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July 15, 2020

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

Re: Docket No. U-200281 – 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 U-200281 on July 1, 2020 regarding the response to the COVID-19 Pandemic.

At the special open meeting held on June 16, 2020 Avista shared the following principles that it deems would make for a successful outcome related to the response to COVID-19:

1. Avista will continue to be creative and flexible to keep our electric and natural gas customers connected to service;
2. Avista will continue to provide proper customer experiences, with empathy at the heart of our service;
3. Avista will continue to work towards an increase in the number of customers receiving energy assistance; and
4. The Commission will approve Avista's deferred accounting request so that the Company will be able to reflect on its book's incremental costs, cost offsets, and benefits, for recovery after review by the Commission.

Avista went from business as usual to business unusual in the blink of an eye and it feels like operating in a constant state of triage has become the current "normal". As everyday life quickly changed, Avista took immediate action to respond to the situation and preserve the health and safety of its employees, customers, and the communities it serves. COVID-19 has had an impact on customers and communities in the Company's service territory and beyond, unlike

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anything it has ever seen. In addition to stopping utility disconnects, the Company implemented a number of other measures to alleviate some of the burden of this crisis. While no one could predict the extent of the COVID-19 situation and its impact, Avista continues to adapt with a commitment to serving its customers well. The Company continues to operate with care, concern, compassion, and empathy. Collaboration, delivering safe and reliable energy services, and supporting customers and communities remain at the core of Avista's business.

Overall, Avista wants to partner with its customers and be flexible and creative to help them manage their utility bills, such that they are not facing large balances due all at once at some point in the future, which may lead to disconnections, an increase in prior obligation debt owing, and write offs. The Company also recognizes that it is likely some of its customers may have trouble paying their utility bills for the first time and may not know what to do in this situation. Avista wants to work with all customers facing financial hardships in coordination with Community Action Agencies and social service partners. As a first step, the Company proactively reached out to customers through multi-channel efforts including calls, letters, emails, etc. and it continues to educate and inform customers of financial options and payment arrangement available to help during this uncertain time. Avista continues to ask customers in need to contact the Company for assistance.

At the June 2020 workshop, Avista shared the following data as it relates to customers with arrearage debt owing.

- As of June 1st, on a year-over-year comparison, the number of residential accounts that are in arrears is actually 5 percent lower in 2020. In June 2019, 30,500 accounts were in arrears compared to 28,500 in 2020. However, the average balance, is approximately 50% higher.
- Avista currently has approximately 4% of customers on its Comfort Level Billing program that are behind on their payments.
- As it relates to customers on autopay, whereby their checking, debit, or credit cards are charged automatically each month, the Company is not seeing a significant drop in customers who use that service.
- For Commercial customers, the average balance, as well as the number of accounts in arrears, are both higher by 35-40%, on a year-over-year basis. Commercial accounts are at approximately 2,750 customers with arrears versus 2,100 a year ago.
- For Industrial customers, 25 accounts are in arrears versus 20 customers last year. The average balance is 40% higher.
- In Washington, as of the end of May 2020, the total accounts in arrears was approximately \$10.5 million. In 2019 that amount was closer to \$6.9 million. At his time last year Avista's level of accounts receivable was near a historic low. The Company is now actually near its historic high, close to matching the same level of arrearages reached in 2009 during the financial crisis. Unfortunately, we expect that amount will continue to grow as it appears the pandemic is still in the early stages as it relates to the impacts customers are facing and their ability to pay.

Due to the uncertainty and fluidity of the COVID-19 situation, Avista has not set a timeline for resuming collections or disconnections in any of the states it serves. Avista is keeping the Federal, State, and local government guidelines in mind as it thinks through these activities, including monitoring the current state of affairs in Washington. The Company established a team to design and map out a plan to resuming collection events. Aspects of the plan will include additional communications and a strategy to ramp up collection activity once the moratorium is lifted. The Company recognizes that restarting the collection process will be like turning a dial, rather than flipping a switch. Avista will have to be flexible on a daily and weekly basis to evaluate the current state and make decisions accordingly.

Avista also recognizes that there is a need for additional energy assistance to aide in customers' ability to pay as they are facing hardship. Because of this and in the interest of its customers, the Company took the initiative to draft a letter to the Governor (dated July 6, 2020) coalescing support for requesting supplemental funding from the CARES Act for LIHEAP in the amount of \$70 million. Avista is hopeful that additional LIHEAP funding may be made available to further help customers.

Related to resource and supplier availability, Avista reported that it was dealing with some issues related to the delivery of typical utility materials and supplies, along with some delayed shipments and extended lead-times for certain materials. However, the Company was not seeing significant shortages at the time. Things have changed a bit on this front since the last workshop. Avista is experiencing a further increase in lead-time from many suppliers that have been impacted by COVID-19 and a strong demand in the utility market. The Company is monitoring its supply chain closely in an effort to limit and/or avoid delays on any projects.

As the Commission contemplates the agenda for the upcoming workshop on July 22, 2020, Avista recommends the following questions and topics be included for discussion:

- What is the status of the filed deferral applications and the process for approving those? Support of Avista's deferral request will serve to inform this process.
- Should collection activities and disconnections resume before the upcoming winter heating season? Arrearage balances may grow substantially making it more difficult for customers to pay if collections are not restarted. Then when collections activities resume, customers with large balances may choose to be disconnected and have their debt go to prior obligation, which tends to be a significant portion of debt the Company writes off.
- If collection activities and disconnections do not resume before the upcoming winter heating season, what will be the impact on customers' need for energy assistance and the availability of energy assistance?
- Should there be a uniform plan for resuming collection activity and disconnections for all utilities. Avista does not believe this may be necessary as counties and communities are not facing uniform impacts from COVID-19.
- What data is needed to help inform the Commission and stakeholders on the current situation customers and utilities are facing? Avista is ready and willing to provide data

that is useful and valuable for decision making. Identifying specific data needs and desired formats for data presentation would be helpful.

In regard to the Illinois settlement stipulation reference in the Notice, Avista offers the following comments:

- Avista may be open to a similar stipulation as it would help keep customers connected and allow recovery of COVID-19 costs and expenses for utilities. In the Company's review, on balance the Stipulation reached among a number of parties, with varied interests just like here in Washington, appears to be reasonable.
- A "Special Purpose Rider" for uncollectible expenses would be a useful tool, in addition to deferred accounting for costs, cost offsets, and benefits, to protect customers and the Company from fluctuations in uncollectible expense due to the COVID-19 crisis. It should be noted that while arrearage balances have increased, uncollectible balances have not. Because collection activity and disconnections has stopped, the Company is experiencing a significant reduction in bad debt being written off at this time.
- Avista has already implemented many of the provisions regarding customer communications, payment arrangements (up to 18 months), waiver of deposits, etc. and is open to discussing additional options and flexibility to assist customers.
- The concepts included in the Illinois settlement generally can be supported by Avista, but each utility should have the flexibility to meet the intent of any "option" within the capabilities of their specific customer information/billing systems.

Avista appreciates the opportunity to collaborate with the Commission and interested stakeholders as it relates to the response to COVID-19. Please direct any questions regarding these comments to Shawn Bonfield at 509-495-2782 or shawn.bonfield@avistacorp.com or myself at 509-495-8620 or pat.ehrbar@avistacorp.com.

Sincerely,

/s/Patrick Ehrbar

Patrick Ehrbar
Director of Regulatory Affairs