

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant, v.

AVISTA CORPORATION d/b/a AVISTA  
UTILITIES,

Respondent.

DOCKET NOS. UE-190334, UG-  
190335, UE-190222 (*Consolidated*)

**EXH. AEW-6**

**AVISTA RESPONSE TO NWEC REQUEST NO. 20  
ATTACHMENT E**

**ON BEHALF OF**

**NW ENERGY COALITION**

**October 3, 2019**



# Avista Line Extension Policy

September 23, 2015

# Agenda

- Current Line Extension Policy
- Line Extension Installations
- Potential Modifications
- Additional Incentives

## Current Line Extension Policy

- 3x estimated annual revenue from customer
- Approximately \$1,920 for residential customers
- Additional Costs paid by Customer (average approx. \$425 for average job).
- Revenue Requirement associated with investment - \$184/year
- Margin per customer - \$388/year

## Current Line Extension Policy

- New customers, on average, are paying for the revenue requirement associated with their line extension, as well as towards the fixed costs of all customers (\$388 margin vs. \$184 revenue requirement).
- Current line extension policy tilted more towards protecting existing customers rather than providing a larger allowance to new customers.
- Missed Opportunities
  - First Cost
  - Future Issues – pavement cuts

## Line Extension Installations

Year	Residential	% of Installs	Non-Residential	% of Installs	Total Installs
2005	3,521	92%	326	8%	3,847
2006	3,489	91%	350	9%	3,839
2007	2,866	87%	420	13%	3,286
2008	2,644	89%	325	11%	2,969
2009	1,723	83%	346	17%	2,069
2010	1,562	87%	239	13%	1,801
2011	1,482	87%	223	13%	1,705
2012	1,705	86%	269	14%	1,974
2013	2,030	91%	189	9%	2,219
2014	2,499	92%	218	8%	2,717
Total	23,521	89%	2,905	11%	26,426

## Potential Modifications

- Perpetual Net Present Value methodology for calculating line extension allowance
  - Reflects the fact that once hooked up, service will be permanent
  - Relatively easy to calculate and administer
- Unused portion of allowance as rebate for customer equipment
- Budget for additional education and awareness of benefits of direct use of natural gas

# Potential Modifications

- Modifications to WAC 480-90-223 (Avista 12/2014 Comments)
  - Remove language relating to promotional advertising definition.
  - Specifically, the prohibition to “encourage any person or business to select or use the service or additional services of a gas utility...”
  - Throughput Incentive vs. Decoupling



## Additional Incentives

- Demand Side Management (DSM) Rebates
  - \$250 for HE Natural Gas Furnace/Boiler
  - \$20 for HE Natural Gas Tank Type Water Heater
  - \$130 for HE Natural Gas Tankless Water Heater
  - \$2,300 for Conversion from Electric to Natural Gas Space Heat
  - \$600 for Conversion from Electric to Natural Gas Water Heat
  - \$3,200 for Conversion from Electric to Natural Gas Space and Water Heat
  - \$1,300 for Conversion from Electric to Natural Gas Direct Vent Wall Heat
- Potential - Fuel Switch Funding from Natural Gas Tariff Rider to fund fuel switching for non-Avista electric, or other fuel sources (oil, propane, etc.).