



RICHARDSON & O'LEARY, PLLC
ATTORNEYS AT LAW

RECEIVED

2007 JUL 22 PM 4:42

Peter Richardson

Tel: 208-938-7901 Fax: 208-938-7904
peter@richardsonandoleary.com

P.O. Box 7218 Boise, ID 83707 - 515 N. 27th St. Boise, ID 83702

IDAHO PUBLIC UTILITIES COMMISSION

23 July 2007

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise ID 83720-0074

RE: Case No. IPC-E-07-13

Dear Ms. Jewell:

Enclosed please find an original and seven (7) copies of the **FORMAL COMPLAINT OF EXERGY DEVELOPMENT GROUP OF IDAHO, LLC, TO IDAHO POWER COMPANY.**

I have also enclosed an extra copy to be service-dated and returned to us for our files. Thank you.

Sincerely,

Nina Curtis
Administrative Assistant

encl.

Peter J. Richardson
ISB No. 3195
Richardson & O'Leary
515 N. 27th Street
P.O. Box 7218
Boise, Idaho 83702
Telephone: (208) 938-7901 Tel
Fax: (208) 938-7904 Fax
peter@richardsonandoleary.com
Attorneys for Exergy Development Group of Idaho, LLC

RECEIVED
2007 JUL 22 PM 4:42
IDAHO PUBLIC UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

EXERGY DEVELOPMENT GROUP OF IDAHO, LLC)	CASE NO. IPC-E-07-13
)	
Petitioner,)	FORMAL COMPLAINT
vs.)	
)	
IDAHO POWER COMPANY,)	
)	
Respondent.)	

COMES NOW, Exergy Development Group of Idaho, LLC ("Exergy,"), by and through its attorneys of record, Richardson & O'Leary, and pursuant to this Commission's Rules of Procedure, Rule 54 IDAPA 31.01.01.054 hereby files this Formal Complaint against the Respondent, the Idaho Power Company.

Communications regarding this Formal Complaint should be sent to:

Exergy Development Group of Idaho, LLC
c/o Peter J. Richardson
Richardson & O'Leary
515 N. 27th St
P.O. Box 7218
Boise, Idaho 83702
Telephone: (208) 938-7901
Fax: (208) 938-7904
peter@richardsonandoleary.com

Copies of all pleadings, production requests, production responses, Commission orders and other documents should be provided to Peter J. Richardson as noted above and to:

James T. Carkulis
802 West Bannock Street
Boise, Idaho 8370e
(406) 459-30131
(208) 336-9431 Fax
mli@in-tch.com

COMMON ALLEGATIONS

1. The Petitioner, Exergy Development Group of Idaho, is an Idaho Limited Liability Company that owns certain other Idaho Limited Liability Companies for the purpose of developing, inter alia, wind power generating facilities for sale to Respondent, Idaho Power.
2. Petitioner's projects ("Projects") that are the subject of this Formal Complaint include Golden Valley Wind Park, a proposed 11.62 MW wind park located in Cassia County, Idaho; Milner Dam Wind Park, a proposed 19.92 MW wind park to be located in Twin Falls County, Idaho; the Notch Butte Wind Park, a proposed 19.92 MW wind park to be located in Lincoln County, Idaho; the Lava Beds Wind Park, a proposed 19.92 MW wind park located in Bingham County, Idaho; and, the Salmon Falls Wind Park, a proposed 19.92 MW wind park to be located in Twin Falls County, Idaho.
3. Petitioner's Projects are located within Idaho Power's load control area.
4. Petitioner's Projects are located within the State of Idaho.

5. All of Petitioner's Projects have an agreement with Idaho Power for Idaho Power to purchase the electrical output.

6. The power purchase agreements with Idaho Power have been duly approved by this Commission.

7. In order for Petitioner's Projects to fulfill their respective obligations under the five power purchase agreements, each Project must be interconnected to Idaho Power's electrical grid.

8. The Idaho Public Utilities Commission has jurisdiction over the interconnection process for each of the five Projects.

9. The Idaho Public Utilities Commission has approved rules and regulations governing Idaho Power's interconnection process.

10. The rules and regulations governing the interconnection process are published in Idaho Power's Commission approved tariffs as Rate Schedule 72.

11. Despite the fact that Rate Schedule 72 applies to "the construction, operation, maintenance, Upgrade, Relocation, or removal of transmission and/or distribution lines and equipment necessary to safely interconnect a Seller's Generation Facility to the Company's system" Idaho Power has published on its official web site a separate set of "Requirements for Generation Interconnection".

12. A copy of the front page of Idaho Power's Generator Interconnection Information web site is attached hereto as Exhibit A.

13. Exhibit A was printed from Idaho Power's web site on July 20, 2007.

14. Idaho Power referred Petitioner to the information contained on its web site as the controlling documents covering the interconnection process.

15. The Idaho Public Utilities Commission has not approved Idaho Power's Generator Interconnection Information web site for interconnecting projects such as Petitioner's

16. The Idaho Public Utilities Commission has jurisdiction over the interconnection process for Petitioner's Projects.

17. Idaho Power has demanded Petitioner pay it certain deposits for the conduct of studies allegedly necessary to interconnect its Projects to Idaho Power's electrical system.

COUNT ONE

18. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 16.

19. As a regulated electric utility subject to this Commission's jurisdiction, Idaho Power must charge only such rates and charges as are authorized by the Commission.

20. Schedule 72 does not authorize the assessment of deposits as a condition to the identification of the costs of interconnecting to Idaho Power's system.

21. Schedule 72 requires a seller of electrical energy to Idaho Power to pay for all costs of interconnection prior to Idaho Power's commencing construction of the facilities necessary to safely interconnect a seller's electrical generating equipment.

22. Petitioner has agreed to pay for all necessary interconnection costs to safely interconnect its Projects to Idaho Power's electrical system

23. Idaho Power has threatened to remove Petitioner from its transmission queue unless the requested deposits are paid.

24. Removal from the transmission queue will effectively stop all work by Idaho Power on interconnecting Petitioner's Projects to Idaho Power's electrical system.

25. Schedule 72 requires Idaho Power to provide Petitioner with "an initial cost estimate of Company-owned Facilities [to]...be provided the Seller". Payment of the estimated costs are to be made prior to Idaho Power's "ordering, installing, modifying, upgrading, or performing any other work associated with the Interconnection Facilities."

26. Schedule 72 gives Idaho Power an affirmative obligation to provide the Petitioner a cost estimate to complete "Company-owned Interconnection Facilities".

27. Idaho Power should be required by this Commission to comply with Schedule 72 and provide Petitioner with an estimate of the costs of interconnecting to its system without the assessment of pre-study deposits.

COUNT TWO

28. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

29. Idaho Power has sought a deposit to conduct what it calls a "Facility Study" for the Notch Butte and Milner Dam projects of \$100,000 each and a "Facility Study" deposit for the Golden Valley Project in the amount of \$35,000.

30. Idaho Power's web site published a "Facilities Study Agreement" that provides for a deposit of only \$26,000.

31. Exhibit B is a copy of the Facilities Study Agreement printed from Idaho Power's web site on July 20, 2007.

32. Paragraph 6.0 of Exhibit B provides that, "A deposit of the good faith estimated facility study costs of \$26,000 will be required from the Interconnection Customer".

33. Idaho Power has arbitrarily changed the deposit required in its own unapproved standard contract from \$26,000 to \$100,000 for each the Notch Butte and the Milner Dam Projects and to \$35,000 for the Golden Valley Proejct.

34. Although Idaho Power is not authorized to charge any deposit (Count One), this Commission should not permit Idaho Power to arbitrarily change its published rates.

COUNT THREE

35. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

36. Exergy has relied in good faith upon the published deposit contained in Exhibit B in making its plans for development.

37. Idaho Power has increased the deposit from its published Facilities Study Contract of \$26,000 to \$100,000 for Milner Dam and Notch Butte and to \$35,000 for Golden Valley.

38. This Commission should require Idaho Power to honor its published rates in order to avoid the harm to its customers of not being able to rely on published statements of the power company.

COUNT FOUR

39. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

40. Idaho Power has sought a deposit to conduct what it calls a "System Impact Study" for the Lava Beds and Salmon Falls Projects in the amount of \$10,000.

41. Idaho Power's web site published a "System Impact Study Agreement" that provides for a deposit of only \$3,000.

42. Exhibit C is a copy of the System Impact Study Agreement printed from Idaho Power's web site on July 20, 2007.

43. Paragraph 10.0 of Exhibit C provides that "A \$3,000 deposit (the equivalent good faith estimated cost of a distribution system impact study) will be required from the Interconnection Customer".

44. Idaho Power has arbitrarily changed the deposit required in its own unapproved standard contract from \$3,000 to \$10,000 for each the Lava Beds and the Salmon Falls Projects.

45. Although Idaho Power is not authorized to charge any deposit (Count One), this Commission should not permit Idaho Power to arbitrarily change its published rates.

COUNT FIVE

46. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

47. Exergy has relied in good faith upon the published deposit contained in Exhibit C in making its plans for development.

48. Idaho Power has increased the deposit from its published System Impact Study Agreement of \$3,000 to \$10,000 for the Lava Beds and Salmon Falls Projects.

49. This Commission should require Idaho Power to honor its published rates in order to avoid the harm to its customers of not being able to rely on published statements of the power company.

COUNT SIX

50. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

51. Idaho Power has used the \$26,000 deposit requirement on several occasions.

52. It is discriminatory for Idaho Power to follow its web based contract which calls for a Facilities Study deposit of \$26,000 for other developers and not your Petitioner.

COUNT SEVEN

53. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

54. In response to a "Notice of Dispute" lodged by Petitioner with Idaho Power (see Exhibit D, July 20, 2007 letter to Rowena Bishop), Idaho Power identified heretofore undisclosed policies relating to its interconnection process. (see Exhibit E July 20, 2007 EMAIL letter to Mr. Richardson.)

55. One such policy revealed in Exhibit E is that Facility Study deposits shall equal ten percent of the project costs.

56. It is arbitrary to assess a strict percentage fee as a deposit to conduct a facility study as all projects are unique.

57. Idaho Power's policies on interconnection study deposits have not been approved or reviewed by this Commission. It is arbitrary and unreasonable to permit Idaho Power to devise such policies without Commission review and approval.

COUNT EIGHT

58. Petitioner restates and re-alleges the common allegations contained in paragraphs 1 through 17.

59. Idaho Power tendered an invoice for charges against multiple projects for Feasibility Study Reports for a total of \$30,155.88 on June 26, 2007.

60. As noted in Count One such deposit charges and overcharges are not permitted under Schedule 72.

61. Idaho Power's web based rules of interconnection provide that any invoice would be accompanied by a summary of the professional's time. A simple multiplication of a dollar figure times a number of hours fails to comply with either the spirit or the letter of said requirement and is therefore arbitrary and unreasonable.

RIGHT TO AMEND

Petitioner reserves the right to amend this Formal Complaint in any respect as motion practice and discovery proceeds in this matter.

WHEREFORE, Petitioner respectfully requests the following relief:

- A. This Commission require Idaho Power to provide Petitioner with a cost estimate for interconnection pursuant to Schedule 72.
- B. This Commission prohibit Idaho Power from charging study deposits as a precondition to providing cost estimates as provided for in Schedule 72.
- C. This Commission prohibit Idaho Power from removing Petitioner's Projects from its transmission queue
- D. This Commission require Idaho Power to treat all interconnection customers in the same manner.
- E. This Commission require Idaho Power Publish and seek Commission approval for all of its interconnection practices and policies.

DATED this 23rd day of July 2007.

Richardson & O'Leary, LLP

By 

Peter J. Richardson

Industrial Customers of Idaho Power

CERTIFICATE OF SERVICE

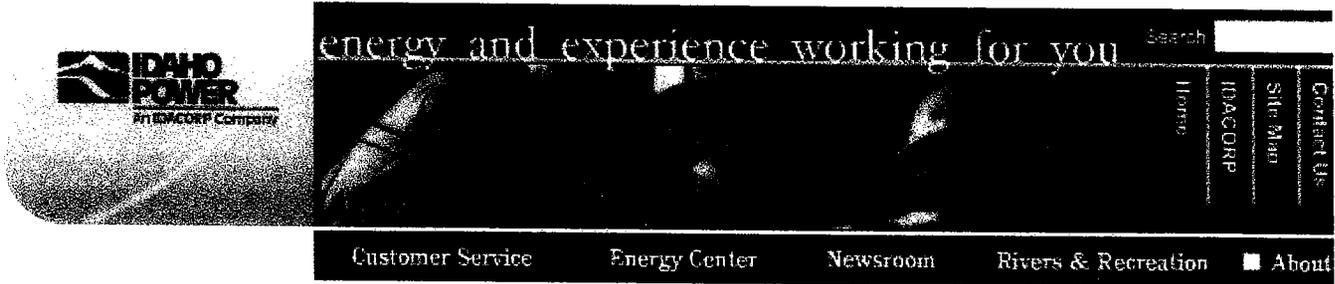
I HEREBY CERTIFY that on the 23rd day of July, 2007, a true and correct copy of the within and foregoing FORMAL COMPLAINT, was served by personal service to:

Barton Kline
Monica Moen
Idaho Power Company
PO Box 70
Boise, Idaho 83707-0070

Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 83702



Nina Curtis
Administrative Assistant



- Employment
- Company Information
- Community
- Employee Portal
- Doing Business With Us
 - Purchasing Terms
 - ▶ Generator Interconnect
 - Transmission Services
 - RFP
 - Ancillary Services
 - Pahsimeroi Fish Hatchery
- Regulatory Information

Generator Interconnection Information

Generators and potential generators who wish to connect to Idaho Power Company's electrical system will find the following information and links helpful. Applications are placed in the queue and are processed on a first come, first serve basis. View the [application list](#). This link will take you to the OASIS site. From the left menu bar, click "Generation Interconnection" and then "Generation Interconnection Queue."

Net Metering (less than 100KW) Application [\(PDF, 158KB\)](#)

[Schedule 84 for Idaho \[\\(PDF, 102KB\\)\]\(#\)](#)

[Schedule 72 for Idaho \[\\(PDF, 279KB\\)\]\(#\)](#)

Generators less than 20 MW [The Interconnection Application \[\\(PDF, 21KB\\)\]\(#\)](#)

[Requirements for Generation Interconnection \[\\(PDF, 155KB\\)\]\(#\)](#)

Process for Generators less than 20 MW [Small Generator Interconnection Procedures \[\\(PDF, 149KB\\)\]\(#\)](#)

Step 1: [The Interconnection Application \[\\(PDF, 21KB\\)\]\(#\)](#) must be completed and submitted for small Generator Interconnections to the Idaho Power System.

Step 2: [Feasibility Analysis \[\\(PDF, 13KB\\)\]\(#\)](#) includes general review of system impact, capacity constraints and possible problems with the customer's choice of point of interconnection.

Step 3: [System Impact Study \[\\(PDF, 16KB\\)\]\(#\)](#) provides a detailed assessment of the transmission system adequacy to accommodate the application. This step may not be necessary for some projects depending on size and location of the project.

Step 4(a): [Facility Study \[\\(PDF, 27KB\\)\]\(#\)](#) includes design and engineering studies to determine the design and specifications. Construction options are provided to the customer.

Step 4(b): [Generator Interconnection Agreement \(GIA\) \[\\(PDF, 111KB\\)\]\(#\)](#) a Generator Interconnection Agreement (GIA) must be filed with the FERC for all projects greater than 20 MW. All projects less than 20 MW are subject to technical requirements under the GIA once the project becomes operational.

Generators greater than 20MW

[Large Generator Interconnection Procedures \[\\(PDF, 339KB\\)\]\(#\)](#)

Related Links

- [Transmission Services](#)
- [Federal Energy Regulatory Commission \(FERC\) rules](#)
- [Idaho Public Utilities Commission \(IPUC\)](#)
- [Idaho Power's Integrated Resource Plan \(IRP\)](#)
- [Idaho Power Company Rate Schedules](#)

Facilities Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Idaho Power Company, a Corporation existing under the laws of the State of Idaho ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on _____, and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a system impact study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the Transmission Provider's Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.
- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs of \$26,000 will be required from the Interconnection Customer.
- 7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Transmission Provider:

Interconnection Customer:

Idaho Power Company - Delivery

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

**Data to Be Provided by the Interconnection Customer
with the Facilities Study Agreement**

1. Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

2. One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

3. Will an alternate source of auxiliary power be available during CT/PT maintenance?
Yes ____ No ____

4. Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes ____ No ____
(Please indicate on the one-line diagram).

5. What type of control system or PLC will be located at the Small Generating Facility?

6. What protocol does the control system or PLC use?

7. Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

8. Physical dimensions of the proposed interconnection station:

System Impact Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Idaho Power Company a Corporation existing under the laws of the State of Idaho, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on _____ and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a feasibility study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the feasibility study.); and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a system impact study(s) to assess the impact of interconnecting the Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the

Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.

- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Transmission Provider has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the Transmission Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced –
 - 8.1 Are directly interconnected with the Transmission Provider's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3 Have a pending higher queued Interconnection Request to interconnect with the Transmission Provider's electric system.
- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45

Business Days after this Agreement is signed by the Parties, or in accordance with the Transmission Provider's queuing procedures.

- 10.0 A \$3,000 deposit (the equivalent of the good faith estimated cost of a distribution system impact study) will be required from the Interconnection Customer.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Transmission Provider:

Interconnection Customer:

Idaho Power Company

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____



RICHARDSON & O'LEARY
ATTORNEYS AT LAW

Peter Richardson

Tel: 208-938-7901 Fax: 208-938-7904
peter@richardsonandoleary.com
P.O. Box 7218, Boise, ID, 83707 - 515 N. 27th St., Boise, ID, 83702

July 20, 2007 – Hand Delivered

Rowena Bishop
Operations Analyst, Interchange Operations
Idaho Power Company
1221 West Idaho Street
Boise, Idaho 83702

Re: Notice of Dispute

Dear Ms. Bishop:

This notice of dispute is submitted pursuant to Section 4 of Idaho Power's Small Generator Interconnection Procedures. ("SGIP"). Those procedure require a written notice of dispute. If, within two business days following receipt of the written notice the parties are unable to resolve the dispute then they are free to pursue other remedies available to them. One remedy provided for in the SGIP is to seek dispute resolution assistance from FERC's Dispute Resolution Service. However, either party may, after the two day resolution period, exercise whatever rights they may have in equity or law. Although I am unable to locate any order by the Idaho PUC approving Idaho Power's SGIP, I have no choice but to assume it is a valid and binding process for purposes of this notice.

Our disputes can be roughly grouped into three separate categories, as follows:

Dispute No. 1 Facilities Study Agreement Deposit Requests:

Project No. 155 Golden Valley \$35,000
Project No. 157 Milner Dam \$100,000
Project No. 158 Notch Butte \$100,000

We respectfully dispute the offers to execute a Facilities Study Agreement with deposits in the amounts requested. The basis of our dispute is found in Idaho Power's SGIP and also in the standard agreements offered on Idaho Power's official interconnection page on its web site.

Idaho Power's SGIP process provides the standard from agreement for Interconnection Facilities Study Agreements and may be found at your website at:

July 20, 2007

<http://www.idahopower.com/aboutus/business/generationInterconnect/default.htm>

The agreement offered on Idaho Power's web site is largely identical to the one found in the document entitled SGIP except that it specifies the amount of deposit that may be requested in an Interconnection Facilities Study Agreement. The amount provided for on Idaho Power's web site is set at \$26,000. Indeed, my client has been charged exactly that amount for past Interconnection Facilities Study Agreements by Idaho Power. Our dispute is, quite simply, that Idaho Power is exceeding the deposit amount that it is allowed to charge pursuant to the offered agreements at the "Doing Business With Us" portion of its web site. In addition, it appears that it would be discriminatory for Idaho Power to charge my client \$100,000 when it has only charged \$26,000 in the past for identical services and because its own standard agreement provides for a charge of only \$26,000.

The second basis for our dispute of the requested deposits is found at Section 3.5.5 of Idaho Power's SGIP. That Section provides, "A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer." Based on my client's considerable experience in developing wind projects of the type under consideration here, we do not believe the costs above represent a good faith estimate of the costs for conducting the facilities study. We respectfully request documentation of the efforts that were undertaken on Idaho Power's part to meet the "good faith" estimate test required by the SGIP.

Dispute No. 2 System Impact Study Deposit Requests:

Lava Beds Project No. 156 - \$10,000

Salmon Falls Project No. 159 - \$10,000

As with the Facilities Study Agreement, the System Impact Study Agreement offered on Idaho Power's web site is largely identical to the one found in the document entitled SGIP except that it also specifies the amount of deposit that may be requested in a System Impact Study Agreement. The amount specified in Idaho Power's standard offered agreement is \$3,000. As with the Facilities Study Agreement, our dispute is, quite simply, that Idaho Power is exceeding the deposit amount that it is allowed to charge pursuant to the offered agreements at the "Doing Business With Us" portion of its web site. We believe it would be discriminatory for Idaho Power to charge us anything other than what is provide for on its official web page that details the process for securing a System Impact Study agreement.

Dispute No. 3 Invoice No. D0607001 - \$30,155.88

Projects No. 116 and 117 (Pilgrim Stage and Thousand Springs) are currently in the process of having their Facilities Study conducted. The Facilities Study Agreement provides that invoices are not to be sent until the study is completed. We therefore dispute the \$14,044.76 invoiced for Thousand Springs and the \$969.56 invoiced for Pilgrim Stage.

Overall, however, we dispute the entire invoice on the grounds that it fails to provide the required summaries of the professional's time spent on each project as required by the Feasibility Study Agreement, the Facility Study Agreement and also the System Impact Study

July 20, 2007

Agreement. As an attorney who bills for my time, I can assure you that an hour multiplied by a dollar amount does not rise to a summary of my time.

I am looking forward to working with you over the coming two days, as provided for in the SGIP, to see if a resolution can be achieved.

Sincerely yours,


Peter Richardson,



July 20, 2007
Via EMAIL

Dear Mr. Richardson:

Here are our responses to your Notice of Dispute received today:

Response No. 1 Facilities Study Agreement Deposit Requests

A Facility Study produces the complete design of the project. Idaho Power's project design costs are typically twenty percent of the total project cost. The Facility Study deposits are calculated at ten percent of the project estimates provided in the Feasibility Study Report or System Impact Study Report with a \$100,000.00 cap.

The Golden Valley Feasibility Study Report indicates a \$333,000.00 project cost, the Milner Dam and Notch Butte projects are about \$2,000,000.00 each. The two latter projects require a transformer replacement and will incur additional design costs and thus a higher Facility Study deposit. Note: two small distribution projects that were recently completed were charged deposits of \$25,000.00 and \$30,000.00 based on the same cost allocation process.

The Facility Study Agreement deposits requested for Golden Valley, Milner Dam and Notch Butte are good faith estimates of the cost to complete the study.

Response No. 2 System Impact Study Deposit Requests

The System Impact Study deposit for Lava Beds and Salmon Falls are based on a good faith estimate of the cost to complete a transmission system impact study. The \$3,000 study deposit you reference from our web site is based on a good faith estimate for a distribution system impact study. Transmission system impact studies are more complicated, time consuming and costly.

Response No. 3 Invoice No. D0607001 - \$30,155.88

This invoice only includes charges from past study work that has been completed for these projects, and not current facility study work. We have provided more information on the invoice for clarity (see attached). The invoice amounts are correct and due.

The study deposits (refer to Response 1 & 2) will be past due on July 23, 2007. Please pay these amounts in an expedited fashion to retain your generation interconnection queue position. If you have any further questions, please contact Dave Angell.

Sincerely,


Rowena Bishop



Exergy Development Group
 Attn: James Carkulis
 1424 Dodge Avenue
 Helena, MT 59601

Department Delivery Finance
Invoice No D0607001
Date June 26, 2007
Account No 599 X00001 999 142070

The labor cost identified below are for engineering evaluation of any thermal overload or voltage limit violations, circuit breaker short circuit capability limits exceeded as a result of the interconnection, and production of the Feasibility Study Report with a description of facilities required and a non-bonding estimated cost of facilities required to interconnect.

Project 158 Notch Butte deposit received 12/22/05	\$	(500.00)
Labor		
Senior Engineer - 45 hours	\$	1,793.56
Senior Engineer - 2 hours	\$	83.20
Labor Loadings	\$	1,004.79
Subtotal	\$	2,381.55
Project 157 Milner Dam deposit received 12/22/05	\$	(500.00)
Labor		
Senior Engineer - 53 hours	\$	2,140.68
Senior Engineer - 2 hours	\$	83.20
Labor Loadings	\$	1,195.35
Subtotal	\$	2,919.23
Project 155 Golden Valley deposit received 12/22/05	\$	(500.00)
Labor		
Senior Engineer - 46 hours	\$	1,788.96
Senior Engineer - 2 hours	\$	83.20
Labor Loadings	\$	1,001.67
Subtotal	\$	2,373.83
Project 156 Lava Beds deposit received 12/22/05	\$	(500.00)
Labor		
Senior Engineer - 60 hours	\$	2,333.40
Engineer I - 44 hours	\$	1,088.43
Senior Engineer - 3 hours	\$	124.80
Engineer II - 28 hours	\$	750.20
Engineering Project Leader - 2 hours	\$	72.22
Labor Loadings	\$	2,354.23
Subtotal	\$	6,223.28

Project 159 Salmon Falls deposit received 12/22/05		
Labor	\$	(500.00)
Senior Engineer - 36 hours	\$	1,454.04
Senior Engineer - 2 hours	\$	83.20
Engineer I - 2 hours	\$	51.70
Labor Loadings	\$	823.67
	Subtotal	\$ 1,912.61
Project 105 West Slope deposit received 03/19/04 & 05/24/04		
Labor	\$	(4,000.00)
Senior Engineer - 47 hours	\$	1,843.54
Engineer II - 12 hours	\$	353.50
Labor Loadings	\$	1,134.02
	Subtotal	\$ (668.94)
Project 116 Pilgrim Stage deposit received 01/12/05		
Labor	\$	(2,000.00)
Senior Engineer - 43 hours	\$	1,522.10
Engineer II - 16 hours	\$	465.12
Labor Loadings	\$	982.34
	Subtotal	\$ 969.56
Project 117 Thousand Springs deposit received 01/12/05		
Labor	\$	(10,000.00)
Senior Engineer - 129 hours	\$	5,050.99
Engineer II - 88 hours	\$	2,930.64
Labor Loadings	\$	3,668.85
Purchased Services - site survey work	\$	12,248.03
Travel Expenses	\$	146.25
	Subtotal	\$ 14,044.76
Total Due Idaho Power Company	\$	30,155.88

Remit Payment to:

Idaho Power Company
 Attn: Corporate Cashier
 P.O. Box 447
 Salt Lake City, UT 84110-0447

Questions regarding this invoice please contact:

Aubrae Sloan
 (208) 388-5697
asloan@idahopower.com

Wire Instructions:

Wells Fargo Bank
 ABA NO. 121000248

For Credit To:

IDAHO POWER COMPANY
 Concentration Account
 ACCOUNT NO. 4000033514
 REF: COMPANY NAME &
 INVOICE NUMBER