

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT)
APPLICATION OF AVISTA) CASE NO. AVU-E-12-01
CORPORATION AND KOOTENAI)
ELECTRIC COOPERATIVE FOR) NOTICE OF APPLICATION
APPROVAL OF A POWER PURCHASE)
AGREEMENT.) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 32438**

On January 9, 2012, Avista Corporation and Kootenai Electric Cooperative (Kootenai Electric) (collectively, the Parties) filed a Joint Application with the Commission requesting approval of a Power Purchase Agreement (Agreement) between Avista and Kootenai Electric. Kootenai Electric is an electric cooperative that proposes to own and operate a landfill gas electric power generating facility (the Project) located at the Kootenai County Solid Waste Facility near Bellgrove, Idaho. The Project 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 3.2 megawatts (maximum capacity, nameplate) of energy. The Parties ask that the Commission approve the Agreement with an effective date of January 5, 2012.

THE APPLICATION

YOU ARE HEREBY NOTIFIED that the Application states that the Agreement shall commence on the effective date and continue through December 31, 2012, unless the Agreement is terminated earlier pursuant to its terms.¹ The Agreement states that Kootenai Electric will generate and deliver and Avista will purchase the net output of the Project on an as-available basis.

YOU ARE FURTHER NOTIFIED that the Application outlines that Avista will purchase the Project's net output (up to a maximum of 10 aMW) pursuant to Schedule 62 of its Idaho tariff at the lesser of (i) 85% of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Non-Firm Index or (ii) the applicable rate based upon the on-peak or

¹ Kootenai Electric may terminate the Agreement at any time during the term by providing Avista 30 days' written notice.

off-peak avoided cost rates for non-fueled projects smaller than ten average megawatts – non-levelized (avoided cost rates) in effect on the effective date of the Agreement. Application at 3.

YOU ARE FURTHER NOTIFIED that the Parties request that the Commission approve the Agreement without change or condition, with an effective date of January 5, 2012, and declare that all payments made by Avista for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than twenty-one (21) days from the date of this Order**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission, Avista and Kootenai Electric 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 83702-5918

AVISTA CORPORATION:

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Steve Silkworth
Manager, Wholesale Marketing & Contracts
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E-mail: steve.silkworth@avistacorp.com

KOOTENAI ELECTRIC:

Greg Adams
Richardson & O'Leary, PLLC
515 N. 27th St.
Boise, ID 83702
E-mail: greg@richardsonandoleary.com

Doug Elliott
General Manager
Kootenai Electric Cooperative, Inc.
2451 W. Dakota Ave.
Hayden, ID 83835-0278
E-mail: delliott@kec.com

These 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 and Kootenai Electric at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and Agreement have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and Agreement are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set

avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

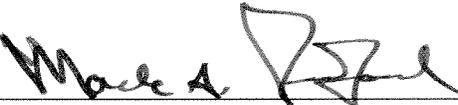
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than twenty-one (21) days from the date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18th day of January 2012.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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