



Avista Corp.

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

October 24, 2016

State of Idaho
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

Attention: Ms. Jean Jewell, Secretary

RE: AVU-E-16- Joint Petition of Avista and Stimson Lumber

Dear Ms. Jewell:

Enclosed is an original and seven (7) copies of a Joint Petition of Avista Corporation and Stimson Lumber Company for Approval of Amendment No. 1 to its Power Purchase and Sale Agreement.

Please contact Michael Andrea at (509) 495-2564 with any questions related to this filing.

Sincerely,

Senior Manager of Regulatory Policy
Avista Utilities
linda.gervais@avistacorp.com
509-495-4975

Enclosures

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UTILITIES COMMISSION

AVU-E-16-08

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

For Stimson Lumber Company

Lisa Zentner
Purchasing Manager
Stimson Lumber Company
520 SW 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- 16-08
STIMSON LUMBER COMPANY FOR)	
APPROVAL OF AMENDMENT NO. 1 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 jointly petition the Idaho Public Utilities Commission
("Commission") for an order approving Amendment No. 1 ("Amendment") to the Power
Purchase Agreement between Avista and Stimson ("Agreement"). If approved, the
Amendment will extend the Agreement through December 31, 2019. Avista and Stimson
respectfully request that the Commission approve the Amendment with an effective date

of January 15, 2017, so that it becomes effective at the time that the Agreement would otherwise expire. The Amendment is attached hereto as Attachment A.

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

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

For Stimson Lumber Company:

Lisa Zentner
Purchasing Manager
Stimson Lumber Company
520 SW Yamhill, Suite 700
Portland, OR 97204

Daniel McFall
COO / CFO
Stimson Lumber Company
520 S.W. Yamhill, Suite 700
Portland, OR 97204

Direct: 503-478-1552 / Shortel Ext: 7552
Fax: 503-716-4537
Cell: 503-593-1974
E-mail: lzentner@stimsonlumber.com

4. **Description of Agreement**

Upon its effective date, the Amendment will extend the Agreement between the Parties originally approved by the Commission in Order No. 32436, which was issued in Case No. AVU-E-11-06 on January 19, 2007. The Agreement is due to expire on January 14, 2017. The Amendment, if approved, will extend the term through December 31, 2019 (the period from January 15, 2017 through December 31, 2019 is referred to herein as the "Extended Period"). The Amendment also amends the Agreement to apply

the applicable published avoided cost rates to the purchase by Avista of all output of the Facility during the Extended Period.

5. Joint Request for Approval

Avista and Stimson jointly request that the Commission issue an order (i) accepting the Amendment extending the Agreement through December 31, 2019, without change or condition, with an effective date of January 15, 2017, and (ii) declaring that all payments made by Avista for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

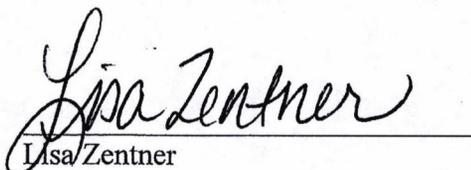
Respectfully submitted this 21st day of October, 2016.

AVISTA CORPORATION



Michael G. Andrea
Senior Counsel

STIMSON LUMBER COMPANY



Lisa Zentner
Purchasing Manager

ATTACHMENT A

AMENDMENT NO. 1

This AMENDMENT NO. 1 ("Amendment") to the Power Purchase Agreement with an Effective Date of January 15, 2012 ("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 Agreement under which Project Developer 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. 32436 issued on January 13, 2012;

WHEREAS, the Agreement is to expire by its terms on January 14, 2017; and

WHEREAS, the Parties desire to enter into this Amendment to extend the Agreement through December 31, 2019 and, therefore, agree to amend the Agreement as set forth below:

NOW THEREFORE, it is agreed as follows:

AGREEMENT TO AMEND

A. The Parties agree to extend the Agreement through December 31, 2019, with the following amendments to the Agreement:

1. Section 5.2 of the Agreement is deleted in its entirety and replaced with the following:

Project Developer and Avista shall jointly petition the IPUC for an order approving the Agreement and any mutually agreed to amendment to the Agreement. This Agreement and any amendment to this Agreement is conditioned upon the approval and determination by the IPUC that the prices to be paid for electric power are just and reasonable, in the public interest, and that the costs incurred by Avista for purchases of electric power from Seller are legitimate expenses.

2. Section 5.5 to the Agreement is deleted in its entirety and replaced with the following:

This Agreement shall expire on December 31, 2019, unless terminated earlier in accordance with the terms of this Agreement.

3. Exhibit E, Purchase Prices, is deleted and replaced in its entirety with the First Amended Exhibit E (attached hereto as Attachment A). All references in the Agreement to Exhibit E shall be deemed to refer to the First Amended Exhibit E.

B. 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.

C. 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: *Lisa Zentner*
Printed Name: Lisa Zentner
Title: Purchasing Manager
Date: 10/7/16

By: *Scott Kinney*
Printed Name: Scott Kinney
Title: Director Power Supply
Date: 10/7/16

ATTACHMENT A

**To Amendment No. 1 to Power Purchase Agreement
between Avista Corporation and Stimson Lumber
Company**

First Amended Exhibit E

Purchase Prices

The pricing information provided herein is based on current avoided cost rates in Idaho (June 15, 2016) and is subject to change.

The pricing applicable to the project will be consistent with the avoided cost rates that are in effect at the time that the parties enter into a definitive agreement.

<u>Period</u>	Heavy Load Hours <u>\$/MWh</u>	Light Load Hours <u>\$/MWh</u>
Dec 2016	67.26	61.86
Jan 2017 - Feb 2017	57.35	51.95
Mar 2017 - Jun 2017	44.60	40.40
Jul 2017 - Dec 2017	57.35	51.95
Jan 2018 - Feb 2018	60.02	54.62
Mar 2018 - Jun 2018	46.68	42.48
Jul 2018 - Dec 2018	60.02	54.62
Jan 2019 - Feb 2019	60.28	54.88
Mar 2019 - Jun 2019	46.89	42.89
Jul 2019 - Dec 2019	60.28	54.88