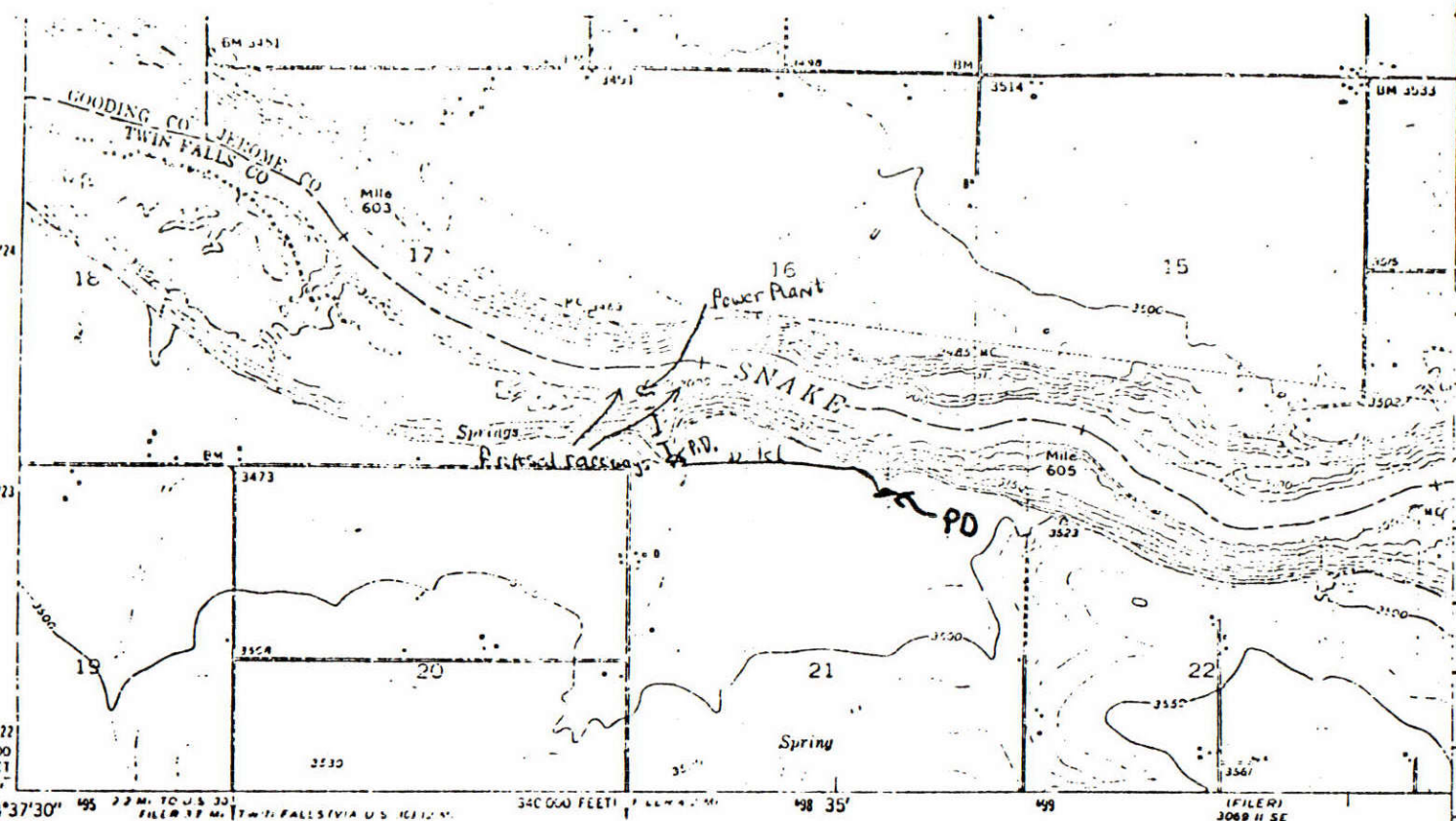


Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1946

Topography from aerial photographs by multiplex methods and by plane-table surveys 1950

Polyconic projection. 1927 North American datum

10,000-foot grid based on Idaho coordinate system, central zone

Red tint indicates area in which only landmark buildings are shown

1000-metre Universal Transverse Mercator grid ticks, zone 11, shown in blue

UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000

CONTOUR INTERVAL 10 FEET

CONTOUR INTERVAL ON RIVER SURFACE 5 FEET

NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN

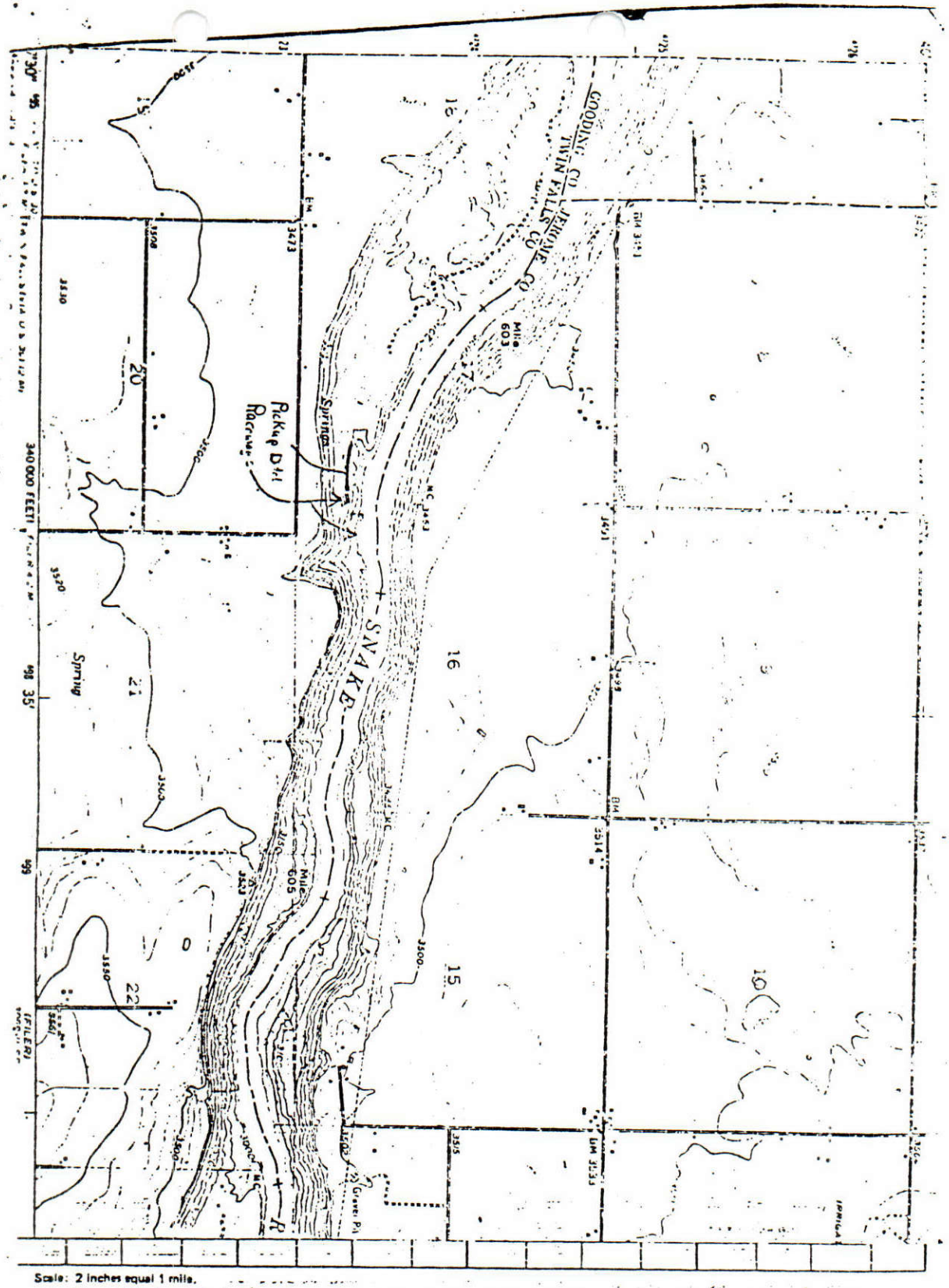
FOR SALE BY U.S. GEOLOGICAL SURVEY DENVER COLOR

e: 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.

Elwood McCauley
Earnest Hampton
John Brown
(Applicant)

MICROFILMED



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.

Elwood McCauley
Dorothy Thompson
John Farris

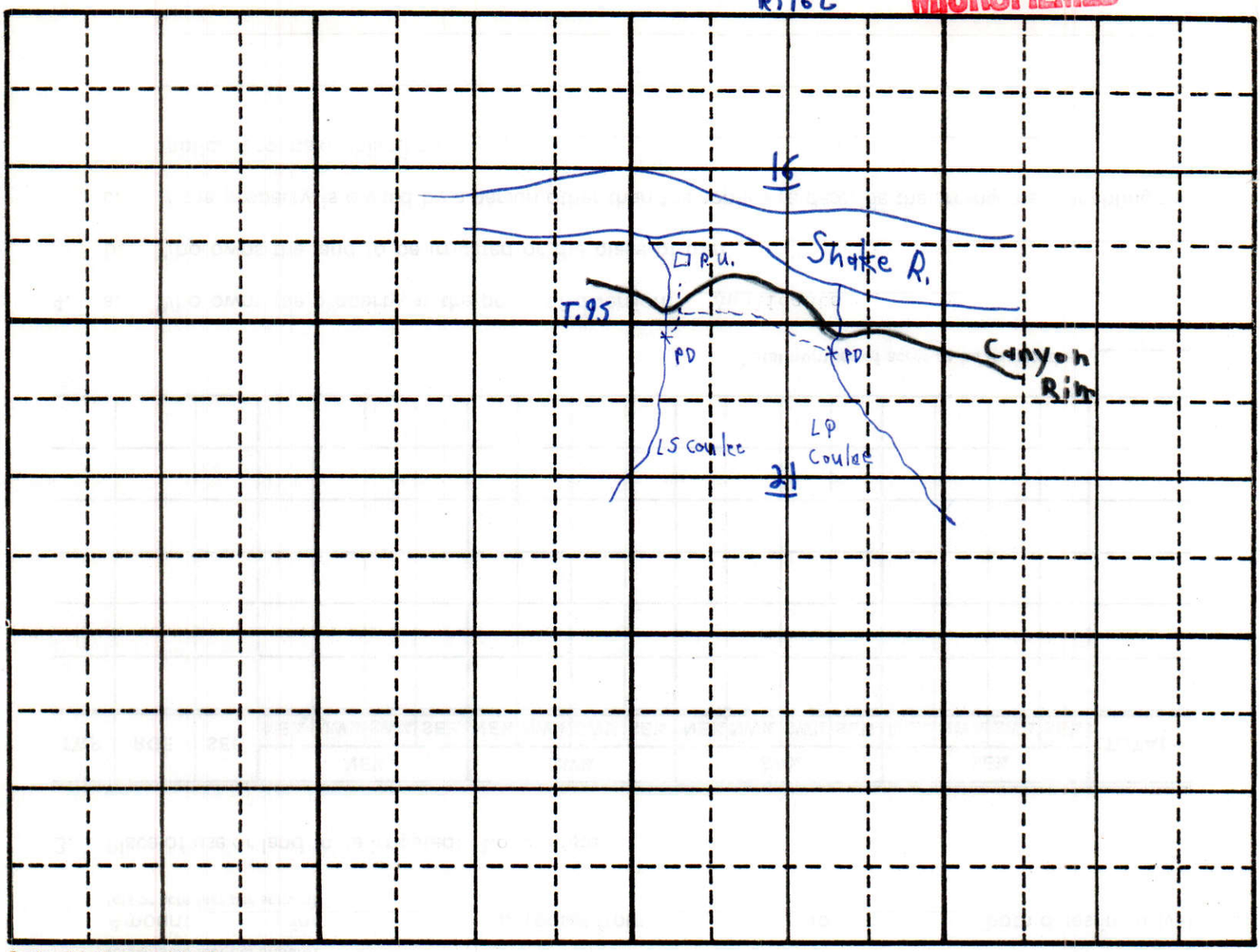
(Applicant)

MICROFILMED

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.

MICROFILMED



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Turnbaugh
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by ADM Fee = $20.00 Receipted by LC Date 2/23/84 # 33006

Publication prepared by mary z Date 2/27/84 Published in Times News.

Publication dates 3/8 & 3/15/84

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby

Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7660 are met.

MICROFILMED

Witness my hand this 10th day of May, 19 84.

L. Glen Saxton
Chief, Operations Bureau

NOTICE OF AMENDMENT TO A WATER PERMIT

No. 47-7660

Notice is hereby given that Paul &/or Dorothy Turnipseed & Elwood McCauley & John Lorain, Jr. of Filer, Idaho are the holders of approved permit No. 47-7660 authorizing the diversion of 80 cubic feet per second of water from LQ-LS Drain/tributary of Snake River in the Lt5, Sec. 16; LT3, Sec. 21, T9S, R16E B.M., County of Twin Falls, to be used for Power, 80 cfs and Fish Propagation 80 cfs from Jan 1 to Dec. 31 within Lt5, Sec. 16, T9S, R16E B.M. The permit holder has applied to the Department of Water Resources for an Amendment to the permit, to change the Point of diversion as follows: Point (s) of Diversion: Lt2, NW¼NW¼, Sec 21, T9S, R16E, B.M., Twin Falls County.

Place of Use: No change.

Any protest against approval of the amending of Permit No. 47-7660 as set forth above must be filed with the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301, on or befor March 26, 1984.

A. Kenneth Dunn, Director.

PUBLISH: Thursday, March 8 and 15, 1984.

MICROFILMED

Affidavit of Publication

№ 13690

STATE OF IDAHO, }
COUNTY OF TWIN FALLS } ss.

I, Donna Bruse being first duly sworn upon oath, depose and say that I am Legal Clerk of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for 2 consecutive Weeks, commencing with the issue dated 3/8, 1984, and ending with the issue dated 3/15, 1984.

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

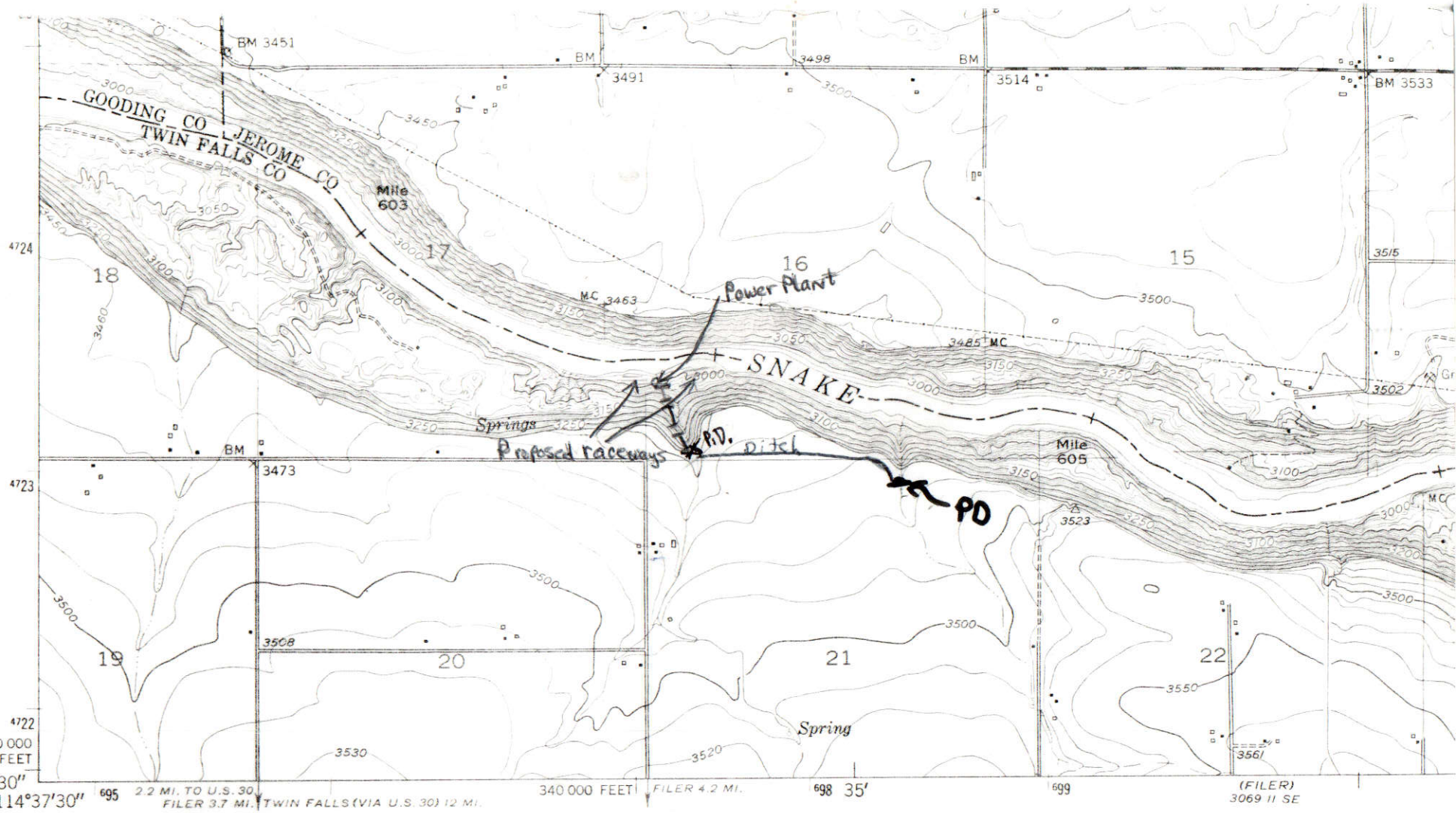
And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

Donna Bruse

Subscribed and sworn to before me on this 16th day of March, 1984

Goldie F. Farwell

Notary Public in and for the County of Twin Falls, State of Idaho, residing at Twin Falls, Idaho



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Control by USGS and USC&GS

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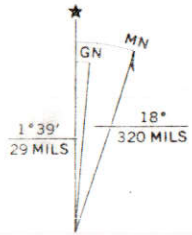
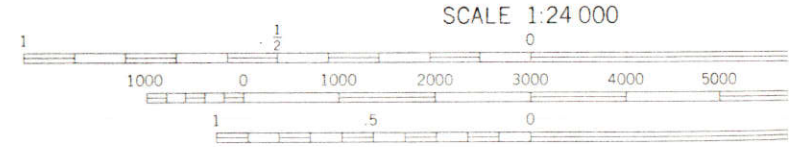


UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000



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THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR R
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABL

RECEIVED
SEP 30 1980
Department of Hat... Resources
Southern District Office

Elwood McCauley et al

Lot 17 - Township 9 - Range 16

McCauley should own Lot 5

North of Run. Nothing on Lot 6

on Lot 17. 31A

Lot 16 - 9 - 16

McCauley should own every

thing north of Run Rock

on Lots 5 & 6.

appx 35A.

MICROFILMED

LEGAL NOTICE

NOTICE OF AMENDED APPLICATION FOR PERMIT NO. 47-7660

Notice is hereby given that Application for Permit No. 47-7660 in the names of Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr., of Filer, Idaho 83328 was filed as follows:

Source: LQ Drain- LS Drain tributary of Snake River

Priority Date: August 12, 1980

Amount: 80.00 cfs

Diversion Point: Lt 5, Sec. 16; Lt 2, Sec. 21, T9S, R16E, Twin Falls County

Use: Fish Prop (80.00 cfs) from 1/1 to 12/31

Power (80.00 cfs) from 1/1 to 12/31

Place of Use: Lt 5, Sec. 16, T9S, R16E

Diversion Means: Concrete Check & Ditch to LS Drain Penstock to Power Plant & Fish.

Application for Permit is hereby amended by Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr., as follows:

Source: Same

Priority Date: Same

Diversion Point: Lt 5, Sec. 16; Lt 3, Sec. 21, T9S, R16E, Twin Falls County

Amount: Same

Use: Same

Place of Use; Same

Diversion Means: Same

Any protest to the Amended Application for Permit must be filed with the Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before May 10, 1982.

A. KENNETH DUNN
Director

PUBLISH: Thursday, April 22, and 29, 1982.

ok mayo

RECEIVED
MAY 15
Department of Water Resources
Southern District

Affidavit of Publication

STATE OF IDAHO, }
COUNTY OF TWIN FALLS } ss.

№ 11465

I, K. Enderlin being first duly sworn upon oath, depose and say that I am prime clerk of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for 2 consecutive weeks, commencing with the issue dated April 22, 19 82, and ending with the issue dated April 29, 19 82.

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

K. Enderlin

Subscribed and sworn to before me on this 29 day of April, 19 82.

Notary Public in and for the County of Twin Falls, State of Idaho, residing at Twin Falls, Idaho

LEGAL NOTICE

NOTICE OF APPLICATION FOR WATER RIGHT

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

47-7660
TURNIPSEED, PAUL &/or DOROTHY
McCAULEY, ELWOOD
LORAIN, JOHN
BOX 128, FILER, ID 83328
Source: LQ DRAIN tributary to SNAKE RIVER
LS DRAIN tributary to SNAKE RIVER
Date Filed: 08/12/1980
Amount: 80.00 CFS
Diversion Point: LOT 02 Sec 21 T 09S R 16E LOT 05 Sec 16 T 09S R 16E, TWIN FALLS Co.
Use: FISH PROP. (80.00 CFS) from 01/01 to 12/31
POWER (80.00 CFS) from 01/01 to 12/31
Place of Use: LOT 05 Sec 16 T 09S R 16E
Diversion Means: CONCRETE CHECK & DITCH TO LS DRAIN PENSTOCK TO POWER PLANT & FISH

MICROFILMED

Affidavit of Publication

RECEIVED
SEP 15 1980
Department of Water Resources
Southern District Office

Nº 10524

STATE OF IDAHO, }
COUNTY OF TWIN FALLS } ss.

I, Linda Capps McGuire being first duly sworn upon oath, depose and say that I am Pbnc Clerk of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for Two consecutive Weeks, commencing with the issue dated August 28, 1980, and ending with the issue dated September 4, 1980.

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

Linda Capps McGuire

Subscribed and sworn to before me on this 12 day of September 1980

Melba Rowlett-Smith

Notary Public in and for the County of Twin Falls, State of Idaho, residing at Twin Falls, Idaho

47-7660

L S Penstock Diversion and Intake
(Looking Downstream)

L S Penstock Diversion and Intake
(Looking Upstream)

MAY 11 1994

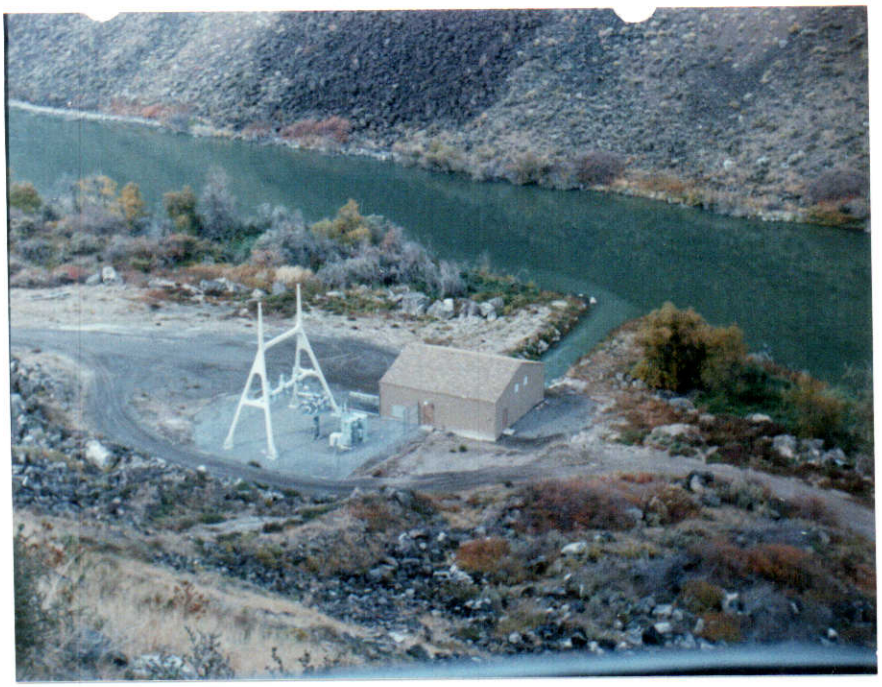
47-7660

L Q Penstock Diversion and Intake
(Looking Downstream)

L Q Penstock Diversion and Intake
(Looking Upstream)

MAY 11 1994

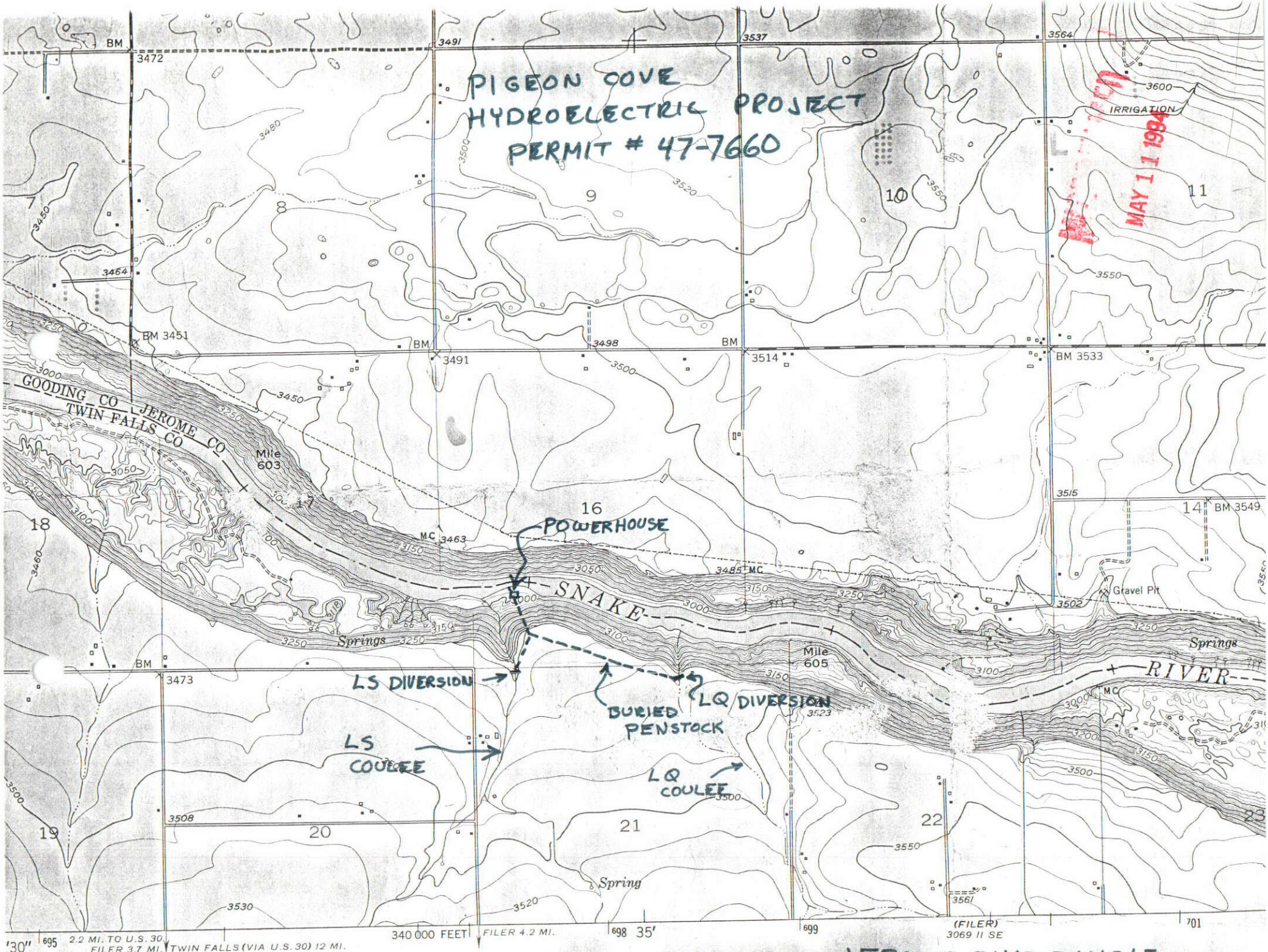
47-7660



Powerhouse, Substation, and Tailrace Channel to Snake River.

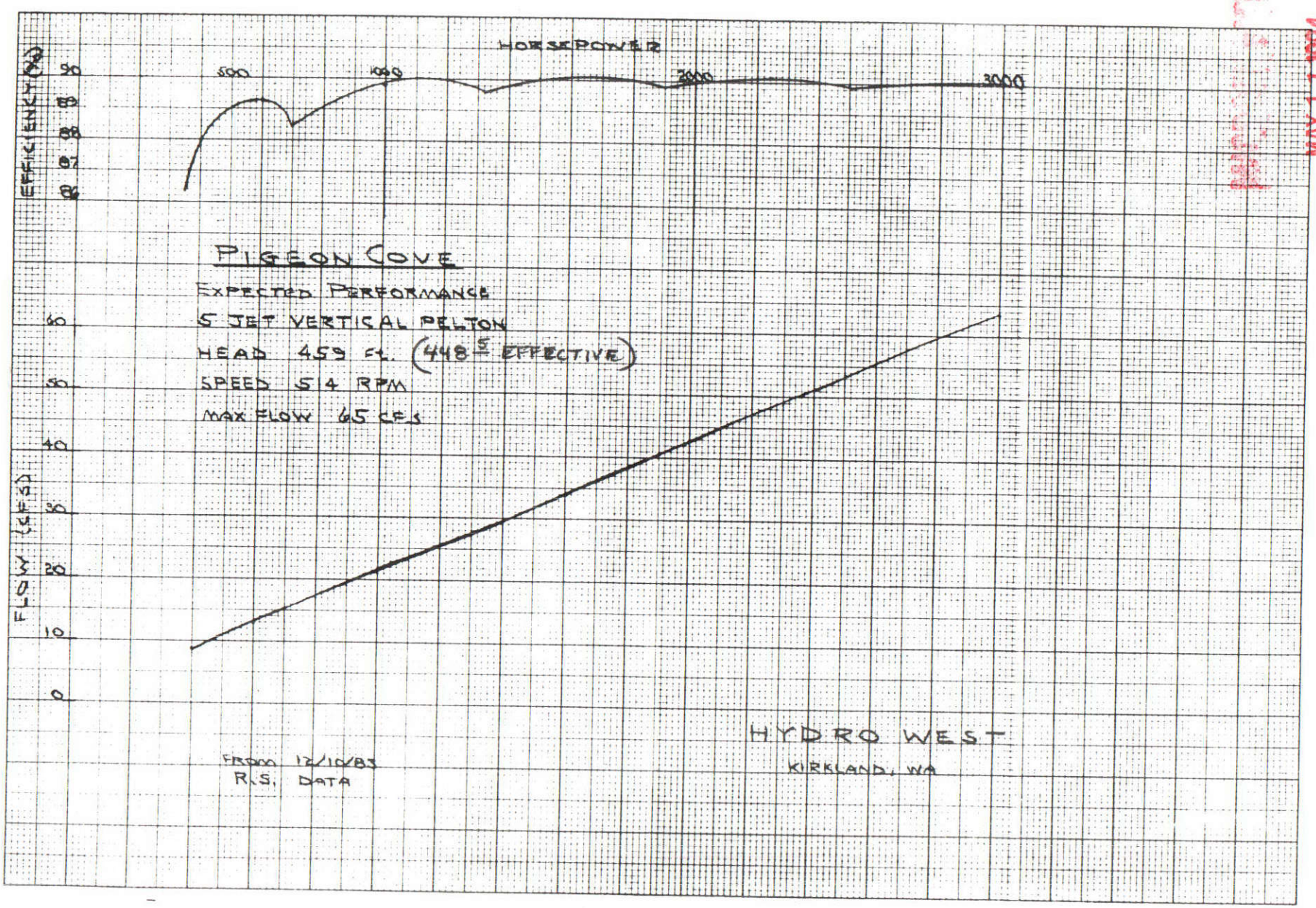
Powerhouse

MAY 1 1 1994

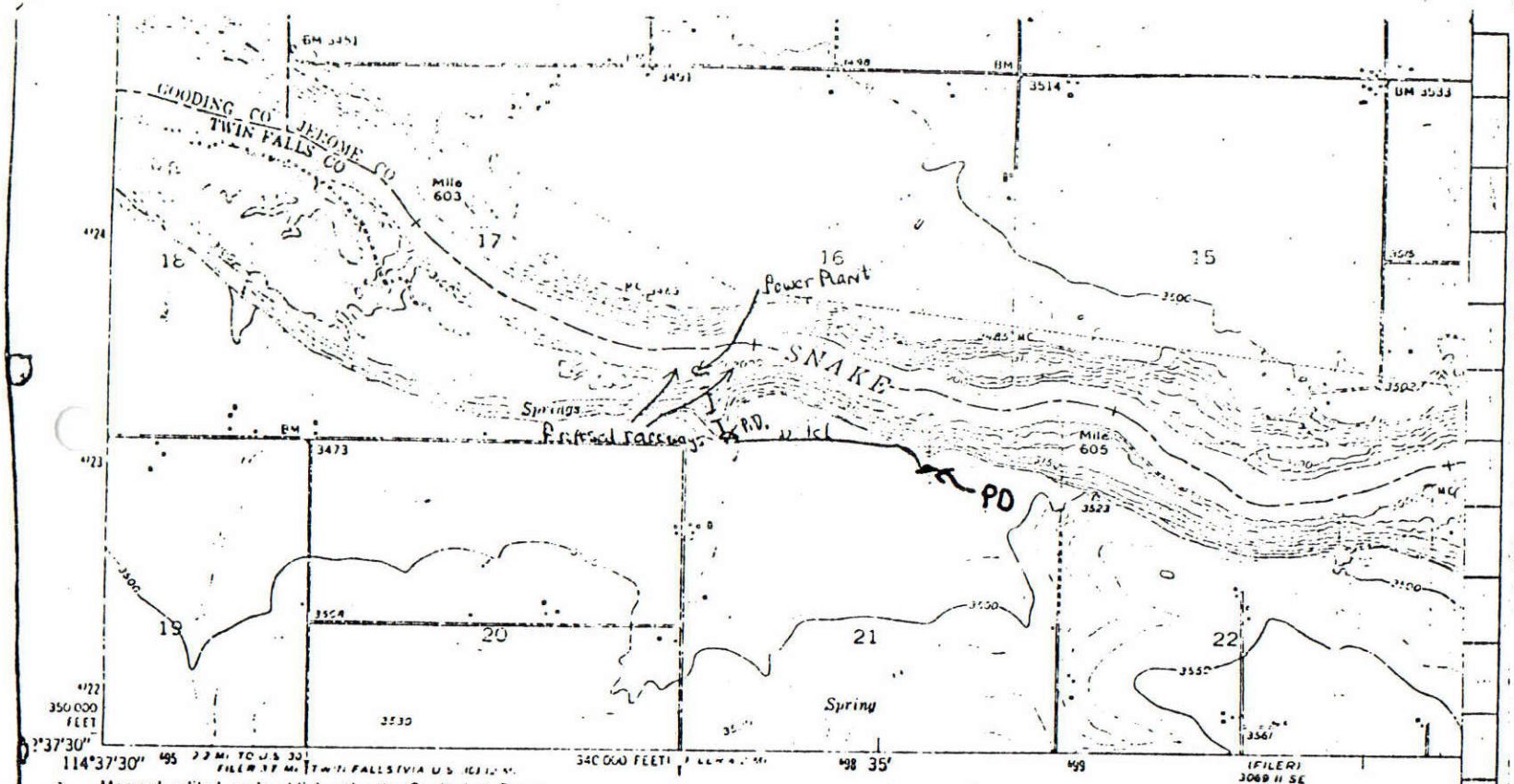


lapped, edited, and published by the Geological Survey

47-7660



MAY 11 1984



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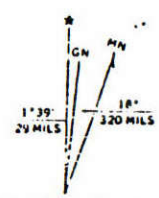

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SCALE 1:24 000

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NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN

FOR SALE BY U.S. GEOLOGICAL SURVEY DENVER COLOR

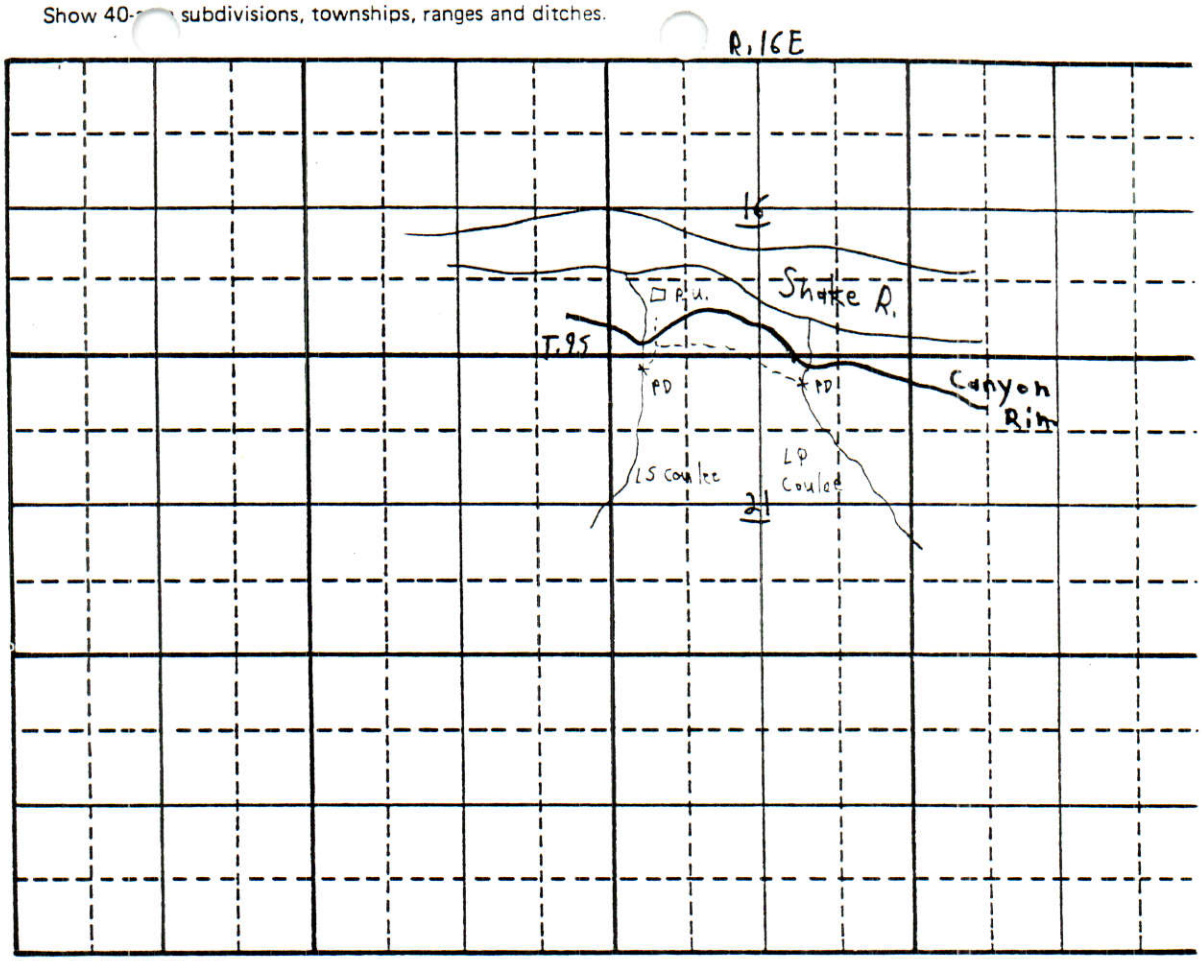
e: 2 inches equal 1 mile.

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.

Elwood McCauley
Earnest Turnpaugh
John Brown
(Applicant)

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Thompson
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by ADM Fee = $20.00 Receipted by [illegible] Date 2/23/84 # 33006

Publication prepared by mary z Date 2/27/84 Published in Times News.

Publication dates 3/8 & 3/15/84

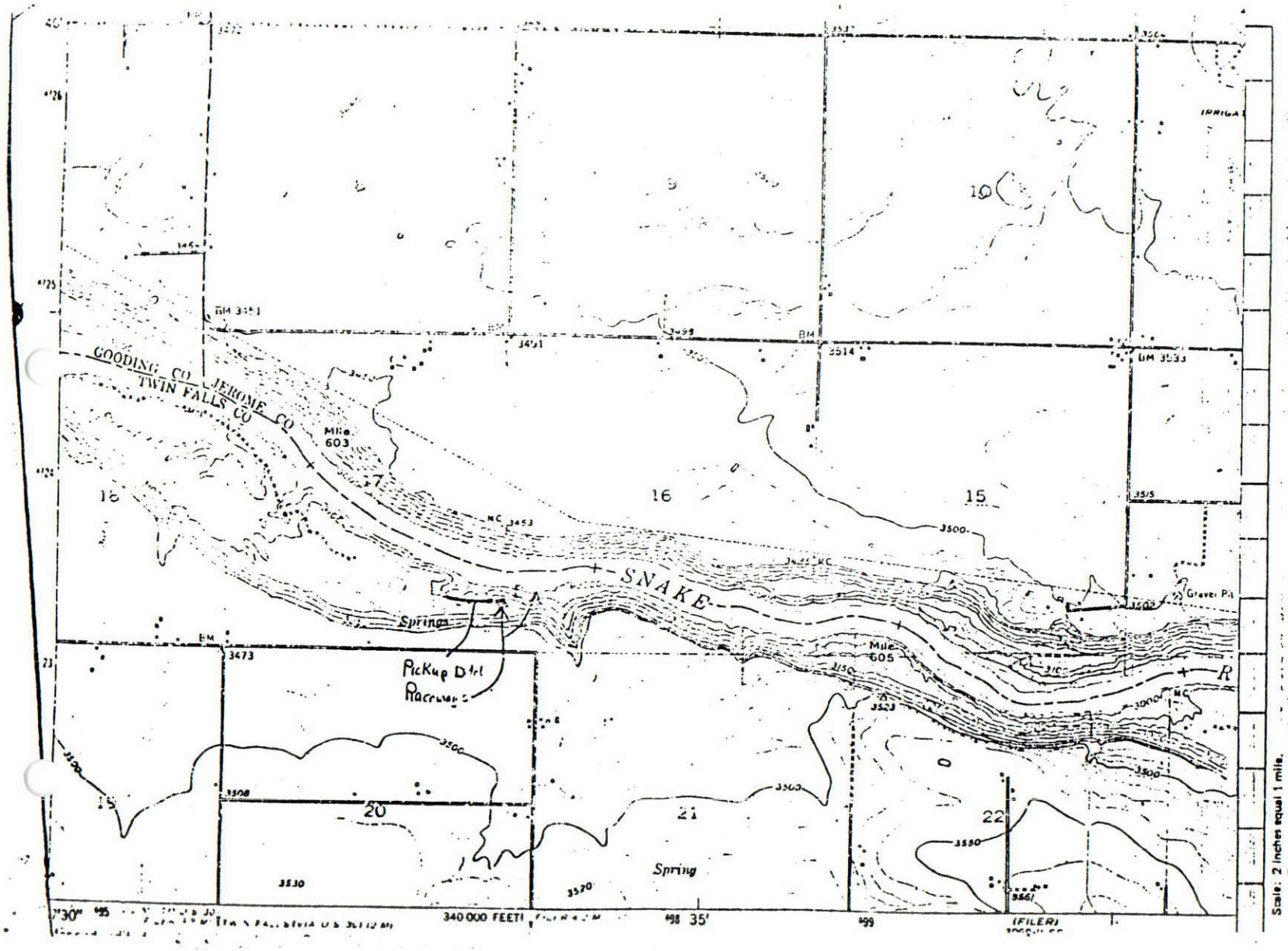
ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby

Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7660 are met.

Witness my hand this 10th day of May, 19 84.

L. Glen Saxton
Chief, Operations Bureau



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.

Elwood McCauley
Carolyn Tunnyrand
John Jones
(Applicant)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

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

(January 21, 1982)

Take notice that on December 15, 1981, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte.2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and 3-foot high inlet structure; (2) a 42-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to; (3) a powerhouse to contain three generating units with a combined rated capacity of 1,790 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be 11 million kWhs.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

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

Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before MAR 10 1982 either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

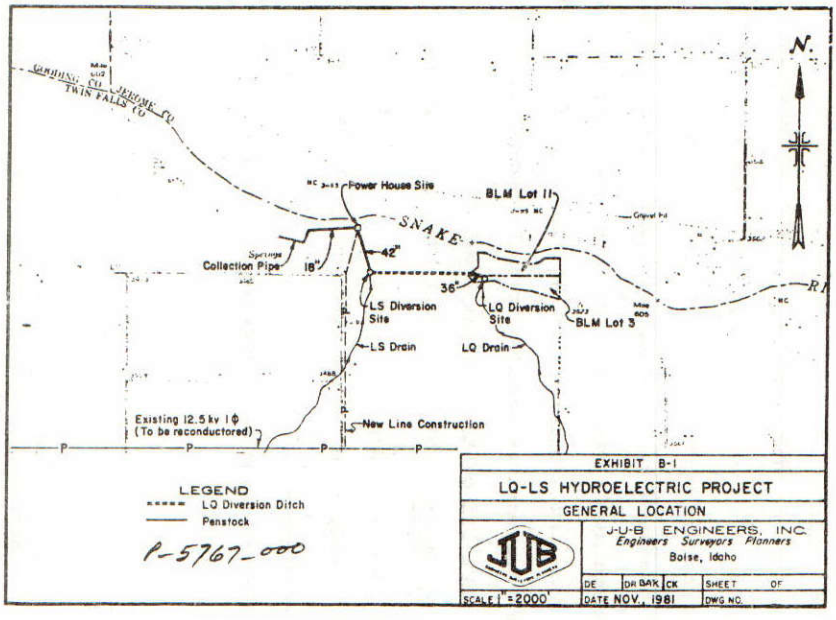
A notice of intent must conform with the requirements of 18 C.F.R. §4.33(b) and (c) (1980). A competing license application must conform with the requirements of 18 C.F.R. §4.33(a) and (d) (1980).

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of its Rules of Practice and Procedure, 18 C.F.R. §1.8 or §1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or petitions to intervene must be received on or before MAR 10 1982

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

Lois D. Cashell
Acting Secretary

DC-A-10



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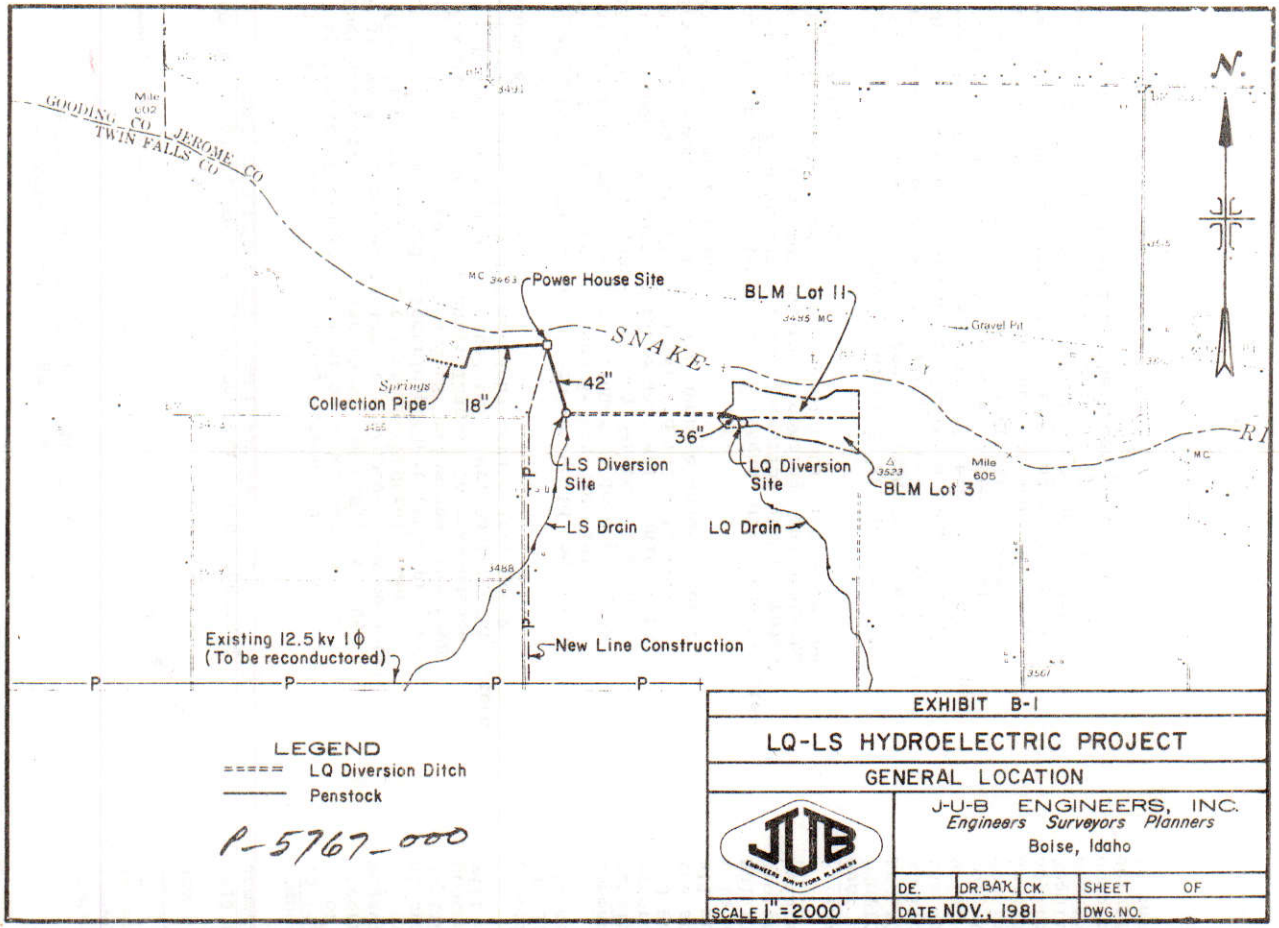

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426
EQUAL OPPORTUNITY EMPLOYER

POSTAGE AND FEES PAID
FEDERAL ENERGY REGULATORY COMMISSION
FERC-351
FIRST CLASS MAIL

State of Idaho P-5767
Department of Water Resources
State House
Boise, Idaho 83720

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

Agency Comments - The U.S. Fish and Wildlife Service, The National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be

DC-A-10

presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

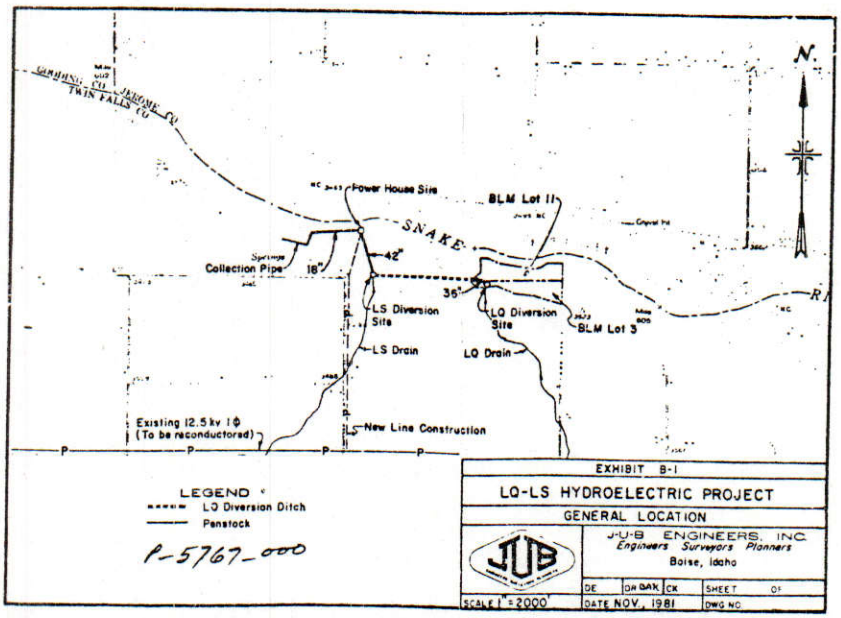
Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before MAR 10 1982 either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

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

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of its Rules of Practice and Procedure, 18 C.F.R. §1.8 or §1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or petitions to intervene must be received on or before MAR 10 1982

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

Lois D. Cashell
Acting Secretary



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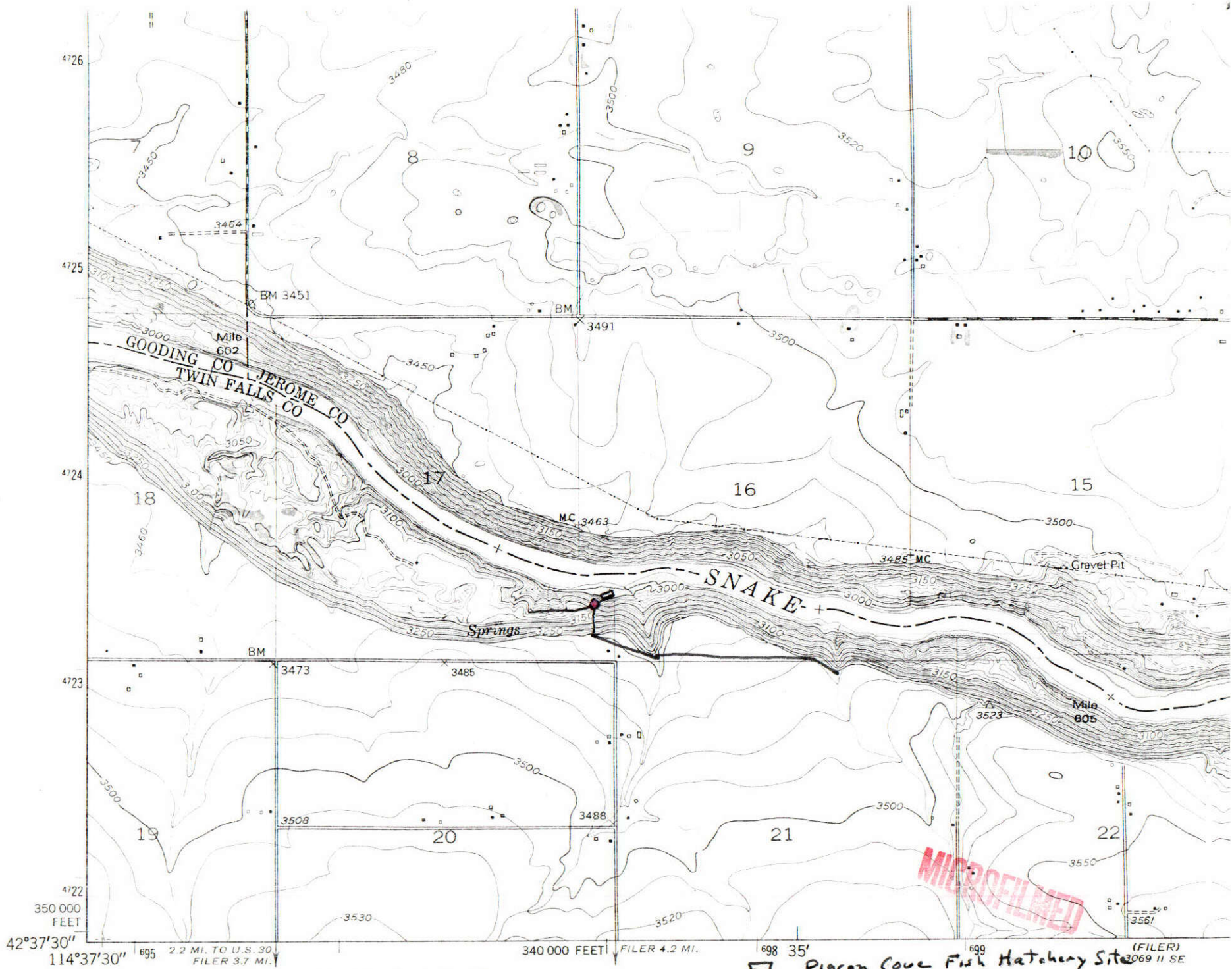
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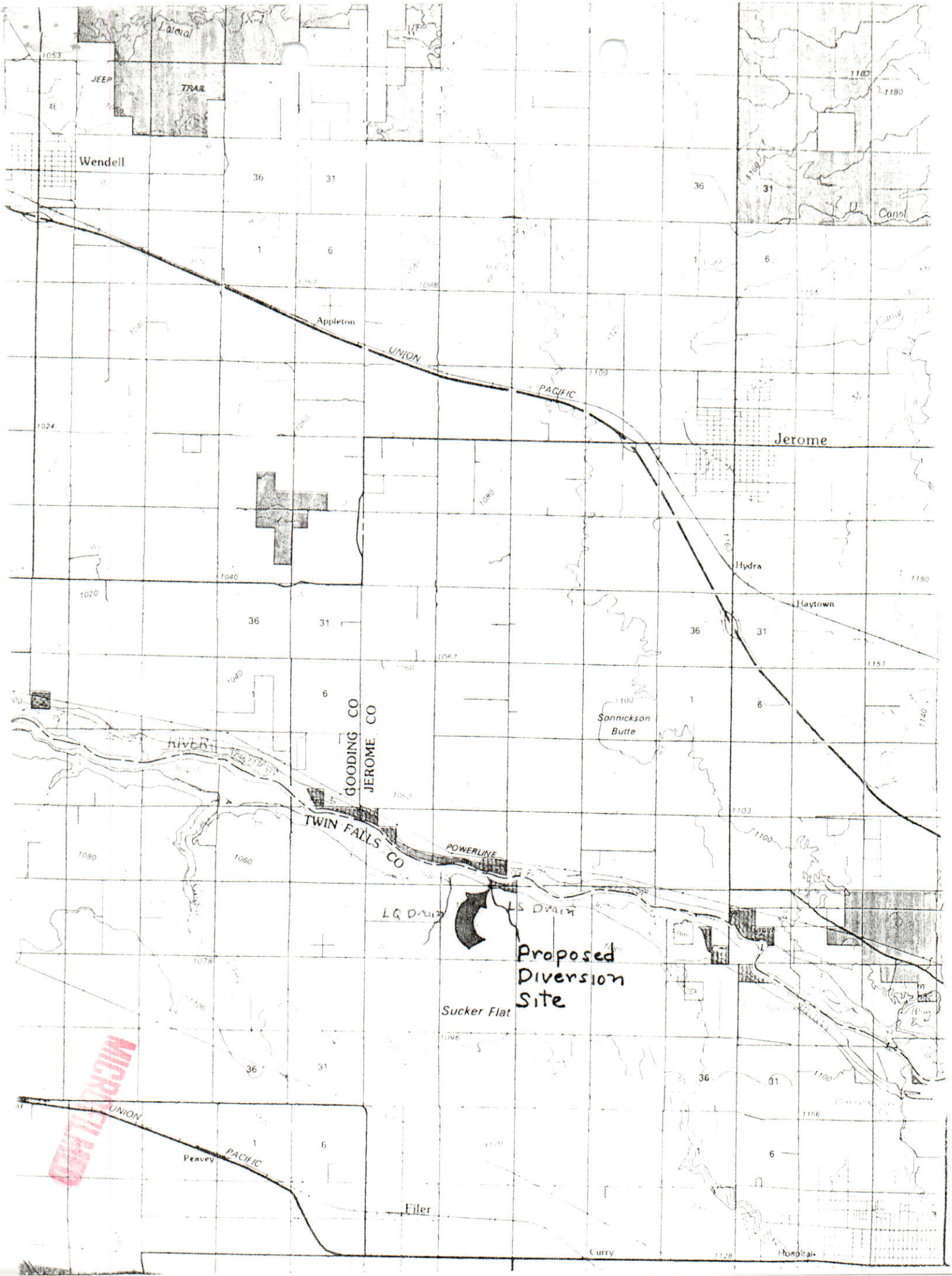
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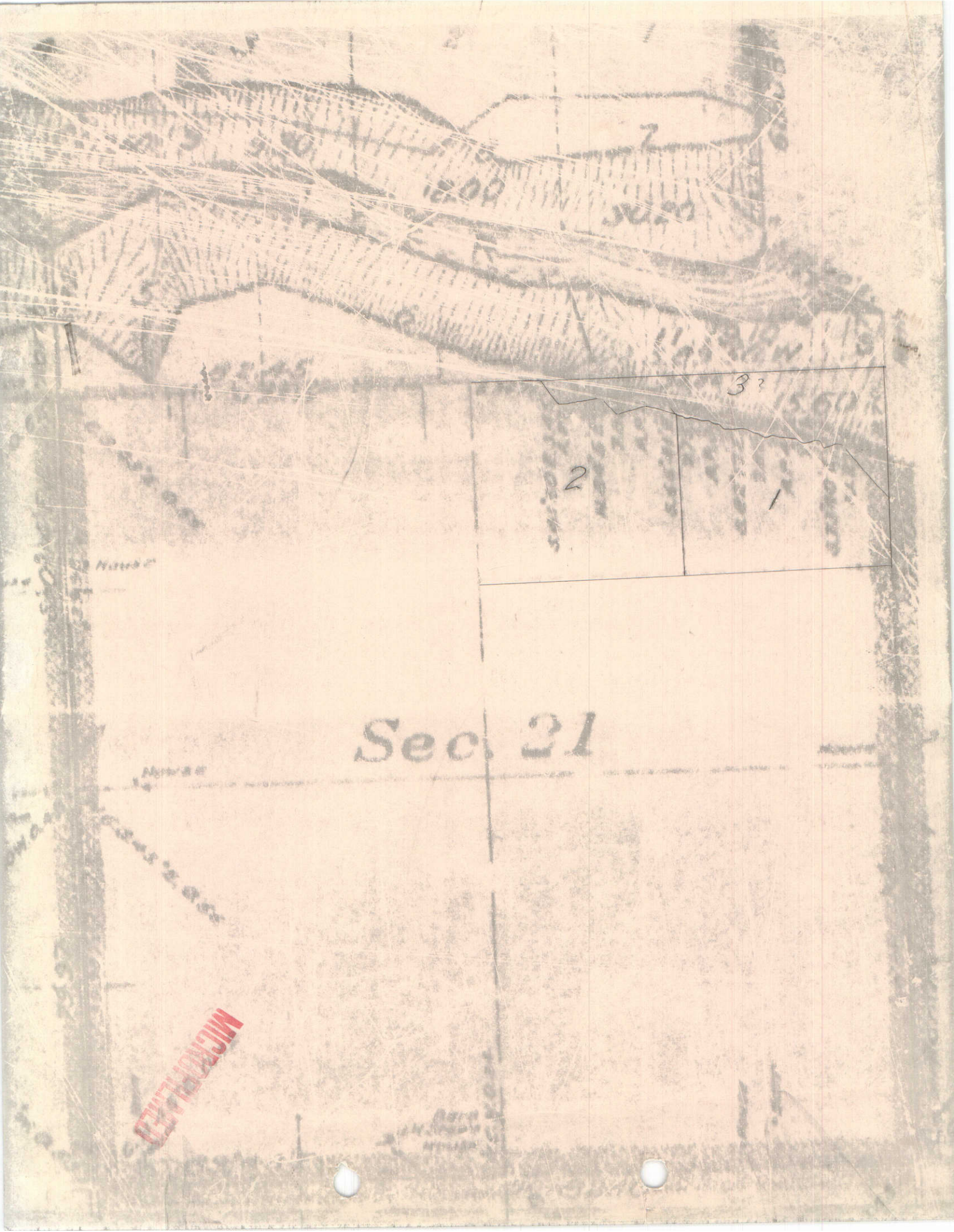
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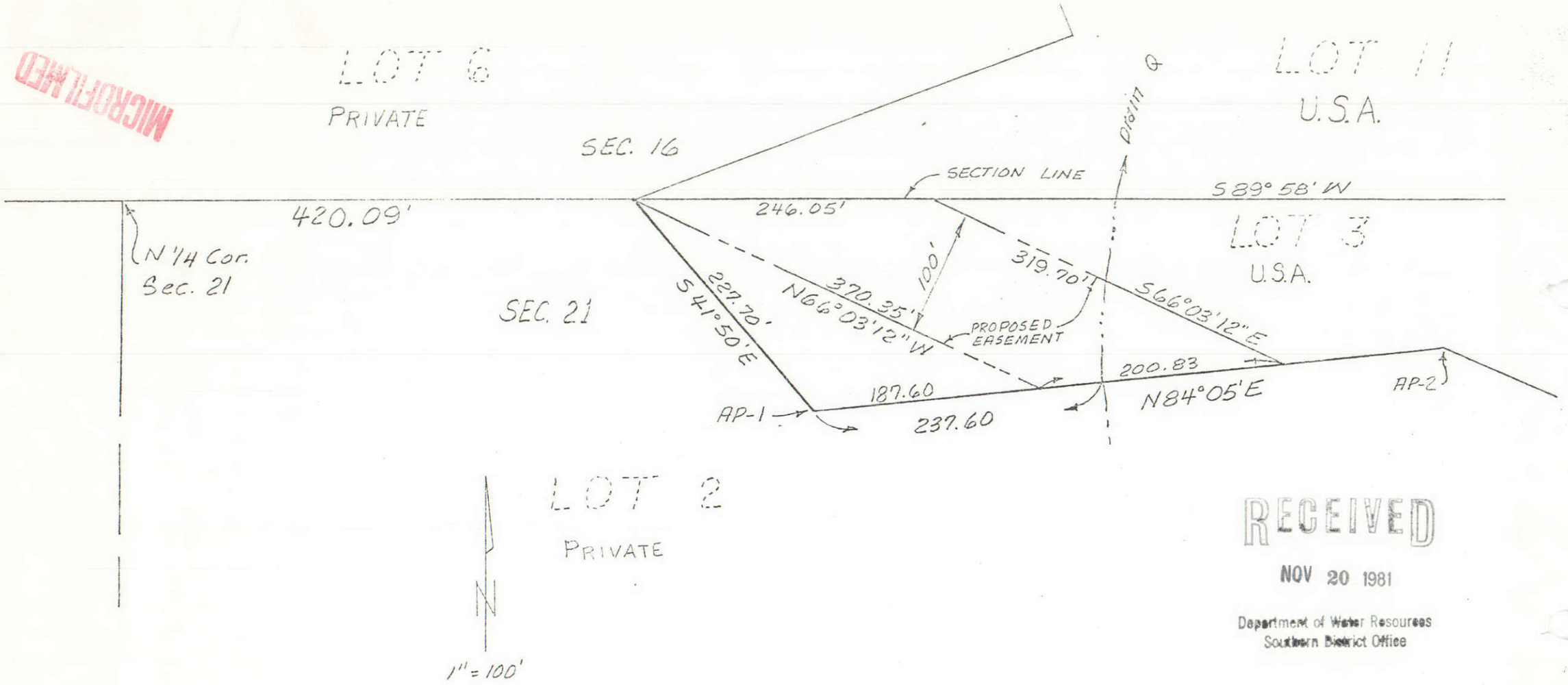
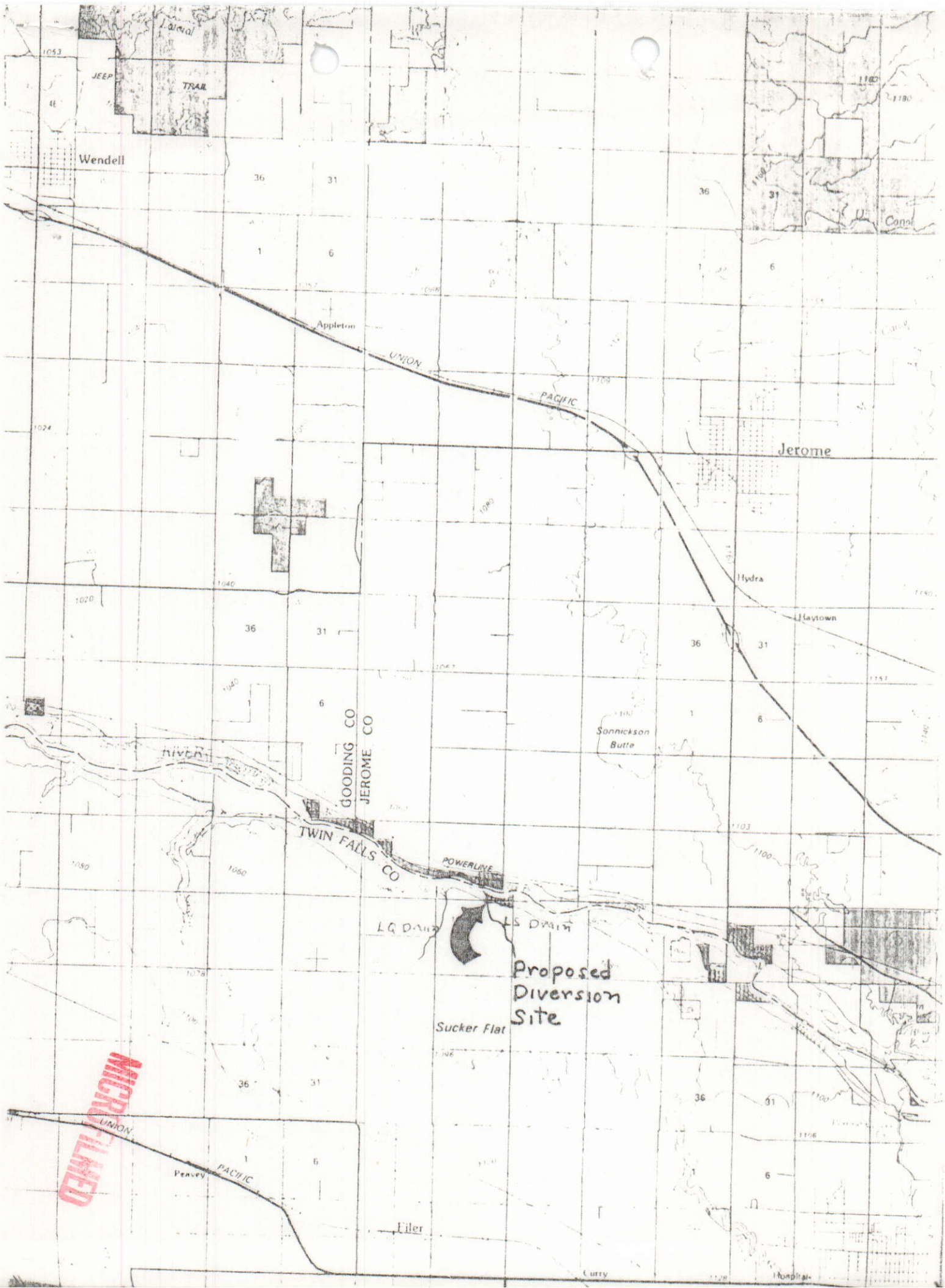


RECEIVED
NOV 20 1981
Department of Water Resources
Southern District Office

LOT 3, SECTION 21
T9S, R16E, B.M.
TWIN FALLS CO., IDAHO



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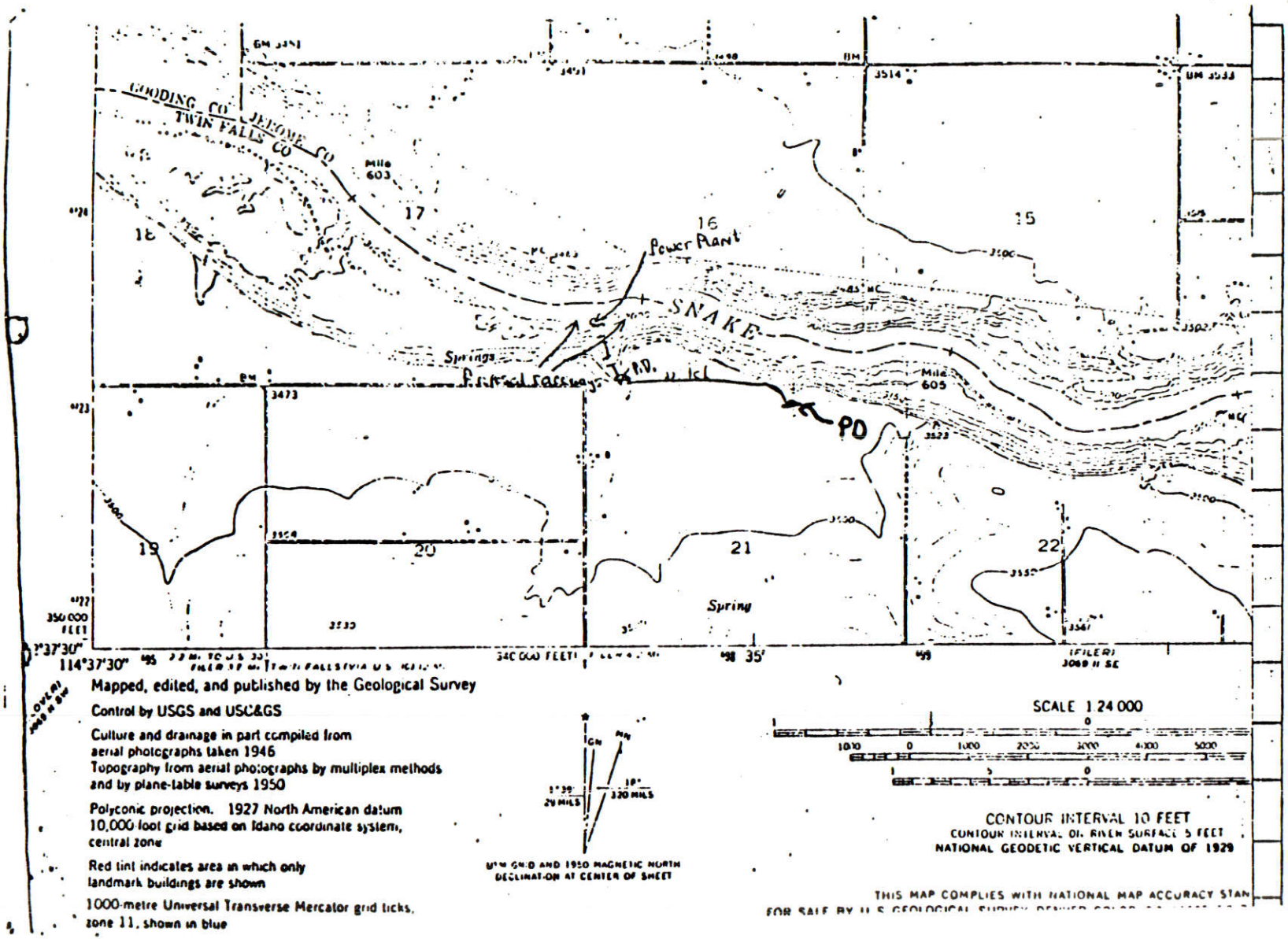
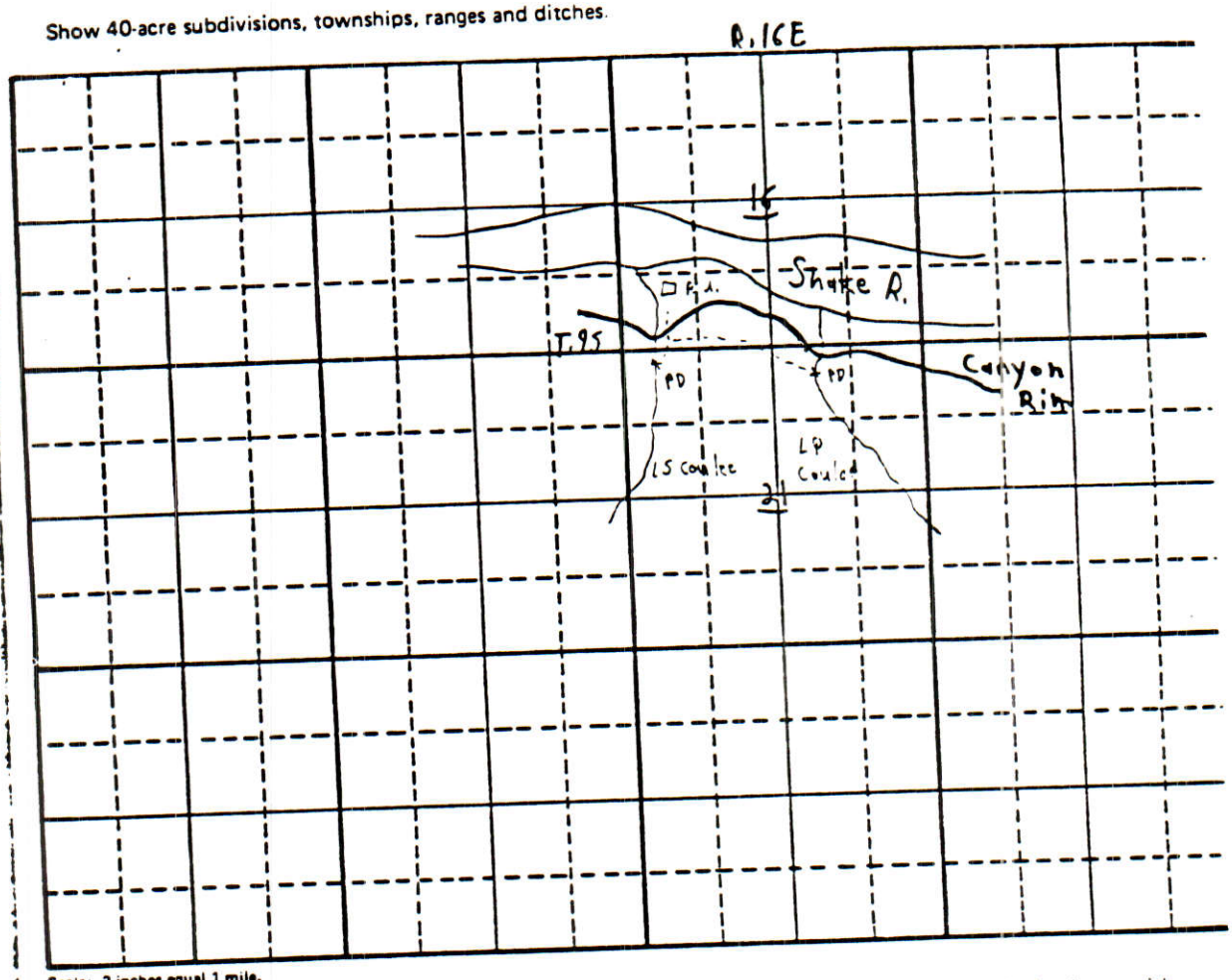


BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

(Applicant)

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Turnbaugh
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by AOA Fee = $20.00 Receipted by [illegible] Date 2/27/84 # 33006

Publication prepared by mary2 Date 2/27/84 Published in Times News

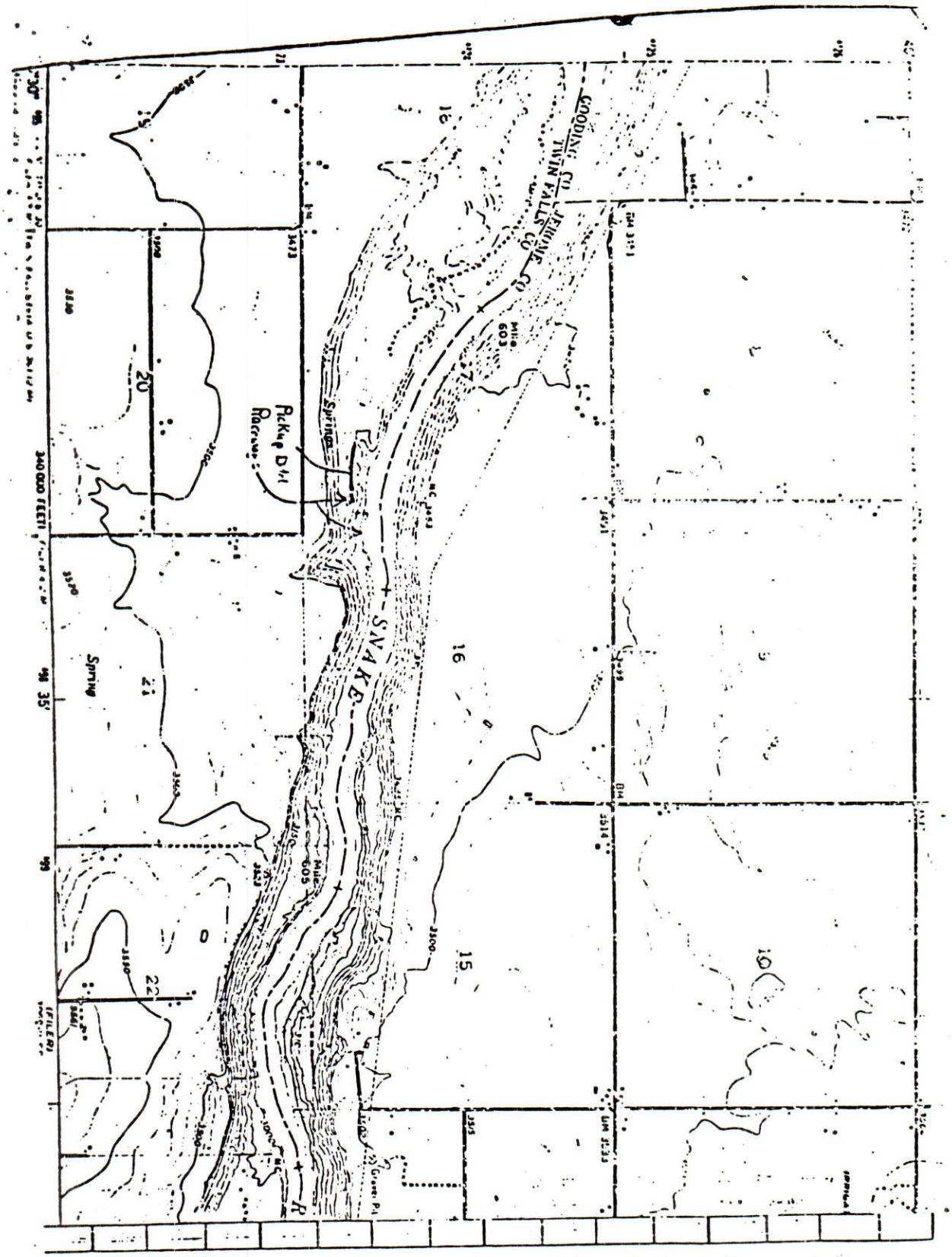
Publication dates 3/8 & 3/15/84

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7660 are met.

Witness my hand this 10th day of May, 19 84.

A. Glen Saxton
Chief, Operations Bureau



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.

Elwood McCauley
Dorothy Turnipseed
John Lorain
(Applicant)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company 1 Project No. 5767-000

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

(January 21, 1982)

Take notice that on December 15, 1981, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte. 2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and 4-foot high inlet structure; (2) a 42-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to; (3) a powerhouse to contain three generating units with a combined rated capacity of 1,790 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be 11 million kWhs.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

Agency Comments - The U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be

presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before MAR 10 1982 either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

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

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

Lois D. Cashell
Acting Secretary

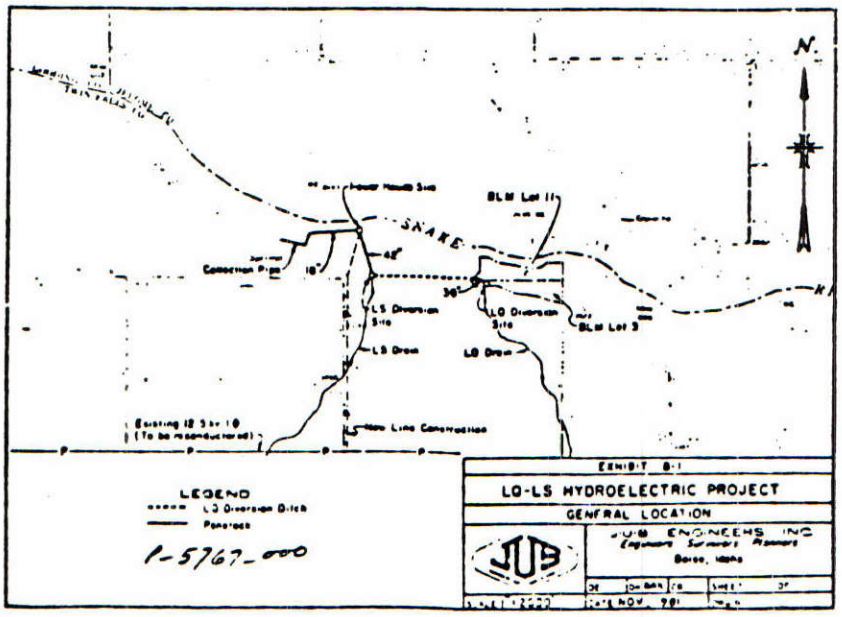


EXHIBIT B

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 its 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: (a) 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 regulations as of the date of any quotation which relate to (i) non-discrimination in employment opportunity (including the equal opportunity clause appearing in 202 of Executive Order 11246, as amended), (ii) minimum wages, overtime premiums, hours of work and safety standards, (iii) the employment and training of veterans and handicapped workers, and (iv) the production in Company's manufacturing facilities of products furnished hereunder. Price and, if necessary, delivery will be equitably adjusted to reimburse Company for the cost of compliance with any other laws or regulation.

This order or assignment by Buyer of any or all of its duties or rights hereunder will be void without Company's prior written consent and will be null.

Any representation, warranty, course of dealing or trade usage made, stated or established which is inconsistent with this agreement, including without limitation any representation, warranty or usage shall be binding on Company unless asserted 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 laws 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.

Exhibit "A"

In reply refer to: I-18314

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Burley District Office
Route #3, Box 1
Burley, Idaho 83318

DECISION

RIGHT-OF-WAY GRANTED

Details of Grant

Serial Number of Grant: I-18314

Name of Grantee: Pigeon Cove Power Company

Map showing the location and dimensions of grant filed on: December 14, 1981

Permitted use by grantee: Underground water pipeline (48" diameter), including headworks, crossing 370' (40' in width) in T. 9 S., R. 16 E., Boise Meridian, Sec. 16: Lot 11, Sec. 21: Lot 3.

Authority for grant: P.L. 94-579 (Oct. 21, 1976) Title V, 90 Stat. 2743

Regulations applicable to grant:

Code reference: 43 CFR 2800

Date of Grant: September 1, 1982

Expiration of Grant: 75 years from date of issuance

Rental:

Amount: $100.00 per year estimated rental, subject to adjustment pursuant to 43 CFR 2803.1-2(b), (d)
When payable: On or before September 1 of each year.

Terms and Conditions of Grant

Pursuant to the Authority vested in the undersigned by Order No. 701 of the Associate Director, Bureau of Land Management, dated July 23, 1964 (29 F.R. 10525), as redelegated November 30, 1981 (46 F.R. 60064), a right-of-way, the details of which are shown above, is hereby granted subject to the following terms and conditions:

1. All valid existing rights existing on the date of grant.
2. All regulations specified above.
3. Further terms and condition as follows:
   (a) The District Manager of the Burley District Office, Route 3, Box 1, Burley, Idaho, has the authority to conduct all business with the grantee with respect to use of lands and disposition of resources, and the grantee is requested to contact the above-designated official prior to the beginning of construction.
   (b) Subject to the attached Bureau of Land Management Stipulations which are made a part of this grant.

Nick James Cozakos
District Manager

STIPULATIONS
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY 1-18314

1. The holder shall comply with the applicable Federal and State laws and regulations concerning the use of pesticides (i.e., insecticides, herbicides, fungicides, rodenticides, and other similar substances) in all activities/operations under this permit. The permittee shall obtain from the Authorized Officer approval of a written plan prior to the use of such substances. The plan must provide the type and quantity of material to be used; the pest, insect, fungus, etc. to be controlled; the method of application; the location for storage and disposal of containers; and other information that the Authorized Officer may require. The plan should be submitted no later than December 1 of any calendar year that covers the proposed activities for the next fiscal year. Emergency use of pesticides may occur. The use of substances on or near the right-of-way shall be in accordance with the approved plan. A pesticide shall not be used if the Secretary of the Interior has prohibited its use. A pesticide shall be used only in accordance with its registered uses and within other limitations if the secretary has imposed limitations. Pesticides shall not be permanently stored on public land authorized for use under this grant.

2. Permittee shall survey and clearly mark the exterior limits of the right-of-way. All activities directly or indirectly associated with the construction or maintenance of the pipeline must be conducted within the limits of the right-of-way.

3. There is reserved to the Secretary of the Interior, or his lawful delegate, the right to grant additional rights-of-way or permits for compatible uses on, over, under, or adjacent to the land involved in this grant.

4. This right-of-way may be renewed. If renewed, the right-of-way will be subject to regulations existing at the time of renewal and such other terms and conditions deemed necessary to protect the public interest.

5. This right-of-way is subject to all applicable regulations in 43 CFR Part 2800 which are hereby incorporated in and made a part of this grant.

6. There is reserved to the United States a continuing right of access onto the public lands covered by the right-of-way grant, and upon reasonable notice to the holder, access and entry to any facility constructed on the right-of-way or permit area.

7. The permittee, by accepting this right-of-way grant, agrees and consents to comply with and be bound by the following terms and conditions.

   (a) To the extent practicable, all State and Federal laws applicable to the authorized use and such additional State and Federal laws along with the implementing regulations, that may be enacted and issued during the term of the grant or permit.

   (b) That in the construction, operation, maintenance and termination of the authorized use, there shall be no discrimination against any employee or applicant for employment because of race, creed, color, sex or national origin and all subcontracts shall include an identical provision.

   (c) To rebuild and repair roads, fences, and established trails that may be destroyed or damaged by construction, operation or maintenance of the project and to build and maintain suitable crossings for existing roads and significant trails that intersect the project.

   (d) To do everything reasonably within his or her power, both independently and upon request of the Authorized Officer, to prevent and suppress fires on or in the immediate vicinity of the right-of-way or permit area. This includes making available such construction and maintenance forces as may be reasonably obtained for the suppression of fires.

8. This grant is subject to periodic review at the end of the twentieth year and at regular intervals thereafter not to exceed ten years.

9. As the trench is dug, the topsoil will be stockpiled to insure its most efficient use in final backfilling. During the backfilling, the topsoil will be the final covering so that revegetation can be achieved.

10. Vegetation will be re-established in all disturbed areas using the following mixture:

Kentucky bluegrass	2#/Acre
Orchard grass	2#/Acre
Western wheatgrass	2#/acre
Small burnett	1/2#/Acre
Ladak or nomad alfalfa	1/2#/Acre
Bitterbrush or cliff rose	1#/Acre

11. Any bedding material for the pipeline must be brought in to the site. No material may be used from public land.

12. Any excess rock resulting from the digging of the trench must be removed from the site. Pushing the rock over the rim onto public land in the canyon will not be allowed.

13. A grate must be installed at each end of the pipe to prevent the general public from entering the pipeline.

14. In the event the withdrawn public land is required for any further reservoir or hydroelectric development, any structures or improvements placed thereon found to interfere with such development shall be removed or relocated as necessary to eliminate such interference at no cost to the United States, its permittees or licensees.

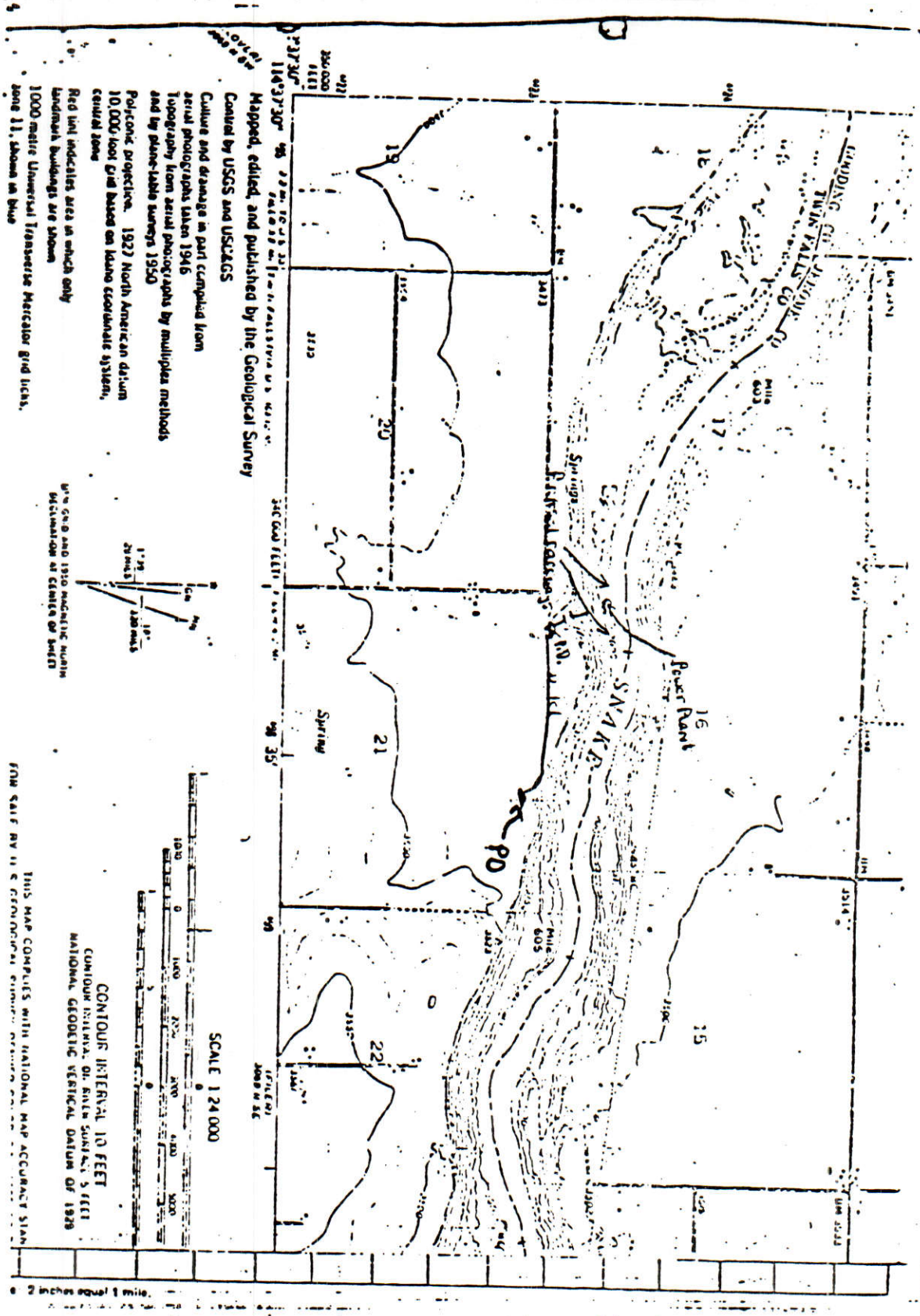
15. Prior to any development, an engineering firm must be consulted to develop an accurate design of the diversion and pipeline. The project design must be approved by the authorized officer prior to excavation.

16. A centerline survey map is required within 60 days of completion of construction.

17. A rental charge for use and occupancy of public lands under the authority of this right-of-way permit will be required in accordance with the regulations of 43 CFR 2802.1-7. An interim rental of $100.00 per year is required, which will be applied to the right-of-way. The grantee may be required to pay additional rental charges if determined to be greater than the $100.00 after an appraisal is made. If the charges are determined by appraisal to be less than the amount paid, a proper adjustment will be made.

Accepted By [signature]
Signature

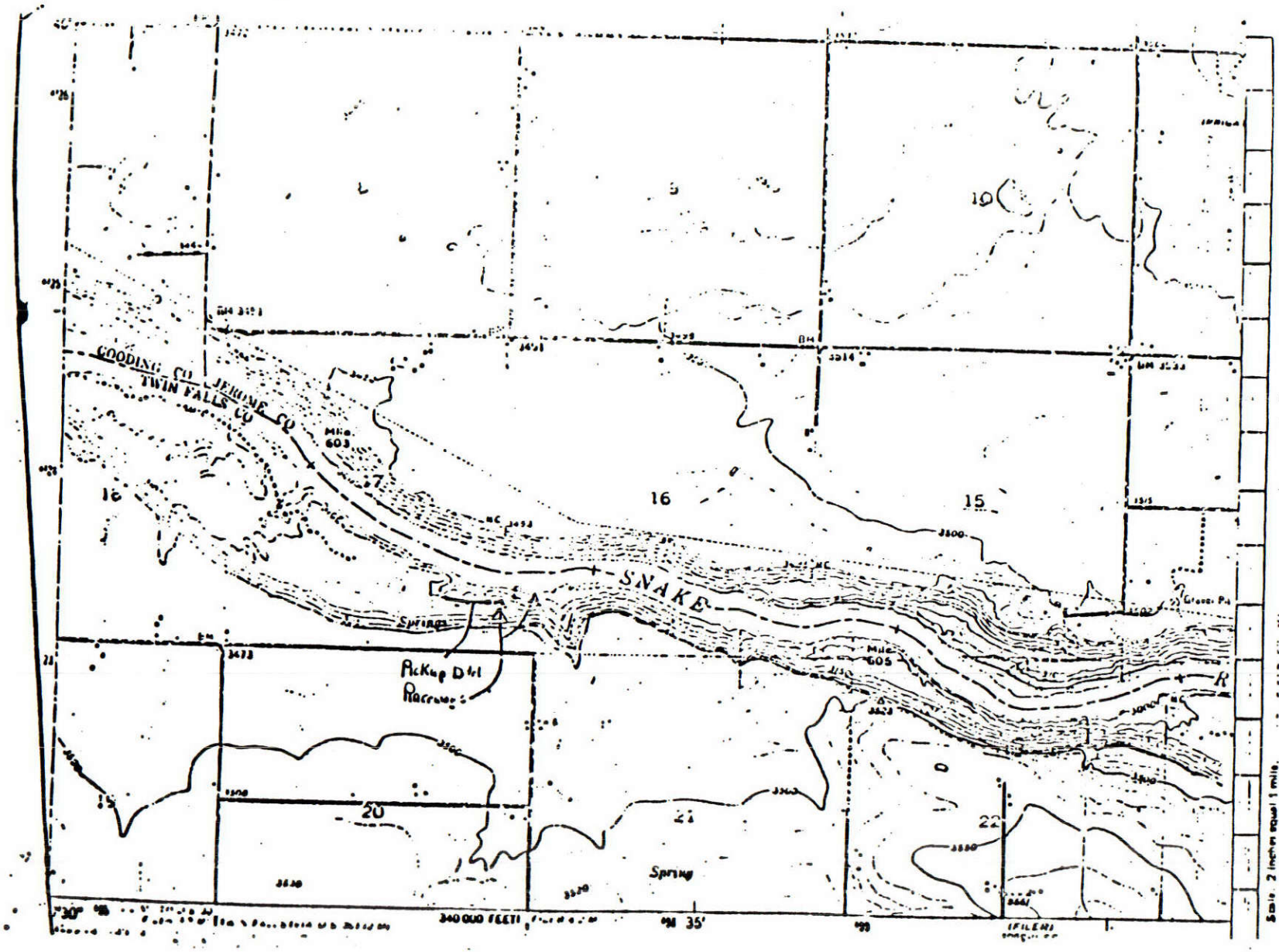
5/26/82
Date



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.

Elwood McCauley
Dorothy Turnipseed
John Lorain
(Applicant)



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.

Clivord McCauley
Carroll Tunnyrand
John Jones
(Applicant)

State of Idaho
Department of Water Resources

AMENDED **WATER RIGHT LICENSE** AMENDED

WATER RIGHT NO. 47-07660

Priority: January 7, 1981 Maximum Diversion Rate: 65.00 CFS

This is to certify, that PIGEON COVE POWER COMPANY
RURAL ROUTE 2
1946 EAST 3950 NORTH
FILER ID 83328 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated August 12, 1980; and has submitted Proof of Beneficial Use on October 3, 1985. An examination indicates that the works have a diversion capacity of 65.000 cfs of water from:

LQ COULEE	tributary to	**SNAKE RIVER**
LS COULEE	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	01/01 to 12/31	65.00 CFS	

LOCATION OF POINT(S) OF DIVERSION: Lot 2(NWNE), Sec. 21, Township 09S, Range 16E
NWNW , Sec. 21, Township 09S, Range 16E
TWIN FALLS County

PLACE OF USE: POWER

TWN	RGE	SEC	
09S	16E	16	Lot 5(SWSW)

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 issuance of this right in no way grants any right-of-way or easement across the land of another.
5. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
6. 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.
7. Use of water under this right shall be non-consumptive.

State of Idaho
Department of Water Resources

AMENDED **WATER RIGHT LICENSE** AMENDED

WATER RIGHT NO. 47-07660

CONDITIONS/REMARKS:

8. The diversion and use of water under this right is subject to review by the Director on January 1, 2004. 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. This power plant is known as Pigeon Cove.

This license is issued pursuant to the provisions of Section 42-219, Idaho Code. Witness the seal and signature of the Director, affixed at Boise, this 10TH day of JANUARY, 1995.

R. Keith Higginson

R. Keith Higginson, Director

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE STATE OF IDAHO

IN THE MATTER OF REQUEST FOR AMENDMENT OF WATER RIGHT LICENSE NO. 47-07660 FOR THE PIGEON COVE HYDRO-ELECTRIC PROJECT.	**ORDER AMENDING WATER RIGHT LICENSE**

This matter having been brought before the Idaho Department of Water Resources (Department) by the New England Mutual Life Insurance Company, the Department finds, concludes and orders as follows:

FINDINGS OF FACT

1. The Department on August 16, 1982, approved Application for Permit No. 47-07660 to appropriate 65 cfs of the public waters of LQ Coulee and LS Coulee, tributary to the Snake River in Twin Falls County, for the Pigeon Cove Hydroelectric Project.

2. On January 29, 1985, the Department acknowledged the assignment of Permit No. 47-07660 from Pigeon Cove Power Company, an Idaho general partnership consisting of Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., to the Bonneville Pacific Corporation, a Utah corporation qualified to do business in the state of Idaho.

3. Bonneville Pacific Corporation submitted a Proof of Beneficial Use form for Permit No. 47-07660 on October 3, 1985.

The Beneficial Use Field Report, prepared by J-U-B Engineers, Inc. was filed with the Department on January 6, 1988.

4. On April 30, 1994, the Department issued a license in the name of Bonneville Pacific Corporation for Water Right No. 47-07660 with a priority date of January 7, 1981, and a maximum diversion rate of 65 cfs.

5. On December 23, 1994, the New England Mutual Life Insurance Company, the mortgage lender on the LS-LQ hydro project, filed documents with the Department requesting that the Department amend water right license No. 47-07660 to show the Pigeon Cove Power Company as the licensee.

6. The supporting documents filed with the Department on December 23, 1994, include the following documents filed with the United States Bankruptcy Court for the District of Utah, Central Division, in the Chapter 11 Bankruptcy Reorganization proceedings regarding Bonneville Pacific Corporation in Case No. 91A-27701:

a. Original of Assignment of Permit No. 47-7660, dated September 1, 1994, from Bonneville Pacific Corporation and Roger G. Segal, Chapter 11 Trustee, to Pigeon Cove Power Company, an Idaho general partnership, whose current address is Rural Route 2, 1946 East 3950 North, Filer, Idaho 83328;

b. Original of Direction to Issue Water Right License No. 47-7660 to Pigeon Cove Power Company, an Idaho general partnership, dated September 1, 1994;

c. Copy of the Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated July 20, 1994 (providing the agreement of Bonneville Pacific Corporation, and the Chapter 11 Trustee, to the assignment of Permit No. 47-7660 and the issuance of the license in the name of Pigeon Cove Power Company, an Idaho general partnership); and

d. Certified copy of the Order of the United States Bankruptcy Court Judge in Case No. 91A-27701, dated August 29, 1994, Approving Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho.

CONCLUSIONS OF LAW

1. Based upon a review of the file in this matter and upon review of the documents submitted in support of the pending action the director has determined that water right license No. 47-07660 should be amended to show Pigeon Cove Power Company, an Idaho general partnership, as the licensee.

ORDER

IT IS HEREBY ORDERED that water right license No. 47-07660 be and is hereby amended to show Pigeon Cove Power Company, an Idaho general partnership, as the licensee.

DATED this 10TH day of January, 1995.

R. KEITH HIGGINSON
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10th day of January, 1995, I mailed a true and correct copy, postage prepaid, of the foregoing **ORDER AMENDING WATER RIGHT LICENSE** to the following:

Thomas A. Miller
HAWLEY TROXELL ENNIS & HAWLEY
P.O. Box 1617
Boise, Idaho 83701-1617

David B. Lincoln
ELAM & BURKE
P.O. Box 1539
Boise, Idaho 83701

Pigeon Cove Power Company
Rural Route 2
1946 East 3950 North
Filer, Idaho 83328

Bonneville Pacific Corp.
6th Floor, Bank One Building
50 West Broadway
Salt Lake City, Utah 84101

Roger G. Segal, Trustee
P.O. Box 11008
Salt Lake City, Utah 84147-0008

Roberta Loveall

ROBERTA LOVEALL
Clerical Specialist

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

JANUARY 10, 1995

Pigeon Cove Power Company
Rural Route 2
1946 East 3950 North
Filer, Idaho 83328

RE: WATER RIGHT NO. 47-07660

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Amended Water Right License issued on the above referenced Water Right along with a copy of the Order Amending Water Right License.

If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

Shelley Walter Keen

SHELLEY W. KEEN
Water Rights Supervisor

SWK:rl

Enclosure

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 47-07660

Priority: January 7, 1981 Maximum Diversion Rate: 65.00 CFS

This is to certify, that BONNEVILLE PACIFIC CORP
200 E TEMPLE
SUITE 300
SALT LAKE CITY UT 84111 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated August 12, 1980; and has submitted Proof of Beneficial Use on October 3, 1985. An examination indicates that the works have a diversion capacity of 65.000 cfs of water from:

LQ COULEE	tributary to	**SNAKE RIVER**
LS COULEE	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	01/01 to 12/31	65.00 CFS	

LOCATION OF POINT(S) OF DIVERSION: Lot 2(NWNE), Sec. 21, Township 09S, Range 16E
NWNW , Sec. 21, Township 09S, Range 16E
TWIN FALLS County

PLACE OF USE: POWER

TWN	RGE	SEC	
09S	16E	16	Lot 5(SWSW)

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 issuance of this right in no way grants any right-of-way or easement across the land of another.
5. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
6. 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.
7. Use of water under this right shall be non-consumptive.

MAY 1 1 1994

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 47-07660

CONDITIONS/REMARKS:

8. The diversion and use of water under this right is subject to review by the Director on January 1, 2004. 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. This power plant is known as Pigeon Cove.

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 30 TH day of April, 1994.

Acting for R. Keith Higginson, Director

RECEIVED
MAY 1 1994

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE

STATE OF IDAHO

IN THE MATTER OF PERMIT NO. 47-07660 IN THE NAME OF BONNEVILLE PACIFIC CORP.	**ORDER ADVANCING DATE OF PRIORITY**

This matter having come before the Department of Water Resources (Department) as a result of preparing Permit No. 47-07660 for issuance of a license, the Department finds, concludes and orders:

FINDINGS OF FACT

1. The Department approved Application for Permit No. 47-07660 to appropriate the public waters of the State of Idaho with a proposed priority of AUGUST 12, 1980.

2. On AUGUST 12, 1986 the Department advised the permit holder that a license examination fee was required before an examination could be conducted to confirm the extent of use developed under the permit. As an alternative, the permit holder could have an Certified Examiner conduct the examination and have the completed examination report submitted to the Department on or before AUGUST 12, 1987.

[illegible]

MAY 1 1 1994

3. The Certified Examination Report was received on JANUARY 07, 1988, 148 day(s) late.

CONCLUSIONS OF LAW

1. The Director may advance the priority date of the permit one day for each day the Certified Examination Report is late, pursuant to the provisions of Section 42-217, Idaho Code.

2. The date of priority of Permit No. 47-07660 should be advanced 148 day(s).

ORDER

IT IS HEREBY ORDERED that the date of priority of Permit No. 47-07660 is advanced to JANUARY 07, 1981.

Dated this 11th day of April, 1994.

L. Glenn Saxton
Chief, Water Allocation Bureau

MAY 11 1994

NOTICE OF ASSIGNMENT OF WATER PERMITS AND ACKNOWLEDGEMENT

BY STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
State House
Boise, Idaho 83720

Re: Water Permit Nos. 47-7660 and 47-7661--Pigeon Cove Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 47-7660 and 47-7661 (the "Permits"), which were initially issued by the State of Idaho, Department of Water Resources to Pigeon Cove Power Company. Pigeon Cove Power Company has assigned to Bonneville Pacific Corporation, a Utah corporation qualified to do business in Idaho (the "Company"), under the Assignment of Water Rights and Permits dated October 31, 1983 from Pigeon Cove Power Company, as Assignor, to the Company, as Assignee, all the rights and duties of Pigeon Cove Power Company in and to the permits as set forth therein. Said Assignment was approved by your office by letter dated May 10, 1984 executed by Norman C. Young, Administrator, Resources Administration Division.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, N.A., a national banking association (the "Security Trustee"), under an Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985, a copy of which is enclosed

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herewith, between the Company, and the Security Trustee, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but altogether one in the same instrument.

DATED this _____ day of _____, 1985.

BONNEVILLE PACIFIC CORPORATION

By _____
Its Sec.

Acknowledged, consented and agreed to on this 24th day of January, 1985.

STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

By _____
Its Administrator

6261C

Approval of the Assignment shall not constitute a waiver by this Department of the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

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ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS AGREEMENT, made and entered into this 10th day of April, 1984, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 47-7660 and 47-7661, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by this reference made a part hereof; and

WHEREAS, in connection with that certain Lease and Assignment between Assignors and Assignee, as amended, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Pigeon Cove Power Project, a hydroelectric project located on the LQ and LS Drains located in the Southwest 1/4 of the Southwest 1/4 of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

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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. Assignors hereby assign to Assignee all of the right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of said Pigeon Cove Power Project during the entire term of the Power Project as more specifically set forth in said Lease and Assignment.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Pigeon Cove Power Project in accordance with said Lease and Assignment.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That said Permits are in full force and effect; and

(b) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable.

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

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(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder without the prior written consent of Assignors and the prior written consent of the Director or Administrator of the Department of Water Resources, State of Idaho; and

(c) That at the end of the Lease and Assignment term as described in said Lease and Assignment, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

PIGEON COVE POWER COMPANY

By Paul Turnipseed
Paul Turnipseed

By Dorothy Turnipseed
Dorothy Turnipseed

By Elwood McCauley
Elwood McCauley

By John Lorain Jr.
John Lorain, Jr.

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ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By _____
ROBERT L. WOOD
Secretary/Treasurer

STATE OF IDAHO)
) ss.
County of Twin Falls)

On this 8th day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT L. WOOD, known or identified to me to be the Secretary/Treasurer of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

_____
NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

MICROFILMED

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 3rd day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, DOROTHY TURNIPSEED, ELWOOD McCAULEY, and JOHN LORAIN, JR., known or identified to me to be the general partners in the Idaho general partnership known as Pigeon Cove Power Company and the persons whose names are subscribed to the within instrument as general partners and acknowledged to me that they executed the same in the name of the partnership.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this _____ day of _____, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. WYNN JOHNSON, known or identified to me to be the Vice-President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at _____

MICROFILMED

PARTNERS' SPOUSES' CONSENT TO ASSIGNMENT OF WATER RIGHTS

This Partners' spouses' consent to the Assignment of Water Rights between Pigeon Cove Power Company and Bonneville Pacific Corporation is made this 10th day of April, 1984, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Assignment of Water Rights to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Assignment of Water Rights.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

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STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 30 day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

MICROFILMED

Form 202
3/78

Ident. No. 47-7660

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr. Phone 326-4488
   Post office address Box 128, Filer, Idaho 83328

2. Source of water supply LQ Drain - LS Drain which is a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of _____ ¼ of Section 16 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: _____
   Lt 3
   Lt 2, Sec. 21 T9S, R16E

4. Water will be used for the following purposes:

   Amount 80 (cfs or acre-feet per annum) for power purposes from Jan 1 to Dec 31 (both dates inclusive)

   Amount 80 (cfs or acre-feet per annum) for fish prop 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)

5. Total quantity to be appropriated:

   a. 80 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. concrete check and ditch to LS Drain
   Penstock to power plant and fish facility

   b. Height of storage dam _____ feet, active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet, materials used in storage dam: _____
   Period of year when water will be diverted to storage _____ (Month/Day) to _____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of _____ ¼ of Section 16 Township 9s
      Range 16E B.M.

      (2) Amount of power to be generated: 2700 KW horsepower under 420 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: fish prop

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

WP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
	16E	16											Lt5						

Total number of acres to be irrigated _____

c. Describe any other water rights used for the same purposes as described above. none

9. a. Who owns the property at the point of diversion Elwood McCauley - LS Drain
John Woody - LQ Drain

b. Who owns the land to be irrigated or place of use applicants

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

0. Remarks _____

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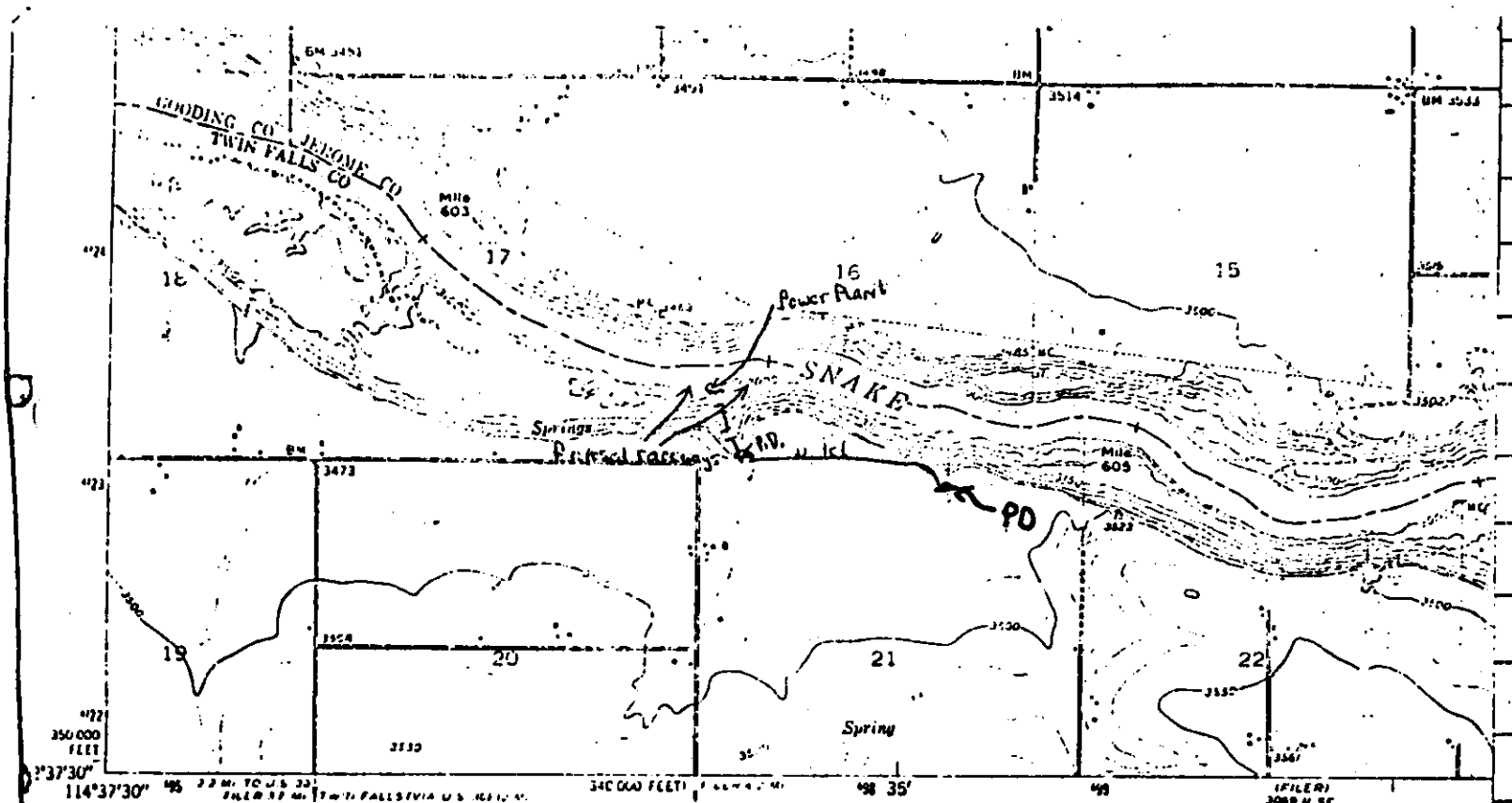

Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1946

Topography from aerial photographs by multiplex methods and by plane-table surveys 1950

Polyconic projection. 1927 North American datum

10,000-foot grid based on Idaho coordinate system, central zone

Red tint indicates area in which only landmark buildings are shown

1000-metre Universal Transverse Mercator grid ticks, zone 11, shown in blue

UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN

FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLO.

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.

(Applicant)

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Proposed Priority 8/1 980

Received by TB Date 8-12-80 Time 1:30

Preliminary check by GS Fee $ 1025.00

Receipted by TB Date 8-12-80 # 16548

Publication prepared by mm Date 8/19/80 Amended 4/8/82

Published in times news times news

Publication dates 8/28 & 9/4/80 4/21 & 4/28/82

Publication approved mrye Date 8/26/80 mrye 4/14/82

Protests filed by: ~~[illegible]~~ withdrawn

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by LH RC

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. 47-7660, 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 August 1, 19 87.

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

   d. Other: An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The issuance of this permit in no way grants any right-of-way or easement across the land of another.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

MICROFILMED

Form 202
3/78

Ident. No. 47-7661

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed and/or John Lorain and/or Elwood McCauley Phone: 326-4486
   Post office address Box 128 - Filer, Idaho 83328

2. Source of water supply Unnamed Springs which are a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of ____ ¼ of Section 17 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: ____

4. Water will be used for the following purposes:

   Amount 11.8 (cfs or acre-feet per annum) for Fish Prop purposes from Jan 1 to Dec 31 (both dates inclusive)
   Amount 11.8 (cfs or acre-feet per annum) for Power 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)

5. Total quantity to be appropriated:

   a. 11.8 cubic feet per second and/or b. ____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Collection ditch and pipeline to raceways
      pipeline to generator

   b. Height of storage dam ____ feet, active reservoir capacity ____ acre-feet; total reservoir capacity ____ acre-feet, materials used in storage dam: ____
      Period of year when water will be diverted to storage ____ (Month/Day) to ____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of ____ ¼ of Section 17 Township 9S
      Range 16E B.M.
      (2) Amount of power to be generated: ~~150~~ 107 per telecon JJ 8/5/1982 horsepower under 100 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: fish prop

MICROFILMED

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	
9S	16E	16											Lt5						
		17																Lt5	

Total number of acres to be irrigated _____

c. Describe any other water rights used for the same purposes as described above. Permit #47-7487

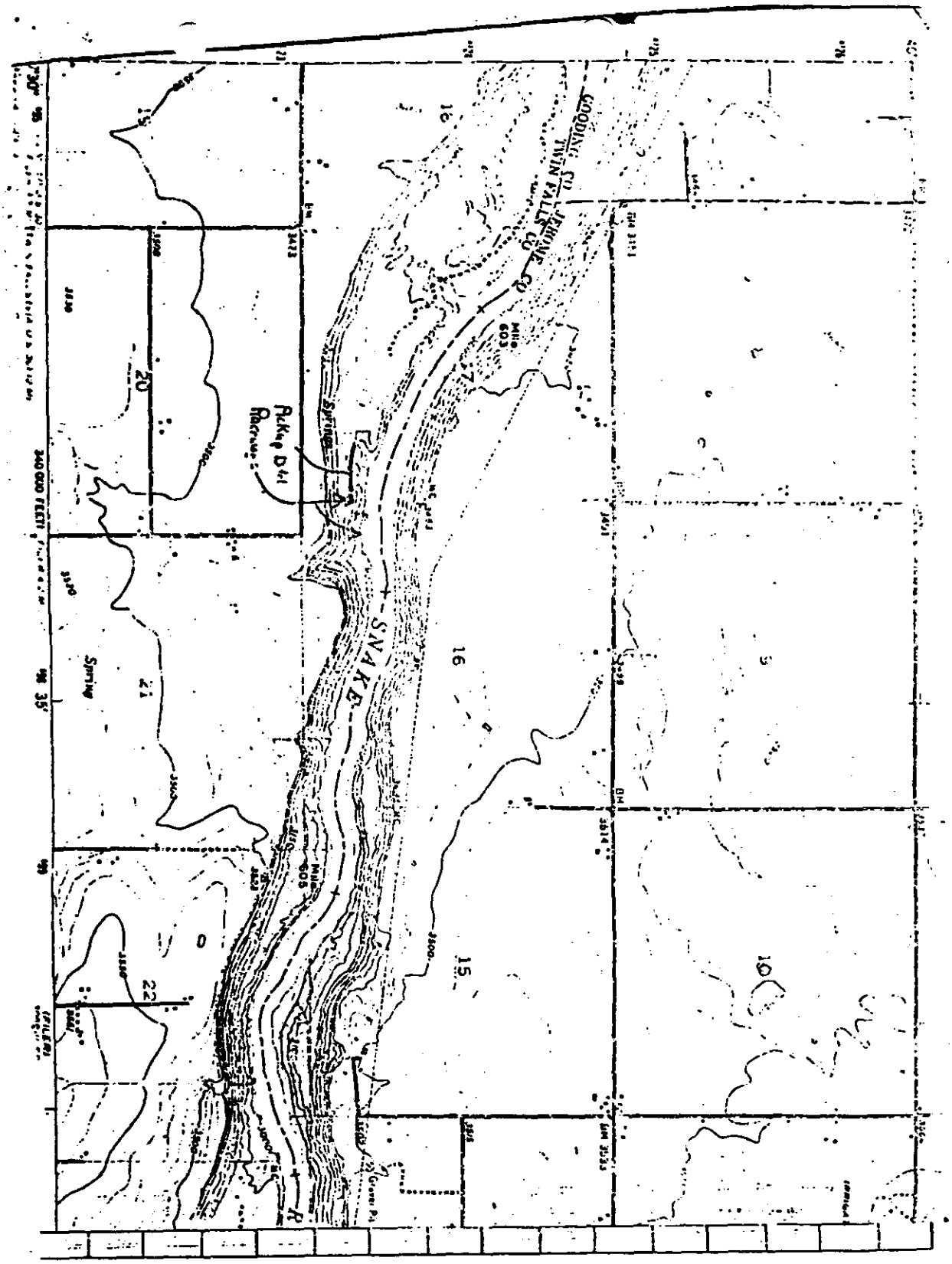
8. a. Who owns the property at the point of diversion applicants

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks

MICROFILMED



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.

Elwood McCauley
Dorothy Townsend
John Lazain
(Applicant)

MICROFILMED

Received by TB Date 8-12-80 Time 1:30

Preliminary check by TB Fee $ 265.00

#16548 Receipted by TB Date 8-12-80

Publication prepared by [illegible] Date 8/19/80

Published in Times News

Publication dates 8/25 & 9/1/80

Publication approved [illegible] Date 8/26/80

Protests filed by: ~~Twin Falls Canal Co.~~ withdrawn

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by KL RT

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. 47-7661, 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 August 1, 19 87.

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

   d. Other: Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.

   An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saylor

Chief, Operations Bureau

MICROFILMED

PARTNERS' SPOUSES' CONSENT TO ASSIGNMENT OF WATER RIGHTS

This Partners' spouses' consent to the Assignment of Water Rights between Pigeon Cove Power Company and Bonneville Pacific Corporation is made this 31st day of October, 1983, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Assignment of Water Rights to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Assignment of Water Rights.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

MICROFILMED

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

MICROFILMED

Form 211
5/78

Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR AMENDMENT OF A PERMIT

To change the point of diversion and/or the place of use

APPROVED

Comes now Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain Jr.

of (address) Box 128, Filer, ID 83328 , 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. 47-7660 , and requests that the permit and permit map be changed as follows:

1. Point of diversion: Lot 2 _____ ¼, Section 21 , Township 9S , Range 16E , B.M., County of Twin Falls . Other points of diversion: NW¼NW¼ Sec. 21 T. 9S R. 16E

2. Period and nature of use: (irrigation, domestic, stockwatering, industrial, etc.) No Change

   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)

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

3. Place of use or land to be irrigated: No change

TWP	RGE	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 = _____

4. a. Who owns the property at the point of diversion? Applicants

   b. Who owns the land to be irrigated or the place of use? "

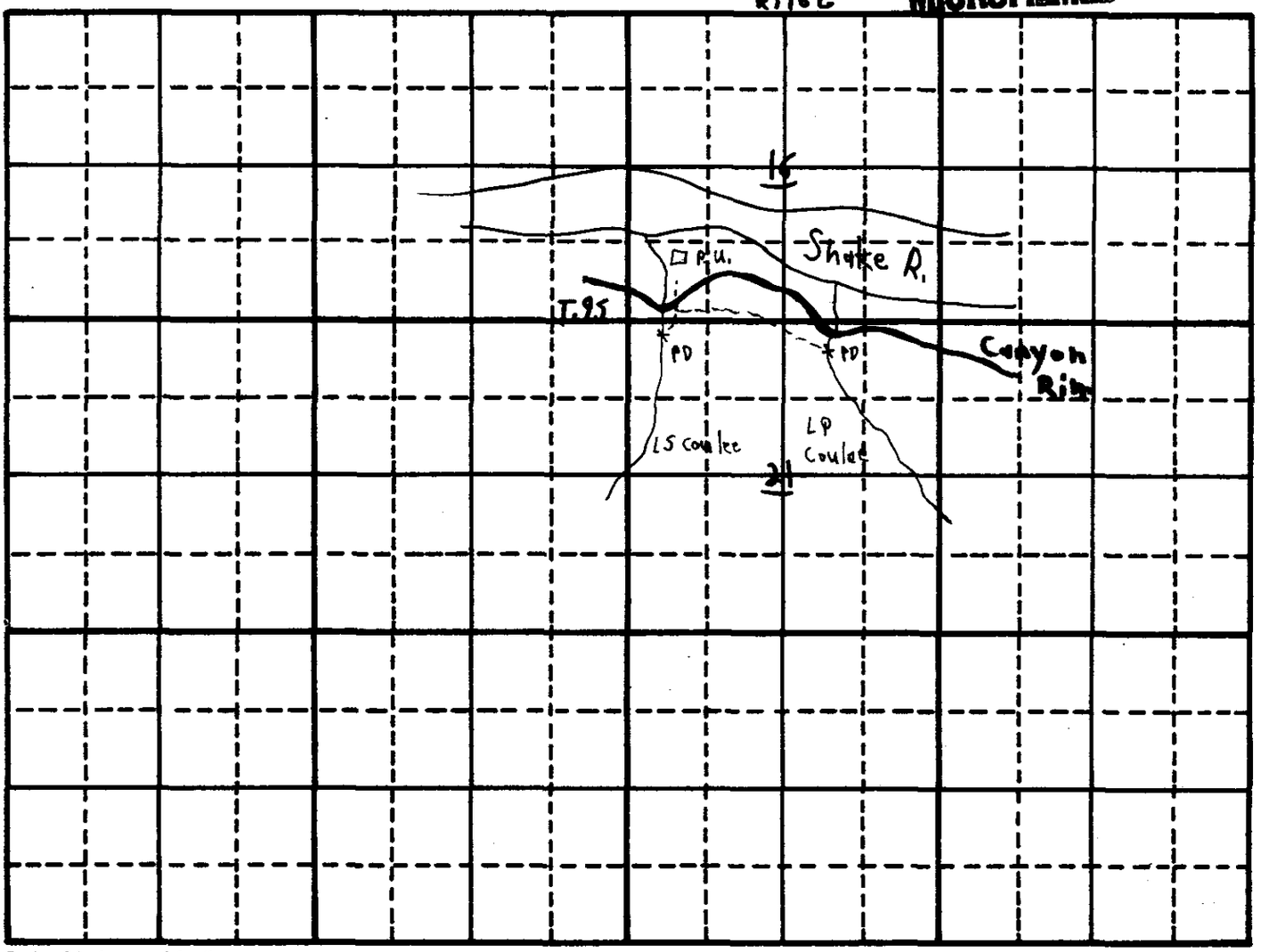
   c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: _____

MICROFILMED

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.

MICROFILMED



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Turnbeaugh
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by ADM Fee = $20.00 Receipted by LG Date 2/23/84 # 33006

Publication prepared by mary z Date 2/27/84 Published in Times News.

Publication dates 3/8 & 3/15/84

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby

Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7660 are met.

VOID

Witness my hand this 10th day of May, 19 84.

L. Glen Saxton
Chief, Operations Bureau

Form 205/206
7/81

Ident. No. 47-7660

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, _____ (name) of _____ (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, Leon Blazer (name) of Boise (city),

County of Ada, State of Idaho, being duly sworn, depose and say: That I am the designated registered agent of the Bonneville Pacific Corporation (name of corporation): that as such I am in charge of the registered office of the said corporation as required by Section 30-1-12, Idaho Code, at Boise (city) Idaho, wherein are kept the corporate records required by Section 30-1-52, Idaho Code: and that Bonneville Pacific Corporation (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.

/s/ Leon Blazer
Applicant

State of Idaho)
County of Ada) ss.

On this 3rd day of April, 1984, personally appeared before me the signer(~~s~~) of the above instrument, who duly acknowledged to me that he ~~(she)~~ ~~(they)~~ executed the same.

Notary Public residing at _____

seal

My commission expires: _____

RECEIVED
APR 3 1984
Department of Water Resources

Affidavit of Publication

STATE OF IDAHO, }
COUNTY OF TWIN FALLS } ss.

№ 13690

I, Donna Bruce being first duly sworn upon oath, depose and say that I am Legal Clerk of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for 2 consecutive weeks, commencing with the issue dated 3/8, 1984, and ending with the issue dated 3/15, 1984.

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

Donna Bruce

Subscribed and sworn to before me on this 16th day of March, 1984

Goldie F. Sawtell

Notary Public in and for the County of Twin Falls, State of Idaho, residing at Twin Falls, Idaho

MICROFILMED

Form 202
3/78

Ident. No. 47-7660

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr. Phone 326-4488
   Post office address Box 128, Filer, Idaho 83328

2. Source of water supply LQ Drain - LS Drain which is a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of _____ ¼ of Section 16 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: _____
   Lt ~~2~~ 3, Sec. 21, T9S, R16E

D.L.T.
11/4/81

4. Water will be used for the following purposes:

   Amount 80 (cfs or acre-feet per annum) for power purposes from Jan 1 to Dec 31 (both dates inclusive)
   Amount 80 (cfs or acre-feet per annum) for fish prop 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)

5. Total quantity to be appropriated:

   a. 80 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. concrete check and ditch to LS Drain
      Penstock to power plant and fish facility

   b. Height of storage dam _____ feet, active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet, materials used in storage dam: _____
      Period of year when water will be diverted to storage _____ (Month/Day) to _____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is **not** for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of _____ ¼ of Section 16 Township 9s
      Range 16E B.M.
      (2) Amount of power to be generated: 2700 KW horsepower under 420 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: fish prop

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	
9S	16E	16											Lt5						

Total number of acres to be irrigated _____

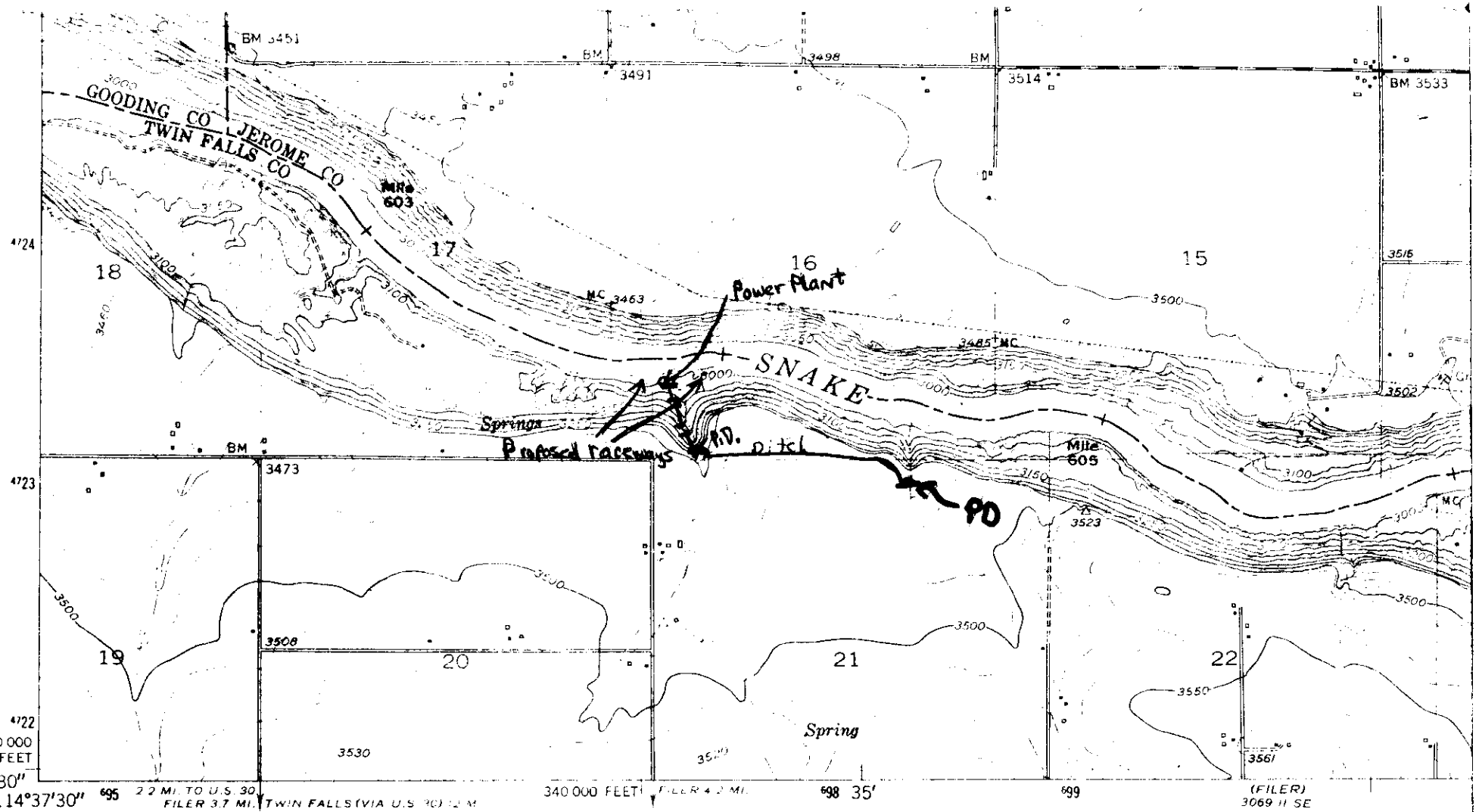
c. Describe any other water rights used for the same purposes as described above. none

9. a. Who owns the property at the point of diversion Elwood McCauley - LS Drain
John Woody - LQ Drain

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks



Mapped, edited, and published by the Geological Survey

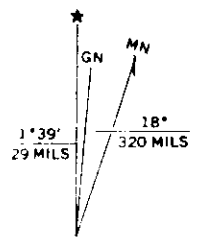
Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1946
Topography from aerial photographs by multiplex methods and by plane-table surveys 1950

Polyconic projection. 1927 North American datum
10,000-foot grid based on Idaho coordinate system, central zone

Red tint indicates area in which only landmark buildings are shown

1000-metre Universal Transverse Mercator grid ticks, zone 11, shown in blue



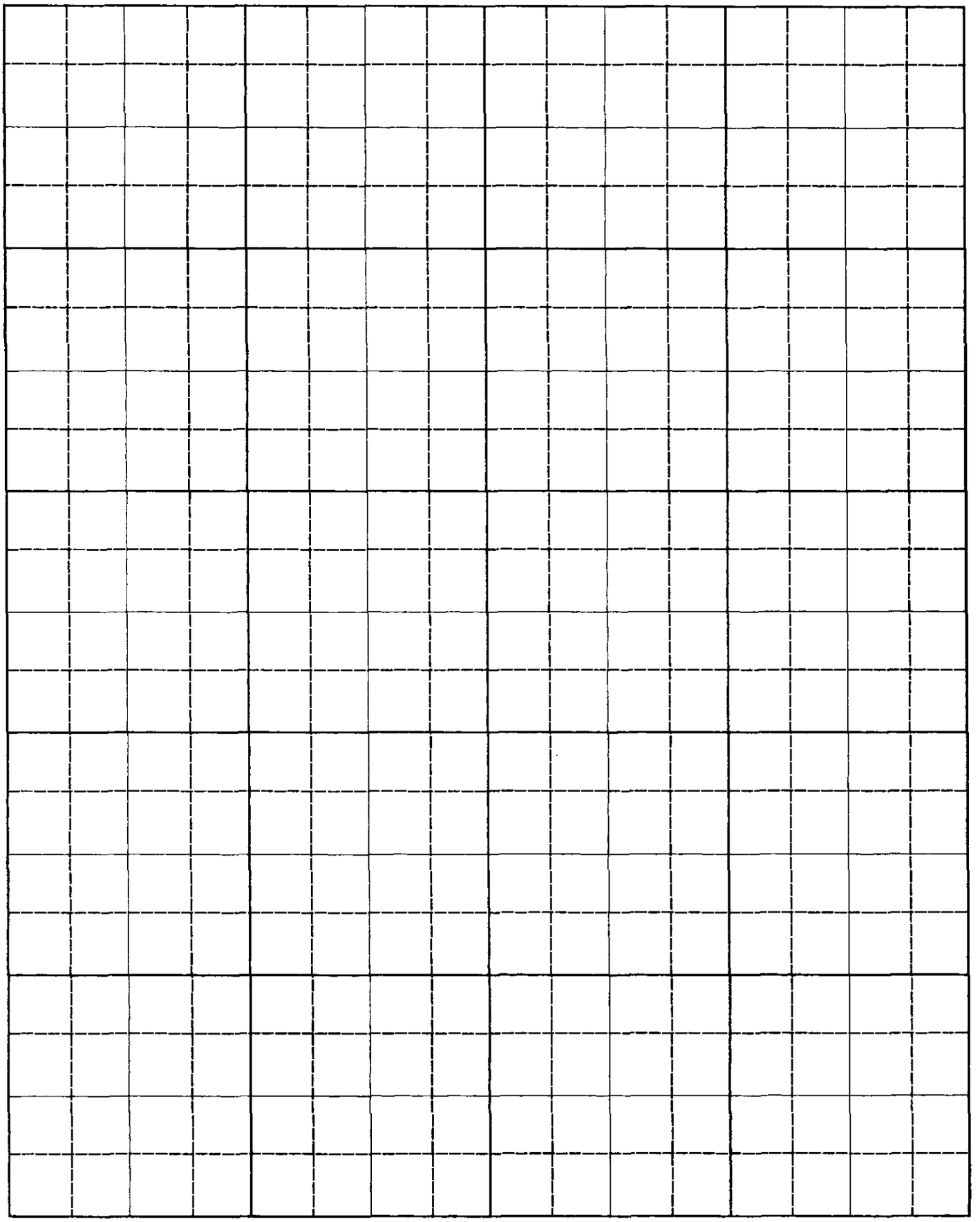
UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000

CONTOUR INTERVAL 10 FEET
CONTOUR INTERVAL ON RIVER SURFACE 5 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RI
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABL

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



Scale: 2 inches equal 1 mile.

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

Elwood McCauley
Dorothy Turnipseed
John Larsen

(Applicant)

Proposed Priority 8/12/1980

Received by TB Date 8-12-80 Time 1:30

Preliminary check by JR Fee $ 1025.00

Receipted by TB Date 8-12-80 # 16548

Publication prepared by mm Date 8/19/80 Amended 4/9/82

Published in Times News Times News

Publication dates 8/28 + 9/4/80 4/21 + 4/28/82

Publication approved mary Date 8/26/80 mary 4/14/82

Protests filed by: ~~Twin Falls Canal Co.~~ withdrawn

Copies of protests forwarded by _____

Hearing held by _____ Date _____

Recommended for approval denial by [illegible]

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. 47-7660, 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 August 1, 19 87.

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

   d. Other: An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The issuance of this permit in no way grants any right-of-way or easement across the land of another.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

BEFORE THE DIRECTOR OF THE DEPARTMENT OF WATER RESOURCES

OF THE

STATE OF IDAHO

IN THE MATTER OF DISMISSING PROTEST AGAINST APPLICATIONS FOR PERMIT NOS. 47-7660 AND 47-7661 FILED IN THE NAME OF PAUL &/OR DOROTHY TURNIPSEED &/OR ELWOOD McCAULEY &/OR JOHN LORAIN, JR.	ORDER TO DISMISS PROTEST

WHEREAS, on August 12, 1980, the above named applicants filed two applications for permit to appropriate 80 cubic feet per second of the waters of LQ and LS Drains and 11.8 cubic feet per second of the waters of unnamed springs proposing points of diversion in Lot 5, Section 16; Lot 3, Section 21; Lot 5, Section 17; Twp. 9S, Rge. 16E, B.M., Twin Falls County, for purposes of power generation and fish propagation; and,

WHEREAS, notices of the applications were published in the Twin Falls Times News on August 28 and September 4, 1980, with the final date for accepting protests set at September 15, 1980, in accordance with Title 42, Chapter 203, of the Idaho Code; and,

WHEREAS, on September 2, 1980, protests against granting of the applications were received from the Twin Falls Canal Company; and,

WHEREAS, on September 30, 1980, a protest against granting of the applications was received from John Woody of Filer, Idaho; and

WHEREAS, on October 29, 1981, the Twin Falls Canal Company withdrew their protests; and,

WHEREAS, on February 4, 1982, the Department sent John Woody of Filer, Idaho, an Order to Show Cause why his protest should not be dismissed due to untimely filing of his protest; and,

WHEREAS, pursuant to the provisions of Section 42-203, Idaho Code, the Director of the Department of Water Resources is empowered to dismiss protests which are received after the final protest date; and,

WHEREAS, protestant John Woody has not responded and has not shown why his protest should not be dismissed,

IT IS, THEREFORE, ORDERED that the Protest of John Woody of Filer, Idaho, is hereby Dismissed.

Dated this 13th day of August, 1982.

A. KENNETH DUNN
DIRECTOR

BEFORE THE DIRECTOR OF THE DEPARTMENT OF WATER RESOURCES

OF THE

STATE OF IDAHO

IN THE MATTER OF PROTEST AGAINST APPLICATIONS FOR PERMIT NO. 47-7660 AND 47-7661 FILED IN THE NAME OF PAUL &/OR DOROTHY TURNIPSEED &/OR ELWOOD McCAULEY &/OR JOHN LORAIN, JR.	ORDER TO SHOW CAUSE

WHEREAS, On August 12, 1980, the above named applicatns filed applications for permits to appropriate 80 cubic feet per second of the waters of LQ and LS Drains and 11.8 cubic feet per second of the waters of Unnamed Springs at points within Lt5, Sec. 16; Lt 3,Sec. 21; Lt 5, Sec. 17, T9S, R16E, B.M., Twin Falls County, for purposes of power generation and fish propagation; and,

WHEREAS, Notice of the applications were published in the Twin Falls Times News on August 28 and September 4, 1980 and the final date for accepting protests was set at September 15, 1980, in accordance with Title 42, Chapter 203, of the IDAHO CODE; and,

WHEREAS, On September 2, 1980, protests against granting of the applications were received from the Twin Falls Canal Company; and,

WHEREAS, On October 29, 1981, the Twin Falls Canal Company withdrew its protests:

IT IS, THEREFORE, HEREBY ORDERED That John Woody show cause on or before March 5, 1982 why his protest should not be dismissed due to its untimely date of filing.

DATED This 4 day of February, 1982.

LOREN O. HOLMES
Southern Region Supervisor

To whom it may Concern:

I John Woody protest application of

47-7660 permit & 47-7661-:

The Water is already filed on and is being used for fish propigation, also the property damages that could occur if these permits are granted.

John Woody
Route 1
Filer, Idaho
83328
9-30-80

RECEIVED
SEP 30 1980
Department of Water Resources
Southern District Office

NELSON, ROSHOLT, ROBERTSON, TOLMAN & TUCKER
ATTORNEYS AT LAW
P. O. BOX 1906
TWIN FALLS, IDAHO 83301
TELEPHONE (208) 734-0700

THOMAS G. NELSON
JOHN A. ROSHOLT
J. EVAN ROBERTSON
STEVEN K. TOLMAN
JAMES C. TUCKER

SUN VALLEY-KETCHUM OFFICE
P.O. BOX 2399
SUN VALLEY, IDAHO 83353
TELEPHONE (208) 726-4491

October 28, 1981

RECEIVED
OCT 29 1981
Department of Water Resources
Southern District Office

Mr. Loren Holmes
Department of Water Resources
1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301

Re: Application for Permit Nos. 47-7760 and 47-7761
Paul Turnipseed

Dear Loren:

The Twin Falls Canal Company Board of Directors has asked me to communicate to you that they officially withdraw their protest to Application for Permit Nos. 47-7760 and 47-7761.

Please place a copy of this letter in your file for the above-referenced permits.

Sincerely,

John A. Rosholt

JOHN A. ROSHOLT

JAR:bg

cc: Paul Turnipseed

John A. Rosholt
NELSON, ROSHOLT, ROBERTSON,
WALKER, TOLMAN & TUCKER
P. O. Box 1906
Twin Falls, Idaho 83301
Telephone: 734-0700

RECEIVED
SEP 2 1980
Department of Water Resources
Southern District Office

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE STATE OF IDAHO

* * * * * * * * * * *

IN THE MATTER OF APPLICATION FOR PERMIT NO. 47-7660 PAUL &/OR DOROTHY TURNIPSEED, ELWOOD McCAULEY, and JOHN LORAIN.	PROTEST OF TWIN FALLS CANAL COMPANY TO APPLICATION FOR WATER PERMIT

* * * * * * * * * * *

COMES NOW The Twin Falls Canal Company, by and through their attorneys, Nelson, Rosholt, Robertson, Walker, Tolman & Tucker, and respectfully allege:

1. That protestant Twin Falls Canal Company is a nonprofit, public irrigation corporation, which owns and operates a complex system of canals and ditches so as to deliver water to member shareholders who farm 202,000 acres in Twin Falls County, Idaho, and to whom the Canal Company has the legal duty of delivering the irrigation water represented by such shares.

2. That this application proposes to divert water from a portion of the Company's system which is under the regulation, control and ownership of the Twin Falls Canal Company and is operated and maintained by said company to satisfy their legal obligation to their shareholders to deliver water to their member shareholders.

9/5

3. The applicant has no permission or right of way, and cannot acquire one from the Company to construct the contemplated diversion works.

4. That the water sought to be appropriated is private water not subject to appropriation.

5. That the use of said water as requested may cause regulation problems for the Company in carrying out their duty of delivering irrigation and stock water.

6. That the Twin Falls Canal Company's duty in delivering irrigation and stock water to their member stockholders is in the local public interest and that this application, if granted, would erode the Company's ability to perform their mission in violation of local public interest.

NOW, THEREFORE, The Twin Falls Canal Company hereby protests the above-numbered application for the following reasons, to-wit:

(1) That the diversion and use of said water pursuant to said application for fish propagation purposes, although deemed nonconsumptive, will cause additional water losses by reason of seepage and regulation problems for the Company and their stockholders who depend upon said water for irrigation and stock water.

(2) That the applicant has no permission to divert from the rights of way of the Company and no permission to enlarge or alter appurtenant drainage easements.

(3) That the intended supply of water is not subject to appropriation.

(4) That granting of said permit is not in the local public interest and if granted would conflict with the local public interest.

WHEREFORE, the Twin Falls Canal Company by and through their attorneys, Nelson, Rosholt, Robertson, Walker,

Tolman & Tucker, respectfully request that the above-numbered application be denied by the Department of Water Resources and that no permit be issued thereto.

DATED this 29 day of August, 1980.

NELSON, ROSHOLT, ROBERTSON,
WALKER, TOLMAN & TUCKER

By: John A. Rosholt
John A. Rosholt
Attorneys for Protestant
Twin Falls Canal Company

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION
OF

PIGEON COVE POWER COMPANY

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of PIGEON COVE POWER COMPANY duly signed pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: October 23, 1981

GREAT SEAL OF THE STATE OF IDAHO (ESTO PERPETUA)

Pete T. Cenarrusa

SECRETARY OF STATE

by: Penny Ypsa

CIP 181

ARTICLES OF INCORPORATION

OF

PIGEON COVE POWER COMPANY

1. The name of the corporation is Pigeon Cove Power Company.

2. The period of its duration is perpetual.

3. Its purpose is to transact any and all lawful business for which corporation may be incorporated.

4. It shall have authority to issue 100 common shares, all of one class, $1.00 par value.

5. The address of its initial registered office is P.O. Box 128, Filer, Idaho, 83328. The name of its initial registered agent at such address is Paul C. Turnipseed.

6. The number of directors constituting its initial board of directors is three (3). The names and addresses of the initial board of three (3) directors are:

Paul C. Turnipseed	P.O. Box 128 Filer, ID 83328
John Lorain, Jr.	Route #2 Filer, ID 83328
Elwood McCauley	Route #1 Filer, ID 83328

7. The name and address of each incorporator is:

Paul C. Turnipseed P.O. Box 128 Filer, ID 83328	John Lorain, Jr. Route #2 Filer, ID 83328

DATED: October 21, 1981.

Paul C. Turnipseed
PAUL C. TURNIPSEED

John Lorain Jr.
JOHN LORAIN, JR.

orm 205
7/81

RECEIVED
OCT 13 1981
Department of Water Resources
Southern District Office

Ident. No. 47-7660

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

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

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

(check one)

☐ Will not utilize existing man-made irrigation facilities such as a dam or a canal.

☐ Will utilize existing man-made irrigation facilities such as a dam or a canal, and permission of the owner is documented in an affidavit attached hereto.

☒ Will utilize existing man-made irrigation facilities such as a dam or a canal and the owner of the facilities is the signee of this affidavit.

CW [signature]
Applicant

State of Idaho)
County of Twin Falls) ss.

On this 7th day of October, 19 81, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he (she) (they) executed the same.

Doris H. Finney
Notary Public residing at
Twin Falls, Idaho

seal

My commission expires:
April 21, 1985

Individual Owner

AFFIDAVIT TO ESTABLISH RESIDENCE

I, Paul Turnipseed of Filer, County of Twin Falls, State of Idaho, being duly sworn, do hereby certify that I am a bona fide resident of the State of Idaho.

/s/ Paul C. Turnipseed

Subscribed and sworn to before me this 3rd day of September, 1980

/s/ James L. Bingham

JAMES L. BINGHAM
NOTARY PUBLIC — STATE OF IDAHO
Twin Falls County
Commission expires October 1, 1980

Notary Public
Residence Twin Falls, Idaho
My Commission Expires _____

****

Corporation or Association

AFFIDAVIT TO ESTABLISH RESIDENCE
OR QUALIFICATIONS TO DO BUSINESS UNDER THE LAWS OF
IDAHO...

I, _____ of _____, County of _____, State of Idaho, being first duly sworn, depose and say: That I am the designated statutory agent of the _____, that as such I am in charge of the registered office of the said _____, as provided by Section 30-143, Idaho Code, at _____, Idaho, wherein are kept the records provided by Section 30-144, Idaho Code, and that _____ is a legal _____ qualified to do business in the State of Idaho under the laws of the State of Idaho.

/s/ _____

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

/s/ _____

Notary Public
Residence _____

My Commission Expires _____

RECEIVED

Department of Water Resources
Southern District Office

Individual Owner

AFFIDAVIT TO ESTABLISH RESIDENCE

I, Elwood McCauley of Filer, County of Twin Falls, State of Idaho, being duly sworn, do hereby certify that I am a bona fide resident of the State of Idaho.

/s/ Elwood McCauley

Subscribed and sworn to before me this 23rd day of September, 1982.

/s/ Janet G. Crosshans

Notary Public
Residence Filer

My Commission Expires 10-1-84

****

Corporation or Association

AFFIDAVIT TO ESTABLISH RESIDENCE
OR QUALIFICATIONS TO DO BUSINESS UNDER THE LAWS OF
IDAHO...

I, Elwood McCauley of Filer, County of Twin Falls, State of Idaho, being first duly sworn, depose and say:

That I am the designated statutory agent of the _____,

that as such I am in charge of the registered office of the said _____

_____, as provided by Section 30-143, Idaho Code, at _____

_____, Idaho, wherein are kept the records provided by Section 30-144, Idaho Code, and that _____ is a legal _____

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

/s/ _____

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

/s/ _____

Notary Public
Residence _____

My Commission Expires _____

RECEIVED
SEP 30 1980
Department of Water Resources
Southern District Office

Individual Owner

AFFIDAVIT TO ESTABLISH RESIDENCE

I, JOHN LORAIN ROUT22 of TWIN FALLS, County of IDAHO, State of Idaho, being duly sworn, do hereby certify that I am a bona fide resident of the State of Idaho.

/s/ John Lorain

Subscribed and sworn to before me this 11 day of Sept, 1980.

/s/ _____

Notary Public
Residence Twin Falls

My Commission Expires 9 June 1984

****

Corporation or Association

AFFIDAVIT TO ESTABLISH RESIDENCE
OR QUALIFICATIONS TO DO BUSINESS UNDER THE LAWS OF
IDAHO...

I, _____ of _____, County of _____, State of Idaho, being first duly sworn, depose and say: That I am the designated statutory agent of the _____, that as such I am in charge of the registered office of the said _____, as provided by Section 30-143, Idaho Code, at _____, Idaho, wherein are kept the records provided by Section 30-144, Idaho Code, and that _____ is a legal _____ qualified to do business in the State of Idaho under the laws of the State of Idaho.

/s/ _____

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

/s/ _____

Notary Public
Residence _____

My Commission Expires _____

STATE OF IDAHO,
County of Twin Falls, } ss.

On this 8th day of June, 1960, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS J. McMILLAN and SARAH V. McMILLAN, husband and wife,

known to me to be the persons whose names ARE subscribed to the within instrument and acknowledged to me that they 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.

[signature]
Notary Public in and for the State of Idaho,
Residing at Twin Falls, Idaho.

My commission expires on the 22
day of July, 1963

Presented to and Platted by me
CLIFFORD THOMPSON
Assessor Twin Falls County
Date 11-25-60

No. 198110

WARRANTY DEED

Thomas J. McMillan

TO

Edward McCauley
and C. Turnipseed
John Lorain, Jr.

Dated ....., 19....

STATE OF IDAHO,
County of Twin Falls, } ss.

I hereby certify that this instrument was filed for record at the request of Mrs. Paul Turnipseed at 15 minutes past 3 o'clock P.M., this NOV 23 1960 day of ....., 19.... in my office and duly recorded in Book 198 of Deeds at page 539

Ex-Officio Recorder

By Cleo Robinson
Deputy

Fees $1.80

Return to Mrs. Paul Turnipseed
Box 128
Filer - Idaho

PRINTED AND FOR SALE BY STANDARD PRINTING CO., TWIN FALLS

WARRANTY DEED

THIS INDENTURE, made this 8th day of JUNE, 1960, between

THOMAS J. McMILLAN and SARAH V. McMILLAN, husband and wife,

of Filer, County of Twin Falls, State of Idaho

the parties of the first part, hereinafter called the grantor, and ELWOOD McCAULEY and ELEANOR MCCAULEY, husband and wife, and PAUL C. TURNIPSEED and DOROTHY TURNIPSEED, husband and wife, and JOHN LORAIN, Jr. and DONNA LORAIN, husband and wife,

of Filer, County of Twin Falls, State of Idaho

the parties of the second part, hereinafter called the grantee.

WITNESSETH, that the grantor, for and in consideration of the sum of ----------

TEN ($10.00) and No/100----------DOLLARS

in lawful money of the United States of America, to the grantor in hand paid by the grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold, and by these presents does grant, bargain, sell, convey and confirm unto the grantee, and to the grantee's heirs and assigns forever, all the following described real estate, situated in Twin Falls County, State of Idaho:.

All those portions of the hereinafter described tracts or parcels of land which lie below the Rim Rock of Snake River Canyon and extend from said Rim Rock to the Snake River.

Lot 5 and 6 in Section 16, and lot 5 and all of Lot 6 except that part of said Lot 6 lying North of the Rim Rock of Snake River Canyon in Section 17, all in Township Nine (9) South, Range Sixteen (16) East of the Boise Meridian.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto, be longing or in anywise appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all estate, right, title and interest in and to the said property, as well in law as in equity, of the grantor.

TO HAVE AND TO HOLD, all and singular the above mentioned and described premises, together with appurtenances, unto the grantee, and to the grantee's heirs and assigns forever. And the grantor, and the grantor's heirs, the said premises in the quiet and peaceable possession of the grantee, and the grantee's heirs and assigns, against the grantor, and the grantor's heirs, and against all and every person and persons whomsoever, lawfully claiming the same, shall and will WARRANT and by these presents forever DEFEND.

IN WITNESS WHEREOF, the grantor has subscribed this deed the day and year first above written.

Thomas J. McMillan

Sarah V. McMillan.

TWIN FALLS COUNTY, IDAHO, WARRANTY DEED RECORD NO. 198

INSTRUMENT No. 498120

THIS INDENTURE, Made 8th day of JUNE , 19 60, between

THOMAS J McMILLAN and SARAH V McMILLAN, husband and wife,

of Filer , County of Twin Falls , State of Idaho ,

the parties of the first part, hereinafter called the grantor, and ELWOOD McCAULEY and ELEANOR MCCAULEY, husband and wife, and PAUL C TURNIPSEED and DOROTHY TURNIPSEED, husband and wife, and JOHN LORAIN, Jr and DONNA LORAIN, husband and wife of Filer, County of Twin Falls, State of Idaho ,

the parties of the second part, hereinafter called the grantee,

WITNESSETH, That the grantor, for and in consideration of the sum of

TEN ($10.00) and No/100 DOLLARS,

in lawful money of the United States of America, to the grantor in hand paid by the grantee, the receipt whereof is hereby acknowledged, has granted, bargained, and sold, and by these presents does grant, bargain, sell, convey and confirm unto the grantee, and to the grantee's heirs and assigns forever, all of the following described real estate, situated in Twin Falls , State of Idaho,

All those portions of the hereinafter described tracts or parcels of land which lie below the Rim Rock of Snake River Canyon and extend from said Rim Rock to the Snake River.

Lot 5 and 6 in Section 16, and Lot 5 and all of Lot 6 except that part of said Lot 6 lying North of the Rim Rock of Snake River Canyon in Section 17, all in Township Nine (9) South, Range Sixteen (16) East of the Boise Meridian.

LEGAL NOTICE

NOTICE OF AMENDED APPLICATION FOR PERMIT NO. 47-7660

Notice is hereby given that Application for Permit No. 47-7660 in the names of Paul and/or Dorothy Turnipseed &/or Etwood McCauley &/or John Lorain, Jr., of Filer, Idaho 83328 was filed as follows:

Source: LQ Drain- LS Drain tributary of Snake River

Priority Date: August 12, 1966

Amount: 80.00 cfs

Diversion Point: Lt 5, Sec. 16; Lt 2, Sec. 21, T9S, R16E, Twin Falls County

Use: Fish Prop (80.00 cfs) from 1/1 to 12/31

Power (80.00 cfs) from 1/1 to 12/31

Place of Use: Lt 5, Sec. 16, T9S, R16E

Diversion Means: Concrete Check & Ditch to LS Drain Penstock to Power Plant & Fish.

Application for Permit is hereby amended by Paul and/or Dorothy Turnipseed &/or Etwood McCauley &/or John Lorain, Jr., as follows:

Source: Same

Priority Date: Same

Diversion Point: Lt 5, Sec. 16; Lt 3, Sec. 21, T9S, R16E, Twin Falls County

Amount: Same

Use: Same

Place of Use: Same

Diversion Means: Same

Any protest to the Amended Application for Permit must be filed with the Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before May 10, 1982.

R. KENNETH DUNN
Director

PUBLISH: Thursday, April 22, and 29, 1982.

RECEIVED

Affidavit of Publication

STATE OF IDAHO, }
COUNTY OF TWIN FALLS } ss.

№ 11465

I, [illegible] being first duly sworn upon oath, depose and say that I am [illegible] of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for 2 consecutive [illegible], commencing with the issue dated [illegible], 19 82, and ending with the issue dated [illegible], 19 82.

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

[illegible]

Subscribed and sworn to before me on this 27 day of April, 1982.

[illegible]

Notary Public in and for the County of Twin Falls, State of Idaho, residing at Twin Falls, Idaho

Affidavit of Publication

№ 10524

STATE OF IDAHO,
COUNTY OF TWIN FALLS } ss.

I, Linda Capps McGuire being first duly sworn upon oath, depose and say that I am Princ Clerk of the TIMES-NEWS, published daily, at Twin Falls, Idaho, and do solemnly swear that a copy of the notice of advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof, for Two consecutive Weeks, commencing with the issue dated August 28, 1980, and ending with the issue dated September 4, 1980.

ok mary

And I do further certify that said newspaper is a consolidation, effective February 16, 1942, of the Idaho Evening Times, published theretofore daily except Sunday, and the Twin Falls News, published theretofore daily except Monday, both of which newspapers prior to consolidation had been published under said names in said city and county continuously and uninterruptedly during a period of more than twelve consecutive months, and said TIMES-NEWS, since such consolidation, has been published as a daily newspaper except Saturday, until July 31, 1978, at which time said newspaper began daily publication under said name in said city and county continuously and uninterruptedly.

And I further certify that pursuant to Section 60-108 Idaho Code, Thursday of each week has been designated as the day on which legal notice by law or by order of any court of competent jurisdiction within the state of Idaho, to be published weekly, will be published; and that at the head of the editorial column of said combined newspapers, and in each issue thereof, Thursday is announced as the day on which said legal notices will be published.

Linda Capps McGuire

Subscribed and sworn to before me on this 12 day of September, 1980

Melba Rowlett-Smith

Notary Public in and for the County of Twin Falls,
State of Idaho, residing at Twin Falls, Idaho

LEGAL NOTICE

NOTICE OF APPLICATION FOR WATER RIGHT

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

[illegible]

TURNIPSEED, PAUL &/or DOROTHY
McCAULEY, ELWOOD
LORAIN, JOHN
BOX 128, FI[illegible]
Source: LQ [illegible] tributary to SNAKE [illegible]
LS DRAIN [illegible] tributary to SNAKE RIVER
Date Filed: [illegible]
Amount: 80.00 CFS
Diversion Point: LOT 02 Sec 21 T 09S R 16E LOT 05 Sec 16 T 09S R 16E, TWIN FALLS Co.
Use: FISH PROP. (80.00 CFS) from 01/01 to 12/31
POWER (80.00 CFS) from 01/01 to 12/31
Place of Use: LOT 05 Sec 16 T 09S R 16E
Diversion Means: CONCRETE CHECK & DITCH TO LS DRAIN PENSTOCK TO POWER PLANT & FISH

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

JANUARY 10, 1995

David B Lincoln
KLAM & BURKE
P. O. Box 1539
Boise, Idaho 83701

RE: WATER RIGHT NO. 47-07660

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Amended Water Right License issued on the above referenced Water Right along with a copy of the Order Amending Water Right License.

If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

Shelley Walter Keen

SHELLEY W. KEEN
Water Rights Supervisor

SWK:rl

Enclosure

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

JANUARY 10, 1995

THOMAS A. MILLER
HAWLEY TROXELL ENNIS & HAWLEY
P. O. BOX 1617
BOISE, IDAHO 83701-1617

RE: WATER RIGHT NO. 47-07660

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Amended Water Right License issued on the above referenced Water Right along with a copy of the Order Amending Water Right License.

If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

Shelley Watten Keen

SHELLEY W. KEEN
Water Rights Supervisor

SWK:rl

Enclosure

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

JANUARY 10, 1995

Roger G. Segal, Trustee
P. O. Box 11008
Salt Lake City, Utah 84147-0008

RE: WATER RIGHT NO. 47-07660

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Order Amending Water Right License issued on the aforementioned Water Right.

If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

SHELLEY W. KEEN
Water Rights Supervisor

SWK:rl

Enclosure

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

JANUARY 10, 1995

Bonneville Pacific Corp.
6th Floor, Bank One Bldg.
50 West Broadway
Salt Lake City, Utah 84101

RE: WATER RIGHT NO. 47-07660

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Order Amending Water Right License issued on the aforementioned Water Right.

If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

SHELLEY W. KEEN
Water Rights Supervisor

SWK:rl

Enclosure

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

May 3, 1994

BONNEVILLE PACIFIC CORP
200 E TEMPLE SUITE 300
SALT LAKE CITY UT 84111

RE: WATER RIGHT NO. 47-07660

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 an Order Advancing Date of Priority. The order advances your priority date to January 7, 1981, due to late submittal of the examination fee. If you have any questions, please contact me within 10 days of receipt of these documents.

Sincerely,

JIM JOHNSON
Water Rights Supervisor

JJ:dc

Enclosure

The group of documents separated from the main file and attached to the letter dated 12-23-94, belong here in place of this note.

MAY 11 1994

MEMORANDUM

TO: **File 47-07660**

FROM: **Sharla**

DATE: **April 18, 1994**

RE: **Telecon with IPUC**

On this date, I spoke with Scott Woodbury from IPUC concerning the power purchase contract with Idaho power in relation to this water right permit. The contract was signed 1983-1984 and the term was 10 years. This means that the contract is expiring on or about June 30, 1994.

Scott stated that in most cases, action is initiated 6 months before the expiration of the contract for renewal. The process requires a new contract, however, the applicant does not have to start over with all the formal paperwork. In most cases, the renewal is granted unless the project has been problematic.

Because the original contract is expiring soon and because the original contract period was only 10 years, the water right license is being issued with a condition authorizing Director review in January, 2004. If at that time we find the current contract is still in force, an appropriate call-up date can be determined.

MAY 11 1994

CONVERSATION MEMORANDUM

TO: **File 47-07660**

FROM: **Sharla**

DATE: **April 14, 1994**

RE: **PUC Term of Contracts**

On this date I spoke with Bill Eastlake at IPUC concerning the term of power purchase contracts under their regulation. He informed me that calculations are made taking into consideration utility payment to the power producer and a term of 1-30 years is determined.

As a general policy, the standard term is set at 20 years.

Based upon this information, a condition limiting the term of years of the water right license to 20 years will be added in line with Section 42-203B(7). Because there is no FERC regulation and no documentation for the power purchase contract in the file, the only criteria left to base the term upon is PUC policy.

MAY 1

MEMORANDUM

TO: **File 47-07660**

FROM: **Sharla**

DATE: **March 16, 1994**

RE: **License Issuance**

This right has been reviewed for issuance of a license. The certified examiner's field report contains sufficient information for issuance of a license.

Because of the size of this facility, it has been exempted by FERC from their licensing requirements. Consequently, no conditions are being imposed on the license concerning review upon the expiration of a FERC license.

The appropriate permit conditions have been carried forward and other standard conditions applicable to power rights have been included.

A licensing amendment is not required. The only significant change from the permit is the decrease in the diversion rate.

The priority date has been advanced

Permit Priority Date:	August 12 1980	
EXAM FEE NOTICE		
Exam Fee Notice Date:	August 12 1986	
Exam Fee/Info Sheet Received Date:	NOT RECEIVED	
Exam Fee or Info Due Date:	October 11 1986	
CERTIFIED EXAM		
Exam Received Date:	January 07 1988	
Exam by Examiner Due Date:	August 12 1987	
Days Late:		148 DAY(S)
NEW PRIORITY DATE		
Original Priority Date:	August 12 1980	
Total Days Late:		148 DAY(S)
New Priority Date:	January 07 1981	

Although this right lapsed due to non-submittal of an examination fee or the fee information sheet within a year of the original fee notice, the calculation of the advancement of the date of priority is based upon the arrival of the certified examination after the one-year period. An order advancing the priority date has been prepared.

MAY 1 1 1994

J-U-B ENGINEERS, INC.

800 Falls Avenue • Twin Falls, Idaho 83301 • Telephone (208) 733-2414

JAN 07 1988

Department of Water Resources
RECEIVED
JAN 6 1988
Department of Water Resources
Southern Region Office

January 6, 1988

Mr. Loren Holmes
State of Idaho
Department of Water Resources
2148 4th Avenue East
Twin Falls, Idaho 83301

Re: Beneficial Use Examination for Permit No. 47-7660
Pigeon Cove Hydroelectric Project

Dear Mr. Holmes:

This letter serves to formally notify you that J-U-B ENGINEERS, Inc., has been retained by Bonneville Pacific Corporation to conduct the Proof of Beneficial Use field examination for the above noted project and permit.

The beneficial use field report was prepared under the supervision of Mr. David L. Curtis, P.E., of our Boise office who is a certified water rights field examiner. The field examination was conducted on October 20, 1986.

Sincerely yours,

J-U-B ENGINEERS, Inc.

David D. Joerger

David D. Joerger, E.I.T.

DDJ:al

cc: Mr. Orlin V. Clements, Bonneville Pacific Corp.

MICROFILMED
MAY 11 1994

Form 219
6/86

RECEIVED
JAN 07 1988
Department of Water Resources

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

BENEFICIAL USE FIELD REPORT

A. GENERAL INFORMATION

Permit No. 47-7660

1. Owner: Paul and/or Dorothy Turnipseed and/or John Lorain Phone No. 326-4488
   Current Address: Box 128 and/or Elwood McCauley Filer, Idaho 83328
2. Accompanied by: --- EXAM. DATE: October 20, 1986
   Address: --- Phone No. ---
   Relationship to Permit Holder: ---
3. Source: LQ Coulee & LS Coulee tributary to Snake River

B. OVERLAP REVIEW

1. Other water rights with same place of use: None
   ☐ Copies Attached
2. Other water rights with same point of diversion: None
   ☐ 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

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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.

System Description (continued)

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

Water is diverted from the LS and LQ coulees by a small concrete intake structure The intakes for the LS and LQ coulees are practically identical. They consist of a small concrete weir wall with stop log channels and a slide gate. Water flows through a trash rack with a self-cleaning rake and then enters a welded steel penstock. The two penstocks from each coulee are buried and join together to form a single penstock. This penstock then passes through the canyon wall and drops down to the powerhouse. The powerhouse houses a five nozzle vertical Pelton wheel turbine. Water passes through the turbine and discharges to the Snake River via an earthen tailrace channel (see

☒ See Remarks on page 4 for continuation

4.

Well or Diversion Identification No.*	Generator Make	Turbine Hp	Generator Serial No.	Turbine Make	Design Turbine Discharge Size
N/A	Ideal Electric Co	2900 (2163KW)	327495	Hydro-West Group, Inc.	65 CFS

**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
--			NW	NE	21	9S	16E	Twin Falls	L Q Coulee Diversion
--			NW	NW	21	9S	16E	Twin Falls	L S Coulee Diversion

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	
9S	16E	16											X						----

Do not use this space

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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:**

A pressure gauge in the powerhouse indicated an operating pressure at the turbine intake of 192 psi (443.5 feet). In addition, this pressure gauge was approximately 5 feet above the tailwater discharge. Therefore, the total head to the turbine is approximately 448.5 feet (which is the design head). In addition, the meter reading indicated approximately 2000 KW (2680 HP) of power was being produced. According to the attached turbine curves, this corresponded to a flow of approximately 57 cfs.

E. FLOW CALCULATIONS

☐ Additional Computation Sheets Attached

1. Measured Method: Certified turbine curves were used to determine flow (see attached turbine curve). The head to the turbine was determined by a pressure gage in the powerhouse while power production was determined from the KW output meters in the powerhouse.
2. Alternate Method for Checking Purposes:

N/A

F. PUMP EFFICIENCY DATA (Optional) N/A

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 N/A

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:

MAY 11 1994

H. REMARKS AND OVERLAP REVIEW ANALYSIS

attached photos).

The plant was not at full capacity during the inspection. However, according to the turbine curves and the turbine nameplate rating, the maximum flow utilized is 65 cfs. As a result, it is felt that 65 cfs be recommended for beneficial use.

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 Generation	Jan. 1	Dec. 31	65 CFS	
		Totals:	65 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 David L. Curtis

Signature David L Curtis

Certification Date 5 January 1988

Field Report Preparation Date 5 January 1988

REGISTERED PROFESSIONAL ENGINEER 3121 STATE OF IDAHO CONSULTANT SEAL DAVID L CURTIS

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

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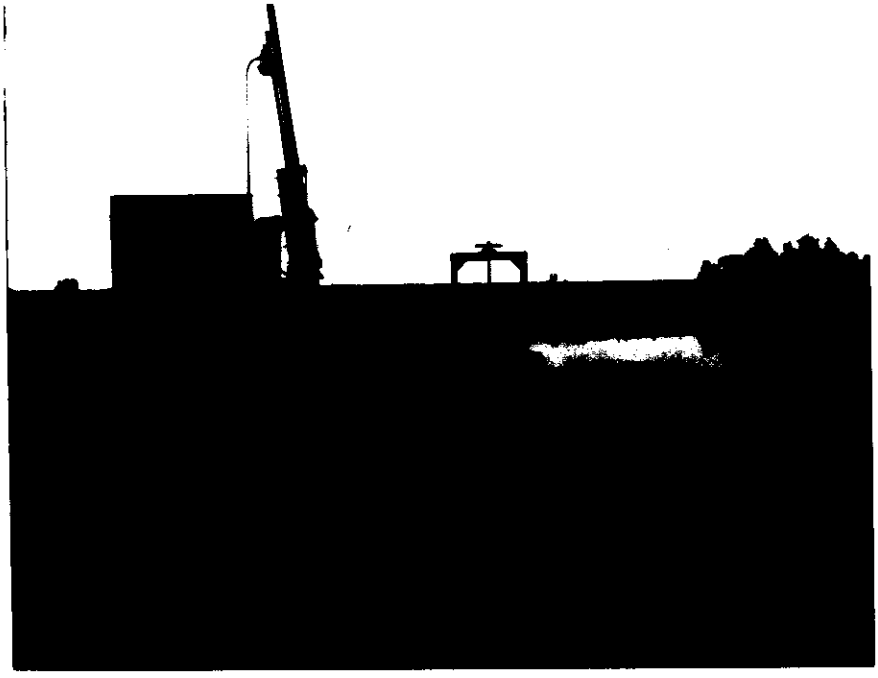
MAY 11 1994

47-7660

L S Penstock Diversion and Intake
(Looking Downstream)

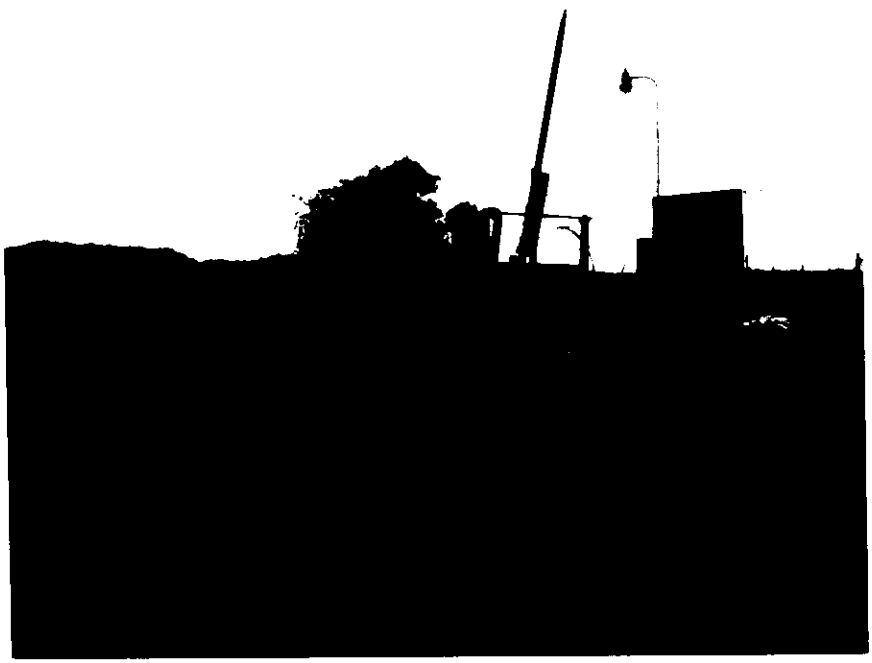


L S Penstock Diversion and Intake
(Looking Upstream)

MAY 12 1994

47-7660

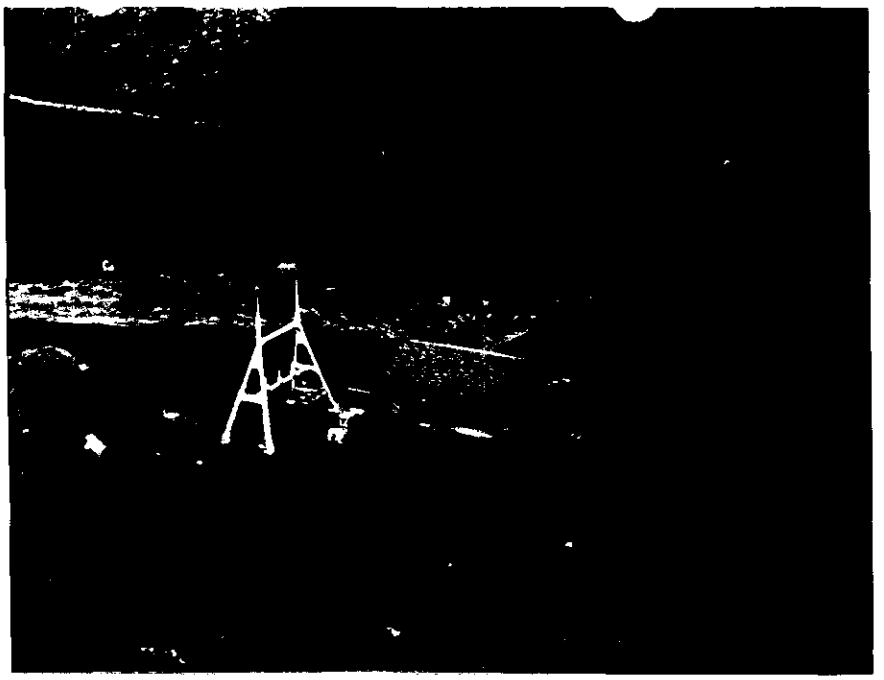
L Q Penstock Diversion and Intake
(Looking Downstream)



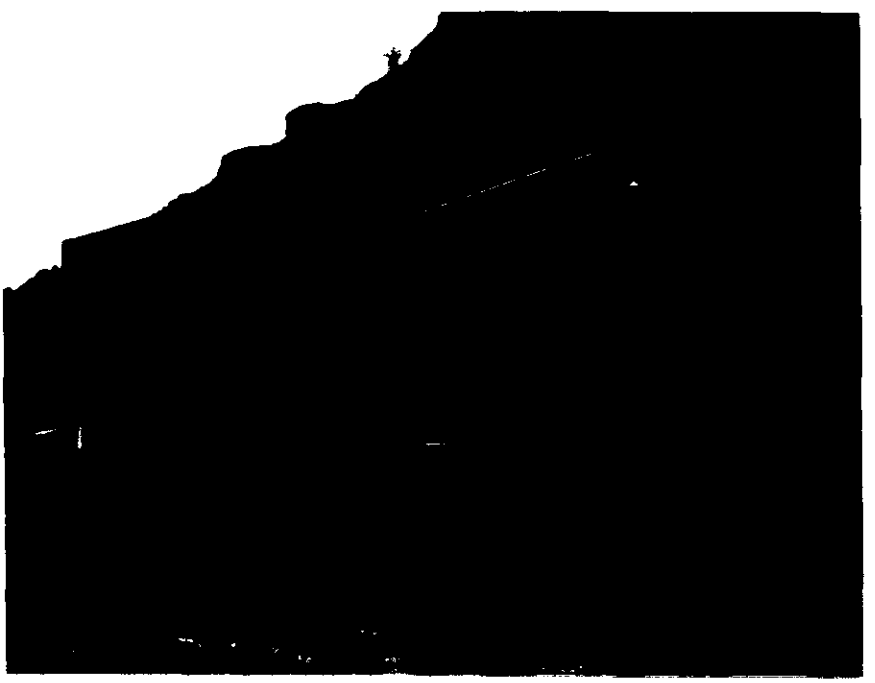
L Q Penstock Diversion and Intake
(Looking Upstream)

MAY 11 1994

47-7660

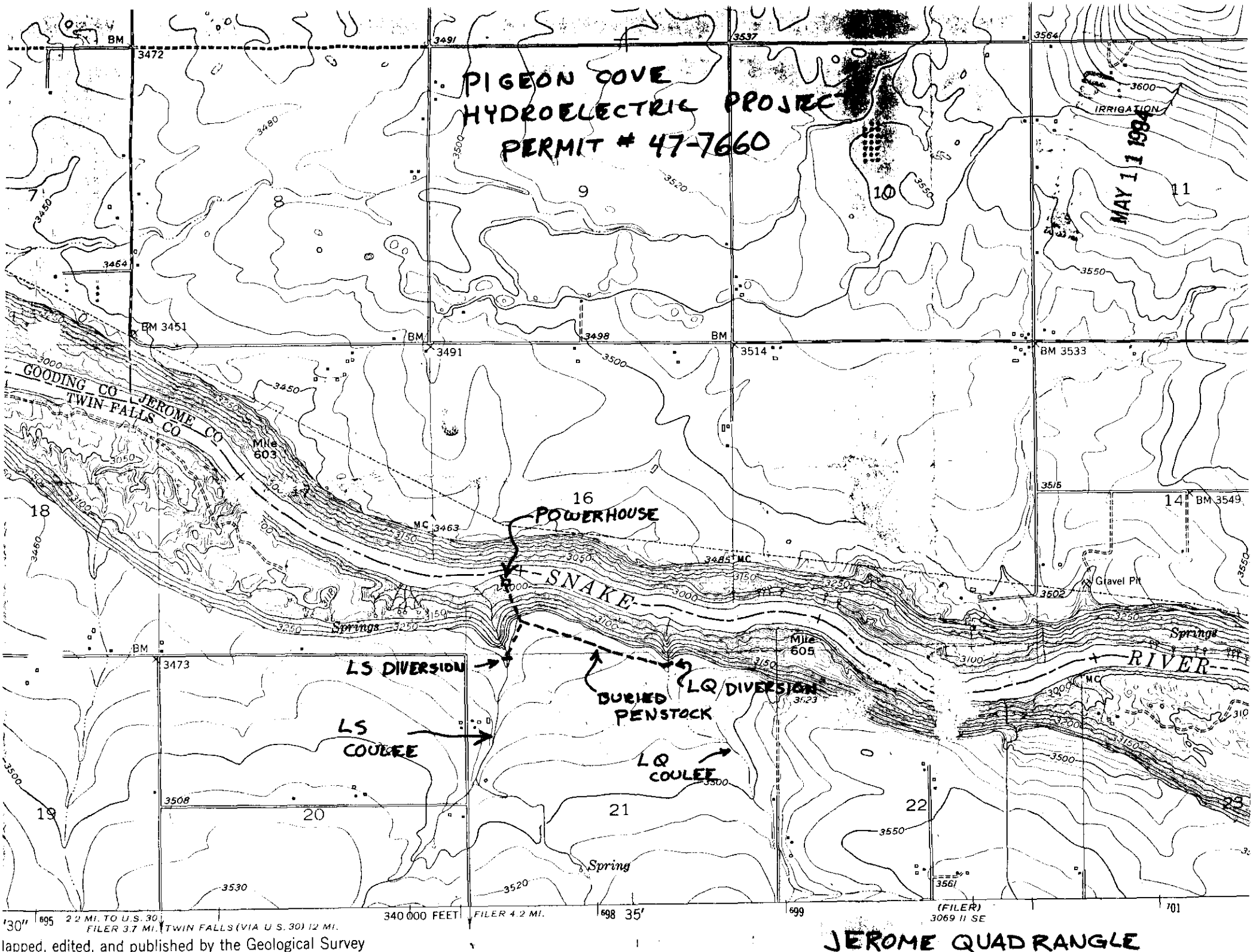


Powerhouse, Substation, and Tailrace Channel to Snake River.



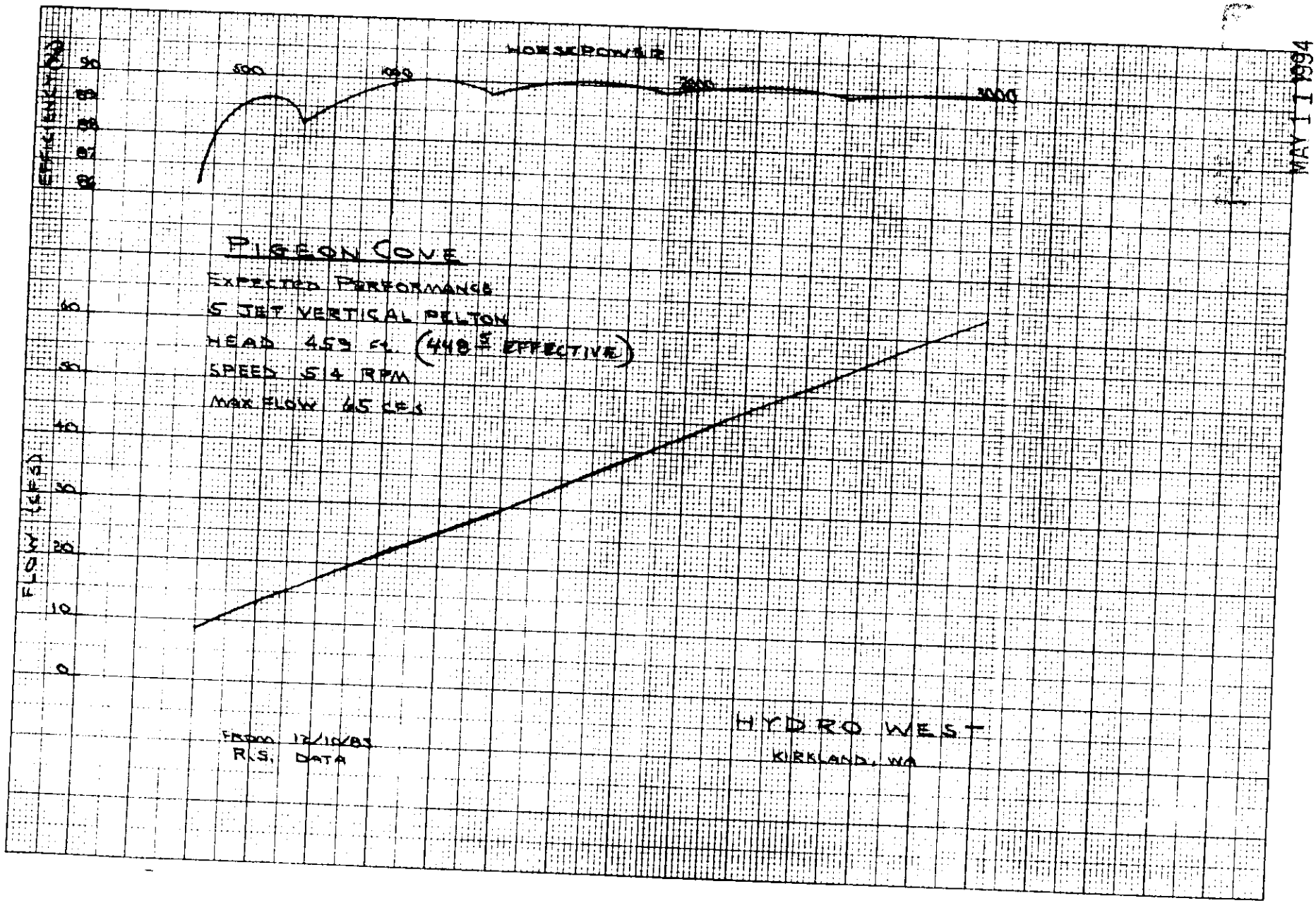
Powerhouse

MAY 1 1 1994



lapped, edited, and published by the Geological Survey

47-7660


EFFICIENCY %
FLOW (CFS)
HORSEPOWER
500
1000
3000
PIGEON COVE
EXPECTED PERFORMANCE
5 JET VERTICAL PELTON
HEAD 453 FT. (448 FT EFFECTIVE)
SPEED 514 RPM
MAX FLOW 65 CFS
FROM 12/15/83
R.S. DATA
HYDRO WEST
KIRKLAND, WA
MAY 11 1984

Form 217
12/84

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

PROOF OF BENEFICIAL USE

RECEIVED
JAN 0 [illegible] 1988
Department of Water Resources

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

Permit No. 47-7660 [redacted]

Name(s) of Permit Holder: Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain Jr

Post Office Address: Box 129 Filer, ID 83328

Telephone No. _____

Source of Water: LS and LQ Coulees

Extent of Use:

Domestic _____ (number of households)

Stockwater _____ (number and type of stock)

Irrigation _____ (acres)

Other/Remarks Power

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

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

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

MISCELLANEOUS
MAY 1 1 1994

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

Turbine Generator Service
(Name)

252 Deere st Twin Falls, ID 83303-1180 733-5863
(Address) (Telephone Number)

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

10/8/86
Date

Paul Turnipseed
Signature of Permit Holder (and Title, if appropriate)

Place Stamp Here

Idaho Department of Water Resources
Statehouse Mail
Boise, ID 83720

no longer the permit holder - blu was filed by permit holder (Bonneville Pacific Corp) in 1985.

File

State of Idaho
DEPARTMENT OF WATER RESOURCES
Southern Region

CECIL D. ANDRUS
Governor

R. KEITH HIGGINSON
Director

RECEIVED
SEP 25 1987
Department of Water Resources

Mailing Address:
Southern Region
2148 4th Ave. East
Twin Falls, Idaho 83301
(208) 734-3578

September 24, 1987

Brett Van Wagoner
Bonneville Pacific Corporation
P.O. Box 2467
Twin Falls, ID 83303

Re: Permit 47-7660

Dear Mr. Van Wagoner:

Per our conversation of 9/23/87, we are forwarding an Examination Fee Information form to you. The completed form and examination fee of $600.00 should be returned to this office as soon as possible. This permit will lapse on December 11, 1987 if this is not done by that date.

If you have any questions or if this office can be of further assistance, please feel free to contact us.

Very truly yours,

James E. Stanton
Sr. Water Resource Agent

JS:MB

Enclosure

MICROFILMED
MAY 11 1994

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

CECIL D. ANDRUS
Governor

A. KENNETH DUNN
Director

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

47-7660
BONNEVILLE PACIFIC CORP.
200 E. TEMPLE, SUITE 300
SALT LAKE CITY, UT 84111

August 12, 1987

Dear Permit Holder:

LAPSE NOTICE
License Examination Fee

You are hereby notified that under the provisions of Section 42-217 and 42-218a, Idaho Code, the above referenced permit will lapse and be of no further force nor effect on October 12, 1987, for failure of the permit holder to submit either the license examination fee or an acceptable field examination report prepared by or under the supervision of a certified water right examiner.

Provisions of § 42-217, Idaho Code, and the Beneficial Use Examination Rules and Regulations provide that failure of the permit holder to submit either the fee or an acceptable field examination report within one (1) year and sixty (60) days after notification by the director that the submittal is due is cause for the director to reject the proof of beneficial use and lapse the permit. The Department notified you of the required submittal on August 12, 1986.

The lapsed permit can be reinstated upon a showing of reasonable cause for late submittal of proof of beneficial use, if you submit to the Department on or before December 11, 1987, either the license examination fee or an acceptable field examination report prepared by or under the supervision of a certified water right examiner.

Enclosed is a fee information sheet that must be completed and submitted to the Department to keep the permit in good standing. If you have questions, please contact any office of the Department.

Sincerely,

L. Glen Saxton

L. GLEN SAXTON, Chief
Operations Bureau

Enclosure

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

A. Kenneth Dunn
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

47-7660
BONNEVILLE PACIFIC CORP.
200 E. TEMPLE, SUITE 300
SALT LAKE CITY, UT 84111

138141

August 12, 1986 CERTIFIED MAIL

EXAMINATION FEE NOTICE

Dear Permit Holder:

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

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

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

Certified water right examiners are licensed engineers or geologists 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

MAY 1 1 1994

right examiners will be available from this department when examiners have been certified.

If your permitted use, in fact, has already been examined by the department and you have not asked to have the examination repeated, the fee requirement is not applicable to your permit. If you believe this is the case, please contact the department.

The license examination fee is to be based on the amount of water you indicate you have developed, as listed in item 6 on the examination fee information sheet. The amount of water on which the examination fee is based can be less than the permitted amount, if less water has been diverted and beneficially used. The licensed amount of water, however, will not exceed the amount you claim on the examination fee information sheet. The enclosed license examination fee schedule shows a listing of applicable fees.

FAILURE TO SUBMIT WITHIN THE SIXTY (60) DAY PERIOD, THE FEE OR THE STATEMENT THAT A CERTIFIED EXAMINER HAS BEEN RETAINED TO MAKE THE FIELD EXAMINATION, WILL BE CAUSE TO ADVANCE THE PRIORITY OF THE PERMIT ONE DAY FOR EACH DAY THAT THE FEE SUBMITTAL IS LATE.

FAILURE TO SUBMIT THE FEE OR THE COMPLETED FIELD EXAMINATION REPORT WITHIN A YEAR WILL BE CAUSE TO CONSIDER THE PROOF OF BENEFICIAL USE TO BE INCOMPLETE AND TO LAPSE THE PERMIT.

The attached examination fee information sheet and the fee may be submitted to the following department office.

Southern Region
Idaho Dept. of Water Resources
1041 Blue Lakes Blvd. North
Twin Falls, ID 83301
Phone: 734-3578

Sincerely,

Loren Holmes

LOREN HOLMES
Southern Regional Manager

Enclosures

MAY

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES
Southern Region

1041 Blue Lakes Blvd. N.
Twin Falls, Idaho 83301
(208) 734-3578

NOVEMBER 19, 1985

BONNEVILLE PACIFIC CORP.
200 E. TEMPLE
SUITE 300
SALT LAKE CITY UT 84111

RE: Permit No. 47-7660

Dear Permit Holder:

We acknowledge receipt of your statement submitted as proof of beneficial use for the above referenced permit.

Before a license can be issued, a field examination must be made by a representative of this department.

A field examiner will contact you to arrange to examine your system.

If you have any questions regarding the field examination, please contact this office by phone at 734-3578 or in person at our office at 1041 Blue Lakes Blvd. N. Twin Falls, Idaho.

Sincerely,
s/Mary A. Newby
Secretary

MICROFILMED
MAY 11 1994

Form 217
12/84

RECEIVED
OCT 3 1985
Department of Water Resources

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. 47-7660

Name(s) of Permit Holder: BONNEVILLE PACIFIC CORPORATION

Post Office Address: 200 E. TEMPLE SUITE 300

SALT LAKE CITY, UTAH 84111 Telephone No. 801-363-1900

Source of Water: LS AND LQ DRAINS

Extent of Use:

Domestic _____ (number of households)

Stockwater _____ (number and type of stock)

Irrigation _____ (acres)

Other/Remarks POWER GENERATION 80 cfs

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

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

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

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

MR. ORLIN CLEMENTS
(Name)

834 FALLS AVE. TWIN FALLS, IDAHO 83301 208-734-0551
(Address) (Telephone Number)

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

Oct 2, 1985
Date

Bruce L Blem V.P. Operations
Signature of Permit Holder (and Title, if appropriate)

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 25, 1985

Morgan W. Richards, Jr.
Moffatt, Thomas, Barrett & Blanton
First Security Building
P.O. Box 829
Boise, ID 83701

Dear Mr. Richards:

In response to your letter dated September 20, 1985, our computer records show that our September 1, 1985 letter was referring to Permit Nos. 45-7379, 47-7660 and 47-7661.

We note that Permit No. 45-7379 has been assigned to Lambert Produce, Inc. as represented by a quit claim deed dated April 9, 1985 by the First Security Bank of Idaho. The other two permits are associated with a power and fish propagation development in Twin Falls County.

If this office can be of further assistance, please contact us.

Sincerely,

L. Glen Saxton

L. GLEN SAXTON
Chief, Operations Bureau

ls

MICROFILMED

LAW OFFICE
MOFFATT, THOMAS, BARRETT & BLANTON
CHARTERED
FIRST SECURITY BUILDING
P O BOX 829
BOISE, IDAHO 83701

EUGENE C. THOMAS
JOHN W. BARRETT
J. CHARLES BLANTON
R. B. ROCK
RICHARD C. FIELDS
RICHARD E. HALL
MYRON D. GABBERT, JR.
PAUL S. STREET
DONALD J. FARLEY
LOREN C. IPSEN
T. N. AMBROSE
LARRY C. HUNTER
PHILLIP S. OBERRECHT
JEFFREY A. STROTHER
GLENNA M. CHRISTENSEN
MARK S. PRUSYNSKI
MORGAN W. RICHARDS, JR.
MICHAEL G. McPEEK
STEPHEN R. THOMAS
JON S. GORSKI
ROBERT C. GRISHAM
GERALD T. HUSCH
DONALD D. SAINT-JUST
THOMAS C. MANNSCHRECK
THOMAS V. MUNSON
KIRK R. HELVIE
RAYMOND D. POWERS
THOMAS C. MORRIS
CANDY WAGAHOFF DALE
ROBERT B. LUCE
MICHAEL E. THOMAS
DOUGLAS M. CONDE
STEVEN V. CAMPBELL
LARRY D. SPURGEON
KRISTI EMIG-MARK
MARK B. PERRY
JAMES C. DEGLEE

WILLIS C. MOFFATT
(1907-1980)

OFFICE ADMINISTRATOR
DONNA K. BROWN

TELEPHONE
(208) 345-2334

TELECOPIER
(208) 345-2340

September 20, 1985

45-7379
47-7660
47-7661

RECEIVED
SEP 23 1985
Department of Water Resources

Mr. L. Glen Saxton
Chief, Operations Bureau
Idaho Department of Water Resources
450 West State
Boise, Idaho 83720

Re: First Security Bank
MTB&B File No. 4-620.122

Dear Mr. Saxton:

We are in receipt of your letter dated September 1, 1985, a copy of which is enclosed. Our law firm represents First Security Bank of Idaho, N.A., which is the party to whom the correspondence was addressed.

In the past First Security has owned extensive real property and water rights in Gooding and Cassia Counties. Most of that property has now been sold. In order for us to forward your letter to the real party in interest, we need to know which permit(s) the letter was referring to. Would you please have your staff check and advise us of the permit numbers in First Security Bank's name which are affected by the new law.

Thank you in advance for your cooperation.

Sincerely,

Woody

Morgan W. Richards, Jr.

MWR/lc

Enclosure

cc: Mr. LaMar Giles

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 1, 1985

DEAR PERMIT HOLDER:

ACCORDING TO OUR RECORDS, YOU ARE THE HOLDER OF A WATER PERMIT ON WHICH PROOF OF BENEFICIAL USE OF WATER WAS NOT SUBMITTED BEFORE JULY 1, 1985, WHICH INDICATES YOUR PROJECT IS NOT COMPLETE. THEREFORE, YOU NEED TO BE AWARE OF CHANGES IN IDAHO LAW, EFFECTIVE JULY 1, 1985, WHICH IMPACT ALL WATER PERMITS ISSUED BY THIS DEPARTMENT.

SPECIFICALLY, PURSUANT TO SECTION 42-203D, IDAHO CODE, THE DEPARTMENT MUST REVIEW ALL PERMITS FOR WHICH DEVELOPMENT OF WATER USE WAS NO COMPLETED ON OR BEFORE JULY 1, 1985, TO DETERMINE IF THEY MEET THE NEW REQUIREMENTS OF CHAPTER 2, TITLE 42, IDAHO CODE. RULES AND REGULATIONS GOVERNING THE RE-EVALUATION OF PERMITS ARE NOT YET FINALIZED. HOWEVER, IF YOU COMPLETED THE DEVELOPMENT UNDER YOUR PERMIT BEFORE JULY 1, 1985, YOU SHOULD SUBMIT A PROOF OF BENEFICIAL USE STATEMENT, STATING THAT THE PROJECT WAS COMPLETED BEFORE JULY 1, 1985 SO THAT YOUR PERMIT WILL NOT BE SUBJECT TO THE REVIEW REQUIREMENTS OF SECTION 42-203D, WHICH READS AS FOLLOWS:

> 42-203D. REVIEW OF PERMITS - OPPORTUNITY FOR HEARING. - (1)THE DEPARTMENT SHALL REVIEW ALL PERMITS ISSUED PRIOR TO THE EFFECTIVE DATE [JULY 1, 1985] OF THIS SECTION, EXCEPT TO THE EXTENT A PERMIT HAS BEEN PUT TO BENEFICIAL USE PRIOR TO JULY 1, 1985, TO DETERMINE WHETHER THEY COMPLY WITH THE PROVISIONS OF CHAPTER 2, TITLE 42, IDAHO CODE. IF THE DEPARTMENT FINDS THAT THE PROPOSED USE DOES NOT SATISFY THE CRITERIA OF CHAPTER 2, TITLE 42, IDAHO CODE, THEN THE DEPARTMENT SHALL EITHER CANCEL THE PERMIT OR IMPOSE THE CONDITIONS REQUIRED TO BRING THE PERMIT INTO COMPLIANCE WITH CHAPTER 2, TITLE 42, IDAHO CODE. IF THE DEPARTMENT FINDS THAT THE PERMIT SATISFIES THE CRITERIA ESTABLISHED IN CHAPTER 2, TITLE 42, IDAHO CODE, THEN THE DEPARTMENT SHALL ENTER AN ORDER CONTINUING THE PERMIT. (2)THE DEPARTMENT SHALL PROVIDE AN OPPORTUNITY FOR HEARING IN ACCORDANCE WITH SECTION 42-1701A, IDAHO CODE, AND SECTIONS 67-5209 THROUGH 67-5215, IDAHO CODE, FOR EACH HOLDER OF A PERMIT THAT IS PROPOSED EITHER TO BE CANCELLED OR MADE SUBJECT TO NEW CONDITIONS.

YOU MAY OBTAIN PROOF OF BENEFICIAL USE FORMS FROM THE DEPARTMENT. IF YOU HAVE ANY QUESTIONS, PLEASE LET US KNOW.

SINCERELY,

L. Glen Saxton

L. GLEN SAXTON
CHIEF, OPERATIONS BUREAU

MICROFILMED

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

JOHN V. EVANS
Governor

A. KENNETH DUNN
Director

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

February 20, 1985

FEDERAL EXPRESS

First Security Bank of Idaho, N.A.
New England Mutual Life Insurance Company
c/o Chapman & Cutler
111 West Monroe Street
Chicago, Illinois 60603

Attn: Jonathan R. Nelson, Esq.

Re: Assignment or Mortgage of Water Permit Nos. 47-7660 and 47-7661

Gentlemen:

This letter will confirm that the Department of Water Resources presently shows the above-referenced water permits to be owned by Bonneville Pacific Corporation, subject to a mortgage and security interest in favor of First Security Bank of Idaho, N.A. References in our correspondence, acknowledgements or consents relative to the above-referenced permits which may imply their assignment to First Security Bank of Idaho, N.A. are valid only to the extent of the security interest granted in the "Notice of Assignment of Water Permits and Acknowledgement by State of Idaho, Department of Water Resources" as signed by the Secretary of Bonneville Pacific Corporation. In said notice, only a security interest was assigned, so the above-referenced permits remain in the name of Bonneville Pacific Corporation. We note that the reference in said notice to an assignment dated October 31, 1983 should be amended to a date of April 10, 1984.

Attached per your request please find a true and correct copy of the Assignment of Water Rights and Permits dated April 10, 1984, which the Department of Water Resources has on file, which Assignment transfers ownership of Permit Nos. 47-7660 and 47-7661 from Pigeon Cove Power Company to Bonneville Pacific Corporation. The approval by the Department of Water Resources of the Assignment was based on the enclosed Assignment of Water Rights and Permits as well as other materials in our files relating to this matter.

Sincerely,

NORMAN C. YOUNG, Administrator
Resources Administration Division

NCY/DRT/ls

Enclosure cc: David Hirschi

MICROFILMED

Law Offices of

CHAPMAN AND CUTLER
a partnership including professional corporations

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

111 West Monroe Street, Chicago, Illinois 60603
TWX 910-221-2103 Telex 206281
Telephone 312 845-3000

Salt Lake City Office
50 South Main Street
Salt Lake City, Utah 84144
Telephone 801 533-0066

February 19, 1985

RECEIVED
FEB 20 1985
Department of Water Resources

State of Idaho
Department of Water Resources
State House
Boise, Idaho 83720

Attention: Norman C. Young, Administrator
Resources Administration Division

Re: Security Interest in Permit Nos. 47-7660 and 47-7661

Dear Mr. Young:

David P. Hirschi, a member of the law firm of Parsons, Behle and Latimer of Salt Lake City, Utah, has forwarded to me several original copies of a "Notice of Assignment of Water Permits and Acknowledgement by State of Idaho, Department of Water Resources", which was signed by you on January 29, 1985, a copy of which is enclosed. I wish to thank you for your cooperation in signing such Notice, which was prepared in order to provide a documentary basis for the permanent financing of the Pigeon Cove Hydroelectric Project. Unfortunately, the Notice refers to an Assignment dated October 31, 1983. This Assignment is not in our chain of title, which begins with an Assignment of Water Rights and Permits dated April 10, 1984 (a copy of which is enclosed). The April 10, 1984 Assignment was reviewed and acknowledged by you by letter dated May 10, 1984 (a copy of which is enclosed).

Accordingly, we have drafted a Notice which is similar in form to the Notice which you signed on January 29, 1985, but which reflects our understanding of the chain of title to Water Permit Nos. 47-7660 and 47-7661. We hereby respectfully request that you acknowledge, consent and agree to the new Notice by signing the enclosed seven copies of "Notice of Security Interest in Water Permits and Acknowledgement by State of Idaho, Department of Water Resources" on the space provided for your signature.

The scheduled closing of this financing is at the end of this week. Thus, I further request that you act on this matter as speedily as you can, and, if possible, that you return the seven executed copies of the new notice to me by return courier. To that end, I have enclosed a self addressed Federal Express mailing label. I sincerely apologize for the haste with which we have requested you to act.

MICROFILMED

By copy of this letter to David Hirschi, I enclose seven counterpart copies of the new Notice, and request that Bonneville Pacific Corporation execute the same and return them to me by return courier.

Thank you very much for your cooperation. If you have any questions or comments with regard to the enclosed Notice or my requests, please do not hesitate to telephone me at 312-845-3873.

Very truly yours,

CHAPMAN AND CUTLER

By _____
Jonathan R. Nelson

JRN:mp
Enclosures

cc: David P. Hirschi

MICROFILMED

NOTICE OF SECURITY INTEREST IN WATER PERMITS AND ACKNOWLEDGEMENT

BY STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
State House
Boise, Idaho 83720

Re: Water Permit Nos. 47-7660 and 47-7661--Pigeon Cove Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 47-7660 and 47-7661 (the "Permits"), which were initially issued by the State of Idaho, Department of Water Resources to Pigeon Cove Power Company. Pigeon Cove Power Company has assigned to Bonneville Pacific Corporation, a Utah corporation qualified to do business in Idaho (the "Company"), under the Assignment of Water Rights and Permits dated April 10, 1984 from Pigeon Cove Power Company, as Assignor, to the Company, as Assignee, all the rights and duties of Pigeon Cove Power Company in to and under the Permits as set forth therein. Said Assignment was approved by your office by letter dated May 10, 1984 executed by Norman C. Young, Administrator, Resources Administration Division.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, N.A., a national banking association (the "Security Trustee"), under an Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985, a copy of which is enclosed herewith, between the Company, LS-LQ Hydroelectric Partners, a Utah general partnership, and the Security Trustee, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

DATED this ____ day of _____, 1985.

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

MICROFILMED

Acknowledged, consented and agreed to on this _____ day of _____, 1985.

STATE OF IDAHO, DEPARTMENT OF
WATER RESOURCES

By_____
Its_____

Approval of the Assignment shall not constitute a waiver by this Department of the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

MICROFILMED

NOTICE OF SECURITY INTEREST IN WATER PERMITS AND ACKNOWLEDGEMENT

BY STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
State House
Boise, Idaho 83720

Re: Water Permit Nos. 47-7660 and 47-7661--Pigeon Cove Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 47-7660 and 47-7661 (the "Permits"), which were initially issued by the State of Idaho, Department of Water Resources to Pigeon Cove Power Company. Pigeon Cove Power Company has assigned to Bonneville Pacific Corporation, a Utah corporation qualified to do business in Idaho (the "Company"), under the Assignment of Water Rights and Permits dated April 10, 1984 from Pigeon Cove Power Company, as Assignor, to the Company, as Assignee, all the rights and duties of Pigeon Cove Power Company in, to and under the Permits as set forth therein. Said Assignment was approved by your office by letter dated May 10, 1984 executed by Norman C. Young, Administrator, Resources Administration Division.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, N.A., a national banking association (the "Security Trustee"), under an Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985, a copy of which is enclosed herewith, between the Company, LS-LQ Hydroelectric Partners, a Utah general partnership, and the Security Trustee, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

DATED this ____ day of _____, 1985.

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

MICROFILMED

Acknowledged, consented and agreed to on this _____ day of _____, 1985.

STATE OF IDAHO, DEPARTMENT OF
WATER RESOURCES

By_____
Its_____

Approval of the Assignment shall not constitute a waiver by this Department of the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

MICROFILMED

NOTICE OF ASSIGNMENT OF WATER PERMITS AND ACKNOWLEDGEMENT

BY STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

State of Idaho
Department of Water Resources
State House
Boise, Idaho 83720

Re: Water Permit Nos. 47-7660 and 47-7661--Pigeon Cove Hydroelectric Project

Gentlemen:

Reference is made to Water Permit Nos. 47-7660 and 47-7661 (the "Permits"), which were initially issued by the State of Idaho, Department of Water Resources to Pigeon Cove Power Company. Pigeon Cove Power Company has assigned to Bonneville Pacific Corporation, a Utah corporation qualified to do business in Idaho (the "Company"), under the Assignment of Water Rights and Permits dated October 31, 1983 from Pigeon Cove Power Company, as Assignor, to the Company, as Assignee, all the rights and duties of Pigeon Cove Power Company in and to the permits as set forth therein. Said Assignment was approved by your office by letter dated May 10, 1984 executed by Norman C. Young, Administrator, Resources Administration Division.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, N.A., a national banking association (the "Security Trustee"), under an Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985, a copy of which is enclosed

herewith, between the Company, and the Security Trustee, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the permits.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but altogether one in the same instrument.

DATED this _____ day of _____, 1985.

BONNEVILLE PACIFIC CORPORATION

By _____
Its SEC.

Acknowledged, consented and agreed to on this 29th day of January, 1985.

STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

By _____
Its Administrator

6261C

Approval of the Assignment shall not constitute a waiver by this Dpeartment of the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS AGREEMENT, made and entered into this 10th day of April, 1984, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 47-7660 and 47-7661, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by this reference made a part hereof; and

WHEREAS, in connection with that certain Lease and Assignment between Assignors and Assignee, as amended, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Pigeon Cove Power Project, a hydroelectric project located on the LQ and LS Drains located in the Southwest 1/4 of the Southwest 1/4 of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

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. Assignors hereby assign to Assignee all of the right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of said Pigeon Cove Power Project during the entire term of the Power Project as more specifically set forth in said Lease and Assignment.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Pigeon Cove Power Project in accordance with said Lease and Assignment.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That said Permits are in full force and effect; and

(b) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder without the prior written consent of Assignors and the prior written consent of the Director or Administrator of the Department of Water Resources, State of Idaho; and

(c) That at the end of the Lease and Assignment term as described in said Lease and Assignment, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

PIGEON COVE POWER COMPANY

By _____
Paul Turnipseed

By _____
Dorothy Turnipseed

By _____
Elwood McCauley

By _____
John Lorain, Jr.

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By _____
ROBERT L. WOOD
Secretary/Treasurer

STATE OF IDAHO)
) ss.
County of Twin Falls)

On this 8th day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT L. WOOD, known or identified to me to be the Secretary/Treasurer of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

_____
NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 3rd day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, DOROTHY TURNIPSEED, ELWOOD McCAULEY, and JOHN LORAIN, JR., known or identified to me to be the general partners in the Idaho general partnership known as Pigeon Cove Power Company and the persons whose names are subscribed to the within instrument as general partners and acknowledged to me that they executed the same in the name of the partnership.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this _____ day of _____, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. WYNN JOHNSON, known or identified to me to be the Vice-President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at _____

PARTNERS' SPOUSES' CONSENT TO ASSIGNMENT OF WATER RIGHTS

This Partners' spouses' consent to the Assignment of Water Rights between Pigeon Cove Power Company and Bonneville Pacific Corporation is made this 10th day of April, 1984, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Assignment of Water Rights to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Assignment of Water Rights.

DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

MARJORIE McCAULEY
Spouse of Elwood McCauley

DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 30 day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

Form 202
3/78

Ident. No. 47-7660

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr. Phone 326-4488
   Post office address Box 128, Filer, Idaho 83328

2. Source of water supply LO Drain - LS Drain which is a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of _____ ¼ of Section 16 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: _____
   Lt 3 Sec. 21 T9S, R16E

4. Water will be used for the following purposes:

   Amount 80 (cfs or acre-feet per annum) for power purposes from Jan 1 to Dec 31 (both dates inclusive)
   Amount 80 (cfs or acre-feet per annum) for fish prop 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)

5. Total quantity to be appropriated:

   a. 80 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. concrete check and ditch to LS Drain
   Penstock to power plant and fish facility

   b. Height of storage dam _____ feet, active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet, materials used in storage dam: _____
   Period of year when water will be diverted to storage _____ (Month/Day) to _____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of _____ ¼ of Section 16 Township 9s
      Range 16E B.M.
      (2) Amount of power to be generated: 2700 KW horsepower under 420 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: fish prop

b. If water is [illegible] irrigation, indicate acreage in each subdivision in th [illegible] ulation 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	
	16E	16											Lt5						

Total number of acres to be irrigated _____

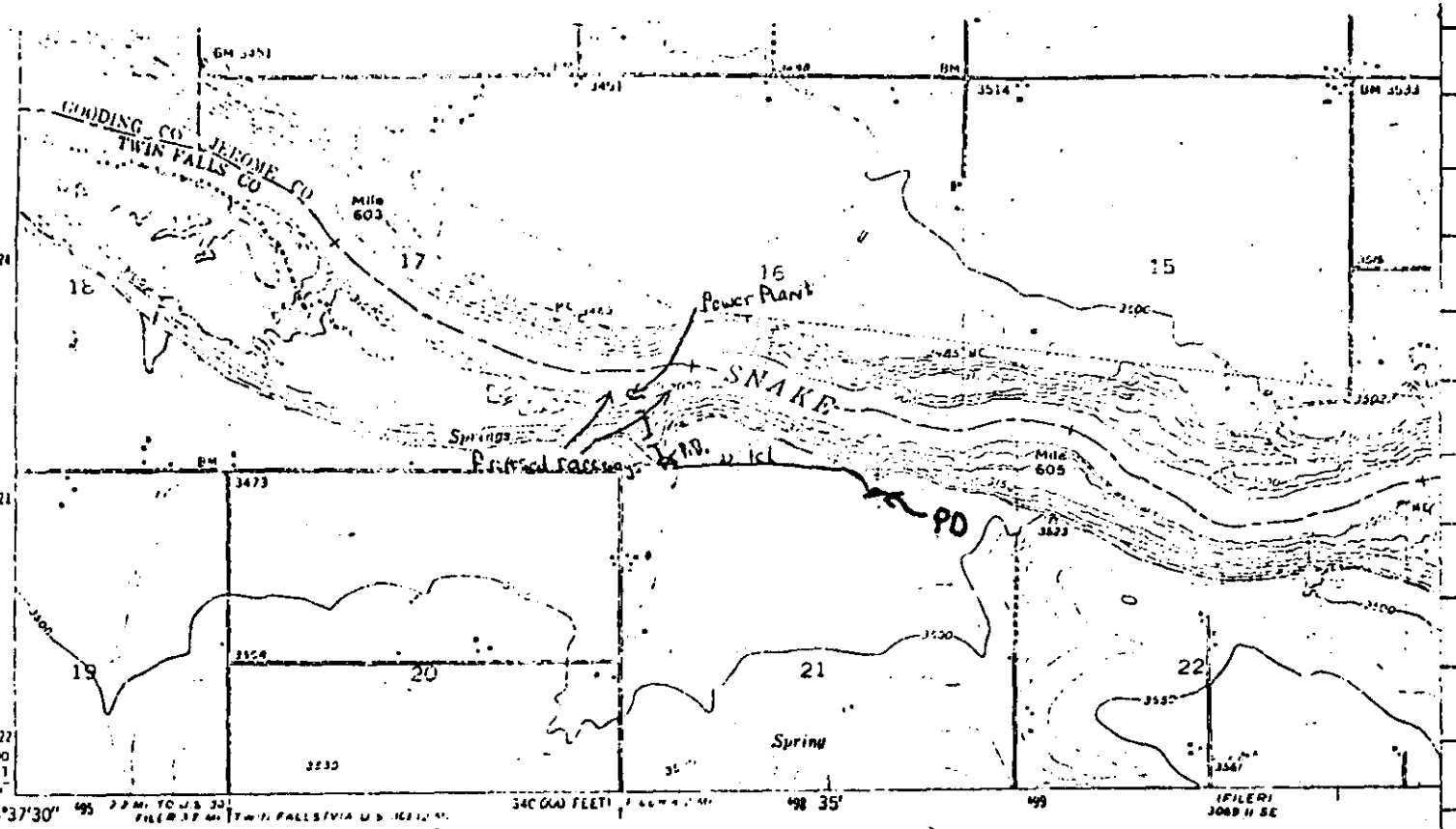
c. Describe any other water rights used for the same purposes as described above. none

9. a. Who owns the property at the point of diversion Elwood McCauley - LS Drain
John Woody - LQ Drain

b. Who owns the land to be irrigated or place of use applicants

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

0. Remarks _____



Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1946

Topography from aerial photographs by multiplex methods and by plane-table surveys 1950

Polyconic projection. 1927 North American datum

10,000-foot grid based on Idaho coordinate system, central zone

Red tint indicates area in which only landmark buildings are shown

1000-metre Universal Transverse Mercator grid ticks, zone 11, shown in blue

UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000

CONTOUR INTERVAL 10 FEET
CONTOUR INTERVAL ON RIVER SURFACE 5 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN

FOR SALE BY U.S. GEOLOGICAL SURVEY

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.

Edward McCauley
Earnest Turnipseed
John Larsen
(Applicant)

Proposed Priority P[illegible]2/1980

Received by TB Date 8-12-80 Time 1:30

Preliminary check by [illegible] Fee $ 1625.00

Receipted by TB Date 8-12-80 # 16548

Publication prepared by mm Date 8/19/80 Amended 4/9/82

Published in times news times news

Publication dates 8/28 & 9/4/80 4/21 & 4/28/82

Publication approved merge Date 8/26/80 merge 4/14/82

Protests filed by: ~~twin falls canal co~~ withdrawn

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by [illegible]

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 f Idaho No. 47-7660, 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 August 1, 19 87.

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

   d. Other: An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The issuance of this permit in no way grants any right-of-way or easement across the land of another.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

Form 211
5/78

Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR AMENDMENT OF A PERMIT

To change the point of diversion and/or the place of use APPROVED

Comes now Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain Jr.

of (address) Box 128, Filer, ID 83328, 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. 47-7660, and requests that the permit and permit map be changed as follows:

1. Point of diversion: Lot 2 ¼, Section 21, Township 9S, Range 16E, B.M., County of Twin Falls. Other points of diversion: NW¼NW¼ Sec. 21 T. 9S R. 16E

2. Period and nature of use: (irrigation, domestic, stockwatering, industrial, etc.) No Change

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)

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

3. Place of use or land to be irrigated: No change

TWP	RGE	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 = _____

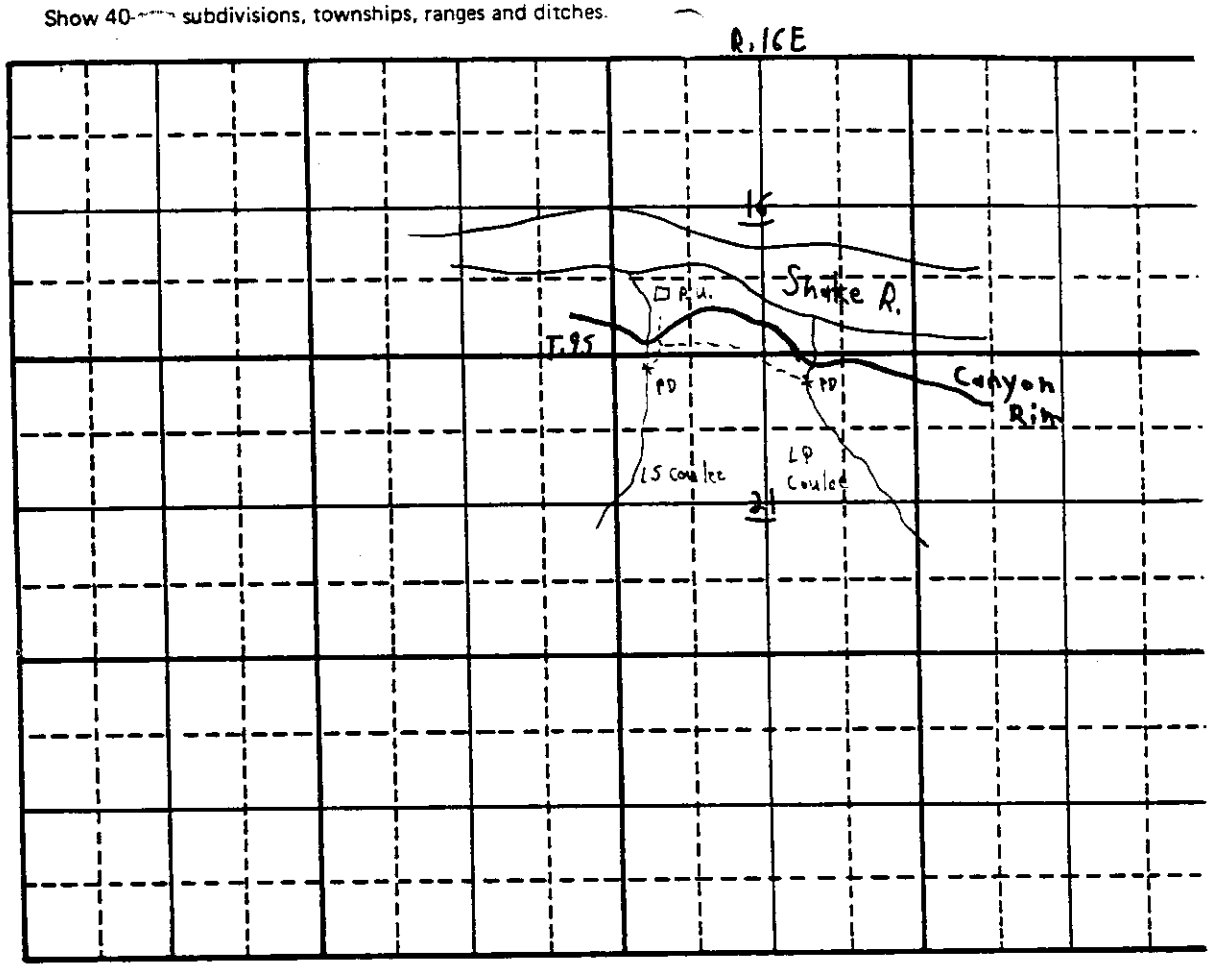
4. a. Who owns the property at the point of diversion? Applicants

b. Who owns the land to be irrigated or the place of use? "

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

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Turnipseed
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by ADM Fee = $20.00 Receipted by [illegible] Date 2/23/84 # 33006

Publication prepared by mary z Date 2/27/84 Published in Times News.

Publication dates 3/8 & 3/15/84

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7660 are met.

Witness my hand this 10th day of May, 19 84.

L. Glen Saxton
Chief, Operations Bureau

Form 202 - 3/78

Ident. No. 47-7661

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed and/or John Lorain and/or Elwood McCauley Phone 326-4486
   Post office address Box 128 - Filer, Idaho 83328

2. Source of water supply Unnamed Springs which are a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of _____ ¼ of Section 17 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: _____

4. Water will be used for the following purposes:

   Amount 11.8 (cfs or acre-feet per annum) for Fish Prop purposes from Jan 1 to Dec 31 (both dates inclusive)
   Amount 11.8 (cfs or acre-feet per annum) for Power 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)

5. Total quantity to be appropriated:

   a. 11.8 cubic feet per second and/or b. _____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Collection ditch and pipeline to raceways
   pipeline to generator

   b. Height of storage dam _____ feet, active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet, materials used in storage dam: _____
   Period of year when water will be diverted to storage _____ (Month/Day) to _____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of _____ ¼ of Section 17 Township 9S
      Range 16E B.M.
      (2) Amount of power to be generated: ~~150~~ 107 per telecon JJ 8/5/1982 horsepower under 100 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: fish prop

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	
9S	16E	16											Lt5						
		17																Lt5	

Total number of acres to be irrigated _____

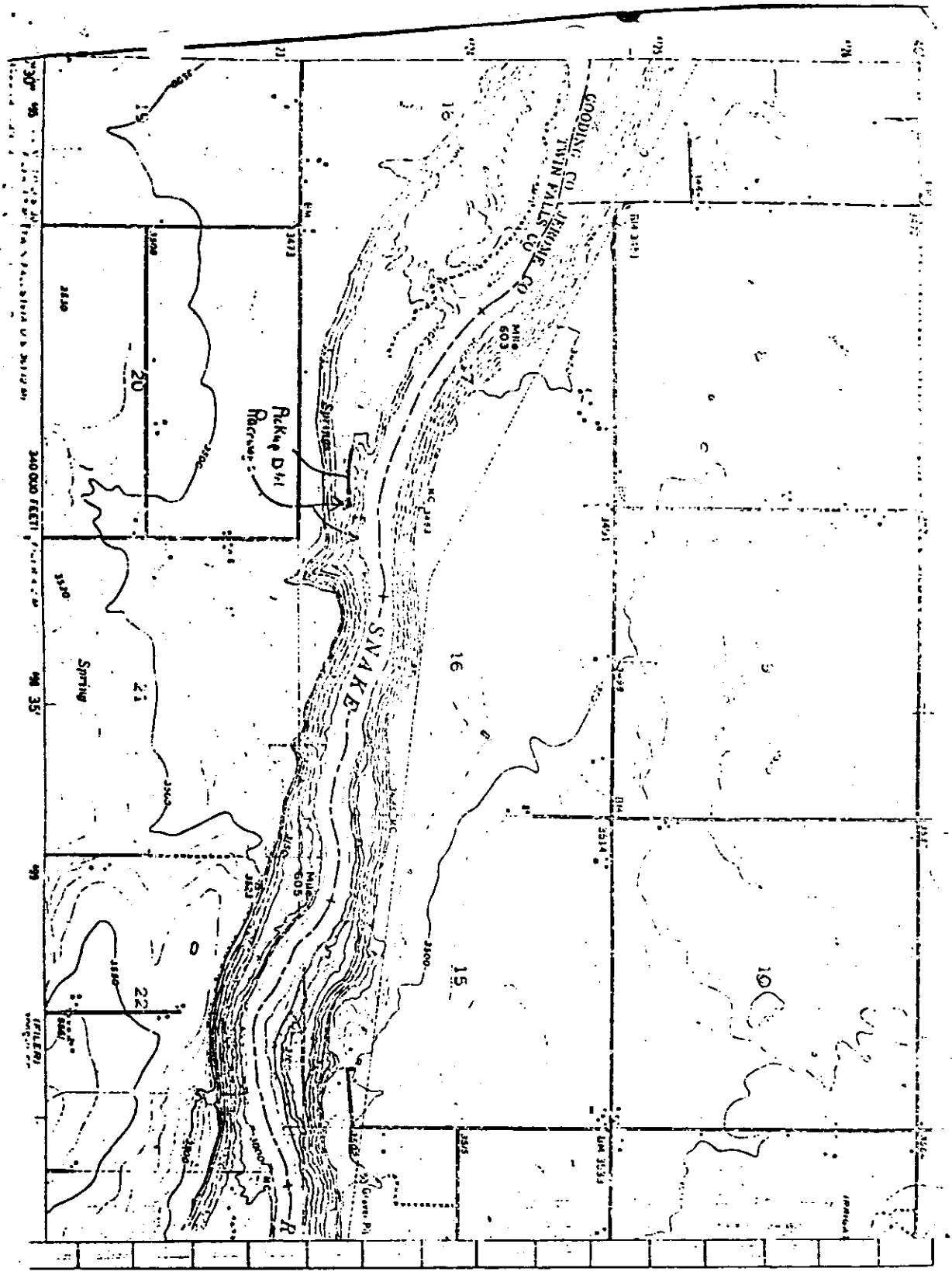
c. Describe any other water rights used for the same purposes as described above. Permit #47-7487

9. a. Who owns the property at the point of diversion applicants

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks



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.

Elwood McCauley
Dorothy Turnipseed
John Farris

(Applicant)

Received by TB Date 8-12-82 Time 1:30

Preliminary check by TB Fee $ 265.00 cc

311548 Receipted by TB Date 8-12-82

Publication prepared by [illegible] Date 8/19/82

Published in Times News

Publication dates 8/25 & 9/1/82

Publication approved [illegible] Date 8/26/82

Protests filed by: ~~Twin Falls Canal Co.~~ withdrawn

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by [illegible]

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. 47-7661, 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 August 1, 1987.

   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: Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.

   An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

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 10, 1984

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

RE: Assignment of Permit Nos. 47-7660 and 47-7661
(Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr.)

Gentlemen:

This office has reviewed the Assignment of the above referenced Permits dated April 10, 1984 between Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Lease and Assignment between Paul Turnipseed, et al. and Bonneville Pacific Corporation dated May 20, 1983, as amended and certain loan agreements between Bonneville Pacific Corporation and First Interstate Bank of Utah, N.A. (the construction lender), relating to the proposed Pigeon Cove Hydroelectric Project.

This letter confirms that this office has received the documentation needed to process the assignment of the above referenced permits from Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr. to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Sections 42-206 and 42-207, Idaho Code for the Assignment to Bonneville Pacific Corporation, and said Assignment is effective as of the date of this letter.

Sincerely,

NORMAN C. YOUNG,
Administrator, Resources Admin. Division

NCY:sc

cc: Fred Decker

MICROFILMED

RECEIVED
FEB 15 1985
Department of Water Resources

LAW OFFICES OF
PARSONS, BEHLE & LATIMER
A PROFESSIONAL CORPORATION
185 SOUTH STATE STREET, SUITE 700
POST OFFICE BOX 11898
SALT LAKE CITY, UTAH 84147-0898
TELEPHONE (801) 532-1234
TELECOPIER (801) 521-9868

1101 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036-4803
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

KEITH E. TAYLOR
JAMES B. LEE
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GORDON L. ROBERTS
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C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG

SPENCER E. AUSTIN
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BYRON W. MILSTEAD
LOIS A. BAAR
MICHAEL L. LARSEN
JONATHAN K. BUTLER
SUSAN R. POULTER
DAVID G. MANGUM
JULIA C. WEBB
KENNETH J. SHEPPARD

February 14, 1985

State of Idaho
Dept. of Water Resources
Statehouse
Boise, Idaho 83720

FEDERAL EXPRESS

Attn: David R. Tuthill, Jr.

Re: Water Rights Permit Nos. 47-7660 and 47-7661

Dear Dave:

Please reference your letter of January 30, 1985 to me and the Notice of Assignment of Water Rights and Acknowledgement by State of Idaho, Dept. of Water Resources, countersigned by Norman C. Young on January 24, 1985.

In your letter and also in the paragraph following Norman's signature on the Notice of Assignment, it appears that the Dept. of Water Resources may be treating the security interest of First Security Bank of Idaho, N.A. as a true assignment rather than simply as a security interest and mortgage interest in the water rights.

The lender on the Pigeon Cove Project has requested some clarification of this matter in the form of a letter similar to the form letter enclosed. In addition, the Lender is requesting that the Dept. of Water Resources confirm that it has in its files relating to the above-referenced Permit a copy of the Assignment of Water Rights and Permits dated April 10, 1984, from Pigeon Cove Power Company to Bonneville Pacific Corporation, and that the approval of said Assignment issued by your office by letter dated May 10, 1984 was based upon said Assignment.

RETURNED

Please review the enclosed form letter, and if you find it acceptable and correct, please execute it (or a letter similar to it) and transfer the same, together with a copy of the Assignment of Water Rights and Permits from your files, to Jonathan R. Nelson of Chapman & Cutler in the prepaid, Federal Express envelope enclosed herewith.

I greatly appreciate your assistance in this matter. Should you have any questions, please do not hesitate to call the undersigned or Jan Benson.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

David P. Hirschi

DPH/jms
Enclosure
cc: Robert L. Wood
Jonathan R. Nelson, Esq.

MICROFILMED

LAW OFFICES OF
FARSONS, BEHLE & LATIMER
A PROFESSIONAL CORPORATION
185 SOUTH STATE STREET, SUITE 700
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SUSAN R. POULTER
DAVID G. MANGUM
JULIA C. WEBB
KENNETH J. SHEPPARD

January 30, 1985

DPT No response req'd. 2/5/85

RECEIVED
FEB 4 1985
Department of Water Resources

David Tuthill
Dept. of Water Resources
Statehouse
Boise, Idaho 83720

Re: Pigeon Cove Project -- LS-LQ Partnership Agreement

Dear David:

In accordance with our discussions last week concerning the Assignment of the Water Rights from Bonneville Pacific Corporation to First Security Bank of Idaho as Security Trustee in the permanent loan financing for the Pigeon Cove Project, I have enclosed herewith a copy of the Partnership Agreement establishing LS-LQ Hydroelectric Partners, a Utah limited partnership.

As you will note from the terms of the Partnership Agreement, Bonneville retains sole ownership of the water rights during the entire term of the partnership and the Pigeon Cove Project.

Please contact me should you have any questions or comments concerning the enclosed document.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

DPH/jms
Enclosure
cc: Robert L. Wood

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

January 30, 1985

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

Re: Water Right Permit Nos. 47-7660 and 47-7661

Dear Mr. Hirschi:

Enclosed please find a copy of the letter dated January 29, 1985, signed by Norman C. Young of this Department, which acknowledges assignment of the above-referenced permits from Bonneville Pacific Corporation to the First Security Bank of Idaho, N.A. Also enclosed is the Federal Express receipt which indicates the envelope that you left with this office was mailed on January 29, 1985. Included in the envelope were the original assignment acceptance letter and nine signed originals of the assignment letter that you left with this office.

As you have probably noticed by now, a paragraph was added to the letters that you left with this office relative to the approval of the assignment not constituting a waiver by the Department of the State of Idaho to seek mitigation relief regarding the mishap in which rock material was dumped into the Snake River channel during construction of Pigeon Cove access road. After a determination was made that such a condition would likely be warranted, Phil Rassier of this office attempted to contact you to discuss the condition but was not able to make contact either on January 28 or January 29. Because, based on the information in our files, the condition was required, and because you had requested that the assignment be delivered to Chicago prior to the closing on Thursday, January 31, 1985, the condition was added and the letters were sent without discussion with you.

The staff of the Idaho Department of Water Resources makes every attempt to accommodate the public by expediting procedures such as assignments, amendments, etc. when the results of the procedures are needed for other transactions such as loan closings. However, it is extremely inefficient for all parties concerned when the time frame allowed for our processing is toorestricted. Water rights for power purposes can be complex, and due to

the variety of legal issues concerned with these water rights, review by a minimum of four individuals in this office is required. Therefore, we must ask that a minimum of one week be allowed for processing by standard procedures, and in certain cases more time will be required. By allotting and planning for this time frame, perhaps reviews of this type of transaction can be made more efficient from your standpoint and our standpoint as well.

We will continue to assist to the best of our ability with this transaction and others you may have. If you have questions or concerns regarding the information contained in this letter, please feel free to contact this office.

Sincerely,

David R. Tuthill Jr.

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

DRT/ls

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

January 29, 1985

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

Re: Assignment of Permit Nos. 47-7660 and 47-7661

Dear Mr. Hirschi:

This office has reviewed the Notice of Assignment of the above-numbered water right permits as signed by the secretary of the Bonneville Pacific Corporation. The Assignment conveys ownership of the permits from Bonneville Pacific Corporation to the First Security Bank of Idaho, N.A., as security trustee under an Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985.

This office takes note of the fact that the draft Indenture of Mortgage, Assignment of Lease and Security Agreement which is dated as of January 1, 1985, has not yet been signed. However, based on the documentation that has been provided, and in view of the results of a previous analysis which determined that a national banking association which operates in Idaho can be a corporation qualified to do business in Idaho, the assignment of Water Right Permit Nos. 47-7660 and 47-7661 is considered to be valid. The material submitted satisfies the requirements of Section 42-206 and 42-207, Idaho Code, for the assignment of said permits to the First Security Bank of Idaho, N.A., and said Assignment is effective as of the date of this letter.

Approval of the Assignment shall not constitute a waiver by this Department of the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

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Consistent with this approval, the copies of Notices of Assignment provided to this office by David Hirschi have been signed and are attached to this letter.

Sincerely,

NORMAN C. YOUNG, Administrator
Resources Administration Division

NCY/DRT/ls

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

January 25, 1985

MEMORANDUM

TO: Norman C. Young, Administrator

FROM: Phillip J. Rassier, Deputy Attorney General RJR

RE: Assignment of Permit Nos. 47-7660 and 47-7661
(Pigeon Cove Hydroelectric Project)

I have reviewed the Notice of Assignment of the above-referenced water right permits from Bonneville Pacific Corporation. The assignment is for the purpose of granting a security interest in the permits to the First Security Bank of Idaho, N.A. under an Identure of Mortgage, Assignment of Lease and Security Agreement, dated as of January 1, 1985. In my opinion the Indenture of Mortgage and the assignment of the permit satisfy the requirements of I.C. §§ 42-206 and 42-207.

A further concern is the effect of the permit assignment upon the ability of the Department to seek appropriate relief against the permit holder or the owner or operator of the hydroelectric project for any existing or past violations of state law. In this respect I suggest that the following paragraph be added to the draft cover letter dated January 25, 1985:

> Approval of the Assignment shall not constitute a waiver by this Department or the State of Idaho to seek appropriate mitigation relief against the owner or operator of the Pigeon Cove Hydroelectric Project for any and all violation of state law resulting from the deposit of a large quantity of rock material in the Snake River channel during construction of the Pigeon Cove access road during the month of April of 1984, or for any other future, existing or past violation of state statute, rule or regulation.

✓ DRT

MICROFILMED

47-7660

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

ORDER GRANTING EXEMPTION FROM LICENSING OF A SMALL HYDROELECTRIC PROJECT OF 5 MEGAWATTS OR LESS

(Issued April 9, 1982)

The Applicant 1/ filed an application for exemption from all or part of Part I of the Federal Power Act pursuant to 18 C.F.R. Part 4 SUBPART K (1980) implementing in part Section 408 of the Energy Security Act (Act) of 1980 for a project as described in the attached public notice. 2/ 3/

Notice of the application was published in accordance with Section 408 of the Act and the Commission's regulations and comments were requested from interested Federal and State agencies including the U. S. Fish and Wildlife Service and the State Fish and Wildlife Agency. All comments, protests and petitions to intervene that were filed have been considered. No agency has any objection relevant to issuance of this exemption.

Standard Article 2 included in this exemption, requires compliance with any terms and conditions that Federal or State fish and wildlife agencies have determined appropriate to prevent loss of, or damage to, fish and wildlife resources. The terms and conditions referred to in Article 2 are contained in any letters of comment by these agencies which have been forwarded to the Applicant in conjunction with this exemption.

1/ Pigeon Cove Power Company, Project No. 5767, filed December 15, 1981.

2/ Pub. Law 96-294, 94 Stat. 611, Section 408 of the ESA amends inter alia, Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§2705 and 2708).

3/ Authority to act on this matter is delegated to the Deputy Director, Office of Electric Power Regulation under §375.308 of the Commission's regulations 45 Fed. Reg. 21216 (1980), as amended by Order No. 112 in Docket No. RM81-5, issued November 21, 1980, (45 Fed. Reg. 79024).

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Should the Applicant contest any terms or conditions that were proposed by Federal or State agencies in their letters of comment as being outside the scope of Article 2, the Commission shall determine whether the disputed terms or conditions are outside the scope of Article 2.

It is ordered that:

(A) LQ-LS Hydroelectric Project No. 5767 as described and designated in Pigeon Cove Power Company's application filed on December 15, 1981, is exempted from all of the requirements of Part I of the Federal Power Act, including licensing, subject to the standard articles in §4.106 of the Commission's regulations attached hereto as Form E-2, 18 C.P.R. §4.106 45 Fed. Reg. 76115 (November 18, 1980).

(B) This order is final unless a petition appealing it to the Commission is filed within 30 days from the date of its issuance, as provided in Section 1.7(d) of the Commission's regulations, 18 C.F.R. 1.7(d)(1981), as amended, 44 Fed. Reg. 46449 (1981). The filing of a petition appealing this order to the Commission or an application for rehearing as provided in Section 313(a) of the Act does not operate as a stay of the effective date of this order, except as specifically ordered by the Commission.

Robert E. Cackowski
Deputy Director, Office of
Electric Power Regulation

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

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

(January 21, 1982)

Take notice that on December 15, 1981, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte.2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and 3-foot high inlet structure; (2) a 42-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to; (3) a powerhouse to contain three generating units with a combined rated capacity of 1,790 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be [1 million kWhs.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

Agency Comments - The U.S. Fish and Wildlife Service, The National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be

presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

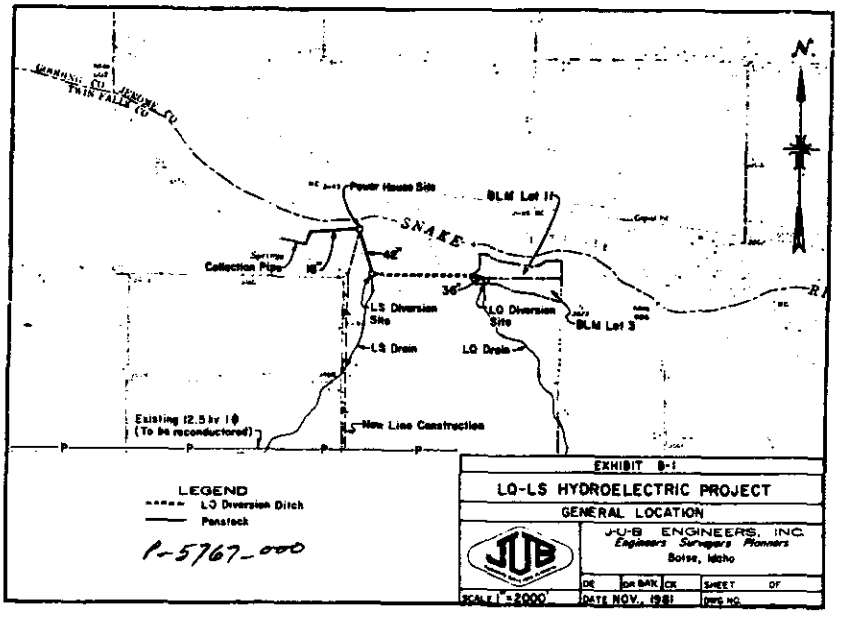
Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before [illegible] either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license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

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

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

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

Lois D. Cashell
Acting Secretary



MICROFILMED

§ 4.106 Standard terms and conditions of exemption from licensing.

Any exemption from licensing granted under this subpart for a small hydroelectric power project is subject to the following standard terms and conditions:

(a) Article 1. The Commission reserves the right to conduct investigations under sections 4(g), 306, 307, and 311 of the Federal Power Act with respect to any acts, complaints, facts, conditions, practices, or other matters related to the construction, operation, or maintenance of the exempt project. If any term or condition of the exemption is violated, the Commission may revoke the exemption, issue a suitable order under section 4(g) of the Federal Power Act, or take appropriate action for enforcement, forfeiture, or penalties under Part III of the Federal Power Act.

(b) Article 2. The construction, operation, and maintenance of the exempt project must comply with any terms and conditions that any Federal or state fish and wildlife agencies have determined are appropriate to prevent loss of, or damage to, fish or wildlife resources or otherwise to carry out the purposes of the Fish and Wildlife Coordination Act, as specified in Exhibit E of the application for exemption from licensing or in the comments submitted in response to the notice of the exemption application.

(c) Article 3. The Commission may accept a license application by any qualified license applicant and revoke this exemption if actual construction or development of any proposed generating facilities has not begun within 18 months, or been completed within four years, from the date on which this exemption was granted. If an exemption is revoked, the Commission will not accept a subsequent application for exemption within two years of the revocation.

MICROFILMED

(d) Article 4. This exemption is subject to the navigation servitude of the United States if the project is located on navigable waters of the United States.

(e) Article 5. This exemption does not confer any right to use or occupy any Federal lands that may be necessary for the development or operation of the project. Any right to use or or occupy any Federal lands for those purposes must be obtained from the administering Federal land agencies. The Commission may accept a license application by any qualified license applicant and revoke this exemption, if any necessary right to use or occupy Federal lands for those purposes has not been obtained within one year from the date on which this exemption was granted.

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

RECEIVED
MAR 19 1982
Department of Water Resources

POSTAGE AND FEES PAID
FEDERAL ENERGY REGULATORY COMMISSION
FERC-351
FIRST CLASS MAIL

State of Idaho P-5767
Department of Water Resources
State House
Boise, Idaho 83720

47-7660

RECEIVED
FEB 1 1982
Department of Water Resources

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

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

(January 21, 1982)

Take notice that on December 15, 1981, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte.2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and 3-foot high inlet structure; (2) a 42-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to; (3) a powerhouse to contain three generating units with a combined rated capacity of 1,790 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be 11 million kWhs.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

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

Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before MAR 10 1982 either the competing license application that proposes to develop at least 7.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

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

Comments, Protests, or Petitions to Intervene - Anyone may submit comments, a protest, or a petition to intervene in accordance with the requirements of its Rules of Practice and Procedure, 18 C.F.R. §1.8 or §1.10 (1980). In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a petition to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or petitions to intervene must be received on or before MAR 10 1982

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

Lois D. Cashell
Acting Secretary

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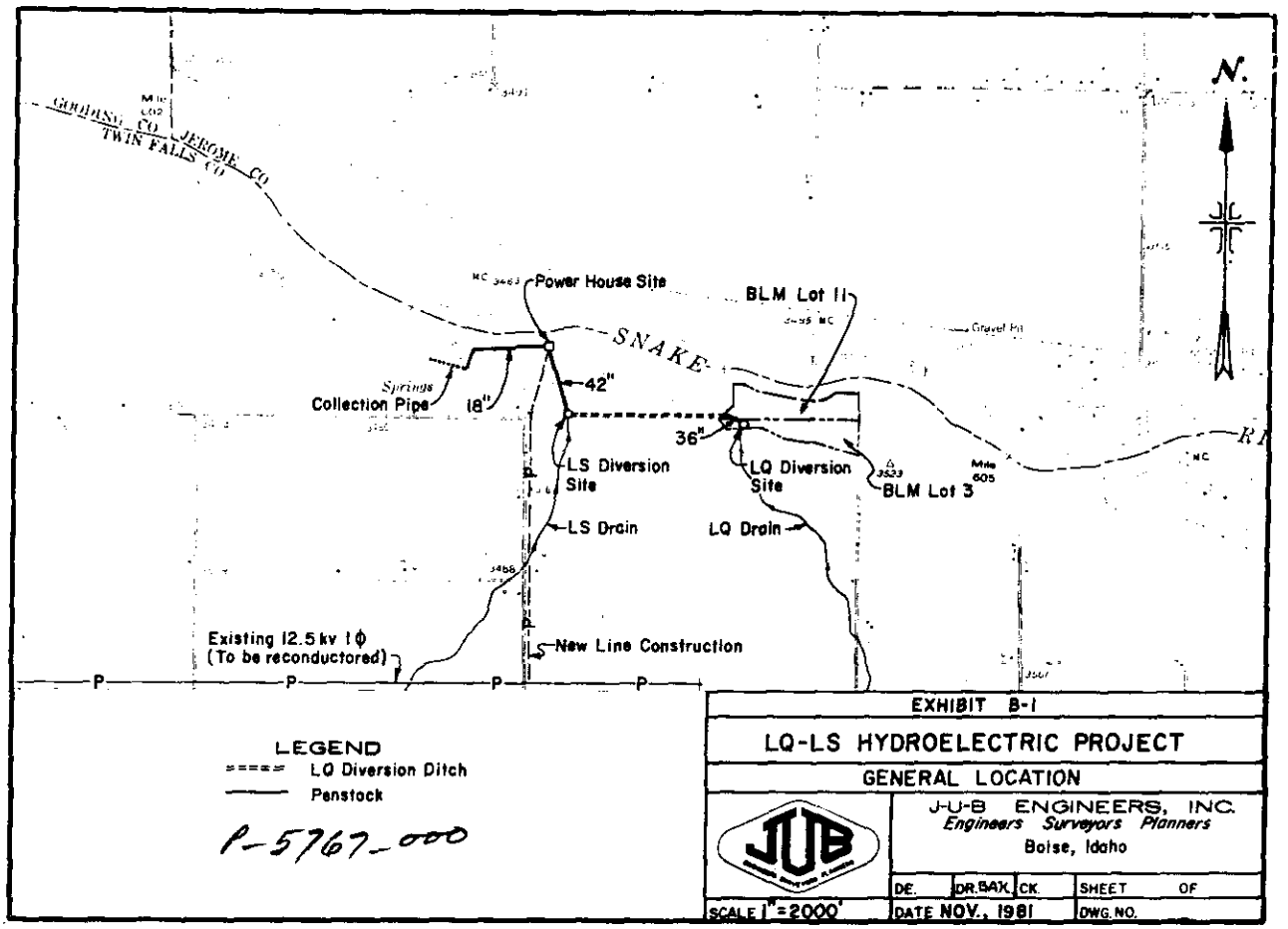

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426
EQUAL OPPORTUNITY EMPLOYER

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FERC-351
FIRST CLASS MAIL

State of Idaho P-5767
Department of Water Resources
State House
Boise, Idaho 83720

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 10, 1984

RE: Permit Nos. 47-7660 & 47-7960

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

Gentlemen:

Enclosed is a copy of the approved amendment submitted for Permit No. 47-7660.

Also enclosed is a copy of the approved Application for Permit No. 47-7960. Be sure to note the conditions of approval on the fourth page. Please note the requirement that as a permit holder you must commence the excavation or construction of diverting works within one year of the date the permit was issued, and you must proceed diligently until the project is completed. The enclosed blue card must be completed and returned to this office as soon as you commence construction, no later than one year from the date the permit was approved.

We have enclosed instructions entitled "Making Proof of Benenficial Use". Please read the instructions carefully since you must take further action to develop this permit into a license.

Sincerely,

JIM JOHNSON
Water Distribution Supervisor

JJ:sc

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

May 10, 1984

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

RE: Assignment of Permit Nos. 47-7660 and 47-7661
(Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr.)

Gentlemen:

This office has reviewed the Assignment of the above referenced Permits dated April 10, 1984 between Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Lease and Assignment between Paul Turnipseed, et al. and Bonneville Pacific Corporation dated May 20, 1983, as amended and certain loan agreements between Bonneville Pacific Corporation and First Interstate Bank of Utah, N.A. (the construction lender), relating to the proposed Pigeon Cove Hydroelectric Project.

This letter confirms that this office has received the documentation needed to process the assignment of the above referenced permits from Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr. to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Sections 42-206 and 42-207, Idaho Code for the Assignment to Bonneville Pacific Corporation, and said Assignment is effective as of the date of this letter.

Sincerely,

NORMAN C. YOUNG,
Administrator, Resources Admin. Division

NCY:sc

cc: Fred Decker

MICROFILMED

NOTICE OF AMENDMENT TO A WATER PERMIT

NO. 47-7660

Notice is hereby given that Paul &/or Dorothy Turnipseed & Elwood McCauley & John Lorain, Jr. of Filer, Idaho are the holders

of approved permit No. 47-7660 authorizing the diversion of 80 cubic feet per second of water from LQ - LS Drain / tributary of Snake River in the Lt5, Sec. 16; Lt3, Sec. 21, T9S, R16E B.M.,

County of Twin Falls, to be used for Power, 80 cfs and Fish Propagation 80 cfs from Jan 1 to Dec. 31 within Lt 5, Sec. 16, T9S, R16E B.M.

The permit holder has applied to the Department of Water REsources for an Amendment to the permit, to change the Point of diversion) as follows:

Point(s) of Diversion: Lt 2, NW¼NW¼, Sec. 21, T9S, R16E, B.M., Twin Falls County

Place of Use: No change

Any protest against approval of the amending of Permit No. 47-7660 as set forth above must be filed with the Idaho Department of Water Resources 1041 Blue Lakes Blvd. North, Twin Falls, Idaho, 83301, on or before March 26, 1984.

A. KENNETH DUNN
Director

Published in the Times News

on Mar 8 AND Mar 15, 1984.

MICROFILMED

NOTICE OF AMENDMENT TO A WATER PERMIT

No. 47-7660

Notice is hereby given that Paul &/or Dorothy Turnipseed & Elwood McCauley & John Lorain, Jr. of Filer, Idaho are the holders of approved permit No. 47-766 authorizing the diversion of 80 cubic feet per second of water from LQ-LS Drain/tributary of Snake River in the Lt5, Sec. 16; LT3, Sec. 21, T9S, R16E B.M., County of Twin Falls, to be used for Power, 80 cfs and Fish Propagation 80 cfs from Jan 1 to Dec. 31 within Lt5, Sec. 16, T9S, R16E B.M. The permit holder has applied to the Department of Water Resources for an Amendment to the permit, to change the Point of diversion as follows: Point (s) of Diversion: Lt2, NW¼NW¼, Sec 21, T9S, R16E, B.M., Twin Falls County.

Place of Use: No change.

Any protest against approval of the amending of Permit No. 47-7660 as set forth above must be filed with the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301, on or befor March 26, 1984.

A. Kenneth Dunn, Director.

PUBLISH: Thursday, March 8 and 15, 1984.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

February 27, 1984

Times News
Box 548
Twin Falls, Idaho 83301

Re: Notice of Amendment to a Water Permit

Gentlemen:

Enclosed you will find a legal notice which we wish to have published once a week for two consecutive weekly issues of your newspaper. We have inserted the publication dates allowing ample time for you to submit us a galley proof for review before publication.

After sending us a galley proof, proceed with the publication on the dates we have inserted, assuming the notice is correct. If we have any corrections we will notify you before the first publication. If you cannot publish the notice on the proposed dates, please contact us immediately.

In order to receive payment, an affidavit of publication must be submitted to the Department along with the publication bill.

Very truly yours,

Mary A. Newby
Sec/Office Coord.

Encl:

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
TELEPHONE (801) 532-1234
TELECOPIER (801) 521-9868

1101 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 659-0862

FORMERLY
DICKSON, ELLIS, PARSONS & McCREA
1882-1959

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JOHN A. DAHLSTROM
GORDON L. ROBERTS
F. ROBERT REEDER
WILLIAM L. CRAWFORD
LAWRENCE E. STEVENS
DANIEL M. ALLRED
HOWARD J. MARSH
YAN M. ROSS
ERIE V. BOORMAN
DAVID S. DOLOWITZ
KENT W. WINTERHOLLER
KATHLENE W. LOWE
BARBARA K. POLICH
RANDY L. DRYER
CHARLES H. THRONSON
DAVID R. BIRD
RAYMOND J. ETCHEVERRY
FRANCIS M. WIKSTROM
DAVID W. TUNDERMANN
KREGE B. CHRISTENSEN
JAMES M. ELEGANTE
DAVID P. HIRSCHI

C.C. PARSONS
1907-1968

CALVIN A. BEHLE
1947-

OF COUNSEL
GEORGE W. LATIMER
CONSTANCE K. LUNDBERG

VAL R. ANTCZAK
PATRICK J. GARVER
SPENCER E. AUSTIN
JOHN B. WILSON
ROBERT C. HYDE
CRAIG B. TERRY
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JAN P. BENSON
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J. STEPHEN RUSSELL
T. PATRICK CASEY
ALICE L. HEARST
HENRY D. MARSH
D. R. CHAMBERS
BYRON W. MILSTEAD
LOIS A. BAAR
JAMES E. MORTON
MICHAEL L. LARSEN
JONATHAN K. BUTLER
SUSAN R. POULTER

March 13, 1984

RECEIVED
MAR 14 1984
Department of Water Resources
Southern Region Office

Mr. Loren O. Holmes
Southern Region Supervisor
Department of Water Resources
1041 Blue Lakes Boulevard North
Twin Falls, Idaho 83301

Re: Application for Permit No. 47-7660

Dear Loren:

This firm represents Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, the assignee of Application for Permit No. 47-7660.

This letter will give formal notice to the Idaho Department of Water Resources that construction of works has commenced on the LQ and LS drains and diversion structures as contemplated by and referred to in said Application for Permit.

Should you require additional proof of commencement of construction, please contact me or Robert L. Wood at Bonneville Pacific Corporation, telephone (801) 363-1900.

Very truly yours,

PARSONS, BEHLE & LATIMER

David P. Hirschi

DPH/co
Enclosure
cc: Robert L. Wood

MICROFILMED

February 13, 1984

RE: Permit Nos. 47-7660 & 47-7661 (Paul &/or Dorothy Turnipseed & Elwood McCauley & John Lorain

David P. Hirschi
Parsons Behle & Latimer
[illegible] State St., Suite 700
[illegible]
Salt Lake City, UT 84147

Dear Mr. Hirschi:

This office has reviewed the assignment of the above referenced permits to Bonneville Pacific Corp. as transmitted in your letter of January 26, 1984. The assignment itself appears to be in proper form and acceptable to the Department.

However, before the Department can acknowledge the assignment, information is required to determine if the permits are still in good standing.

When permit 47-7661 was approved, a condition was added in compliance to the provisions of Section 42-204, Idaho Code, which requires the permit holder to "commence the excavation or construction of the works by which he intends to divert water" within one year of the approval of the permit or before August 16, 1983. Therefore, we request that you or the previous permit holder provide us with evidence that the above provision was complied with. The provisions of the section do allow additional time if the permit holder is unable to commence construction due to circumstances beyond his control. Again, we ask that you provide us with evidence.

This information should be submitted to the Department no later than March 15, 1984. Enclosed for your convenience are copies of permits 47-7660 and 47-7661. You will note that the commencement condition is not on permit 47-7660.

MICROFILMED

Also, please fill out and return the enclosed form 205/206.

If you have any questions, please let us know.

Sincerely,

JIM JOHNSON
Water Distribution Supervisor

jj.sc

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

August 16, 1982

RE: Permit Nos. 47-7660 and 47-7661

Paul &/or Dorothy Turnipseed &/or
Elwood McCauley &/or John Lorain, Jr.
Box 128
Filer, ID 83328

Dear Permit Holders:

Enclosed are copies of your approved applications for permit. We direct your attention to the conditions of approval on the fourth pages. Also enclosed is a copy of an Order to Dismiss Protest against approval of these applications.

Be sure to note the special condition requiring you to install a measuring device, or an access port to provide for the installation of measuring equipment by the Department. Enclosed please find a list of measuring device options, and specifications for the installation of the access port.

Please be advised that your plans for fish propagation may be subject to regulations of the Idaho Department of Fish and Game. We suggest that you check with them before starting construction.

We have enclosed a form entitled "Making Proof of Beneficial Use". Please read the instructions carefully since you must take further action to develop these permits into licenses.

Sincerely,

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

DRT:kw
Enclosures

MEMO

DATE: August 16, 1982

FROM: L. Glen Saxton

TO: Files Nos. 47-7660 and 47-7661

RE: John Woody Project

In a telephone conversation today with Loren Holmes of Southern Region, I was advised that the Woody protest was filed since Mr. Woody was concerned about water being backed onto his property by the applicants.

This matter may not be considered by the Department under the public interest criteria of Section 42-203, Idaho Code since there are other civil remedies available to provide the potential relief sought.

The other four (4) issues described in Section 42-203, Idaho Code which may be pursued as valid protests against the applications were not raised by Mr. Woody.

CONVERSATION MEMORANDUM

DATE 8-12-82

FILE 47-7660 & 47-7661

NAME OF PARTY Loren Holmes

EMPLOYEE Jim Johnson

RE: I called Loren who inturn called John Rosholt concerning reasons for the Twin Falls Canal Co. with drawing their protests.

John Reported that the points of diversion and place of use proposed by Application 47-7660 was later determined (after their protest) to outside of the Twin Falls Canal Companies service area. Also Loren discussed with John the location of the springs identified on application No. 47-7661 which John stated was also located out side the T.W. Canal service area.

[redacted]. Since the P/u and P/D are outside the canals boundries conditions as discribed in the Director's memo of Sept 8 1981 do not apply.

INTER-DEPARTMENT MEMO — 1

FROM Loren Holmes

DATE 2/8/82

TO Files 47-7660, 47-7661 - Tatnipseed

SUBJECT Woody Protest.

I was advised by Mr Joe Rand, Diamond Valley #24 Eureka, NV 89316, (ph 702-237-5429), That he has Purchased the Woody Property. I Hand-delivered a Copy of the Show Cause Order dated 2/4/82 to him.

MIC

Loren Holmes

SIGNATURE

47-7661

47-7210 - LAPSED

47-7487 Filed by Applicant 6.0 cfs fish Prop

47-7469

47-7660 - [40 cfs Fish Prop. - APPEARS TO BE UPSTREAM]

→ 47-7756 PROTEST DRAWER -

→ Protested by APPLICANT

80 cfs Power generation

Date Filed 9-18-81

BASES OF PROTEST IS THAT APPLICANT (Turnipseed etc) HAD PRIOR FILING FOR POWER.

TURNIPSEED FILED 47-7660 ON 8-12-1980

Jim

8-11-1982

MICROFILM

POWER CALCULATIONS FOR APPLICATION NO. 47-7660

P = Kilowatts .74 X hp

Q = cfs

H = feet

e = efficiency

proposed
2700.0 KW
80.0 cfs
420.0 ft
?

$$e = \frac{P(11.8)}{QH} = \frac{2700(11.8)}{80 \times 420} = \frac{31,860}{33600} = .95$$

OK

Based on the above calculations the proposed project must have an 95 % efficiency.

RC 8/4/82

FERC WAIVER RECEIVED
APPROVE PERMIT,

8-4-82

July 27, 1982

MEMO =

TO: File - 47-7660 & 47-7661

FROM: Loren O. Holmes
Southern Region Supervisor

These applications are ready for approval.

A FERC exemption has been granted. A copy is in file 47-7660.

I have reviewed and returned financial statements of the applicants. They appear to have sufficient funds to undertake the project.

Protests filed by the Twin Falls Canal Co., have been withdrawn.

A late protest was filed by John Woody. Following withdrawal of the Twin Falls Canal Co., protest, he was sent an order to show cause why his protest should not be dismissed and has not responded to the order.

Woody's property, upstream from these applications, has been sold. His application No. 47-7756, has not been assigned to the new owner.

Plans for fish facilities under these applications were received 6/24/1982. The plans indicate that the ponds are about 23% smaller than the minimum allowed by our Administrative Guidelines. In view of the variable flow of LQ & LS drains and the quality of the water in them, this should not be considered unreasonable.

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

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FERC-361
FIRST CLASS MAIL

John Lorain, Jr. P-5767
Route 2
Filer, ID 83328

RECEIVED
APR 21 1982
Department of Water Resources
Southern District Office

§ 4.106 Standard terms and conditions of exemption from licensing.

Any exemption from licensing granted under this subpart for a small hydroelectric power project is subject to the following standard terms and conditions:

(a) Article 1. The Commission reserves the right to conduct investigations under sections 4(g), 306, 307, and 311 of the Federal Power Act with respect to any acts, complaints, facts, conditions, practices, or other matters related to the construction, operation, or maintenance of the exempt project. If any term or condition of the exemption is violated, the Commission may revoke the exemption, issue a suitable order under section 4(g) of the Federal Power Act, or take appropriate action for enforcement, forfeiture, or penalties under Part III of the Federal Power Act.

(b) Article 2. The construction, operation, and maintenance of the exempt project must comply with any terms and conditions that any Federal or state fish and wildlife agencies have determined are appropriate to prevent loss of, or damage to, fish or wildlife resources or otherwise to carry out the purposes of the Fish and Wildlife Coordination Act, as specified in Exhibit E of the application for exemption from licensing or in the comments submitted in response to the notice of the exemption application.

(c) Article 3. The Commission may accept a license application by any qualified license applicant and revoke this exemption if actual construction or development of any proposed generating facilities has not begun within 18 months, or been completed within four years, from the date on which this exemption was granted. If an exemption is revoked, the Commission will not accept a subsequent application for exemption within two years of the revocation.

(d) Article 4. This exemption is subject to the navigation servitude of the United States if the project is located on navigable waters of the United States.

(e) Article 5. This exemption does not confer any right to use or occupy any Federal lands that may be necessary for the development or operation of the project. Any right to use or or occupy any Federal lands for those purposes must be obtained from the administering Federal land agencies. The Commission may accept a license application by any qualified license applicant and revoke this exemption, if any necessary right to use or occupy Federal lands for those purposes has not been obtained within one year from the date on which this exemption was granted.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

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

(January 21, 1982)

Take notice that on December 15, 1981, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte.2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and 3-foot high inlet structure; (2) a 42-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to: (3) a powerhouse to contain three generating units with a combined rated capacity of 1,790 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be 11 million kWhs.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

Agency Comments - The U.S. Fish and Wildlife Service, The National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be

presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

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

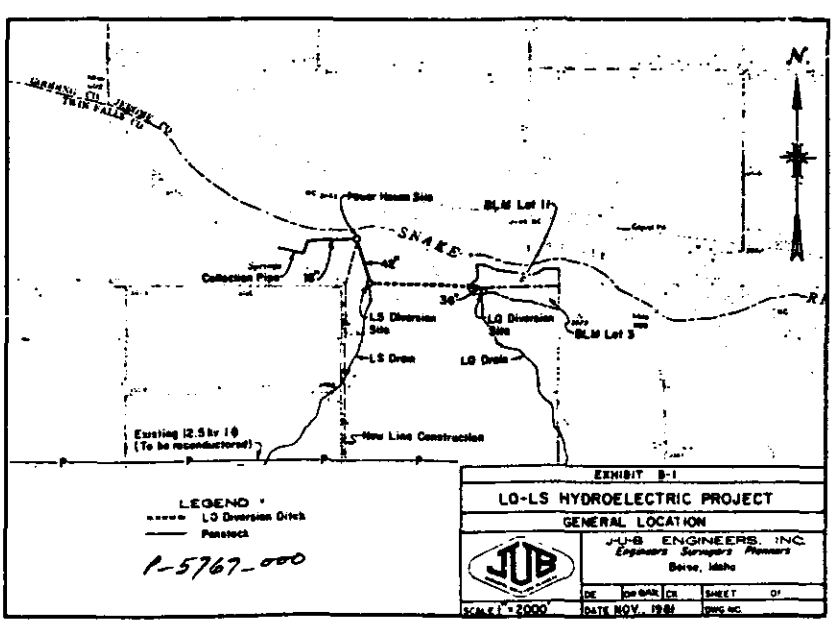
A notice of intent must conform with the requirements of 18 C.F.R. §4.33(b) and (c) (1980). A competing license application must conform with the requirements of 18 C.F.R. §4.33(a) and (d) (1980).

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

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

Lois D. Cashell
Acting Secretary

DC-A-10



19 FERC ¶62,037

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

ORDER GRANTING EXEMPTION FROM LICENSING OF A SMALL HYDROELECTRIC PROJECT OF 5 MEGAWATTS OR LESS

(Issued April 9, 1982)

The Applicant 1/ filed an application for exemption from all or part of Part I of the Federal Power Act pursuant to 18 C.F.R. Part 4 SUBPART K (1980) implementing in part Section 408 of the Energy Security Act (Act) of 1980 for a project as described in the attached public notice. 2/ 3/

Notice of the application was published in accordance with Section 408 of the Act and the Commission's regulations and comments were requested from interested Federal and State agencies including the U. S. Fish and Wildlife Service and the State Fish and Wildlife Agency. All comments, protests and petitions to intervene that were filed have been considered. No agency has any objection relevant to issuance of this exemption.

Standard Article 2 included in this exemption, requires compliance with any terms and conditions that Federal or State fish and wildlife agencies have determined appropriate to prevent loss of, or damage to, fish and wildlife resources. The terms and conditions referred to in Article 2 are contained in any letters of comment by these agencies which have been forwarded to the Applicant in conjunction with this exemption.

1/ Pigeon Cove Power Company, Project No. 5767, filed December 15, 1981.

2/ Pub. Law 96-294, 94 Stat. 611. Section 408 of the ESA amends inter alia, Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§2705 and 2708).

3/ Authority to act on this matter is delegated to the Deputy Director, Office of Electric Power Regulation under §375.308 of the Commission's regulations 45 Fed. Reg. 21216 (1980), as amended by Order No. 112 in Docket No. RM81-5, issued November 21, 1980, (45 Fed. Reg. 79024).

Should the Applicant contest any terms or conditions that were proposed by Federal or State agencies in their letters of comment as being outside the scope of Article 2, the Commission shall determine whether the disputed terms or conditions are outside the scope of Article 2.

It is ordered that:

(A) LQ-LS Hydroelectric Project No. 5767 as described and designated in Pigeon Cove Power Company's application filed on December 15, 1981, is exempted from all of the requirements of Part I of the Federal Power Act, including licensing, subject to the standard articles in §4.106 of the Commission's regulations attached hereto as Form E-2, 18 C.F.R. §4.106 45 Fed. Reg. 76115 (November 18, 1980).

(B) This order is final unless a petition appealing it to the Commission is filed within 30 days from the date of its issuance, as provided in Section 1.7(d) of the Commission's regulations, 18 C.F.R. 1.7(d)(1981), as amended, 44 Fed. Reg. 46449 (1981). The filing of a petition appealing this order to the Commission or an application for rehearing as provided in Section 313(a) of the Act does not operate as a stay of the effective date of this order, except as specifically ordered by the Commission.

Robert E. Cackowski
Deputy Director, Office of
Electric Power Regulation

RECEIVED
Department of ... Resources
Southern ... Section

A REPORT

ON

POTENTIAL WATER DEVELOPMENT

FOR

PIGEON COVE PROPERTY

by

C. E. Brockway, P. E.

August 1, 1980

PIGEON COVE
WATER DEVELOPMENT

INTRODUCTION

The property herein described by the local term "Pigeon Cove" lies along the south rim of the Snake River in Sections 16 and 17, T9S, R16E, Boise Meridian. Pigeon Cove lies near the north boundary of the property and is a naturally eroded cove in the canyon rim. A perennial stream identified as the LS coulee by the Twin Falls Canal Company flows over the canyon rim at the cove.

GEOLOGY

The south rim of the Snake River Canyon is composed primarily of the alternating basalt flows and interbed materials. These basalt flows are identified as the Snake River Basalts and are generally underlain by basalts of the Banbury formation. Interbed materials are generally either brecciated or highly fractured materials and/or fine grained thermally altered sediments with low permeabilities.

Fractured basalt talus slopes are prominent beginning approximately 150 feet below the rim. Fine grained loessal soils are contained in the matrix near the toe of the talus slopes. Soils cover the toe of the talus slopes near the south end forming a bench on the property and sediments of the river flood plain about the lower parts of the talus slope.

HYDROGEOLOGY

Surface Streams: The LS drain or coulee is the prominent stream on the property. The LS drain is fed by groundwater underflow from the tunnel and drain tile drainage system of the Twin Falls Canal Company. The stream exhibits a minimum flow of approximately 15.5 cfs (775 inches) in the spring just prior to commencement of irrigation on the tract. The wintertime (November-March) flows are clear of sediment; however, during the irrigation season, surface return flows high in sediment comingle with the groundwater flows resulting in sediment concentrations as high as 3500 mg/ℓ. Maximum flows of the LS drain may reach 45 cfs during the irrigation season and wintertime frozen ground runoff events may cause flows in excess of any irrigation return flows. Flow of the [illegible]tream falls over the rim at Pigeon Cove, is increased somewhat by the [illegible]ition of spring flow, and enters the Snake River in two well defined streams.

Several small surface return flow streams are present on the rim but are not likely to be flowing concurrently. These streams are small, usually less than 1.0 cfs and fall over the rim onto the talus materials.

Hydrogeology (continued)

Springs: Numerous springs emerge from the canyon wall and percolate into the talus material. Some of the spring waters disappear entirely into the talus material while others remain on the surface forming pools or flowing directly to the river. Small pools detaining spring water have been formed by deposition of calcium and magnesium carbonate precipitates. As the deposition progressed, pools have moved down the slope and prevented percolation of spring water into the talus rock.

Examination of the spring orifices indicates that all springs emerge from the vertical cliff at approximately the same elevation and are perched above an impermeable approximately horizontal interbed material. Some of the spring locations are covered by the top of the talus slope while others emerge above the talus material. The spring water percolating into the rock appears to emerge at the toe of the talus slope or on the bench. Since the bench material is of low permeability, the water forms small streams and flows on the surface to the river. Essentially all of the spring water is collected in surface streams prior to entering the river. At low water levels in the river wide mud banks are formed and well defined surface streams transact the sediments. No evidence of significant groundwater entering the river is present.

A small amount of flow enters the property from springs south of the south property line. This flow enters the southernmost surface stream and is estimated at 0.1 cfs.

Water quality of the springs has not been measured for this study, however, data from a drainage tunnel in the LS drain watershed is representative and is shown on Table 1.

Table 1. Chemical Composition Drainage Tunnel Water*

Ion	Concentration
Na^{+}	3.86 Meq/ℓ
K^{+}	.14 Meq/ℓ
Ca^{++}	4.47 Meq/ℓ
Mg^{++}	3.98 Meq/ℓ
Cl^{-}	1.52 Meq/ℓ
HCO_3^{-}	6.67 Meq/ℓ
NO_5N	3.47 ppm
SO_4-S	56 ppm
PO_4-P	.008 ppm
EC	1100 µmhos/cm

*Data from Agricultural Research Service publication ARS W-4 June 1973 Total Salt, Specific Ion, and Fertilizer Element Concentrations and Balances in the Irrigation and Drainage Waters of the Twin Falls Tract in Southern Idaho.

WATER BUDGET

In order to determine the amount of spring flow originating on the property, water measurements were made on July 18, 1980 of all surface water entering and leaving the property. Surface streams entering the Snake River were measured in the channels near the mouth of each stream. Two surface streams entering the property, the LS drain and one irrigation return flow stream were measured.

Details of discharge measurements of each stream are contained in the appendix. Table 2 shows the results of inflow and outflow water measurements.

Table 2. Water Measurements - Pigeon Cove Property, July 18, 1980.

Inflow	Stream	Discharge
	LS Drain	26.80 cfs
	Irrigation Return Flow Stream	.87
	Total Inflow	27.67
Outflow		
	Stream No. 1	.19 cfs
	Stream No. 2	6.66
	Stream No. 3	.09
	Stream No. 4	2.19
	Stream No. 5	.47
	Stream No. 6	1.34
	Stream No. 6A and 6B	.05
	Stream No. 7	.25
	Stream No. 8	.20
	Stream No. 9) LS Drain Outflow	15.89
	Stream No. 10)	18.13
	Total Outflow	45.46

The difference between inflow and outflow totals indicates that approximately 17.8 cfs was originating on the property on July 18, 1980. All of the water measurements were made either with a calibrated 120° v-notch flume or using standard USGS current metering techniques at the best locations available. The current meter measurement of Stream No. 10 was judged to be less than optimum due to poor channel conditions.

POTENTIAL WATER DEVELOPMENT

Techniques to capture spring water for fish production or other uses with geological conditions such as exist on the Pigeon Cove property have been used successfully at other locations. Since the location of spring emergence from

Potential Water Development (continued)

the cliff is well defined by perching layers, use of a collector ditch parallel to the cliff in the talus slope below the perching layer should be feasible. The ditch will likely have to be lined to prevent seepage into the underlying rock.

A cutoff or collector ditch should be most effective in the central and southern part of the property. Construction will be more difficult at the north end of the property near Pigeon Cove.

Development of spring water on the property is possible at an elevation at least 100 feet above the river flood plain thereby allowing transport of water with adequate head to construct fish raceways and facilities. A potential location for ponds would be on the bench area near the southern group of springs.

Wintertime flows of the LS drain can be diverted in a structure on the rim and piped to locations for fish facilities. Present farming practices in the LS drain watershed cause sediment concentrations in the drain in excess of those tolerable for fish production. This is evidenced by the non-use of existing fish facilities on the drain upstream of Pigeon Cove. However, with implementation of best management practices for sediment control such as has occurred on the LQ drain north of this property, water quality can be adequate for year round fish production with LS drain water.

Spring discharge generally reaches a maximum in August or September as the water table on the Twin Falls tract rises due to recharge from irrigation application. Measurements of the LQ drain to the north indicate that base or groundwater flow may decrease by as much as 22 percent from November to March. It is therefore estimated that flows from springs estimated from water measurements on July 18, 1980 are approximately 3.9 cfs higher than minimum flows occurring in the early spring.

Collection of all spring flows will not be possible due to leakage and construction problems. It is estimated that approximately 85 percent of the estimated minimum flow of 13.9 cfs or 11.8 cfs can be successfully developed. This flow constitutes the recommended minimum developable flow without utilizing the flow of the LS drain. Utilizing wintertime flow of the LS drain and minimum developable spring flow, a design flow of 27.3 cfs can be used for planning purposes. Table 3 is a summary of estimated developable flows.

Table 3. Estimated developable water - Pigeon Cove Property

Source		
Springs on Property - minimum	11.8	cfs
LS Drain - minimum	15.5	cfs
	27.3	cfs
Springs on Property - maximum	17.8	cfs
L. S. Drain - maximum (including irrigation return flows)	45	cfs
	62.8	cfs

POWER GENERATION POTENTIAL

The flow and potential head of the LS drain are adequate to provide significant power generation on site. The elevation drop between the rim and the river water level is approximately 450 feet. It is estimated that maximum developable head would be 420 feet without raising the water level on the rim. A frequency analysis of LS drain flows is not available, however a design flow of 30 cfs which would include part of the irrigation return flow component seems reasonable. The estimated peak generating capacity based on 420 feet total head and 30 cfs discharge is 960 kw. Average annual available discharge for generation is estimated at 20 cfs which results in an annual power generation of 5,600,000 kw. Table 4 shows estimated power potential using only the LS drain flows. Gross value of power generated is based on sale or use at $0.030 per kwh.

Table 4. Estimated Power Generating Potential
LS Drain - Pigeon Cove Property

Available head	420 ft.
Design flow	30 cfs
Peak capacity	960 kw
Estimated avg. annual generation	5.6 mwh
Gross value of annual power generation	$168,000

A feasibility study of installation costs for generating facilities, marketing and/or on-site use will have to be made to determine economic feasibility of any generation plan. One alternative plan would be to use the LS drain flows with reduced generating head so that outflow from the power plant could be utilized for fish production before discharging to the river.

***

PIGEON COVE PROPERTY

ADDENDUM

TO

POTENTIAL WATER DEVELOPMENT REPORT

by
C. E. Brockway
September 1, 1980

The LQ drain of the Twin Falls Canal Company enters the Snake River approximately one-half mile upstream from the LS drain. This drain is a natural channel discharging subsurface return flow in the winter months and surface and subsurface return flow in the irrigation season. Data collected by the University of Idaho show that the discharge pattern for the LQ drain is similar to the LS drain. Discharge measurements in 1979 showed a minimum flow of 9.4 cfs in early April and a maximum of 37.2 cfs in September. Discharge of the LQ drain was in excess of 20 cfs for 6.5 months during 1979.

For power generation, a design flow of 30 cfs is reasonable and an average yearly flow of 20 cfs is estimated. These flows are the same as those estimated for the LS drain since both streams exhibit nearly the same hydrologic patterns. Utilization of LQ and LS drain flows for power generation at the Pigeon Cove site will require conveyance of the LQ discharge approximately one half mile along the canyon rim and will require a diversion structure to regulate flow and raise the water level in the LQ drain sufficient to provide adequate hydraulic gradient. This is feasible, however, an engineering survey will be required to determine the channel design.

Utilizing the LQ drain flow in conjunction with LS drain flows for power production will provide an estimated 1920 kw peak generating capacity and an estimated 11.2 mwh annual generation.

The alternative of using only part of the available head for power and increasing fish production facilities should be considered since the LQ water quality is adequate on a year round basis for fish.

MICROFILMED

RECEIVED
APR 10 1981
Department of Water Resources
Southern District Office

COST ESTIMATE
FOR
HYDROELECTRIC DEVELOPMENT
ON THE
LQ AND LS DRAIN
(30 CFS AVE.)

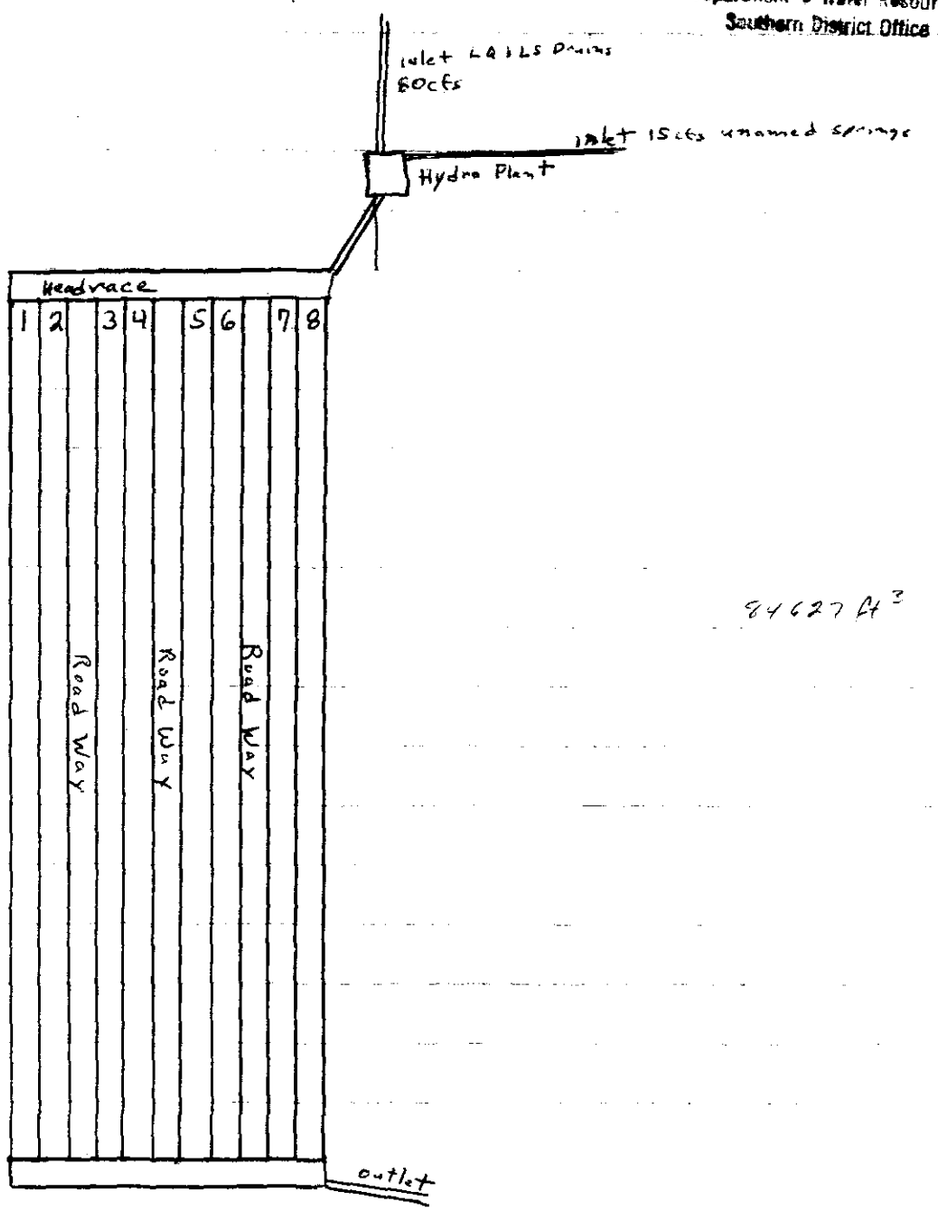
REF: IDWR APPLICATION FOR PERMIT IDENT. NO. 47-7660

Item	Description	Installed Cost
1.	Headworks with Gate and Controls, Complete	$ 28,000.00
2.	Trash Racks and Cleaner	2,500.00
3.	36 Inch Concrete Pipe, 800 L.F. for LQ Diversion	40,000.00
4.	Rock Excavation for LQ Diversion, 500 yd^3	20,000.00
5.	Ditch Excavation for LQ to LS Ditch, 2,000 L.F.	7,500.00
6.	Penstock 36 Inch, 1,700 L.F. Headworks to Power Plant	85,000.00
7.	Concrete Penstock Anchors 2 Each, Top and Bottom of Canyon Rim	23,000.00
8.	Concrete Penstock Support Blocks at 10 Feet O.C. on Talus Rock	12,000.00
9.	Rock Bolts to Tie Penstock to Canyon Wall	8,000.00
10.	Penstock Expansion Contraction Joints, 4 Each	8,000.00
11.	Equipment Access Road to Penstock in Canyon, 1,200 L.F.	18,000.00
12.	Power House Building, Foundation and Tailrace	45,000.00
13.	Turbine Generators, Complete	350,000.00
14.	Electrical Controls, Complete	60,000.00
15.	Step-Up Transformers	30,000.00
16.	Power Transmission Lines, 1.5 Miles	30,000.00
17.	Access Road to Power Plant, 3,500 L.F.	42,000.00
18.	Engineering, Contingencies and Construction Management (25% of Construction Cost)	202,000.00
	TOTAL PROJECT COST	$1,011,000.00

The above cost estimate is a Preliminary Estimate prepared on April 6, 1981 by J-U-B ENGINEERS, Inc., Twin Falls, Idaho.

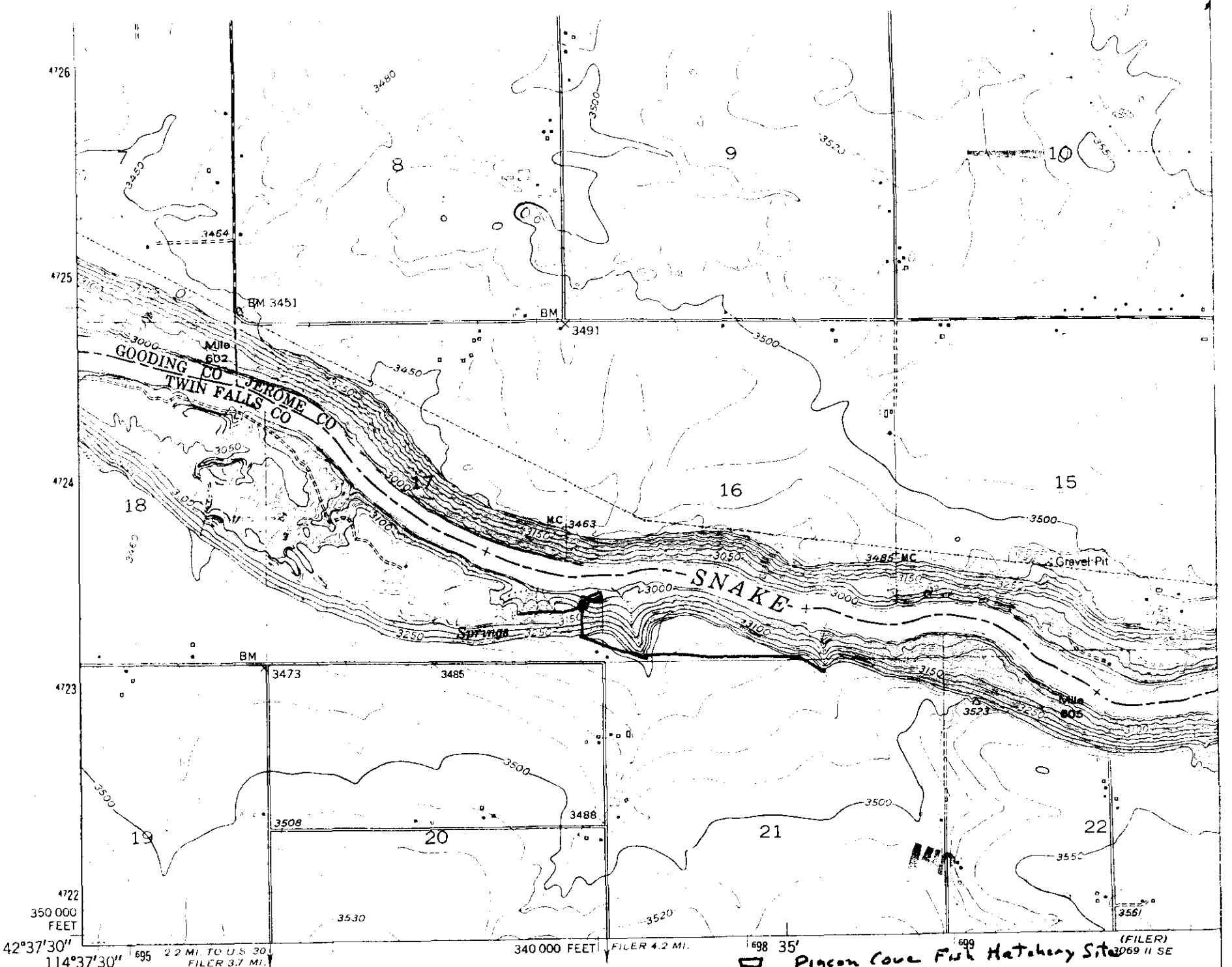
MICROFILMED

RECEIVED
JUN 24 1982
Department of Water Resources
Southern District Office



84627 ft³

Pigeon Cove Fish Hatchery
Scale: 1:60
Race Ways - 1 through 8



Mapped, edited, and published by the Geological Survey

Control by USGS and NOS/NOAA

Planimetry in part compiled from aerial photographs

. 5
Jerome, Idaho 83338
August 9, 1981

Mr. Nick Cozakos
Bureau of Land Management
Burley District Office
200 S. Oakley Highway
Rt. 3 Box 1
Burley, Idaho 83318

AUG 13 1981
Water Resources
Southern District Office

Dear Nick,

On behalf of John Lorain, Elwood McCauley, and Paul Turnipseed of Filer, Idaho, I am seeking a permit to divert water on BLM property from the LQ drain ditch to the LS drain ditch. The proposed diversion on the LS drain is approximately 150 feet south of the Snake River Canyon and is located in Lot 3, Section 21, T 9S, R 16E BM.

The water, if diverted, would be carried by pipe approximately 300 feet on BLM property to private property is section 16. The pipeline would parallel the SW boundary of Lot 3.

The purpose of the diversion is to develop a hydroelectric site on private land at the mouth of the LS drain.

I would be willing to meet with you or your representative at your convenience to discuss the proposed project.

Sincerely,

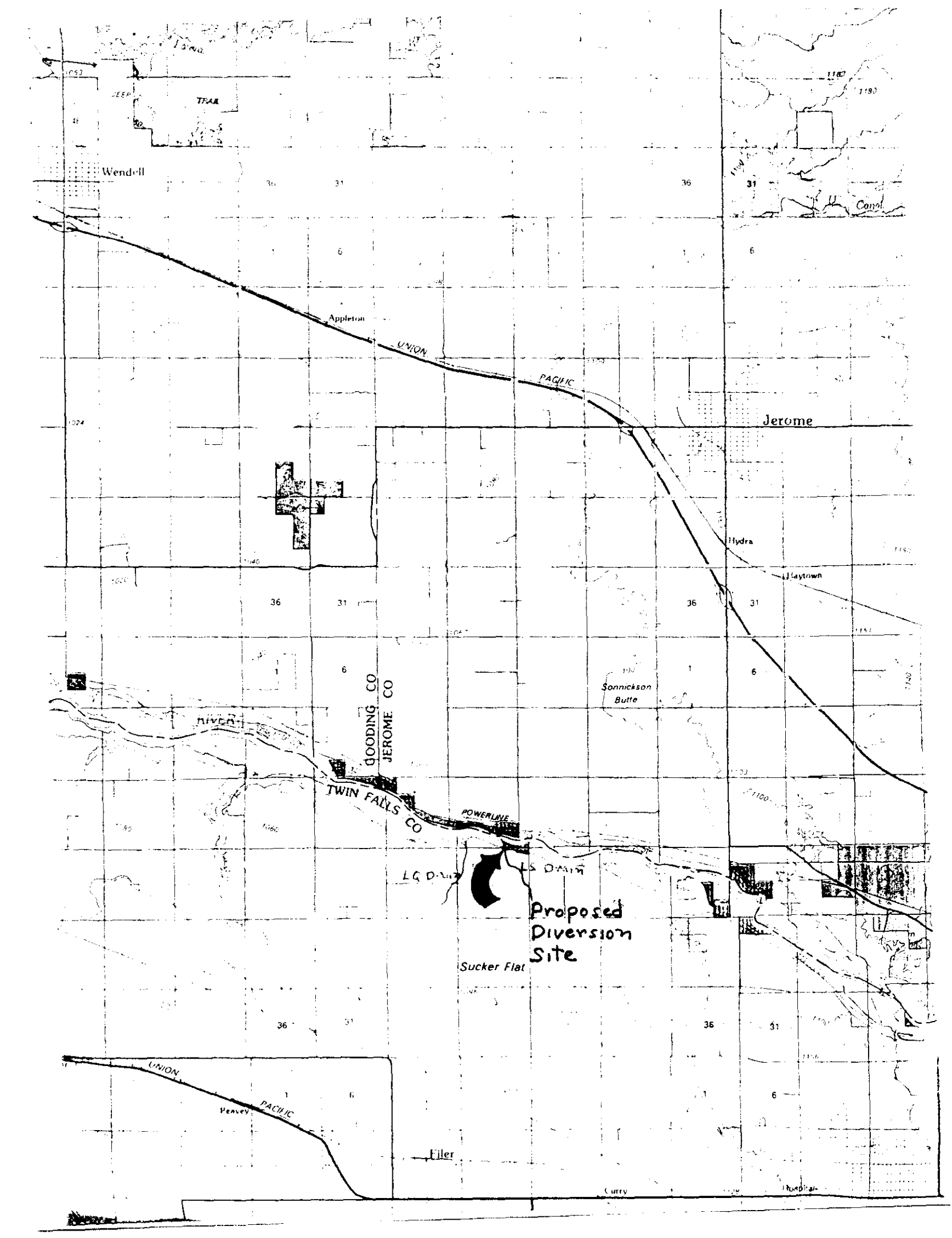
Dale Turnipseed

Dale Turnipseed

P.S. Lot 3 is presently being trespassed by John Woody. He is irrigating and grazing this site and also farms adjacent to the property.

CC: Dept. of Water Resources

47-7961


Wendell
Appleton
UNION
PACIFIC
Jerome
Hydra
Haytown
Sonnickson Butte
RIVER
TWIN FALLS CO
JEROME CO
POWERLINE
Proposed Diversion Site
Sucker Flat
Canal
Peavey
Filer
Curry

NOTICE OF AMENDED APPLICATION FOR PERMIT

NO. 47-7660

Notice is hereby given that Application for Permit No. 47-7660 in the names of Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr., of Filer, Idaho 83328 was filed as follows:

Source: LQ Drain - LS Drain tributary of Snake River

Priority Date: August 12, 1980

Amount: 80.00 cfs

Diversion Point: Lt 5, Sec. 16; Lt 2, Sec. 21, T9S, R16E, Twin Falls County

Use:			
	Fish Prop.	(80.00 cfs)	from 1/1 to 12/31
	Power	(80.00 cfs)	from 1/1 to 12/31

Place of Use: Lt 5, Sec. 16, T9S, R16E

Diversion Means: Concrete Check & Ditch to LS Drain Penstock to Power Plant & Fish

Application for Permit is hereby amended by Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain,Jr., as follows:

Source: Same

Priority Date: Same

Diversion Point: Lt 5,Sec. 16; Lt 3, Sec. 21, T9S, R16E, Twin Falls County

Amount: Same

Use: Same

Place of Use: Same

Diversion Means: Same

Any protest to the Amended Application for Permit must be filed with the Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before May 10, 1982.

A. KENNETH DUNN
Director

Published - Times News on April 22 and April 29, 1982

/8802 ptgl thursday
035.5 IN 11:00
legal notice to start WEDNESDAY,

NOTICE OF AMENDED APPLICATION FOR PERMIT NO. 47-7660

Notice is hereby given that Application for Permit No. 47-7660 in the names of Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr., of Filer, Idaho 83328 was filed as follows:

Source: LQ Drain- LS Drain tributary of Snake River

Priority Date: August 12, 1980

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Diversion Point: Lt 5, Sec. 16; Lt 2, Sec. 21, T9S, R16E, Twin Falls County

Use: Fish Prop (80.00 cfs) from 1/1 to 12/31

Power (80.00 cfs) from 1/1 to 12/31

Place of Use: Lt 5, Sec. 16, T9S, R16E

Diversion Means: Concrete Check & Ditch to LS Drain Penstock to Power Plant & Fish.

Application for Permit is hereby amended by Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr., as follows:

Source: Same

Priority Date: Same

Diversion Point: Lt 5, Sec. 16; Lt 3, Sec. 21, T9S, R16E, Twin Falls County

Amount: Same

Use: Same

Place of Use: Same

Diversion Means: Same

Any protest to the Amended Application for Permit must be filed with the Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before May 10, 1982.

A. KENNETH DUNN
Director

PUBLISH: ~~Wednesday~~ Thursday, April 22 and 29, 1982.

April 9, 1982

Times News
P. O. Box 548
Twin Falls, Idaho 83301

Re: Amended Application for Permit No. 47-7660

Gentlemen:

Enclosed you will find a legal notice which we wish to have published once a week for two consecutive weekly issues of your newspaper. We have inserted the publication dates allowing ample time for you to submit us a galley proof for review before publication.

After sending us a galley proof, proceed with the publication on the dates we have inserted, assuming the notice is correct. If we have any corrections, we will notify you before the first publication. If you cannot publish the notice on the proposed dates, please contact us immediately.

In order to receive payment, an affidavit of publication must be submitted to the Department along with the publication bill.

Sincerely,

Mary A. Hill
Sr. Secretary

for

Loren D. Holmes
Southern Region Supervisor

encl:

Bill submitted: _____

47-7661 - 47-7660 Turnipseed et al

PS Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
- [X] Show to whom and date delivered.....¢
- [ ] Show to whom, date and address of delivery....¢
- [ ] RESTRICTED DELIVERY
  Show to whom and date delivered.....¢
- [ ] RESTRICTED DELIVERY
  Show to whom, date, and address of delivery.$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

John Woody
Route 1
Filer, Idaho 83328

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	175	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. Jeff Woody
DATE OF DELIVERY 2-6-82
POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-300-459

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RETURN TO

IDAHO DEPT. OF WATER RESOURCES
SOUTHERN REGION OFFICE
1341 BLUE LAKES BLVD. NORTH
TWIN FALLS, IDAHO 83301

(Name of Sender)

(Street or P.O. Box)

(City, State, and ZIP Code)

ACCEPTANCE OF REGISTERED, INSURED, C.O.D. AND CERTIFIED MAIL

PS Form 3877 - Aug. 1976

NAME AND ADDRESS OF SENDER 47-7660 - 47-7661 Turnipseed et al

Indicate type of mail
☐ REGISTERED ☐ COD
☐ INSURED ☐ CERTIFIED

I certify that we have
☐ Commercial Insurance
☐ A deductible clause of $

Affix stamp here if issued as certificate of mailing or for additional copies of this bill.
POSTMARK AND DATE OF RECEIPT

	NUMBER OF ARTICLE	NAME OF ADDRESSEE, STREET, AND POST-OFFICE ADDRESS	POSTAGE	FEE	Handling Charge	Actual Value (If Registered)	DUE SENDER IF C.O.D.	R. R. FEE	S. D. FEE	S. H. FEE	REST. DEL. FEE / REMARKS
1	175	John Moody	20	60	75						
2		order to show									
3		cause									
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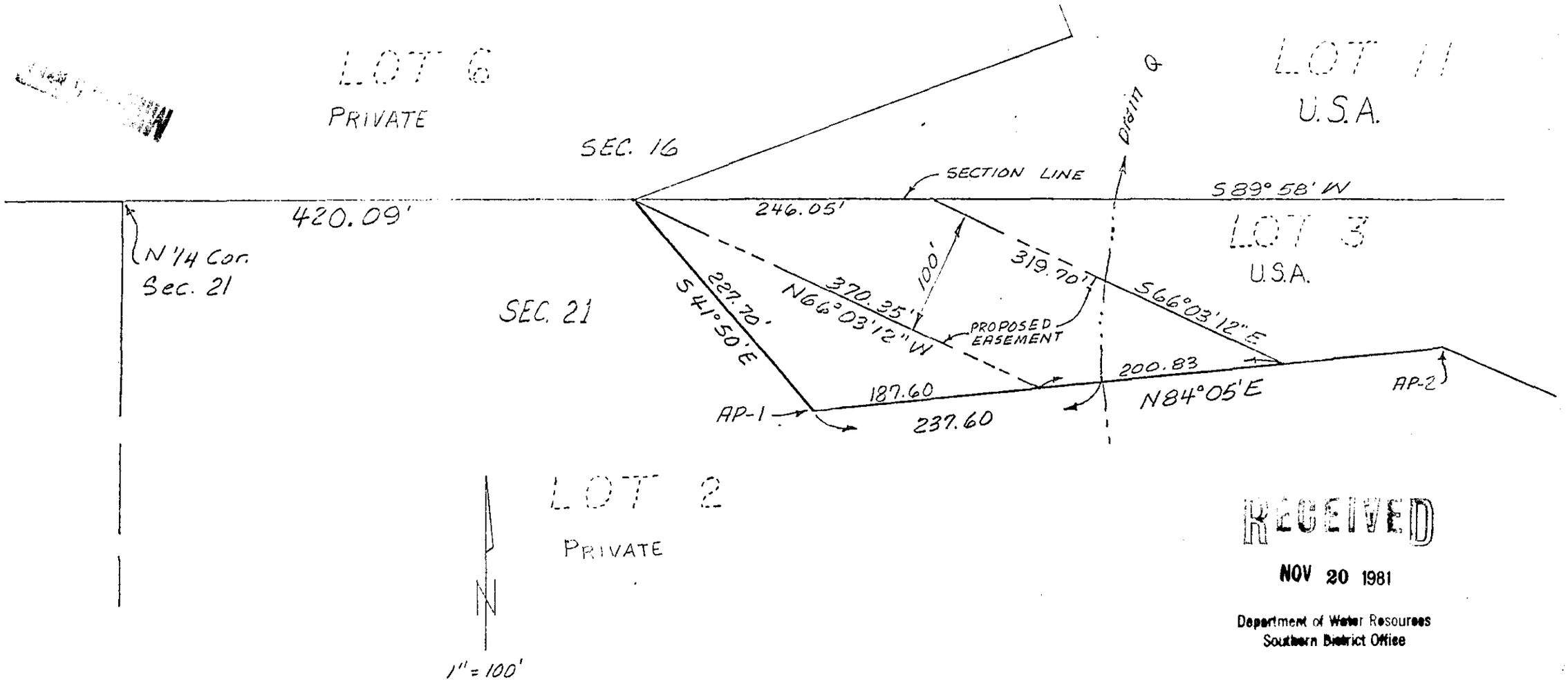
TOTAL NUMBER OF PIECES LISTED BY SENDER	TOTAL NUMBER OF PIECES RECEIVED AT POST OFFICE	*POSTMASTER, PER (Name of receiving employee)*	The full declaration of value is required on all domestic and international registered mail. Commercial Insurance—Payment of the full registry is required on articles valued up to $1,000 or the full amount of the deductible if the deductible exceeds $1,000. The maximum indemnity payable is $10,000 for registered mail, $300 for COD and $200 for insured mail. Special handling charges apply only to third- and fourth-class parcels. Special delivery service also includes special handling service.

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

☆USGPO: 1977 — 227-168



RECEIVED
NOV 20 1981
Department of Water Resources
Southern District Office

LOT 3, SECTION 21
T9S, R16E, B.M.
TWIN FALLS CO., 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

November 2, 1981

Paul &/or Dorothy Turnipseed &/or Elwood McCauley
&/or John Lorain, Jr.
Box 128
Filer, ID 83328

RE: Application for Permit No. 47-7660 & 47-7661

Dear Applicant:

On July 24, 1981 this office sent to you a letter that identified an additional requirement for the above referenced hydropower project. Section 42-205, Idaho Code, now requires that if a proposed hydropower project will use existing irrigation facilities, consent by the owner of the facilities must be obtained before an application for permit to develop a water right can be approved.

Enclosed we are sending another affidavit which we must receive before we can complete the review of your application. Please return either the affidavit or an explanation of why the affidavit cannot be obtained no later than November 15, 1981. If we have not heard from you by that date we must begin action to void the application due to incomplete information.

If you have questions about this requirement please feel free to call me at (208) 334-4104.

Sincerely,

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

DRT:rc

Enclosure

Rt.
Jerome, Idaho 83338
August 9, 1981

Mr. Nick Cozakos
Bureau of Land Management
Burley District Office
200 S. Oakley Highway
Rt. 3 Box 1
Burley, Idaho 83318

AUG 12 1981
Water Resources
District Office

Dear Nick,

On behalf of John Lorain, Elwood McCauley, and Paul Turnipseed of Filer, Idaho, I am seeking a permit to divert water on BLM property from the LQ drain ditch to the LS drain ditch. The proposed diversion on the LS drain is approximately 150 feet south of the Snake River Canyon and is located in Lot 3, Section 21, T 9S, R 16E BM.

The water, if diverted, would be carried by pipe approximately 300 feet on BLM property to private property is section 16. The pipeline would parallel the SW boundary of Lot 3.

The purpose of the diversion is to develop a hydroelectric site on private land at the mouth of the LS drain.

I would be willing to meet with you or your representative at your convenience to discuss the proposed project.

Sincerely,

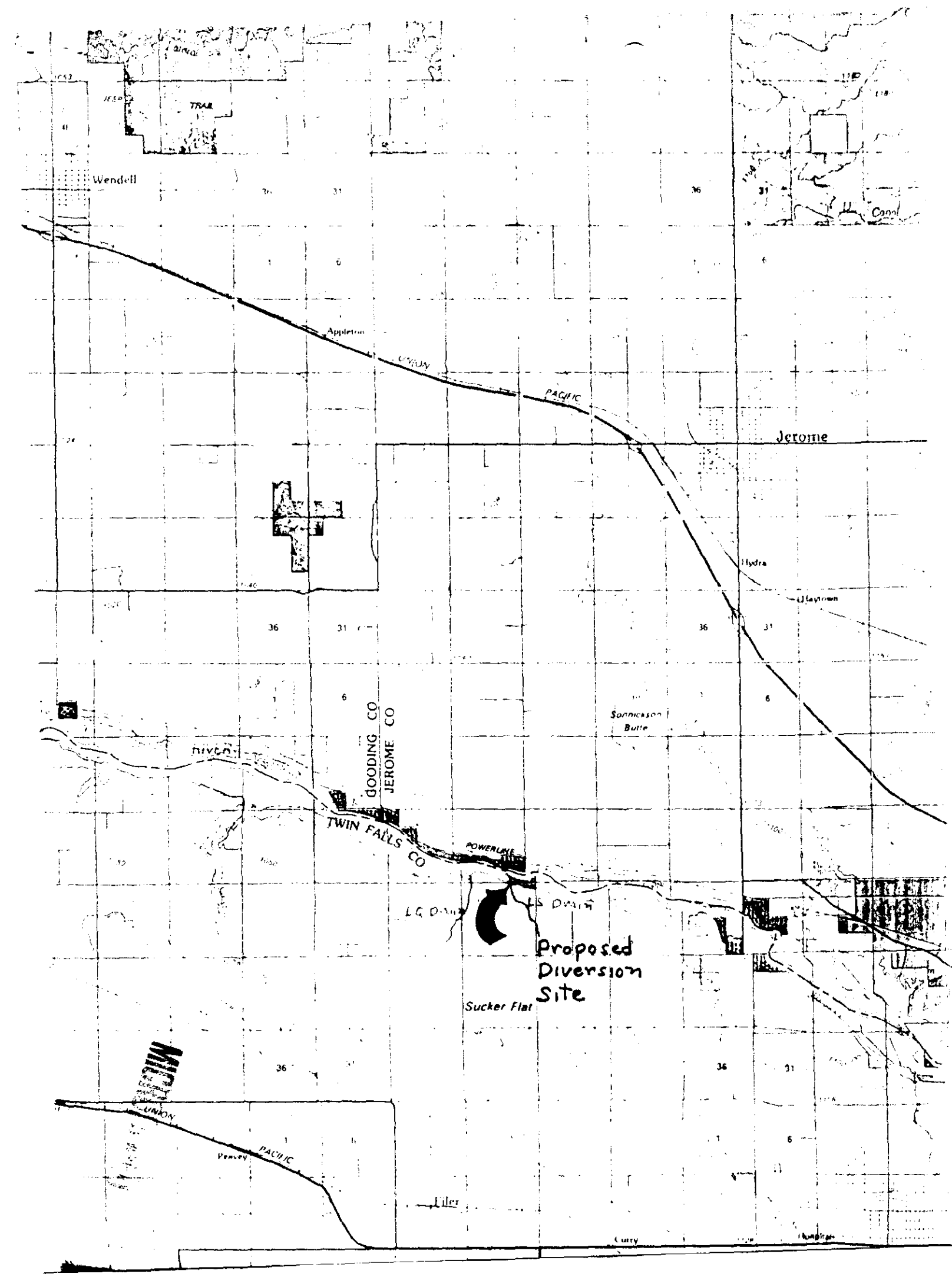
Dale Turnipseed

Dale Turnipseed

P.S. Lot 3 is presently being trespassed by John Woody. He is irrigating and grazing this site and also farms adjacent to the property.

CC: Dept. of Water Resources

47-7990



Wendell
Appleton
UNION
PACIFIC
Jerome
Hydra
Haytown
Sonnickson Butte
GOODING CO
JEROME CO
TWIN FALLS CO
POWERLINE
LG Drain
LS Drain
Proposed Diversion Site
Sucker Flat
UNION
PACIFIC
Peavey
Filer
Curry

copy

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

47-7660

July 24, 1981

RE: Application for Permit No.

Dear Applicant:

The 1981 Idaho Legislature made a change in Section 42-205, Idaho Code, that may affect the above referenced application. The change requires that if a proposed hydropower project will use existing irrigation facilities, the approval of the owner of the facilities must be obtained before an application for permit to develop a water right can be approved.

Please find enclosed an affidavit which we must receive before we can complete the review of your application. Please complete the affidavit, sign it before a notary, and return it to this office at your earliest convenience, no later than August 15, 1981.

Sincerely,

David R. Tuthill Jr.

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

DRT:jg

Enclosure

MICROFILMED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

October 8, 1980

Paul and/or Dorothy Turnipseed &/or
Elwood McCauley &/or
John Lorain, Jr.
Box 128
Filer, Idaho 83328

Re: Application for Permit No. 47-7661 and 47-7660

Dear Applicants:

Enclosed is a copy of a protest filed against the issuance of a permit pursuant to your Application No. 47-7661 and 47-7660. The Department suggests you contact the protestant directly in an effort to determine the nature of the protest and to attempt to resolve the protest.

The protest was received after the final date set for filing protests. However because other timely protests have been received, this protest has been accepted with the understanding that the late filing date may be an issue in the matter.

If you do not advise us within twenty (20) days that the protest has been resolved, the matter will be scheduled for conference and/or hearing. At such a conference and/or hearing, the following are the principle items the Department can consider in either approving or denying an application for permit (Section 42-203, Idaho Code):

1) Will the proposed use reduce the quantity of water under existing water rights?

2) Is the proposed water supply insufficient for the purposes intended?

3) Is the application made in good faith or for delay or speculative purposes?

4) Has the applicant sufficient financial resources with which to complete the project?

If this office can be of further assistance, please contact us.

Very truly yours,

LOREN O. HOLMES
Southern Region Supervisor

LOH:marya
Encl:

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

October 8, 1980

Mr. John Woody
Route 1
Filer, Idaho 83328

Re: Application for Permit No. 47-7661

Dear Mr. Woody:

Your protest against the approval of the above referenced application submitted by Paul and Dorothy Turnipseed, Elwood McCauley and John Lorain was received after the advertised September 15, 1980 final date for filing protests.

However, since there are other protests in the matter, your protest has been accepted and a copy sent to the applicants. The timeliness of the protest may be an issue in the matter. The Department suggests you contact the applicants directly in an effort to determine what is proposed by the application and to attempt to resolve the protest.

If you do not advise us within twenty (20) days that the protest has been resolved, the matter will be scheduled for conference and/or hearing. At such a conference and/or hearing, the following are the principle items the Department can consider in either approving or denying an application for permit (Section 42-203, Idaho Code):

1) Will the proposed use reduce the quantity of water under existing water rights?

2) Is the proposed water supply insufficient for the purpose intended?

3) Is the application made in good faith or for delay or speculative purposes?

4) Has the applicant sufficient financial resources with which to complete the project?

If this office can be of further assistance, please contact us.

Very truly yours,

Loren O. Holmes
Southern Region Supervisor

LOH:marya

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

September 15, 1980

Paul and/or Dorothy Turnipseed &/or
Elwood McCauley &/or
John Lorain, Jr.
Box 128
Filer, Idaho 83328

Re: Application for Permit No. 47-7660 - 47-7661

Dear Applicants:

Enclosed is a copy of a protest filed against the issuance of a permit pursuant to your Application No.47-7660-61. The Department suggests you contact the protestant directly in an effort to determine the nature of the protest and to attempt to resolve the protest.

If you do not advise us within twenty (20) days that the protest has been resolved, the matter will be scheduled for conference and/or hearing. At such a conference and/or hearing, the following are the principle items the Department can consider in either approving or denying an application for permit (Section 42-203, Idaho Code):

1. Will the proposed use reduce the quantity of water under existing water rights?
2. Is the proposed water supply insufficient for the purposes intended?
3. Is the application made in good faith or for delay or speculative purposes?
4. Has the applicant sufficient financial resources with which to complete the project?
5. Will the proposed use conflict with the local public interest?

If this office can be of further assistance, please contact us.

Very truly yours,

LOREN O. HOLMES
Southern Region Supervisor

LOH:marya

Encl:

MICROFILMED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

September 15, 1980

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

John A. Rosholt
Attorney at Law
P. O. Box 1906
Twin Falls, Idaho 83301

Re: Application for Permit No. 47-7660 and 47-7661

Dear Mr. Rosholt:

Your protest against the approval of the above-referenced application submitted in behalf of Twin Falls Canal Company has been received and a copy has been sent to the applicant. The Department suggests you contact the applicant directly in an effort to determine what is proposed by the application and to attempt to resolve the protest.

If you do not advise us within twenty (20) days that the protest has been resolved, the matter will be scheduled for conference and/or hearing. At such a conference and/or hearing, the following are the principle items the Department can consider in either approving or denying an application for permit (Section 42-203, Idaho Code):

1) Will the proposed use reduce the quantity of water under existing water rights?

2) Is the proposed water supply insufficient for the purpose intended?

3) Is the application made in good faith or for delay or speculative purposes?

4) Has the applicant sufficient financial resources with which to complete the project?

5) Will the proposed use conflict with the local public interest?

If this office can be of further assistance, please contact us.

Sincerely,

LEN O. HOLMES
outhern Region Supervisor

LOH:marya

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

September 15, 1980

Mr. Warren Travis
Twin Falls Canal Co.
Box 326
Twin Falls, Idaho 83301

Re: Application for Permit No. 47-7660

Dear Mr. Travis:

Please find enclosed a copy of the above referenced application for permit for your information and files.

Sincerely,

Mary A. Hill
Secretary

for

Loren O. Holmes
Southern Region Supervisor

Encl:

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

September 15, 1980

Mr. Bob Bell, Regional Fisheries Biologist
Idaho Fish & Game Department
Region #4
P. O. Box 428
Jerome, Idaho 83338

Re: Application for Permit No. 47-7660, 47-7661

Dear Mr. Bell:

Please find enclosed a copy of the above referenced application for permit for your information and files.

Sincerely,

Mary A. Hill
Secretary

for

Loren O. Holmes
Southern Region Supervisor

Encl:

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
SOUTHERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1041 Blue Lakes Blvd. North
Twin Falls, Idaho 83301
(208) 734-3578

September 15, 1980

Mr. Alex Schaefer
Department of Health & Welfare
Division of Environment
P. O. Box 1626
Twin Falls, Idaho 83301

Re: Application for Permit No. 47-7660 - 47-7661

Dear Mr. Schaefer:

Please find enclosed a copy of the above referenced application for permit for your information and files.

Sincerely,

Mary A. Hill
Secretary

for

Loren O. Holmes
Southern Region Supervisor

Encl:

NOTICE OF APPLICATION FOR WATER RIGHT

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

42-7660

TURNIPSEED, PAUL &/or DOROTHY
MC CAULEY, ELWOOD
LORAIN, JOHN

BOX 128, FILER, ID 83328

Source: LQ DRAIN tributary to SNAKE RIVER
LS DRAIN tributary to SNAKE RIVER

Date Filed: 08/12/1980

Amount: 80.00 CFS

Diversion Point: LOT 02 Sec 21 T 09S R 16E
LOT 05 Sec 16 T 09S R 16E, TWIN FALLS Co.

Use: FISH PROP.	(80.00 CFS)	from 01/01	to 12/31
POWER	(80.00 CFS)	from 01/01	to 12/31

Place of Use: LOT 05 Sec 16 T 09S R 16E

Diversion Means: CONCRETE CHECK & DITCH TO LS DRAIN PENSTOCK TO POWER PLANT & FI
FISH

If issued, the permit(s) will be subject to all prior water rights. Protests against the granting of any permit must be filed with the Director of the Idaho Department of Water Resources, 1041 Blue Lakes Blvd. North, Twin Falls, Idaho 83301 and received on or before SEPTEMBER 15, 1980.

C. STEPHEN ALLRED

Director

Published 8/28 & 9/4.

NOTICE OF APPLICATION FOR WATER RIGHT

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

47-7660

TURNIPSEED, PAUL &/or DOROTHY
McCAULEY, ELWOOD
LORAIN, JOHN
BOX 128, FILER, ID 83328
Source: LQ DRAIN tributary to SNAKE RIVER
LS DRAIN tributary to SNAKE RIVER
Date Filed: 08/12/1980
Amount: 80.00 CFS
Diversion Point: LOT 02 Sec 21 T 09S R 16E LOT 05 Sec 16 T 09S R 16E, TWIN FALLS Co.
Use: FISH PROP. (80.00 CFS) from 01/01 to 12/31
POWER (80.00 CFS) from 01/01 to 12/31
Place of Use: LOT 05 Sec 16 T 09S R 16E
Diversion Means: CONCRETE CHECK & DITCH TO LS DRAIN PENSTOCK TO POWER PLANT & FISH

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES
Southern Region

1041 Blue Lakes Blvd N.
Twin Falls, Idaho 83301
(208) 734-3578

AUGUST 21, 1980

Times News
P. O. Box 548
Twin Falls, Idaho 83301

Gentlemen:

Enclosed you will find a legal notice which we wish to have published on the dates indicated (once a week for two consecutive weekly issues) in your newspaper. We have allowed ample time for you to submit a galley proof to this office for review before the first publication date. If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Your cooperation is appreciated.

Please send the affidavit of publication and publication billing to this office before SEPTEMBER 15, 1980.

Yours truly,

Mary A. Hill

Mary A. Hill
Secretary

Encl.

HAWLEY TROXELL ENNIS & HAWLEY

ATTORNEYS AND COUNSELORS
FIRST INTERSTATE CENTER
877 MAIN STREET, SUITE 1000
POST OFFICE BOX 1617
BOISE, IDAHO 83701-1617

TELEPHONE
(208) 344-6000

FAX
(208) 342-3829

KETCHUM OFFICE
319 WALNUT AVENUE
POST OFFICE BOX 297
KETCHUM, IDAHO 83340-0297

POCATELLO OFFICE
125 NORTH GARFIELD
POST OFFICE BOX 4167
POCATELLO, IDAHO 83205-4167

THOMAS A. MILLER

December 23, 1994

RECEIVED
DEC 23 1994
Department of Water Resources

Hand Carried

R. Keith Higgenson, Director
Idaho Department of Water Resources
1301 North Orchard Street
Statehouse Mail
Boise, Idaho 83720-9000

Re: Water Right No. 47-07660 - LS-LQ hydro project - Pigeon Cove Power Company

Dear Mr. Higgenson:

We represent New England Mutual Life Insurance Company which is the mortgage lender on the LS-LQ hydro project located in Twin Falls County on leased land owned by Pigeon Cove Power Company, an Idaho general partnership.

I am enclosing herewith the following documents in connection with this matter:

1. A copy of Water Right License No. 47-07660, for convenient reference.

2. Copies of the following documents filed in the United States Bankruptcy Court for the District of Utah, Central Division, in the Chapter 11 Bankruptcy Reorganization proceedings regarding Bonneville Pacific Corporation (Case No. 91A-27701:

   a. Original of Assignment of Permit No. 47-7660 dated September 1, 1994, with certified copy of Order dated August 29, 1994.

   b. Original of Direction to Issue Water Right License No. 47-7660 (to Pigeon Cove Power Company, an Idaho general partnership, whose

JAN 20 1995

current address is Rural Route 2, 1946 East 3950 North, Filer, Idaho 83328).

c. Copy of the Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho (referred to in the enclosures 2a and 2b).

3. Copy of Pigeon Cove Power Company Partnership Agreement dated January 1, 1983 and letter of transmittal from its attorney, David B. Lincoln of Elam & Burke.

It was our understanding several months ago that the issuance of this license would be withheld pending the filing of the enclosed papers. On the other hand, it was the understanding of your department that those papers would be forthcoming within a reasonably short time. The wheels of justice turn slowly and in this case, because of the location and number of parties involved, they turned especially slowly. Due to an honest misunderstanding, the license was issued to Bonneville Pacific Corporation on April 30, 1994.

Ordinarily, I would simply file a notice with your department to be placed in the file requesting that our client receive notice of any important pending action such as modification or transfer of the license water rights. But in this case, particularly where Bonneville Pacific Corporation is in bankruptcy and the interested parties have very laboriously and for good reason opted to sever all interest of Bonneville Pacific Corporation in this water right, we respectfully request that you amend the license to show as the licensee Pigeon Cove Power Company, an Idaho general partnership.

We do not feel comfortable relying on the licensed rights being appurtenant to the project property because of the supremacy of federal bankruptcy law.

I have never in my 38 years of practice made a request such as this nor do I expect to in the future, but I trust that you will understand the uniqueness of the situation and grant our request.

RECEIVED
JAN 20 1995

Please let me know if you have any questions. Thank you for your consideration.

Yours truly,

HAWLEY TROXELL ENNIS & HAWLEY

Thomas A. Miller

TAM/dee
Enclosures

MICROFILMED
JAN 20 1995

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 47-07660

Priority: January 7, 1981 **Maximum Diversion Rate:** 65.00 CFS

This is to certify, that BONNEVILLE PACIFIC CORP
200 E TEMPLE
SUITE 300
SALT LAKE CITY UT 84111 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated August 12, 1980; and has submitted Proof of Beneficial Use on October 3, 1985. An examination indicates that the works have a diversion capacity of 65.000 cfs of water from:

LQ COULEE	tributary to	**SNAKE RIVER**
LS COULEE	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	01/01 to 12/31	65.00 CFS	

LOCATION OF POINT(S) OF DIVERSION: Lot 2(NWNE), Sec. 21, Township 09S, Range 16E
NWNW , Sec. 21, Township 09S, Range 16E
TWIN FALLS County

PLACE OF USE: POWER

TWN	RGE	SEC	
09S	16E	16	Lot 5(SWSW)

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 issuance of this right in no way grants any right-of-way or easement across the land of another.
5. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
6. 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.
7. Use of water under this right shall be non-consumptive.

MAY 1 1 1994

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 47-07660

CONDITIONS/REMARKS:

8. The diversion and use of water under this right is subject to review by the Director on January 1, 2004. 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. This power plant is known as Pigeon Cove.

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 30th day of April, 1994.

Acting for R. Keith Higginson, Director

RECORDED

MAY 11 1994

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
ASSIGNMENT OF PERMIT
NO. 47-7660

The undersigned, **BONNEVILLE PACIFIC CORPORATION**, a Utah corporation (permit holder), and **ROGER G. SEGAL**, the duly appointed, qualified and acting Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation, Debtor, in Proceedings for a Reorganization Under Chapter 11, Case No. 91A-17701, pending in the United States Bankruptcy Court for the District of Utah, Central Division, pursuant to that Court's Order Authorizing Execution and Delivery of Documents and Instruments Relative to LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls, Idaho, dated August 31, 1994, a certified copy of which is attached hereto, HEREBY ASSIGN TO PIGEON COVE POWER COMPANY, an Idaho general partnership, whose current address is: Rural Route 2, 1946 East 3950 North, Filer, Idaho 83328, all of the right, title and interest of the undersigned in and to Permit No. 47-7660 to appropriate the public waters of the State of Idaho for hydroelectric power purposes.

DATED September 1, 1994.

Original

RECORDED

JAN 20 1995

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

BONNEVILLE PACIFIC CORPORATION

By: _____
Clark M. Mower
President

_____
Roger G. Segal
Chapter 11 Trustee

MICROFILMED
JAN 20 1995

STATE OF UTAH)
) ss.
COUNTY OF Salt Lake)

On this 30th day of September, 1994, before me, Corinne Butler, a Notary Public in and for said State, personally appeared Clark M. Mower, known or identified to me to be the President of BONNEVILLE PACIFIC CORPORATION, the corporation that executed the within instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC
CORINNE BUTLER
525 East 100 South #500
Salt Lake City, Utah 84102
My Commission Expires
September 1, 1996
STATE OF UTAH

Corinne Butler
Notary Public
Residing at Salt Lake County
My commission expires 9/1/96

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

On this 4th day of ~~September~~ October, 1994, before me, the undersigned, a notary public in and for said state, personally appeared ROGER G. SEGAL, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

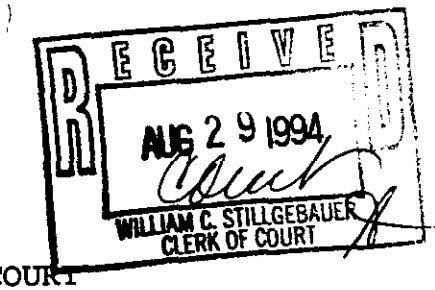
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARY PUBLIC
AMY K. SAVAGE
525 EAST 100 SOUTH #500
SALT LAKE CITY, UT 84102
My Commission Expires Mar 1, 1996
State of Utah

Amy K Savage
Notary Public
Residing at Salt Lake County UT
My commission expires 3-1-96

RECORDED
JAN 20 1995

I hereby certify that the annexed and foregoing is a true and complete copy of a document on file in the United States Bankruptcy Court for the District of Utah
Dated:
Attest:
9-6-94 Deputy Clerk



IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

----oooo0oooo----

In re:	:	
	:	
BONNEVILLE PACIFIC CORPORATION,	:	Bankruptcy No. 91A-27701
	:	(Chapter 11)
Debtor.	:	

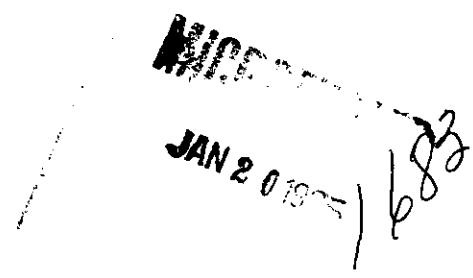
----oooo0oooo----

ORDER APPROVING STIPULATION REGARDING LS-LQ HYDROELECTRIC PARTNERS AND PIGEON COVE HYDROELECTRIC PROJECT, TWIN FALLS COUNTY, IDAHO

The Trustee's Motion (the "Motion") for Approval of Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho came on for hearing on August 29, 1994, at 11:00 a.m. before the Honorable John H. Allen, United States Bankruptcy Court Judge. The Trustee was represented by his counsel, Daniel J. Torkelson of the firm of Cohne, Rappaport & Segal, P.C. Other parties and counsel's appearances were noted on the record. The Court found that notice of the Trustee's Motion and the hearing thereon was properly given as required by law with no objection thereto having been filed.

Based upon the Motion and the statements of counsel, and for good cause shown,

IT IS HEREBY ORDERED:



(a) The Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated July 20, 1994 (the "Stipulation", a copy of which is attached to the Motion as Exhibit 1), among the Debtor, the Trustee, Bonneville Development Corporation, a Utah corporation ("BDC"), New England Mutual Life Insurance Company, a Massachusetts corporation ("New England"), First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee") and LS-LQ Hydroelectric Partners, a Utah general partnership (the "Partnership") is approved.

(b) The Trustee and the Debtor are authorized to execute, deliver and perform the Stipulation and any and all documents and agreements referenced therein.

(c) The Trustee is authorized to compromise and settle claims between the Debtor, the Debtor's estate and the Trustee, on the one hand, and the Partnership, on the other hand, pursuant to the terms of the Partnership Release and the Debtor's Release (as defined in the Stipulation).

(d) The Trustee is authorized to compromise and settle claims between the Debtor, the Debtor's estate and the Trustee, on the one hand, and New England and the Security Trustee, on the other hand, pursuant to the terms of the New

RECORDED
JAN 20 1995

England Release and the Debtor's Release (as defined in the Stipulation).

(e) The Trustee's transfer of the Partnership Interest and the Water Rights to the Partnership (or its designees), as a good faith purchaser, pursuant to the terms of the Stipulation, the Partnership Assignment, the Water Rights Assignment and the Direction to Issue Water Rights License (as such terms are defined in the Stipulation), free and clear of liens and encumbrances other than liens and encumbrances in favor of the Security Trustee, is approved.

(f) The Trustee is authorized to assume and to simultaneously assign the Partnership Agreement (as defined in the Stipulation) to the Partnership or its designee, to the extent the Partnership Agreement is an executory contract.

(g) The Debtor is authorized to consent, as sole shareholder of BDC, to BDC's execution and performance of the Stipulation, the Residual Rights Assignment (as defined in the Stipulation) and the transactions contemplated thereby.

(h) The Trustee is authorized to take such other actions, including the execution and delivery of documents, as

ENTERED
JAN 20 1995

he deems necessary or desirable to accomplish and effectuate the transactions contemplated by the Stipulation.

DATED this 29 day of August, 1994.

BY THE COURT:

JOHN H. ALLEN
UNITED STATES BANKRUPTCY COURT JUDGE

JAN 20 1995

CLERK'S CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I mailed true and correct copies of the foregoing ORDER to the persons named below, first class, postage prepaid thereon, this 31 day of Aug., 1994.

CLERK, U.S. BANKRUPTCY COURT

By Margo Diaz
Deputy Clerk

Daniel J. Torkelson, Esq.
COHNE, RAPPAPORT & SEGAL, P.C.
525 East 100 South, Suite 500
P. O. Box 11008
Salt Lake City, Utah 84147-0008

Roger G. Segal, Trustee
P. O. Box 11008
Salt Lake City, Utah 84147-0008

U.S. Trustee's Office
Suite 100, Boston Building
9 Exchange Place
Salt Lake City, Utah 84111

Clark M. Mower
BONNEVILLE PACIFIC CORPORATION
6th Floor, Bank One Building
50 West Broadway
Salt Lake City, Utah 84101

Anna W. Drake, Esq.
FABIAN & CLENDENIN
215 South State Street, Suite 1200
Salt Lake City, Utah 84111

Stanford S. Smith, Esq.
2921 Devon Drive
Bountiful, Utah 84010

RECEIVED
JAN 20 1995

Jim Maher, Esq.
Lorraine M. Weil, Esq.
HEBB & GITLIN
One State Street
Hartford, Connecticut 06103-3178

Cynthia Futter, Esq.
MILBANK, TWEED, HADLEY & McCLOY
601 South Figueroa Street, 30th Floor
Los Angeles, California 90017

Harvey L. Leiderman, Esq.
STEEFEL, LEVITT & WEISS
One Embarcadero Center, 29th Floor
San Francisco, California 94111-2019

JAN 2 0 1995

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH

IN RE Bonneville Pacific Corporation Debtor(s).	NO. 91 - 27701JHA Chapter 11 MINUTES OF PROCEEDINGS

APPEARANCE OF COUNSEL:

Vernon L. Hopkinson (Attorney)
Julie Bryan (Tr)
Gary Jubber (MAT, E-Werk Pool, Euro Capital)
Douglas Payne (" " ")

Proceedings were held on August 29, 1994.

DOCKET ENTRY:

Minute Entry Re: [1648-1] Motion by E-Werk Pool, MAT, Euro Capital to Dismiss Claims or to Stay Proceedings or for Protective Order, [1645-1] Motion to Compel Arbitration by E-Werk Pool, [1643-1] Motion to Compel by MAT. (JHA;HH;KM; 1 hr 45 min). Findings and conclusions made of record; motions denied. OTF-Hopkinson.

ENTERED
JAN 20 1995

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH

IN RE Bonneville Pacific Corporation Debtor(s).	NO. 91 - 27701JHA Chapter 11 MINUTES OF PROCEEDINGS

APPEARANCE OF COUNSEL:

Dan Torkelson (Tr)

Proceedings were held on August 29, 1994.

DOCKET ENTRY:

Minute Entry Re: [1668-1] Motion to Approve Stiuplation re: LS-LQ Hydroelectric Partners and Pidgeon Cove Hydroelectric Project. Motion granted; order executed.

JAN 20 1995

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
DIRECTION TO ISSUE WATER RIGHT LICENSE
NO. 47-7660

To the Director, Idaho Department of Water Resources:

You are hereby directed to issue Water Right License No. 47-7660 in the name of PIGEON COVE POWER COMPANY, an Idaho general partnership, whose current address is: Rural Route 2, 1946 East 3950 North, Filer, Idaho 83328.

The undersigned, Bonneville Pacific Corporation, a Utah corporation (permit holder), is the Debtor in Proceedings for a Reorganization Under Chapter 11, Case No. 91A-27701, now pending in the United States Bankruptcy Court for the District of Utah, Central Division, and the undersigned Roger G. Segal is the duly appointed, qualified and acting Chapter 11 Trustee of said Debtor's bankruptcy estate.

This instrument is duly authorized by Order Authorizing Debtor's Execution and Delivery of Documents and Instruments Relative to LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, made and entered by the said Court on August 31, 1994, a certified copy of which Order is attached hereto.

DATED September 1, 1994.

BONNEVILLE PACIFIC CORPORATION

By: _____
CLARK M. MONER, President

_____
ROGER G. SEGAL, Trustee

Original

RECEIVED
JAN 20 1995

STATE OF UTAH)
: ss.
County of Salt Lake)

On this 30th day of September, 1994, before me, Corinne Butler, a Notary Public in and for said State, personally appeared Clark M. Mower, known or identified to me to be the President of BONNEVILLE PACIFIC CORPORATION, the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC
CORINNE BUTLER
525 East 100 South #500
Salt Lake City, Utah 84102
My Commission Expires
September 1, 1996
STATE OF UTAH

Corinne Butler
NOTARY PUBLIC
Residing at Salt Lake County, Utah

My Commission Expires:
9/1/96

JAN 20 1995

STATE OF UTAH)
: ss.
County of Salt Lake)

On this 4th day of ~~September~~ October, 1994, before me, Amy K Savage, a Notary Public in and for said State, personally appeared Roger G. Segal, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

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
AMY K. SAVAGE
525 EAST 100 SOUTH #500
SALT LAKE CITY, UT 84102
My Commission Expires Mar 1, 1998
State of Utah

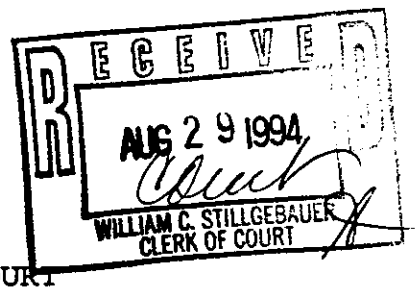
Amy K Savage
NOTARY PUBLIC
Residing at Salt Lake County, Utah

My Commission Expires:

3-1-96

RECORDED
JAN 20 1995

I hereby certify that the annexed and foregoing is a true and complete copy of a document on file in the United States Bankruptcy Court for the District of Utah
Dated:
Attest.
9-6-94 Deputy Clerk



IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

----oooo0oooo----

In re:	:	
	:	
BONNEVILLE PACIFIC CORPORATION,	:	Bankruptcy No. 91A-27701
	:	(Chapter 11)
Debtor.	:	

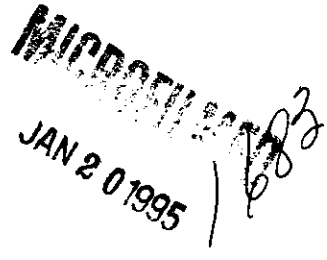
----oooo0oooo----

ORDER APPROVING STIPULATION REGARDING LS-LQ HYDROELECTRIC PARTNERS AND PIGEON COVE HYDROELECTRIC PROJECT, TWIN FALLS COUNTY, IDAHO

The Trustee's Motion (the "Motion") for Approval of Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho came on for hearing on August 29, 1994, at 11:00 a.m. before the Honorable John H. Allen, United States Bankruptcy Court Judge. The Trustee was represented by his counsel, Daniel J. Torkelson of the firm of Cohne, Rappaport & Segal, P.C. Other parties and counsel's appearances were noted on the record. The Court found that notice of the Trustee's Motion and the hearing thereon was properly given as required by law with no objection thereto having been filed.

Based upon the Motion and the statements of counsel, and for good cause shown,

IT IS HEREBY ORDERED:



(a) The Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated July 20, 1994 (the "Stipulation", a copy of which is attached to the Motion as Exhibit 1), among the Debtor, the Trustee, Bonneville Development Corporation, a Utah corporation ("BDC"), New England Mutual Life Insurance Company, a Massachusetts corporation ("New England"), First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee") and LS-LQ Hydroelectric Partners, a Utah general partnership (the "Partnership") is approved.

(b) The Trustee and the Debtor are authorized to execute, deliver and perform the Stipulation and any and all documents and agreements referenced therein.

(c) The Trustee is authorized to compromise and settle claims between the Debtor, the Debtor's estate and the Trustee, on the one hand, and the Partnership, on the other hand, pursuant to the terms of the Partnership Release and the Debtor's Release (as defined in the Stipulation).

(d) The Trustee is authorized to compromise and settle claims between the Debtor, the Debtor's estate and the Trustee, on the one hand, and New England and the Security Trustee, on the other hand, pursuant to the terms of the New

MICROFILMED
JAN 20 1995

England Release and the Debtor's Release (as defined in the Stipulation).

(e) The Trustee's transfer of the Partnership Interest and the Water Rights to the Partnership (or its designees), as a good faith purchaser, pursuant to the terms of the Stipulation, the Partnership Assignment, the Water Rights Assignment and the Direction to Issue Water Rights License (as such terms are defined in the Stipulation), free and clear of liens and encumbrances other than liens and encumbrances in favor of the Security Trustee, is approved.

(f) The Trustee is authorized to assume and to simultaneously assign the Partnership Agreement (as defined in the Stipulation) to the Partnership or its designee, to the extent the Partnership Agreement is an executory contract.

(g) The Debtor is authorized to consent, as sole shareholder of BDC, to BDC's execution and performance of the Stipulation, the Residual Rights Assignment (as defined in the Stipulation) and the transactions contemplated thereby.

(h) The Trustee is authorized to take such other actions, including the execution and delivery of documents, as

JAN 2 0 1995

he deems necessary or desirable to accomplish and effectuate the transactions contemplated by the Stipulation.

DATED this 27 day of August, 1994.

BY THE COURT:

JOHN H. ALLEN
UNITED STATES BANKRUPTCY COURT JUDGE

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JAN 20 1995

CLERK'S CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I mailed true and correct copies of the foregoing ORDER to the persons named below, first class, postage prepaid thereon, this 31 day of Aug., 1994.

CLERK, U.S. BANKRUPTCY COURT

By Margo Diaz
Deputy Clerk

Daniel J. Torkelson, Esq.
COHNE, RAPPAPORT & SEGAL, P.C.
525 East 100 South, Suite 500
P. O. Box 11008
Salt Lake City, Utah 84147-0008

Roger G. Segal, Trustee
P. O. Box 11008
Salt Lake City, Utah 84147-0008

U.S. Trustee's Office
Suite 100, Boston Building
9 Exchange Place
Salt Lake City, Utah 84111

Clark M. Mower
BONNEVILLE PACIFIC CORPORATION
6th Floor, Bank One Building
50 West Broadway
Salt Lake City, Utah 84101

Anna W. Drake, Esq.
FABIAN & CLENDENIN
215 South State Street, Suite 1200
Salt Lake City, Utah 84111

Stanford S. Smith, Esq.
2921 Devon Drive
Bountiful, Utah 84010

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JAN 20 1995

Jim Maher, Esq.
Lorraine M. Weil, Esq.
HEBB & GITLIN
One State Street
Hartford, Connecticut 06103-3178

Cynthia Futter, Esq.
MILBANK, TWEED, HADLEY & McCLOY
601 South Figueroa Street, 30th Floor
Los Angeles, California 90017

Harvey L. Leiderman, Esq.
STEEFEL, LEVITT & WEISS
One Embarcadero Center, 29th Floor
San Francisco, California 94111-2019

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JAN 2 0 1995

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH

IN RE Bonneville Pacific Corporation Debtor(s).	NO. 91 - 27701JHA Chapter 11 MINUTES OF PROCEEDINGS

APPEARANCE OF COUNSEL:

Vernon L. Hopkinson (Attorney)
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Douglas Payne (" " ")

Proceedings were held on August 29, 1994.

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Minute Entry Re: [1648-1] Motion by E-Werk Pool, MAT, Euro Capital to Dismiss Claims or to Stay Proceedings or for Protective Order, [1645-1] Motion to Compel Arbitration by E-Werk Pool, [1643-1] Motion to Compel by MAT. (JHA;HH;KM; 1 hr 45 min). Findings and conclusions made of record; motions denied. OTF-Hopkinson.

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JAN 20 1995

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH

IN RE Bonneville Pacific Corporation Debtor(s).	NO. 91 - 27701JHA Chapter 11 MINUTES OF PROCEEDINGS

APPEARANCE OF COUNSEL:

Dan Torkelson (Tr)

Proceedings were held on August 29, 1994.

DOCKET ENTRY:

Minute Entry Re: [1668-1] Motion to Approve Stiuplation re: LS-LQ Hydroelectric Partners and Pidgeon Cove Hydroelectric Project. Motion granted; order executed.

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JAN 2

ELAM & BURKE
A Professional Association
ATTORNEYS AND COUNSELORS AT LAW
Established in 1928

KEY FINANCIAL CENTER
702 WEST IDAHO
POST OFFICE BOX 1539
BOISE, IDAHO 83701

TELEPHONE
208-343-5454

FACSIMILE
208-384-5844

DAVID B. LINCOLN

November 21, 1994

Thomas A. Miller
Hawley Troxell
P.O. Box 1617
Boise, ID 83701

Re: Pigeon Cove Power Co.

Dear Tom:

Pursuant to your request, enclosed is a copy of the Partnership Agreement for Pigeon Cove Power Co. If you need any additional documentation in order to have the subject water licenses reissued in the name of our client, please advise.

Very truly yours,

ELAM & BURKE
A Professional Association

David B. Lincoln

DBL/at
Enc.

FILMED
NOV 2 3 1994

PIGEON COVE POWER COMPANY

PARTNERSHIP AGREEMENT

THIS AGREEMENT is made January 1, 1983, by and among ELWOOD McCAULEY, PAUL TURNIPSEED and JOHN LORAIN, JR.

1. Name and Business: The parties have formed a partnership under the name of the Pigeon Cove Power Company to conduct a small hydroelectric and fish rearing operation in Twin Falls County, Idaho. The principal office of the business shall be P. O. Box 128, 823 Union Street, Filer, Idaho.

2. Term: The partnership shall begin on January 1, 1983, and shall continue until terminated as herein provided.

3. Capital: The capital of the partnership shall be contributed in property by the partners and their capital accounts shall be maintained in proportion to their respective partnership capital interests from time to time.

A separate capital account shall be maintained for each partner. No partner shall withdraw any part of his capital account. If the capital account of a partner becomes impaired, his share of subsequent profits shall be first credited to his capital account until that account has been restored, before such profits are credited to his income account.

4. Profit and Loss: The net profits and the net losses of the partnership shall be divided equally between the partners. A separate income account shall be maintained for each partner. Partnership profits and losses shall be charged or credited to the separate income account of each partner. If a

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partner has no credit balance in his income account, losses shall be charged to his capital account.

5. Salaries and Drawings: Any partner may receive a salary for services rendered to the partnership if agreed to in writing by the partners. Any partner may, from time to time, withdraw the credit balance in his income account with the consent of all of the other partners. No additional share of profits shall inure to any partner by reason of his capital or income account being in excess of the capital or income account of the other.

6. Interest: No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.

7. Management, Duties and Restrictions: All partners shall equally exercise all power and make all decisions in management of the partnership business.

No partner shall, without the consent of the other partner, endorse any note, or act as an accommodation party, or otherwise become surety for any person. Without the consent of the other partner, no partner shall on behalf of the partnership borrow or lend money, or make, deliver or accept any commercial paper, or execute any mortgage, security agreement, bond or lease, or purchase or contract to purchase, or sell or contract to sell any property for or of the partnership other than the type of property bought and sold in the regular course of business. No partner shall, except with the consent of the other

JAN 20 1995

partner, assign, mortgage, grant as security interest in, or sell his share in the partnership or in its capital assets or property, or enter into any agreement as a result of which any person shall become interested with him in the partnership, or do any act detrimental to the best interests of the partnership or which would make it impossible to carry on the ordinary business of the partnership.

8. Banking: All funds of the partnership shall be deposited in its name in such checking account or accounts as shall be designated by the partners. All withdrawals therefrom are to be made upon checks signed by a partner.

9. Books: The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access thereto. The books shall be kept on a calendar year basis, commencing January 1, and ending December 31, and shall be closed and balanced at the end of each calendar year. An audit may be made as of the closing date at the discretion of the partners.

10. Voluntary Termination: The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name may be sold with the other assets of the business. The assets of the partnership business shall be used and distributed in the following order: (a) to pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations;

JAN 20 1995

(b) to equalize the income accounts of the partners; (c) to discharge the balance of the income accounts of the partners; (d) to equalize the capital accounts of the partners; and (e) to discharge the balance of the capital accounts of the partners.

11. Retirement: Any partner shall have the right to retire from the partnership at the end of any fiscal year. Written notice of intention to retire shall be served upon the other partner at the office of the partnership at least three months before the end of the fiscal year. The retirement of a partner shall have no effect upon the continuance of the partnership business. The remaining partner shall have the right to either purchase the retiring partner's interest in the partnership or to terminate and liquidate the partnership business. If the remaining partner elects to purchase the interest of the retiring partner, he shall give written notice thereof to the retiring partner at the office of the partnership within two months after receipt of his notice of intention to retire.

(a) If the remaining partner elects to purchase the interest of the retiring partner in the partnership, the purchase price and method of payment shall be agreed upon among the partners.

(b) If the remaining partner does not elect to purchase or cannot agree upon the purchase price and method of payment, the interest of the retiring partner in the partnership, the partner shall proceed with reasonable promptness to dissolve and liquidate the

JAN 2 0 1995

business of the partnership. The procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in Paragraph 10 with the reference to voluntary termination.

12. Death: Upon the death of a partner, the surviving spouse of the deceased partner shall succeed to the deceased partners interest and become a partner. The surviving partners shall not have the right to purchase the interests of the decedent in the partnership or to dissolve, terminate and liquidate the partnership business. After the death of the surviving spouse of a deceased partner, the issue of the deceased partner shall succeed to the partnership interest of the surviving spouse equally, share and share alike, by right of representation.

IN WITNESS WHEREOF, The parties have signed three original copies of this Agreement the day and year first above written.

Elwood McCauley
By John Lorain Jr.
ELWOOD McCAULEY

PAUL TURNIPSEED

John Lorain Jr.
JOHN LORAIN, JR.

JAN 2 0 1995

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared JOHN LORAIN JR., attorney-in-fact for ELWOOD McCAULEY, known or identified to me to be the person who subscribed Elwood McCauley's name and his name thereto as attorney-in-fact to the within instrument and acknowledged to me that he executed the same as such attorney-in-fact.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at: Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at: Twin Falls

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JAN 20 1905

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared JOHN LORAIN, JR., known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at: Twin Falls

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JAN 20 1995

SPOUSE'S CONSENT TO THE PIGEON COVE POWER COMPANY

PARTNERSHIP AGREEMENT

This spouse's consent to Pigeon Cove Power Company Partnership Agreement dated January 1, 1983, between ELWOOD McCAULEY, PAUL TURNIPSEED and JOHN LORAIN, JR., is made this 24th day of January, 1984, by MARJORIE McCAULEY, DOROTHY TURNIPSEED and DONNA LORAIN, the spouses of Elwood McCauley, Paul Turnipseed, and John Lorain, Jr. The Partnership's principal place of business is in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their individual agreement to be bound by all of the terms of the partnership agreement to which this is attached so far as their community and separate property interests are concerned, particularly with regard to determining the value of a partner's interset in the partnership in the event of withdrawal, retirement, death or divorce of a partner. The undersigned spouses of the partners hereby bind their respective community property and separate property interests, if any, in the partnership to the method of determining the value of a partner's interest at death, retirement or withdrawal of a partner set forth in the partnership agreement and as it may hereafter be amended.

Marjorie McCauley
By John Lorain Jr.
MARJORIE McCAULEY

Dorothy Turnipseed
DOROTHY TURNIPSEED

Donna Lorain
DONNA LORAIN

301975

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John Lorain, Jr., attorney-in-fact for MAJORIE McCAULEY, known or identified to me to be the person who subscribed Marjorie McCauley's name and his name thereto as attorney-in-fact to the within instrument and acknowledged to me that he executed the same as such attorney-in-fact.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

JAN 20 1985

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 24th day of January, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DONNA LORAIN, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

MAR 30 1935

Vernon L. Hopkinson (Bar No. 3645)
Daniel J. Torkelson (Bar No. 4426)
COHNE, RAPPAPORT & SEGAL, P.C.
525 East 100 South, Suite 500
P.O. Box 11008
Salt Lake City, Utah 84147
Telephone: (801) 532-2666
Attorneys for Roger G. Segal, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH
CENTRAL DIVISION

In re **BONNEVILLE PACIFIC CORPORATION,** **Debtor.**	**In Proceedings for a Reorganization Under Chapter 11** **Case No. 91A-27701**

STIPULATION REGARDING LS-LQ HYDROELECTRIC PARTNERS AND PIGEON COVE HYDROELECTRIC PROJECT, TWIN FALLS COUNTY, IDAHO

This stipulation dated as of July 20, 1994 (this "*Stipulation*"), is made by and among **BONNEVILLE PACIFIC CORPORATION**, a Utah corporation, Debtor in the above-captioned case ("*Debtor*"), **ROGER G. SEGAL**, the duly-appointed, qualified and acting Chapter 11 trustee (the "*Trustee*") of the above-captioned Debtor's bankruptcy estate (the "*Estate*") solely in his capacity as Trustee, **BONNEVILLE DEVELOPMENT CORPORATION**, a Utah corporation, **NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY**, a Massachusetts corporation ("*New England*"), **FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION**, a national banking association (the "*Security Trustee*"), and **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership (the "*Partnership*"), and provides as follows:

JAN 2 0 1995

RECITALS:

A. The Partnership was formed on or about July 15, 1983, to own and operate that certain hydroelectric facility commonly known as Pigeon Cove Hydroelectric Project, which is situated near the Snake River in Twin Falls County, Idaho (the "*Project*"). The affairs of the Partnership are governed by a certain General Partnership Agreement for LS-LQ Hydroelectric Partners, a Utah General Partnership dated July 15, 1983, by and among Pigeon Cove Hydroelectric Group, a Utah limited partnership, Debtor, Twin Falls Hydroelectric, Ltd., John S. McCabe and Eric Hartman, as amended pursuant to a certain First Amendment to General Partnership Agreement for LS-LQ Hydroelectric Partners, a Utah General Partnership, Dated as of February 1, 1985 (as so amended, the "*Partnership Agreement*"). Under the terms of the Partnership Agreement, Debtor was appointed as the initial managing partner of the Partnership. Debtor owns a one percent (1%) general partnership interest in the Partnership. Debtor's one percent (1%) general partnership interest in the Partnership, together with any and all other rights and interests of Debtor under or pursuant to the Partnership Agreement, are hereinafter collectively referred to as the "*Partnership Interest*."

B. The Partnership acquired from Debtor certain real and personal property necessary or appropriate for the operation of the Project (but not including the Water Rights [as hereinafter defined]), by certain assignments and through certain capital contributions made by Debtor under the Partnership Agreement. However, Debtor agreed to hold certain water rights evidenced by Permit No. 47-7660 (the "*Water Rights*") for the use and benefit of the Partnership with respect to the operation of the Project, as the Partnership (being a foreign general partnership) was not qualified under Idaho law to hold the Water Rights.

D. New England is the sole holder of the Partnership's 14% Secured Notes in the aggregate original principal amount of $2,900,000, which were issued and are secured pursuant,

JAN 2 0 1995

to an Indenture of Mortgage, Assignment of Lease and Security Agreement dated January 1, 1985, by the Partnership and Debtor, as joint mortgagors, in favor of the Security Trustee for the benefit of the holders of notes issued thereunder (the "*Indenture*"). Pursuant to the Indenture, the Security Trustee was granted a first-priority lien and security interest in and to (a) all of the Partnership's right, title and interest in and to the real and personal property that comprise the Project, as more particularly described in the Indenture and (b) Debtor's interest in and to the Water Rights.

E. Pursuant to a certain Residual Rights Assignment Agreement dated as of April 20, 1989, Debtor assigned to BP Hydro Associates, an Idaho general partnership ("*BP Hydro*"), all of its right, title and interest in and to certain residual rights held by Debtor in respect of the Project, as more particularly described on Exhibit A thereto (collectively, the "*Residual Rights*"). Pursuant to a certain Residual Rights Assignment Agreement dated December 23, 1992, BP Hydro assigned all of its right, title and interest in and to the Residual Rights to Bonneville Development Corporation, a Utah corporation ("*BDC*"), which is a wholly-owned subsidiary of Debtor.

F. The Trustee and Debtor desire to disengage the Estate, Debtor and its affiliates from the business and affairs of the Partnership and the Project. The Partnership Interest, the Residual Rights and the Water Rights have no economic value to Debtor's estate and are not necessary for the future business of Debtor or its affiliates.

G. The Trustee, Debtor, New England, the Security Trustee and the Partnership desire to provide for a disposition of the Partnership Interest, the Residual Rights and the Water Rights on the terms set forth below.

JAN 2 0 1995

STIPULATION

NOW, THEREFORE, in consideration of the foregoing and intending to be mutually bound hereby, the Trustee, Debtor, New England, the Security Trustee, the Partnership and BDC hereby stipulate and agree as follows:

1. **Recitals.** The Recitals hereto are hereby stipulated to be true and correct in all respects.

2. **Consent to Substitution of Managing General Partner.** The Trustee, as the corporate governance of Debtor, and Debtor hereby ratify, confirm and consent to all decisions, actions and proceedings taken by the Partnership, each of the partners thereof and their respective officers, directors, employees, agents and representatives in connection with the appointment of Pigeon Cove Hydroelectric Group, a Utah limited partnership, as managing general partner of the Partnership effective as of December 17, 1993, pursuant to the Partnership Agreement, with full power and authority to act for and on behalf of the Partnership as managing general partner thereof in accordance with the Partnership Agreement.

3. **Assignment of Partnership Interest.** The Trustee hereby agrees to transfer, convey and assign all right, title and interest in the Partnership Interest to the Partnership (or its designee) pursuant to an Assignment of Partnership Agreement substantially in the form of Exhibit A hereto (the "*Partnership Assignment*"). The parties to this Stipulation hereby consent to such transfer, conveyance and assignment. The Partnership shall be solely responsible for complying with the terms of the Partnership Agreement relating to the transfer of the Partnership Interest.

4. **Transfer of Residual Rights.** BDC agrees to transfer, assign and quit claim unto the Partnership (or its designee) all of BDC's right, title and interest in and to the Residual Rights pursuant to an Assignment of Residual Rights substantially in the form of Exhibit B hereto (the

JUN 20 1995

"*Residual Rights Assignment*"). The Trustee and Debtor hereby confirm and stipulate that neither Debtor nor the Estate retains any right, title or interest in or to the Residual Rights.

5. **Transfer of Water Rights; Issuance of License.** The Trustee hereby agrees (i) to assign all right, title and interest in and to the Water Rights to the Partnership's designee, Pigeon Cove Power Company, an Idaho general partnership, pursuant to an Assignment of Water Rights in the form of the Exhibit C-1 hereto (the "*Water Rights Assignment*"), (ii) to direct and, in his capacity as corporate governance of Debtor, to cause Debtor to direct the Idaho Department of Water Resources to issue its Water Right License No. 47-7660 in the name of Pigeon Cove Power Company, an Idaho general partnership, pursuant to Direction to Issue Water Right License No. 47-7660, in the form of Exhibit C-2 hereto (the "*Direction To Issue Water Right License*"), and (iii) to provide promptly and, in his capacity as corporate governance of Debtor, to cause Debtor to provide promptly, such assistance with respect to the issuance by the Idaho Department of Water Resources of a license in respect of the Water Rights as said Pigeon Cove Power Company or the Partnership may reasonably request from time to time. New England and the Security Trustee hereby consent to the transfer of the Water Rights contemplated hereby.

6. **Assignments and Transfers Without Warranty.** The Partnership Interest, the Residual Rights and the Water Rights shall be transferred and assigned by quitclaim, without warranties as to title or to the non-existence of any liens, claims, liabilities, interests and encumbrances. Notwithstanding the foregoing, the Trustee, the Debtor and BDC are not aware of any liens, claims, liabilities, interests or encumbrances affecting the Partnership Interest, the Residual Rights or the Water Rights, other than the lien and the security interest of the Security Trustee pursuant to the Indenture. Pursuant to his Motion seeking approval of this Stipulation, the Trustee will seek authority to transfer and assign the Partnership Interest and the Water Rights pursuant to 11 U.S.C. §363(f), free and clear of liens and interests. In addition, the Trustee

JAN 2 0

will seek an Order authorizing the assumption and simultaneous assignment of the Partnership Agreement pursuant to 11 U.S.C. §§365(b) and (f), to the extent the Partnership Agreement is an executory contract. The parties hereto consent to such assumption and assignment and, subject to the terms and conditions of this Stipulation, waive any statutory right of cure of defaults and agree that there is "adequate assurance of future performance" by the Partnership within the purview of 11 U.S.C §365(b)(1)C).

7. **Release of Debtor and Trustee.** The Partnership hereby agrees to execute and deliver to Debtor and the Trustee a release of liability in the form of Exhibit D hereto (the "*Partnership Release*"). New England hereby agrees to execute and deliver to Debtor and the Trustee a release of liability in the form of Exhibit E hereto (the "*New England Release*").

8. **Release of New England, Security Trustee and the Partnership.** The Trustee, in his capacity as representative of the Estate and as the corporate governance of Debtor, hereby agrees to execute and deliver, and to cause Debtor to execute and deliver, to New England, the Security Trustee and the Partnership a release of liability in the form of Exhibit F hereto (the "*Debtor's Release*").

9. **Consent of Debtor and the Trustee.** The Trustee, as the corporate governance of Debtor, hereby approves and authorizes Debtor's execution, delivery and performance of this Stipulation, the Partnership Assignment, the Residual Rights Assignment, the Water Rights Assignment, the Direction To Issue Water Right License and Debtor's Release, all of the foregoing to be executed on Debtor's behalf by Clark M. Mower, President of Debtor. The Trustee, as the corporate governance of Debtor, and Debtor, as sole shareholder of BDC, hereby approve and authorize BDC's execution, delivery and performance of this Stipulation and the Residual Rights Assignment, each of the foregoing to be executed on BDC's behalf by Clark M. Mower, President of BDC. The Trustee and Debtor hereby acknowledge that upon consummation of the

JAN 2 0 1995

transactions contemplated by this Stipulation, neither the Estate nor Debtor shall have any further right, title or interest in or to the Partnership or the Project.

10. **Further Assurances.** Each of the Trustee, Debtor and BDC agree to execute and deliver or to cause Debtor and BDC to execute and deliver (as the case may be), such documentation as the Partnership, New England or the Security Trustee may reasonably request from time to time in connection with the transactions and matters addressed in this Stipulation.

11. **Execution and Delivery of Documents and Instruments.** Each of the Partnership Assignment, the Residual Rights Assignment, the Water Rights Assignment, the Direction To Issue Water Right License, the Partnership Release, the New England Release and Debtor's Release shall be executed and delivered in accordance herewith not later than the tenth (10th) day after the occurrence of the Effective Date (as hereafter defined).

12. **Effective Date.** This Stipulation shall not become effective until the first date (the "*Effective Date*") upon which each of the following conditions shall have been fulfilled: (a) a Final Order (as hereinafter defined) shall have been entered by this Court approving this Stipulation, (b) the Partnership shall have obtained the consent of its partners holding not less than two-thirds (2/3's) of the partnership interests to the transactions contemplated by this Stipulation, and (c) the Partnership shall have advised the Trustee in writing that BP Hydro Associates has executed and delivered to the Partnership a written disclaimer and waiver of all right, title and interest in the Residual Rights in form and substance satisfactory to the Partnership. As used herein, the term "Final Order" shall mean an order or judgment of this Court that (i) is in form and substance satisfactory to New England and entered or rendered pursuant to proceedings satisfactory in all respects to New England and (ii) has not been reversed, modified or amended, is not stayed, and as to which the time to appeal, petition for certiorari or to seek reargument or rehearing has expired and as to which no appeal, reargument, petition for certiorari or rehearing

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is pending or, if any appeal, reargument, certiorari or rehearing thereof has been sought, the order or judgment of this Court has been affirmed by the highest court to which the order was appealed or from which the reargument or rehearing was sought, or certiorari has been denied, and the time to take any further appeal or to seek certiorari or further reargument or rehearing has expired. If the Effective Date has not occurred on or before March 31, 1994, this Stipulation shall be deemed null, void and of no further effect and none of the provisions of this Stipulation, and/or negotiations leading to this Stipulation, shall be admissible in any action between the parties or against any party; provided, however, the foregoing date may be extended by the written consent of all the parties hereto and provided further that, if no stay is in effect with respect an order of this Court approving the Stipulation which order would constitute a Final Order but for the pendency of one or more appeals with respect thereto, then the Trustee, Debtor, BDC, New England, the Security Trustee, and the Partnership may, by unanimous written consent, elect to proceed as if such Order were a Final Order.

13. **Jurisdiction and Applicable Law.** The parties hereto hereby consent to the exercise of exclusive jurisdiction by the United States Bankruptcy Court, District of Utah, to interpret and to enforce this Stipulation. This Stipulation shall be interpreted under the laws of the State of Utah and the United States Bankruptcy Code, except with respect to issues relating exclusively to the Water Rights, which shall be governed by applicable Idaho law and the United States Bankruptcy Code.

14. **Successors and Assigns.** All covenants and agreements contained in this Stipulation shall bind and inure to the benefit of the Trustee and the parties hereto and their respective successors and assigns including, but not limited to, any successor trustee hereinafter elected or appointed in this case pursuant to Bankruptcy Code §§ 701, 702, 703 and/or other applicable law.

JAN 2 0 199

15. **Entire Agreement; Amendments.** This Stipulation contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, pertaining to the same. This Stipulation may be amended or modified only by an agreement in writing signed by the party against whom enforcement of any waiver, amendment, extension or discharge is sought. No waiver of any provisions of this Stipulation or any other agreement delivered in connection herewith, no consent to any departure by any part herefrom, shall in any event be effective unless the same shall be in writing and signed by the other parties, and then such waiver or consent shall be effective only in the specific instances and for the specific purposes for which given.

16. **New England.** New England joins in this Stipulation solely as the sole note holder under the Indenture to evidence its consent to and agreement with the matters addressed herein.

17. **Security Trustee.** The Security Trustee joins in this Stipulation solely in its capacity as security trustee under the Indenture. The Security Trustee shall be entitled to, and shall be protected by, where and to the full extent the same are applicable, all the rights, powers, privileges, immunities and exemptions (including, without limitation, exculpation provisions and rights of indemnity) provided in the Indenture. The recitals and statements herein shall be taken as the statements by the Trustee, as the corporate governance of Debtor, Debtor, BDC and New England alone and not the statements of the Security Trustee.

18. **Counterparts.** This Stipulation may be executed and delivered through the use of multiple original counterparts, each of which shall be deemed to be an original instrument and all of which shall be deemed to be one agreement, fully binding and enforceable against the parties hereto.

JAN 2 0 1995

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

Roger G. Segal, Chapter 11 Trustee

BONNEVILLE PACIFIC CORPORATION

By _____
Clark M. Mower
President

BONNEVILLE DEVELOPMENT CORPORATION

By _____
Clark M. Mower
President

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

By _____
Hanson C. Robbins
Senior Investment Officer

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION

By _____
Sharon Marchetti
Trust Officer

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By: _____
Gary E. May
President

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Roger G. Segal, Chapter 11 Trustee

BONNEVILLE PACIFIC CORPORATION

By_____
Clark M. Mower
President

BONNEVILLE DEVELOPMENT CORPORATION

By_____
Clark M. Mower
President

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

By_____
Hanson C. Robbins
Senior Investment Officer

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION

By_____
Sharon Marchetti
Trust Officer

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Gary E. May
President

JAN 20 1995

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Roger G. Segal, Chapter 11 Trustee

BONNEVILLE PACIFIC CORPORATION

By_____
Clark M. Mower
President

BONNEVILLE DEVELOPMENT CORPORATION

By_____
Clark M. Mower
President

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

By_____
Hanson C. Robbins
Senior Investment Officer

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION

By_____
Sharon Marchetti
Trust Officer

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Gary E. May
President

JAN 20 1995

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Roger G. Segal, Chapter 11 Trustee

BONNEVILLE PACIFIC CORPORATION

By_____
Clark M. Mower
President

BONNEVILLE DEVELOPMENT CORPORATION

By_____
Clark M. Mower
President

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

By_____
Hanson C. Robbins
Senior Investment Officer

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION

By Sharon Marchetti
Sharon Marchetti
Trust Officer

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Gary E. May
President

JAN 20 1995

EXHIBIT A

ASSIGNMENT OF PARTNERSHIP INTEREST

THIS ASSIGNMENT OF PARTNERSHIP INTEREST (this "Assignment") is made as of the ____ day of _____, 1994, by **ROGER G. SEGAL**, Chapter 11 Trustee ("Assignor") of the bankruptcy estate (the "Estate") of Bonneville Pacific Corporation, a Utah corporation ("Bonneville") in favor of **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership("Assignee").

RECITALS:

WHEREAS, the Estate holds a one percent (1%) general partnership interest in LS-LQ Hydroelectric Partners, a Utah general partnership formed and existing under that certain General Partnership Agreement for LS-LQ Hydroelectric Partners, a Utah General Partnership dated July 15, 1983, by and among Bonneville, Pigeon Cove Hydroelectric Group, Twin Falls Hydroelectric, Ltd., John S. McCabe and Eric Hartman, as amended from time to time (as so amended, the "Partnership Agreement") (the Estate's one percent (1%) partnership interest, together with any and all other rights and interests of the Estate under or pursuant to the Partnership Agreement are hereinafter collectively referred to as the "Partnership Interest"); and

WHEREAS, pursuant to that certain Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated as of January ___, 1994 (the "Stipulation"), which was approved by the United States Bankruptcy Court, District of Utah, Central Division by Order dated _____, 1994 (the "Order"), Assignor has agreed to assign to Assignee the Partnership Interest;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor hereby assigns, transfers, conveys and quit claims unto Assignee any and all of the Estate's right, title and interest in and to the Partnership Interest.

2. To the extent the Partnership Agreement is an executory contract for the purposes of 11 U.S.C. §365, Assignor hereby assumes the Partnership Agreement and simultaneously assigns the Partnership Agreement to Assignee. Assignor assumes no responsibility to cure any defaults which may exist under the Partnership Agreement. Assignor assumes and assigns the Partnership Agreement based upon the waiver of any statutory right of cure of defaults and the agreement that there is "adequate assurance of future performance" by Assignee pursuant to Section 6 of the Stipulation.

3. The Partnership hereby accepts the within assignment, transfer, conveyance and quit claim of the Partnership Interest and hereby assumes the same. Without limiting the generality of the foregoing, the Partnership agrees to hold the Partnership Interest in accordance with the Partnership Agreement and hereby assumes all responsibility, liability and obligation with respect thereto.

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4. Each of the parties hereto represents and warrants that it has all requisite power and authority and has obtained all necessary consents to enable it to execute and deliver this Assignment.

5. This Assignment is made pursuant to the Order.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first set forth above intending thereby to be legally bound.

ROGER G. SEGAL, Chapter 11 Trustee

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Name:
Title:

JAN 20 1995

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, the undersigned, a notary public in and for said State, personally appeared ROGER G. SEGAL, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

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_____
Residing at_____
My commission expires_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, the undersigned, a notary public in and for said State, personally appeared _____, known or identified to me to be the _____ of Dominion Hydroelectric Group, a Utah corporation, which corporation is known or identified to me to be the sole general partner of Pigeon Cove Hydroelectric Group, a Utah limited partnership, which limited partnership is known or identified to me to be one of the partners in the partnership of LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership, and the person who executed the foregoing instrument on behalf of said Dominion Hydroelectric Group as the sole general partner of said Pigeon Cove Hydroelectric Group, as general partner of said LS-LQ Hydroelectric Partners, and who subscribed said partnership name to the foregoing instrument, and acknowledged to me that such limited partnership executed the same in said partnership's name.

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_____
Residing at_____
My commission expires_____

RECORDED
JAN 20 1995

EXHIBIT B

ASSIGNMENT OF RESIDUAL RIGHTS

THIS ASSIGNMENT OF RESIDUAL RIGHTS (this "Assignment") is made as of the ____ day of _____, 1994, by **BONNEVILLE DEVELOPMENT CORPORATION**, a Utah corporation ("Assignor") in favor of **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership ("Assignee").

R E C I T A L S:

WHEREAS, pursuant to a certain Residual Rights Assignment Agreement dated April 20, 1989, Bonneville Pacific Corporation, a Utah corporation ("BPC") assigned to BP Hydro Associates, an Idaho general partnership ("BP Hydro") certain of its rights, titles, interests and obligations (collectively, the "Residual Rights") relating to or arising in connection with, among other things, the Pigeon Cove Hydroelectric Project (the "Project") located in Twin Falls County, Idaho, as more particularly described in Exhibit A thereto (a copy of which exhibit is attached hereto as **Exhibit A**);

WHEREAS, pursuant to a certain Residual Rights Assignment Agreement dated December ___, 1992, BP Hydro assigned to Assignor its right, title and interest in and to the Residual Rights; and

WHEREAS, pursuant to that certain Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated as of January ___, 1994 (the "Stipulation"), which was approved by the United States Bankruptcy Court, District of Utah, Central Division by Order dated _____, 1994, Assignor desires to assign to Assignee all of its respective right, title and interest in and to the Residual Rights;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor hereby assigns, transfers, conveys and quit claims unto Assignee any and all of Assignor's right, title and interest in and to the Residual Rights, and Assignee hereby accepts such assignment, transfer, conveyance and quit claim of the Residual Rights and hereby assumes the same.

2. Each of Assignor and Assignee represents and warrants that it has all requisite power and authority and has obtained all necessary consents to enable it to execute and deliver this Assignment.

JAN 2 0 1995

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first set forth above intending thereby to be legally bound.

BONNEVILLE DEVELOPMENT CORPORATION

By:_____
Clark M. Mower
President

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Name:
Title:

JAN 2 0 1995

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Clark M. Mower, known or identified to me to be the President of BONNEVILLE DEVELOPMENT CORPORATION, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, the undersigned, a notary public in and for said State, personally appeared _____, known or identified to me to be the _____ of Dominion Hydroelectric Group, a Utah corporation, which corporation is known or identified to me to be the sole general partner of Pigeon Cove Hydroelectric Group, a Utah limited partnership, which limited partnership is known or identified to me to be one of the partners in the partnership of LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership, and the person who executed the foregoing instrument on behalf of said Dominion Hydroelectric Group as the sole general partner of said Pigeon Cove Hydroelectric Group, as general partner of said LS-LQ Hydroelectric Partners, and who subscribed said partnership name to the foregoing instrument, and acknowledged to me that such limited partnership executed the same in said partnership's name.

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_____
Residing at_____
My commission expires_____

JAN 2 0 1995

EXHIBIT A

RESIDUAL RIGHTS ASSIGNMENT AGREEMENT

THIS AGREEMENT, is made and entered into this 20th day of April, 1989, by and between BONNEVILLE PACIFIC CORPORATION, a Delaware corporation ("Bonneville") and BP HYDRO ASSOCIATES, an Idaho general partnership (the "Partnership").

RECITALS

A. Bonneville and Robert L. Wood, the original partners in the Partnership have entered into a Capital Contribution Agreement of even date herewith (the "Contribution Agreement") whereunder each partner agreed to contribute certain cash or assets to the Partnership as their respective initial capital contributions to the Partnership.

B. Bonneville desires hereby to assign, convey, transfer and quit claim to the Partnership, without warranty except as set forth herein, certain of its rights, titles, interests and obligations relating to or arising in connection with the Pigeon Cove Hydroelectric Project located in Twin Falls County, Idaho ("Pigeon Cove"); the Koyle Ranch Hydroelectric Project located in Gooding County, Idaho ("Koyle Ranch"); the Low Line Drop Hydroelectric Project located in Twin Falls County, Idaho ("Low Line Drop"); and the Cedar Draw Hydroelectric Project located in Twin Falls County, Idaho ("Cedar Draw").

JAN 2 0 1995

C. The Partnership desires to accept the assignments and conveyances made hereunder in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing premises, and pursuant to the terms of the Contribution Agreement, the parties hereto agree as follows:

1. Assignment Agreement. Bonneville hereby assigns, transfers, conveys and quit claims to the partnership certain rights, titles, interests and obligations relating to Pigeon Cove, as more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof; Koyle Ranch, as more particularly described in Exhibit "B" attached hereto and by this reference made a part hereof; Low Line Drop, as more particularly described in Exhibit "C" attached hereto and by this reference made a part hereof; and Cedar Draw as more particularly described in Exhibit "D" attached hereto and by this reference made a part hereof.

3. Acceptance. The Partnership hereby accepts the assignment, conveyances, transfers and quit claims herein contained and agrees to assume, without limitation, all rights, titles, interests, properties and obligations of Bonneville in and to Pigeon Cove, Koyle Ranch, Low Line Drop and Cedar Draw as described in Exhibits "A" through "D" attached hereto.

4. Authority. Each of the parties hereto represent and warrant that all necessary corporate and partnership authority has been obtained so as to permit the execution and consummation of the transactions herein contemplated and that

JAN 2 0

all third party consents which are necessary to the conveyances herein contemplated, if any, have been obtained.

5. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Idaho.

BONNEVILLE PACIFIC CORPORATION

By _____
Robert N. Pratt, President

BP HYDRO ASSOCIATES

By: Bonneville Pacific Corporation, its Managing General Partner

By _____
Robert L. Wood,
Managing Director

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

On this 20th day of April, 1989, before me, Teresa A. Houghton, notary public, personally appeared Robert N. Pratt known or identified to me to be the President of Bonneville Pacific Corporation ("Corporation") that executed the above instrument or the person who executed the instrument on behalf of the Corporation and acknowledged to me that such Corporation executed the same.

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

NOTARY PUBLIC
Residing at: Salt Lake City

NOTARY PUBLIC STATE OF UTAH
My Commission Expires: My Commission Expires April 13, 1991
TERESA A. HOUGHTON
257 E. 200 So. Suite 800
Salt Lake City, UT 84111

RECORDED
JAN 20 1995

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

On this 20th day of April, 1989, before me, Teresa A. Houghton, notary public, personally appeared Robert L. Wood known or identified to me to be a Managing Director of Bonneville Pacific Corporation, the Managing General Partner of BP Hydro Associates ("Corporation") that executed the above instrument or the person who executed the instrument on behalf of the Corporation and acknowledged to me that such Corporation executed the same.

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

Teresa A. Houghton
NOTARY PUBLIC
Residing at: Salt Lake City

My Commission Expires:

4/13/91

d/a/00862

NOTARY PUBLIC
My Commission Expires April 13, 1991
TERESA A. HOUGHTON
257 E. 200 So. Suite 800
Salt Lake City, UT 84111
STATE OF UTAH

RECORDED
JAN 20 1995

Exhibit "A"

Description of Pigeon Cove

All reversionary interests and cash flows from the Project from and after the date of termination of LS-LQ Hydroelectric Partners, a Utah general partnership (the "Partnership") which presently owns the Project. The term of the Partnership is scheduled to end on October 14, 2004, which date is twenty years following the date of first power production by the Project.

The reversionary interests transferred hereunder include, but are not limited to, all leasehold rights in the real property pursuant to that certain Lease and Assignment Agreement between Pigeon Cove Power Company, as Lessor, and Bonneville, as Lessee; the rights and interests of Bonneville under the Power Sales Agreement dated May 11, 1983 between Idaho Power Company and Bonneville (by assignment); the assigned water permits; FERC Exemption; the BLM Right-of-Way No. I-18314; and title to all equipment situated upon and physical improvements to the real property described in the Lease and Assignment Agreement and BLM Right-of-Way.

The reversionary interests are subject to (1) the terms, conditions and royalty obligations contained in the agreements listed in the preceding paragraph, (2) any debt service requirements existing at the time of the reversion, (3) operation and maintenance expenses and (4) other liens and encumbrances then appearing of record affecting the Project.

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Exhibit "B"

Description of Koyle Ranch

All reversionary interests and cash flows from the Project from and after the date of termination of Hydro Electric Associates 1983, a Utah limited partnership (the "Partnership"), which presently owns the Project. The term of the Partnership is scheduled to end on December 31, 2003, which date is twenty years following the date of first power production by the Project.

The reversionary interests transferred hereunder include, but are not limited to, all rights assigned and/or leased to Bonneville pursuant to that certain Assignment Agreement between Margaret and John Koyle and Bonneville dated June 13, 1983; the rights and interests of Bonneville under the Power Sales Agreement between Idaho Power Company and Bonneville (by assignment) dated February 15, 1983; the assigned water permits; FERC Exemption; the assigned Northside Canal Company, Ltd. Agreement dated May 4, 1983; and title to all equipment situated upon and all physical improvements to the real property underlying the Project.

The reversionary interests are subject to (1) the terms, conditions and royalty obligations contained in the agreements listed in the preceding paragraph, (2) any debt service requirements existing at the time of the reversion, (3) operation and maintenance expenses and (4) other liens and encumbrances then appearing of record affecting the Project.

MICROFILMED
JAN 2 0 1995

Exhibit "C"

Description of Low Line Drop

All rights to Project cash flows available to Bonneville commencing in the year 2005 as set forth and described in (1) that certain Lease and Assignment Agreement between Twin Falls Canal Company and Bonneville dated March 16, 1984; (2) that certain Second Amended and Restated Agreement of Limited Partnership of Magic Valley Hydroelectric Partners, Ltd. 1984; and (3) that certain Purchase and Assignment Agreement - Low Line Drop between Bonneville and Magic Valley Hydroelectric Partners, Ltd. 1984, dated October 31, 1984.

Such rights are subject to (1) the terms, conditions and royalty or rental obligations set forth in the agreements referred to above, (2) any debt service existing at the time Bonneville vests in such rights and (3) the terms and conditions of all other licenses, exemptions and agreements pertaining to the Project.

SUPERSEDED
JAN 2 0 1995

Exhibit "D"

Description of Cedar Draw

All rights to Project cash flows available to Bonneville commencing in the year 1994 as set forth and described in (1) that certain Lease Agreement and Lease between Little Mac Power Company, Inc. (formerly Thomas and Rebecca McCauley) and Bonneville dated May 18, 1983; (2) that certain Assignment of Lease Agreement and Lease granted by Bonneville in favor if Interwest Hydro, Inc. dated May 22, 1983; and (3) that certain Purchase and Assignment Agreement between Bonneville and Mistletoe Financial Company dated May 30, 1984, which rights are subject to the terms, conditions and royalty obligations contained in the foregoing documents.

All reversionary interests and cash flows from the Project from and after the date of termination of the Purchase and Assignment Agreement between Bonneville and Mistletoe Financial Company dated May 30, 1984, which term shall expire on May 29, 2004. Such reversionary interests and cash flows are subject to (1) any debt service to which the Project is or may be subject at the date of such reversion, (2) all royalty obligations affecting the Project at the date of such reversion, (3) operation and maintenance expenses and (4) other liens and encumbrances then appearing of record affecting the Project.

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EXHIBIT C-1

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
ASSIGNMENT OF PERMIT
NO. 47-7660

The undersigned, **BONNEVILLE PACIFIC CORPORATION**, a Utah corporation (permit holder), and **ROGER G. SEGAL**, the duly appointed, qualified and acting Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation, Debtor, in Proceedings for a Reorganization Under Chapter 11, Case No. 91A-17701, pending in the United States Bankruptcy Court for the District of Utah, Central Division, pursuant to that Court's Order Authorizing Execution and Delivery of Documents and Instruments Relative to LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls, Idaho, dated _____, 1994, a certified copy of which is attached hereto, HEREBY ASSIGN TO PIGEON COVE POWER COMPANY, an Idaho general partnership, whose current address is: _____

_____, all of the right, title and interest of the undersigned in and to Permit No. 47-7660 to appropriate the public waters of the State of Idaho for hydroelectric power purposes.

DATED _____, 1994.

RECEIVED
JAN 20 1995

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

BONNEVILLE PACIFIC CORPORATION

By:_____
Clark M. Mower
President

_____
Roger G. Segal,
Chapter 11 Trustee

Exhibit C-1-2

RECORDED
JAN 20 1995

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Clark M. Mower, known or identified to me to be the President of BONNEVILLE PACIFIC CORPORATION, the corporation that executed the within instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this_____day of_____, 199____, before me, the undersigned, a notary public in and for said state, personally appeared ROGER G. SEGAL, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

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_____
Residing at_____
My commission expires_____

JAN 20 1995

EXHIBIT C-2

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
DIRECTION TO ISSUE WATER RIGHT LICENSE
NO. 47-7660

To the Director, Idaho Department of Water Resources:

You are hereby directed to issue Water Right License No. 47-7660 in the name of PIGEON COVE POWER COMPANY, an Idaho general partnership, whose current address is: _____.

The undersigned, Bonneville Pacific Corporation, a Utah corporation (permit holder), is the Debtor in Proceedings for a Reorganization Under Chapter 11, Case No. 91A-27701, now pending in the United States Bankruptcy Court for the District of Utah, Central Division, and the undersigned Roger G. Segal is the duly appointed, qualified and acting Chapter 11 Trustee of said Debtor's bankruptcy estate.

This instrument is duly authorized by Order Authorizing Debtor's Execution and Delivery of Documents and Instruments Relative to LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, made and entered by the said Court on _____, 1994, a certified copy of which Order is attached hereto.

RECEIVED
JAN 20 1995

DATED _____, 1994.

BONNEVILLE PACIFIC CORPORATION

By:_____
Roger M. Mower
President

_____
ROGER G. SEGAL, Trustee

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Roger M. Mower, known or identified to me to be the President of BONNEVILLE PACIFIC CORPORATION, the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

FILED
JAN 2 0 1995

STATE OF _____)
) ss.
COUNTY OF _____)

On this_____day of_____, 199____, before me, the undersigned, a notary public in and for said state, personally appeared ROGER G. SEGAL, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

RECEIVED
JAN 20 1995

EXHIBIT D

RELEASE OF PERSONAL LIABILITY

TO ALL OF WHOM THESE PRESENTS SHALL COME OR MAY CONCERN:

KNOW YE, that **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership ("Releasor") for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has waived, remised, released and forever discharged, and by these presents does for itself and its respective successors and assigns, waives, releases and forever discharges (a) **BONNEVILLE PACIFIC CORPORATION**, (the "Debtor"), debtor in that certain case (the "Case") under Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.) (the "Bankruptcy Code") captioned In re Bonneville Pacific Corporation, No. 91A-27001, in the United States Bankruptcy Court for the District of Utah, Central Division, and (b) **ROGER G. SEGAL** not individually but in his capacity as the duly-appointed trustee in the Case (the "Trustee"), and the present officers, directors, employees and agents of the Debtor, the Debtor's bankruptcy estate and the Trustee (collectively, Releasee") of and from any and all Claims (as that term is defined in Section 101(5) of the Bankruptcy Code) relating in any manner whatsoever to the Pigeon Cove Hydroelectric Project, situated in Twin Falls County, Idaho, or the partnership affairs of Releasor; provided, however, that the foregoing release shall not be deemed to affect in any manner the obligations and duties of Releasee under and pursuant to that certain Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated _____, 1994, by and among Releasor, Releasee and certain other parties in connection with the Case.

LS-LQ HYDROELECTRIC PARTNERS
By Pigeon Cove Hydroelectric Group, a Utah limited partnership
By Dominion Hydroelectric Group, a Utah corporation

By:_____
Gary E. May
President

JAN 2 0 1995

STATE OF _____)
) **ss.**
COUNTY OF _____)

On this _____ day of _____, 1994, before me _____, a notary public in and for said State, personally appeared Gary E. May, known or identified to me to be the President of Dominion Hydroelectric Group, a Utah corporation, which corporation is known or identified to me to be the sole general partner of Pigeon Cove Hydroelectric Group, a Utah limited partnership, which limited partnership is known or identified to me to be the managing general partner of **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership, and the person who executed the foregoing instrument on behalf of said Dominion Hydroelectric Group as the sole general partner of said Pigeon Cove Hydroelectric Group, as general managing partner of said LS-LQ Hydroelectric Partners, and who subscribed said partnership name to the foregoing instrument, and acknowledged to me that such limited partnership executed the same in said partnership's name.

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 _____
My commission expires:_____

RECORDED
JAN 20 1995

EXHIBIT E

RELEASE OF PERSONAL LIABILITY

TO ALL OF WHOM THESE PRESENTS SHALL COME OR MAY CONCERN:

KNOW YE, that (a) **NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY**, a Massachusetts corporation having an office and place of business at 501 Boylston Street, Boston, Massachusetts 02117, and (b) **FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION**, a national banking association having an address at 923 West Idaho Street, Boise, Idaho 83702 (not personally but solely as trustee under that certain Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985, among LS-LQ Hydroelectric Partners, Bonneville Pacific Corporation and First Security Bank of Idaho, National Association) (collectively, "Releasors") for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, have waived, remised, released and forever discharged, and by these presents do for themselves and their respective successors and assigns, waive, release and forever discharge (a) **BONNEVILLE PACIFIC CORPORATION**, (the "Debtor"), debtor in that certain case (the "Case") under Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.) (the "Bankruptcy Code") captioned In re Bonneville Pacific Corporation, No. 91A-27001, in the United States Bankruptcy Court for the District of Utah, Central Division, and (b) **ROGER G. SEGAL** not individually but in his capacity as the duly-appointed trustee in the Case (the "Trustee"), and the present officers, directors, employees and agents of the Debtor, the Debtor's bankruptcy estate and the Trustee of and from all Claims (as that term is defined in Section 101(5) of the Bankruptcy Code arising under or evidenced by the documents and agreements (the "Operative Documents") that are described in Exhibit A attached hereto and by this reference made a part hereof or otherwise relating in any manner to the Pigeon Cove Hydroelectric Project, situated in Twin Falls County, Idaho; provided however, the foregoing release shall not be deemed to prejudice, impair or otherwise affect (a) any Claims of Releasors that are necessary or appropriate to preserve Releasors' rights and/or remedies against any collateral encumbered by any of the Operative Documents (the "Collateral") including, but not limited to, the right to cause a foreclosure of Debtor's interest in the Collateral in accordance with law and (b) the obligations and duties of Releasee under and pursuant to that certain Stipulation Regarding LS-LQ Hydroelectric Partners and Pigeon Cove Hydroelectric Project, Twin Falls County, Idaho, dated _____, 1994, by and among Releasors, the Debtor, the Trustee and certain other parties in connection with the Case.

RECEIVED
JAN 20 1995

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

By:_____
Hanson C. Robbins
Senior Investment Officer

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION,
Security Trustee

By:_____
Sharon Marchetti
Trust Officer

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

On this _____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Hanson C. Robbins, known or identified to me to be the Senior Investment Officer of NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

FILED
2 0 1995

STATE OF IDAHO)
) ss. Boise
COUNTY OF IDA)

On this _____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Sharon Marchetti known or identified to me to be a Trust Officer of FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION the national banking association that executed the within instrument and acknowledged to me that such national banking association 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_____
Residing at_____
My commission expires_____

RECORDED
JAN 20 1995

EXHIBIT A

(attached to and a part of the Release of Personal Liability dated _____, 1994, executed and delivered by New England Mutual Life Insurance Company and First Security Bank of Idaho, National Association)

Operative Documents

1. LS-LQ HYDROELECTRIC PARTNERS NOTE AGREEMENT (the "Note Agreement") dated as of January 1, 1985, between LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership (the "Partnership") and NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY ("New England"), as amended.

2. LS-LQ HYDROELECTRIC PARTNERS 14% SECURED NOTE DUE 1985-1994 (the "Promissory Note") dated February 28, 1985, executed and delivered by the Partnership for the benefit of New England.

3. Indenture of Mortgage, Assignment of Lease and Security Agreement (the "Mortgage Indenture") dated as of January 1, 1985, among the Partnership, Bonneville Pacific Corporation, and First Security Bank of Idaho, National Association (the "Security Trustee") as supplemented and amended.

4. all Company Agreements as defined in the Note Agreement.

5. all Operative Documents as defined in the Note Agreement.

6. any and all other agreements relating to or arising out of or connected with any of the foregoing, that create or could create any liability of the Debtor or its Chapter 11 Trustee to New England or the Security Trustee.

RECEIVED
JAN 20 1995

EXHIBIT F

RELEASE OF PERSONAL LIABILITY

TO ALL OF WHOM THESE PRESENTS SHALL COME OR MAY CONCERN:

KNOW YE, that (a) **BONNEVILLE PACIFIC CORPORATION**, (the "Debtor"), debtor in that certain case (the "Case") under Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.) (the "Bankruptcy Code") captioned In re Bonneville Pacific Corporation, No. 91A-27001, in the United States Bankruptcy Court for the District of Utah, Central Division, and (b) **ROGER G. SEGAL**, not individually but in his capacity as the duly-appointed trustee in the Case, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, have waived, remised, released and forever discharged, and by these presents do for themselves and their respective successors and assigns, waive, release and forever discharge (a) **NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY**, a Massachusetts corporation having an office and place of business at 501 Boylston Street, Boston, Massachusetts 92117, (b) **FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION**, a national banking association having an address at 923 West Idaho Street, Boise, Idaho 83702, and (c) **LS-LQ HYDROELECTRIC PARTNERS**, a Utah general partnership (the "Partnership") having an address at 699 E. South Temple, Suite 220, Salt Lake City, Utah 84102, and the respective officers, directors, partners, officers, employees and agents of the foregoing parties of any from any and all Claims (as that term is defined in Section 101(5) of the Bankruptcy Code) arising under or evidenced by the documents and agreements that are described in Exhibit A attached hereto and by this reference made a part hereof or otherwise in connection with the Pigeon Cove Hydroelectric Project, situated in Twin Falls County, Idaho, or the Partnership.

BONNEVILLE PACIFIC CORPORATION

By:_____
Clark M. Mower
President

_____
Roger G. Segal, Chapter 11 Trustee

[redacted]

RECEIVED
JAN 2 0 1995

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1994, before me, _____, a Notary Public in and for said State, personally appeared Clark M. Mower, known or identified to me to be the President of BONNEVILLE PACIFIC CORPORATION, the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this_____day of_____, 199____, before me, the undersigned, a notary public in and for said state, personally appeared ROGER G. SEGAL, known or identified to me to be the person whose name is subscribed to the foregoing instrument as Chapter 11 Trustee of the bankruptcy estate of Bonneville Pacific Corporation and acknowledged to me that he executed the same as such Trustee.

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

_____
Notary Public_____
Residing at_____
My commission expires_____

RECEIVED
JAN 2 0 1995

EXHIBIT A

(attached to and a part of the Release of Personal Liability dated _____ __, 1994, executed and delivered by Bonneville Pacific Corporation and Roger G. Segal, as Chapter 11 Trustee)

Operative Documents

1. LS-LQ HYDROELECTRIC PARTNERS NOTE AGREEMENT (the "Note Agreement") dated as of January 1, 1985, between LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership (the "Partnership") and NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY ("New England"), as amended.

2. LS-LQ HYDROELECTRIC PARTNERS 14% SECURED NOTE DUE 1985-1994 (the "Promissory Note") dated February 28, 1985, executed and delivered by the Partnership for the benefit of New England.

3. Indenture of Mortgage, Assignment of Lease and Security Agreement (the "Mortgage Indenture") dated as of January 1, 1985, among the Partnership, Bonneville Pacific Corporation, and First Security Bank of Idaho, National Association (the "Security Trustee"), as supplemented and amended.

4. all Company Agreements as defined in the Note Agreement.

5. all Operative Documents as defined in the Note Agreement.

6. any and all other agreements relating to or arising out of or connected with any of the foregoing, that create or could create any liability of New England, the Security Trustee, or the Partnership to Debtor or its Chapter 11 Trustee.

RECEIVED
JAN 20 1995

Date: December 13, 1983

CONSTRUCTION LOAN AGREEMENT

1. Defined Terms: The following terms shall have the following meanings whenever used in this Agreement:

1.1 Account: The loan account of Borrower held by Lender in the name of Borrower from which disbursements are made by Lender pursuant to subparagraph 3.1 hereof.

1.2 Engineer: JVB Engineers, Inc.
Address: 800 Falls Ave, Suite I, Twin Falls, Idaho 83301

1.3 Borrower: Bonneville Pacific Corporation, a Utah corporation.

Address: 200 East South Temple, Suite 300, Salt Lake City, Utah 84111.

1.4 Borrower's Agent: Robert L. Wood.

Address: 200 East South Temple, Suite 300, Salt Lake City, Utah 84111.

1.5 Budget: The budget initialled by the parties and attached hereto as Exhibit "C".

1.6 Construction Lender: Mistletoe Financial Company ("Lender"), a Utah partnership.
Address: c/o John C. Williams, 2156 West 2200 South, Salt Lake City, Utah 84127.

1.7 Construction Schedule: The construction schedule initialled by the parties and attached hereto as Exhibit "D".

1.8 Disbursement Schedule: The disbursement schedule initialled by the parties and attached hereto as Exhibit "E".

1.9 General Contractor: Summit Construction Company.
Address: P.O. Box 1298, Twin Falls, Idaho 83301.

MICROFILMED

1.10 Interest Rate: One and one-half percent (1-1/2%) per annum float over the Zions First National Bank, N.A., Prime Interest Rate as adjusted simultaneously following any change in such rate.

1.11 Lender Project Officer: Stan Postma, Bingham Engineering.

1.12 Loan: The loan evidenced by the Note and all documents executed in connection therewith.

1.13 Loan Maximum: $2,000,000.00.

1.14 Note: The Second Consolidated and Amended Promissory Note of Borrower payable to the order of Lender described in subparagraph 2.2 hereof.

1.15 Payment Requests: Payment Requests in the form attached hereto as Exhibit "F" submitted to Lender in accordance with subparagraph 3.2 (b) hereof.

1.16 Permanent Lender: _____
_____.

1.17 Plans and Specifications: The Architect's plans and specifications for the Project, dated and initialled for identification by Lender and Borrower on the date of this Agreement.

1.18 Principal and Interest Payment Dates: Due in full on or before the sale of the Project by Borrower, but not later than June 30, 1984.

1.19 Project: The real property described in Exhibit B hereto and all improvements to be constructed on such real property in accordance with this Agreement.

2. The Loan

2.1 Agreement: Subject to the terms and conditions of this Agreement Lender agrees to lend and Borrower agrees to borrow funds in an amount not to exceed the Loan Maximum for the purpose of development and construction of the Project in accordance with the Plans and Specifications, the Budget, and the Construction Schedule.

2.2 Note: The Loan shall be evidenced by a Second Consolidated and Amended Promissory Note of Borrower in the principal amount of the Loan. Interest at the rate provided therein shall be charged by Lender only upon the amounts disbursed by Lender pursuant to the Disbursement Schedule which have not been repaid to Lender by Borrower. The Note consolidates and amends four (4) Promissory Notes from Maker (Borrower) to Payee (Lender) dated June 29, 1983 ($155,000); August 31, 1983 ($40,000); September 15, 1983 ($249,620); and September 28, 1983 ($2,300,000 constituting a consolidation of the three previous notes).

2.3 Security: The Note shall be secured by an "Assignment of Contracts" in the form attached as Exhibit __, attached hereto, and an assignment of leases and water rights to be in a form agreed to by the parties. As further security for the Loan, Borrower hereby assigns to Lender all funds in the Account, and grants to Lender a security interest in the Plans and Specifications, all construction contracts and subcontracts relating to the Project, and all other documents and contracts necessary to complete the Project as planned.

3. Disbursements and Payments

3.1 Disbursements: As long as there is no event of default hereunder and subject to the applicable conditions set forth in paragraph 4 hereof, Lender shall make Loan disbursements from the Account in accordance with the Disbursement Schedule.

3.2 Payments: As long as there is no event of default hereunder and subject to the applicable conditions set forth in paragraph 4 hereof, Lender, as agent for Borrower, shall make payments out of funds available from the Account by check in accordance with Lender's standard procedures as follows:

Payments out of the Account shall be made to the General Contractor and other persons as specified in the Budget and in Lender's discretion to materialmen, subcontractors, and other persons furnishing labor or materials for the project upon presentation to Lender of a Payment Request signed by the General Contractor and Borrower's Agent. All Payment Requests shall be accompanied by invoices satisfactory to Lender

supporting each payment requested. Lender shall have the right, but shall not be required, to verify the accuracy or validity of said Payment Requests. Lender is authorized to make payments for the purposes and in the amounts specified in the Payment Requests without further inquiry or investigation. All payroll requests will be disbursed directly to Borrower upon approval of Lender on a monthly basis.

3.3 Changes and Cost Overruns: No changes shall be made in the Plans and Specifications and no contract or arrangement calling for changes in payments from the amounts specified in the Budget or changes in the Construction Schedule shall be entered into without the prior written approval of the Lender Project Officer. The Lender Project Officer may condition his approval upon the payment by Borrower from the Account of any additional sums the Lender Project Officer deems necessary to insure completion of the project. Upon approval by the Lender Project Officer, such changes, contracts or agreements shall be deemed to amend the Plans and Specifications and the Budget and Lender shall be authorized to make payments in accordance with such amendments. Notwithstanding the foregoing, Lender shall have no obligation to make disbursements in excess of the Loan Maximum. Should Lender choose to make such disbursements, they shall become a part of the Loan and shall be subject to the terms of and secured by the collateral for the Note. Borrower is responsible for securing Lender's approval of any change orders.

4. Conditions to Disbursements

4.1 Disbursements and Payments: Lender shall have no obligation to make payments until the following conditions have been satisfied at the time of each payment or disbursement:

a) The Plans and Specifications, Project site, Architect, General Contractor and all other related items are satisfactory to Lender: provided, however, that Lender shall have no obligation to make inquiry or investigation as to any of the foregoing and shall have no liability for selection of any person or the terms of any agreement.

b) All representations and warranties made by Borrower herein are and remain true and complete.

c) Borrower has complied with all affirmative and negative covenants required hereunder.

d) No event of default and no event which would become an event of default after notice of passage of a specified period of time exists.

e) Lender has been furnished with the following, duly executed by the appropriate party in the form acceptable to Lender:

(i) The Note.

(ii) The documents specified in paragraph 2.3.

(iii) Such additional documents as Lender or its counsel may reasonably request.

f) All loan documents or legal instruments necessary to perfect Lender's security interest in the Project have been filed and recorded.

g) The Project is being constructed in accordance with the Budget and Construction Schedule.

h) The Project shall not have been materially damaged by fire or other casualty, unless Lender shall have received insurance proceeds in an amount which it deems sufficient to complete repair of the damage and restoration of the Project.

i) Lender shall have received by the tenth day of each month following commencement of construction of the Project a statement by the General Contractor, showing the estimated cost of labor and materials expended on the Project during the preceding month and if the General Contractor's overhead and profit are items included for payment in the Budget, the pro rata portion of the General Contractor's overhead and profit attributable to such period.

j) Each draw will be accompanied by:

(i) Engineering and Architect certifications, approved by Lender, which inspection and certification shall be paid for by Borrower and will state the percentage of work done on the Project and certify that the work has been

performed and conforms to the Plans and Specifications. Lender shall also require independent inspection and certification by Lender's Project Officer or its designee or agent.

(ii) Lien waivers. Lender shall require invoices prior to any disbursement, except for the initial disbursement, and acceptable lien waivers in the minimal amount of the disbursed portion of the Loan, and Lender shall be held harmless from any and all liens on the Project.

4.3 There shall be a Ten Percent (10%) retention of construction costs of the Loan proceeds pending completion of the construction. Lender will disburse up to Ninety Percent (90%) of the Loan proceeds used for the construction costs requested on each disbursement request and hold back the final Ten Percent (10%) pending completion and inspection of the Project. Prior to the disbursement of the final Loan proceeds, all change orders must be approved by Lender and the Borrower shall furnish a certificate from an architect/engineer satisfactory to Lender certifying that the Project has been completed substantially in accordance with the Plans and Specifications.

4.4 Disbursements will be made one time per month only on or after the first of each month but no later than the 20th day of each month.

5. Representations and Warranties by Borrower

5.1 Borrower is duly organized, validly existing and in good standing under the laws of its state of formation, is qualified to do business wherever such qualification is required by the laws of any jurisdiction and is entitled to own its property and to conduct its business in the places where such property is now owned or leased or such business is now conducted.

5.2 The execution and delivery of this Agreement and all documents contemplated hereunder and the performance and observance of their terms, conditions, and obligations have been duly authorized by all necessary action. This Agreement and the Note, and any security

agreement required hereby will be, when duly executed and delivered by Borrower to Lender, valid and binding obligations of Borrower, enforceable in accordance with their terms.

5.3 The execution and delivery of this Agreement and the documents required hereunder and consummation of all of the transactions contemplated hereby will not conflict, or be in contravention of, any law, order, rule or regulation applicable to Borrower or any of its governing documents or any other agreement or instrument to which Borrower is a party or by which the Project is bound or affected and will not result in the creation of any lien, charge or encumbrance of any nature upon the Project other than that contemplated by this Agreement.

5.4 The Plans and Specifications, the Budget and the Construction Schedule have been approved by Borrower and the General Contractor.

5.5 All construction, if any, heretofore performed on the Project has been located within the Project property and has been performed in accordance with the Plans and Specifications and any restrictive covenants applicable thereto. There are no structural defects in such construction and no violation of any applicable law, rule, regulation or code exists with respect thereto.

5.6 To the knowledge of Borrower, there is no material action, suit, legal proceeding or proceeding before or by any governmental body pending or threatened against Borrower or the General Contractor or affecting the property of any of them. To the knowledge of Borrower, none of the foregoing are in default with respect to any order, writ, injunction, decree or demand of any such entity.

5.7 Borrower has not received other financing for the acquisition, construction or installation of improvements on the Project except as has been disclosed in writing to and accepted by the Lender Project Officer prior to closing.

5.8 Borrower has allowed or made no contract or arrangement of any kind, the performance of which contract or arrangement by another party would give rise to a lien

on the Project except for Borrower's contracts with the Architect and the General Contractor for the Project and subordinate purchase money liens, if any, disclosed in writing to and accepted by the Lender Project Officer prior to closing.

5.9 The Plans and Specifications have been or will be submitted to all authorities whose approval of construction of the Project or the use of the Project for its intended purpose is required under any applicable law, statute, rule, regulation or code, and the necessary approvals and permits have been or will be obtained from such authorities and remain effective. The construction of the Project and its intended use has and will comply with all applicable laws, statutes, rules, regulations and codes.

5.10 Borrower has examined and is familiar with all covenants, conditions, reservations and other restrictions pertaining to the construction and use of the Project for its intended purpose. All such restrictions have been complied with.

5.11 All roads necessary for the full utilization of the Project upon completion for its intended purposes have been completed or the necessary rights-of-way therefor have been acquired.

5.12 All information furnished in any document required to be furnished or accepted by Borrower under this Agreement is accurate and complete in all respects.

6. Negative Covenants

Until payment in full of the Loan, Borrower shall not, without the prior written consent of the Lender Project Officer:

6.1 Except as specifically required by the terms of this Agreement, change or alter in any material respect any document furnished to Lender, including but not limited to, the Plans and Specifications and the agreement with the General Contractor.

6.2 Permit the performance of any work or a change in any agreement or arrangement which would result in a material change in the Plans and Specifications, Budget or Construction Schedule.

6.3 Execute any contract or become a party to any arrangement for the performance of work on the Project except with the General Contractor, subcontractors or materialmen.

6.4 Create, assume, incur or suffer to exist any mortgage, pledge, lien or encumbrance not now existing upon the Project, except permissable purchase money liens disclosed in writing to Lender in advance and subordinated to Lender's first lien on the Project property, liens consented to in writing by Lender, liens for taxes not delinquent or being contested in good faith, liens in connection with workmen's compensation, unemployment insurance or social security obligations, mechanic's, workmen's or other such liens arising in the ordinary course of business for obligations which are not overdue or are being contested in good faith and the security interest created or contemplated hereunder.

6.5 Pay out any cash or make any distribution of assets in partial or complete liquidation.

6.6 Merge, consolidate or otherwise combine with or into any other entity or sell, lease, distribute or otherwise dispose of all or substantially all of its assets.

6.7 Change in any material respect the nature of Borrower's business as it is being conducted on the date of this Agreement.

7. Affirmative Covenants

Until payment of the Loan in full, Borrower shall:

7.1 Cause construction of the Project to be completed on or before April 15, 1984.

7.2 Cause construction of the Project to be prosecuted with diligence and continuity and completed in accordance with the Plans and Specifications, Budget and Construction Schedule, all in accordance with the terms and conditions of this Agreement.

7.3 Permit Lender's Project Officer, Lender or its representatives to enter upon the Project and inspect the Project and all materials to be used in construction thereof. Permit Lender's Project Officer, Lender or its representatives to examine the Plans and Specifications and all detailed plans and shop drawings which are or may be kept at the construction site and cause the General Contractor to cooperate with Lender, these acts shall be for the purpose of protecting the security of Lender's Loan. Such inspections will in no way be construed as a representation that the Plans and Specifications, Budget or Construction Schedule have been complied with or that the construction is free from faulty workmanship.

7.4 Comply promptly with all laws, rules, regulations, resolutions, ordinances and codes applicable to the construction of the Project or use of the Project for the intended purpose.

7.5 Upon written request by the Lender Project Officer, correct any defect in the Project or any material departure from the Plans and Specifications not approved by the Lender Project Officer.

7.6 Cause the General Contractor to deliver to Lender at the time specified the statement specified in subparagraph 4.1(i) hereof.

7.7 Obtain and deliver to Lender evidence of approval of the completed Project by all authorities whose approval is necessary for permanent occupancy and use of the Project for its intended purpose.

7.8 Withhold or cause the General Contractor to withhold and pay and cause the General Contractor to pay over to the appropriate depository all amounts required to be withheld from wages or salaries paid from the proceeds of the loan.

7.9 Maintain a policy or policies of insurance, and bond, or bonds in amounts customary with respect to construction projects of this type, in amounts, form and content and through an insurer or insurers, all satisfactory to Lender, including but not limited to builder's "all risk" insurance.

7.10 Keep and maintain full and accurate accounts and records of operations in accordance with generally accepted accounting principles applicable to businesses of the type in which the Borrower is engaged.

7.11 Furnish to Lender such financial information as to Borrower as Lender may reasonably require.

7.12 Furnish to Lender upon request all other instruments and documents in addition to those specifically referred to herein as may reasonably be required from time to time by Lender.

7.13 Maintain and preserve the Borrower's existence under the laws of its state of formation and maintain its qualifications to do business in all states where the nature of its business requires such qualifications.

7.14 Promptly notify the Lender Project Officer in writing of the occurrence of any event of default or any event which would become an event of default upon notice of lapse of time specified herein.

8. Defaults

The occurrence of any one or more of the following shall constitute a default under this Agreement:

8.1 Delay in the payment when due of any installment of principal, interest, or other sum due on the Note whether due on the date provided for therein or by acceleration or otherwise.

8.2 Delay or default in the payment when due of any indebtedness other than the Loan owed by Borrower to Lender.

8.3 Failure of Borrower to perform or observe any covenant of paragraph 6 and/or 7 hereof.

8.4 Failure of Borrower to perform or observe any other covenant in this Agreement within the time that such covenant or agreement was required to be performed or observed under this Agreement or other document executed in accordance herewith.

8.5 Furnishing by Borrower or the General Contractor of any statement pursuant to the terms of this Agreement which shall be false in any material respect as of the date upon which it is given.

8.6 Occurrence of a default or event of default under the terms of the Note and security agreements required hereby or any other document executed in connection herewith or therewith.

8.7 The insolvency of, or the execution of, an assignment for the benefit of creditors, the appointment of a receiver of any property of Borrower or any of Borrower's general partners, or the filing of a petition in bankruptcy by or against Borrower or any of Borrower's general partners, or the commencement of any proceeding in bankruptcy, whether said filing is voluntary or involuntary, or otherwise relating to the relief of debtors or the relief, postponement, reorganization, composition, extension or otherwise unless the default is terminated within ten days of its commencement.

8.8 Any action by Borrower to authorize or further any event of default specified in the preceding paragraph.

8.9 Any action taken by any governmental authority which would adversely affect completion of construction or the use or occupation of the Project for the intended purpose.

8.10 Borrower neglects, fails or refuses to obtain or keep in full force and effect any permit or approval necessary for construction of the Project or use of the Project for its intended purpose.

8.11 Construction on the Project is ceased or otherwise discontinued for a period of ten or more consecutive business days or the completion date deadline is not met for any reason other than strike or act of God or reason beyond the control of Borrower.

8.12 The imposition, voluntarily or involuntarily, of any lien or encumbrance upon the Project without Lender's written consent or unless an amount sufficient to discharge such lien is deposited with Lender or the lien is released within ten days of imposition.

8.13 The filing of a notice to withhold is served on Lender in accordance with the provisions of the UTAH CODE ANNOTATED or a similar statute of any other state and such notice is not withdrawn within ten days of receipt by Lender.

Upon the happening of an event of default as outlined herein or in other loan documents and legal instruments relating to the Loan, Lender shall be under no further obligation to make payments or disbursements hereunder or take any other action with respect to this Agreement. Upon written notice of default from Lender to the Borrower and Borrower's failure to cure monetary defaults within fifteen (15) days and/or non-monetary defaults within thirty (30) days, the Loan proceeds, with accrued interest, shall become immediately due and payable. Lender may proceed with every remedy available at law or provided for herein or in any document executed in connection herewith. No delay or failure of Lender in the exercise of any right or remedy provided for hereunder shall be deemed a waiver of the right by Lender and no partial exercise of any right or remedy shall be deemed to waive any right or remedy which Lender may have hereunder.

Without limiting the foregoing, in the event of default and failure to cure hereunder Lender shall have the right (a) to require Borrower to purchase the Loan from Lender at a price equal to all amounts due Lender under this Agreement or (b) to take possession of the Project and perform any and all work it deems advisable or necessary to complete the Project substantially in accordance with the Plans and Specifications. Borrower hereby irrevocably constitutes and appoints Lender its attorney-in-fact with full power and authority of substition in the event of default to:

(i) Take possession of and complete the Project.

(ii) Use the funds remaining in the Account and any funds not disbursed under the Loan for the purpose of completing the Project and payment of other costs related thereto.

(iii) Make such additions, changes and corrections in the Plans and Specifications as deemed necessary or desirable by Lender to complete the project.

(iv) Employ such contractors, subcontractors, agents, architects and other persons that Lender deems necessary or desirable to complete the Project.

(v) Pay, settle or compromise all existing invoices, charges and claims relating to the Project as Lender deems necessary for completion of the Project and clearance of title to the Project for protection of Lender's interest with respect to the Project.

(vi) Prosecute and defend all actions and proceedings in connection with construction of the Project.

(vii) Execute, acknowledge and deliver all instruments and documents in the name of Borrower and to do and perform all acts in the name of Borrower which Lender deems necessary or appropriate to complete the construction of the Project.

9. Loan Service Fee and Payment of Costs and Expenses

9.1 Costs and Expenses: In addition to the provisions contained elsewhere in this Agreement or any other document executed in connection herewith, regardless of whether any Loan disbursements are made in accordance with this Agreement, Borrower shall reimburse Lender within five business days of mailing of a statement therefor for all fees and expenses not previously reimbursed reasonably incurred in connection with preservation and enforcement of its rights under this Agreement including but not limited to:

a) Recording and filing fees subsequent to the initial recording and filing of documents delivered at closing.

b) Costs and expenses paid by Lender in lieu of performance by Borrower of any of its obligations hereunder.

c) Costs and expenses in connection with exercise or enforcement of any right of Lender upon default by Borrower.

d) Reasonable attorney's fees for services and advice in connection with the preparation of this Agreement and all related and prior documents, the preservation or enforcement of any right of Lender hereunder

regardless of whether such preservation or enforcement required commencement of suit and regardless of whether any default giving rise to such right is caused by Borrower or waived by Lender.

Lender shall be entitled but not obligated to reimburse itself from the Account for any sums due it under this subparagraph 9.1.

10. Additional Terms

10.1 Borrower shall have full reponsibility for the final lawful completion of improvements on the Project and Lender assumes no responsibility whatsoever for such completion or any other obligation of any other party with respect to such completion. Nothing herein shall be construed as establishing a relationship between Lender and any other party except the lender-borrower relationship between Borrower and Lender. This Agreement is made for the sole benefit of Borrower and Lender, their successors and assigns and no other person or persons shall have any rights, remedies or benefits under or by reason of this Agreement, nor shall Lender owe any duty to any person to construct the Project, to apply any undisbursed portion of the Loan to claims arising out of construction of the Project or to exercise any right of Lender hereunder.

10.2 Borrower hereby appoints Borrower's Agent the agent of the Borrower for all purposes under the terms of this Agreement. The scope of authority of Borrower's Agent shall include all actions specifically required of Borrower's Agent under this Agreement and all additional actions made necessary by implication under the terms of this Agreement. Lender shall be entitled to rely upon all agreements, representations and acts by Borrower's Agent within the scope of his authority as binding upon Borrower until such time as a substitute Borrower's Agent has been appointed by Borrower and accepted in writing by the Lender Project Officer.

10.3 Except as specifically provided herein to the contrary, any notices, requests, consents or other communications to be given under this Agreement shall be in writing and shall be deemed given 3 days after having been

mailed by first class, certified or registered mail, postage prepaid, to the appropriate party at its address specified in paragraph 1 hereof.

10.4 The additional terms set forth in Exhibit A hereto are incorporated by reference as though fully set forth in the body of this Agreement.

10.5 A written statement signed by any officer of Lender stating that the sums appearing in such statement are reflected on Lender's books and records shall be prima facie evidence of any sum or amount referred to or contemplated under the terms of this Agreement.

10.6 If Borrower consists of more than one person, the obligations of Borrower shall be joint and several obligations of each such person who executes this Agreement. When the context so requires, all words used in the singular shall be deemed to include the plural and all words used in one gender shall be deemed to include all genders.

10.7 If Borrower acts as its own General Contractor, the provisions of this Agreement applying to the General Contractor shall apply also to all subcontractors on the Project.

10.8 This Agreement shall not be assignable by Borrower without the prior written consent of the Lender.

10.9 Except as provided in the immediately preceding paragraph, this Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the parties hereto.

10.10 This Agreement and all documents executed in connection herewith shall be construed, if possible, to give effect to all terms contained in each. In the event of an irreconcilable conflict between the terms of any such document and this Agreement, the terms of this Agreement shall control.

10.11 Should any term of this Agreement be in violation of, or be declared in violation of, the laws of any jurisdiction governing the Agreement or in which the Agreement is sought to be enforced, such term shall be

severable from the other terms of this Agreement and the invalidity of such term shall not affect the validity of the other terms of this Agreement.

10.12 This Agreement and all other documents executed and delivered in accordance herewith shall be deemed to be contracts under the laws of the State of Utah and for all purposes shall be construed in accordance with the laws of said State. The Borrower hereby irrevocably submits itself and all of its partners, if any, to the exclusive jurisdiction of the United States District Court for the District of Utah or the District in and for the City and County of Salt Lake for determination of all claims and controversies arising out of, or related to, this Agreement.

10.13 This Agreement which includes Exhibit "A" hereto and the documents specifically described or incorporated by reference herein constitute the entire agreement with respect to the construction of the Project between the parties hereto and may not be amended, modified or terminated except by an agreement in writing signed by Lender and Borrower.

10.14 All blanks in this Agreement were filled prior to the execution hereof.

IN WITNESS WHEREOF, the parties hereto have caused the execution of this Agreement as of the date first above written.

LENDER: MISTLETOE FINANCIAL COMPANY, a Utah partnership

By: _____
Its: _____

BORROWER: BONNEVILLE PACIFIC CORPORATION, a Utah corporation

By: Raymond L. Hixson
Its: President

The undersigned General Contractor acknowledges that he or its duly authorized officer has read and is familiar with the terms of this Agreement applicable to the General Contractor, including for special emphasis but not limited to, subparagraphs 3.3, 4.1(i) and 5.4. Further, said General Contractor hereby acknowledges, understands and agrees to be bound by such terms and conditions.

GENERAL CONTRACTOR: _____

EXHIBIT "A"

ADDITIONAL TERMS

(If none, type N/A)

*This page should be initialled by the parties if Additional Terms Appear.

EXHIBIT "B"

LEGAL DESCRIPTION

PROPERTY DESCRIPTION
FOR

McCAULEY HYDROPOWER PROJECT

A portion of the SE¼ SE¼ and the W½ SE¼ Section 23, T.9S., R.15E., B.M., Twin Falls County, Idaho and being more specifically described as follows:

Commencing at the southeast Section Corner Section 23, T.9S., R.15E., B.M., said point being the REAL POINT OF BEGINNING:

then N. 0° 11' 47" E. 440.00 feet along the easterly boundary of said Section 23;

then N. 89° 51' 00" W. 330.00 feet;

then S. 45° 03' 02" W. 240.00 feet;

then N. 89° 51' 00" W. 127.67 feet;

then N. 59° 43' 06" W. 200.00 feet;

then N. 0° 11' 47" E. 950.00 feet to a point on the northerly boundary of the SE¼ SE¼ said Section 23;.

then N. 89° 55' 12" W. 528.88 feet along the northerly boundary of the SE¼ SE¼ said Section 23 to the northwest corner thereof;

then N. 0° 14' 16" E. 392.78 feet along the easterly boundary of the W½ SE¼ said Section 23;

then N. 54° 56' 58" W. 228.63 feet;

then N. 21° 13' 16" W. 853.64 feet to a point on the northerly boundary of the W½ SE¼ said Section 23;

then N. 89° 59' 24" W. 200.00 feet along the northerly boundary of the W½ SE¼ said Section 23 to a point on the westerly bank of Cedar Draw Creek;

then S. 10° 55' 12" E. 1103.58 feet;

then S. 50° 25' 12" E. 370.38 feet;

then S. 0° 14' 16" W. 100.00 feet;

then S. 89° 55' 12" E. 200.00 feet to a point on the westerly boundary of the SE¼ SE¼ said Section 23;

then S. 0° 14' 16" W. 1219.75 feet along the westerly boundary of the SE¼ SE¼ said Section 23 to the southwest corner thereof;

then S. 89° 51' 00" E. 1329.82 feet along the southerly boundary of the SE¼ SE¼ said Section 23 to the REAL POINT OF BEGINNING.

The area contained in this land as described above is 33.33 acres.

The above described parcel of land is subject to a twenty-five (25) foot wide road right-of-way along the southerly and easterly boundaries of the SE¼ SE¼ Section 23.

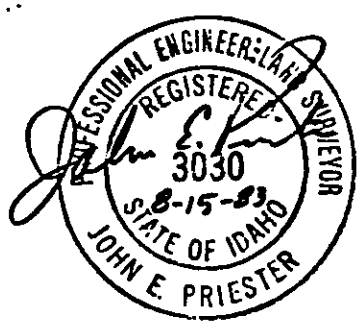

EXHIBIT "C"

BUDGET

CEDAR DRAW HYDRO ELECTRIC PROJECT CASH REQUIREMENT SCHEDULE
Septeaber 12, 1983

BUDGET ITEM	BUDGET TOTAL	TO DATE	SEPT. 12	SEPT. 19	SEPT. 26	OCT. 3	OCT. 10	OCT. 17	OCT. 24
1. DIVERSION DAM						*			
A. CONCRETE STRUCTURE	20000					15000			
B. CANAL MEASURING DEVISE	4500						4500		
C. FISH LADDER	2500						2500		
D. EXCAVATION AND FILL	1000				1000				
TOTAL	28000	0	0	0	1000	15000	7000	0	0
2. CANAL						*			
A. EARTH MOVING AND COMPACTION	111000		7250		3750	20000	20000	20000	20000
B. ROCK EXCAVATION	28000					7000	7000	7000	7000
C. PIPE OR COLVERT	5500					5500			
TOTAL	144500	0	7250	0	3750	32500	27000	27000	27000
3. HEADWORK STRUCTURE						*			
A. EXCAVATION AND ROCK	2500		1620			880			
B. CONCRETE	17500						4400	4400	8700
C. REBAR	2500						2500		
D. BACKFILL	2500								
E. STEEL WEAR PLATE	3500								
F. PUMP AND ELECTRICAL	3500								
G. TRASH AND FISH SCREEN	50000								
H. TRANSITION MANIFOLD	4000								
TOTAL	86000	0	1620	0	0	880	6900	4400	8700
4. PENSTOCK									*
A. PENSTOCK MATERIAL AND LABOR	65500								
B. FOUR 24" VALVES	34000								
C. MANIFOLD	12500								
TOTAL	112000	0	0	0	0	0	0	0	0
5. POWERHOUSE						*			
A. TURBINES	340000	100000	100000			100000			
B. CONCRETE AND METAL STRUCTURE	125000								
C. EXCAVATION AND DEWATERING	35000					15000	15000	5000	
D. MISCELLANEOUS	66000								
TOTAL	566000	100000	100000	0	0	115000	15000	5000	0
6. ACCESS									
A. BLASTING	147000	80000	23750		38250				
B. PETERSON PROPERTY	5000	5000							
C. OWNER PAYMENTS	100000	50000				25000			
D. MCKAY PROPERTY	40000	40000							
E. EXCAVATION	65000	20000	12500	12500	20000				
TOTAL	357000	195000	41250	12500	58250	25000	0	0	0

CEDAR DRAW HYDRO ELECTRIC PROJECT CASH REQUIREMENT SCHEDULE
September 12, 1983

BUDGET ITEM	BUDGET TOTAL	TO DATE	SEPT. 12	SEPT. 19	SEPT. 26	OCT. 3	OCT. 10	OCT. 17	OCT. 24
7. ELECTRIC						*			
A. CONTROLS AND SWITCHGEAR	47000		25000						
B. ELECTRICAL CONTRACTORS	51000					10000		12000	9000
C. TRANSFORMERS	28000		28000						
D. UTILITY INTERTIE	240000								
TOTAL	366000	0	53000	0	0	10000	0	12000	9000
8. ENGINEERING COSTS									
A. J.U.B. CIVIL AND ELECTRICAL	105000		20000					10000	
B. PRIESTER (SURVEY)	7500		5000						
C. SCHAFFER (CANAL DESIGN)	5000		1000						
D. COLLINS (DIVERSION, HEADWORKS)	5000		1000						
E. CONTINGENCY	3500				3500				
F. OWNERS REPRESENTATIVE	35000		17500						
TOTAL	161000	0	44500	0	3500	0	0	10000	0
9. LEGAL									
A. PARSONS, BEHLE & LATIMER	10000								
B. FRED DECKER	20000		2000				10000		
C. OTHERS	10000							10000	
TOTAL	40000	0	2000	0	0	0	10000	10000	0
10. CONTINGENCIES	139500						17500	17500	17500
11. BONNEVILLE PACIFIC CORP	300000								
GRAND TOTAL	2300000	295000	249620	12500	66500	198380	83400	85900	62200

* CONSTRUCTION BEGINNING DATES

EXHIBIT "D"

CONSTRUCTION SCHEDULE

JAN 20 1985
DRAFT

LS-LQ HYDROELECTRIC PARTNERS

NOTE AGREEMENT

Dated as of January 1, 1985

Re: $2,900,000 14% Secured Notes
Due 1985-1995

(Pigeon Cove Hydroelectric Project)

MICROFILMED

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ATTACHMENTS TO NOTE AGREEMENT

Schedule 1 - Name and Address of Note Purchaser

Exhibit A - Indenture of Mortgage, Assignment of Lease and Security Agreement

Exhibit B - Lease and Assignment Agreement

Exhibit C - Assignment of Water Rights and Permits

Exhibit D - Assignment of Right-of-Way Grant

Exhibit E - Power Sales Agreement

Exhibit F - Certificate of Cost

Exhibit G - Notice of Mortgage and Acknowledgment by the Landlord

Exhibit H - Description of Closing Opinion of Counsel to the Landlord

Exhibit I - Description of Closing Opinion of Counsel to the Security Trustee

Exhibit J - Description of Closing Opinion of Counsel to the Grantor

Exhibit K - Description of Closing Opinion of Special Counsel to the Note Purchaser

Exhibit L - Closing Certificate of the Landlord

Exhibit M - Closing Certificate of the Security Trustee

Exhibit N - Partnership Agreement

Exhibit O - Operation and Maintenance Agreement

Exhibit P - Closing Certificate of the Grantor

Exhibit Q - Description of Closing Opinion of Counsel to the Company

LS-LQ HYDROELECTRIC PARTNERS

c/o Bonneville Pacific Corporation,
Its Managing General Partner
200 East South Temple
Suite 300
Salt Lake City, Utah 84111

NOTE AGREEMENT

Re: $2,900,000 14% Secured Notes
Due 1985-1995

Dated as of
January 1, 1985

NEW ENGLAND MUTUAL LIFE
INSURANCE COMPANY
501 Boylston Street
Boston, Massachusetts 02117

Attention: Private Placement Department

Gentlemen:

The undersigned, LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership consisting of Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann (the "Company"), hereby agrees with you as follows:

SECTION 1. INTERPRETATION OF THIS AGREEMENT.

Section 1.1. Definitions.

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

"Certificate of Cost" is defined in Section 4(b) hereof.

"Closing Date" is defined in Section 2.2 hereof.

"Code" shall mean the Internal Revenue Code of 1954, as amended, or any comparable successor law.

"Company Agreements" shall mean the Operative Agreements to which the Company is a party.

"Construction Loan" shall mean the aggregate amount of the loans made from time to time by the Construction Lender to the Grantor and the Company for the purpose of financing the Facility Cost during construction of the Facility.

"Facility Cost" shall mean the sum of (i) the aggregate amount paid and payable pursuant to the Construction Contract to the Contractor and other persons (including the Company) furnishing goods or services in respect to the construction and equipping of the Facility, (ii) the aggregate amount of all sales and use taxes paid or payable with respect to the Facility, (iii) the aggregate amount paid or in respect of which value was given for energy, water rights and related permits related to the Facility or its operation, (iv) the original amount of the Reserve Fund under the Mortgage, (v) the aggregate amount of any other sums expended in connection with the Facility, on or prior to the Closing Date, (vi) the aggregate amount of all fees and interest paid by the Company on the Construction Loan, and (vii) a fee, in favor of the Company in an amount not to exceed $400,000, in consideration of the structuring of the Project.

"Grantor Agreements" shall mean the Operative Agreements to which the Grantor is a party.

"Mortgage" shall mean an Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985, substantially in the form attached hereto as Exhibit A, between the Company, as mortgagor, assignor and debtor, the Grantor, as debtor, and the Security Trustee, as mortgagee, assignee and secured party.

"Note Purchaser" shall mean New England Mutual Life Insurance Company, a Massachusetts corporation, and its successors and assigns.

"Notes" is defined in Section 2.1(a) hereof.

"Operative Agreements" shall mean this Note Agreement, the Mortgage, the Notes, the Partnership Agreement, the Operation and Maintenance Agreement, the Lease and Assignment Agreement, the Assignment of Water Rights, the Assignment of Right-of-Way Grant, the Power Sales Agreement, the Construction Contract and the Notice of Mortgage and Acknowledgment by the Landlord.

"Placed in Service" shall have the meaning set forth in Section 46 of the Code, in the applicable Income Tax Regulations

thereunder and in the applicable Income Tax Regulations under Section 167 of the Code.

"Plans" shall mean the plans and specifications set forth for the construction of the Facility in the Construction Contract.

Unless the context otherwise requires, terms not otherwise defined herein shall have the respective meanings specified in the Mortgage.

Section 1.2. Directly or Indirectly.

Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

SECTION 2. COMMITMENT OF THE NOTE PURCHASER.

Section 2.1. Issue and Sale of Notes.

(a) The Notes. In order to finance not more than 70% of the Facility Cost, the Company will authorize the issue and sale of 14% Secured Notes due 1985-1995 (the "Notes") of the Company in an aggregate principal amount not to exceed $2,900,000. The Notes are to be issued under and secured by the Mortgage, to be dated the date of issue, to bear interest at the rate of 14% per annum prior to maturity, to be payable quarterly commencing on the day which is three months after the Closing Date, to be expressed to mature in 40 equal installments, including principal and accrued interest, and to be otherwise substantially in the form of the Notes attached to the Mortgage as Exhibit A. The term "Notes" as used herein shall include each 14% Secured Note due 1985-1995 of the Company delivered pursuant to this Agreement or the Mortgage.

(b) Commitments of Note Purchaser. Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to the Note Purchaser, and the Note Purchaser agrees to purchase from the Company, on the Closing Date hereinafter provided for, the entire issue of Notes at a price of 100% of the principal amount thereof. The aggregate principal amount of the Notes delivered to the Note Purchaser on the Closing Date shall not exceed the lesser of (i) $2,900,000, or (ii) 70% of the Facility Cost specified in the Certificate of Cost. The Notes delivered to the Note Purchaser on the Closing Date will be in the form of a single Note registered in the name of the Note Purchaser or, if requested in writing 7 days prior to the Closing Date, its nominee.

(c) Failure to Deliver. If on the Closing Date the Company fails to tender to the Note Purchaser the Notes to be purchased by the Note Purchaser or if the conditions to the obligations of the Note Purchaser specified in Section 4 have not been fulfilled, the Note Purchaser may thereupon elect to be relieved of all further obligations under this Agreement. Nothing in this Section shall operate to relieve the Company from its obligations hereunder or to waive any of the Note Purchaser's rights against the Company.

Section 2.2. The Closing.

The Notes will be delivered to the Note Purchaser hereunder, on such date (the "Closing Date"), not later than the expiration of the commitments of the Note Purchaser as set forth in Section 2.3 hereof, as the Company shall designate to the Note Purchaser by not less than 15 days' prior written notice, provided that the Closing Date shall occur on a date on which the Facility is completed (including testing) and Placed in Service. The Company shall designate to the Note Purchaser and the Security Trustee, by not less than five days' prior written or telegraphic notice, the principal amount of the Notes to be sold and delivered to the Note Purchaser on the Closing Date. The payment for the Notes shall be made available at the office of the Security Trustee at 10:00 A.M., Boise, Idaho time on the Closing Date in Federal Reserve or otherwise immediately available funds current in Boise, Idaho. Upon the satisfaction or waiver of all conditions precedent set forth in Section 4 hereof to the obligations of the Note Purchaser to make the payment contemplated to be made on the Closing Date, the Security Trustee will apply the proceeds of such payment to the payment in full of the outstanding principal amount of the Construction Loan together with accrued and unpaid interest thereon and to pay any portions of Facility Cost which were not financed under the Construction Loan. The Company may, at its option, postpone the Closing Date by notice to the Note Purchaser and the Security Trustee by telephone (followed by written confirmation) or telegram not less than three business days prior to the date previously fixed for such Closing Date, provided that no such postponement shall prevent the expiration of the commitment of the Note Purchaser as set forth in Section 2.3 hereof without the written consent of the Note Purchaser. Subject to the applicable conditions set forth in Section 4 hereof, the Company hereby directs the Security Trustee to apply the proceeds of the sale of the Notes in accordance with the provisions of Section 3.1(m) hereof.

Section 2.3. Expiration of Commitments.

The commitment of the Note Purchaser hereunder shall expire on January 31, 1985.

Section 2.4. Transactional Expenses to be Borne by Company.

Whether or not the transactions contemplated by this Agreement are consummated, the Company will pay all expenses relating to the transactions contemplated by this Agreement, including but not limited to:

(a) the cost of printing or otherwise reproducing the Operative Agreements;

(b) the fees and expenses of Parsons, Behle & Latimer, counsel for the Company and the Grantor;

(c) the fees and expenses of Chapman and Cutler, special counsel for the Note Purchaser;

(d) the cost of delivering to the home office of the Note Purchaser, insured to the satisfaction of the Note Purchaser, the Notes purchased by the Note Purchaser on the Closing Date;

(e) all taxes in connection with the issuance of the Notes and in connection with any amendments, waivers and consents in connection with the Operative Agreements requested by the Company or the Grantor, and all recording and filing fees and stamp taxes in connection with the recordation or filing of the Mortgage or any of the other Operative Agreements or any notices, memoranda or financing statements with respect thereto;

(f) the initial and ongoing fees and expenses of the Security Trustee under the Mortgage, including fees and expenses incurred in connection with the enforcement of the obligations of the Company or the Grantor under the Operative Agreements;

(g) the expenses of the Security Trustee and the Note Purchaser, including fees and expenses of their counsel, in connection with any amendments, waivers or consents requested by the Company or the Grantor in connection with any of the Operative Agreements;

(h) any fees and expenses of the engineer referred to in Section 4(f) hereof; and

(i) the cost of delivering to or from the home office of any Noteholder from or to the Security Trustee, insured to the satisfaction of such Noteholder, any Notes surrendered pursuant to the Mortgage and any Note issued in substitution or replacement for the surrendered Notes.

SECTION 3. WARRANTIES AND REPRESENTATIONS.

Section 3.1. Warranties and Representations of the Company.

The Company warrants and represents that:

(a) The Company is a Utah general partnership duly organized and validly existing in good standing under the laws of the State of Utah, and has the power and authority under the Partnership Agreement to enter into and perform its obligations under the Company Agreements, and the Partnership Agreement constitutes the legal, valid and binding contract and agreement of the Partners, enforceable in accordance with its terms.

(b) The performance by the Company of the Company Agreements and the execution and delivery by the Company of the Notes, this Note Agreement, the Lease and Assignment Agreement and the Mortgage have been duly authorized by all necessary action on the part of the Company and do not and will not contravene any law, governmental rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to or binding on the Company or any Partner, or the Partnership Agreement or the Articles of Incorporation or By-laws of any Partner, or result in the creation of any Lien upon the interest of the Company or any Partner in the Project or the other mortgaged property under the Mortgage, under any indenture, mortgage, contract or other agreement (other than the Company Agreements) to which the Company or any Partner is a party or by which it may be bound or affected.

(c) The Company Agreements constitute or will, when executed and delivered, constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and except as equitable remedies such as specific performance may be in the discretion of the courts.

(d) There is no pending or, to the knowledge of the Company, threatened action or proceeding before any court or administrative agency which might impair the ability of the Company to enter into the Notes, this Note Agreement, the Lease and Assignment Agreement and the Mortgage and perform its obligations under the Company Agreements.

(e) No authorization or approval or other action by, and no notice to or filing with, any governmental

authority or regulatory body (other than with respect to the FERC Exemption) is required for the due execution and delivery by the Company of the Notes, this Note Agreement, the Lease and Assignment Agreement and the Mortgage and performance by the Company of the Company Agreements.

(f) To the knowledge of the Company, no Default or Event of Default under any of the Operative Agreements has occurred and is continuing. The Company is not in violation of any term of any of the Company Agreements.

(g) The Note Purchaser has heretofore been furnished with a copy of a memorandum entitled "Summary Memorandum Pigeon Cove Hydroelectric Power Project" dated November 15, 1983, prepared by the Grantor relating to the transaction contemplated hereby. Said memorandum (including the Exhibits thereto) sets forth a correct description of the Project (other than statements as to the cost thereof which will be covered in the Certificate of Cost) and of the business conducted and proposed to be conducted by the Company.

(h) No written statement prepared by the Company or the Grantor or any Person authorized or employed by the Company or the Grantor as agent, broker, dealer or otherwise in connection with the transaction contemplated hereby and furnished by the Company or the Grantor or any such Person to the Note Purchaser in connection with the negotiation of the transactions contemplated by this Agreement (including the memorandum referred to in Section 3.1(g) above), contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which the Company or the Grantor has not disclosed to the Note Purchaser in writing which materially affects adversely or, so far as the Company or the Grantor can reasonably foresee, will materially affect adversely the Project or the Properties, business, profits or condition (financial or otherwise) of the Company or the Grantor or the ability of the Company to perform the Company Agreements.

(i) Neither the Note Purchaser nor the Security Trustee shall become subject to regulation by, or the jurisdiction of, the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, the Federal Energy Regulatory Commission or the Idaho Public Utilities Commission or any similar agency solely as a result of its entering into, or performing its obligations in connection with, the transactions contemplated hereby, and no approval, order, consent, license or other action of the Securities and Exchange Commission under

said Act, the Federal Energy Regulatory Commission or the Idaho Public Utilities Commission or any similar agency is required in order for the Note Purchaser or the Security Trustee to enter into or perform any of its obligations in connection with such transactions except the FERC Exemption and any which may be required because of activities undertaken by such party unrelated to the transactions contemplated hereby. The FERC Exemption has been duly issued and remains in full force and effect.

(j) The Company has good and marketable title to the Project, except the mortgaged property described in Division II of the granting clauses of the Mortgage, and the Grantor has good and marketable title to such mortgaged property, in each case free and clear of all Liens other than Permitted Encumbrances.

(k) The Facility is personal property within the meaning of the laws of the State of Idaho.

(l) The items listed in Exhibit D, Description of Facility, to the Mortgage constitute a complete description of the entire Facility and are or will on the Closing Date be located on the Land. Such items, with the Company's leasehold estate in the Land and grantee's interest in the McCauley Easement, will constitute an integrated and self-contained hydroelectric project, including an electrical generator, turbine equipment and all necessary related equipment. The Project and the Company's use thereof is not in violation of any environmental, occupational safety and health, fish, game and wildlife or other applicable law, rule or regulation.

(m) The proceeds from the sale of the Notes will be applied either (i) to the repayment of the Construction Loan (all of which was incurred to pay a portion of the Facility Cost), or (ii) to pay portions of the Facility Cost which were not financed under the Construction Loan. None of the transactions contemplated by the Operative Agreements (including the use of the proceeds from the sale of the Notes) will result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any related regulations, including Regulations G, T and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Company neither owns or intends to carry or purchase any "margin security" within the meaning of said Regulation G, including margin securities originally issued by it. None of the proceeds from the sale of the Notes will be used to purchase or carry (or refinance any borrowing the proceeds of which were used to purchase or carry) any "security" within the meaning of the Securities Exchange Act of 1934, as amended.

(n) The Mortgage will, when executed and delivered, create a valid and perfected first priority lien and security interest in the mortgaged property (as defined therein), securing the payment of all indebtedness thereby secured, and all filings and other actions necessary or desirable to perfect and protect such lien and security interest will have been duly taken on the Closing Date.

(o) No defaults or disputes exist under any contracts with the Contractor or any other Person regarding the construction, installation, operation or supplying of the Project and all of such contracts are in full force and effect.

(p) Neither the Company, the Grantor nor any other Person authorized or employed by the Company or the Grantor, as the case may be, as agent, broker, dealer or otherwise in connection with the offering or sale of the Notes or any similar Security, has offered any of the Notes or any similar Security for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than the Note Purchaser.

(q) Neither the Company, the Grantor nor any Person authorized or employed by the Company or the Grantor, as the case may be, as agent, broker, dealer or otherwise in connection with the offering or sale of any beneficial equity interest in the Project (the "Beneficial Interest"), or any similar Security, has offered any of the Beneficial Interest or any similar Security for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, except for the four Partners other than the Grantor, each of which was offered a portion of the Beneficial Interest at private sale for investment and each of which the Company, the Grantor or such agent had reasonable grounds to believe, and did believe, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Beneficial Interest.

(r) Neither the Company, the Grantor nor anyone acting on behalf of either will offer the Notes or the Beneficial Interest or any part thereof or any similar Security for issue or sale to, or solicit any offer to acquire any of the Notes or the Beneficial Interest from, anyone so as to bring the issuance and sale of the Notes or the Beneficial Interest within the provisions of Section 5 of the Securities Act of 1933, as amended.

(s) Each Partner is a United States citizen, an association of such citizens, a corporation organized under the laws of the United States or of a State thereof or an association consisting of a United States citizen or citizens and/or an association or associations of such citizens and/or a corporation or corporations organized under the laws of the United States or of a State thereof.

(t) The audit reports of the Company, of each Partner, and of each general partner in each Partner for the year ended _____, 198__, including in each case a balance sheet as at _____, 198__, and a statement of income and retained earnings and changes in financial position for the 12-months ended said date have been provided to the Note Purchaser, accompanied in each case by an opinion thereon of a firm of independent public accountants of recognized national standing selected by the Company, such Partner or such general partner, as appropriate, to the effect that such financial statements have been prepared in accordance with generally accepted accounting principles consistently maintained (except for changes in which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly, includes such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The unaudited statements of income and retained earnings and changes in financial position of the Company and each Partner and each general partner in each Partner for the period ending _____, 198__, and the unaudited interim balance sheet as at _____ 198__ for each such Person, each of which has heretofore been furnished to the Note Purchaser, truly and accurately reflect the financial condition of each such Person as at said dates and the results of operations for the periods covered thereby. Neither the Company nor any Partner nor any general partner in any Partner has any contingent liabilities which are material to the Company or any Partner or any general partner in any Partner other than as indicated on said financial statements and the notes thereto and since _____, 198__, there have been no material adverse changes in the condition, financial or otherwise, of the Company or any Partner or any general partner in any Partner nor any changes to the Company or any Partner or any general partner in any Partner except those occurring in the ordinary course of business.

Section 3.2. Representations of the Note Purchaser.

(a) Purchase for Investment. The Note Purchaser represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by it or for the account of one or more pension or trust funds of which it is trustee, in each case for investment and with no present intention of distributing or reselling the Notes or any part thereof, provided that the disposition of the Notes shall at all times be within its control. If the Note Purchaser is purchasing for the account of one or more pension or trust funds, the Note Purchaser represents that it is acting as sole trustee and has sole investment discretion with respect to the acquisition of the Notes. The Note Purchaser acknowledges that none of the Notes have been registered under the Securities Act of 1933, as amended, and that the Company does not contemplate filing, nor is it legally required to file, any such registration; and the Note Purchaser has been advised that the Notes must be held indefinitely unless the Notes are subsequently registered under said Securities Act or an exemption from such registration is available.

(b) Source of Funds. The Note Purchaser represents that at least one of the following statements is an accurate representation as to the source of funds to be used by the Note Purchaser to make its purchase pursuant to Section 2 hereof:

(i) no part of such funds constitutes assets allocated to any separate account maintained by it in which any employee benefit plan (or its related trust) has any interest; or

(ii) to the extent that any part of such funds constitutes assets allocated to any separate account maintained by it, it has disclosed in writing to the Company the names of each employee benefit plan whose assets are in such account as of the date of such investment (for the purposes of this subdivision (ii), all employee benefit plans maintained by the same employer or employee organization are deemed to be a single plan); or

(iii) such funds constitute assets of a specific employee benefit plan, complete and correct information as to the identity of which the Note Purchaser has disclosed in writing to the Company.

As used in this Section 3.2(b), the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned to such terms in section 3 of the Employee Retirement Income Security Act of 1974, as amended

SECTION 4. CLOSING CONDITIONS.

The obligations of the Note Purchaser to purchase the Notes as provided in Section 2 hereof on the Closing Date shall be subject to the following conditions:

(a) Execution of Operative Agreements. On or before the Closing Date, the Operative Agreements shall have been duly executed and delivered by the parties thereto and shall be in full force and effect, and no default shall exist in the performance by any party thereto (other than the Note Purchaser) of any of its obligations thereunder, and the Contractor shall have executed and delivered a consent to the assignment of the Construction Contract pursuant to the Mortgage in a form satisfactory to the Note Purchaser and its special counsel.

(b) Certificate of Cost. On the Closing Date, the Note Purchaser shall have received an Officer's Certificate of the Company substantially in the form attached hereto as Exhibit F (the "Certificate of Cost") setting forth (i) the amount of the Facility Cost together with such information supporting the amount therein specified as the Note Purchaser may reasonably require, and (ii) the amount of the outstanding principal balance of and accrued and unpaid interest on the Construction Loan as of the Closing Date.

(c) Closing Certificates. On the Closing Date, the Note Purchaser shall have received the following Officer's Certificates each dated the Closing Date, the truth and accuracy of which shall be a condition to the obligation of the Note Purchaser to purchase the Notes as provided in Section 2 hereof on the Closing Date:

(1) An Officer's Certificate of the Company to the effect that the warranties and representations of the Company set forth in Section 3.1 hereof are true on the Closing Date with the same effect as though made on and as of that date and further to the effect that:

(A) No Default or Event of Default has occurred and is continuing.

(B) The Project is covered by the insurance required by Section 3.7 of the Mortgage and all premiums due in respect of such insurance have been paid.

(2) An Officer's Certificate of the Landlord in the form attached hereto as Exhibit L.

(3) An Officer's Certificate of the Security Trustee in the form attached hereto as Exhibit M.

(4) An Officer's Certificate of the Grantor in the form attached hereto as Exhibit P.

(d) Survey. Prior to the Closing Date, the Note Purchaser shall have received a plat of survey by an independent surveyor designated by the Company, which plat shall show, in reasonable detail, the location of (i) the Land, (ii) the Facility, and (iii) easements of record and encroachments shown by inspection.

(e) Opinions of Counsel. On the Closing Date, the Note Purchaser shall have received the favorable written opinions of Decker & Hollifield, P.A., counsel to the Landlord, Hawley, Troxell, Ennis & Hawley, counsel to the Security Trustee, Parsons, Behle & Latimer, counsel to the Company and to the Grantor, and Chapman and Cutler, special counsel to the Note Purchaser, described in Exhibits H, I, Q, J and K hereto, respectively.

(f) Engineers' Certificate. On the Closing Date, the Note Purchaser and the Security Trustee shall have received an executed copy of a certificate of J.U.B. Engineers, Inc., independent engineers, to the effect that (i) the Facility has been completed in accordance with the Plans and the Project constitutes an integrated and self-contained system capable of the generation of not less than 1,555 kilowatts of electricity, and (ii) water supply studies have been conducted and the data indicates that under average flow scenarios and diversions pursuant to Water Permits No. 47-7660 and 47-7661, the Project will develop and maintain the hydroelectric potential as represented in the Project memorandum referred to in Section 3.1(g) hereof.

(g) Title Policy. The Note Purchaser shall have received a policy of title insurance or binding commitment therefor, in such form and from such company as shall be satisfactory to the Note Purchaser, insuring (or agreeing to insure) in an amount equal to the purchase price of the Notes the interests of the Security Trustee in the Company's leasehold estate in the Land and grantee's interest in the McCauley Easement, free and clear of defects of title, liens, encumbrances, and exceptions or stipulations as to title, except as the Note Purchaser may approve.

(h) Bill of Sale. The Note Purchaser shall have received a confirmatory Bill of Sale from the Contractor to the Company transferring its interest in the Facility to the Company, free and clear of all liens and encumbrances.

(i) Recording of Instruments. On or before the Closing Date, the Mortgage and the Lease and Assignment Agreement (or a notice or memorandum with respect thereto) shall have been recorded or filed in all public offices as may be necessary or

appropriate in order to perfect the lien and security interest granted by the Mortgage as against creditors of and purchasers from the Company and the Grantor.

(j) Certificate of and Release by Construction Lender. On the Closing Date, the Note Purchaser shall have received (i) a certificate signed on behalf of the Construction Lender by a duly authorized officer thereof specifying the unpaid principal balance of the Construction Loan and the accrued interest thereon and stating that no other sums are owing in connection therewith, and (ii) a Release in proper form for recording of any mortgage, security agreement or other instrument securing such Construction Loan.

(k) Legal Investment. The Notes shall on the Closing Date qualify as a legal investment for the Note Purchaser under any laws regulating investments to which it may be subject, and the Note Purchaser shall have received such evidence as it may reasonably request to establish compliance with this condition.

(l) Notice of Mortgage and Acknowledgment by the Landlord. On the Closing Date, the Note Purchaser shall have received the Notice of Mortgage and Acknowledgment by the Landlord substantially in the form of Exhibit G hereto.

(m) Instruments from the Power Company. On the Closing Date, the Note Purchaser shall have received copies, certified as true, correct and complete by a duly authorized officer of the managing general partner of the Company, of the letters delivered by the Power Company as provided in Articles 4.1.7, 5.1 and 8.1.1 of the Power Sales Agreement, and original counterparts of a letter executed by the Power Company acknowledging that all payments to be made by it pursuant to the Power Sales Agreement have been collaterally assigned to the Security Trustee.

(n) Proceedings Satisfactory. All proceedings taken in connection with the transactions contemplated hereby and all documents and papers relating thereto shall be satisfactory to the Note Purchaser and its special counsel, and the Note Purchaser and such special counsel shall have received copies of such documents and papers as the Note Purchaser or such special counsel may reasonably request in connection therewith or as a basis for such special counsel's closing opinion, all in form and substance satisfactory to the Note Purchaser and such special counsel.

(o) Letter from Idaho Department of Water Resources. On the Closing Date, the Company shall have obtained a letter from the Department of Water Resources of the State of Idaho confirming the filing with the director thereof of the documentation (including the Mortgage) needed to process the collateral assignment of Permit Numbers 47-7660 and 47-7661 issued by such Department from the Grantor to the Security Trustee pursuant to

the Mortgage, stating that the material submitted satisfies the requirements of Sections 42-206 and 42-207 of the Idaho Code, and further stating that the Mortgage is effective as of the date of such letter.

SECTION 5. SPECIAL RIGHTS OF NOTE PURCHASER.

Section 5.1. Home Office Payment of Notes, Etc.

Notwithstanding any provision to the contrary in this Agreement, the Mortgage or the Notes relating to the manner and place of payment, the Company will cause all amounts payable to the Note Purchaser with respect to any Notes held by the Note Purchaser or a nominee for the Note Purchaser to be paid to the Note Purchaser (without any presentment thereof and without any notation of such payment being made thereon) by check, duly mailed, by first-class mail, postage prepaid, or delivered to the Note Purchaser at the address for payments for the Note Purchaser appearing on page one of this Agreement or, if wire transfer to a bank account is designated for the Note Purchaser on Schedule 1 to this Agreement or in a written notice from the Note Purchaser to the Company and the Security Trustee, by wire transfer of immediately available Federal Reserve funds to the bank so designated for credit to the account and marked for attention as so designated, provided that such bank has facilities for the receipt of a wire transfer, or in such other manner or to such other address in the United States as may be designated by the Note Purchaser in writing. In the case of any wire transfer, the Company will cause the transfer to be transmitted from the office of the Security Trustee not later than 10:00 A.M., Boise, Idaho time, on each date any payment or prepayment of principal or interest on the Notes is due. The Note Purchaser agrees that if the Note Purchaser shall sell or transfer any Note the Note Purchaser will notify the Company and the Security Trustee of the name and address of the transferee and the Note Purchaser will, prior to the delivery of such Note, make a notation on such Note of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof.

Section 5.2. Reproduction of Documents.

This Agreement, the other Operative Agreements and all related documents, including (a) consents, waivers and modifications which may subsequently be executed, (b) documents received by the Note Purchaser at the closing of its purchase of the Notes (except the Notes themselves), and (c) financial statements, certificates and other information previously or subsequently furnished to the Note Purchaser, may be reproduced by the Note Purchaser by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and the Note

Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that any such reproduction shall, to the extent permitted by applicable law, be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not the reproduction was made by the Note Purchaser in the regular course of business) and that any enlargement, facsimile or further reproduction of the reproduction shall likewise be admissible in evidence.

SECTION 6. MISCELLANEOUS.

Section 6.1. Amendments.

This Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

Section 6.2. Notices.

(a) All communications under this Agreement shall be in writing and shall be mailed by first class mail, postage prepaid,

If to the Company:

LS-LQ HYDROELECTRIC PARTNERS
c/o Bonneville Pacific
Corporation, Its Managing
General Partner
200 East South Temple
Suite 300
Salt Lake City, Utah 84111

Attention: President

If to the Note Purchaser:

At the address of the
Note Purchaser shown on
Schedule 1 hereto, marked
for attention as there
indicated

or at such other place as any such party may designate by notice given in accordance with this Section.

(b) Any notice so addressed and mailed by registered or certified mail shall be deemed to be given on the earlier of 5 days after so mailed or when delivered.

Section 6.3. Survival.

All warranties, representations and covenants made by the Company herein or in any certificate or other instrument

delivered by the Company to the Note Purchaser under this Agreement shall be considered to have been relied upon by the Note Purchaser and shall survive the purchase of the Notes on the Closing Date regardless of any investigation made by the Note Purchaser or on behalf of the Note Purchaser. All statements in any such certificate or other instrument by the Company or on behalf of the Company under this Agreement shall constitute warranties and representations by the Company hereunder.

Section 6.4. Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and assigns including each successive holder of any Note issued and delivered pursuant to this Agreement or the Mortgage whether or not an express assignment to any such holder of rights under this Agreement has been made; provided that this Agreement shall not be assignable by the Company without the prior written consent of the Note Purchaser.

Section 6.5. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Section 6.6. Counterparts.

This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Agreement.

Section 6.7. Headings and Table of Contents.

The headings of the Sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Agreement may be executed in any number of counterparts, each

executed counterpart constituting an original but all together only one Agreement.

LS-LQ HYDROELECTRIC PARTNERS,
a Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation and
Its Managing General Partner

By_____
Its_____

PIGEON COVE HYDROELECTRIC GROUP,
a Utah limited partnership

By: DOMINION HYDROELECTRIC GROUP,
a Utah corporation and
Its General Partner

By_____
Its_____

TWIN FALLS HYDROELECTRIC, LTD.,
a Utah limited partnership

By: FAR WEST CAPITAL, INC.,
a Utah corporation and
Its General Partner

By_____
Its_____

_____
JOHN S. McCABE

_____
ERIC HARTMANN

The undersigned hereby acknowledges receipt of an executed copy of the above and foregoing letter and agrees that it correctly sets forth the understanding and agreement between us.

NEW ENGLAND MUTUAL LIFE
INSURANCE COMPANY

By_____
Its_____

Name and Address of Note Purchaser	Principal Amount of Notes to be Purchased
NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY	$2,900,000

(1) All payments on account of the Notes shall be made by bank wire or interbank transfer of immediately available funds, not later than 12:00 o'clock NOON, current local time in New York City, for credit to Newing One & Co., Account No. 045-93-956 at:

Morgan Guaranty Trust Company of New York
23 Wall Street
New York, New York 10015

Attention: Money Transfer Department

with instructions to give advice of payment to the Morgan's Money Transfer Department setting forth the following information:

NEL Cusip Number: 451380-8*-4
Borrower: LS-LQ Hydroelectric Partners
Issue: (loan rate and maturity):
14% Secured Notes due 1985-1995
Due date of Current Payment: _____

In addition, a confirmation of each payment setting forth the same information shall be sent concurrently which such payment to the address for such confirmations stated in paragraph (2) below.

(2) Address for all notices or confirmations of payment, and any other communications with respect to payments to:

New England Mutual Life Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Attention: Securities Accounting Department

(3) Address for all other communications:

New England Mutual Life Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Attention: Private Placement Department

SCHEDULE 1
(to Note Agreement)

CERTIFICATE OF COST

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

Reference is made to Section 4(b) of the Note Agreement dated as of January 1, 1985 (the "Note Agreement") between LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), and you. Terms not otherwise defined herein have the respective meanings assigned thereto in the Note Agreement.

As an inducement to and as part of the consideration for your purchase of the Notes on the date hereof pursuant to the Note Agreement, the Company hereby certifies to you as follows:

1. The total amount of the Facility Cost is $_____, which Facility Cost is itemized as set forth in the attached Schedule 1 and 70% of which is not less than the principal amount of the Notes which you are purchasing on the date hereof.

2. All amounts in respect of the Facility Cost have been paid in full.

3. The total outstanding balance of the Construction Loan on the date hereof, including both the principal thereof and the accrued interest thereon, is $_____.

Dated:

LS-LQ HYDROELECTRIC PARTNERS,
a Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation and
Its Managing General Partner

By_____
Its_____

EXHIBIT F
(to Note Agreement)

ITEMIZATION OF FACILITY COST

Schedule 1
(to Certificate of Cost)

NOTICE OF MORTGAGE AND
ACKNOWLEDGMENT BY PIGEON COVE POWER COMPANY

Pigeon Cove Power Company
P.O. Box 128
Filer, Idaho 83328

Gentlemen:

Reference is made to the Lease and Assignment Agreement dated May 20, 1983, as amended by the First Amendment dated October 31, 1983 and the Second Amendment dated January 20, 1984, each between you, as landlord and assignor, and Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), as initial tenant and assignee, and as further amended by the Third Amendment dated as of December 1, 1984, among you, the Grantor, as assignor, and LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), as tenant and assignee.

You are hereby notified that the Company has collaterally assigned and granted a lien and security interest to First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 (the "Mortgage") between the Company, as mortgagor, assignor and debtor, the Grantor, as debtor, and the Security Trustee, as mortgagee, assignee and secured party, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Lease and Assignment Agreement.

You are hereby further notified that the Grantor has collaterally assigned and granted a lien and security interest to the Security Trustee under the Mortgage in all the right, title, interest, claims and demands now held or hereafter acquired by the Grantor in, under and to the Water Rights (as defined in the Lease and Assignment Agreement) and the Assignment of Water Rights and Permits dated April 10, 1984 between you, as assignor, and the Grantor, as assignee.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

Dated:

LS-LQ HYDROELECTRIC PARTNERS,
a Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation and
Its Managing General Partner

By_____
Its_____

EXHIBIT G
(to Note Agreement)

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

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

By_____
Its_____

Acknowledged, consented and agreed to on the date hereof.

PIGEON COVE POWER COMPANY,
a general partnership

By_____
Paul Turnipseed, a general partner

By_____
Dorothy Turnipseed, his wife

By_____
Elwood McCauley, a general partner

By_____
Marjorie McCauley, his wife

By_____
John Lorain, Jr., a general partner

By_____
Donna Lorain, his wife

DESCRIPTION OF CLOSING OPINION
OF COUNSEL TO THE LANDLORD

The closing opinion of Decker & Hollifield, P.A., counsel to the Landlord, which is called for by Section 4(e) of the Note Agreement, shall be dated the Closing Date and addressed to the Security Trustee and the Note Purchaser, shall be satisfactory in form and substance to the Security Trustee and the Note Purchaser and shall be to the effect that:

1. The Landlord is a general partnership duly organized and legally existing under the laws of the State of Idaho and has full power and authority under its partnership agreement to enter into and perform the Landlord Agreements.

2. The Landlord Agreements have been duly executed and delivered by the Landlord, and constitute the legal, valid and binding contracts and agreements of the Landlord enforceable in accordance with their respective terms, except as enforcement of such terms may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

3. No consent, approval or authorization of, and no notice to or filing with, any governmental authority (other than with respect to the FERC Exemption) is required on the part of the Landlord in connection with the execution, delivery and performance of the Landlord Agreements.

4. The execution and delivery by the Landlord of the Landlord Agreements and compliance by the Landlord with all of the provisions of said Agreements will not conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any lien upon any property of the Landlord under the provisions of any law, governmental rule or regulation applicable to the Landlord or any agreement or instrument to which the Landlord is, to the knowledge of such counsel after due inquiry, a party or by which any of the Landlord's properties may be bound.

5. There are no actions, suits or proceedings pending or, to the knowledge of such counsel after due inquiry, threatened against the Landlord, or before any court, administrative agency or governmental body which if determined adversely to the Landlord, would materially and adversely affect the Project or the business of the Landlord, or impair its ability to perform its obligations under the Landlord Agreements.

6. Water Permits No. 47-7660 and 47-7661 are in good standing and allow the diversion and use of 80 and 11.8 cubic feet per second of water, respectively, for diversion and hydro power generation at the Facility when available without affecting any other prior water rights. No opinion is herein given respecting the availability of the water supply.

7. The Landlord has property rights which are valid and continuing and allow the Landlord to divert and convey water from the LQ and LS canals and locate the Facility for hydro power development and use under Water Permits No. 47-7660 and 47-7661.

8. The FERC Exemption is in good standing.

9. The Assignment of Water Rights constitutes a valid assignment of the Water Rights and the Mortgage constitutes a valid lien on the interest of the Grantor in the Water Rights; and the Assignment of Water Rights and the Mortgage (or notices in respect thereof if permitted by applicable law) have been filed for record or recorded in all public offices where such filing or recordation is necessary to protect the rights of the Grantor in the Water Rights and to perfect the lien and security interest of the Security Trustee in the Water Rights under the Mortgage as against creditors of and purchasers from the Grantor.

DESCRIPTION OF CLOSING OPINION
OF COUNSEL TO THE SECURITY TRUSTEE

The closing opinion of Hawley, Troxell, Ennis & Hawley, counsel to the Security Trustee, which is called for by Section 4(e) of the Note Agreement, shall be dated the Closing Date and addressed to the Note Purchaser, shall be satisfactory in form and substance to the Note Purchaser and shall be to the effect that:

1. The Security Trustee is a national banking association duly organized, legally existing and in good standing under the laws of the United States of America.

2. The Mortgage has been duly authorized, executed and delivered by the Security Trustee and constitutes the valid, binding and effective agreement of the Security Trustee enforceable in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, reorganization, insolvency and similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

3. The Security Trustee has corporate power and authority to enter into and perform the Security Agreement.

4. No consent, approval or authorization of any governmental authority is required under the laws of the United States of America or the State of Idaho on the part of the Security Trustee in connection with the execution and delivery of the Mortgage by the Security Trustee or the performance by the Security Trustee of its obligations thereunder.

DESCRIPTION OF CLOSING OPINION OF
COUNSEL TO THE GRANTOR

The closing opinion of Parsons, Behle & Latimer, counsel to the Grantor, which is called for by Section 4(e) of the Note Agreement, shall be dated the Closing Date and addressed to the Note Purchaser and the Security Trustee, shall be satisfactory in form and substance to the Note Purchaser and the Security Trustee, and shall be to the effect that:

1. The Grantor is a corporation duly organized and validly existing in good standing under the laws of the State of Utah, is duly qualified as a foreign corporation to do business in the State of Idaho, and has the corporate power and authority to enter into and perform its obligations under the Grantor Agreements.

2. The execution, delivery and performance of the Grantor Agreements do not and will not contravene any law, governmental rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to or binding on the Grantor or its Articles of Incorporation or By-laws, or result in the creation of any Lien upon the interest of the Grantor in the mortgaged property under the Mortgage under any indenture, mortgage, contract or other agreement (other than the Grantor Agreements) to which the Grantor is a party or by which it may be bound or affected.

3. The Grantor Agreements have been duly authorized by all necessary corporate action on the part of the Grantor and have been duly executed and delivered by the Grantor and constitute legal, valid and binding obligations of the Grantor enforceable against the Grantor in accordance with the respective terms thereof except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by the availability of equitable remedies.

4. No consent, approval or authorization of, and no notice to or filing with, any governmental authority is required on the part of the Grantor in connection with the execution, delivery and performance of the Grantor Agreements and the offer, issue, sale or delivery of the Notes.

5. The Mortgage (or a financing statement or other notice with respect thereto) has been filed for record or recorded in all public offices in the States of Idaho and Utah wherein such filing or recordation is necessary to perfect the lien and security interest of the Security Trustee in the mortgaged property described in Division II of the granting clauses of the Mortgage as against creditors of and purchasers from the Company.

6. The Mortgage constitutes a valid lien on the right, title and interest of the Grantor in the Water Rights and the Assignment of Water Rights.

7. The sale and assignment of the Beneficial Interest by the Grantor to the Company is an exempt transaction under the Securities Act of 1933, as amended, and does not, under existing law, require the registration of the Beneficial Interest under such Act.

DESCRIPTION OF CLOSING OPINION OF
SPECIAL COUNSEL TO THE NOTE PURCHASER

The closing opinion of Chapman and Cutler, special counsel to the Note Purchaser, which is called for by Section 4(e) of the Note Agreement, shall be dated the Closing Date and addressed to the Note Purchaser, shall be satisfactory in form and substance to the Note Purchaser and shall be to the effect that:

1. The Grantor is a corporation duly organized and validly existing in good standing under the laws of the State of Utah and has the corporate power and authority to enter into and perform its obligations under the Grantor Agreements.

2. The Grantor Agreements have been duly authorized by all necessary corporate action on the part of the Grantor, have been duly executed and delivered by the Grantor, and constitute the legal, valid and binding obligations of the Grantor enforceable against the Grantor in accordance with the terms thereof except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by the availability of equitable remedies.

3. No consent, approval or authorization of any governmental authority is required on the part of the Grantor in connection with the execution and delivery of the Grantor Agreements.

4. The Company is a general partnership duly organized and validly existing in good standing under the laws of the State of Utah and has the legal power and authority to enter into and perform its obligations under the Company Agreements.

5. The Company Agreements have been duly executed and delivered and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by the availability of equitable remedies.

6. No consent, approval or authorization of any governmental authority is required on the part of the Company in connection with the execution and delivery of the Company Agreements or the offer, issue, sale or delivery of the Notes, and no designation, declaration, filing, registration and/or qualification with any governmental authority is required on the part of the

Company in connection with such offer, issue, sale or delivery.

7. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreement constitute exempted transactions under the Securities Act of 1933, as amended, and do not require the registration of the Notes under such Act or the qualification of the Mortgage under the Trust Indenture Act of 1939, as amended.

8. The Mortgage (or a financing statement or other notice with respect thereto) has been filed for record or recorded in all public offices in the States of Idaho and Utah wherein such filing or recordation is necessary to perfect the lien and security interest of the Security Trustee in the mortgaged property under the Mortgage (other then the mortgaged property described in Division II of the granting clauses thereof) as against creditors of and purchasers from the Company.

9. The Mortgage creates a valid lien on the leasehold estate of the Company in the Land and on the Company's interest as grantee under the McCauley Easement.

10. The Mortgage creates a valid security interest in the Facility and in the Company's right, title and interest in, to and under the Power Sales Agreement and the sums due and to become due thereunder, effective as against creditors of and purchasers from the Company, subject to Permitted Encumbrances.

Such counsel may expressly state that no opinion is given as to the availability of water or water rights or related matters or as to title of or liens or encumbrances on any real property interests created under the Operative Agreements.

CLOSING CERTIFICATE OF
PIGEON COVE POWER COMPANY

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

As an inducement to and in consideration of your purchase on this date of the Notes referred to in the Note Agreement dated as of January 1, 1985 (the "Note Agreement") between you and LS-LQ Hydroelectric Partners, a Utah general partnership, the undersigned, Pigeon Cove Power Company, an Idaho general partnership (the "Landlord"), hereby represents and warrants as follows:

1. The Landlord is a general partnership duly organized and legally existing under the laws of the State of Idaho and has full power and authority under its partnership agreement to enter into and perform the Landlord Agreements.

2. The Landlord Agreements have been duly executed and delivered by the Landlord and constitute the legal, valid and binding obligations, contracts and agreements of the Landlord enforceable against the Landlord in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

3. No consent, approval or authorization of, and no notice to or filing with, any governmental authority (other than with respect to the FERC Exemption) is required on the part of the Landlord in connection with the execution, delivery and performance of the Landlord Agreements.

4. The execution and delivery by the Landlord of the Landlord Agreements and compliance by the Landlord with all of the provisions of said Agreements will not conflict with nor result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any Lien upon any property of the

Landlord under the provisions of any law, governmental rule or regulation applicable to the Landlord, any agreement or instrument to which the Landlord is, to the knowledge of such counsel after due inquiry, a party or by which any of the Landlord's properties may be bound.

5. There are no actions, suits or proceedings pending or, to the knowledge of the Landlord after due inquiry, threatened against the Landlord, or before any court, administrative agency or governmental body which if determined adversely to the Landlord would materially adversely affect the Project or the business of the Landlord or impair its ability to perform its obligations under the Landlord Agreements.

6. Water Permits No. 47-7660 and 47-7661 are in good standing and allow the diversion and use of 80 and 11.8 cubic feet per second of water, respectively, for diversion and hydro power generation at the Facility when available without affecting any other prior water rights.

7. The Landlord has property rights which are valid and continuing and allow the Landlord to divert and convey water from the LQ and LS canals and locate the Facility for hydro power development and use under Water Permits No. 47-7660 and 47-7661.

8. The FERC Exemption is in good standing.

9. To the knowledge of the Landlord, there does not exist any event of default or event which with the passage of time or the giving of notice or both would constitute an event of default under the Power Sales Agreement.

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

Dated:

PIGEON COVE POWER COMPANY,
a general partnership

By_____
Paul Turnipseed, a general partner

By_____
Dorothy Turnipseed, his wife

By_____
Elwood McCauley, a general partner

By_____
Marjorie McCauley, his wife

By_____
John Lorain, Jr., a general partner

By_____
Donna Lorain, his wife

CLOSING CERTIFICATE OF
FIRST SECURITY BANK OF IDAHO,
NATIONAL ASSOCIATION

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

As an inducement to and in consideration of your purchase on this date of the Notes referred to in the Note Agreement dated as of January 1, 1985 (the "Note Agreement") between you and LS-LQ Hydroelectric Partners, a Utah general partnership, the undersigned, First Security Bank of Idaho, National Association (the "Security Trustee"), hereby represents and warrants in its individual capacity as follows:

1. The Security Trustee is a national banking association duly organized, legally existing and in good standing under the laws of the United States of America.

2. The Mortgage has been duly authorized, executed and delivered by the Security Trustee and constitutes the valid, binding and effective agreement of the Security Trustee enforceable in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, reorganization, insolvency and similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

3. The Security Trustee has corporate power and authority to enter into and perform the Mortgage.

4. No consent, approval or authorization of any governmental authority is required under the laws of the United States of America or the State of Idaho on the part of the Security Trustee in connection with the execution and delivery of the Mortgage by the Security Trustee or the performance by the Security Trustee of its obligations thereunder.

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

Dated:

FIRST SECURITY BANK OF IDAHO,
NATIONAL ASSOCIATION

By_____

Its_____

CLOSING CERTIFICATE OF
BONNEVILLE PACIFIC CORPORATION

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

Reference is made to Section 4(c)(4) of the Note Agreement dated as of January 1, 1985, between you and LS-LQ Hydroelectric Partners, a Utah general partnership consisting of Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann. Terms not otherwise defined herein have the respective meanings assigned thereto in the Note Agreement.

As an inducement to and as part of the consideration for your purchase of the Notes on the date hereof pursuant to the Note Agreement, the Grantor hereby represents and warrants to you as follows:

(a) The Grantor is a corporation duly organized and validly existing in good standing under the laws of the State of Utah and has the corporate power and authority to enter into and perform its obligations under the Grantor Agreements.

(b) The execution, delivery and performance of the Grantor Agreements have been duly authorized by all necessary corporate action on the part of the Grantor, do not and will not contravene any law, governmental rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to or binding on the Grantor or its Articles of Incorporation or Bylaws or result in the creation of any Lien upon the Land or the Project under any indenture, mortgage, contract or other agreement to which the Grantor is a party or by which it may be bound or affected.

(c) The Grantor Agreements constitute valid and binding obligations of the Grantor enforceable against the Grantor in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and except as equitable remedies such as specific performance may be in the discretion of the courts.

(d) There is no pending or, to the knowledge of the Grantor, threatened action or proceeding before any court or

administrative agency which might impair the ability of the Grantor to enter into and perform its obligations under the Grantor Agreements.

(e) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body (other than with respect to the FERC Exemption) is required for the due execution, delivery and performance by the Grantor of the Grantor Agreements.

(f) The Project is free and clear of any Liens which result from claims against the Grantor unrelated to the transactions contemplated hereby and the Company's interest in the Project other than Permitted Encumbrances, and the Grantor has not by affirmative act conveyed any interest in the Project to any Person other than to the Company or the Security Trustee or subjected the Project to any Lien other than Permitted Encumbrances.

(g) To the knowledge of the Grantor, no Default or Event of Default under any of the Operative Agreements has occurred and is continuing. The Grantor is not in violation of any term of the Grantor Agreements.

(h) The Note Purchaser has heretofore been furnished with a copy of a memorandum prepared by the Grantor relating to the transaction contemplated by the Note Agreement. Said memorandum (including the Exhibits thereto) sets forth a correct description of the Project (other than statements as to the cost thereof which are to be covered in the Certificate of Cost) and of the business conducted and proposed to be conducted by the Company.

(i) Neither the Grantor nor any Person authorized or employed by the Grantor as agent, broker, dealer or otherwise in connection with the offering or sale of the Beneficial Interest or any similar Security, has offered any of the Beneficial Interest or any similar Security for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than four persons, each of which was offered a portion of the Beneficial Interest at private sale for investment and each of which the Grantor or such agent had reasonable grounds to believe, and did believe, and, as to the Grantor, after reasonable inquiry, does believe, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Beneficial Interest.

(j) Neither the Grantor nor any Person authorized or employed by the Grantor as agent, broker, dealer or otherwise in connection with the offering or sale of the Notes or any similar Security, has offered any of the Notes or any similar Security for sale to, or solicited offers to buy any thereof from, or otherwise

approached or negotiated with respect thereto with, any prospective purchaser, other than the Note Purchaser.

(k) The Grantor represents that it purchased the Beneficial Interest for its own account for investment and with no intention of distributing or reselling such Beneficial Interest or any part thereof. The Grantor hereby represents and warrants that the sale and assignment of the Beneficial Interest by the Grantor to the Company is an exempt transaction under the Securities Act of 1933, as amended, and does not, under existing law, require the registration of the Beneficial Interest under such Act.

(l) No written statement prepared by the Grantor or any person authorized or employed by the Grantor, as agent, broker, dealer or otherwise in connection with the transactions contemplated by the Note Agreement and furnished by the Grantor or any such Person to the Note Purchaser in connection with the negotiation of the transactions contemplated by the Note Agreement (including the memorandum referred to in Section (h) above) contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact which the Grantor has not disclosed to the Note Purchaser in writing which materially affects adversely or, so far as the Grantor can reasonably foresee, will materially affect adversely the Project or the properties, business, profits or condition (financial or otherwise) of the Grantor or the ability of the Grantor to perform the Grantor Agreements.

(m) Neither the Grantor nor anyone acting on its behalf will offer the Notes or Beneficial Interest or any part thereof or any similar Security for issue or sale to, so solicit any offer to acquire any of the Notes or the Beneficial Interest from, anyone so as to bring the issuance and sale of the Notes or the Beneficial Interest within the provisions of Section 5 of the Securities Act of 1933, as amended.

(n) The audit reports of the Grantor for the year ended _____, 198__, including in each case a balance sheet as at _____, 198__, and a statement of income and retained earnings and changes in financial position for the 12-months ended said date have been provided to the Note Purchaser, accompanied in each case by an opinion thereon of a firm of independent public accountants of recognized national standing selected by the Grantor to the effect that such financial statements have been prepared in accordance with generally accepted accounting principles consistently maintained (except for changes in which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly, includes such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The unaudited statements of income and retained

earnings and changes in financial position of the Grantor for the period ending _____, 198__, and the unaudited interim balance sheet as at _____, 198__, for the Grantor each of which has heretofore been furnished to the Note Purchaser, truly and accurately reflect the financial condition of the Grantor as at said dates and the results of operations for the periods covered thereby. The Grantor has no contingent liabilities which are material to it other than as indicated on said financial statements and the notes thereto and since the date of _____, 19__, there have been no material adverse changes in the condition, financial or otherwise, of the Grantor nor any changes to the Grantor except those occurring in the ordinary course of business.

Dated:

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

DESCRIPTION OF CLOSING OPINION OF COUNSEL TO THE COMPANY

The closing opinion of Parsons, Behle & Latimer, counsel to the Company, which is called for by Section 4(e) of the Note Agreement, shall be dated the Closing Date and addressed to the Note Purchaser and the Security Trustee, shall be satisfactory in form and substance to the Note Purchaser and the Security Trustee, and shall be to the effect that:

1. The Company is a general partnership duly organized and legally existing under the laws of the State of Utah and has full power and authority under the Partnership Agreement to enter into and perform the Company Agreements.

2. The Company Agreements have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with the respective terms thereof except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by the availability of equitable remedies.

3. No consent, approval or authorization of, and no notice to or filing with, any governmental authority is required on the part of the Company in connection with the execution, delivery and performance of the Company Agreements and offer, issue, sale or delivery of the Notes.

4. The Mortgage (or a financing statement or other notice with respect thereto) has been filed for record or recorded in all public offices in the States of Idaho and Utah wherein such filing or recordation is necessary to perfect the lien and security interest of the Security Trustee in the mortgaged property under the Mortgage (except the mortgaged property referred to in Division II of the granting clauses thereof) as against creditors of and purchasers from the Company.

5. The Mortgage creates a valid lien on the leasehold estate of the Company in the Land and on the Company's interest as grantee under the McCauley Easement.

6. The Mortgage creates a valid security interest in the Facility and in the Company's right, title and interest in, to and under the Power Sales Agreement and the sums due and to become due thereunder, effective as against creditors of and purchasers from the Company, subject to Permitted Encumbrances.

7. The formation of the Company and the offering of partnership shares in connection with such formation complied with all applicable state and federal securities laws.

8. The execution, delivery and performance of the Company Agreements do not and will not contravene any law, governmental rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to or binding on the Company or any Partner, or the Certificate of Incorporation or By-Laws of any Partner, or result in the creation of any Lien upon the interest of the Company or any Partner in the Project or the other mortgaged property under the Mortgage, under any indenture, mortgage, contract or other agreement to which the Company or any Partner is a party or by which it may be bound or affected.

9. There are no actions, suits or proceedings pending or, to the knowledge of such counsel after due inquiry, threatened against the Company, or before any court, administrative agency or governmental body which if determined adversely to the Company would materially adversely affect the Project or the business of the Company or impair its ability to perform its obligations under the Company Agreements.

JAN 20 1985

DRAFT

CLOSING MEMORANDUM

$2,900,000 14% Secured Notes Due 1985-1995 of LS-LQ Hydroelectric Partners (Pigeon Cove Hydroelectric Project)

I. PARTIES TO THE TRANSACTION:

A. Company under the Note Agreement, Debtor under the Mortgage, Tenant under the Lease and Assignment Agreement, Assignee under the Partnership Agreement and the Assignment of Right-of-Way Grant, Seller under the Power Sales Agreement, Owner under the Construction Contract and the Operation and Maintenance Agreement, and Grantee under the McCauley Easement:

LS-LQ Hydroelectric Partners
(the "Company")

B. Debtor under the Mortgage, Initial Tenant under the Lease and Assignment Agreement, Assignee under the Assignment of Water Rights, Initial Assignee under the Assignment of Right-of-Way Grant, Initial Seller under the Power Sales Agreement, Initial Owner under the Construction Contract and the Operation and Maintenance Agreement, and Managing General Partner under the Partnership Agreement:

Bonneville Pacific Corporation
(the "Grantor").

C. Landlord under the Lease and Assignment Agreement, Assignor under the Assignment of Water Rights and the Assignment of Right-of-Way Grant:

Pigeon Cove Power Company
(the "Landlord")

D. Buyer under the Power Sales Agreement:

Idaho Power Company
(the "Power Company")

E. Contractor under the Construction Contract:

Water Power Company
(the "Contractor")

MICROFILMED

F. Operator under the Operation and Maintenance Agreement:

Turbine Generator Service
(the "Operator")

G. Construction Lender for the Project:

First Interstate Bank of Utah, N.A.
(the "Construction Lender")

H. Security Trustee under the Mortgage:

First Security Bank of Idaho,
National Association
(the "Security Trustee")

I. Purchaser under the Note Agreement:

New England Mutual Life Insurance Company
(the "Note Purchaser")

II. CLOSING DATE:

The Note Purchaser shall purchase the Notes on such date as the Company shall designate by not less than 15 days' prior written notice, but not later than January 31, 1985 (the "Closing Date"), at the offices of Chapman and Cutler ("C&C"), special counsel for the Note Purchaser, 111 West Monroe Street, Chicago, Illinois 60603, by providing Federal Reserve funds current and immediately available not later than 10:00 A.M. local time in such offices. Every step taken on the Closing Date, including the delivery of all documents to C&C, shall be part of a single transaction, and all such deliveries shall be held in escrow until every step is complete. Every document delivered on the Closing Date shall be delivered in ten counterparts and dated such date, and a file of such documents shall be distributed to Pigeon Cove Hydroelectric Group, a Utah limited partnership ("Pigeon Cove Group"), Twin Falls Hydroelectric, Ltd., a Utah limited partnership ("Twin Falls"), John S. McCabe ("McCabe"), Eric Hartmann ("Hartmann") (collectively, the "Partners"), the Grantor, Parsons, Behle & Latimer ("PB&L"), counsel for the Grantor and the Company, the Landlord, the Security Trustee, the Note Purchaser and C&C. Terms not otherwise defined herein have the respective meanings assigned thereto in the Note Agreement dated as of January 1, 1985 between the Company and the Note Purchaser.

III. STEPS TAKEN BEFORE THE CLOSING DATE:

A. The Board of Directors of the Grantor shall have adopted resolutions authorizing the transactions contemplated by the Mortgage and the Partnership Agreement.

B. UCC Financing Statements designating the Company as debtor and the Security Trustee as secured party and covering the mortgaged property under the Mortgage (except such property described in Division II of the granting clauses thereof) shall have been filed with the Secretaries of State of Idaho and Utah and in the real estate records of the County Recorder of Twin Falls County, Idaho, as required by Section 4(i) of the Note Agreement.

C. UCC Financing Statements designating the Grantor as debtor and the Security Trustee as secured party and covering the mortgaged property described in Division II of the granting clauses of the Mortgage shall have been filed with the Secretaries of State of Idaho and Utah and in the real estate records of the County Recorder of Twin Falls County, Idaho, as required by Section 4(i) of the Note Agreement.

D. Each original executed counterpart of the Power Sales Agreement in the possession of the Company, the Grantor or the Landlord shall be marked with a notice reading as follows: "Pigeon Cove Power Company, an Idaho general partnership (the "Landlord"), has assigned to Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), under the Lease and Assignment Agreement dated May 20, 1983, as amended, supplemented and otherwise modified from time to time (the "Lease"), from the Landlord, as assignor, to the Grantor, as initial assignee, all the rights and duties of the Landlord under this Power Sales Agreement. The Grantor has assigned to LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), as assignee, under the Third Amendment to the Lease, dated as of December 1, 1984 among the Landlord, the Grantor and the Company, all of its rights, titles and interests in and to this Power Sales Agreement. The Company has granted a security interest to First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 among the Company, as debtor, the Grantor, as debtor, and the Security Trustee, as secured party, in all the right, title,

interest, claims and demands now held or hereafter acquired by the Company in, under and to this Power Sales Agreement and all amounts due and to become due to the Company hereunder."

IV. DOCUMENTS DELIVERED ON OR BEFORE THE CLOSING DATE:

		Responsibility For Preparation:
A.	Basic Agreements:	
1.	Note Agreement between the Company and the Note Purchaser.	C&C
2.	Mortgage among the Company, the Grantor and the Security Trustee.	C&C
3.	Lease and Assignment Agreement between the Landlord, the Grantor and the Company.	PB&L
4.	Assignment of Water Rights from the Landlord to the Grantor.	PB&L
5.	Assignment of Right-of-Way Grant from the Landlord to the Grantor.	PB&L
6.	Power Sales Agreement between the Power Company and the Landlord.	PB&L
7.	Construction Contract between the Grantor and the Contractor.	PB&L
8.	General Partnership Agreement among the Grantor, Pigeon Cove Group, Twin Falls, McCabe and Hartmann.	PB&L
9.	Operation and Maintenance Agreement between the Grantor and the Operator.	PB&L
B.	Title, Cost and Completion of the Project:	
10.	Bill of Sale from the Contractor, as required by Section 4(h) of the Note Agreement.	C&C

11.	Commitment to issue a mortgage title insurance policy covering the Project, as required by Section 4(g) of the Note Agreement.	PB&L
12.	A.L.T.A. survey covering the Project, as required by Section 4(d) of the Note Agreement.	PB&L
13.	Certificate of Cost from the Company covering the Project, in the form of Exhibit F to the Note Agreement, as required by Section 4(b) thereof.	C&C
14.	Certificate of Completion from the supervising engineers covering the Project, as required by Section 4(f) of the Note Agreement.	C&C

C. Miscellaneous Documents:

15.	Closing Certificate of the Company, as required by Section 4(c)(1) of the Note Agreement.	C&C
16.	Closing Certificate of the Landlord, in the form of Exhibit L to the Note Agreement, as required by Section 4(c)(2) thereof.	C&C
17.	Letters from the Power Company, as required by Section 4(m) of the Note Agreement.	PB&L
18.	Closing Certificate of the Security Trustee, in the form of Exhibit M to the Note Agreement, as required by Section 4(c)(3) thereof.	C&C
19.	Closing Certificate of the Grantor, in the form of Exhibit P to the Note Agreement, as required by Section 4(c)(4) thereof.	C&C

20.	Insurance report and certificate from an independent broker evidencing the coverage required by Section 3.7 of the Mortgage.	PB&L
21.	FERC Exemption.	PB&L
22.	Permit from the Twin Falls County Planning and Zoning Administration.	PB&L
23.	Receipt from the Security Trustee for the deposit in the Reserve Fund, as provided in Section 6.1 of the Mortgage.	Security Trustee

D. Corporate Proceedings:

24.	Articles of Incorporation of the Grantor certified by the Lieutenant Governor of Utah.	C&C
25.	Certificates of good standing of the Grantor from the Lieutenant Governor of Utah and the Secretary of State of Idaho.	C&C
26.	Certificate of the Secretary of the Grantor covering its Articles of Incorporation, its By-laws, resolutions adopted by its Board of Directors authorizing the transactions contemplated by the Mortgage and the Partnership Agreement, and the incumbency and signature of certain of its officers.	C&C
27.	Certificate of the Partners of the Company covering its Partnership Agreement.	C&C
28.	Application to Transact Business under an Assumed Name for the Company certified by the Lieutenant Governor of Utah.	C&C
29.	Certified copy of Certificate of the Company complying with Section 53-501, Idaho Code, relating to the use of assumed or fictitious names, as filed with	PB&L

	the Recorder of Twin Falls County, Idaho.	
30.	Certificate of an Assistant Secretary of the Security Trustee covering its Articles of Association, its By-laws, resolutions adopted by its Board of Directors authorizing the transactions contemplated by the Mortgage, and the incumbency and signature of certain of its officers.	Security Trustee
31.	Certificates of Lieutenant Governor of Utah and Secretary of State of Idaho certifying as to continued registration of Twin Falls in Utah and Idaho, respectively.	C&C
32.	Certificates of Lieutenant Governor of Utah and Secretary of State of Idaho certifying as to continued registration of Pigeon Cove Group in Utah and Idaho, respectively.	C&C

E. Perfecting the Security Interest:

33.	Release of Mortgage and Security Interest from the Construction Lender, as required by Section 4(j) of the Note Agreement.	C&C
34.	UCC Termination Statements covering the security interest granted to the Construction Lender.	C&C
35.	Evidence of filing of the UCC Financing Statements covering the security interest granted under the Mortgage.	C&C
36.	Evidence that each original executed counterpart of the Power Sales Agreement bears a notice of the security interest granted under the Mortgage, as referred to in Section III above.	PB&L
37.	Notice of Mortgage from the Company, the Grantor and the	C&C

Security Trustee and Acknowledgment by the Landlord, in the form of Exhibit G to the Note Agreement, as required by Section 4(l) thereof.

38. Notice from the Grantor of security interest in Water Rights and acknowledgment by the State of Idaho, Department of Water Resources, as required by Section 4(o) of the Note Agreement. — PB&L

39. Notice from the Company of security interest in Right-of-Way Grant and acknowledgment by the U.S. Department of the Interior, Bureau of Land Management. — PB&L

40. Notice from the Company of security interest in Construction Contract and acknowledgment by the Contractor, as required by Section 3(a) of the Note Agreement. — PB&L

41. Notice from the Company of security interest in Power Sales Agreement and Acknowledgment by the Power Company. — C&C

42. Notice from the Company of security interest in Operation and Maintenance Agreement and Acknowledgement by the Operator. — C&C

F. Issuing the Notes:

43. Request from the Company for Authentication of Notes by the Security Trustee. — C&C

44. Note of the Company authenticated by the Security Trustee, in the form of Exhibit A to the Mortgage, and amortization schedule therefor. — C&C

45. Cross Receipt from the Company. — C&C

G. Opinions of Counsel:

46.	Opinion of Decker & Hollifield, P.A., counsel for the Landlord, in the form of Exhibit H to the Note Agreement, as required by Section 4(e) thereof.	Landlord
47.	Opinion of Hawley, Troxell, Ennis & Hawley, counsel for the Security Trustee, in the form of Exhibit I to the Note Agreement, as required by Section 4(e) thereof.	Security Trustee
48.	Opinion of Parsons, Behle & Latimer, counsel for the Company, in the form of Exhibit J to the Note Agreement, as required by Section 4(e) thereof.	PB&L
49.	Opinion of Parsons, Behle & Latimer, counsel for the Grantor, in the form of Exhibit Q to the Note Agreement, as required by Section 4(e) thereof.	PB&L
50.	Opinion of Chapman and Cutler, special counsel for the Note Purchaser, in the form of Exhibit K to the Note Agreement, as required by Section 4(e) thereof.	C&C

BILL OF SALE

1. The undersigned, Water Power Company, a Utah corporation (the "Seller"), in consideration of One Dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby transfers, conveys, sells, grants, bargains, releases and assigns to LS-LQ Hydroelectric Partners, a Utah general partnership (the "Buyer"), and its successors and assigns, for their own use forever, all the right, title and interest of the Seller in, under and to the equipment and other personal property described in Schedule 1 hereto (the "Equipment").

2. The Seller hereby warrants to the Buyer that the Seller is the lawful owner of and holds good title to the Equipment, that the title of the Seller to the Equipment is hereby transferred and conveyed to the Buyer free and clear of all liens, claims, demands, security interests, charges and encumbrances of every kind whatever, including without limitation any lien, claim, demand, security interest, charge or encumbrance of the Seller on the Equipment, and that the Seller shall warrant and defend such title forever against all claims and demands whatever.

3. The Seller hereby further warrants to the Buyer that the Equipment has been constructed in accordance with the Agreement dated September 23, 1983 as amended by the First Amendment dated April 6, 1984, each between the Seller and Bonneville Pacific Corporation, a Utah corporation (the "Initial Owner"), as assigned by the Initial Owner to the Buyer pursuant to the General Partnership Agreement dated as of July 15, 1983 providing for the formation of the Buyer.

4. The Seller hereby acknowledges receipt on the date hereof from the Buyer of payment in full of the purchase price of the Equipment.

Dated:

WATER POWER COMPANY

By_____
Its_____

DESCRIPTION OF EQUIPMENT

SCHEDULE 1
(to Bill of Sale)

CERTIFICATE OF COMPLETION

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

First Security Bank of Idaho,
National Association
as Security Trustee under an
Indenture of Mortgage, Assignment
of Lease and Security Agreement
dated as of January 1, 1985
79 South Main Street
Salt Lake City, Utah 84111

Gentlemen:

Reference is made to Section 4(f) of the Note Agreement dated as of January 1, 1985 (the "Note Agreement") between LS-LQ Hydroelectric Partners, a Utah general partnership, and New England Mutual Life Insurance Company, a Massachusetts corporation. Terms not otherwise defined herein have the respective meanings assigned thereto in the Note Agreement.

As an inducement to and as part of the consideration for the purchase of the Notes on the date hereof pursuant to the Note Agreement by the Note Purchaser, the undersigned, J.U.B. Engineers, Inc., an independent firm of engineers, hereby certifies to each of you as follows:

1. The Facility has been completed in accordance with the Plans, and the Project constitutes an integrated and self-contained system capable of the generation of 1,555 kilowatts of electricity.

2. Water supply studies have been conducted and the data indicates that under average flow scenarios and diversions pursuant to Permits No. 47-7660 and 47-7661 the Project will develop and maintain the hydroelectric potential as represented in the Project memorandum referred to in Section 3.1(g) of the Note Agreement.

J.U.B. ENGINEERS, INC.

By_____
Its_____

CLOSING CERTIFICATE OF
LS-LQ HYDROELECTRIC PARTNERS

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

Reference is made to Section 4(c)(1) of the Note Agreement dated as of January 1, 1985 (the "Note Agreement") between LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), and you. Terms not otherwise defined herein have the respective meanings assigned thereto in the Note Agreement.

As an inducement to and as part of the consideration for your purchase of the Notes on the date hereof pursuant to the Note Agreement, the Company hereby represents and warrants to you as follows:

1. The representations and warranties of the Company set forth in Section 3.1 of the Note Agreement have been re-examined and are true and correct in all respects on and as of the date hereof with the same effect as though made on and as of the date hereof.

2. The Company has performed and complied with all the agreements and conditions set forth in the Note Agreement which are required to be performed or complied with by the Company on or before the date hereof.

3. No Default or Event of Default under the Mortgage has occurred and is continuing on the date hereof.

4. The Company has complied with the insurance requirements set forth in Section 3.7 of the Mortgage.

Dated:

LS-LQ HYDROELECTRIC PARTNERS

By _____
Its _____

Item 15
(of Closing Memorandum)

CERTIFICATE OF THE SECRETARY OF
BONNEVILLE PACIFIC CORPORATION

The undersigned, Robert L. Wood, hereby certifies that he is the duly elected, qualified and acting Secretary of Bonneville Pacific Corporation (the "Corporation"), a corporation duly organized, legally existing and in good standing under the laws of the State of Utah, that in such capacity he has custody of the corporate records of the Corporation, and that:

1. The Articles of Incorporation of the Corporation have not been amended, supplemented or otherwise modified since December 15, 1983, and such Articles of Incorporation as certified on such date by the Secretary of State of Utah remain in full force and effect on the date hereof.

2. Attached hereto as Exhibit A is a true, correct and complete copy of the By-laws of the Corporation which were duly adopted by the Corporation and which are on the date hereof, and which were on the date of the meeting of the Board of Directors of the Corporation referred to in paragraph 3 below, in full force and effect.

3. Attached hereto as Exhibit B is a true, correct and complete copy of certain resolutions adopted by the Board of Directors of the Corporation at the meeting of such Board duly called, convened and held on _____, 198_, at which meeting a quorum of such Board was present and acting throughout and a majority of such Board voted in favor of the adoption thereof; such resolutions do not in any manner contravene the Articles of Incorporation or By-laws of the Corporation; such resolutions are in full force and effect on the date hereof and have not been amended, modified, rescinded or revoked.

4. The persons whose names, offices and signatures appear on the Incumbency and Signature Schedule attached hereto as Exhibit C are duly elected, qualified and acting officers of the Corporation and hold on the date hereof the offices set opposite their respective names therein and the signatures therein appearing opposite their respective names are the genuine signatures of such officers.

Dated:

_____
Secretary

INCUMBENCY AND SIGNATURE SCHEDULE

Name	Office	Signature
Raymond L. Hixson	President	_____
L. Wynn Johnson	Vice President	_____

EXHIBIT C
(to Certificate of the Secretary)

CERTIFICATE OF THE PARTNERS OF LS-LQ HYDROELECTRIC PARTNERS

The undersigned, the partners of LS-LQ Hydroelectric Partners, a general partnership duly organized and legally existing under the Uniform Partnership Act of the State of Utah (the "Company"), hereby certify as follows:

1. Attached hereto as Exhibit A is a true, correct and complete copy of the General Partnership Agreement for LS-LQ Hydroelectric Partners dated as of July 15, 1983 among the undersigned partners, which constitutes the whole of the partnership agreement of this partnership, which was duly adopted by the partners thereto, and which is on the date hereof, and was on the respective dates of execution and delivery of the Note Agreement dated as of January 1, 1985 between the Company and New England Mutual Life Insurance Company, the Indenture of Mortgage, Assignment of Lease, and Security Agreement (the "Mortgage") dated as of January 1, 1985 among the Company, Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), and First Security Bank of Idaho, National Association, as Security Trustee (the "Security Trustee"), the Third Amendment dated as of December 1, 1984 among the Company, the Grantor, and Pigeon Cove Power Company, an Idaho general partnership (the "Landlord"), to the Lease and Assignment Agreement dated May 20, 1983 between the Landlord and the Grantor, and an aggregate principal amount of $2,900,000 of the 14% Secured Notes due 1985-1995 of the Company, in full force and effect.

2. The signatures appearing below are duly authorized, official and genuine signatures of each of the respective general partners of the Company.

Dated: _____

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

PIGEON COVE HYDROELECTRIC GROUP,
a Utah limited partnership

By DOMINION HYDROELECTRIC GROUP,
a Utah corporation
Its General Partner

By_____
Its _____

Item 27
(of Closing Memorandum)

TWIN FALLS HYDROELECTRIC, LTD.,
a Utah limited partnership

By FAR WEST CAPITAL, INC., a Utah corporation
Its General Partner

By _____
Its _____

_____
JOHN S. McCABE

_____
ERIC HARTMANN

RELEASE OF MORTGAGE AND SECURITY INTEREST

WHEREAS, the undersigned, First Interstate Bank of Utah, N.A., a national banking association (the "Interim Lender"), hereby acknowledges receipt on the date hereof of payment in full of all the indebtedness due to the Interim Lender from Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), under the Construction Loan Agreement dated January 23, 1984 between the Grantor and the Interim Lender.

NOW, THEREFORE, in consideration of such payment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Interim Lender hereby irrevocably releases, returns, premises, transfers, conveys and quitclaims to the Grantor and LS-LQ Hydroelectric Partners, a Utah general partnership, any and all liens, security interests and other right, title, interest, claims and demands granted by the Grantor to the Interim Lender under (i) the Assignment and Security Agreement dated January 23, 1984 between the Grantor, as debtor, and the Interim Lender, as secured party, in the Collateral described therein, and (ii) the Real Estate Mortgage dated January 23, 1984 (the "Mortgage") from the Grantor, as mortgagor, to the Interim Lender, as mortgagee, in the mortgaged property described therein.

The Interim Lender hereby certifies to First Security Bank of Idaho, National Association, as Security Trustee under an Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985, that the only instruments filed for record or recorded in any public office to perfect such lien and security interest are (i) the Mortgage, which was recorded in the office of the County Recorder of Twin Falls County, Idaho, instrument no. 853984, book no. 218, page no. 482, on January 24, 1984, and (ii) the following Uniform Commercial Code Financing Statements:

Filing Office	Filing Number	Filing Date
Real Estate Records of the County Recorder of Twin Falls County, Idaho	_____	January 24, 1984
Secretary of State of Idaho	B84573	January 24, 1984
Secretary of State of Utah	_____	_____, 1984

Item 33
(of Closing Memorandum)

Dated:

FIRST INTERSTATE BANK OF
UTAH, N.A.

By_____
Its_____

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

On the ____ day of _____, 1985, before me, _____, personally appeared _____, known or identified to me to be the _____ of First Interstate Bank of Utah, National Association, the bank that executed the instrument, or the person who executed the instrument on behalf of said bank, and acknowledged to me that said bank executed the same.

[SEAL] _____
NOTARY PUBLIC

Residing at: _____

My Commission Expires:

_____

DESCRIPTION OF COLLATERAL

DEBTOR: Bonneville Pacific Corporation

SECURED PARTY: First Security Bank of Idaho, National Association, as Security Trustee

1. Water Rights. All right, title and interest of the Debtor in the water and water rights described in Schedule 2 to this UCC Financing Statement; and

2. Contract Rights. All right, title, interest, claims and demands of the Debtor in, under and to the Assignment of Water Rights dated April 10, 1984, from Pigeon Cove Power Company, an Idaho general partnership as assignor, to the Debtor, as assignee; together with all rights, powers, privileges, licenses, easements, options and other benefits of the Debtor thereunder, including, without limitation, the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Debtor is or may be entitled to do thereunder.

Schedule 1
(to UCC Financing Statement)

DESCRIPTION OF WATER RIGHTS

Water Rights evidenced by Applications for Permit, Identification Nos. 47-7660 and 47-7661, approved by the State of Idaho, Department of Water Resources.

Schedule 2
(to UCC Financing Statement)

DESCRIPTION OF COLLATERAL

DEBTOR: LS-LQ Hydroelectric Partners

SECURED PARTY: First Security Bank of Idaho, National Association, as Security Trustee

1. Facility. The equipment and all other personal property described in Schedule 2 to this UCC Financing Statement, together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, whether now owned or hereafter acquired by the Debtor, and all substitutions, renewals and replacements thereof, additions, improvements, accessions and accumulations thereto, and rents, issues, income, profits and avails therefrom.

2. Contract Rights. All right, title, interest, claims and demands of the Debtor in, under and to:

(a) the Construction Contract dated September 23, 1983, as amended by the First Amendment dated April 6, 1984, each between Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), as owner, and Water Power Company, a Utah corporation, as assigned by the Grantor to the Debtor in the General Partnership Agreement dated as of July 15, 1983 among the Grantor, Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann (the "Partnership Agreement"), regarding the construction of the Pigeon Cove Hydroelectric Project located in Twin Falls County, Idaho, and the purchase orders, installation contracts and other agreements in respect thereof;

(b) the Assignment of Right-of-Way Grant dated October 13, 1983 from Pigeon Cove Power Company, an Idaho general partnership (the "Landlord"), as assignor, to the Grantor, as initial assignee, as assigned by the Grantor to the Debtor in the Partnership Agreement and the hereinafter identified Lease and Assignment Agreement;

(c) the Lease and Assignment Agreement dated May 20, 1983, as amended by the First Amendment dated October 31, 1983 and the Second Amendment dated January 20, 1984, between the Landlord and the Debtor, as initial tenant and assignee, which leasehold estate has been assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Third Amendment dated as of December 1, 1984 to such Lease and Assignment Agreement among the Landlord, the Grantor, as assignor, and the Debtor, as tenant and assignee;

(d) The Operation and Maintenance Agreement dated April 5, 1984 between the Grantor, as owner, and Utah Renewable Resources, Inc., d/b/a Turbine Generator Service, a Utah corporation, as operator, as assigned by the Grantor to the Debtor in the Partnership Agreement, as such Operation and Maintenance Agreement relates to the Pigeon Cove Hydroelectric Project;

(e) The General Partnership Agreement for LS-LQ Hydroelectric Partners, a Utah general partnership, dated as of July 15, 1983 among the Grantor, Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann;

(f) the Order Granting Exemption from Licensing of a Small Hydroelectric Project of 5 Megawatts or Less issued April 9, 1982, Project No. 5767-000, by the Office of Electric Power Regulation, Federal Energy Regulatory Commission, as supplemented by the Order Finding That Certain Projects Exempted From Licensing or the Subject of Applications for Exemption From Licensing Utilize Natural Water Features in a Manner Consistent With the Provisions of the Public Utility Regulatory Policies Act, as Construed by the Decision in Tulalip Tribes of Washington v. F.E.R.C., 732 F.2d 1451 (9th Cir., 1984), which order was issued on July 18, 1984 by the Federal Energy Regulatory Commission; and

(g) any and all other contracts and agreements relating to such hydroelectric project or any rights or interests therein to which the Debtor is now or may hereafter be a party;

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

3. Power Sales Agreement. All right, title, interest, claims and demands of the Debtor, as seller, under the Power Sales Agreement dated May 11, 1983 (the "Power Sales Agreement") between the Landlord, as initial seller, and Idaho Power Company, a Maine corporation, as buyer, which Power Sales Agreement the Landlord has assigned to the Grantor, and the Grantor has assigned to the

Debtor, pursuant to the Lease and Assignment Agreement and (in connection with said assignment from the Grantor to the Debtor) the Partnership Agreement, together with all rights, powers, privileges and other benefits of the Debtor as seller thereunder, including, without limitation, the immediate and continuing right to receive all monies payable to or receivable by the Debtor pursuant thereto, and the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of an Event of Default under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 (the "Mortgage") among the Debtor, the Grantor and the Secured Party, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Power Sales Agreement or by law, and to do any and all other things whatsoever which the Debtor is or may be entitled to do under the Power Sales Agreement.

4. Reserve Fund. Funds now or hereafter held by the Secured Party pursuant to Sections 5 or 6 of the Mortgage.

5. Fixtures. All right, title and interest of the Debtor in all buildings, other constructions, structures, pen stocks, tailraces, power houses and improvements, together with all appurtenances thereto, and all heating, sprinkler and electric light systems, boilers, plumbing, electrical switch-gear, duct work, reactors, distribution lines, tracks, tanks and switches and other machinery and equipment used or useful by the Debtor which are classified as fixtures and a part of the freehold under applicable laws, whether such right, title or interest is now owned or hereafter acquired by conveyance, lease, servitude or otherwise, and which are located on the real property described in Schedule 3 to this UCC Financing Statement.

DESCRIPTION OF FACILITY

One completed hydroelectric project sized for 91.8 cfs of water and at least 1,555 kw of electric output, more particularly described as:

LEGAL DESCRIPTION OF REAL PROPERTY

Schedule 3
(to UCC Financing Statement)

NOTICE OF ASSIGNMENT OF CONSTRUCTION AGREEMENT AND ACKNOWLEDGMENT BY WATER POWER COMPANY

Water Power Company
1200 112 N.E. Suite 102A
Bellevue, Washington 98004

Gentlemen:

Reference is made to the Agreement dated as of September 23, 1983, as amended by the First Amendment dated as of April 6, 1984 (the "Construction Agreement"), each between you and Bonneville Pacific Corporation, a Utah corporation (the "Grantor"). The Grantor has assigned to LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), pursuant to the General Partnership Agreement for LS-LQ Hydroelectric Partners dated as of July 15, 1983 among the Grantor, Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann, all the rights and duties of the Grantor under the Construction Agreement.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 among the Company, as mortgagor, assignor and debtor, the Grantor, as debtor, and the Security Trustee, as secured party, mortgagee and assignee, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Construction Agreement, together with all rights, powers, privileges, licenses, easements, options and other benefits of the Company under such Construction Agreement, including, without limitation, the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments and other communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Company is or may be entitled to do thereunder.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but altogether one and the same instrument.

Dated:

LS-LQ HYDROELECTRIC PARTNERS,
a general partnership

By BONNEVILLE PACIFIC CORPORATION,
Its Managing General Partner

By_____
Its_____

Acknowledged, consented and agreed to on the date hereof.

WATER POWER COMPANY,
a Utah corporation

By_____
Its_____

NOTICE OF SECURITY INTEREST IN POWER SALES AGREEMENT
AND ACKNOWLEDGMENT BY IDAHO POWER COMPANY

Idaho Power Company
1220 Idaho Street
Boise, Idaho 83707
Attention: Vice President,
Power Operations

Gentlemen:

Reference is made to the Power Sales Agreement dated May 11, 1983 (the "Power Sales Agreement") between you, as buyer, and Pigeon Cove Power Company, an Idaho general partnership (the "Landlord"), as seller. The Landlord has assigned to Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), and the Grantor has assigned to LS-LQ Hydroelectric Partners, a Utah general partnership consisting of the Grantor, Pigeon Cove Hydroelectric Group, a Utah limited partnership ("Pigeon Cove"), Twin Falls Hydroelectric, Ltd., a Utah limited partnership ("Twin Falls"), John S. McCabe ("McCabe"), and Eric Hartmann ("Hartmann") (the "Company"), under the Lease and Assignment Agreement dated May 20, 1983, as amended and supplemented from time to time, between the Landlord, as assignor, the Grantor, as initial tenant, initial assignee, and assignor and the Company, as tenant and assignee, and the General Partnership Agreement for LS-LQ Hydroelectric Partners dated as of July 15, 1983 among the Grantor, Pigeon Cove Group, Twin Falls, McCabe and Hartmann, all the rights and duties of the Landlord under the Power Sales Agreement.

You are hereby notified that the Company has granted a security interest to First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee"), under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 (the "Mortgage") between the Company, as mortgagor, assignor and debtor, the Grantor, as debtor, and the Security Trustee, as mortgagee, assignee and secured party, in all the right, title, interest, claims and demands now held or hereafter acquired by the Company in, under and to the Power Sales Agreement and all amounts due and to become due to the Company thereunder.

Accordingly, you are hereby directed and authorized, until notified otherwise by the Security Trustee, to make all payments due under the Power Sales Agreement to:

First Security Bank of Idaho, N.A.
119 North 9th Street
Boise, Idaho 83730
Attention: Trust Division
Re: Pigeon Cove Hydroelectric Project

for application as provided in the Mortgage.

Notwithstanding the foregoing, you shall not be liable to New England Mutual Life Insurance Company, the Security Trustee, the Company, the Grantor or the Landlord for any payments which you make other than as provided herein. Furthermore, your willingness to make payments to the Security Trustee rather than directly to the Landlord or to the Grantor or to the Company will not limit in any way your right to pursue any remedies which you might have at law or in equity against any of the parties to this transaction, including New England Mutual Life Insurance Company, including without limitation the right to make any deductions or offsets to payments made pursuant to the Power Sales Agreement.

This instrument may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

Dated:

LS-LQ HYDROELECTRIC PARTNERS

By BONNEVILLE PACIFIC CORPORATION
Its Managing General Partner

By_____
Its_____

Acknowledged, consented and agreed to on the date hereof.

IDAHO POWER COMPANY

By_____
Its_____

FIRST SECURITY BANK OF IDAHO,
NATIONAL ASSOCIATION
as Security Trustee

By_____
Its_____

NEW ENGLAND MUTUAL LIFE
INSURANCE COMPANY

By_____
Its_____

BONNEVILLE PACIFIC CORPORATION

By_____
Its_____

PIGEON COVE POWER COMPANY,
a general partnership

By_____
Paul Turnipseed, a general
partner

By_____
Dorothy Turnipseed, his wife

By_____
Elwood McCauley, a general
partner

By _____
Marjorie McCauley, his wife

By _____
John Lorain, Jr., a general
partner

By _____
Donna Lorain, his wife

REQUEST FOR AUTHENTICATION OF NOTES

First Security Bank of Idaho,
National Association
as Security Trustee under an
Indenture of Mortgage, Assignment
of Lease and Security Agreement dated
as of January 1, 1985
119 North 9th Street
Boise, Idaho 83730
Attention: Trust Division
Re: Pigeon Cove Hydroelectric Project

Gentlemen:

Pursuant to Section 2 of the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 between Bonneville Pacific Corporation, a Utah corporation, LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), and you, the Company herewith delivers to you and requests that you authenticate its 14% Secured Note due 1985-1995, dated the date hereof, in registered form, more fully described below (the "Note"):

Registered Holder	Identifying Number	Principal Amount
New England Mutual Life Insurance Company	R-1	$2,900,000

Please acknowledge receipt of the Note and certify to the authentication thereof upon a counterpart of this instrument.

Dated:

LS-LQ HYDROELECTRIC PARTNERS

By BONNEVILLE PACIFIC CORPORATION
Its Managing General Partner

By _____
Its _____

Item 42
(of Closing Memorandum)

The undersigned hereby acknowledges receipt of and certifies that it has authenticated the Note.

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

By_____
Its_____

CROSS RECEIPT

New England Mutual Life
Insurance Company
501 Boylston Street
Boston, Massachusetts 02117

Gentlemen:

Pursuant to the Note Agreement dated as of January 1, 1985 between LS-LQ Hydroelectric Partners, a Utah general partnership (the "Company"), and you, the Company herewith delivers to you its 14% Secured Note due 1985-1995, dated the date hereof, in registered form, more fully described below (the "Note"):

Registered Holder	Identifying Number	Principal Amount
New England Mutual Life Insurance Company	R-1	$2,900,000

The Company hereby acknowledges receipt from you of the total principal amount set forth above in full payment for the Note. Please acknowledge receipt of the Note upon a counterpart of this instrument.

Dated:

LS-LQ HYDROELECTRIC PARTNERS

By BONNEVILLE PACIFIC CORPORATION
Its Managing General Partner

By _____
Its _____

The undersigned hereby acknowledges receipt of the Note as agent and attorney-in-fact for the addressee.

CHAPMAN AND CUTLER

By _____

Item 45
(of Closing Memorandum)

FLOATING RATE PROMISSORY NOTE

$2,856,000.00 January 23, 1984

The undersigned ("Borrower") promises to pay to the order of First Interstate Bank of Utah, N.A., ("Lender") at its office in Salt Lake City, Utah, or at such place as Holder hereof may designated in writing, the sum of Two Million Eight Hundred Fifty-Six Thousand Dollars ($2,856,000), together with interest on the unpaid balance thereof from January 23, 1984, the date the proceeds of this loan were disbursed by Lender (the "Interest Commencement Date"), at the rate of Lender's prime rate plus one and a half percent (1 1/2%) per annum, as such rate may from time to time be determined by Lender, payable upon demand, or, if no demand, then December 1, 1984, or as follows:

INTEREST PAYABLE QUARTERLY

Lender's Prime Rate as of the date of this note is 11% per annum. Said interest rate on this note shall be adjusted on date of such change without notice to the undersigned. In no event shall the adjusted interest rate exceed the maximum legal rate of interest permitted under the laws of the State of Utah.

If the Interest Commencement Date is not shown hereon when executed by Borrower, Lender is hereby authorized to insert such date on this Note subsequent to its execution by Borrower. Interest as aforesaid shall continue to accrue on the unpaid balance both before and after judgment until paid. Payments shall first be credited against interest and then against principal, except as specified herein.

The undersigned, whether maker, endorser, surety or guarantor (all of whom are included in the term "Borrower"), shall be in default if any of the following events occur: (a) upon Holder deeming itself insecure; or (b) upon Borrower's failure to make any payment as required hereunder; or (c) upon Borrower's failure to perform any other obligation to Holder; or (d) upon the death or insolvency (however evidenced) of Borrower; or (e) upon the commission of an act of insolvency or the making of a general assignment for the benefit of creditors by Borrower; or (f) upon the filing of any petition or the commencement of any proceeding by or against Borrower for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, compositions or extensions; or (g) upon the suspension of the transaction of the usual business of

MICROFILMED

Borrower; or (h) upon the dissolution, merger, consolidation or reorganization of Borrower; or (i) if representation or warranty, whether oral or written, by Borrower to Holder be materially untrue.

In the event of any such default, Borrower agrees: (a) that the entire unpaid balance hereof shall, at the election of Holder and without notice to Borrower, be accelerated and become immediately due and payable; (b) to pay to Holder all lawful collection costs and legal expenses, including reasonable attorney's fees; and (c) that any payments from whatever source shall first be applied to Holder's collection costs and legal expenses and then to interest and principal as aforesaid. Waiver of any default shall not constitute a waiver of any subsequent default.

Borrower waives demand, presentment, protest, notice of dishonor, suit against any party and all other notices whatsoever. Borrower consents and agrees (i) that Holder may release any party hereto and any security (or any part thereof) for this loan, with or without substitution, and (ii) that the payment of this Note, or any of the liabilities and obligations of Borrower hereunder may be extended by Holder or this Note renewed by Holder, whether or not longer than the original period of said Note, all without notice to or consent of and without affecting or releasing the liability of any Borrower. The provisions of this Note may be modified only by written agreement between Holder and one or more of the undersigned and shall be binding upon all of the undersigned without notice to or consent of and without affecting or releasing the liability of the Borrower. Lender may set off against this Note any bank account or any other amounts owned by Lender in any capacity to Borrower.

This Note is secured by the Assignment and Security Agreement and the Real Estate Mortgage of even date herewith.

BONNEVILLE PACIFIC CORPORATION

By _____

Its SEC

2121d

JAN 20 1985

DRAFT

INDENTURE OF MORTGAGE, ASSIGNMENT OF LEASE AND SECURITY AGREEMENT

Dated as of January 1, 1985

Among

LS-LQ HYDROELECTRIC PARTNERS

Debtor

BONNEVILLE PACIFIC CORPORATION

Grantor

and

FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION

Security Trustee

(Pigeon Cove Hydroelectric Project)

This instrument was prepared by
and after filing should be returned to:

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

EXHIBIT A
(to Note Agreement)

MICROFILMED

EXHIBIT A
(to Note Agreement)

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ATTACHMENTS TO INDENTURE OF MORTGAGE, ASSIGNMENT OF LEASE AND SECURITY AGREEMENT:

Schedule 1 -- Operating Expense Categories

Exhibit A -- Form of 14% Secured Note due 1985-1995

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Exhibit C -- Description of Water Rights

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Exhibit G -- Description of McCauley Easement

INDENTURE OF MORTGAGE, ASSIGNMENT OF LEASE AND SECURITY AGREEMENT

INDENTURE OF MORTGAGE, ASSIGNMENT OF LEASE AND SECURITY AGREEMENT dated as of January 1, 1985 (this "Mortgage") among (i) LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership consisting of Bonneville Pacific Corporation, a Utah corporation, Pigeon Cove Hydroelectric Group, a Utah limited partnership, Twin Falls Hydroelectric, Ltd., a Utah limited partnership, John S. McCabe and Eric Hartmann (the "Company"), whose post office address is c/o Bonneville Pacific Corporation, Managing General Partner, 200 East South Temple, Suite 300, Salt Lake City, Utah 84111, (ii) BONNEVILLE PACIFIC CORPORATION, a Utah corporation (the "Grantor"), whose post office address is 200 East South Temple, Suite 300, Salt Lake City, Utah 84111, and (iii) FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION, a national banking association (the "Security Trustee"), whose post office address is 119 North 9th Street, Boise, Idaho 83730, Attention: Trust Division.

RECITALS:

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

B. The Debtor has entered into a Note Agreement dated as of January 1, 1985 (the "Note Agreement") with the Note Purchaser providing for the commitment of the Note Purchaser to purchase the 14% Secured Notes due 1985-1995 of the Debtor not exceeding an aggregate principal amount of $2,900,000. The Notes are to be dated the date of issue, to bear interest at the rate of 14% per annum prior to maturity, to be payable in 40 consecutive installments of both principal and interest, and to be payable quarterly on the Interest Payment Dates with the final such installment being payable on _____, 1995. The Notes are to be otherwise substantially in the form set forth as Exhibit A hereto.

C. The proceeds of the Notes are to be applied by the Debtor to finance not more than 70% of the cost to the Debtor of a hydroelectric facility constructed on the Land.

D. The Grantor, as Managing General Partner of the Debtor, will benefit materially from the purchase of the Notes by the Note Purchaser to finance the aforementioned hydroelectric facility, and has agreed pursuant to the Partnership Agreement to hold and own the Water Rights for the use and benefit of the Debtor.

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

NOW, THEREFORE, the Debtor and the Grantor in consideration of the premises and of the payment of the proceeds of the issuance and sale of the Notes to the Debtor and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the equal and pro rata payment of the principal of and premium, if any, and interest on the Notes at any time outstanding hereunder according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all the covenants and conditions contained in the Notes, this Mortgage and the Note Agreement, do hereby mortgage, assign, pledge and hypothecate unto the Security Trustee, its successors in trust and assigns, forever, and grant to the Security Trustee, its successors in trust and assigns, forever, a security interest in, all and singular the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "mortgaged property"):

DIVISION I

All right, title and interest of the Debtor in that certain leasehold estate and all rights (including, without limitation, rights of ingress, egress and other rights of access), licenses, interests, privileges and easements (including, without limitation, water lines, electrical transmission lines and other utility easements) created by the Lease and Assignment Agreement in respect of the real property (the "Land") described in Exhibit B attached hereto.

DIVISION II

All right, title and interest of the Grantor in the water and water rights (the "Water Rights") described in Exhibit C attached hereto and in, under and to the Assignment of Water Rights together with all rights, powers, privileges, licenses, easements, options and other benefits of the Grantor thereunder, including, without limitation, the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings as shall be permitted thereby or by law, and to do any and all other things which the Grantor is or may be entitled to do thereunder.

DIVISION III

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

DIVISION IV

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

DIVISION V

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

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

B. the Assignment of Right-of-Way Grant,

C. the Lease and Assignment Agreement,

D. the Operation and Maintenance Agreement (as it relates to the Project),

E. the Partnership Agreement,

F. the FERC Exemption, and

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

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

DIVISION VI

All right, title, interest, claims and demands of the Debtor, as seller, under the Power Sales Agreement, together with all rights, powers, privileges and other benefits of the Debtor as seller thereunder, including, without limitation, the immediate and continuing right to receive all moneys payable to or receivable by the Debtor pursuant thereto, and the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of an Event of Default, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things whatsoever which the Debtor is or may be entitled to do thereunder; it being the intent and purpose hereof that the assignment and transfer to the Security Trustee of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Security Trustee shall have the right to collect and receive said moneys for application in accordance with the provisions of Section 5 hereof at all times during the period from and after the date of this Mortgage until the Indebtedness Hereby Secured has been fully paid and discharged.

DIVISION VII

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

DIVISION VIII

All right, title and interest of the Debtor in that certain right-of-way grant described in Exhibit F hereto (the "Right-of-Way Grant") and in that certain easement described in Exhibit G hereto (the "McCauley Easement").

SUBJECT, HOWEVER, to Permitted Encumbrances.

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

SECTION 1. DEFINITIONS.

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

"Assignment of Right-of-Way Grant" shall mean the Assignment of Right-of-Way Grant dated October 31, 1983 from the Landlord, as assignor, to the Grantor, as initial assignee, substantially in the form of Exhibit D to the Note Agreement, as approved by the United States Department of the Interior, Bureau of Land Management ("BLM") in its decision dated January 19, 1984, as assigned by the Grantor to the Debtor pursuant to the Lease and Assignment Agreement and the Partnership Agreement, as approved by BLM in its decision dated December 4, 1984.

"Assignment of Water Rights" shall mean the Assignment of Water Rights and Permits dated April 10, 1984 between the Landlord, as assignor, and the Grantor, as assignee, substantially in the form attached to the Note Agreement as Exhibit C thereto, as approved by the State of Idaho Department of Water Resources in its letter dated May 10, 1984 to the Grantor.

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

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

"Construction Contract" shall mean the contract described in Exhibit E hereto, relating to the construction of the Facility, between the Grantor and the Contractor, as assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Lease and Assignment Agreement.

"Construction Lender" shall mean First Interstate Bank of Utah, N.A., a national banking association.

"Contractor" shall mean Water Power Company, a Utah corporation.

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

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

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

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

"FERC Exemption" shall mean the Order Granting Exemption from Licensing of a Small Hydroelectric Project of 5 Megawatts or Less issued April 9, 1982, Project No. 5767-000, by the Office of Electric Power Regulation, Federal Energy Regulatory Commission, as supplemented by the Order Finding That Certain Projects Exempted From Licensing or the Subject of Applications for Exemption From Licensing Utilize Natural Water Features in a Manner Consistent With the Provisions of the Public Utility Regulatory Policies Act, as Construed by the Decision in Tulalip Tribes of Washington v. F.E.R.C., 732 F.2d 1451 (9th Cir., 1984), which order was issued on July 18, 1984 by the Federal Energy Regulatory Commission.

"Hartmann" shall mean Eric Hartmann, an individual general partner in the Debtor.

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

"Interest Payment Dates" shall mean the ____ day of each _____, _____, _____ and _____, commencing _____, 1985, with the last such date being _____, 1995.

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

"Landlord" shall mean Pigeon Cove Power Company, an Idaho general partnership consisting of Paul Turnipseed, Elwood McCauley and John Lorain, Jr.

"Landlord Agreements" shall mean the Operative Agreements to which the Landlord is a party.

"Lease and Assignment Agreement" shall mean the Lease and Assignment Agreement dated May 20, 1983, as amended by the First Amendment dated October 31, 1983 and the Second Amendment dated January 20, 1984, each between the Landlord and the Grantor, as initial tenant and assignee, which leasehold estate and certain other rights have been assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Third Amendment dated as of December 1, 1984 to such Lease and Assignment Agreement among the Landlord, the Grantor, as assignor, and the Debtor, as tenant and assignee, substantially in the form attached to the Note Agreement as Exhibit B.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on real or personal property or any other type of preferential arrangement relating to real or personal property.

"McCabe" shall mean John S. McCabe, an individual general partner in the Debtor.

"McCauley Easement" is defined in Division VIII of the granting clauses hereof.

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

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

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

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

(d) Notes held by or under the direct or indirect control of the Debtor (unless all of the Notes (other than Notes referred to in clauses (a), (b) and (c) of this definition) have been purchased by the Debtor).

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

"Note Agreement" is defined in Recital B hereof.

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

"Notice of Mortgage and Acknowledgment by the Landlord" shall mean the Notice of Mortgage and Acknowledgment by the Landlord to be entered into by the Landlord, the Grantor, the Debtor and the Security Trustee, as mortgagee under this Mortgage, substantially in the form of Exhibit G to the Note Agreement.

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

"Operation and Maintenance Agreement" shall mean the Operation and Maintenance Agreement dated April 5, 1984 between the Grantor, as owner, and Utah Renewable Resources, Inc., a Utah corporation, d/b/a Turbine Generator Service, as operator, relating to the Project and certain other hydroelectric projects, as assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Lease and Assignment Agreement, in the form of Exhibit O to the Note Agreement.

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

"Partner" shall mean any of, and "Partners" shall mean all of, the following Persons: the Grantor, Pigeon Cove Group, Twin Falls, McCabe, Hartmann, and any other Person who may from time to time be a partner in the Debtor.

"Partnership Agreement" shall mean the General Partnership Agreement for LS-LQ Hydroelectric Partners, a Utah general partnership, dated as of July 15, 1983, among the Grantor, Pigeon Cove Group, Twin Falls, McCabe and Hartmann, in the form of Exhibit N to the Note Agreement.

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

"Permitted Encumbrances" shall with respect to the Project mean (i) the security interest of the Security Trustee hereunder; (ii) any liens thereon for taxes, assessments, levies,

fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any liens of mechanics, suppliers, materialmen and laborers for work or service performed or materials furnished in connection with the Project which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iv) rights reserved to or vested in any government or public authority to condemn or appropriate the Project or control or regulate the Project or the use of the Project in any manner; and (v) restrictions and minor defects, encumbrances and irregularities in the title to the Land which, in the aggregate, do not materially impair the use of the Project or materially and adversely affect the value thereof.

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

"Pigeon Cove Group" shall mean Pigeon Cove Hydroelectric Group, a Utah limited partnership.

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

"Power Sales Agreement" shall mean the Power Sales Agreement dated May 11, 1983 between the Landlord, as seller, and the Power Company, as buyer, and substantially in the form attached to the Note Agreement as Exhibit E, as assigned by the Landlord to the Grantor pursuant to the Lease and Assignment Agreement, and as further assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Lease and Assignment Agreement.

"Project" shall mean the hydroelectric project known as the Pigeon Cove Hydroelectric Project, comprised of the McCauley Easement, the Grantor's interest in the Water Rights and the Assignment of Water Rights, the Debtor's leasehold estate and all rights, licenses and easements created in the Debtor by the Lease and Assignment Agreement in respect of the Land, the Right-of-Way Grant, the FERC Exemption and the Facility.

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

"Register" is defined in Section 2.3 hereof.

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

"Right-of-Way Grant" is defined in Division VIII of the granting clauses hereof.

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

"Twin Falls" shall mean Twin Falls Hydroelectric, Ltd., a Utah limited partnership.

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

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

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

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

Section 2.2. Payment of Notes.

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

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.2, if any Note is held by a Noteholder, other than the Security Trustee, named in a written

notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Note and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium thereon, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such Noteholder at its address appearing on the Register as defined in Section 2.3 and such holder (or person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer and notation as provided in Sections 2.4 and 2.5. Upon written notice from any Noteholder, other than the Security Trustee, or its nominee given not less than 30 days prior to the payment or prepayment of the Notes, the Security Trustee will cause all such payments and prepayments of the principal of, and premium, if any, and interest on the Notes held by such Noteholder or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve Funds to such bank, on each such date such payment or prepayment is due, provided that such bank has facilities for the receipt of a wire transfer. The Security Trustee will transmit any such wire transfer from its offices not later than 10:00 A.M., Boise, Idaho time on each such date payment or prepayment is due.

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

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

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

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

(c) All Notes presented or surrendered for transfer shall be accompanied by a written instrument or instruments of

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

(d) No notarial seal shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.4, and the holder of any Note issued as provided in this Section 2.4 shall be entitled to any and all rights and privileges granted under this Mortgage to a holder of a Note.

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

Section 2.5. The New Notes.

(a) Each new Note (herein, in this Section 2.5, called a "New Note") issued pursuant to Section 2.4(a), (b) or (e) in

exchange or in substitution for or in lieu of an outstanding Note (herein, in this Section 2.5, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

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

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

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

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

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

Section 2.8. Ownership. The Person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Mortgage and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Security Trustee may deem and treat the registered owner of any Note as the owner and holder thereof without production of such Note.

SECTION 3. COVENANTS AND WARRANTIES OF THE DEBTOR AND THE GRANTOR.

Each of the Debtor and the Grantor covenants, warrants and agrees, with respect to itself, for the benefit of the Security Trustee and the holders of the Notes as follows:

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

Section 3.2. Acts of Debtor and Grantor. (a) The Debtor hereby warrants and represents that it has the right, power and authority to grant, bargain, sell, release, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and create a security interest in, the mortgaged property (except the property described in Division II of the granting clauses hereof) unto the Security Trustee for the uses and purposes herein set forth and that the Debtor has good title to the mortgaged property (except the property described in Division II of the granting clauses hereof) free and clear of all liens, charges and other encumbrances whatsoever, subject to Permitted Encumbrances. Without limiting the foregoing, the Debtor hereby further warrants and represents that neither it nor the Grantor has assigned or pledged (except to the Construction Lender, which assignment and pledge has been terminated and released concurrently with the delivery of this Mortgage), and hereby covenants that neither it nor the

Grantor will assign or pledge, so long as this Mortgage shall remain in effect, any of its right, title or interest in and to the mortgaged property, to anyone other than the Security Trustee.

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

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

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

(a) declare a default or exercise the remedies of seller or assignee, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Power Sales Agreement, the Lease and Assignment Agreement, the Assignment of Water Rights, the Assignment of Right-of-Way Grant, Partnership Agreement, the Operation and Maintenance Agreement (as it relates to the Project) or the FERC Exemption (except as otherwise expressly provided herein); or

(b) receive or collect or permit the receipt or collection of any payment of moneys payable under the Power Sales Agreement, prior to the date for the payment thereof provided for thereby or assign, transfer or hypo-

thecate (other than to the Security Trustee hereunder) any moneys then due or to accrue in the future under the Power Sales Agreement; or

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

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

Section 3.6. Taxes. The Debtor agrees to pay all license and registration fees and all taxes, assessments (including without limitation all assessments for public improvements or benefits), water, sewer and other rents, rates and charges, excises, license fees, permit fees, inspection fees, levies, imposts, duties, charges or withholdings of any nature whatsoever, including without limitation sales, gross receipts, use or similar taxes, together with any penalties, fines or interest thereon imposed against the Debtor or the mortgaged property or any part thereof by any Federal, state or local government or taxing authority in the United States, upon or with respect to the mortgaged property or any part thereof.

Section 3.7. Insurance.

(a) Required Insurance Coverages and Limits. The Debtor agrees that it will at its own cost and expense at all times (i) keep the Project insured against loss by fire, windstorm, explosion and flood and with extended coverage and against all such other risks as are customarily insured against by

companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor, in an amount not less than the principal amount of the Notes from time to time outstanding together with accrued and unpaid interest thereon, and (ii) maintain general public liability insurance with respect to the Project against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $1,000,000 combined single limit in respect of bodily injury, death and damage to property of others. Any such insurance described in clauses (i) and (ii) above may, with the written consent of the Security Trustee, have applicable thereto deductible provisions of not more than $25,000 provided that such deductible provisions shall not be higher than one customarily carried by companies owning property of a similar character and engaged in a business similar to that engaged in by the Debtor or by the Debtor for similar such plants which it owns or operates. All such insurance shall cover the interests of the Debtor in the Project or, as the case may be, shall protect the Security Trustee and the Debtor in respect of public liability risks arising out of the condition, maintenance, use, ownership or operation of the Project and shall provide that losses, if any, in respect of the Project shall be payable to the Security Trustee (except as provided below) under a standard mortgage loss payable clause satisfactory to the Security Trustee. The Debtor also agrees that it will at all times during the term maintain all-risk business interruption insurance, in form and substance satisfactory to the Security Trustee, with respect to the Project, including coverage against loss from earthquake and flood, in an amount at least equal to the outstanding principal of and interest on the Notes, provided that if at any time and from time to time payments pursuant to Article 7.2 of the Power Sales Agreement in the aggregate for any period are less than the principal and interest due on the Notes during such period, the Debtor shall obtain and maintain insurance coverage, satisfactory to the Security Trustee, insuring against loss from the interruption of business as a result of high or low water flow at the Project, until the end of any subsequent quarter in which such payments under the Power Sales Agreement were in the aggregate in excess of such principal and interest due during such quarter. Any such business interruption insurance (including such high and low water insurance) shall provide for all payments thereunder to be made to the Security Trustee for application by the Security Trustee pursuant to Section 5 hereof. Debtor agrees to effect all insurance provided for in this Section 3.7 with good and responsible insurance companies not reasonably objected to by the Security Trustee. All such policies shall provide that the same shall not be cancelled or terminated without at least 30 days' prior written notice to the Security Trustee, and shall provide for at least 30 days' prior written notice to the Security Trustee as of the date on which such policies shall terminate by lapse of time if not renewed. No such policy shall contain a provision (i) under which the Debtor is a co-insurer, or (ii)

relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Project against the peril involved, whether collectible or not, or by reason of the breach or violation by Debtor of any warranties, declarations or conditions contained in such policies. Any such insurance may be carried under blanket policies maintained by the Debtor so long as such policies otherwise comply with the provisions of this Section 3.7(a). If general public liability insurance shall be carried under any blanket policy which is subject to aggregate annual claim limitations, the Debtor shall keep the Security Trustee advised from time to time of the amount of any such limitations.

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

(c) Evidence of Insurance. The Debtor shall furnish the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and shall with respect to any renewal policy or policies, furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. Each such certificate or other evidence of insurance shall identify the insurance carrier, the type of insurance, the coverage limits and the policy term. On or before the Closing Date and March 1 in each year hereafter, the Debtor will deliver to the Security Trustee a report by a firm of independent insurance brokers (which may be the Debtor's regular insurance agency) chosen by the Debtor and satisfactory to the Security Trustee setting forth the insurance obtained by the Debtor pursuant to this Section 3.7 and then in effect and stating that, in the opinion of such firm, such insurance complies with the requirements of this Section 3.7.

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

(a) Maintenance. The Debtor at its sole cost and expense shall maintain, service and repair the Project to keep it in satisfactory operating condition (normal wear and tear excepted) so as to fulfill its original functional purpose to the same extent as a company owning and operating properties of a similar character, in the prudent management of its own properties, would maintain, service and repair similar property owned

by it and in any event, to the extent required to maintain the Project in good repair and in compliance with all applicable laws, rules and regulations noncompliance with which would materially adversely affect the Project or the operation thereof. In the event of any damage to or destruction of the Project, or any part thereof, by fire or other casualty, unless such damage or destruction shall constitute a Casualty Occurrence, the Debtor shall, at its own expense, with reasonable promptness, repair, restore or rebuild the same so that upon the completion of such repair, restoration or rebuilding the value and utility of the Project shall be at least equal to the value and utility of the Project immediately prior to the happening of such casualty, assuming that the Project was of the value and utility required to be maintained by the terms hereof immediately before such occurrence.

(b) Replacement of Parts. The Debtor at its sole cost and expense, will, with reasonable promptness, replace all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this Section 3.8 collectively called "Parts") which may from time to time constitute a part of the Facility and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use by damage or obsolescence. All replacement Parts shall be free and clear of all Liens and rights of others except Permitted Encumbrances and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof.

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

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

(e) Reports of Alterations. On or before March 1 of each calendar year after the date of this Mortgage, the Debtor

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

Section 3.9. Location and Use. The Debtor agrees that the Facility will be used solely in the conduct of its business and will at all times be and remain in the exclusive possession and control of the Debtor on the Land, provided that the Debtor may deliver possession of any part or portion of the Facility to any manufacturer, contractor or supplier designated by the Debtor, for purposes of realizing the benefits of any warranty or in order to comply with the obligations and rights of the Debtor under Section 3.8 hereof, but the rights of any such party in possession of such part or portion of the Facility shall be subject and subordinate to the terms of this Mortgage, including without limitation, the right of the Security Trustee to take possession of the Facility pursuant to Section 7.2 hereof. In the event that pursuant to the foregoing sentence hereof any part or portion of the Facility having a value in excess of $20,000 is removed from the Land, the Debtor shall give the Security Trustee not less than ten days' prior written notice of such intended removal and shall deliver to the Security Trustee promptly after such removal and in any event within 15 days thereafter the opinion of the Debtor's counsel that such removal shall not impair or adversely affect the security interest in such part or portion of the Facility of the Debtor, that all necessary recordings and filings under applicable law have been duly made in the public offices wherein such recordings or filings are necessary to protect the validity and effectiveness of this Mortgage and that all fees, taxes and charges payable in connection therewith have been paid in full by the Debtor. The Debtor covenants and warrants that the Project will at all times be used and operated under and in compliance with the laws of the jurisdiction in which it may be operated, and in compliance with all lawful acts, rules, regulations and orders of any commissions, boards or other legislative, executive or judicial bodies or officers having power to regulate or supervise the use of such property; provided, however, the Debtor may in good faith contest in any reasonable manner the application of any such rule, regulation or order to the extent that such contest, in the opinion of independent counsel for the Security Trustee, will prevent the forfeiture or sale of the Project or any portion thereof and will not have any adverse effect on the lien and security interest of the Security Trustee in the Project or any portion thereof hereunder.

Section 3.10. Liens. The Debtor agrees that it will keep the mortgaged property, and the Grantor agrees that it will keep the mortgaged property described in Division II of the

granting clauses hereof, free and clear of any and all Liens other than Permitted Encumbrances.

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

> THIS FACILITY IS OWNED BY LS-LQ HYDROELECTRIC PARTNERS AND IS SUBJECT TO A MORTGAGE AND SECURITY INTEREST GRANTED TO FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION, AS SECURITY TRUSTEE.

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

Section 3.12. Maintenance of Existence. (a) The Debtor will preserve and keep in full force and effect its existence as a Utah general partnership, and will maintain all rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder. The Debtor will at all times keep and maintain in full force and effect the Partnership Agreement and will not, without the consent in writing of the holders of not less than 66-2/3% in principal amount of the outstanding Notes, amend the Partnership Agreement or agree to any change in the rights and obligations of the Partners as set forth in the Partnership Agreement.

(b) The Debtor agrees that no sale or other disposition of any partnership or other beneficial interest in the Debtor or in any partnership or trust entity which is a Partner will take place, except by devise or descent, without the consent in writing of the holders of not less than 66-2/3% in principal amount of the outstanding Notes. In connection herewith, the financial stability and managerial and operational ability of each Partner shall be considered to have been substantial and material considerations to the Note Purchaser in its agreement to purchase the Notes secured hereby. Any change in ownership of the Debtor may significantly and materially alter and reduce the Note Purchaser's security for the Indebtedness Hereby Secured. No change in ownership of the Debtor shall in any way whatsoever operate to release, discharge, modify, change or affect the original liability of the Partners as of the date hereof under this Mortgage, either in whole or in part, nor shall the full force and effect of the lien of this Mortgage be altered thereby.

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

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

(i) Quarterly Statements. As soon as practicable after the end of the first, second, and third quarterly periods in each fiscal year of the Debtor, and in any event within 60 days thereafter, duplicate copies of (1) a balance sheet of the Debtor and each Partner as of the end of such quarter, (2) statements of income and retained earnings and of changes in financial position of the Debtor and each Partner for such quarter, and (3) financial statements covering operations of the Project, setting forth in each case in comparative form the amount for the corresponding periods of the preceding fiscal year, all in reasonable detail and attested as complete and correct in all material respects, subject to changes resulting from fiscal year-end adjustments, by a Partner, or an officer of a Partner, who is familiar with the financial affairs of the Debtor.

(ii) Annual Statements. As soon as practicable after the end of each fiscal year, and in any event within 120 days thereafter, duplicate copies of (1) a balance sheet of the Debtor and each Partner as of the end of such year, (2) statements of income and retained earnings and of changes in financial position of the Debtor and each Partner for such year, and (3) financial statements covering operations of the Project, setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an opinion of a firm of independent certified public accountants of recognized national standing stating that such financial statements present fairly the financial condition of the Debtor, a Partner or the Project, as the case may be, and have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur);

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

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

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

(b) Officer's Certificate. Each set of financial statements delivered by the Debtor pursuant to this Section will be accompanied by an Officer's Certificate stating that the signer has reviewed the relevant terms of this Mortgage and the other Operative Agreements and has made, or caused to be made, under his supervision, a review of the transactions and conditions of the Debtor from the beginning of the fiscal period covered by the statements of operations being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default or Default, or, if any such condition or event existed or exists, specifying the nature and period of existence and what action the Debtor has taken or proposes to take with respect thereto.

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

(d) Inspection. Subject to the Debtor's reasonable safety and security requirements, the Debtor will permit any representative of the Security Trustee or any Noteholder (in the case of any such party, at such party's risk and expense) to visit and inspect the Project, and to discuss the affairs, finances and

accounts with respect thereto and with respect to the Debtor with the officers and (after notice to the Debtor) independent certified public accountants (and by this provision, the Debtor authorizes said accountants to discuss with such representative the finances and affairs of the Debtor), all at such reasonable times and as often as may be reasonably requested.

Section 3.14. Opinions of Counsel. The Debtor agrees at its own expense to furnish to the Security Trustee (i) promptly after the execution and delivery of any supplement and amendment hereto, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that in the opinion of such counsel, such supplement or amendment to this Mortgage (or a financing statement, continuation statement or similar notice thereof if and to the extent required by applicable law) has been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the lien and security interest provided by this Mortgage as a valid first lien and security interest in the Project, and (ii) within 30 days prior to March 1 in each year beginning in 1986, an opinion of counsel satisfactory to the Security Trustee and who may be independent counsel to the Debtor stating that this Mortgage (or financing statements or similar notices thereof if and to the extent required by applicable law) have been properly recorded or filed for record in all public offices in which such recording or filing is necessary to perfect the security interest provided by the Mortgage as a valid first lien and security interest in the mortgaged property, and stating the requirements of applicable law with respect to the rerecording or refiling of this Mortgage (or financing statements, continuation statements or similar notices thereof to the extent required by applicable law) prior to March 1 of the succeeding year in order to maintain such rights, titles and interests of the Security Trustee.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

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

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

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

Section 4.4. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

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

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

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

(i) First, on each monthly recurrence of the day of the original issuance of the Notes, to the payment of operating expenses in accordance with Schedule 1 hereto as evidenced by an

Officer's Certificate of the Debtor setting forth the actual amount of such expenses incurred during the immediately preceding monthly period; and

(ii) Second, on each Interest Payment Date to replenish the Reserve Fund of moneys applied to the payment of operating expenses or the Notes pursuant to Section 6.2 hereof; and

(iii) Third, on each Interest Payment Date, to the payment of the installments of principal of and interest (and, in each case, first to interest and then to principal) on the Notes due on such Interest Payment Date; and

(iv) Fourth, on each anniversary of the original issuance of the Notes, to the payment of Annual Ground Rent to the Landlord in accordance with Section 6(d) of the Lease and Assignment Agreement, as evidenced by an Officers' Certificate of the Debtor and the Landlord setting forth the amount of such payment; and

(v) Fifth, on each anniversary of the original issuance of the Notes, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

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

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

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

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

such additions or substitutions, or in the alternative an opinion that no such supplement is required for such purpose.

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

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

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

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

SECTION 6. RESERVE FUND.

Section 6.1. Deposit in Reserve Fund. The Security Trustee hereby acknowledges receipt of the sum of $150,000 and agrees to use such sum to establish a reserve fund (the "Reserve Fund") as security for the Indebtedness Hereby Secured.

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

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

SECTION 7. DEFAULTS AND REMEDIES.

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

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

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

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

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

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

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

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

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

(i) Default shall have occurred and be continuing under the Lease and Assignment Agreement, or the Lease and Assignment Agreement shall cease to be in full force and effect for any reason whatsoever; or

(j) Default shall have occurred and be continuing under the Partnership Agreement, or the Partnership Agreement shall be terminated or cease to be in full force and effect for any reason whatsoever; or

(k) Any Partner shall consent or agree to, or any court shall order the dissolution or liquidation of the Debtor, or such dissolution or liquidation shall in any manner be commenced.

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

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

(b) The Security Trustee personally, or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to enter into and upon all or any part of the mortgaged property and to exclude the Debtor and the Grantor wholly therefrom, and having and holding the same may use, operate, manage and control the mortgaged property and conduct the business thereof and to collect and receive all earnings, revenues, rents, issues, proceeds and income of the mortgaged property and every part thereof and may maintain, repair and renew the mortgaged property

and make replacements, alterations, additions and improvements thereto or remove and dispose of any portion of the mortgaged property and may otherwise exercise any and all of the rights and powers of the Debtor and the Grantor in respect thereof.

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

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

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

Section 7.3. Acceleration Clause. In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the principal of and premium, if any, on the Notes, if not previously due, and the interest accrued thereon and all other sums required to be paid by the Debtor pursuant to this Mortgage, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use any Note or Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal, premium, if any, and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash. When any Event of Default described in subparagraph (e) or (f) of Section 7.1 hereof has occurred, then all outstanding Notes shall immediately become due and payable without presentment, demand or notice of any kind.

Section 7.4. Waiver by Debtor. To the extent now or at any time hereafter enforceable under applicable law, each of the Debtor and the Grantor covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction, nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except its decree or judgment creditors, acquiring any interest in or title to the mortgaged property or any part thereof subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

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

Grantor, the successors and assigns of either of them, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, the Grantor, the successors or assigns of either of them.

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

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

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

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

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

Section 7.8. Cumulative Remedies. No delay or omission of the Security Trustee or of the holder of any Note to exercise

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

SECTION 8. THE SECURITY TRUSTEE.

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

Section 8.1. Duties of Security Trustee. The Security Trustee undertakes (i) except while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to perform such duties and only such duties as are specifically set forth in this Mortgage, and (ii) while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Mortgage and to use the same degree of care and skill in their exercise as an ordinary prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Security Trustee upon receipt of instruments furnished to the Security Trustee pursuant to the provisions of this Mortgage shall examine the same to determine whether or not such instruments conform to the requirements of this Mortgage.

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

(a) unless an Event of Default actually known to the Security Trustee shall have occurred and be continuing, the Security Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Mortgage and no implied covenants or

obligations shall be read into this Mortgage against the Security Trustee but the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Mortgage; and

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

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

(d) the Security Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel; and

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

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

(g) the Security Trustee shall not be deemed to have knowledge of any Default or Event of Default unless and until an officer of the Trust Division of the Security Trustee who customarily handles corporate trusts

shall have actual knowledge thereof or the Security Trustee shall have received written advice thereof from the holder of any Note; and

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

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Mortgage that the Security Trustee consent to any act or omission by any Person or that the Security Trustee exercise its discretion in any manner, the Security Trustee may (but need not) seek the written acquiescence of the holders of at least 66-2/3% in principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Security Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion, provided, however, holders of 66-2/3% in principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Security Trustee such indemnification as the Security Trustee shall reasonably request, by an instrument in writing delivered to the Security Trustee, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Mortgage for the enforcement thereof or of the Notes; provided, however, that the Security Trustee shall have the right to decline to follow any such direction if the Security Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to holders of Notes not parties to such direction.

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

with the offering, solicitation, sale or distribution of the Notes by the Debtor, the Grantor or any other Person. The Security Trustee makes no representation as to the validity or sufficiency of this Mortgage, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor or the Grantor, as the case may be, to the mortgaged property or the descriptions thereof, or the filing or recording or registering of this Mortgage or any other document. The Security Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Mortgage or of any Property or Securities or the proceeds thereof which shall be released from the lien hereof in accordance with the provisions of this Mortgage.

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

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

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

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

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

Section 8.8. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes, other than the Security Trustee, at the time outstanding, by an instrument or instruments in writing executed by such Noteholders and filed with such successor Security Trustee. Until a successor Security Trustee shall be so appointed by the Noteholders, the Debtor shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the Debtor and delivered to the successor Security Trustee. If all or substantially all of the mortgaged property shall be in the possession of one or more receivers, trustees, custodians, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Debtor, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first class mail postage prepaid to each holder of the Notes at the time outstanding and to the Grantor. Any successor Security Trustee so appointed by the Debtor, or such receivers, trustees, custodians, liquidators or assignees, shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes (other than the Security Trustee) then outstanding. If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of Security Trustee, the holder of any Note (other than the Security Trustee) or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

Section 8.9. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor, the Grantor and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the mortgaged property, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein. Upon the request of any such successor Security Trustee, however, the Debtor, the Grantor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee the title to the mortgaged property and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any Property subject to the lien of this Mortgage which may then be in its possession.

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

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

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

Section 8.12. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in

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

SECTION 9. SUPPLEMENTS; WAIVERS.

Section 9.1. Supplemental Indentures Without Noteholder Consent. The Debtor, the Grantor and the Security Trustee from time to time and at any time, subject to the restrictions in this Mortgage contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

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

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

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

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

Section 9.2. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of Notes then outstanding (a) the Debtor or the Grantor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Mortgage or any indenture supplemental hereto, or (b) the Debtor, the Grantor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Mortgage or of any indenture supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes, the Grantor and the Debtor; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the premium, if any, and interest on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any Lien with respect to any of the mortgaged property, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the lien of this Mortgage upon all or any part of the mortgaged property without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee without the consent of the holders of all of the Notes at the time outstanding.

Section 9.3. Notice of Supplements. Promptly after the execution by the Debtor, the Grantor and the Security Trustee of any supplemental indenture or agreement pursuant to the provisions of Section 9.1 or 9.2 hereof, the Security Trustee shall give written notice, setting forth in general terms the substance of such supplemental indenture or agreement, together with a conformed copy thereof, mailed first-class postage prepaid, to each holder of the Notes at its address set forth in the Register. Any failure of the Security Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or agreement.

Section 9.4. Opinion of Counsel Conclusive as to Supplements. The Security Trustee is hereby authorized to join with the Debtor and the Grantor in the execution of any such supplemental indenture or agreement authorized or permitted by the terms of this Mortgage and to make the further agreements and stipulations which may be therein contained, and the Security Trustee may receive an opinion of counsel selected by the Security Trustee (which may be independent counsel for the Debtor) as conclusive evidence that any supplemental indenture or agreement executed pursuant to the provisions of this Section 9 complies with the requirements of this Section 9.

SECTION 10. MISCELLANEOUS.

Section 10.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Debtor or the Grantor or by or on behalf of the Security Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 10.2. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.3. Communications. All communications provided for herein shall be in writing. Communications to the Debtor or the Security Trustee shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered as follows:

If to the Debtor:
LS-LQ Hydroelectric Partners,
c/o of Bonneville Pacific Corporation,
Its Managing General Partner
200 East South Temple
Suite 300
Salt Lake City, Utah 84111

Attention: President

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

Attention: President

If to the Security Trustee:
First Security Bank of Idaho,
National Association
119 North 9th Street
Boise, Idaho 83730

Attention: Trust Division

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

Section 10.4. Release. The Security Trustee shall release this Mortgage and the lien and security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged.

Section 10.5. Counterparts. This Mortgage may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

Section 10.6. Governing Law. This Mortgage and the Notes shall be construed in accordance with and governed by the laws of the State of Idaho.

Section 10.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Mortgage nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor and the Grantor have caused this Mortgage to be executed, and the Security Trustee, in evidence of its acceptance of the trusts hereby created, has caused this Mortgage to be executed on its behalf by one of its duly authorized officers, all as of the day and year first above written.

LS-LQ HYDROELECTRIC PARTNERS,
a Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation and
Its Managing General Partner

By_____
Its_____

DEBTOR

BONNEVILLE PACIFIC CORPORATION

By_____
Its _____

GRANTOR

FIRST SECURITY BANK OF IDAHO,
NATIONAL ASSOCIATION

By_____
Its_____

SECURITY TRUSTEE

STATE OF IDAHO)
) SS.:
COUNTY OF ADA)

On the _____ day of _____, 1985, before me, _____, personally appeared _____, the _____ of FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION, a national banking association, the bank that executed the foregoing instrument, or the person who executed the foregoing instrument on behalf of said bank, and acknowledged to me that said bank executed the same.

[SEAL]

_____
Notary Public

Residing at: _____
_____

My Commission Expires:

_____

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

On the _____ day of _____, 1985, before me, _____, personally appeared _____, known or identified to me to be the _____ of Bonneville Pacific Corporation, a Utah corporation, the corporation that executed the foregoing instrument, or the person who executed the foregoing instrument on behalf of said corporation, and acknowledged to me that said corporation executed the same.

[SEAL] _____
Notary Public

Residing at: _____
_____

My Commission Expires:

_____

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

On the _____ day of _____, 1985, before me, _____, personally appeared _____, known or identified to me to be the _____ of Bonneville Pacific Corporation, a Utah corporation, which is known or has been identified to me to be one of the partners in the partnership of LS-LQ Hydroelectric Partners, a Utah general partnership, and the person who executed the foregoing instrument on behalf of said corporation as the partner which subscribed said partnership name to the foregoing instrument, and acknowledged to me that such corporation executed the same in said partnership's name.

[SEAL]

_____
Notary Public

Residing at: _____
_____

My Commission Expires:

_____

OPERATING EXPENSE CATEGORIES

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

1. Labor.
2. Insurance premiums.
3. Federal, State and local taxes.
4. Miscellaneous operating supplies.
5. Repair and maintenance.
6. Operation and Maintenance Agreement.
7. Quarterly Ground Rent to the Landlord in accordance with Section 6(d) of the Lease and Assignment Agreement.

SCHEDULE 1
(to Mortgage)

LS-LQ HYDROELECTRIC PARTNERS

14% SECURED NOTE DUE 1985-1995

No. R-

$, 198_

FOR VALUE RECEIVED, the undersigned, LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership (the "Debtor"), promises to pay to

or registered assigns,
the principal sum of

DOLLARS ($_____)

together with interest from the date hereof until maturity at the rate of 14% per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months) in 39 installments of principal and interest, each in the amount of $_____*, payable on _____, and on each succeeding _____, _____, _____ and _____ thereafter to and, including _____, with a final installment on _____ in an amount equal to the entire principal and interest remaining unpaid as of said date, and to pay interest (computed on the basis of a 360-day year of 12 consecutive 30-day months) at such higher rate, not in excess of 16% per annum, as shall be the highest rate a borrower such as the Debtor may pay by law on any overdue principal and (to the extent permitted by applicable law) overdue premium, if any, and interest from the due date thereof until paid, payable on demand. Such principal, premium, if any, and interest shall be payable upon presentation of this Note at the principal corporate trust office of First Security Bank of Idaho, National Association, a national banking association (the "Security Trustee"), located at 119 North 9th Street, Boise, Idaho 83730, Attention: Trust Division, the Security Trustee under the Indenture of Mortgage, Assignment of Lease and Security Agreement dated as of January 1, 1985 (herein together with any supplements and amendments thereto called the "Mortgage") among the Debtor, Bonneville Pacific Corporation, a Utah corporation (the "Grantor"), and the Security Trustee.

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*4.68272823% of the original principal amount.

This Note is one of the Debtor's 14% Secured Notes due 1985-1995 (the "Notes") which are equally and ratably secured by the Mortgage. Reference is hereby made to the Mortgage for a description of the property subject thereto, the nature and extent of the security for the Notes, the rights of the holders of the Notes, the Security Trustee, the Debtor and the Grantor in respect of such security and otherwise, certain rights of the Debtor, and the terms upon which the Notes are to be authenticated and delivered. As provided in the Mortgage, the aggregate principal amount of Notes which may be issued thereunder shall not exceed $2,900,000.

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

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

(a) the present value, computed as of the date of prepayment, at the yield on 12-5/8% United States Treasury Bonds due May __, 1995 as most recently reported in The Wall Street Journal (or if the same is not then published, another similar publication selected by such holder) as of the date of repayment, of the installments of principal and interest thereafter payable hereunder (computed on a quarterly basis);

LESS

(b) the amount so prepaid;

PLUS

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

expenses incurred in terminating any servicing agreement related to the loan.

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

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

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

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

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

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

LS-LQ HYDROELECTRIC PARTNERS,
a Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation and
Its Managing General Partner

By_____

_____

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

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

By_____
Its_____

NOTICE:

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

DESCRIPTION OF LAND

EXHIBIT B
(to Mortgage)

DESCRIPTION OF WATER RIGHTS

Water Rights evidenced by Applications for Permit, Identification Nos. 47-7660 and 47-7661, approved by the State of Idaho, Department of Water Resources

EXHIBIT C
(to Mortgage)

DESCRIPTION OF FACILITY

One completed hydroelectric project sized for 91.8 cfs of water and at least 1,555 kw of electrical output, more particularly described as:

EXHIBIT D
(to Mortgage)

DESCRIPTION OF CONSTRUCTION CONTRACT

The Agreement dated as of September 23, 1983, as amended by the First Amendment dated as of April 6, 1984, each between the Grantor, as owner, and Water Power Company, as contractor, as assigned by the Grantor to the Debtor pursuant to the Partnership Agreement and the Lease and Assignment Agreement.

EXHIBIT E
(to Mortgage)

DESCRIPTION OF RIGHT-OF-WAY GRANT

EXHIBIT F
(to Mortgage)

DESCRIPTION OF McCAULEY EASEMENT

EXHIBIT G
(to Mortgage)

ORIGINAL COPY

GENERAL PARTNERSHIP AGREEMENT FOR LS-LQ HYDROELECTRIC PARTNERS, A UTAH GENERAL PARTNERSHIP

THIS GENERAL PARTNERSHIP AGREEMENT was made and entered into as of the 15th day of July, 1983, by and among BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho ("Bonneville Pacific"), PIGEON COVE HYDROELECTRIC GROUP, a Utah limited partnership ("Pigeon Cove"), TWIN FALLS HYDROELECTRIC, LTD., a Utah limited partnership ("Twin Falls"), and JOHN S. McCABE and ERIC HARTMANN, individuals (collectively referred to as "McCabe-Hartmann"). The foregoing parties may hereinafter sometimes be referred to as "Partner" or collectively as "Partners."

RECITALS:

A. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) Lease and Assignment shall mean that certain Lease and Assignment Agreement dated May 20, 1983 between Pigeon Cove Power Company, an Idaho general partnership, as Lessor and Assignor, and Bonneville Pacific, as Lessee and Assignee, which agreement was amended by that certain Amendment to Lease and Assignment Agreement dated October 31, 1983, and by that certain Second Amendment to Lease and Assignment Agreement dated January 20, 1984, and by that certain Third Amendment to Lease and Assignment Agreement dated as of December 1, 1984.

MICROFILMED

(ii) Net Income shall mean all income earned by the Partnership under the Power Sales Agreement, less all expenses outlined in Section 4.1 of this Agreement.

(iii) Power Sales Agreement shall mean that certain Power Sales Agreement dated May 11, 1983, Facility No. 31615067, Project: Pigeon Cove, by and between Pigeon Cove Power Company, an Idaho partnership consisting of Elwood McCauley, Paul Turnipseed and John Lorain, Jr., as general partners, and Idaho Power Company, a corporation.

(iv) Project shall mean all real property, easements, leases, grants, rights of way, transmission lines, penstock, power house, tailrace, and all rights, titles and appurtenances thereunto belonging, and, without limitation, all equipment, parts, accessories, warranties, bonds, contract rights and interests, and other personal property and intangibles, used or usable, installed or to be installed upon the Subject Property in connection with the construction, operation and maintenance of a fully operational and producing hydroelectric facility.

(v) Subject Property shall mean that certain real property described in Exhibit "A" to the Third Amendment to Lease and Assignment Agreement, attached hereto as part of Schedule "I".

B. Bonneville Pacific has entered into a Lease and Assignment Agreement dated May 20, 1983, as amended, with Pigeon Cove Power Company, an Idaho general partnership,

whereby Bonneville Pacific acquired certain rights to real property (the "Subject Property") located in Twin Falls County, State of Idaho, and other rights appurtenant thereto. Said Lease and Assignment Agreement, as amended, is hereinafter referred to as the "Lease and Assignment," and contains a description of the Subject Property and rights appurtenant thereto and is attached hereto as Schedule "I" and by this reference made a part hereof.

C. Under the Lease and Assignment, Bonneville Pacific, among other things, is required to develop, construct, operate and maintain a hydroelectric facility upon the Subject Property known as the Pigeon Cove Hydroelectric Project (the "Project").

D. Bonneville Pacific has entered into an Agreement with Water Power Company (the "Construction Contract"), dated September 23, 1983, and amended April 6, 1984, whereunder said Water Power Company agreed to construct all improvements and to install all equipment upon the Subject Property in accordance with the plans and specifications developed in connection with the Project, and whereunder Water Power Company agreed to deliver to Bonneville Pacific a completed Project for the amount and on the terms specified in the Construction Contract, as amended, a copy of which is attached hereto as Schedule "II" and by this reference made a part hereof.

E. The Partners desire hereby to set forth their agreement and understanding relating to the purchase and ownership of the Project and their rights and interests in the Partnership.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION I

GENERAL SCOPE AND DESCRIPTION OF PARTNERSHIP

1.1 Formation and Name of Partnership. The Partners have formed this general partnership (the "Partnership") for the purpose of purchasing on a turnkey basis, financing and operating the Project. The name of the Partnership is LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership. The Partners formed the Partnership pursuant to the provisions of Utah Code Ann., Title 48, Chapter 1 (1953), otherwise known as the Uniform Partnership Act of the State of Utah, with the rights, duties and liabilities of each of the Partners in this Partnership to be determined under the law except as otherwise expressly provided in this Agreement.

1.2 Declaration of Ownership. The Partners hereby declare that the interests in the Partnership are owned as follows:

Partner	Percentage Ownership
Bonneville Pacific	1%
Twin Falls	48%
Pigeon Cove	41%
McCabe-Hartmann	10%
	100%

1.3 Term of the Partnership. The term ("Term") of the Partnership shall be from July 15, 1983 and shall continue for a period of twenty (20) years from the date power is delivered and accepted by Idaho Power Company under the Power Sales Agreement.

1.4 Contribution and Assignment of Lease and Assignment, Power Sales Contract, Construction Agreement, FERC Exemption and Ownership of Equipment. Bonneville Pacific has sold and assigned and hereby does sell and assign to the Partnership all of its rights, titles, and interests in and to the Project, including, without limitation, the Lease and Assignment (Schedule "I"), the Power Sales Contract (Exhibit "C" to Schedule "I"), the FERC Exemption (Exhibit "D" to Schedule "I"), the Assignment of BLM Right-of-Way Grant (contained as part of Exhibit "A" of Schedule "I"), the Construction Agreement (attached hereto as Schedule "II"), the Operation and Maintenance Agreement (attached hereto as Schedule "III"), and all equipment, rights, interest, warranties, bonds and appurtenances belonging to or in any way associated with any and all of the foregoing instruments and items. The Partnership is purchasing and accepting the assignment of all equipment and rights herein described on a turnkey basis, for a purchase price equal to the Partners' respective contributions to the Partnership, plus the amount of permanent financing, all as more specifically set forth in Sections II and III hereof. It is the express intention of the parties hereto that all rights

(except water rights), interest, titles, contracts and equipment used or useful in connection with the Project are hereby conveyed to the Partnership and hereafter the Partnership shall own all aspects of the Project, subject only to the terms of this Agreement, the rights of Pigeon Cove Power Company under the Lease and Assignment, the rights of the construction and permanent lenders relative to financing the Project, and the rights of Bonneville Pacific as hereinafter described to retain the water rights as contained and described in Exhibit "B" to Schedule "I", attached hereto.

1.5 Retention of Water Rights by Bonneville Pacific. The Partners understand and acknowledge that the water rights as described in Exhibit "B" to Schedule "I" can only be held and owned by certain qualified individuals and entities under Idaho law. The Partnership is not a qualified entity to hold said rights under current law, and thus Bonneville Pacific, as a qualified entity, agrees to continue to hold and own such water rights for the use and benefit of the Partnership and the Project and for the purposes of collateral assignment of the same to the construction and permanent lenders financing the Project. In consideration for Bonneville Pacific owning the water rights and holding the same for the benefit of the Project and the Partnership, the other Partners agree to indemnify, defend and hold Bonneville Pacific harmless from and against any cost, claims, liabilities, expenses, causes of action or fees, including attorneys' fees, incurred by

Bonneville Pacific as a result of or in connection with its ownership and control of said water rights.

1.6 Completion of Construction. The Partners understand and acknowledge that as of the date of this Agreement the Project is nearing completion pursuant to the Construction Agreement. Bonneville Pacific, as the developer of the Project, retains the obligation to complete the Project in accordance with the Construction Agreement and the plans and specifications associated therewith, and Bonneville Pacific, as a Partner in the Partnership, is hereby appointed and hereby agrees to serve as Managing General Partner in connection with completion of the Project.

1.7 Management of the Project.

(a) The Partners hereby designate and appoint Bonneville Pacific to serve as Managing General Partner of the Partnership with full power and authority to negotiate, execute and deliver such documents, instruments, contracts, and indentures, and to do such other acts as may be necessary or desirable in finalizing the permanent loan transaction for the Project with New England Mutual Life Insurance Company (as Note Purchaser) and First Security Bank of Idaho, N.A. (as Security Trustee) captioned as $2,900,000 14% Secured Notes due 1985-1994 of LS-LQ Hydroelectric Partners (Pigeon Cove Hydroelectric Project).

(b) Except as otherwise specified herein, management of the Partnership and policy determinations by the Partnership shall be carried on by two-thirds (2/3) vote of the Partners, each Partner having one vote for each one percent (1%) of ownership interest in the Partnership.

(c) As stated above, the primary responsibility and management of the day-to-day operations of the Partnership shall be carried on by the Managing General Partner, which responsibility may be subcontracted to a third party as is the case in the Operation and Maintenance Agreement attached hereto as Schedule "III", which Agreement is hereby ratified by the Partners.

(d) General administration, including receipt and disbursement of funds and bookkeeping shall be carried on by the Managing General Partner; provided, however, that all receipts, disbursements and accounting shall be in accordance with an annual operation budget for the Partnership to be adopted by two-thirds (2/3) vote of the Partners.

(e) The Managing General Partner may be removed or substituted by a two-thirds (2/3) vote of the Partners.

SECTION II

CONTRIBUTIONS BY PARTNERS

2.1 Capital Accounts. A capital account for each Partner shall be established. Each Partner's capital account

shall consist of its original capital contribution to the joint venture (as hereinafter set forth) increased by (1) any additional contributions made by it and (2) its share of the Partnership profit and decreased by (1) distributions to it in reduction of its Partnership capital and (2) its share of Partnership losses, deductions or expenses. No interest shall accrue or be paid on the capital account of any Partner.

2.2 Contributions of the Partners. The Partners hereby acknowledge that Pigeon Cove has made an initial contribution to the Partnership of $410,000 cash; Twin Falls has made an initial contribution to the Partnership of $480,000 cash; McCabe-Hartmann has made an initial contribution to the Partnership of $100,000 cash; and Bonneville Pacific has made an initial contribution to the Partnership of $10,000 cash. Notwithstanding the foregoing, the Partners agree and acknowledge that Twin Falls has paid a total of $850,000 cash, and McCabe-Hartmann has paid a total of $211,000 cash, for their respective percentage ownership interests in the Partnership as described in paragraph 1.2 hereof. For purposes of this Agreement, the Partners agree that the contributions of the individual Partners described in this paragraph 2.2 shall be deemed equity contributions to the Partnership.

2.3 Additional Contributions and Loans.

(a) It is anticipated that the total cost for the Project will be Four Million Three Hundred Eighty-one Thousand Dollars ($4,381,000). In the event the Project

experiences cost overruns in the construction of the Project, Bonneville Pacific, as the developer and seller of the turnkey Project, shall pay the same and all such additional amounts contributed by Bonneville Pacific shall not be deemed additional contributions by Bonneville Pacific to the Partnership.

(b) The Partners may, at their option, loan sufficient funds to the Project to meet capital needs of the Project in the event the Partners by two-thirds (2/3) vote determine the same to be necessary or desirable to increase or enhance the revenue producing capabilities of the Project after the initial construction has been completed. Such loans shall be repaid under the terms agreeable to all parties and shall carry an interest rate of two percent (2%) above the prime rate quoted from time to time by First Security Bank of Utah, N.A., Salt Lake City, Utah, main office.

SECTION III

FINANCING

3.1 Assumption of Liability for Project Financing. The Partners understand and acknowledge that Bonneville Pacific, as the developer, has acquired construction financing for the Project from First Interstate Bank of Utah, N.A. ("First Interstate") in an amount not to exceed Two Million Eight Hundred Fifty-Six Thousand Dollars ($2,856,000.00). It is further acknowledged that Bonneville Pacific, as the developer, has acquired a commitment from New England Mutual Life Insurance Company ("New England") for permanent financing

of the Project in an amount not to exceed seventy percent (70%) of the Project cost or Two Million Nine Hundred Thousand Dollars ($2,900,000.00), whichever is less. Bonneville Pacific hereby assigns to the Partnership and the Partnership hereby assumes the New England commitment and all rights and obligations with respect to the permanent financing. Bonneville Pacific, as developer, shall remain liable to First Interstate on the construction financing until the same is retired by the Partnership obtaining the permanent financing as herein contemplated. The Partnership and all Partners hereby agree to enter into such agreements and instruments as may be necessary or desirable in obtaining the permanent financing for the Project in accordance with the New England commitment. It is understood and agreed that the Project, including the Subject Property, and all improvements constructed thereon and rights associated therewith, shall be the primary collateral security for the debt financing. It is further understood that each Partner shall assume liability for the New England permanent financing in accordance with their Percentages of Ownership in the Partnership as defined in Section 1.2 hereof.

3.2 Bonneville Pacific, as the developer, shall pay all fees necessary to secure the construction and permanent financing for the Project, but such fees, if not refundable under the loan agreements, shall be refunded to Bonneville from the first quarter's operating revenues from the Project.

SECTION IV

DISTRIBUTION AND ALLOCATION

4.1 Distribution for General Obligations. Upon completion of the construction of the Project and throughout the term of the Partnership the following obligations shall be paid first out of cash generated through the operation of the Project in the following order (unless otherwise required under the loan agreements between the Partnership and the construction or permanent lenders):

(a) Royalty Payments. All payments due the Pigeon Cove Power Company in accordance with the terms of the Lease and Assignment.

(b) Coverage of Debt Service. All debt service requirements shall be paid out of cash flow generated, or, if necessary, in accordance with the personal obligations of the Partners. Debt service shall mean the specific amounts paid to the lenders and security trustees if required under the loan agreements, and shall not include service charges. Such service charges, unless otherwise stipulated herein, shall be paid by the Partners in accordance with their ownership interests in the Partnership and shall be deemed additional equity contributions to the Partnership by the Partners.

(c) Taxes. All taxes or tax liabilities incurred by the Partnership shall be paid out of cash flow generated. The same shall not include personal, corporate or partnership income taxes incurred by the individual Partners as

a result of any cash flow distribution to any such Partner as hereinafter described.

(d) Operating Expenses. Management fees, operating expenses, maintenance expenses, insurance expenses, and reserves established in accordance with the loan agreements or in an annual operating budget agreed to and approved by all Partners in accordance with this Agreement shall be paid out of the cash flow from the operations of the Project.

4.2 Distribution to Partners. After all distributions required under Paragraph 4.1 have been made, all cash proceeds exceeding the payments specified under Paragraph 4.1 shall be distributed to the Partners in accordance with their percentage ownership interest in the Partnership at the time of such distribution. In the event losses are incurred by the Partnership during the Term, or deductions become available to the Partnership during the Term, such losses and deductions shall be allocated to the Partners in accordance with their percentage ownership interests in the Partnership at the time of such allocation. In the event income tax credits become available during the term, such credits shall be allocated to the Partners in accordance with their basis in the Partnership.

SECTION V

DISSOLUTION OF PARTNERSHIP

5.1 Events of Dissolution. This Partnership shall be dissolved upon the occurrence of either of the following events:

(a) At the end of the Partnership Term as specified herein.

(b) Upon voluntary dissolution of the Partnership by unanimous action of the Partners at a date earlier than said termination date.

5.2 Status of Partnership Rights in the Event of Death, Incapacity, Default, Dissolution or Bankruptcy of a Partner. In the event of death, incapacity, default, dissolution, liquidation or bankruptcy of any Partner, the survivor, guardian, trustee or parties to which assets flow resulting from a dissolution, liquidation or bankruptcy shall remain Partners hereunder. In the event any such person refuses or elects not to participate as a Partner, the remaining Partners shall have the first right to purchase the interest of such person in the same percentage as their respective percentage ownership interests in the Partnership at the fair market value of such person's interest, which fair market value shall be determined by an appriasal based upon discounted cash flows generated by the Project prepared by a professional appraiser selected by the Partners. The purchase price shall be paid by the remaining Partners in cash or certified funds within sixty (60) days after such person's election not to participate as a Partner. Should the remaining Partners fail or refuse to purchase the interest of such person within sixty (60) days after such person's election not to participate as a Partner, said person shall be free to sell his interest in the Partnership to any other person, corporation or partnership, and upon the completion of such sale, the purchasing party shall be

deemed a Partner hereunder and shall be bound by all the terms and conditions hereof.

5.3 Liquidation Upon Dissolution. Prior to any distributions of assets to the Partners, the financial books and records of the Partnership shall be closed in all respects as would otherwise be done at the close of the fiscal year. The capital accounts of each Partner shall be adjusted appropriately as provided in Section 2.1 herein. Distribution of the assets of the Partnership shall be in accordance with the capital accounts balances and the assets distributed shall be of the same or similar form and nature to the equity contributions made by the individual Partners, until the capital account balances are all zero, thereafter distribution of the assets of the Partnership shall be in accordance with the ownership percentages as defined in Section 1.2 hereof. If any Partner has a negative capital account balance upon dissolution, such partner shall be required to make a sufficient additional contribution to bring his capital account balance to zero.

Within the parameters of the provisions of this Paragraph 5.3, distributions shall be made to the Partners, to the extent possible, as follows:

(a) To Pigeon Cove, Twin Falls and McCabe-Hartmann. Cash equal to all equity contributions made by each Partner during the term of the Partnership and a percentage of any cash reserves as they exist at the end of the term equal to

the percentage ownership interest of such Partner at the time of liquidation. Such equity contribution shall include only those expenses specifically designated herein as equity or additional equity contributions.

(b) To Bonneville Pacific. All real property, improvements and rights appurtenant thereto, including ongoing business operations, contracts, exemptions, permits, rights of way, and cash equal to all additional equity contributions made by Bonneville Pacific during the Term of the Partnership and a percentage of any cash reserves as they exist as of the end of the Partnership Term equal to the percentage ownership interest of Bonneville Pacific at the time of liquidation.

(c) Obligations. All obligations of the Partnership existing at the date of dissolution and liquidation shall be assigned to Bonneville Pacific; Bonneville Pacific shall assume complete responsibility therefor, and Bonneville Pacific shall release and cause to be released the other Partners from all such obligations.

(d) Documentation. All transfers of cash, property and obligations shall be fully documented upon liquidation and all expenses of dissolution shall be borne by the Partnership.

SECTION VI

RECORD KEEPING

6.1 Receipts and Disbursements. The Managing General Partner shall be responsible for accounting for and keeping

good and adequate books and records of the receipts and disbursements of funds by the Partnership.

6.2 Capital Accounts. The Managing General Partner shall be responsible for accounting for and keeping good and adequate records of the capital accounts of the Partners during the entire Term of the Partnership.

6.3 Reporting. All Partners shall have the right from time to time to examine the books and records kept by the Managing General Partner. The Managing General Partner shall provide the Partners quarterly financial statements on the Partnership. Each Partner shall have the right to require that a certified audit of the financial statements of the Partnership be performed, the cost of which shall be borne by the Partnership. In addition, the Managing General Partner shall provide periodic reports on the operation of the Project.

6.4 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the calendar year, and the accounting method used by the Partnership shall be based upon the cash basis method of accounting.

SECTION VII

ALIENATION OF INTEREST

No Partner may sell, transfer or pledge its interest herein, or any part thereof, without the prior written consent of the other Partners and the Lenders. Any alienation made in violation of this provision will not be recognized and shall constitute a default hereunder by such Partner.

SECTION VIII

ENTIRE AGREEMENT

This Agreement and the Schedules attached hereto (when properly executed and delivered) contain the entire agreement among the parties with respect to this Partnership and supercede any other agreements, oral or written, made at any time among the Partners.

SECTION IX

DEFAULT AND EXPENSES

9.1 Costs and Fees. Should either party hereto at any time during the term hereof default in any obligations by such party to be performed hereunder, such defaulting party shall pay all costs and expenses, including reasonable attorneys' fees, incurred by the non-defaulting party in enforcing this Agreement against such defaulting party.

9.2 Remedies. Should any Partner default in its obligations hereunder, the non-defaulting parties shall have the right, at their option, to bring actions for specific performance of this Agreement, rescission and/or damages, including, but not limited to, actual, consequential and incidental damages incurred as a result of such default.

SECTION X

SITUS OF AGREEMENT

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

SECTION XI

BINDING AGREEMENT AND AMENDMENTS

This Agreement shall be binding upon the heirs, personal representatives, successors and permitted assigns of the parties hereto and shall not be amended or modified except upon two-thirds (2/3) vote of the Partners.

SECTION XII

SEVERANCE

In the event any provision hereof is found by a court of competent jurisdiction to be unenforceable or invalid, such provision shall be severed herefrom, and such severance shall not affect the other provisions herein contained.

SECTION XIII

COUNTERPARTS

This Partnership Agreement may be signed by the individual Partners in counterparts. All of which counterparts, taken together, shall constitute a single, fully integrated and enforceable Partnership Agreement.

IN WITNESS WHEREOF, the Partners have executed this Agreement on the day and year first above written.

BONNEVILLE PACIFIC CORPORATION,
a Utah corporation

By _____
Its SECRETARY

PIGEON COVE HYDROELECTRIC GROUP,
a Utah limited partnership

By DOMINION HYDROELECTRIC GROUP,
a Utah corporation
Its General Partner

By _____
Its President

TWIN FALLS HYDROELECTRIC, LTD.,
a Utah limited partnership

By FAR WEST CAPITAL, INC.,
a Utah corporation
Its General Partner

By _____
Its _____

_____
JOHN S. McCABE

_____
ERIC HARTMANN

6191C

PIGEON COVE HYDROELECTRIC GROUP,
a Utah limited partnership

By DOMINION HYDROELECTRIC GROUP,
a Utah corporation
Its General Partner

By _____
Its _____

TWIN FALLS HYDROELECTRIC, LTD.,
a Utah limited partnership

By FAR WEST CAPITAL, INC.,
a Utah corporation
Its General Partner

By Alan O. Melchior
Its Pres.

_____
JOHN S. McCABE

_____
ERIC HARTMANN

6191C

PIGEON COVE HYDROELECTRIC GROUP,
a Utah limited partnership

By DOMINION HYDROELECTRIC GROUP,
a Utah corporation
Its General Partner

By _____
Its _____

TWIN FALLS HYDROELECTRIC, LTD.,
a Utah limited partnership

By FAR WEST CAPITAL, INC.,
a Utah corporation
Its General Partner

By _____
Its _____

_____
JOHN S. McCABE

_____
ERIC HARTMANN

6191C

SCHEDULE "I"

LEASE AND ASSIGNMENT AGREEMENT

Containing:

First Amendment
Second Amendment
Third Amendment (Legal Descriptions)
BLM Right-of-Way Assignment
Exhibit "B" -- Water Rights
Exhibit "C" -- Power contract
Exhibit "D" -- FERC Exemptions

PIGEON COVE PROJECT

LEASE AND ASSIGNMENT AGREEMENT

May 20, 1983

BONNEVILLE PACIFIC CORPORATION

LEASE AND ASSIGNMENT

THIS LEASE AND ASSIGNMENT (the "Agreement"), made and entered into this 20th day of May, 1983, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Elwood McCauley and John Lorain, Jr., (the "Lessor"), and BONNEVILLE PACIFIC CORPORATION, a Utah corporation duly authorized to transact business in the State of Idaho (the "Lessee"),

W I T N E S S E T H:

WHEREAS, Lessor owns or has the right to acquire certain real property (the "Leased Premises") located in Twin Falls County, State of Idaho, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, the Leased Premises includes a certain Grant of Right of Way granted by the Bureau of Land Management to Lessor, which right of way is attached as part of Exhibit "A" and is hereinafter referred to as the BLM Right of Way; and

WHEREAS, Lessor 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, Lessor has entered into a Power Sales Contract (the "Power Contract") with Idaho Power Company for the purchase

and sale of power generated from the Leased Premises, a copy of which contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

WHEREAS, Lessor has obtained an Order Granting Exemption From Licensing for a Conduit Hydroelectric Project from the Federal Energy Regulatory Commission (the "FERC Exemption"), a copy of which is attached hereto as Exhibit "D" and by this reference made a part hereof; and

WHEREAS, Lessee desires to lease the Leased Premises and to acquire the Water Rights, Power Contract, FERC Exemption by assignment for purposes of constructing, operating and maintaining a hydroelectric project on the Leased Premises to be known as the Pigeon Cove Power Project (also known as the LQ-LS Hydroelectric Project) (the "Project"); and

WHEREAS, Lessor desires to lease the Leased Premises and to assign the foregoing rights and interests strictly upon the terms herein contained,

NOW, THEREFORE, for the consideration hereinafter described and in further consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. Agreement to Lease and Assign and Purpose. Lessor hereby leases and assigns to Lessee and Lessee hereby hires and takes from Lessor the Leased Premises, Water Rights (excluding the water rights specifically relating to fish propogation) Power Contract and FERC Exemption, in accordance with and subject to the terms of this Agreement for the purpose of constructing,

maintaining and operating diversion works, conveyance systems, penstocks, generating plants and transmission lines for electricity in connection with the Project.

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 (30) years from the date of first power production by the Project unless earlier terminated as herein provided.

3. Construction of the Project. Lessee shall have the right to go upon the Leased Premises for purposes of constructing the Project. Lessee shall be solely responsible to construct, install or complete on the Leased Premises a power generating facility capable of producing not less than 1.69 megawatts of installed generating capacity. Said facility shall be completed and in commercial operation on or before April 30, 1984. Lessee agrees to use qualified professional personnel in the construction and operation of the Project. Lessor shall have the right to inspect all construction and operation work and records and review (but not approve or disapprove) all engineering plans and construction schedules which Lessee shall make available to Lessor not less than ten (10) days prior to the same being finalized. It is agreed and understood that any credits, reimbursements or reductions in construction costs shall belong solely to Lessee.

4. Control and Ownership of Project. Subject to the provisions of paragraph 5 hereof, Lessee shall have complete

control over and responsibility for the construction, operation and maintenance of the Project during the term of this Agreement and Lessor grants to Lessee all rights and privileges necessary for the construction, operation and maintenance of the Project, including, without limitation, rights of ingress and egress and such easements, privileges, water lines, electrical transmission lines and other utility easements as may be necessary or desirable in the construction, operation and maintenance of the Project. At the end of the term hereof, Lessee shall transfer to Lessor, without cost to Lessor, by good and sufficient bills of sale, quitclaim deeds or assignments, all of its right, title and interest in and to the Leased Premises, Water Rights, Power Contract, FERC Exemption, and any and all improvements or personal property situated upon the Leased Premises at the end of the term hereof.

5. Access and Reservation of Rights. Lessor agrees to provide access to the Project over and across Lessor's property and to cooperate in obtaining alternate, more convenient access to the Project; provided, however, that such cooperation shall not include (unless otherwise agreed upon by Lessor) the waiver or transfer of any rights to real property or water. Any access provided by Lessor shall inure solely to the benefit of Lessee's authorized personnel and the partners of Lessor; provided, however, that Lessor reserves the right for Lessor, its partners and invitees to use the access routes and to go upon the Leased

Premises for hunting and fishing purposes subject to the following conditions:

(a) Use of access routes is conditional upon and subject to the restrictions, if any, placed upon such access by third persons owing property over which such access route may cross, and

(b) Lessor shall indemnify and hold Lessee harmless from and against any damages, liabilities, claims, causes of action or costs, including reasonable attorneys' fees, incurred by Lessee as a result of the use by Lessor, its partners or their invitees of the access or privileges stated herein.

6. Rental. As rental for the Leased Premises and as total consideration for the assignments herein contained Lessee agrees to pay to Lessor the following amounts (all of which shall be non-refundable regardless of circumstances) within the times and upon the terms as follows:

(a) The sum of Twenty-Five Thousand Dollars ($25,000) upon execution of this Agreement and upon verification by Lessee of the existence of a valid FERC Exemption, rights to non-consumptive use of projected water flows for electrical generation, and an engineering feasibility study for a plant of 1.60 megawatts of installed capacity, which verification shall be completed on or before May 20, 1983, and if not completed shall be deemed completed by that date for purposes of this Agreement.

(b) The sum of Twenty-Five Thousand Dollars ($25,000) at such time as financing for the Project has been obtained or July 15, 1983, whichever event shall first occur.

(c) The sum of One Hundred Thousand Dollars ($100,000) upon the completion of the construction phase of the Project or April 30, 1984, whichever event shall first occur.

(d) At such time as the Project is completed and declared to be in commercial operation, Lessee shall pay to Lessor (i) for the first ten (10) years of operation a sum equal to fifteen percent (15%) of the gross revenue received by Lessee from the operation of the Project annually, and (ii) for the remaining term a sum equal to fifty percent (50%) of the gross revenues received by Lessee from the operations of the Project annually. Such payments shall be made to Lessor in quarterly installments, in arrears.

7. Tax Benefits. Lessee shall own and have the benefit of all federal tax credits, deductions and depreciation (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available under the tax regulations relating to power projects of this nature. All Idaho state tax benefits, credits and deductions shall inure to the benefit of Lessor to the extent allowed by law.

8. Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Agreement by Lessee.

(a) Abandonment. The vacating or abandonment of the Leased Premises by Lessee.

(b) Failure to Pay Rent. The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee.

(c) Breach of Other Covenants. The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Lessee, including Lessee's failure to construct the Project, where such failure shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) Insolvency. The making by Lessee of any general assignment or general arrangement for the benefit of creditors; or the appointment of a trustee or a receiver under state law to take possession of substantially all of Lessee's assets located on the Leased Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days, or the attachment execution or other judicial seizure of substantially all of Lessee's assets located on the

Leased Premises or of Lessee's interest in this Lease, where such seizure is not discharged in sixty (60) days.

9. Remedies in Event of Default. In the event of any default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand except as provided herein and without limiting Lessor in the exercise of a right or remedy which Lessor may have by reason of such default or breach:

(a) Termination. Terminate Lessee's right to possession of the property by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Leased Premises and the Power Contract, Water Rights and FERC Exemption to Lessor, or

(b) Other Remedies. Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of Idaho.

10. Covenant of Title and Peaceful Possession. Lessor covenants that it has full right, power and authority to enter into this Agreement, and that Lessee or any permitted assignee or sublessee of Lessee, upon payment of the rentals and performance of the covenants upon Lessees part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the Leased Premises, any improvements thereon, and the rights assigned hereby, during the term hereof. Lessor further represents and warrants that all rights and interest conveyed hereunder have been perfected and are binding and enforceable in accordance with their terms and that there is no pending or threatened litigation

against Lessor or its partners (other than a potential controversy with Joe Rand, et ux, which has been fully disclosed by Lessor to Lessee) which may interfere with the construction or operation of the Project.

11. 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 like nature not the fault of the party delayed in performing the work or doing the acts required under the terms of this Lease, then performance of such 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.

12. Additional Instruments. In the event it is necessary or desirable to prepare and execute additional instruments or documents to carry out the terms of this Agreement, the parties hereto agree to cooperate fully in the preparation and execution of the same.

13. Eminent Domain. In the event the Leased Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority to the extent that the Project cannot operate or such operation is materially impaired, this Lease shall terminate and expire as of the date of such taking, and both Lessor and Lessee shall thereupon be released

from any liability thereafter accruing hereunder. It is understood and agreed that Lessee shall be entitled to the entire award or compensation under any proceeding in eminent domain except such portion of the award or compensation specifically relating to the value of the unimproved real property and water rights leased hereunder. If the leased premises are taken for purposes of power production by any authority, then Lessee and Lessor shall share in the award in accordance with their respective interest in the project at that time.

14. Affirmative Assumption of Rights and Obligations. With respect to the BLM Right of Way, Power Contract, Water Rights and FERC Exemption assigned by Lessor to Lessee hereunder, Lessee agrees to assume all rights and obligations of Lessor thereunder and agrees to indemnify and hold Lessor harmless from and against all damages, liabilities, causes of action, claims and costs, including reasonable attorneys' fees, incurred by Lessor as a result of Lessee's failure or inability to perform the obligations of Lessor with respect to said instruments provided such failure or inability to perform is not the result of actions, breach or negligence of Lessor. Lessee specifically agrees to be solely responsible for any refund liabilities under the Power Contract. Likewise, upon reassignment by Lessee to Lessor of the BLM Right of Way, Water Rights, Power Contract and FERC Exemption Lessor agrees to assume the obligations and to indemnify and hold Lessee harmless to the same extent as Lessee is bound to Lessor under in this paragraph; provided, however,

that in the event of default by Lessee hereunder and such default results in a liquidated damage claim under the Power Contract, Lessee shall be solely responsible for payment of such liquidated damages.

15. Covenant of Completion. Subject to paragraph 11 hereof Lessee agrees to use its best efforts to complete the project within the time periods specified herein and to use its best efforts to maintain operations of the Project at least 85% capacity during the term of this Agreement to the extent of its then ability to insure such performance with commercial insurers. Lessee hereby assigns to Lessor, as security for performance of the foregoing covenant, all claims on manufacturer's warranties and the warranties, representations, plans and specifications of the design engineer relating to the Project. In the event Lessee fails to perform this covenant, then Lessor agrees to resort to such representations and warranties for satisfaction of any claims of Lessor arising under this paragraph, and/or liquidated damages imposed under the Power Contract provided Lessee is in default hereunder.

16. Covenant to Comply with Applicable Laws. Lessee covenants and agrees to comply with all state, federal, and municipal laws or ordinances applicable to the Project.

17. Liens. Except for security interests created by lenders financing the Project, Lessee shall keep the Leased Premises free and clear from any liens or encumbrances arising

out of any work performed, materials furnished or other obligations incurred by Lessee.

18. Assignment and Sublet. It is understood and agreed that Lessee may assign its interest hereunder for purposes of obtaining equity and to a separate operating entity or entities for operation of the Project and to lenders financing the Project (for security purposes). Except as provided herein neither Lessee nor Lessor shall assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or Agreement, or any part thereof, without the prior written consent of the other party.

19. Insurance. Lessee shall carry good and sufficient liability insurance and property insurance relating to the Project in an amount not less than required under the Power Contract, and shall show Lessor as an additional insured on any such policy.

20. Subrogation. As long as their respective insurers so permit, Lessor and Lessee hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

21. Taxes Lessee agrees to pay all real and personal property taxes and assessments levied against the Leased Premises and Lessee agrees to cooperate with Lessor in having other property owned by Lessor lying adjacent to the Leased Premises

taxed at a rate consistent with its present agricultural use, provided Lessee shall not be required to incur any expense as a result of such cooperation.

22. Additional Water. It is understood and agreed by the parties hereto that in the event Lessor is able to provide additional water and provided the Project can use such additional water and increase its electrical generating capacity thereby, Lessee shall accept such additional water and the parties shall share in the revenues generated from the increased capacity as provided in this Agreement.

23. 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 required, and addressed to the parties as follows:

IF TO LESSOR: Pigeon Cover Power Company
Box 128
Filer, Idaho 83328
Attention: Mr. Paul Turnipseed

IF TO LESSEE: Bonneville Pacific Corporation
Suite 300
200 East South Temple
Salt Lake City, Utah 84111
Attention: Raymond L. Hixson, President

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

24. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and shall not be modified or amended except written

instrument duly executed by the parties hereto; provided, however, that paragraph 8 of the Commitment Letter between Lessor and Lessee dated April 16, 1983, is preserved in this Agreement and incorporated herein by reference.

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

26. 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 Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Assignment and have caused the partners' spouses to consent to this Agreement in the Partners' Spouses' Consent to Lease and Assignment Agreement attached hereto, the day and year first above written.

LESSOR:

PIGEON COVE POWER COMPANY

Paul Turnipseed

Elwood McCauley

John Lorain, Jr.

LESSEE:

BONNEVILLE PACIFIC CORPORATION

By _____

Its SECRETARY / TREASURER

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me the undersigned Notary Public in the said County and State, personally appeared PAUL TURNIPSEED, ELWOOD MCCAULEY and JOHN LORAIN, JR., known to be the partners of Pigeon Cove Power Company, an Idaho general partnership, and the partners who subscribed the partnership name to the foregoing instrument, who acknowledged to me that they executed the same in the name of the partnership.

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR STATE OF IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me the undersigned Notary Public in the said County and State, personally appeared Robt. L. Wood, known to be the Secretary/Treasurer of Bonneville Pacific Corporation, a Utah corporation, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, who acknowledged to me that such corporation executed the same.

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls
Commissioned for Life Term

NOTARY PUBLIC FOR STATE OF IDAHO
Residing at Twin Falls

PARTNERS' SPOUSES' CONSENT TO LEASE AND ASSIGNMENT AGREEMENT

This Partners' spouses" consent to the Lease and Assignment Agreement between Pigeon Cove Power Company and Bonneville Pacific Corporation dated May 20, 1983, is made this 20th day of May, 1983, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Lease and Assignment Agreement to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Lease and Assignment Agreement.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

Fred D. Decker

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

AMENDMENT TO PIGEON COVE PROJECT

LEASE AND ASSIGNMENT AGREEMENT

DATED MAY 20, 1983 BETWEEN

PIGEON COVE POWER COMPANY
(An Idaho General Partnership)

AND

BONNEVILLE PACIFIC CORPORATION

This Agreement amends the May 20, 1983, agreement between the parties in the following manner:

(a) The third sentence of paragraph No. 3 on page 3 of the May 29, 1983 Lease and Assignment Agreement is hereby amended to provide:

> "Said facility shall be completed and in commercial operation on or before September 30, 1984."

(b) Lessee will pay the J-U-B Engineers, Inc., fee of $3,050.67 due July 26, 1983 for engineering services on this project relating to negotiation of Appendix B to the Idaho Power Company interconnection and power sale agreement forthwith as well as the $628.40 fee due July 26, 1983 to J-U-B Engineers, Inc., for the project switch yard surveying and location work on this project and hold harmless and indemnify Lessor therefor.

(c) Lessee will reimburse Lessor for the J-U-B Engineers, Inc., surveying fee, Safeco Title Insurance Company of Idaho title fees, and Fred D. Decker lawyer's fees and expenses incurred with regard to this project since May 20, 1983, and hold harmless and indemnify Lessor therefor.

(d) Lessee will deposit the $25,000 cash payment due July 15, 1983 under paragraph 6(b) on page 6 of the Lease and Assignment Agreement with Decker and Hollifield, P.A., lawyers, to be deposited in the firm trust account for Lessor upon condition that said sum remain so deposited, and invested at interest in a Shearson/American Express money market account until the existing dispute with Joe Rand, et ux, an adjoining property owner as to the water rights to this project, is resolved and the project development and construction proceeds, or December 1, 1983, which ever occurs first, at which time the funds shall be paid, together with earned and accrued interest thereon, to Lessors.

(e) Lessor will pay Lessee or authorize Lessee to withhold out of the quarterly lease payment to be made by Lessee to Lessor under the May 20, 1983 agreement, quarterly over the initial 10 years project life of the lease, the sum of $40,000.00, including interest at the rate of twelve percent (12%) per annum, in forty (40) equally quarterly installments of $4,326.24. This offset or reduction in the Lessor's lease payment to Lessee is the result of a compromise of a disputed claim between Lessor and Lessee as to Lessor's responsibility, if any, for purchase of land rights from Joseph Rand and Ellen M. Rand, husband and wife, for the Pigeon Cove hydroelectric project being discharged under the Lease which this agreement amends by Lessor.

(f) The adjacent real property recently acquired by Lessor from Joseph L. Rand, et ux, for the hydroelectric project to be developed hereunder is hereby included in the real property leased by Lessor to Lessee under the May 20, 1983 Lease and Assignment Agreement hereby amended, and the Real Estate Sale Agreement transferring the Rand property to Lessor is hereby assigned to Lessee and made a part of said Lease and Assignment Agreement.

IN ALL OTHER RESPECTS the May 20, 1983 Lease and Assignment Agreement is hereby ratified and confirmed by the parties hereto.

DATED: October 31st, 1983.

PIGEON COVE POWER COMPANY

Paul Turnipseed
PAUL TURNIPSEED
General Partner

Dorothy Turnipseed
DOROTHY TURNIPSEED, his spouse

Elwood McCauley by [illegible], his atty in Fact
ELWOOD McCAULEY
General Partner

Marjorie McCauley by [illegible], her atty in Fact
MARJORIE McCAULEY, his spouse

John Lorain Jr.
JOHN LORAIN, JR.
General Partner

Donna Lorain
DONNA LORAIN, his spouse

BONNEVILLE PACIFIC CORPORATION

By Raymond L. Hixson
RAYMOND L. HIXSON, President

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 21st day of October, 1983, before me, a Notary Public in and for said State, personally appeared RAYMOND L. HIXSON, known to me to be the President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

Donna A Allen
NOTARY PUBLIC FOR IDAHO
Residing At Kimberly, Idaho

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, a Notary Public in and for said State, personally appeared PAUL TURNIPSEED and DOROTHY TURNIPSEED, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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.

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing At Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this _____ day of October, 1983, before me, a Notary Public in and for said State, personally appeared ELWOOD McCAULEY and MARJORIE McCAULEY, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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 _____

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, a Notary Public in and for said State, personally appeared JOHN LORAIN, JR. and DONNA LORAIN, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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.

FRED D. DECKER
NOTARY PUBLIC - STATE O...
Residing at Twin Falls ...
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing At Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of January, 1984, before me, the undersigned, Notary Public in and for said State and County, personally appeared FRED D. DECKER, Attorney-in-Fact for Elwood McCauley and Marjorie McCauley, husband and wife, known or identified to me to be the person whose name is subscribed to the foregoing and within instrument as the attorney-in-fact of Elwood McCauley and Marjorie McCauley, husband and wife, and acknowledged to me that he subscribed the name of Elwood McCauley and Marjorie McCauley, as principals, and his own name as attorney-in-fact.

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

Donna S Allen
NOTARY PUBLIC FOR IDAHO
Residing at Kimberly

SECOND AMENDMENT TO PIGEON COVE PROJECT
LEASE AND ASSIGNMENT AGREEMENT
DATED MAY 20, 1983 BETWEEN

PIGEON COVE POWER COMPANY

AND

BONNEVILLE PACIFIC CORPORATION

This Second Amendment amends the May 20, 1983 Lease and Assignment Agreement between the parties in the following manner:

Exhibit "A" referred to in and attached to the Lease and Assignment Agreement is amended in its entirety to read the same as Exhibit "A" attached hereto and by this reference made a part hereof.

IN ALL OTHER RESPECTS the May 20, 1983 Lease and Assignment Agreement (as amended by the First Amendment thereto) is hereby ratified and confirmed by the parties hereto.

DATED: January 20th, 1984

BONNEVILLE PACIFIC CORPORATION

By _____
Its Sec

PIGEON COVE POWER COMPANY

_____
PAUL TURNIPSEED, General Partner

Dorothy Turnipseed
DOROTHY TURNIPSEED, His Spouse

Elwood McCauley by [illegible] his atty in Fact
ELWOOD McCAULEY, General Partner

Marjorie McCauley by [illegible] her attorney in Fact
MARJORIE McCAULEY, His Spouse

John Lorain Jr.
JOHN LORAIN, JR., General Partner

Donna Lorain
DONNA LORAIN, His Spouse

THIRD AMENDMENT TO PIGEON COVE PROJECT
LEASE AND ASSIGNMENT AGREEMENT
DATED MAY 20, 1983
BETWEEN PIGEON COVE POWER COMPANY
AND BONNEVILLE PACIFIC CORPORATION

THIS THIRD AMENDMENT (this "Agreement") is made and dated as of the 1st day of December, 1984, by and among PIGEON COVE POWER COMPANY, an Idaho general partnership ("Lessor"), BONNEVILLE PACIFIC CORPORATION, a Utah corporation authorized to transact business in the State of Idaho ("Lessee") and LS-LQ HYDROELECTRIC PARTNERS, a Utah general partnership authorized to transact business in the State of Idaho ("Assignee").

RECITALS:

A. Lessor and Lessee entered into a Lease and Assignment Agreement dated May 20, 1983, (the "Lease and Assignment"), whereunder Lessor leased (and hereby does lease) to Lessee certain real property located in Twin Falls County, State of Idaho, and whereunder Lessor assigned certain rights, titles, contracts and interests to Lessee, all as more fully set forth in the Lease and Assignment, which agreement is incorporated herein by this reference.

B. The Lease and Assignment has been amended by that certain Amendment to Pigeon Cove Lease and Assignment Agreement, dated October 31, 1983 (the "First Amendment"), and by that certain Second Amendment to Pigeon Cove Project Lease and Assignment Agreement, dated January 20, 1984 (the "Second

Amendment"), which amendments are incorporated herein by this reference.

C. Lessee has assigned (and hereby does assign) to Assignee all of its right, title and interest under the Lease and Assignment by that certain Amended and Restated General Partnership Agreement for LS-LQ Hydroelectric Partners dated as of December 1, 1984, which agreement is incorporated herein by this reference.

D. The parties hereto desire hereby to further amend the Lease and Assignment and to effectuate, consent to and acknowledge the assignment of the Lease and Assignment by Lessee to Assignee in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise defined herein, terms capitized herein shall have the same meaning as in the Lease and Assignment.

2. Modification of Description of the Leased Premises. Exhibit "A" attached to the Lease and Assignment, as amended in the Second Amendment, is hereby amended in its entirety to read the same as Exhibit "A" attached hereto and by this reference made a part hereof.

3. Status of Access Road. Lessee and Assignee agree and covenant with Lessor to control access along the access roadway running from the public highway to the power house located upon the Leased Premises, and, at their expense, to take such action as may be required or desirable to ensure that said roadway does not become a public road, easement or right-of-way during the entire Term of the Lease and Assignment, subject only to the rights of eminent domain. This provision is hereby added to and hereby becomes part of the Lease and Assignment, as amended.

4. Assignment. Lessor hereby consents to the assignment of the Lease and Assignment, as amended, by Lessee to Assignee as herein provided and as provided in the Amended and Restated General Partnership Agreement for LS-LQ Hydroelectric Partners, and further agrees that Lessee and Assignee have the right to further assign the Lease and Assignment pursuant to that certain Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of December 1, 1984 (the "Mortgage") by and between Assignee as Debtor, and First Security Bank of Idaho N.A. as Security Trustee, and New England Mutual Life Insurance Company, as Note Purchaser (said Security Trustee and Note Purchaser are hereinafter referred to collectively as "Mortgagee"), which Mortgage is incorporated herein by this reference.

5. Term. Paragraph 2 of the Lease and Assignment is modified to provide that September 30, 1984, shall be deemed by

the parties as the "date of first power production by the Project."

6. Rent. Paragraph 6(d) of the Lease and Assignment is modified to provide that September 30, 1984, is deemed by the parties hereto as the date upon which the Project is "completed and declared to be in commercial operation." The parties further agree that payment of the amounts payable to Lessor by Assignee under Paragraph 6(d) is subject to payments being made in accordance with the requirements of Section 5 of the Mortgage.

7. Use. The parties agree that the Leased Premises may be used by Assignee for any lawful purpose.

8. Taxes. Paragraph 21 of the Lease and Assignment is hereby modified to provide that while Assignee is obligated to pay all real and personal property taxes levied with respect to the Project, Assignee, at Assignee's option, may challenge or appeal any such tax assessment, and Lessor agrees to cooperate fully with Assignee in undertaking such appeal; provided, however, that any costs incurred by Lessor shall be reimbursed by Assignee. Assignee has the right to pay the taxes required of Assignee hereunder at any time within the applicable tax period allowed for such payment (but before delinquency), and, pending resolution of the tax dispute, Assignee may establish an escrow account for such tax payments. Assignee shall receive all tax refunds and rebates. Lessor is solely responsible for any and all personal income, inheritance, estate,

succession, profit or related taxes imposed upon Lessor or any of its partners as a result of the Lease and Assignment, as amended.

9. Covenant of Title and Peaceful Possession. Paragraph 10 of the Lease and Assignment is modified to provide that the lease of the Leased Premises and the rights and interests assigned under the Lease and Assignment are not, and will not become, subordinate to any present or future mortgage of the Lessor's interest in the Leased Premises or such assigned rights and interests.

10. Control and Ownership of the Project. Paragraph 4 of the Lease and Assignment is modified to provide that Assignee owns all improvements now existing or hereafter erected, and all equipment located upon the Leased Premises, or used in connection therewith, and the parties hereto agree and acknowledge that all such equipment shall be deemed, and is hereby declared, to be personal property.

11. Assignment, Subletting and Encumbrances. Paragraph 18 of the Lease and Assignment is modified to provide that in the event Assignee defaults under the Mortgage, Assignee shall have the right, without Lessor's consent, to grant to the Mortgagee an assignment of the Lease and Assignment in lieu of foreclosure, and the Mortgagee shall have the right, without Lessor's consent, to dispose of Assignee's leasehold estate at a foreclosure sale. The Mortgagee shall also have the right, without Lessor's consent, to acquire

Assignee's leasehold estate at the foreclosure sale, and, without Lessor's consent, the Mortgagee may dispose of the leasehold estate to any third party; provided, however, that any person, including the Mortgagee acquiring the leasehold estate at the foreclosure sale or by assignment in lieu of foreclosure, takes Assignee's leasehold estate subject to all of the rights and interests of Lessor under the Lease and Assignment, as amended, except as otherwise provided herein, and agrees to be bound by all of the terms of the Lease and Assignment, as amended.

12. Liability. Paragraph 18 of the Lease and Assignment is further modified to provide that in the event the Mortgagee takes possession of the Leased Premises, regardless of whether by foreclosure, assignment in lieu of foreclosure or otherwise, the Mortgagee shall be obligated to assume liability as lessee under the Lease and Assignment only for the time that the Mortgagee is in possession of the Leased Premises and not for any other period, including the earlier period when the Lessee or Assignee was in possession of the Leased Premises. This provision shall enure to the benefit of Mortagee, its successors and assigns, and any purchasers at foreclosure. In addition, the Lease and Assignment is hereby modified to provide that the Mortgagee has no obligation for liabilities regarding unrelated transactions between the Lessor, the Lessee or Assignee, or for the construction or operation of the Project. The Lease and Assignment is modified to limit

Lessor's recourse against the Mortgagee solely to the Mortgagee's interest in the Lease and Assignment.

13. Remedies in the Event of Default. Paragraph 9 of the Lease and Assignment is hereby modified to provide that for so long as any amount remains due to the Mortgagee under the Mortgage, no event of default by Assignee shall result in the termination of the Lease and Assignment under any circumstances, and, in addition, the Mortgagee shall have the following protections: (1) the Mortgagee shall be given a reasonable opportunity to cure any defaults of Lessee or Assignee beyond the time otherwise permitted to the Lessee or Assignee, and if default is not curable by the Mortgagee within such permitted time, the Mortgagee shall be granted such additional time as is reasonably necessary to cure, provided that the Mortgagee is proceeding with diligence to accomplish such cure, (2) any action taken by the Mortgagee to cure defaults shall be accepted by Lessor as though performed by Lessee or Assignee and (3) the Mortgagee shall be allowed reasonably sufficient time to foreclose. In the event a default cannot be cured by Mortgagee, the Lease and Assignment is hereby modified to provide the following: (1) any default not curable by the Mortgagee shall be waived by Lessor upon the Mortgagee's succession to the interests of Lessee or Assignee under the Lease and Assignment, and (2) Lessor shall enter into a new lease with the Mortgagee in the event that the Lease and

Assignment is terminated for any reason, including rejection by the Lessee's or Assignee's Bankruptcy Trustee.

14. Lessor's Bankruptcy. The Lease and Assignment is amended to provide that in the event Lessor becomes bankrupt and Lessor's Trustee in Bankruptcy rejects the Lease and Assignment, Lessee or Assignee under 11 U.S.C. § 365(h)(1) will have the option of treating the Lease and Assignment as terminated; provided, however, that Assignee shall not elect such option without the prior written consent of tne Mortgagee for so long as any amounts are due to the Mortgagee under the Mortgage.

15. Insurance and Casualty. The Lease and Assignment is hereby modified to provide that the Assignee has no duty to rebuild Project in the event of a total loss or casualty, and all insurance proceeds received as a result of said loss or casualty shall be applied as provided in the Mortgage. Section 19 of the Lease and Assignment is hereby modified to provide that the Assignee shall carry such insurance as is required under the Power Contract, and, for so long as any amounts remain due under the Mortgage, such insurance as is required under the Mortgage.

16. Condemnation. Section 13 of the Lease and Assignment is hereby modified to provide that any award received in a condemnation proceeding shall be applied as provided in the Mortgage for so long as any amounts remain due

under the Mortgage, thereafter the provisions of Section 13 as originally written shall apply.

17. Estoppel Certificates. The Lease and Assignment Agreement is hereby amended as follows: for so long as any amounts remain due under the Mortgage, Lessor shall provide, at no cost to the Mortgagee, from time to time upon reasonable request of the Mortgagee, and in recordable form if necessary, certificates containing the following information: (a) whether the Lease and Assignment has been modified in any way, and if so, the text of such modification, (b) whether the Lease and Assignment is in full force and effect (c) the amount of rental paid to date and what amount of rental, if any, has been paid in advance, (d) whether any event of default or event which with the lapse of time or the giving of notice or both would constitute an event of default under the Lease and Assignment has occurred and is continuing, (e) whether the Lessor has any offsets or counterclaims against Lessee, and (f) any other information which the Mortgagee may reasonably request.

18. Modification or Termination of Lease and Assignment. The Lease and Assignment is hereby amended to provide that for so long as any amounts remain due under the Mortgage, the Lease and Assignment shall not be modified or terminated without the prior written consent of the Mortgagee.

19. Notices. For so long as any amounts remain due under the Mortgage, the parties hereto agree that any notices

required, permitted or sent hereunder to any party shall also be sent to the Mortgagee at the following address:

First Security Bank of Idaho, N.A.
P.O. Box 2618
Boise, Idaho 83701
Attention: John W. Parrish
Trust Division

Street Address:

9th and Idaho, Fifth Floor
Boise, Idaho 84702

With Copy to:

Robert P. Davis, Esq.
CHAPMAN & CUTLER
111 West Monroe Street
Chicago, Illinois 60603

20. Ratification of Lease and Assignment. Except as modified and amended hereby the Lease and Assignment, as amended by the First Amendment, is hereby ratified and confirmed by the parties hereto.

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

PIGEON COVE POWER COMPANY, an
Idaho general partnership

By_____
PAUL TURNIPSEED, General Partner

_____
DOROTHY TURNIPSEED, His Spouse

By_____
ELWOOD McCAULEY, General Partner

_____
MARJORIE McCAULEY, His Spouse

By_____
JOHN LORAIN, JR., General Partner

_____
DONNA LORAIN, His Spouse

BONNEVILLE PACIFIC CORPORATION, a
Utah corporation

By_____
Its_____

LS-LQ HYDROELECTRIC PARTNERS, a
Utah general partnership

By: BONNEVILLE PACIFIC CORPORATION,
a Utah corporation
Its managing general partner

By_____
Its_____

STATE OF IDAHO)
: ss.
COUNTY OF TWIN FALLS)

On this ____ day of December, 1984, before me, the undersigned Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, ELWOOD McCAULLY and JOHN LORAIN, JR., known to me to be the partners of Pigeon Cove Power Company, an Idaho general partnership, and the partners who subscribed the partnership name to the foregoing instrument, who acknowledged to me that they executed the same in the name of the Partnership.

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

_____
NOTARY PUBLIC FOR IDAHO

Residing at:_____

Commissioned for Life Term

STATE OF IDAHO)
: ss.
COUNTY OF TWIN FALLS)

On this ____ day of _____, 1984, before me, the undersigned Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULLY and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

_____
NOTARY PUBLIC FOR IDAHO

Residing at:_____

Commissioned for Life Term

STATE OF _____)
: ss.
COUNTY OF _____)

On this ____ day of _____, 1984, before me, the undersigned Notary Public in and for said County and State, personally appeared _____, known to me to be the _____ of BONNEVILLE PACIFIC CORPORATION, a Utah corporation, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, who acknowledged to me that said corporation executed the same.

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

_____
NOTARY PUBLIC FOR _____

Residing at:_____

My Commission Expires:

_____

STATE OF _____)
: ss.
COUNTY OF _____)

On this ____ day of _____, 1984, before me, the undersigned Notary Public in and for said County and State, personally appeared _____, known to me to be the _____ of BONNEVILLE PACIFIC CORPORATION, the managing general partner of LS-LQ HYRDOELECTRIC PARTNERS, a Utah general partnership, and an authorized officer of the managing general partner who subscribed the partnership name to the foregoing instrument, who duly acknowledged to me that he executed the same in the name of the partnership.

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

_____
NOTARY PUBLIC FOR _____

Residing at:_____

My Commission Expires:

_____

6204C

EXHIBIT "A"

To Third Amendment of Lease and Assignment

PARCEL I

A parcel of land being situated in a portion of Government Lots 5 and 6 of Section 16, Township 9 South, Range 16 East of the Boise Meridian, Twin Falls County, Idaho, being more particularly described as follows:

BEGINNING at the Southwest corner of said Section 16; THENCE along the South boundary line of said Section North 89°53'19" East, 740.00 feet to the True Point of Beginning; THENCE parallel to the West boundary of said Section 16 North 00°00'00" East, 30.00 feet; THENCE parallel to the South boundary of said Section 16 North 89°53'19" East, 20.00 feet; THENCE parallel to the West boundary of said Section 16 North 00°00'00" East, 64.00 feet; THENCE North 28°54'52" East, 556.67 feet; THENCE North 15°33'21" West 212.69 feet; THENCE North 78°36'43" West, 549.34 feet; THENCE South 60°00'00" West, 72.88 feet; THENCE South 32°59'59" West, 494.95 feet; THENCE North 61°13'27" West, 45.13 feet to a point, said point lies North 00°00'00" East, 500.00 feet and South 61°13'27" East, 70.00 feet from the Southwest corner of said Section 16; THENCE North 32°59'59" East, 714.05 feet; THENCE North 76°39'38" East, 267.94 feet; THENCE North 00°29'32" East, 153.01 feet to a point on the Snake River Meander Line, said point lies North 00°00'00" East, 978.12 feet and North 63°00'00" East, 698.82 feet and South 80°15'00" East, 90.94 feet from the Southwest corner of said Section 16; THENCE along said Meander Line South 80°15'00" East, 349.70 feet; THENCE South 00°32'15" West, 200.03 feet; THENCE South 77°00'00" East, 320.00 feet; THENCE South 64°00'00" East, 1520.00 feet; THENCE South 75°00'00" East, 280.00 feet; THENCE North 89°00'00" East, 230.00 feet; THENCE South 62°42'30" East, 224.68 feet to a point, said point being a Meander Corner; THENCE along said Meander Line South 74°45'00" West, 399.30 feet to a point on the South boundary line of said Section 16, said point being a Meander Corner; THENCE along the South boundary line of said Section 16 South 89°53'19" West, 2307.88 feet to the True Point of Beginning,

EXCEPT the following described parcel:

BEGINNING at the Southwest corner of said Section 16; THENCE along the South Boundary line of said Section North 89°53'19" East, 825.00 feet; THENCE North 00°00'00" East, 40.00 feet to the True Point of Beginning; THENCE parallel to the South boundary line of said Section 16 North 89°53'19" East, 1895.19 feet; THENCE North 67°30'00" West, 1434.80 feet; THENCE South 87°00'00" West, 232.07 feet; THENCE South 32°00'00" West, 637.50 feet to the True Point of Beginning.

continued . . .

EXHIBIT "A" continued

PARCEL II

A parcel of land located in the NE1/4 of Section 21, Township 9 South, Range 16 East of the Boise Meridian, Twin Falls County, Idaho and being more particularly described as follows:

BEGINNING at a point lying on the North line of Section 21, said point being 2958.44 feet North 89°53'19" East from the Northwest corner of said Section 21, said point being the Point of Beginning; THENCE along the section line North 89°53'19" East, 182.50 feet to a point, said point being a meander corner; THENCE following the meander line South 41°34'18" East, 228.91 feet to a point, said point being angle point 1; THENCE following the meander line North 84°29'04" East, 302.50 feet; THENCE South 0°00' West, 220.00 feet to a point; THENCE North 90°00' West, 225.00 feet to a point; THENCE North 48°36'21" West, 547.20 feet to a point, said point being the Point of Beginning.

PARCEL III

A parcel of land located in the NW1/4 of Section 21, Township 9 South, Range 16 East of the Boise Meridian, Twin Falls County, Idaho and being more particularly described as follows:

BEGINNING at a point on the North line of Section 21, said point being 670.00 feet North 89°53'19" East from the Northwest corner of said Section 21, said point being the Point of Beginning; THENCE South 10°00' West 142.62 feet to a point; THENCE South 72°13'25" East, 47.01 feet to a point; THENCE South 0°00' West, 140.00 feet to a point; THENCE North 90°00' East, 80.00 feet to a point; THENCE North 0°00' East, 295.00 feet to a point on the North section line of said Section 21; THENCE along the section line South 89°53'19" West, 100.00 feet to a point, said point being the Point of Beginning.

continued . . .

EXHIBIT "A" continued

PARCEL IV

A parcel of land being situated in a portion of Government Lot 5 of Section 16, Township 9 South, Range 16 East of the Boise Meridian, Twin Falls County, Idaho, being more particularly described as follows:

BEGINNING at the Southwest corner of said Section 16; THENCE North 0°00'00" East along the West boundary line of said Section 16, 500.00 feet; THENCE South 61°13'27" East, 115.13 feet; THENCE South 32°59'59" West, 111.84 feet; THENCE parallel to the West boundary of said Section 16, South 0°00'00" West, 350.71 feet to a point on the South boundary line of said Section 16; THENCE along said South boundary line South 89°53'19" West, 40.00 feet to the Point of Beginning.

EXCEPT all minerals in or under said Parcels I thru IV including but not limited to metals, oil, gas, coal, stone and mineral rights, mining rights and easement rights or other matters relating thereto whether expressed or implied.

6204C

ASSIGNMENT OF RIGHT OF WAY GRANT

THIS ASSIGNMENT, made and entered into this 31st day of October, 1983, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained a Right of Way Grant (the "Right of Way") from the United States Department of Interior, Bureau of Land Management, Grant Serial No. I-18314 dated September 1, 1982, which Right of Way is attached hereto as Exhibit "A" and and by this reference made a part hereof; and

WHEREAS, said Right of Way covers certain real property which shall be used in connection with a certain hydroelectric power project known as the Pigeon Cove Power Project located in the Southwest quarter of the Southwest quarter of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, State of Idaho, which power project is more particularly described in that certain Lease and Assignment between Assignors and Assignee of even date herewith, which Lease and Assignment is incorporated herein by

this reference. The exact portion of the Right of Way to be used in connection with the Pigeon Cove Power Project is more particularly described in Exhibit "B" attached hereto and by this reference made a part 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. Assignors hereby assign to Assignee all of their right, title and interest in and to the Right of Way as described in Exhibit "A" attached hereto as the same may affect that portion of the real property to be used in connection with the Pigeon Cove Power Project as described in Exhibit "B" during the entire term of the Power Project as described in the Lease and Assignment.

2. Assignee hereby accepts the partial assignment of said Right of Way in accordance with the terms hereof.

3. Assignee agrees to use the rights and interests referred to in said Right of Way solely in connection with the Pigeon Cove Power Project.

4. That to induce the Assignee to accept this Assignment and the rights and obligations pursuant thereto, the Assignors hereby represent to the Assignee as follows:

(a) That the Assignors have duly performed all of the conditions presently required under the Right of Way;

(b) That the Right of Way is in full force and effect;

(c) That the Right of Way is partially assignable as herein contemplated.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Right of Way that are to be kept, observed and performed by the Assignors as the same may affect the real property described in Exhibit "B";

(b) That Assignee will not further assign the Right of Way conveyed hereunder without the prior written consent of Assignors and, if necessary, the consent of the Bureau of Land Management;

(c) That at the end of the Lease and Assignment term, as defined in said Lease and Assignment, Assignee will assign the Right of Way to Assignors and this Agreement shall thereafter become null and void; and

(d) Assignee will pay to Assignors its prorated share of rentals required under the Right of Way based upon the percentage which the real property described in Exhibit "B" bears to the entire Right of Way as described in Exhibit "A".

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

ASSIGNORS:

PIGEON COVE POWER COMPANY

By _____
Paul Turnipseed

By _____
Dorothy Turnipseed

By _____
Elwood McCauley

By _____
John Lorain, Jr.

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By _____
Its SEC

4734C

In reply refer to: I-18314

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Burley District Office
Route #3, Box 1
Burley, Idaho 83318

DECISION

RIGHT-OF-WAY GRANTED

Details of Grant

Serial Number of Grant: I-18314

Name of Grantee: Pigeon Cove Power Company

Map showing the location and dimensions of grant filed on: December 14, 1981

Permitted use by grantee: Underground water pipeline (48" diameter), including headworks, crossing 370' (40' in width) in T. 9 S., R. 16 E., Boise Meridian, Sec. 16: Lot 11, Sec. 21: Lot 3.

Authority for grant: P.L. 94-579 (Oct. 21, 1976) Title V, 90 Stat. 2743

Regulations applicable to grant:

Code reference: 43 CFR 2800

Date of Grant: September 1, 1982

Expiration of Grant: 75 years from date of issuance

Rental:

Amount: $100.00 per year estimated rental, subject to adjustment pursuant to 43 CFR 2803.1-2(b), (d)
When payable: On or before September 1 of each year.

Terms and Conditions of Grant

Pursuant to the Authority vested in the undersigned by Order No. 701 of the Associate Director, Bureau of Land Management, dated July 23, 1964 (29 F.R. 10526), as redelegated November 30, 1981 (46 F.R. 60064), a right-of-way, the details of which are shown above, is hereby granted subject to the following terms and conditions:

1. All valid existing rights existing on the date of grant.
2. All regulations specified above.
3. Further terms and condition as follows:
   (a) The District Manager of the Burley District Office, Route 3, Box 1, Burley, Idaho, has the authority to conduct all business with the grantee with respect to use of lands and disposition of resources, and the grantee is requested to contact the above-designated official prior to the beginning of construction.
   (b) Subject to the attached Bureau of Land Management Stipulations which are made a part of this grant.

Nick James Cozakos
Nick James Cozakos
District Manager

STIPULATIONS
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY I-18314

1. The holder shall comply with the applicable Federal and State laws and regulations concerning the use of pesticides (i.e., insecticides, herbicides, fungicides, rodenticides, and other similar substances) in all activities/operations under this permit. The permittee shall obtain from the Authorized Officer approval of a written plan prior to the use of such substances. The plan must provide the type and quantity of material to be used; the pest, insect, fungus, etc. to be controlled; the method of application; the location for storage and disposal of containers; and other information that the Authorized Officer may require. The plan should be submitted no later than December 1 of any calendar year that covers the proposed activities for the next fiscal year. Emergency use of pesticides may occur. The use of substances on or near the right-of-way shall be in accordance with the approved plan. A pesticide shall not be used if the Secretary of the Interior has prohibited its use. A pesticide shall be used only in accordance with its registered uses and within other limitations if the secretary has imposed limitations. Pesticides shall not be permanently stored on public land authorized for use under this grant.

2. Permittee shall survey and clearly mark the exterior limits of the right-of-way. All activities directly or indirectly associated with the construction or maintenance of the pipeline must be conducted within the limits of the right-of-way.

3. There is reserved to the Secretary of the Interior, or his lawful delegate, the right to grant additional rights-of-way or permits for compatible uses on, over, under, or adjacent to the land involved in this grant.

4. This right-of-way may be renewed. If renewed, the right-of-way will be subject to regulations existing at the time of renewal and such other terms and conditions deemed necessary to protect the public interest.

5. This right-of-way is subject to all applicable regulations in 43 CFR Part 2800 which are hereby incorporated in and made a part of this grant.

6. There is reserved to the United States a continuing right of acess onto the public lands covered by the right-of-way grant, and upon reasonable notice to the holder, access and entry to any facility constructed on the right-of-way or permit area.

7. The permittee, by accepting this right-of-way grant, agrees and consents to comply with and be bound by the following terms and conditions.

   (a) To the extent practicable, all State and Federal laws applicable to the authorized use and such additional State and Federal laws along with the implementing regulations, that may be enacted and issued during the term of the grant or permit.

   (b) That in the construction, operation, maintenance and termination of the authorized use, there shall be no discrimination against any employee or applicant for employment because of race, creed, color, sex or national origin and all subcontracts shall include an identical provision.

   (c) To rebuild and repair roads, fences, and established trails that may be destroyed or damaged by construction, operation or maintenance of the project and to build and maintain suitable crossings for existing roads and significant trails that intersect the project.

   (d) To do everything reasonably within his or her power, both independently and upon request of the Authorized Officer, to prevent and suppress fires on or in the immediate vicinity of the right-of-way or permit area. This includes making available such construction and maintenance forces as may be reasonably obtained for the suppression of fires.

8. This grant is subject to periodic review at the end of the twentieth year and at regular intervals thereafter not to exceed ten years.

9. As the trench is dug, the topsoil will be stockpiled to insure its most efficient use in final backfilling. During the backfilling, the topsoil will be the final covering so that revegetation can be achieved.

10. Vegetation will be re-established in all disturbed areas using the following mixture:

Kentucky bluegrass	2#/Acre
Orchard grass	2#/Acre
Western wheatgrass	2#/acre
Small burnett	1/2#/Acre
Ladak or nomad alfalfa	1/2#/Acre
Bitterbrush or cliff rose	1#/Acre

11. Any bedding material for the pipeline must be brought in to the site. No material may be used from public land.

12. Any excess rock resulting from the digging of the trench must be removed from the site. Pushing the rock over the rim onto public land in the canyon will not be allowed.

13. A grate must be installed at each end of the pipe to prevent the general public from entering the pipeline.

14. In the event the withdrawn public land is required for any further reservoir or hydroelectric development, any structures or improvements placed thereon found to interfere with such development shall be removed or relocated as necessary to eliminate such interference at no cost to the United States, its permittees or licensees.

15. Prior to any development, an engineering firm must be consulted to develop an accurate design of the diversion and pipeline. The project design must be approved by the authorized officer prior to excavation.

16. A centerline survey map is required within 60 days of completion of construction.

17. A rental charge for use and occupancy of public lands under the authority of this right-of-way permit will be required in accordance with the regulations of 43 CFR 2802.1-7. An interim rental of $100.00 per year is required, which will be applied to the right-of-way. The grantee may be required to pay additional rental charges if determined to be greater than the $100.00 after an appraisal is made. If the charges are determined by appraisal to be less than the amount paid, a proper adjustment will be made.

Accepted By [signature]
Signature

8/26/82
Date

John Larsin
[signature]

EXHIBIT "B"

TO LEASE AND ASSIGNMENT

WATER RIGHTS

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 10, 1984

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

RE: Assignment of Permit Nos. 47-7660 and 47-7661
(Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr.)

Gentlemen:

This office has reviewed the Assignment of the above referenced Permits dated April 10, 1984 between Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., Assignors, and Bonneville Pacific Corporation, a Utah corporation qualified to do business in the State of Idaho, as Assignee.

This office has also reviewed the Lease and Assignment between Paul Turnipseed, et al. and Bonneville Pacific Corporation dated May 20, 1983, as amended and certain loan agreements between Bonneville Pacific Corporation and First Interstate Bank of Utah, N.A. (the construction lender), relating to the proposed Pigeon Cove Hydroelectric Project.

This letter confirms that this office has received the documentation needed to process the assignment of the above referenced permits from Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr. to Bonneville Pacific Corporation. The material submitted satisfies the requirements of Sections 42-206 and 42-207, Idaho Code for the Assignment to Bonneville Pacific Corporation, and said Assignment is effective as of the date of this letter.

Sincerely,

NORMAN C. YOUNG,
Administrator, Resources Admin. Division

NCY:sc

cc: Fred Decker

ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS AGREEMENT, made and entered into this 10th day of April, 1984, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Dorothy Turnipseed, Elwood McCauley and John Lorain, Jr., hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 47-7660 and 47-7661, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by this reference made a part hereof; and

WHEREAS, in connection with that certain Lease and Assignment between Assignors and Assignee, as amended, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Pigeon Cove Power Project, a hydroelectric project located on the LQ and LS Drains located in the Southwest 1/4 of the Southwest 1/4 of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

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. Assignors hereby assign to Assignee all of the right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of said Pigeon Cove Power Project during the entire term of the Power Project as more specifically set forth in said Lease and Assignment.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Pigeon Cove Power Project in accordance with said Lease and Assignment.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That said Permits are in full force and effect; and

(b) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder without the prior written consent of Assignors and the prior written consent of the Director or Administrator of the Department of Water Resources, State of Idaho; and

(c) That at the end of the Lease and Assignment term as described in said Lease and Assignment, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

PIGEON COVE POWER COMPANY

By _____
Paul Turnipseed

By _____
Dorothy Turnipseed

By _____
Elwood McCauley

By _____
John Lorain, Jr.

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By _____
ROBERT L. WOOD
Secretary/Treasurer

STATE OF IDAHO)
) ss.
County of Twin Falls)

On this 8th day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT L. WOOD, known or identified to me to be the Secretary/Treasurer of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

E. Lori Brown
NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 3rd day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, DOROTHY TURNIPSEED, ELWOOD McCAULEY, and JOHN LORAIN, JR., known or identified to me to be the general partners in the Idaho general partnership known as Pigeon Cove Power Company and the persons whose names are subscribed to the within instrument as general partners and acknowledged to me that they executed the same in the name of the partnership.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this _____ day of _____, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. WYNN JOHNSON, known or identified to me to be the Vice-President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at _____

PARTNERS' SPOUSES' CONSENT TO ASSIGNMENT OF WATER RIGHTS

This Partners' spouses' consent to the Assignment of Water Rights between Pigeon Cove Power Company and Bonneville Pacific Corporation is made this 10th day of April, 1984, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Assignment of Water Rights to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Assignment of Water Rights.

DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

MARJORIE McCAULEY
Spouse of Elwood McCauley

DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 30 day of May, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

Form 202
4/78

Ident. No. 47-7660

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr. Phone 326-4483
   Post office address Box 128, Filer, Idaho 83328

2. Source of water supply LO Drain - LS Drain which is a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of ____ ¼ of Section 16 Township 9S Range 16E B.M. Twin Falls County, additional points of diversion if any: ____
   Lt 3
   Lt 2, Sec. 21, T9S, R16E

4. Water will be used for the following purposes:

   Amount 80 (cfs or acre-feet per annum) for power purposes from Jan 1 to Dec 31 (both dates inclusive)

   Amount 80 (cfs or acre-feet per annum) for fish prop 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)

5. Total quantity to be appropriated:

   a. 80 cubic feet per second and/or b. ____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. concrete check and ditch to LS Drain
   Penstock to power plant and fish facility

   b. Height of storage dam ____ feet, active reservoir capacity ____ acre-feet; total reservoir capacity ____ acre-feet, materials used in storage dam: ____

   Period of year when water will be diverted to storage ____ (Month/Day) to ____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of ____ ¼ of Section 16 Township 9s Range 16E B.M.

      (2) Amount of power to be generated: 2700 KW horsepower under 420 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: fish prop

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

RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
		NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
16E	16											Lt5						

Total number of acres to be irrigated _____

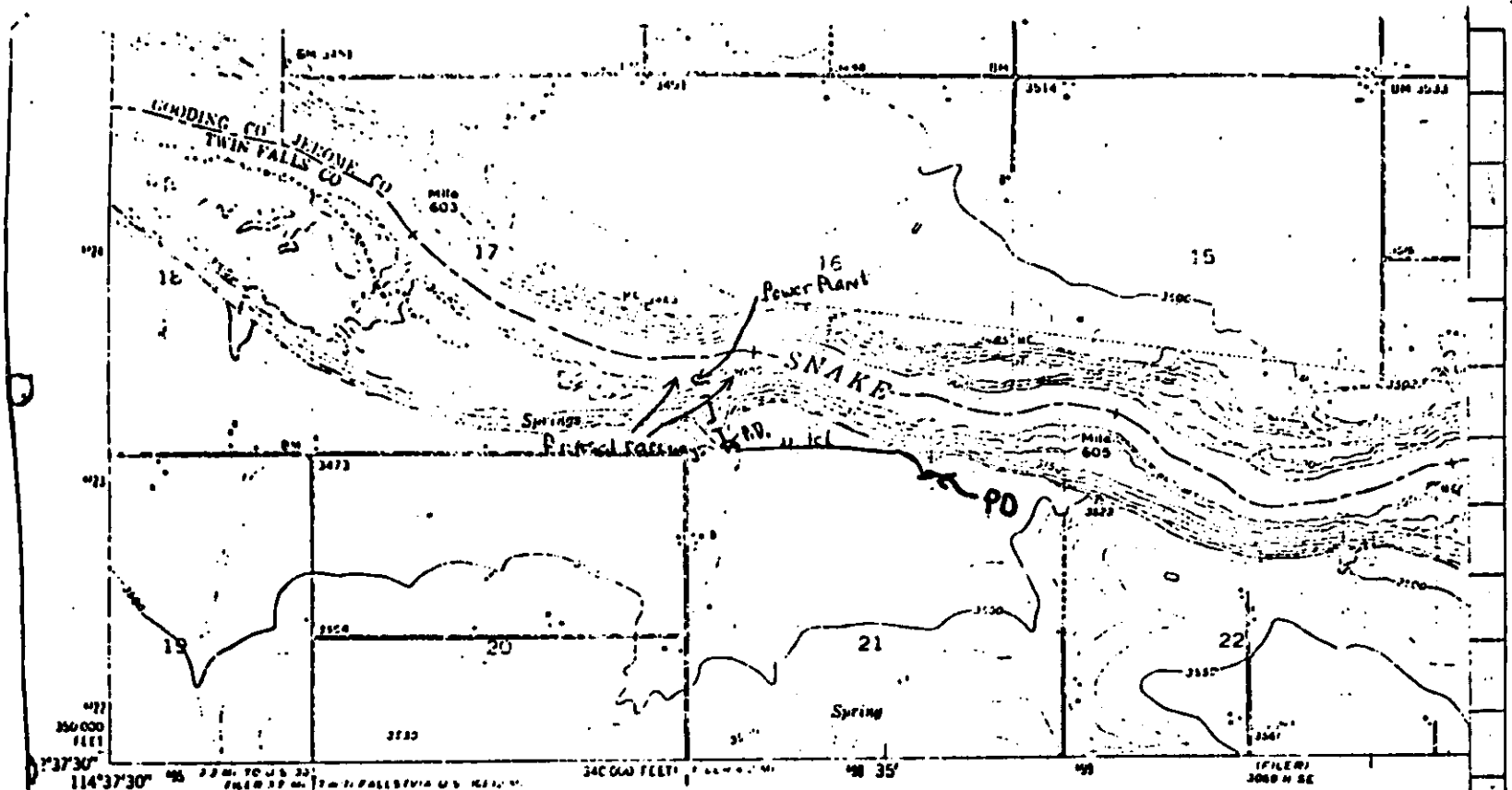
c. Describe any other water rights used for the same purposes as described above. none

9. a. Who owns the property at the point of diversion Elwood McCauley - LS Drain
John Woody - LQ Drain

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks _____



Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1946

Topography from aerial photographs by multiplex methods and by plane-table surveys 1950

Polyconic projection. 1927 North American datum

10,000-foot grid based on Idaho coordinate system, central zone

Red tint indicates area in which only landmark buildings are shown

1000-metre Universal Transverse Mercator grid ticks, zone 11, shown in blue

UTM GRID AND 1950 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000

CONTOUR INTERVAL 10 FEET
CONTOUR INTERVAL ON RIVER SURFACE 5 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STAN

FOR SALE BY U.S. GEOLOGICAL SURVEY DENVER

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.

Edward McCauley
Sarah Turnipseed
John Lorain
(Applicant)

Proposed Priority 8/12/1980

Received by TB Date 8-12-80 Time 1:30

Preliminary check by GP Fee $ 1625.00

Receipted by TB Date 8-12-80 # 16548

Publication prepared by mm Date 8/19/80 Amended 4/9/82

Published in times news times news

Publication dates 8/28 + 9/4/80 4/21 + 4/28/82

Publication approved marye Date 8/26/80 marye 4/14/82

Protests filed by: ~~[illegible]~~

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by [illegible]

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 f Idaho No. 47-7660, 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 August 1, 19 87.

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

   d. Other: An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The issuance of this permit in no way grants any right-of-way or easement across the land of another.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

Form 211
5/78

Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR AMENDMENT OF A PERMIT

To change the point of diversion and/or the place of use.

APPROVED

Comes now Paul &/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain Jr.

of (address) Box 126, Filer, ID 83328, 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. 47-7660, and requests that the permit and permit map be changed as follows:

1. Point of diversion: Lot 2 . ____ ¼, Section 21, Township 9S, Range 16E, B.M., County of Twin Falls. Other points of diversion: NW¼NW¼ Sec. 21 T. 9S R. 16E

2. Period and nature of use: (irrigation, domestic, stockwatering, industrial, etc.) No Change

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

3. Place of use or land to be irrigated: No change

TWP	RGE	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 = _____

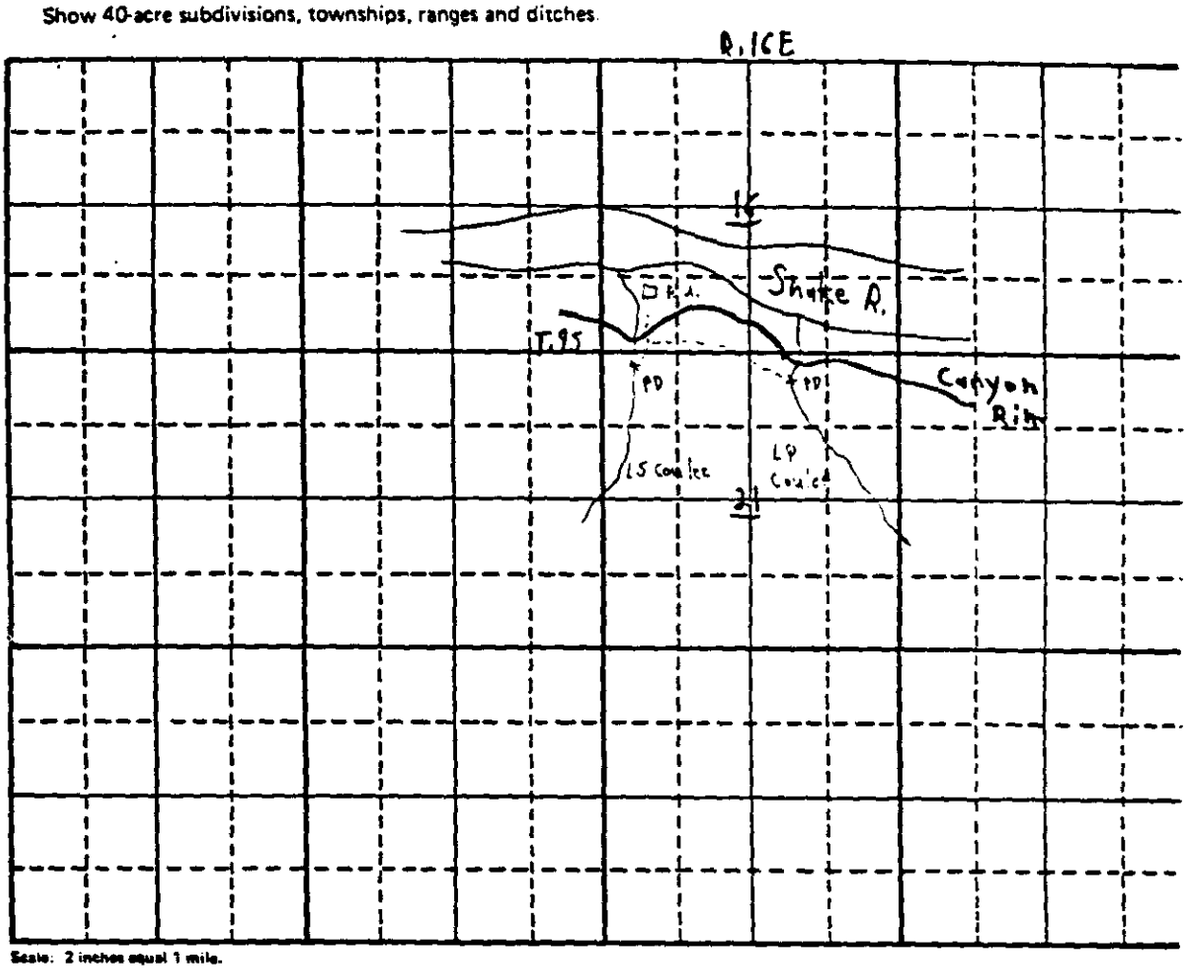
4. a. Who owns the property at the point of diversion? Applicants

   b. Who owns the land to be irrigated or the place of use? "

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

Complete the following map by showing land and point of diversion as proposed by this amendment.

Show 40-acre subdivisions, townships, ranges and ditches.



Scale: 2 inches equal 1 mile.

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

Signed at Filer, Idaho, this 15 day of February, 19 84.

Paul Swanstrom
(Signature)

FOR DEPARTMENT USE ONLY

Preliminary check by ADA Fee = $20.00 Receipted by [illegible] Date 2/27/84 # 33006

Publication prepared by mary2 Date 2/27/84 Published in Times News

Publication dates 3/8 & 3/15/84

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

I, L. GLEN SAXTON, Director of the Department of Water Resources hereby

Approve the above referenced Amendment provided the conditions as set forth on page 4 of Permit No. 47-7650 are met.

Witness my hand this 10th day of May, 19 84.

A. Glen Saxton
Chief, Operations Bureau

Form 202
3/78

Ident. No. 47-7661

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed and/or John Lorain and/or Elwood McCauley Phone 326-4488
   Post office address Box 128 - Filer, Idaho 83328
2. Source of water supply Unnamed Springs which ~~is~~ are a tributary of Snake River
3. Location of point of diversion is Lt 5 ¼ of ____ ¼ of Section 17 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: ____
4. Water will be used for the following purposes:
   Amount 11.8 (cfs or acre-feet per annum) for Fish Prop purposes from Jan 1 to Dec 31 (both dates inclusive)
   Amount 11.8 (cfs or acre-feet per annum) for Power 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)
5. Total quantity to be appropriated:
   a. 11.8 cubic feet per second and/or b. ____ acre-feet per annum.
6. Proposed diverting works:
   a. Description of ditches, flumes, pumps, headgates, etc. Collection ditch and pipeline to raceways pipeline to generator
   b. Height of storage dam ____ feet, active reservoir capacity ____ acre-feet; total reservoir capacity ____ acre-feet, materials used in storage dam: ____
   Period of year when water will be diverted to storage ____ (Month/Day) to ____ (Month/Day) inclusive.
   c. Proposed well diameter is ____ inches; proposed depth of well is ____ feet.
7. Time required for the completion of the works and application of the water to the proposed beneficial use is 5 years *(minimum 1 year – maximum 5 years).*
8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of ____ ¼ of Section 17 Township 9S
      Range 16E B.M.
      (2) Amount of power to be generated: ~~150~~ 107 per telecon JJ 8/5/1982 horsepower under 100 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: fish prop

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	
9S	16E	16											Lt5						
		17																Lt5	

Total number of acres to be irrigated _____

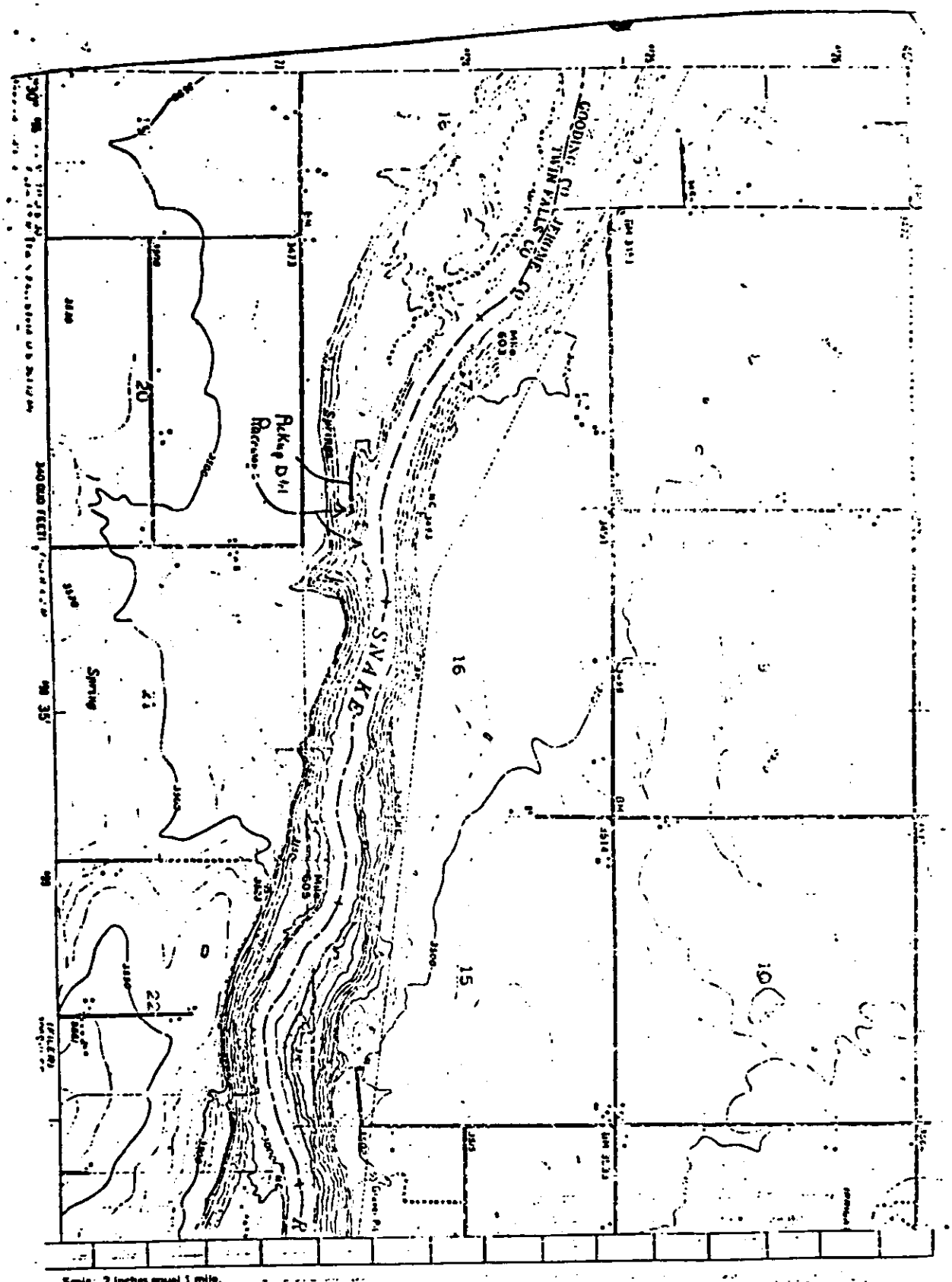
c. Describe any other water rights used for the same purposes as described above. Permit #47-7437

9. a. Who owns the property at the point of diversion applicants

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks



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.

Elwood McCauley
Dorothy Turnipseed
John Larsen
(Applicant)

Received by TB Date 8-12-80 Time 1:30

Preliminary check by TB Fee $ 265.00

81654P Receipted by TB Date 8-12-80

Publication prepared by [illegible] Date 8/19/80

Published in Twin Falls [illegible]

Publication dates 8/25 & 9/1/80

Publication approved [illegible] Date 9/2/80

Protests filed by: [illegible] Co. withdrawn

Copies of protests forwarded by _____

Hearing held by _____ Date _____

Recommended for approval denial by [illegible]

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. 47-7661, 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 August 1, 19 87.

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

   d. Other: Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.

   An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

EXHIBIT "C"

TO LEASE AND ASSIGNMENT

POWER CONTRACT

Facility No: 31615067
Project: Pigeon Cove

POWER SALES AGREEMENT

THIS AGREEMENT, entered into on this 11th day of May, 1983, is between Pigeon Cove Power Company, an Idaho partnership consisting of Elwood McCauley, Paul Turnipseed and John Lorain, Jr, as general partners, (Seller), and IDAHO POWER COMPANY, a corporation, (Idaho).

W I T N E S S E T H:

WHEREAS, Seller owns or will own and operate a small power production facility with generating capacity of not more than 10,000 kilowatts; and

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

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

ARTICLE I: DEFINITIONS

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

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

1.2 "Capacity Price" - The price in $/kw-year set forth in Appendix A.

1.3 "Capacity Sale Increase" - An upward adjustment to the Capacity purchased by Idaho and the payment due Seller for Capacity. Such adjustment will be computed in accordance with Appendix C.

1.4 "Capacity Sale Reduction" - A downward adjustment to the Capacity purchased by Idaho and the payment due Seller for Capacity. Such adjustment will be computed in accordance with Appendix C.

1.5 "Commission" - The Idaho Public Utilities Commission.

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

1.7 "Designated Dispatch Facility" - Idaho's local dispatching center. The Designated Dispatch Facility for this Facility is specified in Appendix B.

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

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

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

1.11 "Initial Period" - That part of the Term of this Agreement commencing with the Operation Date scheduled by Seller in Appendix B and ending ten (10) years from that date, on or about June 30, 1994.

1.12 "Interconnection Facilities" - All facilities required to be installed solely to interconnect and deliver power from the Facility to Idaho's

system, including, but not limited to, connection, transformation, switching, metering, relaying, communications and safety equipment.

1.13 "Operation Date" - The day commencing at 0001 hours, following the day during which all features and equipment of the Facility have reached a degree of completion and reliability, such that they are capable of operating simultaneously to deliver power continuously into Idaho's system.

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

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

1.16 "Special Facilities" - Those parts of the Interconnection Facilities furnished by Idaho at Seller's request and those additions and alterations to Idaho's system which are required as a result of the interconnection of the Facility to Idaho's system.

1.17 "Unit Avoided Energy Cost" - The sum of the variable costs associated with the specific generating unit or project designated by the Commission as the basis for the determination of avoided capacity cost. Variable costs include fuel costs and operation and maintenance expenses which vary with the designated unit's or project's generation.

ARTICLE II: NO RELIANCE ON IDAHO

2.1 Seller warrants and represents to Idaho that in entering into this Agreement and the undertaking by Seller of the obligation set forth

herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho in connection with the transactions contemplated by this Agreement.

2.1.1 All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement, have been solely those of Seller.

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

ARTICLE III: NO WARRANTIES BY IDAHO

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

ARTICLE IV: CONDITIONS TO INTERCONNECTION

4.1 Prior to, and as a condition of interconnection with Idaho, Seller shall:

4.1.1 Submit proof to Idaho that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable

federal, state or local authorities, including but not limited to those licenses, permit or approvals specified in Appendix E;

4.1.2 Make payment to Idaho for any and all costs of Interconnection Facilities, Disconnection Equipment and/or Special Facilities as provided for in this Agreement;

4.1.3 Obtain written acceptance from Idaho as provided in paragraph 8.1.1;

4.1.4 Submit proof to Idaho of all insurance required in Article XIII;

4.1.5 Demonstrate to Idaho's satisfaction that the Seller's Facility has been completed, and that all features and equipment of said Facility are capable of operating safely to deliver power into Idaho's system; and

4.1.6 Submit to Idaho a statement from a licensed professional engineer certifying that the design of and equipment in Seller's Facilities comply with the standards of this Agreement and with Prudent Electrical Practices.

4.1.7 Obtain written confirmation from Idaho that all conditions to interconnection have been fulfilled.

ARTICLE V: TERM

5.1 This Agreement shall become effective on the date first above written, and shall continue in full force and effect for a period of thirty-five (35) years from the Operation Date. The Operation Date may occur only after the necessary degree of completion and reliability has been demonstrated

to Idaho's satisfaction and Idaho has confirmed that satisfaction in writing. Seller shall have the duty to obtain the confirmation from Idaho; however, such confirmation shall not be unreasonable withheld by Idaho.

ARTICLE VI: SALE OF POWER

6.1 Seller agrees to deliver and sell and Idaho agrees to accept and purchase all the Energy delivered by Seller, which shall not be less than the average amount of 10,216,700 kilowatt hours per year, and Capacity, which shall not be less than the amount of 1,555 kilowatts calculated pursuant to Appendix A.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT; ADJUSTMENTS

7.1 Energy. Idaho shall pay Seller monthly for Energy delivered and accepted at the Unit Avoided Energy Cost rate specified in Appendix A, Table 1.

7.2 Capacity. Commencing at the Operation Date, Idaho shall pay Seller for Capacity made available to Idaho in the amount determined in accordance with Appendix A in twelve (12) equal monthly installments.

7.2.1 In the event Seller fails to provide Capacity in the amount specified in paragraph 6.1, Idaho shall be entitled to a Capacity Sale Reduction, which shall be determined in accordance with Appendix C.

7.3 Following the Initial Period, the purchase price and the methods for calculating that purchase price specified in Appendix A, as well as all other rates, terms and conditions set forth in this Agreement, will be subject to the continuing jurisdiction of the Commission and will be subject to change or revision, which change or revision may be requested by Idaho. Such change

or revision shall be by order of the Commission upon a finding, supported by substantial competent evidence, that such change or revision is just, fair, reasonable, sufficient, non-preferential, and non-discriminatory. In no event will such subsequent change or revision result in Seller's receiving a purchase price higher than the purchase price that would have been paid pursuant to the rates, terms and conditions in Appendix A.

7.4 If, during the Initial Period, Idaho requests the Commission to, or if the Commission otherwise determines or approves new purchase prices for power generated by cogeneration or small power production facilities, which purchase prices, had they been in effect during the Initial Period, would have resulted in Idaho's paying Seller a lesser amount than Idaho paid Seller based on the rates, terms and conditions set out in Appendix A, Seller agrees to repay Idaho, without interest, the differences between the total amount paid during the Initial Period and the lesser amount which would have been paid under the revised purchase prices adopted by the Commission during the Initial Period. Any such repayment shall commence upon expiration of the Initial Period, shall be prorated over the seven (7) years following the end of the Initial Period, and shall be offset against the payments for Energy and Capacity as required by paragraphs 7.1 and 7.2. In determining the amount of the repayment, if any, the effect of the revision shall be calculated from the effective date of the Commission Order revising the purchase price.

ARTICLE VIII: FACILITY AND INTERCONNECTION

8.1 Seller shall design, construct, install, own, operate and maintain the Facility.

8.1.1 Seller agrees to meet Idaho's requirements, and to obtain Idaho's written acceptance for those portions of the Facility and equipment generating or transmitting electrical power and for any other equipment which Idaho believes to be necessary to assure the adequacy and durability of the Facility.

8.1.2 To aid in the determination of compliance with Idaho's requirements, Seller shall submit its design, specifications, and a description of the equipment to be installed and its performance data to Idaho for review.

8.2 Except as otherwise provided herein, Seller shall construct, install, own, and maintain Interconnection Facilities of the size required for Idaho to receive the Energy and Capacity designated in this Agreement. Seller will pay all costs of interconnecting the Seller's Facility with Idaho.

8.2.1 At Seller's written request, Idaho will, at Seller's expense, provide, install, own and maintain the necessary Interconnection Facilities as Special Facilities.

ARTICLE IX: DISCONNECTION EQUIPMENT

9.1 Idaho will, at Seller's expense, provide, install, own, operate, and maintain all Disconnection Equipment. Idaho will establish the settings of Disconnection Equipment to disconnect automatically from the Facility for the protection of Idaho's system and personnel consistent with Prudent Electrical Practices. Except as otherwise required by Prudent Electrical Practices, Disconnection Equipment will be designed so that the closure of any breaker or

other disconnecting device which connects the Facility to Idaho's system shall be controlled by equipment which will perform the following:

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

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

9.1.3 Operate so that if Idaho's system is de-energized within ten seconds after the initial closure of the disconnecting device, the disconnecting device will immediately open and not close again until Idaho has been satisfied that Idaho can safely reclose its Disconnecting Equipment.

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

9.3 Other Disconnection Equipment, including equipment which will provide Idaho's operating personnel with the ability to remotely control and monitor the status of the breaker or other disconnecting device by radio or hard-wire circuit between the Facility and the Designated Dispatch Facility may be specified by Idaho when, in Idaho's judgment, such equipment is required by Prudent Electrical Practices. Seller recognizes that such remote control equipment may not initially be required by Idaho, but at such time as operating conditions on Idaho's system dictate, Idaho will install this remote control equipment and Seller will pay the costs in accordance with paragraph 9.1 above.

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

ARTICLE X: METERING

10.1 Idaho shall, for the account of Seller, provide, install, and maintain meters to be located at a mutually agreed upon location to record and measure power flows to Idaho in accordance with the standards set forth in Appendix D. If required by Idaho, metering will also include measurement of kilovar-hours and secondary meters at locations within Seller's facility, agreed to by both parties. All meter equipment, installation, ownership, and administration costs therefor, shall be borne by Seller, including costs incurred by Idaho for inspecting and testing such equipment at Idaho's actual cost of providing this equipment and services.

10.1.1 The point of metering shall be at the location described in Appendix B.

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

10.3 Idaho shall, at Seller's expense, inspect and test all meters upon their installation and at least once every two years thereafter. If requested by Seller, Idaho shall inspect or test a meter more frequently than every two years. Both parties shall be notified of the time when any inspection or test shall take place, and each party may have representatives present at the test or inspection. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired, or replaced, at Idaho's expense, in order to provide accurate metering.

10.4 If a meter fails to register, or if the measurement made by a meter during a test varies by more than two percent from the measurement made

by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter for:

10.4.1 The actual period during which inaccurate measurements were made, if the period can be determined, otherwise;

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

ARTICLE XI: RECORDS

11.1 Seller shall maintain at the Facility or such other location acceptable to Idaho all power production records, in the form and content specified by Idaho, that Idaho reasonably believes to be necessary regarding the performance by Seller of the obligations set forth herein.

11.1.1 Idaho, after reasonable notice to Seller shall have the right to inspect and audit any or all such power production records maintained by Seller.

ARTICLE XII: OPERATION, PROTECTION, AND MAINTENANCE

12.1 Seller shall operate and maintain the Facility and Seller furnished Interconnection Facilities in accordance with Appendix D, Prudent Electrical Practices, the National Electric Safety Code as modified from time to time, and any other applicable local, state, and federal codes. If, in the opinion of Idaho, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho's equipment or personnel, or others in or connected to Idaho's system, Idaho may physically

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

12.2 Seller shall provide and maintain adequate protective equipment sufficient to prevent damage to the Facility.

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

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

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

12.6 Seller shall report monthly to the Designated Dispatch Facility the times, by hour and minute, of opening and closing by Seller of the generator breaker and the corresponding kwh meter reading at the time of opening as well as closing the breaker.

12.7 Idaho and Seller shall maintain appropriate operating communications through Idaho's Designated Dispatch Facility, and Seller shall report to Idaho at the times and in the manner set forth in Appendix D.

12.8 Idaho shall not be obligated to accept, and Idaho may require Seller to curtail, interrupt or reduce deliveries of Energy and Capacity if Idaho determines that curtailment, interruption or reduction is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices.

12.8.1 If Idaho requires such a curtailment, interruption or reduction of Energy and Capacity deliveries for a period that exceeds twenty days, for reasons other than an event of force majeure, Seller, from the twenty-first day of such interruption, curtailment or reduction will be deemed to be delivering Energy and Capacity at the same average rate as Seller was delivering Energy and Capacity for the 30-day period immediately preceding the curtailment, interruption or reduction. Idaho will notify Seller when the interruption, curtailment or reduction is terminated.

12.9 Seller may shut down the facility for scheduled maintenance each year for a period not to exceed thirty (30) days. Seller shall submit its proposed maintenance schedule for each calendar year on or before the preceding

February 1, and Idaho shall inform Seller to the acceptability or unacceptability of the proposed date(s). In no event will Seller schedule maintenance during the months of June, July or August. Seller and Idaho will coordinate, insofar as possible, Seller's periods of scheduled maintenance with any line construction or maintenance by Idaho that would require a curtailment, interruption or reduction of deliveries of energy and capacity under paragraph 12.8.

12.10 Idaho will make a reasonable attempt to contact Seller prior to exercising its rights to curtail, interrupt or reduce deliveries from Seller. Seller understands that in the case of critical operating conditions or other emergency circumstances, no notice will be given to Seller prior to interruption, curtailment, or reduction.

12.11 Seller shall submit to Idaho prior to the end of each Contract Year the statement of a licensed professional engineer which recertifies the matters required by paragraph 4.1.6.

ARTICLE XIII: INDEMNIFICATION AND INSURANCE

13.1 Each party shall agree to hold harmless and to indemnify the other party, its officers, agents, and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying party's construction, ownership, operation or maintenance of, or by failure of, any of such party's works or facilities used in connection with this Agreement. The indemnifying party shall, on the other party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity.

13.2 During the term of this agreement, Seller shall secure and continuously carry:

13.2.1 Comprehensive General Liability insurance for both bodily injury and property damage equivalent to the amount of $1,000,000 combined single limit. Such insurance shall:

(a) include an endorsement naming Idaho as an additional insured insofar as work performed under this agreement is concerned; and

(b) include a provision stating that such liability policies shall not be canceled or their limits of liability reduced without thirty (30) days' written notice to Idaho.

13.2.2 Valued loss of income insurance covering, at a minimum, the perils of fire, extended coverage, vandalism and malicious mischief, earthquake and flood and loss arising out of accidents to boilers and/or pressure vessels and mechanical and electrical breakdown coverage for turbines and generators. Such policies shall:

(a) be in amounts equal to the Accumulated Capacity Overpayments that would be owed to Idaho pursuant to paragraph 20.2;

(b) include a provision stating that this policy shall not be canceled or the limits reduced without thirty (30) days' written notice to Idaho.

(c) include Idaho as an additional insured and loss payee.

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

It is a requirement of this contract that a certified copy of the original policies and all endorsements be furnished Idaho as soon as reasonably possible.

13.3 As required in paragraph 4.1.4 herein and annually thereafter, Seller shall furnish Idaho certificates of insurance, together with the endorsements required therein, evidencing the coverages as set forth in items 13.2.1, and 13.2.2 above. Idaho shall have the right to inspect the original policies of such insurance.

ARTICLE XIV: LAND RIGHTS

14.1 Seller hereby grants to Idaho for the term of this Agreement all necessary rights of way and easements to install, operate, maintain, replace, and remove Idaho's metering and other facilities necessary or useful to this agreement, including adequate and continuing access rights on property of Seller. All documents granting such easements or rights of way shall be subject to Idaho's approval and in recordable form. If any part of the Interconnection Facilities must be installed on property owned by third parties, Seller shall procure from the owners thereof all necessary rights of way and esaements for the construction, operation, maintenance and replacement of the interconnection facilities upon such property in form and substance satisfactory to Idaho. At Seller's request, Idaho shall, to the extent it is legally able, acquire such rights of way for the account of Seller.

ARTICLE XV: FORCE MAJEURE

15.1 As used in this Agreement, "an event of force majeure" means unforeseeable causes beyond the reasonable control of and without the fault or

negligence of the party claiming force majeure, and specifically excludes strikes, walkouts, lockouts or other labor disputes in which Idaho or Seller or their respective employees participate. If either party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of force majeure, both parties shall be excused from performance, provided that:

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

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

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

ARTICLE XVI: LIABILITY; DEDICATION

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

ARTICLE XVII: SEVERAL OBLIGATIONS

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

ARTICLE XVIII: WAIVER

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

ARTICLE XIX: CHOICE OF LAWS

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

ARTICLE XX: DEFAULT AND NOTICE

20.1 In the event either party defaults in the performance of any of the terms or conditions of this Agreement, the nondefaulting party shall cause notice in writing to be given to the defaulting party, specifying the manner in which such default occurred. If the defaulting party shall fail to cure such default within the 30 days after service of such notice, then, and only then,

may the nondefaulting party pursue any remedy which it may have in law or equity, including an action to terminate this Agreement, to enforce the terms of this Agreement, or to recover damages for breach thereof. This article shall not be construed as restricting in any way Idaho's rights under Article XII, or paragraph D-8 of Appendix D to immediately interrupt flows of energy from the facility to Idaho's system nor shall it be applicable to a Capacity Sale Reduction carried out in accordance with Appendix C.

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

ARTICLE XXI: GOVERNMENTAL JURISDICTION AND AUTHORIZATION

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

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

ARTICLE XXII: SUCCESSORS AND ASSIGNS

22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and

assigns of the parties hereto, save that no assignment or lease of the facility, except to Bonneville Pacific Corporation by Seller shall become effective without the written consent of Idaho being first obtained. Such consent shall not be unreasonably withheld. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. In this case, Bonneville Pacific Corporation is anticipated to be the leasee and "financing entity" for this Facility. "Idaho shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIII: MODIFICATION

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

ARTICLE XXIV: TAXES

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

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

ARTICLE XXV: NOTICES

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

To Seller: Pigeon Cove Power Company
P O Box 128
File, Idaho 83328

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

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

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

Appendix A - Schedule of Power Purchase Rates

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

Appendix D - Standards for Interconnection and Metering

Appendix E - Schedule of Required Licenses and Permits

Appendix B dealing with Special Facilities, Point of Delivery and Metering will be negotiated between the parties subsequent to this Agreement and its mutual consent and attachment hereto at such time is a condition precedent to this Agreement.

ARTICLE XVII - ENTIRE AGREEMENT

27.1 This Agreement constitues the entire Agreement of the parties concerning the subject matter hereof and supersedes all prior or contempo-

raneous oral or written agreements between the parties concerning the subject matter hereof.

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

IDAHO POWER COMPANY

By _____
Vice President - Planning and Resources

"Idaho"

PIGEON COVE POWER COMPANY

_____
ELWOOD McCAULEY
General Partner

_____
PAUL TURNIPSEED
General Partner

_____
JOHN LORAIN, JR
General Partner

"Seller"

STATE OF IDAHO)
) ss
County of Ada)

On this 11th day of May, 1983, before me, the undersigned, a Notary Public, personally appeared DONALD E BARCLAY, personally known, who being duly sworn, did say that he is the Vice President - Planning & Resources of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as the free act and deed of said corporation.

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

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at Boise, Idaho

STATE OF IDAHO)
) ss
County of Twin Falls)

On this 11th day of May, 1983, before me, the undersigned, a Notary Public, personally appeared ELWOOD McCAULEY, PAUL TURNIPSEED and JOHN LORAIN, JR, personally known, who being duly sworn, did say that they are the General Partners of Pigeon Cove Power Company, an Idaho Partnership, that executed the within instrument, and acknowledged to me that such Partnership executed the same as the free act and deed of said Partnership.

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

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: Twin Falls

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

APPENDIX A

CALCULATION OF POWER PURCHASE PRICES

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

A-1.1 Energy component. This component will be calculated by multiplying the kwh of Energy delivered and accepted by the Unit Avoided Energy Cost specified in Table 1. The Commission may, by Order, modify the Unit Avoided Energy Cost. Idaho will maintain on file with the Commission a tariff specifying the effective Unit Avoided Energy Cost.

A-1.2 Capacity component. This component will be calculated by multiplying the Capacity of the Facility as specified in Article VI, by $350 which is the avoided capacity cost specified in Table 1 for the year in which the Operation Date is scheduled to occur. The Capacity has been determined by dividing the Energy specified in Article VI by 8,760 (total hours in a year) divided by .75.

A-1.3 The Capacity Seller has agreed to supply in Article VI, is based upon the most recent three (3) years of known water records as of the Operation Date and the anticipated net head and projected plant efficiency of the Facility. On this basis, the Capacity for the first Contract Year has been assumed to be 1,555 kw. During the first Contract Year, Seller will install, operate and maintain such measuring equipment and perform such engineering analysis as Idaho and Seller agree are reasonably required to permit the parties to reasonably project the Facility's long-term average energy production. Twelve months after the Operation Date, based on the measurements and analysis described above, the Seller and Idaho will review this assumed Capacity and, if

necessary, adjust the Capacity specified in Article VI to reflect the agreed upon projection of the performance of the Facility. Based on that adjustment, the Capacity payments made during the first Contract Year will be adjusted retroactively to reflect any underpayments or overpayments. For the balance of the term of the Agreement, except as otherwise provided herein, Seller's failure to provide the Capacity specified in Article VI shall be grounds for a Capacity Sale Reduction in accordance with Appendix C. For purposes of this Agreement, the same water records used to calculate the assumed Capacity for the first Contract Year, are agreed to be the basis upon which "normal precipitation is judged. On that basis, if Seller's failure to provide the specified Capacity is due to below-normal precipitation, such failure will not be grounds for a Capacity Sale Reduction, and above-normal precipitation shall not be grounds for a Capacity Sale Increase.

A-2 DAMAGES ARISING OUT OF SELLER'S FAILURE TO MEET SCHEDULED OPERATION DATE

A-2.1 Seller recognizes that Idaho is relying on Seller to begin supplying Energy and Capacity on or about the Operation Date Seller has scheduled in Appendix B. Seller warrants and represents that in scheduling the Operation Date, it has investigated and determined that, except for delays arising out of an event of force majeure, it is capable of achieving that scheduled Operation Date. The parties further agree that if Seller fails to meet the scheduled Operation Date, (1) Idaho shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho resulting therefrom, (3) the payments described below are in the nature of liquidated damages and are not a penalty and are a reasonable estimate of a fair compensation to Idaho for the reasonable losses that would result from such a failure by Seller.

A-2.2 Beginning 180 days after the scheduled Operation Date, and every 30 days thereafter until the Operation Date occurs, Idaho will invoice Seller and Seller will pay Idaho the amount determined by multiplying the estimated amount of Energy Idaho would have received during that month from Seller had the Operation Date occurred as scheduled by Seller, by the then effective New Resource Rate published by the Bonneville Power Administration. The estimated amount of generation Seller would have produced will be determined by Idaho based on the estimates of generation Seller has provided to Idaho for determining the Facility's long-term average energy production.

APPENDIX A
TABLE 1

IDAHO POWER COMPANY
POWER RATES
FOR
COGENERATION AND SMALL POWER PRODUCTION

AVOIDED CAPACITY COSTS
($/kw-year)

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

Unit Avoided Energy Costs

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

APPENDIX B
SPECIAL FACILITIES, POINTS OF DELIVERY AND METERING
PIGEON COVE POWER
DECEMBER 5, 1983

B-1 DESCRIPTION OF FACILITY
THE SELLER'S FACILITY IS DESCRIBED AS AN IDEAL UNIT HAVING A NAMEPLATE OUTPUT RATING OF 2000 KW 4160 VOLTS, 3 PHASE, 60 HERTZ.

B-2 LOCATION OF FACILITY
THE FACILITY IS LOCATED IN THE SW QUARTER OF SECTION 16, TOWNSHIP 9 SOUTH, RANGE 16 EAST, BOISE MERIDIAN, TWIN FALLS COUNTY, IDAHO.

B-3 SCHEDULED OPERATION DATE
SELLER HAS SELECTED AUGUST 1, 1984 AS THE SCHEDULED OPERATION DATE AND JULY 1, 1984, AS THE FIRST ENERGY DATE. IN MAKING THESE SELECTIONS, SELLER RECOGNIZES THAT TO ALLOW FOR AN ADEQUATE TESTING OF THE FACILITY'S DEGREE OF COMPLETION AND RELIABILITY, IT MUST ACHIEVE IT'S FIRST ENERGY DATE AT LEAST THIRTY (30) DAYS PRIOR TO THE OPERATION DATE. IDAHO, BASED ON THE INFORMATION SUPPLIED BY THE SELLER, WILL SCHEDULE IT'S CONSTRUCTION SO THAT ALL SPECIAL FACILITIES, DISCONNECTION EQUIPMENT AND METERING EQUIPMENT WILL BE COMPLETED IN TIME SO AS NOT TO DELAY SELLER'S ACHIEVING THE FIRST ENERGY DATE. HOWEVER, IF SELLER FAILS TO PAY THE COSTS SPECIFIED IN B-10 BELOW AT THE TIME SPECIFIED THEREIN, OR MATERIALLY CHANGES THE SPECIFICATIONS OR DESIGN OF THE FACILITY OR SELLER FURNISHED INTERCONNECTION FACILITIES FROM WHAT WAS PREVIOUSLY PROVIDED TO IDAHO, IDAHO MAY BE REQUIRED TO RESCHEDULE IT'S CONSTRUCTION OF THESE FACILITIES WHICH COULD ADVERSELY IMPACT SELLER'S ABILITY TO ACHIEVE IT'S SCHEDULED SPECIFIED FIRST ENERGY DATE.

B-4 FAILURE TO ACHIEVE OPERATION DATE
IF SELLER HAS NOT ACHIEVED THE OPERATION DATE WITHIN ELEVEN (11) MONTHS OF THE SCHEDULED OPERATION DATE, SUCH FAILURE SHALL BE DEEMED TO BE AN EVENT OF DEFAULT PURSUANT TO ARTICLE XXI.

B-5 POINT OF DELIVERY
THE POINT OF DELIVERY OF ENERGY FROM THE SELLER TO IDAHO WILL BE THE LAST 46000 VOLT TRANSMISSION STRUCTURE SERVING THIS FACILITY OWNED BY IDAHO AND LOCATED NEAR THE NE CORNER OF SECTION 20, TOWNSHIP 9 SOUTH, RANGE 16 EAST, BOISE MERICIAN. THE SELLER WILL PROVIDE THE THREE PHASE 46000 VOLT TRANSMISSION LINE FROM THE GENERATOR SITE TO THE POINT OF DELIVERY, AND THE TRANSFORMER BANK. THE TRANSFORMER BANK WILL BE A THREE PHASE BANK, 4160/2400 VOLTS TO 46,000 VOLTS, CONNECTED DELTA ON THE HIGH VOLTAGE SIDE AND WYE GROUNDED THROUGH AN IMPEDANCE ON THE LOW VOLTAGE SIDE. THE

BANK WILL BE LOCATED NEAR THE GENERATOR, AND WILL BE OWNED AND MAINTAINED BY THE SELLER.

B-6 METERING

THE METERING EQUIPMENT WILL BE ON THE 4160 VOLT SIDE OF THE TRANSFORMER BANK, AND WILL CONSIST OF TWO CURRENT TRANSFORMERS, TWO VOLTAGE TRANSFORMERS AND A DEMAND METER. THE METER WILL REGISTER KILOWATT-HOURS AND KILOWATTS OF DEMAND. AN ADJUSTMENT WILL BE MADE TO THE METER READINGS TO COMPENSATE FOR LOSSES FROM THE METER TO THE POINT OF DELIVERY OF ENERGY. METERING EQUIPMENT WILL BE OWNED AND MAINTAINED BY IDAHO, WITH TOTAL COST OF PURCHASE, INSTALLATION, OPERATION, AND MAINTENANCE, INCLUDING ADMINISRATIVE COST TO BE REIMBURSED TO IDAHO BY THE SELLER.

B-7 SPECIAL FACILITIES

THE CONSTRUCTION OF APPROXIMATELY 5 MILES OF 46000 VOLT OVERHEAD TRANSMISSION LINE WILL BE PROVIDED BY IDAHO AS SPECIAL FACILITIES. THE TOTAL COST FOR APPROXIMATELY 3.5 MILES , AND THE SHARED COST FOR APPROXIMATELY 1.5 MILES OF THIS LINE WILL BE REIMBURSED TO IDAHO BY THE SELLER.

B-8 REACTIVE POWER

THE SELLER WILL OPERATE THE SYNCHRONOUS GENERATOR WITHIN PLUS OR MINUS 5 PER CENT OF UNITY POWER FACTOR. EQUIPMENT AND CONTROLS WILL BE PROVIDED WHICH ALLOW THE GENERATOR TO OPERATE ANYWHERE WITHIN THIS RANGE. THE GENERATOR FIELD EXCITATION WILL BE CONTROLLED BY A POWER FACTOR CONTROLLER. THE MACHINE WILL BE STARTED USING SYNC-CHECK RELAYS TO ASSURE PROPER SYNCHRONIZATION.

B-9 INTERCONNECTION EQUIPMENT

INTERCONNECTION EQUIPMENT IS REQUIRED TO INSURE THAT THE SELLER'S FACILITY WILL BE DISCONNECTED FROM IDAHO'S SYSTEM IN THE EVENT OF A DISTURBANCE ON EITHER IDAHO'S SYSTEM OR THE SELLER'S FACILITY. THIS EQUIPMENT IS FOR THE PROTECTION OF IDAHO'S EQUIPMENT ONLY. IDAHO WILL SUPPLY AND INSTALL A 46 KV CIRCUIT SWITCHER, MOUNTING STRUCTURE, THREE 46 KV APT'S, THREE 4 KV CURRENT TRANSFORMERS, BATTERIES AND BATTERY CHARGER, AND A CABINET CONTAINING A CIRCUIT BREAKER, RELAYS, AND ASSOCIATED WIRING AND LOGIC. SELLER WILL SUPPLY A SAFETY SWITCH, AND WILL INSTALL THE SWITCH, CABINET, AND ALL WIRING AND CONDUIT NECESSARY FOR THE OPERATION OF THE INTERCONNECTION EQUIPMENT. IDAHO WILL SUPPLY DETAILS FOR THE INTERCONNECTION PANEL AND WILL CONNECT AND TEST THE EQUIPMENT PRIOR TO OPERATION OF THE FACILITY. SELLER WILL PROVIDE DRAWINGS OF THE INTERCONNECTION WIRING FOR ENGINEERING APPROVAL BEFORE INSTALLATION. THE TOTAL COST OF THE INTERCONECTION EQUIPMENT, CONNECTION AND TESTING WILL BE REIMBURSED TO IDAHO BY THE SELLER.

B-10 COSTS

THE TOTAL COST FOR THE TRANSMISSION LINE WHICH SERVES THIS FACILITY ONLY IS $123,261. THE TOTAL COST FOR THE

TRANSMISSION LINE WHICH IS SHARED IS $72,179. THE SELLER'S PORTION OF THIS COST IS THE TOTAL COST TIMES THE RATIO OF THE CAPACITIES OF THE TWO PROJECTS INVOLVED. OR 1890KW/3440KW TIMES $72,179 EQUALS $39,656. THE TOTAL COST OF METERING EQUIPMENT IS $3,400. THE TOTAL COST OF THE DISCONNECTING EQUIPMENT IS $66,023. TOTAL AMOUNT TO BE PAID TO IDAHO BY THE SELLER IS $232,340, LESS THE $1,000 APPLICATION FEE. THIS AMOUNT WILL BE PAID TO IDAHO BY THE SELLER ON OR BEFORE DECEMBER 14, 1983. IF THE SELLER DOES NOT MAKE THIS PAYMENT BY THE SPECIFIED DATE, THE COST WILL BE SUBJECT TO ADJUSTMENT UPON REAPPLICATION BY THE SELLER. IN ADDITION TO THE INSTALLATION AND CONSTRUCTION CHARGE ABOVE, SELLER WILL PAY IDAHO AN OPERATION AND MAINTENANCE CHARGE OF 0.7% PER MONTH TIMES THE TOTAL AMOUNT SPECIFIED ABOVE .

B-12 SALVAGE

NO LATER THAN SIXTY (60) DAYS AFTER THE TERMINATION OR EXPIRATION OF THIS AGREEMENT, IDAHO WILL PREPARE AND FORWARD TO SELLER AN ESTIMATE OF THE REMAINING VALUE OF THOSE IDAHO POWER FURNISHED INTERCONNECTION FACILITIES DESCRIBED IN THIS APPENDIX, LESS THE COST OF REMOVAL AND TRANSFER TO IDAHO'S NEAREST WAREHOUSE, IF THE INTERCONNECTION FACILITIES WILL BE REMOVED. IDAHO MAY THEN BE INVOICED BY SELLER FOR THE NET SALVAGE VALUE ESTIMATED BY IDAHO FOR THE INTERCONNECTION FACILITIES AND SHALL PAY SUCH AMOUNT TO SELLER WITHIN THIRTY (30) DAYS AFTER RECEIPT OF SAID INVOICE. SELLER SHALL HAVE THE RIGHT TO OFFSET THE INVOICE AMOUNT AGAINST ANY PRESENT OR FUTURE PAYMENTS DUE IDAHO.

APPENDIX C

C-1 ADJUSTMENT OF PAYMENTS IN THE EVENT OF CAPACITY SALE REDUCTION OR INCREASE

C-1.1 GENERAL PROVISIONS

C-1.1.1 This Appendix shall be applicable in the event there is a Capacity Sale Reduction or Capacity Sale Increase.

C-1.1.2 The parties agree that the amount of the payment which Idaho is to make to Seller for Capacity is based on the agreed value to Idaho of Seller's performance of its obligation to provide Capacity during the Term of the Agreement. The parties further agree that in the event Idaho does not receive such full performance (1) Idaho shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho resulting therefrom, (3) the reductions, offsets and refund payments as provided in this Appendix, as applicable, are in the nature of adjustments in Capacity prices and liquidated damages, and not a penalty, and are a reasonable endeavor by the parties to estimate a fair compensation to Idaho the reasonable losses that would result from such reduction.

C-1.1.3 Seller shall be invoiced by Idaho for all refund payments due under this Appendix C and, if the parties are unable to agree on a payment schedule within thirty (30) days of the invoice date, the parties agree to submit the payment schedule dispute to the Commission for resolution and such resolution shall be binding on the parties.

C-1.1.4 Idaho shall have the right to offset any amount due it against any present or future payments due Seller.

C-1.1.5 Any refunds determined to be due pursuant to this Appendix C shall bear interest until paid at the average monthly prime rate of The Idaho First National Bank.

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

C-2.1 Except as otherwise provided in this Agreement, if Seller fails to provide the Capacity specified in Article VI, such failure shall be grounds for a Capacity Sale Reduction in accordance with the following options. Idaho in its sole discretion, will determine which option to apply.

C-2.1.1 Capacity Sale Reduction - Option 1. Idaho will immediately suspend or reduce the Capacity payments to Seller for a probationary period not to exceed twelve (12) months. The amount of the reduction or suspension will be calculated so that (1) Idaho will recover the total amount of the prior overpayments made to Seller in equal monthly amounts over the term of the probationary period. All such overpayment recoveries will be retained by Idaho. (2) The Capacity payments during the probationary period will reflect the Capacity actually provided during the prior year.

C-2.1.2 If, during the probationary period, Seller meets or satisfies Idaho that it can meet its obligation to supply Capacity, Idaho shall, following the probationary period, reinstate the full Capacity and Capacity payment.

C-2.1.3 If Seller fails to satisfy its obligation to supply Capacity during the probationary period, Idaho will permanently derate the Capacity appropriately or terminate the Capacity purchases if no Capacity is supplied during the probationary period.

C-2.1.4 Capacity Sale Reduction - Option 2. If at any time, based on appropriate tests, studies or prior performance, Idaho determines that Seller will be unable to provide the Capacity specified in Article VI, Idaho may immedi-

ately reduce or terminate Capacity purchases. Such reduction or termination will be in accordance with the following:

C-2.1.5 Twenty days prior to date of the proposed termination or reduction, Idaho will notify Seller pursuant to Article XV of its intention to reduce or terminate Capacity purchases and the amount of such reduction. The Notice will set out the basis for Idaho's determination.

C-2.1.6 If Seller disputes Idaho's determination, Seller shall, prior to the proposed date of reduction or termination, so notify Idaho, in writing, setting out the basis for its dispute of Idaho's determination.

C-2.1.7 Within five (5) days of Idaho's receipt of Seller's notice of dispute, the parties will meet to attempt to resolve the dispute.

C-2.1.8 If the parties are unable to resolve the dispute, the parties agree to submit the dispute to the Commission for resolution, and the parties agree that the decision of the Commission shall be binding on the parties.

C-2.1.9 During the pendency of the dispute, Idaho will continue to make Capacity payments to Seller, but these payments, as well as any previous capacity overpayment, shall be subject to refund based on the Commission's final decision.

C-2.1.10 The probationary period described in Section 2.1.1 (Option 1) shall not be applicable to reductions or terminations of Capacity payments under this paragraph.

C-3 CAPACITY SALE INCREASE

C-3.1 At any time during the term of this Agreement Seller may request a Capacity Sale Increase. Such request shall be in writing and shall set out the data and analysis upon which Seller bases its request for a Capacity Sale Increase. At Idaho's request, Seller will provide such additional data and

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

APPENDIX D

STANDARDS FOR INTERCONNETION AND METERING

D-1 GENERAL PROVISIONS

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

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

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

D-2 GENERAL DESIGN CONSIDERATIONS

D-2.1 All Seller generators larger than 20 KVA shall be three-phase generators connected to three-phase circuits unless otherwise approved by Idaho. Generators 20 KVA and smaller may be either single-phase or three-phase.

D-2.2 Except in certain instances to be determined by Idaho, all Seller's generators shall be isolated from Idaho's sytsem by a transformer. The Seller

may be required to limit the fault current contribution to Idaho's system by generator impedence, neutral grounding or other means.

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

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

D-2.5 A check interlock for synchronizing of the Seller's generator is required.

D-3 METERING REQUIREMENTS

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

D-3.1.1 Capacity Under 750 KVA - A kilowatt-hour demand meter will be installed.

D-3.1.2 Capacity of 750 KVA and Above - Four meters will be installed. These will measure KWH, KW demand, and reactive power flow to and from the generator. These meters will have pulse outputs to a solid state recorded in order to determine power factor and demand.

D-4 FACILITY PROTECTION

D-4.1 The Seller has full responsibility for the maintenance of his generating equipment and the equipment protecting the Facility. If, in the opinion of

Idaho, the Seller has failed to provide proper maintenance of the facility or its protection, and this failure could adversely impact Idaho or other Idaho customers, Idaho can require the Seller to cease parallel operation.

D-5 SYNCHRONOUS GENERATORS

D-5.1 On synchronous generators, over and under voltage and over and under frequency relays are required to trip the unit when significant differences exist between loads and generation.

D-5.2 Synchronous generators must be operated with governors. Governor characteristics may be adjusted to at least 5% droop. Governors are to be operated unrestrained to allow automatic reduction of generation in the event of excessive system frequency.

D-6 INDUCTION GENERATORS

D-6.1 Overvoltage can become a serious problem when an induction generator is isolated to a portion of a transmission or distribution system. Overvoltage relay shall be provided that will open the generator breaker in the event that the voltage reaches predetermined limits consistent with the overvoltage capability of the generator and the system. Undervoltage protction may also be required. On larger units. underfrequency and overfrequency relaying may be required.

D-6.2 Vars for excitation of the induction generator will need to be supplied from the power system or from capacitors as a component of a statit Var source. The Power Sales Agreement provides for compensation to the Company for Vars supplied.

D-7 DC TO AC CONVERTERS

D-7.1 Direct current generators may be operated in parallel with Idaho system through a synchronous inverter. The inverter installation will be designed

such that an Idaho system interruption will result in the immediate removal of the inverter power flow to Idaho. Harmonics and/or spurious frequencies generated by the Seller's generator-inverter combinations must be limited to avoid causing any reduction in quality or electric service to other Sellers or Idaho's other customers.

D-8 SWITCHING REQUIREMENTS

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

D-8.1.1 System emergency.

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

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

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

D-9 GENERATION SCHEDULING AND REPORTING

D-9.1 For installations under 750 KVA, the Seller shall read his generator kilowatt hour meter within the 24-hour period following 12:00 noon on the last day of each month and he shall, within the period, notify the Designated Dispatch Facility of that meter reading. That kilowatt hour meter reading shall also be recorded on the monthly switching report that is mailed to Idaho.

D-9.2 For installations 750 KVA and above, before 10:00 A M each day, the Seller shall provide the Designated Dispatch Facility with an estimate of what the Seller will generate on the following day or days as may be required. In order to maintain a continuous record of energy actually generated and delivered, the Seller shall, by means acceptable to Idaho, obtain the kilowatt hour reading at midnight of each day and shall notify the Designated Dispatch Facility , the following day, of that meter reading. Additionally, the kilowatt hour meter reading, corresponding to midnight at the end of the last day of each month, shall also be recorded on the monthly switching report that is mailed to Idaho.

D-9.3 The written record of the end-of-month meter reading on the monthly switching report will be the basis of payment for energy purchased by Idaho from the Seller.

PARTNERS' SPOUSES' CONSENT TO POWER SALE AGREEMENT

This Partners' spouses' consent to the Power Sale Agreement between Pigeon Cove Power Company and Idaho Power Company dated May 11, 1983, is made this 19th day of May, 1983, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Power Sale Agreement to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Power Sale Agreement.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 19th day of May, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

APPENDIX B

SPECIAL FACILITIES AND POINTS OF DELIVERY AND METERING

PIGEON COVE POWER

B-1 DESCRIPTION OF FACILITY

The Seller's Facility is described as an ideal unit having a nameplate output rating of 2000 KW 4160 volts, 3 phase, 60 hertz.

B-2 LOCATION OF FACILITY

The Facility is located in the SW Quarter of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected August 1, 1984, as the Scheduled Operation Date and July 1, 1984, as the First Energy Date. In making these selections, Seller recognizes that to allow for an adequate testing of the Facility's degree of completion and reliability, it must achieve its First Energy Date at least thirty (30) days prior to the Operation Date. Idaho, based on the information supplied by the Seller, will schedule its construction so that all Special Facilities, Disconnection Equipment and metering equipment will be completed in time so as not to delay Seller's achieving the First Energy Date. However, if Seller fails to pay the costs specified in B-10 below at the time specified therein, or materially changes the specifications or design of the Facility or Seller furnished Interconnection Facilities from what was previously provided to Idaho, Idaho may be required to reschedule its construction of these Facilities which could adversely impact Seller's ability to achieve its scheduled specified First Energy Date.

B-4 FAILURE TO ACHIEVE OPERATION DATE

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

B-5 POINT OF DELIVERY

The Point of Delivery of Energy from the Seller to Idaho will be the last 46,000 volt transmission structure serving this Facility owned by Idaho and located near the NE corner of Section 20, Township 9 South, Range 16 East, Boise Meridian. The Seller will provide the three-phase 46,000 volt transmission line from the generator site to the point of delivery, and the transformer bank. The transformer bank will be a three-phase bank, 4160/24000 volts to 46,000 volts, connected delta on the high voltage side and wye grounded through an impedance on the low voltage side. The bank will be located near the generator, and will be owned and maintained by the Seller.

B-6 METERING

The metering equipment will be on the 4160 volt side of the transformer bank, and will consist of two current transformers, two voltage transformers and a demand meter. The meter will register kilowatt-hours and kilowatts of demand. An adjustment will be made to the meter readings to compensate for losses through the transformers. Metering equipment will be owned and maintained by Idaho, with total cost of purchase, installation, operation, and maintenance, including administrative cost, to be reimbursed to Idaho by the Seller.

B-7 SPECIAL FACILITIES

The construction of approximately 5 miles of 46,000 volt overhead transmission line will be provided by Idaho as Special Facilities. The total cost for approximately 1.5 miles of this line will be reimbursed to Idaho by the Seller.

B-8 REACTIVE POWER

The Seller will operate the synchronous generator within plus or minus 5 percent of unity power factor. Equipment and controls will be provided which allow the generator to operate anywhere within this range. The generator field excitation will be controlled by a power factor controller. The machine will be started using sync-check relays to assure proper synchronization.

B-9 INTERCONNECTION EQUIPMENT

Interconnection Equipment is required to insure that the Seller's Facility will be disconnected from Idaho's system in the event of a disturbance on either Idaho's system or the Seller's Facility. This equipment is for the protection of Idaho's equipment only. Idaho will supply and install a 46 KV circuit switcher, mounting structure, three 46 KV apt's, three 4 KV current transformers, batteries and battery charger, and a cabinet containing a circuit breaker, relays, and associated wiring and logic. Seller will supply a safety switch, and will install the switch, cabinet, and all wiring and conduit necessary for the operation of the Interconnection Equipment. Idaho will supply details for the interconnection panel and will connect and test the equipment prior to operation of the Facility. Seller will provide drawings of the interconnection wiring for

engineering approval before installation. The total cost of the Interconnection Equipment, connection and testing will be reimbursed to Idaho by the Seller.

B-10 COSTS

The total cost for the transmission line which serves this Facility only is $123,261. The total cost for the transmission line which is shared is $72,179. The Seller's portion of this cost is the total cost times the ratio of the capacities of the two projects involved, or 1890KW/3440KW times $72,179 equals $39,656. The total cost of metering equipment is $3,400. The total cost of the Diconnecting Equipment is $66,023. Total amount to be paid to Idaho by the Seller is $232,340, less the $1,000 Application Fee. This amount will be paid to Idaho by the Seller on or before December 14, 1983. If the Seller does not make this payment by the specified date, the amount will be subject to adjustment by Idaho. Idaho will not begin construction of the interconnection facilities or order special equipment until payment has been made. In addition, to the installation and construction charges above, during the term of the Agreement, Seller will pay Idaho an operation and maintenance charge of 0.7% per month times the total amount specified above.

B-11 SALVAGE

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

estimated by Idaho for the Interconnection Facilities and shall pay such amount to Seller within thirty (30) days after receipt of said invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho.

LAW OFFICES
DECKER AND HOLLIFIELD, P.A.

FRED D. DECKER
WILLIAM R. HOLLIFIELD

249-THIRD AVENUE EAST
P. O. BOX 66
TWIN FALLS, IDAHO 83301
TELEPHONE (208) 734-5610 • 734-2950

December 14, 1983

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

RE: Cedar Draw Project

Dear Robert,

Enclosed is the Appendix B that I received today from the Idaho Power Company.

I note that $98,035 must be paid by December 21, 1983. Will that be a problem?

Please review it carefully and call if there are any questions.

Sincerely yours,

Fred D. Decker

FRED D. DECKER

dsw

FDD:dwl

Enclosure

cc: David P. Hirschi
D.W. Block
John McGrew

SNAKE RIVER
HYDRO POWER

IDAHO POWER COMPANY

P.O. BOX 8, TWIN FALLS, ID 83303-0008

December 14, 1983

Mr Fred Decker
Decker and Hollifield PA Attnys
249 3rd Ave E
Twin Falls, ID 83301

Dear Mr Decker:

Attached is a copy of Appendix B for a power sales agreement between Cedar Draw and Idaho Power Company. The costs as detailed in this appendix are $98,035, which must be paid to Mr Paul Bull, Idaho Power Company, P.O. Box 70, Boise, ID 83707, by December 21, 1983. After this date, the costs are subject to revision.

The following is a derivation of the above cost figure:

*Total amount charged to Cedar Draw for the transmission line (W.O. #13-133-XXX)		$72,179
Interconnection Facilities (W.O. #12-790-001)		60,815
Metering Equipment (W.O. #12-790-XXX)		3,400
Credit for Payment on October 21, 1983	$37,359	
Credit for Application Fee	1,000	(38,359)
TOTAL COST to Cedar Draw		$98,035

*Costs quoted are Work Order costs minus betterment to Idaho Power.

Thank you for your prompt attention.

Sincerely,

Dale J Monson
by km

D J Monson
Division Electrical
Superintendent

DJM/km
Attachment

EXHIBIT "D"

TO LEASE AND ASSIGNMENT

FERC EXEMPTIONS

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company) Project No. 5767-000

ORDER GRANTING EXEMPTION FROM LICENSING OF A SMALL HYDROELECTRIC PROJECT OF 5 MEGAWATTS OR LESS

(Issued April 9, 1982)

The Applicant 1/ filed an application for exemption from all or part of Part I of the Federal Power Act pursuant to 18 C.F.R. Part 4 SUBPART K (1980) implementing in part Section 408 of the Energy Security Act (Act) of 1980 for a project as described in the attached public notice. 2/ 3/

Notice of the application was published in accordance with Section 408 of the Act and the Commission's regulations and comments were requested from interested Federal and State agencies including the U. S. Fish and Wildlife Service and the State Fish and Wildlife Agency. All comments, protests and petitions to intervene that were filed have been considered. No agency has any objection relevant to issuance of this exemption.

Standard Article 2 included in this exemption, requires compliance with any terms and conditions that Federal or State fish and wildlife agencies have determined appropriate to prevent loss of, or damage to, fish and wildlife resources. The terms and conditions referred to in Article 2 are contained in any letters of comment by these agencies which have been forwarded to the Applicant in conjunction with this exemption.

1/ Pigeon Cove Power Company, Project No. 5767, filed December 15, 1981.

2/ Pub. Law 96-294, 94 Stat. 611. Section 408 of the ESA amends inter alia, Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§2705 and 2708).

3/ Authority to act on this matter is delegated to the Deputy Director, Office of Electric Power Regulation under §375.308 of the Commission's regulations 45 Fed. Reg. 21216 (1980), as amended by Order No. 112 in Docket No. RM81-5, issued November 21, 1980, (45 Fed. Reg. 79024).

Should the Applicant contest any terms or conditions that were proposed by Federal or State agencies in their letters of comment as being outside the scope of Article 2, the Commission shall determine whether the disputed terms or conditions are outside the scope of Article 2.

It is ordered that:

(A) FO-LS Hydroelectric Project No. 5767 as described and designated in Pigeon Cove Power Company's application filed on December 15, 1981, is exempted from all of the requirements of Part I of the Federal Power Act, including licensing, subject to the standard articles in §4.106 of the Commission's regulations attached hereto as Form E-2, 18 C.F.R. §4.106 45 Fed. Reg. 76115 (November 18, 1980).

(B) This order is final unless a petition appealing it to the Commission is filed within 30 days from the date of its issuance, as provided in Section 1.7(d) of the Commission's regulations, 18 C.F.R. 1.7(d)(1981), as amended, 44 Fed. Reg. 46449 (1981). The filing of a petition appealing this order to the Commission or an application for rehearing as provided in Section 313(a) of the Act does not operate as a stay of the effective date of this order, except as specifically ordered by the Commission.

Robert E. Cackowski
Deputy Director, Office of Electric Power Regulation

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pigeon Cove Power Company I Project No. 5767-000

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

(January 21, 1981)

Take notice that on December 15, 1980, Pigeon Cove Power Company (Applicant) filed an application under Section 408 of the Energy Security Act of 1980 (Act) (16 U.S.C. §§2705 and 2708 as amended), for exemption of a proposed hydroelectric project from licensing under Part I of the Federal Power Act. The proposed small hydroelectric project (FERC Project No. 5767) would be located on LQ and LS Drains near the town of Twin Falls, in Twin Falls County, Idaho. Correspondence with the Applicant should be directed to: Mr. Paul C. Turnipseed, Box 128, Filer, Idaho 83328 and Mr. John Lorain Jr., Rte.2, Filer, Idaho 83328.

Project Description - The proposed project would consist of: (1) a 5-foot high inlet structure and a-foot high inlet structure; (2) a 62-inch diameter, 1,700-foot long penstock and an 18-inch diameter, 1,000-foot long penstock leading to (3) a powerhouse to contain three generating units with a combined rated capacity of 1,700 kW; and (4) a 1.25-mile long, 12.5-kV transmission line. The average annual energy output would be 11 million kWh.

Purpose of Exemption - An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

Agency Comments - The U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the Idaho Department of Fish and Game are requested, for the purposes set forth in Section 408 of the Act, to submit within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments concerning the project and its resources are requested; however, specific terms and conditions to be included as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be

-2-

presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

Competing Applications - Any qualified license applicant desiring to file a competing application must submit to the Commission, on or before [illegible] either the competing license application that proposes to develop at least 1.5 megawatts in that project, or a notice of intent to file such a license application. Submission of a timely notice of intent allows an interested person to file the competing license application no later than 120 days from the date that comments, protests, etc. are due. Applications for preliminary permit will not be accepted.

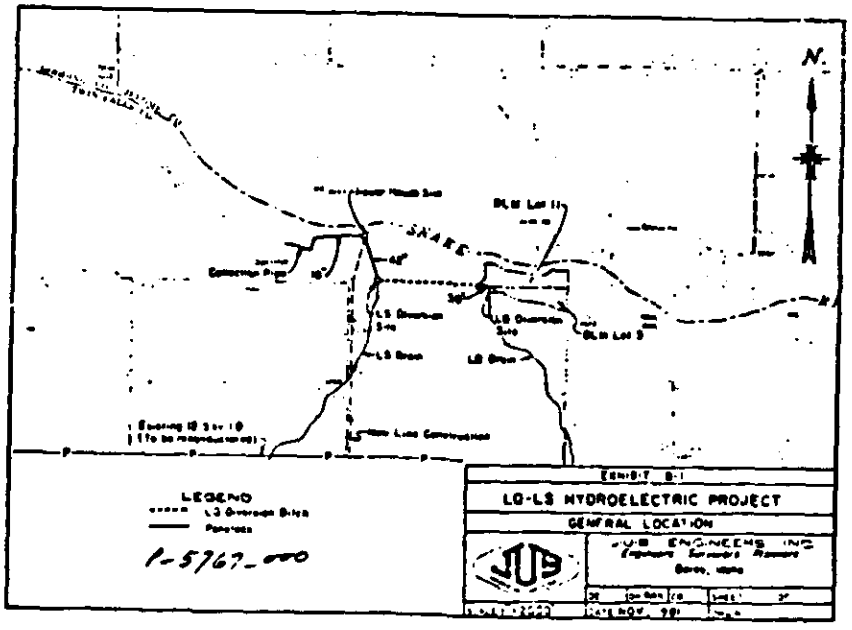
A notice of intent must conform with the requirements of 18 C.F.R. §4.33(b) and (c) (1980). A competing license application must conform with the requirements of 18 C.F.R. §4.33(a) and (d) (1980).

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

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

Lois D. Cashell
Acting Secretary

DC-A-10



§ 4.106 Standard terms and conditions of exemption from licensing.

Any exemption from licensing granted under this subpart for a small hydroelectric power project is subject to the following standard terms and conditions:

(a) Article 1. The Commission reserves the right to conduct investigations under sections 4(g), 306, 307, and 311 of the Federal Power Act with respect to any acts, complaints, facts, conditions, practices, or other matters related to the construction, operation, or maintenance of the exempt project. If any term or condition of the exemption is violated, the Commission may revoke the exemption, issue a suitable order under section 4(g) of the Federal Power Act, or take appropriate action for enforcement, forfeiture, or penalties under Part III of the Federal Power Act.

(b) Article 2. The construction, operation, and maintenance of the exempt project must comply with any terms and conditions that any Federal or state fish and wildlife agencies have determined are appropriate to prevent loss of, or damage to, fish or wildlife resources or otherwise to carry out the purposes of the Fish and Wildlife Coordination Act, as specified in Exhibit E of the application for exemption from licensing or in the comments submitted in response to the notice of the exemption application.

(c) Article 3. The Commission may accept a license application by any qualified license applicant and revoke this exemption if actual construction or development of any proposed generating facilities has not begun within 18 months, or been completed within four years, from the date on which this exemption was granted. If an exemption is revoked, the Commission will not accept a subsequent application for exemption within two years of the revocation.

(d) Article 4. This exemption is subject to the navigation servitude of the United States if the project is located on navigable waters of the United States.

(e) Article 5. This exemption does not confer any right to use or occupy any Federal lands that may be necessary for the development or operation of the project. Any right to use or or occupy any Federal lands for those purposes must be obtained from the administering Federal land agencies. The Commission may accept a license application by any qualified license applicant and revoke this exemption, if any necessary right to use or occupy Federal lands for those purposes has not been obtained within one year from the date on which this exemption was granted.

SCHEDULE "II"

CONSTRUCTION AGREEMENT

AGREEMENT

THIS AGREEMENT, made and executed as of the 23rd day of September, 1983 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 2000 KW hydroelectric project at the Pigeon Cove site near Filer, 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 mutually agreed by and between the parties as follows:

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 turbine generator unit including intake structure, penstock and powerhouse to the following specifications:

Turbine :

	Head, static	468 ft
	Head Effective -	459 ft
	Flow -	65 cfs
	Power -	2855 hp
	Speed -	514 or 600 rpm
Generator:	Power -	2000 KW
	Speed -	514 or 600 rpm
	Voltage -	4160
	Temp. Rating -	60°C
Penstock:	Size -	
	Wall - Length -	30" x 16 ga x 800' LQ collector branch 30" x 16 ga x 2650' LS collector branch 48" x 16 ga x 50' mainline 36" x .250" x 950' downhill penstock

B. Specific: The Company shall proceed diligently to perform the following in a good and workmanlike manner for the fee as provided for herein:

TURBINE:

Design and manufacture Pelton type turbine to the specifications of Paragraph 1A. The turbine runner and needle valves will be stainless steel as per HydroWest 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 HydroWest 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 for HydroWest Group for local manual and remote operation.

SUPERVISORY CONTROL:

The supervisory control will be designed by HydroWest 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 with the following capabilities:

1. 2000 KVA minimum with provision for 25% additional capcity from F.O.A.
2. Voltage - 4.16 KV step up to 46 KV.
3. Two (2) 5% taps above & below design voltage

ASSEMBLY & INSTALLATION:

Will be by contractor working for Water Power Company under the direction of HydroWest Group, Inc.

PENSTOCK:

36" steel with protective outer coating

DIVERSION STRUCTURE:

Reinforced concrete overflow weir with trash rack, sediment chamber and fish screens

MEASURING DEVICE:

Mapco Sonic Measuring Device to be installed in 30" penstock to measure instantaneous and totalized flow.

POWERHOUSE:
Masonry or metal building 38' x 36' with thermostatically controlled louvers
Two motorized turbine shutoff valves
Tailrace

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 $1,850,000 payable in monthly installments as specified in attached Exhibit "A" "Construction Control and 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 define the Buyer's policy and decisions and approve payments under the "Construction Contract and 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 performance of or failure to perform services by the Company under this Agreement and the Company does hereby indemnify and hold harmless the Buyer from any and all such liability, claims or obligations. The Company or its subcontractors will provide materials and payment bond on civil onsite construction. The Company or its subcontractors will provide, where appropriate, indemnity insurance or a one-year warranty from the date of completion for all installed 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 diversion structure, penstock, powerhouse and one 2000 KW turbine generator package shall be completed on or before ten months from starting date of payment as per 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 "B", 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: _____

COMPANY

BY: _____

TITLE: President

WITNESS: _____

EXHIBIT "A"

BONNEVILLE PACIFIC
PIGEON COVE

CONSTRUCTION CONTROL SCHEDULE
AND PAYMENT SCHEDULE

DATE 6 Oct 83
PREPARED BY JRB

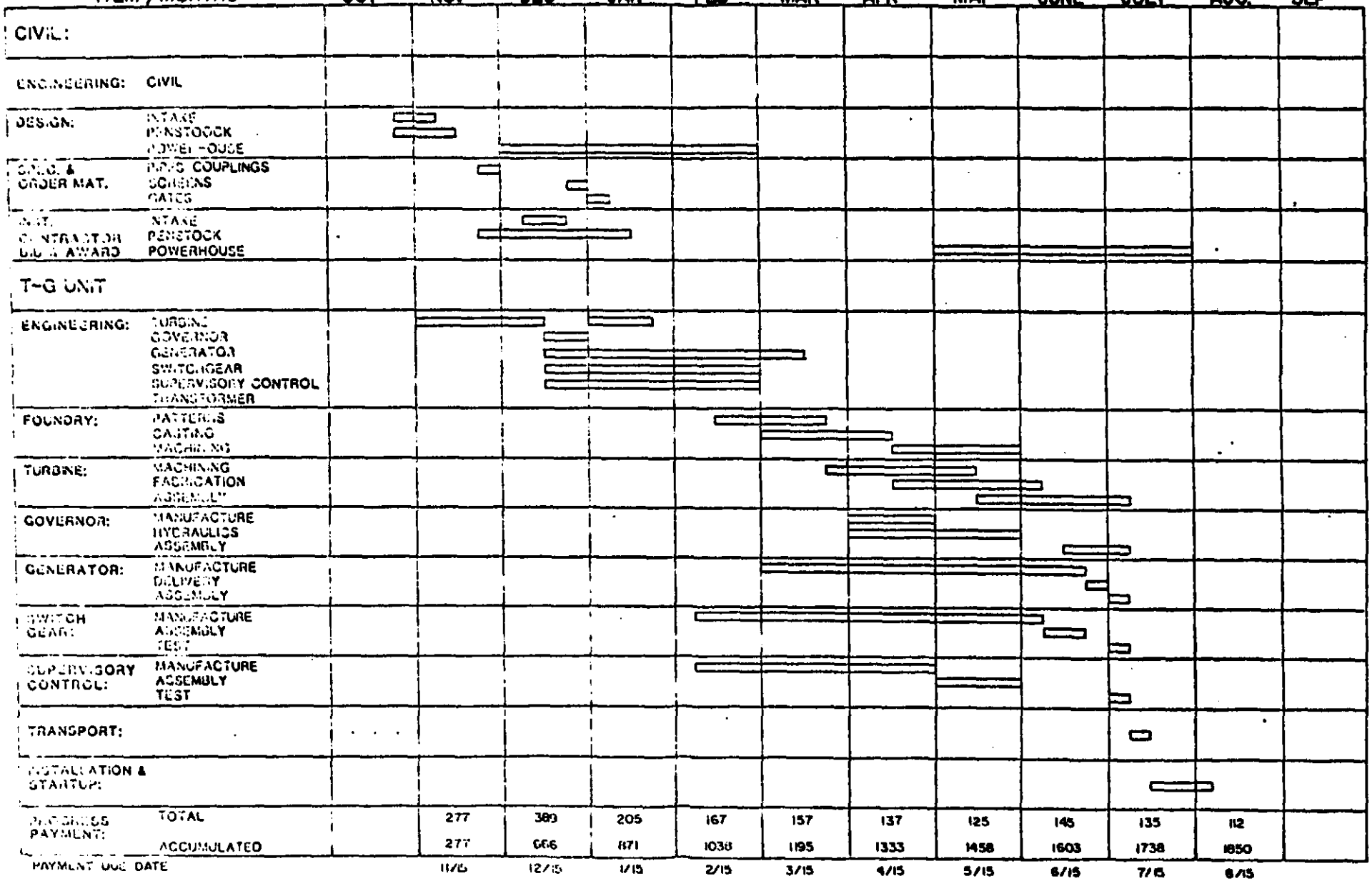


EXHIBIT B

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 its 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 shall not affect the remainder of such paragraph or any other paragraph in this article.

9. GENERAL: (a) 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, (ii) equal employment opportunity (including the requirements pertaining to §202 of Executive Order 11246, as amended), (iii) minimum wages, hours and conditions of employment, and (iv) the production in Company's manufacturing facilities of products furnished hereunder. Price and, if necessary, delivery will be equitably adjusted to reimburse Company for the cost of compliance with any other laws or regulation.

This agreement is assignable by Buyer of any or all of its duties or rights hereunder only with Company's prior written consent and shall be void.

Any modification, waiver, course of dealing or trade usage shall not be binding upon Company unless expressed 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 may be expressly 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.

PIGEON COVE HYDROELECTRIC PROJECT
SUMMARY BUDGET

	Item	Amount
1.	Turbine generator	$ 1,038,000
2.	Engineering	132,000
3.	Penstock	251,000
4.	Raise boring	80,000
5.	Gates, trashracks, valves	125,000
6.	Powerhouse	110,000
7.	Excavation	22,000
8.	Construction management	70,000
9.	Miscellaneous items	22,000
	TOTAL	$ 1,850,000

EXHIBIT "A"

BONNEVILLE PACIFIC
PIGEON COVE

CONSTRUCTION CONTROL SCHEDULE
AND PAYMENT SCHEDULE

DATE 4 Oct 83
PREPARED BY JRB

WORK / ITEM / MONTHS		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG.	SEP
CIVIL:													
ENGINEERING:	CIVIL												
DESIGN:	INTAKE PENSTOOCK POWERHOUSE												
SPEC. & ORDER MAT.	PIPES COUPLINGS SCREENS GATES												
INST: CONTRACTOR BID & AWARD	INTAKE PENSTOCK POWERHOUSE												
T-G UNIT													
ENGINEERING:	TURBINE GOVERNOR GENERATOR SWITCHGEAR SUPERVISORY CONTROL TRANSFORMER												
FOUNDRY:	PATTERNS CASTING MACHINING												
TURBINE:	MACHINING FABRICATION ASSEMBLY												
GOVERNOR:	MANUFACTURE HYDRAULICS ASSEMBLY												
GENERATOR:	MANUFACTURE DELIVERY ASSEMBLY												
SWITCH GEAR:	MANUFACTURE ASSEMBLY TEST												
SUPERVISORY CONTROL:	MANUFACTURE ASSEMBLY TEST												
TRANSPORT:													
INSTALLATION & STARTUP:													
PROGRESS PAYMENT:	TOTAL		277	389	205	167	157	137	125	145	135	112	
	ACCUMULATED		277	666	871	1038	1195	1333	1458	1603	1738	1850	
PAYMENT DUE DATE			11/15	12/15	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	

FIRST AMENDMENT

This First Amendment made and executed as of the 6th day of April, 1984, by and between BONNEVILLE PACIFIC CORPORATION, hereinafter referred to as "Buyer" and WATER POWER COMPANY, hereinafter referred to as "Company".

WITNESSETH:

WHEREAS, Buyer and Company have heretofore entered into an Agreement dated September 23, 1983, for the development of a hydroelectric project at Pigeon Cove near Filer, Idaho; and

WHEREAS, Buyer desires to enlarge the scope of work of the previous Agreement to have Company perform additional services for Buyer; and

WHEREAS, Company is willing to accept the responsibility to perform the additional services upon the terms and conditions herein provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and the monetary consideration herein recited, it is mutually agreed by and between the parties as follows:

1. Additional Work to be Performed by the Company. The Buyer hereby engages the Company, and the Company does hereby agree to perform the additional work as is set forth in the attached Exhibit "C", and in accordance with the terms and conditions contained therein.

2. Payment by Buyer to the Company. The Buyer hereby agrees to pay to the Company for the additional work to be performed the sum of $352,890, making a total sum for the services to be paid to the Company on the Pigeon Cove Project of $2,202,890, which sum shall be paid in monthly installments as specified in the attached Exhibit "A", "Construction Control and Payment Schedule", as amended. Failure to meet the payment schedule will delay and extend the completion date.

3. Previous Agreement. All other terms, conditions, and provisions of the Agreement dated September 23, 1983, except as modified herein, are hereby ratified and approved, and shall remain in full force and effect.

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

BUYER	COMPANY
By: L. Wynn Johnson	
Title: Vice President	Chairman of Board
Witness: Raymond F. Nixon	

Water Power Company
1200 112 N.E. Suite 102A
Bellevue, Washington 98004
206-453-1106

March 20, 1984

Mr. Robert Wood
Bonneville Pacific Corporation
200 East So. Temple, Suite 300
Salt Lake City, UT 84111

Re: Pigeon Cove Hydroelectric Project
Contract Amendments

Dear Robert:

At your request, we have prepared the following itemization of the additional items requested to be included under our turnkey contract for the Pigeon Cove Hydroelectric Project. An amendment to the existing contract should be prepared based on the following price:

	Item	Price
1.	Access Road Station 0+00 to 36+00	34,880
2.	Access Road Rock Excavation	160,000
3.	Settlement Ponds LS & LQ	22,000
4.	Irrigation System & Fence	9,695
5.	Collection Piping Trench Rock Excavation	57,500
6.	Crane & Equipment Rental for Raisebore	10,000
	Subtotal	294,075
	Profit and Overhead 10%	29,407
	Engineering 10%	29,408
	Total Contract Adjustment	352,890
	New Total Contract Amount	$2,202,890

These additional costs are necessary to complete the project on schedule, incorporate design changes, and to consolidate all of the work under one contract as requested in our conversations of March 15, 1984.

The following narrative is presented for clarification of the increased costs.

Items 1 & 2. Access Road.
Under the original agreement, Bonneville Pacific was to have provided access to the project site including the powerhouse. In order to expedite the work and to alleviate the need for multiple contracts directly with Bonneville, at your request we have assumed responsibility

Water Power Company
1200 112th NE Suite 102A
Bellevue, Washington 98004
206 453 1106

for management of your previously negotiated contract with Bill Trowbridge. Mr. Trowbridge will work as a subcontractor to Summit Construction who will bond and insure his work and complete the rest of the access road.

Item 3. Settlement Ponds at LS and LQ.
Design changes requested to satisfy Fish and Game and water quality considerations have necessitated construction of earthen dikes at both diversion points. Benefits to the project also include an increase in the usable head resulting in enhanced power production. This item includes only the cost at the earthen structures.

Item 4. Irrigation System and Fence.
The irrigation system, fence, and related items resulted from the agreement between Pigeon Cove Power Co., Bonneville Pacific, and Larry McCauley. They are included under our contract to eliminate the need for multiple contracts as discussed earlier.

Item 5. Collection Piping Trench Rock Excavation.
Design changes requested to re-align the conduit from LQ away from the BLM property and to impact the tillable portions of the property above the rim as little as possible have resulted in a route that will require considerable removal of rock from the trenches. This item includes only the cost of rock removal, common excavation and backfill were included in the original agreement.

Item 6. Crane and Equipment Rental.
Because of the delays resulting from the unsuccessful attempts at negotiating rights-of-way on the river route for the access road, it will be necessary to lift a limited amount of equipment over the rim to construct a work area for the penstock boring if the schedule is to be met. A large crane and a small dozer and excavator will be required. Since the placement of the boring is the controlling item for construction of the collection system and penstock, delays in completion will jeopardize the schedule significantly. If the equipment is lifted into the canyon so that the boring can be completed while the access road in under construction, it will be possible to more nearly meet the original completion date. We are presently targeting September 15, 1984 as our completion date. A revised construction schedule and payment schedule are enclosed for your reference. We appreciate the opportunity to work with you on this

Water Power Company
1200 112 N.E. Suite 102A
Bellevue, Washington 98004
206 453 1106

project. If these amendments to the contract are acceptable, please prepare the necessary documents. If you have any questions, please do not hesitate to contact us.

Sincerely,

WATER POWER CO.

Dee J. Burrie, P. E.
Project Manager

DJB/tb
cc: Jay Bingham
Bill Covin
Orlin Clements

SCHEDULE "III"

OPERATION AND MAINTENANCE AGREEMENT

OPERATION AND MAINTENANCE AGREEMENT

This Operation and Maintenance Agreement is made this 5th day of April, 1984, by and between BONNEVILLE PACIFIC CORPORATION, a Utah corporation, hereinafter referred to as "Owner", and UTAH RENEWABLE RESOURCES, INC., a Utah corporation, dba TURBINE GENERATOR SERVICE, hereinafter referred to as "Operator".

WITNESSETH

WHEREAS, Owner is the the developer and owner of certain hydroelectric projects located in the vicinity of Twin Falls, Idaho which include the following constructed or under construction projects: Koyle, Cedar Draw, Pigeon Cove, and Low Line, and the following projects in the feasibility or licensing stage: Dietrich Drop, Lincoln Bypass, Little Wood, Black Canyon, Lower Low Line, and Low Line Siphon all hereinafter referred to as "Projects"; and

WHEREAS, Owner desires that Operator shall act as the operation and maintenance agent for each of the Projects upon the terms and conditions herein set forth,

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the parties agree as follows:

SECTION I

APPOINTMENT AS AGENT

Owner hereby appoints Operator as the sole and exclusive operation and maintenance agent for each of the Projects for the term of this agreement.

SECTION II

TERM

This agreement shall commence upon the date hereof and shall remain in full force and effect for a period of 21 years.

SECTION III

OPERATION AND MAINTENANCE FUNCTIONS

During the term of this agreement Operator will provide the following services:

(a) Conduct routine inspections of each of the Projects, including ordinary and necessary inspections of all component parts of power production equipment.

(b) Make periodic checks of the operation of the power production equipment for efficiency and output and make appropriate adjustments to maximize power production.

(c) Perform proper maintenance of each of the Projects.

(d) Operate, maintain and, when required, replace component parts of the power production equipment up to $200 per component part.

(e) Provide ordinary and necessary insurance on each of the Projects in reasonable amounts for all perils included under standard coverage policies, but not including "business interruption" insurance or "efficacy" insurance.

(f) Bill and collect all power revenue generated from each of the Projects.

(g) Maintain and prepare books and records on each of the Projects showing all items of income and expense in such detail and accuracy as will allow Owner to prepare financial statements and tax returns in accordance with generally accepted accounting principles.

(h) Promptly disburse from each of the Projects' available revenue amounts owing on obligations secured by encumbrances on that Project, real estate taxes and assessments, insurance premiums and all other bills and operating expenses of that Project.

(i) Delegate its duties under this agreement to such employees or other agents as Operator may select, but no such delegation shall relieve Operator of its obligation to perform such duties.

(j) Perform such other services as are necessary or customary for proper operation and maintenance of each of the Projects.

SECTION IV

OPERATOR'S FEES

For the services rendered by Operator, Owner shall pay to Operator a fee equal to 6.0% of the gross revenue of each of the Projects, provided however, that Operator shall receive $4,000 per month for the Koyle and the Cedar Drop Projects for every month that these projects are operated prior to the date that the Low Line Project produces power at its rated output. Fees shall be paid quarterly. From such fees, Operator shall pay the items listed in paragraphs (a) through (g), inclusive, of Section III.

SECTION V

REMITTANCES TO OWNER

All revenues collected by Operator in its operation and maintenance of each of the Projects shall be deposited in separate bank accounts and after deduction of all costs, expenses and payments chargeable to Owner pursuant to this agreement, including the fees owed to Operator pursuant to Section IV hereof, Operator shall remit any balance to Owner quarterly.

SECTION VI

NOTICE TO OWNER

Operator shall promptly advise Owner in writing of the service upon Operator of any summons, subpoena or other similar document, setting forth any claimed liability of Owner or any of the Projects.

SECTION VII

CONFIDENTIALITY

Operator agrees that all information pertaining to any of the Projects which would customarily be treated as confidential shall be treated as such by Operator.

SECTION VIII

INDEMNIFICATION

Owner shall indemnify and hold harmless Operator from and against any and all claims, losses and liabilities arising from the performance of its functions under this agreement, or arising out of damage to property or injury to or death of persons at any of the Projects, provided, however, this indemnification shall not apply to acts of willful misconduct or gross negligence of Operator. Operator shall not be liable to Owner for any lost revenue arising as a result of the inoperability for any reason of any of the Projects. Owner further agrees to cause Operator to be named as an additional insured under all public liability and workman's compensation insurance maintained in connection with any of the Projects.

SECTION IX

ASSIGNMENT AND BINDING EFFECT

Operator shall not have the right to assign its rights under this agreement without the written consent of Owner. This agreement shall be binding upon, and shall inure to the benefit of the parties hereto, their respective legal representatives, heirs, successors and permitted assigns.

SECTION X

INDEPENDENT CONTRACTOR

Operator shall be considered an independent contractor, and not an employee of Owner for any purpose.

SECTION XI

GOVERNMENT REGULATIONS

Operator shall operate and maintain each of the Projects in full compliance with all laws and regulations of any federal, state, county or municipal authority having jurisdiction over any of the Projects.

SECTION XII

MODIFICATION

This agreement may not be modified unless such modification is in writing and signed by all parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the day, month and year first above written.

OWNER

BONNEVILLE PACIFIC CORPORATION

BY _____

Its Secretary

OPERATOR

UTAH RENEWABLE RESOURCES, INC. dba TURBINE GENERATOR SERVICE

BY _____

Its _____

REAL ESTATE MORTGAGE

THIS MORTGAGE, made by BONNEVILLE PACIFIC CORPORATION of the County of Salt Lake, State of Utah, hereinafter referred to as Mortgagor, and FIRST INTERSTATE BANK OF UTAH, N.A. of the County of Salt Lake, State of Utah, hereinafter referred to as Mortgagee,

WITNESSETH: That the said Mortgagor, in consideration of Two Million Eight Hundred Fifty-Six Thousand Dollars ($2,856,000.00), the receipt whereof is by said Mortgagor hereby acknowledged, does grant, bargain, sell and convey unto the said Mortgagee, its successors and assigns forever, the following described real estate situated in Twin Falls County, State of Idaho, to-wit:

See attached Schedule "A"

TOGETHER WITH all the improvements, privileges and appurtenances thereunto belonging and the rents, issues and profits thereof, and all rights of homestead exemption, together with all rights of every nature, including easements, however evidenced, used on said land or belonging to the same or said Mortgagor, or which may be hereafter acquired or used upon or in connection with said land. Said Mortgagor hereby warrants the title to said land and rights against all persons whomsoever, and agrees to defend the same.

This grant is intended as a mortgage:

1. To secure payment of the principal sum of Two Million Eight Hundred Fifty-Six Thousand Dollars ($2,856,000.00), of the United States of America evidenced by and according to the terms of a promissory note executed and delivered by Bonneville Pacific Corporation as Borrower, said note, being made, executed and delivered to the Mortgagee herein as payee, and being more particularly described as follows:

One Note for $2,856,000.00, dated January 2[illegible], 1984, due ~~January 1, 1985~~ December 1, 1985, which note bears interest at the rate therein specified, both said principal and interest being payable at First Interstate Bank of Utah, N.A., 175 South Main Street, Salt Lake City, Utah 84111.

2. To secure payment of any and all extensions or renewals, and successive extensions or renewals of the note above described, or of the indebtedness represented by the same, and of any other indebtedness at any time secured by this mortgage, whether represented by notes, drafts, open account or otherwise, and all the interest on all of the same, all of

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which extensions or renewals shall be optional with the Mortgagee, but at the Mortgagee's option may be made by new notes or otherwise, and at, before, or after maturity, and for all of which this mortgage shall stand as a continuing security until paid.

The said Mortgagor hereby covenants and agrees to pay, before the same become delinquent, all taxes and assessments upon said premises, or this mortgage, or debt secured hereby, laid, or assessed in Idaho; also all personal taxes; also all dues or assessments upon ditch or water rights or water stock representing water appurtenant to said premises, and in the event of default so to do, the holder hereof may pay the same; to keep the building located upon said premises insured in the sum of at least $2,856,000.00, with loss, if any, payable to the said Mortgagee, or assigns, in some company to be approved by the Mortgagee, and deliver all policies and the renewals thereof, to it, and in the event of default to so do, the holder hereof may insure the same.

In case of the foreclosure hereof the said Mortgagor agrees to pay a reasonable attorney's fee, the same to be a lien upon the said premises and due and payable when suit is begun. The plaintiff in such suit of foreclosure shall be entitled, without notice, to the appointment of a receiver, to collect and receive the rents, issues and profits of the mortgaged premises, and to exercise such other powers as the court shall confer. It is also agreed that should this mortgage be foreclosed, then in the decree of foreclosure entered in such action, the property described therein may be ordered sold en masse, or as one lot or parcel, at the option of the Mortgagee.

It is also agreed, that the failure to pay when due any sum herein convenanted to be paid, or secured hereby, or the failure to comply with one of the agreements hereof, shall cause the whole debt to become due and collectable at the option of the Mortgagee, without notice; that all money paid by the said Mortgagee for insurance, taxes, or water or water stock assessments, or ditch dues, rents or assessments, or any sum paid in protection of the lien of this mortgage shall bear interest from the date of such payment at the rate of prime plus 2% floating per annum and shall be secured hereby and collectible wlth the said principal note.

And also, that the Mortgagee may at any time, without notice, release portions of said mortgaged premises from the lien of this mortgage, without affecting the personal liablity of any person for the payment of the said indebtedness or the lien of this mortgage upon the remainder of the mortgaged premises for the full amount of said indebtedness then remaining unpaid.

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This mortgage and the notes secured hereby shall be governed and construed according to the laws of the State of Idaho at the date of execution.

The word "Mortgagor" and the language of this instrument shall, where there is more than on mrotgagor, be construed as plural, and be binding equally on all Mortgagors; and the word "Mortgagee" shall be construed as including any lawful holder hereof; and both the words "Mortgagor" and "Mortgagee" shall be construed as including the heirs, executors, administrators, successors and assigns of each, as the case may be.

IN WITNESS WHEREOF, the said Mortgagor has hereunto executed this Mortgage this 23rd day of January 1984.

BONNEVILLE PACIFIC CORPORATION

By: _____
Its: Sec

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

On this 23rd day of January, 1984, before me David P. Hirsch, a notary public in and for the State of Utah, personally appeared Robert C. Wood, known to me to be the Secretary of Bonneville Pacific Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

_____
Notary Public for Utah
Residing at Centerville Utah

My Commission Expires

8-20-87

2126d

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SCHEDULE "A"

PARCEL 1

A parcel of land located in the south 1/2 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the SW corner of Section 16, thence N89°53'19"E, along the section line 760.00 feet to a point, said point being the Point of Beginning; thence N89°53'19"E along the section line 2287.88 feet to a point, said point being on the south meander line of the Snake River; thence along said meander line N74°45'00"E, 399.30 feet to a point, said point being a meander corner; thence N62°42'30"W, 224.68 feet to a point; thence S89°00'W, 230.00 feet to a point; thence N75°00'W, 280.00 feet to a point; thence N64°00'W, 1520.00 feet to a point; thence N77°00'W, 320.00 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°32'15"E, 35.19 feet to a point; thence S60°00'W, 520.38 feet to a point; thence S29°00'E, 320.00 feet to a point; thence N64°00'E, 620.00 feet to a point; thence S15°33'21"E, 212.69 feet to a point; thence S28°54'52"W, 556.67 feet to a point; thence S0°00'W, 94.00 feet to the Point of Beginning containing approximately 37.22 acres more or less. Less the following described parcel:

Beginning at a point on the SW corner of Section 16; thence N89°53'19"E along the section line 825.00 feet; thence north 40.00 feet to the true Point of Beginning; thence N89°53'19"E, 2025.00 feet; thence N67°30'00"W, 1450.00 feet; thence S87°00'W, 348.00 feet; thence S32°00"W, 637.50 feet to the true Point of Beginning containing approximately 15.04 acres.

PARCEL 2

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls,

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State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line N0°00'E, 978.12 feet to a point; thence N63°00'E, 698.82 feet a point lying on the meander line; thence S80°15'E along the meander line 90.94 feet to a point, said point being the true Point of Beginning; thence S80°15'E along the meander line 349.70 feet to a point; thence S0°32'15"W, 200.03 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°29'32"E, 259.25 feet to the Point of Beginning containing approximately 1.82 acres more or less.

PARCEL 3

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point lying on the north line of Section 21, said point being 2958.44 feet N89°53'19"E from the NW corner of said Section 21, said point being the Point of Beginning; thence along the section line N89°53'19"E, 182.50 feet to a point, said point being a meander corner; thence following the meander line S41°34'18"E, 228.91 feet to a point, said point being angle point 1; thence following the meander line N84°29'04"E, 302.50 feet; thence S0°00'W, 220.00 feet to a point; thence N90°00'W, 225.00 feet to a point; thence N48°36'21"W, 547.20 feet to a point, said point being the Point of Beginning, containing approximately 2.20 acres, more or less.

PARCEL 4

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the North line of Section 21, said point being 670.00 feet N89°53'19"E from the NW corner of said

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Section 21, said point being the Point of Beginning; thence S10°00'W 142.62 feet to a point; thence S72°13'25"E, 47.01 feet to a point; thence S0°00'W, 140.00 feet to a point; thence N90°00'E, 80.00 feet to a point; thence N0°00'E, 295.00 feet to a point on the north section line of said Section 21; thence along the section line S89°53'19"W, 100.00 feet to a point, said point being the Point of Beginning containing approximately 0.65 acres, more or less.

PARCEL 5

Property North of 1881 Meander Line

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line North 978.12 feet to a point; thence N63°00'E along the meander line 698.82 feet to a point on the meander line; thence S80°15'E, 90.94 feet to the true Point of Beginning; thence S80°15'E, 349.70 feet to a point; thence N0°32'15"E, 59.78 feet to a point; thence N80°00'W, 350.00 feet to a point; thence S0°29'32", 61.34 feet to the Point of Beginning containing approximately 0.48 acres more or less.

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CONSTRUCTION LOAN AGREEMENT

AGREEMENT made and entered into this 23RD day of January, 1984, by and between BONNEVILLE PACIFIC CORPORATION (Borrower) and FIRST INTERSTATE BANK OF UTAH, N.A. (Bank).

WHEREAS, Borrower desires to obtain a construction loan on the following described property situate in the county of Twin Falls, State of Idaho, said loan identified as follows, to-wit:

Legal Description:	per Exhibit "A" attached hereto and made a part hereof as if set forth in full herein.
Loan Amount:	maximum of $2,856,000
Interest Rate:	First Interstate Bank of Utah, N.A.'s prime plus 1½% floating.
Maturity:	December 1, 1984
Commitment Fee:	1¼% of principal amount of loan.
Improvement Description:	Hydroelectric facility.
Plans and Specifications:	per Exhibit "B" attached hereto and made a part hereof as if set forth in full herein.

and

WHEREAS, Bank is desirous of making such construction loan subject to the following terms and conditions.

NOW, THEREFORE, for good and valuable consideration and in consideration of the premises and agreements contained herein, the parties hereto agree as follows:

1. Definitions.

   1.1 "Assignment and Security Agreement" shall mean the Assignment and Security Agreement referred to in paragraph 3 hereof.

   1.2 "Assignment of Right of Way" shall mean the assignment of right of way grant dated as of October 31, 1983 between Borrower and Pigeon Cove Power Company, substantially in the form of Exhibit "C" hereto.

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Entire Book

1.3 "Assignment of Water Rights" shall mean the assignment of water rights and permits dated as of October 31, 1983, between Pigeon Cove Power Company and Borrower, substantially in the form of Exhibit "D" hereto.

1.4 "Construction Contracts" shall mean the contracts described in Exhibit "E" hereto, in each case relating to the construction of the Facility.

1.5 "Cost Disbursement Schedule" shall mean the schedule of anticipated costs as set out in Exhibit "F" hereto.

1.6 "Date of Closing" shall mean the date upon which the documents referred to herein are executed and delivered by Borrower and Bank.

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

1.8 "FERC Exemption" shall mean the Order Granting Exemption from Licensing For A Conduit Hydroelectric Project issued April 9, 1982, Project No. 5767-000 by the Office of Electric Power Regulation, Federal Energy Regulatory Commission.

1.9 "Improvements" shall mean construction of a hydroelectric facility located on the Real Property and adjacent properties.

1.10 "Lease and Assignment Agreement" shall mean the agreement dated May 20, 1983, as amended, between Pigeon Cove Power Company and Borrower, substantially in the form of Exhibit "H" hereto.

1.11 "Loan" shall mean the amount evidenced by the Note, i.e. $2,856,000.00.

1.12 "Loan Fee" shall mean the fee paid by Borrower to Bank in connection with making the loan, i.e.: $35,700.00.

1.13 "Note" shall mean the Note of even date herewith executed by Borrower as maker and payable to Bank or order, in the principal amount of the Loan.

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

1.15 "Personal Property" shall mean that property described in the Assignment and Security Agreement and which is collateral for the Loan.

1.16 "Plans and Specifications" shall mean those particular plans and specifications relating to construction of the Facility, as provided to Bank or requested by Bank.

1.17 "Power Sales Agreement" shall mean the agreement dated May 11, 1983 between Pigeon Cove Power Company and the Idaho Power Company and substantially in the form attached hereto as Exhibit "I", as assigned to Borrower pursuant to the Lease and Assignment Agreement.

1.18 "Project" shall mean the hydroelectric facility known as the Pigeon Hydroelectric Project, comprised of the Real Property, the Water Rights and the Facility.

1.19 "Real Property" shall mean that particular real property described in Exhibit "A" hereto.

1.20 "Trust Deed" shall mean the trust deed referred to in paragraph 3 and covering the Real Property, and may be in the form of a mortgage.

1.21 "Water Rights" shall mean all rights, title and interest of the Borrower in the water and water rights described in Exhibit "D" hereto.

2. Amount and Term of Loan.

2.1 Amount: Interest: Payments. The loan shall be in the principal amount of $2,856,000.00 and shall bear interest payable quarterly, commencing on the first day of the quarter following the Date of Closing (on so much thereof as shall be advanced to or for the benefit of Borrower, and outstanding from time to time pursuant to the terms of this Agreement), at the rate of Bank's prime rate plus 1½% floating. Interest shall be computed on the basis of a 365 day year.

2.2 Term. The entire principal amount together with all accrued interest thereof, shall be due and payable on or before December 1, 1984, subject to the limitations on prepayment set out in paragraph 24 hereof, and the Note evidencing the Loan. The Loan shall be evidenced by the Note, in form and content satisfactory to Bank.

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3. Collateral Security.

The Note shall be secured by a Trust Deed covering the Real Property described in Exhibit "A" hereto, and an Assignment and Security Agreement covering Water Rights, the Facility, the Construction Contracts, the Lease and Assignment Agreement, the Water Agreement, the FERC exemption, the Power Sales Agreement and all personal property, fixtures, and appurtenances to and on the Facility. The Trust Deed and Assignment and Security Agreement shall constitute a valid and subsisting first lien upon the real property and all furniture, furnishings, fixtures, equipment and appliances used in the operation of the Facility and the Project now owned or hereafter acquired by Borrower and situated on or upon the Real Property. The Loan shall be further evidenced and/or secured by UCC-1 financing statements and such other documents in form acceptable to Bank, as Bank may require which, together with this Agreement, the Note and Trust Deed, are sometimes referred to herein as the "Loan Documents."

4. Representations and Warranties by Borrower.

To induce Bank to execute this Agreement and to perform the same, Borrower represents and warrants to Bank that on and as of the date herein, and on and as of the Date of Closing:

4.1 Title to Real Property. There is not, and will not be, any contract or other obligation providing for or requiring Borrower to convey the Real Property, the Project or the Facility, or any interest therein to any party, other than as in Exhibit "H" hereto or as consented to in writing by Bank.

4.2 Tax Returns and Payments. All tax returns and reports of Borrower required by law to be filed have been duly filed or proper extensions duly obtained and all taxes, assessments, contributions, fees and other governmental charges (other than those presently payable without penalty or interest and those currently being contested in good faith) have been paid.

4.3 Litigation. There are no other actions, suits, proceedings, or investigations pending at law or in equity or before any federal, state, territorial, municipal or other governmental department, commission, board, bureau, agency, courts, or instrumentality or to the knowledge of Borrower, threatened against or affecting the Borrower unless previously approved by Bank.

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4.4 Compliance with Other Instruments; None Burdensome.

Borrower is not in violation of or in default with respect to any term or provision of any mortgage, indenture, contract, agreement or instrument applicable to Borrower or by which it is bound and the execution, delivery, performance of and compliance with this Agreement and the Trust Deed, Note and Assignment and Security Agreement will not result in any such violation or be in conflict with or constitute a default under any such term or provision or result in the creation of any such term or provision or result in the creation of any mortgage, lien or charge on any of the properties or assets of Borrower not contemplated by this Agreement, and there is no term or provision of any mortgage, indenture, contract, agreement or instrument applicable to Borrower or by which Borrower is bound which materially adversely affects or in the future (so far as Borrower can now foresee) materially adversely affects business or prospects or conditions (financial or other) of Borrower or of any of its properties or assets. The proceeds of the Loan shall be disbursed as directed by the Bank and will be used solely for the proper business purposes of said Borrower.

4.5 Utilities. All utility services necessary for the construction and/or servicing of the Facility and the Project and the operation and use thereof for its intended purposes, are available at the boundaries of the Real Property including, but not limited to, water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities with evidence submitted thereof satisfactory to Bank.

4.6 Take-Out Commitment. Borrower received, approved and accepted a Commitment Letter dated January 9, 1984 from New England Mutual Life Insurance Company ("New England") whereby New England has agreed in principal to provide financing to payoff the Note after completion of construction of the Facility, subject to the terms and conditions set forth in said Commitment Letter. The Commitment Letter has not been amended, modified or terminated and is in full force and effect; and Borrower has done all things required to be done as of the date of this Agreement to keep unimpaired the rights of Borrower under the Commitment Letter.

4.7 Financial Statements. All financial statements, information, and other data furnished by Borrower to Bank in connection with any seeking of credit

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are, in all material respects, accurate and correct, said financial statements have been prepared in accordance with generally accepted accounting principles and practices, and no adverse changes have occured since the date of said statements.

4.8 Compliance with Law. Compliance by Borrower with this Agreement, the Trust Deed and other Loan Documents will not violate any law, or any instruments or agreements binding upon Borrower.

5. Conditions to Bank's Obligations.

Bank's obligation to make the Loan hereunder or to make any disbursement of loan funds from time to time is subject to the fulfilment to Bank's satisfaction prior to or at the Date of Closing, of the following conditions precedent and unless Bank shall obtain the affidavit described below and other reasonable proof, Bank may refuse to make the Loan or further disbursements thereunder and may retain any payments made by Borrower. If Bank consents to or permits the execution and/or recording of some or all of the Loan Documents, such action shall not constitute a waiver of any of the conditions precedent to Bank's obligation, and unless expressly waived in writing by Bank, the same shall continue as conditions precedent to Bank's obligation to disburse loan funds and otherwise perform the terms of the Loan Documents. At Bank's option, Bank may treat the failure at any time to meet said conditions precedent as an event of default under paragraph 11.

5.1 Execution and Delivery of Loan Documents. Delivery by Borrower to Bank of the fully executed Loan Documents in form and substance approved by Bank.

5.2 Compliance with Loan Commitment. Borrower's satisfaction, performance and compliance with all of the terms, conditions, provisions and warranties contained in the Commitment Letter which is described in paragraph 4.6 hereof (to the extent the same can then possibly be complied with, as shall be determined in Bank's sole discretion).

5.3 Representations and Warranties True at Closing. The representations and warranties of Borrower contained in paragraph 4 hereof and otherwise made by or on behalf of Borrower in writing, in connection with the Loan shall be repeated at and as of the time of Date of Closing and shall be true at and as of such time.

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5.4 No Event of Default. There shall exist at the Date of Closing no condition or event which would constitute an event of default as defined in paragraph 11 hereof or which, after notice or lapse of time, or both, would constitute such an event of default.

5.5 Performance. Borrower shall have performed and complied with all agreements and conditions contained herein and required to be performed and complied with prior to or at the Date of Closing.

5.6 Compliance Certificate. Borrower shall have delivered to Bank an affidavit dated the Date of Closing certifying in form satisfactory to Bank that all of the foregoing representations and warranties are true and the conditions specified in paragraphs 5.3, 5.4 and 5.5 hereof have been met.

5.7 Title Insurance. Borrower shall have delivered to Bank an ALTA Lenders Policy of title insurance with extended coverage and free of all objections or exceptions relating to any then existing rights to assert claims for mechanics' or materialmen's liens, in an amount not less than the principal amount of the Loan, issued by a title insurance company satisfactory to Bank and insuring Bank that the Real Property and Improvements thereon are free and clear of any encumbrances and that the Real Property securing the Loan has no encroachments and is free and clear of any defects, liens and encumbrances and exceptions to title whatsoever, except those specifically waived in writing by Bank, and that the Trust Deed shall be a valid first lien of record on the Real Property and the Improvements and shall be subject only to those encumbrances or other exceptions as shall be approved in writing by counsel for Bank. Borrower shall have delivered to Bank a lien letter certifying that as of the Date of Closing there were no liens or encumbrances recorded against Borrower or the Real Property affecting the personal property and chattels of Borrower to be installed or placed upon the Improvements, other than the Trust Deed and other Loan Documents executed by Borrower in favor of Bank. The aforesaid title insurance policy shall further insure Bank against losses arising out of usury or claims of usury and future mechanics' and materialmen's liens.

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5.8 Plans and Specifications. Borrower shall have furnished to Bank two complete sets of Plans and Specifications for the Project, together with a certificate of the architect that the Plans and Specifications fully and accurately depict the Plans and Specifications submitted in order to obtain the building permit.

5.9 Zoning and General Plan. Borrower shall have furnished Bank with evidence, satisfactory to Bank, that the premises are duly and validly zoned and that no amendment to the general plan of the county in which the Facility and Project are located is necessary in order to permit the construction of the improvements described in the Plans and Specifications approved by Bank.

5.10 Performance and Payment Bond. Borrower shall have furnished to Bank equipment warranties, where applicable, or a performance and payment bond in an amount equal to 100% of the contract prices, with such contractor, as principal and a corporate surety satisfactory to Bank, as surety, which bond shall be conditioned upon the full and proper completion of the Project in accordance with the Plans and Specifications and payment of all materials and labor in connection therewith, or evidence of errors and omissions insurance if acceptable to Bank. If Borrower has contracted directly with any materialman or supply house for the purchase of materials to be incorporated into the Project, Borrower shall so notify Bank and, at Bank's request Borrower shall deliver such contracts and supply house or materialmen's bonds with surety and upon terms satisfactory to Bank, conditioned upon timely delivery of such materials.

5.11 Survey. Borrower shall have furnished to Bank two surveys of recent date prepared and certified as correct by a registered surveyor satisfactory to Bank, in accordance with standards issued by the American Land Title Association disclosing the boundaries and areas of the real property, dimensions, full legal description, easements, roads, and rights of way, if any, affecting the real property. A resurvey of the real property is to be furnished after the foundation is in place, showing said foundation to be within the lot lines and placed in accordance with the appropriate plans and without enroachment or violation of any setback or violation of any zoning ordinance.

5.12 Insurance. Borrower shall have delivered to Bank, a policy of insurance in form and content as is required by paragraph 7.7 of this Agreement.

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5.13 Take-Out Commitment. Borrower shall have submitted evidence satisfactory to Bank that the Take-Out Commitment is presently current and in force and effect and, during the term of the Loan, Borrower shall do whatever is necessary to maintain the Take-Out Commitment in full force and effect.

5.14 Building Permit. Borrower shall have furnished to Bank a building permit authorizing construction of the Improvements in the county in which the Real Property is located and as described in the Plans and Specifications approved by Bank.

5.15 Construction Contract. Borrower, as owner shall have entered into a construction contract, in form and content satisfactory to Bank with a general contractor satisfactory to Bank for the construction of the Facility as described in the Plans and Specifications approved by Bank and shall have furnished Bank with an executed copy thereof.

6. Advances.

The proceeds of the Loan shall be used for the development, construction and equipping of the Improvements upon the Real Property in accordance with the Plans and Specifications and related costs, as more specifically set forth in Exhibit "F".

All monies advanced shall be advanced only for the legitimate and necessary costs of the Project as approved by Bank. Advances on account of the payment of the cost of development, construction, and equipping the Facility from time to time as more particularly set forth in Exhibit "F" shall be made out of the Loan proceeds and all such advances shall be made upon and be subject to the following terms and conditions.

6.1 Applications for Construction Advances. Applications for advances for payments hereunder shall be made by Borrower on or about the first five working days of each month or as otherwise agreed to by Bank. Each such application shall bear the written certification of an independent engineer, which certification shall be in a form acceptable to Bank.

6.2 Application for Advances for Other Costs. Bank may as a condition to making any advance, require Borrower to (1) obtain and attach to each application for advance, acknowledgement of payment of all sums due to the designated payee to the date covered by the last advance; (2) submit a lien letter issued by a licensed searcher of titles approved by Bank and/or a continuation of the title search and endorsement to the title

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insurance policy effective as of the date of disbursement showing no liens, encumbrances, exceptions to title or encroachments except such as shall have been or shall be waived by Bank, or (3) submit an original print of the survey, updated to the date of such advance and executed by the surveyor showing no variations, encroachments, or violations of set-back or other restrictions.

6.3 Insufficient Funds. If Bank in its sole discretion at any time concludes that the undisbursed loan proceeds will be insufficient to complete the Facility, then Bank may cease making disbursements to Borrower hereunder until Borrower shall have placed, in cash, with Bank, sufficient funds to complete the Facility.

6.4 Final Advance. Upon completion of the Facility, the balance due Borrower hereunder shall be payable after expiration of any period which laborers, contractors, subcontractors or materialmen may have for filing notice of liens and Borrower shall have delivered to Bank such lien letters, title searches or other evidence as Bank may reasonably require that there are no liens or encumbrances reported against Borrower, the Real Property or other colalteral securing the loan.

7. Covenants of Borrower Concerning Construction of the Facility.

7.1 Borrower shall cause the construction of the Facility to be prosecuted with diligence and continuity and in accordance with the Plans and Specifications and shall cause the construction to commence within 30 days from the date any Plans and Specifications are approved by Bank, provided Borrower has obtained all necessary governmental approval and permits. Borrower shall strictly enforce all contracts for the construction of the Facility and not agree to any substantial alterations or amendments thereof to the end that all contractors promptly and diligently perform all of the obligations on their part to be performed thereunder, such performance to be in accordance with the Plans and Specifications and Contract Documents and in a manner preserving to Bank its security in the Real Property and Improvements thereon.

7.2 Lists and Approval of Contractors, Subcontractors and Materialmen. Borrower shall furnish to Bank promptly upon request of Bank from time to time correct lists of all contractors employed in connection with the construction of the Facility, together with their contracts. Each said list shall show the name, address and telephone number

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of each such contractor, a general statement of the nature of the work to be done, the labor and materials to be supplied, and names of materialmen, if known, and the approximate dollar value of such labor or work with respect to each. Borrower agrees that Bank has the right to disapprove any contractor who, in Bank's good faith determination is deemed to be financially or otherwise unqualified. Failure by Bank to disapprove a contraactor shall not constitute a warranty or representation, by Bank, that any contractor, not so disapproved, is in fact qualified. Bank shall have the right to telephone or otherwise communicate with each contractor to verify the facts disclosed by said list or by any request for disbursements, or for any other purpose. All contracts let by Borrower relating to the construction of the Facility shall require disclosure to Bank of information sufficient to make said verification.

7.3 Compliance with applicable laws. All work on the Facility shall be performed in strict compliance with all applicable laws, ordinances, rules and regulation of federal, state, county or municipal governments or agencies now in force or that may be inacted hereafter, and with all directions, rules and regulations of the fire marshall, health officer, building inspector or other officers of every governmental agency now having or hereafter acquiring jurisdiction.

7.4 Inspection. Bank, through its officers, agents or employees, shall have the right at all reasonable times:

a. To enter upon the Real Property and the Project and inspect the work of construction to determine that the same is in conformity with the Plans and Specifications and all the requirements hereof; and

b. Subject to the limitation hereinafter set forth, to examine the books, records, accounting data and other documents (and to make extracts therefrom or copies thereof) of Borrower; provided, however, that the Right of Inspection set forth herein shall only extend to books, records, accounting data and other documents pertaining to construction of the Facility, or any part thereof, or materials supplied therefor. Said books, records and documents shall be made available to Bank promptly upon written demand therefor. All contracts let by Borrower or its contractor relating to construction of the Facility shall require agreement to the foregoing inspection rights, except where such rights have been

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waived by Bank in writing. It is expressly understood and agreed that Bank is under no duty to supervise or to inspect the work of construction or any books and records, and that any inspection is for the sole purpose of preserving Bank's rights hereunder. Inspection not followed by Notice of Default shall not constitute a representation that there has been or will be compliance with the Plans and Specifications or that the construction is free from defective materials or workmanship.

7.5 Protection Against Lien Claims. Borrower agrees to fully pay and discharge all claims for labor done, material and services furnished in connection with the construction of the Facility, and to take all other reasonable steps to forestall the assertion of claims of lien either against the Real Property, any part thereof, or right or interest appurtinent thereto, and the Improvements, the Facility, and/or of claims against the Loan. Upon demand by Bank, Borrower shall make such demands or claims upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with construction of the Facility as shall require diligent assertion of lien claims upon penalty of loss or waiver thereof. Nothing herein contained shall require Borrower to pay any claims for labor, materials or services which Borrower in good faith disputes and which Borrower, at its own expense, is currently and diligently contesting; provided, however, that Borrower shall, within ten (10) days after filing of any claim of lien that is disputed or contested by Borrower, take whatever steps may be required to release the claim or lien against the Property.

7.6 Stoppage of Construction by Bank. Where any substantial deviations from the Plans and Specifications (or, where designated by Bank, working drawings or shop drawings) or defective or unworkmanlike labor or materials appear in the construction of the Facility or upon receipt of knowledge of encroachments to which there has been no consent, Bank shall have the right to immediately order stoppage of construction and demand that the condition be corrected. After issuance of such an order in writing, no further work shall be done on the Facility without the prior written consent of Bank unless and until said condition has been fully corrected.

7.7 Insurance. Borrower will provide or cause to be provided workmen compensation insurance and public liability insurance for Borrower and the general contractor and other insurance, including

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but not limited to, fire insurance (at Bank's request in builder's risk completed value form including extended coverage), or all risk insurance including business interruption insurance, and such other hazard insurance as may be required by Bank, all in form and amount satisfactory to Bank and bearing such endorsements as shall be deemed necessary by Bank. Such insurance shall be kept in force at all times during the term of the Loan in such amounts as Bank shall require, providing full extended coverage, in an amount equal to the full replacement value of the Improvements without deduction for depreciation, naming Bank under a standard mortgagee clause or otherwise covering Bank's interest in the Real Property in a manner satisfactory to counsel for Bank. Borrower hereby acknowledges Bank's execution of this Agreement as written notice to Borrower that Borrower is free to procure all insurance required hereunder from any insurance company authorized to do business in the state of Idaho. The originals of all such policies or certificates of insurance in respect thereof, stamped paid in each case, shall be deposited with Bank before the Date of Closing.

7.8 Modification of Construction Contract. Without Bank's prior written consent there will be no material amendment to or modification of any contract relating to the construction of the Facility and there shall be no extras to the Plans and Specifications allowed to the general contractor, or any subcontractor, sub-subcontractor or materialmen without the prior depsoit by Borrower with Bank of 100% of the amount of such extras. Borrower will immediately correct any defects in the Facility or departure from the Plans and Specifications.

7.9 Occupancy and Operation. Occupancy and operation of the Facility other than for testing and/or start-up purposes prior to closing of the permanent loan will not be permitted without the prior approval in writing of Bank.

8. Affirmative Covenants of Borrower. So long as the Note is outstanding and any part of the principal thereof or interest thereon remains unpaid, Borrower agrees as follows:

8.1 Information. Borrower will furnish to Bank with reasonable promptness such data and information, financial or otherwise, concerning Borrower as from time to time may reasonably be requested by Bank, including copies of all correspondence sent to or received by Borrower relating to the Facility.

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8.2 Payment of Taxes. Except as otherwise provided herein, Borrower will pay or cause to be paid all taxes, assessments, or other governmental charges levied upon any of its properties or assets, or in respect of its franchise or income before the same become delinquent with evidence of said payments submitted to Bank.

8.3 Litigation. Borrower will give Bank notice of any litigation or claims of any kind which might subject Borrower to any liability whether covered by insurance or not.

8.4 Right to Examine Books. So long as the Loan remains unpaid, Borrower will promptly supply Bank with such information concerning its affairs and property as Bank may request from time to time hereafter; promptly notify Bank of any condition or event which constitutes a breach or event of default of any term, condition, warranty, representation or provision of this Agreement or any of the Loan Documents, and of any material adverse change in the financial condition of Borrower; maintain a standard and modern system of accounting in accordance with generally accepted accounting principals; permit Bank or any of its agents or representatives to have access to and to examine all of its books and records regarding this transaction at any time or times hereafter during business hours; and permit Bank to copy and make abstracts from any and all of said books and records.

9. Project Signs; Sales Brochures. Upon Bank's request, Borrower will post a sign, or allow Bank to post a sign on the Real Property and shall include the name of Bank in sales brochures and materials for the purpose of identifying Bank as the "interim lender" on the Facility. The size and placement of such sign or signs shall be such as to notify the general public and as many contractors, subcontractors, laborers and materialmen on the job as is reasonably possible of the name, address and telephone number of Bank subject to compliance with sign ordinances, statutes and other governmental regulations. The size and placement of the statement that Bank is the interim lender in the sales brochures and materials shall be such as will be easily legible and readily discernible to persons casually reviewing such brochures or materials.

10. Negative Covenants of Borrower. So long as the Note remains outstanding and any part of the principal thereof or interest thereon remains unpaid, Borrower will not:

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10.1 Mortgages, Lines and Encumbrances. Create or incur or suffer to be created or incurred or to exist any incumbrance, mortgage, pledge, lien or charge of any kind upon the Real Property, the Improvements, or any collateral securing the Loan; provided, however, that Borrower may create or incur or suffer to be created or incurred or to exist:

a. Liens for taxes of assessments or governmental charges or levies if payment thereof shall not at the time be required to be made in accordance with the provisions of paragraph 8.2;

b. The lien of the Trust Deed and the interest of Pigeon Cove Power Company in the Real Property and rights under Exhibit "H" hereto.

11. Default; Remedies on Default.

11.1 Events of Default. The following events shall constitute events of default hereunder:

a. Default by Borrower in the payment of any part of the principal of the Note where the same shall become due and payable; or

b. Default by Borrower in the payment of any instalment of interest on the Note, for more than 15 days after the same shall become due and payable; or

c. Default by Borrower in the performance of or compliance with a term or provision contained in this Agreement and such default shall not, within 30 days after notice thereof shall have been given to Borrower by Lender, have been remedied to the satisfaction of Bank; or

d. A final judgment which along or with other outstanding final judgments against Borrower exceeds in the aggregate $10,000 in amount shall be rendered against Borrower and within 30 days after entry thereof, such judgment shall not have been discharged or execution thereof stayed pending appeal, or within 30 days after the expiration of any such stay, such judgment shall not have been discharged; or

e. The filing of any claim or lien against the Real Property, the Facility, or any part thereof, or any interest or right made appurtenent thereto, or the service of any notice to withhold funds and which shall continue for a period of 10 days without

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discharge or satisfaction thereof or provision therefor satisfactory to Bank in accordance with the terms hereof; or

f. There shall exist and be permitted to continue for 30 days after notice thereof shall have been given to Borrower by Bank, any involuntary lien of any kind or nature upon any of the properties or assets of Borrower which alone or together with other such involuntary liens exceed in the aggregate $10,000 in amount unless other arrangements are made satisfactory to Bank permitting the Borrower to contest the validity of any such lien; or

g. Failure of Borrower to make any deposit of funds required hereunder within 10 days after written demand therefor; or

h. Any unauthorized construction or any substantial deviations in the work from the Plans and Specifications without the prior written approval of Bank which shall be given within 10 working days of application, or the appearance of defective workmanship or materials, which said deviations or defects are not corrected within 10 days after written notice thereof; or

i. The appearance on any survey of encroachments which have occurred without the approval of Bank and which are not removed or corrected within 10 days after receipt of Bank's notification to Borrower of the existence thereof; or

j. Any material written representation or warranty contained herein or any material representation to Bank concerning the financial condition or credit standing of Borrower proves to be false or misleading, or Bank reasonably determines that its position in this Loan is threatened by reason of a material adverse change in the financial condition or credit standing of Borrower; or

k. Any person obtains an order or decree in any court of competent jurisdiction enjoining or prohibiting Borrower or Bank or either of them from performing this Agreement, and such proceedings are not discontinued and such decree is not vacated within 20 days after the granting thereof; or

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l. The conveyance of the Real Property or any portion thereof or interest therein by Borrower without Bank's prior written consent; or

m. The breach of any material covenant, warranty, promise or representation herein contained and the continuance of such breach for a period of 10 days after written notice thereof to Borrower; or

n. The making of an assignment by Borrower or any Guarantor for the benefit of its creditors or admitting in writing its inability to pay its debts as they become due; or

o. The filing of a voluntary petition in bankruptcy by Borrower or the adjudication as a bankrupt or insolvent of Borrower or the filing of any petition or answer seeking for Borrower any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or the filing of any answer admitting the material allegations of any petition filed against either in any such proceeding, or their seeking or consenting to or acquiescence to the appointment of any trustee, receivor or liquidator of Borrower, of all or a substantial part of the properties or assets of Borrower; or

p. Within 90 days after commencement of any proceedings against Borrower seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed; or within 90 days after the appointment, without the consent or acquiescence of Borrower of any trustee, receivor or liquidator of Borrower, or of all or any substantial part of the properties or assets of Borrower, such appointment shall not have been vacated; or

q. Attachment, execution or other judicial seizure of substantially all of Borrower's assets or the Real Property; or

r. The occurrence of a default under the Note, Trust Deed or other Loan Documents.

11.2 Acceleration. Upon the happening of any event of default, the entire unpaid balance of the Note including all accrued interest shall, at the

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option of Bank upon notice to Borrower, become immediately due and payable.

11.3 Right to Complete Project. Upon the happening of an event of default, Bank shall have the right, in addition to all other rights and remedies available to Bank hereunder or under the Note or Trust Deed, to enter into possession of the premises and perform any and all acts, work and labor necessary to complete the construction and improvements and employ watchmen to protect the premises from injury and to do all things necessary to complete the development and construction of the Facility. All sums so expended by Bank shall be deemed to have been paid to Borrower and secured by the Trsut Deed and Assignment and Security Agreement. Effective upon such a default, Borrower hereby assigns to Bank all of Borrower's interest in contracts relating to the construction of the Facility, but this assignment shall not, in the absence of affirmative ratification of such contracts by Bank, be deemed to impose upon Bank any of Borrower's obligations under any such contracts. Effective upon any default, Borrower hereby constitutes and appoints Bank its true and lawful attorney-in-fact, with full power of substitution in the premises, to complete the Facility in the name of Borrower. Borrower hereby empowers said attorney as follows:

(a) To use any funds which may remain undisbursed hereunder for the purposes of the Loan;

(b) To make such additions, changes, and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Facility;

(c) To employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for said purposes;

(d) To pay, settle, or compromise all existing bills and claims which may be liens against the Real Property, Improvements, or Facility, or as may be necessary or desirable for the completion of the Improvements or for clearance of title;

(e) To execute all applications and certificates in the name of Borrower which may be required by any of the contract documents;

(f) To prosecute and defend all actions or proceedings in connection with the Facility or the construction of the Improvements and to take such action and require such performance as is deemed necessary under any guarantee of completion.

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(g) To enter into and cancel broker's agreements and to sell at foreclosure or in any manner permissible at law the Real Property and other collateral securing the Loan; and

(h) To do any and every act which Borrower might do in its own behalf with respect to the Facility.

It is further understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked. Borrower hereby quit claims to Bank all sums undisbursed under the Loan, such quit claim to be effective only in case of Borrower's default.

11.4 Right to Advance or Post Funds. Where disputes have arisen which, in the good faith opinion of Bank, may endanger timely completion of the Facility or fulfillment of any condition precedent or covenant herein, Bank may require Borrower to furnish a bond or adequate security within 10 days of notice to eliminate such concern and Bank may advance funds for the account of Borrower without prejudice to Borrower's rights, if any, to recover said funds from the party to whom paid. Such agreement or agreements may take the form which Bank, in its discretion, deems proper, including but without limiting the generality of the foregoing, agreements to indemnify a title insurer against possible assertion of lien claims, agreements to pay disputed amounts to contractors in the event Borrower is unable or unwilling to pay the same, and the like. All sums paid or agreed to be paid pursuant to such undertaking shall be for the account of Borrower and Borrower agrees to reimburse Bank for any such payments made upon demand therefor with interest at the rate of Bank's prime rate plus 3% floating per annum from the Date of Payment until Date of Reimbursement. Such advances are secured by the Trust Deed and the Assignment and Security Agreement.

11.5 Remedies are Cumulative. All remedies of Bank provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided by law. The exercise of any right or remedy by Bank hereunder shall not in any way constitute cure or waiver of default hereunder or under the Trust Deed, or invalidate any act done pursuant to any notice of default, or prejudice Bank in the exercise of any of its rights hereunder or under the Trust Deed, unless in the exercise of said rights, Bank realizes all amounts owed to it under the Note, the Trust Deed, and hereunder.

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11.6 Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy or assessment by a third party, the assertion of which would constitute an event of default hereunder. Any such contest shall be prosecuted diligently and in a manner not prejudicial to Bank or the rights of Bank hereunder. Upon demand by Bank, Borrower shall make suitable provision by payment to Bank or by bond satisfactory to Bank for the possibility that the contest will be unsuccessful. Such provision shall be made within 10 days after demand therefore and, if made by payment of funds to Bank, the amount so deposited shall be disbursed in accordance with the resolution of the contest either to Borrower or the adverse claimant.

12. No Waiver. No failure or delay on the part of Bank, in exercising any power or right under this Agreement or under the Note, the Trust Deed, or the Assignment and Security Agreement, shall operate as a waiver of the same or any other right or power, and no single or partial exercise of any such power or right shall preclude any other or further exercise thereof or the exercise of any other such power or right.

13. Expenses. Whether or not the transactions hereby contemplated shall be consummated, Borrower will pay:

a. A commitment fee of 1½% of the principal amount of the Note; and

b. All premiums for title insurance, title and recording fees, and other similar or dissimilar expense and charges in connection with this transaction; and

c. Borrower agrees that any of such expenses or all, may be paid out of disbursements under the Note.

14. Continuance of Agreements; Survival of Representations and Warranties. This Agreement shall continue in full force and effect until the Note shall have been paid in full, principal and interest. All representations or warranties contained herein or made in writing by or on behalf of Borrower in connection with this transaction, shall survive the execution and delivery of this Agreement and all Loan Documents, and any investigation at any time made by, through or on behalf of Bank. All statements contained in any certificate or other instrument signed and delivered to Bank on behalf of Borrower

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pursuant hereto or otherwise in connection with this transaction, shall constitute representations and warranties hereunder.

15. Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns, whether or not herein above so expressed, and in particular, shall inure to the benefit of and be enforceable by the holder or holders from time to time of the Note or any part thereof or interest therein. This Agreement is made and entered into for the sole protection and benefit of Bank and Borrower, their successors and assigns and no other person or persons shall have any rights to action hereon or rights to the Loan funds at any time. Borrower shall not assign its rights hereunder in whole or in part without the prior written consent of Bank and any such assignments without said consent shall be void.

16. Acceleration on Sale or Change of Interest. Borrower covenants and agrees that there shall be no sale, transfer, hypothecation, assignment or conveyance of any portion of Borrower's interest in and to the Real Property, Facility or any part thereof without the prior written consent of Bank. Upon the happening of any conveyance, transfer or assignment entered into contrary to the terms hereof and without the consent of Bank, Bank shall have the right to declare any and all sums due hereunder and/or under the Note and the Trust Deed and the Assignment and Security Agreement immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

17. Authority to File Notices. Borrower irrevocably appoints, designates and authorizes Bank as its agent (said agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Bank deems necessary or desirable to protect its interest hereunder or under the Note or other Loan Documents.

18. Actions. Bank shall have the right to commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereunder, or the disbursements of any funds. In connection therewith, Bank may incur and pay reasonable costs and expenses, including a reasonable attorney's fee. Borrower agrees to pay to Bank on demand all such expenses, and Bank is authorized to disburse funds from the Loan for said purpose.

19. Commission and Brokerage Fees. Borrower agrees to indemnify Bank from any responsibility and/or liability for the payment of any commission, charge or brokerage

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fees to any one which may be payable in connection with the purchase or refinance of the Loan, it being understood that any such commission, charge or brokerage fees will be paid directly by Borrower to the party or parties entitled thereto, if applicable.

20. Applicable Law. This Agreement is executed and delivered and shall be governed by and construed in accordance with the laws of the state of Utah unless any obligation hereunder is invalid or unenforceable under such laws, in which event the laws of that state whose laws can apply to and validate the obligations hereunder shall apply.

21. Time. Time is of the essence of this Agreement.

22. Supplements Trust Deed and Controlling Agreement. The provisions of this Agreement are not intended to supercede the provision of the Trust Deed but shall be construed as supplemental thereto. In the event of any inconsistency between the provisions hereof and of the Trust Deed, it is intended that during the continuance of this Agreement, this Agreement shall be controlling.

23. Employment of Consultant. Bank may employ after prior notification to Borrower, an independent consultant or inspector to review construction costs and Plans and Specifications and/or to inspect the periodic progress of the construction of the Facility; the costs therefor will be paid by Borrower.

24. Prepayment. No prepayment of the Loan shall be made or permitted prior to the Date of Filing of the Notice of Completion of Construction unless approved in writing by Bank.

25. Right of Bank to Pay Borrower's Interest on Loan. Without limiting the generality of other provisions of this Agreement, Borrower agrees that at any time an interest payment on the Loan shall be due, Bank may, at its option, advance such amount due to itself and simultaneously therewith charge Borrower's account.

26. No Construction Prior to Recording of Trust Deed. Borrower will not permit the commencement of any work, or the furnishing of any material upon or in connection with the Improvements (which includes "offsite work"), until the Trust Deed has been recorded, or adequate indemnity arrangements have been made with the title company insuring the Trust Deed referred to above, and the Bank has consented to the commencement of the work. If the work should be done or materials furnished, contrary to the above, Bank shall not be obligated to advance any funds hereunder.

27. Notices. All notices, demands, correspondence, copies of correspondence or any other documents which are required or permitted to be given or served hereunder shall be in

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writing and shall be deemed served 24 hours after deposit in registered, certified, first-class United States mail, postage prepaid and addressed to the parties as stated in the first paragraph of this Agreement.

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Also, Borrower agrees to forward to Bank, without delay, any notices, letters or other communications delivered to the Real Property or the Facility or to Borrower or any similar designation as addressee.

28. Amendments. This Agreement may be amended only by a writing executed by all parties hereto. This Agreement is the final Agreement of the parties with respect to the subject matter hereof.

29. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument, and in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

30. Exhibits. The Exhibits attached hereto and referred to herein are incorporated herein by this reference and are made a part hereof as if fully set forth herein.

31. Corporate Representations.

31.1 Organization, Standing of Borrower. Borrower represents and warrants to Bank that on and as of the date of this Loan Agreement and on and as of the Date of Closing: (1) the company is a Utah corporation duly organized and validly existing and in good standing under the laws of the state of Utah and has all requisite corporate power and authority to carry on business that it now carries on or proposes to carry on and to own the property that it now owns or proposes to own; (2) Borrower has all requisite power and authority to enter into this Agreement, to borrow money as contemplated hereby, to secure such borrowings as contemplated herein and to carry out the provisions of the Note, the Trust Deed, this Agreement and other Loan Documents. The execution and delivery of this Agreement, the Note, and Trust Deed and the other Loan Documents have been duly authorized by the Board of Directors of Borrower, and, to the extent required by law by the stockholders of Borrower, and no other corporate or other action of Borrower, its officers, directors or shareholders, is requisite to the execution and delivery of the Note, the Trust Deed or the other Loan Documents; (3) Borrower is not in violation of or in default with respect to any term or provision of its Articles of Incorporation or By-Laws and the

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execution, delivery, performance of, and compliance with this Agreement, the Note, the Trust Deed and the other Loan Documents will not result in any such violation; and (4) there is no term or provision of the Articles of Incorporation or By-Laws of Borrower which materially adversely affects or in the future (so far as Borrower can foresee) materially adversely affects the business or prospects or conditions (financial or other) of Borrower or of any of its properties or assets. The proceeds of the Loan shall be disbursed as directed by Bank and will be used solely for the proper corporate purposes of Borrower.

31.2 Conditions of Bank's Obligations. Additional conditions to Bank's obligations to make the Loan hereunder, in addition to the conditions listed under section 5 hereof shall be that (1) Borrower shall have delivered to Bank corporate resolutions to borrow and an affidavit dated the Date of Closing and signed by its President or a Vice President in form satisfactory to Bank that all of the representations and warranties contained herein are ture and that the conditions specified in paragraphs 5.3, 5.4, and 5.5 hereof have been met, and (2) all corporate proceedingss taken by Borrower in connection with the Loan shall be satisfactory in form and content to Bank and its counsel and Bank shall have received from Borrower (a) properly certified resolutions of its Board of Directors authorizing the execution and delivery of this Agreement, the Note, the Trust Deed and the other Loan Documents and (b) such other corporate documents of Borrower as Bank may request.

31.3 Maintenance of Corporate Existence. Borrower covenants and agrees that it will maintain its corporate existence and good standing.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date and year first above written.

BONNEVILLE PACIFIC CORPORATION

BY: _____

ITS: SEC.

FIRST INTERSTATE BANK OF UTAH, N.A.

BY: _____

ITS: Vice President

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

On the 23rd day of January, 1984, personally appeared before me Robert L. Wood, who being first duly sworn, acknowledged to me that he is the Secretary of BONNEVILLE PACIFIC CORPORATION, and that he is duly authorized as such to sign the document herein and that he in fact did so sign same.

My Commission Expires:
8-20-87

NOTARY PUBLIC
Residing at: Centerville Utah

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

On the 23rd day of January, 1984, personally appeared before me Kenneth C. Bell, who being first duly sworn, acknowledged to me that he is the Vice President of FIRST INTERSTATE BANK OF UTAH, N.A., and that he is duly authorized as such to sign the document herein and that he in fact did so sign same.

NOTARY PUBLIC

My Commission Expires:
8-20-87

Residing At: Centerville Utah

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Exhibit "A"

SCHEDULE "A"

PARCEL 1

A parcel of land located in the south 1/2 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the SW corner of Section 16, thence N89°53'19"E, along the section line 760.00 feet to a point, said point being the Point of Beginning; thence N89°53'19"E along the section line 2287.88 feet to a point, said point being on the south meander line of the Snake River; thence along said meander line N74°45'00"E, 399.30 feet to a point, said point being a meander corner; thence N62°42'30"W, 224.68 feet to a point; thence S89°00'W, 230.00 feet to a point; thence N75°00'W, 280.00 feet to a point; thence N64°00'W, 1520.00 feet to a point; thence N77°00'W, 320.00 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°32'15"E, 35.19 feet to a point; thence S60°00'W, 520.38 feet to a point; thence S29°00'E, 320.00 feet to a point; thence N64°00'E, 620.00 feet to a point; thence S15°33'21"E, 212.69 feet to a point; thence S28°54'52"W, 556.67 feet to a point; thence S0°00'W, 94.00 feet to the Point of Beginning containing approximately 37.22 acres more or less. Less the following described parcel:

Beginning at a point on the SW corner of Section 16; thence N89°53'19"E along the section line 825.00 feet; thence north 40.00 feet to the true Point of Beginning; thence N89°53'19"E, 2025.00 feet; thence N67°30'00"W, 1450.00 feet; thence S87°00'W, 348.00 feet; thence S32°00"W, 637.50 feet to the true Point of Beginning containing approximately 15.04 acres.

PARCEL 2

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls,

State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line N0°00'E, 978.12 feet to a point; thence N63°00'E, 698.82 feet a point lying on the meander line; thence S80°15'E along the meander line 90.94 feet to a point, said point being the true Point of Beginning; thence S80°15'E along the meander line 349.70 feet to a point; thence S0°32'15"W, 200.03 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°29'32"E, 259.25 feet to the Point of Beginning containing approximately 1.82 acres more or less.

PARCEL 3

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point lying on the north line of Section 21, said point being 2958.44 feet N89°53'19"E from the NW corner of said Section 21, said point being the Point of Beginning; thence along the section line N89°53'19"E, 182.50 feet to a point, said point being a meander corner; thence following the meander line S41°34'18"E, 228.91 feet to a point, said point being angle point 1; thence following the meander line N84°29'04"E, 302.50 feet; thence S0°00'W, 220.00 feet to a point; thence N90°00'W, 225.00 feet to a point; thence N48°36'21"W, 547.20 feet to a point, said point being the Point of Beginning, containing approximately 2.20 acres, more or less.

PARCEL 4

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the North line of Section 21, said point being 670.00 feet N89°53'19"E from the NW corner of said

Section 21, said point being the Point of Beginning; thence S10°00'W 142.62 feet to a point; thence S72°13'25"E, 47.01 feet to a point; thence S0°00'W, 140.00 feet to a point; thence N90°00'E, 80.00 feet to a point; thence N0°00'E, 295.00 feet to a point on the north section line of said Section 21; thence along the section line S89°53'19"W, 100.00 feet to a point, said point being the Point of Beginning containing approximately 0.65 acres, more or less.

PARCEL 5

Property North of 1881 Meander Line

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line North 978.12 feet to a point; thence N63°00'E along the meander line 698.82 feet to a point on the meander line; thence S80°15'E, 90.94 feet to the true Point of Beginning; thence S80°15'E, 349.70 feet to a point; thence N0°32'15"E, 59.78 feet to a point; thence N80°00'W, 350.00 feet to a point; thence S0°29'32", 61.34 feet to the Point of Beginning containing approximately 0.48 acres more or less.

Exhibit "A"

In reply refer to: I-18314

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Burley District Office
Route #3, Box 1
Burley, Idaho 83318

DECISION
:
:
RIGHT-OF-WAY GRANTED

Details of Grant

Serial Number of Grant: I-18314

Name of Grantee: Pigeon Cove Power Company

Map showing the location and dimensions of grant filed on: December 14, 1981

Permitted use by grantee: Underground water pipeline (48" diameter), including headworks, crossing 370' (40' in width) in T. 9 S., R. 16 E., Boise Meridian, Sec. 16: Lot 11, Sec. 21: Lot 3.

Authority for grant: P.L. 94-579 (Oct. 21, 1976) Title V, 90 Stat. 2743

Regulations applicable to grant:

Code reference: 43 CFR 2800

Date of Grant: September 1, 1982

Expiration of Grant: 75 years from date of issuance

Rental:

Amount: $100.00 per year estimated rental, subject to adjustment pursuant to 43 CFR 2803.1-2(b), (d)
When payable: On or before September 1 of each year.

Terms and Conditions of Grant

Pursuant to the Authority vested in the undersigned by Order No. 701 of the Associate Director, Bureau of Land Management, dated July 23, 1964 (29 F.R. 10526), as redelegated November 30, 1981 (46 F.R. 60064), a right-of-way, the details of which are shown above, is hereby granted subject to the following terms and conditions:

1. All valid existing rights existing on the date of grant.
2. All regulations specified above.
3. Further terms and condition as follows:
   (a) The District Manager of the Burley District Office, Route 3, Box 1, Burley, Idaho, has the authority to conduct all business with the grantee with respect to use of lands and disposition of resources, and the grantee is requested to contact the above-designated official prior to the beginning of construction.
   (b) Subject to the attached Bureau of Land Management Stipulations which are made a part of this grant.

Nick James Cozakos
Nick James Cozakos
District Manager

STIPULATIONS
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY 1-18314

1. The holder shall comply with the applicable Federal and State laws and regulations concerning the use of pesticides (i.e., insecticides, herbicides, fungicides, rodenticides, and other similar substances) in all activities/operations under this permit. The permittee shall obtain from the Authorized Officer approval of a written plan prior to the use of such substances. The plan must provide the type and quantity of material to be used; the pest, insect, fungus, etc. to be controlled; the method of application; the location for storage and disposal of containers; and other information that the Authorized Officer may require. The plan should be submitted no later than December 1 of any calendar year that covers the proposed activities for the next fiscal year. Emergency use of pesticides may occur. The use of substances on or near the right-of-way shall be in accordance with the approved plan. A pesticide shall not be used if the Secretary of the Interior has prohibited its use. A pesticide shall be used only in accordance with its registered uses and within other limitations if the secretary has imposed limitations. Pesticides shall not be permanently stored on public land authorized for use under this grant.

2. Permittee shall survey and clearly mark the exterior limits of the right-of-way. All activities directly or indirectly associated with the construction or maintenance of the pipeline must be conducted within the limits of the right-of-way.

3. There is reserved to the Secretary of the Interior, or his lawful delegate, the right to grant additional rights-of-way or permits for compatible uses on, over, under, or adjacent to the land involved in this grant.

4. This right-of-way may be renewed. If renewed, the right-of-way will be subject to regulations existing at the time of renewal and such other terms and conditions deemed necessary to protect the public interest.

5. This right-of-way is subject to all applicable regulations in 43 CFR Part 2800 which are hereby incorporated in and made a part of this grant.

6. There is reserved to the United States a continuing right of access onto the public lands covered by the right-of-way grant, and upon reasonable notice to the holder, access and entry to any facility constructed on the right-of-way or permit area.

7. The permittee, by accepting this right-of-way grant, agrees and consents to comply with and be bound by the following terms and conditions.

   (a) To the extent practicable, all State and Federal laws applicable to the authorized use and such additional State and Federal laws along with the implementing regulations, that may be enacted and issued during the term of the grant or permit.

   (b) That in the construction, operation, maintenance and termination of the authorized use, there shall be no discrimination against any employee or applicant for employment because of race, creed, color, sex or national origin and all subcontracts shall include an identical provision.

   (c) To rebuild and repair roads, fences, and established trails that may be destroyed or damaged by construction, operation or maintenance of the project and to build and maintain suitable crossings for existing roads and significant trails that intersect the project.

   (d) To do everything reasonably within his or her power, both independently and upon request of the Authorized Officer, to prevent and suppress fires on or in the immediate vicinity of the right-of-way or permit area. This includes making available such construction and maintenance forces as may be reasonably obtained for the suppression of fires.

8. This grant is subject to periodic review at the end of the twentieth year and at regular intervals thereafter not to exceed ten years.

9. As the trench is dug, the topsoil will be stockpiled to insure its most efficient use in final backfilling. During the backfilling, the topsoil will be the final covering so that revegetation can be achieved.

10. Vegetation will be re-established in all disturbed areas using the following mixture:

Kentucky bluegrass	2#/Acre
Orchard grass	2#/Acre
Western wheatgrass	2#/acre
Small burnett	1/2#/Acre
Ladak or nomad alfalfa	1/2#/Acre
Bitterbrush or cliff rose	1#/Acre

11. Any bedding material for the pipeline must be brought in to the site. No material may be used from public land.

12. Any excess rock resulting from the digging of the trench must be removed from the site. Pushing the rock over the rim onto public land in the canyon will not be allowed.

13. A grate must be installed at each end of the pipe to prevent the general public from entering the pipeline.

14. In the event the withdrawn public land is required for any further reservoir or hydroelectric development, any structures or improvements placed thereon found to interfere with such development shall be removed or relocated as necessary to eliminate such interference at no cost to the United States, its permittees or licensees.

15. Prior to any development, an engineering firm must be consulted to develop an accurate design of the diversion and pipeline. The project design must be approved by the authorized officer prior to excavation.

16. A centerline survey map is required within 60 days of completion of construction.

17. A rental charge for use and occupancy of public lands under the authority of this right-of-way permit will be required in accordance with the regulations of 43 CFR 2802.1-7. An interim rental of $100.00 per year is required, which will be applied to the right-of-way. The grantee may be required to pay additional rental charges if determined to be greater than the $100.00 after an appraisal is made. If the charges are determined by appraisal to be less than the amount paid, a proper adjustment will be made.

Accepted By [signature]
Signature

5/26/82
Date

[signature]

[signature]

Exhibit "B"

Plans & Specifications

(separately provided)

Exhibit "C"

Exhibit "D"

ASSIGNMENT OF WATER RIGHTS AND PERMITS

THIS AGREEMENT, made and entered into this 31st day of October, 1983, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, ~~Dorothy Turnipseed~~, Elwood McCauley and John Lorain, Jr., hereinafter referred to as "Assignors", and BONNEVILLE PACIFIC CORPORATION, a Utah corporation qualified to do business in the State of Idaho, hereinafter referred to as "Assignee",

W I T N E S S E T H:

WHEREAS, Assignors have obtained approved Permits for the use of water resources in the State of Idaho, Permit Nos. 47-7660 and 47-7661, hereinafter referred to as the "Permits", copies of which are attached hereto as Schedule I and by this reference made a part hereof; and

WHEREAS, in connection with that certain Lease and Assignment between Assignors and Assignee, of even date herewith, incorporated herein by this reference, Assignors desire hereby to assign to Assignee all of their right, title and interest in and to said Permits for the purpose of holding said Permits for and on behalf of the Pigeon Cove Power Project, a hydroelectric project located on the LQ and LS Drains located in the Southwest 1/4 of the Southwest 1/4 of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

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. Assignors hereby assign to Assignee all of the right, title and interest in and to said Permits as contained in Schedule I attached hereto to hold for and on behalf of said Pigeon Cove Power Project during the entire term of the Power Project as more specifically set forth in said Lease and Assignment.

2. Assignee hereby accepts the assignment of said Permits as contained in Schedule I in accordance with the terms hereof.

3. Assignee agrees to allow the rights and interests referred to in said Permits to be used in connection with the Pigeon Cove Power Project in accordance with said Lease and Assignment.

4. That to induce the Assignee to accept this assignment and the rights and obligations pursuant thereto, Assignors hereby represent to the Assignee as follows:

(a) That said Permits are in full force and effect; and

(b) That upon approval of the Department of Water Resources, State of Idaho, said Permits are assignable.

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

(a) That the Assignee will duly keep, observe and perform all of the terms, conditions and provisions of the Permits that are to be kept, observed and performed by the Assignors;

(b) That Assignees will not further assign the rights or Permits conveyed hereunder without the prior written consent of Assignors and the prior written consent of the Director or Administrator of the Department of Water Resources, State of Idaho; and

(c) That at the end of the Lease and Assignment term as described in said Lease and Assignment, Assignee will assign the Permits to Assignors and this Agreement shall thereafter become null and void.

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

ASSIGNORS:

PIGEON COVE POWER COMPANY

By Paul Turnipseed
Paul Turnipseed

By Dorothy Turnipseed
Dorothy Turnipseed

By Elwood McCauley
Elwood McCauley

By John Lorain Jr.
John Lorain Jr.

ASSIGNEE:

BONNEVILLE PACIFIC CORPORATION

By L. Wynn Jolley
Its Vice President

4715C

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAUL TURNIPSEED, ELWOOD McCAULEY, and JOHN LORAIN, JR., known or identified to me to be the general partners in the Idaho general partnership known as Pigeon Cove Power Company and the persons whose names are subscribed to the within instrument as general partners and acknowledged to me that they executed the same in the name of the partnership.

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

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 21st day of October, 1983, before me, a Notary Public in and for said State, personally appeared L. WYNN JOHNSON, known to me to be the Vice-President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing At Kimberly, Idaho

Form 202
4/78

Ident. No. 47-7660

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed &/or Elwood McCauley &/or John Lorain, Jr. Phone 326-6488
   Post office address Box 128, Filer, Idaho 83328

2. Source of water supply LD Drain - LS Drain which is a tributary of Snake River

3. Location of point of diversion is Lt 5 ¼ of ____ ¼ of Section 16 Township 9S
   Range 16E B.M. Twin Falls County, additional points of diversion if any: ____
   Lt 3 Sec. 21 T9S R16E

4. Water will be used for the following purposes:

   Amount 80 (cfs or acre-feet per annum) for power purposes from Jan 1 to Dec 31 (both dates inclusive)

   Amount 80 (cfs or acre-feet per annum) for fish prop 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)

5. Total quantity to be appropriated:

   a. 80 cubic feet per second and/or b. ____ acre-feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. concrete check and ditch to LS Drain
   Penstock to power plant and fish facility

   b. Height of storage dam ____ feet, active reservoir capacity ____ acre-feet; total reservoir capacity ____ acre-feet, materials used in storage dam: ____

   Period of year when water will be diverted to storage ____ (Month/Day) to ____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:
   a. If water is not for irrigation:
      (1) Give the place of use of water: Lt 5 ¼ of ____ ¼ of Section 16 Township 9s
      Range 16E B.M.

      (2) Amount of power to be generated: 2700 KW horsepower under 420 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: fish prop

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	
	16E	16											Lt5						

Total number of acres to be irrigated _____

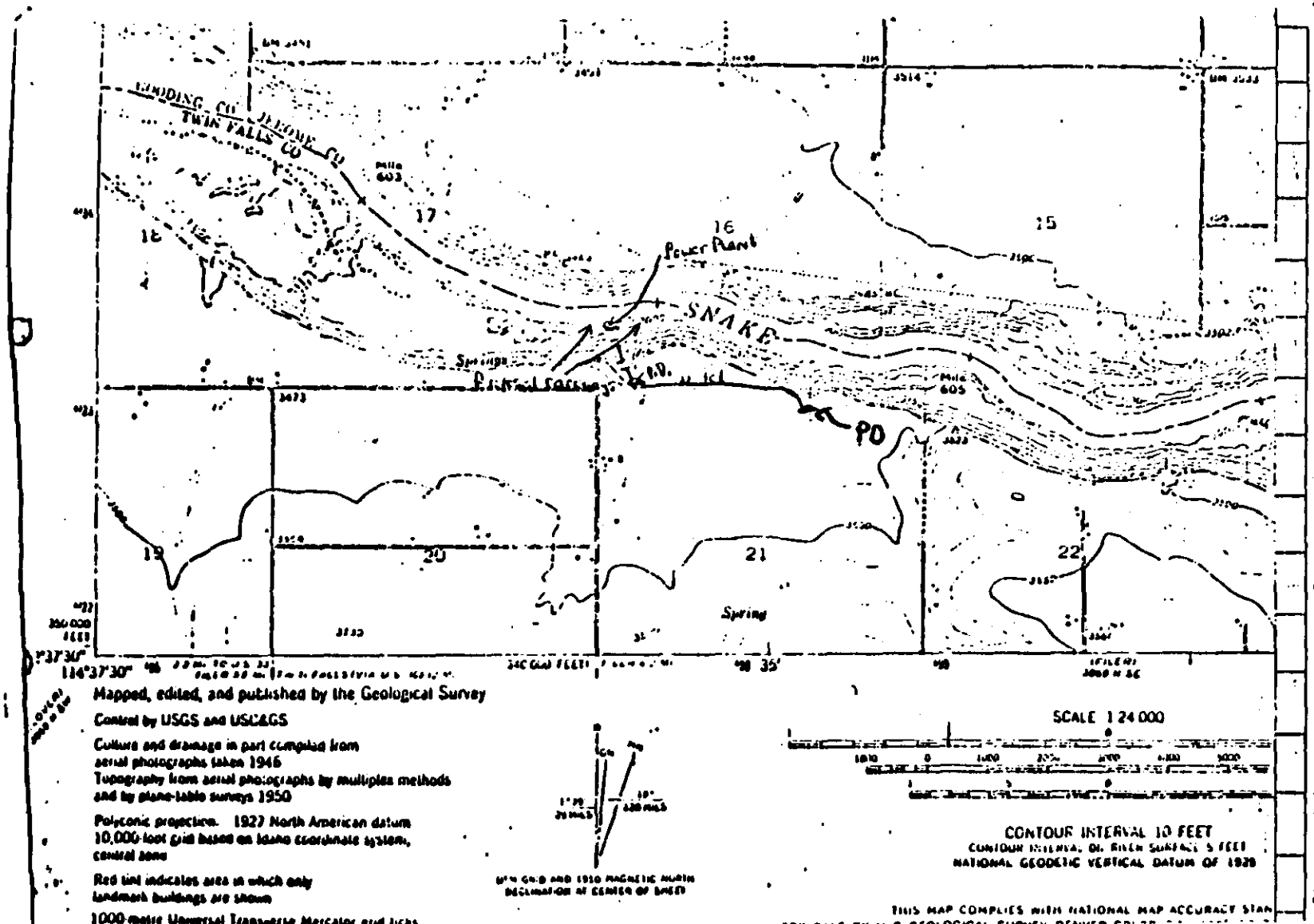
c. Describe any other water rights used for the same purposes as described above. none

9. a. Who owns the property at the point of diversion Elwood McCauley - LS Drain
John Woody - LO Drain

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks



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.

(Applicant)

Proposed Priority 8/12/1980

Received by TB Date 8-12-80 Time 1:30

Preliminary check by [illegible] Fee $ 1625.00

Receipted by TB Date 8-12-80 # 16548

Publication prepared by [illegible] Date 8/19/80 Amended 4/8/82

Published in times news times news

Publication dates 8/28 & 9/4/80 4/21 & 4/28/82

Publication approved [illegible] Date 8/26/80 [illegible] 4/14/82

Protests filed by: [illegible]

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by [illegible]

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. 47-7660, 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 August 1, 19 87.

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

   d. Other: An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The issuance of this permit in no way grants any right-of-way or easement across the land of another.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

Form 202
4/78

Ident. No. 47-7661

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Paul and/or Dorothy Turnipseed and/or John Lorain and/or Elwood McCauley Phone: 326-4485

Post office address Box 128 - Filer, Idaho 83328

2. Source of water supply Unnamed Springs which are a tributary of Snake River

3. Location of point of diversion is lt 5 ¼ of ____ ¼ of Section 17 Township 09S

Range 16E B.M. Twin Falls County, additional points of diversion if any: ____

4. Water will be used for the following purposes:

Amount 11.8 (cfs or acre-feet per annum) for Fish Prop purposes from Jan 1 to Dec 31 (both dates inclusive)

Amount 11.8 (cfs or acre-feet per annum) for Power 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)

5. Total quantity to be appropriated:

a. 11.8 cubic feet per second and/or b. ____ acre-feet per annum.

6. Proposed diverting works:

a. Description of ditches, flumes, pumps, headgates, etc. Collection ditch and pipeline to raceways pipeline to generator

b. Height of storage dam ____ feet, active reservoir capacity ____ acre-feet; total reservoir capacity ____ acre-feet, materials used in storage dam: ____

Period of year when water will be diverted to storage ____ (Month/Day) to ____ (Month/Day) inclusive.

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

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

8. Description of proposed uses:

a. If water is not for irrigation:

(1) Give the place of use of water: lt 5 ¼ of ____ ¼ of Section 17 Township 09S

Range 16E B.M.

(2) Amount of power to be generated: ~~150~~ 107 per telecon JJ 8/5/1982 horsepower under 100 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: fish prop

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	
9S	16E	16											Lts						
		17																Lts	

Total number of acres to be irrigated _____

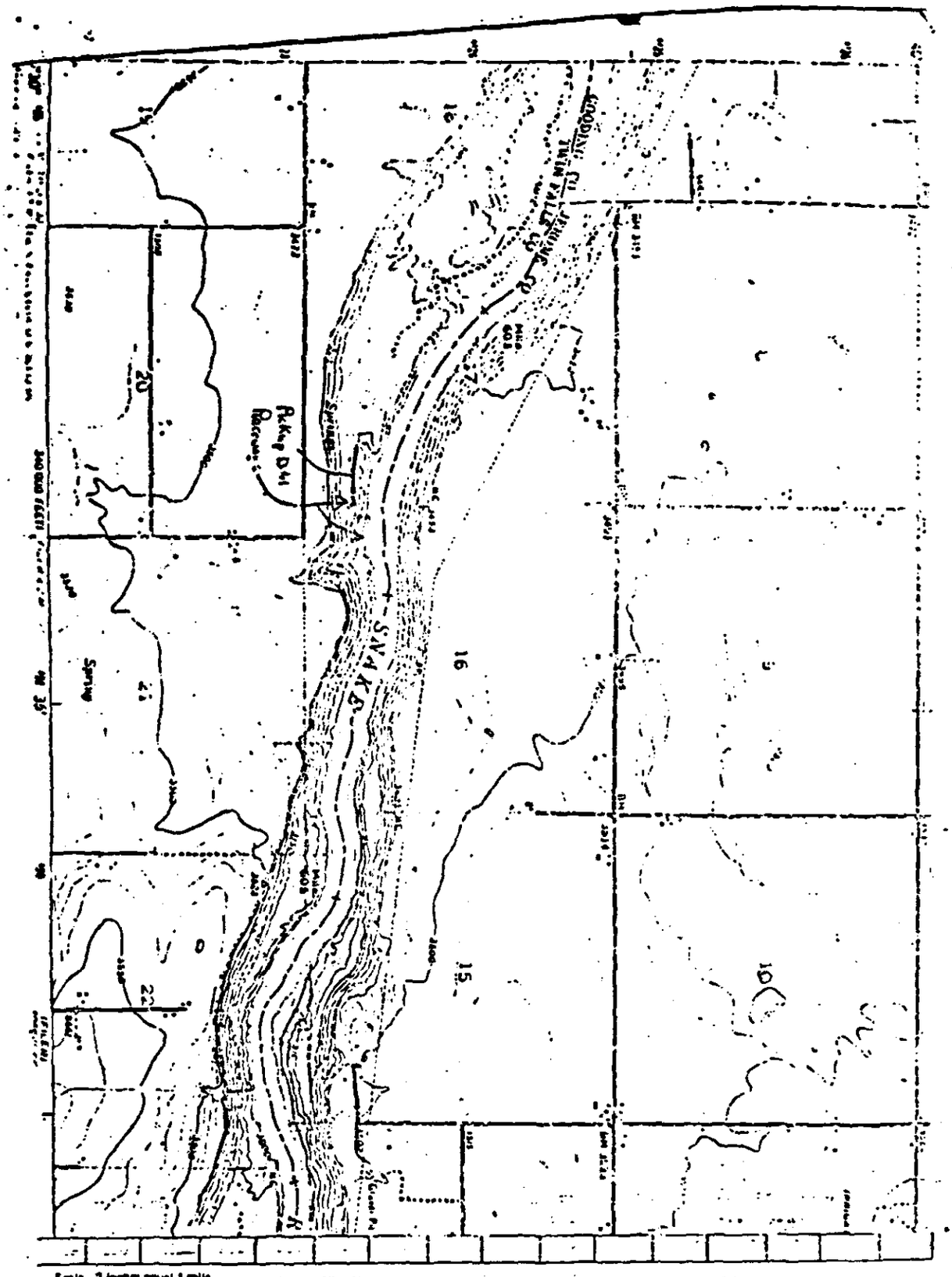
c. Describe any other water rights used for the same purposes as described above. Permit #47-7497

9. a. Who owns the property at the point of diversion applicants

b. Who owns the land to be irrigated or place of use applicants

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

10. Remarks



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.

Elwood McCauley
Dorothy Townsend
John Lorain
(Applicant)

Received by TB Date 8-12-80 Time 1:30

Preliminary check by TB Fee $ 265 00/100

#16548 Receipted by TB Date 8-12-80

Publication prepared by [illegible] Date 8/19/80

Published in Times news

Publication dates 8/28 + 9/4/80

Publication approved [illegible] Date 8/26/80

Protests filed by: ~~[illegible]~~ withdrawn

Copies of protests forwarded by

Hearing held by Date

Recommended for approval denial by [illegible]

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. 47-7661, 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 August 1, 19 87.

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

   d. Other: Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.

   An access port or other device as specified by the Department shall be installed by the permit holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.

   The permit shall not be assigned or sold without first securing the written approval of the Department of Water Resources.

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

   This permit is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this permit. Failure to comply with these provisions is cause for immediate cancellation of this permit.

   This permit shall be subject to future operation so that use of water under this permit will not conflict or interfere with the future diversion of water for irrigation or other beneficial consumption.

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

Witness my hand this 16th day of August, 1982.

L. Glen Saxton

Chief, Operations Bureau

Exhibit "E"

Summary of Pigeon Cove Contractors

1. Water Power Company - Turn-key contractor

   Responsibility: Subcontractors

   Engineering - Bingham Engineering
   Construction - Summit Construction Company
   Equipment - Hydrowest

2. J-U-B Engineers, Inc. - Interties design/construction

   Responsibility: Subcontractors

   Surveying - J-U-B Enginners
   Design - Power Engineers, Inc.
   Construction - To be determined
   (Construction includes equipment)

3. Trowbridge - Road excavation

4. Idaho Power Company - Intertie design/construction

Exhibit "F"

PIGEON COVE HYDRO PROJECT - CONSTRUCTION BUDGET

January 15, 1984

CONTRACTOR/VENDOR	ITEM	BUDGETED COST	EQUITY PAID AS OF 1/15	DRAW AMOUNTS: January	Feb.	March	April	May	June	July	August	Sept.	TOTAL
WATER POWER COMPANY	Turbine/generator @	1038000											0
	Engineering	132000											0
	Penstock	251000											0
	Raise boring	80000											0
	Gates, valves, racks	125000											0
	Powerhouse	110000											0
	Excavation	22000											0
	Construction Mgt.	70000											0
	Miscellaneous	22000											0
	subtotal @	1850000	115000	756000	167000	157000	137000	125000	145000	135000	113000	0	1850000
TRONDRIDGE	Access Road	115000				115000							115000
RAND	Land and water right	150000		150000									150000
IDAHO POWER CO.	Power intertie	395000	25000		200000			170000					395000
LEGAL Hirschi	Bonneville contracts	10000	9178	822									10000
Davis	New England Mut.	10000										10000	10000
Backer	Pigeon Cove Co.	10000			10000								10000
IDAHO STATE	Use tax	28000										28000	28000
SAFECO INSURANCE	Title insurance	8000		6000								2000	8000
FRED S. JAMES	Casualty insurance	12000		12000									12000
INTERWEST HYDRO	Finders fee	75000	75000										75000
	Project Supervision	75000	75000*										75000
PIGEON COVE POWER	Exemption,water,etc	500000	500000*										500000
FIRST INTERSTATE	Financing fees	29000		29000									29000
	Reserve for interest	166000			9936	13966	16945	18549	21815	23552	25204	26644	156610
CONTINGENCY		100000										100000	100000
TRUSTEE	Reserve for debt svc	150000	27822									122178	150000
BONNEVILLE PACIFIC	Development fee	400000	400000*										400000
TOTAL FACILITY COST @		4083000	1227000	953822	386936	285966	153945	313549	166815	158552	138204	66644	4073610
Loan Balance, end of month		$	0	953822	1340758	1626724	1780669	2094218	2261032	2419585	2557789	2624432	

of ty, or ordinated to debt.

Exhibit "G"

PERSONAL PROPERTY

PIGEON COVE HYDROELECTRIC PROJECT

1. Turbine generator
2. Engineering
3. Penstock
4. Raise boring
5. Gates, trashracks, valves
6. Powerhouse
7. Excavation
8. Construction management
9. Miscellaneous items

Exhibit "H"

PIGEON COVE PROJECT

LEASE AND ASSIGNMENT AGREEMENT

May 20, 1983

BONNEVILLE PACIFIC CORPORATION

LEASE AND ASSIGNMENT

THIS LEASE AND ASSIGNMENT (the "Agreement"), made and entered into this 20th day of May, 1983, by and between PIGEON COVE POWER COMPANY, an Idaho general partnership consisting of Paul Turnipseed, Elwood McCauley and John Lorain, Jr., (the "Lessor"), and BONNEVILLE PACIFIC CORPORATION, a Utah corporation duly authorized to transact business in the State of Idaho (the "Lessee"),

W I T N E S S E T H:

WHEREAS, Lessor owns or has the right to acquire certain real property (the "Leased Premises") located in Twin Falls County, State of Idaho, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, the Leased Premises includes a certain Grant of Right of Way granted by the Bureau of Land Management to Lessor, which right of way is attached as part of Exhibit "A" and is hereinafter referred to as the BLM Right of Way; and

WHEREAS, Lessor 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, Lessor has entered into a Power Sales Contract (the "Power Contract") with Idaho Power Company for the purchase

and sale of power generated from the Leased Premises, a copy of which contract is attached hereto as Exhibit "C" and by this reference made a part hereof; and

WHEREAS, Lessor has obtained an Order Granting Exemption From Licensing for a Conduit Hydroelectric Project from the Federal Energy Regulatory Commission (the "FERC Exemption"), a copy of which is attached hereto as Exhibit "D" and by this reference made a part hereof; and

WHEREAS, Lessee desires to lease the Leased Premises and to acquire the Water Rights, Power Contract, FERC Exemption by assignment for purposes of constructing, operating and maintaining a hydroelectric project on the Leased Premises to be known as the Pigeon Cove Power Project (also known as the I.O-I.S Hydroelectric Project) (the "Project"); and

WHEREAS, Lessor desires to lease the Leased Premises and to assign the foregoing rights and interests strictly upon the terms herein contained,

NOW, THEREFORE, for the consideration hereinafter described and in further consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. Agreement to Lease and Assign and Purpose. Lessor hereby leases and assigns to Lessee and Lessee hereby hires and takes from Lessor the Leased Premises, Water Rights (excluding the water rights specifically relating to fish propogation) Power Contract and FERC Exemption, in accordance with and subject to the terms of this Agreement for the purpose of constructing,

maintaining and operating diversion works, conveyance systems, penstocks, generating plants and transmission lines for electricity in connection with the Project.

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 (30) years from the date of first power production by the Project unless earlier terminated as herein provided.

3. Construction of the Project. Lessee shall have the right to go upon the Leased Premises for purposes of constructing the Project. Lessee shall be solely responsible to construct, install or complete on the Leased Premises a power generating facility capable of producing not less than 1.69 megawatts of installed generating capacity. Said facility shall be completed and in commercial operation on or before April 30, 1984. Lessee agrees to use qualified professional personnel in the construction and operation of the Project. Lessor shall have the right to inspect all construction and operation work and records and review (but not approve or disapprove) all engineering plans and construction schedules which Lessee shall make available to Lessor not less than ten (10) days prior to the same being finalized. It is agreed and understood that any credits, reimbursements or reductions in construction costs shall belong solely to Lessee.

4. Control and Ownership of Project. Subject to the provisions of paragraph 5 hereof, Lessee shall have complete

control over and responsibility for the construction, operation and maintenance of the Project during the term of this Agreement and Lessor grants to Lessee all rights and privileges necessary for the construction, operation and maintenance of the Project, including, without limitation, rights of ingress and egress and such easements, privileges, water lines, electrical transmission lines and other utility easements as may be necessary or desirable in the construction, operation and maintenance of the Project. At the end of the term hereof, Lessee shall transfer to Lessor, without cost to Lessor, by good and sufficient bills of sale, quitclaim deeds or assignments, all of its right, title and interest in and to the Leased Premises, Water Rights, Power Contract, FERC Exemption, and any and all improvements or personal property situated upon the Leased Premises at the end of the term hereof.

5. Access and Reservation of Rights. Lessor agrees to provide access to the Project over and across Lessor's property and to cooperate in obtaining alternate, more convenient access to the Project; provided, however, that such cooperation shall not include (unless otherwise agreed upon by Lessor) the waiver or transfer of any rights to real property or water. Any access provided by Lessor shall inure solely to the benefit of Lessee's authorized personnel and the partners of Lessor; provided, however, that Lessor reserves the right for Lessor, its partners and invitees to use the access routes and to go upon the Leased

Premises for hunting and fishing purposes subject to the following conditions:

(a) Use of access routes is conditional upon and subject to the restrictions, if any, placed upon such access by third persons owing property over which such access route may cross, and

(b) Lessor shall indemnify and hold Lessee harmless from and against any damages, liabilities, claims, causes of action or costs, including reasonable attorneys' fees, incurred by Lessee as a result of the use by Lessor, its partners or their invitees of the access or privileges stated herein.

6. Rental. As rental for the Leased Premises and as total consideration for the assignments herein contained Lessee agrees to pay to Lessor the following amounts (all of which shall be non-refundable regardless of circumstances) within the times and upon the terms as follows:

(a) The sum of Twenty-Five Thousand Dollars ($25,000) upon execution of this Agreement and upon verification by Lessee of the existence of a valid FERC Exemption, rights to non-consumptive use of projected water flows for electrical generation, and an engineering feasibility study for a plant of 1.60 megawatts of installed capacity, which verification shall be completed on or before May 20, 1983, and if not completed shall be deemed completed by that date for purposes of this Agreement.

(b) The sum of Twenty-Five Thousand Dollars ($25,000) at such time as financing for the Project has been obtained or July 15, 1983, whichever event shall first occur.

(c) The sum of One Hundred Thousand Dollars ($100,000) upon the completion of the construction phase of the Project or April 30, 1984, whichever event shall first occur.

(d) At such time as the Project is completed and declared to be in commercial operation, Lessee shall pay to Lessor (i) for the first ten (10) years of operation a sum equal to fifteen percent (15%) of the gross revenue received by Lessee from the operation of the Project annually, and (ii) for the remaining term a sum equal to fifty percent (50%) of the gross revenues received by Lessee from the operations of the Project annually. Such payments shall be made to Lessor in quarterly installments, in arrears.

7. Tax Benefits. Lessee shall own and have the benefit of all federal tax credits, deductions and depreciation (ITC, ETC and Cost Recovery Deductions (ACRS), etc.) available under the tax regulations relating to power projects of this nature. All Idaho state tax benefits, credits and deductions shall inure to the benefit of Lessor to the extent allowed by law.

8. Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Agreement by Lessee.

(a) Abandonment. The vacating or abandonment of the Leased Premises by Lessee.

(b) Failure to Pay Rent. The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee.

(c) Breach of Other Covenants. The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Lessee, including Lessee's failure to construct the Project, where such failure shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) Insolvency. The making by Lessee of any general assignment or general arrangement for the benefit of creditors; or the appointment of a trustee or a receiver under state law to take possession of substantially all of Lessee's assets located on the Leased Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days, or the attachment execution or other judicial seizure of substantially all of Lessee's assets located on the

Leased Premises or of Lessee's interest in this Lease, where such seizure is not discharged in sixty (60) days.

9. Remedies in Event of Default. In the event of any default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand except as provided herein and without limiting Lessor in the exercise of a right or remedy which Lessor may have by reason of such default or breach:

(a) Termination. Terminate Lessee's right to possession of the property by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Leased Premises and the Power Contract, Water Rights and FERC Exemption to Lessor, or

(b) Other Remedies. Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of Idaho.

10. Covenant of Title and Peaceful Possession. Lessor covenants that it has full right, power and authority to enter into this Agreement, and that Lessee or any permitted assignee or sublessee of Lessee, upon payment of the rentals and performance of the covenants upon lessees part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy the Leased Premises, any improvements thereon, and the rights assigned hereby, during the term hereof. Lessor further represents and warrants that all rights and interest conveyed hereunder have been perfected and are binding and enforceable in accordance with their terms and that there is no pending or threatened litigation

against Lessor or its partners (other than a potential controversy with Joe Rand, et ux, which has been fully disclosed by Lessor to Lessee) which may interfere with the construction or operation of the Project.

11. 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 like nature not the fault of the party delayed in performing the work or doing the acts required under the terms of this Lease, then performance of such 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.

12. Additional Instruments. In the event it is necessary or desirable to prepare and execute additional instruments or documents to carry out the terms of this Agreement, the parties hereto agree to cooperate fully in the preparation and execution of the same.

13. Eminent Domain. In the event the Leased Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority to the extent that the Project cannot operate or such operation is materially impaired, this Lease shall terminate and expire as of the date of such taking, and both Lessor and Lessee shall thereupon be released

from any liability thereafter accruing hereunder. It is understood and agreed that Lessee shall be entitled to the entire award or compensation under any proceeding in eminent domain except such portion of the award or compensation specifically relating to the value of the unimproved real property and water rights leased hereunder. If the leased premises are taken for purposes of power production by any authority, then Lessee and Lessor shall share in the award in accordance with their respective interest in the project at that time.

14. Affirmative Assumption of Rights and Obligations. With respect to the PLM Right of Way, Power Contract, Water Rights and FERC Exemption assigned by Lessor to Lessee hereunder, Lessee agrees to assume all rights and obligations of Lessor thereunder and agrees to indemnify and hold Lessor harmless from and against all damages, liabilities, causes of action, claims and costs, including reasonable attorneys' fees, incurred by Lessor as a result of Lessee's failure or inability to perform the obligations of Lessor with respect to said instruments provided such failure or inability to perform is not the result of actions, breach or negligence of Lessor. Lessee specifically agrees to be solely responsible for any refund liabilities under the Power Contract. Likewise, upon reassignment by Lessee to Lessor of the BLM Right of Way, Water Rights, Power Contract and FERC Exemption Lessor agrees to assume the obligations and to indemnify and hold Lessee harmless to the same extent as Lessee is bound to Lessor under in this paragraph; provided, however,

that in the event of default by Lessee hereunder and such default results in a liquidated damage claim under the Power Contract, Lessee shall be solely responsible for payment of such liquidated damages.

15. Covenant of Completion. Subject to paragraph 11 hereof Lessee agrees to use its best efforts to complete the project within the time periods specified herein and to use its best efforts to maintain operations of the Project at least 85% capacity during the term of this Agreement to the extent of its then ability to insure such performance with commercial insurers. Lessee hereby assigns to Lessor, as security for performance of the foregoing covenant, all claims on manufacturer's warranties and the warranties, representations, plans and specifications of the design engineer relating to the Project. In the event Lessee fails to perform this covenant, then Lessor agrees to resort to such representations and warranties for satisfaction of any claims of Lessor arising under this paragraph, and/or liquidated damages imposed under the Power Contract provided Lessee is in default hereunder.

16. Covenant to Comply with Applicable Laws. Lessee covenants and agrees to comply with all state, federal, and municipal laws or ordinances applicable to the Project.

17. Liens. Except for security interests created by lenders financing the Project, Lessee shall keep the Leased Premises free and clear from any liens or encumbrances arising

out of any work performed, materials furnished or other obligations incurred by Lessee.

18. Assignment and Sublet. It is understood and agreed that Lessee may assign its interest hereunder for purposes of obtaining equity and to a separate operating entity or entities for operation of the Project and to lenders financing the Project (for security purposes). Except as provided herein neither Lessee nor Lessor shall assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or Agreement, or any part thereof, without the prior written consent of the other party.

19. Insurance. Lessee shall carry good and sufficient liability insurance and property insurance relating to the Project in an amount not less than required under the Power Contract, and shall show Lessor as an additional insured on any such policy.

20. Subrogation. As long as their respective insurers so permit, Lessor and Lessee hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

21. Taxes Lessee agrees to pay all real and personal property taxes and assessments levied against the Leased Premises and Lessee agrees to cooperate with Lessor in having other property owned by Lessor lying adjacent to the Leased Premises

taxed at a rate consistent with its present agricultural use, provided Lessee shall not be required to incur any expense as a result of such cooperation.

22. Additional Water. It is understood and agreed by the parties hereto that in the event Lessor is able to provide additional water and provided the Project can use such additional water and increase its electrical generating capacity thereby, Lessee shall accept such additional water and the parties shall share in the revenues generated from the increased capacity as provided in this Agreement.

23. 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 required, and addressed to the parties as follows:

IF TO LESSOR:
Pigeon Cover Power Company
Box 128
Filer, Idaho 83328
Attention: Mr. Paul Turnipseed

IF TO LESSEE:
Bonneville Pacific Corporation
Suite 300
700 East South Temple
Salt Lake City, Utah 84111
Attention: Raymond L. Hixson, President

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

24. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and shall not be modified or amended except written

instrument duly executed by the parties hereto; provided, however, that paragraph 8 of the Commitment Letter between Lessor and Lessee dated April 16, 1983, is preserved in this Agreement and incorporated herein by reference.

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

26. 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 Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Assignment and have caused the partners' spouses to consent to this Agreement in the Partners' Spouses' Consent to Lease and Assignment Agreement attached hereto, the day and year first above written.

LESSOR:

PIGEON COVE POWER COMPANY

Paul Turnipseed

Elwood McCauley

John Lorain, Jr.

LESSEE:

BONNEVILLE PACIFIC CORPORATION

By _____

Its Secretary / Treasurer

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me the undersigned Notary Public in the said County and State, personally appeared PAUL TURNIPSEED, ELWOOD MCCAULEY and JOHN LORAIN, JR., known to be the partners of Pigeon Cove Power Company, an Idaho general partnership, and the partners who subscribed the partnership name to the foregoing instrument, who acknowledged to me that they executed the same in the name of the partnership.

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR STATE OF IDAHO
Residing at Twin Falls

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me the undersigned Notary Public in the said County and State, personally appeared Robt. L. Wood, known to be the Secretary/Treasurer of Bonneville Pacific Corporation, a Utah corporation, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, who acknowledged to me that such corporation executed the same.

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls
Commissioned for Life Term

NOTARY PUBLIC FOR STATE OF IDAHO
Residing at Twin Falls

PARTNERS' SPOUSES' CONSENT TO LEASE AND ASSIGNMENT AGREEMENT

This Partners' spouses" consent to the Lease and Assignment Agreement between Pigeon Cove Power Company and Bonneville Pacific Corporation dated May 20, 1983, is made this 20th day of May, 1983, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Lease and Assignment Agreement to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Lease and Assignment Agreement.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of May, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

AMENDMENT TO PIGEON COVE PROJECT

LEASE AND ASSIGNMENT AGREEMENT

DATED MAY 20, 1983 BETWEEN

PIGEON COVE POWER COMPANY
(An Idaho General Partnership)

AND

BONNEVILLE PACIFIC CORPORATION

This Agreement amends the May 20, 1983, agreement between the parties in the following manner:

(a) The third sentence of paragraph No. 3 on page 3 of the May 29, 1983 Lease and Assignment Agreement is hereby amended to provide:

> "Said facility shall be completed and in commercial operation on or before September 30, 1984."

(b) Lessee will pay the J-U-B Engineers, Inc., fee of $3,050.67 due July 26, 1983 for engineering services on this project relating to negotiation of Appendix B to the Idaho Power Company interconnection and power sale agreement forthwith as well as the $628.40 fee due July 26, 1983 to J-U-B Engineers, Inc., for the project switch yard surveying and location work on this project and hold harmless and indemnify Lessor therefor.

(c) Lessee will reimburse Lessor for the J-U-B Engineers, Inc., surveying fee, Safeco Title Insurance Company of Idaho title fees, and Fred D. Decker lawyer's fees and expenses incurred with regard to this project since May 20, 1983, and hold harmless and indemnify Lessor therefor.

(d) Lessee will deposit the $25,000 cash payment due July 15, 1983 under paragraph 6(b) on page 6 of the Lease and Assignment Agreement with Decker and Hollifield, P.A., lawyers, to be deposited in the firm trust account for Lessor upon condition that said sum remain so deposited, and invested at interest in a Shearson/American Express money market account until the existing dispute with Joe Rand, et ux, an adjoining property owner as to the water rights to this project, is resolved and the project development and construction proceeds, or December 1, 1983, which ever occurs first, at which time the funds shall be paid, together with earned and accrued interest thereon, to Lessors.

(e) Lessor will pay Lessee or authorize Lessee to withhold out of the quarterly lease payment to be made by Lessee to Lessor under the May 20, 1983 agreement, quarterly over the initial 10 years project life of the lease, the sum of $40,000.00, including interest at the rate of twelve percent (12%) per annum, in forty (40) equally quarterly installments of $4,326.24. This offset or reduction in the Lessor's lease payment to Lessee is the result of a compromise of a disputed claim between Lessor and Lessee as to Lessor's responsibility, if any, for purchase of land rights from Joseph Rand and Ellen M. Rand, husband and wife, for the Pigeon Cove hydroelectric project being discharged under the Lease which this agreement amends by Lessor.

(f) The adjacent real property recently acquired by Lessor from Joseph L. Rand, et ux, for the hydroelectric project to be developed hereunder is hereby included in the real property leased by Lessor to Lessee under the May 20, 1983 Lease and Assignment Agreement hereby amended, and the Real Estate Sale Agreement transferring the Rand property to Lessor is hereby assigned to Lessee and made a part of said Lease and Assignment Agreement.

IN ALL OTHER RESPECTS the May 20, 1983 Lease and Assignment Agreement is hereby ratified and confirmed by the parties hereto.

DATED: October 31st, 1983.

PIGEON COVE POWER COMPANY

Paul Turnipseed
PAUL TURNIPSEED
General Partner

Dorothy Turnipseed
DOROTHY TURNIPSEED, his spouse

Elwood McCauley by [illegible] his atty. in Fact
ELWOOD McCAULEY
General Partner

Marjorie McCauley by [illegible] her atty. in Fact
MARJORIE McCAULEY, his spouse

John Lorain Jr.
JOHN LORAIN, JR.
General Partner

Donna Lorain
DONNA LORAIN, his spouse

BONNEVILLE PACIFIC CORPORATION

By Raymond L. Hixson
RAYMOND L. HIXSON, President

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 21st day of October, 1983, before me, a Notary Public in and for said State, personally appeared RAYMOND L. HIXSON, known to me to be the President of the Bonneville Pacific Corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

Donna L Allen
NOTARY PUBLIC FOR IDAHO
Residing At Kimberly, Idaho

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, a Notary Public in and for said State, personally appeared PAUL TURNIPSEED and DOROTHY TURNIPSEED, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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.

Fred D. Decker
NOTARY PUBLIC FOR IDAHO
Residing At Twin Falls

FRED D. DECKER
NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls
Commissioned for Life

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this _____ day of October, 1983, before me, a Notary Public in and for said State, personally appeared ELWOOD McCAULEY and MARJORIE McCAULEY, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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 _____

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 31st day of October, 1983, before me, a Notary Public in and for said State, personally appeared JOHN LORAIN, JR. and DONNA LORAIN, husband and wife, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument and acknowledged to me that they 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 Twin Falls

FRED D. DECKER
NOTARY PUBLIC STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 20th day of January, 1984, before me, the undersigned, Notary Public in and for said State and County, personally appeared FRED D. DECKER, Attorney-in-Fact for Elwood McCauley and Marjorie McCauley, husband and wife, known or identified to me to be the person whose name is subscribed to the foregoing and within instrument as the attorney-in-fact of Elwood McCauley and Marjorie McCauley, husband and wife, and acknowledged to me that he subscribed the name of Elwood McCauley and Marjorie McCauley, as principals, and his own name as attorney-in-fact.

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

Diana L Allen
NOTARY PUBLIC FOR IDAHO
Residing at Kimberly

SECOND AMENDMENT TO PIGEON COVE PROJECT
LEASE AND ASSIGNMENT AGREEMENT
DATED MAY 20, 1983 BETWEEN

PIGEON COVE POWER COMPANY

AND

BONNEVILLE PACIFIC CORPORATION

This Second Amendment amends the May 20, 1983 Lease and Assignment Agreement between the parties in the following manner:

Exhibit "A" referred to in and attached to the Lease and Assignment Agreement is amended in its entirety to read the same as Exhibit "A" attached hereto and by this reference made a part hereof.

IN ALL OTHER RESPECTS the May 20, 1983 Lease and Assignment Agreement (as amended by the First Amendment thereto) is hereby ratified and confirmed by the parties hereto.

DATED: January 20th, 1984

BONNEVILLE PACIFIC CORPORATION

By _____

Its Sec.

PIGEON COVE POWER COMPANY

_____

PAUL TURNIPSEED, General Partner

DOROTHY TURNIPSEED, His Spouse

ELWOOD McCAULEY, General Partner

MARJORIE McCAULEY, His Spouse

JOHN LORAIN, JR., General Partner

DONNA LORAIN, His Spouse

EXHIBIT "A"

PARCEL 1

A parcel of land located in the south 1/2 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the SW corner of Section 16, thence N89°53'19"E, along the section line 760.00 feet to a point, said point being the Point of Beginning; thence N89°53'19"E along the section line 2287.88 feet to a point, said point being on the south meander line of the Snake River; thence along said meander line N74°45'00"E, 399.30 feet to a point, said point being a meander corner; thence N62°42'30"W, 224.68 feet to a point; thence S89°00'W, 230.00 feet to a point; thence N75°00'W, 280.00 feet to a point; thence N64°00'W, 1520.00 feet to a point; thence N77°00'W, 320.00 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°32'15"E, 35.19 feet to a point; thence S60°00'W, 520.38 feet to a point; thence S29°00'E, 320.00 feet to a point; thence N64°00'E, 620.00 feet to a point; thence S15°33'21"E, 212.69 feet to a point; thence S28°54'52"W, 556.67 feet to a point; thence S0°00'W, 94.00 feet to the Point of Beginning containing approximately 37.22 acres more or less. Less the following described parcel:

Beginning at a point on the SW corner of Section 16; thence N89°53'19"E along the section line 825.00 feet; thence north 40.00 feet to the true Point of Beginning; thence N89°53'19"E, 2025.00 feet; thence N67°30'00"W, 1450.00 feet; thence S87°00'W, 348.00 feet; thence S32°00"W, 637.50 feet to the true Point of Beginning containing approximately 15.04 acres.

PARCEL 2

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls,

State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line N0°00'E, 978.12 feet to a point; thence N63°00'E, 698.82 feet a point lying on the meander line; thence S80°15'E along the meander line 90.94 feet to a point, said point being the true Point of Beginning; thence S80°15'E along the meander line 349.70 feet to a point; thence S0°32'15"W, 200.03 feet to a point; thence N90°00'W, 345.00 feet to a point; thence N0°29'32"E, 259.25 feet to the Point of Beginning containing approximately 1.82 acres more or less.

PARCEL 3

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point lying on the north line of Section 21, said point being 2958.44 feet N89°53'19"E from the NW corner of said Section 21, said point being the Point of Beginning; thence along the section line N89°53'19"E, 182.50 feet to a point, said point being a meander corner; thence following the meander line S41°34'18"E, 228.91 feet to a point, said point being angle point 1; thence following the meander line N84°29'04"E, 302.50 feet; thence S0°00'W, 220.00 feet to a point; thence N90°00'W, 225.00 feet to a point; thence N48°36'21"W, 547.20 feet to a point, said point being the Point of Beginning, containing approximately 2.20 acres, more or less.

PARCEL 4

A parcel of land located in the NE1/4 of Section 21, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at a point on the North line of Section 21, said point being 670.00 feet N89°53'19"E from the NW corner of said

Section 21, said point being the Point of Beginning; thence S10°00'W 142.62 feet to a point; thence S72°13'25"E, 47.01 feet to a point; thence S0°00'W, 140.00 feet to a point; thence N90°00'E, 80.00 feet to a point; thence N0°00'E, 295.00 feet to a point on the north section line of said Section 21; thence along the section line S89°53'19"W, 100.00 feet to a point, said point being the Point of Beginning containing approximately 0.65 acres, more or less.

PARCEL 5

Property North of 1881 Meander Line

A parcel of land located in the SW1/4 of Section 16, T9S, R16E, County of Twin Falls, State of Idaho, BB&M and being more particularly described as follows:

Beginning at the SW corner of said Section 16, thence along the section line North 978.12 feet to a point; thence N63°00'E along the meander line 698.82 feet to a point on the meander line; thence S80°15'E, 90.94 feet to the true Point of Beginning; thence S80°15'E, 349.70 feet to a point; thence N0°32'15"E, 59.78 feet to a point; thence N80°00'W, 350.00 feet to a point; thence S0°29'32", 61.34 feet to the Point of Beginning containing approximately 0.48 acres more or less.

Exhibit "I"

Facility No: 31615067
Project: Pigeon Cove

POWER SALES AGREEMENT

THIS AGREEMENT, entered into on this 11th day of May, 1983, is between Pigeon Cove Power Company, an Idaho partnership consisting of Elwood McCauley, Paul Turnipseed and John Lorain, Jr, as general partners, (Seller), and IDAHO POWER COMPANY, a corporation, (Idaho).

W I T N E S S E T H:

WHEREAS, Seller owns or will own and operate a small power production facility with generating capacity of not more than 10,000 kilowatts; and

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

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

ARTICLE I: DEFINITIONS

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

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

1.2 "Capacity Price" - The price in $/kw-year set forth in Appendix A.

1.3 "Capacity Sale Increase" - An upward adjustment to the Capacity purchased by Idaho and the payment due Seller for Capacity. Such adjustment will be computed in accordance with Appendix C.

1.4 "Capacity Sale Reduction" - A downward adjustment to the Capacity purchased by Idaho and the payment due Seller for Capacity. Such adjustment will be computed in accordance with Appendix C.

1.5 "Commission" - The Idaho Public Utilities Commission.

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

1.7 "Designated Dispatch Facility" - Idaho's local dispatching center. The Designated Dispatch Facility for this Facility is specified in Appendix B.

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

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

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

1.11 "Initial Period" - That part of the Term of this Agreement commencing with the Operation Date scheduled by Seller in Appendix B and ending ten (10) years from that date, on or about June 30, 1994.

1.12 "Interconnection Facilities" - All facilities required to be installed solely to interconnect and deliver power from the Facility to Idaho's

system, including, but not limited to, connection, transformation, switching, metering, relaying, communications and safety equipment.

1.13 "Operation Date" - The day commencing at 0001 hours, following the day during which all features and equipment of the Facility have reached a degree of completion and reliability, such that they are capable of operating simultaneously to deliver power continuously into Idaho's system.

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

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

1.16 "Special Facilities" - Those parts of the Interconnection Facilities furnished by Idaho at Seller's request and those additions and alterations to Idaho's system which are required as a result of the interconnection of the Facility to Idaho's system.

1.17 "Unit Avoided Energy Cost" - The sum of the variable costs associated with the specific generating unit or project designated by the Commission as the basis for the determination of avoided capacity cost. Variable costs include fuel costs and operation and maintenance expenses which vary with the designated unit's or project's generation.

ARTICLE II: NO RELIANCE ON IDAHO

2.1 Seller warrants and represents to Idaho that in entering into this Agreement and the undertaking by Seller of the obligation set forth

herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho in connection with the transactions contemplated by this Agreement.

2.1.1 All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement, have been solely those of Seller.

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

ARTICLE III: NO WARRANTIES BY IDAHO

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

ARTICLE IV: CONDITIONS TO INTERCONNECTION

4.1 Prior to, and as a condition of interconnection with Idaho, Seller shall:

4.1.1 Submit proof to Idaho that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable

federal, state or local authorities, including but not limited to those licenses, permit or approvals specified in Appendix E;

4.1.2 Make payment to Idaho for any and all costs of Interconnection Facilities, Disconnection Equipment and/or Special Facilities as provided for in this Agreement;

4.1.3 Obtain written acceptance from Idaho as provided in paragraph 8.1.1;

4.1.4 Submit proof to Idaho of all insurance required in Article XIII;

4.1.5 Demonstrate to Idaho's satisfaction that the Seller's Facility has been completed, and that all features and equipment of said Facility are capable of operating safely to deliver power into Idaho's system; and

4.1.6 Submit to Idaho a statement from a licensed professional engineer certifying that the design of and equipment in Seller's Facilities comply with the standards of this Agreement and with Prudent Electrical Practices.

4.1.7 Obtain written confirmation from Idaho that all conditions to interconnection have been fulfilled.

ARTICLE V: TERM

5.1 This Agreement shall become effective on the date first above written, and shall continue in full force and effect for a period of thirty-five (35) years from the Operation Date. The Operation Date may occur only after the necessary degree of completion and reliability has been demonstrated

to Idaho's satisfaction and Idaho has confirmed that satisfaction in writing. Seller shall have the duty to obtain the confirmation from Idaho; however, such confirmation shall not be unreasonable withheld by Idaho.

ARTICLE VI: SALE OF POWER

6.1 Seller agrees to deliver and sell and Idaho agrees to accept and purchase all the Energy delivered by Seller, which shall not be less than the average amount of 10,216,700 kilowatt hours per year, and Capacity, which shall not be less than the amount of 1,555 kilowatts calculated pursuant to Appendix A.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT; ADJUSTMENTS

7.1 Energy. Idaho shall pay Seller monthly for Energy delivered and accepted at the Unit Avoided Energy Cost rate specified in Appendix A, Table 1.

7.2 Capacity. Commencing at the Operation Date, Idaho shall pay Seller for Capacity made available to Idaho in the amount determined in accordance with Appendix A in twelve (12) equal monthly installments.

7.2.1 In the event Seller fails to provide Capacity in the amount specified in paragraph 6.1, Idaho shall be entitled to a Capacity Sale Reduction, which shall be determined in accordance with Appendix C.

7.3 Following the Initial Period, the purchase price and the methods for calculating that purchase price specified in Appendix A, as well as all other rates, terms and conditions set forth in this Agreement, will be subject to the continuing jurisdiction of the Commission and will be subject to change or revision, which change or revision may be requested by Idaho. Such change

or revision shall be by order of the Commission upon a finding, supported by substantial competent evidence, that such change or revision is just, fair, reasonable, sufficient, non-preferential, and non-discriminatory. In no event will such subsequent change or revision result in Seller's receiving a purchase price higher than the purchase price that would have been paid pursuant to the rates, terms and conditions in Appendix A.

7.4 If, during the Initial Period, Idaho requests the Commission to, or if the Commission otherwise determines or approves new purchase prices for power generated by cogeneration or small power production facilities, which purchase prices, had they been in effect during the Initial Period, would have resulted in Idaho's paying Seller a lesser amount than Idaho paid Seller based on the rates, terms and conditions set out in Appendix A, Seller agrees to repay Idaho, without interest, the differences between the total amount paid during the Initial Period and the lesser amount which would have been paid under the revised purchase prices adopted by the Commission during the Initial Period. Any such repayment shall commence upon expiration of the Initial Period, shall be prorated over the seven (7) years following the end of the Initial Period, and shall be offset against the payments for Energy and Capacity as required by paragraphs 7.1 and 7.2. In determining the amount of the repayment, if any, the effect of the revision shall be calculated from the effective date of the Commission Order revising the purchase price.

ARTICLE VIII: FACILITY AND INTERCONNECTION

8.1 Seller shall design, construct, install, own, operate and maintain the Facility.

8.1.1 Seller agrees to meet Idaho's requirements, and to obtain Idaho's written acceptance for those portions of the Facility and equipment generating or transmitting electrical power and for any other equipment which Idaho believes to be necessary to assure the adequacy and durability of the Facility.

8.1.2 To aid in the determination of compliance with Idaho's requirements, Seller shall submit its design, specifications, and a description of the equipment to be installed and its performance data to Idaho for review.

8.2 Except as otherwise provided herein, Seller shall construct, install, own, and maintain Interconnection Facilities of the size required for Idaho to receive the Energy and Capacity designated in this Agreement. Seller will pay all costs of interconnecting the Seller's Facility with Idaho.

8.2.1 At Seller's written request, Idaho will, at Seller's expense, provide, install, own and maintain the necessary Interconnection Facilities as Special Facilities.

ARTICLE IX: DISCONNECTION EQUIPMENT

9.1 Idaho will, at Seller's expense, provide, install, own, operate, and maintain all Disconnection Equipment. Idaho will establish the settings of Disconnection Equipment to disconnect automatically from the Facility for the protection of Idaho's system and personnel consistent with Prudent Electrical Practices. Except as otherwise required by Prudent Electrical Practices, Disconnection Equipment will be designed so that the closure of any breaker or

other disconnecting device which connects the Facility to Idaho's system shall be controlled by equipment which will perform the following:

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

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

9.1.3 Operate so that if Idaho's system is de-energized within ten seconds after the initial closure of the disconnecting device, the disconnecting device will immediately open and not close again until Idaho has been satisfied that Idaho can safely reclose its Disconnecting Equipment.

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

9.3 Other Disconnection Equipment, including equipment which will provide Idaho's operating personnel with the ability to remotely control and monitor the status of the breaker or other disconnecting device by radio or hard-wire circuit between the Facility and the Designated Dispatch Facility may be specified by Idaho when, in Idaho's judgment, such equipment is required by Prudent Electrical Practices. Seller recognizes that such remote control equipment may not initially be required by Idaho, but at such time as operating conditions on Idaho's system dictate, Idaho will install this remote control equipment and Seller will pay the costs in accordance with paragraph 9.1 above.

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

ARTICLE X: METERING

10.1 Idaho shall, for the account of Seller, provide, install, and maintain meters to be located at a mutually agreed upon location to record and measure power flows to Idaho in accordance with the standards set forth in Appendix D. If required by Idaho, metering will also include measurement of kilovar-hours and secondary meters at locations within Seller's facility, agreed to by both parties. All meter equipment, installation, ownership, and administration costs therefor, shall be borne by Seller, including costs incurred by Idaho for inspecting and testing such equipment at Idaho's actual cost of providing this equipment and services.

10.1.1 The point of metering shall be at the location described in Appendix B.

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

10.3 Idaho shall, at Seller's expense, inspect and test all meters upon their installation and at least once every two years thereafter. If requested by Seller, Idaho shall inspect or test a meter more frequently than every two years. Both parties shall be notified of the time when any inspection or test shall take place, and each party may have representatives present at the test or inspection. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired, or replaced, at Idaho's expense, in order to provide accurate metering.

10.4 If a meter fails to register, or if the measurement made by a meter during a test varies by more than two percent from the measurement made

by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter for:

10.4.1 The actual period during which inaccurate measurements were made, if the period can be determined, otherwise;

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

ARTICLE XI: RECORDS

11.1 Seller shall maintain at the Facility or such other location acceptable to Idaho all power production records, in the form and content specified by Idaho, that Idaho reasonably believes to be necessary regarding the performance by Seller of the obligations set forth herein.

11.1.1 Idaho, after reasonable notice to Seller shall have the right to inspect and audit any or all such power production records maintained by Seller.

ARTICLE XII: OPERATION, PROTECTION, AND MAINTENANCE

12.1 Seller shall operate and maintain the Facility and Seller furnished Interconnection Facilities in accordance with Appendix D, Prudent Electrical Practices, the National Electric Safety Code as modified from time to time, and any other applicable local, state, and federal codes. If, in the opinion of Idaho, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho's equipment or personnel, or others in or connected to Idaho's system, Idaho may physically

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

12.2 Seller shall provide and maintain adequate protective equipment sufficient to prevent damage to the Facility.

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

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

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

12.6 Seller shall report monthly to the Designated Dispatch Facility the times, by hour and minute, of opening and closing by Seller of the generator breaker and the corresponding kwh meter reading at the time of opening as well as closing the breaker.

12.7 Idaho and Seller shall maintain appropriate operating communications through Idaho's Designated Dispatch Facility, and Seller shall report to Idaho at the times and in the manner set forth in Appendix D.

12.8 Idaho shall not be obligated to accept, and Idaho may require Seller to curtail, interrupt or reduce deliveries of Energy and Capacity if Idaho determines that curtailment, interruption or reduction is necessary because of line construction or maintenance requirements, emergencies, operating conditions on its system, or as otherwise required by Prudent Electrical Practices.

12.8.1 If Idaho requires such a curtailment, interruption or reduction of Energy and Capacity deliveries for a period that exceeds twenty days, for reasons other than an event of force majeure, Seller, from the twenty-first day of such interruption, curtailment or reduction will be deemed to be delivering Energy and Capacity at the same average rate as Seller was delivering Energy and Capacity for the 30-day period immediately preceding the curtailment, interruption or reduction. Idaho will notify Seller when the interruption, curtailment or reduction is terminated.

12.9 Seller may shut down the facility for scheduled maintenance each year for a period not to exceed thirty (30) days. Seller shall submit its proposed maintenance schedule for each calendar year on or before the preceding

February 1, and Idaho shall inform Seller to the acceptability or unacceptability of the proposed date(s). In no event will Seller schedule maintenance during the months of June, July or August. Seller and Idaho will coordinate, insofar as possible, Seller's periods of scheduled maintenance with any line construction or maintenance by Idaho that would require a curtailment, interruption or reduction of deliveries of energy and capacity under paragraph 12.8.

12.10 Idaho will make a reasonable attempt to contact Seller prior to exercising its rights to curtail, interrupt or reduce deliveries from Seller. Seller understands that in the case of critical operating conditions or other emergency circumstances, no notice will be given to Seller prior to interruption, curtailment, or reduction.

12.11 Seller shall submit to Idaho prior to the end of each Contract Year the statement of a licensed professional engineer which recertifies the matters required by paragraph 4.1.6.

ARTICLE XIII: INDEMNIFICATION AND INSURANCE

13.1 Each party shall agree to hold harmless and to indemnify the other party, its officers, agents, and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying party's construction, ownership, operation or maintenance of, or by failure of, any of such party's works or facilities used in connection with this Agreement. The indemnifying party shall, on the other party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity.

13.2 During the term of this agreement, Seller shall secure and continuously carry:

13.2.1 Comprehensive General Liability insurance for both bodily injury and property damage equivalent to the amount of $1,000,000 combined single limit. Such insurance shall:

(a) include an endorsement naming Idaho as an additional insured insofar as work performed under this agreement is concerned; and

(b) include a provision stating that such liability policies shall not be canceled or their limits of liability reduced without thirty (30) days' written notice to Idaho.

13.2.2 Valued loss of income insurance covering, at a minimum, the perils of fire, extended coverage, vandalism and malicious mischief, earthquake and flood and loss arising out of accidents to boilers and/or pressure vessels and mechanical and electrical breakdown coverage for turbines and generators. Such policies shall:

(a) be in amounts equal to the Accumulated Capacity Overpayments that would be owed to Idaho pursuant to paragraph 20.2;

(b) include a provision stating that this policy shall not be canceled or the limits reduced without thirty (30) days' written notice to Idaho.

(c) include Idaho as an additional insured and loss payee.

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

It is a requirement of this contract that a certified copy of the original policies and all endorsements be furnished Idaho as soon as reasonably possible.

13.3 As required in paragraph 4.1.4 herein and annually thereafter, Seller shall furnish Idaho certificates of insurance, together with the endorsements required therein, evidencing the coverages as set forth in items 13.2.1, and 13.2.2 above. Idaho shall have the right to inspect the original policies of such insurance.

ARTICLE XIV: LAND RIGHTS

14.1 Seller hereby grants to Idaho for the term of this Agreement all necessary rights of way and easements to install, operate, maintain, replace, and remove Idaho's metering and other facilities necessary or useful to this agreement, including adequate and continuing access rights on property of Seller. All documents granting such easements or rights of way shall be subject to Idaho's approval and in recordable form. If any part of the Interconnection Facilities must be installed on property owned by third parties, Seller shall procure from the owners thereof all necessary rights of way and esaements for the construction, operation, maintenance and replacement of the interconnection facilities upon such property in form and substance satisfactory to Idaho. At Seller's request, Idaho shall, to the extent it is legally able, acquire such rights of way for the account of Seller.

ARTICLE XV: FORCE MAJEURE

15.1 As used in this Agreement, "an event of force majeure" means unforeseeable causes beyond the reasonable control of and without the fault or

negligence of the party claiming force majeure, and specifically excludes strikes, walkouts, lockouts or other labor disputes in which Idaho or Seller or their respective employees participate. If either party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of force majeure, both parties shall be excused from performance, provided that:

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

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

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

ARTICLE XVI: LIABILITY; DEDICATION

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

ARTICLE XVII: SEVERAL OBLIGATIONS

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

ARTICLE XVIII: WAIVER

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

ARTICLE XIX: CHOICE OF LAWS

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

ARTICLE XX: DEFAULT AND NOTICE

20.1 In the event either party defaults in the performance of any of the terms or conditions of this Agreement, the nondefaulting party shall cause notice in writing to be given to the defaulting party, specifying the manner in which such default occurred. If the defaulting party shall fail to cure such default within the 30 days after service of such notice, then, and only then,

may the nondefaulting party pursue any remedy which it may have in law or equity, including an action to terminate this Agreement, to enforce the terms of this Agreement, or to recover damages for breach thereof. This article shall not be construed as restricting in any way Idaho's rights under Article XII, or paragraph D-8 of Appendix D to immediately interrupt flows of energy from the facility to Idaho's system nor shall it be applicable to a Capacity Sale Reduction carried out in accordance with Appendix C.

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

ARTICLE XXI: GOVERNMENTAL JURISDICTION AND AUTHORIZATION

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

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

ARTICLE XXII: SUCCESSORS AND ASSIGNS

22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and

assigns of the parties hereto, save that no assignment or lease of the facility, except to Bonneville Pacific Corporation by Seller shall become effective without the written consent of Idaho being first obtained. Such consent shall not be unreasonably withheld. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. In this case, Bonneville Pacific Corporation is anticipated to be the leasee and "financing entity" for this Facility. "Idaho shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIII: MODIFICATION

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

ARTICLE XXIV: TAXES

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

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

ARTICLE XXV: NOTICES

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

To Seller: Pigeon Cove Power Company
P O Box 128
File, Idaho 83328

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

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

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

Appendix A - Schedule of Power Purchase Rates

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

Appendix D - Standards for Interconnection and Metering

Appendix E - Schedule of Required Licenses and Permits

Appendix B dealing with Special Facilities, Point of Delivery and Metering will be negotiated between the parties subsequent to this Agreement and its mutual consent and attachment hereto at such time is a condition precedent to this Agreement.

ARTICLE XVII - ENTIRE AGREEMENT

27.1 This Agreement constitues the entire Agreement of the parties concerning the subject matter hereof and supersedes all prior or contempo-

raneous oral or written agreements between the parties concerning the subject matter hereof.

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

IDAHO POWER COMPANY

By _____
Vice President - Planning and Resources

"Idaho"

PIGEON COVE POWER COMPANY

_____
ELWOOD McCAULEY
General Partner

_____
PAUL TURNIPSEED
General Partner

_____
JOHN LORAIN, JR
General Partner

"Seller"

STATE OF IDAHO)
) ss
County of Ada)

On this 11th day of May, 1983, before me, the undersigned, a Notary Public, personally appeared DONALD E BARCLAY, personally known, who being duly sworn, did say that he is the Vice President - Planning & Resources of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as the free act and deed of said corporation.

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

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at Boise, Idaho

STATE OF IDAHO)
) ss
County of Twin Falls)

On this 11th day of May, 1983, before me, the undersigned, a Notary Public, personally appeared ELWOOD McCAULEY, PAUL TURNIPSEED and JOHN LORAIN, JR, personally known, who being duly sworn, did say that they are the General Partners of Pigeon Cove Power Company, an Idaho Partnership, that executed the within instrument, and acknowledged to me that such Partnership executed the same as the free act and deed of said Partnership.

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

(NOTARIAL SEAL)

Notary Public for Idaho
Residing at: Twin Falls

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

APPENDIX A

CALCULATION OF POWER PURCHASE PRICES

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

A-1.1 Energy component. This component will be calculated by multiplying the kwh of Energy delivered and accepted by the Unit Avoided Energy Cost specified in Table 1. The Commission may, by Order, modify the Unit Avoided Energy Cost. Idaho will maintain on file with the Commission a tariff specifying the effective Unit Avoided Energy Cost.

A-1.2 Capacity component. This component will be calculated by multiplying the Capacity of the Facility as specified in Article VI, by $350 which is the avoided capacity cost specified in Table 1 for the year in which the Operation Date is scheduled to occur. The Capacity has been determined by dividing the Energy specified in Article VI by 8,760 (total hours in a year) divided by .75.

A-1.3 The Capacity Seller has agreed to supply in Article VI, is based upon the most recent three (3) years of known water records as of the Operation Date and the anticipated net head and projected plant efficiency of the Facility. On this basis, the Capacity for the first Contract Year has been assumed to be 1,555 kw. During the first Contract Year, Seller will install, operate and maintain such measuring equipment and perform such engineering analysis as Idaho and Seller agree are reasonably required to permit the parties to reasonably project the Facility's long-term average energy production. Twelve months after the Operation Date, based on the measurements and analysis described above, the Seller and Idaho will review this assumed Capacity and, if

necessary, adjust the Capacity specified in Article VI to reflect the agreed upon projection of the performance of the Facility. Based on that adjustment, the Capacity payments made during the first Contract Year will be adjusted retroactively to reflect any underpayments or overpayments. For the balance of the term of the Agreement, except as otherwise provided herein, Seller's failure to provide the Capacity specified in Article VI shall be grounds for a Capacity Sale Reduction in accordance with Appendix C. For purposes of this Agreement, the same water records used to calculate the assumed Capacity for the first Contract Year, are agreed to be the basis upon which "normal precipitation is judged. On that basis, if Seller's failure to provide the specified Capacity is due to below-normal precipitation, such failure will not be grounds for a Capacity Sale Reduction, and above-normal precipitation shall not be grounds for a Capacity Sale Increase.

A-2 DAMAGES ARISING OUT OF SELLER'S FAILURE TO MEET SCHEDULED OPERATION DATE

A-2.1 Seller recognizes that Idaho is relying on Seller to begin supplying Energy and Capacity on or about the Operation Date Seller has scheduled in Appendix B. Seller warrants and represents that in scheduling the Operation Date, it has investigated and determined that, except for delays arising out of an event of force majeure, it is capable of achieving that scheduled Operation Date. The parties further agree that if Seller fails to meet the scheduled Operation Date, (1) Idaho shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho resulting therefrom, (3) the payments described below are in the nature of liquidated damages and are not a penalty and are a reasonable estimate of a fair compensation to Idaho for the reasonable losses that would result from such a failure by Seller.

A-2.2 Beginning 180 days after the scheduled Operation Date, and every 30 days thereafter until the Operation Date occurs, Idaho will invoice Seller and Seller will pay Idaho the amount determined by multiplying the estimated amount of Energy Idaho would have received during that month from Seller had the Operation Date occurred as scheduled by Seller, by the then effective New Resource Rate published by the Bonneville Power Administration. The estimated amount of generation Seller would have produced will be determined by Idaho based on the estimates of generation Seller has provided to Idaho for determining the Facility's long-term average energy production.

APPENDIX A
TABLE 1

IDAHO POWER COMPANY
POWER RATES
FOR
COGENERATION AND SMALL POWER PRODUCTION

AVOIDED CAPACITY COSTS
($/kw-year)

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

Unit Avoided Energy Costs

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

APPENDIX C

C-1 ADJUSTMENT OF PAYMENTS IN THE EVENT OF CAPACITY SALE REDUCTION OR INCREASE

C-1.1 GENERAL PROVISIONS

C-1.1.1 This Appendix shall be applicable in the event there is a Capacity Sale Reduction or Capacity Sale Increase.

C-1.1.2 The parties agree that the amount of the payment which Idaho is to make to Seller for Capacity is based on the agreed value to Idaho of Seller's performance of its obligation to provide Capacity during the Term of the Agreement. The parties further agree that in the event Idaho does not receive such full performance (1) Idaho shall be deemed damaged by reason thereof, (2) it would be impractical or extremely difficult to fix the actual damages to Idaho resulting therefrom, (3) the reductions, offsets and refund payments as provided in this Appendix, as applicable, are in the nature of adjustments in Capacity prices and liquidated damages, and not a penalty, and are a reasonable endeavor by the parties to estimate a fair compensation to Idaho the reasonable losses that would result from such reduction.

C-1.1.3 Seller shall be invoiced by Idaho for all refund payments due under this Appendix C and, if the parties are unable to agree on a payment schedule within thirty (30) days of the invoice date, the parties agree to submit the payment schedule dispute to the Commission for resolution and such resolution shall be binding on the parties.

C-1.1.4 Idaho shall have the right to offset any amount due it against any present or future payments due Seller.

C-1.1.5 Any refunds determined to be due pursuant to this Appendix C shall bear interest until paid at the average monthly prime rate of The Idaho First National Bank.

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

C-2.1 Except as otherwise provided in this Agreement, if Seller fails to provide the Capacity specified in Article VI, such failure shall be grounds for a Capacity Sale Reduction in accordance with the following options. Idaho in its sole discretion, will determine which option to apply.

C-2.1.1 Capacity Sale Reduction - Option 1. Idaho will immediately suspend or reduce the Capacity payments to Seller for a probationary period not to exceed twelve (12) months. The amount of the reduction or suspension will be calculated so that (1) Idaho will recover the total amount of the prior overpayments made to Seller in equal monthly amounts over the term of the probationary period. All such overpayment recoveries will be retained by Idaho. (2) The Capacity payments during the probationary period will reflect the Capacity actually provided during the prior year.

C-2.1.2 If, during the probationary period, Seller meets or satisfies Idaho that it can meet its obligation to supply Capacity, Idaho shall, following the probationary period, reinstate the full Capacity and Capacity payment.

C-2.1.3 If Seller fails to satisfy its obligation to supply Capacity during the probationary period, Idaho will permanently derate the Capacity appropriately or terminate the Capacity purchases if no Capacity is supplied during the probationary period.

C-2.1.4 Capacity Sale Reduction - Option 2. If at any time, based on appropriate tests, studies or prior performance, Idaho determines that Seller will be unable to provide the Capacity specified in Article VI, Idaho may immedi-

ately reduce or terminate Capacity purchases. Such reduction or termination will be in accordance with the following:

C-2.1.5 Twenty days prior to date of the proposed termination or reduction, Idaho will notify Seller pursuant to Article XV of its intention to reduce or terminate Capacity purchases and the amount of such reduction. The Notice will set out the basis for Idaho's determination.

C-2.1.6 If Seller disputes Idaho's determination, Seller shall, prior to the proposed date of reduction or termination, so notify Idaho, in writing, setting out the basis for its dispute of Idaho's determination.

C-2.1.7 Within five (5) days of Idaho's receipt of Seller's notice of dispute, the parties will meet to attempt to resolve the dispute.

C-2.1.8 If the parties are unable to resolve the dispute, the parties agree to submit the dispute to the Commission for resolution, and the parties agree that the decision of the Commission shall be binding on the parties.

C-2.1.9 During the pendency of the dispute, Idaho will continue to make Capacity payments to Seller, but these payments, as well as any previous capacity overpayment, shall be subject to refund based on the Commission's final decision.

C-2.1.10 The probationary period described in Section 2.1.1 (Option 1) shall not be applicable to reductions or terminations of Capacity payments under this paragraph.

C-3 CAPACITY SALE INCREASE

C-3.1 At any time during the term of this Agreement Seller may request a Capacity Sale Increase. Such request shall be in writing and shall set out the data and analysis upon which Seller bases its request for a Capacity Sale Increase. At Idaho's request, Seller will provide such additional data and

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

APPENDIX D

STANDARDS FOR INTERCONNETION AND METERING

D-1 GENERAL PROVISIONS

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

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

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

D-2 GENERAL DESIGN CONSIDERATIONS

D-2.1 All Seller generators larger than 20 KVA shall be three-phase generators connected to three-phase circuits unless otherwise approved by Idaho. Generators 20 KVA and smaller may be either single-phase or three-phase.

D-2.2 Except in certain instances to be determined by Idaho, all Seller's generators shall be isolated from Idaho's sytsem by a transformer. The Seller

may be required to limit the fault current contribution to Idaho's system by generator impedence, neutral grounding or other means.

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

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

D-2.5 A check interlock for synchronizing of the Seller's generator is required.

D-3 METERING REQUIREMENTS

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

D-3.1.1 Capacity Under 750 KVA - A kilowatt-hour demand meter will be installed.

D-3.1.2 Capacity of 750 KVA and Above - Four meters will be installed. These will measure KWH, KW demand, and reactive power flow to and from the generator. These meters will have pulse outputs to a solid state recorded in order to determine power factor and demand.

D-4 FACILITY PROTECTION

D-4.1 The Seller has full responsibility for the maintenance of his generating equipment and the equipment protecting the Facility. If, in the opinion of

Idaho, the Seller has failed to provide proper maintenance of the facility or its protection, and this failure could adversely impact Idaho or other Idaho customers, Idaho can require the Seller to cease parallel operation.

D-5 SYNCHRONOUS GENERATORS

D-5.1 On synchronous generators, over and under voltage and over and under frequency relays are required to trip the unit when significant differences exist between loads and generation.

D-5.2 Synchronous generators must be operated with governors. Governor characteristics may be adjusted to at least 5% droop. Governors are to be operated unrestrained to allow automatic reduction of generation in the event of excessive system frequency.

D-6 INDUCTION GENERATORS

D-6.1 Overvoltage can become a serious problem when an induction generator is isolated to a portion of a transmission or distribution system. Overvoltage relay shall be provided that will open the generator breaker in the event that the voltage reaches predetermined limits consistent with the overvoltage capability of the generator and the system. Undervoltage protction may also be required. On larger units. underfrequency and overfrequency relaying may be required.

D-6.2 Vars for excitation of the induction generator will need to be supplied from the power system or from capacitors as a component of a statit Var source. The Power Sales Agreement provides for compensation to the Company for Vars supplied.

D-7 DC TO AC CONVERTERS

D-7.1 Direct current generators may be operated in parallel with Idaho system through a synchronous inverter. The inverter installation will be designed

such that an Idaho system interruption will result in the immediate removal of the inverter power flow to Idaho. Harmonics and/or spurious frequencies generated by the Seller's generator-inverter combinations must be limited to avoid causing any reduction in quality or electric service to other Sellers or Idaho's other customers.

D-8 SWITCHING REQUIREMENTS

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

D-8.1.1 System emergency.

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

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

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

D-9 GENERATION SCHEDULING AND REPORTING

D-9.1 For installations under 750 KVA, the Seller shall read his generator kilowatt hour meter within the 24-hour period following 12:00 noon on the last day of each month and he shall, within the period, notify the Designated Dispatch Facility of that meter reading. That kilowatt hour meter reading shall also be recorded on the monthly switching report that is mailed to Idaho.

D-9.2 For installations 750 KVA and above, before 10:00 A M each day, the Seller shall provide the Designated Dispatch Facility with an estimate of what the Seller will generate on the following day or days as may be required. In order to maintain a continuous record of energy actually generated and delivered, the Seller shall, by means acceptable to Idaho, obtain the kilowatt hour reading at midnight of each day and shall notify the Designated Dispatch Facility , the following day, of that meter reading. Additionally, the kilowatt hour meter reading, corresponding to midnight at the end of the last day of each month, shall also be recorded on the monthly switching report that is mailed to Idaho.

D-9.3 The written record of the end-of-month meter reading on the monthly switching report will be the basis of payment for energy purchased by Idaho from the Seller.

PARTNERS' SPOUSES' CONSENT TO POWER SALE AGREEMENT

This Partners' spouses' consent to the Power Sale Agreement between Pigeon Cove Power Company and Idaho Power Company dated May 11, 1983, is made this 19th day of May, 1983, by DOROTHY TURNIPSEED, MARJORIE McCAULEY and DONNA LORAIN. The Partnership's principal place of business is at Filer, Idaho, and it conducts business in Twin Falls County, Idaho.

The execution of this consent agreement by the undersigned constitutes their agreement to be bound by all of the terms of the Power Sale Agreement to which this is attached so far as their community and separate property interests are concerned for all purposes. The undersigned spouse of the partner hereby bind their respective community property and separate property interests, if any, in the Pigeon Cove Power Company general partnership to all of the terms and conditions of the Power Sale Agreement.

Dorothy Turnipseed
DOROTHY TURNIPSEED
Spouse of Paul C. Turnipseed

Marjorie McCauley
MARJORIE McCAULEY
Spouse of Elwood McCauley

Donna Lorain
DONNA LORAIN
Spouse of John Lorain, Jr.

STATE OF IDAHO)
)ss.
County of Twin Falls)

On this 19th day of May, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DOROTHY TURNIPSEED, MARJORIE McCAULEY, and DONNA LORAIN, known or identified to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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

FRED D. DECKER
NOTARY PUBLIC - STATE OF IDAHO
Residing at Twin Falls, Idaho
Commissioned for Life Term

NOTARY PUBLIC FOR IDAHO
Residing at Twin Falls, Idaho

APPENDIX B

SPECIAL FACILITIES AND POINTS OF DELIVERY AND METERING

PIGEON COVE POWER

B-1 DESCRIPTION OF FACILITY

The Seller's Facility is described as an ideal unit having a nameplate output rating of 2000 KW 4160 volts, 3 phase, 60 hertz.

B-2 LOCATION OF FACILITY

The Facility is located in the SW Quarter of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.

B-3 SCHEDULED OPERATION DATE

Seller has selected August 1, 1984, as the Scheduled Operation Date and July 1, 1984, as the First Energy Date. In making these selections, Seller recognizes that to allow for an adequate testing of the Facility's degree of completion and reliability, it must achieve its First Energy Date at least thirty (30) days prior to the Operation Date. Idaho, based on the information supplied by the Seller, will schedule its construction so that all Special Facilities, Disconnection Equipment and metering equipment will be completed in time so as not to delay Seller's achieving the First Energy Date. However, if Seller fails to pay the costs specified in B-10 below at the time specified therein, or materially changes the specifications or design of the Facility or Seller furnished Interconnection Facilities from what was previously provided to Idaho, Idaho may be required to reschedule its construction of these facilities which could adversely impact Seller's ability to achieve its scheduled specified First Energy Date.

B-4 FAILURE TO ACHIEVE OPERATION DATE

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

B-5 POINT OF DELIVERY

The Point of Delivery of Energy from the Seller to Idaho will be the last 46,000 volt transmission structure serving this Facility owned by Idaho and located near the NE corner of Section 20, Township 9 South, Range 16 East, Boise Meridian. The Seller will provide the three-phase 46,000 volt transmission line from the generator site to the point of delivery, and the transformer bank. The transformer bank will be a three-phase bank, 4160/24000 volts to 46,000 volts, connected delta on the high voltage side and wye grounded through an impedance on the low voltage side. The bank will be located near the generator, and will be owned and maintained by the Seller.

B-6 METERING

The metering equipment will be on the 4160 volt side of the transformer bank, and will consist of two current transformers, two voltage transformers and a demand meter. The meter will register kilowatt-hours and kilowatts of demand. An adjustment will be made to the meter readings to compensate for losses through the transformers. Metering equipment will be owned and maintained by Idaho, with total cost of purchase, installation, operation, and maintenance, including administrative cost, to be reimbursed to Idaho by the Seller.

B-7 SPECIAL FACILITIES

The construction of approximately 5 miles of 46,000 volt overhead transmission line will be provided by Idaho as Special Facilities. The total cost for approximately 1.5 miles of this line will be reimbursed to Idaho by the Seller.

B-8 REACTIVE POWER

The Seller will operate the synchronous generator within plus or minus 5 percent of unity power factor. Equipment and controls will be provided which allow the generator to operate anywhere within this range. The generator field excitation will be controlled by a power factor controller. The machine will be started using sync-check relays to assure proper synchronization.

B-9 INTERCONNECTION EQUIPMENT

Interconnection Equipment is required to insure that the Seller's Facility will be disconnected from Idaho's system in the event of a disturbance on either Idaho's system or the Seller's Facility. This equipment is for the protection of Idaho's equipment only. Idaho will supply and install a 46 KV circuit switcher, mounting structure, three 46 KV apt's, three 4 KV current transformers, batteries and battery charger, and a cabinet containing a circuit breaker, relays, and associated wiring and logic. Seller will supply a safety switch, and will install the switch, cabinet, and all wiring and conduit necessary for the operation of the Interconnection Equipment. Idaho will supply details for the interconnection panel and will connect and test the equipment prior to operation of the Facility. Seller will provide drawings of the interconnection wiring for

engineering approval before installation. The total cost of the Interconnection Equipment, connection and testing will be reimbursed to Idaho by the Seller.

B-10 COSTS

The total cost for the transmission line which serves this Facility only is $123,261. The total cost for the transmission line which is shared is $72,179. The Seller's portion of this cost is the total cost times the ratio of the capacities of the two projects involved, or 1890KW/3440KW times $72,179 equals $39,656. The total cost of metering equipment is $3,400. The total cost of the Diconnecting Equipment is $66,023. Total amount to be paid to Idaho by the Seller is $232,340, less the $1,000 Application Fee. This amount will be paid to Idaho by the Seller on or before December 14, 1983. If the Seller does not make this payment by the specified date, the amount will be subject to adjustment by Idaho. Idaho will not begin construction of the interconnection facilities or order special equipment until payment has been made. In addition, to the installation and construction charges above, during the term of the Agreement, Seller will pay Idaho an operation and maintenance charge of 0.7% per month times the total amount specified above.

B-11 SALVAGE

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

estimated by Idaho for the Interconnection Facilities and shall pay such amount to Seller within thirty (30) days after receipt of said invoice. Seller shall have the right to offset the invoice amount against any present or future payments due Idaho.