



Avista's 2014 Natural Gas IRP

Washington State Utilities and Transportation Commission

Olympia, WA

November 14, 2014

2014 IRP Timeline

- **August 31, 2013** – Work Plan filed with WUTC
- **January through April 2014** – Technical Advisory Committee meetings. Meeting topics will include:
 - Demand Forecast and Demand Side Management – January 24
 - Supply/Infrastructure, Natural Gas Pricing, and Potential Case Discussion – *February 25*
 - Distribution Planning, SENDOUT® Preliminary Output Results and Further Case Discussion – *March 26*
 - SENDOUT® results – *April 23*
- **May 30, 2014** – Draft of IRP document to TAC
- **June 30, 2014** – Comments on draft due back to Avista
- **July 2014** – TAC final review meeting (if necessary)
- **August 29, 2014** – File finalized IRP document

Avista Facts

STATISTICS

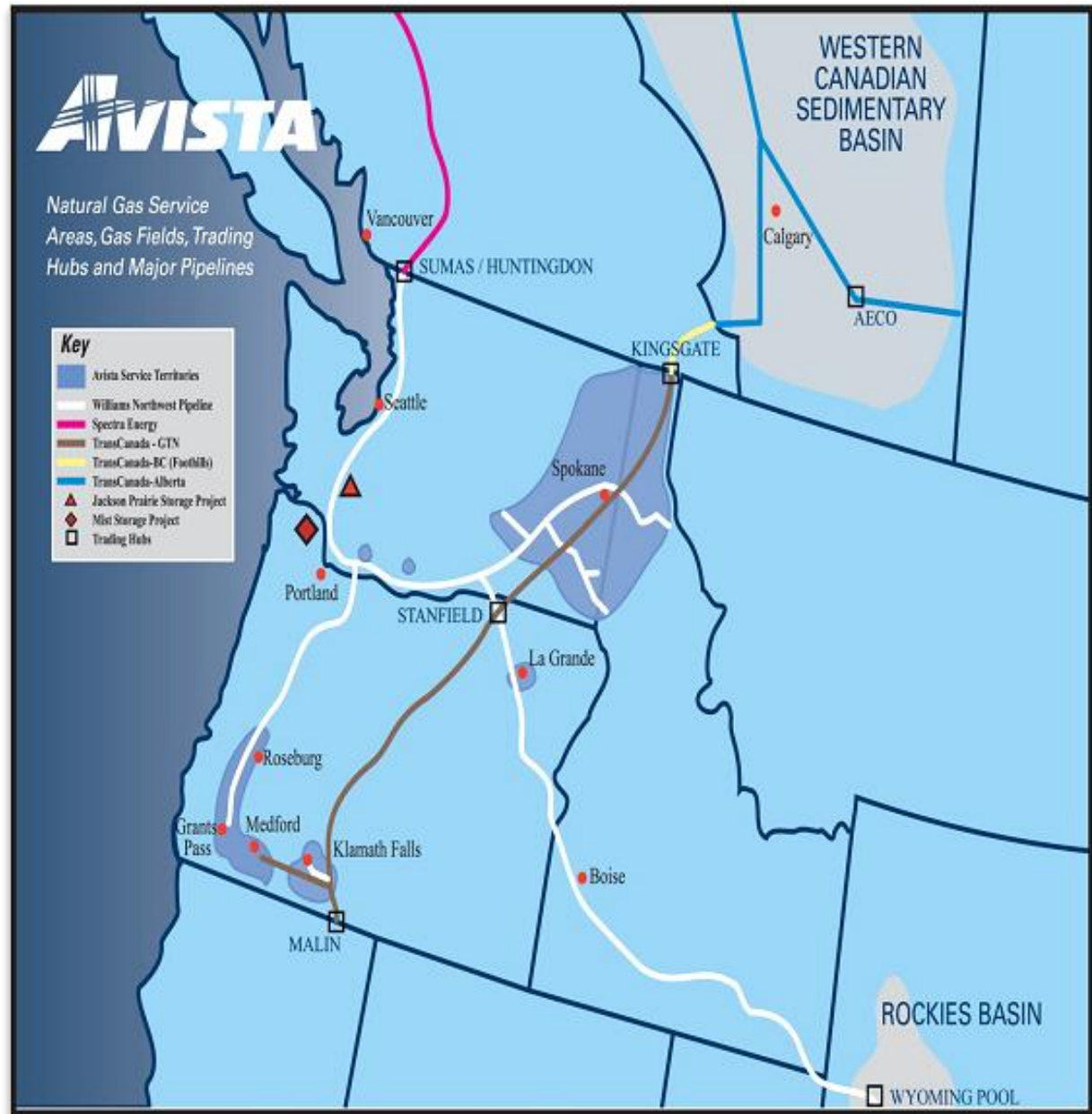
- ▶ 325,000 natural gas customers
- ▶ 34 Bcf for core customers
- ▶ 14 Bcf for transportation customers

PIPELINES

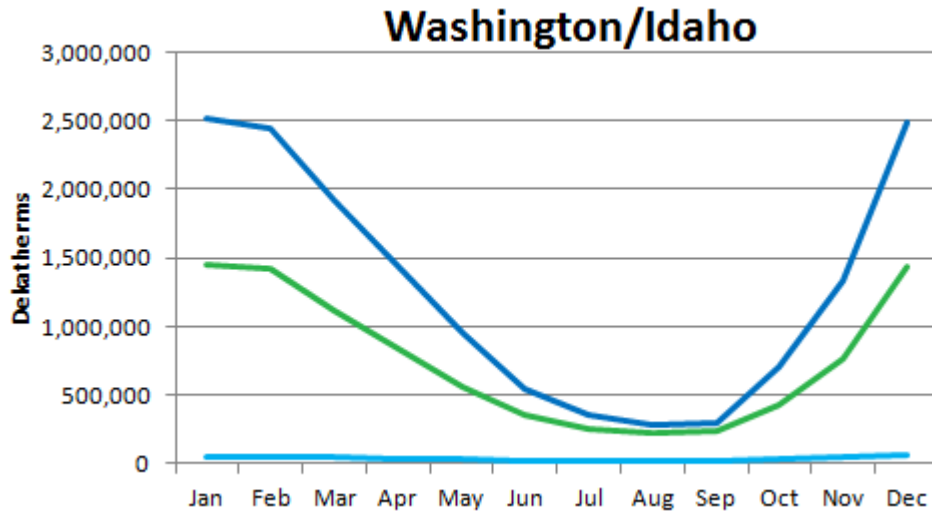
- ▶ Williams Northwest Pipeline (NWP)
- ▶ TransCanada Gas Transmission Northwest (GTN)
- ▶ TransCanada Foothills
- ▶ TransCanada Alberta
- ▶ Spectra Energy (Westcoast)

STORAGE

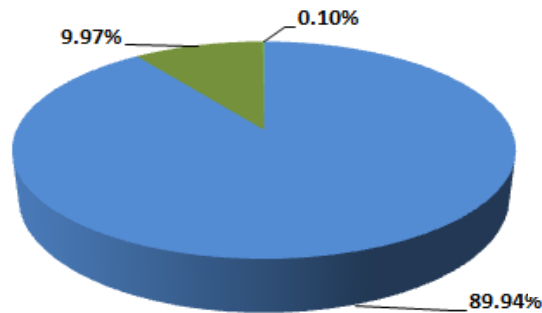
- ▶ Jackson Prairie Storage
One third owner with Puget Sound Energy and Williams Pipeline.



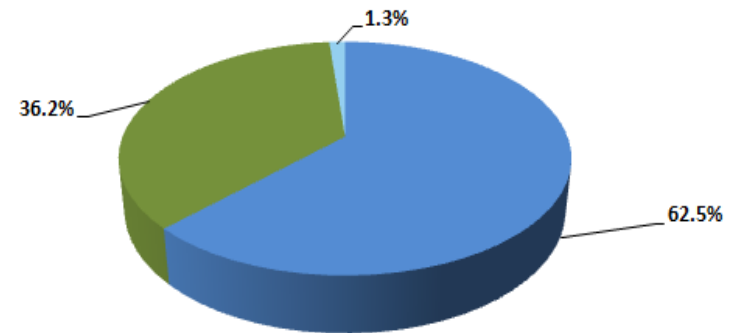
Washington Demand Profile



Customers

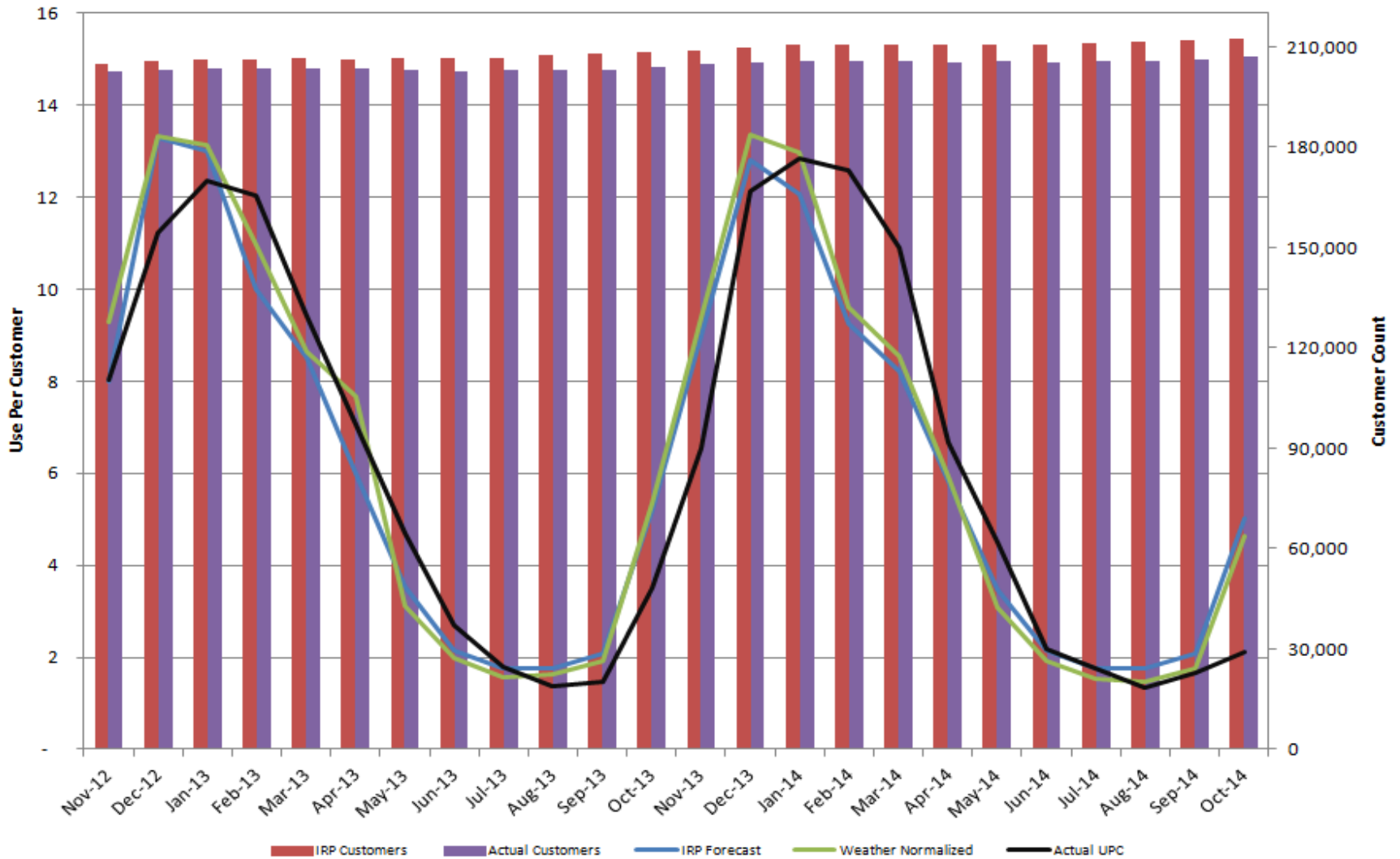


Dekatherms



■ Residential ■ Commercial ■ Industrial

Washington/Idaho IRP Forecast vs. Actual (Residential Use per Customer and Customer Count)



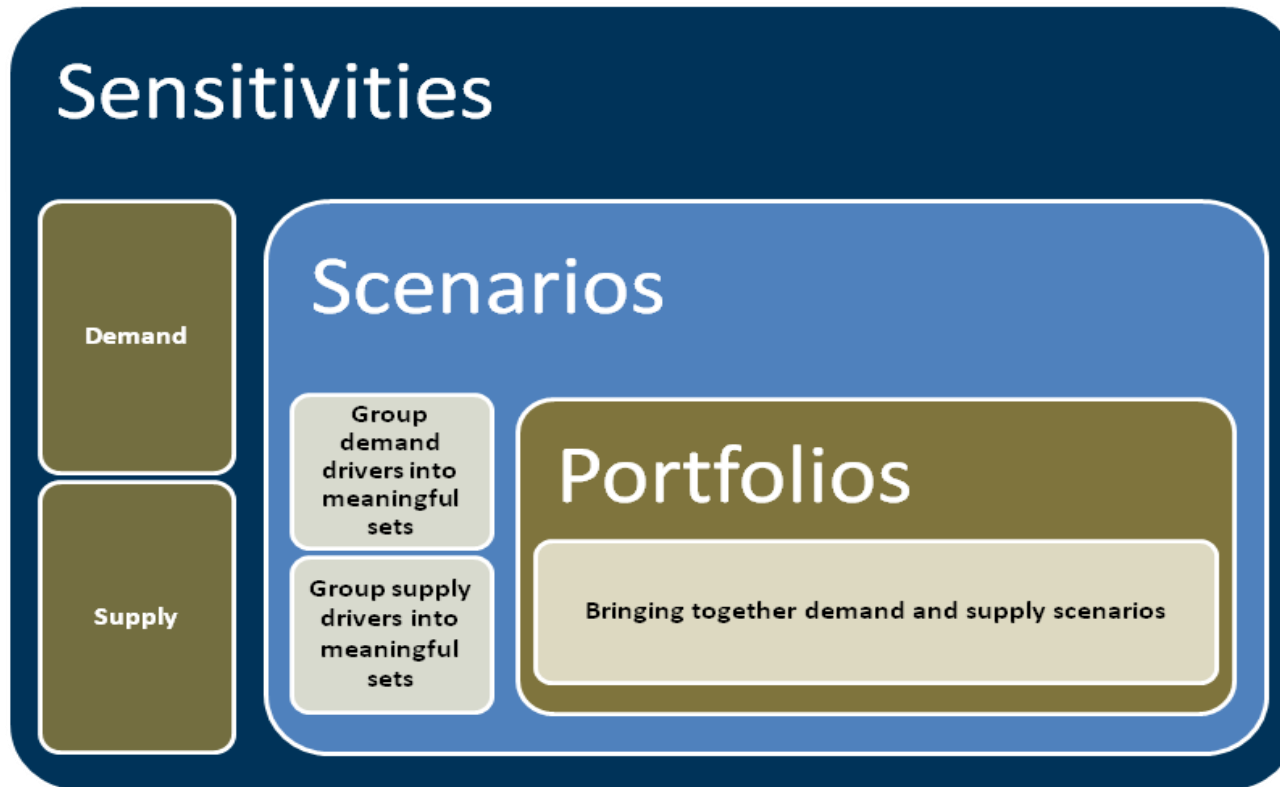
The Planning Environment

Uncertainty is the only thing certain.



- **Impact of the recession on local economies was greater and has lasted longer than anticipated.**
 - “When will it end or has it already ended?”
- **“New” uses for natural gas are becoming major factors in impacts on planning.**
 - LNG export
 - Natural Gas Vehicles
 - Methanol Plants
- **Record production due to Shale gas and associated gas from oil drilling**
 - Will demand grow with it?
 - What happens if oil prices drop?

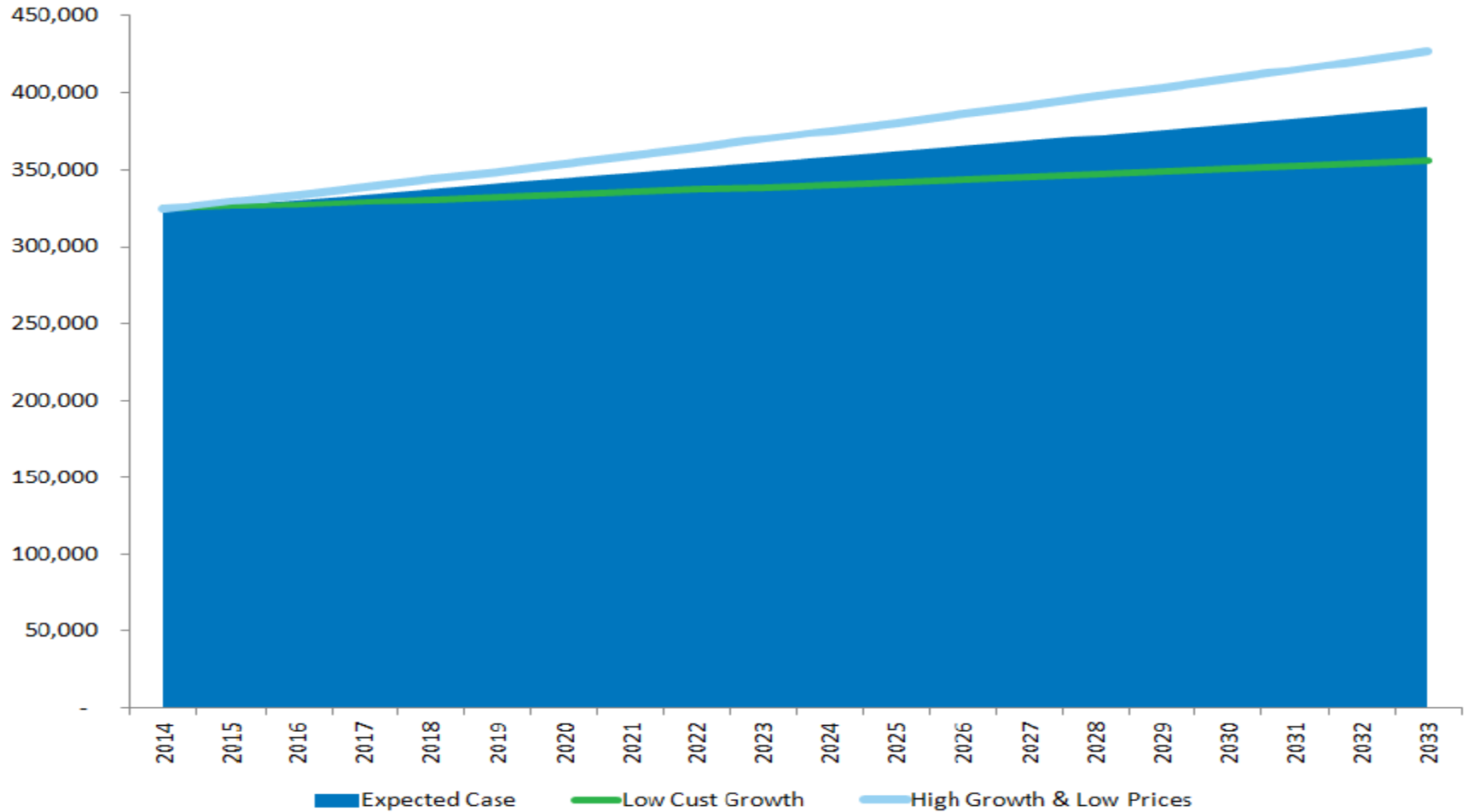
Sensitivities, Scenarios, Portfolios



- *15 Demand Sensitivities*
- *5 Demand Scenarios*
- *3 Supply Scenarios*
- *9 Portfolios*

Customer Growth Scenarios

Average Annual Customers



Use per Customer Analysis

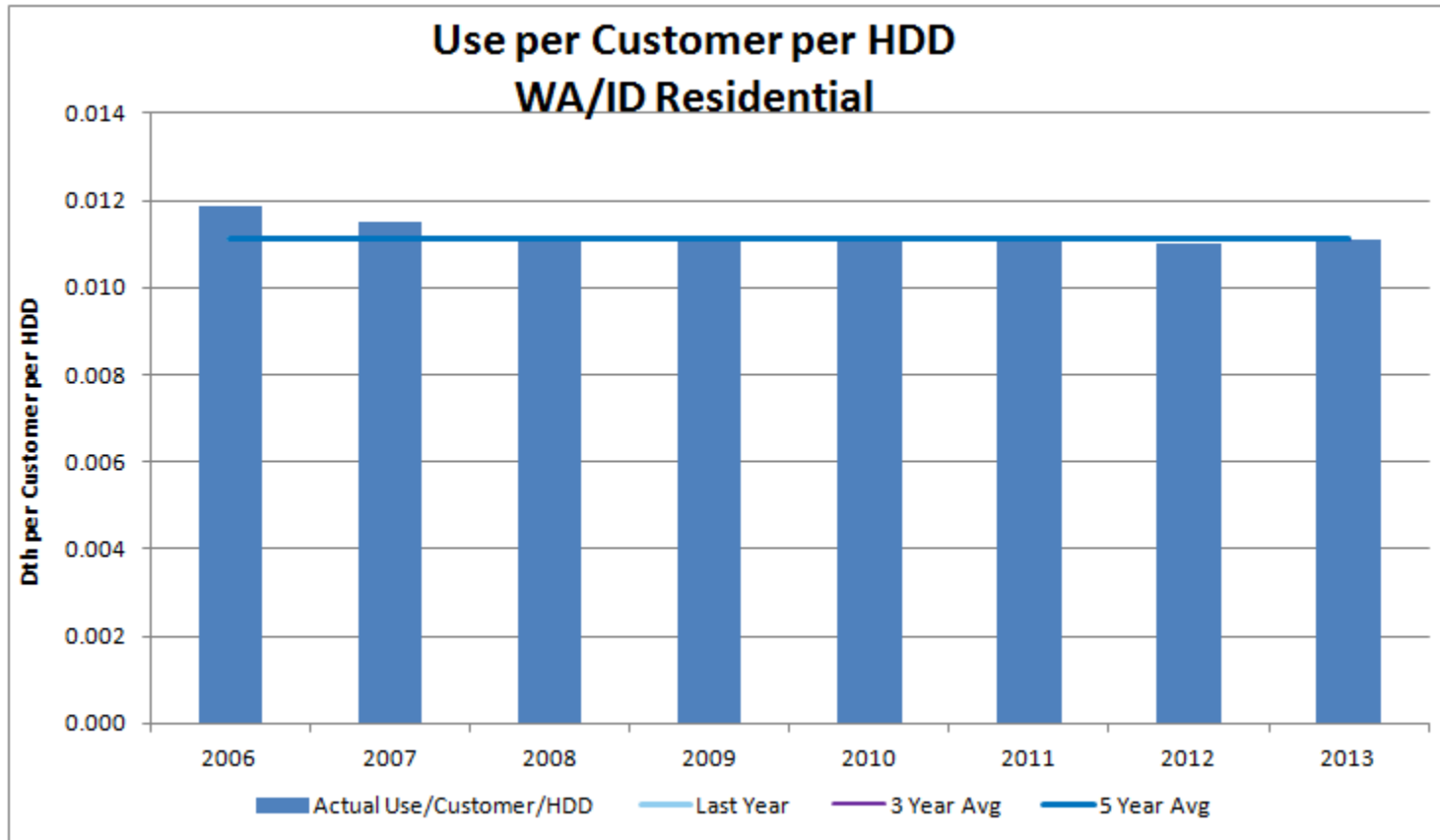
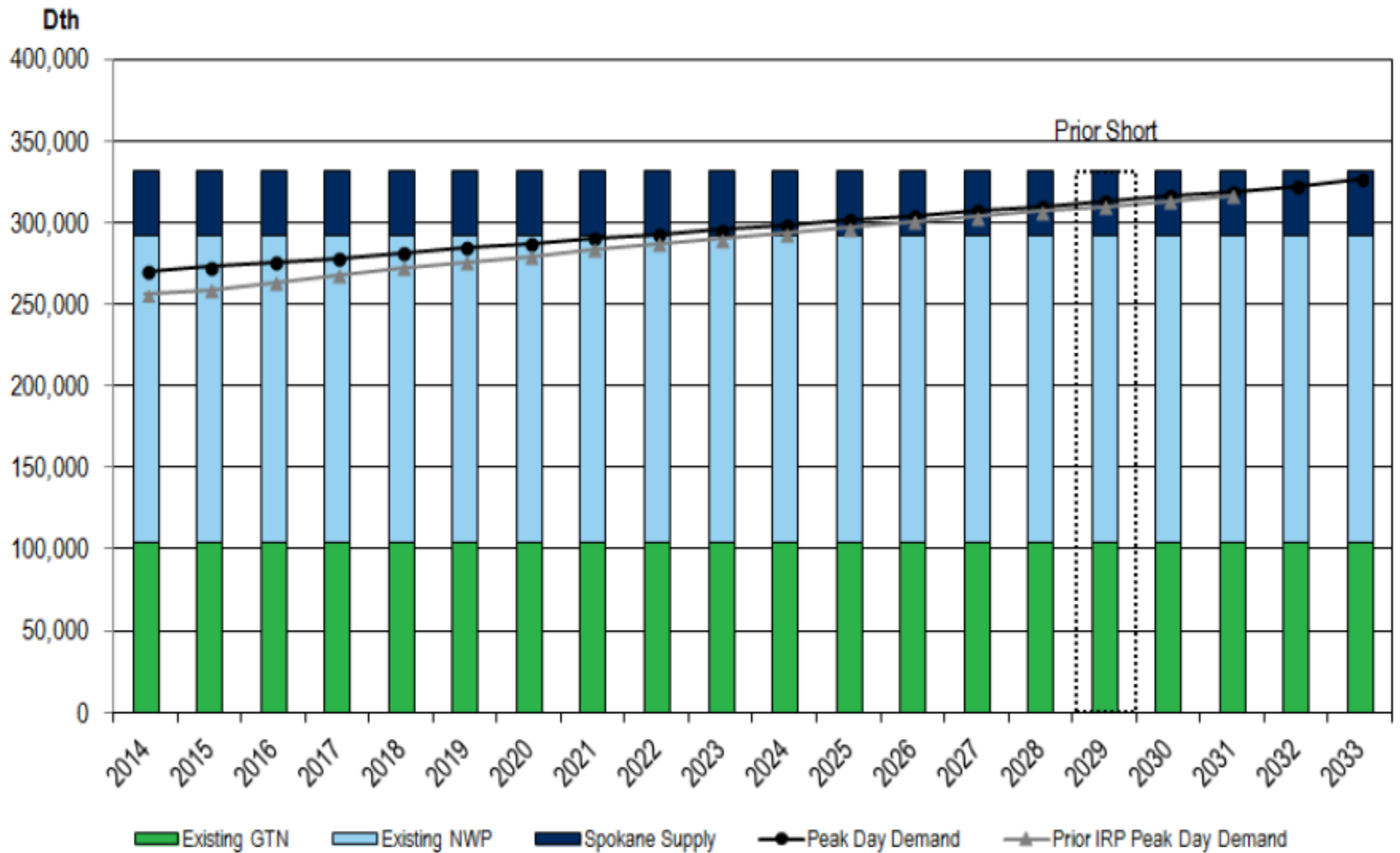


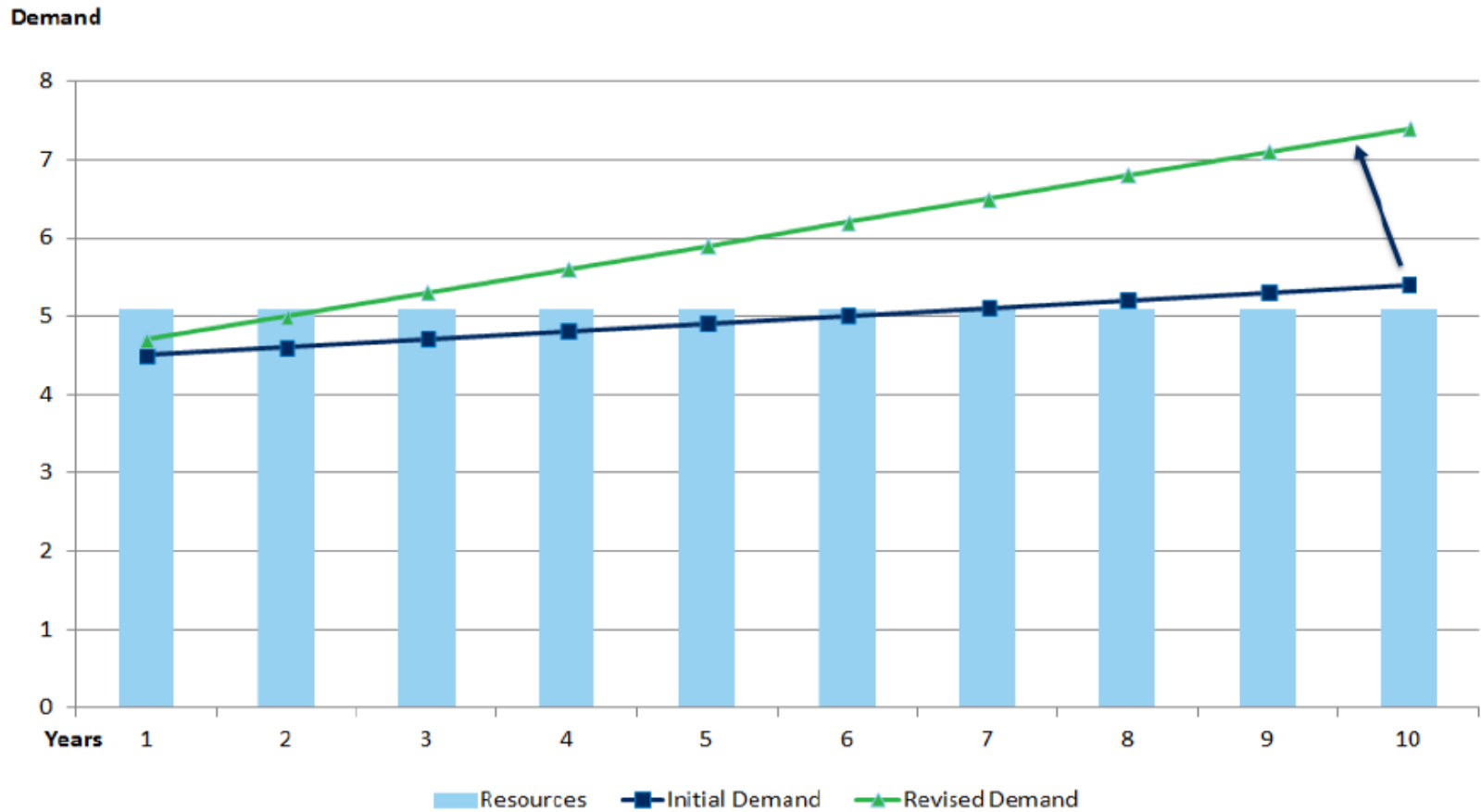
Figure 5: Expected Case – WA/ID Existing Resources vs. Peak Day Demand (Net of DSM)



Key Risk – “Flat Demand”

If demand rebounds the need for resources accelerates.

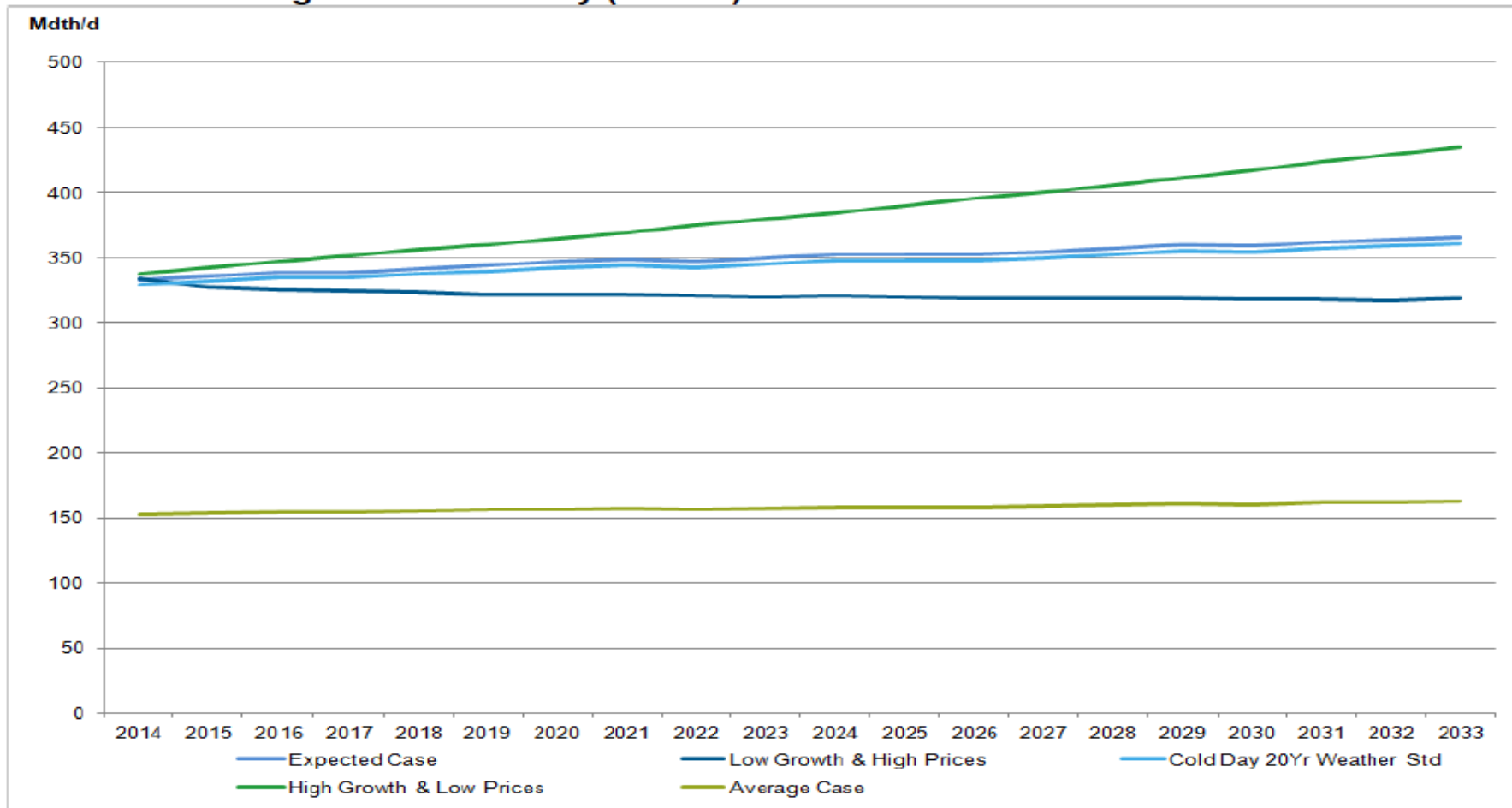
Figure 9: Flat Demand Risk Example



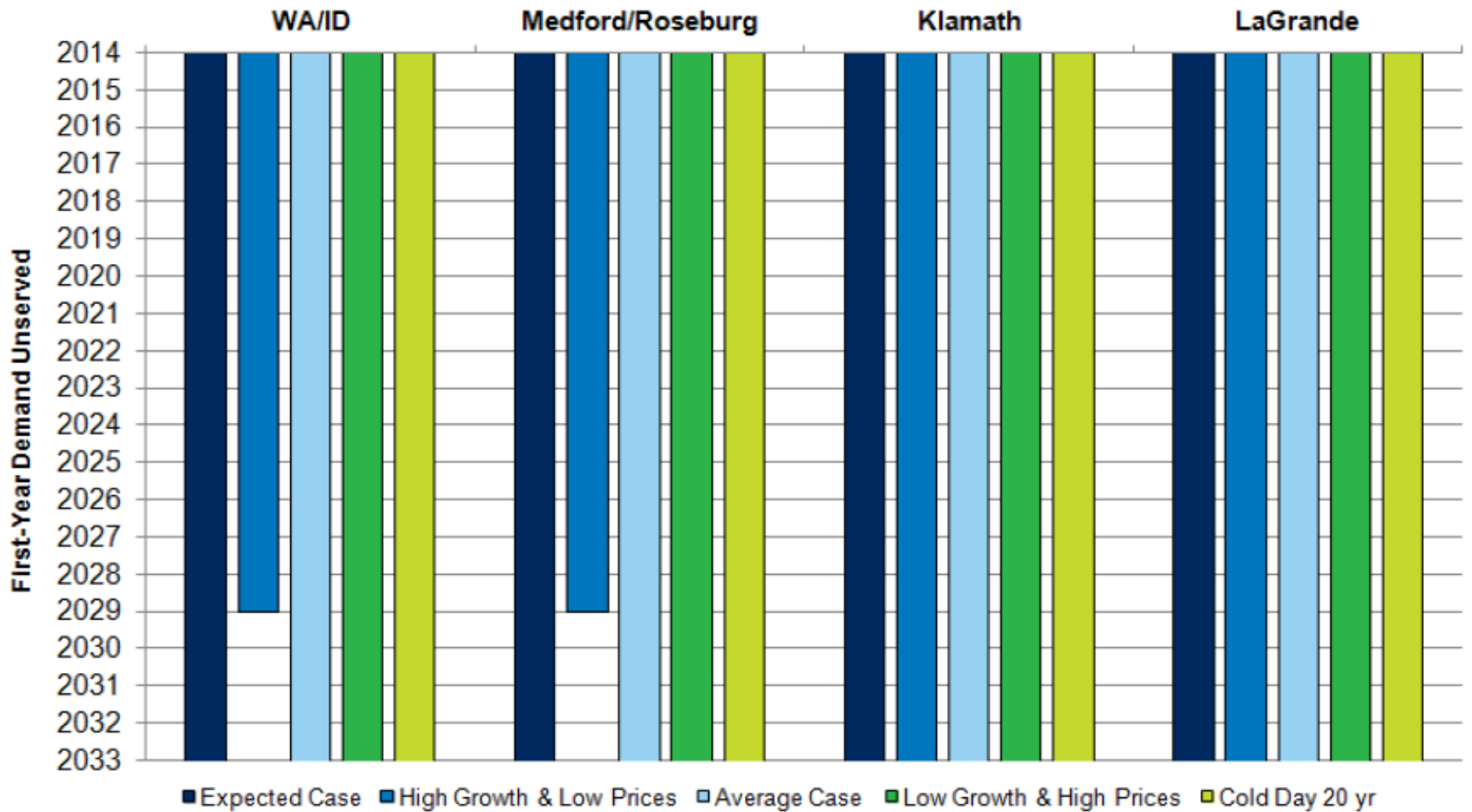
Peak Day Demand Scenarios

Broad range of scenarios identifies possible trajectories.

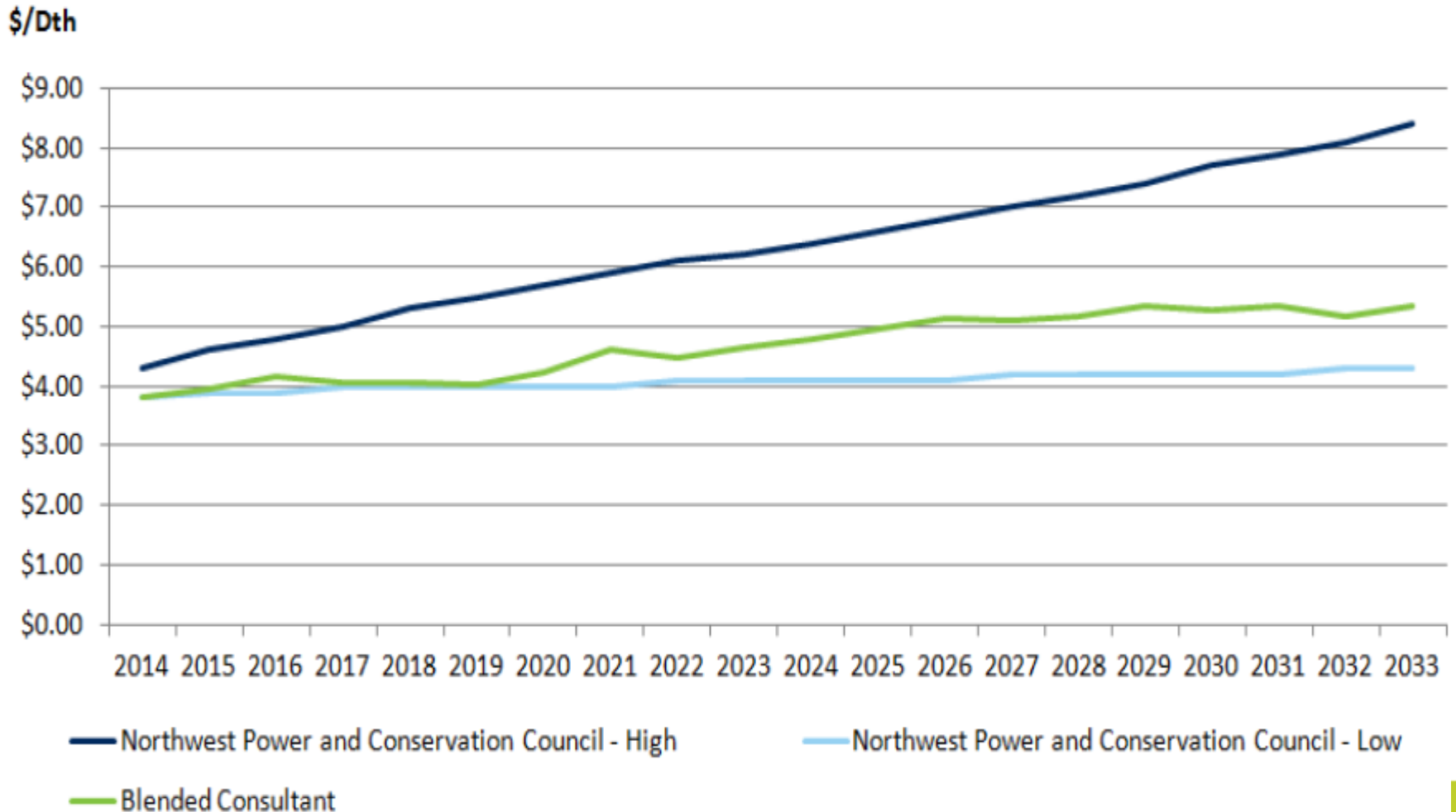
Figure 6.1 Peak Day (Feb 15) – 2014 IRP Demand Scenarios



Peak Day Deficiencies by Scenario and Area

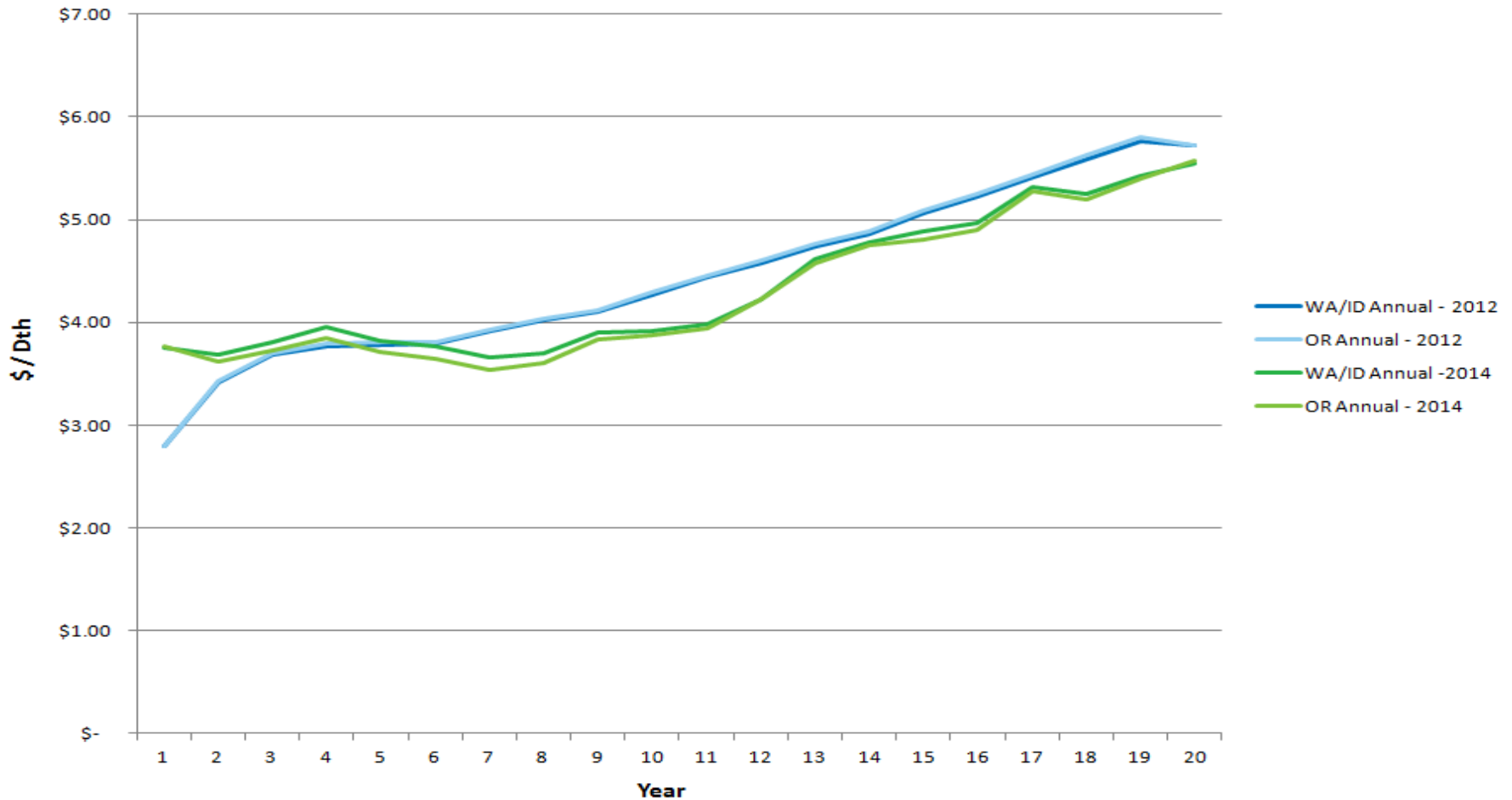


Long Term Henry Hub Price Forecasts (Real \$ / Dth)



Avoided Cost Comparison

Avoided Costs (by Jurisdiction)
2012 IRP vs. 2014 IRP



Action Plan

- Continue to closely monitor demand
 - Are recessionary use per customer changes permanent or temporary?
 - Will new uses come on line and alter our demand profile?
- Continue to monitor Demand Side Management cost effectiveness
- Global Warming
- Environmental legislation
 - Carbon Tax
 - Hydraulic Fracturing