

**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 – 155	TELEPHONE:	(509) 495-2896
		EMAIL:	amber.gifford@avistacorp.com

**REQUEST:****RE: Washington Fuel Conversions.**

Please explain the following:

- a) Do Avista's electric customers directly benefit from the Company's Fuel Conversion Program? Please explain with particularity why or why not.
- b) Do Avista's electric customers indirectly benefit from the Company's Fuel Conversion Program? Please explain with particularity why or why not.
- c) Do Avista's natural gas customers directly benefit from the Company's Fuel Conversion program? Please explain with particularity why or why not.
- d) Do Avista's natural gas customers indirectly benefit from the Company's Fuel Conversion Program? Please explain with particularity why or why not.
- e) Please identify any avoided costs associated with the Fuel Conversion Program?

**RESPONSE:**

- a) Yes. All customers benefit from the Fuel Conversion Program as it is a cost-effective resource acquisition as well as contributes to the deferral of future investments in generation, distribution, and transmission projects. In addition to benefits to all customers, participating customers benefit from substantial reductions in heating costs. As identified in the Company's 2017 Electric IRP, savings derived from conservation programs are approximately half the size of electric growth in its Washington and Idaho service areas.
- b) Yes. Indirectly there may be a reduction in the PM<sup>2.5</sup> (Particulate Matter 2.5) emissions due to customers use of natural gas reducing the cost of energy to the household, thus reducing the use of wood burning as a heating method. The health benefits associated with the reduction in wood heating are both direct and indirect to all customers. Please see Staff\_DR\_174 for additional information regarding emissions reductions which indirectly benefit all customers.
- c) Yes. Fuel conversions are typically an infill opportunity on existing infrastructure and natural gas mains where additional customers spread fixed costs across a greater customer base resulting in a direct benefit to natural gas customers.
- d) Yes. See answer in b) above as the indirect benefits are the same for both electric and natural gas customers.
- e) Please see the below table taken from Chapter 11 of the Company's 2017 Electric IRP. The table illustrates the avoided costs over the next 20 years (2018-2037) including the Flat Energy, On-Peak Energy and Capacity Costs.

Table 11.6: 2017 IRP Avoided Costs

Year	Flat Energy \$/MWh	On-Peak Energy \$/MWh	Off-Peak Energy \$/MWh	Capacity \$/kW-Yr	Example WA Solar \$/MWh	Example WA Wind \$/MWh
2018	23.79	27.02	19.48	0	23.70	21.66
2019	23.71	26.85	19.53	0	23.28	21.71
2020	23.99	26.85	20.16	0	22.37	21.76
2021	24.30	26.85	20.88	0	21.67	21.63
2022	25.95	28.47	22.59	0	22.54	22.92
2023	29.68	32.24	26.30	0	25.36	26.35
2024	32.03	34.38	28.90	0	26.62	28.40
2025	32.58	34.65	29.83	0	26.66	28.85
2026	34.27	36.13	31.77	0	27.42	30.23
2027	37.61	39.25	35.43	171	29.51	33.25
2028	40.18	41.60	38.28	174	30.91	35.20
2029	44.06	45.27	42.44	178	33.84	38.65
2030	46.86	48.15	45.15	181	36.19	41.01
2031	48.08	49.32	46.42	185	36.88	41.98
2032	51.10	52.55	49.17	189	39.26	44.82
2033	52.81	54.29	50.83	192	40.73	46.13
2034	55.09	56.61	53.07	196	43.28	48.35
2035	57.50	59.26	55.14	200	45.96	50.51
2036	60.52	62.22	58.24	204	48.13	53.15
2037	64.51	66.33	62.09	208	51.98	57.14