



**Avista Corp.**  
 1411 East Mission P.O. Box 3727  
 Spokane, Washington 99220-0500  
 Telephone 509-489-0500  
 Toll Free 800-727-9170

March 11, 2022

**VIA – Commission Web-Portal**

Amanda Maxwell  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 Lacey, Washington 98503

Dear Ms. Maxwell,

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:

|                                    |           |                                    |
|------------------------------------|-----------|------------------------------------|
| 7 <sup>th</sup> Revision Sheet 51A | Canceling | 6 <sup>th</sup> Revision Sheet 51A |
| 4 <sup>th</sup> Revision Sheet 51B | Canceling | 3 <sup>rd</sup> Revision Sheet 51B |
| 9 <sup>th</sup> Revision Sheet 51C | Canceling | 8 <sup>th</sup> Revision Sheet 51C |
| 9 <sup>th</sup> Revision Sheet 51D | Canceling | 8 <sup>th</sup> Revision Sheet 51D |
| 9 <sup>th</sup> Revision Sheet 51E | Canceling | 8 <sup>th</sup> Revision Sheet 51E |
| 6 <sup>th</sup> Revision Sheet 51F | Canceling | 5 <sup>th</sup> Revision Sheet 51F |
| 4 <sup>th</sup> Revision Sheet 51G | Canceling | 3 <sup>rd</sup> Revision Sheet 51G |
| 9 <sup>th</sup> Revision Sheet 51H | Canceling | 8 <sup>th</sup> Revision Sheet 51H |
| 9 <sup>th</sup> Revision Sheet 51I | Canceling | 8 <sup>th</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 1, 2022.

**Background**

The Company’s present Schedule 51 electric line extension tariff incorporates the principle of average costing for electrical facilities commonly used in extending service. The tariff sets forth “Basic and Exceptional 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 and Exceptional 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.

Received  
 Records Management  
 03/14/22 08:56:45  
 State Of WASH.  
 UTIL. AND TRANSP.  
 COMMISSION

Detailed below are the Company’s proposed changes to Schedule 51 and included with this filing are workpapers which provide support for the proposed changes.

**Allowances** – The Company is not proposing to update 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 May 2021 based on the Cost of Service study from its most recently concluded general rate case filing (UE-200900). The Company will update the allowances in next year’s filing, reflecting the final results of the Company’s pending general rate case (UE-220053).

**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 are reflective of the NESC’s most recent code revisions. The standard designs in this filing have not changed and are consistent with those reflected in this filing.

As detailed on proposed tariff sheets 51H and 51I, the Company is proposing to update the primary, secondary, service and transformer average costs which have remained relatively consistent between years. Below is a summary of the cost changes:

|                                      | <u>Present</u> | <u>Proposed</u> | <u>% Change</u> |
|--------------------------------------|----------------|-----------------|-----------------|
| <u>Overhead Primary Circuit:</u>     |                |                 |                 |
| Fixed Cost                           | \$ 4,677       | \$ 4,521        | -3.3%           |
| Variable Cost                        | \$ 9.17        | \$ 8.75         | -4.6%           |
| <u>Underground Primary Circuit</u>   |                |                 |                 |
| Fixed Costs                          | \$ 1,920       | \$ 1,958        | 2.0%            |
| Variable Costs                       | \$ 10.01       | \$ 11.15        | 11.4%           |
| <u>Underground Secondary Circuit</u> |                |                 |                 |
| Fixed Costs                          | \$ 394         | \$ 392          | -0.3%           |
| Variable Costs                       | \$ 8.60        | \$ 11.55        | 34.3%           |
| <u>Overhead Secondary Circuit</u>    |                |                 |                 |
| Fixed Costs                          | \$ 1,936       | \$ 1,843        | -4.8%           |
| Overhead Service Circuit             | \$ 4.27        | \$ 3.96         | -7.3%           |
| Underground Service Circuit          | \$ 8.43        | \$ 9.14         | 8.4%            |
| Overhead Transformer                 | \$ 2,345       | \$ 2,508        | 7.0%            |
| Padmount Transformer                 | \$ 3,477       | \$ 3,597        | 3.5%            |

The primary driver of the increase in variable underground primary and secondary costs as shown above, is due to an increase in cost of two-inch and three-inch conduit during 2021. Current market conditions for resin, the primary component of conduit has been in higher demand than manufacturers can supply. In addition, manufacturers located in the gulf of Texas, which represent 75% of all resin manufacturers, were taken offline for over a month, some for several months due to hurricanes and storms, further affecting the supply in the market. Per the US Bureau of Labor Statistics, Producer Price Index, thermoplastic resins from Nov 2020 to Nov 2021 increased nearly 50%.

Residential development costs, updated for the most current Construction & Material Standards and average 2021 construction costs are detailed below.

| <b><u>Residential Developments</u></b> |                        |                        |
|--|------------------------|------------------------|
|  | <b><u>Present</u></b>  | <b><u>Proposed</u></b> |
| Total Cost per Lot                     | \$ 1,772               | \$ 2,070               |
| Less: Service Cost                     | <u>\$ 422</u>          | <u>\$ 458</u>          |
| <b>Developer Responsibility</b>        | <b><u>\$ 1,350</u></b> | <b><u>\$ 1,612</u></b> |
| Developer Refundable Payment           | \$ 1,350               | \$ 1,612               |
| Builder Non-Refundable Payment         | \$ -                   | \$ -                   |
| Allowance                              | \$ 4,840               | \$ 4,840               |

**Administrative Changes** – The Company has come to realize that when discussing line extensions, conversions, or relocations of existing service with new and/or existing customers, there is difficulty in understanding the provisions outlined in the Company’s tariff Schedule 51 regarding Basic Cost. In an effort to make Schedule 51 easier for customers to understand and for our construction employees to apply, the Company is proposing to update its terminology to avoid confusion.

The Company is proposing to change the term “Basic Cost” to “Basic and Exceptional Cost”. The Basic and Exceptional Cost will continue to cover all costs necessary to construct the line extension. In practice, this change will have no impact on the costs paid by customers for line extensions. It will simply make the costs of line extensions easier to understand for customers and align the language with other internal documents which the Company uses when working with customers.

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 21, 2022, 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 Tia Benjamin at (509) 495-2225 or Joe Miller at (509) 495-4546.

Sincerely,

*/s/ Joe Miller*

Joe Miller  
Sr. Manager of Rates and Tariffs  
Enclosures