

DAPHNE HUANG
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 8370

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Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT)
APPLICATION OF AVISTA CORPORATION) **CASE NO. AVU-E-16-08**
AND STIMSON LUMBER COMPANY TO)
APPROVE THE FIRST AMENDMENT TO) **COMMENTS OF THE**
THEIR POWER PURCHASE AGREEMENT.) **COMMISSION STAFF**
)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 33643, submits the following comments.

BACKGROUND

On October 24, 2016, Avista Corporation and Stimson Lumber Company filed a joint Application asking the Commission to approve the First Amendment to their Power Purchase and Sale Agreement (“Agreement”). Under the existing Agreement, approved by the Commission in 2007, Stimson sells and Avista purchases electric power generated by Stimson’s thermal wood waste small power electric generation plant in Plummer, Idaho. Application at 3; Order No. 32436 at 1. Stimson’s plant is a qualifying facility (QF) under the Public Utility Regulatory

Policies Act (PURPA) capable of generating up to 6.5 megawatts (MW) of energy. Order No. 32436 at 1.

The current Agreement is set to expire January 14, 2017. Application at 3. Under the Amendment, Avista and Stimson agree to extend the term of the Agreement through December 31, 2019 using applicable Idaho rates in effect as of June 15, 2016. Application at 3-4; Attachment A to Amendment. Avista and Stimson ask that the Commission issue an Order with an effective date of January 15, 2017 and find that all payments made by Avista for energy purchases under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

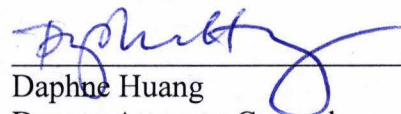
STAFF ANALYSIS

Staff reviewed the proposed rates and identified a clerical error associated with the Light Load Hours rate for the period from March 2019 to June 2019. On November 4, 2016, Avista filed Supplement Attachment A to correct the error. With the correction, Staff confirms that all rates are correct. All other terms and conditions contained in the proposed Agreement are consistent with prior Commission orders.

STAFF RECOMMENDATION

Staff recommends that the Commission approve all of the corrected Agreement's terms and conditions and declare that all payments made by Avista to the Stimson Lumber Company for purchase of energy and capacity from the thermal wood waste small power electric generation plant in Plummer will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this ^{1st} day of December 2016.



Daphne Huang
Deputy Attorney General

Technical Staff: Yao Yin

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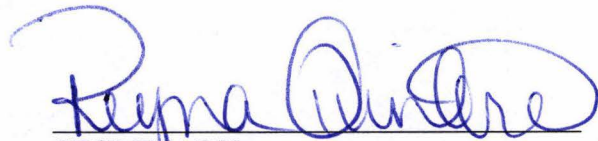
CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 1st DAY OF DECEMBER 2016, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-16-08, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

STEVE SILKWORTH MGR
WHOLESALE MARKETING
AVISTA CORP
1411 E MISSION AVE MSC-7
SPOKANE WA 99202
E-mail: steve.silkworth@avistacorp.com

MICHAEL G ANDREA
AVISTA CORP
1411 E MISSION AVE
MSC-23
SPOKANE WA 99202
E-mail: Michael.andrea@avistacorp.com

LISA ZENTNER
DANIEL McFALL
STIMSON LUMBER COMPANY
520 SW YAMHILL STE 700
PORTLAND OR 87204
E-mail: lzentner@stimsonlumber.com



REGINA ANDREA
SECRETARY