

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF AVISTA CORPORATION'S ANNUAL UPDATE TO LOAD AND GAS FORECASTS AND LONG- TERM CONTRACTS FOR ITS INTEGRATED RESOURCE PLAN AVOIDED COST METHODOLOGY. |))))))) | CASE NO. AVU-E-13-11 ORDER NO. 32944 |
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Pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC), the Idaho Public Utilities Commission (Commission) has approved an Integrated Resource Plan (IRP) methodology for calculation of avoided cost rates paid to certain PURPA qualifying facilities (QFs). Avoided cost rates are the purchase price paid to QFs for purchases of QF energy and capacity.

In Order Nos. 32697 and 32802, the Commission determined that the load forecast and natural gas forecast inputs to the IRP avoided cost methodology should be updated annually by October 15 of each year. The Commission stated

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. . . . In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. We find it reasonable to include long-term contract considerations in an IRP Methodology calculation at such time as the QF and utility have entered into a signed contract for the sale and purchase of QF power. We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance.

Order No. 32697 at 22.

On October 15, 2013, in compliance with Order Nos. 32697 and 32802, Avista Corporation (Avista) submitted its annual updates for fuel prices and load forecasts. The Company also submitted information regarding new and expiring QF contracts, as well as changes to its long-term contracts for purchases or sales.

LOAD FORECAST

Avista's current energy load forecast was developed in July 2013, and its peak load forecast was prepared in September 2013 using the same methodology used for the 2013 IRP forecasts. The Company provided a copy of its 20-year peak and average energy forecasts with its filing.

GAS FORECAST

Avista's current natural gas price forecast is the same as that used in its 2013 IRP. The Company provided a copy of its 20-year gas price forecasts with its filing for all hubs the Company considers in development of its IRP.

CONTRACT TERMINATIONS, EXPIRATIONS AND ADDITIONS

Avista reported one new, very small PURPA contract in the State of Washington. Avista also reported the renewal of the 6.75 megawatt (MW) Nichols pumping contract at the Colstrip plant since the submission of its 2013 IRP.

COMPLIANCE WITH ORDER NOS. 32697 AND 32802

Staff reviewed the Company's forecast and contract updates. Staff reported that the load and gas price forecasts submitted by Avista reflect the Company's most current estimates and were prepared consistent with the methods used in the IRP. Staff maintained that the load and gas price forecasts and the long-term contract changes submitted by the Company comply with the requirements of Order Nos. 32697 and 32802. Staff recommended that the Commission accept the forecasts and contract changes without further process.

DISCUSSION AND CONCLUSIONS

The Commission has jurisdiction over Avista pursuant to the authority and power granted it under Title 61 of the Idaho Code and 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 and to implement FERC rules.

Pursuant to its authority, the Commission has reviewed and considered the filings of record. We find that Avista's filing complies with the directives issued by this Commission in Order Nos. 32697 and 32802. Based upon our review of the totality of the updates, we accept the updated inputs to Avista's IRP avoided cost calculation for filing.

ORDER

IT IS HEREBY ORDERED that Avista's annual update to its load and gas price forecast and long-term contract status for purposes of its IRP avoided cost methodology are accepted, effective October 15, 2013.

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 16th day of December 2013.



PAUL KJELLANDER, PRESIDENT

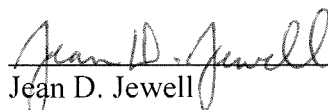


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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