



Avista Corp.

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March 7, 2024

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

Re: Docket No. UM 2211 – Avista Utilities Phase 2 Process Proposal Questionnaire

Filing Center:

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits for filing with the Oregon Public Utility Commission (Commission) its responses to the questionnaire provided as Attachment A within Commission Staff’s “Phase 2 Process Proposal”, as filed on February 13, 2024 in Docket No. UM 2211, the Commission’s investigation into the implementation of House Bill 2475 (HB 2475). The Company appreciates the opportunity to inform the scope of Staff’s plan and help identify priority issues for the initial activities, and has provided the below responses to some, though not all, of the questions specified by Staff. It should be noted that the numbering of the questions provided on Attachment A contain a duplication, with two separate questions labeled as question number 3; Avista has emulated this numbering below to maintain consistency for Staff review or future referencing of specific questions.

Equity Landscape

- 1. What do you see are the most important or urgent equity issues in the provision of energy to utility customers?**

Avista sees affordability, which is tightly paralleled with energy burden, as one of the most urgent equity issues in the provision of energy to its customers. *All* residential customers deserve consistent, affordable energy service that does not force a prioritization between energy services and other household needs such as healthcare and, in essence, overall wellbeing. Balancing a utility’s cost recovery and equitable distribution of these costs is an intricate and complex challenge that, under the existing clean energy landscape that sometimes comes with competing

priorities, may only become more demanding in the future. Programs that stabilize these cost pressures for more vulnerable customers need to be not only (1) easy to navigate, (2) have real tangible benefits that are quantifiable and (3) not burden participants with unreasonable time commitments, but they must also not force additional rate increases on other customers that then may push those that were formerly a moderate income household into the lower income threshold.

2. Which communities are most impacted?

Within the context of affordability, it is the energy burdened communities that are most impacted – but this can include a broad array of populations including those on fixed incomes, disability, or those employed yet chronically impoverished, among many others. Communities that have historically been unable to participate in utility programs due to access or other barriers should be prioritized; for example, customers that rent their homes have a limited ability to install energy efficiency measures in their homes, yet they must bear the cost burden of having a home that is energy inefficient.

3. What are the most important or urgent actions to improve equity outcomes?

First and foremost, a foundational definition of equity, environmental justice, and other identified communities should be set. Then, it is essential to understand the barriers being faced by these specified communities that impede their ability to participate in existing utility programs. The overall intention of improving equity outcomes should be to **improve access and eliminate barriers** to programs or opportunities that these communities have not historically found to be approachable, and to get to the actual source of the issue (i.e., why are some communities struggling more than others?). Some access issues, such as income, are beyond the utility’s control and must be considered under a cross organizational or state-level approach, not expected to be remedied at the utility level.

Utility Programs

3. What are the highest-impact and/or most urgent equity issues to address in utility programs and services? Responses can include gaps in existing programs and opportunities to develop new programs.

Again, accessibility is key. Transparency and education in utility programs and services, as well as working with external partners (as noted above with “cross organizational”) to eliminate barriers, is critical. One such barrier that Avista sees as urgent is the bottleneck that exists with energy efficiency or weatherization services or the lack of access to such services experienced by renters, as noted above. While Avista is making great strides in providing customers with bill assistance offerings that are appropriate to customers’ income levels and in removing barriers to such programs, there continues to be a lag in energy efficiency services, which could effectively mitigate a major source of a high-usage customer’s energy costs. Waitlists to receive such services can be as much as three to five years long. Since poor housing stock can often be a large contributor to higher energy usage and, in turn, higher bills and excess energy burden, the Company sees weatherization services as paramount in resolving one of the foundational issues contributing to energy affordability for customers. Statewide navigation for available resources that can help pay

for services such as health, safety and repairs issues may be helpful, as well as increasing pathways for customers to receive efficiency services at their chosen level of service without the risk of becoming ineligible for later participation.

4. Are there specific geographic areas or distinct populations that should be prioritized?

Aside from ensuring that rural customers are equitably receiving services, Avista sees “distinct populations” as a more relevant prioritization approach than geographic areas. A standardized map set utilizing factors agreed to by stakeholders, or something similar to Justice 40, may be useful in the identification and prioritization of specific populations.

5. How can the PUC measure progress in addressing equity issues in utility programs and services? Please feel free to suggest specific metrics.

Avista is interested in further discussion on this topic. Depending on the equity issues identified, which may differ by utility or vary across the state, the metrics detailed below regarding ways in which the PUC can measure progress in addressing energy burden (question 11) should be considered.

6. Staff plans to organize informational sessions on the landscape of programmatic offerings for utility customers. Please provide any priority information within these topics, any additional topics for the series, and suggestions for expert presenters:

Info Session	Proposed Topics
1	Orientation, state agency landscape, and review initial survey results
2	Energy efficiency and weatherization
3	Distributed energy resources (DER) programs, resiliency
4	Comparative analysis of equitable rate designs and rate mitigation programs
5	Consumer protection programs
6	Technical assistance, resource hubs, workforce development and other emerging national opportunities

Avista does not have any suggestions for additional topics at this time.

Differential Rates

7. What degree of consistency is expected across the utilities? For explain, do we need to develop a standard rate design for all utilities or are there only certain elements that need to be standardized?

While Avista believes that being overly prescriptive may not be in the public interest due to the unique natures of each utilities’ Oregon service territory, the Company supports that general baseline consistencies seem relevant and therefore does not have any suggestions for this topic at this time. Differences should be allowed between utilities (and possibly even electric services vs.

natural gas services) to account for the unique customer differences and unique service area characteristics, but to what extent that may be equitable (i.e., should a customer in X utility's service area be provided with a benefit that similarly-situated customer in Y utility's service area will not get?) is a question to be addressed.

8. Are there customer characteristics that should be prioritized for consideration at this phase (e.g. income, energy burden, disconnections and other economic, social equity or environmental justice factors that affect affordability)?

Income and energy burden should be the highest prioritized customer characteristics for this phase.

a. What data sources can be used to support priority population identification?

Justice 40 data and low-income needs assessments may be used. Income data is essential to this work, but the question then becomes who has it, how is it securely maintained, and how does it become accessed for these efforts?

b. What considerations should be made relative to data privacy and equitable data practices?

Avista looks forward to hearing feedback on this topic. Customers trust their utility to keep their data private and secure, and as such personally identifiable information should only be shared when absolutely necessary and as allowed by law. It should be considered that information could be provided in aggregate to meet objectives.

9. Are there rate structures that should be prioritized for consideration in this phase of implementation? Why or why not? For example: creating separate rate class, percentage rate discounts, percentage of income plans, kWh allotments, restructured or eliminated basic charge, other or combination (an external resource with information on a few of these ratemaking tools can be found here: https://www.iepec.org/conf-docs/papers/2007PapersTOC/papers/79_1081_ab_596.pdf)

Without having an assessment of the current state (including interim bill assistance programs), Avista finds it premature to consider additional rate structures for prioritization. The current income-based bill discount offerings aim to reduce energy burden while still maintaining a rate design that sends price signals based on usage and efficiency. Any additional structures that accomplish this same intention

a. What criteria should be used to evaluate the pros and cons of different ratemaking approaches?

Metrics of success should be established and different ratemaking approaches considered based on whether the intended metrics are being met. Metrics can include energy burden reduction, saturation rate/reach of the program, and is the program mitigating arrearages, among other things.

10. How should the costs of differential rates be recovered?

- a. **What are the most important considerations in the way that the costs are spread across different customers?**
- b. **Are there cost recovery practices that will help utilities offer more equitable rates in a cost-efficient manner?**

Avista believes that the costs of differential rates should be spread equally based on the cost of service for each customer class.

11. How can the PUC measure progress in addressing energy burden through differential rates?

The Commission should track participation in energy assistance programs (i.e., saturation rates), the number of eligible customers that could potentially qualify for assistance (i.e., a reflection of income and increasing costs), the number/percent of customers facing a high energy burden, the average amount of excess burden (i.e., dollar amount above an acceptable level of energy burden – 6% for electric or 3% for natural gas), the total amount of assistance needed to relieve the high energy burden for all customers (i.e., number of customers with high energy burden multiplied by the average amount of excess energy burden), and the dollar amount of assistance being provided. These metrics will allow for the review of effectiveness of utility programs and if assistance is being distributed to the right customers (i.e., customers with excess burden). It may be the case that some customers are receiving too much energy assistance, which adds to the cost pressures all customers face. This data will also help inform program design and in determining the appropriate level of bill discount or assistance that should be provided to customers at various levels of income.

Other Suggestions

12. Do you feel you and/or your organization have sufficient capacity to engage in the proposed process?

Yes, we do.

13. Do you have any additional input for the next phase of HB 2475 implementation?

Not at this time.

Avista appreciates the continued collaborative efforts of all parties involved in Docket No. UM 2211 and looks forward to further engagement throughout the Phase 2 process and beyond. If you have any questions regarding this filing, please contact me at (509) 495-7839 or jaime.majure@avistacorp.com.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Affairs Manager