

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

DOCKETS UE-170485 & UG-170486

(Consolidated)

RESPONSE TESTIMONY OF

SHAWN M. COLLINS (EXH. SMC-1T)

**DIRECTOR OF
THE ENERGY PROJECT**

Low-Income Issues

OCTOBER 27, 2017

1

I. INTRODUCTION

2 **Q. Please state your name and business address.**

3 A. My name is Shawn Collins. My business address is 3406 Redwood Avenue,
4 Bellingham, WA 98225.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Director of The Energy Project (TEP), a program of the Washington
7 State Community Action Partnership housed at the Opportunity Council in
8 Bellingham, WA.

9 **Q. How long have you been employed by the Opportunity Council.**

10 A. I have been employed by Opportunity Council since 2006. I have served as the
11 Director of TEP since 2015.

12 **Q. Would you please state your educational and professional background?**

13 A. Attached as Exhibit SMC-2 is a statement of my professional qualifications.

14 **Q. On whose behalf are you testifying?**

15 A. I am testifying for TEP, an intervenor in this proceeding, on behalf of the
16 Community Action Partnership (CAP) organizations that provide low-income
17 energy efficiency and bill payment assistance for customers in Avista's service
18 territory. These agencies include: SNAP (Spokane Neighborhood Action
19 Partners)(Spokane County), Rural Resources (Ferry, Lincoln, Stevens Counties),
20 Community Action Partnership (Asotin County), Community Action Center
21 (Whitman County), Opportunities Industrialization Center (OIC) of Washington
22 (Adams County), and Washington Gorge Action Programs (Skamania, Klickitat
23 Counties).

1 **II. PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. What is the scope of your testimony?**

3 A. My testimony is concerned with the impact of the proposed rate increases on
4 Avista low-income customers and on the programs that provide assistance to low-
5 income customers in Avista’s service territory

6 **Q. Could you please summarize your testimony?**

7 A. My testimony provides an overview of Avista’s low-income programs, comments
8 on the overall impact of the Avista rate filing, and proposes increased funding for
9 Avista’s low-income weatherization program in order to help customers respond
10 to any rate increases authorized in this proceeding.

11 **III. AVISTA’S’S LOW-INCOME BILL ASSISTANCE AND**
12 **WEATHERIZATION PROGRAMS.**

13
14 **Q. How would you assess the level of need for low-income energy assistance and**
15 **weatherization in Avista’s service territory?**

16 A. In Avista’s 2014 General Rate Case (GRC), the Commission noted that “the
17 record in this case shows that the poverty rate in Avista’s service territory is
18 higher than the statewide average, and that the majority of customers eligible for
19 LIRAP [Low-Income Rate Assistance Program] assistance are not served by the
20 current programs. We are sensitive to the needs of low income customers and
21 recognize that as energy prices increase to all customers so must the available
22 funding to those portions of the Company’s customer base that are most affected

1 by such increases.”¹ There continues to be substantial need for energy assistance
2 services in Avista’s Washington service territory. In early 2016, the Commission
3 observed that “[i]t is clear ... that current [energy assistance] funding levels are
4 not sufficient to serve the eligible population in Avista’s service territory.”² The
5 Commission cited a study conducted by Eastern Washington University (EWU)
6 finding that over 51,000 (22.5 percent) of households in Avista’s service territory
7 earn income at or below 125 percent of the Federal Poverty Level at the time of
8 the study.³

9
10 In his testimony in this case, Avista witness Kevin Christie reports that in the
11 2015/2016 heating season (program year), the LIRAP program provided just over
12 14,000 grants to customers.⁴ This represents approximately 27 percent of the
13 low-income households identified in the EWU study. Recent improvements to
14 the LIRAP program approved by the Commission and the exploration of new
15 initiatives that Mr. Christie and I describe in our testimony has been a positive
16 response to these demands, but conditions remain challenging for many low-
17 income customers, in particular those not being served by current programs.

18 **Q. Please generally describe Avista’s bill assistance programs for low-income**
19 **customers.**

¹ *Washington Utilities & Transportation Commission v. Avista Corp.*, UE-140188/UG-140189, Order 05, ¶ 44

² *Washington Utilities & Transportation Commission v. Avista Corp.*, UE-150204/UG-150205, Order 05, ¶ 229

³ *Id.* Avista customers with income at or below 125 percent of Federal Poverty Level are eligible for bill assistance through LIRAP.

⁴ Christie, Exh. KJC-1T at 6, Table No. 1 (Distribution of Energy Assistance Funding)

1 A. In his prefiled direct testimony, Kevin Christie provides a good general
2 description of Avista’s bill assistance and related programs. Energy assistance is
3 provided to customers through LIRAP, the federal LIHEAP program, Project
4 Share, and various community funds.⁵ As he notes, LIRAP is currently operating
5 under a five-year plan approved by the Commission in the 2015 general rate
6 case.⁶ The plan provides for an increase in LIRAP funding by seven percent
7 annually, or twice the percentage increase in Schedule 1 and Schedule 101 base
8 rates, whichever is greater. LIRAP has four components: LIRAP Heat
9 (“regular” energy assistance); LIRAP Emergency Share; LIRAP Senior Outreach;
10 and the Senior/Disabled Rate Discount Pilot.⁷

11

12 The Senior/Disabled Rate Discount pilot, originally approved for two years in
13 2015,⁸ was recently extended to September 2019, after a positive third party
14 evaluation, based on a recommendation from Avista’s Energy Assistance
15 Advisory Group.⁹ The Advisory Committee continues to explore additional

⁵ Christie, Exh. KJC-1T at 5-8.

⁶ *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-150204/UG-150205, Order 05, ¶ 232.

⁷ Avista Schedules 92 and 192.

⁸ *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-140188/UG-140189, Final Order Granting Joint Petition And Approving Modifications And Additions to Avista’s Low-Income Rate Assistance Program Compliance Filing, Order 07, ¶ 9, 10, 20. The plan was developed in collaboration with The Energy Project, Public Counsel, Commission Staff, NW Industrial Gas Users (NWIUGU), Spokane Neighborhood Action Partners (SNAP) and Rural Resources Community Action. ICNU agreed to the plan but did not participate in the collaborative. *Id.*, ¶2, n. 3

⁹UE-170847/UG-170848, Avista Letter of July 28, 2017, proposing revisions to Senior and Disabled Residential Service Schedule 002 of Tariff WN-U-28, effective October 1, 2017, p. 2.

1 energy assistance programs including a Percentage of Income Payment Plan
2 (PIPP) and an Arrearage Management Program (AMP).¹⁰

3 **Q. Please generally describe Avista’s low-income weatherization program.**

4 A. Avista provides energy efficiency programs for its low-income customers in
5 Washington working together with six Community Action Partnership (CAP)
6 agencies and one tribal weatherization organization. The CAP agencies perform
7 income qualification, prioritize projects, and treat customer homes based on a
8 variety of characteristics. Agencies typically use either in-house or contract
9 crews to install energy efficiency measures under the program. Avista’s
10 expenditures for low-income energy efficiency in 2016 were \$877,000 for
11 electric, and \$1.1 million for natural gas.¹¹ Approved measures include air
12 infiltration, duct sealing, Energy Star doors and windows and insulation for attics,
13 walls, ceilings, and ducts.¹²

14 **Q. Is Avista proposing any changes to its low-income programs in this case?**

15 A. Avista’s initial testimony does not appear to be proposing any changes to its low-
16 income programs.

17 **IV. THE ENERGY PROJECT’S RESPONSE TO AVISTA’S RATE REQUEST**

18 **Q. Does The Energy Project have any concerns about Avista’s rate request in**
19 **this docket?**

¹⁰ *Id. See also*, Avista Low-Income Rate Assistance Program Status Update, Dockets UE-140188/UG-140189, August 30, 2017

¹¹ Avista 2016 DSM Annual Conservation Report & Cost-Effectiveness Analysis (June 2017), Tables 8-1 and 8-2, pp. 74-75.

¹² *Id.*, Table 4-13, p. 37

1 A. Yes. As originally filed, Avista's request is striking in scale, adding up to over
2 \$100 million overall, with an initial proposed increase for residential customers of
3 over 13 percent and for gas customers of 9.5 percent. Increases of this magnitude
4 will result in rate shock, especially for low-income customers. For example, an
5 average residential electric customer using 1000 kWh per month would see a
6 monthly increase of \$8.56, or over \$100 per year in the first year alone.¹³ This
7 first-year impact will be exacerbated by the proposed three-year rate plan, which
8 would impose two more annual rate increases and add approximately five percent
9 more to customer bills during the plan. The overall impact on electric customer
10 base revenues from the rate plan would be over 18 percent. While LIRAP
11 increases under the five-year plan may to some extent help to offset these
12 increases, the majority of Avista low-income customers do not receive energy
13 assistance and will be exposed to the full impact of any increase allowed.¹⁴

14 **Q. Do you have any concerns about Avista's request for a multi-year rate plan?**

15 A. Yes. As noted, the proposal for pre-determined increases in the two subsequent
16 years further adds to the rate shock already threatened by the first-year rate
17 request. In addition, because Avista is currently requesting approval for a
18 merger with Hydro One, I believe it would be preferable, if any need for an
19 increase is found, to limit the Company to a single increase at this time. If the

¹³ Avista Corporation, Summary of Requested Rate Increase, Electric Service, Based on Rates Currently in Effect, Washington Jurisdiction, May 26, 2017 (billing rates), p. 1. This estimated impact may be different as a result of the Commission's rejection of Avista's proposed September 1, 2017, Power Cost Rate Adjustment. Avista Response to Staff Data Request Nos. 125, 106 and 106, App. A.

¹⁴The Energy Project also is concerned about the proposed increases to Avista's basic customer charges for electric and natural gas customers. TEP believes that these have been resolved in the rate spread/rate design settlement to be filed by November 1 and, accordingly, does not address the issues here.

1 merger is approved, the new company can come back before the Commission for
2 rate relief if needed, and the request can be fairly reviewed in the context of the
3 new company's financial situation.

4 **Q. Does The Energy Project have any proposals to help low-income customers**
5 **respond to a rate increase if one is allowed?**

6 A. Yes. According to the Eastern Washington University study, 37.5 percent of the
7 population in Avista service territory lives at or below 200 percent of the Federal
8 Poverty Level. This represents more than 85,000 Avista customers.¹⁵

9 Households with incomes at or below 200 percent of the Federal Poverty Level
10 are eligible for services through low-income weatherization programs in
11 Washington State.

12 Avista's current annual budget for electric and natural gas low-income
13 weatherization is approximately \$2 million. Although this allows for whole
14 home weatherization measures to be installed in hundreds of homes annually, the
15 majority of eligible households remain unserved by the program. Weatherization
16 provides low-income households with specific measures that allow a household to
17 maintain affordable utility bills throughout the heating season by using less
18 energy to heat the structure and by better retaining the heating that is needed. As
19 listed above, typical measures include duct sealing, and insulation of walls, floors
20 and attics. Growing the available budget for weatherization would allow for more

¹⁵ An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State, Institute for Public Policy and Economic Analysis, Eastern Washington University, p. 5. The study was filed at the Commission in May 2015 with the low-income compliance filing in Dockets UE-140188/UG-140189. See, Joint Petition for LIRAP Modifications- Additions, Attachment D.

1 households to mitigate the increase in their rates as a result of this GRC.

2 Installation of such measures also provides important health and safety benefits.

3

4 The Energy Project maintains that any increase in Avista's residential rate should
5 be paired with increases in funding to the low-income weatherization program.

6 Increases in funding will be an important factor in helping to mitigate the negative
7 impact of higher energy prices for low-income customers, as well as in helping to
8 expand weatherization services to as yet unserved customers who would certainly
9 benefit from energy efficiency measures that increases utility service affordability
10 in the long run.

11

12 To achieve this goal, The Energy Project proposes an increase in Avista's low-
13 income weatherization budget of \$350,000 per year for each year of an approved
14 rate plan (if allowed). For purposes of comparison, the increase in the first year
15 of this multi-year approach would a modest 1 percent of the initial approximately
16 \$34 million in electric and natural gas residential revenue increases. Over three
17 years, the total increase of \$1.05 million in tariffed funds would increase the
18 weatherization budget by about 50 percent. These increases will allow for a
19 ramping up of the number of low-income households served in a sustainable
20 manner.

21

22 In addition to increases in the tariff-based weatherization funds, The Energy
23 Project is requesting that the Company contribute shareholder dollars that would

1 provide flexible funds for low-income weatherization projects.¹⁶ These funds
 2 would be available for repair, health, safety, and other related costs to supplement
 3 or facilitate use of tariff-based funds, while allowing more flexibility to project
 4 managers. PSE has provided funds in this manner for the past few years and they
 5 have proven to be invaluable in helping with hard to serve households that require
 6 an extensive scope of work for the dwelling unit.

7 **Table 1 – Increased Funding For Avista Low-Income Weatherization**

Program Year	LiWx Increase Sch. 92/192	Shareholder Contribution	Annual Combined Increase	Cumulative Total
2018-2019	\$350,000	\$150,000	\$500,000	2,500,000
2019-2020	\$350,000	\$75,000	\$425,000	2,925,000
2020-2021	\$350,000	\$75,000	\$425,000	3,350,000

8

9 **Q. Does The Energy Project have a proposal for an increase to the LIRAP**
 10 **program?**

11 A. No. As discussed above, the LIRAP five-year plan will operate to generate
 12 additional energy assistance funds based on the amount of any residential increase
 13 allowed in this case. As a result, there is not a need for modifications to the
 14 LIRAP program at this time.

¹⁶ The Energy Project understands that the Commission would not order this payment by shareholders. Avista would need to agree to the proposal.

1

V. CONCLUSION

2 **Q. Please summarize your recommendations.**

3 A. The Energy Project does not support approval of a three-year rate plan for Avista.
4 Rate relief for the new post-merger company should be presented after the merger
5 request has been resolved. Any Company revenue need at this time should be
6 addressed in a one-time increase. In the event that a rate plan is approved, TEP
7 recommends that the Commission approve an increase to low-income
8 weatherization of \$350,000 for each year of any approved rate plan. If a single rate
9 increase is approved, The Energy Project recommends a weatherization funding
10 increase of \$350,000. The Energy Project also requests that Avista agree to
11 contribute shareholder funds to support weatherization, as set forth in my testimony.

12 **Q. Does this conclude your testimony?**

13 A. Yes.