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REPORT NAME: Low-Income Rate Assistance Program (LIRAP) Annual Report

COMPANY NAME: Avista Corporation

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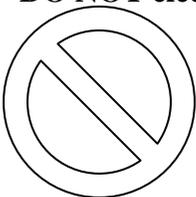
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Low-Income Rate Assistance Program (LIRAP)

Annual Summary Report

For the program period October 2013 through September 2014

OREGON

Table of Contents

Overview 3

Program Year Results 3

Administration and Program Delivery 6

Unspent Funding 7

Returned Direct Services 8

Outreach Support 8

Agency Meetings 8

Reporting Protocols 9

Key Terms 9

Data Collection 9

Participating LIRAP Agencies 10

Contacts 10

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Overview

Avista Utilities' Low-Income Rate Assistance Program (LIRAP) approved by the Public Utility Commission of Oregon (PUC) in 2002 collects revenue under Schedule 410, "General Residential Natural Gas Service–Oregon." The current rate for LIRAP included in the Company's Tariff Schedule 410 is \$0.00451 per therm, which is approximately 0.4% of the current volumetric rate. The purpose of LIRAP is to reduce the energy cost burden among those customers least able to pay energy bills. This is the program summary report for the twelfth program year, from October 1, 2013 and ending September 30, 2014.

Program Year Results

A total of 7,623 energy grants totaling \$2,127,859 have been provided since the LIRAP program inception in 2002. Approximately 66% of LIRAP participants had household average incomes less than \$15,000. Approximately 34% of the grant recipients had annual household incomes of less than \$8,000. Over 66% of the LIRAP participants had households of two or more people. Customers renting their residences constituted 71% of the total.

Avista Utilities' Low-Income Rate Assistance Program provided 791 grants and distributed a total of \$206,747 during the twelfth program year. The grants averaged \$261 per customer. Table 1 shows the number of grants and the total amount distributed during the reporting program year. It also includes a collection of demographic data intended to be responsive to requests for general information

regarding participating customers. This data was collected by participating Community Action Agencies (CAAs or Agencies).

Table 1
OREGON LIRAP
Data Compilation - GRANTS
Year 12 2013-2014

	# of Households	% of Households	Cumulative %
Home Ownership			
Own	455	29%	29%
Rent	1,102	71%	100%
Total	1,557		
Heating Fuel Source			
Electric	106	7%	7%
Natural Gas	1,451	93%	100%
Other	-	0%	100%
Total	1,557		
Size of Household			
1 Person	528	34%	34%
2 People	360	23%	57%
3 People	244	16%	73%
4+ People	425	27%	100%
Total	1,557		
Annual Income Level			
Under \$2,000	201	13%	13%
\$2,000-\$3,999	75	5%	18%
\$4,000-\$5,999	118	8%	25%
\$6,000-\$7,999	132	8%	34%
\$8,000-\$9,999	199	13%	47%
\$10,000-\$11,999	146	9%	56%
\$12,000-\$14,999	150	10%	66%
Over \$15,000	535	34%	100%
Total	1,557		

Total revenue and interest funds distributed during the reporting program year were \$233,329. This amount equates to \$215,154 of new revenue collected through the 0.00451 per therm charge per Schedule 410, \$18,175 of interest income accrued. The total unspent balance is \$24,563 calculated by adding \$48,167 of undistributed direct service funds carried forward from the previous reporting program year, and subtracting the current reporting program year administration and program delivery money paid to the agencies of \$45,683 (see Section 4.2 Administration and Program Delivery) from the total revenue and interest. Table 2 below is a recap of the funds collected, spent, and the amount available at September 30, 2014.

Table 2 OREGON LIRAP Year 12 2013-2014	
Total Carry Over from 2013 Gap Report	\$ 48,167
Oct - Sept - Total Revenue and Interest to Distribute	233,329
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>(45,683)</u>
Net Funds Available for Direct Services	235,813
Direct Service Funds Distributed by Agencies	<u>(211,250)</u>
Unspent Direct Service Funds at Sept 30, 2014	<u><u>\$ 24,563</u></u>
Percent Unspent in Comparison to Available Funds	10.42%
Note: The percent unspent is calculated by dividing \$24,563 of unspent Direct Services funds from the total funds available for Direct Services \$235,813.	

Administration and Program Delivery

The revenue collected is provided to the four Community Action Agencies in Avista's Oregon service territory for disbursement to qualifying customers and for administration of the program.

Eligibility was determined according to existing guidelines established by Federal and State standards used for the Low-Income Home Energy Assistance Program (LIHEAP). Additionally, customers experiencing emergencies are eligible for assistance under Project Share, an Avista donation-based program. The programs and partnerships Avista has formed have been invaluable to customers who often have limited incomes or have exhausted all of their resources. Per the Company's Tariff Schedule 493, Agencies are allowed a net combined administration and program delivery fee not to exceed 21.78% of the low-income bill payment assistance funds collected.

For this reporting program year, a total of \$45,683 was distributed to the Agencies for administration and program delivery, which was 19.58% of revenue collections and accrued interest. This amount, including the \$37,536 carry over from the previous reporting program year, totaled \$83,219 available for administration and program delivery support costs.

Excluding the amount subsidized from other funding sources, the amount spent by the agencies from LIRAP funds was \$29,028 leaving an unspent administration and program delivery balance of \$54,191 at September 30, 2014. This funding has been distributed to the agencies and can be carried forward into the next reporting program year to cover distribution costs of the undistributed direct services amount of \$24,563

described above. Table 3 represents a recap of the administration and program delivery spent and the amount available at September 30, 2014.

Table 3 OREGON LIRAP Admin and Program Delivery Funds Year 12 2013-2014	
Admin and Program Fees Carry Over from Gap Report	\$ 37,536
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>45,683</u>
Net Funds Available for Admin and Program Fees	83,219
Admin and Program Delivery Funds Spent by Agencies	<u>(29,028)</u>
Unspent Admin and Program Delivery Fees at September 30, 2014	<u><u>\$ 54,191</u></u>
Percent Unspent in Comparison to Available Funds	65.12%
Note: The percent unspent is calculated by dividing \$54,191 of unspent Admin and Program Delivery Fees from the total funds available for Admin and Program Delivery Fees available to the Agencies \$83,219.	

Unspent Funding

The Company continues to monitor the Agencies' unspent funding at the end of each program year. As shown on Table 2, based on allocated direct service funds distributed to the Agencies, the amount of unspent direct service funds at September 30, 2014 was \$24,563 or 10.42% remaining unspent.

Historically, permitting up to 20% of LIRAP funding for carry over to the following year has proven to be a value to the agencies' energy assistance programs. This policy allows the agencies to begin the heating season in October with a specific amount of LIRAP funding. While the Federal Government provides start-up funds, that are a portion of the total funding, those funding amounts are not confirmed until after the

heating season starts in October; therefore, LIRAP is essential for starting the year when the need begins to rise.

Returned Direct Services

As with LIHEAP, any credit balance on a closed customer account due to a LIRAP payment may be transferred to another open Avista Utilities account or to a closed account if there is an outstanding balance. When the customer no longer has an active account with Avista, the credit balance that results from a LIRAP grant has been returned to the LIRAP general fund.

At September 30, 2014, an additional \$2,781.91 of returned LIRAP payments has accumulated and was disbursed among all of the Agencies, brings the total unallocated balance to \$0.

Outreach Support

Although the Oregon LIRAP program does not contain a Conservation Education component, the Company provides energy saving guides per agency request; these guides provide information regarding efficient home energy use.

Agency Meetings

Avista met with the LIRAP agencies prior to the heating season to discuss topics of relevance for the efficient processing of assistance for customers. Valuable discussion occurs during the meetings that often results in continued fine-tuning and

clarifying of processes. Avista appreciates the time invested by the LIRAP agencies, their experience and knowledge has made LIRAP an effective program.

The LIRAP manager attends Oregon Energy Coordinators Association meetings; these meetings provide a good medium for interacting with the agencies and discussing issues and topics regarding energy assistance and the target population.

Reporting Protocols

The Company reviewed the program year results in the Fall of 2013 with the Company's Advisory Group. This Report is intended to be responsive to several areas identified for evaluation as part of the PUC's authorization of this program.

Key Terms

Key terms used in this Report are described as follows:

- Participants—Customers who received LIRAP grant(s).
- Project Share—Customer, community, and company-funded program that provides one-time emergency energy assistance to families in our region.

Data Collections

The data collection and measures used by Avista Utilities in the evaluation of LIRAP include:

- LIRAP Database;
- Customer Service System (Avista Utilities' information management data base);
- Community Action Agency records; and
- Ongoing Advisory Group review.

Participating Agencies

- Community Connection of Northeast Oregon
- ACCESS
- United Community Action Network (UCAN) – Josephine and Douglas Counties
- Klamath Lake Community Action Services

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**ATTACHMENT 1
OREGON LIRAP
Monthly Revenue and Grants
Program Year 12 - October 1, 2013 - September 30, 2014**

	Beginning Balance	Total Revenue	Total Interest (1)	Total Revenue and Interest	Total Admin/Prog Del Pd to Agencies	Total Funds Distributed	Ending Balance
Sep-13							\$ 48,167
							Carry over from 2013 Gap Report
Oct-13	48,167	9,027.81	1,306.63	10,334	(2,024.59)	(16,639)	39,838
Nov-13	39,838	16,787.82	1,300.44	18,088	(3,536.48)	(11,669)	42,721
Dec-13	42,721	34,303.03	1,300.83	35,604	(6,970.80)	(4,814)	66,541
Jan-14	66,541	44,140.61	1,427.81	45,568	(8,921.74)	(26,289)	76,898
Feb-14	76,898	32,498.37	1,598.67	34,097	(6,617.46)	(23,118)	81,260
Mar-14	81,260	25,159.19	1,701.93	26,861	(5,317.40)	(37,885)	64,919
Apr-14	64,919	18,919.21	1,701.77	20,621	(4,037.34)	(24,363)	57,140
May-14	57,140	13,068.21	1,651.39	14,720	(2,881.94)	(17,591)	51,386
Jun-14	51,386	7,469.97	1,628.82	9,099	(1,781.44)	(20,856)	37,848
Jul-14	37,848	5,159.20	1,578.90	6,738	(1,319.25)	(13,799)	29,468
Aug-14	29,468	4,128.51	1,514.69	5,643	(1,104.87)	(8,045)	25,961
Sep-14	25,961	4,492.09	1,463.36	5,955	(1,169.73)	(6,184)	24,563
Program Year		215,154	18,175	233,329	(45,683)	(211,250)	598,544

(1) Interest is computed each month based on the average monthly fund balance undistributed at the Company's currently authorized rate of return (8.19%)

**ATTACHMENT 2
OREGON LIRAP
Monthly Recap of Number and Amount of Grants
Program Year 12 - October 1, 2013 - September 30, 2014**

Total Grant Disbursements			# of Households or Grants		
Month	<u>Monthly Totals</u>		Month	<u>Monthly Totals</u>	
Oct-13	(16,638.54)		Oct-13	68	
Nov-13	(11,668.80)	<u>2013</u>	Nov-13	50	
Dec-13	(4,813.85)	\$ (33,121)	Dec-13	19	
Jan-14	(26,289.00)		Jan-14	103	
Feb-14	(23,117.84)		Feb-14	83	<u>2013</u>
Mar-14	(37,885.00)		Mar-14	136	137
Apr-14	(24,362.52)		Apr-14	88	
May-14	(17,590.99)		May-14	66	
Jun-14	(20,856.00)		Jun-14	71	
Jul-14	(13,798.70)		Jul-14	53	
Aug-14	(8,045.27)	<u>2014</u>	Aug-14	31	<u>2014</u>
Sep-14	\$ (6,184)	\$ (178,129)	Sep-14	23	654
Oct - Sept Totals	<u>\$ (211,250)</u>		Oct - Sept Totals	<u>791</u>	