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August 29, 2008

David Danner  
Executive Director  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

RE: Avista Utilities 2009 Integrated Resource Planning Work Plan

Dear Mr. Danner:

In compliance with WAC 480-100-238, Avista Utilities submits an electronic version of its 2009 Integrated Resource Planning Work Plan. The original is being provided via overnight mail.

If you have any questions regarding this filing, please contact James Gall at 509-495-2189 or John Lyons at 509-495-8515.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais  
Manager, Regulatory Policy  
509-495-4975  
[linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com)

Enc:

Cc: Steven Johnson, Deborah Reynolds



## 2009 Integrated Resource Planning Work Plan

This Work Plan is provided in response to the WUTC's Integrated Resource Planning (IRP) rules (WAC 480-100-238). It outlines the process Avista will follow to develop its 2009 Integrated Resource Plan to be filed with Washington and Idaho Commissions by August 31, 2009. Avista uses a public process to obtain technical expertise and guidance throughout the planning period through a series of public Technical Advisory Committee (TAC) meetings. The first of these meetings was held on May 14, 2008.

The 2009 Integrated Resource Plan process will be similar to those used to produce the previous three published plans. Avista will be using AURORA<sup>xmp</sup> for electric market forecasting, resource valuation, and for conducting Monte-Carlo style risk analyses. Results from AURORA<sup>xmp</sup> will be used to select the Preferred Resource Strategy using the proprietary PRISM 2.0 model. This tool fills future capacity and energy deficits using an efficient frontier approach to evaluate quantitative portfolio risk versus portfolio cost while accounting for environmental legislation. Qualitative risk will be evaluated in a separate analysis. The process to identify the Preferred Resource Strategy is shown in Exhibit 1 and the process time line is shown in Exhibit 2.

For this plan, Avista intends to use more detailed and site-specific resource assumptions to be determined by an ongoing process to evaluate renewable, gas, and other supply-side resources. This plan will also study environmental costs, sustained peaking requirements, and detailed analyses of demand-side management programs. This IRP will develop a strategy that meets or exceeds renewable portfolio standards and greenhouse gas emissions legislation.

It is Avista's intention to "stress" or test the Preferred Resource Strategy against a variety of scenarios and stochastic futures. The TAC will be an important factor to determine the underlying assumptions used in the scenarios and futures. The IRP process is a very technical and data intensive process; public comments are welcome and will require input in a timely manner for appropriate inclusion into the process so the plan can be submitted according to the contemplated schedule.

Tentative timeline for public Technical Advisory Committee meetings:

- **May 14, 2008** – Load & resource balance, climate change, loss of load probability analysis, work plan, and analytical process changes
- **August 27, 2008** – Risk and resource assumptions, scenarios and futures, and demand side management
- **October 22, 2008** – Load forecast, electric and gas price forecasts, load & resource forecast balance, and transmission cost studies
- **January 28, 2009** – Review of final modeling and assumptions, and draft PRS
- **March 25, 2009** – Review of scenarios and futures, and portfolio analysis
- **April 22, 2009** – Review of final PRS and action items
- **June 24, 2009** – Review of the 2009 IRP



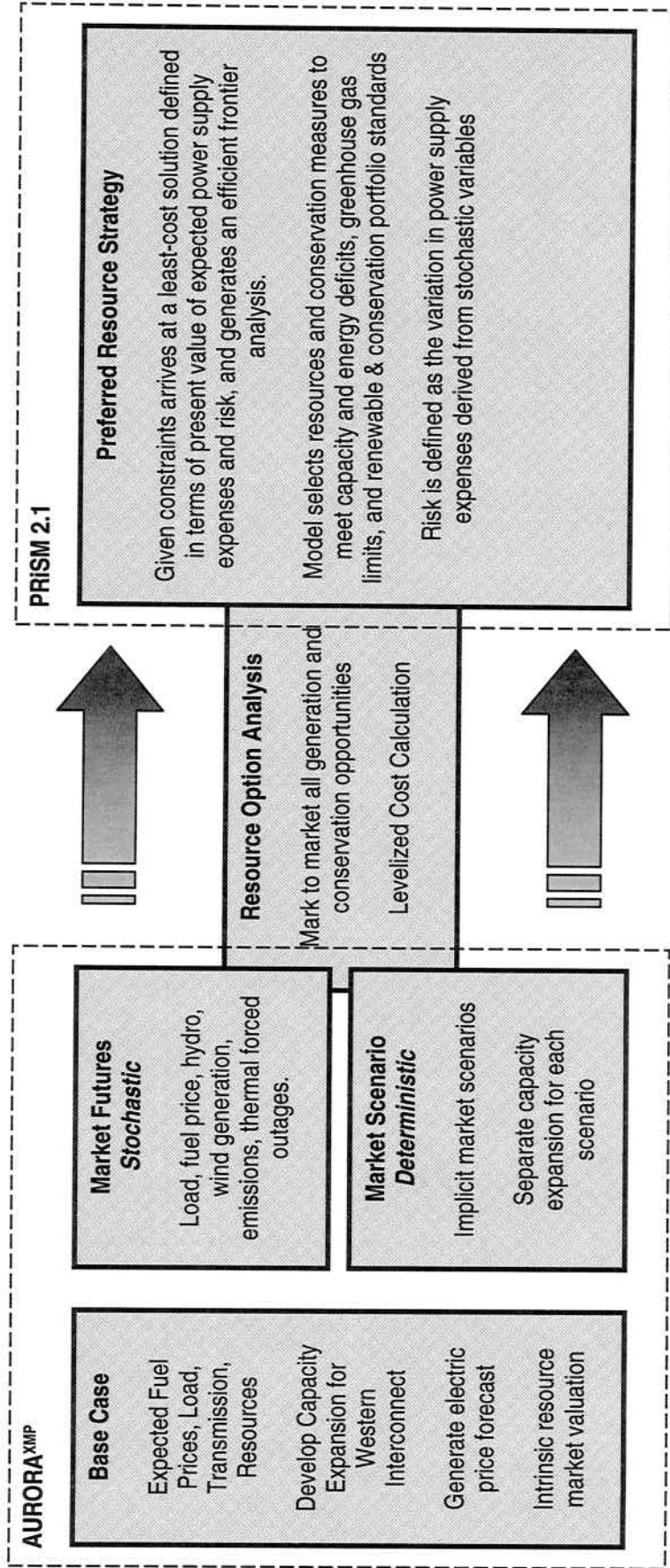
## ***2009 Electric IRP Draft Outline***

This section provides a draft outline of the major sections in the 2009 Electric IRP. This outline will be updated as IRP studies are completed and input from the Technical Advisory Committee has been received.

1. Executive Summary
2. Introduction and Stakeholder Involvement
3. Loads and Resources
  - a. Economic Conditions
  - b. Load Forecast
  - c. Forecast Scenarios
  - d. Supply Side Resources
  - e. Reserve Margins
  - f. Resource Requirements
4. Demand Side Management
5. Environmental Issues
6. Transmission Planning
7. Modeling Approach
  - a. Assumptions and Inputs
  - b. Risk Modeling
  - c. Resource Alternatives
  - d. The PRiSM Model
8. Market Modeling Approach
  - a. Futures
  - b. Scenarios
  - c. Avoided Costs
9. Preferred Resource Strategy & Stress Analysis
10. Action Items



**Exhibit 1: Avista's 2009 IRP Modeling Process**





## Exhibit 2: Avista's 2009 IRP Timeline

<u>Task</u>	<u>Target Date</u>
<b>Preferred Resource Strategy (PRS)</b>	
Finalize load forecast	7/31/2008
Identify regional resource options for electric market price forecast	8/15/2008
Identify Avista's supply & conservation resource options	8/31/2008
Update AURORA <sup>xmp</sup> database for electric market price forecast	9/29/2008
Select natural gas price forecast	9/29/2008
Finalize deterministic base case	10/17/2008
Finalize datasets/statistics variables for risk studies	10/31/2008
Draft transmission study due	10/31/2008
Demand-side management load shapes input into AURORA	10/31/2008
Base case stochastic study complete	11/30/2008
Finalize PRISM 2.1 model	12/19/2008
Final transmission study due	12/31/2008
Develop efficient frontier & PRS	1/30/2009
Simulation of risk studies "futures" complete	2/10/2009
Simulate market scenarios in AURORA <sup>xmp</sup>	2/27/2009
Evaluate resource strategies against market futures & scenarios	3/20/2009
Present to TAC preliminary study and PRS	3/31/2009
<b>Writing Tasks</b>	
File 2009 integrated resource planning work plan	8/30/2008
Prepare report and appendix outline	9/15/2008
Prepare text drafts	4/15/2009
Prepare charts and tables	4/15/2009
Internal draft released	5/1/2009
External draft released	6/15/2009
Final editing and printing	8/1/2009
Final report distribution	8/30/2009