

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) CASE NO. AVU-E-13-02
APPROVAL OF ITS ELECTRIC SERVICE)
AGREEMENT WITH CLEARWATER) NOTICE OF APPLICATION
PAPER CORPORATION)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 32798**

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3. Clearwater's Generation shall be metered, consistent with Paragraphs 4(B)(ii) and 5 of Schedule 63 of Avista's Idaho tariff, such that Clearwater shall use the Generation to serve its load at the Facility;
4. Clearwater shall purchase and receive from Avista all of the electric power requirements at the Facility that exceed the electric power generated by Clearwater's Generation. Avista will continue to serve Clearwater's additional power requirements under Avista's "Extra Large General Service To Clearwater Paper's Facility" Schedule 25P rates, including all applicable rate adjustments, unless the Commission issues an order in the future authorizing different billing rates;
5. The Parties agree that all energy (kWh) consumption under the terms of this ESA will be billed at Schedule 25P rates. For purposes of capacity/demand ("kVA"), all kVA billed above 55,000 kVA ("2nd Demand Block") will be billed at an initial rate of \$2.00 per kVA. The first 3,000 kVA will continue to be covered under a monthly flat rate (currently \$12,500 per month), and the next 52,000 kVA ("1st Demand Block") will be billed at the current volumetric demand rate (currently \$4.50 per kVA);
6. If Clearwater generates electric power in excess of the electric power requirements of the Facility, Clearwater will be credited for the excess kWh generated during the billing period in a manner consistent with Paragraphs 4(B)(ii) and 5 of Schedule 63 of Avista's Idaho tariff;
7. Clearwater is permitted, after 90 days written notice to Avista of its intent to terminate the ESA, to sell the output of the Generation to any third party. Clearwater would be responsible for making all necessary arrangements to facilitate the sale of the output of the Generation to any third party. Once Clearwater begins selling the Generation to a third party, the 2nd Demand Block would no longer be applicable and all kVA above 3,000 would be billed at the 1st Demand Block rate.

YOU ARE FURTHER NOTIFIED that the Parties propose that the change in revenues and expenses associated with the new ESA, as compared with the revenues and expenses included in the last rate case for Clearwater, should be tracked through the PCA at 100%.

YOU ARE FURTHER NOTIFIED that the Parties request that the Commission direct Avista to file a revised Schedule 25P tariff substantially similar to Exhibit B included in the ESA filing.

YOU ARE FURTHER NOTIFIED that the Parties request that the Commission process their Joint Petition under the rules of Modified Procedure.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than June 14, 2013**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

David J. Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
PO Box 3727
Spokane, WA 99220
E-mail: david.meyer@avistacorp.com

Clearwater Paper Corporation:

Michael S. Gadd
Senior Vice President & General Counsel
Clearwater Paper Corporation
601 W. Riverside Ave., Suite 1100
Spokane, WA 99201

Peter Richardson
Richardson & O'Leary, PLLC
505 N. 27th Street
PO Box 7218
Boise, ID 83702
E-mail: peter@richardsonandoleary.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicants at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this Application will be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than **June 14, 2013**.

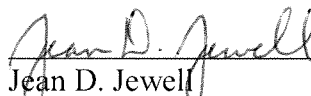
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of April 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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