

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT)	
PETITION OF AVISTA CORPORATION)	CASE NO. AVU-E-14-09
AND KOOTENAI ELECTRIC)	
COOPERATIVE, INC., FOR APPROVAL)	
OF A POWER PURCHASE AND SALE)	ORDER NO. 33111
AGREEMENT.)	
)	

On August 15, 2014, Avista Corporation (“Avista”) and Kootenai Electric Cooperative, Inc. (“Kootenai”) jointly petitioned the Commission for an Order approving a Power Purchase Agreement between Kootenai and Avista (“Agreement”) with a requested effective date of August 15, 2014. Kootenai owns and operates a landfill gas electric power generating facility located at the Kootenai County Solid Waste Facility near Bellgrove, Idaho (“Facility”). The Facility is capable of generating up to approximately 3.2 megawatts of energy.

By this Order, we approve the Agreement and Amendment between Avista and Kootenai for the sale and purchase of electric energy.

THE PETITION

Kootenai is under contract to sell the output of its Facility to Idaho Power Company pursuant to an Oregon PURPA Standard Energy Sales Agreement. However, Kootenai has claimed a force majeure event because the Facility is unable to deliver its output to Idaho Power due to a transmission line outage caused by a wildfire. Idaho Power has accepted Kootenai’s claim of force majeure and has consented to Kootenai temporarily selling its output to Avista.

Pursuant to the terms of its Agreement with Avista, Kootenai will generate and deliver the Net Output of its Facility to Avista’s electric system on an as-available basis from August 15, 2014 through August 24, 2014. Avista will purchase Kootenai’s output (up to a maximum of 10 aMW) pursuant to Schedule 62 of its Idaho tariff at the lesser of (i) 85 percent (85%) of the Powerdex hourly Mid-Columbia index, or (ii) the applicable rate based upon the on-peak or off-peak avoided cost rates for non-fueled projects smaller than ten average megawatts – non-levelized in effect on the effective date (“Avoided Cost Rates”).

After execution of its Agreement with Avista, Kootenai became aware of an updated transmission line outage notice that will result in an inability to deliver and sell to Idaho Power

until at least August 31, 2014. Due to the extended outage, Idaho Power has consented to Kootenai selling its output to Avista through August 31, 2014. Consequently, Avista and Kootenai executed the First Amendment to the Agreement which extends the term through August 31, 2014. All other terms of the Agreement remain the same.

Avista and Kootenai jointly request that the Commission issue an Order (i) accepting the Agreement, without change or condition, with an effective date of August 15, 2014; (ii) accepting the First Amendment to the Agreement, without change or condition, with an effective date of August 21, 2014; and (iii) declaring that all payments made by Avista for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Avista, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it 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 (QFs) and to implement FERC rules.

Staff reviewed the Joint Petition and confirmed that the rates contained in the Agreement are consistent with non-firm energy rates under Avista's Schedule 62. Therefore, the Commission finds that the expenses associated with energy purchased under the Agreement and First Amendment are reasonable and prudent. We commend Avista, Kootenai and Idaho Power for collaborating to find an agreeable outcome to an otherwise challenging situation. Based on the short duration of the Agreement, confirmation of reasonable energy rates, and the acquiescence of all parties, we find it reasonable to approve the Agreement and First Amendment without further process. We further find that all payments made by Avista to Kootenai for purchases of energy between August 15, 2014 and August 31, 2014, be allowed as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Agreement between Avista and Kootenai is approved without change or condition, effective August 15, 2014, without further process.

IT IS FURTHER ORDERED that the First Amendment to the Agreement is approved without change or condition, effective August 21, 2014.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of August 2014.



PAUL KJELLANDER, PRESIDENT

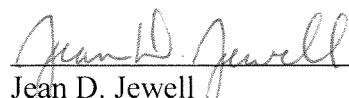


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:AVU-E-14-09_ks