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2014 SEP 15 PM 4:19
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION TO)	CASE NO. AUV-E-14-06
ADJUST ITS ANNUAL POWER COST)	
ADJUSTMENT (PCA) RATES)	COMMENTS OF CLEARWATER
)	PAPER CORPORATION
)	
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COMES NOW, Clearwater Paper Corporation, ("Clearwater") and pursuant to Rule 203 of the Rules of Procedure of the Idaho Public Utilities Commission (the "Commission") and the Commission's Notice of Application and Notice of Modified Procedure, Order No. 33095, issued on August 15, 2014 and provides the following Comments.

Introduction

Avista Corporation ("Avista" or the "Company") seeks approval for an increase of \$12.4 million (4.99% for overall rates) increase in Schedule 66 (PCA) revenue. The Company proposes \$0.00252 per kWh surcharge to take effect October 1, 2014 for deferred power costs from July 1, 2013, through June 30, 2014. The current Schedule 66 charge is -\$0.00152, or a rebate to

customers of \$4.7 million. The \$12.4 million increase in revenue requested is derived from \$7.7 million in increased power supply costs plus the expiring rebate.

Causes of Power Supply Increases

Two of the larger causes for power supply cost increases are; 1) Clearwater Paper's new partial self-generation contract, and 2) the forced outage of Colstrip Unit 4 (CU4). The dollar impact of these two cost increases total approximately \$6.4 million, with the Colstrip Unit 4 outage contributing nearly two thirds of that total. Clearwater recommends disallowance of the Colstrip amount pending further review and a prudence examination. In addition, Clearwater recommends a reallocation of a portion of the costs allocated to it in order to achieve a more equitable rate spread among Avista's ratepayers.

Clearwater Cogeneration Contract

Avista and Clearwater filed a Joint Petition in April, 2013, seeking approval of a new Electric Service Agreement (ESA) to replace the existing contract that was set to expire on June 30, 2013. Clearwater owns and operates a 132 MW cogeneration facility. Under the new agreement, Clearwater will self-generate approximately half its load and purchase the other half from Avista under Company's "Extra Large General Service To Clearwater Paper's Facility" Schedule 25P. That rate will also include any applicable rate adjustments. The Commission approved the new five year EAS on June 28, 2013, in Order No. 32841.

The new Avista/Clearwater ESA adds \$2.3 million to Avista's proposed 2013/2014 PCA. According to the Company, this increase is caused because: