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H. DAVID NAHAI,  
*Chief Executive Officer and General Manager*

March 11, 2008

Mr. James A. Hewlett  
General Manager  
Intermountain Power Agency  
10653 South River Front Parkway  
Suite 120  
South Jordan, Utah 84095

Dear Mr. Hewlett:

**Subject: Approval of Large Generator Interconnection Agreement with Milford Wind**

The Operating Agent requests that the Intermountain Power Project Coordinating Committee and the Intermountain Power Agency ("IPA") Board of Directors approve and authorize IPA's entering into a Large Generator Interconnection Agreement ("LGIA") with Milford Wind Corridor Phase I, LLC, a Delaware limited liability company ("Milford Wind").

Milford Wind submitted to the Operating Agent on December 9, 2005, an interconnection request to interconnect its proposed 400 MW Milford Wind Corridor Project (the "Generating Project"), consisting of 1.5 and 2.5 MW wind turbine generators located in Beaver County, Utah, and associated equipment, to IPA's 345 kV switchyard via a transmission line from the Generating Project to the switchyard.

The interconnection will be governed by the LGIA, which the Operating Agent, with the assistance and input of IPA counsel, and Milford Wind are negotiating. The LGIA will be presented in substantially final form at the March 17, 2008 Coordinating Committee meeting, subject only to small, non-substantive changes prior to execution of the LGIA.

It is of paramount importance that the Milford Wind interconnection have no adverse impacts on IPA property or transmission capabilities. In connection with such interconnection, the Operating Agent has completed certain studies, including the "Interconnection Study," as that term is defined in the LGIA, pursuant to which the Operating Agent determined a list of facilities, the cost of those facilities, and the time required to interconnect the Generating Facility with IPA's Northern and Southern Transmission Systems (collectively, "Transmission Systems"), and including the "System Impact Study," again as defined in the LGIA, pursuant to which the Operating Agent evaluated the impact of the proposed interconnection of the Generating System on the safety and reliability of the Transmission Systems. The System Impact Study concludes that the interconnection of the Generating Project will not have adverse impacts on the Transmission Systems.

**Water and Power Conservation ... a way of life**

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700  
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Mr. James A. Hewlett  
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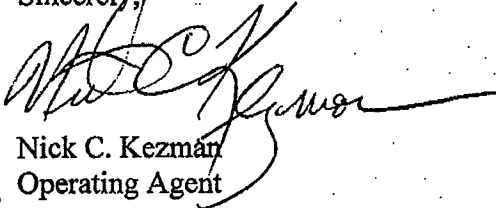
In addition, the LGIA provides other protections to IPA and the Transmission Systems, including assigning to IPA, at Milford Wind's sole cost and expense, the right and duty to design, procure, and construct facilities to be owned by IPA in connection with the LGIA, all in accordance with IPA's standard safety practices, material and equipment specifications, design criteria and construction procedures and labor agreements. The LGIA also grants IPA inspection rights and reliability assurances.

Another protection for IPA and the Transmission Systems contained in the LGIA is that the scope of the work covered by the LGIA now includes certain preliminary engineering and procurement work previously considered by the Coordinating Committee in a separate Engineering and Procurement Agreement. This inclusion of such preliminary engineering and procurement work as part of the scope of work covered by the LGIA will address and resolve the indemnity and other concerns raised by IPA and its counsel with respect to stand-alone version of the Engineering and Procurement Agreement.

The Operating Agent, therefore, recommends that the Coordinating Committee approve the LGIA, substantially in the form to be presented to the Coordinating Committee on March 17, 2008, and further recommends that the IPA Board of Directors approve and authorize the LGIA, and that both bodies authorize the Operating Agent to administer and perform the preliminary engineering and procurement work and all other work contemplated by the LGIA and related to the interconnection referenced above.

A draft of a proposed resolution is enclosed for your consideration.

Sincerely,



Nick C. Kezmar  
Operating Agent

Enclosure

c: Standard Distribution

## **RESOLUTION**

**CC-2008-001**

### **APPROVAL OF GENERATOR INTERCONNECTION AGREEMENT BETWEEN IPA AND MILFORD WIND CORRIDOR PHASE I, LLC**

On motion of Phyllis Currie, seconded by Fred Fletcher, at a meeting of the IPP Coordinating Committee held on March 31, 2008, the following Resolution was duly adopted:

WHEREAS, in a request dated December 9, 2005, submitted to the Department of Water and Power of the City of Los Angeles, as Operating Agent for the Intermountain Power Project (respectively, the "Operating Agent" and the "IPP"), Milford Wind Corridor Phase I, LLC ("Milford Wind"), requested to interconnect (the "Interconnection") its proposed 400 MW Milford Wind Corridor Project (the "Generating Project"), consisting of 1.5 and 2.5 MW wind turbine generators located in Beaver County, Utah, and associated equipment, to IPA's 345 kV switchyard (the "IPP Switchyard") via a transmission line from the Generating Project to the IPP Switchyard; and

WHEREAS, the Operating Agent, with the assistance and input of counsel for IPA, has negotiated a proposed Generator Interconnection Agreement (the "GIA") between IPA and Milford Wind to govern the Interconnection; and

WHEREAS, the Operating Agent has completed studies, including the "Interconnection Facilities Study", as that term is defined in the GIA, pursuant to which the Operating Agent determined a list of facilities, the cost of those facilities and the time required to interconnect the Generating Project with the IPP Switchyard and IPA's Northern and Southern Transmission Systems (the "Transmission Systems"), and including the "Interconnection System Impact Study", as that term is defined in the GIA, pursuant to which the Operating Agent evaluated the impact of the proposed Interconnection on the safety and reliability of the Transmission Systems; and

WHEREAS, the Operating Agent has determined, pursuant to such Interconnection System Impact Study, that the Interconnection will not have adverse impacts on the Transmission Systems; and

WHEREAS, Section 8 of the White Paper on Project Technical Details and Roles and Responsibilities included in Appendix A of the GIA provides for additional studies (the "Additional Studies") to assess HVDC control and system interaction issues resulting from the Interconnection; and

WHEREAS, pursuant to the GIA, Milford Wind will be required to pay all costs of implementing any recommendations resulting from the Additional Studies, including, but not limited to, hardware and software modifications to the HVDC system; and

WHEREAS, the GIA provides other protections to IPA and the Transmission Systems, including the assignment to IPA, at Milford Wind's sole cost and expense, of the right and duty to design, procure and construct facilities to be owned by IPA in connection with the Interconnection, all in accordance with IPA's standard safety practices, material and equipment specifications, design criteria, construction procedures and labor agreements, and further granting IPA inspection rights and reliability assurances; and

WHEREAS, the GIA provides that IPA shall establish a Joint Operating Committee to coordinate operating and technical considerations of the Interconnection and the Operating Agent shall present to the Coordinating Committee an IPP Interconnection Operating Procedure that will provide for input from IPP Power Purchasers to the Joint Operating Committee; and

WHEREAS, the Operating Agent has determined that the Interconnection will not interfere with the two positions at the IPP Switchyard that IPA is holding open for the interconnection of the proposed third generating unit at the IPP Generating Station site if it is constructed, and R.W. Beck, consulting engineer for IPA, concludes in its report to IPA with respect to the Interconnection that the capacity of the IPP Switchyard is more than adequate to transmit power flows of the proposed third generating unit, together with those power flows produced by the existing IPP generating units and the Interconnection; and

WHEREAS, the Operating Agent has briefed (the "Operating Agent Briefing") the IPP Coordinating Committee regarding the Interconnection and the GIA; and

WHEREAS, a letter dated March 11, 2008 (the "Recommendation Letter"), has been received by the IPP Coordinating Committee from Mr. Nick C. Kezman, on behalf of the Operating Agent, recommending that the IPP Coordinating Committee approve, and recommend that the IPA Board of Directors approve and authorize, the Interconnection and IPA's entering into the GIA; and

WHEREAS, the IPP Coordinating Committee has reviewed and considered the recommendation of the Operating Agent with respect to the Interconnection and the GIA.

NOW, THEREFORE, BE IT RESOLVED, that the IPP Coordinating Committee hereby approves, and recommends that the IPA Board of Directors approve and authorize: (a) the interconnection of the Generating Project with the IPP Switchyard and the Transmission Systems; and (b) IPA's entering into the GIA in substantially the form submitted to this meeting

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with such changes as shall be approved by IPA and the Operating Agent, which changes must be consistent with the Operating Agent Briefing, the Recommendation Letter and the Project Agreements and comply with applicable law, which approval shall be conclusively established by the execution of the GIA by IPA; and

BE IT FURTHER RESOLVED, that the IPP Coordinating Committee hereby authorizes, directs and assigns the Operating Agent to administer and perform the preliminary engineering and procurement work and all other work on behalf of IPA within the scope of the GIA, including, without limitation, all other studies and all other necessary or desirable work related to the Interconnection, and in order to assure that such work will constitute "Operating Work" under the Construction Management and Operating Agreement (the "CM&OA"), the IPP Coordinating Committee hereby deems such work to be, and necessary for, Operating Work under the CM&OA; and

BE IT FURTHER RESOLVED, that the Chairman is hereby authorized and directed by the IPP Coordinating Committee to execute this Resolution and to do all things necessary to carry out the foregoing resolutions.

INTERMOUNTAIN POWER PROJECT



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JAMES A. HEWLETT  
CHAIRMAN, COORDINATING COMMITTEE

ATTEST



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KRISTA R. PAULL  
SECRETARY

## **RESOLUTION**

**IPA-2008-001**

### **APPROVAL OF GENERATOR INTERCONNECTION AGREEMENT BETWEEN IPA AND MILFORD WIND CORRIDOR PHASE I, LLC**

On motion of Russ Fjeldsted, seconded by Walt Meacham, at a meeting of the IPA Board of Directors held on March 31, 2008, the following Resolution was duly adopted:

WHEREAS, in a request dated December 9, 2005, submitted to the Department of Water and Power of the City of Los Angeles, as Operating Agent for the Intermountain Power Project (respectively, the "Operating Agent" and the "IPP"), Milford Wind Corridor Phase I, LLC ("Milford Wind"), requested to interconnect (the "Interconnection") its proposed 400 MW Milford Wind Corridor Project (the "Generating Project"), consisting of 1.5 and 2.5 MW wind turbine generators located in Beaver County, Utah, and associated equipment, to IPA's 345 kV switchyard (the "IPP Switchyard") via a transmission line from the Generating Project to the IPP Switchyard; and

WHEREAS, the Operating Agent, with the assistance and input of counsel for IPA, has negotiated a proposed Generator Interconnection Agreement (the "GIA") between IPA and Milford Wind to govern the Interconnection; and

WHEREAS, the Operating Agent has completed studies, including the "Interconnection Facilities Study", as that term is defined in the GIA, pursuant to which the Operating Agent determined a list of facilities, the cost of those facilities and the time required to interconnect the Generating Project with the IPP Switchyard and IPA's Northern and Southern Transmission Systems (the "Transmission Systems"), and including the "Interconnection System Impact Study", as that term is defined in the GIA, pursuant to which the Operating Agent evaluated the impact of the proposed Interconnection on the safety and reliability of the Transmission Systems; and

WHEREAS, the Operating Agent has determined, pursuant to such Interconnection System Impact Study, that the Interconnection will not have adverse impacts on the Transmission Systems; and

WHEREAS, Section 8 of the White Paper on Project Technical Details and Roles and Responsibilities included in Appendix A of the GIA provides for additional studies (the "Additional Studies") to assess HVDC control and system interaction issues resulting from the Interconnection; and

WHEREAS, pursuant to the GIA, Milford Wind will be required to pay all costs of implementing any recommendations resulting from the Additional Studies, including, but not limited to, hardware and software modifications to the HVDC system; and

WHEREAS, the GIA provides other protections to IPA and the Transmission Systems, including the assignment to IPA, at Milford Wind's sole cost and expense, of the right and duty to design, procure and construct facilities to be owned by IPA in connection with the Interconnection, all in accordance with IPA's standard safety practices, material and equipment specifications, design criteria, construction procedures and labor agreements, and further granting IPA inspection rights and reliability assurances; and

WHEREAS, the GIA provides that IPA shall establish a Joint Operating Committee to coordinate operating and technical considerations of the Interconnection and the Operating Agent shall present to the Coordinating Committee an IPP Interconnection Operating Procedure that will provide for input from IPP Power Purchasers to the Joint Operating Committee; and

WHEREAS, the Operating Agent has determined that the Interconnection will not interfere with the two positions at the IPP Switchyard that IPA is holding open for the interconnection of the proposed third generating unit at the IPP Generating Station site if it is constructed, and R.W. Beck, consulting engineer for IPA, concludes in its report to IPA with respect to the Interconnection that the capacity of the IPP Switchyard is more than adequate to transmit power flows of the proposed third generating unit, together with those power flows produced by the existing IPP generating units and the Interconnection; and

WHEREAS, the Operating Agent has briefed (the "Operating Agent Briefing") the members of the IPA Board of Directors regarding the Interconnection and the GIA; and

WHEREAS, a letter dated March 11, 2008 (the "Recommendation Letter"), has been received by the IPA Board of Directors from Mr. Nick C. Kezman, on behalf of the Operating Agent, recommending that the IPA Board of Directors approve and authorize the Interconnection and IPA's entering into the GIA; and

WHEREAS, the IPP Coordinating Committee, by its Resolution No. CC-2008-001, dated March 31, 2008, approved, and recommended that the IPA Board of Directors approve and authorize, the recommendation of the Operating Agent with respect to the Interconnection and the GIA; and

WHEREAS, the IPA Board of Directors has reviewed the recommendations of the IPP Coordinating Committee and the Operating Agent with respect to the Interconnection and the GIA.

NOW, THEREFORE, BE IT RESOLVED, that the IPA Board of Directors hereby approves and authorizes: (a) the interconnection of the Generating Project with the IPP Switchyard and the Transmission Systems; and (b) IPA's entering into the GIA in substantially the form submitted to this meeting with such changes thereto as shall be approved by the IPA General Manager and the Operating Agent, which changes must be consistent with the Operating Agent Briefing, the Recommendation Letter and the Project Agreements and comply with

applicable law, which approval shall be conclusively established by the execution of the GIA by IPA; and

BE IT FURTHER RESOLVED, that the IPA Board of Directors hereby authorizes and directs the IPA General Manager to execute and deliver, on behalf of IPA, the definitive GIA, as approved by the IPA General Manager and the Operating Agent, and such other documents, instruments and certificates as the IPA General Manager deems necessary or desirable in connection with the consummation of the GIA or to facilitate the Interconnection; and

BE IT FURTHER RESOLVED, that the IPA Board of Directors hereby declares that:

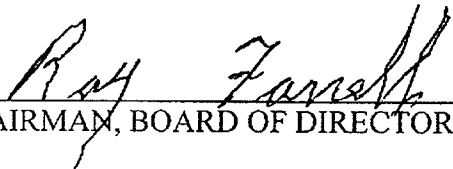
(i) It does not intend to approve any future interconnection agreement providing for any interconnection to the IPP Switchyard unless and until the IPP Coordinating Committee and the IPA Board of Directors have prepared and adopted an IPP policy for the allocation and use of IPP Switchyard capacity that is excess to that needed to process electric energy produced by the Intermountain Generating Station;

(ii) It is of the position that the use of the IPP Switchyard by the IPP Power Purchasers that are also purchasers of electric energy from Milford Wind must comply with any such IPP Switchyard policy that may be adopted hereafter; and

(iii) It desires to propose that an assignment be made to the IPP Site Development Policy Committee to study issues relating to the use of excess IPP Switchyard capacity and prepare a draft policy for consideration by the IPA Board of Directors and the IPP Coordinating Committee; and

BE IT FURTHER RESOLVED, that the Chairman is hereby authorized and directed by the IPA Board of Directors to execute this Resolution and to do all things necessary to carry out the foregoing resolutions.

INTERMOUNTAIN POWER AGENCY

  
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CHAIRMAN, BOARD OF DIRECTORS

ATTEST

