



Avista Corp.

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February 3, 2021

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

RE: Advice No. 21-01-G – Avista Utilities Schedule 473, Residential Debt Relief Program

Filing Center:

Pursuant to OAR 860-022-0025(1), attached for filing with the Public Utility Commission of Oregon (Commission or PUC) is an electronic copy of Avista Corporation's, dba Avista Utilities (Avista or the Company), filing of its proposed new tariff sheets, P.U.C. OR No. 5:

**Original Sheet 473
Original Sheet 473A**

The primary purpose of this filing is to introduce and implement Schedule 473, "Residential Debt Relief Program" (Debt Relief Program), in compliance with Order No. 20-401 in Docket No. UM 2114.

I. BACKGROUND

On June 9, 2020, the Commission conducted a Special Public Meeting, titled, "Impact to Utility Customers during the COVID-19 Pandemic and Future Economic Recovery." As a result of the Public Meeting, the PUC assembled a team of representatives from across the state to collaborate in addressing various aspects of the COVID-19 challenge. After a thorough investigation consisting of data collection and workshops between June 30, 2020 and September 3, 2020, Docket No. UM 2114 was opened as the "Commission's Investigation into the Effects of

the COVID-19 Pandemic on Utility Customers”, and Commission Staff (Staff) released its Final Report in this docket, entitled “COVID-19 Aftermath[:] Actions to Protect Customers”, on September 21, 2021. Appendix A to Staff’s Report, “Oregon Non-Binding Term Sheet – Energy Utilities” (Term Sheet), provided a description of “the basic terms and conditions to be included in a stipulation waiving hearing rights that would address the disconnection of utility services and the imposition of late fees due to the COVID-19 pandemic.”¹ On September 24, 2020, in its Order No. 20-324, the Commission authorized Staff, and the affected energy utilities and stakeholders, to execute stipulations incorporating the Term Sheets that were developed during the UM 2114 investigation. Finally, on November 5, 2020, the “Stipulated Agreement on the Effects of COVID-19 Pandemic on Energy Utility Customers” (Stipulation), inclusive of the Term Sheet provisions as endorsed by Avista and the other parties to the proceeding was approved by the Commission in its Order No. 20-401.

With the filing of this proposed Debt Relief Program, Avista intends to address provision 18 of the Stipulation, which states:

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 amount of at least 1% of each utilities’ 2019 Oregon retail revenues (approximately \$39 million combined total for all utilities), not to be increased without prior Commission approval. Eligibility and funding amounts for each Utility will be specified in addendums to this Term Sheet. On or before October 2, 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 as described below.

¹ Appendix A to Staff’s Report, at pg. 1



II. AVISTA DEBT RELIEF PROGRAM PROPOSAL

The Company identified the following key parameters as essential in providing financial relief to our customers who have experienced economic hardship due to COVID-19, and who have accumulated pandemic-related arrears:

- Reduced administrative burden for the Community Action Agencies (CAAs or Agencies) serving Avista's service territory;
- Ease in customer access to the benefit;
- Keeping customers connected to natural gas service;
- Appropriate prioritization of low-income and/or vulnerable populations;
- Personalized solution to assist customers experiencing financial hardship with arrears;
- Alignment with, or complimentary to, existing or future Energy Assistance (EA) programs (i.e. Low-Income Home Energy Assistance Program (LIHEAP), Avista's Low-Income Rate Assistance Program (LIRAP) and Project Share); and,
- Majority of the funding is used to directly assist customers with unpaid, past due balances associated with COVID-19.

To fully address the considerations above, Avista proposes to utilize the Debt Relief Program funds for three program components, as described in further detail below. Please note that customers are only eligible to receive one component of the Debt Relief Program, therefore the three grant types listed herein may not be duplicated or combined. A summary of these components is as follows:

- 1) An automatic, one-time COVID-19 Arrearage Forgiveness Grant (Automatic Grant), not to exceed \$1,500, for customers with proven history of low-income program eligibility (customer has received EA within previous 2 years).
- 2) An Arrearage Forgiveness Grant (Forgiveness Grant), not to exceed \$1,500, for customers that have not received EA within the past 24 months yet are expressing a financial hardship due to COVID-19. The Forgiveness Grant will only be offered *after* the Company has been unable to set up suitable payment arrangements with the customer and has attempted to obtain *any* payment amount from the customer. Any payments made by the customer will



decrease the arrearage balance to be forgiven; however, payment is not required for a customer to be eligible for a Forgiveness Grant.

- 3) A COVID-19 Hardship Grant (Hardship Grant), not to exceed \$200, to assist customers expressing financial difficulties and keep them from accumulating a past due balance.

Avista also recognizes that additional long-term solutions are needed within its existing energy assistance offerings to help ease customers' energy burden and provide greater assistance to those customers that find themselves perpetually behind on their utility bills. The Company plans to propose that an Arrearage Management Program (AMP) be incorporated as a permanent offering in its Low-Income Rate Assistance Program. If approved, the AMP will provide a continued benefit for low-income customers who have accumulated arrears in amounts that are not sufficiently addressed by the existing grant programs alone. The Company anticipates making a tariff filing for the AMP's inclusion as a permanent LIRAP offering later in 2021, with a proposed effective date of October 1, 2021.

Avista's Debt Relief Program will be operational from March 15, 2021 through September 30, 2022, with a group of specially-trained Customer Service Representatives (CSRs) administering the program. While the possibility of multiple grants was explored during the creation of the Debt Relief Program, the Company ultimately designed its offerings with the intention of fully eliminating the arrearage balances from as many customer accounts as possible, thereby delivering a "clean slate" for each customer that receives bill relief assistance. Avista believes that the magnitude of the grants proposed will provide the most value in fully relieving a customer's arrearage debt, so the customer can then focus on only current energy charges, and concentrate their efforts instead on any additional COVID-19 complications they may be facing. The Company also recognizes that there may be more accumulated arrearage debt than bill assistance dollars when the moratorium on disconnections expires on April 1, 2021,² and developed the Debt Relief Program with potential uptake percentages in mind to ensure that the largest possible number of customers will be assisted wholly and completely.

² Based on the Company's arrearage data as of December 31, 2020, filed with the Commission in Docket No. UM 2114 on January 20, 2021, the allotted \$889,890 for the Debt Relief Program equates to approximately 62.5% of the \$1,420,491 total residential arrearage balance.



The estimated Avista funding to be distributed, one percent of 2019 revenue as determined by the Company’s 2019 Commission Basis Report (CBR), is approximately \$889,890. The Company proposes that ninety-five percent (95%) of the funding be spent on direct services to assist customers, and up to five percent (5%) of the funding may be used to administer the program and to promote the availability of financial assistance throughout the Company’s service area. Avista will defer, and later seek recovery of, all associated program costs not otherwise included in rates in accordance with Commission Order No. 20-378 in Docket No. UM 2069. The Company will file with the Commission, prior to October 2, 2022, a proposed process to address any funds left unspent at the Debt Relief Program’s September 2022 conclusion.

1. Automatic Grant

For its first immediate bill assistance strategy, the Company proposes an instant debt relief option for customers who have received Energy Assistance within the past two years and who have an arrearage balance on their Avista account. To do this, Avista will review all residential customer accounts on April 1, 2021, and administer an Automatic Grant to qualifying customer accounts. The amount of the Automatic Grant will be the full past-due balance due on the customer’s account, not to exceed a maximum amount of \$1,500, and not to result in a credit on the account. Recipients of the Automatic Grant will receive a letter informing them of the arrearage assistance being credited to their account. Based on the Company’s actual arrearage data as of December 31, 2020, the table below illustrates that approximately 727 customers currently qualify for the Automatic Grant, owing a combined total of approximately \$141,512. After the distribution of the Automatic Grant, there would be approximately \$703,884 available for the remaining two components of Avista’s Debt Relief Program. The Company understands that these numbers will be different in April 2021 and will continue to track existing customer balances to ensure its proposed program offers an appropriate delegation of funding.

Residential Oregon Arrears	
	EA Within the Past 24 Months*
Number of Accounts	727
Past Due Total	\$ 141,512
Past Due Average	\$ 195

*Customer has received LIHEAP or LIRAP since 10/01/2018.



2. Arrearage Forgiveness Grant

As a second element of its Debt Relief Program offerings, the Company proposes a Forgiveness Grant, again not to exceed \$1,500, to be provided to customers that contact Avista and express a financial hardship related to COVID-19. Such customers will be provided with the option of a payment arrangement, per usual Company process. If the customer expresses inability to commit to any arrangements, the Company will inquire as to whether the customer is able to pay anything at all towards their unpaid, past-due balance. If the customer is able to make a payment or commit to payment arrangements, such payments will be used to decrease the arrearage balance, and the remaining balance will be forgiven via the one-time Forgiveness Grant. If the customer is unable to make a payment, the Company will provide a one-time Forgiveness Grant to cover the existing arrearage balance. The Forgiveness Grant amount will cover all arrears accumulated on the customer's account, minus any customer payments, and will not result in a credit on the account. As of December 31, 2020, approximately 9,440 residential customers in Oregon have past due balances, with arrears totaling \$1,420,491 (note this includes the arrearage balances of customers that received energy assistance within the past two years).

3. Hardship Grant

The third Debt Relief Program component is a Hardship Grant, to be provided in instances where a customer's account balance may not yet be delinquent, but the customer is experiencing difficulty in paying their bill and is unable to commit to suitable payment arrangements with the Company. This Hardship Grant is available to customers whose inability to pay or set arrangements would have otherwise resulted in their account moving into a past-due status, thereby initiating the Company's collections process and, without further resolution, a potential disconnection of natural gas service. The grant amount, not to exceed \$200, is intended to assist with short-term stabilization of the household and to prevent the potential accumulation of bad debt on the customer's account. While the Hardship Grant will only be provided to customers in rare instances of immediate crisis or hardship, the Company believes that having a small grant available to customers that are having to choose between paying for energy services and other essential needs such as prescriptions or groceries is a critical offering during the continued COVID-19 economic impact.

III. OUTREACH AND REPORTING

Recognizing that the economic implications of the COVID-19 pandemic have caused some customers to find themselves in the new and unfamiliar position of needing financial assistance to pay their bills, Avista has sought to raise awareness about the availability of bill assistance, in addition to its billing and payment options, throughout 2020. The Company made prominent updates to its Energy and Payment Assistance web page,³ sent emails to customers, had print advertisements placed in local publications, and included inserts in both the June 2020 and February 2021 bills. To inform customers of its upcoming Debt Relief Program offerings, Avista will conduct proactive targeted outreach to its Oregon customers, which may include, but is not limited to, emails, phone calls, text messages, print and/or digital advertisements. The messaging will focus on billing and payment options as well as the availability of bill assistance, including the new Debt Relief Program offerings, and contain prompts to contact the Company to discuss the available options.

While all components of the Debt Relief Program will be implemented at the same time, Avista's outreach strategy is to prioritize customers whose accounts have fallen the furthest behind, therefore putting them at a higher risk of service interruption. To accomplish this, the Company plans to utilize a staggered approach for sending the outreach materials described above. First, as required by provision 3 in the Stipulation, the Company's 30-day notification to all customers with past due balances will include mention of the Debt Relief Program and an urging to contact the Company to discuss the assistance options available. Next, the first round of targeted communications to customers, anticipated to begin by March 15, 2021, will be aimed at those that are the furthest past due: customers with balances that are 91+ days overdue. Customer email communications will be utilized, for those customers with a valid email address on file with the Company, as well as print and digital advertisements, customer newsletters via bill insert, and updates to Avista's website. During this time, the Company will also provide these outreach materials to its local Community Action Agencies for distribution to customers. Subsequent rounds of email communication will then be sent, in one-week intervals, first to customers that are 61+ days past due, then to those 31+ days past due, until the Company has reached out to all customers

³ <https://myavista.com/about-us/our-community/assistance-programs>



with delinquent account balances. This timeline will ensure that all outreach material is provided to affected customers prior to the resumption of the collections process. Avista believes that not only will this strategy ensure that those most in need of financial assistance are notified in an appropriate timeframe, but it will also help to mitigate an abrupt increase in call volumes that could potentially occur if all Oregon customers with arrears were to receive communications simultaneously and call the Company for assistance.

Additionally, while Avista is hopeful that the above Debt Relief Program will provide sufficient support for customers impacted by the COVID-19 health and economic crisis, the Company is also instituting an additional temporary step within its existing collections process to provide an added barrier against service interruption. For customers whose account balances have gone past due, Avista will conduct an outbound automated call prior to the customer progressing through the collections process; if unable to reach the customer, the collections process will then resume, inclusive of the notification requirements provided in OAR 860-021-0405. These callouts will be in addition to the callouts that occur at the end of the collections process, and are intended to connect the customer with a CSR to discuss payment arrangement or bill assistance options, and may possibly result in issuance of a Debt Relief Program grant or connection to applicable Energy Assistance for qualifying customers.

Reporting

In addition to the reporting requirements outlined in Commission Order No. 20-401, Avista will provide quarterly reporting on the amount of assistance that has been provided throughout the implementation of the Debt Relief Program, inclusive of the number of customers receiving each grant, corresponding benefit amounts and information regarding the minimum and maximum benefit amounts.

IV. CONCLUSION

Avista respectfully requests that its proposed tariff Schedule 473, Residential Debt Relief Program, be made effective for services on or after March 15, 2021 to allow time for program implementation and appropriate customer communications prior to the anticipated end of the disconnection moratorium on April 1, 2021. If you have any questions regarding this filing, please contact Jaime Majure at (509) 495-7839 or jaime.majure@avistacorp.com.



Sincerely,

/s/ Shawn Bonfield

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Enclosure



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 473

RESIDENTIAL DEBT RELIEF PROGRAM

PURPOSE:

The purpose of this schedule is to implement the Residential Debt Relief Program consistent with Commission Order No. 20-401. The Order directs Utilities to establish a program to identify and manage residential customer arrearages associated with the COVID-19 pandemic to proactively assist residential customers prior to resuming disconnections and to prevent bad debt from accumulating on utility accounts.

The program may identify and waive residential arrearages at an initial total amount of \$889,890. This amount represents one percent of the Company's 2019 Oregon retail revenues, not to be increased without prior Commission approval.

AVAILABLE:

To all residential customers in the State of Oregon where the Company has natural gas service available, subject to the specifications contained herein.

APPLICABLE:

This Residential Debt Relief Program is applicable to all residential Avista customers taking service under Schedule 410.

DEBT RELIEF PROGRAM:

With this Program, the Company intends to provide financial relief to customers who have experienced economic hardship due to COVID-19, and who have accumulated pandemic-related arrears or are at risk of such accumulation. Each eligible customer will receive funding up to the maximum amounts stated herein, with no resulting account credits. All programs will be available for a limited time based on funding availability. The Company will help customers manage their arrearage debt utilizing the program components described below:

- 1) Automatic Grant - one-time grant intended to forgive arrearage balances, not to exceed \$1,500, for customers with proven history of low-income program eligibility, as determined by customer receipt of Energy Assistance (EA) within the previous 24 months. The Company will review all residential customer accounts on April 1, 2021, and administer these grants automatically.

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Issued February 3, 2021

Effective For Service On & After
March 15, 2021

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 473 (continued)

RESIDENTIAL DEBT RELIEF PROGRAM

- 2) Arrearage Forgiveness Grant - one-time grant intended to forgive arrearage balances, not to exceed \$1,500, for customers that have not received EA within the previous 24 months yet are expressing a 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.
- 3) Hardship Grant – one-time grant, not to exceed \$200, for customers whose balances are at risk of becoming past due and are unable to pay due to financial difficulties.

SPECIAL CONDITIONS:

1. In accordance with Commission Order No. 20-378, the Company will defer and seek recovery of all associated program costs not otherwise included in rates.
2. Additional programs or adjustments to the programs listed above may occur as the Company develops experience in operating these programs.
3. In addition to the reporting requirements outlined in Commission Order No. 20-401, the Company will provide quarterly reporting on the amount of assistance that has been provided and the number of customers enrolled by program, including cost to operate the program. Additional reporting may be provided as determined by the Commission.
4. Because the funding of the Debt Relief Program is limited, customers will be served on a first-come basis and are only entitled to a single grant as outlined above.

TERM:

The duration of this program is through September 30, 2022, or until the Company reaches the spending limit, or until the Commission closes the program.

RULES AND REGULATIONS:

Service under this schedule is subject to the General Rules and Regulations contained in the tariff of which this schedule is a part, and to those prescribed by regulatory authorities.

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