

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S ANNUAL UPDATE TO)	CASE NO. AVU-E-14-11
LOAD AND GAS FORECASTS AND LONG-)	
TERM CONTRACTS FOR ITS)	
INCREMENTAL COST INTEGRATED)	ORDER NO. 33181
RESOURCE PLAN AVOIDED COST)	
METHODOLOGY.)	

Pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC), the Idaho Public Utilities Commission (Commission) has approved an incremental cost Integrated Resource Plan (IRP) methodology for the calculation of avoided cost rates paid to certain PURPA qualifying facilities (QFs). Avoided cost rates are the purchase price paid to QFs for purchases of QF energy and capacity.

In Order Nos. 32697 and 32802, the Commission determined that the load forecast and natural gas forecast inputs to the IRP avoided cost methodology should be updated annually on October 15 of each year. The Commission stated

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. . . . In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. . . . We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance.

Order No. 32697 at 22.

On October 22, 2014, pursuant to the Commission's directive, Avista Corporation (Avista) submitted its annual updates for fuel prices and load forecasts. The Company also submitted information regarding new and expiring contracts.

COMPLIANCE FILING

Avista reports that its most recent load forecast was developed in July 2014 for energy and September 2014 for peak. The recent energy load forecast shows, on average, a 0.6% annual average growth rate, down from 0.7%. The peak forecast growth rate is unchanged at 0.7%.

Avista's most recent Forward Price Curve was developed using the blend of two national price forecasting consultants' most recent forecasts and forward market prices as of October 7, 2014.

The Company reports that it has signed one new long-term power purchase agreement, representing a 4% slice of Chelan County PUD's Rocky Reach and Rock Island production for the 2015 calendar year. The slice product is expected to add 64.5 megawatts (MW) of peak capacity for both summer and winter peaks and add 35.4 average megawatts (aMW) of energy. As of its filing date, Avista has no additions or subtractions of PURPA resource contracts.

STAFF REVIEW

Staff reviewed the Company's forecast and contract updates. Staff reported that the load and gas price forecasts submitted by Avista reflect the Company's most current estimates and were prepared consistent with the methods used in the Company's IRP. Staff maintained that the load and gas price forecasts and the long-term contract changes submitted by the Company comply with the requirements of Order Nos. 32697 and 32802. Staff recommended that the Commission accept the forecasts and contract changes without further process.

DISCUSSION AND CONCLUSIONS

The Commission has jurisdiction over Avista pursuant to the authority and power granted it under Title 61 of the Idaho Code and Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules. The Commission is also empowered to resolve complaints between QFs and utilities and approve QF contracts.

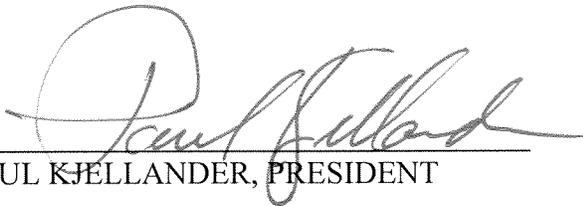
Pursuant to its authority, the Commission has reviewed and considered the filings of record. We find that Avista's filing complies with the directives issued by this Commission in Order Nos. 32697 and 32802. Based upon our review of the totality of the updates, we accept the updated inputs to Avista's IRP avoided cost calculation for filing.

ORDER

IT IS HEREBY ORDERED that Avista's annual update to its load and gas price forecast and long-term contract status for purposes of its incremental cost IRP methodology are accepted, effective October 15, 2014.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 21st day of November 2014.



PAUL KJELLANDER, PRESIDENT

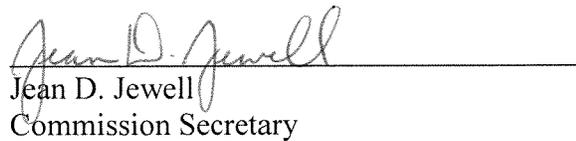


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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