WUTC DOCKET: UE-190334
EXHIBIT: SMC-1T
ADMIT ☑ W/D ☐ REJECT ☐

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **AVISTA CORPORATION, d/b/a AVISTA UTILITIES,** **Respondent.**	**DOCKETS UE-190334/UG-190335 And UE-190222 *(Consolidated)***

RESPONSE TESTIMONY OF

SHAWN M. COLLINS (EXH. SMC-1T)

DIRECTOR OF
THE ENERGY PROJECT

Low-Income Issues

OCTOBER 3, 2019

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Shawn Collins. My business address is 3406 Redwood Avenue, Bellingham, WA 98225.

Q: By whom are you employed and in what capacity?

A: I am the Director of The Energy Project (TEP), a program of the Washington State Community Action Partnership housed at the Opportunity Council in Bellingham, WA.

Q: How long have you been employed by the Opportunity Council.

A: I have been employed by Opportunity Council since 2006. I have served as the Director of TEP since 2015.

Q: Would you please state your educational and professional background?

A: Attached as Exh. SMC-2 is a statement of my professional qualifications.

Q: On whose behalf are you testifying?

A: I am testifying for TEP, an intervenor in this proceeding, on behalf of the Community Action Partnership (CAP) organizations that provide low-income energy efficiency and bill payment assistance for customers in Avista's service territory. These agencies include: SNAP (Spokane Neighborhood Action Partners) (Spokane County), Rural Resources (Ferry, Lincoln, Stevens Counties), Community Action Partnership (Asotin County), Community Action Center (Whitman County), Opportunities Industrialization Center (OIC) of Washington (Adams County), and Washington Gorge Action Programs (Skamania, Klickitat Counties).

II. PURPOSE AND SUMMARY OF TESTIMONY

Q: What is the scope of your testimony?

A: My testimony is concerned with the impact of the proposed rate increases on Avista low-income customers and on the programs that provide assistance to low-income customers in Avista's service territory.

Q: Could you please summarize your testimony?

A: My testimony provides an overview of Avista's low-income programs and the level of need in Avista service territory. I propose an increase in funding for Avista's low-income weatherization program in order to address the level of need and to help customers respond to any rate increases authorized in this proceeding. My testimony also comments on the overall impact of the Avista rate filing, reviews data regarding customer disconnections, and offers support for Avista's basic monthly charge proposal.

III. OVERVIEW OF AVISTA CUSTOMER LEVEL OF NEED AND LOW-INCOME BILL ASSISTANCE AND WEATHERIZATION PROGRAMS

Q: How would you assess the level of need for low-income energy assistance and weatherization in Avista's service territory?

A: There continues to be a substantial need for resources to help Avista's low-income customers meet their energy needs. The poverty rate in Avista's service territory is higher than the statewide average. At the same time, the majority of low-income customers in the service territory are not receiving help from bill assistance programs. The Commission has recognized that "as energy prices increase to all customers so must the available funding to those portions of the

Company's customer base that are most affected by such increases."[1] In 2016, the Commission observed that "[i]t is clear … that current [energy assistance] funding levels are not sufficient to serve the eligible population in Avista's service territory."[2]

Avista customers with income at or below 150 percent of Federal Poverty Level are eligible for bill assistance through the Company's Low-Income Rate Assistance Program (LIRAP).[3] As of 2015, almost 63,000 customers met this definition.[4] This amounts to approximately 28 percent of Avista's customers, averaged over all counties served. Six counties have at least 30 percent of their population meeting this definition, with Whitman and Ferry Counties having over 40 percent of the population below 150 percent of FPL.[5] Avista's LIRAP program has been reaching over 17,500 customers per year,[6] or about 28 percent of the eligible population.[7]

Other measures of need indicate that the Federal Poverty Level is a conservative metric for measuring poverty. For example, the Self-Sufficiency Standard, developed at the University of Washington, measures how much

[1] *Washington Utilities & Transportation Commission v. Avista Corp.*, UE-140188/UG-140189, Order 05, ¶ 44.

[2] *Washington Utilities & Transportation Commission v. Avista Corp*, UE-150204/UG-150205, Order 05, ¶ 229.

[3] Schedule 92A (electric), 192A (natural gas).

[4] Ehrbar, Exh. PDE-2 at 204, Table 8-1. Exh. PDE-2 is the Avista Decoupling Evaluation Final Report (Decoupling Evaluation), prepared by H. Gil Peach (October 1, 2018). Sections 3 and 8 of the report include analysis of low-income customers and programs.

[5] *An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State*, Brian Kennedy, MS, and D. Patrick Jones, Ph.D., Eastern Washington University, Institute for Public Policy and Economic Analysis, May 2015, p. 4, Table 3 (EWU Study). The study was filed at the Commission in May 2015 with the low-income compliance filing in Dockets UE-140188/UG-140189. *See,* Joint Petition for LIRAP Modifications- Additions, Attachment D.

[6] Ehrbar, Exh. PDE-2 at 207.

[7] *Id.* at 204, Table 8-1.

income families of various sizes need to make ends meet without public or private assistance. The Standard is intended to be more up-to-date, accurate, and comprehensive than the FPL. If the Self-Sufficiency Standard is used, 200 percent of Federal Poverty Level is a more accurate measure of poverty.[8] This is consistent with the Clean Energy Transformation Act (CETA), which references 200 percent of Federal Poverty Level as an appropriate definition of "low-income."[9] Over 85,000 Avista customers meet this definition.[10]

Q: Please generally describe Avista's bill assistance programs for low-income customers.

A: As Dennis Vermillion discusses in his testimony, energy assistance is provided to Avista customers through several programs, including LIRAP, the federal LIHEAP program, Project Share, and various community funds.[11] In the 2017/2018 heating season approximately 33,000 customers received various forms of assistance. The LIRAP program provided 17,600 grants to customers during that period. In the program year, 53 percent of LIRAP participants had household average incomes of less than $15,000, with 17 percent having household incomes under $8000 per year. Customers renting their homes made up 73 percent of LIRAP recipients.[12]

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[8] *Id.* at 205-207.

[9] Clean Energy Transformation Act, Laws of 2019, chapter 288 (E2SSB 5116-Clean Energy), Section 2(26). This definition section provides that "low-income" means "household incomes as defined by [Commerce] or [the UTC], provided that the definition may not exceed the higher of 80 percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size."

[10] Exh. PDE-2 at 207, Table 8-3.

[11] Vermillion, Exh. DPV-1T at 30:5-31:6.

[12] Avista Low-Income Rate Assistance Program (LIRAP) Annual Summary Report for the program period October 2017 through September 2018, Dockets UE-010436/UG-010437 (Annual LIRAP Report), p. 5.

LIRAP is currently operating under a five-year plan approved by the Commission in the 2015 general rate case.[13] The plan provides for an increase in LIRAP funding by seven percent annually, or twice the percentage increase in Schedule 1 and Schedule 101 base rates, whichever is greater. The program year October 1, 2019 through September 30, 2020, represents the final year of the five-year plan. I discuss TEP's recommendations for continued LIRAP funding later in my testimony.

LIRAP currently has four components: LIRAP Heat ("regular" energy assistance); LIRAP Emergency Share; LIRAP Senior Outreach; and the Senior/Disabled Rate Discount program.[14] The Senior/Disabled Rate Discount program, originally approved as a pilot, was recently made permanent at the recommendation of Avista with the support of the low-income Advisory Group.[15]

Avista also has pilot programs for a Percentage of Income Payment Plan (PIPP) and a Balance Management Arrangement (BMA). The IBPP is targeted to electric residential customers with an income at 10 percent to 50 percent of FPL and discounts the customer bill to approximately 6 percent of their income.[16] LIRAP's success is a direct result of ongoing collaborative efforts between staff of the utility, the UTC, and agencies. As outlined in the most recent LIRAP

[13] *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-150204/UG-150205, Order 05, ¶ 232.
[14] Avista Schedules 92 and 192.
[15] *In the Matter of the Petition of Avista Corporation For An Order Authorizing Approval of Changes to the Company's Low-income Rate Assistance Program*, Dockets UE-190646/UG-190648, Order 01 (August 29, 2019). With the permanent adoption of Senior/Disabled Rate Discount program, the Senior Outreach grant program will be phased out over a two-year period.
[16] Annual LIRAP Report, p. 4, pp. 15-18. The IBPP pilot is limited to 300 participants and expires in 2019. A third-party evaluation report will be provided by December 31, 2019.

Annual Report for the 2017/2018 program year, 97 percent of available LIRAP funds were expended. Furthermore, we expect to see positive outcomes associated with significant energy burden reductions achieved by the programs, as detailed in the report.[17]

Q: Please generally describe Avista's low-income weatherization program.

A: Avista provides energy efficiency programs for its low-income customers as part of its overall energy efficiency effort in Washington.[18] On the electric side, low-income energy efficiency is part of Energy Independence Act planning and compliance.[19] Avista works on these programs together with its Community Action Partnership (CAP) agencies and one tribal weatherization organization. The CAP agencies perform income qualification, prioritize projects, and treat customer homes based on a variety of characteristics. Agencies typically use either in-house or contract crews to install energy efficiency measures under the program. Approved measures include air infiltration, duct sealing, Energy Star doors and windows and insulation for attics, walls, ceilings, and ducts.[20] Avista's current budget for low-income weatherization is $2.35 million.

Q: Is Avista proposing any changes to its low-income programs in this case?

A: Avista's initial testimony does not appear to be proposing any changes to its low-income programs.

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[17] Annual LIRAP Report, at 12. (Burden reductions ranging from 32 percent – 44 percent).
[18] Vermillion, Exh. DPV-1T at 31:26-39.
[19] Avista 2018 Washington Annual Conservation Report (May 30, 2019), Docket UE-171091, p. 28 et seq. *See also,* Decoupling Evaluation, PDE-2 at 135-140.
[20] Decoupling Evaluation, Exh. PDE-2 at 143-144.

IV. WEATHERIZATION FUNDING PROPOSAL

Q: Does The Energy Project have any proposals to help low-income customers respond to a rate increase if one is allowed?

A: Yes. The Energy Project recommends that an increase in Avista's residential rate should be coupled with an increase in funding to the low-income weatherization program. Avista households with incomes at or below 200 percent of the Federal Poverty Level are eligible for services through low-income weatherization programs. Approximately 85,000 customers, 37.5 percent of the population in Avista service territory, live at or below 200 percent of the Federal Poverty Level.[21] At current program levels, unfortunately, a majority of these eligible customers remain unserved.

Weatherization provides low-income households with specific measures that allow a household to maintain affordable utility bills throughout the heating season by using less energy to heat the structure and by better retaining the heating that is needed.[22] Growing the available budget for weatherization would allow for more households to mitigate the increase in their rates as a result of this GRC and expand weatherization services to as yet unserved customers. Low-income energy efficiency measures increases utility service affordability in the long run.

To achieve these goals, TEP proposes an increase in Avista's low-income weatherization budget of $650,000. Avista's current annual budget for electric

[21] Decoupling Evaluation, Exh. PDE-2 at 207.

[22] As noted above, typical measures may include duct sealing, and insulation of walls, floors and attics.

and natural gas low-income weatherization is $2.35 million. With the resources requested, the budget level would see an increase to $3 million per year. These funds would be available for both electric and natural gas energy efficiency depending on the need. For recent historical context, Avista's weatherization funding remained level at approximately $2 million per year from 2012 to 2017, effectively declining over that period when adjusted for inflation, while project costs increased.[23] In Avista's 2017 General Rate Case, the Commission ordered an increase in weatherization funding of $350,000, to help bolster the program and offset the rate increase from the case. The Energy Project's requested increase is based on recent discussions with the Community Action Agencies pertaining to increasing capacity for the Low-Income Weatherization Program so that additional customers can be served. Agencies have been able to fully utilize the available funds at current levels and would be able further expand delivery of the program with increased resources.

Q: Does The Energy Project have any other proposals for the low-income weatherization program?

A: Yes. The Energy Project recommends two specific structural changes. These changes would (1) increase the allowance to cover agency costs; and (2) provide more flexibility to use project funds for repairs along with health and safety. Both changes are designed to make Avista's program more consistent with other investor-owned utility (IOU) weatherization programs in Washington and to

[23] Decoupling Evaluation, Exh. PDE-2 at 141 and Figure 3-19 (showing 2017 inflation adjusted funding level at $1.81 million).

facilitate agencies efforts to serve additional customers with energy efficiency measures.

Q: Please explain the need for an adjustment to agency compensation for costs.

A: In order to deliver weatherization programs, agencies incur costs in addition to the direct costs of installing the energy efficiency measures. Agency management costs fall into two basic categories – project coordination and agency "indirect" costs. Project coordination costs for weatherization are associated with direct coordination of specific projects (e.g. audit and inspection). Agency "indirect" costs cover the general overhead cost to the agency of administering the weatherization program, such as insurance and human resources expenses. These are non-discretionary costs that are integrally tied to enabling weatherization project delivery.

Avista's current management cost allowance for agencies is 15 percent. Individually, each agency annual contract allows the agency to spend its allotted funds on either natural gas or electric efficiency measures at its discretion and to charge a 15 percent administration fee toward the cost of each measure. This is no longer a level that provides cost recovery for weatherization providers and delivery of services becomes impractical from a financial perspective. The Energy Project's proposal would provide an agency indirect rate of 10 percent and adjust the current administrative (project coordination) rate from 15 percent to 20 percent. This change will allow for a combined total of 30 percent of a low-income weatherization project's expense to be used to cover project coordination and agency operational expenses. Making this adjustment will allow for more households to be served and is in alignment with Puget Sound Energy[24] and Cascade Natural Gas[25] program structure.

Q: Why is there a need for flexibility to address repairs as well as health and safety as part of low-income weatherization?

A: Currently, up to 15 percent of the agency's annual funding allocation may be used toward health and safety improvements in support of the energy efficiency measures installed in the home. However, there is currently no specific allowance for repair expenses. Many potential low-income home weatherization projects involve health and safety repairs as integral to, or a prerequisite to installation of energy efficiency measures. In fact, a major factor in deferral of eligible projects is the need for repairs. Typical repairs include plumbing leaks and electrical hazards that must be addressed prior to the installation of the energy efficiency measure. To address this, TEP recommends that the health and safety allowance be increased to 30 percent and that it be expanded to include repair expenses. This adjustment will bring Avista into alignment with other IOUs such as PSE and Cascade Natural Gas. Reducing deferral rates will allow agencies in Avista's service territory to serve more households.

[24] *Washington Utilities & Transportation Commission v. Puget Sound Energy*, Docket U-180680, Order 06 (Corrected), ¶¶ 67-68 (PSE Macquarie Sale)(requiring PSE to maintain a project cost allowance of 30 percent for Administrative/Indirect Rate associated with low-income weatherization delivery).
[25] *Washington Utilities & Transportation Commission v. Cascade Natural Gas,* Docket UG-170929, Order 06, ¶¶ 73-74 (Cascade 2017 GRC) (approving 10 percent agency indirect rate, and 15 percent maximum project coordination).

V. LIRAP FUNDING PROPOSAL

Q: Does The Energy Project have a proposal for an increase to the LIRAP program?

A: There is no need to modify the LIRAP program plan or formula at this time if a one-time rate increase is awarded in this docket, as TEP recommends. As discussed above, the LIRAP five-year plan will operate to generate additional energy assistance funds based on the amount of any residential increase allowed in this case. The LIRAP five-year plan will be in effect through the 2019/2020 program year (October 1, 2019 – September 30, 2020). A one-time rate increase for Avista would take effect April 1, 2020.

In the event, however, that Avista's two-year rate plan is approved, the LIRAP five-year plan would expire and no LIRAP increase would occur in response to the second step. To address this, The TEP recommends that the Commission extend the LIRAP plan formula for the duration of any rate plan approved. Subsequent LIRAP funding could be addressed in the Company's next general rate case.

VI. THE ENERGY PROJECT'S GENERAL RESPONSE TO AVISTA'S RATE REQUEST

Q: Does The Energy Project have any general concerns about Avista's rate request in this docket?

A: Yes. The impact of the Avista proposed two-year rate plan is substantial. Residential and business customers in Avista's service territory would be asked to provide an additional $83 million annually (combined for both services) to the

Company if the rate plan is approved in full. Electric residential customers would see consecutive base rate increases of 10 percent and 3.8 percent for a total of 13.8 percent.[26] Natural gas customers would face margin increases of 14.1 percent in the first year, followed a year later by a 6.2 percent increase, for a total 20.3 percent increase in margin.[27]

For the average residential electric customer, using 918 kWh, the first year increase would be $7.93 per month, followed a year later by a $3.46 monthly increase, for a total under the rate plan of $11.39 per month.[28] After the second year of the plan takes effect, the average customer would be, therefore, be paying over $136 more per year for electricity.[29] For average natural gas customers, using 66 therms per month, the combined rate impact over the two years would be $7.15, increasing the annual rate by $85 after the rate plan is in effect. Increases of this magnitude are likely to cause rate shock, especially for low-income customers. While LIRAP increases under the five-year plan may to some extent help to offset these increases for some customers, the majority of Avista low-income customers do not receive energy assistance and will be exposed to the full impact of any increase allowed.

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[26] Vermillion, Exh. DPV-1T at 8-9, Tables 2 and 3.
[27] Vermillion, Exh. DPV-1T at 12:8-18
[28] Vermillion, Exh. DPV-1T at 9:7-18.
[29] For context, this represents 37 percent of the average annual electric bill assistance grant in 2017/2018 of $359 (Annual LIRAP Report, Table 2). Increases of this scale place added pressure on customer assistance programs as well as household budgets.

Q: Do you have any concerns about Avista's request for a multi-year rate plan?

A: Yes. The proposal for a second-year pre-determined increase further adds to the rate shock already threatened by the first-year rate request. The second-year rate increase is derived from a "Revenue Growth Percentage," a projection formula, rather than more reliable actual-cost based ratemaking. While TEP is not able to do so in this case, I expect other parties' revenue requirement experts will examine the technical validity of this formula. At a policy level, however, The Energy Project has concerns to the extent that rate requests are based on projected future costs and revenues rather than actual costs and known and measurable changes.

The Energy Project questions the rationale give in Mr. Vermillion's testimony for making the increases in the first year higher than the second. He states that this is "due primarily to the absence of revenue increases from May 1, 2018 through April 1, 2020," and that "[i]n a sense the Company is seeking rate relief to 'catch up.'"[30] Mr. Vermillion is essentially arguing that, in Avista's view, the rates during the 2018-2020 period should have been higher, and they are now entitled to an increase to make up the missing revenues. The problem with this argument is that the rates set in the last rate order and in effect from May 1, 2018 forward were determined by the Commission to be the lawful rate due to the Company. Avista cannot justify its request on a suggestion that the Commission should have allowed more revenue in the last case, and must now, in effect, go

[30] Vermillion, Exh. DPV-1T at 12:22-23.

back and make a retroactive adjustment to allow the Company to "catch up" or "make up" past rates they think were too low.

Q. Do you have other concerns with the rate request?

A: Yes. A portion of Avista's rate increase is based in part on a request for a significant increase in the investor profit (return on equity) from the current 9.5 percent to 9.9 percent. The Energy Project does not believe burdening ratepayers with the cost of an increase in the investor profit margin is reasonable at this time. Return on equity for Washington IOUs has generally remained stable in recent cases. The Energy Project also notes that, as the Company acknowledges, its most recent earnings in 2018 were quite healthy, relatively close to the levels authorized by the Commission.[31] I do not agree with Mr. Vermillion that very recent healthy earnings have no relevance in this case because earnings erosion is projected.[32]

It is worth remembering the recent history of Avista rate plan requests supported by predictions of future earnings problems. Avista's 2017 General Rate Case sought a three-year rate plan which the Commission rejected. While the plan was rejected in large part because of the pending merger and due to major tax rate changes, the Commission also noted that "Avista confirmed at the evidentiary hearing that its returns for 2017 have been better than expected. As it happens, the Company earned a 9.5 percent normalized Return on Equity (ROE) for its electric operations and an 11.4 percent normalized ROE for its natural gas

[31] Vermillion, Exh. DAV-1T at 21:19-22:2.
[32] Vermillion, Exh. DAV-1T at 22:3-16.

operations. These results meet, or in the case of its natural gas operations, greatly exceed Avista's authorized return on equity of 9.5 percent. We note that the Company achieved and over-achieved its ROE despite our rejection of its previous rate request in 2016 and our rate decrease for Avista's electric operations in its 2015 GRC."[33] Earlier, in the Avista 2016 GRC Order, the Commission held that "strong earnings factor against setting rates based on projections."[34] In this case, it again appears that the Company's recent earnings have been reasonable, despite past arguments that a multi-year rate plan was needed to maintain financial health.

The Energy Project is also concerned that it may be premature to approve a second-year rate increase in this docket, given the changing regulatory environment resulting from the Clean Energy Transformation Act. In addition to CETA implementation generally, two Commission dockets are currently examining the parameters of alternative ratemaking approaches. In Docket U-190531, the Commission is reviewing issues related to inclusion of property that becomes used and useful after the rate effective date. In addition, in Docket U-180907, the Commission has been addressing the potential use of alternative regulatory mechanisms including multi-year rate plans and other flexible regulatory mechanisms. Both these dockets are designed to provide guidance to

[33] *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-170485/UG-170486 (Avista 2017 GRC), Order 07, ¶ 47, n.74 (discussing some of the circumstances that did not support the imposition of the requested three-year rate plan).
[34] *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-160228/UG-160229, Order 06, ¶ 66.

companies and stakeholders about the appropriate use and design of multi-year rate plans.

VII. OTHER ISSUES

Q: Does The Energy Project have a position on the customer charge proposal in this case?

A: Yes. The Energy Project supports the Avista proposal in this case to not increase the residential monthly basic/customer charges for electric or natural gas service. Avista's electric customer charge will remain at $9.00 per month while the customer charge for natural gas will remain at $9.50.[35] Each of these charges saw an increase of 50 cents in Avista's last general rate case, pursuant to a Partial Settlement supported by TEP.[36] Keeping the charges at current levels provides customers with rate stability, avoids increasing cost-recovery burdens disproportionately on low-volume users, and avoids creating a disincentive for conservation.

Q: Does The Energy Project have a concern about disconnections of service?

A: Yes. One issue of importance for TEP is disconnection of service for non-payment. Loss of essential electric and natural gas service for low-income households is a disruptive and harmful event, creating hardship and negative impacts on household financial stability and potentially on the health of household members. Ratepayers face continuing upward pressure on their bill coming from several directions: the unbroken flow of utility rate case filings,

[35] Miller, Exh. JDM-1T at 10:13-23.

[36] Avista 2017 GRC, Order 07, ¶ 219. In 2017, Avista had proposed an increase of $1.50 (17.6 percent) in the electric customer charge, and of $1.00 (approximately 11 percent) in the gas customer charge.

multi-year rate plans, alternative ratemaking mechanisms, the cost of new technology investments and grid modernization, and major environmental initiatives such as CETA. At the extreme end of the spectrum, these price pressures result in some customers being forced off the grid as energy service becomes unaffordable. The Energy Project believes it is important as a matter of regulatory policy, as part of an equitable transition to clean energy in Washington, to have a clear picture of disconnection trends and data in Washington and to adopt a policy framework to move toward a goal of reducing disconnections for non-payment to the maximum extent feasible.[37]

In furtherance of its interest in this issue, TEP has initiated discovery in this case regarding the disconnection experience at Avista. The Energy Project requested data from 2014 through 2018, in order to build on the earlier data collected by the Commission for years up to 2013.[38]

From 2015 through 2018, the four-year period for which data was provided, Avista disconnected a total of 24,344 customers for non-payment, or on average just over 6000 customers per year.[39] Over this period, over 9200 disconnections involved customers who received some form of bill assistance.[40] Over the four years, therefore, approximately 38 percent of total disconnections affected low-income bill assistance households -- an average of over 2300

[37] TEP has been participating in the AMI consumer protection rulemaking as part of its effort to maintain protections that keep customers connected to the grid.
[38] Avista stated it did not have easy access to 2014 data due to its transition to the "Customer Care and Billing System" and provided data for 2015 through 2018.
[39] Avista Response to TEP Data Request No. 9. Some of these may be repeat disconnects at the same location. The data does not provide that information.
[40] Avista Response to TEP Data Request No. 16.

households per year. At the high end, in 2016, 42 percent of disconnections involved customers receiving bill assistance.

Except where remote disconnection occurs due to AMI deployment, it is TEP's understanding that a site or premise visit takes place for Avista to disconnect service. As required by Commission rules, customers may make payment at the time of the visit, including by cash payment, to avoid disconnection.[41] From 2015 through 2018, Avista received just under 4500 payments in the field in order to stop disconnection, an average of 1124 events per year. Avista collected a total of $1.14 million dollars from customers over the four-year period, an average of just under $250 per payment. A high percentage of these payments was made in cash, on average 36 percent, with a high in 2015 of 44 percent. This reflects an important characteristic of many low-income customers, who are frequently "unbanked" and operate exclusively with cash.[42]

During the four-year period, a total of 233 customers were disconnected who had had a medical emergency verified at the service location with the previous two years.[43] On an annual basis this is an average of 58 disconnections per year in this category.

With the initial deployment of AMI in its service territory, Avista has begun to implement remote disconnection. Avista reports a total of just over 6000

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[41] WAC 480-100-128(6)(k).
[42] Federal Deposit Insurance Corporation, *2017 FDIC National Survey of Unbanked and Underbanked Households*, Gerald Apaam, Susan Burhouse, et al., October 2018, Executive Summary, p. 2. https://www.fdic.gov/householdsurvey/2017/2017execsumm.pdf
[43] This does not include customers with an active medical certificate who are protected under Commission rules.

remote disconnects from 2015 to 2018, an average of about 1500 per year.[44] Of these, 1239 households, or approximately 20 percent, were recipients of bill assistance. This averages out to over 300 remote disconnections for energy assistance customers per year. No scheduled disconnections were avoided by payment at the door as Avista does not conduct site visits to the field before or during a remote disconnect.[45]

Q: Do you have a recommendation to address the disconnection issue?

A: Yes. The Energy Project believes it is important to develop a regulatory strategy to reduce disconnection to the maximum extent possible. To this end there is a need to gather, track, and to analyze disconnection data and to adopt metrics and methodologies that will lead to substantial reductions in the number of customers losing essential utility service.

In order to address the disconnection issues reflected in these data, TEP respectfully recommends that the Commission require Avista to file a report annually which provides at least the following information:

- Total disconnections for all purposes
- Total disconnections for non-payment
- Total remote disconnections and remote disconnection of low-income bill assistance recipients
- Total disconnections of customers receiving low-income bill assistance

[44] Avista Response to TEP Data Request No. 18.
[45] Avista Response to TEP Data Request No. 18(b).

- Total disconnections of customers with a medical emergency verified at the service location within the previous two years
- Number of payments received during field/premise visits to prevent disconnection
- Amount received during premise visits to prevent disconnection and the mode of payment (cash, check, etc.)
- Number of free pay stations
- Number and nature of customer complaints related to disconnection

It is TEP's understanding the Avista does similar reporting in other states where it provides service. TEP further recommends that the Commission direct Avista to consult with its low-income Advisory Group on strategies for disconnection reduction, and provide a report to the Commission within one-year, with a proposed disconnection reduction plan.

V. CONCLUSION

Q: Please summarize your recommendations.

A: The Energy Project recommends that the Commission approve an increase to low-income weatherization of $650,000 in this docket. The Energy Project does not support approval of a two-year rate plan for Avista. Any Company revenue need at this time should be addressed in a one-time increase. However, in the event that a multi-year rate plan is approved, TEP recommends that the LIRAP plan be extended for the term of the rate plan. Finally, TEP recommends that the Commission require Avista to provide disconnection and work with its low-income

Advisory Group to develop a strategy to reduce customer loss of utility service in Washington.

Q: Does this conclude your testimony?

A: Yes.