REDACTED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200900

DOCKET NO. UG-200901

DOCKET NO. UE-200894

EXH. SJB-KR-2

SHAWN J. BONFIELD (AVISTA) AND KEVIN RASLER (INLAND EMPIRE PAPER)

IN SUPPORT OF A SPECIAL CONTRACT

AVISTA CORPORATION

AND

INLAND EMPIRE PAPER COMPANY

SPECIAL CONTRACT FOR THE PURCHASE OF ELECTRICITY SERVICES

JUNE 24, 2021

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SPECIAL CONTRACT FOR THE PURCHASE OF ELECTRICITY SERVICES

This Special Contract for the Purchase of Electricity Services (this "**<u>Special Contract</u>**") is entered into as of June 24, 2021, between Avista Corporation, a Washington public utility corporation ("**<u>Avista</u>**"), and Inland Empire Paper Company, a Washington corporation ("**<u>IEP</u>**"). Avista and IEP are each hereinafter referred to individually as a "**<u>Party</u>**" and collectively as the "**<u>Parties</u>**."

Recitals

WHEREAS, IEP operates a pulp and paper mill ("**<u>Mill</u>**") in Millwood, Washington, which is Avista's largest Washington electric customer; and

WHEREAS, Avista provides IEP's full electricity requirements at the Mill under its tariff Rate Schedule 25, and IEP also pays its allocated cost, or receives its allocated credit, of certain tariff riders, including but not limited to Schedule 91 and Schedule 92, which fund Avista's demand-side management and low-income programs, respectively; and

WHEREAS, IEP has the option to pursue a natural gas-fired combined heat and power generating system to serve up to ninety-seven (97) percent of the Mill's load, which provides IEP with a positive internal rate of return, relative to taking service from Avista, over the life of the project under a wide variety of scenarios ("**<u>Economic Bypass</u>**"); and

WHEREAS, IEP makes paper at its Mill through, in part, use of a Thermo-Mechanical Pulping refiner ("**<u>TMP System</u>**"); and

WHEREAS, IEP has the ability to interrupt the TMP System to reduce its load during times of peak capacity on Avista's electrical system, which can help reduce Avista's energy costs during the Pre-Commitment Period (defined below) and help meet Avista's peak capacity needs during the Post-Commitment Period (defined below).

NOW THEREFORE, in consideration of the mutual covenants herein contained, the sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, agree to the following:

Article 1 - Definitions

1.1 "**<u>Capacity Payment</u>**" has the meaning provided in **Section 4.5(B).**

1.2 "**<u>Commission</u>**" means the Washington Utilities and Transportation Commission.

1.3 "**<u>Confidential Information</u>**" has the meaning provided in **Section 5.2.**

1.4 "**<u>Curtailed Demand Limit</u>**" means [redacted] MWs below IEP's non-coincident peak demand from the most recent 6-month calendar year period (i.e., January-June baseline for July-December operation and July-December baseline for January-June operation).

1.5 "**<u>Curtailment</u>**" means the reduction of load at IEP's Mill.

1.6 "**<u>Curtailment Shortfall</u>**" means the sum of all energy served in excess of the Curtailed Demand Limit during each Demand Response Event.

1.7 "**<u>Demand Response</u>**" means a Curtailment to at least the Curtailed Demand Limit in response to a request by Avista for load reduction.

1.8 "**<u>Demand Response Event</u>**" means a continuous four-hour block of time during which Avista has requested that IEP achieve the Curtailed Demand Limit.

1.9 "**<u>Economic Bypass</u>**" has the meaning provided in the recitals.

1.10 "**<u>Economic Bypass Revenue Requirement</u>**" has the meaning provided in **Section 3.1**.

1.11 "**<u>Economic Bypass Study</u>**" means the economic analysis of the feasibility of constructing a natural gas-fired combined heat and power generating system to serve a portion of IEP's electrical load, attached to this Special Contract as **Exhibit A**.

1.12 "**<u>Effective Date</u>**" has the meaning provided in **Section 2.1.**

1.13 "**<u>EIM Imbalance Charges</u>**" means the charges identified in Schedule 4 of Avista's Open Access Transmission Tariff after the date revisions to such tariff that are necessary to enable Avista's entry into the Western Energy Imbalance Market are approved by the Federal Energy Regulatory Commission.

1.14 "**<u>Electric Service Regulations</u>**" means Avista's currently effective electric service rules and regulations, on file with and approved by the Commission, as they may be amended or superseded from time-to-time.

1.15 "**<u>Fully Allocated Costs</u>**" means the costs or credits IEP would pay or receive if it were receiving fully bundled service under Schedule 25.

1.16 "**<u>ICE</u>**" means the Intercontinental Exchange.

1.17 "**<u>ICE Day Ahead</u>**" means the Mid-Columbia market hub.

1.18 "**<u>IEP Special Contract Energy Rate</u>**" means only the energy charges paid by IEP under this Special Contract (as opposed to demand charges, primary voltage charges, or other applicable charges).

1.19 "**<u>IRP</u>**" means Avista's Integrated Resource Plan, as updated from time to time.

1.20 "**<u>Lost Margin</u>**" means the reduced revenue to Avista as a direct consequence of this Special Contract, calculated as the Fully Allocated Costs minus the Economic Bypass Revenue Requirement.

1.21 "**<u>Mill</u>**" has the meaning provided in the recitals.

1.22 **“<u>Post-Commitment Period</u>”** means the period from November 1, 2026, through October 31, 2031.

1.23 **“<u>Pre-Commitment Period</u>”** means the period from the Effective Date of this Special Contract through October 31, 2026.

1.24 **“<u>Public Interest</u>”** has the meaning provided in RCW 80.01.040(3), as such term may be interpreted by the Commission.

1.25 **“<u>Renewal Term</u>”** has the meaning provided in **Section 2.2.**

1.26 **“<u>Schedule 25</u>”** means Avista’s rate tariff in Washington applicable to Extra Large General Service, as such tariff may be revised from time to time.

1.27 **“<u>TMP System</u>”** has the meaning provided in the recitals.

Article 2 - Term and Termination

2.1 **<u>Term</u>.** This Special Contract shall become effective as of the date it is approved by the Commission as part of Avista’s 2020 general rate case, docketed as UE-200900 (**“<u>Effective Date</u>”**), and shall remain in full force and effect until October 31, 2031 (collectively with any Renewal Term, the “**<u>Term</u>**”); *provided*, however, that this Special Contract will not become effective unless and until the Commission has approved it and the manner in which any Lost Margin resulting from the Economic Bypass Revenue Requirement will be recovered from other customers and not borne by Avista. Avista and IEP shall have no further obligation under the Special Contract should the Commission not approve it.

2.2 **<u>Renewal</u>.** Following October 31, 2031, this Special Contract will automatically renew for successive four-year terms (each a **“<u>Renewal Term</u>”**) unless either Party provides notice of intent to terminate at least one (1) year prior to the end of the then-current Term. Eighteen (18) months prior to the first Renewal Term, IEP will provide updated analysis showing continued feasibility of its Economic Bypass option in order to maintain the Economic Bypass Revenue Requirement described in **Section 3.1** of this Special Contract. The updated analysis shall assume that the Economic Bypass option was constructed as modeled in the Economic Bypass Study. At the same time, the Parties will also perform the required operational review of the Demand Response program described in **Section 4.5(C)** of this Special Contract. While the Demand Response component of the Special Contract is in force, Avista will include 30 MW of Demand Response from IEP in its IRP beginning November 1, 2026 and will assume that the Special Contract is renewed at the end of the then-current Term unless either Party has provided notice of termination.

2.3 **<u>Termination</u>.** At any time, IEP may terminate the Special Contract without cause with one (1) year’s notice and return to Schedule 25. If Avista can demonstrate that it has incurred additional costs as a consequence of IEP’s early termination, IEP shall pay an early termination fee equal to the increased costs. IEP has the right to review and challenge Avista’s calculation of the early termination fee at the Commission. Avista may only terminate the Special Contract if it can demonstrate to the Commission that doing so is in the Public Interest.

2.4 Hold Harmless Provisions. In the unforeseen circumstance that Avista is denied recovery of the Lost Margin related to the Special Contract after it is approved in accordance with the requirements of **Section 2.1**, Avista may apply to the Commission to determine the amount of Lost Margin, if any. Upon determination by the Commission that Avista is entitled to recover any unrecovered Lost Margin, IEP may either: (1) make Avista whole for the Lost Margin; or (2) terminate the Special Contract with 30 days' notice without penalty. In the event IEP terminates the Special Contract, it will revert to Schedule 25. For the avoidance of doubt, Avista will not experience Lost Margin due to normal ratemaking outcomes including, but not limited to, regulatory lag, disallowed cost recovery due to imprudence, or rate spread determinations.

Article 3 - Economic Bypass Revenue Requirement

3.1 Economic Bypass Revenue Requirement. In recognition of the Economic Bypass option available to IEP, the Parties agree that IEP will receive a reduction of $[redacted] toward its overall contribution towards Avista's fixed cost assigned to IEP. To accomplish this reduction, the initial Economic Bypass Revenue Requirement shall be set so that IEP's 2019 annual billing determinants produce the following amount of revenue: The final approved revenue requirement change in Docket UE-200900 multiplied by [redacted] plus $[redacted] ("**Economic Bypass Revenue Requirement**"). For example, if Avista's full electric rate increase request of $44.18 million is approved in Docket UE-200900, IEP's revenue would be $[redacted] ([redacted] + $44,180,000 X [redacted]).

3.2 Rate Updates. The Economic Bypass Revenue Requirement will be updated as a result of any base rate percentage changes approved for Schedule 25 by the Commission that occur after Docket UE-200900. A Schedule 25 rate factor will be established equal to the Economic Bypass Revenue Requirement divided by Schedule 25's final base rate approved in UE-200900, where rates are expressed as rate year revenue requirement divided by rate year MWh. The Special Contract rate change will be equal to the Schedule 25 rate factor times the Schedule 25 rate change. For example, if Avista's rate request in UE-200900 results in Schedule 25 revenue of $40 million and load of 600,000 MWh, Schedule 25 rates will be $66.67/MWh. If the Economic Bypass Revenue Requirement is set at $10 million with a load of 200,000 MWh, this translates to a rate of $50/MWh, resulting in a rate factor of 0.75. For subsequent base rate changes, the Economic Bypass Revenue Requirement under this example will, therefore, be 75 percent of the Schedule 25 $/MWh rate change.

3.3 Tariff Riders. IEP will continue to pay (or receive credits) for its Fully Allocated Costs for Avista's existing tariff riders applicable to Schedule 25, including: (1) Schedule 91 (demand-side management); (2) Schedule 92 (low-income programs); (3) Schedule 93 (power cost surcharge); and (4) Schedule 98 (renewable energy credit revenue mechanism). In addition, IEP will be subject to the rates (i.e., pay or receive credits for its Fully Allocated Costs), terms, and conditions for any new tariff riders that are applicable to Schedule 25, which are introduced and approved by the Commission during the term of this Special Contract, including any tariff rider to flow through to customers the change in accounting for federal income tax from a normalization method to a flow through method for applicable plant basis adjustments.

3.4 Rate Design. Rate design for the Special Contract will remain consistent with Schedule 25. The initial rate design is included as **Exhibit B**. Any such update to the Economic

Bypass Revenue Requirement reflected in **Exhibit B** will be updated from time to time, for the convenience of the Parties, to reflect changes in Schedule 25 rates. When calculating IEP's monthly peak demand, Avista will exclude any 24-hour period immediately following a Demand Response Event. For the avoidance of doubt, IEP will continue to pay both demand and energy charges.

Article 4 - Demand Response

4.1 Quantity and Frequency. During both the Pre-Commitment Period and the Post-Commitment Period, Avista may call a Demand Response Event up to 25 times per year. Avista may call additional Demand Response Events, but any events beyond 25 per year are not subject to the terms of this Special Contract. Avista may call no more than two Demand Response Events per day; *provided*, however, that during the Post-Commitment Period a second Demand Response Event in a single 24-hour period must be mutually agreed to by both Parties. Each Demand Response Event counts toward the 25 event-per-year maximum even if two Demand Response Events occur in the same 24-hour period.

4.2 Noticing Requirements.

(A) Timing of Notices. In both the Pre-Commitment Period and the Post-Commitment Period, Avista will request Curtailment of IEP load a minimum of one day (24 hours) prior to the Demand Response Event and identify the specific four-hour block for such Curtailment. Avista will provide notice to IEP as early as possible, but no later than 5:30 a.m. on the day before the requested Demand Response Event. IEP must commit to or decline the Demand Response Event by 6:30 a.m. on the day before the requested Demand Response Event or the penalty provisions of **Section 4.4(B)** will apply. The noticing requirements of this **Section 4.2** may be subject to mutually agreeable revision prior to the Post-Commitment Period based on experience between Avista and IEP.

(B) Manner of Providing Notices. Whenever Avista calls a Demand Response Event, it shall notify IEP management of the request by telephone call in accordance with the protocols provided in **Exhibit C**. Avista must make the request directly to the responsible IEP employee contacted. Messages such as voicemail, email, text or other indirect communication shall not be considered notification of a Demand Response request. IEP may update **Exhibit C** in its discretion and shall provide Avista prompt notice of any such updates. If Avista calls a Demand Response Event in accordance with protocols provided in **Exhibit C**, but fails to reach IEP, IEP will be deemed to have denied the Demand Response Event, which during the Post-Commitment Period, IEP would then be subject to the penalties described in **Section 4.4(C)**.

4.3 System Emergencies. Nothing in **Section 4.2** or any other provision of this Special Contract modifies any applicable reliability requirements and protocols. IEP acknowledges that Avista system grid emergencies may require IEP to shed load at a shorter notice than provided in **Section 4.2**.

4.4 <u>Performance</u>.

(A) <u>Compliance</u>. During the Post-Commitment Period, IEP shall be deemed to have complied with a Demand Response Event if its load does not exceed the Curtailed Demand Limit. During the Pre-Commitment Period, if the TMP System is on maintenance and unable to return to full operating load during the Demand response Event, then IEP will receive no payment under **Section 4.5(A)** even if it achieves the Curtailed Demand Limit.

(B) <u>Failure to Perform Following Commitment</u>. Either during the Pre-Commitment Period or Post-Commitment Period, if IEP commits to a Demand Response Event, or fails to provide notice in accordance with the provisions of **Section 4.2**, but its load exceeds the Curtailed Demand Limit during the Demand Response Event, IEP will compensate Avista for the Curtailment Shortfall in an amount equal to the Curtailment Shortfall multiplied by the higher of: (1) the IEP Special Contract Energy Rate (using first energy block prices) less the energy charges for energy use during the event (using third energy block prices), multiplied by 125%; (2) the positive difference in the ICE Day-Ahead on-peak or off-peak market price applicable to the Demand Response Event, less the IEP Special Contract Energy Rate (using first energy block prices), multiplied by 125%; or (3) the EIM Imbalance Charges, if applicable. **Exhibit D** includes an illustrative example of how any such penalty will be calculated.

(C) <u>Declining a Demand Response Event During the Post-Commitment Period</u>. If, during the Post-Commitment Period only, IEP provides notice to Avista, in accordance with the requirements of **Section 4.2**, that it will not achieve the Curtailed Demand Limit when Avista calls a Demand Response Event, IEP will pay Avista a penalty equal to the Curtailment Shortfall multiplied by the higher of: (1) the IEP Special Contract Energy Rate (using first energy block prices) less the energy charges for energy use during the event (using third energy block prices); (2) the positive difference in the ICE Day-Ahead On-Peak or Off-Peak market price applicable to the Demand Response Event, less the IEP Special Contract Energy Rate (using first energy block prices), or (3) the EIM Imbalance Charges if applicable. For the avoidance of doubt, if the timing notifications of **Section 4.2** are not met, the provisions of **Section 4.4(B)** apply. **Exhibit D** includes an illustrative example of how any such penalty will be calculated.

(D) <u>Applicable Market Pricing</u>. If, under **Section 4.4(B)** or **Section 4.4(C)**, the ICE Day-Ahead price applies, the on-peak price will apply if a Demand Response Event occurs during an on-peak period; the off-peak price will apply if a Demand Response Event occurs during an off-peak period; and a weighted average of on-peak and off-peak prices will apply if a Demand Response Event includes both on-peak and off-peak times.

4.5 <u>Payments</u>.

(A) <u>Pre-Commitment Period</u>. During the Pre-Commitment Period, Avista will compensate IEP for reducing its load at a rate equal to 90% of the positive difference in ICE Day Ahead on-peak or off-peak market price less the IEP Special Contract Energy Rate (using third block energy prices). Avista will use the remaining 10% to pay for the costs of administering the Demand Response program. All payments to IEP for responding to a Demand Response Event during the Pre-Commitment Period will be due on or before the 20th day of the following month.

(B) Post-Commitment Period. During the Post-Commitment Period, Avista will compensate IEP with a flat monthly bill credit based on the annual calculated value of [redacted] MWs of reduced capacity. This amount is $[redacted] per kW-year of Demand Response capability provided by IEP and will be paid to IEP in 1/12 increments equal to [redacted] per kW-month ("**Capacity Payment**"). The Parties agree that the costs and benefits of this Demand Response program will be allocated to Washington.

(C) Pricing Adjustments. The Capacity Payment will be adjusted effective upon the first Renewal Term (if any) to reflect the value of Demand Response provided by IEP to Avista's customers at that time, which will continue to assume that the Demand Response provided by IEP fills a capacity need for Avista. Beginning no later than eighteen (18) months prior to the first Renewal Term, the Parties will meet and confer on a methodology to value the Demand Response. In addition, at this time, the Parties will perform a full operational review of the Demand Response program, including an evaluation of whether the program has produced cost savings to customers, to ensure it has provided benefits to Avista's other customers.

Article 5 - Miscellaneous Provisions

5.1 **Prohibition on Construction of Generation Facility.** The Parties agree that IEP will not construct any generation facility to serve IEP's load at the Mill while the Special Contract remains in effect, unless otherwise agreed to by Avista.

5.2 **Confidentiality.** The Parties acknowledge that portions of this Special Contract contain confidential commercial information, as well as customer-specific usage information, exempt from public disclosure under RCW 80.04.095 ("**Confidential Information**"). Each Party agrees that it shall not, without the written consent of the other Party or as otherwise provided herein, disclose to any third party such portions of this Special Contract identified as Confidential Information at the time of such disclosure. This provision shall not prohibit the disclosure of Confidential Information to the Commission, *provided* that Confidential Information is properly designated and redacted in any such submission. This provision further shall not prohibit the disclosure of Confidential Information to any party to a Commission proceeding that has agreed to be bound by a Commission-issued protective order in such proceeding, except to the extent any such party is a competitor of IEP.

5.3 **Force Majeure.** Neither Party shall be subject to any liability or damages for inability to perform its obligations under this Special Contract as a result of an event of force majeure to the extent that (i) such event is beyond the reasonable control of, and without the fault or negligence of, the Party claiming force majeure; (ii) the Party claiming force majeure could not have reasonably foreseen such event or taken reasonable precautions to prevent or mitigate such event, and cannot overcome such event with diligent effort; and (iii) such event is not the result of negligence or failure of the Party claiming force majeure. Provided that an event meets the foregoing criteria, a force majeure may include: acts of God, adverse weather conditions or natural phenomena such as floods, earthquakes, ice storms, or lightning; sabotage; vandalism beyond that which could reasonably be prevented; terrorism; war; riots; fire; explosion; blockades; strikes or boycotts; or adoption or change in any rule or regulation lawfully imposed by a governmental authority, including the Commission.

5.4 **Assignment.** Neither Party may assign this Special Contract or any portion thereof without the prior written consent of the other Party; *provided*, that either Party may assign this Special Contract without prior consent of the other Party to an entity that acquires all or substantially all of the assigning Party's assets in Washington State. Any permitted assignee shall expressly assume the assignor's obligations hereunder, and no assignment shall relieve the assignor of its obligations hereunder in the event the assignee fails to perform, unless the other Party expressly agrees in writing to waive or release the assignor's continuing obligations pursuant to this Special Contract.

5.5 **Waiver.** The failure of either Party to enforce or insist upon compliance with or strict performance of any of the terms or conditions of this Special Contract, or to take advantage of any of its rights thereunder, shall not constitute a waiver or relinquishment of any such terms, conditions, or rights.

5.6 **No Third-Party Beneficiaries.** Nothing in this Special Contract shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a party to this Special Contract.

5.7 **Relationship of the Parties.** This Special Contract shall not be interpreted to create an association, joint venture, or partnership between the Parties nor to impose any partnership obligation or liability upon either Party.

5.8 **Severability.** In the event any of the terms, covenants, or conditions of this Special Contract, its Exhibits, or the application of any such terms, covenants, or conditions, shall be held invalid, illegal, or unenforceable by any court or administrative body having jurisdiction, all other terms, covenants, and conditions of the Special Contract and their application not adversely affected thereby shall remain in force and effect.

5.9 **Notices.** Except with respect to Demand Response notices described in **Section 4.2**, any notices required to be given hereunder shall be sent by registered or certified mail, return receipt requested, to the Parties at the respective addresses below and shall be deemed to have been given when received:

For Avista	For IEP
Patrick Ehrbar	Kevin D. Rasler
Director of Regulatory Affairs	President & General Manager
1411 E. Mission, MSC-27	3320 N. Argonne Rd
Spokane, WA 99220-3727	Spokane, WA 99212

5.10 **Survival of Certain Provisions.** Applicable provisions of this Special Contract shall continue in effect after expiration or termination, including early termination, of this Special Contract, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to expiration or termination with respect to (i) payments of any amounts owed to the other Party arising prior to or resulting from termination of, or on account of a breach of, this Special Contract and (ii) the obligations of the Parties hereunder that by their nature should survive expiration or termination, including early termination, of this Special Contract.

5.11 Enforcement. The Parties acknowledge that this Special Contract is considered part of Avista's filed tariffs and, as such, its essential terms are subject to enforcement, supervision, regulation, and control by the Commission, as well as public inspection except as provided in RCW 80.04.095 and the Commission's implementing regulations.

5.12 Electric Service Regulations. Avista's Electric Service Regulations are incorporated herein and made a part of this Special Contract; *provided* that the terms of this Special Contract shall take precedence over any conflicting provisions in the Electric Service Regulations.

5.13 Complete Agreement. The terms and provisions contained in this Special Contract constitute the entire agreement between Avista and IEP with respect to the subject matter of this Special Contract and shall supersede all previous communications, representations, or agreements, either verbal or written, between Avista and IEP with respect to the subject matter of this Special Contract.

5.14 Construction. This Special Contract was negotiated and prepared by both Parties with the advice and participation of counsel. The Parties have agreed to the wording of this Special Contract and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Special Contract or any part hereof.

5.15 Governing Law. This Special Contract is subject to approval of the Commission. The laws of the State of Washington govern this Special Contract.

5.16 Counterparts. This Special Contract may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as set forth below.

FOR AVISTA CORPORATION	FOR INLAND EMPIRE PAPER COMPANY
By:	By:
Name: Kevin Christie	Name: Kevin D. Rasler
Title: Senior Vice President External Affairs, Chief Customer Officer	Title: President & General Manager

EXHIBIT A
Economic Bypass Study

Confidential

[redacted]

[redacted]

EXHIBIT B
Special Contract Rate Calculation

The rate calculation is determined based on final rates approved in Docket UE-200900 (The rates set forth are for illustrative purposes only; the final rates determined in the referenced rate case docket will be substituted in the calculation, once they become known). Any change in revenue as described in Section 3.2 will be applied on a uniform percentage basis to the energy charges.

MONTHLY BASE RATE:

The sum of the following demand and energy charges:

Energy Charge:

First	500,000 kWh	4.945¢ per kWh
Next	5,500,000 kWh	4.449¢ per kWh
All Over	6,000,000 kWh	3.804¢ per kWh

Demand Charge:

$30,650.00 for the first 3,000 kVa of demand or less.
$8.30 per kVa for each additional kVa of demand.

Primary Voltage Discount:

If Customer takes service at:

1) 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of $0.20 per kVa of demand per month.
2) 60 kV (wye grounded) or higher, he will be allowed a primary voltage discount of $1.52 per kVa of demand per month.
3) 115 kV (wye grounded) or higher, he will be allowed a primary voltage discount of $1.93 per kVa of demand per month.

The above Monthly Base Rate is subject to the provisions of Tax Adjustment Schedule 58, Demand Side Management Schedule 91, Low Income Rate Assistance Schedule 92, Temporary Power Cost Surcharge Schedule 93 and Renewable Energy Credit Revenue Mechanism Schedule 98 per **Section 3.3**, as applicable.

EXHIBIT C
Demand Response Noticing Protocols

When calling a Demand Response Event, Avista will provide notice to IEP by contacting the following individuals in the order of priority listed below. In the event Avista fails to reach an IEP representative(s), it shall leave a voice message with the representative(s); however, notice to IEP can only be effected through in-person contact with an IEP representative.

During business hours of 8:00am until 5:00pm, Monday through Friday

1.	Donnie Ely	509-924-1911
2.	Kevin Davis	509-924-1911
3.	Luke Huntley	509-924-1911
4.	Tanner Gerety	509-924-1911
5.	Mill Operations Supervisor	509-924-1911

During off-business hours 5:00pm until 8:00am, weekends and holidays*

1.	Donnie Ely	[redacted]
2.	Kevin Davis	[redacted]
3.	Luke Huntley	[redacted]
4.	Kevin Rasler	[redacted]
5.	Mill Operations Supervisor	509-924-1911

* IEP's recognized holidays are: Easter, Memorial Day, 4th of July, Labor Day, Thanksgiving, the Friday after Thanksgiving, Christmas Eve, Christmas, New Year's Eve, and New Year's Day.

EXHIBIT D
Demand Response Penalty Illustrative Examples

Demand Response Penalty Calculation Examples for Failure to Perform Following Commitment (Section 4.4(B))						
Curtailed Demand Shortfall (MW)	30	30	30	30	30	30
Schedule 25 1st Block (kWh)	$0.04945	$0.04945	$0.04945	$0.04945	$0.04945	$0.04945
Schedule 25 3rd Block (kWh)	$0.03804	$0.03804	$0.03804	$0.03804	$0.03804	$0.03804
ICE Day-Ahead Market Price (MW)	($50)	$30	$100	$250	$500	$1,000
EIM Imbalance Charge (MW)	$0	$20	$60	$230	$450	$950
Energy Charge for Use During Time of Event	$4,565	$4,565	$4,565	$4,565	$4,565	$4,565
Penalty will be the higher of the following options:						
Penalty Option 1	$1,712	$1,712	$1,712	$1,712	$1,712	$1,712
Penalty Option 2	$0	$0	$7,583	$30,083	$67,583	$142,583
Penalty Option 3	$0	$2,400	$7,200	$27,600	$54,000	$114,000
Penalty Option 1: Special Contract Rate (using first energy block price) less energy charge for use during event x 125%						
Penalty Option 2: Positive difference between ICE Day-Ahead market price less Special Contract Rate (using first energy block prices) x 125%						
Penalty Option 3: EIM Imbalance Charges, if applicable						
Demand Response Penalty Calculation Examples for Declining a Demand Response Event During the Post-Commitment Period (Section 4.4(C))						
Curtailed Demand Shortfall (MW)	30	30	30	30	30	30
Schedule 25 1st Block (kWh)	$0.04945	$0.04945	$0.04945	$0.04945	$0.04945	$0.04945
Schedule 25 3rd Block (kWh)	$0.03804	$0.03804	$0.03804	$0.03804	$0.03804	$0.03804
ICE Day-Ahead Market Price (MW)	($50)	$30	$100	$250	$500	$1,000
EIM Imbalance Charge	$0	$20	$60	$230	$450	$950
Energy Charge for Use During Time of Event	$4,565	$4,565	$4,565	$4,565	$4,565	$4,565
Penalty will be the higher of the following options:						
Penalty Option 1	$1,369	$1,369	$1,369	$1,369	$1,369	$1,369
Penalty Option 2	$0	$0	$6,066	$24,066	$54,066	$114,066
Penalty Option 3	$0	$2,400	$7,200	$27,600	$54,000	$114,000
Penalty Option 1: Special Contract Rate (using first energy block price) less energy charge for use during event						
Penalty Option 2: Positive difference between ICE Day-Ahead market price less Special Contract Rate (using first energy block prices)						
Penalty Option 3: EIM Imbalance Charges, if applicable						