



Avista Utilities Disconnection Reduction Plan

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Background

On March 17, 2021, Avista filed its first Disconnection Reduction Plan (Plan) in accordance with Washington Utilities & Transportation Commission's (WUTC) Order 09, which approved of the Settlement Stipulation (Stipulation) reached in the Company's 2019 General Rate Case.¹ On December 22, 2021, the Commission found that the Company's Plan and accompanying disconnection data to be in compliance with Order 09. The objective of this Plan is to describe the Company's strategy to reduce disconnections, as well as to gather and track disconnection data, with an ultimate goal of substantially reducing the number of customers that lose essential utility service due to non-payment. Included as Exhibit A to this modified Plan is the Company's annual Disconnection Reduction Report (Report) pursuant to the Stipulation.²

Avista developed its original approach for reducing credit-related disconnections for residential customers to the maximum extent feasible in partnership with its Energy Assistance Advisory Group (EAAG or Advisory Group),³ as directed in Order 09. The EAAG first met to discuss a disconnection reduction strategy on August 11, 2020, where Avista introduced its current disconnection practices and potential solutions to reduce the number of customers disconnected. The EAAG acknowledged that a 100 percent reduction in disconnections for non-payment is an aspirational goal that may never be realized, and that there are a variety of reasons that a customer may not pay their bill that are outside the influence of programs and processes designed to help with affordability and keeping services connected. The EAAG ultimately determined that the best way to avoid disconnections for nonpayment was to address customers' energy burden and overall ability to pay their utility bills. Energy assistance plays a central role in this approach.

In order to achieve Avista's goal of significantly reducing the number disconnections for non-payment, the Company is taking a multifaceted approach which includes the recent

¹ See Final Order 09 in Dockets UE-190334, UG-190335 and UE-190222 (*Consolidated*), issued on March 25, 2020.

² See Section 14(d) of the Stipulation in Docket Nos. UE-190334 and, UG-190335 and UE-190222 (*Consolidated*), at page 10.

³ Established as part of Order 07, Dockets UE-140188 and UG-140189 (*Consolidated*), Avista's Energy Assistance Advisory Group members include representatives from the Company, Community Action Agencies, Commission Staff, Aging and Long Term Care of Eastern Washington, The Energy Project, Northwest Energy Coalition (NVEC), Department of Commerce, and the Public Counsel Unit of the Attorney General's Office (Public Counsel).

implementation of an Arrearage Management Plan (AMP) and the future proposal of a Bill Discount Program – both as permanent offerings within Avista’s Low-Income Rate Assistance Program (LIRAP), as discussed below - as well as continuing to offer flexible payment arrangements, preferred due dates, Cash Coaches (discussed in the Company’s original Plan), multiple payment options, and budget alerts. The intention is to offer all customers self-service tools that allow them to manage their energy bills, and for customers that struggle to pay their utility bills, provide them with a variety of energy assistance options to meet their needs.

Disconnection Reduction Plan Updates

With the passage of Senate Bill 5295 (SB 5295) in July 2021,⁴ Avista and its EAAG agreed that the Percent of Income Payment Plan (PIPP) and Past Due Payoff (PDP), approved in Docket Nos. UE-210077 and UG-210078 and included as essential components of the Company’s original Disconnection Reduction Plan, should be suspended to allow the Advisory Group time to further assess the rate discount requirements contained in SB 5295 and the overall impact the legislation may have on LIRAP. The Company and its EAAG determined, among other things, that a Bill Discount Program would ultimately be more appropriately aligned with the new provisions of SB 5295 for customers than the originally proposed PIPP. Avista’s original Plan has been adapted to reflect these changes, as further described below.

Arrearage Management Plan

On February 5, 2021, Avista filed revisions to its LIRAP tariff to incorporate an AMP into its LIRAP which became effective by operation of law on April 1, 2021, and was made available to qualifying customers at the beginning of the program year on October 1, 2021.⁵ The AMP provides financial relief to residential low-income customers who have unmanageable past-due balances (arrears) on their utility account. An AMP is offered in instances where energy and emergency assistance options have been exhausted yet the customer still requires financial aid in reducing

⁴ Senate Bill 5295 became effective July 25, 2021 and requires each gas or electrical company to propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs.

⁵ See Dockets UE-210077 and UG-210078.

their remaining unpaid arrears. This program supports residential customers whose annual income is between 51 percent and 200 percent Federal Poverty Level (FPL). The AMP is designed for the customer to pay 10 percent of their arrears while the Company provides relief for the remaining 90 percent over the course of 12 consecutive months. Each month, after an on-time, in-full payment of their current charges plus 1/12th of 10 percent of the arrears balance, the Company will reduce 1/12th of the remaining arrears until the full past due balance is completely forgiven.

To help mitigate the ongoing arrearages resulting from the COVID-19 pandemic, and to provide relief for customers that find themselves in repeated past due situations, low-income customers can enroll in the AMP twice every seven years during the history of their account for a total maximum benefit of \$2,500. Each Community Action Agency (CAA or Agency) has the discretion to, on rare occasions, approve enrollment for a third AMP for customers experiencing severe hardship.

With the multitude of additional funding opportunities made available to support the increased energy assistance need due to the drastic economic impact of COVID-19,⁶ Agencies were able to eliminate outstanding arrears for many low-income customers during 2021, reducing the need for AMP enrollments. As such, Avista has only enrolled 5 customers in its AMP since the program season started on October 1, 2021.⁷

Proposed LIRAP Bill Discount Program

As directed by SB 5295, Avista, in conjunction with a “Subcommittee” of members from its EAAG,⁸ worked to develop a Bill Discount Program throughout 2021. As proposed in its 2022 General Rate Case,⁹ if approved, the Bill Discount Program will be made available to all low-income customers and will be composed of five distinct discount tiers, the amount of which is

⁶ In 2020 and 2021, additional federal funding was provided via the expansion of Low-Income Home Energy Assistance Program (LIHEAP) dollars, receipt of CARES Act Coronavirus Relief Fund support, the Department of Treasury’s Rental Assistance Program (which, in 2021, allowed for a portion of its benefit to apply to utility bill assistance), and Avista’s COVID-19 Debt Relief Program (See Docket Nos. UE-210114 and UG-210115).

⁷ Total AMP enrollments are for the time period October 1, 2021 through December 31, 2021.

⁸ The Subcommittee is comprised of representatives from Avista, Public Counsel, The Energy Project, Washington Utilities and Transportation Commission Staff, and Spokane Neighborhood Action Partners (SNAP).

⁹ See Dockets UE-220053 and UG-220054.

based on an individual household’s total income. Each income group — 0 to 5% FPL, 6 to 50% FPL, 51 to 100% FPL, 101 to 150% FPL, and 151% FPL to 200% FPL or 80% area median income, whichever is greater—will be provided with a specified discount percentage, to be deducted from the participating customer’s net bill¹⁰ each month. Table No. 1 below shows the percentage discount to be provided to each corresponding income range. These percentages, refined through collaboration with the Subcommittee, are largely based on analysis provided by *Empower Dataworks*¹¹ regarding the average bill discount amount needed to reduce customer energy burden below the high burden threshold.

Table No.1 – Proposed Bill Discount Percentage Per Income Range

Income Range	Discount
Zero to 5% FPL	94%
6 to 50% FPL	75%
51 to 100% FPL	35%
101 to 150% FPL	20%
151 to the greater of 200% FPL or 80% AMI	15%

In addition, Avista’s previously proposed PIPP will be permanently eliminated, rather than just temporarily suspended, in favor of the new Bill Discount. The PDP, however, will be reinstated to offer arrearage forgiveness to customers with incomes at zero to 50% FPL.

Payment Arrangements

Avista has worked diligently to help customers maintain their utility service, providing flexible and customer focused payment arrangement options for those that need it. As part of Avista’s current business process, Customer Service Representatives (CSRs) ask a customer who is seeking payment arrangements, “What arrangements are you hoping to set up today?” This allows the customer to take control of their own payment arrangements by telling Avista what arrangements

¹⁰ “Net bill” is defined as all costs incurred by the customer related to the provision of utility service. This includes any charges related to electric or natural gas usage, as well as the basic charge, but does not include any applicable taxes or franchise fees that may be charged by third-party entities such as the city or county in which the customer resides.

¹¹ *Empower Dataworks*, a third-party consultant specializing in data, informed marketing, and engineering analytical services, was hired by the Company in 2021 to perform an Energy Burden Assessment. See <https://empowerdataworks.com/> for more detail regarding *Empower Dataworks*.

work best for their specific financial situation rather than attempting to create an Avista-suggested arrangement that the customer agrees to in the moment but is potentially unable to keep. Pursuant to Order 01 in Docket U-200291, the Company updated its payment arrangement options for customers to include the addition of 18-month Time Payment Arrangements (TPAs). Customers have the ability to enroll in payment arrangement with a term of up to 18-months, providing more flexibility to help meet customer needs.

Customers have the ability to enroll in payment arrangements up to 18 months in length through their MyAccount on MyAvista.com, through the Company's automated phone system or by speaking to a CSR.

Disconnection Reporting

Attached to this report is Avista's annual Disconnection Reduction Report. With the onset of the COVID-19 pandemic, Avista elected to suspend disconnections for non-payment on March 13, 2020. Disconnections did not resume during the 2020 calendar year, which is why the Company elected to provide data for the 2019 calendar year within its first annual disconnection reduction report to serve as a baseline for future reporting periods. As a result of Order 04 in Docket U-200281,¹² disconnections resumed as of October 1, 2021.

Avista performs service disconnections for varying reasons to include customer requested disconnections, non-payment, and service disconnection between occupants. Service disconnections can be performed utilizing an Outdoor Serviceman (OSM) or through the Company's remote disconnect/reconnect capabilities operated through its Advance Metering Infrastructure (AMI) technology. Exhibit A provides specific details relating to the total number of disconnections performed in 2021 and the number of customers who submitted a payment in the field to prevent service disconnection for non-payment. Statistics on recipients of low-income bill assistance or emergency medical certifications that were ultimately disconnected for non-payment in the previous two years can also be found in Exhibit A.

¹² Docket U-200281 was initiated by the Washington Utilities and Transportation Commission to investigate and address the impacts of the COVID-19 pandemic on Washington utility customers.

Conclusion

As of October 1, 2021, Avista allows qualifying low-income customers to enroll in an AMP, which, will help customers from falling behind on their utility bills, help to reduce customers' energy burden, and ultimately lead to fewer customers facing disconnection for non-payment. In addition, Avista has proposed a new LIRAP Bill Discount Program offering that will further allow customers to reduce their energy burden and make utility bills more affordable. These LIRAP components, coupled with the variety of additional assistance options available from Avista and the Agencies, offer a full suite of energy assistance for customers that struggle to afford their basic living costs. The Company also continues to utilize and offer multiple tools to assist customers in managing their energy bills and prevent customers from falling behind with their payments. As described in Avista's original Plan, those tools include the continuation of offering flexible payment arrangements, proactively offering preferred bill due dates, a Cash Coaches program, numerous free payment options, and Budget Alerts. With the combination of energy assistance, self-service tools, and additional support from the Company's CSRs, this will help reduce the number of disconnections for non-payment and move closer to the aspirational goal of reducing disconnections for non-payment by 100%.

Exhibit A

2022 Annual Disconnect Reporting

1. Total disconnections for all purposes:

Avista performed 7,081 service disconnections for all purposes throughout its Washington service territory in 2021. In 2019, The Company performed 12,888 disconnections. Disconnects identified in this data include customers requesting services to be shut off, disconnections for non-payment and disconnections between occupants. These disconnections were performed either by an OSM or remotely.

Year	2021
All Disconnects	7,081

2. Total disconnections for nonpayment:

Of the 7,081 service disconnections performed in 2021, as defined above, **38 of the total services disconnected were due to nonpayment.** In 2019, Avista performed 10,059 disconnections for non-payment. This number represents disconnections performed by an OSM in the field or through the Company's remote disconnect/reconnect technology.

Year	2021
Disconnects Non-Payment	38

3. Total remote disconnections and remote disconnection of low-income bill assistance recipients:

Avista completed 6,158 remote service disconnections for all purposes in 2021. Of the 6,158 remote disconnections performed, 480 of those disconnections were identified as being low-income energy assistance recipients within the previous two years; however, **of the 480 disconnects, 0 were for nonpayment.**

Year	2021
Total Remote Disconnects	6,158
Remote Disconnects Low-Income	480
Remote Non-Payment Disconnects	33

4. Total disconnections of customers receiving low-income bill assistance:

Of the total disconnections performed in 2021, remotely or through an OSM, 525 customers had received low-income energy assistance in the previous two years. **There were 0 low-income customers disconnected for non-payment in 2021.**

Year	2021
Total Low-Income Disconnects	525
Low-Income Non-Payment Disconnects	0

5. Total disconnections of customers with a medical emergency verified at the service location within the previous two years:

Customers with a verified medical emergency within the previous two years accounted for 4 of the total disconnections in 2021. In 2019, 141 disconnects occurred where there was an identified medical emergency within the previous 2 years. **There were 0 customers disconnected for nonpayment that had an active medical emergency.**

Year	2021
Total Disconnects with EMC	4

6. Number of payments received during field/premise visits to prevent disconnection:

In 2021, the Company performed a total of 3,097 field/premise visits prior to remote disconnects for nonpayment; of those 1,863 were to low-income customers. Of the 3,097 field/premise visits in 2021, 77 customers paid an OSM at the door to prevent disruption in utility services. With increased arrears due to the COVID-19 pandemic and the resumption of disconnects for non-payment, additional site visits were performed in 2021 in an attempt to reach customers where traditional methods of communication were not successful.

Year	2021
Field Visit Payments (Total)	77

7. Amount received during premise visits to prevent disconnection and the mode of payment (cash, check, etc.):

The amount collected at customers' doors to prevent service disconnection for non-payment in 2021 totaled \$13,746.24. Payment types collected at customers' doors include cash, Automated Clearing House (ACH), debit or credit card, and checks. In addition, at times an OSM will arrive at a customer's residence and learn the customer already submitted a payment at a pay station or Avista lobby location, which the Company had not been informed of the payment. When this occurs, the OSM completes the collections order as "collected payment from customer," which is reflected in the second table below, titled "Payments Prior to Arrival" A detailed breakdown of the specific payment types and corresponding amounts are reflected in the tables below.

Payments Collected at Door	2021
Cash	\$ 2,880.00
ACH	\$ -
Card	\$ 7,779.59
Check	\$ 3,086.65
Total	\$ 13,746.24

Payments Prior to Arrival	2021
Lobby or Mail	\$ 8,131.34
Pay station	\$ 150.00
Bill Assistance	\$ 700.00
Total	\$ 8,981.34

Total Payments to Prevent Disconnection in the field	\$ 22,727.58
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8. Number of free pay stations:

Avista offers 46 different designated free pay stations and drop box locations throughout its Washington service territory for customers to submit payments in person.

9. Number and nature of customer complaints related to disconnection:

In 2021, zero customers submitted complaints to the Washington Utilities and Transportation Commission (WUTC) regarding potential service disconnection or disconnection of service performed by Avista.