

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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EXHIBIT No. ____ (RRP-6)

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REPRESENTING AVISTA CORPORATION

EXCERPTS FROM 2000 UPDATED INTEGRATED RESOURCE PLAN

July 12, 2000

AVISTA CORPORATION

1997 Integrated Resource Plan Update

I. Introduction:

Avista's last Integrated Resource Plan (IRP) was filed with the Commission on August 25, 1997. That plan showed that the company was surplus for many years into the future. Since then many things have changed in the electric utility industry and for Avista. Therefore, the company has prepared this updated IRP to include those significant changes. As discussed later, this updated IRP will also serve as the basis for a Request-for-Proposal (RFP) that Avista plans to issue.

The following information has been presented at various TAC meetings and will become an integral part of the next IRP.

II. 1997 IRP Update

1. Load Forecast

The 2000 electric sales forecast was prepared during the summer of 1999. The forecast of firm sales to the core-market is one of the most critical elements and was presented and discussed at the TAC meeting. Avista Utilities utilizes econometric models to produce sales and customer forecasts. Econometric models are systems of algebraic equations which relate past economic growth and development in the geographic communities served electricity with past customer growth and consumption.

The electrical energy forecast shows an annual average load of 1013 aMW in 2001 increasing to 1159 aMW in 2009. The peak forecast shows 1594 MW in 2001 with 1851 MW in the year 2009. The ten-year compound growth rate for residential usage is 2.3 percent, commercial is 3.9 percent and industrial is 1.6 percent. The overall total energy forecast has a compound growth rate of 1.9 percent.

The annual load forecast numbers, for both peak and energy, through the year 2009 can be found on the Requirements and Resources tabulation sheet.

2. Resource Assessment

Centralia:

The sale of the Centralia coal-fired plant resulted in the loss of 201 MW of capacity and 177 aMW of annual energy from Avista's resource portfolio. The company entered into a short-term contract with TransAlta, the new owners of Centralia, to replace a majority of the generation lost with the sale of the plant. The term of this contract starts in July 2000 and extends through December 2003.

costs and discharge less pollutants into the air than other fossil fuel plants. As shown in Appendix B, the Northwest Power Planning Council costs for natural gas fired generation projects range from approximately 41 mills to 43 mills.

At this point in time the following resources would not pass the initial screening. The following costs are nominal life-cycle, levelized costs.

- Nuclear: Costs are over the 100 mills per kilowatt-hour range. The total cost and the lack of public acceptance make this resource option unacceptable.
- Coal: Costs are 80 to 90 mills. The total cost and cost uncertainty in air quality issues make this resource option unacceptable.
- Wind: Costs are 60 to 80 mills. There are indications that costs are declining but our studies show there are not favorable sites in our service territory so transmission costs would have to be added. Because wind is intermittent the resource would have to be discounted for lack of capacity component. This would make this resource option unacceptable.
- Geothermal: Costs are 80 to 100 mills making this resource option unacceptable.
- Solar: Costs are over 240 mills making this resource option unacceptable.

These costs are presented for general comparison purposes. The company will solicit resource bids from the market in an upcoming Request-for-Proposals (RFP). The company is hoping for innovative bids from project developers. The RFP bids will be evaluated against the information that has been gathered both internally and externally.

8. Load and Resource Summary

General:

Included is Avista's annual Requirements and Resources (Load and Resource Summary) that shows the company's load and resource position on an annual basis for the next ten years (see Appendix D). It is dated June 1, 2000 and will be the same one used in the 2000 IRP. The peak column is the January peak (the highest forecasted peak for the year) and the average column is the annual 12-month average for the year. The resource peak numbers are what could be expected as maximum capacity outputs during January. The hydro peak and energy numbers are from the final regulation done by the Northwest Power Pool and reflect the reservoir levels in January per the hydro regulation study (one-year critical period, 1936-37 water). The average energy numbers are the expected 12-month averages for the loads, resources and contracts.

All the requirements are shown at the top of the page. Most of the purchases and sales contracts end by the year 2004. The peak and average forecasted loads are shown on line 1 labeled System Load. Line 17 Reserves are Avista's planning reserves and are part of the total Requirements (as described in Section 3).

The Resource section is comprised of the resources and purchase contracts. Line 19 shows the system hydro and line 20 is the contract hydro from the mid-Columbia PUD projects (with critical water conditions). The mid-Columbia numbers decrease due to the Priest Rapids contract ending in 2005 and the Wanapum contract ending in 2009. Avista is hopeful that a contract extension can be negotiated with Grant County PUD. Lines 24 and 25 are the company's existing

simple-cycle combustion turbines, and lines 33 and 34 are the expected thermal generation output from Kettle Falls and Colstrip.

Line 29 shows the BPA residential exchange contract and the 47 MW flat delivery of power to the company from BPA. There is no dispatchability or flexibility with this contract. Although this contract has not been signed, Avista feels it is firm enough to be included.

Line 44 is the Surplus (Deficit) numbers calculated by subtracting the Total Requirements from the Total Resource numbers. In the year 2004 Avista is 287 MW deficit on peak and 318 aMW deficit on energy under critical water planning criteria.

Resource Flexibility:

Flexible generation resources are a key component to meet the requirements of Avista's customers. As depicted in the charts on pages 8 and 9 in Appendix E, Avista experiences load changes of 100 MW or more during several hours of each day. Loads must be ramped up and down under a variety of seasonal and load conditions. In order to meet the load, flexible resources (Cabinet Gorge, Noxon Rapids, Long Lake, Mid Columbia contract hydro, and the Rathdrum Combustion turbines) are dispatched. Even with these resources, Avista still must purchase peak energy products to meet customer demand during different times. The market today tends to offer standard heavy load hour and light load hour products that do not meet load shaping or following needs.

2004 Study:

A detailed tabulation of the load and resource requirements study of the year 2004 is also attached (see Appendix E). We chose the year 2004 for an in-depth study because, as mentioned above, many of the larger supply and requirements contracts have ended and future requirements change (for the most part) due to load growth.

This study is shown in two parts. The first study shows on and off peak loads and resource requirements monthly under critical and normal hydro conditions. The second study goes into even further detail. We created an hourly Surplus-Deficiency duration Curve for the year 2004 using PROSYM to gain the following information. By using the Northwest Power Pool's sixty year hydro generation study for our system, PROSYM runs 720 (sixty years X 12 months/year) hydro scenarios into the forecast net system load, all known contracts, and existing resources. The information gained from this model output shows the company's resource requirements to meet load under many different hydro conditions. This duration curve will be used to analyze how new resource additions will "fit" into the company's requirements without any affect from market conditions. As stated before, standard economic modeling must be performed after dispatch information is gained from PROSYM modeling.

Load growth expectations based on the forecasted methodologies are explained under Section 1. Avista doesn't expect drastic changes in our load beyond the normal load growth that has been experienced. But the future is uncertain and Avista needs to be flexible enough to handle unforeseen changes. For example, the company could lose load by having Avista's larger retail customers install cogeneration, like WSU or Potlatch deciding to serve their own load from existing generating facilities. Or if partial deregulation was to come to our region, Avista could pick up some industrial loads thereby increasing the load requirements.

Appendix D

Exhibit D – Annual Load and Resource Forecast

Requirements and Resources figures in MW	AVISTA CORP.																	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg	PK						
Line No. REQUIREMENTS	Pk	Avg	Pk	Avg	Pk	Avg	Pk	Avg	Pk	Avg	Pk	Avg	Pk	Avg	Pk			
1 System Load	1557	1008	1557	971	1572	982	1608	1007	1649	1033	1692	1059	1743	1081	1796	1124	1851	1159
2 PacifiCorp Exchange	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3
3 Puget #2	100	75	67	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 PacifiCorp 1994	0	9	0	9	0	9	0	9	0	9	0	9	0	9	0	9	0	9
5 PG&E #1	150	0	150	0	150	0	150	0	150	0	150	0	150	0	150	0	150	0
6 Snohomish 10 yr	100	88	100	88	100	88	100	88	100	88	100	88	100	88	100	88	100	88
7 Cogentrix 57 mo	100	100	100	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Nichoka Pumping	0	7	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 West Kootenay	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Eugene Water & Electric	10	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 PGE Sale	25	25	25	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Pend Oreille	6	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Montana Sale	100	100	100	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Duke Sale	100	100	100	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Clark2 PUD	250	137	250	85	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 City of Cheney	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Reserves	248	0	248	0	247	0	251	0	255	0	259	0	284	0	270	0	275	0
18 TOTAL REQUIREMENTS	2871	1662	2737	1470	2086	1096	2089	1082	2109	1133	2201	1159	2157	1103	2216	1127	2278	1182
RESOURCES																		
19 System Hydro	936	313	936	313	936	313	936	313	936	313	936	313	936	313	936	313	936	313
20 Contract Hydro	195	76	195	76	195	76	195	76	195	76	195	76	195	76	195	76	195	76
21 Can Ent Return	-10	-5	-10	-5	-10	-5	-15	-4	-11	-4	-11	-4	-10	-4	-10	-4	-10	-3
22 Small Power	12	11	12	11	12	11	12	11	12	11	12	11	12	11	12	11	12	11
23 Cogeneration	59	55	59	55	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Northeast CTs	69	5	69	5	69	5	69	5	69	5	69	5	69	5	69	5	69	5
25 Radium CTs	176	62	176	62	176	62	176	62	176	62	176	62	176	62	176	62	176	62
26 PacifiCorp Exchange	50	3	50	3	50	3	50	3	50	3	50	3	50	3	50	3	50	3
27 BPA/Avista Exchange	32	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28 Entitlement & Supplemental	5	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0
29 BPA Res. Exchange	0	0	0	12	47	47	47	47	47	47	47	47	149	149	149	149	149	149
30 BPA-WNP #3	82	41	82	41	82	41	82	41	82	41	82	41	82	41	82	41	82	41
31 CSPE	10	5	9	5	8	1	0	0	0	0	0	0	0	0	0	0	0	0
32 TransAlta-Centralia	200	138	200	143	200	143	200	143	200	143	200	143	200	143	200	143	200	143
33 Thermal- Kettle Falls	48	45	48	45	48	45	48	45	48	45	48	45	48	45	48	45	48	45
34 Colstrip	222	191	222	191	222	191	222	191	222	191	222	191	222	191	222	191	222	191
35 SEMPRA	0	19	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36 BPA 5 yr. Purchase	115	115	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37 Idaho Purchase	100	100	56	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38 Duke Purchase	100	100	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39 MIECO	25	25	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 Chery Services, Inc.	0	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41 Energy Services, Inc.	0	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42 Exron	50	50	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43 TOTAL RESOURCES	2476	1425	2442	1287	2040	944	2039	933	1822	789	1822	789	1874	866	1874	866	1874	861
44 SURPLUS (DEFICIT)	-395	-237	-295	-203	-46	-152	-30	-149	-287	-318	-332	-348	-430	-237	-342	-261	-402	-301