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March 9, 2020

VIA – Commission Web-Portal

Mark L. Johnson
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Dear Mr. Johnson,

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:

6 th Revision Sheet 51A	Canceling	5 th Revision Sheet 51A
7 th Revision Sheet 51C	Canceling	6 th Revision Sheet 51C
7 th Revision Sheet 51D	Canceling	6 th Revision Sheet 51D
7 th Revision Sheet 51E	Canceling	6 th Revision Sheet 51E
5 th Revision Sheet 51F	Canceling	4 th Revision Sheet 51F
7 th Revision Sheet 51H	Canceling	6 th Revision Sheet 51H
7 th Revision Sheet 51I	Canceling	6 th 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, 2020.

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.

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.

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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 its Cost of Service study from its most recent general rate case filing (Docket No. UE-190334), updated for the revenue requirement agreed to in the Settlement Stipulation, to spread the distribution costs.¹ The allowances were last updated in 2019 based on the Cost of Service study from the Company’s 2017 general rate case filing (Docket No. UE-170485). Below is a summary of the proposed allowance changes:

<u>Service Schedule</u>	<u>Existing</u>	<u>Proposed</u>
Schedule 1 Individual Customer	\$ 1,860	\$ 2,100
Schedule 1 Duplex	\$ 1,485	\$ 1,675
Schedule 1 Multiplex	\$ 1,115	\$ 1,260
Schedule 11/12 (per kWh)	\$ 0.15007	\$ 0.17242
Schedule 21/22 (per kWh)	\$ 0.12628	\$ 0.14660
Schedule 31/32 (per kWh)	\$ 0.15951	\$ 0.17817

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 last updated in 2017 to reflect the NESC’s code revisions. The standard designs in this filing have not changed and are consistent with those reflected in the Company’s 2019 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 which have remained relatively consistent between years. Below is a summary of the cost changes:

¹ If during the pendency of this filing the Commission issues an Order which changes the electric revenue requirement from what was agreed to by the Parties in the Settlement Stipulation the Company will refile the allowance portion of the tariff sheets to reflect these changes.

	<u>Present</u>	<u>Proposed</u>	<u>% Change</u>
<u>Overhead Primary Circuit:</u>			
Fixed Cost	\$ 4,253	\$ 4,205	-1.1%
Variable Cost	\$ 8.38	\$ 8.22	-1.9%
<u>Underground Primary Circuit</u>			
Fixed Costs	\$ 1,854	\$ 1,934	4.3%
Variable Costs	\$ 11.23	\$ 11.34	1.0%
<u>Underground Secondary Circuit</u>			
Fixed Costs	\$ 418	\$ 428	2.3%
Variable Costs	\$ 10.42	\$ 10.47	0.5%
<u>Overhead Secondary Circuit</u>			
Fixed Costs	\$ 1,774	\$ 1,732	-2.4%
Overhead Service Circuit	\$ 3.91	\$ 3.74	-4.3%
Underground Service Circuit	\$ 9.41	\$ 9.54	1.4%
Overhead Transformer	\$ 2,310	\$ 2,242	-2.9%
Padmount Transformer	\$ 3,507	\$ 3,546	1.1%

As shown above, the year-over-year changes remain relatively unchanged. The primary driver of the change in the Underground Primary Circuit Fixed Costs are due to changes in the per-unit costs related to the junction enclosure and ground sleeve.

Residential development costs, updated for the most current Construction & Material Standards and average 2019 construction costs are detailed below.

Residential Developments

	<u>Present</u>	<u>Proposed</u>
Total Cost per Lot	\$ 1,907	\$ 1,938
Less: Service Cost	\$ 471	\$ 478
Developer Responsibility	\$ 1,436	\$ 1,460
Developer Refundable Payment	\$ 1,436	\$ 1,460
Builder Non-Refundable Payment	\$ 47	\$ -
Allowance	\$ 1,860	\$ 2,100

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 April 1, 2020, 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 Joe Miller at (509) 495-4546.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Miller", with a stylized flourish extending to the right.

Joe Miller
Manager of Pricing and Tariffs
Enclosures