

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ELECTRIC LINE)	CASE NO. AVU-E-19-03
EXTENSION SCHEDULE 51 RATE)	
ADJUSTMENT FILING OF AVISTA)	
CORPORATION)	ORDER NO. 34325
)	
)	

On March 11, 2019, Avista Corporation (the “Company”) applied to the Commission for an order allowing it to revise Electric Line Extension Schedule 51, effective May 1, 2019. In Order No. 28562, issued November 27, 2000, the Commission directed the Company to update its Schedule 51 charges by April 1 of each year. With this Application, the Company seeks to update line extension costs and allowances that apply to new residential, commercial, and industrial customers. The Company also proposes five administrative changes to make Schedule 51 easier for customers to understand.

On March 26, 2019, the Commission issued a Notice of Application and Notice of Modified Procedure and set an April 16, 2019 comment deadline and an April 23, 2019 reply deadline. *See* Order No. 34291. Commission Staff filed the only comments, and supported the Company’s Application.

Having reviewed the record, we issue this Order approving the Application and the revised Schedule 51 as filed, effective May 1, 2019.

THE APPLICATION

In its Application, the Company proposed to revise Electric Line Extension Schedule 51, effective May 1, 2019. Application at 1. Specifically, the Company asked to update the average cost for facilities like transformers and conduit used to extend electric lines. The Company proposed to use the updated costs to increase the allowances that customers can apply against the costs to extend new residential, commercial, and industrial service. Any costs that exceed an allowance would be paid by the customer as a Contribution in Aid of Construction. *Id.* at 3-4. The Company’s proposed changes to the allowances by service schedule are, in summary:

Service Schedule	Present Allowance	Proposed Allowance
Sched. 1 Individual Customer (per unit)	\$1,810	\$1,840
Sched. 1 Duplex (per unit)	\$1,445	\$1,470
Sched. 1 Multiplex (per unit)	\$1,085	\$1,105
Sched. 11/12 (per kWh)	\$0.14788	\$0.15022
Sched. 21/22 (per kWh)	\$0.13603	\$0.13853
Sched. 31/32 (per kWh)	\$0.24227	\$0.24653

The Company also proposed to update its primary, secondary, service and transformer average costs as follows:

	Present	Proposed
Overhead Primary Circuit		
Fixed Cost	\$ 4,323	\$ 4,253
Variable Cost	\$ 8.43	\$ 8.38
Underground Primary Circuit		
Fixed Costs	\$ 1,889	\$ 1,854
Variable Costs	\$ 11.24	\$ 11.23
Underground Secondary Circuit		
Fixed Costs	\$ 430	\$ 418
Variable Costs	\$ 9.93	\$10.42
Overhead Secondary Circuit Fixed Costs	\$ 1,785	\$ 1,774
Overhead Service Circuit Variable Costs	\$ 3.98	\$ 3.91
Underground Service Circuit Fixed Costs	\$ 9.39	\$ 9.41
Overhead Transformer Fixed Costs	\$ 2,381	\$ 2,310
Padmount Transformer Fixed Costs	\$ 3,516	\$ 3,507

Id. at 5.

The Company further proposed to update its residential development costs to reflect the Company's current Construction & Material Standards and average 2018 construction costs, as follows:

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Residential Developments

	Present	Proposed
Total Cost per Lot	\$1,867	\$1,907
Less: Service Cost	<u>471</u>	<u>471</u>
Developer Responsibility	<u>\$1,396</u>	<u>\$1,436</u>
Developer Refundable Payment	\$1,396	\$1,436
Builder Non-Refundable Payment	\$ 57	\$ 67
Allowance	\$1,810	\$1,840

Id. at 5-6.

Besides updating its costs and allowances, the Company proposed administrative changes that would make Schedule 51 easier for customers to understand. These include: (1) clarifying when a Design Fee is charged, and that the Design Fee is not refundable; (2) combining Basic and Exceptional charges into a single charge (the change would not impact the costs paid by the customer for line extensions); (3) redefining “Customer-Requested Costs” to help customers apply their line extension allowance toward the overall cost of their line extension; (4) for commercial and industrial customers, clarifying when an allowance would not be immediately provided and, in those cases, when a customer’s allowance would be refunded after service installation; and (5) for conversions and relocations, redefining “Salvage Value” to clarify that not all removed materials would have salvage value, and that the Company would determine Salvage Value in its discretion (the Company stated this change would not materially affect customers). *Id.* at 6-10.

The Company stated that the week of April 1, 2019, it would send a letter to the developers and builders that may be affected by the proposed changes. *Id.* at 11.

THE COMMENTS

Commission Staff filed the only comments, and recommended the Commission approve the Application. Staff stated the Company appropriately calculated allowances and average costs, and that the proposed administrative changes are reasonable.

Regarding allowances, Staff noted the Company determined the proposed allowances using an embedded cost methodology that ensures the Company’s investment in each new customer’s distribution and terminal facilities does not increase other customers’ rates. Staff stated

the Company's methodology for calculating allowances was appropriate, and recommended the allowances be approved.

Regarding average costs, Staff noted the Company proposed small changes in costs ranging from a 3.0% or \$71 decrease for the fixed cost of an overhead transformer, to a 4.9% or \$0.49-per foot increase for the cost of an underground secondary circuit. Staff concurred with the Company's proposed cost changes, and explained that the Company determined them using the same method the Company used for other line extension tariffs, including prior versions of Schedule 51, and that the proposed changes are consistent with Commission Order No. 28562.

Last, Staff noted the Company proposed five administrative changes to Schedule 51 to add operational flexibility, better align tariff language to operation practices, and make the language easier to understand and apply. Staff reviewed the proposed changes and believes they clarify the current tariff, are reasonable, and would more equitably assign costs to customers. Staff thus recommended the Commission approve the Company's proposed administrative changes.

FINDINGS AND DISCUSSION

The Company is an electric corporation and public utility. The Commission has jurisdiction over the Company and the issues in this case under Title 61 of the Idaho Code. Having reviewed the record, including the Application and Staff's comments, the Commission finds the Company's proposed changes to Schedule 51 are fair, just, and reasonable and should be approved as filed, effective May 1, 2019. We note the Company's updated allowances are roughly equal to the embedded facilities cost used to calculate base rates, and this ensures new customer-related distribution costs do not affect rates for existing customers. We find the Company's updates are consistent with prior orders including Order No. 28562.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved. The proposed update in costs, allowances, and administrative changes to the Company's Electric Line Extension Schedule 51 are approved as filed, effective May 1, 2019.

THIS IS A FINAL ORDER. Any person interested in this Order 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. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

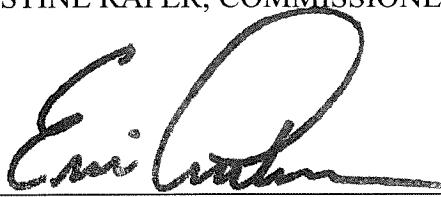
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th
day of May 2019.



PAUL KJELLANDER, PRESIDENT

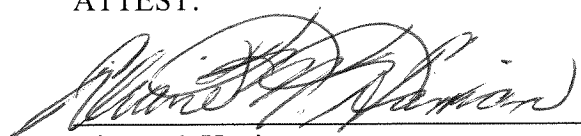


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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