



UG-230540

ATTORNEY GENERAL OF WASHINGTON

Public Counsel

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SENT VIA WEB PORTAL

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, WA 98504-7250

Re: ***Avista Low Income Rate Assistance Program and Bill Discount Rate Tariff Revision***
Dockets UE-230539 and UG-230540

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments in response to Avista Corporation's (Avista or Company) proposed tariff revisions affecting their low-income bill assistance offerings. The filed tariff revisions modify the Company's Low Income Rate Assistance Program (LIRAP) design elements in accordance with the Full-Multiparty Settlement approved in its 2022 general rate case (GRC).¹

Avista included a proposal to introduce a bill discount into the Company's LIRAP in its 2022 GRC that would replace the existing, grant-based program with an income based bill discount model for all eligible low-income customers. While the proposed modifications were generally accepted by the Commission's Order,² the Settlement included terms that Avista would further consult its Energy Assistance Advisory Group (EAAG) regarding joint administration, use of self-attestation, and managing overlap with the federal Low Income Home Energy Assistance Program (LIHEAP).³

Avista designed both the original proposal in the GRC and this subsequent filing in consultation with a subcommittee of its EAAG (subcommittee). The subcommittee included representatives from Public Counsel, the NW Energy Coalition (NWEC), The Energy Project (TEP), Commission Staff, and representatives from Avista's partner Community Action agencies (CAAs). Public Counsel sincerely appreciates Avista's spirit of collaboration and cooperation

¹ *Wash. Utils. & Transp. Comm'n v. Avista Corp.*, Dockets UE-220053, UG-220054 & UE-210854 (consol.), Order 10/04: Final Order Approving & Adopting Full Multiparty Settlement Stipulation, ¶ 100. (Dec. 12, 2022).

² The terms already approved are summarized in Avista's Cover Letter at 3-4 (filed June 6, 2023).

³ Avista's Full Multiparty Settlement ¶ 24(a), *Wash. Utils. & Transp. Comm'n v. Avista Corp.*, Dockets UE-220053, UG-220054, & UE-210854 (consol.) (filed June 28, 2022).

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throughout this process. As a result of comprehensive engagement, Public Counsel is confident the proposed LIRAP program will more effectively serve income-eligible customers, deliver more affordable monthly bills, offer critical arrearage relief, and reduce many barriers to access for this help. Through enrollment in the proposed programs, Avista's customers will be more likely to stay current on their bills and remain connected to essential utility service. Public Counsel's comments highlight a number of components of the filing that will reduce energy burden and barriers to enrollment in assistance programs.

Public Counsel's Recommendation

The Commission should approve the Company's filing. The changes to LIRAP represent an important step forward in providing more affordable bills to income-qualifying customers and better ensure they remain connected to utility service.

Joint Administration

In the past, customers had a single point of access for receiving energy assistance – CAAs. Public Counsel and the EAAG has supported the adoption of joint administration between Avista and the CAAs since before the original filing in the GRC because providing more points of access will help to reduce barriers to receiving assistance and hopefully enroll more eligible customers. The Subcommittee worked at length to determine the role of Avista and the CAAs in a joint administration model. Parties agreed that the enrollment process should be the same at Avista as it is at the CAAs, to ensure consistency and equity, and that customers can enroll in the bill discount or the Arrearage Management Program (AMP), or both, with either administrator.⁴

Further, parties agreed that Avista should educate customers that enroll at Avista about the benefits of engaging with CAAs to receive other forms of assistance not provided by Avista, and provide CAAs with reports of individuals enrolled at Avista.⁵ Historically, when customers go to a CAA for energy assistance, they are comprehensively examined for eligibility in other forms of assistance provided by the agency, such as affordable housing, water, and other financial services. This provision aims to encourage customers engaging primarily with Avista to still seek out and utilize those programs. Public Counsel supports the terms regarding joint administration and its potential to reduce barriers to receiving assistance.

⁴ Avista Revises Tariff No. WN U-28 Cover Letter at 5 and Avista Revises Tariff No. WN U-29 Cover Letter at 5 (filed June 30, 2023) (hereinafter 'Avista's Gas and Electric Tariff Revisions Cover Letter').

⁵ *Id.*

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Self-Attestation and Random Verification

In the original bill discount filing in the GRC, Avista proposed verifying 100 percent of participating customers' incomes,⁶ intending to maintain and analyze program integrity in its early stages. Verifying 100 percent of customers could be unduly burdensome on the CAAs responsible for completing verification, and could remove customers from the program who are eligible due to the administrative burden of providing the required verification paperwork. The subcommittee reviewed the verification proposal and made changes to address concerns of both program integrity, data collection, and minimizing burdens on both CAAs and customers. The subcommittee ultimately agreed to verify six percent of participants, on a rolling basis, using random selection.⁷ The group considered the use of probability characteristics, but decided that random selection would be the best approach for now in order to gather data among all customer populations and reduce potential inequity or bias. Depending on data gathered through the implementation of random verification, the EAAG could consider the use of probability models in the future.

Public Counsel supports the provisions related to self-attestation and verification. We, among others, advocated for the use of random verification to reduce potential inequities brought by probability models, and believe that six percent serves as an appropriate middle ground of customer verification to adequately gather program data, maintain integrity, and reduce administrative burdens.

Transition from the Senior/Disabled Rate Discount

One concern with replacing the former grant-based LIRAP components is the potential impact on those enrolled in the senior/disabled rate discount (RDP) customers. After analyzing the income ranges of those enrolled in RDP, Avista determined the most equitable approach would be to automatically enroll RDP customers into the 15 percent discount tier. While the new program design aims to match the discount to income and adequately decrease energy burden, the grant provided to those enrolled in RDP added up to a higher total discount, with ranges between 21 percent to 40 percent. To mitigate this unexpected change in discount, the subcommittee agreed that a one-time grant of \$250, combined with up-front communication to these customers, would be appropriate. This gives customers enrolled in RDP some cushion to adjust budgeting or other practices as necessary. Public Counsel supports this approach, and we recommend that Avista closely monitor the impacts of this change on those previously enrolled

⁶ *Id.* at 6.

⁷ *Id.* at 7.

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in RDP. If arrearages accrue or increase, the Company should be in close contact to educate customers about the AMP and other assistance options.

Automatic enrollment of Known Low-Income customers

Avista plans to automatically enroll customers who have qualified for and received income-based assistance such as LIHEAP, LIRAP, Heat, RDP, or the Energy Grant.⁸ Those customers have already been income qualified within the past two calendar years, and thus Avista and the CAAs could enroll them in the appropriate discount tier based on the income information previously given. These customers will be included in the pool from which random verification will be selected, but will not be required to submit verification paperwork.⁹ Public Counsel appreciates Avista and the CAAs for coordinating on this effort, as we believe it will be another way to reduce barriers to receiving assistance.

The subcommittee considered the use of categorical eligibility, which would allow customers to receive assistance based on if the customer has received *any* means-tested assistance. The subcommittee ultimately agreed that the complexity of this design required time to develop and would not be ready for the October 2023 launch date.¹⁰ However, Public Counsel anticipates that the EAAG will continue these discussions to determine which means-tested programs have similar income eligibility guidelines and rigor and how best to implement the use of categorical eligibility. We believe this would be another way to reduce barriers and assist customers in need, and we encourage Avista to analyze, in depth, potential options for the future in coordination with its EAAG.

Retention of the approved automatic hardship grant

In order to utilize existing LIRAP funds that had carried over, Avista requested in 2022 that the Commission approve a one-time automatic grant to customers with past due balances, up to \$350.¹¹ The Commission approved the filing, and as a result, nearly \$2.2 million went to customers with past due balances.¹² This grant helped to mitigate the effects of the Covid-19 Pandemic and other hardships on approximately 8,700 customers. Avista has indicated that it has no immediate plans to issue such a grant in the future and that it believes the current set of proposed offerings will help to mitigate the need for such a grant.¹³ However, it would like to maintain the option within its repertoire of assistance offerings available, and requests that the

⁸ *Id.* at 14.

⁹ *Id.* at 7.

¹⁰ *Id.* at 18.

¹¹ Avista Revises Tariff No. WN U-28, *In re Avista Corp for Less Than Statutory Notice in Connection with Tariff Revisions* Dockets UE-220565 & UG-220566 (filed July 27, 2022).

¹² Avista's Gas and Electric Tariff Revisions Cover Letter at 15.

¹³ *Id.*

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Commission approve retention of the current tariff language, which allows future use flexibility, to reduce administrative burden should such a grant be determined necessary in the future. Public Counsel supports the retention of this tariff language, and is dedicated to working with the EAAG to analyze its future potential need.

Modifications to the Arrearage Forgiveness Program (AMP)

The previously approve AMP was available to a customer twice every seven years, with a maximum benefit of \$2500 within the timeframe. This filing removes the language stating that AMP was only available twice within a seven year timeframe, to be instead be addressed in program guidelines. Perhaps the most significant change to the AMP, however, is the adjustment to allow a maximum benefit of up to \$5000 for customers experiencing an extreme, extenuating circumstance. This would apply to both arrearage management and arrearage forgiveness. It could often be the case that customers with such arrearage balances are experiencing extenuating circumstances preventing them from paying their bills. This modification will better help those customers have a fresh start. When combined with the bill discount, the new program offerings give customers a much better chance at staying on top of their energy bills.

Previously, program guidelines established that the AMP is intended to only be an option once all other forms of assistance are exhausted. The new program modifications allow discretion to enroll a customer in an AMP prior to fully utilizing all other forms of assistance when it aligns with CAA process or is in the best interest of the customer.¹⁴ This additional discretion allows CAAs and now joint administrator Avista to consider the specific needs of the customer and provide them with the most immediate necessary help. Public Counsel supports the modifications to the AMP.

This filing also addresses overlap with LIHEAP, Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding, eligible costs, and planned outreach and engagement. Public Counsel's comments address high-level changes to the LIRAP program. Public Counsel, the other participants of the EAAG subcommittee, and Avista put careful thought and consideration into each small detail of the filing. Public Counsel believes that appropriate customer protections are in place and feel confident that customers will see reduced barriers and more affordable bills, all else equal, from this program.

We acknowledge, however, that these changes to LIRAP are new and extensive to Avista and the CAAs. Although all participants in this process endeavored to design the proposed changes with the intent of producing the strongest possible program, there will be learning through the process of implementation and program performance assessment. As such, it is important that the

¹⁴ *Id.* at 17.

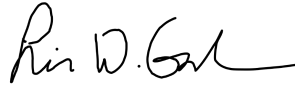
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Commission acknowledge the iterative nature of low-income assistance program design. Through the next year, Public Counsel commits to continue working closely with the Company and other interested parties to assess key program outcomes and working collaboratively to develop changes to improve program outcomes for future years, including continuing to evaluate the potential use of categorical eligibility, appropriate verification standards, and joint administration for other LIRAP offerings like Emergency Share.

Public Counsel appreciates the opportunity to submit these comments. Public Counsel will be present at the Open Meeting on August 24, 2023, to make comments and answer questions. If you have any questions about this filing, please contact Shay Bauman at Shay.Bauman@ATG.WA.GOV, or Lisa Gafken at Lisa.Gafken@ATG.WA.GOV.

Sincerely,

/s/ 

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