

RESPONSE:

No. It is not Avista's position that the modeling scenarios in the IRP are "evidence of need". However, the IRP is often the place where analytical work about the acquisition of new resources or significant modification of existing resources takes place, because the IRP considers the economic impact of changes to resources to Avista's resource stack. The IRP is also a vehicle to inform the Commission and other stakeholders about the analysis that is being performed. The modeling of the SmartBurn costs for Unit 3 and 4 were considered through the SCR scenario analyses in the IRPs listed above. As explained throughout the SmartBurn section of Mr. Thackston's testimony, the decision for the installation of the SmartBurn technology was made as a step towards the expectation that an SCR would be required at a future date to meet Regional Haze requirements as shown by the IRP scenarios. The Regional Haze requirements are still there, but the Colstrip Units 3 and 4 portion of that requirement has changed as other facilities closed over time. Avista did not have any way to foresee that these other facilities would close and, therefore, that the requirement would change. Based on the information that Avista had at the time, SmartBurn was an intermediate step that could delay the need for a costly SCR and/or install a smaller and less costly to buy and less costly to operate SCR for Units 3 and 4.