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January 26, 2024

Received
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Kathy Hunter,
Acting Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: UE-210628 - Avista Utilities 2023 Biennial Clean Energy Implementation Plan Update - Reply Comments

Dear Ms. Hunter:

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits the following reply comments in response to comments received regarding its 2023 Biennial Clean Energy Implementation Plan (CEIP) Update from Public Counsel, Northwest Energy Coalition (NVEC), and Commission Staff (Staff) in Docket UE-210628. The Company appreciates the collaboration and discussions pertaining to its 2023 Biennial CEIP Update and looks forward to continued discussions throughout the implementation period, as well as in the development of its 2025 CEIP. Importantly, Avista is on track to meet its targets within its 2021 CEIP and as discussed in these comments, there were only two concerns raised related to Avista's compliance with the 38 CEIP conditions approved by the Commission. Through these comments Avista will address the concerns and propose recommendations for the Commission to approve its CEIP Update with conditions.

Condition #5

Condition #5 as approved by the Commission, reads as follows:

In its 2023 Biennial CEIP Update and in future CEIPs, Avista will include descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets to comply with the Clean Energy Transformation Act's (CETA) 2030 and 2045 clean energy standards.

In their comments Staff stated that they believed Avista only partially fulfilled Condition #5, NWECA questioned whether Avista complied with Condition #5, and Public Counsel argued Avista's analysis for Condition #5 was inadequate.

First, due to the confidential nature of the Company's 2021 CEIP settlement negotiations, Avista is not able to comment on or provide qualitative analyses for how the negotiated targets were reached and why settling parties supported them. For Avista, the interim targets were higher than it had originally proposed, but it agreed to the interim targets that were part of an overall settlement package that it could support. Because the Company did not propose to modify the interim targets in the Biennial CEIP, it was not possible to provide qualitative analysis of the agreed upon and approved interim targets. As noted by Staff, if Avista were to provide qualitative analyses of the interim targets, it likely would have done so for the original interim targets proposed in the 2021 CEIP, not the interim targets agreed to in Condition #7.

Second, Avista did provide qualitative analysis showing the updated customer costs resulting from Condition #7, highlighting the impacts on customers due to higher clean energy targets than what was originally proposed. While this analysis may have not been exactly what Staff, Public Counsel, or NWECA was expecting, the analysis was informative to understanding the impacts of higher interim targets.

Avista agrees with Staff's perspective as stated, *"...Staff is sympathetic to the perhaps unique situation that this Biennial Update presents regarding Condition 5, namely that this condition requires analysis to support the interim targets, but the interim targets were negotiated and have not changed since negotiation. If the Company were proposing modified targets, or targets it had proposed and were not negotiated, Staff would unequivocally expect the Company to fulfill this condition."* Indeed Condition #5 presents a unique situation and in hindsight this condition could have been written better.

Of the three commenters, Public Counsel appears to take the greatest concern with Avista's fulfillment of Condition #5 and recommends that the Commission require Avista to make a compliance filing before its next CEIP showing compliance with this condition. Avista disagrees with Public Counsel's proposal as it would be in the same position as it is now, such that it cannot provide qualitative analyses that support the interim targets that were confidentially negotiated.

Avista appreciates the review and thoughts offered by the commenters on Condition #5; however, does not believe the concerns should prevent the Commission from approving (with or without conditions) the Company's Biennial CEIP Update. To help alleviate similar concerns in future CEIPs, the Company proposes that the Commission modify Condition #5 to the following:

In future CEIPs, and in Biennial CEIP Updates if Avista proposes to modify its approved interim targets, it will include descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets to comply with the Clean Energy Transformation Act's (CETA) 2030 and 2045 clean energy standards.



Condition #9

Condition #9 as approved by the Commission, reads as follows:

Avista agrees to update and expand its Vulnerable Populations areas within its 2023 Biennial CEIP Update taking into account the additional criteria developed by the EAG and Energy Assistance Advisory Group (EAAG) and to ensure updates are in line with the definition of Vulnerable Populations outlined in RCW 19.405.020(40). Additional work is needed to develop a consistent methodology and data source identification. This additional work is primarily related to identifying a consistent data source(s) to evaluate each characteristic and then overlaying it onto a map.

Staff, PC and NWEAC each had some level of concern with Avista's fulfillment of Condition #9. Staff noted that *"Avista did not provide enough detail in the filing to assess whether the Company is making adequate progress on updating and expanding Vulnerable Population areas."* NWEAC questioned whether Avista complied with Condition #9 and *"NWEAC strongly recommends that the Commission require this work be completed before the filing of the 2025 CEIP to deliver clean energy benefits to vulnerable populations."* Public Counsel recommended that *"the Commission require Avista to work with its EAAG and EAG to continue to expand this definition and identify appropriate data, and how it should be applied to the tracking of customer benefit indicators. Avista must submit a compliance filing before the 2025 CEIP outlining the advisory group process and expanded definition. Avista must then use the new data and CBI tracking methods in its 2025 CEIP."* Avista understands the concerns presented by the commenters and in the following will further explain its methodology from the 2021 CEIP, the work it has done in the past year to expand its Vulnerable Populations, and a commitment for the 2025 CEIP.

Avista's 2021 CEIP definition of Vulnerable Populations was based on sensitivity and socioeconomic characteristics defined by the Department of Health (DOH) in the Health Disparities map and required in RCW 19.405.020 (40). These characteristics included the following factors:

Socioeconomic	Sensitive
Limited English	Populations from high rates of cardiovascular disease
No high school diploma	Populations with high percentage of low birth weight
People of color	
Population living in poverty	
Transportation expense	
Unaffordable housing	
Unemployment	



Those communities within Avista’s service territory who scored a 9 or higher, and not previously identified by the DOH as “highly impacted” were ultimately determined to be vulnerable.¹ The table of characteristics provided in Appendix F of Avista’s Biennial CEIP Update was intended to represent characteristics identified by the Equity Advisory Group (EAG) above and beyond the DOH Health Disparities map. The list captured characteristics in the EAG’s own terminology in order to provide an easy transition for future conversations. Pursuant to Condition #9, each of these additional characteristics was subsequently reviewed, evaluated, and discussed with the EAG to determine applicability. Several factors were taken into consideration such as data availability and transparency, clear and understandable descriptions, accessible reporting and comparability, ability to map desired characteristics, among others. The original characteristics list developed in Avista’s 2021 CEIP provided some unmappable characteristics including “certain neighborhoods”. In collaboration with its EAG, the Company was able to narrow this characteristic to mappable locations (Peaceful Valley, Northeast Neighborhood, etc.). This work was finalized prior to the filing of the 2023 Biennial CEIP. This was not clearly articulated or described in the Biennial CEIP Update. The Company apologizes for this lack of clarity and the confusion it has caused.

That is not to say that Avista’s work in identifying vulnerable population characteristics is on hold until the next CEIP. On the contrary, the Company as a whole is committed to creating an environment that promotes fair access and equal opportunity for all individuals to benefit from their utility service. This effort extends beyond the CEIP and into the Capital Planning processes, federal grant work, and Integrated Resource Planning (IRP) efforts. Understanding those characteristics which have resulted in disproportional benefits or burdens is foundational to this effort. As such, identifying customers in Named Communities is top of mind and actively being worked on. Details pertaining to Avista’s enhanced process for identifying customers in Named Communities will be included in its Equity in Capital Planning filing due no later than December 31, 2024.²

Over the past year, the Company has been working diligently on expanding the criteria for the identification for vulnerable population. Specifically, steps are being taken to have a “comprehensive understanding of the ways systemic and historical inequities are present and continue to operate”³ and a “holistic picture of current conditions faced in those communities”.⁴ This work includes the following:

- Identifying historical redlined census tract areas in Avista service territory.
- Overlaying the Justice40 disadvantaged communities onto Avista’s service territory.
- Overlaying the Justice40 disadvantaged communities into all States where Avista operates.
- Extending vulnerable population criteria to natural gas customers.
- Expanding criteria for Named Communities to all jurisdictions.

¹ This methodology was shared with the EAG and the public through Public Participation meetings with EAG breakout sessions in May and June of 2021 and January and June of 2022. Vulnerable population characteristics were discussed with the EAG during their January 2023 Equity Lens Session.

² UE-220053 et al - Final Order 10 04.

³ UE-220053 et al - Final Order 10 04, p. 73.

⁴ UE-220053 et al - Final Order 10 04, p. 73.



Through the work with the Justice40 initiative, the Company's Named Community Map has been expanded to further identify root causes of inequities in areas such as jobs lost through the energy transition, access to health care, racial and ethnic segregation, limited water and sanitation access, to name a few. Further, in order to directly correlate with the energy industry, the Company will consider performance and process priorities and metrics as identified by the United States Department of Energy. The Company's mapping tool has a "pop up" feature which allows all Company users across business units to not only identify where Named Communities are located but also why they are considered to be in a Named Community (highly impacted, vulnerable, or disadvantaged). It is important to ensure that all of these identified characteristics are discussed with Avista's EAG (as well as other advisory groups) and the general public through public participation meetings. More specifically, intentional consideration will be given to the "disadvantaged" characteristics utilized in the Justice40 initiative to ensure they accurately reflect vulnerabilities identified by Avista's EAG. The final approved list will be based on these discussions.

NWEC recommends that Avista considers the work being done by Puget Sound Energy (PSE) to expand its definition of Vulnerable Populations. With the work being done above, the Company is already making substantial progress towards several of the specific criteria outlined in PSE's Condition 9 and Condition 10.⁵ However, there are some differences in data capture, specifically in census block groups. Census block data is more accurate for urban areas where the American Community Survey (ACS) provides actual data every two years. The ACS only provides estimated data every 5 years based on a small sample size for rural communities with actual survey results being provided every ten years. The applicability of measurement at this level may or may not be as relevant as most of Avista's service territory is considered rural populations according to the ACS. As tracking at this level may be applicable in the city of Spokane, the Company will commit to evaluating no later than the end of December 2024 and include its findings in its 2025 CEIP.

Lastly, Avista does not believe a compliance filing as recommended by Public Counsel ahead of the 2025 CEIP is necessary. Rather the Company proposes the following condition to support approval of its Biennial CEIP Update.

In its 2025 CEIP, Avista will include a description of the work it completed between its 2021 CEIP and 2025 CEIP to expand its Vulnerable Populations, including an overview of all actions and evaluations completed, as well as summaries of discussion and input from its advisory groups. Further, it will specify the methodology used to identify Vulnerable Populations in its 2025 CEIP and a comparison of Vulnerable Populations between the 2021 and 2025 CEIP.

As described, and with the proposed condition, Avista believes it has fulfilled the intent of Condition #9 and will continue this work to be included in the 2025 CEIP.

⁵ Docket UE-210795 Final Order 08 Appendix A.



Public Participation

Staff correctly noted that the Company cannot control whether or not parties submit feedback on its CEIP documents. However, the Company does appreciate, and will consider, Staff's suggestion of reaching out to its advisory groups to identify if the Company can improve its methods of obtaining additional comments from advisory group members and interested parties for future CEIP and Biennial CEIP Updates.

Named Communities Investment Fund (NCIF)

Regarding the NCIF, Avista supports Staff's position, "...Staff does encourage the Company to move as quickly as is reasonable to spend the allowed ~\$5 million annual budget to benefit these Named Communities." Because the NCIF was not approved until mid-2022, spending for 2022 seemed low compared to the \$5 million cap that was available. It is important to note reiterate that the \$5 million figure is a cap and not an expected amount to spend each year. On a positive note, Avista significantly increased its 2023 funding opportunities compared to 2022 and anticipates continuing to increase its NCIF spend each year.

If you have any questions regarding this information, please contact Amanda Ghering at amanda.ghering@avistacorp.com or 509-495-7950 or me at shawn.bonfield@avistacorp.com or 509-495-2782.

Sincerely,

/s/ *Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy

