

ITEM NO. CA8

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 7, 2017

REGULAR  CONSENT  EFFECTIVE DATE November 15, 2017

DATE: October 31, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *mm*

THROUGH: Jason Eisdorfer *JE* and John Crider *Jc*

SUBJECT: AVISTA UTILITIES: (Docket No. ADV 634/Advice No. 17-07-G) Request to modify the Avista Low Income Energy Efficiency Program.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Avista Utilities' (Avista) filing Advice No. 17-07-G and allow it to take effect November 15, 2017.

**DISCUSSION:**

Issue

Whether the Commission should allow Avista's proposed revisions to Schedule 485, Avista Oregon Low-Income Energy Efficiency (AOLIEE) Program.

Applicable Rule or Law

The applicable statutes in this filing are: ORS 469.633, which requires energy efficiency programs, and ORS 757.262, which states that rates will be adopted to encourage energy efficiency.

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable per ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules include in its filing a statement plainly indicating the increase, decrease, or other change

made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. 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 change. ORS 757.220; OAR 860-022-0015.

### Analysis

Avista filed Advice No. 17-07-G on October 4, 2017. The purpose of the filing is to make modifications to the AOLIEE program, which allocates funding to community service agencies (Agencies) that provide weatherization services to low-income residential customers. The program was started in March of 2014 with a goal to weatherize 90 homes per year. Since the program's inception, completed jobs ranged between 47 to 87 homes weatherized, with actual spending of approximately \$155,000 to \$281,000. The annual average cost per home weatherized has ranged between \$4,977 to \$6,991.

Avista conducted a survey of Agencies' program managers to better understand each Agency's program structure and barriers to completing jobs. As a result of the surveys and subsequent discussion, the Company identified a number of limiting factors in the Agencies' ability to reach the annual goal of 90 homes weatherized.

After discussions with Staff regarding the program, Avista proposes the following changes to the program to be incorporated into tariff Schedule 485:

1. Increase funding for weatherization measures (including health, safety, and repair measures) per home to an average of \$6,000, with a cap of \$10,000 per home.
2. Increase funding for program administration up to \$500 for each job completed.
3. Provide \$15,000 in advance funds to each Agency to cover the cost of two jobs at the beginning of each AOLIEE program year, to eliminate the need for Agencies to front project costs with federal funds.
4. Clarify verbiage in tariff sheets to ensure that Avista is funding weatherization projects, and is not a source of rebates after job completion.
5. Provide funding for an average of \$1,000 for health, safety, and repair measures per job. This cost will be factored into the \$6,000 average and \$10,000 cap per home described in item 1 above.
6. Dedicate six percent of overall Agency budget for replacement of non-functioning or unsafe natural gas heating equipment with high-efficiency equipment.
7. Allow reallocation of funding throughout the year if an Agency is under-performing or unable to spend its AOLIEE program funds.

Avista states the proposed changes would require an increase in the annual AOLIEE program budget from \$350,000 to \$660,000. If approved, the Company intends to recover the increased budget amounts through its Schedule 469 – Public Purpose Funding Surcharge. Avista anticipates filing an update to Schedule 469 later in 2017, with an effective date of January 1, 2018.

Staff had several discussions with Avista regarding changes to its AOLIEE program in advance of the filing, and supports the proposed changes to the tariff. Staff believes the changes are reasonable and will enable the Company to reach its goal of weatherizing 90 low income households per year. The level of funding required by the changes is appropriate and is slightly lower than the amount other natural gas and electric utilities spend on low-income weatherization, approximately 0.4 percent of gross revenues. Approval of this filing will not result in a change in rates, but as noted above Avista will file a future update to Schedule 469 to increase the Public Purpose Funding Surcharge to increase program funding.

#### Conclusion

Staff has reviewed the Company's proposed program changes and finds that they are reasonable and likely to enable the Company to offer a stable and robust weatherization program to low-income households. Staff recommends the Commission approve the tariff changes as filed.

#### **PROPOSED COMMISSION MOTION:**

Approve Avista's Advice No.17-07-G and allow it to go into effect with service on and after November 15, 2017.