

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ELECTRIC LINE) CASE NO. AVU-E-20-02
EXTENSION SCHEDULE 51 RATE)
ADJUSTMENT FILING OF AVISTA) ORDER NO. 34698
CORPORATION)

On March 10, 2020, Avista Corporation (the “Company”) applied to the Commission for an order allowing it to revise Electric Line Extension Schedule 51 (“Schedule 51”) to update line extension costs and allowances that apply to new residential, commercial, and industrial customers. The Company requested that the Commission process this case by modified procedure under the Commission’s Rules of Procedure and requested a May 1, 2020, effective date for the proposed adjustments to its Schedule 51 charges.

On April 17, 2020, the Commission issued a Notice of Application and Notice of Modified Procedure and set a June 3, 2020, comment deadline and a June 10, 2020, reply deadline. *See* Order No. 34623. The Commission Staff (“Staff”) filed the only comments and supported the Company’s Application.

Having reviewed the record, the Commission enters this Order approving the Company’s Application.

APPLICATION

The Company proposes to revise Schedule 51 to update the average cost for facilities like transformers and conduit used to extend electric lines. *Application* at 2. The Company proposes to use the updated costs to increase the allowances that customers can apply against the costs to extend new residential, commercial, and industrial service. *Id.* at 2-3. Any costs that exceed an allowance would be paid by the customer as a Contribution in Aid of Construction. *Id.* at 3. The Company’s proposed changes to the allowances by service schedule are, in summary:

Service Schedule	Present Allowance	Proposed Allowance
Sched. 1 Individual Customer (per unit)	\$1,840	\$1,900
Sched. 1 Duplex (per unit)	\$1,470	\$1,520
Sched. 1 Multiplex (per unit)	\$1,105	\$1,140
Sched. 11/12 (per kWh)	\$0.15022	\$0.15486
Sched. 21/22 (per kWh)	\$0.13853	\$0.14218
Sched. 31/32 (per kWh)	\$0.24653	\$0.24688

Id. at 3.

The Company also proposed to update its primary, secondary, service, and transformer average costs as follows:

Single Phase	Current	Proposed
<u>Overhead Primary Circuit</u>		
Fixed Cost	\$ 4,253	\$ 4,205
Variable Cost	\$ 8.38	\$ 8.22
<u>Underground Circuit</u>		
Fixed Cost	\$ 1,854	\$ 1,934
Variable Cost	\$ 11.23	\$ 11.34
<u>Underground Secondary Circuit</u>		
Fixed Cost	\$ 418	\$ 428
Variable Cost	\$ 10.42	\$ 10.47
<u>Overhead Secondary Circuit</u>		
Fixed Cost	\$ 1,774	\$ 1,732
<u>Overhead Service Circuit</u>		
Variable Cost Only	\$ 3.91	\$ 3.74
<u>Underground Service Circuit</u>		
Variable Cost Only	\$ 9.41	\$ 9.54
<u>Overhead Transformer</u>		
Fixed Cost Only	\$ 2,310	\$ 2,242
<u>Padmount Transformer</u>		
Fixed Cost Only	\$ 3,507	\$ 3,546

Id. at 4.

The Company further proposed to update its residential development costs to reflect the Company's current Construction & Material Standards and average 2019 construction costs, as follows:

Residential Developments	Present	Proposed
Total Cost per Lot	\$1,907	\$1,938
Less: Service Cost	<u>471</u>	<u>478</u>
Developer Responsibility	<u>\$1,436</u>	<u>\$1,460</u>
Developer Refundable Payment	\$1,436	\$1,460
Builder Non-Refundable Payment	\$ 67	\$ 38
Allowance	\$1,840	\$1,900

Id. at 5.

The Company has brought the Application to the attention of the Company's affected customers by sending them customer notices beginning on May 15, 2020.

STAFF COMMENTS

Staff filed the only comments and recommended the Commission approve the Application. *Staff Comments* at 2. Staff stated the Company appropriately calculated allowances and average costs. *Id.* Staff also confirmed the Company's methodology for calculating average costs is consistent with past Schedule 51 filings. *Id.* Last, Staff also agreed with the Company's proposed basic costs. *Id.*

Staff confirmed the Company determined the proposed allowances using an embedded cost methodology that ensures the Company's investment in each new customer's distribution and terminal facilities does not increase other customers' rates. *Id.* Staff confirmed the Company's embedded cost methodology matches the methodology of past filings and are based on the cost of service study completed in the Company's last general rate case, AVU-E-19-04, updated by settlement base rates approved by the Commission in that case. *Id.*

Staff also reviewed the basic costs that are calculated using recent average, actual costs for facilities such as transformers and conduit. *Id.* at 3. Staff noted that the average costs for this year are comparable with last year's costs. *Id.* Staff stated the Company has consistently used this methodology to determine line extension tariffs, including prior versions of Schedule 51. *Id.* Staff recognized the Company is also proposing to update the primary, secondary, service, and transformer average costs. *Id.* Staff believed the changes are reasonable and should be approved. *Id.*

Staff also reviewed the updates for basic costs for residential developments that developers are responsible for. *Id.* at 4. A developer can recoup these costs as new customers receive service within five years from the date that the extension was completed. *Id.* Staff noted the Company is proposing a \$38 builder non-refundable payment which decreases to \$29 or 43.3% and the overall allowance increases \$60 or 3.3%. *Id.* Staff confirmed the Company's methodology for calculating this change is consistent with the methodology in Order No. 28562. *Id.*

Staff also reviewed the Company's customer notice and press release and determined they meet the requirements of Rule 125 of the Commission's Rules of Procedure. *Id.* at 5. The customer notice was mailed to customers beginning on May 15, 2020. *Id.* Since the written comment deadline was June 3, 2020, some customers may not have received their notices or have not had adequate time to submit comments before the deadline. Staff asserted that customers must

have the opportunity to file comments and have those comments considered by the Commission. *Id.* Staff recommended that the Commission accept late-filed comments from customers. *Id.* As of June 16, 2020, no comments had been filed in this case.

COMMISSION FINDINGS AND DECISION

The Company is an electric corporation and public utility. The Commission has jurisdiction over the Company and the issues in this case under Title 61 of the Idaho Code. Having reviewed the record, including the Application and Staff's comments, the Commission finds the Company's proposed changes to Schedule 51 are fair, just, and reasonable and should be approved as filed, effective May 1, 2020. The Commission notes the Company's updated allowances are roughly equal to the embedded facilities cost used to calculate base rates, and this ensures new customer-related distribution costs do not affect rates for existing customers. The Commission finds the Company's updates are consistent with prior orders, including Order No. 28562.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved. The proposed update in costs and allowances to the Company's Electric Line Extension Schedule 51 are approved as filed, effective, May 1, 2020.

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 about any matter decided in 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.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18th
day of June 2020.



PAUL KJELLANDER, PRESIDENT

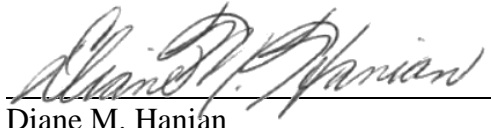


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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