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IDAHO PUBLIC
UTILITIES COMMISSION

JASON B. WILLIAMS
Corporate Counsel
jwilliams@idahopower.com

March 8, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-12-10
*INTERCONNECT SOLAR DEVELOPMENT, LLC V. IDAHO POWER
COMPANY*

Dear Ms. Jewell:

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

Very truly yours,

Jason B. Williams

JBW:csb
Enclosures

JASON B. WILLIAMS (ISB No. 8718)
DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5104
Facsimile: (208) 388-6936
jwilliams@idahopower.com
dwalker@idahopower.com

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

INTERCONNECT SOLAR)	
DEVELOPMENT, LLC)	CASE NO. IPC-E-12-10
)	
Complainant,)	IDAHO POWER COMPANY'S
v.)	ANSWER AND MOTION TO
)	DISMISS
IDAHO POWER COMPANY,)	
)	
Respondent.)	
)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company") and pursuant to Rule 57 hereby answers the Complaint of Interconnect Solar Development, LLC ("Interconnect Solar") as follows:

I. ANSWER

1. Idaho Power admits that it terminated the Firm Energy Sales Agreement ("FESA") with Interconnect Solar. Idaho Power admits that it sent Interconnect Solar a Termination Notice dated February 9, 2012. Idaho Power filed this Notice with the Idaho Public Utilities Commission ("Commission") on February 23, 2012. Please see

Attachment No. 1. Idaho Power denies that it “mishandled” Interconnect Solar’s Generator Interconnection Agreement (“GIA”) or its Facility Study.

2. Idaho Power admits that it provided a Draft Facility Study Report (“FSR”) to Interconnect Solar on December 23, 2010. The FSR speaks for itself and requires no additional response from Idaho Power. Idaho Power admits that the FSR provides a good faith estimate to construct the interconnection facilities for the Interconnect Solar project of \$1,245,000 in 2010 dollars. Idaho Power admits that the FSR contained project milestone estimates for construction of the interconnection, including a milestone estimate indicating that construction could be complete 18 months after funds were received from Interconnect Solar. Idaho Power further asserts that the FSR stated that “BLM permitting issues are outside the immediate control of Idaho Power and can influence the Commercial Operation Date.” Idaho Power denies any allegation that it guaranteed a date certain by which Interconnect Solar’s interconnection would be complete.

3. Idaho Power admits that it negotiated and entered into a FESA with Interconnect Solar. Idaho Power has insufficient information or knowledge to admit or deny the truth as to the basis of why Interconnect Solar insisted upon a shorter construction timeline than what was proposed by Idaho Power and therefore denies such allegations.

4. Idaho Power admits that Interconnect Solar agreed to the Delay Security provision of the FESA. Idaho Power affirmatively asserts that Section 5.8 of the FESA states, in part, “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.” Interconnect Solar has failed to post the required security. Idaho Power denies any

allegation that Interconnect Solar posted the Delay Security as required by the FESA. Idaho Power admits that Interconnect Solar signed a waiver and release assuming all risk and all loss, including forfeiture of the Delay Security, if interconnection was not completed when required. Provided as Attachment No. 2 to this Answer is a true and correct copy of the wavier and release executed by Interconnect Solar and Idaho Power. This waiver and release was also filed with the Commission with the Application and FESA in Case No. IPC-E-11-10.

5. Idaho Power has insufficient information or knowledge to admit or deny the truth as to the allegations that Interconnect Solar had discussions with the U.S. Bureau of Land Management ("BLM") and/or Kelly Moore and therefore denies those allegations.

6. Idaho Power admits that it had representatives present on October 28, 2011, at a meeting at the BLM offices in Boise but does not agree with the characterization of the discussions that took place and therefore denies those allegations.

7. Idaho Power admits that an alternative interconnection path exists for the Interconnect Solar project, and that this alternative interconnection path would require the design, permitting, and studies that the Company performs for all other interconnection paths, as well as BLM permitting for its construction/modification.

8. Idaho Power admits that it assessed Interconnect Solar its standard fee to complete facility studies for its project. Idaho Power denies any allegation that it guaranteed completion of construction of the interconnection path for the Interconnect Solar project within 18 months of the date it received funding from Interconnect Solar.

9. Idaho Power denies that it made any "error" related to the Interconnect Solar project.

10. Idaho Power admits that a meeting occurred between representatives of Idaho Power and Interconnect Solar on December 2, 2012, and that a variety of issues related to the project were discussed, including Interconnect Solar's failure to post the Delay Security as required by the FESA. Idaho Power denies that it agreed to "move the 'In service Date' in the PPA."

11. Idaho Power admits that it sent Interconnect Solar a Revised Facility Study Report on January 4, 2012. Such Revised Facility Study speaks for itself and requires no further response by Idaho Power. Idaho Power has insufficient information or knowledge to admit or deny the truth as to the project's "Treasury cash grant, as well as the 'IN PLACE' financing . . ." and therefore denies those allegations. Further, Idaho Power denies any allegation that it is at fault or liable for Interconnect Solar's failure to receive any state or federal grants or financing.

12. Idaho Power denies the allegation that it ever "asked and it was agreed not to go to the Idaho Public Utilities commission to resolve these issues." Idaho Power denies any allegation that an agreement was made whereby Idaho Power waived its right to have the Commission decide any disputes between the parties. Idaho Power denies that it made any "mistake" and denies any allegation that it dealt with Interconnect Solar in bad faith. Idaho Power has insufficient information or knowledge to admit or deny the truth as to Interconnect Solar's "beliefs" and therefore denies any such allegations.

13. Idaho Power has insufficient information or knowledge to admit or deny the truth as to why Interconnect Solar was unable to post the required Delay Security and therefore denies those allegations.

14. Idaho Power admits that a February 9, 2012, e-mail was sent to Interconnect Solar regarding the potential timelines for the interconnection related work. That communication is provided as Attachment No. 3. This communication speaks for itself and requires no further response from Idaho Power. Idaho Power denies the characterization of, and any other allegations in the Complaint related to, this communication.

15. Idaho Power denies the allegation that a revised GIA was not sent to Interconnect as indicated in the February 9, 2012, communication referenced above. The revised GIA was sent to Randy Hemmer and Bill Piske on February 14, 2012, at 2:53 p.m.

16. Idaho Power has insufficient information or knowledge to admit or deny the truth of Interconnect Solar's "concerns" listed as questions on the bottom of page 4 and continuing to the top of page 5 of the Complaint and therefore denies those allegations.

17. Idaho Power denies that it has manipulated the required documents for Interconnect Solar or any other qualifying facility project

18. Idaho Power denies that it must provide a revised "IN SERVICE date on the PPA that lines up with the ever moving GIA schedule-72."

19. Idaho Power denies that it must provide "the corrected GIA which lines up with the BLM meeting and schedules set forth and agreed upon by all Parties."

20. Idaho Power denies that it must provide “BLM with a timely EA and spring Botanical study so the BLM can expedite the ROW GRANT.”

21. Idaho Power denies all allegations that it delayed the project or caused damage to Interconnect Solar.

22. Idaho Power denies that it provided an incorrect FSR and GIA and further denies that any action of Idaho Power caused Interconnect Solar’s failure to meet Interconnect Solar’s contractual obligations under the FESA. Idaho Power denies that it made an error that damaged Interconnect Solar. Idaho Power has insufficient information or knowledge to admit or deny the truth as to Interconnect Solar’s funding arrangements and whether William Piske may have defrauded his lenders and therefore denies that allegation.

23. Idaho Power denies the allegation that “cancelling” of the FESA is a “tragedy.” Idaho Power denies the allegation that the Delay Security provisions of the FESA are not enforceable or legal.

24. Idaho Power admits that it received a December 21, 2011, letter from counsel for Interconnect Solar alleging a Force Majeure claim. Idaho Power disputes this claim of Force Majeure.

25. For each allegation made in the Complaint not specifically addressed above, Idaho Power hereby denies each such allegation.

II. AFFIRMATIVE DEFENSES

26. Interconnect Solar signed a June 7, 2011, agreement whereby it specifically was advised of and affirmatively accepted and assumed any and all risk associated with the contingency that the interconnection/transmission facilities would not be constructed by the Scheduled Operation Date that Interconnect Solar insisted

upon moving forward with. A copy of this agreement is provided as Attachment No. 2 and incorporated herein by this reference. Accordingly, Interconnect Solar's Complaint and claims therein are barred by the doctrines of waiver and/or estoppel. Interconnect Solar's claims are further barred by the doctrine of assumption of the risk and/or assumption of loss.

27. Interconnect Solar's Complaint, and all allegations and requests for relief therein, fail to state a claim upon which relief can be granted.

28. Some or all of Complainant's claims are barred by the doctrine of unclean hands.

29. Some or all of Complainant's claims are barred by the doctrine of judicial estoppel.

30. Any recovery on Complainant's Complaint, or any purported allegations and requests for relief therein, is barred in whole or in part by Claimant's failure to mitigate its damages. By alleging this affirmative defense, Idaho Power does not admit that Claimant was damaged in any manner, or is entitled to any form of relief.

31. Complainant has brought its Complaint against Idaho Power for the purposes of harassment, to cause unnecessary delay and needless increase in the cost of the parties' outstanding litigation, and without evidentiary support for its factual contentions.

32. Complainant may not be the real party in interest and/or have the right to bring a cause of action for some or all of the claims it alleges due to its sale or assignment of rights, if any, under the FESA to a third party.

33. Some or all of Complainant's claims are barred, in whole or in part, because Claimant has suffered no damages as a result of the matters alleged in its Complaint.

34. Complainant's claims are barred, in whole or in part, because any alleged damages suffered by it were caused by and were the result of its own conduct, fault or responsibility, or the intervening or superseding conduct of third parties.

35. Some or all of Complainant's claims are barred, in whole or in part, by the defense of laches.

36. Some or all of Complainant's claims are barred, in whole or in part, by the defense of unconscionability arising from Complainant's conduct.

37. Idaho Power hereby reserves the right to assert any and all additional defenses, ascertained during the course of discovery, by amendment to this pleading as the Commission's rules may allow and/or withdraw or amend the above affirmative defenses.

III. MOTION TO DISMISS

38. Idaho Power entered into a FESA dated May 11, 2011, with Interconnect Solar. Idaho Power submitted the FESA for Commission approval on June 17, 2011, in Case No. IPC-E-11-10. The Commission ordered the parties to make certain modifications to the FESA. Order Nos. 32361 and 32364. On October 11, 2011, Idaho Power submitted to the Commission a revised FESA dated October 4, 2011. The Commission approved the revised FESA on October 20, 2011. Order No. 32384.

39. The law firm of Williams Bradbury, P.C., were the attorneys of record throughout Case No. IPC-E-11-10.

40. After the Commission approved the revised FESA, Idaho Power and Interconnect Solar continued to negotiate various implementation issues related to the revised FESA and the Interconnect Solar project. The law firm of Williams Bradbury, P.C., represented Interconnect Solar during those subsequent negotiations.

41. On December 16, 2011, Idaho Power sent Interconnect Solar a Notice of Material Breach of Firm Energy Sales Agreement (“Notice”) advising Interconnect Solar that it was in material breach of the revised FESA. The Notice further provided that Idaho Power would terminate the revised FESA if Interconnect Solar refused to remedy the material breach. The Notice was sent to William Piske (one of Interconnect Solar’s developers), Randy Hemmer (one of Interconnect Solar’s developers), and counsel for Interconnect Solar (Ron Williams at Williams Bradbury, P.C.). Interconnect Solar failed to remedy the material breach.

42. On February 9, 2012, Idaho Power sent Interconnect Solar a Termination Notice advising that Idaho Power would terminate the revised FESA if Interconnect Solar failed to cure the material breach by February 17, 2012. The Termination Notice was sent to Messrs. Piske, Hemmer, and Williams. Interconnect Solar failed to remedy the material breach, and Idaho Power terminated the revised FESA.

43. On February 14, 2012, Mr. Piske, acting *pro se*, filed a “Complaint and request to intervene” against Idaho Power for the “Cancellation of the FESA (PPA) and Posting of Liquidated Damages.” The Commission designated the Complaint IPC-E-12-10.

44. On February 15, 2012, Mr. Williams, along with Mr. Hemmer, advised Idaho Power that Mr. Piske had filed the Complaint on his own, and was acting without the authority of Interconnect Solar to make that Complaint on behalf of Interconnect

Solar. Mr. Williams also advised Idaho Power that either himself or other authorized representatives of Interconnect Solar would be withdrawing the Complaint.

45. The Commission issued a Summons for the Complaint and it was served on Idaho Power on February 16, 2012. Pursuant to RP 057, Idaho Power must answer the Complaint by March 8, 2012.

46. On March 5, 2012, Idaho Power received an e-mail from Mr. Hemmer wherein Mr. Hemmer attempted to retract his previous statement that Mr. Piske did not have authority to file the Complaint.

47. Based on the facts and what was communicated to it by counsel for Interconnect Solar, Idaho Power has a good faith belief that Mr. Piske does not have the authority to act on behalf of Interconnect Solar and, thus, had no authority to file the Complaint. Accordingly, the Commission should dismiss the Complaint.

NOW, THEREFORE, Idaho Power respectfully requests that the Commission dismiss the Complaint as it was not filed by an authorized representative of Interconnect Solar.

ADDITIONALLY, having fully answered, Idaho Power prays:

1. That Interconnect Solar's Complaint be dismissed with prejudice and that it go hence without cost or delay; and
2. For such other relief as the Commission deems just and reasonable.

Respectfully submitted this 8th day of March 2012.



JASON B. WILLIAMS
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of March 2012 I served a true and correct copy of IDAHO POWER COMPANY'S ANSWER AND MOTION TO DISMISS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email Kristine.Sasser@puc.idaho.gov

Interconnect Solar Development LLC

Bill Piske, Manager
Interconnect Solar Development, LLC
1303 East Carter
Boise, Idaho 83706

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email billpiske@cableone.net

Randy Hemmer, Manager
Interconnect Solar Development LLC
3777 Twilight Drive
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email randyhemmer@clearwire.net

Ronald L. Williams
WILLIAMS BRADBURY, P.C.
1015 West Hays Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email ron@williamsbradbury.com



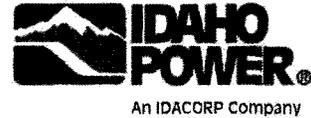
Jason B. Williams

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-12-10

IDAHO POWER COMPANY

ATTACHMENT NO. 1



JASON B. WILLIAMS
Corporate Counsel
jwilliams@idahopower.com

February 23, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-11-10
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER
COMPANY FOR A DETERMINATION REGARDING THE FIRM ENERGY
SALES AGREEMENT WITH INTERCONNECT SOLAR DEVELOPMENT,
LLC FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY*

Case No. IPC-E-12-10
*INTERCONNECT SOLAR DEVELOPMENT, LLC V. IDAHO POWER
COMPANY*

Dear Ms. Jewell:

Please be advised that Idaho Power Company ("Idaho Power") has terminated the Firm Energy Sales Agreement ("FESA") with Interconnect Solar Development, LLC ("Interconnect Solar") that was approved by the Idaho Public Utilities Commission ("Commission") in Final Order No. 32384.

Enclosed please find the December 16, 2011, Notice of Material Breach of Firm Energy Sales Agreement sent by Idaho Power to Interconnect Solar. This Notice advised Interconnect Solar that it was in material breach of the FESA for failure to post the required delay security deposit. The Notice further advised that Idaho Power would terminate the FESA if Interconnect Solar failed to cure this material breach as expeditiously as possible, as is required by the Firm Energy Sales Agreement.

Also enclosed please find the February 9, 2012, Termination Notice from Idaho Power to Interconnect Solar advising that Idaho Power would terminate the FESA if Interconnect Solar failed to cure the material breach of the FESA and post the required delay security deposit by February 17, 2012, at 5:00 p.m.

Jean D. Jewell
February 23, 2012
Page 2 of 2

Interconnect Solar failed to post the required delay security deposit by the February 17 deadline and, thus, failed to cure the material breach of the FESA. Accordingly, the FESA between Idaho Power and Interconnect Solar is now terminated.

This letter and its attachments are being sent to the Commission for inclusion as part of the Commission's file and record, evidencing the Notice of Material Breach and Termination of this Commission-approved Firm Energy Sales Agreement.

Sincerely,



Jason B. Williams

JBW:csb

Enclosures

cc: Kristine A. Sasser (w/encls.)
Randy Lobb (w/encls.)
Rick Sterling (w/encls.)
Ronald L. Williams (w/encls.)
Randy Hemmer (w/encls.)
Bill Piske (w/encls.)



December 16, 2011

Randy C. Allphin
Senior Energy Contracts Coordinator

Interconnect Solar Development LLC
3777 Twilight Drive
Boise, ID 83703

Original: Certified U.S. Mail

E-mail Copy:	Bill Piske	billpiske@cableone.net
	Randy Hemmer	randyhemmer@gmail.com
	Ron Williams	ron@williamsbradbury.com

RE: Interconnect Solar Development LLC
Project Name: Murphy Flats Solar Power Project
Project Number – 12616650
Notice of Material Breach of the Firm Energy Sales Agreement - Delay Security Deposit

Idaho Power and Interconnect Solar Development LLC are parties to the Firm Energy Sales Agreement (“FESA”) between Interconnect Solar Development LLC and Idaho Power Company dated October 4th, 2011 (“Agreement”) which was approved by the Idaho Public Utilities Commission (“Commission”) on October 20, 2011, by Commission Order 32384.

Paragraph 5.8 of this Agreement states:

“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.”

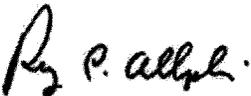
Idaho Power calculates the amount of this required Delay Security as specified in paragraph 5.8.1 to be; \$45 times the Maximum Capacity of 20,000 kW equals \$900,000.

Commission Order 32384 approving this Agreement was dated October 20, 2011, the final non appealable order date being November 10, 2011 (21 day reconsideration period past the date the Commission Order was issued) and 30 days past that date (due date for posting of Delay Security) calculates to be December 10, 2011. As December 10, 2011 was a Saturday, Idaho Power considers the due date to post the Delay Security to be Monday December 12, 2011.

As of the date of this letter, December 16, 2011, Interconnect Solar Development LLC has failed to post the Delay Security as required by this Agreement. Consequently, please be advised that Idaho Power is providing this written Notice to Interconnect Solar Development LLC, that it is now in Material Breach of the FESA. Pursuant to Paragraph 19.2.2 of the FESA, Interconnect Solar Development LLC must cure this Material Breach "as expeditiously as possible following occurrence of the breach." Idaho Power will terminate this FESA if this Material Breach is not cured as expeditiously as possible.

Please contact me with any questions you may have.

Sincerely,



Randy C Allphin
Idaho Power Company

Cc: Donovan Walker (IPCo)

Bill Piske
1303 E. Carter
Boise, ID 83706



February 9, 2012

Randy C. Allphin
Senior Energy Contracts Coordinator

Interconnect Solar Development LLC
3777 Twilight Drive
Boise, ID 83703

Original: Certified U.S. Mail

E-mail Copy: Bill Piske billpiske@cableone.net
 Randy Hemmer randyhemmer@gmail.com
 Ron Williams ron@williamsbradbury.com

RE: Interconnect Solar Development LLC
Project Name: Murphy Flats Solar Power Project
Project Number – 12616650

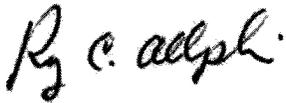
My records indicate that the project was provided a revised Facility Study on January 4th, 2012. The project has identified this revised Facility Study in various meetings and correspondence as a key element the project required in order to cure the current Material Breach of the Firm Energy Sales Agreement (“FESA”).

Mr. Williams’ letter dated December 21, 2011 states that the project will require two to four weeks after presentation of the revised Facility Study to cure this Material Breach.

Notification of the Material Breach was issued on December 16, 2011. It has now been over five weeks since the project received the revised Facility Study, and eight weeks since notification of the Material Breach.

Please provide Idaho Power acceptable security as required in the FESA to cure this Material Breach no later than close of business, Friday February 17th, 2012, 5:00 p.m. Mountain Standard Time to avoid termination of this FESA. If the required security is not so posted by the deadline mentioned above, the FESA will be terminated as of that date and time.

Sincerely,

Handwritten signature of Randy C. Allphin in cursive.

Randy C Allphin
Idaho Power Company

Cc: Donovan Walker (IPCo)

Bill Piske
1303 E. Carter
Boise, ID 83706

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-12-10

IDAHO POWER COMPANY

ATTACHMENT NO. 2

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

June 7, 2011

VIA ELECTRONIC MAIL & U.S. MAIL

Ronald L. Williams
WILLIAMS BRADBURY, P.C.
1015 West Hays Street
Boise, Idaho 83702

Re: Interconnect Solar Development, LLC

Ron:

Thank you for your letter of May 31, 2011, to Mr. Allphin and the accompanying Firm Energy Sales Agreements ("FESA") signed by your client, Interconnect Solar Development, LLC ("Interconnect Solar"). This letter is in response to your above-referenced letter, as well as a memorial of our several phone conversations over the past week.

Your letter expressed a great deal of urgency in requesting Idaho Power Company ("Idaho Power" or "Company") to finish its required reviews of the final execution copy of the FESA and to file the FESA with the Idaho Public Utilities Commission ("Commission") prior to the Commission issuing its order in Case No. GNR-E-11-01. Your letter also states that your understanding of Mr. Allphin's previous communication was that should the Commission issue an order in Case No. GNR-E-11-01 reinstating a ten average megawatt standard rate eligibility cap for solar projects, that the Company would not execute the FESA with Interconnect Solar that is based upon the Integrated Resource Plan ("IRP") pricing model. As clarified in our phone conversation, although the Company cannot guarantee that no matter what the Commission's pending order may say that the Company would sign the FESA, if the order comes out and simply reinstates the ten average megawatt published rate eligibility cap for solar projects that the Company would sign Interconnect Solar's FESA based upon the IRP pricing methodology and submit the same for the Commission's approval or rejection. Consequently, the inference that Idaho Power was somehow creating the urgency by which you and your clients needed to sign the contract based upon Mr. Allphin's statements is unfounded.

Ronald L. Williams

June 7, 2011

Page 2 of 3

We have had several discussions and communications with regard to the project's selection of the Scheduled Operation Date in the FESA in relation to the time that Idaho Power Delivery requires to design, permit, and construct the required interconnection/transmission facilities for this project. This was the subject of my April 12, 2011, e-mail to you. For your convenience, I have attached that e-mail to this correspondence so that I do not have to repeat those details here.

As we discussed, the FESA that your client has signed and submitted to Idaho Power, and that you have requested that Idaho Power execute and file with the Commission, contains your client's selection of a Scheduled First Energy Date of June 1, 2012, and a Scheduled Operation Date of July 1, 2012. Additionally, your client will be required by the terms of the FESA to post Delay Security in the amount of \$45 per kilowatt of nameplate capacity to secure Delay Liquidated Damages that will be incurred should the project not come on-line by the Scheduled Operation Date of July 1, 2012, that it has selected. You and your client have been informed that Idaho Power's current best estimation of its construction completion for the facilities is 18 months from the time in which the project pays the required fees set forth in the Generator Interconnection Agreement ("GIA") which have to this date not yet been paid. To be clear, Idaho Power is not legally obligated to complete the interconnection/transmission related work by your selected July 1, 2012, Scheduled Operation Date. Idaho Power is obligated to abide by the GIA for the construction and completion of those facilities. Additionally, should your project be unable to come on-line by July 1, 2012, even if the only reason that it cannot do so is the fact that the interconnection/transmission facilities are not completed at that time, that this will not excuse your required performance under the FESA, nor the forfeiture of the Delay Security that you will be required to post.

Idaho Power has advised that your selection of a Scheduled Operation Date prior to such time that the interconnection/transmission facilities are scheduled to be completed puts your Delay Security at substantial risk of forfeiture, and could result in your contract being terminated subsequent to such forfeiture. By insisting we move forward with execution and filing of the FESA containing your selected July 1, 2012, Scheduled Operation Date, you hereby accept and assume any and all risk associated with the contingency that the interconnection/transmission facilities will not be constructed by your selected Scheduled Operation Date.

Being so advised, it is your desire that Idaho Power execute the FESA draft that you signed and delivered to Idaho Power with your May 31, 2011, letter referenced above. You hereby confirm and acknowledge that you wish to move forward with the FESA, including the Idaho Public Utilities Commission approved \$45 per kilowatt of project capacity delay security, knowing that your selected Scheduled Operation Date is much sooner than Idaho Power is obligated to construct the interconnection/transmission facilities. In addition, your client has been advised, and accepts the risk, that delays in the interconnection/transmission process do not constitute excusable delays in achieving the Scheduled Operation Date, and if the

Ronald L. Williams
June 7, 2011
Page 3 of 3

project fails to achieve the Scheduled Operation Date at the time specified in the FESA, delay damages will be assessed and delay security applied.

Please acknowledge your receipt, acceptance, and agreement by signing a copy of this letter in the space indicated below and returning the same to me. Upon receipt of your acknowledgment, the executed FESA will be filed with the Commission for its review.

Sincerely,



Donovan E. Walker

DEW:csb
cc: Randy Allphin (via e-mail)
Lisa Loomis (via e-mail)

Agreed to and Accepted on behalf of Interconnect Solar Development, LLC:

Bill Piske/Randy Hemmer
On behalf of and for Interconnect
Solar Development, LLC

Ronald L. Williams
Legal Counsel for Interconnect Solar
Development, LLC

Ronald L. Williams
June 7, 2011
Page 3 of 3

project fails to achieve the Scheduled Operation Date at the time specified in the FESA, delay damages will be assessed and delay security applied.

Please acknowledge your receipt, acceptance, and agreement by signing a copy of this letter in the space indicated below and returning the same to me. Upon receipt of your acknowledgment, the executed FESA will be filed with the Commission for its review.

Sincerely,

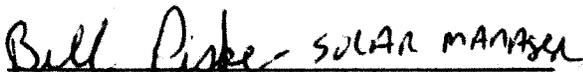


Donovan E. Walker

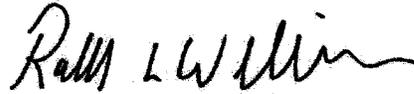
DEW:csb

cc: Randy Allphin (via e-mail)
Lisa Loomis (via e-mail)

Agreed to and Accepted on behalf of Interconnect Solar Development, LLC:



Bill Piske/Randy Hemmer
On behalf of and for Interconnect
Solar Development, LLC



Ronald L. Williams
Legal Counsel for Interconnect Solar
Development, LLC

Walker, Donovan

From: Walker, Donovan
Sent: Tuesday, April 12, 2011 11:45 AM
To: Ron Williams
Cc: Allphin, Randy; Loomis, Lisa; Bishop, Rowena
Subject: Murphy Solar Scheduled Operation Date
Attachments: Murphy Solar Draft GIA (00057481).DOC; FW: E&P Agreement Murphy Flats

Ron,

I left you a voice message today, and your legal assistant said that you are out of the office until Friday so I thought I would also send you this e-mail. I am reviewing the final execution draft of the Murphy Solar PURPA contract, and wanted to call your attention to the project's selected First Energy Date of February 10, 2012, and the project's selected Scheduled Operation Date of April 1, 2012.

My understanding from Lisa Loomis, the project manager for the interconnection of this project, is that Idaho Power Delivery will require at least 18 months *from the time that funds are paid by the project* pursuant to the final Facility Study Report that the project has accepted, as well as the draft GIA, that still needs to be finalized, in order to permit and construct the required interconnection facilities for this project. The First Energy, and more importantly the Scheduled Operation Date selected by the project is much sooner than those facilities can be constructed. Even if the required fees were paid today, the April 1, 2012, date is less than one year away, and not likely to be met with Delivery's projected construction time line. As we have discussed, the project is required to post delay security that will be subject to forfeiture if the Scheduled Operation date is not met.

A couple of other things to keep in mind: Because the interconnection work requires BLM permitting, environmental surveys must be conducted where the route(s) cross/impact BLM lands. These environmental surveys can only be done during the Spring survey season, which is upon us now. If the required surveys are not completed during this Spring's survey season, then they will not be able to be completed until the next Spring survey season, in the Spring of 2012, essentially adding an additional year to the 18 month timeline required for the construction of the interconnection facilities. Lisa Loomis forwarded an Engineering and Procurement Agreement to Mr. Piske on April 6 for this Spring Survey work, which requires execution by the project and initial payment of the estimated cost of \$50,000 by April 25, 2011, in order to be included in this year's Spring survey season. Like I said, if this is missed, it will result in an additional one-year before the required survey work for the required BLM permits can even begin.

For your convenience, I have attached to this e-mail both the E&P Agreement for the spring survey work, as well as the draft GIA which sets forth the required timeline. To be clear: (1) the E&P Agreement must be in place, with payment, by April 25, 2011, in order to meet this year's spring environmental survey season; (2) the GIA must be executed and in place, and the 18 month estimated construction time starts from the time that payment is made pursuant to the GIA. The GIA requires payment of the \$1,245,000 cost estimate up front in order for the required work – and timeline - to start.

Please contact me at your earliest convenience to discuss the project's selection of its First Energy and Scheduled Operation Date in the PURPA contract. As always, you may contact me with any other questions, comments, or concerns as well.

Regards,

Donovan E. Walker
Lead Counsel
Idaho Power Company
208-388-5317

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-12-10

IDAHO POWER COMPANY

ATTACHMENT NO. 3

Walker, Donovan

From: Walker, Donovan
Sent: Thursday, February 09, 2012 4:11 PM
To: Randy Hemmer; BILL PISKE; 'Ron Williams'
Cc: Bauer, Rich; Bishop, Rowena; Allphin, Randy; Loomis, Lisa; Sloan, Aubrae
Subject: FW: Draft GIA Murphy Solar
Attachments: CoverDGIA345.pdf; DGIA345.pdf

Gentlemen,

PLEASE BE ADVISED:

The Milestone dates set forth in Attachment 3 of the enclosed Draft Generator Interconnection Agreement #345 ("GIA") that was forwarded to you on February 2, 2012, are not correct. Those dates start with Construction Funding by the project on March 1, 2012, and end with a Customer's In-Service Date of October 30, 2013.

Our most recent information from Idaho Power's Environmental Permitting personnel is that the BLM permitting process for this project, in and of itself, can be much longer than the entire timeline set forth above and in the draft GIA forwarded to you on February 2, 2012. Idaho Power's current best estimate for the time required to conduct the required environmental and cultural study work, for BLM to conduct the required Environmental Assessment, and for BLM to ultimately issue a Record of Decision and possible ROW Grant is 24 months. In addition, there will be at least six months of required construction time subsequent to a BLM ROW Grant.

Also, as we have discussed on several occasions, there is no guarantee as to the timing of the BLM permitting process. It could be shorter - or it could be longer - than what Idaho Power's best estimate is. Additionally, there is no guarantee that BLM will grant the ROW request at all, and it could ultimately be rejected or denied.

I apologize for any inconvenience that inclusion of the incorrect Milestone dates in this Draft GIA may have. Idaho Power will revise the Milestone dates contained in Attachment 3 to the Draft GIA, and send you a new draft as soon as possible.

Sincerely,

Donovan E. Walker
Lead Counsel
Idaho Power Company
208-388-5317

-----Original Message-----

From: Bishop, Rowena
Sent: Thursday, February 02, 2012 2:16 PM
To: Randy Hemmer
Cc: Ronald Williams; Walker, Donovan; 'BILL PISKE'; Bauer, Rich; Loomis, Lisa; Sloan, Aubrae
Subject: Draft GIA Murphy Solar

Hi Randy,

The attached is being mailed today. Please provide the contact information for Section 9, and items listed in the cover letter to me and advise if we are ready to issue a final. I look forward to hearing from you soon.

Rowena Bishop
Operations Analyst
Interchange Operations - chq 4
Ext. 388-2658

-----Original Message-----

From: Bishop, Rowena
Sent: Thursday, February 02, 2012 8:08 AM
To: Randy Hemmer
Cc: Ronald Williams; Walker, Donovan; 'BILL PISKE'; Bauer, Rich; Loomis, Lisa
Subject: RE: GIA Murphy Solar

Randy,
I will get this to you today or tomorrow. Please call me if you have any questions at all about the GIA. Thank you.

Rowena Bishop
Operations Analyst
Interchange Operations - chq 4
Ext. 388-2658

-----Original Message-----

From: Loomis, Lisa
Sent: Wednesday, February 01, 2012 3:39 PM
To: Bishop, Rowena
Cc: Randy Hemmer; Ronald Williams; Walker, Donovan; 'BILL PISKE'; Bauer, Rich
Subject: RE: GIA

Hi Rowena,

Please see the email below regarding the GIA for Murphy Flats.

Thanks,
Lisa.

-----Original Message-----

From: BILL PISKE [<mailto:billpiske@cableone.net>]
Sent: Wednesday, February 01, 2012 3:28 PM
To: Loomis, Lisa
Cc: Randy Hemmer; Ronald Williams
Subject: GIA

Lisa, Interconnect Solar received the cost increase of the Murphy flats path on Jan 4, 2012. Interconnect solar has asked for the new GIA relating to the cost increase, 3 weeks ago, so we may move forward on the funding of the project. Can you send this document out Thursday-Friday 2/02=2/03/2012 as it has been quite a while fixing this mistake of the BLM path across the no go zone.?

--
Bill Piske@cableone.net 1-208-941-7458
Interconnect Solar Development LLC.