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UTILITIES COMMISSION

CHRISTA BEARRY
Legal Administrative Assistant
cbearry@idahopower.com

November 16, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-10-19
Grand View Solar One PV, LLC

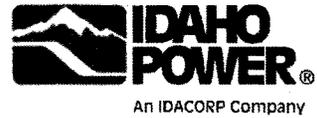
Dear Ms. Jewell:

Enclosed for the Idaho Public Utilities Commission's file regarding the above matter is a copy of Randy Allphin's letter of today's date to Grand View Solar One PV, LLC.

Very truly yours,

Christa Bearry

Enclosure
cc: Donald L. Howell, II (w/encl.)



November 16, 2012

Randy C. Allphin
Energy Contracts Coordinator, Ldr
Tel: (208) 388-2614
rallphin@idahopower.com

Grand View Solar One PV, LLC
c/o Corona Capital Partners, LLC
Attn: Mark Scher
300 Great Oaks Blvd, Ste 320
Albany, NY 12203

Original: Certified U.S. Mail

E-mail Copy: Mark Scher Msher@coronacapitalpartners.com

RE: Grand View Solar PV One
 Idaho Power Response to letter received via e-mail on November 13th, 2012

Mr. Scher,

Idaho Power received from you via e-mail four different letters on November 13th, 2012. In your second e-mail you noted in the subject line "Grand View Solar 1 – Corrected" therefore we will assume the two letters in this e-mail are your requests. In both of those letters you allege that the Operation Date of January 12th, 2013, which was specifically agreed to in item 1 of the Letter of Understanding and Agreement between the parties dated April 3, 2012 ("Letter Agreement") has been modified by Idaho Power's actions to be May 12th, 2013.

Idaho Power disagrees with your assertion. The Operation Date of January 12th, 2013, is still in full force and affect. If Grand View Solar One does not achieve its Operation Date by the close of business on January 12th, 2013, Idaho Power intends to terminate the Firm Energy Sales Agreement between Idaho Power and Grand View Solar One PV, LLC ("FESA") and collect damages as specified in the Letter Agreement.

Your letters appear to rely on item 8 of the Letter Agreement which states:

If it can be reasonably demonstrated that Idaho Power was the cause of any delays that would prevent Grand View One from achieving the Operation Date of January 12, 2013, then the Operation Date shall be extended by the length of such delays or to some other reasonable date as mutually agreed. It is hereby stipulated by both parties that no such claim that Idaho Power was or is the cause of any such delays exists as of the date of execution of this Agreement.

Idaho Power is not, and was not, the cause of any delay(s) that would prevent Grand View Solar One from achieving its Operation Date as required. Your recent letters imply that Idaho Power was somehow the cause of delay in the Idaho Public Utility Commission's ("Commission") decision to process the Letter Agreement through the use of Modified Procedure as stated in Order No. 32535. Filing a Letter Agreement with the Commission does not fall under the scope of items that can be characterized as a delay under paragraph 8 of the Letter Agreement. Regardless, Idaho Power did not cause the Commission to initiate a proceeding.

Idaho Power must file any modification to the FESA with the Commission. When Idaho Power submitted the Letter Agreement with the Commission, its cover letter stated, "Please file the enclosed letter in the contract file for this matter." The Commission acknowledged Idaho Power's intent in filing, "Idaho Power requested that the Commission 'file the enclosed letter in the contract file for this matter.'" After reviewing the filing, Staff recommended that the Commission process the Letter through the use of Modified Procedure because the amendments pertained to material terms of the Firm Energy Sales Agreement. Order No. 32535 at 1.

In a second order, the Commission reiterated, "Idaho Power requested that the Commission file the enclosed letter in the contract file for this matter. The Commission chose to process the Letter through the use of Modified Procedure because the amendments pertained to material terms of the Firm Energy Sales Agreement." Order No. 32593 at 1. Idaho Power filed the Letter Agreement for the Commission's file as it would with any other modification or change to a Commission-approved agreement. Idaho Power's actions were necessary in order to keep its regulators apprised of key terms of the FESA. The following proceedings at the Commission were not caused by Idaho Power's actions, but due to recommendations by Staff. See Order No. 32535 at 1.

Idaho Power's filing of the Letter Agreement with the Commission for inclusion in the contract file in the normal course of business was not the cause of the Commission action to process this letter through a Commission case. As previously quoted the Commission "chose to process the Letter through the use of Modified Procedure." Order No. 32593 at 1 (emphasis added).

Furthermore, Grand View Solar One's comments filed in the proceeding regarding the Letter Agreement did not include any statements of concerns about any potential delays that may arise due to the Commission proceedings. In fact, Grand View Solar One affirmatively represented to the Commission and the other parties that the estimated completion date of the project was October 12, 2012; however Grand View Solar One accepted January 12th, 2013 as an Operational Date in the Letter as that was a fair and commercially reasonable date. Comments of Grand View Solar One, IPC-E-10-19, Exhibit 1 at 2.

Grand View Solar One's comments contain additional statements that support the firm Scheduled Operation Date of January 12, 2013. Grand View Solar One states that "[t]he Letter of Understanding now makes that Scheduled Operation Date a time certain." Comments of Grand View Solar One at 2. It goes on to state that "Grand View Solar One believes that a no-later-than January 12, 2013, operation date is fair and commercially reasonable due to progress to date in the development and construction of the project." and "In consultation with lenders, construction managers and panel manufactures, Grand View is of the informed opinion that the time frame agreed to is, indeed, commercially reasonable." Comments of Grand View Solar One, Exhibit 1 at 2.

If Grand View Solar One had any concerns about a delay in the construction of this project due to Commission proceedings, it had ample opportunity to include those concerns with its comments filed in the case on that very issue. Instead, there is no mention of any such concern, and as quoted above, Grand View Solar One reaffirmed that January 12th, 2013 was commercially reasonable and agreed to January 12, 2013 as a date certain.

Grand View Solar One has also suggested an alternate definition to the term "Scheduled Operation Date." Idaho Power is unwilling to revisit this key term that has already been defined.

Grand View Solar One's Comments describe the level of project completion required to meet the Scheduled Operation Date. Grand View Solar One states:

Grand View Solar One will consider it has met the Scheduled Operation Date when a minimum of 80% of the PV panels have been installed and verified to be capable of consistently, safely and reliably delivering power to the interconnection point with Idaho Power. In compliance with the FESA, Section 5.2, Grand View Solar One will request written confirmation of the Operation Date from Idaho Power once this minimum has been achieved.

This definition of the Scheduled Operation Date was further memorialized in a letter from Idaho Power to Grand View Solar One dated August 10, 2012. In that letter it states:

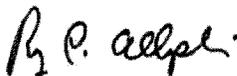
Representatives from Idaho Power and the Project have discussed the interpretation of Paragraph 5.2c, and this letter represents our mutual understanding and agreement as to this particular term in the contract. For determining that "Seller has demonstrated to Idaho Power's satisfaction that the Facility is complete and able to provide energy in a consistent, reliable and safe manner" for the sole purpose of meeting the requirements of Paragraph 5.2c only, the parties have agreed that the required level of completion to meet the requirements of Paragraph 5.2c shall be 16 MW (80% of the Maximum Capacity).

This letter was filed with the IPUC as part of a compliance filing required by IPUC Order No. 32593.

In summary, Idaho Power does not accept Grand View Solar One's assertion that the Schedule Operation Date is any date other than January 12th, 2013. Similarly, Idaho Power does not agree to any modification of the agreed-upon definition of what is required to meet the Schedule Operation Date. In order to meet its contractual obligations, Grand View Solar One must achieve its Operation Date with a minimum of 16 MW nameplate rating by the close of business on January 12th, 2013. If Grand View has not done so, Idaho Power intends to terminate the FESA and collect the applicable damages. If Grand View Solar One seeks to pursue an extension of time, it must do so by filing a proceeding at the Commission.

If you have any additional questions, please feel free to contact me.

Sincerely,



Randy C. Allphin

Cc: John Anderson (IPCo)
Donovan Walker (IPCo)
Julia Hilton (IPCo)
Michael Darrington (IPCo)
Jean Jewell (IPUC Secretary)
Don Howell (IPUC Legal)