our office at (208) 734-0551.

Respectfully Submitted,

BONNEVILLE PACIFIC CORPORATION

Orlin V. Clements, Jr.

OVC/adb

cc: Robert N. Pratt, BPC
Robert L. Wood, BPC
Jim Goff, BPC
David P. Hirschi, BPC

Enclosures (2)

0 1988

P.O. Box 2467 / Twin Falls, Idaho 83301 / 208-734-0551

November 24, 1987

BONNEVILLE PACIFIC CORP.
C/O DAVID P. HIRSCHI
185 S. STATE ST.
P.O. BOX 11898
SALT LAKE CITY, UT 84147

RE: Permit No. 37-7916

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 correspond with the findings of the Department's field examiner.

The enclosed application for amendment contains information that will be included on the license when it is issued. Please review carefully and if you concur, sign the amendment and return with the $20.00 filing fee within 30 days.

If you do not concur with these findings or if you have any questions, please contact us within the 30-day period.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:sc

Enclosure

RECEIVED
DEC 09 1992

Form 217
1/84

RECEIVED
OCT 30 1986
Department of Water Resources
Southern Region Office

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
PROOF OF BENEFICIAL USE

Kayle A

RECEIVED
OCT 31 1986
Department of Water Resources

The Idaho Department of Water Resources will consider this form as a statement that the permit holder(s) has completed development under this permit and that water has been applied according to the provisions of the permit for the beneficial use(s) described below:

Permit No. 37-7916

Name(s) of Permit Holder: John H Koyle

Post Office Address: Rt #2 Box 254, Gooding ID 83330

Telephone No. 934-4060

Source of Water: Big Wood & Little Wood Rivers

Extent of Use:

Domestic _____ (number of households)

Stockwater _____ (number and type of stock)

Irrigation _____ (acres)

Other/Remarks Power

Indicate the date water was first diverted and beneficially used under this permit: April, 1984

Measuring Device: Required? ☒ Yes ☐ No
Installed? ☒ Yes ☐ No

Flow Measurement Port: Required? ☐ Yes ☐ No
Installed? ☐ Yes ☐ No

Person to contact to accompany the Department representative during the field examination:

Turbine Generator Service
(Name)

262 Deere St Twin Falls, ID 83303-1180 733-5863
(Address) (Telephone Number)

The above information is a true statement of the extent to which the above numbered permit has been developed.

9-25-86
Date

John H. Koyle
Signature of Permit Holder (and Title, if appropriate)

RECEIVED
DEC 09 1992

NAME AND ADDRESS OF SENDER

DEPARTMENT OF WATER RESOURCES
STATEHOUSE
BOISE, IDAHO 83720

Indicate type of mail
☐ Registered
☐ Insured
☐ COD
☒ Certified ☐ Express Mail

Check appropriate block for Registered Mail:
☐ With Postal Insurance
☐ Without Postal Insurance

Affix stamp here if issued as certificate of mailing or for additional copies of this bill.

POSTMARK AND DATE OF RECEIPT

Line	Number of Article	Name of Addressee, Street, and Post-Office Address	Postage	Fee	Handling Charge	Act. Value (If Regis.)	Insured Value	Due Sender If C.O.D.	R. R. Fee	S. D. Fee	S. H. Fee	Rest. Del. Fee / Remarks
1	138506	Bonneville Pacific Corp. c/o David Hirschi 185 S. State St. P.O. Box 11898 Salt Lake City, UT 84147	22	27					26			
2												
3		37-7889 & 37-7916										
4	138507	Geobon II Assoc. Ltd. Partnership 1200 Quail St., Suite 260 Newport Beach, CA 92660										
5												
6		37-8096 & 37-8251										
7	138508	Bonneville Pacific Corp. c/o Vernon F. Ravenscroft P.O. Box 983 Boise, ID 83701										
8												
9		37-7857, 37-7865, 37-7922										
10	138509	Shorock Hydro, Inc. Box 1787 Twin Falls, ID 83303-1787										
11												
12		37-7911 & 37-7863										
13	138510	Bill and/or Karen Arkoosh Route 2 Box 50 Gooding, ID 83330										
14												
15		37-7943										

5-4-87

MAY 11 1987

RECEIVED
DEC 09 1992

Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	POSTMASTER, RER *(Name of receiving employee)*
5	5	K E [illegible]

The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for nonnegotiable documents under Express Mail document reconstruction insurance is $50,000 per piece subject to a limit of $500,000 per occurrence. The maximum indemnity payable on Express Mail merchandise insurance is $500. The maximum indemnity payable is $25,000 for Registered Mail, $400 for COD and $400 for Insured Mail. Special handling charges apply only to Third- and Fourth-Class parcels. Special delivery service also includes special handling service.

FORM MUST BE COMPLETED BY TYPEWRITER, INK OR BALL POINT PEN

☆ U.S. G.P.O. 1985-478-803

RECEIVED
DEC 09 1992

Consult Postmaster for Items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:

Bonneville Pacific Corp.
c/o David Hirschi
185 S. State St.
P.O. Box 11898
Salt Lake City, UT 84147

4. Type of Service:

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number

138506

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature – Addressee

X

6. Signature – Agent

X

7. Date of Delivery

MAY 12 1987

8. Addressee's Address (ONLY if requested and fee paid)

37-7889 & 37-7916

PS Form 3811, July 1983 447-645 DOMESTIC RETURN RECEIPT

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

CECIL D. ANDRUS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

May 7, 1987

CERTIFIED MAIL

Bonneville Pacific Corp.
c/o David Hirschi
185 S. State St.
P. O. Box 11898
Salt Lake City, UT 84147

Gentlemen:

Re: Permit Nos. 37-7889 and 37-7916

Department records show that the above referenced permits were issued to you for the purpose of hydropower generation purposes. One of the conditions of approval of the permit was that the use of water be non-consumptive. The assumption that hydropower uses are non-consumptive in nature is the very reason the department could justify approving late in time appropriations on stream systems which essentially have been fully appropriated in most cases for many years.

The department has been advised by watermasters in several water districts that substantial loss is occurring in some of the conveyance systems, particularly those where water is delivered to the power generating facility through a non-enclosed conduit, and the only use being made of the water is power generation.

You are hereby required to determine the loss occurring within your hydropower project and to provide the information to the department within twenty (20) days of the date of this letter. The determination must be made by a professional engineer licensed to practice in Idaho or by a certified water right examiner using procedures acceptable to the department. In the interim, if the watermaster has measurements indicating that water is being lost within your project and that the water is needed by holders of prior rights, he has been instructed to regulate your diversion as needed to protect the prior rights, even though the herein required loss measurement has not been completed.

The runoff from surface water sources in 1987 is by far less than a normal year, so it is very likely any diversion for hydropower use experiencing a loss will be shut off by the duly authorized water master.

MICROFILMED
DEC 09 1992

Authority for regulation of diversions by the watermaster is provided in Section 42-607, Idaho Code.

Hydropower users subject to being shut off may want to augment the stream system through acquisition of stored water or non-tributary water from some external source of supply in exchange for the water being lost in their conveyance system. Such arrangements may require approval under Section 42-222, Idaho Code.

Prior notice of the watermaster's action to regulate diversions cannot always be provided. If your generating equipment is subject to damage by the reduction of water flows, it is your responsibility to contact the watermaster to arrange a procedure to provide for regulation of the diversion without damage to your facilities.

Please feel free to contact the department if you have questions.

Sincerely,

A. KENNETH DUNN,
Director

c: Regional office
Watermaster

RECEIVED
DEC 09 1992

RECEIVED
JUN 29 1987
Department of Water Resources

Bonneville Pacific Corporation

June 25, 1987

Mr. A. Kenneth Dunn, Director
Department of Water Resources
450 West State Street
Boise, Idaho 83720

Re: Bonnneville Pacific Corporation Water Permit Nos. 37-7889 and 37-7916

Dear Mr. Dunn:

This letter will confirm our telephone conversation this date wherein I indicated that pursuant to your letter to Bonneville Pacific Corporation dated May 7, 1987, relating to the above-referenced water permits, Bonneville Pacific Corporation through its Twin Falls office has been working with Reed Newby, the Watermaster of the affected area, to measure the water flows in the canals servicing the Koyle Ranch Hydroelectric Project.

Delays in finalizing these measurements have been incurred due to the failure of metering equipment and we are continuing to work with Mr. Newby to satisfy him and your department that no water losses are occurring with respect to the hydroelectric project being serviced by the above-referenced permits.

We will keep your office advised as further information becomes available concerning this measurement program.

We appreciate the additional time which you have provided to us to finalize this matter and we will pursue the same with due diligence.

Very truly yours,

BONNEVILLE PACIFIC CORPORATION

David P. Hirschi
General Counsel

MICROFILMED
DEC 09 1992

DPH:ts

cc: Robert L. Wood
Orlin V. Clements

257 East 200 South, Suite 800 / Salt Lake City, Utah 84111 / 801-363-2520 / Facsimile 801-363-9557 / Telex 453068
165d:9

INTER-DEPARTMENT MEMO — 1

DATE 4-3-87

FROM JIM

TO FILE

SUBJECT SEE FILE 37-7889 FOR BENEFICIAL USE REPORT AND RELATED CORRESPONDANCE

RETURNED

DEC 09 1992

SIGNATURE

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

CECIL D. ANDRUS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

March 16, 1987

RE: Permit Nos. 37-7889 & 37-7916

JUB Engineers, Inc.
Attn: David D. Joerger
800 Falls Ave.
Twin Falls, ID 83301

Dear Mr. Joerger:

We are in receipt of the Beneficial Use Examinations for the above referenced permits for Koyle Hydroelectric Projects.

While the examination information is acceptable, we have noted some deficiencies that need to be addressed:

1. Annual volume of water used by the power plant facility is required.

2. Rate of diversion and volume of Little Wood River diverted into the X Canal is required.

3. Rate of diversion and volume of Big Wood River diverted into the Power Canal is required.

4. Compliance with a measuring device and lockable controlling works of a type acceptable to the Department needs to be addressed.

According to the provisions of Rule 5,2,3., this information shall be received within 30 days of receipt of this correspondence. Failure to comply with the request within 30 days will cause the priority date of the permits to advance one day for every day the information submittal is late.

MICROFILMED
DEC 09 1992

Please be advised that additional information may be requested as further review of this file is made. If you have any questions, please let me know.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:sc

MICROFILMED
09 1992

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720

37-7916
BONNEVILLE PACIFIC CORP.
C/O DAVID P. HIRSCHI
PARSONS BEHLE & LATIMER
P.O. BOX 11898
SALT LAKE CITY, UT 84147

138752

April 30, 1986

CERTIFIED MAIL

EXAMINATION FEE NOTICE

Dear Permit Holder:

Department records show that proof of beneficial use has been submitted for the above-referenced permit, but that a field examination has not yet been conducted to determine the extent of beneficial use of the water for licensing purposes.

House Bill 671 (effective April 4, 1986) enacted by the 1986 Idaho Legislature requires the payment of a fee before this department can conduct the field examination needed to issue a license confirming use of water under the permit. This letter is notification that the license examination fee is due within sixty (60) days of the date of this letter. The examination fee information sheet (enclosed) must be returned with the fee.

As an alternative to submitting the fee, the department will accept a field examination report completed by a certified water right examiner from the private sector. If you choose to have the examination done by a certified water right examiner, you need not submit the license examination fee to the department, but you must within sixty (60) days of the date of this letter return to the department, the examination fee information sheet showing appropriate information together with a statement from the certified examiner to verify that you have retained a certified examiner to conduct the field examination. If you choose this alternative, a completed field examination report must be submitted within one year of the date of this letter. You cannot later change your decision to use this alternative and submit the fee needed for the department to conduct the field examination, but you may change to another certified examiner.

Certified water right examiners are licensed engineers, geologists, or land surveyors certified by the department to conduct water right examinations. The procedure for certifying examiners results from the recently enacted HB 671 and is being developed at this time. A listing

MICROFILMED

DEC 09 1992

of certified water right examiners will be available from this department when examiners have been certified.

If your permitted use, in fact, has already been examined by the department and you have not asked to have the examination repeated, the fee requirement is not applicable to your permit. If you believe this is the case, please contact the department.

The license examination fee is to be based on the amount of water you indicate you have developed, as listed in item 6 on the examination fee information sheet. The amount of water on which the examination fee is based can be less than the permitted amount, if less water has been diverted and beneficially used. The licensed amount of water, however, will not exceed the amount you claim on the examination fee information sheet. The enclosed license examination fee schedule shows a listing of applicable fees.

FAILURE TO SUBMIT WITHIN THE SIXTY (60) DAY PERIOD, THE FEE OR THE STATEMENT THAT A CERTIFIED EXAMINER HAS BEEN RETAINED TO MAKE THE FIELD EXAMINATION, WILL BE CAUSE TO ADVANCE THE PRIORITY OF THE PERMIT ONE DAY FOR EACH DAY THAT THE FEE SUBMITTAL IS LATE.

FAILURE TO SUBMIT THE FEE OR THE COMPLETED FIELD EXAMINATION REPORT WITHIN A YEAR WILL BE CAUSE TO CONSIDER THE PROOF OF BENEFICIAL USE TO BE INCOMPLETE AND TO LAPSE THE PERMIT.

The attached examination fee information sheet and the fee may be submitted to the following department offices.

Northern Region
Idaho Dept. of Water Resources
4055 Government Way
Coeur d'Alene, ID 83814
Phone: 765-4639

Eastern Region
Idaho Dept. of Water Resources
150 Shoup Ave., Suite 15
Idaho Falls, ID 83401
Phone: 525-7161

Southern Region
Idaho Dept. of Water Resources
1041 Blue Lakes Blvd. North
Twin Falls, ID 83301
Phone: 734-3578

Western Region
Idaho Dept. of Water Resources
450 W. State St., (Third Floor)
Boise, ID 83720
Phone: 334-2190

Sincerely,

L. Glen Saxton

L. GLEN SAXTON
Chief, Operations Bureau

Enclosures

MICROFILMED
DEC 09 1992

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES
Southern Region

1041 Blue Lakes Blvd. N.
Twin Falls, Idaho 83301
(208) 734-3578

FEBRUARY 11, 1986

BONNEVILLE PACIFIC CORPORATION
200 E. TEMPLE - SUITE 300
SALT LAKE CITY UT 84111

RE: Permit No. 37-7916

Dear Permit Holder:

We acknowledge receipt of your statement submitted as proof of beneficial use for the above referenced permit.

Before a license can be issued, a field examination must be made by a representative of this department.

A field examiner will contact you to arrange to examine your system.

If you have any questions regarding the field examination, please contact this office by phone at 734-3578 or in person at our office at 1041 Blue Lakes Blvd. N. Twin Falls, Idaho.

Sincerely,
s/Mary A. Newby
Secretary

MICROFILMED

DEC 09 1992

Form 217
12/84

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

RECEIVED
OCT 3 1985
Department of Water Resources

PROOF OF BENEFICIAL USE

The Idaho Department of Water Resources will consider this form as a statement that the permit holder(s) has completed development under this permit and that water has been applied according to the provisions of the permit for the beneficial use(s) described below:

Permit No. 37-7916

Name(s) of Permit Holder: BONNEVILLE PACIFIC CORPORATION

Post Office Address: 200 E. TEMPLE SUITE 300

SALT LAKE CITY, UTAH 84111 Telephone No. 801- 363-1900

Source of Water: BIG WOOD RIVER AND LITTLE WOOD RIVER

Extent of Use:

Domestic _____ (number of households)

Stockwater _____ (number and type of stock)

Irrigation _____ (acres)

Other/Remarks POWER GENERATION 280 cfs

Indicate the date water was first diverted and beneficially used under this permit: DECEMBER 1983

Measuring Device: Required? ☒ Yes ☐ No
Installed? ☒ Yes ☐ No

Flow Measurement Port: Required? ☐ Yes ☒ No
Installed? ☐ Yes ☒ No

Person to contact to accompany the Department representative during the field examination:

ORLIN CLEMENTS
(Name)

834 FALLS AVE. TWIN FALLS, IDAHO 83301 208-734-0551
(Address) (Telephone Number)

The above information is a true statement of the extent to which the above numbered permit has been developed.

MICROFILMED

Oct 2, 1985
Date

Bruce W Blair V.P. Operations
Signature of Permit Holder (and Title, if appropriate)

1-28-86

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

SEPTEMBER 1, 1985

DEAR PERMIT HOLDER:

ACCORDING TO OUR RECORDS, YOU ARE THE HOLDER OF A WATER PERMIT ON WHICH PROOF OF BENEFICIAL USE OF WATER WAS NOT SUBMITTED BEFORE JULY 1, 1985, WHICH INDICATES YOUR PROJECT IS NOT COMPLETE. THEREFORE, YOU NEED TO BE AWARE OF CHANGES IN IDAHO LAW, EFFECTIVE JULY 1, 1985, WHICH IMPACT ALL WATER PERMITS ISSUED BY THIS DEPARTMENT.

SPECIFICALLY, PURSUANT TO SECTION 42-203D, IDAHO CODE, THE DEPARTMENT MUST REVIEW ALL PERMITS FOR WHICH DEVELOPMENT OF WATER USE WAS NO COMPLETED ON OR BEFORE JULY 1, 1985, TO DETERMINE IF THEY MEET THE NEW REQUIREMENTS OF CHAPTER 2, TITLE 42, IDAHO CODE. RULES AND REGULATIONS GOVERNING THE RE-EVALUATION OF PERMITS ARE NOT YET FINALIZED. HOWEVER, IF YOU COMPLETED THE DEVELOPMENT UNDER YOUR PERMIT BEFORE JULY 1, 1985, YOU SHOULD SUBMIT A PROOF OF BENEFICIAL USE STATEMENT, STATING THAT THE PROJECT WAS COMPLETED BEFORE JULY 1, 1985 SO THAT YOUR PERMIT WILL NOT BE SUBJECT TO THE REVIEW REQUIREMENTS OF SECTION 42-203D, WHICH READS AS FOLLOWS:

> 42-203D. REVIEW OF PERMITS - OPPORTUNITY FOR HEARING. - (1)THE DEPARTMENT SHALL REVIEW ALL PERMITS ISSUED PRIOR TO THE EFFECTIVE DATE [JULY 1, 1985] OF THIS SECTION, EXCEPT TO THE EXTENT A PERMIT HAS BEEN PUT TO BENEFICIAL USE PRIOR TO JULY 1, 1985, TO DETERMINE WHETHER THEY COMPLY WITH THE PROVISIONS OF CHAPTER 2, TITLE 42, IDAHO CODE. IF THE DEPARTMENT FINDS THAT THE PROPOSED USE DOES NOT SATISFY THE CRITERIA OF CHAPTER 2, TITLE 42, IDAHO CODE, THEN THE DEPARTMENT SHALL EITHER CANCEL THE PERMIT OR IMPOSE THE CONDITIONS REQUIRED TO BRING THE PERMIT INTO COMPLIANCE WITH CHAPTER 2, TITLE 42, IDAHO CODE. IF THE DEPARTMENT FINDS THAT THE PERMIT SATISFIES THE CRITERIA ESTABLISHED IN CHAPTER 2, TITLE 42, IDAHO CODE, THEN THE DEPARTMENT SHALL ENTER AN ORDER CONTINUING THE PERMIT. (2)THE DEPARTMENT SHALL PROVIDE AN OPPORTUNITY FOR HEARING IN ACCORDANCE WITH SECTION 42-1701A, IDAHO CODE, AND SECTIONS 67-5209 THROUGH 67-5215, IDAHO CODE, FOR EACH HOLDER OF A PERMIT THAT IS PROPOSED EITHER TO BE CANCELLED OR MADE SUBJECT TO NEW CONDITIONS.

YOU MAY OBTAIN PROOF OF BENEFICIAL USE FORMS FROM THE DEPARTMENT. IF YOU HAVE ANY QUESTIONS, PLEASE LET US KNOW.

SINCERELY,

L. Glen Saxton

L. GLEN SAXTON
CHIEF, OPERATIONS BUREAU

MICROFILMED

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

December 18, 1984

Chapman and Cutler
Attn: Lucinda S. Stanton
111 West Monroe Street
Chicago, Illinois 60603

Re: Koyle Hydroelectric Project, Water Right Permit
Nos. 37-7889 and 37-7916

Dear Ms. Stanton:

The purpose of this letter is to acknowledge receipt of your letter dated November 21, 1984, and the three associated enclosures related to the above-referenced hydroelectric project.

Pursuant to previous correspondence, this office accepts and recognizes the following documents:

1. Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources.

2. Indenture of Mortgage and Security Agreement.

3. Acceptance of Trusts by Co-Trustee.

At this time we consider that the two water right permits remain in the name of Bonneville Pacific Corporation, pursuant to our Acknowledgment of Assignment dated June 14, 1983. We also recognize that a security interest in the permits has been granted to the First Security Bank of Utah, National Association and the First Security Bank of Idaho, National Association under the Indenture of Mortgage and Security Agreement dated as of May 1, 1984. As indicated in my letter dated November 9, 1984, this Assignment of Security Interest is acceptable because the First Security Bank of Idaho, National Association is a bank that is qualified to do business in Idaho.

MICROFILMED

At this time our records are complete based on the information that you have provided and no further documentation is required to described the transactions of which we have been notified to date.

Sincerely,

David R. Tuthill Jr

DAVID R. TUTHILL, JR., P.E.
Supervisor, Water Allocation Section

DRT/ls

cc: Mr. Ralf M. Lucke

MICROFILMED

Law Offices of

CHAPMAN AND CUTLER

a partnership including professional corporations

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

111 West Monroe Street, Chicago, Illinois 60603
TWX 910-221-2103 Telex 206281
Telephone 312 845-3000

Salt Lake City Office
50 South Main Street
Salt Lake City, Utah 84144
Telephone 801 533-0066

November 21, 1984

RECEIVED
NOV 26 1984
Department of Water Resources

DEPARTMENT OF WATER
RESOURCES
Statehouse
Boise, Idaho 83720

Attention: Mr. A. Kenneth Dunn

Re: $1,622,500 14% Secured Notes due 1985-1994 of Bonneville Pacific Corporation (Koyle Ranch Hydroelectric Project)

Dear Mr. Dunn:

Pursuant to your letter of May 17, 1984 we are enclosing herewith one originally executed copy of each of the following documents:

1. Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources.

2. Indenture of Mortgage and Security Agreement.

3. Acceptance of Trusts by Co-Trustee.

Thank you for your attention to this matter. Please contact me should you have any questions.

Very truly yours,

CHAPMAN AND CUTLER

By Lucinda S. Stanton
Lucinda S. Stanton
Legal Assistant

LSS/klm
Enclosures

MICROFILMED

Please acknowledge receipt of the above-mentioned documents on this 26 day of November, 1984.

DEPARTMENT OF WATER RESOURCES

By David R. Tuthill Jr. Supv. Water Allocation Section

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

November 19, 1984

Mr. Ralf M. Lucke
Security Title Company, Inc.
102 Fifth Avenue East
P.O. Box 28
Gooding, ID 83330

Re: Koyle Ranch Hydroelectric Project, Water Right Permit Nos. 37-7889 and 37-7916

Dear Mr. Lucke:

We are in receipt of the Acceptance of Trusts by Co-Trustee in which the First Security Bank of Idaho, National Association, accepts its appointment as Co-Trustee for the purpose of holding the lien and security interest granted by the debtor, Bonneville Pacific Corporation, under a mortgage of the above-referenced water rights.

Please be advised that because the First Security Bank of Idaho, National Association, is a bank that is qualified to do business in Idaho, the bank can indeed act as Co-Trustee of a loan with respect to the hydropower project identified by the above-referenced water right permits. Also please be advised that the permits remain in the name of John H. Koyle, since no assignment of the permits has been executed.

In the letter from Ms. Lucy S. Stanton, a paralegal with Chapman and Cutler, she requested that the document be filed and returned to her. Therefore, because we have received and examined the original, signed document, we will retain only a copy for our files and are returning enclosed the original for your use. Please advise this office if further documentation of this transaction is required.

Sincerely,

David R. Tuthill Jr.

DAVID R. TUTHILL, JR., P.E.
Supervisor, Water Allocation Section

DRT/ls

Enclosure

MICROFILMED

RECEIVED
NOV 7 1984
Department of Water Resources
Southern District Office

ACCEPTANCE OF TRUSTS BY CO-TRUSTEE

ACCEPTANCE OF TRUSTS BY CO-TRUSTEE (the "Acceptance") dated as of May 1, 1984, by FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION (the "Co-Trustee"), whose post office address if Post Office Box 7069, Boise, Idaho 83730.

RECITALS:

A. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the hereinafter defined Mortgage.

B. Bonneville Pacific Corporation, a Utah corporation (the "Debtor"), has entered into a Note Agreement dated as of May 1, 1983 (the "Note Agreement"), with the Purchaser. The Note Agreement, as amended, provides for, among other things, the commitment of the Purchaser to purchase the 14% Secured Notes of the Debtor (the "Notes") not exceeding an aggregate principal amount of $1,622,500. The Notes are to be dated the date of issue, to bear interest at the rate of 14% per annum prior to maturity, to be payable in 40 consecutive installments of both principal and interest, and to be payable quarterly on the Interest Payment Dates.

C. The Debtor has entered into an Indenture of Mortgage and Security Agreement dated as of May 1, 1984 (the "Mortgage"), with First Security Bank of Utah, National Association, as trustee (the "Security Trustee"). The Mortgage provides for, among other things, the assignment by the Debtor to the Security Trustee of all right, title and interest of the Debtor in the Land, the Water Rights, the Facility and certain other rights and properties of the Debtor, as security for the full and complete performance by the Debtor of its obligations under the Note Agreement and the Notes.

D. In the Mortgage, the Debtor and the Security Trustee jointly appoint the Co-Trustee as co-trustee, jointly with the Security Trustee, for the purpose of holding the lien and security interest granted by the Debtor under the Mortgage in the Water Rights, as defined in the Mortgage and as described in Exhibit A hereto.

NOW, THEREFORE, the Co-Trustee, in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, hereby accepts its appointment as co-trustee under Mortgage for the purposes set forth therein, and agrees that it shall be entitled to the benefits accruing to and subject to the duties and responsibilities of, a trustee under the Mortgage, as set forth therein.

MICROFILMED

IN WITNESS WHEREOF, the Co-Trustee has caused this Acceptance to be executed on its behalf by one of its Vice Presidents & Trust Officers and its corporate seal to be hereunto affixed, and said Seal and this Acceptance to be attested to by one of its Senior Vice Presidents all as of the day and year first above written. and Assistant Secretary

FIRST SECURITY BANK OF IDAHO,
NATIONAL ASSOCIATION, as
Co-Trustee

By _____
Its Vice President and Trust Officer

[SEAL]

Attest:

_____
Senior Vice President and Assistant Secretary
Jack W. Schwartz

MICROFILMED

STATE OF IDAHO)
) SS:
COUNTY OF ADA)

On the 29th day of October, 1984, personally appeared before me Dean Buffington, who being by me duly sworn, did say that he is the Vice President of First Security Bank of Idaho, National Association, and said instrument was signed in behalf of said bank by authority of its by-laws and of a resolution of its Board of Directors, and said Dean Buffington acknowledged to me that said bank executed the same.

Notary Public

[SEAL]

Residing at: Boise

My Commission Expires:
11-13-85

MICROFILMED

DESCRIPTION OF WATER RIGHTS

Water Rights evidenced by Applications for Permit, Identification Nos. 37-7889 and 37-7916, respectively, approved by State of Idaho, Department of Water Resources

EXHIBIT A

MICROFILMED

Law Offices of

CHAPMAN AND CUTLER
a partnership including professional corporations

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

111 West Monroe Street, Chicago, Illinois 60603
TWX 910-221-2103 Telex 206281
Telephone 312 845-3000

Salt Lake City Office
50 South Main Street
Salt Lake City, Utah 84144
Telephone 801 533-0066

November 1, 1984

RECEIVED
NOV 7 1984
Department of Water Resources
Southern District Office

Mr. Ralf M. Lucke
Security Title Company, Inc.
102 Fifth Avenue East
P. O. Box 28
Gooding, Idaho 83330

Re: Kayle Ranch HydroElectric Project

Dear Mr. Lucke:

Please find enclosed one copy of the Acceptance of Trusts By Co-Trustee to be filed with Idaho State Board of Water Rights.

Please have the document filed at your earliest convenience and returned to me.

Thank you for your assistance in this matter.

Very truly yours,

CHAPMAN AND CUTLER

By Lucy S. Stanton
Lucy S. Stanton
Paralegal

RECEIVED
NOV 13 1984
Department of Water Resources

LSS:sao
Enclosure

MICROFILMED

37-7889
37-7916

RECEIVED
FEB 22 1982
Department of Water Resources

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

John H. Koyle) Project No. 4052-002

ORDER GRANTING EXEMPTION FROM LICENSING OF A SMALL HYDROELECTRIC PROJECT OF 5 MEGAWATTS OR LESS

(Issued February 17, 1982)

The Applicant 1/ filed an application for exemption from all or part of Part I of the Federal Power Act pursuant to 18 C.F.R. Part 4 SUBPART K (1980) implementing in part Section 408 of the Energy Security Act (Act) of 1980 for a project as described in the attached public notice. 2/ 3/

Notice of the application was published in accordance with Section 408 of the Act and the Commission's regulations and comments were requested from interested Federal and State agencies including the U. S. Fish and Wildlife Service and the State Fish and Wildlife Agency. All comments, protests and petitions to intervene that were filed have been considered. No agency has any objection relevant to issuance of this exemption.

Standard Article 2 included in this exemption, requires compliance with any terms and conditions that Federal or State fish and wildlife agencies have determined appropriate to prevent loss of, or damage to, fish and wildlife resources. The terms and conditions referred to in Article 2 are contained in any letters of comment by these agencies which have been forwarded to the Applicant in conjunction with this exemption.

1/ John H. Koyle, Project No. 4052, filed on October 22, 1981.

2/ Pub. Law 96-294, 94 Stat. 611. Section 408 of the ESA amends inter alia, Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§2705 and 2708).

3/ Authority to act on this matter is delegated to the Deputy Director, Office of Electric Power Regulation under §375.308 of the Commission's regulations 45 Fed. Reg. 21216 (1980), as amended by Order No. 112 in Docket No. RM81-5, issued November 21, 1980, (45 Fed. Reg. 79024).

Should the Applicant contest any terms or conditions that were proposed by Federal or State agencies in their letters of comment as being outside the scope of Article 2, the Commission shall determine whether the disputed terms or conditions are outside the scope of Article 2.

It is ordered that:

(A) The Koyle Ranch Project No. 4052 as described and designated in John H. Koyle's application filed on October 22, 1981, is exempted from all of the requirements of Part I of the Federal Power Act, including licensing, subject to the standard articles in §4.106 of the Commission's regulations attached hereto as Form E-2, 18 C.F.R. §4.106 45 Fed. Reg. 76115 (November 18, 1980).

(B) This order is final unless a petition appealing it to the Commission is filed within 30 days from the date of its issuance, as provided in Section 1.7(d) of the Commission's regulations, 18 C.F.R. 1.7(d)(1981), as amended, 44 Fed. Reg. 46449 (1981). The filing of a petition appealing this order to the Commission or an application for rehearing as provided in Section 313(a) of the Act does not operate as a stay of the effective date of this order, except as specifically ordered by the Commission.

Robert E. Cackowski

Robert E. Cackowski
Deputy Director, Office of
Electric Power Regulation

UNITED STATES OF A
FEDERAL ENERGY REGULATORY C MISSION

John H. Koyle) Project No. 4052-002

NOTICE OF APPLICATION FOR EXEMPTION FOR SMALL HYDROELECTRIC POWER PROJECT UNDER 5 MW CAPACITY

(December 10, 1981)

Take notice that on October 22, 1981, John H. Koyle (Applicant) filed an application, under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705, and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project, Project No. 4052 would be located on the Rio Wood River, near the town of Gooding, in Gooding County, Idaho. Correspondence with the Applicant should be directed to: John H. Koyle, Route #2, Gooding, Idaho 83330.

Project Description - The proposed project would consist of: (1) an 8-foot high rock-rubble diversion structure; (2) a canal; (3) headworks; (4) six 265-foot long, 30 inch diameter penstocks; (5) a powerhouse containing six generating units, each rated at 150 kW; and (6) a 1-mile long transmission line. The average annual energy generation is estimated to be 6.7 million kWh.

Purpose of Project - The power output from the project would be sold to the Idaho Power Company.

Agency Comments - The U.S. Fish and Wildlife Service, The National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

DC-A-28

Project No. 4052-002

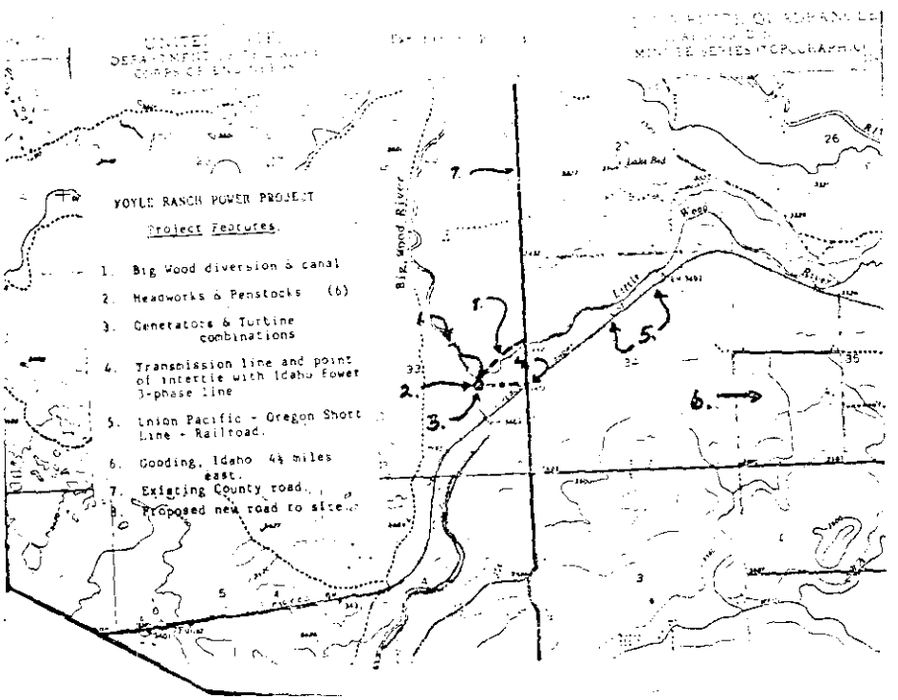
Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before JAN 25 1982, either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

A notice of intent must conform with the requirements of 18 C.F.R. §4.33(b) and (c) (1980). A competing license application must conform with the requirements of 18 C.F.R. §4.33(a) and (d) (1980).

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of the Rules of Practice and Procedure, 18 C.F.R. §1.8 or §1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or petitions to intervene must be received on or before JAN 25 1982.

Filing and Service of Responsive Documents - Any filings must bear in all capital letters the title "COMMENTS", "NOTICE OF INTENT TO FILE COMPETING APPLICATION", "COMPETING APPLICATION", "PROTEST", or "PETITION TO INTERVENE", as applicable, and the Project Number of this notice. Any of the above named documents must be filed by providing the original and those copies required by the Commission's regulations to: Kenneth F. Plumb, Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, D.C. 20426. An additional copy must be sent to: Fred E. Springer, Chief, Applications Branch, Division of Hydropower Licensing, Federal Energy Regulatory Commission, Room 208 RB at the above address. A copy of any notice of intent, competing application, or petition to intervene must also be served upon each representative of the Applicant specified in the first paragraph of this notice.

Kenneth F. Plumb
Secretary



§ 4.106 Standard terms and conditions of exemption from licensing.

Any exemption from licensing granted under this subpart for a small hydroelectric power project is subject to the following standard terms and conditions:

(a) Article 1. The Commission reserves the right to conduct investigations under sections 4(g), 306, 307, and 311 of the Federal Power Act with respect to any acts, complaints, facts, conditions, practices, or other matters related to the construction, operation, or maintenance of the exempt project. If any term or condition of the exemption is violated, the Commission may revoke the exemption, issue a suitable order under section 4(g) of the Federal Power Act, or take appropriate action for enforcement, forfeiture, or penalties under Part III of the Federal Power Act.

(b) Article 2. The construction, operation, and maintenance of the exempt project must comply with any terms and conditions that any Federal or state fish and wildlife agencies have determined are appropriate to prevent loss of, or damage to, fish or wildlife resources or otherwise to carry out the purposes of the Fish and Wildlife Coordination Act, as specified in Exhibit E of the application for exemption from licensing or in the comments submitted in response to the notice of the exemption application.

(c) Article 3. The Commission may accept a license application by any qualified license applicant and revoke this exemption if actual construction or development of any proposed generating facilities has not begun within 18 months, or been completed within four years, from the date on which this exemption was granted. If an exemption is revoked, the Commission will not accept a subsequent application for exemption within two years of the revocation.

(d) Article 4. This exemption is subject to the navigation servitude of the United States if the project is located on navigable waters of the United States.

(e) Article 5. This exemption does not confer any right to use or occupy any Federal lands that may be necessary for the development or operation of the project. Any right to use or or occupy any Federal lands for those purposes must be obtained from the administering Federal land agencies. The Commission may accept a license application by any qualified license applicant and revoke this exemption, if any necessary right to use or occupy Federal lands for those purposes has not been obtained within one year from the date on which this exemption was granted.

LAW OFFICES OF
PARSONS, BEHLE & LATIMER
A PROFESSIONAL CORPORATION

185 SOUTH STATE STREET, SUITE 700
POST OFFICE BOX 11898
SALT LAKE CITY, UTAH 84147-0898
TELEPHONE (801) 532-1234
TELECOPIER (801) 521-9868

1101 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036-4803
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

KEITH E. TAYLOR
JAMES B. LEE
JOHN A. DAHLSTROM
GORDON L. ROBERTS
F. ROBERT REEDER
WILLIAM L. CRAWFORD
LAWRENCE E. STEVENS
DANIEL M. ALLRED
HOWARD J. MARSH
YAN M. ROSS
ERIE V. BOORMAN
DAVID S. DOLOWITZ
KENT W. WINTERHOLLER
BARBARA K. POLICH
RANDY L. DRYER
CHARLES H. THRONSON
DAVID R. BIRD
RAYMOND J. ETCHEVERRY
FRANCIS M. WIKSTROM
DAVID W. TUNDERMANN
KREGE B. CHRISTENSEN
JAMES M. ELEGANTE
DAVID P. HIRSCHI
VAL R. ANTCZAK
PATRICK J. GARVER

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG

SPENCER E. AUSTIN
JOHN B. WILSON
ROBERT C. HYDE
CRAIG B. TERRY
DAVID A. ANDERSON
KENT O. ROCHE
PATRICIA J. WINMILL
JAN P. BENSON
RANDY M. GRIMSHAW
J. STEPHEN RUSSELL
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
JAMES E. MORTON
MICHAEL L. LARSEN
JONATHAN K. BUTLER
SUSAN R. POULTER
JULIA C. ATTWOOD

October 2, 1984

OCT 4 1984
Department of Water Resources

Kay Walker
Technical Records Specialist
State Of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Permit Numbers 37-7889 and 37-7916 (Koyle Ranch Hydroelectric Project)

Dear Ms. Walker:

In your letter of August 23, 1984, you inquired as to the status of the assignment of the above-referenced permits referred to in the letter of the Director of the Department dated May 17, 1984. The loan contemplated by the above-described assignment will be consummated prior to by the end of October, 1984. I will forward to you copies of the assignment document following the closing of the loan.

Very truly yours,

Craig B. Terry

Craig B. Terry,
of and for
PARSONS, BEHLE & LATIMER

CBT:jp

ACKNOWLEDGED

no response
2nd
10

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

August 23, 1984

RE: Permit Nos. 37-7889 & 37-7916
Koyle Ranch Hydroelectric Project

Mr. Craig B. Terry
Parsons, Behle & Latimer
Box 11898
Salt Lake City, UT 84147

Dear Mr. Terry:

On May 17, 1984, the Director of this Department sent correspondence to you regarding an assignment of the above referenced permits. We are enclosing a copy of that letter for your referral.

As of this date, we have not received any more information regarding the assignment of these permits. If the loan has been closed, we need to be advised of such so that we can complete our processing.

Please advise us of the status of the assignments by September 30, 1984, so we can finalize the update of these permits. If you have any questions regarding this matter, please feel free to contact our office.

Sincerely,

KAY WALKER
Technical Records Specialist

KW:sc

Enclosure

RECEIVED
MAY 18 1984
Department of Water Resources

IDAHO DEPARTMENT OF FISH AND GAME
600 South Walnut • Box 25
Boise • Idaho • 83707

May 10, 1984

Mr. Vernon Ravenscroft
Consulting Associates, Inc.
P.O. Box 693
Boise, ID 83701

Re: Koyle Ranch Project No. 4052. Big Wood River.

Dear Vern:

We have become aware of some failure to meet terms and conditions for the referenced project as submitted by the Department to the Federal Energy Regulatory Commission (letter May 3, 1983, amended June 1, 1983) and agreed to by your letter of May 20, 1983 to FERC. Our primary concern is lack of fish screens at point of diversion as specified in item No. 7. We are also concerned with canal bank instability causing erosion and water quality problems, item No. 1.

We would like to meet with you to discuss methods and time frame for rectifying these problems. Please contact us concerning a time and place.

Sincerely,
COPY Original Signed by Jerry M. Conley
Director

Jerry M. Conley
Director

cc: USFWS (Wolflin)
IDWR
Region 4
John Koyle

MICROFILMED

May 17, 1984

Mr. Craig B. Terry
Parsons, Behle & Latimer
P. O. Box 11898
Salt Lake City, UT 84147

Dear Mr. Terry:

RE: Water Permit Nos. 37-7889 and 37-7916
Boyle Ranch Hydroelectric Project

This office has reviewed the undated Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources form to be executed by Bonneville Pacific Corporation as debtor under the Indenture of Mortgage, and Security Agreement dated as of May 1, 1984, in favor of First Security Bank of Utah, National Association, and First Security Bank of Idaho, National Association, a corporation qualified to do business in the State of Idaho, as secured party, known collectively as the "Security Trustee."

Upon their appropriate execution by the parties, the documents submitted for review satisfy the requirements of Section 42-206 and 42-207, Idaho Code.

Chapman and Cutler, counsel for New England Mutual Life Insurance Company, the lenders is hereby authorized to date and deliver the enclosed six executed copies of the Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources on the date of closing the loan.

Please provide the department with executed copies of these documents after the closing of the loan.

Sincerely,

A. KENNETH DUNN
Director

AKD:alw

file copy
5-16-84

NOTICE OF ASSIGNMENT OF WATER PERMITS AND ACKNOWLEDGMENT
BY STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Water Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 37-7889 and 37-7916 (the "Permits"), which were initially issued by the State of Idaho Department of Water Resources to John H. Koyle. Mr. Koyle has assigned to Bonneville Pacific Corporation, a Utah corporation (the "Company"), under the Assignment of Water Rights and Permits dated June 13, 1983 from John H. Koyle and Margaret H. Koyle, as assignors, to the Company, as assignee, all the rights and duties of Mr. Koyle in and to the Permits as set forth therein.

You are hereby notified that the Company has granted a security interest to First Security Bank of Utah, National Association, a national banking association, and First Security Bank of Idaho, National Association, a national banking association (collectively the "Security Trustee"), under the Indenture of Mortgage and Security Agreement dated as of May 1, 1984, a copy of which is enclosed herewith, between the Company, as debtor, and the Security Trustee, as secured party, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

Dated:

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

Acknowledged, consented and agreed to on the date hereof.

STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

MICROFILMED

By /s/ A. Kenneth Dunn
Its Director

4341M

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May 15, 1984

RECEIVED
MAY 16 1984
Department of Water Resources

Mr. L. Glen Saxton
Chief, Operations Bureau
State of Idaho
Department of Water Resources
State Office
450 West State Street
Boise, Idaho 83720

Re: Water Permit Numbers 37-7889 and 37-7916
Koyle Ranch Hydroelectric Project

Dear Glen:

I am enclosing for execution by the Department of Water Resources six (6) copies of a Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources.

Also enclosed is a copy of the Indenture of Mortgage and Security Agreement dated as of May 1, 1984 between Bonneville Pacific Corporation and First Security Bank of Utah, National Association. The Indenture of Mortgage and Security Agreement has not yet been executed. However, I will send to you a copy of the Indenture of Mortgage and Security Agreement as soon as it has been executed.

I call your attention to pages 39 and 40 of the Indenture of Mortgage and Security Agreement, which provides that First Security Bank of Idaho, National Association, is appointed as a co-trustee for the purpose of holding the lien and security interest granted by the Debtor in the water rights described in Exhibit C attached thereto.

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The addition of First Security Bank of Idaho, National Association as a co-trustee should satisfy your concern regarding compliance with Idaho Code Section 42-207.

Please arrange for execution of all six (6) copies of the enclosed Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources. Please leave the Notices undated. Chapman and Cutler, counsel for New England Mutual Life Insurance Company, the lender, requests that you authorize them, by separate cover letter, to date and deliver the enclosed Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources on the date of closing the loan.

If you have any questions regarding the above request, please do not hesitate to telephone me. I will mail to you immediately following the loan closing a signed copy of the Indenture of Mortgage and Security Agreement.

Very truly yours,

Craig B. Terry

Craig B. Terry
of and for
PARSONS, BEHLE & LATIMER

CBT:jp
Enclosures

cc: Mr. Wynn Johnson

A DENOTES DELETION
UNDERLINE DENOTES CHANGES

Draft Dated: May 4, 1984.

Mark to show revisions from form attached to the Note Agreement dated as of May 1, 1983.

Rec'd DWR May 16, 1984

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT

Dated as of May 1, 1984

Between

BONNEVILLE PACIFIC CORPORATION

Debtor

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION

Security Trustee

(Koyle Ranch Hydroelectric Project)

MICROFILMED

This instrument was prepared by:

Robert P. Davis
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

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ATTACHMENTS TO INDENTURE OF MORTGAGE AND SECURITY AGREEMENT:

Schedule 1 -- Operating Expense Categories

Exhibit A -- Form of 14% Secured Note

Exhibit B -- Description of Land

Exhibit C -- Description of Water Rights

Exhibit D -- Description of Facility

Exhibit E -- Description of Construction Contracts

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT

INDENTURE OF MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") dated as of May 1, 1984 between BONNEVILLE PACIFIC CORPORATION, a Utah corporation (the "Debtor"), whose post office address is 200 East South Temple, Suite 300, Salt Lake City, Utah 84111, and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION (the "Security Trustee"), whose post office address is 79 South Main Street, Salt Lake City, Utah 84111.

RECITALS:

A. The defined terms used in this Mortgage shall have the respective meanings indicated in Section 1 unless elsewhere defined or the context shall otherwise require.

B. The Debtor has entered into a Note Agreement dated as of May 1, 1983 (the "Note Agreement") with the Purchaser. The Note Agreement, as amended, provides for, among others, the commitment of the Purchaser to purchase on or before May ____, 1984, the 14% Secured Notes due 1984 - 1994 of the Debtor, not exceeding an aggregate principal amount of $1,622,500. The Notes are to be dated the date of issue, to bear interest at the rate of 14% per annum prior to maturity, to be payable in 40 consecutive installments of both principal and interest, and to be payable quarterly on the Interest Payment Dates with the final such installment being payable on _____, 1994. The Notes are to be otherwise substantially in the form set forth as Exhibit A hereto.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the cost to the Debtor of a hydro-electric facility constructed on the Land.

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Mortgage a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed.

NOW, THEREFORE, the Debtor in consideration of the premises and of the payment of the proceeds of the issuance and sale of the Notes to the Debtor in the total amount of $1,622,500 and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the equal and pro rata payment of both the principal of and premium, if any, and interest upon Notes at any time outstanding hereunder according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of

all the covenants and conditions contained in the Notes, this Mortgage and the Note Agreement, does hereby mortgage, assign, pledge and hypothecate unto the Security Trustee, its successors in trust and assigns, forever, and grants to the Security Trustee, its successors in trust and assigns, forever, a security interest in, all and singular the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "mortgaged property"):

DIVISION I

All right, title and interest of the Debtor in that certain real property (the "Land") described in Exhibit B attached hereto.

DIVISION II

All right, title and interest of the Debtor in the water and water rights (the "Water Rights") described in Exhibit C attached hereto.

DIVISION III

All right, title and interest of the Debtor in all buildings, other constructions, structures and improvements, together with all appurtenances thereto, and all heating, sprinkler and electric light systems, boilers, plumbing, electrical switchgear, duct work, reactors, distribution lines, tracks, tanks and switches and other machinery and equipment used or useful by the Debtor which are classified as fixtures and a part of the freehold under applicable laws, whether such right, title or interest is now owned or hereafter acquired by conveyance, lease, servitude or otherwise, and which are located on the Land.

DIVISION IV

The Facility, as the same is now and will hereafter be constituted, whether now owned by the Debtor or hereafter acquired, together with all accessories, equipment, parts and appurtenances appertaining or attached to the Facility, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of said Facility together with all the rents, issues, income, profits and avails thereof.

DIVISION V

All right, title, interest, claims and demands of the Debtor in, to and under

A. the Construction Contracts, and all right, title, interest, claims and demands of the Debtor under the purchase orders, installation contracts and other agreements in respect thereof,

B. the Assignment Agreement and the Assignment of Water Rights,

C. the Water Agreement,

D. the FERC Exemption, and

E. any and all other contracts and agreements relating to the Facility or any rights or interests therein to which the Debtor is now or may hereafter be a party,

together with all rights, powers, privileges, licenses, easements, options and other benefits of the Debtor under each thereof, including, without limitation, the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Debtor is or may be entitled to do thereunder.

DIVISION VI

All right, title, interest, claims and demands of the Debtor, as seller under the Power Sales Agreement, together with all rights, powers, privileges and other benefits of the Debtor as seller thereunder, including, without limitation, the immediate and continuing right to receive all moneys payable to or receivable by the Debtor pursuant thereto, and the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of an Event of Default, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things whatsoever which the Debtor is or may be entitled to do thereunder; it being the intent and purpose hereof that the assignment and transfer to the Security Trustee of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall

continue in full force and effect, and the Security Trustee shall have the right to collect and receive said moneys for application in accordance with the provisions of Section 5 hereof at all times during the period from and after the date of this Mortgage until the Indebtedness Hereby Secured has been fully paid and discharged.

DIVISION VII

Funds now or hereafter held pursuant to Section 5 and Section 6 hereof.

SUBJECT, HOWEVER, to Permitted Encumbrances.

TO HAVE AND TO HOLD the mortgaged property unto the Security Trustee, its successors and assigns, forever, IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding hereunder from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever; provided always, however, that these presents are upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Mortgage shall become null and void; otherwise this Mortgage shall remain in full force and effect.

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Mortgage:

"Assignment Agreement" shall mean the Assignment Agreement dated June 13, 1983, between the Koyles and the Debtor, substantially in the form attached to the Note Agreement as Exhibit B.

"Assignment of Water Rights" shall mean the Assignment of Water Rights and Permits dated June 13, 1983, between the Koyles and the Debtor, substantially in the form attached to the Note Agreement as Exhibit C thereto, as approved by the Idaho Department of Water Resources in its letter dated June 14, 1983 to the Debtor.

"Canal Company" shall mean the Northside Canal Company, Ltd., a non-profit Idaho irrigation corporation.

"Casualty Occurrence" shall mean the destruction of all or substantially all of the Facility or damage to the Facility to such an extent that, in the good faith determination of the Debtor as approved by its Board of Directors (which determination shall be made as soon as practical after the occurrence of such damage, but in no event later than 90 days after such occurrence), the repair of the Facility is impracticable or uneconomic.

"Condemnation" shall mean the condemnation (which shall include a requisition of use by any governmental authority only when such requisition is by its terms for a specified period of more than three years) or taking of all or substantially all of the Project.

"Construction Contracts" shall mean the contracts described in Exhibit E hereto, in each case relating to the construction of the Facility, as assigned pursuant to the Assignment of Contracts dated June 21, 1983 from the Koyles to the Debtor.

"Construction Lender" shall mean First Interstate Bank of Utah, N.A.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, had been satisfied.

"Eligible Securities" shall mean (a) Certificates of Deposit issued by a bank or trust company organized under the laws of the United States or any state thereof having capital, surplus and undivided profits aggregating at least $25,000,000, (b) Certificates of Deposit issued by, and money market and savings accounts of, First Security Bank of Utah, National Association, so long as First Security Bank of Utah, National Association shall be acting as Security Trustee hereunder, and (c) direct obligations of the United States of America.

"Event of Default" is defined in Section 7.1 hereof.

"Facility" shall mean those personal property components of the hydroelectric plant which are described in Exhibit D hereto, together with any and all appliances, parts, instruments, appurtenances, accessories and other equipment from time to time incorporated or installed in the hydroelectric plant which are the property of the Debtor.

"FERC Exemption" shall mean the Order Granting Exemption from Licensing for a Conduit Hydroelectric Project issued

February 17, 1982, Project No. 4052-002, by the Office of Electric Power Regulation, Federal Energy Regulatory Commission.

"Indebtedness Hereby Secured" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the outstanding Notes or this Mortgage.

"Interest Payment Dates" shall mean the ____ day of each _____, _____, _____ and _____, commencing _____, 198_, with the last such date being _____ 199_.

"Koyles" shall mean John H. Koyle and Margaret H. Koyle, husband and wife, residing at Route 2, Box 254, Gooding, Idaho 83330.

"Land" is defined in Division I of the granting clauses hereof.

"Note" shall mean any of, and "Notes" shall mean all of, the then outstanding Notes from time to time issued hereunder. The term "outstanding" when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Debtor hereunder and secured hereby, except:

(a) Notes theretofore cancelled by the Security Trustee or delivered to the Security Trustee for cancellation;

(b) Notes for the payment or prepayment of which moneys in the necessary amount shall have been deposited in trust with the Security Trustee;

(c) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to the terms of Section 2 hereof; and

(d) Notes held by or under the direct or indirect control of the Debtor (unless all of the Notes have been purchased by the Debtor).

The term "Noteholder" shall mean a Person in whose name a Note is registered in the Register.

"Note Agreement" is defined in Recital B hereof.

"Officer's Certificate" shall mean a certificate signed by the Chairman of the Board, the President, a Vice President or the Treasurer of any corporation or a general partner of any partnership (and if a corporate general partner, signed on behalf of said general partner by its Chairman of the Board, President, any

Vice President or Treasurer) or the trustee of any trust, and delivered to the Security Trustee.

"Operative Agreements" shall have the meaning specified in the Note Agreement.

"Permitted Contest" shall mean a good faith contest by the Debtor, in a manner which the Security Trustee determines will not result in the imposition of any criminal penalty on, or adversely affect the title, property or right of, any Noteholder or the Security Trustee, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, liens or impositions (collectively referred to in this paragraph as "charges") which, under the terms of this Security Agreement, are required to be paid by the Debtor. If the Security Trustee obtains an opinion of counsel for purposes of making such determination, the Debtor shall reimburse the Security Trustee for any reasonable legal fees incurred in obtaining such legal opinion. No contest which would otherwise be a Permitted Contest shall be carried on or maintained by the Debtor after the time limited for the payment of any such charges unless the Debtor, at its option, (i) shall pay the amount involved under protest, or (ii) shall procure and maintain a stay of all proceedings to enforce any collection of such charges, together with all penalties, interest, costs and expenses, by a deposit of a sufficient sum of money or by a good and sufficient undertaking as may be required or permitted by law to accomplish such stay, or (iii) shall deposit with the Security Trustee, as security for the performance by the Debtor of its obligations hereunder with respect to such charges, an amount equal to the principal of the contested charges, plus such further amounts as the Security Trustee may reasonably require from time to time to cover all penalties, interest, costs and expenses that may accrue during the period of the contest. In the event any such contest is made by the Debtor, the Debtor shall, within five days after final determination thereof, fully pay and discharge the amount determined to be due in any such contest, together with all penalties, fines, interest, costs or expenses that may have accrued thereon or that may result from any such action by the Debtor, whereupon if no Event of Default shall have occurred and be continuing, the Security Trustee shall return to the Debtor all amounts, if any, deposited by the Debtor in accordance with clause (iii) of the third sentence of this paragraph.

"Permitted Encumbrances" shall with respect to the Project mean (i) the security interest of the Security Trustee hereunder; (ii) any liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any liens of mechanics, suppliers, materialmen and laborers for work or service performed or materials furnished in connection with the Project which are not

due and payable or the amount or validity of which is being contested by a Permitted Contest; (iv) rights reserved to or vested in any government or public authority to condemn or appropriate the Project or control or regulate the Project or the use of the Project in any manner; and (v) restrictions and minor defects, encumbrances and irregularities in the title to the Land which, in the aggregate, do not materially impair the use of the Project or materially and adversely affect the value thereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Power Company" shall mean Idaho Power Company, a Maine corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Power Sales Agreement" shall mean the Agreement dated February 15, 1983, as amended by Amendment No. 1 thereto dated as of March 1, 1983, in each case between the Koyles and the Debtor, joint venturers, and the Power Company and substantially in the form attached to the Note Agreement as Exhibit E, as assigned to the Debtor pursuant to the Assignment Agreement.

"Project" shall mean the hydroelectric facility known as the Koyle Ranch Hydroelectric Project, comprised of the Land, the Water Rights and the Facility.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchaser" shall mean New England Mutual Life Insurance Company, and its successors and assigns under the Note Agreement.

"Register" is defined in Section 2.3 hereof.

"Registered Note" is defined in Section 2.3 hereof.

"Reserve Fund" shall mean the reserve fund created pursuant to Section 6 hereof.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Water Agreement" shall mean the Agreement dated May 4, 1983, between the Canal Company and John H. Koyle, substantially in the form attached to the Note Agreement as Exhibit D, as assigned to the Debtor pursuant to the Assignment Agreement.

"Water Rights" is defined in Division II of the granting clauses hereof.

Terms not otherwise defined herein shall have the respective meanings assigned thereto in the Note Agreement.

SECTION 2. EXECUTION, PAYMENT, REGISTRATION, ETC. OF NOTES.

Section 2.1. Execution of Notes. The Notes shall be signed on behalf of the Debtor by any person who, at the date of the actual execution of such Note, shall be a proper officer of the Debtor. Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto shall be entitled to the benefits of this Mortgage or be valid or obligatory for any purpose. Such certificate by the Security Trustee upon any Note executed by the Debtor shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Mortgage. The authentication by the Security Trustee of any Note issued hereunder shall not be construed as a representation or warranty by the Security Trustee as to the validity or security of this Mortgage or of such Note, and the Security Trustee shall in no respect be liable or answerable for the use made of such Note or the proceeds thereof. The Security Trustee shall, upon presentation to it of Notes duly executed on behalf of the Debtor, authenticate such Notes upon the written request of the Debtor so to do and shall thereupon deliver such Notes to or upon the written order of the Debtor signed by the President or a Vice President of the Debtor.

Section 2.2. Payment of Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.2, if any Note is held by a Noteholder, other than the Security Trustee, named in a written notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Note and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such Noteholder at its address appearing on the Register as defined in Section 2.3 and such holder (or person for

whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer and notation as provided in Sections 2.4 and 2.5. Upon written notice from any Noteholder, other than the Security Trustee, or its nominee given not less than 30 days prior to the payment or prepayment of the Notes, the Security Trustee will cause all payments and prepayments of the principal of, and premium, if any, and interest on the Notes held by such Noteholder or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve Funds to such bank, on each such date such payment or prepayment is due, provided that such bank has facilities for the receipt of a wire transfer. The Security Trustee will transmit any such wire transfer from its offices not later than 10:00 A.M., Salt Lake City, Utah time on each such date payment or prepayment is due.

Section 2.3. Registered Notes; the Register. The Notes shall be issuable as fully registered Notes in the form attached hereto as Exhibit A. The Debtor shall cause to be kept at the principal office of the Security Trustee a register for the registration and transfer of Registered Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

Section 2.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal office of the Security Trustee. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in aggregate principal amount equal to the original principal amount of the Note so surrendered, and the Security Trustee shall authenticate and deliver such new Note or Notes to such transferee.

(b) The holder of any Note may at any time surrender such Note at the principal office of the Security Trustee in exchange for an equal aggregate principal amount of Notes.

(c) All Notes presented or surrendered for transfer shall be accompanied by a written instrument or instruments of assignment or transfer, in form satisfactory to the Security Trustee, duly executed by the holder or by its attorney duly authorized in writing. The Debtor and the Security Trustee shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any Interest Payment Date with respect thereto.

(d) No notarial seal shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.4, and

the holder of any Note issued as provided in this Section 2.4 shall be entitled to any and all rights and privileges granted under this Mortgage to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Security Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Debtor and to the Security Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Security Trustee such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Security Trustee the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Purchaser or its nominee is the owner of any mutilated, destroyed, lost or stolen Note, then the affidavit of its President, Vice President, Assistant Vice President, Treasurer, Secretary or Assistant Secretary in form reasonably satisfactory to the Debtor and the Security Trustee setting forth the fact of destruction, loss or theft and the Purchaser's ownership of the Note at the time of such mutilation, destruction, loss or theft shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of the Purchaser, in form reasonably satisfactory to the Debtor and the Security Trustee, to indemnify the Debtor and the Security Trustee.

Section 2.5. The New Notes.

(a) Each new Note (herein, in this Section 2.5, called a "New Note") issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 2.5, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the

original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 2.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Mortgage to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Mortgage, the Security Trustee shall deliver to the holder thereof an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment.

Section 2.6. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Security Trustee for cancellation or, if surrendered to the Security Trustee, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Mortgage. The Security Trustee shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made. All such cancelled Notes shall be held by the Security Trustee until this Mortgage shall have been discharged, at which time the Security Trustee shall either deliver such cancelled Notes in a manner necessary to effect the discharge and release of this Mortgage or, if no such delivery is necessary, such Notes shall be delivered to or disposed of as directed by the Debtor.

Section 2.7. Security Trustee as Agent. The Security Trustee is hereby appointed the agent of the Debtor for the payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.2, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Mortgage may be served or made at, the principal office of the Security Trustee.

Section 2.8. Ownership. The Person in whose name any Note shall be registered shall be deemed and treated as the owner

thereof for all purposes of this Mortgage and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Security Trustee may deem and treat the registered owner of any Note as the owner and holder thereof without production of such Note.

SECTION 3. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees for the benefit of the Security Trustee and the holders of the Notes as follows:

Section 3.1. Further Assurances. The Debtor agrees that at any time and from time to time, upon the written request of the Security Trustee, the Debtor will promptly and duly execute and deliver any and all such further instruments and documents as the Security Trustee may deem desirable in obtaining the full benefit of the security intended to be afforded hereby and of the rights and powers herein granted.

Section 3.2. Acts of Debtor. The Debtor hereby warrants and represents that it has the right, power and authority to grant, bargain, sell, release, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and create a security interest in, the mortgaged property unto the Security Trustee for the uses and purposes herein set forth and that the Debtor has good title to the mortgaged property free and clear of all liens, charges and other encumbrances whatsoever, subject to Permitted Encumbrances. Without limiting the foregoing, the Debtor hereby further warrants and represents that it has not assigned or pledged (except to the Construction Lender, which assignment and pledge has been terminated and released concurrently with the delivery of this Mortgage), and hereby covenants that it will not assign or pledge, so long as this Mortgage shall remain in effect, any of its right, title or interest in and to the mortgaged property, to anyone other than the Security Trustee.

Section 3.3. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Security Trustee, become and be subject to the lien and security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.3 contained shall be deemed to modify or change the obligation of the Debtor under Section 3.1 hereof.

Section 3.4. Actions with Respect to Mortgaged Property. The Debtor will not without the written consent of the Security Trustee:

(a) declare a default or exercise the remedies of seller or assignee, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Power Sales Agreement, the Assignment Agreement, the Assignment of Water Rights, the Water Agreement or the FERC Exemption (except as otherwise expressly provided herein); or

(b) receive or collect or permit the receipt or collection of any payment of moneys payable under the the Power Sales Agreement, prior to the date for the payment thereof provided for thereby or assign, transfer or hypothecate (other than to the Security Trustee hereunder) any moneys then due or to accrue in the future under the Power Sales Agreement; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee hereunder) its interest in the Project or any part thereof or in any amount to be received by it from the use or disposition of the Project.

Section 3.5. Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Security Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (i) to ask, demand, collect, receive and receipt for any and all income and other sums which are assigned under the granting clauses hereof and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and (ii) without limiting provisions of the foregoing clause (i) hereof, during the continuance of any Event of Default under this Mortgage, to sue for, compound and give acquittance for, to settle, adjust or compromise any claim for any and all such income and other sums which are assigned under the granting clauses hereof as fully as the Debtor could itself do, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such income and other sums and the security intended to be afforded hereby.

Section 3.6. Taxes. The Debtor agrees to pay all license and registration fees and all taxes, assessments (including without limitation all assessments for public improvements or benefits), water, sewer and other rents, rates and charges, excises, license fees, permit fees, inspection fees, levies, .

imposts, duties, charges or withholdings of any nature whatsoever, including without limitation sales, gross receipts, use or similar taxes, together with any penalties, fines or interest thereon imposed against the Debtor or the mortgaged property or any part thereof by any Federal, state or local government or taxing authority in the United States, upon or with respect to the mortgaged property or any part thereof.

Section 3.7. Insurance.

(a) Required Insurance Coverages and Limits. The Debtor agrees that it will at its own cost and expense at all times (i) keep the Project insured against loss by fire, windstorm, explosion and flood and with extended coverage and against all such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor, in an amount not less than the principal amount of the Notes from time to time outstanding together with accrued and unpaid interest thereon, and (ii) maintain general public liability insurance with respect to the Project against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $1,000,000 combined single limit in respect of bodily injury, death and damage to property of others. Any such insurance described in clauses (i) and (ii) above may, with the written consent of the Security Trustee, have applicable thereto deductible provisions of not more than $100,000 provided that such deductible provisions shall not be higher than one customarily carried by companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor or by the Debtor for similar such plants which it owns or operates. All such insurance shall cover the interests of the Debtor in the Project or, as the case may be, shall protect the Security Trustee and the Debtor in respect of public liability risks arising out of the condition, maintenance, use, ownership or operation of the Project and shall provide that losses, if any, in respect of the Project shall be payable to the Security Trustee (except as provided below) under a standard mortgage loss payable clause satisfactory to the Security Trustee. The Debtor also agrees that it will at all times during the term maintain all-risk business interruption insurance, in form and substance satisfactory to the Security Trustee, with respect to the Project, including coverage against loss from earthquake and flood, in an amount at least equal to $1,622,500, provided that if at any time and from time to time payments pursuant to paragraph (B) of Article IV of the Power Sales Agreement in the aggregate for any period are less than the principal and interest due on the Notes during such period, the Debtor shall obtain and maintain insurance coverage, satisfactory to the Security Trustee, insuring against loss from the interruption of business as a result of high or low water flow at the Project, until the end of any subsequent quarter in which such

payments under the Power Sales Agreement were in the aggregate in excess of such principal and interest due during such quarter. Any such business interruption insurance (including such high and low water insurance) shall provide for all payments thereunder to be made to the Security Trustee for application by the Security Trustee pursuant to Section 5 hereof. Debtor agrees to effect all insurance provided for in this Section 3.7 with good and responsible insurance companies not reasonably objected to by the Security Trustee. All such policies shall provide that the same shall not be cancelled or terminated without at least 30 days' prior written notice to the Security Trustee, and shall provide for at least 30 days' prior written notice to the Security Trustee as of the date on which such policies shall terminate by lapse of time if not renewed. No such policy shall contain a provision (i) under which the Debtor is a co-insurer, or (ii) relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Project against the peril involved, whether collectible or not, or by reason of the breach or violation by Debtor of any warranties, declarations or conditions contained in such policies. Any such insurance may be carried under blanket policies maintained by the Debtor so long as such policies otherwise comply with the provisions of this Section 3.7(a). If general public liability insurance shall be carried under any blanket policy which is subject to aggregate annual claim limitations, the Debtor shall keep the Security Trustee advised from time to time of the amount of any such limitations.

(b) Adjustment of Losses. The loss, if any, under any insurance covering the Project required to be carried by paragraph (a) of this Section shall be adjusted with the insurance companies by the Debtor, or otherwise collected, including the filing of proceedings deemed advisable by the Debtor, subject to the approval of the Security Trustee if the loss exceeds $10,000. The loss so adjusted shall be paid to the Security Trustee unless the amount thereof is $10,000 or less, in which case such amount shall be paid directly to the Debtor. All such policies shall provide that the loss, if any, under such insurance shall be adjusted and paid as provided in this Mortgage.

(c) Evidence of Insurance. The Debtor shall furnish the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and shall with respect to any renewal policy or policies, furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. Each such certificate or other evidence of insurance shall identify the insurance carrier, the type of insurance, the coverage limits and the policy term. On or before the Closing Date and March 1 in each year hereafter, the Debtor will deliver to the Security Trustee a report by a firm of independent insurance brokers (which may be the Debtor's regular insurance agency) chosen by the Debtor and satisfactory to

the Security Trustee setting forth the insurance obtained by the Debtor pursuant to this Section 3.7 and then in effect and stating that, in the opinion of such firm, such insurance complies with the requirements of this Section 3.7.

Section 3.8. Maintenance, Replacement of Parts; Alterations, Modifications and Additions.

(a) Maintenance. The Debtor at its sole cost and expense shall maintain, service and repair the Project to keep it in satisfactory operating condition (normal wear and tear excepted) so as to fulfill its original functional purpose to the same extent as the Debtor, in the prudent management of its own properties, maintains, services and repairs similar property owned by it and in any event, to the extent required to maintain the Project in good repair and in compliance with all applicable laws, rules and regulations noncompliance with which would materially adversely affect the Project or the operation thereof. In the event of any damage to or destruction of the Project, or any part thereof, by fire or other casualty, unless such damage or destruction shall constitute a Casualty Occurrence, the Debtor shall, at its own expense, with reasonable promptness, repair, restore or rebuild the same so that upon the completion of such repair, restoration or rebuilding the value and utility of the Project shall be at least equal to the value and utility of the Project immediately prior to the happening of such casualty.

(b) Replacement of Parts. The Debtor, at its sole cost and expense, will, with reasonable promptness, replace all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this paragraph collectively called "Components") which may from time to time be incorporated or installed in or attached to the Project and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use by damage or obsolescence. All replacement Components shall be free and clear of all liens and rights of others except Permitted Encumbrances and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Components replaced assuming such replaced Components were in the condition and repair required to be maintained by the terms hereof.

The Debtor at its sole cost and expense, will, with reasonable promptness, replace all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this Section 3.8 collectively called "Parts") which may from time to time constitute a part of the Facility and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use by damage or obsolescence. All replacement Parts shall be free and clear of

all liens and rights of others except Permitted Encumbrances and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof.

(c) Required Alterations. The Debtor, at its sole cost and expense, shall, with reasonable promptness, make such alterations, modifications and additions (herein for the purpose of this Section 3.8 collectively called "Alterations") to the Project as may be required from time to time to meet the requirements of applicable law or of any Federal, state or local governmental authority having jurisdiction.

(d) Optional Alterations. In addition to the foregoing, the Debtor at its own expense, may from time to time make such Alterations to the Facility as the Debtor may deem desirable in the proper conduct of its business and which are not inconsistent with the continuing operation of the Facility in accordance with its original functional purpose; provided, that any such Alteration made by the Debtor pursuant to this paragraph shall not diminish the value or utility of the Facility below the value and utility thereof immediately prior to such Alteration, assuming the Facility was then in the condition and repair required to be maintained by the terms of this Mortgage.

(e) Reports of Alterations. On or before March 1 of each calendar year after the date of this Mortgage, the Debtor shall furnish the Security Trustee with a report describing in reasonable detail all Alterations to the Facility of the character referred to in this Section 3.8 involving, in any case, a cost to the Debtor in excess of $20,000 which have been made during the period from the date of this Mortgage in the case of the first such report or during the period from the last previous report in the case of all subsequent reports.

Section 3.9. Location and Use. The Debtor agrees that the Facility will be used solely in the conduct of its business and will at all times be and remain in the exclusive possession and control of the Debtor on the Land, provided that the Debtor may deliver possession of any part or portion of the Facility to any manufacturer, contractor or supplier designated by the Debtor, for purposes of realizing the benefits of any warranty or in order to comply with the obligations and rights of the Debtor under Section 3.8 hereof, but the rights of any such party in possession of such part or portion of the Facility shall be subject and subordinate to the terms of this Mortgage, including without limitation, the right of the Security Trustee to take possession of the Facility pursuant to Section 7.2 hereof. In the event that pursuant to the foregoing sentence hereof any part or portion of the Facility having a value in excess of $20,000 is removed from the Land, the Debtor shall give the Security Trustee not less than

ten days' prior written notice of such intended removal and shall deliver to the Security Trustee promptly after such removal and in any event within 15 days thereafter the opinion of the Debtor's counsel that such removal shall not impair or adversely affect the security interest in such part or portion of the Facility of the Debtor, that all necessary recordings and filings under applicable law have been duly made in the public offices wherein such recordings or filings are necessary to protect the validity and effectiveness of this Mortgage and that all fees, taxes and charges payable in connection therewith have been paid in full by the Debtor. The Debtor covenants and warrants that the Project will at all times be used and operated under and in compliance with the laws of the jurisdiction in which it may be operated, and in compliance with all lawful acts, rules, regulations and orders of any commissions, boards or other legislative, executive or judicial bodies or officers having power to regulate or supervise the use of such property; provided, however, the Debtor may in good faith contest in any reasonable manner the application of any such rule, regulation or order to the extent that such contest, in the opinion of independent counsel for the Security Trustee, will prevent the forfeiture or sale of the Project or any portion thereof and will not have any adverse effect on the lien and security interest of the Security Trustee in the Project or any portion thereof hereunder.

Section 3.10. Liens. The Debtor agrees that it will keep the Project free and clear of any and all liens, charges and encumbrances other than Permitted Encumbrances.

Section 3.11. Marking. The Debtor covenants and warrants that each major component of the Facility is plainly, permanently and conspicuously marked by stencilling or by a metal tag or plate affixed thereto, and a marker or sign placed in the area of the principal entrance to the Facility, each setting forth the following legend:

> THIS FACILITY IS OWNED BY BONNEVILLE PACIFIC CORPORATION AND IS SUBJECT TO A MORTGAGE AND SECURITY INTEREST GRANTED TO FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, AS SECURITY TRUSTEE.

The Debtor covenants and agrees to replace any stencilling, tag or plate and sign or marker which may be removed or destroyed or become illegible and to indemnify the Security Trustee against any liability, loss or expense incurred by it as a result of the failure to maintain such markings.

Section 3.12. Consolidation, Merger and Sale of all Assets. The Debtor will not merge or consolidate with any other corporation or sell, lease or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, unless (i) in any such transaction the rights and powers of the

Security Trustee and the Noteholders will not be adversely affected, (ii) immediately after such transaction, no Default or Event of Default shall have occurred and be continuing, and (iii) if the Debtor is a party to the merger or consolidation or is the transferring corporation, any corporation which is to be the surviving or acquiring corporation in such transaction (A) shall be a corporation organized and existing under the laws of the United States of America or a state thereof, (B) shall (unless the Debtor is the survivor), by agreement in writing, expressly assume the due and punctual payment of the principal of and premium, if any, and interest on the Notes and the due and punctual performance and observance of all the covenants and provisions of this Mortgage and the other Operative Agreements to which the Debtor is a party, and (C) shall, immediately after giving effect to such transaction, have a net worth and net current assets not less than the net worth and the net current assets, respectively, of the Debtor immediately prior to such transaction. The Debtor agrees that in the event the Debtor is merged with another corporation, is consolidated with another corporation or sells all or substantially all of its assets, then within 30 days thereafter the Debtor will deliver to the Security Trustee an Officer's Certificate stating that such merger, consolidation or sale was consummated in accordance with this Section and attaching a true copy of the assumption referred to in clause (iii)(B) above and an opinion of counsel stating that (x) such merger, consolidation or sale does not adversely affect the rights of the Security Trustee or the Noteholders, (y) the surviving or successor corporation is duly organized and validly existing under the laws of the United States of America or a state thereof and (z) (unless the Debtor is the surviving corporation) the surviving or successor corporation has effectively assumed all of the Debtor's obligations hereunder and under the other Operative Agreements and such obligations are fully enforceable against such corporation.

Section 3.13. Financial Statements and Reports; Inspection and Certificates.

(a) Financial Statements and Other Reports. The Debtor agrees that it will maintain its financial statements in a manner which fairly presents the financial condition of the Project and the results of the Project's operations and changes in its financial position in accordance with generally accepted accounting principles consistently applied. The Debtor will furnish to the Security Trustee and each Noteholder:

(i) Quarterly Statements - As soon as practicable after the end of the first, second, and third quarterly fiscal periods in each fiscal year of the Debtor, and in any event within 60 days thereafter, duplicate copies of financial statements covering operations of the Project, setting forth in each case in comparative form the amount for the corresponding periods of the preceding fiscal

year, all in reasonable detail and attested as complete and correct in all material respects, subject to changes resulting from fiscal year-end adjustments, by a financial officer of the Debtor.

(ii) Annual Statements - As soon as practicable after the end of each fiscal year, and in any event within 120 days thereafter, duplicate copies of financial statements covering operations of the Project, setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an opinion of a firm of independent certified public accountants of recognized national standing stating that such financial statements present fairly the financial condition of the Project and have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur);

(iii) Notice of Default or Claimed Default - Immediately upon becoming aware of the existence of a Default or an Event of Default, a written notice specifying the nature of the Default or Event of Default or claimed default and what action the Debtor is taking or proposes to take with respect thereto;

(iv) Information in Respect of Damages Etc. - Such information and data as the Security Trustee or any Noteholder may from time to time request as to location and the existence and status of any claims for damages (whether against the Project or against the Debtor) arising out of the use, operation or condition of the Project and such other data pertinent to the Project and the condition, use, repair and operation thereof as any such party from time to time may reasonably request. Without limiting the foregoing, the Debtor agrees that, without any such request, it will furnish the Security Trustee and each Noteholder with prompt written notice of (x) any claim for damages arising out of the use, operation or condition of the Project if the amount of such claim exceeds $10,000 and (y) any damage, loss, theft or destruction, partial or complete, of any of the Project, if the amount thereof exceeds $10,000; and

(v) Request for Information - Such other information as the Security Trustee or any Noteholder may reasonably request.

(b) Officer's Certificate. Each set of financial statements delivered by the Debtor pursuant to this Section will be accompanied by an Officer's Certificate stating that the signer has reviewed the relevant terms of this Mortgage and the other

Operative Agreements and has made, or caused to be made, under his supervision, a review of the transactions and conditions of the Debtor from the beginning of the fiscal period covered by the statements of operations being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default or Default, or, if any such condition or event existed or exists, specifying the nature and period of existence and what action the Debtor has taken or proposes to take with respect thereto.

(c) Project Report. Each set of financial statements of the Debtor delivered pursuant to this Section will be accompanied by a report of an officer of the Debtor familiar with the status and condition of the Project which describes the status, condition and location of the Project, including whether any part of the Project is not then in the condition required by this Mortgage and, if so, what the Debtor is doing or intends to do in connection therewith.

(d) Inspection. Subject to the Debtor's reasonable safety and security requirements, the Debtor will permit any representative of the Security Trustee or any Noteholder (in the case of any such party, at such party's risk and expense) to visit and inspect the Project, and to discuss the affairs, finances and accounts with respect thereto and with respect to the Debtor with the officers and (after notice to the Debtor) independent certified public accountants (and by this provision, the Debtor authorizes said accountants to discuss with such representative the finances and affairs of the Debtor), all at such reasonable times and as often as may be reasonably requested.

Section 3.14. Opinions of Counsel. The Debtor agrees at its own expense to furnish to the Security Trustee (i) promptly after the execution and delivery of any supplement and amendment hereto, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that in the opinion of such counsel, such supplement or amendment to this Mortgage (or a financing statement, continuation statement or similar notice thereof if and to the extent required by applicable law) has been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the lien and security interest provided by this Mortgage as a valid first lien and security interest in the Project, and (ii) within 30 days prior to March 1 in each year beginning in 1985, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that this Mortgage (or financing statements or similar notices thereof if and to the extent required by applicable law) have been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the security interest provided by the Mortgage as a valid first lien and security

interest in the Project, and stating the requirements of applicable law with respect to the rerecording or refiling of this Mortgage (or financing statements, continuation statements or similar notices thereof to the extent required by applicable law) prior to March 1 of the succeeding year in order to maintain such rights, titles and interests of the Security Trustee.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 4.1. Possession of Mortgaged Property. So long as no Event of Default has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Project and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use thereof shall at all times be subject to the observance and performance of the terms of this Mortgage.

Section 4.2. Release of Parts. The Security Trustee shall, upon request of the Debtor, execute a release in respect of any part or parts of the Facility which are removed and replaced in accordance with the provisions of Section 3.8(b) hereof.

Section 4.3. Condemnation. The Debtor immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the mortgaged property or any portion thereof, shall notify the Security Trustee of the pendency of such proceedings. The Security Trustee may participate in any such proceedings, and the Debtor from time to time will deliver or cause to be delivered to the Security Trustee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable to the Debtor shall be paid to the Security Trustee, and such award or compensation shall be retained by the Security Trustee as part of the mortgaged property and applied in accordance with Section 5.1(d) hereof. The Security Trustee shall be under no obligation to question the amount of the award or compensation and the Security Trustee may accept any such award or compensation. In any such condemnation proceedings the Security Trustee may be represented by counsel.

Section 4.4. Release of Facility - Consent of Noteholders. In addition to the release pursuant to the foregoing sections, the Debtor may sell or otherwise dispose of the Land or any portion thereof then subject to the lien of this Mortgage, and the Security Trustee shall release the same from the lien and security interest hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of all the Indebtedness Hereby Secured.

Section 4.5. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 5. APPLICATION OF ASSIGNED MONEYS RECEIVED BY THE SECURITY TRUSTEE.

Section 5.1. Application of Moneys. As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Security Trustee a security interest in, among other things, the amounts payable by the Power Company pursuant to the Power Sales Agreement, as security for the Notes. The Debtor has also agreed, pursuant to the terms hereof that condemnation awards and insurance proceeds (to the extent herein provided) shall be paid to the Security Trustee for application hereunder. So long as no Event of Default has occurred and is continuing to the knowledge of the Security Trustee:

(a) Payments under Power Sales Agreement. The amounts from time to time received by the Security Trustee which constitute payments under the Power Sales Agreement shall be applied as follows:

FIRST, on each monthly anniversary of the original issuance of the Notes, to the payment of operating expenses in accordance with Schedule 1 hereto as evidenced by an Officer's Certificate of the Debtor setting forth the actual amount of such expenses incurred during the immediately preceding quarterly period; and

SECOND, on each Interest Payment Date to replenish the Reserve Fund of moneys applied to the payment of the Notes pursuant to Section 6.2 hereof; and

THIRD, on (i) each monthly anniversary of the original issuance of the Notes that is not an Interest Payment Date, the Security Trustee shall set aside and hold pursuant to this Section 5.1(a) moneys in the amount of one-third of the next succeeding installment of principal and interest on the Notes and pay the balance of the amounts constituting payments under the Power Sales Agreement to or upon the order of the Debtor, and (ii) each Interest Payment Date,

the Security Trustee shall apply the amounts set aside pursuant to clause (i) above together with such other amounts received by the Security Trustee constituting payments under the Power Sales Agreement due on or before such Interest Payment Date as are necessary to the payment of the installments of principal and interest (and, in each case, first to interest and then to principal) on the Notes due on such Interest Payment Date; and

FOURTH, on each Interest Payment Date, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

Moneys held pursuant to this Section 5.1(a) shall be invested by the Security Trustee in Eligible Securities as directed by the Debtor or failing such timely direction, as the Security Trustee shall determine; provided, that such Eligible Securities shall mature not later than the monthly anniversary of the original issuance of the Notes next succeeding the receipt of such moneys. Interest paid in respect of such Eligible Securities shall be applied in the manner provided for in this Section 5.1(a).

(b) Business Interruption Insurance Proceeds. The amount, if any, received by the Security Trustee which constitutes payment on any business interruption insurance policy (including coverage against high and low water flows) shall be held, invested and applied in the manner set forth in Section 5.1(a) hereof, except that (i) all moneys received under the Power Sales Agreement shall be applied before any application of moneys under this Section 5.1(b), and (ii) no distribution shall be made to the Debtor unless such interruption shall have ceased.

(c) Insurance Proceeds. The amounts received by or payable to the Security Trustee from time to time which constitute insurance proceeds in respect of any damage to or destruction of the Facility or any part thereof (less the actual costs, fees and expenses incurred in the collection thereof) shall be applied or dealt with as follows:

(1) All such proceeds actually received on account of any such damage or destruction other than a Casualty Occurrence shall be paid over to the Debtor or as it may direct from time to time, as restoration, replacement, rebuilding, alterations and additions ("Restoration")

progress, to pay (or reimburse the Debtor for) the cost of Restoration, if the amount of such proceeds received by the Security Trustee, together with such additional amounts, if any, theretofore expended by the Debtor out of its own funds for Restoration are sufficient to pay the estimated cost of completing Restoration, but only upon a written application of the Debtor accompanied by an Officer's Certificate of the Debtor showing in reasonable detail the nature of Restoration, the actual cash expenditures made to date for Restoration, the estimated cost (which shall be verified by an accompanying certificate of an engineer or architect not an employee of the Debtor) to complete Restoration and stating that no Default or Event of Default has occurred and is continuing to the knowledge of the Debtor. Upon the written request of the Debtor, accompanied by evidence satisfactory to the Security Trustee that Restoration has been completed and the costs thereof paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid over or assigned to the Debtor or as it may direct, upon receipt by the Security Trustee of a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor), to grant a lien and security interest in any additions to or substitutions for the Facility to the Security Trustee, which opinion shall also cover the filing and/or recording of such supplement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect the lien and security interest in such additions or substitutions, or in the alternative an opinion that no such supplement is required for such purpose.

Upon the payment and satisfaction of all Indebtedness Hereby Secured, all such insurance proceeds shall be released to or upon the order of the Debtor.

(2) All such proceeds actually received on account of any such damage or destruction which constitutes a Casualty Occurrence shall be applied first, to the payment of the unpaid principal balance of the Notes, together with accrued interest thereon to the date of prepayment, and second, the balance to or upon the order of the Debtor.

(d) Condemnation Awards. Except in the case of a Condemnation, any amounts received by the Security Trustee from time to time which constitute the award, compensation or damages payable for the condemnation or taking of all or any part of the Facility for any public or quasipublic use (less the actual costs, fees and expenses incurred in the collection thereof) shall be applied to the cost of Restoration in the same manner and subject to the same conditions as provided in Section 5.1(c)(1) hereof with respect to insurance proceeds. Upon the written request of the Debtor, accompanied by evidence satisfactory to the Security Trustee that Restoration has been completed and the cost thereof has been paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such award shall be paid over or assigned to the Debtor or as it may direct. Upon the payment and satisfaction of all Indebtedness Hereby Secured, any such award shall be released to or upon the order of the Debtor. In the case of a Condemnation, any amounts received by the Security Trustee which constitute the award, compensation or damages payable therefor shall be applied in the manner set forth in Section 5.1(c)(2) hereof.

Section 5.2. Default. If an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, all amounts received by the Security Trustee shall be applied in the manner provided for in Section 7 hereof in respect of proceeds and avails of the mortgaged property. If a Default which has not matured into an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, such amounts shall be held by the Security Trustee until either (i) such Default shall have been cured or waived, or (ii) the first sentence of this Section 5.2 is applicable.

SECTION 6. RESERVE FUND.

Section 6.1. Deposit in Reserve Fund. The Security Trustee hereby acknowledges receipt of the sum of $150,000 for a Reserve Fund as security for the Indebtedness Hereby Secured.

Section 6.2. Reserve Fund Moneys Held as Collateral. All moneys in the Reserve Fund shall be held by the Security Trustee as part of the mortgaged property and to the extent sums paid under the Power Sales Agreement or the business interruption insurance policy are not sufficient to pay operating expenses and the Notes as contemplated by clauses FIRST and THIRD of Section 5.1(a) hereof and by Section 5.1(b) hereof, moneys held in the Reserve Fund shall be applied to the payment of operating

expenses and the Notes in the manner and order contemplated as set forth in said clauses FIRST and THIRD of Section 5.1(a).

Section 6.3. Investment of Reserve Fund Moneys. Moneys in the Reserve Fund shall be invested by the Security Trustee in Eligible Securities as directed by the Debtor or failing such timely direction by the Debtor, as the Security Trustee shall determine; provided, that such Eligible Securities shall mature not later than the next succeeding monthly anniversary of the original issuance of the Notes after the investment by the Security Trustee therein. Interest paid in respect of such Eligible Securities shall be applied by the Security Trustee first to replenish the Reserve Fund of moneys applied to the payment of the Notes pursuant to Section 6.2 hereof, and second, the balance, if any, of such interest shall, provided no Default or Event of Default shall have occurred and be continuing, be paid to the Debtor.

SECTION 7. DEFAULTS AND REMEDIES.

Section 7.1. Events of Default. Any of the following occurrences or acts shall constitute an "Event of Default" under this Mortgage:

(a) Default in payment of an installment of the principal of, premium, if any or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for more than 5 days; or

(b) Default on the part of the Debtor in the due observance or the performance of the provisions of Section 3.7 hereof; or

(c) Default on the part of the Debtor in the due observance or the performance of any other covenant or other agreement to be observed or performed by it under this Mortgage or the Note Agreement and such default shall continue unremedied for thirty days after written notice from the Security Trustee to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any material representation or warranty made by the Debtor in the Note Agreement or in any certificate or other statement furnished by the Debtor to the Security Trustee or the Purchaser in connection with the execution and delivery of the Note Agreement or made on the Closing Date under the Note Agreement shall prove to be untrue in any material respect as of the date of the issuance or making thereof; or

(e) The Debtor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against the Debtor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 days; or

(g) Final judgment or judgments for the payment of money aggregating in excess of $50,000 shall be outstanding against the Debtor and any one of such judgments has been outstanding for more than 30 days from the date of its entry and has not been discharged in full or stayed; or

(h) Default shall have occurred and be continuing for ten days under the Power Sales Agreement, or the Power Sales Agreement shall cease to be in full force and effect for any reason whatsoever; or

(i) Default shall have occurred and be continuing under the Water Agreement for a period of 20 days, or the Water Agreement shall cease to be in full force and effect for any reason whatsoever.

Section 7.2. Security Trustee's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, the Security Trustee may, without limitation of all other rights and remedies available at law or in equity in such event, exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative

and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Security Trustee may, and upon the written request of the holders of at least 25% in principal amount of the Notes then outstanding shall, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable, and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Security Trustee personally, or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to enter into and upon all or any part of the mortgaged property and to exclude the Debtor wholly therefrom, and having and holding the same may use, operate, manage and control the mortgaged property and conduct the business thereof and to collect and receive all earnings, revenues, rents, issues, proceeds and income of the mortgaged property and every part thereof and may maintain, repair and renew the mortgaged property and make replacements, alterations, additions and improvements thereto or remove and dispose of any portion of the mortgaged property and may otherwise exercise any and all of the rights and powers of the Debtor in respect thereof.

(c) The Security Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property, or any part thereof, or interest therein, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the mortgaged property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Security Trustee or the holder or holders of any Notes, or of any interest therein, may bid and become the purchaser at any such sale.

(d) The Security Trustee may proceed to protect and enforce this Mortgage and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or, subject to the provisions of Section 9 hereof, for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) The Security Trustee may proceed to exercise all rights, privileges and remedies of the Debtor under the Agreements described in Division V and VI of the granting clauses hereof and may exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee.

Section 7.3. Acceleration Clause. In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the principal of and premium, if any, on the Notes, if not previously due, and the interest accrued thereon and all other sums required to be paid by the Debtor pursuant to this Mortgage, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use any Note or Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 7.4. Waiver by Debtor. To the extent now or at any time hereafter enforceable under applicable law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction, nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the

property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Debtor, acquiring any interest in or title to the mortgaged property or any part thereof subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 7.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

Section 7.6. Application of Sale and Other Proceeds. The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee or the holder or holders of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

Second, to the payment of the whole amount then due, owing and unpaid upon the Notes for principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid premium, if any, and interest, with application on each Note to be made, first, to the unpaid principal thereof, second, to unpaid premium, if any, thereon, and third, to unpaid interest thereon; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 7.7. Discontinuance of Remedies. In case the Security Trustee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Security Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the lien and security interest created under this Mortgage.

Section 7.8. Cumulative Remedies. No delay or omission of the Security Trustee or of the holder of any Note to exercise any right or power arising from any default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Mortgage or any rights, powers or remedies hereunder, nor shall the Security Trustee or the holder of any Note be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 8. THE SECURITY TRUSTEE.

The Security Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:

Section 8.1. Duties of Security Trustee. The Security Trustee undertakes (i) except while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to perform such duties and only such duties as are specifically set forth in this Mortgage, and (ii) while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Mortgage and to use the same degree of care and skill in their exercise as an ordinary prudent

man would exercise or use under the circumstances in the conduct of his own affairs.

The Security Trustee upon receipt of instruments furnished to the Security Trustee pursuant to the provisions of this Mortgage shall examine the same to determine whether or not such instruments conform to the requirements of this Mortgage.

Section 8.2. Security Trustee's Liability. No provision of this Mortgage shall be construed to relieve the Security Trustee from liability for its own negligent action, negligent failure to act, or its own wilful misconduct, except that:

(a) unless an Event of Default actually known to the Security Trustee shall have occurred and be continuing, the Security Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Mortgage and no implied covenants or obligations shall be read into this Mortgage against the Security Trustee but the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Mortgage; and

(b) in the absence of bad faith on the part of the Security Trustee, the Security Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, opinion of counsel, Note, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report, stock certificate, or other paper or document believed by the Security Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties; and

(c) in the absence of bad faith on the part of the Security Trustee, whenever the Security Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officers' Certificate; provided, however, that the Security Trustee, or such agent, representative, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable; and

(d) the Security Trustee may consult with counsel and the advice or opinion of such counsel shall be full

and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel; and

(e) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the holders of the Notes; and

(f) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts; and

(g) the Security Trustee shall not be deemed to have knowledge of any Default or Event of Default unless and until an officer of the Corporate Trust Department of the Security Trustee who customarily handles corporate trusts shall have actual knowledge thereof or the Security Trustee shall have received written advice thereof from the holder of any Note; and

(h) whether or not an Event of Default shall have occurred, the Security Trustee shall not be under any obligation to take any action under this Mortgage which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Mortgage, unless and until it is requested in writing so to do by one or more holders of Notes outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; and

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Mortgage that the Security Trustee consent to any act or omission by any Person or that the Security Trustee exercise its discretion in any manner, the Security Trustee may (but need not) seek the written acquiescence of the holders of at least 66-2/3% in principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Security Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion, provided, however, holders of 66-2/3% in principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Security Trustee such indemnification as the Security Trustee shall reasonably request, by an instrument in writing delivered to the Security Trustee, to determine which of the remedies herein set forth shall be adopted

and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Mortgage for the enforcement thereof or of the Notes; provided, however, that the Security Trustee shall have the right to decline to follow any such direction if the Security Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to holders of Notes not parties to such direction.

Section 8.3. No Responsibility of Security Trustee for Recitals. The recitals and statements contained herein and in the Notes (except for the Security Trustee's certificate of authentication endorsed on the Notes) shall be taken as the recitals and statements of the Debtor, and the Security Trustee assumes no responsibility for the correctness of the same, nor shall the Security Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Notes by the Debtor or by any other Person.

The Security Trustee makes no representation as to the validity or sufficiency of this Mortgage, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor to the mortgaged property or the descriptions thereof, or the filing or recording or registering of this Mortgage or any other document.

The Security Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Mortgage or of any Property or Securities or the proceeds thereof which shall be released from the lien hereof in accordance with the provisions of this Mortgage.

Section 8.4. Certain Limitations on Security Trustee's Rights to Compensation and Indemnification. Except to the extent otherwise expressly provided in the Operative Agreements, the Security Trustee shall have no right against the holder of any Note for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Debtor under Section 2.4 of the Note Agreement for such payment and indemnification, and it shall have no lien on or security interest in the mortgaged property as security for such compensation, expenses, disbursements and indemnification.

Section 8.5. Status of Moneys Received. All moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder (except as otherwise expressly provided herein). The Security Trustee and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation, or the Security Trustee may act as depositary or otherwise in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

Section 8.6. Resignation of Security Trustee. The Security Trustee may resign and be discharged from the trusts created hereby by delivering notice thereof, by first-class mail postage prepaid to the Debtor and all holders of the Notes at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Security Trustee shall have been appointed as provided in Section 8.8, in which event such resignation shall take effect immediately upon the appointment of such successor Security Trustee.

Section 8.7. Removal of Security Trustee. The Security Trustee may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Notes, other than the Security Trustee, at the time outstanding and delivered to the Security Trustee with a copy to the Debtor, specifying the removal and the date when it shall take effect.

Section 8.8. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes, other than the Security Trustee, at the time outstanding, by an instrument or instruments in writing executed by such Noteholders and filed with such successor Security Trustee.

Until a successor Security Trustee shall be so appointed by the Noteholders, the Debtor shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the Debtor and delivered to the successor Security Trustee. If

all or substantially all of the mortgaged property shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Debtor, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first class mail postage prepaid to each holder of the Notes at the time outstanding.

Any successor Security Trustee so appointed by the Debtor, or such receivers, trustees, custodians, liquidators or assignees, shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes (other than the Security Trustee) then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of Security Trustee, the holder of any Note (other than the Security Trustee) or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

Section 8.9. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the mortgaged property, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any such successor Security Trustee, however, the Debtor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee the title to the mortgaged property and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any Property subject to the lien of this Mortgage which may then be in its possession.

Section 8.10. Eligibility of Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing, organized under the laws of the United States of America or of the States of Illinois, Massachusetts, Utah or Idaho, and having its principal office in the cities of Chicago, Boston, Salt Lake City or Boise, having a capital, surplus and undivided profits aggregating at least $25,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 8.6 hereof.

Section 8.11. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 8.10 hereof, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 8.12. Co-Trustees. (a) At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the mortgaged property may at the time be located, the Debtor and the Security Trustee jointly shall have power and shall execute and deliver all instruments, to appoint one or more persons approved by the Security Trustee, to act as co-trustee, or co-trustees, jointly with the Security Trustee, or separate trustee or separate trustees, of all or any part of the mortgaged property, and to vest in such person or persons in such capacity, such title to the mortgaged property or any part thereof, and such rights, powers, duties, trusts or obligations as the Debtor and the Security Trustee may consider necessary or desirable. If the Debtor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default referred to in Section 7 hereof shall have occurred and be continuing, the Security Trustee alone shall have power to make such appointment.

(b) The Debtor and the Security Trustee hereby jointly appoint First Security Bank of Idaho, National Association, a national banking association qualified to do business in and under the laws of the State of Idaho, as required by Sections 42-206 and 42-207 of the Idaho Code, whose post office address is P.O. Box 7069, Boise, Idaho 83730, Attention: Corporate Trust Department,

to act as co-trustee, jointly with the Security Trustee, for the purpose of holding the lien and security interest granted by the Debtor under this Mortgage in the Water Rights described in Division II of the granting clause hereof and in Exhibit C hereto, and only for such purpose.

SECTION 9. LIMITATIONS OF LIABILITY.

Anything in this Mortgage to the contrary notwithstanding, neither the Security Trustee nor the holder of any Note, nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed against the Debtor in its individual capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever set forth in this Mortgage, from any source other than the mortgaged property. The Security Trustee by the execution of this Mortgage and the holders of the Notes by their acceptance thereof, waive and release any personal liability of the Debtor in its individual capacity for and on account of such indebtedness or such liability, and the Security Trustee and the holders of the Notes agree to look solely to the mortgaged property, including the sums payable pursuant to the Power Sales Agreement, for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the holders of the Notes or the Security Trustee to accelerate the maturity of the Notes upon a default under this Mortgage, to bring suit and obtain a judgment against the Debtor on the Notes, to bring suit and obtain a judgment for damages against the Debtor for the Debtor's gross negligence or wilfull misconduct, or to exercise all rights and remedies provided under this Mortgage or otherwise realize upon the mortgaged property.

SECTION 10. SUPPLEMENTS; WAIVERS.

Section 10.1. Supplemental Indentures Without Noteholder Consent. The Debtor and the Security Trustee from time to time and at any time, subject to the restrictions in this Mortgage contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the lien of this Mortgage additional Property hereafter acquired by the Debtor and intended to be subjected to the lien of this Mortgage and to correct and amplify the description of any property subject to the lien of this Mortgage; or

(c) to permit the qualification of this Mortgage under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect;

and the Debtor covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Mortgage, be waived or modified by such supplemental indentures, or otherwise.

Section 10.2. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of Notes then outstanding (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Mortgage or any indenture supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Mortgage or of any indenture supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the premium, if any, and interest on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any Lien with respect to any of the mortgaged property, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the lien of this Mortgage upon all or any part of the mortgaged property without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee without the consent of the holders of all of the Notes at the time outstanding.

Section 10.3. Notice of Supplements. Promptly after the execution by the Debtor and the Security Trustee of any supplemental indenture or agreement pursuant to the provisions of

Section 10.1 or 10.2 hereof, the Security Trustee shall give written notice, setting forth in general terms the substance of such supplemental indenture or agreement, together with a conformed copy thereof, mailed first-class postage prepaid, to each holder of the Notes at its address set forth in the Register. Any failure of the Security Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or agreement.

Section 10.4. Opinion of Counsel Conclusive as to Supplements. The Security Trustee is hereby authorized to join with the Debtor in the execution of any such supplemental indenture or agreement authorized or permitted by the terms of this Mortgage and to make the further agreements and stipulations which may be therein contained, and the Security Trustee may receive an opinion of counsel selected by the Security Trustee (which may be counsel for the Debtor) as conclusive evidence that any supplemental indenture or agreement executed pursuant to the provisions of this Section 10 complies with the requirements of this Section 10.

SECTION 11. MISCELLANEOUS.

Section 11.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Debtor or by or on behalf of the Security Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 11.2. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.3. Communications. All communications provided for herein shall be in writing. Communications to the Debtor or the Security Trustee shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered as follows:

If to the Debtor: Bonneville Pacific Corporation
200 East South Temple
Suite 300
Salt Lake City, Utah 84111

Attention: President

If to the Security Trustee: First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Attention: Corporate Trust Department

or to the Debtor or the Security Trustee at such other address as the Debtor or the Security Trustee may designate by notice duly given in accordance with this Section to the other parties. Communications to the holder of a Note shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed to such holder at its address set forth in the Register.

Section 11.4. Release. The Security Trustee shall release this Mortgage and the lien and security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged.

Section 11.5. Counterparts. This Mortgage may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

Section 11.6. Governing Law. This Mortgage and the Notes shall be construed in accordance with and governed by the laws of the State of Idaho.

Section 11.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Mortgage nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Mortgage to be executed, and First Security Bank of Utah, National Association in evidence of its acceptance of the trusts hereby created, has caused this Mortgage to be executed on its behalf by one of its _____ and its corporate seal to be hereunto affixed, and said Seal and this Mortgage to be attested by one of its _____ all as of the day and year first above written.

BONNEVILLE PACIFIC CORPORATION

By_____
Its _____

∧ DEBTOR

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION

By_____
Its _____

∧ SECURITY TRUSTEE

[SEAL]

Attest:

_____

_____

STATE OF UTAH)
) SS.:
COUNTY OF SALT LAKE)

On the _____ day of _____ 1984, personally appeared before me _____ who being by me duly sworn, did say that he is the _____ of First Security Bank of Utah, National Association and said instrument was signed in behalf of said bank by authority of its bylaws and of a resolution of its Board of Directors, and said _____ acknowledged to me that said bank executed the same.

[SEAL] _____
NOTARY PUBLIC

Residing at: _____

My Commission Expires:

_____

STATE OF UTAH)
) SS.:
COUNTY OF SALT LAKE)

On the _____ day of _____ 1984, personally appeared before me _____, who being by me duly sworn, did say that he is the _____ of Bonneville Pacific Corporation, and said instrument was signed in behalf of said corporation by the authority of said corporation's bylaws and of a resolution of its Board of Directors, and said _____ acknowledged to me that said corporation executed the same.

[SEAL]

_____
NOTARY PUBLIC

Residing at: _____

My Commission Expires:

_____

OPERATING EXPENSE CATEGORIES

Moneys to be applied pursuant to clause FIRST of Section 5.1(a) of the foregoing Mortgage may be so applied in respect of the following categories of operating expenses only:

1. Labor
2. Insurance Premiums
3. Federal, State and local taxes
4. Miscellaneous operating supplies
5. Repair and Maintenance
6. Service Contracts

Schedule 1
(to Mortgage)

BONNEVILLE PACIFIC CORPORATION

14% SECURED NOTE DUE 1984 - 1994

No. R-

$, 198_

FOR VALUE RECEIVED, the undersigned, BONNEVILLE PACIFIC CORPORATION, a Utah corporation (the "Debtor"), promises to pay to

or registered assigns,
the principal sum of

DOLLARS ($_____)

together with interest from the date hereof until maturity at the rate of 14% per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months) in 39 installments of principal and interest each in the amount of $_____* payable on _____, and on each succeeding _____, _____ and thereafter to and including _____, with a final installment on _____ in an amount equal to the entire principal and interest remaining unpaid as of said date, and to pay interest (computed on the basis of a 360-day year of 12 consecutive 30-day months) at such higher rate, not in excess of 16% per annum, as shall be the highest rate a borrower such as the Debtor may pay by law on any overdue principal and (to the extent permitted by applicable law) overdue premium, if any, and interest from the due date thereof until paid, payable on demand. Such principal, premium, if any, and interest shall be payable upon presentation of this Note at the principal corporate trust office of First Security Bank of Utah, National Association (the "Security Trustee") located at 79 South Main Street, Salt Lake City, Utah 84111, the Security Trustee under the Indenture of Mortgage and Security Agreement dated as of May 1, 1984 (herein together with any supplements and amendments thereto called the "Mortgage") from the Debtor to the Security Trustee.

This Note is one of the Debtor's 14% Secured Notes due 1984 - 1994 (the "Notes") which are equally and ratably secured by the Mortgage. Reference is hereby made to the Mortgage for a description of the property subject thereto, the nature and extent

---

* _____% of the original principal amount.

of the security for the Notes, the rights of the holders of the Notes, the Security Trustee and the Debtor in respect of such security and otherwise, certain rights of the Debtor, and the terms upon which the Notes are to be authenticated and delivered. As provided in the Mortgage, the aggregate principal amount of Notes which may be issued thereunder shall not exceed $1,622,500.

This Note and any other Notes outstanding under the Mortgage may be declared due prior to its and their expressed maturity date, all in the events, on the terms and in the manner provided for in the Mortgage, and certain prepayments (which are required to be applied ratably on all outstanding Notes) are required to be made thereon. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Mortgage.

The Debtor shall, to the extent permitted by applicable law, indemnify the holder hereof against any loss, damage and expense such holder incurs if the unpaid principal sum of this Note, or any portion thereof, is paid prior to the maturity date thereof, whether by operation of law or in connection with an acceleration by such holder or the Security Trustee pursuant to Section 7.2(a) of the Mortgage or otherwise. Such indemnification shall include, without limitation, payment to such holder by the Debtor of:

(a) the present value, computed as of the date of prepayment, at the yield on 8-3/4% United States Treasury Bonds due August 1994 as most recently reported in The Wall Street Journal (or if the same is not then published, another similar journal selected by such holder) as of the date of repayment, of the installments of principal and interest thereafter payable hereunder (computed on a quarterly basis);

LESS

(b) the amount so prepaid;

PLUS

(c) the amount, as reasonably estimated by such holder, of such holder's out-of-pocket costs and expenses in reinvesting the amount prepaid (i.e., the sums determined under (a) and (b) above), including, without limitation, transaction and processing fees and costs, legal fees and brokerage expenses and such holder's expenses incurred in terminating any servicing agreement related to the loan.

If the foregoing indemnity is determined to be unenforceable in whole or in part, such holder may, at its option, pursue any other legal or equitable right or remedy now or hereafter available to such holder.

The terms and provisions of the Mortgage and the rights and obligations of the Debtor and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Mortgage.

On and subject to the conditions contained in the Mortgage, this Note is transferable by the registered holder hereof in person or by its duly authorized attorney on that Register (as defined in the Mortgage) to be kept for that purpose at said principal office of the Security Trustee. On and subject to the conditions contained in the Mortgage, this Note is exchangeable for Notes of other denominations. The Debtor and the Security Trustee may deem and treat the person in whose name a Note is registered on said Register as the absolute owner and holder hereof (whether or not this Note shall be overdue) for the purpose of receiving payment and for all other purposes, and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary.

This Note shall not be valid until the certificate of authentication hereon shall have been signed by the Security Trustee.

This Note and the Mortgage are governed by the laws of the State of Idaho.

Anything in this Note to the contrary notwithstanding, neither the Security Trustee nor any holder hereof, nor their respective successors or assigns, shall have any claim, remedy or right to proceed against the Debtor in its individual capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever set forth in the Mortgage, from any source other than the mortgaged property (as defined in the Mortgage). The Security Trustee by its execution of the Mortgage and the holder of this Note by its acceptance hereof, waive and release any personal liability of the Debtor in its individual capacity for and on account of such indebtedness or such liability, and the Security Trustee and the holder of this Note agree to look solely to the mortgaged property for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the right of the Security Trustee to accelerate the maturity of this Note upon a default under the

Mortgage, to bring suit and obtain a judgment against the Debtor on this Note, to bring suit and obtain a judgment for damages against the Debtor for the Debtor's gross negligence or willfull misconduct, or to exercise all rights and remedies provided under the Mortgage or otherwise realize upon the mortgaged property.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

This Note is one of the Notes described in the within-mentioned Mortgage.

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Security Trustee

By_____
Its_____

NOTICE:

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS NOTE MAY BE OFFERED OR SOLD ONLY IF REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR IF AN EXEMPTION FROM SUCH REGISTRATIONS IS AVAILABLE.

DESCRIPTION OF LAND

Tract I

Township 5 South, Range 14 East, Boise Meridian
Section 33
Part NE¼SE¼ Gooding County, Idaho

Beginning at the East Quarter Corner of Section 33;

thence N 89° 42' 44" W, 764.73 feet along the Northerly boundary of the NE¼SE¼ said Section 33 to the True Point of Beginning:

thence continuing N 89° 42' 44" W, 557.52 feet to the Northwest corner of the NE¼SE¼ said Section 33;

thence S 0° 08' 27" W, 198.51 feet along the Westerly boundary of the NE¼SE¼ said Section 33 to a point on the Easterly rim of the Big Wood River Canyon;

thence Southeasterly along the Big Wood River the following two courses and distances:

S 45° 02' 16" E, 74.26 feet;

S 63° 49' 13" E, 193.51 feet to the confluence of the Big Wood River and the Little Wood River;

thence Northeasterly along the Northerly rim of the Little Wood River Canyon the following two courses and distances:

N 39° 40' 35" E, 93.90 feet;

N 46° 08' 07" E, 377.05 feet to a point on the Northerly boundary of the NE¼SE¼ said Section 33, being the True Point of Beginning, containing 2.67 acres, more or less.

Tract II

Township 5 South, Range 14 East, Boise Meridian
Section 33
Part NE¼ Gooding County, Idaho

Beginning at the East Quarter corner of Section 33;

thence N 89° 42' 44" W, 980.00 feet along the Southerly boundary of the NE¼ said Section 33 to the True Point of Beginning:

thence N 27° 42' 44" W, 980.00 feet;

thence N 46° 03' 41" W, 630.54 feet;

thence N 0° 23' 35" E, 670.98 feet;

thence N 8° 36' 24" W, 310.00 feet;

thence N 34° 33' 21" W, 444.22 feet to a point on the Northerly boundary of the NE¼ said Section 33;

thence N 89° 41' 34" W, 450.00 feet along the Northerly boundary of the NE¼ said Section 33 to the Northwest corner thereof;

thence S 0° 14' 16" W, 2642.50 feet along the Westerly boundary of the NE¼ said Section 33 to the Southwest corner thereof;

thence S 89° 42' 44" E, 1664.5 feet along the Southerly boundary of the NE¼ of said Section 33 to the True Point of Beginning, containing 60.08 acres, more or less.

Tract III

Township 5 South, Range 14 East, Boise Meridian
Section 28
Part SW¼SE¼ Gooding County, Idaho

Beginning at the Southeast corner of Section 28;

thence N 89° 41' 34" W, 2185.56 feet along the Southerly boundary of said Section 28 to the True Point of Beginning:

thence N 15° 34' 47" W, 584.09 feet;

thence N 55° 48' 17" W, 48.07 feet;

thence N 32° 43' 34" W, 100.03 feet;

thence N 56° 14' 24" W, 98.10 feet;

thence N 43° 58' 30" W, 94.04 feet;

thence N 65° 41' 06" W, 48.72 feet;

thence N 1° 01' 00" E, 102.23 feet;

thence N 34° 30' 24" E, 99.15 feet;

thence N 17° 46' 45" E, 191.84 feet;

thence N 8° 52' 28" E, 139.40 feet;

thence N 89° 41' 34" W, 144.31 feet to the Westerly boundary of said SW¼SE¼;

thence S 0° 04' 40" W, 1318.74 feet along the Westerly boundary of the SW¼SE¼ said Section 28 to the South Quarter Corner thereof;

thence S 89° 41' 34" E, 450.00 feet along the Southerly boundary of said Section 28 to the True Point of Beginning, containing 6.63 acres, more or less.

AND ALSO

A seventy (70) feet wide strip of land for an access roadway over and across a portion of the NE¼ Section 33, Township 5 South, Range 14 East of the Boise Meridian, being centered on the following described centerline;

Beginning at the East Quarter Corner of Section 33;

thence N 0° 02' 38" E, 555.49 feet along the Easterly boundary of said Section 33 to the Point of Beginning;

thence S 59° 29' 24" W, 754.83 feet;

thence S 49° 03' 35" W, 256.43 feet to a point on the Southerly boundary of the NE¼ said Section 33, said point being the Point of Ending.

From the point of ending the East Quarter Corner of said Section 33 bears S 89° 42' 44" E, 843.61 feet.

DESCRIPTION OF WATER RIGHTS

Water Rights evidenced by Applications for Permit, Identification Nos. 37-7889 and 37-7916, respectively, approved by State of Idaho, Department of Water Resources

EXHIBIT C
(to Mortgage)

DESCRIPTION OF FACILITY

One completed hydroelectric project sized for 300 cfs of water and at least 969 kw of electrical output, more particularly described as:

Diversion Dam

Control Gates

Stop-Log Structure

+ 3320 lineal feet of earthen canal spillway and steel wear plate.

Headwork structure with trash racks and railings

151 lineal feet of 84" Primary Penstock

65 feet Penstock manifold and thrust blocks

Powerhouse and valve box

22 lineal feet of 54" Secondary Penstock

22 lineal feet of 36" Secondary Penstock

21 lineal feet of 30" Secondary Penstock

Butterfly Valves and Actuators

Valve Box

Powerhouse

EXHIBIT D
(to Mortgage)

Switchhouse

Programmable Controller

High Intensity Exit Door Lights (6)

Transmission Intertie

Remote Monitor and Printer

1 1500 KVA 3PH Terra Transformer
Serial Number
0078EA64K02L

Lot Series 81000 type medium voltage controllers, rated 2400-V, 3 0, 60 Hz, NEMA I-A enclosed, consisting of:

- 3 Induction Generator Controls
- 1 Fuse Loan-Interrupter Feeder Switch
- 1 Non-fused Loan-Interrupter Incoming Line Switch
- 1 Incoming Line Auxiliary Unit

1 Model 33 WTH Kaplan Turbine/Generator set
Serial Number 088329
45 cfs capacity, 192 kw capacity

1 Model 36 WTTM Kaplan Turbine/Generator Set
Serial Number 08830
77 cfs capacity, 339 kw capacity

1 Model 39 WTM Kaplan Turbine/Generator Set
Serial Number 088331
170 cfs capacity, 749 kw capacity

DESCRIPTION OF CONSTRUCTION CONTRACTS

1. The Turn-key Construction Agreement dated June 17, 1983 between the Debtor, as owner, and Interwest Hydro, Inc., an Idaho corporation, as contractor.

2. The Butterfly Valve Equipment Purchase Agreement dated June 9, 1983 between John H. Koyle, as owner, and Folsom Associates, Inc., as contractor.

3. The Contract dated March 8, 1983 between the Debtor, as buyer, and Siemens-Allis, Inc., as seller.

4. The Contract dated June 6, 1983 between the Debtor, as owner, and A&J Construction Co., Inc., as contractor.

5. The Turbine/Generators Equipment Purchase Agreement between the Debtor, as buyer, and Ingersoll-Rand Company, as seller.

6. The Transformer Equipment Purchase Agreement dated March 18, 1983 between John H. Koyle, as buyer, and RTE Corporation, as seller.

7. The Agreement for Engineering Services dated September 16, 1982 between John H. Koyle, as owner, and J-U-B Engineers, Inc., as engineer.

EXHIBIT E
(to Mortgage)

April 4, 1984

Mr. Craig B. Terry
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
P.O. Box 11898
Salt Lake City, Utah 84147

RE: Water Permit Nos. 37-7889 and 37-7916 -
Koyle Ranch Hydroelectric Project

Dear Mr. Terry:

This is in response to your letter of March 12, 1984 in which you ask for review of a proposed notice of assignment form. The notice makes reference to the earlier assignment of the above-referenced rights from the Koyles to Bonneville Pacific Corporation on June 13, 1983. The Department of Water Resources acknowledged and consented to this assignment by its letter of June 14, 1983.

The proposed notice of assignment form also notifies the Department that Bonneville Pacific granted a security interest in the permits to First Security Bank of Utah, National Association, under an Indenture of Mortgage and Security Agreement dated as of October 1, 1983.

With respect to the mortgage of a permit to appropriate water for power purposes Idaho Code, § 42-207 (1977) provides in pertinent part as follows:

> 42-207. Sale, transfer, assignment or mortgage of permit. - Whenever the holder of a permit to appropriate water for power purposes within the state of Idaho, desires to . . . mortgage such permit so held by him, he shall file with the director of the department of water resources a copy of the . . . mortgage . . . together with such proof as the director of the department of water resources may require that the . . . mortgagee, or one or

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> more of the trustees under any mortgage trust indenture, possesses the qualifications set forth in section 42-206, and that such transfer is made in good faith, and not for purposes of speculation or delay; and the . . . mortgaging of any such permit except as herein provided shall be void, it being the express intention of the legislature to prohibit the transfer of permits to appropriate water for power purposes by mortgaging the same or otherwise, except in accordance with the provisions of this act.

Any notice or acknowledgement form which the Department is expected to sign regarding the mortgage of the permits should indicate compliance with the requirements of I.C. § 42-207. The proposed notice form forwarded to the Department does not indicate that the requirements of the statute have been satisfied.

Sincerely,

L. Glen Saxton
Chief, Operations Bureau

LGS:jh

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LAW OFFICES OF

PARSONS, BEHLE & LATIMER

A PROFESSIONAL CORPORATION

185 SOUTH STATE STREET, SUITE 700
POST OFFICE BOX 11898
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-1234
TELECOPIER (801) 521-9868

1101 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

KEITH E. TAYLOR
JAMES B. LEE
JOHN A. DAHLSTROM
GORDON L. ROBERTS
F. ROBERT REEDER
WILLIAM L. CRAWFORD
LAWRENCE E. STEVENS
DANIEL M. ALLRED
HOWARD J. MARSH
YAN M. ROSS
ERIE V. BOORMAN
DAVID S. DOLOWITZ
KENT W. WINTERHOLLER
KATHLENE W. LOWE
BARBARA K. POLICH
RANDY L. DRYER
CHARLES H. THRONSON
DAVID R. BIRD
RAYMOND J. ETCHEVERRY
FRANCIS M. WIKSTROM
DAVID W. TUNDERMANN
KREGE B. CHRISTENSEN
JAMES M. ELEGANTE
DAVID R. HIRSCHI

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG

VAL R. ANTCZAK
PATRICK J. GARVER
SPENCER E. AUSTIN
JOHN B. WILSON
ROBERT C. HYDE
CRAIG B. TERRY
DAVID A. ANDERSON
KENT O. ROCHE
PATRICIA J. WINMILL
JAN P. BENSON
RANDY M. GRIMSHAW
J. STEPHEN RUSSELL
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
JAMES E. MORTON
MICHAEL L. LARSEN
JONATHAN K. BUTLER
SUSAN R. POULTER

March 12, 1984

RECEIVED
MAR 15 1984
Department of Water Resources

Mr. Glen Saxton
State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Water Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Dear Glen:

Pursuant to our telephone conversation on March 9, 1984, I am enclosing a revised Notice of Assignment of Water Permits and Acknowledgement by State of Idaho Department of Water Resources. I have revised the consent language on the bottom of the page to reflect the requirement that any assignee of the Permits must either be an actual bona fide resident of the State of Idaho or a corporation organized or qualified to do business in and under the laws of the State of Idaho, as required by Sections 42-206 and 42-207 of the Idaho Code. Hopefully, the revisions will satisfy your concerns regarding the form of the Notice.

Also enclosed for your files is a copy of the Assignment of Water Rights and Permits dated June 13, 1983 by and between John H. Koyle and Margaret H. Koyle, husband and wife, as Assignors, and Bonneville Pacific Corporation, as Assignee. Also enclosed is a copy of a letter dated June 14, 1983 to Bonneville Pacific

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Corporation from Norman C. Young, Administrator of the Idaho Department of Water Resources, acknowledging the consent of the Idaho Department of Water Resources to the assignment of the above-described Permits to Bonneville Pacific Corporation.

If you have further concerns regarding the form of the enclosed Notice, please advise me as soon as possible. As I indicated to you previously, I shall contact you later in the month regarding the execution of the Notice by the State of Idaho Department of Water Resources.

Very truly yours,

Craig B. Terry

Craig B. Terry,
of and for
PARSONS, BEHLE & LATIMER

CBT:jp
Enclosures

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ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS ASSIGNMENT, made and entered into this 13th day of JUNE, 1983, by and between JOHN H. KOYLE and MARGARET H. KOYLE, husband and wife, hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 37-7889 and 37-7916, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by tnis reference made a part hereof; and

WHEREAS, in connection with that certain Assignment Agreement between Assignors and Assignee, of even date herewith, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Koyle Ranch Hydro-Electric Project (the "Project"), located in Gooding, Idaho, on land more particularly described in Exhibit "A" of said Assignment Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and adequacy of

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which are hereby acknowledged, the parties hereto agree as follows:

1. Assignors hereby assign to Assignee all of their right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of the Project during the entire term of the Project as more specifically set forth in said Assignment Agreement.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Project in accordance with said Assignment Agreement.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That the Assignors have duly performed all of the conditions presently required under said Permits;

(b) That said Permits are in full force and effect;

(c) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable; and

(d) That Assignors agree to defend, indemnify and hold Assignee harmless from and against any loss, costs, expense, cause of action, claim or fee, including reasonable attorneys' fees, which may

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be incurred by Assignee in connection with this assignment provided that any such loss or fee is not the result of any breach or negligence on the part of Assignee.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder (except for purposes of securing financing) without the prior written consent of Assignors 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 Assignment Agreement term as described in said Assignment Agreement, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

John H. Koyle
JOHN H. KOYLE

Margaret H. Koyle
MARGARET H. KOYLE

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By L. Wynn Johnson
Its VICE PRESIDENT

MICROFILMED

SCHEDULE I

Approved Application for Water Permit
Nos. 37-7889 and 37-7916

MICROFILMED

Form 202
3/78

Idnt. No. 37-7887

RECEIVED
APR 23 1981
Department of Water Resources
Southern District Office

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant John H. Koyle Phone 934-4060

Post office address Route #2, Box 254 Gooding, Idaho 83330

2. Source of water supply Big Wood and Little Wood Rivers which is a tributary of Snake River

3. Location of point of diversion is SW ¼ of NE ¼ of Section 33 Township 5-S

Range 14-E B.M. Gooding County, additional points of diversion if any:

SE ¼ of NE ¼ Section 33, Township 5-S

4. Water will be used for the following purposes:

Amount 20 c.f.s. (cfs or acre-feet per annum) for Hydrogeneration purposes from Jan 1 to Dec 31 (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated:

a. 20 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

a. Description of ditches, flumes, pumps, headgates, etc. Diversion dam, approx 10 ft high on Big Wood River and secondary structure approximately 15 feet height on Little Wood with connecting canal and a power drop back into the combined Malad River.

b. Height of storage dam No storage feet, active reservoir capacity None acre-feet; total reservoir capacity _____ acre-feet, materials used in storage dam: _____

Period of year when water will be diverted to storage _____ (Month/Day) to _____ (Month/Day) inclusive.

c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet.

7. Time required for the completion of the works and application of the water to the proposed beneficial use is 5 years *(minimum 1 year – maximum 5 years).*

8. Description of proposed uses:

a. If water is not for irrigation:

(1) Give the place of use of water: NE ¼ of SE ¼ of Section 33 Township 5-S

Range 14-E B.M.

(2) Amount of power to be generated: 70 KW horsepower under 50 feet of head.

(3) List number of each kind of livestock to be watered _____

None

(4) Name of municipality to be served None, or number of families to be supplied with domestic water _____.

(5) If water is to be used for other purposes describe: Power will be sold to Idaho Power Company under terms of PUC order.

MICROFILMED

Form 202
3/78

Ident. No. 37-7216

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

APPLICATION FOR PERMIT APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant John V. Koyle Phone 934-4060

Post office address Route 2, Box 254, Gooding, ID 83330

2. Source of water supply Big Wood & Little Wood which is a tributary of for Malad and then Tributary of Snake river

3. Location of point of diversion is SW (Big Wood) ¼ of NE ¼ of Section 29 Township 5S

Range 14E B.M. Gooding County, additional points of diversion if any:

Little Wood SE ¼ of NE ¼, Section 33 - Township 5 S Range 14 E B.M.

4. Water will be used for the following purposes:

Amount 280 (cfs or acre-feet per annum) for Hydropower purposes from Jan 1 to Dec 31 (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated:

a. 280 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

a. Description of ditches, flumes, pumps, headgates, etc. Big Wood simple rock and cement diversion aprox. 10' high - diversion via canal and cement flume. Little Wood same - join flows from both to support one generation facility

b. Height of storage dam none feet, active reservoir capacity none acre-feet; total reservoir capacity NA acre-feet, materials used in storage dam: NA

Period of year when water will be diverted to storage none (Month/Day) to NA (Month/Day) inclusive.

c. Proposed well diameter is NA inches; proposed depth of well is NA feet.

7. Time required for the completion of the works and application of the water to the proposed beneficial use is ~~3~~ 5 years *(minimum 1 year – maximum 5 years).*

8. Description of proposed uses:

a. If water is not for irrigation:

(1) Give the place of use of water: NE ¼ of SE ¼ of Section 33 Township 5 S

Range 14 E B.M.

(2) Amount of power to be generated: 800 KW total (1100 hp installed capacity. (In combination with previous application) horsepower under 50 feet of head.

(3) List number of each kind of livestock to be watered None

(4) Name of municipality to be served None, or number of families to be supplied with domestic water _____.

(5) If water is to be used for other purposes describe: _____

MICROFILMED

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

June 14, 1983

RE: Assignment of Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Bonneville Pacific Corporation
c/o David P. Hirschi
Parsons Behle & Latimer
185 South State Street
P. O. Box 11898
Salt Lake City, UT 84147

Gentlemen:

This office has reviewed the Assignment of Water Rights and Permits dated June 13, 1983, between John H. Koyle and Margaret H. Koyle, as Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Assignment Agreement between the Koyles and Bonneville Pacific Corporation and certain loan commitments of First Interstate Bank of Utah, N. A. (Construction Lender) and New England Mutual Life Insurance Company (Permanent Lender), relating to the ownership and financing of the proposed Koyle Ranch Hydroelectric project.

This letter confirms that this office has received all of the documentation that we need to process the Assignment of the above referenced permits from John H. Koyle and Margaret H. Koyle to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Section 42-206 and 42-207, Idaho Code, for the Assignment to Bonneville Pacific Corporation.

Sincerely,

Norman C. Young

NORMAN C. YOUNG
Administrator
Resources Administration Division

NCY:alw

cc: John H. Koyle

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NOTICE OF ASSIGNMENT OF WATER PERMITS AND ACKNOWLEDGEMENT
BY STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Water Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 37-7889 and 37-7916 (the "Permits"), which were initially issued by the State of Idaho Department of Water Resources to John H. Koyle. Mr. Koyle has assigned to Bonneville Pacific Corporation, a Utah corporation (the "Company"), under the Assignment of Water Rights and Permits dated June 13, 1983 from John H. Koyle and Margaret H. Koyle, as assignors, to the Company, as assignee, all the rights and duties of Mr. Koyle in and to the Permits as set forth therein.

You are hereby notified that the Company has granted a security interest to First Security Bank of Utah, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage and Security Agreement dated as of October 1, 1983 between the Company, as debtor, and the Security Trustee, as secured party, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

Dated:

BONNEVILLE PACIFIC CORPORATION

By: _____
Its: _____

Acknowledged, consented and agreed to on the date hereof, subject to the requirement that any assignee of the Permits, if a person, must be an actual bona fide resident of the State of Idaho, and if a corporation, must be organized or qualified to do business in and under the laws of the State of Idaho, as required by Sections 42-206 and 42-207 of the Idaho Code.

STATE OF IDAHO DEPARTMENT OF
WATER RESOURCES

BY: _____
Its: _____

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RECEIVED
MAR 9 1984
Department of Water Resources

LAW OFFICES OF
PARSONS, BEHLE & LATIMER
A PROFESSIONAL CORPORATION
185 SOUTH STATE STREET, SUITE 700
POST OFFICE BOX 11898
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-1234
TELECOPIER (801) 521-9868

1101 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

KEITH E. TAYLOR
JAMES B. LEE
JOHN A. DAHLSTROM
GORDON L. ROBERTS
F. ROBERT REEDER
WILLIAM L. CRAWFORD
LAWRENCE E. STEVENS
DANIEL M. ALLRED
HOWARD J. MARSH
YAN M. ROSS
ERIE V. BOORMAN
DAVID S. DOLOWITZ
KENT W. WINTERHOLLER
KATHLENE W. LOWE
BARBARA K. POLICH
RANDY L. DRYER
CHARLES H. THRONSON
DAVID R. BIRD
RAYMOND J. ETCHEVERRY
FRANCIS M. WIKSTROM
DAVID W. TUNDERMANN
KREGE B. CHRISTENSEN
JAMES M. ELEGANTE
DAVID P. HIRSCHI

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG

PATRICK J. GARVER
SPENCER E. AUSTIN
JOHN B. WILSON
ROBERT C. HYDE
CRAIG B. TERRY
DAVID A. ANDERSON
KENT O. ROCHE
PATRICIA J. WINMILL
JAN P. BENSON
RANDY M. GRIMSHAW
J. STEPHEN RUSSELL
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
JAMES E. MORTON
MICHAEL L. LARSEN
JONATHAN K. BUTLER
SUSAN R. POULTER

March 7, 1984

Mr. Glen Saxton
State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho, 83720

Re: Water Permits No.'s 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Dear Glen:

Pursuant to our telephone conversation earlier today, I am enclosing for your review a copy of the Notice of Assignment of Water Permits and Acknowledgment by State of Idaho Department of Water Resources, which is being requested by New England Mutual Life Insurance Company in connection with the financing of the Koyle Ranch Hydroelectric Project. It is presently anticipated that the loan will close toward the latter part of March. At that time, we will send to you six copies of the enclosed Notice of Assignment which have been executed by Bonneville Pacific Corporation and request that the State of Idaho Department of Water Resources execute all six copies and return them to the undersigned.

If you have any concerns with the form of the enclosed Notice of Assignment, please advise me as soon as possible. I shall contact you later in the month regarding the execution of these documents.

Very truly yours,

Craig B. Terry

Craig B. Terry,
of and for
PARSONS, BEHLE & LATIMER

CBT:jp
Enclosure

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NOTICE OF ASSIGNMENT OF WATER PERMITS AND ACKNOWLEDGEMENT
BY STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Water Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 37-7889 and 37-7916 (the "Permits"), which were initially issued by the State of Idaho Department of Water Resources to John H. Koyle. Mr. Koyle has assigned to Bonneville Pacific Corporation, a Utah corporation (the "Company"), under the Assignment of Water Rights and Permits dated June 13, 1983 from John H. Koyle and Margaret H. Koyle, as assignors, to the Company, as assignee, all the rights and duties of Mr. Koyle in and to the Permits as set forth therein.

You are hereby notified that the Company has granted a security interest to First Security Bank of Utah, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage and Security Agreement dated as of October 1, 1983 between the Company, as debtor, and the Security Trustee, as secured party, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Permits.

Bonneville has mortgaged permits to First Security Bank of Utah

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

Dated:

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

Acknowledged, consented and agreed to on the date hereof.

STATE OF IDAHO DEPARTMENT OF
WATER RESOURCES

By_____
Its_____

MICROFILMED

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

June 14, 1983

RE: Assignment of Permit Nos. 37-7889 and 37-7916 -- Koyle Ranch Hydroelectric Project

Bonneville Pacific Corporation
c/o David P. Hirschi
Parsons Behle & Latimer
185 South State Street
P. O. Box 11898
Salt Lake City, UT 84147

Gentlemen:

This office has reviewed the Assignment of Water Rights and Permits dated June 13, 1983, between John H. Koyle and Margaret H. Koyle, as Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Assignment Agreement between the Koyles and Bonneville Pacific Corporation and certain loan commitments of First Interstate Bank of Utah, N. A. (Construction Lender) and New England Mutual Life Insurance Company (Permanent Lender), relating to the ownership and financing of the proposed Koyle Ranch Hydroelectric project.

This letter confirms that this office has received all of the documentation that we need to process the Assignment of the above referenced permits from John H. Koyle and Margaret H. Koyle to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Section 42-206 and 42-207, Idaho Code, for the Assignment to Bonneville Pacific Corporation.

Sincerely,

Norman C. Young

NORMAN C. YOUNG
Administrator
Resources Administration Division

NCY:alw

cc: John H. Koyle

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ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (the "Agreement"), made and entered into this 13th day of JUNE, 1983, by and between JOHN H. KOYLE and MARGARET H. KOYLE, husband and wife (the "Assignors"), and BONNEVILLE PACIFIC CORPORATION, a Utah corporation duly authorized to transact business in the State of Idaho (the "Assignee"),

W I T N E S S E T H:

WHEREAS, Assignee owns or has the right to acquire certain real property located in ~~Twin Falls~~ Gooding F.K. M.H.C County, State of Idaho, described in Exhibit "A" attached hereto and by this reference made a part hereof, which real property shall be used by Assignee as part of a hydro-electric project known as the Koyle Ranch Hydro-Electric Project (the "Project"); and

WHEREAS, Assignors own or have the right to acquire certain non-consumptive water rights and appropriations for electrical generation (the "Water Rights"), more particularly described on Exhibit "B" attached hereto and by this reference made a part hereof; and

WHEREAS, Assignors and Assignee have entered into a Power Sales Contract (the "Power Contract") with Idaho Power Company for the purchase and sale of power generated from the Project, a copy of which contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

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WHEREAS, Assignors have obtained an Order Granting Exemption From Licensing for a Conduit Hydroelectric Project from the Federal Energy Regulatory Commission (the "FERC Exemption"), a copy of which is attached hereto as Exhibit "D" and by this reference made a part hereof; and

WHEREAS, on or about May 4, 1983 Assignors entered into an Agreement (the "Water Agreement") with Northside Canal Company, Ltd., wherein and whereby Assignors acquire certain additional water rights, which Water Agreement is attached hereto as Exhibit "E" and by this reference made a part hereof; and

WHEREAS, Assignee desires to acquire the Water Rights, Power Contract, FERC Exemption and Water Agreement by assignment for purposes of constructing, operating and maintaining the Project; and

WHEREAS, Assignors desire to assign the foregoing rights and interests strictly upon the terms herein contained,

NOW, THEREFORE, for the consideration hereinafter described and in further consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. Agreement to Lease and Assign. Assignors hereby assign to Assignee and Assignee hereby takes from Assignors the Water Rights, Power Contract, FERC Exemption and Water Agreement, in accordance with and subject to the terms of this Agreement.

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2. Term of Assignment. This Agreement shall remain in full force and effect and binding upon the parties hereto from and after the date hereof and continuing for a term of thirty (30) years from the date of first power production by the Project.

3. Construction of the Project. Assignee shall be solely responsible to construct, install or complete the Project which shall consist of a power generating facility having not less than 1136 kilowatts of installed generating capacity. Said facility shall be completed and in commercial operation on or before December 31, 1983.

4. Control and Ownership of Project. Assignee shall own the Project and shall have complete control over the construction, operation and maintenance of the Project during the term of this Agreement and Assignors grant to Assignee all rights and privileges necessary or desirable in the construction, operation and maintenance of the Project, including, without limitation, rights of ingress and egress and such easements, privileges, water lines, electrical transmission lines and other utility easements as may be necessary or desirable in the construction, operation and maintenance of the Project. At the end of the term hereof, Assignee shall transfer to Assignors, without cost to Assignors, by good and sufficient bills of sale, quitclaim deeds or assignments, all of its right, title and interest in and to the Water Rights, Power Contract, FERC Exemption, Water Agreement, the lands described

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on Exhibit "A" attached hereto and any and all improvements or personal property situated upon said lands at the end of the term hereof.

5. Consideration. As total consideration for the Assignments herein contained, Assignee agrees to pay to Assignors thirty-eight percent (38%) of energy payments, as defined in Article IV paragrapn (A) of the Power Contract, for the first ten (10) years of power production or until the initial long term debt on the Project is retired in accordance with its terms and as scheduled under the loan documents, whichever event last occurs, and thereafter forty-three percent (43%) of energy and capacity payments, as defined in Article IV paragraphs (A) and (B) of the Power Contract, actually received by Assignee from Idaho Power Company under the Power Contract. All payments to Assignors shall be paid quarterly, in arrears.

6. Tax Benefits. Assignee shall receive all federal and state tax benefits (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available under the tax regulations relating to power projects of this nature.

7. Default. In the event either party hereto is in default under this Agreement, and such default is not cured within thirty (30) days after written notice of the default is delivered to the defaulting party, the non-defaulting party shall have the right to bring one or more of the following actions:

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(a) An action for specific performance under this Agreement;

(b) An action for damages incurred as a result of the default; and

(c) Any other rights and remedies provided by law.

In the event of default, the defaulting party shall pay all costs and fees incurred by the non-defaulting party in enforcing this Agreement against such defaulting party, including reasonable attorneys' fees and court costs.

8. Covenant of Title and Peaceful Possession. Assignors covenants that it has full right, power and authority to make this Assignment, and that Assignee, upon payment of the considerations and performance of the covenants upon Assignee's part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the rights assigned hereby, during the term hereof.

9. Force Majeure. In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other reason of a like nature not the fault of the party delayed in performing the work or doing the acts required under the terms of this Agreement, then performance of such action shall be excused for the period of

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delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

10. Additional Instruments. In the event it is necessary or desirable to prepare and execute additional instruments or documents to carry out the terms of this Agreement, the parties hereto agree to cooperate fully in the preparation and execution of the same.

11. Eminent Domain. In the event the Project shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this Agreement shall terminate and expire as of the date of such taking, and both Assignors and Assignee shall thereupon be released from any liability thereafter accruing hereunder. It is understood and agreed that Assignee shall be entitled to the entire award or compensation under any proceeding in eminent domain except such portion of the award or compensation specifically relating to the value of the water rights leased hereunder.

12. Notices. All notices required or permitted hereunder shall be deemed duly delivered when personally delivered or when sent by United States mail, postage prepaid, registered or certified mail with return receipt requested, and addressed to the parties has follows:

IF TO ASSIGNORS: John H. and Margaret H. Koyle
Route #2, Box 254
Gooding, Idaho 83330

MICRO

IF TO ASSIGNEE: Bonneville Pacific Corporation
Suite 300
200 East South Temple
Salt Lake City, Utah 84111
Attention: Raymond L. Hixson,
President

Either party may change its address in writing by giving notice of such change in the manner herein provided.

13. Entire Agreement. Subject to paragraph 10 hereof, this Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and shall not be modified or amended except by written instrument duly executed by the parties hereto.

14. Binding Agreement. This Agreement shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

15. Captions. Captions throughout this instrument are for convenience of reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Assignment the day and year first above written.

ASSIGNORS:

John H. Koyle

MICROFILMED

Margaret H. Koyle
Margaret H. Koyle

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By L. Wynn Johnson
Its VICE PRESIDENT

STATE OF IDAHO)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1983, before me _____, a Notary Public, personally appeared JOHN H. KOYLE and MARGARET H. KOYLE, husband and wife, the signers of the foregoing instrument who duly acknowledged to me that they executed the same.

_____
NOTARY PUBLIC
Residing at: _____

My Commission Expires:

_____

STATE OF ~~IDAHO~~ UTAH)
: ss.
COUNTY OF SALT LAKE)

On this 13th day of June, 1983, before me, Deborah Buckley a Notary public, personally appeared L. Wynn Johnson, known to me to be the Vice President of Bonneville Pacific Corporation, a Utah corporation, the corporation that executed the instrument or the person who executed the instrument on behalf of

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said corporation, who acknowledged to me that such corporation executed the same.

Deborah Buckley
NOTARY PUBLIC
Residing at: Salt Lake City, UT

My Commission Expires:

5/9/87

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EXHIBIT "A"

(Description of Real Property)

PARCEL 1: (Across Northeast quarter, Section 33)

A parcel of land located in the Northeast quarter of Section 33, Township 5 South, Range 14 East, B.M. Gooding County, Idaho and being more specifically described as follows:

Commencing at the East quarter corner of Section 33, Township 5 South, Range 14 East, B.M., then North 89°42'14" West, 1206.02 feet along the Southerly boundary of the Northeast quarter of said Section 33 to the REAL POINT OF BEGINNING; thence North 23°05'41" West, 85.54 feet; thence North 0°44'35" West, 753.87 feet; thence South 88°12'23" West, 179.66 feet; thence North 49°08'28" West, 506.08 feet; thence 164.26 feet along a curve to the right having a central angle of 49°32'03"; a radius of 190.00 feet and a long chord bearing and distance of North 24°22'27" West, 159.19 feet; thence North 0°23'35" East, 670.98 feet; thence North 8°36'24" West, 181.95 feet; thence 254.14 feet along a curve to the left having a central angle of 30°58'51"; a radius of 470.00 feet and a long chord bearing and distance of North 24°05'50" West, 251.05 feet; thence North 39°35'15" West, 300.09 feet; thence North 28°58'19" West, 36.83 feet to a point on the Northerly boundary of the Northeast quarter of said Section 33; thence North 89°41'34" West, 409.34 feet along the Northerly boundary of the Northeast quarter of said Section 33 to the Northwest corner thereof; thence South 0°14'09" West, 2641.33 feet along the Westerly boundary of the Northeast quarter of said Section 33 to the Southwest corner thereof; thence South 89°42'14" East, 1425.79 feet along the Southerly boundary of the Northeast quarter of said Section 33 to the REAL POINT OF BEGINNING.

The gross area contained in this land as described above is 57.72 acres.

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PARCEL 2: (Access Road)

A sixty (60) foot wide strip of land for an access roadway over and across a portion of the Northeast quarter of Section 33, Township 5 South, Range 14 East, B.M., Gooding County, Idaho and being centered on the following described centerline;

Commencing at the East quarter corner of Section 33, Township 5 South, Range 14 East, B.M., thence North 0°18'46" East, 680.00 feet along the Easterly boundary of said Section 33 to the POINT OF BEGINNING; thence South 49°56'19" West, 1050.10 feet to a point on the Southerly boundary of the Northeast quarter of said Section 33, said point being the POINT OF ENDING.

From the point of ending the East quarter corner of said Section 33, bears South 89°42'14" East, 800.00 feet.

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PARCEL 3: (Diversion Site)

A parcel of land located in the Southwest quarter, Southeast quarter, Section 28, Township 5 South, Range 14 East, B.M., Gooding County, Idaho and being more specifically described as follows:

Commencing at the Southeast corner of Section 28, Township 5 South, Range 14 East, B.M., thence North 89°41'34" West, 2226.01 feet along the Southerly boundary of said Section 28 to the REAL POINT OF BEGINNING; thence North 28°58'19" West, 117.54 feet; thence North 7°22'35" West, 463.42 feet; thence North 55°48'17" West, 48.07 feet; thence North 32°43'34" West, 100.03 feet; thence North 56°14'24" West, 98.10 feet; thence North 43°58'30" West, 94.04 feet; thence North 65°41'06" West, 48.72 feet; thence North 1°01'00" East, 102.23 feet; thence North 34°30'24" East, 99.15 feet; thence North 17°46'45" East, 191.84 feet; thence North 8°52'28" East, 139.40 feet, more or less, to the Northerly boundary of the Southwest quarter Southeast quarter of said Section 28; thence North 89°41'34" West, 140.45 feet along the Northerly

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boundary of the Southwest quarter Southeast quarter of said Section 28 to the Northwest corner thereof; thence South 0°14'09" West, 1318.73 feet along the Westerly boundary of the Southwest quarter Southeast quarter of said Section 28 to the South quarter corner thereof; thence South 89°41'34" East, 409.34 feet along the Southerly boundary of said Section 28 to the REAL POINT OF BEGINNING.

The gross area contained in this land as described above is 6.08 acres, more or less.

PARCEL 4: (Powerhouse Site)

A parcel of land located in the Northeast quarter Southeast quarter of Section 33, Township 5 South, Range 14 East, B.M., Gooding County, Idaho and being more specifically described as follows:

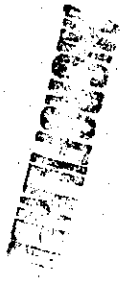
Commencing at the East quarter corner of Section 33, Township 5 South, Range 14 East, B.M., thence North 89°42'14" West, 751.40 feet along the Northerly boundary of the Northeast quarter Southeast quarter of said Section 33 to the REAL POINT OF BEGINNING; thence continuing North 89°42'14" West, 564.50 feet to the Northwest corner of the Northeast quarter Southeast quarter of said Section 33; thence South 0°17'06" West, 193.01 feet along the Westerly boundary of the Northeast quarter Southeast quarter of Section 33 to a point on the Easterly rim of the Big Wood River Canyon; thence Southeasterly along the Big Wood River the following two courses and distances: South 45°02'16" East, 83.47 feet; South 63°49'13" East, 193.51 feet to the confluence of the Big Wood River and the Little Wood River; thence Northeasterly along the Northerly rim of the Little Wood River Canyon the following two courses and distances: North 39°40'35" East, 93.90 feet; North 46°08'07" East, 378.34 feet to a point on the Northerly boundary of the Northeast quarter Southeast quarter of said Section 33 being the REAL POINT OF BEGINNING.

The gross area contained in this land as described above is 2.71 acres.

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EXHIBIT "B"

(Water Rights)



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EXHIBIT "C"

(Copy of Power Sales Contract)

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EXHIBIT "D"

(Copy of FERC Exemption)

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EXHIBIT "E"

(Water Agreement)

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EXHIBIT "F"

(Koyle Option)

CONFIDENTIAL

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First Interstate Bank
of Utah
175 South Main Street
Salt Lake City, Utah 84111
801 350-7767

Kenneth W. Bell
Vice President
Corporate Banking

RECEIVED
JUN 24 1983

April 29, 1983

Mr. Raymond L. Hixson
President
Bonneville Pacific Corporation
200 East South Temple
Salt Lake City, Utah 84111

Dear Ray:

It is my pleasure to inform you that First Interstate Bank of Utah has approved a loan to the Koyle Ranch Hydro-Electric Project, a Joint Venture, in the amount of $1,475,000 [± 10%]. This loan will be for one year through March 31, 1984 and will accrue interest at our bank's prime rate plus 1½%, floating, payable quarterly. Additionally, there will be a 1½% commitment fee due and payable at closing. The Joint Venture will be required to reimburse the bank for all "out of pocket expenses" incurred.

This loan is to be secured by the following:

a] Assignment of a thirty-five [35] year power purchase contract between John Koyle, joint venturer, and Idaho Power Company.

b] A security interest in all equipment, energy rights, water rights, easements and permits, etc.

c] Assignment of a long-term takeout commitment from New England Mutual Life Insurance Company in the amount of $1,475,000 [± 10%].

d] Trust Deed covering approximately 67 acres of real estate surrounding the project.

e] Evidence of adequate insurance, including an all-risk business interruption policy satisfactory to our bank.

The loan is to be guaranteed by Bonneville Group Inc.

Funding under this commitment will be handled on a "construction disbursement" basis with disbursements to be made upon presen-

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tation of an independent engineer's report stipulating that the work to be paid for has been completed or is now at a point where disbursement is required. We would appreciate limiting the number of draws each month [preferably not more than two, but this is negotiable].

Funding under this commitment is contingent upon the satisfaction of the following conditions:

1] Confirmation of continued interest in the necessary water rights by the Joint Venture.

2] Investor funds in the amount of $650,000 [or equivalent] to be satisfactorily evidenced to the bank prior to funding. Investor funds to be contributed and disbursed prior to bank funding.

3] Approval and execution of all necessary legal documents; said documents to be reviewed and approved by our legal counsel and by the long-term lender, New England Mutual Life Insurance Company's legal counsel.

4] Establishment of a $150,000 reserve account per the requirement of New England Mutual Life.

5] Evidence of adequate all-risk insurance, including business interruption.

6] Receipt of cost breakdown/disbursement schedule to be followed for disbursements.

7] Receipt of authorization from all parties authorizing them to execute documents necessary to affectuate required transactions.

8] Receipt of Guarantee of Bonneville Group Inc., along with required authorizations.

9] Receipt of monthly progress reports and certifications by engineers prior to disbursement.

10] Receipt of documentation evidencing all necessary government or regulatory approvals for hydro project.

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11] Receipt of complete set of plans and specs on construction of project.

12] Original executed copy of Joint Venture agreement including authorization for borrowings.

13] Receipt of all other such documents or information which may be required by the bank.

14] Disbursements in excess of $1,475,000 will require a written acknowledgment from New England Mutual Life Insurance Company indicating their willingness to disburse additional amounts.

15] Evidence of bonding satisfactory to the bank covering sub-contractors performing work on the project.

16] Establishment of a Trustee satisfactory to the bank and the long-term lender, as required in the long-term lender's commitment letter.

I am certain that there will be other requirements that develop as we proceed to close this loan and there may be some areas that we need to negotiate further. Our main concern, of course, is that of the timely and acceptable completion of the project and implementation of the equipment allowing the long-term lender to fund.

We appreciate the opportunity of working with you on this transaction and will look forward to getting together with you. If you have any questions or comments in regards to our commitment or in regards to this letter please do not hesitate to call. Again, we appreciate your patronage of our bank.

Sincerely,

Kenneth W. Bell

KWB/ga

cc: L. Wynn Johnson
Robert L. Wood

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New England Life

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY / 501 BOYLSTON STREET, BOSTON, MASSACHUSETTS 02117 / 617 • 266-3700

HANSON C. ROBBINS
Senior Investment Officer

RECEIVED
JUN 14 1983
Department of Water Resources

April 8, 1983

Bonneville Pacific Corp.
200 East South Temple
Salt Lake City, Utah 84111

Attention: Mr. Raymond L. Hixson, President

Re: $1,475,000 (± 10%) 14% Secured Notes ("Notes") due 1993 to be issued by Hydro Electric Associates ("Hydro") a joint venture of John Koyle, Bonneville Pacific and other limited partners, in connection with a proposed Hydro-Electric power project to be located at Koyle Ranch, Gooding County, Idaho.

Gentlemen:

Our Finance Committee has approved in principle the purhcase at par of $1,475,000 (± 10% but no more than 69% of Total Amount Funded as defined in Bonneville Pacific Corp's brochure entitled Summary, Koyle Ranch Hydro Electric Project, Gooding, Idaho" (the "Brochure")) principal amount of the Notes to be issued by Hydro subject to the following conditions:

1. The concurrent contribution of $650,000 (±10%) to Hydro by its partners in accordance with a partnership agreement to purchase and obtain title to power generation equipment described in the brochure.

2. Assurance from Hydro satisfactory in form and substance to us, that it has all necessary rights for the non-consumptive use of water to generate power and all rights of way, easements, and environmental or other permits to construct and operate for at least 15 years a hydro electric facility as described in the Brochure. In addition Hydro shall covenant to supply the construction lender, and us with an audited accounting of the project construction costs, before we fund, and covenant to supply you and us with a quarterly accounting of operations and annual audited financial statements covering operations of the project.

3. The completion of a 35 year firm "take-if-tendered" power sales contract satisfactory in form and substance to you and us between John Koyle, Margaret Koyle, Bonneville Pacific Corp., as joint venturers and Idaho Power Company similar in content to the agreement dated February 15, 1983 between the same parties.

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4. The assignment to us of water flowage rights, power payment, the power sale contract, and a second trust deed to John Koyle's properties together with all agreements, rights and licenses necessary for us to operate the hydro-electric facility in the event we become owner of the facility.

5. A first secured interest in all hydro-generation equipment, pen stocks, building and other equipment owned by Hydro to us, (together with the right to remove such equipment) as long as the Notes are outstanding.

6. The establishment of a $150,000 Reserve Account to be held by a Trustee to be named, satisfactory to us, the income of which will accrue to Hydro (unless needed to replenish the Reserve Account).

7. Establishment of a Trustee who, so long as any of the Notes are unpaid, will hold the Reserve Account and distribute funds from the Reserve Account in accordance with provisions articulated in a Trust Agreement, satisfactory to us in form and substance; who will receive all monthly payments from Idaho Power Company and distribute monies in accordance with provisions of the Trust Agreement; and who will receive any and all payments by insurers against claims relating to business interruption or casualty and distribute monies in accordance with the provisions of the Trust Agreement.

8. Evidence that an all-risk business interruption insurance policy, including fire, earthquake, and flood satisfactory to us, covering all operations of the hydro-electric facility is in force at the closing, naming the Trustee as loss payee. In addition Hydro shall covenant that if the power sales contract is ever changed so that "avoided capacity payments" are less than debt service (annualized) it will obtain loss of flow coverage.

9. Certification, satisfactory to us, from Engineers for the project that construction is complete, that the plant is capable on a production basis of producing power acceptable to the buyer of power, and that no condition exists prohibiting Hydro from producing and selling power in accordance with project plans.

The Notes will be non-callable for life (except in the event of casualty) and will be repaid in 40 quarterly installments of interest and principal on a modified mortgage basis to be determined designed to fit the expected seasonal pattern of income generation.

Upon your acceptance of this Commitment Letter, we will engage the law firm of Messrs. Chapman & Cutler of Salt Lake City & Chicago to act as special counsel for the lenders, and as is customary in financings of this character, all legal fees incident to this transaction will be paid by Hydro, whether or not the sale of the Notes is ever consummated.

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This Commitment Letter is not meant to be, nor shall it be contrued as, an attempt to define all the terms and conditions of the transactions involved in the financing of this project. Rather, it is intended only to set forth in abbreviated fashion certain basic points of business understanding around which the loan documentation is to be structured. Further negotiations within the general scope of these major conditions shall not be precluded by the issuance of this Commitment Letter and its acceptance by you.

If the foregoing correctly sets forth your understanding of the financing of this project, please indicate your willingness to be bound hereby by executing the enclosed copy of this letter in the place provided therefor and returning the same to us by April 30, 1983, whereupon this commitment shall constitute a binding agreement to lend, and upon the Company to borrow, all on the terms hereof.

Very truly your,

Hanson C. Robbins

Hanson C. Robbins
Senior Investment Officer

bhs
Enclosure

Approved and Accepted by:

Name: Raymond L Wilson

Title: President

Date: Bonneville Pacific Corp

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ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS ASSIGNMENT, made and entered into this 13TH day of JUNE, 1983, by and between JOHN H. KOYLE and MARGARET H. KOYLE, husband and wife, hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 37-7889 and 37-7916, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by this reference made a part hereof; and

WHEREAS, in connection with that certain Assignment Agreement between Assignors and Assignee, of even date herewith, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Koyle Ranch Hydro-Electric Project (the "Project"), located in Gooding, Idaho, on land more particularly described in Exhibit "A" of said Assignment Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and adequacy of

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which are hereby acknowledged, the parties hereto agree as follows:

1. Assignors hereby assign to Assignee all of their right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of the Project during the entire term of the Project as more specifically set forth in said Assignment Agreement.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Project in accordance with said Assignment Agreement.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That the Assignors have duly performed all of the conditions presently required under said Permits;

(b) That said Permits are in full force and effect;

(c) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable; and

(d) That Assignors agree to defend, indemnify and hold Assignee harmless from and against any loss, costs, expense, cause of action, claim or fee, including reasonable attorneys' fees, which may

AMENDED

be incurred by Assignee in connection with this assignment provided that any such loss or fee is not the result of any breach or negligence on the part of Assignee.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder (except for purposes of securing financing) without the prior written consent of Assignors 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 Assignment Agreement term as described in said Assignment Agreement, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

John H. Koyle
JOHN H. KOYLE

Margaret H. Koyle
MARGARET H. KOYLE

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By L. Wynn Johnson
Its VICE PRESIDENT

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SCHEDULE I

Approved Application for Water Permit
Nos. 37-7889 and 37-7916

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INTER-DEPARTMENT MEMO — 1

FROM Jim Johnson

DATE 12/14/1981

TO Files 37-7889 and 37-7916

SUBJECT Overlap review

A record search for other applications for water permits using water for power generation in the vicinity of these two applications was made and no other water rights were found having the same points of diversion.

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SIGNATURE

Consulting Associates, Incorporated

BOISE OFFICE
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-2670
P.O. BOX 893
BOISE, IDAHO 83701

RECEIVED
NOV 30 1981
Department of Water Resources

November 25, 1981

L. Glen Saxton
Chief, Operations Bureau
Department of Water Resources
Statehouse
Boise, ID 83720

Dear Glen,

Please find attached the copy of the John Koyle Preliminary Permit as issued by F.E.R.C. I assume that this permit will serve to initiate your final action on the Koyle Hydro permit #37-7916.

Sincerely,

Vernon F. Ravenscroft
President

Enc.

VFR:mmc

cc/John Koyle

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AL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426
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FERC-351
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NOV 17 1981

Consulting Associate
P. O. Box 893
Boise, Idaho 83701

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

John H. Koyle) Project No. 4052-000

ORDER ISSUING PRELIMINARY PERMIT

(Issued November 3, 1981)

The Permittee 1/ filed an application for preliminary permit under Section 4(f) of the Federal Power Act (Act), 16 U.S.C. 797(f), for the proposed water power project, as described in the attached public notice. 2/

Notice of the application was published in accordance with Section 4(f) of the Act and the Commission's regulations. All protests that have been submitted, petitions to intervene that have been granted, together with all comments filed by Federal, State, and local agencies have been fully considered in determining whether to issue this permit. No party or agency commenting on the application objected to the issuance of the permit.

EFFECTS OF THIS PRELIMINARY PERMIT:

The purpose of any preliminary permit is to maintain priority of application for a license during the term of the permit while the Permittee conducts investigations and secures data necessary to determine the feasibility of the proposed project and to prepare an acceptable application for license. A preliminary permit does not authorize construction of any project works. This permit does require the Permittee to conduct certain studies, but under conditions which will assure that those studies cause no significant adverse environmental impacts. For these reasons, the issuance of this preliminary permit is not a major Federal action significantly affecting the quality of the human environment.

Any concerns raised in the comments, protests, or petitions to intervene addressing the potential effects of actually constructing and operating the proposed project are not affected by the issuance of a preliminary permit.

1/ In this, "Permittee" refers to the applicant or applicants named in the caption for this proceeding.

2/ Authority to act on this matter is delegated to the Director, Division of Hydropower Licensing, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 45 Fed. Reg. 21216 (1980), as amended by Order No. 112 in Docket No. RM81-5, issued November 21, 1980, (45 Fed. Reg. 79024).

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The Articles of this permit provide for studies, in coordination with the appropriate agencies, to address the technical, economic, and environmental considerations related to the proposed project. Should the Permittee find the project to be feasible and file an application for a license, all interested persons and agencies will be given notice and have an opportunity to review the application, present their comments concerning the project and the effects of its construction and operation, and seek to participate in the licensing proceeding.

The named Permittee is the only party entitled to the preference and priority of application for license afforded by this preliminary permit. In order to invoke this permit-based priority and preference in any subsequent licensing competition, the named Permittee must file an application for license as the sole applicant, thereby evidencing its intent to be the sole licensee and hold all proprietary rights necessary for the construction, operation and maintenance of the proposed project. Should any other parties intend to hold during the term of any license issued any of these proprietary rights necessary for project purposes, they must be included as joint applicants in any application for license filed. In such an instance where parties other than the Permittee are added as joint applicants for license, the joint application will not be eligible for any permit-based preference or priority. City of Fayetteville Public Works Commission, Project No. 3137 et al., "Order Determining Preference, Issuing Preliminary Permit and Denying Competing Application", (16 FERC ¶ 61,209).

TERM OF PERMIT:

The proposed project is considered a small scale development. Feasibility studies for small projects are limited in scope and should not require the maximum term for a preliminary permit (36 months) permitted under the Act. Therefore, the term of this permit is limited to 24 months. Review of this project indicates that this permit term should be fully adequate to complete the necessary studies if they are pursued expeditiously. Extension of the term of this permit will not be granted, except in unusual circumstances where good cause for extension is clearly demonstrated.

It is ordered that:

(A) A preliminary permit is issued to the Permittee for the proposed project as described in the attached notice, for a period effective the first day of the month in which this permit is issued, and ending either 24 months from the effective date or on the date that an application for license submitted by the Permittee has been accepted for filing,

Form P-1
(Revised October, 1975)

FEDERAL ENERGY REGULATORY COMMISSION
TERMS AND CONDITIONS OF
PRELIMINARY PERMIT

Article 1. The Permittee shall make such engineering and other investigations, secure such data, and perform such acts as are necessary to determine the feasibility of the proposed project and, if said project is found to be feasible, to prepare an application for license for the project that will be in conformance with current rules and regulations of the Commission. In carrying out the requirements of this permit the Permittee shall:

A. Install as soon as practicable, and thereafter maintain, such stream gages and stream-gaging stations as the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region shall designate as necessary and best adapted for the purpose of determining the stage and flow of the stream or streams affected by the proposed project, and shall provide for the required reading of such gages and for the adequate rating of such stations. The number, design, location, and time of installation of gages and stations, the rating of such stations, and the determination of the flow of the affected stream or streams, shall be made under the supervision of, or in cooperation with, the District Engineer of the United States Geological Survey having charge of stream-gaging in the region of said project; and the Permittee shall advance to said Geological Survey the amount of funds estimated to be necessary for such supervision, or cooperation for such periods as may be mutually agreed upon. The Permittee shall, to the satisfaction of the Commission, keep accurate and sufficient records of the stage and flow of the affected stream or streams, and shall make such records available to the Commission at such times as the Commission may prescribe.

B. Sink such test pits or make such borings or other foundation explorations, and make such detailed geologic studies and tests on foundations and fill materials, as are necessary to support preliminary engineering designs and cost estimates.

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C. Begin the required investigations within 60 days after acceptance of the permit, and thereafter prosecute said investigations in such manner and at such rate as in the judgment of the Commission will ensure their completion within the period of the permit.

D. Furnish with any application for license subsequently filed with the Commission copies of engineering and geologic reports, results of tests and analyses, and any other information secured in connection with the investigations, examinations and surveys conducted under this permit.

E. Exercise appropriate measures at all times during field studies to prevent irreparable damage to the environment of the proposed project. All test sites shall be restored as closely as possible to their original condition, and to the satisfaction of the Commission's authorized representative, or, where Federal lands are affected, to the satisfaction of the agency administering such lands.

Article 2. A license will be issued for the proposed project only if in the judgment of the Commission said project will be best adapted to a comprehensive plan for the improvement or development of a waterway or waterways for the use or benefit of interstate or foreign commerce, for the improvement and utilization of water power development, and for other beneficial public uses, including recreational purposes. In reaching a decision on the desirability of issuing a license, the Commission will consider, among other things:

A. Whether the maps, plans, and specifications are such:

(1) That full, practicable utilization will be made of the water, storage possibilities, and head at the site to be developed;

(2) That the structures will be safe and constructed in accordance with good engineering practice; and

(3) That all unnecessary energy losses, whether in hydraulic works or in mechanical or electrical equipment, will be avoided.

B. Whether in relation to existing or probable future projects upon the same or adjacent streams, the potential for the fullest practicable utilization of the available water, storage possibilities, and head will be maintained.

C. Whether said project will be in general accord with the most beneficial utilization of the water for navigation, water power, irrigation, or other public uses, and for aiding flood control, reclamation, and similar developments.

D. Whether proper provision is made for present or future electrical interconnection with other projects or systems in order to take advantage of diversity of streamflow and of power demands.

E. Whether the use to which the power will be devoted is, in general, in accord with the public interest.

F. Whether the applicant is financially able to carry out the development.

G. Whether the construction, maintenance, and operation of the proposed project works will interfere or be inconsistent with the purpose for which any reservation, as defined in the Federal Power Act, was created or acquired.

Article 3. The priority granted under the permit shall be lost if the Permittee fails to fulfill the requirements of the permit, if the permit is canceled by order of the Commission, or if the Permittee fails, on or before the expiration date of the permit, to file with the Commission or its designated agent an application for license for the proposed project in conformity with the Commission's rules and regulations then in effect.

Article 4. The Permittee shall keep accurate records of all expenditures made for the purposes authorized by the permit, together with all vouchers and other supporting data relating to such expenditures, which records and related materials shall be retained by the Permittee.

Article 5. The permit confers no authority upon the Permittee to undertake construction of the proposed project, or any part thereof, or to occupy or use lands or other property of the United States for the purposes of construction, unless specific permission is given by the Commission for such occupancy or use; and neither the granting of such authority nor the performance of construction work, whether with or without such authority, shall be deemed to have created any equities or to have established any rights with respect to issuance of a license for the proposed project, beyond what would have been created or established had such authority not been given or such work not been performed.

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Article 6. The permit is not transferable and may be canceled by order of the Commission upon failure of the Permittee to begin in good faith, or to prosecute diligently, the investigations, examinations, and surveys contemplated under the permit, or to comply with any other conditions therein, or for any other good cause shown after notice and opportunity for hearing.

October 9, 1981

Consulting Associates, Incorporated
Mr. Vernon F. Ravenscroft
P. O. Box 893
Boise, Idaho 83701

RE: Application for Permit No. 97-7916 (John E. Koyle).

Dear Mr. Ravenscroft:

We are in receipt of your letter dated October 5, 1981 that transmitted a copy of a Notice of Application For Preliminary Permit for project no. 4052-000 in the name of John E. Koyle.

The information will serve as an update on FERC related activities. Per standard procedure, however, we will not begin preparing the water right application for approval until the preliminary permit is approved by FERC. Please keep us posted in this regard.

Sincerely,

L. GLEN SAXTON
Chief, Operations Bureau

LGS:DRT:jg

RECEIVED

37-7916

Consulting Associates, Incorporated

BOISE OFFICE
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-2670
P.O. BOX 1993
BOISE, IDAHO 83701

RECEIVED
OCT 7 1981
Department of Water Resources

October 5, 1981

Mr. L. Glen Saxton
Chief, Operations Bureau
State of Idaho
Department of Water Resources
450 W. State Street
Boise, Idaho

Re: Project # 4052-000
John H. Koyle

Dear Mr. Saxton,

Enclosed is a copy of the F.E.R.C. acceptance on the Preliminary Permit filed by John Koyle of Gooding, Idaho on Project # 4052-000.

With the issuance of the acceptance, it would appear Mr. Koyle's project is now in order and ready for final approval on the water rights.

If you have any further questions, please don't hesitate to contact me.

Sincerely,

Vernon F. Ravenscroft

VFR:hc

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

RECEIVED
JUL 22 1981

OEPR-HL
Project No. 4052 - 000 - Idaho
John H. Koyle

Mr. John H. Koyle
Route #2
Gooding, Idaho 83330

Subject: John H. Koyle's application filed on January 23, 1981, for a preliminary permit for the Koyle Ranch Project No. 4052

Dear Mr. Koyle:

The subject application is accepted for filing as of the submittal date.

Federal, State and local agencies will be informed in the public notice to be issued by the Commission that a copy of the complete application may be obtained from the Applicant.

Applicant should have copies of the application available within 30 days of the date of this letter.

Sincerely,

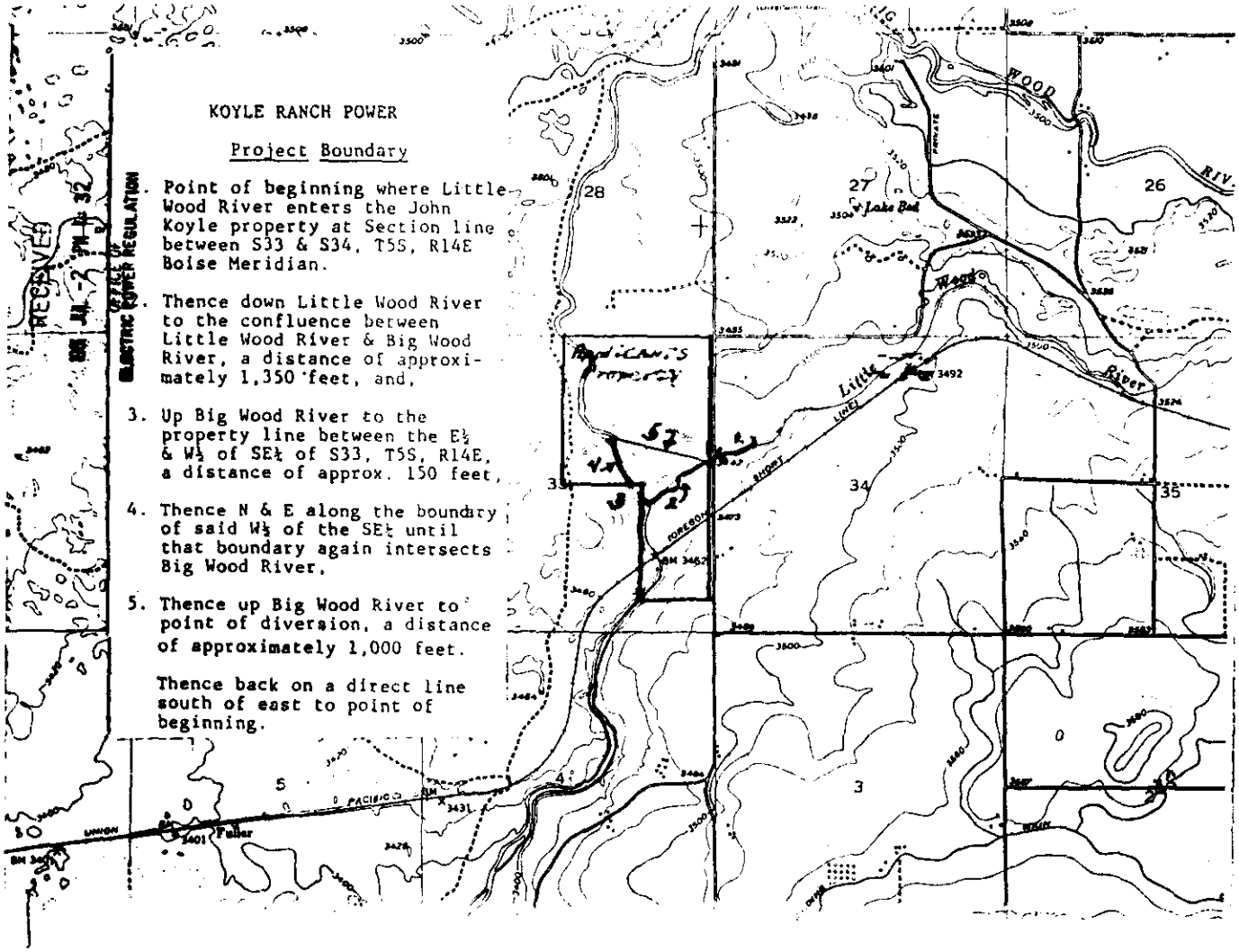
William W. Lindsay

William W. Lindsay
Director, Office of Electric Power Regulation

OEPR/Guey-Lee, W.: rc/7-11-81
cc: SFRO DHL OGC FILES OPI SUSPENSE CONSULTING ASSOCIATES, INC.

DISPATCHED

Koyle



FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426
EQUAL OPPORTUNITY EMPLOYER

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FERC 361
FIRST CLASS MAIL

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AUG 21 1981

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Consulting Associates
P. O. Box 8043
Boise, Idaho 83701

D-41 5

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

John H. Koyle) Project No. 4052-000

NOTICE OF APPLICATION FOR PRELIMINARY PERMIT

(August 14, 1981)

Issued notice that John H. Koyle (Applicant) filed on January [illegible], 1981, an application for preliminary permit [pursuant to the Federal Power Act, 16 U.S.C. §§791(a) - 825(r)] for Project No. 4052 known as the Koyle Ranch Project located on the Malad River in Gooding County, Idaho. The application is on file with the Commission and is available for public inspection. Correspondence with the Applicant should be directed to: Mr. John Koyle, Route #2, Gooding, Idaho 83330.

Project Description - The proposed project would consist of: 1) two 10-foot high diversion structures; 2) a 1,350-foot long canal; 3) a 1,000-foot long canal; 4) a headworks structure; 5) an outdoor-type enclosure containing one generating unit rated at 350 kW and two generating units, each rated at 175 kW; and 6) a transmission line. The average annual energy generation is estimated to be 3.75 million kWh.

Proposed Scope of Studies under Permit - A preliminary permit, if issued, does not authorize construction. Applicant seeks issuance of a preliminary permit for a period of 36 months, during which time it would conduct engineering, economic, environmental, and feasibility studies, and prepare an FERC license application.

The cost of the work to be done under the preliminary permit is estimated to be $50,000.

MICROFILMED

Competing Applications - Anyone desiring to file a competing application must submit to the Commission, on or before October 19, 1981, either the competing application itself [See 18 C.F.R. §4.33(a) and (d)(1980)] or a notice of intent [See 18 C.F.R. §4.33(b) and (c)(1980)] to file a competing application. Submission of a timely notice of intent allows an interested person to file an acceptable competing application no later than the time specified in §4.33(c).

Agency Comments - Federal, State, and local agencies are invited to submit comments on the described application. (A copy of the application may be obtained by agencies only directly from the Applicant.) If an agency does not file comments within the time set below, it will be presumed to have no comments.

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of the Rules of Practice and Procedure, 18 C.F.R. 1.8 or 1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protest, or petition to intervene must be received *on or before* October 19, 1981.

Filing and Service of Responsive Documents - Any filings must bear in all capital letters the title "COMMENTS", "NOTICE OF INTENT TO FILE COMPETING APPLICATION", "COMPETING APPLICATION", "PROTEST", or "PETITION TO INTERVENE", as applicable, and the Project Number of this notice. Any of the above named documents must be filed by providing the original and those copies required by the Commission's regulations to: Kenneth F. Plumb, Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, D.C. 20426. An additional copy must be sent to: Fred E. Springer, Chief, Applications Branch, Division of Hydropower Licensing, Federal Energy Regulatory Commission, Room 208 RB at the above address. A copy of any notice of intent, competing application, or petition to intervene must also be served upon each representative of the Applicant specified in the first paragraph of this notice.

Kenneth F. Plumb
Secretary

Consulting Associates, Incorporated
P.O. BOX 893
BOISE, IDAHO 83701

BOISE,ID 837
PM
1991

USA 18c

Mr. L. Glen Saxton
Chief, Operations Bureau
State of Idaho
Statehouse
Boise, Idaho 83720

RECEIVED

State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

September 30, 1981

RE: Application for Permit No. 37-7916

John H. Koyle
Route #2, Box 254
Gooding, ID 83330

Dear Mr. Koyle:

We have completed a preliminary review of the above referenced application. This review has included advertising by the regional office and a verification that all required preliminary information has been provided.

For power projects that are under the jurisdiction of the Federal Energy Regulatory Commission (FERC), we withhold final action on the application pending FERC approval of (1) a preliminary permit, or (2) an exemption. If you have not yet contacted FERC, the address below is a good starting point:

Federal Energy Regulatory Commission
Regional Engineer's Office
Attn: Mr. Jerry Leach
6th Floor, 333 Market Street
San Francisco, CA 94105
(Tel. No. (415) 764-7150)

The continued validity of this application is contingent on your proceeding with due diligence toward obtaining an approval or an exemption from FERC. Please keep this office informed of progress in this regard.

Sincerely,

L. GLEN SAXTON
Chief, Operations Bureau

LGS:kw

RECEIVED

WATER RIGHT NUMBER 37-7916

OWNER LAST NAME - KOYLE FIRST NAME - JOHN H. ORIG OWNER -
ADDRESS LINE 1 - RT. 2 BOX 254 ADDRESS LINE 2 -
ADDRESS LINE 3 - CITY - GOODING STATE - ID ZIP CODE - 83330
SOURCE - BIG WOOD RIVER TRIBUTARY OF - MALAD RIVER
SOURCE - LITTLE WOOD RIVER TRIBUTARY OF - MALAD RIVER
STAGE - APPLICATION STATUS - PRIORITY - 06-15-1981 COUNTY - GOODING TOTAL DIV. RATE - 280.0000 CFS
TOTAL DIV. VOLUME - .00 AFA TRFR/AMEND - WATER DIST. - DLE/CAREY ACT - RIGHT BASIS -
DIVERSION POINT - SWNE 33 05S 14E LOT REDIV - SENE 33 05S 14E LOT REDIV -
FROM - 01-01 TO - 12-31 USE - POWER USE DIV. RATE - 280.0000 CFS USE DIV. VOLUME - .00 AFA
USE - POWER PLACE OF USE - TWN 05S RNG 14E SEC 33 TRACT NESE LOT AC
DECREE NAME - DATE - TOTAL ACRES 0
REMARKS - HEAD = 50 FT.
NON IRRIG USE -
OTHER RIGHTS FOR SAME USE -
PROOF DUE - PERMIT/DENIED - PROTESTED - HEARING - OLD NO. -
PROOF MADE - FLD EXAM - COND. OF APPROVAL -
DIVERSION MEANS - ROCK & CEMENT DIVERSION DAM

Moore Business Forms, Inc.

Form No. 202a
3/79

State of Idaho

Department of Water Resources

APPLICATION FOR PERMIT ANALYSIS SHEET

KOYLE, John H.

INITIAL REVIEW BY: ADM APPLICATION NUMBER: 37-7916

CHECK:

- ☒ Source.
- ☒ Point of diversion.
- ☒ County.
- ☒ Quantity of water and period of use.
- ☒ Description of diverting works.
- ☒ Time required for beneficial use of water.
- ☒ Place of use or acres irrigated.
- ☒ Map.
- ☒ Signature.
- ☒ Fee.

Field check by: _____
Date: _____
Comments: _____

- ☒ Yes ☐ No Field check required.
- ☐ Yes ☒ No Critical groundwater area.
- ☐ Yes ☒ No Request dam safety information. Sent by: _____ Date: _____
- ☒ Yes ☐ No* In form to receipt.

*REQUEST THE FOLLOWING ADDITIONAL INFORMATION FROM THE APPLICANT:

Request Plans –
Financial Statement –
Proof of Ownership –

SEND COPIES TO:

- ☐ Idaho State Health Department. Copies sent by: _____ Date: _____
- ☐ Idaho Fish and Game Department.
- ☐ Idaho Department of Lands.
- ☐ U.S. Bureau of Land Management.
- ☐ U.S. Forest Service.
- ☒ Other Reid Newby, Watermaster mailed 6/17/81

PROCESSING:

- ☐ Yes ☒ No Platted by: ADM Map No. AA20
- ☐ Yes ☒ No Other rights on same place of use. Not checked
- ☒ Yes ☐ No* In form for advertising. Final date for protests: 7/10/81 ✓
- ☐ Yes ☒ No Protests received. If yes, record information on 4th page of application.

FINAL REGIONAL PROCESSING REVIEW:

- ☒ Affidavit of publication received. Date: 7/6/81 ✓
- ☒ Application published correctly. If not, record action taken: _____
- ☒ Fee amount, receipt date & number, recorded on application.
- ☒ Publication dates and paper, recorded on application.
- ☒ Protests, dates, withdrawal, etc., recorded on application.
- ☒ Recommendation & initial, recorded on application.
- ☒ Yes ☐ No Measuring device required.
- ☐ Yes ☒ No Access port required.
- ☒ Yes ☐ No Will water be delivered by watermaster? If yes, what district? 37
- 6/15/81 Date of priority recommended.

Special conditions of approval or cover letter. 01E, 05, 08A, 17

THIS PERMIT DOES NOT CONSTITUTE IDAHO PUBLIC UTILITIES COMMISSION OR FEDERAL ENERGY REGALATORY COMMISSION APPROVAL THAT MAY BE REQUIRED.

Department of Water Resources

By: Loren O Harbeck Date: 9/3/81

STATE OFFICE REVIEW:

SW/LOB 01E, 05 (37 Big Wood R), 08A, 17 & Special Cond

☐ See attached sheet for more information.

By: _____ Date: 9/22/81

Send FERC LETTER - Do not approve at this time S.J.

FERC Permit received 11/30/81 - Application for permit can be approved with above conditions 12/14/81

POWER CALCULATIONS FOR APPLICATION NO. 37-7916

P = Kilowatts .74 X hp

Q = cfs

H = feet

e = efficiency

proposed
800 KW
280 cfs
50 ft
?

$$e = \frac{P(11.8)}{QH} = \frac{800 \times 11.8}{280 \times 50} = \frac{9440}{14000} = .67 \text{ or } 67\%$$

Based on the above calculations the proposed project must have an 67 % efficiency.

RC 9/22/81

MICROFILMED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

July 16, 1981

John H. Koyle
Rt. 2 Box 254
Gooding, Idaho 83330

Re: Application for Permit No. 37-7916

Dear Mr. Koyle:

As you were advised by our letter of June 17, 1981, the following information must be submitted for inclusion with your application No. 37-7916 to appropriate water for power generation in accordance with Section 42-202 of the IDAHO CODE:

1) A plan for the facility. This must include a scale drawing showing the proposed layout of the plant on the property, and must give approximate location, dimensions, and elevations of all major components of the facility.

2) An itemized estimate of the construction costs of the facility.

3) A statement of the financial resources of the applicant and the means by which funds are to be provided for construction of the project. This information will be reviewed in confidence and returned to you.

Letter for affidavit

Additionally pursuant to inactment of House Bill No. 317 which changed Section 42-205 of the IDAHO CODE, please find a copy enclosed for your reference, please find enclosed an affidavit which we must receive before we can complete the review of your application.

Please complete the affidavit, sign it before a notary, and return it to this office along with the other required material prior to August 21, 1981.

If the required material has not been received by our office by August 21, 1981, it will be necessary for our office to forward the application to the Director for final action with a recommendation that it be denied.

If you have any questions, please feel free to contact me.

Sincerely,

Allen D. Merritt
Senior Water Resource Analyst

ADM: marya
Encl:

NOTICE OF APPLICATION FOR WATER RIGHT

Notice is hereby given that the following application(s) have been submitted for permit to appropriate the public waters of the State of Idaho:

37-2916

KOYLE, JOHN H.

RT. 2 BOX 254, GOODING, ID 83330

Source: BIG WOOD RIVER tributary to MALAD RIVER
LITTLE WOOD RIVER tributary to MALAD RIVER

Date Filed: 06/15/1981

Amount: 280.00 CFS

Diversion Point: SWNE SENE Sec 33 T 05S R 14E, GOODING Co.

Use: POWER (280.00 CFS) from 01/01 to 12/31

Place of Use: NESE Sec 33 T 05S R 14E

Diversion Means: ROCK & CEMENT DIVERSION DAM

If issued, the permit(s) will be subject to all prior water rights. Protests against the granting of any permit must be filed with the Director of the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before JULY 10, 1981.

A. KENNETH DUNN

Director

Published 6/24 & 7/1/81.

MICROFILMED

LEGAL (257) GALLEY Lc.

NOTICE OF APPLICATION FOR WATER RIGHT

Notice is hereby given that the following application(s) have been submitted for permit to appropriate the public waters of the State of Idaho:

37-7916
KOYLE, JOHN H.
RT. 2, BOX 254, GOODING, ID 83330
Source: BIG WOOD RIVER tributary to MALAD RIVER LITTLE WOOD RIVER tributary to MALAD RIVER
Date Filed: 06/15/1981
Amount: 280.00 CFS
Diversion Point: SWNE SE-NE Sec 33 T 05S R 14E, GOODING Co.
Use: POWER (280.00 CFS) from 01/01 to 12/31
Place of Use: NESE Sec 33 T 05S R 14E
Diversion Means: ROCK & CEMENT DIVERSION DAM

If issued, the permit(s) will be subject to all prior water rights. Protests against the granting of any permit must be filed with the Director of the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before JULY 16, 1981.

/s/ A. KENNETH DUNN
Director

PUB: 6-24; 7-1, 1981

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES
Southern Region

1041 Blue Lakes Blvd N.
Twin Falls, Idaho 83301
(208) 734-3578

JUNE 17, 1981

Goodins County Leader
P.O. Box 56
Goodins, Idaho 83330

Gentlemen:

Enclosed you will find a legal notice which we wish to have published on the dates indicated (once a week for two consecutive weekly issues) in your newspaper. We have allowed ample time for you to submit a galley proof to this office for review before the first publication date. If you cannot publish the notice on the proposed dates, please contact us immediately.

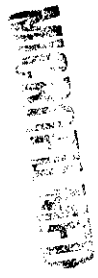
An affidavit of publication must be submitted to the Department along with the publication bill. Your cooperation is appreciated.

Please send the affidavit of publication and publication billing to this office before JULY 10, 1981.

Yours truly,

Mary A. Hill
Secretary

Encl.



3/79

IDENT. NO. 37-7916

IDAHO DEPARTMENT OF WATER RESOURCES

WATER RIGHT DATA ENTRY LOG

Initials	Date	Item
mcya	6/17/81	Original form entered
mardp	6/17/81	Edit Report Correct
		Date Protested
		Date of Hearing
		Date Approved/Denied (Proof due date, stage and/or status, conditions of approval, water district)
		Record Verified
		Amendment Approved
		Extension Approved
		Partial Proof
		Proof Complete
		Field Exam Received
		Field Exam Accepted and changes entered
		License Signed
		Transfer Approved
		Keypunched by State Office

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

June 15, 1981

Mr. Reid Newby
Watermaster District 37
Box T
Shoshone, Idaho 83352

Re: Application for Permit No. 37-7916

Dear Mr. Newby:

Enclosed please find a copy of the above referenced Application for Pemit for your information and files.

Sincerely,

Mary A. Hill
Sr. Secretary

for

Loren O. Holmes
Southern Region Supervisor

Encl:

FILED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

June 17, 1981

John Koyle
Rt. 2 Box 254
Gooding, Idaho 83330

Dear Mr. Koyle:

This office is currently processing your Application for Permit No. 37-7916 filed on June 15, 1981.

Since the application seeks to establish a water right for power generation purposes, and it appears that a commercially marketable amount of power may be produced, the following information must be submitted for inclusion with your application in accordance with Section 42-202 of the IDAHO CODE.

1) A plan for the facility. This must include a scale drawing showing the proposed layout of the plant on the property, and must give approximate locations, dimensions, and elevations of all major components of the facility.

2) An itemized estimate of the cost of constructing the facility.

3) A statement of the financial resources of the applicant and the means by which funds are to be provided for construction of the project. This information will be reviewed in confidence and returned to you.

If you have any questions please feel free to contact this office.

Sincerely,

ALLEN D. MERRITT
Senior Water Resource Analyst

ADM:marya

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