

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ELECTRIC LINE) CASE NO. AVU-E-23-03
EXTENSION SCHEDULE 51 ANNUAL RATE)
ADJUSTMENT FILING OF AVISTA) ORDER NO. 35757
CORPORATION)

On March 1, 2023, Avista Corporation dba Avista Utilities (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting approval to update costs and make administrative changes to the Company’s Electric Line Extension Schedule 51 (“Schedule 51”). The Company requested a May 1, 2023, effective date.

On March 21, 2023, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35710. On April 12, 2023, Commission Staff (“Staff”) filed comments. The Company did not file any reply. Having reviewed the Application, the record, and party comments, we now issue this Order approving the Company’s Application.

THE APPLICATION

The Company represented that Schedule 51 incorporates average costing for electrical facilities commonly used to extend service. The Company stated Schedule 51 sets forth “Basic and Exceptional Costs” that have fixed and variable components, with the variable component being stated on a cost-per-foot basis and consistently used for electric line extensions. Application at 2. The Company represented that average costing has worked well, and the Company did not propose changing the conceptual structure of the tariff.

The Company’s proposal updated the *allowances* applicable to new residential, commercial, and industrial customer services. The Company planned to continue using an embedded cost method for calculating the revised allowances “designed to ensure similar investment in distribution/terminal facilities for each new customer will be similar to the embedded costs of the same facilities reflected in base rates.” *Id.* at 3. The embedded cost calculation was derived from the Cost of Service Study (“COSS”) in the Company’s most recent rate case, Case No. AVU-E-21-01. Table No. 1 below summarized the proposed allowance changes:

Table No. 1

<u>Service Schedule</u>	<u>Existing</u>	<u>Proposed</u>
Schedule 1 Individual Customer (per unit)	\$ 2,065	\$ 2,095
Schedule 1 Duplex (per unit)	\$ 1,650	\$ 1,675
Schedule 1 Multiplex (per unit)	\$ 1,240	\$ 1,260
Schedule 11/12 (per kWh)	\$ 0.16674	\$ 0.16986
Schedule 21/22 (per kWh)	\$ 0.15360	\$ 0.15731
Schedule 31/32 (per kWh)	\$ 0.26623	\$ 0.27217

The Company proposed “to update the primary, secondary, service and transformer average costs.” *Id.* at 4 (emphasis added). Table No 2 below summarized the cost changes:

Table No. 2

	<u>Present</u>	<u>Proposed</u>	<u>% Change</u>
<u>Overhead Primary Circuit</u>			
Fixed Cost	\$ 4,521	\$ 4,875	7.8%
Variable Cost	\$ 8.75	\$ 9.63	10.1%
<u>Underground Primary Circuit</u>			
Fixed Costs	\$ 1,958	\$ 2,232	14.0%
Variable Costs	\$ 11.15	\$ 13.07	17.2%
<u>Underground Secondary Circuit</u>			
Fixed Costs	\$ 392	\$ 600	53.0%
Variable Costs	\$ 11.55	\$ 14.38	24.5%
<u>Overhead Secondary Circuit</u>			
Fixed Costs	\$ 1,843	\$ 1,976	7.2%
Overhead Service Circuit	\$ 3.96	\$ 4.04	2.0%
Underground Service Circuit	\$ 9.14	\$ 11.41	24.8%
Overhead Transformer	\$ 2,508	\$ 3,615	44.1%
Padmount Transformer	\$ 3,597	\$ 7,598	111.2%

The Company stated that high costs for labor, materials, and transportation; the war in Ukraine; increased adoption and use of electric vehicles; and other supply chain considerations have caused increases in the cost of electric steel, aluminum, resin, thermos-plastics, and other relevant building materials. The Company provided three examples of increased costs for electrical infrastructure between December 2021 and December 2022; these examples illustrate cost increases of 151%, 158.9%, and 183.5% for those respective examples. *Id.* at 5.

The Company proposed updating its residential development costs to reflect the most current Construction & Material Standards and average construction costs as shown in Table No. 3 below:

Table No. 3

<u>Residential Developments</u>	<u>Present</u>	<u>Proposed</u>
Total Cost per Lot	\$ 2,070	\$ 2,947
Less: Service Cost	\$ <u>458</u>	\$ <u>572</u>
Developer Responsibility	\$ <u>1,612</u>	\$ <u>2,375</u>
Developer Refundable Payment	\$ 1,612	\$ 2,095
Builder Non-Refundable Payment	\$ 5	\$ 852
Allowance	\$ 2,065	\$ 2,095

STAFF COMMENTS

Staff believed the Company’s method for calculating average costs was consistent with past Schedule 51 filings and the proposed construction allowances were reasonable based on embedded line extension costs from the last general rate case. Staff agreed the Company utilized its COSS based upon the most up-to-date information. Staff evaluated the Company’s claims and accompanying data concerning the increased costs of labor and materials, and Staff believed the Company’s proposed corresponding increased costs were reasonable. However, Staff proposed changes regarding the quality and type of data required for the Company’s future applications:

Staff recommends that the Company clearly identify the hours, materials, and vehicle support it assumed for each type of line extension work, it identify any changes from the previous year, and it provide evidence and justification for the changes. Specifically, Staff recommends that the Company provide actual work order examples for each type of line extension work to provide confirmation of the standard estimates.

Staff Comments at 5.

Staff believed the Company’s customer notice, which was attached to the Application, allowed enough time for customer feedback and met all other requirements of Idaho Public Utilities Commission Rule of Procedure 125. Staff believed the Company’s proposals were reasonable and conformed with Commission Order No. 28562. Staff recommended that the Company’s proposed costs be approved.

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, all submitted materials, and comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Company's Application effective May 1, 2023. The Commission notes Staff's request that future filings "clearly identify the hours, materials, and vehicle support the Company assumed for each type of line extension work, identify any changes from the previous year, provide evidence and justification for the changes, and provide actual work order examples for line extension work. . . ." Staff Comments at 5. The Commission believes that providing this information in future filings will allow the Commission and Staff to maintain a robust understanding of the Company's application and the factual landscape. Accordingly, the Commission orders that this information be included in the Company's future Electric Line Extension Schedule 51 filings.


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 May 1, 2023.

IT IS FURTHER ORDERED that the Company's future filings shall clearly identify the data requested above in future Electric Line Extension Schedule 51 filings.

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 27th day of April 2023.



ERIC ANDERSON, PRESIDENT

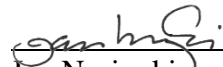


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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