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VIA – Commission Web-Portal

January 13, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Compliance in UE- 140188 and UG-140189 - Avista Low-Income Rate Assistance Program Status Update

Dear Mr. King:

In compliance with Order No. 7 in Docket Nos. UE-140188 and UG-140189, Avista Corporation (“Avista” or the “Company”), respectfully submits it’s “Status Update” on the investigation of any new additions to the Company’s Low Income Rate Assistance Program (LIRAP).

BACKGROUND

Avista, Washington Utilities and Transportation Commission Staff (“Staff”), Public Counsel Unit of the Office of the Attorney General (“Public Counsel”), Energy Project (“Energy Project”), Northwest Industrial Gas Users (“NWIGU”), and the Industrial Customers of Northwest Utilities (“ICNU”) jointly filed with the Commission a request for Modification and Additions to the

Company's Low-Income Rate Assistance Program in the above referenced Docket Nos. In the petition, the parties requested approval to implement Avista's Senior and Disabled Customer Rate Discount Pilot Program which runs from October 2015 – September 2017. The parties also agreed to explore other low-income programs to be added to the Company's Low-Income program. Specifically, the Parties agreed to explore the feasibility of implementing a Percentage of Income Payment Plan (PIPP) and/or an Arrearage Management Plan (AMP)¹. The Parties agreed to investigate these program options further, and file a pilot proposal or status update by January 15, 2017.

At this time, the Parties are not prepared to recommend a PIPP and/or AMP and will continue to explore the feasibility of these and other alternative programs. The following is a status update on the work done over the past year.

STATUS UPDATE

The Company's currently instated rate discount pilot program was made available to senior and disabled households with fixed incomes between 126-200 percent of FPL. The per kilowatt-hour and per therm rate discounts are designed to provide an average benefit of \$300 per participant per program year, which is consistent with the grant amount provided through the existing LIRAP Senior Energy Outreach program². The pilot program aimed to enroll a total of 800 participants between October 1, 2015 and September 30, 2017. By the conclusion of the October 2015 – September 2016 program year, The Rate Discount Pilot served 763 individual households. Of this amount, 516 customers received discounts for their electric service and 247 for their natural gas service.

The Energy Assistance Advisory Group³ will determine if additional time is needed beyond the September 2017 ending date of the pilot in order to evaluate the program. Additional factors to consider include the implementation costs related to administration of the program and establishing a usable level of automation for the Company and the Community Action Agencies.

A subcommittee of the Energy Assistance Advisory Group convened and met regularly in 2016 to explore the feasibility of a PIPP and/or an AMP. Both programs operate to reduce the energy burden

¹ Percentage of income 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.

² The actual benefit amount received by each customer may be more or less than \$300 depending on actual usage.

³ The Company, Commission Staff, The Energy Project, Public Counsel, and Agency representation from Spokane Neighborhood Action Partners ("SNAP").

of the customer and stabilize their household so that energy is affordable and interruptions to service are avoided. The subcommittee focused initial discussions on a PIPP design. A PIPP is designed so that a customer's annual energy burden does not exceed a certain percentage of their household income; the subcommittee has identified 6% as the income amount that energy costs should not exceed. The subcommittee continues to assess the design elements that are included in a PIPP such as the target customer group that would best benefit from a PIPP, customer income guidelines, energy burden impact, application of the PIPP benefit as a fixed credit vs. fixed payment, administration and implementation requirements, effects on prior obligation, and other factors. One particular factor that has been given consideration on the fixed credit vs. fixed payment program design is whether a conservation trigger would be a necessary component. The subcommittee continues to discuss this element along with its influence on program design. The subcommittee's timeline for the evaluation of PIPP is through the first half of 2017.

Once the subcommittee confirms the PIPP model, they will evaluate AMP as a compliment to the PIPP program. In general, an AMP provides a process for a customer who has built up unpaid bills on his/her account to pay down the debt over an extended period, often with an incentive to reward steady, timely payment. This program could benefit customers by avoiding disconnects and encourages regular payment behavior going forward. The subcommittee plans on having more discussions around AMP through the end of 2017.

The subcommittee concluded that the implementation of additional pilot programs, such as PIPP or AMP should be timed so that they do not overlap with the existing Rate Discount Pilot. Targeting the October 2018 – September 2019 program year would be the earliest implementation date for any new pilot programs. This would help to ease the implementation burden on the Agencies as well as the Company, of managing two or more pilot programs operating simultaneously. The Energy Assistance Advisory Group also agreed that the PIPP/AMP projects would require additional time to gather information related to the estimated total costs of implementing the pilot programs.

The Company will provide further status updates on or before August 31, 2017 as it relates to the PIPP and AMP programs. If you have any questions, please feel free to contact Ryan Finesilver at (509) 495-4873.

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Sincerely,

Linda Gervais/s/

Linda Gervais

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Avista Utilities

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cc: Avista Energy Assistance Advisory Group