

EXH. JAD-10
DOCKETS UE-240006 & UG-240007
WITNESS: JIM A. DENNISON

RESPONSE TESTIMONY OF JIM A. DENNISON
ON BEHALF OF SIERRA CLUB

EXH. JAD-10
AVISTA RESPONSE TO SIERRA CLUB DATA REQUEST SC-020

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

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|---------------|-----------------------|----------------|--------------------------------|
| JURISDICTION: | WASHINGTON | DATE PREPARED: | 05/07/2024 |
| CASE NO.: | UE-240006 & UG-240007 | WITNESS: | Josh DiLuciano |
| REQUESTER: | Sierra Club | RESPONDER: | Terrence Browne |
| TYPE: | Data Request | DEPT: | Gas Engineering |
| REQUEST NO.: | SC – 020 | TELEPHONE: | (509) 495-8551 |
| | | EMAIL: | Terrence.browne@avistacorp.com |

SUBJECT: Capital Additions

REQUEST:

Please refer to Exhibit JDD-2 at page 430. Please describe in detail the Company's process for evaluating the costs and benefits of non-pipe alternatives compared to the alternative pipeline capacity reinforcement project.

RESPONSE:

The process Avista will use for NPA analyses was informed by guidance provided by the Staff of the Oregon Public Utilities Commission (OPUC) in the review of the Company's 2023 Natural Gas Integrated Resource Plan. The Company will follow a similar process for any new projects meeting the dollar criteria of \$500,000 or more in Washington. Since the requirement of consideration of NPAs was put in place, there have been no projects in Washington that have met this threshold where an NPA analysis was needed. Please see the Company's response to SC-DR-019 for additional detail.

Guidance provided by Staff of the OPUC¹:

1. Future distribution system planning should identify the rationale for projects as either Safety/General System Reliability, or Customer Growth/Reliability Related to Growth.
 - a. When proposing growth-driven projects in IRPs the utility should be prepared to present project data on: relationship to CPP compliance strategy, modeling and verified measurement, local load forecast, and assessment of alternatives through the NPA framework.
2. Future distribution system planning should include an NPA framework in Oregon. The framework should include:
 - a. NPA analysis will be performed for supply-side resources (these include but are not limited to all resources upstream of Avista's distribution system and city gates, and supply-side contracts) and for distribution system reinforcements and expansion projects that exceed a threshold of \$1 million for individual projects or groups of geographically related projects (a group of projects that are interdependent or interrelated).
 - b. NPA analysis will include cost benefit analysis that reflects an avoided GHG compliance cost element consistent with a high-cost estimate of future alternative fuels prices. Non-Energy Impacts must be included as part of the NPA analysis.

¹ OPUC Docket LC 81, Staff's Second Errata Final Comments Attachment C, filed on January 9, 2024.
<https://edocs.puc.state.or.us/efdocs/HAC/lc81hac326154032.pdf>

- c. NPA analysis will include electrification, targeted energy efficiency, targeted demand response, and other alternative solutions.
 - d. NPA analysis should look forward five years to allow ample time for evaluation and implementation.
 - e. NPA analysis will include an explanation of solutions considered and evaluated including a description of the projected timeline and annual implementation rate for the solutions evaluated, the technical feasibility of the solutions, and the strategy to implement the solutions evaluated.
 - f. NPA analysis should include an explanation of the resulting investment selection (either NPA or a traditional investment) including the costs and ranking of the solutions, and the criteria used to rank or eliminate them.
 - i. If a NPA is not selected and the reason is insufficient implementation time, it should include steps the Company will take to perform NPA analysis to provide sufficient implementation time for future projects.
3. Future IRPs should include the results of distribution system planning, including project data and NPA analysis for any proposed traditional investments, and NPA analysis for any proposed NPA.
4. Future IRPs should include a database containing information about feeders, in service dates of pipes, and lowest recent observed pressures.