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April 16, 2008

Oregon Public Utility Commission
Attn: Lynn Kittilson
550 Capitol St. N.E. Suite 215
Salem, OR 97308-2551

RE: Staff's Draft Proposed Order Regarding Avista's 2007 Natural Gas Integrated Resource Plan
(Docket No. LC 44)

Dear Ms. Kittilson:

Avista appreciates the opportunity to provide comments regarding the Draft Proposed Order recommending the Commission acknowledge the Company's 2007 Natural Gas Integrated Resource Plan (IRP or the plan) subject to a modification to the IRP action plan.

"Staff Comments. Based on its review of Avista's 2007 IRP and participation in the planning process, staff determined that the plan meets the Commission's guidelines in Order Nos. 07-002 and 07-047. Procedural requirements were met as described above. Substantive IRP requirements were addressed throughout the plan and summarized in an appendix to the plan. Staff agrees that Avista's IRP meets the Commission's substantive IRP requirements. Staff also concluded the demand-side and supply-side resources identified to fill the deficiencies expected in Avista's Oregon service territory beginning in 2011/2012 (Klamath Falls) and 2013/2014 (Medford and La Grande) are appropriate. Staff recommends the Commission acknowledge the 2007 IRP and action plan, subject to the addition of the following action item intended to better address the Commission's Guideline 4g¹ in Avista's next planning cycle:

For its next IRP, Avista will analyze (using SENDOUT[®] and VectorGas[™]) realistic alternative world situations in which the company may have to operate during the next 20 years, particularly in light of current, new and proposed state, federal and Canadian energy policies and the ongoing evolution of North American and world natural gas, oil and coal markets.

¹ Guideline 4g: "Identification of key assumptions about the future (e.g., fuel prices and environmental compliance costs) and alternative scenarios considered."

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Avista Response: The Company, in its 2007 IRP, agrees to include in the 2008-2009 Action Plan the analysis (using SENDOUT[®] and VectorGas[™]) of realistic alternative world situations in which Avista may have to operate during the next 20 years with the stated issues and policies in mind.

Please direct any questions regarding the Company's comments to Greg Rahn at (509) 495-2048, or myself at (509) 495-4975.

Sincerely,



Linda Gervais
Manager, Regulatory Policy
State & Federal Regulation
Avista Utilities
linda.gervais@avistacorp.com

cc: Ms. Paula Pyron
Mr. Ed Finklea