

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-22\_\_\_\_\_

DOCKET NO. UG-22\_\_\_\_\_

DIRECT TESTIMONY OF

SHAWN J. BONFIELD

REPRESENTING AVISTA CORPORATION

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address and present position with Avista**  
3 **Corporation.**

4 A. My name is Shawn J. Bonfield and my business address is 1411 East Mission  
5 Avenue, Spokane, Washington. I am presently employed as the Senior Manager of Regulatory  
6 Policy and Strategy.

7 **Q. Would you briefly describe your educational background and**  
8 **professional experience?**

9 A. Yes. I am a 2005 graduate of Eastern Washington University with a Bachelor  
10 of Science degree in Computer Information Systems. In June of 2007, I graduated from  
11 Eastern Washington University with a Master's degree in Business Administration and  
12 immediately following graduation joined a subsidiary of the Company, Advantage IQ, as an  
13 Energy Procurement Manager. In January 2011, I joined the Regulatory Affairs Department  
14 at Avista Utilities as a Regulatory Policy Analyst. In March 2018, I began working as a  
15 commercial and industrial Account Executive. In April 2020 I returned to the Regulatory  
16 Affairs Department in my current role as Senior Manager of Regulatory Policy and Strategy.  
17 I am responsible for managing the Company's Regulatory Policy team, which focuses on  
18 policy matters including energy efficiency, transportation electrification, electric and natural  
19 gas resource planning, the Clean Energy Transformation Act (CETA), energy assistance,  
20 renewable natural gas, service quality and reliability, customer service and consumer  
21 protections, amongst other responsibilities.

22 **Q. What is the scope of your testimony in this proceeding?**

23 A. My testimony in this proceeding will cover Avista's Low-Income Rate

1 Assistance Program (LIRAP), as well as the Company’s proposed CETA Labor Adjustment.  
 2 Specifically regarding LIRAP, I will provide an overview of our existing LIRAP program  
 3 design and funding structure, then present the Company’s proposed modifications to LIRAP,  
 4 including the introduction of a Bill Discount for income qualified low-income customers, that  
 5 will better align LIRAP with the expectations of both CETA and Senate Bill 5295 (SB 5295),  
 6 while more effectively serving the Company’s low-income customers with energy assistance.  
 7 These modifications were the result of collaborations with Avista’s Energy Assistance  
 8 Advisory Group (EAAG or Advisory Group)<sup>1</sup> throughout 2021, aimed at reviewing the  
 9 current LIRAP model and establishing the proposed redesign of LIRAP discussed herein; the  
 10 programmatic elements discussed are representative of a consensus recommendation amongst  
 11 EAAG members.

12 **Q. Are you sponsoring any exhibits?**

13 A. No, I am not. A table of contents for my testimony is as follows:

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<sup>1</sup> Established as part of Order 07, Dockets UE-140188 and UG-140189 (Consolidated), Avista’s Energy Assistance Advisory Group members include representatives from the Company, Community Action Agencies, Commission Staff, Aging and Long Term Care of Eastern Washington, The Energy Project, Northwest Energy Coalition (NVEC), Department of Commerce, and the Public Counsel Unit of the Attorney General’s Office (Public Counsel).

1                                    **II.    LIRAP BACKGROUND AND CURRENT STATE**

2                    **Q.    What is Avista’s Low-Income Rate Assistance Program, or LIRAP?**

3                    A.    The Company’s LIRAP, approved by the Commission in 2001, collects  
4 funding through electric and natural gas tariff surcharges on Schedules 92 and 192. These  
5 funds are distributed by Community Action Agencies (Agencies or CAAs) in a manner similar  
6 to the Federally-sponsored and State-administered Low-Income Home Energy Assistance  
7 Program (LIHEAP).<sup>2</sup> LIRAP, like LIHEAP, can help a household avoid having its utilities  
8 shut off or help reestablish service after a disruption, and can also help pay ongoing energy  
9 costs. For the 2020-2021 LIRAP program year,<sup>3</sup> LIRAP was comprised of six components:

- 10                    •    **Heat:** Grant-based energy assistance that mimics the LIHEAP program in terms of  
11 intake requirements and benefit calculation. Income eligibility for both LIHEAP and  
12 LIRAP Heat is 150% of the Federal Poverty Level (FPL).  
13  
14                    •    **Emergency Share:** Provides financial assistance to customers in emergency or  
15 hardship situations, including risk of service disconnection, with the grant amount  
16 determined on a case-by-case basis, not to exceed \$350.  
17  
18                    •    **Senior/Disabled Energy Outreach:** A grant-based offering for seniors and/or  
19 individuals with disability whose incomes are between 151% to 200% FPL. This  
20 component provides a one-time per program year benefit of \$400 for customers who  
21 heat with Avista, or \$100 for customers who have an alternative heat source. This  
22 program ended on September 30, 2021.  
23  
24                    •    **Senior/Disabled Rate Discount:** A rate discount program for senior and disabled  
25 households with incomes between 151-200% FPL. This program was launched on  
26 October 1, 2019 and has replaced the LIRAP Senior/Disabled Energy Outreach grant  
27 as of September 30, 2021.  
28  
29                    •    **Temporary COVID-19 Hardship Grants:** A one-time grant for customers

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<sup>2</sup> LIHEAP is a federal program established in 1981 and funded annually by Congress. These federal dollars are released directly to states, territories, tribes and the District of Columbia who use the funds to provide energy assistance to low-income households. LIHEAP offers financial assistance to qualifying low-income households to help them pay their home heating or cooling bills. Under federal law, a household must have income below either 150 percent of the federal poverty level or 60 percent of state median income level, whichever is higher.

<sup>3</sup> Avista’s LIRAP program year runs from October-September each year; thus, the 2020-2021 program year occurred October 1, 2020 through September 30, 2021.

1 experiencing financial hardship due to the COVID-19 pandemic. This grant,  
2 implemented in April 2020, mimics the Emergency Share assistance described above  
3 and allows customers to receive an additional grant, not to exceed \$350, to help  
4 mitigate some of the economic impacts of COVID-19. This temporary offering ended  
5 September 30, 2021.

- 6
- 7 • **Arrearage Management Plan (AMP):** Available to customers with income at 51-  
8 200% FPL, this program reduces customer arrearages owed over a 12-month period  
9 by providing an incentive for regular, on-time payment of these balances. This benefit  
10 was introduced on April 1, 2021 and is available to participants twice within a 7-year  
11 period.

12

13 **Q. With the Agencies distributing these LIRAP funds to Avista customers,**  
14 **how does such administration of this program currently work?**

15 A. Avista’s Washington service territory is served by seven distinct Agencies,  
16 each with their own designated service area.<sup>4</sup> In May of each year, the Company provides  
17 each of the Agencies with a budget that contains not only an allocation of funds to be used to  
18 directly serve customers with energy assistance (Direct Service – 79.3% of total budget), but  
19 also an apportionment for administration and program support costs (16.5%) and an allotment  
20 to be used for conservation education (ConEd) purposes, including staff and labor expenses  
21 (4.2%). Collectively referred to as “Admin”, this 20.7% allocation of support dollars is  
22 complemented by a 0.8% distribution of ConEd funding allowed for Avista. For the 2020-  
23 2021 program year, the overall budget for all Agencies was approximately \$12.8 million, with  
24 nearly \$10.1 million of these funds allocated to flow directly to customers as Direct Service  
25 and the remaining funds provided to the Agencies as Admin. This total budget is assigned to  
26 the Agencies based on the Avista customer meter count within each Agency’s service area.  
27 Further discussion regarding the existing LIRAP budget structure, including annual rate

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<sup>4</sup> Agencies include Spokane Neighborhood Action Partners (SNAP), Rural Resources, Opportunities Industrialization Center (OIC) of Washington, Community Action Center – Whitman County, Community Action Partnership – Asotin County, Washington Gorge Action Programs, and the Spokane Tribe of Indians.

1 adjustments, is discussed later in my testimony.

2           Upon receipt of their annual share of LIRAP funding, it is up to the Agencies’  
3 discretion for how to best serve the customers within its service area; program eligibility and  
4 benefit determination are conducted by the Agencies, in addition to area-specific marketing  
5 and outreach. In addition to the allocations listed above, the Agencies are also authorized to  
6 use up to 6% of their Direct Service funding to purchase energy saving items to disburse to  
7 individuals either at the time of their appointment or through other ConEd means. They may  
8 also choose to utilize a Community Partner Network (CPN) to support program outreach and  
9 administration to engage with hard-to-reach and underserved customers. Administration and  
10 program delivery funds are provided to the CPN entities on a per-application basis, with  
11 compensation set at \$75 per application successfully processed.<sup>5</sup>

12           **Q. As an example of the current reach of Avista’s LIRAP efforts, what are**  
13 **the results of its most recent program year?**

14           A. During the 2020-2021 program year, approximately 50,200 grants were  
15 awarded to Avista’s Washington residential customers, totaling approximately \$21.2 million  
16 in various forms of energy assistance (LIHEAP, LIRAP, Avista COVID-19 Debt Relief  
17 Program, Project Share, and local community funds). Of these funds, over 16,000 grants were  
18 provided through LIRAP, totaling approximately \$5.7 million, with an additional 893  
19 customers assisted by LIRAP’s Senior/Disabled Rate Discount, bringing LIRAP contributions  
20 to over \$6 million. Table No. 1 below shows the funds that were distributed by Agencies and  
21 other social or community service organizations during the 2020/2021 program year.

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<sup>5</sup> An application is considered successfully processed when it results in a LIRAP benefit being applied to a customer’s account.

**Table No. 1 – Distribution of Energy Assistance Funding 2020-2021**

Washington Energy Assistance	10/1/2020-9/30/2021	
	# of Grants	Amount
LIHEAP	11,817	\$ 5,362,372
Project Share	314	\$ 86,841
Misc. Grants	11,611	\$ 3,393,658
LIRAP (Grants)	16,172	\$ 5,714,474
LIRAP Rate Discount*	893	\$ 313,146
Debt Relief	9,393	\$ 6,356,340
<b>WA Total</b>	<b>50,200</b>	<b>\$ 21,226,832</b>

\*Grant count = number of participants

**Q. Is this information indicative of a “typical” LIRAP year?**

A. No. With the unprecedented financial implications of the COVID-19 pandemic, many customers who had not previously needed energy assistance found themselves in a position to need such help in 2020 and 2021. Likewise, to support this increased need, a multitude of funding options not previously offered were made available through federal funding via increased LIHEAP dollars,<sup>6</sup> receipt of CARES Act Coronavirus Relief Fund support, or newly-established programs like the Department of Treasury’s Rental Assistance Program,<sup>7</sup> and Avista’s COVID-19 Debt Relief Program.<sup>8</sup> Because of these additional funding sources available in 2020 and 2021, the amount of unspent funding for the 2020-2021 program was higher than prior years.

To better illustrate the annual accomplishments of LIRAP, Table No. 2 below is a depiction of the last six years of funding disbursements, as provided in the Company’s annual

<sup>6</sup> LIHEAP was expanded to include Contingency and Debt Relief assistance.

<sup>7</sup> In 2021, the Rental Assistance Program, or Emergency Rental Assistance Program (ERA or ERAP), allowed a portion of its benefit to be applicable to utility bill assistance.

<sup>8</sup> See Dockets UE-210114 and UG-210115.

1 LIRAP Reports.<sup>9</sup> It is important to note that this table provides data only for the specified  
 2 program year, so while the unspent funding for the 2020-2021 program year was  
 3 approximately \$2,657,451, the full amount rolling forward to the 2021-2022 program year  
 4 beginning October 1, 2021, to be added to the Agencies' annual budgets, was \$4,425,955.

5 **Table No. 2 – Distribution of LIRAP Energy Assistance Funding 2015-2020**

Program Year	Total Grants	Direct Service Spent	Unspent Funding
2020-2021	16,172	\$5,714,474	\$2,657,451
2019-2020	19,723	\$6,694,324	\$626,523
2018-2019	18,341	\$6,316,644	\$737,418
2017-2018	17,621	\$6,322,279	\$217,578
2016-2017	17,903	\$6,518,169	\$849,977*
2015-2016	14,811	\$5,125,535	\$1,371,706

6  
7  
8  
9  
10  
11 \* \$581,687 in Direct Service funds left unspent from the 2016-2017 program year was  
 12 subsequently dedicated to funding Avista's Percentage of Income Payment Plan (PIPP) and  
 Arrearage Management Plan (AMP) Pilots, implemented October 1, 2018.

13 **Q. In light of the significant amount of unspent funding being carried**  
 14 **forward from the 2020-2021 program year, does Avista have plans to address this?**

15 A. As described in detail below, the Company is proposing a significant redesign  
 16 of LIRAP that should lead to more customers receiving the assistance they need. If approved,  
 17 the new LIRAP design is likely to ensure better alignment between the funding collected and  
 18 assistance provided, ultimately leading to a more efficient and effective program.

19 **Q. What are the Company's long-term goals as it relates to LIRAP and future**  
 20 **plans for reaching these goals?**

21 A. We work very closely with our EAAG Advisory Group to provide oversight  
 22 of LIRAP to ensure we are meeting our program goals of: 1) keeping customers connected to

<sup>9</sup> See Dockets UE-010436 and UG-010437.

1 energy service, 2) continually providing assistance to more customers each year, 3) lowering  
2 the energy burden<sup>10</sup> of LIRAP recipients, and 4) ensuring appropriate data is collected and  
3 available to assess the program's effectiveness. Keeping a continuous eye on ways to keep  
4 administrative costs minimal, to ensure that as much funding as possible is directed towards  
5 meeting these goals, is also instrumental to LIRAP.

6 In the upcoming years, the Company plans to pursue a more targeted approach to  
7 lowering the energy burden of its customers, as well as expanding the overall reach of LIRAP,  
8 thereby reducing the energy assistance need<sup>11</sup> within its service territory. Based on Avista's  
9 most recent Energy Burden Assessment (Assessment), completed in 2021,<sup>12</sup> approximately  
10 42,000 of 225,00 identified Avista households were deemed to have a high energy burden, or  
11 an energy burden exceeding 6% of income for electric heat and 3% for natural gas heat.<sup>13</sup>  
12 According to this Assessment, the total energy assistance need for Avista, or the total financial  
13 reduction needed to bring all customer energy bills below the high burden threshold, is  
14 approximately \$25 million. As Avista strives to meet this need, the Company is cognizant of  
15 aligning its goals with the requirements set forth in both CETA and SB 5295. The Company  
16 recognizes that much work remains to be done to accomplish these obligations and believes  
17 that the continued innovation and refinement of LIRAP, as provided in my testimony, are

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<sup>10</sup> Per RCW 19.405.020, "Energy burden" means the share of annual household income used to pay annual home energy bills.

<sup>11</sup> As defined by WAC 194-40-030, "Energy assistance need" means the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.

<sup>12</sup> *Avista Energy Burden Assessment, Energy Burden Reduction Strategy*. Empower Dataworks, September 2021.

<sup>13</sup> "High" energy burden is based on the "Guidelines for Energy Assistance for Low-Income Households (RCW.19.405.120)", issued March 9, 2020 by the Department of Commerce (Commerce). This document states that in setting the threshold energy assistance need, Commerce chose a six percent energy burden, as "This definition comes from a widely accepted principle that total shelter costs should not exceed 30 percent of income and that utility costs should not exceed 20 percent of those shelter costs, leading to the conclusion that an affordable energy burden should be at or below six percent of household income (20% x 30% = 6%)."

1 essential to achieving both the program goals and legislative requirements.

2 **Q. Please describe the CETA requirements you are referring to that**  
3 **specifically pertain to LIRAP.**

4 A. While the primary intent of CETA is to transition to a clean energy economy  
5 in Washington, ensuring that the benefits of this transition are broadly shared and equitably  
6 distributed is a forefront consideration of this work. As such, CETA expanded the definitions  
7 of terms such as “energy assistance”, to include programs beyond just monetary assistance,  
8 and the terms “highly impacted community” and “vulnerable populations” were introduced as  
9 a means to more appropriately reference or target specific subsets of customers in need.<sup>14</sup>  
10 Perhaps the most notable definitional modification with regard to LIRAP impact is the  
11 expansion of the definition of “low-income”. Previously aligned with LIHEAP, which  
12 provided that low-income qualification for a household was 150% FPL and below, the new  
13 definition of low-income resulting from CETA and pursuant to WAC 194-40-030, states that  
14 “‘Low-income’ means household incomes that do not exceed the higher of eighty percent of  
15 area median income or two hundred percent of federal poverty level, adjusted for household  
16 size.”

17 **Q. Did CETA’s new definition of “low-income” change LIRAP in any way?**

18 A. Yes. Since inception, LIRAP has been based on FPL. While LIRAP was set to  
19 a higher threshold than LIHEAP (some LIRAP offerings extend up to 200% FPL),  
20 incorporation of area median income into its programs required an adjustment by Avista and  
21 the Agencies administering LIRAP. After collaboration with the EAAG regarding how to  
22 most appropriately incorporate the new definition, such an adjustment was made effective

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<sup>14</sup> RCW 19.405.120.

1 July 31, 2021, in the form of a LIRAP Energy Grant applicable to household incomes at 151%  
2 FPL up to 200% FPL, or 80% area median income, whichever is greater.<sup>15</sup> Also included in  
3 the Company's filing for approval of this Energy Grant was a request to temporarily suspend  
4 the anticipated October 1, 2021, launch of its LIRAP Percentage of Income Payment Plan  
5 (PIPP) and Past Due Payoff (PDP) offerings, which had already been approved effective April  
6 1, 2021, in Dockets UE-210077 and UG-210078.

7 With the incorporation of the new Energy Grant, and the passage of SB 5295 (still  
8 recent at that time), Avista and its EAAG thought it best to pause the implementation of any  
9 new LIRAP offerings that may ultimately end up duplicative or misaligned with the intent of  
10 SB 5295. Avista instead established a subcommittee comprised of interested parties from its  
11 EAAG (Subcommittee), and tasked this group with, among other things, evaluating the overall  
12 existing LIRAP structure to help inform any changes that may be needed to appropriately  
13 unite the needs of our low-income customers with any new or future legislative guidance; the  
14 work of this Subcommittee is further described in Section IV of my testimony.

15 **Q. Are there other portions of CETA that have a direct impact on LIRAP?**

16 A. Yes. Section 12 of CETA, codified as RCW 19.405.120, focuses namely on  
17 the provision of energy assistance for low-income households and the utility's demonstration  
18 of progress towards making such energy assistance funds available to these households. In  
19 addition to the foundational requirement that "an electric utility must make programs and  
20 funding available for energy assistance to low-income households by July 31, 2021," and that  
21 "To the extent practicable, priority must be given to low-income households with a higher  
22 energy burden," this statute includes biennial reporting requirements that include an

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<sup>15</sup> Dockets UE-210490 and UG-210491.

1 assessment of:<sup>16</sup>

2 (i) The programs and mechanisms used by the utility to reduce energy burden and the  
3 effectiveness of those programs and mechanisms in both short-term and sustained  
4 energy burden reductions.

5  
6 (ii) The outreach strategies used to encourage participation of eligible households,  
7 including consultation with community-based organizations and Indian tribes as  
8 appropriate, and comprehensive enrollment campaigns that are linguistically and  
9 culturally appropriate to the customers they serve in vulnerable populations.

10  
11 (iii) A cumulative assessment of previous funding levels for energy assistance  
12 compared to the funding levels needed to meet: (A) sixty percent of the current energy  
13 assistance need, or increasing energy assistance by fifteen percent over the amount  
14 provided in 2018, whichever is greater, by 2030; and (B) ninety percent of the current  
15 energy assistance need by 2050.

16 This assessment must also include a plan to improve the effectiveness of the assessed  
17 mechanisms and strategies toward meeting the energy assistance need of Avista's customers.

18 It is these CETA provisions, coupled with the passage of SB 5295's low-income rate discount  
19 conditions as discussed later in my testimony, that served as a catalyst for Avista's decision  
20 to focus on a more clear, deliberate reduction of the overall energy assistance need within our  
21 service territory, ensuring not only that the appropriate funding levels are available as  
22 required, but to specifically concentrate our efforts on energy burden reduction for those  
23 households with higher energy burdens. With the help of the Energy Burden Assessment and  
24 collaborative efforts of our EAAG, the proposal contained within my testimony looks to steer  
25 LIRAP in a direction that comprehensively accomplishes just that.

26 **Q. Like CETA, what specific information contained in SB 5295 has direct**  
27 **influences on LIRAP?**

28 A. The intention of SB 5295 is to provide opportunities for multiyear rate plans

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<sup>16</sup> RCW 19.405.120(4)(a).

1 and performance-based ratemaking within natural gas and electric utility regulation. The  
 2 resulting revision of RCW 80.28.068, and select provisions included within the new RCW  
 3 80.28.425, include guidance related to the use of discounted rates for low-income customers,  
 4 as well as the eligibility, funding, and outreach efforts for such rates and other energy  
 5 assistance programs. In sum, RCW 80.28.068 states, among other requirements, that each  
 6 electric or natural gas utility must:

- 7 1) Propose a low-income assistance program comprised of a discount rate for  
 8 low-income senior customers and low-income customers as well as grants and  
 9 other low-income assistance programs.
- 10 2) Seek approval for low-income program design, eligibility, operation, outreach,  
 11 and funding proposals from its low-income and equity advisory groups prior  
 12 to filing such proposal with the Commission.
- 13 3) Conduct substantial outreach efforts to make the low-income discounts or  
 14 grants available to eligible customers and report these efforts (including the  
 15 outreach activities and results) annually to the Commission. Such outreach  
 16 may include establishing an automated program of matching customer  
 17 accounts with lists of recipients of the means-tested public benefit programs  
 18 and, based on the results of the matching program, to presumptively offer a  
 19 low-income discount rate or grant to eligible customers so identified.

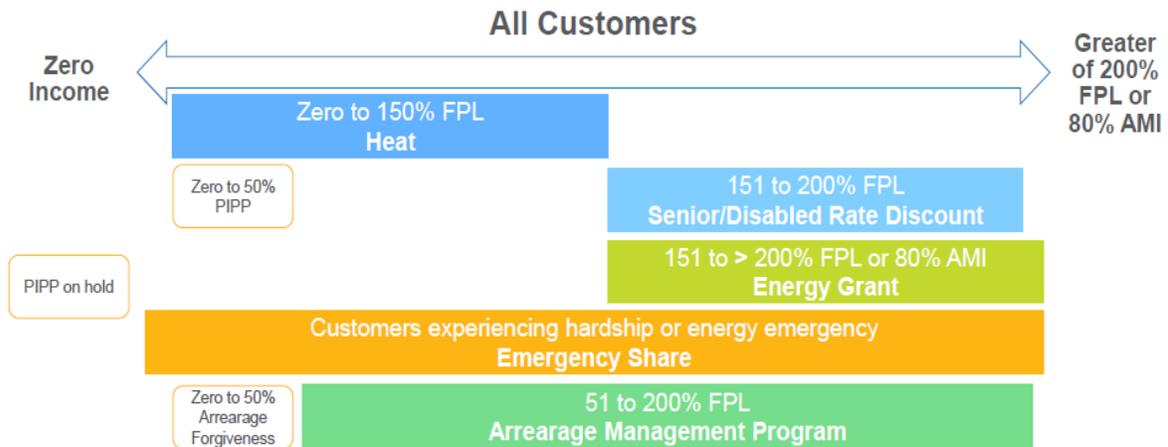
20  
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 22  
 23 Permission to include what is often referred to as “categorical eligibility” as an eligibility  
 24 criteria for low-income programs is also included in this statute,<sup>17</sup> which allows customers to  
 25 be approved for a utility’s low-income programs based upon verification of a low-income  
 26 customer's receipt of any means-tested public benefit, or verification of eligibility for LIHEAP  
 27 or any such successor program as long as the eligibility for said program does not exceed the  
 28 low-income definition set by RCW 19.405.020 (WAC 194-40-030).

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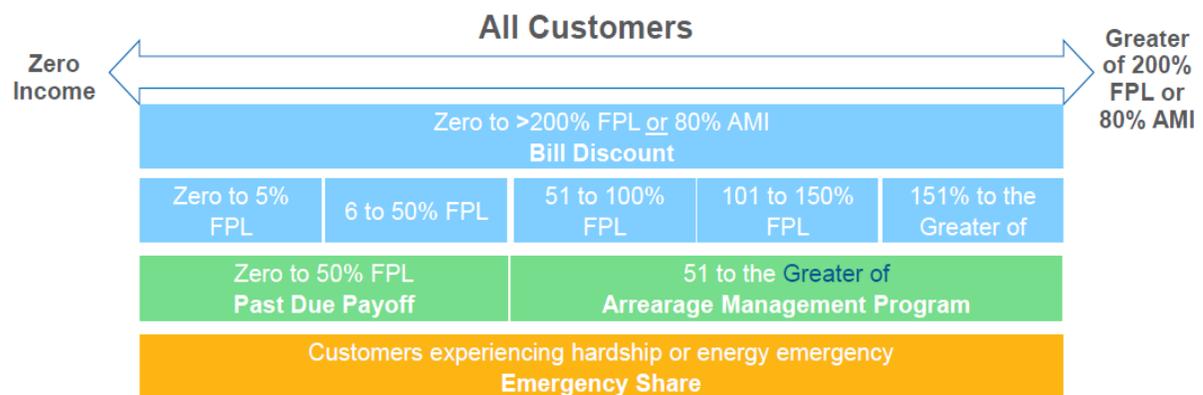
<sup>17</sup> RCW 80.28.068(2).



**Illustration No. 1 – Existing LIRAP Components, 2020-2021 Program Year**



**Illustration No. 2 – Proposed New LIRAP Components, 2023-2024 Program Year**



**Q. Please describe each of the program design elements of the new LIRAP components proposed above.**

A. Avista’s proposed LIRAP will be comprised of the following four elements:

- 1) **Bill Discount.** The Bill Discount will be made available to all low-income customers and will be composed of five distinct discount tiers, the amount of which is based on an individual household’s total income. Each income group—0 to 5% FPL, 6 to 50% FPL, 51 to 100% FPL, 101 to 150% FPL, and 151% FPL to 200% FPL or 80% area median income, whichever is greater—will be provided with a specified discount percentage, to be deducted from the

1 participating customer's net bill<sup>19</sup> each month. The Bill Discount will eliminate  
 2 the need for three existing LIRAP components, all targeted at distinct customer  
 3 groups within the low-income spectrum, thereby alleviating any potential  
 4 confusion regarding the multitude of LIRAP offerings and providing clarity  
 5 and consistency for all qualifying low-income customers. The Company's  
 6 LIRAP Heat grant, Senior/Disabled Rate Discount, and Energy Grant will all  
 7 be replaced by the Bill Discount. In addition, Avista's previously proposed  
 8 PIPP<sup>20</sup> will be permanently eliminated, rather than just temporarily suspended,  
 9 in favor of the new Bill Discount. Table No. 3 below shows the percentage  
 10 discount to be provided to each corresponding income range. These  
 11 percentages, refined through collaboration with the Subcommittee, are largely  
 12 based on analysis provided by Empower Dataworks<sup>21</sup> regarding the average  
 13 bill discount amount needed to reduce customer energy burden below the high  
 14 burden threshold.

15  
 16 **Table No. 3 – Proposed Bill Discount Percentage Per Income Range**

Income Range	Discount
Zero to 5% FPL	94%
6 to 50% FPL	75%
51 to 100% FPL	35%
101 to 150% FPL	20%
151 to the greater of 200% FPL or 80% AMI	15%

- 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25
- 26 2) **Arrearage Management Program (AMP).** Avista's current AMP offering  
 27 will continue, with the only modification being the expansion of its eligibility  
 28 criteria to align with the updated definition of low-income. Therefore, the AMP  
 29 will be made available to customers at 51% FPL to 200% FPL or 80% area  
 30 median income, whichever is greater. Customers within this income range that  
 31 are eligible for the Bill Discount, yet have a past due balance on their account,  
 32 will be offered the opportunity to pay off their arrearage using the AMP.  
 33
  - 34 3) **Past Due Payoff (PDP).** The PDP, proposed initially as a complement to the  
 35 Company's PIPP offering, will remain in place as an arrearage forgiveness  
 36 offering for those customers with incomes at zero to 50% FPL. Customers  
 37 within this income range that are eligible for the Bill Discount, yet have past

<sup>19</sup> "Net bill" is defined as all costs incurred by the customer related to the provision of utility service. This includes any charges related to electric or natural gas usage, as well as the basic charge, but does not include any applicable taxes or franchise fees that may be charged by third-party entities such as the city or county in which the customer resides.

<sup>20</sup> Approved in Dockets UE-210077 and UG-210078 and subsequently suspended in Dockets UE-210490 and UG-210491 at the Company's request, pending the work of the Subcommittee.

<sup>21</sup> Empower Dataworks, a third-party consultant specializing in data, informed marketing, and engineering analytical services, was hired by the Company in 2021 to perform an Energy Burden Assessment. See <https://empowerdataworks.com/> for more detail regarding Empower Dataworks.

1 due balances on their account, will be offered the opportunity to have their  
2 arrearage forgiven.

- 3  
4 4) **Emergency Share:** LIRAP Emergency Share will be preserved, available to  
5 all customers experiencing a hardship or energy emergency, such as risk of  
6 disconnection.

7  
8 **Q. Does the Company believe that these specific LIRAP components**  
9 **appropriately unite the needs of its customers with the intent of CETA and SB 5295?**

10 A. Yes. We believe that the above-described new LIRAP design not only suits the  
11 obligations set forth in both CETA and SB 5295, but this new LIRAP will provide a suite of  
12 offerings that, when taken together, “meet our customers where they are at” regardless of their  
13 situation. While the AMP and PDP will help customers to manage their past due balances by  
14 forgiving either a portion of or the full balance, thereby giving the customers a “clean slate”  
15 with which to enroll in the Bill Discount, the Bill Discount will then address the ongoing  
16 affordability of the customer’s bill by reducing current and future balances to a more  
17 manageable level that is based on the individual income of the particular household. Then, in  
18 the event of additional hardship or emergency, customers can receive an Emergency Share  
19 grant to help stabilize the household.

20 **Q. How will the Bill Discount interact with LIHEAP grants provided to**  
21 **customers by the Agencies?**

22 A. The interaction between the Bill Discount and LIHEAP grants was discussed  
23 several times with the Subcommittee. Customers that receive the Bill Discount will remain  
24 eligible to receive benefits from LIHEAP. When a customer receives both a LIHEAP grant  
25 and the Bill Discount, the LIHEAP grant will be applied first such that the grant may fully  
26 cover a customer’s bill. The LIHEAP grant will continue to be utilized each month until the

1 benefit is exhausted. In any month when a customer has a balance owing after the application  
2 of the LIHEAP grant, the Bill Discount will be applied to the net bill.

3 **Q. Will the Bill Discount have any impact on the LIHEAP benefits customers**  
4 **receive?**

5 A. No. The LIHEAP funds awarded to the Agencies each year are determined  
6 based on historical customer billing data. To account for this, the Subcommittee agreed that  
7 the LIHEAP benefit calculation is to be completed *prior* to the application of the Bill  
8 Discount, therefore, the customer's original billing totals are preserved for purposes of  
9 LIHEAP. This approach will ensure that the maximum amount of LIHEAP dollars continue  
10 to be appropriated each year for all customers being served by the Agencies.

#### 11 12 **IV. ADVISORY GROUP PROCESS**

13 **Q. Please elaborate on the involvement of Avista's EAAG throughout the**  
14 **process of designing this new LIRAP proposal.**

15 A. As mentioned previously, upon passage of SB 5295, Avista formed a  
16 Subcommittee comprised of members of Commission Staff, Agencies, Public Counsel, The  
17 Energy Project, Empower Dataworks, and Avista employees. Avista collaborated with its  
18 EAAG Subcommittee on a bi-weekly basis from July 19, 2021 to October 25, 2021, to review  
19 pertinent legislative obligations, evaluate the overall existing LIRAP structure to help inform  
20 any changes that may be needed and establish criteria for a future rate discount program  
21 design. As a part of this process, the Subcommittee's first few meetings were intended to set  
22 a foundation of shared learning and understanding regarding energy assistance as a whole,  
23 LIRAP basics, and the specific innerworkings within the Agencies and the utility through

1 which these programs currently function. Further, discussions built upon this foundational  
2 knowledge to inform new program design considerations and objectives, and to work through  
3 the various program design elements. The resulting LIRAP design was then presented to the  
4 larger Advisory Group for discussion and approval on October 26, 2021. Additional  
5 Subcommittee meetings continued through November 29, 2021, in order to further refine the  
6 implementation details of the newly proposed LIRAP design. The Company also presented  
7 the LIRAP design proposal to its Equity Advisory Group (EAG) at its November 11, 2021  
8 and November 12, 2021 meetings. Unanimous support for the updated LIRAP design was  
9 received by both groups.

10 **Q. When is the Company proposing that the proposed modifications to**  
11 **LIRAP become effective?**

12 A. Avista proposes that the new LIRAP design, inclusive of the Bill Discount, as  
13 well as approval of the funding structure that allows all LIRAP costs to be borne by tariff  
14 Schedules 92 and 192, be made effective October 1, 2023.

15 **Q. What is the rationale for delaying implementation of the proposed**  
16 **modifications to LIRAP until October 1, 2023, when final tariffs in this case will be**  
17 **effective in December 2022?**

18 A. Through the course of collaboration with the Subcommittee and Advisory  
19 Group in 2021, the possibility of an effective date that occurred upon the conclusion of this  
20 case was discussed, but several parties believed that implementation of such comprehensive  
21 program changes several months into the LIRAP program year, rather than in alignment with  
22 the October 1<sup>st</sup> start of the program year, would be not only burdensome for the Agencies  
23 serving Avista customers, but it would also be inequitable to offer differing programs to

1 customers throughout the course of the same program year.

2 **Q. Did Avista consider an alternative implementation timeline?**

3 A. Yes. In its initial collaboration with the Subcommittee, the LIRAP  
4 modifications were discussed under the assumption that such changes needed to occur within  
5 the confines of a general rate case. However, upon reaching agreement with the Subcommittee  
6 regarding the details of the new LIRAP design, Avista began to explore potential opportunities  
7 to incorporate the changes to LIRAP earlier than October 1, 2023. The Company looked to  
8 SB 5295 for guidance on how to best incorporate these changes in a timely manner, finding  
9 sufficient direction in RCW 80.28.068(1):

10 Upon its own motion, or upon request by an electrical or gas company, or other  
11 party to a general rate case hearing, **or other proceeding to set rates**, the  
12 commission may approve rates, charges, services, and/or physical facilities at a  
13 discount, or through grants, for low-income senior customers and low-income  
14 customers.” [Emphasis added].

15 Eager to bring these benefits to customers sooner rather than later, the Company  
16 proposed to its Advisory Group an alternative implementation date of October 1, 2022.  
17 Although October 1, 2022 was nearly a year from when the new proposed LIRAP design was  
18 complete and supported by its EEAG and EAG, much work remained for the Advisory Group  
19 regarding the implementation details of the new LIRAP design. As such, the Company agreed  
20 with its Advisory Group that October 1, 2023, was the appropriate effective date, as it is best  
21 for the Agencies due to the scope of the changes, and it was the original date discussed when  
22 the Subcommittee was formed. Finally, it allowed these changes to be brought forth in a  
23 general rate case (this case), rather than through a separate filing.

1                   **V. PROPOSED LIRAP ADMINISTRATION AND BUDGET**

2                   **Q. With the proposed modifications to the overall LIRAP design, will the**  
3 **administration of the program be changing as well?**

4                   A. Yes. As they have been since LIRAP's inception, the Agencies will remain a  
5 partner through which the Company dispenses LIRAP benefits. The Agencies are a primary  
6 source of access for Avista customers to apply for low-income energy assistance and will  
7 continue to play a role in reaching Avista customers through its outreach efforts and CPN  
8 relationships,<sup>22</sup> as well as by maintaining responsibility for eligibility verification of all  
9 LIRAP participants. As the Company looks to further reduce the energy assistance need within  
10 its service territory and to expand the reach of LIRAP, however, it is essential that the ways  
11 in which customers can access such assistance be expanded in tandem and that the barriers  
12 applying for energy assistance be minimized to the greatest extent possible. As such, the  
13 Company proposes within these modifications to LIRAP that the it also be utilized as a point  
14 of access for enrollment in the Bill Discount, in concert with the Agencies. The Company also  
15 requests that customers be afforded the opportunity to utilize self-attestation of income as a  
16 means to qualify for the Bill Discount. Allowing self-attestation of income will not only help  
17 to reduce the often burdensome barrier many low-income customers face in obtaining and  
18 submitting the necessary paperwork required for income qualification, but will also provide  
19 relief to the Agencies by spreading the number of LIRAP applications received throughout  
20 the program year to a more manageable cadence.

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<sup>22</sup> Established as a part of Dockets UE-210114 and UG-210115, LIRAP's CPN was created to provide an additional administration source for Avista's LIRAP. The CPN was made permanent by the Commission in Dockets UE-210490 and UG-210941 so that they may continue their work of supporting low-income program outreach and administration by engaging underserved and hard-to-reach customers.

1           **Q. Will Avista be collecting income data on its customers in order to enroll**  
2 **them in the Bill Discount?**

3           A. No. Avista will only be utilizing self-attestation to document customer  
4 eligibility for the Bill Discount. While the Agencies themselves will be able to use self-  
5 attestation of income in addition to confirming actual income qualifications through the  
6 application process, Avista will only be able to accept self-attestation as a means of enrollment  
7 into the program. Customers who assert that they qualify for low-income programs and would  
8 like to enroll in the Bill Discount will need to attest that one or both of the following criteria  
9 are met: 1) the household income is within the specified range for low-income qualification  
10 (at or below 200% FPL or 80% area median income, whichever is greater), or 2) the customer  
11 is in receipt of another public benefit for which the eligibility requirement(s) and screening  
12 rigor are equivalent to that of LIHEAP.<sup>23</sup> Such attestation can be completed by the customer  
13 either verbally or by completing a simple form, and once completed Avista will enroll the  
14 customer in the Bill Discount.

15           **Q. Since the Company will not be collecting income information from**  
16 **customers, please describe how the Company plans to ensure that customers who self-**  
17 **attest their income qualifications will be verified as truly qualifying for receipt of low-**  
18 **income energy assistance.**

19           A. Although both Avista and the Agencies will be able to enroll a customer in the  
20 Bill Discount, it is the Agencies that will conduct the official verification of each applicant's  
21 actual income qualifications in order for the customer to remain on the Bill Discount. All  
22 customers enrolled in the Bill Discount must send the required low-income program

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<sup>23</sup> As allowed by RCW 80.28.068(2).

1 application documentation to their local Agency within the first six months of enrollment;  
2 failure to submit such verification documentation will result in removal from the Bill  
3 Discount. Customers will be notified of this requirement at the time of enrollment and will  
4 receive further follow-up from the Agencies if no documentation has been received within the  
5 first three to four months of Bill Discount participation. For households enrolled by Avista,  
6 the Company will send an enrollment report to the Agencies so that the Agencies can then  
7 follow-up with each participant to obtain the necessary documentation.

8 **Q. Does Avista believe that verification of 100% of customers that utilize self-**  
9 **attestation is a sustainable model?**

10 A. The Company and its Subcommittee, in designing the proposed LIRAP  
11 modifications, agreed that upon this initial introduction of self-attestations, verification of all  
12 participants is a necessity to help maintain the integrity of LIRAP. It is possible, however, that  
13 after the Company and Agencies gain experience with the Bill Discount, that future iterations  
14 of this verification process may shift to a model where only a certain percentage of enrollees  
15 are audited for accuracy. Such a model would, of course, depend on the reliability of the  
16 information given by customers within the first few years of implementation. If, through 100%  
17 verification, we are finding that all, or a very high percentage of customers enrolled are  
18 proving to indeed be low-income, then such rigor in the verification process may not be  
19 warranted in the future.

20 **Q. Are there any exceptions to the allowance of self-attestation?**

21 A. Yes. Customers claiming to have zero income will be required to complete a  
22 Zero-Income Statement that addresses how basic living costs are paid in order to qualify for  
23 the Bill Discount.

1           **Q.     Once enrolled in the Bill Discount, how long is a customer able to stay**  
2 **enrolled in the program?**

3           A.     After a customer has been enrolled in the Bill Discount, and the Agencies have  
4 verified the customer's income eligibility, re-certification of income will be required again at  
5 two years from the date of the initial income verification.

6           **Q.     Has the Company considered the possible cost implications of the Bill**  
7 **Discount?**

8           A.     Yes. As presented to its Advisory Group on October 26, 2021, Table Nos. 4  
9 and 5 below provide the estimated Direct Service cost impact of the new LIRAP components  
10 proposed within my testimony. Based on the Company's estimated saturation rate of 21%,<sup>24</sup>  
11 the anticipated Direct Service costs associated with the Bill Discount are approximately \$5.56  
12 million per program year. These costs, coupled with the total estimated costs of \$6.4 million  
13 for the remaining LIRAP components (AMP, PDP, and Emergency Share), result in a total  
14 anticipated LIRAP Direct Service spend per year of nearly \$12 million initially. An increased  
15 saturation rate would increase the anticipated Direct Service costs. For comparison purposes,  
16 the current LIRAP Direct Service budget for 2021-2022 is approximately \$10.1 million, with  
17 over \$14.5 million actually available due to the \$4.5 million carryover from the prior program  
18 year.

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<sup>24</sup> *Avista Low Income Needs Assessment*. Evergreen Economics, January 2020. Included as Attachment A to the Company's 2019-2020 LIRAP Report (Dockets UE-010436 and UG-010437).

**Table No. 4 – Estimated Cost Impact (Direct Service) of LIRAP Bill Discount**

Income	Potentially Eligible Customers	Current Program Saturation (21%)	Annual Benefit	Direct Service
Zero to 5% FPL	4,920	1,033	\$870	\$899,165
6 to 50% FPL	7,380	1,550	\$733	\$1.14M
51 to 100% FPL	11,700	2,457	\$339	\$833,292
101 to 150% FPL	25,600	5,376	\$200	\$1.07M
151% to 200% FPL or 80% AMI	49,400	10,374	\$156	\$1.62M
		20,790		\$5.56M

Source: Empower Dataworks

**Table No. 5 – Estimated Cost Impact (Direct Service) of the AMP, PDP, and Emergency Share<sup>25</sup>**

Program	Participant Estimates	Benefit	Direct Service
LIRAP Emergency	9,200	\$287	\$2.6M
PDP: Zero to 50% FPL	2,100	\$593	\$1.2M
AMP: 51% FPL to 200%FPL or 80%AMI	4,900	\$534	\$2.6M
Total	16,200		\$6.4M

Source: LIRAP Annual Reports; Empower Dataworks

**Q. As the Company works towards the directives of RCW 19.405.120(4)(a)(iii), to assess the funding needed to meet sixty percent of the current energy assistance need by 2030 and ninety percent of the current energy assistance need by 2050, has it considered the cost implications of meeting this need?**

**A.** Yes. As part of our work to redesign LIRAP, Avista was cognizant of finding a solution that not only addresses customer energy assistance need and reduction in energy burden, but that serves burdened customers comprehensively without unnecessarily

<sup>25</sup> Estimates are based on the following information: 1) LIRAP Emergency Share data is based on actual 5-year averages of participants and benefit amounts per program year; 2) AMP participant estimates are based on customers with arrears who received assistance in 2020-2021, specified by income group (51% FPL and above) and coupled with Empower Dataworks' household eligibility data; 3) AMP benefit estimates are based on actual 2020-2021 bill assistance recipients' past due balances (average), with balances for those 51% FPL and above adjusted to account for 10% AMP customer portion.

1 increasing LIRAP costs. This is why, as proposed, the Company requests that the LIRAP  
 2 budget follow the actual need of the customers being served, up to the hard cap of 5% of  
 3 revenue requirement as allowed under SB 5295, which is discussed later in my testimony.  
 4 Table No. 6 below provides an escalation of the estimated Direct Service costs for the Bill  
 5 Discount as compared the current program saturation rate of 21% provided in Table No. 4.

6 **Table No. 6 – Estimated Future Costs (Direct Service) of the Bill Discount**

Program	21% Served		30% Served		60% Served (2030)		90% Served (2050)	
	Customers Served	Direct Service	Customers Served	Direct Service	Customers Served	Direct Service	Customers Served	Direct Service
Bill Discount	20,790	\$5.56M	29,700	\$7.94M	59,400	\$15.88M	89,100	\$23.82M

Source: Empower [Dataworks](#)

## 11 VI. **PROPOSED LIRAP FUNDING STRUCTURE**

12 **Q. Is the Company proposing any changes to its current LIRAP funding**  
 13 **structure in this case?**

14 A. Yes. As RCW 19.405.120(4)(a)(iii) requires a “cumulative assessment of  
 15 previous funding levels for energy assistance compared to the funding levels needed to meet:  
 16 (A) Sixty percent of the current energy assistance need, or increasing energy assistance by  
 17 fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and (B)  
 18 ninety percent of the current energy assistance need by 2050.” Avista believes that the most  
 19 appropriate way to reach such funding levels and to truly address the energy assistance need  
 20 and reduce energy burden within our service territory, is to allow the budget for LIRAP to  
 21 holistically follow the need. To accomplish this, the Company proposes to align the model of

1 its LIRAP funding structure with a structure similar to that of its energy efficiency programs.<sup>26</sup>  
 2 In short, this means that all LIRAP-related costs, including but not limited to, funds for Direct  
 3 Service, ConEd, program administration and support costs for both the Agencies *and* Avista  
 4 (including labor), as well as outreach and education (inclusive of program promotion and  
 5 marketing) would all flow through Avista's Schedules 92 and 192. This would not only allow  
 6 for better tracking of the true financial impacts and costs to offer LIRAP, but it would  
 7 streamline the process by which adjustments are made to the LIRAP rate to a level more suited  
 8 to the actual need being experienced by Avista customers each year.

9 **Q. Please describe the outreach efforts in more detail.**

10 A. In addition to allowing the budget of LIRAP to follow the need to support  
 11 customers, Avista is required to conduct substantial outreach as follows:<sup>27</sup>

12 (3) Each gas or electrical company shall conduct substantial outreach efforts to make  
 13 the low-income discounts or grants available to eligible customers and must provide  
 14 annual reports to the commission as to the gas or electrical company's outreach  
 15 activities and results. Such outreach: (a) Shall be made at least semiannually to inform  
 16 customers of available rebates, discounts, credits, and other cost-saving mechanisms  
 17 that can help them lower their monthly bills for gas or electrical service; and (b) may  
 18 be in the form of any customary and usual methods of communication or distribution  
 19 including, without limitation, widely broadcast communications with customers,  
 20 direct mailing, telephone calls, electronic communications, social media postings, in-  
 21 person contacts, websites of the gas or electrical company, press releases, and print  
 22 and electronic media, that are designed to increase access to and participation in bill  
 23 assistance programs.

24  
 25 This required outreach will come as a new expense to LIRAP as it is above and beyond what  
 26 has been required, or what the Company has historically been able to do. As such, the funding  
 27 structure of LIRAP must support the Company's efforts to comply with this new requirement.

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<sup>26</sup> Avista's energy efficiency programs are funded through tariff Schedule 91 for electric service and Schedule 191 for natural gas.

<sup>27</sup> RCW 80.28.068(3).

1 As an example of what this new outreach may entail, parties can look to the Company's efforts  
2 in the outreach and marketing efforts of its COVID-19 Debt Relief Program mentioned earlier.  
3 For the COVID-19 Debt Relief Program, Avista expanded its outreach efforts beyond what it  
4 had ever been able to accomplish previously because the Commission provided support to do  
5 so, along with allowing for the funding of such outreach efforts to be deferred for future  
6 recovery. Avista's "Power of Compassion" campaign that it designed for its COVID-19 Debt  
7 Relief Program was highly successful in reaching customers and connecting them to the  
8 support available.

9 **Q. Have the costs mentioned above related to "substantial outreach"**  
10 **traditionally been included within LIRAP?**

11 A. No. As discussed in Section II of my testimony, our LIRAP tariff currently  
12 supports only Direct Service funds to be used to directly serve customers with energy  
13 assistance, Agencies' administration and program support costs, and ConEd funding for both  
14 the Agencies and Avista. All Avista labor related to LIRAP has historically been recovered  
15 within the Company's general Operations and Maintenance (O&M) budget, and our outreach  
16 and marketing efforts have been limited, with such endeavors funded by leveraging other  
17 communication promotions such as energy efficiency or general customer newsletters.

18 **Q. Under the new proposed LIRAP funding structure, how would the**  
19 **Company then allocate a set budget for Direct Service funding for the Agencies each**  
20 **program year?**

21 A. It would not. Instead of allocating a set budget for each Agency based on the  
22 meter count of Avista customers within that Agency's service area, the Agencies would be  
23 free to spend Direct Service funding until the energy assistance need in their area is met, to

1 the best of their abilities. Then, if the total spent in a given program year ends up above amount  
 2 collected through the current LIRAP rate, the Company would address any shortfall in its next  
 3 annual true-up filing.

4 **Q. How will the Agency spending be monitored and reported?**

5 A. Avista tracks LIRAP funding and expenditures on a monthly basis and the  
 6 Agencies provide quarterly reporting regarding their LIRAP spending. Further, Avista meets  
 7 with its EAAG on a bimonthly basis to discuss relevant LIRAP matters. And as later  
 8 discussed, Avista provides annual reporting regarding all LIRAP spending and activities,  
 9 including that of the Agencies.

10 **Q. RCW 80.28.425(2) contains specific parameters by which utilities must**  
 11 **increase their low-income assistance programs each year. Please explain how the**  
 12 **Company's proposed funding structure will align these parameters.**

13 A. RCW 80.28.425(2) states the following:

14 The commission may approve, disapprove, or approve with modifications any  
 15 proposal to recover from ratepayers **up to five percent of the total revenue**  
 16 **requirement approved by the commission for each year of a multiyear rate plan**  
 17 **for tariffs that reduce the energy burden of low-income residential customers**  
 18 including, but not limited to: (a) Bill assistance programs; or (b) one or more special  
 19 rates. For any multiyear rate plan approved under this section resulting in a rate  
 20 increase, the commission **must approve an increase in the amount of low-income**  
 21 **bill assistance to take effect in each year of the rate plan where there is a rate**  
 22 **increase. At a minimum, the amount of such low-income assistance increase must**  
 23 **be equal to double the percentage increase, if any, in the residential base rates**  
 24 **approved for each year of the rate plan.** The commission may approve a larger  
 25 increase to low-income bill assistance based on an appropriate record. [Emphasis  
 26 added]

27 As defined in RCW 19.405.020(15)(a), we understand that energy assistance “includes, but is  
 28 not limited to, weatherization, conservation and efficiency services, and monetary assistance,  
 29 such as a grant program or discounts for lower income households, intended to lower a

1 household's energy burden.” When coupled with RCW 80.28.425(2), the Company concludes  
2 that up to five percent of the total revenue requirement actually approved by the Commission  
3 for each year of a multiyear rate plan may be utilized for energy assistance purposes (inclusive  
4 of low-income weatherization, as it is an essential part of establishing sustained energy  
5 burden). In addition, for each year of a multiyear rate plan approval resulting in an increase,  
6 the Commission must concurrently increase the amount of low-income bill assistance by at  
7 least double the amount of any residential base rate increase.

8 In order to make the Bill Discount available to all customers, as required, it means  
9 that Avista cannot have a fixed budget such that if or when the funds run out, customers that  
10 have not yet been served but would like to be, are prevented from accessing the Bill Discount.  
11 This is one of the primary reasons that Avista has proposed moving to an uncapped Direct  
12 Service budget for LIRAP.

13 **Q. How do you reconcile the proposed uncapped Direct Service budget with**  
14 **the requirement of SB 5295 to increase the LIRAP funding by double the base rate**  
15 **increase approved each year of the multi-year rate plan, along with the limit of 5% of**  
16 **total revenue requirement for overall low-income energy assistance funding?**

17 A. As required, the Company would increase LIRAP funding at the minimum  
18 level required, which is double the base rate increase approved each year of the multi-year  
19 rate plan. However, the level of LIRAP funding would not serve as a cap on the amount of  
20 energy assistance that is provided each year to customers that need it. Avista would allow the  
21 spending level of LIRAP to follow the need as described above. In the event that the level of  
22 LIRAP funding does not support the needed level of LIRAP spending, the Company would  
23 propose to further increase LIRAP funding, which the Commission may allow per SB 5295.

1 Any underfunding would be addressed in the Company's annual LIRAP filing discussed later  
2 in my testimony. Regarding the limit of 5% of total revenue requirement for overall low-  
3 income energy assistance funding, this would serve as the guidepost past which funding would  
4 not exceed. Currently total LIRAP funding is approximately \$12 million per year, with an  
5 additional \$3 million for low-income weatherization. For Avista, 5% of total revenue  
6 requirement equates to approximately \$36.5 million per year on a Washington-system basis,  
7 based on the proposed combined electric and natural gas revenue requirement in this case. As  
8 shown in Table No. 6 above, at a 90% saturation level of serving customers who need  
9 assistance, the Direct Service budget would equate to approximately \$23.82 million per year.  
10 This is important to note as the limit on potential bill assistance funding far exceeds the level  
11 of funding that may be needed.

12 **Q. Is the Company concerned that an uncapped Direct Service budget for**  
13 **LIRAP would result in exorbitant rate increases for its customers in the near term?**

14 A. No. As previously shown in Table No. 2, Avista's LIRAP has consistently had  
15 funding left over each year to be carried forward into the next program year. Additionally, as  
16 discussed above, the anticipated cost impacts resulting from the Company's proposed  
17 modifications to LIRAP, including incorporation of the Bill Discount, are in-line with the  
18 current costs already incurred by LIRAP based on current saturation rates.

19 In the future, as the Company strives to increase the saturation rates of its energy  
20 assistance, there will be increased costs. This will be the case for any and all low-income  
21 programs looking to expand their reach and meet the stringent goals set forth in CETA and  
22 would have also been the case for the prior LIRAP components as well. Avista believes that  
23 allowing the Direct Service budget to follow the actual need of customers and providing a Bill

1 Discount that more accurately accounts for the energy burden of a given household, is the  
2 most efficient and appropriate use of customers' LIRAP contributions.

3 **Q. How will this impact Agency administrative costs?**

4 A. In the near term, there will be no change from the historical method for  
5 determining the Agencies Admin. Avista proposes a transition period for the Agencies Admin,  
6 such that for the 2023-2024 program year, Agencies will receive a 7% increase in Admin just  
7 as in prior years. For the 2024-2025 program year Avista will collaborate with its EAAG to  
8 determine the appropriate method, amounts, and Admin structure, and will submit a proposal  
9 to the Commission for approval if changes are needed.

10 **Q. Does Avista have an estimate on what it expects to spend on LIRAP**  
11 **administration based on the proposal described herein?**

12 A. Not at this time. While the Agencies' Admin costs will continue to increase at  
13 a set cadence until October 1, 2024, and can therefore be estimated with a degree of certainty,  
14 the Company has not historically specified or tracked all costs that are deemed to be specific  
15 to LIRAP support functions. Currently, the Avista staff resources dedicated to supporting the  
16 program are minimal: a LIRAP Manager, responsible for conducting operational activities for  
17 LIRAP; an Accountant, utilized as needed for LIRAP accounting purposes; and, in recent  
18 years, a Program Analyst has been enlisted to assist with the variety of data analyses and  
19 program support tasks. Additionally, staff from Avista's Community & Economic Vitality  
20 and Energy Efficiency departments have also been utilized periodically to help alleviate the  
21 LIRAP workload. The labor expense associated with these efforts has not previously been  
22 allocated to LIRAP.

23 As previously discussed, part of Avista's strategy to improve the ease by which

1 customers access LIRAP is to allow the Company to enroll customers in the Bill Discount, as  
2 a joint effort with the Agencies. This new point of access will increase Avista’s workload as  
3 it pertains to LIRAP, which will require further dedicated staff and support from the Company,  
4 as well as potentially training a select number of Customer Service Representatives to screen  
5 and enroll customers in the Bill Discount.

6 Additionally, both CETA and SB 5295 contain commitments regarding heightened  
7 awareness and outreach to engage underserved customers for the Company’s energy  
8 assistance programs, as well as provisions that ultimately require assessment of energy burden  
9 and energy assistance need of Avista’s Washington service territory. Such efforts will require,  
10 at minimum, marketing (print, digital and social media), energy fairs, mobile and general  
11 outreach and workshops, as well as funding for evaluation services and data analyses  
12 (consultants) for any production the Company is unable to accomplish in-house—all with the  
13 only funds currently dedicated to such endeavors being Avista’s LIRAP 0.8% ConEd funding.

14 While the Company knows that its overall administrative costs will increase as it  
15 implements the proposed LIRAP revisions and complies with the new statutory requirements,  
16 we do not know at this time exactly how much our administrative costs will be in the future.

17 **Q. Is the Company proposing to move labor-related expenses from O&M to**  
18 **the LIRAP tariff rider in this case?**

19 A. Yes. As discussed by Company witness Ms. Andrews in Exh. EMA-1T, she  
20 has included adjustment 3.10 within her Electric and Natural Gas Pro Forma Studies that  
21 removes the labor associated with LIRAP included in the test year of this case, consistent with  
22 the Company’s proposal to reallocate the labor costs to the LIRAP tariff rider.

23 **Q. Does the Company expect a need for increases to Avista administration**

1 **costs to support LIRAP in the future?**

2 A. Yes. As noted above, the Company expects that with the implementation of the  
3 Bill Discount that uses the utility as a point of access, in addition to the increased legislative  
4 requirements regarding outreach and marketing of our low-income programs as contained in  
5 RCW 80.28.068, the increased workload necessary to support LIRAP in the future will result  
6 in increased administrative costs, or additional employee positions, to help adequately support  
7 LIRAP. However, running all LIRAP-related costs through the tariff itself means that any  
8 such changes resulting in the increase or decrease in the costs necessary to support LIRAP, or  
9 the costs needed to adequately serve all energy assistance need within Avista's service  
10 territory, will be handled via annual LIRAP rate adjustment filings, ultimately approved by  
11 the Commission.

12 In sum, Avista is not requesting approval of a specific level or cap on its administration  
13 costs to be approved in this case. Rather, Avista is seeking Commission approval that all  
14 administration costs to support LIRAP, both that of the Agencies and the Company, be  
15 allowed to be recovered through LIRAP. It is important to note that regardless of whether all  
16 Avista administration costs are recovered through LIRAP or not, the costs would still be  
17 incurred and paid for by customers. By allowing all of Avista's administration costs to be  
18 recovered through LIRAP, rather than through Avista's O&M expenses generally, it will  
19 provide transparency for the Commission and stakeholders regarding the full costs to support  
20 LIRAP.

21 **Q. Will LIRAP funding increase during 2022?**

1           A.     Yes. On or before October 1, 2022, as part of the current LIRAP funding plan,<sup>28</sup>  
2     the Company will make its typical annual filing to increase LIRAP funding by 7% for both  
3     natural gas and electric. The Company will make this required filing in August 2022 for an  
4     October 1, 2022 effective date.

5           **Q.     In the future, does the Company support an annual LIRAP filing with an**  
6     **October 1<sup>st</sup> effective date?**

7           A.     No, it does not. Historically, the Company has filed for approval of its annual  
8     LIRAP increases by August 15<sup>th</sup> of each year, requesting an October 1<sup>st</sup> effective date pursuant  
9     to Order 05 in Dockets UE-150204 et. al. For future LIRAP annual filings, Avista requests  
10    that the effective date for such filings be moved to November 1<sup>st</sup>, to align with other annual  
11    rate filing obligations the Company has in place.<sup>29</sup> Such alignment will minimize the total  
12    number of rate changes encountered by Avista's Washington residential customers in a given  
13    year, thereby decreasing customer confusion and allowing for potential offsets of various rate  
14    impacts due to a combined effect from several rate changes (i.e. if an increase is required for  
15    one adjustment, a decrease resulting from another may help to offset the burden of any such  
16    increases). Adjusting the effective date of this rate adjustment will have no impact on the  
17    LIRAP program year or the Agencies' ability to receive timely and adequate funding.

18          **Q.     Aside from its rate adjustment filing for October 1, 2022, how does Avista**  
19     **intend to account for the modifications proposed herein within its tariffs, if approved by**

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<sup>28</sup> Order 05 in Docket UE-150204 et. al. established a five-year plan and true-up schedule which required Avista to file revisions to Schedules 92 and 192 by August 15th of each year, to increase LIRAP funding by the greater of 7 percent or 2-times the amount of any residential base rate increase, beginning October 1, 2016 with annual funding increases to continue through October 1, 2019. Order 09, in Docket UE-190334 et. al. extended the five-year funding plan through Avista's next general rate case, and Final Order 08/05 in Dockets UE-200900 et.al. further extended this funding mechanism.

<sup>29</sup> Annual adjustments that take effect on November 1<sup>st</sup> of each year include Schedule 59 - BPA Residential Exchange and Schedules 150 and 155 - Purchase Gas Adjustment.

1 **the Commission?**

2 A. The Company plans to file its LIRAP tariffs, inclusive of the Bill Discount and  
3 additional changes discussed, as a matter of compliance at the conclusion of this case, if  
4 approved by the Commission. This compliance filing will be made at least 60 days prior to  
5 October 1, 2023 and will contain the minimum LIRAP funding increase of double the  
6 residential base rate change approved by the Commission for the 2023-2024 LIRAP program  
7 year to take effect on November 1, 2023. For the second year of the multi-year rate plan, the  
8 Company will include the required minimum funding increase with its annual LIRAP filing  
9 to take effect on November 1, 2024.

10 **Q. How does the Company plan to provide “timely and adequate funding” to**  
11 **the Agencies if there is no set annual budget for LIRAP?**

12 A. Under its current funding design, the Agencies receive 20.7% of their total  
13 annual LIRAP budget as a disbursement to the Agency itself for administration and program  
14 support costs (16.5% Admin and 4.2% ConEd). As part of this allotment, the Agencies are  
15 allowed the flexibility to request funding in advance of their monthly reimbursements to help  
16 with staffing or service costs that may occur, be it prior to the start of the program year or any  
17 time throughout the heating season.

18 Additionally, during the LIRAP Spring meeting between the Company and the  
19 Agencies, and again in August of each year, each Agency provides an update on spending  
20 within their specific service area and, if needed and agreed upon by the Company and  
21 impacted Agencies, a reallocation of funding from one Agency to another may occur. To  
22 maintain such flexibility, and to ensure the financial security that the current funding design  
23 provides for the Agencies, the Company will continue to fund the Agencies’ support costs at

1 the same 20.7% level until at least October 1, 2024. During this transitional time period, the  
2 Company and its EAAG will continue discussions regarding how to best address the costs of  
3 both the Agencies' and the Company's administrative costs to guarantee maximum efficiency  
4 in such spend, be it a performance-based model, the current model, or some alternative design  
5 agreed upon by the EAAG. Such design proposal will be brought before the Commission for  
6 consideration in 2024.

## 7 8 **VII. LIRAP ANNUAL FILINGS AND REPORTING**

9 **Q. When will Avista make annual adjustments to LIRAP for program**  
10 **changes or increases in the budget?**

11 A. After implementation of the revised LIRAP, Avista will make annual filings to  
12 adjust the LIRAP rates themselves within Schedule 92 and 192 in September of each year,  
13 with a proposed effective date of November 1<sup>st</sup>. The Company would file to adjust LIRAP  
14 rates to include the minimum funding increase required, or more, depending on if the present  
15 revenues collected are forecasted to lead to an extensive under-funding for the current program  
16 year. Regarding any future LIRAP programmatic changes, in consultation with the EEAG,  
17 Avista will file to request changes on an as-needed basis.

18 **Q. How will the Company go about determining if a rate adjustment above**  
19 **the minimum that is required is needed on an annual basis?**

20 A. In order to determine if a rate adjustment is needed above the minimum that is  
21 required, the Company will evaluate the following factors:

- 22 1. The revenues it expects to collect based on forecasted loads and the current  
23 rates within Schedules 92 and 192.  
24



1           A.     There are several new requirements outlined in the CETA legislation related  
2 to public participation, distribution planning including evaluation of distributed energy  
3 resources, Customer Benefit Indicator (CBI) development, monitoring and reporting. These  
4 new requirements will result in an increase to workload required to meet these obligations.  
5 While the Company anticipates the need for several incremental positions to meet all the  
6 CETA requirements, the Company initially is proposing in this case to include only three  
7 additional new positions resulting directly from CETA, or that will be supporting CETA.  
8 Those positions are a Customer Engagement Manager within our Community and Economic  
9 Vitality Department, a CETA Analyst within the Resource Planning team of our Power Supply  
10 Operations department, and a Distribution Planning Engineer within our System Planning  
11 department. Ms. Andrews discusses in Exh. EMA-1T her adjustment to reflect these  
12 incremental positions, increasing electric labor expense approximately \$357,000. Please note  
13 these positions are incremental to what is included in the Company's Non-Executive Labor  
14 Adjustment 3.07.

15           **Q.     Why has the Company experienced a need for incremental labor due to**  
16 **CETA?**

17           A.     CETA has had, and will continue to have, far reaching effects across our  
18 business. Beginning in 2021 Avista filed its first ever Clean Energy Action Plan<sup>30</sup> (CEAP)  
19 and Clean Energy Implementation Plan<sup>31</sup> (CEIP). The CEIP laid out proposed CBIs and the  
20 Company's implementation plans of specific actions it will take during 2022-2025 to comply  
21 with CETA. The proposed CBIs are a result of a public participation process including all

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<sup>30</sup> Docket UE-200301.

<sup>31</sup> Docket UE-210804.

1 advisory groups, customers and the newly EAG. Throughout the implementation plan, the  
2 Company will continue to solicit input from these groups on a variety of issues. There is an  
3 ongoing need to reach additional customers including “outreach and education serving  
4 vulnerable populations and highly impacted communities”<sup>32</sup> which will require additional  
5 resources. In addition, the proposed CBIs will require ongoing analysis, tracking, and  
6 reporting internally and externally.

7 From a resource planning perspective, the requirements of CETA in the Company’s  
8 electric Integrated Resource Plan (IRP) and associated reporting has increased, creating the  
9 need for an additional analyst to support the work. From a system planning perspective, the  
10 focus on Distribution Planning and Distributed Energy Resources within in CETA and the  
11 Company’s CEIP has created additional work for our system planners. Finally, CETA requires  
12 broad customer outreach and engagement in developing and implementing its CEIP. This  
13 additional work has required the Company to hire a Customer Engagement Manager to help  
14 create a strategic customer outreach and engagement plan and then to implement the plan.

15 **Q. What will the new Community Engagement Manager be responsible for?**

16 A. As noted above the Community Engagement Manager will be responsible for  
17 development of a public participation strategy<sup>33</sup> for the ongoing and future CETA-related  
18 initiatives as well as implementation of said strategy. Additionally, the Community  
19 Engagement Manager will be responsible for, but limited to, the following:

- 20 • Development and facilitation of drafting the biennial CEIP updates required  
21 per WAC 480-100-640(11).

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<sup>32</sup> WAC 480-100-655(2).

<sup>33</sup> In its CEIP Avista stated it would propose a communication and/or customer engagement strategy to identify and remove barriers to public participation in the implementation of its CEIP within 12 months of filing its initial CEIP or by October 2, 2022. The Company will begin implementation of the plan during the 2022-2025 CEIP time frame.

- 1 • Development and facilitation of drafting future CEIPs per WAC 480-100-640.
- 2 • Coordination of community engagement, outreach, and communication as it
- 3 relates to CETA and the CEIP.
- 4 • Coordination of solution development for projects, programs, and initiatives to
- 5 support the Company's CBIs outlined in the CEIP.
- 6 • Tracking and presentment of CBIs.
- 7 • Facilitation of drafting other required CETA reports due to the Commission
- 8 and/or Department of Commerce.
- 9

10 The list of responsibilities and requirements above are all new or incremental to work that was  
11 required previously. During development of the Company's first CEIP, Avista's existing labor  
12 resources were utilized to develop its CEIP. However, the level of workload required for the  
13 development is not reasonable or sustainable on a long-term basis. With more experience and  
14 understanding of the requirements of CETA, the Community Engagement Manager will play  
15 a critical role in the Company's compliance with CETA.

16 **Q. Has the Customer Engagement Manager position already been filled?**

17 A. Yes, it has. An Avista Corporation employee who was working on non-utility  
18 work accepted the position and started in the role in November 2021 (i.e., this employee was  
19 not working on utility matters in the Company's historic test year).

20 **Q. Can you please elaborate on the need for an additional CETA Analyst**  
21 **within Avista's Power Supply Operations?**

22 A. Yes. CETA has also required a significant increase in the analytical work  
23 performed by our Resource Planning team that supports the Company's electric IRPs, CEAP,  
24 CEIP, and various other reporting and compliance obligations. Consistent with the Customer  
25 Engagement Manager, these new requirements have increased the workload for existing  
26 employees, in addition to their current responsibilities. The new workload is not sustainable  
27 on a long-term basis. More specifically the Resource Planning team is responsible for

1 supporting and/or developing the following as it relates to CETA:

- 2 • IRP Workplan – due no later than 15 months prior filing of an IRP per WAC  
3 480-100-625(2).
- 4 • Electric IRPs – due in Washington every four years on January 1<sup>st</sup> beginning  
5 in 2021 per WAC 480-100-625(1).
- 6 • Electric IRP two-year progress report – due every two years following the  
7 filing of an IRP on January 1<sup>st</sup> per WAC 480-100-625(4). For Avista, it still  
8 must develop a full IRP every two years due to filing requirements in Idaho.
- 9 • CEAP – due every four years on January 1<sup>st</sup> as part of the IRP per WAC 480-  
10 100-625(12).
- 11 • CEIP – due every four years on October 1<sup>st</sup> beginning in 2021 per WAC 480-  
12 100-640(1).
- 13 • Biennial CEIP update – due on or before November 1<sup>st</sup> of each odd-numbered  
14 year that the utility does not file a CEIP per WAC 480-100-640(11).
- 15 • CEIP Public Participation Plan – due on or before May 1<sup>st</sup> of each odd  
16 numbered year per WAC 480-100-655(2).
- 17 • Clean energy compliance report – due every four years beginning July 1, 2026  
18 per WAC 480-100-650.
- 19 • Annual clean energy progress report – due on or before July 1<sup>st</sup> of each year  
20 beginning in 2023, other than a year in which the clean energy compliance  
21 report is due per WAC 480-100-650(3).
- 22

23 While some of the requirements listed above were required prior to the enactment of  
24 CETA, such as the IRP work plan and IRP, the requirements for what must be included in an  
25 IRP have grown substantially. This new body of work is in addition to other responsibilities  
26 the Resource Planning team has, such as, general rate case support, Energy Independence Act  
27 reporting, energy & emissions intensity reports, providing analytical support for resource  
28 acquisitions, preparing economic evaluations of electric resource alternatives, and analyzing  
29 and modeling Avista thermal, hydroelectric, and contract resources. To perform this work  
30 successfully and to manage an ever-increasing workload for existing employees, which has  
31 not been sustainable, it is critical for the Resource Planning team to hire a new CETA Analyst  
32 to manage the CETA related work.

33 **Q. Has the CETA Analyst position already been filled?**

1           A.     Yes, it has. An external candidate accepted the position and is expected to start  
2 in the role in January 2022.

3           **Q.     What work will the new Distribution Planning Engineer perform as it**  
4 **relates to CETA?**

5           A.     As a result of CETA, new requirements have been added to what must be  
6 included in an electric IRP. Specifically, WAC 480-100-620(a) requires that an IRP:

7                     ...include assessments of a variety of distributed energy resources.  
8                     These assessments must incorporate nonenergy costs and benefits not  
9                     fully valued elsewhere within any integrated resource plan model.  
10                    Utilities must assess the effect of distributed energy resources on the  
11                    utility's load and operations under RCW 19.280.030 (1)(h). The  
12                    commission strongly encourages utilities to engage in a distributed  
13                    energy resource planning process as described in RCW 19.280.100. If  
14                    the utility elects to use a distributed energy resource planning process,  
15                    the IRP should include a summary of the results.  
16

17           Further, WAC 480-100-620(b) states that an IRP include the following distributed energy  
18 resource assessments: (1) energy efficiency and conservation potential assessment, (2)  
19 demand response potential assessment, (3) energy assistance potential assessment, and (4)  
20 other distributed energy potential assessments that may be installed by the utility or utility's  
21 customers.

22           In addition, RCW 19.280.030 requires that investor-owned utilities develop a 10-year  
23 CEAP with one included element of the CEAP being the identification of "renewable  
24 resources, nonemitting electric generation, and distributed energy resources that may be  
25 acquired and evaluate how each identified resource may be expected to contribute to meeting  
26 the utility's resource adequacy requirement." Also, one of the Company's CBIs proposed in  
27 its CEIP was Named Community Clean Energy, which concentrates on the percent of non-

1 emitting or clean energy resources, including distributed generation or energy efficiency in  
2 Named Communities.

3           Apart from CETA, Washington Engrossed House Bill 1126 was passed in the 2019  
4 legislative session and codified as RCW 19.290.100. House Bill 1126 is an Act “relating to  
5 enabling electric utilities to prepare for the distributed energy future.”<sup>34</sup> Now required for  
6 utilities in RCW 19.280.100(2)(e) is a “10-year plan for distribution investments and an  
7 analysis of nonwires alternatives for major transmission and distribution investments...”  
8 When putting together the plan this same statute requires that “The distribution system  
9 investment planning process should utilize a transparent approach that involves opportunities  
10 for stakeholder input and feedback.” The 10-year distribution plan will help to inform future  
11 IRPs.

12           Due to the requirements listed above, the workload within the System Planning  
13 department has increased greatly. As a result, the Company will hire an additional Distribution  
14 Planning Engineer to support this new work.

15           **Q.     Has the Distribution Planning Engineer position already been filled?**

16           A.     No, it has not. The Company anticipates filling this position by the end of the  
17 first quarter of 2022. During the pendency of this case, the Company will provide updated  
18 information when this position is filled, if necessary.

19           **Q.     Does the Company anticipate it will need additional new positions to**  
20 **comply with the requirements of CETA?**

21           A.     Yes, it does. The Company is still learning of the broad reaching effects of  
22 what it means to equitably transition to clean energy for all of its customers as required by

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<sup>34</sup> Engrossed House Bill 1126 at page 1.

1 CETA. CETA not only changes how the Company views the work it performs, but it changes  
2 how the Company will do its work. Upon approval of the Company's first CEIP and ongoing  
3 work as it relates to CETA, it is likely that new positions will be necessary to support the  
4 growing workload required to successfully comply with CETA.

5 **Q. Has the Company included any other incremental costs within this case as**  
6 **it pertains to CETA beyond the three positions described above?**

7 A. No, it has not. The CETA labor adjustment is the only proforma adjustment in  
8 this case where the Company is seeking approval of incremental costs incurred to comply with  
9 CETA.

10 **Q. Does this conclude your pre-filed direct testimony?**

11 A. Yes.