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Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
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Re: Docket No. UE-200629 – Comments of Avista Utilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or Company), submits the following comments in accordance with the Washington Utilities and Transportation Commission's ("Commission") Notice of Opportunity to File Written Comments ("Notice") issued in Docket UE-200629 on September 15, 2020 relating to Energy Assistance in Section 12 of the Clean Energy Transformation Act (CETA), codified as RCW 19.405.120 and RCW 19.405.020. Avista provides the following responses to the questions posed in the Notice:

1. RCW 19.405.120(2) requires utilities make "programs and funding" available for energy assistance to low-income households by July 31, 2021.
 - a. What does the term "programs" mean in the context of RCW 19.405.120(2)? Is a program the same or different than the four types of energy assistance included in the "energy assistance" definition in RCW 19.405.020(15):
 - monetary assistance;
 - conservation, weatherization, and efficiency services;
 - direct distributed energy resource ownership; and
 - other additional strategies.

Please explain your answer.

- b. How should the Commission determine whether a utility's "programs" and "funding" comply with RCW 19.405.120(2)?

- c. How does the meaning of “low-income” relate to the eligibility requirements for energy assistance programs and funding offered by utilities? Do you agree with any of the four interpretations, or parts of the interpretations, offered by stakeholders to date? The four interpretations are summarized below.
- A utility must offer at least one low-income program where the eligibility for the program does not exceed the income levels established in the low-income definition.
 - A utility must have at least one program that is available to all customers up to the income levels established in the low-income definition.
 - The utility must have at least two programs that are available for all customers up to the income levels established in the low-income definition.
 - The utility must serve all customers up to the income levels established in the low-income definition for all energy assistance programs offered by the utility.

Please explain your answers.

- d. Do utility programs that are primarily intended to avoid disconnection, such as emergency assistance that are not income qualified, reduce energy burden as defined in RCW 19.405.020(17)?

Avista Response

- a. Avista believes the term “programs”, as it pertains to RCW 19.405.120(2), means an intentional product, service or monetary allocation that meets the desired outcome of reducing, or aiming to reduce, energy burden for low-income customers. The Company supports the four types of energy assistance listed above as sufficient, as RCW 19.405.020(15)(a) provides that “Energy assistance includes, but is not limited to,” these programs. This “other additional strategies” provision, as noted above, provides leeway for expansion of the energy assistance definition to include offerings such as conservation education and customer outreach.
- b. Avista suggests that Commission determination regarding whether a utility is in compliance with RCW 19.405.120(2) is based on: 1) that such programs and funding are being made available to customers by the utility; 2) whether such qualifying programs and funding meet the definition of “energy assistance” as provided in RCW 19.405.020(15) and referenced above; and, 3) the aptitude and efficacy of those programs and funding to meet the low-income need of the given utility, and to prioritize households with a higher energy burden where practicable.

When determining such compliance, the Commission should acknowledge all such programs and funding already being offered by each utility. Avista currently provides energy assistance

through its annual Low-Income Rate Assistance Program (LIRAP). Recognizing that individuals with incomes below 200% of the Federal Poverty Level (FPL) face a diverse array of difficulties, LIRAP has different program elements to address the variety of need. Elements of LIRAP currently include, or have included, the following:

- LIRAP Heat: Mimics the federal Low-Income Home Energy Assistance Program (LIHEAP) to expand the reach of energy assistance.
- LIRAP Emergency Share: Provides financial bill assistance to customers experiencing hardship and/or in jeopardy of disconnection for non-payment.
- COVID Hardship: Temporary emergency program that makes assistance available to customers who have been adversely impacted by the public health pandemic; currently set to expire September 30, 2021.
- Arrearage Management Program (AMP): Originally piloted during the 2018-2019 program year as the Income-Based Payment Program (IBPP); Avista is currently collaborating with its Energy Assistance Advisory Group to propose permanent implementation of an AMP in 2021.
- Percent of Income Payment Plan (PIPP): Originally piloted during the 2018-2019 program year as the Balance Management Arrangement (BMA); Avista is currently collaborating with its Energy Assistance Advisory Group to propose permanent implementation of a PIPP in 2021.
- Senior/Disabled Rate Discount: Recently launched in October 2019, the rate discount is available to customers sixty years and older and/or those receiving disability income, and who are within 151 to 200 FPL. These customers typically do not qualify for regular energy assistance programs but are financially impacted due to fixed incomes amid rising costs of living.

In addition to LIRAP, the donation-based Project Share community fund is an energy assistance program to customers experiencing an energy emergency (e.g. jeopardy of disconnection for non-payment). Funding from all programs listed above, reduce energy burden for low-income customers who's heating source is comprised of electricity, natural gas or dual fuel services. Fund allocation is not specific to the heating fuel source for the customer.

The Company also provides energy assistance in the form of low-income weatherization services. In partnership with six Community Action Agencies (Agencies) and one tribal housing authority, Avista provides \$3 million in annual funding to install energy efficiency improvements for income qualified homes. Measures include insulation, air sealing, door and window replacement, along with space and water heating equipment upgrades. The \$3 million in funding includes 30% for agency administration and program support, and allows another 30% of funds to be used at the Agency's discretion for health, safety or repairs that may be

necessary to preserve the integrity of the efficiency measures that have been installed to maintain the operating efficiency and functionality of the home.

The Company provides detailed annual reports to the Commission for all of these program offerings. Through this detailed reporting which may include needs assessments, descriptions of and updates pertaining to the programs and funding provided to assist low-income customers, the Commission should have adequate evidence to determine if a utility is in compliance with RCW 19.405.120(2).

- c. When referencing the meaning of low-income as it relates to eligibility requirements for energy assistance, Avista has traditionally aligned the requirements of LIRAP Heat with those of LIHEAP. While LIHEAP in Washington is available for households with income up to 150% FPL, LIRAP elements provide funding for households up to 200% FPL. In terms of income being a percent of the Federal Poverty Level, the definition of low-income will not impact eligibility requirements of LIRAP.

Historically, Avista energy assistance programs that provide bill assistance have utilized FPL as updated annually by the Department of Health & Human Services and used by the Department of Commerce for LIHEAP. The FPL is the same throughout Avista's service area and allows for consistency with income verification guidelines; however, median income is different in each county and has the potential of adding complexity when implementing consistent programs within each service area.

In terms of the four stakeholder interpretations referenced above, Avista does not believe any of the statements are quite right. The law states "an electric utility must make programs and funding available" but does not specify what a program is. The focus of energy assistance should not be on the number of programs a utility makes available, rather it should be on the substance of the energy assistance available and if what the utility offers meets the desired outcome of reducing, or aiming to reduce, energy burden for low-income customers.

As an example, Avista's commitment to educating low-income customers with energy saving information and equipping them with energy saving items, along with outreach to ensure customers are aware of and accessing energy assistance programs, has tremendous value and potential for improving customer safety, self-sufficiency and awareness of energy assistance programs. It is difficult to put a per-customer dollar value on such activities, but they are critical for increasing customer awareness of and confidence in the various billing and payment options the Company offers, applying for assistance and weatherization, and employing energy saving practices in their home.

Avista's low-income programs range from robust conservation education and outreach, to an energy assistance program with sub-categories to address the variety of need among low-income customers, to a comprehensively designed weatherization program that strives to improve home efficiency. Each of these programs are part of an extensive approach that addresses awareness and provides customers with resources and services that encourage self-sufficiency to alleviate cost burden.

Avista provides the following perspectives on the four interpretations, although suggests the focus not be on the number of programs offered:

1. Interpretation number one may exclude some low-income customers from participation in energy assistance programs. For example, if a utility were to offer a single program that was available to customers up to 150% FPL, they would be deemed in compliance with this interpretation. However, customers with income levels between 150% - 200% FPL would be ineligible to participate in this utility program. Such a program would not broadly address the definition of low-income, which is a household income that does not exceed 200% FPL, yet would still be in compliance.
2. Interpretation number two better aligns with the definition of low-income, however, the law states that utilities must offer energy assistance programs to customers, which does imply offering more than one program for eligible customers. However, rather than worry about the number of programs a utility offers, the focus should be on the impact of the overall utility's energy assistance efforts, including programs and funding.
3. Interpretation number three is closer to aligning with the law but could use further refinement. It captures the intent that a utility must have multiple programs or options available for low-income households, however, Avista believes that not all programs must be offered to all customers with income levels established in the low-income definition. A utility should offer at least one energy assistance program to all low-income customers but may have additional programs or options for customers up to a lower income threshold than established in the low-income definition (i.e. 100% of federal poverty level or seniors).
4. Interpretation number four appears to conflict with the intent of the law. While RCW 19.405.120(4)(iii)(B) states the utility must reach funding levels needed to meet ninety percent of the current energy assistance need by 2050, interpretation four's assertion that a utility "must serve all customers" suggests the utility would need to reach funding levels to meet 100% of the energy assistance need by 2050.

Based on initial assessments, Avista suggests the following interpretation: "A utility must offer programs that meet the desired outcome of reducing, or aiming to reduce, energy burden for

low-income customers. Programs must include at least one form of energy assistance that is available for all customers up to the income levels established in the low-income definition and may include additional forms of assistance aimed at certain subsets of low-income households with the greatest energy burden. In total, a utility must offer at least two forms of low-income energy assistance.”

- d. The Company’s LIRAP Emergency Share program that is administered through the Agencies provides emergency assistance to customers who are in jeopardy of disconnection for non-payment. This program reduces the customer’s energy burden by addressing the customer’s arrears. However, emergency assistance does not get to the root of truly reducing customer’s energy burden as the emergency benefit determination addresses the arrears but it does not consider a customer’s annual energy burden, lower the customers annual bill (i.e., weatherization) or provide a reoccurring benefit such as a discount to subsidize a customer’s fixed income. Additionally, emergency assistance programs have maximum benefit limits that are based on arrearage averages whereas energy assistance is calculated based on household income, annual heat costs, number of individuals in a household and the housing structure.
2. What principles and information should the Commission consider when determining whether a utility has “demonstrated progress in providing energy assistance?” Are the principles and information the same or different for the three elements of energy assistance: effectiveness, outreach, and funding?

Avista Response

The Company agrees that effectiveness, outreach and funding are the primary elements the Commission should consider when determining whether a utility has demonstrated progress in providing energy assistance to low-income customers. The challenge in gauging progress towards providing energy assistance is to first understand the need. Utilities can do their best to assess the energy assistance need in their service territories but are limited to perform this assessment on their own, as utilities do not historically collect or store customer income data. It will be important for each utility to work with the Department of Commerce and other stakeholders to determine the average annual income of low-income households within its service territory. Without this information it will be difficult to determine the total energy assistance need, which is necessary in understanding the impacts of a utility’s current energy assistance programs, and what actions are needed moving forward to meet the goals of CETA. Avista is actively working on this assessment and strives to make progress in determining the delta between current funding available and funding level to meet 60% of the energy assistance need by 2030 and 90% by 2050.

3. RCW 19.405.120(2) requires that, to the extent practicable, utilities prioritize energy assistance to low-income households with the highest energy burden.

- a. What principles and information should the Commission consider when determining whether a utility has prioritized assistance to low-income households with the highest energy burden?
- b. How should the Commission evaluate what is practicable? How should the Commission's evaluation differentiate between what is practicable in the short-term versus the long-term?

Avista Response

- a. LIHEAP and LIRAP programs currently provide energy assistance to customers at 0% - 200% below FPL, and ensure that these customers are provided with adequate assistance based on income. For instance, an income-qualified customer in the lowest income bracket with high energy burden may qualify for a benefit grant up to \$1,000 dollars. This model aids in providing the customers with the highest energy burden with a larger benefit. Avista believes this model to be equitable and has, through its LIRAP programs and pilots, made a concerted effort to offer programs to specific income ranges or to those with the highest energy burdens. For example, the Company's PIPP/AMP pilot (known during the pilot phase as IBPP/BMA, as noted previously), which ran from October 2018 to October 2019, focused solely on customers in the 0%-50% FPL range, and offered a fixed percentage discount intended to reduce the customer's monthly bill to approximately 6% of their household income.
- b. While providing additional energy assistance programs to low-income customers is important, the Commission should consider how additional benefits may also have the potential to hinder low-income customers' ability to receive a multitude of funding through alternative sources. A rate discount, for example, could lower the amount of a customer's annual heat costs, but those heating costs are a key criterion for determining a potential LIHEAP benefit. If a customer on a rate discount were to apply for LIHEAP, they would get a benefit based on that discounted (lower) rate. Consequently, it is the Company's understanding that Commerce determines area LIHEAP distribution based on the area's average grants for the past three years. As such, the lower rate amount has the potential to negatively affect the amount of LIHEAP funding available to Agencies in local service areas. Funding sources, as well as the utility and agency system constraints, should also be considered while evaluating practicability in the short and long term. Lastly, the impact of the costs needed to offer such programs should always be a consideration when making such evaluations.

Avista appreciates the opportunity to provide comments on the energy assistance provisions of CETA. The Company has a long history of providing energy assistance and believes it is already in compliance with the requirements that must be in place by July 31, 2021, however, recognizes that much work is left to be done to meet the energy assistance goals in 2030 and 2050.

Please direct any questions regarding these comments to me at 509-495-2782 or shawn.bonfield@avistacorp.com

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy