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IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

November 22, 2011

VIA HAND DELIVERY

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

Re: Case No. IPC-E-11-26

***IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR A DETERMINATION REGARDING THE FIRM ENERGY SALES
AGREEMENT FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY
BETWEEN IDAHO POWER COMPANY AND HIGH MESA ENERGY, LLC***

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Application in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
 JASON B. WILLIAMS (ISB No. 8718)
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 IDAHO PUBLIC
 UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
 IDAHO POWER COMPANY FOR) CASE NO. IPC-E-11-26
 A DETERMINATION REGARDING THE FIRM)
 ENERGY SALES AGREEMENT FOR THE) APPLICATION
 SALE AND PURCHASE OF ELECTRIC)
 ENERGY BETWEEN IDAHO POWER)
 COMPANY AND HIGH MESA ENERGY, LLC.)
 _____)

Idaho Power Company (“Idaho Power” or “Company”), in accordance with RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (“PURPA”), hereby respectfully applies to the Idaho Public Utilities Commission (“Commission”) for an Order accepting or rejecting the Firm Energy Sales Agreement (“FESA”) between Idaho Power and High Mesa Energy, LLC (“High Mesa” or “Seller”) under which High Mesa would sell and Idaho Power would purchase electric energy generated by the High Mesa wind project (“Facility”) located near Bliss, Idaho.

In support of this Application, Idaho Power represents as follows:

I. BACKGROUND

1. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission (“FERC”), require that regulated electric utilities

purchase power produced by cogenerators or small power producers that obtain Qualifying Facility ("QF") status. The rate a QF receives for the sale of its power is generally referred to as the "avoided cost" rate and is to reflect the incremental cost to an electric utility of electric energy or capacity or both which, but for the purchase from the QF, such utility would generate itself or purchase from another source. The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of the FERC, 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

II. THE FIRM ENERGY SALES AGREEMENT

2. High Mesa proposes to own, operate, and maintain a 40 megawatt (Maximum Capacity Amount) generating facility to be located in Idaho Power's service territory near Bliss, Idaho. The Facility will be a QF under the applicable provisions of PURPA. Idaho Power and High Mesa entered into a FESA for the sale and purchase of the energy generated by the Facility on November 16, 2011. The FESA for this Facility was executed by Christi J. Ritchie, Manager for High Mesa Energy, LLC, on November 14, 2011. It was subsequently executed by Idaho Power on November 16, 2011, and now filed for the Commission's review on November 22, 2011. A copy of the FESA is attached to this Application as Attachment No. 1. This FESA is the result of negotiations between Idaho Power and High Mesa and contains the avoided cost rates established pursuant to the Commission's approved Integrated Resource Plan ("IRP") avoided cost methodology as currently established by the Commission.

3. High Mesa has elected November 1, 2012, as the Scheduled First Energy Date and December 28, 2012, as the Scheduled Operation Date for this Facility. See

Appendix B. The FESA requires High Mesa to meet various requirements in order for Idaho Power to accept energy deliveries from this Facility. Idaho Power will monitor compliance with these initial requirements. In addition, Idaho Power will monitor the ongoing requirements through the full term of the FESA.

4. The contract term specified in the FESA is 20 years and includes split ownership of the Renewable Energy Certificates ("RECs") generated over the term of the FESA.

5. This PURPA wind agreement includes the Mechanical Availability Guarantee ("MAG"), Wind Integration Cost reduction, and Wind Forecasting cost sharing as required in Commission Order No. 30488. In addition, High Mesa and Idaho Power have agreed to Delay Liquidated Damages and associated Delay Security within the FESA that have previously been approved as reasonable by the Commission in several PURPA FESAs. If the Facility fails to achieve its Operation Date within 90 days of the Scheduled Operation Date, the failure will be a Material Breach of the FESA and Idaho Power may terminate the Agreement if not cured by High Mesa. High Mesa and Idaho Power have also agreed to Delay Security provisions requiring High Mesa to post Delay Security in an amount equal to \$45 per kilowatt ("kW") of nameplate capacity within 30 days of Commission approval of the FESA. These Delay Damage and Security provisions have previously been approved as reasonable by the Commission in several PURPA FESAs. See Case Nos. IPC-E-10-02; IPC-E-10-05; IPC-E-10-15 through IPC-E-10-19; IPC-E-10-22; IPC-E-10-24; IPC-E-10-26; IPC-E-10-37 through IPC-E-10-45; and IPC-E-10-47 through IPC-E-10-50.

6. High Mesa and Idaho Power have agreed to terms providing for each party's ownership of any Environmental Attributes, including RECs, generated by the

Facility for the full 20-year term of the FESA. The parties agree that High Mesa retains ownership of RECs during the first 10 years of the FESA and ownership of the RECs is transferred to Idaho Power during the second 10 years of the FESA. This has mutual benefits for both Idaho Power's customers and the Facility. These provisions clarify the ownership of the Environmental Attributes generated by the Facility such that each party can potentially maximize what benefit it can from such ownership. It clarifies the QF developer's ownership and subsequent ability to retain RECs and obtain what value it can for them to help offset the costs of development and operation. It also clarifies Idaho Power's ownership and ability to obtain what value it can for its customers, to retire them and claim the Environmental Attributes of the renewable generation as part of its system, or utilize them to meet the requirements of potential future Renewable Portfolio Standards that may require the Company to obtain and have RECs.

7. The energy prices in the FESA are derived from Idaho Power's AURORA economic dispatch model for this Facility's estimated energy shape as specified by Commission requirements for the IRP-based avoided cost methodology. The energy price identified by the IRP methodology for this Facility is equivalent to a 20-year levelized price of \$56.43 per megawatt-hour. However, the actual energy pricing stream varies throughout the term of the contract based upon the month and time of day during which the energy is delivered to Idaho Power. The energy prices in this FESA contain the previously approved differentiation between both Heavy Load and Light Load energy. See Sections 7.1 and 7.2.

8. The FESA provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Seller. The Facility is currently in the generator interconnection process. Assuming that

Seller continues to provide necessary technical information and make payments for interconnection materials and studies in a timely manner, Idaho Power's Delivery business unit will be able to proceed with its interconnection and transmission study processes, which ultimately results in a Schedule 72 Generator Interconnection Agreement, or "GIA" between High Mesa and Idaho Power. PURPA QF generation must be designated as a network resource ("DNR") on Idaho Power's system. Upon resolution of any and all upgrades required to acquire transmission capacity for this Facility's generation, and upon execution of the FESA and the GIA, this Facility may then be designated as a network resource.

9. As previously stated in paragraph 3 of this Application, and set forth in Appendix B to the FESA, High Mesa has selected November 1, 2012, for the Scheduled First Energy Date and December 28, 2012, as the Scheduled Operation Date. High Mesa has been advised that it is High Mesa's responsibility to work with Idaho Power's Delivery business unit to ensure that sufficient time and resources will be available for Delivery to construct the interconnection facilities, and transmission upgrades if required, in time to allow the Facility to achieve the February 14, 2014, Scheduled Operation date. Seller has been further advised that delays in the interconnection or transmission process do not constitute excusable delays in achieving the Scheduled Operation date and if Seller fails to achieve the Scheduled Operation date at the times specified in the FESA, delay damages will be assessed

10. High Mesa has also been made aware of and accepted the provisions of the FESA and the Company's approved Tariff Schedule 72 regarding non-compensated curtailment or disconnection of its Facility should certain operating conditions develop on the Company's system. According to the standard provisions in Section 12 of the

FESA, curtailment without compensation may occur if there is an event of Force Majeure, a Forced Outage, or a temporary disconnection of the Facility in accordance with Tariff Schedule 72. If the generation from the Facility will have an adverse effect upon Idaho Power's service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified within Schedule 72, or take such other reasonable steps as Idaho Power deems appropriate. The parties' intent and understanding is that non-compensated curtailment would be exercised when the generation being provided by the Facility in certain operating conditions exceeds or approaches the minimum load levels of the Company's system such that it may have a detrimental effect upon the Company's ability to manage its thermal, hydro, and other resources in order to meet its obligation to reliably serve loads on its system.

11. Section 21 of the FESA provides that the FESA will not become effective until the Commission has approved all of the FESA's terms and conditions and declared that all payments Idaho Power makes to High Mesa for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

III. MODIFIED PROCEDURE

12. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

13. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker, Lead Counsel
Jason B. Williams, Corporate Counsel
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
jwilliams@idahopower.com

Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
rallphin@idahopower.com

V. REQUEST FOR RELIEF

14. Idaho Power Company respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure; (2) accepting or rejecting the Firm Energy Sales Agreement between Idaho Power Company and High Mesa Energy, LLC, without change or condition; and, if accepted, (3) declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and High Mesa Energy, LLC, be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 22nd day of November 2011.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 22nd day of November 2011 I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

High Mesa Energy, LLC

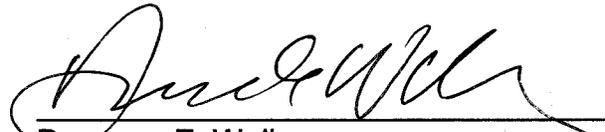
High Mesa, LLC
c/o Exelon Wind
4601 Westown Parkway, Suite 300
West Des Moines, Iowa 50266

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email URPS@exeloncorp.com

High Mesa Energy, LLC

Richard A. Cummings, Counsel for Seller
412 East Parkcenter Boulevard, Suite 325
P.O. Box 1545
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email rcummings@cummingslawidaho.com



Donovan E. Walker

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-11-26

IDAHO POWER COMPANY

ATTACHMENT NO. 1

FIRM ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

HIGH MESA ENERGY, LLC

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FIRM ENERGY SALES AGREEMENT
(Greater than 100 kW)

Project Name: High Mesa Wind Project

Project Number: 31315160

THIS AGREEMENT entered into on this 16th day of November 2011 between HIGH MESA ENERGY, LLC ("Seller"), and IDAHO POWER COMPANY, an Idaho corporation ("Idaho Power"), hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, Seller will design, construct, own, maintain and operate an electric generation facility; and

WHEREAS, Seller wishes to sell, and Idaho Power is willing to purchase, firm electric energy produced by the Seller's Facility (as defined below).

THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement and the appendices attached hereto, the following terms shall have the following meanings:

- 1.1 "Availability Shortfall Price" - The current month's Market Energy Reference Price.
- 1.2 "Business Days" - means any calendar day that is not Saturday, Sunday, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas or any other NERC recognized holiday.
- 1.3 "Calculated Net Energy Amount" - A monthly estimate, prepared and documented after the fact by Seller, reviewed and accepted by Idaho Power, that is the calculated monthly maximum energy deliveries (measured in kWh) for each individual wind turbine, totaled for the Facility to determine the total energy that the Facility could have delivered to Idaho Power during that

month based upon: (1) each wind turbine's Nameplate Capacity, (2) Sufficient Prime Mover available for use by each wind turbine during the month, and (3) reductions for: (a) incidents of Force Majeure, (b) scheduled maintenance, (c) incidents of Forced Outages, (d) any Losses, and (e) Station Use concurrent with generation of Net Energy. If the duration of an event characterized as item (3) (a), (b) or (c) above (measured on each individual occurrence and individual wind turbine) lasts for less than 15 minutes, then the event will not be considered in this calculation. The Seller shall collect and maintain actual data to support this calculation and shall keep this data for a minimum of 3 years.

- 1.4 "Commission" - The Idaho Public Utilities Commission.
- 1.5 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.6 "Delay Liquidated Damages" – Damages payable to Idaho Power as calculated in paragraph 5.3, 5.4, 5.5 and 5.6.
- 1.7 "Delay Period" – All days past the Scheduled Operation Date until the earlier of the date (a) Seller's Facility achieves the Operation Date and (b) this Agreement is terminated in accordance with paragraph 5.4.
- 1.8 "Delay Price" - The current month's Market Energy Reference Price
- 1.9 "Designated Dispatch Facility" - Idaho Power's Systems Operations Group, or any subsequent group designated by Idaho Power.
- 1.10 "Effective Date" – The date stated in the opening paragraph of this Agreement representing the date upon which this Agreement was fully executed by both Parties.
- 1.11 "Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Facility, and its avoided emission of pollutants. Environmental Attributes include but are not limited to: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and

other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as REC Reporting Rights. REC Reporting Rights are the right of a REC purchaser to report the ownership of accumulated RECs in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the REC purchaser's discretion, and include without limitation those REC Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. RECs are accumulated on a MWh basis and one REC represents the Environmental Attributes associated with one (1) MWh of Energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility or (ii) Other Attributes.

- 1.12 "Environmental Attribute Replacement Value" – means a) for the first 120 full calendar months after the First Energy Date the lesser of \$15 per MWh or the documented value of the affected Party's lost RECs, expressed in dollars per MWh or b) for all other months during the Term of this Agreement the lesser of \$15 escalated by 2% for each Contract Year beginning with the 11th Contract Year or the documented value of the affected Party's lost RECs, expressed in dollars per MWh.
- 1.13 "Facility" - That electric generation facility described in Appendix B of this Agreement.
- 1.14 "First Energy Date" - The day commencing at 00:01 hours, Mountain Time, following the day that Seller has satisfied the requirements of Article IV and the Seller begins delivering energy to the Idaho Power electrical system at the Point of Delivery.
- 1.15 "Forced Outage" – a partial or total reduction of a) the Facility's capacity to produce and/or deliver Net Energy to the Point of Delivery, or b) Idaho Power's ability to accept Net Energy at the Point of Delivery for non-economic reasons, as a result of Idaho Power or Facility: 1) equipment failure which was **not** the result of negligence or lack of preventative maintenance, or

2) responding to a transmission provider curtailment order, or 3) unplanned preventative maintenance to repair equipment that left unrepaired, would result in failure of equipment prior to the planned maintenance period, or 4) planned maintenance or construction of the Facility or electrical lines required to serve this Facility or 5) if Idaho Power determines that curtailment, interruption or reduction of Net Energy deliveries is necessary because of line construction, electrical system maintenance requirements, or electrical system reliability emergencies on its system, as allowed within the GIA. The Parties shall make commercially reasonable efforts to perform unplanned preventative maintenance during periods of low wind availability.

- 1.16 “Generator Interconnection Agreement” or GIA” - The Generator Interconnection Agreement is the interconnection agreement completed and executed by the Parties.
- 1.17 “Generator Interconnection Process” - Idaho Power’s generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection in compliance with all applicable regulatory requirements, Prudent Electrical Practices and national safety standards. Completion of this process results in a Generator Interconnection Agreement.
- 1.18 “Heavy Load Hours” – The daily hours beginning at 7:00 am, ending at 11:00 pm Mountain Time, (16 hours) excluding all hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.
- 1.19 “Light Load Hours” – The daily hours beginning at 11:00 pm, ending at 7:00 am Mountain Time (8 hours), plus all other hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.
- 1.20 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the Metering Point and the Point of Delivery. The calculation formula for such Losses will be as specified in Appendix B of this Agreement.
- 1.21 “Market Energy Reference Price” – Eighty-five percent (85%) of the Mid-Columbia Market Energy Cost.
- 1.22 “Material Breach” – A Default (paragraph 19.2.1) subject to paragraph 19.2.2.

- 1.23 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.24 “Mechanical Availability” - The percentage amount calculated by Seller within 5 days after the end of each month of the Facility’s monthly actual Net Energy divided by the Facility’s Calculated Net Energy Amount for the applicable month. Any damages due as a result of the Seller falling short of the Mechanical Availability Guarantee for each month shall be determined in accordance with paragraph 6.4.4.
- 1.25 “Mechanical Availability Guarantee” shall be as defined in paragraph 6.4.
- 1.26 “Metering Equipment” - That equipment specified in the GIA required to measure, record and telemeter bi-directional power flows between the Seller's Facility and Idaho Power’s system at the Point of Delivery.
- 1.27 “Metering Point” - The physical point at which certain Metering Equipment is located to enable accurate measurement of bi-directional power flows required to determine Net Energy and Surplus Energy for this Facility that provides all necessary data to administer this Agreement.
- 1.28 “Mid- Columbia Market Energy Cost” – The monthly weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for actual occurring non-firm energy transactions as reported by Dow Jones. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.29 “Nameplate Capacity” –The full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovolt-amperes, kilowatts, volts or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

- 1.30 “Net Energy” – All of the electric energy produced by the Facility, less Station Use, less Losses, expressed in kilowatt hours (kWh) delivered to Idaho Power at the Point of Delivery.
- 1.31 “Operation Date” – The day commencing at 00:01 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.32 “Other Attributes” – means (i) production tax credits associated with the construction or operation of the Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation, (ii) the cash grant in lieu of the investment tax credit pursuant to Section 1603 of the American Recovery and Reinvestment Act of 2009, and/or (iii) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating and/or air quality permits.
- 1.33 “Point of Delivery” – The point on the Idaho Power electrical system where the Facility delivers the Net Energy to Idaho Power. This point is defined within the GIA and further described in Appendix B of this Agreement.
- 1.34 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.35 “PTC” – The Production Tax Credits applicable to electricity produced from certain renewable resources pursuant to 26 U.S.C. § 45, or replacement or substitute tax benefits based on energy production from the Facility.
- 1.36 “PTC Value” - If the Seller elects to receive PTCs for the Facility, an amount equal to: (a) the PTCs to which Seller would have been entitled with respect to renewable energy (i) it is unable to deliver because of an Idaho Power event of default, or (ii) that Idaho Power fails to receive and such failure is not excused by the terms of this Agreement; plus (b) a "gross up" amount to take into account the federal, state and local income tax to Seller on such payments in lieu of PTCs, so that the net amount retained by Seller, after payment of federal, state and local income taxes, is equal to the amount set forth in clause (a) of this definition. For purposes of determining the

foregoing, Seller shall deliver a certificate from an officer of Seller stating the corporate income tax rates (federal, state or local, as applicable) that are in effect for the Seller during the tax year in which the receipt of such PTC Value is taxed, and such income tax rates shall be used in the calculation of the PTC Value. If the Seller does not elect to receive PTC's for this Facility, the PTC Value shall be zero (0).

- 1.37 “Qualifying Facility” has the meaning assigned such term in 18 CFR 292.201 et seq, on the Effective Date of this Agreement.
- 1.38 “Renewable Energy Certificate” or “REC” means a certificate, credit, allowance, green tag, or other transferable indicia, howsoever entitled, indicating generation of renewable energy by the Facility, and includes all Environmental Attributes arising as a result of the generation of electricity associated with the REC. One REC represents the Environmental Attributes associated with the generation of one thousand (1,000) kWh of Net Energy.
- 1.39 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date. It is expected that the Scheduled Operation Date provided by the Seller shall be a reasonable estimate of the date that the Seller anticipates that the Seller’s Facility shall achieve the Operation Date.
- 1.40 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility.
- 1.41 “Sufficient Prime Mover” means wind speed that is (1) equal to or greater than the generation unit’s manufacturer-specified minimum levels required for the generation unit to produce energy, and (2) equal to or less than the generation unit’s manufacturer-specified maximum levels at which the generation unit can safely produce energy.
- 1.42 “Surplus Energy” – All Net Energy produced by the Seller’s Facility and delivered by the Facility to the Idaho Power electrical system prior to the Operation Date.
- 1.43 “Total Cost of the Facility” - The total cost of structures, equipment and appurtenances.

- 1.44 “Wind Energy Production Forecast” – A forecast of energy deliveries from this Facility provided by an Idaho Power administered wind forecasting model. The Facility shall be responsible for an allocated portion of the total costs of the forecasting model as specified in Appendix E.

ARTICLE II: NO RELIANCE ON IDAHO POWER

- 2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power, other than in accordance with the Generator Interconnection Process.
- 2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller, other than in accordance with the Generator Interconnection Process.

ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller’s design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller’s design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.
- 3.2 Qualifying Facility Status - Seller warrants that the Facility will self-certify itself to the Federal Energy Regulatory Commission as a Qualifying Facility prior to the First Energy Date. After initial qualification, Seller will take such steps as may be required to maintain the Facility’s Qualifying Facility status during the term of this Agreement and Seller’s failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Facility’s Qualifying Facility status and associated support and compliance documents at anytime during the term of this Agreement. Seller responses to any such review

requests may substitute citations to available public records for physical copies.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

4.1 Prior to the First Energy Date and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller under this Agreement, Seller shall:

4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.201 et seq. as a certified or self-certified Qualifying Facility.

4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and, based on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).

4.1.3 Nameplate Capacity - Submit to Idaho Power the wind turbine manufacturer's documentation that establishes the Nameplate Capacity of each individual generation unit that is included within the entire Facility and the aggregate total of all individual Nameplate ratings to establish the Facility Nameplate Capacity rating. Upon receipt of this data, Idaho Power shall review the provided data and determine if the Nameplate Capacity specified is reasonable based upon the manufacturer's specified generation ratings for the specific generation units.

- 4.1.4 Mechanical Completion Certificate – Submit to Idaho Power a copy of the Mechanical Completion Certificate provided by the wind turbine manufacturer or contractor for the Facility for each wind turbine prior to the start of commissioning for such wind turbine.
- 4.1.5 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIII.
- 4.1.6 Interconnection – Provide written confirmation from Idaho Power’s delivery business unit that Seller has satisfied all interconnection requirements as specified within the GIA.
- 4.1.7 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall be provided within a commercially reasonable time following the Seller’s request and will not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM AND OPERATION DATE

- 5.1 Term - Subject to the provisions of paragraph 5.2 below, this Agreement shall become effective on the date first written and shall continue in full force and effect for a period of twenty (20) Contract Years.
- 5.2 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:
- a) Achieved the First Energy Date.
 - b) Commission approval of this Agreement in a form acceptable to Idaho Power and Seller has been received, such acceptances not to be unreasonably withheld.
 - c) Seller has submitted an acceptable executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.

- d) Seller shall provide evidence that a Nameplate Capacity for the Facility of not less than thirty-six (36) MW has been installed and all testing has been completed and is available for commercial operations.
- e) 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.
- f) Seller has requested an Operation Date from Idaho Power in a written format.
- g) Seller has received written confirmation from Idaho Power of the Operation Date. This confirmation will not be unreasonably withheld by Idaho Power. Upon written confirmation being delivered from Idaho Power, the Facility may not revise the Facility Nameplate Capacity without mutual agreement by both parties.

5.3 Operation Date Delay - Seller shall cause the Facility to achieve the Operation Date on or before the Scheduled Operation Date. Delays in the interconnection and transmission network upgrade study, design and construction process that **are not** Force Majeure events accepted by both Parties, **shall not** prevent Delay Liquidated Damages from being due and owing as calculated in accordance with this Agreement. Seller shall not be responsible or liable for a delay in performance of its obligation to achieve the Operation Date by the Scheduled Operation Date due to Force Majeure events.

5.3.1 If the Operation Date occurs after the Scheduled Operation Date but on or prior to ninety (90) days following the Scheduled Operation Date, Seller shall pay Idaho Power any Delay Liquidated Damages calculated at the end of each calendar month after the Scheduled Operation Date as follows:

Delay Liquidated Damages are equal to ((Initial Year Monthly Net Energy Amount as specified in paragraph 6.2.1 divided by the number of days in the current month) multiplied by the number of days of the Delay Period occurring in the current month), minus any Net Energy delivered during the portion of Delay Period occurring in such month, multiplied by the current month's Delay Price.

5.3.2 If the Operation Date does not occur within ninety (90) days following the Scheduled Operation Date, the Seller shall pay Idaho Power Delay Liquidated Damages, in addition to those provided in paragraph 5.3.1, calculated as follows:

Forty five dollars (\$45) multiplied by the Maximum Capacity with the Maximum Capacity being measured in kW.

5.4 Idaho Power may provide written notice to Seller of an event of Default under paragraph 19.2.1 of this Agreement, provided, Seller fails to achieve the Operation Date within ninety (90) days following the Scheduled Operation Date. Additional Delay Liquidated Damages beyond those calculated in 5.3.1 and 5.3.2 will be calculated using the Delay Liquidated Damage calculation described in 5.3.1 above for all days exceeding 90 days past the Scheduled Operation Date.

5.5 Seller shall pay Idaho Power any calculated due and payable Delay Liquidated Damages within 7 days of when Idaho Power calculates and presents such Delay Liquidated Damages billings to the Seller. Seller's failure to pay these damages within the specified time will be a Material Breach of this Agreement and Idaho Power shall draw funds from the Delay Security provided by the Seller in an amount equal to the calculated Delay Liquidated Damages.

5.6 The Parties agree that the damages Idaho Power would incur due to delay in the Facility achieving the Operation Date on or before the Scheduled Operation Date would be difficult or impossible to predict with certainty, and that the Delay Liquidated Damages are an appropriate approximation of such damages.

5.7 By executing this Agreement, the Parties acknowledge and agree:

- a) Seller has applied for Network Resource Interconnection Service as defined in the Idaho Power Generation Interconnection Process and the associated firm transmission service that will result in the Facility having a Network Resource Designation ("NRD") and Seller accepts responsibility to maintain compliance with all payments and requirements of the Idaho Power Generator Interconnection Process.
- b) Seller is responsible for the actual costs to establish, operate, and maintain the Facility's interconnection in accordance with the GIA.

- c) Upon execution of this Agreement, and with Seller's commercially reasonable cooperation, Idaho Power shall request and maintain the Facility's Network Resource Designation, as defined in Idaho Power's Open Access Transmission Tariff, for the Nameplate Capacity of the Facility.
- d) Seller shall be responsible to pay to Idaho Power one hundred percent (100%) of the actual cost of the network transmission upgrades required to establish the Facility as a Network Resource with firm transmission service in accordance with the GIA.

5.8 Within thirty (30) days of the date of a final non-appealable Commission Order as specified in Article XXI approving this Agreement; the Seller shall post liquid security ("Delay Security") in a form as described in Appendix D equal to or exceeding the amount calculated in paragraph 5.8.1. Failure to post this Delay Security in the time specified above will be a Material Breach of this Agreement and Idaho Power may terminate this Agreement if Seller does not cure such Material Breach within five (5) business days of receipt from Idaho Power of written notice of its intent to terminate this Agreement.

5.8.1 Delay Security - Forty five dollars (\$45) multiplied by the Maximum Capacity with the Maximum Capacity being measured in kW.

5.8.1.1 In the event Seller provides Idaho Power with certification that (1) a generation interconnection agreement specifying a schedule that will enable this Facility to achieve the Operation Date no later than the Scheduled Operation Date has been completed and the Seller has paid all required interconnection costs, or (2) a generation interconnection agreement is substantially complete and all material costs of interconnection have been identified and agreed upon and the Seller is in compliance with all terms and conditions of the generation interconnection agreement, the Delay Security calculated in accordance with paragraph 5.8.1 will be reduced by ten percent (10%).

5.8.1.2 If the Seller has received a reduction in the calculated Delay Security as specified in paragraph 5.8.1.1 and subsequently, (1) at Seller's request, the generation

interconnection agreement specified in paragraph 5.8.1.1 is revised and as a result the Facility will not achieve its Operation Date by the Scheduled Operation Date, or (2) if the Seller does not maintain compliance with the generation interconnection agreement, the full amount of the Delay Security as calculated in paragraph 5.8.1 will be subject to reinstatement and will be due and owing within five (5) Business Days from the date Idaho Power requests reinstatement. Failure to timely reinstate the Delay Security will be a Material Breach of this Agreement.

- 5.8.2 Idaho Power shall release any remaining security posted hereunder after all calculated Delay Liquidated Damages are paid in full to Idaho Power and the earlier of, 1) thirty (30) days after the Operation Date has been achieved, or 2) sixty (60) days after the Agreement has been terminated.
- 5.9 Progress Reports - Within ten (10) Business Days after the end of each calendar month following the Effective Date until the Operation Date is achieved, Seller shall submit progress reports to Idaho Power on the development and construction of the Facility.
- 5.10 Partial Completion Damages – If, within twelve calendar months following the Operation Date, the Nameplate Capacity established pursuant to paragraph 5.2(d) is less than thirty-six (36) MW, then damages of \$10,000 for each whole MW less than thirty-six (36) will be calculated and paid to Idaho Power.

ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

- 6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and Seller will sell all of the Net Energy to Idaho Power at the Point of Delivery. Net Energy produced by the Facility and delivered by the Seller at any moment in time to the Point of Delivery that exceeds the Maximum Capacity Amount will constitute a Material Breach of this Agreement.
- 6.2 Net Energy Amounts - Seller intends to produce and deliver Net Energy in the following monthly amounts. These amounts shall be consistent with the Mechanical Availability Guarantee.

6.2.1 Initial Year Monthly Net Energy Amounts:

<u>Month</u>	<u>kWh</u>
January	7,434,580
February	6,386,669
March	8,446,410
April	8,717,271
May	9,257,232
June	7,738,315
July	7,719,783
August	5,963,650
September	6,390,888
October	5,938,798
November	9,586,489
December	9,624,049

6.3 Unless excused by an event of Force Majeure, Seller's failure to deliver Net Energy in any Contract Year in an amount equal to at least ten percent (10%) of the sum of the Initial Year Monthly Net Energy Amounts as specified in paragraph 6.2.1 shall constitute an event of default.

6.4 Mechanical Availability Guarantee – After the Operational Date has been established, the Facility shall achieve a minimum monthly Mechanical Availability of 85% for the Facility for each month during the full term of this Agreement (the "Mechanical Availability Guarantee"). Failure to achieve the Mechanical Availability Guarantee shall result in Idaho Power calculating damages as specified in paragraph 6.4.4.

6.4.1 Seller shall provide, within five (5) business days following any full calendar month during the Term of this Agreement, a Monthly Power Production and Availability Report (Appendix A) and Seller shall provide and certify with such report the calculation of the Facility's current month's Mechanical Availability. The Seller shall include a summary of all information used to calculate the Calculated Net Energy Amount including but not limited to: (a) Forced Outages, (b) Force Majeure events, (c) wind speeds and the impact on generation output, and (c) scheduled maintenance and Station Use information.

6.4.2 The Seller shall maintain and retain for three years detailed documentation supporting the monthly calculation of the Facility's Mechanical Availability.

6.4.3 Idaho Power shall have the right to review and audit the documentation supporting the calculation of the Facility's Mechanical Availability at reasonable times at the Seller's offices.

6.4.4 If the current month's Mechanical Availability is less than the Mechanical Availability Guarantee, damages shall be equal to:

- a. During the first 120 calendar months after the First Energy Date - ((85 percent of the month's Calculated Net Energy Amount) minus the month's actual Net Energy deliveries) multiplied by the Availability Shortfall Price.
- b. After the end of 120th calendar month after the First Energy Date - ((85 percent of the month's Calculated Net Energy Amount) minus the month's actual Net Energy deliveries) multiplied by the Availability Shortfall Price plus ((85 percent of the month's Calculated Net Energy Amount) minus the month's actual Net Energy deliveries) multiplied by the Environmental Attribute Replacement Value.

6.4.5 Any damages calculated in paragraph 6.4.4 will be offset against the current month's energy payment. If an unpaid balance remains after the damages are offset against the energy payment, the Seller shall pay in full the remaining balance within thirty (30) days of the date of the invoice.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

7.1 Heavy Load Purchase Price – For all Net Energy received during Heavy Load Hours, Idaho Power will pay the non-levelized Heavy Load Purchase Price as specified in Appendix F.

7.2 Light Load Purchase Price – For all Net Energy received during Light Load Hours, Idaho Power will pay the non-levelized Light Load Purchase Price as specified in Appendix F.

7.3 Surplus Energy Price - For all Surplus Energy, Idaho Power shall pay to the Seller the current month's Market Energy Reference Price or Light Load Purchase Price, whichever is lower.

7.4 Payment Due Date – Undisputed payments for Net Energy, less the Wind Energy Production Forecasting Monthly Cost Allocation (MCA) described in Appendix E, and any other payments

due Idaho Power, will be disbursed to the Seller within thirty (30) days of the date which Idaho Power receives and accepts the Monthly Power Production and Availability Report required by paragraph 6.4.1.

- 7.5 Continuing Jurisdiction of the Commission This Agreement is a special contract and, as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with Idaho Power Company v. Idaho Public Utilities Commission and Afton Energy, Inc., 107 Idaho 781, 693 P.2d 427 (1984), Idaho Power Company v. Idaho Public Utilities Commission, 107 Idaho 1122, 695 P.2d 1 261 (1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P.2d 400 (1986), Section 210 of the Public Utility Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 The Parties agree that Seller owns the RECs and other Environmental Attributes directly associated with the production of energy from the Seller's Facility sold to Idaho Power, or otherwise associated with the Facility, for 120 calendar months following the month in which the First Energy Date occurs.
- 8.2 The Parties agree that Idaho Power owns the RECs and other Environmental Attributes directly associated with the production of energy from the Seller's Facility sold to Idaho Power, or otherwise associated with the Facility, for the balance of the Term of this Agreement following the end of the 120th calendar month following the month in which the First Energy Date occurs. Title of Environmental Attributes shall pass to Idaho Power at the same time that transfer of title of the associated Net Energy to Idaho Power occurs.
- 8.3 If after the Effective Date any additional Environmental Attributes or similar environmental value is created by legislation, regulation, or any other action, including but not limited to, carbon credits and carbon offsets, the parties shall retain ownership of these additional items in the same ownership manner as Environmental Attributes as specified in paragraphs 8.1 and 8.2.

- 8.4 Seller shall use prudent and commercially reasonable efforts to ensure that any operations of the Facility do not jeopardize the current or future Environmental Attribute status of the Facility.
- 8.5 The Parties shall cooperate to ensure that all Environmental Attribute certifications, rights and reporting requirements are completed by the responsible Parties.
- 8.5.1 No later than the end of the 10th Contract Year, the Parties shall mutually cooperate to enable Idaho Power's Environmental Attributes from this Facility to be placed into Idaho Power's WREGIS account or any other Environment Attribute accounting and tracking system selected by Idaho Power. The Seller at the Seller's sole expense will be responsible to establish and maintain the Seller's WREGIS or other Environmental Attribute account and/or system that enables the creation of the Environmental Attribute certificates associated with the Facility and the transfer of the Environmental Attributes to Idaho Power as specified within this Agreement. If the Environmental Attribute accounting and tracking system initially selected by Idaho Power is materially altered or discontinued during the Term of this Agreement, the Parties shall cooperate to identify an appropriate alternative Environmental Attribute accounting and tracking process and enable the Environmental Attributes be processed through this alternative method.
- 8.5.2 Each Party shall only report under Section 1605(b) of the Energy Policy Act of 1992 or under any applicable program the Environmental Attributes that such party owns and shall refrain from reporting the Environmental Attributes owned by the other Party.
- 8.5.3 If Idaho Power requests additional Environmental Attribute certifications beyond what is provided by the WREGIS process the Seller shall obtain any Environmental Attribute certifications required by Idaho Power for those Environmental Attributes delivered to Idaho Power from the Seller. If the Seller incurs cost, as a result of Idaho Power's request, Seller shall invoice Idaho Power for the reasonable costs of providing such certification. If Idaho Power elects to obtain its own certifications, Seller shall fully cooperate with Idaho Power in obtaining such certification.

ARTICLE IX: FACILITY AND INTERCONNECTION

9.1 Design of Facility - Seller will design, construct, install, own, operate and maintain the Facility and any Seller-owned interconnection facilities so as to allow safe and reliable generation and delivery of Net Energy to the Idaho Power Point of Delivery for the full term of the Agreement.

9.2 Wind data

9.2.1 Historical wind data – Within sixty (60) days after Commission approval of this Agreement, the Seller shall provide Idaho Power with the following:

- a) Historical wind data in an electronic format from the proposed Facility site or for a location within two miles of the Facility site.
- b) A third party wind assessment study report used by Seller to value investment in the Facility.

9.2.2 No later than 30 days prior to the First Energy Date, the Seller shall have either:

- a) Erected at the site at least one (1) high quality, approximate hub-height (plus or minus 20 meters), permanent, meteorological wind measurement tower(s) at location(s) on the site equipped with:
 - (i) Two (2) anemometers per tower;
 - (ii) Two (2) air temperature sensors per tower;
 - (iii) One (1) barometric pressure sensor (with DCP sensor); and
 - (iv) Two (2) wind vanes per tower, or
- b) Arranged to provide Idaho Power approximate hub-height wind speed, wind direction, air temperature, barometric pressure, and data from a meteorological wind measurement tower within two miles of the Facility site.

9.2.3 The wind sensors and air temperature sensors in 9.2.2 (a) above shall be set at two (2) height locations from ground level with one as close to hub height as is reasonable. All equipment shall provide reasonably accurate measurement of wind data. The Seller will install at its expense the necessary equipment to a) make this meteorological data electronically accessible or b) electronically transmitted, along with the total Facility

capacity available to run, refreshed a minimum of once per hour, to Idaho Power or a designee of Idaho Power in a method and form reasonably acceptable to Idaho Power and in accordance with Prudent Electrical Practices. Facility availability status shall be provided as described above beginning no later than with the calendar month following the month of the Operation Date. Failure by the Seller to operate and maintain this equipment to provide such meteorological and turbine availability data in a manner to provide reasonably accurate and dependable data for the full term of this Agreement shall be an event of Default under paragraph 19.2.1.

- 9.2.4 Seller shall submit to Idaho Power Seller's technical specifications for such meteorological tower(s) along with a site plan showing the location of the tower(s), project layout with turbine locations, and the wind rose for the site.

ARTICLE X: METERING AND TELEMETRY

- 10.1 Metering - Idaho Power shall, for the account of Seller, provide, install, and maintain Metering Equipment in accordance with the GIA. The Metering Equipment will be at the location and the type required to measure, record and report the Facility's Net Energy, Station Use, and maximum energy deliveries (kW) at the Point of Delivery in a manner to provide Idaho Power adequate energy measurement data to administer this Agreement and to integrate this Facility's energy production into the Idaho Power electrical system.
- 10.2 Telemetry - Idaho Power will install, operate and maintain at Seller's expense communications and telemetry equipment which will be capable of providing Idaho Power with continuous instantaneous telemetry of Seller's Net Energy produced and delivered to the Idaho Power Point of Delivery to Idaho Power's Designated Dispatch Facility.

ARTICLE XI - RECORDS

- 11.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate total generation, Net Energy, Station Use, and maximum

generation (kW) records in a form and content acceptable to Idaho Power, such acceptance not to be unreasonably withheld.

- 11.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any of the records specified in paragraph 11.1.

ARTICLE XII: OPERATIONS

- 12.1 Communications - Idaho Power and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.

- 12.2 Energy Acceptance -

12.2.1 Idaho Power shall be excused from accepting and paying for Net Energy which would have otherwise been produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, Forced Outage or temporary disconnection of the Facility in accordance with the GIA. If, for reasons other than an event of Force Majeure or a Forced Outage initiated by or at the request of Idaho Power, a temporary disconnection as specified within the GIA exceeds twenty (20) days, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering the Net Energy the Facility would have delivered based on the Facility availability, wind turbine manufacturer's power curve, and wind speeds during such interruption, curtailment or reduction, as determined and documented by Seller and accepted by Idaho Power as a reasonable calculation of lost energy production. Idaho Power will pay Seller the sum of the applicable energy price in paragraph 7.1 or 7.2, plus the Environmental Attribute Replacement Value (if such curtailment occurs prior to the end of the 120th calendar month after the First Energy Date), plus the PTC Value for each MWh of deemed delivered Net Energy. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

- 12.2.2 If, in the reasonable opinion of Idaho Power, Seller's operation of the Facility is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel or service to its

customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified within the GIA or take such other reasonable steps as Idaho Power deems appropriate.

12.2.3 Under no circumstances will the Seller deliver Net Energy from the Facility to the Point of Delivery in an amount that exceeds the Maximum Capacity Amount at any moment in time. Seller's failure to limit deliveries to the Maximum Capacity Amount will be a Material Breach of this Agreement.

12.2.4 If Idaho Power is unable to accept the energy from this Facility and is not excused from accepting the Facility's energy, unless otherwise provided in this Agreement, Idaho Power's damages shall be limited to the value of the estimated Net Energy, Environmental Attribute Replacement Value, and PTC Value all values being determined based on the pricing in this Agreement. In this calculation, the estimated Net Energy during the period that Idaho Power was unable to accept the Net Energy, is deemed to be the Net Energy the Facility would have delivered based on the Facility's available capacity, wind turbine manufacturer's power curve, and actual wind speeds. Idaho Power will have no responsibility to pay for any other costs, lost revenue or consequential damages the Facility may incur.

12.3 Scheduled Maintenance – On or before January 31st of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year and Idaho Power and Seller shall mutually agree as to the acceptability of the proposed schedule. The Parties determination as to the acceptability of the Seller's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.

12.4 Maintenance Coordination - The Seller and Idaho Power shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.

- 12.5 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact the Seller prior to exercising its rights to interrupt interconnection or curtail deliveries from the Seller's Facility. Seller understands that in the case of emergency circumstances, real time operations of the electrical system, and/or unplanned events, Idaho Power may not be able to provide notice to the Seller prior to interruption, curtailment, or reduction of electrical energy deliveries to Idaho Power.

ARTICLE XIII: INDEMNIFICATION AND INSURANCE

- 13.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, affiliates, subsidiaries, parent company and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's (a) construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement, or (b) negligent or intentional acts, errors or omissions. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all documented costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

- 13.2 Insurance - During the term of this Agreement, Seller shall secure and continuously carry the following insurance coverage:

13.2.1 Comprehensive general liability insurance for both bodily injury and property damage with limits equal to \$1,000,000, each occurrence, combined single limit. The deductible for such insurance shall be consistent with current insurance industry utility practices for similar property.

13.2.2 The above insurance coverage shall be placed with an insurance company with an A.M. Best Company rating of A- or better and shall include:

- (a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and
- (b) A provision stating that such policy shall not be canceled or the limits of liability

reduced without ten (10) days' prior written notice to Idaho Power.

- 13.3 Seller to Provide Certificate of Insurance - As required in paragraph 4.1.5 herein and annually thereafter, Seller shall furnish Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.
- 13.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 13.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute a Material Breach of this Agreement.

ARTICLE XIV: FORCE MAJEURE

- 14.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the control of the declaring Party which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, or changes in law or regulation occurring after the Effective Date, which, by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome. If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure, provided that:

- (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence.
- (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure.
- (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully

performed before such occurrence shall be excused as a result of such occurrence.

ARTICLE XV: LIABILITY; DEDICATION

- 15.1 Limitation of Liability - Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. Neither Party shall be liable to the other for any indirect, special, consequential, nor punitive damages, except as expressly authorized by this Agreement.
- 15.2 Dedication - No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the Party or the public or affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

ARTICLE XVI: SEVERAL OBLIGATIONS

- 16.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XVII: WAIVER

- 17.1 Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XVIII: CHOICE OF LAWS AND VENUE

- 18.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho without reference to its choice of law provisions.

- 18.2 Venue for any litigation arising out of or related to this Agreement will lie in the District Court of the Fourth Judicial District of Idaho in and for the County of Ada.

ARTICLE XIX: DISPUTES AND DEFAULT

- 19.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.

19.2 Notice of Default

19.2.1 Defaults - If either Party fails to perform any of the terms or conditions of this Agreement (an "event of default"), the non-defaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting Party shall fail to cure such default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the other Party that the default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the non-defaulting Party may, at its option, terminate this Agreement and/or pursue its legal or equitable remedies.

19.2.2 Material Breaches - The notice and cure provisions in paragraph 19.2.1 do not apply to defaults identified in this Agreement as Material Breaches. Material Breaches must be cured as expeditiously as possible following occurrence of the breach, but shall not in any event give rise to any rights or remedies pursuant to an event of Default as set forth in paragraph 19.2.1 on the part of the non-defaulting Party prior to the sixty (60) day period specified in paragraph 19.2.1 unless the defaulting Party ceases to pursue curing such Material Breach. Material Breaches shall also be subject to any notice and cure provisions expressly provided for in this Agreement with respect to such Material Breaches.

- 19.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:

- 19.3.1 Insurance - Evidence of compliance with the provisions of paragraph 13.2. If Seller fails to comply, such failure will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated;
- 19.3.2 Engineer's Certifications - Every three (3) years after the Operation Date, Seller will supply Idaho Power with a Certification of Ongoing Operations and Maintenance (O&M) from a Registered Professional Engineer licensed in the State of Idaho, which Certification of Ongoing O & M shall be in the form specified in Appendix C. Seller's failure to supply the required certificate will be an event of default. Such a default may only be cured by Seller providing the required certificate.
- 19.3.3 Licenses and Permits - During the full term of this Agreement, Seller shall maintain compliance with all permits and licenses described in paragraph 4.1.1 of this Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses. At least every fifth Contract Year, Seller will update the documentation described in Paragraph 4.1.1. If at any time Seller fails to maintain compliance with the permits and licenses described in paragraph 4.1.1 or to provide the documentation required by this paragraph, such failure will be an event of default and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

ARTICLE XX: GOVERNMENTAL AUTHORIZATION

- 20.1 This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party of this Agreement.

ARTICLE XXI: COMMISSION ORDER

- 21.1 This Agreement shall become finally effective upon the Commission's approval of all terms and provisions hereof, in a form acceptable to Idaho Power and Seller, such acceptances not to be

unreasonably withheld, and declaration that all payments to be made to Seller hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

ARTICLE XXII: SUCCESSORS AND ASSIGNS

- 22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any party which Idaho Power may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of Idaho Power's rights, obligations and interests under this Agreement. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIII: MODIFICATION

- 23.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and subsequently approved by the Commission.

ARTICLE XXIV: TAXES

- 24.1 Each Party shall pay before delinquency all taxes and other governmental charges which, if failed to be paid when due, could result in a lien upon the Facility or the Interconnection Facilities.

ARTICLE XXV: NOTICES

- 25.1 All written notices under this Agreement shall be directed as follows and shall be considered delivered when faxed, e-mailed and confirmed with deposit in the U.S. Mail, first-class, postage prepaid, as follows:

To Seller:

Original document to:

High Mesa, LLC
c/o Exelon Wind
4601 Westown Parkway, Suite 300
West Des Moines, IA 50266

E-mail: URPS@exeloncorp.com

Copy of document to:

Richard A. Cummings, Counsel for Seller
412 E. Parkcenter Blvd, Suite 325
PO Box 1545
Boise, Idaho 83701

E-mail: rcummings@cummingslawidaho.com

To Idaho Power:

Original document to:

Vice President, Power Supply
Idaho Power Company
PO Box 70
Boise, Idaho 83707
Email: Lgrow@idahopower.com

Copy of document to:

Cogeneration and Small Power Production
Idaho Power Company
PO Box 70
Boise, Idaho 83707
E-mail: rallphin@idahopower.com

Either Party may change the contact person and/or address information listed above, by providing written notice from an authorized person representing the Party.

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

26.1 Equal Employment. During performance pursuant to this Agreement, Seller agrees to comply with all applicable equal employment opportunity, small business, and affirmative action laws and regulations. All Equal Employment Opportunity and affirmative action laws and regulations are hereby incorporated by this reference, including provisions of 38 U.S.C. § 4212, Executive

Order 11246, as amended, and any subsequent executive orders or other laws or regulations relating to equal opportunity for employment on government contracts. To the extent this Agreement is covered by Executive Order 11246, the Equal Opportunity Clauses contained in 41 C.F.R. 60-1.4, 41 C.F.R. 60-250.5, and 41 CFR 60-741.5 are incorporated herein by reference.

26.2 This Agreement includes the following appendices, which are attached hereto and included by reference:

Appendix A	-	Monthly Power Production and Availability Report
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications
Appendix D	-	Forms of Liquid Security
Appendix E	-	Wind Energy Production Forecasting
Appendix F	-	Energy Pricing

ARTICLE XXVII: SEVERABILITY

27.1 The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other terms or provisions and this Agreement shall be construed in all other respects as if the invalid or unenforceable term or provision were omitted.

ARTICLE XXVIII: COUNTERPARTS

28.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

ARTICLE XXIX: ENTIRE AGREEMENT

29.1 This Agreement constitutes the entire Agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements between the Parties concerning the subject matter hereof.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed
in their respective names on the dates set forth below:

Idaho Power Company

HIGH MESA ENERGY, LLC

By

Lisa A. Grow

Lisa A Grow
Sr. Vice President, Power Supply

By

Christi J. Romie
CHRISTI J. ROMIE
MANAGER

Dated

11.16.11

"Idaho Power"

Dated

11-14-2011

"Seller"

APPENDIX A

A-1 MONTHLY POWER PRODUCTION AND AVAILABILITY REPORT

At the end of each month the following required documentation will be submitted to:

Idaho Power Company
Attn: Cogeneration and Small Power Production
PO Box 70
Boise, Idaho 83707

The meter readings required on this report will be the readings on the Idaho Power Metering Equipment measuring the Facility's total energy production delivered to Idaho Power and Station Usage and the maximum generated energy (kW) as recorded on the Metering Equipment and/or any other required energy measurements to adequately administer this Agreement. This document shall be the document to enable Idaho Power to begin the energy payment calculation and payment process. The meter readings on this report shall not be used to calculate the actual payment, but instead will be a check of the automated meter reading information that will be gathered as described in item A-2 below:

This report shall also include the Seller's calculation of the Mechanical Availability.

Idaho Power Company
Cogeneration and Small Power Production
MONTHLY POWER PRODUCTION AND AVAILABILITY REPORT

Month _____ Year _____

Project Name _____ **Project Number:** _____
Address _____ **Phone Number:** _____
City _____ **State** _____ **Zip** _____

	<u>Net Facility Output</u>	<u>Station Usage</u>	<u>Station Usage</u>	<u>Metered Maximum Generation</u>
Meter Number: _____	_____	_____	_____	kW
End of Month kWh Meter Reading: _____	_____	_____	_____	
Beginning of Month kWh Meter: _____	_____	_____	_____	
Difference: _____	_____	_____	_____	<u>Net Generation</u>
Times Meter Constant: _____	_____	_____	_____	
kWh for the Month: _____ - _____ - _____ = _____	_____	_____	_____	
Metered Demand: _____	_____	_____	_____	_____

Mechanical Availability Guarantee

Seller Calculated Mechanical Availability _____

As specified in this Agreement, the Seller shall include with this monthly report a summary statement of the Mechanical Availability of this Facility for the calendar month. This summary shall include details as to how the Seller calculated this value and summary of the Facility data used in the calculation. Idaho Power and the Seller shall work together to mutually develop a summary report that provides the required data. Idaho Power reserves the right to review the detailed data used in this calculation as allowed within the Agreement.

Signature **Date**

A-2 AUTOMATED METER READING COLLECTION PROCESS

Monthly, Idaho Power will use the provided Metering and Telemetry equipment and processes to collect the meter reading information from the Idaho Power provided Metering Equipment that measures the Net Energy and energy delivered to supply Station Use for the Facility recorded at 12:00 AM (Midnight) of the last day of the month..

The meter information collected will include but not be limited to energy production, Station Use, the maximum generated power (kW) and any other required energy measurements to adequately administer this Agreement.

A-3 ROUTINE REPORTING

Once the Facility has achieved its Operation Date and has operated in a reliable and consistent manner for a reasonable period of time, the Parties may mutually agree to modify this Routine Reporting requirement.

Idaho Power Contact Information

Daily Energy Production Reporting

Call daily by 10 a.m., 1-800-356-4328 or 1-800-635-1093 and leave the following information:

- Project Identification - Project Name and Project Number
- Current Meter Reading
- Estimated Generation for the current day
- Estimated Generation for the next day

Planned and Unplanned Project outages

Call 1-800-345-1319 and leave the following information:

- Project Identification - Project Name and Project Number
- Approximate time outage occurred

Estimated day and time of project coming back online

Seller's Contact Information

24-Hour Project Operational Contact

Name: _____
Telephone Number: _____
Cell Phone: _____

Project On-site Contact information

Telephone Number: _____

APPENDIX B

FACILITY AND POINT OF DELIVERY

Project Name: High Mesa Wind Project

Project Number: 31315160

B-1 DESCRIPTION OF FACILITY

(Must include the Nameplate Capacity rating and VAR capability (both leading and lagging) of all generation units to be included in the Facility.)

The Facility is a PURPA QF wind generation project with an interconnection capacity of 40 MW, which includes: a 138/34.5 kV substation at the Point of Delivery, 34.5 kV circuit breakers and collection feeder circuits, and utility class wind turbine generators, such that the Maximum Capacity delivered at the Point of Delivery does not exceed 40 MW. Seller currently expects to install nineteen (19) Suzlon S97 wind turbine generators with a nameplate rating of 2.1 MW pending negotiations of the turbine supply agreement and project engineering. In the event it becomes necessary to change the turbine to be installed, Seller will promptly notify Idaho Power of the change to another utility class turbines comparable in their capabilities, and seek approval of the change from the Idaho Power delivery business unit.

B-2 LOCATION OF FACILITY

Near: 5 miles southwest of Bliss, Idaho

County: Twin Falls and Elmore Counties

GPS Coordinates: _____

Description of Interconnection Location: Point of Delivery along the Idaho Power Lower Malad to Mountain Home Jct 138 kV transmission line.

Nearest Idaho Power Substation: Approximately 5 miles west of Lower Malad

B-3 SCHEDULED FIRST ENERGY AND OPERATION DATE

Seller has selected November 1, 2012 as the Scheduled First Energy Date.

Seller has selected December 28, 2012 as the Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.2 of this Agreement must be completed prior to the project being granted an Operation Date.

B-4 MAXIMUM CAPACITY AMOUNT:

This value will be 40 MW which is consistent with the value provided by the Seller to Idaho Power in the GIA. This value is the maximum energy (MW) that potentially could be delivered by the Seller's Facility to the Idaho Power electrical system at any moment in time.

B-5 POINT OF DELIVERY

"Point of Delivery" is the location defined as the "Interconnection Point" in the GIA.

B-6 LOSSES

If the Idaho Power Metering equipment is capable of measuring the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, no Losses will be calculated for this Facility. If the Idaho Power Metering Equipment is unable to measure the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, a Losses calculation will be established to measure the energy losses (kWh) between the Seller's Facility and the Idaho Power Point of Delivery. Such loss calculation, if applicable, will be initially set at 2% of the kWh energy production recorded on the Facility generation metering equipment. At such time as Seller provides Idaho Power with the electrical equipment specifications (transformer loss specifications, conductor sizes, etc.) of all of the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power will configure a revised loss calculation formula to be agreed to by both parties and used to calculate the kWh Losses for the remaining term of the Agreement. If at any time during the term of this Agreement, Idaho Power determines that the loss calculation does not correctly reflect the actual kWh losses attributed to the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power may adjust the calculation and retroactively adjust the previous months kWh loss calculations.

B-7 METERING AND TELEMETRY

The GIA will determine the specific metering and telemetry requirements for this Facility. At the minimum, the Metering Equipment and Telemetry equipment must be able to provide and record hourly energy deliveries to and from the Facility through the Point of Delivery and any other energy measurements required to administer this Agreement. These specifications will include but not be limited to equipment specifications, equipment location, Idaho Power provided equipment, Seller provided equipment, and all costs associated with the equipment, design and installation of the Idaho Power provided equipment. Seller will arrange for and make available at Seller's cost communication circuit(s) compatible with Idaho Power's communications equipment and dedicated to Idaho Power's use terminating at the Idaho Power facilities capable of providing Idaho Power with continuous instantaneous information on the Facility's energy production. Idaho Power provided equipment will be owned and maintained by Idaho Power, with total cost of purchase, installation, operation, and maintenance, including administrative cost to be reimbursed to Idaho Power by the Seller. Payment of these costs will be in accordance with the GIA and the total metering cost will be included in the calculation of the Monthly Operation and Maintenance Charges specified in the GIA.

B-8 NETWORK RESOURCE DESIGNATION

Idaho Power cannot accept or pay for generation from this Facility until a Network Resource Designation ("NRD") application has been accepted by Idaho Power's delivery business unit. Federal Energy Regulatory Commission ("FERC") rules require Idaho Power to prepare and submit the NRD. Because much of the information Idaho Power needs to prepare the NRD is specific to the Seller's Facility, Idaho Power's ability to file the NRD in a timely manner is contingent upon timely receipt of the required information from the Seller. Prior to Idaho Power beginning the process to enable Idaho Power to submit a request for NRD status for this Facility, the Seller shall have completed all requirements of Seller as specified in Paragraph 5.7 of this Agreement. **Seller's failure to provide complete and accurate information in a timely manner can significantly impact Idaho Power's ability and cost to attain the NRD**

designation for the Seller's Facility and the Seller shall bear the costs of any of these delays that are a result of any action or inaction by the Seller.

APPENDIX C

ENGINEER'S CERTIFICATION
OF
OPERATIONS & MAINTENANCE POLICY

The undersigned _____, on behalf of himself/herself and _____, hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and is hereinafter referred to as the "Project."
4. That the Project, which is commonly known as the _____ Project, is located in Section _____ Township _____ Range _____, Boise Meridian, _____ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance ("O&M") for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards, adherence to said O&M Policy will result in the Project's producing at or near the design electrical output, efficiency and plant factor for a _____ year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his/her knowledge and therefore sets his/her hand and seal below.

By _____

(P.E. Stamp)

Date _____

APPENDIX C

ENGINEER'S CERTIFICATION

OF

ONGOING OPERATIONS AND MAINTENANCE

The undersigned _____, on behalf of himself/herself and _____ hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the _____ Project, is located in Section _____ Township _____ Range _____, Boise Meridian, _____ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.

8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing O&M has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency and plant factor for the remaining _____ years of the Agreement.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his/her knowledge and therefore sets his/her hand and seal below.

By _____

(P.E. Stamp)

Date _____

APPENDIX C

ENGINEER'S CERTIFICATION
OF
DESIGN & CONSTRUCTION ADEQUACY

The undersigned _____, on behalf of himself/herself and _____ hereinafter collectively referred to as "Engineer", hereby states and certifies to Idaho Power as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and _____ as Seller, dated _____, _____.
3. That the cogeneration or small power production project, which is the subject of the Agreement and this Statement, is identified as IPCo Facility No _____ and is hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the _____ Project, is located in Section _____ Township _____ Range _____, Boise Meridian, _____ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project and has made the analysis of the plans and specifications independently.
8. That Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, prime mover conveyance system, Seller furnished Interconnection Facilities and other Project facilities and equipment.
9. That the Project has been constructed in accordance with said plans and specifications, all

applicable codes and consistent with Prudent Electrical Practices as that term is described in the Agreement.

10. That the design and construction of the Project is such that with reasonable and prudent operation and maintenance practices by Seller, the Project is capable of performing in accordance with the terms of the Agreement and with Prudent Electrical Practices for a _____ year period.

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

12. That Engineer certifies that the above statements are complete, true and accurate to the best of his/her knowledge and therefore sets his/her hand and seal below.

By _____
(P.E. Stamp)

Date _____

APPENDIX D

FORMS OF LIQUID SECURITY

The Seller shall provide Idaho Power with commercially reasonable security instruments such as Cash Escrow Security, Guarantee or Letter of Credit as those terms are defined below or other forms of liquid financial security that would provide readily available cash to Idaho Power to satisfy the Delay Security requirement and any other security requirement within this Agreement.

For the purpose of this Appendix D, the term "Credit Requirements" shall mean acceptable financial creditworthiness of the entity providing the security instrument in relation to the term of the obligation in the reasonable judgment of Idaho Power, provided that any guarantee and/or letter of credit issued by any other entity with a short-term or long-term investment grade credit rating by Standard & Poor's Corporation or Moody's Investor Services, Inc. shall be deemed to have acceptable financial creditworthiness.

- 1.) Cash Escrow Security – Seller shall deposit funds in an escrow account established by the Seller in a banking institution acceptable to both Parties equal to the Delay Security or any other required security amount(s). The Seller shall be responsible for all costs, and receive any interest earned associated with establishing and maintaining the escrow account(s).
- 2.) Guarantee or Letter of Credit Security – Seller shall post and maintain in an amount equal to the Delay Security or other required security amount(s), (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to Idaho Power at its discretion, or b) an irrevocable Letter of Credit in a form acceptable to Idaho Power, in favor of Idaho Power. The Letter of Credit will be issued by a financial institution acceptable to both parties. The Seller shall be responsible for all costs associated with establishing and maintaining the Guarantee(s) or Letter(s) of Credit.

APPENDIX E

WIND ENERGY PRODUCTION FORECASTING

As specified in Commission Order 30488, Idaho Power shall make use of a Wind Energy Production Forecasting model to forecast the energy production from this Facility and other Qualifying Facility wind generation resources. Seller and Idaho Power will share the cost of Wind Energy Production Forecasting. The Facility's share of Wind Energy Production Forecasting is determined as specified below. Sellers share will not be greater than 0.1% of the total energy payments made to Seller by Idaho Power during the previous Contract Year.

- a. For every month of this Agreement beginning with the first full month after the First Energy Date as specified in Appendix B of this Agreement, the Wind Energy Production Forecasting Monthly Cost Allocation (MCA) will be due and payable by the Seller. Any Wind Energy Production Forecasting Monthly Cost Allocations (MCA) that are not reimbursed to Idaho Power shall be deducted from energy payments to the Seller.
 - As the value of the 0.1% cap of the Facilities total energy payments will not be known until the first Contract Year is complete, at the end of the first Contract Year any prior allocations that exceeded the 0.1% cap shall be adjusted to reflect the 0.1% cap and if the Facility has paid the monthly allocations a refund will be included in equal monthly amounts over the ensuing Contract Year. If the Facility has not paid the monthly allocations, the amount due Idaho Power will be adjusted accordingly and the unpaid balance will be deducted from the ensuing Contract Year's energy payments.
- b. During the first Contract Year, as the value of the 0.1% cap of the Facilities total energy payments will not be known until the first Contract Year is complete,

Idaho Power will deduct the Facility's calculated share of the Wind Energy Production Forecasting costs specified in item d each month during the first Contract Year and subsequently refund any overpayment (payments that exceed the cap) in equal monthly amounts over the ensuing Contract Year.

- c. The cost allocation formula described below will be reviewed and revised if necessary on the last day of any month in which the cumulative MW nameplate of wind projects having Commission approved agreements to deliver energy to Idaho Power has been revised by an action of the Commission.
- d. The monthly cost allocation will be based upon the following formula :

Where: **Total MW (TMW)** is equal to the total nameplate rating of all QF wind projects that are under contract to provide energy to Idaho Power Company.

Facility MW (FMW) is equal to the nameplate rating of this Facility as specified in Appendix B.

Annual Wind Energy Production Forecasting Cost (AFCost) is equal to the total annual cost Idaho Power incurs to provide Wind Energy Production Forecasting. Idaho Power will estimate the AFCost for the current year based upon the previous year's cost and expected costs for the current year. At year-end, Idaho Power will compare the actual costs to the estimated costs and any differences between the estimated AFCost and the actual AFCost will be included in the next year's AFCost.

Annual Cost Allocation (ACA) = AFCost X (FMW / TMW)

And

Monthly Cost Allocation (MCA) = ACA / 12

- e. The Wind Energy Production Forecasting Monthly Cost Allocation (MCA) is due and payable to Idaho Power. The MCA will first be netted against any monthly energy payments owed to the Seller. If the netting of the MCA against

the monthly energy payments results in a balance being due Idaho Power, the Facility shall pay this amount within 15 days of the date of the payment invoice.

APPENDIX F

MONTHLY PURCHASE PRICES

Mills per Kwh

<u>Month/Year</u>	<u>Heavy Load Purchase Price</u>	<u>Light Load Purchase Price</u>
Jan-12	\$53.17	\$39.13
Feb-12	\$54.31	\$39.33
Mar-12	\$49.77	\$33.02
Apr-12	\$45.58	\$32.35
May-12	\$38.71	\$21.50
Jun-12	\$41.02	\$21.93
Jul-12	\$52.90	\$40.11
Aug-12	\$57.08	\$43.48
Sep-12	\$59.00	\$41.50
Oct-12	\$53.16	\$37.51
Nov-12	\$56.62	\$38.77
Dec-12	\$55.55	\$42.93
Jan-13	\$54.89	\$40.08
Feb-13	\$56.15	\$40.41
Mar-13	\$51.61	\$35.44
Apr-13	\$47.54	\$34.15
May-13	\$40.03	\$22.90
Jun-13	\$42.68	\$24.77
Jul-13	\$54.90	\$41.33
Aug-13	\$59.13	\$45.53
Sep-13	\$60.62	\$42.20
Oct-13	\$52.56	\$36.50
Nov-13	\$57.47	\$38.71
Dec-13	\$57.72	\$45.63
Jan-14	\$56.40	\$41.26
Feb-14	\$57.72	\$41.44
Mar-14	\$54.01	\$36.71
Apr-14	\$49.67	\$35.82
May-14	\$41.52	\$23.94
Jun-14	\$45.21	\$26.07
Jul-14	\$56.35	\$42.67
Aug-14	\$61.11	\$47.36
Sep-14	\$63.45	\$44.32
Oct-14	\$54.46	\$37.18
Nov-14	\$58.32	\$39.00
Dec-14	\$58.99	\$46.12
Jan-15	\$57.14	\$42.86

Feb-15	\$59.13	\$42.51
Mar-15	\$55.21	\$37.61
Apr-15	\$48.87	\$35.05
May-15	\$41.68	\$24.20
Jun-15	\$45.70	\$25.23
Jul-15	\$56.93	\$43.03
Aug-15	\$61.39	\$47.89
Sep-15	\$67.68	\$45.56
Oct-15	\$57.85	\$39.37
Nov-15	\$61.27	\$41.37
Dec-15	\$59.51	\$47.16
Jan-16	\$56.97	\$43.20
Feb-16	\$58.85	\$42.22
Mar-16	\$54.99	\$37.45
Apr-16	\$49.42	\$35.45
May-16	\$42.61	\$25.43
Jun-16	\$45.91	\$26.90
Jul-16	\$56.65	\$43.61
Aug-16	\$62.80	\$48.08
Sep-16	\$67.84	\$45.19
Oct-16	\$56.27	\$38.60
Nov-16	\$61.35	\$40.96
Dec-16	\$59.90	\$47.05
Jan-17	\$59.32	\$45.41
Feb-17	\$61.07	\$44.09
Mar-17	\$56.72	\$39.76
Apr-17	\$51.92	\$37.16
May-17	\$45.13	\$25.83
Jun-17	\$47.69	\$28.22
Jul-17	\$59.37	\$45.53
Aug-17	\$64.82	\$49.86
Sep-17	\$67.20	\$46.48
Oct-17	\$57.98	\$40.03
Nov-17	\$63.59	\$42.77
Dec-17	\$61.30	\$49.20
Jan-18	\$60.38	\$47.06
Feb-18	\$62.01	\$45.44
Mar-18	\$57.36	\$40.99
Apr-18	\$51.83	\$38.04
May-18	\$44.49	\$26.73
Jun-18	\$47.79	\$28.26
Jul-18	\$59.86	\$46.96
Aug-18	\$66.86	\$52.29
Sep-18	\$69.00	\$49.22

Oct-18	\$61.68	\$42.71
Nov-18	\$64.53	\$43.88
Dec-18	\$62.16	\$51.36
Jan-19	\$62.08	\$48.94
Feb-19	\$63.96	\$46.50
Mar-19	\$58.13	\$43.52
Apr-19	\$53.21	\$39.86
May-19	\$45.76	\$27.80
Jun-19	\$48.61	\$29.92
Jul-19	\$61.22	\$48.74
Aug-19	\$67.45	\$53.91
Sep-19	\$71.24	\$51.23
Oct-19	\$60.40	\$42.37
Nov-19	\$64.59	\$45.97
Dec-19	\$64.29	\$53.78
Jan-20	\$64.16	\$51.85
Feb-20	\$65.29	\$49.90
Mar-20	\$59.59	\$45.59
Apr-20	\$54.65	\$42.94
May-20	\$47.18	\$31.29
Jun-20	\$51.50	\$32.15
Jul-20	\$62.60	\$51.41
Aug-20	\$68.44	\$56.18
Sep-20	\$72.37	\$52.99
Oct-20	\$60.76	\$44.64
Nov-20	\$66.44	\$49.24
Dec-20	\$65.65	\$56.18
Jan-21	\$64.05	\$53.81
Feb-21	\$64.86	\$51.05
Mar-21	\$59.95	\$45.91
Apr-21	\$54.50	\$43.23
May-21	\$47.23	\$31.08
Jun-21	\$51.71	\$31.70
Jul-21	\$62.72	\$51.68
Aug-21	\$68.80	\$56.42
Sep-21	\$72.43	\$53.93
Oct-21	\$65.12	\$48.71
Nov-21	\$68.80	\$51.60
Dec-21	\$65.46	\$56.74
Jan-22	\$64.88	\$55.05
Feb-22	\$66.14	\$52.12
Mar-22	\$60.68	\$47.55
Apr-22	\$54.53	\$43.21
May-22	\$49.06	\$32.23

Jun-22	\$52.01	\$32.92
Jul-22	\$63.55	\$52.51
Aug-22	\$70.01	\$57.67
Sep-22	\$73.63	\$55.03
Oct-22	\$63.12	\$46.77
Nov-22	\$69.54	\$52.93
Dec-22	\$65.95	\$57.87
Jan-23	\$68.72	\$59.51
Feb-23	\$70.05	\$55.99
Mar-23	\$64.37	\$50.38
Apr-23	\$58.73	\$48.07
May-23	\$52.98	\$34.10
Jun-23	\$55.86	\$36.96
Jul-23	\$68.04	\$57.28
Aug-23	\$74.64	\$61.69
Sep-23	\$80.50	\$58.86
Oct-23	\$67.97	\$50.63
Nov-23	\$74.61	\$56.91
Dec-23	\$69.98	\$62.17
Jan-24	\$70.43	\$61.17
Feb-24	\$72.24	\$57.56
Mar-24	\$66.08	\$53.17
Apr-24	\$59.16	\$47.50
May-24	\$53.06	\$35.44
Jun-24	\$55.96	\$37.73
Jul-24	\$68.77	\$57.45
Aug-24	\$76.25	\$62.96
Sep-24	\$82.65	\$60.15
Oct-24	\$71.80	\$54.76
Nov-24	\$75.08	\$58.59
Dec-24	\$72.12	\$63.95
Jan-25	\$72.14	\$62.27
Feb-25	\$74.22	\$58.94
Mar-25	\$67.23	\$53.91
Apr-25	\$61.93	\$50.17
May-25	\$54.71	\$37.49
Jun-25	\$58.66	\$39.22
Jul-25	\$71.44	\$59.76
Aug-25	\$78.21	\$65.83
Sep-25	\$85.52	\$62.24
Oct-25	\$70.78	\$53.76
Nov-25	\$77.20	\$60.16
Dec-25	\$74.76	\$66.10
Jan-26	\$73.17	\$63.71

Feb-26	\$75.49	\$61.03
Mar-26	\$68.53	\$55.07
Apr-26	\$62.83	\$51.06
May-26	\$56.43	\$40.27
Jun-26	\$60.87	\$41.07
Jul-26	\$72.02	\$60.92
Aug-26	\$78.85	\$66.40
Sep-26	\$85.69	\$62.90
Oct-26	\$71.01	\$54.70
Nov-26	\$78.12	\$59.52
Dec-26	\$75.38	\$67.87
Jan-27	\$74.84	\$66.16
Feb-27	\$75.88	\$62.75
Mar-27	\$69.36	\$56.19
Apr-27	\$63.42	\$51.85
May-27	\$56.50	\$40.88
Jun-27	\$61.57	\$42.37
Jul-27	\$71.59	\$62.06
Aug-27	\$80.45	\$67.56
Sep-27	\$86.82	\$63.79
Oct-27	\$75.67	\$59.05
Nov-27	\$82.43	\$62.23
Dec-27	\$76.08	\$68.94
Jan-28	\$76.57	\$68.69
Feb-28	\$77.51	\$64.27
Mar-28	\$70.71	\$57.74
Apr-28	\$64.27	\$53.32
May-28	\$58.80	\$42.56
Jun-28	\$62.14	\$44.82
Jul-28	\$75.53	\$65.26
Aug-28	\$85.65	\$69.92
Sep-28	\$86.34	\$65.84
Oct-28	\$74.56	\$58.55
Nov-28	\$82.94	\$63.89
Dec-28	\$77.38	\$71.35
Jan-29	\$78.26	\$70.35
Feb-29	\$79.45	\$65.80
Mar-29	\$73.02	\$59.84
Apr-29	\$66.38	\$55.05
May-29	\$59.34	\$44.34
Jun-29	\$64.00	\$47.02
Jul-29	\$76.62	\$66.40
Aug-29	\$86.35	\$72.10
Sep-29	\$88.00	\$67.06

Oct-29	\$74.22	\$58.78
Nov-29	\$81.84	\$63.96
Dec-29	\$80.06	\$73.45
Jan-30	\$80.68	\$72.54
Feb-30	\$81.91	\$67.86
Mar-30	\$75.29	\$61.71
Apr-30	\$68.46	\$56.78
May-30	\$61.19	\$45.75
Jun-30	\$66.00	\$48.51
Jul-30	\$79.00	\$68.47
Aug-30	\$89.02	\$74.34
Sep-30	\$90.72	\$69.15
Oct-30	\$76.52	\$60.62
Nov-30	\$84.38	\$65.96
Dec-30	\$82.55	\$75.73
Jan-31	\$83.18	\$74.80
Feb-31	\$84.45	\$69.97
Mar-31	\$77.62	\$63.64
Apr-31	\$70.59	\$58.56
May-31	\$63.11	\$47.20
Jun-31	\$68.06	\$50.05
Jul-31	\$81.45	\$70.61
Aug-31	\$91.77	\$76.65
Sep-31	\$93.52	\$71.31
Oct-31	\$78.90	\$62.52
Nov-31	\$86.99	\$68.01
Dec-31	\$85.10	\$78.08
Jan-32	\$85.74	\$77.10
Feb-32	\$87.05	\$72.13
Mar-32	\$80.02	\$65.62
Apr-32	\$72.77	\$60.38
May-32	\$65.07	\$48.68
Jun-32	\$70.16	\$51.61
Jul-32	\$83.96	\$72.79
Aug-32	\$94.59	\$79.01
Sep-32	\$96.39	\$73.51
Oct-32	\$81.33	\$64.46
Nov-32	\$89.66	\$70.12
Dec-32	\$87.72	\$80.49

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR) CASE NO. IPC-E-11-26
A DETERMINATION REGARDING THE FIRM)
ENERGY SALES AGREEMENT FOR THE) APPLICATION
SALE AND PURCHASE OF ELECTRIC)
ENERGY BETWEEN IDAHO POWER)
COMPANY AND HIGH MESA ENERGY, LLC.)
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") for an Order accepting or rejecting the Firm Energy Sales Agreement ("FESA") between Idaho Power and High Mesa Energy, LLC ("High Mesa" or "Seller") under which High Mesa would sell and Idaho Power would purchase electric energy generated by the High Mesa wind project ("Facility") located near Bliss, Idaho.

In support of this Application, Idaho Power represents as follows:

I. BACKGROUND

1. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission ("FERC"), require that regulated electric utilities

purchase power produced by cogenerators or small power producers that obtain Qualifying Facility ("QF") status. The rate a QF receives for the sale of its power is generally referred to as the "avoided cost" rate and is to reflect the incremental cost to an electric utility of electric energy or capacity or both which, but for the purchase from the QF, such utility would generate itself or purchase from another source. The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of the FERC, 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

II. THE FIRM ENERGY SALES AGREEMENT

2. High Mesa proposes to own, operate, and maintain a 40 megawatt (Maximum Capacity Amount) generating facility to be located in Idaho Power's service territory near Bliss, Idaho. The Facility will be a QF under the applicable provisions of PURPA. Idaho Power and High Mesa entered into a FESA for the sale and purchase of the energy generated by the Facility on November 16, 2011. The FESA for this Facility was executed by Christi J. Ritchie, Manager for High Mesa Energy, LLC, on November 14, 2011. It was subsequently executed by Idaho Power on November 16, 2011, and now filed for the Commission's review on November 22, 2011. A copy of the FESA is attached to this Application as Attachment No. 1. This FESA is the result of negotiations between Idaho Power and High Mesa and contains the avoided cost rates established pursuant to the Commission's approved Integrated Resource Plan ("IRP") avoided cost methodology as currently established by the Commission.

3. High Mesa has elected November 1, 2012, as the Scheduled First Energy Date and December 28, 2012, as the Scheduled Operation Date for this Facility. See

Appendix B. The FESA requires High Mesa to meet various requirements in order for Idaho Power to accept energy deliveries from this Facility. Idaho Power will monitor compliance with these initial requirements. In addition, Idaho Power will monitor the ongoing requirements through the full term of the FESA.

4. The contract term specified in the FESA is 20 years and includes split ownership of the Renewable Energy Certificates ("RECs") generated over the term of the FESA.

5. This PURPA wind agreement includes the Mechanical Availability Guarantee ("MAG"), Wind Integration Cost reduction, and Wind Forecasting cost sharing as required in Commission Order No. 30488. In addition, High Mesa and Idaho Power have agreed to Delay Liquidated Damages and associated Delay Security within the FESA that have previously been approved as reasonable by the Commission in several PURPA FESAs. If the Facility fails to achieve its Operation Date within 90 days of the Scheduled Operation Date, the failure will be a Material Breach of the FESA and Idaho Power may terminate the Agreement if not cured by High Mesa. High Mesa and Idaho Power have also agreed to Delay Security provisions requiring High Mesa to post Delay Security in an amount equal to \$45 per kilowatt ("kW") of nameplate capacity within 30 days of Commission approval of the FESA. These Delay Damage and Security provisions have previously been approved as reasonable by the Commission in several PURPA FESAs. See Case Nos. IPC-E-10-02; IPC-E-10-05; IPC-E-10-15 through IPC-E-10-19; IPC-E-10-22; IPC-E-10-24; IPC-E-10-26; IPC-E-10-37 through IPC-E-10-45; and IPC-E-10-47 through IPC-E-10-50.

6. High Mesa and Idaho Power have agreed to terms providing for each party's ownership of any Environmental Attributes, including RECs, generated by the

Facility for the full 20-year term of the FESA. The parties agree that High Mesa retains ownership of RECs during the first 10 years of the FESA and ownership of the RECs is transferred to Idaho Power during the second 10 years of the FESA. This has mutual benefits for both Idaho Power's customers and the Facility. These provisions clarify the ownership of the Environmental Attributes generated by the Facility such that each party can potentially maximize what benefit it can from such ownership. It clarifies the QF developer's ownership and subsequent ability to retain RECs and obtain what value it can for them to help offset the costs of development and operation. It also clarifies Idaho Power's ownership and ability to obtain what value it can for its customers, to retire them and claim the Environmental Attributes of the renewable generation as part of its system, or utilize them to meet the requirements of potential future Renewable Portfolio Standards that may require the Company to obtain and have RECs.

7. The energy prices in the FESA are derived from Idaho Power's AURORA economic dispatch model for this Facility's estimated energy shape as specified by Commission requirements for the IRP-based avoided cost methodology. The energy price identified by the IRP methodology for this Facility is equivalent to a 20-year levelized price of \$56.43 per megawatt-hour. However, the actual energy pricing stream varies throughout the term of the contract based upon the month and time of day during which the energy is delivered to Idaho Power. The energy prices in this FESA contain the previously approved differentiation between both Heavy Load and Light Load energy. See Sections 7.1 and 7.2.

8. The FESA provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Seller. The Facility is currently in the generator interconnection process. Assuming that

Seller continues to provide necessary technical information and make payments for interconnection materials and studies in a timely manner, Idaho Power's Delivery business unit will be able to proceed with its interconnection and transmission study processes, which ultimately results in a Schedule 72 Generator Interconnection Agreement, or "GIA" between High Mesa and Idaho Power. PURPA QF generation must be designated as a network resource ("DNR") on Idaho Power's system. Upon resolution of any and all upgrades required to acquire transmission capacity for this Facility's generation, and upon execution of the FESA and the GIA, this Facility may then be designated as a network resource.

9. As previously stated in paragraph 3 of this Application, and set forth in Appendix B to the FESA, High Mesa has selected November 1, 2012, for the Scheduled First Energy Date and December 28, 2012, as the Scheduled Operation Date. High Mesa has been advised that it is High Mesa's responsibility to work with Idaho Power's Delivery business unit to ensure that sufficient time and resources will be available for Delivery to construct the interconnection facilities, and transmission upgrades if required, in time to allow the Facility to achieve the February 14, 2014, Scheduled Operation date. Seller has been further advised that delays in the interconnection or transmission process do not constitute excusable delays in achieving the Scheduled Operation date and if Seller fails to achieve the Scheduled Operation date at the times specified in the FESA, delay damages will be assessed

10. High Mesa has also been made aware of and accepted the provisions of the FESA and the Company's approved Tariff Schedule 72 regarding non-compensated curtailment or disconnection of its Facility should certain operating conditions develop on the Company's system. According to the standard provisions in Section 12 of the

FESA, curtailment without compensation may occur if there is an event of Force Majeure, a Forced Outage, or a temporary disconnection of the Facility in accordance with Tariff Schedule 72. If the generation from the Facility will have an adverse effect upon Idaho Power's service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified within Schedule 72, or take such other reasonable steps as Idaho Power deems appropriate. The parties' intent and understanding is that non-compensated curtailment would be exercised when the generation being provided by the Facility in certain operating conditions exceeds or approaches the minimum load levels of the Company's system such that it may have a detrimental effect upon the Company's ability to manage its thermal, hydro, and other resources in order to meet its obligation to reliably serve loads on its system.

11. Section 21 of the FESA provides that the FESA will not become effective until the Commission has approved all of the FESA's terms and conditions and declared that all payments Idaho Power makes to High Mesa for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

III. MODIFIED PROCEDURE

12. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

13. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker, Lead Counsel
Jason B. Williams, Corporate Counsel
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Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
rallphin@idahopower.com

V. REQUEST FOR RELIEF

14. Idaho Power Company respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure; (2) accepting or rejecting the Firm Energy Sales Agreement between Idaho Power Company and High Mesa Energy, LLC, without change or condition; and, if accepted, (3) declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and High Mesa Energy, LLC, be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 22nd day of November 2011.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 22nd day of November 2011 I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

High Mesa Energy, LLC

High Mesa, LLC
c/o Exelon Wind
4601 Westown Parkway, Suite 300
West Des Moines, Iowa 50266

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