

Idaho Public Utilities Commission

Case No. AVU-G-12-08, Order No. 32698

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Commission accepts Avista natural gas plan

Regulators have accepted an Avista Utilities long-term natural gas planning document, but not without recommending some changes in future plans.

Electric and natural gas utilities are required by the Idaho Public Utilities Commission to file an Integrated Resources Plan (IRP) every two years that spells out how the utilities plan to meet customer demand during average load periods as well as under extreme weather conditions.

Avista anticipates natural gas prices will remain low over the next several years due primarily to the continued development of shale gas. Demand from customers in northern Idaho will increase by only slightly more than 1 percent over the next 20 years, the company forecasts.

The commission adopted commission staff's recommendation that future reports include an easily identifiable progress report that summarizes and explains the changes between the current plan and the most recent plan.

The commission also said Avista should conduct at least one of its meetings with the committee that provides much of the input for developing the IRP in a location more convenient for Avista's northern Idaho customers. Members of the Technical Advisory Committee include commission staff, other utilities, customers and other stakeholders. All four of the most recent committee meetings were held at a Portland airport conference room.

Avista does not anticipate any resource shortages over the next 20 years, due to increased production from shale and lower customer demand.

The report's Executive Summary states:

"Shale gas has changed the landscape for North American supply and turned the price of natural gas on its head. While shale is not new, the technological improvements for extraction, the value of natural gas liquids and the amount of gas associated with oil extraction have significantly impacted the volume and cost of the supply mix. Couple this with declining use per customer and stagnant customer growth due to the prolonged effect of the recession and you have a supply glut driving prices to lows not seen in the last decade."

The IRP says Avista has a diversified portfolio of gas supply resources, including contracts to buy gas from several supply basins, stored gas and firm capacity rights on six pipelines.

Despite the low prices and ample supply, Avista continues to plan for a broad range of possibilities because of uncertainties including economic conditions; increasing exporting of liquefied natural gas which alters the price and flows of natural gas nationwide; and the growing market for natural gas vehicles. Because of higher oil prices and the desire to reduce reliance on foreign oil, forecasters believe there will be increased use for natural gas vehicles particularly in vehicle fleets that include long-haul trucking, public transportation, school buses and refuse trucks.

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