

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKETS UE-140188 and
TRANSPORTATION COMMISSION,)	UG-140189 (<i>Consolidated</i>)
)	
Complainant,)	ORDER 07
)	
v.)	FINAL ORDER GRANTING JOINT
)	PETITION AND APPROVING
AVISTA CORPORATION d/b/a)	MODIFICATIONS AND ADDITIONS
AVISTA UTILITIES,)	TO AVISTA’S LOW-INCOME RATE
)	ASSISTANCE PROGRAM
Respondent.)	COMPLIANCE FILING
)	
.....)	

1 **BACKGROUND.** On November 25, 2014, the Washington Utilities and Transportation Commission (Commission) entered a final order rejecting the tariff filing of Avista Corporation d/b/a Avista Utilities (Avista or the Company), accepting with conditions a full settlement stipulation (Settlement), authorizing tariff filing, and requiring compliance filings in Dockets UE-140188 and UG-140189 (Order 05). Among other things, Order 05 required Avista to double its funding increase for the Company’s Low-Income Rate Assistance Program (LIRAP) from the amount proposed in the Settlement. The settlement provided that the parties would work together to develop mutually agreed upon additions and modifications to LIRAP.¹ Order 05 provided that if the Parties could not agree upon modifications or additions to the program they would file alternative or competing proposals with the Commission no later than June 1, 2015.

2 In December 2014, the Commission’s regulatory staff (Staff)², Avista, the Public Counsel Section of the Office of the Attorney General (Public Counsel), the Energy Project, the

¹ *WUTC v. Avista*, Dockets UE-140188 and UG-140189, Order 05, ¶ 5 (Nov. 25, 2015).

² In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See*, RCW 34.05.455.

Northwest Industrial Gas Users (NWIGU), and the Industrial Customers of Northwest Utilities (ICNU) (collectively with Avista, Staff, Public Counsel, the Energy Project, and NWIGU, Parties) convened a workgroup consisting of representatives from the Company, Staff, the Energy Project, Public Counsel, NWIGU, and two Community Action Agencies – Spokane Neighborhood Action Partners (SNAP) and Rural Resources Community Action.³ The workgroup held six workshops and several planning conference calls from January 30 through May 1, 2015. The Parties filed a Joint Petition for Modifications and Additions to LIRAP (Joint Petition) on May 29, 2015, including proposed tariff sheets.⁴

3 **PARTY REPRESENTATIVES.** David J. Meyer, Vice President and Chief Counsel for Regulatory and Governmental Affairs, Spokane, Washington, represents Avista. Lisa W. Gafken, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Division of the Washington State Attorney General’s Office (Public Counsel). Brett P. Shearer, Assistant Attorneys General, Olympia, Washington, represents Staff.

4 Melinda J. Davison, Davison Van Cleve, P.C., Portland, Oregon, represents the Industrial Customers of Northwest Utilities (ICNU). Chad M. Stokes and Tommy A. Brooks, Cable Huston, Portland, Oregon, represent the Northwest Industrial Gas Users (NWIGU). Ronald L. Roseman, attorney, Seattle, Washington, represents The Energy Project.

MEMORANDUM

5 In developing modifications and additions to LIRAP, the Parties identified four goals to guide the LIRAP program design: keep customers connected to energy service, provide assistance to more customers than are currently served by the program, lower the energy burden of LIRAP participants, and ensure that LIRAP has the appropriate data to assess program effectiveness. To further these goals, the Parties propose several modifications and additions to the current program.⁵

6 **Program Modifications.** The first modification provides funding as a fixed annual budget, rather than collecting and allocating funding to Community Action Agencies on a

³ ICNU signed the Joint Petition, but did not participate in the collaborative.

⁴ *WUTC v. Avista*, Dockets UE-140188 and UG-140189, Joint Petition (May 29, 2015).

⁵ Joint Petition, ¶ 7.

variable monthly basis.⁶ To accomplish this, Avista will make an annual true-up filing to ensure recovery of the annual budget each year. The total LIRAP revenue requirement will continue to be set in a GRC or other proceeding. Unspent funds will remain available for the next program year. This change will benefit Community Action Agencies by enabling them to know their fixed annual allocations by the end of May each year, and to budget accordingly.

7 Second, Avista will establish an ongoing energy assistance program advisory group to continue to monitor and explore ways to improve LIRAP.⁷ The group will hold at least two meetings per year. The costs of convening the advisory group will be recovered through general rates, not through Schedules 92 and 192, which fund the LIRAP electric and gas programs.

8 Finally, the Parties propose various other changes.⁸ Notably, administrative changes will improve communication between Avista, the Community Action Agencies, and program participants.

9 **Program Additions.** As an addition to the current LIRAP program, the Parties propose a pilot rate discount program for seniors and customers with disabilities.⁹ The Parties believe the addition of this program will enable LIRAP to reach more senior customers than the current program alone, lower these customers' energy burden, and may be more effective in preventing disconnections than a one-time grant.¹⁰

10 Fixed-income seniors and fixed-income customers with a disability whose household income is between 126-200% of the federal poverty line (FPL) will be eligible for this pilot program.¹¹ The program will provide a rate discount with an average benefit of \$300 per participant per program year.¹² Up to 800 customers will be eligible to participate from October 1, 2015 to September 30, 2017.

⁶ Joint Petition, ¶ 7.

⁷ Joint Petition, ¶ 7.

⁸ Joint Petition, ¶ 7.

⁹ Joint Petition, ¶ 10.

¹⁰ Joint Petition, ¶ 9.

¹¹ Joint Petition, ¶ 10.

¹² Joint Petition, ¶ 10. The benefit is \$0.03153 per kWh or \$0.40663 per therm. *Id.* Most of Avista's low-income programs also offer a \$300 benefit. Joint Petition, ¶ 2.

- 11 The program's budget is \$700,000, which includes \$50,000 for a third-party evaluation. Parties propose to increase LIRAP funding by \$350,000 per year to fund this two-year pilot. A total of \$210,992 will be recovered annually through electric schedule 92, and \$113,238 through natural gas schedule 192. NWIGU, representing transportation customers on Schedule 146, agreed to contribute \$25,770 annually to LIRAP.¹³
- 12 The Parties also filed a study published by SNAP and Eastern Washington University on the incidence of poverty in Avista's service territory.¹⁴ This study relies on data from the American Community Survey which provides an estimated 5-year rolling average household income by census tract. The Parties argue that the study shows that over eight percent of households live below 50 percent of the federal poverty line (FPL), and that over one-third of households in Avista's service area live below 200 percent of the FPL.
- 13 In light of this high level of need, and experiences from other states, the Parties plan to continue to discuss the addition of new LIRAP programs. Specifically, the Parties will explore the feasibility of implementing percentage of bill payment and arrearage management plans. Percentage of bill payment plans lower the customer's energy bill to a set percentage of total household income. Arrearage management plans mitigate the hardship caused by a large arrearage by establishing achievable monthly payments. The Parties intend to investigate these program options further, and file a pilot proposal or status update by January 15, 2017.
- 14 **Discussion and Decision.** A compliance filing does not become effective until the Commission acts on it.¹⁵ Pursuant to WAC 480-07-883(4), the Commission may act by entering an order in any proceeding in which a compliance filing is authorized or required that approves the filing or rejects the filing or any portion thereof.
- 15 We appreciate the Parties' work on improving this valuable assistance program. In its November 25, 2014 order, the Commission recognized the need to increase funding for LIRAP.¹⁶

¹³ Joint Petition, ¶ 14. This represents 1 percent of Schedule 146 revenues.

¹⁴ "An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State," May 2015, attachment D to the Joint Petition.

¹⁵ WAC 480-07-883(3)(b).

¹⁶ *WUTC v. Avista*, Dockets UE-140188 and UG-140189, Order 05, ¶ 42.

- 16 We also found that the poverty rate in Avista's service territory is higher than the statewide average, and that the majority of customers eligible for LIRAP assistance are not served by the current program.¹⁷ In this petition, the Parties have requested an additional \$700,000 in LIRAP funding to implement the low-income rate discount program.
- 17 While we did not anticipate a request for additional funding, authorizing this funding increase will allow the Company to serve more eligible low-income customers. Additionally, we recognize industrial gas customers' agreement to contribute funding to the program for the first time since LIRAP's inception in 2001.
- 18 As the Parties have indicated, a third-party evaluation will be completed by December 31, 2017, and the Joint Petition presents several issues the evaluation will address. The Commission views this list of issues as the minimum examination that will take place. Such evaluation should also include recommendations for how the Company and Community Action Agencies can reduce administrative costs to ensure that more funding is directed toward meeting the program's goals.
- 19 We welcome the creation of an energy assistance advisory group, which will allow the Parties to continue discussions to improve the program in the future. In addition to future program designs, the Parties should continue to review the administrative costs of the pilot program with an eye to reducing the operating expenses of the program so that more funding goes directly to those in need.
- 20 We find that the agreed-to modifications and additions are in the public interest, and that the Joint Petition should be granted. We approve the proposed modification and additions to LIRAP proposed therein, and the accompanying tariff sheets, including the senior/disabled rate discount pilot program.

FINDINGS OF FACT

- 21 Having discussed above in detail the evidence received in this proceeding concerning all material matters, and having stated findings and conclusions upon issues in dispute among the parties and the reasons therefore, the Commission now makes and enters the

¹⁷ *Id.* ¶ 44.

following summary of those facts, incorporating by reference pertinent portions of the preceding detailed findings:

- 22 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, and accounts of public service companies, including electrical and gas companies.
- 23 (2) Avista Corporation d/b/a Avista Utilities (Avista or the Company) is a “public service company,” an “electrical company” and a “gas company,” as those terms are defined in RCW 80.04.010 and as those terms otherwise are used in Title 80 RCW. Avista is engaged in Washington State in the business of supplying utility services and commodities to the public for compensation.
- 24 (3) On November 25, 2014, the Commission entered Order 05, accepting with conditions a full settlement stipulation (Settlement), authorizing tariff filing, and requiring compliance filings in Avista’s general rate case proceeding.
- 25 (4) Among other things, the Commission required Avista to double its funding increase for the Company’s Low-Income Rate Assistance Program (LIRAP) from the amount proposed in the Settlement and mandated that the parties work together, using the pilot program proposed by the Commission’s regulatory staff (Staff) as a basis, to file mutually agreed upon additions and modifications to LIRAP.
- 26 (5) On May 29, 2015, Staff, Avista, the Public Counsel Section of the Office of the Attorney General (Public Counsel), the Energy Project, the Northwest Industrial Gas Users (NWIGU), and the Industrial Customers of Northwest Utilities (ICNU) (collectively with Avista, Staff, Public Counsel, the Energy Project, and NWIGU, Parties) filed a Joint Petition for Modifications and Additions to LIRAP (Joint Petition) and accompanying tariff sheets.

CONCLUSIONS OF LAW

- 27 Having discussed above all matters material to this decision, and having stated detailed findings, conclusions, and the reasons therefore, the Commission now makes the

following summary conclusions of law, incorporating by reference pertinent portions of the preceding detailed conclusions:

- 28 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings.
- 29 (2) Pursuant to WAC 480-07-883(3)(b), a compliance filing does not automatically become effective on its stated effective date. The Commission must act on the compliance filing for it to become effective, and the Commission can do so by entering an order approving the compliance filing or taking other appropriate action.
- 30 (3) The modifications and additions to LIRAP contained within the Joint Petition meet the requirements in Order 05 for the parties to work together, using the pilot program proposed by Staff as a basis, to file mutually agreed upon additions and modifications to LIRAP.
- 31 (4) The Joint Petition should be granted, the requested funding increase approved, and the modifications and additions to LIRAP, reflected in the accompanying tariff sheets, should be approved.

ORDER

THE COMMISSION ORDERS THAT:

- 32 (1) The Joint Petition for Modifications and Additions to LIRAP, filed on May 29, 2015, by Avista Corporation d/b/a Avista Utilities, the Commission's regulatory staff, the Public Counsel Section of the Office of the Attorney General, the Energy Project, the Northwest Industrial Gas Users, and the Industrial Customers of Northwest Utilities, is granted.
- 33 (2) The modifications and additions proposed in the Joint Petition, and reflected in the accompanying tariff sheets, are approved.

- 34 (3) The Commission retains jurisdiction over the subject matters and parties to this proceeding to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective June 25, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.