

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

LC 81

In the Matter of

AVISTA CORPORATION, dba, AVISTA  
UTILITIES,

2023 Integrated Resource Plan.

ORDER

DISPOSITION: STAFF’S RECOMMENDATION ADOPTED AS MODIFIED

This order memorializes our decision, made and effective at our July 23, 2024 Regular Public Meeting, to adopt Staff’s recommendation subject to the following modifications: (1) Avista Corporation, dba Avista Utilities, shall seek acknowledgement of its action plan in the 2025 IRP Update and (2) Avista shall respond to the directives of Order No. 24-256 for the 2023 IRP in its 2025 IRP Update filing. The Staff Report with the recommendation is attached as Appendix A.

Made, entered, and effective Jul 29 2024.

**Megan W. Decker**  
Chair

**Letha Tawney**  
Commissioner

**Les Perkins**  
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 23, 2024**

REGULAR  X  CONSENT \_\_\_\_\_ EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: July 15, 2024

TO: Public Utility Commission

FROM: Nick Sayen

THROUGH: JP Batmale and Kim Herb **SIGNED**

SUBJECT: AVISTA UTILITIES:  
(Docket No. LC 81)  
Request for Temporary Exemption from OAR 860-027-0400(3),  
Requesting a Ten-Month Extension to its May 31, 2026 IRP Filing.

**STAFF RECOMMENDATION:**

The Public Utility Commission of Oregon (Commission or PUC) should grant Avista (Company) a temporary exemption to OAR 860-027-0400(3) extending the due date of Avista's next Natural Gas Integrated Resource Plan (IRP) to April 1, 2027, and require the Company to file a second IRP Update to the 2023 IRP by May 31, 2026.

**DISCUSSION:**

Issues

1. Whether Avista should be granted a temporary exemption from OAR 860-027-0400(3), providing an extension of the due date of Avista's next Natural Gas Integrated Resource Plan (IRP) to no later than April 1, 2027.
2. Whether the Commission should direct Avista to file a second IRP Update to the 2023 IRP by May 31, 2026.

Applicable Rule or Law

Under ORS 756.040, the Commission is authorized to supervise and regulate every Oregon public utility, and to do all things necessary and convenient in the exercise of such power and jurisdiction.

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OAR 860-027-0400(1) provides that the Commission may waive any obligation in OAR 860-027-0400, including OAR 860-027-0400(3), upon application by the utility and for good cause.

Under OAR 860-027-0400(3) an energy utility must file an IRP within two years of its previous IRP acknowledgement order or as otherwise directed by the Commission.

OAR 860-027-0400(11) places an obligation on the utility to file an IRP Update of its most recently acknowledged IRP on or before the one-year anniversary of the acknowledgement date.

### Analysis

#### *Background*

Avista's most recent IRP, the 2023 Natural Gas Integrated Resource Plan, filed in Docket No. LC 81, concluded with an acknowledgment decision at the February 22, 2024, Public Meeting. The decision was memorialized May 31, 2024, in Commission Order No. 24-156. Order No. 24-156 acknowledged Avista's near-term action plan but did not acknowledge Avista's long-term plan and preferred resource portfolio.<sup>1</sup>

The Company's IRP schedule in both Washington and Idaho is a fixed 24-month timeline, and so Avista's next IRP in both states is due no later than April 1, 2025, and then again no later than April 1, 2027, after that.<sup>2</sup> Thus, Avista's *default* IRP schedule is as follows:

- April 1, 2025 – 2025 IRP (WA, ID)
- May 31, 2025 – 2023 IRP update (OR)
- May 31, 2026 – 2026 IRP (OR)
- April 1, 2027 – 2027 IRP (WA, ID)

#### *IRP Filing Date Request: Avista's Reasoning*

In its request, Avista provided the following reasons for delaying its next IRP filing:

1. With the next IRP process already underway and the timing and contents of Climate Protection Program (CPP) rules uncertain, the Company is not able to include CPP compliance obligations in its base case or Preferred Resource Strategy.

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<sup>1</sup> Docket No. LC 81, Avista's Revised 2023-2024 Action Plan, February 15, 2024.

<sup>2</sup> Docket No. LC 81, Avista Application for an Extension to File Its Next Natural Gas Integrated Resource Plan, p. 3, April 18, 2024 (*hereinafter* Application).

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2. Staff plans to update IRP guidelines in 2024, which will impact future IRPs, but will not be completed in time for the 2025 IRP.
3. With the schedule of Avista's next two IRPs in Idaho and Washington, extending the Company's next Oregon IRP due date to April 1, 2027, aligns the filing dates in all three states and reduces duplicative and overly burdensome efforts.
4. If the Commission approves of the Company's request to extend the due date, in the interim, Avista will submit an update to its 2023 IRP within 12 months of the Commission's acknowledgement order.

Based on its request, *Avista's proposed IRP schedule* would be as follows:

- April 1, 2025 – 2025 IRP (WA, ID)
- May 31, 2025 – 2023 IRP update (OR)
- April 1, 2027 – 2027 IRP (OR, WA, ID)

At the time of the writing of this memo, no stakeholders have submitted comments.

#### *Staff's Responses to Avista's Reasoning*

Staff agrees that the current CPP rulemaking process would not likely be sufficiently complete to include precise compliance obligations in the 2025 IRP base case or Preferred Resource Strategy. This would require the Company to make important assumptions to comply with a yet to be finalized regulatory regime. Staff agrees planning with this level of uncertainty is less than ideal. However, the certainty that would come with a completed rulemaking, while helpful, is not essential. Indeed, it is Staff's understanding that other investor-owned gas utilities are proceeding with planning at this time.

Staff also agrees that IRP guideline updates will not be completed in time to be reflected in the 2025 IRP. Similar to CPP rulemaking, the certainty that would come with a completed IRP guideline update process, while helpful, is not essential. Other investor-owned utilities (both electric and gas) are proceeding with integrated resource planning at this time, even as IRP guideline updates are being contemplated.

Staff agrees with the potential of an adjusted filing date to reduce duplicative efforts. If this request were not granted, the default IRP schedule calls for three IRPs in a 24-month window. Staff acknowledges the burden this would place on the Company, Staff, and stakeholders.

Staff understands the default IRP schedule presents challenges to meeting IRP Guideline 10, which notes that multi-state utilities should plan their gas supply and delivery systems on an integrated-system basis that achieves a best cost/risk portfolio

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for all their retail customers.<sup>3</sup> In the Company's filing, Avista states the default schedule would require moving away from a system plan to an Oregon specific plan.<sup>4</sup>

Avista states that it will submit an update to the 2023 IRP by within 12 months of the Commission's acknowledgement order.<sup>5</sup> Staff notes that in the Company's request, it positions such an update as voluntary, stating it is not technically required as the Commission chose not to acknowledge the Company's 2023 IRP. The Company cites OAR 860-027-0400(11) and again states in footnote 1 that because the Commission did not acknowledge the Company's 2023 IRP, an update to the 2023 is not technically required.

While not germane to the requests of this filing, Staff believes it is important to note that it disagrees with the Company's interpretation of this aspect of the rule; as IRP updates are not voluntary. OAR 860-027-0400(11) states that "Each energy utility must submit an annual update on *its most recently acknowledged IRP*. The update is due on or before the acknowledgement order anniversary date." (Emphasis added.) Staff notes that in Order No. 24-156 the Commission acknowledged some of Avista's IRP but did not acknowledge the entirety of the 2023 IRP. Nevertheless, Avista is required to provide an IRP Update in compliance with OAR 660-027-0400(11).

#### *Staff's Recommended Filing Dates*

In Order No. 11-346 the Commission expressed "that a person seeking waiver of any rule under any generic waiver provision adopted here must establish a sufficient reason for the waiver, and that the Commission will only grant the request if waiver of the rule is in the public interest."<sup>6</sup> Staff recommends that the Commission should grant a temporary waiver allowing for an extension of the due date of Avista's next Natural Gas IRP to April 1, 2027, and, in addition to the non-voluntary IRP Update due no later than May 31, 2025, require the Company to file a second IRP Update to the 2023 IRP, due no later than May 31, 2026. *Staff's proposed* IRP schedule would be as follows:

- April 1, 2025 – 2025 IRP (WA, ID)
- May 31, 2025 – 2023 IRP Update (OR)
- May 31, 2026 – 2023 IRP Update 2 (OR)
- April 1, 2027 – 2027 IRP (OR, WA, ID)

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<sup>3</sup> Order No. 07-047, *In the Matter of an Investigation Into Integrated Resource Planning*, Docket No. UM 1056, p. 7, February 9, 2007.

<sup>4</sup> Application, at p. 3.

<sup>5</sup> Application, at p. 4.

<sup>6</sup> Order No. 11-346, *In the Matter of a Rulemaking to Update Waiver Provisions in the Commission's Administrative Rules*, Docket No. AR 554, p. 1 (2011).

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Staff's recommendation to include a second IRP Update is grounded in three main points. First, IRP Guideline 3(g) notes basic expectations of an IRP Update:<sup>7</sup>

- Describe what the utility has done to implement the action plan,
- Provide an assessment of what has changed since the acknowledgment order that affects the action plan, and
- Justify any deviations from the acknowledged action plan.

Avista's proposed schedule creates a 22-month gap (from June 1, 2025, to March 31, 2027) between IRP filings in Oregon. Without the proposed 2026 Update 2, Staff, stakeholders, and the Commission would lack these insights into Avista's core planning activities for nearly two years, during which Staff expects it will be taking action to comply with the CPP.

Second, Order No. 24-156 includes a number Recommendations adopted by the Commission, including:

- Staff Recommendations 3 and 4 regarding alternative resource portfolios, and stress testing of those portfolios;
- Staff Recommendation 6, regarding development of additional scenarios and sensitivities;
- Staff Recommendation 2, as modified by the Order, regarding an update of the load forecast, for the next IRP filing, using appropriate downscaling methodology;
- Staff Recommendation 5, as modified by the Order, regarding modeling of distribution system costs and capacity costs; and
- Expectation 22, regarding distribution system planning practices, adopted as a Recommendation.

Further, Staff identified in Final Comments several Expectations and Requests specific to an IRP Update. These include:

- Expectation 2, regarding a RNG procurement update;
- Request 4, regarding inclusion of the latest information on possible distribution projects, including any proposed traditional investments or proposed Non-Pipe Alternatives; and
- Request 10, regarding inclusion of a table of any expected CPP compliance costs.

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<sup>7</sup> Order No. 07-047, at p. 4.

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Avista's response to Recommendations, as well as the Company's consideration of, and work on, Staff's Expectations and Requests, will require effort spanning multiple years. As such, Staff, stakeholders, and the Commission would benefit from the proposed 2026 Update 2 as an additional opportunity to review the Company's progress responding to these issues in the run up to the 2027 IRP.

Third, as of July 2024, the Oregon Department of Environmental Quality's (DEQ) Climate Protection Program (CPP) rulemaking will reestablish the CPP. At this time, the CPP will retain declining limit on greenhouse gas emissions from fossil fuels used in Oregon, including diesel, gasoline, natural gas, and propane beginning in 2025.<sup>8</sup> Compliance will require immediate and substantive action by mid-2025 and again in 2026.

Avista's proposed 22-month gap comes at a crucial juncture given the relaunched CPP's first compliance period. Staff expects Avista will be making key planning decisions and actual investments to meet DEQ's compliance obligations. This planning and spending will represent a significant deviation from the acknowledged 2023 IRP.

Staff's proposed 2026 Update 2 serves as an opportunity for Staff and stakeholders to review and vet Avista's key planning decisions and assumptions for CPP compliance, and for Avista to seek acknowledgement of compliance related actions. Staff emphasizes that should Avista seek acknowledgement of actions in either the 2025 or 2026 IRP Updates, the update will need to include a full discussion and support of those actions per current guidelines. Staff also anticipates the update will demonstrate how the actions address either Recommendations adopted by the Commission in Order No. 24-156, or Expectations and Requests raised by Staff.

Staff believes that the proposed 2026 Update 2 strikes a balance between the default schedule and Avista's proposed schedule by reducing duplicative efforts and overall burden, while also providing opportunities for the Company, Staff, and stakeholders to focus on the most important planning processes, at critical times.

### Conclusion

Staff supports granting Avista a temporary exemption to OAR 860-027-0400(3) and extend the due date of the Company's next Natural Gas IRP to April 1, 2027. In addition to filing an IRP Update to the 2023 IRP by May 31, 2025, Staff recommends Avista be required to file a second IRP Update to the 2023 IRP by May 31, 2026.

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<sup>8</sup> See Oregon DEQ Climate Protection Program 2024, accessed July 5, 2024, available at <https://www.oregon.gov/deq/rulemaking/Pages/ CPP2024.aspx>.

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**PROPOSED COMMISSION MOTION:**

Grant an exception for Avista from OAR 860-027-0400(3), extending the due date of Avista's next Natural Gas Integrated Resource Plan to April 1, 2027, and require the Company to file a second IRP Update to the 2023 IRP by May 31, 2026.

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