

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF

FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL

DATE: DECEMBER 10, 2011

SUBJECT: AVISTA'S JOINT APPLICATION WITH STIMSON LUMBER
COMPANY FOR APPROVAL OF A POWER PURCHASE
AGREEMENT, CASE NO. AVU-E-11-06

On November 25, 2011, Avista and Stimson Lumber Company (the Parties) filed a Joint Application with the Commission requesting approval of a five-year Power Purchase Agreement (Agreement) between Avista and Stimson Lumber dated November 16, 2011. The Application states that Stimson Lumber operates a thermal wood waste small power electric generation plant located at Plummer, Idaho. Stimson Lumber is a qualifying facility under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA) and is capable of generating up to 6.5 megawatts (maximum capacity, nameplate) of energy. The Parties ask that the Commission approve the Agreement with an effective date of December 1, 2011.

THE AGREEMENT

The Application states that, upon its effective date, the Agreement will replace the power purchase agreement (Original Agreement) between the Parties originally approved by the Commission in Order No. 30224, issued on January 19, 2007. The Original Agreement expired on September 30, 2011. The Commission approved an Amendment to the Original Agreement, extending the term "until either the effective date of a new power purchase agreement executed between the Parties or January 2, 2012, whichever is earlier" in order to allow the Parties additional time to complete their negotiations and execute a new agreement. Order No. 32382 at 2. The Amendment utilizes the published avoided cost rates applicable to PURPA contracts entered into on or after August 30, 2011.

The Application states that the Parties have now completed their negotiations and have executed an Agreement. The Parties request that the Commission approve the Agreement

without change or condition, with an effective date of December 1, 2011, and declare that all payments made by Avista for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

STAFF RECOMMENDATION

Staff recommends that the case be processed by Modified Procedure with a comment deadline of December 30, 2011.

COMMISSION DECISION

Does the Commission wish to process this case under Modified Procedure with a December 30, 2011, comment deadline?



Kristine A. Sasser
Deputy Attorney General

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