



UG-220566

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July 27, 2022

Amanda Maxwell  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

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COMMISSION

**RE: Avista Utilities Tariff WN U-29, Schedule 192, Low-Income Rate Assistance Program**

Dear Ms. Maxwell:

Attached for electronic filing with the Washington Utilities and Transportation Commission (Commission) are the proposed tariff revisions of Avista Corporation, dba Avista Utilities (Avista or the Company), requesting modifications to the following natural gas tariff sheets, WN U-29:

<b>Sixth Revision Sheet 192A</b>	<b>Canceling</b>	<b>Fifth Revision Sheet 192A</b>
<b>Second Revision Sheet 192B</b>	<b>Canceling</b>	<b>First Revision Sheet 192B</b>

The primary purpose of this filing is to modify Avista’s natural gas tariff Schedule 192, “Low-Income Rate Assistance Program” (LIRAP), to incorporate a grant offering that helps to mitigate the residual past due balances customers are experiencing for reasons such as the COVID-19 pandemic, and to remove the LIRAP Senior/Disabled Outreach and Temporary COVID-19 Hardship Assistance grants from its tariff, as these program offerings both concluded on September 30, 2021. In order to provide immediate relief to its customers, Avista is requesting that these revisions be approved with Less than Statutory Notice (LSN) pursuant to WAC 480-80-122—with an effective date of August 11, 2022—and has included information in support of LSN within this filing.

## I. INTRODUCTION

Avista's LIRAP, approved by the Commission in 2001, collects funding through electric and natural gas tariff surcharges on Schedules 92 and 192. These funds are distributed by Community Action Agencies (CAAs 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 tariff is comprised of the following components:

- **LIRAP Heat:** Mimics the LIHEAP program in terms of intake requirements and benefit calculation, though income eligibility was updated to 150% FPL in 2018.
- **LIRAP Emergency Share:** For customers receiving "emergency" assistance (i.e., LIRAP Emergency Share) or small benefit amounts, the process is similar to that used for the donation-based Project Share program. The amount of emergency assistance is determined on a case-by-case basis not to exceed \$350. Emergency assistance qualification criteria include hardship or risk of service disconnection. All energy costs resulting from electric or natural gas usage are eligible (including kWh and therm consumption, applicable taxes, and arrearages).
- **LIRAP Energy Grant:** Provides a \$250 grant to qualifying customers with incomes at 151% FPL up to 200% FPL or 80% Area Median Income (AMI), whichever is higher.
- **LIRAP Senior/Disabled Outreach:** A grant-based program for senior and/or individuals with disability with incomes 151 to 200 percent FPL. This program concluded on September 30, 2021.
- **Senior/Disabled Rate Discount:** A rate discount program designed to help mitigate the impact of energy costs on senior and/or individuals with disability who have variable incomes between 151-200 percent FPL.
- **Temporary COVID-19 Hardship Assistance:** A one-time grant for customers experiencing financial hardship due to the 2020 Coronavirus pandemic. Mimics "emergency" assistance (i.e. LIRAP Emergency Share or Project Share) processes.

The amount of this emergency assistance is determined on a case-by-case basis, not to exceed \$350.

- **Arrearage Management Plan (AMP):** Available to customers with income at 51-200 percent FPL, this program reduces customer arrearages owed over a 12-month period by providing an incentive for regular, on-time payment of these balances. Available twice within a 7-year period.

This filing is intended to remove the expired LIRAP Senior/Disabled Outreach and Temporary COVID-19 Hardship Assistance grants listed above, and, more urgently, to integrate the temporary Automatic Hardship Grant (AH Grant) described below as a one-time customer benefit to reduce customer arrearages in support of overall energy burden reduction.

## **II. PROPOSED LIRAP MODIFICATIONS**

Avista's LIRAP began the 2021-2022 program year<sup>1</sup> with a Direct Services (DS) budget of approximately \$14.5 million.<sup>2</sup> As a result of the many additional assistance resources provided in the wake of the COVID-19 health and economic crisis, the Company's partner Agencies responsible for distribution of these funds noted that the influx of added financial support for 2021-2022 program year resulted in the LIRAP DS balance being much higher than historically experienced after the heating season (when the majority of program spending occurs). While LIRAP DS balances can be carried over to the next program year, Avista and its partner Agencies remain sensitive to the fact that many customers within the Company's service territory are still experiencing hardships (and resulting past due balances) and may likely qualify for energy assistance yet are not seeking or receiving benefits from the variety of programs available to assist them with their energy bills.<sup>3</sup> As such, after reviewing its current LIRAP DS balances as a part of

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<sup>1</sup> The LIRAP program year runs from October 1, 2021 to September 30, 2022.

<sup>2</sup> The 2021-2022 budget was a result of an \$10.1 million budget for the year, combined with approximately \$4.4 million carried over from the previous 2020-2021 program year.

<sup>3</sup> According to Avista's 2019 Low-Income Needs Assessment (LINA), completed by Evergreen Economics, approximately 95,387 customers within Avista's service territory may qualify as "low-income", thereby qualifying for energy assistance. However, only approximately 20,255 are receiving such assistance each year, resulting in a saturation rate of approximately 21%.

its May 10, 2022 Energy Assistance Advisory Group (EAAG) meeting,<sup>4</sup> the CAAs within Avista’s service territory mutually recommended utilizing a portion of the remaining LIRAP DS funding to alleviate customer past due balances by issuing an AH Grant to customers with arrearages that had not yet received energy assistance. The Company began correspondence with its Advisory Group regarding this proposal in May 2022 and, at its July 12, 2022 meeting, further discussed the proposed AH Grant with the EAAG for collaboration, feedback, and potential approval. Updates to the current DS budget were also provided, showing that of the original \$14.5 million LIRAP DS budget, approximately \$8.6 million, or 59%, was still remaining as of June 30, 2022. The Advisory Group provided unanimous support for this AH Grant, with the following specifications:

- Grant to be provided to customers with 60+ day past due balances over \$100; this includes Comfort Level Billing (CLB) participants who are in jeopardy of being terminated from the program due to missed payments
- Benefit amount and criteria to mimic existing Emergency Share grant, with “hardship” qualification criteria presumed as evidenced by 60 + day arrearage.
- Customers will only receive this benefit once per program year.
- Reporting of AH Grant includes age of arrears (60, 90+ days); average benefit amounts; whether the customer receiving the grant resides in a Named Community and/or census block identified as low-income; percent of AH Grant recipients who then enroll in additional energy assistance programs such as LIRAP Heat; and, tracking of recipients’ arrears balances at 3 and 6 months post-AH Grant.

Following the eligibility criteria described above, the estimated potential cost impacts of the preliminary round of AH Grants is approximately \$2.4 million. This includes customers that are 60+ days past due; have a balance that is larger than \$100; have not received LIRAP or Project Share assistance during the current program year (since October 1, 2021); and, will not be eligible for the forthcoming Department of Commerce funding approved in the 2021 legislative session for utility arrearage forgiveness.<sup>5</sup> Based on these current numbers, Avista’s partner Agencies will

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<sup>4</sup> As provided at its May 10, 2022 EAAG meeting, the DS balance at the end of March 2022 was still approximately \$10.9 million (25% of budget spent).

<sup>5</sup> In the 2021 legislative session, the legislature approved of \$100 million for enhanced low-income utility assistance, which would cover water, sewer, garbage, electric and natural gas arrears. The funds are intended to go toward

still have approximately \$6 million in LIRAP funding to distribute for the 2021-2022 program year after the allocation of Auto Grants. Additionally, the reporting metrics suggested will provide valuable information to help assess the effectiveness of the AH Grant in reaching customers that may need energy assistance but have not historically applied or received such assistance, as well as the actual impact that the AH Grant has in arrearage reduction—and whether that reduction is then sustained over time.

The Company has also included verbiage within its Schedule 192 to allow its EAAG some discretion to modify the specific thresholds listed above (i.e., 60+ day and \$100+ past due) and the timing intervals by which the AH Grant is distributed. This language is intended to allow for flexibility and swift action in providing customers with additional AH Grants in future program years, should such extenuating circumstances arise. This language does not give the EAAG authority to modify any other processes or program offerings within the Company's LIRAP, it simply preserves the AH Grant for future use and reduces the administrative burden of multiple tariff filings.

Avista believes that the requested changes to Schedule 192 are warranted with LSN so that the Company may offer the customer relief detailed herein immediately, as funding is readily available to do so. Similar to the Company's Temporary COVID-19 Hardship Assistance Grant, approved in Docket Nos. UE-210114 and UG-210115, these customers will not be subject to income verification but rather a showing of continued hardship. Through its discussions, the EAAG concluded that presumption of hardship based off of a 60+ past due balance is appropriate, as these customers would already be eligible to receive up to \$350 via Emergency Share if they were to contact their local CAA—the intention of the AH Grant is simply to remove the requirement to contact an Agency for the assistance, and instead to expedite the grant automatically.

### **III. CONCLUSION**

As outlined in the attached Schedule 192, Avista hereby requests that the tariff changes provided become effective August 11, 2022 so that the Company may then promptly issue the much-needed financial assistance to qualifying customers. As required by WAC 480-80-122(2),

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customers who have previously received energy assistance and will take the form of arrearage forgiveness. Funds are expected to be provided to utilities in August or September 2022, to then be provided to customers.

the tariff sheet provided is reflective of the required statutory notice period and will be revised to reflect the requested LSN effective date if approved by the Commission.

If you have any questions regarding this filing, please contact me at (509) 495-7839 or [jaime.majure@avistacorp.com](mailto:jaime.majure@avistacorp.com).

Sincerely,

*/s/ Jaime Majure*

Jaime Majure  
Regulatory Policy Analyst