

**EXH. JAD-12T  
DOCKETS UE-240006 & UG-240007  
WITNESS: JIM A. DENNISON**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**AVISTA CORPORATION, d/b/a  
AVISTA UTILITIES,**

**Respondent.**

**Docket UE-240006 &  
Docket UG-240007 (consol.)**

**CROSS-ANSWERING TESTIMONY OF JIM A. DENNISON**

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**ON BEHALF OF SIERRA CLUB**

**August 16, 2024**

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 1

II. RESPONSE TO STAFF WITNESS ATITSOGBE..... 2

III. RESPONSE TO NVEC WITNESS GEHRKE ..... 5

IV. RESPONSE TO PUBLIC COUNSEL WITNESS MARK E. GARRETT ..... 6

V. CONCLUSION..... 9

**LIST OF EXHIBITS**

Exh. JAD-13

Sierra Club et al. Letter to Dennis Vermillion

Cross-Answering Testimony of Jim A. Dennison  
Sierra Club  
Dockets UE-240006 & UG-240007

Exh. JAD-12T  
Page ii of ii

1 I. INTRODUCTION

2 Q. Please state your name, title, and business address.

3 A. My name is Jim A. Dennison. I am a Staff Attorney with Sierra Club. My business  
4 address is 1650 38th St. Ste. 103W, Boulder, CO 80301.

5 Q. On whose behalf are you submitting this cross-answering testimony?

6 A. I am submitting this testimony on behalf of Sierra Club.

7 Q. Are you the same Jim Dennison who submitted direct testimony in this proceeding?

8 A. Yes.

9 Q. What is the scope of your cross-answering testimony?

10 A. The purpose of my cross-answering testimony is to respond to the response testimony  
11 filed by Staff Witness Atitsogbe (Exh. SSAG-1T), NWECC Witness Gehrke (Exh. WG-  
12 1T), and Public Counsel Witness Mark E. Garrett (Exh. MEG-1T).

13 Q. Did any of the response testimony lead you to change your recommendations to the  
14 Commission?

15 A. No, I continue to support the recommendations in my response testimony. However,  
16 some response testimony provides further support for recommendations in my initial  
17 response testimony, and I support some witnesses' recommendations that align with  
18 Sierra Club's interests in this proceeding.

19 Q. Please summarize your recommendations.

20 A. I recommend that the Commission:

- 21 • Adopt the recommendations in my response testimony, Exh. JAD-1T.
- 22 • Require Avista to include an analysis of non-pipe alternatives in the annual  
23 filings recommended by Staff Witness Atitsogbe.

- 1           • Discontinue gas line extension allowances for Schedules 131, 132, and 146  
2           and service under Schedule 154, as recommended by NWECA Witness Gehrke.  
3           • Remove 100% of industry association dues from customer rates, as  
4           recommended by Public Counsel Witness Mark E. Garrett.

5           **II.       RESPONSE TO STAFF WITNESS ATITSOGBE**

6   **Q.     What topics did Witness Atitsogbe’s testimony address?**

7   **A.**    Witness Atitsogbe testified to “whether Avista’s [electric] distribution planning and some  
8           of the accompanying investments are prudent.”<sup>1</sup> She concluded that “Avista has failed to  
9           present sufficient evidence to establish the prudence of its electric distribution system  
10          investments,” in part because it has not sufficiently analyzed alternatives to those  
11          investments.<sup>2</sup> Witness Atitsogbe recommends that the Commission tentatively allow  
12          these investments into rates, subject to Avista annually producing evidence of the  
13          prudence of these investments including, among other information, “the required analysis  
14          of investment alternatives.”<sup>3</sup>

15 **Q.     Which aspects of Witness Atitsogbe’s testimony do you address here?**

16 **A.**    I respond to Witness Atitsogbe’s analysis of why it is important for utilities to evaluate  
17          non-wires alternatives and her recommendations to include non-wires alternatives  
18          analysis in the information that the Company must annually file with the Commission to  
19          establish the prudence of its distribution system investments. In particular, I describe the  
20          parallels between the analysis of non-wires alternatives discussed in Witness Atitsogbe’s

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<sup>1</sup> Exh. SSAG-1T at 2:11-12.

<sup>2</sup> *Id.* at 2:15-16.

<sup>3</sup> *Id.* at 3:1-4.

1 testimony and the analysis of non-pipe alternatives to gas infrastructure investments  
2 discussed in my response testimony.

3 **Q. Please summarize Witness Atitsogbe’s analysis of non-wires alternatives.**

4 **A.** Witness Atitsogbe showed that it is critical for utilities to evaluate non-wires alternatives  
5 because (1) the Legislature has directed that utilities’ DER planning processes should  
6 include analysis of non-wire alternatives for major transmission and distribution  
7 investments, (2) the UTC requires and encourages assessment of DERs in various ways,  
8 and (3) UTC policy requires evaluation of alternatives as a mandatory step of a prudent  
9 decision to initiate an infrastructure project.<sup>4</sup>

10 Witness Atitsogbe found that Avista did not sufficiently evaluate non-wires  
11 alternatives to any capacity related electric sector projects, and that these projects “do not  
12 appear to be a part of a larger strategy to bring Avista’s distribution planning and grid up  
13 to modern standards.”<sup>5</sup> Only one project description mentioned non-wires alternatives.  
14 This description briefly stated that such alternatives are not cost-effective or timely,  
15 without providing further details.<sup>6</sup>

16 Based on these findings, Witness Atitsogbe concluded that Avista’s decisions to  
17 initiate projects without sufficient analysis of non-wires alternatives were not prudent.<sup>7</sup>

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<sup>4</sup> *Id.* at 21.

<sup>5</sup> *Id.* at 24:7-9.

<sup>6</sup> *Id.* at 22.

<sup>7</sup> Exh. SSAG-1T at 23:9-10.

1 **Q. How does this compare to the analysis of non-pipe alternatives in your response**  
2 **testimony?**

3 **A.** It is very similar. As I discussed in my opening testimony, Avista is required to evaluate  
4 non-pipe alternatives by the Commission's order in its last rate case, just as it is required  
5 to evaluate non-wires alternatives by legislation, regulations, and Commission policy.<sup>8</sup>  
6 Conducting non-pipe alternatives analysis is also critical to establishing that gas system  
7 investments are prudent, especially in light of policy and market trends toward building  
8 electrification.<sup>9</sup> And Avista's gas system planning must include a larger strategy to align  
9 its investments and actions with state policy, just as its electric system projects should fit  
10 into a larger strategy.

11 Avista's discussion of non-pipe alternatives bore a striking resemblance to its  
12 discussion of non-wires alternatives. Both involved only a brief statement dismissing  
13 further consideration of alternatives without meaningful discussion or support.<sup>10</sup>

14 In my opinion, the Commission could reasonably conclude that Avista's gas  
15 system investments are not prudent for the same reason Staff concluded that Avista's  
16 failure to consider alternatives caused its electric system investments to fall short of the  
17 Commission's prudence standard.

18 **Q. What recommendations do you have based on this comparison?**

19 **A.** I recommend that the Commission consider the parallels between non-pipe alternatives  
20 and non-wires alternatives, and between Avista's approaches to analyzing both types of

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<sup>8</sup> Exh. JAD-1T at 23:16 to 24:6.

<sup>9</sup> *Id.* at 20:10 to 21:2.

<sup>10</sup> *Id.* at 25:8-15.

1 alternatives. I also recommend that the Commission require Avista to include an analysis  
2 of non-pipe alternatives in the annual filings that Witness Atitsogbe has recommended.  
3 This non-pipe alternative analysis could be similar to the analysis of non-wires  
4 alternatives recommended by Witness Atitsogbe. Including non-pipe alternatives analysis  
5 in these annual filings would encourage Avista to begin developing experience with such  
6 analysis before its next gas IRP, thereby allowing it to more quickly begin realizing the  
7 benefits of non-pipe alternatives.<sup>11</sup>

### 8 III. RESPONSE TO NVEC WITNESS GEHRKE

9 **Q. What topics did Witness Gehrke's testimony address?**

10 **A.** Witness Gehrke addressed several topics, including Avista's proposal to include a return  
11 on power purchase agreements, the rate spread for Colstrip Schedule 99 costs, and  
12 Avista's gas line extension allowances ("LEAs") for non-residential customers.

13 **Q. Which portion of Witness Gehrke's testimony do you address here?**

14 **A.** I respond to Witness Gehrke's testimony on gas LEAs for non-residential customers.

15 **Q. Please summarize Witness Gehrke's testimony and recommendations on this topic.**

16 **A.** Witness Gehrke recommended discontinuing LEAs for Schedules 131, 132, and 146 by  
17 January 1, 2025, and discontinuing service under Schedule 154, which he describes as a  
18 modified form of LEA.<sup>12</sup> Witness Gehrke recommended discontinuing these LEAs  
19 because they increase fixed gas system costs, creating risk for future gas customers if gas  
20 demand declines, because they will make it more difficult to meet state decarbonization

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<sup>11</sup> See Exh. JAD-1T at 27:7-10, 30:10-19.

<sup>12</sup> Exh. WG-1T at 10:12-15, 13:8-19.



1 goals and related regulatory requirements for gas utilities, and because they are out of  
2 line with the gas LEA phaseout agreed to in Avista's last general rate case settlement.<sup>13</sup>

3 **Q. Do these recommendations align with the analysis of LEAs in your response**  
4 **testimony?**

5 **A.** Yes. In my response testimony I discussed several reasons why LEAs that encourage new  
6 gas connections create risk for Avista customers, are out of line with Washington's state  
7 policy, and should be discontinued.<sup>14</sup> Based on these concerns, I recommended making  
8 Avista's electric LEAs available only to all-electric new construction projects and not  
9 mixed-fuel projects.<sup>15</sup> My testimony also supports witness Gehrke's recommendation to  
10 discontinue LEAs for Schedules 131, 132, and 146 and service under Schedule 154,  
11 which present the same concerns discussed in my testimony.

12 **Q. Do you support Witness Gehrke's recommendations on LEAs?**

13 **A.** Yes. I fully support Witness Gehrke's recommendation to discontinue LEAs for  
14 Schedules 131, 132, and 146 and service under Schedule 154.

15 **IV. RESPONSE TO PUBLIC COUNSEL WITNESS MARK E. GARRETT**

16 **Q. What topics did Witness Mark Garrett's testimony address?**

17 **A.** Witness Mark Garrett testified to various adjustments to Avista's proposed revenue  
18 requirement, including Avista's proposal to include its industry association dues in  
19 customer rates.

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<sup>13</sup> *Id.* at 12:1-10.

<sup>14</sup> Exh. JAD-1T at 10-12.

<sup>15</sup> *Id.* at 13:14-18.

1 **Q. Please summarize Witness Mark Garrett’s testimony and recommendations on the**  
2 **topic of industry association dues.**

3 **A.** Witness Mark Garrett recommended rejecting Avista’s proposal to include industry  
4 association dues in customer rates. Avista is seeking recovery of \$240,204 for Edison  
5 Electric Institute (“EEI”) membership dues and \$133,440 for American Gas Association  
6 (“AGA”) membership dues incurred during the test year.

7           Witness Mark Garrett raised several objections to recovering these costs in rates.  
8 One objection is the growing legislative and regulatory recognition of the need to  
9 “prevent utilities from passing along the costs of political activities and industry self-  
10 promotion to captive customers.”<sup>16</sup> Another is that membership in the AGA does not  
11 support progress toward meeting Avista’s decarbonization pledges or its obligations  
12 under Washington climate policy.<sup>17</sup>

13           Because Avista cannot clearly distinguish political, advocacy, and self-promoting  
14 activities from other industry association activities, Witness Mark Garrett recommends  
15 removing 100% of industry association membership dues from rates.<sup>18</sup>

16 **Q. Do you agree with this testimony?**

17 **A.** Yes, I agree that industry association dues should not be included in rates, for the reasons  
18 that Witness Mark Garrett described. In particular, membership in the AGA does not  
19 support progress toward decarbonization and is not in the interest of Avista’s customers.

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<sup>16</sup> Exh. MEG-1T at 15:16-19.

<sup>17</sup> *Id.* at 23:18 to 24:3.

<sup>18</sup> *Id.* at 16:3-13, 17:16 to 18:4.

1           As noted in Mark Garrett’s testimony, Sierra Club led a coalition of 17  
2 organizations in calling on Avista to end its membership in the AGA.<sup>19</sup> And as the  
3 coalition’s letter to Avista explained, the AGA has opposed local, state, and federal  
4 building decarbonization policies,<sup>20</sup> deployed tactics and experts that were previously  
5 used by big tobacco companies to cast doubt about the health harms of burning gas  
6 indoors,<sup>21</sup> and misled policymakers and the public by failing to disclose its financial  
7 support for these efforts.<sup>22</sup> As these issues were gaining greater attention in 2022,  
8 Eversource Energy ended its AGA membership to “redirect costs to more targeted  
9 associations and memberships with a focus on decarbonization.”<sup>23</sup> Based on this  
10 information about the AGA’s political and advocacy activities, it is my opinion that using  
11 customer funds for AGA membership will make compliance with state climate policy  
12 more difficult and increase risks for Avista and its customers, in much the same way that

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<sup>19</sup> Exh. JAD-13, Sierra Club et al. Letter to Dennis Vermillion.

<sup>20</sup> Anna Phillips, “A Fight Brewing in Oregon Could Decide How We Heat Our Homes and Cook,” *Washington Post*, Apr. 21, 2023, <https://www.washingtonpost.com/climate-environment/2023/04/21/natural-gas-industry-oregon-ban/>; Jeff Brady, “How Gas Utilities Used Tobacco Tactics to Avoid Gas Stove Regulations,” *NPR*, Oct. 17, 2023, <https://www.npr.org/2023/10/17/1183551603/gas-stove-utility-tobacco>; Jeff Brady & Dan Charles, “As Cities Grapple With Climate Change, Gas Utilities Fight To Stay In Business,” *NPR*, Feb. 22, 2021, <https://www.npr.org/2021/02/22/967439914/as-cities-grapple-with-climate-change-gas-utilities-fight-to-stay-in-business>; Energy & Policy Institute, *AGA Uses Millions of Dollars from Utility Customers to Promote a Fossil Fuel Agenda* (last visited Aug. 16, 2024), <https://energyandpolicy.org/gas-utilities-greenwashing-to-expand-fossil-fuels-rng-hydrogen/aga-uses-millions-of-dollars-from-utility-customers-to-promote-a-fossil-fuel-agenda/>.

<sup>21</sup> Hiroko Tabuchi, “In the Fight Over Gas Stoves, Meet the Industry’s Go-To Scientist,” *New York Times*, Jan. 29, 2023, <https://www.nytimes.com/2023/01/29/climate/gas-stove-health.html>; Brady, *supra* n.20.

<sup>22</sup> Tabuchi, *supra* n.21; Brady, *supra* n.20.

<sup>23</sup> Miriam Wasser, “Eversource Leaves the American Gas Association to Focus on ‘Decarbonization,’” *WBUR*, Aug. 8, 2023, <https://www.wbur.org/news/2023/08/08/eversource-american-gas-association-aga-decarbonization-climate-preemption-natural-gas>.

1 encouraging continued gas system growth or over-relying on CCA allowances will add to  
2 these challenges and risks.<sup>24</sup>

3 **Q. What recommendations do you have based on your review of Witness Mark  
4 Garrett's testimony?**

5 **A.** I support Witness Mark Garrett's recommendation that 100% of industry association dues  
6 be removed from customer rates.

7 **V. CONCLUSION**

8 **Q. Please summarize your recommendations.**

9 **A.** I recommend that the Commission:

- 10 • Adopt the recommendations in my response testimony, Exh. JAD-1T.
- 11 • Require Avista to include an analysis of non-pipe alternatives in the annual  
12 filings recommended by Staff Witness Atitsogbe.
- 13 • Discontinue gas LEAs for Schedules 131, 132, and 146 and service under  
14 Schedule 154, as recommended by NWECA Witness Gehrke.
- 15 • Remove 100% of industry association dues from customer rates, as  
16 recommended by Public Counsel Witness Mark E. Garrett.

17 **Q. Does this conclude your cross-answering testimony?**

18 **A.** Yes, it does.

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<sup>24</sup> See, e.g., Exh. JAD-1T at 8:3-12, 12:10-15, 15:4-9.