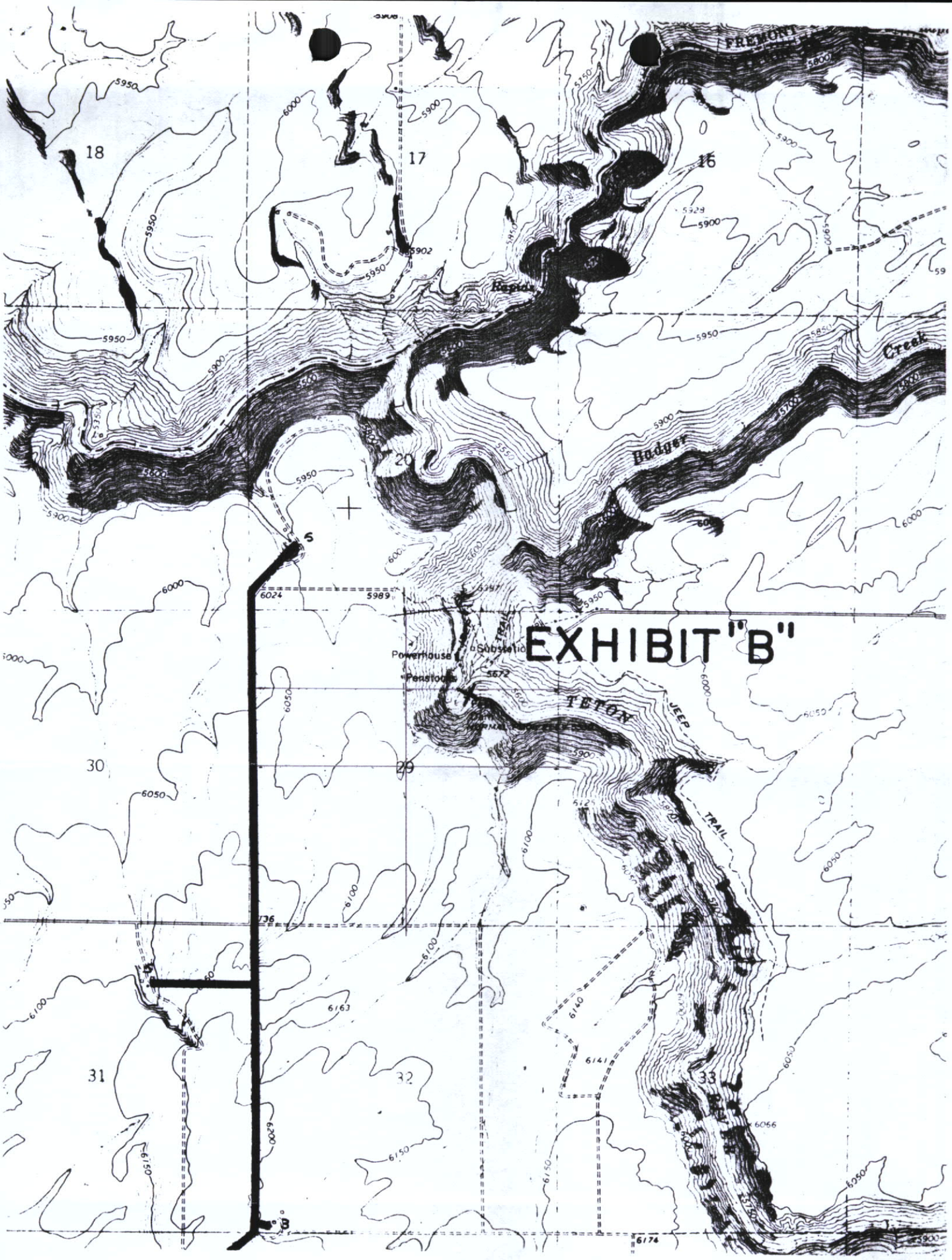


Scale: 2 inches equal 1 mile.

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.

Calvin H. Linkham

(Applicant)

General Manager

MICROFILMED

Form 219
6/86

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

BENEFICIAL USE FIELD REPORT

A. GENERAL INFORMATION

Permit No. 22-7487

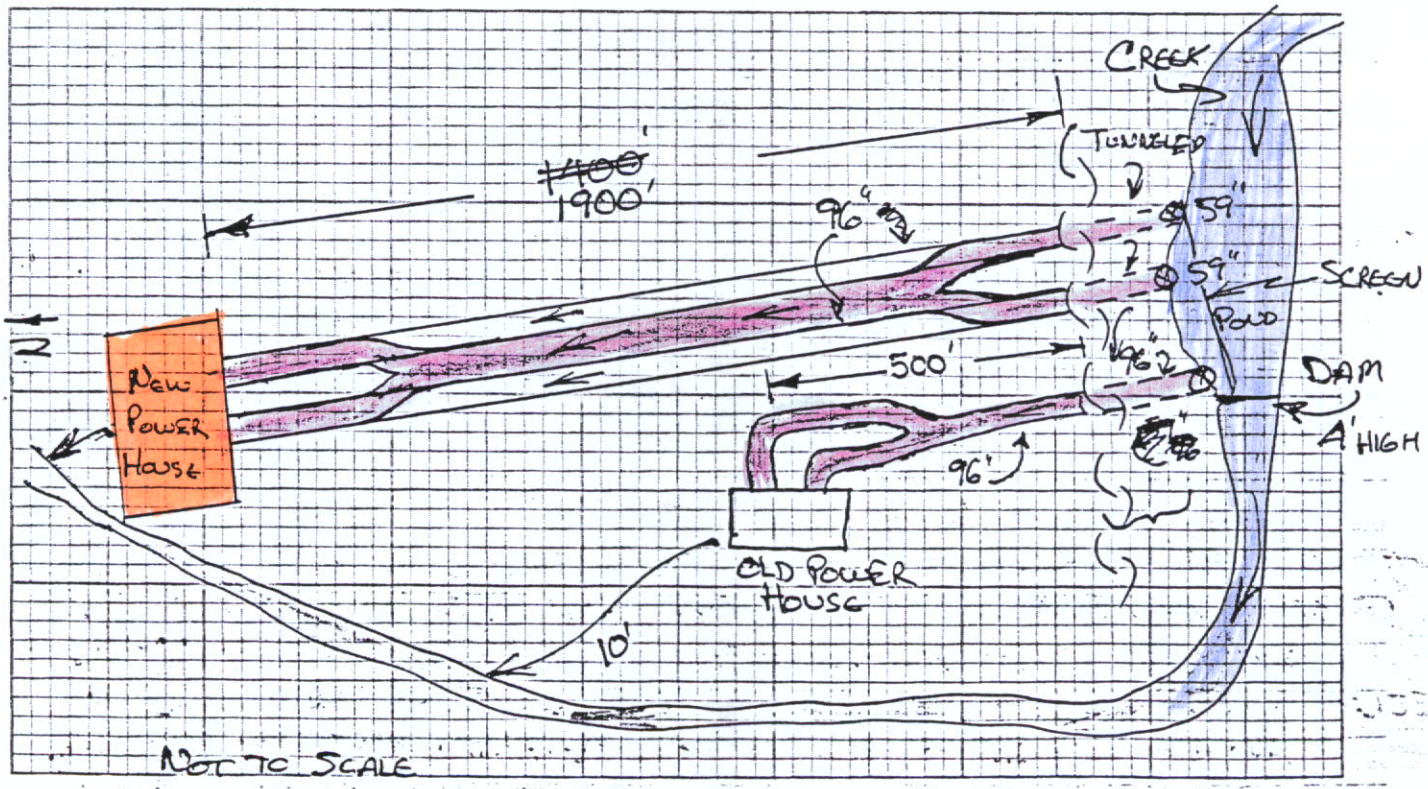
1. Owner: FALL RIVER RURAL ELECTRIC COOP., INC. Phone No. 652-7431
   Current Address: P.O. BOX AE, ASHTON, ID. 83420
2. Accompanied by: ZANE LARSON EXAM. DATE: 9-OCT-1987
   Address: Box 111 Tetonia Phone No. 456-2364
   Relationship to Permit Holder: PLANT MANAGER
3. Source: TETON RIVER tributary to SNAKE RIVER

B. OVERLAP REVIEW

1. Other water rights with same place of use: ~~22-0606, 2123, 2126~~, 22-7351/7482B
   ☐ Copies Attached
2. Other water rights with same point of diversion: 22-0606, 2123, 2126, 22-7351/7482B
   ☐ Copies Attached ☐ Copies of Field Exam's Attached

C. SYSTEM DESCRIPTION

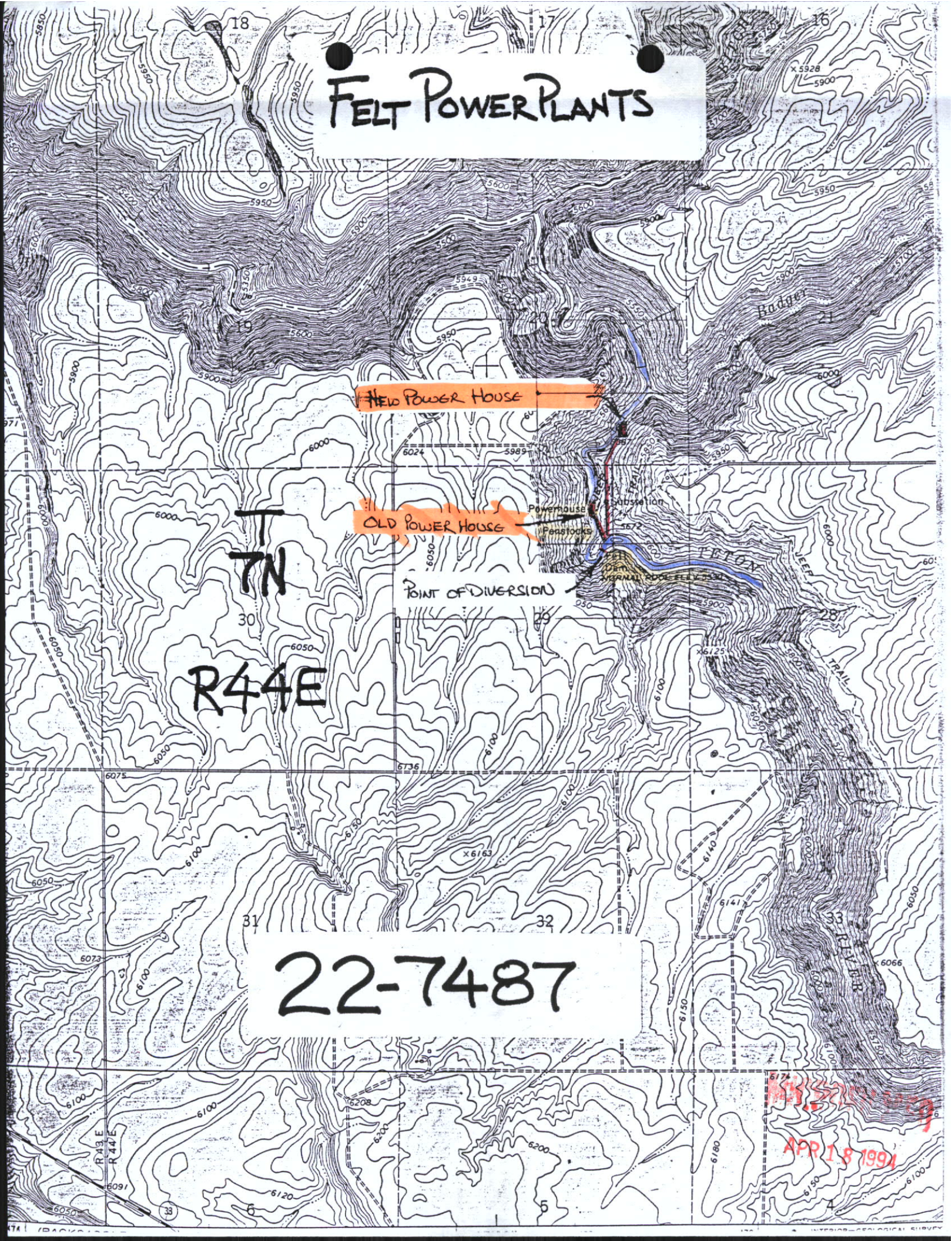
1. **Diversion System Diagram:** Indicate all major components and distances between components. Indicate weir size/ditch size/pipe i.d. as applicable. ☑ Alternative diagram attached

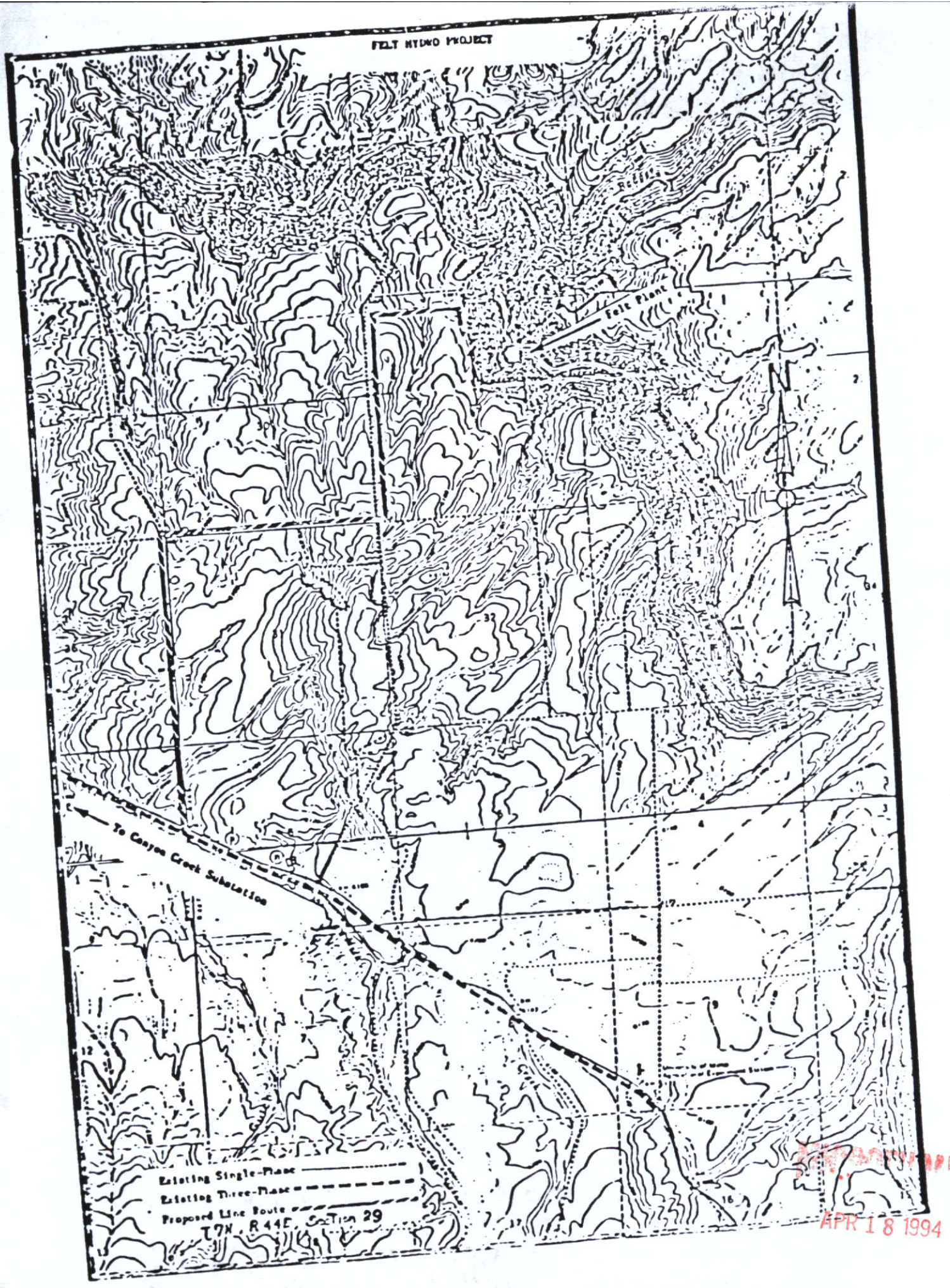


Scale: 1" = _____.

2. ☑ Copy of U.S.G.S. Quadrangle Attached
   Showing location(s) of point(s) of diversion and place(s) of use (required).
   ☐ Aerial Photo Attached
   (required for irrigation of 10 acres or more).
   ☑ Photo of Diversion and System Attached
   (required for all but single household domestic groundwater, and stockwater.

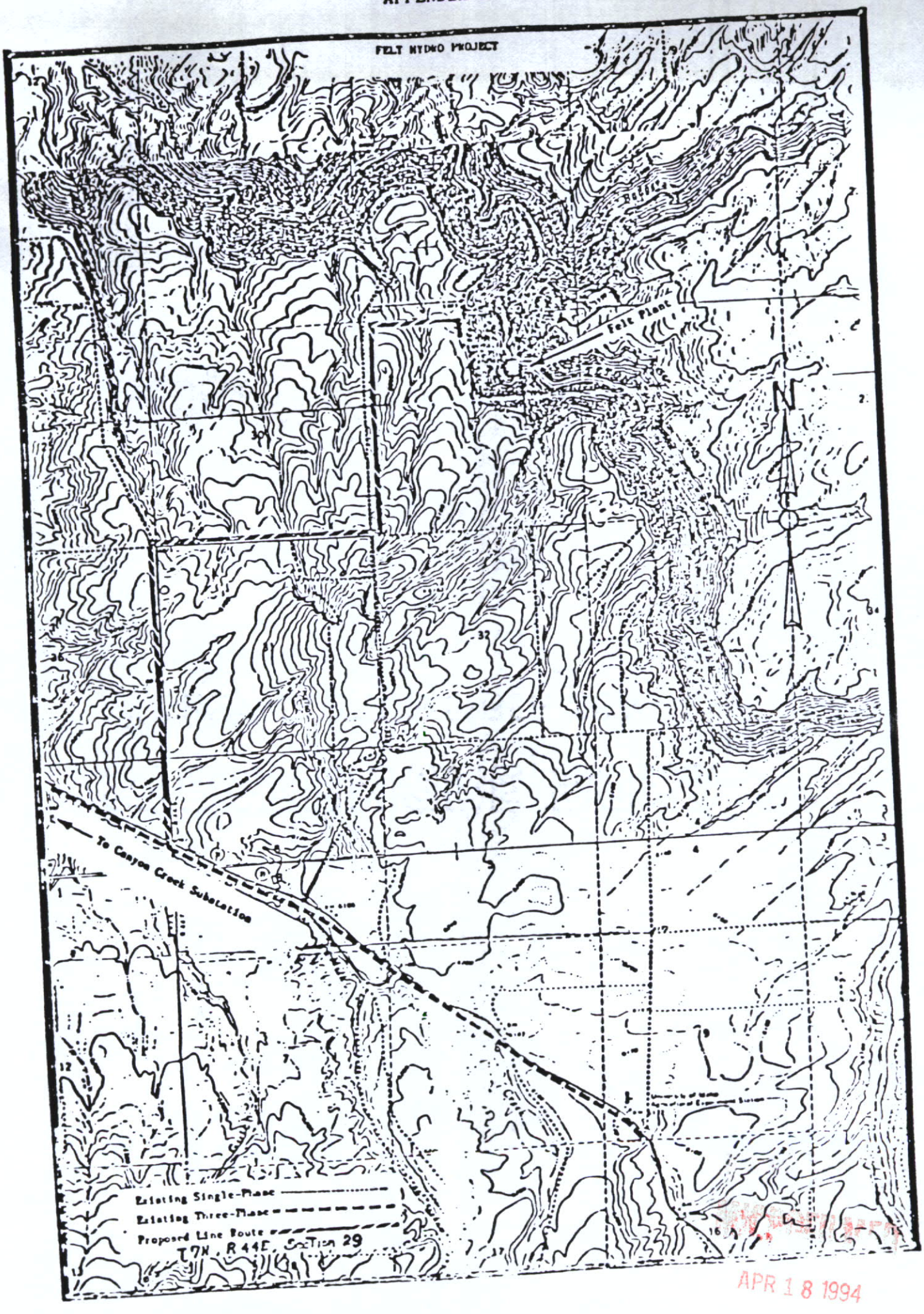
RECEIVED
APR 18 1994


FELT POWER PLANTS
NEW POWER HOUSE
OLD POWER HOUSE
POINT OF DIVERSION
Powerhouse
Penstocks
Substation
Dam
Marshall Pond
T 7N
R44E
22-7487
Badger
TETON
JEEP TRAIL
TRAIL
18
17
16
19
20
21
30
29
28
31
32
33
5
4
APR 18 1994

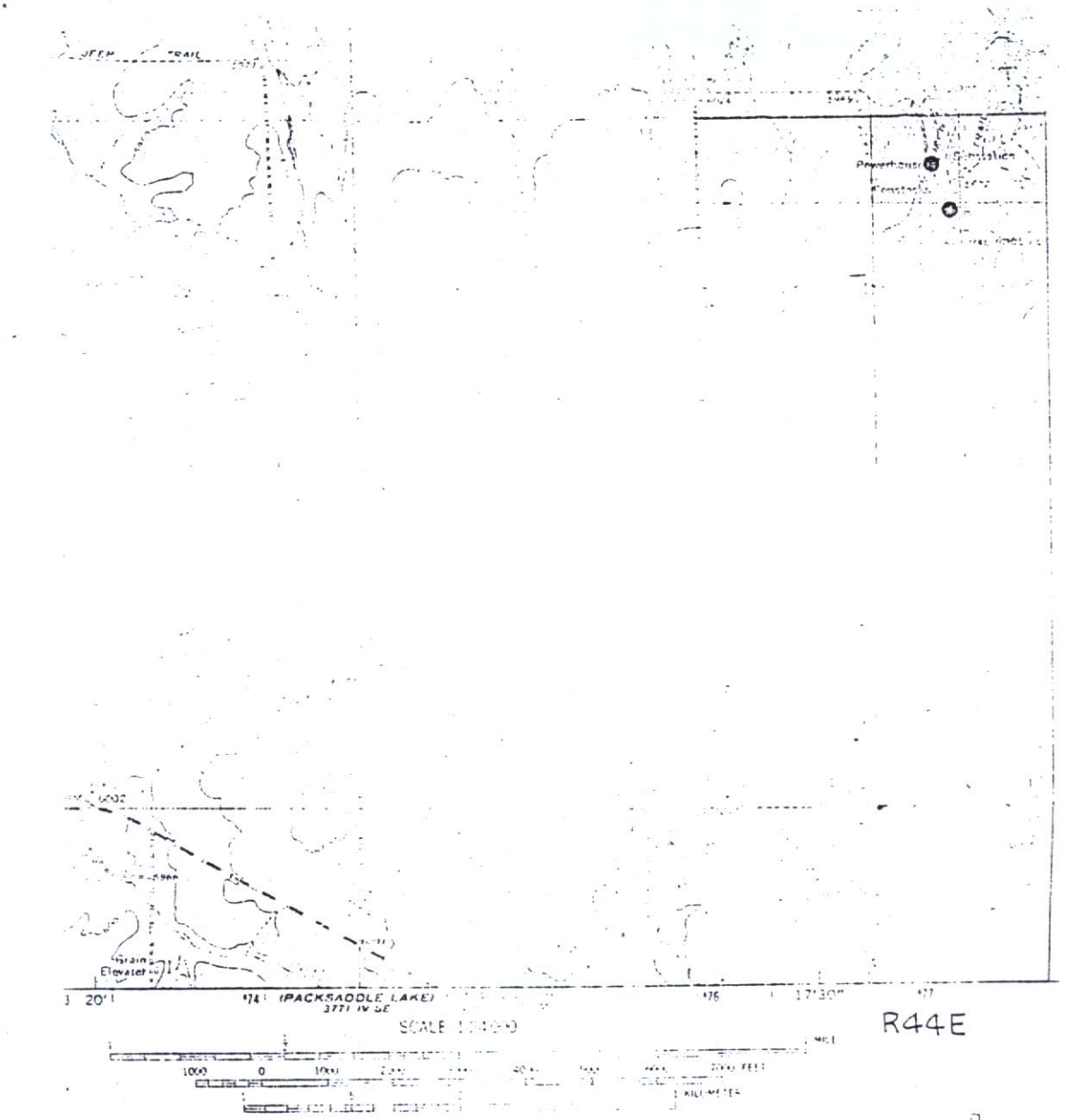

FELT HYDRO PROJECT
Felt Plant
To Canyon Creek Substation
Existing Single-Phase
Existing Three-Phase
Proposed Line Route
T7N, R44E, Section 29

APR 18 1994

APPENDIX F



APR 18 1994



CONTOUR INTERVAL 10 FEET
DATUM IS MEAN SEA LEVEL

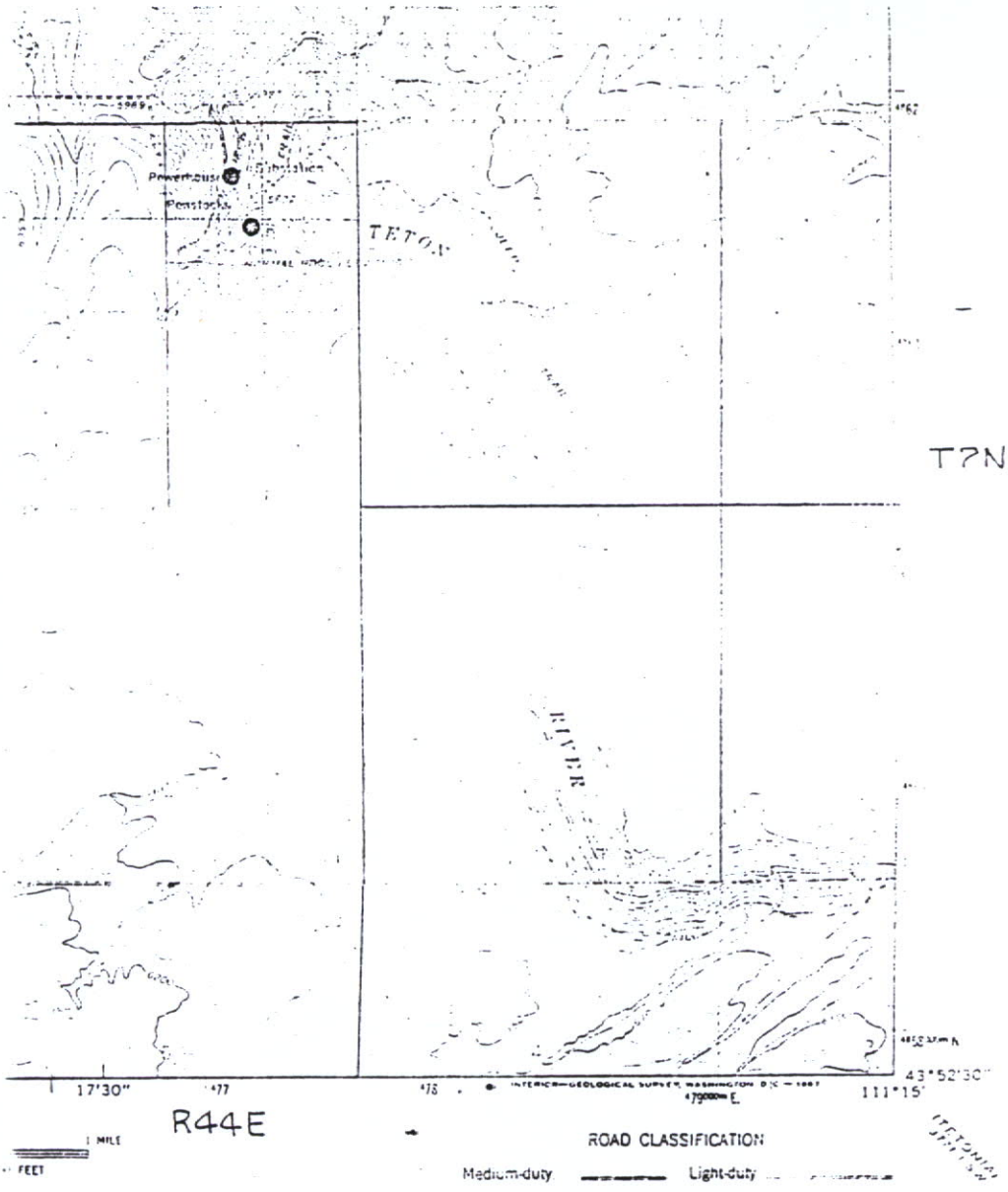
DETAIL MAP FOR THE "FELT POWER PLANT"

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.

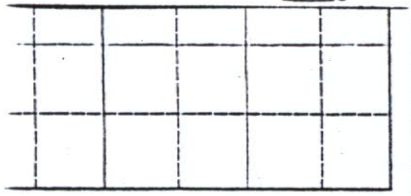
Jack A. Reed

(Applicant)

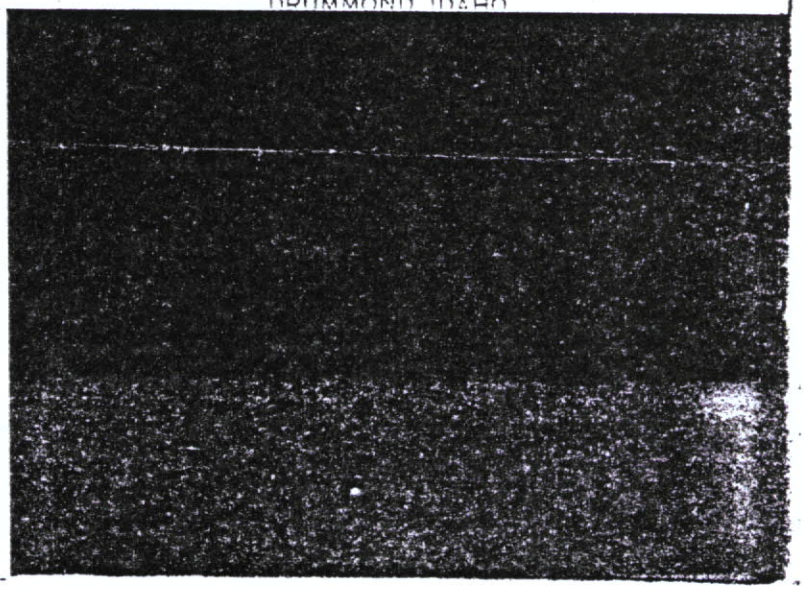


"FELT POWER PLANT"





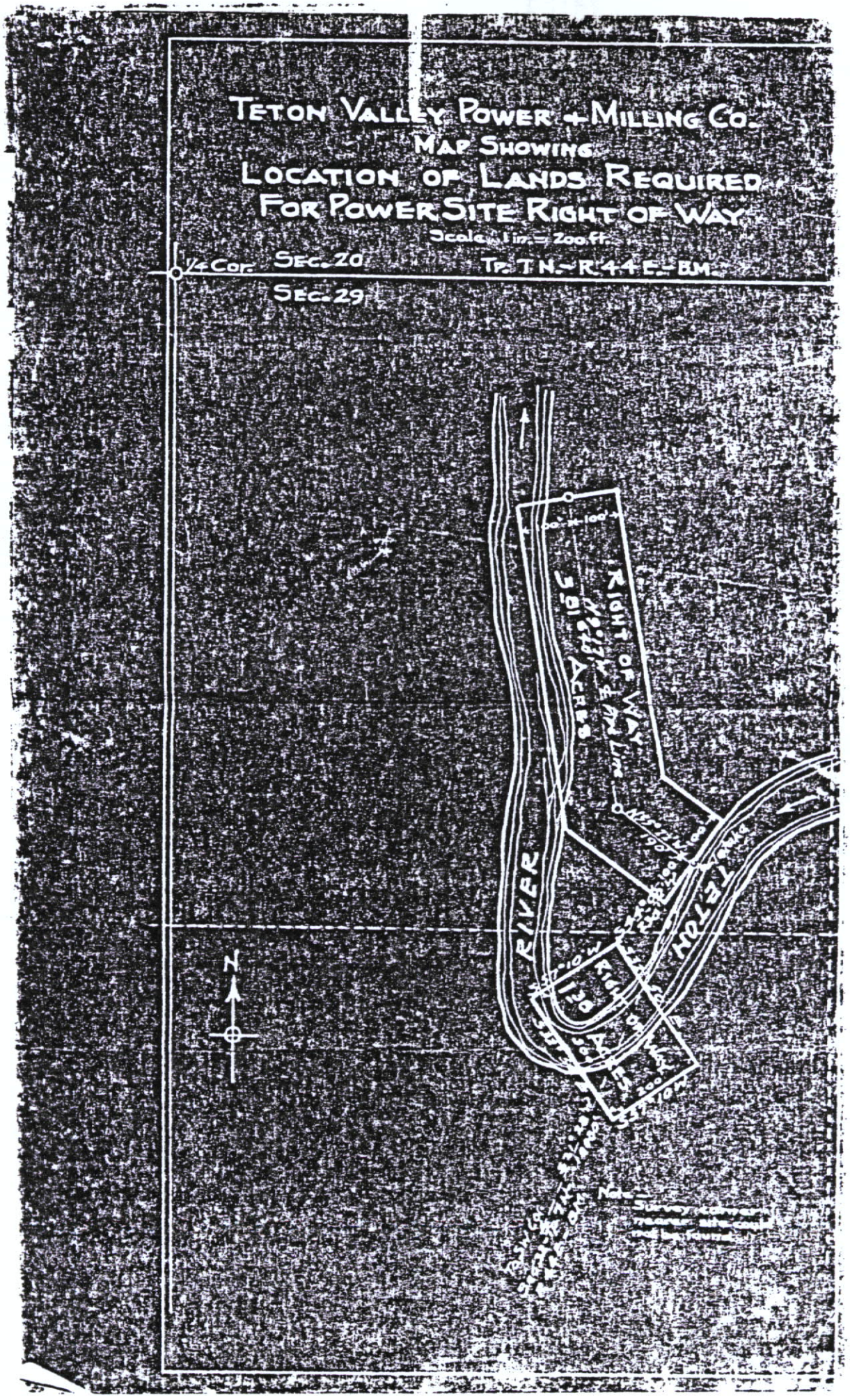
DRUMMOND IDAHO



t to appropriate the public waters of

R Reed

(Applicant)


TETON VALLEY POWER & MILLING CO.
MAP SHOWING
LOCATION OF LANDS REQUIRED
FOR POWER SITE RIGHT OF WAY
Scale: 1 in. = 200 ft.
¼ Cor. SEC. 20
Tp. 7 N. - R. 44 E. - B.M.
SEC. 29
RIGHT OF WAY
391 ACRES
RIVER
TETON
N
120 ACRES

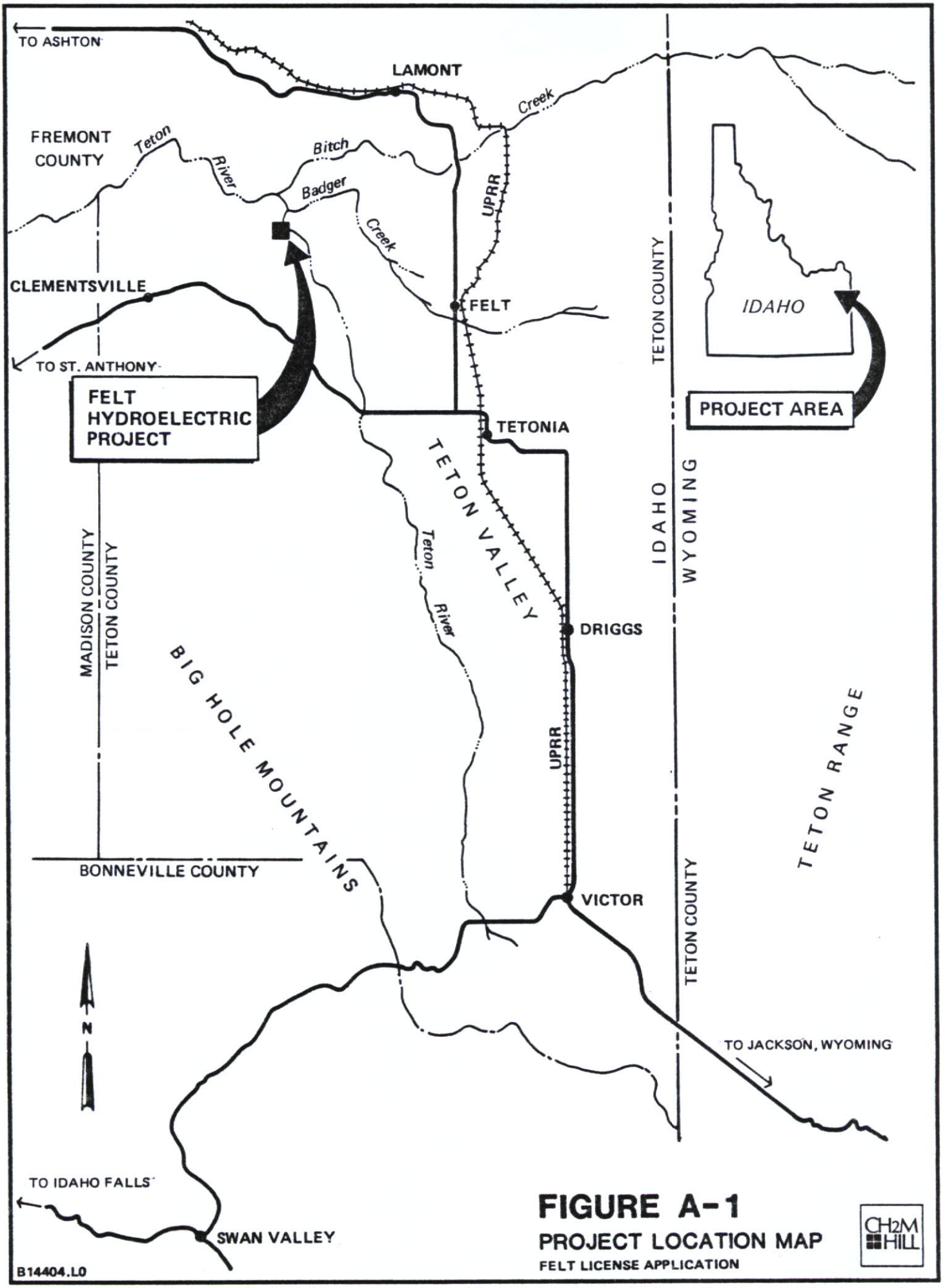
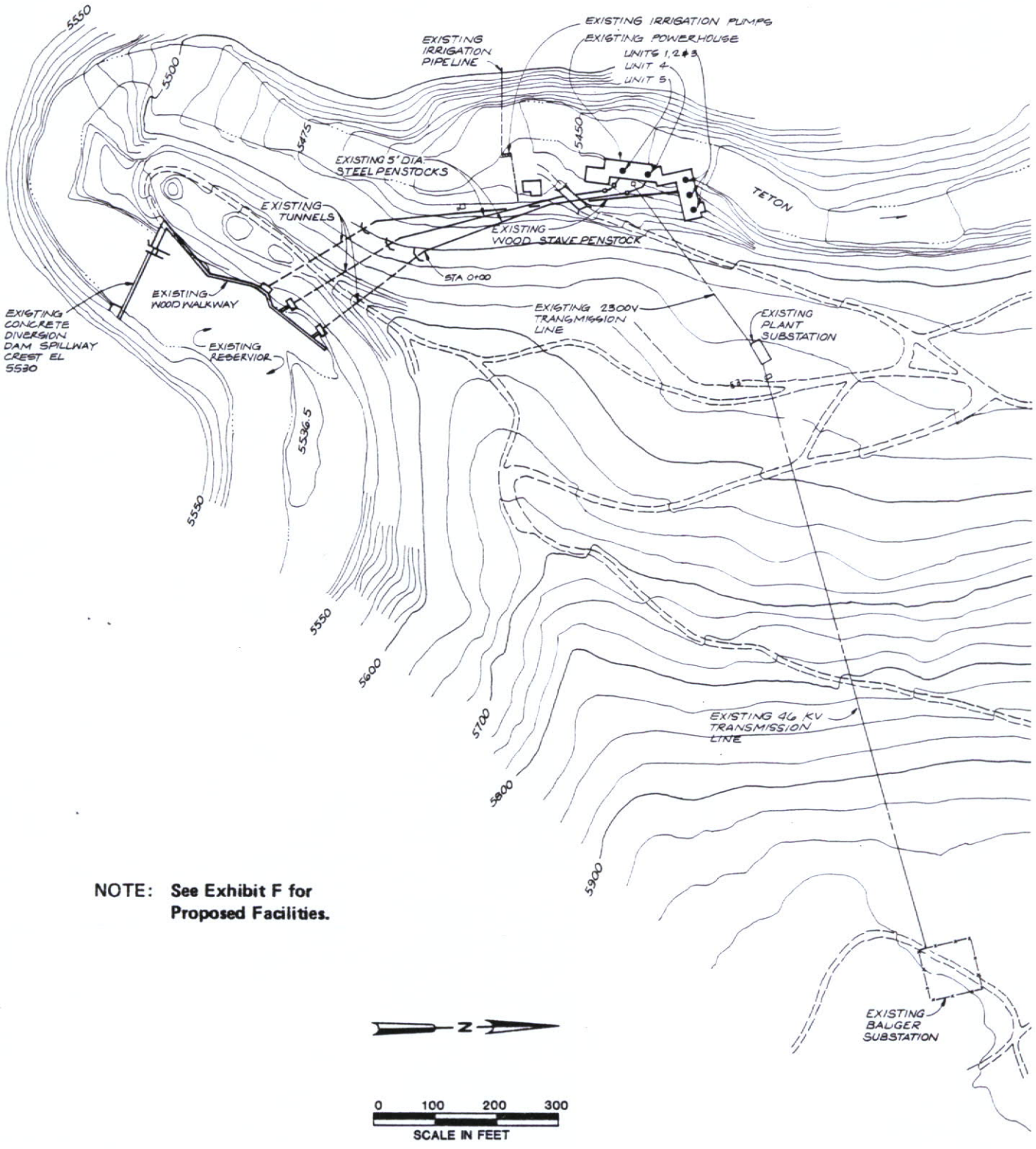


FIGURE A-1

PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

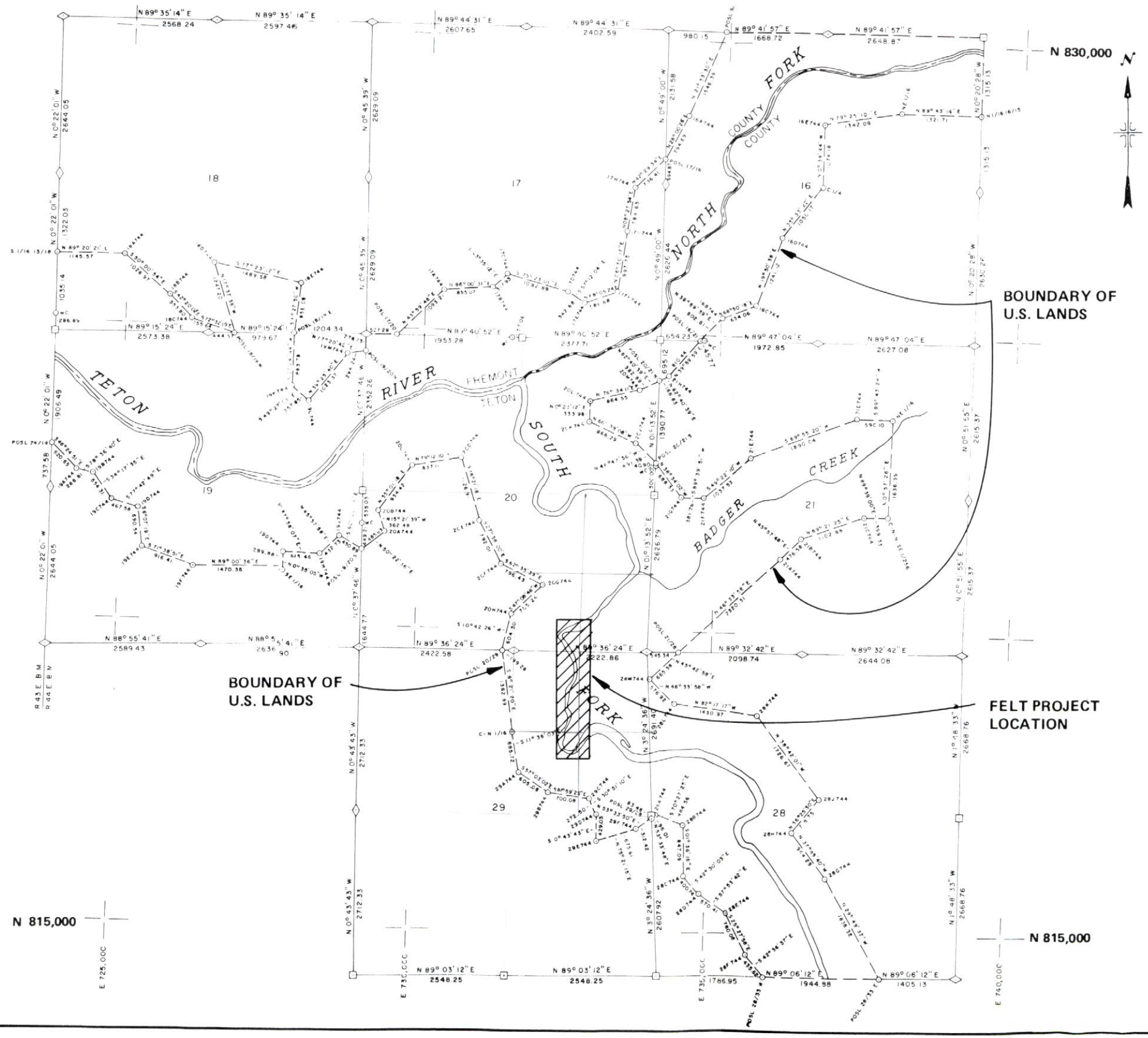


NOTE: **See Exhibit F for Proposed Facilities.**

FIGURE A-2
EXISTING FACILITIES PLAN

FELT LICENSE APPLICATION

B14404.L0



LEGEND

WC	WITNESS CORNER
◇	SECTION CORNER BRASS CAP
⊙ 16A742	U.S.B.R. R.O.W. BRASS CAP AND NUMBER
⊡	CORNER NOT SET
— — —	U.S.B.R. RIGHT-OF-WAY

CONVERSION OF MEASURED DISTANCES AND COORDINATES SHOWN ON DRAWING TO IDAHO COORDINATE SYSTEM (FAST ZONE) IS MADE BY MULTIPLYING BY A FACTOR OF .9997528

FIGURE A-3

LANDS OF THE UNITED STATES

FELT LICENSE APPLICATION

1000 0 1000 2000 3000 4000
SCALE OF FEET

7-8-74 147 JW	CHANGED SOME DISTANCES AND REDEFINED SOME POINTS
6-10-74 147 JW	CHANGED ACQUISITION LINE IN SECTIONS 18 & 29 T.7N., R.44E.
1-17-74 147 JW	CHANGED ACQUISITION LINE IN SECTIONS 16, 19, 20 & 29 T.7N., R.44E. ALSO MINOR CHANGES OF BEARINGS & DISTANCES IN REMAINING SECTIONS ADDED COUNTY LINES.

ALWAYS THINK SAFETY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
TETON BASIN PROJECT
LOWER TETON DIVISION - IDAHO

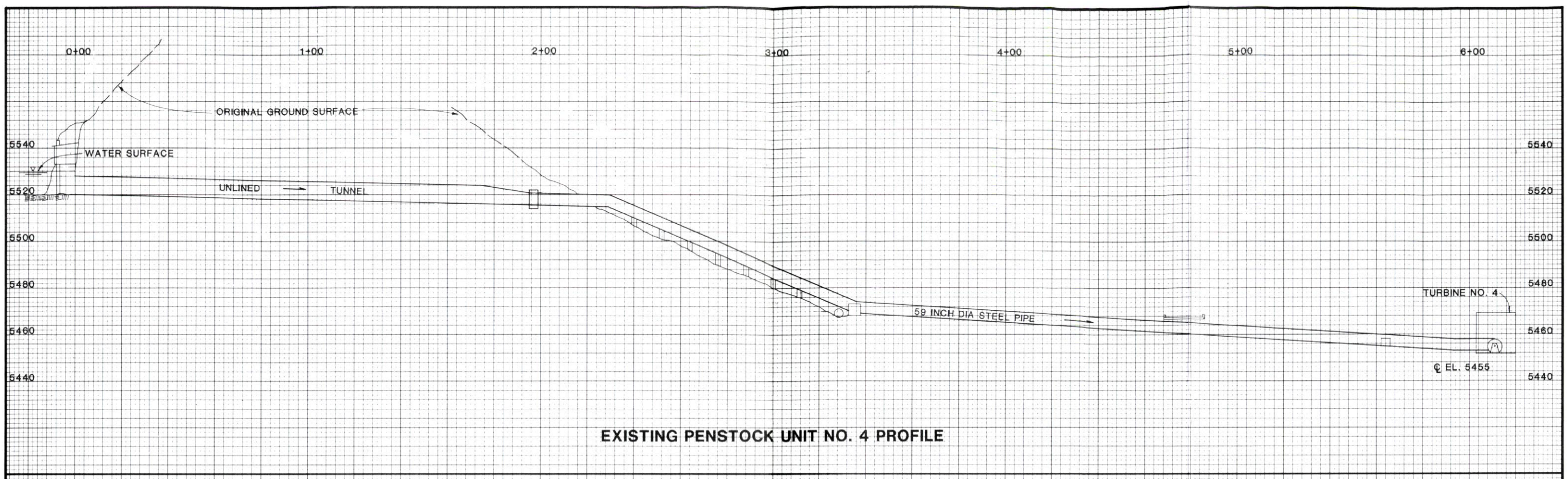
TETON DAM
RESERVOIR RIGHT-OF-WAY

DESIGNED J.P.M. SUBMITTED
DRAWN K.V.R. RECOMMENDED
CHECKED J.P.M. APPROVED

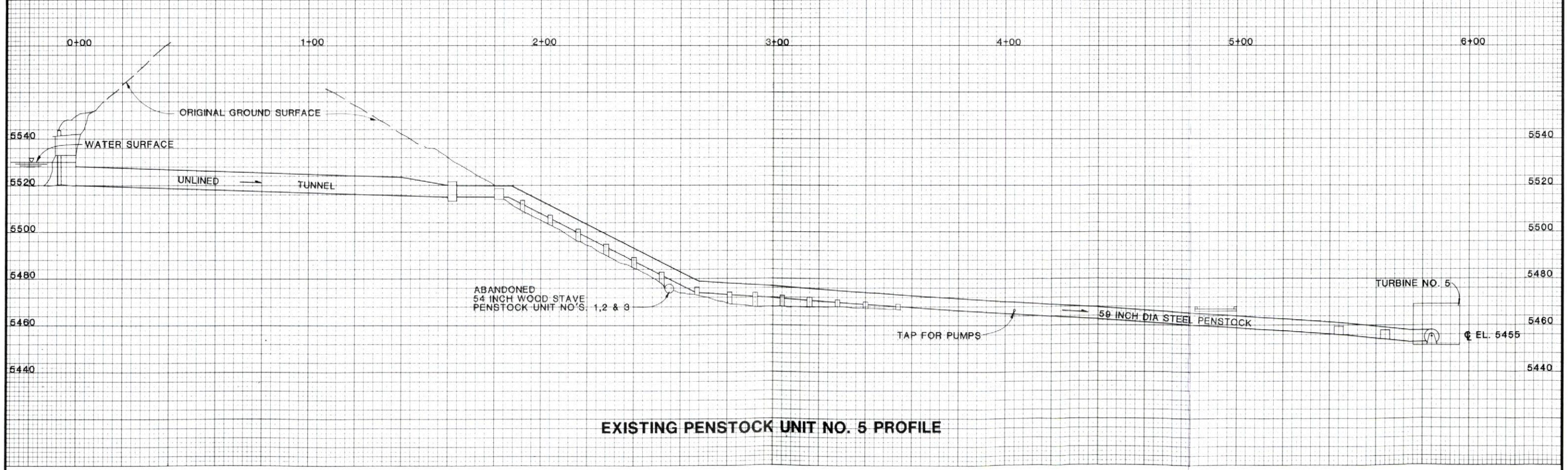
NEWDALE, IDAHO SHEET 4 OF 4 JULY 16, 1973 549-147-203

10-11-74 147 JW CHANGED ACQUISITION LINE IN SECTION 29, T.7N., R.44E.
8-23-74 147 JW CHANGED ACQUISITION LINE IN SECTIONS 16, 20 & 21, T.7N., R.44E.

5089-1



EXISTING PENSTOCK UNIT NO. 4 PROFILE



EXISTING PENSTOCK UNIT NO. 5 PROFILE

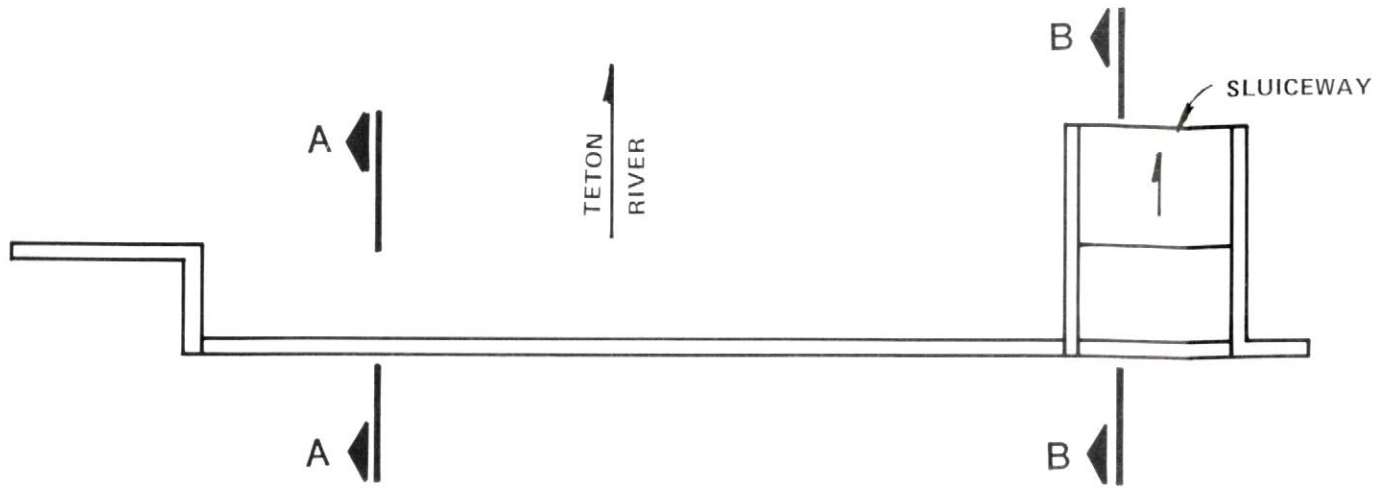
NOTE: **See Exhibit F for proposed facilities.**

B14404.L0

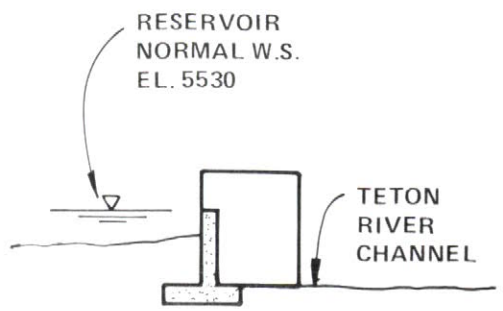
FIGURE A-4
EXISTING FACILITIES PROFILES
FELT LICENSE APPLICATION

CH2M HILL

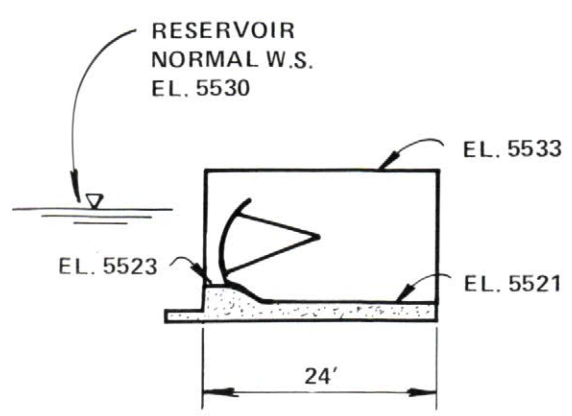
5089-2



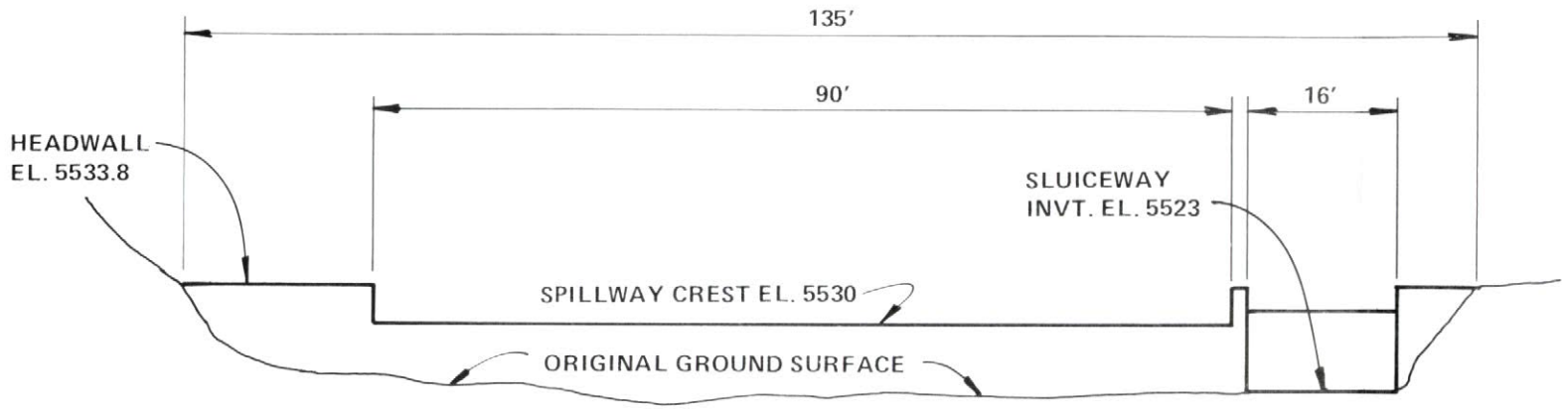
PLAN



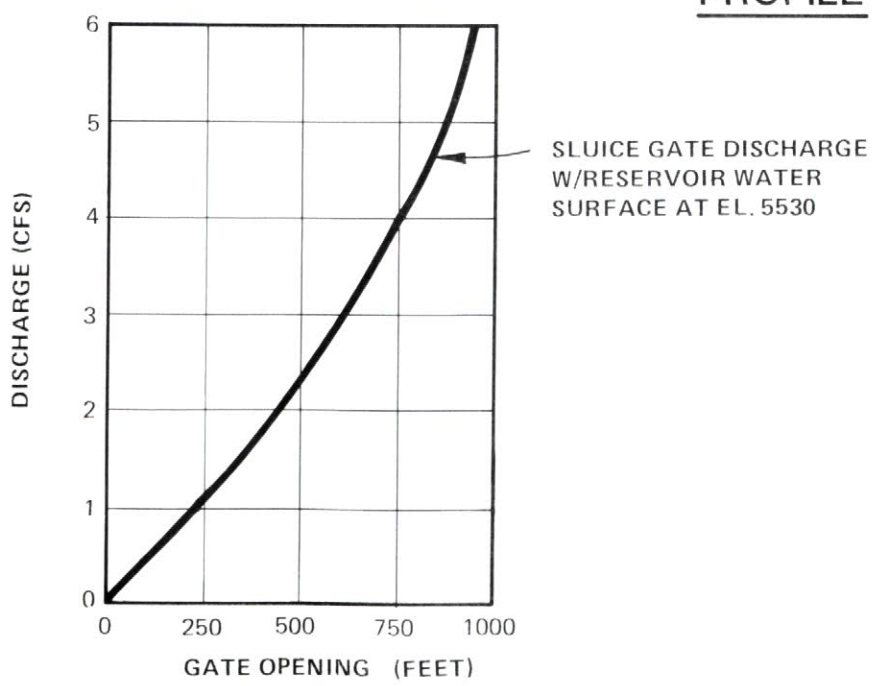
SECTION AA

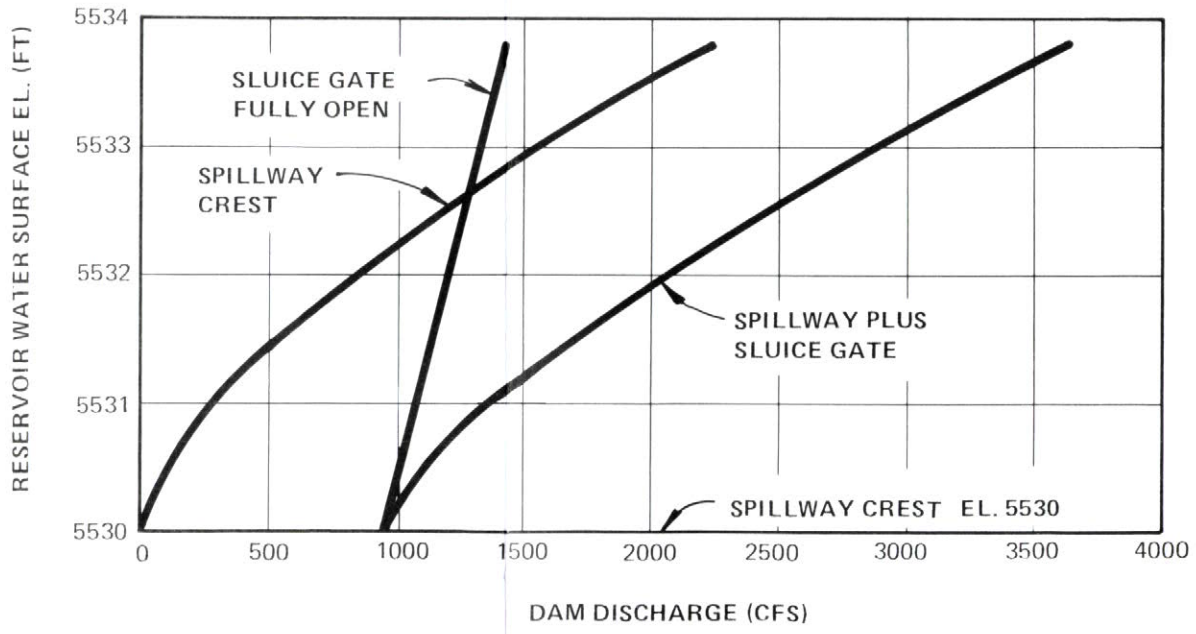


SECTION BB



PROFILE





NOTE: See Exhibit F for Proposed Facilities.

B14404.L0

FIGURE A-5

EXISTING FELT DAM

FELT LICENSE APPLICATION

CH2M HILL

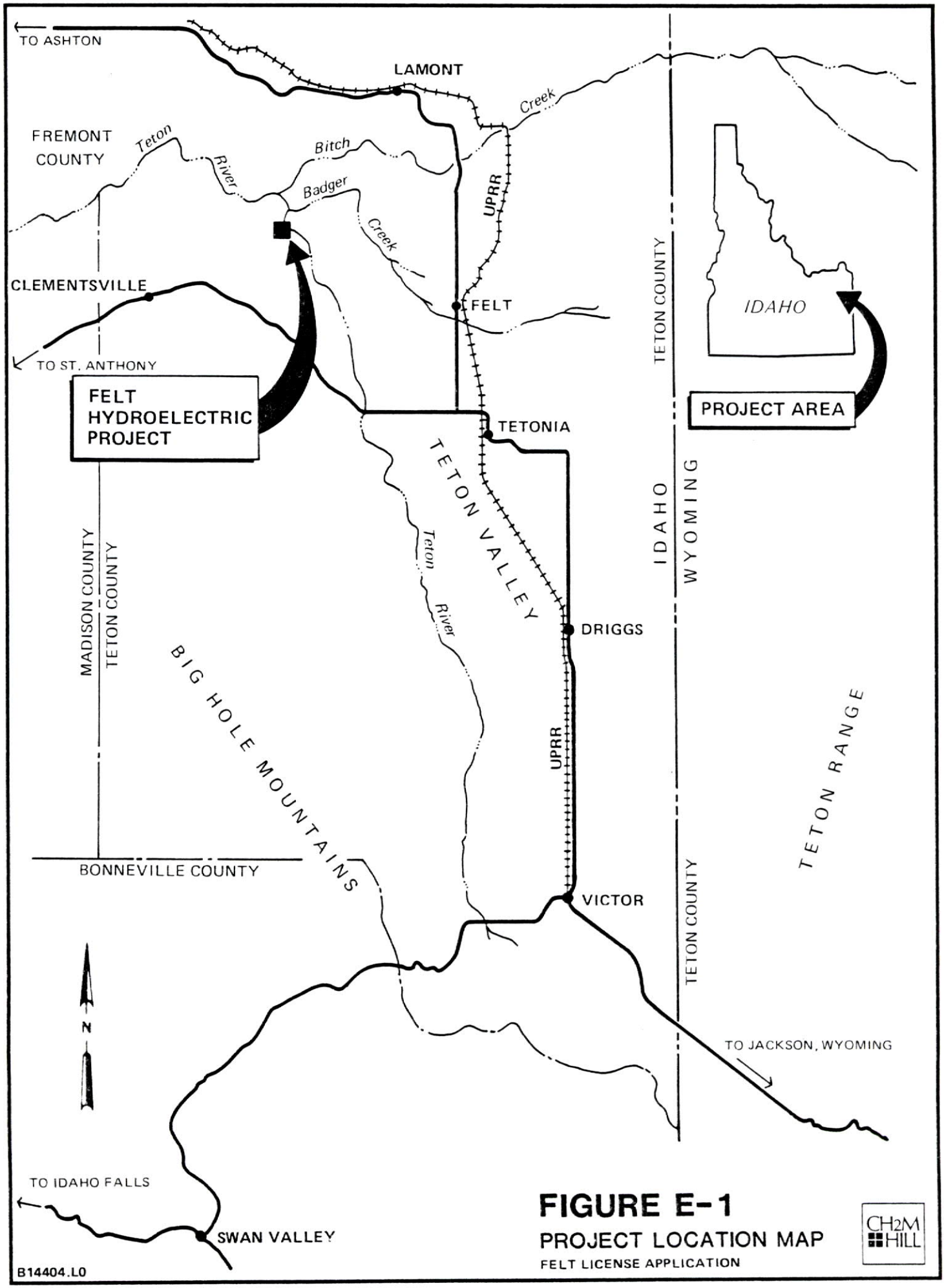


FIGURE E-1

PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

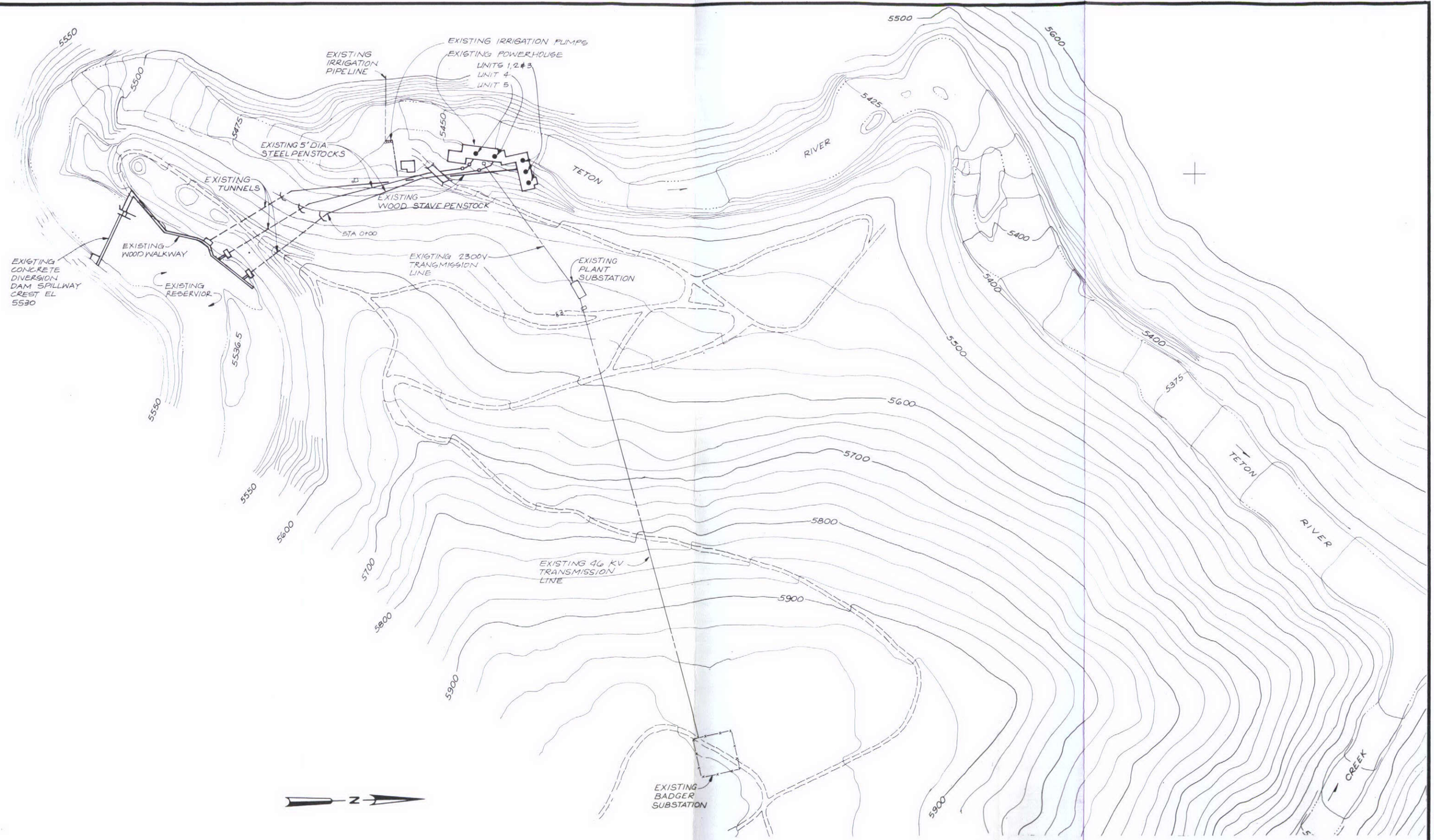


FIGURE E-2

DETAILED PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

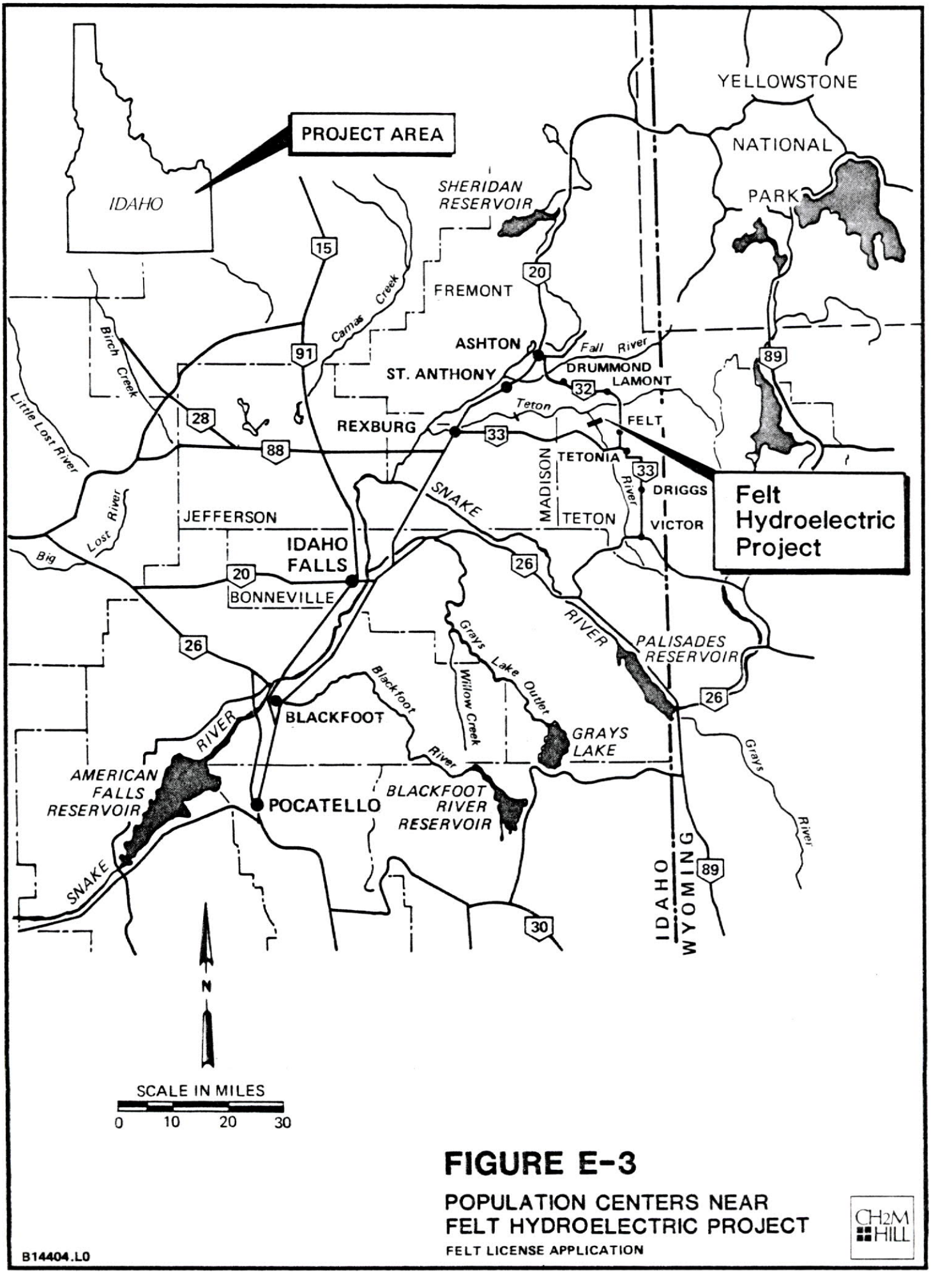


FIGURE E-3

POPULATION CENTERS NEAR FELT HYDROELECTRIC PROJECT

FELT LICENSE APPLICATION

B14404.L0

CH2M HILL

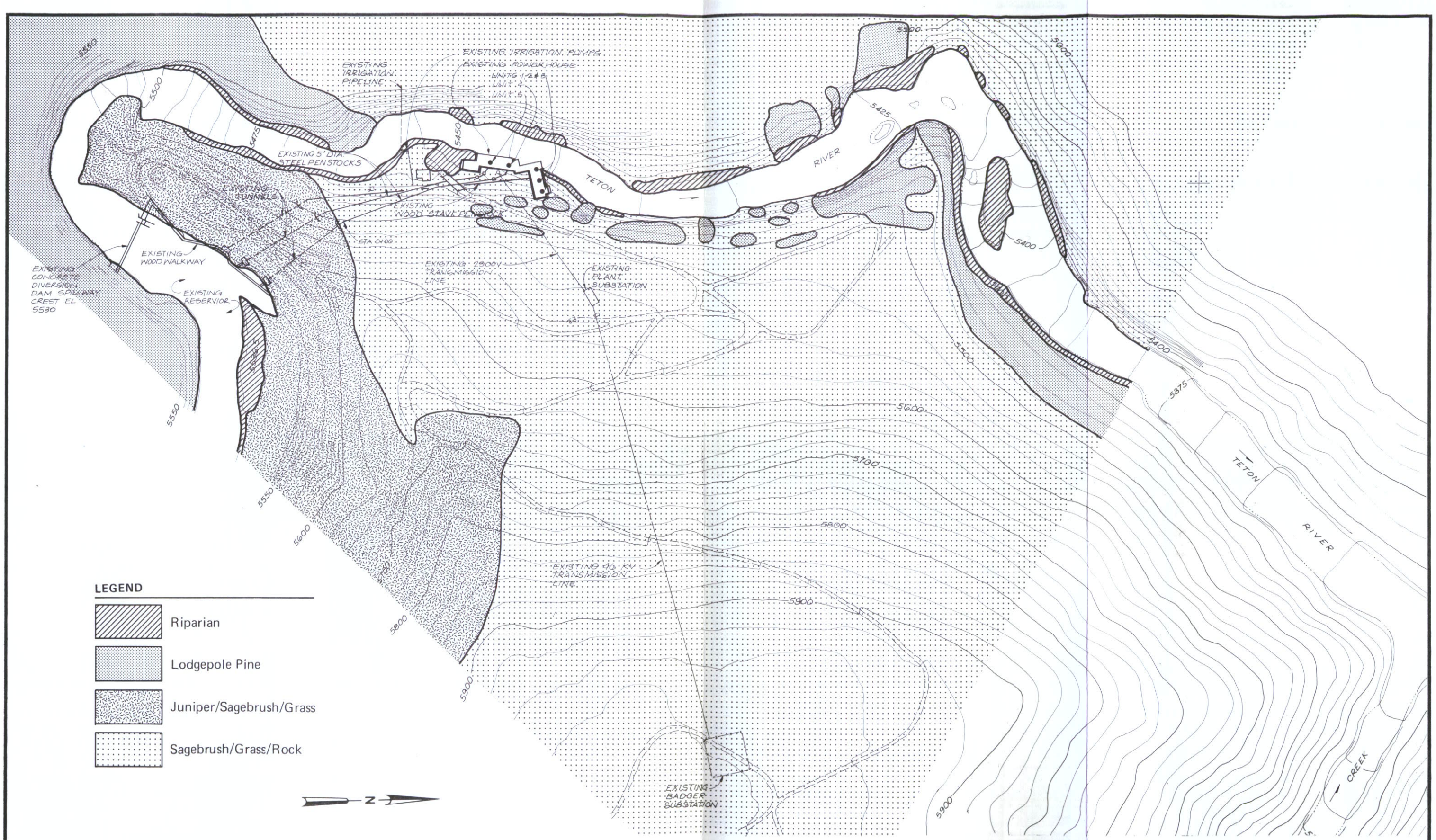


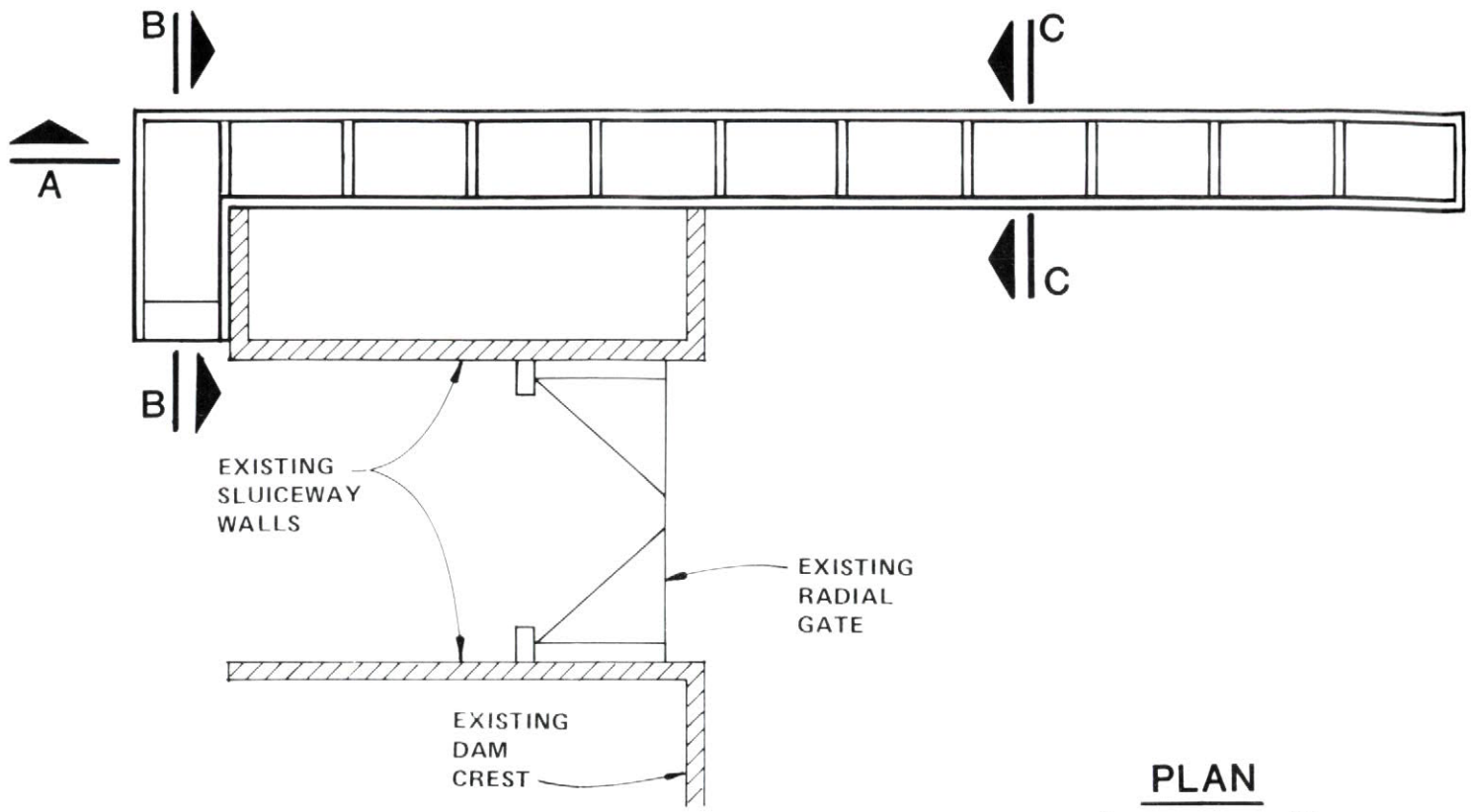
FIGURE E-4

FELT HYDROELECTRIC PROJECT
VEGETATION COVER TYPES

FELT LICENSE APPLICATION

CH2M HILL

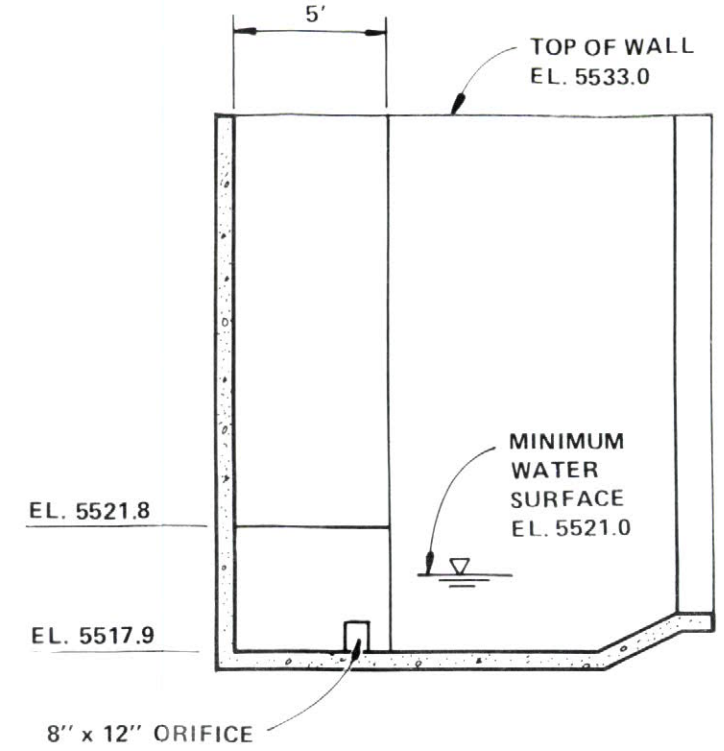
B14404.L0



PLAN

0 12

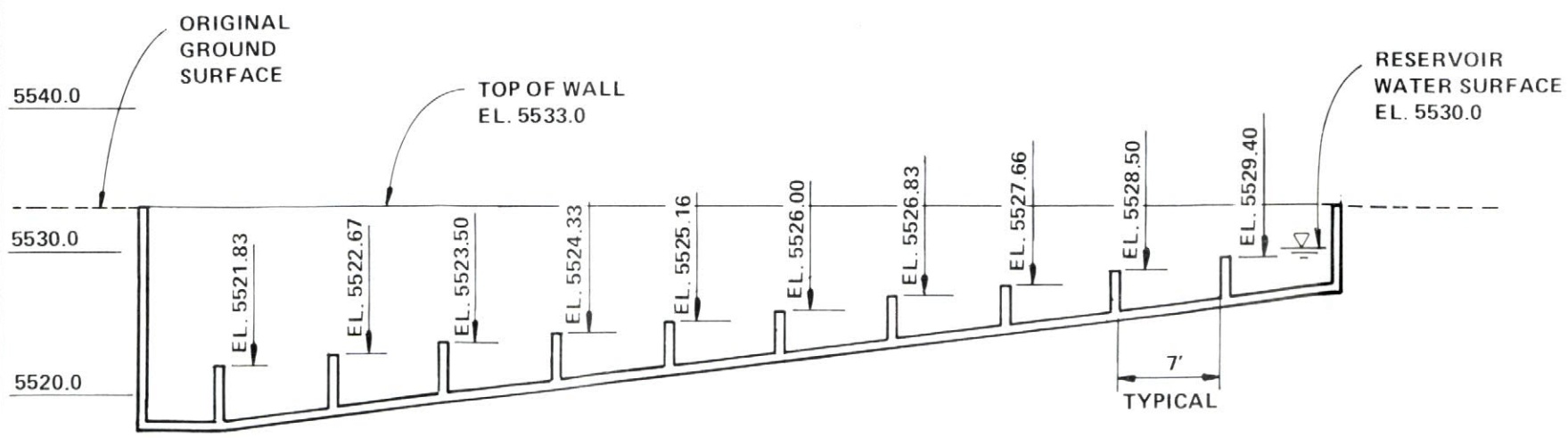
SCALE IN FEET



SECTION B-B

0 5

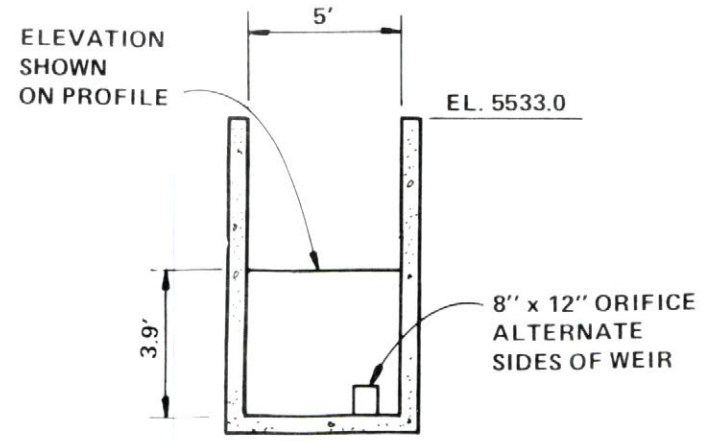
SCALE IN FEET



SECTION A-A

0 12

SCALE IN FEET



SECTION C-C

0 5

SCALE IN FEET

FIGURE E-7

FISHWAY

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

EXISTING IRRIGATION PIPELINE

EXISTING IRRIGATION PUMPS
EXISTING POWERHOUSE
UNITS 1,2 & 3
UNIT 4
UNIT 5

EXISTING 5' DIA STEEL PENSTOCKS

EXISTING TUNNELS

EXISTING WOOD STAVE PENSTOCK

STA 0+00

STA 2+00.10

EXISTING 2300V TRANSMISSION LINE

EXISTING PLANT SUBSTATION

EXISTING WOOD WALKWAY

EXISTING RESERVIOR

EXISTING CONCRETE DIVERSION DAM SPILLWAY CREST EL 5530

TETON RIVER

PROPOSED POWERPLANT ACCESS ROAD

PROPOSED 8' DIA PENSTOCK

STAKED LINE

STA 8+83.84

STA 10+42.13

STA 12+62.50

STA 13+31.80

STA 14+79.78

EXCAVATED TAILRACE

PROPOSED POWER PLANT

EXIST ACCESS ROAD

EXISTING 46 KV TRANSMISSION LINE

PROPOSED 46 KV TRANSMISSION LINE

PROPOSED ACCESS ROAD

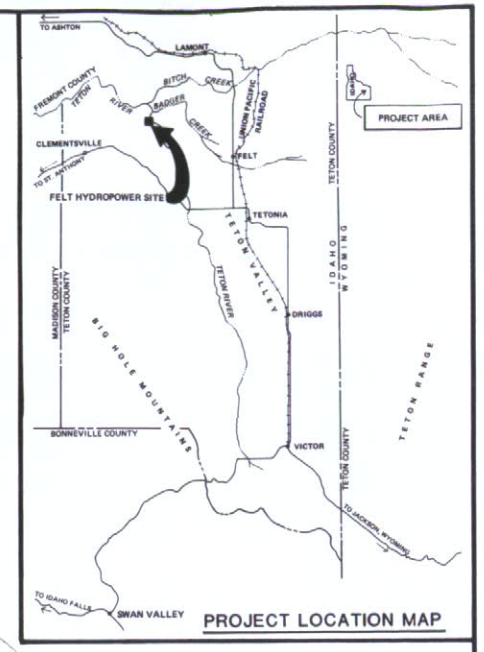
PROPOSED PROJECT CONSTRUCTION STAGING AREA AND EVENTUAL SPORTSMAN ACCESS PARKING

EXISTING BADGER SUBSTA

END OF PUBLIC ROAD

TRUE N

MAGNETIC 17.5°



PROJECT LOCATION MAP

NO.	DATE	REVISION	BY	APD.
1	4-13-82	ACCESS ROADS AND PARKING	DNBG	RES

EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
PROJECT LAYOUT
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982

0 100 200 300 FT

SHEET 1 OF 4

B14404.L0

5089-5

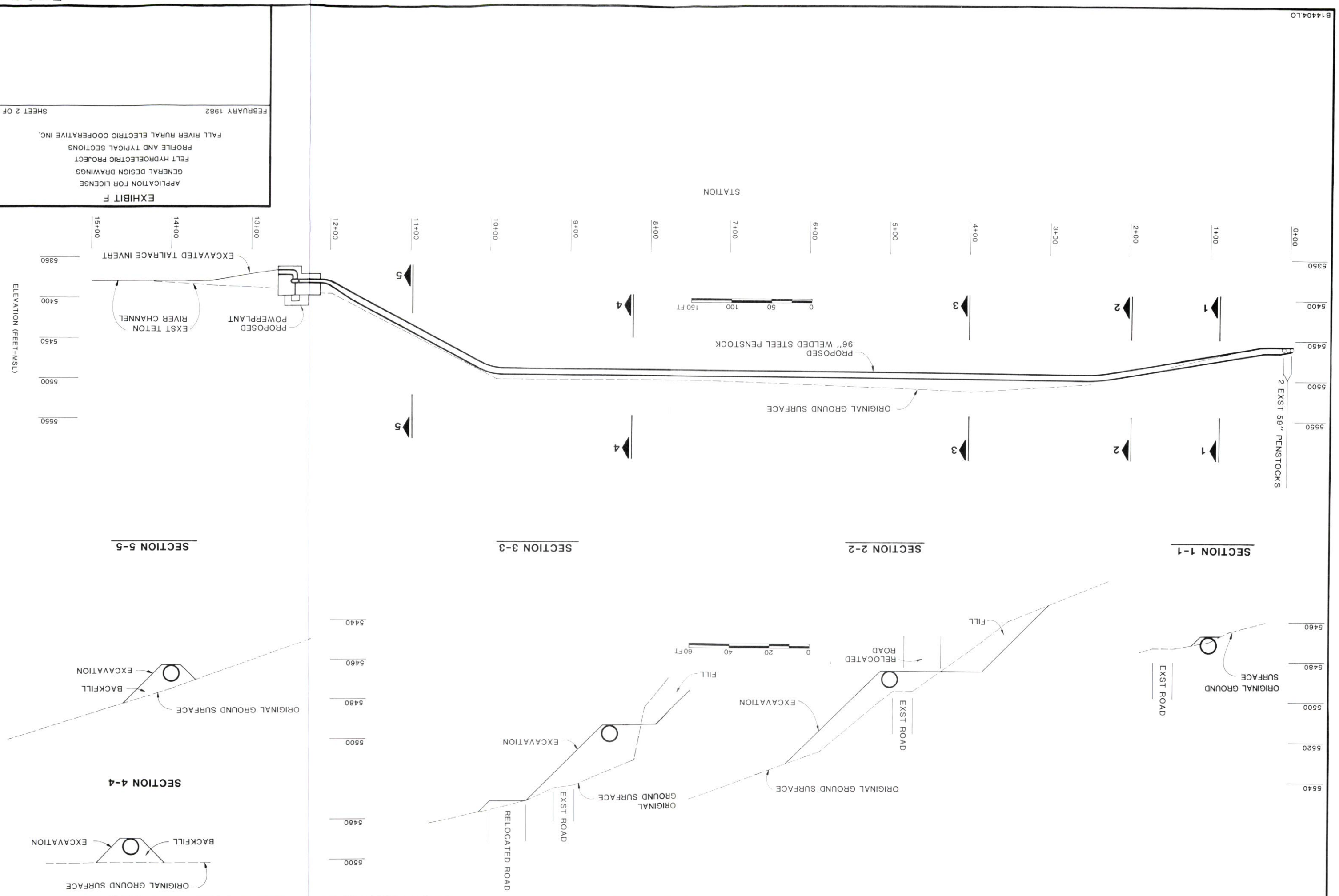
5089-6

B1440A.LO

EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
PROFILE AND TYPICAL SECTIONS
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982 SHEET 2 OF 4



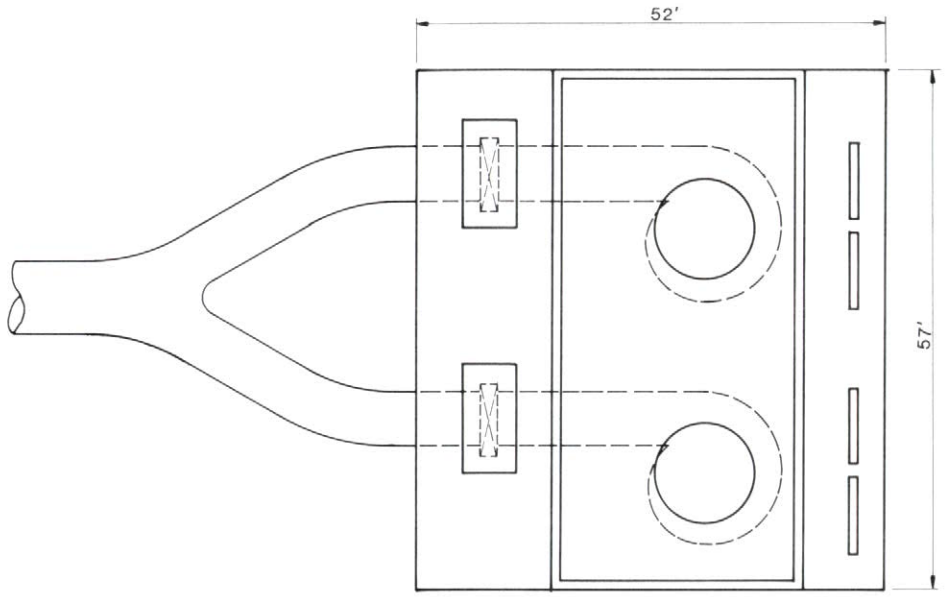
SECTION 1-1

SECTION 2-2

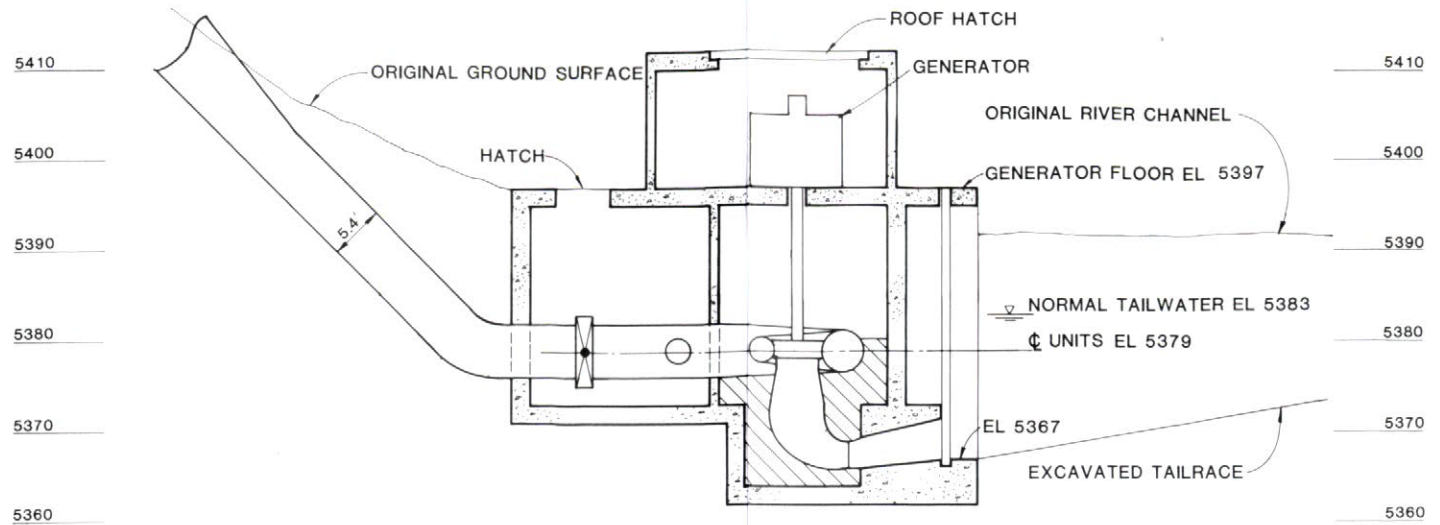
SECTION 3-3

SECTION 4-4

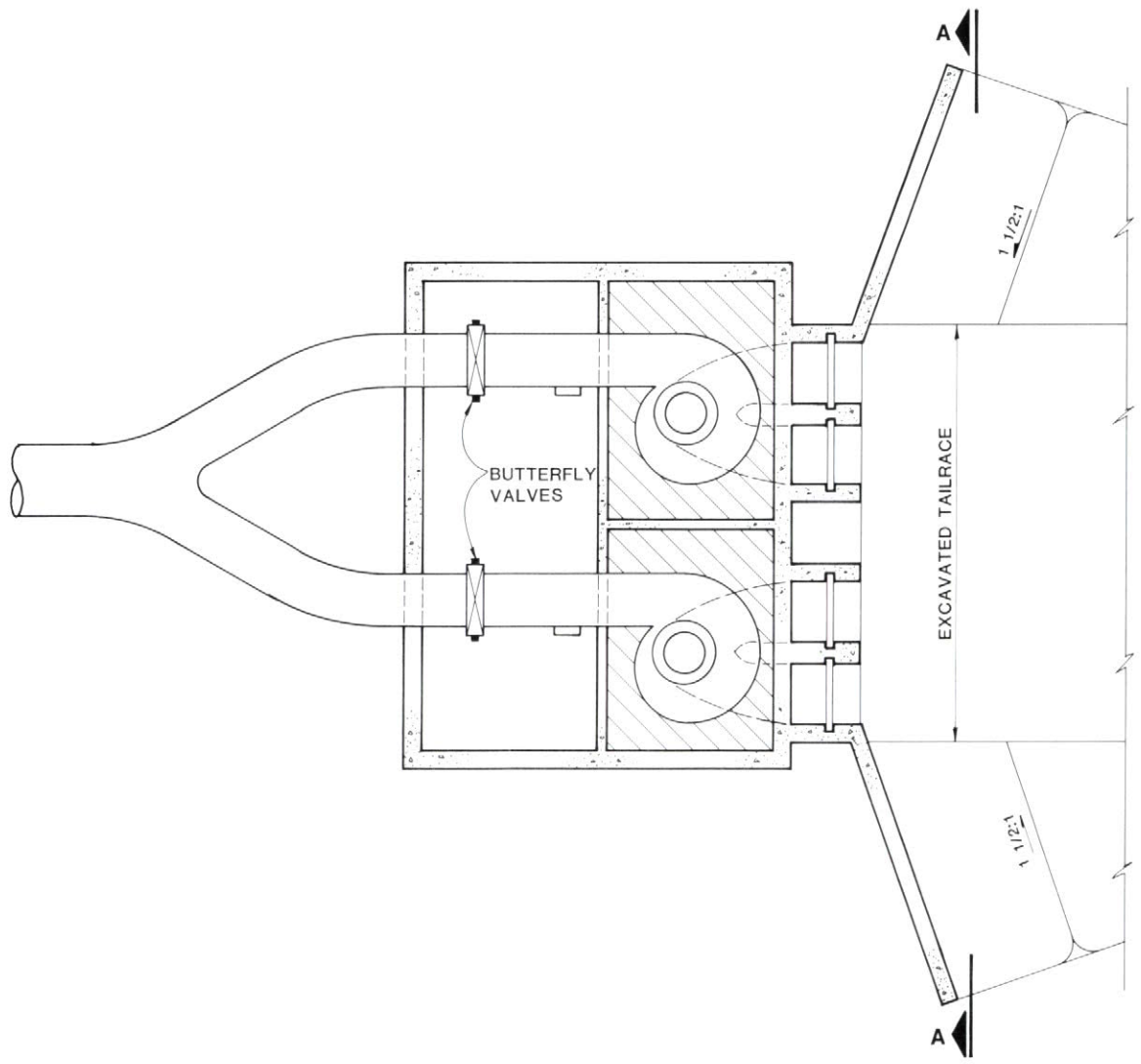
SECTION 5-5



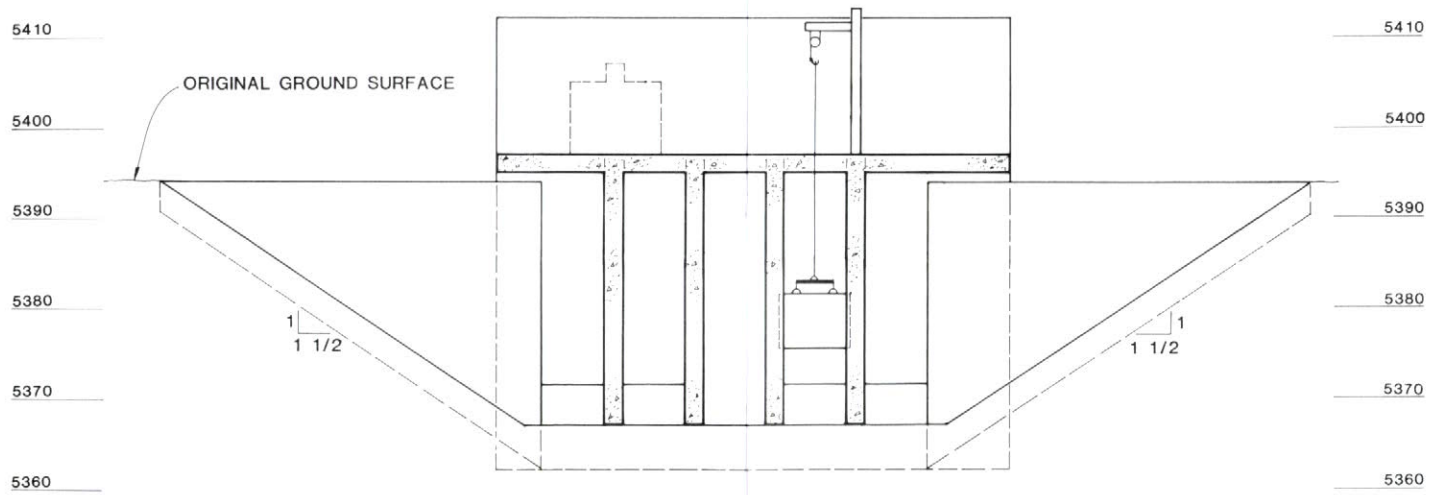
GENERATOR FLOOR PLAN AT ELEVATION 5397



PROFILE



CENTERLINE OF UNITS PLAN AT ELEVATION 5379



SECTION AA

FIRST STAGE CONCRETE

SECOND STAGE CONCRETE

EXHIBIT F

APPLICATION FOR LICENSE

GENERAL DESIGN DRAWINGS

FELT HYDROELECTRIC PROJECT

POWERPLANT PLANS AND SECTIONS

FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982 0 10 20 30 FT SHEET 3 OF 4

B14404.L0

5089-Z

5089-8

EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
BORING LOCATIONS AND LOGS
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982 — SHEET 4 OF 4

0 100 200 300 FT

BORING LOG LEGEND

BORING IDENTIFICATION

NUMBER OF FRACTURES PER FOOT (X INDICATES HIGHLY FRACTURED OR BROKEN)

INDIVIDUAL CORE RUN

RECOVERY - PERCENT OF CORE RUN RECOVERED

R= %
RQD = %

ROCK QUALITY DESIGNATION - PERCENT OF CORE RUN COMPRISED OF SOUND PIECES OF ROCK 4" OR LONGER

CLAYEY SILT AND SILTY CLAY

GRAVEL AND BOULDERS, BASALTIC OR RHYOLITIC IN COMPOSITION

WELDED ASH FLOW TUFF

DEPTH (FEET)

BORING LOGS

B-1 B-2 B-3 B-4 B-5

R= 96 %
RQD=83%

R=100%
RQD=69%

R= 90%
RQD=89%

R=100%
RQD=87%

R=100%
RQD=20%

PROJECT LOCATION MAP

PROJECT AREA

FELT HYDROPOWER SITE

TETON RIVER

TETON VALLEY

BIG HOLE MOUNTAINS

TETON RANGE

SWAN VALLEY

TO IDAHO FALLS

TO DRIGGS

TO ASHTON

TO ST. ANTHONY

TETONIA

DRIGGS

CLEMENTSVILLE

LAMONT

VICTOR

TETON COUNTY

MADISON COUNTY

BONNEVILLE COUNTY

FREMONT COUNTY

IDAHO

WYOMING

PROPOSED FELT HYDROPOWER PROJECT

PROPOSED POWER PLANT

PROPOSED 8' DIA PENSTOCK

EXISTING WOOD STAVE PENSTOCK

EXISTING TUNNELS

EXISTING 5' DIA STEEL PENSTOCKS

EXISTING IRRIGATION PUMPS

EXISTING POWERHOUSE UNITS 1 & 3
UNITS 2 & 4
UNIT 5

EXISTING IRRIGATION PIPELINE

PROPOSED 46 KV TRANSMISSION LINE

EXISTING 2300V TRANSMISSION LINE

EXISTING SUBSTATION

EXISTING TAILRACE EXCAVATED

EXISTING WOOD WALKWAY

EXISTING CONCRETE DIVERSION DAM SPILLWAY CREST EL 5530

EXISTING REFERVIOR

STA 0+00

STA 10+42.81

STA 12+62.50

STA 14+38.96

STA 16+34.40

STA 18+73.38

B-1 B-2 B-3 B-4 B-5

5530

5536.5

5550

5500

5450

5425

5400

5375

5350

5300

5250

5200

5150

5100

5050

5000

4950

4900

4850

4800

4750

4700

4650

4600

4550

4500

4450

4400

4350

4300

4250

4200

4150

4100

4050

4000

3950

3900

3850

3800

3750

3700

3650

3600

3550

3500

3450

3400

3350

3300

3250

3200

3150

3100

3050

3000

2950

2900

2850

2800

2750

2700

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2550

2500

2450

2400

2350

2300

2250

2200

2150

2100

2050

2000

1950

1900

1850

1800

1750

1700

1650

1600

1550

1500

1450

1400

1350

1300

1250

1200

1150

1100

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1000

950

900

850

800

750

700

650

600

550

500

450

400

350

300

250

200

150

100

50

0

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S

E

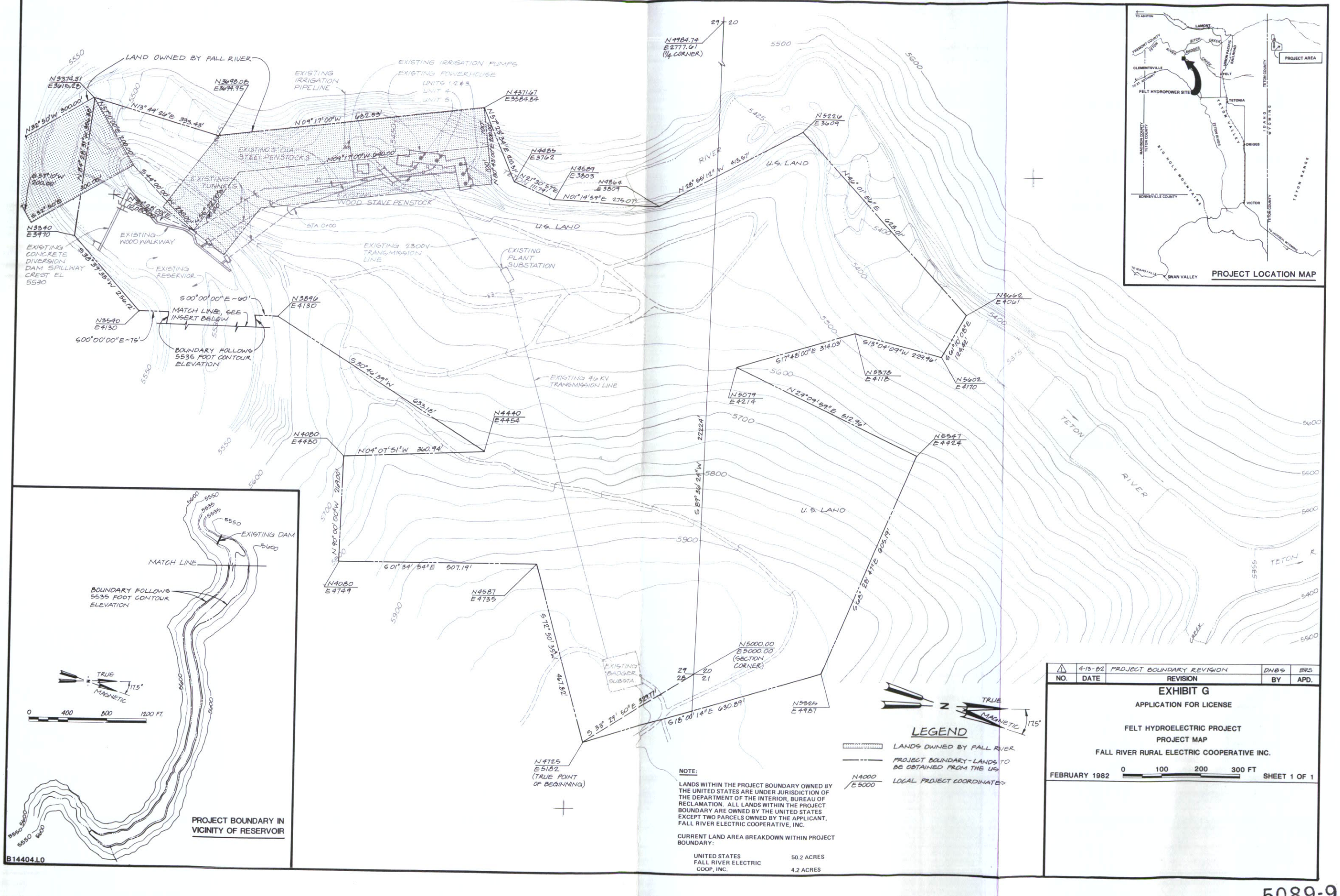
W

TETON RIVER

TETON R.

RIVER

TETON


LAND OWNED BY PALL RIVER
EXISTING IRRIGATION PUMPS
EXISTING POWERHOUSE
UNITS 1 2 & 3
UNIT 4
UNIT 5
EXISTING IRRIGATION PIPELINE
N3374.81 E3015.28
N3698.08 E3674.96
N13° 44' 26"E 333.43'
N32° 50'W 300.00'
N 25° 10' 00" E 200.00'
S 64° 50' 00" E 200.00'
S 25° 10' 00" W 200.00'
S 64° 50' 00" E 200.00'
N 25° 10' 00" E 200.00'
N09° 17' 00"W 662.83'
N09° 17' 00"W 640.00'
EXISTING 8'DIA STEEL PENSTOCK
EXISTING TUNNEL(S)
EXISTING WOOD STAVE PENSTOCK
N 15° 12' 34" E 660.34'
N 21° 30' 57" E 111.79'
N01° 14' 39" E 275.07'
N4371.67 E3584.84
N4485 E3762
N4509 E3803
N4864 E3809
N5226 E3609
N28° 56' 12" W 413.67'
RIVER
U.S. LAND
N40° 01' 30" E 628.01'
N3340 E3970
EXISTING CONCRETE DIVERSION DAM SPILLWAY CREST EL 5530
EXISTING WOOD WALKWAY
EXISTING RESERVOIR
EXISTING 230KV TRANSMISSION LINE
EXISTING PLANT SUBSTATION
STA 0+00
S 32° 39' 35"W 254.72'
N3540 E4130
S00° 00' 00" E ~75'
S00° 00' 00" E ~60'
MATCH LINE, SEE INSERT BELOW
N3896 E4130
BOUNDARY FOLLOWS 5535 FOOT CONTOUR ELEVATION
S 30° 46' 39" W 633.18'
EXISTING 46 KV TRANSMISSION LINE
N4440 E4454
N4080 E4480
N04° 07' 51"W 360.94'
N5462 E4061
N17° 45' 00" E 314.03'
S13° 04' 09"W 229.96'
N5378 E4118
N5602 E4170
N5079 E4214
N 29° 09' 59" E 512.96'
N5547 E4424
S 89° 36' 24" W
N 90° 00' 00" W
N4080 E4749
S 01° 34' 54" E 507.19'
N4587 E4735
S 72° 50' 35" W 467.82'
S 33° 29' 50" E 329.77'
S 18° 00' 14" E 630.89'
S 68° 28' 47" E 605.19'
N5000.00 E5000.00 (SECTION CORNER)
N3382 E4987
N4725 E5182 (TRUE POINT OF BEGINNING)
EXISTING BADGER SUBSTA
U.S. LAND
TETON
RIVER
TETON R.
CREEK
PROJECT AREA
FELT HYDROPOWER SITE
CLEMENTSVILLE
TETONIA
DRIGGS
VICTOR
SWAN VALLEY
FREMONT COUNTY
MADISON COUNTY
TETON COUNTY
BONNEVILLE COUNTY
TETON VALLEY
BIG HOLE MOUNTAINS
TETON RANGE
IDAHO WYOMING
IRON PACIFIC RAILROAD
PROJECT LOCATION MAP
EXISTING DAM
MATCH LINE
BOUNDARY FOLLOWS 5535 FOOT CONTOUR ELEVATION
TRUE
MAGNETIC
17.5°
0 400 800 1200 FT.
PROJECT BOUNDARY IN VICINITY OF RESERVOIR
B14404.L0
LEGEND
LANDS OWNED BY PALL RIVER
PROJECT BOUNDARY-LANDS TO BE OBTAINED FROM THE US
N4000 / E5000 LOCAL PROJECT COORDINATES
NOTE:
LANDS WITHIN THE PROJECT BOUNDARY OWNED BY THE UNITED STATES ARE UNDER JURISDICTION OF THE DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION. ALL LANDS WITHIN THE PROJECT BOUNDARY ARE OWNED BY THE UNITED STATES EXCEPT TWO PARCELS OWNED BY THE APPLICANT, FALL RIVER ELECTRIC COOPERATIVE, INC.
CURRENT LAND AREA BREAKDOWN WITHIN PROJECT BOUNDARY:
UNITED STATES 50.2 ACRES
FALL RIVER ELECTRIC COOP, INC. 4.2 ACRES
NO. 1 DATE 4-13-82 REVISION PROJECT BOUNDARY REVISION BY DNBS APD. ERS
EXHIBIT G
APPLICATION FOR LICENSE
FELT HYDROELECTRIC PROJECT
PROJECT MAP
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.
FEBRUARY 1982
0 100 200 300 FT
SHEET 1 OF 1

5089-9

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 22-07487

Priority: April 9, 1985 Maximum Diversion Rate: 180.00 CFS

This is to certify, that FALL RIVER RURAL ELECTRIC COOPERATIVE
PO BOX 830
ASHTON ID 83420 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated February 25, 1985; and has submitted Proof of Beneficial Use on April 28, 1986. An examination indicates that the works have a diversion capacity of 520.000 cfs of water from:

TETON RIVER tributary to **SNAKE RIVER**

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

BENEFICIAL USE	PERIOD OF USE	RATE OF DIVERSION	ANNUAL VOLUME
POWER	04/15 to 08/15	180.00 CFS	

LOCATION OF POINT(S) OF DIVERSION: NWNE , Sec. 29, Township 07N, Range 44E
TETON County

PLACE OF USE: POWER

TWN	RGE	SEC	
07N	44E	20	SESE

CONDITIONS/REMARKS:

1. This water right is appurtenant to the described place of use.
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 water right will be regulated by the watermaster of State Water District No. 01.
6. Use of water under this right shall be non-consumptive.

APR 18 1994

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 22-07487

CONDITIONS/REMARKS:

7. A measuring device of a type approved by this Department shall be required at the diversion of the Teton River if determined to be necessary by either the Department of Water Resources or the watermaster of Water District 01.
8. The diversion and use of water under this license is subject to review by the Director 30 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. Any loss of water to the Teton River resulting from conveyance and use pursuant to this license shall be mitigated with replacement water.
10. This right is used in connection with Right Nos. 22-07351 and 22-07482B.
11. This right is subject to revocation pursuant to Section 42-350, Idaho Code.
12. A flow of 20.0 cfs must bypass the diversion at all times and flow uninterrupted to the powerhouse tailrace except during the three month period of cutthroat spawning, determined by the Idaho Department of Fish and Game, when the bypass flow must be increased to 50.0 cfs.
13. The diversion dam is located in the SWNE, S29, T07N, R44E.
14. The point of discharge to the Teton River is in the SESE, S20, T07N, R44E.

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 9TH day of APRIL, 1994.

Acting for R. Keith Higginson, Director

APPROVED

APR 18 1994

APPROVED

State of Idaho
Department of Water Resources

RECEIVED
MAR 2 4 1994
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 22-07487

Date of Priority: April 9, 1985 Maximum Diversion Rate: 180.00 CFS

Comes now FALL RIVER RURAL ELECTRIC COOPERATIVE
PO BOX ~~AE~~ 619830
ASHTON ID 83420 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. 22-07487, and requests that the permit be changed as follows:

Source: **TETON RIVER** tributary to **SNAKE RIVER**

BENEFICIAL USE	PERIOD OF USE	RATE OF DIVERSION	ANNUAL VOLUME
POWER	04/15 to 08/15	180.00 CFS	

LOCATION OF POINT(S) OF DIVERSION: NWNE , Sec. 29, Township 07N, Range 44E
TETON County

PLACE OF USE: POWER

TWN	RGE	SEC	
07N	44E	20	SESE

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 Ashton Idaho, this 22nd day of MARCH, 1994.

Dee M. Reynolds
(Signature)

APR 18 1994

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 22-07487

****

FOR DEPARTMENT USE ONLY

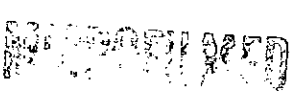
Preliminary check by ____ Fee = 20.00 Receipted by dw # C029877 Date 3/24/94

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. 22-07487 with the following;

CONDITIONS/REMARKS:

1. This water right is appurtenant to the described place of use.
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 water right will be regulated by the watermaster of State Water District No. 01.
6. Use of water under this right shall be non-consumptive.



APR 18 1994

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 22-07487

CONDITIONS/REMARKS:

7. A measuring device of a type approved by this Department shall be required at the diversion of the Teton River if determined to be necessary by either the Department of Water Resources or the watermaster of Water District 01.
8. The diversion and use of water under this license is subject to review by the Director 30 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. Any loss of water to the Teton River resulting from conveyance and use pursuant to this license shall be mitigated with replacement water.
10. This right is used in connection with Right Nos. 22-07351 and 22-07482B.
11. This right is subject to revocation pursuant to Section 42-350, Idaho Code.
12. A flow of 20.0 cfs must bypass the diversion at all times and flow uninterrupted to the powerhouse tailrace except during the three month period of cutthroat spawning, determined by the Idaho Department of Fish and Game, when the bypass flow must be increased to 50.0 cfs.
13. The diversion dam is located in the SWNE, S29, T07N, R44E.
14. The point of discharge to the Teton River is in the SESE, S20, T07N, R44E.

Witness my hand this 9TH day of April, 1994.

Acting for R. Keith Higginson, Director

APR 18 1994

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 28, 1985

Fall River Rural Electric Cooperative, Inc.
POB AE
Ashton, Idaho 83420
Attention: Manager

Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, Utah 84111
Attention: Robert L. Wood

Hydro Valley Development, Inc.
c/o Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, Utah 84111
Attention: L. Wynn Johnson

First Interstate Bank of Utah, N.A.
180 South Main Street
Salt Lake City, Utah 84101

First Interstate Bank of Idaho, N.A.
700 West Idaho Street, Third Floor
Boise, Idaho 83702

Re: Leases and Mortgage Trust Indenture and Security Agreement Affecting Decreed Right 22-0606, Licensed Rights 22-2123 and 22-2126 and Permit Nos. 22-7351, 22-7487 and 22-7482

Gentlemen:

This office has received a copy of the Lease and Assignment Agreement dated December 18, 1984, whereunder Fall River Rural Electric Cooperative, Inc. ("Fall River") has leased the above-referenced decreed, licensed, and permit water rights (collectively "Water Rights") to Bonneville Pacific Corporation ("Bonneville"), and a copy of the Partial Assignment of Lease and Assignment Agreement dated June 14, 1985, whereunder Bonneville has further leased the Water Rights to Hydro Valley

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Development, Inc. ("Hydro Valley"). We have also received the Mortgage Trust Indenture and Security Agreement (the "Security Agreement") whereunder Bonneville and Hydro Valley intend to assign the leasehold interest in the Water Rights to First Interstate Bank of Idaho, N.A., as trustee, and First Interstate Bank of Utah, N.A., as beneficiary, pursuant to obtaining the construction financing for the Felt Dam Hydroelectric Project located in Teton County, Idaho.

Based upon our understanding of the information contained in said Lease and Assignment Agreement, Partial Assignment of Lease and Assignment, and Seucrity Agreement, Fall River has leased the above-referenced Water Rights to Bonneville and Bonneville has further leased said Water Rights to Hydro Valley. It is further our understanding that Bonneville and Hydro Valley are assigning their leasehold interest in the Water Rights to First Interstate Bank of Idaho, N.A., as trustee to have and to hold the same as partial security for the performance by Bonneville and Hydro Valley of certain obligations to First Interstate Bank of Utah, N.A., as beneficiary, in connection with financing the Felt Dam Hydroelectric Project to which the Water Rights relate.

This letter confirms that this office has reviewed the Lease and Assignment Agreement, the Partial Assignment of Lease and Assignment Agreement and the Security Agreement and has found that the same conform to and comply with the requirements of Section 42-206 and 42-207, Idaho Code, and that Bonneville and Hydro Valley are qualified entities to hold leasehold interests in Water Rights in accordance with the laws of the State of Idaho, and that the trustee, First Interstate Bank of Idaho, N.A., is an entity qualified to hold a leasehold interest in said Water Rights as security for the construction financing of the Felt Dam Hydroelectric Project. Therefore, the lease of the Water Rights from Fall River to Bonneville, and subsequent lease of the Water Rights from Bonneville to Hydro Valley, and the subsequent assignment of the leasehold interest in the Water Rights as security for the construction financing as described herein are consented to and approved by the Department of Water Resources, and will be effective as of the date of receipt of the signed Mortgage Trust Indenture and Security Agreement. It is further noted that leasing of the Water Rights and assignment of leasehold interests therein will not change the name of record of the Water Rights.

The future approval of the leasing of the Water Rights and assignment of leasehold interests therein will not constitute a waiver by this Department of the State of Idaho to seek appropriate regulatory actions against the entities identified within this letter for any and all violation of any state statute, rule or regulation, notably with respect to stream channel alterations.

Sincerely,

Norman C. Young

NORMAN C. YOUNG
Administrator
Resources Administration Division

NCY/DRT/ls

MICROFILMED

Form 202
3/78

Ident. No. 22-7487

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

To appropriate the public waters of the State of Idaho

APPROVED

1. Name of applicant Fall River Rural Electric Cooperative, Inc. Phone (208) 652-7431

   Post office address P.O. Box AE, Ashton, Idaho 83420

2. Source of water supply Teton River which is a tributary of Snake River

3. Location of point of diversion is NW ¼ of NE ¼ of Section 29 Township 7N

   Range 44E B.M. Teton County, additional points of diversion if any:

   SW¼NE¼, Sec. 29, T. 7N, R. 44E

4. Water will be used for the following purposes:

   Amount 204 (cfs ~~or acre-feet per annum~~) for PowerProduction purposes from April 15 to Aug.15 (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. 204 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. All Facilities are existing and are being used to produce power at Fall River Electric's Felt Power Plant.

   b. Height of storage dam NA feet, active reservoir capacity NA acre-feet; total reservoir capacity NA acre-feet, materials used in storage dam: concrete diversion structure

   Period of year when water will be diverted to storage NA (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 one year 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: SW ¼ of NE ¼ of Section 29 Township 7N

      Range 44E B.M.

      (2) Amount of power to be generated: ~~2000~~ 1520 per Telecon 2-26-85 horsepower under 80 feet of head.

      (3) List number of each kind of livestock to be watered NA

      (4) Name of municipality to be served NA, or number of families to be supplied with domestic water NA.

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

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

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 _____

c. Describe any other water rights used for the same purposes as described above. _____

22-0606, 22-2123, 22-2126, 22-7351, 22-7482

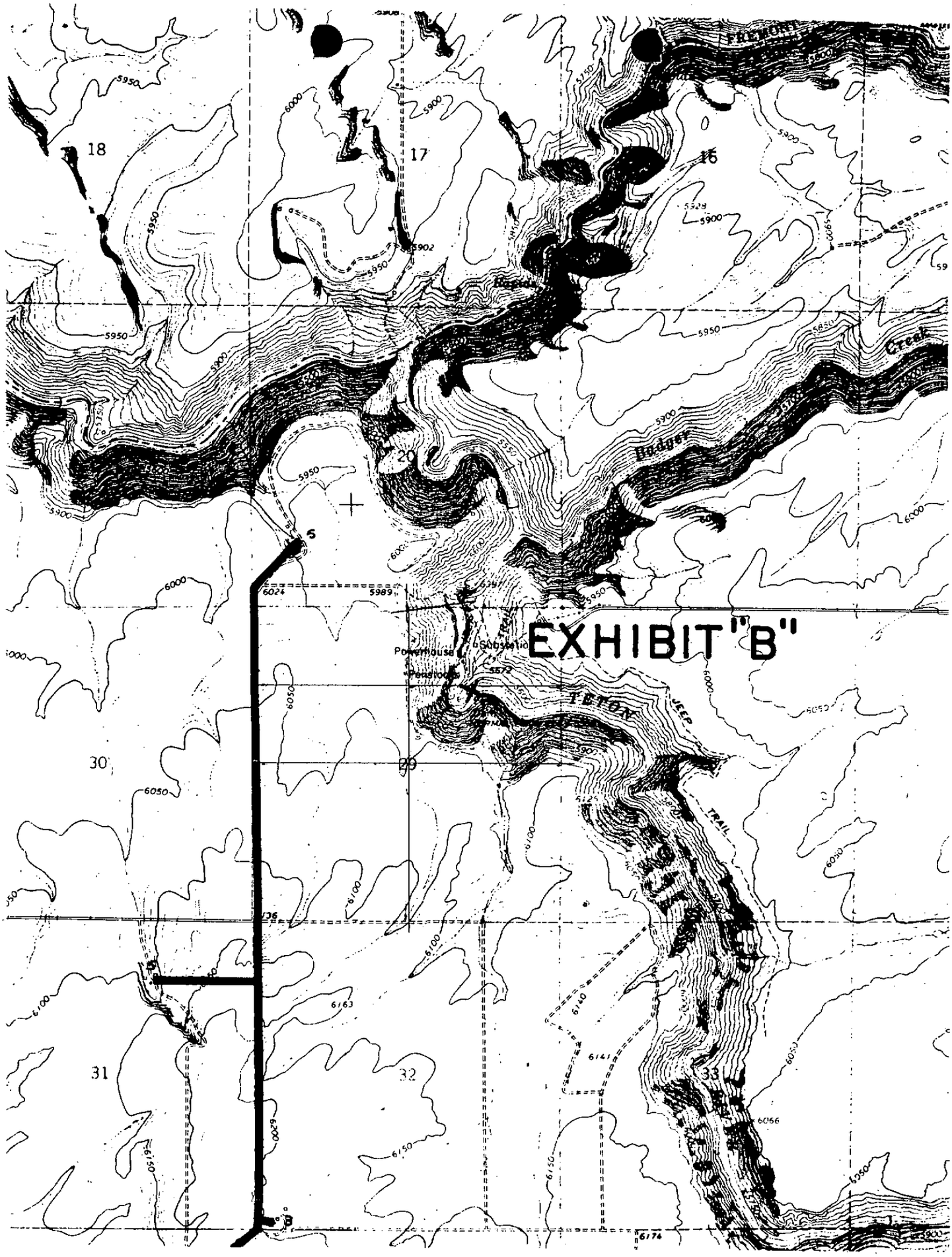
9. a. Who owns the property at the point of diversion Fall River Rural Electric Cooperative

b. Who owns the land to be irrigated or place of use Fall River Rural Electric Cooperative

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 _____

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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.

Calvin H. Linkhorn
(Applicant)

General Manager

MICROFILMED

Proposed Priority 2/25/1985

Received by CW Date 2-25-85 Time 1:30p.

Preliminary check by GER Fee $ 1745.00 #33216

Receipted by CW Date 2-26-85

Publication prepared by CW Date 2-27-85

Published in Teton Valley News

Publication dates 3-7 & 3-14-85

Publication approved CW Date 3-20-85

Protests filed by: none

Copies of protests forwarded by _____

Hearing held by _____ Date _____

Recommended for approval denial by GMC KW

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. 22-7487, 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 June 1, 19 86.

   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: SEE ATTACHED SHEET FOR CONDITIONS d thru m.

Witness my hand this 8th day of May, 1985.

L. Glen Saxton

Chief, Operations Bureau

DRT

MICROFILMED

ATTACHMENT TO CONDITIONS OF APPROVAL

For Permit No. 22-7487

d. Water used under this permit if discharged into a natural channel shall meet Idaho Water Quality Standards.

e. The diversion and use of water under this permit and any license subsequently issued is subject to review by the Director on the date(s) of expiration of any license issued by the Federal Energy Regulatory Commission. 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.

f. The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.

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

h. Use of water under this permit shall be non-consumptive.

i. 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.

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

k. Use of water under this permit is subject to control by the watermaster of State Water District No. 01, Snake River.

l. A separate stream alteration permit from the IDWR is required for any activity in the stream channel other than construction and/or maintenance of the diversion structure. If your proposed construction or operation involves construction of an outfall or any other work in the stream channel other than a water diversion, you must contact the Department and obtain a Stream Channel Alteration permit prior to the start of construction.

m. Diversion and use of water under this permit is subject to an agreement between permit holder and the Idaho Department of Fish and Game to the extent such agreement covers matters within the jurisdiction of the Department of Water Resources.

Witness my hand this 8th day of May, 1985.

L. Glen Saxton

Chief, Operations Bureau

MICROFILMED

State of Idaho

Department of State.

CERTIFICATE OF CORPORATE STATUS
OF

HYDRO VALLEY DEVELOPMENT, INC.

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

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Utah and was issued a certificate of Authority in Idaho on May 9, 1985

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

Dated June 17, 1985

GREAT SEAL OF THE STATE OF IDAHO
ESTO PERPETUA

Pete T. Cenarrusa
SECRETARY OF STATE

by Yen Nguyen

CCSSF 781

State of Idaho

Department of State.

CERTIFICATE OF CORPORATE STATUS
OF

BONNEVILLE PACIFIC CORPORATION

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

I FURTHER CERTIFY That the records of this office show that the above-named corporation was incorporated under the laws of Utah and was issued a certificate of Authority in Idaho on November 30, 1982

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

Dated June 17, 1985

GREAT SEAL OF THE STATE OF IDAHO
ESTO PERPETUA

Pete T. Cenarrusa
SECRETARY OF STATE

by Yen Nguyen

CCSSF 781

205/206
7/81

Ident. No. 22-7487
NOTARIZED ORIGINAL IN 22-7482

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

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

1. **Individual Applicant or Individual Members of a Partnership:**

I, _____ of _____,
(name) (city)

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

2. **Corporation:**

I, Calvin H. Wickham of Ashton,
(name) (city)

County of Fremont, State of Idaho, being duly sworn, depose and say: That I am the designated registered agent of the Fall River Rural Electric Cooperative, Inc.: that as such I am in charge of the registered
(name of corporation)

office of the said corporation as required by Section 30-1-12, Idaho Code, at Ashton Idaho, wherein are kept the corporate records required
(city)

by Section 30-1-52, Idaho Code: and that Fall River Rural Electric Cooperative, Inc.
(name of corporation)

is a corporation qualified to do business in the State of Idaho under the laws of the State of Idaho.

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

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

(check one)

[X] 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.

Calvin H Wickham
Applicant

State of Idaho)
County of Fremont) ss.

On this 12th day of October, 19 84, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he (she) (they) executed the same.

Charles Lee Dawson
Notary Public residing at
Ashton, Idaho

seal

My commission expires:
5/1/85

MICROFILMED

AFFIDAVIT OF PUBLICATION

State of Idaho)
) ss
County of Teton)

I....Anne Hatch.... being first duly sworn depose and say that I am the Secretary... of the Teton Valley News, a newspaper as defined by Idaho Codes Annotated, Section 58-106, as amended, and that said newspaper is a weekly newspaper printed and published at Driggs, in Teton County, Idaho, having a general circulation in said county, and that said newspaper has been printed in said county for more that 78 consecutive weeks prior to the first publication of the attached notice, advertisement or publication of

water right 22-7456
and 22-7487

And affiant further says that said attached notice, advertisement or publication, as per clipping attached, was published in said newspaper, in the regular and entire issue thereof, and not in any supplement issure thereof, for 2.... consecutive issues thereof; first publication having been made on the ..7... day of March..., 1985 and last publication on the 14... day of March 1985

And affiant further says that at the times herein mentioned said newspaper was made up of at least eight pages of at least five columns each, printed from type matter, of at least sixteen inches deep.

Anne Hatch

Subscribed in my presence and sworn to before me this 14th day of March 1985

(SEAL) Notary Public for the state of Idaho, residence and postoffice address, Driggs, Idaho.

Ronda Hammer

My Commission expires

9/29, 1986

RECEIVED
MAR 1.. 1985
Department of Water Resources
Eastern District Office

NOTICE OF APPLICATION FOR WATER RIGHT

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

22-7456

Dalton, Robert L. &/or Theresa V. Rt. 2, Box 1226, Driggs, ID 83422
Source: Groundwater
Date Filed: 08/03/1983
Diversion Pt: SENE Sec 02 T 04N R 44E
Use: Irrigation (0.06 cfs) Domestic (0.04 cfs)
In: SENE Sec 02 T 04N R 44E for 2.9 acres.

22-7487

Fall River Rural Electric Co-op, Inc.
P.O. Box AE, Ashton, ID 83420
Source: Teton River trib. to Snake River
Date Filed: 02/25/1985
Diversion Pt: NWNE SWNE Sec 29 T 07N R 44E
Use: Power (204.00 cfs)
In: SWNE Sec 29 T 07N R 44E

The permit(s) will be subject to all prior water rights. Protests must be filed with the Director, Dept. of Water Resources, 150 Shoup Ave., Suite 15, Idaho Falls, Idaho 83402 on or before March 25, 1985.

Ken Dunn, Dir.

Published in the Teton Valley News March 7 and 14, 1985.

MICROFILMED

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

April 11, 1994

FALL RIVER RURAL ELECTRIC COOPERATIVE
PO BOX 830
ASHTON ID 83420

RE: WATER RIGHT NO. 22-07487

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Water Right License issued on the above referenced permit along with a copy of your approved Application for Amendment.

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

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:dc

Enclosure

APR 18 1994

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

March 10, 1994

RE: Permit Nos. 22-07351, 22-07482A/B, 22-07487

Fall River Rural Electric Cooperative
Box 617
Ashton, ID 83420

Gentlemen:

The above referenced water rights for power generation are being reviewed for licensing. Permit No. 22-07482A pertains to the old power plant, while Permit Nos. 22-07482B, 22-07351 and 22-07487 are for the new power plant.

Capacity of New Plant	520 cfs
Capacity of Old Plant	420 cfs

Below is a compilation of existing rights and those proposed to be licensed to cover these capacities.

New Plant -

22-07351	300.0 cfs	Priority - 04/29/81
22-07482B	40.0 cfs	Priority - 11/12/84
22-07487	180.0 cfs	Priority - 04/09/85
	520.0 cfs	

Old Plant -

22-00606	80.0 cfs	Priority - 10/01/21
22-02123A	70.0 cfs	Priority - 11/17/36
22-02126	150.0 cfs	Priority - 02/02/46
22-02123B	80.0 cfs	Priority - 03/14/48
22-07482A	40.0 cfs	Priority - 11/12/84
	420.0 cfs	

Enclosed is a draft copy of the license proposed to be issued on Permit No. 22-07482A. We ask that you review the proposed license and if you do not concur with the information, let us know within 10 days.

APR 18 1994

Before licenses can be issued on the remaining permits, they must be amended to correspond with the findings of the field examiner. The enclosed applications for amendment contain information that will be included on the licenses when they are issued. The amendments reflect changes in the location of the place of use descriptions. Please review carefully and if you concur, sign the amendments and return with the filing fees ($20.00 each amendment) within 14 days.

If you have any questions concerning these matters, please contact me as soon as possible.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

Enclosures

APR 18 1994

OWNER CODE	NAME & ADDRESS	PRIORITY DATE	WATER USE	USE PERIOD FROM	USE PERIOD TO	DIVERSION RATE	DIVERSION VOLUME
C	FALL RIVER RURAL ELECTRIC COOPERATIVE PO BOX AE ASHTON ID 83420	04/09/1985	POWER	04-15	08-15	180.00 CFS	
				TOTAL DIVERSION:		180.00 CFS	

Water Source: TETON RIVER Tributary to: SNAKE RIVER Stage: LICENSE

Point(s) of Diversion Capacity: 520.00 CFS

Point(s) of Diversion: T07N R44E S29 NWNE TETON County

Place of use Legal Description for: POWER

			NE				NW				SW				SE			
			NENE	NWNE	SWNE	SENE	NENW	NWNW	SWNW	SENW	NESW	NWSW	SWSW	SESW	NESE	NWSE	SWSE	SESE
T	R	S	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac
07N	44E	20																P

Pou County: TETON

Conditions of Approval:

R23 - 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.

R04 - Use of water under this water right will be regulated by the
- watermaster of State Water District No. 01.

027 - Use of water under this right shall be non-consumptive.

Remarks: A measuring device of a type approved by this Department shall be required at the diversion of the Teton River if determined to be necessary by either the Department of Water Resources or the watermaster of Water District 01.
The diversion and use of water under this license is subject to review by the Director 30 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.
Any loss of water to the Teton River resulting from conveyance and use pursuant to this license shall be mitigated with replacement water.
This right is used in connection with Right Nos. 22-07351 and 22-07482B.
This right is subject to revocation pursuant to Section 42-350, Idaho Code.
A flow of 20.0 cfs must bypass the diversion at all times and flow uninterrupted to the powerhouse tailrace except during the

amendment - plu

Remarks: three month period of cutthroat spawning, determined by the Idaho Department of Fish and Game, when the bypass flow must be increased to 50.0 cfs.
The diversion dam is located in the SWNE, S29, T07N, R44E.
The point of discharge to the Teton River is in the SESE, S20, T07N, R44E.

Dates:				
	App. Received:	02/25/1985	Priority Date:	04/09/1985
	Proof Due Date:	06/01/1986	Proof Made Date:	04/28/1986
	Exam Made Date:	10/09/1987	Exam Sent to S.O.:	11/30/1987
	Licensed Date:			

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

Audit: 11/12/92 SKAGGS 11/19/92 SKAGGS

MEMORANDUM

TO: Files Nos. 22-07351, 22-07482 & 22-07487
FROM: Gary Spackman
DATE: November 18, 1992

RE: License Preparation

In reviewing the field examinations for permits nos. 22-07351, 22-07482 and 22-07487, I found that all three permits must be amended prior to licensing. I also followed the examiner's calculation that the priority date must be advanced 42 days.

The beneficial use under this right was examined by a Department examiner and a certified water right examiner. Fall River Rural Electric apparently paid a certified water right examiner, and also paid an examination fee to the Department. As a result, two field examinations have been filed.

A single copy of the beneficial use field report completed by the certified water right examiner is contained in file no. 22-07351. The original copy of the field report completed by the Department is contained in file no. 22-07351, and some original photographs of the old power plant are also contained in file no. 22-07482. The reason the original photographs for the old plant were filed in file no. 22-07482 is because 22-07351 will apply only to the new power plant. Partial copies of the Department exam are also contained in the other files.

After the two examinations were submitted to the Department, deficiencies were identified, and Department staff conducted an auxiliary examination. As part of the auxiliary examination, the water rights were split between the old plant and the new plant. Rights nos. 22-07351, 22-07487 and a portion of 22-07482B were allocated to the new power plant. The other portion of 22-07482A was allocated to the old power plant.

Permit no. 22-07482 authorized year around diversion of 80.0 cfs. Forty cfs was dedicated to the old power plant. The Department examiner recommended that the full amount authorized by 22-07351 and 22-07487 be licensed, and, although 40.0 cfs could be licensed under right no. 22-07482B, only 16.0 cfs would be licensed because any additional flow rate would exceed the capacity of the power plant. After reviewing the recommendation, I propose that the entire 40.0 cfs of 22-07482B be licensed, and the later-in-time priority right, 22-07487, which also authorizes a shortened diversion season, be reduced to reflect the capacity of the system. As a result, 22-07487 will be reduced to 180.0 cfs.

APR 18 1994

TO: GARY

FROM: QUENTIN

DATE: 5/17/91

SUBJECT: PERMIT NO.'S 22-7487, 7351, + 7482

ATTACHED ARE THE FELT HYDROPOWER PERMITS. I BELIEVE EVERY THING THAT IS REQUIRED FOR THIS PERMIT IS HERE, EXCEPT FOR DOCUMENTATION VERIFYING THE CAPACITY OF THE OLD POWER PLANT. ERIC VERNERS ADDENDUM to FIELD EXAMS DATED July 18, 1989, SAYS THAT THE CAPACITY IS 420 cfs. Which, WAS OBTAINED FROM A PHONE CONVERSATION WITH BRENT VAN WAGONER. I CONTACTED MR. VAN WAGNER 5/9/91 AND HE SAID THERE IS NO RECORD OF THE CAPACITY. THE TURBINES HAVE BEEN REBUILT AND MODIFIED. THE 420 cfs IS WHAT BONNEVILLE PACIFIC ESTIMATED THE CAPACITY to BE AND IS BASED ON SOME TESTS THAT THEY DID, BUT THERE IS NO DOCUMENTATION ON THOSE TESTS. ALSO, BOTH THE OLD PLANT AND THE NEW PLANT FEED INTO THE SAME POWER METER. THEREFORE, MAKING IT HARD to DETERMINE WHAT EACH PLANT IS PUTTING OUT INDIVIDUALLY. I TOLD MR. VAN WAGONER WE WOULD PROBABLY REQUIRE SOME KIND OF MEASUREMENT, NOT JUST TAKING HIS WORD FOR IT.

ANOTHER ITEM THAT WAS NOT INCLUDED IN THE ORIGINAL EXAM AND IS NOT MENTIONED IN ERIC VERNER'S ADDENDUM to FIELD EXAMS IS THE LEGAL DESCRIPTION OF THE POINT OF DISCHARGE BACK INTO THE RIVER. I HAVE COLATED THIS FROM LOOKING AT MAPS THAT WERE INCLUDED WITH THE FIELD EXAMINATION. THE POINTS OF DISCHARGE ARE AS FOLLOWS:

OLD - NWNE Sect 29 7N 44E

NEW - SESE Sect 20 7N 44E.

ALSO, THERE ARE COPIES OF TWO OTHER LICENCES FOR HYDROPOWER THAT ARE FAIRLY RECENT AND WHICH CAN BE USED AS EXAMPLES.

APR 18 1994

ADDENDUM TO FIELD EXAMS 22-7351, 22-7487, 22-7482A & 22-7482B

As requested, I conducted a follow-up examination of the above referenced field examinations on July 15, 1989. I was accompanied by Zane Larsen, Plant Manager and Keith Wilson of the Department of Water Resources.

The purpose of the visit was to resolve differences between the beneficial use field report I prepared on October 9, 1987 and the report submitted by certified water rights examiner, J.U.B. Engineering. The following summarizes my findings regarding the discrepancies listed in the review sheet compiled by Gary Spackman.

RECEIVED
JUL 26 1989
Department of Water Resources

A) Serial numbers of Generators at new plant:

Unit 1 - #330080
Unit 2 - #330081 (#330083 on IDWR exam is serial no. of brushes)

B) Legal description of Point of Diversion: Recommend 2 (two) points of diversion. First diversion is dam across river and the second is the pipeline intakes. The descriptions are:

Dam - NE1/4 SW1/4 NE1/4 SEC 29 T7N R44E
Intakes - SE1/4 NW1/4 NE1/4 SEC 29 T7N R44E

C) Plant capacities:

New plant - 520 cfs (usually runs at 85% to 90%. Monitor recorded 452cfs on this day)
Old plant - 420 cfs (verified by phone conversation with Bret Van Wagner of Bonneville Pacific Corp.) 208-734-0551

D) Measuring device and lockable works: Per conversations with Ron Carlson, I suggested Bonneville Pacific ask that this condition be dropped from the permits. Since inflow equals outflow, there is no apparent need for the Water Master to measure the inflow into the plants. There is a measuring device (rect. weir) on the dam to measure the minimum flow condition. Bret Van Wagner said he would draft a letter for this request. He is also submitting a description of the measuring device used at the new plant.

E) Recommendations for licensing amounts of water: See attached summary sheet.

Submitted by: Eric Verner, July 18, 1989

APR 28 1990

FELT HYDRO POWER PLANT WATER RIGHTS SUMMARY
FOR BENEFICIAL USE FIELD EXAMINATIONS 22-7351
22-7487 AND 22-7482

(See cream Folder)

GIVEN: New Plant Capacity is 520 cfs → VERIFIED BY PICTURES OF NAMPLATE - EACH TURBINE IS RATED AT 260 cfs
Old Plant Capacity is 420 cfs → ONLY VERIFIED BY PH. CONVERSATION

Right Number		Amount (cfs)	af/yr	Priority	For Plant
**22-7351 ✓		300.0	217,190	3-18-1981	new
**22-7487		204.0	147,689	2-25-1985	new
**22-7482B		16.0	11,583	10-1-1984	new
	TOTAL	520.0			
*22-0606		80.0 ✓		10-1-1921	old
*22-2123A		70.0 ✓		11-17-1936	old
*22-2123B		80.0 ✓		3-14-1948	old
*22-2126		150.0 ✓		2-2-1946	old
**22-7482A		40.0	28,959	10-1-1984	old
	TOTAL	420.0			

* - Existing rights
** - Recommendations for amounts under these permits

P.U.

OLD PLANT:
NW¼ NE¼ Sec 29 7N 44E

NEW PLANT:
SE¼ SE¼ Sec 20 7N 44E

1994

State of Idaho
DEPARTMENT OF WATER RESOURCES
150 Shoup Ave., Suite 15, Idaho Falls, Idaho 83402 - (208) 525-7161

EASTERN REGION

CECIL D. ANDRUS
GOVERNOR
R. KEITH HIGGINSON
DIRECTOR

RECEIVED
AUG 18 1989
Department of Water Resources

August 14, 1989

RE: Felt Hydroelectric Plant Water Water Right Nos.
22-07482, 22-07487, 22-07351, 22-00606, 22-02123A
22-02123B, 22-02126

Mr. Brett Van Wagoner
Bonneville Pacific Services
P.O. Box 2467
Twin Falls, Idaho 83303-2467

Dear Mr. Van Wagoner:

We have reviewed your request to have the measuring device and lockable controlling device requirement removed from the above referenced water right permits. The Department has agreed to defer the imposition of this condition and has modified it as follows:

> The Department of Water Resources permanently retains jurisdiction over this right to impose at any time such measuring device and lockable control works as the Director may deem necessary for the proper delivery of this and other water rights.

Very truly yours,

Ronald D. Carlson

RONALD D. CARLSON
Eastern Regional Manager

RDC:cw

cc: IDWR State Office

APR 12

From: DWR70::VERNER 5-JUL-1989 11:27
To: DWR03::SPACKMAN,VER[redacted]R
Subj: Field exams for 22-7351, 22-7482 and 22-7487

Since your initial memo, these exams have made the rounds-from me, to Skip, to Keith, to Skip and now, back to me (what goes around comes around?!). We have finally had a little lull in activety so I hope to visit the site next week. Sorry it's taken so long. I'll let you know as soon as we get the matter resolved.

Eric

RECEIVED
JUL 26 1989
Department of Water Resources

Cfm 7-15-89

452 new plant

Brent VanWagner

Twin Falls - Bonneville Pacific Services

208 734-0551

APR 18 1994

INTER-DEPARTMENT MEMO — 1

DATE 5-11-87

FROM ERIC VERNER

TO FILES

SUBJECT LATE EXAM FEE PAYMENT FOR PERMIT No. 22-7487

FEE DUE DATE: 3-27-87

FEE RECIVED: 5-8-87

Permit should therefore loose 42 days priority.

EV

SIGNATURE

RECEIVED
APR 18 1994

Form 219
6/86

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

BENEFICIAL USE FIELD REPORT

A. GENERAL INFORMATION

Permit No. 22-7487

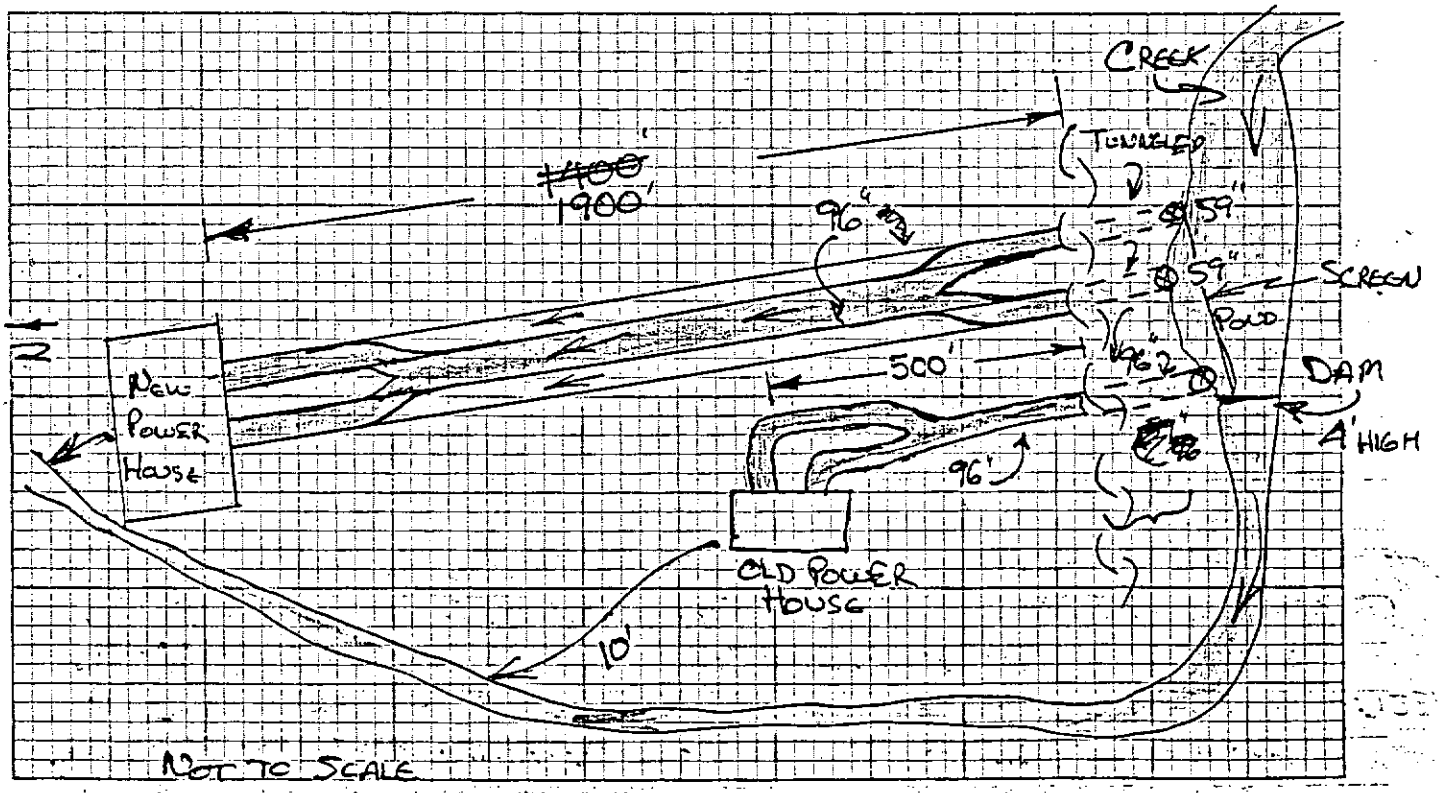
1. Owner: FALL RIVER RURAL ELECTRIC COOP., INC. Phone No. 652-7431
   Current Address: P.O. BOX AE, ASHTON, ID. 83420
2. Accompanied by: ZANE LARSON EXAM. DATE: 9-OCT-1987
   Address: Box 111 Tetonia Phone No. 456-2364
   Relationship to Permit Holder: PLANT MANAGER
3. Source: TETON RIVER tributary to SNAKE RIVER

B. OVERLAP REVIEW

1. Other water rights with same place of use: ~~22-0606, 2123, 2126~~, 22-7351/7482B
   ☐ Copies Attached
2. Other water rights with same point of diversion: 22-0606, 2123, 2126, 22-7351/7482B
   ☐ Copies Attached ☐ Copies of Field Exam's Attached

C. SYSTEM DESCRIPTION

1. **Diversion System Diagram:** Indicate all major components and distances between components. Indicate weir size/ditch size/pipe i.d. as applicable. ☑ Alternative diagram attached



Scale: 1" = _____.

2. ☑ Copy of U.S.G.S. Quadrangle Attached
   Showing location(s) of point(s) of diversion and place(s) of use (required).
   ☐ Aerial Photo Attached
   (required for irrigation of 10 acres or more).
   ☑ Photo of Diversion and System Attached
   (required for all but single household domestic groundwater, and stockwater.

RECEIVED
APR 18 1994

System Description (continued)

3. Narrative: Description (As operating at time of measurement. Indicate pressure, number of sprinklers, etc.)

THIS SYSTEM INCLUDES WATER USED TO GENERATE ELECTRIC POWER AT 2 SEPARATE POWER PLANTS. THE DIVERSION IS A 4' HIGH DAM THAT DIVERTS WATER INTO 2 LARGE PIPELINES. AT THE DIVERSION, 3 PIPELINES HAVE BEEN TUNNELED THROUGH THE HILLSIDE. THE FIRST PIPE SENDS WATER TO THE ORIGINAL POWERHOUSE (WATER RTS. 22-0606/2123/2126). A NEW POWER PLANT WAS ADDED TO THE SYSTEM UNDER THESE NEW APPLICATIONS. TWO Ø 59" PIPES, TUNNELED THROUGH THE HILLSIDE, CONVERGE INTO AN 8' PIPELINE WHICH SENDS WATER TO THE NEW POWER PLANT.

☐ See Remarks on page 4 for continuation

4. ~~SENDS TO~~ ~~OLD TURB~~

~~PELTONS~~ → ~~TURBINES~~ → FRANCIS TURBINES

Well or Diversion Identification No.*	Motor Make	Hp	Motor Serial No.	Pump Make	Pump Serial No. or Discharge Size
No. 1 Generator	Westinghouse	950KW	W1325	360RPM	—
No. 2	Westinghouse	720KW	4099305	360RPM	
Unit 1 NEW PLANT	Ideal Elect	3840	12	~~5~~ W 600RPM	330080 / 155' HEAD
Unit 2 NEW PLANT	"	3840	11	600RPM	330083 / 155' HEAD

**Code to correspond with No. on map and aerial photo*

5. Point(s) of Diversion:

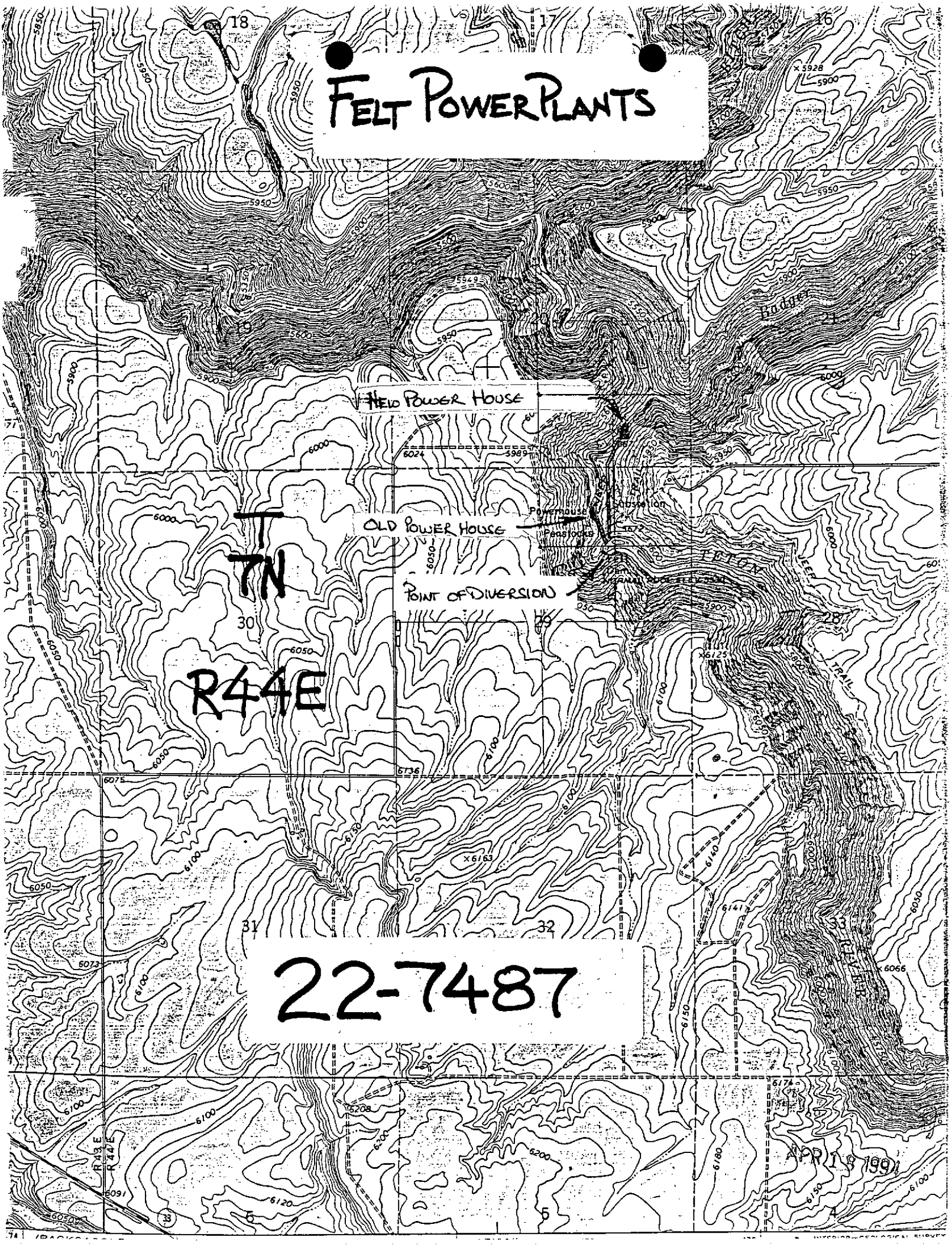
Ident. No.	Gov't. Lot	¼	¼	¼	Sec.	Twp.	Rge.	County	Method of Determination/Remarks
		NE	SW	NE	29	7N	44E	TETON	USGS/ON-SITE

6. Place(s) of Use: Indicate Method of Determination _____

Twp.	Rge.	Sec.	NE¼				NW¼				SW¼				SE¼				Totals
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
7N	44E	20																P	

Do not use this space

APR 18 1994


FELT POWER PLANTS
HELD POWER HOUSE
OLD POWER HOUSE
POINT OF DIVERSION
T 7N
R44E
22-7487
Badger
TETON
TRAIL
Powerhouse
Penstocks
APR 18 199

Do not use this space

D. FLOW MEASUREMENTS

☑ Additional Data Sheets Attached

1.

Measurement Equipment	Type	Make	Model No.	Serial No.	Size	Calib. Date

2. **Measurements:**

~~As Designed~~ As Built Design Capacities

New Plant: (Unit 1) 260cfs + (Unit 2) 260cfs = 520cfs.

Old Plant: (No. 1) ____ cfs + (Unit 2) ____ cfs = ____ cfs

Total ____ cfs

E. FLOW CALCULATIONS

☑ Additional Computation Sheets Attached

1. Measured Method: Capacity of Plant 520cfs

2. Alternate Method for Checking Purposes: Allow Q = 204cfs

22-7351 300cfs
+ 22-7282B 16cfs
316cfs
+ 204cfs
520cfs

F. PUMP EFFICIENCY DATA (Optional)

Discharge Pressure: ____ psi x 2.31 = ____ ft (1); Dynamic pumping level: ____ ft (2)

Total Head: (1) + (2) = ____ (3) ; Flow rate: ____ cfs (4)

Water HP: (3) x (4) ÷ 8.8 = ____ (5)

Meter Input KW: 3.6 x ____ KH x ____ CTR or ____ MULT x ____ PTR x ____ N/ ____ T = ____ (6)

Meter Input HP: (6) x 1.34 = ____ (7)

Panel Input KW: ____ Ave PF x ____ Ave Volts x ____ Ave Ampsx .001732 = ____ (6)

Panel Input HP: (6) x 1.34 = ____ (7) Efficiency: (5)/(7) x 100 = ____ %

G. VOLUME CALCULATIONS

1. Volume Calculations for Irrigation:

$V_{I.R.}$ = (Acres Irrigated) x (Irrigation Requirement) = ____

$V_{D.R.}$ = [Diversion Rate (cfs)] x (Days in Irrigation Season) x 1.9835 = ____

V = Smaller of $V_{I.R.}$ and $V_{D.R.}$ = ____

2. Volume Calculations for Other Uses:

N/A - Non Consumptive Use.

RECEIVED
APR 18 1994

— OVERLAP REVIEW —

Field Exams 22-7351/7482/7487

Current Rights through Power Plant:

No.	Amt	Priority
22-0606	~~80 cfs~~ 80 cfs	10-1-1921
22-2123A	70 cfs	11-17-1936
22-2123B	80 cfs	3-14-1948
22-2126	150 cfs	2-2-1946
TOTAL RIGHT:	380 cfs	-(OLD PLANT ORIGINAL CAPACITY)

For	Permits			Allow
EW PLANT -D PLANT P-GRADE IGH WATER TH PLANTS.	22-7351	300 cfs	3-18-81	300 cfs
	22-7482	80 cfs	10-1-84	40 cfs A (New Plant 16 cfs B)
	22-7487	204 cfs	2-25-85	204 cfs
	ADDITIONAL REQUESTED:	584 cfs		560 cfs + 380 = 940 cfs

MAX. POSSIBLE TO LICENCE: = ~~964 cfs~~ LIMITED BY CAP. TO 940 cfs
(INCLUDING PREVIOUS RTS.)

CAPACITY OF POWER FACILITY:

OLD PLANT AS BUILT CAPACITY = 420 cfs
NEW PLANT AS BUILT CAPACITY = 520 cfs
TOTAL CAPACITY = 940 cfs

ANALYSIS

- PERMIT 22-7351 - LICENSE 300 cfs NEW PLANT POU
- PERMIT 22-7482 - LICENSE — 80 cfs UNDER 'A' FOR OLD PLANT
  16 cfs UNDER 'B' FOR NEW PLANT
- PERMIT 22-7487 - LICENSE 204 cfs NEW PLANT APR 7 8 1994 POU

H. REMARKS AND OVERLAP REVIEW ANALYSIS — THIS ~~DF~~ APPLIES TO NEW PLANT

UNDER NORMAL CONDITIONS THE OLD POWER HOUSE IS ABLE TO RUN DURING HIGH WATER IN THE SPRING. DURING THE REMAINDER OF THE YEAR ANY UNAPPROPRIATED FLOW GOES THROUGH THE NEW POWER PLANT. THE COMBINED CAPACITY OF FLOW W/ BOTH PLANTS ON TO CAPACITY IS cfs. A MINIMUM STREAM FLOW IS ALLOWED THROUGH THE DIVERSION ~~B~~ TO SATISFY FISH NEEDS B/T HEADGATES AND POWER PLANT OUTFLOWS.

THERE ARE 2 TURBINES/GENERATORS IN EACH POWER HOUSE. WATER IS RETURNED TO TETON RIVER.

THIS DEVELOPMENT IS KNOWN AS THE "FELT POWER PLANTS"

I. RECOMMENDATIONS

1. Recommended Amounts

Beneficial Use	Period of Use From	Period of Use To	Rate of Diversion Q (cfs)	Annual Volume V (afa)
POWER	1/1	12/31	204 cfs	
Totals:			204 cfs	

2. Recommended Amendments

☑ Change P.D. as reflected above ☐ Add P.D. as reflected above ☐ None

☑ Change P.U. as reflected above ☐ Add P.U. as reflected above ☐ Other

J. AUTHENTICATION

Field Examiner's Name: ERIC SIVERT

Signature: Eric Sivert

Certification Date: Nov 23, 1987

Field Report Preparation Date: 20-Nov-1987

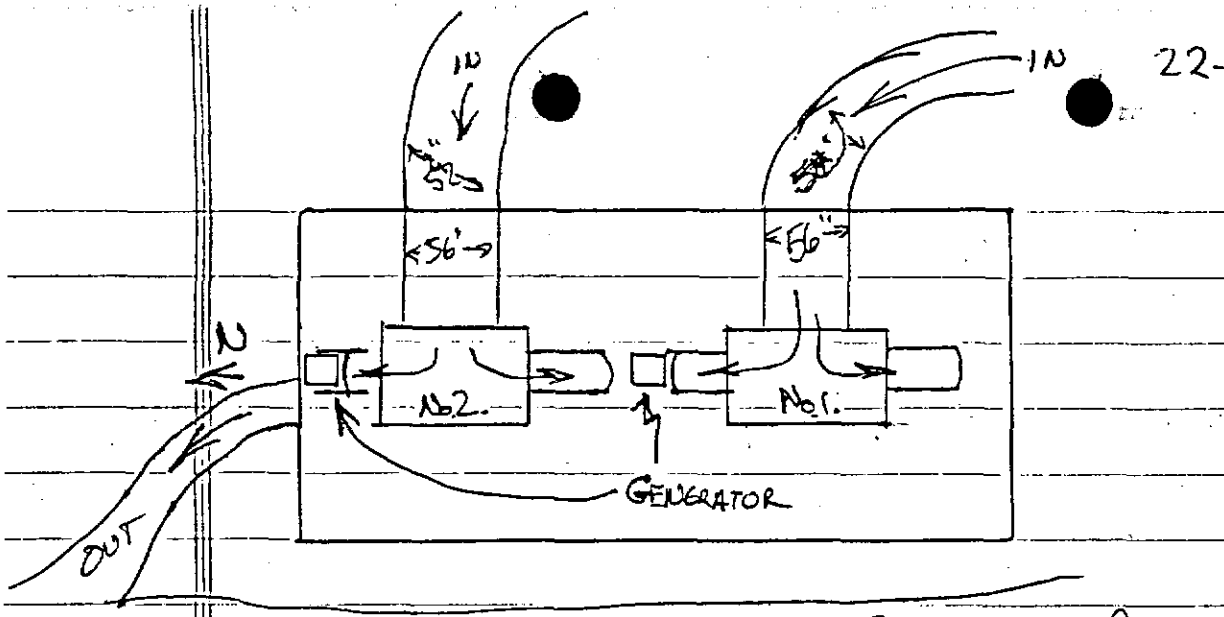
Steve McCormick

CONSULTANT SEAL

K. Licensing recommendation shall be prepared by an Idaho Department of Water Resources employee on a computer printout attached hereto.

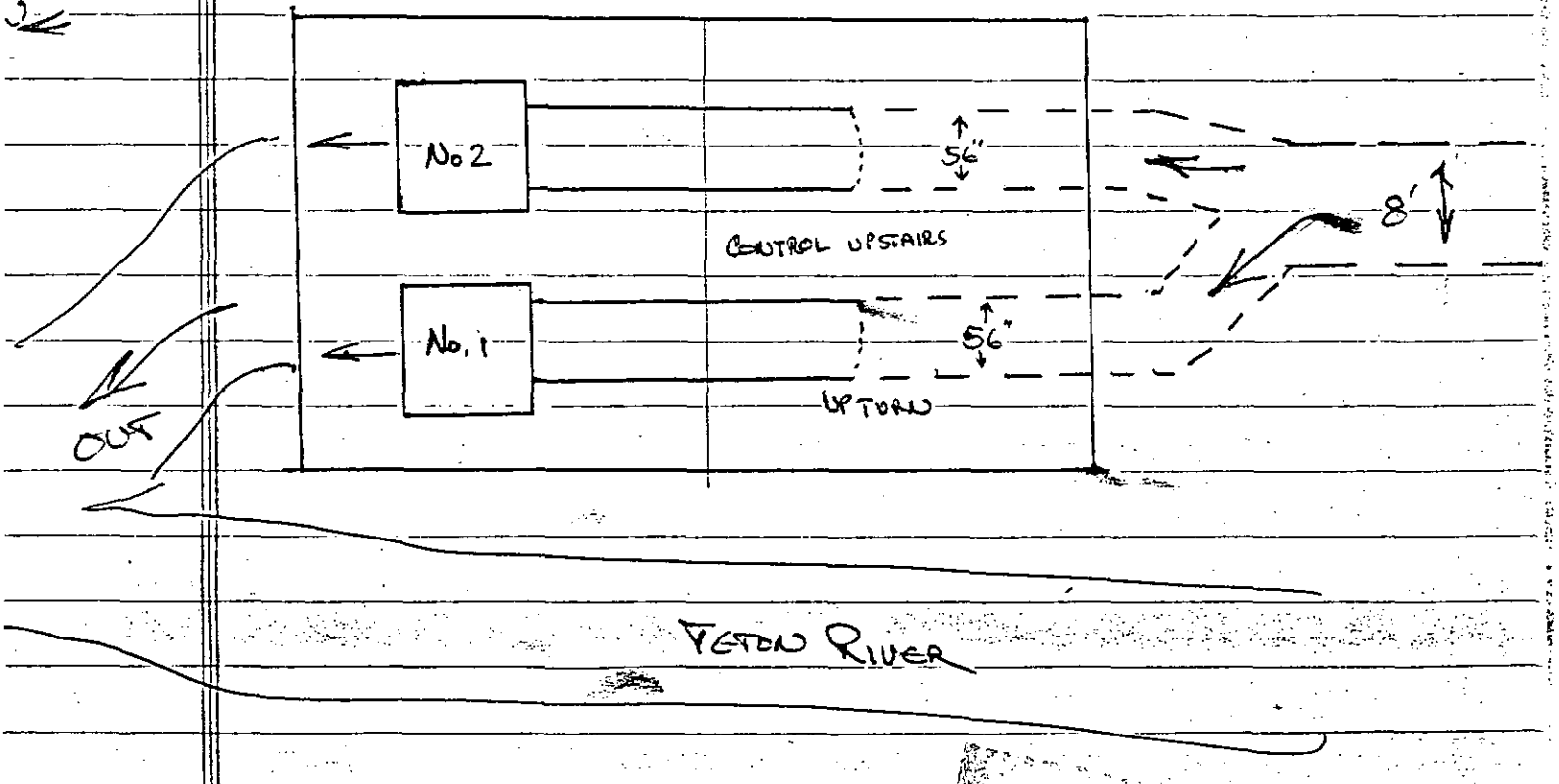
APR 18 1994

22-7487



NEW POWER PLANT

VERTICLE TURBINES



NOT TO SCALE

APR 18 1994

4/86

For Office Use Only
Fee Received ~~$10~~ 600.00
Date 8 May 87.
Receipt # 41180
Receipt by cmc
Sent to S.O. 5-15-87

RECEIVED
MAY 20 1987
Department of Water Resources

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

EXAMINATION FEE INFORMATION

1. Permit No. 22-7487

ONE OF THE FOLLOWING BOXES SHOULD BE MARKED TO DESIGNATE YOUR CHOICE

☒ I choose to have the department make the field examination of this permit; attached is the examination fee. (If this box is marked, complete items 1 thru 8.)

2. Permit Holder: Fall River Rural Electric Cooperative Inc.

3. Post Office Address: P.O. Box AE Ashton

Telephone No. 208-652-7431

4. Source of Water: Teton River

5. Extent of Use:

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

Irrigation_____(acres) Other/Remark_____

Power Production 204 CFS

6. Total rate &/or volume for which proof is submitted 204 cfs _____acre-feet

7. Show the date water was first diverted and beneficially used under this permit:

December 1985

8. Person to contact to accompany the department representative during the field examination:

Zane Larsen
(Name)

Tetonia, Idaho (Address) 208-456-2364 (Telephone Number)

☐ I choose to have the field examination conducted by a certified water right examiner. Attached is a statement from the certified examiner I have selected verifying that he has been retained to conduct the examination. (If this box is marked, complete items 1 thru 7.)

5/8/87
Date

Calvin H. Wickham
Signature of Permit Holder (and title, if appropriate)

APR 19 1994

INTER-DEPARTMENT MEMO — 1

DATE 5-11-87

FROM ERIC VERNER

TO FILES

SUBJECT LATE EXAM FEE PAYMENT FOR PERMIT No. 22-7487

RECEIVED
MAY 20 1987
Department of Water Resources

FEE DUE DATE: 3-27-87

FEE RECIVED: 5-8-87

Permit should therefore loose 42 days priority.

EV
SIGNATURE

APR 18 1994

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
EASTERN REGION

John V. Evans
Governor

A. Kenneth Dunn
Director

150 Shoup — Suite 15
Idaho Falls, Idaho 83402
(208) 525-7161

May 6, 1987

22-7487
FALL RIVER RURAL ELECTRIC CO-OP, I
P.O. BOX AE
ASHTON, ID 83420

Dear Permit Holder:

On January 26, 1987 this Department sent you a certified letter explaining the recent statutory changes in the licensing procedure that will pertain to the above referenced permit. The new statutes provide the permit holder with a choice of who will perform the licensing field examination. You may either choose a certified water rights examiner from the private sector, or select the Department. If you elect to have the examination done by the Department there is now a fee for this service based on the amount of water being diverted.

The letter advised you had a period of 60 days to notify the Department of your decision. You were to notify the Department by returning the examination fee information form which accompanied the certified letter and the appropriate examination fee, provided you wanted the Department to do the examination. As indicated in the certified letter, failure to return the form and submit the examination fee, within 60 days would cause the priority of your permit to be advanced.

Our records indicate you did not respond within the 60 day period. Starting with March 27, 1987 the priority of your permit will be advanced one day for each day your response is late. Failure to submit a completed examination fee information form, with the examination fee, by March 27, 1988 will result in the permit being lapsed.

As always our staff is available to assist you or answer questions concerning the above matter. For your convenience, we have enclosed another examination fee information form.

Respectfully submitted,

RECEIVED
APR 18 1994

Ernest Carlsen
Assistant Regional Manager

EC/md

Enclosure

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
EASTERN REGION

John V. Evans
Governor

A. Kenneth Dunn
Director

150 Shoup — Suite 15
Idaho Falls, Idaho 83402
(208) 525-7161

January 26, 1987

22-7487
FALL RIVER RURAL ELECTRIC CO-OP, I
P.O. BOX AE
ASHTON, ID 83420

CERTIFIED
No0013733

NATION 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 of certified water right examiners will be available from this Department when examiners have been certified.

APR 18 1994

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 benefically 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 office:

Eastern Region
Idaho Dept. of Water Resources
150 Shoup Ave., Suite 15
Idaho Falls, Idaho 83401
Phone: 525-7161

Very Truly Yours,

Ronald D. Carlson
Eastern Regional Manager

Enclosures

APR 18 1994

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 29, 1986

Fall River Rural Electric Cooperative, Inc.
POB AE
Ashton, ID 83420
Attention: Manager

Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, UT 84111
Attention: Robert L. Wood

Hydro Valley Development, Inc.
c/o Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, UT 84111
Attention: L. Wynn Johnson

Prudential Interfunding Corp.
Four Embarcadero Center
Suite 2750
San Francisco, CA 94111

Re: Leases and Third Party Easement and Water Rights Mortgage, Assignment of Rents, Security Agreement and Fixture Filing Affecting Decreed Right 22-0606, Licensed Rights 22-2123A and 22-2126 and Permit Nos. 22-7351, 22-7482 and 22-7487

Gentlemen:

This office has received a copy of the Lease and Assignment Agreement dated December 18, 1984, whereunder Fall River Rural Electric Cooperative, Inc. ("Fall River") has leased the above-referenced decreed, licensed, and permitted water rights (collectively "Water Rights") to Bonneville Pacific Corporation ("Bonneville"), and a copy of the Partial Assignment of Lease and Assignment Agreement dated June 14, 1985, whereunder Bonneville has further assigned the leased Water Rights to Hydro Valley Development, Inc. ("Hydro Valley"). We have also received the Third Party Easement and Water Rights Mortgage, Assignment of Rents,

Security Agreement and Fixture Filing (the "Security Agreement") whereunder Hydro Valley intends to mortgage the leasehold interest in the Water Rights to Prudential Interfunding Corp. ("Prudential") to facilitate the permanent financing for Felt Dam Hydroelectric Project located in Teton County, Idaho, which permanent financing is being obtained by CDM Hydroelectric Company ("CDM"), a Colorado limited partnership.

According to the information we have received, the following transactions have occurred: Fall River has leased the above-referenced Water Rights to Bonneville, Bonneville has assigned the lease of said Water Rights to Hydro Valley, and Hydro Valley has assigned the lease of the Water Rights to First Interstate Bank of Idaho, N.A., as trustee for First Interstate Bank of Utah. It is further our understanding that Hydro Valley desires to mortgage the leasehold interest in the Water Rights held by First Interstate Bank of Idaho to Prudential, as partial security for the performance by CDM of certain obligations to Prudential in connection with permanent financing for the Felt Dam Hydroelectric Project to which the Water Rights relate.

This office has reviewed the lease, assignments of lease and mortgage agreements, and understands CDM will be the principle developer of the project. Based on representations made by Craig B. Terry of Parsons, Behle and Latimer during a telephone conversation on September 25, 1986, the participation of CDM in the development is for the purpose of generating capital through the limited partnership mechanism, and Hydro Valley, as a general partner in CDM, is mortgaging a leasehold interest currently held by First Interstate Bank on behalf of CDM by means of a third party mortgage. This arrangement does not appear to be in bad faith, or for purposes of delay or speculation, but rather appears to be an effort to facilitate financing arrangements.

The lease and assignments previously approved by the Department and the proposed third party mortgage comply with the requirements of Sections 42-206 and 42-207, Idaho Code. Bonneville is not currently registered to do business in the State of Idaho, but non-registration is not defective provided that the partial assignment to Hydro Valley is deemed as a complete assignment of the property needed for the proposed development.

Hydro Valley, CDM, and Prudential are qualified to do business in the State of Idaho. Specifically, Prudential is qualified to hold a security interest in the Water Rights.

According to our records, however, First Interstate Bank of Idaho is currently the owner of the Water Rights. The approval of Prudential's proposed security interest is contingent upon the full relinquishment or reassignment of ownership of the leasehold interest by First Interstate Bank of Idaho, N.A., trustee for First Interstate Bank of Utah, N.A.

Please be informed that the lease, assignments of lease, and proposed mortgage of Water Rights will not change the name of the owner of the rights in the records of the Department. The future approval of

the leasing of the Water Rights and assignment of leasehold interests therein will not constitute a waiver by this Department or the State of Idaho of the right to seek appropriate regulatory actions against the entities identified within this letter for any and all violations of any state statute, rule or regulation, notably with respect to stream channel alterations.

Sincerely,

Gary Spackman

GARY SPACKMAN
Supervisor, Water Allocation Section

ls

LAW OFFICES

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) 532-1234, EXT. 273

1016-16TH STREET, N.W., SUITE 600
WASHINGTON, D.C. 20036
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER

KEITH E. TAYLOR
JAMES B. LEE
SCOTT M. MATHESON
GORDON L. ROBERTS
F. ROBERT REEDER
WILLIAM L. CRAWFORD
LAWRENCE E. STEVENS
DANIEL M. ALLRED
HOWARD J. MARSH
YAN M. ROSS
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
JAMES M. ELEGANTE
DAVID P. HIRSCHI
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
RANDY M. GRIMSHAW
J. STEPHEN RUSSELL
DANIEL W. HINDERT
T. PATRICK CASEY
VALDEN P. LIVINGSTON
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
MARK E. RINEHART
MICHAEL L. LARSEN
JONATHAN K. BUTLER
DAVID G. MANGUM
JULIA C. ATTWOOD
DEREK LANGTON
HAL J. POS
W. MARK GAVRE
DAVID J. SMITH
TONI MARIE SUTLIFF

September 22, 1986

RECEIVED
SEP 23 1986
Department of Water Resources

Mr. Norman C. Young
State of Idaho
Department of Water Resources
450 West State Street
Boise, Idaho 83720

Re: Felt Dam Hydroelectric Project, Teton County, Idaho--Leases and Security Interest in Decreed Right 22-0606, Licensed Rights 22-2123A, and 22-2126, and Approved Applications for Permit Nos. 22-7351, 22-7482 and 22-7487

Dear Mr. Young:

Please be advised that pursuant to a Lease and Assignment Agreement dated December 18, 1984, between Fall River Rural Electric Cooperative, Inc. ("Fall River") and Bonneville Pacific Corporation ("Bonneville"), Fall River has leased the above-referenced water rights and permits (collectively the "Water Permits") to Bonneville for use in connection with the Felt Dam Hydroelectric Project, a copy of which Lease and Assignment Agreement is enclosed herewith.

Please be further advised that pursuant to the terms of that certain Partial Assignment of Lease and Assignment Agreement, dated June 14, 1985, between Bonneville and Hydro Valley Development, Inc. ("Hydro Valley"), Bonneville has assigned its leasehold interest in the Water Permits to Hydro Valley, a copy of which Partial Assignment of Lease and Assignment Agreement is enclosed herewith. Both Bonneville and Hydro Valley are Utah corporations qualified to do business in the State of Idaho.

Please be further advised that in connection with obtaining the permanent financing for the Felt Dam Hydroelectric Project by CDM Hydroelectric Company, a Colorado limited partnership in which Bonneville and Hydro Valley are general partners, Hydro Valley is being required by Prudential Interfunding Corp., a Delaware corporation qualified to do business in Idaho ("Prudential"), to assign its leasehold interest in and to the Water Permits to Prudential as security for the permanent financing. This assignment will be made in accordance with the terms of a Third Party Easement and Water Rights Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (the "Security Agreement") a copy of which is enclosed herewith. I will forward to your office a fully-executed copy of the Security Agreement after it is executed.

Pursuant to the provisions of Sections 42-206 and 42-207, Idaho Code, we are requesting the consent and approval of the Idaho Department of Water Resources to the above-described transfers of leasehold interests in the Water Permits. Our review of appropriate Idaho law indicates that the lease of the Water Permits from Fall River to Bonneville and the lease of the Water Permits from Bonneville to Hydro Valley, and the proposed Security Agreement, whereunder the leasehold interest in the Water Permits is assigned to Prudential, are in conformance with Section 42-206 and 42-207, Idaho Code, and we therefore request that the Department of Water Resources consent to and approve such leases and assignments.

The assignment of the Water Permits to First Interstate Bank of Idaho, N.A., as trustee for First Interstate Bank of Utah, N.A. in connection with the construction financing for this project, which was previously approved by the Department of Water Resources on June 28, 1985, will be released. I am enclosing for your reference a copy of the approval letter of the Department of Water Resources dated June 25, 1985.

For your convenience, I have enclosed herewith a form letter which has been approved by the parties to the leases and by Prudential. Please review the enclosed materials and contact me at your earliest convenience with any questions or comments which you may have thereon. If the Department of Water Resources

approves the proposed assignment, please have the enclosed letter or a letter in substantially similar form prepared on Department of Water Resources letterhead and send the original copy executed by the Director or Administrator of the Department of Water Resources to me for use in the loan closing. The loan closing is presently scheduled for September 29, 1986, and we will aprpeciate your processing this application for approval as soon as possible.

Very truly yours,

Craig B. Terry

Craig B. Terry
of and for
PARSONS, BEHLE & LATIMER

CBT:jp
Enclosure
cc: Robert L. Wood

LEASE AND ASSIGNMENT AGREEMENT

FELT PROJECT

THIS LEASE AND ASSIGNMENT AGREEMENT (the "Agreement"), made and entered into this 18th day of December, 1984, by and between FALL RIVER RURAL ELECTRIC COOPERATIVE, INC., an Idaho corporation, hereinafter referred to as "Fall River", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation, duly authorized to transact business in the State of Idaho, or its assigns, hereinafter referred to as "Bonneville",

WITNESSETH;

WHEREAS, Fall River owns, or has the right to acquire or use, certain real property (the "real property") located in Teton County, State of Idaho, described in Exhibit "A" attached hereto and by this reference made a part hereof, which real property is intended to be leased by Bonneville as part of a hydroelectric project known as the Felt Project (the "Project"); and

WHEREAS, Fall River owns, or has 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, Bonneville has entered into a Power Sales Contract (the "Power Contract") with Utah Power & Light Company, a Utah corporation, for the purchase and sale of power generated from the Project. A copy of the power contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

WHEREAS, Fall River has obtained from the Federal Energy Regulatory Commission that certain license, No. 5089-001, issued September 1, 1983, as extended, (the "FERC License"), and Bonneville will file an amended application in Fall River's behalf seeking a change in the FERC License naming Bonneville, or its nominee, as co-licensee, copies of said FERC license and supporting documents are attached hereto as Exhibit "D" and by this reference made a part hereof; and

WHEREAS, Bonneville desires to lease the real property, the water rights and all other rights and interests appurtenant to the Project from Fall River for purposes of constructing, operating and maintaining the Project; and

WHEREAS, Fall River desires to lease the real property, the water rights, and all other rights and interests appurtenant to the Project (collectively the "Project Property") to Bonneville strictly upon the terms and conditions herein contained; and

WHEREAS, Fall River desires to grant, and Bonneville desires to receive an interest as joint licensee in the FERC license,

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. Fall River hereby leases to Bonneville the Real Property, the Water Rights, and Additional Property as defined in paragraph 11 hereof, and hereby assigns to Bonneville, all such other rights, easements, interests and obligations relating to the Project, including, but not limited to, all engineering work and feasibility studies in process or completed which are presently owned by Fall River, in accordance with, and subject to, the terms of this

agreement. Fall River hereby grants to Bonneville, or its nominee, an interest as joint licensee in the FERC license, and covenants to take any and all actions necessary to assist Bonneville in obtaining a modification of the FERC license to reflect the status of Bonneville, or Bonneville's nominee, as joint licensee. Bonneville hereby accepts such lease and rights, and all future rights, in accordance with the terms hereof.

2. Term of Lease and 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-five (35) years from the date of first power production by the Project; provided, however, that if Bonneville has not secured Idaho Public Utilities Commission approval of the power contract within one hundred eighty (180) days following the execution hereof, either party may terminate this agreement without liability, and thereafter this agreement shall be null and void. PROVIDING HOWEVER, that any part of the consideration paid or due upon said termination shall be forfeited to Fall River as liquidated damages, PROVIDED That Fall River's obligations under paragraph 5(a) hereof have been satisfied.

3. Construction of the Project. Bonneville, at Bonneville's expense, shall construct, install and complete the Project which shall consist of a power generating facility utilizing Kaplan or Francis Turbine(s) having approximately 6,000 kilowatts of installed generating capacity. The power generating facility shall comply with any and all local electric codes and regulations. Fall River shall have the right to review the engineering, general design, capacity and equipment to be installed in the Project and make recommendations,

prior to ordering the equipment and the initiation of construction, and during the course of construction of the Project. It is agreed and understood that all equipment ordered by Bonneville prior to the date of this agreement is hereby accepted by Fall river. If Bonneville fails to accept the recommendations of Fall River regarding the engineering, general design, capacity and equipment to be installed in the Project, then Bonneville shall notify Fall River of its non-acceptance of such recommendations, and the parties hereto, following Fall River's receipt of such notification, shall have five (5) business days to resolve such difference of opinion with respect to the recommendation submitted by Fall River. The parties hereto agree to use their best efforts to reach an agreement within such five (5) day period. However, if at the end of such five (5) day period the parties hereto have not reached an agreement with respect to the recommendations submitted by Fall River, Fall River shall thereafter have the right to have the matter submitted to a board of arbitration, consisting of three individuals qualified to make such determinations as may be necessary to resolve such dispute. One arbitrator shall be selected by Bonneville, and one by Fall River, with the third arbitrator to be chosen by the other two arbitrators. The decision of such board of arbitration shall be binding upon the parties. In the event Fall River chooses to submit the matter to a board of arbitration, the prevailing party shall be entitled to reimbursement of the direct costs of such arbitrastion, including engineering fees and arbitrators' fees, but excluding legal fees.

4. Control and Ownership of Project. Bonneville shall own the Project and, subject to paragraph 3 hereof, shall have complete

control over the construction, operation and maintenance of the project during the term of this agreement and shall be the sole manager of the Project. By the execution hereof, Fall River grants to Bonneville the right to obtain loans or financing or to otherwise contract with third parties relative to the construction, operation and maintenance of the Project throughout the term of this agreement. Fall River expressly agrees that Bonneville shall have the right to contact and negotiate with any and all financial institutions providing construction or permanent financing for the Project, or other persons interested in the Project, for purposes of obtaining or negotiating the subordination of interests, as required for the construction or permanment financing of the Project. In connection herewith, Fall River hereby expressly agrees to cooperate fully with Bonneville in obtaining the construction and permanent financing, including execution of such consents or estoppel certificates as may be required by the Lenders. Fall River also agrees to acquire or arrange for the subordination of the Rural Electrification Administration's and the National Rural Utilities Cooperative Finance Corporation's interests in the Project or the Real Property. Fall River expressly agrees that Fall River shall bear any and all responsibility to procure such subordination from the Rural Electrification Administration and the National Rural Utilities Cooperative Finance Corporation.

At the end of the term hereof, this Agreement shall terminate, and Bonneville shall transfer to Fall River, without cost to Fall River, by good and sufficient documents or instruments, all of its right, title and interest in and to the Real Property, Water Rights, and the Project Property leased hereby, together with any and

all other rights, interests and any and all improvements or personal property situated upon the real property at the end of the term hereof, and all other associated facilities for the transmitting of power under the Power Sales Contract, all in good operating condition, reasonable wear and tear excepted.

Bonneville shall have the right to contract with Fall River or with other qualified persons or entitites to operate and maintain the Project during the term hereof.

5. Consideration. As consideration for the lease and assignment herein contemplated, and in further consideration of the agreements between Bonneville and Fall River, whereunder Fall River grants to Bonneville the right to investigate and develop the Island Park Reservoir Hydroelectric site, under agreements between the parties to be negotiated in good faith, the terms of which agreements shall be substantially similar to this Agreement (taking into account costs of construction, costs of living and power rates at the time such agreements are entered into), Bonneville agrees to pay to Fall River, subject to the complete fulfillment of the obligations of Fall River set forth herein and in paragraph 10 hereof, the amounts payable as follows:

(a) $300,000.00 upon execution and delivery of this agreement. Said amount shall be held in an interest bearing escrow account and shall be released to Fall River upon the satisfaction by Fall River of the following conditions:

(i) Acquisition of Land Rights. Fall River shall acquire all lands, rights to lands, ease-

ments, rights of way, and appurtenances necessary or desirable (in Bonneville's opinion) for the Project (the "Real Property") and shall deliver to Bonneville a commitment for title insurance or abstractor's report fully and accurately describing the Real Property, and demonstrating that the Real Property is vested in Fall River in fee simple or held by Fall River under a valid and enforceable lease or easement assignable to Bonneville, and demonstrating that the Real Property is free and clear of all liens, exceptions and encumbrances except curent real property taxes and assessments and such other liens, encumbrances or exceptions as Bonneville, in its reasonable discretion, may accept in writing.

(ii) Evidence of Water Rights. Fall River shall deliver to Bonneville good and sufficient evidence that Fall River holds valid and enforceable licenses or approved permits for the appropriation of not less than 600 cfs of water for non-consumptive use in connection with the Project. Fall River shall also deliver to Bonneville a written opinion of legal counsel selected by Fall River and acceptable to Bonneville to the effect that the water rights of users located downstream from the Project

MICROFILMED

exceed, in the aggregate, the right to use 600 cfs of water for consumption purposes; and that the priorities of such users are superior to the priorities of all water users whose points of diversion are located upstream from the Project, thus guaranteeing that new applicatios for appropriation of water, upstream from the Project, for consumptive use will not adversely affect the quantity of water available to, and flowing through, the Project works.

(iii) REA Approval. Fall River shall deliver to Bonneville written evidence of approval by the Rural Electrification Administration ("REA") of this Agreement and evidence of REA's agreement to subordinate REA's present lien rights, as against Fall River, to the interests of Bonneville, its assigns and lenders in connection with the construction, operation and maintenance of the Project.

(b) $200,000.00 upon the awarding of a joint license from the Federal Energy Regulatory Commission;

(c) $250,000.00 upon the execution of the power contract, with the FERC license in place;

(d) $88,000.00 upon the production of first power, but in no event longer than one year following the execution hereof.

(e) Since Fall River will provide stand-by station service under applicable rate schedules in force at the time, which will set forth the facility charge and related charge for energy and service, Bonneville will also pay those charges computed at the greater of (i) the rate of $0.003125 per K.W. hour of net generation during each calendar year, or (ii) $100,000.00 per year during each of the first ten years of power production.

(f) The parties agree and understand that Fall River's existing hydroelectric facility at Felt Dam (the "Existing Facility") is not presently included under this lease. In the event Bonneville, within six (6) months from the date of this Agreement, elects by written notice to Fall River, to occupy, rehabilitate and operate the Existing Facility, Bonneville shall have the right to do so under the terms and conditions of this Lease; PROVIDED, HOWEVER, Bonneville shall pay to Fall River additional rental in the amount of $15,337.00 per year commencing in the first year of power production and continuing during each of the first ten years of power production, and PROVIDED FURTHER, that Fall River shall have the right to remove all portions of the Existing

Facility not used by Bonneville in the rehabilitation contemplated herein.

All payments required under paragraphs 5(e) and 5(f) hereof shall be made on or before February 15th of each year for the previous calendar year.

6. Tax Benefits. Bonneville, as sole owner of the Project, shall receive all federal and state tax benefits (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available to this Project under tax regulations relating to power projects of this nature.

7. Maintenance. At all times during the term of this agreement, Bonneville shall keep and maintain the Project and all improvements now and hereafter on the Project, as well as all facilities now and hereafter appurtenant to the Project, in good order and repair, and in a safe and clean condition. Bonneville shall maintain the facilities in accordance with Prudent Electrical Practices, the National Electric Safety Code in effect from time to time, and other applicable local, state and federal codes, and shall provide and maintain adequate protective equipment sufficient to prevent damage to the facility. Bonneville further agrees not to commit waste upon the Real Property or rights referred to herein and shall not allow any liens to be placed upon the Project.

8. Taxes and Assessments. From the date hereof, Bonneville shall be responsible for, and shall pay, all real and personal property taxes, FERC assessments, and kilowatt hour taxes assessed against the Project during the term hereof.

9. 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:

(a) An action for specific performance under this agreement.

(b) An action for damages incurred as a result of the default; and

(c) An action for rescission of this agreement, and all collateral agreements, PROVIDED HOWEVER, that the rescission of any one or more of such agreements shall not require Fall River to return to Bonneville any monies paid to Fall River by Bonneville, provided Fall River has satisfied the conditions of paragraph 1(a) hereof.

(d) 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.

10. Covenant of Title and Peaceful Possession. Subject to approval by the Rural Electrification Administration, Fall River covenants that it has full right, power and authority to enter into this Lease and Assignment Agreement, and that Bonneville upon payment of the consideration and performance of the covenants upon Bonneville's part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the rights leased and assigned hereby, during the

term hereof. The foregoing covenant of title and peaceful possession extends to, and includes, all access easements, transmission line easements and land use easements acquired in connection with the Project in addition to the property owned by Fall River and leased or assigned to Bonneville hereunder. Fall River, at its expense, shall use its best efforts to acquire all necessary zoning changes and/or conditional use permits necessary for the Project, and Fall River shall use its best efforts to acquire a transmission line easement as required for the Project. Fall River shall also use its best efforts to obtain, at its expense, approval of the lease of the Water Rights contemplated herein from the Idaho Department of Water Resources, if required under Idaho law.

Bonneville covenants that it has the right to enter into this agreement and has the technical ability to perform this agreement, and has or will obtain the financing necessary to perform this agreement.

11. Additional Property. Notwithstanding any other provision of this agreement to the contrary, if other or additional easements, rights or property (the "Additional Property"), but not including additional water rights, are acquired in connection with the Project, ownership of such additional property shall be held by Fall River, but Bonneville shall have the right to use the same in connection with the construction, operation and maintenance of the Project during the term hereof. In the event Bonneville incurs expenses in acquiring such additional property, Fall River agrees to pay Bonneville any and all reasonable costs, fees and expenses incurred by Bonneville and approved by Fall River in connection with acquiring such additional property within sixty (60) days following receipt of

notice from Bonneville of such cost, fee or expense. By execution hereof, the parties hereto expressly understand and agree that additional water rights may be acquired by Fall River in connection with the Project, subsequent to the execution hereof, which water rights, upon the acquisition thereof, are hereby leased to Bonneville in accordance with the terms of paragraph 1 hereof, and all other terms of this agreement, subject to approval of the Idaho Department of Water Resources, if required, which Fall River shall use its best efforts to obtain. Bonneville understands and agrees that Fall River shall incur additional expenses in acquiring such water rights and hereby agrees to pay Fall River any and all reasonable costs, fees and expenses incurred by Fall River and approved by Bonneville in connection with acquiring such additional water rights, within sixty (60) days following receipt of notice from Fall River of such cost, fee or expense.

12. Changes to FERC License. It is the understanding of the parties hereto that one or more amendments may be made in connection with the FERC license at Bonneville's expense. Such amendments shall be with respect to a name change and/or location change for the Project. By the execution hereof, the parties hereto agree that such future amendments shall not cause a modification of the rights, duties and responsibilities of the parties hereto, and such future amendments shall not in any way be construed to be a breach of this agreement.

13. Wheeling; Power Rate. Notwithstanding any provisions of this agreement and the operation and maintenance agreement to the contrary, Fall River, at all times during the production of power from the Project, shall be entitled to wheel power at a rate equal to the

rate charged by the Bonneville Power Administration ("BPA"), if such wheeling is requested by Bonneville. The rate charged by Fall River shall be updated annually to correspond with the rate charged by BPA. In addition, the parties to this contract further agree to accept the Fall River electric avoided cost as the average wholesale power rate with all applicable discounts as offered to Fall River by BPA. The parties hereto further agree that Fall River's avoided cost is not acceptable for the development of the Project, and therefore Fall River will not be required during the term of this agreement to purchase power generated from the Project. In addition, during the term of this agreement, Fall River will not be requested to purchase power at its avoided cost under any circumstances whatsoever. The parties hereto acknowledge that power sold to Utah Power and Light Company will be delivered over lines that Bonneville has financed, and no wheeling charge will be assessed on the Project's net power generation.

14. 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, insurrections, 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 delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

15. Additional Instruments and After-Acquired Rights. In the event it is necessary or desirable to prepare and execute addi-

UNOFFICIAL DOCUMENT

tional 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. With respect to the FERC license and other rights, if any, the grant herein contained herein contained is made with sufficient warranties to create an effective grant of said interests at such time as the same are fully acquired or perfected.

16. 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 Fall River and Bonneville shall thereupon be released from any liability thereafter accruing hereunder except as set forth in this paragraph. In the event such condemnation occurs during such time as the initial debt (permanent financing) encumbers the Project, it is understood and agreed that Fall River shall be entitled to the award or compenation paid under any proceeding in eminent domain; provided, however, that Bonneville shall have the right to receive that portion of the award of compensation equal to all equity funds contributed to the Project, principal and accrued interest remaining due under the initial debt, and all payments made to Fall River by Bonneville under this Agreement. In the event such condemnation occurs after the initial debt period has expired, any such award received from a proceeding in eminent domain shall be divided between Bonneville and Fall River on a ratio based initially on the debt/equity of the initial debt financing, which ratio is presently anticipated to be thirty (30) percent equity and seventy (70) percent debt. For example, in the event such award is received in the first year following the end of the initial debt

period, the parties shall share in the award on the basis of seventy (70) percent payable to Fall River and thirty (30) percent payable to Bonneville. In each year of the remaining term of the Lease (after the initial debt period has expired) the percentage of such award due to Fall River shall increase in accordance with the following formula:

$$\text{Original Debt Percentage plus } \frac{1}{35 \text{ years minus years of initial debt period}}$$

Bonneville's percentage shall decrease accordingly. Said percentages shall be automatically adjusted on each anniversary date of the Lease.

Notwithstanding the foregoing, in the event it is physically feasible to rebuild and restore the Project after such taking, Bonneville agrees to undertake such rebuilding and restoration; PROVIDED, HOWEVER, in such event Bonneville shall be entitled to the entire award from such eminent domain proceeding, or so much thereof as may be required to complete such rebuilding or restoration without cost to Bonneville.

17. Indemnification. Bonneville shall indemnify and hold harmless Fall River, its officers, agents, employees and landowners, from and against any and all suits, demands, claims, causes of actions, costs or expenses, including reasonable attorneys' fees, which may arise or be asserted against Fall River, its officers, agents or employees by reason of the construction, maintenance, or operation of the Project by Bonneville. Notwithstanding any provision of this Agreement to the contrary, Bonneville expressly reserves any and all claims and causes of action, it has or may in the future have against Fall River, its officers, agents, employees and landowners arising out of or in any way associated with the negligent act or acts of Fall River, its officers, agents or employees, or landowners.

18. Assignment. Bonneville has the right to assign this agreement or sublease, the interests acquired hereunder, to a person or persons or entities yet to be determined, for the purpose of facilitating the financing, construction and operation of the Project. Bonneville shall have the right to assign its rights under this Agreement or lease the interests acquired hereunder with the prior written consent of Fall River, which consent shall not be unreasonably withheld. Bonneville shall remain liable to Fall River under the terms of this Agreement not withstanding Bonneville's assignment or lease of Bonneville's interests under this Agreement. In no event shall Bonneville sublease its interest in the Water Rights to such person or entity unless and until such person or entity qualifies under Idaho law to hold the Water Rights.

19. Insurance. If, during the term of this agreement, the improvements constructed by Bonneville shall be damaged by fire, casualty, or act of God, any insurance proceeds payable with respect to the Project shall belong to Bonneville and Fall River in the same percentages based upon the same formulas described in paragraph 16 hereof; PROVIDED, HOWEVER, that all proceeds from insurance shall first be used to reconstruct and restore the complete Facility if physically feasible. If Bonneville determines that it is physically infeasiable to rebuild the Project, Bonneville shall give notice to Fall River of its election not to rebuild and to terminate this Agreement by delivery of written notice and Fall River's share of insurance proceeds not more than ninety (90) days after the occurrence of any such casualty. If Bonneville elects to rebuild or repair the damaged improvements, this agreement shall continue in full force and effect

and Bonneville shall reconstruct said improvements within a reasonable time following receipt of insurance proceeds. In the event that Bonneville elects to terminate, this agreement shall terminate on the date set forth in Bonneville's notice, but not more than ninety (90) days after the date of such notice.

Bonneville, at all times during the term of this Agreement, shall carry all risk, casualty insurance in an amount equal to the replacement costs of the facility and adequate public liability insurance, the same to be in an amount not less than $1,000,000.00 for injury to one person and $3,000,000.00 against claims of more than one person from one accident at the Project.

20. 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 as follows:

IF TO FALL RIVER
Fall River Electric Cooperative, Inc.
POB AE
Ashton, Idaho 83420
Attention: Manager

IF TO BONNEVILLE:
Bonneville Pacific Corporation
Suite 300
200 East South Temple
Salt Lake City, Utah 84111
Attention: President

Either party may change its address in writing by giving notice of such change in the manner herein provided.

21. Conditions Precedent to Completion. Bonneville shall not be obligated to complete the Project until such time as (a) Fall River warrants the continued validity of the FERC license granted by the Federal Energy Regulatory Commission; (b) the power contract has been executed and delivered; (c) the water rights are secured and perfected; (d) reasonable construction and permanent financing of the

Project are obtained by Bonneville; (e) Fall River shall have completed the acquisition of the Real Property and such additional land rights or easements as may be necessary to operate the Project; and (f) Fall River has completed the obligations of Fall River outlined in paragraph 10 hereof. In the event of such termination, or in the event any of the conditions of paragraph 10 hereof cannot be fulfilled despite the best efforts of Fall River, Fall River shall not be liable for costs and expenses incurred by Bonneville in connection with the Project except as otherwise provided herein. Likewise, Bonneville shall not be liable for any expenses incurred by Fall River in the event of such termination or failure by Fall River to fulfill the conditions precedent described herein.

22. Entire Agreement. This agreement constitutes the entire agreement between the parties relating to the subject matter hereof and the same shall not be modified or amended except by written instrument duly executed by the parties hereto.

23. Binding Agreement. This agreement shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

24. 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 Agreement the day and year first above written.

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

By: Gale A. Reed
Gale A. Reed
Its President

ATTEST:

By: Milo D. Bowen
Milo D. Bowen
Its Secretary

BONNEVILLE PACIFIC CORPORATION

By: Raymond L. Hixson
Raymond L. Hixson
Its President

STATE OF IDAHO,)
ss.
County of Madison.)

On this 18th day of December, 1984 before me, the undersigned, a Notary Public in and for said State, personally appeared GALE A. REED and MILO D. BOWEN, known to me to be the President and Secretary, respectively, of Fall River Rural Electric Cooperative, Inc., who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Gale A. Reed and Milo D. Bowen acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at Rexburg, Idaho
My Commission is for Life

STATE OF IDAHO,)
ss.
County of Madison.)

On this 18th day of December, 1984 before me, the undersigned, a Notary Public in and for said State, personally appeared RAYMOND L. HIXSON, known to me to be the President of Bonneville Pacific Corporation, who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Raymond L. Hixson acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at Rexburg, Idaho
My Commission is for Life

EXHIBIT "A"

A Parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the section corner common to sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the section line for a distance of 763.71 feet to the true point of beginning; thence S08-02-12 E for a distance of 819.49 feet; thence S32-06-42 W for a distance of 359.76 feet; thence S00-42-17 W for a distance of 360.16 feet; thence S35-26-33 W for a distance of 289.22 feet; thence N86-29-45 W for a distance of 447.69 feet; thence N03-55-50 E for a distance of 1473.25 feet; thence N29-29-34 W for a distance of 552.39 feet; thence N50-50-59 E for a distance of 1248.25 feet; thence S48-45-13 E for a distance of 307.23 feet; thence S38-03-34 W for a distance of 622.02 feet; thence S08-02-12 E for a distance of 365.38 feet to the true point of beginning, containing 39.09 acres more or less.

A parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the section corner common to sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the section line for a distance of 763.71 feet to the true point of beginning; thence N 08-02-12 W for a distance of 365.38 feet; thence N38-03-34 E for a distance of 622.02 feet; thence N57-46-57 E for a distance of 349.48 feet; thence S43-11-46 E for a distance of 793.73 feet; thence S04-46-44 E for a distance of 452.02 feet; thence S39-03-29 W for a distance of 597.27 feet; thence S46-33-58 E for a distance of 576.92 feet; thence S82-17-17 E for a distance of 800.00 feet; thence S00-00-00-W for a distance of 800.00 feet; thence N73-08-21 W for a distance of 2216.33 feet; thence N32-06-42 E for a distance of 359.76 feet; thence N08-02-12 W for a distance of 819.49 feet to the true

point of beginning, containing 67.08 acres more or less.

ALSO such Rights of Way or Easements from the Bureau of Reclamation and others which may be necessary for the Project.

EXHIBIT "B"

Description of Water Rights

Decreed right 22-0606 in the amount of 80 CFS with priority of October 1, 1921.

Licensed Right 22-2123 in the amount of 70 CFS with priority of November 17, 1936.

Licensed Right 22-2126 in the amount of 150 CFS with priority of February 2, 1946.

Licensed Right 22-7351 in the amount of 300 CFS with priority of _____, 1984.

Pending application for water right permit No. 22-7351, seeking the right to divert 300 CFS of water from the Teton River for power production purposes at a point in SW1/4 NW1/4, Section 29, Township 7 North, Range 44 East.

EXHIBIT "C"

Power Sales Contract

EXHIBIT "D"

Copy of FERC License and
Amendment Applications

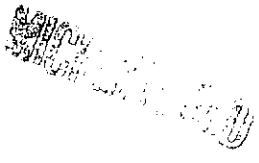


EXHIBIT "E"

(PS)

Additional Consideration

5899L

REDLINED COPY

Recording Requested By And
When Recorded Mail to:

Morrison & Foerster
One Market Plaza
Spear Street Tower
San Francisco, California 94105

Att'n: Steven Lewis Phillips

- -

(Space above this line for Recorder's Use)

THIRD PARTY EASEMENT AND WATER RIGHTS
MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE is made this _____ day of _____, 1985, by HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation, whose address is _____ (herein "Mortgagor"), for the benefit of PRUDENTIAL INTERFUNDING CORP., a Delaware corporation, whose address is Four Embarcadero Center, Suite 2750, San Francisco, California 94111 (herein "Mortgagee").

MORTGAGEE is making a loan to CDM Hydroelectric Company, a Colorado limited partnership (the "Obligor"), in which Mortgagor is a general partner, in the amount of $7,000,000 (the "Loan"). The Loan will be advanced pursuant to a Credit Agreement dated as of December 20, 1985, by and among Mortgagor, Obligor, Bonneville Pacific Corporation and Mortgagee.

MORTGAGOR, in consideration of the indebtedness herein recited, irrevocably grants, mortgages, conveys, transfers and assigns to Mortgagee, its successors and assigns, with right of entry and possession, all of Mortgagor's estate, right, title and interest in, to and under (a) that certain Purchase and Lease Agreement dated as of June 10, 1985, as amended, by and among Bonneville Pacific Corporation, a Utah corporation, Obligor, and Mortgagor covering the real property described in Exhibit A attached hereto, a Memorandum of which was recorded in the Official Records of Teton County, Idaho on August 2, 1985 as entry number 97177 (the "Lease"); (b) that certain Order Issuing License (Major) originally issued September 9, 1983, in connection with the Felt Dam Hydroelectric Project, Project No. 5089-001, as amended by that certain Order Amending License issued on July 8, 1985, as Project No. 5089-003, and as amended by that certain Order Approving Transfer of Major License issued on August 30, 1985, as

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Project No. 5089-004 (the "License"), and covering the real property described in Exhibit A attached hereto, an Affidavit of which was recorded in the Official Records of Teton County, Idaho on August ___, 1985, as entry number _____; and (c) that certain Partial Assignment of Lease and Assignment Agreement dated as of June 14, 1985, by and between Bonneville Pacific Corporation and Mortgagor, and covering among other things the water rights described in Exhibit B attached hereto (the "Water Rights"), which rights are appurtenant to the property described in Exhibit A.

TOGETHER with all structures and improvements now existing or hereafter erected on the aforesaid property, all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject however to the rights and authorities given herein to Mortgagor to collect and apply such rents, royalties, issues, profits, revenues, income and other benefits), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, air rights, water, water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) and water stock, all intangible property and rights relating to the aforesaid property or the operation thereof, or used in connection therewith, including without limitation tradenames and trademarks, all fixtures, machinery, equipment, building materials, appliances and goods of every nature whatsoever (herein collectively called "equipment and other personal property") now or hereafter located in, or on, or attached or affixed to, or used or intended to be used in connection with, the aforesaid property, including, but without limitation, all headworks, ditches, penstocks, pipelines, turbines, generators, power plants, and transmission lines, all heating, lighting, gas, electric and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, ventilating, and communications apparatus, air cooling and air conditioning apparatus, elevators and related machinery and equipment, ducts and compressors, and trees, plants and other items of landscaping (except that the foregoing equipment and other personal property covered hereby shall not include machinery, apparatus, equipment, fittings, and articles of personal property used in the business of Mortgagor (commonly referred to as "trade fixtures") whether the same are annexed to the aforesaid property or not, unless the same are also used in the operation of any building or other improvement located thereon or unless the same cannot be removed without materially damaging the aforesaid property or any such building or other improvement), all of which, including replacements and additions thereto, shall, to the

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fullest extent permitted by law and for the purposes of this Mortgage, be deemed to be part and parcel of, and appropriated to the use of, the aforesaid property and, whether affixed or annexed thereto or not, be deemed conclusively to be real property and conveyed by this Mortgage, and Mortgagor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Mortgagee to confirm the lien of this Mortgage on any of the foregoing; all of the foregoing property referred to in this paragraph, together with the aforesaid property, are herein referred to as the "Mortgaged Property";

FOR THE PURPOSE OF SECURING, in such order of priority as Mortgagee may elect:

(a) The repayment of the indebtedness evidenced by Obligor's promissory note of even date herewith payable to the order of Mortgagee, in the principal sum of Seven Million and No/100 Dollars ($7,000,000.00), with interest thereon, as provided therein, in equal quarterly installments, with the last payment to be due on _____, and all prepayment charges, late charges and loan fees required thereunder, and all extensions, renewals, modifications, amendments and replacements thereof (herein "Note");

(b) The payment of all other sums that may be advanced by or otherwise be due to Mortgagee under any provision of this Mortgage or under any other instrument or document referred to in clause (c) below, with interest thereon at the rate provided herein or therein;

(c) The performance of each and every of the covenants and agreements of Obligor and Mortgagor contained (i) herein, in the Note, and in any note evidencing a Future Advance (as hereinafter defined), and (ii) in any and all pledge agreements, loan agreements, supplemental agreements, assignments and all instruments of indebtedness or security now or hereafter executed by Obligor or Mortgagor in connection with any indebtedness referred to in clauses (a) or (d) of this paragraph (including, without limitation, the Credit Agreement and the Security Agreement (as defined in the Credit Agreement)) or for the purpose of supplementing or amending this Mortgage or any instrument secured hereby (all of the foregoing in this clause (ii), as the same may be amended, modified or supplemented from time to time, being referred to hereinafter as "Related Agreements"); and

(d) The repayment of any other loans or advances, with interest thereon, hereafter made to Obligor or Mortgagor (or any successor in interest to Obligor or Mortgagor as the owner of the Mortgaged Property or any part thereof) by Mortgagee when the promissory note evidencing the loan or advance specifically states that said note is

secured by this Mortgage, together with all extensions, renewals, modifications, amendments and replacements thereof (herein "Future Advances").

ARTICLE I

COVENANTS OF MORTGAGOR

To Protect The Security Of This Mortgage, Mortgagor Covenants And Agrees As Follows:

1.01. Performance of Obligations Secured. Mortgagor shall promptly pay and perform all indebtedness and obligations that are secured by this Mortgage.

1.02. Insurance. Mortgagor shall keep the Mortgaged Property insured as set forth in Section 2K of the Credit Agreement. Mortgagee shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Mortgagor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.03. Condemnation and Insurance Proceeds.

(a) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Mortgaged Property, or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned to and shall be paid to Mortgagee. In addition, all causes of action, whether accrued before or after the date of this Mortgage, of all types for damages or injury to the Mortgaged Property or any part thereof, or in connection with any transaction financed by funds loaned to Mortgagor by Mortgagee and secured hereby, or in connection with or affecting the Mortgaged Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Mortgagee as additional security, and the proceeds thereof shall be paid to Mortgagee. Mortgagee may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Mortgaged Property or any portion thereof, or knowledge of any casualty damage to the Mortgaged Property or damage in any other manner, will immediately notify Mortgagee in writing. Mortgagee may participate in any such

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proceedings and may join Mortgagor in adjusting any loss covered by insurance.

(b) All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action and payments which Mortgagor may receive or to which Mortgagor may become entitled with respect to the Mortgaged Property or any part thereof shall be paid over to Mortgagee and shall be applied first toward reimbursement of all costs and expenses of Mortgagee in connection with recovery of the same, and then shall be applied, subject to the provisions of the Lease, in the sole and absolute discretion of Mortgagee and without regard to the adequacy of its security hereunder, to the payment or prepayment (without premium) of any indebtedness secured hereby in such order as Mortgagee may determine, or to the reimbursement of Mortgagor for expenses incurred by it in the restoration of the Mortgaged Property. Any application of such amounts or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice. In the event Mortgagee elects to make any monies available to Mortgagor to restore the Mortgaged Property, Mortgagor shall proceed forthwith with the completion of construction of the improvements, including the necessary work of restoration in accordance with plans, specifications and drawings submitted to and approved by Mortgagee, and any monies which Mortgagee so elects to make available for restoration shall be disbursed in accordance with standard construction lending practice or in any other manner approved by Mortgagee.

1.04. Taxes, Liens and Other Items. Mortgagor shall pay all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any and all other items which are attributable to or affect the Mortgaged Property and which may attain a priority over this Mortgage by making payment prior to delinquency directly to the payee thereof, unless Mortgagor shall be required to make payment to Mortgagee on account of such items pursuant to Section 1.05 hereof. Mortgagor shall promptly discharge any lien which has or may attain priority over this Mortgage.

1.05. Funds for Taxes and Insurance. Mortgagee may, at its option to be exercised prior to or upon the recordation of this Mortgage or thereafter upon thirty (30) days' written notice to Mortgagor, require the deposit with Mortgagee or its designee by Mortgagor, at the time of each payment of an installment of interest or principal under the Note, of an additional amount sufficient to discharge the obligations of Mortgagor under Sections 1.02 and 1.04 hereof as and when they become due. The determination of the amount payable and of the fractional part thereof to be deposited with Mortgagee shall be made by Mortgagee in its sole discretion. Said amounts shall be held by Mortgagee or

its designee not in trust and not as agent of Mortgagor and shall not bear interest, and shall be applied to the payment of the obligations in respect to which the amounts were deposited or, at the option of Mortgagee, to the payment of said obligations in such order or priority as Mortgagee shall determine. If at any time within thirty (30) days prior to the due date of any of the aforementioned obligations the amounts then on deposit therefor shall be insufficient for the payment of such obligation in full, Mortgagor shall within ten (10) days after demand deposit the amount of the deficiency with Mortgagee. If the amounts deposited are in excess of the actual obligations for which they were deposited, Mortgagee may refund any such excess, or, at its option, may hold the same in a reserve account, not in trust and not bearing interest, and reduce proportionately the required monthly deposits for the ensuing year. Nothing herein contained shall be deemed to affect any right or remedy of Mortgagee under any other provision of this Mortgage or under any statute or rule of law to pay any such amount and to add the amount so paid to the indebtedness hereby secured.

All amounts so deposited shall be held by Mortgagee or its designee as additional security for the sums secured by this Mortgage, and upon the occurrence of an Event of Default hereunder, Mortgagee may, in its sole and absolute discretion and without regard to the adequacy of its security hereunder, apply such amounts or any portion thereof to any part of the indebtedness secured hereby. Any such application of said amounts or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

If Mortgagee requires deposits to be made pursuant to this Section, Mortgagor shall deliver to Mortgagee all tax bills, bond and assessment statements, statements of insurance premiums, and statements for any other obligations referred to above as soon as the same are received by Mortgagor.

If Mortgagee sells or assigns this Mortgage, Mortgagee shall have the right to transfer all amounts deposited under this Section to the purchaser or assignee, and Mortgagee shall thereupon be released and have no further liability hereunder for the application of such deposits, and Mortgagor shall look solely to such purchaser or assignee for such application and for all responsibility relating to such deposits.

1.06. Rents and Profits.

(a) All of the rents, royalties, issues, profits, revenue, income and other benefits of the Mortgaged

Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (the "Rents and Profits"), whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Mortgagee to be applied by Mortgagee in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Mortgage. Prior to the happening of any Event of Default as set forth in Article II hereof, Mortgagor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the sole option of Mortgagee, without regard to the adequacy of its security hereunder and without notice to or demand upon Mortgagor, upon the occurrence of any Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Mortgagee nor the exercise by Mortgagee of any of its rights or remedies under Article III hereof shall be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of Mortgagee or by agreement with Mortgagor, or the entering into possession of the Mortgaged Property or any part thereof by such receiver, be deemed to make Mortgagee a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

(b) Mortgagor shall apply the Rents and Profits to the payment of all necessary and reasonable operating costs and expenses of the Mortgaged Property, debt service on the indebtedness secured hereby, and a reasonable reserve for future expenses, repairs and replacements for the Mortgaged Property, before using the Rents and Profits for Mortgagor's personal use or any other purpose not for the direct benefit of the Mortgaged Property.

(c) Mortgagor shall not execute any lease or other occupancy agreement (herein "leases") of any part of the Mortgaged Property other than on a form approved by Mortgagee, and shall at all times fully perform the obligations of the lessor under all such leases. Mortgagor shall at any time or from time to time, upon request of Mortgagee, transfer and assign to Mortgagee in such form as may be satisfactory to Mortgagee, Mortgagor's interest in any lease, subject to and upon the condition, however, that prior to the occurrence of any Event of Default hereunder Mortgagor shall have a license to collect and receive all Rents and Profits under such lease upon accrual, but not

prior thereto, as set forth in paragraph (a) above. Whenever requested by Mortgagee, Mortgagor shall furnish to Mortgagee a certificate of Mortgagor setting forth the names of all lessees under any leases, the terms of their respective leases, and the rents payable thereunder.

(d) Without the prior written consent of Mortgagee, Mortgagor shall not (i) accept prepayments of rent exceeding one month under any leases of any part of the Mortgaged Property, or (ii) take any action under or with respect to any such leases which would materially decrease either the obligations of the lessee thereunder or the rights or remedies of the lessor, or (iii) modify or amend any such leases or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, or (iv) consent to the assignment of the whole or any portion of any lessee's interest under any such leases, or (v) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such leases, or (vi) in any other manner impair Mortgagee's rights and interest with respect to the Rents and Profits.

(e) Each lease of the Mortgaged Property, or any part thereof, shall make provision for the attornment of the lessee thereunder to any person succeeding to the interest of Mortgagor as the result of any foreclosure or transfer in lieu of foreclosure hereunder, said provision to be in form and substance approved by Mortgagee.

1.07. Security Agreement. This Mortgage is intended to be a security agreement pursuant to the Idaho Uniform Commercial Code for (i) any and all items of personal property specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the Idaho Uniform Commercial Code and which are not herein effectively made part of the real property, and (ii) any and all items of property specified above as part of the Mortgaged Property which, under applicable law, constitute fixtures and may be subject to a security interest under Section 28-9-313 of the Idaho Uniform Commercial Code; and Mortgagor hereby grants Mortgagee a security interest in said property, and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Mortgagor now or hereafter secured by this Mortgage. Mortgagor agrees to execute and deliver financing and continuation statements covering said property from time to time and in such form as Mortgagee may require to perfect and continue the perfection of Mortgagee's lien or security interest with respect to said property. Mortgagor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Mortgagee may reasonably require. Upon the occurrence of any default of Mortgagor hereunder, Mortgagee

shall have the rights and remedies of a secured party under the Idaho Uniform Commercial Code, as well as all other rights and remedies available at law or in equity, and, at Mortgagee's option, Mortgagee may also invoke the remedies provided in Article III of this Mortgage as to such property.

1.08. Further Encumbrances or Sales.

(a) Without the prior written consent of Mortgagee being first had and obtained, Mortgagor shall not execute or deliver any pledge, security agreement, mortgage, deed of trust or other instrument of hypothecation, covering all or any portion of the Mortgaged Property or any interest therein, nor sell, contract to sell, lease with option to purchase, convey, alienate, transfer or otherwise dispose of all or any portion of the Mortgaged Property or any interest therein, whether voluntarily or involuntarily, by operation of law or otherwise. This Section 1.08 shall not apply to the mortgage, encumbrance, or creation of a lien covering Cal Zeff's interest as a limited partner in Mortgagor.

(b) Notwithstanding (a) above, Mortgagor may from time to time replace items of personal property and fixtures constituting a part of the Mortgaged Property, provided that: (i) the replacements for such items of personal property or fixtures are of equivalent value and quality; (ii) Mortgagor has good and clear title to such replacement property free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise), or charges of any kind, or the rights of any conditional sellers, vendors or any other third parties in or to such replacement property have been expressly subordinated at no cost to Mortgagee to the lien of the Mortgage in a manner satisfactory to Mortgagee; and (iii) at the option of Mortgagee, Mortgagor provides at no cost to Mortgagee a satisfactory opinion of counsel to the effect that the Mortgage constitutes a valid and subsisting first lien on and security interest in such replacement property and is not subject to being subordinated or the priority thereof affected under any applicable law, including but not limited to the provisions of Section 28-9-313 of the Idaho Uniform Commercial Code.

1.09. Preservation and Maintenance of Mortgaged Property. Mortgagor shall keep the Mortgaged Property and every part thereof in good condition and repair, and shall not permit or commit any waste, impairment, or deterioration of the Mortgaged Property, or commit, suffer or permit any act upon or use of the Mortgaged Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, or in violation of any covenants, conditions or restrictions affecting the Mortgaged Property, or bring or keep any article upon any of the Mortgaged

Property or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained, or required hereunder to be maintained, by Mortgagor on or with respect to any part of the Mortgaged Property, and Mortgagor further shall do all other acts which from the character or use of the Mortgaged Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general. Mortgagor shall underpin and support, when necessary, any building, structure or other improvement situated on the Mortgaged Property and shall not remove or demolish any building, structure or improvement situated on the Mortgaged Property. Mortgagor shall complete or restore and repair promptly and in a good workmanlike manner any building, structure or improvement which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor, whether or not insurance or other proceeds are available to cover in whole or in part the costs of any such completion, restoration or repair; provided, however, that Mortgagor shall not demolish, remove, expand or extend any building, structure or improvement on the Mortgaged Property, nor construct, restore, add to or alter any such building, structure or improvement, nor consent to or permit any of the foregoing to be done, without in each case obtaining the prior written consent of Mortgagee thereto. Mortgagor shall notify Mortgagee immediately in writing of any damage to the Mortgaged Property in excess of $5,000.00.

Mortgagor shall not drill or extract or enter into any lease for the drilling for or extraction of oil, gas or other hydrocarbon substances or any mineral of any kind or character on or from the Mortgaged Property or any part thereof without first obtaining Mortgagee's written consent.

Unless required by applicable law or unless Mortgagee has otherwise first agreed in writing, Mortgagor shall not make or allow any changes to be made in the nature of the occupancy or use of the Mortgaged Property or any part thereof for which the Mortgaged Property or such part was intended at the time this Mortgage was delivered. Mortgagor shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Mortgaged Property or any part thereof without in each case obtaining Mortgagee's prior written consent thereto.

Without limiting the foregoing, Mortgagor shall at all times:

(i) maintain in first-class condition and repair all structures, fixtures, equipment, facilities, and improvements necessary or desirable for the efficient and economic operation of the Project (as defined in the Credit Agreement), and in connection therewith, make all necessary replacements thereof;

(ii) continuously operate the Project in an economic and efficient manner to maximize revenues;

(iii) obtain, comply with, and maintain in full force and effect all permits, licenses, and other governmental and regulatory approvals required for the lawful operation of the Project; and

(iv) maintain in full force and effect and comply with all provisions and conditions of the Lease, the License, and the Water Rights, and all easements, rights of way, restrictions, and limitations applicable to the Mortgaged Property or the Project or otherwise required for the Project purposes.

1.10. Financial Statements; Offset Certificates.

(a) Mortgagor, without expense to Mortgagee, shall furnish such statements and reports required to be furnished pursuant to Section 4A of the Credit Agreement.

(b) Mortgagor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish a written statement duly acknowledged of all amounts due on any indebtedness secured hereby, whether for principal or interest on the Note or otherwise, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as Mortgagee may reasonably require.

1.11. Governmental Charges. Mortgagor shall pay all taxes (except federal and state income taxes) or other governmental charges or impositions imposed by any governmental authority on Mortgagee by reason of its interest in the Note, or any note evidencing a Future Advance, or this Mortgage.

1.12. Protection of Security; Costs and Expenses. Mortgagor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Mortgagee, and shall pay all costs and expenses, including without limitation cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Mortgagee may appear, and in any suit brought by Mortgagee to foreclose this Mortgage or to enforce or establish any other rights or remedies of Mortgagee hereunder. If Mortgagor fails to perform any of the covenants or agreements contained in this Mortgage, or if any action or proceeding is commenced which affects Mortgagee's interest in the Mortgaged Property or any part thereof, including, but not limited to, eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Mortgagee may, but without

obligation to do so and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereunder, make such appearances, disburse such sums and take such action as Mortgagee deems necessary or appropriate to protect Mortgagee's interest, including, but not limited to, disbursement of reasonable attorneys' fees, entry upon the Mortgaged Property to make repairs or take other action to protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Mortgagee appears to be prior or superior hereto. Mortgagor further agrees to pay all reasonable expenses of Mortgagee (including fees and disbursements of counsel) incident to the protection of the rights of Mortgagee hereunder, or to enforcement or collection of payment of the Note or any Future Advances, whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Mortgagor, or otherwise. Any amounts disbursed by Mortgagee pursuant to this Section shall be additional indebtedness of Mortgagor secured by this Mortgage and each of the Related Agreements as of the date of disbursement and shall bear interest at the rate set forth in the Note. All such amounts shall be payable by Mortgagor immediately without demand. Nothing contained in this Section shall be construed to require Mortgagee to incur any expense, make any appearance, or take any other action.

1.13. Fixture Filing. This Mortgage constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Mortgaged Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

1.14. Mortgagor's Covenants Regarding the Lease, the License, and the Water Rights. Mortgagor will fully comply at all times with each of the following covenants:

(a) Mortgagor will promptly pay when due all rents, charges and other sums or amounts required to be paid by Mortgagor under the Lease, the License, and the Water Rights, and will further keep and perform all of the covenants, terms and provisions of the Lease, the License, and the Water Rights that impose any obligations on Mortgagor under the Lease, the License, and the Water Rights, and will do all other things necessary to preserve and keep unimpaired the rights of Mortgagor under the Lease, the License, and the Water Rights.

(b) Mortgagor will promptly notify the Mortgagee in writing of any default on the part of the lessor under the Lease, and of the occurrence of any event which, with or without any notice or lapse of time or both, would constitute a default on the part of the lessor under the Lease.

(c) Mortgagor will promptly send to the Mortgagee a true copy of any notice of default served on the Mortgagor relating to the Lease, the License, and the Water Rights.

(d) Mortgagor will not surrender the Lease, the License, or the Water Rights, or its interest thereunder, nor terminate or cancel the Lease, the License, or the Water Rights without first obtaining the prior written consent of the Mortgagee. Nor will Mortgagor waive or release lessor from any liability under, or make or consent to any modification, change, supplement, amendment or alteration of any terms of the Lease, the License, or the Water Rights without first obtaining the prior written consent of the Mortgagee. Mortgagor hereby assigns to the Mortgagee all rights which it may have now or in the future to terminate, cancel, modify, change, supplement, amend or alter the Lease, the License, or the Water Rights.

(e) Mortgagor agrees to exercise any option to renew or extend the Lease, the License, or the Water Rights if at the time that option becomes exercisable any indebtedness secured by the Mortgage has not been fully paid. Mortgagor will confirm exercise of that option to the Mortgagee in writing within ten (10) days after the date on which that option first becomes exercisable. Mortgagor hereby irrevocably appoints the Mortgagee as its attorney-in-fact, with full power of substitution, to exercise any such option on behalf of Mortgagor if Mortgagor for any reason fails or refuses to exercise that option at least twenty (20) days prior to the expiration of the period of time for its exercise.

(f) Mortgagor will, within twenty (20) days after written request by the Mortgagee and at no cost to the Mortgagee, obtain and deliver to the Mortgagee from the lessor under the Lease any lessor's estoppel certificate provided for in the Lease.

(g) Mortgagor must secure the prior written approval of the Mortgagee prior to assigning any interest in the Lease, the License, or the Water Rights.

(h) Upon the Mortgagee's request, Mortgagor will submit satisfactory evidence of payment of all of its monetary obligations under the Lease, the License, and the Water Rights (including, but not limited to, ground rent, taxes, assessments, insurance premiums and operating expenses).

(i) If at any time Mortgagor fails to comply fully with any of its obligations under the Lease, the License, or the Water Rights and that failure in any manner threatens to impair the Mortgagee's security under this Mortgage, or if the Mortgagee is given the right to cure any of Mortgagor's defaults under the terms of the Lease, the License, or the Water Rights, then the Mortgagee may, but is not obligated to, perform any of those obligations on behalf of Mortgagor or cure

any of Mortgagor's defaults. The Mortgagee may take such action without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation under this Mortgage or any other instrument securing the Note. Any and all costs and expenses (including, but not limited to, legal fees and disbursements) incurred by the Mortgagee in connection with any such actions will be immediately due and payable by Mortgagor on demand and will bear interest, at the higher of ten percent (10%) per annum or the interest rate set forth in the Note, from the time of advancement by the Mortgagee until repaid.

(j) The Mortgagee will have the right to appear in and participate in all proceedings, including any arbitration proceedings, which could affect the Mortgagee's security or the provisions of the Lease, the License, or the Water Rights. Mortgagor agrees to pay promptly upon demand all reasonable costs and expenses of the Mortgagee (including, but not limited to, legal fees and disbursements) incurred in any such proceedings.

1.15. Anti-merger. There will be no merger of the Lease or the leasehold estate created by the Lease with the fee estate in the leased premises by reason of any of those interests coming into common ownership, unless the Mortgagee consents in writing. Further, if Mortgagor acquires any interest in the fee estate to the leased premises, then the lien of this Mortgage will simultaneously and without further action become extended to encumber Mortgagor's interest in the fee estate in addition to remaining a lien on the leasehold estate, and Mortgagor agrees, upon request by the Mortgagee and at no cost to the Mortgagee, to execute, acknowledge and deliver to the Mortgagee all further instruments and documents that the Mortgagee believes to be appropriate to provide further evidence of the lien of this Mortgage on such fee interest. Where the lien of this Mortgage has been extended to cover any interest of Mortgagor in the fee estate, then in the event of the exercise of any power of sale under this Mortgage the Mortgagee will have the right to sell the leasehold estate and the fee interest of Mortgagor separately or together at the election of the Mortgagee.

ARTICLE II

EVENTS OF DEFAULT

Each of the following shall constitute an event of default ("Event of Default") hereunder (including, if Mortgagor consists of more than one person or entity, the occurrence of any of such events with respect to any one or more of such persons or entities):

2.01. Failure of Obligor or Mortgagor to make any payment of principal or interest on any Future Advance, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, or default in the performance of any of the covenants or agreements of Obligor or Mortgagor contained herein, or in any note evidencing a Future Advance, or in any of the Related Agreements, subject, however, in the case of any of the Related Agreements, to the expiration of the period of time, if any, permitted for cure of such default thereunder.

2.02. There shall occur an Event of Default under the Credit Agreement.

2.03. The imposition of a tax, other than a state or federal income tax, on or payable by Mortgagee by reason of its ownership of the Note, or its ownership of any note evidencing a Future Advance, or this Mortgage, and Mortgagor not promptly paying said tax, or it being illegal for Mortgagor to pay said tax.

2.04. Any representation or disclosure made to Mortgagee by Mortgagor or any guarantor of any indebtedness secured hereby in connection with or as an inducement to the making of the loan evidenced by the Note or in connection with or as an inducement to the making of any Future Advance or this Mortgage, or any of the Related Agreements proving to be false or misleading in any material respect as of the time the same was made, whether or not any such representation or disclosure appears as part of this Mortgage.

2.05. Any other event occurring which, under this Mortgage, or under the Note or any note evidencing a Future Advance, or under any of the Related Agreements constitutes a default by Obligor or Mortgagor hereunder or thereunder, or gives Mortgagee the right to accelerate the maturity of the indebtedness, or any part thereof, secured hereby.

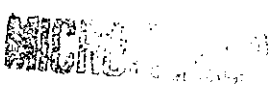
2.06. The occurrence of a Casualty Occurrence (as defined in the Credit Agreement).

ARTICLE III

REMEDIES

Upon the occurrence of any Event of Default, Mortgagee shall have the following rights and remedies:

3.01. Acceleration. Mortgagee may declare the entire principal amount of the Note and/or any Future Advances then outstanding (if not then due and payable), and accrued and unpaid interest thereon, and all other sums or payments required thereunder, to be due and payable immediately, and notwithstanding the stated maturity in the Note, or any note



evidencing any Future Advance, the principal amount of the Note and/or any Future Advance and the accrued and unpaid interest thereon and all other sums or payments required thereunder shall thereupon become and be immediately due and payable.

3.02. Entry. Irrespective of whether Mortgagee exercises the option provided in Section 3.01 above, Mortgagee in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof and do all things necessary or appropriate in Mortgagee's sole discretion in connection therewith, including without limitation making and enforcing, and if the same be subject to modification or cancellation, modifying or cancelling leases upon such terms or conditions as Mortgagee deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations, and doing any and all other acts which Mortgagee deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Mortgagor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. Upon request of Mortgagee, Mortgagor shall assemble and make available to Mortgagee at the site of the real property covered hereby any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by Mortgagee, Mortgagor, Obligor, or a receiver, and the collection, receipt and application of the Rents and Profits, Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of a default. Any of the actions referred to in this Section may be taken by Mortgagee irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

3.03. Judicial Action. Mortgagee may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof.

3.04. Additional Remedies with Respect to Personal Property. Mortgagee may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural

damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Where the Mortgaged Property consists of real property and personal property located on or within the real property, Mortgagee may elect in its discretion to proceed against both the real and personal property together in one proceeding pursuant to real property law as permitted by section 28-9-501(4) of the Idaho Uniform Commercial Code. Without limiting the generality of the foregoing, and in conjunction with or in addition thereto, Mortgagee, at its discretion, may also use any one or more of the following remedies with respect to the personal property subject to the security interests granted hereunder:

(a) Enter upon the real property encumbered hereby and take possession of, assemble and collect any of the personal property, or to render it unusable;

(b) Require Mortgagor to assemble any of the personal property and make it available at a place which Mortgagee designates, which is mutually convenient to allow Mortgagee to take possession and dispose of said personal property;

(c) Waive any default or remedy any default in any reasonable manner, without waiving the default remedies and without waiving any other prior or subsequent default;

(d) Give any notice or notification to the Mortgagor required by the Uniform Commercial Code, by mailing such notice at least ten (10) days before the event, if any, which is the subject of the notice, Mortgagor hereby agreeing that such notice constitutes reasonable notice under the Idaho Uniform Commercial Code;

(e) Sell, lease or otherwise dispose of the personal property at public sale, or private sale, with or without having the personal property at the place of sale and upon such terms and in such manner as Mortgagee may determine and Mortgagee may be a purchaser at any such sale;

(f) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the personal property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith, all at the expense of and for the account of Mortgagor.

3.05. Proceeds of Sale. The proceeds of any sale made under or by virtue of this Article III, together with all other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article III or otherwise, shall be applied as follows:

FIRST: To the payment of the costs and expenses of sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Mortgagee, its agents and counsel, and to the payment of all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest on all advances made by Mortgagee at the lower of the interest rate set forth in the Note or the maximum rate permitted by law to be charged by Mortgagee.

SECOND: To the payment of any and all sums expended by Mortgagee under the terms hereof, not then repaid, with accrued interest at the rate set forth in the Note, and all other sums (except advances of principal and interest thereon) required to be paid by Mortgagor pursuant to any provisions of this Mortgage, or the Note, or any note evidencing any Future Advance, or any of the Related Agreements, including without limitation all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage or in connection with the enforcement thereof, together with interest thereon as herein provided.

THIRD: To the payment of the entire amount then due, owing or unpaid for principal and interest upon the Note and any Notes evidencing any Future Advances, with interest on the unpaid principal at the rate set forth therein from the date of advancement thereof until the same is paid in full.

FOURTH: The remainder, if any, to the person or persons legally entitled thereto.

3.06. Waiver of Marshaling. Mortgagor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshalled upon any foreclosure of this Mortgage or of any other security for any of said indebtedness.

3.07. Remedies Cumulative. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as

often as may be deemed expedient by Mortgagee. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Mortgagee at any time as additional security hereunder, whether pursuant to Section 1.03 or Section 3.02 hereof or otherwise, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Obligor or Mortgagor to Mortgagee hereunder or under the Note, any Future Advances or any of the Related Agreements, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

3.08. Prepayment Charge. If this Mortgage or any obligation secured hereby provides for any charge for prepayment of any indebtedness secured hereby, Mortgagor agrees to pay said charge if for any reason any of said indebtedness shall be paid prior to the stated maturity date thereof, even if and notwithstanding that an Event of Default shall have occurred and Mortgagee, by reason thereof, shall have declared said indebtedness or all sums secured hereby immediately due and payable, and whether or not said payment is made prior to or at any sale held under or by virtue of this Article III; provided, however, that the provisions regarding this Section 3.08 shall not apply to any acceleration of the obligations hereunder solely as the result of a default under any of subsections 6(vi)-(xi) of the Credit Agreement in connection with the action or failure to take action of, or action taken against, Bonneville Pacific Corporation.

Mortgagor hereby expressly (a) waives any rights it may have to prepay the Note, in whole or in part, without penalty, upon acceleration of the maturity date of the Note, and (b) agrees that if, for any reason, a prepayment of any or all of the Note is made, whether voluntary or upon or following any acceleration of the maturity date of the Note by Mortgagee on account of any default by Obligor or Mortgagor, including but not limited to any transfer or disposition as prohibited or restricted by Section 1.08 herein, then Mortgagor shall be obligated to pay, concurrently therewith, as a prepayment premium, the applicable sum specified herein or in the Note; provided, however, that the provisions regarding this Section 3.08 shall not apply to any acceleration of the obligations hereunder solely as the result of a default under any of subsections 6(vi)-(xi) of the Credit Agreement in connection with the action or failure to take action of, or action taken against, Bonneville Pacific Corporation. By initialling this provision in the space provided below,

Mortgagor hereby declares that the Mortgagee's agreement to make the subject loan at the interest rate and for the term set forth in the Note constitutes adequate consideration, given individual weight by Mortgagor, for this waiver and agreement.

INITIALS: Mortgagor _____

ARTICLE IV

MISCELLANEOUS

4.01. Severability. In the event any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4.02. Certain Charges.

(a) Mortgagor agrees to pay Mortgagee for each statement of Mortgagee as to the obligations secured hereby, furnished at Mortgagor's request, the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Mortgagee as of the time said statement is furnished. Mortgagor further agrees to pay the charges of Mortgagee for any other service rendered Mortgagor, or on its behalf, connected with this Mortgage or the indebtedness secured hereby, including without limitation the delivery to an escrow holder of a request for full or partial release of this Mortgage, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Mortgage and indebtedness secured hereby to show a new owner of the Mortgaged Property, and replacing an existing policy of insurance held hereunder with another such policy.

(b) Mortgagor recognizes that in the event any payment secured hereby is not made within ten (10) days after it becomes due and payable, Mortgagee will incur extra expenses in handling the delinquent payment, the exact amount of which is impossible to ascertain, but that a charge of four percent (4%) of the amount of the delinquent payment would be a reasonable estimate of the expense so incurred. Therefore, if any such payment is not received within ten (10) days of the date it becomes due and payable, Mortgagor shall without prejudicing or affecting any other rights or remedies of Mortgagee, pay to Mortgagee, to cover expenses incurred in handling the delinquent payment, an amount calculated at four percent (4%) of the amount of the delinquent payment.

4.03. Notices. All notices expressly provided hereunder to be given by Mortgagee to Mortgagor and all notices and demands of any kind or nature whatsoever which Mortgagor

may be required or may desire to give to or serve on Mortgagee shall be in writing and shall be served by first-class or certified mail. Any such notice or demand so served by first-class or certified mail shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address above stated or at such other address of which said party shall have theretofore notified in writing, as provided above, the party giving such notice. Service of any such notice or demand so made shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of forty-eight (48) hours after the date of mailing, whichever is the earlier in time, except that service of any notice of default or notice of sale provided or required by law shall, if mailed, be deemed effective on the date of mailing.

4.04. Mortgagor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Mortgage granted by Mortgagee to Obligor or any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the terms of payment of the sums secured by the Mortgage by reason of any demand made by the original Mortgagor. Without affecting the liability of any person, including Mortgagor, for the payment of any indebtedness secured hereby, or the lien of this Mortgage on the remainder of the Mortgaged Property for the full amount of any such indebtedness and liability unpaid, Mortgagee is empowered as follows: Mortgagee may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreement or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Mortgagee may (a) consent to the making of any map or plat of the Mortgaged Property or any part thereof, (b) join in granting any easement or creating any restriction thereon, (c) join in any subordination or other agreement affecting this Mortgage or the lien or charge hereof, or (d) release, without any warranty, all or part of the Mortgaged Property.

4.05. Third Party Waivers. Mortgagor hereby waives any right to require Mortgagee to (a) proceed against Obligor, (b) proceed against or exhaust any security held from Obligor, or (c) pursue any other remedy in Mortgagee's power whatsoever. Mortgagor waives any defense because of any disability or any other defense or cessation of liability of Obligor or any other person or entity, and, until payment in full of the indebtedness of Obligor secured by this Mortgage, waives any right of subrogation or any right to proceed against

Obligor or any other person or entity or to participate in any security for such indebtedness. Mortgagor agrees that Mortgagee may, at its election and in its sole discretion, exercise any right or remedy it may have against the Obligor or any security held by Mortgagee other than the Mortgaged Property, including without limitation the right to foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the rights of Mortgagee with respect to the Mortgaged Property or the obligations of the Mortgagor under this Mortgage except to the extent the indebtedness of Obligor secured by this Mortgage has been paid, and Mortgagor waives any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Mortgagor against Obligor or any such security, whether resulting from such election by Mortgagee or otherwise.

4.06. Inspection. Mortgagee may at any reasonable time or times make or cause to be made entry upon and inspection of the Mortgaged Property or any part thereof in person or by agent.

4.07. Release. Upon the payment in full of all sums secured by this Mortgage, Mortgagee shall release to Mortgagor the Mortgaged Property and shall surrender this Mortgage and all notes evidencing indebtedness secured by this Mortgage and shall release the Mortgaged Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in such release of any matters or facts shall be conclusive proof of the truthfulness thereof. Five years after issuance of such full release, Mortgagor may destroy said notes and this Mortgage.

4.08. Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Mortgage is hereby waived to the fullest extent permitted by law.

4.09. Interpretation. Wherever used in this Mortgage, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Mortgagor" shall mean and include both Mortgagor and any subsequent owner or owners of the Mortgaged Property, and the word "Mortgagee" shall mean and include not only the original Mortgagee hereunder but also any future owner and holder, including pledgees, of the Note secured hereby. In this Mortgage whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Mortgage, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not nonlimiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference

thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions and headings of the Articles and Sections of this Mortgage are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

4.10. Consent; Delegation to Sub-agents. The granting or withholding of consent by Mortgagee to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. Wherever a power of attorney is conferred upon Mortgagee hereunder, it is understood and agreed that such power is conferred with full power of substitution, and Mortgagee may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

4.11. Successors and Assigns. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Mortgagor and the endorsees, transferees, successors and assigns of Mortgagee. In the event Mortgagor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

4.12. Governing Law. This Mortgage shall be governed by and construed under the laws of the State of Idaho.

4.13. Personal Liability. Mortgagee hereby agrees that, notwithstanding any other provision in this Mortgage or in any of the Related Agreements, no money judgment shall be sought against Mortgagor or any of its partners for repayment of the loan indebtedness evidenced by the Note, or to collect amounts payable under this Mortgage or any of the Related Agreements either by means of a suit on the Note or by means of a suit for a deficiency judgment following foreclosure of this Mortgage; provided, however, that nothing contained herein shall (a) be, or be deemed to be, a release or impairment of said indebtedness or any part thereof or of this Mortgage, (b) limit or otherwise prejudice in any way the rights of Mortgagee to foreclose this Mortgage or to enforce any of its other rights or remedies under the Note or under this Mortgage, or (c) limit or otherwise prejudice in any way the rights of Mortgagee to proceed against any entity or person whatsoever with respect to the enforcement of any guarantees of said indebtedness, or similar rights to payment; nor shall such limitation of liability apply if and to the extent that Mortgagor (d) misapplies condemnation or insurance proceeds attributable to the Mortgaged Property; (e) commits fraud, misrepresentation, or waste; or (f) fails to pay any portion of

the indebtedness, operating expenses, maintenance expenses, insurance premiums, or other sums required to be paid pursuant to the terms of this Mortgage or any Related Agreements if gross revenues from the Mortgaged Property are sufficient to pay such sums.

IN WITNESS WHEREOF, the undersigned has executed this Mortgage the day and year first hereinabove written.

Mortgagor: HYDRO VALLEY DEVELOPMENT, INC.,
a Utah corporation

By _____

Its _____

EXHIBIT "A"

All of that certain real property and improvements thereon situated in the County of Teton, State of Idaho, and more particularly described as follows:

Parcel 1

A Parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the section corner common to Sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the section line for a distance of 763.71 feet to the true point of beginning; thence S08-02-12 E for a distance of 819.49 feet; thence S32-06-42 W for a distance of 359.76 feet; thence S00-42-17 W for a distance of 360.16 feet; thence S35-26-33 W for a distance of 289.22 feet; thence N86-29-45 W for a distance of 447.69 feet; thence NO3-55-50 E for a distance of 1473.25 feet; thence N85-15-56 W for a distance of 1049.88 feet; thence N08-21-20 W for a distance of 118.00 feet; thence N10-42-26 E for a distance of 218.00 feet; thence N85-11-23 E for a distance of 753.65 feet; thence N50-50-59 E for a distance of 1248.25 feet; thence S48-45-13 E for a distance of 307.23 feet; thence S38-03-34 W for a distance of 622.02 feet; thence S08-02-12 E for a distance of 365.38 feet to the true point of beginning.

Parcel 2

A parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the Section corner common to Sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the Section line for a distance of 763.71 feet to the true point of beginning; thence N08-02-12 W for a distance of 365.38 feet; thence N38-03-34 E for a distance of 622.02 feet; thence N57-46-57 E for a distance of 349.48 feet; thence S43-11-46 E for a distance of 793.73 feet; thence S04-46-44 E for a distance of 452.02 feet; thence S39-03-29 W for a distance of 597.27 feet; thence S46-33-58 E for a distance of 576.92 feet; thence S82-17-17 E for a distance of 800.00 feet; thence S00-00-00-W for a distance of

800.00 feet; thence N73-08-21 W for a distance of 2216.33 feet; thence N32-06-42 E for a distance of 359.76 feet; thence N08-02-12 W for a distance of 819.49 feet to the true point of beginning.

EXHIBIT B

1. Decreed Right 22-0606 in the amount of 80 CFS with a priority of October 1, 1921.

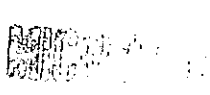
2. Licensed Right 22-2123A in the amount of 70 CFS with a priority of November 17, 1936.

3. Licensed Right 22-2126 in the amount of 150 CFS with a priority of February 2, 1946.

4. Permit Right 22-7351 in the amount of 300 CFS with a priority of March 18, 1981 (proposed).

5. Permit Right 22-7482 in the amount of 80 CFS with a priority of October 1, 1984.

6. Permit Right 22-7487 in the amount of 204 CFS with a priority of February 25, 1985.



STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES
Eastern Region

---

150 Shoup, Suite 15
Idaho Falls, Idaho 83402
(208) 525-7161

JUNE 30, 1986

FALL RIVER RURAL ELECTRIC COOP, INC.
P.O. BOX 617
ASHTON ID 83420

RE: Permit No. 22-7487

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 525-7161 or in person in the third floor State Office Building, 150 Shoup, Idaho Falls, Idaho.

Sincerely,
s/HAROLD W. JONES
Sr. Resource Agent



Form 217
12/84

RECEIVED
APR 28 1986
Department of Water Resources
Western Regional Office

STATE OF IDAHO

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. 22-7487

Name(s) of Permit Holder: Fall River Rural Electric Co-Op Inc.

Post Office Address: P.O. Box 617 Ashton, Idaho 83420

Telephone No. 652-7431

Source of Water: Teton River

Extent of Use:

Domestic _____ (number of households)

Stockwater _____ (number and type of stock)

Irrigation _____ (acres)

Other/Remarks Power Production 204 CFS

Indicate the date water was first diverted and beneficially used under this permit: December 1985

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:

R. Brett Van Wagoner
(Name)

P.O. Box 23 Tetonia, Idaho 456-2808
(Address) (Telephone Number)

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

4/22/86
Date

Charles Lee Dawsey - Assistant Manager
Signature of Permit Holder (and Title, if appropriate)

MICROFILMED

6-16-86

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

STATEHOUSE
BOISE, IDAHO 83720
(208) 334-4440
CERTIFIED MAIL
MARCH 31, 1986
138035

FALL RIVER RURAL ELECTRIC CO-OP, INC.
P.O. BOX AE
ASHTON, ID 83420

PROOF DUE NOTICE

RE: PERMIT NO. 22-7487

DEAR PERMIT HOLDER:

ONE OF THE CONDITIONS OF APPROVAL OF THE ABOVE REFERENCED WATER PERMIT WAS THAT PROOF OF THE EXTENT OF YOUR BENEFICIAL USE MUST BE SUBMITTED TO THIS OFFICE ON OR BEFORE JUNE 1, 1986. (SEE LAST PAGE OF YOUR APPROVED PERMIT OR YOUR LAST APPROVED EXTENSION REQUEST.) ENCLOSED IS A FORM WHICH MAY BE USED TO SUBMIT THE REQUIRED PROOF.

IF YOU HAVE NOT FULLY COMPLETED YOUR PROJECT, AND YOU OR A PREVIOUS OWNER OF THIS PERMIT HAVE NOT RECEIVED A PRIOR EXTENSION OF TIME, YOU MAY REQUEST AN EXTENSION OF TIME IF THE DELAY IS FOR REASONABLE CAUSE AS PROVIDED IN SECTION 42-204, IDAHO CODE. IF YOU HAVE BEEN PREVENTED FROM PROCEEDING BY A GOVERNMENTAL AGENCY OR BY LITIGATION WHICH MIGHT BRING TITLE TO THE WATER IN QUESTION, MORE THAN ONE EXTENSION OF TIME CAN BE GRANTED. AN EXTENSION OF TIME REQUEST FORM IS ENCLOSED FOR YOUR CONVENIENCE.

EITHER A COMPLETED PROOF OF BENEFICIAL USE FORM OR A REQUEST FOR AN EXTENSION OF TIME MUST BE RECEIVED BY THIS DEPARTMENT ON OR BEFORE THE ABOVE DESCRIBED PROOF DUE DATE. IF NEITHER IS RECEIVED, THE DEPARTMENT WILL SEND YOU A LAPSE NOTICE. WITHIN SIXTY (60) DAYS OF THE MAILING OF THE LAPSE NOTICE, THE PERMIT WILL NO LONGER BE OF ANY FORCE NOR EFFECT.

SINCERELY,

RITA FLECK
SECRETARY/RECORDS MANAGER

ENCLOSURES

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

September 24, 1985

Mr. David P. Hirschi, Esq.
PARSONS, BEHLE & LATIMER
P.O. Box 11898
Salt Lake City, Utah 84147-0898

RE: Decreed Right 22-0606, Licensed Rights 22-2123 and 22-2126 and Permit Numbers 22-7351, 22-7487 and 22-7482

Dear Mr. Hirschi:

This is in response to your letter of September 18, 1985, in which you ask the department to respond to the propriety of a proposed arrangement for the ownership of the above referenced water rights.

It is our understanding that the water rights are presently owned by Fall River Rural Electric Cooperative, Inc. and leased to Hydro Valley Development, Inc., a Utah corporation qualified to do business in Idaho. Your letter states that CDM Hydroelectric Company, a Colorado limited partnership qualified to do business in Idaho, may purchase all of the issued and outstanding shares of Hydro Valley Development Company. Your letter also states that if the stock purchase occurs, Hydro Valley Development Company will continue to hold the leasehold interest in the water rights and that Hydro Valley will become a wholly owned subsidiary corporation of CDM.

In answer to your question, it is the interpretation of the department that the provisions of Sections 42-206 and 42-207, Idaho Code, will continue to be satisfied even if Hydro Valley becomes a wholly owned subsidiary corporation of CDM Hydroelectric Company, as long as the referenced water permits continue to be held by Hydro Valley Development Company as a foreign corporation qualified to do business in the State of Idaho.

Sincerely,

Norman C. Young

NORMAN C. YOUNG
Administrator
Resources Administration
Division

PJR:NCY:plb

MICROFILMED

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) 532-1234, EXT. 273

1801 "K" STREET, N.W., SUITE 1109L
WASHINGTON, D.C. 20006
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1862-1959

KEITH E. TAYLOR
JAMES B. LEE
SCOTT M. MATHESON
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
SPENCER E. AUSTIN

C.C. PARSONS
1907-1966

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG
†LYNNE D. FINNEY

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
DANIEL W. HINDERT
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
VALDEN P. LIVINGSTON
JOHN A. ANDERSON
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
*MARK E. RINEHART
MICHAEL L. LARSEN
JONATHAN K. BUTLER
DAVID G. MANGUM
JULIA C. WEBB
DEREK LANGTON
HAL J. POS
*ADMITTED IN COLORADO ONLY
†ADMITTED IN CALIFORNIA AND DISTRICT OF COLUMBIA ONLY

September 18, 1985

RECEIVED
SEP 20 1985
Department of Water Resources

Norman C. Young, Administrator
Resources Administration Division
Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Decreed Right 22-0606, Licensed Rights 22-2123 and 22-2126 and Permit Numbers 22-7351, 22-7487 and 22-7482

Dear Norm:

I received your letter of September 12, 1985 responding to our request for approval of an assignment of lease of the above referenced rights and permits. While we are disappointed in the opinions rendered relating to our request, we understand your conclusions and we appreciate the thoroughness of your response.

We now request that your department render an opinion relating to the ownership of the shares of Hydro Valley Development Company, the Lessee of the above referenced rights and permits. It is likely that in the near future CDM Hydroelectric Company, a Colorado limited partnership qualified to do business in Idaho will purchase all of the issued and outstanding shares of Hydro Valley Development Company, a Utah corporation qualified to do business in the State of Idaho. It is anticipated that Hydro Valley Development Company will continue to hold the Leasehold Interest in the above referenced water rights and permits and that Hydro Valley Development Company will become a wholly owned subsidiary corporation of CDM Hydroelectric Company. A question has arisen concerning the propriety of this arrangement in light of Sections 42-206 and 42-207 Idaho Code and the analysis of your letter dated September 12, 1985.

MICROFILMED

My reading of these Sections would indicate that the Department of Water Resources will not look to the residency of the shareholders of a corporation to determine the ability of a corporation to hold water rights in the State of Idaho. In other words, if the corporation is otherwise qualified to hold water rights under Sections 42-206 and 42-207, the residency and qualification of the shareholders of that corporation are immaterial. If you are in agreement with this analysis, please advise me of the same by return mail.

We appreciate your cooperation in assisting us in this matter.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

cc: Robert L. Wood
Jim E. Sorenson
Phillip J. Rassier

MICROFILMED

22-1351
22-7482
22-7487

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.)
Hydro Valley Development, Inc.) Project No. 5089-004

ORDER APPROVING TRANSFER OF MAJOR LICENSE
(Issued August 30, 1985)

On February 20, 1985, Fall River Rural Electric Cooperative, Inc. (Fall River), Licensee, and Hydro Valley Development, Inc. (Hydro Valley), jointly filed an application for transfer of the major license for the Felt Hydroelectric Project No. 5089 to Fall River and Hydro Valley, as joint licensees.[1/] The license for Project No. 5089 was issued on September 9, 1983,[2/] and amended on July 8, 1985.[3/] The project is located on the Teton River, near Tetonia in Teton County, Idaho.

In order to facilitate the proposed transfer, Fall River and Bonneville Pacific Corporation (BPC), parent corporation of Hydro Valley, have entered into a lease and assignment agreement under which Fall River agrees to lease to BPC all lands, water rights, and other interests necessary for the construction, operation, and maintenance of the project. Fall River would retain fee title in all the leased property and interests, and BPC would own the power facilities to be constructed under the license. The terms of the agreement authorize BPC to assign its interests acquired under the agreement to any other entity for the purpose of facilitating the financing, construction, and operation of the project. By separate agreement, BPC assigned its rights and interests needed to develop the project to its wholly-owned subsidiary, Hydro Valley. By virtue of these agreements, ownership of the project would be shared between Fall River and Hydro Valley, who will be the joint licensees.

1/ Authority to act on this matter is delegated to the Director, Office of Hydropower Licensing, under §375.314 of the Commission's regulations, 49 Fed. Reg. 29,369 (1984)(Errata issued July 27, 1984)(to be codified at 18 C.F.R. §375.314). This order may be appealed to the Commission by any party within 30 days of the issuance date of this order pursuant to Rule 1902, 18 C.F.R. §385.1902 (1984). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or of any other date specified in this order, except as specifically directed by the Commission.

2/ Fall River Rural Electric Cooperative, Inc., 24 FERC ¶62,289 (1983).

3/ Fall River Rural Electric Cooperative, Inc., 32 FERC ¶62,029 (1985).

SEP 29 1985
Department of Water Resources
RECEIVED

Hydro Valley is a private corporation organized under the laws of the State of Utah and is qualified to do business in the State of Idaho. Hydro Valley proposes to operate the project in accordance with the license and agrees to accept all the terms and conditions of the license and to be bound thereby as if it were the original licensee.

The Licensee certifies that it has fully complied with the terms of the license and obligates itself to pay all annual charges accrued under the license to the date of transfer.

The purpose of the proposed transfer is to facilitate the financing of the project. Public notice of the filing of the application was given. No protests or motions to intervene have been received.

It is concluded that approval of the transfer of license would be in the public interest. Approval of this transfer is an administrative action, with no authorization for construction or change in project operations other than that previously approved in the license. Consequently, it is not a major Federal action significantly affecting the quality of the human environment.

It is ordered that:

(A) The transfer of the license for Project No. 5089 from Fall River Rural Electric Cooperative, Inc. to Fall River Rural Electric Cooperative, Inc. and Hydro Valley Development, Inc. as joint licensees is approved and made effective as of the first day of the month in which this order is issued, subject to the provisions of Section 9.3 of the Commission's regulations[4/] under the Federal Power Act.

(B) Approval of the transfer is contingent upon the transfer of title to the properties under license and delivery of all license instruments to Fall River Rural Electric Cooperative, Inc. and Hydro Valley Development, Inc., as joint licensees who shall be subject to all the conditions of the Federal Power Act and the terms and conditions of the license, as though they were the original licensees. Fall River Rural Electric Cooperative, Inc. shall be responsible for the payment of annual charges that have accrued prior to the date of transfer. Certified copies of all instruments of conveyance shall be submitted to the Commission within 60 days from the date of issuance of this order.

(C) The Licensees failure to file a petition appealing this order to the Commission shall constitute acceptance of this order. In acknowledgement of acceptance of this order and its terms and conditions, it shall be signed by the Licensees and returned to the Commission within 60 days from the date this order is issued.

4/ 18 C.F.R. §9.3 (1984).

R6

(D) 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 385.1902 of the Commission's regulations, 18 C.F.R. §385.1902 (1984).

Kenneth M. Pusateri
Acting Director, Office of
Hydropower Licensing

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IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this order, Hydro Valley Development, Inc., this _____ day of _____, 19____, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19____, a certified copy of the record of which is attached hereto.

By_____
President

Attest:

_____
Secretary

(Executed in quadruplicate)

Project No. 5089-004

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this order, Fall River Rural Electric Cooperative, Inc., this _____ day of _____, 19____, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19____, a certified copy of the record of which is attached hereto.

By_____
President

Attest:

_____
Secretary

(Executed in quadruplicate)

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 11, 1985

RE: Permit Nos. 22-7482 & 22-7487

Fall River Rural Electric Coop
Attn: Charles Dawsey
Box 617
Ashton, ID 83420

Dear Mr. Dawsey:

Per our telephone conversation, I have reviewed the above water rights in reference to the Felt Dam Hydroelectric Project as to the correspondence dated 9/1/85.

I found that rights 22-7482 and 22-7487 are permits with proof of beneficial use due on 6/1/86 for both rights. It is my understanding that these two permits pertain to the additional use developed under the new project construction that is anticipated to be completed in October. Since the use had not been started before July 1, 1985, it is appropriate to submit the proper forms upon completion. Therefore, the 9/1/85 letter does not apply to these rights.

If you have any questions, please let me know.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:sc

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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

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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 84147-0898
TELEPHONE (801) 532-1234
TELECOPIER (801) 532-1234, EXT. 273

1801 "K" STREET, N.W., SUITE 1109L
WASHINGTON, D.C. 20006
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
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KEITH E. TAYLOR
JAMES B. LEE
SCOTT M. MATHESON
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
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JULIA C. WEBB
DEREK LANGTON
HAL J. POS
*ADMITTED IN COLORADO ONLY
†ADMITTED IN CALIFORNIA AND DISTRICT OF COLUMBIA ONLY

August 29, 1985

RECEIVED
AUG 30 1985
Department of Water Resource

VIA UPS COURIER

Mr. Norman C. Young
Administrator
Resource Administration Division
Idaho Department of Water Resources
Statehouse
Boise, Idaho 83720

Re: Request for Approval of Assignment of Lease of Decreed Right 22-0606, Licensed Rights 22-2123 and 22-2126 and Permit Nos. 22-7351, 22-7487 and 22-7482

Dear Mr. Young:

As you are aware, this firm represents Bonneville Pacific Corporation ("Bonneville") and Hydro Valley Development, Inc. ("Hydro Valley"), both Utah corporations qualified to do business in the State of Idaho. For purposes of this matter, this firm is also serving as special counsel to CDM Hydro-electric Company ("CDM"), a Colorado limited partnership qualified to do business in the State of Idaho.

Reference is made to your letter of June 28, 1985 (copy enclosed) wherein the Department of Water Resources approved the lease of the above-referenced water rights, licenses and permits (collectively referred to hereinafter as the "Water Rights") from Fall River Rural Electric Cooperative, Inc. ("Fall River") to Bonneville, and the subsequent Assignment of the Lease of the Water Rights by Bonneville to Hydro Valley. Your files should contain all of the documentation relating to these Assignments, specifically the Lease and Assignment Agreement dated December 18, 1984 between Fall River and Bonneville, and the Partial Assignment of Lease and Assignment

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Agreement dated June 14, 1985 between Bonneville and Hydro Valley.

It is my understanding that your files now indicate that Fall River holds the Water Rights as "owner" and Hydro Valley holds the Water Rights as "lessee", with First Interstate Bank of Idaho having the first lien security interest in the lease of the Water Rights pursuant to the Mortgage Trust Indenture and Security Agreement, a complete and fully executed copy of which is enclosed herewith to complete your records in this matter.

Hydro Valley now desires to assign its leasehold interest in the Water Rights to CDM pursuant to an Assignment of Leasehold Interest in Water Rights, in form and substance similar to the document of the same name enclosed herewith for your review.

Hydro Valley desires to obtain the prior approval of the Department of Water Resources to this proposed Assignment due to questions which have arisen concerning Hydro Valley's right to assign its leasehold interest in the Water Rights to CDM under the provisions of Section 42-207 of the Idaho Code and CDM's ability to hold the leasehold interest in the Water Rights under the provisions of Section 42-206 of the Idaho Code.

As you are aware, Section 42-206 prohibits the granting of a permit to appropriate water to any person or association of persons which is not an actual bona fide resident of the State of Idaho. In seeking the approval of the Department of Water Resources to the leasehold assignment of Water Rights by Hydro Valley to CDM, we suggest first that CDM, as a Colorado limited partnership duly registered to do business in the State of Idaho, qualifies as a "bona fide resident of the State", and is therefore a qualified entity to hold Water Rights under Section 42-206. Further, Section 42-206 seems to relate solely to a new permit to appropriate waters and not to a leasehold of existing water rights. Therefore Section 42-206 should not apply to the leasehold situation provided that (as in our case) the actual ownership of the Water Rights remains in a qualified entity (Fall River).

Section 42-207 deals with transfer rights and prohibits the sale, assignment, transfer or mortgage of a water right to a nonqualified entity. It is unclear from the language of the statute whether this statute applies to a lease situation since in such a situation the ownership of the water rights does not change. Furthermore, in the present case there is no

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situation or remedy available under the Lease and Assignment Agreement, the Partial Assignment of Lease and Assignment Agreement or the newly proposed Assignment of Leasehold Interest in Water Rights which could result in a nonqualified entity ever becoming the actual owner of the Water Rights.

In asking for the Department of Water Resource's preapproval of the enclosed Assignment of Leasehold Interest in Water Rights, we are essentially asking that the following questions be answered:

First, as a duly registered limited partnership, does CDM qualify to hold Water Rights under the provisions of Section 42-206 of the Idaho Code, and

Second, do Sections 42-206 and 42-207 relate to a leasehold situation, where actual ownership of the water right is retained by a lessor qualified to hold water rights under Section 42-206.

CDM and Hydro Valley are presently working with Prudential Interfunding Corp. in finalizing the permanent financing of the Felt Dam Hydroelectric Project, therefore your prompt attention to this matter will be greatly appreciated. I have taken the liberty of copying Phil Rassier with this letter, and I invite either you or Phil to contact me at your earliest convenience to discuss this matter further.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

DPH/jml
Enclosure
cc: Phillip J. Rassier, Esq.
Robert L. Wood

MICROFILMED

Glen

22-7351-
22-7482-
22-7487-

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.) Project No. 5089-003

ORDER AMENDING LICENSE
(Issued July 8, 1985)

Fall River Rural Electric Cooperative, Inc. (Licensee) filed on February 5, 1985, an application for amendment of its license for the Felt Water Power Project No. 5089, located on the Teton River and occupying U.S. lands administered by the Department of the Interior, Bureau of Reclamation, in Teton County, Idaho.1/2/

The Felt Project as currently licensed contains a powerhouse with two generating units having a total installed capacity of 6,025 kW. The Licensee proposes to relocate the powerhouse to a site approximately 300 feet downstream and size the two generating units for a total installed capacity of 5,500 kW. The Licensee would also refurbish an existing inoperative powerhouse containing two generating units with a total installed capacity of 2,000 kW. The proposed amendment would result in an increase of 1,475 kW in the total installed capacity of the project and an increase of 4,700 MWh in the average annual energy production. Ordering paragraph (A) contains a more detailed description of the proposed project.

PUBLIC NOTICE AND AGENCY COMMENTS

Notice of the application was given. No protests or motions to intervene were filed. Federal, state and local agencies that received the public notice of the application were requested to provide comments on the application. None of the responding agencies objected to the proposed amendment. All substantive comments received are discussed below.

1/ The license for Project No. 5089 was issued on September 9, 1983. Fall River Rural Electric Cooperative, Inc., 24 FERC ¶62,289 (1983).

2/ Authority to act on this matter is delegated to the Director, Office of Hydropower Licensing, under §375.314 of the Commission's regulations, 49 Fed. Reg. 29,369 (1984)(Errata issued July 27, 1984)(to be codified at 18 C.F.R. §375.314). This order may be appealed to the Commission by any party within 30 days of the issuance date of this order pursuant to Rule 1902, 18 C.F.R. §385.1902 (1984). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or of any other date specified in this order, except as specifically directed by the Commission.

COMPREHENSIVE DEVELOPMENT

The project as amended would make good use of the flow and fall of the Teton River and would be best adapted to the comprehensive development of the Upper Snake River Basin upon compliance with the terms and conditions of the amended license.

ECONOMIC FEASIBILITY

The estimated cost of the proposed project is $8,240,000. Project power will be sold to Utah Power and Light Company (UP&L) at a contract price of 54.5 mills/kWh. The amended project will generate 36,100 MWh and would be economically feasible based upon UP&L's contract price.

SAFETY AND ADEQUACY

The proposed modifications to the project would not affect the structural integrity of the project. The proposed powerhouse has been analyzed and found to be safe.

ENVIRONMENTAL CONSIDERATIONS

Fishery Resources

The amended project has the potential to have an impact on the trout populations of the Teton River. The U.S. Fish and Wildlife Service and the Idaho Department of Fish and Game recommend that the Applicant stock the Teton River with 20,000 cutthroat trout (200 per pound) to mitigate the loss of 300 feet of trout habitat. To mitigate the impacts of turbine-related fish mortality that would result from the use of two additional units, the agencies recommend that the Applicant either screen the project intake (0.25 inch opening in mesh or screen with a water approach velocity of 0.5 foot per second or less) or stock the Teton River with 330,000 trout. The Applicant accepts the recommended mitigation but has not specified whether it plans to install fish screens or provide fish for stocking.

The measures recommended by the fishery agencies and agreed to by the Applicant would adequately mitigate the impacts of the amended project on trout populations. Article 45 requires the Applicant to implement the recommended measures and to file a fisheries mitigative plan outlining specific details of the mitigative proposals.

Cultural Resources

The Idaho State Historic Preservation Officer indicated that the amended project would have no effect on cultural resources. Article 36 of the original license requires the protection of archeological or historic sites in the event that such sites are discovered during construction.

Other Environmental Concerns

In a letter dated April 16, 1985, the Idaho Department of Health and Welfare indicated that the water quality certificate issued on June 23, 1982, is valid for the amended project.

Pursuant to Section 4(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Pub. L. No. 96-501), the Northwest Power Planning Council (NPPC) developed in 1982 a fish and wildlife program to protect, mitigate, and enhance fish and wildlife resources in the Pacific Northwest. The proposed amendment does not appear to conflict with NPPC's fish and wildlife program. Article 44 of the original license reserves [illegible] the Commission the authority to order where practicable alterations in project structures and operations in order to take into account NPPC's fish and wildlife program.

In a letter dated March 16, 1985, the United States Department of the Interior, Bureau of Reclamation (BR) commented that mitigation measures would be needed for the loss of big game lands that would be occupied by the project. By letter dated June 28, 1985, however, BR indicated that the Applicant and BR had consulted and reached a mutual agreement resolving BR's concerns.

FINDING OF NO SIGNIFICANT IMPACT

The amended project would result in minor, short-term increases in noise levels, dust, and exhaust emissions from construction activities, and sedimentation and erosion from the disturbance of riverbed and land surfaces. Turbine-related fish mortality and the loss of 300 feet of trout habitat would result, but these impacts would be adequately mitigated. Approximately 7 acres of vegetation would be disturbed.

No Federally listed threatened or endangered species would be affected by the project. Similarly, no sites or structures listed or eligible for listing in the National Register of Historic Places would be affected.

In accordance with the National Environmental Policy Act of 1969, an Environmental Assessment 2/ was prepared for the amendment of license for the Felt Project (FERC No. 5089). On the basis of the record and of Staff's independent analysis, issuance of the amendment of license for the project, as conditioned herein, will not constitute a major Federal action significantly affecting the quality of the human environment.

2/ Environmental Assessment, Felt Project, FERC No. 5089--Idaho, June 28, 1985, prepared by the Division of Environmental Analysis, Office of Hydropower Licensing, Federal Energy Regulatory Commission. This document is available in the Division of Public Information and in the Commission's public file associated with this proceeding.

It is ordered that:

The license for the Felt Water Power Project No. 5089, is amended as follows:

(A) Paragraph (2) of Ordering Paragraph (B) of the license is revised to read, in part, as follows:

Project works consisting of:

(a) a 12-foot-high, 135-foot-long dam having a 90-foot-long spillway section with crest elevation 5,530 feet m.s.l. and having a sluiceway and a fish ladder; (b) a reservoir having a surface area of 10 acres and a storage capacity of 40 acre-feet; (c) three intake structures along the reservoir right bank; (d) a 170-foot-long flowline Tunnel No. 1 connecting to a 100-foot-long, 78-inch-diameter steel penstock bifurcating into two steel penstocks, each approximately 300 feet long and 60 inches in diameter; (e) a rehabilitated powerhouse containing two generating units with a total installed capacity of 2,000 kW at a design head of 80 feet; (f) a 215-foot-long flowline Tunnel No. 2 and a 180-foot-long flowline Tunnel No. 3, both connecting to a 1,850-foot-long, 90-inch-diameter steel penstock; (g) a powerhouse containing two generating units having a total installed capacity of 5,500 kW at a design head of 159 feet; (h) a 7,500-kVA, 4.16/24.9-kV, three-phase transformer; (i) a 700-foot-long, 4.16-kV transmission line from the rehabilitated powerhouse to the new powerhouse; (j) a 1,400-foot-long, 24.9-kV overhead transmission line connecting to an existing Utah Power and Light Company transmission line; (k) an access road; (l) a public-parking area; and (m) appurtenant facilities.

(B) The following Exhibit A and Exhibit F and G drawings have been examined and found to generally conform to the Commission's rules and regulations and are approved and made a part of the license, superseding the indicated Exhibit F and G drawings:

Exhibit A

Section A, entitled "Proposed New Facilities", pages A-5 to A-7, revised, in part, filed on February 5, 1985.

Exhibit	FERC No.	Title	Superseding
F-10	5089-10	Felt Hydroelectric Plan	5089-5
F-11	5089-11	Penstock and Access Road	5089-6

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Exhibit	FERC No.	Title	Superseding
F-12	5089-12	Penstock and Surge Pipe	None
F-13	5089-13	Penstock and Bifurcation	None
F-14	5089-14	Turbine Deck and Valve Bay	None
F-15	5089-15	Switch Gear Deck	None
F-16	5089-16	Powerhouse Section	5089-7
F-17	5089-17	Tailrace Plans and Sections	None
F-18	5089-18	Boring Locations and Logs	5089-8
G-1	5089-19	Project Boundary	5089-9
G-2	5089-20	Transmission Map	None

(C) The following license articles are revised to read as follows:

Article 39. The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to the start of construction and shall ensure that construction of cofferdams and deep excavations is consistent with the approved design. At least 30 days prior to start of construction of the cofferdam, the Licensee shall provide the Commission's Regional Engineer and Director, Division of Inspections, one copy of the approved cofferdam construction drawings and specifications and a copy of the letter(s) of approval.

Article 40. The Licensee shall within 90 days of completion of construction file with the Commission for approval, revised Exhibits A, F, and G to describe and show the project as-built.

(D) Article 42 of the license is revised to include the following additional paragraph:

(4) The Licensee shall pay the United States the following additional annual charge, effective the date of this amendment.

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Federal Power Act, a reasonable annual charge as determined by the Commission in accordance with provisions of its regulations in effect from time to time. The authorized additional installed capacity for that purpose is 1,970 horsepower.

(E) The following additional article is included in the license:

Article 45. The Licensee, after consultation with the U.S. Fish and Wildlife Service and the Idaho Department of Fish and Game, shall file for Commission approval, within 6 months from the date of issuance of this order, and prior to the completion of project construction, a fisheries mitigation plan for the Felt Project. The mitigation plan must provide either (1) detailed plans for the annual stocking of 350,000 cutthroat trout (200 per pound) in the Teton River; or (2) detailed plans for the annual stocking of 20,000 cutthroat trout (200 per pound) in the river and functional design drawings of the fish screening device for the Felt Project. Agency comments on the fisheries mitigation plan shall be included in the filing. Further, the Licensee shall file as-built drawings with the Commission, within 3 months after completion of construction of any fish screening device.

(F) The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgement of acceptance of this order and its terms and conditions, it shall be signed by the Licensee and returned to the Commission within 60 days from the date this order is issued.

(G) 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 385.1902 of the Commission's regulations, 18 C.F.R. §385.1902 (1984).

Quentin A. Edson

Quentin A. Edson
Director, Office of
Hydropower Licensing

MICROFILMED

Project No. 5089-003

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this order, Fall River Rural Electric Cooperative, Inc., this _____ day of _____, 19____, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors, duly adopted on the _____ day of _____ 19____, a certified copy of the record of which is attached hereto.

By_____
President

Attest:

_____
Secretary

(Executed in quadruplicate)

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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 28, 1985

Fall River Rural Electric Cooperative, Inc.
POB AE
Ashton, Idaho 83420
Attention: Manager

Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, Utah 84111
Attention: Robert L. Wood

Hydro Valley Development, Inc.
c/o Bonneville Pacific Corporation
200 East South Temple, Suite 300
Salt Lake City, Utah 84111
Attention: L. Wynn Johnson

First Interstate Bank of Utah, N.A.
180 South Main Street
Salt Lake City, Utah 84101

First Interstate Bank of Idaho, N.A.
700 West Idaho Street, Third Floor
Boise, Idaho 83702

Re: Leases and Mortgage Trust Indenture and Security Agreement Affecting Decreed Right 22-0606, Licensed Rights 22-2123 and 22-2126 and Permit Nos. 22-7351, 22-7487 and 22-7482

Gentlemen:

This office has received a copy of the Lease and Assignment Agreement dated December 18, 1984, whereunder Fall River Rural Electric Cooperative, Inc. ("Fall River") has leased the above-referenced decreed, licensed, and permit water rights (collectively "Water Rights") to Bonneville Pacific Corporation ("Bonneville"), and a copy of the Partial Assignment of Lease and Assignment Agreement dated June 14, 1985, whereunder Bonneville has further leased the Water Rights to Hydro Valley

Development, Inc. ("Hydro Valley"). We have also received the Mortgage Trust Indenture and Security Agreement (the "Security Agreement") whereunder Bonneville and Hydro Valley intend to assign the leasehold interest in the Water Rights to First Interstate Bank of Idaho, N.A., as trustee, and First Interstate Bank of Utah, N.A., as beneficiary, pursuant to obtaining the construction financing for the Felt Dam Hydroelectric Project located in Teton County, Idaho.

Based upon our understanding of the information contained in said Lease and Assignment Agreement, Partial Assignment of Lease and Assignment, and Seucrity Agreement, Fall River has leased the above-referenced Water Rights to Bonneville and Bonneville has further leased said Water Rights to Hydro Valley. It is further our understanding that Bonneville and Hydro Valley are assigning their leasehold interest in the Water Rights to First Interstate Bank of Idaho, N.A., as trustee to have and to hold the same as partial security for the performance by Bonneville and Hydro Valley of certain obligations to First Interstate Bank of Utah, N.A., as beneficiary, in connection with financing the Felt Dam Hydroelectric Project to which the Water Rights relate.

This letter confirms that this office has reviewed the Lease and Assignment Agreement, the Partial Assignment of Lease and Assignment Agreement and the Security Agreement and has found that the same conform to and comply with the requirements of Section 42-206 and 42-207, Idaho Code, and that Bonneville and Hydro Valley are qualified entities to hold leasehold interests in Water Rights in accordance with the laws of the State of Idaho, and that the trustee, First Interstate Bank of Idaho, N.A., is an entity qualified to hold a leasehold interest in said Water Rights as security for the construction financing of the Felt Dam Hydroelectric Project. Therefore, the lease of the Water Rights from Fall River to Bonneville, and subsequent lease of the Water Rights from Bonneville to Hydro Valley, and the subsequent assignment of the leasehold interest in the Water Rights as security for the construction financing as described herein are consented to and approved by the Department of Water Resources, and will be effective as of the date of receipt of the signed Mortgage Trust Indenture and Security Agreement. It is further noted that leasing of the Water Rights and assignment of leasehold interests therein will not change the name of record of the Water Rights.

The future approval of the leasing of the Water Rights and assignment of leasehold interests therein will not constitute a waiver by this Department of the State of Idaho to seek appropriate regulatory actions against the entities identified within this letter for any and all violation of any state statute, rule or regulation, notably with respect to stream channel alterations.

Sincerely,

Norman C. Young

NORMAN C. YOUNG
Administrator
Resources Administration Division

NCY/DRT/ls

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) 532-1234, EXT. 273

1801 "K" STREET, N.W., SUITE 1109L
WASHINGTON, D.C. 20006
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

KEITH E. TAYLOR
JAMES B. LEE
SCOTT M. MATHESON
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
SPENCER E. AUSTIN

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG
†LYNNE D. FINNEY

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
DANIEL W. HINDERT
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
JOHN A. ANDERSON
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
*MARK E. RINEHART
MICHAEL L. LARSEN
JONATHAN K. BUTLER
DAVID G. MANGUM
JULIA C. WEBB
DEREK LANGTON
HAL J. POS

*ADMITTED IN COLORADO ONLY
†ADMITTED IN CALIFORNIA AND DISTRICT OF COLUMBIA ONLY

June 17, 1985

RECEIVED
JUN 18 1985
Department of Water Resources

Mr. David Tuthill
State of Idaho
Department of Water Resources
Statehouse
Boise, Idaho 83720

FEDERAL EXPRESS

Re: Felt Dam Hydroelectric Project, Teton County, Idaho--Leases and Security Interest in Decreed Right 22-0606, License Rights 22-2123, 22-2126, and Approved Applications for Permit Nos. 22-7351, 22-7487 and 22-7482

Dear Mr. Tuthill:

Please be advised that pursuant to a Lease and Assignment Agreement dated December 18, 1984, between Fall River Rural Electric Cooperative, Inc. ("Fall River") and Bonneville Pacific Corporation ("Bonneville"), Fall River has leased the above-referenced water rights and permits (collectively the "Water Permits") to Bonneville for use in connection with the Felt Dam Hydroelectric Project (a copy of which Lease and Assignment Agreement is attached as Exhibit "A" to that certain Mortgage Trust Indenture and Security Agreement (the "Security Agreement") enclosed herewith).

Please be further advised that pursuant to the terms of that certain Partial Assignment of Lease and Assignment Agreement, dated June 14, 1985, between Bonneville and Hydro Valley Development, Inc. ("Hydro Valley"), Bonneville has assigned its leasehold interest in the Water Permits to Hydro Valley (a copy of which Partial Assignment of Lease and Assignment Agreement is enclosed herewith). Both Bonneville and

MICROFILMED

Hydro Valley are Utah corporations qualified to do business in the State of Idaho.

Please be further advised that in connection with obtaining the construction financing of the Felt Dam Hydroelectric Project, Bonneville and Hydro Valley are being required by First Interstate Bank of Idaho, N.A., as trustee, and First Interstate Bank of Utah, N.A., as beneficiary, to assign their leasehold interest in and to the Water Permits to said Banks as security for the construction financing. This assignment will be made in accordance with the terms of the Security Agreement, a copy of which is enclosed herewith.

Pursuant to the provisions of Sections 42-206 and 42-207, Idaho Code, we are requesting the consent and approval of the Idaho Department of Water Resources to the above-described transfers of leasehold interests in the Water Permits. Our review of appropriate Idaho law indicates that the lease of the Water Permits from Fall River to Bonneville and the lease of the Water Permits from Bonneville to Hydro Valley, and the proposed Security Agreement, whereunder the leasehold interest in the Water Permits is assigned to First Interstate Bank of Idaho, as trustee, are in conformance with Section 42-206 and 42-207, Idaho Code, and we therefore request that the Department of Water Resources consent to and approve such leases and assignments.

For your convenience, I have enclosed herewith a form letter which has been approved by the parties to the leases and the Banks. Please review the enclosed materials and contact me at your earliest convenience with any questions or comments which you may have thereon. If the Department of Water Resources approves the proposed assignment, please have the enclosed letter or a letter in substantially similar form prepared on Department of Water Resources letterhead and send the original copy executed by the Director or Administrator of the Department of Water Resources to me for use in the loan closing. The loan closing is presently scheduled for June 25, 1985, and we will appreciate your processing this application for approval as soon as possible.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

DPH:mmp 6891C
cc: Robert L. Wood
Ray W. Rigby, Esq.
Pamela T. Greenwood, Esq.
Enclosure

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

May 21, 1985

Mr. Kenneth Plumb, Secretary
Federal Energy Regulatory Commission
825 North Capitol Street N.E.
Washington, D.C. 20426

Re: Felt Hydroelectric Project, FERC No. 5089

Dear Mr. Plumb:

On May 20, 1985, Mr. Clark M. Mower hand delivered a copy of an Application for Amendment of License (dated April, 1985) for the above-referenced project in an effort to expedite the review process.

The Department's comments with respect to the project have not significantly changed from our comment letter of April 5, 1985.

Water right permits identified as Nos. 22-7482, 22-7487 and 22-7351, however, have been issued by the Department in connection with the project since our April 5, 1985 letter.

Sincerely,

A. Kenneth Dunn

A. KENNETH DUNN
Director

AKD/LGS/ls

cc: Eastern Region
Clark M. Mower

MICROFILMED

INGHAM ENGINEERING
100 Lindbergh Plaza 2, 5160 Wiley Post Way, Salt Lake City, Utah 84116, 801-532-252

May 21, 1985

RECEIVED
MAY 23 1985
Hand delivered
Department of Water Resources

Mr. Glenn Saxton
State of Idaho
Department of Water Resources
State House
450 West State Street
Boise, Idaho 83720

Re: Felt Hydroelectric Project, FERC No. 5089

Dear Mr. Saxton:

I am enclosing for your information a copy of the Application for Amendment for the Felt Hydroelectric Project. The project has been noticed for comment by the FERC. We are delivering to you a copy of the amendment application to facilitate a more expeditious response to FERC's request if possible.

The Felt Hydroelectric Project is ready for construction and is in an area of relatively short construction period. Your earliest response would be appreciated. Official notice from the FERC should be forthcoming in the next two-week period. Would you please file your answers directly with:

Mr. Kenneth Plumb, Secretary
Federal Energy Regulatory Commission
825 North Capitol Street N.E.
Washington, D.C. 20426

I would appreciate it very much if you could forward a copy of your comments to me at our new address listed above. Comments on the amendment application from your local agency were forwarded to FERC at an earlier date and are enclosed for your information and reference.

Thank you very much for your cooperation.

Sincerely,

BINGHAM ENGINEERING

Clark M. Mower
Executive Vice President

CMM/bde

Enclosures

cc: 602-012

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

May 9, 1985

RE: Permit Nos. 22-7351, 22-7482 & 22-7487

Fall River Rural Electric Coop
Box 617
Ashton, ID 83420

Gentlemen:

Enclosed are copies of your approved Applications for Permit. We direct your attention to the conditions of approval on the fourth pages.

Be sure to note the special condition requiring you to install measuring devices and lockable controlling works that will enable the watermaster to control your rates of diversion.

Please be advised that prior applications for permit have been filed to appropriate water from your source which may impact the availability of water to be used under these permits. Therefore, you should be sure to analyze the impact of these rights before making major investments into your water use projects.

We have enclosed a form entitled "Instructions for Proof of Beneficial Use". Please read the instructions carefully since you must take further action to develop these permits. Also enclosed for your convenience are the statements of beneficial use that must be submitted when your projects are completed.

Sincerely,

DAVID R. TUTHILL, JR., P.E.
Supervisor, Water Allocation Section

DRT:sc

Enclosures

MICROFILMED

P-5089-004

UNITED STATES OF AMERICA

FEDERAL ENERGY REGULATORY COMMISSION

Notice of Application Filed with the Commission

(April 29, 1985)

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

MICROFILMED

RECEIVED
MAY 6 1985
Department of Water Resources

DC-A-15

DNT

a. Type of Application: Transfer of License

b. Project No: 5089-004

c. Date Filed: February 20, 1985

d. Applicant: Fall River Rural Electric Cooperative, Inc. and Hydro Valley Development, Inc.

e. Name of Project: Felt Hydroelectric

f. Location: Teton River, near Tetonia, Teton County, Idaho

g. Filed Pursuant to: Federal Power Act, 16 U.S.C. §791(a)-825(r)

h. Contact Person: Mr. McNeill Watkins II
Bishop, Liberman, Cook,
Purcell and Reynolds
1200 17th St. N.W.
Washington, DC 20036

and

Charles L. Dawsey
Fall River Rural Electric
Cooperative, Inc.
P.O. Box AE
Ashton, ID 83420

i. Comment Date: JUN 17 1985

j. Description of Transfer: On February 20, 1985, Fall River Rural Electric Cooperative, Inc. (Licensee); and Hydro Valley Development Inc. (Hydro Valley) filed an application for transfer of major license for the Felt Hydroelectric Project No. 5089, issued on September 9, 1983, to Licensee and Hydro Valley (Joint Transferees).

The purpose of the proposed transfer is to facilitate the financing of the project and to provide lower rates to the consumers.

Hydro Valley is a private corporation organized under the laws of the State of Utah and is wholly-owned by Bonneville Pacific Corporation. Joint Transferees state that they will comply with all applicable laws of the State of Utah as required by Section 9 (b) of the Federal Power Act.

Under the agreement of transfer, Licensee agrees to lease certain lands and water rights to Hydro Valley's parent corporation, as necessary to construct and operate the project. Hydro Valley, for its part, will own all power facilities to be constructed under the license. Hydro Valley claims that its construction and ownership of the project's power facilities will achieve a better cost-benefit ratio.

The Licensee certifies that it has fully complied with the terms and conditions of its license, and accepts its continuing obligation to comply with those terms and conditions as a Joint Transferee. Hydro Valley accepts all the terms and conditions of the license and agrees to be bound thereby to the same extent as though it were the original licensee.

k. This notice also consists of the following standard paragraphs: B and C

B. Comments, Protests, or Motions to Intervene - Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of the Rules of Practice and Procedure, 18 C.F.R. §§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.

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C. 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 "MOTION TO INTERVENE", as applicable, and the Project Number of the particilar application to which the filing is in response. 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, N.E., Washington, D.C. 20426. An additional copy must be sent to: Fred E. Springer, Director, Division of Project Management Branch, Office of Hydropower Licensing, Federal Energy Regulatory Commission, Room 208 RB at the above address. A copy of any notice of intent, competing application or motion to intervene must also be served upon each representative of the Applicant specified in the particular application.

Kenneth F. Plumb
Secretary

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INTER-DEPARTMENT MEMO — 1

FROM Kay Walker

DATE 5/7/85

TO File 22-7487

SUBJECT See File 22-7351 for additional pertinent information.

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SIGNATURE

POWER CALCULATIONS FOR APPLICATION NO. 22-7487

P = Kilowatts 1124.8 .74 X hp 1520

Q = cfs 204.

H = feet 80'

e = efficiency

see 22-7351

- ✓ 1.) Affidavit of Residency
- ✓ 2.) Ownership of Facilities
- ✓ 3.) *Financial Ability
- ✓ 4.) Feasibility of Project
  - a. Plans, drawings
  - b. Economic analysis
- ✓ 5.) *Compliance w/FERC

*only for projects of more than 25 cfs or more than 500 horsepower.

$$e = \frac{P(11.8)}{QH} = \frac{1124.8(11.8)}{204 \times 80} = \frac{13272.64}{16320} = 0.81$$ ok

Based on the above calculations the proposed project must have an 81 % efficiency.

****

OVERLAP REVIEW per terminal 5/7/85:

P/D 22-0600 }
22-2123 }
22-2126 } power, same site
22-7482 }
22-7196 - irrig. - permit - Brown
22-7351 - power, same site

P/U 22-7208 - irrig.
22-7256 - irrig.
22-7351 - power ←
22-7108 - irrig.
22-7482 - power ← all power appl. under same FERC license.
22-2123 - power ←
22-2126 - power ←

BYPASSED AREA

MICROFILMED

Form No. 202a
3/79

State of Idaho
Department of Water Resources

APPLICATION FOR PERMIT ANALYSIS SHEET

INITIAL REVIEW BY: G. F. RAMSEY APPLICATION NUMBER: 22-7487

CHECK: FEB 25 1985

- ☑ 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: _____

SEND COPIES TO:

	Copies sent by:	Date:
☐ Idaho State Health Department.		
☑ Idaho Fish and Game Department.	CW	3-7-85
☑ Idaho Department of Lands.	CW	3-7-85
☐ U.S. Bureau of Land Management.		
☐ U.S. Forest Service.		
☑ Other WD #1	CW	3-7-85

PROCESSING:

- ☐ Yes ☑ No Platted by: _____ Map No. _____
- ☑ Yes ☐ No Other rights on same place of use. 22-0606, 2123, 2126, 7351, 7482
- ☑ Yes ☐ No* In form for advertising. Final date for protests: 3-25-85
- ☐ Yes ☑ No Protests received. If yes, record information on 4th page of application.

FINAL REGIONAL PROCESSING REVIEW:

- ✓ ☑ Affidavit of publication received. Date: 3-18-85
- ☑ 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? 01 ✓
- ✓ 2-25-85 Date of priority recommended.

Special conditions of approval or cover letter. _____

01E, 08A, 17G, 17K, 25, 26A, 30, 05(WD.01)

By: Ernest Carlson Date: April 8, 1985

STATE OFFICE REVIEW: 09D 17G 17K 25 27
L14, L08, L16 08A 01E 05(01, Snake River)

☐ See attached sheet for more information.
By: CW Date: 5/7/85

MICROFILMED
RECEIVED
APR 10 1985
Department of Water Resources

POINT OF DIVERSION AND STREAM INDEX INFORMATION

TRACT	SEC	TWP	RGE	gov't lot	rediv. (R)	REACH
_ _ _ _	_ _	_ _ _	_ _ _	_ _	_	_ _ _ . _

IDAHO STREAM CODE INDEX

_ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ . _ _ _ . _ _ . _ _ . _ _

TRACT	SEC	TWP	RGE	gov't lot	rediv. (R)	REACH
_ _ _ _	_ _	_ _ _	_ _ _	_ _	_	_ _ _ . _

IDAHO STREAM CODE INDEX

_ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ . _ _ _ . _ _ . _ _ . _ _

TRACT	SEC	TWP	RGE	gov't lot	rediv. (R)	REACH
_ _ _ _	_ _	_ _ _	_ _ _	_ _	_	_ _ _ . _

IDAHO STREAM CODE INDEX

_ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ . _ _ _ . _ _ . _ _ . _ _

TRACT	SEC	TWP	RGE	gov't lot	rediv. (R)	REACH
_ _ _ _	_ _	_ _ _	_ _ _	_ _	_	_ _ _ . _

IDAHO STREAM CODE INDEX

_ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ . _ _ _ . _ _ . _ _ . _ _

TRACT	SEC	TWP	RGE	gov't lot	rediv. (R)	REACH
_ _ _ _	_ _	_ _ _	_ _ _	_ _	_	_ _ _ . _

IDAHO STREAM CODE INDEX

_ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ _ . _ _ _ . _ _ _ . _ _ . _ _ . _ _

3/83

IDENT. NO. 22 7487

IDAHO DEPARTMENT OF WATER RESOURCES

WATER RIGHT
DATA ENTRY LOG

Initials	Date	Item
OK	2-27-85	Original form entered
		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 Updated
		Transfer Updated
		Keypunched by State Office

STAFF SHEET FOR POWER GENERATION

G. F. RAMSEY

I Initial Review By: FEB 26 1985 Application No. 22-7487

Date Requested In File

A. _____ 4/8/85 Form 205/206. PREVIOUSLY ON FILE

B. _____ ✓ Efficiency is between 85% and 60%.

$$E = \frac{P\ (11.8)}{QH} = \frac{(1492\text{KW})(11.8)}{(204)(80)} = 82 \times 100 = 82\ \%$$

$$= \frac{1132\text{KW}}{1520\text{HP}}\ (11.8) \over 204(80)$$

II Post Publication Review By: Ernst.

A. Not Protested

1. 0 to 373 kw (500 Hp)

Date Requested Date Received (one or more)

_____ _____ Engineering feasibility report.

_____ _____ Preliminary design report.

_____ _____ Contracts to construct project.

_____ _____ Contracts to purchase power.

_____ _____ Verification that an application has been submitted to F.E.R.C.

_____ _____ Other: _____

NORMAL INFO. REQUIREMENTS WAIVED BECAUSE APPLICATION IS BY WELL ESTABLISHED HYDRO POWER COOP, ON AN EXISTING POWER PLANT. 4/5/85 E. Carlson.

2. 373 kw (500 Hp) and higher

Date Requested Date Received (all three are required)

N/A _____ Preliminary Engineering Report.

N/A _____ Itemized cost estimate.

N/A _____ Verification of financial ability.

B. Protested

1. 0 to 111 kw (150 Hp)

_____ Supplement information has been submitted.

_____ Hearing should be scheduled.

2. 111 kw (150 Hp) and higher

_____ Supplemental information has been submitted.

_____ Received verification of a F.E.R.C. ruling.

_____ Hearing should be scheduled.

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IDAHO DEPARTMENT OF FISH AND GAME
REGION 6
1515 Lincoln Road
Idaho Falls • Idaho • 83401

RECEIVED
MAR 20 1985
Department of Water Resources
Eastern District Office

March 19, 1985

Mr. Ernest Carlson
Assistant Regional Supervisor
Department of Water Resources
150 Shoup, Suite 15
Idaho Falls, Idaho 83402

RE: Application for Permit No. 22-7487 Fall River Rural Electric

Dear Ernie:

Idaho Department of Fish and Game personnel have reviewed the referenced application. We do not protest this water right provided the minimum flows of 20 cfs during July through March and 50 cfs during April through June, are agreed to in FERC licensing negotiations and are maintained through the project reach.

The Department of Water Resources should be aware of the 204 cfs water right application during April 15 through August 15 which represents an over appropriation of stream flows in this portion of the Teton River during all but high runoff periods. A review of the average historical discharge records provided in the Fall River Rural Electric FERC license application indicates only during June and July are sufficient flows present to fill the total Fall River Rural Electric water rights (884 cfs) if this additional 204 cfs permit is granted.

Sincerely,

Tom Reinecker
Regional Supervisor
Region 6

TR:SE:dnb

cc: U.S. Fish and Wildlife Service
Bureau of Fisheries

MICROFILMED

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Idaho Falls District
940 Lincoln Road
Idaho Falls, Idaho 83401

IN REPLY
REFER TO: 7250.4

March 14, 1985

RECEIVED
MAR 15 1985
Department of Water Resources
Eastern District Office

State of Idaho
Dept. of Water Resources
150 Shoup, Suite 15
Idaho Falls, ID 83402

Dear Mr. Carlsen:

BLM District Staff have reviewed apllication for permit 22-7487, Fall River Rural Electric Cooperative. We found no conflicts between this application and present BLM land management goals and objectives.

We would support all efforts to ensure fish passage through the project site. Fish passage provisions have been acceptable to the Fall River Rural Electric Cooperative throughout the FERC licensing process.

We register no protest to this application for permit.

Sincerely,

O'dell Frandsen
District Manager

MICROFILMED

WATERMASTER COMMENTS

I have reviewed Application for Permit No. 22-7487 and have the following comments/objections to the approval of this application for permit:

I do not know of any potential injury to other rights if this application is approved

3/11/85
Date

Ronald D Carlson
RONALD D. CARLSON, WATERMASTER
Water District No. 01

MICROFILMED

March 7, 1985

RE: Application for Permit No. 22-7487 FALL RIVER RURAL ELECTRIC

Bureau of Land Management
940 Lincoln Road
Idaho Falls, ID 83401

Gentlemen:

We are enclosing a copy of an application that may be of interest to your agency. Please review the application and submit any comments you may have to our Department as soon as possible. The last date of protest is March 25, 1985, and we are required to take final action shortly thereafter.

If we may be of further assistance, please feel free to contact us.

Respectfully submitted,

ERNEST CARLSEN
Assistant Regional Supervisor

EC:cw

Enclosure

MICROFILMED

22-7487

FALL RIVER RURAL ELECTRIC CO-OP. INC.

P.O. BOX AE, ASHTON, ID 83420

Source: TETON RIVER trib. to SNAKE RIVER

Date Filed: 02/25/1985

Diversion Pt: NWNE SWNE Sec 29 T 07N R 44E

Use: POWER (204.00 CFS)

In: SWNE Sec 29 T 07N R 44E

MICROFILMED

FALL RIVER
Rural Electric Cooperative, Inc.

714 MAIN STREET • P. O. BOX AE • ASHTON, IDAHO 83420 • [208] 652-7431

RECEIVED
FEB 25 1985
Department of Water Resources
Eastern District Office

February 21, 1985

Mr. Ron Carlson
Eastern Regional Supervisor
150 Shoup, Suite 15
Idaho Falls, Idaho 83402

Dear Ron,

As you are aware, because of changes in the development of the Felt Project, we have been requested by the consulting engineers on the project to file for an additional 204 cfs as described in the enclosed application.

The additional 204 cfs is being requested for the period from April 15 through August 15th. This request will allow the minimum stream flow to be maintained as agreed upon between the Department of Fish and Game, and Fall River Electric.

Any questions relative to this application for permit should be submitted to my office.

Sincerely yours,

Chuck

C. L. Dawsey
Assistant Manager

CLD:rmh
Enclosure

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PARTIAL ASSIGNMENT OF LEASE AND ASSIGNMENT AGREEMENT

THIS PARTIAL ASSIGNMENT is made and entered into in the City of Salt Lake, State of Utah on this 14th day of June, 1985, by and between BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Bonneville," and HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation duly qualified to do business in the State of Idaho, hereinafter referred to as "Hydro Valley,"

W I T N E S S E T H :

WHEREAS, Bonneville has entered into a Lease and Assignment Agreement dated December 18, 1984 with FALL RIVER RURAL ELECTRIC COOPERATIVE, INC., an Idaho corporation, hereinafter referred to as "Fall River," which Lease and Assignment Agreement is incorporated herein by this reference; and

WHEREAS, pursuant to paragraph 1 of said Lease and Assignment Agreement, Fall River has leased to Bonneville, among other things, certain Water Rights (the "Water Rights"), more particularly described in Exhibit "A," attached hereto and by this reference made a part hereof, and the right to become a joint licensee with Fall River in and to that certain Order Issuing License (Major), as amended and extended (the "FERC License"), originally issued September 9, 1983 in connection with the Felt Dam Hydroelectric Project, Project No. 5089-001, as issued by the Federal Energy Regulatory Commission, a copy

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of which is attached hereto as Exhibit "B" and by this reference made a part hereof; and

WHEREAS, Bonneville desires to assign its rights, titles and interests as lessee in the Water Rights and co-licensee in the FERC License in accordance with the terms hereof, and Hydro Valley desires to accept assignment thereof in accordance with the terms hereof.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. That for the consideration hereinabove set forth, Bonneville hereby assigns to Hydro Valley all of its right, title and interest as lessee in the Water Rights, as described in Exhibit "A" attached hereto, and all of its right, title and interest as co-licensee under the FERC License as described in Exhibit "B" attached hereto, and Hydro Valley hereby accepts said assignment.

2. Bonneville hereby represents to Hydro Valley as follows:

(a) That Bonneville has duly performed all of the conditions of said Lease and Assignment Agreement in connection with the Water Rights and the FERC License to the date of this Assignment;

(b) That the Lease and Assignment Agreement is now in full force and effect; and

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(c) That neither Bonneville nor Fall River are in default in connection with the Lease and Assignment Agreement.

3. Hydro Valley covenants with Bonneville as follows:

(a) That Hydro Valley will duly keep, observe and perform all of the terms, conditions and provisions to be kept and performed by Bonneville under the Lease and Assignment Agreement as they relate to the Water Rights and the FERC License;

(b) That Hydro Valley will save and hold harmless Bonneville of and from any and all actions, suits, costs, damages, claims and demands whatsoever arising by reason of any act or omission of Hydro Valley with respect to the Water Rights and the FERC License;

(c) That Hydro Valley claims no interest in any of the rights, titles or interests leased or assigned to Bonneville in connection with the Lease and Assignment Agreement except as specifically set forth herein.

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

BONNEVILLE PACIFIC CORPORATION, a Utah corporation

By _____
Its Secretary

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HYDRO VALLEY DEVELOPMENT, INC.

By _____
Its Secretary

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

On the 14th day of June, 1985, personally appeared before me Robert C. Wood, who, being by me duly sworn, did say that he is the Secretary of Bonneville Pacific Corporation, a Utah corporation, that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Robert C. Wood acknowledged to me that said corporation executed the same.

NOTARY PUBLIC
DAVID P. HIRSCHI
STATE OF UTAH

_____
NOTARY PUBLIC
Residing at: Centerville Utah

My Commission Expires:
8-20-87

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

On the 14th day of June, 1985, personally appeared before me Robert C. Wood, who, being by me duly sworn, did say that he is the Secretary of Hydro Valley Development, Inc., a Utah corporation, that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Robert C. Wood acknowledged to me that said corporation executed the same.

NOTARY PUBLIC
DAVID P. HIRSCHI
STATE OF UTAH

_____
NOTARY PUBLIC
Residing at: Centerville Utah

My Commission Expires:
8-20-87

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EXHIBIT "A"

DESCRIPTION OF WATER RIGHTS

Decreed Right 22-0606 in the amount of 80 CFS with priority of October 1, 1921.

Licensed Right 22-2123 in the amount of 70 CFS with priority of November 17, 1936.

Licensed Right 22-2126 in the amount of 150 CFS with priority of February 2, 1946.

Approved Application for Permit No. 22-7351 in the amount of 300 CFS with a priority of March 18, 1981.

Approved Application for Permit No. 22-7487 in the amount of 204 CFS with a priority of February 25, 1985.

Approved Application for Permit No. 22-7482 in the amount of 80 CFS with a priority of October 1, 1984.

TOTAL WATER AVAILABLE FOR THE PROJECT: 884 CFS

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EXHIBIT "B"

ORDER ISSUING LICENSE (MAJOR) AS AMENDED AND EXTENDED, ORIGINALLY ISSUED SEPTEMBER 9, 1983 IN CONNECTION WITH THE FELT DAM HYDROELECTRIC PROJECT, PROJECT NO. 5089-001, AS ISSUED BY THE OFFICE OF ELECTRIC POWER REGULATION, FEDERAL ENERGY REGULATORY COMMISSION

(Attached)

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.) Project No. 5089-001

ORDER ISSUING LICENSE (MAJOR)

(Issued September 9, 1983)

Fall River Rural Electric Cooperative, Inc. has filed an application for a license under Part I of the Federal Power Act (Act) to re-construct, operate, and maintain the Fall Project No. 5089. 1/ The project is located on the Teton River near the Town of Teton, Teton County, Idaho, affects the interests of interstate or foreign commerce, and would occupy lands of the United States under the jurisdiction of the Bureau of Reclamation.

Notice of the application has been published and comments have been received from interested federal, state, and local agencies. No protests or petitions to intervene have been received, and none of the agencies objected to issuance of the license. The significant concerns of the commenting agencies are discussed below.

1/ Authority to Act on this matter is delegated to the Director, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 18 C.F.R. §375.308 (1983). This order may be appealed to the Commission by any party within 30 days of its issuance pursuant to Rule 1902, 18 C.F.R. 385.1902 (1983). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or any other date specified in this order, except as specifically directed by the Commission.

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History and Description

The original dam, power plant, and appurtenances were constructed in 1921. The facility was expanded in 1946 to include a second powerhouse. A new dam was constructed in 1961. The plant was operated intermittently from 1968 until 1980, when full power production was resumed.

The existing facilities consist of a dam, a reservoir, three intakes, three tunnels, three penstocks, two powerhouses containing an installed capacity of 1870 kW, and miscellaneous appurtenant facilities. Applic proposes to add a fish ladder, a penstock extension, a powerhouse containing two generating units with a total capacity of 6025 kW, a tailrace, and to relocate the transmission line and access road. The existing powerhouses would be removed from service. 2/ A more detail project description is contained in ordering paragraph (B).

Safety and Adequacy

Staff inspected the project and found it to be well maintained and in good operating condition. The dam was observed to be in sound structural condition.

Failure of the dam, classified as low hazard, would not create additional hazard to downstream life or property. Failure of the dam under flood conditions would not significantly increase the flow downstream. The spillway capacity is adequate.

It is concluded that the project, under the conditions of this license, will be safe and adequate.

Economic Feasibility

The proposed plant would operate run-of-river under a static head of 150 feet with a hydraulic capacity of 680 cfs. Streamflow exceeding 680 cfs occurs approximately 17 percent of the time and would be released over the dam.

A staff analysis shows the project is economically feasible.

2/ The proposed project, with its average annual generation of 31.4 million kWh, will utilize a renewable resource that will save the equivalent of approximately 51,560 barrels of oil or 14,540 tons of coal per year.

Fish, Wildlife and Recreation Resources

The Applicant and Idaho Department of Fish and Game (IDFG) have agreed on conditions to protect and enhance fish, wildlife, and recreational resources. The U.S. Fish and Wildlife Service, the Idaho Conservation League, and the Sierra Club stated that they had no objection to the proposed project provided that the agreement between the Applicant and IDFG is implemented. The Fish, Wildlife, and Botanical Resources Report, "Mitigation" portion, of the Exhibit E will be approved.

To ensure the protection and enhancement of the fishery resource, Article 33 is included to provide for an interim minimum flow. Article 34 is included to require fishery and minimum flow studies. In addition, Article 35 requires the Licensee to consult with the agencies concerning the design of fish passage facilities, to file for Commission approval of functional design drawings, and to file as-built drawings with the Commission.

Pursuant to Section 4(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (P.L. 96-501), the Northwest Power Planning Council ("NPPC") developed in 1982 a fish and wildlife program to protect, mitigate, and enhance fish and wildlife resources in the Pacific Northwest. The proposed project does not appear to conflict with NPPC's fish and wildlife program. Nevertheless, Article 44 reserves to the Commission the authority to order where practicable alterations in project structures and operations in order to take into account NPPC's fish and wildlife program.

Under Article 17 of this license, the Commission reserves the right to require additional recreational development in the future. The Idaho Department of Health and Welfare has issued a water quality certificate for the project, in accordance with Section 401 of the Federal Water Pollution Control Act.

Cultural Resources

The Applicant has consulted with the Idaho State Historic Preservation Officer (SHPO). The SHPO reported that the project would have no effect on significant cultural resources.

In accordance with standard Commission practice, Article 36 of this license also requires cultural resources protection measures in the event of any future construction or development at the project.

Other Aspects of Comprehensive Development

The proposed project is not in conflict with any planned development. It efficiently utilizes the flow and fall of the Teton River and, upon compliance with the terms and conditions of the license, the project would be best adapted to the comprehensive development of the Upper

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Snake River basin for beneficial purposes.

License Term

The project will use an existing dam, reservoir, tunnels and pens In addition, it will include a new fish ladder, penstock extension and an additional powerhouse containing two new generating units, tailrace and will relocate the transmission line and access road. Licensing the project is considered to be a licensing action simi to the relicensing of a project where a moderate amount of reconstruction is proposed. Consistent with the Commission polic expressed in Lyndonville Electric Department 3/ this license wil expire forty years from the first day of the month in which this order is issued.

The policy under Pacific Power and Light Company 4/ is to issue the license effective as of the date of any unauthorized post 1935 construction. Here the post 1935 construction was an expans of the project completed by January 1, 1947. Because of the 50 year statutory maximum license period, however, the license will be effective September 1, 1971.

Annual Charges

In accordance with the order issuing a license for the Shoshone Project, 5/ annual charges will be based upon the effective date but this license will also be conditioned upon payment of an amo equivalent to the annual charges that would otherwise have been for the period from January 1, 1947, to August 31, 1971. This p ment is not a penalty, but is intended to place the Applicant as nearly as possible in the same position it would have been in before our change in termination date policy, and the same prac as similarly situated licensees who received their license befor that change in policy.

For projects constructed prior to 1938 and located on U.S. lands without proper Federal permission, Commission policy would be to condition the license upon payment of an amount equivalent to the annual charges that would otherwise have been due since January 1, 1938. The redeveloped Felt Project, however, would be located on recently acquired U.S. lands, under the jurisdict of the Bureau of Reclamation.

3/ Lyndonville Electric Department 7 FERC ¶61124 (June 29, 1979)

4/ Pacific Power and Light Company, 56 FPC 1898 (1976).

5/ Idaho Power Co., 7 FERC ¶61,258(1979).

Accordingly, the charge for the use of U.S. lands will be made effective September 1, 1981.

Environmental Impacts

The short-term minor adverse impacts associated with the construction period would include: soil erosion and localized increases in suspended sediment loads; increased noise and air pollution; and disruption of wildlife and wildlife habitat. The long-term impacts on the change in streamflow pattern and the fishery resources are adequately mitigated. No federally listed threatened or endangered species would be affected by the proposed action. On the basis of the record, and staff's independent analysis, we conclude that approval of the proposed license would not constitute a major Federal action significantly affecting the quality of the human environment.

It is ordered that:

(A) This license is issued to Fall River Rural Electric Cooperative, Inc. (Licensee), of Ashton, Idaho, under Part I of the Federal Power Act (Act), for a period effective September 1, 1973 and terminating 40 years from the first day of the month in which this order is issued, for reconstruction, operation, and maintenance of the Felt Project No. 5089, located in Teton County, Idaho, on the Teton River, and occupying lands of the United States under the jurisdiction of the Bureau of Reclamation and affecting the interests of interstate or foreign commerce. This license is subject to the terms and conditions of the Act, which is incorporated by reference as part of this license, and subject to the regulations the Commission issues under the provisions of the Act.

(B) The Felt Project No. 5089 consists of:

(1) All lands, to the extent of the Licensee's interests in those lands, constituting the project area and enclosed by the project boundary. The project area and boundary are shown and described by certain exhibits that form part of the appliction for license and that are designated and described as:

Exhibit	FERC No.	Showing
A-1	5089-1	Lands of the United States
G-1	5089-9	Project Map

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(2) Project works consisting of:

(a) a 12-foot-high 135-foot long dam having a 90-foot long spillway section with crest elevation 5,530 feet m.s.l. and having a sluiceway and a fish ladder; (b) a reservoir having a surface area of 10 acres and a storage capacity of 40 acre-feet; (c) three intake structures along the reservoir right bank; (d) inoperative flowline no. 1 consisting of a 170-foot-long tunnel; (e) flowline no. 2 consisting of a 215-foot-long tunnel and a 395-foot-long 59-inch-diameter steel penstock; (f) flowline no. 3 consisting of a 180-foot-long tunnel and a 405-foot-long 59-inch-diameter steel penstock; (g) an 8-foot-diameter 1,200-foot-long steel penstock extending from the 59-inch-diameter penstocks to a powerhouse; (h) a powerhouse containing two generating units having a total rated capacity of 6,025 kW at a net head of 123 feet and hydraulic capacity of 680 cfs; (i) the 4.16-kV generator leads and a 3-phase 4.16/46-kV, 75 MVA transformer; (j) a 1,600-foot-long 46-kV transmission line; (k) the facilities necessary to connect to the Licensee's system at the Badger Substation; (l) a 170-foot-long excavated tailrace with water surface elevation 5380.0 feet m.s.l.; (m) an access road; (n) a public-parking area; and (o) appurtenant facilities.

The location, nature, and character of these project works are generally shown and described by the exhibits cited above and more specifically shown and described by certain other exhibits and reports that also form a part of the application for license and that are designated and described as:

Drawing No.	FERC No.	Showing
F-1	5089-5	Project Layout
F-2	5089-6	Profile and Typical Sectio
F-3	5089-7	Powerplant Plans and Sect
F-4	5089-8	Boring Locations and Logs

Exhibit A - The Section, filed February 23, 1982, entitled "Structu and Equipment", consisting of two typewritten pages of text, pages A-5 to A-7, and:

Drawing No.	FERC No.	Showing
A-4	5089-2	Facilities Profiles
A-5	5089-3	Felt Dam

Exhibit E - The Section, filed February 22, 1982, as revised on June 1, 1982, entitled "Mitigation", consisting of five typewritten pages of text, pages E-21 to E-25.

(3) All of the structures, fixtures, equipment, or facilities used or useful in the operation or maintenance of the project and located within the project boundary, all portable property that may be employed in connection with the project, located within or outside the project boundary, as approved by the Commission, and all riparian or other rights that are necessary or appropriate in the operation or maintenance of the project.

(C) Exhibits A and E, and the portions of Exhibits A and E designated in ordering paragraph (B) above, are approved and made a part of the license.

(D) This license is also subject to the terms and conditions set forth in Form L-2 (revised October 1975), entitled "Terms and Conditions of License for Unconstructed Major Project Affecting Lands of the United States", attached to and made a part of this license, except insofar as Standard Article 20 relates to a plan for clearing the reservoir area. The license is also subject to the following additional articles:

Article 33. Licensee shall discharge an interim continuous minimum flow of 20 cubic feet per second (cfs) except for 3 months each year, during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs or the inflow of the reservoir, whichever is less, for the purpose of protecting fish and wildlife resources. The 3-month spawning migration period shall be determined through consultation with the Idaho Department of Fish and Game. These flows may be temporarily modified if required by operating emergencies beyond the control of the Licensee, for fishery and minimum flow studies required by Article 34, and for short periods for fishery management purposes upon mutual agreement between the Licensee and the Idaho Department of Fish and Game.

Article 34. Licensee shall consult and cooperate with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service in conducting studies to determine the period of cutthroat trout spawning migration, and the minimum flow release needed at the Felt Project to ensure protection and enhancement of fishery and wildlife resources. Further, licensee shall, within 2 years from the date of issuance of this license, file a report of its findings and, for Commission approval, recommendations for a minimum flow release from the project, together with any agency comments on the report and recommendations. At the same time, copies of the filings shall be served upon the agencies consulted.

Article 35. Licensee shall, within 2 years following issuance of this license, file for Commission approval functional design drawings of the proposed fish passage facilities at the Felt Project prepared in consultation with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service. Agency letters of comment on the design drawings shall be included in this filing. Further, Licensee shall file as-built drawings with the Commission within 6 months after completion of construction of the fish passage facili

Article 36. Prior to the commencement of any future construction or development of any project works or other facilities at the project, the Licensee shall consult and cooperate with the Idaho State Historic Preservation Officer (SHPO) to determine the need and extent of, any archeological or historic resource surveys and any mitigative measures that may be necessary. The Licensee shall provide funds in a reasonable amount for any such activity. If an previously unrecorded archeological or historical sites are discov during the course of construction, construction activity in the vi ty shall be halted, a qualified archeologist shall be consulted to determine the significance of the sites, and the Licensee shall co with the SHPO to develop a mitigation plan for the protection of significant archeological or historic resources. If the Licensee the SHPO cannot agree on the amount of money to be expended on archeological or historic work related to the project, the Commis reserves the right to require the Licensee to conduct, at its own expense, any such work found necessary.

Article 37. Licensee shall commence construction of the proposed project within 1 year of the effective date of issuance of the license and shall complete construction within 3 years from the effective date of this license.

Article 38. Licensee shall file with the Commission's Regional Engineer and the Director, Office of Electric Power Regulation, one copy each of the final contract drawings and specifications for pertinent features of the project, such as water retention structu powerhouses, and water conveyance structures, at least 60 days pr to start of construction. The Director, Office of Electric Power Regulation may require changes in the plans and specifications to assure a safe and adequate project.

Article 39. The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to th start of construction and shall ensure that construction of coffe and deep excavations are consistent with the approved design. At least 30 days prior to start of construction of the cofferdam the Licensee shall file with the Commission's Regional Engineer and Director, Office Of Electric Power Regulation, one copy of the ap cofferdam construction drawings and specifications and a copy of letter(s) of approval.

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Article 40. The licensee shall within 90 days of completion of construction file for approval of the Director, Office of Electric Power Regulation revised Exhibit F drawings showing the project as-built.

Article 41. Pursuant to Section 10(d) of the Act, after the first 20 years of operation of the project under license, a specified reasonable rate of return upon the net investment in the project shall be used for determining surplus earnings of the project for the establishment and maintenance of amortization reserves. One half of the project surplus earnings, if any, accumulated after the first 20 years of operation under the license, in excess of the specified rate of return per annum on the net investment, shall be set aside in a project amortization reserve account at the end of each fiscal year. To the extent that there is a deficiency of project earnings below the specified rate of return per annum for any fiscal year after the first 20 years of operation under the license, the amount of that deficiency shall be deducted from the amount of any surplus earnings subsequently accumulated, until absorbed. One-half of the remaining surplus earnings, if any, cumulatively computed, shall be set aside in the project amortization reserve account. The amounts established in the project amortization reserve account shall be maintained until further order of the Commission. The annual specified reasonable rate of return shall be the sum of the annual weighted costs of long-term debt, preferred stock, and common equity, as defined below. The annual weighted cost for each component of the reasonable rate of return is the product of its capital ratio and cost rate. The annual capital ratio for each component of the rate of return shall be calculated based on an average of 13 monthly balances of amounts properly includable in the licensee's long-term debt and proprietary capital accounts as listed in the Commission's Uniform System of Accounts. The cost rates for long-term debt and preferred stock shall be their respective weighted average costs for the year, and the cost of common equity shall be the interest rate on 10-year government bonds (reported as the Treasury Department's 10 year constant maturity series) computed on the monthly average for the year in question plus four percentage points (400 basis points).

Article 42. (1) The licensee shall pay the United States an amount equal to the annual charge that would have applied for the period January 1, 1947, to August 31, 1971, if the project had been licensed during that period:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Federal Power Act, a reasonable annual charge as determined by the Commission in accordance with provisions of its regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(2) The Licensee shall pay the United States the following annual charge for the period September 1, 1971, the effective date of this license, to August 31, 1981:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(3) The Licensee shall pay the United States the following annual charges, effective September 1, 1981:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 8,030 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy, and enjoyment of 50.2 acres of its lands a reasonable amount in accordance with the provisions of the Commission's regulations in effect from time to time.

Article 43. (a) In accordance with the provisions of this article, the Licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain other types of use and occupancy, without prior Commission approval. The Licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the Licensee shall also have continuing responsibility to supervise and control the uses and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the Licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the Licensee shall take any lawful action

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necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, cancelling the permission to use and occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The types of use and occupancy of project lands and waters for which the Licensee may grant permission without prior Commission approval are: (1) landscape plantings; (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time where said facility is intended to serve single-family type dwellings; and (3) embankments, bulkheads, retaining walls, or similar structures for erosion control to protect the existing shoreline. To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the Licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The Licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the uses and occupancies for which it grants permission are maintained in good repair and comply with applicable State and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the Licensee shall: (1) inspect the site of the proposed construction, (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site, and (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline. To implement this paragraph (b), the Licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the Licensee's costs of administering the permit program. The Commission reserves the right to require the Licensee to file a description of its standards, guidelines, and procedures for implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The Licensee may convey easements or rights-of-way across, or leases of, project lands for: (1) replacement, expansion, realignment, or maintenance of bridges and roads for which all necessary State and Federal approvals have been obtained; (2) storm drains and water mains; (3) sewers that do not discharge into project waters; (4) minor access roads; (5) telephone, gas, and electric utility distribution lines; (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary; (7) submarine, overhead, or

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underground major telephone distribution cables or major electric distribution lines (69-kV or less); and (8) water intake or pumping facilities that do not extract more than one million gallons per day from a project reservoir. No later than January 31 of each year, the Licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The Licensee may convey fee titles to, easements or rights-of-way across, or leases of project lands for: (1) construction of new bridges or roads for which all necessary State and Federal approvals have been obtained; (2) sewer or effluent lines that discharge into project waters, for which all necessary Federal and State water quality certificates or permits have been obtained; (3) other pipelines that cross project lands or waters but do not discharge into project waters; (4) non-project overhead electric transmission lines that require erection of support structures within the project boundary, for which all necessary Federal and State approvals have been obtained; (5) private or public marinas that can accommodate no more that 10 watercraft at a time and are located at least one-half mile from any other private or public marina; (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from the edge of the project reservoir at normal maximum surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year. At least 45 days before conveying any interest in project lands under this paragraph (d), the Licensee must file a letter to the Director, Office of Electric Power Regulation, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked Exhibit G or K map may be used), the nature of the proposed use, the identity of any Federal or State agency official consulted, and any Federal or State approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the Licensee to file an application for prior approval, the Licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraphs (c) or (d) of this article:

(1) Before conveying the interest, the Licensee shall consult with Federal and State fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the Licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved Exhibit R or approved report on recreational resources of an Exhibit E; or, if the project does not have an approved Exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include covenants running with the land adequate to ensure that: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; and (ii) the grantee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(E) The conveyance of an interest in project lands under this article does not in itself change the project boundaries. The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised Exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised Exhibit G or K drawings would be filed for approval for other purposes.

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Article 44. The Commission reserves the authority to order, upon its own motion or upon the recommendation of federal or state fish and wildlife agencies or affected Indian Tribes, alterations of project structures and operations to take into account to the fullest extent practicable at each relevant stage of the decision making processes, the regional fish and wildlife program developed and amended pursuant to the Pacific Northwest Electric Power Planning and Conservation Act.

(E) Within 90 days from the date of acceptance of this license, the Licensee shall file a statement under oath showing the gross amount of power generation for the project in kilowatt-hours for each calendar year commencing January 1, 1947, in accordance with the provisions of Section 11.20(a)(4) of the Commission's regulations.

(F) The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgment of acceptance of this order and its terms and conditions, it shall be signed by the License and returned to the Commission within 60 days from the date this order is issued.

Robert E. Cadwell

for Lawrence R. Anderson
Director, Office of Electric
Power Regulation

Project No. 5084-001

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this Order, Fall River Rural Electric Cooperative, Inc. this _____ day of _____ 19__, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19___, a certified copy of the record of which is attached hereto.

By _____
President

Attest:

_____
Secretary

(Executed in quadruplicate)

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Form L-1
(Revised October, 1975)

FEDERAL ENERGY REGULATORY COMMISSION

TERMS AND CONDITIONS OF LICENSE FOR
UNCONSTRUCTED MAJOR PROJECT
AFFECTING LANDS OF THE UNITED STATES

Article 1. The entire project, as described in this order of the Commission, shall be subject to all of the provisions, terms, and conditions of the license.

Article 2. No substantial change shall be made in the maps, plans, specifications, and statements described and designated as exhibits and approved by the Commission in its order as a part of the license until such change shall have been approved by the Commission: Provided, however, That if the Licensee or the Commission deems it necessary or desirable that said approved exhibits, or any of them, be changed, there shall be submitted to the Commission for approval a revised, or additional exhibit or exhibits covering the proposed changes which, upon approval by the Commission, shall become a part of the license and shall supersede, in whole or in part, such exhibit or exhibits theretofore made a part of the license as may be specified by the Commission.

Article 3. The project works shall be constructed in substantial conformity with the approved exhibits referred to in Article 2 herein or as changed in accordance with the provisions of said article. Except when emergency shall require for the protection of navigation, life, health, or property, there shall not be made without prior approval of the Commission any substantial alteration or addition not in conformity with the approved plans to any dam or other project works under the license or any substantial use of project lands and waters not authorized herein; and any emergency alteration, addition, or use so made shall thereafter be subject to such modification and change as the Commission may direct. Minor changes in project works, or in uses of project lands and waters, or divergence from such approved exhibits may be made if such changes will not result in a decrease in efficiency, in a material increase in cost, in an adverse environmental impact, or in impairment of the general scheme of development; but any of such minor changes made without the prior approval of the Commission, which in its judgment have produced or will produce any of such results, shall be subject to such alteration as the Commission may direct.

Upon the completion of the project, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised exhibits insofar as necessary to show any divergence from or variations in the project area and project boundary as finally located or in the project works as actually constructed when compared with the area and boundary shown and the works described in the license or in the exhibits approved by the Commission, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variation in or divergence from the approved exhibits. Such revised exhibits shall, if and when approved by the Commission, be made a part of the license under the provisions of Article 2 hereof.

Article 4. The construction, operation, and maintenance of the project and any work incidental to additions or alterations shall be subject to the inspection and supervision of the Regional Engineer, Federal Power Commission, in the region wherein the project is located, or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall cooperate fully with said representative and shall furnish him a detailed program of inspection by the Licensee that will provide for an adequate and qualified inspection force for construction of the project and for any subsequent alterations to the project. Construction of the project works or any feature or alteration thereof shall not be initiated until the program of inspection for the project works or any such feature thereof has been approved by said representative. The Licensee shall also furnish to said representative such further information as he may require concerning the construction, operation, and maintenance of the project, and of any alteration thereof, and shall notify him of the date upon which work will begin, as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of work for a period of more than one week, and of its resumption and completion. The Licensee shall allow said representative and other officers or employees of the United States, showing proper credentials, free and unrestricted access to, through, and across the project lands and project works in the performance of their official duties. The Licensee shall comply with such rules and regulations of general or special applicability as the Commission may prescribe from time to time for the protection of life, health, or property.

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Article 5. The Licensee, within five years from the date of issuance of the license, shall acquire title in fee or the right to use in perpetuity all lands, other than lands of the United States, necessary or appropriate for the construction, maintenance, and operation of the project. The Licensee or its successors and assigns shall, during the period of the license, retain the possession of all project property covered by the license as issued or as later amended, including the project area, the project works, and all franchises, easements, water rights, and rights of occupancy and use; and none of such properties shall be voluntarily sold, leased, transferred, abandoned, or otherwise disposed of without the prior written approval of the Commission, except that the Licensee may lease or otherwise dispose of interests in project lands or property without specific written approval of the Commission pursuant to the then current regulations of the Commission. The provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear; and mortgage or trust deeds or judicial sales made thereunder, or tax sales, shall not be deemed voluntary transfers within the meaning of this article.

Article 6. In the event the project is taken over by the United States upon the termination of the license as provided in Section 14 of the Federal Power Act, or is transferred to a new licensee or to a non-power licensee under the provisions of Section 15 of said Act, the Licensee, its successors and assigns shall be responsible for, and shall make good any defect of title to, or of right of occupancy and use in, any of such project property that is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and shall pay and discharge, or shall assume responsibility for payment and discharge of, all liens or encumbrances upon the project or project property created by the Licensee or created or incurred after the issuance of the license: Provided, That the provisions of this article are not intended to require the Licensee, for the purpose of transferring the project to the United States or to a new licensee, to acquire any different title to, or right of occupancy and use in, any of such project property than was necessary to acquire for its own purposes as the Licensee.

Article 7. The actual legitimate original cost of the project, and of any addition thereto or betterment thereof, shall be determined by the Commission in accordance with the Federal Power Act and the Commission's Rules and Regulations thereunder.

Article 8. The Licensee shall install and thereafter maintain gages and stream-gaging stations for the purpose of determining the stage and flow of the stream or streams on which the project is located, the amount of water held in and withdrawn from storage, and the effective head on the turbines; shall provide for the required reading of such gages and for the adequate rating of such stations; and shall install and maintain standard meters adequate for the determination of the amount of electric energy generated by the project works. The number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, shall at all times be satisfactory to the Commission or its authorized representative. The Commission reserves the right, after notice and opportunity for hearing, to require such alterations in the number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, as are necessary to secure adequate determinations. The installation of gages, the rating of said stream or streams, and the determination of the flow thereof, shall be under the supervision of, or in cooperation with, the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region of the project, and the Licensee shall advance to the United States 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 Licensee shall keep accurate and sufficient records of the foregoing determinations to the satisfaction of the Commission, and shall make return of such records annually at such time and in such form as the Commission may prescribe.

Article 9. The Licensee shall, after notice and opportunity for hearing, install additional capacity or make other changes in the project as directed by the Commission, to the extent that it is economically sound and in the public interest to do so.

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Article 10. The Licensee shall, after notice and opportunity for hearing, coordinate the operation of the project, electrically and hydraulically, with such other projects or power systems and in such manner as the Commission may direct in the interest of power and other beneficial public uses of water resources, and on such conditions concerning the equitable sharing of benefits by the Licensee as the Commission may order.

Article 11. Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or the United States on a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of the headwater improvement for such part of the annual charges for interest, maintenance, and depreciation thereof as the Commission shall determine to be equitable, and shall pay to the United States the cost of making such determination as fixed by the Commission. For benefits provided by a storage reservoir or other headwater improvement of the United States, the Licensee shall pay to the Commission the amounts for which it is billed from time to time for such headwater benefits and for the cost of making the determinations pursuant to the then current regulations of the Commission under the Federal Power Act.

Article 12. The operations of the Licensee, so far as they affect the use, storage and discharge from storage of waters affected by the license, shall at all times be controlled by such reasonable rules and regulations as the Commission may prescribe for the protection of life, health, and property, and in the interest of the fullest practicable conservation and utilization of such waters for power purposes and for other beneficial public uses, including recreational purposes, and the Licensee shall release water from the project reservoir at such rate in cubic feet per second, or such volume in acre-feet per specified period of time, as the Commission may prescribe for the purposes hereinbefore mentioned.

Article 13. On the application of any person, association, corporation, Federal agency, State or municipality, the Licensee shall permit such reasonable use of its reservoir or other project properties, including works, lands and water rights, or parts thereof, as may be ordered by the Commission, after notice and opportunity

for hearing. In the interests of comprehensive development of the waterway or waterways involved and the conservation and utilization of the water resources of the region for water supply or for the purposes of steam-electric, irrigation, industrial, municipal or similar uses. The Licensee shall receive reasonable compensation for use of its reservoir or other project properties or parts thereof for such purposes, to include at least full reimbursement for any damages or expenses which the joint use causes the Licensee to incur. Any such compensation shall be fixed by the Commission either by approval of an agreement between the Licensee and the party or parties benefiting or after notice and opportunity for hearing. Applications shall contain information in sufficient detail to afford a full understanding of the proposed use, including satisfactory evidence that the applicant possesses necessary water rights pursuant to applicable State law, or a showing of cause why such evidence cannot concurrently be submitted, and a statement as to the relationship of the proposed use to any State or municipal plans or orders which may have been adopted with respect to the use of such waters.

Article 14. In the construction or maintenance of the project works, the Licensee shall place and maintain suitable structures and devices to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines constructed prior to its transmission lines and not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling or obstructing traffic or endangering life. None of the provisions of this article are intended to relieve the Licensee from any responsibility or requirement which may be imposed by any other lawful authority for avoiding or eliminating inductive interference.

Article 15. The Licensee shall, for the conservation and development of fish and wildlife resources, construct, maintain, and operate, or arrange for the construction, maintenance, and operation of such reasonable facilities, and comply with such reasonable modifications of the project structures and operation, as may be ordered by the Commission upon its own motion or upon the recommendation of the Secretary of the Interior or the fish and wildlife agency or agencies of any State in which the project or a part thereof is located, after notice and opportunity for hearing.

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Article 16. Whenever the United States shall desire, in connection with the project, to construct fish and wildlife facilities or to improve the existing fish and wildlife facilities at its own expense, the Licensee shall permit the United States or its designated agency to use, free of cost, such of the Licensee's lands and interests in lands, reservoirs, waterways and project works as may be reasonably required to complete such facilities or such improvements thereof. In addition, after notice and opportunity for hearing, the Licensee shall modify the project operation as may be reasonably prescribed by the Commission in order to permit the maintenance and operation of the fish and wildlife facilities constructed or improved by the United States under the provisions of this article. This article shall not be interpreted to place any obligation on the United States to construct or improve fish and wildlife facilities or to relieve the Licensee of any obligation under this license.

Article 17. The Licensee shall construct, maintain, and operate, or shall arrange for the construction, maintenance, and operation of such reasonable recreational facilities, including modifications thereto, such as access roads, wharves, launching ramps, beaches, picnic and camping areas, sanitary facilities, and utilities, giving consideration to the needs of the physically handicapped, and shall comply with such reasonable modifications of the project, as may be prescribed hereafter by the Commission during the term of this license upon its own motion or upon the recommendation of the Secretary of the Interior or other interested Federal or State agencies, after notice and opportunity for hearing.

Article 18. So far as is consistent with proper operation of the project, the Licensee shall allow the public free access, to a reasonable extent, to project waters and adjacent project lands owned by the Licensee for the purpose of full public utilization of such lands and waters for navigation and for outdoor recreational purposes, including fishing and hunting: Provided, That the Licensee may reserve from public access such portions of the project waters, adjacent lands, and project facilities as may be necessary for the protection of life, health, and property.

Article 19. In the construction, maintenance, or operation of the project, the Licensee shall be responsible for, and shall take reasonable measures to prevent, soil erosion on lands adjacent to streams or other waters, stream sedimentation, and any form of water or air pollution. The Commission, upon request or upon its own motion, may order the Licensee to take such measures as the Commission finds to be necessary for these purposes, after notice and opportunity for hearing.

Article 20. The Licensee shall consult with the appropriate State and Federal agencies and, within one year of the date of issuance of this license, shall submit for Commission approval a plan for clearing the reservoir area. Further, the Licensee shall clear and keep clear to an adequate width lands along open conduits and shall dispose of all temporary structures, unused timber, brush, refuse, or other material unnecessary for the purposes of the project which results from the clearing of lands or from the maintenance or alteration of the project works. In addition, all trees along the periphery of project reservoirs which may die during operations of the project shall be removed. Upon approval of the clearing plan all clearing of the lands and disposal of the unnecessary material shall be done with due diligence and to the satisfaction of the authorized representative of the Commission and in accordance with appropriate Federal, State, and local statutes and regulations.

Article 21. Timber on lands of the United States cut, used, or destroyed in the construction and maintenance of the project works, or in the clearing of said lands, shall be paid for, and the resulting slash and debris disposed of, in accordance with the requirements of the agency of the United States having jurisdiction over said lands. Payment for merchantable timber shall be at current stumpage rates, and payment for young growth timber below merchantable size shall be at current damage appraisal values. However, the agency of the United States having jurisdiction may sell or dispose of the merchantable timber to others than the Licensee: Provided, That timber so sold or disposed of shall be cut and removed from the area prior to, or without undue interference with, clearing operations of the Licensee and in coordination with the Licensee's project construction schedules. Such sale or disposal to others shall not relieve the Licensee of responsibility for the clearing and disposal of all slash and debris from project lands.

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Article 22. The Licensee shall do everything reasonably within its power, and shall require its employees, contractors, and employees of contractors to do everything reasonably within their power, both independently and upon the request of officers of the agency concerned, to prevent, to make advance preparations for suppression of, and to suppress fires on the lands to be occupied or used under the license. The Licensee shall be liable for and shall pay the costs incurred by the United States in suppressing fires caused from the construction, operation, or maintenance of the project works or of the works appurtenant or accessory thereto under the license.

Article 23. The Licensee shall interpose no objection to, and shall in no way prevent, the use by the agency of the United States having jurisdiction over the lands of the United States affected, or by persons or corporations occupying lands of the United States under permit, of water for fire suppression from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license, or the use by said parties of water for sanitary and domestic purposes from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license.

Article 24. The Licensee shall be liable for injury to, or destruction of, any buildings, bridges, roads, trails, lands, or other property of the United States, occasioned by the construction, maintenance, or operation of the project works or of the works appurtenant or accessory thereto under the license. Arrangements to meet such liability, either by compensation for such injury or destruction, or by reconstruction or repair of damaged property, or otherwise, shall be made with the appropriate department or agency of the United States.

Article 25. The Licensee shall allow any agency of the United States, without charge, to construct or permit to be constructed on, through, and across those project lands which are lands of the United States such conduits, chutes, ditches, railroads, roads, trails, telephone and power lines, and other routes or means of transportation and communication as are not inconsistent with the enjoyment

of said lands by the Licensee for the purposes of the license. This license shall not be construed as conferring upon the Licensee any right of use, occupancy, or enjoyment of the lands of the United States other than for the construction, operation, and maintenance of the project as stated in the license.

Article 16. In the construction and maintenance of the project, the location and standards of roads and trails on lands of the United States and other uses of lands of the United States, including the location and condition of quarries, borrow pits, and spoil disposal areas, shall be subject to the approval of the department or agency of the United States having supervision over the lands involved.

Article 17. The Licensee shall make provision, or shall bear the reasonable cost, as determined by the agency of the United States affected, of making provision for avoiding inductive interference between any project transmission line or other project facility constructed, operated, or maintained under the license, and any radio installation, telephone line, or other communication facility installed or constructed before or after construction of such project transmission line or other project facility and owned, operated, or used by such agency of the United States in administering the lands under its jurisdiction.

Article 18. The Licensee shall make use of the Commission's guidelines and other recognized guidelines for treatment of transmission line rights-of-way, and shall clear such portions of transmission line rights-of-way across lands of the United States as are designated by the officer of the United States in charge of the lands; shall keep the areas so designated clear of new growth, all refuse, and inflammable material to the satisfaction of such officer; shall trim all branches of trees in contact with or liable to contact the transmission lines; shall cut and remove all dead or leaning trees which might fall in contact with the transmission lines; and shall take such other precautions against fire as may be required by such officer. No fires for the burning of waste material shall be set except with the prior written consent of the officer of the United States in charge of the lands as to time and place.

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Article 29. The Licensee shall cooperate with the United States in the disposal by the United States, under the Act of July 31, 1947, 61 Stat. 681, as amended (30 U.S.C. sec. 601, et seq.), of mineral and vegetative materials from lands of the United States occupied by the project or any part thereof; Provided, That such disposal has been authorized by the Commission and that it does not unreasonably interfere with the occupancy of such lands by the Licensee for the purposes of the license; Provided further, That in the event of disagreement, any question of unreasonable interference shall be determined by the Commission after notice and opportunity for hearing.

Article 30. If the Licensee shall cause or suffer essential project property to be removed or destroyed or to become unfit for use, without adequate replacement, or shall abandon or discontinue good faith operation of the project or refuse or neglect to comply with the terms of the license and the lawful orders of the Commission mailed to the record address of the Licensee or its agent, the Commission will deem it to be the intent of the Licensee to surrender the license. The Commission, after notice and opportunity for hearing, may require the Licensee to remove any or all structures, equipment and power lines within the project boundary and to take any such other action necessary to restore the project waters, lands, and facilities remaining within the project boundary to a condition satisfactory to the United States agency having jurisdiction over its lands or the Commission's authorized representative, as appropriate, or to provide for the continued operation and maintenance of nonpower facilities and fulfill such other obligations under the license as the Commission may prescribe. In addition, the Commission in its discretion, after notice and opportunity for hearing, may also agree to the surrender of the license when the Commission, for the reasons recited herein, deems it to be the intent of the Licensee to surrender the license.

Article 31. The right of the Licensee and of its successors and assigns to use or occupy waters over which the United States has jurisdiction, or lands of the United States under the license, for the purpose of maintaining the project works or otherwise, shall absolutely cease at the end of the license period, unless the Licensee has obtained a new license pursuant to the then existing laws and regulations, or an annual license under the terms and conditions of this license.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.) Project No. 5089-001

ORDER ISSUING LICENSE (MAJOR)

(Issued September 9, 1983)

Fall River Rural Electric Cooperative, Inc. has filed an application for a license under Part I of the Federal Power Act (Act) to re-construct, operate, and maintain the Felt Project No. 5089. 1/ The project is located on the Teton River near the Town of Teton Ia, Teton County, Idaho, affects the interests of interstate or foreign commerce, and would occupy lands of the United States under the jurisdiction of the Bureau of Reclamation.

Notice of the application has been published and comments have been received from interested federal, state, and local agencies. No protests or petitions to intervene have been received, and none of the agencies objected to issuance of the license. The significant concerns of the commenting agencies are discussed below.

1/ Authority to act on this matter is delegated to the Director, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 18 C.F.R. §375.308 (1983). This order may be appealed to the Commission by any party within 30 days of its issuance pursuant to Rule 1902, 18 C.F.R. 385.1902 (1983). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or any other date specified in this order, except as specifically directed by the Commission.

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History and Description

The original dam, power plant, and appurtenances were constructed in 1921. The facility was expanded in 1946 to include a second powerhouse. A new dam was constructed in 1961. The plant was operated intermittently from 1968 until 1980, when full power production was resumed.

The existing facilities consist of a dam, a reservoir, three intakes, three tunnels, three penstocks, two powerhouses containing an installed capacity of 1870 kW, and miscellaneous appurtenant facilities. Applic proposes to add a fish ladder, a penstock extension, a powerhouse containing two generating units with a total capacity of 6025 kW, a tailrace, and to relocate the transmission line and access road. The existing powerhouses would be removed from service. 2/ A more detailed project description is contained in ordering paragraph (B).

Safety and Adequacy

Staff inspected the project and found it to be well maintained and in good operating condition. The dam was observed to be in sound structural condition.

Failure of the dam, classified as low hazard, would not create additional hazard to downstream life or property. Failure of the dam under flood conditions would not significantly increase the flow downstream. The spillway capacity is adequate.

It is concluded that the project, under the conditions of this license, will be safe and adequate.

Economic Feasibility

The proposed plant would operate run-of-river under a static head of 150 feet with a hydraulic capacity of 680 cfs. Streamflow exceeding 680 cfs occurs approximately 17 percent of the time and would be released over the dam.

A staff analysis shows the project is economically feasible.

2/ The proposed project, with its average annual generation of 31.4 million kWh, will utilize a renewable resource that will save the equivalent of approximately 51,560 barrels of oil or 14,540 tons of coal per year.

Fish, Wildlife and Recreation Resources

The Applicant and Idaho Department of Fish and Game (IDFG) have agreed on conditions to protect and enhance fish, wildlife, and recreational resources. The U.S. Fish and Wildlife Service, the Idaho Conservation League, and the Sierra Club stated that they had no objection to the proposed project provided that the agreement between the Applicant and IDFG is implemented. The Fish, Wildlife, and Botanical Resources Report, "Mitigation" portion, of the Exhibit E will be approved.

To ensure the protection and enhancement of the fishery resource, Article 33 is included to provide for an interim minimum flow. Article 34 is included to require fishery and minimum flow studies. In addition, Article 35 requires the Licensee to consult with the agencies concerning the design of fish passage facilities, to file for Commission approval of functional design drawings, and to file as-built drawings with the Commission.

Pursuant to Section 4(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (P.L. 96-501), the Northwest Power Planning Council ("NPPC") developed in 1982 a fish and wildlife program to protect, mitigate, and enhance fish and wildlife resources in the Pacific Northwest. The proposed project does not appear to conflict with NPPC's fish and wildlife program. Nevertheless, Article 44 reserves to the Commission the authority to order where practicable alterations in project structures and operations in order to take into account NPPC's fish and wildlife program.

Under Article 37 of this license, the Commission reserves the right to require additional recreational development in the future. The Idaho Department of Health and Welfare has issued a water quality certificate for the project, in accordance with Section 401 of the Federal Water Pollution Control Act.

Cultural Resources

The Applicant has consulted with the Idaho State Historic Preservation Officer (SHPO). The SHPO reported that the project would have no effect on significant cultural resources.

In accordance with standard Commission practice, Article 36 of this license also requires cultural resources protection measures in the event of any future construction or development at the project.

Other Aspects of Comprehensive Development

The proposed project is not in conflict with any planned development. It efficiently utilizes the flow and fall of the Teton River and, upon compliance with the terms and conditions of the license, the project would be best adapted to the comprehensive development of the Upper

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Snake River basin for beneficial purposes.

License Term

The project will use an existing dam, reservoir, tunnels and penst. In addition, it will include a new fish ladder, penstock extension and an additional powerhouse containing two new generating units, tailrace and will relocate the transmission line and access road. Licensing the project is considered to be a licensing action simil. to the relicensing of a project where a moderate amount of reconstruction is proposed. Consistent with the Commission policy expressed in Lyndonville Electric Department 3/ this license will expire forty years from the first day of the month in which this order is issued.

The policy under Pacific Power and Light Company 4/ is to issue the license effective as of the date of any unauthorized post 1935 construction. Here the post 1935 construction was an expansi of the project completed by January 1, 1947. Because of the 50 year statutory maximum license period, however, the license will be effective September 1, 1973.

Annual Charges

In accordance with the order issuing a license for the Shoshone Fa Project, 5/ annual charges will be based upon the effective date, but this license will also be conditioned upon payment of an amou equivalent to the annual charges that would otherwise have been du for the period from January 1, 1947, to August 31, 1973. This pay ment is not a penalty, but is intended to place the Applicant as nearly as possible in the same position it would have been in before our change in termination date policy, and the same positio as similarly situated Licensees who received their license before that change in policy.

For projects constructed prior to 1938 and located on U.S. lands without proper Federal permission, Commission policy would be to condition the license upon payment of an amount equivalent to the annual charges that would otherwise have been due since January 1, 1938. The redeveloped Felt Project, however, would be located on recently acquired U.S. lands, under the jurisdiction of the Bureau of Reclamation.

3/ Lyndonville Electric Department 7 FERC ¶61124 (June 29, 1979).

4/ Pacific Power and Light Company, 56 FPC 1808 (1976).

5/ Idaho Power Co., 7 FERC ¶61,258(1979).

Accordingly, the charge for the use of U.S. lands will be made effective September 1, 1981.

Environmental Impacts

The short-term minor adverse impacts associated with the construction period would include: soil erosion and localized increases in suspended sediment loads; increased noise and air pollution; and disruption of wildlife and wildlife habitat. The long-term impacts on the change in streamflow pattern and the fishery resources are adequately mitigated. No federally listed threatened or endangered species would be affected by the proposed action. On the basis of the record, and staff's independent analysis, we conclude that approval of the proposed license would not constitute a major Federal action significantly affecting the quality of the human environment.

It is ordered that:

(A) This license is issued to Fall River Rural Electric Cooperative, Inc. (Licensee), of Ashton, Idaho, under Part I of the Federal Power Act (Act), for a period effective September 1, 1973 and terminating 40 years from the first day of the month in which this order is issued, for reconstruction, operation, and maintenance of the Felt Project No. 5089, located in Teton County, Idaho, on the Teton River, and occupying lands of the United States under the jurisdiction of the Bureau of Reclamation and affecting the interests of interstate or foreign commerce. This license is subject to the terms and conditions of the Act, which is incorporated by reference as part of this license, and subject to the regulations the Commission issues under the provisions of the Act.

(B) The Felt Project No. 5089 consists of:

(1) All lands, to the extent of the Licensee's interests in those lands, constituting the project area and enclosed by the project boundary. The project area and boundary are shown and described by certain exhibits that form part of the appliction for license and that are designated and described as:

Exhibit	FERC No.	Showing
A-1	5089-1	Lands of the United States
G-1	5089-9	Project Map

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(2) Project works consisting of:

(a) a 12-foot-high 115-foot long dam having a 90-foot long spillway section with crest elevation 5,510 feet m.s.l. and having a sluiceway and a fish ladder; (b) a reservoir having a surface area of 10 acres and a storage capacity of 40 acre-feet; (c) three intake structures along the reservoir right bank; (d) inoperative flowline no. 1 consisting of a 170-foot-long tunnel; (e) flowline no. 2 consisting of a 215-foot-long tunnel and a 395-foot-long 59-inch-diameter steel penstock; (f) flowline no. 3 consisting of a 180-foot-long tunnel and a 405-foot-long 59-inch-diameter steel penstock; (g) an 8-foot-diameter 1,200-foot-long steel penstock extending from the 59-inch-diameter penstocks to a powerhouse; (h) a powerhouse containing two generating units having a total rated capacity of 6,025 kW at a net head of 123 feet and hydraulic capacity of 680 cfs; (i) the 4.16-kV generator leads and a 3-phase 4.16/46-kV, 75 MVA transformer; (j) a 1,600-foot-long 46-kV transmission line; (k) the facilities necessary to connect to the Licensee's system at the Badger Substation; (l) a 170-foot-long excavated tailrace with water surface elevation 5380.0 feet m.s.l.; (m) an access road; (n) a public-parking area; and (o) appurtenant facilities.

The location, nature, and character of these project works are generally shown and described by the exhibits cited above and more specifically shown and described by certain other exhibits and reports that also form a part of the application for license and that are designated and described as:

Drawing No.	FERC No.	Showing
F-1	5089-5	Project Layout
F-2	5089-6	Profile and Typical Section
F-3	5089-7	Powerplant Plans and Sectio
F-4	5089-8	Boring Locations and Logs

Exhibit A - The Section, filed February 22, 1982, entitled "Structure and Equipment", consisting of two typewritten pages of text, pages A-5 to A-7, and:

Drawing No.	FERC No.	Showing
A-4	5089-2	Facilities Profiles
A-5	5089-3	Felt Dam

Exhibit E - The Section, filed February 22, 1982, as revised on June 1, 1982, entitled "Mitigation", consisting of five typewritten pages of text, pages E-21 to E-25.

(3) All of the structures, fixtures, equipment, or facilities used or useful in the operation or maintenance of the project and located within the project boundary, all portable property that may be employed in connection with the project, located within or outside the project boundary, as approved by the Commission, and all riparian or other rights that are necessary or appropriate in the operation or maintenance of the project.

(C) Exhibits F and G, and the portions of Exhibits A and E designated in ordering paragraph (B) above, are approved and made a part of the license.

(D) This license is also subject to the terms and conditions set forth in Form L-2 (revised October 1975), entitled "Terms and Conditions of License for Unconstructed Major Project Affecting Lands of the United States", attached to and made a part of this license, except insofar as Standard Article 20 relates to a plan for clearing the reservoir area. The license is also subject to the following additional articles:

Article 33. Licensee shall discharge an interim continuous minimum flow of 20 cubic feet per second (cfs) except for 3 months each year, during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs or the inflow of the reservoir, whichever is less, for the purpose of protecting fish and wildlife resources. The 3-month spawning migration period shall be determined through consultation with the Idaho Department of Fish and Game. These flows may be temporarily modified if required by operating emergencies beyond the control of the Licensee, for fishery and minimum flow studies required by Article 34, and for short periods for fishery management purposes upon mutual agreement between the Licensee and the Idaho Department of Fish and Game.

Article 34. Licensee shall consult and cooperate with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service in conducting studies to determine the period of cutthroat trout spawning migration, and the minimum flow release needed at the Felt Project to ensure protection and enhancement of fishery and wildlife resources. Further, licensee shall, within 2 years from the date of issuance of this license, file a report of its findings and, for Commission approval, recommendations for a minimum flow release from the project, together with any agency comments on the report and recommendations. At the same time, copies of the filings shall be served upon the Agencies consulted.

Article 35. Licensee shall, within 2 years following issuance of this license, file for Commission approval functional design drawings of the proposed fish passage facilities at the Felt Projec prepared in consultation with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service. Agency letters of comment on the design drawings shall be included in this filing. Further, Licensee shall file as-built drawings with the Commission within 6 months after completion of construction of the fish passage facilit

Article 36. Prior to the commencement of any future construct or development of any project works or other facilities at the project, the Licensee shall consult and cooperate with the Idaho State Historic Preservation Officer (SHPO) to determine the need fo and extent of, any archeological or historic resource surveys and any mitigative measures that may be necessary. The Licensee shall provide funds in a reasonable amount for any such activity. If any previously unrecorded archeological or historical sites are discove during the course of construction, construction activity in the vic ity shall be halted, a qualified archeologist shall be consulted to determine the significance of the sites, and the Licensee shall con with the SHPO to develop a mitigation plan for the protection of significant archeological or historic resources. If the Licensee a the SHPO cannot agree on the amount of money to be expended on archeological or historic work related to the project, the Commissi reserves the right to require the Licensee to conduct, at its own expense, any such work found necessary.

Article 37. Licensee shall commence construction of the proposed project within 1 year of the effective date of issuance of the license and shall complete construction within 3 years from the effective date of this license.

Article 38. Licensee shall file with the Commission's Regional Engineer and the Director, Office of Electric Power Regulation, one copy each of the final contract drawings and specifications for pertinent features of the project, such as water retention structur powerhouses, and water conveyance structures, at least 60 days prio to start of construction. The Director, Office of Electric Power Regulation may require changes in the plans and specifications to assure a safe and adequate project.

Article 39. The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to the start of construction and shall ensure that construction of cofferd and deep excavations are consistent with the approved design. At least 30 days prior to start of construction of the cofferdam the Licensee shall file with the Commission's Regional Engineer and Director, Office of Electric Power Regulation, one copy of the appr cofferdam construction drawings and specifications and a copy of the letter(s) of approval.

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Article 40. The Licensee shall within 90 days of completion of construction file for approval of the Director, Office of Electric Power Regulation revised Exhibit F drawings showing the project as-built.

Article 41. Pursuant to Section 10(d) of the Act, after the first 20 years of operation of the project under license, a specified reasonable rate of return upon the net investment in the project shall be used for determining surplus earnings of the project for the establishment and maintenance of amortization reserves. One half of the project surplus earnings, if any, accumulated after the first 20 years of operation under the license, in excess of the specified rate of return per annum on the net investment, shall be set aside in a project amortization reserve account at the end of each fiscal year. To the extent that there is a deficiency of project earnings below the specified rate of return per annum for any fiscal year after the first 20 years of operation under the license, the amount of that deficiency shall be deducted from the amount of any surplus earnings subsequently accumulated, until absorbed. One-half of the remaining surplus earnings, if any, cumulatively computed, shall be set aside in the project amortization reserve account. The amounts established in the project amortization reserve account shall be maintained until further order of the Commission. The annual specified reasonable rate of return shall be the sum of the annual weighted costs of long-term debt, preferred stock, and common equity, as defined below. The annual weighted cost for each component of the reasonable rate of return is the product of its capital ratio and cost rate. The annual capital ratio for each component of the rate of return shall be calculated based on an average of 13 monthly balances of amounts properly includable in the Licensee's long-term debt and proprietary capital accounts as listed in the Commission's Uniform System of Accounts. The cost rates for long-term debt and preferred stock shall be their respective weighted average costs for the year, and the cost of common equity shall be the interest rate on 10-year government bonds (reported as the Treasury Department's 10 year constant maturity series) computed on the monthly average for the year in question plus four percentage points (400 basis points).

Article 42. (1) The Licensee shall pay the United States an amount equal to the annual charge that would have applied for the period January 1, 1947, to August 31, 1973, if the project had been licensed during that period:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Federal Power Act, a reasonable annual charge as determined by the Commission in accordance with provisions of its regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(2) The Licensee shall pay the United States the following annual charge for the period September 1, 1973, the effective date of this license, to August 31, 1983:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(3) The Licensee shall pay the United States the following annual charges, effective September 1, 1983:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 8,030 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy, and enjoyment of 50.2 acres of its lands, a reasonable amount in accordance with the provisions of the Commission's regulations in effect from time to time.

Article 43. (a) In accordance with the provisions of this article, the Licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain other types of use and occupancy, without prior Commission approval. The Licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the Licensee shall also have continuing responsibility to supervise and control the uses and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the Licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the Licensee shall take any lawful action

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necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, cancelling the permission to use and occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The types of use and occupancy of project lands and waters for which the Licensee may grant permission without prior Commission approval are: (1) landscape plantings; (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time where said facility is intended to serve single-family type dwellings; and (3) embankments, bulkheads, retaining walls, or similar structures for erosion control to protect the existing shoreline. To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the Licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The Licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the uses and occupancies for which it grants permission are maintained in good repair and comply with applicable State and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the Licensee shall: (1) inspect the site of the proposed construction, (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site, and (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline. To implement this paragraph (b), the Licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the Licensee's costs of administering the permit program. The Commission reserves the right to require the Licensee to file a description of its standards, guidelines, and procedures for implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The Licensee may convey easements or rights-of-way across, or leases of, project lands for: (1) replacement, expansion, realignment, or maintenance of bridges and roads for which all necessary State and Federal approvals have been obtained; (2) storm drains and water mains; (3) sewers that do not discharge into project waters; (4) minor access roads; (5) telephone, gas, and electric utility distribution lines; (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary; (7) submarine, overhead, or

underground major telephone distribution cables or major electric distribution lines (69-kV or less); and (8) water intake or pumping facilities that do not extract more than one million gallons per day from a project reservoir. No later than January 31 of each year, the Licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The Licensee may convey fee titles to, easements or rights-of-way across, or leases of project lands for: (1) construction of new bridges or roads for which all necessary State and Federal approvals have been obtained; (2) sewer or effluent lines that discharge into project waters, for which all necessary Federal and State water quality certificates or permits have been obtained; (3) other pipelines that cross project lands or waters but do not discharge into project waters; (4) non-project overhead electric transmission lines that require erection of support structures within the project boundary, for which all necessary Federal and State approvals have been obtained; (5) private or public marinas that can accommodate no more than 10 watercraft at a time and are located at least one-half mile from any other private or public marina; (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from the edge of the project reservoir at normal maximum surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year. At least 45 days before conveying any interest in project lands under this paragraph (d), the Licensee must file a letter to the Director, Office of Electric Power Regulation, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked Exhibit G or K map may be used), the nature of the proposed use, the identity of any Federal or State agency official consulted, and any Federal or State approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the Licensee to file an application for prior approval, the Licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraphs (c) or (d) of this article:

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(1) Before conveying the interest, the Licensee shall consult with Federal and State fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the Licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved Exhibit R or approved report on recreational resources of an Exhibit E; or, if the project does not have an approved Exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include covenants running with the land adequate to ensure that: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; and (ii) the grantee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(E) The conveyance of an interest in project lands under this article does not in itself change the project boundaries. The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised Exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised Exhibit G or K drawings would be filed for approval for other purposes.

Article 44. The Commission reserves the authority to order, upon its own motion or upon the recommendation of federal or state fish and wildlife agencies or affected Indian Tribes, alterations of project structures and operations to take into account to the fullest extent practicable at each relevant stage of the decision making processes, the regional fish and wildlife program developed and amended pursuant to the Pacific Northwest Electric Power Planning and Conservation Act.

(E) Within 90 days from the date of acceptance of this license, the Licensee shall file a statement under oath showing the gross amount of power generation for the project in kilowatt-hours for each calendar year commencing January 1, 1947, in accordance with the provisions of Section 11.20(a)(4) of the Commission's regulations.

(F) The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgment of acceptance of this order and its terms and conditions, it shall be signed by the License and returned to the Commission within 60 days from the date this order is issued.

Robert E. Cachuela

for Lawrence R. Anderson
Director, Office of Electric
Power Regulation

Project No. 5089-001

IN TESTIMONY OF ITS acknowledgment of acceptance of all of the terms and conditions of this order, Fall River Rural Electric Cooperative, Inc. this _____ day of _____ 19__, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19__, a certified copy of the record of which is attached hereto.

By _____ President

Attest:

_____ Secretary

(Recorder's signature, if any)

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Form L-2
(Revised October, 1975)

FEDERAL ENERGY REGULATORY COMMISSION

TERMS AND CONDITIONS OF LICENSE FOR
UNCONSTRUCTED MAJOR PROJECT
AFFECTING LANDS OF THE UNITED STATES

Article 1. The entire project, as described in this order of the Commission, shall be subject to all of the provisions, terms, and conditions of the license.

Article 2. No substantial change shall be made in the maps, plans, specifications, and statements described and designated as exhibits and approved by the Commission in its order as a part of the license until such change shall have been approved by the Commission: Provided, however, That if the Licensee or the Commission deems it necessary or desirable that said approved exhibits, or any of them, be changed, there shall be submitted to the Commission for approval a revised, or additional exhibit or exhibits covering the proposed changes which, upon approval by the Commission, shall become a part of the license and shall supersede, in whole or in part, such exhibit or exhibits theretofore made a part of the license as may be specified by the Commission.

Article 3. The project works shall be constructed in substantial conformity with the approved exhibits referred to in Article 2 herein or as changed in accordance with the provisions of said article. Except when emergency shall require for the protection of navigation, life, health, or property, there shall not be made without prior approval of the Commission any substantial alteration or addition not in conformity with the approved plans to any dam or other project works under the license or any substantial use of project lands and waters not authorized herein; and any emergency alteration, addition, or use so made shall thereafter be subject to such modification and change as the Commission may direct. Minor changes in project works, or in uses of project lands and waters, or divergence from such approved exhibits may be made if such changes will not result in a decrease in efficiency, in a material increase in cost, in an adverse environmental impact, or in impairment of the general scheme of development; but any of such minor changes made without the prior approval of the Commission, which in its judgment have produced or will produce any of such results, shall be subject to such alteration as the Commission may direct.

Upon the completion of the project, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised exhibits insofar as necessary to show any divergence from or variations in the project area and project boundary as finally located or in the project works as actually constructed when compared with the area and boundary shown and the works described in the license or in the exhibits approved by the Commission, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variation in or divergence from the approved exhibits. Such revised exhibits shall, if and when approved by the Commission, be made a part of the license under the provisions of Article 2 hereof.

Article 4. The construction, operation, and maintenance of the project and any work incidental to additions or alterations shall be subject to the inspection and supervision of the Regional Engineer, Federal Power Commission, in the region wherein the project is located, or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall cooperate fully with said representative and shall furnish him a detailed program of inspection by the Licensee that will provide for an adequate and qualified inspection force for construction of the project and for any subsequent alterations to the project. Construction of the project works or any feature or alteration thereof shall not be initiated until the program of inspection for the project works or any such feature thereof has been approved by said representative. The Licensee shall also furnish to said representative such further information as he may require concerning the construction, operation, and maintenance of the project, and of any alteration thereof, and shall notify him of the date upon which work will begin, as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of work for a period of more than one week, and of its resumption and completion. The Licensee shall allow said representative and other officers or employees of the United States, showing proper credentials, free and unrestricted access to, through, and across the project lands and project works in the performance of their official duties. The Licensee shall comply with such rules and regulations of general or special applicability as the Commission may prescribe from time to time for the protection of life, health, or property.

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Article 5. The Licensee, within five years from the date of issuance of the license, shall acquire title in fee or the right to use in perpetuity all lands, other than lands of the United States, necessary or appropriate for the construction, maintenance, and operation of the project. The Licensee or its successors and assigns shall, during the period of the license, retain the possession of all project property covered by the license as issued or as later amended, including the project area, the project works, and all franchises, easements, water rights, and rights of occupancy and use; and none of such properties shall be voluntarily sold, leased, transferred, abandoned, or otherwise disposed of without the prior written approval of the Commission, except that the Licensee may lease or otherwise dispose of interests in project lands or property without specific written approval of the Commission pursuant to the then current regulations of the Commission. The provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear; and mortgage or trust deeds or judicial sales made thereunder, or tax sales, shall not be deemed voluntary transfers within the meaning of this article.

Article 6. In the event the project is taken over by the United States upon the termination of the license as provided in Section 14 of the Federal Power Act, or is transferred to a new licensee or to a non-power licensee under the provisions of Section 15 of said Act, the Licensee, its successors and assigns shall be responsible for, and shall make good any defect of title to, or of right of occupancy and use in, any of such project property that is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and shall pay and discharge, or shall assume responsibility for payment and discharge of, all liens or encumbrances upon the project or project property created by the Licensee or created or incurred after the issuance of the license: Provided, That the provisions of this article are not intended to require the Licensee, for the purpose of transferring the project to the United States or to a new licensee, to acquire any different title to, or right of occupancy and use in, any of such project property than was necessary to acquire for its own purposes as the Licensee.

Article 7. The actual legitimate original cost of the project, and of any addition thereto or betterment thereof, shall be determined by the Commission in accordance with the Federal Power Act and the Commission's Rules and Regulations thereunder.

Article 8. The Licensee shall install and thereafter maintain gages and stream-gaging stations for the purpose of determining the stage and flow of the stream or streams on which the project is located, the amount of water held in and withdrawn from storage, and the effective head on the turbines; shall provide for the required reading of such gages and for the adequate rating of such stations; and shall install and maintain standard meters adequate for the determination of the amount of electric energy generated by the project works. The number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, shall at all times be satisfactory to the Commission or its authorized representative. The Commission reserves the right, after notice and opportunity for hearing, to require such alterations in the number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, as are necessary to secure adequate determinations. The installation of gages, the rating of said stream or streams, and the determination of the flow thereof, shall be under the supervision of, or in cooperation with, the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region of the project, and the Licensee shall advance to the United States 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 Licensee shall keep accurate and sufficient records of the foregoing determinations to the satisfaction of the Commission, and shall make return of such records annually at such time and in such form as the Commission may prescribe.

Article 9. The Licensee shall, after notice and opportunity for hearing, install additional capacity or make other changes in the project as directed by the Commission, to the extent that it is economically sound and in the public interest to do so.

Article 10. The Licensee shall, after notice and opportunity for hearing, coordinate the operation of the project, electrically and hydraulically, with such other projects or power systems and in such manner as the Commission may direct in the interest of power and other beneficial public uses of water resources, and on such conditions concerning the equitable sharing of benefits by the Licensee as the Commission may order.

Article 11. Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or the United States on a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of the headwater improvement for such part of the annual charges for interest, maintenance, and depreciation thereof as the Commission shall determine to be equitable, and shall pay to the United States the cost of making such determination as fixed by the Commission. For benefits provided by a storage reservoir or other headwater improvement of the United States, the Licensee shall pay to the Commission the amounts for which it is billed from time to time for such headwater benefits and for the cost of making the determinations pursuant to the then current regulations of the Commission under the Federal Power Act.

Article 12. The operations of the Licensee, so far as they affect the use, storage and discharge from storage of waters affected by the license, shall at all times be controlled by such reasonable rules and regulations as the Commission may prescribe for the protection of life, health, and property, and in the interest of the fullest practicable conservation and utilization of such waters for power purposes and for other beneficial public uses, including recreational purposes, and the Licensee shall release water from the project reservoir at such rate in cubic feet per second, or such volume in acre-feet per specified period of time, as the Commission may prescribe for the purposes hereinbefore mentioned.

Article 13. On the application of any person, association, corporation, Federal agency, State or municipality, the Licensee shall permit such reasonable use of its reservoir or other project properties, including works, lands and water rights, or parts thereof, as may be ordered by the Commission, after notice and opportunity

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for hearing, in the interests of comprehensive development of the waterway or waterways involved and the conservation and utilization of the water resources of the region for water supply or for the purposes of steam-electric, irrigation, industrial, municipal or similar uses. The Licensee shall receive reasonable compensation for use of its reservoir or other project properties or parts thereof for such purposes, to include at least full reimbursement for any damages or expenses which the joint use causes the Licensee to incur. Any such compensation shall be fixed by the Commission either by approval of an agreement between the Licensee and the party or parties benefiting or after notice and opportunity for hearing. Applications shall contain information in sufficient detail to afford a full understanding of the proposed use, including satisfactory evidence that the applicant possesses necessary water rights pursuant to applicable State law, or a showing of cause why such evidence cannot concurrently be submitted, and a statement as to the relationship of the proposed use to any State or municipal plans or orders which may have been adopted with respect to the use of such waters.

Article 14. In the construction or maintenance of the project works, the Licensee shall place and maintain suitable structures and devices to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines constructed prior to its transmission lines and not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling or obstructing traffic or endangering life. None of the provisions of this article are intended to relieve the Licensee from any responsibility or requirement which may be imposed by any other lawful authority for avoiding or eliminating inductive interference.

Article 15. The Licensee shall, for the conservation and development of fish and wildlife resources, construct, maintain, and operate, or arrange for the construction, maintenance, and operation of such reasonable facilities, and comply with such reasonable modifications of the project structures and operation, as may be ordered by the Commission upon its own motion or upon the recommendation of the Secretary of the Interior or the fish and wildlife agency or agencies of any State in which the project or any part thereof is located, after notice and opportunity for hearing.

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Article 16. Whenever the United States shall desire, in connection with the project, to construct fish and wildlife facilities or to improve the existing fish and wildlife facilities at its own expense, the Licensee shall permit the United States or its designated agency to use, free of cost, such of the Licensee's lands and interests in lands, reservoirs, waterways and project works as may be reasonably required to complete such facilities or such improvements thereof. In addition, after notice and opportunity for hearing, the Licensee shall modify the project operation as may be reasonably prescribed by the Commission in order to permit the maintenance and operation of the fish and wildlife facilities constructed or improved by the United States under the provisions of this article. This article shall not be interpreted to place any obligation on the United States to construct or improve fish and wildlife facilities or to relieve the Licensee of any obligation under this license.

Article 17. The Licensee shall construct, maintain, and operate, or shall arrange for the construction, maintenance, and operation of such reasonable recreational facilities, including modifications thereto, such as access roads, wharves, launching ramps, beaches, picnic and camping areas, sanitary facilities, and utilities, giving consideration to the needs of the physically handicapped, and shall comply with such reasonable modifications of the project, as may be prescribed hereafter by the Commission during the term of this license upon its own motion or upon the recommendation of the Secretary of the Interior or other interested Federal or State agencies, after notice and opportunity for hearing.

Article 18. So far as is consistent with proper operation of the project, the Licensee shall allow the public free access, to a reasonable extent, to project waters and adjacent project lands owned by the Licensee for the purpose of full public utilization of such lands and waters for navigation and for outdoor recreational purposes, including fishing and hunting: Provided, That the Licensee may reserve from public access such portions of the project waters, adjacent lands, and project facilities as may be necessary for the protection of life, health, and property.

Article 19. In the construction, maintenance, or operation of the project, the Licensee shall be responsible for, and shall take reasonable measures to prevent, soil erosion on lands adjacent to streams or other waters, stream sedimentation, and any form of water or air pollution. The Commission, upon request or upon its own motion, may order the Licensee to take such measures as the Commission finds to be necessary for these purposes, after notice and opportunity for hearing.

Article 20. The Licensee shall consult with the appropriate State and Federal agencies and, within one year of the date of issuance of this license, shall submit for Commission approval a plan for clearing the reservoir area. Further, the Licensee shall clear and keep clear to an adequate width lands along open conduits and shall dispose of all temporary structures, unused timber, brush, refuse, or other material unnecessary for the purposes of the project which results from the clearing of lands or from the maintenance or alteration of the project works. In addition, all trees along the periphery of project reservoirs which may die during operations of the project shall be removed. Upon approval of the clearing plan all clearing of the lands and disposal of the unnecessary material shall be done with due diligence and to the satisfaction of the authorized representative of the Commission and in accordance with appropriate Federal, State, and local statutes and regulations.

Article 21. Timber on lands of the United States cut, used, or destroyed in the construction and maintenance of the project works, or in the clearing of said lands, shall be paid for, and the resulting slash and debris disposed of, in accordance with the requirements of the agency of the United States having jurisdiction over said lands. Payment for merchantable timber shall be at current stumpage rates, and payment for young growth timber below merchantable size shall be at current damage appraisal values. However, the agency of the United States having jurisdiction may sell or dispose of the merchantable timber to others than the Licensee: Provided, That timber so sold or disposed of shall be cut and removed from the area prior to, or without undue interference with, clearing operations of the Licensee and in coordination with the Licensee's project construction schedules. Such sale or disposal to others shall not relieve the Licensee of responsibility for the clearing and disposal of all slash and debris from project lands.

Article 22. The Licensee shall do everything reasonably within its power, and shall require its employees, contractors, and employees of contractors to do everything reasonably within their power, both independently and upon the request of officers of the agency concerned, to prevent, to make advance preparations for suppression of, and to suppress fires on the lands to be occupied or used under the license. The Licensee shall be liable for and shall pay the costs incurred by the United States in suppressing fires caused from the construction, operation, or maintenance of the project works or of the works appurtenant or accessory thereto under the license.

Article 23. The Licensee shall interpose no objection to, and shall in no way prevent, the use by the agency of the United States having jurisdiction over the lands of the United States affected, or by persons or corporations occupying lands of the United States under permit, of water for fire suppression from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license, or the use by said parties of water for sanitary and domestic purposes from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license.

Article 24. The Licensee shall be liable for injury to, or destruction of, any buildings, bridges, roads, trails, lands, or other property of the United States, occasioned by the construction, maintenance, or operation of the project works or of the works appurtenant or accessory thereto under the license. Arrangements to meet such liability, either by compensation for such injury or destruction, or by reconstruction or repair of damaged property, or otherwise, shall be made with the appropriate department or agency of the United States.

Article 25. The Licensee shall allow any agency of the United States, without charge, to construct or permit to be constructed on, through, and across those project lands which are lands of the United States such conduits, chutes, ditches, railroads, roads, trails, telephone and power lines, and other routes or means of transportation and communication as are not inconsistent with the enjoyment

of said lands by the Licensee for the purposes of the license. This license shall not be construed as conferring upon the Licensee any right of use, occupancy, or enjoyment of the lands of the United States other than for the construction, operation, and maintenance of the project as stated in the license.

Article 16. In the construction and maintenance of the project, the location and standards of roads and trails on lands of the United States and other uses of lands of the United States, including the location and condition of quarries, borrow pits, and spoil disposal areas, shall be subject to the approval of the department or agency of the United States having supervision over the lands involved.

Article 17. The Licensee shall make provision, or shall bear the reasonable cost, as determined by the agency of the United States affected, of making provision for avoiding inductive interference between any project transmission line or other project facility constructed, operated, or maintained under the license, and any radio installation, telephone line, or other communication facility installed or constructed before or after construction of such project transmission line or other project facility and owned, operated, or used by such agency of the United States in administering the lands under its jurisdiction.

Article 18. The Licensee shall make use of the Commission's guidelines and other recognized guidelines for treatment of transmission line rights-of-way, and shall clear such portions of transmission line rights-of-way across lands of the United States as are designated by the officer of the United States in charge of the lands; shall keep the areas so designated clear of new growth, all refuse, and inflammable material to the satisfaction of such officer; shall trim all branches of trees in contact with or liable to contact the transmission lines; shall cut and remove all dead or leaning trees which might fall in contact with the transmission lines; and shall take such other precautions against fire as may be required by such officer. No fires for the burning of waste material shall be set except with the prior written consent of the officer of the United States in charge of the lands as to time and place.

Article 19. The Licensee shall cooperate with the United States in the disposal by the United States, under the Act of July 31, 1947, 61 Stat. 681, as amended (30 U.S.C. sec. 601, et seq.), of mineral and vegetative materials from lands of the United States occupied by the project or any part thereof: Provided, That such disposal has been authorized by the Commission and that it does not unreasonably interfere with the occupancy of such lands by the Licensee for the purposes of the license: Provided further, That in the event of disagreement, any question of unreasonable interference shall be determined by the Commission after notice and opportunity for hearing.

Article 20. If the Licensee shall cause or suffer essential project property to be removed or destroyed or to become unfit for use, without adequate replacement, or shall abandon or discontinue good faith operation of the project or refuse or neglect to comply with the terms of the license and the lawful orders of the Commission mailed to the record address of the Licensee or its agent, the Commission will deem it to be the intent of the Licensee to surrender the license. The Commission, after notice and opportunity for hearing, may require the Licensee to remove any or all structures, equipment and power lines within the project boundary and to take any such other action necessary to restore the project waters, lands, and facilities remaining within the project boundary to a condition satisfactory to the United States agency having jurisdiction over its lands or the Commission's authorized representative, as appropriate, or to provide for the continued operation and maintenance of nonpower facilities and fulfill such other obligations under the license as the Commission may prescribe. In addition, the Commission in its discretion, after notice and opportunity for hearing, may also agree to the surrender of the license when the Commission, for the reasons recited herein, deems it to be the intent of the Licensee to surrender the license.

Article 21. The right of the Licensee and of its successors and assigns to use or occupy waters over which the United States has jurisdiction, or lands of the United States under the license, for the purpose of maintaining the project works or otherwise, shall absolutely cease at the end of the license period, unless the Licensee has obtained a new license pursuant to the then existing laws and regulations, or an annual license under the terms and conditions of this license.

MORTGAGE TRUST INDENTURE AND SECURITY AGREEMENT

By and Among

BONNEVILLE PACIFIC CORPORATION ("Bonneville")
CDM HYDROELECTRIC COMPANY ("CDM")
HYDRO VALLEY DEVELOPMENT, INC. ("Hydro Valley")
("Borrower")

and

FIRST INTERSTATE BANK OF IDAHO, N.A.
("Trustee")

and

FIRST INTERSTATE BANK OF UTAH, N.A.
("Beneficiary")

DATED AS OF JULY 1, 1985

RECORDED
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MORTGAGE TRUST INDENTURE

AND

SECURITY AGREEMENT

This Mortgage Trust Indenture and Security Agreement (the "Agreement"), made and entered into as of this _____ day of _____, 1985, by and among, BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho ("Bonneville"), CDM HYDROELECTRIC COMPANY, a Colorado limited partnership ("CDM"), and HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation qualified to do business in Idaho ("Hydro Valley") (herein sometimes referred to collectively as "Borrower"), FIRST INTERSTATE BANK OF IDAHO, N.A., a national banking association authorized to do business in the State of Idaho (herein "Trustee"), and FIRST INTERSTATE BANK OF UTAH, N.A., a national banking association (herein "Beneficiary").

W I T N E S S E T H :

WHEREAS, Borrower and Beneficiary have entered into a Construction Loan Agreement (herein "Loan Agreement"), Floating Rate Promissory Note (herein "Note"), and Real Estate Mortgage on Leasehold and Easement Interests (herein "Mortgage"), all of even date herewith, whereunder Beneficiary has agreed to lend to Borrower the original principal amount of $7,200,000.00 with interest thereon payable at the times set forth in the Loan Agreement and the Note; and

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WHEREAS, as additional collateral for the Note, the Loan Agreement requires Borrower to grant, assign and convey to Trustee in Trust with the power of sale, a security interest in and to all of Borrowers right, title and interest in the following:

a. That certain Lease and Assignment Agreement between Bonneville and Fall River Rural Electrical Cooperative, Inc. ("Fall River"), dated December 18, 1984, attached hereto as Exhibit "A-1".

b. That certain Purchase and Lease Agreement between Bonneville and CDM dated June ____, 1985, a copy of which is attached hereto as Exhibit "A-2".

c. All of Hydro Valley's rights as lessee of those certain water rights and permits described in Exhibit "B" attached hereto, which are being leased to Hydro Valley under the Partial Assignment of Lease and Assignment Agreement attached hereto as Exhibit "A-3".

d. That certain construction Agreement between Bonneville and Water Power Company (the "Construction Contract") dated November 5, 1984, a copy of which is attached hereto as Exhibit "C".

e. All of Hydro Valley's rights as co-licensee under that certain Order Issuing License (Major), as amended, originally issued September 9, 1983, and amended _____, issued _____, Project Number 5089-001 by

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the Office of Electric Power Regulation, Federal Energy Regulatory Commission, copies of which are attached hereto as Exhibit "D".

f. That certain Power Purchase Agreement, dated December 4, 1984 between Bonneville and Utah Power and Light Company, attached hereto as Exhibit "E".

g. That certain Easement, dated _____, 1985, between Fall River and United States Department of the Interior, Bureau of Reclamation, attached hereto as Exhibit "F", which is being leased to Bonneville pursuant to the Lease and Assignment Agreement attached hereto as Exhibit "A-1" and subleased to CDM pursuant to the Purchase and Lease Agreement attached hereto as Exhibit "A-2".

h. The Facility and Improvements, as those terms are defined in the Loan Agreement, and all other personal property or personal property rights, equipment, warranties, contract rights, management contracts, accounts receivable, fixtures, easements and appurtenances now located on, or to be located on or related to that certain real property described in Exhibit "G" attached hereto, which personal property fixtures and appurtenances are described in Exhibit "H" attached hereto.

i. All insurance proceeds and premiums.

All of the foregoing are hereinafter referred to as the "Collateral."

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WHEREAS, Borrower desires hereby to grant, convey and assign to Trustee a security interest in the Collateral, and Trustee desires to accept the same, all in accordance with the terms of this Agreement and the Loan Agreement.

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

1. Borrower hereby grants, conveys, and assigns to Trustee in trust, with powers of sale, a security interest in and to all of Borrower's right, title and interest in the Collateral, together with all rights, easements, rents, profits, issues, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, to have and to hold the same as additional security for Borrower's performance under the Loan Agreement and Note.

2. For so long as Borrower is not in default under the Loan Agreement or Note, Borrower shall have the right to use the Collateral in connection with a hydroelectric project known as the Felt Dam Hydroelectric Project, to be constructed, operated and maintained by Borrower upon certain real property located in Teton County, State of Idaho, more particularly described in Exhibit "G" attached hereto and by this reference made a part hereof.

3. Trustee shall have the right to notify any party other than Borrower obligated on the Collateral to make any required payments thereunder directly to Trustee, and Trustee

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may take control of all proceeds arising from the Collateral, which rights Trustee may exercise any time whether or not Borrower is then in default under the Note or the Loan Agreement. Trustee's costs of collection and enforcement, including attorney's fees and out-of-pocket expenses shall be borne solely by Borrower.

4. All payments received by Trustee pursuant to this Agreement shall be applied when the funds are available against the principal or interest of the Note, the order and method of such application to be in the discretion of Trustee and Beneficiary. Any portion of the payment which Trustee or Beneficiary elect not to so apply shall be paid over to Borrower.

5. Borrower will at all times keep accurate and complete records of Borrower's performance under the Collateral and Trustee, or any of its agents, shall have the right to call at the Borrower's place of business or where the Collateral is located at intervals to be determined by Trustee, and without hindrance or delay, to inspect, audit, check and make extracts from the books, records, journals, orders, receipts, correspondence, and other data relating to the Collateral.

6. Borrower warrants that there are no financing statements on file in any public office covering the Collateral or any of the proceeds thereof and so long as Borrower is indebted pursuant to the Note, or credit thereunder is available to Borrower, Borrower will not execute a financing statement or security agreement covering the Collateral or the

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proceeds thereof with anyone other than Trustee without first obtaining the written consent of Trustee and Beneficiary, which consent shall not be unreasonably withheld. Borrower agrees to sign and deliver one or more financing statements or supplements thereto or other instruments as Trustee may from time to time require to comply with the Idaho Uniform Commercial Code or other applicable law to preserve, protect, and enforce the security interest of Trustee and to pay all costs of filing such statements or instruments.

7. Borrower shall perform all acts required of it by said portion of the Collateral which requires performance by it.

8. Borrower shall: keep in effect all licenses, permits and franchises required by law or contract relating to Borrower's business, property or to the Collateral; be responsible for any loss or damage to the Collateral; at all times warrant and defend Borrower's ownership and possession of the Collateral; keep the Collateral free from any liens, encumbrances and security interests other than those consented to in writing by Bank; pay when due all taxes, license fees and other charges upon the Collateral; not misuse, conceal, or in any way use or dispose of the Collateral or any of the proceeds thereof without the prior written consent of Trustee and Beneficiary; or take any action which is unlawful or contrary to the provisions of this Agreement or of any insurance coverage.

9. If Borrower fails to make any payments or perform any acts required by this Agreement, or which Trustee deems

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advisable to preserve the Collateral or any part thereof or the priority or perfection of Trustee's security interest, Trustee may advance funds for the same and such advances shall be one of the obligations secured hereby and shall be immediately payable with a finance charge thereon at the rate of Beneficiary's Prime rate plus 2% floating per annum. In protecting, exercising or assuring its interest or the interest of Beneficiary under this Agreement, Trustee may execute, sign and endorse on behalf of and in the name of Borrower negotiable and other instruments for the payment of money, documents of title, other evidences of title, payment, shipment or storage relating to the Collateral or the proceeds thereof.

10. Upon the occurrence of any default hereunder or under the Note or the Loan Agreement, and at any time thereafter, all of the obligations under the aforesaid Note shall, at the election of Trustee or at the direction of Beneficiary, become immediately due and payable and Trustee shall have the remedies of a secured party under the Idaho Uniform Commercial Code or other applicable law, and;

a. Trustee shall have the right to enter the premises under the control of Borrower where the Collateral or any records pertaining thereto may be and take possession of such Collateral and records.

b. Borrower shall, if requested by Trustee, assemble the Collateral and the records pertaining thereto at a place designated by Trustee.

c. Trustee may dispose of the Collateral and, after deducting the expense incurred by Trustee and Beneficiary, including reasonable attorneys fees and expenses, apply the revenue to pay the obligations under the Note.

11. Rights, powers, and remedies given to Trustee by this Agreement shall be in addition to all rights, powers and remedies given to Trustee by virtue of the Idaho Uniform Commercial Code or other applicable law. Any forbearance, failure, or delay by Trustee in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power, or remedy and any single or partial exercise of any right, power, or remedy hereunder shall not preclude the future exercise thereof. Every right, power, and remedy of Trustee shall continue in full force and effect until such right, power, or remedy is specifically waived by an instrument in writing executed by Trustee.

Executed the date and year first above written.

TRUSTEE:

FIRST INTERSTATE BANK OF IDAHO, N.A.

By_____
Its_____

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BENEFICIARY:

FIRST INTERSTATE BANK OF UTAH, N.A.

By_____
Its_____

BORROWERS:

BONNEVILLE PACIFIC CORPORATION, a Utah corporation

By_____
Its_____

CDM HYDROELECTRIC COMPANY, a Colorado limited partnership

By_____
JAMES E. SORENSEN, General Partner

HYDRO VALLEY DEVELOPMENT, INC.

By_____
Its_____

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STATE OF IDAHO)
: ss.
COUNTY OF _____)

On the _____ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of FIRST INTERSTATE BANK OF IDAHO, N.A., and that the foregoing instrument was signed in behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, and said _____ duly acknowledged to me that said corporation executed the same as Trustee.

_____
NOTARY PUBLIC

Residing at:_____

My Commission Expires:

_____

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

On the _____ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of FIRST INTERSTATE BANK OF UTAH, N.A., and that the foregoing instrument was signed in behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, and said _____ duly acknowledged to me that said corporation executed the same as Beneficiary.

_____
NOTARY PUBLIC

Residing at:_____

My Commission Expires:

_____

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

On the ___ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of BONNEVILLE PACIFIC CORPORATION, and that the foregoing instrument was signed in behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, and said _____ acknowledged to me that said corporation executed the same as Borrower.

_____
NOTARY PUBLIC

Residing at:_____

My Commission Expires:

_____

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

On the ____ day of _____, 1985, personally appeared before me James E. Sorensen, who, being by me duly sworn, did say that he is the General Partner of CDM HYDROELECTRIC COMPANY, that said instrument was executed by authority of the Partnership Agreement of said partnership, and said James E. Sorensen acknowledged to me that he executed the same as general partner of said partnership.

_____
NOTARY PUBLIC

Residing at:_____

My Commission Expires:

_____

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

On the ____ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation, that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said _____ acknowledged to me that said corporation executed the same.

_____
NOTARY PUBLIC

Residing at: _____

My Commission Expires:

_____

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EXHIBIT "A-1"

LEASE AND ASSIGNMENT AGREEMENT
(Attached)

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LEASE AND ASSIGNMENT AGREEMENT

FELT PROJECT

THIS LEASE AND ASSIGNMENT AGREEMENT (the "Agreement"), made and entered into this 18th day of December, 1984, by and between FALL RIVER RURAL ELECTRIC COOPERATIVE, INC., an Idaho corporation, hereinafter referred to as "Fall River", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation, duly authorized to transact business in the State of Idaho, or its assigns, hereinafter referred to as "Bonneville",

WITNESSETH;

WHEREAS, Fall River owns, or has the right to acquire or use, certain real property (the "real property") located in Teton County, State of Idaho, described in Exhibit "A" attached hereto and by this reference made a part hereof, which real property is intended to be leased by Bonneville as part of a hydroelectric project known as the Felt Project (the "Project"); and

WHEREAS, Fall River owns, or has 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, Bonneville has entered into a Power Sales Contract (the "Power Contract") with Utah Power & Light Company, a Utah corporation, for the purchase and sale of power generated from the Project. A copy of the power contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

WHEREAS, Fall River has obtained from the Federal Energy Regulatory Commission that certain license, No. 5089-001, issued September 1, 1983, as extended, (the "FERC License"), and Bonneville will file an amended application in Fall River's behalf seeking a change in the FERC License naming Bonneville, or its nominee, as co-licensee, copies of said FERC license and supporting documents are attached hereto as Exhibit "D" and by this reference made a part hereof; and

WHEREAS, Bonneville desires to lease the real property, the water rights and all other rights and interests appurtenant to the Project from Fall River for purposes of constructing, operating and maintaining the Project; and

WHEREAS, Fall River desires to lease the real property, the water rights, and all other rights and interests appurtenant to the Project (collectively the "Project Property") to Bonneville strictly upon the terms and conditions herein contained; and

WHEREAS, Fall River desires to grant, and Bonneville desires to receive an interest as joint licensee in the FERC license,

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. Fall River hereby leases to Bonneville the Real Property, the Water Rights, and Additional Property as defined in paragraph 11 hereof, and hereby assigns to Bonneville, all such other rights, easements, interests and obligations relating to the Project, including, but not limited to, all engineering work and feasibility studies in process or completed which are presently owned by Fall River, in accordance with, and subject to, the terms of this

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agreement. Fall River hereby grants to Bonneville, or its nominee, an interest as joint licensee in the FERC license, and covenants to take any and all actions necessary to assist Bonneville in obtaining a modification of the FERC license to reflect the status of Bonneville, or Bonneville's nominee, as joint licensee. Bonneville hereby accepts such lease and rights, and all future rights, in accordance with the terms hereof.

2. Term of Lease and 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-five (35) years from the date of first power production by the Project; provided, however, that if Bonneville has not secured Idaho Public Utilities Commission approval of the power contract within one hundred eighty (180) days following the execution hereof, either party may terminate this agreement without liability, and thereafter this agreement shall be null and void. PROVIDING HOWEVER, that any part of the consideration paid or due upon said termination shall be forfeited to Fall River as liquidated damages, PROVIDED That Fall River's obligations under paragraph 5(a) hereof have been satisfied.

3. Construction of the Project. Bonneville, at Bonneville's expense, shall construct, install and complete the Project which shall consist of a power generating facility utilizing Kaplan or Francis Turbine(s) having approximately 6,000 kilowatts of installed generating capacity. The power generating facility shall comply with any and all local electric codes and regulations. Fall River shall have the right to review the engineering, general design, capacity and equipment to be installed in the Project and make recommendations,

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prior to ordering the equipment and the initiation of construction, and during the course of construction of the Project. It is agreed and understood that all equipment ordered by Bonneville prior to the date of this agreement is hereby accepted by Fall river. If Bonneville fails to accept the recommendations of Fall River regarding the engineering, general design, capacity and equipment to be installed in the Project, then Bonneville shall notify Fall River of its non-acceptance of such recommendations, and the parties hereto, following Fall River's receipt of such notification, shall have five (5) business days to resolve such difference of opinion with respect to the recommendation submitted by Fall River. The parties hereto agree to use their best efforts to reach an agreement within such five (5) day period. However, if at the end of such five (5) day period the parties hereto have not reached an agreement with respect to the recommendations submitted by Fall River, Fall River shall thereafter have the right to have the matter submitted to a board of arbitration, consisting of three individuals qualified to make such determinations as may be necessary to resolve such dispute. One arbitrator shall be selected by Bonneville, and one by Fall River, with the third arbitrator to be chosen by the other two arbitrators. The decision of such board of arbitration shall be binding upon the parties. In the event Fall River chooses to submit the matter to a board of arbitration, the prevailing party shall be entitled to reimbursement of the direct costs of such arbitrastion, including engineering fees and arbitrators' fees, but excluding legal fees.

4. Control and Ownership of Project. Bonneville shall own the Project and, subject to paragraph 3 hereof, shall have complete

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control over the construction, operation and maintenance of the project during the term of this agreement and shall be the sole manager of the Project. By the execution hereof, Fall River grants to Bonneville the right to obtain loans or financing or to otherwise contract with third parties relative to the construction, operation and maintenance of the Project throughout the term of this agreement. Fall River expressly agrees that Bonneville shall have the right to contact and negotiate with any and all financial institutions providing construction or permanent financing for the Project, or other persons interested in the Project, for purposes of obtaining or negotiating the subordination of interests, as required for the construction or permanment financing of the Project. In connection herewith, Fall River hereby expressly agrees to cooperate fully with Bonneville in obtaining the construction and permanent financing, including execution of such consents or estoppel certificates as may be required by the Lenders. Fall River also agrees to acquire or arrange for the subordination of the Rural Electrification Administration's and the National Rural Utilities Cooperative Finance Corporation's interests in the Project or the Real Property. Fall River expressly agrees that Fall River shall bear any and all responsibility to procure such subordination from the Rural Electrification Administration and the National Rural Utilities Cooperative Finance Corporation.

At the end of the term hereof, this Agreement shall terminate, and Bonneville shall transfer to Fall River, without cost to Fall River, by good and sufficient documents or instruments, all of its right, title and interest in and to the Real Property, Water Rights, and the Project Property leased hereby, together with any and

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all other rights, interests and any and all improvements or personal property situated upon the real property at the end of the term hereof, and all other associated facilities for the transmitting of power under the Power Sales Contract, all in good operating condition, reasonable wear and tear excepted.

Bonneville shall have the right to contract with Fall River or with other qualified persons or entitites to operate and maintain the Project during the term hereof.

5. Consideration. As consideration for the lease and assignment herein contemplated, and in further consideration of the agreements between Bonneville and Fall River, whereunder Fall River grants to Bonneville the right to investigate and develop the Island Park Reservoir Hydroelectric site, under agreements between the parties to be negotiated in good faith, the terms of which agreements shall be substantially similar to this Agreement (taking into account costs of construction, costs of living and power rates at the time such agreements are entered into), Bonneville agrees to pay to Fall River, subject to the complete fulfillment of the obligations of Fall River set forth herein and in paragraph 10 hereof, the amounts payable as follows:

(a) $300,000.00 upon execution and delivery of this agreement. Said amount shall be held in an interest bearing escrow account and shall be released to Fall River upon the satisfaction by Fall River of the following conditions:

(i) Acquisition of Land Rights. Fall River shall acquire all lands, rights to lands, ease-

ments, rights of way, and appurtenances necessary or desirable (in Bonneville's opinion) for the Project (the "Real Property") and shall deliver to Bonneville a commitment for title insurance or abstractor's report fully and accurately describing the Real Property, and demonstrating that the Real Property is vested in Fall River in fee simple or held by Fall River under a valid and enforceable lease or easement assignable to Bonneville, and demonstrating that the Real Property is free and clear of all liens, exceptions and encumbrances except curent real property taxes and assessments and such other liens, encumbrances or exceptions as Bonneville, in its reasonable discretion, may accept in writing.

(ii) Evidence of Water Rights. Fall River shall deliver to Bonneville good and sufficient evidence that Fall River holds valid and enforceable licenses or approved permits for the appropriation of not less than 600 cfs of water for non-consumptive use in connection with the Project. Fall River shall also deliver to Bonneville a written opinion of legal counsel selected by Fall River and acceptable to Bonneville to the effect that the water rights of users located downstream from the Project

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exceed, in the aggregate, the right to use 600 cfs of water for consumption purposes; and that the priorities of such users are superior to the priorities of all water users whose points of diversion are located upstream from the Project, thus guaranteeing that new applicatios for appropriation of water, upstream from the Project, for consumptive use will not adversely affect the quantity of water available to, and flowing through, the Project works.

(iii) REA Approval. Fall River shall deliver to Bonneville written evidence of approval by the Rural Electrification Administration ("REA") of this Agreement and evidence of REA's agreement to subordinate REA's present lien rights, as against Fall River, to the interests of Bonneville, its assigns and lenders in connection with the construction, operation and maintenance of the Project.

(b) $200,000.00 upon the awarding of a joint license from the Federal Energy Regulatory Commission;

(c) $250,000.00 upon the execution of the power contract, with the FERC license in place;

(d) $88,000.00 upon the production of first power, but in no event longer than one year following the execution hereof.

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(e) Since Fall River will provide stand-by station service under applicable rate schedules in force at the time, which will set forth the facility charge and related charge for energy and service, Bonneville will also pay those charges computed at the greater of (i) the rate of $0.003125 per K.W. hour of net generation during each calendar year, or (ii) $100,000.00 per year during each of the first ten years of power production.

(f) The parties agree and understand that Fall River's existing hydroelectric facility at Felt Dam (the "Existing Facility") is not presently included under this lease. In the event Bonneville, within six (6) months from the date of this Agreement, elects by written notice to Fall River, to occupy, rehabilitate and operate the Existing Facility, Bonneville shall have the right to do so under the terms and conditions of this Lease; PROVIDED, HOWEVER, Bonneville shall pay to Fall River additional rental in the amount of $15,337.00 per year commencing in the first year of power production and continuing during each of the first ten years of power production, and PROVIDED FURTHER, that Fall River shall have the right to remove all portions of the Existing

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Facility not used by Bonneville in the rehabilitation contemplated herein.

All payments required under paragraphs 5(e) and 5(f) hereof shall be made on or before February 15th of each year for the previous calendar year.

6. Tax Benefits. Bonneville, as sole owner of the Project, shall receive all federal and state tax benefits (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available to this Project under tax regulations relating to power projects of this nature.

7. Maintenance. At all times during the term of this agreement, Bonneville shall keep and maintain the Project and all improvements now and hereafter on the Project, as well as all facilities now and hereafter appurtenant to the Project, in good order and repair, and in a safe and clean condition. Bonneville shall maintain the facilities in accordance with Prudent Electrical Practices, the National Electric Safety Code in effect from time to time, and other applicable local, state and federal codes, and shall provide and maintain adequate protective equipment sufficient to prevent damage to the facility. Bonneville further agrees not to commit waste upon the Real Property or rights referred to herein and shall not allow any liens to be placed upon the Project.

8. Taxes and Assessments. From the date hereof, Bonneville shall be responsible for, and shall pay, all real and personal property taxes, FERC assessments, and kilowatt hour taxes assessed against the Project during the term hereof.

9. Default. In the event either party hereto is in default under this agreement, and such default is not cured within thirty (30)

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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:

(a) An action for specific performance under this agreement.

(b) An action for damages incurred as a result of the default; and

(c) An action for rescission of this agreement, and all collateral agreements, PROVIDED HOWEVER, that the rescission of any one or more of such agreements shall not require Fall River to return to Bonneville any monies paid to Fall River by Bonneville, provided Fall River has satisfied the conditions of paragraph 1(a) hereof.

(d) 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.

10. Covenant of Title and Peaceful Possession. Subject to approval by the Rural Electrification Administration, Fall River covenants that it has full right, power and authority to enter into this Lease and Assignment Agreement, and that Bonneville upon payment of the consideration and performance of the covenants upon Bonneville's part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the rights leased and assigned hereby, during the

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term hereof. The foregoing covenant of title and peaceful possession extends to, and includes, all access easements, transmission line easements and land use easements acquired in connection with the Project in addition to the property owned by Fall River and leased or assigned to Bonneville hereunder. Fall River, at its expense, shall use its best efforts to acquire all necessary zoning changes and/or conditional use permits necessary for the Project, and Fall River shall use its best efforts to acquire a transmission line easement as required for the Project. Fall River shall also use its best efforts to obtain, at its expense, approval of the lease of the Water Rights contemplated herein from the Idaho Department of Water Resources, if required under Idaho law.

Bonneville covenants that it has the right to enter into this agreement and has the technical ability to perform this agreement, and has or will obtain the financing necessary to perform this agreement.

11. Additional Property. Notwithstanding any other provision of this agreement to the contrary, if other or additional easements, rights or property (the "Additional Property"), but not including additional water rights, are acquired in connection with the Project, ownership of such additional property shall be held by Fall River, but Bonneville shall have the right to use the same in connection with the construction, operation and maintenance of the Project during the term hereof. In the event Bonneville incurs expenses in acquiring such additional property, Fall River agrees to pay Bonneville any and all reasonable costs, fees and expenses incurred by Bonneville and approved by Fall River in connection with acquiring such additional property within sixty (60) days following receipt of

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notice from Bonneville of such cost, fee or expense. By execution hereof, the parties hereto expressly understand and agree that additional water rights may be acquired by Fall River in connection with the Project, subsequent to the execution hereof, which water rights, upon the acquisition thereof, are hereby leased to Bonneville in accordance with the terms of paragraph 1 hereof, and all other terms of this agreement, subject to approval of the Idaho Department of Water Resources, if required, which Fall River shall use its best efforts to obtain. Bonneville understands and agrees that Fall River shall incur additional expenses in acquiring such water rights and hereby agrees to pay Fall River any and all reasonable costs, fees and expenses incurred by Fall River and approved by Bonneville in connection with acquiring such additional water rights, within sixty (60) days following receipt of notice from Fall River of such cost, fee or expense.

12. Changes to FERC License. It is the understanding of the parties hereto that one or more amendments may be made in connection with the FERC license at Bonneville's expense. Such amendments shall be with respect to a name change and/or location change for the Project. By the execution hereof, the parties hereto agree that such future amendments shall not cause a modification of the rights, duties and responsibilities of the parties hereto, and such future amendments shall not in any way be construed to be a breach of this agreement.

13. Wheeling; Power Rate. Notwithstanding any provisions of this agreement and the operation and maintenance agreement to the contrary, Fall River, at all times during the production of power from the Project, shall be entitled to wheel power at a rate equal to the

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rate charged by the Bonneville Power Administration ("BPA"), if such wheeling is requested by Bonneville. The rate charged by Fall River shall be updated annually to correspond with the rate charged by BPA. In addition, the parties to this contract further agree to accept the Fall River electric avoided cost as the average wholesale power rate with all applicable discounts as offered to Fall River by BPA. The parties hereto further agree that Fall River's avoided cost is not acceptable for the development of the Project, and therefore Fall River will not be required during the term of this agreement to purchase power generated from the Project. In addition, during the term of this agreement, Fall River will not be requested to purchase power at its avoided cost under any circumstances whatsoever. The parties hereto acknowledge that power sold to Utah Power and Light Company will be delivered over lines that Bonneville has financed, and no wheeling charge will be assessed on the Project's net power generation.

14. 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, insurrections, 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 delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

15. Additional Instruments and After-Acquired Rights. In the event it is necessary or desirable to prepare and execute addi-

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tional 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. With respect to the FERC license and other rights, if any, the grant herein contained herein contained is made with sufficient warranties to create an effective grant of said interests at such time as the same are fully acquired or perfected.

16. 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 Fall River and Bonneville shall thereupon be released from any liability thereafter accruing hereunder except as set forth in this paragraph. In the event such condemnation occurs during such time as the initial debt (permanent financing) encumbers the Project, it is understood and agreed that Fall River shall be entitled to the award or compenation paid under any proceeding in eminent domain; provided, however, that Bonneville shall have the right to receive that portion of the award of compensation equal to all equity funds contributed to the Project, principal and accrued interest remaining due under the initial debt, and all payments made to Fall River by Bonneville under this Agreement. In the event such condemnation occurs after the initial debt period has expired, any such award received from a proceeding in eminent domain shall be divided between Bonneville and Fall River on a ratio based initially on the debt/equity of the initial debt financing, which ratio is presently anticipated to be thirty (30) percent equity and seventy (70) percent debt. For example, in the event such award is received in the first year following the end of the initial debt

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period, the parties shall share in the award on the basis of seventy (70) percent payable to Fall River and thirty (30) percent payable to Bonneville. In each year of the remaining term of the Lease (after the initial debt period has expired) the percentage of such award due to Fall River shall increase in accordance with the following formula:

$$\text{Original Debt Percentage plus } \frac{1}{35 \text{ years minus years of initial debt period}}$$

Bonneville's percentage shall decrease accordingly. Said percentages shall be automatically adjusted on each anniversary date of the Lease.

Notwithstanding the foregoing, in the event it is physically feasible to rebuild and restore the Project after such taking, Bonneville agrees to undertake such rebuilding and restoration; PROVIDED, HOWEVER, in such event Bonneville shall be entitled to the entire award from such eminent domain proceeding, or so much thereof as may be required to complete such rebuilding or restoration without cost to Bonneville.

17. Indemnification. Bonneville shall indemnify and hold harmless Fall River, its officers, agents, employees and landowners, from and against any and all suits, demands, claims, causes of actions, costs or expenses, including reasonable attorneys' fees, which may arise or be asserted against Fall River, its officers, agents or employees by reason of the construction, maintenance, or operation of the Project by Bonneville. Notwithstanding any provision of this Agreement to the contrary, Bonneville expressly reserves any and all claims and causes of action, it has or may in the future have against Fall River, its officers, agents, employees and landowners arising out of or in any way associated with the negligent act or acts of Fall River, its officers, agents or employees, or landowners.

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18. Assignment. Bonneville has the right to assign this agreement or sublease, the interests acquired hereunder, to a person or persons or entities yet to be determined, for the purpose of facilitating the financing, construction and operation of the Project. Bonneville shall have the right to assign its rights under this Agreement or lease the interests acquired hereunder with the prior written consent of Fall River, which consent shall not be unreasonably withheld. Bonneville shall remain liable to Fall River under the terms of this Agreement not withstanding Bonneville's assignment or lease of Bonneville's interests under this Agreement. In no event shall Bonneville sublease its interest in the Water Rights to such person or entity unless and until such person or entity qualifies under Idaho law to hold the Water Rights.

19. Insurance. If, during the term of this agreement, the improvements constructed by Bonneville shall be damaged by fire, casualty, or act of God, any insurance proceeds payable with respect to the Project shall belong to Bonneville and Fall River in the same percentages based upon the same formulas described in paragraph 16 hereof; PROVIDED, HOWEVER, that all proceeds from insurance shall first be used to reconstruct and restore the complete Facility if physically feasible. If Bonneville determines that it is physically infeasiable to rebuild the Project, Bonneville shall give notice to Fall River of its election not to rebuild and to terminate this Agreement by delivery of written notice and Fall River's share of insurance proceeds not more than ninety (90) days after the occurrence of any such casualty. If Bonneville elects to rebuild or repair the damaged improvements, this agreement shall continue in full force and effect

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and Bonneville shall reconstruct said improvements within a reasonable time following receipt of insurance proceeds. In the event that Bonneville elects to terminate, this agreement shall terminate on the date set forth in Bonneville's notice, but not more than ninety (90) days after the date of such notice.

Bonneville, at all times during the term of this Agreement, shall carry all risk, casualty insurance in an amount equal to the replacement costs of the facility and adequate public liability insurance, the same to be in an amount not less than $1,000,000.00 for injury to one person and $3,000,000.00 against claims of more than one person from one accident at the Project.

20. 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 as follows:

IF TO FALL RIVER
Fall River Electric Cooperative, Inc.
POB AE
Ashton, Idaho 83420
Attention: Manager

IF TO BONNEVILLE:
Bonneville Pacific Corporation
Suite 300
200 East South Temple
Salt Lake City, Utah 84111
Attention: President

Either party may change its address in writing by giving notice of such change in the manner herein provided.

21. Conditions Precedent to Completion. Bonneville shall not be obligated to complete the Project until such time as (a) Fall River warrants the continued validity of the FERC license granted by the Federal Energy Regulatory Commission; (b) the power contract has been executed and delivered; (c) the water rights are secured and perfected; (d) reasonable construction and permanent financing of the

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Project are obtained by Bonneville; (e) Fall River shall have completed the acquisition of the Real Property and such additional land rights or easements as may be necessary to operate the Project; and (f) Fall River has completed the obligations of Fall River outlined in paragraph 10 hereof. In the event of such termination, or in the event any of the conditions of paragraph 10 hereof cannot be fulfilled despite the best efforts of Fall River, Fall River shall not be liable for costs and expenses incurred by Bonneville in connection with the Project except as otherwise provided herein. Likewise, Bonneville shall not be liable for any expenses incurred by Fall River in the event of such termination or failure by Fall River to fulfill the conditions precedent described herein.

22. Entire Agreement. This agreement constitutes the entire agreement between the parties relating to the subject matter hereof and the same shall not be modified or amended except by written instrument duly executed by the parties hereto.

23. Binding Agreement. This agreement shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

24. 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.

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IN WITNESS WHEREOF, The parties hereto have executed this Lease and Assignment Agreement the day and year first above written.

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

By: Gale A. Reed
Gale A. Reed
Its President

ATTEST:

By: Milo D. Bowen
Milo D. Bowen
Its Secretary

BONNEVILLE PACIFIC CORPORATION

By: Raymond L. Hixson
Raymond L. Hixson
Its President

STATE OF IDAHO,)
ss.
County of Madison.)

On this 18th day of December, 1984 before me, the undersigned, a Notary Public in and for said State, personally appeared GALE A. REED and MILO D. BOWEN, known to me to be the President and Secretary, respectively, of Fall River Rural Electric Cooperative, Inc., who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Gale A. Reed and Milo D. Bowen acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at Rexburg, Idaho
My Commission is for Life

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STATE OF IDAHO,)
ss.
County of Madison.)

On this 18th day of December, 1984 before me, the undersigned, a Notary Public in and for said State, personally appeared RAYMOND L. HIXSON, known to me to be the President of Bonneville Pacific Corporation, who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Raymond L. Hixson acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at Rexburg, Idaho
My Commission is for Life

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EXHIBIT "A-2"

PURCHASE AND LEASE AGREEMENT
(Attached)

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PURCHASE AND LEASE AGREEMENT

THIS PURCHASE AND LEASE AGREEMENT (the "Agreement"), made and entered into this 9th day of June, 1985, by and between BONNEVILLE PACIFIC CORPORATION, a Utah corporation duly authorized to transact business in the State of Idaho, or its assigns (hereinafter referred to as "Bonneville"), CDM HYDROELECTRIC COMPANY, a Colorado Limited Partnership (hereinafter referred to as "CDM"), and HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation (hereinafter referred to as "Hydro Valley").

RECITALS

A. Bonneville has entered into that certain Lease and Assignment Agreement - Felt Project dated December 18, 1984 by and between Bonneville and Fall River Electric Cooperative, Inc., an Idaho corporation (hereinafter referred to as "Fall River"), which agreement is attached hereto as Exhibit "A" and by this reference made a part hereof, pursuant to which Bonneville has acquired use of certain real property (the "Real Property") from Fall River located in Teton County, State of Idaho; and

B. The Real Property is intended to be used in connection with the construction of a hydroelectric generating facility and project known as the Felt Dam Project (the "Project"), the construction and financing of which will be facilitated pursuant to that certain form of Construction Contract by and between Bonneville and Water Power Company, and those certain Construction Financing Documents by and between Bonneville and First Interstate Bank of Utah, N.A., which form of Construction Contract and Financing Documents are attached or will be attached hereto as Exhibit "E" and are incorporated herein by this reference; and

C. Hydro Valley shall become a wholly-owned affiliate of CDM and shall obtain the lease of the Water Rights and the rights with respect to the FERC License and agrees to make said rights available to CDM for utilization in the Project; and

D. Bonneville has leased and acquired the right to use certain non-consumptive water rights and appropriations for electrical generation (the "Water Rights") from Fall River, more particularly described on Exhibit "B" attached hereto and by this reference made a part hereof; and Bonneville will lease said Water Rights to Hydro Valley; and

E. Bonneville has entered into a Power Purchase Agreement dated December 4, 1984 (the "Power Contract") with Utah Power & Light Company, a Utah corporation, for the

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purchase and sale of power generated from the Project. A copy of said Contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

F. Bonneville has the right to become a co-licensee with Fall River for certain rights with respect to that certain Federal Energy Regulatory Commission License No. 5089-001 issued September 1, 1983, as extended or amended, (the "FERC License"). And Bonneville will assign and transfer its rights with respect to the FERC License to Hydro Valley. Copies of said FERC License and supporting documents are attached hereto as Exhibit "D" and by this reference made a part hereof; and

G. Bonneville desires to sell and convey to CDM the hydroelectric generating facility and improvements to be located on the Real Property pursuant to the Construction Contract, in accordance with the terms hereof, and to sell and transfer all of the stock of Hydro Valley to CDM, in accordance with a Stock Purchase Agreement, the terms and conditions of which shall be substantially as provided in Exhibit "F" hereto and by this reference made a part hereof, as the means of providing the rights to the FERC License to CDM; and

H. Bonneville desires to lease the Real Property and assign its interests in the Power Contract, and all other rights, easements, and interests appurtenant to the Project to CDM for purposes of owning, operating and maintaining the Project;

I. CDM desires to lease the Real Property from Bonneville and to receive an assignment of Bonneville's interest in the Power Contract, and all other rights, easements, and interests appurtenant to the Project including the facility and improvements from Bonneville strictly upon the terms and conditions herein contained; and

J. Hydro Valley is qualified to hold the Water Rights under Idaho law and to be a co-licensee on the FERC License and desires to lease the Water Rights and receive the rights with respect to the FERC License from Bonneville inasmuch as CDM cannot hold the Water Rights pursuant to the provisions of Idaho law.

AGREEMENT

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:

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1. Purchase of Facility and Improvements. Bonneville hereby agrees to sell and CDM hereby agrees to purchase all of Bonneville's rights, titles, interests and obligations in and to that certain hydroelectric power generating facility, as described and approved in the FERC License, having approximately 7000 kilowatts of installed generating capacity, together with any and all improvements, accessory structures and equipment associated therewith, and constructed or installed pursuant to the Construction Contract (hereinafter collectively the "Facility"), pursuant to the terms hereof. The Facility shall comply in all respects with any and all electric codes and regulations and with the specifications of the Power Contract, and meet or exceed the required acceptance testing criteria and specifications as provided in Section 20 herein.

2. Agreement to Lease; Assignment.

(a) Lease to CDM. Bonneville hereby leases to CDM the Real Property, and Additional Property as defined in Section 11 hereof, and hereby assigns to CDM its interest in and to the Power Contract, (including the acceptance by the Engineering Department of Utah Power and Light Company of the modification of the definition of the facility to include 7000 kilowatt installed generating capacity) and all such other rights, easements, interests and obligations relating to the Project. CDM hereby accepts such lease and rights and all future rights in accordance with the terms hereof.

(b) Lease to Hydro Valley. Bonneville agrees to lease to Hydro Valley the Water Rights, upon such terms and conditions as herein contained at the issuance of the FERC License Amendment. The Lease shall be evidenced by appropriate Lease and Assignment documents. Hydro Valley agrees to accept such lease and rights hereunder.

3. Term of Lease and Assignment. The lease and assignment contemplated hereby 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-five (35) years from the date of first power production by the Project.

4. Control and Ownership of Project. CDM shall own the Facility and control all the rights pertaining to the Project and shall have complete control over the operation and maintenance of the Project during the term of this Agreement and shall be the sole manager of the Project.

5. Consideration.

(a) Consideration for Facility and Improvements. As consideration for the purchase of the Facility and improvements by CDM as specified in Section 1 hereof, CDM agrees to

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pay Bonneville, subject to the terms hereof, Twelve Million Dollars ($12,000,000) as follows:

(i) Three Hundred Thousand Dollars ($300,000) as earnest money in accordance with the terms of that certain Escrow Agreement (the "Escrow Agreement") between Bonneville and CDM, which Escrow Agreement is attached hereto as Schedule I and by this reference made a part hereof.

(ii) One Million Eight Hundred Thousand Dollars ($1,800,000) as its pro rata portion of the construction progress payments provided by Section 22;

(iii) One Million Two Hundred Thousand Dollars ($1,200,000) as its pro rata portion of the construction progress payments provided by Section 22 from the proceeds of a loan to be obtained from First Interstate Bank of Utah, N.A. or such other financial institution as CDM or its partners may select.

(iv) One Million Seven Hundred Thousand Dollars ($1,700,000) in accordance with the terms of a Promissory Note, in form and substance similar to the promissory note attached as Schedule II and by this reference made a part hereof, which promissory note shall be dated and delivered upon the satisfactory completion of the acceptance testing as provided in Section 20.

(v) CDM shall assume and accept or take the Project subject to all liabilities under the permanent financing for the Project, which financing (exclusive of the obligation described in Section 5(a)(iii) and the Promissory Note described in Section 5(a)(iv) hereof) shall not exceed Seven Million Dollars ($7,000,000.00). The permanent financing shall be funded at the completion of the construction of the Facility and improvements and CDM shall cooperate in obtaining said financing.

(b) Consideration for the Lease and Assignment. As consideration for the lease of the Real Property, the Water Rights, and Additional Property and the assignment of the Power Contract and the FERC License to Hydro Valley, as specified in Section 2 herein, CDM and Hydro Valley agree to pay the following payments to Bonneville:

(i) Two Hundred Thousand Dollars ($200,000) upon receipt of the lease and assignment of the Water Rights to Hydro Valley;

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(ii) For each of the first ten years of the term of this Agreement, Fifteen Thousand Three Hundred Thirty-Seven Dollars ($15,337) per year. Each annual payment hereunder shall be made on or before February 1 of each year for the previous calendar year.

(iii) For each of the first 15 years of the term of this Agreement, the greater of (1) an amount equal to $0.003125 per kilowatt hour of net generation during each calendar year or (2) One Hundred Thousand Dollars ($100,000) per year. Each annual payment hereunder shall be made on or before February 1 of each year for the previous calendar year.

(iv) During the 16th through the 20th year of the term of this Agreement, an amount equal to ten percent (10%) of the Gross Power Revenue from the Project. For purposes of this Agreement, the term "Gross Power Revenue" shall mean all funds received from Utah Power & Light Company under the Power Contract. All payments required hereunder shall be made monthly, in arrears, on or before the 45th day after the end of each month.

(v) During the 21st through 25th years of the term of this Agreement, an amount equal to fifteen percent (15%) of the Gross Power Revenue from the Project. All payments required hereunder shall be made monthly, in arrears, on or before the 45th day after the end of each month.

(vi) During the 26th through 30th years of the term of this Agreement, an amount equal to twenty percent (20%) of the Gross Power Revenue from the Project. All payments required hereunder shall be made monthly, in arrears, on or before the 45th day after the end of each month.

(vii) During the 31st through 35th years of the term of this Agreement, an amount equal to twentyfive percent (25%) of the Gross Power Revenue from the Project. All payments required hereunder shall be made monthly, in arrears, on or before the 45th day after the end of each month.

6. Tax Benefits. CDM, as sole owner of the Facility and the Project, shall receive all federal and state tax benefits (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available to this Project under tax regulations relating to power projects of this nature.

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7. Maintenance. At all times during the term of this Agreement, CDM shall bear ultimate responsibility to keep and maintain the Project, the Facility and all improvements now and hereafter on the Project as well as all facilities now or hereafter appurtenant to the Project in good order and repair and in a safe and clean condition. CDM shall bear ultimate responsibility for the maintenance of the Facility in accordance with Prudent Electrical Practices (as this term is commonly used and understood in the industry), the National Electric Safety Code in effect from time to time, and other applicable local, state and federal codes, and shall require, and/or provide adequate protective equipment sufficient to prevent damage to the Facility. CDM further agrees not to commit waste upon the Real Property or rights referred to herein and shall not participate in or place any mortgages, liens or encumbrances thereon in excess of the original principal balance of the debts and obligations provided in Sections 5(a)(iii), 5(a)(iv) and 5(a)(v) and agrees to remove or cause to be removed any and all liens placed upon the Facility, Real Property or rights by third parties within a reasonable period of time.

At the end of the term hereof, this Agreement shall terminate, and CDM shall abandon and relinquish all of its right, title and interest in and to the Facility, together with all improvements or personal property situated upon the Real Property, free and clear of liens and encumbrances.

8. Taxes and Assessments. From the date hereof, CDM shall be responsible for and shall pay all real and personal property taxes, FERC assessments, and kilowatt hour taxes assessed against the Project and Facility during the term hereof.

9. 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:

(a) An action for specific performance under this Agreement;

(b) An action for damages incurred as a result of the default; and

(c) An action for rescission of this Agreement, and all collateral agreements.

(d) Any other rights and remedies provided by law.

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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.

10. Covenant of Title and Peaceful Possession. Bonneville covenants that it is not in default under that certain Lease and Assignment Agreement - Felt Project, a copy of which is attached as Exhibit "A" and it has full right, power and authority to enter into this Purchase and Lease Agreement, and that CDM, upon payment of the consideration and performance of the covenants upon CDM's part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the property purchased, the rights leased, and the other interests assigned or granted hereby, during the term hereof. The foregoing covenant of title and peaceful possession extends to and includes all access easements, transmission line easements and land use easements acquired in connection with the Project in addition to the property owned by Bonneville and leased, assigned or granted to CDM hereunder. Bonneville, at its expense, shall acquire all necessary zoning changes and/or conditional use permits necessary for the Project.

CDM covenants that it has the right to enter into this Agreement and has the technical ability to perform this Agreement, and will meet and satisfy financing obligations to the Project.

11. Additional Property. Notwithstanding any other provisions of this Agreement to the contrary, the parties hereto expressly understand and agree that the party from whom Bonneville is obtaining various rights required for the proper operation of this Agreement is required to obtain other or additional easements, rights or property (the "Additional Property"), in connection with the Project. Ownership of such Additional Property shall be held by such predecessor to Bonneville, but CDM by and through Bonneville's lease and assignment hereof shall have the right to use the same in connection with the operation and maintenance of the Project during the term hereof.

12. Changes to FERC License. It is the understanding of the parties hereto that one or more amendments may be made in connection with the FERC License. Such amendments shall be with respect to a name change and/or location change for the Project. By the execution hereof the parties hereto agree that such future amendments shall not cause a modification of the rights, duties, and responsibilities of the parties hereto, and such future amendments shall not in any way be construed to be a breach of this Agreement.

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13. Force Majeure. Excluding only the conditions and events referred to in Section 21 hereof, the satisfaction or performance of which are acknowledged by Bonneville not to be subject to the application of 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 delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Notice, as provided in Section 18 hereof, shall be made to all parties within 30 days of becoming aware of any delay or hinderance in performance as provided in this Section 13.

14. Additional Instruments and After Acquired Rights. 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. With respect to the FERC License and other rights, if any, the grant herein contained is made with sufficient warranties to create an effective grant of said interests at such time as the same are fully acquired or perfected.

15. Independent Review. CDM shall have the right, at its sole expense, to have the architectural, engineering, construction, and performance plans, specifications, testing criteria, and data of the Project reviewed by R. W. Beck and Associates ("Beck"). In the event CDM determines to have said review performed by Beck, Bonneville agrees to cooperate and consult with Beck and to consider and review its findings, analysis, and/or recommendations relating to the Project. Bonneville shall be under no obligation or requirement to modify, change, or implement in any way the findings, analysis, and/or recommendations of Beck unless Bonneville, in its sole discretion, shall conclude to do the same.

16. Assignment. CDM has the right to assign this Agreement or convey, grant, assign or lease the property and interests acquired hereunder to a person or persons yet to be determined, for the purpose of facilitating the financing, and operation of the Project upon receipt of written consent by Bonneville, which consent shall not be unreasonably withheld. CDM's assignee, if any, together with CDM shall be liable to Bonneville under the terms of this Agreement notwithstanding CDM's assignment or lease of its property or interests acquired

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pursuant to this Agreement. In no event shall Hydro Valley assign or lease its interest in the Water Rights to such person unless and until such person qualifies under Idaho law to hold the Water Rights.

17. Insurance.

(a) Coverage. CDM, at all times during the term of this Agreement, shall carry all risk, casualty insurance in an amount equal to the replacement cost of the Facility and adequate public liability insurance, the same to be in an amount not less than $1,000,000 for injury to one person and $3,000,000 against claims of more than one person from one accident at the Project. Insurance policies required pursuant to this Section shall be in a form acceptable to the parties hereto, and the parties hereto shall at all times be joint payees under any such insurance.

(b) Proceeds. If during the term of this Agreement the improvements owned by CDM shall be damaged by fire, casualty, or act of God, any insurance proceeds received from an insurance policy maintained under subsection (a) herein payable with respect to the Project shall first be used to reconstruct and restore the complete Facility. This Agreement shall continue in full force and effect and CDM shall reconstruct said improvements within a reasonable time following the receipt of insurance proceeds.

18. 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 BONNEVILLE:
Bonneville Pacific Corporation
Suite 300
200 East South Temple
Salt Lake City, Utah 84111
Attention: Raymond L. Hixson,
President

IF TO FALL RIVER:
Fall River Rural Electric
Cooperative, Inc.
POB AE
Ashton, Idaho 83420
Attention: Manager

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IF TO CDM:

CDM Hydroelectric Company
950 South Cherry Street
Suite 1100
Denver, Colorado 80222
Attention: James E. Sorensen

IF TO HYDRO VALLEY:

Hydro Valley Development, Inc.
950 South Cherry Street
Suite 1100
Denver, Colorado 80222
Attention: Kal Zeff

Any party may change its address in writing by giving notice of such change to the other parties in the manner herein provided.

19. Turbine-Generator Performance Guaranties.

(a) New Turbines. The two new turbines shall be rated at 155 feet of net head. Each turbine generator, when operated at 100% gate and rated, shall be guaranteed to have a minimum generator output of 2500 kilowatts, and a minimum water-to-wire efficiency of approximately 81% not including head loss at this condition. The turbines shall be capable of continuous operation at full gate or rated generator output (whichever yields the lesser power) throughout the entire net head range. The turbines shall be designed for safe continuous operation at maximum runaway speed. In addition, each turbine shall be guaranteed to be capable of operating continuously when discharging 65 CFS from 155 feet of net head.

(b) Reconditioned Turbines. The two reconditioned turbines shall be rated at 78 feet of net head. The combined output of the two reconditioned turbine-generators shall be guaranteed to be 2000 kilowatts and a minimum water-to-wire efficiency of approximately 73% not including head loss.

(c) Both New and Reconditioned Turbines. The design of the turbines shall be based upon a homologous model test or prototype data. A series of expected prototype performance curves shall be submitted with the instruction books. Determination that the turbine guaranteed performance characteristics have been met will be based upon field efficiency tests. The contractor shall guarantee the turbines against cavitation as required in ASME Standard Hydro Turbine Code.

20. Acceptance Testing. As soon as possible after construction of the Facility has been completed and when sufficient water is available to run the new turbines through their entire range of discharge, it will be tested by and at the expense of Bonneville to determine whether the capabili-

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ties, efficiencies, runway speed, and other equipment performance parameters and requirements have been fulfilled.

The tests shall include the following:

(a) Prerotational field check-out shall be performed as follows:

(i) Check gauges, thermometers, and temperature relays for accuracy and repair or replace defective devices.

(ii) Check emergency shutdown devices, sensors and switches for correct settings.

(iii) Check on protective relays, and functional tests and settings on control, protection, alarm and indication systems. Programmable controller and remote station operation shall be tested for proper functioning. Protective relays shall be secondary tested at their specified setting to verify the minimum operating point at which the relay picks up and the time delay at a multiple of minimum pickup. Relays shall meet plus or minus 10% tolerance for current, voltage, and time and plus or minus .5 Hz for frequency.

(iv) Check ratios transformers by primary or secondary testing. If secondary ratio tested, a voltage ratio test must be done to verify turn ratios.

(v) Check completed wiring system of the electrical equipment including installed wiring and connection to existing equipment for correct wiring and interconnections, shorts, grounds, and continuity.

(vi) The winding of each motor and transformer shall have its insulation resistance to ground measured with a 1000 volt megger. Generator, switch gear, disconnects, stations service equipment and auxiliary equipment shall be individually meggered as applicable.

(b) Bonneville shall submit a complete outline of the proposed methods and procedures to be followed in making the field acceptance tests, including a schematic drawing showing test instrument connections, list of instruments, and equipment to be used. Six certified copies of reports of field acceptance tests shall be submitted. The report shall include test results, curves and sample calculations and formulas used in determining the results of the test. A field acceptance test shall include, but is not limited to, the following for each turbine generator unit:

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(i) Start up the individual turbine-generator unit.

(ii) Set wicket gate position indicator on the control board to 20 percent open.

(iii) Read power output on control board indicator.

(iv) Read tailwater gauge and measure tailwater elevation.

(v) Measure headwater elevation at intake structure.

(vi) Measure flow in the penstock.

(vii) Measure turbine inlet pressure.

(viii) Repeat steps (iii) through (vii) for turbine gate settings at 40%, 60% and 80% open.

(ix) Repeat steps (ii) through (viii) for turbine-generator units 6 and 7 (new units) with both units operating simultaneously.

(x) Repeat steps (ii) through (viii) for turbine-generator units 4 and 5 (old units) with both units operating simultaneously, to the extent that said steps are practically feasible.

(c) Bonneville shall operate the generator at the specific maximum runway speed or at the highest speed attainable with the maximum available head, for a period of not more than 30 minutes after the full speed has been obtained. The test shall demonstrate that the unit will successfully withstand stresses incident to the specified runway speed and that the voltage regulator will function as specified.

(d) The water flow measurement and head loss measurement methods will be selected by Bonneville. The method for testing shall be suitable for testing flows and pressures in a closed conduit and will be in conformity to general industry standards of accuracy for hydraulic turbine-generator acceptance testing. Any shortfall of efficiency at the test head after adjustment to the nearest guaranteed head shall be considered as a shortfall at the guaranteed head.

(e) Load rejection, load acceptance, and emergency shutdown tests of the bypass and inlet valves shall be performed. In addition, temperature stabilization tests shall be conducted.

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(f) As regards to other specific required or desired tests of the Facility, Bonneville and CDM shall reasonably and in good faith agree upon said tests and the performance of the same.

(g) Bonneville shall guarantee the performance of the Facility in accordance with all express and implied requirements of this Agreement and its exhibits and shall further guarantee projected average annual energy output of 34.7508 GWh based upon but not limited to the following parameters:

(i) "As-built" water to wire efficiency curves determined from plotting the results of the acceptance testing as described above;

(ii) "As-built" head loss measurements determined during the acceptance testing as described above;

(iii) "As-built" tailwater measurements; and

(iv) Daily historical water flows for the period from October 1941 to September 1984 attached hereto as Exhibit "H" and by this reference made a part hereof.

(h) In the event the Facility does not fulfill the performance guarantees as determined by the acceptance testing procedures herein described, including the projected average annual energy output of 34.7508 GWh, then Bonneville agrees at Bonneville's sole discretion and expense to either (i) cause a modification to the Facility within a reasonable period of time to bring the Facility up to the guaranteed performance values, or (ii) adjust the purchase price for the Facility and improvements provided in section 5 (a) to reflect a total purchase price of $345,323.74 per GWh for the average annual energy output calculation. However, in no event shall the purchase price be more than $12 million. Any adjustment in the purchase price by action of this paragraph shall be reflected in reduction of like amount to the promissory note specified in 5 (a) (iv).

(i) Upon the completion of the construction of the Facility and improvements, Bonneville shall deliver to CDM the following: (1) title insurance policy up to the extent of purchase price of the Facility; (2) maintenance manuals for the Facility; (3) initial parts inventory listing; (4) improvement survey; (5) list and bill of sale on all personal property; (6) rights to escrowed "as built" drawings on the Facility; and (vii) any and all other pertinent information then or after in the possession of Bonneville. CDM agrees and covenants to receive and accept the Facility, and all rights, title and interest appertaining thereto, as provided in this Agreement. Following the satisfactory completion of all per-

formance testing as provided in Section 20 hereof and any additional testing desired by CDM as provided in Section 24 hereof, the Facility and improvements as delivered may be modified or the purchase price adjusted as provided by Subsection (h) herein.

21. Conditions Precedent and Early Termination.

(a) Conditions Precedent. With the exception of the payment specified in Section 5(a)(i) and 5(b)(i) hereof, CDM shall not be obligated to comply with the terms hereof until such time as (i) the Water Rights are secured and perfected; (ii) Project construction and permanent financing commitments are obtained by Bonneville on terms and conditions reasonably acceptable to CDM, which acceptance shall be indicated in writing to Bonneville, and (iii) the acquisition of such additional land rights or easements as may be necessary to operate the Project shall have been completed.

(b) Early Termination. In the event the FERC License has not been amended and transferred to Hydro Valley in the manner described herein, on or before August 1, 1985, or, in the event construction of the Project shall not have commenced, as the term "commenced" is construed by the Federal Energy Regulatory Commission on or before August 1, 1985, CDM shall have the right, but not the obligation, to terminate this Agreement. In the event CDM elects to terminate this Agreement, CDM shall give Bonneville written notice of such election no later than August 15, 1985, and thereupon Bonneville shall refund to CDM all amounts paid by CDM under the provisions of Section 5 and Section 22 hereof, plus interest thereon at the rate of one and one-half percent (1-1/2%) over the prime rate then charged by First Interstate Bank of Denver, N.A., per annum, from the date such payment was made by CDM until the date of such refund by Bonneville with the general form and substance of the promissory note evidencing the indebtedness to be the same as that of Schedule "II" hereto except that the note shall be recourse to Bonneville. It is understood and agreed that Bonneville shall have one hundred eighty (180) days from the date of its receipt of the written notice of termination to make the reimbursement required herein.

In the event CDM elects not to withdraw this Agreement or fails to notify Bonneville of its election to terminate within the time period described in this Section 21(b), CDM waives its right to terminate this Agreement pursuant to this Section. Bonneville agrees to continue to use its best efforts to amend and transfer the FERC License to Hydro Valley by July 1, 1986. In the event Bonneville fails to do so, CDM, at its option, may compel Bonneville to complete the Facility as the

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same is currently licensed by the Federal Energy Regulatory Commission.

22. Advances. It is contemplated that the payments to be made by CDM pursuant to the provisions of Section 5(a) herein shall be paid or made available to Bonneville as construction of the Facility progresses, in accordance with the percentage of completion method of accounting. The percentage of the completion of the Facility shall be certified by an independent engineer acceptable to the parties on at least a monthly basis. Construction funds from the construction lender are to be made available on the same basis. In the event and to the extent payments of CDM are made in advance of its pro rata portion of the construction progress payments, Bonneville shall pay interest thereon at the rate of one and one-half percent (1-1/2%) over the prime rate charged by First Interstate Bank of Denver, N.A. from the date advanced until repaid out of construction loan proceeds. Until the construction loan proceeds become available, Bonneville agrees to pay interest, at the rate herein provided, on eighty-one and 15/100 percent (81.15%) of all advances received from CDM (hereinafter the "Construction Advances") which Construction Advances shall be made pursuant to the Loan Agreement, a copy of which is attached hereto as Exhibit "G" and by this reference made a part hereof. Lien waivers shall be provided for all Construction Advances and no Construction Advances shall be made for the benefit of unbonded subcontractors.

23. Warranties. Bonneville warrants to CDM that the Facility, including all improvements and equipment or accessory appertaining thereto will be free from defects in material, workmanship and title; will be of the kind and quality specified herein; and will be fit for the particular purposes specified herein. The foregoing shall apply only to failures to meet said warranties (excluding any defects in title) which appear within one year from the date of acceptance of the Facility hereunder.

In addition to the foregoing, through assignment of the Construction Contract as contemplated herein, CDM shall have and enjoy all representations, covenants and warranties contained in said Construction Contract, and all manufacturers warranties on the items of equipment specified in said Construction Contract, subject to the terms, conditions, stipulations and limitations contained in said Construction Contract and such manufacturers warranties.

The warranties and remedies set forth herein are conditioned upon (a) use, maintenance, and operation of the Facility in conformance with any applicable recommendations of Bonneville, the Construction Contractor and the equipment and

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accessory manufacturers and (b) CDM promptly notifying Bonneville in writing of any defects and, if required, promptly making the Facility available for correction.

If the Facility and any improvements and equipment or accessory appertaining thereto fails to meet the foregoing warranties (except title) Bonneville shall thereupon correct any failure either, at its option (i) by repairing any defective or damaged part or parts of the Facility, or (ii) by making available FOB job site any necessary repaired or replacement parts and labor. Where a failure cannot be corrected by Bonneville's reasonable efforts, the parties will negotiate an equitable adjustment in price.

This Section 23 sets forth the exclusive remedies for claims (except as to title) based on defect in or failure of Facility, whether claim is in contract or tort (including negligence) and however instituted. Upon the expiration of the warranty period, all such liability shall terminate. Except as set forth herein, the foregoing warranties are exclusive and in lieu of all other warranties, whether written, oral, implied or statutory.

24. Additional Testing and Arbitration. If, after the acceptance testing specified in Section 20 hereof has been completed by Bonneville and the various performance criteria and data extrapolated therefrom (the "Acceptance Testing"), CDM is displeased with the Acceptance Testing or the results therefrom, CDM at CDM's discretion and sole expense, may perform or have performed on its behalf by qualified experts in the area, additional independent tests on the Facility and its "as built" capabilities (the "Additional Testing"). The results of the Additional Testing and the performance data extrapolated therefrom shall be made available to Bonneville at the discretion of CDM. If CDM elects to disclose such data to Bonneville, the results of the Additional Testing shall be compared with the results of the Acceptance Testing and if any discrepancies or disparities between said tests cannot be satisfactorily resolved between Bonneville and CDM, or if a dispute still exists as to the accuracy or viability of any of the test results of (the Acceptance Testing and the Additional Testing) the findings and all data from all such tests shall be immediately submitted to Stone & Webster Engineering Corporation ("Stone & Webster") for a third party review and analysis. Stone & Webster shall be charged with the obligation of reviewing and analyzing all Acceptance Testing and Additional Testing data and issuing a report based on its findings and evaluations, as to which set of performance values or standards are to be accepted. The findings of Stone & Webster as to the actual performance capabilities of the Facility shall be binding and specifically enforceable upon all parties hereto.

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Based upon the findings and conclusions of Stone & Webster, the provisions of Section 20(h) hereof shall be applied as provided therein. Any and all expenses incurred by Stone & Webster in evaluating the findings of the Acceptance Testing and Additional Testing and in preparing the report specified herein shall be shared equally between Bonneville and CDM.

25. Modification or Termination of Power Contract. Pursuant to the Provisions of the Power Contract, a copy of which is attached hereto as Exhibit "C" and by this reference made a part hereof, CDM, as Bonneville's assignee to the Power Contract, may terminate the Power Contract at any time in accordance with the terms and conditions therein. One such term and condition is the payment to Utah Power & Light Company of certain specified payments or refunds thereunder. Should CDM during the term of this Agreement determine to terminate the Power Contract, Bonneville agrees to cooperate and consent to said termination, provided that: (a) CDM pays to Utah Power & Light Company each and all of the refunds and payments required, necessitated by, or incident to said termination; (b) CDM pays all fees, costs and expenses incident or related to said termination, including but not necessarily limited to, all legal, accounting, travel, document preparation expenses, recording expenses, and direct and indirect expenses of Bonneville; and (c) Bonneville receives each and every economic benefit and payment due Bonneville under this Agreement, including all payments and amounts specified under Section 5(b) hereof, without change, modification or limitation, unless otherwise agreed to, in writing, by Bonneville prior to said termination. Any attempted termination by CDM of the Power Contract without fully satisfying the requirements outlined herein shall be null and void and of no consequence or effect.

26. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and the same shall not be modified or amended except by written instrument duly executed by the parties hereto.

27. Binding Agreement. This Agreement shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

28. 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.

29. Counterparts. This Agreement may be executed in counterparts and all so executed shall constitute an Agreement, binding upon all parties hereto, notwithstanding that all of

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the parties are not signatory to the original or the same counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Assignment Agreement the day and year first above written.

BONNEVILLE PACIFIC CORPORATION,
a Utah corporation

By:_____
Its President

ATTEST:

_____
Secretary

CDM HYDROELECTRIC COMPANY, a
Colorado Limited Partnership

By_____
James E. Sorensen
General Partner

HYDRO VALLEY DEVELOPMENT, INC., a
Utah corporation

By_____
Its_____

ATTEST:

_____
Secretary

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STATE OF _____)
: ss.
COUNTY OF _____)

On this ____ day of _____, 1985, before me, the undersigned, a Notary Public, in and for said State, personally appeared _____, known to me to be the President of Bonneville Pacific Corporation, who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said _____ acknowledged to me that said corporation executed the same.

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

_____
NOTARY PUBLIC for _____
Residing at: _____
My Commission expires: _____

STATE OF Colorado)
: ss.
COUNTY OF Denver)

On this 6th day of June, 1985, before me, the undersigned, a Notary Public, in and for said State, personally appeared James E. Sorensen, known to me to be a General Partner of CDM Hydroelectric Company, a Colorado limited partnership, who duly acknowledged that the foregoing instrument was signed in behalf of said partnership.

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

_____
NOTARY PUBLIC for [illegible]
Residing at: [illegible]
My Commission expires: [illegible]

STATE OF _____)
: ss.
COUNTY OF _____)

On this ____ day of _____, 1984, before me, the undersigned, a Notary Public, in and for said State, personally appeared _____, known to me to be the _____

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of Hydro Valley Development Inc., who duly acknowledged that the foregoing instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said _____ acknowledged to me that said corporation executed the same.

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

_____
NOTARY PUBLIC for _____
Residing at: _____
My Commission expires: _____

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SCHEDULES AND EXHIBITS

SCHEDULE I - Escrow Agreement

SCHEDULE II - Promissory Note ($1,700,000)

Exhibit "A" - Lease and Assignment Agreement - Felt Project

Exhibit "B" - Water Rights

Exhibit "C" - Power Purchase Agreement

Exhibit "D" - FERC License

Exhibit "E" - Construction Contract and Construction Financing Documents

Exhibit "F" - Stock Purchase Agreement

Exhibit "G" - Promissory Note, Guarantees and Security Agreement

Exhibit "H" - Water Data

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EXHIBIT "A-3"

PARTIAL ASSIGNMENT OF LEASE AND ASSIGNMENT AGREEMENT
(Attached)

PARTIAL ASSIGNMENT OF LEASE AND ASSIGNMENT AGREEMENT

THIS PARTIAL ASSIGNMENT is made and entered into in the City of Salt Lake, State of Utah on this 14th day of June, 1985, by and between BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Bonneville," and HYDRO VALLEY DEVELOPMENT, INC., a Utah corporation duly qualified to do business in the State of Idaho, hereinafter referred to as "Hydro Valley,"

W I T N E S S E T H :

WHEREAS, Bonneville has entered into a Lease and Assignment Agreement dated December 18, 1984 with FALL RIVER RURAL ELECTRIC COOPERATIVE, INC., an Idaho corporation, hereinafter referred to as "Fall River," which Lease and Assignment Agreement is incorporated herein by this reference; and

WHEREAS, pursuant to paragraph 1 of said Lease and Assignment Agreement, Fall River has leased to Bonneville, among other things, certain Water Rights (the "Water Rights"), more particularly described in Exhibit "A," attached hereto and by this reference made a part hereof, and the right to become a joint licensee with Fall River in and to that certain Order Issuing License (Major), as amended and extended (the "FERC License"), originally issued September 9, 1983 in connection with the Felt Dam Hydroelectric Project, Project No. 5089-001, as issued by the Federal Energy Regulatory Commission, a copy

of which is attached hereto as Exhibit "B" and by this reference made a part hereof; and

WHEREAS, Bonneville desires to assign its rights, titles and interests as lessee in the Water Rights and co-licensee in the FERC License in accordance with the terms hereof, and Hydro Valley desires to accept assignment thereof in accordance with the terms hereof.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. That for the consideration hereinabove set forth, Bonneville hereby assigns to Hydro Valley all of its right, title and interest as lessee in the Water Rights, as described in Exhibit "A" attached hereto, and all of its right, title and interest as co-licensee under the FERC License as described in Exhibit "B" attached hereto, and Hydro Valley hereby accepts said assignment.

2. Bonneville hereby represents to Hydro Valley as follows:

(a) That Bonneville has duly performed all of the conditions of said Lease and Assignment Agreement in connection with the Water Rights and the FERC License to the date of this Assignment;

(b) That the Lease and Assignment Agreement is now in full force and effect; and

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(c) That neither Bonneville nor Fall River are in default in connection with the Lease and Assignment Agreement.

3. Hydro Valley covenants with Bonneville as follows:

(a) That Hydro Valley will duly keep, observe and perform all of the terms, conditions and provisions to be kept and performed by Bonneville under the Lease and Assignment Agreement as they relate to the Water Rights and the FERC License;

(b) That Hydro Valley will save and hold harmless Bonneville of and from any and all actions, suits, costs, damages, claims and demands whatsoever arising by reason of any act or omission of Hydro Valley with respect to the Water Rights and the FERC License;

(c) That Hydro Valley claims no interest in any of the rights, titles or interests leased or assigned to Bonneville in connection with the Lease and Assignment Agreement except as specifically set forth herein.

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

BONNEVILLE PACIFIC CORPORATION, a Utah corporation

By_____
Its_____

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HYDRO VALLEY DEVELOPMENT, INC.

By_____
Its_____

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

On the ____ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of Bonneville Pacific Corporation, a Utah corporation, that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said _____ acknowledged to me that said corporation executed the same.

_____
NOTARY PUBLIC
Residing at:_____

My Commission Expires:

_____

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

On the ____ day of _____, 1985, personally appeared before me _____, who, being by me duly sworn, did say that he is the _____ of Hydro Valley Development, Inc., a Utah corporation, that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said _____ acknowledged to me that said corporation executed the same.

_____
NOTARY PUBLIC
Residing at:_____

My Commission Expires:

_____

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EXHIBIT "A"

DESCRIPTION OF WATER RIGHTS

Decreed Right 22-0606 in the amount of 80 CFS with priority of October 1, 1921.

Licensed Right 22-2123 in the amount of 70 CFS with priority of November 17, 1936.

Licensed Right 22-2126 in the amount of 150 CFS with priority of February 2, 1946.

Approved Application for Permit No. 22-7351 in the amount of 300 CFS with a priority of March 18, 1981.

Approved Application for Permit No. 22-7487 in the amount of 204 CFS with a priority of February 25, 1985.

Approved Application for Permit No. 22-7482 in the amount of 80 CFS with a priority of October 1, 1984.

TOTAL WATER AVAILABLE FOR THE PROJECT: 884 CFS

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EXHIBIT "B"

ORDER ISSUING LICENSE (MAJOR) AS AMENDED AND EXTENDED, ORIGINALLY ISSUED SEPTEMBER 9, 1983 IN CONNECTION WITH THE FELT DAM HYDROELECTRIC PROJECT, PROJECT NO. 5089-001, AS ISSUED BY THE OFFICE OF ELECTRIC POWER REGULATION, FEDERAL ENERGY REGULATORY COMMISSION

(Attached)

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EXHIBIT "B"

FELT DAM HYDROELECTRIC PROJECT

Description of Water Rights

Decreed Right 22-0606 in the amount of 80 CFS with priority of October 1, 1921.

Licensed Right 22-2123 in the amount of 70 CFS with priority of November 17, 1936.

Licensed Right 22-2126 in the amount of 150 CFS with priority of February 2, 1946.

Approved Application for Permit No. 22-7351 in the amount of 300 CFS with a priority of March 18, 1981.

Approved Application for Permit No. 22-7487 in the amount of 204 CFS with a priority of February 25, 1985.

Approved Application for Permit No. 22-7482 in the amount of 80 CFS with a priority of October 1, 1984.

TOTAL WATER AVAILABLE FOR THE PROJECT: 884 CFS.

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EXHIBIT "C"

Construction Contracts

(Attached)

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AGREEMENT

THIS AGREEMENT, made and executed as of the 5th day of November, 1984 by and between **BONNEVILLE PACIFIC CORPORATION,** hereinafter referred to as **"Buyer"** and **WATER POWER COMPANY,** a Utah Corporation, hereinafter referred to as **"Company".**

WITNESSETH:

WHEREAS, the **Buyer** desires to build a 5500 KW hydroelectric project together with 1200 KW of reserve capacity in existing units 4 and 5 at the Felt site near Felt, Idaho (herein after referred to as "Project"), and

WHEREAS, the **Buyer** desires to engage the services of the **Company** on the Project and the **Company** desires to perform such services, pursuant to the terms and conditions of this Agreement as herein set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and the monetary consideration herein recited, it is mutally agreed by and between the parties as follows:

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1. **WORK TO BE PERFORMED BY THE COMPANY.** The **Buyer** hereby engages the **Company**, and the **Company** does hereby agree to perform the following:

A. General: The **Company** will design, fabricate, install and start up two turbine/generator units including penstock, tunnel portal connection structure, penstock bifurcation, powerhouse, transformer and transmission line to existing substation to the following specifications:

Turbines (two) :

	Each	Total
Head, static	158 ft	158 ft
Head Effective	154 ft	154 ft
Flow	232 cfs	464 cfs
Power	3487 hp	6975 hp
Speed	600 rpm	

Generator:

Power	2750 KVA	5500 KVA
Speed	600 rpm	
Voltage	4160	
Temp. Rating	Full class "FFFX" capability	

Penstock:

Size	90 inch diameter
Wall	3/8 inch
Length	1800 ft
Bifurcation	90"x60"x60"

In addition to the above, the company will construct a new access road and will recondition existing horizontal Francis units 4 and 5 to 1200 KW capacity to utilize flows in excess of 464 cfs.

B. Specific: The **Company** shall proceed diligently to perform the following in a good and workmanlike manner for the fee as provided for herein:

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TURBINE:

Design and manufacture Francis type turbines to the specifications of Paragraph 1A. The turbine runners and wicket gates will be stainless steel as per Hydro West Group standard specs. Spiral case and all other related parts will be cast or fabricated steel.

GENERATOR:

The generator will be designed and manufactured to Hydro West Group specifications as per the nameplate data listed in Paragraph 1A. The insulation system will be Class F and the stator will have a minimum of 6 RTD's to indicate winding temperature. The generator field will have adequate WR^2 (built in inertia) to permit stable operation for remote and manual synchronization. The entire rotation assembly will have continuous runaway speed capability.

EXCITER:

The exciter will be static or brushless and will have solid state voltage regulation.

SWITCHGEAR:

The switchgear and relay protection will be standard utility grade designed and built by Hydro West Group for local manual and remote operation.

SUPERVISORY CONTROL:

The supervisory control will be designed by Hydro West Group to remotely control the turbine-generator unit.

STEP-UP TRANSFORMER:

A step-up transformer, low voltage connection box, high voltage disconnect with fuses and lightning arrestors will be furnished.

ASSEMBLY & INSTALLATION:

Will be by contractor working for Water Power Company under the direction of Hydro West Group, Inc.

PENSTOCK:

90 inch & 60 inch steel with protective inner and outer coating

DIVERSION STRUCTURE:

Fish ladder and new shelters for inlet portals to tunnel No. 2 and 3.

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POWERHOUSE:
Insulate steel building 36 foot by 36 foot.

C. Technical Director: The **Company** shall furnish a technical representative qualified to install and erect the equipment to be furnished hereunder, together with all other onsite or offsite labor required for the performance of this agreement.

2. **PAYMENT BY OWNER TO THE COMPANY:** The **Buyer** hereby agrees to pay to the **Company** for the work to be performed, the sum of $5,650,000 payable in monthly installments as specified in attached Exhibit "B" Payment Schedule.

Failure to meet the payment schedule will delay and extend the completion date.

3. **INFORMATION TO BE PROVIDED BY THE BUYER:** The **Buyer** agrees to provide the **Company** with complete information concerning the project and to provide access for the **Company** to enter the premises as required to perform the work. The **Buyer** shall designate one individual to act as the **Buyer's** representative with respect to the work to be performed by the **Company** under this Agreement. The person designated as the **Buyer's** representative shall have complete authority to transmit instructions, receive information, interpret and

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define the **Buyer's** policy and decisions and approve payments under the "Payment Schedule" with respect to work covered by this Agreement.

4. **INSURANCE AND INDEMNIFICATION:** The **Company** shall secure and maintain such insurance as will protect the **Company** from claims under Workmen's Compensation acts and from all other claims for bodily injury, death or property damage which may arise out of the negligent performance of or failure to perform services by the **Company** under this Agreement. The **Company** or its subcontractors will provide, where appropriate, indemnity insurance or a one-year warranty from the date of completion for all installed turbine-generator equipment.

5. **CHANGES AND MODIFICATIONS:** This Agreement shall be modified only by a written agreement setting forth the terms and conditions of such changes and modifications and the same being executed by each of the parties hereto.

6. **COMPLETION:** The access road, fish ladder, penstock, powerhouse and turbine generator packages shall be completed on or before December 23, 1985 as per Construction Control Schedule in Exhibit "A".

7. **Default:** In the event of default by either party hereunder the non-defaulting party shall have the right to bring legal action to enforce

this Agreement. In such event, the defaulting party shall pay all costs and fees, including reasonable attorneys fees, incurred by the non-defaulting party in enforcing this Agreement against such defaulting party.

8. **ADDITIONAL TERMS:** The terms and provisions of "Conditions of Sale", attached hereto as Exhibit "C", are hereby agreed to and incorporated herein.

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

BUYER

BY: _____

TITLE: Secretary

WITNESS: L. Wynn Johnson

COMPANY

BY: _____

TITLE: Vice President

WITNESS: _____

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EXHIBIT C

CONDITIONS OF SALE

1. WARRANTIES: Company warrants to Buyer that products and any services furnished hereunder will be free from defects in material, workmanship and title and will be of the kind and quality specified in Company's quotation. The foregoing shall apply only to failures to meet said warranties (excluding any defects in title) which appear within one year from the date of shipment hereunder; provided, however, that if Buyer, in the course of its regular and usual business, transfers title to or leases such products (including equipment incorporating such products) to a third party, such period shall run until one year from such transfer or lease or eighteen months from shipment by Company, whichever occurs first.

The conditions of any tests shall be mutually agreed upon and Company shall be notified of, and may be represented at, all tests that may be made. The warranties and remedies set forth herein are conditioned upon (a) proper storage, installation, use and maintenance, and conformance with any applicable recommendations of Company and (b) Buyer promptly notifying Company of any defects and, if required, promptly making the product available for correction.

If any product or service fails to meet the foregoing warranties (except title), Company shall thereupon correct any such failure either, at is option (i) by repairing any defective or damaged part or parts of the products, or (ii) by making available, F.O.B. Company's plant or other point of shipment, any necessary repaired or replacement parts. Where a failure cannot be corrected by Company's reasonable efforts, the parties will negotiate an equitable adjustment in price.

The preceding paragraph sets forth the exclusive remedies for claims (except as to title) based on defect in or failure of products or services, whether claim is in contract or tort (including negligence) and however instituted. Upon the expiration of the warranty period, all such liability shall terminate. Except as set forth in Article 2, "Patents", the foregoing warranties are exclusive and in lieu of all other warranties, whether written, oral, implied or statutory. NO IMPLIED STATUTORY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE SHALL APPLY. Company does not warrant any products or services of others which Buyer has designated.

2. PATENTS: (a) Company warrants that products furnished hereunder, and any part thereof, shall be delivered free of any rightful claim of any third party for infringement of any United States patent. If notified promptly in writing and given authority, information and assistance, Company shall defend, or may settle, at its expense, any suit or proceeding against Buyer so far as based on a claimed infringement which would result in a breach of this warranty and Company shall pay all damages and costs awarded therein against Buyer due to such breach. In case any product or part thereof is in such suit held to constitute such an infringement and the use for the purpose intended of said product or part is enjoined, Company shall, at its expense and option, either procure for Buyer the right to continue using said product or part, or replace same with a non-infringing product or part, or modify same so it becomes non-infringing, or remove the product and refund the purchase price (less reasonable depreciation for any period of use) and any transportation costs separately paid by Buyer. The foregoing states the entire liability of Company for patent infringement by said products or any part thereof.

(b) The preceding paragraph shall not apply to any product or part specified by Buyer or manufactured to Buyer's design, or to the use of any product furnished hereunder in conjunction with any other product in a combination not furnished by Company as a part of this transaction. As to any such product, part, or use in such combination, Company assumes no liability whatsoever for patent infringement and Buyer will hold Company harmless against any infringement claims arising therefrom.

3. DELIVERY, TITLE AND RISK OF LOSS: Delivery dates are approximate and are based upon prompt receipt of all necessary information from Buyer. Unless otherwise specified by Company, delivery will be made and title will pass F.O.B. point of shipment to Buyer. Risks of loss or damage pass to Buyer on delivery.

4. EXCUSABLE DELAYS: Company shall not be liable for delays in delivery or performance, or for failure to manufacture, deliver or perform, due to (i) a cause beyond its reasonable control, or (ii) an act of God, act of Buyer, act of civil or military authority, Governmental priority, strike or other labor disturbance, flood, epidemic, war, riot, delay in tranportation or car shortage, or (iii) inability on account of a cause beyond the reasonable control of Company to obtain necessary materials, components, services or facilities. Company will notify Buyer promptly of any material delay excused by this article and will specify the revised delivery date as soon as practicable. In the event of any such delay, there will be no termination and the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

5. PAYMENTS AND FINANCIAL CONDITION: Except to the extent otherwise specified by Company in its quotation, pro rata payments shall become due without setoff as shipments are made. If Company consents to delay shipments after completion of any product, payment shall become due on the date when Company is prepared to make shipment. In the event of any such delay, title shall pass and products shall be held at Buyer's risk and expense.

Any order for products by Buyer shall constitute a representation that Buyer is solvent. In addition, upon Company's request, Buyer will furnish a written representation concerning its solvency at any time prior to shipment.

If Buyer's financial condition at any time does not justify continuance of the work to be performed by Company hereunder on the agreed terms of payment, Company may require full or partial payment in advance. In the event of Buyer's bankruptcy or insolvency or in the event any proceeding is brought against Buyer, voluntarily or involuntarily, under the bankruptcy or any insolvency laws, Company shall be entitled to cancel any order then outstanding at any time during the period allowed for filing claims against the estate and shall receive reimbursement for its proper cancellation charges. Company's rights under this article are in addition to all rights available to it at law or in equity.

6. DISCLOSURE OF INFORMATION: Any information, suggestions or ideas transmitted by Buyer to Company in connection with performance hereunder are not to be regarded as secret or submitted in confidence except as may be otherwise provided in a writing signed by a duly authorized representative of Company.

7. TAXES: In addition to any price specified herein, Buyer shall pay the gross amount of any present or future sales, use, excise, value-added, or other similar tax applicable to the price, sale or delivery of any products or services furnished hereunder or to their use by Company or Buyer, or Buyer shall furnish Company with evidence of exemption acceptable to the taxing authorities.

8. LIMITATIONS OF LIABILITY AND INDEMNITIES: (a) Unless otherwise agreed in writing by a duly authorized representative of Company, products sold hereunder are not intended for use in connection with any nuclear facility or activity. If so used, Company disclaims all liability for any nuclear damage, injury or contamination, and Buyer shall indemnify Company against any such liability, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise.

(b) In no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise, shall Company or its suppliers be liable for any special, consequential, incidental or penal damages including, but not limited to, loss of profit or revenues, loss of use of the products or any associated equipment, damage to associated equipment, cost of capital, cost of substitute products, facilities, services or replacement power, down time costs, or claims of Buyer's customers for such damages. If Buyer transfers title to or leases the products sold hereunder to any third party, Buyer shall obtain from such third party a provision affording Company and its suppliers the protection of the preceding sentence.

(c) Except as provided in Article 2, "Patents", in no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise, shall Company's liability to Buyer for any loss or damage arising out of, or resulting from this agreement, or from its performance or breach, or from the products or services furnished hereunder, exceed the price of the specific product or service which gives rise to the claim. Except as to title, any such liability shall terminate upon the expiration of the warranty period specified in Article 1, "Warranties".

(d) If Company furnishes Buyer with advice or other assistance which concerns any product supplied hereunder or any system or equipment in which any such product may be installed and which is not required pursuant to this agreement, the furnishing of such advice or assistance will not subject Company to any liability, whether in contract, warranty, tort (including negligence) or otherwise.

(e) The invalidity, in whole or part, of any of the foregoing paragraphs will not affect the remainder of such paragraph or any other paragraph in this article.

9. GENERAL: Any products delivered by Company hereunder will be produced in compliance with the Fair Labor Standards Act of 1938, as amended and applicable. Company will comply with applicable Federal, state and local laws and regulation as of the date of any quotation which relate to (i) non-segregated facilities and equal employment opportunity (including the seven paragraphs appearing in §202 of Executive Order 11246, as amended, (ii) workmen's compensation, and (iii) the production in Company's manufacturing facilities of products furnished hereunder. Price and, if necessary, delivery will be equitably adjusted to compensate Company for the cost of compliance with any other laws or regulation.

The delegation or assignment by Buyer of any or all of its duties or rights hereunder without Company's prior written consent shall be void.

Any representation, warranty, course of dealing or trade usage not contained or referenced herein will not be binding on Company. No modification, amendment, rescission, waiver or other change shall be binding on Company unless assented to in writing by Company's authorized representative.

The validity, performance and all matters relating to the interpretation and effect of this agreement and any amendment hereto shall be governed by the law of the State of Utah.

The provisions of this agreement are for the benefit of the parties hereto and not for any other person except as specifically provided herein with respect to Company's suppliers.

Time is of the essence of this Agreement.

In the event of a breach of this Agreement, the prevailing party shall be entitled to recover reasonable Attorney's fees.

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EXHIBIT "D"

FERC License as Amended

(Attached)

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.) Project No. 5088-001

ORDER ISSUING LICENSE (MAJOR)

(Issued September 9, 1983)

Fall River Rural Electric Cooperative, Inc. has filed an application for a license under Part I of the Federal Power Act (Act) to re-construct, operate, and maintain the Felt Project No. 5088. 1/ The project is located on the Teton River near the Town of Teton, Teton County, Idaho, affects the interests of interstate or foreign commerce, and would occupy lands of the United States under the jurisdiction of the Bureau of Reclamation.

Notice of the application has been published and comments have been received from interested federal, state, and local agencies. No protests or petitions to intervene have been received, and none of the agencies objected to issuance of the license. The significant concerns of the commenting agencies are discussed below.

1/ Authority to act on this matter is delegated to the Director, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 18 C.F.R. §375.308 (1983). This order may be appealed to the Commission by any party within 30 days of its issuance pursuant to Rule 1902, 18 C.F.R. 385.1902 (1983). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or any other date specified in this order, except as specifically directed by the Commission.

History and Description

The original dam, power plant, and appurtenances were constructed in 1921. The facility was expanded in 1946 to include a second powerhouse. A new dam was constructed in 1961. The plant was operated intermittently from 1968 until 1980, when full power production was resumed.

The existing facilities consist of a dam, a reservoir, three intakes, three tunnels, three penstocks, two powerhouses containing an installe capacity of 1870 kW, and miscellaneous appurtenant facilities. Applic proposes to add a fish ladder, a penstock extension, a powerhouse containing two generating units with a total capacity of 4025 kW, a tailrace, and to relocate the transmission line and access road. The existing powerhouses would be removed from service. 2/ A more detaile project description is contained in ordering paragraph (B).

Safety and Adequacy

Staff inspected the project and found it to be well maintained and in good operating condition. The dam was observed to be in sound structural condition.

Failure of the dam, classified as low hazard, would not create additional hazard to downstream life or property. Failure of the dam under flood conditions would not significantly increase the flow downstream. The spillway capacity is adequate.

It is concluded that the project, under the conditions of this license, will be safe and adequate.

Economic Feasibility

The proposed plant would operate run-of-river under a static head of 150 feet with a hydraulic capacity of 680 cfs. Streamflow exceeding 680 cfs occurs approximately 17 percent of the time and would be released over the dam.

A staff analysis shows the project is economically feasible.

2/ The proposed project, with its average annual generation of 31.4 million kWh, will utilize a renewable resource that will save the equivalent of approximately 51,560 barrels of oil or 14,540 tons of coal per year.

Fish, Wildlife and Recreation Resources

The Applicant and Idaho Department of Fish and Game (IDFG) have agreed on conditions to protect and enhance fish, wildlife, and recreational resources. The U.S. Fish and Wildlife Service, the Idaho Conservation League, and the Sierra Club stated that they had no objection to the proposed project provided that the agreement between the Applicant and IDFG is implemented. The Fish, Wildlife, and Botanical Resources Report, "Mitigation" portion, of the Exhibit E will be approved.

To ensure the protection and enhancement of the fishery resource, Article 33 is included to provide for an interim minimum flow. Article 34 is included to require fishery and minimum flow studies. In addition, Article 35 requires the Licensee to consult with the agencies concerning the design of fish passage facilities, to file for Commission approval of functional design drawings, and to file as-built drawings with the Commission.

Pursuant to Section 4(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (P.L. 96-501), the Northwest Power Planning Council (NPPC) developed in 1982 a fish and wildlife program to protect, mitigate, and enhance fish and wildlife resources in the Pacific Northwest. The proposed project does not appear to conflict with NPPC's fish and wildlife program. Nevertheless, Article 44 reserves to the Commission the authority to order where practicable alterations in project structures and operations in order to take into account NPPC's fish and wildlife program.

Under Article 37 of this license, the Commission reserves the right to require additional recreational development in the future. The Idaho Department of Health and Welfare has issued a water quality certificate for the project, in accordance with Section 401 of the Federal Water Pollution Control Act.

Cultural Resources

The Applicant has consulted with the Idaho State Historic Preservation Officer (SHPO). The SHPO reported that the project would have no effect on significant cultural resources.

In accordance with standard Commission practice, Article 36 of this license also requires cultural resources protection measures in the event of any future construction or development at the project.

Other Aspects of Comprehensive Development

The proposed project is not in conflict with any planned development. It efficiently utilizes the flow and fall of the Teton River and, upon compliance with the terms and conditions of the license, the project would be best adapted to the comprehensive development of the Upper

Snake River basin for beneficial purposes.

License Term

The project will use an existing dam, reservoir, tunnels and penst In addition, it will include a new fish ladder, penstock extension and an additional powerhouse containing two new generating units, tailrace and will relocate the transmission line and access road. Licensing the project is considered to be a licensing action simil to the relicensing of a project where a moderate amount of reconstruction is proposed. Consistent with the Commission policy expressed in Lyndonville Electric Department 3/ this license will expire forty years from the first day of the month in which this order is issued.

The policy under Pacific Power and Light Company 4/ is to issue the license effective as of the date of any unauthorized post 1935 construction. Here the post 1935 construction was an expansi of the project completed by January 1, 1967. Because of the 50 year statutory maximum license period, however, the license will be effective September 1, 1971.

Annual Charges

In accordance with the order issuing a license for the Shoshone F Project, 5/ annual charges will be based upon the effective date, but this license will also be conditioned upon payment of an amou equivalent to the annual charges that would otherwise have been d for the period from January 1, 1967, to August 31, 1971. This pa ment is not a penalty, but is intended to place the Applicant as nearly as possible in the same position it would have been in before our change in termination date policy, and the same positi as similarly situated licensees who received their license before that change in policy.

For projects constructed prior to 1938 and located on U.S. lands without proper Federal permission, Commission policy would be to condition the license upon payment of an amount equivalent to the annual charges that would otherwise have been due since January 1, 1938. The redeveloped Felt Project, however, would be located on recently acquired U.S. lands, under the jurisdictio of the Bureau of Reclamation.

3/ Lyndonville Electric Department 7 FERC ¶61124 (June 29, 1979)

4/ Pacific Power and Light Company, 56 FPC 1804 (1976).

5/ Idaho Power Co., 7 FERC ¶61,256(1979).

Accordingly, the charge for the use of U.S. lands will be made effective September 1, 1983.

Environmental Impacts

The short-term minor adverse impacts associated with the construction period would include: soil erosion and localized increases in suspended sediment loads; increased noise and air pollution; and disruption of wildlife and wildlife habitat. The long-term impacts on the change in streamflow pattern and the fishery resources are adequately mitigated. No federaly listed threatened or endangered species would be affected by the proposed action. On the basis of the record, and staff's independent analysis, we conclude that approval of the proposed license would not constitute a major Federal action significantly affecting the quality of the human environment.

It is ordered that:

(A) This license is issued to Fall River Rural Electric Cooperative, Inc. (Licensee), of Ashton, Idaho, under Part I of the Federal Power Act (Act), for a period effective September 1, 1973 and terminating 40 years from the first day of the month in which this order is issued, for reconstruction, operation, and maintenance of the Felt Project No. 5089, located in Teton County, Idaho, on the Teton River, and occupying lands of the United States under the jurisdiction of the Bureau of Reclamation and affecting the interests of interstate or foreign commerce. This license is subject to the terms and conditions of the Act, which is incorporated by reference as part of this license, and subject to the regulations the Commission issues under the provisions of the Act.

(B) The Felt Project No. 5089 consists of:

(1) All lands, to the extent of the Licensee's interests in those lands, constituting the project area and enclosed by the project boundary. The project area and boundary are shown and described by certain exhibits that form part of the appliction for license and that are designated and described as:

Exhibit	FERC No.	Showing
A-1	5089-1	Lands of the United States
G-1	5089-9	Project Map

(2) Project works consisting of:

(a) a 12-foot-high 135-foot long dam having a 90-foot long spillway section with crest elevation 5,530 feet m.s.l. and having a sluiceway and a fish ladder; (b) a reservoir having a surface area of 10 acres and a storage capacity of 40 acre-feet; (c) three intake structures along the reservoir right bank; (d) inoperative flowline no. 1 consisting of a 170-foot-long tunnel; (e) flowline no. 2 consisting of a 215-foot-long tunnel and a 395-foot-long 59-inch-diameter steel penstock; (f) flowline no. 3 consisting of a 180-foot-long tunnel and a 605-foot-long 59-inch-diameter steel penstock; (g) an 8-foot-diameter 1,200-foot-long steel penstock extending from the 59-inch-diameter penstocks to a powerhouse; (h) a powerhouse containing two generating units having a total rated capacity of 6,025 kW at a net head of 123 feet and hydraulic capacity of 680 cfs; (i) the 4.16-kV generator leads and a 3-phase 4.16/46-kV, 75 MVA transformer; (j) a 1,600-foot-long 46-kV transmission line; (k) the facilities necessary to connect to the Licensee's system at the Badger Substation; (l) a 170-foot-long excavated tailrace with water surface elevation 5380.0 feet m.s.l.; (m) an access road; (n) a public-parking area; and (o) appurtenant facilities.

The location, nature, and character of these project works are generally shown and described by the exhibits cited above and more specifically shown and described by certain other exhibits and reports that also form a part of the application for license and that are designated and described as:

Drawing No.	FERC No.	Showing
P-1	5089-5	Project Layout
P-2	5089-6	Profile and Typical Sectio
P-3	5089-7	Powerplant Plans and Secti
P-4	5089-8	Boring Locations and Logs

Exhibit A - The Section, filed February 22, 1982, entitled "Structur and Equipment", consisting of two typewritten pages of text, pages A-5 to A-7, and:

Drawing No.	FERC No.	Showing
A-4	5089-2	Facilities Profiles
A-5	5089-3	Felt Dam

Exhibit E - The Section, filed February 22, 1982, as revised on June 1, 1982, entitled "Mitigation", consisting of five typewritten pages of text, pages E-21 to E-25.

(3) All of the structures, fixtures, equipment, or facilities used or useful in the operation or maintenance of the project and located within the project boundary, all portable property that may be employed in connection with the project, located within or outside the project boundary, as approved by the Commission, and all riparian or other rights that are necessary or appropriate in the operation or maintenance of the project.

(C) Exhibits F and G, and the portions of Exhibits A and E designated in ordering paragraph (B) above, are approved and made a part of the license.

(D) This license is also subject to the terms and conditions set forth in Form L-2 (revised October 1975), entitled "Terms and Conditions of License for Unconstructed Major Project Affecting Lands of the United States", attached to and made a part of this license, except insofar as Standard Article 20 relates to a plan for clearing the reservoir area. The license is also subject to the following additional articles:

Article 33. Licensee shall discharge an interim continuous minimum flow of 20 cubic feet per second (cfs) except for 3 months each year, during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs or the inflow of the reservoir, whichever is less, for the purpose of protecting fish and wildlife resources. The 3-month spawning migration period shall be determined through consultation with the Idaho Department of Fish and Game. These flows may be temporarily modified if required by operating emergencies beyond the control of the Licensee, for fishery and minimum flow studies required by Article 34, and for short periods for fishery management purposes upon mutual agreement between the Licensee and the Idaho Department of Fish and Game.

Article 34. Licensee shall consult and cooperate with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service in conducting studies to determine the period of cutthroat trout spawning migration, and the minimum flow release needed at the Felt Project to ensure protection and enhancement of fishery and wildlife resources. Further, Licensee shall, within 2 years from the date of issuance of this license, file a report of its findings and, for Commission approval, recommendations for a minimum flow release from the project, together with any agency comments on the report and recommendations. At the same time, copies of the filings shall be served upon the agencies consulted.

Article 35. Licensee shall, within 2 years following issuanc of this license, file for Commission approval functional design drawings of the proposed fish passage facilities at the Felt Proje prepared in consultation with the Idaho Department of Fish and Gam and the U.S. Fish and Wildlife Service. Agency letters of comment on the design drawings shall be included in this filing. Further, Licensee shall file as-built drawings with the Commission within months after completion of construction of the fish passage facil

Article 36. Prior to the commencement of any future construc or development of any project works or other facilities at the project, the Licensee shall consult and cooperate with the Idaho State Historic Preservation Officer (SHPO) to determine the need and extent of, any archeological or historic resource surveys and any mitigative measures that may be necessary. The Licensee shal provide funds in a reasonable amount for any such activity. If an previously unrecorded archeological or historical sites are discov during the course of construction, construction activity in the vi ty shall be halted, a qualified archeologist shall be consulted to determine the significance of the sites, and the Licensee shall co with the SHPO to develop a mitigation plan for the protection of significant archeological or historic resources. If the Licensee the SHPO cannot agree on the amount of money to be expended on archeological or historic work related to the project, the Commiss reserves the right to require the Licensee to conduct, at its own expense, any such work found necessary.

Article 37. Licensee shall commence construction of the pro- posed project within 1 year of the effective date of issuance of the license and shall complete construction within 3 years from the effective date of this license.

Article 38. Licensee shall file with the Commission's Region Engineer and the Director, Office of Electric Power Regulation, one copy each of the final contract drawings and specifications for pertinent features of the project, such as water retention struct powerhouses, and water conveyance structures, at least 60 days pr to start of construction. The Director, Office of Electric Power Regulation may require changes in the plans and specifications to assure a safe and adequate project.

Article 39. The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to th start of construction and shall ensure that construction of coffer and deep excavations are consistent with the approved design. At least 30 days prior to start of construction of the cofferdam the Licensee shall file with the Commission's Regional Engineer and Director, Office Of Electric Power Regulation, one copy of the app cofferdam construction drawings and specifications and a copy of t letter(s) of approval.

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Article 40. The Licensee shall within 90 days of completion of construction file for approval of the Director, Office of Electric Power Regulation revised Exhibit F drawings showing the project as-built.

Article 41. Pursuant to Section 10(d) of the Act, after the first 20 years of operation of the project under license, a specified reasonable rate of return upon the net investment in the project shall be used for determining surplus earnings of the project for the establishment and maintenance of amortization reserves. One half of the project surplus earnings, if any, accumulated after the first 20 years of operation under the license, in excess of the specified rate of return per annum on the net investment, shall be set aside in a project amortization reserve account at the end of each fiscal year. To the extent that there is a deficiency of project earnings below the specified rate of return per annum for any fiscal year after the first 20 years of operation under the license, the amount of that deficiency shall be deducted from the amount of any surplus earnings subsequently accumulated, until absorbed. One-half of the remaining surplus earnings, if any, cumulatively computed, shall be set aside in the project amortization reserve account. The amounts established in the project amortization reserve account shall be maintained until further order of the Commission. The annual specified reasonable rate of return shall be the sum of the annual weighted costs of long-term debt, preferred stock, and common equity, as defined below. The annual weighted cost for each component of the reasonable rate of return is the product of its capital ratio and cost rate. The annual capital ratio for each component of the rate of return shall be calculated based on an average of 13 monthly balances of amounts properly includable in the Licensee's long-term debt and proprietary capital accounts as listed in the Commission's Uniform System of Accounts. The cost rates for long-term debt and preferred stock shall be their respective weighted average costs for the year, and the cost of common equity shall be the interest rate on 10-year government bonds (reported as the Treasury Department's 10 year constant maturity series) computed on the monthly average for the year in question plus four percentage points (400 basis points).

Article 42. (1) The Licensee shall pay the United States an amount equal to the annual charge that would have applied for the period January 1, 1947, to August 31, 1973, if the project had been licensed during that period:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Federal Power Act, a reasonable annual charge as determined by the Commission in accordance with provisions of its regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

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(2) The Licensee shall pay the United States the following annual charge for the period September 1, 1973, the effective date of this license, to August 31, 1981:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(3) The Licensee shall pay the United States the following annual charges, effective September 1, 1981:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 8,030 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy, and enjoyment of 50.2 acres of its lands a reasonable amount in accordance with the provisions of the Commission's regulations in effect from time to time.

Article 43. (a) In accordance with the provisions of this article, the Licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain other types of use and occupancy, without prior Commission approval. The Licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the Licensee shall also have continuing responsibility to supervise and control the uses and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the Licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the Licensee shall take any lawful action

necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, cancelling the permission to use and occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The types of use and occupancy of project lands and waters for which the Licensee may grant permission without prior Commission approval are: (1) landscape plantings; (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time where said facility is intended to serve single-family type dwellings; and (3) embankments, bulkheads, retaining walls, or similar structures for erosion control to protect the existing shoreline. To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the Licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The Licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the uses and occupancies for which it grants permission are maintained in good repair and comply with applicable State and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the Licensee shall: (1) inspect the site of the proposed construction, (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site, and (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline. To implement this paragraph (b), the Licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the Licensee's costs of administering the permit program. The Commission reserves the right to require the Licensee to file a description of its standards, guidelines, and procedures for implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The Licensee may convey easements or rights-of-way across, or leases of, project lands for: (1) replacement, expansion, realignment, or maintenance of bridges and roads for which all necessary State and Federal approvals have been obtained; (2) storm drains and water mains; (3) sewers that do not discharge into project waters; (4) minor access roads; (5) telephone, gas, and electric utility distribution lines; (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary; (7) submarine, overhead, or

underground major telephone distribution cables or major electric distribution lines (69-kV or less); and (8) water intake or pumping facilities that do not extract more than one million gallons per day from a project reservoir. No later than January 31 of each year, the Licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The Licensee may convey fee titles to, easements or rights-of-way across, or leases of project lands for: (1) construction of new bridges or roads for which all necessary State and Federal approvals have been obtained; (2) sewer or effluent lines that discharge into project waters, for which all necessary Federal and State water quality certificates or permits have been obtained; (3) other pipelines that cross project lands or waters but do not discharge into project waters; (4) non-project overhead electric transmission lines that require erection of support structures within the project boundary, for which all necessary Federal and State approvals have been obtained; (5) private or public marinas that can accommodate no more that 10 watercraft at a time and are located at least one-half mile from any other private or public marina; (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from the edge of the project reservoir at normal maximum surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year. At least 45 days before conveying any interest in project lands under this paragraph (d), the Licensee must file a letter to the Director, Office of Electric Power Regulation, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked Exhibit G or K map may be used), the nature of the proposed use, the identity of any Federal or State agency official consulted, and any Federal or State approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the Licensee to file an application for prior approval, the Licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraphs (c) or (d) of this article:

(1) Before conveying the interest, the Licensee shall consult with Federal and State fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the Licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved Exhibit R or approved report on recreational resources of an Exhibit E; or, if the project does not have an approved Exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include covenants running with the land adequate to ensure that: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; and (ii) the grantee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(5) The conveyance of an interest in project lands under this article does not in itself change the project boundaries. The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised Exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised Exhibit G or K drawings would be filed for approval for other purposes.

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Article 44. The Commission reserves the authority to order, upon its own motion or upon the recommendation of federal or state fish and wildlife agencies or affected Indian Tribes, alterations of project structures and operations to take into account to the fullest extent practicable at each relevant stage of the decision making processes, the regional fish and wildlife program developed and amended pursuant to the Pacific Northwest Electric Power Planning and Conservation Act.

(E) Within 90 days from the date of acceptance of this license, the Licensee shall file a statement under oath showing the gross amount of power generation for the project in kilowatt-hours for each calendar year commencing January 1, 1947, in accordance with the provisions of Section 11.20(a)(4) of the Commission's regulations.

(F) The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgment of acceptance of this order and its terms and conditions, it shall be signed by the Licensee and returned to the Commission within 60 days from the date this order is issued.

Robert E. Cachuela

for Lawrence R. Anderson
Director, Office of Electric
Power Regulation

Project No. 5084-001

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this Order, Fall River Rural Electric Cooperative, Inc. this _____ day of _____ 19__, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19__, a certified copy of the record of which is attached hereto.

By _____ President

Attest:

_____ Secretary

(Executed in quadruplicate)

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Form L-2
(Revised October, 1975)

FEDERAL ENERGY REGULATORY COMMISSION

TERMS AND CONDITIONS OF LICENSE FOR
UNCONSTRUCTED MAJOR PROJECT
AFFECTING LANDS OF THE UNITED STATES

Article 1. The entire project, as described in this order of the Commission, shall be subject to all of the provisions, terms, and conditions of the license.

Article 2. No substantial change shall be made in the maps, plans, specifications, and statements described and designated as exhibits and approved by the Commission in its order as a part of the license until such change shall have been approved by the Commission: Provided, however, That if the Licensee or the Commission deems it necessary or desirable that said approved exhibits, or any of them, be changed, there shall be submitted to the Commission for approval a revised, or additional exhibit or exhibits covering the proposed changes which, upon approval by the Commission, shall become a part of the license and shall supersede, in whole or in part, such exhibit or exhibits theretofore made a part of the license as may be specified by the Commission.

Article 3. The project works shall be constructed in substantial conformity with the approved exhibits referred to in Article 2 herein or as changed in accordance with the provisions of said article. Except when emergency shall require for the protection of navigation, life, health, or property, there shall not be made without prior approval of the Commission any substantial alteration or addition not in conformity with the approved plans to any dam or other project works under the license or any substantial use of project lands and waters not authorized herein; and any emergency alteration, addition, or use so made shall thereafter be subject to such modification and change as the Commission may direct. Minor changes in project works, or in uses of project lands and waters, or divergence from such approved exhibits may be made if such changes will not result in a decrease in efficiency, in a material increase in [illegible], in an adverse environmental impact, or in impairment of the general scheme of development; but any of such minor changes made without the prior approval of the Commission, which in its judgment have produced or will produce any of such results, shall be subject to such alteration as the Commission may direct.

Upon the completion of the project, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised exhibits insofar as necessary to show any divergence from or variations in the project area and project boundary as finally located or in the project works as actually constructed when compared with the area and boundary shown and the works described in the license or in the exhibits approved by the Commission, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variation in or divergence from the approved exhibits. Such revised exhibits shall, if and when approved by the Commission, be made a part of the license under the provisions of Article 2 hereof.

Article 4. The construction, operation, and maintenance of the project and any work incidental to additions or alterations shall be subject to the inspection and supervision of the Regional Engineer, Federal Power Commission, in the region wherein the project is located, or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall cooperate fully with said representative and shall furnish him a detailed program of inspection by the Licensee that will provide for an adequate and qualified inspection force for construction of the project and for any subsequent alterations to the project. Construction of the project works or any feature or alteration thereof shall not be initiated until the program of inspection for the project works or any such feature thereof has been approved by said representative. The Licensee shall also furnish to said representative such further information as he may require concerning the construction, operation, and maintenance of the project, and of any alteration thereof, and shall notify him of the date upon which work will begin, as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of work for a period of more than one week, and of its resumption and completion. The Licensee shall allow said representative and other officers or employees of the United States, showing proper credentials, free and unrestricted access to, through, and across the project lands and project works in the performance of their official duties. The Licensee shall comply with such rules and regulations of general or special applicability as the Commission may prescribe from time to time for the protection of life, health, or property.

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Article 5. The Licensee, within five years from the date of issuance of the license, shall acquire title in fee or the right to use in perpetuity all lands, other than lands of the United States, necessary or appropriate for the construction, maintenance, and operation of the project. The Licensee or its successors and assigns shall, during the period of the license, retain the possession of all project property covered by the license as issued or as later amended, including the project area, the project works, and all franchises, easements, water rights, and rights of occupancy and use; and none of such properties shall be voluntarily sold, leased, transferred, abandoned, or otherwise disposed of without the prior written approval of the Commission, except that the Licensee may lease or otherwise dispose of interests in project lands or property without specific written approval of the Commission pursuant to the then current regulations of the Commission. The provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear; and mortgage or trust deeds or judicial sales made thereunder, or tax sales, shall not be deemed voluntary transfers within the meaning of this article.

Article 6. In the event the project is taken over by the United States upon the termination of the license as provided in Section 14 of the Federal Power Act, or is transferred to a new licensee or to a non-power licensee under the provisions of Section 15 of said Act, the Licensee, its successors and assigns shall be responsible for, and shall make good any defect of title to, or of right of occupancy and use in, any of such project property that is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and shall pay and discharge, or shall assume responsibility for payment and discharge of, all liens or encumbrances upon the project or project property created by the Licensee or created or incurred after the issuance of the license: Provided, That the provisions of this article are not intended to require the Licensee, for the purpose of transferring the project to the United States or to a new licensee, to acquire any different title to, or right of occupancy and use in, any of such project property than was necessary to acquire for its own purposes as the Licensee.

Article 7. The actual legitimate original cost of the project, and of any addition thereto or betterment thereof, shall be determined by the Commission in accordance with the Federal Power Act and the Commission's Rules and Regulations thereunder.

Article 8. The Licensee shall install and thereafter maintain gages and stream-gaging stations for the purpose of determining the stage and flow of the stream or streams on which the project is located, the amount of water held in and withdrawn from storage, and the effective head on the turbines; shall provide for the required reading of such gages and for the adequate rating of such stations; and shall install and maintain standard meters adequate for the determination of the amount of electric energy generated by the project works. The number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, shall at all times be satisfactory to the Commission or its authorized representative. The Commission reserves the right, after notice and opportunity for hearing, to require such alterations in the number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, as are necessary to secure adequate determinations. The installation of gages, the rating of said stream or streams, and the determination of the flow thereof, shall be under the supervision of, or in cooperation with, the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region of the project, and the Licensee shall advance to the United States 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 Licensee shall keep accurate and sufficient records of the foregoing determinations to the satisfaction of the Commission, and shall make return of such records annually at such time and in such form as the Commission may prescribe.

Article 9. The Licensee shall, after notice and opportunity for hearing, install additional capacity or make other changes in the project as directed by the Commission, to the extent that it is economically sound and in the public interest to do so.

Article 10. The Licensee shall, after notice and opportunity for hearing, coordinate the operation of the project, electrically and hydraulically, with such other projects or power systems and in such manner as the Commission may direct in the interest of power and other beneficial public uses of water resources, and on such conditions concerning the equitable sharing of benefits by the Licensee as the Commission may order.

Article 11. Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or the United States on a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of the headwater improvement for such part of the annual charges for interest, maintenance, and depreciation thereof as the Commission shall determine to be equitable, and shall pay to the United States the cost of making such determination as fixed by the Commission. For benefits provided by a storage reservoir or other headwater improvement of the United States, the Licensee shall pay to the Commission the amounts for which it is billed from time to time for such headwater benefits and for the cost of making the determinations pursuant to the then current regulations of the Commission under the Federal Power Act.

Article 12. The operations of the Licensee, so far as they affect the use, storage and discharge from storage of waters affected by the license, shall at all times be controlled by such reasonable rules and regulations as the Commission may prescribe for the protection of life, health, and property, and in the interest of the fullest practicable conservation and utilization of such waters for power purposes and for other beneficial public uses, including recreational purposes, and the Licensee shall release water from the project reservoir at such rate in cubic feet per second, or such volume in acre-feet per specified period of time, as the Commission may prescribe for the purposes hereinbefore mentioned.

Article 13. On the application of any person, association, corporation, Federal agency, State or municipality, the Licensee shall permit such reasonable use of its reservoir or other project properties, including works, lands and water rights, or parts thereof, as may be ordered by the Commission, after notice and opportunity

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for hearing, in the interests of comprehensive development of the waterway or waterways involved and the conservation and utilization of the water resources of the region for water supply or for the purposes of steam-electric, irrigation, industrial, municipal or similar uses. The Licensee shall receive reasonable compensation for use of its reservoir or other project properties or parts thereof for such purposes, to include at least full reimbursement for any damages or expenses which the joint use causes the Licensee to incur. Any such compensation shall be fixed by the Commission either by approval of an agreement between the Licensee and the party or parties benefiting or after notice and opportunity for hearing. Applications shall contain information in sufficient detail to afford a full understanding of the proposed use, including satisfactory evidence that the applicant possesses necessary water rights pursuant to applicable State law, or a showing of cause why such evidence cannot concurrently be submitted, and a statement as to the relationship of the proposed use to any State or municipal plans or orders which may have been adopted with respect to the use of such waters.

Article 14. In the construction or maintenance of the project works, the Licensee shall place and maintain suitable structures and devices to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines constructed prior to its transmission lines and not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling or obstructing traffic or endangering life. None of the provisions of this article are intended to relieve the Licensee from any responsibility or requirement which may be imposed by any other lawful authority for avoiding or eliminating inductive interference.

Article 15. The Licensee shall, for the conservation and development of fish and wildlife resources, construct, maintain, and operate, or arrange for the construction, maintenance, and operation of such reasonable facilities, and comply with such reasonable modifications of the project structures and operation, as may be ordered by the Commission upon its own motion or upon the recommendation of the Secretary of the Interior or the fish and wildlife agency or agencies of any State in which the project or a part thereof is located, after notice and opportunity for hearing.

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Article 16. Whenever the United States shall desire, in connection with the project, to construct fish and wildlife facilities or to improve the existing fish and wildlife facilities at its own expense, the Licensee shall permit the United States or its designated agency to use, free of cost, such of the Licensee's lands and interests in lands, reservoirs, waterways and project works as may be reasonably required to complete such facilities or such improvements thereof. In addition, after notice and opportunity for hearing, the Licensee shall modify the project operation as may be reasonably prescribed by the Commission in order to permit the maintenance and operation of the fish and wildlife facilities constructed or improved by the United States under the provisions of this article. This article shall not be interpreted to place any obligation on the United States to construct or improve fish and wildlife facilities or to relieve the Licensee of any obligation under this license.

Article 17. The Licensee shall construct, maintain, and operate, or shall arrange for the construction, maintenance, and operation of such reasonable recreational facilities, including modifications thereto, such as access roads, wharves, launching ramps, beaches, picnic and camping areas, sanitary facilities, and utilities, giving consideration to the needs of the physically handicapped, and shall comply with such reasonable modifications of the project, as may be prescribed hereafter by the Commission during the term of this license upon its own motion or upon the recommendation of the Secretary of the Interior or other interested Federal or State agencies, after notice and opportunity for hearing.

Article 18. So far as is consistent with proper operation of the project, the Licensee shall allow the public free access, to a reasonable extent, to project waters and adjacent project lands owned by the Licensee for the purpose of full public utilization of such lands and waters for navigation and for outdoor recreational purposes, including fishing and hunting: Provided, That the Licensee may reserve from public access such portions of the project waters, adjacent lands, and project facilities as may be necessary for the protection of life, health, and property.

Article 19. In the construction, maintenance, or operation of the project, the Licensee shall be responsible for, and shall take reasonable measures to prevent, soil erosion on lands adjacent to streams or other waters, stream sedimentation, and any form of water or air pollution. The Commission, upon request or upon its own motion, may order the Licensee to take such measures as the Commission finds to be necessary for these purposes, after notice and opportunity for hearing.

Article 20. The Licensee shall consult with the appropriate State and Federal agencies and, within one year of the date of issuance of this license, shall submit for Commission approval a plan for clearing the reservoir area. Further, the Licensee shall clear and keep clear to an adequate width lands along open conduits and shall dispose of all temporary structures, unused timber, brush, refuse, or other material unnecessary for the purposes of the project which results from the clearing of lands or from the maintenance or alteration of the project works. In addition, all trees along the periphery of project reservoirs which may die during operations of the project shall be removed. Upon approval of the clearing plan all clearing of the lands and disposal of the unnecessary material shall be done with due diligence and to the satisfaction of the authorized representative of the Commission and in accordance with appropriate Federal, State, and local statutes and regulations.

Article 21. Timber on lands of the United States cut, used, or destroyed in the construction and maintenance of the project works, or in the clearing of said lands, shall be paid for, and the resulting slash and debris disposed of, in accordance with the requirements of the agency of the United States having jurisdiction over said lands. Payment for merchantable timber shall be at current stumpage rates, and payment for young growth timber below merchantable size shall be at current damage appraisal values. However, the agency of the United States having jurisdiction may sell or dispose of the merchantable timber to others than the Licensee: Provided, That timber so sold or disposed of shall be cut and removed from the area prior to, or without undue interference with, clearing operations of the Licensee and in coordination with the Licensee's project construction schedules. Such sale or disposal to others shall not relieve the Licensee of responsibility for the clearing and disposal of all slash and debris from project lands.

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Article 22. The Licensee shall do everything reasonably within its power, and shall require its employees, contractors, and employees of contractors to do everything reasonably within their power, both independently and upon the request of officers of the agency concerned, to prevent, to make advance preparations for suppression of, and to suppress fires on the lands to be occupied or used under the license. The Licensee shall be liable for and shall pay the costs incurred by the United States in suppressing fires caused from the construction, operation, or maintenance of the project works or of the works appurtenant or accessory thereto under the license.

Article 23. The Licensee shall interpose no objection to, and shall in no way prevent, the use by the agency of the United States having jurisdiction over the lands of the United States affected, or by persons or corporations occupying lands of the United States under permit, of water for fire suppression from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license, or the use by said parties of water for sanitary and domestic purposes from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license.

Article 24. The Licensee shall be liable for injury to, or destruction of, any buildings, bridges, roads, trails, lands, or other property of the United States, occasioned by the construction, maintenance, or operation of the project works or of the works appurtenant or accessory thereto under the license. Arrangements to meet such liability, either by compensation for such injury or destruction, or by reconstruction or repair of damaged property, or otherwise, shall be made with the appropriate department or agency of the United States.

Article 25. The Licensee shall allow any agency of the United States, without charge, to construct or permit to be constructed on, through, and across those project lands which are lands of the United States such conduits, chutes, ditches, railroads, roads, trails, telephone and power lines, and other routes or means of transportation and communication as are not inconsistent with the enjoyment

of said lands by the Licensee for the purposes of the license. This license shall not be construed as conferring upon the Licensee any right of use, occupancy, or enjoyment of the lands of the United States other than for the construction, operation, and maintenance of the project as stated in the license.

Article 26. In the construction and maintenance of the project, the location and standards of roads and trails on lands of the United States and other uses of lands of the United States, including the location and condition of quarries, borrow pits, and spoil disposal areas, shall be subject to the approval of the department or agency of the United States having supervision over the lands involved.

Article 27. The Licensee shall make provision, or shall bear the reasonable cost, as determined by the agency of the United States affected, of making provision for avoiding inductive interference between any project transmission line or other project facility constructed, operated, or maintained under the license, and any radio installation, telephone line, or other communication facility installed or constructed before or after construction of such project transmission line or other project facility and owned, operated, or used by such agency of the United States in administering the lands under its jurisdiction.

Article 28. The Licensee shall make use of the Commission's guidelines and other recognized guidelines for treatment of transmission line rights-of-way, and shall clear such portions of transmission line rights-of-way across lands of the United States as are designated by the officer of the United States in charge of the lands; shall keep the areas so designated clear of new growth, all refuse, and inflammable material to the satisfaction of such officer; shall trim all branches of trees in contact with or liable to contact the transmission lines; shall cut and remove all dead or leaning trees which might fall in contact with the transmission lines; and shall take such other precautions against fire as may be required by such officer. No fires for the burning of waste material shall be set except with the prior written consent of the officer of the United States in charge of the lands as to time and place.

Article 29. The Licensee shall cooperate with the United States in the disposal by the United States, under the Act of July 31, 1947, 61 Stat. 681, as amended (30 U.S.C. sec. 601, et seq.), of mineral and vegetative materials from lands of the United States occupied by the project or any part thereof: Provided, That such disposal has been authorized by the Commission and that it does not unreasonably interfere with the occupancy of such lands by the Licensee for the purposes of the license: Provided further, That in the event of disagreement, any question of unreasonable interference shall be determined by the Commission after notice and opportunity for hearing.

Article 30. If the Licensee shall cause or suffer essential project property to be removed or destroyed or to become unfit for use, without adequate replacement, or shall abandon or discontinue good faith operation of the project or refuse or neglect to comply with the terms of the license and the lawful orders of the Commission mailed to the record address of the Licensee or its agent, the Commission will deem it to be the intent of the Licensee to surrender the license. The Commission, after notice and opportunity for hearing, may require the Licensee to remove any or all structures, equipment and power lines within the project boundary and to take any such other action necessary to restore the project waters, lands, and facilities remaining within the project boundary to a condition satisfactory to the United States agency having jurisdiction over its lands or the Commission's authorized representative, as appropriate, or to provide for the continued operation and maintenance of nonpower facilities and fulfill such other obligations under the license as the Commission may prescribe. In addition, the Commission in its discretion, after notice and opportunity for hearing, may also agree to the surrender of the license when the Commission, for the reasons recited herein, deems it to be the intent of the Licensee to surrender the license.

Article 31. The right of the Licensee and of its successors and assigns to use or occupy waters over which the United States has jurisdiction, or lands of the United States under the license, for the purpose of maintaining the project works or otherwise, shall absolutely cease at the end of the license period, unless the Licensee has obtained a new license pursuant to the then existing laws and regulations, or an annual license under the terms and conditions of this license.

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Fall River Rural Electric Cooperative, Inc.) Project No. 5089-001

ORDER ISSUING LICENSE (MAJOR)

(Issued September 9, 1983)

Fall River Rural Electric Cooperative, Inc. has filed an application for a license under Part I of the Federal Power Act (Act) to re-construct, operate, and maintain the Felt Project No. 5089. 1/ The project is located on the Teton River near the Town of Tetonia, Teton County, Idaho, affects the interests of interstate or foreign commerce, and would occupy lands of the United States under the jurisdiction of the Bureau of Reclamation.

Notice of the application has been published and comments have been received from interested federal, state, and local agencies. No protests or petitions to intervene have been received, and none of the agencies objected to issuance of the license. The significant concerns of the commenting agencies are discussed below.

1/ Authority to Act on this matter is delegated to the Director, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 18 C.F.R. §375.308 (1983). This order may be appealed to the Commission by any party within 30 days of its issuance pursuant to Rule 1902, 18 C.F.R. 385.1902 (1983). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or any other date specified in this order, except as specifically directed by the Commission.

History and Description

The original dam, power plant, and appurtenances were constructed in 1921. The facility was expanded in 1948 to include a second powerhouse. A new dam was constructed in 1963. The plant was operated intermittently from 1968 until 1980, when full power production was resumed.

The existing facilities consist of a dam, a reservoir, three intakes, three tunnels, three penstocks, two powerhouses containing an installed capacity of 1870 kW, and miscellaneous appurtenant facilities. Applicant proposes to add a fish ladder, a penstock extension, a powerhouse containing two generating units with a total capacity of 4025 kW, a tailrace, and to relocate the transmission line and access road. The existing powerhouses would be removed from service. 2/ A more detailed project description is contained in ordering paragraph (B).

Safety and Adequacy

Staff inspected the project and found it to be well maintained and in good operating condition. The dam was observed to be in sound structural condition.

Failure of the dam, classified as low hazard, would not create additional hazard to downstream life or property. Failure of the dam under flood conditions would not significantly increase the flow downstream. The spillway capacity is adequate.

It is concluded that the project, under the conditions of this license, will be safe and adequate.

Economic Feasibility

The proposed plant would operate run-of-river under a static head of 150 feet with a hydraulic capacity of 680 cfs. Streamflow exceeding 680 cfs occurs approximately 17 percent of the time and would be released over the dam.

A staff analysis shows the project is economically feasible.

2/ The proposed project, with its average annual generation of 31.4 million kWh, will utilize a renewable resource that will save the equivalent of approximately 51,560 barrels of oil or 14,540 tons of coal per year.

Fish, Wildlife and Recreation Resources

The Applicant and Idaho Department of Fish and Game (IDFG) have agreed on conditions to protect and enhance fish, wildlife, and recreational resources. The U.S. Fish and Wildlife Service, the Idaho Conservation League, and the Sierra Club stated that they had no objection to the proposed project provided that the agreement between the Applicant and IDFG is implemented. The Fish, Wildlife, and Botanical Resources Report, "Mitigation" portion, of the Exhibit E will be approved.

To ensure the protection and enhancement of the fishery resource, Article 33 is included to provide for an interim minimum flow. Article 34 is included to require fishery and minimum flow studies. In addition, Article 35 requires the Licensee to consult with the agencies concerning the design of fish passage facilities, to file for Commission approval of functional design drawings, and to file as-built drawings with the Commission.

Pursuant to Section 4(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (P.L. 96-501), the Northwest Power Planning Council ("NPPC") developed in 1982 a fish and wildlife program to protect, mitigate, and enhance fish and wildlife resources in the Pacific Northwest. The proposed project does not appear to conflict with NPPC's fish and wildlife program. Nevertheless, Article 44 reserves in the Commission the authority to order where practicable alterations in project structures and operations in order to take into account NPPC's fish and wildlife program.

Under Article 17 of this license, the Commission reserves the right to require additional recreational development in the future. The Idaho Department of Health and Welfare has issued a water quality certificate for the project, in accordance with Section 401 of the Federal Water Pollution Control Act.

Cultural Resources

The Applicant has consulted with the Idaho State Historic Preservation Officer (SHPO). The SHPO reported that the project would have no effect on significant cultural resources.

In accordance with standard Commission practice, Article 36 of this license also requires cultural resources protection measures in the event of any future construction or development at the project.

Other Aspects of Comprehensive Development

The proposed project is not in conflict with any planned development. It efficiently utilizes the flow and fall of the Teton River and, upon compliance with the terms and conditions of the license, the project would be best adapted to the comprehensive development of the Upper

Snake River basin for beneficial purposes.

License Term

The project will use an existing dam, reservoir, tunnels and penst In addition, it will include a new fish ladder, penstock extension and an additional powerhouse containing two new generating units, tailrace and will relocate the transmission line and access road. Licensing the project is considered to be a licensing action simil to the relicensing of a project where a moderate amount of reconstruction is proposed. Consistent with the Commission policy expressed in Lyndonville Electric Department 3/ this license will expire forty years from the first day of the month in which this order is issued.

The policy under Pacific Power and Light Company 4/ is to issue the license effective as of the date of any unauthorized post 1935 construction. Here the post 1935 construction was an expansi of the project completed by January 1, 1947. Because of the 50 year statutory maximum license period, however, the license will be effective September 1, 1971.

Annual Charges

In accordance with the order issuing a license for the Shoshone Fa Project, 5/ annual charges will be based upon the effective date, but this license will also be conditioned upon payment of an amoun equivalent to the annual charges that would otherwise have been du for the period from January 1, 1947, to August 31, 1971. This pay ment is not a penalty, but is intended to place the Applicant as nearly as possible in the same position it would have been in before our change in termination date policy, and the same positio as similarly situated Licensees who received their license before that change in policy.

For projects constructed prior to 1938 and located on U.S. lands without proper Federal permission, Commission policy would be to condition the license upon payment of an amount equivalent to the annual charges that would otherwise have been due since January 1, 1938. The redeveloped Felt Project, however, would be located on recently acquired U.S. lands, under the jurisdiction of the Bureau of Reclamation.

3/ Lyndonville Electric Department 7 FERC ¶61124 (June 29, 1979).

4/ Pacific Power and Light Company, 56 FPC 1808 (1976).

5/ Idaho Power Co., 7 FERC ¶61,254(1979).

Accordingly, the charge for the use of U.S. lands will be made effective September 1, 1983.

Environmental Impacts

The short-term minor adverse impacts associated with the construction period would include: soil erosion and localized increases in suspended sediment loads; increased noise and air pollution; and disruption of wildlife and wildlife habitat. The long-term impacts on the change in streamflow pattern and the fishery resources are adequately mitigated. No federaly listed threatened or endangered species would be affected by the proposed action. On the basis of the record, and staff's independent analysis, we conclude that approval of the proposed license would not constitute a major federal action significantly affecting the quality of the human environment.

It is ordered that:

(A) This license is issued to Fall River Rural Electric Cooperative, Inc. (Licensee), of Ashton, Idaho, under Part I of the Federal Power Act (Act), for a period effective September 1, 1973 and terminating 40 years from the first day of the month in which this order is issued, for reconstruction, operation, and maintenance of the Felt Project No. 5089, located in Teton County, Idaho, on the Teton River, and occupying lands of the United States under the jurisdiction of the Bureau of Reclamation and affecting the interests of interstate or foreign commerce. This license is subject to the terms and conditions of the Act, which is incorporated by reference as part of this license, and subject to the regulations the Commission issues under the provisions of the Act.

(B) The Felt Project No. 5089 consists of:

(1) All lands, to the extent of the Licensee's interests in those lands, constituting the project area and enclosed by the project boundary. The project area and boundary are shown and described by certain exhibits that form part of the appliction for license and that are designated and described as:

Exhibit	FERC No.	Showing
A-3	5089-1	Lands of the United States
G-1	5089-9	Project Map

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(2) Project works consisting of:

(a) a 12-foot-high 135-foot long dam having a 90-foot long spillway section with crest elevation 5,530 feet m.s.l. and having a sluiceway and a fish ladder; (b) a reservoir having a surface area of 10 acres and a storage capacity of 40 acre-feet; (c) three intake structures along the reservoir right bank; (d) imperative flowline no. 1 consisting of a 170-foot-long tunnel; (e) flowline no. 2 consisting of a 215-foot-long tunnel and a 395-foot-long 59-inch-diameter steel penstock; (f) flowline no. 3 consisting of a 180-foot-long tunnel and a 405-foot-long 59-inch-diameter steel penstock; (g) an 8-foot-diameter 1,200-foot-long steel penstock extending from the 59-inch-diameter penstocks to a powerhouse; (h) a powerhouse containing two generating units having a total rated capacity of 6,025 kW at a net head of 123 feet and hydraulic capacity of 680 cfs; (i) the 4.16-kV generator leads and a 3-phase 4.16/46-kV, 75 MVA transformer; (j) a 1,600-foot-long 46-kV transmission line; (k) the facilities necessary to connect to the Licensee's system at the Badger Substation; (l) a 170-foot-long excavated tailrace with water surface elevation 5380.0 feet m.s.l.; (m) an access road; (n) a public-parking area; and (o) appurtenant facilities.

The location, nature, and character of these project works are generally shown and described by the exhibits cited above and more specifically shown and described by certain other exhibits and reports that also form a part of the application for license and that are designated and described as:

Drawing No.	FERC No.	Showing
F-1	5089-5	Project Layout
F-2	5089-6	Profile and Typical Section
F-3	5089-7	Powerplant Plans and Sectio
F-4	5089-8	Boring Locations and Logs

Exhibit A - The Section, filed February 22, 1982, entitled "Structures and Equipment", consisting of two typewritten pages of text, pages A-5 to A-7, and:

Drawing No.	FERC No.	Showing
A-4	5089-2	Facilities Profiles
A-5	5089-3	Felt Dam

Exhibit E - The Section, filed February 22, 1982, as revised on June 1, 1982, entitled "Mitigation", consisting of five typewritten pages of text, pages E-21 to E-25.

(J) All of the structures, fixtures, equipment, or facilities used or useful in the operation or maintenance of the project and located within the project boundary, all portable property that may be employed in connection with the project, located within or outside the project boundary, as approved by the Commission, and all riparian or other rights that are necessary or appropriate in the operation or maintenance of the project.

(C) Exhibits F and G, and the portions of Exhibits A and E designated in ordering paragraph (B) above, are approved and made a part of the license.

(D) This license is also subject to the terms and conditions set forth in Form L-2 (revised October 1975), entitled "Terms and Conditions of License for Unconstructed Major Project Affecting Lands of the United States", attached to and made a part of this license, except insofar as Standard Article 20 relates to a plan for clearing the reservoir area. The license is also subject to the following additional articles:

Article 33. Licensee shall discharge an interim continuous minimum flow of 20 cubic feet per second (cfs) except for 3 months each year, during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs or the inflow of the reservoir, whichever is less, for the purpose of protecting fish and wildlife resources. The 3-month spawning migration period shall be determined through consultation with the Idaho Department of Fish and Game. These flows may be temporarily modified if required by operating emergencies beyond the control of the Licensee, for fishery and minimum flow studies required by Article 34, and for short periods for fishery management purposes upon mutual agreement between the Licensee and the Idaho Department of Fish and Game.

Article 34. Licensee shall consult and cooperate with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service in conducting studies to determine the period of cutthroat trout spawning migration, and the minimum flow release needed at the Felt Project to ensure protection and enhancement of fishery and wildlife resources. Further, Licensee shall, within 2 years from the date of issuance of this license, file a report of its findings and, for Commission approval, recommendations for a minimum flow release from the project, together with any agency comments on the report and recommendations. At the same time, copies of the findings shall be served upon the agencies consulted.

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Article 35. Licensee shall, within 2 years following issuance of this license, file for Commission approval functional design drawings of the proposed fish passage facilities at the Felt Projec prepared in consultation with the Idaho Department of Fish and Game and the U.S. Fish and Wildlife Service. Agency letters of comment on the design drawings shall be included in this filing. Further, Licensee shall file as-built drawings with the Commission within 6 months after completion of construction of the fish passage facilit

Article 36. Prior to the commencement of any future construct or development of any project works or other facilities at the project, the Licensee shall consult and cooperate with the Idaho State Historic Preservation Officer (SHPO) to determine the need for and extent of, any archeological or historic resource surveys and any mitigative measures that may be necessary. The Licensee shall provide funds in a reasonable amount for any such activity. If any previously unrecorded archeological or historical sites are discover during the course of construction, construction activity in the vici ty shall be halted, a qualified archeologist shall be consulted to determine the significance of the sites, and the Licensee shall cons with the SHPO to develop a mitigation plan for the protection of significant archeological or historic resources. If the Licensee an the SHPO cannot agree on the amount of money to be expended on archeological or historic work related to the project, the Commissio reserves the right to require the Licensee to conduct, at its own expense, any such work found necessary.

Article 37. Licensee shall commence construction of the proposed project within 1 year of the effective date of issuance of the license and shall complete construction within 3 years from the effective date of this license.

Article 38. Licensee shall file with the Commission's Regional Engineer and the Director, Office of Electric Power Regulation, one copy each of the final contract drawings and specifications for pertinent features of the project, such as water retention structures powerhouses, and water conveyance structures, at least 60 days prior to start of construction. The Director, Office of Electric Power Regulation may require changes in the plans and specifications to assure a safe and adequate project.

Article 39. The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to the start of construction and shall ensure that construction of cofferdam and deep excavations are consistent with the approved design. At least 30 days prior to start of construction of the cofferdam the Licensee shall file with the Commission's Regional Engineer and Director, Office of Electric Power Regulation, one copy of the approv cofferdam construction drawings and specifications and a copy of the letter(s) of approval.

Article 40. The Licensee shall within 90 days of completion of construction file for approval of the Director, Office of Electric Power Regulation revised Exhibit F drawings showing the project as-built.

Article 41. Pursuant to Section 10(d) of the Act, after the first 20 years of operation of the project under license, a specified reasonable rate of return upon the net investment in the project shall be used for determining surplus earnings of the project for the establishment and maintenance of amortization reserves. One half of the project surplus earnings, if any, accumulated after the first 20 years of operation under the license, in excess of the specified rate of return per annum on the net investment, shall be set aside in a project amortization reserve account at the end of each fiscal year. To the extent that there is a deficiency of project earnings below the specified rate of return per annum for any fiscal year after the first 20 years of operation under the license, the amount of that deficiency shall be deducted from the amount of any surplus earnings subsequently accumulated, until absorbed. One-half of the remaining surplus earnings, if any, cumulatively computed, shall be set aside in the project amortization reserve account. The amounts established in the project amortization reserve account shall be maintained until further order of the Commission. The annual specified reasonable rate of return shall be the sum of the annual weighted costs of long-term debt, preferred stock, and common equity, as defined below. The annual weighted cost for each component of the reasonable rate of return is the product of its capital ratio and cost rate. The annual capital ratio for each component of the rate of return shall be calculated based on an average of 13 monthly balances of amounts properly includable in the Licensee's long-term debt and proprietary capital accounts as listed in the Commission's Uniform System of Accounts. The cost rates for long-term debt and preferred stock shall be their respective weighted average costs for the year, and the cost of common equity shall be the interest rate on 10-year government bonds (reported as the Treasury Department's 10 year constant maturity series) computed on the monthly average for the year in question plus four percentage points (400 basis points).

Article 42. (1) The Licensee shall pay the United States an amount equal to the annual charge that would have applied for the period January 1, 1947, to August 31, 1973, if the project had been licensed during that period:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Federal Power Act, a reasonable annual charge as determined by the Commission in accordance with provisions of its regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

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(2) The Licensee shall pay the United States the following annual charge for the period September 1, 1973, the effective date of this license, to August 31, 1983:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time during that period. The authorized installed capacity for that purpose is 2,490 horsepower.

(3) The Licensee shall pay the United States the following annual charges, effective September 1, 1983:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 8,030 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy, and enjoyment of 50.2 acres of its lands, a reasonable amount in accordance with the provisions of the Commission's regulations in effect from time to time.

Article 43. (a) In accordance with the provisions of this article, the Licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain other types of use and occupancy, without prior Commission approval. The Licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the Licensee shall also have continuing responsibility to supervise and control the uses and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the Licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the Licensee shall take any lawful action

necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, cancelling the permission to use and occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The types of use and occupancy of project lands and waters for which the Licensee may grant permission without prior Commission approval are: (1) landscape plantings; (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time where said facility is intended to serve single-family type dwellings; and (3) embankments, bulkheads, retaining walls, or similar structures for erosion control to protect the existing shoreline. To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the Licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The Licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the uses and occupancies for which it grants permission are maintained in good repair and comply with applicable State and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the Licensee shall: (1) inspect the site of the proposed construction, (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site, and (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline. To implement this paragraph (b), the Licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the Licensee's costs of administering the permit program. The Commission reserves the right to require the Licensee to file a description of its standards, guidelines, and procedures for implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The Licensee may convey easements or rights-of-way across, or leases of, project lands for: (1) replacement, expansion, realignment, or maintenance of bridges and roads for which all necessary State and Federal approvals have been obtained; (2) storm drains and water mains; (3) sewers that do not discharge into project waters; (4) minor access roads; (5) telephone, gas, and electric utility distribution lines; (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary; (7) submarine, overhead, or

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underground major telephone distribution cables or major electric distribution lines (69-kV or less); and (8) water intake or pumping facilities that do not extract more than one million gallons per day from a project reservoir. No later than January 31 of each year, the Licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The Licensee may convey fee titles to, easements or rights-of-way across, or leases of project lands for: (1) construction of new bridges or roads for which all necessary State and Federal approvals have been obtained; (2) sewer or effluent lines that discharge into project waters, for which all necessary Federal and State water quality certificates or permits have been obtained; (3) other pipelines that cross project lands or waters but do not discharge into project waters; (4) non-project overhead electric transmission lines that require erection of support structures within the project boundary, for which all necessary Federal and State approvals have been obtained; (5) private or public marinas that can accommodate no more that 10 watercraft at a time and are located at least one-half mile from any other private or public marina; (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from the edge of the project reservoir at normal maximum surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year. At least 45 days before conveying any interest in project lands under this paragraph (d), the Licensee must file a letter to the Director, Office of Electric Power Regulation, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked Exhibit G or K map may be used), the nature of the proposed use, the identity of any Federal or State agency official consulted, and any Federal or State approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the Licensee to file an application for prior approval, the Licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraphs (c) or (d) of this article:

(1) Before conveying the interest, the Licensee shall consult with Federal and State fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the Licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved Exhibit R or approved report on recreational resources of an Exhibit E; or, if the project does not have an approved Exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include covenants running with the land adequate to ensure that: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; and (ii) the grantee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(5) The conveyance of an interest in project lands under this article does not in itself change the project boundaries. The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised Exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised Exhibit G or K drawings would be filed for approval for other purposes.

Article 44. The Commission reserves the authority to order, upon its own motion or upon the recommendation of federal or state fish and wildlife agencies or affected Indian Tribes, alterations of project structures and operations to take into account to the fullest extent practicable at each relevant stage of the decision making processes, the regional fish and wildlife program developed and amended pursuant to the Pacific Northwest Electric Power Planning and Conservation Act.

(E) Within 90 days from the date of acceptance of this license, the Licensee shall file a statement under oath showing the gross amount of power generation for the project in kilowatt-hours for each calendar year commencing January 1, 1947, in accordance with the provisions of Section 11.20(a)(4) of the Commission's regulations.

(F) The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgment of acceptance of this order and its terms and conditions, it shall be signed by the License and returned to the Commission within 60 days from the date this order is issued.

Robert E. Cachwell

for Lawrence R. Anderson
Director, Office of Electric
Power Regulation

Project No. 5089-001

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this Order, Fall River Rural Electric Cooperative, Inc. this _____ day of _____ 19__, has caused its corporate name to be signed hereto by _____, its _____ President, and its corporate seal to be affixed hereto and attested by _____ its _____ Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____ 19__, a certified copy of the record of which is attached hereto.

By _____ President

Attest:

_____ Secretary

(Execution is generally)

Form L-2
(Revised October, 1975)

FEDERAL ENERGY REGULATORY COMMISSION

TERMS AND CONDITIONS OF LICENSE FOR
UNCONSTRUCTED MAJOR PROJECT
AFFECTING LANDS OF THE UNITED STATES

Article 1. The entire project, as described in this order of the Commission, shall be subject to all of the provisions, terms, and conditions of the license.

Article 2. No substantial change shall be made in the maps, plans, specifications, and statements described and designated as exhibits and approved by the Commission in its order as a part of the license until such change shall have been approved by the Commission: Provided, however, That if the Licensee or the Commission deems it necessary or desirable that said approved exhibits, or any of them, be changed, there shall be submitted to the Commission for approval a revised, or additional exhibit or exhibits covering the proposed changes which, upon approval by the Commission, shall become a part of the license and shall supersede, in whole or in part, such exhibit or exhibits theretofore made a part of the license as may be specified by the Commission.

Article 3. The project works shall be constructed in substantial conformity with the approved exhibits referred to in Article 2 herein or as changed in accordance with the provisions of said article. Except when emergency shall require for the protection of navigation, life, health, or property, there shall not be made without prior approval of the Commission any substantial alteration or addition not in conformity with the approved plans to any dam or other project works under the license or any substantial use of project lands and waters not authorized herein; and any emergency alteration, addition, or use so made shall thereafter be subject to such modification and change as the Commission may direct. Minor changes in project works, or in uses of project lands and waters, or divergence from such approved exhibits may be made if such changes will not result in a decrease in efficiency, in a material increase in [illegible], in an adverse environmental impact, or in impairment of the general scheme of development; but any of such minor changes made without the prior approval of the Commission, which in its judgment have produced or will produce any of such results, shall be subject to such alteration as the Commission may direct.

Upon the completion of the project, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised exhibits insofar as necessary to show any divergence from or variations in the project area and project boundary as finally located or in the project works as actually constructed when compared with the area and boundary shown and the works described in the license or in the exhibits approved by the Commission, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variation in or divergence from the approved exhibits. Such revised exhibits shall, if and when approved by the Commission, be made a part of the license under the provisions of Article 2 hereof.

Article 4. The construction, operation, and maintenance of the project and any work incidental to additions or alterations shall be subject to the inspection and supervision of the Regional Engineer, Federal Power Commission, in the region wherein the project is located, or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall cooperate fully with said representative and shall furnish him a detailed program of inspection by the Licensee that will provide for an adequate and qualified inspection force for construction of the project and for any subsequent alterations to the project. Construction of the project works or any feature or alteration thereof shall not be initiated until the program of inspection for the project works or any such feature thereof has been approved by said representative. The Licensee shall also furnish to said representative such further information as he may require concerning the construction, operation, and maintenance of the project, and of any alteration thereof, and shall notify him of the date upon which work will begin, as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of work for a period of more than one week, and of its resumption and completion. The Licensee shall allow said representative and other officers or employees of the United States, showing proper credentials, free and unrestricted access to, through, and across the project lands and project works in the performance of their official duties. The Licensee shall comply with such rules and regulations of general or special applicability as the Commission may prescribe from time to time for the protection of life, health, or property.

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Article 5. The Licensee, within five years from the date of issuance of the license, shall acquire title in fee or the right to use in perpetuity all lands, other than lands of the United States, necessary or appropriate for the construction, maintenance, and operation of the project. The Licensee or its successors and assigns shall, during the period of the license, retain the possession of all project property covered by the license as issued or as later amended, including the project area, the project works, and all franchises, easements, water rights, and rights of occupancy and use; and none of such properties shall be voluntarily sold, leased, transferred, abandoned, or otherwise disposed of without the prior written approval of the Commission, except that the Licensee may lease or otherwise dispose of interests in project lands or property without specific written approval of the Commission pursuant to the then current regulations of the Commission. The provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear; and mortgage or trust deeds or judicial sales made thereunder, or tax sales, shall not be deemed voluntary transfers within the meaning of this article.

Article 6. In the event the project is taken over by the United States upon the termination of the license as provided in Section 14 of the Federal Power Act, or is transferred to a new licensee or to a non-power licensee under the provisions of Section 15 of said Act, the Licensee, its successors and assigns shall be responsible for, and shall make good any defect of title to, or of right of occupancy and use in, any of such project property that is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and shall pay and discharge, or shall assume responsibility for payment and discharge of, all liens or encumbrances upon the project or project property created by the Licensee or created or incurred after the issuance of the license: Provided, That the provisions of this article are not intended to require the Licensee, for the purpose of transferring the project to the United States or to a new licensee, to acquire any different title to, or right of occupancy and use in, any of such project property than was necessary to acquire for its own purposes as the Licensee.

Article 7. The actual legitimate original cost of the project, and of any addition thereto or betterment thereof, shall be determined by the Commission in accordance with the Federal Power Act and the Commission's Rules and Regulations thereunder.

Article 8. The Licensee shall install and thereafter maintain gages and stream-gaging stations for the purpose of determining the stage and flow of the stream or streams on which the project is located, the amount of water held in and withdrawn from storage, and the effective head on the turbines; shall provide for the required reading of such gages and for the adequate rating of such stations; and shall install and maintain standard meters adequate for the determination of the amount of electric energy generated by the project works. The number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, shall at all times be satisfactory to the Commission or its authorized representative. The Commission reserves the right, after notice and opportunity for hearing, to require such alterations in the number, character, and location of gages, meters, or other measuring devices, and the method of operation thereof, as are necessary to secure adequate determinations. The installation of gages, the rating of said stream or streams, and the determination of the flow thereof, shall be under the supervision of, or in cooperation with, the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region of the project, and the Licensee shall advance to the United States 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 Licensee shall keep accurate and sufficient records of the foregoing determinations to the satisfaction of the Commission, and shall make return of such records annually at such time and in such form as the Commission may prescribe.

Article 9. The Licensee shall, after notice and opportunity for hearing, install additional capacity or make other changes in the project as directed by the Commission, to the extent that it is economically sound and in the public interest to do so.

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Article 10. The Licensee shall, after notice and opportunity for hearing, coordinate the operation of the project, electrically and hydraulically, with such other projects or power systems and in such manner as the Commission may direct in the interest of power and other beneficial public uses of water resources, and on such conditions concerning the equitable sharing of benefits by the Licensee as the Commission may order.

Article 11. Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or the United States on a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of the headwater improvement for such part of the annual charges for interest, maintenance, and depreciation thereof as the Commission shall determine to be equitable, and shall pay to the United States the cost of making such determination as fixed by the Commission. For benefits provided by a storage reservoir or other headwater improvement of the United States, the Licensee shall pay to the Commission the amounts for which it is billed from time to time for such headwater benefits and for the cost of making the determinations pursuant to the then current regulations of the Commission under the Federal Power Act.

Article 12. The operations of the Licensee, so far as they affect the use, storage and discharge from storage of waters affected by the license, shall at all times be controlled by such reasonable rules and regulations as the Commission may prescribe for the protection of life, health, and property, and in the interest of the fullest practicable conservation and utilization of such waters for power purposes and for other beneficial public uses, including recreational purposes, and the Licensee shall release water from the project reservoir at such rate in cubic feet per second, or such volume in acre-feet per specified period of time, as the Commission may prescribe for the purposes hereinbefore mentioned.

Article 13. On the application of any person, association, corporation, Federal agency, State or municipality, the Licensee shall permit such reasonable use of its reservoir or other project properties, including works, lands and water rights, or parts thereof, as may be ordered by the Commission, after notice and opportunity

for hearing, in the interests of comprehensive development of the waterway or waterways involved and the conservation and utilization of the water resources of the region for water supply or for the purposes of steam-electric, irrigation, industrial, municipal or similar uses. The Licensee shall receive reasonable compensation for use of its reservoir or other project properties or parts thereof for such purposes, to include at least full reimbursement for any damages or expenses which the joint use causes the Licensee to incur. Any such compensation shall be fixed by the Commission either by approval of an agreement between the Licensee and the party or parties benefiting or after notice and opportunity for hearing. Applications shall contain information in sufficient detail to afford a full understanding of the proposed use, including satisfactory evidence that the applicant possesses necessary water rights pursuant to applicable State law, or a showing of cause why such evidence cannot concurrently be submitted, and a statement as to the relationship of the proposed use to any State or municipal plans or orders which may have been adopted with respect to the use of such waters.

Article 14. In the construction or maintenance of the project works, the Licensee shall place and maintain suitable structures and devices to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines constructed prior to its transmission lines and not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling or obstructing traffic or endangering life. None of the provisions of this article are intended to relieve the Licensee from any responsibility or requirement which may be imposed by any other lawful authority for avoiding or eliminating inductive interference.

Article 15. The Licensee shall, for the conservation and development of fish and wildlife resources, construct, maintain, and operate, or arrange for the construction, maintenance, and operation of such reasonable facilities, and comply with such reasonable modifications of the project structures and operation, as may be ordered by the Commission upon its own motion or upon the recommendation of the Secretary of the Interior or the fish and wildlife agency or agencies of any State in which the project or a part thereof is located, after notice and opportunity for hearing.

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Article 16. Whenever the United States shall desire, in connection with the project, to construct fish and wildlife facilities or to improve the existing fish and wildlife facilities at its own expense, the Licensee shall permit the United States or its designated agency to use, free of cost, such of the Licensee's lands and interests in lands, reservoirs, waterways and project works as may be reasonably required to complete such facilities or such improvements thereof. In addition, after notice and opportunity for hearing, the Licensee shall modify the project operation as may be reasonably prescribed by the Commission in order to permit the maintenance and operation of the fish and wildlife facilities constructed or improved by the United States under the provisions of this article. This article shall not be interpreted to place any obligation on the United States to construct or improve fish and wildlife facilities or to relieve the Licensee of any obligation under this license.

Article 17. The Licensee shall construct, maintain, and operate, or shall arrange for the construction, maintenance, and operation of such reasonable recreational facilities, including modifications thereto, such as access roads, wharves, launching ramps, beaches, picnic and camping areas, sanitary facilities, and utilities, giving consideration to the needs of the physically handicapped, and shall comply with such reasonable modifications of the project, as may be prescribed hereafter by the Commission during the term of this license upon its own motion or upon the recommendation of the Secretary of the Interior or other interested Federal or State agencies, after notice and opportunity for hearing.

Article 18. So far as is consistent with proper operation of the project, the Licensee shall allow the public free access, to a reasonable extent, to project waters and adjacent project lands owned by the Licensee for the purpose of full public utilization of such lands and waters for navigation and for outdoor recreational purposes, including fishing and hunting: Provided, That the Licensee may reserve from public access such portions of the project waters, adjacent lands, and project facilities as may be necessary for the protection of life, health, and property.

Article 19. In the construction, maintenance, or operation of the project, the Licensee shall be responsible for, and shall take reasonable measures to prevent, soil erosion on lands adjacent to streams or other waters, stream sedimentation, and any form of water or air pollution. The Commission, upon request or upon its own motion, may order the Licensee to take such measures as the Commission finds to be necessary for these purposes, after notice and opportunity for hearing.

Article 20. The Licensee shall consult with the appropriate State and Federal agencies and, within one year of the date of issuance of this license, shall submit for Commission approval a plan for clearing the reservoir area. Further, the Licensee shall clear and keep clear to an adequate width lands along open conduits and shall dispose of all temporary structures, unused timber, brush, refuse, or other material unnecessary for the purposes of the project which results from the clearing of lands or from the maintenance or alteration of the project works. In addition, all trees along the periphery of project reservoirs which may die during operations of the project shall be removed. Upon approval of the clearing plan all clearing of the lands and disposal of the unnecessary material shall be done with due diligence and to the satisfaction of the authorized representative of the Commission and in accordance with appropriate Federal, State, and local statutes and regulations.

Article 21. Timber on lands of the United States cut, used, or destroyed in the construction and maintenance of the project works, or in the clearing of said lands, shall be paid for, and the resulting slash and debris disposed of, in accordance with the requirements of the agency of the United States having jurisdiction over said lands. Payment for merchantable timber shall be at current stumpage rates, and payment for young growth timber below merchantable size shall be at current damage appraisal values. However, the agency of the United States having jurisdiction may sell or dispose of the merchantable timber to others than the Licensee: Provided, That timber so sold or disposed of shall be cut and removed from the area prior to, or without undue interference with, clearing operations of the Licensee and in coordination with the Licensee's project construction schedules. Such sale or disposal to others shall not relieve the Licensee of responsibility for the clearing and disposal of all slash and debris from project lands.

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Article 22. The Licensee shall do everything reasonably within its power, and shall require its employees, contractors, and employees of contractors to do everything reasonably within their power, both independently and upon the request of officers of the agency concerned, to prevent, to make advance preparations for suppression of, and to suppress fires on the lands to be occupied or used under the license. The Licensee shall be liable for and shall pay the costs incurred by the United States in suppressing fires caused from the construction, operation, or maintenance of the project works or of the works appurtenant or accessory thereto under the license.

Article 23. The Licensee shall interpose no objection to, and shall in no way prevent, the use by the agency of the United States having jurisdiction over the lands of the United States affected, or by persons or corporations occupying lands of the United States under permit, of water for fire suppression from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license, or the use by said parties of water for sanitary and domestic purposes from any stream, conduit, or body of water, natural or artificial, used by the Licensee in the operation of the project works covered by the license.

Article 24. The Licensee shall be liable for injury to, or destruction of, any buildings, bridges, roads, trails, lands, or other property of the United States, occasioned by the construction, maintenance, or operation of the project works or of the works appurtenant or accessory thereto under the license. Arrangements to meet such liability, either by compensation for such injury or destruction, or by reconstruction or repair of damaged property, or otherwise, shall be made with the appropriate department or agency of the United States.

Article 25. The Licensee shall allow any agency of the United States, without charge, to construct or permit to be constructed on, through, and across those project lands which are lands of the United States such conduits, chutes, ditches, railroads, roads, trails, telephone and power lines, and other routes or means of transportation and communication as are not inconsistent with the enjoyment

of said lands by the Licensee for the purposes of the license. This license shall not be construed as conferring upon the Licensee any right of use, occupancy, or enjoyment of the lands of the United States other than for the construction, operation, and maintenance of the project as stated in the license.

Article 26. In the construction and maintenance of the project, the location and standards of roads and trails on lands of the United States and other uses of lands of the United States, including the location and condition of quarries, borrow pits, and spoil disposal areas, shall be subject to the approval of the department or agency of the United States having supervision over the lands involved.

Article 27. The Licensee shall make provision, or shall bear the reasonable cost, as determined by the agency of the United States affected, of making provision for avoiding inductive interference between any project transmission line or other project facility constructed, operated, or maintained under the license, and any radio installation, telephone line, or other communication facility installed or constructed before or after construction of such project transmission line or other project facility and owned, operated, or used by such agency of the United States in administering the lands under its jurisdiction.

Article 28. The Licensee shall make use of the Commission's guidelines and other recognized guidelines for treatment of transmission line rights-of-way, and shall clear such portions of transmission line rights-of-way across lands of the United States as are designated by the officer of the United States in charge of the lands; shall keep the areas so designated clear of new growth, all refuse, and inflammable material to the satisfaction of such officer; shall trim all branches of trees in contact with or liable to contact the transmission lines; shall cut and remove all dead or leaning trees which might fall in contact with the transmission lines; and shall take such other precautions against fire as may be required by such officer. No fires for the burning of waste material shall be set except with the prior written consent of the officer of the United States in charge of the lands as to time and place.

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Article 29. The Licensee shall cooperate with the United States in the disposal by the United States, under the Act of July 31, 1947, 61 Stat. 681, as amended (30 U.S.C. sec. 601, et seq.), of mineral and vegetative materials from lands of the United States occupied by the project or any part thereof: Provided, That such disposal has been authorized by the Commission and that it does not unreasonably interfere with the occupancy of such lands by the Licensee for the purposes of the license: Provided further, That in the event of disagreement, any question of unreasonable interference shall be determined by the Commission after notice and opportunity for hearing.

Article 30. If the Licensee shall cause or suffer essential project property to be removed or destroyed or to become unfit for use, without adequate replacement, or shall abandon or discontinue good faith operation of the project or refuse or neglect to comply with the terms of the license and the lawful orders of the Commission mailed to the record address of the Licensee or its agent, the Commission will deem it to be the intent of the Licensee to surrender the license. The Commission, after notice and opportunity for hearing, may require the Licensee to remove any or all structures, equipment and power lines within the project boundary and to take any such other action necessary to restore the project waters, lands, and facilities remaining within the project boundary to a condition satisfactory to the United States agency having jurisdiction over its lands or the Commission's authorized representative, as appropriate, or to provide for the continued operation and maintenance of nonpower facilities and fulfill such other obligations under the license as the Commission may prescribe. In addition, the Commission in its discretion, after notice and opportunity for hearing, may also agree to the surrender of the license when the Commission, for the reasons recited herein, deems it to be the intent of the Licensee to surrender the license.

Article 31. The right of the Licensee and of its successors and assigns to use or occupy waters over which the United States has jurisdiction, or lands of the United States under the license, for the purpose of maintaining the project works or otherwise, shall absolutely cease at the end of the license period, unless the Licensee has obtained a new license pursuant to the then existing laws and regulations, or an annual license under the terms and conditions of this license.

EXHIBIT "E"

Power Sales Agreement

(Attached)

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IDAHO

POWER PURCHASE AGREEMENT

BETWEEN

BONNEVILLE PACIFIC CORPORATION

AND

UTAH POWER & LIGHT COMPANY

THIS AGREEMENT is entered into this 4th day of December, 1984 by and between BONNEVILLE PACIFIC CORPORATION, a subsidiary of Bonneville Group, Inc. hereinafter referred to as "Seller," organized and existing under the laws of the state of Idaho and UTAH POWER & LIGHT COMPANY hereinafter referred to as "Buyer", a corporation organized and existing under the laws of the State of Utah. Seller and Buyer are sometimes referred to hereinafter collectively as "Parties" and individually as "Party".

WITNESSETH:

WHEREAS, Seller agrees to construct, own, operate and maintain a hydro generation power plant known as the Felt Plant with a capacity of 6,000 kilowatts, hereinafter referred to as Facility*; and

WHEREAS, Seller wishes to sell to Buyer and Buyer wishes to purchase all electric energy from the Facility.

---

*Initial capitalization of words and phrases other than proper names indicates that these terms are defined in Appendix A hereof.

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

ARTICLE I

TERM OF AGREEMENT

Subject to the terms and conditions hereof, this Agreement shall be binding upon execution and shall remain in effect for a term of thirty-five (35) years from the date energy is first delivered by Seller to Buyer. It is anticipated that testing of the Facility and in-service generation will commence in 1985.

ARTICLE II

SALE OF POWER

A. Seller agrees to sell and deliver and Buyer agrees to purchase and accept all energy generated from the subject Facility in accordance with Appendix A.

B. Seller's proposed Facility shall be located at Township 7 North; Range 44 East; Section 20 in Teton County, Idaho and shall provide energy as set forth herein.

ARTICLE III

PURCHASE PRICE AND METHOD OF PAYMENT

A. Buyer shall pay Seller, for energy delivered at the point specified herein, the sum of:

1. A fixed rate of 40.49 mills per kilowatt-hour, reflecting a 1985 scheduled in-service date and a thirty-five (35) year term as

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shown in Appendix B. This rate shall not change due to a delay in completion of construction nor shall it be subject to escalation.

2. A variable rate of 14 mills per kilowatt-hour, updated annually, and approved by the Idaho Public Service Commission as specified in Appendix B, to reflect the current average price of coal to Buyer with the base at 1984 being 14 mills per kilowatt-hour.

B. The kilowatt-hours for which Buyer shall be obligated to purchase shall be the kilowatt-hours measured on Buyer's meters located on Buyer's pole near and of Buyer's facilities on the rim of the Teton River Gorge west of Customer's facility

C. Buyer's obligation to pay Seller for energy furnished to Buyer shall commence on the date Seller first delivers energy to Buyer from the Facility.

ARTICLE IV

APPENDICES

This Agreement includes Appendices A, B, C, D, E, F, and G all of which are attached hereto and incorporated herein by reference.

ARTICLE V

NOTICES

All written notices shall be addressed as follows:

To Buyer: Corporate Secretary
Utah Power & Light Company
P.O. Box 899
Salt Lake City, UT 84110

with copy to Customer Service Manager listed below.

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Inquiries concerning meter readings, billings, etc., should be addressed to:

Customer Service Manager
Utah Power & Light Company
P.O. Box 130
145 West Main Street
Rexburg, ID 83440

To Seller:

Bonneville Pacific Corporation
Attention: Ray Hixson
200 East So. Temple, Suite 300
Salt Lake City, UT 84111

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the first date hereinabove set forth.

ATTEST:

Deborah Buckley

SELLER:
BONNEVILLE PACIFIC CORPORATION

By: Raymond L. Hixson

Title: President

ATTEST:

BUYER:
UTAH POWER & LIGHT COMPANY

By: Vice President

°(C18:6)
11-2-84

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APPENDIX A

POWER PURCHASE GENERAL TERMS AND CONDITIONS

A. DEFINITIONS

Whenever used in this Agreement, and/or Appendices, the following terms shall have the following meanings:

1. Buyer's Review and/or Acceptance - Buyer's review and/or acceptance, or failure to review or accept Seller's specifications and/or equipment shall not constitute nor be construed as approval or endorsement or as a warranty of safety, durability, strength, adequacy, or reliability thereof.

2. Designated Dispatch Facility - Buyer's System or local dispatching operators with whom all operating communications and required reports will be made by Seller.

3. Facility - The hydro-electric generation facility and appurtenant facilities constructed, owned, operated, and maintained by Seller, more specifically described as follows: Seller's hydro generation project is located in Township 7 North; Range 44 East; Section 20, Boise Base Merridian. The facility is located on the Teton River approximately nine miles Northwest of Tetonia, Teton County, Idaho. Facility will consist of two Francis Turbines with synchronous generators with a total capacity of 6,000 kW. Seller's facility will be complete including all required and necessary control, relays, circuit breakers, etc.

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4. Interconnection Facilities - All facilities required by Appendix D to be installed solely to interconnect and deliver power from Seller's Facility to Buyer's system.

5. Prudent Electrical Practices - The practices and methods, as changed from time to time, that are commonly used in the electrical industry to operate electric equipment lawfully and with safety and dependability.

6. Special Facilities - Facilities supplied, purchased, and owned by Buyer at Seller's request, or because such facilities are necessary additions and/or reinforcements to Buyer's system, all as set forth in Exhibit E.

B. CONSTRUCTION

1. Land Rights - Seller will, at its sole expense, use its best efforts to acquire for Buyer all necessary rights-of-way, both on and off Seller's real and personal property, to install, operate, maintain, replace and remove Buyer's equipment and all Special Facilities, and to do all other work Buyer deems necessary pursuant to this Agreement.

2. Facility and Equipment Design and Construction - Except for Special Facilities and metering equipment, Seller shall design, construct, install, own, operate, and maintain the Facility and all equipment needed to generate and deliver energy in accordance with Appendix D. Metering equipment shall be owned and maintained by Buyer in accordance with Appendix D, Subpart A.6. Seller agrees to meet the requirements established by Buyer in Appendix D for those portions of Seller's Facility and equipment producing or

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transmitting electrical power and such other equipment which directly or indirectly affect Buyer's system. To aid in determination of compliance with Buyer's requirements and in acknowledgement that timing is critical to equipment purchase, Seller shall submit the Facility and equipment specifications to Buyer for review prior to Seller's purchase of equipment and Buyer shall submit its comments to Seller within twenty-one (21) working days from receipt of those specifications. Seller agrees to change, at Buyer's expense its Facility and equipment as may be required by Buyer to meet changing requirements of Buyer's system except Seller, at its sole expense, will make those alterations to protective equipment as specified in Appendix D, Subpart B. 3. h.

Seller shall ensure that wave forms, voltage flicker, power factor, and inverter techniques conform with criteria established by Buyer as set forth in Appendix D.

C. OPERATION

1. Point of Delivery - Seller shall deliver the energy designated in Article I at the point of delivery as set forth in Appendix G.

2. Communications - Buyer and Seller shall maintain operating communications through Buyer's Designated Dispatch Facility.

3. Facility and Equipment Operations and Maintenance - Seller shall operate and maintain its Facility and equipment according to Prudent Electrical Practices.

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Seller's scheduled outages shall be performed between March 1, and May 31, unless otherwise agreed to by Buyer.

Buyer shall not be obligated to accept, and Buyer may require Seller to curtail, interrupt or reduce deliveries of energy if Buyer determines that curtailment, interruption or reduction is necessary because of a condition on Buyer's system or of Seller's facility which is likely to result in an imminent disruption to Buyer's customers, or is imminently likely to endanger life or property, or threatens the integrity of Seller's Facility or Buyer's System.

Except in case of emergency, in order not to interfere unreasonably with the other Party's operations, the curtailing, interrupting or reducing Party shall give the other Party reasonable prior notice of any curtailment, interruption or reduction, the reason for its occurrence and its probably duration. Seller shall notify Buyer within two (2) hours of any Facility outage.

4. Meters - All meters used to determine the billing hereunder shall be as specified by Buyer and shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested or adjusted.

Buyer shall, at Seller's expense, inspect and test all meters upon their installation and at least once every two (2) years thereafter. If requested to do so by Seller, Buyer shall inspect or test a meter more frequently than every two (2) 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 (2) percent of full scale, in which case Buyer shall pay the expense of the test. Each Party shall give

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reasonable notice of the time when any inspection or test shall take place 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 Seller'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 (2) 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 and billings based on such measurements for:

a. the actual period during which inaccurate measurements were made, if the period can be determined, or if not,

b. the period immediately preceding the test of the meter equal to one-half (1/2) 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 (6) months.

If a meter fails to register, the meter shall be adjusted and the capacity and energy for billing purposes shall be deemed to be the same as the same billing period for the previous year.

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

D. BILLING

On or before the 30th day following the monthly billing period, Buyer will send a statement to Seller itemizing the kilowatt hours, kilovar

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hours, and the applicable rates for all capacity and energy received from Seller, together with the kilovar hours received by Seller from Buyer, the expenses incurred by Buyer pursuant to this Agreement, if any, and the payment owed to Seller.

E. PAYMENT

Buyer will include payment with the billing statement. If either Party objects to the billing statement, the Party objecting will, within six (6) months after all information necessary to verify the billing statement becomes available, deliver to the other Party a written summary of its objections to the billing statement, which objections shall include the amount by which the Party believes the billing statement is incorrect. All other payments due will be paid pending the resolution of the billing dispute. Upon determination by the Parties of the correct amount due, the indebted Party shall promptly pay such amount with interest at the rate then established for late payments by the Public Utilities Commission of Idaho. If either Party fails to object to a billing statement within the 6 month period, the billing statement and payment shall be deemed to be correct and neither Party shall be entitled to make any claim against the other Party arising from the billing statement.

F. FORCE MAJEURE

The term "force majeure" as used herein, means unforeseeable causes beyond the reasonable control of, and without the fault or negligence of, the Party claiming force majeure. If either Party because of force majeure is rendered wholly or partly unable to perform its obligations under this Agreement, that Party shall be excused from whatever performance

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is affected by the force majeure, including payment obligations, to the extent so affected provided that:

1. The nonperforming Party, within two weeks after the occurrence of the force majeure, gives the other Party written notice describing particularly the nature of the occurrence;

2. The suspension of performance is of no greater scope and of no longer duration than is required by the force majeure;

3. No obligations of either Party which arose before the occurrence causing the suspension of performance are excused as a result of the occurrence; and

4. The non-performing Party uses 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 judgement 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 involved.

5. Failure, however, to remedy any event of force majeure within two (2) years after its occurrence shall constitute termination of this Agreement. Failure to remedy non-performance caused by fire, wind, hail, aircraft, riot, civil disturbance, vehicles, explosion, smoke, vandalism, earthquake and flood within two (2) years after its occurrence shall constitute termination of this Agreement and the provisions of Appendix C shall not apply if Seller's inability to perform for two (2) years is due to a force majeure on the Buyer's system.

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G. INDEMNITY

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 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 successfully enforcing this indemnity clause.

H. 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.

I. 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.

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J. ASSIGNMENT

Seller may assign all or a portion of its rights under this Agreement, but may not delegate its duties, for the purpose of securing financing of the Seller's Facility. Either Party may assign all or a portion of its rights or delegate all or a portion of its duties under this Agreement in connection with the sale or merger of a substantial portion of its properties. Subject to the exceptions stated in this Paragraph J, neither Party shall assign its rights nor delegate its duties under this Agreement or any part of such rights or duties without the prior written consent of the other Party, which consent shall not be unreasonably withheld, and any such assignment or delegation made without such written consent shall be null and void.

K. CHOICE OF LAWS

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

L. JURISDICTIONAL APPROVALS

This Agreement shall be subject to the approval of the Idaho Public Utilities Commission and to an express finding and supporting order by the Commission that Seller is a qualifying small power production producer, that the Commission has found the avoided cost rate of the Company to be just and reasonable, and that the acquisition of the energy by Buyer from Seller is in the public intent.

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APPENDIX B

SCHEDULE OF ENERGY PURCHASED RATES

Fixed Energy Rates

Scheduled Commencement of Service	Term of Agreement (Years)							
	4	6	10	15	20	25	30	35
1985-$/kW-Yr	106	115	133	161	188	215	241	266
-Mills/kWh*	16	18	20	25	29	33	37	40.49

The fixed energy rate figure shall not be subject to escalation.

Variable Energy Rate

(Mills/kWh)

1984 14.00

The variable energy rate figure shall be updated annually commencing on January 1 of each year after the date energy is first delivered by Seller to Buyer. The rate paid will be the average cost of fuel consumed in Buyer's coal fired generating stations determined pursuant to Buyer's normal accounting practices. The adjustment may be up or down.

*Based on a 75 percent capacity factor.

°(C18:B)
11-2-84

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APPENDIX C

ADJUSTMENT OF PAYMENTS

IN THE EVENT OF TERMINATION

A. GENERAL PROVISIONS

1. The Parties understand and agree that the Seller may terminate this Agreement at any time. The Parties further understand and agree that the payment Buyer makes to Seller for power generated is based on Seller's performance during the full term of this Agreement and that in the event Seller terminates during the term:

a. Buyer shall be deemed damaged by reason thereof,

b. It would be impracticable or extremely difficult to fix the actual damages to Buyer resulting therefrom,

c. The refund and payments as provided in Appendix C, Subpart B, are in the nature of adjustments in power purchase prices and liquidated damages, and not a penalty, and are fair and reasonable, and

d. Such refunds and payments represent a reasonable endeavor by the Parties to estimate a fair compensation for the reasonable losses that result from such termination.

2. Seller shall be invoiced by Buyer for all refunds and payments due under this Appendix and shall pay such amounts to Buyer within thirty (30) days after receipt of said invoice.

3. Buyer shall have the right to offset any amounts due it against any present or future payments due Seller.

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B. ADJUSTMENT UPON TERMINATION OF CONTRACT

In the event this Agreement is terminated, Seller shall refund to Buyer an amount equal to one-half the difference between:

1. The sum of the fixed energy payments paid to Seller pursuant to Article 3 to the date of termination, and;

2. The sum of the fixed energy payments which would have been paid to Seller based on a term of agreement extending to the date of termination, as derived or interpolated from Appendix B.

Example

Assuming this Agreement was terminated at the end of ten (10) years, and the annual generation from the Facility had been 2,000,000 kWh for each year of the ten (10) year period, then the refund to Buyer would be calculated as follows:

Total Ten-Year Generation = 20,000,000 kWh

Total Payment To Seller = 20,000,000 kWh x 40.49 Mills/kWh = $809,800

Total Payment If Seller Had Contracted For Ten Years = 20,000,000 kWh x 20 Mills/kWh* = $400,000

$$\text{Refund to Buyer} = \frac{\$809,800 - \$400,000}{2} = \$204,900$$

*Rate from Appendix B for a Ten-Year Contract Term in 1985.

C. ADJUSTMENT UPON FAILURE TO RECOVER COSTS AND EXPENSES IN RATES

It is the Parties' intention that the Buyer be able to recover in Customer rates all costs and expenses incurred in connection with the purchase of energy from Seller under this Agreement. In the event Buyer is not able to so recover, Seller agrees that the purchase price paid by

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Buyer to Seller shall be adjusted to a level which permits full recovery of costs and expenses by Buyer.

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APPENDIX D

Parallel Generation Interconnection Requirements

For Single And Three Phase Generation

A. GENERAL REQUIREMENTS FOR ALL GENERATORS

1. All installations made for the purpose of interconnection with Buyer's system shall comply with Buyer's requirements, the National Electrical Code, and the National Electrical Safety Code.

2. Seller shall provide at its sole cost an accessible, visible, lockable disconnect switch in the generator circuit. This switch is to be identified by Seller as the Generator Disconnect switch. This switch may be locked in the open position by Buyer's personnel under the following conditions:

   a. For the protection of the line crews while doing any work on Buyer's lines or equipment.

   b. If inspection of Sellers equipment reveals hazardous conditions or a lack of proper maintenance.

   c. If Seller's generating equipment interferes with Buyer's customers, or with the operation or integrity of Buyer's system.

3. Seller's Protective System shall be designed to automatically disconnect from Buyer's system when Buyer's service is interrupted.

4. Seller shall maintain its equipment (generator, protective equipment, and other associated equipment) in good working order. The equipment shall be subject to Buyer's inspection.

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5. Seller's Facility shall be interconnected only after all legally required inspections and written approvals are completed and when such interconnection shall not reduce the integrity of Buyer's system. As a guide, total harmonic distortion introduced into Buyer's system shall not exceed five (5) percent with no single harmonic contribution of more than three (3) percent. However, in no case shall interconnection be allowed to produce abnormal voltages or voltage fluctuations, or harmonic content that would cause undue interference with Buyer's customer loads or Buyer's equipment.

In order to facilitate interconnection, a schedule for the inspections and approvals referenced in the preceding paragraph shall be prepared by the Parties within forty-five (45) days from the date of this Agreement.

6. Metering Equipment

a. The Seller shall provide adequate space for Buyer's metering equipment including, but not limited to, billing meters, current and voltage transformers, test switches, and modems in accordance with Buyer's requirements.

b. Seller shall pay all costs of metering equipment in excess of those which would ordinarily be required to meter Seller's load; however, Seller shall have no ownership in meters, instrument transformers, and associated revenue metering equipment.

c. Metering will be installed to measure the reactive power and energy supplied from Buyer's system to the Facility. When the Facility is generating, Seller shall maintain a power factor of unity at all times. Any kilowatt-hour or kilovar-hour

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input to Seller will be paid for by Seller at the rate of $0.30 per kvar month. This rate will be subject to annual adjustment, as determined by Buyer, and to regulatory authorities having jurisdiction.

7. Seller shall provide adequate space to Buyer to install a third meter in the generator circuit for the measurement of the generator output for research studies as may be deemed necessary by Buyer.

8. Hydro Generation

a. DC Generators with Synchronous Inverter:

1) The total harmonic distortion introduced onto Buyer's system by an inverter shall not be more than 5%.

2) No single harmonic produced by the inverter shall contribute more than 3% distortion onto Buyer's system.

b. Induction Generators:

1) The generators shall be equipped with an over frequency or speed relay set such that frequency cannot exceed 64 Hertz, and under voltage relays set no lower than 90% of nominal voltage and over voltage relays set no higher than 110% of nominal voltage in order to automatically disconnect the generator when Buyer's service is interrupted.

2) The generators shall be equipped with reverse current (or power) relays to prevent the generators from acting as a motor.

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3) The generators shall be within a + or - 5% of synchronous speed before being automatically connected onto the Buyer's system.

c. Synchronous Generators:

Synchronous generator installations shall require special approval by Buyer's Engineering and Relaying Departments due to the complexity of designing appropriate relaying and switching devices to automatically disconnect the generator from the utility systems under all necessary conditions.

d. AC Generators with Static Frequency Changer:

1) Static frequency changers shall be of the type that utilizes Buyer's frequency to trigger the output frequency to insure frequency compatibility, and to insure no output when Buyer's system is out of service.

2) The total harmonic distortion introduction into Buyer's system by a static frequency changer shall be no more than 5%.

3) No single harmonic distortion by the static frequency changer shall contribute more than 3% distortion onto Buyer's system.

B. ADDITIONAL GENERAL REQUIREMENTS FOR THREE-PHASE GENERATORS

1. It is the sole responsibility of Seller to provide for the safe and effective operation of its generators even though most

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commercially available three-phase generators will be equipped with appropriate protection and governor control systems, and in the case of synchronous machines, proper excitation and voltage control equipment. Buyer may require protection and control systems in addition to that supplied with the generators.

2. Prior to initial energizing of Seller's generating system, inspection and/or tests shall be jointly performed by both Seller and Buyer to verify the proper operation of such generators and related equipment.

3. Seller is fully responsible for the protection of all generators and all of their associated equipment. Protection shall be provided for Seller's own equipment failures and for fault and other disturbance on Buyer's system.

a. Each location's protection arrangements and design drawings shall be reviewed by Buyer's Engineering Department and accepted in writing prior to installation. The completed installation is subject to a final inspection and tests by Buyer personnel before commencement of parallel generation is permitted.

b. Seller shall provide automatic equipment suitable to Buyer to disconnect Seller's generators from Buyer's system in the event of a power outage or a fault on Buyer's system. The relays used to control the automatic disconnect device shall be so engineered, designed and set that they can detect the loss of voltage or fault occurring on Buyer's system.

As a minimum requirement, the protective relays shall include over/under voltage and over/under frequency relays for

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sensing abnormal voltage and/or system disturbances. Additions to the minimum requirement may be necessary for certain system arrangements and installations. Buyer reserves the right to determine the adequacy of relaying, and if additional relaying will be required. For synchronous machines a voltage restrained over current-type or impedance-type relay shall be provided to detect a phase fault and an over current or ground fault voltage detector relay for sensing a ground fault.

c. Recommended relay settings:

Over frequency:	64 Hertz	10 cycle time delay
Under frequency	59 Hertz	10 cycle time delay
Over voltage:	110 Percent	0.5-5 second time delay
Under voltage:	90 Percent	0.5-2 second time delay

Fault detecting relay to be provided after consultation with Buyer's Engineering Department.

d. Seller understands that a phase unbalance disturbance on Buyer's system can result in over heating of the Seller's generators. A negative sequence-type relay (current or voltage) is necessary to initiate tripping under phase unbalanced conditions, and may also be used to block closing of the automatic disconnecting device if Buyer's system is single phased.

e. Seller shall be fully responsible for the routine maintenance of the generators and protecting equipment and the keeping of records of such maintenance. These records shall be available to Buyer for inspection at all times.

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f. Seller is solely responsible for the protection of his equipment from transient surges initiated by lightning, switching or other system disturbances.

g. Any modification of Seller's equipment shall require an engineering review and written acceptance by Buyer's Engineering Department.

h. Seller, at its sole expense, shall modify existing protective equipment in the event such modifications are required by government or industry regulations and/or standards.

4. The generator nameplate voltage shall be the same as the nominal voltage supplied by Buyer. If generation occurs at voltages other than the nominal voltages supplied by Buyer, Seller shall supply a dedicated generator transformer to transform the total capacity of the generator to the nominal voltage supplied by Buyer. The transformer configuration shall be specified by Buyer. Connections shall be ungrounded Wye-Delta or Delta-Delta with the generator connected to the Delta side. (The grounded Wye-grounded Wye connection will allow generator harmonic currents to flow into Buyer's system which may cause interference with Buyer's customers and/or communications equipment.) The transformer connection shall provide for relay protection to Buyer's system.

C. SPECIFIC REQUIREMENTS FOR THREE-PHASE GENERATORS

1. Synchronous Generators

Seller shall provide either automatic synchronizing or manual synchronizing, supervised by a synchronism check relay.

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2. Induction Generators

None

3. DC Generators with Inverters

The AC output of the synchronous inverter shall be compatible with Buyer's system voltage and frequency.

4. AC Generators With Static Frequency Changer

The AC output of the static frequency changer shall be compatible with Buyer's voltage and frequency.

°(C18:10)
11-2-84

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APPENDIX E

SPECIAL FACILITIES

A. SPECIAL FACILITIES REQUIRED

The Special Facilities Required under this Agreement are described as follows:

INSTALL

57 Wood poles

8 Anchors and down guys

56 Spans 3#-1/0 ACSR and 1-#2 ACSR Conductor

1 Set fused disconnect switches

REMOVE

10 Wood poles

11 Spans 2-#8 steel conductor

Metering Installion

1 lot 25 Kv pole mounted metering equipment

The cost of the aforementioned facilities, including installation will be approximately $91,313.

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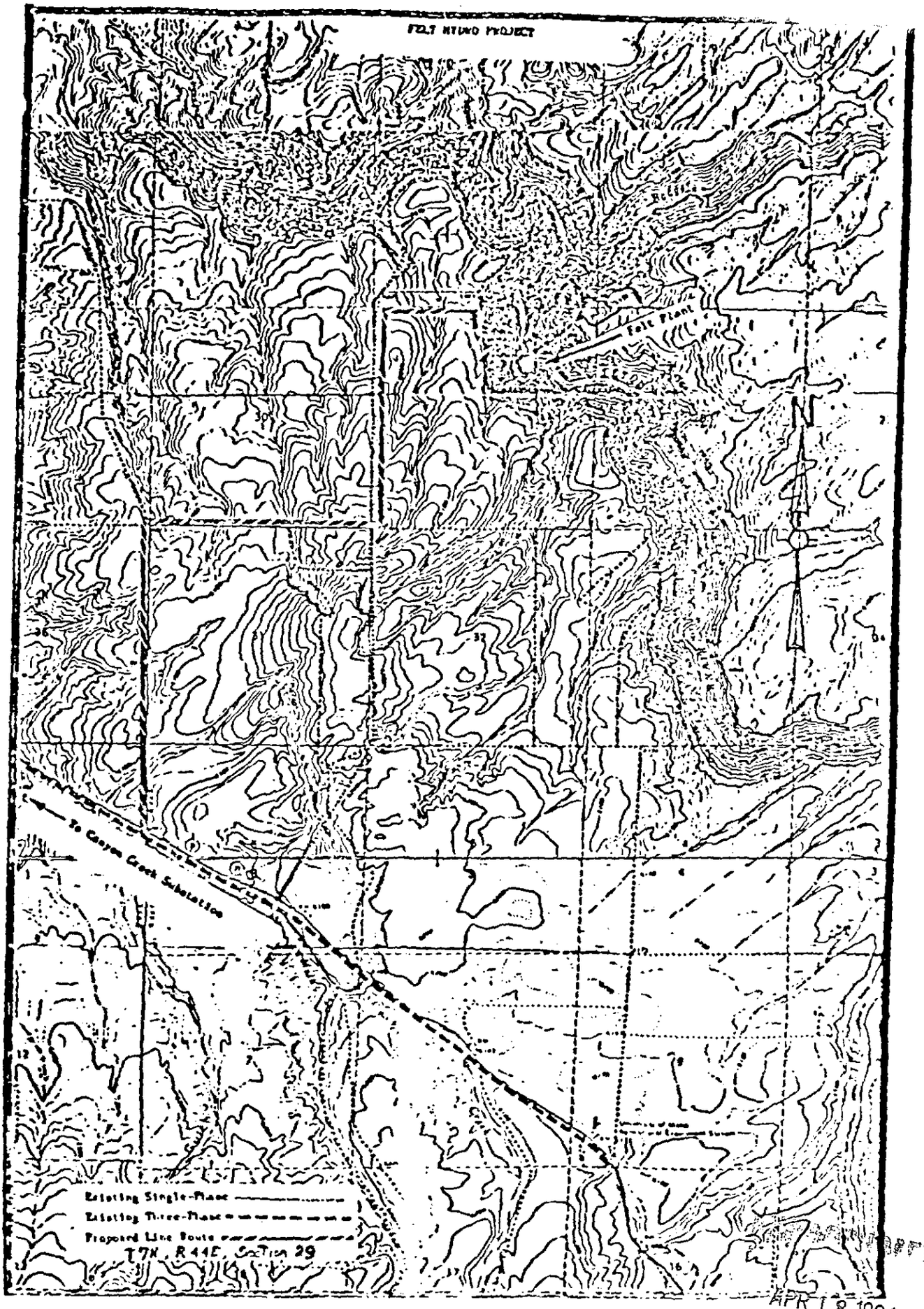
B. PAYMENT FOR SPECIAL FACILITIES

Buyer shall attempt to coordinate the construction of Special Facilities with the construction work being performed by Seller. Seller shall reimburse Buyer for the Special Facilities described herein within thirty (30) days of receipt of bill from Buyer. Thereafter, Seller shall pay Buyer monthly, within fifteen (15) days of receipt of bill from Buyer, for all the annual expenses including but not limited to Operation and Maintenance, Advalorem Taxes, Administrative and General, and Working Capital expense.

C. REMOVAL OF SPECIAL FACILITIES

Within sixty (60) days of the termination of this Agreement, Buyer shall prepare and forward to Seller an estimate of the remaining value of the Special Facilities described in this Appendix, Subpart A, less removal costs and costs involved in the transfer of the removed material to Buyer's nearest warehouse. Buyer shall then be invoiced by Seller for the net amount due as estimated by Buyer for the Special Facilities and Buyer shall pay such amount to Seller within thirty (30) days after receipt of said invoice.

°(C20:5)
11-28-84


FELT WIND PROJECT
Felt Plant
To Coyote Creek Substation
Existing Single-Plane
Existing Three-Plane
Proposed Line Route
T7N, R44E, Section 29

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IDAHO

POWER PURCHASE AGREEMENT

BETWEEN

BONNEVILLE PACIFIC CORPORATION

AND

UTAH POWER & LIGHT COMPANY

THIS AGREEMENT is entered into this 4th day of December, 1984 by and between BONNEVILLE PACIFIC CORPORATION, a subsidiary of Bonneville Group, Inc. hereinafter referred to as "Seller," organized and existing under the laws of the state of Idaho and UTAH POWER & LIGHT COMPANY hereinafter referred to as "Buyer", a corporation organized and existing under the laws of the State of Utah. Seller and Buyer are sometimes referred to hereinafter collectively as "Parties" and individually as "Party".

WITNESSETH:

WHEREAS, Seller agrees to construct, own, operate and maintain a hydro generation power plant known as the Felt Plant with a capacity of 6,000 kilowatts, hereinafter referred to as Facility*; and

WHEREAS, Seller wishes to sell to Buyer and Buyer wishes to purchase all electric energy from the Facility.

---

*Initial capitalization of words and phrases other than proper names indicates that these terms are defined in Appendix A hereof.

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

ARTICLE I

TERM OF AGREEMENT

Subject to the terms and conditions hereof, this Agreement shall be binding upon execution and shall remain in effect for a term of thirty-five (35) years from the date energy is first delivered by Seller to Buyer. It is anticipated that testing of the Facility and in-service generation will commence in 1985.

ARTICLE II

SALE OF POWER

A. Seller agrees to sell and deliver and Buyer agrees to purchase and accept all energy generated from the subject Facility in accordance with Appendix A.

B. Seller's proposed Facility shall be located at Township 7 North; Range 44 East; Section 20 in Teton County, Idaho and shall provide energy as set forth herein.

ARTICLE III

PURCHASE PRICE AND METHOD OF PAYMENT

A. Buyer shall pay Seller, for energy delivered at the point specified herein, the sum of:

1. A fixed rate of 40.49 mills per kilowatt-hour, reflecting a 1985 scheduled in-service date and a thirty-five (35) year term as

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shown in Appendix B. This rate shall not change due to a delay in completion of construction nor shall it be subject to escalation.

2. A variable rate of 14 mills per kilowatt-hour, updated annually, and approved by the Idaho Public Service Commission as specified in Appendix B, to reflect the current average price of coal to Buyer with the base at 1984 being 14 mills per kilowatt-hour.

B. The kilowatt-hours for which Buyer shall be obligated to purchase shall be the kilowatt-hours measured on Buyer's meters located on Buyer's pole near and of Buyer's facilities on the rim of the Teton River Gorge west of Customer's facility

C. Buyer's obligation to pay Seller for energy furnished to Buyer shall commence on the date Seller first delivers energy to Buyer from the Facility.

ARTICLE IV

APPENDICES

This Agreement includes Appendices A, B, C, D, E, F, and G all of which are attached hereto and incorporated herein by reference.

ARTICLE V

NOTICES

All written notices shall be addressed as follows:

To Buyer: Corporate Secretary
Utah Power & Light Company
P.O. Box 899
Salt Lake City, UT 84110

with copy to Customer Service Manager listed below.

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Inquiries concerning meter readings, billings, etc., should be addressed to:

Customer Service Manager
Utah Power & Light Company
P.O. Box 130
145 West Main Street
Rexburg, ID 83440

To Seller:

Bonneville Pacific Corporation
Attention: Ray Hixson
200 East So. Temple, Suite 300
Salt Lake City, UT 84111

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the first date hereinabove set forth.

ATTEST:

Deborah Buckley

SELLER:
BONNEVILLE PACIFIC CORPORATION

By: Raymond L. Hixson

Title: President

ATTEST:

BUYER:
UTAH POWER & LIGHT COMPANY

By: Vice President

°(C18:6)
11-2-84

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APPENDIX A

POWER PURCHASE GENERAL TERMS AND CONDITIONS

A. DEFINITIONS

Whenever used in this Agreement, and/or Appendices, the following terms shall have the following meanings:

1. Buyer's Review and/or Acceptance - Buyer's review and/or acceptance, or failure to review or accept Seller's specifications and/or equipment shall not constitute nor be construed as approval or endorsement or as a warranty of safety, durability, strength, adequacy, or reliability thereof.

2. Designated Dispatch Facility - Buyer's System or local dispatching operators with whom all operating communications and required reports will be made by Seller.

3. Facility - The hydro-electric generation facility and appurtenant facilities constructed, owned, operated, and maintained by Seller, more specifically described as follows: Seller's hydro generation project is located in Township 7 North; Range 44 East; Section 20, Boise Base Merridian. The facility is located on the Teton River approximately nine miles Northwest of Tetonia, Teton County, Idaho. Facility will consist of two Francis Turbines with synchronous generators with a total capacity of 6,000 kW. Seller's facility will be complete including all required and necessary control, relays, circuit breakers, etc.

AUG 18 1994

4. Interconnection Facilities - All facilities required by Appendix D to be installed solely to interconnect and deliver power from Seller's Facility to Buyer's system.

5. Prudent Electrical Practices - The practices and methods, as changed from time to time, that are commonly used in the electrical industry to operate electric equipment lawfully and with safety and dependability.

6. Special Facilities - Facilities supplied, purchased, and owned by Buyer at Seller's request, or because such facilities are necessary additions and/or reinforcements to Buyer's system, all as set forth in Exhibit E.

B. CONSTRUCTION

1. Land Rights - Seller will, at its sole expense, use its best efforts to acquire for Buyer all necessary rights-of-way, both on and off Seller's real and personal property, to install, operate, maintain, replace and remove Buyer's equipment and all Special Facilities, and to do all other work Buyer deems necessary pursuant to this Agreement.

2. Facility and Equipment Design and Construction - Except for Special Facilities and metering equipment, Seller shall design, construct, install, own, operate, and maintain the Facility and all equipment needed to generate and deliver energy in accordance with Appendix D. Metering equipment shall be owned and maintained by Buyer in accordance with Appendix D, Subpart A.6. Seller agrees to meet the requirements established by Buyer in Appendix D for those portions of Seller's Facility and equipment producing or

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transmitting electrical power and such other equipment which directly or indirectly affect Buyer's system. To aid in determination of compliance with Buyer's requirements and in acknowledgement that timing is critical to equipment purchase, Seller shall submit the Facility and equipment specifications to Buyer for review prior to Seller's purchase of equipment and Buyer shall submit its comments to Seller within twenty-one (21) working days from receipt of those specifications. Seller agrees to change, at Buyer's expense its Facility and equipment as may be required by Buyer to meet changing requirements of Buyer's system except Seller, at its sole expense, will make those alterations to protective equipment as specified in Appendix D, Subpart B. 3. h.

Seller shall ensure that wave forms, voltage flicker, power factor, and inverter techniques conform with criteria established by Buyer as set forth in Appendix D.

C. OPERATION

1. Point of Delivery - Seller shall deliver the energy designated in Article I at the point of delivery as set forth in Appendix G.

2. Communications - Buyer and Seller shall maintain operating communications through Buyer's Designated Dispatch Facility.

3. Facility and Equipment Operations and Maintenance - Seller shall operate and maintain its Facility and equipment according to Prudent Electrical Practices.

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Seller's scheduled outages shall be performed between March 1, and May 31, unless otherwise agreed to by Buyer.

Buyer shall not be obligated to accept, and Buyer may require Seller to curtail, interrupt or reduce deliveries of energy if Buyer determines that curtailment, interruption or reduction is necessary because of a condition on Buyer's system or of Seller's facility which is likely to result in an imminent disruption to Buyer's customers, or is imminently likely to endanger life or property, or threatens the integrity of Seller's Facility or Buyer's System.

Except in case of emergency, in order not to interfere unreasonably with the other Party's operations, the curtailing, interrupting or reducing Party shall give the other Party reasonable prior notice of any curtailment, interruption or reduction, the reason for its occurrence and its probably duration. Seller shall notify Buyer within two (2) hours of any Facility outage.

4. Meters - All meters used to determine the billing hereunder shall be as specified by Buyer and shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested or adjusted.

Buyer shall, at Seller's expense, inspect and test all meters upon their installation and at least once every two (2) years thereafter. If requested to do so by Seller, Buyer shall inspect or test a meter more frequently than every two (2) 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 (2) percent of full scale, in which case Buyer shall pay the expense of the test. Each Party shall give

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reasonable notice of the time when any inspection or test shall take place 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 Seller'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 (2) 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 and billings based on such measurements for:

a. the actual period during which inaccurate measurements were made, if the period can be determined, or if not,

b. the period immediately preceding the test of the meter equal to one-half (1/2) 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 (6) months.

If a meter fails to register, the meter shall be adjusted and the capacity and energy for billing purposes shall be deemed to be the same as the same billing period for the previous year.

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

D. BILLING

On or before the 30th day following the monthly billing period, Buyer will send a statement to Seller itemizing the kilowatt hours, kilovar

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is affected by the force majeure, including payment obligations, to the extent so affected provided that:

1. The nonperforming Party, within two weeks after the occurrence of the force majeure, gives the other Party written notice describing particularly the nature of the occurrence;

2. The suspension of performance is of no greater scope and of no longer duration than is required by the force majeure;

3. No obligations of either Party which arose before the occurrence causing the suspension of performance are excused as a result of the occurrence; and

4. The non-performing Party uses 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 judgement 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 involved.

5. Failure, however, to remedy any event of force majeure within two (2) years after its occurrence shall constitute termination of this Agreement. Failure to remedy non-performance caused by fire, wind, hail, aircraft, riot, civil disturbance, vehicles, explosion, smoke, vandalism, earthquake and flood within two (2) years after its occurrence shall constitute termination of this Agreement and the provisions of Appendix C shall not apply if Seller's inability to perform for two (2) years is due to a force majeure on the Buyer's system.

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G. INDEMNITY

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 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 successfully enforcing this indemnity clause.

H. 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.

I. 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.

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J. ASSIGNMENT

Seller may assign all or a portion of its rights under this Agreement, but may not delegate its duties, for the purpose of securing financing of the Seller's Facility. Either Party may assign all or a portion of its rights or delegate all or a portion of its duties under this Agreement in connection with the sale or merger of a substantial portion of its properties. Subject to the exceptions stated in this Paragraph J, neither Party shall assign its rights nor delegate its duties under this Agreement or any part of such rights or duties without the prior written consent of the other Party, which consent shall not be unreasonably withheld, and any such assignment or delegation made without such written consent shall be null and void.

K. CHOICE OF LAWS

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

L. JURISDICTIONAL APPROVALS

This Agreement shall be subject to the approval of the Idaho Public Utilities Commission and to an express finding and supporting order by the Commission that Seller is a qualifying small power production producer, that the Commission has found the avoided cost rate of the Company to be just and reasonable, and that the acquisition of the energy by Buyer from Seller is in the public intent.

°(C18:7)

11-2-84

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APPENDIX B

SCHEDULE OF ENERGY PURCHASED RATES

Fixed Energy Rates

Scheduled Commencement of Service	Term of Agreement (Years)							
	4	6	10	15	20	25	30	35
1985-$/kW-Yr	106	115	133	161	188	215	241	266
-Mills/kWh*	16	18	20	25	29	33	37	40.49

The fixed energy rate figure shall not be subject to escalation.

Variable Energy Rate

(Mills/kWh)

1984	14.00

The variable energy rate figure shall be updated annually commencing on January 1 of each year after the date energy is first delivered by Seller to Buyer. The rate paid will be the average cost of fuel consumed in Buyer's coal fired generating stations determined pursuant to Buyer's normal accounting practices. The adjustment may be up or down.

*Based on a 75 percent capacity factor.

°(C18:8)
11-2-84

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APPENDIX C

ADJUSTMENT OF PAYMENTS

IN THE EVENT OF TERMINATION

A. GENERAL PROVISIONS

1. The Parties understand and agree that the Seller may terminate this Agreement at any time. The Parties further understand and agree that the payment Buyer makes to Seller for power generated is based on Seller's performance during the full term of this Agreement and that in the event Seller terminates during the term:

a. Buyer shall be deemed damaged by reason thereof,

b. It would be impracticable or extremely difficult to fix the actual damages to Buyer resulting therefrom,

c. The refund and payments as provided in Appendix C, Subpart B, are in the nature of adjustments in power purchase prices and liquidated damages, and not a penalty, and are fair and reasonable, and

d. Such refunds and payments represent a reasonable endeavor by the Parties to estimate a fair compensation for the reasonable losses that result from such termination.

2. Seller shall be invoiced by Buyer for all refunds and payments due under this Appendix and shall pay such amounts to Buyer within thirty (30) days after receipt of said invoice.

3. Buyer shall have the right to offset any amounts due it against any present or future payments due Seller.

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B. ADJUSTMENT UPON TERMINATION OF CONTRACT

In the event this Agreement is terminated, Seller shall refund to Buyer an amount equal to one-half the difference between:

1. The sum of the fixed energy payments paid to Seller pursuant to Article 3 to the date of termination, and;

2. The sum of the fixed energy payments which would have been paid to Seller based on a term of agreement extending to the date of termination, as derived or interpolated from Appendix B.

Example

Assuming this Agreement was terminated at the end of ten (10) years, and the annual generation from the Facility had been 2,000,000 kWh for each year of the ten (10) year period, then the refund to Buyer would be calculated as follows:

Total Ten-Year Generation = 20,000,000 kWh

Total Payment To Seller = 20,000,000 kWh x 40.49 Mills/kWh = $809,800

Total Payment If Seller Had Contracted For Ten Years = 20,000,000 kWh x 20 Mills/kWh* = $400,000

$$\text{Refund to Buyer} = \frac{\$809,800 - \$400,000}{2} = \$204,900$$

*Rate from Appendix B for a Ten-Year Contract Term in 1985.

C. ADJUSTMENT UPON FAILURE TO RECOVER COSTS AND EXPENSES IN RATES

It is the Parties' intention that the Buyer be able to recover in Customer rates all costs and expenses incurred in connection with the purchase of energy from Seller under this Agreement. In the event Buyer is not able to so recover, Seller agrees that the purchase price paid by

APR 1 8 1994

Buyer to Seller shall be adjusted to a level which permits full recovery of costs and expenses by Buyer.

°(C18:9)
11-2-84

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APPENDIX D

Parallel Generation Interconnection Requirements

For Single And Three Phase Generation

A. GENERAL REQUIREMENTS FOR ALL GENERATORS

1. All installations made for the purpose of interconnection with Buyer's system shall comply with Buyer's requirements, the National Electrical Code, and the National Electrical Safety Code.

2. Seller shall provide at its sole cost an accessible, visible, lockable disconnect switch in the generator circuit. This switch is to be identified by Seller as the Generator Disconnect switch. This switch may be locked in the open position by Buyer's personnel under the following conditions:

   a. For the protection of the line crews while doing any work on Buyer's lines or equipment.

   b. If inspection of Sellers equipment reveals hazardous conditions or a lack of proper maintenance.

   c. If Seller's generating equipment interferes with Buyer's customers, or with the operation or integrity of Buyer's system.

3. Seller's Protective System shall be designed to automatically disconnect from Buyer's system when Buyer's service is interrupted.

4. Seller shall maintain its equipment (generator, protective equipment, and other associated equipment) in good working order. The equipment shall be subject to Buyer's inspection.

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5. Seller's Facility shall be interconnected only after all legally required inspections and written approvals are completed and when such interconnection shall not reduce the integrity of Buyer's system. As a guide, total harmonic distortion introduced into Buyer's system shall not exceed five (5) percent with no single harmonic contribution of more than three (3) percent. However, in no case shall interconnection be allowed to produce abnormal voltages or voltage fluctuations, or harmonic content that would cause undue interference with Buyer's customer loads or Buyer's equipment.

In order to facilitate interconnection, a schedule for the inspections and approvals referenced in the preceding paragraph shall be prepared by the Parties within forty-five (45) days from the date of this Agreement.

6. Metering Equipment

a. The Seller shall provide adequate space for Buyer's metering equipment including, but not limited to, billing meters, current and voltage transformers, test switches, and modems in accordance with Buyer's requirements.

b. Seller shall pay all costs of metering equipment in excess of those which would ordinarily be required to meter Seller's load; however, Seller shall have no ownership in meters, instrument transformers, and associated revenue metering equipment.

c. Metering will be installed to measure the reactive power and energy supplied from Buyer's system to the Facility. When the Facility is generating, Seller shall maintain a power factor of unity at all times. Any kilowatt-hour or kilovar-hour

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input to Seller will be paid for by Seller at the rate of $0.30 per kvar month. This rate will be subject to annual adjustment, as determined by Buyer, and to regulatory authorities having jurisdiction.

7. Seller shall provide adequate space to Buyer to install a third meter in the generator circuit for the measurement of the generator output for research studies as may be deemed necessary by Buyer.

8. Hydro Generation

a. DC Generators with Synchronous Inverter:

1) The total harmonic distortion introduced onto Buyer's system by an inverter shall not be more than 5%.

2) No single harmonic produced by the inverter shall contribute more than 3% distortion onto Buyer's system.

b. Induction Generators:

1) The generators shall be equipped with an over frequency or speed relay set such that frequency cannot exceed 64 Hertz, and under voltage relays set no lower than 90% of nominal voltage and over voltage relays set no higher than 110% of nominal voltage in order to automatically disconnect the generator when Buyer's service is interrupted.

2) The generators shall be equipped with reverse current (or power) relays to prevent the generators from acting as a motor.

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3) The generators shall be within a + or - 5% of synchronous speed before being automatically connected onto the Buyer's system.

c. Synchronous Generators:

Synchronous generator installations shall require special approval by Buyer's Engineering and Relaying Departments due to the complexity of designing appropriate relaying and switching devices to automatically disconnect the generator from the utility systems under all necessary conditions.

d. AC Generators with Static Frequency Changer:

1) Static frequency changers shall be of the type that utilizes Buyer's frequency to trigger the output frequency to insure frequency compatibility, and to insure no output when Buyer's system is out of service.

2) The total harmonic distortion introduction into Buyer's system by a static frequency changer shall be no more than 5%.

3) No single harmonic distortion by the static frequency changer shall contribute more than 3% distortion onto Buyer's system.

B. ADDITIONAL GENERAL REQUIREMENTS FOR THREE-PHASE GENERATORS

1. It is the sole responsibility of Seller to provide for the safe and effective operation of its generators even though most

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commercially available three-phase generators will be equipped with appropriate protection and governor control systems, and in the case of synchronous machines, proper excitation and voltage control equipment. Buyer may require protection and control systems in addition to that supplied with the generators.

2. Prior to initial energizing of Seller's generating system, inspection and/or tests shall be jointly performed by both Seller and Buyer to verify the proper operation of such generators and related equipment.

3. Seller is fully responsible for the protection of all generators and all of their associated equipment. Protection shall be provided for Seller's own equipment failures and for fault and other disturbance on Buyer's system.

a. Each location's protection arrangements and design drawings shall be reviewed by Buyer's Engineering Department and accepted in writing prior to installation. The completed installation is subject to a final inspection and tests by Buyer personnel before commencement of parallel generation is permitted.

b. Seller shall provide automatic equipment suitable to Buyer to disconnect Seller's generators from Buyer's system in the event of a power outage or a fault on Buyer's system. The relays used to control the automatic disconnect device shall be so engineered, designed and set that they can detect the loss of voltage or fault occurring on Buyer's system.

As a minimum requirement, the protective relays shall include over/under voltage and over/under frequency relays for

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sensing abnormal voltage and/or system disturbances. Additions to the minimum requirement may be necessary for certain system arrangements and installations. Buyer reserves the right to determine the adequacy of relaying, and if additional relaying will be required. For synchronous machines a voltage restrained over current-type or impedance-type relay shall be provided to detect a phase fault and an over current or ground fault voltage detector relay for sensing a ground fault.

c. Recommended relay settings:

Over frequency:	64 Hertz	10 cycle time delay
Under frequency	59 Hertz	10 cycle time delay
Over voltage:	110 Percent	0.5-5 second time delay
Under voltage:	90 Percent	0.5-2 second time delay

Fault detecting relay to be provided after consultation with Buyer's Engineering Department.

d. Seller understands that a phase unbalance disturbance on Buyer's system can result in over heating of the Seller's generators. A negative sequence-type relay (current or voltage) is necessary to initiate tripping under phase unbalanced conditions, and may also be used to block closing of the automatic disconnecting device if Buyer's system is single phased.

e. Seller shall be fully responsible for the routine maintenance of the generators and protecting equipment and the keeping of records of such maintenance. These records shall be available to Buyer for inspection at all times.

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f. Seller is solely responsible for the protection of his equipment from transient surges initiated by lightning, switching or other system disturbances.

g. Any modification of Seller's equipment shall require an engineering review and written acceptance by Buyer's Engineering Department.

h. Seller, at its sole expense, shall modify existing protective equipment in the event such modifications are required by government or industry regulations and/or standards.

4. The generator nameplate voltage shall be the same as the nominal voltage supplied by Buyer. If generation occurs at voltages other than the nominal voltages supplied by Buyer, Seller shall supply a dedicated generator transformer to transform the total capacity of the generator to the nominal voltage supplied by Buyer. The transformer configuration shall be specified by Buyer. Connections shall be ungrounded Wye-Delta or Delta-Delta with the generator connected to the Delta side. (The grounded Wye-grounded Wye connection will allow generator harmonic currents to flow into Buyer's system which may cause interference with Buyer's customers and/or communications equipment.) The transformer connection shall provide for relay protection to Buyer's system.

C. SPECIFIC REQUIREMENTS FOR THREE-PHASE GENERATORS

1. Synchronous Generators

Seller shall provide either automatic synchronizing or manual synchronizing, supervised by a synchronism check relay.

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2. Induction Generators

None

3. DC Generators with Inverters

The AC output of the synchronous inverter shall be compatible with Buyer's system voltage and frequency.

4. AC Generators With Static Frequency Changer

The AC output of the static frequency changer shall be compatible with Buyer's voltage and frequency.

°(C18:10)
11-2-84

APR 8 1994

APPENDIX E

SPECIAL FACILITIES

A. SPECIAL FACILITIES REQUIRED

The Special Facilities Required under this Agreement are described as follows:

INSTALL

57 Wood poles

8 Anchors and down guys

56 Spans 3#-1/0 ACSR and 1-#2 ACSR Conductor

1 Set fused disconnect switches

REMOVE

10 Wood poles

11 Spans 2-#8 steel conductor

Metering Installion

1 lot 25 Kv pole mounted metering equipment

The cost of the aforementioned facilities, including installation will be approximately $91,313.

B. PAYMENT FOR SPECIAL FACILITIES

Buyer shall attempt to coordinate the construction of Special Facilities with the construction work being performed by Seller. Seller shall reimburse Buyer for the Special Facilities described herein within thirty (30) days of receipt of bill from Buyer. Thereafter, Seller shall pay Buyer monthly, within fifteen (15) days of receipt of bill from Buyer, for all the annual expenses including but not limited to Operation and Maintenance, Advalorem Taxes, Administrative and General, and Working Capital expense.

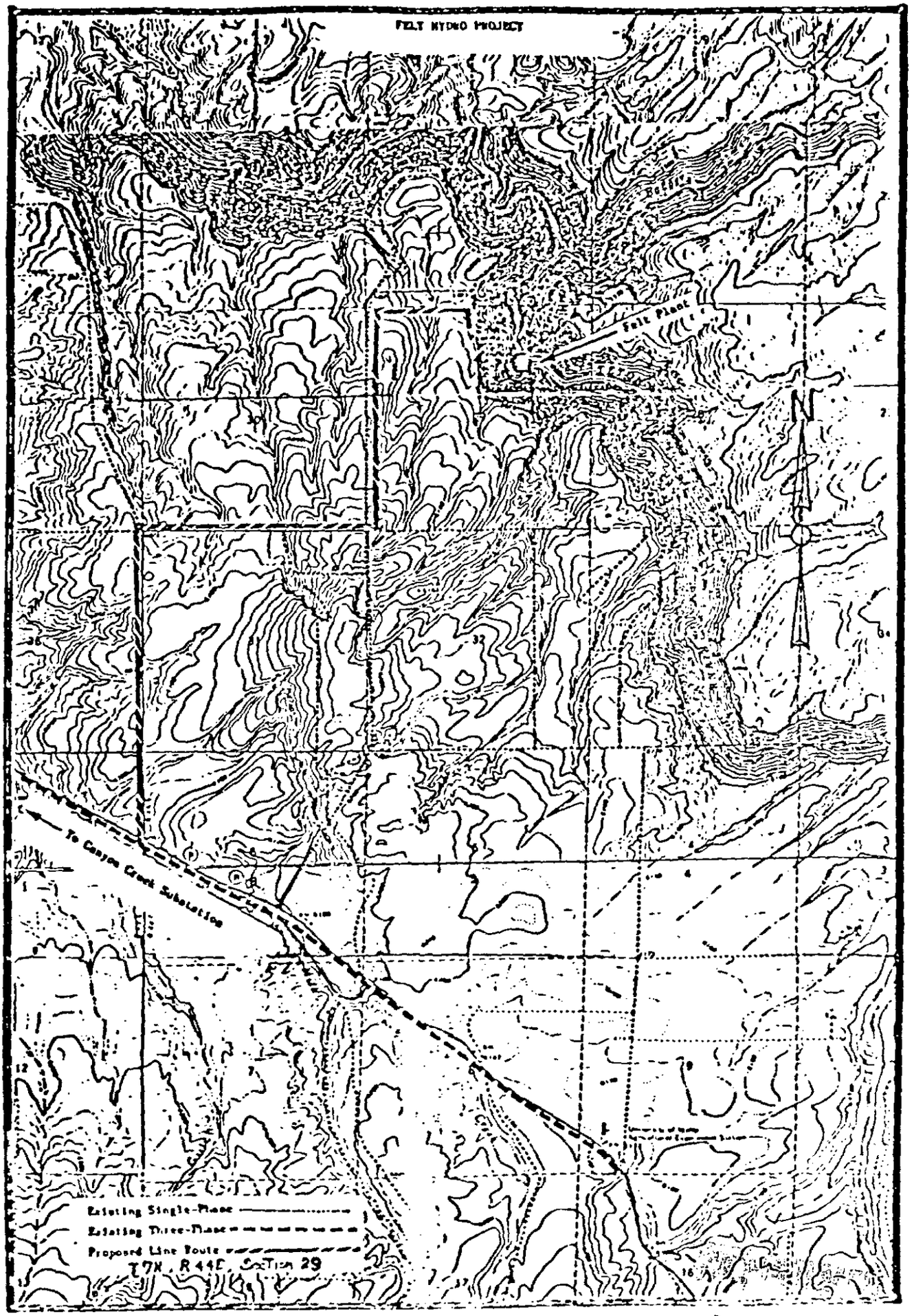
C. REMOVAL OF SPECIAL FACILITIES

Within sixty (60) days of the termination of this Agreement, Buyer shall prepare and forward to Seller an estimate of the remaining value of the Special Facilities described in this Appendix, Subpart A, less removal costs and costs involved in the transfer of the removed material to Buyer's nearest warehouse. Buyer shall then be invoiced by Seller for the net amount due as estimated by Buyer for the Special Facilities and Buyer shall pay such amount to Seller within thirty (30) days after receipt of said invoice.

°(C20:5)
11-28-84

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APPENDIX F



APR 18 1994

EXHIBIT "F"

Bureau of Reclamation Easement

(Attached)

RECORDED

APR 18 1994

EXHIBIT "G"

Description of Real Property

(Attached)

RECORDED

APR 18 1994

EXHIBIT "G"

A Parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the section corner common to sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the section line for a distance of 763.71 feet to the true point of beginning; thence S08-02-12 E for a distance of 819.49 feet; thence S32-06-42 W for a distance of 359.76 feet; thence S00-42-17 W for a distance of 360.16 feet; thence S35-26-33 W for a distance of 289.22 feet; thence N86-29-45 W for a distance of 447.69 feet; thence N03-55-50 E for a distance of 1473.25 feet; thence N29-29-34 W for a distance of 552.39 feet; thence N50-50-59 E for a distance of 1248.25 feet; thence S48-45-13 E for a distance of 307.23 feet; thence S38-03-34 W for a distance of 622.02 feet; thence S08-02-12 E for a distance of 365.38 feet to the true point of beginning, containing 39.09 acres more or less.

A parcel of land situated in Teton County, State of Idaho, Township 7 North, Range 44 East of the Boise Meridian, Sections 20, 21, 28, & 29 more particularly described as follows: Beginning at the section corner common to sections 20, 21, 28, & 29 T 7 N, R 44 E, B.M.;

Thence S89-36-24 W along the section line for a distance of 763.71 feet to the true point of beginning; thence N 08-02-12 W for a distance of 365.38 feet; thence N38-03-34 E for a distance of 622.02 feet; thence N57-46-57 E for a distance of 349.48 feet; thence S43-11-46 E for a distance of 793.73 feet; thence S04-46-44 E for a distance of 452.02 feet; thence S39-03-29 W for a distance of 597.27 feet; thence S46-33-58 E for a distance of 576.92 feet; thence S82-17-17 E for a distance of 800.00 feet; thence S00-00-00-W for a distance of 800.00 feet; thence N73-08-21 W for a distance of 2216.33 feet; thence N32-06-42 E for a distance of 359.76 feet; thence N08-02-12 W

continued . . .

RECORDED

APR 18 1994

EXHIBIT "G" CONT.

for a distance of 819.49 feet to the true point of beginning, containing 67.08 acres more or less.

ALSO and TOGETHER WITH such Rights-of-Way or Easements from the Bureau of Reclamation and others which may be necessary for the Project.

RECORDED

APR 18 1994

EXHIBIT "H"

Description of Personal Property

(Attached)

APR 18 1994

PERSONAL PROPERTY AND EQUIPMENT TO BE USED IN

CONNECTION WITH THE FELT DAM HYDROELECTRIC PROJECT

1. Two Francis-type turbines: with stainless steel turbine runners and wicker gate and with spiral case and other appurtenant parts. Head static, 158 feet, head effective, 154 feet. Flow 232 CFS each, total 664 CFS, power 3487 HP each, total 6975 HP and speed 600 RPM.

2. Two generators: total power 5500 KVA, speed 600 RPM, voltage 4160, temperature rating full class "FFFX" capability. The generator will be designed and manufactured to Hydro West Group specifications as per nameplate data listed in the Construction Contract. The installation system will be class F and the stator will have a minimum of 6 RTD's to indicate winding temperature. The generator will have adequate WR2 (built-in inertia) to permit stable operation for remote and manual synchronization.

3. Exciter: The exciter will be a static or brushless and will have solid state voltage regulation.

4. Switch gear: The switch gear and relay protection will be standard utility grade designed and built by Hydro West Group for local manual and remote operation.

5. Remote control units: The remote control units will be designed by Hydro West Group to remotely control the turbine generator unit.

6. Step up transformer: A step up transformer, low voltage connection box, high voltage disconnect with fuses and lighting arrestors.

7. Penstock: Size 90 inch diameter, wall 3/8 inch, length 1800 feet, bifurcation 90 inches by 60 inches by 60 inches together with all dowels and appurtenant parts and protective inner and outer coating.

8. Diversion structure: Fish ladders and new shelters for inlet portals to tunnel nos. 2 and 3.

9. Power house: Insulated steel building 36 feet by 36 feet to house turbine generator units and appurtenant equipment.

6888C

BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION
Application For License For Major Project – Existing Dam

FELT HYDROELECTRIC PROJECT

EXHIBITS A,B,C,D,E,F,G

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MAY 2 6 1982
Boise Library

FALL RIVER
Rural Electric Cooperative, Inc.
Ashton, Idaho

Project No. 5089
February 1982
Revised May 1982

APR 1 8 1994
A note was filed in place of entire book
To see file.

B14404.L0 Report
Felt Hydroelectric Project
Exhibits A,B,C,D,E,F,G. Revised May 1982. Fall River Rural Electric Cooperative. Ashton, Idaho. Copy 2

Before the
FEDERAL ENERGY REGULATORY COMMISSION

APPLICATION FOR LICENSE FOR
MAJOR PROJECT - EXISTING DAM

CH2M/HILL
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FELT HYDROELECTRIC PROJECT
PROJECT NO. 5089

EXHIBITS A, B, C, D, E, F, and G

FALL RIVER RURAL ELECTRIC COOPERATIVE

Ashton, Idaho

February 1982

Revised May 1982

APR 1 8 1994

B14404.L0

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D-6 Cost Comparison With Alternative Creston Plant in 1988
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VERIFICATION

State of Idaho)
)SS
County of Fremont)

Mr. Gale A. Reed being first duly sworn, deposes and says:

That he is the President of Fall River Rural Electric Cooperative, Inc., the Applicant for a license for the Felt Hydroelectric Project; that he has read the foregoing license and knows the contents thereof; that the same are true to the best of his knowledge and belief.

Gale A. Reed
Gale A. Reed, President

Subscribed and sworn to before me this 12th day of February, 1982.

Glen O. Myers
Notary Public

My commission expires: 17 Oct 1985

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Initial Statement

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Before the
FEDERAL ENERGY REGULATORY COMMISSION

APPLICATION FOR LICENSE FOR
MAJOR PROJECT - EXISTING DAM

(1) Fall River Rural Electric Cooperative, Inc. (Fall River) applies to the Federal Energy Regulatory Commission (FERC) for a license for the Felt water power project, as described in the attached exhibits. The Commission has designated the Felt project as Project Number 5089.

(2) The location of the project is:

State:	Idaho
County:	Teton
Nearby Town:	Felt
Stream:	Teton River

(3) The exact name and business address of the applicant are:

Fall River Rural Electric Cooperative, Inc.
714 Main Street
Ashton, Idaho 83420
(208) 652-7431

The exact name and business address of each person authorized to act as agent for the applicant in this application are:

Calvin Wickham, Manager
Fall River Rural Electric Cooperative, Inc.
714 Main Street
Ashton, Idaho 83420
(208) 652-7431

(4) The applicant is a nonprofit cooperative corporation formed in 1938 under Title 29, Chapter 10 of the Idaho Codes Annotated, 1932 and all laws amendatory thereof and supplementary thereto.

(5i) The statutory or regulatory requirements of the State of Idaho that affect the project as proposed with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes; and with respect to Fall River's right to engage in the business of developing, transmitting, and distributing power; and in any other business necessary to accomplish the purposes of the license under the Federal Power Act are:

Streambeds and Banks

- Minimum stream flow, Idaho Code, Title 42, Chapter 15.
- Alteration of channels, Idaho Code, Title 42, Chapter 38.
- Fish protection, Idaho Code, Title 36, Chapter 9, statute 36-906.
- Pollution unlawful, Idaho Code, Title 39, Chapter 1, statutes 39-102, 39-103, and 39-108.

Appropriation of Water Rights and Diversion for Power

The constitutional provisions in Idaho that govern appropriation of waters flowing in natural streams are contained in Article 15, Sections 3 and 7. The appropriation of waters, including power use, is regulated by statutes of the Idaho Code, Title 42, Chapters 1, 2, 3, and 7.

Fall River's Right to Engage in the Project

Fall River is a rural electric cooperative formed under the laws and regulations of the Rural Electrification Administration (REA). Fall River owns and operates the existing power facilities at the site, which will be expanded under this project. Fall River has expended its funds for rehabilitation of the existing facilities, preparation of a feasibility report, preparation of this license application, and application to the State of Idaho for additional water rights. Fall River's right to engage in the project is expressed in Article II of "Articles of Incorporation of Fall River Rural Electric Cooperative, Inc." The articles of incorporation are included at the end of this initial statement.

(5ii) The applicant has taken or plans to take the following steps to comply with each of the laws cited above:

Streambeds and Banks

Correspondence from the State of Idaho Department of Lands states that Idaho considers the Teton River not navigable and adjacent lands previously owned by Idaho have been sold. Consequently, an easement from the state will not be required.

Other State and Local Permits

Other state permits for which application will be made include a Stream Alteration Permit and a Dam Safety Permit from the Department of Water Resources, and a Water Quality Certificate from the Department of Health and Welfare. Locally, a building permit will be required from Teton County.

Water Rights

Fall River has existing water rights for the existing power generating facilities in the amount of 300 cubic feet per second (cfs), as listed below:

- No. 22-0606, 80 cfs, priority of 10-1-21
- No. 22-2123, 70 cfs, priority of 11-17-36
- No. 22-2126, 150 cfs, priority of 2-2-46

On March 18, 1981, Fall River filed an "Application for Permit to Appropriate the Public Waters of the State of Idaho" for the project for an additional 300 cfs. The permit has been approved contingent upon the granting of the project's FERC license and assigned No. 22-7351. A copy of the 1981 application is attached at the end of this initial statement.

FALL RIVER
Rural Electric Cooperative, Inc.

714 Main Street • Ashton, Idaho 83420 • (208) 652-7431

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CERTIFIED BOARD RESOLUTION

THIS BOARD RESOLUTION PERTAINS TO THE PREPARATION AND APPLICATION OF A LOAN TO THE RURAL ELECTRIFICATION ADMINISTRATION FOR THE ENGINEERING COST ASSOCIATED WITH THE DESIGN, AND THE COSTS ASSOCIATED WITH THE CONSTRUCTION OF THE FELT HYDROPOWER PROJECT.

I hereby certify that I, Gerald Egbert am the duly elected Secretary of the Fall River Rural Electric Cooperative, Inc., and am the keeper of the minutes of the Board of Directors meetings and further certify that the following action is a true copy of the action recorded in the minute book for the meeting of February 15, 1982.

A resolution was made by the Board of Directors of Fall River Rural Electric Cooperative, Inc., to apply to the Rural Electrification Administration for a loan in the amount of $14,185,000 to finance the design and construction of the Felt Hydropower Project. The expenditure of this loan will be conditioned upon receipt of a Federal Energy Regulatory Commission License for the new facilities. (Copy of Engineers Estimate attached to minutes.)

Resolution made by Gerald Egbert, seconded by Marvin Hill and passed.

Feb 15, 1982
Date

Gerald Egbert
Gerald Egbert, Secretary

Table D-4
FINANCING REQUIREMENTS AND ANNUAL COSTS
($1,000)

Year	Project Cost in 1981	Cost Escalation @ 10%/yr	Project Cost in Year Spent	8% Interest		12% Interest		16% Interest	
				Interest During Construction	Accumulated Amount Borrowed	Interest During Construction	Accumulated Amount Borrowed	Interest During Construction	Accumulated Amount Borrowed
1981	$ 122		$ 122	9.8	$ 122	14.6	$ 122	19.5	$ 122
1982	440	$ 22	462	47.5	593.8	71.8	598.6	96.6	603.5
1983	2,338	362	2,700	267.3	3,341.3	404.4	3,370.4	544.0	3,400.1
1984	6,520	1,764	8,284	951.4	11,892.6	1,447.1	12,058.9	1,956.5	12,228.1
TOTAL	$9,420	$2,148	$11,568		$12,844.0		$13,506.0		$14,184.6
TOTAL FINANCING REQUIREMENT					$12,844.0		$13,506.0		$14,184.6
ANNUAL COSTS									
Principal and Interest					$ 1,102.1		$ 1,652.0		$ 2,282.2
Operation and Maintenance					60.0		60.0		60.0
Administration and General					20.0		20.0		20.0
Insurance and Taxes					20.0		20.0		20.0
TOTAL ANNUAL COST					$ 1,202.1		$ 1,752.0		$ 2,382.2
Average Energy Generation (MWh)					31,400		31,400		31,400
Unit Energy Cost in 1984 (¢/kWh)					3.8		5.6		7.6

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ARTICLES OF INCORPORATION
OF
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned citizens of the State of Idaho and of the United States of America of the age of twenty-one (21) years or more, by these presents voluntarily associate ourselves together for the purpose of forming a non-profit cooperative corporation under Title 29, Chapter 10 of the Idaho Codes Annotated, 1932, and all laws amendatory thereof and supplemental thereto, and we do hereby certify:

ARTICLE I

The name of the Corporation is:
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

ARTICLE II

The object or objects and purpose or purposes for which the Corporation is formed are:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members only, and to file upon power sites for the purpose of development of electric energy and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

(b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

(d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for suchpurposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for

property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired;

(f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed. The Corporation shall render no service to or for the public.

ARTICLE III

Section 1. The Corporation is formed without any purpose of pecuniary profit to itself and shall have no capital stock.

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

(a) paying the membership fee hereinafter specified;
(b) agreeing to purchase from the Corporation electric energy as hereinafter specified; and
(c) agreeing to comply with and be bound by the Articles of Incorporation of the Corporation and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

The Bylaws may provide for appeal by an applicant to a meeting of the members. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this Section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 3. The membership fee shall be five dollars ($5.00), but the bylaws may provide for additional fees to be paid by members requesting more than one service connection.

Section 4. Each member shall, as soon as electric energy shall be available, purchase from the Corporation all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the board of directors; provided, however, that the electric energy which the Corporation shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the Corporation such minimum amount per month as shall be fixed by the board of directors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Corporation as and when the same shall become due and payable.

Commonwealth Nov. 3 1947

Section 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member shall be individually liable or responsible for any debts or liabilities of the corporation.

Section 6. The board of directors of the corporation may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Corporation or the bylaws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Corporation and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 8. (a) Membership in the Corporation and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Corporation. Termination of membership in any manner shall ~~operate as a release~~ of all right, title and interest of the member in the ~~property~~ and assets of the Corporation; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Corporation.

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of Section 2 of this article. Such transfer shall be made and recorded on the books of the corporation and such joint membership noted on the original certificate representing the membership so transferred.

(c) When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Corporation the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the corporation.

Section 9. Each member shall be entitled to one (1) vote and no more upon each metter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the certificate of incorporation of the Corporation, or the by-laws. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 10. As long as the total number of members does not exceed one thousand (1,000), at least fifteen per centum (15%0 of the total number present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members provided at least five per centum (5%) of the total number of members are present in person. In case the total number of members shall exceed one thousand (1,000) then at least one hundred fifty (150) of the members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members.. If the total number of members is one hundred (100) or less, a quorum for the purpose of the election of directors at annual meetings of the members shall consist of fifty-one per centum (51%) of the total number present in person or represented by proxy, provided at least five per centum (5%) of the total number of members are present in person. If less than a

quorum is present at any meeting, a majority of thse present in person or represented by proxy may adjourn the meeting from time to time without further notice.

ARTICLE IV

Section 1. Except as limited elsewhere in these Articles or in the by-laws of the Corporation, the business and affairs of the Corporation shall be vested in and managed and controlled by a board of directors and the officers of the Corporation shall be a president, a vice-president, a treasurer and a secretary. The offices of Secretary and Treasurer may be held by the same person.

Section 2. The officers of the Corporation shall be elected, by ballot, by and from the members of the board of directors at such time and for such terms of office as shall be provided in the Bylaws of the Corporation.

Section 3. The number of directors of the Corporation shall be nine (9) and the names and post office addresses of the directors who shall manage the affairs and business of the Corporation for the first year or until their successors shall have been elected and shall have qualified according to law and the bylaws of the Corporation are:

Mr. George Amen	Squirrel, Idaho
Mr. George Marotz	Ashton, Idaho
Mr. W. F. Griffel	Ashton, Idaho
Mr. Elmer D. George	Ashton, Idaho
Mr. Rudolph Habekost	Ashton, Idaho
Mr. Alex Hill	Lamont, Idaho
Mr. Francis Bratt	Drummond, Idaho
Mr. Glan Sharp	Squirrel, Idaho
Mr. Glen Baird	Drummond, Idaho

Hereafter, at each annual meeting of the members the directors shall be elected by and from the members of the Corporation to hold office until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

Section 4. The Bylaws may make provision for the removal of directors and the filling of vacancies so created. Bylaws may also provide for division of the territory served by the Corporation into voting districts, and for the election of directors directly by such voting districts, or by a body of delegates elected by such voting districts.

Section 5. The directors, as such, shall not receive any compensation for their services, but the Bylaws may provide for reimbursement for reasonable expenses incurred in connection with the performance of their duties.

ARTICLE V

Section 1. Membership in the Corporation shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent, with these Articles of Incorporation or the bylaws of the Corporation. Such certificate shall be signed by the President and by the Secretary of the Corporation and the corporate seal shall be affixed thereto.

Section 2. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for cash, and such payment has been deposited with the Treasurer.

Section 3. In case of a lost, destroyed or mutilated certificate, a

new certificate may be issued therefor upon such terms and such indemnity to the Corporation as the Board of directors may prescribe.

Section 4. The first set of bylaws of the corporation shall be adopted by the board of directors, but thereafter the bylaws of the Corporation may be altered, amended or repealed by the members only at any regular or special meeting, provided that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Section 5. The bylaws of the Corporation may define and fix other duties and responsibilities of the members and prescribe other terms and conditions upon which members shall be admitted to and retain membership in the Corporation, make provisions for annual and special meetings of members and directors and notices thereof, provide for methods of voting, quorum requirements, and any other matters relating to the internal organization and management of the Corporation, provided that such provisions shall not be inconsistent with these Articles of Incorporation or the laws of the State of Idaho.

ARTICLE VI

The term of existence of the Corporation shall be perpetual.

ARTICLE VII

The operations of the Corporation shall be carried on in the County of Fremont, in the State of Idaho, and in such other counties in the State of Idaho and in the United States, as the board of directors may from time to time decide. The registered office and place of business of the Corporation shall be in the Town of Ashton, in Fremont County, in the State of Idaho, and the Corporation may maintain offices at such other place or places in the State of Idaho and in the United States as the board of directors may from time to time decide. The post office address of the registered office shall be Ashton, Idaho.

ARTICLE VIII

The Corporation may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

IN WITNESS WHEREOF, we, as incorporators and each of us having filed an application for membership, have hereunto set our hands and affixed our seals this 12th day of December, 1938.

Alex Hill (SEAL)	Lamont Ida
George Ames (SEAL)	Sheffield, Ida.
W. F. Griffel (SEAL)	Ashton Ida
Francis Pratt (SEAL)	Drummond Idaho
Rudolph Takekost (SEAL)	Ashton, Idaho
George Marotz (SEAL)	Ashton Idaho.
E. Earl Sharp (SEAL)	Squirrel, Idaho
Glen Baird (SEAL)	
(SEAL)	

Signed and sealed in the presence of:

_____)
_____)
(Witnesses
)
_____)

STATE OF IDAHO,)
) SS.
COUNTY OF FREMONT,)

On this 12th day of December, 1938, before me, Ralph Litton, a Notary Public in and for the State of Idaho, personally appeared

George Amen, George Marotz, W. F. Griffel,
Elmer D. George, Rudolph Habekost, Alex Hill,
Francis Bratt, Glan Sharp, and Glen Baird

to me known to be the persons described in and who executed the foregoing Articles of Incorporation, and acknowledged to me that they executed the same as their free act and deed.

WITNESS my hand and official seal the day and year in this Certificate of Acknowledgement first above written.

_____
Notary Public
Residing at St. Anthony, Idaho.
My commission expires January 2, 1940.

STATE OF IDAHO,)
) SS.
COUNTY OF FREMONT,)

I, L. Kingsford, Recorder in and for Fremont County, Idaho, do hereby certify that a copy of the Articles of Incorporation of the Fall River Rural Electric Cooperative, Inc., was duly filed in my office on December 15, 1938, and that the foregoing is a full, true and correct copy of such Articles of Incorporation.

Dated at St. Anthony, Idaho, this 15th day of December, 1938.

_____
Recorder

20174, ARTICLES OF INCORPORATION OF FALL RIVER RURAL ELECTRIC COOPERATIVE, Inc

STATE OF IDAHO, DEPARTMENT OF STATE, SECRETARY'S OFFICE, BOISE, IDAHO.

Approved, filed and admitted to the records of Articles of Incorporatio n of the State of Idaho and certificate issued this fourteenth day of December, 1938, at 1:00 o'clock, P. M. FEES PAID

Filing $5.00
Recording 4.60 Total $9.60

Ira H. Masters, Secretary of State

Form 202
3/78

22 7351
Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

To appropriate the public waters of the State of Idaho

1. Name of applicant Fall River Rural Electric Cooperative, Inc. Phone 208-652-7431

Post office address P.O. Box 617 Ashton Idaho 83420

2. Source of water supply Teton River which is a tributary of Snake-River

3. Location of point of diversion is E½ SW ¼ of N/E NW ¼ of Section 29 Township 7N

Range 44E B.M. Teton County, additional points of diversion if any: _____

4. Water will be used for the following purposes:

Amount 300 (cfs or acre-feet per annum) for Power Product 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. 300 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

a. Description of ditches, flumes, pumps, headgates, etc. All facilities are existing and are being used to produce power at Fall River Electric's "Felt Power Plant"

b. Height of storage dam NA feet, active reservoir capacity NA acre-feet; total reservoir capacity NA acre-feet, materials used in storage dam: Concrete

Period of year when water will be diverted to storage NA (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 immediate years *(minimum 1 year – maximum 5 years).*

8. Description of proposed uses: SEE ATTACHED DESCRIPTION

a. If water is not for irrigation:

(1) Give the place of use of water: NW ¼ of NE ¼ of Section 29 Township 7N

Range 44E B.M.

(2) Amount of power to be generated: 1870 horsepower under 80 feet of head.

(3) List number of each kind of livestock to be watered _____

(4) Name of municipality to be served _____, or number of families to be supplied with domestic water _____

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

b. Water is for irrigation, indicate acreage in each subdivision in the tabulation below: NA

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. NA

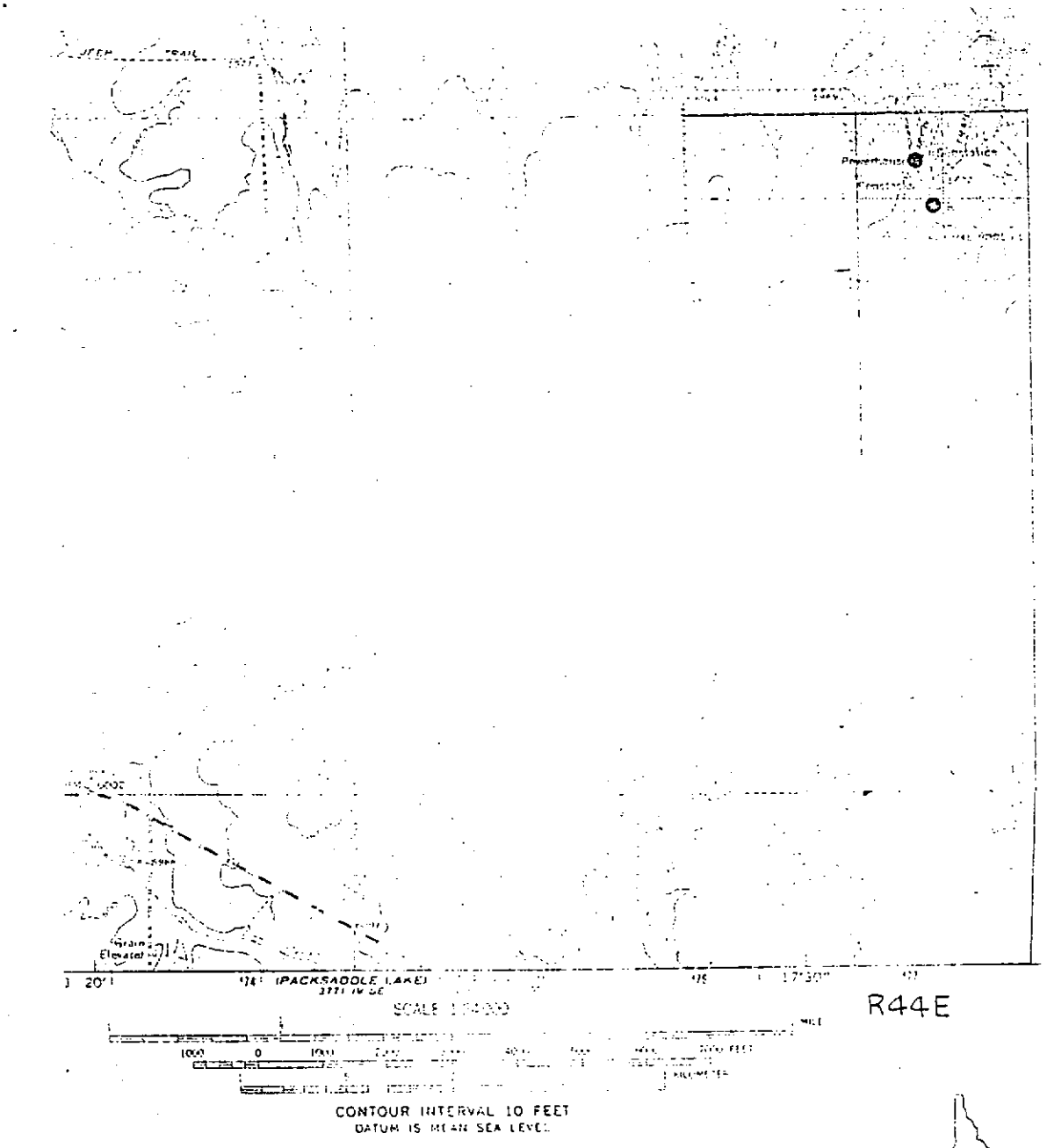
22-0606, 22-2123, and 22-2126 for power generation.

9. a. Who owns the property at the point of diversion Fall River Rural Electric Cooperative, Inc.

b. Who owns the land to be irrigated or place of use Fall River Rural Electric Cooperative, Inc.

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



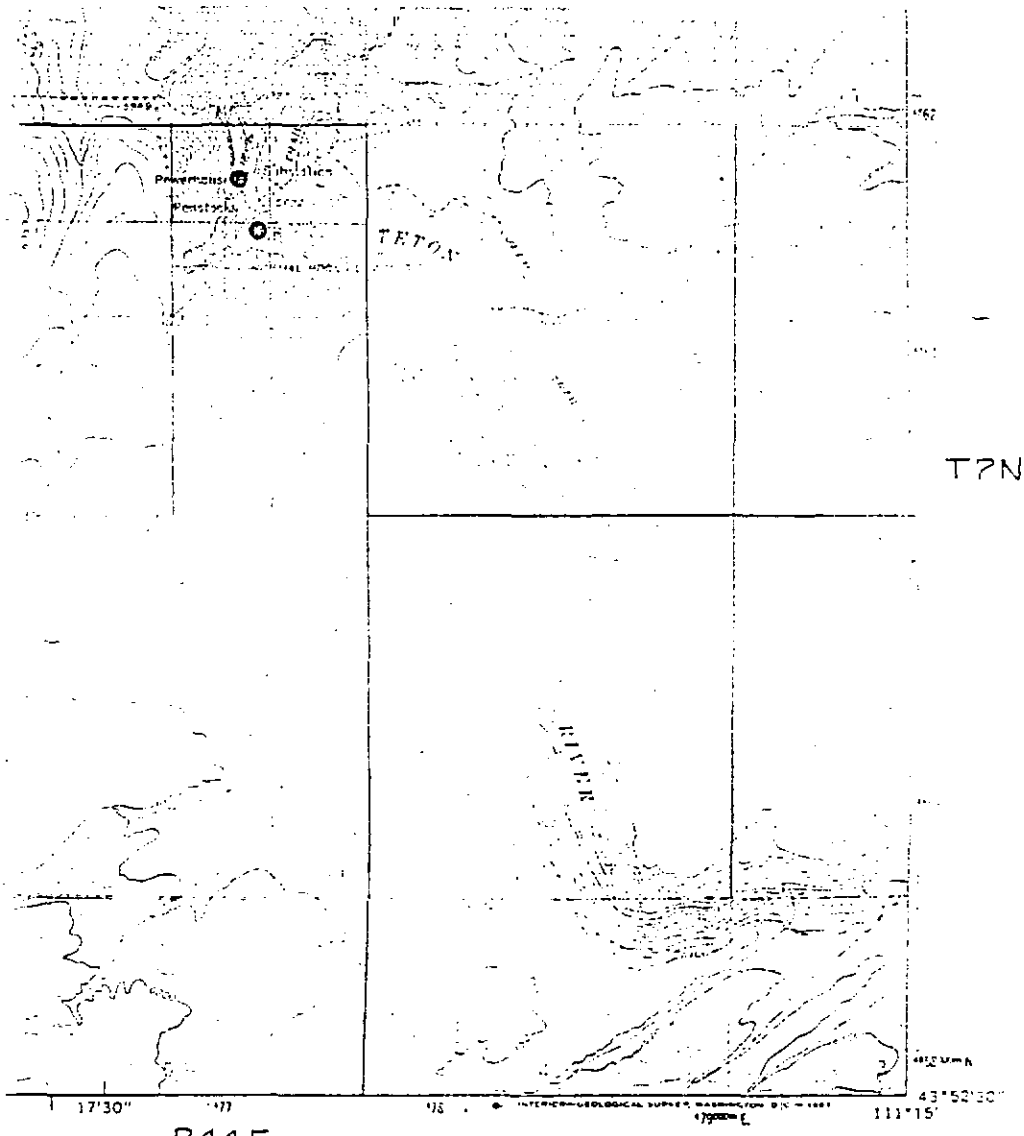
DETAIL MAP FOR THE "FELT POWER PLANT"

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.

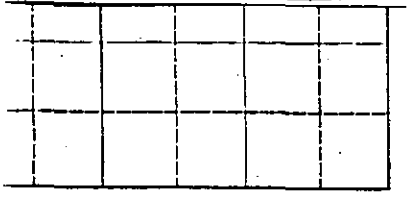
Jack A. Reed

(Applicant)

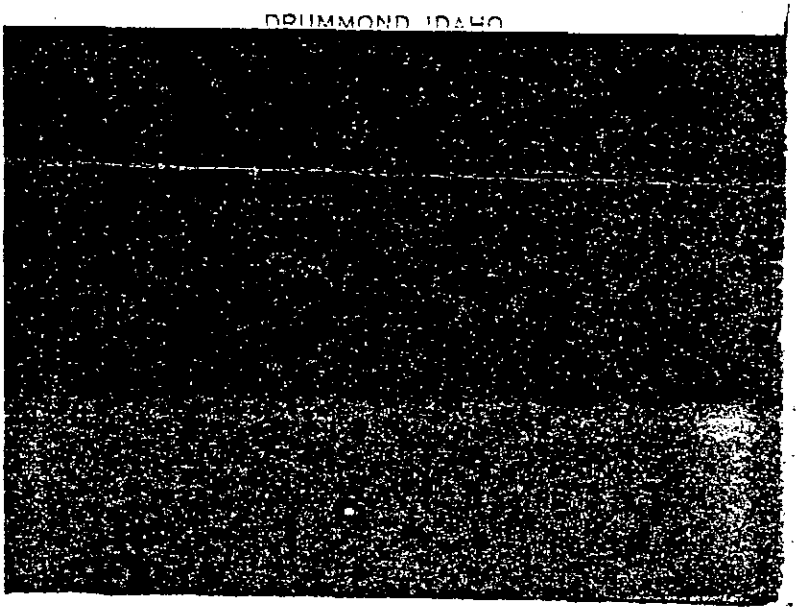


"FELT POWER PLANT"





DRUMMOND IDAHO



t to appropriate the public waters of

(Applicant)

Proposed Priority 3/18/1981

Received by JK Date 18 March 81 Time 2 PM

Preliminary check by SM Fee $ $2,225.00

Receipted by kw Date 3/18/81 #17109

Publication prepared by kw Date 3/27/81

Published in Teton Valley News

Publication dates 4/02 + 4/09/81

Publication approved kw Date 4/20/81

Protests filed by: None

Copies of protests forwarded by _____

Hearing held by _____ Date _____

Recommended for approval denial by JMC

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. 22-7351, 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 _____, 19___.

   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 of a type approved by 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. 01, Upper Snake 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.

EXHIBIT A

Project Description

EXHIBIT A - PROJECT DESCRIPTION

SITE CHARACTERISTICS AND EXISTING FACILITIES

General

The Felt Dam and Power Plant are located on the Teton River about 1 mile upstream from its confluence with Badger Creek. The site is approximately 9 miles northwest of the town of Tetonia, Idaho, in Section 29, Township 7 North, Range 44 East, Boise Meridian (see Figure A-1). Felt Dam causes a portion of the flow of the Teton River to be diverted into tunnels and conduits which convey it to a power plant located downstream, as shown on Figure A-2.

Site Access

The site is accessible by county road from Idaho State Highway 32, about 5 miles to the east. A Union Pacific rail line parallels Highway 32 in this area. Travel from the canyon rim down to the power plant currently requires passage through a locked gate and along an unimproved dirt road by four-wheel-drive vehicle. Winter access from Highway 32 is by snowmobile. The site itself is owned and operated by the Fall River Rural Electric Cooperative (Fall River).

Existing Facilities

The existing Felt hydropower development is comprised of a diversion dam, intakes, tunnels, penstocks, and a powerhouse (refer to Figure A-2). Profiles of the intakes, tunnels, and penstocks now in use are shown on Figure A-4, and the diversion dam is shown on Figure A-5.

Felt Dam

Felt Dam is a low, concrete, gravity structure; its purpose is to cause the diversion of the flows of the Teton River into the project power intakes. It is about 135 feet in length and 12 feet in height. A sluiceway section on the right abutment includes a corrugated steel tainter gate with a width of 16 feet. This gate is operated by means of a handwheel hoist mechanism. An uncontrolled overflow spillway section with a crest length of 90 feet forms much of the remainder of the dam. The spillway crest elevation is 5530 feet, approximately 8.5 feet above the river channel. This is also the normal reservoir water surface elevation. A visual inspection indicates that the dam's concrete is in fairly good condition except for the lower half of the wall separating the sluiceway and spillway sections. The surface of this wall is badly deteriorated. Felt Dam originally impounded about 40 acre-feet of water with a reservoir surface area of about 10 acres. The reservoir has nearly filled with sediment and little storage volume remains; however, this does not reduce the dam's ability to divert water into the power tunnels, as storage was never an important function of the structure.

Intakes

The dam access road ends near the dam's right abutment where a wooden catwalk leads to the three tunnel intakes. Proceeding upstream from the dam area along the catwalk, the first intake is that which supplied the old wood-stave penstock connected to Units No. 1, 2, and 3 in the old powerhouse. This intake has been blocked with sandbags and

is no longer used. The second and third intakes are located toward the end of the catwalk against the canyon wall. They supply Units No. 5 and No. 4, respectively. Both consist of small wood-frame shacks built upon steel and timber structures which house the intake gates and trashracks. The gate structures are located against the canyon wall, covering the entrances to the two power tunnels. The gates are raised and lowered by means of gatestem mechanisms driven by electric motors through pulleys.

Waterways

Water is delivered to the three penstocks through individual tunnels excavated in rock, as shown on Figures A-2 and A-4. The plant superintendent has indicated that each tunnel is approximately 8 feet square in cross section, unlined, and nearly level between intake and penstock portal. The approximate routes of all three tunnels and penstocks are shown on Figure A-2. Their descriptions follow:

Units Served	Tunnel Length (ft)	Penstock Construction	Penstock Diameter (in)	Penstock Length (ft)
1,2,3	170	Abandoned wood-stave	54	530
4	215	Welded steel	59	395
5	180	Welded steel	59	405

The abandoned wood-stave penstock is in a state of disrepair, with leakage and growth of vegetation on its exterior. External visual inspection indicated that both steel pen-

stocks are in good condition, with only minor rusting of their exteriors; however, their concrete thrust blocks and piers have suffered some deterioration due to weathering and freeze-thaw action. This damage is particularly acute in the piers supporting the Unit No. 4 penstock near its upstream end. A tap is made in the No. 5 penstock about 240 feet downstream from its portal to supply water to four high-lift pumps used to irrigate lands to the west along the canyon rim. The tap is controlled by a valve.

Power Plant

The penstocks convey water to the power plant building, which houses five turbine generator units. As shown on Figure A-2, the building consists of three sections: the operator living quarters, the new powerhouse, and the old powerhouse. Plant operators live in the southernmost section during their work shift at the plant. The northernmost section is the old powerhouse, which houses Units No. 1 through 3 and their associated equipment. These units made up the original power plant. They have not been in operation since September 1968. All are horizontal-mounted Francis type turbines. A summary of all known equipment nameplate data is given in Table A-1. These units discharge through separate vertical draft tubes of some 15 feet in length into tailrace channels located beneath this section of the power plant building. The tailrace channels are slightly above the river channel in elevation.

The middle section of the power plant building consists of a single room housing turbines 4 and 5, along with their associated governors, generators, and electrical equipment. These units make up the new (1946) power plant. Although shut down in 1968, they were restarted in June of 1980 and

have been in operation since that time. The turbines are identical units, each consisting of a cylindrical steel pressure case connected to its penstock perpendicularly to form a "T" and housing twin Francis runners on a common horizontal shaft. The runners are Leffel type "F." Elbow draft tubes connected to both ends of the pressure case discharge into partitioned tailrace channels beneath the powerhouse. Stoplogs have been placed at the exit of each tailrace channel to raise the tailwater levels therein. Refer to Table A-1 for a summary of all known nameplate data on these units.

The Felt Power Plant currently generates at 2,400 volts, three-phase. The pumps taking water from the Unit No. 5 penstock are supplied at this voltage. At the plant substation, the voltage is stepped up to 46 kilovolts (kV) through a 2,250 kilovolt-ampere (kVA) transformer bank. A three-phase, 46 kV transmission line 1,000 feet long connects the plant substation to the Fall River power grid at the Badger substation.

PROPOSED NEW FACILITIES

Structures and Equipment

The project includes constructing a new power plant on the Teton River approximately 1,200 feet north (downstream) of the existing plant. A plant at this location will develop 50 feet more head than the existing plant and will be capable of generating about three times as much energy. This represents the ultimate feasible development of the resource.

An 8-foot-diameter penstock 1,200 feet long will extend from the two existing 59-inch penstocks to the new power plant. The power plant would contain two identical vertical turbine

generators with a total output of 6.0 megawatts (MW) and average annual generation of 31,400 megawatt-hours (MWh). The project is illustrated in Exhibit F and the unit characteristics follow:

	Single Unit at Capacity	Two Units at Capacity
Gross Static Head (ft)	150	150
Design Discharged (cfs)	370	680
Net Head at Design Discharge	141	123
Turbine Type	Francis	Francis
Turbine Horsepower	5276	8460
Generator Type	Synchronous	Synchronous
Generator Rating (kVA at 0.9 PF*)	4175	8350
Generator Output (kW)	3758	6025
Generator Voltage	4160	4160
Transformer Rating (kVA)		7500

*Power factor.

Station electrical equipment will include facilities for remote monitoring and control of power plant operation. Power will be stepped up from 4,160 volts to 46 kV at the power substation located adjacent to the powerhouse. The substation transformer will be rated at 7,500 kVA. An overhead transmission line will leave the substation takeoff tower, continuing up the ridge to the Badger substation, where the power will be fed into the Fall River system through a set of disconnect switches.

The power plant will be a reinforced concrete structure with maximum outside dimensions of 57 feet wide by 52 feet long by 50 feet high. The foundation will be about 27 feet below the existing river elevation. The 47-foot-wide tailrace will be excavated to a maximum depth of 22 feet and will extend downstream 170 feet from the power plant.

The proposed power plant will tie into Fall River's power grid at Badger substation via a 46 kV, three-phase transmission line approximately 1,600 feet long.

The proposed generators will operate at 4,160 volts, three-phase. A 7,500 kVA, 4,160 V/46 kV, three-phase transformer will step up the generator's output to a level suitable for transmission to the existing Badger substation. Station class lightning arrestors (48 kV) and a group-operated fused (100 A) disconnect switch will be mounted on a steel takeoff structure at the plant. The takeoff structure will serve as a dead end for a three-phase, 46 kV transmission line connecting the power plant to the Badger substation. The transmission line will be approximately 1,600 feet long, and of wood pole construction with three No. 2 ACSR phase conductors and one 3/8-inch high-strength steel overhead shield wire. A group-operated fused (100 A) disconnect switch and a steel dead-end/takeoff structure at Badger substation will complete the tie to Fall River's power grid.

Lands of the United States

The project will be located entirely upon land owned by Fall River and land owned by the United States under the jurisdiction of the U.S. Department of the Interior, Bureau of Reclamation (USBR). These lands are located in Township 7N, Range 44E, Boise Meridian, Sections 29, 20, and 28. The approximate latitude and longitude are 43°55'N and 111°17'W. The legal description of the project boundary follows:

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.
FELT PROJECT BOUNDARY
LEGAL DESCRIPTION

"A parcel of land in the Southeast one-quarter of Section 20, the Southwest one-quarter of Section 21, the Northwest one-quarter of Section 28, and the Northeast one-quarter of Section 29, Township 7 North, Range 44 East, Boise Meridian, Teton County, Idaho, described as follows:

Commencing at the North one-quarter corner of said Section 29; thence North 89°36'24" East 2,222.44 feet (2,222.86 feet, record) to the Northeast corner of said Section 29; thence South 33°29'50" East 329.77 feet to THE TRUE POINT OF BEGINNING:

thence South 72°50'35" West 467.82 feet to a point;
thence South 1°34'54" East 507.19 feet to a point;
thence North 90°00'00" West 269.00 feet to a point;
thence North 4°07'51" West 360.94 feet to a point;
thence South 30°46'39" West 633.18 feet to a point;
thence South 60 feet, more or less, to a point of intersection with contour elevation 5535.00 feet above mean sea level;
thence following the said 5535.00-foot contour elevation in a generally Easterly direction a distance of 4000 feet, more or less, along the North side of the project reservoir impoundment of the Teton River;
thence crossing the Teton River channel along said 5535.00-foot contour elevation and following that contour elevation in a generally Westerly direction a distance of 3600 feet, more or less, along the South side of the project reservoir impoundment of the Teton River to a point of intersection with the remainder of the project boundary;

thence South 75 feet, more or less, to a point lying South 41°35'51" West 1584.59 feet from THE TRUE POINT OF BEGINNING:
thence South 38°39'35" West 256.12 feet to a point;
thence North 84°28'31" West 356.38 feet to a point;
thence North 13°49'26" East 333.43 feet to a point;
thence North 9°17'00" West 682.53 feet to a point;
thence North 57°23'34" East 210.31 feet to a point;
thence North 21°30'57" East 111.79 feet to a point;
thence North 1°14'59" East 275.07 feet to a point;
thence North 28°55'12" West 413.57 feet to a point;
thence North 46°01'56" East 628.01 feet to a point;
thence South 61°10'08" East 124.42 feet to a point;
thence South 13°04'09" West 229.96 feet to a point;
thence South 17°48'00" East 314.03 feet to a point;
thence North 24°09'59" East 512.96 feet to a point;
thence South 68°28'47" East 605.19 feet to a point;
thence South 18°00'14" East 630.89 feet to THE TRUE POINT OF BEGINNING.

Containing 54.4 acres, more or less."

The project boundary described is shown on the project map - Exhibit G of this application for license.

Lands owned by the United States are shown on the USBR right-of-way map in Figure A-3. This map was furnished by the USBR Regional Office in Boise, Idaho. The Felt project location is indicated on the USBR map. Approximately 50.2 acres of the land contained within the project boundary are owned by the United States.

Lands of Fall River

In 1960, Fall River Rural Electric Cooperative, Inc., purchased the assets of the Teton Valley Power and Milling Company. These assets included the Felt Dam, power plant, tunnels, penstocks, and land, together with transmission and distribution facilities. The land now owned by Fall River includes the two parcels described in the Right Of Way Deed Number 168. A copy of the deed follows this section. Lands owned by Fall River include approximately 4.2 acres that are contained within the project boundary. Fall River proposes to trade a portion of these two parcels for land owned by the United States within the project boundary described in the previous section of this Exhibit A. The boundaries of the two parcels of land owned by Fall River are shown on the project map - Exhibit G of this application for license.

RIGHT OF WAY DEED

--oOo--

KNOW ALL MEN BY THESE PRESENTS, That for and in consideration of the sum of One Hundred Twenty-nine and Seventy Hundredths Dollars ($129.70) for the within mentioned land, the receipt of which is hereby acknowledged, and in pursuance of the Statutes in such cases made and provided, there is hereby granted unto the TETON VALLEY POWER & MILLING COMPANY a right of way or easement for the construction, maintenance, and operation of a pipe line, power house, and dam for electric power purposes, over and across the following described State land, to-wit:

A strip of land Two Hundred (200) feet wide and Eight Hundred Thirty (830) feet long, the center line of which is described as follows: Beginning at a point which bears North Twenty-one (21) degrees Twenty-eight (28) minutes East Ten Thousand Eighty (10,080) feet from the Southwest corner of Section Thirty-two (32), Township Seven (7) North, Range Forty-four (44) East of Boise Meridian, and running thence North Fifty-five (55) degrees Twenty-two (22) minutes West One Hundred Ninety (190) feet, thence North Nine (9) degrees Seventeen (17) minutes West Six Hundred Forty (640) feet, this tract to be used for power house and pipe line, containing Three and Eighty-one Hundredths (3.81) acres, more or less.

Also beginning at a point which bears South Forty-four (44) degrees W. ~~West~~ East Two Hundred Thirty (230) feet from the point of beginning in the above described tract, and running thence South Thirty-two (32) degrees Fifty (50) minutes East Three Hundred

(300) feet, thence South Fifty-seven (57) degrees Ten (10) minutes West Two Hundred (200) feet, thence North Thirty-two (32) degrees Fifty (50) minutes West Three Hundred (300) feet, thence North Fifty-seven (57) degrees Ten (10) minutes East Two Hundred (200) feet to point of beginning, containing One and Thirty-eight Hundredths (1.38) acres, more or less, this tract to be used on which to construct a dam six (6) feet high.

TO HAVE AND TO HOLD, All and singular, the above mentioned and described premises for the purpose of a right of way or easement for the construction, maintenance, and operation of a pipe line, power house, and dam for electric power purposes, as aforesaid, unto the TETON VALLEY POWER & MILLING COMPANY, and to its successors and assigns in accordance with statute.

IN WITNESS WHEREOF, The State Board of Land Commissioners of the State of Idaho has caused these presents to be executed by its President, the Governor of the State of Idaho, and countersigned by the Secretary of State and the State Land Commissioner on the 21st day of June, A. D. 1920.

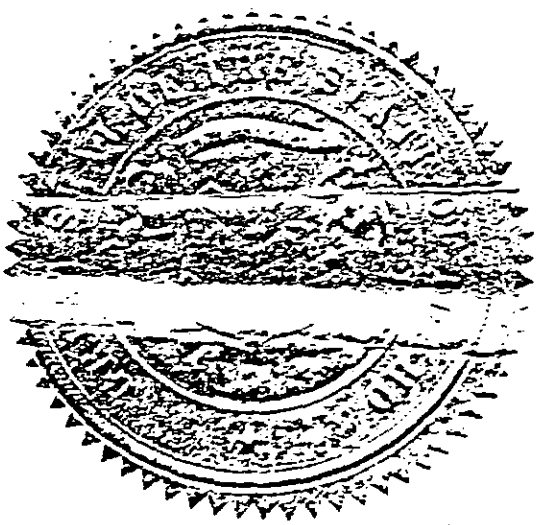
THE STATE BOARD OF LAND COMMISSIONERS

By _____
Governor

Countersigned:

Robert A. Jones
Secretary of State

_____
State Land Commissioner



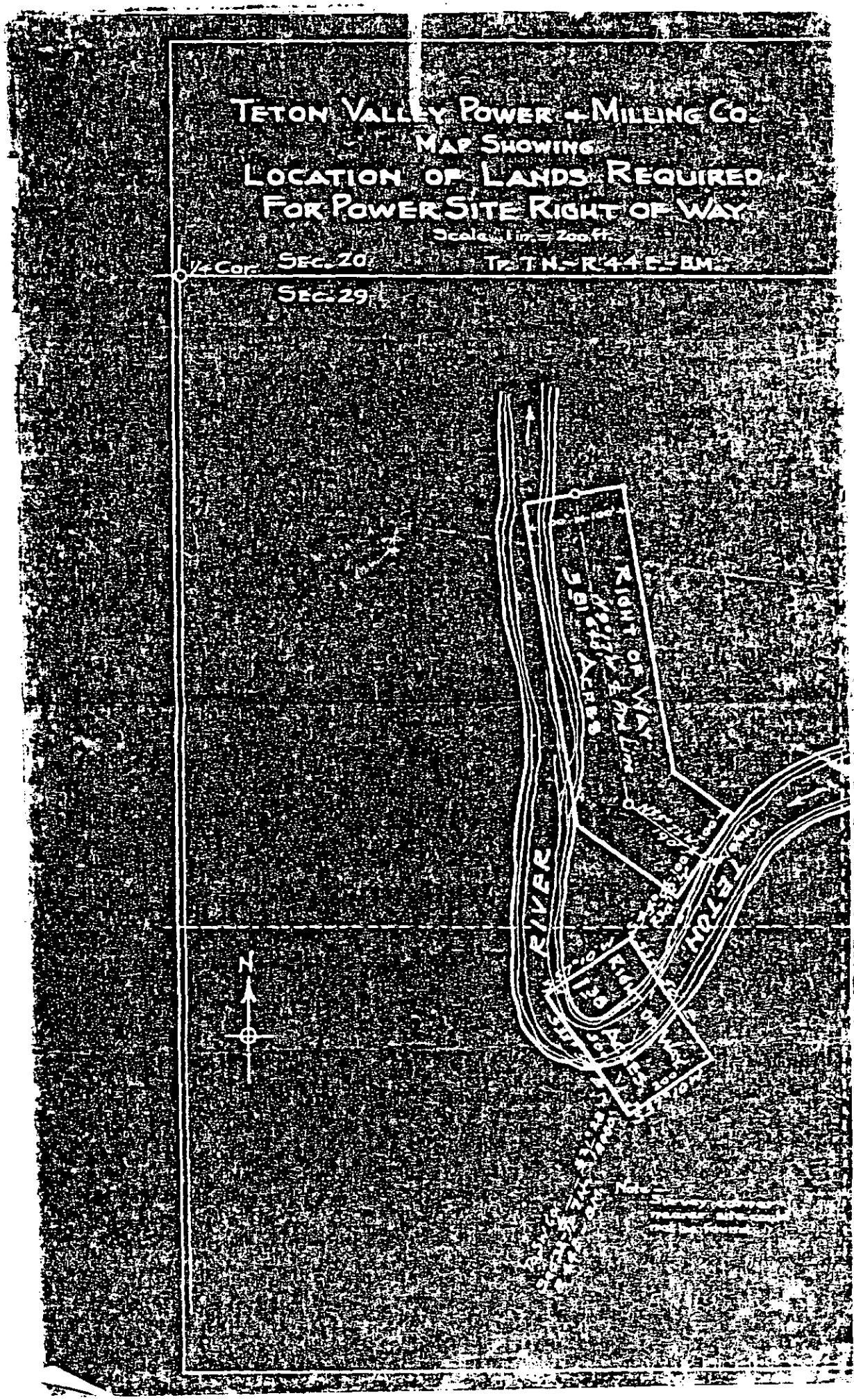

TETON VALLEY POWER + MILLING CO.
MAP SHOWING
LOCATION OF LANDS REQUIRED
FOR POWER SITE RIGHT OF WAY.
Scale: 1 in. = 200 ft.
¼ Cor. SEC. 20
Tp. 7 N. - R. 44 E. - B.M.
SEC. 29
RIGHT OF WAY
RIVER
N

Table A-1
SUMMARY OF EQUIPMENT NAMEPLATE DATA AT EXISTING FELT POWER PLANT

Equipment	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
Turbine	Francis type, assumed Rated head: 250 ft	Francis type, assumed Rated head: 90 ft	Francis type, assumed Rated head: 250 ft	Francis type Two runners Horizontal James Leffel and Co. Type: F Order W1325, 1927 1,000 hp 360 rpm Rated head: 45 ft	Francis type Two runners Horizontal James Leffel and Co. Type: F Order W1325, 1927 1,000 hp 360 rpm Rated head: 45 ft
Governor	Type: O Serial No.: 1322 Lombard Governor Co.	Type: Compensating Serial No.: C4654 Woodward Governor Co.	Type: O Serial No.: 1323 Lombard Governor Co.	Type: LR Serial No.: 5961 Woodward Governor Co. Size: 7.75 x 12 8,400 ft-lb 1927	Type: LR Serial No.: 5962 Woodward Governor Co. Size: 7.75 x 12 8,400 ft-lb 1927
Generator	Serial No.: 262967? Westinghouse Electric Co. 250 kW @ 1.0 PF Speed: 450 rpm 6,600 V (operated at 2,300 V) Amps per terminal @ 6,600 V: 21.8 3-phase, 60 Hz	Type: ATB8-150-900 Form RC Serial No.: F301052 General Electric Co. 150 kW @ 1.0 PF Speed: 900 rpm 2,300 V 37.5 A 3-phase, 60 Hz	Serial No.: 379666 Westinghouse Electric Co. 250 kW @ 1.0 pf Speed: 450 rpm 6,600 V (operated at 2,300 V) Amps per terminal @ 6,600 V: 21.6 3-phase, 60 Hz	Type: ATB-20-900M-360 Form S Serial No.: 4099305 General Electric Co. 720 kW @ 0.8 pf 900 kVA continuous Stator: 50°C rise Rotor: 60°C rise Speed: 360 rpm 2,300 V Armature Amps: 226 3-phase, 60 Hz Excitation: 125 V Field Amps: 94	Type: ATB 20-500-A-360 Form S General Electric Co. 500 kW Speed: 360 rpm 2,300 V 126 A 3-phase, 60 Hz
Exciter	Type: CVC Serial No.: 426451 General Electric Co. 9.5 kW Speed: 450 rpm 115 VDC 76 A	Type: CVC 113 Form AA1055 Serial No.: 4-37613 General Electric Co. 7 kW Speed: 1,800 rpm 125 VDC 56 A	Serial No.: 379068 Westinghouse Electric Co. 9 kW Speed: 450 rpm 125 VDC 72 A	Motor: Type: KT 346-8-40-900 General Electric Co. 40 hp induction Speed: 865 rpm 2,300 V, 10 A 3-phase, 60 Hz Generator: Type: SK Westinghouse Electric Co. 26 kW Speed: 900 rpm 125 VDC, 208 A	Motor: Type KT 527-4-50-1800 General Electric Co. 50 hp induction Speed: 1,730 rpm 2,300 V, 11.5 A 3-phase, 60 Hz Generator: Type: CCD 95 Form A, Model No. 54A29 General Electric Co. 35 kW Speed: 1,800 rpm 125 VDC, 280 A

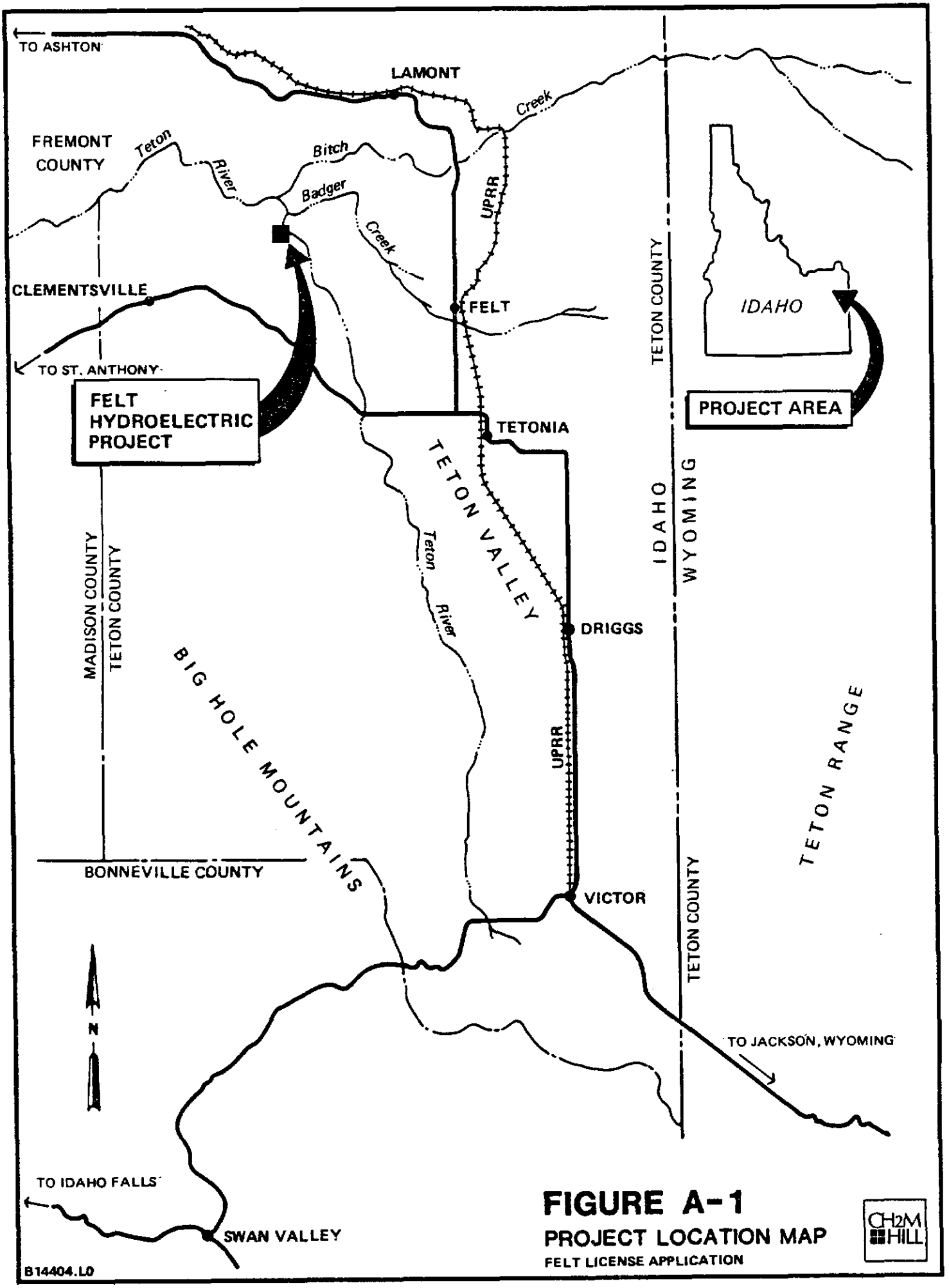


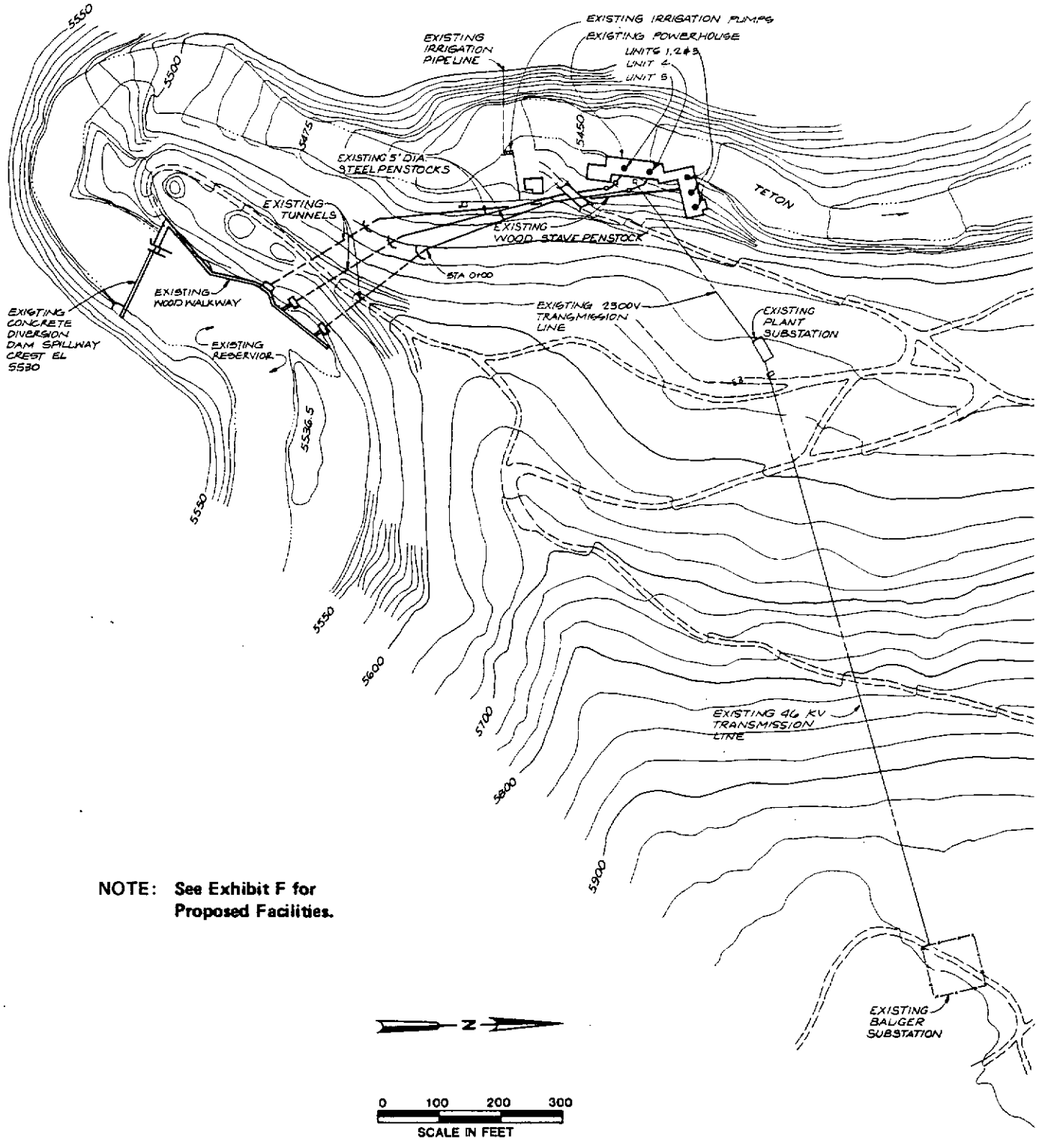
FIGURE A-1

PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0



NOTE: **See Exhibit F for Proposed Facilities.**

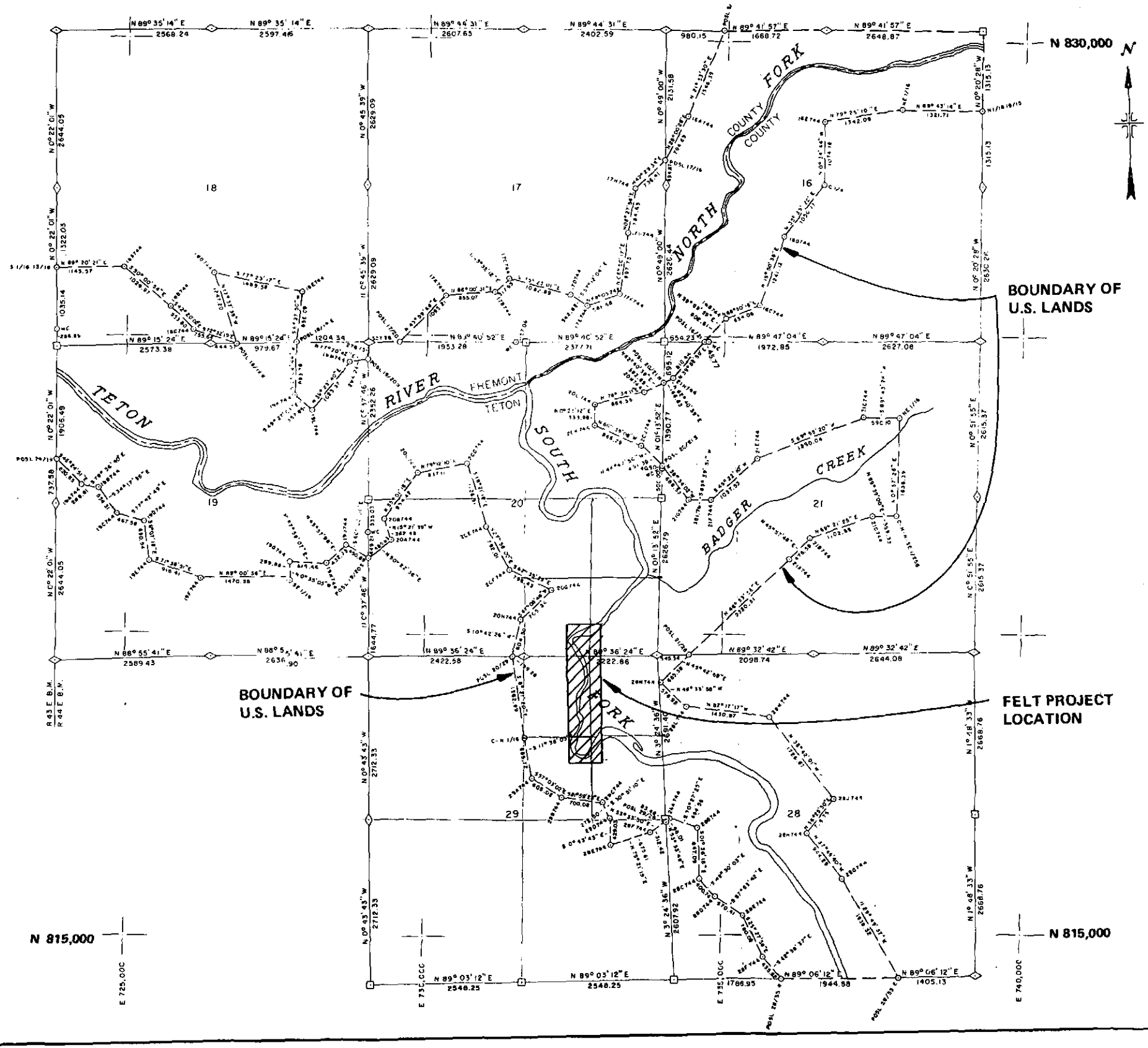
FIGURE A-2

EXISTING FACILITIES PLAN

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0



LEGEND

WC	WITNESS CORNER
	SECTION CORNER BRASS CAP
16A742	U.S.B.R. R.O.W. BRASS CAP AND NUMBER
	CORNER NOT SET
	U.S.B.R. RIGHT-OF-WAY

CONVERSION OF MEASURED DISTANCES AND COORDINATES SHOWN ON DRAWING TO IDAHO COORDINATE SYSTEM (FAST ZONE) IS MADE BY MULTIPLYING BY A FACTOR OF .9997528

FIGURE A-3

LANDS OF THE UNITED STATES

FELT LICENSE APPLICATION

1000 0 1000 2000 3000 4000
SCALE OF FEET

7-8-74 147 JPM	CHANGED SOME DISTANCES AND REDEFINED SOME POINTS.
6-10-74 147 JPM	CHANGED ACQUISITION LINE IN SECTIONS 18 & 29 T.7N., R.44E.
1-17-74 147 JPM	CHANGED ACQUISITION LINE IN SECTIONS 16, 19, 20 & 29 T.7N., R.44E. ALSO MINOR CHANGES OF BEARINGS & DISTANCES IN REMAINING SECTIONS ADDED COUNTY LINES.

ALWAYS THINK SAFETY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
TETON BASIN PROJECT
LOWER TETON DIVISION - IDAHO

TETON DAM
RESERVOIR RIGHT-OF-WAY

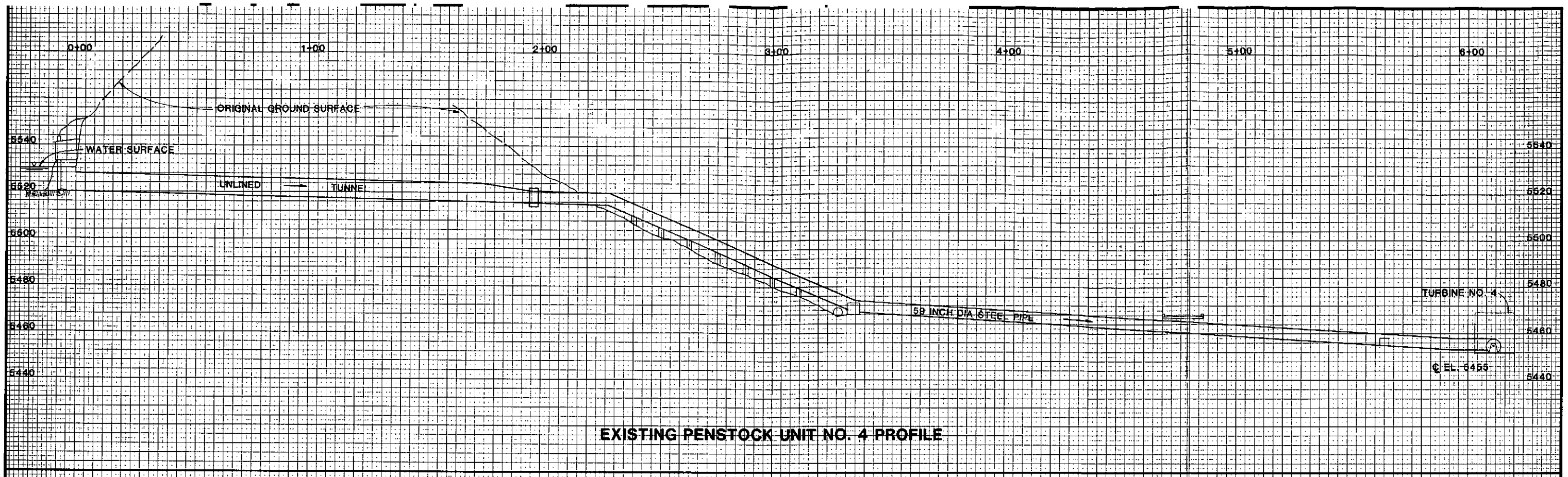
DESIGNED J.P.M. SUBMITTED
DRAWN K.V.R. RECOMMENDED
CHECKED J.P.M. APPROVED

NEWDALE, IDAHO SHEET 4 OF 4 JULY 16, 1973 549-147-203

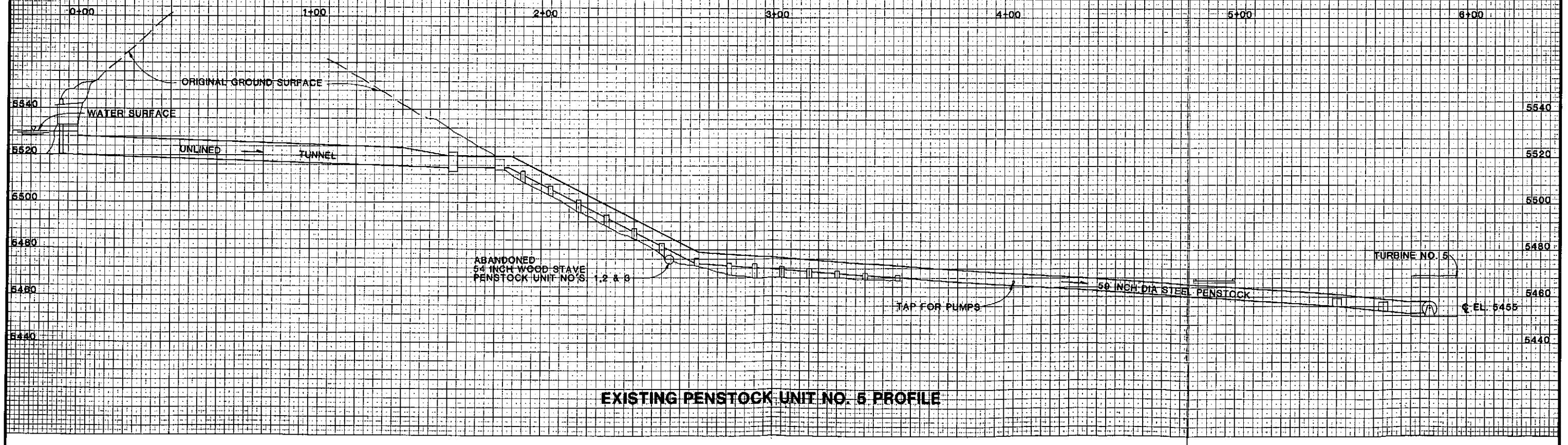
10-11-74 147 JPM CHANGED ACQUISITION LINE IN SECTION 29, T.7N., R.44E.
8-23-74 147 JPM CHANGED ACQUISITION LINE IN SECTIONS 18, 20 & 21, T.7N., R.44E.

B14404.L0

5089-1



EXISTING PENSTOCK UNIT NO. 4 PROFILE



EXISTING PENSTOCK UNIT NO. 5 PROFILE

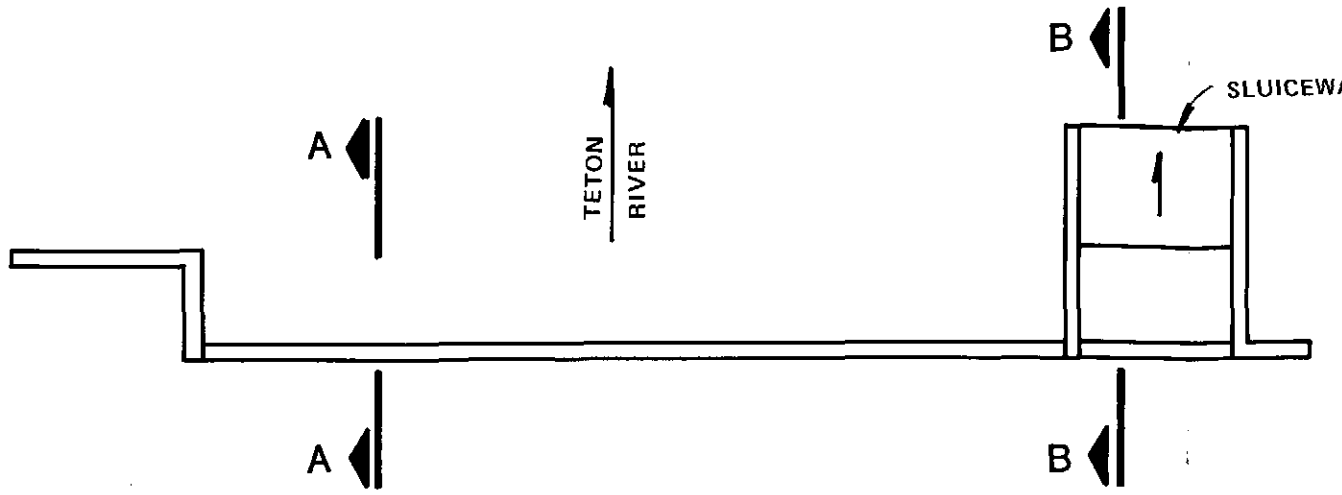
NOTE: **See Exhibit F for proposed facilities.**

B14404.L0

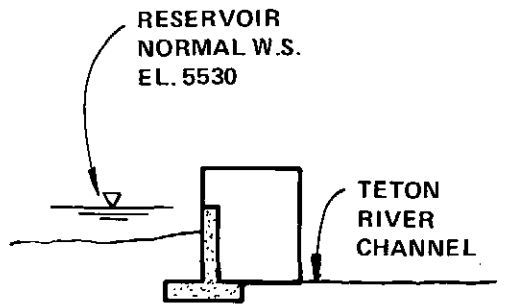
FIGURE A-4
EXISTING FACILITIES PROFILES
FELT LICENSE APPLICATION

CH2M HILL

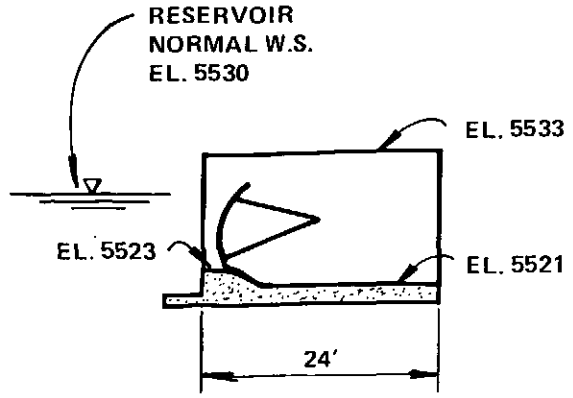
5089-2



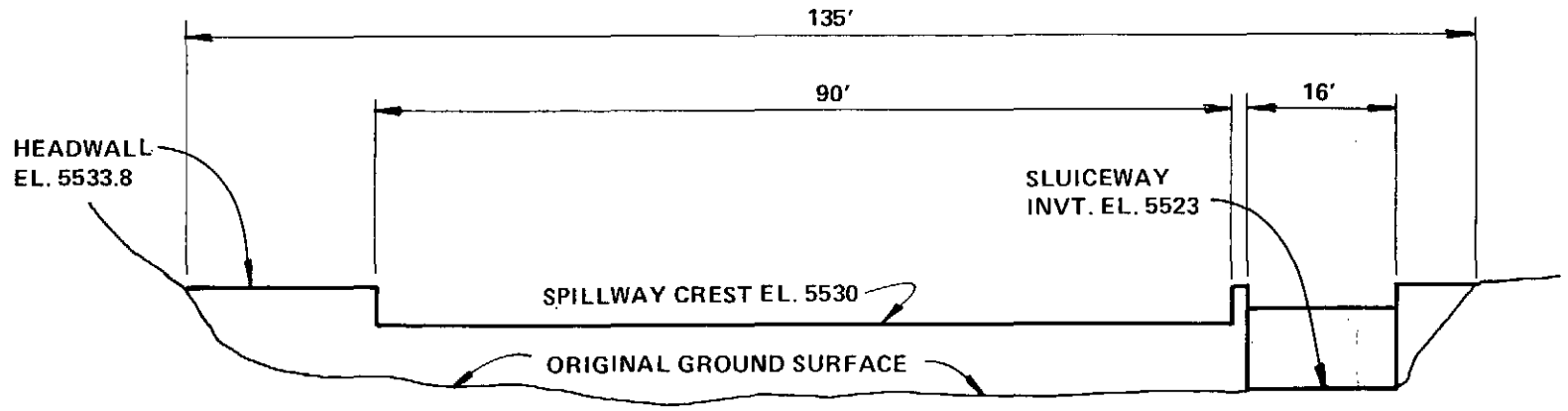
PLAN



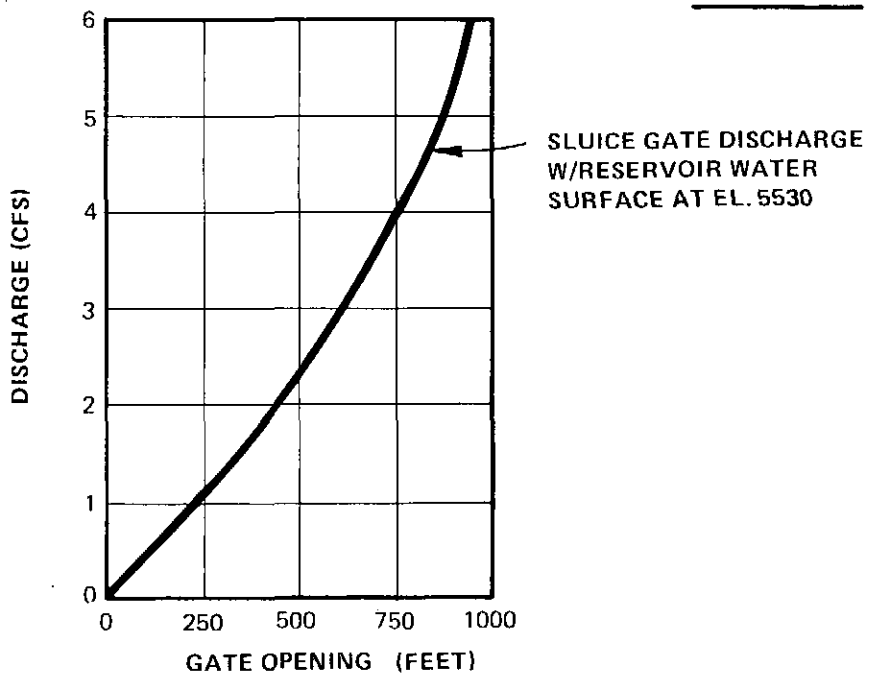
SECTION AA

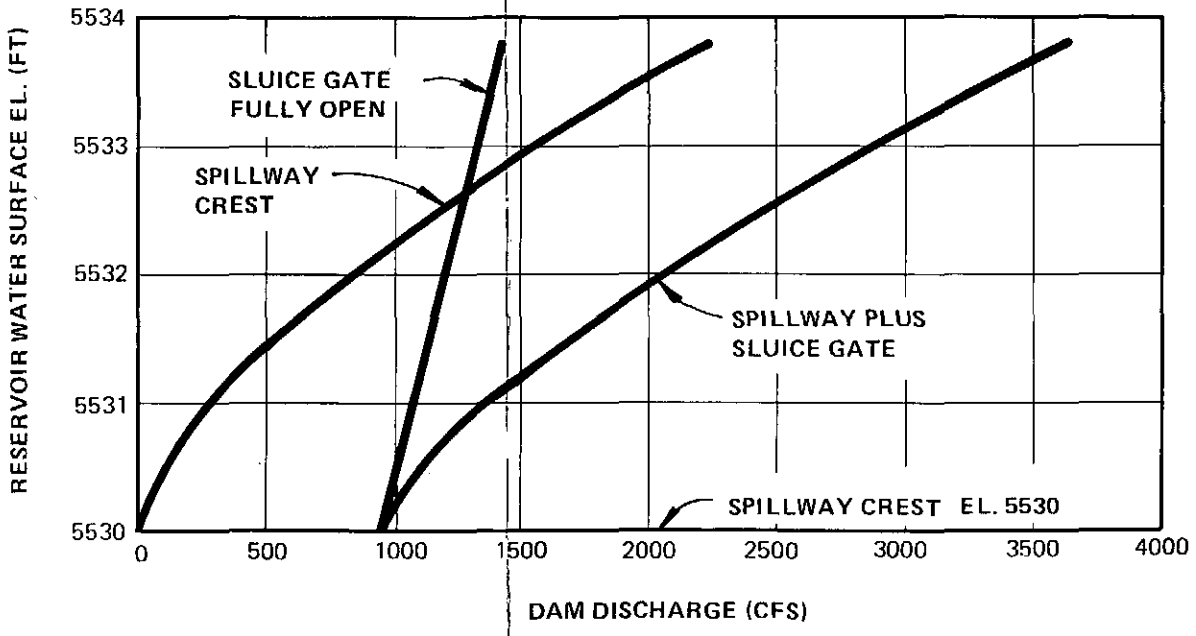


SECTION BB



PROFILE





NOTE: See Exhibit F for Proposed Facilities.

B14404.L0

FIGURE A-5

EXISTING FELT DAM

FELT LICENSE APPLICATION

CH2M HILL

EXHIBIT B

Project Operation and Resource Utilization

EXHIBIT B - PROJECT OPERATION AND RESOURCE UTILIZATION

(1) DESCRIPTION OF PLANT OPERATION

The proposed power plant mode of operation will be automatic with remote monitoring and supervisory control accomplished through a VHF radio link with Fall River's office in Ashton, Idaho. Fall River's office is located about 30 miles from the project site. During adverse or high water years, the project's operation mode will not differ materially from that during mean water years. Power generation will necessarily vary according to available discharge. Flows smaller than the power plant's minimum capacity or greater than its maximum capacity will be discharged by the spillway into the Teton River, bypassing the Felt power plant.

The plant's output is summarized below.

	Adverse Water Year (1955)	Mean Water Year	High Water Year (1943)
Installed Capacity (MW)	6.0	6.0	6.0
Annual Energy (MWh)	25,900	31,400	32,900
Plant Capacity Factor (%)	49	59	62

(2) DEPENDABLE CAPACITY AND AVERAGE ANNUAL ENERGY PRODUCTION

The power plant will have an installed capacity of 6,025 kilowatts (kW) and an average annual energy production of 31,400,000 kilowatt-hours (kWh). The entire 16 years of

daily flow records show a total of 21 days when river discharge was insufficient to generate electricity. The minimum discharge necessary for generation is 140 cfs, which corresponds to generating capability of 1220 kW and is available 99.6 percent of the time. Ninety-five percent of the time the plant could generate 1800 kW or more. The lowest flow month of the 16-year record is January 1943. During that month, the plant would have generated 960,000 kWh, or 1,290 average kW. The plant would not have been able to generate any power during 11 days of that month.

(2i) Minimum, Mean, and Maximum Flows

The Teton River originates in the southern part of the Teton Mountain Range and flows northwest into the Teton Valley. As it continues northward down the valley, it collects drainage from tributaries which head in the Teton, Snake River, and Big Hole Mountains. Near the town of Tetonia, the river leaves the upper valley via a narrow canyon and flows down to the Felt project site about three-quarters of a mile above its confluence with Badger Creek. From here it continues north for a short distance and then turns westward, flowing into the Henrys Fork of the Snake River 30 miles to the west. The river drainage area at the Felt site is about 480 square miles, with elevations around its perimeter ranging from 7000 to 10,000 feet. Spring snowmelt is the principal source of streamflow, although light rain and occasional thunderstorms also contribute. Annual precipitation in the watershed varies from about 16 inches in the valley to over 60 inches in the mountain headwaters.

The primary use of the river in the Teton Valley is irrigation. Several diversions for this purpose occur on the river and its tributaries above the project site. The

estimated average daily flow at the project site is 413 cfs. Daily flow has ranged from about 65 cfs to over 1,900 cfs during the period of record. The lowest flow month during the period of records was January 1943. Eleven days during that month had recorded discharges below 140 cfs. The remainder of the 16 years of record show 10 more days when flows were below 140 cfs.

A hydrologic analysis of the Teton River at the project site was completed to determine the quantity and duration of flow available for power generation. The principal source of data for the analysis was the record of measurements made at the U.S. Geological Survey (USGS) gaging station on the Teton River near Tetonia, Idaho (No. 13054000). This gage is located about 7 miles above the Felt site. The available record consists of 16 years of daily measurements (1942 through 1957).

In order to assure that data from the Tetonia gage record would produce a site flow duration curve representative of a longer period of record, including more recent data, the Tetonia gage data were correlated with data from gages on the Teton River above South Leigh Creek (6 miles upstream, 1963 to 1979) and near St. Anthony, Idaho (28 miles downstream, 1934 to 1979) on an annual and monthly basis. The Tetonia and St. Anthony records correlated very well: 85 percent monthly and 99 percent annually. The results of the St. Anthony-Tetonia correlation were used to simulate a 1958 to 1979 record at the Tetonia gage. The flow duration curve produced from these data, in combination with the historical Tetonia gage data (1942 to 1979 overall record), was nearly identical to that produced from the historical Tetonia gage data (1942 to 1957) alone. For these reasons, only the historical record near Tetonia was used to develop the site flow duration curve.

The discharge record at the Felt project site was obtained by adjusting the Tetonia gage record for irrigation diversions and precipitation runoff inflow along the intervening reach. The runoff adjustment was derived from average monthly precipitation values and the 9-square-mile increment of additional drainage area between the hydro site and gage. The irrigation diversion adjustment was derived from Idaho Department of Water Resources (IDWR) records on the diversions by the three Teton pipeline pump stations above the Felt site and the R & J Brown pump that takes water directly from the Unit No. 5 penstock above the Felt Power Plant. The flow duration curve obtained from the resulting daily streamflow record is shown on Figure B-1. Figure B-2 shows annual streamflow during the period 1934 to 1978.

(2ii) Area Capacity Curve

The original reservoir covered an area of nearly 10 acres and had a maximum depth of about 8 feet. Since construction of the dam, the reservoir has nearly filled with sediment and no longer has significant usable storage. However, storage was never an important function of the dam and its decrease does not impair diversion of water into the penstocks.

(2iii) Power Plant Hydraulic Capacity

The maximum hydraulic capacity of the power plant is 680 cfs. The relationship between power plant discharge and net head is shown on Figure B-3. Since the gross static head is constant, the net head decreases with discharge due to hydraulic losses and tailwater rise.

(2iv) Tailwater Rating Curve and Flood Stage

The tailwater rating curve, shown on Figure B-4, was developed using a step backwater analysis within the excavated tailrace channel.

During periods of flooding, water levels can be expected to reach the elevations shown by the stage versus discharge relationship shown on Figure B-7. These correspond to the discharges and return intervals shown by the flood frequency curve on Figure B-6.

(2v) Power Plant Capability vs Head

The headwater elevation at the diversion dam will be maintained at the constant elevation of 5530 feet above mean sea level (msl). Tailwater elevation will vary about 3 feet with power plant discharge, as shown on Figure B-4. The major head variations will result from hydraulic losses in the system. These losses will vary from zero at no discharge to 24 feet at 680 cfs. The relationship between net head and generator capability is shown on Figure B-5.

(2vi) Fishery Minimum Flow

In March 1981, Fall River applied to the State of Idaho for a permit to appropriate (water right) 300 cfs for the project. This would be added to 300 cfs of old rights to bring the total rights to 600 cfs. The application was protested by the Idaho Department of Fish and Game (IDFG). During succeeding negotiations Fall River offered to allow 20 cfs to pass the Felt diversion dam as a condition of the new water rights if IDFG would withdraw its protest. IDFG accepted this offer and withdrew the protest. The water

right was subsequently approved pending the FERC license, and project planning proceeded on the assumption that when Fall River's diversions exceeded 300 cfs, 20 cfs would be bypassed before diverting additional water to the power plant.

During preparation of the license application, comments were requested from IDFG by letter dated November 5, 1981. This letter was answered by letter dated January 5, 1982, in which IDFG suggested a minimum flow of 106 cfs. This large minimum flow would reduce power generation by 10 million kWh annually and cost Fall River nearly $600,000 per year in lost revenue. Furthermore, it would raise the cost of project energy from 55 mills per kWh to 81 mills per kWh. With IDFG's proposed minimum flow of 106 cfs, the project would not be feasible and Fall River would be forced to abandon plans to replace the existing plant. The impact on the region would be a loss of about 20 million kWh per year of energy increase.

The average monthly flows in the project area are illustrated on Figures B-8 and B-9. Figure B-9 shows that under the existing condition, no flow passes the diversion dam between August and May (8 months in an average year). The applicant originally proposed to pass at least 20 cfs whenever the inflow exceeds 300 cfs if it can be demonstrated that the flow would be beneficial to fish. The average monthly flow exceeds 300 cfs most of the time from March to December. Therefore, the applicant's original proposal would increase the river discharge in the project reach during 5 months and decrease the no-flow period from 8 months to 3 months.

(2vii) Agreement on Fishery Issues Between IDFG and Fall River

During discussions between IDFG and Fall River, it became apparent that additional information was needed in order to avoid a possible impasse over the question of minimum flow requirements in the river between the dam and power plant.

Consequently, Fall River suggested a field trip during which it would regulate the river flow at the diversion dam so all concerned could examine the river at several stages. The trip would have to occur during February before the spring flows exceeded the existing turbine capacity so all flow could be diverted through the power plant. IDFG welcomed the suggestion and the trip took place February 9, 1982. Four representatives from IDFG attended, as did one representative from the U.S. Fish and Wildlife Service.

The demonstration was conducted as follows:

A. The preceding night Fall River shut down the power plant and spilled all the river flow (approximately 260 cfs) in order to wash the accumulated snow out of the channel and provide the best view of river conditions.

B. Before the demonstration began, Fall River restarted the plant and resumed diverting all flow through the plant so at the beginning, flow through the dam was negligible.

C. IDFG deployed their personnel along the river at critical points.

D. The sluice gate was opened a measured amount to release 10 cfs and sufficient time was allowed for the flow to stabilize throughout the reach. After all observers were satisfied, the flow was increased and the process repeated. Observations were made at discharges of 0, 10, 20, 30, 50, and 100 cfs.

The experiment was totally successful and concluded with agreement between Fall River and IDFG on all major points of dispute. Terms of the agreement are as follows:

1. Fall River will construct a fish ladder capable of operating with flow in the range of 10 to 30 cfs. IDFG will furnish design criteria and review the design of the ladder.

2. The minimum flows release from the dam will be 20 cfs except for 3 months each year during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs. One of the 3 months of 50 cfs minimum flow will be June, which is normally the highest flow month. The 50 cfs flow may not be required throughout all the 3 months to provide for upstream fish passage. IDFG will conduct studies to more closely identify the time frame in the spring during which the cutthroat trout spawning migration takes place.

3. Fall River will pay IDFG a lump sum to provide for mitigation of turbine mortality. IDFG will make estimates of the expected mortality and amount of mitigation.

4. IDFG will break up a few large boulders in the channel to facilitate fish passage. This work will be funded by Fall River.

5. The public will be allowed to walk down the power plant access road for fishing or other recreational purposes; however, the road will not be suitable for public vehicle traffic. Fall River will provide a parking area near the Badger Substation.

6. Fish screens at the penstock intakes will not be required.

With the conclusion of the above agreement, all environmental issues have now been resolved and no known opposition to the project remains. IDFG has agreed to provide a letter for inclusion in this application which will verify their agreement.

(3) POWER UTILIZATION

Regional Power Supply and Loads

Fall River purchases its power supply from the Bonneville Power Administration (BPA). BPA, a bureau of the U.S. Department of Energy (DOE), was established by the Bonneville Project Act of August 10, 1937, to build transmission facilities and market power from the Federal hydroelectric projects in the Pacific Northwest. Fall River is a statutory preference customer of BPA and, as such, has priority over nonpreference customers to power sold by BPA from the Federal Base System.

Fall River has a power sales contract with BPA extending to 1983. Under this contract, BPA agrees to supply Fall River's power requirements to the extent that power is available from the Federal system to meet Fall River's and other preference customers' power requirements. BPA gave notice to its statutory preference customers, including Fall River, that in accordance with the provisions of the power sales contract, BPA would not have sufficient generating resources to supply all of the preference customers' firm energy needs beyond June 30, 1983. All preference customer power sales contracts, including that of Fall River, provide a formula for the allocation of BPA's available energy resources after that date.

On December 5, 1980, the "Pacific Northwest Electric Power Planning and Conservation Act," P.L. 96-501 (the "Regional Power Act"), was signed into law. It fundamentally alters the institutional arrangements in the Pacific Northwest for the development, financing, and marketing of electric power.

Under the Act, BPA is responsible for meeting the net firm power requirements of each requesting Pacific Northwest utility (including publicly owned systems, investor-owned systems, and cooperatives) as well as certain specified requirements of BPA's existing direct-service industrial customers. Other provisions of the Act specify BPA's ability to restrict its power sales obligations if it is unable to acquire sufficient resources during any period, and requires BPA to attempt to cure any such insufficiency.

In order to meet its increased power sales obligations, the Act grants BPA authority to purchase, on a long-term basis, the capability or output of electric-generating resources to be constructed by resource sponsors. The new law does not

grant authority to BPA to own or construct generating resources of its own. Rather, it requires BPA to acquire the generating capabilities needed to enable BPA to meet its contractual obligations. Unless utilities, including Fall River, sponsor sufficient resources for BPA to acquire, the region will experience shortages.

The Act requires BPA to offer to each requesting utility, prior to September 5, 1981, a long-term power sales agreement which will obligate BPA to serve the utility's firm power requirements in excess of that utility's own resources dedicated to load on the date of the Act, to the extent BPA can serve all such loads. Fall River has requested and intends to sign such a contract prior to the August 1982 deadline.

The contract contains an allocation formula to determine the amounts of energy a utility can purchase from BPA under conditions of "insufficiency." Because of these notice periods required, "insufficiency" will not be in effect until 1993-94 at the earliest.

The allocation a utility will receive under insufficiency will include: a pro rata allocation from the Federal Base System, the amount of the utility's resource capabilities sold to BPA, an additional amount to ensure that the allocation is not less than the utility's average load on BPA in the 3 previous years, and the excess allocations of other preference utilities, should there be any.

Whether or not insufficiency is in effect, if the region experiences actual operating shortages requiring load curtailment, each state will use its authorities to restrict electricity consumption within its boundaries. Each state's curtailment plan may differ.

The proposed BPA contract contains language on financial compensation to those utilities that have made resources available to BPA in an amount equal to or greater than the utility's load growth after July 1, 1983, but which must be curtailed. The compensation would be on the basis of a rate equal to the difference between the utility's average retail rate and BPA's wholesale rate applied to the amount of load curtailed. Compensation will not be paid to those utilities which have not made available to BPA resources equal to or greater than their load growth after July 1, 1983. The issue of compensation to a utility for curtailment exceeding the utility's resource shortfall is still being negotiated.

The region's loads and resources were recently projected in the "Northwest Forecast of Power Loads and Resources" by the Pacific Northwest Utility Conference Committee (PNUCC). The forecast is an 11-year projection of the region's electric loads and generation. The forecast shows a resource deficiency in each of the 11 years, although the deficiencies are less than in previous forecasts. Also shown is the probability that the region's resources will be insufficient to meet load needs in at least one 4-month period of a year. Unlike the deficiency measure, which is calculated from adverse hydropower and average thermal energy, the probability measure considers all historical water years and the full range of possible thermal-unit outage conditions (see Table B-1). The reduced deficits are primarily due to an increase in the estimated savings from conservation, a decrease in load growth for reasons other than conservation, and an increase in the rate of addition of conventional resources in the late 1980's.

Should the region experience shortages, Fall River will receive an allocation from BPA's Federal resources, the Fed-

eral Base System. The size of this allocation is unknown. In no case, however, will it be less than the amount purchased from BPA in the year prior to insufficiency. The period of insufficiency will be limited to the period of time necessary for BPA to acquire additional power.

In addition, Fall River will have available any of its own resources that it has dedicated to its loads, plus any resources that it has sold to BPA. Under the Act, it is each utility's responsibility to develop sufficient resources to meet its own load growth after the 1982-83 operating year. Because the cost of these new resources will exceed the cost of power from BPA, they will be sold to BPA under the terms of the Act. Under the Act, BPA must meet the entire net firm power needs of each requesting utility. This means that each utility can satisfy its load requirements (in excess of the capability of utility-owned resources committed to serve the utility's own load) with power purchased from BPA. It is the utility's option to either commit or not commit resources the utility would have needed to develop and commit to its own load at full cost.

The utility sponsoring the resource will have four basic options in disposing of the resource capability and/or output:

- The utility may elect to sell qualified resource capability or output to BPA, enabling the agency to meet new and increased power sales obligations. The effect of such a sale is to have the resource costs borne by the region through the BPA power marketing system, rather than by the utility and the ratepayers in its service area.

- The utility may elect to sell the resource capability or output to BPA under the authority granted BPA by the Federal Columbia River Transmission System Act. Such BPA purchases are limited to short-term purchases to meet deficiencies in available resources.

- The utility may elect to commit the resource to its own load and apply to BPA for financial assistance in the form of a billing credit. The amount of the billing credit will equal the net costs for the resource actually incurred by the utility. The credit is limited such that the rate impact to BPA's other customers is no greater than it would have been had BPA acquired an equivalent amount of resources or conservation.

- The utility may sell the resource capability or output to entities other than BPA, including utilities in other regions, to the extent that BPA and other regional entities opt not to purchase the capability. The Act requires BPA to provide available services in order to facilitate such sales.

Fall River intends to sell the output of the Felt project to BPA. In this way, Fall River will be ensured of adequate electric power supplies in the future. Any short-term surpluses to Fall River's needs will be marketed by BPA to others.

Because of the regional need for power and Fall River's ability to sell the output to BPA, early development of the Felt project is both in the region's interest and in the

interests of Fall River. Early development will result in long-term economic benefit to the region and particularly to Fall River.

Fall River's Load and Supply

Fall River Rural Electric Cooperative, Inc., was formed in 1938 and provides electric service along the Idaho, Montana, and Wyoming border. Fall River's service area includes parts of these three states. The principal office of the cooperative is in Ashton, Idaho. The electric facilities now serve approximately 6,500 services, including 74 large power loads (over 50 kW) and about 435 irrigation accounts, with a total of 38,674 horsepower. System facilities include approximately 222 miles of transmission line plus 1,003 miles of 12.5 kV overhead line and 159 miles of 12.5 kV underground line. The present electric system includes two 115 kV substations and eighteen 46 kV substations. The transmission generation and distribution plant value is approximately $16,041,000 (original cost less retirement as of December 31, 1980).

The projected loads on Fall River's system are shown in the following table. These loads were estimated by the Bonneville Power Adminstration.

FALL RIVER SYSTEM PROJECTED LOADS

	1981	1982	1983	1988
Annual Energy MWh	182,820	199,660	216,350	297,200
Annual Load Factor	41.2	41.4	41.3	43.2
Annual Peak kW	50,650	55,100	59,750	78,600
Month of Annual Peak	July	July	July	July
January Peak kW	30,500	35,800	39,050	60,000
August Peak kW	50,650	55,100	59,750	78,600
December Peak kW	34,800	38,050	41,300	62,050

The only generating facility now operated by Fall River is the Felt Hydropower Plant. Power production during the last 3 full years of operation for which records are available are as follows:

1964 - 10,697 MWh
1965 - 8,926 MWh
1967 - 10,704 MWh

The old plant has an operating capacity of 1.4 MW. The new plant will have an installed capacity of 6.0 MW and an average annual generation of 31,400 MWh, or approximately 17 percent of the 1981 Fall River load. The amount of power used at the site will be negligible.

As discussed earlier in this section, Fall River intends to sell the output of the project to the Bonneville Power Administration at cost plus a reasonable rate of return under the terms of the Pacific Northwest Electric Power Planning and Conservation Act.

(4) APPLICANT'S PLANS

Future expansion of the Felt project does not appear possible. However, Fall River has three other hydropower projects in various stages of planning. They are: (1) Island Park Dam, (2) North Fremont gravity irrigation project, and (3) the Warm River project. These projects are all within 40 miles of Fall River's headquarters in Ashton, Idaho.

Island Park Dam

Fall River obtained a Preliminary Permit for the addition of a power plant at the existing Island Park Dam (FERC Project

No. 2973). The feasibility study indicates the plant will have an installed capacity of 6.5 MW and will generate an average of 25,000 MWh per year. Preparation of the license application is scheduled for 1982.

North Fremont Gravity Irrigation Project

Fall River applied for a Preliminary Permit in 1981 (FERC Project No. 4690). The Permit has not been issued. The project involves converting open canals to pressure pipe and generating electricity with the derived pressure. A preliminary estimate indicates an installed capacity of about 5.7 MW.

Warm River Project

Fall River applied for a Preliminary Permit in 1981 (FERC Project No. 4691). The Permit has not been issued. The project includes a low diversion dam, penstock, and powerplant with an installed capacity of about 4.5 MW.

Table B-1
LOADS AND RESOURCES
NORTHWEST REGIONAL AREA

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
LOAD AND RESOURCE COMPARISON											
January Peak - MW											
Load											
1. Total	30,432	31,723	33,049	34,363	35,554	36,621	37,736	38,952	40,194	41,399	42,542
2. Firm	29,408	30,721	31,988	33,245	34,418	35,462	36,548	37,733	38,955	40,154	41,293
3. Net Resources[a]	30,242	29,939	30,064	30,746	32,397	35,170	38,454	38,438	37,769	38,595	38,745
Surplus (Deficit)											
4. Total	(190)	(1,784)	(2,985)	(3,617)	(3,157)	(1,451)	718	(514)	(2,425)	(2,804)	(3,797)
5. Firm	834	(782)	(1,924)	(2,499)	(2,021)	(292)	1,906	705	(1,186)	(1,559)	(2,548)
Energy - Average MW											
Load											
6. Total	18,898	19,651	20,485	21,319	21,952	22,543	23,152	23,812	24,478	25,131	25,775
7. Firm	17,841	18,603	19,385	20,151	20,765	21,332	21,913	22,540	23,187	23,834	24,474
8. Net Resources[a]	17,511	17,878	17,980	18,569	18,945	20,213	21,873	22,349	22,591	23,049	23,598
Surplus (Deficit)											
9. Total	(1,387)	(1,773)	(2,505)	(2,750)	(3,007)	(2,330)	(1,279)	(1,463)	(1,887)	(2,082)	(2,177)
10. Firm	(330)	(725)	(1,405)	(1,582)	(1,820)	(1,119)	(40)	(191)	(596)	(785)	(876)
INTERRUPTIBLE LOAD											
11. January Peak - MW	1,024	1,002	1,061	1,118	1,136	1,159	1,188	1,219	1,239	1,245	1,249
12. Energy - Average MW	1,057	1,048	1,100	1,168	1,187	1,211	1,239	1,272	1,291	1,297	1,301
RESERVE CONTINGENCIES[b]											
13. January Peak - MW	--	--	--	--	--	--	--	--	--	--	--
14. Energy - Average MW	356	374	374	374	374	374	374	374	547	547	547
PROSPECTIVE RESOURCES											
15. January Peak - MW	--	--	18	351	673	792	1,094	1,100	1,226	2,096	2,184
16. Energy - Average MW	--	1	14	67	94	142	153	166	264	354	359

Table B-1
(continued)
LOADS AND RESOURCES
NORTHWEST REGIONAL AREA

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
PROBABILITY THAT RESOURCES WILL BE INSUFFICIENT TO MEET:[c]											
Total Energy Load in at Least One 4-Month Period of											
17. Year Shown - %	34	43	42	47	49	49	35	35	51	52	50
18. Years 1981-82 through Year Shown - %	34	57	71	82	89	93	95	96	98	99	99
Firm Energy Load in at Least One 4-Month Period of											
19. Year Shown - %	11	19	23	28	27	25	12	12	24	25	26
20. Years 1981-82 through Year Shown - %	11	26	39	53	63	70	73	76	81	85	88

[a]Resources include hydro, small fossil-fuel plants, cogeneration, renewables, Hanford-NPR through June 1983, Centralla, Trojan, Colstrip No. 1 and No. 2 (50%), No. 3 and No. 4 (65.1%), Jim Bridger (partial), WNP No. 1, No. 2, No. 3, No. 4, No. 5, Boardman, Skagit No. 1, and net contractual imports/exports with utilities outside the region. Hanford is not included as a peak resource. Estimated amounts for scheduled maintenance (energy only) and for hydro realization adjustment (peak only) have been deducted. All existing thermal units and future thermal units under 500 megawatts (peak and energy) are included in amounts as submitted by respective project owners. The energy availability of all future thermal units 500 megawatts or larger has been included as 60% for the first full year and 75% thereafter and modified by a thermal realization adjustment. Both peak and energy resources have been reduced by reserve requirements.

[b]The energy megawatts tabulated in line 14 reflect the amounts of energy available from existing fossil and combustion turbine installations which may be considered available as reserve energy resources. These are predominantly petroleum-fueled plants utilizing high cost fuels of questionable availability. The amounts are in addition to those included as firm energy resources in line 8.

[c]Based on same data as used in comparison of energy loads and resources except that there is no consideration of energy reserve requirements or realization adjustment. Study initialized on the basis of full reservoirs on July 31, 1981.

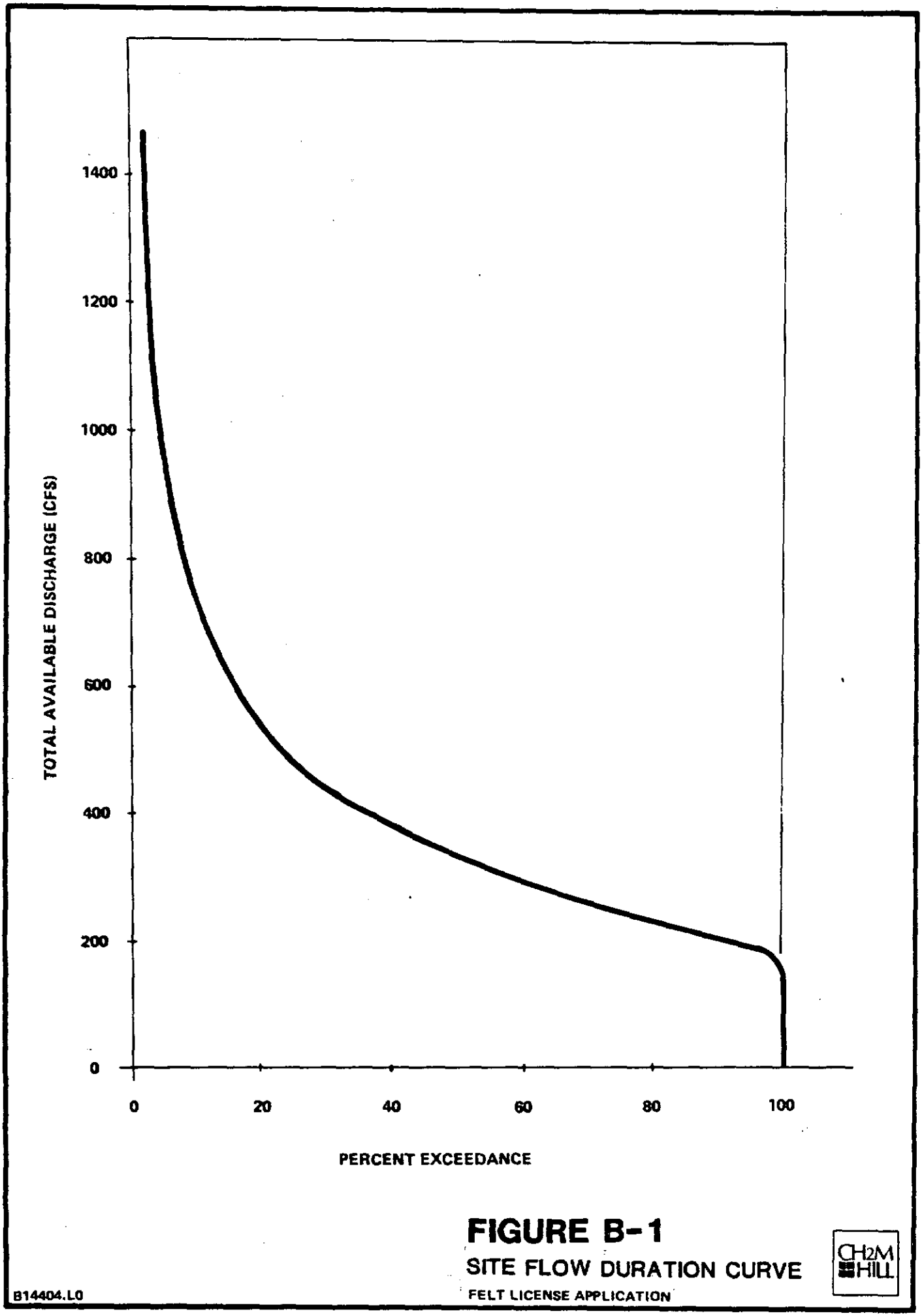


FIGURE B-1

SITE FLOW DURATION CURVE

FELT LICENSE APPLICATION

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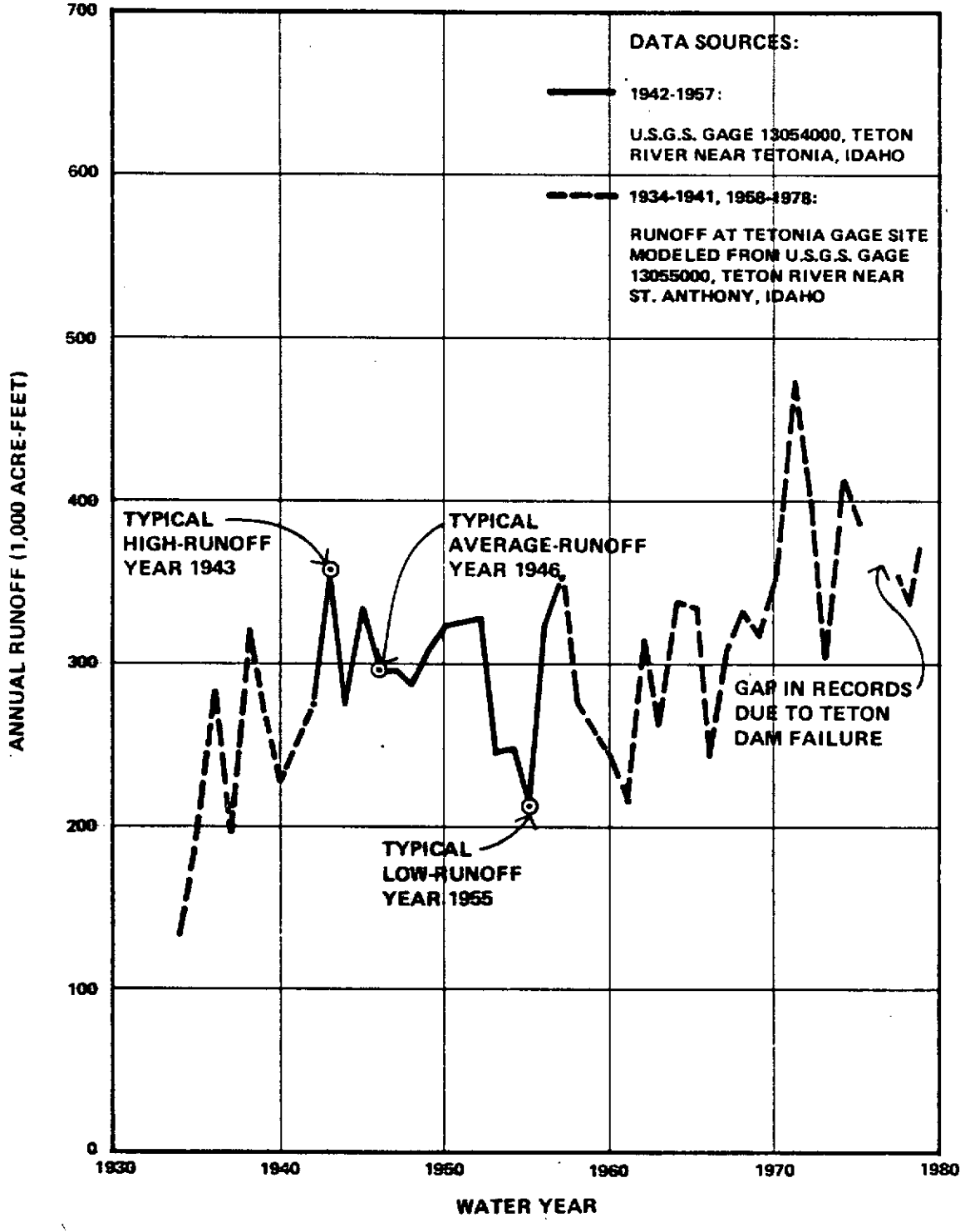


FIGURE B-2

ANNUAL RUNOFF IN THE TETON RIVER ABOVE THE FELT HYDROPOWER SITE

FELT LICENSE APPLICATION

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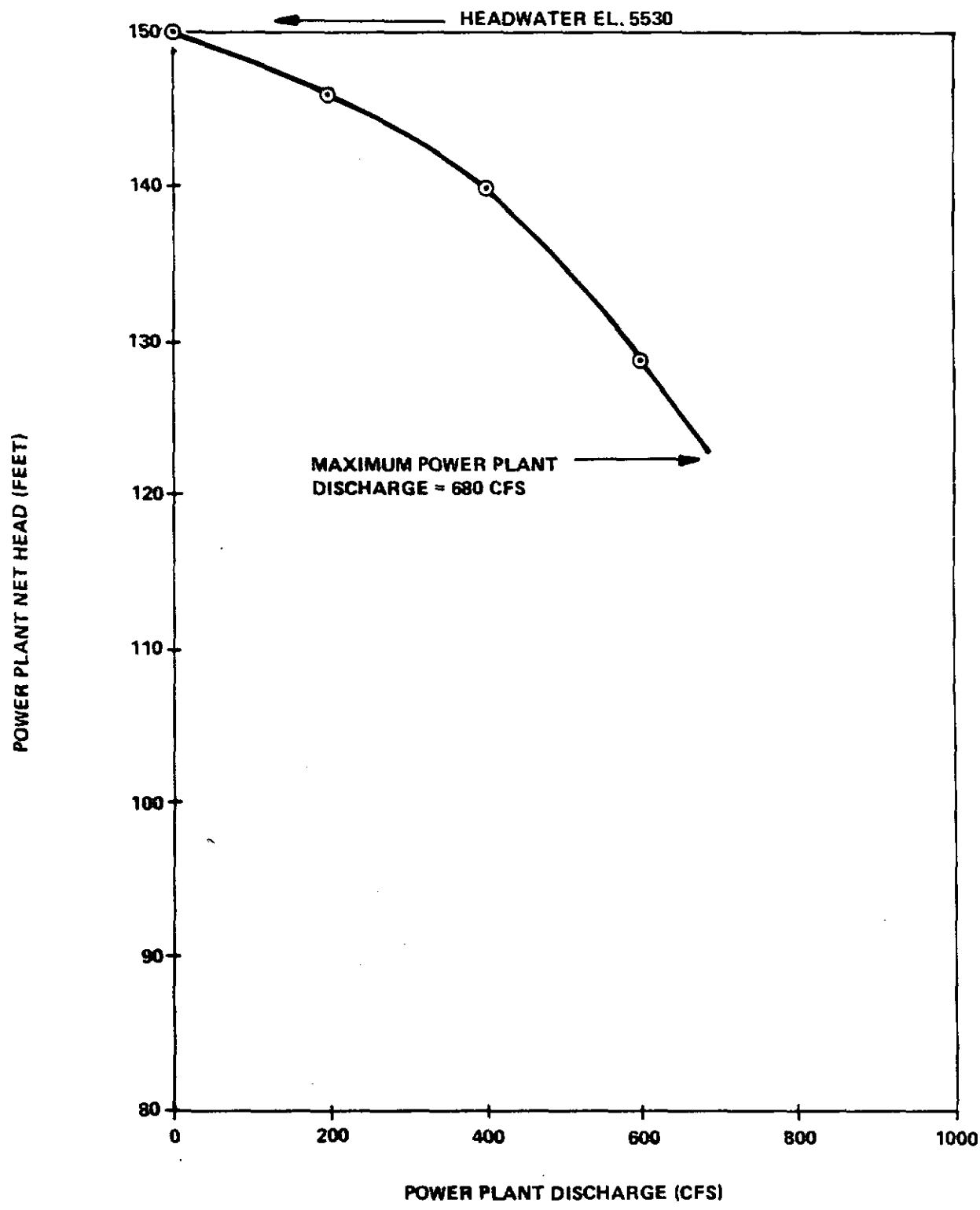


FIGURE B-3

POWER PLANT HYDRAULIC CAPACITY

FELT LICENSE APPLICATION

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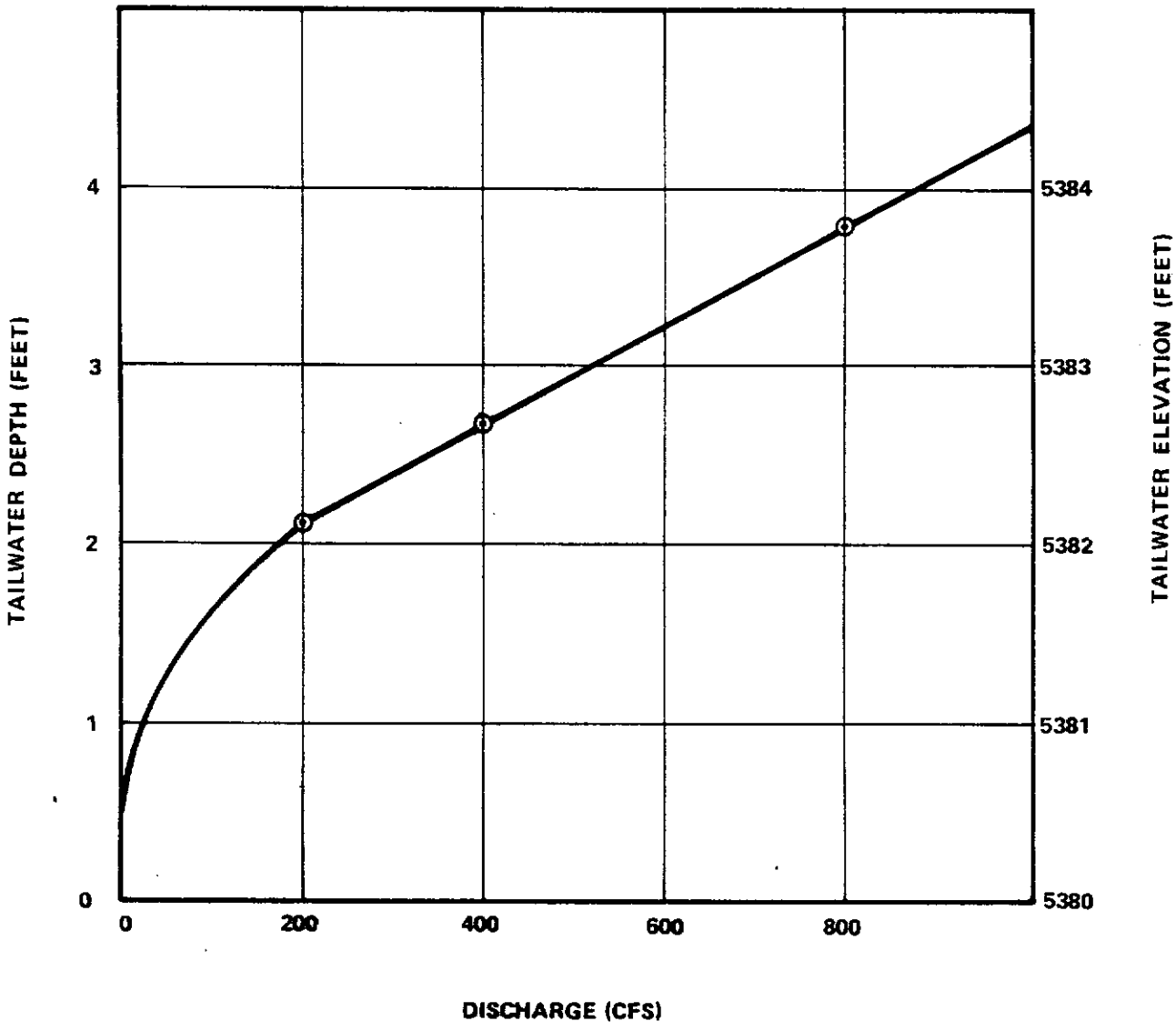


FIGURE B-4

TAILWATER RATING

FELT LICENSE APPLICATION

B14404.L0

CH2M HILL

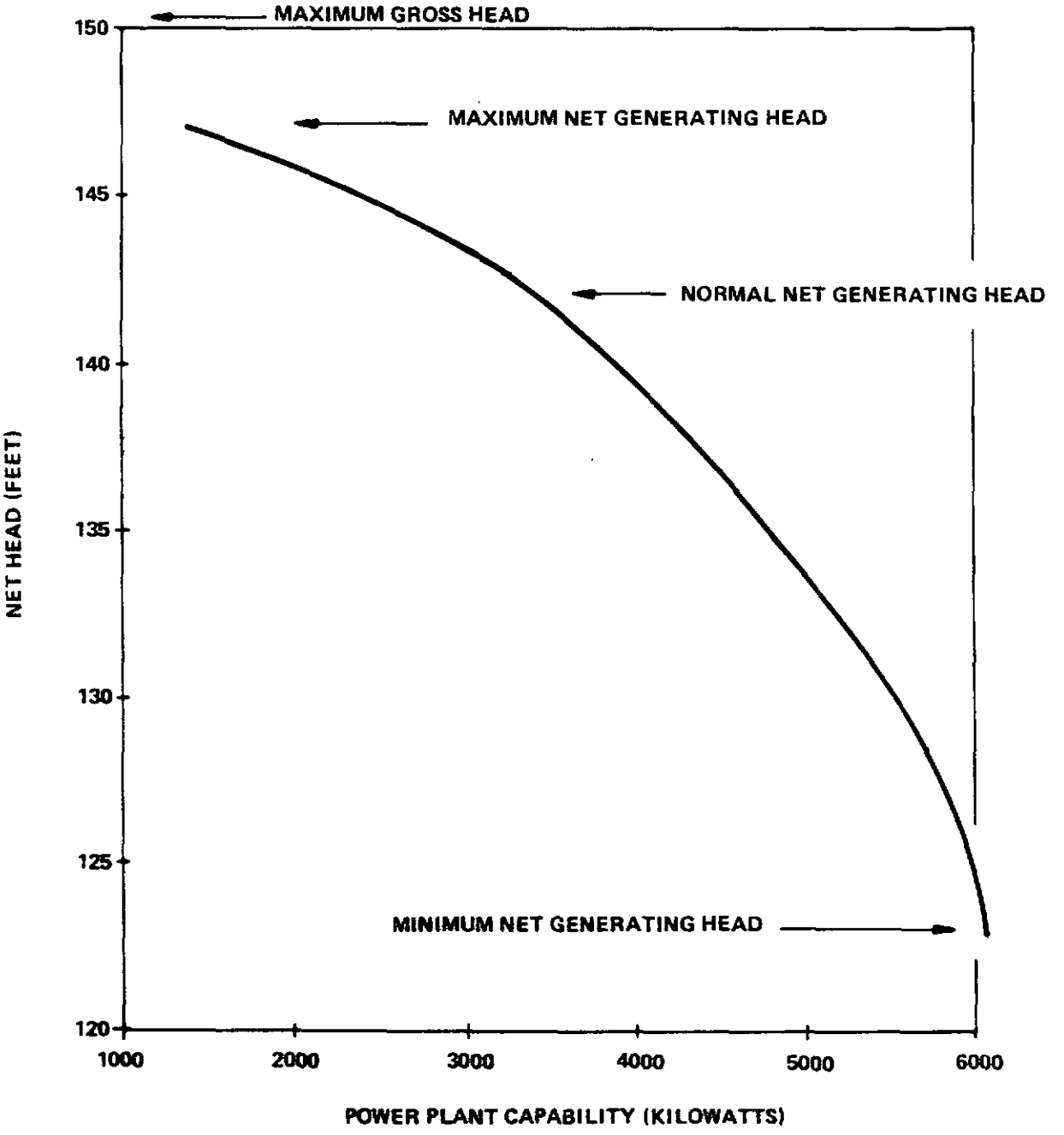
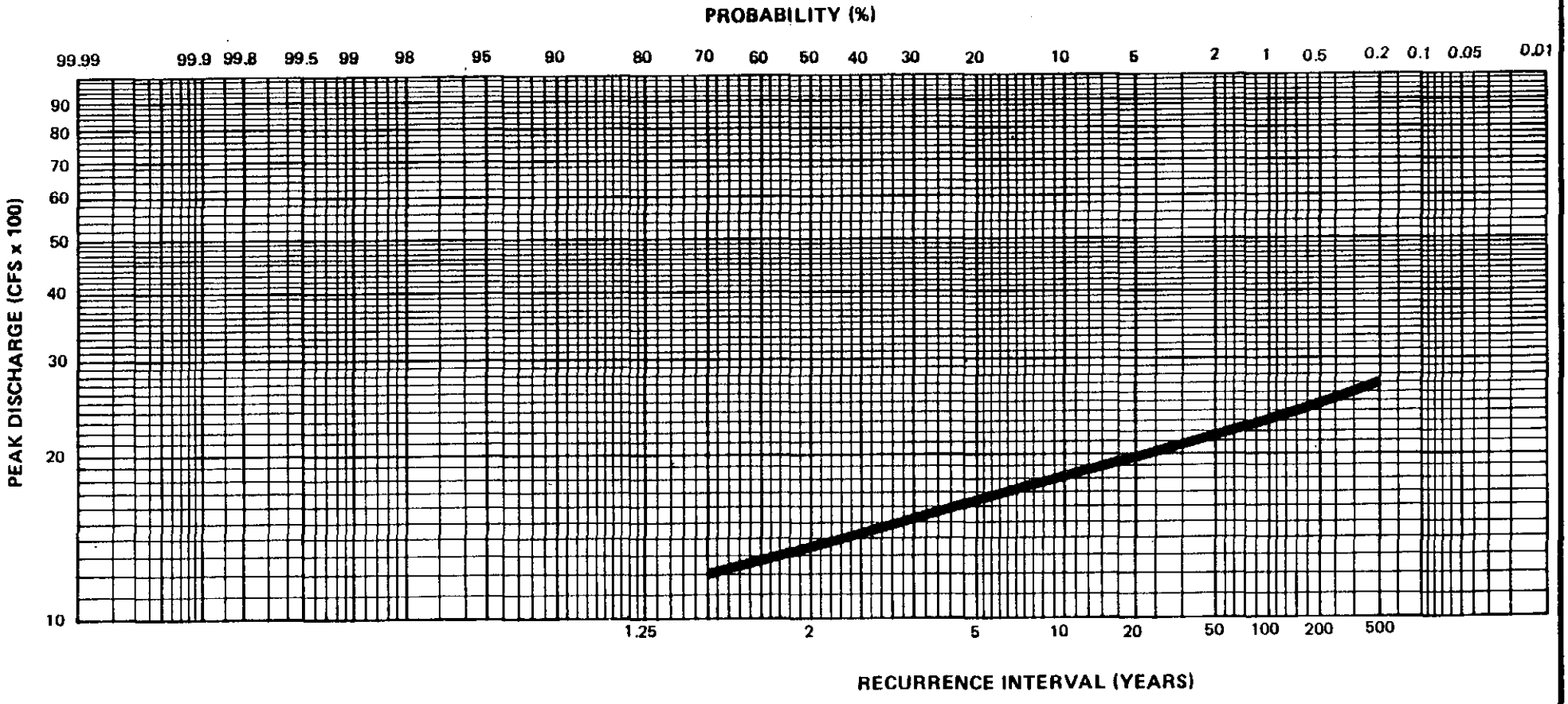


FIGURE B-5

HEAD VS CAPABILITY

FELT LICENSE APPLICATION

B14404.L0



FELT HYDROELECTRIC PROJECT
FLOOD FREQUENCY CURVE
TETON RIVER NEAR TETONIA
DA = 471
PERIOD OF RECORD - 22 YEARS

FIGURE B-6

FLOOD FREQUENCY
FELT LICENSE APPLICATION

CH2M HILL

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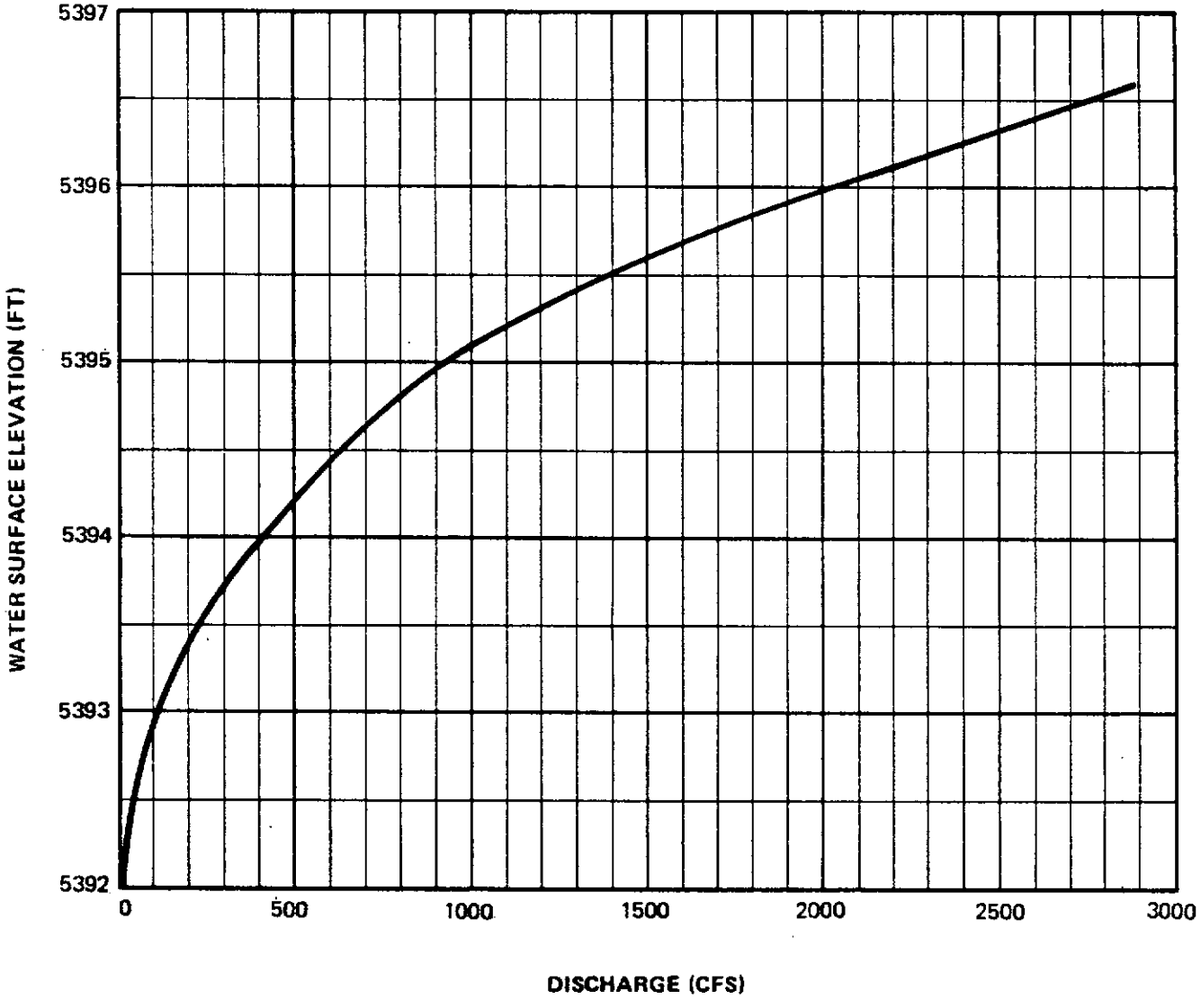


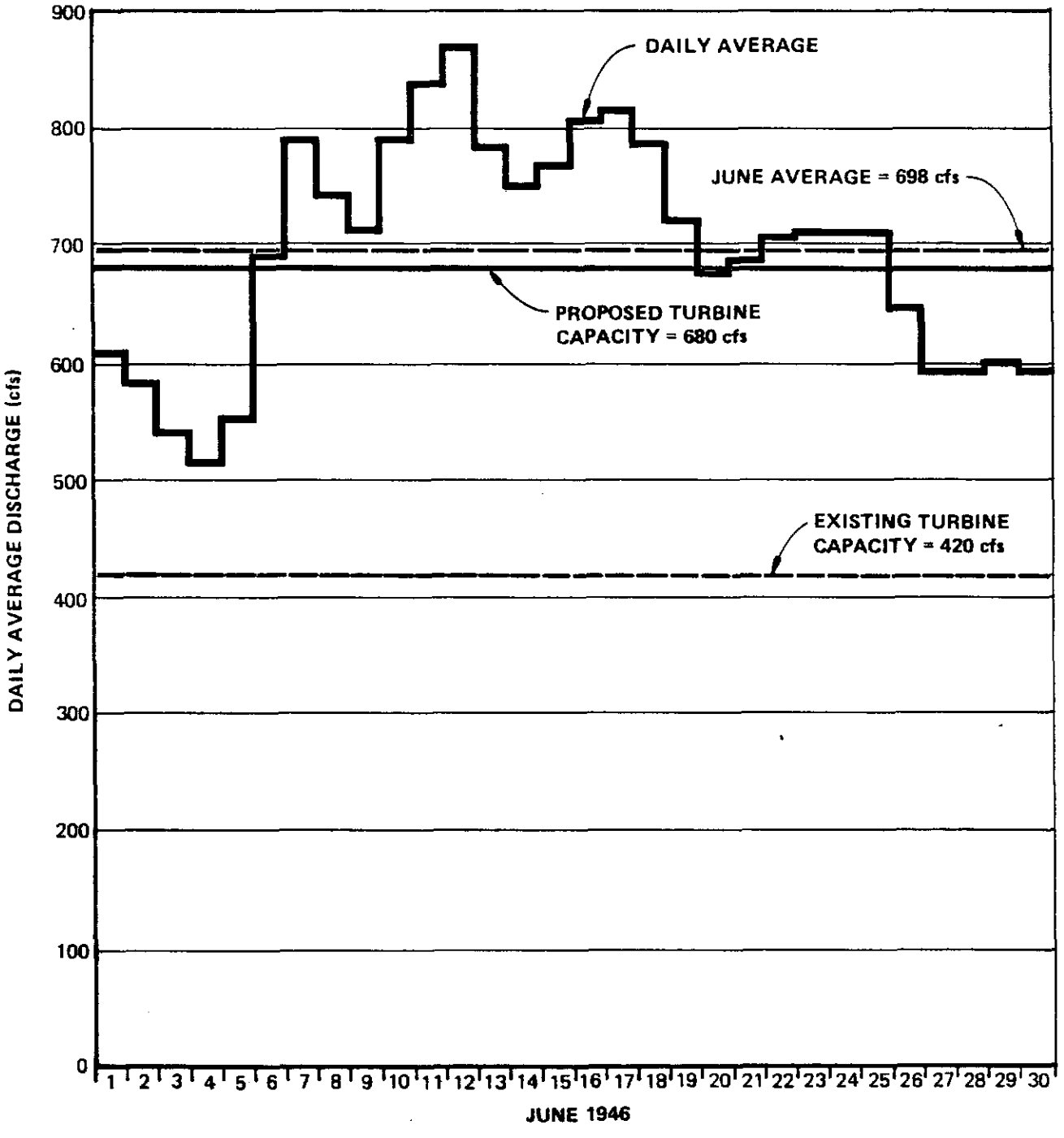
FIGURE B-7

TETON RIVER STAGE VS
DISCHARGE AT POWER PLANT SITE

FELT LICENSE APPLICATION

CH2M HILL

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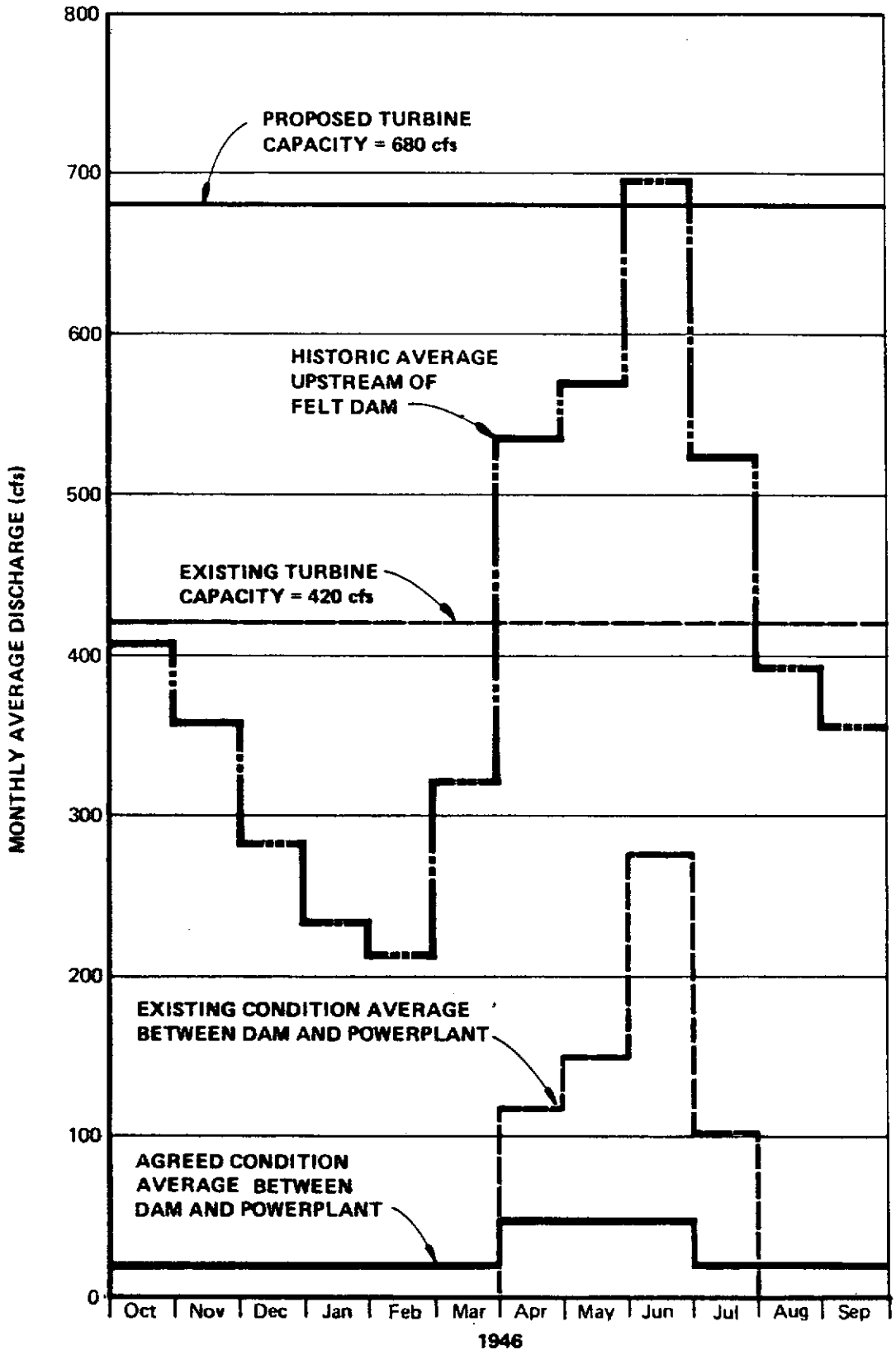
DATA SOURCE: U.S.G.S. Gage 13054000, Teton River Near Tetonia, Idaho

FIGURE B-8

DAILY DISCHARGE IN THE FELT HYDROELECTRIC PROJECT AREA DURING JUNE FOR THE AVERAGE WATER YEAR 1946

FELT LICENSE APPLICATION

B14404.L0



DATA SOURCE:
U.S.G.S. Gage 13054000, Teton River Near Tetonia, Idaho

FIGURE B-9

MONTHLY DISCHARGE IN THE FELT HYDROELECTRIC PROJECT AREA DURING THE AVERAGE WATER YEAR 1946

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

EXHIBIT C

Construction History and Proposed Construction Schedule

EXHIBIT C - CONSTRUCTION HISTORY AND PROPOSED CONSTRUCTION SCHEDULE

(1) CONSTRUCTION HISTORY

The original dam and power plant were built in 1921. The development consisted of a low timber-crib dam diverting flows into a tunnel through a bend on the right side of the river. A wood-stave penstock then conveyed the flow to the powerhouse located several hundred feet downstream, developing a head of about 75 feet. The powerhouse contained three turbine generator units: one rated at 150 kW and two rated at 250 kW each. Some of this equipment was obtained by dismantling a plant formerly operated on Teton Creek in Wyoming, where a head of 140 feet was developed. Power generated at the Felt Plant was used in the towns of Felt, Tetonia, Driggs, and Victor, Idaho.

In 1947, two additional units were installed in a new powerhouse adjoining the original building. They were supplied with water diverted by the original dam into two additional tunnels and two 59-inch steel penstocks. Units No. 4 and No. 5 were purchased from the Payette River Power Company, which had operated them since 1927 at its Grimes Pass Power Plant on the South Fork of the Payette River under a head of 40 feet. These units were rated at 720 kW and 500 kW, respectively.

In February 1963, the timber-crib dam overtopped and failed as a result of an ice jam on the river. It was replaced in May 1963 by the present concrete structure. The existing diversion dam is approximately 12 feet high and 135 feet long.

Generation at the Felt Dam Power Plant continued until 1968, when increasing costs and the availability of inexpensive power from the BPA made its operation uneconomical. During the period from 1968 to 1980, the equipment was operated periodically for maintenance purposes. In June 1980, operation of Units No. 4 and No. 5 was resumed in anticipation that power generated could be sold to the BPA.

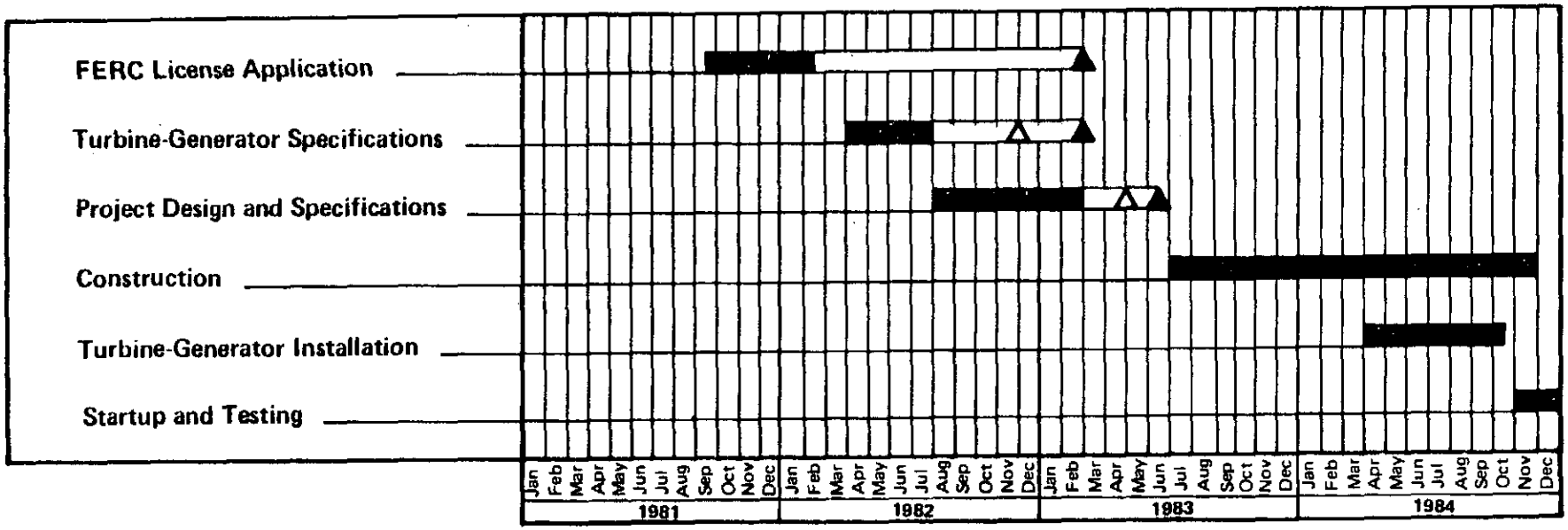
(2) PROPOSED CONSTRUCTION SCHEDULE

The proposed construction schedule is shown by the bar chart on Figure C-1. This schedule indicates that the project could be generating power by the end of 1984 if the remaining phases of project development go smoothly. The remaining phases include licensing, design and specifications, construction, equipment installation, and startup.

Conversations with the FERC staff indicate that the minimum processing time for license applications is about 1 year; but if unforeseen legal or environmental problems arise, the delays could be indefinite. In order to minimize development time and project cost, the turbine/generator specifications will be prepared and advertised and bids evaluated during the licensing period. This will make it possible to award the major equipment supply contract immediately upon issuance of the license.

The design, specifications, and construction drawings for the prime construction contract will also be completed during the license processing phase so the prime contract can be advertised as soon as the license is issued. This approach will allow construction to start within 4 months of licensing.

Construction will require two summer seasons because the heavy snowfall and cold temperatures common at the site may curtail winter construction. Equipment installation is scheduled for the second summer to allow approximately 1 year for delivery after the equipment contract award.



LEGEND

- ENGINEERING OR CONSTRUCTION ACTIVITY
- PROCESSING OR ADVERTISING PERIOD
- BID OPENING
- APPROVAL OR CONTRACT AWARD

FIGURE C-1

PROJECT SCHEDULE

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

EXHIBIT D

Cost and Financing

EXHIBIT D - COST AND FINANCING

(1) ORIGINAL COST

Records of the initial construction costs have been lost because of the age of the existing plant, staged construction, and change of ownership. However, Fall River purchased the plant from the Teton Valley Power and Milling Company in 1960 and since that time, good records of costs, including the purchasing costs, are available. Table D-1 shows the initial costs and expenditures by Fall River to date.

(2) TAKE-OVER COST

The Felt project does not have an expiring license. Consequently, the take-over provisions do not apply.

(3) NEW DEVELOPMENT COSTS

The estimated project construction costs are summarized in Tables D-2 and D-3. Construction costs for the civil items were derived by calculating the quantities of various types of work and applying estimated unit prices to each type of work. Unit prices are based upon experience and published guidelines for similar work accomplished in 1981.

The costs of major equipment items (turbine, generator, transformer, guard valve) were obtained from manufacturers and suppliers of these types of equipment.

Indirect construction costs such as costs of construction equipment, camps, and commissaries are not applicable to this project. Interest during construction is shown on Table D-4 for each of three interest rates.

Overhead, legal, administrative, and general expenses are shown as "Engineering and Owner's Costs" on Table D-3. A sales tax of 3 percent will be assessed on all materials.

An additional contingency cost amounting to 20 percent of the subtotal cost is allowed to compensate for the omission of minor construction items in estimates, final adjustment in the site conditions, and possible adjustments to the assumed unit prices of construction.

(4) FINANCING REQUIREMENTS AND ANNUAL COSTS

The cost estimates were prepared using 1981 cost levels and include a 20 percent contingency. The project's financing requirements and annual costs assume:

- The project operating by the end of 1984.
- Project capital costs will escalate at 10 percent per year until the end of the construction period.
- Funds will be borrowed when needed according to the cost schedule shown in Table D-4.
- Engineering costs include feasibility, licensing, design, preparation of construction drawings and specifications, construction management, and inspection during construction.

- The project's long-term financing will be obtained from REA.

- Financing will be repaid in equal annual installments over 35 years after construction.

- No principal payments will be made during the period of project construction. Interest payments will be made during construction; the funds to make the interest payments will be borrowed and capitalized.

- Average annual operation, maintenance, and repair costs will be about $60,000.

- Fall River's administration and overhead cost will be about $20,000 per year.

- Annual insurance and taxes will be about $20,000.

Table D-4 shows the estimated financing requirements at three rates of interest on borrowed funds. The impact of interest rates for the project's long-term financing was investigated for the first year of operation. Table D-4 summarizes the project's annual cost over the range of possible interest rates on borrowed funds.

(5) VALUE OF POWER

As discussed previously, the project is expected to produce energy in the first year of operation at a cost of between 40 and 70 mills per kWh under average water conditions, depending upon interest rates and assuming an on-line date in late 1984. This compares favorably to other sources of

generation coming on-line at about the same time. Table D-5 lists the estimated first-year cost of the Pacific Northwest Region's thermal plants expected to come on-line during the 1980's. The cost of power from projects being discussed for the late 1980's is expected to be between 75 and 85 mills per kWh.

The fuel cost of a thermal plant is a large portion of the thermal plant's annual cost. As a result, the costs of thermal plants are much more subject to escalation due to increasing fuel cost than hydroelectric plants where the fuel is essentially free. Therefore, the first-year costs of the thermal plants shown in Table D-5 are lower than can be expected after a few years of operation, while the costs for the Felt hydroelectric project will remain essentially the same during the foreseeable future.

In addition, it should be noted that the energy generated by each of the projects listed in Table D-5, except the Creston coal-fired plant, is currently committed and, therefore, not available for contract purchase. This suggests that the available alternative to the Felt project is the Creston coal plant, and that the Felt project will generate energy at considerable savings. Table D-6 presents a comparison of annual costs between Felt and Creston in the year 1988. That year was selected because it is the first year the Creston plant could be on-line. It is projected that energy from Felt will save about 37 percent of the cost of producing this same energy at Creston.

Alternative energy sources that were considered by Fall River include: natural gas, oil, nuclear, coal, biomass, wind, solar, conservation, purchases, and other hydropower plants.

Natural gas and oil-fired plants are either prohibited by the Fuel Use Act or are against national policy due to shortages or import requirements.

No opportunities exist at present for Fall River participation in nuclear generation. The nuclear plants in the region now under construction are committed, and the resources of Fall River are too limited to permit sponsorship of a nuclear plant.

There are no coal plants now under construction in the region. The Creston plant is planned to begin generation in 1988.

(6) SOURCES AND EXTENT OF FINANCING

Fall River is an REA member cooperative and meets all of the requirements to qualify for a loan from REA. Concurrently with submittal of this application for license, Fall River is also making application to REA for loans to design and construct the project.

Table D-1
FELT POWER PLANT
COST OF EXISTING PLANT

FERC Account Number	Description	Initial Costs (years) 1960 (Acquisition)	1961/62	1965	Total Cost of Plant When Shut Down (1968)	Rehabilitation Costs 1980/81	1981/82 Estimated	Total Plant Cost
301	Organization	$ 11,943.93			$ 11,943.93			$ 11,943.93
330	Land and Land Rights	332.00			332.00			332.00
331	Structures and Improvements	13,947.41	$2,497.11		16,444.52	$27,946.00	$ 8,500.00	52,890.52
332	Reservoirs, Dams, and Waterways	31,803.90		$11,360.04	43,163.94			43,163.94
333	Waterwheels, Turbines, and Generators	91,864.79		1,695.01	93,559.80			93,559.80
334	Accessory Electrical Equipment	878.27	1,577.73		2,456.00		2,000.00	4,456.00
335	Miscellaneous Power Plant Equipment	3,141.19			3,141.19	40,785.00	12,800.00	56,726.19
336	Roads, Railroads, and Bridges	5,184.60	2,734.48		7,919.08			7,919.08
	TOTAL	$159,096.09	$6,809.32	$13,055.05	$178,960.46	$68,731.00	$23,300.00	$270,991.46

Table D-2
FELT PROJECT QUANTITIES AND COSTS
(1981 COST LEVEL)

FERC ACCOUNT	QUANTITY	UNIT	UNIT PRICE	AMOUNT
Hydroelectric Plant Accounts				
330 Land and Land Rights				
Land Purchase		LS		$ 10,000
Water Rights		LS		3,000
SUBTOTAL (330)				$ 13,000
331 Structures and Improvements				
Power Plant				
Parking Area		LS		$ 2,000
Cofferdam	2,000	cu yd	$ 2	4,000
Dewatering		LS		20,000
Excavation - Common	4,300	cu yd	10	43,000
- Rock	2,000	cu yd	25	50,000
Concrete - Stage 1	1,350	cu yd	300	405,000
- Stage 2	600	cu yd	100	60,000
Reinforcing Steel	70	ton	1,000	70,000
Miscellaneous Metal	10	ton	4,000	40,000
Removable Roof Panel	2	ea	6,000	12,000
Backfill	2,600	cu yd	10	26,000
Rock Bolts and Shoring	4,000	sq ft	10	40,000
Tailrace Excavation	4,100	cu yd	10	41,000
Remove Existing Plant and Machinery		LS		60,000
SUBTOTAL (331)				$ 873,000
332 Reservoirs, Dams, and Waterways				
Penstock				
Intake Rehabilitation		LS		$ 50,000
Tunnel Rehabilitation		LS		70,000
Excavation	11,000	cu yd	$ 10	110,000
Backfill	6,000	cu yd	5	30,000
Concrete Anchor Blocks	500	cu yd	200	100,000
Reinforcing Steel	25	ton	1,000	25,000
Welded Steel Pipe - Straight	300	ton	4,000	1,200,000
- Branches and Bends	20	ton	8,000	160,000
Surge Protection		LS		100,000
SUBTOTAL (332)				$1,845,000

Table D-2 (Continued)
FELT PROJECT QUANTITIES AND COSTS
(1981 COST LEVEL)

FERC ACCOUNT	QUANTITY	UNIT	UNIT PRICE	AMOUNT
Hydroelectric Plant Accounts				
333 Waterwheels, Turbines, and Generators				
Turbine, Generator, and Accessories		LS		$2,680,000
Turbine Guard Valve	2	Ea	$55,000	110,000
SUBTOTAL (333)				$2,790,000
334 Accessory Electrical Equipment				
Station Service		LS		$ 44,000
Controls and Switching		LS		346,000
Buses, Conduits, and Cables		LS		39,000
Remote Supervision		LS		55,000
SUBTOTAL (334)				$ 484,000
335 Miscellaneous Power Plant Equipment				
Draft Tube Gates and Hoists	4	ea	11,000	$ 44,000
Miscellaneous Equipment		LS		120,000
SUBTOTAL (335)				$ 164,000
336 Roads, Railroads, and Bridges				
Access Road Earthwork	75,000	cu yd	5.00	375,000
Transmission Plant Accounts				
350 Land and Land Rights		LS		$ 5,000
352 Structures and Improvements				
Steel Structures and Fence		LS		$ 7,000
Substation Foundation		LS		7,000
SUBTOTAL (352)				$ 14,000
353 Station Equipment				
Main Transformer 7.5 MVA, 4.16/46 kV				$ 100,000
Breakers, Switches, and Fuses				22,000
Grounding and Conduit				2,000
Cable				2,000
Installation				10,000
SUBTOTAL (353)				$ 136,000

Table D-2 (Continued)
FELT PROJECT QUANTITIES AND COSTS
(1981 COST LEVEL)

FERC ACCOUNT	QUANTITY	UNIT	UNIT PRICE	AMOUNT
Transmission Plant Accounts				
354 Towers and Fixtures				$ 0
355 Poles and Fixtures				$ 8,000
356 Overhead Conductors and Devices				
Conductors				$ 1,000
Aerial Ground Wire				0
Insulation				2,000
Devices				3,000
SUBTOTAL (356)				$ 6,000
357 Underground Conduit				$ 0
358 Underground Conductors and Devices				$ 9,000
359 Roads and Trails				$ 5,000

Table D-3
FELT PROJECT
COST SUMMARY
(1981 COST LEVEL)

FERC ACCOUNT NUMBER	ACCOUNT DESCRIPTION	COST
Hydroelectric Plant Accounts		
330	Lands and Land Rights	$ 13,000
331	Structures and Improvements	873,000
332	Reservoirs, Dams, and Waterways	1,845,000
333	Waterwheels, Turbines, and Generators	2,790,000
334	Accessory Electrical Equipment	484,000
335	Miscellaneous Power Plant Equipment	164,000
336	Roads, Railroads, and Bridges	375,000
Transmission Plant Accounts		
350	Land and Land Rights	5,000
352	Structures and Improvements	14,000
353	Station Equipment	136,000
354	Towers and Fixtures	0
355	Poles and Fixtures	8,000
356	Overhead Conductors and Devices	6,000
357	Underground Conduit	0
358	Underground Conductors and Devices	9,000
359	Roads and Trails	5,000
	Subtotal	$6,727,000
	Contingencies	1,345,000
	Subtotal	$8,072,000
	Sales Tax (3% of Materials)	121,000
	TOTAL CONSTRUCTION COST	$8,193,000
	Engineering and Owner's Cost	1,227,000
	TOTAL PROJECT COST (1981)	$9,420,000

Table D-4
FINANCING REQUIREMENTS AND ANNUAL COSTS
($1,000)

Year	Project Cost in 1981	Cost Escalation @ 10%/yr	Project Cost in Year Spent	8% Interest		12% Interest		16% Interest	
				Interest During Construction	Accumulated Amount Borrowed	Interest During Construction	Accumulated Amount Borrowed	Interest During Construction	Accumulated Amount Borrowed
1981	$ 122		$ 122	9.8	$ 122	14.6	$ 122	19.5	$ 122
1982	440	$ 22	462	47.5	593.8	71.8	598.6	96.6	603.5
1983	2,338	362	2,700	267.3	3,341.3	404.4	3,370.4	544.0	3,400.1
1984	6,520	1,764	8,284	951.4	11,892.6	1,447.1	12,058.9	1,956.5	12,228.1
TOTAL	$9,420	$2,148	$11,568		$12,844.0		$13,506.0		$14,184.6
TOTAL FINANCING REQUIREMENT					$12,844.0		$13,506.0		$14,184.6
ANNUAL COSTS									
Principal and Interest					$ 1,102.1		$ 1,652.0		$ 2,282.2
Operation and Maintenance					60.0		60.0		60.0
Administration and General					20.0		20.0		20.0
Insurance and Taxes					20.0		20.0		20.0
TOTAL ANNUAL COST					$ 1,202.1		$ 1,752.0		$ 2,382.2
Average Energy Generation (MWh)					31,400		31,400		31,400
Unit Energy Cost in 1984 (¢/kWh)					3.8		5.6		7.6

Table D-5
FIRST-YEAR COST OF REGIONAL PROJECTS
COMING ON-LINE
DURING THE 1980's

Project Name	Type of Plant	Estimated Cost Mills/kWh (First Year of Generation)	Approximate On-Line Date
No. 1 Boardman	Coal	50	1980
WPPSS 2	Nuclear	48	1983
Colstrip 3 and 4	Coal	50	1984
Creston	Coal	90	1988

Table D-6
COST COMPARISON WITH ALTERNATIVE CRESTON PLANT IN 1988
(1988 is assumed first year of Creston operation)

	Felt Project	Creston Coal Plant
Average Annual Generation (mWh)	31,400	31,400
Unit Energy Cost (mills/kWh)	57	90
Energy Cost	$1,790,000	$2,826,000
Felt Annual Cost Savings	$1,036,000	
Felt Annual Cost Savings	37 percent	

EXHIBIT E

Environmental Report

EXHIBIT E - ENVIRONMENTAL REPORT

(1) GENERAL DESCRIPTION OF THE LOCALE

The project site is located approximately 15 miles north-northwest of Driggs, Teton County, in northeast Idaho (Figures E-1 and E-2). Felt Dam is on the Teton River about 0.5 mile upstream from its confluence with Badger Creek. Access to the site is by way of 1.5 miles of unimproved dirt road, which is reached by a county road off State Highway 32.

Climate

The project area is characterized by warm summers and cold winters. Precipitation is rather evenly distributed during all months, with June having the highest monthly average and July the lowest. Average annual precipitation is about 14.5 inches, with half or more coming in the form of snow. Mean January, July, and annual temperatures are 17.4, 65.4, and 40.2°F, respectively.

Topography

At the Felt site the Teton River winds through a narrow, steep 600-foot-deep canyon. The canyon runs through the middle of the Teton Valley, which is surrounded by the Big Hole and Teton Mountain Ranges. Elevation in the valley is approximately 6000 feet above mean sea level, with many of the surrounding mountains rising to above 9000 feet.

Fish and Wildlife

This portion of the Teton River is largely a stocked rainbow trout fishery. Other trout species (cutthroat, brook, and hybrids) occur above and below the project area. The Felt Dam and steep river slope downstream of the dam have formed an historical blockage to upstream migration, and the principal movement of salmonids is downstream. Trout spawning probably does not occur within the project area.

Wildlife habitat in the vicinity of the Felt Dam consists of riverine-type and riparian vegetation, aquatic near the reservoir shoreline, and upland. A limited number of waterfowl and shore and wading birds may utilize the reservoir. Aquatic mammals occurring in the project area include beavers, muskrats, and river otters. This section of the Teton River Canyon also serves as a migratory corridor and wintering area for mule deer.

Vegetation

The project area lies within the Middle Rocky Mountain physiographic province (Ross and Savage, 1967) at the eastern edge of Idaho, near the Targhee National Forest. Mountain ranges vary in elevation from 6000 to 9000 feet, with most valleys in excess of 5000 feet. The majority of this province is in coniferous forest communities (Sharp and Snaders, 1978). These communities are differentiated into zones on the basis of elevation, gradient, aspect, and edaphic conditions. Lodgepole pine is the most abundant forest tree species of the Middle Rocky Mountain Province.

Hydrology

The Teton River originates in the southern part of the Teton Range and flows northwest into the Teton Valley. As it continues northward down the valley, it collects drainage from tributaries which head in the Teton, Snake River, and Big Hole Mountains. Near the town of Tetonia, the river leaves the upper valley via a narrow canyon and flows down to the Felt project site about 3/4 mile above its confluence with Badger Creek. From here it continues north for a short distance and then turns westward, flowing to the Henrys Fork of the Snake River 30 miles to the west. The river drainage area at the Felt site is about 480 square miles, with elevations around its perimeter ranging from 7000 to 10,000 feet. Spring snowmelt is the principal source of streamflow, although light rain and occasional thunderstorms also contribute. Annual precipitation in the watershed varies from about 14.5 inches in the valley to more than 60 inches in the mountain headwaters.

Land Use and Recreation

Cultivated crop production and wildlife habitat are the generalized land uses in the project vicinity. Limited dispersed recreational activity, primarily fishing, occurs in the canyon. Except for the existing Felt Dam hydroelectric facilities and one irrigation water pipeline ascending the west canyon wall, the canyon bottom and sides are essentially in a natural state and used solely as wildlife habitat. The flatland above the canyon has nearly all been converted to irrigated cropland to the edge of the canyon rim.

The entire project vicinity is classified as agricultural by Teton County. Most of the project site is federally held by the U.S. Bureau of Reclamation. All remaining surrounding land is privately owned. The existing power plant site is owned by the applicant.

Socioeconomics

The project vicinity is sparsely populated with farm homes and associated buildings widely scattered on the gently rolling land above the canyon floor. No residences or other buildings would be displaced or in any way disturbed by the project. The nearest population center is Felt, about 7 miles east of the site, as shown on Figure E-3. The closest town with urban services for supporting a temporary influx of construction workers is Driggs, the Teton County seat. The 1980 populations of the few urban centers in the county are 727 in Driggs, 323 in Victor, and 191 in Tetonia. Total 1980 county population was 2,897 (Census, 1981).

The economic base of the county is agriculture. Fewer than 20 construction workers were counted among the nonfarm wage and salary workers in the entire county in the first half of 1981 (Hunter, 1981). Thus, most of the approximately 50-man project construction workers are expected to commute daily from Ashton, St. Anthony, or Rexburg, which are all less than 50 miles from the Felt site. Some workers may also be drawn from Idaho Falls, about 100 miles to the southwest. A portion of the construction crew members may be expected to temporarily reside in Driggs without relocating their families for the short 18-month construction period.

Idaho State Highways 32 and 33 would serve as the commute and delivery routes to the project vicinity. These two roads are linked to the regional transportation network by connecting with U.S. Highway 20, as shown on Figure E-3.

(2) REPORT ON WATER USE AND WATER QUALITY

Water Use

The river drainage area at the Felt site is about 480 square miles, with elevations around its perimeter ranging from 7000 to 10,000 feet. Spring snowmelt is the principal source of streamflow, although light rain and occasional thunderstorms also contribute. Annual precipitation in the watershed varies from about 14.5 inches in the valley to more than 60 inches in the mountain headwaters.

The primary use of the river in the Teton Valley is irrigation. Several diversions for this purpose occur on the river and its tributaries above the project site. The estimated average daily flow at the project site is 413 cfs. Daily flow has ranged from about 62 cfs to more than 1,900 cfs during the period of record. Average monthly flows for 5 years of record at Tetonia are shown in Table E-1.

The discharge record at the Felt project site was obtained by adjusting the Tetonia gage record for irrigation diversions and precipitation runoff inflow along the intervening reach. The runoff adjustment was derived from average monthly precipitation values and the 9-square-mile increment of additional drainage area between the hydro site and gage.

The Felt hydroelectric project will be capable of utilizing a maximum of 680 cfs through both turbines. Fall River Rural Electric Cooperative, Inc., has requested water rights to an additional 300 cfs from the Idaho Department of Water Resources for a total water right of 600 cfs. The project represents nonconsumptive use of the water and will be subject to available flows during the irrigation season. Prior diversion and water rights of irrigators will not be altered by the project.

Water Quality

Water quality in the slack area and immediately downstream of the dam has been documented (see Table E-2). Some sediment is carried by the Teton River, as evidenced by the accumulation which has occurred in the Felt Dam impoundment and the loss of quality fishery habitat in valleys and low gradient areas. Dissolved oxygen (DO) within the impoundment and downstream of the dam is high (8+ mg/l). Water quality at the Felt site is generally very good. Some degradation of water quality occurs as a result of return flows from irrigation use, but return flows are a very small percent of runoff. The return flows increase the sediment load and the organic and inorganic components of the water. The quality of water at the Felt site and throughout the project is extremely high for irrigation use, with total dissolved solids less than 200 mg/l. The quality of the water in the river is dependent on the amount and quality of the return flows. Return flow quality is, in turn, dependent upon farm activities and irrigation practices. However, water quality is high and no quality problems exist in the project area.

Operation of the Felt hydroelectric project will not alter water quality at the site. The water is near saturation levels for DO within the river and impoundment, and the power plant will not suppress DO levels.

Minimum Flows

The capacity of the turbines will increase from 420 cfs to 680 cfs, and any remaining flow will spill over the dam. As shown on Figure E-6, the average monthly flows will usually be below turbine capacity. During most months the available flows will be routed through the penstocks and discharged into the tailrace. Consequently, flows will be diverted from the segment of river between the dam and the tailrace. By agreement between the applicant and the Idaho Department of Fish and Game, the minimum flows released from the dam will be 20 cfs except for 3 months each year during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs. One of the 3 months of 50 cfs minimum flow will be June, which is normally the highest flow month. The 50 cfs flow may not be required throughout all the 3 months to provide for upstream fish passage. IDFG will conduct studies to more closely identify the time frame in the spring during which the cutthroat trout spawning migration takes place.

(Portion deleted.)

(Portion deleted.)

Anticipated Impacts

Because of the relatively short-term nature of construction activities, domestic waste discharges would not cause impacts on water quality. During construction, temporary vaults would be used. Sewage from the vaults would be periodically collected by private contractors and hauled to a nearby sewage treatment plant.

Construction activities that could cause impacts on water quality are those that could contribute sediment and turbidity to the Teton River. Construction of the new powerhouse and excavation of the tailrace will be done during two summers, beginning in June. A cofferdam will be required around the construction site. The temporary cofferdam will extend 30 to 50 feet into the river and be constructed of dirt and

rock to approximately 5 feet high. Improvement of the penstock intakes will consist primarily of replacing or repairing the steel gates, and will have no effect on water quality. Concrete will probably be trucked in from Rexburg, Idaho; consequently, a batch plant will not be developed at the site. Water quality impacts will not result from road improvement or transmission line construction. Construction will require only minimal movement of surface soils, and slopes in the project area are stable and not prone to erosion.

The proposed Felt hydroelectric project will have little impact on existing water quality or uses. The power generating plan is consistent with the designated use of the project area. The project was initiated in 1921 and decommissioned for 12 years from 1968 to 1980. During these 49 operating years, water was impounded behind the dam and the stream was essentially dewatered downstream to the tailrace most of the time.

The construction impact on water quality can be minimized by scheduling construction activities that must occur adjacent to or within the existing streambed during the months when flows are naturally low (August to April). A cofferdam will prevent continuous sediment contribution to the stream during the powerhouse construction.

No impacts on existing water uses have been identified because the project is a nonconsumptive water user. The project will not alter the existing rate or quantity of river flow and, therefore, will not affect downstream or upstream uses.

Continuing Impact on Water Quality

No long-term impacts on water use or water quality are expected as a result of this project. The deposition of additional sediment load behind Felt Dam is not expected to cause any problems because there is sedimentation already in the impoundment. The reservoir volume and sedimentation are apparently near equilibrium and little additional sediment accumulation is expected.

Agency Recommendations

Documentation of consultation with concerned agencies is included in the Appendix of this exhibit. The Idaho Department of Health and Welfare and the Idaho Department of Water Resources expressed no objections to the project. However, both agencies requested additional information, which will be provided during the design phase.

Water Quality Certificate

A letter requesting a Water Quality Certificate (Section 401, Clean Water Act) is presented in the Exhibit E Appendix.

(3) REPORT ON FISH, WILDLIFE, AND BOTANICAL RESOURCES

Fisheries

Detailed inventories have been carried out downstream of the dam and upstream in the slack water area. R. G. White (1976) performed angler and electrofishing studies in an irrigation withdrawal area 1 mile above Felt Dam. His data on relative abundance of trout species are as follows:

Species	Total Number	Relative Abundance
Rainbow Trout	220	76.2%
Brook Trout	45	15.5%
Cutthroat Trout	24	8.3%

All trout collected were larger than 6 inches (15.2 mm) total length. Mountain whitefish were not present in the angler catch, but made up 68.3 percent of the electrofishing catch. Irving, et al. (1975) found mountain whitefish to be the most abundant species in all sections of the Teton River.

The IDFG annually stocks approximately 13,000 rainbow in the upper valley at a Highway 33 bridge some 8 miles above Felt Dam. Another 10,000 rainbow are stocked in the lower Teton Canyon area.

IDFG conducted creel censuses in 1974, 1975, and 1980 (Jeppson, 1980) throughout the Teton River. Estimated trout catches from the Highway 33 bridge downstream to Teton Dam are shown below:

Species	1974-75	1980
Rainbow Trout	3,533	11,236
Cutthroat Trout	2,954	4,972
Brook Trout	1,226	1,371
Hybrid Trout	--	2,737
TOTALS	7,713	20,316

The estimated trout catches immediately upstream (pool to bridge) and downstream (powerhouse to Bitch Creek) of Felt Dam in 1980 are shown below:

Species	Upstream	Downstream
Rainbow Trout	2,458	614
Cutthroat Trout	0	28
Hybrid Trout	0	118
Brook Trout	0	0
Mt. Whitefish	0	690
TOTALS	2,458	1,450

These census results indicate a good recreational fishery. However, fisherman access is severely restricted in the area of the damsite and recreational use is low. Catchable size trout occur more frequently upstream of the impoundment and below Badger Creek (Jeppson, 1981). Results of a field survey conducted in September 1981 showed that angler catch rates approach three fish per hour in the reservoir, indicating a large resident trout population and a valuable recreational fishery. Hatchery-planted rainbows become resident in the reservoir, and the average weight of angled fish was about 2 pounds. Upstream of the reservoir the catch rate fell to less than one fish per hour of effort. The dominant species was rainbow trout.

The river below the dam to the existing powerhouse is essentially dewatered (except for dam seepage) during most of the year. Fish stranding occurs and small pools form which quickly lose dissolved oxygen and increase in temperature. Fish in these pools become stressed and fish-kills are possible under existing conditions. During the September field survey, a flow of 2 to 5 cfs was observed going over the dam. This flow cleared the pools and stranded fish moved downstream.

The upper canyon area of the Teton River is dominated by rainbow trout and the lower canyon area is dominated by cutthroat trout. The primary movement of trout is downstream. The extreme gradient below the damsite (20 percent slope) has historically inhibited upstream migration, and since 1921 the dam has served as a migratory block. Jeppson (1981) believes some rainbow spawning occurs in the upper canyon area above Felt Dam and in the lower 3 miles of Badger Creek. Runoff has contributed some sediment to the reservoir and upstream areas and deposition could inhibit trout egg incubation; however, the stream carries relatively little sediment and its effect is probably negligible.

In 1968 the Teton River was classified as a Blue Ribbon stream by IDFG. However, natural erosion and bank caving plus increased bank erosion by agriculture and livestock practices have caused severe habitat degradation in lower gradients and valleys downstream of the project until Utah suckers and mountain suckers have become the dominant species in these areas (Jeppson, 1981). Jeppson (1981) indicated that the existing dam has prohibited the upstream movement of Utah suckers. Consequently, the upper Teton River is presently free of this nongame species, which has a history of degrading trout spawning and nursery habitat.

Wildlife

Wildlife habitat in the vicinity of the Felt Dam consists of three general types. These include a riverine-type habitat, with its associated riparian vegetation; aquatic habitat, occurring in and along the shoreline of the reservoir; and upland habitat, dominated by an overstory of Douglas fir, juniper, or brushy species. Detailed accounts of these vegetative communities are found in the vegetation section.

Avian species which likely occur in the project area are listed in Tables E-3 and E-4. These lists were developed from existing literature, as no site-specific avian surveys were conducted during either the breeding or wintering periods (wildlife field surveys were conducted in September 1981). In addition to these species, a limited number of waterfowl and shore and wading birds likely nest in and around the reservoir. These include mallards, great blue herons, killdeer, and spotted sandpipers, among others.

This section of the Teton River Canyon lies within a migratory corridor and wintering area for mule deer which move to lower elevations from the Big Hole Mountains and west slopes of the Teton Range (Jones, 1981). The number of deer using the area and their arrival and departure dates depend on weather conditions. During severe winters with heavy mountain snow, the area may be used from November 15 to April 1.

Aquatic mammals occurring in the project area include beavers, muskrats, and river otters. Beavers and muskrats are probably limited to the reservoir and other pool areas. The steep gradient of river reach which will be affected by the project likely precludes its use by beavers and muskrats. Other large and medium sized mammals in the area include bobcat, coyote, porcupine, raccoon, several members of the weasel family, tree and ground squirrels, Nuttall's cottontail, black-tailed jackrabbit, and several species of bats. A wide variety of small mammals, reptiles, and amphibians occupy the various habitats available in the immediate project area.

Threatened and Endangered Species

A few bald eagles may occasionally winter along this reach, especially near the Felt Dam Reservoir; however, no sightings have been reported. No other threatened or endangered species are known to occur in the area.

Botanical Resources

The project area lies within the Middle Rocky Mountain physiographic province (Ross and Savage, 1967) at the eastern edge of Idaho, near the Targhee National Forest. Mountain ranges vary in elevation from 6000 to 9000 feet, with most valleys in excess of 5000 feet. The majority of this province is in coniferous forest communities (Sharp and Sanders, 1978). These communities are differentiated into zones on the basis of elevation, gradient, aspect, and edaphic conditions. Lodgepole pine (see Table E-5 for scientific names) is the most abundant forest tree species of the middle Rocky Mountain Province (USFS, 1981). It forms climax communities over a wide elevational band. It can also appear as a seral species in zones of higher and lower elevations. Lodgepole pine commonly occurs in fire-regenerated even-aged stands. Even-aged stands are more susceptible to pine bark beetle infestations, a problem of epidemic proportion in the Island Park area (USFS, 1979). Dead timber serves as fuel for fire, opening stands for establishment of lodgepole pine seedlings.

Major undergrowth species vary with the soil moisture conditions, temperature, and frequency of fire. Development of the understory is a factor of tree density. Dominant understory species include Kinnickinnick, dwarf juniper, shinyleaf spirea, huckleberry, serviceberry, and bramble. Common forbs include silvery lupine, groundsel, and goldenrod.

The Teton River in the project area lies at the bottom of a steep canyon. Juniper woodlands and Douglas fir communities intergrade on the walls of the canyon. Juniper occurs on dry, west-facing slopes and upper slopes with eastern exposures. Shrub species, primarily bitterbrush and sagebrush, occur scattered throughout a grass-dominated understory. Douglas fir occurs on east-facing slopes and near the river's edge on west slopes. Understory composition reflects the mostly xeric habitats on which Douglas fir communities occur. Oregon grape, snowberry, and rose dominate the shrub layer of the understory. Numerous grasses are also present. Table E-5 shows the plant species occurring in the project area, and Figure E-4 shows the principal vegetation zones of the project area.

Riparian vegetation along the river in the project area is diverse. Upstream from Felt Dam, the banks of the reservoir are lined with canary grass. Juniper and Douglas fir grow immediately upslope of the grass band. The reach of river downsteam from the dam to the present powerhouse site is, for the most part, dewatered during much of the year. The streambed is rocky; large boulders occur at the river's edge, precluding the formation of banks along the edge. Willow and swamp currant grow from between boulders and slightly upslope. Depending on exposure, cottonwood, birch, and maple crowd the river's edge, forming the overstory. Creek dogwood is the dominant understory species, often forming thickets along the river's edge. Rose, serviceberry, skunkbush, sumac, aspen, chokecherry, nettle, virgin's bower, and canary grass all occur in varying densities along the river and slightly upslope.

Some segments of river do not support any riparian vegetation because of the steep slope of the canyon wall. Downstream from the existing powerhouse, riparian vegetation is

similar to that upstream. Creek dogwood is the dominant shrubby species, often forming dense bands. Large aspen occur irregularly at the river's edge in this area.

Anticipated Impacts

Fisheries

The Felt Dam has formed a historical block to trout migrating upstream. However, even before the dam existed, the very steep reach of river immediately downstream restricted upstream migration. The primary fisheries impacts will, therefore, be on downstream migrants. The project proposal is to locate a new powerhouse 1,200 feet north of the existing plant. Because of the bend in the river, the distance along the stream channel will be about 1,500 feet. The stream channel distance from the dam to the existing plant is 1,300 feet. The removal of water from another 1,500 feet of the river will exacerbate the existing problems of fish movement downstream and stranding by increasing the dewatered length from 1,300 feet to 2,800 feet.

Power generation will require the full instream flow 85 percent of the year. The spring freshet typically occurs in June, at which time river flows exceed the proposed turbine capacity of 680 cfs. Figure E-5 shows the discharge through the project area in June 1946 (a representative average water year). Except for 10 days in June of the average year, water will flow over the dam. This freshet coincides with the IDFG fish planting program, and there is more than adequate flow in June to allow for downstream passage. The proposed and existing project discharges are shown in Figure E-6. This figure is also based upon the 1946 water year and the average monthly flows. From this figure it can be seen

that under the existing project conditions, water passes over the dam from April through July, and that under the increased flow requirements of the proposed project, water will still flow over the dam during June.

The project operation agreed upon by IDFG and Fall River will provide river flow between the dam and power plant of 20 cfs during 9 months and 50 cfs during 3 months. This will eliminate the fish stranding which now occurs, and represents a significant improvement over existing conditions. Consequently, the period during which the fish can use this reach of river will be increased from 4 months to 12 months in an average year.

The penstock intakes located in the reservoir do not have fish screens or small mesh trashracks and none are proposed; consequently, turbine mortalities will continue. However, the new turbines will be larger than the old and should pass fish with less damage and a lower mortality rate.

No major alterations to the penstock intakes, dam, or reservoir are proposed. Therefore, there will be no increase in downstream sediment loading or reservoir volume, nor changes in channel configuration. There will also be no additional impacts to the fisheries or aquatic resources upstream of the dam.

IDFG has expressed its concern that the confluence of the Teton River and Badger Creek not be dewatered. The additional penstock and new powerhouse will be located about 1,100 feet above the confluence, and the flow past Badger Creek will not change.

Wildlife

The impact of the Felt hydroelectric project on wildlife will be minor. Habitat losses will occur in and around the sites of the new penstock, powerhouse, tailrace, transmission line, access roads, and construction areas.

Based on 100-foot-wide construction rights-of-way for the new penstock and transmission line, each will affect up to 4 acres of land. The powerhouse and tailrace will affect an additional 2 acres. Most of the affected areas have the upland-habitat type vegetative cover, with about 6 acres of sagebrush/grass cover and 3 acres of Douglas fir or juniper overstory and shrub/grass or grass understory. Approximately 1 acre of woody riparian vegetation will be directly affected by construction.

Less mobile animals such as reptiles and amphibians, small mammals, and nesting birds will be directly lost from affected areas. Other, more mobile animals will be displaced from affected areas and local populations of affected wildlife species will be slightly reduced due to loss of habitat. River otter habitat will be reduced, as approximately another 1,500 feet of the Teton River will have reduced flows when the project becomes operational.

Most of the new penstock will be buried except for an approximately 300-foot-long movement barrier created by access road and penstock construction. Cut and fill construction on the steep slope will create two steep high-walls; however, finished slopes will be comparable to existing slopes. These and the abovegrade 8-foot-diameter penstock will create a movement barrier running parallel to 300 feet of

the river. This reach is so steep that it is a natural barrier. Access to the river and approximately 3 acres of Douglas fir/sagebrush habitat, as well as some riparian areas, will be less accessible for terrestrial species such as mammalian predators and mule deer. Bob Jones (1981) felt that the project would likely have only a minimal impact on migrating and wintering mule deer if construction did not occur during the winter.

As this project will not affect the Felt Dam Reservoir, no impacts on bald eagles are anticipated.

Botanical Resources

Construction of a new penstock and powerhouse will destroy the vegetation in those areas. Based on 100-foot rights-of-way, it is estimated that up to 8 acres will be disturbed during construction of the penstock and transmission line. The powerhouse and tailrace will affect an additional 2 acres. Approximately 6 acres of sagebrush/grass vegetation and 3 acres of land with a Douglas fir or juniper overstory and a shrub/grass or grass understory will be disturbed. Approximately 1 acre of woody riparian vegetation will be destroyed by construction activities. It is anticipated that dewatering an additional 1,500 feet of river will have minimal impact on the riparian species occurring along the banks. Density of existing species could drop and invasion of weedy species might occur. The present dewatered reach of stream, from the dam to the existing powerhouse, supports a diverse stand of woody species and a healthy understory. It is assumed that the stretch below the existing powerhouse to the proposed powerhouse would support a similar vegetation complement as the presently dewatered reach.

Mitigation

Fisheries

During the review of the applicant's 1981 water right application to the Idaho Department of Water Resources, IDFG requested that 20 cfs be maintained as the minimum flow between the dam and the existing tailrace area. The applicant agreed to this flow and IDFG dropped its protest (see the Exhibit E Appendix). The 20 cfs flow was negotiated as a condition of the new water right and will not affect water rights granted prior to 1981. The water right agreement obligated the applicant to maintain a 20 cfs minimum flow whenever reservoir inflow exceeds 300 cfs. This represents an increase in flows during 5 months and a decrease during 4 months of an average year.

The advantages of maintaining a 20 cfs flow through the project area include the following:

1. Trout will have sufficient flow to move downstream.

2. Fish stranding and the potential for fish kills will be eliminated.

3. Pools between the dam and tailrace will be flushed and dissolved oxygen and benthos production will be sufficient to provide rearing habitat.

During high flow periods associated with spring melt (June), water will flow over the dam in sufficient quantity to allow fish passage up and downstream. IDFG will be able to time its rainbow stocking operations with this high flow to optimize downstream passage of juveniles.

The applicant and IDFG have agreed to the following mitigation measures for fisheries in the project area.

1. Fall River will construct a fish ladder capable of operating with flow in the range of 10 to 30 cfs. IDFG will furnish design criteria and review the design of the ladder.

2. Fall River will pay IDFG a lump sum to provide for mitigation of turbine mortality. IDFG will make estimates of the expected mortality and amount of mitigation.

3. IDFG will break up a few large boulders in the channel to facilitate fish passage. This work will be funded by Fall River.

4. The public will be allowed to walk down the power plant access road for fishing or other recreational purposes; however, the road will not be suitable for public vehicle traffic. Fall River will provide a parking area near the Badger Substation.

5. Fish screens at the penstock intakes will not be required.

(Portion deleted.)

(Portion deleted.)

Wildlife

Mitigation for wildlife species affected by the project would occur during and after the construction phase. The reduced construction activity during the period when wintering mule deer are present will minimize the project's impact on deer. Limiting the disturbed surface area to the absolute minimum necessary, especially near the river, would reduce overall project impacts on both wildlife and water quality. All disturbed areas which do not suport permanent project features will be planted with local native grasses and forbs. Some fertilization and irrigation would likely be required to ensure the success of this measure. Transmission line poles should be designed to protect bald eagles and other raptors. The major length of new penstock will be buried and will not create a permanent barrier to wildlife.

Botanical Resources

All disturbed areas which do not support permanent project features will be replanted with local native grasses, forbs, and shrubs. This will minimize erosion into the stream and speed the recovery of wildlife habitat disturbed by the project.

Agency Recommendations

Formal letters requesting comments from concerned agencies were sent November 4, 1981, although some earlier contacts had been made. Enclosed with the letters were detailed project descriptions and drawings of the project layout. Comments received prior to February 5, 1982, have been included in the Exhibit E Appendix. Thus, the agencies have had nearly 3 months to respond.

The Appendix documents the formal consultation that has occurred regarding preparation of the application. Personal contacts with local, state, and Federal officials are listed in the References section of this exhibit.

IDFG and the U.S. Fish and Wildlife service both recommended a minimum instream flow of 106 cfs, a fish passage structure, fish screens on the intake structures, and angler access. The IDFG recommendations are, however, preliminary at this point. Final recommendations for fish passage and instream flows will be made following additional investigations by the IDFG.

One of the reasons Fall River undertook the new project was the high operating cost of the existing power plant. The

site is very remote and difficult to reach. The road into the canyon requires four-wheel-drive vehicles during good weather and snow machines during winter. Operators must live at the site during their 3-day tour of duty and the plant must be manned 24 hours per day. The new plant will be controlled remotely from Fall River's office in Ashton, Idaho, thus reducing the operating expense.

Fish screens at the intake would require constant cleaning; therefore, personnel would have to be assigned to this task full time and live at the site for this purpose only. Furthermore, the initial cost of fish screens would be higher than the project could bear. The applicant proposes to construct a log boom for safety, but cannot seriously consider screens with openings small enough to exclude fish from the intakes.

Comments from the Idaho Department of Health and Welfare have been addressed in the water use and quality section, as were comments from the U.S. Soil Conservation Service. Comments from other state and Federal agencies ranged from no objection to the project to suggestions concerning project planning.

(4) REPORT ON HISTORICAL OR ARCHAEOLOGICAL RESOURCES

There are no known archaeological or historical sites in the project area. The Idaho State Historical Preservation Office (SHPO) has not conducted any cultural resources studies in the area. The SHPO (1981) does not expect any archaeological or historical resources to be found in the project area and does not recommend that any additional studies be conducted (Green, 1981).

(5) REPORT ON RECREATIONAL RESOURCES

Existing and Potential Recreational Facilities and Use

There are no existing developed recreational facilities on or in the vicinity of the project site. A very limited amount of fishing occurs on the site. Access is extremely poor--down a steep four-wheel-drive road, which in the past has been posted with a no trespassing sign due to the danger of travel. In the canyon bottom, access up or down the river is limited by the extremely steep canyon sides dropping into the river and the dense riparian undergrowth. Foot access has generally been restricted to the dam and reservoir reach of the river. The potential recreational use of the site is expected to remain unchanged with or without implementation of the proposed project.

Agency Recommendations

The Idaho Department of Parks and Recreation, Bureau of Land Management (BLM), and USBR were all consulted about the proposed project. Their letters are included in the Exhibit E Appendix. None of these agencies had any recommendations regarding the recreational resources of the site or public safety measures. No specific recreation plans for the site have been identified in the State Outdoor Recreation Plan (1978) or by the responsible land management agencies.

Proposed Recreational Facilities

The proposed project does not include any formally developed recreational facilities. However, several project features are related to the recreational and safety aspects of the site. First, the access road will be gated, but the no

trespassing sign will be removed. Foot access will be allowed down the four-wheel-drive road, with parking space available around the Badger substation at the head of the road. Second, a new river reach will be made accessible to fishermen in the area of the new powerhouse and tailrace structure. Finally, improvements to the tunnel intakes and log booms will provide greater public safety protection in the dam area.

National Acts

The project area river reach is not a designated Wild or Scenic River and has not been identified as a study river for possible inclusion in the Wild and Scenic River system. The project site is not within a designated or study area covered by the Wildnerness Act.

(6) REPORT ON LAND MANAGEMENT AND AESTHETICS

Existing Development and Land Uses

The project site is presently used for hydroelectric generation and irrigation diversion through one pipeline that ascends directly up the canyon wall. The only other use of the site is occasional fishing in the reservoir. Above the canyon on the surrounding flatlands, the land is irrigated and used to produce crops.

The proposed project would maintain use of the site for hydroelectric generation and would not alter the present irrigation diversion. The additional 300 cfs of water rights included in the proposal also would not affect any current irrigation practices or withdrawals either upstream or downstream of the project. This additional water, however, would not be available for possible future requests for increased irrigation water rights upstream of the project.

BLM and USBR had few comments related to the land and water development aspects of the project. BLM has no specific project concerns or recommended mitigations. They did mention the need for the applicant to obtain a construction right-of-way, at which time specific mitigation measures may be identified. These measures are expected to include the customary requirements of minimizing the amount of land to be disturbed and protecting against erosion. USBR's main concern is that the proposed Felt project not interfere with the operation of the Teton Dam if it is rebuilt at its original height. The Felt project would not conflict in any way with the rebuilding and operation of the Teton Dam.

Aesthetic Considerations

The proposed project would primarily have four visual impacts. First, the new powerhouse and tailrace structure will add a new manmade physical feature to the river shoreline. Second, the new transmission from the powerhouse to the substation will be visible, ascending the hill. Third, the path of the new buried penstock will be evident from the cleared corridor of light-colored soil replaced over the pipeline. Until weathered, the soil will appear lighter in color than the undisturbed soil in the area. Fourth, an additional 1,500 feet of river will have a low flow appearance.

The significance of these impacts is minimized by several existing characteristics of the site. There is already considerable manmade impact at the site in the form of not only the existing hydroelectric facilities, but also the high voltage transmission line, irrigation pipeline, and associated footbridge crossing the river and the pumps. Offsetting the effect of the new penstock corridor in particular is the existing access road, which essentially parallels

the corridor nearly its entire length. Also, the construction area is sparsely vegetated except for riparian patches along the river. As a result, the swath and clear-cutting effect often accompanying transmission line and powerhouse construction in mountainous areas will not occur with the Felt project. One last offsetting existing condition is the fact that the site has extremely low viewer sensitivity. A major consideration in present-day visual assessments is the degree the affected area is visible to the public. The Felt site cannot be seen from any roads, and is in fact seen only by the few people who visit the site.

The usual construction practices of replacing topsoil; revegetating; controlling erosion; and cleaning up spoils, material, and trash will be followed to minimize the construction impact. The rehabilitation work proposed for the tunnel inlets will improve the physical appearance around the damsite.

Floodplains and Buffer Zones

Because of the extremely narrow canyon, any flooding of the river would be contained within the canyon walls. Thus, potential flood plain impacts are not applicable to this project.

Likewise, because of the steep, narrow canyon, the canyon walls form the perimeter of the reservoir and negate any need to consider a buffer zone. The narrow canyon also precludes the possibility of developing any recreation-oriented reservoir shoreline facilities.

(7) ALTERNATIVES

Four alternatives to the Felt project appeared feasible and were studied prior to the preparation of this application. They are:

Alternative 1 - Do nothing.

Alternative 2 - Upgrade the existing plant to its realistic maximum output.

Alternative 3 - Replace the existing plant with a new, larger plant at the same location.

Alternative 4 - Replace the existing plant with a new plant above Badger Creek.

Alternative 1

The existing plant has recently been cleaned up and returned to operation. Most of the equipment still works, although its remaining life is questionable. The plant is now manually operated, requiring operators at the site 24 hours a day. The electrical equipment is antique by today's standards and is in poor condition. The turbines and generators were designed for different operating conditions; hence, the efficiency is extremely low (50 to 60 percent).

All of the above factors contribute to high operating cost and low output. Furthermore, the probability of major breakdown is quite high due to the age of the equipment and its operation outside of design range.

Alternative 2

Alternative 2 consists of a major renovation and upgrading of the existing equipment. The result would be to increase the average annual number of kilowatt-hours generated at a cost much lower than is normally associated with new electric generating capacity.

This alternative would increase the installed capacity from 1.4 MW to 3.3 MW and increase the average annual generation from 9,600 MWh to 15,600 MWh.

Alternative 3

Alternative 3 consists of constructing a completely new power plant beside the existing plant and removing and salvaging the old plant and equipment.

The plant would be designed to develop the full potential of the site. It would house a single vertical tube Kaplan turbine and generator with a rated capacity of 3.7 MW. The average annual output of the new plant would be about 20,500 MWh. The two existing 5-foot-diameter penstocks would be joined into a new 7-foot-diameter penstock which would extend about 200 feet further to the new power plant.

Alternative 4

Alternative 4 involves constructing a new power plant approximately 2,700 feet downstream from the existing plant at the mouth of Badger Creek on the Teton River. A plant at this location could develop nearly twice as much head as the existing plant and would be capable of generating about four times as much energy. This represents the ultimate development of the resource.

An 8-foot-diameter penstock 2,600 feet long would extend from the portals of the two existing tunnels to the new power plant. A surge tank would be required near the power plant. The power plant would contain two vertical turbine generators with a total output of 6.67 MW and average annual generation of 38,100 MWh.

Construction difficulties associated with development of Alternative 4 indicate that it would not be practical.

Environmental Consequences of Alternatives

Alternatives 1 and 2 generally do not represent any additional environmental impacts to the present historical impacts. Salmonid migration would remain blocked, the stream between the dam and existing powerhouse would remain dewatered 8 months out of a year, and anglers would have limited access.

Alternative 3 would not dewater any additional stream length, but it would require a flow of 680 cfs for maximum turbine output. This would result in dewatering the reach between the dam and existing powerhouse throughout the year except for the month of June. Also, fisherman access to more of the river would not be improved. Alternative 4 represents a significant environmental impact on Badger Creek. This creek is an important brook, rainbow, and cutthroat trout spawning area. Establishing a new power plant 2,700 feet downstream would place the tailrace at the mouth of Badger Creek in addition to dewatering a substantially larger portion of the Teton River.

(8) AGREEMENT ON FISHERY ISSUES BETWEEN IDFG AND FALL RIVER

During discussions between IDFG and Fall River, it became apparent that additional information was needed in order to avoid a possible impasse over the question of minimum flow requirements in the river between the dam and power plant.

Consequently, Fall River suggested a field trip during which it would regulate the river flow at the diversion dam so all concerned could examine the river at several stages. The trip would have to occur during February before the spring flows exceeded the existing turbine capacity so all flow could be diverted through the power plant. IDFG welcomed the suggestion and the trip took place February 9, 1982. Four representatives from IDFG attended, as did one representative from the U.S. Fish and Wildlife Service.

The demonstration was conducted as follows:

A. The preceding night Fall River shut down the power plant and spilled all the river flow (approximately 260 cfs) in order to wash the accumulated snow out of the channel and provide the best view of river conditions.

B. Before the demonstration began, Fall River restarted the plant and resumed diverting all flow through the plant so at the beginning, flow through the dam was negligible.

C. IDFG deployed their personnel along the river at critical points.

D. The sluice gate was opened a measured amount to release 10 cfs and sufficient time was allowed for the flow to stabilize throughout the reach. After all observers were satisfied, the flow was increased and the process repeated. Observations were made at discharges of 0, 10, 20, 30, 50, and 100 cfs.

The experiment was totally successful and concluded with agreement between Fall River and IDFG on all major points of dispute. Terms of the agreement are as follows:

1. Fall River will construct a fish ladder capable of operating with flow in the range of 10 to 30 cfs. IDFG will furnish design criteria and review the design of the ladder.

2. The minimum flows release from the dam will be 20 cfs except for 3 months each year during the period of cutthroat trout spawning migration, when the minimum flow release will be 50 cfs. One of the 3 months of 50 cfs minimum flow will be June, which is normally the highest flow month. The 50 cfs flow may not be required throughout all the 3 months to provide for upstream fish passage. IDFG will conduct studies to more closely identify the time frame in the spring during which the cutthroat trout spawning migration takes place.

3. Fall River will pay IDFG a lump sum to provide for mitigation of turbine mortality. IDFG will make estimates of the expected mortality and amount of mitigation.

4. IDFG will break up a few large boulders in the channel to facilitate fish passage. This work will be funded by Fall River.

5. The public will be allowed to walk down the power plant access road for fishing or other recreational purposes; however, the road will not be suitable for public vehicle traffic. Fall River will provide a parking area near the Badger Substation.

6. Fish screens at the penstock intakes will not be required.

With the conclusion of the above agreement, all environmental issues have now been resolved and no known opposition to the project remains. IDFG has agreed to provide a letter for inclusion in this application which will verify their agreement.

(9) LIST OF REFERENCES AND CONTACTS

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Table E-1
5-YEAR AVERAGE FLOW
TETON RIVER NEAR TETONIA, IDAHO
MEAN FLOWS BY MONTH*

Month	1952-53	1953-54	1954-55	1955-56	1956-57	Average
Oct	289	270	298	281	348	297
Nov	249	256	293	285	325	282
Dec	225	208	233	310	235	242
Jan	261	206	208	238	190	221
Feb	229	195	196	189	277	217
Mar	304	240	190	299	313	269
Apr	288	356	304	455	414	363
May	276	524	269	765	639	495
Jun	756	551	464	1,027	1,177	795
Jul	519	549	424	666	958	623
Aug	395	426	362	462	523	434
Sep	291	325	293	372	426	341
TOTAL	4,082	4,106	3,534	5,349	5,825	4,579
AVERAGE	340	342	295	446	485	382

*1929-1932 and 1941-1957 average flow = 393 cfs (284,500 acre-ft/yr)

Maximum: 1,900 cfs on June 28, 1945

Minimum: 62 cfs on January 16 and 17, 1943

5-year average from October 1952 to September 1957: 382 cfs

Table E-2
WATER QUALITY DATA FOR THE FELT DAM PROJECT AREA
September 16, 1981

Sample ID	Felt Dam Upstream .25 mi	Felt Dam Upstream 1 mi	Felt Dam Reservoir (near shore)
Total Alkalinity	141.45	138.55	146.16
Carbonate	4.07	6.42	6.34
Bicarbonate	137.38	132.13	139.82
Hardness	170.0	170.0	170.0
Nitrate	0.28	0.25	0.20
Total Kjeldahl Nitrogen	0.14	.1	0.20
Total Nitrogen	0.42	0.25	0.40
pH, Units	8.4	8.5	8.5
Suspended Solids	4	4	2
Total Dissolved Solids	184	168	188
Specific Conductance	283	283	280
Turbidity, NTU	0.70	0.44	0.67
Phosphorus, Ortho	0.05	0.03	0.04
Phosphorus, Total	0.06	0.03	0.04
Dissolved Oxygen	8.6	8.8	8.5

	Felt Dam Reservoir (center)	Below Felt Dam .25 mi	Below Felt Dam 1 mi
Total Alkalinity	144.98	143.90	141.99
Carbonate	5.43	4.53	0
Bicarbonate	139.55	139.37	141.99
Hardness	170.0	171.0	169.6
Nitrate	0.33	0.34	0.26
Total Kjeldahl Nitrogen	.1	0.1	.1
Total Nitrogen	0.33	0.44	0.26
pH, Units	8.5	8.5	8.1
Suspended Solids	2	2	2
Total Dissolved Solids	182	184	182
Specific Conductance	281	290	281
Turbidity, NTU	0.53	0.46	0.88
Phosphorus, Ortho	0.02	0.03	0.03
Phosphorus, Total	0.03	0.05	0.03
Dissolved Oxygen	8.5	8.5	8.8

Table E-3
AVIAN SPECIES EXPECTED TO OCCUR ALONG THE TETON RIVER
IN THE VICINITY OF FELT DAM DURING THE WINTER

Goshawk (Accipiter gentilis)
Sharp-shinned hawk (Accipiter striatus)
Belted kingfisher (Megaceryle alcyon)
Long-eared owl (Asio otus)
Hairy woodpecker (Dendrocopus villosus)
Downy woodpecker (Dendrocopus pubescens)
Steller's jay (Cyanocitta stelleri)
Black-billed magpie (Pica pica)
Black-capped chickadee (Parus atricapillus)
Mountain chickadee (Parus gambeli)
Dipper (Cinclus mexicanus)
Red-breasted nuthatch (Sitta canadensis)
Ruby-crowned kinglet (Regulus calendula)
Bohemian waxwing (Bombycilla garrulus)
Northern shrike (Lanius excubitor)
Evening grosbeak (Hesperiphona vespertina)
House finch (Carpodacus mexicanus)
Pine grosbeak (Pinicola enucleator)
American goldfinch (Spinus tristis)
Dark-eyed junco (Junco hyemalis)
Tree sparrow (Spizella arborea)

Table E-4
BREEDING BIRDS EXPECTED TO OCCUR ALONG THE TETON RIVER
IN THE VICINITY OF THE FELT DAM

Species	Vegetation Type Utilized		
	Riparian	Juniper/Douglas Fir	Sagebrush/Grass
Goshawk (Accipiter gentilis)		x	
Sharp-shinned hawk (Accipter striatus)	x	x	
American kestrel (Falco sparverius)			x
Mourning dove (Zenaida macroura)	x	x	x
Belted kingfisher (Megaceryle alcyon)	x		
Long-eared owl (Asio otus)	x	x	
Common flicker (Colaptes auratus)	x	x	x
Hairy woodpecker (Dendrocopus villosus)	x	x	
Downy woodpecker (Dendrocopus pubescens)	x	x	
Eastern kingbird (Tyrannus tyrannus)	x		x
Western kingbird (Tyrannus verticalis)	x	x	x
Traill's flycatcher (Empidonax minimus)	x	x	
Western wood pewee (Contopus sordidulus)	x	x	
Cliff swallow (Petrochelidon pyrrhonota)	x		
Steller's jay (Cyanocitta stelleri)		x	
Black-billed magpie (Pica pica)	x	x	x
Black-capped chickadee (Parus atricapillus)	x	x	
Mountain chickadee (Parus gambeli)	x	x	
Plain titmouse (Parus inornatus)	x	x	
Dipper (Cinclus mexicanus)	x		
Red-breasted nuthatch (Sitta canadensis)		x	
Rock wren (Salpinctes obsoletus)		x	x
House wren (Troglodytes aedon)	x		
American robin (Turdus migratorius)	x	x	x
Hermit thrush (Hylocichla guttata)	x		
Mountain bluebird (Sialia currucoides)		x	x
Ruby-crowned kinglet (Regulus calendula)	x	x	
Starling (Sturnus vulgaris)	x	x	
Warbling vireo (Vireo gilvus)	x		
Yellow warbler (Dendroica petechia)	x	x	
Wilson's warbler (Wilsonia pusilla)	x		
Yellow-rumped warbler (Dendroica coronata)	x		
Yellowthroat (Geothlypis trichas)	x		
MacGillivray's warbler (Oporornis tolmiei)	x		
Western meadowlark (Sturnella neglecta)		x	x
Brown-headed cowbird (Molothrus ater)	x	x	
Northern oriole (Icterus galbula)	x	x	x
Western tanager (Piranga ludoviciana)	x	x	
Black-headed grosbeak (Pheucticus melanocephalus)	x		
Evening grosbeak (Hesperiphona vespertina)	x	x	
Lazuli bunting (Passerina amoena)	x		
House finch (Carpodacus mexicanus)	x	x	
Pine grosbeak (Pinicola enucleator)		x	
American goldfinch (Spinus tristis)	x	x	x
Lark sparrow (Chondestes grammacus)	x	x	
Dark-eyed junco (Junco hyemalis)	x	x	
White-crowned sparrow (Zonotrichia leucophrys	x		
Song sparrow (Melospiza melodia)	x	x	x

Table E-5
COMMON NAMES OF PLANT SPECIES

Scientific Name	Common Name
Abies lasiocarpa	Sabalpine fir
Acer spp.	Maple
Amelanchier alnifolia	Serviceberry
Arctostaphylos uva-ursi	Kinnickinnick
Arnica cordifolia	Arnica
Artemesia tridentata	Sagebrush
Berberis repens	Oregon grape
Betula spp.	Birch
Brassica spp.	Mustard
Carex spp.	Sedge
Chrysothamnus spp.	Rabbitbrush
Cirsium spp.	Thistle
Clematis spp.	Virgin's bower
Cornus stolonifera	Creek dogwood
Equisetum spp.	Horsetail
Galium spp.	Stick-tight
Gutierrezia sarothrae	Matchweed
Juncus spp.	Rush
Juniperus communis	Dwarf juniper
Juniperus osteosperma	Utah juniper
Lupinus argenteus	Silvery lupine
Phalaris spp.	Canary grass
Physocarpus malvaceus	Ninebark
Picea engelmanii	Engelman spruce
Pinus contorta	Lodgepole pine
Populus tremuloides	Aspen
Populus spp.	Cottonwood
Prunus spp.	Chokecherry
Pseudotsuga menziesii	Douglas fir
Purshia tridentata	Bitterbrush
Rhus trilobata	Skunkbush sumac
Ribes lacutre	Swamp currant
Rosa spp.	Rose
Rubus spp.	Bramble
Salix spp.	Willow
Scirpus spp.	Bulrush
Senecio streptanthifolius	Groundsel
Smilacina racemose	Solomon's seal
Solidago spaulata	Goldenrod
Spiraea betulifolia	Shinyleaf spirea
Symphoricarpus albus	Snowberry
Taraxacum spp.	Clover
Typha spp.	Cattail
Urtica spp.	Nettle
Vaccinium scoparium	Huckleberry

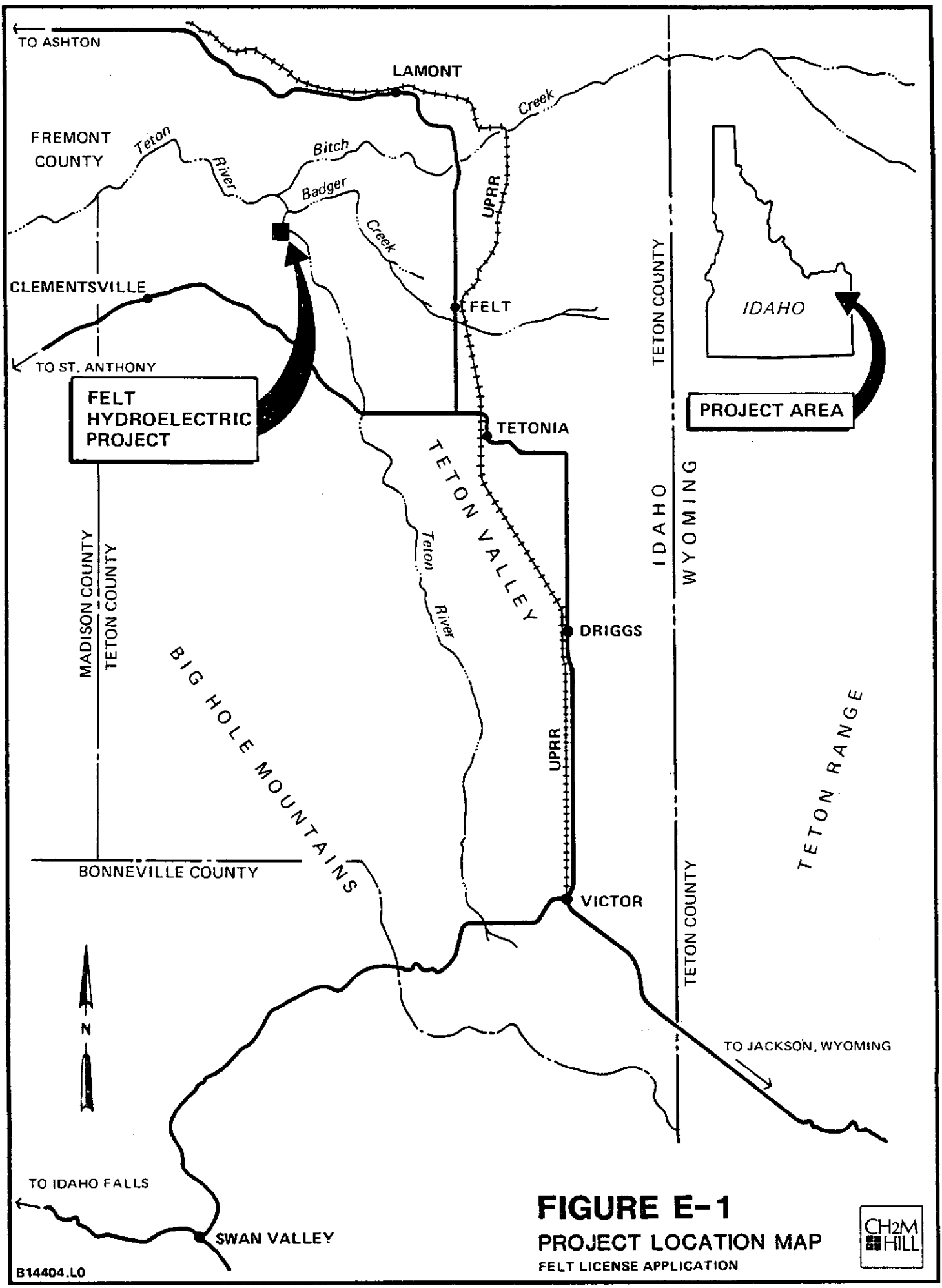


FIGURE E-1

PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

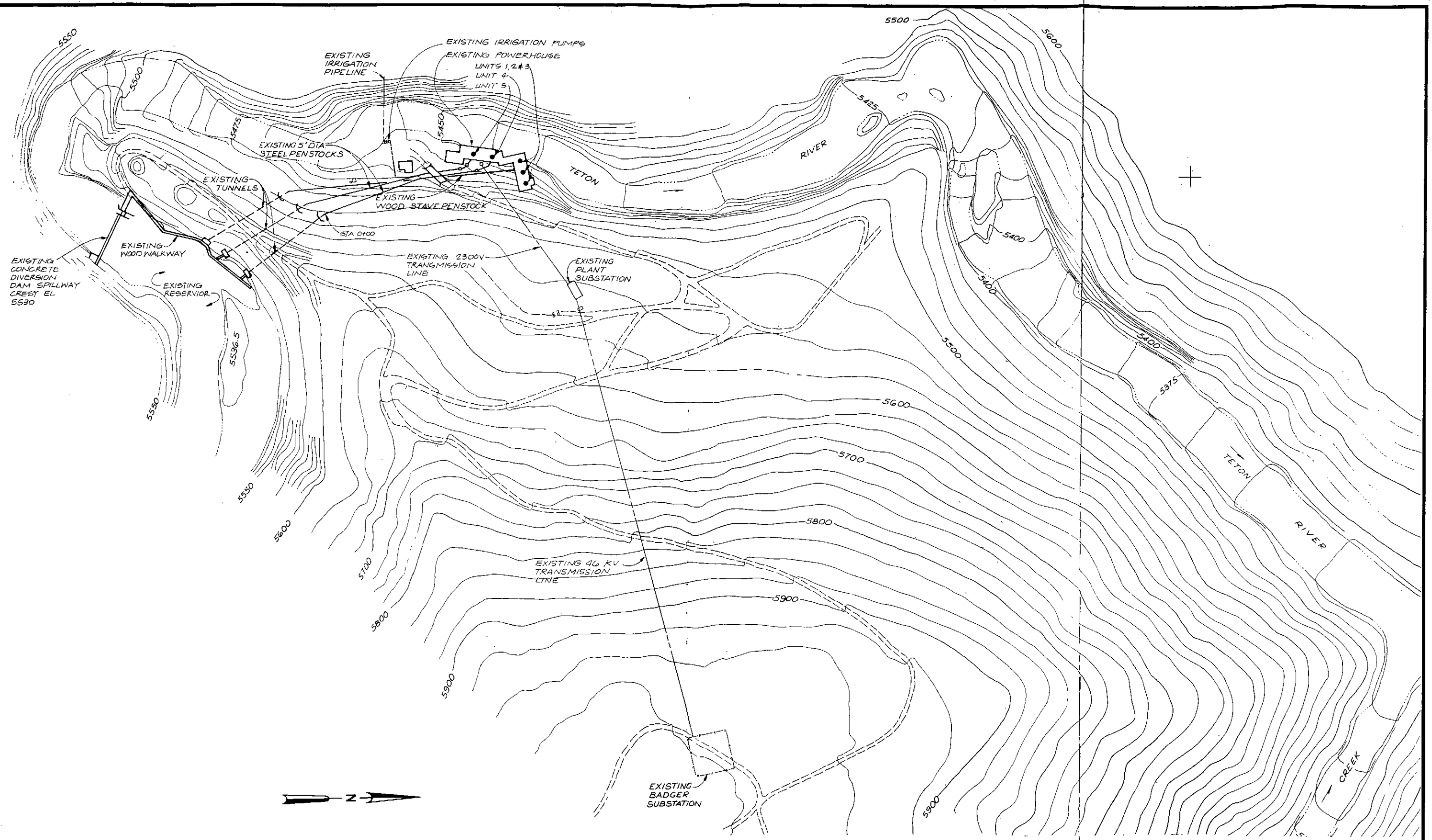


FIGURE E-2

DETAILED PROJECT LOCATION MAP

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

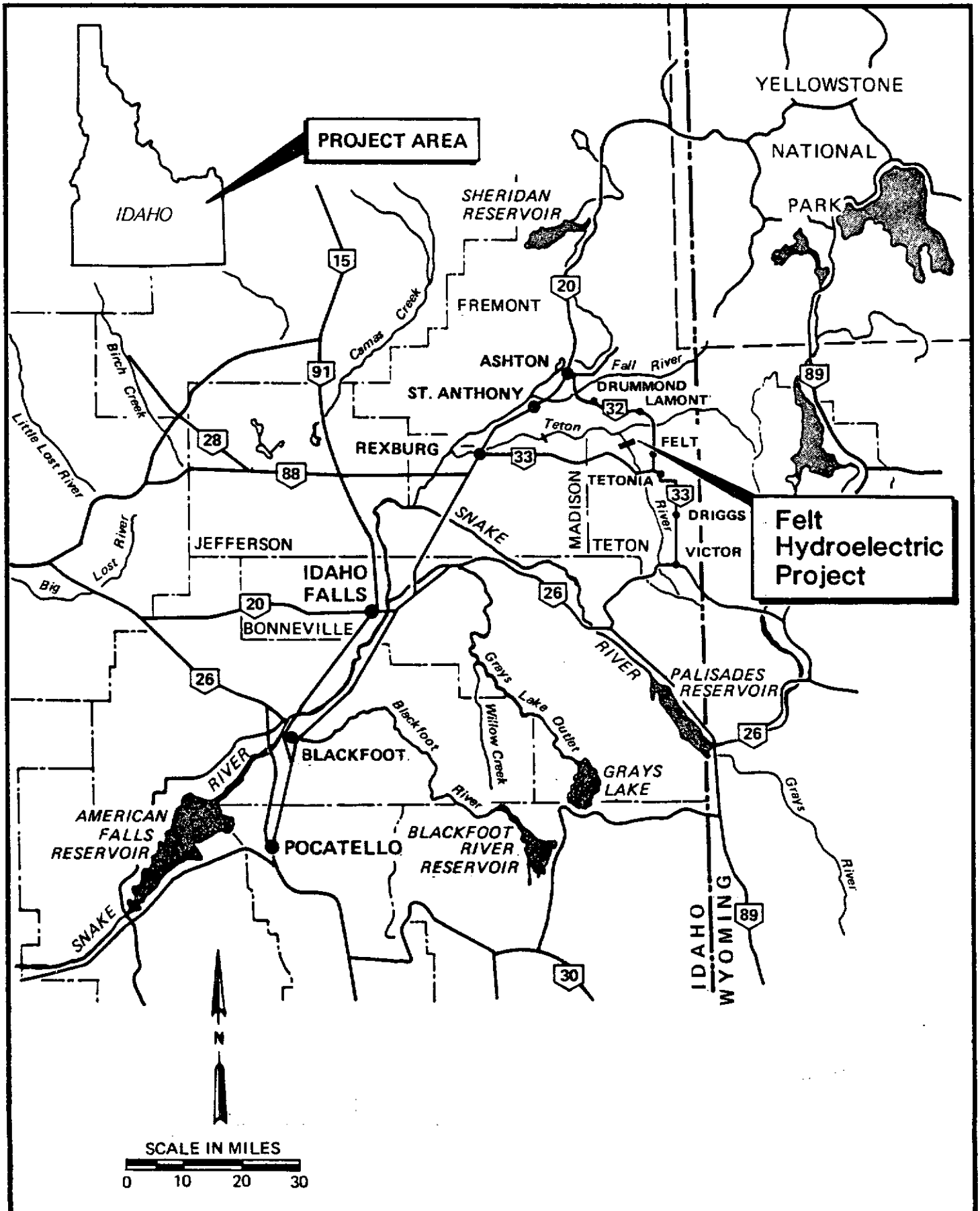


FIGURE E-3

POPULATION CENTERS NEAR FELT HYDROELECTRIC PROJECT

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

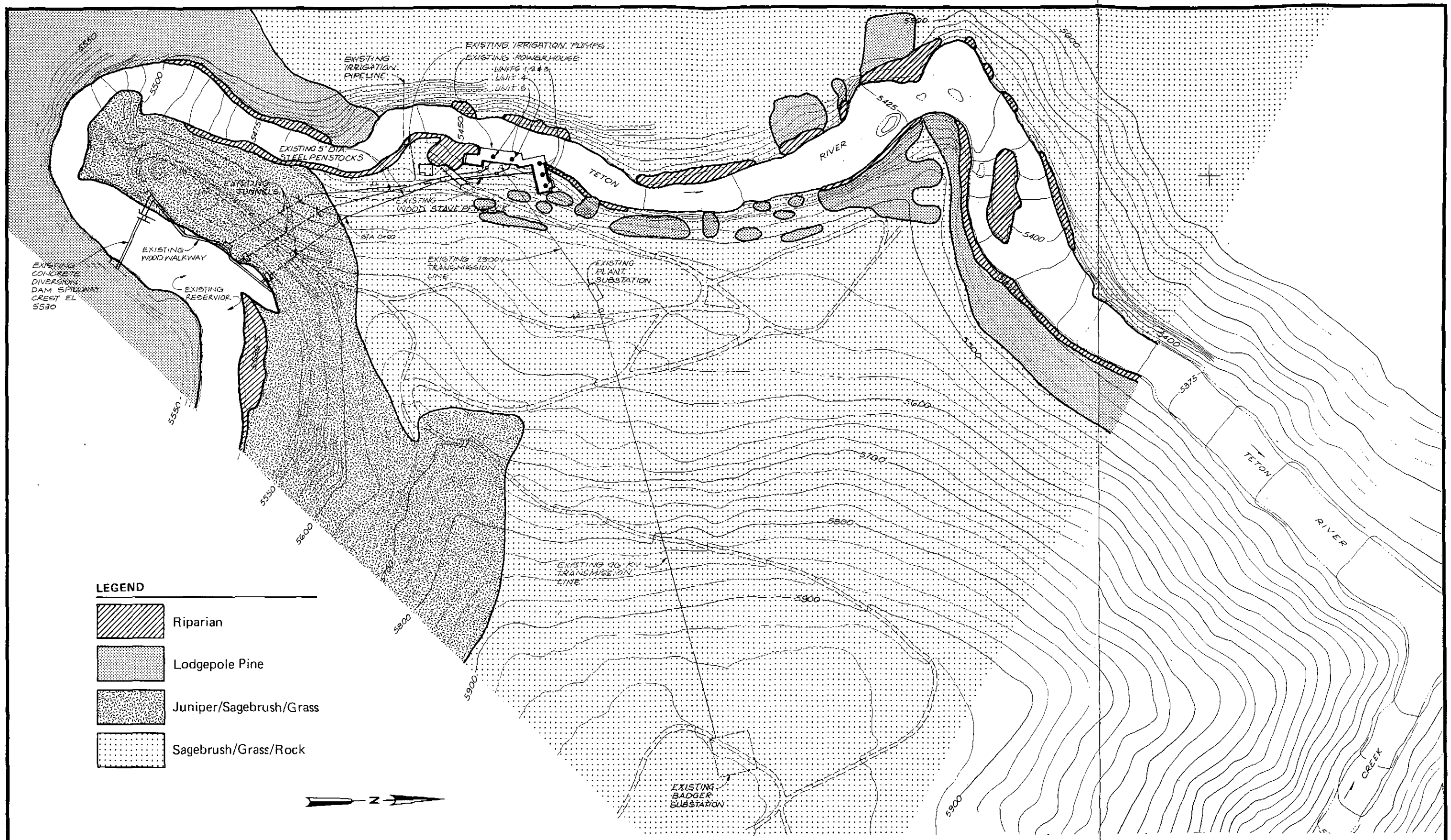


FIGURE E-4

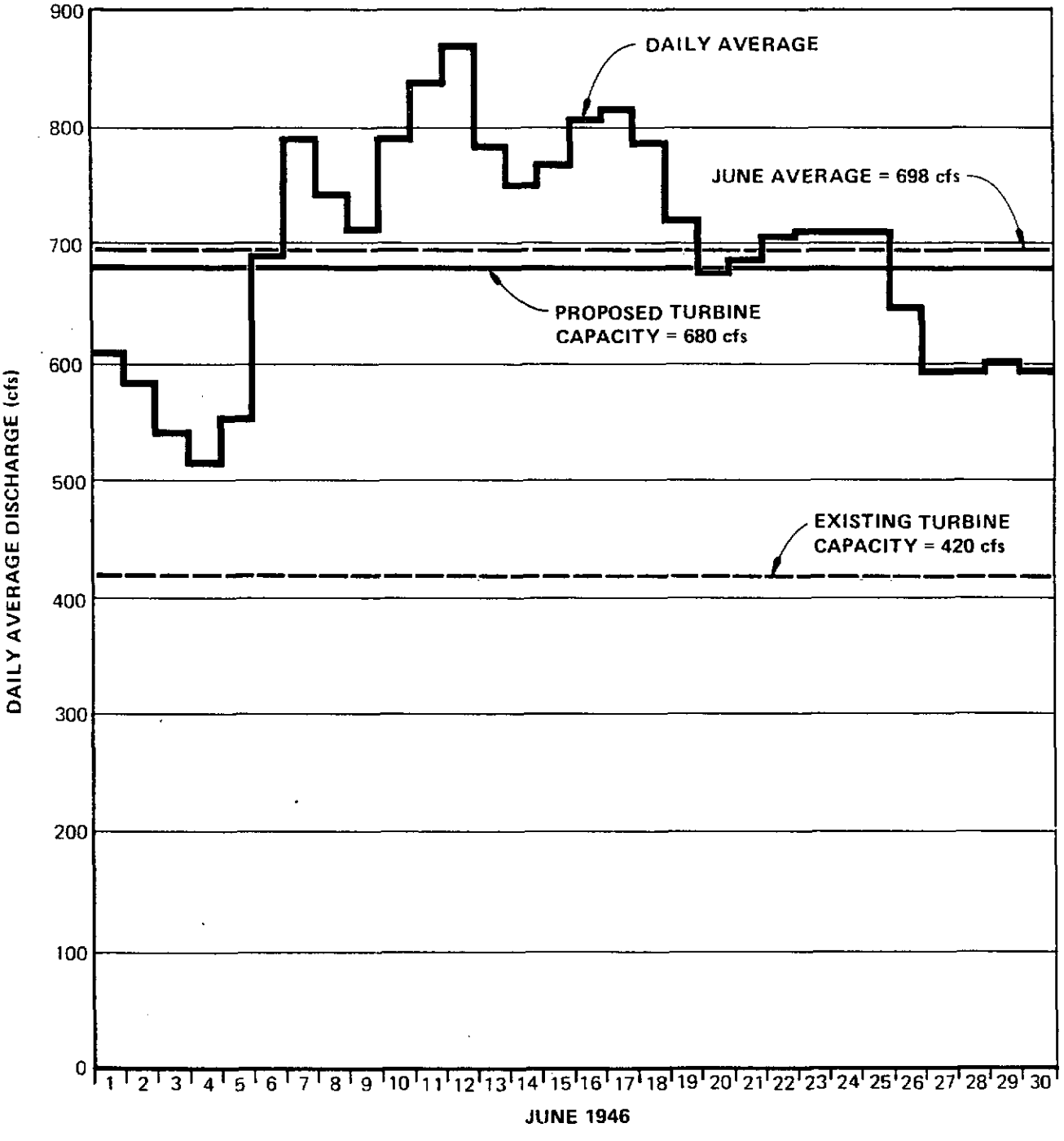
FELT HYDROELECTRIC PROJECT
VEGETATION COVER TYPES

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

5089-4



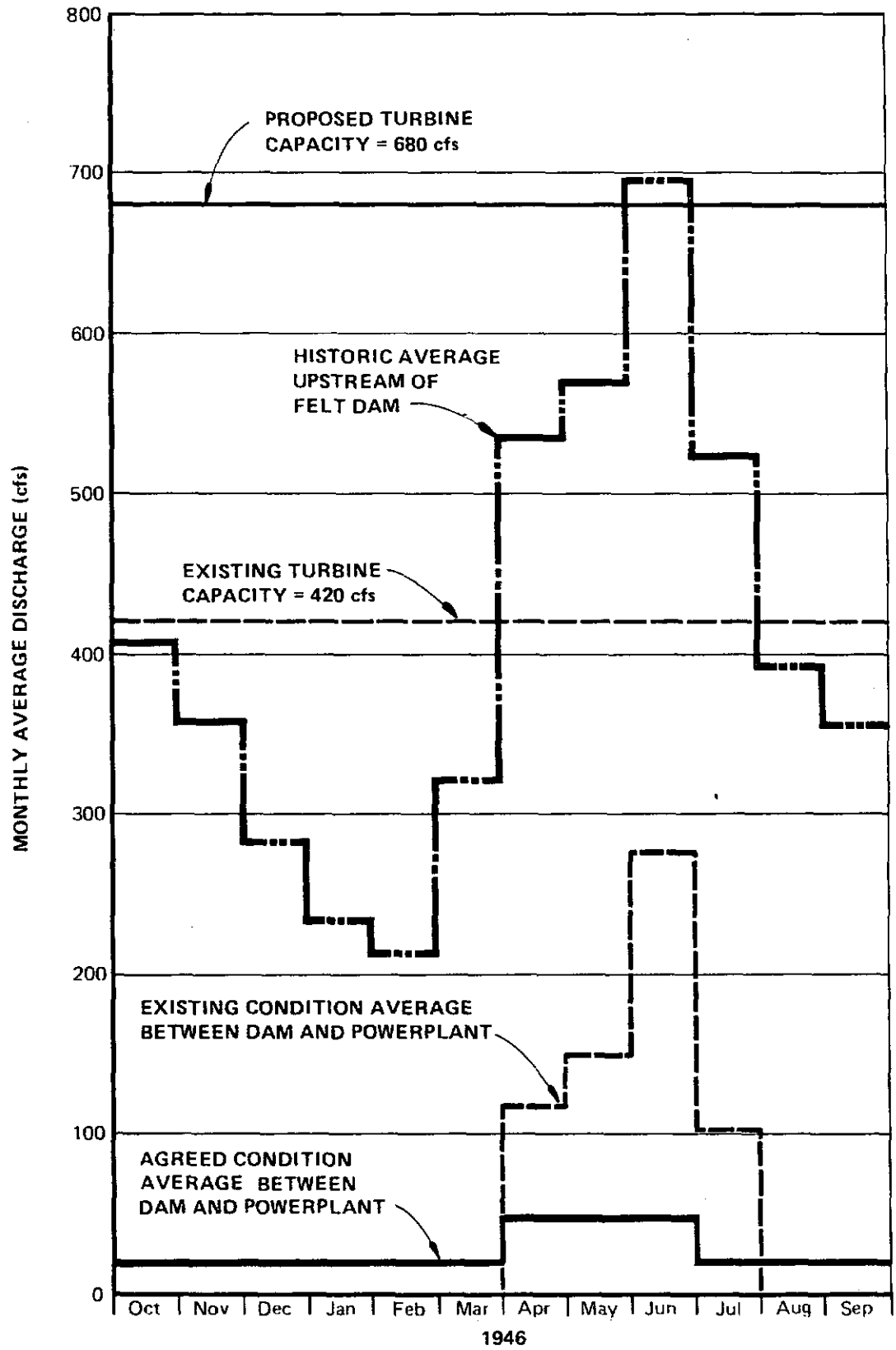
DATA SOURCE: U.S.G.S. Gage 13054000, Teton River Near Tetonia, Idaho

FIGURE E-5

DAILY DISCHARGE IN THE FELT HYDROELECTRIC PROJECT AREA DURING JUNE FOR THE AVERAGE WATER YEAR 1946

FELT LICENSE APPLICATION

B14404.L0



DATA SOURCE:
U.S.G.S. Gage 13054000, Teton River Near Tetonia, Idaho

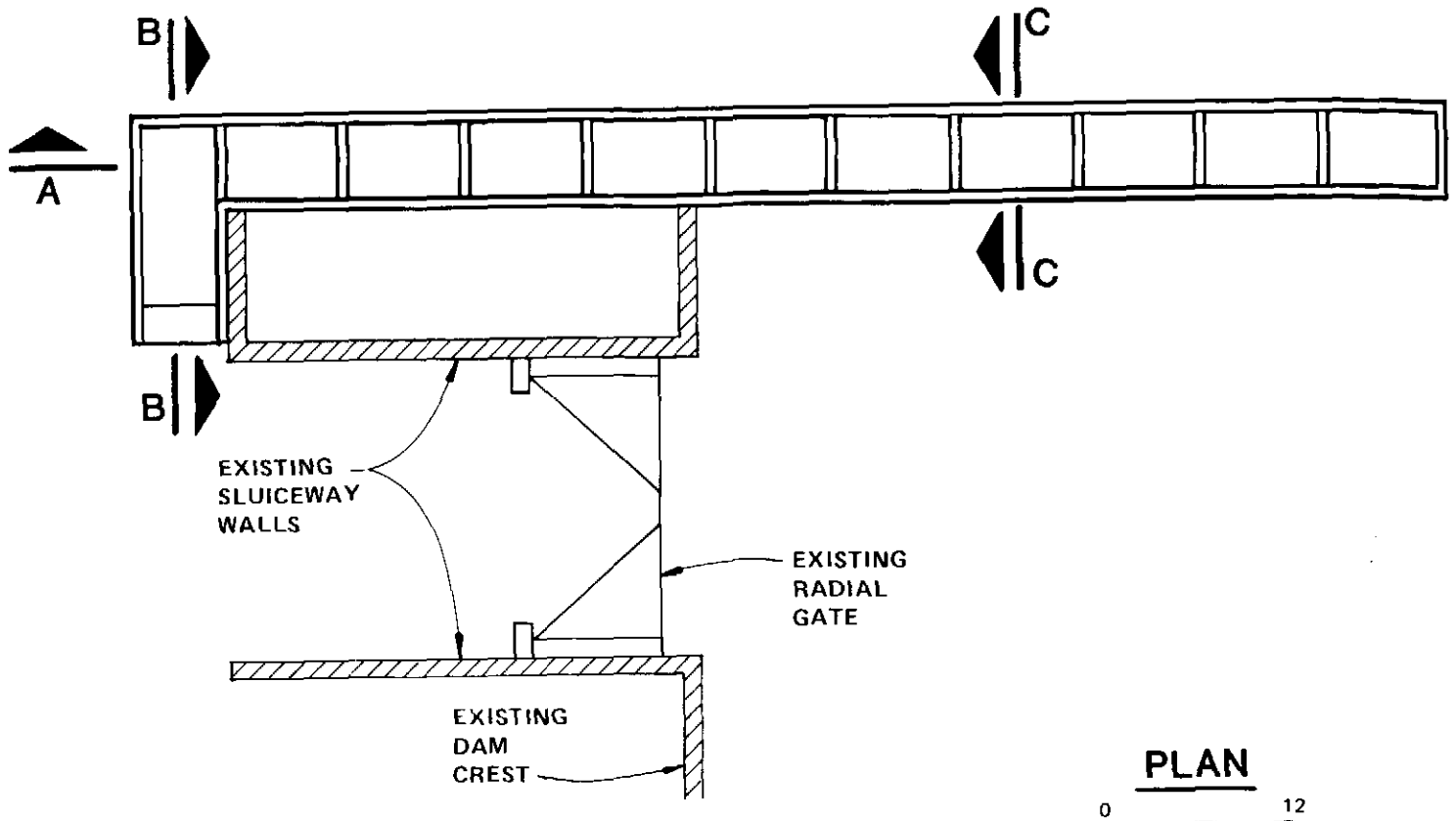
FIGURE E-6

MONTHLY DISCHARGE IN THE FELT HYDROELECTRIC PROJECT AREA DURING THE AVERAGE WATER YEAR 1946

FELT LICENSE APPLICATION

CH2M HILL

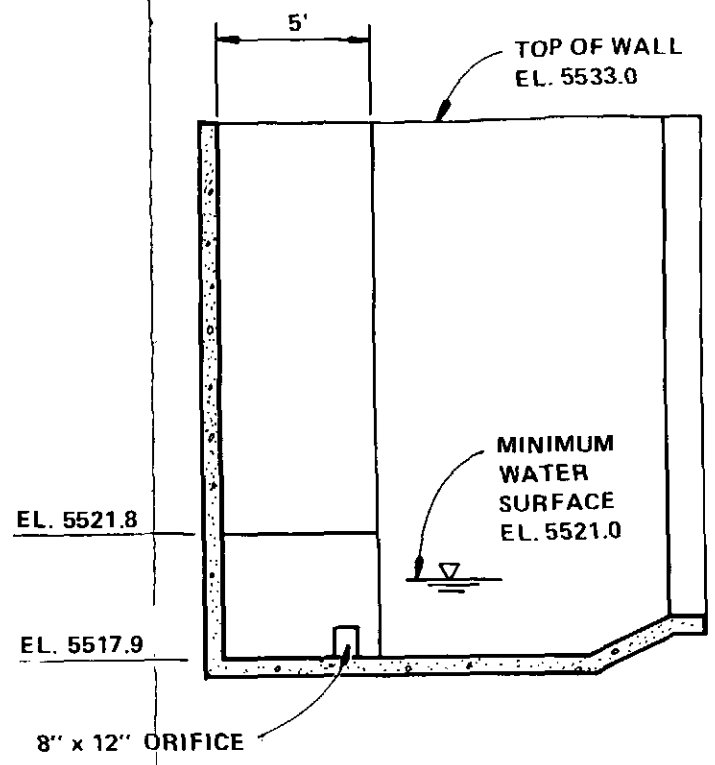
B14404.L0



PLAN

0 12

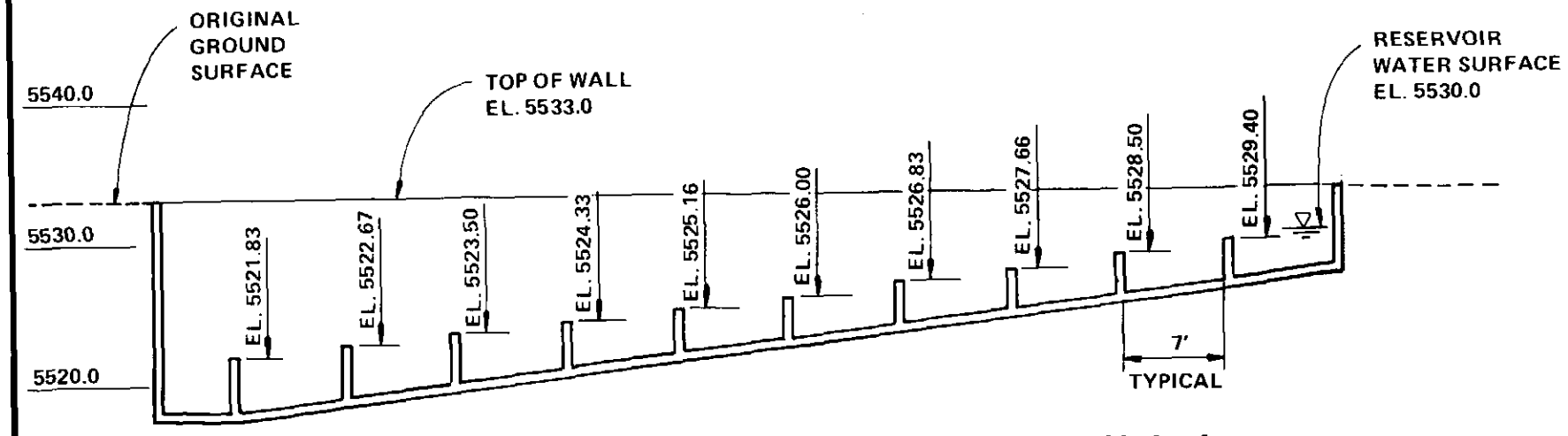
SCALE IN FEET



SECTION B-B

0 5

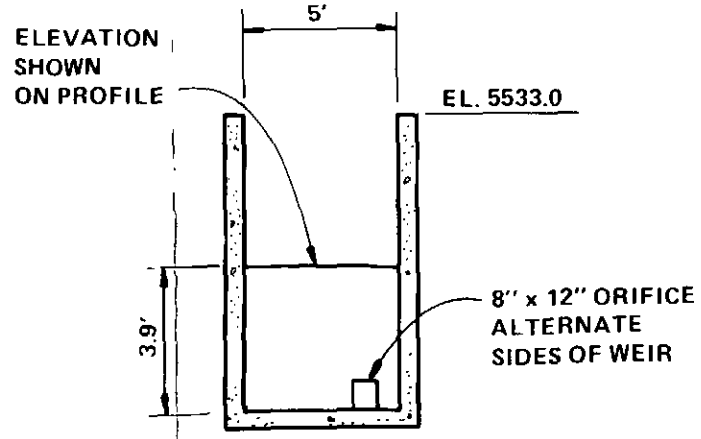
SCALE IN FEET



SECTION A-A

0 12

SCALE IN FEET



SECTION C-C

0 5

SCALE IN FEET

FIGURE E-7

FISHWAY

FELT LICENSE APPLICATION

CH2M HILL

B14404.L0

5089-10

EXHIBIT E
APPENDIX

Correspondence

LETTER DISTRIBUTION BY AGENCY

Mr. Doug James
Code 150
Bureau of Reclamation
P.O. Box 043
550 West Fort Street
Boise, Idaho 83724

Mr. Bill Scribner
Idaho Department of
State Lands
State House
Boise, Idaho 83720

Dr. Thomas Green
State Archeologist
Idaho State Historical
Society
610 Julia Davis Drive
Boise, Idaho 83706

Mr. Gerard Bentyrn
National Park Service
Westin Building
2001 6th Avenue
Seattle, Washington 98104

Mr. Todd Graeff
Idaho Department of Parks
and Recreation
State House Mail
2177 Warm Springs Avenue
Boise, Idaho 83720

Mr. Larry Koenig
Idaho Department of Health
and Welfare
State House
Boise, Idaho 83720

Mr. James Baggs
Idaho Department of
Water Resources
State House
Boise, Idaho 83720

Mr. Dennis Buechler
Ecological Services
U.S. Fish and Wildlife Service
4620 Overland Road - Room 209
Boise, Idaho 83705

Mr. Monte Richards
Chief, Program Coordination
Idaho Department of Fish
and Game
P.O. Box 25
Boise, Idaho 83707

Mr. O'Dell Frandsen
District Manager
Bureau of Land Management
940 Lincoln Road
Idaho Falls, Idaho 83401

Mr. Steve Smart
District Conservationist
Soil Conservation Service
P.O. Box 87
Driggs, Idaho 83422

Mr. Dan Lethan
Teton County
Planning and Zoning Commission
Driggs, Idaho 83422

STATE OF IDAHO

DEPARTMENT OF FISH AND GAME 600 SO. WALNUT ST. – P. O. BOX 25
BOISE, IDAHO 83707

COPY

February 16, 1982

Fall River Rural Electric Cooperative, Inc.
Box 617
Ashton, ID 83420

Gentlemen:

The Idaho Department of Fish and Game concurs in the attached agreement.

Sincerely,

Jerry M. Conley
Director

Attachment

cc: Paul Otter

(2 vii) Agreement on Fishery Issues between IDFG and Fall River

During discussions between IDFG and Fall River it became apparent that additional information was needed in order to avoid a possible impass over the question of minimum flow requirements in the river between the dam and powerplant.

Consequently Fall River suggested a field trip during which they would regulate the river flow at the diversion dam so all concerned could examine the river at several stages. The trip would have to occur during February before the spring flows exceed the existing turbine capacity so all flow could be diverted through the powerplant. IDFG welcomed the suggestion and the trip took place on February 9, 1982. Four representatives from IDFG attended as did one representative from the U.S. Fish and Wildlife Service.

The demonstration was conducted as follows:

A. The preceding night Fall River shut down the powerplant and spilled all the river flow (approximately 260 cfs) in order to wash the accumulated snow out of the channel and provide the best view of river conditions.

B. Before the demonstration began Fall River restarted the plant and resumed diverting all flow through the plant; so at the beginning flow through the dam was negligible.

C. IDFG deployed their personnel along the river at critical points.

D. The sluice gate was opened a measured amount to release 10 cfs and sufficient time was allowed for the flow to stabilize throughout the reach. After all observers were satisfied, the flow was increased and the process repeated. Observations were made at discharges of 0, 10, 20, 30, 50 and 100 cfs.

The experiment was totally successful and concluded with agreement between Fall River and IDFG on all major points of dispute. Terms of the agreement are as follows:

1. Fall River will construct a fish ladder capable of operating with flow in the range of 10 to 20 cfs. IDFG will furnish design criteria and review the design of the ladder.

2. The minimum flow release from the dam will be 20 cfs except for 3 months each year during the period of cutthroat trout spawning migration when the minimum flow release will be 50 cfs. One of the 3 months of 50 cfs minimum flow will be June which is normally the highest flow month. The 50 cfs flow may not be required throughout all the 3 months to provide for upstream fish passage. IDFG will conduct studies to more closely identify the time frame in the spring during which the cutthroat trout spawning migration takes place.

3. Fall River will pay IDFG a lump sum to provide for mitigation of turbine mortality. IDFG will make estimates of the expected mortality and amount of mitigation.

4. IDFG will break up a few large boulders in the channel to facilitate fish passage. This work will be funded by Fall River.

5. The public will be allowed to walk down the power-plant access road for fishing or other recreational purposes; however the road will not be suitable for public vehicle traffic. Fall River will provide a parking area near the Badger Substation.

ç. Fish screens at the penstock intakes will not be required.

With the conclusion of the above agreement, all environmental issues have now been resolved and no known opposition to the project remains. IDFG has agreed to provide a letter for inclusion in this application which will verify their agreement.

FALL RIVER
Rural Electric Cooperative, Inc.

714 Main Street • Ashton, Idaho 83420 • (208) 652-7431

RECEIVED
DEC 16 1981
CH2M HILL
BOISE

December 15, 1981

Mr. Al Murrey
Chief, Bureau of Water Quality
Statehouse
Boise, Idaho 83720

Dear Mr. Murrey:

Fall River Rural Electric Cooperative, Inc. proposes to rehabilitate the Felt Dam Hydroelectric Project on the Teton River. In order to obtain a license from the Federal Energy Regulatory Commission (FERC) a water quality certificate is needed. We hereby request that a water quality certificate, pursuant to Section 401 of the Federal Water Pollution Control Act, be issued by your agency for the Felt Dam Hydroelectric Project.

A copy of the FERC license application will be forwarded to you. The application will contain an assessment of existing water qualities, potential project impacts, and proposed mitigation measures as part of the Exhibit "E", Environmental Report. We do not anticipate any water quality impacts that would preclude issuance of the certificate.

If you have any questions or need further information, please contact me.

Sincerely,

C L Dawsey

C. L. Dawsey,
Manager of Engineering

CLD/lp
cc: Paul Otter,
CH2M Hill - Boise, Idaho

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

RECEIVED
DEC 15 1981
CH2M HILL
BOISE

December 11, 1981

Mr. Thomas W. Haislip, Jr.
CH2M-Hill
700 Clearwater Lane
P.O. Box 8748
Boise, Idaho 83707

Dear Mr. Haislip:

This is to inform you that we have received your request for comments on: a) Eagle Rock Hydroelectric Project, and b) Felt Hydroelectric Project.

The projects are being reviewed and we will send our comments to you in the near future.

Sincerely,

Murland R. Packer, Chief
Project Studies Bureau

MRP:mb

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. James Baggs
Idaho Department of Water
Resources
State House
Boise, Idaho 83720

Dear Jim:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

P. O. Box 87
Driggs, Idaho
83422

RECEIVED
NOV 25 1981
CH2M HILL
BOISE

November 23, 1981

Fall River Rural Electric Cooperative, Inc.
P. O. Box 617
Ashton, Idaho 83250

Attention: Mr. Calvin Wickham

The Soil Conservation Service appreciates this opportunity to review and comment on the proposed Felt Hydroelectric Project.

The soils in the proposed project area are the Swanner extremely stony loam series. Slopes range from 60-80 percent. The erosion hazard on these soils is classified as very severe. The soils are very shallow over bedrock.

Disturbing the existing surface conditions may accelerate the on-site erosion, and impact water quality. A simple broadcast seeding of adapted sod-forming grasses would help stabilize slopes prone to erode. Such slopes may include cutbanks along roadways, etc.

We would be happy to assist you with on-site investigations and recommendations for erosion control, upon request.

Sincerely,

Steve Smart

Steve Smart,
District Conservationist

cc: Mark Hill, CH2M Hill
700 Clearwater Lane
P. O. Box 8748
Boise, Idaho 83707

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Steve Smart
District Conservationist
Soil Conservation Service
P.O. Box 87
Driggs, Idaho 83422

Dear Mr. Smart:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

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If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

IDAHO DEPARTMENT of PARKS & RECREATION

Statehouse Mail, 2177 Warm Springs Ave., Boise, Idaho 83720 (208) 334-2154

Dale R. Christiansen, Director
Robert L. Meinen, Deputy Director

John V. Evans, Governor

RECEIVED
DEC
CH2M HILL
BOISE

December 1, 1981

Mr. Calvin Wickham
Fall River Rural Electric
Cooperative, Inc.
P.O. Box 617
Ashton, ID 83250

Dear Mr. Wickham:

As required by the FERC licensing procedures, CH2M Hill has asked us to express any concerns which we may have with the proposed rehabilitation of the existing facilities at the Felt Dam. We do not anticipate that this project will have a significant effect on recreational opportunities on the Teton River. We have no other substantive comments to make at this time.

Sincerely,

DALE R. CHRISTIANSEN
DIRECTOR

Todd Graeff
State Trails Coordinator

TG/eh
cc: Mark T. Hill

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Todd Graeff
Idaho Department of Parks
and Recreation
State House Mall
2177 Warm Springs Avenue
Boise, Idaho 83720

Dear Mr. Graeff:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

RECEIVED
NOV 13 1981
CH2M HILL
BOISE

STATE OF IDAHO

DEPARTMENT OF LANDS
STATEHOUSE, BOISE, IDAHO 83720
GORDON C. TROMBLEY
DIRECTOR

STATE BOARD OF LAND COMMISSIONERS
JOHN V. EVANS
GOVERNOR AND PRESIDENT
PETE T. CENARRUSA
SECRETARY OF STATE
DAVID H. LEROY
ATTORNEY GENERAL
JOE R. WILLIAMS
STATE AUDITOR
JERRY L. EVANS
SUP'T OF PUBLIC INSTRUCTION

November 12, 1981

Mr. Calvin Wickham
P.O. Box 617
Ashton, ID 83250

Dear Mr. Wickham:

The Teton River is not navigable and adjacent State lands have been sold. The enclosed plat shows the ownership status of surface and subsurface rights.

Easements in favor of Fall River Electric are shown as they were platted from the easement documents. Additional easements will have to be acquired from the surface owners. The Department of Lands has no objection to the project.

Very truly yours,

William A. Scribner

WILLIAM A. SCRIBNER, Chief
Bureau of Navigable Waters

WAS:bv
Encl.

cc: Mark T. Hill ✓

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Bill Scribner
Idaho Department of
State Lands
State House
Boise, Idaho 83720

Dear Mr. Scribner:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

United States Department of the Interior
BUREAU OF RECLAMATION
~~WATER AND POWER RESOURCES SERVICE~~
PACIFIC NORTHWEST REGION
FEDERAL BUILDING & U.S. COURTHOUSE
BOX 043-550 WEST FORT STREET
BOISE, IDAHO 83724

IN REPLY REFER TO: PN 150
772.

DEC 2 1981

Mr. Calvin Wickham
Fall River Rural Electric Cooperative, Inc.
P.O. Box 617
Ashton, Idaho 83250

Dear Mr. Wickham:

We have reviewed the preliminary material provided us concerning your application to FERC for a license to construct the proposed Felt Hydroelectric Generating Project on the Teton River near Tetonia, Idaho.

We understand this site is within the take line of the proposed Teton Reservoir, but above the proposed water surface. The land in and around the original powerplant was purchased for the Teton Project for big game mitigation. Also, it would appear the extension of the penstock, the new powerplant, and the proposed transmission line are outside that area covered in the original easement agreement. Five maps are enclosed to aid you in locating affected lands.

There has been interest in the possibility of rebuilding Teton Dam. The Bureau is in the process of determining what, if any, Federal action should be taken in regards to such a project. The proposed Felt project should be designed so as not to interfere with Teton Dam operations should it eventually be rebuilt at its original height.

Thank you for the opportunity to review these materials. Please let us know if we can provide further information concerning our interests in your proposed project.

Sincerely yours,

Regional Director

Enclosures
1. 7½ minute quadrangle of proposed project area showing location of original powerplant.
2. Bureau documents numbered 549-147-203, 241, and 242 - Teton Reservoir Right-of-way Maps
3. Aerial photo copy of damsite.

cc: Mark T. Hill, CH2M-Hill, Boise, Idaho (w/copy of enclosures)

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Doug James
Code 150
Bureau of Reclamation
P.O. Box 043
550 West Fort Street
Boise, Idaho 83724

Dear Mr. James:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

IN REPLY REFER TO

2800

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Idaho Falls District
940 Lincoln Road
Idaho Falls, Idaho 83401-2196

RECEIVED
NOV 20 1981
CH2M HILL
BOISE

NOV 18 1981

Mr. Calvin Wickham
Fall River Rural Electric Coop., Inc.
P. O. Box 617
Ashton, ID 83450

Dear Mr. Wickham:

We have reviewed the material submitted to us by Mark T. Hill concerning Fall River's proposals for Felt Dam. The description of the proposal appears to be very thorough and complete.

At the present time, we feel that consultation with the affected agencies has been adequate. We have no specific concerns or recommended mitigating measures regarding the project. We do recommend, however, that coordination and consultation between Fall River and Idaho Department of Fish and Game continue throughout the process. The major impacts to this proposal will probably be to the native fisheries of the Teton River and Fish and Game is the responsible agency for protecting this resource.

During the Right-of-Way application process for constructing the new facilities, BLM will have ample opportunity to mitigate any potential problems. Therefore, we have no additional comments at the present time.

Thank you for the opportunity to comment on the proposal.

Sincerely,

O'dell A. Frandsen
District Manager

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. O'Dell Frandsen
District Manager
Bureau of Land Management
940 Lincoln Road
Idaho Falls, Idaho 83401

Dear Mr. Frandsen:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

STATE OF IDAHO

DEPARTMENT OF HEALTH AND WELFARE

DIVISION OF ENVIRONMENT
Statehouse
Boise, Idaho 83720

November 19, 1981

RECEIVED
NOV 23 1981
CH2M HILL BOISE

Fall River Rural Electric Cooperative, Inc.
Box 617
Ashton, Idaho 83250

Attention: Mr. Calvin Wickham

REFERENCE TO: Proposed Felt Hydroelectric Project - Teton River

Gentlemen:

We have reviewed the material submitted by CH_2M Hill which outlines a proposal for the Felt Hydroelectric Generating Project on the Teton River. Our comments and concerns at this time are as follows:

1. Figures 2 and 3 are referred to repeatedly, but were not included in the material.
2. The mapping included is inadequate and of poor quality, i.e., all the points of reference such as Badger Creek should be labeled. Location and vicinity maps should precede the site map.
3. A Plan of Operation should be prepared for the period from now to the end of construction. Preparation of the Plan of Operation must be considered during design.
4. How is wastewater from the facility to be disposed of?
5. How are construction impacts to be minimized?
6. How is the impoundment to act as a settling basin if it is already full of sediment?
7. What monitoring program is anticipated to maintain water quality?

We understand that this is in the very preliminary stage of development and that many of our concerns or comments would routinely be addressed at subsequent stages of development.

Sincerely,

Larry L. Koenig

Larry L. Koenig, Manager
Source Control Section

chh
cc: Mark T. Hill - CH_2M Hill
Don Kramer, IDHW

EQUAL OPPORTUNITY EMPLOYER

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Larry Koenig
Idaho Department of Health
and Welfare
State House
Boise, Idaho 83720

Dear Larry:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

STATE OF IDAHO

DEPARTMENT OF FISH AND GAME

REGION 6
1515 LINCOLN ROAD
IDAHO FALLS, IDAHO 83401

June 19, 1981

Mr. C. L. Dawsey
Manager of Engineering
Fall River Rural Electric Cooperative, Inc.
714 Main Street
Ashton, Idaho 83420

Dear Mr. Dawsey: Re: Teton River, Felt Power Plant

Please excuse the delay in answering your letter dated May 18, 1981.

Although there appears to be an adequate minimum flow between the Felt Dam and the powerhouse outlet resulting from seepage under the dam, we are concerned that dam repairs and grouting could, in the future, dry up this portion of the stream.

For this reason, we are recommending a maintenance flow of 20 cfs to prevent fish losses in this reach of stream.

Sincerely,

Tom Reinecker
Regional Supervisor
Region 6

EQUAL OPPORTUNITY EMPLOYER

FALL RIVER
Rural Electric Cooperative, Inc.

RECEIVED
SEP 10 1981
CH2M HILL
BOISE

714 MAIN STREET • ASHTON, IDAHO 83420 • 208—652-7431

June 29, 1981

Mr. Tom Reinecker,
Regional Supervisor
Region 6
1515 Lincoln Road
Idaho Falls, Idaho 83401

Re: Teton River, Felt Power Plant

Dear Mr. Reinecker,

Upon reviewing your letter dated June 19,1981, Fall River Rural Electric Cooperative, Inc. finds no problem in maintaining the 20 cfs minimum flow, that you have requested.

We hope that our concurrence with the 20 cfs minimum flow would clear up your concerns toward this project and if so, that you might withdraw your protest with the Water Resources Board.

If you have further questions or additional concerns please feel free to give us a call.

Sincerely,

C. L. Dawsey (L.P.)

C. L. Dawsey,
Manager of Engineering

CLD/lp
cc:

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

January 12, 1982

Mr. Thomas W. Haislip, Jr.
Environmental Project Manager
CH2M-Hill
P. O. Box 8748
Boise, ID 83707

Dear Mr. Haislip:

RE: Felt Hydro Gen Project

We have made a preliminary review of the referenced project from the information contained in the Phase I Feasibility Report for the Felt Project and have the following comments:

- Department records show the following existing water rights diverted in the NWNE, Sec. 29, T. 7N, R. 44E. for power purposes:

  a. Decreed right 22-0606 in the amount of 80 cfs with priority of October 1, 1921.

  b. Licensed right 22-2123 in the amount of 70 cfs with priority of November 17, 1936.

  c. Licensed right 22-2126 in the amount of 150 cfs with priority of February 2, 1946.

- The department has received application for water right permit No. 22-7351 from Fall River Rural Electric Cooperative, Inc. The applicant proposes to divert 300 cfs of water from the Teton River for power production purposes at a point in SWNW, Sec. 29, T. 7N, R. 44E.

If the existing rights in the amount of 300 cfs and water under application 22-7351 are to be diverted at the same point, either an amendment or transfer must be filed with Department of Water Resources to make the points of diversion consistent. Other changes in the proposed project relative to the use of water may require the filing of amendments or transfers.

While the department is not opposed to the release of certain minimum flows past the project for fishery and other purposes, the release required by FERC is not binding upon IDWR in its consideration of future appropriations since the Water Resource Board is the only entity in Idaho authorized to apply for and hold minimum stream flows.

Construction of new dams or modification of existing dams which may affect the size or safety of a dam will require submittal of plans and specifications to the Idaho Department of Water Resources for review and approval.

These are preliminary comments and may be supplemented upon a more detailed review by department staff.

Please let us know if we can be of further assistance.

Sincerely,

A. KENNETH DUNN
Director

AKD:alw

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Dr. Thomas Green
State Archaeologist
Idaho State Historical Society
610 Julia Davis Drive
Boise, Idaho 83706

Dear Dr. Green:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

IDAHO STATE HISTORICAL SOCIETY
610 NORTH JULIA DAVIS DRIVE BOISE. 83706

STATE MUSEUM

November 23, 1981

Mr. Calvin Wickham
P. O. Box 617
Ashton, ID 83250

Dear Mr. Wickham:

RE: Felt Hydroelectric Project

We received information on the Felt Hydroelectric Generating Project on the Teton River. Last March, Mark Hill at CH2M-Hill contacted us about the project. At that time he stated new turbines would be installed at the Felt Dam but no other construction would occur. We commented that such work would not effect archaeological or historic sites.

The proposal we received this November indicates a new penstock and powerhouse will be built. After careful review of the proposal, the topographic situation of the project, and our records of archaeological and historic sites, we believe this project will have no effect on significant cultural resources. We recommend no further archaeological work be concluded.

Sincerely,

Thomas J. Green
State Archaeologist
State Historic Preservation Office

TJG/kmh

IDAHO DEPARTMENT OF FISH AND GAME
600 South Walnut • Box 25
Boise • Idaho • 83707

January 5, 1982

Mr. Calvin Wickham
Fall River Rural Electric Cooperative, Inc.
P. O. Box 617
Ashton, ID 83250

Re: Felt Hydroelectric Generating Project. Teton River, Idaho. Fall River Rural Electric Cooperative, Inc.

Dear Mr. Wickham:

This is in response to a CH2M-Hill letter of November 5, 1981, requesting review of material and forwarding of preliminary comments concerning the referenced project.

Based on the project description it does not appear there would be serious impacts on wildlife resources. This would not necessarily be true, however, for fishery resources.

There is a significant fishery in the Teton River, both above and below the project. Our concerns for the fishery include a minimum flow in the stream between diversion and return flow and the potential for reestablishing upstream fish passage over this historical block to upstream migration.

It is our understanding the applicant will propose 20 cfs as a minimum flow. Our Department has approved this flow for the existing project and short stream section involved. A proposed flow of 20 cfs would not be adequate for the proposed project with the greatly increased length of stream affected.

Minimum stream flow studies in the Teton River have been conducted by our Department and a minimum flow of approximately 106 cfs arrived at for the project area. We would propose this as a minimum flow unless additional information demonstrates that a lesser flow would adequately protect the fishery resource.

The feasibility of reestablishing upstream fish passage past the project dam is currently being investigated by our Department. Final recommendations for passage will be made upon the completion of these investigations.

The project description pointed out that the inlet diversion will be adequately screened to prevent entrance of fish. We are assuming that reasonable fisherman access would be provided.

We will be happy to continue working with you on this proposed project to resolve remaining problems concerning fish and wildlife resources.

Sincerely,

Jerry M. Conley
Director

cc: USFWS (Buechler)
Region 6
Bur. Fisheries

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Monte Richards
Chief, Program Coordination
Idaho Department of Fish
and Game
P.O. Box 25
Boise, Idaho 83707

Dear Monte:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Gerard Bentyrn
National Park Service
Westin Building
2001 6th Avenue
Seattle, Washington 98104

Dear Mr. Bentyrn:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Dan Lethan
Teton County
Planning and Zoning Commission
Driggs, Idaho 83422

Dear Mr. Lethan:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

CH2M HILL
engineers
planners
economists
scientists

November 4, 1981

B14404.L0.00

Mr. Dennis Buechler
Ecological Services
U.S. Fish and Wildlife Service
4620 Overland Road - Room 209
Boise, Idaho 83705

Dear Dennis:

Fall River Rural Electric Cooperative, Inc. is in the process of preparing a license application to be submitted to the Federal Energy Regulatory Commission (FERC) for the Felt Hydroelectric Generating Project on the Teton River. FERC regulations require the applicant to consult with Federal, state, and local resource and managerial authorities concerning land use, recreation, and visual resources that may be affected by the proposed project. A letter(s) is required from the agencies consulted, outlining the extent and adequacy of the consultation, concerns regarding the project, and recommended mitigation measures.

On behalf of Fall River Rural Electric, we request that you review the material enclosed and submit a letter to Fall River Rural Electric Cooperative, Inc., Attention: Mr. Calvin Wickham, P.O. Box 617, Ashton, Idaho 83250 with appropriate comments by November 25, 1981. Please send a copy to me so it can be attached to the FERC application.

If I can provide you with further information, please contact our office.

Sincrely,

M. T. Hill

Mark T. Hill

F375-A

Enclosures

Boise Office
700 Clearwater Lane, P.O. Box 8748, Boise, Idaho 83707 208/345-5310

RECEIVED
NOV 24 1981
CH2M HILL
BOISE

ECOLOGICAL SERVICES
4620 Overland Road, Room 209
Boise, Idaho 83705

November 23, 1981

Fall River Rural Electric Cooperative, Inc.
Attn: Mr. Calvin Wickham
P. O. Box 617
Ashton, Idaho 83250

Dear Mr. Wickham:

This references the CH2M Hill letter of November 5, 1981 that requested the U. S. Fish and Wildlife Service review the Felt Hydroelectric Generating Project on the Teton River in Teton County, Idaho with forwarding comments to you.

Basically, the proposed project will consist of (1) constructing a new power plant approximately 1400 feet downstream from the existing plant; (2) an 8-foot-diameter penstock 1200 feet long; (3) a combined two-vertical turbine generators with a total output of 5.8 megawatts; and (4) an unidentified type and length of transmission line extending to the Badger substation.

As identified from Idaho Department of Fish and Game census data (Jeppson 1980), the Teton River (project area) supports a very important fishery comprised of rainbow trout, cutthroat trout, hybrid trout, brook trout, and mountain whitefish. According to the Jeppson study, the estimated 1980 annual trout harvest from the Highway 33 Bridge downstream to Teton Dam was 20,316 fish, while the trout and mountain whitefish catches upstream and downstream of the Felt Dam area approximated 3150 fish. The importance of this stream was documented when IDFG classified the Teton River as a "Blue Ribbon stream" in 1968.

The Teton River, at project site, flows approximately 413 cubic feet per second (cfs). The U. S. Fish and Wildlife Service funded an Instream Flow Study which resulted in an Idaho Department of Fish and Game publication - (Tim Cochnauer and Ed Buettner - 1978) "Streamflow Investigation - Stream Resource Maintenance Flows As Determined On Idaho Streams." This study set a flow recommendation for that section of the Teton River from Highway 33 Bridge to Bitch Creek at 106 cfs. Felt Dam lies between these two points.

Based on the importance of the stream fisheries, the aquatic habitat and riparian values, our Service will recommend that the identified stream resource maintenance flows of 106 cfs be incorporated into project operations for the Felt Dam Hydroproject. To facilitate the movement of and prevent mortality of fish, a fish ladder and screening devices will also be recommended for installation.

The above measures should adequately offset the losses which will occur through flow reductions resulting from project construction and operations on the Teton River.

We appreciate being advised of the proposed Felt Dam Hydropower project and the opportunity to provide these early planning comments for attachment to your FERC application.

Sincerely yours,

Dennis G. Buechler
Field Supervisor

cc: CH2M Hill, Boise
(Attn: Mark Hill)
IDF&G, Headquarters, Boise
IDF&G, Region 6, Idaho Falls
(Attn: Virgil Moore)

DLewis:las

United States Department of the Interior
BUREAU OF RECLAMATION
~~WATER AND POWER RESOURCES SERVICE~~
PACIFIC NORTHWEST REGION
FEDERAL BUILDING & U.S. COURTHOUSE
BOX 043-550 WEST FORT STREET
BOISE, IDAHO 83724

RECEIVED
MAY 24 1982
CH2M HILL
BOISE

IN REPLY REFER TO: PN 460
772.

MAY 21 1982

Mr. Charles L. Dawsey
Manager of Engineering
Fall River Rural Electric Coop, Inc.
714 Main Street
Ashton, Idaho 83420

Dear Mr. Dawsey:

We have reviewed the application for FERC licensing of your proposed Felt Hydroelectric Project (FERC No. 5089) which was submitted by letter dated May 7, 1982, from CH2M Hill.

It appears that the proposed project would not interfere with the operation of our Teton Dam and Reservoir should they be rebuilt to the original elevation and we have no objection to the construction of the project.

However, since the proposed project would be built on land which was acquired by the Bureau of Reclamation for big-game mitigation in connection with our Teton Project, we anticipate that we will be significantly involved. We, therefore, request that we be given the opportunity to provide information on our involvement for use in the NEPA compliance document and that we also have the opportunity to review the document prior to finalization. Please advise as to when our input will be required.

We also have the following general comments on your application:

Land Ownership

There are many references in the application to Fall River land. This is misleading since fee title to all land involved is held by the United States. Fall River's interest is in the form of an easement.

Endangered Species

There is no indication that consultation has taken place with the Fish and Wildlife Service regarding the Endangered Species Act.

Recreation

You should accommodate existing recreation use in the area by developing minimum sanitary facilities, controlled parking, and signage directing use.

Sincerely Yours,

NEIL GROSSMAN

Acting Regional Director

cc: Mr. Paul Otter
CH2M Hill
700 Clearwater Lane
Boise, Idaho 83707

Commissioner, Washington, D.C.
Attention: 720

EXHIBIT F

General Design Drawings

EXHIBIT F - GENERAL DESIGN DRAWINGS

FOUNDATION EXPLORATION

Purpose and Scope

This foundation investigation was made to determine subsurface conditions at the project site, define pertinent engineering properties of subsurface materials encountered, and provide recommendations for design and construction of foundations and related earthwork. The investigation included exploratory drilling and sampling to determine subsurface conditions and engineering analyses of those conditions.

Proposed Construction

After reviewing the topography and site conditions along the penstock and, in particular, at the proposed powerhouse, the powerhouse was located upstream about 1,200 feet from the confluence of Badger Creek. The proposed locations of the penstock and powerhouse are shown on the Exhibit F drawings.

The proposed penstock, an 8-foot-diameter welded steel pipe, will connect to the existing penstocks and will be located as shown on the drawings. The major portion of the penstock will be located beside an access road and/or on a relatively flat-lying bench downstream from the existing plant. The last 200 feet of the penstock will be located on a steep (1.2 horizontal to 1.0 vertical) slope. The penstock will be buried for most of the route.

Site Description

The site is located in Eastern Idaho, about 5 miles west of the town of Felt. The existing site and proposed powerhouse site are located in a deep canyon incised by the Teton River. There is about 500 feet of relief from the canyon rim to the river level.

The slopes along the canyon range from 35- to 40-foot-high vertical cliffs to occasional relatively flat-lying benches. Most of the slopes vary from 1:1 (1 horizontal to 1 vertical) to 1.5:1.

Vegetation in the area consists of grasses and sagebrush. The steeper slopes are forested with heavy stands of pine and scattered clusters of aspen.

Limitations

The conclusions and recommendations submitted in this report are based in part upon the data obtained from the five borings. The nature and extent of variations of subsurface conditions between the borings may not become evident until construction. If variations then appear evident, reevaluation of these recommendations will be necessary. In the event that any changes in the nature, design, or location of the penstock and powerhouse are made, the conclusions and recommendations contained in this report will require modification or verification.

Regional Geology

The site lies near the northern extremity of the Upper Teton Basin. The basin forms a wide depression between the Teton and Big Hole Mountain Ranges on its east and west, respectively. These mountains contain a varied assemblage of sedimentary and igneous rocks ranging in age from pre-Cambrian to Tertiary, whereas exposed rock in the basin itself is limited to late Tertiary and younger volcanic rocks.

After the initial uplift of the Grand Teton and Big Hole Mountain Ranges, rhyolitic rock in the form of massive lava flows spread out across the lowlands and onto the slopes of these mountains. These flows were tilted by a later uplift, resulting in the Teton River cutting a deep, steep-walled canyon into the rock.

During the period of downcutting by the Teton River, Eastern Idaho became the scene of much volcanic activity when basalts were poured out upon existing lowlands. In the upper basin, basalts of presumably local origin spilled across the rhyolitic surface, filling low-lying areas and overlapping some higher areas. Since that time, wind-blown deposits have covered most of the rhyolite and basalt surface to varying depths. The rivers and streams have continued to cut channels into or through the basalt.

Two Quaternary age thrust faults have been mapped in the area of the project. One fault is located in the river bottom near the proposed power plant site and the other is shown further to the east, part way up the canyon (Protska and Hackman, 1974).

Subsurface Exploration

The subsurface exploration, conducted in September and October 1981, consisted of five borings. Boring depths ranged from 20 to 40 feet below the ground surface. Locations of the borings, the boring logs, and boring log legend are shown on Sheet 4. CH2M HILL subcontracted the drilling to Robert P. Jones, Inc., of Boise who used a skid-mounted Chicago Pneumatic CP-8 rotary drill. The driller performed his work under the supervision of CH2M HILL personnel.

Soils were visually inspected, classified, and logged in the field by CH2M HILL personnel. Samples were taken from all borings.

Drilling through the overburden required a tricone roller bit, casing the hole to prevent caving, and circulating water in the hole to remove cuttings.

Subsurface Conditions

The general subsurface profile consists of a colluvial silty clay and clayey silt with gravel and boulders overlying a rhyolitic, welded, ash flow tuff.

The silty clay and clayey silt were generally dark brown and moist. Rock fragments were both basaltic and rhyolitic in composition and ranged in size from gravel to boulders 3 and 4 feet in diameter. These soils appeared to be colluvial soils deposited from the weathering and deposition of soils farther up the slope.

The welded tuff was encountered in three of the five borings at depths ranging from 12.5 to 25 feet. The tuff, as observed in the outcrops along the Teton River, was more or less massive with horizontal and vertical joints. The joint openings were generally tight; however, in some areas open joints were observed.

The rock present in the borings has been described as a rhyolitic, welded, ash flow tuff (Mitchell and Bennett, 1979). It is a gray, moderately hard, and moderately weathered rock which is rhyolitic in composition. It was formed from an ash flow deposit which was welded together by the intense heat of the flow. The rock contains macroscopic quartz crystals and compressed lenticular voids which have subsequently been infilled with secondary minerals. These voids are fairly pervasive and are moderately to severely weathered. The rock appears to break along these features. It is likely that in areas this material can be excavated with a ripper.

No ground water was encountered in any of the borings.

Excavations

For the most part, excavations in the overburden soils may be accomplished using conventional earthmoving equipment. Some large boulders may require drilling and blasting to reduce them to an excavatable size. Cut slopes for excavations shallower than 5 feet deep may be cut vertically. We recommend excavating cut slopes at 2:1 or flatter for excavations deeper than 5 feet unless shoring or other slope-stabilizing precautions are taken. We anticipate excavations in the rhyolitic rock will require ripping or drilling and blasting.

Foundations

Foundations for structures or penstock supports founded in the overburden should be designed using an allowable bearing capacity of 2,000 pounds per square foot (psf). Footings should be founded a minimum of 4 feet below finish grade for protection from frost heave.

Backfill

Onsite soils are suitable for backfill around the penstock. Rock larger than 4 inches in diameter should be removed to reduce the potential for damaging the pipe.

Power Plant Site

Drilling the power plant site will require construction of an expensive road down the extremely steep hill. This road will be required for project construction and will be designed during the project design phase. Consequently, it was decided to delay drilling the power plant site until ownership of the land is obtained and the road can be partially constructed. Any alternative such as lifting the drill with a helicopter would involve unnecessary expense.

STABILITY AND STRESS ANALYSES

The stability and stress analyses for all major structures under all probable loading conditions, including seismic and hydrostatic forces, will be completed during the design phase. The major structures include the powerhouse and penstock. The following design criteria will be used for the concrete structures:

1. Material Specifications and Strengths

Structural concrete shall attain a 28-day field-cure strength of 3,000 pounds per square inch (psi). High-strength and prestressed concrete shall attain a 28-day strength of 5,000 psi.

Reinforcing steel will conform to American Concrete Institute's (ACI) "Building Code Requirements for Reinforced Concrete" 318-77, and American Society for Testing and Materials (ASTM) A615, A616, or A617.

Structural steel shapes and plates shall conform to ASTM A36.

2. Design References Will Include:

a. Corps of Engineers Engineering Manual (EM) 1110-2-3001, "Planning and Design of Hydroelectric Power Plant Structures."

b. U.S. Bureau of Reclamation, Design Standard (D.S.) No. 9, "Buildings."

c. International Conference of Building Officials 1979 Uniform Building Code (UBC).

d. University of Idaho "Snow Loads for Structures in Idaho."

e. Corps of Engineers EMs 1110-2-2607 and 1110-2-2200, and Engineering Technical Letters (ETL) 1110-2-184 and 1110-2-221.

3. Design Loads

a. Dead loads will be taken as the actual weight of the structures, equipment, or material being supported.

b. General live loads will be as noted:

Hatches	500 psf
Stairs and ladders	100 psf
Exterior walkways	100 psf
General floor loads	500 psf

Equipment loads will be based on the operating weight of the equipment as supplied by the equipment manufacturer.

c. Hydrostatic loads will have a density of 62.5 pounds per cubic foot (pcf). Hydrostatic pressure over the entire surface area of the appropriate structures will be applied under full head. Uplift will be based on full hydraulic head and be compatible with drainage provisions and tailwater. The Westergaard formula will be used for lateral hydrodynamic forces.

d. The basis for application of the seismic loading will be the Corps of Engineers EM 1110-2-3001. Based on "Maximum Probable Earthquake on Bedrock in the State of Idaho" by Roger W. Greensfelder, 1976, the coefficient of seismic probability will be taken as 0.10. Also, TM 5-809-10/NAVFAC shows Eastern Idaho as Zone 3, Major Damage, with a coefficient of 0.10. Water pressure from earthquake action will be applied in accordance with EM 1110-2-2220.

e. Wind pressure will be applied where appropriate as per the 1979 UBC, with wind force as supplied by the local building officials.

f. Snow loading will be in accordance with the local building officials and "Snow Loads for Structures in Idaho" by the University of Idaho.

4. Stability

a. Analysis of dams, spillways, and retaining and training walls will conform to COE EM 1110-2-2200, EM 1110-2-3001, and ETL 1110-2-184. The net force result shall fall within the middle third of the base for normal loading, and within the base for earthquake loading. Foundation pressures and shear stresses along the base must be within allowable limits, which will be determined after the foundation investigation has been completed.

b. Seismic analyses will be performed for flotation, sliding, overturning, and shear friction for forces due to hydrostatic, flooding, and backfill loads, including seismic effects.

c. Factors of safety for stability will be based on the following table, which is shown in Design Standard No. 9 for the U.S. Bureau of Reclamation.

Minimum Factor of Safety	Loading During Construction		Loading for Structure Completed and Equipment Operating	
	Normal	Extreme	Normal	Extreme
Overturning	1.3	1.0	1.5	1.0
Shear friction	2.5	2.0	3.5	2.0
Flotation	1.1	1.1	1.2	1.1
Sliding	1.5	1.5	1.5	1.5

5. Other Special Design Considerations

a. Loads due to construction conditions, dewatering, flooding, and erection.

b. Vibration of equipment.

c. Penstock and water hammer forces.

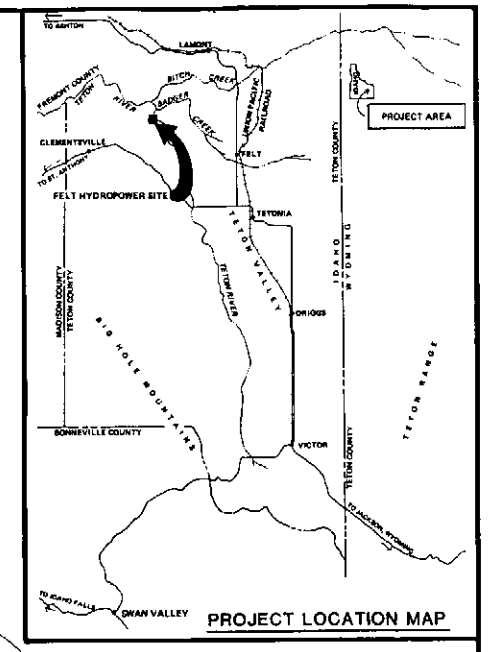
d. Loads from valve and generator operation.

e. Temperature and shrinkage forces, and stresses at expansion and control joints.

f. Construction sequencing.

g. Mobile crane and construction equipment axle loads.

EXISTING IRRIGATION PUMPS
EXISTING POWERHOUSE
EXISTING IRRIGATION PIPELINE
UNITS 1,2 & 3
UNIT 4
UNIT 5
EXISTING 5' DIA STEEL PENSTOCKS
EXISTING TUNNELS
EXISTING WOOD STAVE PENSTOCK
EXISTING WOOD WALKWAY
EXISTING CONCRETE DIVERSION DAM SPILLWAY CREST EL 5530
EXISTING RESERVOIR
EXISTING 2300V TRANSMISSION LINE
EXISTING PLANT SUBSTATION
PROPOSED POWERPLANT ACCESS ROAD
PROPOSED 8' DIA PENSTOCK
PROPOSED POWER PLANT
STAKED LINE
EXCAVATED TAILRACE
EXISTING 46 KV TRANSMISSION LINE
PROPOSED 46 KV TRANSMISSION LINE
EXST ACCESS ROAD
PROPOSED ACCESS ROAD
PROPOSED PROJECT CONSTRUCTION STAGING AREA AND EVENTUAL SPORTSMAN ACCESS PARKING
EXISTING BADGER SUBSTA.
END OF PUBLIC ROAD
TETON RIVER
TETON
RIVER
TETON R.
CREEK
STA 0+00
STA 4+76.10
STA 8+83.84
STA 10+42.13
STA 12+62.50
STA 13+34.80
STA 14+75.50
5536.5
5550
5500
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5800
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5400
5375
5555



PROJECT LOCATION MAP

TRUE
MAGNETIC
17.9°

NO.	DATE	REVISION	BY	APD.
1	4-13-82	ACCESS ROADS AND PARKING	DNBG	BRS

EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
PROJECT LAYOUT
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

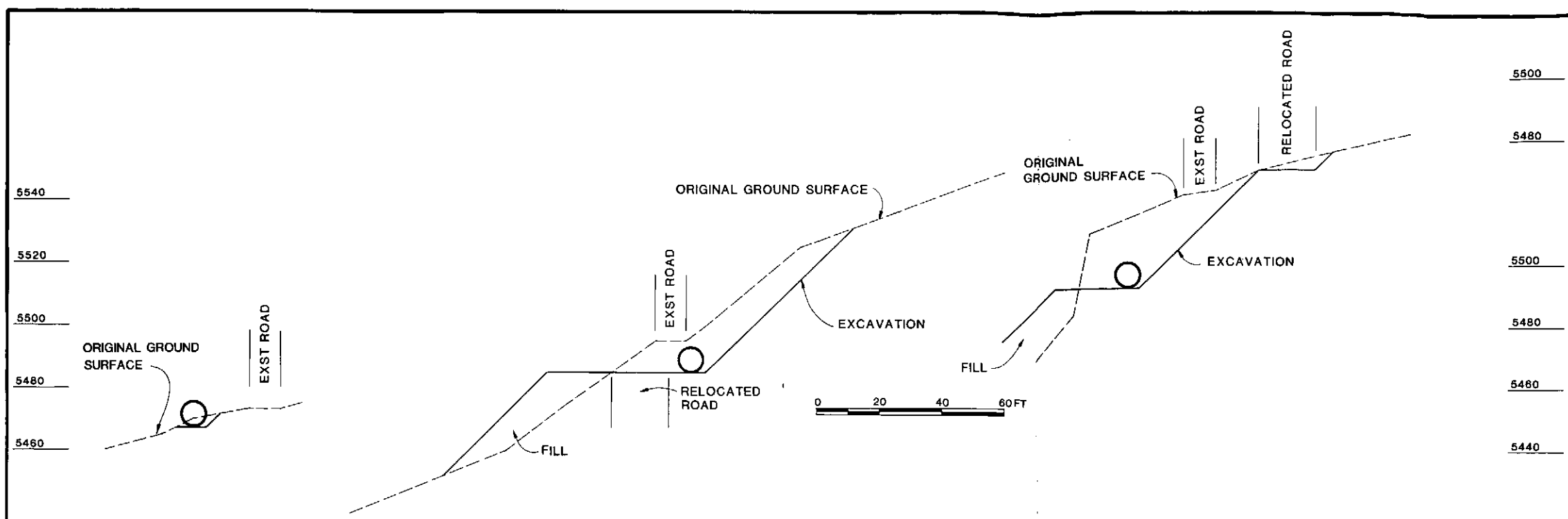
FEBRUARY 1982

0 100 200 300 FT

SHEET 1 OF 4

B14404.L0

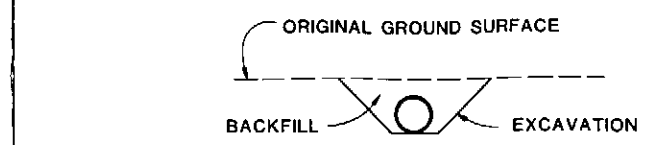
5089-5



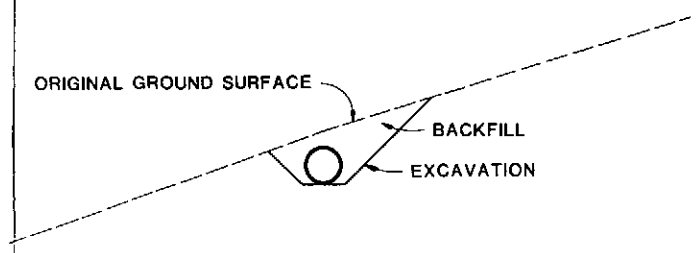
SECTION 1-1

SECTION 2-2

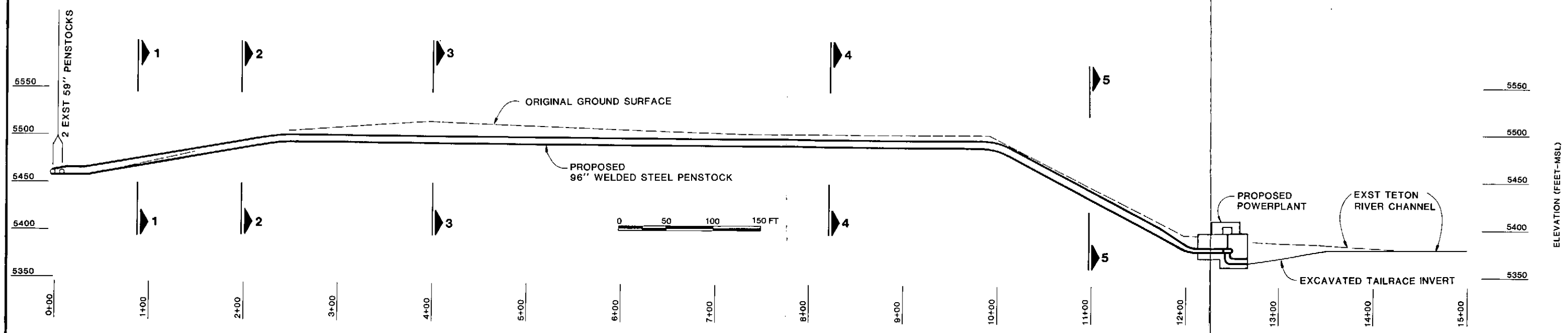
SECTION 3-3



SECTION 4-4



SECTION 5-5

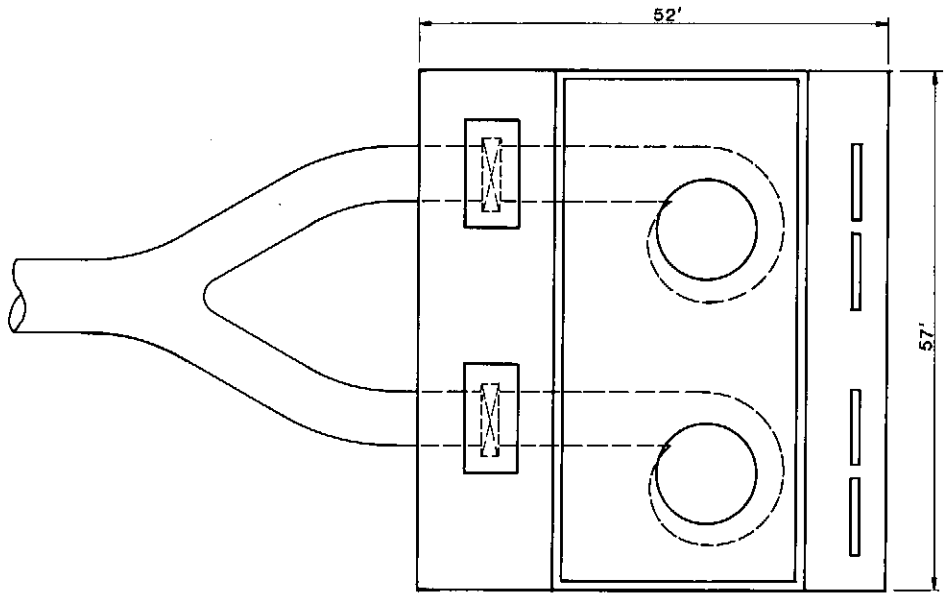


B14404.LO

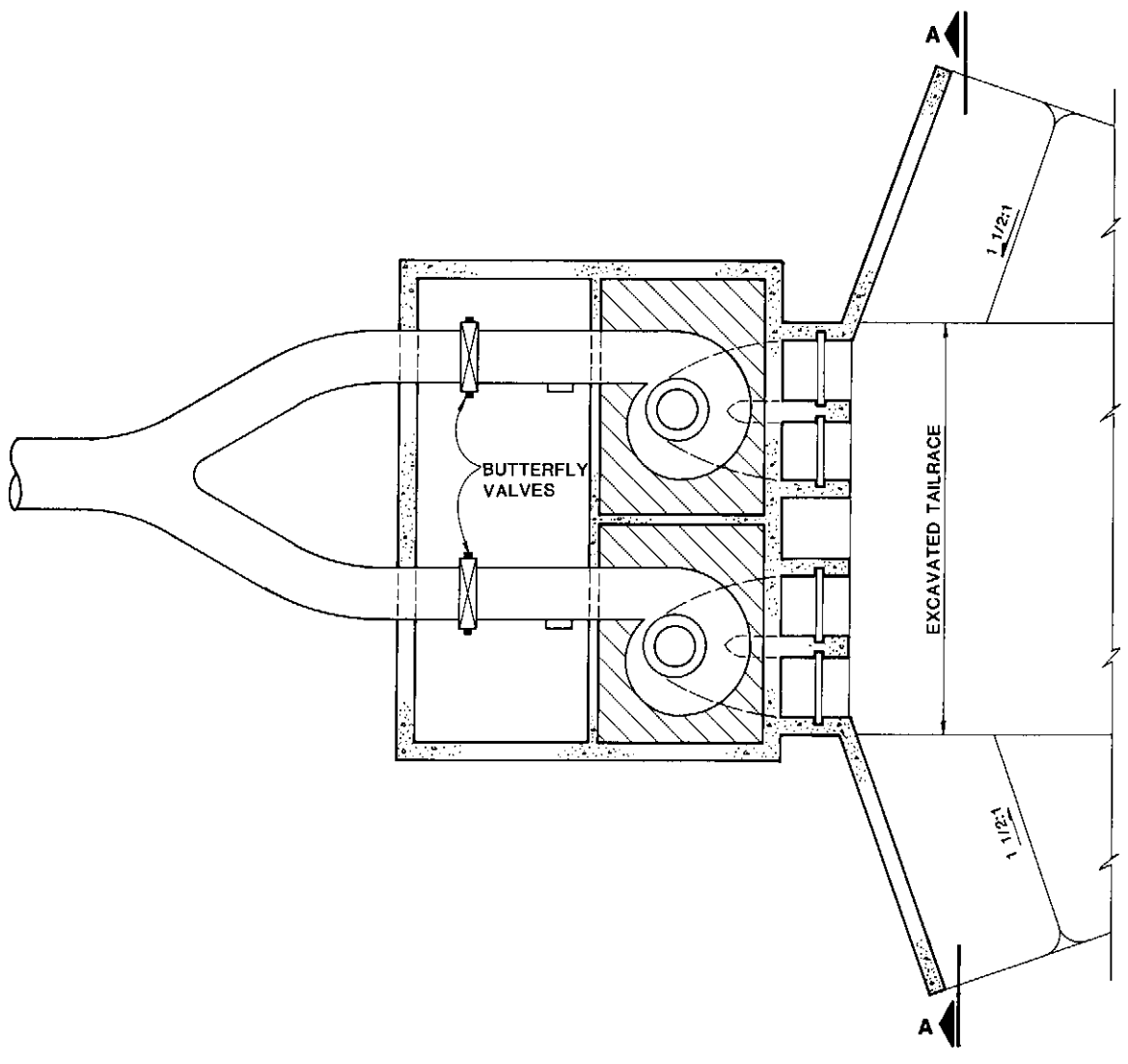
EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
PROFILE AND TYPICAL SECTIONS
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

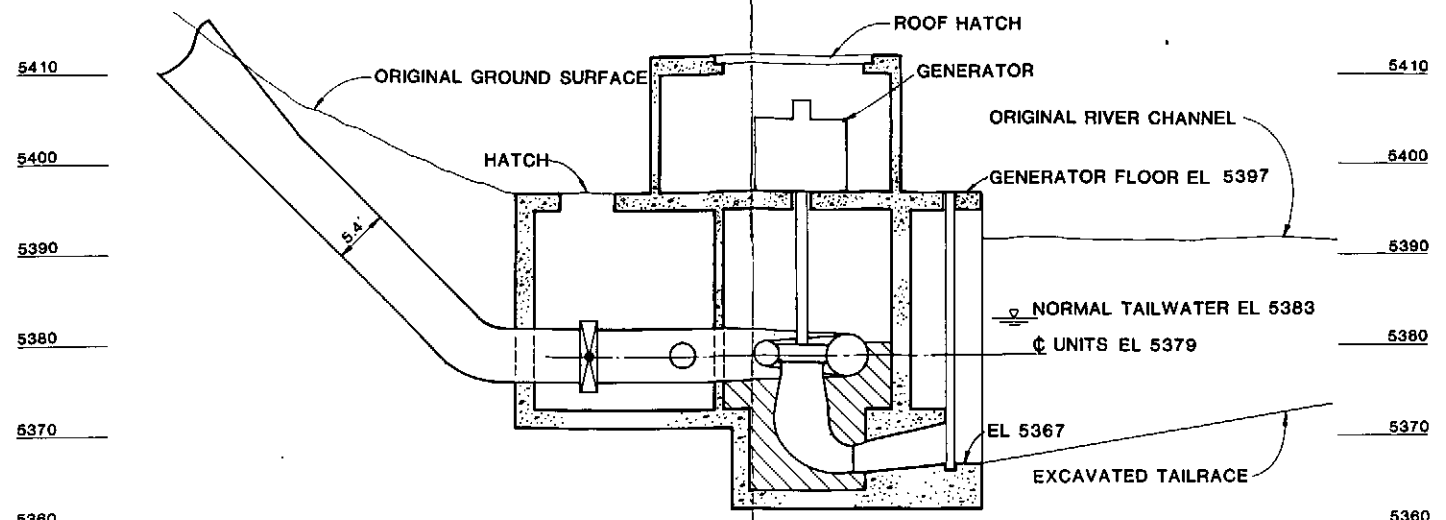
FEBRUARY 1982 SHEET 2 OF 4



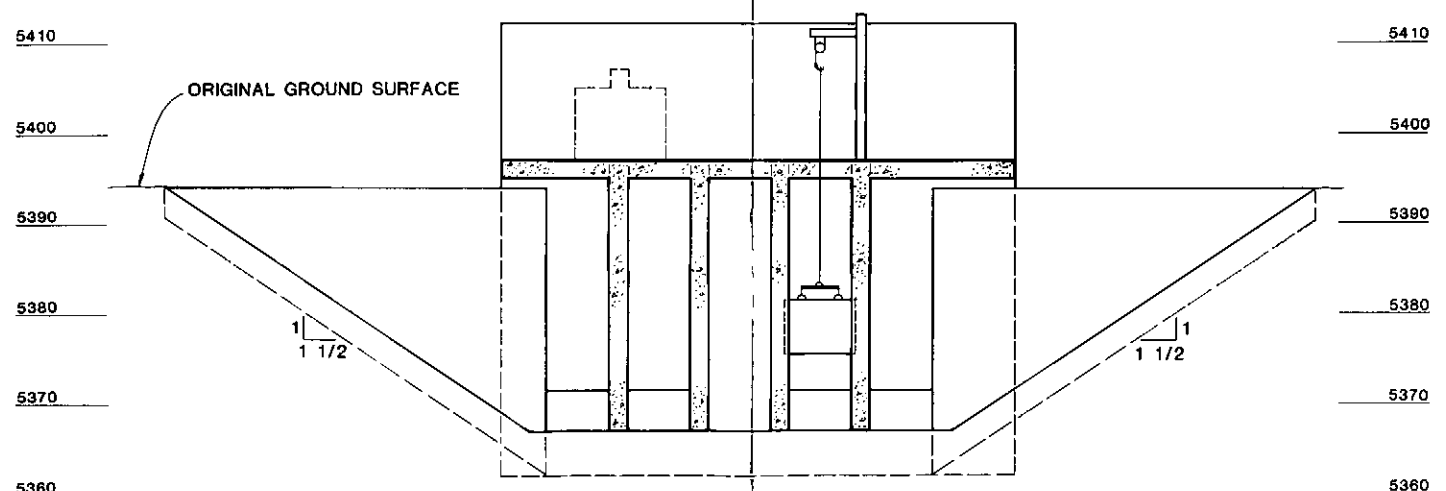
GENERATOR FLOOR PLAN AT ELEVATION 5397



CENTERLINE OF UNITS PLAN AT ELEVATION 5379



PROFILE



SECTION AA

FIRST STAGE CONCRETE

SECOND STAGE CONCRETE

EXHIBIT F

APPLICATION FOR LICENSE

GENERAL DESIGN DRAWINGS

FELT HYDROELECTRIC PROJECT

POWERPLANT PLANS AND SECTIONS

FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982 0 10 20 30 FT SHEET 3 OF 4

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5089-Z

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EXHIBIT F

APPLICATION FOR LICENSE
GENERAL DESIGN DRAWINGS
FELT HYDROELECTRIC PROJECT
BORING LOCATIONS AND LOGS
FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

FEBRUARY 1982 — 0 100 200 300 FT — SHEET 4 OF 4

BORING LOG LEGEND

BORING IDENTIFICATION

B-2

R= %
RQD= %

RECOVERY - PERCENT OF CORE RUN RECOVERED

INDIVIDUAL CORE RUN

NUMBER OF FRACTURES PER FOOT (x INDICATES HIGHLY FRACTURED OR BROKEN)

ROCK QUALITY DESIGNATION - PERCENT OF CORE RUN COMPRISED OF SOUND PIECES OF ROCK 4" OR LONGER

CLAYEY SILT AND SILTY CLAY

GRAVEL AND BOULDERS, BASALTIC OR RHYOLITIC IN COMPOSITION

WELDED ASH FLOW TUFF

BORING LOGS

DEPTH (FEET)

B-1 B-2 B-3 B-4 B-5

R=100% RQD=87%
R=100% RQD=20%
R=90% RQD=89%
R=100% RQD=69%
R=96% RQD=83%

PROJECT LOCATION MAP

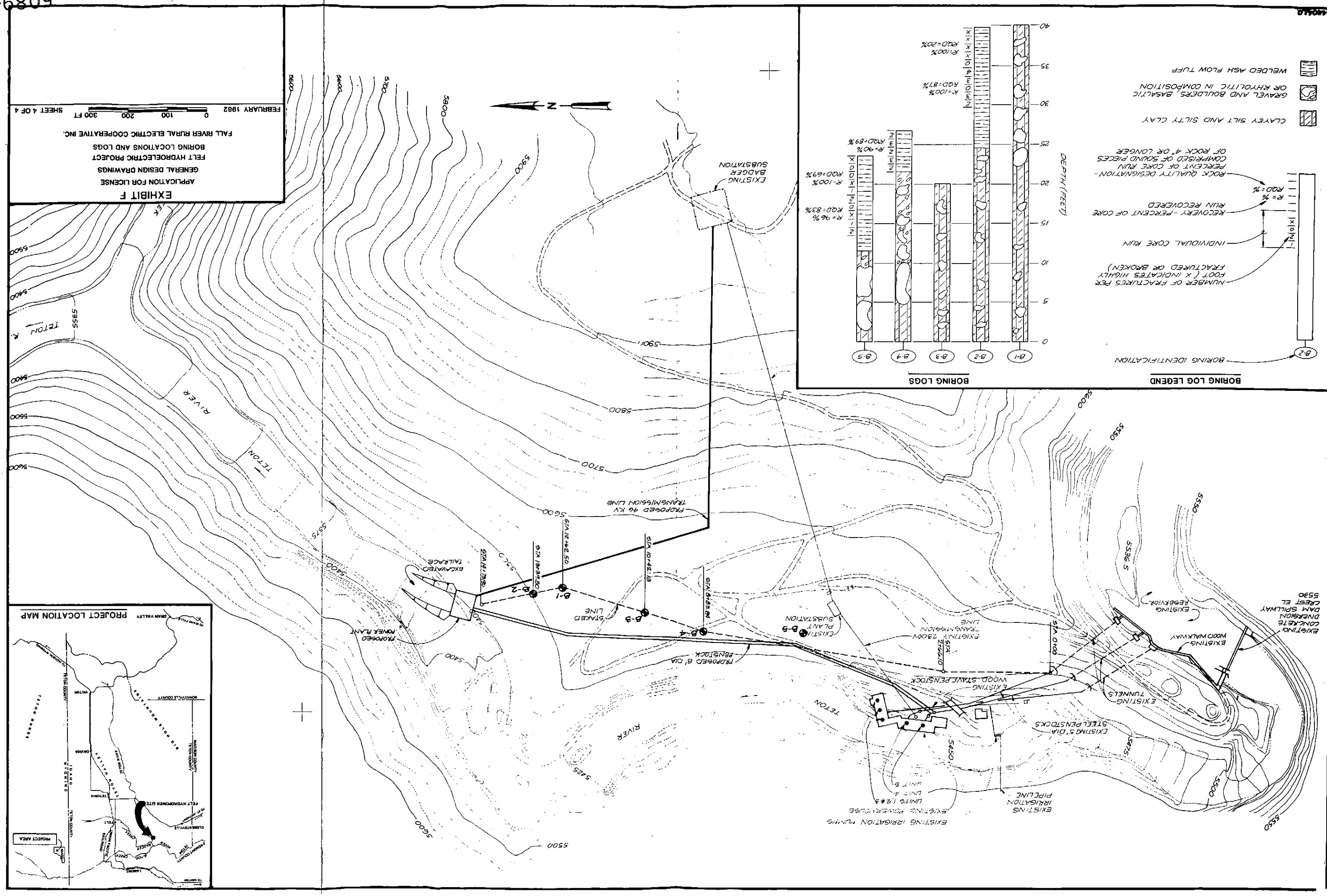


EXHIBIT G

Project Map

LAND OWNED BY FALL RIVER

EXISTING IRRIGATION PIPELINE

EXISTING IRRIGATION PUMPS

EXISTING POWERHOUSE UNITS 1 & 3 UNIT 2 UNIT 5

EXISTING 5'-0" DIA. STEEL PENSTOCK

EXISTING 3' TUNNEL

WOOD STAVE PENSTOCK

EXISTING WOOD WALKWAY

EXISTING CONCRETE DIVERSION DAM SPILLWAY CREST EL 5530

EXISTING RESERVIOR

EXISTING 2300V TRANSMISSION LINE

EXISTING PLANT SUBSTATION

EXISTING 46 KV TRANSMISSION LINE

MATCH LINE, SEE INSERT BELOW

BOUNDARY FOLLOWS 5535 FOOT CONTOUR ELEVATION

U.S. LAND

RIVER

TETON R.

CREEK

N3376.81 E3615.28

N3698.08 E3699.95

N4371.67 E3584.84

N4485 E3762

N4589 E3809

N3840 E3970

N3840 E4130

N3540 E4130

N4440 E4454

N4080 E4480

N4080 E4749

N4587 E4735

N4725 E5152 (TRUE POINT OF BEGINNING)

N4984.74 E2777.61 (1/4 CORNER)

N5226 E3609

N5462 E4061

N5378 E4118

N5602 E4170

N5079 E4214

N5547 E4424

N5000.00 E5000.00 (SECTION CORNER)

N5982 E4987

N 13° 49' 26" E 393.43'

N 04° 17' 00" W 682.85'

N 57° 15' 54" E 440.34'

N 21° 50' 57" E 111.74'

N 01° 14' 59" E 276.07'

N 28° 58' 12" W 413.87'

N 44° 01' 51" E 628.01'

S 00° 00' 00" E - 60'

S 00° 00' 00" E - 75'

S 36° 37' 35" W 254.12'

S 30° 46' 39" W 633.18'

N 04° 07' 51" W 360.94'

N 24° 09' 59" E 512.96'

S 13° 04' 09" W 289.96'

S 89° 40' 24" W 2222.24'

S 01° 34' 54" E 507.19'

S 72° 30' 35" W 441.82'

S 33° 29' 50" E 329.77'

S 18° 00' 14" E 630.89'

S 63° 28' 41" E 605.19'

N 39° 00' 00" W 2080.20'

S 17° 48' 00" E 314.03'

S 60° 10' 08" E 124.42'

5500 5600 5400 5375 5800 5900 5700 5550 5535

PROJECT LOCATION MAP

PROJECT AREA

FELT HYDROPOWER SITE

TETONIA

DRIGGS

VICTOR

TETON VALLEY

TETON RIVER

BIG HOLE MOUNTAINS

MADISON COUNTY

TETON COUNTY

BONNEVILLE COUNTY

IDAHO FALLS

TETON RANGE

TO ASHTON

TO IDAHO FALLS

SWAN VALLEY

PROJECT BOUNDARY IN VICINITY OF RESERVOIR

EXISTING DAM

MATCH LINE

BOUNDARY FOLLOWS 5535 FOOT CONTOUR ELEVATION

TRUE

MAGNETIC

17.5°

0 400 800 1200 FT.

B14404.L0

NOTE:

LANDS WITHIN THE PROJECT BOUNDARY OWNED BY THE UNITED STATES ARE UNDER JURISDICTION OF THE DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION. ALL LANDS WITHIN THE PROJECT BOUNDARY ARE OWNED BY THE UNITED STATES EXCEPT TWO PARCELS OWNED BY THE APPLICANT, FALL RIVER ELECTRIC COOPERATIVE, INC.

CURRENT LAND AREA BREAKDOWN WITHIN PROJECT BOUNDARY:

UNITED STATES	50.2 ACRES
FALL RIVER ELECTRIC COOP, INC.	4.2 ACRES

LEGEND

- LANDS OWNED BY FALL RIVER
- PROJECT BOUNDARY - LANDS TO BE OBTAINED FROM THE U.S.
- N4000 / E5000 — LOCAL PROJECT COORDINATES

NO.	DATE	REVISION	BY	APD.
1	4-13-82	PROJECT BOUNDARY REVISION	DNBG	ERS

EXHIBIT G

APPLICATION FOR LICENSE

FELT HYDROELECTRIC PROJECT

PROJECT MAP

FALL RIVER RURAL ELECTRIC COOPERATIVE INC.

0 100 200 300 FT

FEBRUARY 1982

SHEET 1 OF 1

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