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DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

March 7, 2013

VIA HAND DELIVERY

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

NEW CASE

Re: Case No. IPC-E-13-03
Termination of Dynamis Energy, LLC's Firm Energy Sales Agreement –
Idaho Power Company's Motion for Approval of Settlement Agreement

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Motion for Approval of Settlement Agreement.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE TERMINATION)
OF THE FIRM ENERGY SALES) CASE NO. IPC-E-13-03
AGREEMENT BETWEEN IDAHO)
POWER COMPANY AND DYNAMIS) IDAHO POWER COMPANY'S
ENERGY, LLC.) MOTION FOR APPROVAL OF
) SETTLEMENT AGREEMENT
)
_____)

I. MOTION

Idaho Power Company ("Idaho Power" or "Company") hereby moves the Idaho Public Utilities Commission ("Commission") pursuant to *Idaho Code* § 61-502, RP 56, and RP 274 for an Order approving the Settlement Agreement executed between Idaho Power and Dynamis Energy, LLC ("Dynamis"). This Motion is based on the following:

II. BACKGROUND

1. On November 16, 2011, Idaho Power and Dynamis entered into a Firm Energy Sales Agreement ("FESA") pursuant to the Public Utility Regulatory Policies Act of 1978, which provides that Dynamis own, operate, and maintain a 22 megawatt landfill waste to energy generating facility to be located in Idaho Power's service territory near Boise, Idaho, and that Idaho Power will buy electric energy produced by the facility. On

February 24, 2012, the Commission approved the FESA. Order No. 32470, Case No. IPC-E-11-25.

2. The FESA contains a Scheduled Operation Date of February 15, 2014. On or around January 4, 2013, Dynamis requested voluntarily termination of the FESA prior to the February 15, 2014, Scheduled Operation Date.

3. A voluntary termination of an existing FESA, prior to a default or material breach of the FESA, is not specifically contemplated in the FESA. Various provisions within the FESA are triggered once a project misses its Operation Date or is otherwise in material breach of the agreement. However, the FESA terms and conditions do not specifically address a voluntary termination initiated by the project prior to the Operation Date.

4. On March 6, 2013, Idaho Power and Dynamis executed a Settlement Agreement, attached hereto, that provides for the immediate termination of the FESA. The parties agreed that Idaho Power collect damages from the security being held by Idaho Power and that Idaho Power will return any remaining balance from the security being held. The amounts of damages and returned security are confidential and have been redacted from the Settlement Agreement.

5. The Settlement Agreement provides that Dynamis will exercise its right to terminate the Generator Interconnection Agreement ("GIA") in accordance with the provisions of the GIA and Schedule 72 and that all interconnection deposit refunds, equipment removal, etc., will be in accordance with the GIA and Schedule 72 processes.

6. The Settlement Agreement contains a provision stating that all terms and conditions of the Settlement Agreement are subject to approval by this Commission and

that only after such approval, without material change or modification, has been received shall the Settlement Agreement be valid.

7. The Settlement Agreement is a fair, equitable, and final resolution to this matter, and is in the public interest. Idaho Power respectfully requests that the Commission grant this Motion and approve the Settlement Agreement in its entirety, without material change or condition, pursuant to RP 274.

III. PROCEDURE

8. Pursuant to RP 274, the Commission has discretion to determine the manner with which it considers a proposed settlement. In this matter, the two parties to the FESA have reached agreement on how to resolve their private dispute. The Settlement Agreement is reasonable and in the public interest. The parties request that the Commission approve the Settlement Agreement without further proceedings.

9. In the alternative, should the Commission determine that further proceedings are required to consider the Settlement Agreement, pursuant to RP 201, the parties believe the public interest does not require a hearing to consider the issues presented by this Motion and request it be processed as expeditiously as possible by Modified Procedure.

IV. REQUESTED RELIEF

NOW, THEREFORE, Idaho Power respectfully requests that the Commission enter its Order approving the Settlement Agreement without material change or condition, and without further proceedings.

Respectfully submitted this 7th day of March 2013.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 7th day of March 2013 I served a true and correct copy of IDAHO POWER COMPANY'S MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT 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 kris.sasser@puc.idaho.gov

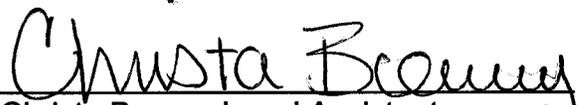
Dynamis Energy, LLC

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

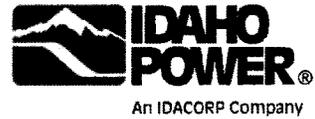
C. Lloyd Machaffey, Chairman and CEO
Wade D. Thomas, General Counsel
Dynamis Energy, LLC
776 East Riverside Drive, Suite 150
Eagle, Idaho 83616

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email lloyd@dynamisenergy.com
wthomas@dynamisenergy.com


Christa Beary, Legal Assistant

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-13-03

REDACTED SETTLEMENT AGREEMENT



March 1, 2013

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

Dynamis Energy, LLC
C. Lloyd Mahaffey, CEO
776 E. Riverside Drive, Suite 150
Eagle, ID 83616

Original: US Mail

E-mail Copy: Lloyd Machaffey Lloyd@dynamisenergy.com
Wade D. Thomas wthomas@dynamisenergy.com
Ron Williams ron@williamsbradbury.com

Re: Dynamis Energy, LLC – Settlement Agreement Relating to termination of the Firm Energy Sales Agreement and the Generator Interconnection Agreement - IPUC Case No. IPC-E-11-25

Mr. Mahaffey:

The Firm Energy Sales Agreement (“FESA”) between Idaho Power Company (“Idaho Power”) and Dynamis Energy LLC (“Dynamis”) dated November 16, 2011, was approved by the Idaho Public Utilities Commission (“IPUC”) on February 24th, 2012, by Order No. 32470. This FESA contains a Scheduled Operation Date of February 15th, 2014, for the Dynamis Ada County Landfill Project.

In a meeting between Idaho Power, yourself and other Dynamis representatives on January 4th, 2013, Dynamis requested that Idaho Power review the FESA and propose a solution that would allow Dynamis to voluntarily terminate this FESA.

The FESA does not specifically address voluntary termination prior to the Scheduled Operation Date. However, it does specify that if the project fails to meet its Operation Date within 90 days of the Scheduled Operation Date (February 15th, 2014) liquidated damages in the amount of \$1,035,000 would be payable to Idaho Power Company.

As you are aware, this FESA is a negotiated PURPA agreement that required significant analysis and review from both parties and approval from the IPUC. A unique feature of this FESA is that, because of the nature of the generation technology, the project elected to only deliver energy to Idaho Power

during Heavy Load hours to maximize the value of the energy payments to the project. This FESA also provided that Idaho Power was to receive 50% of the Environmental Attributes associated with the project for the full 20 year term of the agreement. The provision of energy deliveries during Heavy Load hours only, and the 22 megawatt size of this project - along with the projects close proximity to Idaho Power's Boise load center, and the ownership of 50% of the Environmental Attributions from the project all contribute significantly more value to Idaho Power and its customers than comparable standard QF agreements, and QF agreements for variable and intermittent resources that Idaho Power must execute. Consequently, the termination of this FESA will have significantly more impact to Idaho Power and its customers than the termination of smaller standard QF agreements.

The parties agreed in the FESA to forego a calculation of actual damages and agreed to apply liquidated damages in the event the Operation Date did not occur within 90 days of the Scheduled Operation Date. However, in consideration of the project's request for early termination and the other factors and impacts that termination of this FESA will have, Idaho Power proposes the following:

SETTLEMENT AGREEMENT

The parties (Idaho Power Company and Dynamis Energy LLC), after consultation and advice of their own respective legal counsel, hereby agree to the following:

- (1) The FESA between the parties dated November 16th, 2011, will be immediately terminated with no further notice required, nor legal challenges to the termination thereof;
- (2) Idaho Power will immediately collect damages of [REDACTED] from the [REDACTED] cash security that is currently held by Idaho Power.
- (3) Dynamis Energy LLC will exercise its right to terminate the Generation Interconnection Agreement ("GIA") in accordance with the GIA and Schedule 72. All interconnection deposit refunds, equipment removal, etc. will be in accordance with the GIA and Schedule 72 processes.
- (4) All terms and conditions of this Settlement Agreement are subject to approval by the Idaho Public Utilities Commission ("IPUC"). Only after such approval, without material change or modification, has been received shall this Settlement Agreement be considered to be valid.
- (5) Within 10 business days of execution of this Settlement Agreement by both parties Idaho Power will prepare and file this agreement at the IPUC seeking approval of the same.
- (6) Upon receipt of a final non-appealable order from the IPUC, Idaho Power shall refund to Dynamis Energy LLC any remaining cash security being held by Idaho Power net of the above referenced [REDACTED] in damages payable to Idaho Power.
- (7) Prior to Dynamis Energy LLC, (or any affiliate of Dynamis Energy LLC, or any organization with substantially the same principle investors, managers, engineering or designers) executing an energy sales agreement for a facility located at the same site, or in the immediate vicinity of the proposed Dynamis Ada County Landfill Project, payment in full of the [REDACTED] liquidated damages set forth in the FESA, net any damage payments made to Idaho Power under this settlement agreement, shall be first paid to Idaho Power.
- (8) Idaho Power and Dynamis Energy agree that the amount of damages and amount of returned

security specified in this Settlement Agreement shall be confidential. This Settlement Agreement will be filed as a public document with the Idaho Public Utilities Commission with those amounts redacted.

The offer of settlement represented by this Settlement Agreement is only valid until March 15, 2013, 5:00 p.m. Mountain Time. Failure of Dynamis Energy LLC to execute and return two signed copies to Idaho Power by that time will result in this proposed settlement being withdrawn by Idaho Power. Email of the executed copies by the designated time followed up by overnight delivery of the original signed agreements will meet this requirement.

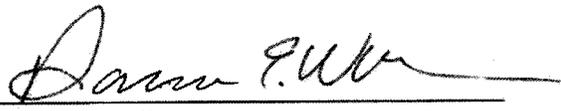
Each party's signature below indicates that party's acceptance of all terms and conditions of this Confidential Settlement Agreement set forth herein.

DATED this 6th day of March 2013.

Agreed to and Accepted on behalf of Idaho Power Company:

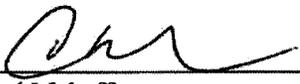


Daniel B. Minor
Executive Vice President and
Chief Operating Officer
Idaho Power Company



Donovan Walker
Lead Counsel
Idaho Power Company

Agreed to and Accepted on behalf of Dynamis Energy, LLC:



C. Lloyd Mahaffey
Chairman and CEO
Dynamis Energy LLC



Wade D. Thomas
Legal Counsel
Dynamis Energy LLC