

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	CASE NO. AVU-E-21-07
CORPORATION'S AND STIMSON)	
LUMBER COMPANY'S JOINT PETITION)	
FOR APPROVAL OF AMENDMENT NO. 2)	ORDER NO. 35245
TO THEIR POWER PURCHASE AND)	
SALE AGREEMENT)	
)	

On July 13, 2021, Avista Corporation (“Avista” or “Company”) and Stimson Lumber Company (“Stimson”) filed a Joint Petition (“Petition”) seeking approval of Amendment No. 2 to their Power Purchase and Sale Agreement (“Agreement”). Application at 1. Stimson operates a thermal wood waste small power electric generation plant in Plummer, Idaho (“Facility”). *Id.* at 2. The Facility is a Qualifying Facility (“QF”) pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”). *Id.*

On August 3, 2021, the Commission issued a Notice of Application and set deadlines for public comments and the Company’s reply. *See* Order No. 35120. Only Commission Staff (“Staff”) filed comments.

Having reviewed the record, we now approve the Application as discussed below.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from QFs at purchase or “avoided cost” rates approved by the Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The Commission has established two methods for calculating avoided costs, depending on the size of the QF project: (1) the surrogate avoided resource method, used to establish “published” avoided cost rates; and (2) the integrated resource plan method, to calculate avoided cost rates for projects exceeding published rate limits. *See* Order No. 32697 at 7-22.

THE APPLICATION

On June 15, 2020, the Commission issued Order No. 34692 approving Amendment No. 1 to the Agreement. Application at 3. The original term of the Agreement is set to expire on December 31, 2021. *Id.*

The Company represents Amendment No. 2, replaces Section 5.5 of the Agreement to extend its term for another two years commencing on January 1, 2022, and continues through

December 31, 2023 (“Extension Period”), unless otherwise terminated according to the terms and conditions of the Agreement. *Id.* The Company also states that Amendment No. 2 replaces Exhibit E to update the avoided cost rates applicable during the Extension Period. *Id.* Unless expressly amended, all other terms of the Agreement remain in full force and effect during the extension period. *Id.* Avista requests that the Commission issue an order approving Amendment No. 2 to the Agreement with an effective date of January 1, 2022. *Id.* at 4.

STAFF COMMENTS

Staff’s review focused on immediate capacity payment eligibility and avoided cost rate verification. Staff Comments at 2.

Staff noted that Stimson was paid for capacity at the end of the original contract term and the Facility has maintained continuous operation since the current contract term began. *Id.* Staff stated that the proposed published avoided cost rates in Amendment No. 2 should include immediate capacity payments. *Id.* Staff also verified that the proposed avoided cost rates in Amendment No. 2 are correct. *Id.*

Staff recommended that the Commission approve Amendment No. 2, with all other terms of the Agreement remaining in full force and effect for the Extension Period. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* § 61-502 and 61-503. In addition, the Commission has authority under PURPA and Federal Energy Regulatory Commission (“FERC”) regulations to set avoided costs, order electric utilities to enter fixed term obligations for the purchase of energy from QFs, and implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Having reviewed the record, including the Petition, Amendment No. 2, the Agreement, the attachment to the Petition, and Staff’s Comments, the Commission finds it fair, just, and reasonable to approve Amendment No. 2, with all other terms of the Agreement remaining in full force and effect for the Extension Period. Consistent with Order No. 32697, the Commission finds that the proposed published avoided cost rates in Amendment No. 2 should


include immediate capacity payments. The Amendment No. 2 shall become effective on January 1, 2022, as requested by Avista.

ORDER

IT IS HEREBY ORDERED that the Petition and Amendment No. 2 to the Agreement between Avista and Stimson are approved. Amendment No. 2 shall become effective on January 1, 2022.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of December 2021.



PAUL KJELLANDER, PRESIDENT

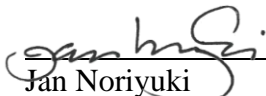


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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