

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-01-10
OF AVISTA CORPORATION DBA)	
AVISTA UTILITIES—WASHINGTON)	
WATER POWER DIVISION (IDAHO) FOR)	
AN ORDER APPROVING PROPOSED)	
REVISIONS TO ELECTRIC LINE)	
EXTENSION SCHEDULE 51.)	ORDER NO. 28802
)	

On June 5, 2001, Avista corporation dba Avista Corporation dba Avista Utilities—Washington Water Power Division, Idaho (Avista; Company), filed an Application with the Idaho Public Utilities Commission (Commission) for an Order approving proposed revisions to the Company's electric line extension Schedule 51 tariff (Idaho).

On May 4, 2001, the Commission approved tariff changes to Avista electric Schedule 51 to reflect updated costs associated with the installation of line extensions. Reference IPUC Decision Agenda 4/30/01. The Commission requires that the costs be updated annually. The newly implemented changes reflected a significant increase in line extension costs. The effect of these increased costs as they apply to residential developments, the Company states, is substantial. In fact, the Company states, it appears that Avista will no longer be in a position to compete for service to residential developments when the developer has a choice of service providers. For each development that the Company loses to another service provider, the Company states, it then becomes "locked out" of providing service to adjacent future developments under the (closest to) rules of the Electric Supplier Stabilization Act. Reference *Idaho Code* §§ 61-332 to 61-334B. Without a change in its tariff, the Company expects to lose all future developments that are competitive.

To address this "competitive disadvantage," and to have a reasonable opportunity to compete for service to new competitive developments in the future, Avista proposes to collect the non-refundable cash payment, presently \$305, from the builder rather than the developer. The cash requirement would be collected from the builder at the time the service to the home is installed. Whether this amount is collected from the developer or the builder, the Company reasons, the cost ultimately flows through to the home buyer. In order to ensure payment if the

home is never built, the amount of the promissory note or credit instrument required from the developer, would be increased by \$305 per lot, from \$550 to \$855 per lot. Under the proposed line extension rules, if a developer provides the ditching for the primary service and an appropriate credit instrument for \$855 per lot, a non-refundable cash payment would not be required. However, if Avista provides the ditching within the development, a cash payment of \$280 per lot would still be required from the developer, in addition to a credit instrument for \$855 per lot.

Under the Company's present accounting procedure, the non-refundable cash payment that is received from the developer is credited against the cost of the electric plant installed to serve the development. In order for the proposed change to have no effect on other customers' rates in the future, the Company states that it will continue to credit electric plant when the primary service is run to a development and, instead of recording the receipt of cash from the developer, it will record an account receivable to be collected from the builder.

On June 19, 2001, the Commission issued Notices of Application and Modified Procedure in Case No. AVU-E-01-10. The deadline for filing written comments was July 6, 2001. The Commission Staff was the only party to file comments. Staff acknowledges that the proposed change, if approved, would enhance Avista's ability to compete without negatively impacting existing customers. Staff recommends that the Commission approve the proposed changes to the Company's electric Schedule 51 tariff.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. AVU-E-01-10 including the comments and recommendations of Commission Staff. The Commission finds that the proposed changes will not affect existing ratepayers and will enhance Avista's ability to attract customers in new subdivisions. The Commission finds it reasonable to approve the Company's Application and proposed revisions to its electric line extension Schedule 51 tariff.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities—Washington Water Power Division (Idaho), an electric utility, and the issues presented in Case No. AVU-E-01-10 pursuant to the authority granted in Idaho Code, Title 61 and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve Avista Utilities' proposed revisions to its Idaho electric line extension Schedule 51 tariff, effective the date of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this _____ day of December 2002.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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