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March 11, 2016

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:

3 <sup>rd</sup> Revision Sheet 51A	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51A
3 <sup>rd</sup> Revision Sheet 51C	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51C
3 <sup>rd</sup> Revision Sheet 51D	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51D
3 <sup>rd</sup> Revision Sheet 51E	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51E
3 <sup>rd</sup> Revision Sheet 51F	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51F
3 <sup>rd</sup> Revision Sheet 51H	Canceling	Sub. 2 <sup>nd</sup> Revision Sheet 51H
3 <sup>rd</sup> Revision Sheet 51I	Canceling	2 <sup>nd</sup> 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 2, 2016.

### **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 allowances and costs, and included with this filing are workpapers which provide support for the proposed changes.

**Allowances** – In this filing, the Company has updated the allowances applicable to new residential, commercial and industrial customer's services. For purposes of calculating the revised allowances, the Company is continuing to utilize an embedded cost methodology approach that is designed to ensure that investment in distribution/terminal facilities for each new customer will be similar to the embedded costs of the same facilities reflected in base rates. Any

costs in excess of the allowance would be paid by the new customer as a Contribution in Aid of Construction. The Company utilized actual distribution costs from the results of operations reports, as of September 30, 2015, as the basis for the embedded cost allowance calculation. For purposes of allocating the actual distribution costs to the individual rate schedules, the Company utilized the allocations from the Cost of Service study in its most recently concluded general rate case filing (Docket No. UE-150204) to spread the distribution costs. Below is a summary of the proposed allowance changes:

<u>Service Schedule</u>	<u>Existing</u>	<u>Proposed</u>
Schedule 1 Individual Customer	\$ 1,625	\$ 1,695
Schedule 1 Duplex	\$ 1,300	\$ 1,355
Schedule 1 Multiplex	\$ 975	\$ 1,015
Schedule 11/12 (per kWh)	\$ 0.13561	\$ 0.12831
Schedule 21/22 (per kWh)	\$ 0.10613	\$ 0.10433
Schedule 31/32 (per kWh)	\$ 0.12357	\$ 0.12446

The Company has provided workpapers that provide the inputs and calculation of the allowances.

**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 2015 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. Below is a summary of those changes:

Single-Phase	<u>Present</u>	<u>Proposed</u>
<u>Overhead Primary Circuit:</u>		
Fixed Cost	\$ 3,926	\$ 4,093
Variable Cost	\$ 7.63	\$ 7.97
<u>Underground Primary Circuit</u>		
Fixed Costs	\$ 1,737	\$ 1,811
Variable Costs	\$ 9.91	\$ 10.35
<u>Underground Secondary Circuit</u>		
Fixed Costs	\$ 376	\$ 400
Variable Costs	\$ 9.23	\$ 9.38
Overhead Service Circuit	\$ 3.08	\$ 3.24
Underground Service Circuit	\$ 8.33	\$ 8.76
Overhead Transformer	\$ 2,296	\$ 2,294
Padmount Transformer	\$ 2,983	\$ 2,986

Residential development costs, updated for the most current Construction & Material Standards and average 2015 construction costs are detailed below.

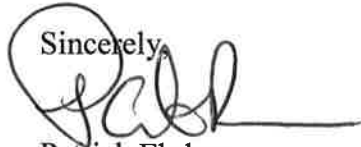
<u>Residential Developments</u>	<u>Present</u>	<u>Proposed</u>
Total Cost per Lot	\$ 1,705	\$ 1,731
Less: Service Cost	\$ 417	\$ 439
<b>Developer Responsibility</b>	<b>\$ 1,288</b>	<b>\$ 1,292</b>
Developer Refundable Payment	\$ 1,288	\$ 1,292
Builder Non-Refundable Payment	\$ 80	\$ 36
Allowance	\$ 1,625	\$ 1,695

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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 14, 2016, 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,

A handwritten signature in black ink, appearing to read 'Patrick Ehrbar', with a long horizontal flourish extending to the right.

Patrick Ehrbar  
Manager Rates & Tariffs  
Enclosures