

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)
Avista Corporation, d/b/a Avista Utilities) Docket Nos. UE-190___ & UG-190___
For an Order Authorizing Approval of Changes to the) PETITION OF AVISTA
Company's Low-Income Rate Assistance Program) CORPORATION

I. INTRODUCTION

1 COMES NOW, Avista Corporation, doing business as Avista Utilities ("Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington, hereby requests that the Washington Utilities and Transportation Commission ("Commission" or "UTC") issue an Order approving the modifications and associated tariff revisions related to the Company's Low-Income Rate Assistance Program ("LIRAP"), as proposed in this Petition. In particular, the Company seeks to replace its current grant-based Senior and Disabled Energy Outreach program ("Grant Program" or "Outreach Program") with a Senior and Disabled Rate Discount Program ("Rate Discount Program"), Avista currently offers a similar rate discount program in pilot form, set to expire September 30, 2019, and through this Petition, requests to continue this program offering, with modifications, on a permanent basis, effective October 1, 2019.

2 Avista is a utility that provides service to approximately 388,000 electric customers and 355,000 natural gas customers in a 30,000 square-mile service area covering portions of Washington, Idaho, and Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its main office.

3 In accordance with WAC 480-07-395, required names and addresses of Petitioners are shown below. Please direct all correspondence related to this Petition as follows:

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II. SUMMARY OF PETITION

4 Avista requests approval of the following tariff revisions to the Company's Electric Tariff, WN-U-28, Schedules 02 "Senior & Disabled Residential Service", 089 "Fixed Income Senior & Disabled Residential Service Discount Rate Adjustment", and 092 "Low Income Rate Assistance Rate Adjustment". Avista requests approval of the following tariff revisions to the Company's Natural Gas Tariff, WN U-29, Schedules 102 "Senior & Disabled Residential Service", 189 "Fixed Income Senior & Disabled Residential Service Discount Rate Adjustment", and 192 "Low Income Rate Assistance Rate Adjustment". Avista requests the tariff conditions proposed herein become effective October 1, 2019:

Tariff Revision

Second Revision Sheet 02	Canceling	First Revision Sheet 02
First Revision Sheet 89	Canceling	Original Sheet 89
Third Revision Sheet 92A	Canceling	Second Revision Sheet 92A
Second Revision Sheet 102	Canceling	First Revision Sheet 102
First Revision Sheet 189	Canceling	Original Sheet 189
Second Revision Sheet 192A	Canceling	First Revision Sheet 192A

5 The Company, as discussed later in this Petition, seeks approval of proposed modifications to its LIRAP Program, which would discontinue the Senior and Disabled Energy Outreach Program effective September 30, 2021, and make permanent the Senior and Disabled Rate Discount Program, as described herein.

III. BACKGROUND

6 Avista’s LIRAP, approved by the UTC in 2001, collects funding through electric and natural gas tariff surcharges on Schedules 92 and 192. These funds are distributed by Community Action Agencies (“Agencies”) in a manner similar to the Federal- and State-sponsored Low-Income Home Energy Assistance Program (“LIHEAP”)¹. LIRAP, like LIHEAP assistance, can help a household avoid having its utility service shut off, or help reestablish service after a disruption, and can also help pay ongoing heating costs, thereby assisting households that are least able to pay their energy bills. Avista is committed to reducing the burden of energy costs for its customers most affected by rising energy prices, including low income individuals and families, seniors, disabled and vulnerable customers. To assist these customers in their ability to pay, the Company focuses its LIRAP efforts on actions and programs with four primary goals in mind²:

- 1) Keep customers connected to energy service;
- 2) Provide assistance to more customers than are currently served by the program;

¹ The LIHEAP is a federal program established in 1981 and funded annually by Congress. These federal dollars are released directly to states, territories, tribes and the District of Columbia who use the funds to provide energy assistance to low-income households. LIHEAP offers financial assistance to qualifying low-income households to help them pay their home heating or cooling bills. Under federal law, a household must either have members whom receive Social Security income or Supplemental Nutrition Assistance Program benefits, or have income below either 150 percent of the federal poverty level (FPL) or 60 percent of state median income level, whichever is higher. However, states can set lower income thresholds if they choose to. Some states use non-federal funds to expand their programs to include more households or to provide higher benefits. Washington State chooses to use 125% of the FPL as the threshold and is qualified only for heating days, not cooling.

² These goals were identified by the Commission in Docket Nos. UE-140188 and UG-140189 (*Consolidated*), Order 05, ¶ 39 (November 25, 2014).

- 3) Lower the energy burden of LIRAP participants; and
- 4) Ensure that LIRAP has the appropriate data to assess program effectiveness.

7 To support these goals, the current LIRAP is comprised of six components:

- LIRAP Heat: mimics the LIHEAP program in terms of intake requirements and benefit calculation. LIRAP Heat income eligibility was updated for the 2018 program year onward, to 150% of the Federal Poverty Level (“FPL”). Washington State LIHEAP eligibility is 125% FPL;
- LIRAP Emergency Share: emulates the Project Share community fund that is funded through voluntary donations that are used to help customers in emergency or hardship situations;
- LIRAP Senior/Disabled Energy Outreach: targets a third distinct customer group that have incomes between 151% to 200% FPL by providing a one-time per program year benefit of \$100 for customers who have an alternative heat source, or \$400 for customers who heat with Avista. Effective October 1, 2017 customers living with a disability were added to the eligibility criteria for this grant;
- Senior/Disabled Rate Discount Pilot: A rate discount program for senior and disabled households with fixed incomes between 126-200% FPL;
- Income-Based Payment Plan (IBPP) Pilot³: Available to electric customers with income at 10-50% FPL, this pilot provides a fixed percentage discount that reduces the customer’s bill to 6% of their income; and
- Balance Management Arrangement (BMA) Pilot⁴: Available to customers who have qualified for enrollment in the IBPP and have amounts owed in arrears or a balance they cannot pay at the time of enrollment, this pilot is a one-time benefit that reduces customer arrearage owed over a 12-month period by providing an incentive for regular, on-time payment of these balances.

³ Formerly known as the Percent of Income Payment Plan (PIPP) Pilot

⁴ Formerly known as the Arrearage Management (AMP) pilot.

8 Of the six components referenced above, both the Company’s IBPP/BMA Pilots and the Senior/Disabled Rate Discount Pilot (“Pilot”) are set to expire on September 30, 2019.

IV. CURRENT RATE DISCOUNT PROGRAM PILOT

9 On June 25, 2015, the Commission issued Order 07 in Docket Nos. UE-140188 and UG-140189, approving certain modifications and additions to the Company’s Low Income Rate Assistance Program. One of the LIRAP additions approved by the Commission was the implementation of the two-year Pilot. In addition to the four LIRAP goals listed in Section III of this Petition, the objective of the Pilot was to provide rate relief for senior and disabled customers living on a fixed income and for seniors who might not otherwise be reached by Avista’s existing LIRAP Grant Program.

10 On October 1, 2015, the Pilot was made available to senior and disabled households with fixed incomes between 126 to 200 percent of FPL. The \$0.03153 per kilowatt-hour (kWh) of electricity and \$0.40663 per therm of natural gas rate discounts were applied equally to all three residential rate blocks, on a year-round basis, designed to provide an average benefit of \$300 per participant per program year—consistent with the grant amount provided through the existing Grant Program⁵. Senior customers who were eligible for the Pilot but did not want to receive the rate discount could still opt for the LIRAP Senior Energy Outreach grant. In addition, dual fuel customers had the option to choose which fuel type the rate discount would apply to, as these customers may receive the discount on either their electric bill or natural gas bill, but not both.

⁵ For example, recipients who have already been qualified for Social Security Disability (SSD) would qualify for the Rate Discount Program Pilot. The actual benefit amount received by each customer may be more or less than \$300 depending on actual usage.

11 The Pilot aimed to enroll a total of 800 participants between October 1, 2015 and September 30, 2017, (700 in Spokane County and 100 in Stevens, Lincoln and Ferry Counties) with customers to be qualified by Spokane Neighborhood Action Partners (“SNAP”) or Rural Resources. For purposes of the Pilot, the rate discount was implemented in both an urban (SNAP) and a rural (Rural Resources) area to allow data collection in both environments for evaluation purposes. Limiting the Pilot to these two Agencies allowed the Company to better control the costs associated with not only third party evaluation, but also modifications to Agency databases necessary to run the Pilot, as well as additional monitoring by Avista operational staff.

12 With regards to the initial Pilot enrollment, SNAP and Rural Resources conducted intake and determined customer eligibility for the rate discount, while Avista staff placed eligible customers on the appropriate rate discount schedule and assisted with outreach for the Pilot. Avista also provided the Agencies with monthly updates on actual benefits accrued to customers, with regular updates provided to the Advisory Group on the Pilot’s progress.

13 With the Pilot set to conclude at the end of the 2016-2017 program year, a Request for Proposal for a third-party evaluation of the Pilot was issued by Avista in 2015. At the July 11, 2017 meeting of the Avista Energy Assistance Advisory Group (“Advisory Group”)⁶, the selected Pilot evaluator, Evergreen Economics, presented the final report along with the program results⁷. The evaluation demonstrated the Pilot was effective in achieving the program goals of reducing energy burden, keeping customers connected to services, and reaching more

⁶ The Advisory Group is comprised of representatives from Avista, Commission Staff, The Energy Project, Public Counsel, Spokane Neighborhood Action Partners (“SNAP”), Rural Resources, OIC of Washington, Aging and Long Term Care of Eastern Washington, and the Department of Commerce.

⁷ See Attachment A – Avista Low Income Rate Assistance Program Rate Discount Pilot Impact and Process Evaluation

customers. Additionally, the evaluation revealed that the rate discount resulted in positive customer satisfaction and can be efficiently implemented within the manual processes established by the Pilot. For these reasons, and to allow time for the Company to explore additional pilot programs before instituting a permanent program to achieve these goals, the Advisory Group approved, and later the Commission⁸, an extension of the Pilot for an additional two-year period, through September 30, 2019, allowing those who were currently enrolled to remain in the program.

14 At the conclusion of the October 1, 2017 through September 30, 2018 program year, 606 of the original 800 participants were still enrolled in the Rate Discount Pilot, 56 of which are natural gas customers. Table No. 1 below summarizes the Pilot participant enrollment by agency.

15 **Table No. 1 – Rate Discount Pilot Participants⁹**

WASHINGTON LIRAP RATE DISCOUNT PILOT - PARTICIPANTS October 1, 2017 through September 30, 2018			
	SNAP	Rural Resources	Total
Electric	385	52	437
Gas	165	4	169
Total Enrollment	550	56	606
Targeted Enrollment	700	100	800
Current percent of target enrollment	79%	56%	76%

Note: The total sign-ups reflect total individuals enrolled at the end of the program year.

⁸ Approved via Commission’s No Action Agenda, effective October 1, 2017, Docket Nos. UE-170487/UG-170488

⁹ Avista’s Low-Income Rate Assistance Program (LIRAP) Annual Summary Report, October 2017-September 2018, p. 15, Table 9.

V. LESSONS LEARNED FROM THE PILOT

16 The Rate Discount Pilot, as implemented in October 2015 and set to conclude September 2019, serves senior and disabled households with a variable income between 126-200 percent FPL¹⁰. Although the Company has been serving a similar customer group through its “LIRAP Senior and Disabled Energy Outreach,” the Pilot was designed to not only extend the FPL eligibility for this population to 126 FPL, but to also expand the availability of assistance to a population not previously served: the disabled population with incomes in the 126-200 percent FPL. Additionally, in its original Petition proposing the Pilot,¹¹ the parties noted that “the Agencies have found that in some instances these customers [low income senior and disabled households] will not currently take a grant because they believe others may be in greater need of those dollars.”¹² The provision of funds in discount form, coupled with the 2-year enrollment period for the pilot, were specifically targeted benefits for this population to help overcome various barriers known to deter these customers from seeking assistance. Allowing for two years between requalification provided an ease of use not available in similar LIRAP offerings, with the Agency correspondence and gathering of documents required to requalify on an annual basis no longer a hindrance to receiving aid.

17 Since the initial implementation of the Pilot, Avista’s “LIRAP Heat” offering has been expanded to meet the needs of customers up to 150% FPL, and the Company’s “LIRAP Senior Outreach” has become “Senior/Disabled Outreach”, extending benefits beyond just seniors, to individuals with disability with incomes at 151-200% FPL. As such, Avista has found that the

¹⁰ Initial eligibility for the Pilot was for fixed income households; pilot eligibility was modified with the 2017 extension, to allow for variable income sources in households with income between 151-200% FPL.

¹¹ UE-140188 et al Jt Petition for LIRAP Modifications-Additions (May 2015)

¹² Id, p. 8, ¶ 10.

provision of both a grant-based and a discount-based program for the senior and disabled populations between 126-200% FPL is redundant in nature, imposing too much overlap between programs and only serving to confuse customers rather than add additional benefit to the LIRAP offerings.

VI. PROPOSED PERMANENT RATE DISCOUNT PROGRAM

18 To address the duplicative LIRAP components above, the Pilot's impending expiration was discussed at the Advisory Group's May 7, 2019 Spring Meeting, with more targeted conferences on July 11, 2019 and July 25, 2019 to collaborate and reach consensus on program details. As a result of these discussions, Avista requests, and the Advisory Group supports, that the Company's grant-based LIRAP Senior and Disabled Energy Outreach Program be discontinued on September 30, 2021, and that the following permanent Senior and Disabled Rate Discount Program be made permanent effective October 1, 2019:

1. **Eligibility and Qualification.** A rate discount will be offered to variable-income seniors and variable-income customers with a disability,¹³ whose household income is between 151-200 percent of the FPL. Since LIRAP Heat is now available to customers at or below 150% FPL, the Advisory Group agreed that it is excessive to have two programs serving the same 126-150% population, and therefore updated the Rate Discount Program eligibility to reflect the higher 151-200% FPL. The Rate Discount Program will be made available to all six Agencies currently serving Avista's low income customers.¹⁴ Customers must provide the Agency

¹³ As verified by disability income such as Supplemental Security Income (SSI) or Labor & Industries (L&I)

¹⁴ Spokane Neighborhood Action Partners (SNAP), Rural Resources, Community Action Center of Whitman (CAC), Community Action Partnership of Asotin (CAP), Opportunities Industrialization Center (OIC) of Washington, and Washington Gorge Action Programs (WGAP)

with one month of verifiable income, with additional income verification up to 12 months to be considered at the Agencies' discretion. For example, customers with supplemental income that has varied widely over a span of months may not qualify using only one month, and therefore may need to provide income information for an extended timeframe.

2. **Benefit Description.** The per-kilowatt-hour and per-therm rate discounts are designed to provide an average benefit of \$400 per participant, per program year, which is consistent with the average benefit amounts seen in the Pilot,¹⁵ as well as the current grant amount provided through the LIRAP Senior/Disabled Energy Outreach program.¹⁶ The actual benefit amount received by each customer may be more or less than \$400 depending on actual usage. Dual fuel customers may receive the rate discount for either their electric bill or their natural gas bill, but not both. The customer may choose which bill to apply the discount to, with the Agencies providing education or guidance as needed, and can only change the fuel designation at the two-year recertification. Eligible customers may receive the rate discount indefinitely, with recertification occurring on a two-year rolling basis. The rate discounts will be \$0.03064 per kilowatt-hour of electricity and \$0.48469 per therm of natural gas, as described in the proposed associated tariff Schedules 02, 102, 89, and 189. The rate discount will be available year-round and applied equally to all three residential rate blocks. See Attachment B for the calculation of the rate discounts.

¹⁵ Average Pilot customer benefits are \$306 for natural gas customers and \$403 for electric.

¹⁶ During the 2017 LIRAP program year, the Grant Program benefit increased from \$300 to \$400.

3. **Implementation.** Agencies are responsible for providing intake and determining customer eligibility for the Rate Discount Program, with Avista placing eligible customers on the appropriate rate discount Schedule and assisting with outreach for the program. Having participated in the initial Rate Discount Pilot, SNAP and Rural Resources are positioned to implement the new Rate Discount Program effective October 1, 2019; this will allow current Schedule 02 and Schedule 102 customers already receiving the discount to continue on with no interruption in benefits. The remaining Agencies—Community Action Partnership of Asotin (CAP), Opportunities Industrialization Center (OIC) of Washington, Community Action Center of Whitman (CAC), and Washington Gorge Action Programs (WGAP)—have requested, with Advisory Group support, that both the “Senior/ Disabled Rate Discount Program” and the “Senior/Disabled Energy Outreach Program” remain available until September 30, 2021, at which time the grant-based Outreach Program will be discontinued. From October 1, 2019 through September 30, 2021, both programs will be run concurrently, allowing Agencies a 24 month period during which they can educate and transition customers to the Rate Discount Program appropriately before the Grant Program becomes unavailable. During this time, customers may elect to remain on the Grant Program until its expiration, but will be made aware of the impending discontinuation and have the option, as early as October 1, 2019, to select the Rate Discount Program instead. These Agencies will also be provided with start-up funds in the amount of \$10,000 per Agency, as both SNAP and Rural Resources received comparable funding during Pilot implementation, to help offset the impact of staff training, modifying Agency

databases, and other program-related expenses. Section VII of this Petition further details the funding plan for these start-up costs.

4. **Evaluation.** Avista will provide the Agencies with monthly updates on actual benefits accrued to customers through the Rate Discount Program. Additionally, Agencies' quarterly reports will be modified to reflect the number of customers that elect to maintain on the Grant Program over the Rate Discount Program for the 2020 and 2021 program years. Information regarding the Rate Discount Program will be incorporated into Avista's annual LIRAP Report, inclusive of the number of discount rates applied to accounts, average benefit amount, demographics, minimum and maximum benefit information, and Grant Program vs. Rate Discount Program preference comparison. Though there are no minimum or maximum benefit amounts specified at this time, the Advisory Group will assess the program after a year of experience to identify these averages and maximums to inform potential program improvements and budgeting impacts. Furthermore, customer accounts will be reviewed annually to pinpoint those customers receiving the highest annual benefit amounts, with the Agencies referring these customers for additional weatherization, energy efficiency, and/or other applicable programs that may help ease the energy burden or improve home efficiency for the household. The Advisory Group will be updated on the Rate Discount Program's progress, as well as other LIRAP programs, at its biannual meetings.

VII. FUNDING PLAN FOR PROPOSED RATE DISCOUNT PROGRAM

19 For the proposed Senior and Disabled Rate Discount Program, the Company believes, and the Advisory Group agrees, that a change in overall LIRAP funding is not required to implement

the program at this time. Direct Service funding for the Rate Discount Program will be included in the existing LIRAP Direct Service budget, yet tracked separately for reporting purposes. As with all its LIRAP programs, the Company will include program year details for the Rate Discount Program, including actual spend, in its annual LIRAP Report. Although the total annual budget for the Rate Discount Program is unknown due to variables such as the number of customers that enroll in the program and the actual usage of participants enrolled, it can be approximately forecasted using average benefit amounts. With the current LIRAP budget already set to meet the needs of the existing Grant Program, discontinuing this program, and making permanent the Rate Discount Program based on the average grant amount, will simply redistribute the funds from one program to the other. For informational purposes, Table No. 2 below demonstrates the actual spending for the Rate Discount Pilot and the Grant Program, by program year.

Table No. 2 – Rate Discount Pilot vs. Grant Program Spending

Electric			
Program Year	Rate Discount Pilot	Grant Program	Difference
2015-2016	\$ 189,068	\$ 193,165	\$ 4,097
2016-2017	\$ 222,073	\$ 302,706	\$ 80,633
2017-2018	\$ 181,146	\$ 230,150	\$ 49,004
2018-2019	\$ 114,002	\$ 217,600	\$ 103,598

Natural Gas			
Program Year	Rate Discount Pilot	Grant Program	Difference
2015-2016	\$ 80,282	\$ 233,746	\$ 153,464
2016-2017	\$ 98,349	\$ 332,350	\$ 234,001
2017-2018	\$ 65,297	\$ 264,000	\$ 198,703
2018-2019	\$ 50,801	\$ 269,500	\$ 218,699

20 Avista, in conjunction with the Agencies and Advisory Group, will continue to monitor the Rate Discount Program for any future modifications needed in design or funding. If expenditures under the Rate Discount Program exceed the existing LIRAP Direct Services budget, the overage would be recovered from all LIRAP contributing customers in a later rate true-up. However, should program funding go unspent, those funds will be made available for reallocation to other LIRAP programs.

21 The Advisory Group has collectively agreed to a \$40,000 total start-up fund, \$10,000 for each of the four Agencies that have yet to implement a rate discount program. These funds will be provided from the remaining 2019 LIRAP Direct Service funds. As of June 30, 2019, LIRAP Direct Service funds were overfunded by approximately \$1.8 million. Additional spend will occur through the 2019 program year, however, the Company anticipates that an excess of funds will be available from which the \$40,000 can be reallocated.

VIII. CONCLUSION


22 The purpose of the LIRAP program has been to help to reduce the energy cost burden among those customers least able to pay energy bills and to keep those households connected to service. This program, and the partnerships the Company has formed with Agencies, has been invaluable to customers who often have nowhere else to go for help.

23 In collaboration with its Advisory Group, Avista has established this proposed Senior and Disabled Rate Discount Program that we believe will meet the goals of LIRAP while also helping to alleviate the duplicative nature of LIRAP's current offerings for the senior and disabled populations. By discontinuing the Senior/Disabled Grant Program for this customer group, in favor of the Senior/Disabled Rate Discount Program, the Company will be easing unnecessary confusion among customers, simplifying the enrollment and recertification

IX. REQUEST FOR RELIEF

24 WHEREFORE, Avista respectfully requests that the Commission issue an Order, on or before October 1, 2019, approving the continuation of the Company's Senior and Disabled Rate Discount Program on a permanent basis, inclusive of the modifications listed herein. To avoid duplicative program offerings, the Company also requests discontinuation of its current grant-based Senior and Disabled Energy Outreach Program, effective September 30, 2021, which allows appropriate time to transition from one program to another¹⁷. To coincide with the expiration of the existing Rate Discount Pilot, as well as the beginning of the next LIRAP program year, Avista proposes that the associated tariff revisions for Schedules 02, 89, 92, 102, 189, and 192 also become effective on October 1, 2019.

DATED this 1st day of August 2019.

By: 
David J. Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs

¹⁷ With both the grant-based Senior and Disabled Energy Outreach Program and the Senior and Disabled Rate Discount program to run concurrently from October 1, 2019 through September 30, 2021.

VERIFICATION

STATE OF WASHINGTON)
)
County of Spokane)

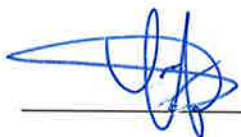
David J. Meyer, being first duly sworn on oath, deposes and says: That he is a Vice President of Avista Corporation and makes this verification for and on behalf of said corporation, being thereto duly authorized;

That he has read the foregoing Petition, knows the contents thereof, and believes the same to be true.



SIGNED AND SWORN to before me on this 1st day of August 2019





NOTARY PUBLIC in and for the State of Washington, residing at Spokane.

Commission Expires: 08/31/2021