

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: JOHN R. HAMMOND JR.
DEPUTY ATTORNEY GENERAL

DATE: JANUARY 17, 2020

SUBJECT: AVISTA CORPORATION'S APPLICATION FOR APPROVAL OR
REJECTION OF A POWER PURCHASE AGREEMENT WITH STIMSON
LUMBER COMPANY; CASE NO. AVU-E-19-16.

On December 31, 2019, Avista Corporation ("Avista" or "Company") filed an Application seeking approval of a proposed Power Purchase Agreement ("Agreement") with Stimson Lumber Company ("Stimson" or "Seller") for the energy generated by a thermal wood waste small power electric generation plant operated by Stimson in Plummer, Idaho ("Facility"). The Facility is a qualifying facility ("QF") under the Public Utility Regulatory Policies Act of 1978 ("PURPA").

THE APPLICATION

The Facility operated by Stimson "is capable of generating up to approximately 6.5 megawatts of energy." *Application* at 2. The proposed Agreement replaces a prior power purchase agreement which was approved by the Commission in Order No. 30224 on January 19, 2007. *Id.* The original term of the previous agreement was five years, expiring on September 30, 2011. *Id.* The previous agreement was amended to extend its term through December 31, 2019. *Id.* The Company states that if the replacement Agreement is approved by the Commission prior to February 21, 2020, its term will commence on January 1, 2020, and will extend for a term of one year following the effective date. *Id.* To allow for the continuous operation of the Facility, the Agreement allows Stimson to deliver energy from the Facility to Avista and for Avista to pay Stimson for such energy deliveries, effective January 1, 2020. *Id.* at 3. In the event the Commission does not approve the Agreement by February 21, 2020, or approves it subject to

conditions unacceptable to the parties, the Agreement will terminate. In such event, Stimson shall refund certain amounts to Avista pursuant to Section 5.4 of the Agreement. *Id.*

STAFF RECOMMENDATION

Section 5.3 of the proposed Agreement provides that if the Commission does not approve it by February 21, 2020, neither party shall have any further obligations to purchase or sell electric power under its terms and the Agreement shall terminate. Further, this Agreement will replace a previous agreement that the Commission has reviewed and approved previously. Due to the foregoing contractual provision and Staff's and the Commission's likely familiarity with the parties and the subject matter of the proposed Agreement, Staff recommends that the Commission establish shortened written comment periods. Accordingly, Staff recommends that itself and any interested party file written comments by no later than February 7, 2020. Further, Staff recommends that the Commission set the reply comment deadline for February 14, 2020.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure that establishes a February 7, 2020 written comment deadline for Staff and any other interested parties followed by a February 14, 2020, reply comment deadline for the Company?



John R. Hammond Jr.
Deputy Attorney General

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