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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Modified Procedure issued in Order No. 32971 on January 28, 2014, in Case No. AVU-E-13-10, submits the following comments.

BACKGROUND

In Order No. 32697, the Commission directed that a case be initiated outside of each utility's Integrated Resource Plan (IRP) filing to establish a capacity deficiency period to be utilized in the utility's Surrogate Avoided Resource (SAR) methodology for computing avoided cost rates to be included in PURPA power purchase agreements. On October 16, 2013, Avista Corporation filed an Application requesting that the Commission approve its updated capacity deficiency periods to be utilized in its SAR avoided cost methodology.

STAFF ANALYSIS

Avista's 2013 IRP

On August 29, 2013, Avista filed its 2013 IRP with the Commission. In its 2013 IRP, Avista identified winter capacity deficits in 2015 and 2016. Those deficits disappear beginning in 2017 due to the addition of long-term contracts. Winter deficits reappear in 2020 and persist throughout the remainder of the 20-year planning period. A very small, temporary, summer capacity deficit is identified in 2016. Many near-term deficits are from decreased hydroelectricity capacity during periods of planned maintenance and upgrades. An annual energy deficit is not expected to begin until 2026. *See* Attachment A showing pages 8-38 through 8-40 of Avista's 2013 IRP.

Because the capacity deficits identified in 2015 and 2016 are only temporary, Avista plans to meet them with short-term market purchases. Market purchases of 75 and 100 MW are planned in 2015 and 2016, respectively. Avista relied on work by the Northwest Power and Conservation Council in its Resource Adequacy Forum to determine a reasonable level of reliance on the market for surplus summer energy and capacity. Reliance is limited to Avista's prorated share of the regional load. Avista believes that the present market can meet these minor summer and winter capacity shortfalls; therefore, the Company plans optimize its portfolio to postpone new resource investments for winter capacity until 2020. *See* 2013 IRP p. 2-37.

Updates to the 2013 IRP

In its Application, Avista has updated its capacity and energy load forecasts from its 2013 IRP. The updated load and resource balances also take into account new long-term contracts. Attachment B is a copy of Avista's current capacity and energy positions.

Compared to the 2013 IRP, the 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 and 139 MW in the winters of 2015 and 2016, and continue to show a summer deficit of 36 MW in the summer of 2016.

Looking at annual energy, Avista's updated forecast is lower than its 2013 IRP. This results in larger average energy surpluses through 2026 and smaller deficits throughout the remainder of the planning period.

Capacity and Energy Deficits for Avoided Cost Computations

Based on its updated capacity and energy balance, Avista appears to continue to plan to meet summer and winter capacity deficits in 2015 and 2016 with short-term market purchases. No short-term contracts have yet been signed to satisfy these deficits. However, Staff does not believe Avista's strategy to rely on short-term purchases is imprudent, especially considering that these deficits only persist for two years, after which the Company is again in a surplus position. Avista presents a unique set of circumstances. Avista must procure something to satisfy its short-term deficits. However, if Avista acquired a long-term resource to satisfy deficits in 2015 and 2016, that resource would not be needed again until 2020. It would not be prudent to acquire a long-term resource to satisfy a short-term deficit.

The Commission determined in Order No. 32802, and clarified in Order No. 32871, that for existing PURPA projects with expiring contracts, once a PURPA project begins receiving capacity payments, it should continue to receive them in any replacement contract it may seek. That situation differs somewhat from the situation presented here, however. Existing PURPA projects seeking replacement contracts already occupy a place in the utility's portfolio, so removal of them would theoretically create an immediate deficiency, thus ongoing capacity payments make sense. New PURPA contracts, on the other hand, arguably should only be paid for capacity that has value to the utility. Capacity provided during a utility's surplus period, regardless of when the surplus period occurs, has no value. Consequently, Staff computed Avista's avoided cost rates so that capacity value is paid only in those years in which it has value to the utility.

Results of Avoided Cost Computations

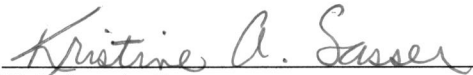
Using the capacity and energy deficits presented in Avista's Application, Staff computed the SAR methodology avoided cost rates.¹ The rates are shown on Attachment C for wind, solar, non-seasonal hydro, seasonal hydro, and other project types. Note that rates in 2017-2019 decrease due to capacity value not being paid, consistent with the rationale presented above.

¹ In computing avoided cost rates, Staff used Avista's 2014 capacity and energy positions from its 2013 IRP. For the period 2015 through 2034, Staff used the capacity and energy positions from Avista's Application in this case. This was necessary because Avista's Application did not include capacity and energy positions for 2014.

STAFF RECOMMENDATIONS

Staff recommends approval of the capacity and energy positions as proposed by Avista in its Application. Staff further recommends approval of the SAR methodology avoided cost rates as contained in Attachment C to Staff's comments. Finally, Staff recommends that the rates be effective as of the date of Commission approval.

Respectfully submitted this 28TH day of February 2014.



Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling

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Table 8.16: Winter 1 Hour Capacity Position (MW) with New Resources

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
TOTAL LOAD OBLIGATIONS																				
Native Load Forecast	1,673	1,699	1,727	1,753	1,780	1,809	1,830	1,853	1,878	1,901	1,924	1,951	1,978	2,004	2,031	2,056	2,082	2,109	2,139	2,170
Conservation Forecast	8	16	27	39	53	68	75	84	95	104	112	124	136	148	160	170	180	192	206	221
Net Native Load Forecast	1,665	1,683	1,700	1,713	1,727	1,741	1,755	1,769	1,783	1,798	1,812	1,827	1,842	1,856	1,871	1,887	1,902	1,917	1,933	1,948
Firm Power Sales	211	158	158	8	8	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total Requirements	1,875	1,841	1,857	1,721	1,735	1,747	1,761	1,775	1,789	1,804	1,818	1,833	1,848	1,863	1,878	1,893	1,908	1,923	1,939	1,954
RESOURCES																				
Firm Power Purchases	117	117	117	117	117	116	116	34	33	33	33	33	33	33	33	33	33	33	33	33
Hydro Resources	998	888	889	955	955	919	924	920	920	928	920	920	928	920	920	928	920	920	928	920
Base Load Thermals	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895
Wind Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peaking Units	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242
Total Resources	2,252	2,143	2,143	2,210	2,210	2,172	2,095	2,091	2,091	2,098	2,090	2,090	2,098	1,811	1,811	1,811	1,811	1,811	1,819	1,811
Peak Position Before Reserve Planning	377	302	286	489	475	425	334	316	301	294	272	257	250	-51	-66	-74	-97	-112	-120	-143
RESERVE PLANNING																				
Planning Margin	-233	-236	-238	-240	-242	-244	-246	-248	-250	-252	-254	-256	-258	-260	-262	-264	-266	-268	-271	-273
Total Ancillary Services Required	-139	-136	-137	-128	-129	-131	-136	-137	-138	-139	-141	-142	-143	-139	-139	-140	-140	-140	-140	-140
Reserve & Contingency Availability met by Hydro	13	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Planning	-359	-366	-369	-362	-366	-369	-376	-379	-382	-386	-389	-392	-395	-393	-396	-398	-400	-403	-406	-408
Peak Position w/ Contingency	17	-64	-84	126	110	56	-42	-64	-81	-92	-117	-135	-145	-445	-462	-472	-497	-515	-525	-551
Planning Margin	20%	16%	15%	28%	27%	24%	19%	18%	17%	16%	15%	14%	14%	-3%	-4%	-4%	-5%	-6%	-6%	-7%
NEW RESOURCES																				
Short-Term Market Purchase	0	75	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Combined Cycle CT	0	0	0	0	0	0	80	80	80	80	160	160	160	160	240	240	240	240	240	288
Thermal Resource Upgrades	0	0	0	0	0	0	0	0	0	0	0	0	0	0	260	260	260	260	260	260
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	2
Total New Resources	0	75	100	0	0	0	80	80	81	86	166	169	175	440	520	522	522	522	522	570
Peak Position with New Resources	17	11	16	126	110	56	38	16	0	-5	49	34	30	-5	58	50	25	7	-4	19
Planning Margin with New Resources	20%	20%	21%	28%	27%	24%	23%	22%	21%	21%	24%	23%	23%	21%	24%	24%	22%	21%	21%	22%

Table 8.17: Summer 18-Hour Capacity Position (MW) with New Resources

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
TOTAL LOAD OBLIGATIONS																				
Native Load Forecast	1,474	1,500	1,527	1,553	1,581	1,611	1,631	1,655	1,679	1,703	1,726	1,753	1,780	1,806	1,834	1,859	1,885	1,912	1,943	1,974
Conservation Forecast	9	18	30	43	58	74	82	92	103	113	122	135	148	161	174	185	196	209	225	241
Net Native Load Forecast	1,465	1,482	1,498	1,510	1,523	1,536	1,550	1,563	1,576	1,590	1,604	1,618	1,631	1,646	1,660	1,674	1,689	1,703	1,718	1,733
Firm Power Sales	212	159	159	9	9	8	8	7	7	7	7	7	7	7	7	7	7	7	7	7
Total Requirements	1,677	1,641	1,657	1,519	1,532	1,544	1,557	1,570	1,584	1,597	1,611	1,625	1,639	1,653	1,667	1,681	1,696	1,710	1,725	1,740
RESOURCES																				
Firm Power Purchases	29	29	29	29	29	26	26	26	26	26	25	25	25	25	25	25	25	25	25	25
Hydro Resources	701	707	663	631	638	583	580	622	624	622	622	624	622	622	624	622	622	624	622	622
Base Load Thermals	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785	785
Wind Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peaking Units	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176
Total Resources	1,691	1,698	1,653	1,621	1,628	1,571	1,568	1,609	1,611	1,609	1,609	1,611	1,609	1,611	1,609	1,611	1,609	1,611	1,609	1,611
Peak Position Before Reserve Planning	14	57	-3	102	96	27	11	39	27	11	-2	-14	-30	-274	-286	-302	-317	-330	-346	-361
RESERVE PLANNING																				
Planning Margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Ancillary Services Required	-177	-176	-177	-170	-172	-173	-175	-176	-177	-179	-180	-181	-182	-166	-167	-167	-168	-169	-169	-170
Reserve & Contingency Availability met by Hydro	177	176	177	170	172	173	175	176	177	179	180	181	182	166	167	167	168	169	169	170
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Planning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peak Position w/ Contingency	14	57	-3	102	96	27	11	39	27	11	-2	-14	-30	-274	-286	-302	-317	-330	-346	-361
Planning Margin	1%	3%	0%	7%	6%	2%	1%	2%	2%	1%	0%	-1%	-2%	-17%	-17%	-18%	-19%	-20%	-20%	-21%
NEW RESOURCES																				
Short-Term Market Purchase	0	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New NG Fired Peakers	0	0	0	0	0	0	72	72	72	72	144	144	144	144	217	217	217	217	217	260
New Combined Cycle CT	0	0	0	0	0	0	0	0	0	0	0	0	0	235	235	235	235	235	235	235
Thermal Resource Upgrades	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	5	5	5
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Resources	0	0	25	0	0	0	72	72	72	72	144	144	144	379	451	457	457	457	457	500
Peak Position with New Resources	14	57	22	102	96	27	83	111	99	84	142	130	114	105	165	154	140	127	111	139
Planning Margin with New Resources	1%	3%	1%	7%	6%	2%	5%	7%	6%	5%	9%	8%	7%	6%	10%	9%	8%	7%	6%	8%

Table 8.18: Average Annual Energy Position (aMW) With New Resources

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
TOTAL LOAD OBLIGATIONS																				
Native Load Forecast	1,060	1,079	1,100	1,123	1,144	1,165	1,181	1,197	1,215	1,232	1,250	1,272	1,291	1,311	1,331	1,351	1,373	1,396	1,422	1,449
Conservation Forecast	6	12	20	29	39	51	55	62	70	77	83	92	101	109	118	126	134	142	153	164
Net Native Load Forecast	1,054	1,067	1,079	1,093	1,105	1,114	1,125	1,135	1,145	1,155	1,167	1,180	1,190	1,201	1,212	1,225	1,239	1,254	1,270	1,285
Firm Power Sales	109	58	58	6	6	6	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Total Requirements	1,163	1,125	1,137	1,099	1,111	1,119	1,130	1,140	1,150	1,160	1,172	1,185	1,195	1,206	1,217	1,230	1,244	1,259	1,274	1,290
RESOURCES																				
Firm Power Purchases	128	129	128	76	76	76	56	31	30	30	29	29	29	29	29	29	29	29	29	29
Hydro Resources	527	495	495	495	490	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481
Base Load Thermals	723	725	718	715	732	711	724	736	713	717	714	719	673	506	504	506	504	506	504	506
Wind Resources	42	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Peaking Units	153	139	154	153	153	153	147	151	152	153	152	153	152	153	152	153	152	153	152	153
Total Resources	1,573	1,528	1,535	1,479	1,490	1,440	1,422	1,438	1,416	1,420	1,415	1,421	1,374	1,208	1,206	1,208	1,206	1,208	1,206	1,208
Energy Position Before Reserve Planning	410	404	398	380	379	321	292	299	266	259	243	237	179	2	-12	-22	-39	-51	-69	-82
RESERVE PLANNING																				
Contingency	-228	-231	-231	-232	-232	-232	-214	-195	-196	-197	-197	-198	-198	-199	-199	-200	-200	-201	-202	-202
Energy Position w/ Contingency	182	173	167	148	147	106	96	103	70	63	46	39	-19	-197	-211	-221	-239	-252	-270	-284
NEW RESOURCES																				
Short-Term Market Purchase	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New NG Fired Peakers	0	0	0	0	0	0	68	68	68	68	135	135	135	135	204	204	204	204	204	249
New Combined Cycle CT	0	0	0	0	0	0	0	0	0	0	0	0	0	245	245	245	245	245	245	245
Thermal Resource Upgrades	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	5	5	5
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Resources	0	0	0	0	0	0	68	68	68	68	135	135	135	380	449	454	454	454	454	500
Energy Position with New Resources	182	173	167	148	147	106	164	170	137	130	181	174	116	184	238	233	215	203	184	216

AVISTA UPDATED CAPACITY & ENERGY POSITIONS WITH NEW LOAD FORECASTS & RESOURCES - CASE No. GNR-E-11-03

ENERGY	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
REQUIREMENTS																				
Native Load	-1,057	-1,064	-1,072	-1,079	-1,087	-1,094	-1,102	-1,109	-1,117	-1,125	-1,132	-1,140	-1,148	-1,156	-1,164	-1,172	-1,180	-1,188	-1,196	-1,204
Firm Power Sales	-63	-63	-12	-10	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
Total Requirements	-1,120	-1,128	-1,084	-1,090	-1,092	-1,099	-1,107	-1,114	-1,122	-1,130	-1,137	-1,145	-1,153	-1,161	-1,169	-1,177	-1,185	-1,193	-1,201	-1,209
RESOURCES																				
Firm Power Purchases	129	128	76	76	56	31	30	30	29	29	29	29	29	29	29	29	29	29	29	29
Hydro	495	495	495	490	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481
Baseload/Intermediate Resources	725	718	715	732	711	724	736	713	717	714	719	673	506	504	506	504	506	504	506	504
Wind Resources	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Total Resources	1,390	1,382	1,327	1,337	1,288	1,275	1,287	1,264	1,267	1,263	1,269	1,222	1,056	1,054	1,056	1,054	1,056	1,054	1,056	1,054
POSITION	269	254	243	247	196	176	180	150	145	134	131	77	-97	-107	-113	-123	-129	-139	-145	-155
CONTINGENCY PLANNING																				
Peaking Resources	139	154	153	153	153	147	151	152	153	152	153	152	153	152	153	152	153	152	153	152
Contingency	-231	-231	-232	-232	-214	-195	-196	-196	-197	-197	-198	-198	-199	-199	-200	-200	-201	-202	-202	-203
CONTINGENCY NET POSITION	177	176	164	167	134	127	136	105	101	89	86	31	(143)	(154)	(160)	(171)	(177)	(189)	(195)	(206)
WINTER JANUARY PEAK (1 Hr)																				
REQUIREMENTS																				
Native Load	-1,726	-1,740	-1,753	-1,766	-1,778	-1,790	-1,803	-1,815	-1,827	-1,840	-1,853	-1,865	-1,878	-1,891	-1,904	-1,917	-1,930	-1,944	-1,957	-1,971
Firm Power Sales	-164	-164	-14	-13	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
Total Requirements	-1,890	-1,903	-1,767	-1,779	-1,784	-1,797	-1,809	-1,821	-1,834	-1,846	-1,859	-1,871	-1,884	-1,897	-1,910	-1,923	-1,936	-1,950	-1,963	-1,977
RESOURCES																				
Firm Power Purchases	117	117	117	117	116	34	34	33	33	33	33	33	33	33	33	33	33	33	33	33
Hydro Resources	888	889	955	955	919	924	920	920	928	920	920	928	920	920	928	920	920	928	920	920
Base Load Thermals	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895	895
Wind Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peaking Units	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242	242
Total Resources	2,143	2,143	2,210	2,210	2,172	2,095	2,091	2,091	2,098	2,098	2,090	2,098	1,811	1,811	1,819	1,811	1,811	1,819	1,811	1,811
PEAK POSITION	253	240	443	430	388	298	282	269	264	244	231	226	-73	-86	-91	-112	-125	-131	-152	-165
RESERVE PLANNING																				
Planning Margin	-242	-244	-245	-247	-249	-251	-252	-254	-256	-258	-259	-261	-263	-265	-267	-268	-270	-272	-274	-276
Total Ancillary Services Required	-139	-141	-132	-132	-133	-139	-139	-141	-142	-143	-144	-144	-139	-140	-140	-140	-140	-141	-140	-141
Reserve & Contingency Availability	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Planning	-375	-378	-372	-372	-374	-377	-384	-386	-389	-392	-395	-400	-397	-399	-401	-403	-405	-407	-409	-411
Peak Position w/ Contingency	-123	-139	72	57	11	-86	-104	-120	-128	-151	-167	-173	-470	-485	-492	-515	-530	-538	-561	-576
Implied Planning Margin	14%	13%	25%	25%	22%	17%	16%	15%	15%	14%	13%	12%	-4%	-4%	-4%	-6%	-6%	-6%	-7%	-8%
NPCC Market Adjustment	123	139	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peak Position Net Market	0	0	72	57	11	(86)	(104)	(120)	(128)	(151)	(167)	(173)	(470)	(485)	(492)	(515)	(530)	(538)	(561)	(576)

SUMMER (AUGUST) PEAK (18 Hr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
REQUIREMENTS																				
Native Load	-1,512	-1,524	-1,536	-1,548	-1,559	-1,570	-1,581	-1,593	-1,604	-1,616	-1,627	-1,639	-1,651	-1,662	-1,674	-1,686	-1,698	-1,711	-1,723	-1,735
Firm Power Sales	-165	-165	-15	-15	-8	-8	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7
Total Requirements	-1,676	-1,689	-1,551	-1,563	-1,567	-1,578	-1,589	-1,600	-1,612	-1,623	-1,635	-1,646	-1,658	-1,670	-1,682	-1,694	-1,706	-1,718	-1,730	-1,743
RESOURCES																				
Firm Power Purchases	29	29	29	29	26	26	26	26	25	25	25	25	25	25	25	25	25	25	25	25
Hydro Resources	707	663	631	638	583	580	622	624	622	622	624	622	622	624	622	622	624	622	622	624
Base Load Thermals	785	785	785	785	785	785	785	785	785	785	785	785	556	556	556	556	556	556	556	556
Wind Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peaking Units	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176
Total Resources	1,698	1,653	1,621	1,628	1,571	1,568	1,609	1,611	1,609	1,611	1,609	1,609	1,379	1,381	1,379	1,379	1,381	1,379	1,379	1,381
PEAK POSITION	21	-36	70	65	4	-10	20	11	-3	-14	-24	-37	-279	-289	-303	-315	-325	-339	-351	-362
RESERVE PLANNING																				
Planning Margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Ancillary Services Required	-118	-179	-173	-174	-176	-177	-178	-180	-180	-181	-181	-182	-166	-167	-167	-168	-169	-169	-170	-170
Reserve & Contingency Availability	118	179	173	174	176	177	178	180	180	181	181	182	166	167	167	168	169	169	170	170
Demand Response	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Planning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peak Position w/ Contingency	21	-36	70	65	4	-10	20	11	-3	-14	-24	-37	-279	-289	-303	-315	-325	-339	-351	-362
Implied Planning Margin	8%	8%	16%	15%	12%	11%	12%	12%	11%	10%	10%	9%	-7%	-7%	-8%	-9%	-9%	-10%	-10%	-11%
NPCC Market Adjustment	0	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peak Position Net Market	21	0	70	65	4	(10)	20	11	(3)	(14)	(24)	(37)	(279)	(289)	(303)	(315)	(325)	(339)	(351)	(362)

AVISTA AVOIDED COST RATES FOR WIND PROJECTS March XX, 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	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/>.

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AVISTA AVOIDED COST RATES FOR SOLAR PROJECTS March XX, 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/oa/aeo/tablebrowser/>.

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AVISTA AVOIDED COST RATES FOR NON-SEASONAL HYDRO PROJECTS March XX, 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/>.

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AVISTA AVOIDED COST RATES FOR SEASONAL HYDRO PROJECTS March XX, 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/oiaf/aeo/tablebrowser/>.

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AVISTA AVOIDED COST RATES FOR OTHER PROJECTS March XX, 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/>.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 28TH DAY OF FEBRUARY 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-13-10, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

LINDA GERVAIS
MGR REGULATORY POLICY
AVISTA CORPORATION
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SECRETARY