

Agenda Date: August 24, 2023
Item Numbers: A1 & A2

Dockets: UE-230539 & UG-230540
Company: Avista Corporation d/b/a Avista Utilities

Staff: Crystal Oliver, Regulatory Analyst
Keith Quinata, Section Manager of Energy Rates and Services

Recommendation

Take no action, thereby allowing Dockets UE-230539 and UG-230540, Avista Corporation's d/b/a Avista Utilities (Avista or Company) tariff sheets filed on June 30, 2023, and as revised on July 31, 2023, to become effective August 31, 2023, as a matter of law, recommending that the Energy Assistance Advisory Group (EAAG) monitor the effectiveness of the program and suggest revisions as necessary.

Summary of Filings

On June 30, 2023, Avista filed with the Washington Utilities and Transportation Commission (Commission), in Dockets UE-230539 and UG-230540, revisions to its Tariffs WN U-28 and WN U-29 for electric and natural gas services. On July 28, 2023, per Commission staff's (Staff) request, Avista submitted a supplemental filing, substituting Sheets 92 and 192.

On July 31, 2023, the Company submitted a second supplemental filing after recognizing an omission of an edit requested by Staff. The substitute filings removed a requested rate adjustment for Schedule 92 and 192, removed Special Condition 8, resolved additional tariff changes, and updated the original effective date to August 31, 2023. Further, the filing revises Schedule 92 and 192 and introduces Schedule 92C and 192C, which establishes Avista's Low Income Rate Assistance Program (LIRAP), including the qualifying parameters for Avista's Bill Discount Program, implementation details, and their Arrearage Management Program (AMP), effective October 1, 2023.

This filing also discontinues Tariff WN U-28, Schedule 02, and Tariff WN U-29, Schedule 102, the Senior & Disabled Residential Service Program, as well as discontinues Tariff WN U-28, Schedule 89, and Tariff WN U-29, Schedule 189, the Senior & Disabled Residential Service Discount Rate Adjustment, effective October 1, 2023.

Additionally, the Company request discontinuation of Tariff WN U-28, Schedule 73, and Tariff WN U-29, Schedule 173, the COVID-19 Residential Debt Relief Programs, effective October 1, 2023.

Background

In 2001 Avista's LIRAP was approved and currently includes benefits for Heat, Emergency Share, Energy Grant, Senior/ Disabled Rate Discount, Automatic Hardship Grant, and an AMP.

The Clean Energy Transformation Act (CETA), passed in 2019 and codified as Chapter 19.405 Revised Code of Washington (RCW), and defines “low income” in RCW 19.405.020(25) as “household incomes as defined by the Department of Commerce or the Commission, provided that the definition may not exceed the higher of eighty percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size.”¹

Additionally, CETA includes mandates for utilities to provide energy assistance for low-income households with a stated goal of meeting “Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2019, whichever is greater, by 2030; and ninety percent of the current energy assistance need by 2050.”²

On December 29, 2020, the Department of Commerce revised WAC 194-40-030 to define “Energy assistance need” as “the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.”³

On July 25, 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB 5295), codified as RCW 80.28.068, to update the Washington Utilities and Transportation Commission’s regulation of electric and natural gas utilities’ rates. SB 5295, among other things, included requirements that “Each gas or electrical company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs.”⁴ Additionally, the Commission shall approve, disapprove, or approve with modifications each gas or electrical company’s low-income assistance discount rate and grant program.⁵ The Company must use reasonable and good faith efforts to its low-income and equity advisory groups for approval related to program design, eligibility, operation, and funding of low-income programs.⁶

On December 12, 2022, the Commission entered Final Order 10/04 in Consolidated Dockets UE-220053, UG-230054, and UE-210854 (Final Order 10/04), resolving all disputed issues in the general rate case filed by Avista. The Commission approved and adopted a multiparty settlement that, among other points:

1. Avista will make a subsequent filing on July 1, 2023 (pursuant to WAC 480-07-885), providing the outcome of discussions with the EAAG concerning program design and implementation issues, including:

The joint administration of enrollment by Avista or the CAAs.

¹ RCW 19.405.020(25)

² RCW 19.405.120 (4)(a)(iii).

³ WAC 194-40-030.

⁴ RCW 80.28.068 (3).

⁵ RCW 80.28.068 (1).

⁶ *Id.*

- a. The use of self-attestations of income along with random audits instead of verifying all participating customers' income.
 - b. The management of overlap between the federal Low-Income Home Energy Assistance Program (LIHEAP) and Avista's Bill Discount program.
2. Avista would collaborate with its EAAG to determine the appropriate method, amounts, and administrative structure for future LIRAP years, and any funding increase proposal would be included in the July 1, 2023, filing and the annual filing in September.
3. Avista could recover expenses associated with Direct Services to customers, CAA Administration and Program Delivery, CAA Conservation Education Staff and Labor, Avista Conservation Education, and LIRAP Outreach.

On June 30, 2023, the Company filed its LIRAP and Bill Discount design with implementation details discussed with the EAAG as required by Final Order 10/04.

Discussion

Since August of 2022, Avista has engaged in weekly to bi-weekly meetings, with the EAAG subcommittee and Advisory Group, which includes the Company, Staff, Public Counsel (PC), The Energy Project (TEP), Northwest Energy Coalition (NVEC), and each of the Company's local Community Action Partners.

Avista and its Advisory Group have put significant effort into the development and design of its low-income assistance program. On May 16, 2023, Avista's EAAG discussed the final LIRAP design and details of implementation and unanimously supported the program as designed.

On June 30, 2023, the Company filed its original request to revise Tariffs WN U-28 and WN U-29 for its electric and natural gas services.

On July 7, 2023, the Company sent a courtesy letter to customers impacted by discontinuation of the Senior and Disabled Rate Discount Program.

On July 20, 2023, Commission Regulatory Services and Consumer Protection Staff met with the Company. The Company provided Staff with additional information related to the Bill Discount Program. Staff communicated concerns related to tariff language clarity as well as customer notice of the rate increase. At the time of the meeting, the Company had prepared a draft notice as it did not yet know the complete rate impact to customers of the remaining future rate adjustment requests that would also have a November 1, 2023, effective date.

The Company acknowledged the language clarity issue and proposed to file an amended tariff revision, modifying some of the tariff language to include tier numbers, correcting a typo, and adding "annual household income" to the Bill Discount program description as well as removing the rate increase request with plans to file the rate adjustment request no later than September 1, 2023, along with additional November 1, 2023, effective rate filings to address the incongruent timing of the collective filings.

On July 25, 2023, Staff met with TEP to discuss the tiering structure design of the new LIRAP Bill Discount and its effectiveness in helping low-income customers reduce their energy burden to 6 percent of their household income or less. TEP expressed no concerns related to Avista's program design.

On July 28, 2023, and on July 31, 2023, Avista submitted amendments to its filing. The Company included multiple updates on implementing its LIRAP program in its revision.

First, the Company will discontinue, effective October 1, 2023, its existing Senior/Disabled Rate Discount Programs (RDP), and funding of the same, through the removal of Tariff WN U-28, Schedules 02 and 89, as well as Tariff WN U-29, Schedule 102 and 189. Current RDP customers will automatically be enrolled in the new LIRAP Bill Discount Program at launch. Additionally, the Company proposes a one-time \$250 LIRAP Energy Grant be applied to RDP participants' accounts in September 2023 before their automatic enrollment in the Bill Discount Program to ease budgeting concerns encountered by customers receiving decreased assistance. Avista will notify affected customers regarding the cessation of their existing program, automatic enrollment in the Bill Discount Program, and the anticipated impact on their bill discount amount.

Second, the Company will discontinue its COVID-19 Residential Debt Relief Program (Debt Relief) by removing Tariff WN U-28, Schedule 73, and Tariff WN U-29, Schedule 173, effective October 1, 2023. The Debt Relief was set to conclude by September 30, 2022, or until all allocated funds were spent; the Company completed spending in August 2021.

Third, the Company will revise Tariff WN U-28, Schedule 92, and Tariff WN U-29, Schedule 192, to establish its Bill Discount Program by applying the discount after all other energy assistance has been applied. The Bill Discount Program will be available to all income-qualified customers and is designed to lower a household's energy burden to 6 percent or less of their household income. The Company and partner CAAs will jointly administer the program. Enrollment will be available through customer declaration for a 2-year term, with participants subject to verification based on random selection. Re-enrollment and credits for missed benefits will be available if a customer fails to timely complete the verification process and has their Bill Discount benefit suspended.

Fourth, the Company seeks to modify the AMP and Arrearage Forgiveness programs by removing the notation that the AMP is only available twice within a 7-year period and including an exception to the \$2,500 maximum for a maximum of up to \$5,000 for AMP as a rare exception for customers experiencing an extreme, extenuating customer situation as defined by the EAAG.

On July 31, 2023, Avista sent an additional letter to customers impacted by the discontinuation of the Senior and Disabled Rate Discount Program in accordance with WAC 480-100-194.

On August 10, 2023, Consumer Protection Staff advised Regulatory Services that there was a remaining deficiency in the tariff language as it didn't address enrollment and requested the following language be inserted "ENROLLMENT: The customer must complete the Company's

enrollment process to participate in this service. A customer may contact the Company or an Agency to enroll in Schedule 92 and Schedule 192. Initiation of service under these schedules will occur following acceptance and processing of the enrollment request by the Company or CAAs.”

On August 15, 2023, Consumer Protection Staff advised Regulatory Services that after further review and discussion with the Company that the tariff’s existing description on how to enroll was sufficient and that the previously requested verbiage change would result in duplicative language.

Conclusion

The sunset of Avista’s existing Senior/Disabled RDP is appropriate as the new Bill Discount Program is more inclusive and better suited to reducing the energy burden of all low-income households. Staff believes awarding a \$250 LIRAP Energy Grant to those Customers who will see an increase in their bill during this change will ease their transition.

The discontinuation of the COVID-19 Residential Debt Relief Program is simply housekeeping in nature, as the program approved by the Commission was set to conclude no later than September 30, 2022, or until all allocated funds were spent, which was accomplished in August 2021.

Staff believes Avista’s Low Income Discount Program is well designed and represents many hours of collaboration and discussion with their EEAG in accordance with the Commission’s Final Order 10/04 in Avista’s most recent General Rate Case. Recommending that the EEAG continue to monitor the program’s effectiveness will be critical to its success and allow for the tiering structure’s income levels or discount amounts to be adjusted as necessary to achieve the energy burden reduction goals established by CETA.

Finally, Staff believes the exception to the \$2,500 maximum for a maximum of up to \$5,000 for AMP is appropriate given the impact the COVID-19 pandemic had on customers’ ability to pay their utility bills, coupled with the result of the Governor’s Emergency Order prohibiting residential service disconnections had on the average size of arrearage balances.