



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

March 1, 2018

Public Utilities Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Dr SE
Salem, OR 97302-1166

RE: Docket LC 65, Avista Utilities 2016 IRP Annual Update – Informational Filing Only

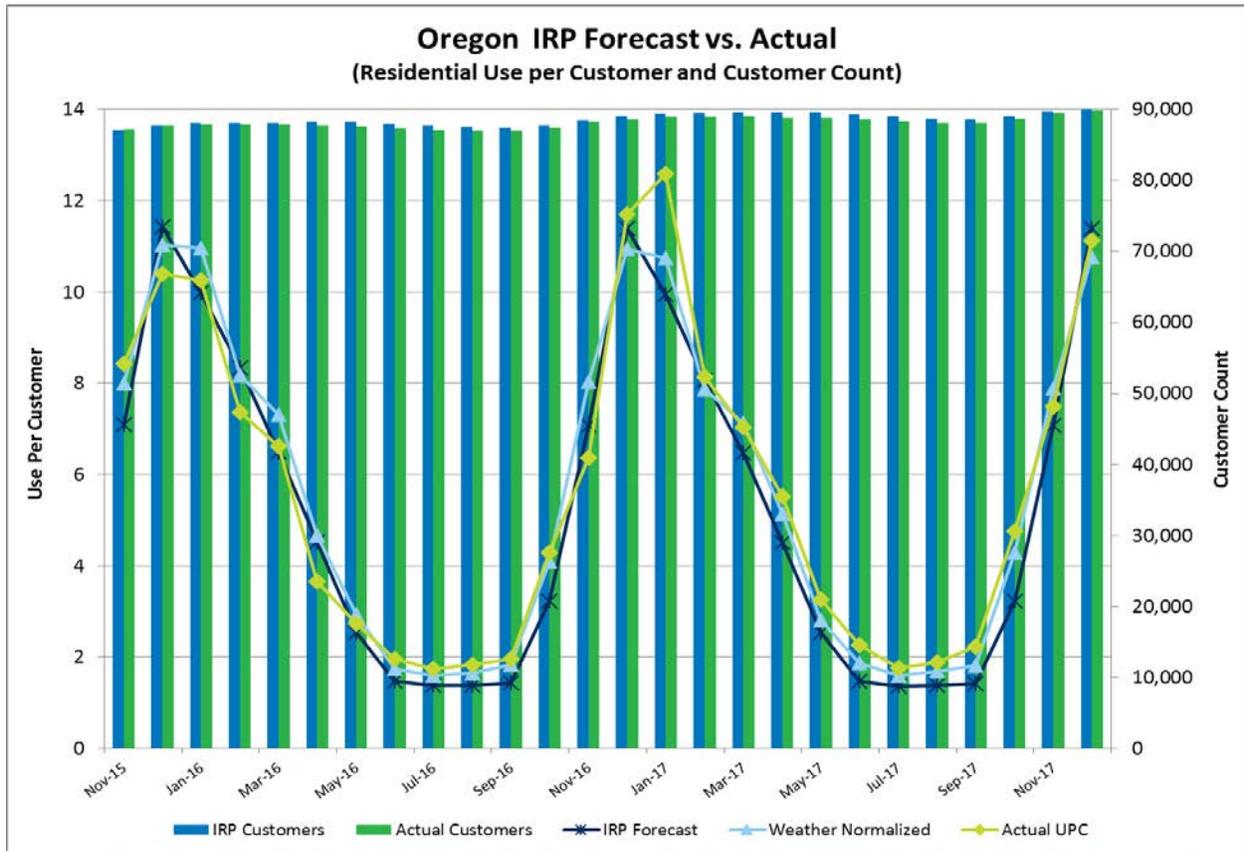
Filing Center:

Avista Corporation, dba Avista Utilities or (“Avista” and/or the “Company”), hereby submits its annual update to its 2016 Natural Gas Integrated Resource Plan (IRP) per OAR 860-027-0400. OAR 860-027-0400 requires the following:

- (8) Each energy utility must submit an annual update on its most recently acknowledged IRP. The update is due on or before the acknowledgment order anniversary date. The energy utility must summarize the annual update at a Commission public meeting. The energy utility may request acknowledgment of changes, identified in its update, to the IRP action plan. The annual update is an informational filing that:
 - (a) Describes what actions the energy utility has taken to implement the action plan to select best portfolio of resources contained in its acknowledged IRP;
 - (b) Provides an assessment of what has changed since the acknowledgment order that affects the action plan to select best portfolio of resources, including changes in such factors as load, expiration of resource contracts, supply-side and demand-side resource acquisitions, resource costs, and transmission availability; and
 - (c) Justifies any deviations from the action plan contained in its acknowledged IRP.

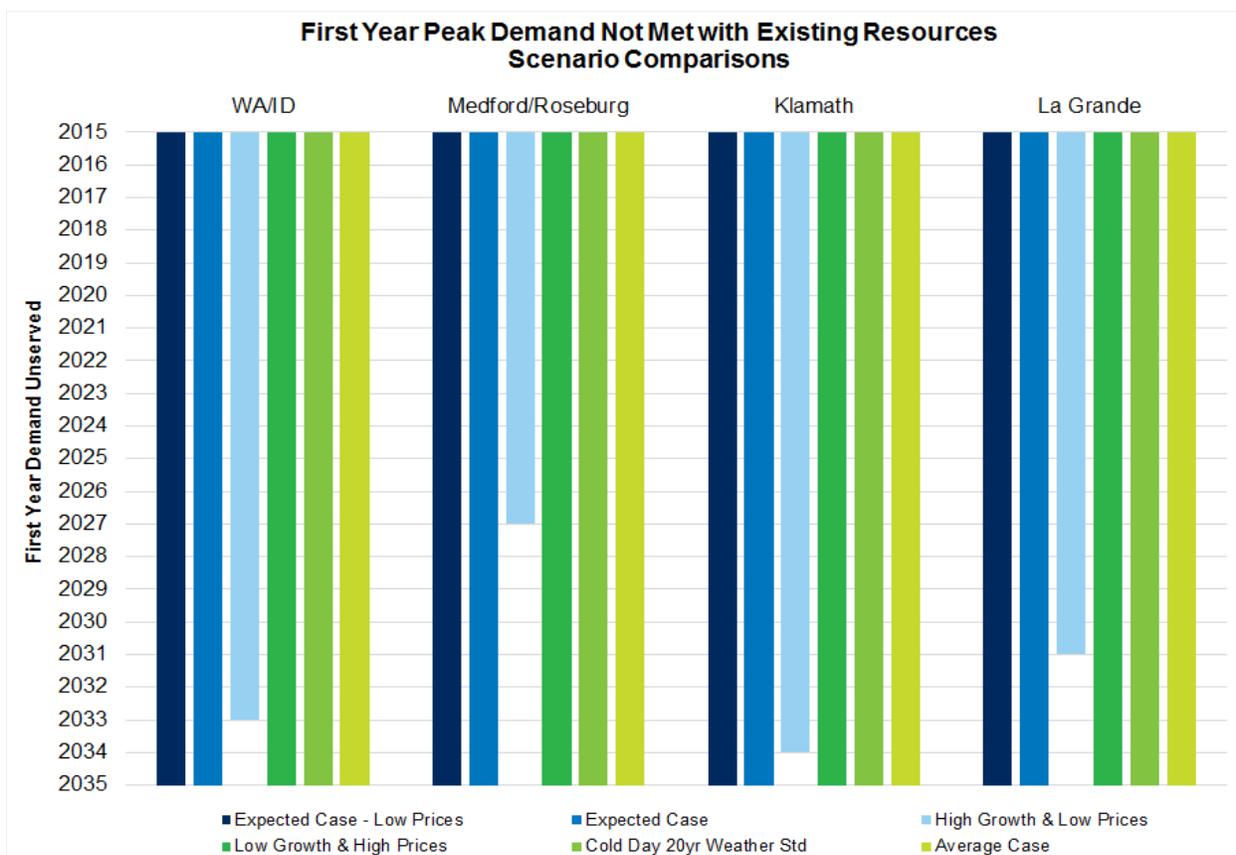
On August 31, 2016, Avista filed its 2016 IRP. On March 21, 2017, the Commission issued Order No. 17-119 acknowledging the Company’s IRP with certain revisions and additional requirements as outlined therein.

Due to the Company’s demand forecast at the time of developing its 2016 IRP, it did not show a need to acquire additional supply side resources over the 20-year planning horizon. As a result the Company did not include any supply side actions in its 2016 IRP Action Plan. The following table shows the 2016 Oregon IRP demand forecast vs. actual results.



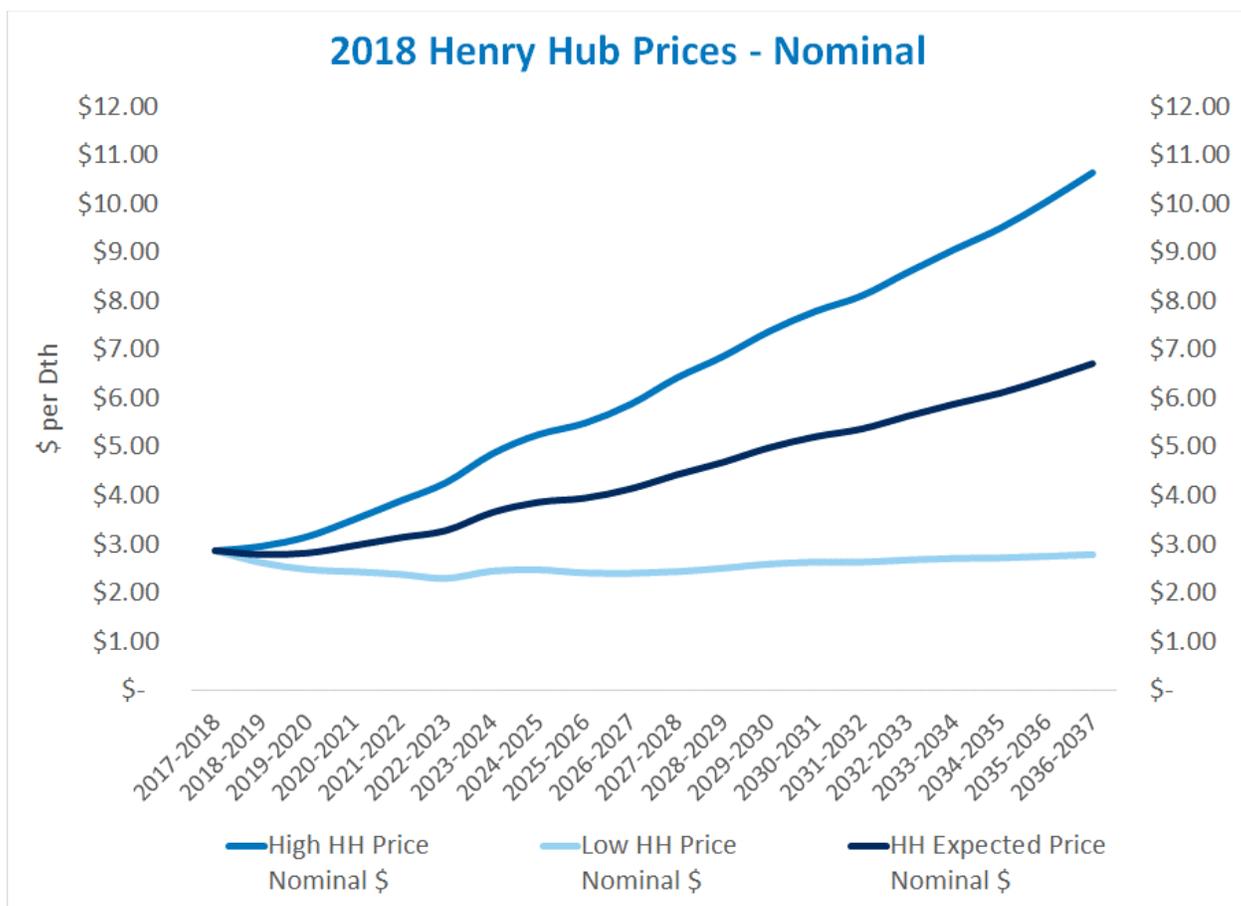
The actual number of customers was slightly below the IRP forecast and the actual use per customer was also slightly lower than forecast. The actual result did not impact the Company’s position for needing to acquire additional resources as shown in the following table.





Regarding the action items identified in Order No. 17-119, the following is an update on progress the Company has made as it develops its 2018 IRP, which is scheduled to be filed with the Commission on August 31, 2018:

1. **Staff recommends in Avista's 2018 IRP that Avista pursue an updated methodology, wherein the low/high gas price curves continue to be based on low (high) historic prices in a Monte Carlo setting, but are inflated to match the growth rate (yr/yr) of the expected price curve. The resulting curves would be based on historic prices and also produce symmetric .risk profiles throughout the time horizon.**
 - Avista presented an updated pricing methodology during its TAC 2 meeting showing a symmetric risk to high and low prices based off of the expected price by State.



2. Staff recommends that Avista forecast its number of customers using at least two different methods and to compare the accuracy of the different methods using actual data as a future task in its next IRP.

- Avista analyzed the data, but there was nothing material discovered for a meaningful forecast alternative. This information and discussion occurred in our initial TAC meeting on January 25th, 2018.

3. Avista's 2018 IRP will contain a dynamic DSM program structure in its analytics. In prior IRPs, it was a deterministic method based on Expected Case assumptions, in the 2018 IRP, each portion will have the ability to select conservation to meet unserved customer demand, Avista will explore methods to enable a dynamic analytical process for the evaluation of conservation potential within individual portfolios and will work with Energy Trust of Oregon in the development of this process and in producing any final results for its 2018 IRP for Oregon customers.



- Avista is currently on track to have this ability integrated into our model. This analysis will be shown during our May 10th, 2018 TAC 4 meeting in Olympia, WA.
- 4. Staff recommends that Avista provide Staff and stakeholders with updates regarding its discussions and analysis regarding possible regional pipeline projects that may move forward.**
- An overview of the regional pipelines will be given again during this 2018 Natural Gas IRP by our pipeline representatives at GTN and NWP. Included in this discussion will be any possible regional pipeline projects.
- 5. Staff recommends that in its 2018 IRP process Avista work with Staff and stakeholders to establish and complete stochastic analysis that considers a range of alternative portfolios for comparison and consideration of both cost and risk.**
- An overview of the potential resources considered in addition to the modeling process will be presented and discussed during our May 10th, 2018 TAC 4 meeting. Potential supply side resources will be modeled if a shortage of capacity is found in any of the portfolios. Some of these resources that can be considered include renewable natural gas, electrolysis, pipelines, liquefied natural gas and demand side management.
- 6. Environmental Considerations**
- **Carbon Policy including federal and state regulations, specifically those surrounding the Washington Clean Air Rule and federal Clean Power Plan;**
 - **Weather analysis specific to Avista's service territories;**
 - **Stochastic Modeling and supply resources; and**
 - **Updated DSM methodology including the integration of ETO**
 - Carbon Policy including the Clean Power Plan and Clean Air Rule were both reviewed and included in TAC 2 Meeting materials on 2/22/2018. An indicator of where Avista's carbon reduction requirements under the CAR was also included. Since the CAR was invalidated on 12/15/2017 in Thurston County Superior Court this analysis is intended to meet the action item in addition to showing the potential impacts of similar policies.
 - A weather analysis specific to Avista's service territories was presented during the TAC 2 meeting on 2/22/2018.
 - Stochastic Modeling, Updated DSM methodology and integration of ETO will all be discussed during TAC 4 meeting on May 10th, 2018.

Little has changed from a planning standpoint since the time the Company filed its 2016 IRP. The Company is not requesting Commission acknowledgement of any changes and provides this filing for informational purposes only.



If you have any questions regarding this report please contact Tom Pardee at (509) 495-2159.

Sincerely,

Linda Gervais

Sr. Manager, Regulatory Policy
Avista Utilities
(509) 495-4975
linda.gervais@avistacorp.com

