

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant, v.

AVISTA CORPORATION d/b/a AVISTA
UTILITIES,

Respondent.

DOCKET NOS. UE-190334, UG-
190335, UE-190222 (*Consolidated*)

EXH. AEW-15

AVISTA RESPONSE TO NWEC REQUEST NO. 22

ON BEHALF OF

NW ENERGY COALITION

October 3, 2019

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/23/2019
CASE NO.:	UE-190334 & UG-190335	WITNESS:	Pat Ehrbar
REQUESTER:	NWEC	RESPONDER:	Grant D. Forsyth, Ph.D.
TYPE:	Data Request	DEPT:	Financial Planning & Analysis
REQUEST NO.:	NWEC - 022	TELEPHONE:	(509) 495-2765
		EMAIL:	grant.forsyth@avistacorp.com

REQUEST:

Please provide calculations comparing the impact to forecasted natural gas customer growth using the current natural gas line extension methodology compared to the line extension methodology used by Avista prior to changes that were approved in docket UG 152394.

RESPONSE:

Avista has not completed an analysis to specifically compare the natural gas growth impact of the current natural gas line extension methodology (perpetual net present value, or PNPV) versus the methodology utilized by the Company prior to the changes approved in Order 01 of Docket No. UG-152394. The Company can, however, provide forecasting comparisons based on previous Integrated Resource Planning (IRP) forecast data. Table No. 1 below shows the June 2014, 2018, and 2019 forecasts against actuals through February 2019. The difference between the 2014 forecast and future forecasts can be reflective of an assortment of variable factors. One such factor is the changing of assumptions about future population growth, which is the key long-term driver of residential customer growth. Since 2014, the outlook for population growth in our WA service territory has improved substantially. This reflects unexpectedly strong economic growth in the Inland Northwest, which has boosted in-migration from other regions. Another factor are changes in methodology from one forecast to the next. In the case of the 2014 forecast, the population forecast was integrated differently compared to the 2018 and 2019 forecasts. This change in methodology better captured the long-run impact of non-gas existing households converting to gas in the future. Finally, forecast differences can also reflect unexpected changes in the customers' costs of using gas. For example, conversion programs like Avista's Line Extension Allowance Program (LEAP) pilot, also approved in Order 01 of Docket No. UG-152394, was not known at the time of the 2014 forecast. There is also the unexpected decline in the cost of wholesale natural gas prices since 2014; this has driven down the heating cost of gas relative to electricity. In turn, this has encouraged existing homes to convert to gas or for new homes to request gas service at the time of construction.

Table No. 1 – WA Residential Natural Gas Customer Forecast Comparison

