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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Potlatch Corporation

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

POTLATCH CORPORATION, )  
Complainant )  
v. )  
AVISTA UTILITIES, )  
Respondent )  
\_\_\_\_\_ )

CASE NO. AVU-E-02-08  
POTLATCH'S COMPLAINT

Potlatch Corporation hereby complains to the Idaho Public Utilities Commission that Avista Utilities has failed and refused, and continues to fail and refuse, to purchase the cogeneration output of Potlatch's Qualifying Facilities in the manner required by law. In support of this filing, Complainant states as follows:

1. The Idaho Public Utilities Commission ("Commission") has jurisdiction over this matter pursuant to title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 ("PURPA").
2. Potlatch Corporation ("Potlatch") is a forest products company that operates wood pulp, paperboard, tissue and wood products manufacturing plants at Lewiston, Idaho (collectively, the "Lewiston Facility").<sup>1</sup>

<sup>1</sup> Potlatch also operates other northern Idaho plants that are served by Avista Utilities. These plants are not involved in this Complaint.

3. Avista Utilities (“Avista”) is an investor owned public utility that provides electricity and natural gas service to customers located predominantly in northern Idaho and eastern Washington. Avista is the certificated electric service provider for the area in and around Lewiston, Idaho.

4. Potlatch owns and operates four separate Qualifying Facilities at its Lewiston Facility capable of generating approximately 95 megawatts of energy. From 1991 through December 31, 2001, Potlatch sold the electric energy produced by its Qualifying Facilities to Avista (formerly, “The Washington Water Power Company”) pursuant to the provisions of an Electric Service and Purchase Agreement between Potlatch and Avista dated January 3, 1991 (“1991 Agreement”). The Idaho Public Utilities Commission approved the 1991 Agreement on August 16, 1991. IPUC Case No. WWP-E-91-5, Order No. 23858 (August 16, 1991).

5. On October 2, 2001 Potlatch filed with Avista, in the manner required by applicable Commission orders, its written request for a firm quote for Avista’s purchase of its Qualified Facilities’ generation after the expiration of the 1991 Agreement. Thereafter, Avista and Potlatch representatives met on several occasions in an attempt to negotiate a successor PURPA agreement. These meetings have served only to establish the fact that Potlatch and Avista have fundamental and irreconcilable differences that will not be resolved through further negotiations.

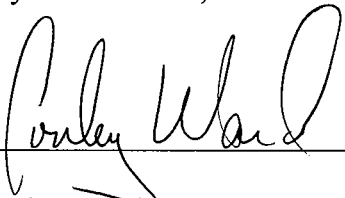
6. In its response and negotiations to date, Avista has failed and refused to offer Potlatch a PURPA contract that complies with PURPA’s requirements and this Commission’s orders. Specifically, the purchase power rates proposed by Avista are well below Avista’s avoided costs as defined in 18 CFR § 292.101 and this Commission’s Order No. IPC-E-95-9. In addition, Avista is attempting to impose unreasonable contract terms and conditions as a prerequisite to any purchase from Potlatch.

7. Potlatch has no available remedy at law for Avista's unlawful conduct other than to seek an order from this Commission requiring Avista to purchase the output of Potlatch's Qualifying Facilities in the manner required by law. Accordingly, the Commission is the appropriate body to resolve this Complaint.

WHEREFORE, Potlatch prays that the Idaho Public Utilities Commission issue an order:

- (a) requiring Avista to purchase the output from Potlatch's Qualifying Facilities at a rate equivalent to Avista's avoided costs;
- (b) establishing a just and reasonable avoided cost rate for Avista; and
- (c) granting such further relief as the Commission may find to be just and reasonable.

RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of December, 2002.

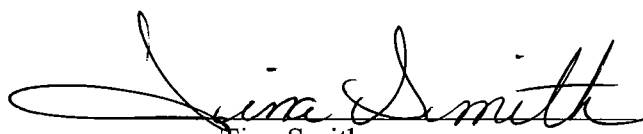
  
\_\_\_\_\_  
Conley Ward  
Givens Pursley LLP  
Attorney for Potlatch

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 24<sup>th</sup> day of December, 2002, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Jean Jewell  
Idaho Public Utilities Commission  
472 W. Washington Street  
P.O. Box 83720  
Boise, ID 83720-0074  
 U.S. Mail  Fax  By Hand

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Senior Vice President and General Counsel  
Avista Corporation  
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 U.S. Mail  Fax  By Hand



Tina Smith