



Avista Corp.
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March 11, 2022

State of Idaho
 Idaho Public Utilities Commission
 11331 W. Chinden Blvd
 Bldg 8, Suite 201-A
 Boise, Idaho 83714

Case No. AVU-E-22-05

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 IDAHO PUBLIC
 UTILITIES COMMISSION

I.P.U.C. No. 28 – Electric Service

Dear Commission Secretary:

In accordance with Case No. GNR-U-20-01, Order No. 34602, which suspends the requirement to file physical copies, the Company has attached for electronic filing with the Commission the following revised tariff sheet:

| | | |
|---|------------------|---|
| Fifth Revision Sheet 51A | canceling | Fourth Revision Sheet 51A |
| Eighth Revision Sheet 51B | canceling | Seventh Revision Sheet 51B |
| Fifth Revision Sheet 51C | canceling | Fourth Revision Sheet 51C |
| Twenty-Fourth Revision Sheet 51C | canceling | Twenty-Third Revision Sheet 51C |
| Twenty-Third Revision Sheet 51F | canceling | Twenty-Second Revision Sheet 51F |
| Twenty-Fourth Revision Sheet 51G | canceling | Twenty-Third Revision Sheet 51G |
| Twenty-Second Revision Sheet 51H | canceling | Twenty-First Revision Sheet 51H |
| Fourth Revision Sheet 51I | canceling | Third Revision Sheet 51I |
| Ninth Revision Sheet 51J | canceling | Eighth Revision Sheet 51J |
| Fourth Revision Sheet 51L | canceling | Third Revision Sheet 51L |
| Third Revision Sheet 51M | canceling | Second Revision Sheet 51M |
| Twenty-Third Revision Sheet 51N | canceling | Twenty-Second Revision Sheet 51N |
| Twenty-Third Revision Sheet 51O | canceling | Twenty-Second Revision Sheet 51O |

The Company requests that the proposed tariff sheets be made effective May 1, 2022. These tariff sheets reflect the Company's annual electric Line Extension filing. Detailed information related to the Company's request is included in the attached Application and supporting workpapers.

The Company will issue a notice to its effected customers through a letter the week of March, 21 2022. A copy of the letter has been included in the Company's filing.

If you have any questions regarding this filing, please contact Tia Benjamin at (509) 495-2225 or Joe Miller at (509) 495-4546.

Sincerely,

/s/ Joe Miller

Joe Miller
 Sr Manager of Rates and Tariffs

1 DAVID J. MEYER
2 VICE PRESIDENT AND CHIEF COUNSEL FOR
3 REGULATORY AND GOVERNMENTAL AFFAIRS
4 AVISTA CORPORATION
5 1411 E. MISSION AVENUE
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8 PHONE: (509) 495-4316, FAX: (509) 495-8851

9

10 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

11

12

| | | | |
|----|-------------------------------|---|------------------------------|
| 13 | IN THE MATTER OF THE ELECTRIC |) | |
| 14 | LINE EXTENSION SCHEDULE 51 |) | CASE NO. AVU-E-22- <u>05</u> |
| 15 | ANNUAL RATE ADJUSTMENT FILING |) | APPLICATION OF AVISTA |
| 16 | OF AVISTA CORPORATION |) | CORPORATION |

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I. INTRODUCTION

20 In accordance with Idaho Code §61-502 and RP 052, Avista Corporation, doing
21 business as Avista Utilities (hereinafter “Avista” or “Company”), at 1411 East Mission
22 Avenue, Spokane, Washington, respectfully makes application to the Idaho Public Utilities
23 Commission (“Commission”) for an order approving the update in costs and administrative
24 changes to the Company’s Electric Line Extension Schedule 51. The Company has
25 requested a May 1, 2022 effective date.

26 The Company requests that this filing be processed under the Commission’s
27 Modified Procedure Rules (RP 201-204) through the use of written comments.
28 Communications in reference to this Application should be addressed to:

1 David J. Meyer, Esq.
2 Vice President and Chief Counsel for
3 Regulatory & Governmental Affairs
4 Avista Corporation
5 P.O. Box 3727
6 MSC-27
7 1411 E. Mission Ave
8 Spokane, WA 99220-3727
9 Phone: (509) 495-4316
10 David.Meyer@avistacorp.com
11

12 Patrick Ehrbar
13 Director of Regulatory Affairs
14 Avista Utilities
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16 MSC-27
17 1411 E. Mission Ave
18 Spokane, WA 99220-3727
19 Phone: (509) 495-8620
20 patrick.ehrbar@avistacorp.com
21

22 **II. BACKGROUND**

23 The Company's present Schedule 51 electric line extension tariff incorporates the
24 principle of average costing for electrical facilities commonly used in extending service.
25 The tariff sets forth "Basic and Exceptional Costs", which are costs based on recent
26 average actual costs for facilities such as transformers and conduit which are used
27 consistently for electric line extensions. The Basic and Exceptional Costs have a fixed
28 and variable component, with the variable component stated on a cost-per-foot basis. The
29 average costing principle incorporated in the Company's tariff has worked well and the
30 Company is not proposing to change the conceptual structure of the tariff.

31 Detailed below are the Company's proposed changes to Schedule 51 and included
32 with this filing are workpapers which provide support for the proposed changes.

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III. CONSTRUCTION ALLOWANCES

In this filing, the Company has updated the allowances applicable to new residential, commercial and industrial customer’s services. For purposes of calculating the revised allowances, the Company is continuing to utilize an embedded cost methodology approach that is designed to ensure that investment in distribution/terminal facilities for each new customer will be similar to the embedded costs of the same facilities reflected in base rates. Any costs in excess of the allowance would be paid by the new customer as a Contribution in Aid of Construction. The Company utilized its Cost of Service study from its most recently concluded general rate case filing (AVU-E-21-01), updated for the base rates approved in the Settlement Agreement and approved in Order No. 35156, as the basis of the embedded cost calculation. Below is a summary of the proposed allowance changes:

| <u>Service Schedule</u> | <u>Existing</u> | <u>Proposed</u> |
|---|------------------------|------------------------|
| Schedule 1 Individual Customer (per unit) | \$ 1,900 | \$ 2,065 |
| Schedule 1 Duplex (per unit) | \$ 1,520 | \$ 1,650 |
| Schedule 1 Multiplex (per unit) | \$ 1,140 | \$ 1,240 |
| Schedule 11/12 (per kWh) | \$ 0.15486 | \$ 0.16674 |
| Schedule 21/22 (per kWh) | \$ 0.14218 | \$ 0.15360 |
| Schedule 31/32 (per kWh) | \$ 0.24688 | \$ 0.26623 |

The Company has provided workpapers that provide the inputs and calculation of the allowances.

IV. AVERAGE COSTS

The Distribution Engineering Department at Avista is primarily tasked with the development and maintenance of the Company’s Construction & Material Standards. Periodically, Distribution Engineering will update the Construction & Material Standards

1 in order to comply with the National Electric Safety Code (“NESC”). These Construction
 2 & Material Standards are reflective of the NESC’s most recent code revisions. The
 3 standard designs in this filing have not changed and are consistent with those reflected in
 4 this filing.

5 As detailed on proposed tariff sheets 51H and 51I, the Company is proposing to
 6 update the primary, secondary, service and transformer average costs. Below is a
 7 summary of the cost changes:

| | <u>Present</u> | <u>Proposed</u> | <u>% Change</u> |
|--------------------------------------|----------------|-----------------|-----------------|
| <u>Overhead Primary Circuit</u> | | | |
| Fixed Cost | \$ 4,677 | \$ 4,521 | -3.3% |
| Variable Cost | \$ 9.17 | \$ 8.75 | -4.6% |
| <u>Underground Primary Circuit</u> | | | |
| Fixed Costs | \$ 1,920 | \$ 1,958 | 2.0% |
| Variable Costs | \$ 10.01 | \$ 11.15 | 11.4% |
| <u>Underground Secondary Circuit</u> | | | |
| Fixed Costs | \$ 394 | \$ 392 | -0.3% |
| Variable Costs | \$ 8.60 | \$ 11.55 | 34.3% |
| <u>Overhead Secondary Circuit</u> | | | |
| Fixed Costs | \$ 1,936 | \$ 1,843 | -4.8% |
| Overhead Service Circuit | \$ 4.27 | \$ 3.96 | -7.3% |
| Underground Service Circuit | \$ 8.43 | \$ 9.14 | 8.4% |
| Overhead Transformer | \$ 2,345 | \$ 2,508 | 7.0% |
| Padmount Transformer | \$ 3,477 | \$ 3,597 | 3.5% |

19
 20 The primary driver of the increase in variable underground primary and secondary
 21 costs as shown above, is due to an increase in cost of two inch and three inch conduit
 22 during 2021. Current market conditions for resin, the primary component of conduit has
 23 been in higher demand than manufacturers can supply. In addition, manufacturers located

1 in the gulf of Texas, which represent 75% of all resin manufacturers, were taken offline
 2 for over a month, some for several months due to hurricanes and storms, further affecting
 3 the supply in the market. Per the US Bureau of Labor Statistics, Producer Price Index,
 4 thermoplastic resins from Nov 2020 to Nov 2021 increased nearly 50%.

5 Residential development costs, updated for the most current Construction &
 6 Material Standards and average 2021 construction costs, are detailed below:

7 **Residential Developments**

| | <u>Present</u> | <u>Proposed</u> |
|------------------------------------|------------------------|------------------------|
| 8 Total Cost per Lot | \$ 1,772 | \$ 2,070 |
| 9 Less: Service Cost | \$ 422 | \$ 458 |
| 10 Developer Responsibility | <u>\$ 1,350</u> | <u>\$ 1,612</u> |
| Developer Refundable Payment | \$ 1,350 | \$ 1,612 |
| 11 Builder Non-Refundable Payment | \$ - | \$ 5 |
| 12 Allowance | \$ 1,900 | \$ 2,065 |

13

14 **V. ADMINISTRATIVE CHANGES**

15 The Company has come to realize that when discussing line extensions,
 16 conversions, or relocations of existing service with new and/or existing customers, there
 17 is difficulty in understanding the provisions outlined in the Company's tariff Schedule 51
 18 regarding Basic Cost. In an effort to make Schedule 51 easier for customers to understand
 19 and for our construction employees to apply, the Company is proposing to update its
 20 terminology to avoid confusion.

21 The Company is proposing to change the term "Basic Cost" to "Basic and
 22 Exceptional Cost". The Basic and Exceptional Cost will continue to cover all costs
 23 necessary to construct the line extension. In practice, this change will have no impact on

1 the costs paid by customers for line extensions. It will simply make the costs of line
2 extensions easier to understand for customers and align the language with other internal
3 documents which the Company uses when working with customers.

4

5 **VI. COMMUNICATIONS AND SERVICE OF APPLICATION**

6 In conformance with RP 125, this Application will be brought to the attention of
7 the Company's affected customers. Consistent with past practice, during the week of
8 March 21, 2022, the Company will send a letter to those developers and builders that may
9 be affected by the proposed changes to inform them of the Company's request.

10

11 **VII. REQUEST FOR RELIEF**

12 The Company requests that the Commission issue an order approving the update in
13 costs to Schedule 51 to become effective May 1, 2022. The Company requests that the
14 matter be processed under the Commission's Modified Procedure rules through the use of
15 written comments.

16 Dated at Spokane, Washington this 11th day of March 2022.

17

AVISTA CORPORATION

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19

BY /s/ Patrick Ehrbar

20

Patrick D. Ehrbar

21

Director of Regulatory Affairs

IDAHO

Avista 2022 Schedule 51 Filing

Proposed Tariff Sheets

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 51 - continued

3. RULES FOR INDIVIDUAL RESIDENTIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to line extensions to serve individual Residential Customers.
- b. Before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic and Exceptional Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) "Basic and Exceptional Cost" is the cost of the Service Circuit, Secondary Circuit, Transformer and Primary Circuit computed from the rates listed in this Schedule, along with the cost of labor and/or materials which are necessary to construct the Line Extension. The meters and metering facilities used by the Company for billing purposes are provided at no cost to the Customer.
- 2) "Cost Reduction" is a decrease allowed when the Company uses lower-cost construction methods or allows the Customer to do some of the work. All facilities provided by the Customer must meet or exceed the Company's specifications. The Cost Reduction may only reduce the Customer's total cost of construction to \$0.00; no payment shall be given to the customer.
- 3) "Allowance" is a credit to each Customer who has at least 2500 kWh per year of new load. The Allowance will be applied first to the Basic and Exceptional Cost of the Service Circuit, second to the Basic and Exceptional Cost of the Secondary Circuit, third to the Basic and Exceptional Cost of the Transformer and fourth to the Basic and Exceptional Cost of the Primary Circuit.

Issued March 11, 2022

Effective May 1, 2022

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 51 - continued

When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Basic and Exceptional Cost of the line extension.

Allowances shall be granted only against the Basic and Exceptional Cost of the current project and not against any part of an earlier or future extension.

The Allowance will be equal to the Basic and Exceptional Cost or the applicable amount listed below, whichever is less:

MAXIMUM ALLOWANCE

| | |
|--------------------------------|------------------|
| Schedule 1 individual Customer | \$2,065 per unit |
| Schedule 1 duplex | \$1,650 per unit |
| Schedule 1 multiplex | \$1,240 per unit |

EXCEPTION: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load:

- a) is less than 2500 kWh per year, or
- b) will be in service less than five years.

A mobile home will not qualify for an Allowance until it has permanent connections to both water service and either a sewer or septic system. If such connections are made within five years after the completion of the line extension, the Company will, at that time, refund the Basic and Exceptional Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

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SCHEDULE 51 - continued

If an immediate Allowance is not granted because electric consumption is expected to be less than 2500 kWh per year, but the Customer can demonstrate after the end of the fifth year that the annual electric consumption was at least 2500 kWh each year for all five years, then the Company will refund to the Customer the Basic and Exceptional Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

If an immediate Allowance is not granted because the Customer is not prepared for a permanent service connection upon completion of the line extension, but the Customer does request a permanent connection within the next five years, and will have consumption of at least 2500 kWh per year, the Company will at that time refund to the Customer the Basic and Exceptional Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less.

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SCHEDULE 51 - continued

- 5) "Share of Previous Extension" applies only to Primary Circuits less than five years old. If part of a previous line extension is used to serve a new Customer, the new Customer must pay a share of the previous Primary Circuit cost and Transformer cost, if shared, to the Company before the start of construction. The amount paid by the new Customer will be refunded to existing Customers in relation to their share of the Primary Circuit and Transformer, if shared. The Company will refund appropriate shares to the bearers of Extension Certificates when the Certificates are presented for payment and the connection of the subsequent Customer has been verified. The Company will make a reasonable attempt to inform the bearer of the Certificate when a refund is due. Bearers of Extension Certificates must apply for refunds before the original line extension becomes six years old. Unclaimed refunds will be returned to the contributor.

EXAMPLE:

1. First Customer pays \$11,150 for 1,000 feet of primary underground circuit (\$11.15 per foot).
2. Second Customer takes service within five years using 600 feet of the original extension.
3. Both Customers share the first 600 feet equally:
 $600 \text{ ft} \times \$11.15/\text{ft} \times \frac{1}{2} = \$3,345$.
4. The Second Customer's payment of \$3,345, will be refunded to the First Customer to reduce his investment in the 600 feet to \$3,345. The First Customer's investment in the remaining 400 feet remains at \$4,460. ($\$11,150 - \$3,345 - \$3,345 = \$4,460$)

EXCEPTION: If the refund to an existing Customer is less than \$100 each, the new Customer will not be required to pay that share and the existing Customer will not receive a refund.

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Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
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SCHEDULE 51 - continued

4. RULES AND CHARGES FOR UNDEVELOPED RESIDENTIAL LOTS

- a. A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. Both the General Rules and the following rules apply to line extensions within residential developments.
- b. Before Company facilities will be installed, the developer must submit a written application for service, a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities and must pay an extension cost to the Company which is computed as follows:

| | |
|---|-------------------------------------|
| | Basic and Exceptional Cost |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| = | extension cost within development |
| + | cost of extension to development |
| + | <u>Share of Previous Extension</u> |
| = | extension cost |

- 1) "Basic and Exceptional Cost" will be computed from the following rate per lot when the Development serves single phase loads, has at least six lots and the average frontage is no more than 175 feet per lot. The Basic and Exceptional Cost includes the cost of the Primary Circuit, the Transformer and the Secondary Circuit in the utility easement or public right-of-way, but does not include the Service Circuit from the point of connection with the Secondary Circuit to the Point of Delivery.

Developments: \$1,612 per Lot

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Effective May 1, 2022

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 51 - continued

The Basic and Exceptional Cost for all other Developments will be computed from the rates listed in this Schedule for Service Circuits, Secondary Circuits, Transformers and Primary Circuits.

- 2) "Cost Reductions, "Customer-Requested Costs, and "Share of Previous Extension" are described under Rules for Individual Customers.
 - 3) "Extension to development" is the line extension between the Company's existing energized electric facilities and the boundary of the development. The Rules for Individual Customers apply to the extension to the development.
- c. In lieu of a cash payment of the Basic and Exceptional Cost in a Development, the Company will accept a letter of credit, a contractor's performance bond, or another credit instrument agreeable to the Company for \$1,612 per lot upon execution of a written agreement with the Developer. The agreement shall prescribe the requirements for such a credit instrument and shall permit the face amount of the instrument to be reduced annually as new customers are connected within the Development. The Developer will provide ditching within the Development.
- d. Prior to the installation of the Service Circuit to each single-family residence in a development, the home builder will be required to make a non-refundable cash payment to the Company of \$5 per residence. There will be no charge to the builder for the installation of the Service Circuit to serve a duplex or multiplex dwelling.
- e. A Developer who pays the extension cost described in 4.b.1) may apply for a refund annually for each permanent Customer connected within the Development during the first five years after the extension is completed. The Company will make a reasonable attempt to inform the bearer of the certificate when a refund is due. The Company will pay the refund to the bearer of the Extension Certificate when it is presented to the Company for payment and the connection of the permanent Customer has been verified.

Issued March 11, 2022

Effective May 1, 2022

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
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SCHEDULE 51 - continued

For Developers who have made a cash payment to the Company for the Basic and Exceptional Cost in the development, the sum of all refunds shall not exceed the total Basic and Exceptional Cost paid by the Developer or \$1,612 per lot multiplied by the number lots, whichever is less. The developer must apply for the refunds before the line extension becomes six years old.

- f. In a Development where primary taps may be required into some lots to provide adequate service or where the loads are not clearly defined, the Company may elect to install only an initial Primary Circuit through the Development (no Transformers or Secondary Circuits). The Rules for Individual Customers will be used to establish the extension cost of the Primary Circuit and that cost must be paid in advance by the Developer.

The permanent Customer on each lot must meet the Rules for Individual Residential Customers for the extension into the lot, except they will not pay a share of the cost of the Primary Circuit through the Development or a share of previous extensions outside the Development. The applicable Allowance will be credited first to the Basic and Exceptional Cost to serve the permanent Customer. The Developer will be refunded only the portion of the Allowance not granted or applied to the permanent Customer.

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Effective May 1, 2022

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 51 - continued

5. RULES FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to Line Extensions to serve individual Commercial and Industrial Customers.
- b. Single-Phase Extensions: For Customers who may be served at single phase, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic and Exceptional Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) All terms are described in Section 3.b. and the Basic and Exceptional Costs are set forth in Section 7. The amount of the Allowance will be determined individually for each Customer based on the Company's estimate of the Customer's annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

- c. Three-Phase Extensions: For Customers requiring three-phase service, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Total Estimated Extension Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

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SCHEDULE 51 – continued

1) The Total Estimated Extension Cost shall include all costs which are necessary to provide service to the Customer, as determined by the Company. The amount of the Allowance will be determined individually for each Customer based on the Company’s estimate of the Customer’s annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

d. When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Total Estimated Extension Cost. Allowances shall be granted only against the costs of the current project and not against any part of an earlier or future extension.

The Allowance will be the Total Estimated Extension Cost, or the applicable Allowance by Schedule multiplied by the Customer’s estimated metered energy usage (delivered by Avista), whichever is less:

ALLOWANCE BY SERVICE SCHEDULE

Schedule 11 or 12: \$0.16674 per kWh

Schedule 21 or 22: \$0.15360 per kWh

Schedule 31 or 32: \$0.26623 per kWh

Exception: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load is unknown, or will be in service less than five years. If an Allowance is not provided at the time service is installed, the Customer is eligible to receive a refund of their Allowance when annual metered energy usage (delivered by Avista) is known and measured. Any refund of Customer Allowance must be requested by the Customer within five years of the service installation.

Undeveloped Commercial and Industrial Lots: A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. The General Rules, the Rules for Commercial and Industrial Customers and the following apply to line extensions within commercial or industrial developments. Before Company facilities will be installed, the developer must submit a written application for service and a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities.

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Effective May 1, 2022

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Patrick Ehrbar, Director of Regulatory Affairs

AVISTA CORPORATION
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SCHEDULE 51 - continued

b. Before construction starts, the party requesting a Conversion or Relocation must pay a conversion or relocation cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic and Exceptional Cost |
| + | Customer Requested Costs |
| - | Cost Reductions |
| = | new line cost |
| + | Removal Costs |
| - | Salvage Value |
| - | (one) Design Fee of \$150 (if paid) |
| <hr/> | |
| = | conversion or relocation cost |

EXCEPTION: If the Customer is adding load and the load increase would require the Company to add or modify facilities at its expense, the conversion or relocation cost will be reduced by the estimated cost of such modification.

- 1) "New Line Cost" is the cost of the new line extension in accordance with the Rules for Individual Customers, except no Allowance will be credited to the cost.
- 2) "Removal Cost" is the cost of the labor, overheads and use of equipment required to remove the existing facilities.
- 3) "Salvage Value" is the value to the Company of the materials removed from the existing facilities. Materials removed may not have Salvage Value. Salvage Value will be determined in the Company's sole discretion.

7. DEFINITIONS AND CHARGES (listed alphabetically)

a. "Customer" is any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

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AVISTA CORPORATION
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SCHEDULE 51 – continued

- b. "Dedicated Utility Easements" are designated strips or locations within the platted development which have been approved by the serving utility companies and the local government planning department and are dedicated to the serving utility companies for the purpose of construction, reconstruction, maintenance and operation of utilities, including the inspection of those utilities at reasonable times and the trimming or removal of brush and trees that may interfere with the construction, maintenance or operation of those utilities.
- c. "Design Fee" is a \$150.00 payment to the Company by the Customer requesting a Line Extension, Conversion, or Relocation, in advance of the Company preparing the design. A Design Fee may be collected for any Line Extension, Conversion of Primary Circuit, or Relocation of Primary Circuit that is unusually large, complex, or of a questionable nature. Design Fees may be collected for additional designs if the Customer requests more than one design.
- d. "Extension Certificate" is a transferable certificate which entitles the bearer to receive certain refunds. Certificates will be issued to all Customers paying for a Primary Circuit, including Developers. The conditions under which refunds will be paid are described in this Schedule and on the Certificate.
- e. "Point of Delivery" is the location on the Customer's premises where the Company's service conductors and the Customer's service entrance conductors are connected at a common point to permit a single meter installation. The Point of Delivery will be designated by the Company.
- f. "Primary Circuit" is the electrical facility between the Company's existing energized primary facilities and the proposed Transformer. The Primary Circuit is single phase, is operated at 2400 to 20,000 volts to ground and may include conductors, connectors, supporting structures, conduit and ditch. The Basic and Exceptional Cost of the Primary Circuit shall be computed using the following rates.

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SCHEDULE 51 - continued

Single-Phase
Overhead Primary Circuit:

| | |
|-----------------|----------------------|
| Fixed Costs: | \$4,521 per Customer |
| Variable Costs: | \$8.75 per foot |

Underground Primary Circuit:

| | |
|-----------------|----------------------|
| Fixed Costs: | \$1,958 per Customer |
| Variable Costs: | \$11.15 per foot |

- g. "Secondary Circuit" is the electrical facility from the Company's Transformer to a handhole or connectors from which one or more Service Circuits originate. The Secondary Circuit is single phase, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, handholes, and ditch. The Basic and Exceptional Cost of the Secondary Circuit shall be computed using the following rates.

Single Phase Underground Secondary Circuit:

| | |
|-----------------|--------------------|
| Fixed Costs: | \$392 per customer |
| Variable Costs: | \$11.55 per foot |

Single Phase Overhead Secondary Circuit:

| | |
|--------------|----------------------|
| Fixed Costs: | \$1,843 per customer |
|--------------|----------------------|

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SCHEDULE 51 - continued

- h. "Service Circuit" is the electrical facility between the Company's Transformer, connectors, or handhole and the Point of Delivery for a single Customer or building. The Service Circuit is single phase*, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, and ditch. The Basic and Exceptional Cost of the Service Circuit shall be computed using the following rates. These rates do not include meters and metering facilities which are used by the Company for billing purposes.

Single Phase Overhead Service Circuit:

Variable Costs: \$3.96 per foot

Single Phase Underground Service Circuit:

Variable Costs: \$9.14 per foot

- i. "Transformer" Basic and Exceptional Cost shall be computed using the following rates for single phase transformers.

Single Phase Overhead Transformer Costs: \$2,508 per Customer

Single Phase Padmount Transformer Costs: \$3,597 per Customer

- j. "Underground Facilities" may include primary cable, secondary and service cable, secondary and service connections, surface-type (padmount) Transformers, pads, enclosures, terminations, and conduit where necessary. These facilities will be owned, operated and maintained by the Company unless otherwise provided for by agreement.

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Legislative Tariff Sheets

AVISTA CORPORATION
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SCHEDULE 51 - continued

3. RULES FOR INDIVIDUAL RESIDENTIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to line extensions to serve individual Residential Customers.
- b. Before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) "Basic Cost" is the cost of the Service Circuit, Secondary Circuit, Transformer and Primary Circuit computed from the rates listed in this Schedule, along with the cost of labor and/or materials which are necessary to construct the Line Extension. The meters and metering facilities used by the Company for billing purposes are provided at no cost to the Customer.
- 2) "Cost Reduction" is a decrease allowed when the Company uses lower-cost construction methods or allows the Customer to do some of the work. All facilities provided by the Customer must meet or exceed the Company's specifications. The Cost Reduction may only reduce the Customer's total cost of construction to \$0.00; no payment shall be given to the customer.
- 3) "Allowance" is a credit to each Customer who has at least 2500 kWh per year of new load. The Allowance will be applied first to the Basic Cost of the Service Circuit, second to the Basic Cost of the Secondary Circuit, third to the Basic Cost of the Transformer and fourth to the Basic Cost of the Primary Circuit.

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SCHEDULE 51 - continued

When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Basic Cost of the line extension.

Allowances shall be granted only against the Basic Cost of the current project and not against any part of an earlier or future extension.

The Allowance will be equal to the Basic Cost or the applicable amount listed below, whichever is less:

MAXIMUM ALLOWANCE

| | |
|--------------------------------|-----------------------------|
| Schedule 1 individual Customer | \$1,000 per unit |
| Schedule 1 duplex | \$1,520 per unit |
| Schedule 1 multiplex | \$1,140 per unit |

EXCEPTION: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load:

- a) is less than 2500 kWh per year, or
- b) will be in service less than five years.

A mobile home will not qualify for an Allowance until it has permanent connections to both water service and either a sewer or septic system. If such connections are made within five years after the completion of the line extension, the Company will, at that time, refund the Basic Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

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SCHEDULE 51 - continued

If an immediate Allowance is not granted because electric consumption is expected to be less than 2500 kWh per year, but the Customer can demonstrate after the end of the fifth year that the annual electric consumption was at least 2500 kWh each year for all five years, then the Company will refund to the Customer the Basic Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

If an immediate Allowance is not granted because the Customer is not prepared for a permanent service connection upon completion of the line extension, but the Customer does request a permanent connection within the next five years, and will have consumption of at least 2500 kWh per year, the Company will at that time refund to the Customer the Basic Cost or the amount of the Allowance in affect at the time of the line construction, whichever is less.

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SCHEDULE 51 - continued

- 5) "Share of Previous Extension" applies only to Primary Circuits less than five years old. If part of a previous line extension is used to serve a new Customer, the new Customer must pay a share of the previous Primary Circuit cost and Transformer cost, if shared, to the Company before the start of construction. The amount paid by the new Customer will be refunded to existing Customers in relation to their share of the Primary Circuit and Transformer, if shared. The Company will refund appropriate shares to the bearers of Extension Certificates when the Certificates are presented for payment and the connection of the subsequent Customer has been verified. The Company will make a reasonable attempt to inform the bearer of the Certificate when a refund is due. Bearers of Extension Certificates must apply for refunds before the original line extension becomes six years old. Unclaimed refunds will be returned to the contributor.

EXAMPLE:

1. First Customer pays ~~\$40,040~~ for 1,000 feet of primary underground circuit (~~\$40.04~~ per foot).
2. Second Customer takes service within five years using 600 feet of the original extension.
3. Both Customers share the first 600 feet equally:
 $600 \text{ ft} \times \$40.04/\text{ft} \times \frac{1}{2} = \$3,003$.
4. The Second Customer's payment of ~~\$3,003~~, will be refunded to the First Customer to reduce his investment in the 600 feet to ~~\$3,003~~. The First Customer's investment in the remaining 400 feet remains at ~~\$4,004~~. (~~\$10,040 - \$3,003 - \$3,003 = \$4,004~~)

EXCEPTION: If the refund to an existing Customer is less than \$100 each, the new Customer will not be required to pay that share and the existing Customer will not receive a refund.

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AVISTA CORPORATION
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SCHEDULE 51 - continued

4. RULES AND CHARGES FOR UNDEVELOPED RESIDENTIAL LOTS

- a. A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. Both the General Rules and the following rules apply to line extensions within residential developments.
- b. Before Company facilities will be installed, the developer must submit a written application for service, a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities and must pay an extension cost to the Company which is computed as follows:

| | |
|---|-------------------------------------|
| | Basic Cost |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| = | extension cost within development |
| + | cost of extension to development |
| + | <u>Share of Previous Extension</u> |
| = | extension cost |

- 1) "Basic Cost" will be computed from the following rate per lot when the Development serves single phase loads, has at least six lots and the average frontage is no more than 175 feet per lot. The Basic Cost includes the cost of the Primary Circuit, the Transformer and the Secondary Circuit in the utility easement or public right-of-way, but does not include the Service Circuit from the point of connection with the Secondary Circuit to the Point of Delivery.

Developments: \$4,350 per Lot

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SCHEDULE 51 - continued

The Basic Cost for all other Developments will be computed from the rates listed in this Schedule for Service Circuits, Secondary Circuits, Transformers and Primary Circuits.

- 2) "Cost Reductions, "Customer-Requested Costs, and "Share of Previous Extension" are described under Rules for Individual Customers.
 - 3) "Extension to development" is the line extension between the Company's existing energized electric facilities and the boundary of the development. The Rules for Individual Customers apply to the extension to the development.
- c. In lieu of a cash payment of the Basic Cost in a Development, the Company will accept a letter of credit, a contractor's performance bond, or another credit instrument agreeable to the Company for ~~\$1,350~~ per lot upon execution of a written agreement with the Developer. The agreement shall prescribe the requirements for such a credit instrument and shall permit the face amount of the instrument to be reduced annually as new customers are connected within the Development. The Developer will provide ditching within the Development.
- d. There will be no charge to the builder for the installation of the Service Circuit to serve a duplex or multiplex dwelling.
- e. A Developer who pays the extension cost described in 4.b.1) may apply for a refund annually for each permanent Customer connected within the Development during the first five years after the extension is completed. The Company will make a reasonable attempt to inform the bearer of the certificate when a refund is due. The Company will pay the refund to the bearer of the Extension Certificate when it is presented to the Company for payment and the connection of the permanent Customer has been verified.

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SCHEDULE 51 - continued

For Developers who have made a cash payment to the Company for the Basic Cost in the development, the sum of all refunds shall not exceed the total Basic Cost paid by the Developer or \$1,350 per lot multiplied by the number lots, whichever is less. The developer must apply for the refunds before the line extension becomes six years old.

- f. In a Development where primary taps may be required into some lots to provide adequate service or where the loads are not clearly defined, the Company may elect to install only an initial Primary Circuit through the Development (no Transformers or Secondary Circuits). The Rules for Individual Customers will be used to establish the extension cost of the Primary Circuit and that cost must be paid in advance by the Developer.

The permanent Customer on each lot must meet the Rules for Individual Residential Customers for the extension into the lot, except they will not pay a share of the cost of the Primary Circuit through the Development or a share of previous extensions outside the Development. The applicable Allowance will be credited first to the Basic Cost to serve the permanent Customer. The Developer will be refunded only the portion of the Allowance not granted or applied to the permanent Customer.

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SCHEDULE 51 - continued

5. RULES FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to Line Extensions to serve individual Commercial and Industrial Customers.
- b. Single-Phase Extensions: For Customers who may be served at single phase, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) All terms are described in Section 3.b. and the Basic Costs are set forth in Section 7. The amount of the Allowance will be determined individually for each Customer based on the Company's estimate of the Customer's annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

- c. Three-Phase Extensions: For Customers requiring three-phase service, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Total Estimated Extension Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

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SCHEDULE 51 – continued

1) The Total Estimated Extension Cost shall include all costs which are necessary to provide service to the Customer, as determined by the Company. The amount of the Allowance will be determined individually for each Customer based on the Company's estimate of the Customer's annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

d. When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Total Estimated Extension Cost. Allowances shall be granted only against the costs of the current project and not against any part of an earlier or future extension.

The Allowance will be the Total Estimated Extension Cost, or the applicable Allowance by Schedule multiplied by the Customer's estimated metered energy usage (delivered by Avista), whichever is less:

ALLOWANCE BY SERVICE SCHEDULE

Schedule 11 or 12: \$0.~~16674~~ per kWh

Schedule 21 or 22: \$0.~~15360~~ per kWh

Schedule 31 or 32: \$0.~~26623~~ per kWh

Exception: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load is unknown, or will be in service less than five years. If an Allowance is not provided at the time service is installed, the Customer is eligible to receive a refund of their Allowance when annual metered energy usage (delivered by Avista) is known and measured. Any refund of Customer Allowance must be requested by the Customer within five years of the service installation.

Undeveloped Commercial and Industrial Lots: A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. The General Rules, the Rules for Commercial and Industrial Customers and the following apply to line extensions within commercial or industrial developments. Before Company facilities will be installed, the developer must submit a written application for service and a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities.

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SCHEDULE 51 - continued

- b. Before construction starts, the party requesting a Conversion or Relocation must pay a conversion or relocation cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic Cost |
| + | Customer Requested Costs |
| - | Cost Reductions |
| = | new line cost |
| + | Removal Costs |
| - | Salvage Value |
| - | (one) Design Fee of \$150 (if paid) |
| <hr/> | |
| = | conversion or relocation cost |

EXCEPTION: If the Customer is adding load and the load increase would require the Company to add or modify facilities at its expense, the conversion or relocation cost will be reduced by the estimated cost of such modification.

- 1) "New Line Cost" is the cost of the new line extension in accordance with the Rules for Individual Customers, except no Allowance will be credited to the cost.
- 2) "Removal Cost" is the cost of the labor, overheads and use of equipment required to remove the existing facilities.
- 3) "Salvage Value" is the value to the Company of the materials removed from the existing facilities. Materials removed may not have Salvage Value. Salvage Value will be determined in the Company's sole discretion.

7. DEFINITIONS AND CHARGES (listed alphabetically)

- a. "Customer" is any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

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SCHEDULE 51 – continued

- b. "Dedicated Utility Easements" are designated strips or locations within the platted development which have been approved by the serving utility companies and the local government planning department and are dedicated to the serving utility companies for the purpose of construction, reconstruction, maintenance and operation of utilities, including the inspection of those utilities at reasonable times and the trimming or removal of brush and trees that may interfere with the construction, maintenance or operation of those utilities.
- c. "Design Fee" is a \$150.00 payment to the Company by the Customer requesting a Line Extension, Conversion, or Relocation, in advance of the Company preparing the design. A Design Fee may be collected for any Line Extension, Conversion of Primary Circuit, or Relocation of Primary Circuit that is unusually large, complex, or of a questionable nature. Design Fees may be collected for additional designs if the Customer requests more than one design.
- d. "Extension Certificate" is a transferable certificate which entitles the bearer to receive certain refunds. Certificates will be issued to all Customers paying for a Primary Circuit, including Developers. The conditions under which refunds will be paid are described in this Schedule and on the Certificate.
- e. "Point of Delivery" is the location on the Customer's premises where the Company's service conductors and the Customer's service entrance conductors are connected at a common point to permit a single meter installation. The Point of Delivery will be designated by the Company.
- f. "Primary Circuit" is the electrical facility between the Company's existing energized primary facilities and the proposed Transformer. The Primary Circuit is single phase, is operated at 2400 to 20,000 volts to ground and may include conductors, connectors, supporting structures, conduit and ditch. The Basic Cost of the Primary Circuit shall be computed using the following rates.

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SCHEDULE 51 - continued

Single-Phase

Overhead Primary Circuit:

Fixed Costs: \$4,677 per Customer

Variable Costs: \$9.17 per foot

Underground Primary Circuit:

Fixed Costs: \$1,920 per Customer

Variable Costs: \$10.01 per foot

- g. "Secondary Circuit" is the electrical facility from the Company's Transformer to a handhole or connectors from which one or more Service Circuits originate. The Secondary Circuit is single phase, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, handholes, and ditch. The Basic Cost of the Secondary Circuit shall be computed using the following rates.

Single Phase Underground Secondary Circuit:

Fixed Costs: \$394 per customer

Variable Costs: \$8.60 per foot

Single Phase Overhead Secondary Circuit:

Fixed Costs: \$1,936 per customer

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SCHEDULE 51 - continued

- h. "Service Circuit" is the electrical facility between the Company's Transformer, connectors, or handhole and the Point of Delivery for a single Customer or building. The Service Circuit is single phase*, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, and ditch. The Basic Cost of the Service Circuit shall be computed using the following rates. These rates do not include meters and metering facilities which are used by the Company for billing purposes.

Single Phase Overhead Service Circuit:

Variable Costs: \$4.27 per foot

Single Phase Underground Service Circuit:

Variable Costs: \$8.43 per foot

- i. "Transformer" Basic Cost shall be computed using the following rates for single phase transformers.

Single Phase Overhead Transformer Costs: \$2,345 per Customer

Single Phase Padmount Transformer Costs: \$3,477 per Customer

- j. "Underground Facilities" may include primary cable, secondary and service cable, secondary and service connections, surface-type (padmount) Transformers, pads, enclosures, terminations, and conduit where necessary. These facilities will be owned, operated and maintained by the Company unless otherwise provided for by agreement.

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SCHEDULE 51 - continued

3. RULES FOR INDIVIDUAL RESIDENTIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to line extensions to serve individual Residential Customers.
- b. Before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|--|
| | Basic <u>and</u> <u>Exceptional</u> Cost |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) "Basic and Exceptional Cost" is the cost of the Service Circuit, Secondary Circuit, Transformer and Primary Circuit computed from the rates listed in this Schedule, along with the cost of labor and/or materials which are necessary to construct the Line Extension. The meters and metering facilities used by the Company for billing purposes are provided at no cost to the Customer.
- 2) "Cost Reduction" is a decrease allowed when the Company uses lower-cost construction methods or allows the Customer to do some of the work. All facilities provided by the Customer must meet or exceed the Company's specifications. The Cost Reduction may only reduce the Customer's total cost of construction to \$0.00; no payment shall be given to the customer.
- 3) "Allowance" is a credit to each Customer who has at least 2500 kWh per year of new load. The Allowance will be applied first to the Basic and Exceptional Cost of the Service Circuit, second to the Basic and Exceptional Cost of the Secondary Circuit, third to the Basic and Exceptional Cost of the Transformer and fourth to the Basic and Exceptional Cost of the Primary Circuit.

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SCHEDULE 51 - continued

When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Basic and Exceptional Cost of the line extension.

Allowances shall be granted only against the Basic and Exceptional Cost of the current project and not against any part of an earlier or future extension.

The Allowance will be equal to the Basic and Exceptional Cost or the applicable amount listed below, whichever is less:

MAXIMUM ALLOWANCE

| | |
|--------------------------------|--------------------------|
| Schedule 1 individual Customer | \$ <u>2,065</u> per unit |
| Schedule 1 duplex | \$ <u>1,650</u> per unit |
| Schedule 1 multiplex | \$ <u>1,240</u> per unit |

EXCEPTION: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load:

- a) is less than 2500 kWh per year, or
- b) will be in service less than five years.

A mobile home will not qualify for an Allowance until it has permanent connections to both water service and either a sewer or septic system. If such connections are made within five years after the completion of the line extension, the Company will, at that time, refund the Basic and Exceptional Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

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SCHEDULE 51 - continued

If an immediate Allowance is not granted because electric consumption is expected to be less than 2500 kWh per year, but the Customer can demonstrate after the end of the fifth year that the annual electric consumption was at least 2500 kWh each year for all five years, then the Company will refund to the Customer the Basic and Exceptional Cost or the amount of the Allowance in effect at the time of the line construction, whichever is less. The Customer must apply for the refund before the line extension becomes six years old.

If an immediate Allowance is not granted because the Customer is not prepared for a permanent service connection upon completion of the line extension, but the Customer does request a permanent connection within the next five years, and will have consumption of at least 2500 kWh per year, the Company will at that time refund to the Customer the Basic and Exceptional Cost or the amount of the Allowance in affect at the time of the line construction, whichever is less.

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SCHEDULE 51 - continued

- 5) "Share of Previous Extension" applies only to Primary Circuits less than five years old. If part of a previous line extension is used to serve a new Customer, the new Customer must pay a share of the previous Primary Circuit cost and Transformer cost, if shared, to the Company before the start of construction. The amount paid by the new Customer will be refunded to existing Customers in relation to their share of the Primary Circuit and Transformer, if shared. The Company will refund appropriate shares to the bearers of Extension Certificates when the Certificates are presented for payment and the connection of the subsequent Customer has been verified. The Company will make a reasonable attempt to inform the bearer of the Certificate when a refund is due. Bearers of Extension Certificates must apply for refunds before the original line extension becomes six years old. Unclaimed refunds will be returned to the contributor.

EXAMPLE:

1. First Customer pays \$11,150 for 1,000 feet of primary underground circuit (\$11.15 per foot).
2. Second Customer takes service within five years using 600 feet of the original extension.
3. Both Customers share the first 600 feet equally:
 $600 \text{ ft} \times \$11.15/\text{ft} \times \frac{1}{2} = \$3,345$.
4. The Second Customer's payment of \$3,345, will be refunded to the First Customer to reduce his investment in the 600 feet to \$3,345. The First Customer's investment in the remaining 400 feet remains at \$4,460. ($\$11,150 - \$3,345 - \$3,345 = \$4,460$)

EXCEPTION: If the refund to an existing Customer is less than \$100 each, the new Customer will not be required to pay that share and the existing Customer will not receive a refund.

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SCHEDULE 51 - continued

4. RULES AND CHARGES FOR UNDEVELOPED RESIDENTIAL LOTS

- a. A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. Both the General Rules and the following rules apply to line extensions within residential developments.
- b. Before Company facilities will be installed, the developer must submit a written application for service, a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities and must pay an extension cost to the Company which is computed as follows:

| | |
|---|-------------------------------------|
| | <u>Basic and Exceptional Cost</u> |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| = | extension cost within development |
| + | cost of extension to development |
| + | <u>Share of Previous Extension</u> |
| = | extension cost |

- 1) "Basic and Exceptional Cost" will be computed from the following rate per lot when the Development serves single phase loads, has at least six lots and the average frontage is no more than 175 feet per lot. The Basic and Exceptional Cost includes the cost of the Primary Circuit, the Transformer and the Secondary Circuit in the utility easement or public right-of-way, but does not include the Service Circuit from the point of connection with the Secondary Circuit to the Point of Delivery.

Developments: \$1,612 per Lot

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AVISTA CORPORATION
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SCHEDULE 51 - continued

The Basic and Exceptional Cost for all other Developments will be computed from the rates listed in this Schedule for Service Circuits, Secondary Circuits, Transformers and Primary Circuits.

- 2) "Cost Reductions, "Customer-Requested Costs, and "Share of Previous Extension" are described under Rules for Individual Customers.
 - 3) "Extension to development" is the line extension between the Company's existing energized electric facilities and the boundary of the development. The Rules for Individual Customers apply to the extension to the development.
- c. In lieu of a cash payment of the Basic and Exceptional Cost in a Development, the Company will accept a letter of credit, a contractor's performance bond, or another credit instrument agreeable to the Company for \$1,612 per lot upon execution of a written agreement with the Developer. The agreement shall prescribe the requirements for such a credit instrument and shall permit the face amount of the instrument to be reduced annually as new customers are connected within the Development. The Developer will provide ditching within the Development.
- d. Prior to the installation of the Service Circuit to each single-family residence in a development, the home builder will be required to make a non-refundable cash payment to the Company of \$5 per residence. There will be no charge to the builder for the installation of the Service Circuit to serve a duplex or multiplex dwelling.
- e. A Developer who pays the extension cost described in 4.b.1) may apply for a refund annually for each permanent Customer connected within the Development during the first five years after the extension is completed. The Company will make a reasonable attempt to inform the bearer of the certificate when a refund is due. The Company will pay the refund to the bearer of the Extension Certificate when it is presented to the Company for payment and the connection of the permanent Customer has been verified.

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SCHEDULE 51 - continued

For Developers who have made a cash payment to the Company for the Basic and Exceptional Cost in the development, the sum of all refunds shall not exceed the total Basic and Exceptional Cost paid by the Developer or \$1,612 per lot multiplied by the number lots, whichever is less. The developer must apply for the refunds before the line extension becomes six years old.

- f. In a Development where primary taps may be required into some lots to provide adequate service or where the loads are not clearly defined, the Company may elect to install only an initial Primary Circuit through the Development (no Transformers or Secondary Circuits). The Rules for Individual Customers will be used to establish the extension cost of the Primary Circuit and that cost must be paid in advance by the Developer.

The permanent Customer on each lot must meet the Rules for Individual Residential Customers for the extension into the lot, except they will not pay a share of the cost of the Primary Circuit through the Development or a share of previous extensions outside the Development. The applicable Allowance will be credited first to the Basic and Exceptional Cost to serve the permanent Customer. The Developer will be refunded only the portion of the Allowance not granted or applied to the permanent Customer.

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Effective May 1, 2022

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By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 51 - continued

5. RULES FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS

- a. Both the General Rules and the following rules apply to Line Extensions to serve individual Commercial and Industrial Customers.
- b. Single-Phase Extensions: For Customers who may be served at single phase, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | <u>Basic and Exceptional Cost</u> |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

- 1) All terms are described in Section 3.b. and the Basic and Exceptional Costs are set forth in Section 7. The amount of the Allowance will be determined individually for each Customer based on the Company's estimate of the Customer's annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

- c. Three-Phase Extensions: For Customers requiring three-phase service, as determined by the Company, before the start of construction, the Customer must submit a written application for service and pay an extension cost to the Company which is computed as follows:

| | |
|-------|---------------------------------------|
| | <u>Total Estimated Extension Cost</u> |
| - | Allowance |
| + | Customer-Requested Costs |
| - | Cost Reductions |
| - | (one) Design Fee of \$150 (if paid) |
| + | Share of Previous Extension |
| <hr/> | |
| = | extension cost |

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SCHEDULE 51 – continued

- 1) The Total Estimated Extension Cost shall include all costs which are necessary to provide service to the Customer, as determined by the Company. The amount of the Allowance will be determined individually for each Customer based on the Company's estimate of the Customer's annual metered energy usage (delivered by Avista) and an allowance per kWh based on the applicable service schedule.

- d. When two or more Customers apply concurrently for service from the same Line Extension, each will receive an Allowance up to their proportion of the Total Estimated Extension Cost. Allowances shall be granted only against the costs of the current project and not against any part of an earlier or future extension.

The Allowance will be the Total Estimated Extension Cost, or the applicable Allowance by Schedule multiplied by the Customer's estimated metered energy usage (delivered by Avista), whichever is less:

ALLOWANCE BY SERVICE SCHEDULE

- Schedule 11 or 12: \$0.16674 per kWh
- Schedule 21 or 22: \$0.15360 per kWh
- Schedule 31 or 32: \$0.26623 per kWh

Exception: The Company will not grant an immediate Allowance if the Company, in its sole judgement, determines that the load is unknown, or will be in service less than five years. If an Allowance is not provided at the time service is installed, the Customer is eligible to receive a refund of their Allowance when annual metered energy usage (delivered by Avista) is known and measured. Any refund of Customer Allowance must be requested by the Customer within five years of the service installation.

Undeveloped Commercial and Industrial Lots: A development is a group of neighboring undeveloped lots separated by no more than streets and under the ownership or legal control of a single party as determined by the Company. The General Rules, the Rules for Commercial and Industrial Customers and the following apply to line extensions within commercial or industrial developments. Before Company facilities will be installed, the developer must submit a written application for service and a copy of the plat as approved by the governing agency depicting dedicated utility easements approved by the serving utilities.

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SCHEDULE 51 - continued

- b. Before construction starts, the party requesting a Conversion or Relocation must pay a conversion or relocation cost to the Company which is computed as follows:

| | |
|-------|-------------------------------------|
| | Basic and Exceptional Cost |
| + | Customer Requested Costs |
| - | Cost Reductions |
| = | new line cost |
| + | Removal Costs |
| - | Salvage Value |
| - | (one) Design Fee of \$150 (if paid) |
| <hr/> | |
| = | conversion or relocation cost |

EXCEPTION: If the Customer is adding load and the load increase would require the Company to add or modify facilities at its expense, the conversion or relocation cost will be reduced by the estimated cost of such modification.

- 1) "New Line Cost" is the cost of the new line extension in accordance with the Rules for Individual Customers, except no Allowance will be credited to the cost.
- 2) "Removal Cost" is the cost of the labor, overheads and use of equipment required to remove the existing facilities.
- 3) "Salvage Value" is the value to the Company of the materials removed from the existing facilities. Materials removed may not have Salvage Value. Salvage Value will be determined in the Company's sole discretion.

7. DEFINITIONS AND CHARGES (listed alphabetically)

- a. "Customer" is any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

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SCHEDULE 51 – continued

- b. "Dedicated Utility Easements" are designated strips or locations within the platted development which have been approved by the serving utility companies and the local government planning department and are dedicated to the serving utility companies for the purpose of construction, reconstruction, maintenance and operation of utilities, including the inspection of those utilities at reasonable times and the trimming or removal of brush and trees that may interfere with the construction, maintenance or operation of those utilities.
- c. "Design Fee" is a \$150.00 payment to the Company by the Customer requesting a Line Extension, Conversion, or Relocation, in advance of the Company preparing the design. A Design Fee may be collected for any Line Extension, Conversion of Primary Circuit, or Relocation of Primary Circuit that is unusually large, complex, or of a questionable nature. Design Fees may be collected for additional designs if the Customer requests more than one design.
- d. "Extension Certificate" is a transferable certificate which entitles the bearer to receive certain refunds. Certificates will be issued to all Customers paying for a Primary Circuit, including Developers. The conditions under which refunds will be paid are described in this Schedule and on the Certificate.
- e. "Point of Delivery" is the location on the Customer's premises where the Company's service conductors and the Customer's service entrance conductors are connected at a common point to permit a single meter installation. The Point of Delivery will be designated by the Company.
- f. "Primary Circuit" is the electrical facility between the Company's existing energized primary facilities and the proposed Transformer. The Primary Circuit is single phase, is operated at 2400 to 20,000 volts to ground and may include conductors, connectors, supporting structures, conduit and ditch. The Basic and Exceptional Cost of the Primary Circuit shall be computed using the following rates.

| | | | |
|--------|----------------|-----------|-------------|
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|--------|----------------|-----------|-------------|

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SCHEDULE 51 - continued

Single-Phase
Overhead Primary Circuit:

Fixed Costs: \$4,521 per Customer
Variable Costs: \$8.75 per foot

Underground Primary Circuit:

Fixed Costs: \$1,958 per Customer
Variable Costs: \$11.15 per foot

- g. "Secondary Circuit" is the electrical facility from the Company's Transformer to a handhole or connectors from which one or more Service Circuits originate. The Secondary Circuit is single phase, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, handholes, and ditch. The Basic and Exceptional Cost of the Secondary Circuit shall be computed using the following rates.

Single Phase Underground Secondary Circuit:

Fixed Costs: \$392 per customer
Variable Costs: \$11.55 per foot

Single Phase Overhead Secondary Circuit:

Fixed Costs: \$1,843 per customer

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SCHEDULE 51 - continued

- h. "Service Circuit" is the electrical facility between the Company's Transformer, connectors, or handhole and the Point of Delivery for a single Customer or building. The Service Circuit is single phase*, is operated at less than 600 volts to ground and may include conductors, connectors, conduit, and ditch. The Basic and Exceptional Cost of the Service Circuit shall be computed using the following rates. These rates do not include meters and metering facilities which are used by the Company for billing purposes.

Single Phase Overhead Service Circuit:

Variable Costs: \$3.96 per foot

Single Phase Underground Service Circuit:

Variable Costs: \$9.14 per foot

- i. "Transformer" Basic and Exceptional Cost shall be computed using the following rates for single phase transformers.

Single Phase Overhead Transformer Costs: \$2,508 per Customer

Single Phase Padmount Transformer Costs: \$3,597 per Customer

- j. "Underground Facilities" may include primary cable, secondary and service cable, secondary and service connections, surface-type (padmount) Transformers, pads, enclosures, terminations, and conduit where necessary. These facilities will be owned, operated and maintained by the Company unless otherwise provided for by agreement.

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Allowable Investment by Customer Class

| RESIDENTIAL (SCHEDULE 1) | | | |
|--|--------------|---------------------|-----------|
| | Distribution | Terminal Facilities | Total |
| Allowable Investment per Customer | \$1,555 | \$510 | \$2,065 |
| GENERAL SERVICE (SCHEDULE 11-12)* | | | |
| | Distribution | Terminal Facilities | Total |
| Allowable Investment per kWh | \$0.13122 | \$0.03553 | \$0.16674 |
| LARGE GENERAL SERVICE (SCHEDULE 21-22)* | | | |
| | Distribution | Terminal Facilities | Total |
| Allowable Investment per kWh | \$0.13406 | \$0.01954 | \$0.15360 |
| PUMPING SERVICE (SCHEDULE 31) | | | |
| | Distribution | Terminal Facilities | Total |
| Allowable Investment per kWh | \$0.22511 | \$0.04112 | \$0.26623 |

* Schedules 12 and 22 are for customers who meet the requirements for service under Schedules 11 and 21 and whose electric use qualifies as "residential load" as defined in the Pacific Northwest Electric Power Planning and Conservation Act and the Residential Purchase and Sale Agreement contract in effect between Avista and the Bonneville Power Administration. Tariffed rates are the same under Schedules 11 and 12 and under Schedules 21 and 22.

**Calculation of Allowance - Schedule 51
Schedule 001**

Summary

| | | | |
|----------------------------------|-----------|-----------------|---------|
| Total Cost per Customer (C18) | \$ | 1,801.17 | C21 |
| Return on Common Equity (C4*C27) | \$ | 112.84 | C6*C33 |
| Debt Costs (C4*E22) | \$ | 42.33 | C6*C29 |
| Subtotal | \$ | 155.17 | C7+C8 |
| Depreciation Expense | \$ | 74.75 | C41 |
| Total Revenue Requirement | \$ | 229.92 | C9+C10 |
| Revenue Requirement Factor | | 11.15% | C34+C42 |
| Allowable Investment | \$ | 2,062.69 | C11/C12 |
| Less Meter Cost | \$ | - | Input |
| TOTAL ALLOWANCE | \$ | 2,062.69 | |

Cost per Customer

| | | | |
|-------------------------------------|----|-------------|---------------|
| Number of Customers | | 109,816 | Input |
| Total Net Plant Distribution | \$ | 149,930,861 | Input |
| Total Net Plant Terminal Facilities | \$ | 47,866,670 | Input |
| Total per Customer | \$ | 1,801.17 | (C19+C20)/C18 |

Rate of Return/Capital Structure

| | | | |
|---------------------------------|--|---------|---------|
| Capital Structure | | | |
| Long Term Debt | | 50% | Input |
| Common Equity | | 50% | Input |
| Long Term Debt Cost | | 4.70% | Input |
| Common Equity Return | | 9.40% | Input |
| Weighted Debt Cost | | 2.350% | C27*C25 |
| Weighted Equity | | 4.7000% | C28*C26 |
| Rate of Return before Gross Up | | 7.05% | C29+C30 |
| Gross Up Factor | | 1.33 | Input |
| Return on Equity after Gross Up | | 6.26% | C30*C32 |
| Rate of Return after Gross Up | | 8.615% | C29+C33 |

Depreciation

| | | | |
|------------------------------------|----|-------|---------|
| Rate for Distribution | | 2.67% | Input |
| Rate for Terminal Facilities | | 2.18% | Input |
| Distribution Depreciation Expense | \$ | 55.69 | |
| Terminal Fac. Depreciation Expense | \$ | 19.07 | |
| Total Annual Depreciation | | 74.75 | C39+C40 |
| Weighted Average Depreciation Rate | | 2.53% | Input |

Apartments

| | | | |
|---------------------------------|-----------|--------------|-------------|
| Current Schedule 1 Allowance | \$ | 1,900 | Schedule 51 |
| Current Duplex Allowance | \$ | 1,520 | Schedule 51 |
| Current Multiplex Allowance | \$ | 1,140 | Schedule 51 |
| Ratio of Duplex to Residence | | 0.80 | C48/C47 |
| New Duplex Allowance | \$ | 1,650 | C50*J32 |
| Ratio of Multiplex to Residence | | 0.60 | C49/C47 |
| New Multiplex Allowance | \$ | 1,240 | C52*J32 |

| Residential (Schedule 1) | | | |
|--|--------------------|---------------------|-------------------|
| # Customers | 109,816 | | |
| Rate of Return | 8.615% | | |
| | Distribution Plant | Terminal Facilities | Total |
| AVJ-E-21-01 2021 Cost of Service Study | | | |
| Net Plant | 149,930,861 | 47,866,670 | 197,797,531 |
| Return on Net Plant | 12,916,525 | 4,123,708 | 17,040,233 |
| Depreciation Expense | 6,115,451 | 2,093,651 | 8,209,102 |
| Total | 19,031,976 | 6,217,359 | 25,249,335 |
| | Distribution Plant | Terminal Facilities | Total |
| Per Customer Expenses | | | |
| Net Plant | 1365.29 | 435.88 | 1801.17 |
| Return on Net Plant | 117.62 | 37.55 | 155.17 |
| Depreciation Expense | 55.69 | 19.07 | 74.75 |
| Total | 173.31 | 56.62 | 229.92 |
| Allowable Investment | \$1,554.78 | \$507.91 | \$2,062.69 |
| Rounded to nearest \$5 increment | \$0.22 | \$2.09 | \$2.31 |
| Allowable Investment | \$1,555.00 | \$510.00 | \$2,065.00 |

Apartments

| | | |
|---------------------------------|-----------|--------------|
| Current Schedule 1 Allowance | \$ | 1,900 |
| Current Duplex Allowance | \$ | 1,520 |
| Current Multiplex Allowance | \$ | 1,140 |
| Ratio of Duplex to Residence | | 0.8 |
| New Duplex Allowance | \$ | 1,650 |
| Ratio of Multiplex to Residence | | 0.6 |
| New Multiplex Allowance | \$ | 1,240 |

**Calculation of Allowance - Schedule 51
Schedule 011/012**

Cents Per kWh

Summary

| | | | |
|----------------------------------|-----------|----------------|----------|
| Total Cost per Customer (C18) | \$ | 0.1457 | F21/1000 |
| Return on Common Equity (C4*C27) | \$ | 0.0091 | F33*F6 |
| Debt Costs (C4*E22) | \$ | 0.0034 | F6*F29 |
| Subtotal | \$ | 0.0126 | F7+F8 |
| Depreciation Expense | \$ | 0.0060 | F41/1000 |
| Total Revenue Requirement | \$ | 0.0186 | F9+F10 |
| Revenue Requirement Factor | | 11.15% | F42+F34 |
| Allowable Investment | \$ | 0.1667 | F11/F12 |
| Less Meter Cost | \$ | - | Input |
| TOTAL ALLOWANCE | \$ | 0.16674 | |

Cost per Customer

| | | | |
|-------------------------------------|----|------------|---------------|
| Annual MWs | | 386,398 | Input |
| Total Net Plant Distribution | \$ | 44,522,478 | Input |
| Total Net Plant Terminal Facilities | \$ | 11,771,566 | Input |
| Total per Customer | \$ | 145.69 | (F20+F19)/F18 |

Rate of Return/Capital Structure

| | | | |
|---------------------------------|--|---------|---------|
| Long Term Debt | | 50% | Input |
| Common Equity | | 50% | Input |
| Long Term Debt Cost | | 4.70% | Input |
| Common Equity Return | | 9.40% | Input |
| Weighted Debt Cost | | 2.350% | F27*F25 |
| Weighted Equity | | 4.7000% | F28*F26 |
| Rate of Return before Gross Up | | 7.05% | F29+F30 |
| Gross Up Factor | | 1.33 | Input |
| Return on Equity after Gross Up | | 6.26% | F30*F32 |
| Rate of Return after Gross Up | | 8.615% | F29+F33 |

Depreciation

| | | | |
|------------------------------------|----|-------|---------|
| Rate for Distribution | | 2.67% | Input |
| Rate for Terminal Facilities | | 2.18% | Input |
| Distribution Depreciation Expense | \$ | 4.70 | |
| Terminal Fac. Depreciation Expense | \$ | 1.34 | |
| Total Annual Depreciation | | 6.04 | F39+F40 |
| Weighted Average Depreciation Rate | | 2.53% | Input |

| (Schedule 11/12) | | | |
|-------------------------------------|--------------------|---------------------|------------------|
| Annual MWs | | 386,398 | |
| Rate of Return | | 8.615% | |
| AVU-E-21-01 2021 Cost of Service \$ | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 44,522,478 | 11,771,566 | 56,294,044 |
| Return on Net Plant | 3,835,606 | 1,014,119 | 4,849,725 |
| Depreciation Expense | 1,816,005 | 516,102 | 2,332,107 |
| Total | 5,651,611 | 1,530,221 | 7,181,832 |
| Per Customer Expenses | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 0.1152 | 0.0305 | 0.1457 |
| Return on Net Plant | 0.0099 | 0.0026 | 0.0126 |
| Depreciation Expense | 0.0047 | 0.0013 | 0.0060 |
| Total | 0.0146 | 0.0040 | 0.0186 |
| Allowable Investment | \$0.1312 | \$0.0355 | \$0.1667 |
| Less: Meter Cost | 0.00000 | 0.00000 | 0.00000 |
| Allowable Investment | \$0.13122 | \$0.03553 | \$0.16674 |

**Calculation of Allowance - Schedule 51
Schedule 021/022**

Cents Per kWh

Summary

| | | | |
|----------------------------------|-----------|----------------|----------|
| Total Cost per Customer (C18) | \$ | 0.1345 | F21/1000 |
| Return on Common Equity (C4*C27) | \$ | 0.0084 | F33*F6 |
| Debt Costs (C4*E22) | \$ | 0.0032 | F6*F29 |
| Subtotal | \$ | 0.0116 | F7+F8 |
| Depreciation Expense | \$ | 0.0055 | F41/1000 |
| Total Revenue Requirement | \$ | 0.0171 | F9+F10 |
| Revenue Requirement Factor | | 11.15% | F42+F34 |
| Allowable Investment | \$ | 0.1536 | F11/F12 |
| Less Meter Cost | \$ | - | Input |
| TOTAL ALLOWANCE | \$ | 0.15360 | |

Cost per Customer

| | | | |
|-------------------------------------|----|------------|---------------|
| Annual MWs | | 621,476 | Input |
| Total Net Plant Distribution | \$ | 73,204,696 | Input |
| Total Net Plant Terminal Facilities | \$ | 10,380,186 | Input |
| Total per Customer | \$ | 134.49 | (F20+F19)/F18 |

Rate of Return/Capital Structure

Capital Structure

| | | | |
|---------------------------------|--|---------|---------|
| Long Term Debt | | 50% | Input |
| Common Equity | | 50% | Input |
| Long Term Debt Cost | | 4.70% | Input |
| Common Equity Return | | 9.40% | Input |
| Weighted Debt Cost | | 2.350% | F27*F25 |
| Weighted Equity | | 4.7000% | F28*F26 |
| Rate of Return before Gross Up | | 7.05% | F29+F30 |
| Gross Up Factor | | 1.33 | Input |
| Return on Equity after Gross Up | | 6.26% | F30*F32 |
| Rate of Return after Gross Up | | 8.615% | F29+F33 |

Depreciation

| | | | |
|------------------------------------|----|-------|---------|
| Rate for Distribution | | 2.67% | Input |
| Rate for Terminal Facilities | | 2.15% | Input |
| Distribution Depreciation Expense | \$ | 4.80 | |
| Terminal Fac. Depreciation Expense | \$ | 0.74 | |
| Total Annual Depreciation | | 5.54 | F39+F40 |
| Weighted Average Depreciation Rate | | 2.53% | Input |

| (Schedule 21/22) | | | |
|-------------------------------------|--------------------|---------------------|------------------|
| Annual MWs | 621,476 | | |
| Rate of Return | 8.615% | | |
| AVU-E-21-01 2021 Cost of Service St | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 73,204,696 | 10,380,186 | 83,584,882 |
| Return on Net Plant | 6,306,576 | 894,252 | 7,200,827 |
| Depreciation Expense | 2,980,459 | 459,620 | 3,440,079 |
| Total | 9,287,035 | 1,353,872 | 10,640,906 |
| Per Customer Expenses | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 0.1178 | 0.0167 | 0.1345 |
| Return on Net Plant | 0.0101 | 0.0014 | 0.0116 |
| Depreciation Expense | 0.0048 | 0.0007 | 0.0055 |
| Total | 0.0149 | 0.0022 | 0.0171 |
| Allowable Investment | \$0.1341 | \$0.0195 | \$0.1536 |
| Less: Meter Cost | 0.00000 | 0.00000 | 0.00000 |
| Allowable Investment | \$0.13406 | \$0.01954 | \$0.15360 |

**Calculation of Allowance - Schedule 51
Schedule 031/032**

Summary

| | Cents Per kWh | |
|----------------------------------|-------------------|----------|
| Total Cost per Customer (C18) | \$ 0.2329 | F21/1000 |
| Return on Common Equity (C4*C27) | \$ 0.0146 | F33*F6 |
| Debt Costs (C4*E22) | \$ 0.0055 | F6*F29 |
| Subtotal | \$ 0.0201 | F7+F8 |
| Depreciation Expense | \$ 0.0096 | F41/1000 |
| Total Revenue Requirement | \$ 0.0297 | F9+F10 |
| Revenue Requirement Factor | 11.15% | F42+F34 |
| Allowable Investment | \$ 0.2662 | F11/F12 |
| Less Meter Cost | \$ - | Input |
| TOTAL ALLOWANCE | \$ 0.26623 | |

Cost per Customer

| | | |
|-------------------------------------|---------------|---------------|
| Annual MWs | 60,324 | Input |
| Total Net Plant Distribution | \$ 11,924,569 | Input |
| Total Net Plant Terminal Facilities | \$ 2,122,011 | Input |
| Total per Customer | \$ 232.85 | (F20+F19)/F18 |

Rate of Return/Capital Structure

| | Capital Structure | |
|---------------------------------|-------------------|---------|
| Long Term Debt | 50% | Input |
| Common Equity | 50% | Input |
| Long Term Debt Cost | 4.70% | Input |
| Common Equity Return | 9.40% | Input |
| Weighted Debt Cost | 2.350% | F27*F25 |
| Weighted Equity | 4.7000% | F28*F26 |
| Rate of Return before Gross Up | 7.05% | F29+F30 |
| Gross Up Factor | 1.33 | Input |
| Return on Equity after Gross Up | 6.26% | F30*F32 |
| Rate of Return after Gross Up | 8.615% | F29+F33 |

Depreciation

| | | |
|------------------------------------|---------|---------|
| Rate for Distribution | 2.67% | Input |
| Rate for Terminal Facilities | 2.16% | Input |
| Distribution Depreciation Expense | \$ 8.06 | |
| Terminal Fac. Depreciation Expense | \$ 1.55 | |
| Total Annual Depreciation | 9.62 | F39+F40 |
| Weighted Average Depreciation Rate | 2.53% | Input |

| (Schedule 31/32) | | | |
|-------------------------------------|--------------------|---------------------|------------------|
| Annual MWs | 60,324 | | |
| Rate of Return | 8.615% | | |
| AVU-E-21-01 2021 Cost of Service St | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 11,924,569 | 2,122,011 | 14,046,580 |
| Return on Net Plant | 1,027,300 | 182,811 | 1,210,111 |
| Depreciation Expense | 486,386 | 93,659 | 580,045 |
| Total | 1,513,686 | 276,470 | 1,790,156 |
| Per Customer Expenses | Distribution Plant | Terminal Facilities | Total |
| Net Plant | 0.1977 | 0.0352 | 0.2329 |
| Return on Net Plant | 0.0170 | 0.0030 | 0.0201 |
| Depreciation Expense | 0.0081 | 0.0016 | 0.0096 |
| Total | 0.0251 | 0.0046 | 0.0297 |
| Allowable Investment | \$0.2251 | \$0.0411 | \$0.2662 |
| Less: Meter Cost | 0.00000 | 0.00000 | 0.00000 |
| Allowable Investment | \$0.22511 | \$0.04112 | \$0.26623 |

***From AVU-E-21-01 Cost of Service (Knox)**

| | Total | Schedule 001 | Schedule 011/012 | Schedule 021/022 | Schedule 031/032 | Allocator | Source |
|---------------------------|-----------|--------------|------------------|------------------|------------------|-----------|--------------------|
| Number of Customers | 134,343 | 109,816 | 22,031 | 1,060 | 1,436 | C01 | Assign (BF38:BM38) |
| Annual Consumption (MWhs) | 2,243,713 | 1,175,515 | 386,398 | 621,476 | 60,324 | E01 | Assign (BF11:BM11) |
| NCP Demand (kW) | 461,824 | 247,308 | 73,439 | 121,408 | 19,669 | D04 | Assign (BF24:BM24) |

****Not Used****

| Cost of Capital | | | |
|------------------------|-------------------|----------------|---------------|
| Capital Component | Capital Structure | Component Cost | Weighted Cost |
| Long Term Debt | 50.000% | 4.70% | 2.35% |
| Preferred Equity | 0.000% | 0.00% | 0.00% |
| Common Equity | 50.000% | 9.40% | 4.70% |
| Total | 100.00% | | 7.05% |

| Grossed-up Rate of Return | | |
|----------------------------------|----------------|--------------|
| Tax Gross-up Factor | | 1.333 |
| Weighted ROE * Tax Gross-up | 1.333 * 4.70% | 6.26% |
| Long Term Debt | | 2.35% |
| Preferred Equity * Tax Gross-up | 1.333 * 0.000% | 0.00% |
| Grossed-up Rate of Return | | 8.61% |

Final approved conversion factor

| Plant in Service | | | | | | | |
|-------------------------|---------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|---------------------|
| Account | | Schedule 001 | Schedule 011/012 | Schedule 021/022 | Schedule 031/032 | | |
| 361 | Structures & Improvements | 3,401,840 | 1,010,188 | 1,670,026 | 270,561 | 6,352,615 | Assign (Q941:Y1050) |
| 362 | Station Equipment | 23,641,871 | 7,020,534 | 11,606,233 | 1,880,328 | 44,148,966 | |
| 364 | Poles, Towers & Fixtures | 81,901,060 | 24,320,797 | 40,184,542 | 6,513,901 | 152,920,300 | |
| 365 | OH Conductors & Devices | 54,975,755 | 16,325,237 | 26,973,615 | 4,372,430 | 102,647,037 | |
| 366 | UG Conduit | 24,076,426 | 7,149,576 | 11,550,524 | 1,914,889 | 44,691,415 | |
| 367 | UG Conductors & Devices | 41,075,112 | 12,197,394 | 19,761,459 | 3,266,859 | 76,300,824 | |
| | Subtotals | 229,072,064 | 68,023,726 | 111,746,399 | 18,218,968 | 427,061,157 | |
| 368 | Line Transformers | 46,453,550 | 13,794,539 | 20,927,393 | 3,694,627 | 84,870,109 | 30M too much |

| | | | | | | |
|-----|------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| 369 | Services | 49,376,424 | 9,905,979 | 465,741 | 645,856 | 60,394,000 |
| 370 | Meters | | | | | 0 |
| | Subtotals | 95,829,974 | 23,700,518 | 21,393,134 | 4,340,483 | 145,264,109 |
| | Totals | 324,902,038 | 91,724,244 | 133,139,533 | 22,559,451 | 572,325,266 |

Accumulated Depreciation

| Account | | Schedule 001 | Schedule 011/012 | Schedule 021/022 | Schedule 031/032 | |
|---------|---------------------------|--------------------|-------------------|-------------------|------------------|--------------------------------|
| 361 | Structures & Improvements | 975,200 | 289,589 | 478,744 | 77,561 | 1,821,094 Assign (Q1227:Y1325) |
| 362 | Station Equipment | 7,400,156 | 2,197,501 | 3,632,874 | 588,562 | 13,819,093 |
| 364 | Poles, Towers & Fixtures | 22,552,371 | 6,697,003 | 11,065,262 | 1,793,675 | 42,108,311 |
| 365 | OH Conductors & Devices | 18,950,890 | 5,627,531 | 9,298,172 | 1,507,236 | 35,383,829 |
| 366 | UG Conduit | 8,623,187 | 2,560,685 | 4,136,924 | 685,835 | 16,006,631 |
| 367 | UG Conductors & Devices | 20,639,399 | 6,128,939 | 9,929,727 | 1,641,530 | 38,339,595 |
| | Subtotals | 79,141,203 | 23,501,248 | 38,541,703 | 6,294,399 | 147,478,553 |
| 368 | Line Transformers | 23,943,048 | 7,109,969 | 10,786,378 | 1,904,281 | 43,743,676 |
| 369 | Services | 24,020,256 | 4,818,983 | 226,570 | 314,191 | 29,380,000 |
| 370 | Meters | | | | | 0 |
| | Subtotals | 47,963,304 | 11,928,952 | 11,012,948 | 2,218,472 | 73,123,676 |
| | Totals | 127,104,507 | 35,430,200 | 49,554,651 | 8,512,871 | 220,602,229 |

Net Plant

| Account | | Schedule 001 | Schedule 011/012 | Schedule 021/022 | Schedule 031/032 | |
|---------|---------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| 361 | Structures & Improvements | 2,426,640 | 720,599 | 1,191,282 | 193,000 | 4,531,521 |
| 362 | Station Equipment | 16,241,715 | 4,823,033 | 7,973,359 | 1,291,766 | 30,329,873 |
| 364 | Poles, Towers & Fixtures | 59,348,689 | 17,623,794 | 29,119,280 | 4,720,226 | 110,811,989 |
| 365 | OH Conductors & Devices | 36,024,865 | 10,697,706 | 17,675,443 | 2,865,194 | 67,263,208 |
| 366 | UG Conduit | 15,453,239 | 4,588,891 | 7,413,600 | 1,229,054 | 28,684,784 |
| 367 | UG Conductors & Devices | 20,435,713 | 6,068,455 | 9,831,732 | 1,625,329 | 37,961,229 |
| | Subtotals | 149,930,861 | 44,522,478 | 73,204,696 | 11,924,569 | 279,582,604 |
| 368 | Line Transformers | 22,510,502 | 6,684,570 | 10,141,015 | 1,790,346 | 41,126,433 |
| 369 | Services | 25,356,168 | 5,086,996 | 239,171 | 331,665 | 31,014,000 |
| 370 | Meters | | | | | 0 |
| | Subtotals | 47,866,670 | 11,771,566 | 10,380,186 | 2,122,011 | 72,140,433 |
| | Totals | 197,797,531 | 56,294,044 | 83,584,882 | 14,046,580 | 351,723,037 |

Depreciation Expense

| Account | | Schedule 001 | Schedule 011/012 | Schedule 021/022 | Schedule 031/032 | |
|---------|---------------------------|------------------|------------------|------------------|------------------|----------------------------|
| 361 | Structures & Improvements | 56,574 | 16,800 | 27,773 | 4,500 | 105,647 Assign (Q555:Y653) |
| 362 | Station Equipment | 593,211 | 176,156 | 291,218 | 47,180 | 1,107,765 |
| 364 | Poles, Towers & Fixtures | 2,032,479 | 603,552 | 997,231 | 161,651 | 3,794,913 |
| 365 | OH Conductors & Devices | 1,389,028 | 412,477 | 681,521 | 110,475 | 2,593,501 |
| 366 | UG Conduit | 542,886 | 161,212 | 260,446 | 43,178 | 1,007,722 |
| 367 | UG Conductors & Devices | 1,501,273 | 445,808 | 722,270 | 119,402 | 2,788,753 |
| | Subtotals | 6,115,451 | 1,816,005 | 2,980,459 | 486,386 | 11,398,301 |
| 368 | Line Transformers | 997,287 | 296,148 | 449,279 | 79,318 | 1,822,032 |
| 369 | Services | 1,096,364 | 219,954 | 10,341 | 14,341 | 1,341,000 |
| 370 | Meters | | | | | |
| | Subtotals | 2,093,651 | 516,102 | 459,620 | 93,659 | |
| | Totals | 8,209,102 | 2,332,107 | 3,440,079 | 580,045 | |

Total Distribution Plant Depreciation Rates by Account

| Account Number | Account Description | Plant in Service | Accumulated Depreciation | Net Plant | Test Year Depreciation Expense | Effective Depreciation Rate | Weighted Depreciation Rate | Distribution Weighted Rate | Term Fac Weighted Rate |
|----------------|---------------------------|----------------------|--------------------------|----------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|------------------------|
| 360 | Land & Land Rights | \$4,666,000 | \$264,000 | \$4,402,000 | \$33,000 | 0.71% | 0.01% | 0.00% | |
| 361 | Structures & Improvements | \$7,336,000 | \$2,103,000 | \$5,233,000 | \$122,000 | 1.66% | 0.02% | 0.02% | |
| 362 | Station Equipment | \$49,698,000 | \$15,556,000 | \$34,142,000 | \$1,247,000 | 2.51% | 0.23% | 0.26% | |
| 364 | Poles, Towers & Fixtures | \$162,877,000 | \$44,850,000 | \$118,027,000 | \$4,042,000 | 2.48% | 0.78% | 0.83% | |
| 365 | OH Conductors & Devices | \$108,287,000 | \$37,328,000 | \$70,959,000 | \$2,736,000 | 2.53% | 0.48% | 0.57% | |
| 366 | UG Conduit | \$46,256,000 | \$16,567,000 | \$29,689,000 | \$1,043,000 | 2.25% | 0.18% | 0.19% | |
| 367 | UG Conductors & Devices | \$79,454,000 | \$39,924,000 | \$39,530,000 | \$2,904,000 | 3.65% | 0.39% | 0.88% | |
| 368 | Line Transformers | \$85,381,000 | \$44,007,000 | \$41,374,000 | \$1,833,000 | 2.15% | 0.24% | | 1.24% |
| 369 | Services | \$60,394,000 | \$29,380,000 | \$31,014,000 | \$1,341,000 | 2.22% | 0.18% | | 0.94% |
| 370 | Meters | | | \$0 | \$0 | #DIV/0! | #DIV/0! | | #DIV/0! |
| Totals | | \$604,349,000 | \$229,979,000 | \$374,370,000 | \$15,301,000 | 2.5318% | 2.5318% | 2.7430% | #DIV/0! |