



Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

February 11, 2020

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Docket No. U-200281 – COVID-19 Response & Disconnection Moratorium

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or the Company), submits the following comments in accordance with the Notice of Opportunity to File Written Comments (Notice) issued by the Washington Utilities and Transportation Commission (Commission) in Docket UE-200281 on January 26, 2021. In the Notice the Commission asked that utilities be prepared to discuss the following topics at the February 17, 2021 Recessed Open Meeting and to provide written comments on the same topics:

- The progress of Arrearage Management Plans or debt forgiveness discussions, including whether each utility intends to implement a plan.
- Communication and outreach actions for customers with past due balances and communications regarding the resumption of disconnections.
- Current customer COVID-19 data as specified in Order 01.
- Bill assistance readiness with specific fund availability and projected needs.
- Plans to resume credit and collection processes.

As we discuss in these comments and will further describe at the February 17th Recessed Open Meeting, Avista is ready and prepared for the disconnection moratorium to be lifted. With the bill assistance, energy assistance, and flexible long-term payments arrangements available to assist residential customers, there is no reason an Avista customer should find themselves in a disconnection situation. Starting the collections process on April 30, 2021 would not lead to any

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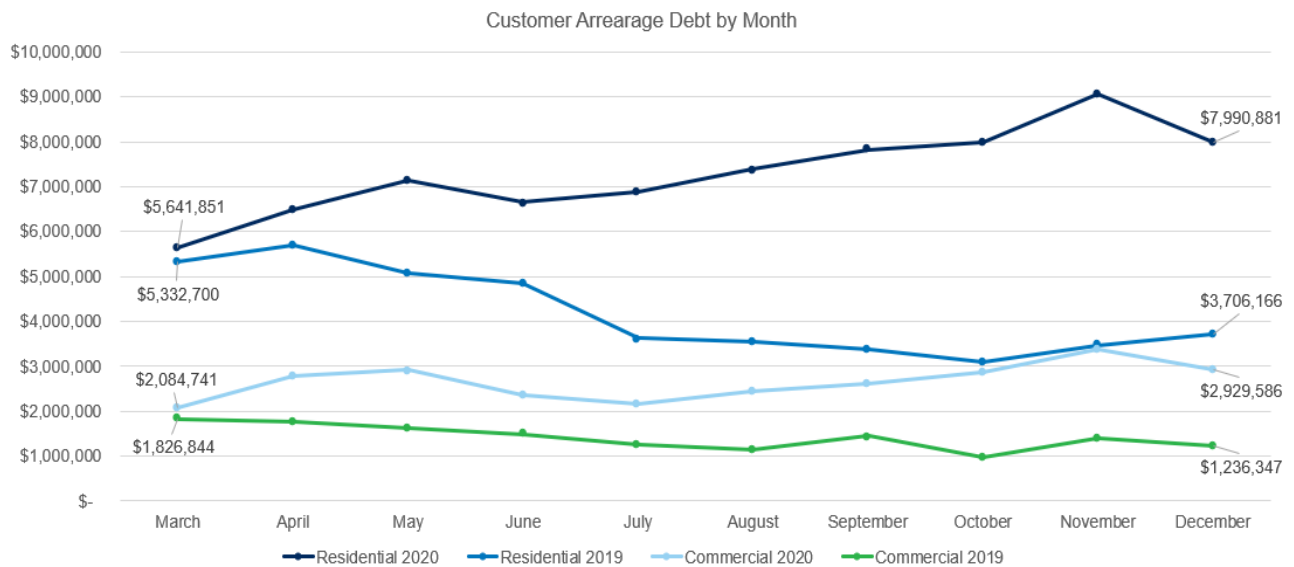
customers being disconnected prior to June 23rd. Beyond that date, disconnection would only occur if the customer did not respond to the numerous communications provided by the Company regarding the assistance and options available to them.

Avista continues to recommend that the Commission focus not on the date that disconnections may resume, but rather on the Company’s preparedness to assist customers when collections do resume. Further extending the disconnection moratorium may put some customers in a worse situation as it relates to the accumulation of arrearage debt. Trends in data show the increase in the overall arrearages are largely coming from those customers who are 90+ days behind on their bill; however, the total number of customers with arrearage balances is not growing at the same pace, and in some cases is declining. This means that a small portion of our customers are facing significant, and growing, arrearage balances. It is imperative that Avista be able to reliably engage with its customers, discuss assistance options, and help customers plan for the resumption of our normal collection practices, which can be accomplished by establishing a firm end to the disconnection moratorium.

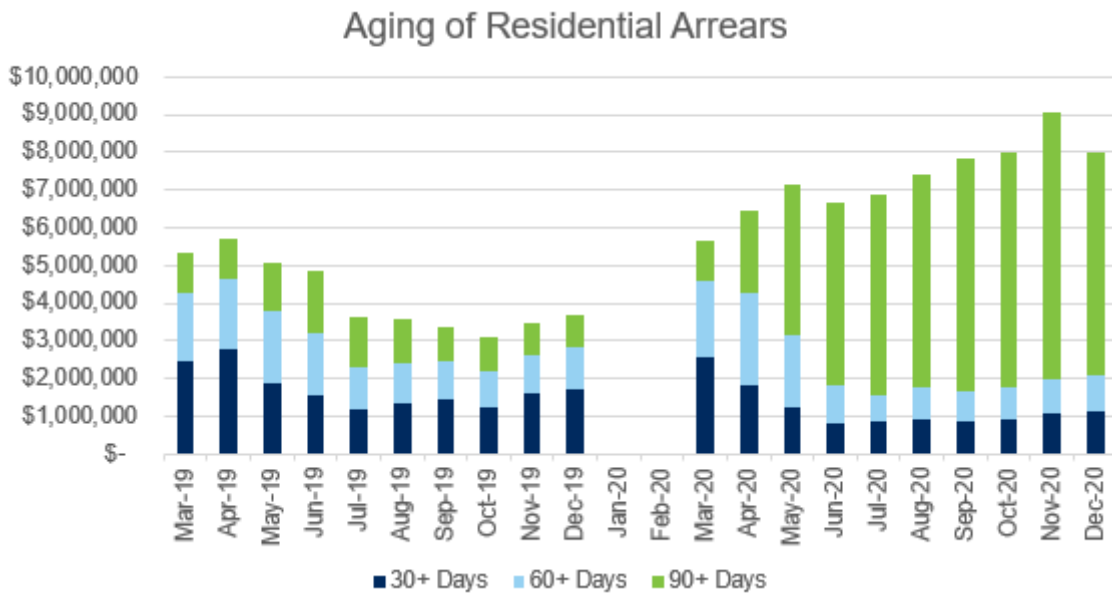
The Company provides the following comments and will be prepared to discuss such information at the Recessed Open Meeting.

Current State of Customer Arrears

The following chart depicts the state of customer arrearage debt as of December 31, 2020. The data used to develop the chart was filed with the Commission on February 1, 2020 per Order 01 in Docket U-200281.



In analyzing the arrearage data, Avista was able to identify that approximately 90% of its customers have maintained payments on their energy bills similarly to prior to the COVID-19 pandemic. The 10% of customers unable to keep current on their bills struggled before COVID-19, only now their collective arrearage debt is significantly higher. This is evident in the amount of debt that is 90+ days old, which is highlighted in the following chart.



Customer payment trends, as of December 31, 2020, reveal the number of residential customers with a past due balance is approximately nine percent higher than the previous year, 29,562 compared to 27,017. For commercial customers, 2,420 were past due at the end of 2020 compared to 2,076 in 2019.

Regarding payment arrangements, the Company has experienced less customers seeking arrangements, most likely attributed to past due notices not being sent to customers. In December 2020, 3,490 residential customers had payment arrangements set up compared to 5,350 in 2019 – an almost 35% reduction in payment arrangements. For commercial customers, 169 had payment arrangements in December 2020 compared to 208 in December 2019.

Lastly, from March through December 2020 Avista’s residential customers received 30,483 energy assistance payments totaling \$7,379,917, compared to 24,342 payments totaling \$6,677,926 for the same period in 2019. Even with the significant increase in energy assistance payments received arrearage balances continue to grow substantially.

COVID-19 Debt Relief Program

Anticipated to be filed on February 19, 2021 and in accordance with the *Additional Funding for Customer Programs* section of the Revised Term Sheet approved by Order No. 01 in this docket, Avista's COVID-19 Debt Relief Program (Debt Relief) is intended to fully eliminate the arrearage balances from as many customer accounts as possible, thereby delivering a "clean slate" for each customer that receives Debt Relief assistance. To accomplish this, the Company plans to distribute its Debt Relief funding via two program components: 1) An automatic, one-time COVID-19 Arrearage Forgiveness Grant (Automatic Grant), not to exceed \$2,500, for residential customers with proven history of low-income program eligibility (customer has received energy assistance (EA) within previous two years), and; 2) An Arrearage Forgiveness Grant (Forgiveness Grant), not to exceed \$2,500, for residential customers at or below 200% FPL that have not received EA within the past 24 months and have arrears resulting from hardship associated with COVID-19 (unpaid, past due balance).

While the Automatic Grant will be administered by Avista, the Forgiveness Grant will be available to qualifying customers via a variety of access points, thereby improving the ease by which customers can obtain the Debt Relief benefit. These access points include the Community Action Agencies (CAAs or Agencies) that already deliver Avista's existing Low-Income Rate Assistance Program (LIRAP) and other energy assistance services to customers within the Company's service territory, in addition to a new Community Partner Network (CPN) that will include representation from organizations that serve marginalized communities such as rural, immigrant, tribal, and people of color. The Company believes that the incorporation of the CPN as a new administering source for customer intake will increase the potential of customer engagement in hard-to-reach and underserved areas by utilizing established representatives within the communities they serve. In short, this approach enables Avista to provide an immediate solution for customers expressing hardship and expands access through non-traditional organizations that represent and support vulnerable populations.

Avista trusts that the magnitude of the Debt Relief grants proposed will provide the most value in fully relieving a customer's arrearage debt, so the customer can then focus their efforts on only current energy charges and any additional COVID-19 complications they may be facing. The Company also recognizes that there may be more accumulated arrearage debt than bill assistance dollars available when the disconnection moratorium expires, so in collaborating with its Energy Assistance Advisory Group to develop the Debt Relief, attention was paid to providing options that are in alignment with, or complimentary to, existing or future energy assistance offerings to fully maximize customer benefits. Avista's COVID-19 Debt Relief Program will be filed with a proposed effective date of April 1, 2021, to be implemented concurrently with the AMP as described below.

Update on Energy Assistance Options in 2021

On February 5, 2021, Avista filed revisions to its LIRAP to incorporate an Arrearage Management Plan (AMP) effective April 1, 2021, as well as a Percentage of Income Payment Plan (PIPP) and Past Due Payoff (PDP), which will be made available at the beginning of the next program year on October 1, 2021.¹ The AMP will provide a continued solution for customers who have accumulated arrears in amounts that are not sufficiently addressed by a grant program alone, and the PIPP will address the affordability of energy services for its most vulnerable customers. Additionally, customers enrolled in the PIPP or LIHEAP recipients at comparable income levels can fully maximize their energy assistance benefits with the PDP. With the integration of these three programs, customers will have eight total components within Avista's LIRAP to provide a variety of assistance options that address the diversity of need among the Company's low-income customer population and those experiencing hardship. Pending approval of the filings mentioned herein, the following table shows the LIRAP bill assistance offerings that will be available to customers in 2021:

LIRAP Traditional

- Heat Grant: zero to 150% FPL
- Senior/Disabled Grant or Rate Discount: 151 to 200% FPL
- Emergency Grant: energy emergency or hardship

New LIRAP in 2021

- Arrearage Management Program: 51 to 200% FPL
- Percent of Income Payment with Arrearage Forgiveness: Zero to 50% FPL

COVID-19 Response (temporary)

- LIRAP COVID Hardship: expressed hardship
- Debt Relief Program: Zero to 200% FPL

Customer Outreach and Communications

In consultation with its Energy Assistance Advisory Group, Avista is developing a comprehensive customer outreach and communications plan to make customers aware of the new COVID-19 Debt Relief Program, energy assistance, and payment arrangements. In accordance with Order 01 in this docket, Avista will provide all customers with a 30-day notice letting them know of the assistance available to them prior to the resumption of collections activity.

¹ See Dockets UE-210077 and UG-210078.

In addition, the Company will distribute targeted communications to those customers that find themselves in arrears, starting first with those customers who are 90+ days behind on their bill and then staggering communications to those that are not as far behind. The intent of such a communications approach is to ensure that those furthest behind are the first to receive additional information on the Debt Relief Program, thereby giving them the opportunity to be the first to seek assistance. Staggered communications will also help to ensure that the Company can respond to elevated phone calls into its Call Center in a timely manner.

Lastly, Avista will use broad-based communications strategies to reach its customers, including email, bill messages, digital and print ads, social media, the Company's website, and through the partner Agencies that deliver the bill assistance described above.

Credit & Collections Process Post-Moratorium

Prior to collections resuming the Company will issue the 30-day notice to all customers as described above. If the Company issues the 30-day notice beginning on April 30th the earliest potential disconnection would not take place until June 23rd, and that is only if a customer does not respond to any of Avista's outreach attempts or distributed communications. Based on historic information, the Company knows that approximately 94% of customers take action prior to disconnection when they are in the collection process. Additionally, prior to any disconnections occurring, the Company plans to support its known low-income customers by providing field visits that offer the customer an additional opportunity to pay, make payment arrangements, or seek further assistance. With these additional precautions, coupled with the COVID-19 Debt Relief Program and existing energy assistance, as well as extended payment arrangements and enhanced customer communications, it provides ample support for Avista's residential customers once the collections process is resumed. The Company's intent is that no customer will find themselves in a situation where they are facing disconnection.

Again, the Company will reiterate that it is ready and prepared for the disconnection moratorium to come to an end and that it stands ready to assist customers with the financial challenges they may be facing regarding their energy bills due to COVID-19. With the COVID-19 Debt Relief Program, energy assistance offerings, and flexible long-term payment arrangements available, the Company is confident it has the tools and resources in place to provide customers the assistance they need in order to prevent disconnections from occurring.

Please direct any questions regarding these comments to me at 509-495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy