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VIA – Commission Web-Portal

August 27, 2018

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

Dear Mr. Johnson:

Attached for filing with the Commission is an electronic copy of Avista Corporation's dba Avista Utilities ("Avista" or "the Company") filing of its proposed revisions to the following tariff sheet, WN U-28.

Second Revision Sheet 92A Canceling First Revision Sheet 92A

The Company respectfully proposes revisions to Schedule 92A "Low Income Rate Assistance Rate Adjustment" (LIRAP). The purpose of the filing is to update the Federal Poverty Level (FPL) specifications for individual components of the LIRAP program, to incorporate the Company's Income Based Payment Plan ("IBPP") Pilot and the Bill Management Arrangement ("BMA") Pilot into its tariff, and to remove the temporary bill assistance exemption made available for qualifying customers who have an income at or below 200% FPL, as this program concluded May 31, 2017.

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I. Introduction

Avista Utilities' Low-Income Rate Assistance Program (LIRAP) approved by the Washington Utilities and Transportation Commission (UTC) in 2001 collects funding through electric and natural gas tariff surcharges on Schedules 92 and 192. These funds are distributed by Community Action Agencies (CAA's or "agencies") in a manner similar to the Federal and State-sponsored Low Income Home Energy Assistance Program (LIHEAP). LIRAP, like LIHEAP assistance can help a household avoid having its utilities shut off or help reestablish service after a disruption and can also help pay ongoing heating costs. The current LIRAP program is comprised of four components:

- LIRAP Heat: mimics the LIHEAP program in terms of intake requirements and benefit calculation. LIRAP Heat income eligibility has been updated for the 2018 program year to 150% FPL.
- LIRAP Emergency Share: LIRAP Emergency Share emulates the Project Share community fund that is funded through voluntary donations that are used to help customers in emergency or hardship situations.
- LIRAP Senior/Disabled Energy Outreach: targets a third distinct customer group by providing a one-time per program year benefit of \$100 or \$400 to seniors with incomes between 151 to 200 percent of the federal poverty level ("FPL"). Effective October 1, 2017 customers living with disability have been added to the eligibility criteria for this grant.
- Senior/Disabled Rate Discount Pilot: A rate discount program for senior and disabled households with fixed incomes between 126-200 percent FPL.

Avista is committed to reducing the burden of energy costs for our customers most affected by rising energy prices, including low income individuals and families, seniors, disabled and vulnerable customers.

II. Background

Order 05 in Docket Nos. UE-140188 and UG-140189 (*Consolidated*) identified four goals to guide the LIRAP program design: keep customers connected to energy service, provide assistance to more customers than are currently served by the program, lower the energy burden of LIRAP participants, and ensure that the program has the appropriate data to assess its effectiveness.¹ With

¹ Dockets UE-140188 and UG-140189 (consolidated), Order 05, ¶ 39 (Nov. 25, 2014).

these goals in mind, the Company has worked closely with its Energy Assistance Advisory Group (“Advisory Group”)² to continuously monitor and explore ways to improve LIRAP, and in developing these pilot programs has gained full support of the Advisory Group.

The Advisory Group has been working since July, 2016 to explore the feasibility of a IBPP and an BMA. Both programs are designed to help reduce the energy burden on the customer, stabilize their household, and avoid interruptions to service. The Advisory Group focused their initial discussions on a IBPP design and continued to refine details of an BMA.

III. Proposed Pilots

The proposed IBPP pilot design identified that customers zero ten to 50% Federal Poverty Level (FPL) would best benefit from a IBPP and based on the program and literature review, the Advisory Group identified 6% of a households total income as the amount that energy costs should not exceed.

The IBPP pilot will be made available to electric customers only with income levels at 10%-50% FPL, and is intended to provide a percentage discount on qualifying customers’ bills so that their electric energy burden does not exceed 6 % of their estimated annual income. The IBPP benefit would be applied as a percentage discount, as that can most effectively and efficiently be implemented within the current systems and processes and because it includes a conservation trigger.

The proposed BMA pilot, to be implemented concurrently with the IBPP, will be available to IBPP qualified customers that have an unpaid balance, or arrears at the time of enrollment. The BMA will assist these income qualified customers that have amounts owed in arrears, or any balance they are unable to pay at the time of IBPP enrollment by reducing the amounts owed over-time and rewarding regular payment behavior. As the customer maintains consistent and on-time payments over a 12-month period, their amount in arrears will be credited back on a monthly basis until their balance owed reaches zero. The intent is to incentivize customers to practice regular payment behavior; to reduce the burden that an arrearage places on a customer; their ability to pay current and future utility bills; to reduce program expenses associated with disconnections and reconnections; and to reduce the amount of bad debt that the Company may carry as a result of nonpayment.

² Established as part of Order 07, Dockets UE-140188 and UG-140189 (Consolidated), the Avista Energy Assistance Advisory Group members include representatives from the Company, WUTC Staff, Community Action Agencies, The Energy Project and Public Counsel Unit of the Attorney General’s Office.

The BMA is an opt-in model that allows the customer a choice of when they would like to use the one-time benefit. A participant may have up to 90% of the arrearage amount forgiven incrementally over a 12-month period for adherence to the regular payment schedule. The immediate reward is tied to the desired regular payment behavior.

Funding for both the IBPP and BMA pilots will come from the Company's unspent "direct service" funding from the 2016-2017 program year, and will not have an impact on customer rates.³ Through the implementation of both of these pilots, and in addition to modifying the FPL eligibility standards for specified LIRAP components, the Company expects to lower the energy burden of LIRAP participants, keep customers connected to energy service, and provide assistance to a wider range of underserved customers with limited income.

IV. Conclusion

In conclusion, the Company appreciates the hard work and support of its Advisory Group in an effort to support the established goals of the LIRAP program. Based on the information provided above, the Company requests the Commission approve the proposed Pilots as outlined in Schedule 92A with an effective date of October 1, 2018.

Please direct any questions regarding this filing to Ana Matthews at (509) 495-7979 or Jaime Majure at (509) 495-7839.

/s/Linda M. Gervais
Senior Manager, Regulatory Policy
Regulatory Affairs

Enclosures

³ Tariff Schedule 92.