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IDAHO PUBLIC
UTILITIES COMMISSION



Via Email and Overnight Mail

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 93702
Email: jean.jewell@puc.idaho.gov

**Re: Kootenai Electric Cooperative Power Purchase Agreement
IPUC Case No. AVU-E-12-01**

Dear Ms. Jewell:

On February 8, 2012, Commission Staff submitted comments ("Comments") on the application of Avista Corporation ("Avista") and Kootenai Electric Cooperative ("KEC") for approval of the power purchase agreement ("Agreement") in the above-referenced proceeding. In the Comments, Staff stated that it had carefully reviewed all of the terms and conditions of the Agreement and "believes they are fair, reasonable, and not in conflict with prior Commission orders." Accordingly, Staff recommended that the Commission approve the Agreement without change or condition.

In their application, Avista and KEC requested an effective date of the Agreement of January 5, 2012—i.e., the date that the Agreement was executed by Avista. As noted by Staff, however, the application for approval of the Agreement was not filed with the Commission until January 9, 2012. Staff, therefore, recommends that the Commission approve the Agreement with an effective date commencing on the date of the Commission's order approving the Agreement, not January 5, 2012 as requested by the parties.

Avista appreciates Staff's Comments and understands Staff's recommendation that the Commission set the effective date of the Agreement on the date of the Commission's approval. However, Avista understands that KEC may commence operations of its Project as early as February 8, 2012. Accordingly, Avista respectfully requests that the Commission approve the Agreement with an effective date of January 5, 2012 as requested by the parties or, in the alternative, with an effective date no later than February 8, 2012, in order to allow KEC to operate its Project and deliver the output of the Project to Avista pursuant to the Agreement.

Respectfully submitted,

AVISTA CORPORATION

A handwritten signature in black ink, appearing to read "M. Andrea", written over a horizontal line.

Michael G. Andrea
Senior Counsel

cc: KEC