

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY) AVISTA CORPORATION DBA AVISTA) UTILITIES—WASHINGTON WATER) POWER DIVISION (IDAHO) OF ITS 2001) ELECTRIC INTEGRATED RESOURCE) <u>PLAN (IRP).</u>)	CASE NO. AVU-E-01-12 ACCEPTANCE OF FILING ORDER NO. 28884
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On April 27, 2001, Avista Corporation dba Avista Utilities—Washington Water Power Division-Idaho (Avista; Company) filed its 2001 Integrated Resource Plan (IRP) with the Idaho Public Utilities Commission (Commission). The Company's filing is pursuant to a biennial requirement established in Commission Order No. 22299, Case No. U-1500-165. The IRP describes the Company's loads and resources, provides an overview of technically available resource options including conservation and establishes a demonstrated and present need for resources.

On August 22, 2001, the Commission issued a Notice of Filing and Comment Deadline in Case No. AVU-E-01-12. The deadline for filing written comments was September 21, 2001. The Commission Staff and Potlatch Corporation were the only parties to file comments. The comments can be summarized as follows:

Potlatch Corporation

Potlatch raises two points regarding Avista's filing. The first point concerns the IRP's omission of service to Potlatch's Lewiston facility from the projected loads. Potlatch states that it is a native load customer and its load should be included in the IRP. Potlatch contends that this is doubly true now that Potlatch and Avista have reached an agreement in principal regarding Avista's service to Potlatch after the current contract expires on December 31, 2001. Potlatch's load is approximately 100 MW of energy and associated demand.

Potlatch is also concerned about the general methods Avista employs to project loads when preparing its IRP. Potlatch contends that Avista did not contact Potlatch to inquire about Potlatch's plans during the preparation of its IRP. Avista's failure to contact its largest customer during this process, Potlatch states, does not inspire confidence in the utility's projections.

Potlatch submits that it may be appropriate for the Commission to review Avista's IRP procedures in further detail to determine whether they could be improved in the future.

Commission Staff

The Commission Staff believes that Avista's 2001 IRP satisfies the Commission's requirements for IRPs as outlined in Order No. 22299. Staff recommends that the Commission acknowledge Avista's filing. Staff notes that the Company's 2001 IRP includes all of the usual elements of a full IRP, but states that the process did not include the usual public or Staff involvement or review under the Company's medium growth electric forecast. The Company has a present deficit of 225aMW. Staff notes that the 280 MW Coyote Springs II project is currently under construction and is expected to be operational in 2002. Once on line, the project will satisfy resource deficits through 2004. After 2004, however, load growth and contract expirations will cause significant shortfalls and create the need to acquire additional generation resources.

Staff's analysis summarizes the following areas of the Company's IRP: resource portfolio changes since the 2000 IRP, electric sales forecasts, resource planning, load-resource balance, resource alternatives, preferred resource strategy, and 2001 near-term action plan. Staff recommends that revised load/resource balance schedules (Appendices B and C) be prepared and filed with the Commission that reflect the addition of the 280 MW Coyote Springs II project and the 25 MW Boulder Project. Avista's IRP, Staff concludes, confirms an immediate need for new generation resources and demonstrates additional needs in the not too distant future.

Staff was encouraged by the submission of an updated IRP in 2000 supporting the need to proceed with a request for proposals (RFP). Staff encourages similar updates in the future, as circumstances warrant.

Staff believes that the most effective time for comments is during the preparation and review stages of the IRP process, not at the end when the final document is filed with the Commission. Staff continues to believe that the IRP process is valuable to both the Company and the Commission. While Avista intimates that suggestions to improve the IRP process have been made verbally and in writing, Staff notes that it is unaware of such suggestions and does not know what changes the Company would like to see.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. AVU-E-01-12 including the Company's year 2001 electric Integrated Resource Plan and related comments. We find that the Company's IRP contains the necessary information and is in the appropriate format as directed by the Commission in Order No. 22299.

Potlatch recommends that the Company's IRP be revised to include Potlatch's Lewiston facility (approximately 100 MW of energy and associated demand) in Avista's forecasted loads. Commission Staff recommends that revised load/resource balance schedules (Appendices B and C) be prepared and filed with the Commission that reflect the addition of the 280 MW Coyote Springs II project and the 25 MW Boulder project. Both Staff and Potlatch recommend that the IRP preparation and review process be changed so as to include greater opportunity for public participation, review, and input.

The Commission finds it reasonable to require Avista to comply with Staff and Potlatch recommendations and to submit revised load/resource balance schedules (Appendices B and C) reflecting the addition of the 280 MW Coyote Springs II project, the 25 MW Boulder Project, and the 100 MWs of energy and the associated demand related to Potlatch's Lewiston facility. The Commission also advises the Company that a meaningful IRP process will include public participation, review and input in the early stages. The Company should incorporate that as part of its next IRP review process.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities—Washington Water Power Division (Idaho) an electric utility, pursuant to Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ACCEPTANCE OF FILING

Based on our review, we find it reasonable to accept the Company's filed 2001 electric Integrated Resource Plan. Our acceptance of the 2001 IRP should not be interpreted as an endorsement of any particular element of the plan, nor does it constitute approval of any resource acquisition or proposed action contained in the plan.

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and Avista Corporation dba Avista Utilities—Washington Water Power

Division (Idaho) is hereby required to submit revised load/resource balance schedules (Appendices B and C) to its 2001 electric Integrated Resource Plan.

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 _____ day of December 2002.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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