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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ELECTRIC LINE EXTENSION SCHEDULE 51 ANNUAL RATE ADJUSTMENT FILING OF AVISTA CORPORATION	))))	CASE NO. AVU-E-25-__ APPLICATION OF AVISTA CORPORATION

I. INTRODUCTION

In accordance with Idaho Code §61-502 and RP 052, Avista Corporation, doing business as Avista Utilities (hereinafter "Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington, respectfully makes application to the Idaho Public Utilities Commission ("Commission") for an order approving the update in costs and administrative changes to the Company's Electric Line Extension Schedule 51. The Company has requested a May 15, 2025 effective date.

The Company requests that this filing be processed under the Commission's Modified Procedure Rules (RP 201-204) through the use of written comments. Communications in reference to this Application should be addressed to:

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II. 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.

In Commission Order No. 35757, the Commission ordered that future filings shall clearly identify the details requested by Commission Staff (Staff) in their comments. In particular Staff stated:

> *Staff recommends that the Company clearly identify the hours, materials, and vehicle support it assumed for each type of line extension work, it identify any changes from the previous year, and it provide evidence and justification for the changes. Specifically, Staff recommends that the Company provide actual work order examples for each type of line extension work to provide confirmation of the standard estimates.*

In compliance with the Commission Order, the Company has included additional workpapers that detail the hours, materials, and vehicle support for each job, as well as actual work order estimates for each job type.

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.

III. CONSTRUCTION ALLOWANCES

In this filing, the Company has updated the allowances applicable to new residential, commercial and industrial customers. 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 recently concluded general rate case filing (AVU-E-23-01), updated for the base rates approved in the Settlement Agreement and approved in Order No. 35909 effective September 1, 2024, as the basis of the embedded cost calculation. Below is a summary of the proposed allowance changes:

Service Schedule		Existing		Proposed
Schedule 1 Individual Customer (per unit)	$	2,475	$	2,545
Schedule 1 Duplex (per unit)	$	1,980	$	2,035
Schedule 1 Multiplex (per unit)	$	1,490	$	1,530
Schedule 11/12 (per kWh)	$	0.19321	$	0.19912
Schedule 21/22 (per kWh)	$	0.17749	$	0.18388
Schedule 31/32 (per kWh)	$	0.31838	$	0.32929

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

IV. AVERAGE 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. Below is a summary of the cost changes:

	Proposed	Proposed
Overhead Primary Circuit:		
Fixed Cost	$ 5,379	$ 5,536
Variable Cost	$ 10.69	$ 11.20
Underground Primary Circuit		
Fixed Costs	$ 2,516	$ 2,583
Variable Costs	$ 13.48	$ 13.55
Underground Secondary Circuit		
Fixed Costs	$ 666	$ 647
Variable Costs	$ 14.17	$ 12.75
Overhead Secondary Circuit		
Fixed Costs	$ 2,212	$ 2,279
Overhead Service Circuit	$ 5.02	$ 5.06
Underground Service Circuit	$ 10.46	$ 10.29
Overhead Transformer	$ 5,025	$ 5,308
Padmount Transformer	$ 8,413	$ 10,003

The primary drivers of the increase in costs above are related to increases in labor cost and transformer costs. The primary driver of reduced cost on some underground work listed above is due to a reduction in the cost of conduit and resin products. Avista continues to see a reduction in the cost of conduit as that market normalizes after a

disruption in resin manufacturing a few years ago.[1] Transformers continue to see high-cost pressure due to high demand across the nation and low availability. This is a common problem across all utilities, as some transformer types have a lead time of several years. Avista has been working with different vendors, both domestic and international, to source transformers both on availability and cost savings efforts. Additionally, the distribution system is not flexible, and transformers must meet Avista's specifications, which limits the vendors from which Avista is able to purchase material. The transformer industry has seen significant cost increases over the past few years and the industry is finding it to be commonplace for higher costs to be normal.

The other significant cost driver is related to labor. In 2024, Avista's Distribution Standard Group undertook a review of labor hours and codes applied to the compatible units within Avista's work management system (Maximo). The Distribution Standard Group regularly reviews processes to ensure Avista is meeting current Standards. In so doing, it was found that certain compatible units needed updated to modify the crew hours applied to certain compatible units to more accurately reflect actual labor costs. In particular, the labor hour update affected the underground transformer compatible unit. For a 25kVA padmount transformer installation, the system uses the assigned labor value based on the installation crew. A 25kVA padmount transformer takes about three hours by one installation crew, the system applied three-man hours to this compatible unit of work. The system ignored the fact that a crew has four workers, and therefore 12 hours should have been applied. The result was an understatement of the hours applied to the job. The

[1] In this filing three years ago Avista reported a shortage in the supply of resin due to a manufacturing plant being shut down and disrupting the conduit industry, creating a shortage of conduit driving the cost up. This disruption has now subsided and we are now able to source conduit at better lead times and pricing.

Company has corrected this understatement of labor hours in its compatible units during 2024 and is reflected in the values in this filing in the underground transformer compatible unit cost.

Residential development costs, updated for the most current Construction & Material Standards and average 2024 construction costs, are detailed below:

Residential Developments

	Present	Proposed
Total Cost per Lot	$ 3,358	$ 3,849
Less: Service Cost	$ 525	$ 516
Developer Responsibility	**$ 2,833**	**$ 3,333**
Developer Refundable Payment	$ 2,475	$ 2,545
Builder Non-Refundable Payment	$ 883	$ 1,304
Allowance	$ 2,475	$ 2,545

V. ADMINISTRATIVE CHANGES

Presently Schedule 51 states that every customer who wants the Company to design a line extension must first submit a written application. In an effort to reflect the considerable amount of time, effort, and complexity to evaluate large load requests the Company is proposing to add an Application Fee of $1,000 for load requests of 3,000 kVA (3 MVA) or greater. 3,000 kVA is the threshold for those customers who would typically take service under the Schedule 25 (Extra Large General Service) rate schedule and requires significantly more time to process those requests. The Application Fee is intended to cover a portion of the costs related to the initial application review and customer scoping meeting that is required in order to evaluate and analyze loads of this size. The Company has also added language to clarify that any additional capacity impact studies beyond standard design (distribution/transmission capacity, interconnection, etc.) will be paid in

full by the customer requesting service. Both changes align with industry practice among other utilities and ensure that only qualified new customers move through the interconnection process.

VI. COMMUNICATIONS AND SERVICE OF APPLICATION

In conformance with RP 125, this Application will be brought to the attention of the Company's affected customers. Consistent with past practice, during the week of April 7, 2025, 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.

VII. REQUEST FOR RELIEF

The Company requests that the Commission issue an order approving the update in costs to Schedule 51 to become effective May 15, 2025. The Company requests that the matter be processed under the Commission's Modified Procedure rules through the use of written comments.

Dated at Spokane, Washington this 31st day of March 2025.

AVISTA CORPORATION

BY */s/ Patrick Ehrbar*
Patrick D. Ehrbar
Director of Regulatory Affairs