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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S ANNUAL)	
RATE ADJUSTMENT FILING FOR)	CASE NO. AVU-E-24-05
ELECTRIC LINE EXTENSION SCHEDULE)	
51)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

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

BACKGROUND

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 Filing be processed by Modified Procedure.

On April 24, 2024, the Company submitted a revision that corrected the cost for Overhead and Padmount transformer costs along with updated tariffs.

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. 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.

STAFF ANALYSIS

Staff recommends approval of the update in average costs and construction allowances to Schedule 51. Staff reviewed the Company's Application, revision, workpapers, proposed tariffs, and responses to Staff production requests. Because of its investigation, Staff concludes the Company's method for calculating average costs is consistent with past Schedule 51 filings and believes that the proposed construction allowances are reasonable and based on embedded line extension costs from the last general rate case. In addition, Staff believes the workpapers provided with additional cost details and actual work order estimates satisfy Order No. 35757.

Update Calculation

Construction Allowances

The Company updated the allowances applicable to new residential, commercial, and industrial customers’ services. The Company continues to use an embedded cost method for calculating the revised allowances that is designed to ensure similar investment in distribution/terminal facilities as those in current facilities reflected in base rates. Table No. 1, below, summarizes the proposed allowance changes.

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Table No. 1. Proposed Allowance Changes

<u>Service Schedule</u>	<u>Existing</u>	<u>Proposed</u>
Schedule 1 Individual Customer (per unit)	\$ 2,095	\$ 2,475
Schedule 1 Duplex (per unit)	\$ 1,675	\$ 1,980
Schedule 1 Multiplex (per unit)	\$ 1,260	\$ 1,490
Schedule 11/12 (per kWh)	\$ 0.16986	\$ 0.19321
Schedule 21/22 (per kWh)	\$ 0.15731	\$ 0.17749
Schedule 31/32 (per kWh)	\$ 0.27217	\$ 0.31838

Staff verified that the Company utilized its Cost-of-Service study from its most recent general rate case filing,¹ which is updated with the base rates approved in Order No. 35909 as the basis of the embedded costs calculation. Staff reviewed the calculations for the proposed allowances and believes the allowances are accurate.

Average Costs

In its Application and revision, the Company proposed updates to primary and secondary service and transformer average costs. These costs were calculated using recent average actual costs for components including transformers and PVC Sweeps which are commonly used for line extensions. The Company has used this method to update its Schedule 51 line extension costs previously.² The Company proposes to update both overhead and underground circuit line extensions for primary and secondary voltages, as well as service for either underground or overhead installations. Padmount and overhead transformer costs were also updated through the revision filed on April 24, 2024. Subsequently, residential development costs were updated to reflect these revised costs.

The Company included workpapers that include hours, materials, and vehicle costs for each job, along with examples of actual work order estimates for each job type. Workpapers were included to comply with Order No. 35757 that ordered the Company to clearly identify the detailed information requested by Staff in Case No. AVU-E-23-03. Staff reviewed the workpapers and believe the information in the workpapers satisfies Order No. 35757.

¹ See Case No. AVU-E-23-01.

² See Case No. AVU-E-00-1; Order No. 28562.

The major drivers affecting the increase in average costs were increases in labor and transformer costs. The driver of reduced costs for some underground work stems from a reduction in conduit costs. Application at 5. Transformer shortages and high demand continue to drive increased average costs, indicated by the 39.0% increase in Overhead Transformer costs and a 10.7% increase in Padmount Transformer cost. A comparison of actual transformer costs over the last several years highlights these increases in Table No. 2 below.

Table No. 2. Summary of Actual Transformer Cost Increases

	<u>Dec 2021</u>	<u>Dec 2022</u>	<u>Dec 2023</u>	<u>22-23 % Change</u>
Transformer – 25KVA	\$1,700	\$4,820	\$7,095	47.2%
Transformer – 50KVA	\$2,255	\$5,660	\$8,021	41.7%

Staff believes the Company's basis for the increases and decreases in costs are reasonable. Both the present and proposed costs including the percentage change are shown in Table No. 3 below.

Table No. 3. Summary of Proposed Cost Changes

	<u>Present</u>	<u>Proposed</u>	<u>% Change</u>
<u>Overhead Primary Circuit</u>			
Fixed Cost	\$ 4,875	\$ 5,379	10.3%
Variable Cost	\$ 9.63	\$ 10.69	11.0%
<u>Underground Primary Circuit</u>			
Fixed Cost	\$ 2,232	\$ 2,516	12.7%
Variable Cost	\$ 13.07	\$ 13.48	3.1%
<u>Underground Secondary Circuit</u>			
Fixed Cost	\$ 600	\$ 666	11.0%
Variable Cost	\$ 14.38	\$ 14.17	-1.5%
<u>Overhead Secondary Circuit</u>			
Fixed Cost	\$ 1,976	\$ 2,212	11.9%
Overhead Service Circuit	\$ 4.04	\$ 5.02	24.3%
Underground Service Circuit	\$ 11.41	\$ 10.46	-8.3%

Overhead Transformer	\$ 3,615	\$ 5,025	39.0%
Padmount Transformer	\$ 7,598	\$ 8,413	10.7%

Staff analyzed the Company's method for calculating residential development costs and determined it follows the method authorized in Order No. 28562. The present and proposed residential amounts are found in Table No. 4 below.

Table No. 4. Residential Development Cost Changes

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

Customer Notice


The Company's customer notice was included with its Application. Staff reviewed it and determined that it meets the requirements of Rule 125 of the Commission's Rules of Procedure (IDAPA 31.01.01.125). The notice was mailed to the relevant customers on April 11, 2024, providing a reasonable opportunity to file timely comments with the Commission by the May 1, 2024, comment deadline. As of April 30, 2024, the Commission has received no customer comments.

STAFF RECOMMENDATION

Staff believes the Company's proposals are reasonable and conform with Order Nos. 28562 and 35757. Staff recommends the Company's proposed costs and allowance be approved. In addition, Staff recommends the revised tariff sheets in the Application

and revision be approved, as filed.

Respectfully submitted this 1st day of May 2024.



Dayn Hardie
Deputy Attorney General

Technical Staff: Michael Eldred
Ty Johnson
Curtis Thaden

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 1st DAY OF MAY 2024, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-24-05, BY E-MAILING A COPY THEREOF TO THE FOLLOWING:

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PATRICIA JORDAN, SECRETARY