Idaho's Exergy sued for missing turbine payments

JOHN MILLER - Associated Press - Associated Press

An Idaho wind developer that recently suspended projects and hasn't paid its professional cycling sponsorship bills faces a new challenge: A federal lawsuit filed by a Virginia-based energy giant for missing millions in payments for turbines it agreed to buy less than four months ago.

Exergy Development Group LLC of Boise failed to pay up to $37.9 million for 32 turbines that were to be transported to Idaho from Pennsylvania, according to the lawsuit filed by a unit of AES Corp. in U.S. District Court in Idaho.

Arlington, VA.-based AES Corp. said Exergy signed the contract on May 25 and made an initial, non-refundable deposit of $1.7 million on May 30, but missed a second deposit of $8.7 million on June 5. Exergy renegotiated the turbine deal with AES after failing to make payments, but reneged on that deal, too, according to the lawsuit.

"Defendant has breached a contract with plaintiff to purchase 32 wind turbines and related equipment," lawyers for AES wrote in the filing last week.

Until just months ago, Exergy was outwardly riding high as Idaho's biggest energy developer — and one of the biggest U.S. supporters of professional cycling.

In 2010, it completed the state's biggest wind project in southern Idaho after partnering with General Electric Co. on a total of 183 megawatts made possible by federal and state tax incentives.

In addition to sponsoring two-time Olympic gold medalist Kristin Armstrong, Exergy hired cycling promoter Medalist Sports of Atlanta to put on what was touted as the largest U.S. women's professional bike race, the 2012 Exergy Tour in Idaho in late May.

Internally, however, it's now clear that Exergy's business in Idaho has been unraveling.

James Carkulis, the company's president, told The Associated Press last month that unresolved rules governing alternative energy projects in Idaho had made investors wary, forcing Exergy to put $323 million of its 2012 developments on hold. Two weeks ago, Exergy announced it was giving up contract rights to 116 megawatts of wind plants in Twin Falls, Lincoln and Bingham counties.

And Carkulis' foray into cycling has been beset by unpaid bills, including for Medalist Sports' services. In addition to outstanding bills from the Exergy Tour in

Idaho, the company also hasn't lived up to its commitments to men's races, including the just-completed USA Pro Cycling Challenge in Colorado.

Carkulis attended that race's closing time trial in Denver on Sunday, where he promised promoters they'll be paid by mid-September, said Christ Aronhalt, a managing partner at Medalist.

"We're optimistic and encouraged by the update we received from Exergy," said Aronhalt, who declined to disclose the amount that Exergy owes Medalist.

So far, even Exergy's home town has been stiffed: The company still owes nearly $26,000 to Boise for the May 24-28 Exergy Tour, said Boise spokesman Michael Zuzel on Monday, adding the city is serious about recouping its costs from providing police support to the event.

"We send things to collections when we don't get paid," Zuzel said.

Carkulis, who has said he hopes to make good on his commercial and sponsorship obligations, on Monday referred comment to a spokesman.

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