

**Avista Corp.**

1411 East Mission PO Box 3727  
Spokane, Washington 99220-3727  
Telephone 509-489-0500  
Toll Free 800-727-9170

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IDAHO PUBLIC  
UTILITIES COMMISSION  
September 29, 2011



**Via Overnight Mail**

Jean Jewell  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 93702

**NEW CASE**

AVU-E-11-05

**Re: Joint Petition of Avista Corporation and Stimson Lumber Company  
Amendment No. 2 to Power Purchase Agreement**

Dear Ms. Jewell:

Please find enclosed for filing an original and seven copies of the Joint Petition of Avista Corporation ("Avista") and Stimson Lumber Company ("Stimson") for approval of Amendment No. 2 to the power purchase between Avista and Stimson. Amendment No. 2 is attached to the Joint Petition. Please let me know if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael G. Andrea", written in a cursive style.

Michael G. Andrea  
Senior Counsel

Enclosures

cc: Jeff Weber

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IDAHO PUBLIC UTILITIES COMMISSION

**For Avista Corporation**  
Michael G. Andrea (ISB No. 8308)  
Senior Counsel  
Avista Corporation  
1411 East Mission, MSC-23  
Spokane, WA 99202  
Phone: (509) 495-2564  
Facsimile: (509) 495-5690

**NEW CASE**

**For Stimson Lumber Company**  
Jeff Webber  
Vice President - Manufacturing  
Stimson Lumber  
520 S.W. Yamhill  
Suite 700  
Portland, OR 97204

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE JOINT PETITION )	
OF AVISTA CORPORATION AND )	CASE NO. AVU-E- 11-05
STIMSON LUMBER COMPANY FOR )	
APPROVAL OF AMENDMENT NO. 2 TO )	JOINT PETITION OF AVISTA
POWER PURCHASE AND SALE )	CORPORATION AND STIMSON
AGREEMENT )	LUMBER COMPANY
_____ )	

Avista Corporation ("Avista") and Stimson Lumber Company ("Stimson") (collectively, the "Parties") hereby petition the Idaho Public Utilities Commission ("Commission") for an order approving Amendment No. 2 to the Power Purchase Agreement ("Agreement") between Avista and Stimson which was originally approved by the Commission in Order No. 30224. Amendment No. 2 extends the term of the Agreement for a period up to four months ("Extension Period") and updates the Agreement to apply the current published avoided cost rates to all power purchases by Avista under the Agreement during the Extension Period

**1. Names and Addresses of Petitioners**

Avista Corporation  
1411 East Mission Avenue  
Spokane, WA 99202

Stimson Lumber Company  
520 S.W. Yamhill  
Suite 700  
Portland, OR 97204

## **2. Nature of Businesses**

Avista is a corporation created and organized under the laws of the State of Washington with its principal office in Spokane, Washington. Avista is an investor-owned utility engaged in, among other things, the business of generating, transmitting, and distributing electric power to wholesale and retail customers in Idaho and Washington. Avista also provides natural gas service to customers in Idaho, Washington, and Oregon. As such, Avista's rates, charges, services and practices are regulated, in part, by this Commission.

Stimson is a corporation organized under the laws of the State of Oregon that operates a thermal wood waste small power electric generation plant located at Plummer, Idaho ("Facility"). The Facility is capable of generating up to approximately 6.5 megawatts of energy. The Facility is a Qualifying Facility pursuant to the Public Utility Regulatory Policies of Act of 1978 ("PURPA").

## **3. Names of Representatives**

All communications, pleadings, and orders with respect to this proceeding should be directed to:

**For Avista Corporation:**

Steve Silkworth  
Manager, Wholesale Marketing and  
Contracts  
Avista Corporation  
1411 E. Mission Ave., MSC-7  
Spokane, WA 99202  
Phone: 509-495-8093  
Fax: (509) 495-4272  
E-mail: [steve.silkworth@avistacorp.com](mailto:steve.silkworth@avistacorp.com)

Michael G. Andrea  
Senior Counsel  
Avista Corporation  
1411 E. Mission Ave., MSC-23  
Spokane, WA 99202  
Phone: 509-495-2564  
Fax: (509) 777-5468  
E-mail: [michael.andrea@avistacorp.com](mailto:michael.andrea@avistacorp.com)

**For Stimson Lumber Company:**

Jeff Webber  
Vice President - Manufacturing  
Stimson Lumber  
520 S.W. Yamhill  
Suite 700  
Portland, OR 97204  
Phone: (503) 222-1676  
Fax: (503) 242-1588  
E-mail: [jwebber@stimsonlumber.com](mailto:jwebber@stimsonlumber.com)

President and Chief Executive Officer  
Stimson Lumber  
520 S.W. Yamhill  
Suite 700  
Portland, OR 97204

**4. Description of Amendment No. 2**

The Agreement as amended by Amendment No. 1 was approved by the Commission in Order No. 30224, which was issued in Case No. AVU-E-06-10 on January 19, 2007. The original Term of the Agreement was five years and, therefore, the Agreement is due to expire on September 30, 2011.

The Parties have been negotiating in good faith a new power purchase agreement to replace the Agreement. However, the Parties recognize that it will not be possible to execute a final power purchase agreement prior to the expiration of the 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 power purchase agreement to

replace the Agreement. Specifically, the Amendment amends the Agreement to extend the term as follows:

The Term of the Agreement shall be for the period commencing on the Effective Date of the Agreement and terminating on the earlier of: (i) 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 (ii) January 2, 2012.

On August 30, 2011, the Commission issued Order No. 32337, in which the Commission revised the published avoided cost rates for PURPA contracts executed on or after August 30, 2011. Accordingly, the Amendment also amends the Agreement to apply the new applicable published avoided cost rates to the purchase by Avista of all output of the Facility during the Extended Period.

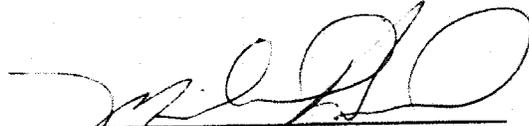
Except as expressly amended, all other terms of the Agreement remain in full force and effect for the Extended Period.

**5. Conclusion**

Avista and Stimson jointly respectfully request that the Commission issue an order accepting Amendment No. 2 to the Agreement with an effective date of October 1, 2011.

Respectfully submitted this 27th day of September 2011.

**AVISTA CORPORATION**



Michael G. Andrea  
Senior Counsel

**STIMSON LUMBER COMPANY**



Jeff Webber  
Vice President - Manufacturing

## **AMENDMENT NO. 2**

This AMENDMENT NO. 2 ("Amendment") dated September 28, 2011 to the Power Purchase Agreement dated October 1, 2006, as amended by Amendment No. 1 ("Agreement"), is entered into by and between Avista Corporation, a Washington corporation ("Avista"), and Stimson Lumber Company ("Project Developer"). Avista and Project Developer are sometimes referred to individually as a "Party" and collectively as the "Parties."

### **RECITALS**

WHEREAS, the Parties entered into the Power Purchase Agreement dated October 1, 2006, as amended by the First Amendment to the Power Purchase Agreement dated December 21, 2006 ("Agreement"), under which Seller delivers and sells, and Avista receives and purchases, the output generated by the Facility;

WHEREAS, the Idaho Public Utilities Commission ("IPUC") approved the Agreement in Order No. 30224 issued on January 19, 2007; and

WHEREAS, the Parties desire to enter into this Amendment to amend the Agreement to extend the Term of the Agreement and to state the rate to be paid by Avista for the output of the Facility during the extended Term as set forth below:

NOW THEREFORE, it is agreed as follows:

### **AGREEMENT TO AMEND**

1. Pursuant to Section 5.5 of the Agreement, the Agreement shall expire on September 30, 2011. The Parties desire to extend the Term of the Agreement such that the Agreement will expire on the earlier of: (i) the effective date of a new power purchase agreement between the Parties for the Facility, or (ii) January 2, 2012. Accordingly, the Agreement is hereby amended to replace Section 5.5 in its entirety with the following new Section 5.5:

"The Term of the Agreement shall be for the period commencing on the Effective Date of the Agreement and terminating on the earlier of: (i) 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 (ii) January 2, 2012."

2. Section 11.1.1 provides the applicable rate for all Net Delivered Output received by Avista for each hour that is not Surplus Energy, which rate is based on the On-Peak or Off-Peak Avoided Cost Rates For Non-Fueled Projects Smaller than Ten Megawatts-Non-Levelized that were in effect on the Effective Date of the Agreement. On August 30, 2011, the IPUC issued Order No. 32337, in which the IPUC revised the published avoided cost rates for PURPA contracts executed on or after August 30, 2011. Accordingly, the Agreement is amended to add

the following rates for the period from October 1, 2011 through the end of the Term of the Agreement:

For all Net Delivered Output received by Avista during the period from October 1, 2011 to January 31, 2012, for each hour that is not Surplus Energy, Avista shall pay the following applicable rate based on the Avista Avoided Cost Rate for Non-Fueled Projects effective on August 30, 2011:

<u>Period</u>	<u>Heavy Load Hours</u>	<u>Light Load Hours</u>
Oct 1, 2011 - Dec 31, 2011	\$57.52	\$52.12
Jan 1, 2012 - Jan 2, 2012	\$59.55	\$54.15

Oct 1, 2011 - Dec 31, 2011	\$57.52	\$52.12
Jan 1, 2012 - Jan 2, 2012	\$59.55	\$54.15

3. Except as expressly amended by the provisions set forth in this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect following execution of this Amendment and each Party confirms, ratifies and approves the Agreement as amended by this Amendment. All capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Agreement. For the avoidance of doubt, this Amendment is hereby incorporated in the Agreement and all references to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment.

4. This Amendment No. 2 replaces Amendment No. 2 dated September 27, 2011 (September 27 Amendment) in its entirety. The September 27 Amendment is hereby null and void.

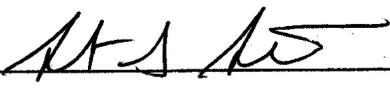
5. This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed as an original and together shall constitute one and the same document.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives as of the date first set forth above.

**STIMSON LUMBER COMPANY**

**AVISTA CORPORATION**

By: 

By: 

Printed Name: Jeff Webber

Printed Name: STEVEN G SYCWORSKI

Title: Vice President-Manuf

Title: WHOLESALE CONTRACTS MANAGER

Date: 9/28/11

Date: 9/29/11