

DECISION MEMORANDUM

TO: COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE

DATE: OCTOBER 23, 2007

SUBJECT: AVISTA'S 2007 ELECTRIC INTEGRATED RESOURCE PLAN (IRP);
CASE NO. AVU-E-07-08

On August 30, 2007, Avista Corporation dba Avista Utilities (Avista) filed its 2007 Integrated Resource Plan (IRP) with the Commission pursuant to the biennial filing requirement mandated in Order No. 22299, as modified in Order No. 30262.

Avista is based in Spokane, Washington and serves approximately 115,000 retail energy customers in northern Idaho. The executive summary portion of the Company's 2007 IRP includes the following highlights:

- The Company has elected to forego future "coal-fired generation due to changing economics and recent legislation effectively barring its use" in the state of Washington. IRP, *Executive Summary*, at i. Fixed price natural gas resources will replace coal-based resources.
- The Company included carbon emissions in its "Base Case" cost estimates for the first time in its 2007 IRP. *Id.* at viii. The Company claims that it has one of the "smallest carbon footprints" out of the nation's "top 100 producers of energy resources." *Id.*
- The Company estimates system-wide annual energy deficits beginning in 2011, "with loads exceeding resource capabilities by 83 aMW" and rising to 272 aMW in 2017 and to 513 aMW in 2027." *Id.*
- The energy resource deficits are attributable to an estimated 2.3 percent energy and capacity load growth through 2017 and the expiration of "certain long-term [supply] contracts." *Id.*


- “Conservation acquisition is forecast to rise approximately 25 percent” over the Company’s 2005 IRP “and by more than 85 percent from the 2003 IRP.” *Id.* at v.
- “A Western Interconnect-wide study was performed to understand the impact of regional markets” on Avista. *Id.* at ii. The Company submitted the data compiled from the various regional markets to a “monte-carlo style analysis” and “the results were used to estimate the Mid-Columbia electricity market.” *Id.*
- The Company’s Preferred Resource Strategy (PRS) includes the addition of 350 MW of CCCT (Combined Cycle Combustion Turbine); 300 MW of wind; 35 MW of other renewable resources; and 87 MW of conservation between 2007 and 2017. *Id.*, Table 2, at vi.

STAFF RECOMMENDATION

The Staff has reviewed Avista’s proposed IRP and recommends that a Notice of Filing be prepared and that the case be processed under Modified Procedure. Staff recommends a 60-day comment period.

COMMISSION DECISION

Does the Commission wish to issue a notice of the Company’s IRP filing and Modified Procedure? Does the Commission wish to establish a 60-day comment period?



Neil Price

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