



**Avista Corp.**

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February 16, 2022

**Re: Avista Utilities Request for Stakeholder Feedback Regarding its Interim Action Plan per UM 2211**

Greetings,

This letter is intended as an update, and request for feedback, from stakeholders regarding Avista's anticipated compliance with the interim actions proposed in UM 2211. We wanted to provide an overview of the programs that Avista has in place for customers today, our planned interim action, as well as our plans for introducing differential rates into our low-income program under the provisions of HB 2475. This is an informal request for feedback, and Avista will file a more formal update on its interim action plans in Docket No. UM 2211 once input has been received from stakeholders and appropriately incorporated into its plan.

Currently, our Low-Income Rate Assistance Program (LIRAP) has two components: Bill Assistance and an Arrearage Management Program (AMP). LIRAP is administered in partnership with Community Action Agencies (CAAs) within our service area and available to income-qualified customers at 60% State Median Income (SMI). The Bill Assistance is designed to be used in conjunction with LIHEAP and other forms of assistance, as deemed necessary by the administering CAA, to best help the household with their energy costs. The AMP, introduced in late 2021 as a long-term solution to ease the energy burden for customers who accumulate a past due balance, is an incentive-based program that will relieve the customer of 90% of their past due balance for every on time, monthly payment they make towards their current bill and 1/12<sup>th</sup> of the remaining 10% of their arrears over the course of one-year from the time of enrollment in the program (See ADV 1254/Advice No. 21-02-G for more information). In addition to having provisions to help customers with their current bill and any past due balances, Avista's donation-based Project Share is available to help customers experiencing hardship or an energy emergency (i.e. in jeopardy for disconnect due to non-payment). These three programs combined provide a comprehensive and complete suite of offerings to help our low-income customers with the variety of situations they may encounter in terms of affordability and resource constraint.

It is also worth noting that in addition to these programs, Avista's COVID-19 Debt Relief Program fully paid for the arrears of nearly all customers known to be struggling financially prior to and during the pandemic (those that had historically received energy assistance), as well as all customers that contacted the utility seeking assistance between April and August 2021. This additional assistance helped many customers start with a "clean slate" in 2021, with LIRAP's Bill Assistance and AMP then providing continued support for those again encountering past due balances or affordability issues.

With Avista's AMP recently made permanent, it will help to address arrearages that may result from the 2022 heating season. With the AMP and other assistance available, we believe we have fulfilled the desire to take interim action under HB 2475. Avista is the only utility in Oregon offering a permanent AMP and we are certain that the AMP meets the intentions of UM 2211's interim actions. As such, we plan on turning our attention to the development and implementation of a redesigned LIRAP, inclusive of a Bill Discount pursuant to HB 2475.

### **Proposed LIRAP Redesign**

Under the provisions of HB 2475, the Company will work over the next several months to put together a proposal to convert the current grant-based LIRAP to a discount-based program available to income-qualified customers. Having worked over the last seven months to develop such a program for our Washington service territory (proposed to go into effect on October 1, 2023), we now have a foundational understanding of the overall design that we'd like to bring to our Oregon customers. The Bill Discount will be based on reducing a customer's energy burden to six percent or less of household income and will provide a percentage off of the customer's bill to accomplish this energy burden reduction. The percentage amount will be set by the income tier in which a customer falls. As an example, a customer with zero income will receive a higher discount percentage than a customer at the higher end of the income threshold (closer to 60% SMI). This design provides a means for prioritizing the lowest income customers with the highest energy burden and a benefit that is more specific to the customers need.

While we are still working through the details of our proposed LIRAP modifications, we know that along with our Bill Discount, we will also be looking to keep the AMP in place for customers at six percent SMI to the top of the income threshold and introduce an Arrearage Forgiveness offering for customers in the lowest income tier (i.e., zero to five percent SMI).

It is important to note that a Low-Income Needs Assessment (LINA) of Avista customers must be conducted to determine the number of eligible customers, their current energy burden and the amount of discount needed to reduce their burden to six percent or less. This LINA will help us to obtain an understanding of the number of income-constrained customers residing in our

service area and will also provide information as to whether the 60% SMI eligibility threshold should be increased. Avista plans to commission the LINA in February, with results provided in March that will help to inform the appropriate eligibility threshold, income tiers, and discount percentages to be incorporated into its Bill Discount design.

The company plans to make its Bill Discount, and other associated LIRAP revisions, available to customers by October 1, 2022, including a comprehensive marketing campaign and, most importantly, collaboration with the CAAs to ensure alignment and successful implementation of the program. Below is an example of what the resulting low-income offerings may look like, though exact percentage discounts and income tiers are subject to change based on LINA findings:

<b>Affordability</b>	<b>Zero to 60% SMI Bill Discount</b>			
	Zero to 5% SMI 94% discount	6 to 20% SMI 75% discount	21 to 40% SMI 35% discount	41 to 60% SMI 20% discount
<b>Past Due Balances</b>	<b>Zero to 5% SMI Arrearage Forgiveness</b>		<b>6 to 60% SMI Arrearage Management Program</b>	
<b>Hardship/ Emergency</b>	<b>Customers experiencing hardship or energy emergency Project Share</b>			

- Replace grant program with monthly bill discount
- Add an arrearage forgiveness for the lowest income group
- Preserve Emergency assistance (Project Share, donation-based program)
- *This graph is for illustrative purposes only, as income groups and discount percentages will be determined by Low Income Needs Assessment (LINA). Pending the LINA, the income eligibility threshold may change as well.*

Avista presented its plan to the CAAs it partners with to deliver LIRAP on February 15, 2022, and will continue discussions with the CAAs regarding implementation over the coming months. Avista welcomes feedback on its plan, and if stakeholders would like to further discuss, we are happy to set up a call to do so.

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

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy