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IDAHO PUBLIC UTILITIES COMMISSION

JASON B. WILLIAMS
Corporate Counsel
jwilliams@idahopower.com

June 14, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-10-44
Hidden Hollow Energy 2 LLC Firm Energy Sales Agreement – Termination
of Agreement

Dear Ms. Jewell:

Please be advised that Idaho Power Company ("Idaho Power") has terminated the Firm Energy Sales Agreement ("FESA") with Hidden Hollow Energy 2 LLC ("Hidden Hollow") that was approved by the Idaho Public Utilities Commission ("Commission") in Final Order No. 32180.

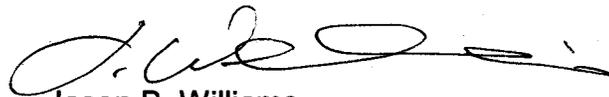
Enclosed please find the May 3, 2012, Notice of Failure to Meet the Scheduled Operation Date in the Firm Energy Sales Agreement sent by Idaho Power to Hidden Hollow. This Notice advised Hidden Hollow that it had failed to meet the required Scheduled Operation Date of February 28, 2012, contained in the FESA. The Notice further advised that if Hidden Hollow did not achieve an Operation Date by June 1, 2012, (within 90 days of the Scheduled Operation Date), that Delay Liquidated Damages in the amount of \$144,000 would be due and payable to Idaho Power, and that Idaho Power may terminate the FESA at that time.

Also enclosed please find the June 14, 2012, Termination Notice from Idaho Power to Hidden Hollow advising that Hidden Hollow has failed to achieve its Operation Date within 90 days of the Scheduled Operation Date pursuant to its obligations contained in the FESA, that the FESA is now terminated, and Delay Liquidated Damages referenced above are now due and payable to Idaho Power. This Notice of Termination also notifies Hidden Hollow that if payment in full of the Delay Liquidated Damages is not received with 7 days, that Idaho Power will draw those funds from the Delay Security provided by Hidden Hollow under the FESA.

Jean D. Jewell
June 14, 2012
Page 2 of 2

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 and Termination of this Commission-approved Firm Energy Sales Agreement.

Sincerely,



Jason B. Williams

JBW:csb
Enclosures

cc: Kristine A. Sasser (w/encls.)
Rick Sterling (w/encls.)

May 3, 2012

Thomas J. Gesicki
Hidden Hollow Energy 2 LLC
One North Lexington Avenue
White Plains, NY 10601

Original: Via Certified Mail, Return Receipt Requested

E-mail Copy: Lew Staley - lstaley@fortistar.com

Re: Hidden Hollow, Firm Energy Sales Agreement
February 7, 2012 Claim of an Event of Force Majeure
Notice of failure to meet Scheduled Operation Date

Dear Mr. Gesicki:

Idaho Power has received your letter dated February 7, 2012, in which you have claimed an event of Force Majeure has occurred pursuant to the Firm Energy Sales Agreement (FESA) dated December 8, 2010.

Force Majeure is defined in the FESA as, "any cause beyond the control of the Seller or of Idaho Power which, despite the exercise of due diligence, such Party is unable to prevent or overcome." FESA, Article 14.1. Force Majeure contemplates such things that were unforeseeable and outside of either parties control such as "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 Operation Date, which, by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and by exercise of due diligence, it shall be unable to overcome. Force Majeure does not include short-term disruptions or curtailment of the Facility's fuel supply." The event of Force Majeure must be an event 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."

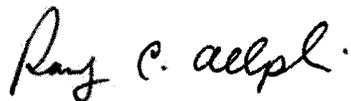
The events described are disruptions in your fuel supply which do not constitute an event of Force Majeure as defined in the FESA. Your letter states that landfill gas collected by the County contained hydrogen sulfide at concentration levels higher than allowed by its existing permit, which led to loss of a permit and is in the process of being rectified. The existence of the proper permitting and varying levels of hydrogen sulfide are known, foreseeable, and anticipated issues in the operation of a landfill gas supplied generation facility. An event of Force Majeure occurs when there is an event of effect that can neither be anticipated nor controlled. Because your fuel supplier's air quality permit concerns are a foreseeable, anticipated occurrence with this type of project and constitute a short-term disruption or curtailment of the fuel supply, Idaho Power does not agree that an event of Force Majeure has occurred.

Furthermore, please be advised that you have passed your Scheduled Operation Date of February 28, 2012, without bringing the project online and operational. Please let this letter service as notice that if you fail to achieve the Operation Date by June 1, 2012, pursuant to Article 5.4 of the FESA, such failure is a Material

Breach and Idaho Power may terminate the FESA at that time. Additionally, please be advised that if you fail to achieve the Operation Date by June 1, 2012, Delay Liquidated Damages in the amount of \$144,000 will be due and payable to Idaho Power pursuant to Article 5.3.2. If these Delay Damages are not paid within seven days of Idaho Power's presentation of a billing for such amount, then pursuant to Article 5.5, Idaho Power will draw funds from the Delay Security that you have provided

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

Sincerely,

A handwritten signature in cursive script that reads "Randy C. Allphin".

Randy C. Allphin
Idaho Power Company

June 14, 2012

Hidden Hollow Energy 2 LLC
C/o Fortistar Methane Group LLC
Attn: David Wentworth
One North Lexington Avenue
White Plains, NY 10601

Original: Via Certified Mail, Return Receipt Requested

E-mail Copy: Lew Staley lstaley@fortistar.com
Thomas Gesicki tgesicki@fortistar.com

Re: Hidden Hollow Energy 2 LLC Firm Energy Sales Agreement

Notice of:
Termination of Firm Energy Sales Agreement
Collection of Delay Liquidated Damages

Dear Mr. Wentworth:

As Idaho Power advised in our letter dated May 3, 2012 to Mr. Gesicki, as of June 1, 2012 Hidden Hollow Energy 2, LLC is in Material Breach of the Firm Energy Sales Agreement between Idaho Power and Hidden Hollow Energy 2 LLC dated December 8th, 2010 ("FESA").

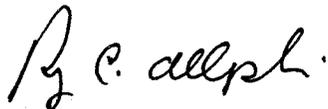
This Material Breach is a result of the project failing to achieve its Operation Date within 90 days of the Scheduled Operation Date of February 28th, 2012 and Article 5.4 of the FESA states that Idaho Power may terminate this FESA at any time as result of this Material Breach. Therefore as of the date of this letter this FESA has been terminated.

In addition as a result of the project failing to achieve its Operation Date Idaho Power is issuing this request for payment of Delay Liquidated Damages calculated pursuant to within Article 5.3 of the FESA to be \$144,000. As specified in Article 5.5 of the FESA the Seller must pay these Delay Liquidated Damages within 7 days of when Idaho Power presents this billing to the Seller. Thus this payment in the amount of \$144,000 is due and payable to Idaho Power no later than 5:00 PM, Mountain Standard Time, June 21st, 2012. Failure to make this payment by that time will result in Idaho Power exercising its rights to draw funds from the Delay Security provided by the project.

As you are aware, Hidden Hollow Energy 2 LLC has provided various documents to Idaho Power claiming that a Force Majeure had occurred that prevented the project from achieving its Operation Date. Idaho Power has denied all of these claims as these claims do not meet the criteria to be an event of Force Majeure and/or they are specifically excluded from being a Force Majeure (i.e. – Article 14.1 “...Force Majeure does not include short-term disruptions or curtailment of the Facility’s fuel supply”)

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

Sincerely,

A handwritten signature in cursive script that reads "Randy C. Allphin".

Randy C. Allphin
Idaho Power Company

Cc: Donovan Walker (IPCo)
Jason Williams (IPCo)

Hidden Hollow Energy 2 LLC
C/o Fortistar Methane Group LLC
Attn: Thomas J. Gesicki
One North Lexington Avenue
White Plains, NY 10601