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December 18, 2020

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

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**Re: Docket No. UE-200629 – Comments of Avista Utilities**

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or the 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 November 18, 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) includes three distinct requirements regarding (1) programs and funding, (2) demonstrating progress, and (3) prioritizing low-income households with the highest energy burden. Which of the principles provided by stakeholders in response to the September 15, 2020, notice should the Commission include in its guidance? Are there any other principles that were not addressed, but should be included?**

**Avista Response:**

In regard to the development of principles to include in its guidance, the Commission should focus on the overall intent of CETA found in RCW 19.405.010. Specifically, the following:

*RCW 19.405.010(2): In implementing this chapter, the state must prioritize the maximization of family wage job creation, seek to ensure that all customers are benefiting from the transition to a clean energy economy, and provide safeguards to ensure that the achievement of this*

policy does not impair the reliability of the electricity system or impose unreasonable costs on utility customers. [Emphasis added]

*RCW 19.405.010(4): The legislature finds that Washington can accomplish the goals of chapter 288, Laws of 2019 while: Promoting energy independence; creating high-quality jobs in the clean energy sector; maximizing the value of hydropower, our principal renewable resource; continuing to encourage and provide incentives for clean alternative energy sources, including providing electricity for the transportation sector; maintaining safe and reliable electricity to all customers at stable and affordable rates; and protecting clean air and water in the Pacific Northwest. [Emphasis added]*

As it pertains to the principles regarding programs and funding, Section 12 of CETA (RCW 19.405.120) does not impose a requirement on the amount of energy assistance a utility must make available, but only states that some form of programs and funding be made available as energy assistance for low-income households. Any principles regarding the amount of funding made available should be in the context of not imposing unreasonable costs on all utility customers and on keeping rates stable and affordable.

Many of the suggested principles from the Notice responses were ways of measuring if a utility has been successful in meeting or incorporating the principles but should not be included as actual principles. Principles should remain high level and focus on the reduction of energy burden of low-income households.

With regards to the demonstration of “*progress toward making energy assistance funds available to low-income households...*”,<sup>1</sup> the utility must demonstrate progress towards this intent by filing a biennial report to the Department of Commerce that includes “*A cumulative assessment of previous funding levels for energy assistance compared to the funding levels needed to meet: (A) Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and (B) ninety percent of the current energy assistance need by 2050.*”<sup>2</sup> While Avista continuously strives to meet all energy assistance need within its service territory, and appreciates the planning benchmarks of meeting 60% of the energy assistance need by 2030 and 90% by 2050, the Company does not believe that the actual achievement of these metrics is mandated by law. Rather, an assessment of the financial implications of meeting such benchmarks, including “a plan to improve the effectiveness of the assessed mechanisms and strategies toward meeting the energy assistance need”,<sup>3</sup> is required in order to determine the complete impact of increasing funding levels for energy assistance to the stated benchmarks.

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<sup>1</sup> RCW 19.405.120(1)

<sup>2</sup> RCW 19.405.120(4)(a)(iii)

<sup>3</sup> RCW 19.405.120(4)(b)

As stated in its previous comments, Avista maintains that the primary elements to be considered when determining whether a utility has demonstrated progress per RCW 19.405.120(2) are evaluations of effectiveness, outreach and funding, and a baseline understanding of the “energy assistance need” in any given service territory is a crucial starting point for any future assessments.

Gradualism will also be a crucial principle as utilities continue to increase the amount of energy assistance that is available to customers. Any increase in energy assistance funding comes at the expense of all customers and would be done concurrently with any increases in costs customers will bear associated with the full implementation of CETA and the utilities’ requirement to continue offering safe and reliable service.

In the end, if Avista’s interpretation of the intent of CETA, specifically RCW 19.405.120(4)(a)(iii), differs from the Commission’s, the Company asks the Commission to provide extremely clear guidance in this area. In particular Avista seeks clear guidance by way of rule or policy statement that directs utilities to design rates and tariffs to bring in revenues from customers to meet the 60% threshold by 2030. Further, it would be useful to have clarification if whether the 60% is based on the 2020 level of need, or projected 2030 level of need.

**2. Regardless of the total number of utility programs, how many programs must be available to all low-income households (i.e., household incomes the greater of 80 percent AMI or 200 percent FPL, adjusted for household size)?**

**Avista Response:**

Avista reiterates its belief that a utility must offer programs that meet the desired outcome of reducing, or aiming to reduce, energy burden for low-income customers. In total, a utility must offer at least two forms of low-income energy assistance, with at least one of the program offerings being made available to all customers up to the income levels established in the low-income definition. Additional energy assistance programs aimed at specific subsets of low-income households with the greatest energy burden may also be included but are not required.

**3. How should the Commission interpret “short-term and sustained energy burden reduction” in RCW 19.405.120(4)(a)(i)?**

**Avista Response:**

Avista views short-term energy assistance as assistance that addresses a customer’s energy burden in the near-term (for a full calendar year or winter heating season) yet provides no ongoing solution for a sustained reduction of energy burden (such as weatherization). Energy burden is defined as “the share of annual household income to pay annual home energy bills.”<sup>4</sup> Therefore, the focus when interpreting matters of energy burden should be on the annual income and the annual energy bills of a customer. Monetary assistance that a customer may receive each year should be viewed

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<sup>4</sup> RCW 19.405.020(17)

as short-term energy burden reduction because it reduces the amount of a customer's income that they would have otherwise paid towards their home energy costs in a given year.

Short-term energy burden reduction does not fix the root of a customer's high energy burden, which is the existence of low-income status combined with high energy use. Energy assistance that contributes to short-term energy burden reduction includes but is not limited to: Low-Income Home Energy Assistance Program (LIHEAP), Avista's Low-Income Rate Assistance Program (LIRAP) heat grant, Arrearage Management Program (AMP), and emergency grants (LIRAP Share or Project Share).

Avista strongly believes that an emergency grant, intended to address a past due balance that has accumulated as part of a customer's total home energy bills, does indeed qualify as energy assistance that provides short-term energy burden reduction, as it lowers the total amount a customer would otherwise have had to pay out of their own income. An AMP program can also be considered to have a short-term impact as it helps customers get caught up on past balances but does not address a customer's situation looking forward.

Sustained energy burden reduction, on the other hand, relates more to long-term programs or options that seek to fix the root problem: high energy use and/or lack of income. Such programs are intended to reduce the energy a customer would have otherwise used (i.e., conservation education and weatherization) or to align energy burden with customer income (i.e., Percent of Income Payment Program (PIPP)). Overall, providing sustained energy burden reduction means delivering a program that not only provides a short-term reduction in energy burden, but that also maintains long-lasting stabilization of that energy burden to a manageable level (6%), well into the future.

While the focus on sustained energy burden reduction is generally on the alignment of a customer's energy usage with what that customer pays for such usage, Avista believes attention also needs to be given to what efforts utilities are making to lift customers out of "low-income" status. For its part, Avista has a strategic focus on economic vitality including job training, placement, and creation. These efforts are not directly related to energy assistance but do help contribute to fixing one of the two primary issues causing high energy burden.

**4. How might energy assistance programs be structured to prioritize low-income households that have the highest energy burden without delaying provision of assistance to applicants?**

**Avista Response:**

Prioritization of low-income households that have the highest energy burden without delaying provision of assistance to applicants is difficult, as agencies provide services on a first-come, first-serve basis. Agencies never turn away a customer in need of assistance for the sake of providing assistance to another customer in the future who may have a greater need.

Prioritization within Avista's bill payment assistance program is factored into the formulas used to calculate the amount of assistance a customer may receive. Factors included for consideration are household income, energy burden, size of household and who resides in the home (i.e., elderly,

children, or infirmed). The result is that customers with the lowest income and highest energy burden receive the greatest amount of assistance.

Avista's weatherization program follows the program design implemented through the Department of Commerce where priority for service is given to those who fall into the following categories: senior, disabled, have children under 19, high energy users, high energy burden, and Native American populations. Often one or more of the priority classifications are met before a customer's energy burden is considered. Providing weatherization to a home helps address one aspect of the root cause of high energy burden by reducing the amount of energy a home consumes, thereby reducing the amount of the customer's income needed to pay for home energy charges. Participants in Avista's weatherization program are often referred from the bill payment program thus providing a holistic attempt in assisting a customer manager their home energy bills.

Ultimately, prioritization is meant to provide individuals with the help they need to reduce energy burden to an affordable level of no more than 6%. Some customers receive bill payment assistance which reduces their energy burden below 6%, while others may receive similar assistance and their resulting energy burden still remains unmanageable. As such, program design should be aimed at taking customers to 6%, not below, in order help lessen the overall energy assistance need. Aligning energy assistance with a customer's need is the only way to get energy burden close to 6%, while not prioritizing who should receive assistance over others.

Additional ways utilities and agencies may incorporate prioritization into their energy assistance programs is through targeted outreach and engagement. By targeting outreach to areas where there is a high penetration of low-income households, those customers may be more likely to seek energy assistance than those who do not receive targeted outreach. Also, utilities can work with the agencies to remove barriers some customers face when seeking energy assistance. Some ideas include verbal signatures or categorical eligibility. The easier it is for a household to receive assistance, the more likely they will attempt to seek it.

**5. For each of the three requirements (i.e., programs and funding, demonstrating process, and prioritizing assistance), when and in what type of proceeding should the Commission determine compliance for investor-owned utilities?**

**Avista Response:**

The Commission should first take stock of existing mechanisms available to assess each utility's energy assistance programs and efforts. For Avista, the Commission has and can review the following:

1. Annual LIRAP report outlining the program results (budget, customers served, outreach activities, etc.).
2. Energy Independence Act required reporting for energy efficiency that includes low-income weatherization and conservation education.
3. Annual or regular tariff filings to modify LIRAP funding, including programmatic revisions described in tariff.

4. General Rate Case filings where issues such as LIRAP funding (and annual funding plans) and low-income weatherization have historically been included and discussed.
5. Biennial report submitted to the Department of Commerce per RCW 19.405.120(4)(a).

Before establishing any new reporting requirements or review processes, the Commission should wait until the first biennial reports have been filed and reviewed. As noted in the December 1<sup>st</sup> workshop, implementation of CETA, including Section 12 related to energy assistance, will be an iterative process. Such an iterative process will allow for future refinement for when and in what type of additional proceedings the Commission considers regarding determination of a utility's compliance with Section 12 of CETA. Focus should not be on getting the process just right today, as much will be learned in 2021 and the years ahead.

6. **Are there any topics not covered in the September 15, 2020, notice or the workshop discussion questions that you think the Commission should consider as it develops guidance on energy assistance as that term is used in CETA?**

**Avista Response:**

LIHEAP and all other forms of energy assistance, regardless of who provides the funding, plays a crucial role in meeting the energy assistance need. However, the utility has minimal, if any, control over these funding sources. As the Commission is aware, there have been many times with LIHEAP funding has been impacted due to Congressional budget issues. Avista would appreciate guidance from the Commission on how these funding sources fit into the directive to make energy assistance programs available by July 31, 2021, as well as how they fit into the utilities' cumulative assessments and planning pursuant to RCW 19.405.120(4)(a)(iii).

Please direct any questions regarding these comments to me at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com).

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
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