



Avista Corp.

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March 31, 2022

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3612

Re: ADV 1254 – Avista AMP Modifications Update and Comment Period Notification

Avista Corporation, dba Avista Utilities (Avista or the Company), provides the following information as an update regarding proposed modifications to its Low-Income Rate Assistance Program (LIRAP) Arrearage Management Program (AMP), as well as a notification of the existing comment period regarding these modifications.

On February 28, 2022, Avista filed its “Explanation of Existing Interim Action” (Explanation) pursuant to the guidance provided by Commission Staff in their Interim Action Proposal Update, filed February 1, 2022 in Docket No. UM 2211. In its Explanation, the Company provided information regarding its current energy assistance programs, inclusive of the LIRAP AMP, and explained that its existing programs fully met the intent of interim action by offering a suite of options available to help Avista customers that may be struggling with financial hardships or resource inadequacies.

As a result of continued conversations with its partner Community Action Agencies (CAAs or Agencies) since that time, the Company developed several proposed modifications to its AMP that would help alleviate any burdens the program might be placing on the administering Agencies and would also make the program more accessible to Avista customers. These proposed modifications were presented to the Agencies as well as interested UM 2211 stakeholders as part of Avista’s 6-month AMP implementation update,¹ or “Workshop”, on March 30, 2022. During this Workshop, the Company again provided an overview of its existing energy assistance

¹ As a condition for approval of Avista’s request to make the AMP a permanent offering within its LIRAP (Docket No. ADV 1254), the Company was required to host a workshop with Commission Staff and interested parties six months after the AMP’s October 1, 2021 implementation date, to discuss the AMP’s performance, efficacy, funding metrics and any potential program modifications in a timely and transparent manner.

programs, in addition to its proposed AMP modifications and its future HB 2475 LIRAP Bill Discount. The preliminary findings of Avista's Low-Income Needs Assessment (LINA) were also presented by Empower Dataworks. Presentation materials from the Workshop are provided as an attachment to this informational filing.

Avista solicited feedback and prompted discussion amongst participants throughout the Workshop, as well as sending follow-up correspondence to all attendees, in addition to all contacts on the broader UM 2211 service list. The Company requested that further comments regarding the proposed AMP modifications be received no later than **April 6, 2022** so that Avista can then implement these changes as soon as possible to better assist its CAAs and customers. The Company will continue to work collaboratively with its partner Agencies and any interested stakeholders as it develops its final LIRAP Bill Discount.

Please direct any questions regarding this information to me at (509) 495-7839 or jaime.majure@avistacorp.com.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Policy Analyst



Low-Income Rate Assistance Programs

March 2022

Agenda

Welcome

Background & Current State

Jaime Majure, Regulatory Policy Analyst

Low-Income Needs Assessment (LINA)

Hassan Shaban, Principal, Empower Dataworks

LIRAP AMP 6-Month Update & Proposed Modifications

Ana Matthews, Consumer Affairs Program Manager and Mikaela Terpko, Billing Assistance Analyst

Preliminary LIRAP Bill Discount Proposal

Meeting Objectives

Obtain stakeholder input regarding Avista's Low-Income Rate Assistant Program (LIRAP), including:

- Arrearage Management Program (AMP)
- Bill Discount

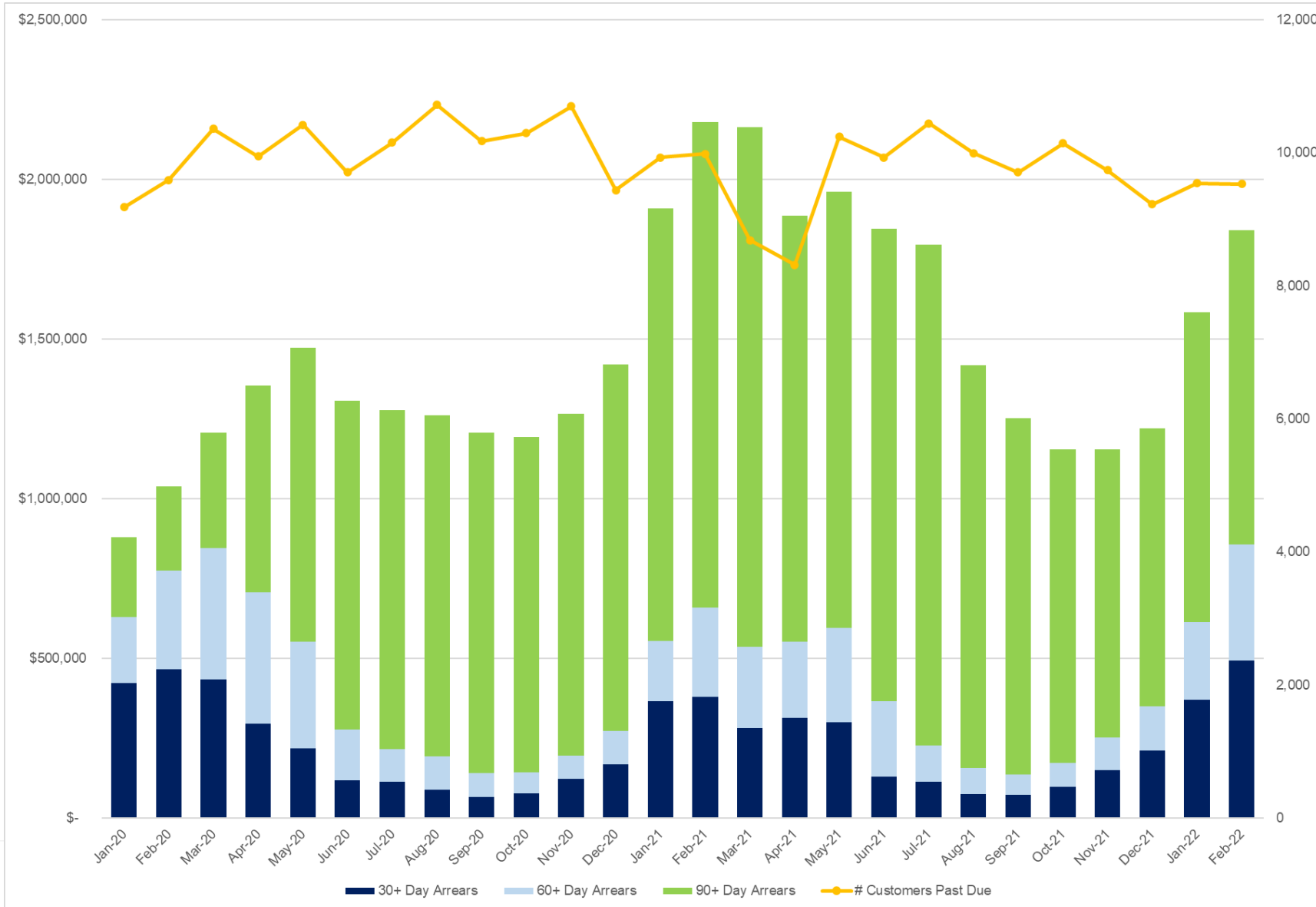
AMP post-implementation update

- Performance, efficacy, funding metrics
- Potential program modifications

Bill Discount

- Proposed differential rate program in response to HB 2475

2020-2022 Residential Arrears



February 2021:

- 9,984 Customers
- \$2.18 Million
- \$393.87 Average

February 2022:

- 9,534 Customers
- \$1.84 Million
- \$311.63 Average

2020-2021 Customer Support



Outreach and Engagement

Compassion in Action
Power of Compassion
Hardship Referrals to agencies



COVID-19 Debt Relief Program

Automatic Grants for known low-income
Forgiveness Grants for all others seeking help with past due balances



Additional Consumer Protections

Collections cancelled for two (2) months if customer pursuing EA
No collections activity if customer has paid at least 10% balance within last 30 days

Bill Assistance Today

Customer Situation	Program	Assistance
Affordability	LIHEAP	Agencies can combine LIRAP, LIHEAP and other forms of assistance to help customer with energy burden
	LIRAP Bill Assistance	Grant-based program Benefit amount determined by LIHEAP Matrix
Past due balance	LIRAP Arrange Management Program (AMP)	12-month incentive program for regular on-time payments (current bill + 10% of arrears amortized)
Hardship or Energy Emergency	Avista Project Share	Grant-based program Helps maintain connection to services or assist with hardship situation

Low-Income Needs Assessment

Preliminary Results
Empower Dataworks

Avista Oregon Low-Income Needs Assessment 2022

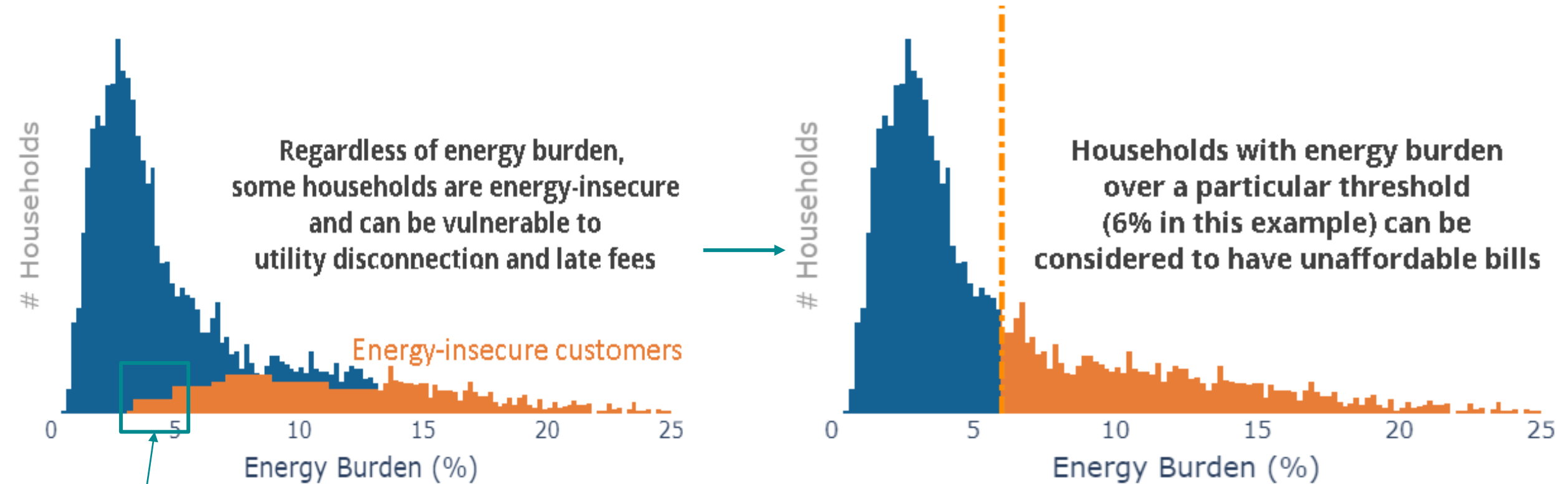
Goal of the assessment is to support Avista's compliance with HB 2475 and LIRAP planning

Why do we need this assessment?

- What is the **energy burden** of Avista customers?
- How do we set concrete **equity goals**?
- Are we underserving any customer segments? How do we **improve outreach**?
- How should we design our energy assistance programs for the greatest **impact**?

Note: "Energy assistance" programs include low-income weatherization and EE.

Energy Burden is a Proxy for Energy Insecurity



Low burden but energy - insecure

Bottom line: The best way to reduce energy insecurity is to target program benefits at customers with the highest burden and lowest incomes.

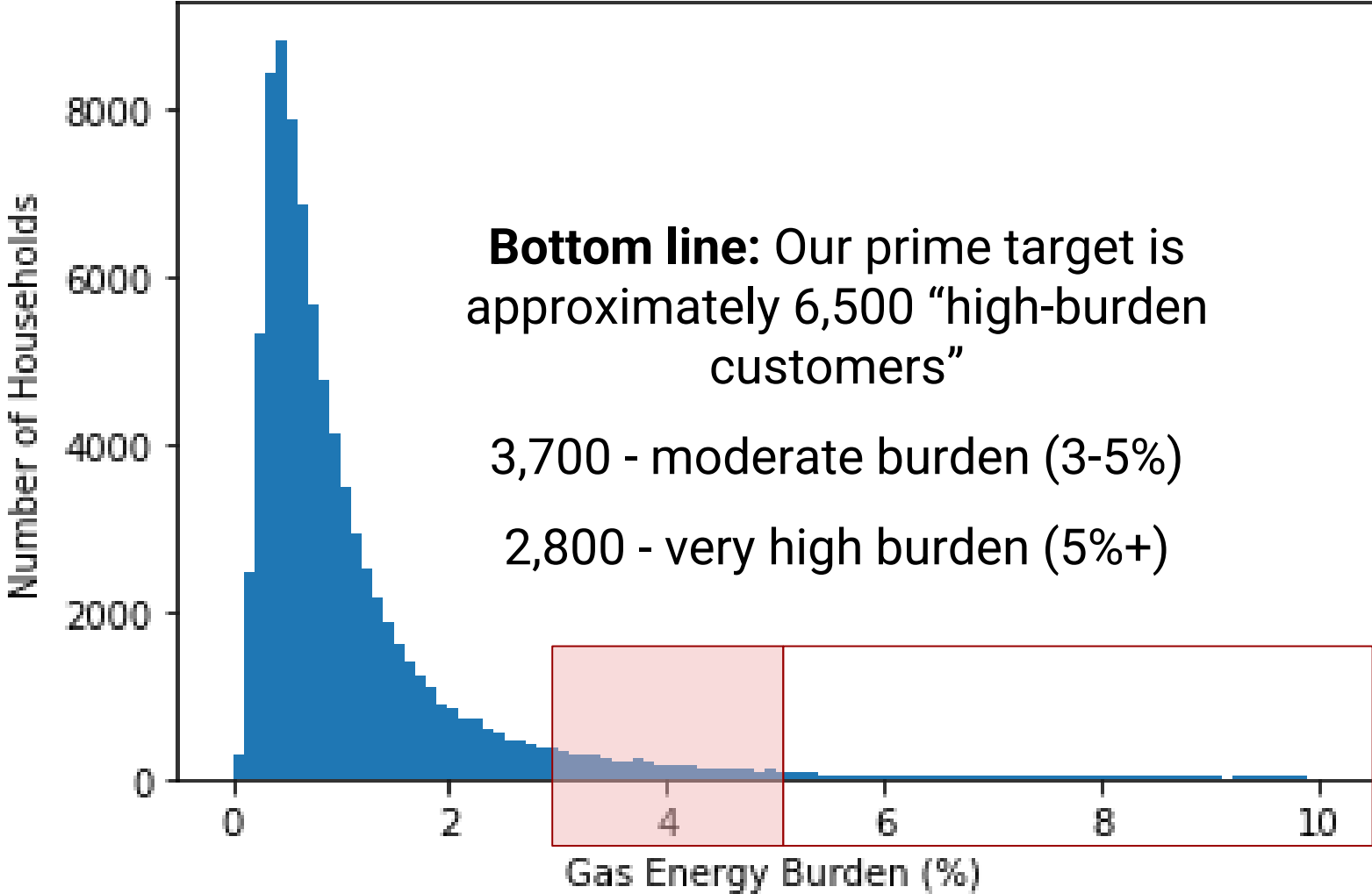
Gas Energy Burden of Avista's Oregon customers

Number of Occupied Households
~86k

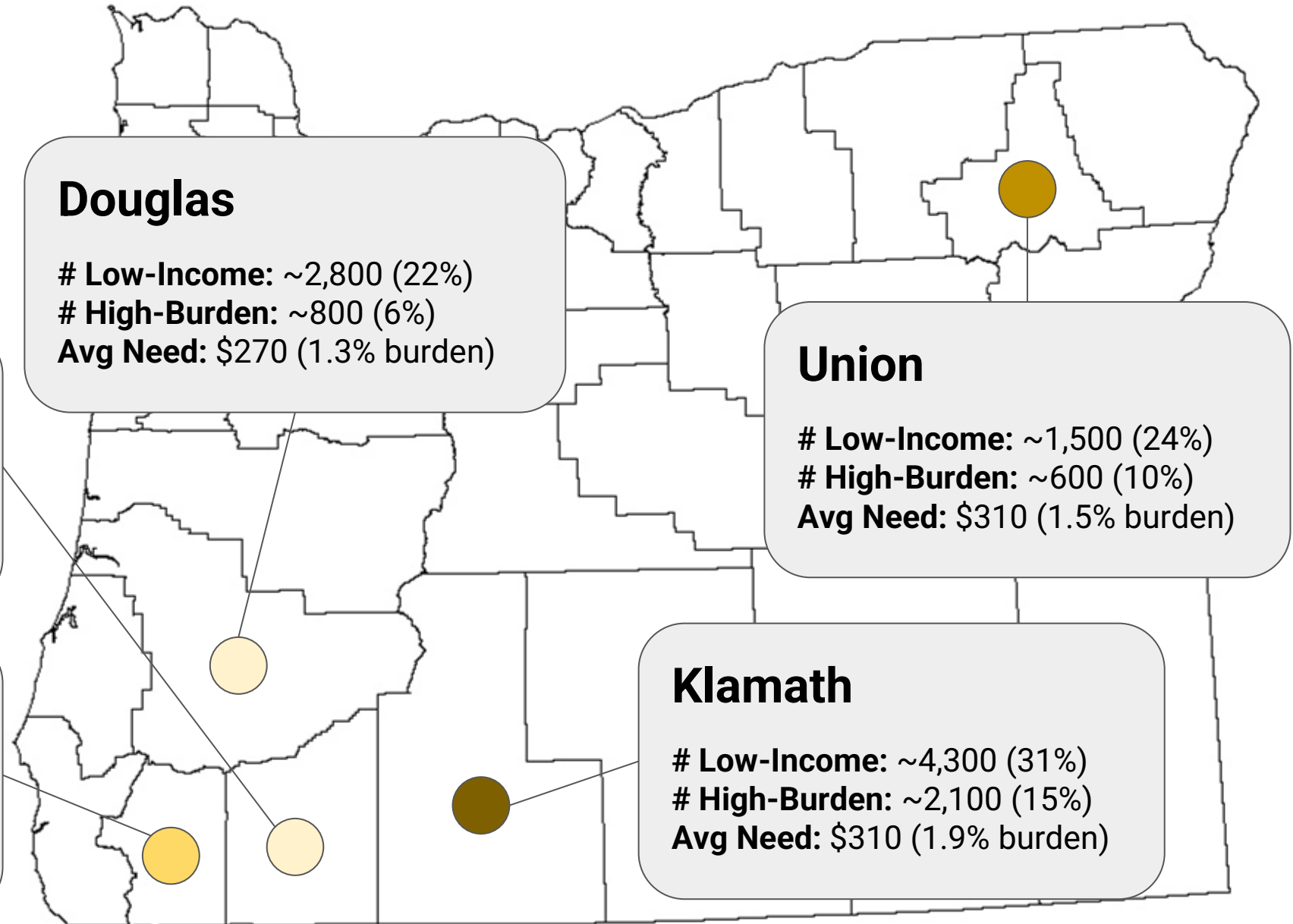
Low Income Households
Under 60% SMI: **~17k**

Gas Energy Burden
Median: **~0.7%**
Average: **~1.3%**

High Burden Households
~6,500



Avista Oregon Gas Energy Burden Overview



Douglas

Low-Income: ~2,800 (22%)
High-Burden: ~800 (6%)
Avg Need: \$270 (1.3% burden)

Jackson

Low-Income: ~6,000 (14%)
High-Burden: 2,100 (5%)
Avg Need: \$260 (1.1% burden)

Union

Low-Income: ~1,500 (24%)
High-Burden: ~600 (10%)
Avg Need: \$310 (1.5% burden)

Josephine

Low-Income: ~2,300 (21%)
High-Burden: ~800 (8%)
Avg Need: \$260 (1.3% burden)

Klamath

Low-Income: ~4,300 (31%)
High-Burden: ~2,100 (15%)
Avg Need: \$310 (1.9% burden)

High-level Assistance Gap

- The total gas energy assistance need for Avista customers in Oregon is approximately **\$1.8M**.
- **45% of this need** is already being distributed through existing programs **and up to 100% of the need** can be met through the re-designed LIRAP, LIHEAP and Project Share.
- The lowest hanging fruit for meeting the need is a targeted program design (as described by Ana later today) followed by strategic outreach and targeted program marketing.

Current gas energy
assistance need

~\$1.8M

Direct gas assistance
spending

~\$0.8M (current)

~\$1.4-1.8M (projected)

Questions?

LIRAP

Arrearage Management Program (AMP)

Implementation Update (ADV 1254)

Avista's Current LIRAP AMP

AMP Program Design

Qualification: Income-qualified Avista residential customer (60% State Median Income) with a past due balance

Benefit: Forgiveness of 90% of customer arrears amortized over a 12-month period with regular, on-time payments.

▪ **Conditions for Participation:**

- ✓ Regular, on-time payments
- ✓ Terminated from the program for two (2) missed payments
- ✓ Available twice every 7 years (3rd enrollment at agency discretion)
- ✓ Maximum benefit of \$500 each enrollment

How the AMP works

Example of AMP Customer Benefit:

A customer has \$300 past due balance (arrears) when enrolled. Under the AMP, the arrears would be divided into two parts:

- (1) 10% of the balance (customer responsibility), and
- (2) 90% of balance (LIRAP incentive)

The amount to be billed to the AMP customer on a monthly basis:

10% of \$300 = \$30/12 months = \$2.⁵⁰/month (to be paid by the customer)

90% of \$300 = \$270/12 months = \$22.⁵⁰/month (to be paid by the LIRAP)

If the customer makes the \$2.50 payment to cover the 10%, in addition to their current monthly bill, they will receive a credit of \$22.50 on their bill towards their past due balance.

At the end of the 12 months, if the customer has made regular on-time payments as requested, they will have paid the full \$30 to cover their 10%, and as an incentive LIRAP will have covered the remaining \$270 (90%).

LIRAP AMP Update



Launched October 1, 2021



Original [high] estimates for PY 2021-2022:

122 customers; \$34,648 spend



Utilization to date: 0 customers

What We've Learned

- Traditional assistance programs are sufficient in helping low-income customers with current and past due balances
 - AMP helpful for those whose arrearage balance is not fully covered by traditional assistance
- Timing (based on annual trends): most bill assistance for Avista natural gas customers occurs around April/May timeframe
- With COVID impacts considered, affordability may be questionable: 10% of arrears amortized over 12 months, plus current bill
- Complexity
 - Individual benefit challenging to convey
 - Customer education, such as affordability

Proposed AMP Modifications

Expand Access

Avista to jointly administer the program, with enrollment based on customer self-attestation

Eligibility Updates:

- Income is within 60% SMI
- Customer Opt-In for Prior EA Recipients – EA within past 3 years
- Categorical Eligibility for Non-EA Recipients – attestation of enrollment in a program with similar income and means-testing to LIHEAP (i.e., Temporary Assistance for Needy Families and/or SNAP)

Participants enrolled by Avista referred to Agencies for possible EA and weatherization

Remove Barriers

AMP no longer available only after all other forms of assistance have been exhausted

Re-enrollment restriction removed (2x/7 years)

Outreach & Engagement

Targeted for direct enrollment

Proposed AMP Modifications – Cost Estimates

2022 Participation & Benefit Estimates:

- Three-year average of calls from customers who receive energy assistance each year: 5,007
 - many of the same customers call multiple times throughout the year

Participant Estimates	Average Benefit	LIRAP Direct Service
3,300	\$282	\$930,600

Discussion



What have been your experiences when introducing changes to existing programs?



How do you think we can best communicate the benefits of the AMP to our customers?

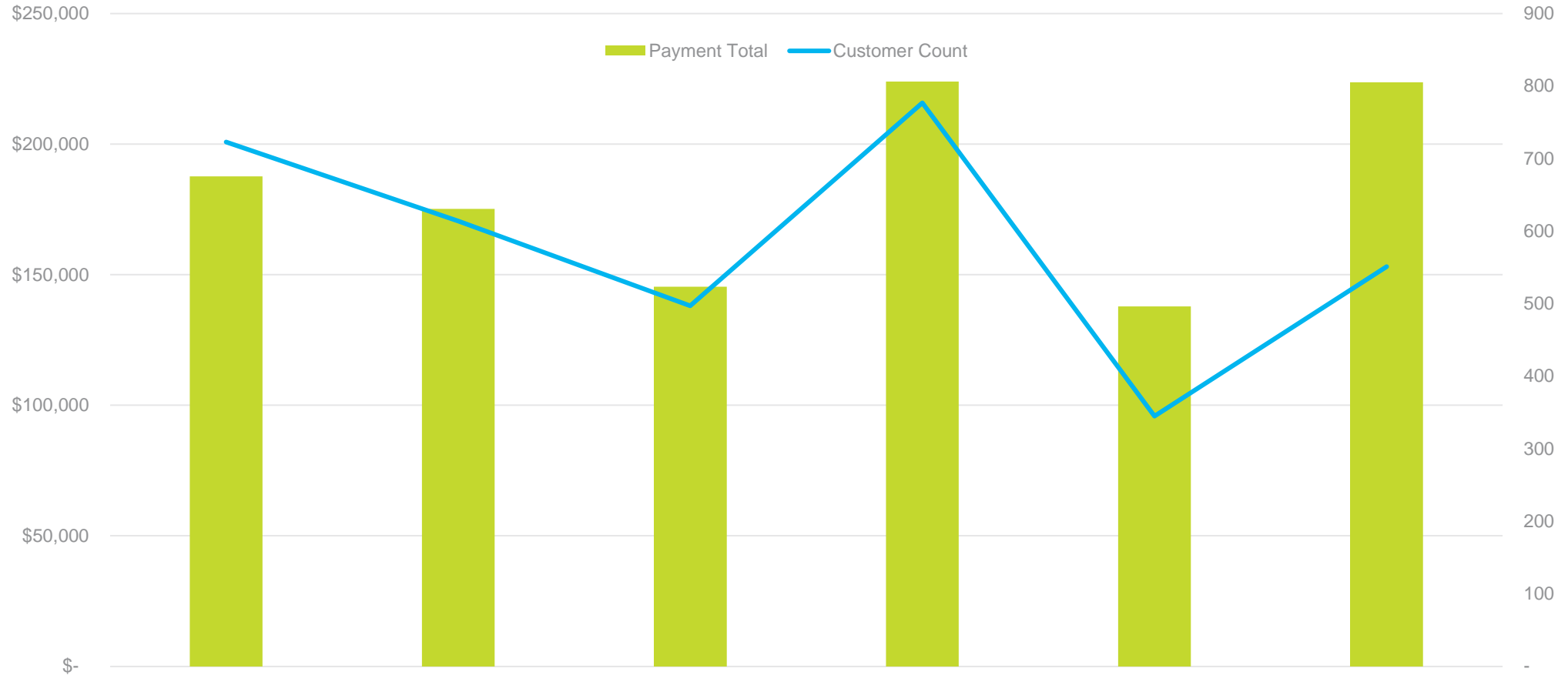


How do we maintain customer satisfaction through the changes?

LIRAP Modifications

Bill Discount with Arrearage Assistance

Potential Cost Impacts: LIRAP 5-Year Grant Activity



	2016	2017	2018	2019	2020	2021
Average Grant Amount	\$260	\$285	\$293	\$288	\$400	\$406

Proposed LIRAP Changes

Affordability	Zero to 60% SMI Bill Discount			
	Zero to 5% SMI 90% discount	6 to 20% SMI 60% discount	21 to 40% SMI 25% discount	41 to 60% SMI 15% discount
Past Due Balances	Zero to 20% SMI Arrearage Forgiveness		21 to 60% SMI Arrearage Management Program	
Hardship/ Emergency	Customers experiencing hardship or energy emergency Project Share			

- Replace grant program with monthly bill discount
- Add an arrearage forgiveness for the lowest income group
- Continue to support hardship/emergency assistance - Project Share, donation-based program

Proposed LIRAP Changes: Bill Discount

Income-Based Bill Discount

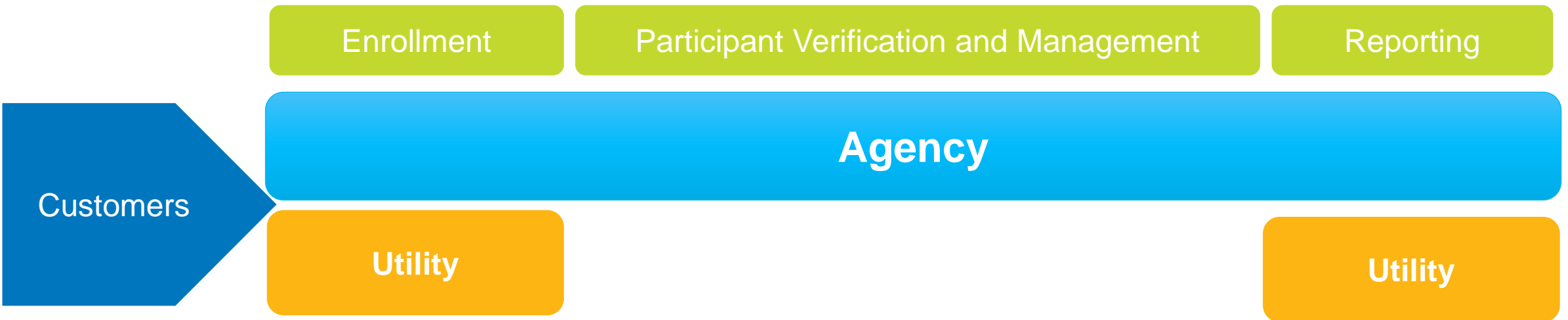
- Addresses affordability with poverty tiers
- Prioritizes lowest income with highest energy burden by providing a greater benefit to households deeper in poverty
- Eligible customers must be grouped by income, with distinct discount per each income range
- May provide assistance in months when it is not needed (e.g., energy burden may be lower than target 3%)
- Provided in addition to federal and other benefits (i.e., LIHEAP)

Proposed LIRAP Changes: Bill Discount, Arrearage Assistance

- Eligibility: Available to all income-qualified customers, 60% SMI
- Benefit: Income-Based Bill Discount

Income Range	Discount	Arrearage Assistance
Zero to 5% SMI	90%	Forgiveness
6 to 20% SMI	60%	
21 to 40% SMI	25%	Arrearage Management Program
41 to 60% SMI	15%	

Proposed LIRAP Changes: Utility As A Point of Access



- Joint service for enrollment in Bill Discount and AMP
- Agencies lead verification
- Reports
 - Agency Reports: enrollment reports and monthly demographic at verification
 - Utility Reports: enrollee reports for agencies and program reporting

Proposed LIRAP Changes: Ease in Access to Benefit

- Self attestation
 - Customer attests to both or either:
 - The household income
 - Qualification for program that is similar in eligibility requirement(s) and screening rigor to LIHEAP
 - Attestation can be completed by completing simple form or verbally
 - Verification Options
 - All customers must send documentation to their local agency within the first six months of enrollment to remain on the program
 - After a few years of operation, the verification process may shift to a reduced percentage of enrollees being audited after a year+ of implementation
 - Utility will provide enrollment reports to agencies
 - Agencies to conduct verification, re-certification and aggregate reporting of X% of utility enrolled participants

- Two-year certification once verified

Example: Monthly Bill Discount Benefit, by Tier

Example Discount Percent	Current Bill	15% Discount		25% Discount		60% Discount		90% Discount	
		LIRAP Discount	Bill After Discount	LIRAP Discount	Bill After Discount	LIRAP Discount	Bill After Discount	LIRAP Discount	Bill After Discount
October	\$67	\$10	\$57	\$17	\$50	\$40	\$27	\$60	\$7
November	\$115	\$17	\$98	\$29	\$86	\$69	\$46	\$104	\$12
December	\$146	\$22	\$124	\$37	\$110	\$88	\$58	\$131	\$15
January	\$123	\$18	\$105	\$31	\$92	\$74	\$49	\$111	\$12
February	\$98	\$15	\$83	\$25	\$74	\$59	\$39	\$88	\$10
March	\$82	\$12	\$70	\$21	\$62	\$49	\$33	\$74	\$8
April	\$50	\$8	\$43	\$13	\$38	\$30	\$20	\$45	\$5
May	\$31	\$5	\$26	\$8	\$23	\$19	\$12	\$28	\$3
June	\$21	\$3	\$18	\$5	\$16	\$13	\$8	\$19	\$2
July	\$18	\$3	\$15	\$5	\$14	\$11	\$7	\$16	\$2
August	\$19	\$3	\$16	\$5	\$14	\$11	\$8	\$17	\$2
September	\$30	\$5	\$26	\$8	\$23	\$18	\$12	\$27	\$3
Total	\$800	\$120	\$680	\$200	\$600	\$480	\$320	\$720	\$80

Example: Average Annual Benefits, 60% Discount (6 to 20% SMI, LIHEAP Recipient)

	Natural Gas Customer
Average Annual Bill (tax not included)	\$800
Average LIHEAP Benefit	(\$257)
Balance after LIHEAP Benefit	\$543
LIRAP Bill Discount	(\$326)
Cost after Bill Discount	\$217
Tax 3%*	\$6.50
Customer Annual Costs w/Bill Discount	\$210.50

*Medford Tax Rate

Potential Cost Impacts: LIRAP Bill Discount Direct Service Estimates

Income: State Median Income	Estimated Eligible Customers	Annual Bill Discount Benefit	Program Saturation	Participants	Total LIRAP Direct Service Costs
Zero to 5%	944	\$603	34%	321	\$193,539
6 to 20%	2,832	\$402	34%	963	\$387,078
21 to 40%	5,204	\$168	22%	1,145	\$192,340
41 to 60%	8,007	\$120	11%	881	\$105,692
			Total:	3,310	\$878,649

Potential Cost Impacts: LIRAP Bill Discount with Increased Numbers Served

Estimates for Current – 5, 10, 20, and 40%
program penetration

Program	5% Served		10% Served		20% Served		40% Serve	
	Customers Served	Total Direct Service Amount	Customers Served	Total Direct Service Amount	Customers Served	Total Direct Service Amount	Customers Served	Total Direct Service Amount
Bill Discount	849	\$224,985	1,699	\$450,235	3,397	\$900,205	6,795	\$1.8M

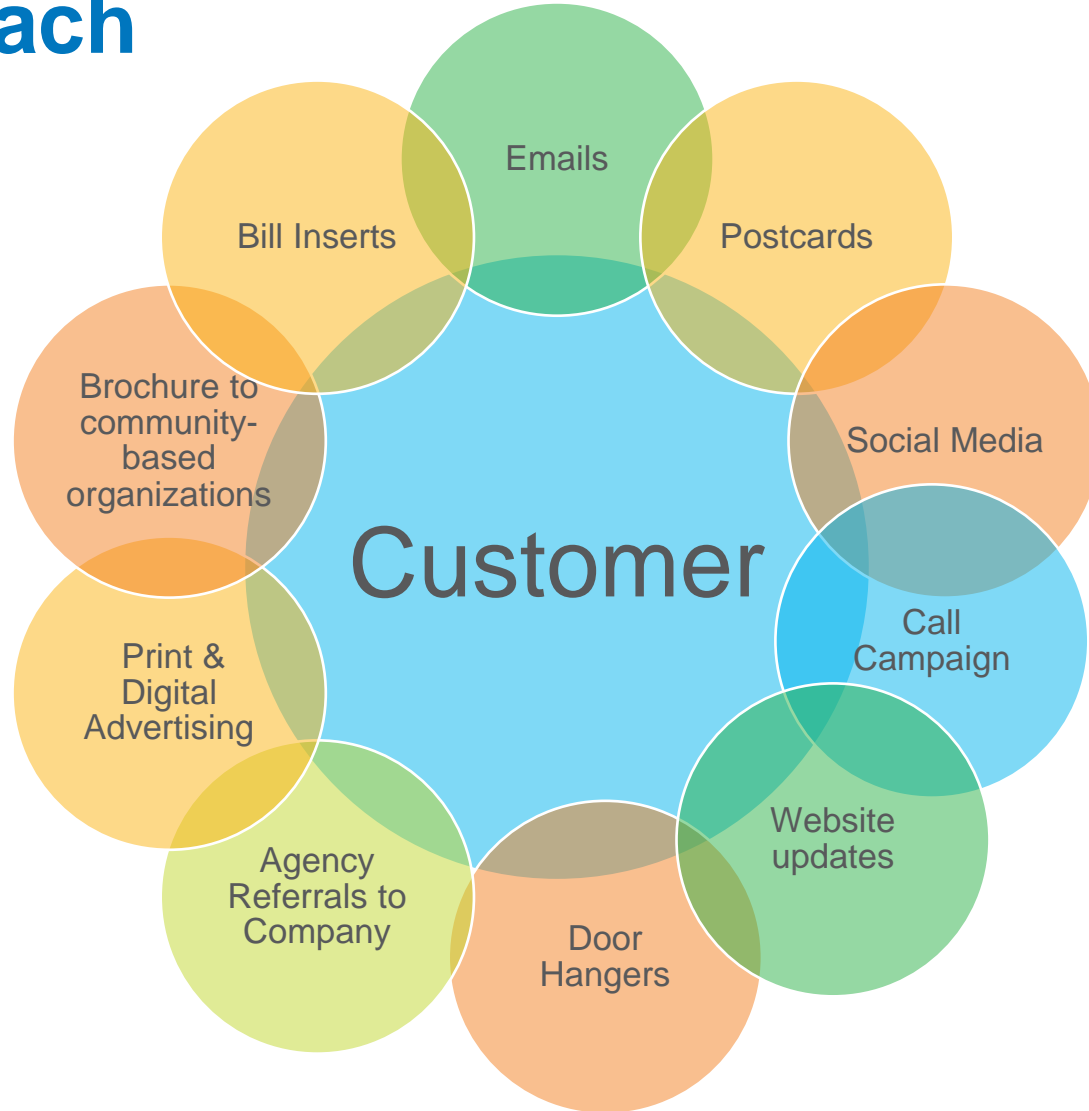
\$265 average benefit was used for these assumptions; it is an estimate based on current program rates for the different tiers

Potential Cost Impacts: LIRAP Arrearage Assistance Direct Service Estimates

Program	Participant Estimates	Benefit	Hardship/Arrearage Direct Service
Forgiveness Zero to 20% SMI (23% of eligible population)	759	\$282	\$214,038
AMP, 90% 21% SMI+ (78% of eligible population)	2,574	\$253	\$651,222
Total	3,300		\$865,260

- Assume first year of Bill Discount implementation year to be highest usage of arrearage programs
- Benefit based on average past due balance of customers who have received assistance and debt relief previously

Outreach



Dynamic and ever
changing

Adjust and ramp
up/down

Discussion



How will the current design have an affect on the affordability for highly burdened customers?



In moving from a grant-based program to a monthly discount what are the factors we should be considering?



In addition to our regular and expanded outreach strategies, are there other activities we could be doing?

~Thank You~