

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE FILING OF  
AVISTA UTILITIES' 2005 ELECTRIC  
INTEGRATED RESOURCE PLAN**

)  
) **CASE NO. AVU-E-05-8**  
)  
) **NOTICE OF FILING**  
)  
) **NOTICE OF**  
) **COMMENT DEADLINE**  
)  
) **ORDER NO. 29887**  
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On September 1, 2005, Avista Utilities (Avista, Company) filed its 2005 Electric Integrated Resource Plan (IRP) with the Idaho Public Utilities Commission (Commission). The Company's filing is pursuant to Commission Order No. 22299, which requires the Company to file a biennial resource management report (IRP) describing the status of the Company's electric resource planning. In this Notice the Commission establishes a review period and written comment deadline.

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YOU ARE HEREBY NOTIFIED that Avista's 2005 IRP was developed with the participation of its Technical Advisory Committee (TAC). TAC members include customers, Commission Staff, consumer advocates, academics, utility peers, government agencies and other interested parties. The Company sponsored seven TAC meetings, which were held between October 23, 2003 and June 23, 2005. Each meeting focused on specific planning topics, reviewed the status and progress of planning activities, and solicited ongoing input as the IRP was developed. The agendas and presentations for all of the TAC meetings are located in Appendices A-C to the Company's Filing.

YOU ARE FURTHER NOTIFIED that Avista predicts its electricity sales to grow 2.1 percent annually through 2026, growing to approximately 350,000 customers in 2007 and nearly 485,000 in 2026. Energy deficits begin in 2010 with loads exceeding resource capability by 40 aMW. Energy deficits rise to 360 aMW in 2016 and 640 aMW in 2026. Capacity deficits begin in 2009 with the Company being short by 5 MW. Capacity deficits grow to 508 MW in

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2016 and 901 MW by the end of the study in 2026. The Company requires new generation resources starting in 2009. The IRP includes a reserve margin of approximately 15 percent.

YOU ARE FURTHER NOTIFIED that Avista's Preferred Resource Strategy (PRS) contains the Company's forecasted preferred mix of new resources over the IRP time horizon. The PRS is defined by three generation categories: wind generation, coal-fired generation, and other small renewables. It also contains upgrades to existing Avista resources and a significant increase in conservation acquisition from today's levels. The PRS does not recommend additional natural gas-fired generation due to the high level of gas-fired generation already in the Company's portfolio, the high price of natural gas, and the resource's tendency to introduce additional volatility into the Company's portfolio. In 2016 the PRS calls for total installed capacity comprised of 400 MW of wind, 250 MW of coal, and 80 MW of other small renewables. Resource requirements are 69 MW lower because of conservation and 52 MW lower because of efficiency upgrades to existing resources. By 2026 total installed capacity equals 1,332 MW and is comprised of 650 MW of wind, 450 MW of coal, 180 MW of other renewables and 52 MW of plant efficiency upgrades. Needs are 138 MW lower because of conservation.

YOU ARE FURTHER NOTIFIED that conservation acquisition is 50 percent higher than in the 2003 IRP. With the additional funding recommended by the IRP, the Company expects conservation to lower load growth in its service territory by 6.9 MW per year, totaling 138 MW over 20 years.

YOU ARE FURTHER NOTIFIED that Avista is in the process of implementing a transmission upgrade plan to add over 100 circuit miles of new 230 kV transmission line to its system and will later increase the capacity of another 50 miles. Avista is also constructing two new 230 kV substations and is reconstructing three existing transmission substations. Related projects at six 230 kV substations are necessary to meet capacity requirements, upgrade protective relaying systems, and to meet regional and national reliability standards. In total, the Company will perform work in 11 of its 230 kV substations or 85 percent of its system. Several of the more significant projects are described more fully in the IRP. Transmission costs to integrate new resources into Avista's system were estimated in the IRP by the Company's Transmission Department. Transmission costs were reported as estimates based upon "engineering judgment" and are not "construction estimate" quality. As the size of the resource

increases, the certainty of the associated cost estimate for the transmission requirements to integrate it into the system diminishes. The estimated construction costs of new transmission associated with the integration of new generation varies from \$10 million to \$1.5 billion depending on location and project size.

YOU ARE FURTHER NOTIFIED that the Company's IRP contains a review of the 2003 IRP Action Plan including how the Company addressed each item in the 2003 plan. The IRP also contains the Company's Action Plan for 2005. Progress will be monitored and reported in the Company's 2007 IRP. The 2005 Action Plan includes specific items in four areas: renewable energy and emissions, modeling enhancements, transmission modeling and research, and conservation.

#### NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's filing in Case No. AVU-E-05-8 and finds it reasonable to require written comments concerning Avista's IRP to be filed with the Commission **no later than November 18, 2005**. Written comments concerning this filing should be mailed to the Commission and to Avista at the addresses reflected below.

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address For Express Mail:  
472 W. Washington Street  
Boise, ID 83702-5983

Clint Kalich, Manager  
Resource Planning & Power Supply Analysis  
Avista Corporation  
1411 E. Mission  
PO Box 3727  
Spokane, WA 99220-3727  
E-mail: [clintkalich@avistacorp.com](mailto:clintkalich@avistacorp.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Avista at the e-mail address listed above.

YOU ARE FURTHER NOTIFIED that Avista's IRP filing can be viewed online at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and "Electric Cases," or it can be viewed during

regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and Avista Corporation, 1411 E. Mission, Spokane, Washington.

YOU ARE FURTHER NOTIFIED that the Idaho Public Utilities Commission has jurisdiction over Avista Corp., its filing, and the issues involved in this case by virtue of Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

**ORDER**

IT IS HEREBY ORDERED that a review and comment period be established for Avista's IRP filing. Persons interested in submitting written comments regarding this case should do so no later than November 18, 2005.

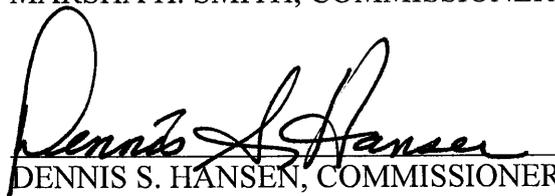
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5<sup>th</sup> day of October 2005.



PAUL KJELLANDER, PRESIDENT

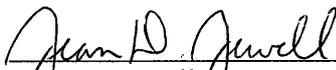


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

O:AVU-E-05-08\_dw

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