STATE OF WASHINGTON
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October 30, 2009

David Danner, Executive Director and Secretary
Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98514-7250

Re: Docket Number UE-081613 (Avista 2009 Electric IRP)

Dear Mr. Danner:

RCW 19.28 requires that utilities develop an integrated resource plan that includes how it will meet current and projected needs at the lowest reasonable cost and risk to the utility and its rate payers. "Lowest reasonable cost" is to include public policies regarding resource preferences adopted by Washington State or the federal government, and the cost of risk associated with environmental effects including emissions of carbon dioxide. RCW 70.235.020 establishes the state's policy to reduce greenhouse gas emissions to 1990 levels by 2020. Therefore, we believe that addressing greenhouse gas emissions and how a utility will reduce their contribution to the state's overall emission level is part of the analysis to be conducted as part of its integrated resource plan as part of the "lowest reasonable cost" criterion.

We commend Avista's inclusion of this important topic in its plan. Chapter 8 shows relatively flat greenhouse gas emissions from the Preferred Resource Strategy between 2010 and 2020, even though Avista's electricity load is projected to increase 1.7 percent per year. Avista anticipates a decline in the carbon *intensity* of its electricity as existing coal resources are replaced with lower-emitting generation sources but does not expect to reduce its greenhouse gas emissions to 1990 levels. The plan recognizes that in the future there will be a cost on carbon dioxide emissions and that the current lack of a definitive direction on how greenhouse gases will be regulated creates uncertainty for the company as it plans to meet future customer loads.

The plan indicates that conservation will provide 26 percent of Avista's new supplies to 2020, which we also commend. Inasmuch as the plan does not indicate that Avista will reduce emissions to 1990 levels, and even though the statute does not require *individual* companies to reduce emissions to their 1990 levels, it would be helpful if Avista's IRP included a more complete analysis of what it would take for the company to reduce its emissions to that level. Such an analysis might include additional investments in conservation or other actions that would be required to reduce emissions to 1990 levels by 2020. Understanding what individual companies will need to do to make that level of reduction under varying conditions is the best way to understand whether and how the state will meet its reduction limits.

Thank you for the opportunity to comment.

Sincerely,

Janice Adair
Special Assistant to the Director, Climate Policy