September 14, 2026
Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

RE: UG 519 - CUB and GEI's Comments Regarding Avista's Non-Pipeline Alternatives Study

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We are writing regarding Avista's recent compliance filing presenting its analysis of non-pipeline alternatives (NPA) for three of the Company's gas infrastructure investments.

As Oregon's gas utilities face slowing customer growth, increasing capital expenditures, and an evolving energy landscape driven by Oregon's energy and climate goals, it is increasingly important for the Commission and gas utilities to evaluate whether investments in new or expanded gas infrastructure remain both necessary and cost-effective.
Against this backdrop, CUB and GEI appreciate Avista's first efforts to conduct a more comprehensive and transparent non-pipeline alternatives analysis. Our organizations view this study as a meaningful step forward in developing a rigorous framework for evaluating future gas infrastructure investments. While we have questions about certain assumptions and outcomes of the analysis and see opportunities for improvement, we commend the Company for its earnest approach to this study, including going beyond the $500,000 stipulated project threshold and conducting an analysis for the Winston reinforcement project as well.

The experience of this study can help establish a stronger foundation for all future NPA analyses by Avista and other utilities. Below, we identify approaches taken in the study that we encourage Avista to continue and other gas utilities to adopt, as well as areas where we believe future NPA analyses should be refined and strengthened.

Continue (or adopt):

- Key metrics and programmatic goals are well defined and applied consistently across all scenarios. Future studies should continue to identify the scope, timing, and duration of the system constraints that the NPA addresses.
- Analyzed multiple non-pipe alternative scenarios, with the scenarios clearly defined and the methodology for developing them communicated transparently. Future studies should continue to evaluate a range of approaches and not treat a single NPA design as representative.
- The study's assumptions are thoroughly explained and applied consistently to each scenario. This level of transparency should be maintained and further expanded where assumptions influence cost-effectiveness.
- Additional projects are included, when practical, regardless of whether stipulated by the $500,000 project cost. CUB and GEI appreciate Avista's decision to evaluate the Winston reinforcement project even though its estimated costs fell below the threshold. Including smaller projects can provide useful information about when and where NPA's may be practical and build experience for NPA analyses for larger investments.

Improvements for future studies:

- Provide a verifiable basis for electrification cost assumptions. Avista relies on AI-sourced electrification cost estimates, which as parties have previously raised to the Company, lack a verifiable basis and are inconsistent with other expert assessments. As a result, this critical input in the NPA assessment is undermined, calling into question the NPA's conclusion. Future NPA analyses should use transparent and independently verifiable cost data rather than AI-generated cost assumptions. This is critical given the importance of having reasonable and accurate cost estimates in order to assess the effectiveness of NPA's versus infrastructure investments. At a minimum, the analysis should identify the source and methodology for residential and commercial electrification costs and provide sufficient documentation to allow parties to evaluate whether those assumptions reasonably reflect Oregon and regional market conditions.
- Consider existing programs in cost considerations. Future analyses should identify opportunities to reduce NPA costs through existing programs. For example, did the Company and Cadmus consider Energy Trust incentives to reduce costs of the Accelerated and Maximum Electrification Scenarios? Or economies of scale that might lower total program costs? Where did Cadmus source its cost assumptions for electrification? Were specific contractor quotes, or regional market data used? If so, please provide an explanation whether available incentives or existing programs could reduce the incremental costs of achieving modeled participation.
- More fully and transparently account for avoided Climate Protection Program (CPP) costs. The filing does not provide sufficient detail for parties to assess how CPP compliance costs are considered in cost effectiveness outcomes. CUB and GEI encourage the Company to consider the impact of these avoided compliance costs in future analyses and to clearly identify the CPP costs embedded in its assumptions.
- Evaluate residential and commercial measures separately and identify targeted opportunities. Avista's scenarios combine residential and commercial measures despite significant differences in electrification costs and peak-demand impacts. Given commercial electrification's considerably higher costs, doing so is likely to overinflate the costs of the Accelerated and Maximum Electrification Scenarios, especially for residential customers. As commercial end uses are more difficult to make energy efficient or electrify, it is important to separate these analyses in the future.

CUB and GEI appreciate the steps Avista has taken in preparing this study. We recognize and support Avista's efforts to improve the scope of its NPA analysis including multiple modeled scenarios, analyzing projects below the stipulated threshold, and providing additional details about its assumptions. While we identify important and necessary improvements for further evaluation, this filing is a positive step toward non-pipeline alternative analysis that should form the baseline for how Oregon gas utilities approach these studies going forward.

Respectfully submitted this 14th day of September 2026,

/s/ Emily Dougan
Oregon Citizens' Utility Board

/s/ Alex Houston
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