



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION  
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March 28, 2014

Scott L. Morris  
Chairman of the Board, President, and Chief Executive Officer  
Avista Utilities  
1411 East Mission  
Post Office Box 3727  
Spokane, WA 99220

**Re: Avista Corporation d/b/a Avista Utilities  
2013 Electric Integrated Resource Plan  
Docket UE-121421**

Dear Mr. Morris:

The Washington Utilities and Transportation Commission (Commission) has reviewed the 2013 Electric Integrated Resource Plan (IRP) filed by Avista Corporation d/b/a Avista Utilities (Avista) on August 29, 2012, and finds that it meets the requirements of Revised Code of Washington 19.280.030 and Washington Administrative Code 480-100-238.

This finding does not signal pre-approval for ratemaking purposes of any course of action identified in the IRP. The Commission will review the prudence of the company's actions at the time of any future request to recover costs of resources in customer rates. The Commission will reach a prudence determination after giving due weight to the information, analyses, and strategies contained in the company's most recent IRP along with other relevant evidence.

Because an IRP cannot pinpoint precisely the future actions that will minimize a utility's cost and risks, we expect that the company will update regularly the assumptions that underlie the IRP and adjust its operational strategies accordingly.

While specific comments regarding its filed IRP are attached, the Commission provides Avista with the following guidance for its next IRP filing:

- With input from the Technical Advisory Committee, evaluate the value of risk mitigation when choosing among competing resource strategies. Avista should provide justification of its choice of a preferred resource strategy, including justification of its desired level of portfolio risk.
- With input from the Technical Advisory Committee, re-evaluate Avista's choice of basic planning margin.
- With input from the Technical Advisory Committee, investigate modeling energy efficiency as a selectable and scalable resource within the IRP.
- Incorporate a non-zero expected value cost of carbon into the Expected Case. Avista should also work with the Technical Advisory Committee to investigate incorporating a range of prospective carbon policies into the Expected Case stochastic analysis.
- Continue to evaluate scenarios related to the continued operation of units 3 and 4 of the coal-fired generating facility in Colstrip, Montana. As a component of this evaluation, Avista should provide an assessment of the impact on rates of a hypothetical portfolio that does not include these units.
- Use the Company's new modeling capabilities to evaluate the benefits of storage resources to Avista's generation portfolio.

Consistent with the 2013 IRP and previous IRPs, the Commission expects that any regulatory deliberations or decisions on the economic viability of any specific course of action described within Avista's next IRP will not be made within the context of the IRP.

Commission Staff will continue to provide additional input as Avista develops its next IRP. Avista should file its next electric IRP work plan on or before August 31, 2014, and its electric IRP on or before August 31, 2015.

Sincerely,

STEVEN V. KING  
Executive Director and Secretary

Attachment