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February 19, 2021

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

RE: **Avista Utilities Tariff WN U-29, Schedule 173, Residential Debt Relief Program**

Dear Mr. Johnson:

Attached for filing with the Washington Utilities and Transportation Commission (Commission or UTC) is an electronic copy of Avista Corporation's, dba Avista Utilities (Avista or the Company), filing of its proposed new tariff sheets, WN U-29:

Original Sheet 173
Original Sheet 173A
Original Sheet 173B

The primary purpose of this filing is to introduce and implement Schedule 173, "Residential Debt Relief Program" (Debt Relief Program), in compliance with Order No. 01 in Docket No. U-200281.

I. BACKGROUND

On June 16, 2020, the Commission conducted a virtual Special Open Meeting to receive status updates from regulated utilities and interested parties regarding their general experiences in responding to the COVID-19 pandemic, and to discuss utilities' transition plans related to the Governor Inslee's Proclamation 20-23.2 and subsequent proclamations extending the moratorium on disconnections and late or reconnection fees. The UTC then assembled a COVID-19 response workgroup of stakeholders to facilitate the development of guidelines to ensure that customers experiencing economic hardship as a result of the COVID-19 pandemic have adequate protections and provisions in place to maintain access to essential services after the expiration of Proclamation 20-23. The workgroup consisted of representatives from the energy utilities, including Avista Puget Sound Energy, PacifiCorp, Cascade Natural Gas, and Northwest Natural Gas Company (collectively, Joint Utilities), as well as advocates from consumer, social justice, and environmental organizations, including the Public Counsel Unit of the Washington Attorney General's Office (Public Counsel), The Energy Project, Front and Centered, Northwest Energy Coalition, Puget Sound Sage, and the Sierra Club (collectively, Joint Advocates).

After the exchange of proposed term sheets and several workshops to collaborate in addressing the various aspects of the COVID-19 challenge, UTC Staff prepared a term sheet that reflected the terms on which the workgroup agreed as well as Staff's recommended resolutions of the disputed issues. On October 6, 2020, the Commission held a Recessed Open Meeting to address Staff's term sheet, with revisions made to the final terms (Revised Term Sheet). The Revised Term Sheet was then approved by the Commission on October 20, 2020 in Order No. 01 in Docket No. U-200281. Further modifications were made to the Revised Term Sheet when this matter came again to the Commission at its February 17, 2021 recessed open meeting, with the Commission including, as Appendix A, a Second Revised Term Sheet (Second Revision) in subsequent Order 02. The Second Revision extended the moratorium on disconnections to July 31, 2021 and adopted further recommendations of Staff, the Joint Utilities, and the Joint Advocates. With the filing of this proposed Debt Relief Program, Avista intends to address the *Additional Funding for Customer Programs* section of the Revised Term Sheet, which remains unchanged in the Second Revision, and requires that:

1. *Each Utility establish a temporary COVID-19 assistance program, subject to cost recovery under Section 8.e. below, to provide eligible residential customers to include customer earning up to 200 percent of the Federal Poverty Level (FPL) with annual maximum award amount of $2,500 per household. COVID-19 assistance programs may include provisions for bill assistance and arrearage assistance.*
2. *Establish the funding level at 1 percent of Washington retail revenues, and that no increase to that funding level occur without prior Commission approval.*
3. *Each Utility work with its Low-Income or Energy Assistance Advisory Group to implement its COVID-19 assistance program, which may include direct utility assistance, but not require existing program modification or require fund*

administration by the community action agencies unless the Utility believes that is the more efficient strategy.

Avista collaborated with its Energy Assistance Advisory Group (EAAG or Advisory Group) regarding the implementation of the Debt Relief Program during its bi-monthly virtual meetings held on November 10, 2020 and January 12, 2021. At its November meeting, the Company presented the requirements of the Revised Term Sheet and proposed its potential program design elements for the Debt Relief Program. Valuable discussion and feedback from the EAAG resulted in program refinements that were then incorporated into the Company's updated proposal, which was presented to the Advisory Group for review and approval at the January meeting. Based on lessons learns while developing the program implementation strategy and additional EAAG input, further modifications were assimilated into this tariff filing.

II. AVISTA COVID-19 DEBT RELIEF PROGRAM PROPOSAL

The Company identified the following key considerations as essential in providing financial relief to our customers who have experienced economic hardship due to COVID-19, and who have accumulated pandemic-related arrears:

- Ease in customer access to the benefit;
- Keeping customers connected to electric and/or natural gas services;
- Appropriate prioritization of low-income and/or vulnerable populations;
- Personalized solution to assist customers experiencing financial hardship with arrears;
- Minimal administrative burden for the Community Action Agencies (CAAs) serving Avista's service territory;
- Alignment with, or complimentary to, existing or future Energy Assistance (EA) programs (i.e. Low-Income Home Energy Assistance Program (LIHEAP), Avista's Low-Income Rate Assistance Program (LIRAP) and Project Share); and,
- Majority of the funding is used to directly assist customers with unpaid, past due balances associated with COVID-19.

To fully address the considerations listed above, and in accordance with the provisions of the Revised Term Sheet, Avista proposes to utilize the Debt Relief Program funds for two program components, as described in further detail below. Please note that customers are only eligible to receive one component of the Debt Relief Program, therefore the two grant types listed herein may not be duplicated or combined. A summary of these components is as follows:

1) An automatic, one-time COVID-19 Arrearage Forgiveness Grant (Automatic Grant), not to exceed $2,500, for residential customers with a proven history of low-income program eligibility (customer has received EA within previous 2 years).
2) An Arrearage Forgiveness Grant (Forgiveness Grant), not to exceed $2,500, for residential customers at or below 200% FPL that have not received EA within the past 24 months and have a COVID-19-related arrears (unpaid, past due balance).

Avista's Debt Relief Program will be operational from April 1, 2021 through September 30, 2022, unless otherwise ended as described in this filing. While the possibility of issuing multiple grants per customer was explored during the creation of the Debt Relief Program, the Company ultimately designed its offerings with the intention of fully eliminating the arrearage balances from as many customer accounts as possible, thereby delivering a "clean slate" for each customer that receives bill relief assistance. The Debt Relief Program will provide financial relief for COVID-19 related past-due balances, and tradition energy assistance programs can then provide continued financial support for current and future bills. Should a customer find themselves with an accumulated past-due balance after receiving Debt Relief Program funding in addition to EA, the Company's LIRAP offerings—such as the Arrearage Management Program (AMP) described later in this proposal—will be available to help address such a situation.

Avista believes that the magnitude of the grants proposed will provide the most benefit in fully relieving a customer's arrearage debt, so the customer can then concentrate their efforts on their current energy charges and any additional COVID-19 related complications they may be facing. The Company also recognizes that there may be more accumulated arrearage debt than Debt Relief Program dollars available when the moratorium on disconnections expires,[1] and developed its program components in contemplation of potential uptake percentages, as well as

[1] Based on the Company's arrearage data as of December 31, 2020, the total residential arrearage balance for Avista's Washington customers was $7,990,881. This is inclusive of all customers, not just those with incomes at or below 200% FPL that may qualify for the Debt Relief Program.

complimentary or parallel EA the customer may also qualify for, to ensure that the largest possible number of customers will be assisted wholly and completely.

1. Automatic Grant

For its first immediate bill assistance strategy, the Company proposes instant debt relief for customers who have received EA within the past two years and who have an arrearage balance that exceeds $50 on their Avista account. To do this, Avista will review all residential customer accounts on April 30, 2021, and administer an Automatic Grant to qualifying customer accounts. The amount of the Automatic Grant will be the full past-due balance due on the customer's account,[2] not to exceed a maximum amount of $2,500, and not to result in a credit on the account. Recipients of the Automatic Grant will receive a letter informing them of the additional assistance being credited to their account and the need to pay their current charges owing. Based on the Company's estimates as of February 15, 2021, the table below illustrates that approximately 5,506 customers would qualify for the Automatic Grant, owing a combined total of approximately $2,744,050. The average past due balance for these customers is approximately $498. After the distribution of the Automatic Grant, there would be approximately $3,707,820 available for the Forgiveness Grant component of Avista's Debt Relief Program.[3] The Company understands that these numbers will be different at the end of April 2021 and will continue to track existing customer balances to ensure its proposed program offers an appropriate delegation of funding.

Residential Washington Arrears[4]	
	EA Within the Past 24 Months*
Number of Accounts	5,506
Past Due Total	$ 2,744,050
Past Due Average	$ 498

*Customer received LIHEAP or LIRAP Heat or Senior/Disabled assistance between 02/15/2019 and 02/15/2021.

2. Arrearage Forgiveness Grant

[2] Full past-due customer account balance is the customer arrearage balance remaining after 1) application of any outstanding deposits back to customer's account, and 2) deduction of any outstanding EA pledges (EA promised but still awaiting payment).

[3] Numbers are based on customer arrearage balances as described in footnote 2 and assumes a starting balance of $6,451,870 after removal of the proposed 1% of funding for Avista administration and marketing costs.

[4] See Fn. 3.

As the second element of its Debt Relief Program offerings, the Company proposes a Forgiveness Grant, again not to exceed $2,500, to be provided to residential customers at or below 200% FPL, that express a financial hardship related to COVID-19. This Forgiveness Grant will be available to qualifying customers on a first come, first served basis from April 1, 2021 until the earlier of the following: 1) until funds are exhausted; 2) until September 30, 2022, or; until the Commission otherwise modifies the program. Income eligibility for the Forgiveness Grant will be determined by the Agencies.

The Forgiveness Grant amount will cover the full past-due balance accumulated on the customer's account,[5] minus any customer payments, and should not result in a credit on the account. However, as an exception, the administering entity has discretion to place an additional benefit to stabilize the household, not to exceed $100, that may result in a credit on the customer's account. One possible example for which this exception may be applicable is a customer that has historically large energy costs that, even after receiving a Debt Relief Program benefit, are anticipated to continue into the future. In this scenario, leaving a credit balance on the customer's account will help the customer with upcoming bills, while they seek additional bill assistance or comparable programs.

III. PROGRAM ADMINISTRATION AND FUNDING

While the Automatic Grant will be instantly administered by Avista, the Forgiveness Grant will be available to qualifying customers via a variety of access points, thereby improving the ease by which customers can obtain the Debt Relief benefit. These access points include the traditional avenues as serviced by the established Agencies that already deliver Avista's LIRAP and other EA services to customers within the Company's service territory, in addition to a new Community Partner Network (CPN) that will include representation from organizations that serve marginalized communities such as rural, immigrant, tribal, and people of color. The Company believes that the incorporation of the CPN as a new administrating source for customer intake will increase the potential of customer engagement in hard-to-reach and underserved areas by utilizing established representatives within the communities they serve. In short, this approach enables Avista to

[5] See Fn. 2.

provide an immediate solution for customers expressing hardship and expands access through non-traditional organizations that represent and support vulnerable populations.

The estimated funding to be distributed through the Debt Relief Program, one percent (1%) of Avista's 2019 Washington revenue as determined by the Company's 2019 Commission Basis Report (CBR), is approximately $6.5 million in total.[6] The Company has filed proposed revisions to its natural gas tariff WN U-29 concurrently with this filing to implement a parallel natural gas tariff Schedule 173. Of this total available funding, the Company proposes that up to one percent (1%) of the funding may be used by the Company to administer the program and to promote the availability of financial assistance throughout the Company's service area, and that administration costs incurred by the CAAs and CPNs be paid on a per-application basis as described below. Avista will defer, and seek later recovery of, all associated program costs not otherwise included in rates in accordance with Commission Order No.01 in Docket Nos. UE-200407 and UG-200208.

Rather than allocating specific amounts of funding to each component of the Debt Relief Program, or assigning a precise budget for each Agency, the available Direct Services (DS) funds will remain in a collective pool to be utilized as-needed by participating administrators. Monthly updates will be reported to Avista from the Agencies, inclusive of CPN activity, to monitor Debt Relief Program spending. This approach enables the DS funding to follow the need of Avista's customers and be spent where the arrears balances are located rather than the typical LIRAP allocation of funding that is based on meter count per Agency service territory.

Administration and program delivery funds will be provided to the Agencies and Community Partner Network entities on a per-application basis, with compensation set at $100 per Debt Relief Program application successfully processed.[7] In instances where a CPN has obtained the necessary customer information that results in a completed application, the CPN will receive $75 of the $100 compensation, with the associated CAA that processes the application receiving the remaining $25. The full $100 will be retained by the Agency in cases where the Agency is entirely responsible for the successful processing of a customer's Debt Relief Program application.

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[6] $6,517,040

[7] A successfully processed application is one that results in a customer receiving a financial benefit from the Debt Relief Program.

IV. DEBT RELIEF PROGRAM AND ENERGY ASSISTANCE INTERACTION

As Avista strives to continuously deliver energy assistance programs that best serve the needs of its most vulnerable customers, ensuring that these programs are designed to be in alignment with, or complimentary to, existing or future offerings is an essential consideration. With this in mind, the proposed Debt Relief Program is intended to provide arrearage forgiveness to customers facing hardship due to COVID-19 in a way that not only supports the existing energy assistance offerings available to Avista customers, but that is also synchronized with the implementation of three new proposed LIRAP components. On February 5, 2021, Avista filed revisions to its LIRAP to incorporate an Arrearage Management Plan (AMP) effective April 1, 2021, as well as a Percentage of Income Payment Plan (PIPP) and Past Due Payoff (PDP), which will be made available at the beginning of the next program year on October 1, 2021.[8] The AMP will provide a continued solution for customers who have accumulated arrears in amounts that are not sufficiently addressed by a grant program alone, and the PIPP will address the affordability of energy services for the Company's most vulnerable customers. Additionally, customers enrolled in the PIPP, or LIHEAP recipients at comparable income levels, can fully maximize their energy assistance benefits with the PDP.

If approved, the integration of these three programs will provide customers with eight total components within Avista's LIRAP to provide a variety of assistance options that address the diversity of need among the Company's low-income customer population and those experiencing hardship. With both the Debt Relief Program and the AMP anticipated to become operational concurrently, low-income customers will have a comprehensive toolbox of both short-term and long-term energy assistance options to help alleviate high energy burden. While the Debt Relief Program may resolve the financial crisis many Avista customers are facing, those customers with arrearage balances over the $2,500 maximum benefit amount will also have the option to set up a long-term payment arrangement[9] or to seek further energy assistance—including the AMP and, once available, the PIPP or PDP—through their local CAA.

[8] See Dockets UE-210077 and UG-210078.
[9] Residential Avista customers can set payment arrangements for up to 18 months in duration.

V. OUTREACH AND REPORTING

Recognizing that the economic implications of the COVID-19 pandemic have caused some customers to find themselves in the new and unfamiliar position of needing financial assistance to pay their bills, Avista has sought to raise awareness about the availability of bill assistance, in addition to its billing and payment options throughout 2020. The Company made prominent updates to its Energy and Payment Assistance web page,[10] sent emails to customers, had print advertisements placed in local publications, and included inserts in both the June 2020 and February 2021 bills. To provide the desired widely-broadcasted communication to its customers as intended by Order 01,[11] the Company will continue to develop its communication plans in consultation with its Advisory Group. In the interim, however, Avista's anticipated strategies for outreach are described below.

The Company plans to inform customers of its upcoming Debt Relief Program offerings by conducting proactive targeted outreach, which may include, but is not limited to, emails, automated phone calls, text messages, print and/or digital advertisements. The messaging will focus on billing and payment options as well as the availability of bill assistance, including the new Debt Relief Program offerings, and contain prompts to contact the Company to discuss the available options. Additionally, while all components of the Debt Relief Program will be implemented at the same time, Avista's outreach approach is to prioritize customers whose accounts have fallen the furthest behind, therefore putting them at a higher risk of service interruption. To accomplish this, the Company plans to utilize a staggered approach for sending the outreach materials described above. The Company's first round of targeted communications to customers, anticipated to begin April 15, 2021, will be aimed at those that are the furthest past due: customers with balances that are 91+ days overdue. Customer email communications will be utilized, for those customers with a valid email address on file with the Company, as well as print and digital advertisements, customer newsletters via bill insert, and updates to Avista's website. During this time, the Company will also provide these outreach materials to its local Community

[10] https://myavista.com/about-us/our-community/assistance-programs

[11] Order 01 at para 14, the Commission amended provision 4.b of the *Disconnection Moratorium* section of the Revised Term Sheet to read: "Communications plans should be developed in consultation with low-income advisory groups and community-based organizations, with the intent to provide widely broadcasted communication with consumers."

Action Agencies for distribution to customers. Subsequent rounds of email communication will then be sent, first to customers that are 61+ days past due, then to those 31+ days past due, until the Company has reached out to all customers with delinquent account balances. This timeline will ensure that all outreach material is provided to affected customers prior to the resumption of the collections process. Avista believes that not only will this strategy ensure that those most in need of financial assistance are notified in an appropriate timeframe, but it will also help to mitigate an abrupt increase in call volumes that could potentially occur if all Washington customers with arrears were to receive communications simultaneously and call the Company or Agencies for assistance. Also, as required by the *Disconnection Moratorium* section of the Second Revision, the Company's 30-day notification to all residential customers will include mention of the Debt Relief Program and an urging to contact the Company or Agencies to discuss the assistance options available.

Additionally, while Avista is hopeful that the above Debt Relief Program will provide sufficient support for customers impacted by the COVID-19 health and economic crisis, the Company is also instituting an added temporary step within its existing collections process to provide an extra barrier against service interruption. For customers whose account balances have gone past due, Avista will conduct an outbound automated call prior to the customer progressing through the collections process; if unable to reach the customer, the collections process will then resume, inclusive of the notification requirements provided in WAC 480-100-128(4) and WAC 480-90-128(4). These callouts will be in addition to the callouts that occur at the end of the collections process, and are intended to connect the customer with a Customer Service Representative (CSR) to discuss payment arrangement or bill assistance options, or to connect qualifying customers to the applicable Agency for energy assistance.

Reporting

In addition to the reporting requirements outlined in Order No. 01 in Docket No. U-200281, Avista will provide quarterly reporting on the amount of assistance that has been provided throughout the implementation of the Debt Relief Program, inclusive of the number of customers to receive each grant, corresponding benefit amounts and information regarding the minimum and maximum benefit amounts.

IV. CONCLUSION

Avista respectfully requests that its proposed tariff Schedule 173, Residential Debt Relief Program, be made effective for services on April 1, 2021. If you have any questions regarding this filing, please contact Jaime Majure at (509) 495-7839 or jaime.majure@avistacorp.com.

Sincerely,

/s/Shawn Bonfield

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Enclosure