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IDAHO PUBLIC
UTILITIES COMMISSION*

Avista Corp.
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Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

April 8, 2020

Transport Customer
Address
City, Idaho 83xxx

Via Electronic Mail

RE: Notice of Settlement between Avista Corporation and Clearwater Paper

On November 14, 2019, Avista petitioned the Idaho Public Utilities Commission (Commission) to grant a limited waiver of certain penalty provisions in Schedule 146 of Avista's natural gas tariff, seeking authorization to enter into settlement discussions with Clearwater Paper Corporation. On February 7, 2020, the Commission approved Avista's Petition in Order No. 34549 (Case No. AVU-G-19-08). As a part of the Commission's order, it stated:

IT IS FURTHER ORDERED that if a settlement agreement is reached, the parties shall submit the settlement agreement to the Commission for approval. Additional notice of the settlement shall be given to **Avista's Idaho transportation customers** by the date the settlement agreement is filed with the Commission. (Emphasis added.)

You are one of Avista's Idaho natural gas transportation customers, and this notice is provide in accordance with the Commission's directive.

Notice

Clearwater Paper is a customer that takes transportation service under Avista's Idaho Natural Gas Tariff ("Tariff"). Between February 7, 2019 and March 4, 2019 ("Relevant Period"), Clearwater Paper exceeded its nominated gas volumes and, as a result incurred substantial entitlement penalties under Avista's Tariff. Under the particular circumstances under which Clearwater Paper's penalties were incurred such penalties a question arose regarding whether such penalties were unduly burdensome.

In February and March 2020, Avista and Clearwater Paper engaged in settlement discussions to resolve the entitlement penalties. Avista and Clearwater have entered into a Settlement Agreement to resolve Clearwater Paper's penalties. The agreed upon penalty amount in the Settlement Agreement recognizes the unique circumstances that gave rise to Clearwater Paper's penalties and is intended to deter future entitlement violations.

On April 7, 2020, Avista filed an application with the Idaho Public Utilities Commission (Commission) asking for approval of a Settlement Agreement with Clearwater Paper. This Settlement Agreement resolves all issues associated with any entitlement penalties that were levied by Avista against Clearwater Paper for exceeding its nominated natural gas volumes during the Relevant Period.

Additional Information

Avista's petition for approval of the settlement is subject to public review and a Commission decision. A copy of the petition is enclosed and is available for public review at the offices of both the Commission and Avista, and on the Commission's website (www.puc.idaho.gov). Customers may file with the Commission written comments related to the Company's filing. Customers may also subscribe to the Commission's RSS feed (<http://www.puc.idaho.gov/rssfeeds/rss.htm>) to receive periodic updates via e-mail about the case. Copies of the rate filing is also available on our website, www.myavista.com/rates.

If you would like to submit comments on the proposed settlement, you can do so by going to the Commission website or mailing comments to:

Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

