

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DONOVAN E. WALKER

DATE: SEPTEMBER 27, 2005

SUBJECT: AVISTA'S 2005 ELECTRIC INTEGRATED RESOURCE PLAN
CASE NO. AVU-E-05-8

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 (now IRP or Integrated Resource Plan) describing the status of the Company's electric resource planning. According to the IRP's Executive Summary the highlights of the IRP are as follows:

- Since the 2003 IRP, the Company has added 35 MW of wind generation, 140 MW of gas-fired generation and 8 MW of conservation to its portfolio.
- Electricity sales are forecast to grow 2.1 percent annually through 2026, which results in the below stated deficits.
- 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 2016 and 901 MW by the end of the study in 2026.
- A Western Interconnect-wide study was performed to understand the impact of regional markets on Avista. The Company modeled the entire Western Interconnect market, taking into account systems outside of the Northwest, to quantify impacts upon Avista.

- 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.
- Acquiring additional transmission is critical to Company plans.
- The Company states that the Preferred Resource Strategy (PRS) strikes a reasonable balance between keeping average costs and variation in year-to-year costs low.
- The 2016 PRS includes 400 MW of wind, 250 MW of coal, 80 MW of biomass, 52 MW of plant upgrades, and 69 MW of conservation.
- Over half of future energy needs are met with renewables, plant upgrades and conservation.

STAFF RECOMMENDATION

Staff recommends that the Company's IRP filing be noticed and that a comment period be established. Staff recommends a comment deadline of November 18, 2005.

COMMISSION DECISION

Does the Commission wish to issue a Notice of the Company's IRP Application and establish a comment period ending November 18, 2005?



Donovan E. Walker

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