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IDAHO PUBLIC
UTILITIES COMMISSION

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January 19, 2024

Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8, Suite 201-A
Boise, ID 83714

RE: Order No. 36046 Compliance Filing
Amendment No. 3 to Clearwater Paper Corporation Power Purchase and Sale Agreement
Case No. AVU-E-23-15

On October 2, 2023, Avista Corporation (“Avista”) and Clearwater Paper Corporation (“Clearwater”) filed a Joint Petition for approval of Amendment No. 2 to the Power Purchase and Sale Agreement (“Agreement”). Amendment No. 2 extended the Agreement through December 31, 2026. On December 29, 2023, the Idaho Public Utilities Commission (“Commission”) issued Order No. 36046 approving the extension of the Agreement through December 31, 2026, subject to further updates to the Agreement. Pursuant to Order No. 36046, Avista and Clearwater have entered into Amendment No. 3 to update the Agreement as required by the Commission. Avista submits Amendment No. 3 in compliance with Order No. 36046 and respectfully requests that the Commission approve Amendment No. 3 and the revised Schedule 25P¹, with an effective date of January 1, 2024.

In Order No. 36046, the Commission required the Parties to update the Agreement to: (1) update the avoided cost rates for the extended term (2024-2026), (2) add 90/110 provisions to the Agreement, (3) update Exhibit B, including correction of certain typographical errors in Schedule 25P, (4) update Section 24 of the Agreement to reflect the significance of Commission approval, and (5) update the Agreement to include additional language to address potential modifications to

¹ The Revised Schedule 25P submitted in Amendment No. 3 to the Agreement as part of Revised Exhibit B are:

Electric

Eighteenth Revision Sheet 025P canceling Seventeenth Revision Sheet 025P
Tenth Revision Sheet 025PA canceling Ninth Revision Sheet 025PA

Legislative (strike/underline) versions are also attached.

the Project in accordance with Order No. 35705. The Commission further recommended that Avista and Morgan Stanley Capital Group (MSCG) amend the REC Agreement that was submitted as Revised Exhibit F in Amendment No. 2 to reflect the need for Commission approval “should an alternative method ever be utilized to determine the price of energy between Avista and [MSCG].”

To comply with Order No. 36046, Avista and Clearwater entered into Amendment No. 3. Amendment No. 3 updates the avoided cost rates for the period 2024-2026 and provides a Revised Exhibit B, which replaces and supersedes the prior version of Exhibit B. In response to the Commission’s order regarding energy pricing of the Agreement, and in consultation with Staff, Avista conducted a new analysis using the Aurora model to simulate the 2024-2026 time period using the Avista loads from Order No. 35639 with the 2023 Electric IRP assumptions. Avista also included the PURPA resources included through October 2, 2023. The resulting price of the analysis levelized over the three-year period (2024-2026) is \$36.17 per MWh. This is an energy price only and assumes when Avista’s economic generation dispatch is equal to or greater than load for each hour the avoided cost is the highest marginal price of Avista’s dispatchable resources. If Avista is buying from the market for the hour, pricing assumes the Mid-C market price. Avista did not include any avoided capacity cost due to the contract is not in a capacity deficit period. When adjusting for commission fees, the resulting price of the contract should be priced at \$36.24 per MWh. Ultimately, it is worth noting that under the Agreement the rate Avista pays Clearwater for Delivered Net Output is equal to and offset by the rate Clearwater pays Avista.

Amendment No. 3 also adds the 90/110 provisions. Specifically, Amendment No. 3 adds new Section 5.1 to the Agreement, which addresses the provision of Net Output Estimates and adds new terms, including “Surplus Energy” and Shortfall Energy”. Revised Section 5(c) clarifies that Avista will pay Clearwater the rates in Exhibit B for Delivered Net Output, except for Delivered Net Output that is Surplus Energy or Shortfall Energy (i.e., Delivered Net Output for any month that is greater than 110 percent or less than 90 percent, respectfully, of the Delivered Net Output Estimates for such month). For all Surplus Energy and Shortfall Energy delivered to Avista in any month, Avista shall pay Clearwater the applicable month’s Market Energy Price (which is 85 percent of the PowerDex Mid-C Index) or the rate specified in Exhibit B, whichever is lower.

Amendment No. 3 revises Section 24 of the Agreement to reflect the significance of Commission approval. Amendment No. 3 also adds new Section 4, which adds language to the Agreement to address potential modifications to the Project in accordance with Order No. 35705.

Finally, as recommended by the Commission, Avista and MSCG entered into Amendment No. 3 to the REC Agreement to reflect the need for Commission approval “should an alternative method ever be utilized to determine the price of energy between Avista and [MSCG].” Specifically, Amendment No. 3 to the REC Agreement adds the following language to the REC Agreement:

In the event that the Parties mutually agree to an alternative index to calculate the Energy Price for Delivery Period 1 or Delivery Period 2 as set forth above, such alternative index shall not be valid unless set forth in a written amendment to this Confirmation signed by both Parties and subsequently approved by the Idaho Public Utilities Commission.

Amendment No. 3 to the Agreement incorporates Amendment No. 3 to the REC Agreement into Revised Exhibit F to the Agreement (Revised Exhibit F is the REC Agreement as submitted to the Commission in Amendment No. 2 to the Agreement).

As discussed herein, Avista respectfully requests that the Commission approve Amendment No. 3, and revised Schedule 25P, with an effective date of January 1, 2024. Please direct any questions regarding this report to Michael Andrea at (509) 495-2564 or myself at 509-495-4584.

Sincerely,

/s/Paul Kimball

Paul Kimball
Manager of Compliance & Discovery
Avista Utilities
509-495-4584
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Enclosure

cc: Peter Richardson

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 25P

EXTRA LARGE GENERAL SERVICE TO CLEARWATER PAPER'S FACILITY - IDAHO
(Three phase, available voltage)

AVAILABLE:

To Clearwater Paper Corporation's Lewiston, Idaho Facility.

APPLICABLE:

To general service supplied for all power requirements with a demand of not less than 2,500 kVA but not greater than 110,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. Customer shall provide and maintain all transformers and other necessary equipment on its side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

Block 1 Retail Meter	4.290¢ per kWh
Block 2 Generation Meter	3.624¢ per kWh

Demand Charge as measured at the Retail Meter:

\$16,000.00 for the first 3,000 kVA of demand or less.

1st Demand Block: \$5.75 per kVA for each additional kVA of demand up to 55,000 kVA.

2nd Demand Block: \$3.00 per kVA for each additional kVA of demand above 55,000 kVA.

Primary Voltage Discount as measured at the Retail Meter:

If Customer takes service at 11 kV (wye grounded) or higher, it will be allowed a primary voltage discount of 30¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$663,900

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. The annual minimum is based on 916,667 kWh's per month priced at the Block 1 per kWh rate, plus twelve months multiplied by the monthly minimum demand charge for the first 3,000 kVa of demand. The annual minimum reflected above is based on base revenues only. Any other revenues paid in billed rates (such as the DSM Tariff Rider Schedule 91) do not factor into the annual minimum calculation.

Issued January 19, 2024

Effective January 1, 2024

Issued by Avista Utilities
By

Patrick Ehrbar,

Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

Monica Barrios-Sanchez Secretary

SCHEDULE 25P (continued)

DEMAND:

The average kVA supplied during the 30-minute period of maximum use during the current month as measured by Company's metering equipment.

The Demand rate for all kVA above 55,000 is directly related to the terms and conditions of to the Service Agreement between Clearwater Paper and Avista, which is effective through December 31, 2026. Avista and Clearwater agree that Clearwater's load under Schedule 25P will increase during planned generation outages, intermittent Clearwater generation outages, and other variations in Clearwater Facility load. If, however, Clearwater sells any of its generation output to any third party, thereby taking all or a larger portion of its retail load from Avista, the second demand block described above would no longer be applicable, and all demand would be billed at the first block rate, i.e., the rate per kVA charged for each kVA from 3001 kVA to 55,000 kVA.

SPECIAL TERMS AND CONDITIONS:

All Special Terms and Conditions are addressed in the Service Agreement between Avista and Clearwater Paper Corporation as approved by the Commission.

The rates for Schedule 25P that are associated with all present and future tariff rider schedules (such as the DSM Tariff Rider Schedule 91) are applied to the Block 1 Retail Meter load only.

For purposes of all proposals related to General Rate Case Filings, Cost of Service studies, Production and Transmission Ratio calculations, and Power Cost Adjustment rate calculations etc., "Base Revenue" will be defined as Clearwater's "net" generation requirements as measured through the Block 1 Retail Meter.

If, at any time, the Agreement is terminated or suspended prior to its expiration, Clearwater will generate into their own load and be billed at the Block 1 Retail Meter rate.

Service under this schedule is subject to the Rules and Regulations contained in this tariff. The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Power Cost Adjustment Schedule 66, Tax Customer Credit Schedule 76 and Energy Efficiency Rider Adjustment Schedule 91.

Issued January 19, 2024

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