

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: November 20, 2017  
DOCKET: UE-170485/UG-170486  
REQUESTER: Public Counsel

WITNESS: Jennifer Snyder  
RESPONDER: Jennifer Snyder  
TELEPHONE: (360) 664-1311

**REQUEST NO. 7:**

**RE: Testimony of Jennifer E. Snyder (Exh. JES-1T at 19:17-19)**

Ms. Snyder states, “These programs, taken as a whole, do more than provide access to natural gas—they appear to actually distort inter-fuel competition both inside and outside of Avista’s electric service territory.”

Please explain with specificity the distortion in “inter-fuel competition both inside and outside Avista’s electric service territory.”

**RESPONSE:**

The substantial level of the incentives provided from multiple funding sources, shown in JES-1T Table 2 at 14:1, in a market that is already cost competitive gives the appearance of distorting competition between fuels. Staff does not assert that it has *found* significant distortion in the market, as the particular analysis has not been done. Rather, Staff finds that the Company is providing multiple similar incentives to promote fuel conversion to natural gas without consideration for the interactive effects and any additive consequences.

In addition, Staff identifies that Avista’s intervention in the market has grown to a scale to suggest the Company’s preference, not the customer’s, may be driving fuel choice. When a utility incents a customer choice as heavily as Avista incents fuel switching, customers who trust the utility will assume that switching to natural gas is the right choice. Since the benefits of switching to natural gas are dependent on individual circumstances, the customer deserves to be well informed about all their options and how the choice to will impact their particular situation both now and in the future.

Since Avista’s electric and gas service territories do not perfectly align, and several incentives are available to fuel switching customers who are not currently Avista customers, Staff’s concern about competition between fuels extends outside of Avista’s electric service territory.

For a discussion of regional economics of fuel switching, please also see:

Northwest Power and Conservation Council, 7th Power Plan, Appendix N: Direct Use of Natural Gas at N-4 (May 26, 2016) available at

[https://www.nwcouncil.org/media/7149904/7thplanfinal\\_appdixn\\_duofnatgas.pdf](https://www.nwcouncil.org/media/7149904/7thplanfinal_appdixn_duofnatgas.pdf).