

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION FOR)	CASE NO. AVU-E-13-10
APPROVAL OF ITS CAPACITY)	
DEFICIENCY PERIOD TO BE UTILIZED IN)	
THE COMPANY'S SAR METHODOLOGY.)	ORDER NO. 33014
)	

In Order No. 32697, the Commission directed that a case be initiated outside of each utility's Integrated Resource Plan (IRP) filing for the establishment of the capacity deficiency period to be utilized in the utility's SAR methodology. On October 16, 2013, Avista Corporation filed its proposal for updated capacity deficiency periods to be utilized in Avista's SAR avoided cost methodology.

On November 27, 2013, the Commission issued a Notice of Application and set a deadline for intervention. Order No. 32930. No person or party petitioned to intervene in this matter. On January 28, 2014, the Commission issued a Notice of Modified Procedure setting a comment deadline of February 28, 2014, and a reply deadline of March 7, 2014. Order No. 32971. Staff was the only party to file comments.

By this Order, we approve Avista's proposed capacity deficiency period to be utilized in the Company's SAR methodology.

THE APPLICATION

Avista's filing is based on an update to the Company's 2013 Integrated Resource Plan (IRP) Loads and Resources, taking into account a new load forecast and new long-term contracts. Within its 2013 Electric IRP, Avista had identified a long-term capacity deficit beginning in January 2020 (summer deficits in 2024 and energy deficits in 2026). Avista reported that while short-term deficits occur before these dates, those deficits would be met with short-term market purchases as described in its 2013 IRP.

Based on updated load forecasts, the Company's net positions changed. Avista states that winter deficits continue to begin in January 2020. However, summer deficits begin in 2023 and energy deficits begin in 2027.

COMMENTS

Staff observed that, compared to its 2013 IRP, Avista's updated capacity load forecasts are generally higher in winter and lower in summer. This results in larger winter capacity deficits than were identified in the 2013 IRP. The current forecasts show capacity deficits of 123 MW and 139 MW in the winters of 2015 and 2016, and show a summer deficit of 36 MW in the summer of 2016. Staff noted that Avista intends to meet its summer and winter capacity deficits in 2015 and 2016 with short-term market purchases. Staff believes that relying on short-term purchases to meet short-term capacity deficits is prudent.

Staff recommended the Commission approve the capacity and energy positions as proposed by Avista in its Application. Staff further maintained that capacity provided during a utility's surplus period has no value. Consequently, Staff computed Avista's avoided cost rates so that capacity value is paid only in those years when the capacity has value to the utility.

FINDINGS AND CONCLUSION

The Idaho Public Utilities Commission has jurisdiction over Avista, an electric and gas utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the 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 (QFs) and to implement FERC rules.

The Commission has reviewed the record in this case, including Order No. 32697, Avista's Application and the comments of Commission Staff. In Case No. GNR-E-11-03, the Commission found it fair and reasonable to subject each utility's IRP determination of capacity deficiency to further scrutiny for purposes of use within the SAR methodology. Order No. 32697 at 23. We stated that "capacity deficiency determined through the IRP planning process will be the starting point, and will be presumed to be correct subject to the outcome of the [separate capacity deficiency] proceeding."

The Commission accepted Avista's 2013 IRP on March 20, 2014. The 2013 IRP identifies winter capacity deficits in 2015 and 2016. These deficits disappear from 2017 through 2019 due to the addition of long-term contracts. Consequently, Avista updated its capacity and energy load forecasts for purposes of this case in order to account for its new long-term

contracts. Winter deficits reappear in 2020 and persist for the remainder of the 20-year planning period. Staff identified that an annual energy deficit is not expected to begin until 2026. Staff Comments at 2.

We find it fair and reasonable to approve Avista's capacity deficiency proposal to be used in the Company's SAR methodology. Although Avista experiences some short-term deficits in 2015 and 2016, the Company is again surplus until 2020. We find it reasonable for Avista to only pay for capacity when that capacity has value to the utility. Capacity provided when a utility is surplus has no value. Consistent with these findings, we approve the SAR methodology avoided cost rates as computed by Staff and included as Attachment A to this Order.

ORDER

IT IS HEREBY ORDERED that Avista's capacity deficiency period as used in the Company's SAR methodology be approved, as more fully described herein.

IT IS FURTHER ORDERED that the updated SAR avoided cost rates become effective upon issuance of this Order.

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.

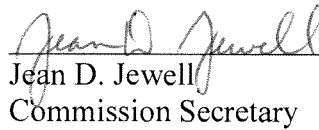
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th
day of April 2014.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:AVU-E-13-10_ks3

<p style="text-align: center;">AVISTA AVOIDED COST RATES FOR WIND PROJECTS April 8, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments</p>								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	29.08	33.15	38.09	37.86	41.25	43.64	2014	29.08
2	31.03	35.52	37.98	39.49	42.40	46.00	2015	33.15
3	33.21	36.24	38.99	40.77	44.29	47.72	2016	38.09
4	34.24	37.36	40.02	42.50	45.91	49.36	2017	37.86
5	35.44	38.43	41.48	44.05	47.48	50.85	2018	41.25
6	36.56	39.81	42.86	45.56	48.93	52.02	2019	43.64
7	37.91	41.13	44.23	46.96	50.11	53.01	2020	48.54
8	39.20	42.45	45.54	48.14	51.12	53.88	2021	51.58
9	40.48	43.71	46.65	49.16	52.01	54.63	2022	55.11
10	41.69	44.80	47.64	50.06	52.79	55.34	2023	58.06
11	42.76	45.76	48.52	50.86	53.52	56.04	2024	59.41
12	43.72	46.64	49.29	51.61	54.23	56.73	2025	60.84
13	44.59	47.41	50.03	52.32	54.92	57.41	2026	62.22
14	45.36	48.14	50.73	53.01	55.61	58.11	2027	63.20
15	46.09	48.84	51.41	53.70	56.30	58.83	2028	64.97
16	46.78	49.51	52.07	54.38	57.00	59.57	2029	66.93
17	47.44	50.16	52.73	55.06	57.72	60.37	2030	68.93
18	48.09	50.81	53.40	55.77	58.49	61.21	2031	71.41
19	48.73	51.45	54.08	56.51	59.30	62.08	2032	74.29
20	49.36	52.11	54.79	57.29	60.13	62.99	2033	77.30
							2034	81.30
							2035	86.32
							2036	91.58
							2037	97.02
							2038	103.23
							2039	106.92

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at <http://www.eia.gov/oiaf/aeo/tablebrowser/>.

AVISTA Page 1

Attachment A
Order No. 33014
Case No. AVU-E-13-10

AVISTA AVOIDED COST RATES FOR SOLAR PROJECTS April 8, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	29.08	34.42	39.38	37.86	41.25	43.64	2014	29.08
2	31.65	36.81	38.65	39.49	42.40	46.66	2015	34.42
3	34.03	37.13	39.45	40.77	44.72	48.61	2016	39.38
4	34.88	38.05	40.38	42.80	46.55	50.37	2017	37.86
5	35.97	39.00	42.01	44.54	48.25	51.92	2018	41.25
6	37.02	40.49	43.51	46.18	49.79	53.15	2019	43.64
7	38.47	41.90	44.97	47.67	51.03	54.18	2020	49.91
8	39.84	43.28	46.34	48.92	52.10	55.08	2021	52.98
9	41.18	44.58	47.51	49.99	53.03	55.85	2022	56.52
10	42.45	45.71	48.54	50.95	53.84	56.59	2023	59.49
11	43.56	46.71	49.45	51.78	54.61	57.31	2024	60.86
12	44.55	47.61	50.26	52.56	55.34	58.01	2025	62.32
13	45.45	48.41	51.02	53.30	56.05	58.71	2026	63.72
14	46.25	49.17	51.75	54.02	56.76	59.43	2027	64.72
15	47.00	49.88	52.44	54.72	57.47	60.15	2028	66.51
16	47.72	50.57	53.13	55.43	58.18	60.91	2029	68.50
17	48.40	51.24	53.81	56.13	58.92	61.72	2030	70.52
18	49.06	51.90	54.49	56.86	59.71	62.57	2031	73.03
19	49.72	52.56	55.18	57.61	60.53	63.45	2032	75.92
20	50.36	53.23	55.91	58.40	61.37	64.37	2033	78.96
							2034	82.98
							2035	88.03
							2036	93.31
							2037	98.78
							2038	105.02
							2039	108.73

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at <http://www.eia.gov/oiaf/aeo/tablebrowser/>.

AVISTA AVOIDED COST RATES FOR NON-SEASONAL HYDRO PROJECTS April 8, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	29.08	40.33	45.37	37.86	41.25	43.64	2014	29.08
2	34.49	42.75	41.76	39.49	42.40	49.71	2015	40.33
3	37.84	41.25	41.60	40.77	46.67	52.70	2016	45.37
4	37.85	41.25	42.06	44.21	49.51	55.01	2017	37.86
5	38.43	41.66	44.48	46.81	51.82	56.90	2018	41.25
6	39.14	43.65	46.52	49.03	53.77	58.36	2019	43.64
7	41.07	45.42	48.38	50.95	55.33	59.58	2020	56.26
8	42.80	47.09	50.05	52.52	56.63	60.62	2021	59.42
9	44.43	48.62	51.46	53.86	57.76	61.52	2022	63.06
10	45.93	49.93	52.69	55.02	58.73	62.36	2023	66.12
11	47.24	51.09	53.77	56.03	59.63	63.16	2024	67.59
12	48.40	52.13	54.73	56.96	60.48	63.94	2025	69.14
13	49.44	53.05	55.61	57.84	61.29	64.72	2026	70.65
14	50.37	53.90	56.45	58.67	62.09	65.50	2027	71.75
15	51.23	54.71	57.24	59.48	62.89	66.28	2028	73.64
16	52.04	55.48	58.01	60.28	63.67	67.09	2029	75.73
17	52.82	56.23	58.78	61.07	64.48	67.95	2030	77.87
18	53.56	56.96	59.53	61.87	65.33	68.85	2031	80.48
19	54.29	57.69	60.29	62.70	66.21	69.78	2032	83.48
20	55.00	58.42	61.07	63.55	67.11	70.74	2033	86.63
							2034	90.77
							2035	95.93
							2036	101.32
							2037	106.91
							2038	113.27
							2039	117.11

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at <http://www.eia.gov/oiaf/aeo/tablebrowser/>.

AVISTA AVOIDED COST RATES FOR SEASONAL HYDRO PROJECTS April 8, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	29.08	30.37	35.27	37.86	41.25	43.64	2014	29.08
2	29.70	32.73	36.52	39.49	42.40	44.56	2015	30.37
3	31.42	34.31	37.98	40.77	43.37	45.79	2016	35.27
4	32.85	35.85	39.24	41.83	44.52	47.18	2017	37.86
5	34.28	37.18	40.31	42.98	45.81	48.51	2018	41.25
6	35.56	38.33	41.44	44.22	47.05	49.56	2019	43.64
7	36.69	39.48	42.63	45.42	48.09	50.47	2020	45.55
8	37.80	40.66	43.79	46.44	48.99	51.27	2021	48.56
9	38.95	41.81	44.79	47.34	49.79	51.96	2022	52.04
10	40.06	42.81	45.68	48.15	50.49	52.63	2023	54.94
11	41.03	43.70	46.48	48.86	51.16	53.29	2024	56.24
12	41.91	44.51	47.19	49.53	51.82	53.94	2025	57.63
13	42.71	45.23	47.87	50.19	52.46	54.59	2026	58.96
14	43.43	45.91	48.52	50.82	53.10	55.26	2027	59.90
15	44.10	46.57	49.15	51.46	53.75	55.94	2028	61.61
16	44.75	47.19	49.77	52.10	54.41	56.67	2029	63.53
17	45.37	47.81	50.40	52.74	55.11	57.44	2030	65.48
18	45.97	48.43	51.03	53.41	55.85	58.26	2031	67.91
19	46.58	49.05	51.67	54.12	56.63	59.11	2032	70.73
20	47.17	49.68	52.36	54.87	57.43	60.00	2033	73.69
							2034	77.64
							2035	82.60
							2036	87.81
							2037	93.20
							2038	99.35
							2039	102.98

Note: A "seasonal hydro project" is defined as a generation facility which produces at least 55% of its annual generation during the months of June, July, and August. Order 32802.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at <http://www.eia.gov/oiarf/aeo/tablebrowser/>.

AVISTA AVOIDED COST RATES FOR OTHER PROJECTS April 8, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	29.08	49.52	54.70	37.86	41.25	43.64	2014	29.08
2	38.91	52.01	46.60	39.49	42.40	54.46	2015	49.52
3	43.77	47.65	44.95	40.77	49.72	59.08	2016	54.70
4	42.46	46.22	44.66	46.41	54.10	62.23	2017	37.86
5	42.25	45.78	48.33	50.34	57.37	64.65	2018	41.25
6	42.44	48.57	51.21	53.47	59.98	66.49	2019	43.64
7	45.11	50.91	53.69	56.05	62.01	67.98	2020	66.14
8	47.40	53.02	55.83	58.13	63.68	69.25	2021	69.44
9	49.48	54.90	57.62	59.87	65.11	70.33	2022	73.23
10	51.35	56.51	59.16	61.36	66.33	71.33	2023	76.44
11	52.96	57.91	60.50	62.65	67.44	72.27	2024	78.06
12	54.38	59.16	61.68	63.82	68.48	73.17	2025	79.77
13	55.65	60.26	62.76	64.90	69.45	74.06	2026	81.43
14	56.77	61.27	63.76	65.92	70.39	74.94	2027	82.69
15	57.81	62.23	64.71	66.89	71.31	75.82	2028	84.74
16	58.78	63.13	65.62	67.83	72.22	76.72	2029	87.00
17	59.69	63.99	66.50	68.75	73.13	77.66	2030	89.29
18	60.56	64.83	67.37	69.67	74.08	78.63	2031	92.07
19	61.41	65.66	68.23	70.61	75.05	79.63	2032	95.25
20	62.23	66.48	69.11	71.56	76.03	80.65	2033	98.57
							2034	102.88
							2035	108.22
							2036	113.80
							2037	119.57
							2038	126.11
							2039	130.14

Note: "Other projects" refers to projects other than wind, solar, non-seasonal hydro, and seasonal hydro projects. These "Other projects" may include (but are not limited to): cogeneration, biomass, biogas, landfill gas, or geothermal projects.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at <http://www.eia.gov/oiaf/aeo/tablebrowser/>.