Exhibit No. ECO-4
Dockets UE-160228/UG-160229
Witness: Elizabeth C. O'Connell

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES, Respondent.	DOCKETS UE-160228 and UG-160229 (*Consolidated*)

EXHIBIT TO TESTIMONY OF

ELIZABETH C. O'CONNELL

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Avista's Plant Held for Future use Workpapers

August 17, 2016

Greensferry Road Site for Potential Natural Gas-Fired Combustion Turbine December 3, 2015

Avista's 2015 Electric Integrated Resource Plan (IRP) shows a need for electric generation by the end of 2020 to meet additional projected customer demand. To meet this demand, the 2015 IRP recommends investing in a natural gas-fired combustion turbine, similar to others in our system. The 2015 IRP was filed with the public utility commissions in Washington and Idaho in August 2015.

To meet the projected resource need, Avista purchased land on Greensferry Road in Rathdrum, Idaho, as a possible site for a future natural gas generating facility. We will continue our analysis and expect to issue a Request for Proposal (RFP) in 2018 to evaluate all prudent, cost-effective options for meeting the generation and energy needs of our customers.

Avista is now in the early stages of developing the 2017 Electric IRP which will provide updated guidance on the amount of additional generation and conservation needed to meet growing customer demand through 2037, along with the preferred resources for meeting that need.

What is an IRP?

An Integrated Resource Plan (IRP) details projected growth in demand for energy, new resources and conservation needed to serve our customers over the next 20 years. IRP is updated on a two-year cycle.

The 2015 IRP is on our website at www.avistautilities.com/IRP

Key Messages

- Purchasing and optioning land for future use is part of our normal course of business which preserves cost-effective options and flexibility in meeting the future needs of customers.

- Avista has purchased land on Greensferry Road in Rathdrum, Idaho, as a possible site for a future natural gas generating facility based on the projected customer demand shown in the 2015 Electric IRP, which was filed with the utility commissions in Washington and Idaho in August 2015.

- Avista is currently in the early stages of developing the 2017 Electric IRP which will provide updated guidance on the amount of additional generation and conservation needed to meet customer demand through 2037 and the preferred resources for meeting that need.

- Avista expects to issue a RFP in 2018 and will evaluate all prudent, cost-effective options for meeting the energy and capacity needs of our customers, including potentially constructing a natural gas generating facility on the Greensferry Road site.

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Questions and Answers

Why is a Rathdrum area location being considered?
A major natural gas pipeline and Avista's electric transmission lines are both located in the Rathdrum vicinity, making it a preferred and cost-effective area for a natural gas generating facility. There are also other natural gas generating facilities in the area.

Why is Avista purchasing land now for a generating facility it may not build?
There is a long lead time in developing, designing, permitting and constructing any new generating facility. Property and related resources are challenging, but important prerequisites for this effort. Acquiring property now gives Avista the flexibility to meet future customer demand in a timely way that balances cost, reliability, rate volatility and renewable resource requirements.

Does the site need to be rezoned to construct a generating facility?
Yes. To shorten the construction timeline in the event a generating facility is built, Avista will likely submit a request in 2016 to rezone the site back to its former industrial designation.

Is Avista starting the permitting process now?
Preliminary research on permitting requirements may occur over the next few years, as part of the site analysis and feasibility studies.

Will Avista need to acquire new water rights for a possible future facility?
Avista is exploring water supply options as part of the feasibility studies for a potential natural gas generating facility.

Will customer rates increase because of the need to build or acquire additional generation?
A key factor in determining the preferred resource strategy, but not the only one, is cost. However, all new generation resources are likely to be more expensive than the average cost of our current generation resources.

Why is Avista considering building a fossil fuel generating facility rather than wind or solar?
The 2015 IRP identifies a need for additional capacity which is the type of generation that can be turned on or off when needed to meet customer demand. Because the wind does not always blow or the sun does not always shine, wind or solar are not dependable. This is especially true during extreme winter or summer temperatures. Wind or solar can't be counted on to meet demand during peak periods. That means backup generation would be needed to supplement these resource resulting in a greater cost to customers than construction of a traditional plant such as a natural gas-fired combustion turbine.

Garden Springs:

Property was purchased adjacent to Avista's Garden Springs 115 kV switching station in order to prepare for a new 230/115 kV Substation to be constructed. This new substation is needed as a second 230 kV source for the west Spokane system. Presently, Avista has only one 230/115 kV station providing load support into Spokane from the west. This new Garden Springs Substation will allow for much better transmission system reliability as well as operational flexibility and future capacity as electric load continues to grow west of Spokane in both Avista's and Inland Power & Light's service areas.

Additional property was required to upgrade the existing switching station from a 3-terminal overhead strain bus and air switch configuration to a standard substation bus and breaker configuration. Plans for the 230 kV addition required enough property to be purchased such that we could confirm the location for new 230 kV line terminations from the north. Planning is in progress for a 230 kV transmission interconnection with BPA and preliminary line routing to the site. Expected timeframe for the new substation is within the next 10-15 years.

Hillyard:

We purchased the Hillyard 115/13 kV Substation property in advance of the new North Spokane Corridor Freeway construction in order to be prepared for future load growth and to be better prepared for service on the east side of the new freeway. Even without the freeway and potential load growth expected for the area, the adjacent substations are nearing capacity from a system reliability and operational flexibility perspective. This Hillyard site is almost directly between the adjacent substations and will provide the needed capacity for load growth in northeast Spokane and will allow for better reliability to transfer load between substations when required for outages, planned maintenance, and better system operations. Load growth over the next 5 years will determine the timing for the new station within 5-10 years.

Downtown West:

As load grows to the west of Spokane, and particularly in the new Kendall Yards area on the north bank of the Spokane River northwest of downtown Spokane, additional 115/13 kV substation capacity will be required. The Downtown West site is along the existing 115 kV transmission line corridor and is in a perfect location between three adjacent subs to provide the needed capacity, improved reliability, and operational flexibility for the foreseeable future. In 2016, the substation yard will be encompassed with a security wall in preparation for the future station, which is planned to be in service within the next 5-10 years.

Downtown East:

Property on the east side of downtown Spokane was purchased for a new 115/13 kV substation in preparation for the new University District. This planning has proven to be accurate as the University District is well under construction and projections are for considerable load growth. This substation site is perfectly located adjacent to an existing 115 kV transmission line and will be able to provide any needed capacity and reliability requirements for the U-District. The new substation is expected to be energized in the next 5-10 years as load increases and projects plans are finalized with load projections determined.