

August 7, 2006

Via Facsimile

Mr. William J. Fehrman
President
PacifiCorp Energy 1407 W. North Temple Suite 320
Salt Lake City, Utah 84116

***Re: Power Purchase Agreement dated September 24, 2004, by and
between Desert Power, LR and PacifiCorp***

Dear Bill:

I was taken aback by your letter of August 7, 2006. In our meeting of August 1, 2006, you specifically requested two items: that we respond to PacifiCorp's letter of July 14, 2006 to our attorney, Stephen F. Mecham, and that we agree to a price reset if we did not achieve a June 1, 2007 Commercial Operation Date.

My letter to you of August 4, 2006 specifically responded to each point of PacifiCorp's July 14, 2006 letter. In addition, we provided in the letter a date certain when we would advise you of the certainty of our financing and other matters, so long as we promptly extended the agreement.

What we did not agree to in our letter of August 4, 2006 was an automatic price reset that was unknown and unknowable. As we informed you, that would render our project unfinanceable. However, we also made it clear that failure to achieve that date required Desert Power to present the matter to the Commission, a fact that we have consistently recognized in our discussions with you as required under the Settlement Stipulation.

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Houston, Exit 77057
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Desert Power Plant
Interstate 80 Exit 77
Rowley, UT 84029*

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We regret your decision in this matter.

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Sincerely,

 /s/
Charles M. Darling, IV
President & General Partner

cc: . Stephen F. Mecham, Esq.
 Jeff Erb, Esq.
 Dean Brockbank, Esq.