

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF ANNUAL REVISIONS     )**  
**TO AVISTA CORPORATION'S ELECTRIC     )** **CASE NO. AVU-E-09-03**  
**SERVICE SCHEDULE 51 REGARDING LINE     )**  
**EXTENSIONS, CONVERSIONS AND         )** **ORDER NO. 30811**  
**RELOCATIONS.                             )**

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On March 31, 2009, Avista Corporation filed Tariff Advice No. 09-01-E proposing various revisions to its tariff Schedule 51 that sets out the Company's line extension, conversion, and relocation charges. The purpose of this annual filing is to update the Company's line extension charges for electric service to reflect actual costs incurred in the previous calendar year. The Company requested an effective date of May 18, 2009.

On April 22, 2009, the Commission issued a Notice of Modified Procedure inviting written comments about Avista's proposed changes to Schedule 51. Commission Staff submitted the only comments in response to the Notice. After reviewing the tariff schedule and the Staff comments, the Commission approves Tariff Advice No. 09-01-E and the proposed changes to Schedule 51.

### BACKGROUND

In November 2000, the Commission issued Order No. 28562 directing Avista to annually update its Schedule 51 charges on or before April 1 each year. The purpose of the annual filing is to reset the Company's line extension charges for electric service to reflect the average actual costs incurred in the previous calendar year. Order No. 28562 at 3. The Commission observed that the annual update to line extension costs appropriately assigns connection costs to new customers and avoids putting "increased [upward] pressure on the rates for all customers." *Id.* at 7.

In Tariff Advice No. 09-01-E, the Company maintained that the cost for line extensions increased from the prior year by approximately 10.11%. The Company asserted the fixed costs for an overhead primary service increased about 13% during the past 12 months from an average cost of \$3,323 to \$3,774. The fixed costs for an underground secondary also increased about 13% from \$175 to \$199.

## **STAFF COMMENTS**

After reviewing the supporting workpapers and the proposed tariff revisions, Staff recommended the Commission approve the proposed changes in Tariff Advice No. 09-01-E. Staff confirmed that many line extension costs have increased from the prior year. For example, Staff determined that the extension cost per lot for a residential development increased about 12% from \$523 to \$587. Staff Comments at 2. Combining the service costs for primary and secondary connections and transformers, Staff reported that the total cost per lot for serving a residential development increased by approximately 9% from \$2,090 to \$2,288. *Id.*

Staff did note that the costs of overhead transformers decreased by approximately 5% and the costs of pad-mounted transformers decreased by about 11%. This is the first time in recent years that Staff observed a decrease in transformer costs. *Id.*

Staff asserted the proposed changes to the line extension charges contained in Schedule 51 were reasonable. Staff confirmed that the proposed costs reflect the actual costs incurred by the Company in the previous calendar year. Updating line extension and relocation costs annually results in “new customers bearing their fair share of extension costs, rather than burdening existing ratepayers with the cost of serving new customers.” *Id.*

## **COMMISSION FINDINGS**

After reviewing the proposed amendments to Schedule 51 and the Staff comments, the Commission finds the proposed rate changes set out in Tariff Advice No. 09-01-E are just and reasonable. We find the proposed changes to the Schedule 51 charges are based upon actual costs incurred by the Company in the previous calendar year. These cost increases are consistent with recent increases in the construction and materials industries. We further find that updating line extension and relocation costs annually results in new customers bearing their fair share of extension costs, rather than burdening existing ratepayers with the cost of serving new customers. Consequently, we approve the proposed changes to Avista’s Schedule 51.

## **ORDER**

IT IS HEREBY ORDERED that Avista Corporation’s proposed revisions to its Schedule 51 (Line Extension, Conversion, and Relocation Schedule) are approved. The revisions to Schedule 51 shall become effective on May 18, 2009.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. AVU-E-09-03 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

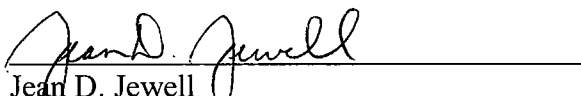
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15<sup>th</sup> day of May 2009.

  
JIM D. KEMPTON, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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