

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF AVISTA’S</b>	)	<b>CASE NO. AVU-E-24-05</b>
<b>ANNUAL RATE ADJUSTMENT FILING</b>	)	
<b>FOR ELECTRIC LINE EXTENSION</b>	)	
<b>SCHEDULE 51</b>	)	<b>ORDER NO. 36182</b>
_____	)	

On March 29, 2024, Avista Corporation dba Avista Utilities (“Company”) applied for Commission approval of an update in costs and administrative changes to the Company’s Electric Line Extension Schedule 51 (“Application”). The Company requested a May 15, 2024, effective date and that its Application be processed by Modified Procedure.

On April 18, 2024, the Commission issued a Notice of Application, Notice of Intervention Deadline, and set dates for public comments and the Company’s reply. Order No. 36154. No one intervened.

On April 24, 2024, the Company filed a revision to update the workpaper and tariff sheet for the Underground and Overhead Transformers.

The Commission Staff (“Staff”) filed the only comments to which the Company did not reply.

Having reviewed the record, we issue this Order approving the Company’s Application.

**THE APPLICATION**

Schedule 51 incorporates average costing for electrical facilities commonly used to extend service. 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. These Basic and Exceptional Costs apply to facilities like transformers and conduit and are based on recent average costs. The Company represents average costing works well and does not propose to change the conceptual structure of the tariff in the Application.

In compliance with Order No. 35757 the Company included workpapers detailing the “hours, materials, and vehicle support for each job.” Application at 3. Actual work order estimates were also included for each job type.

The Company updated the allowances for new residential, industrial, and commercial customers’ services. The updated allowances are based on an embedded cost method which seeks to ensure investments in facilities for new customers track embedded costs included in base rates.

Costs that exceed the allowance must be paid by the customer and will be booked as a contribution in aid of construction. The embedded costs are based on a cost-of-service study used for the Stipulation and Settlement approved in the Company’s recent general rate case. *See* Case No. AUV-E-23-01. The proposed changes are as follows:

<b><u>Service Schedule</u></b>	<b><u>Existing</u></b>	<b><u>Proposed</u></b>
<b>Schedule 1 Individual Customer per unit</b>	\$ 2,095	\$ 2,475
<b>Schedule 1 Duplex per unit</b>	\$ 1,675	\$ 1,980
<b>Schedule 1 Multiplex per unit</b>	\$ 1,260	\$ 1,490
<b>Schedule 11/12 per kWh</b>	\$ 0.16986	\$ 0.19321
<b>Schedule 21/21 per kWh</b>	\$ 0.15731	\$ 0.17749
<b>Schedule 31/32 per kWh</b>	\$ 0.27217	\$ 0.31838

The Company is not proposing to update the Construction and Material Standards because the current standards comply with and reflect the most recent National Electric Safety Code. The Company does propose to update the primary, secondary, service, and transformer average cost as follows:

	<b><u>Present<sup>1</sup></u></b>	<b><u>Proposed</u></b>
<b><u>Overhead Primary Circuit</u></b>		
Fixed Cost	\$ 4,875	\$ 5,379
Variable Cost	\$ 9.63	\$ 10.69
<b><u>Underground Primary Circuit</u></b>		
Fixed Costs	\$ 2,232	\$ 2,516
Variable Costs	\$ 13.07	\$ 13.48
<b><u>Underground Secondary Circuit</u></b>		
Fixed Costs	\$ 600	\$ 666
Variable Costs	\$ 14.38	\$ 14.17
<b><u>Overhead Secondary Circuit</u></b>		
Fixed Costs	\$ 1,976	\$ 2,212
<b>Overhead Service Circuit</b>	\$ 4.04	\$ 5.02
<b>Underground Service Circuit</b>	\$ 11.41	\$ 10.46
<b>Overhead Transformer</b>	\$ 3,615	\$ 4,436
<b>Padmount Transformer</b>	\$ 7,598	\$ 7,470

<sup>1</sup> The Company’s Application mistakenly included the term “Proposed” in this column.

The Company indicates the primary driver of higher costs are increased labor and transformer cost. The driver of reduced costs for some underground work stems from a reduction in conduit costs. Overall, the Company notes demand outpaces supply in the utility sector, driving prices upward. To highlight this the Company provided the following illustration related to transformer costs:

	<b>December 2021</b>	<b>December 2022</b>	<b>December 2023</b>	<b>22-23 change</b>
<b>Transformer— 25KVA</b>	\$1,700	\$4,820	\$7,095	47.2%
<b>Transformer— 50KVA</b>	\$2,255	\$5,660	\$8,021	41.7%

The Company proposed to update its residential development costs to reflect the most current Construction and Material Standards and average 2023 construction costs as follows:

<b>Residential Developments</b>	<b>Present</b>	<b>Proposed</b>
Total Cost per Lot	\$ 2,947	\$ 3,358
Less: Service Cost	\$ 572	\$ 525
<b>Developer Responsibility</b>	<b>\$ 2,375</b>	<b>\$ 2,833</b>
Developer Refundable Payment	\$ 2,095	\$ 2,475
Builder Non-Refundable Payment	\$ 852	\$ 883
Allowance	\$ 2,095	\$ 2,475

### STAFF'S COMMENTS

Staff reviewed the Company's Application and revision plus the workpapers and proposed tariffs and recommends approval of the Company's update to average costs and construction allowance for Schedule 51.

Staff's review led it to believe that the Company used the method to calculate average costs consistent with past updates to Schedule 51. The Company's average cost updates for primary and secondary service and transformer costs were calculated using the recent average actual costs most commonly used for line extensions. Staff mentioned the Company's revision and the subsequent updates that were applied to residential development costs. Staff acknowledged the Company's workpapers were included to comply with Order No. 35757 in Case No. AUV-E-23-03, the Company's most recent Schedule 51 update. Staff believed these workpapers satisfied the requirements of that Order. Staff's discussion of average cost updates moved to the drivers of increases and decreases, which Staff agreed justified the changes. Last, Staff determined the

Company's method for calculating residential development costs followed the authorized method from Order No. 28562.

Staff verified the proposed updated construction allowances for new residential, commercial, and industrial customers are based on embedded line extension costs in the Cost-of-Service study from the most recent general case and are therefore reasonable.

Staff reviewed the Company's notice that was sent to impacted customers and agreed it both met the requirements of Rule 125 of the Commission's Rules of Procedure, IDAPA 31.01.01.125, and provided adequate time for customers to review and respond to the Company's Application.

### **COMMISSION FINDINGS AND DISCUSSION**

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 the Company's revision to Overhead and Underground Transformers. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Company's Application as revised by the April 24, 2024, filing for Underground and Overhead Transformers.

### **ORDER**

IT IS HEREBY ORDERED that the Company's Application to update costs for Schedule 51 is approved.

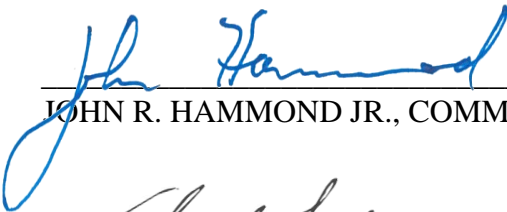
IT IS FURTHER ORDERED that the Company's revised tariff sheets filed with its Application as supplementally updated for Underground and Overhead Transformers, are approved, effective May 15, 2024.

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.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15<sup>th</sup> day of May 2024.

  
ERIC ANDERSON, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Harris-Sanchez  
Commission Secretary

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