

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER AVISTA’S ANNUAL RATE) CASE NO. AVU-E-21-03
ADJUSTMENT FILING FOR ELECTRIC)
LINE EXTENSION SCHEDULE 51)
) ORDER NO. 35092
)

On March 29, 2021, Avista Corporation dba Avista Utilities (“Company”) applied for Commission approval to update costs and make administrative changes to the Company’s Electric Line Extension Schedule 51 (“Schedule 51”). The Company requested a May 15, 2021, effective date.

On April 27, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public and Company reply deadlines. Order No. 35019. Order No. 35019 also suspended the Company’s proposed effective date until July 1, 2021. Staff filed the only comments and supported the Company’s Application. The Company did not reply.

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

THE APPLICATION

The Company’s Schedule 51 incorporates the principle of average costing for electrical facilities commonly used to extend service such as transformers and conduit. These “Basic Costs” have a fixed and variable component, with the variable component stated on a cost-per-foot basis. The Company does not propose to change the average costing principle in its Application but proposes updates to the Basic Costs based on 2020 material and equipment costs.

The Company proposes to make the following updates:

	<u>Present</u>	<u>Proposed</u>	<u>% Change</u>
<u>Overhead Primary Circuit</u>			
Fixed Cost	\$4,205	\$4,677	11.20%
Variable Cost	\$8.22	\$9.17	11.60%
<u>Underground Primary Circuit</u>			
Fixed Costs	\$1,934	\$1,920	(0.70%)
Variable Costs	\$11.34	\$10.01	(11.70%)
<u>Underground Secondary Circuit</u>			
Fixed Costs	\$428	\$394	(8.00%)
Variable Costs	\$10.47	\$8.60	(17.90%)

Overhead Secondary Circuit

Fixed Costs	\$1,732	\$1,936	11.70%
Overhead Service Circuit	\$3.74	\$4.27	14.20%
Underground Service Circuit	\$9.54	\$8.43	(11.60%)
Overhead Transformer	\$2,242	\$2,345	4.60%
Padmount Transformer	\$3,546	\$3,477	(1.90%)

The Company states the proposed updates reflect updated primary, secondary, service, and transformer average costs. The Company states the proposed increases to its overhead rates are because its fixed costs to maintain the equipment necessary to perform this work have not changed but the equipment was used less in 2020. The Company states its proposal to decrease the underground rates is the result of an internal process improvement that changed how costs are assigned to a job.

The Company also proposes to update its residential development costs to reflect the most current Construction & Material Standards and average construction costs as shown below:

Residential Developments

	<u>Present</u>	<u>Proposed</u>
Total Cost per Lot	\$1,938	\$1,772
Less: Service Cost	\$478	\$422
Developer Responsibility	\$1,460	\$1,350
Developer Refundable Payment	\$1,460	\$1,350
Builder Non-Refundable Payment	\$38	—
Allowance	\$1,900	\$1,900

The Company is not proposing to update the construction allowances in this case and states it will update the construction allowances following the conclusion of its next general rate case.

STAFF COMMENTS

Staff stated that it has reviewed the Company’s filing and agreed with the proposed changes to basic costs and residential development costs. Staff stated basic costs are calculated using recent average actual costs for facilities. Facilities include transformers and conduit. Staff notes major drivers of changes in average costs were vehicle usage and a business process

improvement that altered how vehicle rates are applied. The Company suggested the reason for decreased vehicle usage is the cyclical nature of construction and operational changes. Vehicle usage drove the increase in overhead costs. Decreased underground costs were driven primarily by business process improvements that reallocated costs in the Company's workorder system to align it more closely with how vehicles are used in the field. Staff believed the Company's explanations were reasonable.

Staff also reviewed the Company's method for calculating residential development costs and determined the Company complied with Commission Order No. 28562.

COMMISSION DISCUSSION AND FINDINGS


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 July 1, 2021. We note 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. We find 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, allowances, and administrative changes to the Company's Electric Line Extension Schedule 51 are approved as filed, effective July 1, 2021.

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 with regard to 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of June 2021.



PAUL KJELLANDER, PRESIDENT

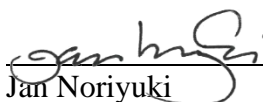


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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