



# LIRAP Joint Program Implementation Funding Structure

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# The Value of Joint Program Implementation

# Why are we rethinking the program implementation funding structure?

The existing model **couples** admin funding to direct spend (20.6% of customer discounts/grants)

Unfair for agencies

- Cost and level of effort was proportional to direct spend. Now, these do not align. Heavy lift applications can result in small discounts with a small admin fee
- Income updates and verifications - Can touch a customer several times during the year with no remuneration
- If implementation budget is set to 21% of direct spend flowing through each agency, budgets would be cut by estimated 30-40%. This will result in staffing cuts in most agencies and potentially the inability to support a year-round program

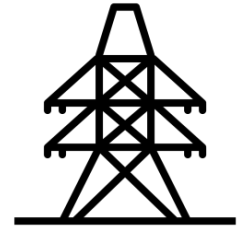


# Why are we rethinking the program implementation funding structure?

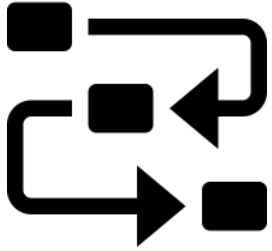
The existing model **couples** admin funding to direct spend (customer discounts)

Unfair for Avista ratepayers

- Spending and annual increases (7% or double rate increase) are arbitrary and not associated with customer benefits, costs incurred for the program or program outcomes
- Uncapped program - potentially large impact to ratepayers



# Benefits of utility implementation



For many customers, the utility is the first point of contact when they are past due or get an unexpected high bill.

The application process is more streamlined, as evidenced by high enrollment numbers

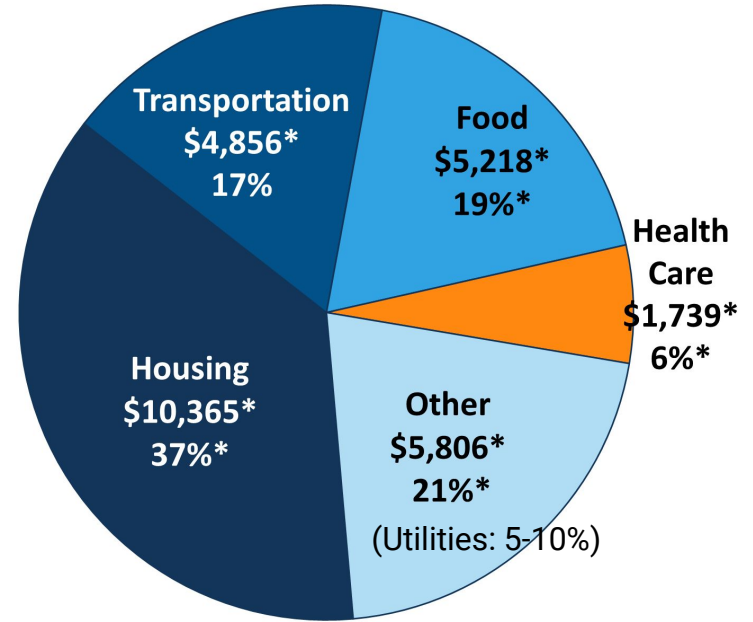
# Benefits of agency implementation

The goal of energy assistance is ...  
reducing energy insecurity  
(disconnections and late payments).

**Stabilizing households** is more effectively done through agencies, which are a one-stop shop for wraparound services like housing, food, workforce training etc.

*"Clients who come to us get access to at least two, usually four or more programs and a much higher total financial benefit"*

Energy bills are rarely the only challenge in a person's life when they are facing disconnection or applying for energy assistance.

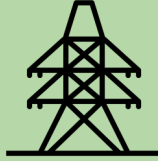


**Average Household Spending = \$27,985\***

# Meeting customers where they are

Many customers apply for LIRAP through Avista when dealing with past due accounts or high bills.

**Utility**



Some customers can only be reached through their trusted community organizations.

**Community Partners**



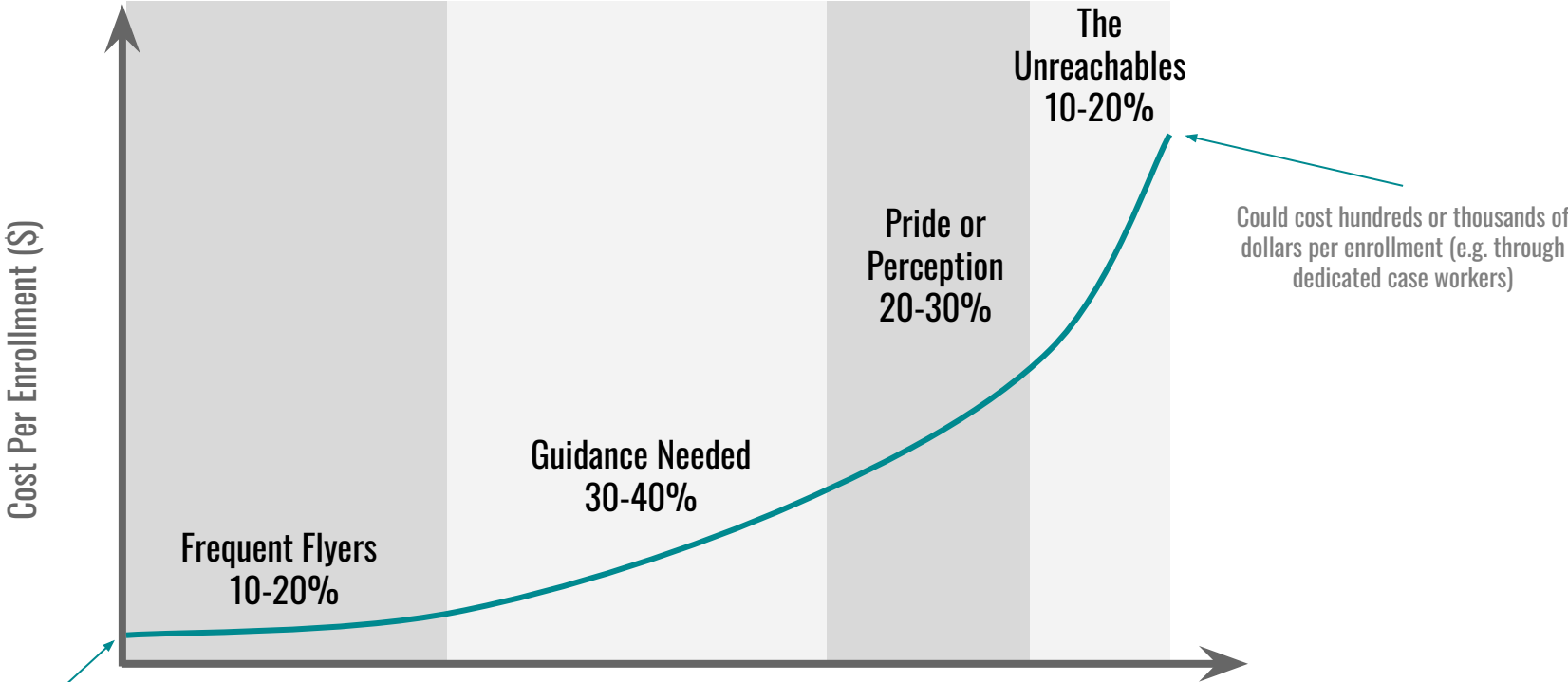
**Bottom line:** Avista can reach many customers but not everyone who needs assistance.

**Agencies**



Some customers would only hear about LIRAP through the agencies. Some customers are only comfortable applying through the agencies.

# Cost of Participation



Could cost less than a dollar per enrollment (e.g. through web portal)

Could cost hundreds or thousands of dollars per enrollment (e.g. through dedicated case workers)

Note: Figures on this slide are rough estimates based on anecdotal evidence/experience



# Meeting customers where they are

## Agency sweet spot:

- Financially unstable households
- Hard-to-reach communities
- Capacity building in local community organizations
- Services that utility cannot do: income verification, referrals to non-energy, non-utility programs

## Utility sweet spot

- Households with energy burden as primary concern or triggered to call utility by a high bill
- Streamlined process that solves Avista bill affordability

**Bottom line:** Avista and the agencies are not necessarily dealing with the same population in the same way

# The Principles

Proposed principles for agency funding structure:

1. At a minimum, it should **reflect the cost** to implement a year-round program.
2. It should **capture the value** of agency expertise and the added cost to serve their customer segment.
3. It should **incentivize program growth**, and promote equitable service among hard-to-reach communities.
4. It should **strengthen accountability** for ratepayer dollars, with metrics tied to customer benefits not just spending.
5. It should be relatively **predictable** for the utility and the agencies.

Feedback on funding structure principles?

# Program Implementation Funding Structures Explored

## Funding Structures Principles Legend:

Does not meet this principle

Partially meets this principle or is untested in  
relation to this principle

Strongly supports this principle

# Fixed Percentage of Benefits Distributed (Status Quo)

## Examples from around the state:

- Avista and PSE energy assistance programs

## Pros:

- Simple
- Predictable

## Funding Structure Principles

Reflects costs of year-round program  
Captures value of agency services  
Incentivize program growth  
Strengthen accountability  
Predictable

## Cons:

- Spending and annual increases are not tied to customer benefits or performance
- Agencies serving hard-to-reach populations are penalized because higher level of effort does not correspond to higher benefits distributed

# Per-enrollment fee

## Examples from around the state:

- \$75 per successful program enrollment
- \$15-50 per income verification

## Pros:

- Simple to implement

## Funding Structure Principles

Reflects costs of year-round program

Captures value of agency services

Incentivize program growth

Strengthen accountability

Predictable

## Cons:

- Enrollments are not all the same - wide range in cost and benefit
- Inflexible - as program matures, enrollments would decrease and more program funds would be needed for outreach
- Does not capture full value of agency services

# Fixed fees

## Examples from around the state:

- \$5,000/month program fee

## Pros:

- Simple
- Can be designed to capture most costs and values
- Predictable for utility and agencies

## Funding Structure Principles

Reflects costs of year-round program

Captures value of agency services

Incentivize program growth

Strengthen accountability

Predictable

## Cons:

- Not aligned with program growth goals - status quo is the path of least resistance
- Low accountability for ratepayer dollars

# Time and materials

## Examples from around the state:

- Energy efficiency implementation contracts

## Pros:

- Accurately captures costs, including overhead
- Accurate tracking of program expenditure

## Funding Structure Principles

Reflects costs of year-round program

Captures value of agency services

Incentivize program growth

Strengthen accountability

Predictable

## Cons:

- Unpredictable for utility and agencies
- Complicated to track and allocate hours to program activities
- More hours billed does not equal higher customer benefit

# Hybrid Model (Fixed Baseline + Performance-Based)

## Examples from around the state:

- N/A

## Pros:

- Accurately captures costs, including overhead
- Provides stable year-round funding plus additional support during busy periods.

## Funding Structure Principles

Reflects costs of year-round program  
Captures value of agency services  
Incentivize program growth  
Strengthen accountability  
Predictable

## Cons:

- To strengthen accountability, needs enhanced reporting on program metrics
- Performance-based component can be hard to predict (but the fixed portion is very predictable for the utility and agencies)
- Untested within the energy assistance field



# JPIFS Proposal

# What is program implementation?

**Customer activities** (can be associated with specific customers/households):

- LIRAP appointment
  - LIRAP enrollment
  - Income update
  - Post-enrollment verification
  - Emergency assistance
  - Other
- Post-enrollment verification contact attempt
- Referral customer contact attempt

**Program activities** (directly affect enrollment and program operations, but not tied to specific customers):

- Outreach
- Marketing
- Training
- Community partner network
- Reporting/IT
- Customer service/call center
- Program accounting

**Overhead activities** (cost of doing business - necessary but not tied to specific program outcomes):

- Management/HR
- Agency overhead fees
- Legal
- Agency accounting

## Small agencies (under 4,000 premises)

Two agencies affected: WGAP and Spokane Tribes

### **Proposal:**

Provide fixed annual fee (~\$10,000/year) to support program activities.

### **Why?**

Keep it simple. Can always be adjusted later if needs grow.

# Medium/Large agencies - Hybrid Model

## Baseline Fixed Fee

- ★ Labor Units allocated to each agency based on number of Avista premises (households) in their service area
- ★ Labor Unit Fees represent all costs associated with a hypothetical mid-level employee - salary, benefits, all overhead
- ★ Labor Units do not need to correspond to agency's staffing structure
- ★ There is an expectation of a minimum baseline of program activities (to be defined later today)

## Performance Fund

- ★ Performance payments are assessed once a quarter for program activities that exceed the minimum baseline

## CapEx Fund

- ★ Annual fund that can support agencies with one-off capital or materials expenses
- ★ Requires a simple application by agency

# Definition of a Labor Unit

<b>Assumptions</b>	
Nominal Hourly Rate (2024-25)	\$25
Overhead Multiplier - covers fringe benefits, facility usage, equipment, agency fees etc.	2X
<b>Actual Hourly Rate (2024-25)</b>	<b>\$50/hr</b>
Annual Work Hours Per Labor Unit	2,000
<b>Labor Unit Fee</b>	<b>\$100,000/year</b>

# Allocation Method

<b>Assumptions</b>	
Number of premises per labor unit (Calibrated to current staffing needs based on feedback from agency interviews)	8,000
Labor Unit Allocation	Premises/8,000 Rounded Up

	Premises (2024)	Labor Unit Allocation	2024-25 Proposed
CAC Whitman	20,964	3	\$300,000
Community Action Partners	10,142	2	\$200,000
OIC of Washington	5,275	1	\$100,000
Rural Resources	27,195	4	\$400,000
SNAP	203,081	26	\$2,635,000*
<b>Total</b>		<b>36</b>	<b>\$3,635,000</b>

## Setting expectations

**What are Avista ratepayers getting for an annual investment of \$3-4M a year?**

# Baseline performance expectations

**Proposal:** Avista is pre-paying for ~2,000 hours a year per labor unit. Use a breakdown of program costs as follows:

- 20% overhead
- 30% program activities (600 hrs): Measured using staff-hours
- 50% customer activities (1,000 hrs): A customer activity is roughly equivalent to one staff-hour.

Different agencies may have a different breakdown of customer vs program-wide activities. This will need to be reassessed after test year.

<b>Agency</b>	<b>Baseline Customer Activity Staff-Hours Per Quarter</b>	<b>Baseline Program Activity Staff-Hours Per Quarter</b>
Community Action Center Whitman	750	450
Community Action Partners	500	300
OIC of Washington	250	150
Rural Resources	1,000	600
SNAP	6,500	3,900



# Baseline expectations - Example

Rural resources (quarterly baseline: 1000 customer activities per quarter, 600 staff-hours for program activities)

	<b>Customer Activities</b>	<b>Met customer baseline?</b>	<b>Program Activity Staff-Hours</b>	<b>Met program baseline?</b>
Q4 2025	1,200	Yes	320	No
Q1 2026	1,500	Yes	80	No
Q2 2026	800	No	800	Yes
Q3 2026	400	No	1280	Yes
Annual 2025-26	3,900 (98% of annual baseline)		2,480 (103% of annual baseline)	

## What do we do with these expectations?

If an agency does not exceed 90% of expectations over the course of a program year, meet and discuss challenges or extenuating circumstances. If expectations are not met for two years, reduce labor unit allocation.

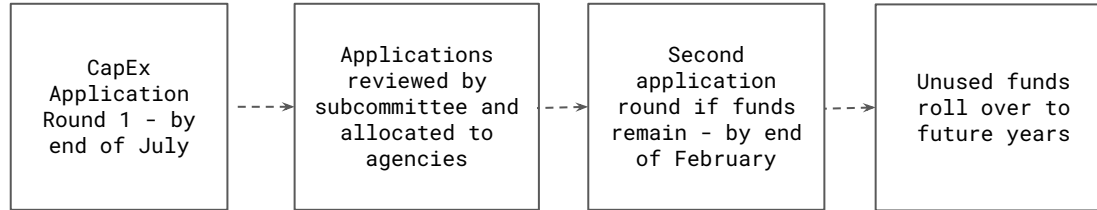
# Performance Fund

- Start with a \$200k annual fund in PY 2026-27, capped at \$100k per agency per year. Focus on customer activities in excess of baseline expectations. Remunerate agencies once every quarter using billable hourly rate (\$50 in 2024-25).
- Performance funds would be used/reserved by agency to enhance/optimize LIRAP services.

Example:

	Customer Activities	Met customer baseline?	Performance Payment
Q4 2025	1,200	Yes	\$10,000
Q1 2026	1,500	Yes	\$25,000
Q2 2026	800	No	0
Q3 2026	400	No	0
Annual 2025-26	3,900		\$35,000

# CapEx Fund



- CapEx allocations are limited to \$100,000 per agency per program year.
- CapEx funds should be used for LIRAP purposes only - or prorated if it is used for purposes that serve LIRAP and other programs. The amount of the award cannot exceed the actual cost of the project. Agency proposals should also include evaluation of outcomes or success metrics similar to other grant performance metrics.

# 2024-25 Program Year

1. Baseline fixed fee will be allocated to agencies in 2024-25 - immediate increases in program implementation funding to support enhanced reporting.
2. 2024-25 CapEx fund will be distributed without an application for the sole purpose of developing LIRAP reporting as follows:

\$20k baseline distribution + premise percentage

- CAC:  $\$20,000 + 7.9\% = \$27,900$
  - CAP:  $\$20,000 + 3.8\% = \$23,800$
  - OIC:  $\$20,000 + 2\% = \$22,000$
  - Rural Resources:  $\$20,000 + 10.2\% = \$30,200$
  - SNAP:  $\$20,000 + 76.1\% = \$96,100$
3. No performance fund in 2024-25. Data from test year (estimated March 2025 - March 2026) will be used to calibrate expectations for this fund.

## Annual Adjustments / Future changes

- Baseline fixed fee should be tied to labor costs - incremented annually based on [CPI-U or CPI-W](#). Consider setting a CPI threshold (e.g. 5%) for re-examining this clause.
- Funding amounts and baseline assumptions will be reassessed after test year (2024-25).
- Performance and CapEx fund caps may need to be reassessed if they are exhausted for multiple years in a row.
- Avista will reconvene the JPIFS subcommittee every two years (starting prior to 2026-27 PY) to re-examine the funding model structure in relation to the maturity of the program, customer energy assistance need and the general economic environment.

# Baseline Fixed Fee - Budget

	Premises (2024)	Labor Unit Allocation	2024-25 Proposed	2023-24 Actual	Difference
CAC Whitman	20,964	3	\$300,000	\$219,118	+\$81k
Community Action Partners	10,142	2	\$200,000	\$128,825	+\$71k
OIC of Washington	5,275	1	\$100,000	\$48,564	+\$51k
Rural Resources	27,195	4	\$400,000	\$241,636	+\$158k
SNAP	203,081	26	\$2,600,000	\$2,360,584	+\$239k
<b>Total</b>		<b>36</b>	<b>\$3,600,000</b>	<b>\$2,998,727</b>	<b>+\$601k</b>

# Total Budget Impact

	2023-24	First year of new baseline structure and CapEx fund ↓ 2024-25	2025-26	First year of Performance fund ↓ 2026-27	2027-28	One additional labor unit due to population growth ↙ 2028-29	2029-30
Community Action Center Whitman	\$219,118	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782
Community Action Partners	\$128,825	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855
OIC of Washington	\$48,564	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927
Rural Resources	\$241,636	\$400,000	\$412,000	\$424,360	\$437,091	\$450,204	\$463,710
SNAP	\$2,360,584	\$2,600,000	\$2,678,000	\$2,864,430	\$2,950,363	\$3,038,874	\$3,245,967
Spokane Tribe of Indians	\$6,365	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593
Washington Gorge Action Partners	\$8,562	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593
<b>Subtotal - Fixed</b>	<b>\$3,013,654</b>	<b>\$3,620,000</b>	<b>\$3,728,600</b>	<b>\$3,946,548</b>	<b>\$4,064,944</b>	<b>\$4,186,893</b>	<b>\$4,428,427</b>
Increase % over previous year		20.1%	3.0%	5.8%	3.0%	3.0%	5.8%
CapEx Fund		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Performance Fund				\$200,000	\$200,000	\$200,000	\$200,000
<b>Total</b>	<b>\$3,013,654</b>	<b>\$3,820,000</b>	<b>\$3,928,600</b>	<b>\$4,346,548</b>	<b>\$4,464,944</b>	<b>\$4,586,893</b>	<b>\$4,828,427</b>
Aggregate Increase % over previous year		26.8%	2.8%	10.6%	2.7%	2.7%	5.3%

Assuming 3% CPI and 1.2% premise growth rate.

SNAP will likely receive an additional labor unit every 4 years. Other agencies every ~10 years

Admin funding growth would be tied to cost drivers - population growth and inflation - instead of arbitrary increases

# The Principles

Proposed principles for agency funding structure:

1. At a minimum, it should **reflect the cost** to implement a year-round program.
2. It should **capture the value** of agency expertise and the added cost to serve their customer segment.
3. It should **incentivize program growth**, and promote equitable service among hard-to-reach communities.
4. It should **strengthen accountability** for ratepayer dollars, with metrics tied to customer benefits not just spending.
5. It should be relatively **predictable** for the utility and the agencies.



# Reporting Requirements

# Accountability and Reporting

- If we use the hybrid approach, there needs to be accountability for ratepayer funds used for LIRAP implementation. Accountability needs to be tied to the outcomes of the program, not just costs incurred.
- How do we prove our assumptions that agencies are serving a harder-to-reach population and stabilizing household finances?

# Program Activities

**Customer activities** (can be associated with specific customers/households):

- LIRAP appointment
  - LIRAP enrollment
  - Income update
  - Post-enrollment verification
  - Emergency assistance
  - Other
- Post-enrollment verification contact attempt
- Referral customer contact attempt

**Program activities** (directly affect enrollment and program operations, but not tied to specific customers):

- Outreach
- Marketing
- Training
- Community partner network
- Reporting/IT
- Customer service/call center
- Program accounting

# Status Quo - focus on spending

AVISTA UTILITIES LIRAP				
CALCULATION OF ADMINISTRATIVE/PROGRAM EXPENDITURES				
Agency Name:				
For the Quarter Ending:				
	Date:	Date:	Date:	
	1st Month of Quarter	2nd Month of Quarter	3rd Month of Quarter	Quarterly
	LIRAP Cost	LIRAP Cost	LIRAP Cost	LIRAP Cost
<b>Administration</b>				
Personnel Costs (Salary & Fringe)				\$ -
Space Costs				\$ -
Communications				\$ -
Postage				\$ -
Office Supplies				\$ -
Printing/Copying				\$ -
Mileage/Travel				\$ -
Registration/Dues				\$ -
Training				\$ -
Professional Fees				\$ -
General Expenses				\$ -
<b>Total Administration</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ -</b>
<b>Program Support</b>				
Personnel Costs (Salary & Fringe)				\$0.00
Space Costs				\$ -
Communications				\$ -
Postage				\$ -
Office Supplies				\$ -
Printing/Copying				\$ -
Mileage/Travel				\$ -
Professional Fees				\$ -
General Expenses				\$ -
<b>Total Program Support</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Administration and Program Support Expenditures</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

Not to be used anymore

# Avista proposal for simplified reporting - 1

Data Point	New or Existing	Source	Notes/Recommendation
Avista Account ID	Existing	Both	
Appointment Date	Existing	Both	
Appointment Type	New	Agency	Only if it's not too burdensome to collect and report
Reason for Appointment	New	Agency	Have a dropdown that includes: new enrollment, income update, post-enrollment verification, emergency assistance, and other
<b>If <u>New Enrollment</u>, additional data points to include:</b>			
LIRAP Program	Existing	Both	
Enrollment Date	Existing	Both	
Discount tier (if applicable)	Existing	Both	
Reason for denial (if applicable)	New	Agency	
<b>If <u>Income Update</u>, no additional data required. Avista already has access to the account ID, date and new outcome determination. Needs to be tracked, however, as a customer activity</b>			
<b>If <u>Post-Enrollment Verification</u>, no additional reporting from agency required. See below mechanisms for tracking customer contacts</b>			
PEV Contact Attempts	Assign a value to the average number of contacts and multiply that by the number of assigned PEVs for each agency. 50 PEVs x 2 average contact attempts x 1/4 hour = 25 hours. This does not require reporting from agency. Its all based on data we already have on our side. Appointment that will hopefully result from the contacts will be captured through the below mechanism.		
PEV Appointments	Assign a value of 1 customer contact per updated customer enrollment as a result of PEV. The time for the appointment is counted and the		
<b>If <u>Emergency Assistance</u>, no additional data required. Avista already has access to the account ID, date and program. Needs to be tracked, however, as a customer activity</b>			
<b>If <u>Other</u>, provide description.</b>			

# Avista proposal for simplified reporting - 2

Data Point	New or Existing	Source	Notes/Recommendation
Avista Account ID	Existing	Both	
Referral Request Received Date	Existing	Both	
Referral Source	Existing	Both	Have a dropdown that includes MED-WA application, Seeking Assistance
<b>If MED-WA Application, additional data points to include:</b>			
Referral contact attempt date(s)*	New	Agency	*Assign a value of 1/4 hour to each referral, so that 4 contacts= 1 customer activity.
Services/Programs referred	New	Agency	
<b>If Seeking Assistance, TBD</b>			

## Avista proposal for simplified reporting - 3

Data Point	New or Existing	Notes/Recommendation
1 Appointment	1 customer activity	
1 Enrollment	N/A	Assuming that an enrollment would occur during an appointment, no need to account for both. The accounting is more relevant for the time required, not the outcome
1 Referral	1/4 customer activity	To place a phone call or send an email shouldn't take more than 15 minutes
1 Seeking Assistance Case	TBD	
1 PEV Contact	1/4 customer activity	To place a phone call or send an email shouldn't take more than 15 minutes
PEV Completion	N/A	Assuming that a PEV completion would occur during an appointment, no need to account for both. The accounting is more relevant for the time required, not the outcome
Remove		
Keep		

# Conservation Education

- No separate tracking for customer conservation education. Program guidelines will be modified to include conservation education with all LIRAP appointments
- Program-wide conservation education to be reported with outreach efforts



# Marketing

## Marketing campaigns

- Name of marketing campaign
- Dates
- Channel (social/radio/TC etc.)
- Description (Messaging/collateral)
- Reach/Impact (# views, clicks etc.)
- Target Audience
- Staff-hours (for performance-based accounting)
- LIRAP only or part of larger campaign

Focus on Named Communities that Avista needs to serve ([link](#))

# Outreach/Community Partner Network

## Outreach efforts and community partnerships

- Name of event or community partner
- Date
- Type of event (resource fair, tabling, meeting, training etc.)
- Description of collaboration effort (Why is this important for LIRAP? What are the anticipated short-term and long-term outcomes?)
- Target Customers
- Staff-hours (for performance-based accounting)

Focus on CBOs that serve Named Communities.

# Training

## Training efforts related to LIRAP

- Training Activity
- Date
- Description
- Importance for LIRAP
- Number of staff members trained
- Staff-hours (for performance-based accounting)

## Other (IT/Reporting/Accounting)

- Description
- Importance for LIRAP
- Staff-hours (for performance-based accounting)

Questions?