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April 12, 2021

Mark L. Johnson, Executive Director and Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503

RE: Docket UG-210194, Puget Sound Energy's Voluntary Renewable Natural Gas Tariff Filing

Dear Mr. Johnson:

Attached for filing with the Commission is Avista Corporation's dba Avista Utilities' (Avista or the Company) comments in the matter of Puget Sound Energy's (PSE) Voluntary Renewable Natural Gas (RNG) Tariff filing in Docket UG-210194.

Avista supports PSE's position that initial start-up costs to implement a statutorily-required voluntary renewable natural gas program, created to benefit all customers and the public, should be borne by all customers who have the opportunity to participate in such program. Specifically, Infrastructure Technology (IT) expenses that allow all eligible natural gas customers to participate in a voluntary RNG program should be borne by all customers.

Through discussions with Commission Policy and Regulatory Staff, the Companies learned that Staff had not contemplated the impact of IT startup costs when developing the "Report and Policy Statement on Investigation of Renewable Natural Gas Programmatic Design and Pipeline Safety Standards" issued on December 16, 2020.<sup>1</sup> Per the Policy Statement, the Commission noted that it "intends to apply the long-standing rate setting principle of cost causation, which assigns costs to those customers who cause the expense to occur."<sup>2</sup> The Policy Statement in ¶ 20 on the topic of voluntary programs goes on to state "Consistent with existing Commission and ratemaking policy related to cost causation, cross-subsidization and voluntary alternative energy offerings, all costs related to voluntary RNG programs must be borne by customers selecting such voluntary service. For example, RNG purchased for voluntary programs implemented pursuant to RCW 80.28.390 may not be included in the cost of providing or purchasing RNG for all customers through

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<sup>1</sup> UG-190818

<sup>2</sup> UG-190818, ¶ 18

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programs implemented to comply with RCW 80.28.385.” In reviewing this provision, the Company believes it is intended to be specific to the incremental costs to acquire RNG or the environmental attributes of RNG and program administration costs once the program is available to customers. These costs should indeed be borne by only those customers that participate in the program.

The crux of the issue then becomes which costs be allocated to all customers or only to program participants. If a distinction is not made between start-up costs and incremental costs of the RNG acquired to serve the voluntary program, it will result in a potentially high incremental cost to participate in the program, ultimately making the program unattractive and reducing the number of customers willing and/or able to participate. The Company has dedicated time and attention to evaluating and engaging the RNG market and its customer base in order to inform the optimal design of a voluntary renewable natural gas option. Through this analysis, as well as Avista’s experience in offering similar programs to its electric customers, the Company is developing an option that will satisfy the legislative requirements and offer the greatest customer value. Price is a critical component. While the majority of customers support renewable energy, the most continue to seek cost savings as a part of the perceived value. For those customers who are willing to pay, survey responses reflect this willingness declines as the price premium increases.

A final thought on this discussion relates to how other required costs are treated. As PSE noted in its filing, costs associated with energy efficiency and net metering, as required by statute, are paid for by all customers as all customers are eligible to participate in both offerings. And historically speaking, the start-up costs associated with the required program under RCW 19.29A.090, “Voluntary option to purchase qualified alternative energy resources”, were allocated to all customers. Similarly, the start-up costs associated with the voluntary RNG program offering should be allocated to all customers.

The Company also supports PSE’s decision to utilize the Midwest Renewable Energy Tracking System (M-RETS) to track Renewable Thermal Certificates (RTC) and to verify environmental attributes and plans to use M-RETS upon proposal of its voluntary RNG program.

Please direct any questions regarding this filing to me at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com).

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy