

**MEMORANDUM OF AGREEMENT BETWEEN
THE FEDERAL ENERGY REGULATORY COMMISSION
AND THE IDAHO PUBLIC UTILITIES COMMISSION**

The Federal Energy Regulatory Commission (“FERC”) and the Idaho Public Utilities Commission (“Idaho PUC”) (together, “Parties”) enter into this Memorandum of Agreement (“Agreement”) to resolve litigation, pending in the United States District Court for the District of Idaho, arising under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

BACKGROUND

1. In section 210(a) of PURPA, Congress required the FERC to promulgate “such rules as it determines necessary to encourage cogeneration and small power production” development. 16 U.S.C. § 824a-3(a).
2. PURPA establishes a program of cooperative federalism. The FERC is required to issue regulations to give effect to federal policy, as set by Congress in the statute, to encourage small power production development. State regulatory authorities, such as the Idaho PUC, are responsible for implementing the FERC’s regulations, and may do so in a manner that accommodates local conditions and concerns so long as the implementation is consistent with PURPA and the FERC’s PURPA regulations.
3. Section 210(h)(2)(A) of PURPA, 16 U.S.C. § 824a-3(h)(2)(A), affords the FERC discretion to enforce the requirement of PURPA section 210(f) against a State regulatory authority.
4. On March 22, 2013, acting under section 210(h)(2)(A) of PURPA, the FERC filed a Complaint (Case No. 1:13-cv-141) against the Idaho PUC in the United States District Court for the District of Idaho, alleging that certain Idaho PUC actions and policies violated PURPA and FERC’s regulations implementing PURPA.

AGREEMENT

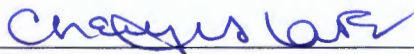
In order to resolve all pending litigation in the United States District Court for the District of Idaho, FERC and the Idaho PUC agree as follows:

1. The Idaho PUC acknowledges that a legally enforceable obligation may be incurred prior to the formal memorialization of a contract to writing.
2. FERC and the Idaho PUC agree to submit to the United States District Court for the District of Idaho a Joint Stipulation for Voluntary Dismissal, pursuant to

Federal Rule of Civil Procedure 41(a), in which FERC will withdraw its Complaint, as amended, the Idaho PUC will consent to such withdrawal and the Idaho PUC will withdraw any of its own claims then pending.

3. FERC will file the Joint Stipulation with the District Court no later than two business days following the effective date of this Agreement.
4. This Agreement shall become effective upon the signature of duly authorized representatives of each Party.
5. Each Party shall bear its own costs and attorneys' fees associated with the District Court litigation and this Agreement.

Agreed to this 24th day of December 2013.



Cheryl A. LaFleur
Acting Chairman
Federal Energy Regulatory Commission



Paul Kjellander
President
Idaho Public Utilities Commission