



CASE NO. AVU-E-23-15

Avista Corp.

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IDAHO PUBLIC
UTILITIES COMMISSION

October 2, 2023

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Bldg. 8, Ste. 201-A
Boise, Idaho 83714

RE: In the Matter of the Joint Petition of Avista Corporation and Clearwater Paper Corporation for Approval of Amendment 1 to the Electric Service Agreement.

Included for filing with the Commission is the electronic copy of Avista Corporation and Clearwater Paper Corporation's Joint Petition.

Should you have any questions regarding this filing, please do not hesitate to call Michael Andrea at (509) 495-2564. Thank you in advance for your assistance.

Sincerely,

/s/ Paul Kimball

Paul Kimball
Mgr. of Compliance & Discovery

Enclosures

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Attorneys for Clearwater Paper Corporation

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT
PETITION OF AVISTA CORPORATION
AND CLEARWATER PAPER
CORPORATION FOR APPROVAL OF
AMENDMENT NO. 1 TO POWER
PURCHASE AND SALE AGREEMENT

CASE NO. AVU-E-23-__

JOINT PETITION

Avista Corporation ("Avista") and Clearwater Paper Corporation ("Clearwater") (Avista and Clearwater are referred to collectively as the "Parties") hereby petition the Idaho Public Utilities Commission ("Commission" or "IPUC") for an order approving the Amendment No. 1 ("Amendment") to the Power Purchase and Sale Agreement between Avista Corporation and Clearwater Paper Corporation ("2018 Agreement"). The 2018 Agreement was originally approved by the Commission in Order No. 34242 issued on February 27, 2019. The 2018 Agreement is due to expire by its terms on December 31, 2023. The Parties entered into Amendment No. 1 to extend the term for an additional three years. If the Amendment is

approved by the Commission, the 2018 Agreement will expire by its terms on December 31, 2026. The Amendment is attached hereto as Exhibit 1.

In support of this Petition, the Parties state as follows:

1. 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 principally engaged in the business of providing electric and natural gas service in the states of Idaho and Washington, as well as natural gas service in the state of Oregon.

2. Clearwater is a corporation that, among other things, operates a paper manufacturing facility located in Nez Perce County, Idaho (hereinafter referred to as the "Facility").

3. Clearwater owns and operates a generation system at the Facility that is capable of generating approximately 132.2 MVA of energy (the "Generation"). These generators are Qualifying Facilities ("QF") pursuant to the Public Utility Regulatory Policies Act of 1978 and 18 C.F.R. Part 292.

4. The underlying foundation of the 2018 Agreement is to allow Clearwater the flexibility to optimize the value of its Generation and the associated REC value, while at the same time ensuring that the Avista and its customers are held "neutral" as to whether Clearwater generates into its own load or sells its full energy requirements to Avista. Under the terms of the 2018 Agreement, Avista sells to Clearwater all of Clearwater's required energy and capacity at the new Schedule 25P Block 2 PURPA rate of \$24.50/MWh¹ and purchases all of the output from Clearwater's Generation, including the RECs, at the same PURPA rate of

¹ The Parties agree that the Block 2 PURPA rate will be grossed up for revenue related expenses associated with Commission Fees in order to make the new agreement cost neutral for customers.

\$24.50/MWh. The 2018 Agreement also addresses the treatment of Clearwater's RECs, and the sharing of the benefits from the sale of the RECs.

5. The essential terms of the 2018 Agreement, which are interrelated and dependent upon each other, are explained in detail in the Joint Petition and Request for Modified Period filed with the Commission in Case No. AVU-E-18-13. Except for the term of the 2018 Agreement, those essential terms remain unchanged by Amendment.

6. To extend the term of the 2018 Agreement from December 31, 2023 to December 31, 2026, the Amendment replaces Section 3(a) of the 2018 Agreement in its entirety. As amended, Section 3(a) will provide as follows:

3(a) This Agreement, which originally became effective on February 27, 2019 ("Effective Date") pursuant to Idaho Public Utilities Commission Order No. 34252, shall terminate at 2400 hours on December 31, 2026, unless terminated earlier pursuant to this Agreement. As of the Effective Date and continuing while this Agreement is in effect, this Agreement shall suspend the 2013 Agreement. Upon the termination or suspension of this Agreement December 31, 2026, the 2013 Agreement shall come back into effect. All obligations incurred under the 2013 Agreement prior to suspension shall survive until satisfied. Notwithstanding anything to the contrary in the 2013 Agreement, in the event that the 2013 Agreement comes back into effect pursuant to the terms of this Agreement, the 2013 Agreement shall be effective from the date it comes back into effect until the earlier of (i) December 31, 2026, or (ii) the date upon which the Parties enter into a new agreement regarding the output of the Project. Notwithstanding anything in this agreement, this Section 3(a) shall survive termination of this Agreement.

7. In order to extend the term of the 2018 Agreement, Avista also needed to extend the associated REC Agreement,² which is attached to the 2018 Agreement as Exhibit F. Accordingly, the Amendment also replaces the first sentence of Section 5(a) of the 2018 Agreement to acknowledge the amendment to extend the associated REC Agreement as follows:

² REC Agreement has the meaning provided in the 2018 Agreement.



5(a) Clearwater acknowledges that Avista has entered into the REC Agreement, attached hereto as Exhibit F, as amended by Amendment No. 1 to such REC Agreement.

The amendment to the REC Agreement is attached to the Amendment as Attachment A.

8. Except for the amendments to Sections 3(a) and 5(a) of the 2018 Agreement discussed herein, all other terms of the 2018 Agreement remain unchanged and shall continue in full force and effect through December 31, 2026.

WHEREFORE, Avista and Clearwater respectfully request that the Commission issue an order:


- (1) approving the Amendment to extend the term of the 2018 Agreement for an additional three years so that the 2018 Agreement will expire on December 31, 2026.
- (2) direct Avista to file a revised Schedule 25P, substantially in the form of that included in Exhibit B to the 2018 Agreement, in compliance with the Commission's order approving this Joint Petition to effectuate the terms of the Amendment to the 2018 Agreement.
- (3) processing this Joint Petition under the rules providing for Modified Procedure.

DATED this ^{2nd}~~28th~~ day of ^{October}~~September~~ 2023.

Clearwater Paper Corporation

Avista Corporation

Signature: 

Signature: 

Name: Samie McDonald

Name: MICHAEL ANORES

Date: 9/28/2023

Date: 10/2/2023