**Exhibit No. JL-1T**

**Dockets UE-160228/UG-160229**

**Witness: Jing Liu**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

|  |  |
| --- | --- |
| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,**  **Complainant,**  **v.**  **AVISTA CORPORATION d/b/a**  **AVISTA UTILITIES,**  **Respondent.** | **DOCKETS UE-160228 and**  **UG-160229 (*Consolidated*)** |

**TESTIMONY OF**

**JING LIU**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

***Avista Low Income Rate Assistance Program***

**August 17, 2016**

**TABLE OF CONTENTS**

1. INTRODUCTION 1
2. AUTHORITY FOR AND DESCRIPTION OF AVISTA’S LOW

INCOME PROGRAM 3

1. LOW INCOME PROGRAM CHANGES FOLLOWING AVISTA’S

2014 RATE CASE 4

1. STATUS UPDATE ON THE ADVISORY GROUP AND LIRAP 7

**I. INTRODUCTION**

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

A. I am Jing Liu. My business address is the Richard Hemstad Building, 1300 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia, Washington 98504.

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

A. I am employed by the Washington Utilities and Transportation Commission (“Commission” or “UTC”) as a Regulatory Analyst in the Energy Regulation Section of the Regulatory Services Division.

**Q. How long have you been employed by the Commission?**

A. I have been employed by the Commission since July 2008.

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

A. I hold a Master of Arts degree in organizational communication and a Master of Science degree in communication technology and policy from Ohio University. I also completed four years of doctoral study in public policy at Ohio State University. I worked as a graduate research associate at the National Regulatory Research Institute (NRRI) from 2005 to 2007. While working in the telecommunications section of the Commission from 2008 to 2014, I was responsible for developing and implementing telecommunications universal service policies; and designating Eligible Telecommunications Carriers in Washington and annually recertifying telecommunications carriers that receive high cost support. I also worked extensively on telecommunications low income assistance issues. Since June of 2014, I have worked in the energy regulation section of the Commission. In this role, I have reviewed tariff revisions on purchased gas adjustments, cost recovery mechanisms, revenue decoupling, residential exchange credits, renewable energy credits, property tax riders, energy conservation trackers, and low income bill assistance.

**Q. Have you testified previously before the Commission?**

A. Yes. I provided testimony to the Commission in the proceedings addressing United Telephone Company of the Northwest Inc.’s intrastate access charges (UT-081393), the acquisition of Verizon Northwest, Inc. by Frontier Communication Corporation (UT-090842), the acquisition of Qwest Corporation by CenturyLink, Inc. (UT-100820), and Frontier Communications Northwest, Inc.’s petition to be competitively classified (UT-121994).

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

A. I will describe the low income bill assistance program of Avista Corportation d/b/a Avita Utilities (“Avista” or “Company”), summarize the program changes following the Company’s 2014 general rate case, and provide a status update on the ongoing work of the Avista Energy Assistance Advisory Group (Advisory Group).

**II. AUTHORITY FOR AND DESCRIPTION OF AVISTA’S  
LOW INCOME PROGRAM**

**Q. What is your understanding of the Commission’s statutory authority regarding low-income assistance?**

A. Revised Code of Washington (RCW) 80.28.068 provides the Commission statutory authority to approve discounted rates for low income customers and recovery of the cost of those discounts in the rates of other customers.

RCW 80.28.068 - - Upon request by an electrical or gas company, or other party to a general rate case hearing, the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company's cost of service and recovered in rates to other customers.

RCW 80.28.080 allows utilities to establish free and reduced rates for destitute and indigent persons.

**Q. Could you please briefly describe Avista’s bill assistance program for low income customers in Washington?**

A. Avista offers bill assistance to low income customers through its Low Income Rate Assistance Program (LIRAP). This program was established and approved by the Commission in 2001. LIRAP revenue is collected through surcharge tariffs Schedules 92 (Electric) and 192 (Gas).[[1]](#footnote-2) Avista works with local Community Action Agencies (CAAs) to distribute the funds to qualified customers.[[2]](#footnote-3) The current LIRAP consists of the following components:

1. LIRAP Heat
2. LIRAP Emergency Share
3. LIRAP Senior Energy Outreach
4. LIRAP Senior and Disabled Rate Discount Pilot Program

**III. LOW INCOME PROGRAM CHANGES FOLLOWING  
AVISTA’S 2014 RATE CASE**

**Q. What changes did the Commission order in Avista’s 2014 general rate case with regard to Avista’s LIRAP?**

A. In Avista’s 2014 general rate case, the Commission modified the multi-party settlement and ordered the Company to double the increase in LIRAP funding provided for in the settlement, to a total increase of $400,000 for electric LIRAP funding, and $428,000 for natural gas LIRAP funding.[[3]](#footnote-4) The Commission also required Avista to work with other parties (jointly, the Workgroup[[4]](#footnote-5)) and file agreed-upon proposals for modifications and additions to the LIRAP program by June 1, 2015.

**Q. What was the outcome of the Workgroup following the Commission’s 2014 Order?**

A. The Workgroup held multiple workshops and planning conference calls from December 19, 2014, through May 1, 2015.[[5]](#footnote-6) The parties filed a Joint Petition for modification and additions to LIRAP on May 29, 2015, requesting that the Commission:

1. Approve the proposed modifications to the LIRAP Program, including establishing the Avista Energy Assistance Advisory Group;
2. Approve new tariffs to establish the Rate Discount Pilot Program for Low-Income Seniors and Disabled Households between October 1, 2015, and September 30, 2017;
3. Approve a funding increase under LIRAP for the Senior and Disabled Rate Discount Pilot;[[6]](#footnote-7)
4. Allow additional time to develop pilot proposals or status updates by January 15, 2017.

The Commission approved the joint petition on June 25, 2015.[[7]](#footnote-8)

**Q. What changes did the Commission order in Avista’s 2015 general rate case with regard to Avista’s LIRAP?**

A. In Avista’s 2015 general rate case, the Commission approved a five-year plan to increase funding for LIRAP each year by 7 percent or twice the percentage increase in the residential electric and natural gas base rates.[[8]](#footnote-9)

1. **STATUS UPDATE ON THE ADVISORY GROUP WORK ON LIRAP**

**Q. Could you please describe the Avista Energy Assistance Advisory Group?**

A. The Advisory Group provides an ongoing forum for interested parties to discuss “potential program modifications, collaboratively trouble-shoot challenges, and examine alternatives to better serve customers.”[[9]](#footnote-10) Currently, it consists of representatives from Avista, Commission Staff, Public Counsel, The Energy Project, the Department of Social and Health Services, the Department of Commerce, Opportunity Council, Spokane Neighborhood Action Partners (SNAP), and Rural Resources Community Action.

**Q. What are the goals that guide the Avista Energy Assistance Advisory Group?**

A. Informed by the Final Order in the 2014 general rate case, Avista and the Advisory Group adopted the following four goals to guide decision making:

1. Keep customers connected to their energy service;
2. Provide assistance to more customers than are currently served by the program;
3. Lower the energy burden of LIRAP participants; and
4. Ensure that LIRAP has the appropriate data to assess program effectiveness.

**Q. Did the Advisory Group recommend any changes to LIRAP since the 2015 general rate case? What were the changes?**

A. Yes. At the spring 2016 meeting, the advisory group agreed upon the following modifications:

1. Change LIRAP Heat income eligibility from 125 percent to 150 percent of federal poverty line, effective October 1, 2018.
2. Increase LIRAP Senior Outreach annual grant cap from $300 to $400 per eligible household, effective October 1, 2016.
3. Increase LIRAP Emergency Share grant cap from $300 to $350 per eligible household, effective August 8, 2016.
4. Implement a temporary exception program under LIRAP Emergency Share for customers with extraordinarily high bills and income up to 200 percent of federal poverty line, effective August 8, 2016, to May 31, 2017.

The Company filed tariff changes to reflect the last two program modifications mentioned above on July 8, 2016.[[10]](#footnote-11) Staff supports the recommended changes because they are in line with the LIRAP program goals of keeping customers connected, reaching more customers in need and lowering the participants’ energy burden. The Advisory Group members also agreed upon data to be collected from the temporary exception program to better inform future program design. This is consistent with LIRAP’s program goal of collecting appropriate data to assess program effectiveness.

**Q. Is the Avista Energy Assistance Advisory Group continuing to work on program improvements?**

A. Yes. The Advisory Group is actively exploring ways to make the program more effective. It will be discussing program modifications such as monthly rate discount design (as compared to the current block grant design), tying the benefit closer to the household energy burden, and arrearage management options. The Advisory Group will analyze and discuss the merits of these proposals in the second half of 2016. The goal is to deliver pilot proposals or status updates by January 15, 2017.

**Q. Do you believe the Avista Energy Assistance Advisory Group is effective in working out LIRAP issues?**

A. Yes. Staff believes the Advisory Group provides a collaborative process for members to improve LIRAP. Members have been working together collegially, and participation from CAAs is especially valuable in providing group level feedback and informing the group of the current customer needs.

**Q. What is the current size of LIRAP?**

A. During the October 2014 – September 2015 program year, the Company collected $5.92 million for the program and disbursed $5.87 million. The program had a $1.54 million rolling balance at the end of the 2014 - 2015 program year. With all support mechanisms combined, the program benefited 12,481 customers during the 2014 -2015 program year.[[11]](#footnote-12)

The 2015 - 2016 program year budgets are $4.2 million for electric and $2.2 million for gas programs, respectively. Combined with the balance from prior years, the program has a total of $7.9 million available.

**Q. Could you please provide the most up-to-date LIRAP program balance?**

A. Between October 1, 2015, and June 30, 2016, the Company disbursed $5.9 million. The program has a positive balance of $1.9 million as of June 30, 2016.[[12]](#footnote-13)

**Q. What is the expected LIRAP budget based on the funding increases ordered by the Commission?**

A. Based on the Commission’s 2016 order, which established a 7 percent annual increase, [[13]](#footnote-14) the LIRAP annual budgets are as follows: [[14]](#footnote-15)

2015 - 2016 Program Year: $6.4 million

2016 - 2017 Program Year: $7.7 million

2017 - 2018 Program Year: $8,3 million

2018 - 2019 Program Year: $8.8 million

2019 - 2020 Program Year: $9.5 million

2020 - 2021 Program Year: $10.1 million

**Q. Will the current or future rate cases change these expected budget amounts?**

A. Maybe. Per the 2014 settlement stipulation,[[15]](#footnote-16) the LIRAP budget will increase by the larger of 7 percent, or twice the percentage increase in residential base rates. As long as the allowed rate increase from a general rate case is less than 3.5 percent, these program year budgets will not change. If the allowed overall base rate increase is greater than 3.5 percent, the program year budgets going forward will increase by twice the base rate increase.

**Q. What is your conclusion from the program budget and balance information listed above?**

A. Staff believes there is no need to change the LIRAP funding plan at this time. The Commission implemented the five-year funding plan in the 2015 general rate case specifically for the purpose of relieving parties from annually litigating LIRAP funding levels.[[16]](#footnote-17) Based on the current balance and historical expenditures, Staff does not believe the program will be short of funds in the near future.

**Q. Does Staff recommend any other changes to LIRAP in this general rate case?**

A. No. As mentioned above, the Advisory Group is currently evaluating and developing program proposals. Additional changes through this proceeding would add unnecessary complexity to the process. Staff recommends that the Commission continue to let the Advisory Group work out the plan for LIRAP collaboratively under the guidance from the previous two general rate cases and allow time for pilot program evaluation.

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

A. Yes.

1. Prior to 2014, LIRAP funding was collected from tariff Schedules 91 (Electric) and 191 (Gas) in combination with energy efficiency tariffs. In August 2014, Avista’s LIRAP tariffs were moved to Schedules 92 and 192. [↑](#footnote-ref-2)
2. Customer eligibility criteria vary among LIRAP programs. For LIRAP Heat, general Emergency Share and Senior Energy Outreach, customers’ household income must be less than or equal to 125 percent of the Federal Poverty Level (FPL); for LIRAP 2016-2017 temporary exception funding within Emergency Share, customers who have a household income at or below 200 percent of FPL are eligible; the Senior and Disabled Rate Discount Pilot Program targets senior and disabled households with fixed incomes between 126 and 200 percent of FPL. [↑](#footnote-ref-3)
3. *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-140188 and UG-140189, Order 05, 19, ¶ 44 (Nov. 25, 2014). [↑](#footnote-ref-4)
4. The Workgroup includes representatives from Commission Staff, Avista, Public Counsel, The Energy Project, Northwest Industrial Gas Users, Industrial Customers of Northwest Utilities, Spokane Neighborhood Action Partners, and Rural Resources Community Action. [↑](#footnote-ref-5)
5. Dockets UE-140188 and UG-140189, Joint Petition (filed May 29, 2015), 3. [↑](#footnote-ref-6)
6. The two-year pilot program is budgeted at $700,000. [↑](#footnote-ref-7)
7. *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-140188 and UG-140189, Order 07 (June 25, 2015). [↑](#footnote-ref-8)
8. *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-150204 and UG-150205, Order 05, 80, ¶ 232 (Jan. 6, 2016). [↑](#footnote-ref-9)
9. *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-140188 and UG-140189, Joint Petition, 6 (May 29, 2015). [↑](#footnote-ref-10)
10. Dockets UE-160889 and UG-160887. [↑](#footnote-ref-11)
11. Dockets UE-010436 and UG-010437, *Avista’s Annual LIRAP Report for the Program Period October 2014 through September 2015*, at 4-6 (Dec. 29, 2015). [↑](#footnote-ref-12)
12. Avista response to UTC Staff Data Request No. 158. The disbursement dollar amount includes direct grants to customers, administration and program support to community action agencies and conservation education expenses. [↑](#footnote-ref-13)
13. Dockets UE-150204 and UG-150205, Order 05 at 80, ¶ 232. [↑](#footnote-ref-14)
14. The budgets do not include $384,404 budgeted for the first year of the Senior and Disabled Rate Discount Pilot Program and $315,596 for the second year of the pilot program. The budgets are subject to change based on sales forecast update. [↑](#footnote-ref-15)
15. Dockets UE-150204 and UG-150205, Order 05 at 80, ¶ 232. [↑](#footnote-ref-16)
16. Dockets UE-150204 and UG-150205, Order 05 at 79-80, ¶ 231. [↑](#footnote-ref-17)