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REPORT NAME: Low-Income Rate Assistance Program (LIRAP) Annual Report

COMPANY NAME: Avista Corporation

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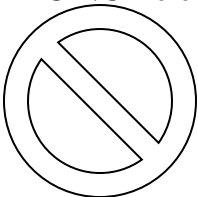
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Avista Utilities Low-Income Rate Assistance Program (LIRAP)

Annual Summary Report

For the program period October 2016 through September 2017

OREGON

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Overview

Avista Utilities' Low-Income Rate Assistance Program (LIRAP) approved by the Public Utility Commission of Oregon (PUC) in 2002 collects revenue under Schedule 410, "General Residential Natural Gas Service—Oregon." The current rate for LIRAP included in the Company's Tariff Schedule 410 is \$0.00451 per therm, which is approximately 0.4% of the current volumetric rate. The purpose of LIRAP is to reduce the energy cost burden among those customers least able to pay energy bills. This is the program summary report for the program year October 1, 2016 ending September 30, 2017.

Program Year Results

A total of 9,671 energy grants totaling \$2,670,794 have been provided since the LIRAP program inception in 2002. For the program year ending September 30, 2017, approximately 62% of LIRAP participants had household average incomes less than 100% of the Federal Poverty Level (FPL). Approximately 44% of the grant recipients had annual household incomes of less than 75% FPL. Over 67% of the LIRAP participants had households of two or more people. Customers renting their residences constituted 67% of the total.

Avista Utilities' Low-Income Rate Assistance Program provided 708 grants and distributed a total of \$199,062¹ during this program year. The grants averaged \$281 per customer. Table 1 shows the number of grants distributed during the reporting program year. It also includes a collection of demographic data intended to be responsive to

¹ \$183,534 after reducing for \$2,255 of returned LIRAP payments.

requests for general information regarding participating customers. This data was collected by participating Community Action Agencies (CAAs or Agencies).

Table 1					
OREGON LIRAP					
Data Compilation - GRANTS					
Year 15 - October 1, 2016 - September 30, 2017					
		# of Households	% of Households	Cumulative %	
Home Ownership					
	Own	233	33%	33%	
	Rent	475	67%	100%	
	Total	708			
Heating Fuel Source					
	Electric	-	0%	0%	
	Natural Gas	708	100%	100%	
	Other	-	0%	100%	
	Total	708			
Size of Household					
	1 Person	231	33%	33%	
	2 People	165	23%	56%	
	3 People	104	15%	71%	
	4+ People	209	29%	100%	
	Total	708			
Annual Income Level					
	Up to 50%	182	26%	26%	
	51% to 75%	130	18%	44%	
	76% to 100%	128	18%	62%	
	101% to 125%	99	14%	76%	
	126% to 150%	84	12%	88%	
	151% to 175%	64	9%	97%	
	176% to 200%	19	3%	100%	
	201% and over	-	0%	100%	
	Total	708			

Total revenue and interest funds distributed during the reporting program year were \$224,315. This amount equates to \$219,258 of new revenue collected through the 0.00451 per therm charge per Schedule 410 and \$5,057 of interest income accrued. The total unspent balance is \$7,546, calculated by adding \$26,211 of undistributed direct service funds carried forward from the previous reporting program year, and subtracting the current reporting program year administration and program delivery money paid to the agencies of \$43,918 (see Administration and Program Delivery) from the total revenue and interest. Table 2 below is a recap of the funds collected, spent, and the amount available at September 30, 2016.

Table 2	
OREGON LIRAP	
Year 15 - October 1, 2016 - September 30, 2017	
Total Carry Over from Prior Year	\$ 26,211
Oct - Sept - Total Revenue and Interest to Distribute	224,315
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>(43,918)</u>
Net Funds Available for Direct Services	206,608
Direct Service Funds Distributed by Agencies	<u>(199,062)</u>
Unspent Direct Service Funds at Sept 30, 2017	<u><u>\$ 7,546</u></u>
Percent Unspent in Comparison to Available Funds	3.65%
<p>Note: The percent unspent is calculated by dividing \$7,546 of unspent Direct Services funds from the total funds available for Direct Services \$206,608.</p>	

Administration and Program Delivery

The revenue collected is provided to the four Community Action Agencies in Avista's Oregon service territory for disbursement to qualifying customers and for administration of the program.

Eligibility was determined according to existing guidelines established by Federal and State standards used for the Low-Income Home Energy Assistance Program (LIHEAP). Additionally, customers experiencing emergencies are eligible for assistance under Project Share, an Avista donation-based program. The programs and partnerships Avista has formed have been invaluable to customers who often have limited incomes or have exhausted all of their resources. Per the Company's Tariff Schedule 493, Agencies are allowed a net combined administration and program delivery fee not to exceed 21.78% of the low-income bill payment assistance funds collected.

For this reporting program year, a total of \$43,918 was distributed to the Agencies for administration and program delivery, which was 19.57% of revenue collections and accrued interest. This amount, including the \$72,630 carry over from the previous reporting program year, totaled \$116,548 available for administration and program delivery support costs.

Excluding the amount subsidized from other funding sources, the amount spent by the agencies from LIRAP funds was \$53,453 leaving an unspent administration and program delivery balance of \$63,094 at September 30, 2017. This funding has been distributed to the agencies and can be carried forward into the next reporting program year to cover program admin and delivery costs of the undistributed direct services amount of \$7,546 described earlier in this report. Table 3 represents a recap of the

administration and program delivery spent and the amount available at September 30, 2017.

Table 3 OREGON LIRAP Admin and Program Delivery Funds Year 15 - October 1, 2016 - September 30, 2017	
Admin and Program Fees Carry Over from Prior Year	\$ 72,630
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>43,918</u>
Net Funds Available for Admin and Program Fees	116,548
Admin and Program Delivery Funds Spent by Agencies	<u>(53,453)</u>
Unspent Admin and Program Delivery Fees at September 30, 2016	<u><u>\$ 63,094</u></u>
Percent Unspent in Comparison to Available Funds	54.14%
<p>The percent unspent is calculated by dividing \$63,094 of unspent Admin and Program Delivery Fees from the total funds available for Admin and Program Delivery Fees available to the Agencies \$116,548.</p>	

Unspent Funding

The Company monitors the Agencies' unspent funding at the end of each program year. As shown on Table 2, based on allocated direct service funds distributed to the Agencies, the amount of unspent direct service funds at September 30, 2017 was \$7,546 or 3.65% remaining unspent.

Historically, permitting up to 20% of LIRAP funding for carry over to the following year has proven to be a value to the agencies' energy assistance programs. This policy allows the agencies to begin the heating season in October with a specific amount of LIRAP funding. While the Federal Government provides start-up funds, that are a portion of the total funding, those funding amounts are not confirmed until after the heating

season starts in October; therefore, LIRAP is essential for starting the year when the need begins to rise.

Returned Direct Services

As with LIHEAP, any credit balance on a closed customer account due to a LIRAP payment may be transferred to another open Avista Utilities account or to a closed account if there is an outstanding balance. When the customer no longer has an active account with Avista, the credit balance that results from a LIRAP grant has been returned to the LIRAP general fund and redistributed to the agencies.

At September 30, 2017, an additional \$983.30 of returned LIRAP payments has accumulated and was disbursed among all of the Agencies.

Outreach

Although the Oregon LIRAP program does not contain a Conservation Education component, the Company provides energy saving guides and other energy saving information along with bill/payment options per agency request. The energy guides provide information regarding efficient home energy use.

Agency Meetings

A meeting of the LIRAP agencies was conducted in Medford in August this year, prior to the heating season to discuss topics of relevance for the efficient processing of assistance for customers. Valuable discussion occurs during the meetings that often

results in continued fine-tuning and clarifying of processes. Avista appreciates the time invested by the LIRAP agencies, their experience and knowledge has made LIRAP an effective program.

At least once a year, the LIRAP manager attends Oregon Energy Coordinators Association (OECA) meetings; these meetings provide a good medium for interacting with the agencies and discussing issues and topics regarding energy assistance and the target population.

Data Collections

The data collection and measures used by Avista Utilities in the evaluation of LIRAP include:

- LIRAP Database;
- CC&B (Avista Utilities' information management data base);
- Community Action Agency records; and
- Ongoing Advisory Group review.

Participating Agencies

- Community Connection of Northeast Oregon
- ACCESS
- United Community Action Network (UCAN) – Josephine and Douglas Counties
- Klamath Lake Community Action Services

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