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IDAHO PUBLIC UTILITIES COMMISSION

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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE ELECTRIC LINE</b>	)	
<b>EXTENSION SCHEDULE 51 RATE</b>	)	<b>CASE NO. AVU-E-20-02</b>
<b>ADJUSTMENT FILING OF AVISTA</b>	)	
<b>CORPORATION</b>	)	
	)	<b>COMMENTS OF THE</b>
	)	<b>COMMISSION STAFF</b>
	)	

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The Staff of the Idaho Public Utilities Commission (“Staff”) submits the following comments regarding the above referenced case.

**BACKGROUND**

On March 10, 2020, Avista Corporation (the “Company”) applied for authority to revise Electric Line Extension Schedule 51. In Order No. 28562, issued November 27, 2000, the Commission directed Avista to update its Schedule 51 charges on or before April 1 of each year. The Company proposes to update its costs to extend electric lines to new customers, and the allowance that customers can apply to offset those costs. In the Application, the Company states it will send a letter notifying developers and builders that may be affected by the proposed

changes in June. *Company Letter* at 1. However, the Company sent this notice to customers earlier, on May 15, 2020. The Company has requested a July 1, 2020, effective date.<sup>1</sup>

## **STAFF ANALYSIS**

Staff reviewed the Company's Application and as a result of its investigation, has come to the following conclusions:

1. The Company's methodology for calculating allowances is appropriate and the proposed allowances should be approved.
2. The Company's methodology for calculating average costs is consistent with past Schedule 51 filings and Staff agrees with the proposed basic costs.

Each of the conclusions will be discussed in more detail in the sections below along with Staff's recommendations.

### **Allowances**

Staff reviewed the Company's methodology and agrees with the proposed allowances. The Company determines allowances using an embedded cost methodology designed to ensure that the Company's investment in each new customer's distribution and terminal facilities does not put upward pressure on rates paid by the general body of customers.

The Company's embedded cost methodology matches the methodology of past filings. The embedded costs are based on the cost of service study completed in the Company's last general rate case (AVU-E-19-04), but have been updated to the settlement base rates approved in the case. The Company proposes average increases of 2.6% in the allowances offered to all service schedules. The Company's proposed changes to allowance amounts by service schedule are reflected in the table below.

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<sup>1</sup> The Company originally requested a May 1, 2020, effective date but after discussions with Staff concerning the current workplace challenges faced by both the Company and the Commission, the decision was made to amend the requested effective date to July 1, 2020.

**Table 1:**

<b>Service Schedule</b>	<b>Present Allowance</b>	<b>Proposed Allowance</b>	<b>Percent Change</b>
Sched. 1 Individual Customer (per unit)	\$1,840	\$1,900	3.3%
Sched. 1 Duplex (per unit)	\$1,470	\$1,520	3.4%
Sched. 1 Multiplex (per unit)	\$1,105	\$1,140	3.2%
Sched. 11/12 (per kWh)	\$0.15022	\$0.15486	3.1%
Sched. 21/22 (per kWh)	\$0.13853	\$0.14218	2.6%
Sched. 31/32 (per kWh)	\$0.24653	\$0.24688	0.1%

**Basic Costs**

Basic costs are calculated using recent average actual costs for facilities such as transformers and conduit. The Company has consistently used this methodology to determine line extension tariffs, including prior versions of Schedule 51.

The Company is proposing to update the primary, secondary, service, and transformer average costs. Residential development costs are also updated for the most current Construction Standards and average 2019 construction costs.

Staff has reviewed the filing, including the workpapers provided, and agrees with the changes. Staff notes that the average costs for this year are comparable with last year's costs. The present and proposed basic costs are shown in Table 2 below.

**Table 2: Basic Costs - Present and Proposed Cost of Facilities**

<b>Single Phase</b>	<b>Current</b>	<b>Proposed</b>	<b>Difference</b>
Overhead Primary Circuit:			
Fixed Cost	\$ 4,253	\$ 4,205	\$ (48)
Variable Cost	\$ 8.38	\$ 8.22	\$ (0.16)
Underground Circuit			
Fixed Cost	\$ 1,854	\$ 1,934	\$ 80
Variable Cost	\$ 11.23	\$ 11.34	\$ 0.11
Underground Secondary Circuit			
Fixed Cost	\$ 418	\$ 428	\$ 10
Variable Cost	\$ 10.42	\$ 10.47	\$ 0.05
Overhead Secondary Circuit			
Fixed Cost	\$ 1,774	\$ 1,732	\$ (42)
Overhead Service Circuit			
Variable Cost Only	\$ 3.91	\$ 3.74	\$ (0.17)

Underground Service Circuit				
Variable Cost Only	\$	9.41	\$	9.54
Overhead Transformer				
Fixed Cost Only	\$	2,310	\$	2,242
Padmount Transformer				
Fixed Cost Only	\$	3,507	\$	3,546
			\$	39

*Residential Developments*

Developers are responsible for the basic cost of a development, which can be refunded as new customers receive service within five years from the date that the extension was completed. The basic cost represents the cost of a development line extension minus the cost of service line extensions within the development. It is computed by subtracting the average service cost from the average total cost per lot. The builder must pay the difference between the average total cost per lot and the allowance.

The Company is proposing a \$38 builder non-refundable payment. However, this payment decreases \$29 or 43.3% and the overall allowance increases \$60 or 3.3%. The present and proposed residential amounts are found in Table 3 below. Staff analyzed the Company's methodology and determined that it is consistent with the methodology prescribed by Commission Order No. 28562.

**Table 3: Present and Proposed Residential Payment Amounts**

<b>Residential Developments</b>	<b>Current</b>	<b>Proposed</b>	<b>Difference</b>
Total Cost per Lot	\$ 1,907	\$ 1,938	\$ 31
Less: Service Cost	<u>\$ 471</u>	<u>\$ 478</u>	<u>\$ 7</u>
Developer Responsibility (Basic Cost)	\$ 1,436	\$ 1,460	\$ 24
Developer Refundable Payment	\$ 1,436	\$ 1,460	\$ 24
Average Total Cost per Lot	\$ 1,907	\$ 1,938	\$ 31
Less: Allowance	<u>\$ 1,840</u>	<u>\$ 1,900</u>	<u>\$ 60</u>
Builder Non-Refundable Payment	\$ 67	\$ 38	\$ (29)

## CUSTOMER NOTICE AND PRESS RELEASE

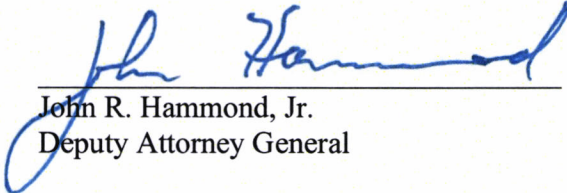
The Company's press release and customer notice were included with its Application. Staff reviewed the document and determined that it meets the requirements of Rule 125 of the Commission's Rules of Procedure (IDAPA 31.01.01). The notice was mailed to the relevant customers beginning May 15, 2020.

For this case, the Commission set a comment deadline of June 3, 2020. Because the customer notices were not sent until May 15, 2020, some customers may not receive their notices or have adequate time to submit comments before the deadline. Customers must have the opportunity to file comments and have those comments considered by the Commission. Staff recommends that the Commission accept late-filed comments from customers. As of June 3, 2020, no comments had been filed in this case.

## STAFF RECOMMENDATION

Staff believes the Company's proposals are reasonable and conform with Commission Order No. 28562. Staff recommends the Company's proposed costs and allowances be approved. In addition, Staff recommends the Commission accept late-filed comments from customers.

Respectfully submitted this 3<sup>rd</sup> day of June 2020.



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John R. Hammond, Jr.  
Deputy Attorney General

Technical Staff: Michael Eldred  
Travis Culbertson  
Bentley Erdwurm  
Chris Hecht

i:umisc:comments/avue20.2jhmetncbe comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 3<sup>rd</sup> DAY OF JUNE 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-20-02, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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*/s/ Reyna Quintero*  
SECRETARY