

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF AVISTA CORPORATION'S)
ANNUAL UPDATE TO LOAD AND GAS) CASE NO. AVU-E-15-09
FORECASTS AND LONG-TERM CONTRACTS)
FOR ITS INCREMENTAL COST INTEGRATED)
RESOURCE PLAN AVOIDED COST) ORDER NO. 33416
METHODOLOGY)**

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 incremental cost Integrated Resource Plan (IRP) methodology to calculate avoided cost rates paid to certain PURPA qualifying facilities (QFs). The avoided cost rate is 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 on 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 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 16, 2015, per the Commission's directive, Avista Corporation submitted its annual updates for fuel prices and load forecasts. The Company also submitted information regarding new and expiring contracts.

COMPLIANCE FILING

Avista's most recent load forecast was developed in July 2015 for energy, and September 2015 for peak. The recent energy load forecast remains, on average, a 0.6 percent annual average growth rate. The peak forecast growth rate decreased from 0.7 percent to 0.6 percent.

Avista's most recent Forward Price Curve was developed using a blend of two national price forecasting consultants' most recent forecasts and forward market prices as of September 25, 2015. Avista signed new long-term power purchase agreements with Chelan County Public Utility District (PUD) for 2016 through 2020, and with Douglas County PUD for September 2018 through September 2028. As of the date of Staff's Avista's filing, the Company had no additions or subtractions of PURPA resource contracts.

STAFF REVIEW

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 Company's 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 FINDINGS

The Commission has jurisdiction over Avista and the issues raised in this matter under Title 61 of the Idaho Code and PURPA. The Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. Also, the Commission is empowered to resolve complaints between QFs and utilities and to approve QF contracts.

Pursuant to this authority, we have 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. Although we did not receive Avista's update until October 16, 2015, one day after the deadline set by our prior Orders, we find it is still appropriate to implement the update as of October 15, 2015. Based on our review of the totality of the updates, we accept the updated inputs to Avista's IRP avoided cost calculation for filing.

ORDER

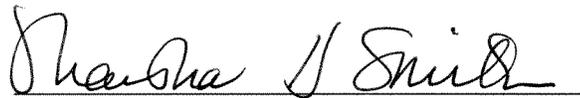
IT IS HEREBY ORDERED that Avista's annual update to its load and gas price forecast and long-term contract status for purposes of its incremental cost IRP methodology are accepted, effective October 15, 2015.

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 4th day of November 2015.



PAUL KJELLANDER, PRESIDENT

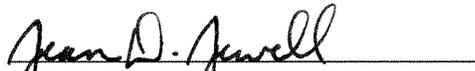


MARSHA H. SMITH, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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