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## 1.0 Executive Summary

The Washington Utilities and Transportation Commission (WUTC) approved Avista Utilities' Low-Income Rate Assistance Program (LIRAP) effective May 2, 2001.<sup>1</sup> The purpose of LIRAP is to reduce the energy cost burden among those customers least able to pay energy bills.

Approximately \$1,733,492 of new revenue was collected through an increase of 0.79% to Schedule 91 (electric) and \$998,124 was collected through an increase of 0.79% Schedule 191 (natural gas) for a total of \$2,731,616.<sup>2</sup> Of this amount, \$2,111,022 was provided to the six Community Action Agencies in Avista's Washington service territory for disbursement to qualifying customers.<sup>3</sup> The remaining funds were dedicated to agency administration and program support (with the exception of Avista's Conservation Education Outreach). These agencies are the Spokane Neighborhood Action Programs (SNAP), North Columbia Community Action Council, Community Action Center of Whitman County, Community Action Agency (Asotin County), Klickitat/Skamania Development Council, and Rural Resources Community Action. Eligibility was determined according to existing guidelines established by Federal and State standards used for the Low Income Heating Energy Assistance Program (LIHEAP). Additionally, customers experiencing emergencies are eligible for assistance under the Project Share guidelines. Customers over the age of 60 experiencing hardship are eligible under the Senior Energy Outreach guidelines.

The first year of Avista Utilities' Low-Income Rate Assistance Program (LIRAP) concluded on April 30, 2002. Over 8,000 electric and natural gas customers in the Company's Washington service territory received 8,568 grants averaging \$207.

Participating Community Action Agencies (CAAs) determined customers' eligibility. Approximately 44% of participants were on social security, 18% received public assistance, 16% received unemployment benefits, and 16% had a disability stipend. There were 334 customers who received more than one grant. One hundred twenty eight customers received weatherization services in addition to LIRAP support during the reporting period.

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<sup>1</sup> Avista made this request pursuant to RCW 80.28.068, "Rates—Low-income customers."

<sup>2</sup> \$2,731,616 is the gross revenue generated from Schedules 91 and 191 over the twelve-month reporting period. Avista had originally estimated \$3,000,000 in revenue but, given reduced customer consumption, revenues collected based on the per-kWh retail charge were less than initially projected. This amount includes \$112,000 that was applied to Avista's Conservation Education component.

<sup>3</sup> Administrative and program support costs represented approximately 19.4% of the program budget. One agency, SNAP, converted \$140,000 of its administrative and program support budget to direct services during the first program year. Administrative and program support costs for LIRAP's second program year is targeted at 15%.

Eighty-five percent of LIRAP participants had household average incomes less than \$15,000. Approximately half of the grant recipients had annual household incomes less than \$8,000. Over 70% of the LIRAP participants had households of two or more people. Customers renting their residences constituted 63% of the total.

The energy cost burden, or the percentage of household income spent on energy, was reduced by approximately two-thirds for customers at or below 100% of the federal poverty level (FPL). The energy cost burden was reduced by over half for LIRAP participants between 100% to 125% of the FPL.

The outreach effort in support of LIRAP—both program awareness activities and conservation workshops—was successful. This included efficiently reaching the Company's Washington service territory with information for limited income customers to reduce energy bills through education.

Monthly advisory meetings were held with the Community Action Agencies (CAAs) to review program implementation issues. Revisions to the LIRAP funding allocation process were made to align electric and gas LIRAP revenue with CAA representation by electric and gas customers. Several mid-course adjustments were made including a reduction in maximum base grants to offer access to more customers. Some issues have been identified for further attention including creation of a Procedures Manual and amendments to the original Company/Agency agreement.

Program evaluation was an integral portion of this offering. Evaluation components were to include process and administrative issues, changes in disconnects and slow/no pays and related financial issues, and impacts on target customers energy burden issues (e.g., consumption, comfort, and payments). The Company issued a request for proposals (RFP) from qualified, third-party consultants to perform program evaluation in May, 2001. Avista worked with interested parties in developing the scope and details of the RFP. The firm of Research Into Action, Inc. (RIA) was highly recommended by several stakeholders and was selected in June of 2001. The Company established a subcommittee of Avista's collaborative on demand-side management, the External Energy Efficiency Board (Triple E), to review program implementation.<sup>4</sup>

This Report is the first annual report on LIRAP and is intended to be responsive to several areas identified for evaluation as part of the WUTC's authorization of this program.

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<sup>4</sup> The Triple E is composed of a broad array of stakeholders, including all customer groups, as well as other representatives with a direct interest in the success and improvement of the proposed energy assistance programs.

## **2.0 Areas Identified for Evaluation**

### **2.1 Prescribed Evaluation**

The Company, at the time of program approval, proposed several evaluation components. The Company stated: “Avista would like to design the evaluation process with input and support from Staff and interested parties. The Company contemplates releasing an RFP to engage an independent third-party consultant to produce an evaluation report. Avista has discussed evaluation issues with Staff and has reviewed related issues in PacifiCorp’s low income rate program. Based on this work done to date, the evaluation is intended to consider the following. Avista will consider other evaluation issues as they arise.

- change in energy burden;
- # accounts in arrears of participants and non-participants, and change over program period;
- # disconnections of participants and eligible non participants, and change over program period;
- use of prior obligation protections by participants and eligible non-participants over program period
- the effectiveness of the outreach process;
- program subscription potential, as measured both by potentially eligible customers and eligible customers not able to participate due to program design;
- some measure of non-participant willingness to pay;
- # participants who have received weatherization services; and
- general demographics of participants, e.g., owners/renters, fuel type, household sizes, etc.”

### **2.2 Commission Staff Evaluation Request**

The Commission Staff Memorandum, dated April 25, 2001, outlined several areas of evaluation. Excerpts include the following.

“...the Company should report the number of customers who applied and received regular and emergency assistance program, the amount of funds they received, the cause for the assistance (e.g., arrearage, lack of job, etc.) and the season in which the assistance was given.

“...the intent of the program is to encourage customers to explore ways of becoming self-sufficient. ...whether or not there are alternative forms of educational materials to enhance conservation measures, should be evaluated by consultants.

“Staff is also concerned about the criteria that will be used to identify customers for the low-income rate assistance program. The FPL (federal poverty level) used by Avista is based on data from 1995. Staff suggests that the Company and CAAs should ensure that current FPL data is used in identifying eligible customers, and that this data should be included as supporting evidence in the evaluation of the program.

“Evaluation of effectiveness of these programs should include the extent to which the program contributes toward reducing repeat applicants. Staff suggests that the Company should collect and report data on the number of repeat applicants, and the amount disbursed to these customers. Furthermore, Staff would like to review data on the length of arrearage that was used in selecting customers eligible for emergency assistance.

“Program effectiveness should be evaluated, in part, based on how broadly funds are distributed among eligible ratepayers: low-income rate assistance programs typically benefit only 25% of eligible customers. Avista and CAAs should explore ways that will enhance program effectiveness and coverage.”

### **3.0 Reporting Protocols**

#### **3.1 Key Terms**

Key terms used in this Report are described as follows.

- Energy Cost Burden, Energy Burden—The percentage of income that households pay for energy service.
- LIRAP Base—Funds provided for non-heating customer load.
- LIRAP Heat—Benefit calculated using customer heating costs. This benefit is always combined with LIRAP Base Benefit.
- LIRAP Project Share—Funds provided for “emergency” purposes. The term “Project Share” is used because this LIRAP emergency funding is patterned after the Project Share Program.
- Participants—Customers who received LIRAP grant(s).
- Schedule 91—Avista tariff including the electric surcharge LIRAP rate.
- Schedule 191—Avista tariff including the natural gas surcharge LIRAP rate.
- Senior Energy Outreach—This program denotes an offering unique to low-income senior customers.

#### **3.2 Reporting Period**

This Report covers the period beginning May 2, 2001 and ending April 30, 2002. May 2, 2001 was the effective date of revisions to Schedules 91 and 191 and the initiation of collection of LIRAP revenue.

#### **3.3 Metrics**

The data collection and measures used by Avista Utilities in the evaluation of LIRAP include:

- Customer Service System (Avista Utilities’ information management data base)
- Community Action Agency records
- Survey of Community Action Agencies
- Consultant desk review by Research Into Action, Inc. of Portland, Oregon
- Ongoing External Energy Efficiency Board review

## **4.0 Outreach Process**

### **4.1 Summary of Process**

Households contacting Community Action Agencies (CAAs) for help on their utility bills comprise the primary pool of potential participants. Avista's CARES representatives refer customers in need to the CAAs. Additional targeted marketing focuses on payment troubled households – those experiencing a shutoff notice, carrying a large arrearage, etc.

For clients receiving “regular” assistance (i.e., LIRAP Heat) similar to LIHEAP, the eligibility determination is the same as LIHEAP. The amount of the assistance provided is based on household income, energy costs (all electric or gas costs, used for space heating or base load) and housing type (single family, multifamily, etc.) and calculated using the Office of Community Development (OCD) mechanism. The benefits of using this mechanism include leveraging systems and staff knowledge already in place at CAAs as well as using a system that indexes assistance to income and need.

For clients receiving “emergency” assistance (i.e., LIRAP Project Share) or small benefit amounts, the process is similar to that used for Project Share. The amount of emergency assistance is determined on a case-by-case basis not to exceed \$300. Emergency assistance includes items such as imminent danger of disconnection. All energy costs resulting from electric or gas usage are eligible (including kwh and therm consumption, applicable taxes, and arrearages).

Community Action Agencies follow established protocols for the qualification of and disbursement to eligible customers. These guidelines are promulgated by the Washington State Office of Community Development and cover 1) eligibility, 2) documentation and verification, 3) energy assistance services, and 4) allowable costs. Participating CAAs follow these guidelines for the disbursement of energy assistance funds originating from Schedules 91 and 191.

Conservation education has proven to be a key component of energy assistance programs. Teaching and demonstrating improved approaches to managing energy costs can reduce customers' bills and increase customers' ability to pay. The CAAs, as part of their LIHEAP activities, have active education components. Qualification for emergency assistance includes participation in educational activities. These are classroom, or seminar, based. The Company directed some energy assistance program funds to the production of support materials such as an updated video presentation.

### **4.2 Effectiveness of Outreach Process**

“Outreach” has two generally accepted meanings in the provision of low-income energy services. One meaning describes overall advertising of the availability of program services. A second meaning relates to conservation education or “outreach” to inform customers of behavioral changes available to reduce energy bills.

The majority of LIRAP participation resulted from customers who contacted CAAs to participate in LIHEAP. Households seem to be very aware of the energy services distributed by community action agencies. This is evidenced by the demand for these services outweighing the availability of funding. Generally, the monthly allocation of LIRAP funds was fully subscribed by the 20<sup>th</sup> day of the winter month.

Outreach for both Limited Income and the Senior Energy Outreach was supported with advertising in local newspapers, targeted direct mail and Senior Centers. Nine workshops were held reaching 342 participants.

Relative to outreach as a means to promote the conservation message, households requesting emergency services were required to attend a conservation education workshop before their emergency was addressed. These workshops, attended by 1,118 households, provided basic information on how households could reduce their energy usage in the future. Attendees were given energy reducing materials with a value of \$50 to take home. The Department of Energy provided this material. Customer evaluations of these workshops were favorable and indicated that households gained effective tips to reduce future energy usage.

Fixed and limited-income customers expressed a need for do-it-yourself energy conservation materials and conservation education. This need triggered the Company's outreach efforts. The Company met its first year goal to provide each service territory with these components. In the process, printed material and energy kit refinements were integrated into marketing and program-support collateral pieces.

#### 4.3 Subscription Potential and Non-Participant Willingness to Pay

Previous census data shows that approximately 21% of Avista's 187,912 Washington residential electric households are at or below 125% of Federal Poverty Level (FPL) guidelines. This represents about 39,461 households in the Company's electric service territory.<sup>5</sup> LIHEAP and other grants (totaling \$3,578,453) reached 12,338 Avista households of which 6,530 households are in addition to customers receiving LIRAP assistance during the reporting period.<sup>6</sup> LIRAP reached 8,056 households. In total, 14,586 households, or 37% of the estimated need, are served by LIRAP and LIHEAP.

At this time, non-participant willingness to pay is not known. Further study would be needed to address this issue.

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<sup>5</sup> Two exceptions allow grants to customers above 125% of the FPL. LIRAP Project Share recognizes extenuating circumstances and the Senior Energy Outreach program allows eligibility up to 200% of FPL.

<sup>6</sup> This number includes minor (non-LIHEAP and non-LIRAP) grants from other local non-profit sources.

## 5.0 Program Results, 12-Months Ending April 2002

### 5.1 Participants and Fund Distribution

Avista Utilities' Low-Income Rate Assistance Program provided 8,568 grants. The grants averaged \$207.15 per customer. Table 1, below, shows the number of grants and the amounts by program.

<i>Program Component</i>	<i>Number of Grants</i>	<i>Grant Amount</i>	<i>Average Grant Amount</i>
LIRAP Base	5,808	\$964,896	\$166.14
LIRAP Heat	1,034	\$497,664	\$481.30
LIRAP Project Share	1,310	\$229,405	\$175.12
Senior Outreach	416	\$82,899	\$199.28
Total	8,568 *	\$1,774,864 **	\$207.15

\* -- The number of customers served by this program is 8,056.  
 \*\* -- The Grant Amount Total shows the amounts received by customers as of April 30, 2002. The difference between this amount the \$2,111,022 shown elsewhere in this report reflects the remaining amount from the reporting period to be disbursed by CAAs to customers.

The Community Action Agencies provided source data on the general reasons customers sought energy assistance. As shown in Table 2, 43% of the participants were disabled. Senior citizens represented almost one-quarter of the customers served. All customers cited increased energy costs as an underlying cause of need. Customers selected more than one category, thus the total exceeds 100%.

<i>Situation</i>	<i>Percentage</i>
Disabled	43%
Unemployed	76%
Underemployed	43%
Senior 60+	23%

-- Customers self-selected more than one cause of assistance  
 -- All participants indicated that "rising energy costs" impacted their ability to pay energy bills



Participant primary income source is shown in Table 3. This data was collected by CAAs from LIRAP participants.

**Table 3. -- Participant Primary Income Sources**

<i>Source of funds</i>	<i>Percentage</i>
Social Security	44%
Public Assistance	18%
Unemployed	16%
Disability	9%
Student	4%
Self-employed	3%
Other	6%
Total	100%

Table 4 shows the number of customers who received multiple LIRAP grants on different days during the program year. Customers may have received a total of two grants from LIHEAP, LIRAP and LIRAP Project Share at different times during the program year. Customers who received a grant for LIRAP Base and LIRAP Heat on the same day are not counted as repeat applicants. CAAs served repeat customers according to LIHEAP/LIRAP guidelines, specifically income qualifications and demonstrated need.

**Table 4. -- Number of Customers Receiving Multiple Grants**

Number of Repeat Participants	334
Total Amount of Grant	\$141,406
Average per customer	\$423

## 5.2 Data on Arrearages, Disconnection, and Prior Obligations

Avista Utilities collected data on average arrearages, disconnection, and prior obligation. Table 5 shows arrearages for LIRAP Project Share customers.

**Table 5. -- Amount of Average Arrearage for Customers Receiving LIRAP Project Share**

	<i>Current</i>	<i>30 day</i>	<i>60 day</i>	<i>90 day</i>	<i>120 day</i>	<i>Deposit</i>
Average amount due per customer who received LIRAP Project Share as of May 2, 2002	\$135.80	\$82.72	\$34.82	\$10.43	\$4.07	\$48.43

Data on the number of residential accounts past due for the period May 2000 through April 2001 was compared to May 2001 through April 2002. This comparison is shown in Table 6. There was a slight decrease in the percentage of delinquencies for the period of October 2001 through December 2001 from the preceding time period. Several factors affected this reduction in arrearages. The impact of LIRAP was not present until the first LIRAP payments for customers were distributed beginning January 1, 2002.

**Table 6. -- Number of Residential Customers in Arrears**

<b>Period</b>	<b>Number Delinq.</b>	<b>Total Past Due (\$)</b>	<b>Total Billed Revenue (\$)</b>	<b>% Del.</b>	<b>Period</b>	<b>Number Delinq.</b>	<b>Total Past Due (\$)</b>	<b>Total Billed Revenue (\$)</b>	<b>% Del.</b>
<i>May-00</i>	73,985	5,165,861	20,272,057	25	<i>May-01</i>	85,512	6,976,576	26,336,867	26
<i>Jun-00</i>	75,803	4,758,001	16,347,935	29	<i>Jun-01</i>	95,048	7,153,961	21,279,439	34
<i>Jul-00</i>	78,816	4,258,285	13,728,575	31	<i>Jul-01</i>	96,298	6,155,301	15,762,201	39
<i>Aug-00</i>	78,589	3,663,771	12,652,807	29	<i>Aug-01</i>	88,326	4,569,274	14,155,539	32
<i>Sep-00</i>	77,254	3,250,593	14,087,504	23	<i>Sep-01</i>	77,780	3,447,494	14,010,837	25
<i>Oct-00</i>	70,715	2,970,215	13,587,170	22	<i>Oct-01</i>	64,074	2,671,227	14,629,064	18
<i>Nov-00</i>	64,874	2,689,643	15,189,020	18	<i>Nov-01</i>	61,136	2,283,387	16,702,829	14
<i>Dec-01</i>	58,919	2,659,572	21,220,120	13	<i>Dec-01</i>	49,013	2,355,125	27,577,080	9
<i>Jan-01</i>	61,034	3,334,240	34,245,289	10	<i>Jan-02</i>	48,111	2,930,330	35,473,885	8
<i>Feb-01</i>	64,286	4,163,586	40,732,522	10	<i>Feb-02</i>	54,513	4,529,537	44,731,194	10
<i>Mar-01</i>	67,980	5,081,170	33,465,691	15	<i>Mar-02</i>	60,871	6,069,076	40,338,482	15
<i>Apr-01</i>	76,732	6,330,398	32,204,171	20	<i>Apr-02</i>	67,119	6,585,044	38,954,278	17

Approximately nineteen percent of LIRAP customers were disconnected in the program period. The majority of these customers were disconnected prior to receiving LIRAP assistance. Only three percent of customers who received LIRAP were disconnected after receiving grants. LIRAP helped customers break the cycle of disconnection.

**Table 7. -- Number of LIRAP Customers Who Were Disconnected or Had Prior Obligations**

	<b>Count</b>	<b>Percentage of Total</b>
Disconnection	1655	19.32%
Prior Obligation	1601	18.69%

To determine incidence of disconnection and prior obligation, Avista Utilities analyzed the experience of 49 customers who applied, but were turned away due to a variety of reasons including a lack of LIRAP funding, incomplete applications, or did not qualify. The intent of this analysis is to have a “control” group for comparison purposes. This data is shown in Table 8. This data suggests that the LIRAP funds are getting to the target group of customers most likely to experience disconnection.

**Table 8. -- Disconnects and Prior Obligation for a Sample of 49 Customers Who Requested But Did Not Receive LIRAP Funding**

	<i>Disconnected</i>		<i>Prior Obligation</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
Total	5	44	3	46
Percentage	10.2%	89.8%	6.1%	93.9%

The Company was asked to determine the number of LIRAP participants who received weatherization assistance. Over the first 12-month reporting period, 128 LIRAP customers participated in Avista Utilities' weatherization offerings. This count does not include residences that may have received weatherization services in previous periods. Data is not available to cross-link current LIRAP participants with previous weatherization assistance.

**Table 9. - LIRAP Customers Participating in Weatherization Program**

Total \* 128

\* -- This number reflects customers who participated in the weatherization program in the program year and does not include previous weatherization participants.

Table 10 shows a collection of demographic data intended to be responsive to requests for general information of participating customers. This data was collected by participating Community Action Agencies.

<b>Table 10. - LIRAP Participant Demographics</b>		
	<i># of Households</i>	<i>% of Households</i>
<b>Home Ownership</b>		
Own	2,811	36.65%
Rent	4,858	63.35%
Total	7,669	
<b>Heating Fuel Source</b>		
Electric	5210	62.58%
Natural Gas	2776	33.35%
Other	339	4.07%
Total	8325	
<b>Size of Household</b>		
1 Person	2496	29.97%
2 People	1897	22.78%
3 People	1455	17.47%
4+ People	2479	29.77%
Total	8327	
<b>Annual Income Level</b>		
Under \$2000	537	6.48%
\$2000-\$3999	633	7.64%
\$4000-\$5999	1042	12.58%
\$6000-\$7999	1860	22.45%
\$8000-\$9999	1170	14.12%
\$10000-\$11999	864	10.43%
\$12000-\$14999	952	11.49%
Over \$15000	1226	14.80%
Total	8284	

### 5.3 Energy Burden

“Energy burden” is the percentage of income that households pay for energy service. This term is relevant to low-income issues as a comparison to income used for other essential needs such as food, housing, clothing, and health services. The purpose of LIRAP is to reduce the energy burden of low-income customers.

Table 11, provided by the Spokane Neighborhood Action Programs, depicts reductions in the energy burden experienced by LIRAP participants. The column titled “Before Benefits” shows the energy burden to low-income customers prior to LIRAP benefits. Each successive column illustrates low-income customers’ energy burden after receiving the specified LIRAP benefit. For customers receiving LIRAP benefits, the energy burden

has been reduced by approximately two-thirds for customers at or below 100% of the federal poverty level (FPL). The energy burden was reduced by over half for LIRAP participants between 100% to 125% of the FPL.

Table 11, below, was calculated as follows. Of a total of 7,216 clients served with the stated type of energy assistance, 2,034 were removed from the data set because they did not use Avista fuel for heat. An additional 232 were removed due to insufficient data. The remaining household energy burden, by type or column, was calculated by dividing the annual household income by annual energy costs. Because CAAs collect household income over a three-month period but do not collect annual income amounts, annual household income was estimated by multiplying the three-month household income by four. The annual energy use was the previous twelve months usage except in the case of households that have heat costs included in the rent. In these cases, a surrogate amount, based on the average cost for households with that fuel type and vendor, is used. The table shows, for example, that the energy burden for all (electric and gas) customers at 51-100% of FPL before benefits was 9.8%. The energy burden was reduced to 3.3% for customers receiving all benefits.

<b>Table 11. -- Energy Burden -- Total Energy Costs Divided by Household Income</b>									
% Pov		<i>Energy costs are reduced by benefits for these calculations</i>							
		Before Benefits	EAP or Avista Heat	Plus Base	Plus Base and FEMA	Plus Base and PS	Plus Base and Senior	Plus Base and Avista Emerg.	All Benefits
<b>0-50%FPL</b>									
	n								
	493 Elec	17.1%	8.4%	5.1%	5.0%	4.9%	5.1%	4.9%	4.6%
	510 Gas	26.3%	14.0%	10.2%	10.2%	9.8%	10.2%	9.8%	9.4%
	1003 All	21.7%	11.2%	7.7%	7.6%	7.4%	7.7%	7.3%	7.1%
<b>51-100%FPL</b>									
	n								
	1172 Elec	7.9%	4.0%	2.4%	2.4%	2.3%	2.4%	2.3%	2.2%
	1503 Gas	11.3%	6.0%	4.3%	4.3%	4.2%	4.3%	4.2%	4.1%
	2675 All	9.8%	5.1%	3.5%	3.4%	3.4%	3.5%	3.4%	3.3%
<b>100-125%FPL</b>									
	n								
	296 Elec	6.2%	3.7%	2.6%	2.6%	2.6%	2.6%	2.6%	2.5%
	544 Gas	8.2%	4.7%	3.6%	3.6%	3.5%	3.6%	3.5%	3.5%
	840 All	7.5%	4.3%	3.2%	3.2%	3.2%	3.2%	3.2%	3.1%

#### 5.4 Other

Avista Utilities and the Community Action Agencies closely monitored LIRAP's implementation on a monthly basis for the May 2001 to April 2002 period. As a new program, heavy scrutiny was focused on assuring that program benefits were properly dispersed. Several mid-stream adjustments were made. For example, the maximum base grant was reduced to \$300 almost immediately after the program began. Soon thereafter, it was reduced again to \$100 by most of the agencies. This was intended to offer more customers access to this program albeit at a lower contribution.

In the beginning, LIRAP was intended to be a year round program. As LIRAP implementation progressed, LIRAP Heat and Base was run concurrently with the LIHEAP season due to customer need. It was the desire of all of the agencies and Avista to have Energy Assistance funds available during the heating season (with LIHEAP). LIRAP Emergency and Senior Energy Outreach are available year round on a case by case basis.

A challenge faced during the first year was matching gas funds with gas accounts and the same with electric. No other direct service programs that the agencies administer have this requirement. It took a great deal of time and attention to assure this requirement was accomplished.

## **6.0 Key Events in LIRAP Administration**

### **6.1 Establishment of Monthly Advisory Meetings**

Representatives from Avista Utilities and the Community Action Agencies met monthly to review program implementation issues. The Company appreciates the Agencies' dedication to assuring successful roll-out and execution of this program. During the height of the heating season, the Agencies attended meetings and communicated constructive feedback. In addition to improving procedures and defining processes, a collaborative working relationship between Avista and the Community Action Agencies, as well as among the CAAs themselves, has deepened. Further, the External Energy Efficiency Board sub-group on limited-income was provided two brief updates in the program year.

### **6.2 Allocation Issues**

Revisions to the LIRAP funding allocation process became apparent based on LIRAP's first program year. The same allocation process as LIHEAP was initially contemplated. The difference between LIHEAP and LIRAP drives this need for change. LIRAP administration required funds collected from electric and gas revenue to be applied to these fuels, respectively.

At the end of the first year, some agencies had excess funding. By mutual agreement, unspent funds were brought back into the program and reallocated to the agencies demonstrating need. This was considered a "true up" of year one. Going forward, and to distribute the funds more equitably, the allocation process will be based on the percentage of electric and gas customers per agency area. The expectation is that at the end of LIRAP's second year, no "true up" will be necessary.

## **7.0 Future Issues**

The need for a Procedures or Guideline Manual is evident. Each agency followed the program direction as closely as possible. Some CAAs requested further program detail to ensure each agency was following similar procedures. A Procedures/Guideline Manual will be developed during the summer of 2002 and will be reviewed at the Heating Season Kick-off meeting in September 2002.

An amendment to the original contract is also necessary. The Voucher Allocation process and the Funds Allocation process are the two most significant changes needing to be addressed in the amendment. This will be completed before the end of the August 2002.

The Senior Energy Outreach is relatively innovative and unique. Further enhancements to this program will be examined.

A previous draft of this document was submitted to Jane Peters of Research Into Action, Inc. for a Desk Review, or comments. All suggested explanations and clarifications were incorporated into the text and tables of this Report. Two remaining issues identified by Ms. Peters may require further consideration. Ms. Peters notes that Table 6 and its narrative explanation do not “demonstrate any effect from LIRAP. To explore for such an effect will require a more complex quantitative analysis and will need to look at a comparable pre- and post-period to the LIRAP program.” The Company concurs that such a linkage is not demonstrated; available data is provided in this Report to be responsive to previously established metrics as described in Section 2.1.

Regarding Tables 7 and 8, Ms. Peters states that the control group in Table 8 “is therefore too weak to be valid. An appropriate control group would be all those who had similar demographics to the participants. Truly this is a difficult group to identify without collecting income data; there are ways to identify a comparison group for low-income however, using geo-demographics or past program records. A more quantitative analysis of the rate of disconnection and prior obligation could be conducted using a better control group.” As with Table 6, Avista provided available data to be responsive to prior evaluation requests. The merit—and cost—of obtaining data for refined quantitative analyses would need to be considered.



## 8.0 Contacts

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