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March 1, 2017

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Attention: Mr. Steven King, Executive Director & Secretary

Attached for filing with the Commission is an electronic copy of the proposed revisions to Avista's Line Extension, Conversion and Relocation Schedule 51 of Tariff WN U-28:

4th Revision Sheet 51C	Canceling	3rd Revision Sheet 51C
4th Revision Sheet 51D	Canceling	3rd Revision Sheet 51D
4th Revision Sheet 51E	Canceling	3rd Revision Sheet 51E
4th Revision Sheet 51H	Canceling	3rd Revision Sheet 51H
4th Revision Sheet 51I	Canceling	3rd Revision Sheet 51I

The revisions to the tariff sheets listed above update the Company's Electric Line Extension Schedule 51 and are proposed to become effective May 1, 2017.

Background

The Company's present tariff incorporates the principle of average costing for electrical facilities commonly used in extending service. The tariff sets forth "Basic Costs", which are costs based on recent average actual costs for facilities such as transformers and conduit which are used consistently for electric line extensions. The Basic Costs have a fixed and variable component, with the variable component stated on a cost-per-foot basis.

The average costing principle incorporated in the Company's tariff has worked well and the Company is not proposing to change the conceptual structure of the tariff. The Company believes that the tariff is fair and understandable to customers, and is relatively easy to apply to an individual line extension. Detailed below are the Company's proposed changes to Schedule 51's costs, and included with this filing are workpapers which provide support for the proposed changes.

Allowances – The Company is not proposing any updates to the allowances in this filing. It is the Company's practice to update the allowances after the conclusion of a general rate case. The

allowances were last updated in 2016 based on the Cost of Service study from the Company's 2015 general rate case filing (Docket No. UE-150204).

Costs – The Distribution Engineering Department at Avista is primarily tasked with the development and maintenance of the Company's Construction & Material Standards. Periodically, Distribution Engineering will update the Construction & Material Standards in order to comply with the National Electric Safety Code ("NESC"). These Construction & Material Standards were recently updated to reflect the NESC's code revision in the Company's 2015 Schedule 51 filing. The standard designs in this filing have not changed and are consistent with those reflected in the Company's 2016 Schedule 51 filing.

As detailed on proposed tariff sheets 51H and 51I, the Company is proposing to update the primary, secondary, service and transformer average costs. In addition, the Company is adding an "Overhead Secondary Circuit" fixed cost to tariff sheet 51I. While it is more common for the Company to utilize an underground secondary circuit, there are some instances where an overhead secondary circuit is preferable from both a design and cost perspective. The most common construction scenario occurs when a customer is building a new structure with an overhead service, and the length of the overhead service is too great to maintain proper clearance over a street, driveway, or yard. In this situation a service pole is installed, creating an overhead secondary circuit.

Below is a summary of the cost changes, most of which are very slight:

Single-Phase	Present	Proposed
Overhead Primary Circuit:		
Fixed Cost	$ 4,093	$ 4,207
Variable Cost	$ 7.97	$ 8.18
Underground Primary Circuit		
Fixed Costs	$ 1,811	$ 1,813
Variable Costs	$ 10.35	$ 10.45
Underground Secondary Circuit		
Fixed Costs	$ 400	$ 406
Variable Costs	$ 9.38	$ 9.38
Overhead Secondary Circuit		
Fixed Costs		$ 1,732
Overhead Service Circuit	$ 3.24	$ 3.85
Underground Service Circuit	$ 8.76	$ 8.83
Overhead Transformer	$ 2,294	$ 2,202
Padmount Transformer	$ 2,986	$ 2,946

Residential development costs, updated for the most current Construction & Material Standards and average 2016 construction costs are detailed below.

Residential Developments

	Present	Proposed
Total Cost per Lot	$ 1,731	$ 1,714
Less: Service Cost	$ 439	$ 442
Developer Responsibility	**$ 1,292**	**$ 1,272**
Developer Refundable Payment	$ 1,292	$ 1,272
Builder Non-Refundable Payment	$ 36	$ 19
Allowance	$ 1,695	$ 1,695

Enclosed is a copy of the workpapers supporting the line extension cost revisions contained in the proposed tariff sheets. In addition, during the week of March 13, 2017, the Company will send a letter to those developers and builders that may be affected by the proposed changes to inform them of the Company's request.

Please direct any questions on this matter to me at (509) 495-8620 or Joe Miller at (509) 495-4546.

Sincerely,

Patrick Ehrbar
Senior Manager Rates & Tariffs
Enclosures