

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT PETITION)
OF AVISTA CORPORATION AND STIMSON) CASE NO. AVU-E-06-10
LUMBER COMPANY FOR APPROVAL OF)
A POWER PURCHASE AND SALE) NOTICE OF APPLICATION
AGREEMENT)
)
) NOTICE OF
) MODIFIED PROCEDURE**

**NOTICE OF
COMMENT/PROTEST DEADLINE**

YOU ARE HEREBY NOTIFIED that on December 6, 2006, Avista Corporation and Stimson Lumber Company (collectively Petitioners) filed a Joint Petition with the Idaho Public Utilities Commission (Commission) for an Order approving a Power Purchase Agreement (Agreement) between Stimson Lumber Company (Stimson) and Avista Corporation (Avista; Company) dated October 1, 2006. Also included is a Generator Interconnection Agreement (GIA) between Avista and Stimson.

Stimson Lumber Company 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 energy. The facility is a qualifying facility (QF) pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Stimson facility was previously owned and operated by HaleyWest LLC. Stimson has assumed HaleyWest LLC's obligations under a Power Sale and Purchase Agreement between Avista and HaleyWest LLC that expired under its own terms on September 30, 2006. Stimson and Avista both desired that energy deliveries from the facility to Avista continue without interruption following termination of the HaleyWest LLC Agreement.

The Stimson Purchase and Sale Agreement is for a term of five years. Avista will be the sole purchaser of Stimson's generation. For all Net Delivered Output received by Avista that is not surplus energy, Avista shall pay the published non-levelized avoided cost rates for non-fueled projects smaller than 10 MW. For all surplus energy received by Avista, Avista shall pay to Stimson the current month's market energy cost per megawatt hour or the Net Delivered

Output purchase price, whichever is lower. Stimson shall operate the facility in such a manner that the hourly scheduled amount of Net Delivered Output does not exceed 6.5 MW in any hour. Avista shall have the right, but not the obligation to purchase any Net Delivered Output from the facility in excess of 6.5 MW in any hour. The maximum annual amount of electric power that Avista is obligated to purchase is 56,940 MWh in any operating year that is a non-leap year; (57,069 MWh leap year).

Petitioners are not requesting retroactive approval of the Agreement. The Agreement allows for energy deliveries and payments by Avista to Stimson at the published avoided cost rates effective October 1, 2006. In the event that the Commission does not approve the Agreement by January 30, 2007, or approves it subject to conditions unacceptable to the parties, the Agreement will terminate. In such event, Stimson shall refund certain amounts to Avista. Reference Agreement ¶ 5.4.

The Petitioners request Commission approval of the Agreement and the related interconnection agreement. The Petitioners also request a Commission Order allowing deferral and recovery of all power purchase costs subject to Avista's Power Cost Adjustment (PCA) mechanism or as otherwise recovered by Avista through base rates, and declaring that prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by Avista for purchasing capacity and energy from Stimson are legitimate expenses. The parties request approval of the Agreement as satisfaction of the entirety of Avista's obligations under PURPA with regard to the facility.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-06-10. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Avista/Stimson Lumber Power Purchase and Sale Agreement and the use of Modified Procedure in Case No. AVU-E-06-10 is **Thursday, January 11, 2007**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-06-10 should be mailed to the Commission, the Company and Stimson at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Avista Corporation:

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Stimson Lumber:

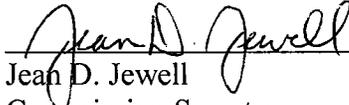
William E. Peressini
Vice President and Chief Financial Officer
Stimson Lumber Company
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Portland, OR 97204-1330

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions"

icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Avista at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-E-06-10 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho offices of Avista Corporation.

DATED at Boise, Idaho this *22nd* day of December 2006.



Jean D. Jewell
Commission Secretary

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