

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE ELECTRIC LINE ) CASE NO. AVU-E-22-05**  
**EXTENSION SCHEDULE 51 ANNUAL RATE )**  
**ADJUSTMENT FILING OF AVISTA ) ORDER NO. 35429**  
**CORPORATION )**  
**)**

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On March 11, 2022, Avista Corporation, d/b/a Avista Utilities (“Avista” or “Company”) applied to the Idaho Public Utilities Commission (“Commission”) for approval of its update in costs and administrative changes to the Company’s Electric Line Extension Schedule 51 (“Schedule 51”). The Company requested an effective date of May 1, 2022.

The Company represented that the Schedule 51 incorporated average costing for electrical facilities commonly used to extend service. The Company stated that the Schedule 51 sets forth “Basic and Exceptional Costs” that have a fixed and variable component, with the variable component stated on a cost-per-foot basis. The Company included workpapers to provide support for the proposed changes.

The Company updated the allowances applicable to new residential, commercial, and industrial customer services, and planned to continue using an embedded cost method for calculating the revised allowances. The Company submitted the following table of 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 also proposed to update the primary, secondary, service, and transformer average costs. The Company submitted the following table of proposed allowance cost changes:

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

The Company asserted that the primary driver of the increase in variable underground primary and secondary costs were due to an increase in two inch and three inch conduit costs in 2021. The Company also represented that the demand for resin, the primary component of conduit, had been higher than manufacturers could supply. The Company represented that 75% of all resin manufacturers were in Texas and were taken offline for over a month in 2021 due to adverse weather. The Company submitted the following table to show the residential development costs:

<b><u>Residential Developments</u></b>	<b><u>Present</u></b>	<b><u>Proposed</u></b>
Total Cost per Lot	\$ 1,772	\$ 2,070
Less: Service Cost	\$ 422	\$ 458
<b><u>Developer Responsibility</u></b>	<b><u>\$ 1,350</u></b>	<b><u>\$ 1,612</u></b>
Developer Refundable Payment	\$ 1,350	\$ 1,612
Builder Non-Refundable Payment	\$ -	\$ 5
Allowance	\$ 1,900	\$ 2,065

As an administrative change, the Company proposed to update its terminology to change the term “Basic Cost” to “Basic and Exceptional Cost.” The Basic and Exceptional Cost would continue to cover all costs necessary to construct the line extension and would not impact the price customers paid for line extensions.

On March 31, 2022, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Suspension. Order No. 35360. The Commission set a public comment deadline of May 18, 2022, and a reply comment deadline of May 25, 2022. The Commission also suspended the proposed effective date until June 15, 2022, unless the Commission issued an earlier order accepting, rejecting, or modifying the Application.

## COMMENTS

### A. Staff Comments

Staff reviewed the Company's Application, the workpapers provided with the Application, meetings and correspondence with the Company, and the Company's responses to Staff's production requests. Based on its review, Staff believed the Company's method for calculating average costs was consistent with past Schedule 51 filings, and Staff believed that the proposed construction allowances were reasonable based on embedded line extension costs from the last general rates case. However, Staff proposed a change to the administrative changes the Company proposed in the Application. Staff believed that the Company's proposed terminology change from "Basic Cost" to "Basic and Exceptional Cost" was confusing, and Staff worked with the Company to develop clearer definitions and explanations of "Basic Costs" and "Exceptional Costs."

Staff believed the Company's proposals were reasonable and conformed with Commission Order No. 28562, and Staff recommended that the Company's proposed costs be approved. Staff recommended that the new definitions of "Basic Cost" and "Exceptional Cost" be included in the Company's new Schedule 51 Tariff as a compliance filing.

### B. The Company's Reply Comments

The Company appreciated the collaborative effort between the Company and Staff to develop separate definitions for "Basic Cost" and "Exceptional Cost" that provided greater clarity and would reduce confusion for customers. The Company also supported Staff's recommendation that the Company submit a compliance filing updating the Schedule 51 tariffs with the separate definitions following a Commission order.

## COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential,

discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Company's Application including all submitted materials, Staff comments, and Company reply comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Company's Application with some modifications. Specifically, the Commission finds that the Schedule 51 should be updated to contain the new definitions for Basic Costs and Exceptional Costs as developed by Staff and the Company.

### **ORDER**

IT IS HEREBY ORDERED that the Company's Application to update costs and administrative changes to the Company's Electric Line Extension Schedule 51 is approved with an effective date of June 15, 2022.

IT IS FURTHER ORDERED that the Company shall file a compliance filing with an updated Schedule 51 that contains the new definitions for Basic Costs and Exceptional Costs as developed by Staff and the Company.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15<sup>th</sup> day of June 2022.



ERIC ANDERSON, PRESIDENT

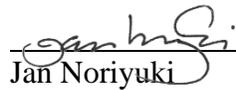


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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