

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/15/2017
CASE NO:	UE-170485 & UG-170486	WITNESS:	Kevin Christie
REQUESTER:	Public Counsel	RESPONDER:	Amber Gifford
TYPE:	Data Request	DEPT:	DSM
REQUEST NO.:	PC – 156	TELEPHONE:	(509) 495-2896
		EMAIL:	amber.gifford@avistacorp.com

REQUEST:

If the Company were to discontinue its Fuel Conversion Program for the 2018 and 2019 biennium, what are the short term effects on the following:

- a) Power costs;
- b) Avista's resource acquisition need (i.e. would Avista's need be earlier than its current date, and when would this date be?);
- c) Electric grid;
- d) Customer benefits; and
- e) Any other relevant effect.

RESPONSE:

- a) In the short and long term, increased electric load would likely translate into higher power costs for Avista customers.
- b) As described in the Company's 2017 Electric IRP, the Company's next resource acquisition is needed at the end of 2026, thus there would be no resource acquisition change in the short term.
- c) For the short term there is no real impact to the electric grid.
- d) Electric customers would experience a decrease in their electric bill due to the decrease in the Electric DSM Tariff Rider if fuel conversions were no longer a component of the Tariff.
- e) Other relevant effects:
 - i. Discontinuing fuel conversions may increase the use of wood heat as a means for reducing heating costs (in areas where it is not illegal to heat with wood). This is especially true in Avista's climate zone.
 - ii. If the fuel conversion program was eliminated and the focus placed on heat pumps as a heat source instead, Avista would be in the position of offering a less reliable product to its customers. Due to Avista's climate zone, the effectiveness of heat pumps diminishes in the coldest winter months.
 - iii. Costs for electric heating can be 1.5 to 3 times the cost of heating with natural gas, meaning without the availability of the fuel conversion program many customers would not be able to convert natural gas resulting in them facing higher heating costs (which is why the elimination of fuel conversions in the low income sector is not being targeted).
 - iv. High efficiency electric heating systems are often higher cost installations for customers. Converting to natural gas often allows a home with too much load on its circuit panel to no longer need upgrades electrical system, which can be costly.
 - v. The elimination of fuel conversions would have economic impacts not only on Avista customers, but the community as well. The equipment suppliers and installers would be negatively impacted by the loss in revenue and jobs. Further, money that customers save on their heating costs likely is spent on other things, which provides an economic benefit.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/15/2017
CASE NO:	UE-170485 & UG-170486	WITNESS:	Kevin Christie
REQUESTER:	Public Counsel	RESPONDER:	Amber Gifford
TYPE:	Data Request	DEPT:	DSM
REQUEST NO.:	PC – 157	TELEPHONE:	(509) 495-2896
		EMAIL:	amber.gifford@avistacorp.com

REQUEST:

If the Company were to discontinue its Fuel Conversion Program for the 2018 and 2019 biennium, what are the long term effects on the following:

- a) Power costs;
- b) Avista's resource acquisition need (i.e. would Avista's need be earlier than its current date, and when would this date be?);
- c) Electric grid;
- d) Customer benefits; and Any other relevant effect.

RESPONSE:

Many of the short term effects listed in PC_DR_156 are the same in the long term.

- a) In the short and long term, increased electric load would likely translate into higher power costs for Avista customers.
- b) For every customer the Company converts to natural gas, the result is a lower peak electric load translating to less need for new generation. Electric heating peak load occurs at Avista's coldest temperatures with the lowest efficiency of even high efficiency electric heating systems in winter and accounts for approximately 6 kW per home. This is a 6 MW peak reduction per 1,000 homes converted. The Company would need to invest in generation, transmission and distribution projects sooner.
- c) Over time with increased electric load, the result would be a greater need for new infrastructure on the distribution and transmission system. Additional load means greater need for new power plants as the Company's capacity will run out sooner. The additional load would also equate to higher wholesale market prices.
- d) Elimination of the fuel conversion program would drive both electric supply prices and natural gas distribution prices higher over the long term (natural gas prices would increase due to infrastructure costs being spread over a smaller customer base).
- e) See PC_DR_156.