ITEM NO. RA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 23, 2021

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** **March 25, 2021**

DATE: March 16, 2021

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and Michael Dougherty **SIGNED**

SUBJECT: AVISTA UTILITIES:
(Docket No. ADV 1237/Advice No. 21-01-G)
Proposes Schedule 473, Residential Debt Relief Program.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Avista Utilities' (Avista or Company) request to create Schedule 473, Residential Debt Relief Program, effective with service rendered on and after March 25, 2021, on less than statutory notice (LSN) and further direct Avista to:

1. Conduct a review with interested stakeholders on the implementation of Avista's Debt Relief Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed;[1] and

2. Host a workshop with interested stakeholders, within 45 days of the Schedule 473 effective date, on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.

[1] Committed refers to the cumulative amount allocated within the AMP program.

DISCUSSION:

Issue

Whether the Commission should approve Avista's Advice No. 21-01-G, which creates new Schedule 473, Residential Debt Relief Program, in accordance with the Stipulation approved in Order No. 20-401, effective with service rendered on and after March 25, 2021.

Applicable Law

Oregon Revised Statute (ORS) 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220; Oregon Administrative Rules (OAR) 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

In Order No. 20-401 the Commission approved a Stipulated Agreement in Docket No. UM 2114. Paragraph 18 of the Stipulated Agreement states as follows:

> Each Utility, prior to resuming disconnections, will establish a program to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts. The program may identify and waive residential arrearages at an initial one-time funding amount of at least 1 percent of each utility's 2019 Oregon retail revenues (approximately $39 million combined total for all utilities), not to be increased without prior Commission approval…On or before October 1, 2022, Parties can propose a process to address any unspent funds if the Utility program covers arrearage forgiveness in accordance with the Utility's funding addendums and funds are remaining. Utilities may include program costs and uncollectible expense identified in deferral tracking.[2]

[2] Staff notes that these funds are in addition to any low-income assistance programs that certain customers will be able to obtain through Community Action Agencies (CAA) or counties.

Analysis

Background
On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency due to the public health threat posed by COVID-19. Governor Brown also directed Oregonians to stay at home to the greatest extent possible in Executive Order No. 20-12 (March 23, 2020). The state of emergency has been extended, most recently, in Executive Order 21-05 (February 25, 2021) through May 2, 2021, unless extended or terminated earlier by the Governor.

On June 9, 2020, the Commission conducted a special public meeting on the "Impact to Utility Customers during the COVID-19 Pandemic and Future Economic Recovery." As a result of this meeting, Docket No. UM 2114 was opened to address the challenges caused by the COVID-19 Pandemic. A Stipulated Agreement in Docket No. UM 2114 for the energy utilities was approved by the Commission in Order No. 20-401 on November 5, 2020 (Agreement or Stipulation).

The Stipulation requires that energy utilities establish an arrearage management program prior to the resumption of residential disconnections. As written, Paragraph 4 of the Stipulation states, "[f]or residential customers the Utilities may resume the 15-day disconnection notice (in accordance with OAR 860-021-0405) on April 1, 2021." [3] However, Paragraph 4 also specifies that "[t]he Commission will have ongoing oversight to determine whether to extend the April 1, 2021 date to a later date based on ongoing economic and pandemic conditions." On February 23, 2021, after comment and discussion from interested parties, the Commission adopted Staff's recommendation to extend the disconnection moratorium to June 15, 2021; and, further directed Staff to report back to the Commission in mid-May, 2021 regarding the moratorium and whether additional changes should be considered.[4]

Arrearage Management Plan (AMP) Principles and Guidance
Neither the Agreement nor Commission Order No. 20-401 in Docket No. UM 2114 establishes specific program criteria for review of a filed AMP. On consideration of the basic goal for the UM 2114 investigation – to mount an integrated, timely, well-informed response to the pandemic – Staff developed principles and guidance for its review of arrearage management plans and has shared these principles during discussions on the various utility filings. In light of increasing arrearages for residential customers and

[3] UM 2114, Order No. 20-401, Appendix A at 13.
[4] UM 2114, Order No. 21-057.

the great need for utilities to reach out to customers most affected by the pandemic, these principles and guidance include:[5]

- A well-defined, sophisticated Outreach Plan that reaches as many customers as possible and that includes:
    - Priority to communities (zip codes) with the highest number of customers in arrears.
    - Communications in languages that are prevalent in the company's service territory.
    - Partnering with community-based organizations to provide information on Arrearage Management programs.
    - Information on resources that can assist customers from falling into arrears.
- Prioritization of funds should be directed to customers as follows:
    - To those customers enrolled in low-income programs (LIHEAP, OEAP, OLGA, LIRAP, OLIBA) and ensure that these customers are not disadvantaged by program requirements.
    - To customers in the 91+ day arrears followed by those in 61+ day arrears.
    - To customers on medical certificates.
- Harmonization of using AMPs with extended time-payment arrangements (TPAs) when possible and practical.
- Evenhanded treatment of similarly-situated customers.
- No programs should result in an ending credit on a customer's account.
- No programs should provide arrearage funding support to customers not in arrears.
- Include a review with Staff and interested stakeholders of the implementation of a company's Bill Assistance Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed.

[5] These principles were not formally provided to the energy utilities although several have been discussed in meetings with the utilities. The principles are listed here as the first formal enunciation.

- Include workshops with interested stakeholders on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic within 45 days of the tariff effective date.

- Provide accurate and timely reports to PUC staff and interested stakeholders. A minimum of two reports prior to the mid-May Public Meeting Check-in with the Commission.

Staff believes this set of principles will help to guide both the analysis of and the implementation of the programs.

The principles were distributed to the Companies in early March. While similarities can be found in all of the proposed programs, there are notable differences. Staff recognizes that each Company has a distinct service territory and the respective customer bases have different characteristics. Staff does not seek to be overly prescriptive in AMP structure, to the extent that the individual programs align with the principles set forth above.

Avista's Debt Relief Program
On February 3, 2021, Avista filed its Tariff Advice No. 21-01-G, requesting approval to create new Schedule 473, Residential Debt Relief Program. After discussions with Staff, Avista filed a supplemental application to revise the effective date from March 15 to March 25, 2021, allowing Staff and the Company more time to work on the details of the program. Subsequently, on March 3, 2021, the Company filed a revised version of the tariff that lowered the maximum amount of relief under the Forgiveness Grant and eliminated the Hardship Grant, which provided assistance to customers not yet in arrears.

Avista residential arrears totaled $1.42 million in December 2020, with approximately 81 percent of customer arrears falling into the 91+ days arrearage category. In accordance with the level of funding available to utilities for arrearage management programs under the Stipulation,[6] up to one percent of Avista's 2019 Oregon total retail revenues, equaling approximately $889,890, will be available to fund the Company's program costs, as outlined below.

As proposed in Advice No. 21-01-G, Avista's Debt Relief Program would provide two debt relief options to residential customers whose accounts are in arrears. Those two options are as follows:

[6] UM 2114, Order No. 20-401, Appendix A, at 18.

1. Automatic Grant – A one-time grant intended to forgive arrearage balances, not to exceed $1,500, for customers with a proven history of low-income program eligibility, as determined by customer receipt of Energy Assistance (EA) within the previous 24 months.

2. Arrearage Forgiveness Grant – A one-time grant intended to forgive arrearage balances, not to exceed $1,000, for customers that have not received EA within the previous 24 months, yet are experiencing financial hardship due to COVID-19. The customer is expected to make any possible payments to decrease account balance, or to set up suitable payment arrangements if able, prior to the offering of this grant.

Both programs require customers to be more than 31 days in arrears to receive a benefit. Each eligible customer may receive funding up to the maximum amounts as described above, however, neither option may leave a credit on a customer's account. The programs are mutually exclusive, based on whether or not the customer has received EA in the previous 24 months. Those who have received EA will receive the Automatic Grant upon the Company's review,[7] while customers who have not may still be eligible for the Arrearage Forgiveness Grant.

Staff finds that these parameters are consistent with several of the AMP principles set forth above.

Staff notes that Avista's original proposed Schedule 473 included a third option, the COVID-19 Hardship Grant. This option would have assisted customers, not yet in arrears but expressing financial difficulties to the Company, with a grant up to $200 intended to prevent them from accumulating a past due balance. However, due in part to existing arrears exceeding available program funds and on consideration of the aforementioned AMP principles[8] that Staff discussed with the Company after its filing, Avista filed replacement sheets for the tariff that limit funds to customers already in arrears and remove the COVID-19 Hardship Grant from the Debt Relief Program offerings.

The Company expressed that the maximum benefit amounts set forth above are intended to meet the needs of 99 percent of customers who find themselves in arrears and not exclude those who may have been most severely impacted from the pandemic.

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[7] The Company will review all residential customer accounts on April 1, 2021; *see* Advice No. 21-01-G.
[8] Staff notes that the AMP Principles provided in this docket were not distributed to the utilities prior to the Company's initial filing.

The following table shows the distribution of residential customers in arrears based on amounts past due as of January 2021.[9]

Table 1 – Oregon Customer Arrears Balances

OREGON RESIDENTIAL CUSTOMERS IN ARREARS		
Past Due Balance	**Count of Accounts**	**% of Representation**
$1,500+	7	0%
$1,000-$1,500	46	1%
$500-$1,000	450	5%
$250-$500	1,085	12%
$100-$250	2,222	25%
$100 and below	5,120	57%
Grand Total	8,930	100%

Staff Review
Staff initially learned of Avista's proposed residential bill assistance program (Debt Relief Program or Program) offerings when the Company discussed its intended bill assistance options with stakeholders at a December 17, 2020, UM 2114 Arrearage Management Workshop.

After this initial workshop, Avista presented its Program in greater detail to stakeholders at a February 1, 2021, workshop. Shortly thereafter, Avista filed its proposed tariff on February 3, 2021.

Staff remained actively involved in the stakeholder process, including but not limited to development and solicitation of internal and external feedback on Avista's Program. Staff conducted several calls with Avista, provided feedback to the Company on its initial tariff proposal, and issued 14 information requests. Further, Staff has been continuously reviewing the comprehensive monthly arrearage reports required by Order No. 20-401 as they become available.

Staff Objectives
The Stipulation adopted in Order No. 20-401 provides a broad range of customer protection measures, including a moratorium on disconnections, the waiving of late fees until 2022, and the creation of funding for arrearage management programs meant to prevent bad debt from accumulating on utility accounts. Staff's overarching objective in supporting adoption of these measures is to mitigate the sustained economic hardship brought on by an unprecedented global pandemic as it affects utility customers.

[9] Avista Response to Staff IR No. 2b.

As described in the Stipulation, the role of an arrearage management program is to "identify and manage residential customer arrearages associated with the pandemic to prevent bad debt [from] accumulating on utility accounts." That being said, there are a myriad of ways in which any of the companies might best achieve this purpose. Following the approval of Docket No. ADV 1233/Advice No. 21-01[10] and the filings of the remaining five Utilities' bill assistance programs, it became clear that each Utility was approaching program design quite differently. Due to the wide range of designs and in an effort to structure a thorough review without being unnecessarily restrictive in recommendations to the utilities and the Commission, Staff developed a set of AMP principles and guidance. Thus, in the absence of foresight and the novelty of the pandemic's impacts, Staff acknowledges that there is not yet, if ever, a one-size-fits-all approach to AMPs.

Staff further notes that Order No. 20-401 allows for the costs of the Company's Debt Relief Program to be tracked and recorded for future rate recovery in Avista's COVID-19 deferral.[11] This means that funds used to relieve current arrears (and prudently incurred incremental program costs tracked separately), will be collected in rates to be determined at a future date and implies potential impacts for all Avista customers.

Avista Residential Arrears

A critical piece in evaluating the reasonableness of Avista's proposal is to understand the amount and distribution of residential arrearage data. The Figures below depict the changes in Avista residential arrears in 2020.

[10] Portland General Electric Company's Residential Bill Assistance Program.

[11] Avista's COVID-19 deferral can be monitored through Docket No. UM 2069. Avista's quarterly COVID-19 report can be monitored through Docket No. RG 89.

Figure 1 – Avista Residential Arrears Jan 2020 – Jan 2021

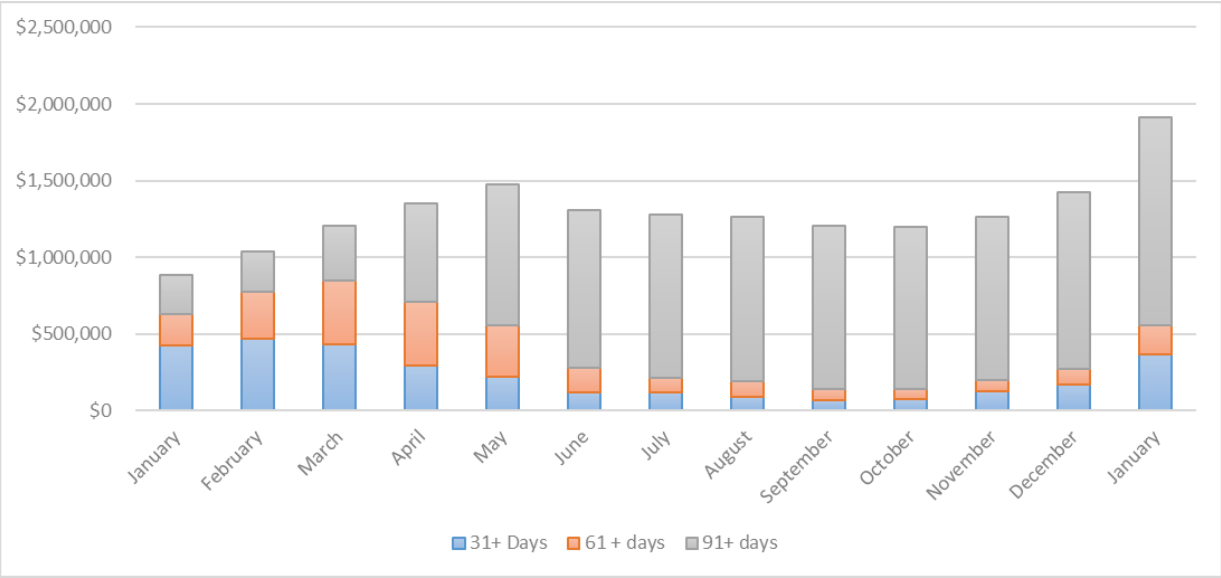

Figure 2 – Avista Average Residential Arrears Jan 2020 – Jan 2021

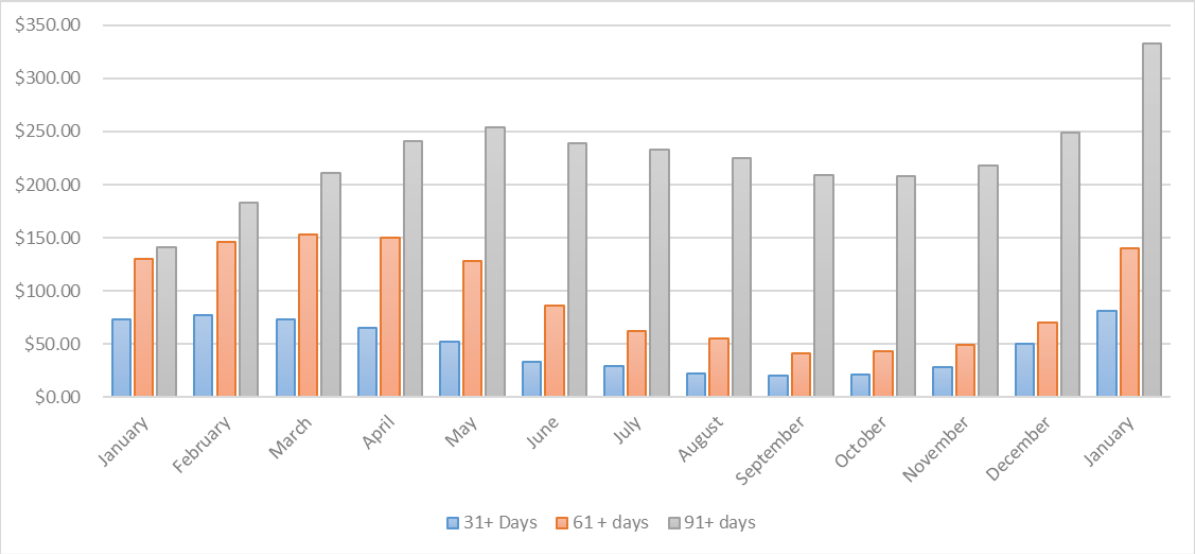

Figure 3 Residential Arrears Distribution – 91+ Days Jan 2020 – Jan 2021

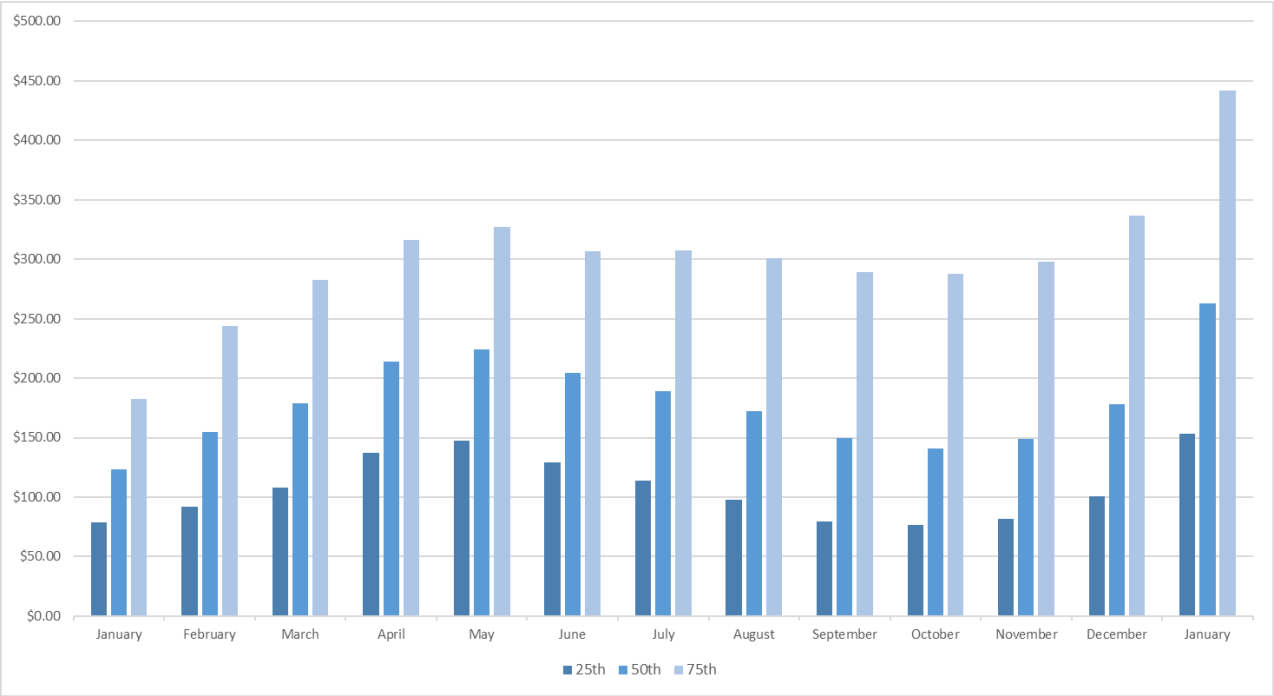

Table 2 – Residential Arrears Distribution

	January 2020			January 2021		
Balance	**31-60 Days**	**61-90 Days**	**91+ Days**	**31-60 Days**	**61-90 Days**	**91+ Days**
25th Percentile	$ 32.41	$ 78.16	$ 78.68	$ 40.11	$ 82.00	$ 153.32
50th Percentile	$ 67.52	$ 120.49	$ 123.57	$ 76.71	$ 130.34	$ 262.90
75th Percentile	$ 101.94	$ 169.95	$ 182.59	$ 111.65	$ 183.16	$ 441.81
Maximum	$ 464.93	$ 571.81	$ 883.36	$ 1,346.83	$ 773.67	$ 2,764.29

Data points include:

<u>31+ Days Segment, January 2020 to January 2021</u>

- Customers in Arrears – Decreased by 1,324 (22.72 percent)
- Residential Arrears – Decreased by $58,625 (13.85 percent)
- Average Residential Arrears – Increased by $8.34 (11.48 percent)

<u>61+ Days Segment, January 2020 to January 2021</u>

- Customers in Arrears – Decreased by 236 (14.84 percent)
- Residential Arrears – Decreased by $17,754 (8.58 percent)

- Average Residential Arrears – Decreased by $9.56 (7.35 percent)

<u>91+ Days Segment, January 2020 to January 2021</u>

- Customers in Arrears – Increased by 2,306 (130.58 percent)
- Residential Arrears – Increased by $1,106,331 (443.17 percent)
- Average Residential Arrears – Increased by $191.64 (135.57 percent)

Based on the data there is a clear trend in customer arrearages becoming concentrated in the 91+ days' arrears category as a result of the COVID-19 pandemic. This suggests that many customers impacted by the COVID-19 pandemic have fallen further and further behind, and continue to experience financial hardship.

As seen in Figure 1, in January 2020, prior to the pandemic, 28.4 percent of residential arrears were over 91+ days. The number of occurrences in the 91+ days category steadily increased through September of 2020 with slight declines in subsequent months and most recently registering at approximately 71 percent of residential arrears. This percentage, while less than the September peak of 88.4 percent, is still significantly higher than pre-pandemic conditions and does not reflect a decrease in arrearage debt overall. On the contrary, in the most recently available data, total arrears are at a peak at $1.9 million. Growing balances overall, and increases in all three, 31+, 61+ and 91+ day categories indicate that fewer payments are being made both to reconcile past due balances and pay monthly bills in general. Staff continues to have concerns over customers falling deeper and deeper into debt.

The total number of Avista residential customers in arrears increased by 746 (8.12 percent) between January 2020 and January 2021, from 9,184 to 9,930. Approximately, 41 percent of customers are more than 91 days in arrears, of which 23 percent have more than $500 in past due balances.

The number of Avista residential customers in arrears was 9.95 percent in December 2020 (9,391 out of 94,931 customers). The total average arrears balance increased from $96.29 in January 2020 to $192 in January 2021.

Based on authorized Program funding of $889,890 and January 2021 residential arrears of more than $1.9M, Avista can meet approximately 46.6 percent of the current need without implementing matching programs or using any state or federal support funds such as LIHEAP.

As shown in the Table 3 below, impacts across zip codes in Avista's service territory are relatively consistent with the Company's Oregon statistics as a whole. When reviewing percentages of arrears and average balances across communities in Avista's service

territory, comparisons between zip codes may be limited to the extent customers are disproportionately distributed throughout the service territory. For example, zip code 97497 has only one Avista customer while zip code 97501 has over 4,000.

Table 3 - January 2021 Residential Zip Code Arrearage Data

Residential Customer Accounts in Arrears					Percent in Arrears	Average Arrears	Percent in 91+ day Arrears	91+ day Average Arrears
Zip Code	31-60	61-90	91+	Total Accts				
97417	43	0	27	70	51.9%	$ 181.36	20.0%	$ 325.64
97432	2	2	2	6	26.1%	$ 124.65	8.7%	$ 220.39
97442	9	0	7	16	21.6%	$ 219.61	9.5%	$ 389.20
97457	181	0	91	272	48.1%	$ 165.07	16.1%	$ 319.55
97462	15	9	13	37	35.2%	$ 215.04	12.4%	$ 388.01
97469	37	0	29	66	51.6%	$ 228.09	22.7%	$ 394.09
97470	248	87	237	572	35.6%	$ 180.39	14.8%	$ 303.40
97471	275	63	184	522	32.6%	$ 181.20	11.5%	$ 345.64
97479	75	23	60	158	30.4%	$ 180.87	11.5%	$ 329.04
97495	20	9	18	47	32.9%	$ 201.58	12.6%	$ 320.66
97496	76	13	72	161	33.1%	$ 175.65	14.8%	$ 293.13
97497	1	0	0	1	100.0%	$ 94.08	0.0%	$ -
97501	774	225	558	1557	37.6%	$ 184.89	13.5%	$ 343.54
97502	278	85	244	607	29.8%	$ 192.26	12.0%	$ 341.58
97503	114	50	115	279	36.3%	$ 174.69	15.0%	$ 298.27
97504	413	132	390	935	30.1%	$ 202.57	12.6%	$ 342.43
97520	168	50	213	431	27.6%	$ 189.69	13.6%	$ 298.29
97524	121	41	90	252	30.2%	$ 162.00	10.8%	$ 267.78
97525	42	14	41	97	36.5%	$ 201.57	15.4%	$ 331.78
97526	320	102	282	704	32.2%	$ 172.90	12.9%	$ 285.83
97527	187	75	245	507	36.1%	$ 192.99	17.4%	$ 307.19
97530	42	8	19	69	23.6%	$ 163.56	6.5%	$ 391.54
97535	55	20	40	115	30.3%	$ 192.12	10.5%	$ 374.39
97537	35	11	22	68	30.6%	$ 184.33	9.9%	$ 364.55
97539	8	3	7	18	36.0%	$ 158.92	14.0%	$ 341.32
97540	51	29	55	135	23.1%	$ 162.25	9.4%	$ 254.50
97601	252	106	361	719	32.9%	$ 205.63	16.5%	$ 322.90
97603	393	118	351	862	32.9%	$ 219.78	13.4%	$ 394.44
97623	0	1	3	4	28.6%	$ 208.64	21.4%	$ 271.51
97627	8	3	5	16	32.0%	$ 169.84	10.0%	$ 324.17
97632	5	2	8	15	30.6%	$ 170.68	16.3%	$ 229.69
97634	0	1	1	2	20.0%	$ 278.89	10.0%	$ 400.55
97824	8	0	7	15	22.4%	$ 134.00	10.4%	$ 185.81
97827	19	0	30	49	30.8%	$ 217.45	18.9%	$ 321.08
97841	2	0	2	4	16.0%	$ 141.85	8.0%	$ 120.86
97850	195	67	198	460	36.1%	$ 239.57	15.6%	$ 414.04
97867	7	2	11	20	33.9%	$ 324.47	18.6%	$ 520.68
97876	1	0	3	4	28.6%	$ 222.20	21.4%	$ 282.93
97883	20	7	27	54	31.2%	$ 201.21	15.6%	$ 334.02
Total	**4,500**	**1,358**	**4,068**	**9,926**	**33.2%**	**$ 192.40**	**13.6%**	**$ 315.24**

Prioritization of Funds
As noted above, the Stipulation language approved in Order No. 20-401 states that the purpose of the arrearage management programs is to, "identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts."

Staff notes that while the purpose of the Bill Assistance Program is not to create an additional low-income assistance program that limits eligibility based on traditional assistance household income qualifiers, there is evidence that workers in occupations with lower wages were disproportionally displaced by the COVID-19 crisis.[12] Additionally, community stakeholders have repeatedly expressed that certain low-income and Black, Indigenous, and People of Color communities are more vulnerable to the economic and health impacts of the COVID-19 pandemic. Staff has made efforts to address these concerns, in part, among Staff AMP principles, directing utilities to prioritize assistance for customers enrolled in low-income programs, with longer past due balances, and those on medical certificates.

Further, due to the majority of arrears falling in the 91+ days category, and the substantial increase in average residential customer arrears that has occurred as a result of the pandemic, Staff is acutely aware of the importance for prioritization of funding for customers with the greatest level of debt (and potential to become bad debt) and risk of disconnection.

Staff initially identified concerns with the level of prioritization in Avista's proposed Bill Assistance Program; however, these have largely been remedied in the version of the tariff that was ultimately filed, as discussed below.

Avista's initial tariff included provisions for the offering of a Hardship Grant to customers who are not presently in arrears. As originally proposed, customers who were not currently behind on their electric bill could receive funds to prevent them from going into arrears. While Staff appreciates that arrearage prevention is important – and would have no concern with Avista or other utilities setting up a separate, shareholder or voluntary contribution fund to assist such customers – Staff believes that providing bill assistance to customers before they are past due does not align with the Stipulation approved in Order No. 20-401, nor does it provide for appropriate prioritization of funds. As there are currently more 91+ days' arrears than available funding, Staff finds it

[12] https://research.stlouisfed.org/publications/economic-synopses/2020/07/14/which-earnings-groups-have-been-most-affected-by-the-covid-19-crisis#:~:text=In%20conclusion%2C%20workers%20in%20occupations,unemployment%20rate%20increased%20to%205.34.

inappropriate to prioritize spending on customers who are not currently in arrears at this time.

The latest Avista Schedule 473 tariff proposal also mitigates a concern Staff had regarding the maximum benefit amount offered in the Forgiveness Grant. Staff expressed concern over the initial $1,500 maximum in this option, which seemed excessive when reviewing arrearage balances and to what extent that level of benefit was actually needed. Staff worked with Avista and found that reducing the Forgiveness Grant benefit maximum to $1,000 would not significantly impact the Program's ability to provide full debt relief options to eligible customers in arrears.

Avista's Debt Relief Program employs a degree of targeting to low-income households by means of the Automatic Grant which requires a customer to have received Energy Assistance in the last 24-months. However, the Company's Forgiveness Grant is available to any customer experiencing hardship due to COVID-19 regardless of a history of EA. In a Staff information request, the Company provided a forecast of estimated program commitments for the first 12 months the program is in effect and indicated that approximately 16 percent of funds is expected to be administered through the Automatic Grant while 58 percent will be available through the Forgiveness Grant.[13]

Avista reported[14] that between January 1, 2020 and February 15, 2021, 473 accounts have received Energy Assistance. Among these accounts, there is a total balance of $82,504 and an average arrearage balance of $174. The Company also expressed that administering the Automatic Grant using customer energy assistance history enables them to alleviate financial burden for a customer segment that is likely to be unduly burdened by the pandemic. Avista also notes that the 24-month time frame was intended to be more inclusive to customers who unable to apply for EA due to the effects of the pandemic in 2020.

Avista indicated that its objectives for the Debt Relief Program are to relieve financial burden, ease access to benefit, and to the extent possible, fully forgive past due balances for customers experiencing financial difficulty due to COVID-19. Staff notes that Avista has expressly maintained its intention to provide customers with a grant-only program. In responses provided to Staff, the Company has pointed out that match programs may spread funds across a greater number of customers anecdotally, but the

[13] As noted early, a third option was removed in replacement sheets filed March 3, 2021, that would have offered assistance to customers not yet in arrears. Staff felt removing this option would be prudent given the limited funds available and growing arrear total balances. Subsequently, Staff developed the Bill Assistance Program principles and guidance, which included restricting the use of authorized funds to customers actively in arrears.
[14] OPUC Staff IR No. 3b updated 3/10/2021.

reality of that is contingent upon customers' ability to pay. The Company has provided materials describing how the grants will be administered and how payment will be pursued to the extent that a customer indicates they have the funds to do so. As such, while Staff approves of and supports matching programs in other utilities' bill assistance programs and believes that customers who are able to pay for some portion of their arrears should be encouraged to do so, Staff also supports Avista's grant-only approach to provide an immediate remedy to pending arrears balances.

Staff engaged Avista in several discussions regarding the Company's program structure and found merit in the application of an automatic benefit to provide immediate financial relief to a distinct customer group. Staff further finds that this practice aligns with the AMP principle that companies should prioritize funds to customers with a history of energy assistance.

The Company's method of providing full arrearage relief as needed is one of many strategies to mitigate an arrearage problem amid a pandemic with many uncertain impacts. Further, Staff respects that utilities may have a more intimate knowledge of the needs in their specific service territories and accepts Avista's assertions that a traditional matching program may not be the best option for assisting customers in their communities.

Staff supports Avista's approach to provide automatic and immediate financial assistance to known communities of need by targeting EA recipients while remaining inclusive of all customers experiencing financial hardship due to COVID-19. Staff is also supportive of Avista's efforts to encourage those who can contribute towards their arrears to do so via customer engagement, while providing options for those who are unable to do so. These methods align with the AMP principles and guidelines outlined earlier in this memo.

Coordination with Other Assistance Options
Avista's Debt Relief Program is designed to be inclusive of all Oregon residential customers with an account balance of at least 31 days past due expressing financial hardship due to COVID-19. The Company has expressed that both the Automatic Grant and Forgiveness Grant are intended to provide substantial debt forgiveness to qualifying customers and that any remaining balances are likely to create minimal challenges for customers that enroll in an extended TPA for up to 24 months.

Avista communicated its intentions to ease customer access to benefits other than through Schedule 473 by including contact information to Community Action Agencies and Energy Assistance such as Low-Income Home Energy Assistance Program (LIHEAP) and Low-Income Rate Assistance Program (LIRAP) in their marketing

materials for the Debt Relief Program. Company Customer Service Representatives will also provide customers with cold transfers to these agencies as needed. Avista has also given advance notice of the Company's plans to propose a permanent AMP offering to be incorporated into its existing LIRAP later in 2021, to provide an additional tool to assist low-income customers.

Staff finds these practices properly accommodate customers who have already made efforts[15] to pay down their past due balance into the AMP program and align with other payment assistance options available in its service territory.

Outreach, Marketing, and Communications
In large part, the success of Avista's proposed Debt Relief Program will rely on the Company's ability to effectively promote and enroll eligible customers in the appropriate Debt Relief Program offering. The Company has made updates to its digital platforms to increase the accessibility of assistance to customers. In addition to direct emails and inserts to customers, Avista plans to place advertisements in local publications to help inform customers that bill assistance is available.

Throughout the process, Staff and stakeholders have expressed strong interest in first reaching out to customers who have been most directly affected by the pandemic. This helps ensure that there is enough funding for these customers. To address this, Avista intends to prioritize customers whose accounts have fallen furthest behind in arrears. At the time of the Company's initial filing, the Commission had not yet extended the date on which utilities may resume issuing disconnection notices from April 1, 2021 to June 15, 2021. As such, Avista planned to include information about the Debt Relief Program in the 30-day notification required by the Stipulation.[16] However, with the extension of the disconnection moratorium, Avista will begin the first round of targeted communications on April 1, 2021, following the approval of their Debt Relief Program. The Company's describes a staggered approach for sending outreach materials, initially aimed at those 91+ days in arrears. Subsequent rounds will be sent first to customers that are 61+ days past due, then those 31+ days past due, providing for intervals in the targeted groups until the Company has reached out to all customers with delinquent account balances.

Given the limited funds of the program, Staff is supportive of the staggered outreach approach and agrees with the Company's assertion that this strategy will help ensure that those most in need are afforded the greatest access to program benefits without

[15] Enrolled in a TPA.
[16] Order No. 20-401 requires that utilities notify customers with past due balances at least 30 days before issuing a 15-day notice of disconnection of: 1) the resumption of utility service disconnections and late fees, and 2) all flexible payment options that are available to avoid disconnects. *See* Appendix A, at 12.

unduly precluding others who are also experiencing financial hardship due to COVID-19 from participating. As evidenced by the trend in the proportion (and total) of arrears in the 91+ days category, there is a large group of customers that struggle to make payments. Staff supports Avista's commitment to first contact customers who are 91+ days behind, and plans to track how customers are utilizing available funds to ensure that the customers with the greatest need are able to access these funds.

In terms of language accessibility, Avista collects and analyzes language data annually and assesses the need for consideration of alternative language materials. Most recently the analysis showed that approximately 5.1 percent of Avista's Oregon customers speak languages other than English, with Spanish being the language most predominant among those customers. As such, Avista will be providing its Debt Relief Program materials in both English and Spanish and continues the regular business practice of employing Spanish-speaking customer service representatives. In the event customers require additional language assistance, Avista utilizes a third-party translation service for all other customers. Staff finds Avista's efforts to provide language accessibility to be thorough and on-going and is supportive of the current and planned practices.

To promote participation beyond traditional outreach, Avista has made efforts to expand customer engagement using partnerships with CAAs in their service area. The Company met with partner CAAs in early 2021 to discuss the Debt Relief Program proposal and encourage the agencies to refer any customers with past due balances to the Company for assistance once the Program is operational. Avista plans to keep the CAAs informed of any changes to the Program, and will notify the agencies immediately following Commission approval. Debt Relief Program marketing materials will be forwarded to partner CAAs and the Company invites the agencies to share the information with any partner Community Based Organizations (CBO) within the CAA's service areas. Additionally, Avista is in the process of working internally with Program Managers and Regional Business Managers to establish a list of potential CBOs to whom Debt Relief Program information can be distributed.

Staff supports Avista's plans to work with community-based organizations and other stakeholders to provide information on its Debt Relief Program to customers. Staff hopes that these partnerships will help Avista apply an equity lens in rolling out its Debt Relief Program and promote participation while enhancing the customer experience.

To further refine these efforts, Staff recommends that the Commission require Avista to host a workshop with interested stakeholders and community-based organizations within 45 days of the effective date of Schedule 473. The purpose of the workshop is to discuss how Avista can work with these groups to target program outreach and

encourage participation among those groups who have been disproportionately affected by COVID-19. Staff believes that community-based organizations and other residential customer advocates who have direct, daily, interaction with vulnerable populations should be best suited to help Avista conduct targeted outreach to eligible customers.

Stakeholder Feedback/Participation
As noted above, many different entities attended workshops and provided feedback to Staff and the Company, either directly or through their participation in larger workshops. Staff appreciates that stakeholders have been deeply involved throughout the UM 2114 investigation and Stipulation implementation process, participating in numerous workshops and providing meaningful feedback and recommendations. These stakeholders include (though are not limited to): Community Action Partnership of Oregon (CAPO), Community Energy Project (CEP), Northwest Energy Coalition (NWEC), and Oregon Citizens' Utility Board (CUB).

While no stakeholders have filed written comments at the time of preparing this memo, Staff solicited feedback on Avista's proposal from several residential customer-focused stakeholders. The message from these stakeholders was varied, but remained largely supportive of Avista's grants and higher benefit maximums; however, there were some concerns that there was no-matching option included in the program.

Staff will monitor and attempt to quickly react to how Avista's Program is being utilized by customers, and agrees that Avista should also monitor and make adjustments to the Program in as timely a manner as possible, if necessary, to ensure that funds are being allocated appropriately. To Staff's knowledge, this will be the first time that the utilities are operating a large scale AMP program (particularly one that is not-exclusively available to low-income customers).

To mitigate potential unintended inequities or ineffective bill assistance options it is imperative that Avista work with stakeholders to collect and report relevant and necessary data on how program funds are allocated, and to whom. As noted above, Staff is recommending that Avista host a workshop with interested stakeholders to discuss how best to partner with community and residential customer focused organizations to target its Program outreach efforts to those groups or communities that have been disproportionately affected by the pandemic. In such a workshop, Staff expects that stakeholders and the Company will also determine what data collection and reporting on such efforts is necessary to effectively evaluate the success of these programs. Example data metrics may include zip code and voluntary demographic data.

If approved by the Commission, Avista's Debt Relief Program will be one of the remaining five energy utility AMPs set to deploy this year. As such, it is imperative that

Avista be willing to adapt the programs as necessary. Staff recommends that the Commission require that Avista and interested stakeholders conduct a review of Avista's Debt Relief Program no later than the time at which 50 percent of funds are committed/expended.

Staff believes this allows for a sufficient cushion (50 percent expenditure would mean approximately $445,000 of the authorized funds are still available for assistance), which allows Avista to implement its Program as soon as possible for those who are able to take advantage of the current Program offerings, while also providing for flexibility to adapt the program based on its level of success and learnings from Oregon's five other regulated utilities' design and implementation of their assistance programs.

Effects of Filing
Avista's Advice No. 21-01-G requests approval to create a new tariff schedule, Schedule 473, Residential Debt Relief Program. In accordance with the Stipulation approved in Commission Order No. 20-401, Schedule 473 will be available to all residential customers who develop arrears of more than 31+ days.

It is unknown how many customers will utilize Avista's Debt Relief Program; however, the Program may provide up to $889,890 in arrearage forgiveness to eligible customers, and will run through either September 30, 2022, until the Company reaches the spending limit, or until the Commission otherwise approves termination of the program.

This filing does not lead to an increase or decrease in customer rates, or change Avista's revenue at this time; however, as noted above, program funds and prudently incurred incremental expenses to provide this AMP will be tracked for later recovery in Avista's COVID-19 Deferral.

<u>Conclusion</u>

Based on the circumstances outlined above, and Staff's review of the Company's filing, Staff concludes that Avista's Residential Debt Relief Program is in compliance with the Stipulation approved in Order No. 20-401 and meets the Arrearage Management Plan Principles outlined in Staff's memo.

Staff recommends that the Commission approve the Company's tariff as proposed in Advice No. 21-01-G. As the Company submitted extended the effective date and filed replacement sheets in cooperation with Staff recommendations, Staff finds there is good cause to approve this tariff filing on LSN, subject to the aforementioned conditions. The Company has reviewed this report and has no objection.

PROPOSED COMMISSION MOTION:

Approve Avista's Advice No. 21-01-G, which creates Schedule 473, Residential Debt Relief Program, effective with service rendered on and after March 25, 2021, on with less-than-statutory-notice and direct Avista to do the following:

1. Conduct a review with interested stakeholders on the implementation of Avista's Debt Relief Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed; and

2. Host a workshop with interested stakeholders within 45 days of the Schedule 473 effective date on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.