

Agenda Date: August 11, 2022
Item Numbers: A4 and A5

Dockets: UE-220565 and UG-220566
Company: Avista Corporation d/b/a Avista Utilities

Staff: Molly Brewer, Regulatory Analyst
Alex Tellez, Regulatory Analyst

Recommendation

Issue an order approving Avista's modification to its Low-Income Rate Assistance Program (LIRAP) and allowing the revisions to Schedules 92 and 192 filed by Avista on July 27, 2022, in Dockets UE-220565 and UG-220566 to become effective with less than statutory notice, on August 11, 2022.

Overview

On July 27, 2022, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to electric Schedule 92, Low-Income Rate Assistance Program, and natural gas Schedule 192 Low-Income Rate Assistance Program. The Company filed tariff sheets that bear an effective date of August 26, 2022. This date recognizes the required 30-day statutory notice. The Company requests, however, less than statutory notice as permitted by WAC 480-80-122, and that the revisions become effective August 11, 2022.

The filing proposes two actions:

- (a) Incorporate an Automatic Hardship Grant (AH Grant) offering not to exceed \$350 per customer that helps to mitigate the residual past due balances customers are experiencing.
- (b) Remove the LIRAP Senior/Disabled Outreach and Temporary COVID-19 Hardship Assistance grants from its tariff as these programs both concluded on September 30, 2021.

This filing does not produce a rate impact to customers, as it uses existing excess funds within LIRAP.

Background

In its July Energy Assistance Advisory Group (EAAG) meeting, advisory group participants came to unanimous consensus that administering a one-time automatic grant for customers with arrears was a reasonable use of approximately \$2.4 million of the remaining LIRAP funds for this program year. After administering these grants, Avista estimates there will be approximately \$6 million remaining in the LIRAP funding for the 2021-2022 program year that ends September 30, 2022.

The impetus behind this tariff revision is to provide emergency assistance to customers who meet all the following eligibility criteria:

- Have arrears 60 days or greater.
- Have a balance \$100 or greater.
- Have not received LIRAP or Project Share assistance during the current program year,¹ and will not be eligible for the forthcoming Department of Commerce funding approved in the 2021 legislative session for utility arrearage forgiveness.

Based on the current state of arrears for Avista customers, Community Action Agencies (CAA) have mutually recommended using the existing LIRAP funds which are unlikely to be exhausted by the end of the program year to assist customers with arrearages who have not received energy assistance, noting that this could be an effective way to target households who qualify for assistance but haven't contacted the CAAs to receive it.²

While the above criteria, which have been unanimously agreed upon by the EAAG, are being used to administer this current set of one-time automatic grants, the tariff language was written to allow the EAAG discretion to modify the specific thresholds and timing intervals by which the grant is distributed if a future situation arose that would warrant another automatic grant. The Company notes the intention is to allow flexibility and reduce the administrative burden of multiple tariff filings.

Currently, Avista offers the Emergency Share grant within LIRAP to customers who apply for it based on a hardship. That grant also does not exceed \$350 per customer and is given on a case-by-case basis to customers who have a balance greater than \$100 and claim a hardship or risk of service disconnection. The intention of the Automatic Hardship Grant is to complement the Emergency Share grant by incorporating this additional offering which removes the requirement to contact a CAA for the assistance and instead gives Avista and its partner CAA the ability to administer the grant automatically. This addition does not change anything about the current Emergency Share grant.

Discussion

Commission staff (Staff) has reviewed this tariff revision and has participated in all EAAG discussions on this matter and finds that the revision is reasonable and in the public interest. Since only an estimated 21 percent of eligible customers receive Avista's energy assistance programs, the EAAG is continually discussing ways to reach more eligible customers. Since customers who have arrears greater than 60 days may pose a risk for service disconnection, this condition can reasonably be interpreted as a hardship as it is frequently used to qualify customers

¹ The LIRAP program year runs from October 1, 2021, to September 30, 2022.

² According to Avista's 2019 Low-Income Needs Assessment (LINA), completed by Evergreen Economics, approximately 95,387 customers within Avista's service territory may qualify as "low-income," thereby qualifying for energy assistance. However, only approximately 20,255 are receiving such assistance each year, resulting in a saturation rate of approximately 21 percent.

who apply for the existing Emergency Share grant. While Staff believes this is reasonable, we also believe it is necessary to track the efficacy of this method to see if it does in fact reduce arrears and sign up more eligible customers for Avista's other energy assistance offerings if they are low-income qualified.

Thus, Staff and other advisory group members have asked the Company to include in its filing a commitment to track and report on the age of arrears (60, 90+ days); average benefit amounts; whether the customer receiving the grant resides in a Named Community and/or census block identified as low-income; percent of AH Grant recipients who then enroll in additional energy assistance programs such as LIRAP Heat; and, recipients' arrears balances at 3 and 6 months post-AH Grant. The Company agreed and included these reporting commitments in its tariff revision filing. Staff and the EAAG plan to review this information as it comes in to determine what, if any, modifications should be made for future AH Grants.

Staff finds the language of the tariff revision which allows for discretion of the EAAG to specify different eligibility criteria for future AH Grants reasonable as it reduces the administrative burden of multiple filings. Given the immediate need for assistance during the COVID-19 pandemic, Staff believes that future circumstances could reasonably arise that would benefit from having this AH Grant ready to be administered quickly. However, Staff notes that it expects the Company will only proceed with such a grant if the EAAG comes to unanimous consensus. Staff can reasonably believe at this time that the Company is unlikely to risk issues with cost recovery of their decisions with any future AH Grant if it were to proceed with an AH Grant without the unanimous consensus of the EAAG.

Lastly, Staff finds the Company's justification reasonable for requesting an effective date of August 11, 2022, with less than statutory notice, as the funds are available now and customers with arrears greater than 60 days could face service disconnection.

Conclusion

Staff believes these tariff revisions are consistent with the public interest. Staff recommends the Commission issue an order approving the modifications to the Low-Income Rate Assistance Program Schedules 92 and 192 in the tariff sheets filed by Avista with less than statutory notice in Dockets UE-220565 and UG-220566, effective August 11, 2022.