

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT PETITION)
OF AVISTA CORPORATION DBA AVISTA) CASE NO. AVU-E-11-05
UTILITIES AND STIMSON LUMBER)
COMPANY FOR APPROVAL OF)
AMENDMENT NO. 2 TO THE PARTIES')
POWER PURCHASE AGREEMENT.) ORDER NO. 32382
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On September 29, 2011, Avista Corporation dba Avista Utilities and Stimson Lumber Company (collectively Parties) filed a Joint Petition asking the Commission to approve Amendment No. 2 to the Parties' Power Purchase Agreement (Agreement). Amendment No. 2 extends the term of the Agreement for a period of up to four months (Extension Period) and updates the Agreement to apply the current published avoided cost rates to all power purchases between Stimson Lumber and Avista under the Agreement during the Extension Period.

Stimson Lumber operates a thermal wood waste small power electric generation plant at Plummer, Idaho. Stimson's facility is capable of generating up to approximately 6.5 MW of power. The facility is a qualifying facility (QF) pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA).

THE AMENDMENT

The original Agreement was approved by the Commission on January 19, 2007. Order No. 30224. The original term of the Agreement was five years, expiring on September 30, 2011. The Parties assert that they have been negotiating in good faith to replace the original Agreement with a new power purchase agreement. However, the Parties state that they will be unable to execute a final, new power purchase agreement prior to the expiration of the original Agreement. Accordingly, the Parties have executed Amendment No. 2 to extend the term of the Agreement to allow the Parties time to finalize a new agreement. Specifically, the Amendment extends the term of the original Agreement until the earlier of (1) the effective date of a new power purchase agreement between the Parties that provides for the sale of the output of the Facility to Avista, or (2) January 2, 2012.

On August 30, 2011, the Commission issued Order No. 32337 revising the published avoided cost rates for PURPA contracts executed on or after August 30, 2011. Accordingly, the

Amendment applies the new published avoided cost rates to the sale and purchase of power between Stimson Lumber and Avista during the Extension Period.

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Avista, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

After reviewing the Petition, we find there is good cause to approve Amendment No. 2 without further process. *Idaho Code* § 61-307. Although the Parties have worked diligently toward negotiating a new power purchase agreement, the Parties need additional time to complete their negotiations and execute a new agreement. We further find that it is reasonable for the Amendment to utilize published avoided cost rates applicable to PURPA contracts entered into on or after August 30, 2011. Amendment No. 2 shall extend the term of the original Agreement until either the effective date of a new power purchase agreement executed between the Parties or January 2, 2012, whichever is earlier.

ORDER

IT IS HEREBY ORDERED that the Joint Petition of Avista Corporation dba Avista Utilities and Stimson Lumber for an extension to the underlying Power Purchase Agreement between the Parties is approved. The Amendment extending the term of the original Agreement and utilizing published avoided cost rates consistent with Order No. 32337 is effective until either (1) the effective date of a new power purchase agreement between the Parties or (2) January 2, 2012, whichever is earlier.

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. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

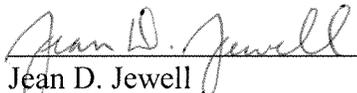
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of October 2011.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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