



Oregon Citizens' Utility Board

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Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

RE: UM 2211/ADV 1410 - CUB Comments on Avista Utilities Low-Income Rate Assistance Program (LIRAP) Bill Discount

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to comment on Avista Utilities (Avista) Low-Income Rate Assistance Program (LIRAP) Bill Discount. CUB appreciates Avista's efforts to reduce the inequitable energy burdens of low-income customers in its service territory on an interim basis while it collects more data to help inform its permanent program.

The Energy Affordability Act (HB 2475) encourages regulated utilities to reduce the energy burden of their residential customers by acknowledging income and "other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers" within the context of both rate design (e.g., discount for customers with low incomes) and program development (e.g., demand response, weatherization, subsidized smart thermostats or other grid-connected equipment for customers with low incomes). CUB supports the utilities and the Oregon Public Utility Commission's (PUC) efforts to identify programs and rate structures that will reduce the disproportionate energy burden of low-income Oregonians. These inequities are exacerbated by the increasing frequency in extreme weather events. Ability to pay should not be the determining factor as to whether one of our neighbors is able to safely regulate the temperature of their home during the hottest and coldest times of the year.¹

Avista's interim program is a good start. These Comments highlight some areas where CUB believes Avista can explore and incorporate into a stronger bill assistance program as the UM 2211 investigation continues.

CUB thanks PUC Staff (Staff) for its guidance in developing these innovative and important programs. CUB provides its comments generally and based upon the PUC Baseline Evaluation Criteria.

General Comments

CUB appreciates that Avista developed its LIRAP with information from a low-income needs analysis (LINA) of its service territory. The LINA estimates the current energy burden of Avista's customer base and considers programs to reduce low-income customers' energy burdens. CUB

¹ Cong, S., Nock, D., Qiu, Y.L. et al. Unveiling hidden energy poverty using the energy equity gap. Nat Commun 13, 2456 (2022) <<https://www.nature.com/articles/s41467-022-30146-5>>.

appreciates that Avista is committed to removing barriers to customer enrollment, collaborating with programs that serve low-income communities, and using data from its low-income rate analysis, as well as Staff guidance, to improve its programs' ability to reduce household energy burden. CUB is optimistic that this commitment enables Avista to create a cost-effective, data-driven program specific to the needs of its low-income customers in its service territory. At the same time CUB offers our comments, CUB also emphasizes that the low-income program investigation is ongoing, and this interim program does not set a precedent for the final program.

Bundling

Staff indicated that, at a minimum, they will review how utility proposals considered the following bundling elements: 1) information sharing with Energy Trust of Oregon (ETO) and energy efficiency and weatherization administering agencies about interim rates and program participants; 2) collaboration with energy efficiency and weatherization partnering agencies on complementary services and potential cross referrals; and 3) making energy efficiency or weatherization information and program resources available to participating customers.² As the investigation in UM 2211 continues, CUB would like to see Avista work with ETO and other energy efficiency and weatherization partners to investigate and analyze opportunities that prioritize energy efficiency and demand response programs.

CUB believes fair utility rates and costs begin with energy efficiency as the primary driver of utility resource planning and fair and equitable rate design. Every dollar saved by energy efficiency reduces costs to Avista customers. CUB is interested in if and how Avista considered Staff's three bundling elements in the development of LIRAP. CUB appreciates that Avista is working with Empower Dataworks to improve its weatherization programs and we look forward to seeing the results of the report. CUB has concerns that the previous AMP had only 30 enrollments; we do not want to see low-income customers left behind when programs exist to help them.

Further, has Avista analyzed the cost-effectiveness of using energy efficiency and weatherization programs to help reduce low-income residential customers' energy burden, for both homeowners and renters? Some questions CUB would like to see the utility and Staff consider are:

- How is Avista prioritizing energy efficiency and weatherization at the utility level and through residential program opportunities as part of its energy burden reduction efforts?
- How can and will the utility consider the cost-effectiveness of its energy efficiency and weatherization cost-reduction efforts in its energy production and delivery?
- What is the cost-benefit analysis of the opportunity to reduce energy burden with investments in increasing energy efficiency and weatherization in low-income homes, coupled with various discount program options?
- What demand response strategies does the utility propose to reduce energy consumption?
- What role does ETO have in helping Avista reduce the energy burden of its low-income customers?

In its filing, Avista stated it will continue working with CAAs, as well as Community Based Organizations (CBOs), and partner organizations, to ensure that complementary services and cross

² UM 2211, Staff Interim Action Proposal Update, p 3 (Feb. 1, 2022) (<https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf>).

referrals for energy efficiency and weatherization opportunities are shared with each LIRAP participant. Their knowledge may help assist in identifying eligible customers and in creating a verification process that is sensitive to customer experiences.

CUB expects that energy efficiency and weatherization strategies combined with discount programs can provide meaningful reductions in inequitable energy burdens imposed on low-income customers, while reducing the costs for the remaining customers each utility serves.

Level of Relief

Staff developed three key design elements they will use to analyze the utility program's "level of relief" to low-income customers: 1) prioritize lowest income with the highest energy burden; 2) explain how the interim rate was designed to provide a meaningful reduction of energy burden; and 3) allow for flexibility or direct engagement opportunities in program design to accommodate enrollments reasonably outside specific eligibility terms.³

CUB appreciates that Avista conducted a LINA analysis prior to issuing its interim program proposal, and used the results to inform its program structure. CUB also appreciates that Avista has intentionally focused on targeting the 3-5% of customers considered energy burdened or highly energy burdened as needing the greatest assistance, providing those most in need with the greatest bill assistance.

Avista also acknowledges that providing the higher discount level design means "prioritizing the lowest income customers with the highest energy burden that is more specific to customer's need."⁴ CUB believes this distinction is important and CUB would like to see the Company's analysis of households at very low incomes at 0%-5% State Median Income (SMI) levels, at a minimum to see if the 3% energy burden goal is being met or is close to being met for those most in need of help.

As discussions continue in the investigation and permanent program phase, CUB is interested in whether a PIPP rate design, as implemented in Ohio⁵, may lead to greater discounts proportional to a customer's income. For example, this criterion may better encompass customers who may have higher costs of living and may be less likely to qualify under the current eligibility requirements. Relatedly, CUB would like to have a better understanding of how Avista has considered Staff's third element regarding flexibility in program design.

Eligibility

Staff directed that interim eligibility criteria should be income-based and there has not yet been consensus on a definition of income, including whether it should be based on either Federal Poverty Level (FPL) or State Median Income (SMI). CUB highlights and defers to the knowledge and expertise of Community Action Agencies (CAAs), and low-income and environmental justice advocates for direction on defining income and equitable percentage of energy burden, as well as

³ *Id.*

⁴ Avista Advice No. 22-03-G - Avista Low-Income Rate Design Program (LIRAP) Bill Discount. June 1, 2022. ([https://edocs.puc.state.or.us/efdocs/UAA/uaa14250.pdf](https://edocs.puc.state.or.us/efddocs/UAA/uaa14250.pdf))

⁵ Percentage of Income Payment Plan Plus (PIPP), Ohio Department of Development, <https://development.ohio.gov/individual/energy-assistance/2-percentage-of-income-payment-plan-plus>.

ease of enrollment. These community-based and direct service providers are closely connected to the net income realities of low-income households and have a good understanding of how to group income levels in the event a utility proposes a tiered discount program. CUB appreciates Avista's collaboration and connection with CAAs in their service territory and encourages Avista to utilize these connections to gather information from CAAs and/or OHCS. This collaboration and information sharing will help enroll low-income customers who are already in assistance channels and will alleviate the burden of requiring them to reach out to be placed in a different tier level.

CUB appreciates Avista's decision to reduce post-enrollment verification from 100% to a random 3% sampling as this may reduce barriers to enrollment. CUB encourages Avista to keep finding ways to make enrollment easy for low-income customers to determine income eligibility. The utility should consider exempting customers that are auto-enrolled in the program from the post-enrollment verification process.

CUB appreciates Avista's thoughtfulness in crafting this as a risk free program. CUB does not believe there should be a focus on recovering potentially fraudulent funds during the interim program. This phase should focus on getting funds to low-income individuals, while also ensuring ongoing robust analysis focuses on meaningfully reducing low-income energy burden in a cost-effective way.

Tracking and Accounting

Staff's tracking and accounting program design evaluation criteria will be helpful in implementing, evaluating, and fine-tuning utilities' interim program proposals. CUB appreciates that Avista intends to track and report the low-income discount findings, on a quarterly basis in the first year and then annually, in its tariff filing. However, we note that quarterly reporting may still prove useful after year one since much will be learned from the interim program.

HB 2475 gives the PUC authority to consider "differential energy burdens on low-income customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers" in utility rate design. Demographic data, including but not limited to income, can help Avista better understand who is accessing Avista's LIRAP. This information allows for meaningful program improvements and helps ensure the program develops in a cost-effective manner. HB 2475 addresses differential energy burden beyond income. CUB encourages the utility to include those factors beyond income as part of its future data collection process and to do so in collaboration with stakeholders. CUB highlights and defers to the knowledge and expertise of CAAs, and low-income and environmental justice advocates for direction on how best to collect data.

CUB agrees with Staff that utility program costs should be tracked and reported quarterly in a deferral with sufficient detail for ongoing Staff review and discussion, and that ongoing workshops are important to understanding data developed from interim programs. CUB also highlights Staff's discussions in other UM 2211 workshops about tracking and monitoring usage of the program as well as how connections to other energy assistance programs are being reached.

CUB is also interested in re-evaluating the 20% CAP agency allocation at the one year mark to ensure it reflects the new program structure that allows Avista to sign up customers. We

acknowledge that this program could require higher than that 20% during this implementation process, but would like the Company to track the cost to CAAs and re-evaluate after the initial year.

Outreach and Engagement

CUB encourages utilities to use demographic data to inform and narrowly tailor ongoing outreach and engagement efforts. Utilities and the PUC have an incredible resource in the knowledge and expertise of CAAs, and low-income and environmental justice advocates. CUB encourages Avista to maximize its opportunities for feedback from these community-based and direct service providers who are closely connected to low-income communities. Relatedly, CUB has concerns with Avista's current low AMP enrollment numbers and would like to see the quarterly reports include information about tracking and assessing outreach efforts in its service territory to reach eligible customers. in its service territory. This data will be key to informing and developing the efficacy and cost-effectiveness of Avista's LIRAP.

CUB encourages Avista to continue to connect with other direct services providers like public benefits programs, low-income housing programs, food banks, and school lunch programs, to assist with outreach to enrollment of residential customers. CUB is interested in knowing how Avista has connected with CAAs throughout its service territory, and would like to see a list of stakeholders that have been engaged, including any tribal jurisdictions within Avista's service territory. Reaching all CAAs will be important in ensuring all eligible and high energy burdened customers are being connected to important assistance opportunities.

Conclusion

Avista's interim proposal is a good start to addressing the disparate energy burden placed on low-income customers. CUB expects this interim process will help Avista develop a long-term program that meaningfully and equitably reduces the energy burden of its low-income customers, while keeping costs low for all customers in its service territory. Again, CUB emphasizes that it is important to remember that the investigation is ongoing, and this interim program does not set a precedent for them. CUB thanks Avista for its proposal and the efforts that it put into it. CUB also thanks Staff for its guidance in developing these innovative and important programs.

Respectfully submitted,

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