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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF AVISTA’S ANNUAL)
RATE ADJUSTMENT FILING FOR) CASE NO. AVU-E-21-03
ELECTRIC LINE EXTENSION SCHEDULE)
51)
)
) COMMENTS OF THE
) COMMISSION STAFF
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)
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)**

STAFF OF the Idaho Public Utilities Commission (“Staff”), by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On March 29, 2021, Avista Corporation dba Avista Utilities (“Company”) applied for Commission approval to update costs to the Company’s Electric Line Extension Schedule 51. In Order No. 28562, the Commission directed Avista to update its Schedule 51 charges on or before April 1 of each year. The Company proposes updates to the basic costs based on 2020 material and equipment costs but 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. The Company requested a May 15, 2021 effective date, but the Commission suspended the date until July 1, 2021 to allow adequate time to comment on the case.

STAFF ANALYSIS

Staff reviewed the Company's Application. As a result of its investigation, Staff concludes the Company's method for calculating average costs is consistent with past Schedule 51 filings and believes that the proposed basic costs are reasonable.

Basic Costs

Staff has reviewed the filing, including the workpapers provided, and agrees with the changes to basic costs. Basic costs are calculated using recent average actual costs for facilities including transformers and conduit. The Company has consistently used this method to determine its line extension tariffs, including prior versions of Schedule 51. The Company proposes to update the primary, secondary, service, and transformer average costs. Residential development costs are also updated for the most current Construction Standards¹ and average 2020 construction costs. The current and proposed basic costs are shown in Table No. 1 below.

¹ The Construction and Material Standards comply with the 2017 National Electric Safety Code.

Table No. 1: Basic Costs - Present and Proposed Cost of Facilities

<u>Single Phase</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Overhead Primary Circuit:			
Fixed Cost	\$4,205	\$4,677	\$472
Variable Cost	\$8.22	\$9.17	\$0.95
Underground Circuit			
Fixed Cost	\$1,934	\$1,920	(\$14)
Variable Cost	\$11.34	\$10.01	(\$1.33)
Underground Secondary Circuit			
Fixed Cost	\$428	\$394	(\$34)
Variable Cost	\$10.47	\$8.60	(\$1.87)
Overhead Secondary Circuit			
Fixed Cost	\$1,732	\$1,936	\$204
Overhead Service Circuit			
Variable Cost Only	\$3.74	\$4.27	\$0.53
Underground Service Circuit			
Variable Cost Only	\$9.54	\$8.43	(\$1.11)
Overhead Transformer			
Fixed Cost Only	\$2,242	\$2,345	\$103
Padmount Transformer			
Fixed Cost Only	\$3,546	\$3,477	(\$69)

The major drivers affecting changes in average cost were decreased vehicle usage and a business process improvement that changes how vehicle rates are applied in the Company's workorder system. Application at 4-5. The average cost for overhead circuit costs increased from 11.2% to 14.2% this year compared with last year's costs. In the Company's response to Staff's Production Request No. 1, the Company states the reason for decreased vehicle usage is due to the cyclical nature of construction projects and operational changes. From Staff's review of vehicle usage in overhead electrical work during the last three years, Staff believes the Company's explanation for the decrease in vehicle usage is reasonable.

The decrease in the underground costs relates to the business process improvement, which reallocated costs in the Company’s workorder system and more closely aligns with how vehicles are being utilized in the field. Application at 5. The business process improvement had a greater effect on underground costs than it did on overhead costs. Production Request Response No. 1. Staff believes the decrease in underground costs is reasonable.

Residential Developments

Staff analyzed the Company's method for calculating residential development costs and determined it is consistent with the Commission authorized method in Order No. 28562. 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 the extension is 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. A builder must pay the difference between the average total cost per lot and the allowance. The proposed builder non-refundable payment in this case is zero because the Company’s allowance exceeded the average total cost per lot. The current and proposed residential amounts are found in Table No. 2.

Table No. 2: Present and Proposed Residential Payment Amounts

<u>Residential Developments</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Total Cost per Lot	\$1,938	\$1,772	(\$166)
Less: Service Cost	<u>\$478</u>	<u>\$422</u>	<u>(\$56)</u>
Developer Responsibility (Basic Cost)	\$1,460	\$1,350	(\$110)
Developer Refundable Payment	\$1,460	\$1,350	(\$110)
Average Total Cost per Lot	\$1,938	\$1,772	(\$166)
Less: Allowance	<u>\$1,900</u>	<u>\$1,900</u>	<u>\$0</u>
Builder Non-Refundable Payment	\$38	\$0	(\$38)

CUSTOMER NOTICE

The Company's customer notice was 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 on April 12, 2021, providing a reasonable opportunity to file timely comments with the Commission by the June 2, 2021 comment deadline. As of June 1, 2021, the Commission has received no comments from customers.

STAFF RECOMMENDATION

Staff believes the Company's proposals are reasonable and conform with Commission Order No. 28562. Staff recommends the Company's proposed costs be approved.

Respectfully submitted this ^{2nd} day of June 2021.



Dayn Hardie
Deputy Attorney General

Technical Staff: Michael Eldred
Travis Culbertson
Kevin Keyt
Curtis Thaden

i:umisc/comments/avue21.03dhmeksktncct comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 2ND DAY OF JUNE 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-21-03, BY E-MAILING A COPY THEREOF TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE