Low-Income Rate Assistance Program

Annual Summary Report

For the program period October 2021 through September 2022

OREGON

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Overview

Avista Utilities' Low-Income Rate Assistance Program (LIRAP), approved by the Public Utility Commission of Oregon (PUC or Commission) in 2002, collects revenue under Schedule 493, "Residential Low Income Rate Assistance Program–Oregon." The current rate for LIRAP included in the Company's tariff Schedule 493 is $0.00451 per therm, which is approximately 0.31% of current retail rates. The purpose of LIRAP is to reduce the energy cost burden among those customers least able to pay energy bills. This is the LIRAP Annual Summary Report (Report) for the program year October 1, 2021 through September 30, 2022.

Program Year Results

Since LIRAP's inception in 2002, approximately 12,367 energy grants, totaling $3,811,530 in funds, have been provided to Avista's most vulnerable populations. For the program year ending September 30, 2022, approximately 58% of LIRAP participants had household average incomes less than 100% of the Federal Poverty Level (FPL), and approximately 40% of the grant recipients had annual household incomes of less than 75% FPL. Over 58% of the LIRAP participants had households of two or more people, while customers renting their residences constituted 64% of the total participants.

Avista's LIRAP provided 509 grants and distributed a total of $209,834 during the 2021-2022 program year. The grants averaged approximately $412 per customer. Table 1 below illustrates the number of grants distributed during the reporting program year, in addition to a collection of demographic data intended to be responsive to 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 20 - October 1, 2021 - September 30, 2022

	# of Households	% of Households	Cumulative %
Home Ownership			
Own	181	36%	36%
Rent	328	64%	100%
Total	509		
Heating Fuel Source			
Electric	-	0%	0%
Natural Gas	509	100%	100%
Other	-	0%	100%
Total	509		
Size of Household			
1 Person	212	42%	42%
2 People	106	21%	63%
3 People	80	16%	79%
4+ People	111	22%	100%
Total	509		
Annual Income Level			
Up to 50%	141	28%	28%
51% to 75%	62	12%	40%
76% to 100%	93	18%	58%
101% to 125%	62	12%	70%
126% to 150%	58	11%	81%
151% to 175%	56	11%	92%
176% to 200%	23	5%	97%
201% and over	15	3%	100%
Total	509		
Hispanic or LatinX			
Yes	179	35%	35%
No	330	65%	100%
Total	509		
Veteran			
Yes	22	4%	4%
No	487	96%	100%
Total	509		
Senior (over 60)			
Yes	156	31%	31%
No	353	69%	100%
Total	509	11%	
Education			
0-8	65	13%	13%
9-12 Non-Graduate	124	24%	37%
High School Graduate/GED	167	33%	70%
12+ Some Post-Secondary	97	19%	89%
2 or 4 Year College Graduate	56	11%	100%
Total	509		
Race			
American Indian or Alaskan Native	12	2%	2%
Asian	1	0%	2%
Black or African American	10	2%	4%
Native Hawaiian or Other Pacific Islander	-	0%	4%
White	459	90%	94%
Multi-Race	24	5%	99%
Other	4	1%	100%
Total	509		

Note: A weighted average was used to increase demographics to equal Avista customers served.

Total revenue available to distribute during the 2021-2022 reporting program year was approximately $235,597. This amount equates to $229,641 of new revenue collected through the 0.00451 per therm charge in Schedule 493, and $5,956 of interest income accrued. At the end of the previous program year, 2020-2021, approximately $45,659 in direct service funds were left undistributed, and thus were carried forward into the 2021-2022 program year. The combination of these two amounts, total revenue available to distribute and carryover funding from the prior year, resulted in a total LIRAP balance of $235,597 for 2021-2022. Of this amount, the CAAs were allocated $45,301 for administration and program delivery costs (Admin) for the program year, and after subtracting this Admin from the total revenue and interest, the remaining net funds available for direct services to customers for the 2021-2022 program year was $235,955. The Agencies spent approximately $210,182[1] of this available balance in the provision of direct services. After an adjustment was made to account for funds returned to LIRAP from closed accounts ($4,990), the total unspent balance at the end of the program year was $30,764. Table 2 below is a recap of the funds collected, spent, and the amount available on September 30, 2022.

[1] Inclusive of a $348 correction made from the 2020-2021 program year, as noted in Table 2.

Table 2 Oregon LIRAP Year 20 October 1, 2021 through September 30, 2022	
Total Carry Over from Prior Year	$45,659
Total Revenue and Interest to Distribute	$235,597
Admin & Program Delivery Funds paid to Agencies	$(45,301)
Net Funds Available for Direct Services	$235,955
Direct Service Funds Distributed by Agencies	$(210,182)[1]
Adjustments – Dollars Returned to the Program	$4,990
Unspent Direct Service Funds on September 30, 2022	$30,764
Percent Unspent in Comparison to Available Funds	12.77%

Agency Administration and Program Delivery

The revenue collected for LIRAP is provided to the four CAAs in Avista's Oregon service territory for disbursal to qualifying customers and for administration of the program. Eligibility for LIRAP is 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 between Avista and the CAAs are invaluable to customers with limited incomes or those that have exhausted all of their resources. Per the Company's tariff Schedule 493, the Agencies may be paid up to 21% of the total low-income bill payment assistance funds collected for administration and program delivery costs.

For this reporting program year, a total of $45,301 was distributed to the Agencies for administration and program delivery, which equates to 19.23% of revenue collections and accrued interest. This amount, including the $42,023 in Admin carried over from the previous reporting program year, totaled $87,324 available for CAA Admin during the 2021-2022 program year.

At the time of this Report's filing, the amount of Admin reported as spent by the Agencies from LIRAP funds as of September 30, 2022 is undetermined, as reporting from two of the Agencies has not been provided. The funding has been distributed to the Agencies and can be carried forward into the next program year to cover Admin costs for the associated undistributed direct services funding. Table 3 below represents a recap of the Admin funding spent during the current program year and the estimated amount available based on the reporting that was provided by Agencies on September 30, 2022.

Table 3
OREGON LIRAP
Admin and Program Delivery Funds
October 1, 2021 through September 30, 2022

Admin and Program Fees Carry Over from Prior Year	$42,023
Admin & Program deliver Funds paid to Agencies	$45,301
Net Funds Available for Admin and Program Fees	$87,324
Admin and Program Delivery Funds Spent by Agencies	$18,600[1,2]
Unspent Admin and Program Support at September 30, 2021	$68,724
Percent Unspent in Comparison to Available Funds	79%

[2] The reported spend in Table 3 includes reporting from the Agencies serving Jackson and Union counties; Admin spend reports had not been received from the Agencies serving Klamath, Josephine and Douglas counties at the time of this Report submission.

Direct Service Funding

While the Federal Government provides start-up funds as a portion of the total funding for Agencies each year, such amounts may not be confirmed until after the heating season has already begun in October. Therefore, timing and availability of LIRAP funding is crucial to ensure that the appropriate assistance is available for customers when the need begins to rise. To meet this necessity, discussion with the Agencies and other stakeholders during the first few years of LIRAP implementation led to agreement that allowing approximately 20% of unspent LIRAP funding to carry over each year would provide value to the Agencies' energy assistance programs, as it would deliver immediate funding relief at the onset of the program year. Actual carryover percentages have ranged from 3.65% to 32.57% since the inception of this policy.

To ensure the availability of this funding, Avista monitors the Agencies' unspent direct service funding at the end of each program year. As shown on Table 2 of this Report, the amount of unspent direct service funds on September 30, 2022 was $30,762 or 12.77%, based on allocated direct service funds distributed to the Agencies.

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 account belonging to that customer, or to the customer's closed account if they have such an account with an outstanding balance. When the customer no longer has an active account with Avista, the credit balance that results from a LIRAP grant is returned to the LIRAP general fund and

redistributed to the Agencies. On September 30, 2022, approximately $4,990 of returned LIRAP payments had accumulated and were disbursed among all the Agencies.

Program Design Changes

In accordance with the enactment of House Bill 2475 (HB 2475) in 2022, also known as the Energy Affordability Act—as well as associated PUC requirements for interim action in response to this legislation—significant work was conducted throughout the program year to transform LIRAP from a yearly lump-sum grant benefit to a monthly bill discount with arrearage assistance for income-qualified customers. The Company committed staff and resources to modify systems and processes, create new outreach and engagement campaigns, and engage partner CAAs and external stakeholders in the development of program design and implementation. The resulting changes to LIRAP design are described in detail below.

Arrearage Management Plan (AMP)

Prior to the 2021-2022 program year, on March 29, 2021, Avista filed with the Commission a request to incorporate an Arrearage Management Plan, or AMP, into its tariff and to extend the provision of LIRAP outreach funds to Avista as well as to the Agencies that already receiving such Admin funds.[3] The intent behind such incorporation was to leverage the Company's AMP pilot experience in its Washington service territory[4] in order to provide financial relief for low-income Oregonians who have unmanageable past-due balances, or arrears, on their Avista bills, thereby providing a continued solution

[3] See Docket No. ADV 1254.
[4] For the pilot program, the AMP was a Balance Management Arrangement (BMA). See Washington Docket Nos. UE-210077 and UG-210078 for Avista's request to make the pilot permanent.

for customers who have accumulated arrears in amounts that are not sufficiently addressed by the existing LIRAP grant program alone. The AMP benefit is designed to assist qualified customers by reducing the amounts of an unpaid, past due balance owed over time and by rewarding regular payment behavior. The Company received approval of this request in May 2021, to become effective on June 1, 2021 to allow Avista further collaboration with the Agencies prior to the AMP's October 1, 2021 implementation date. As part of the AMP's approval, Avista was required to host a workshop by April 1, 2022 to report back to Staff and interested stakeholders regarding the AMP's performance, efficacy, funding metrics and any potential program modifications that may be warranted.

On March 30, 2022, Avista held its six-month AMP implementation update (Workshop), at which the Company provided an overview of its existing energy assistance programs in addition to its proposed AMP modifications and its future LIRAP Bill Discount proposal that resulted from HB 2475, as discussed later in this Report. Empower Dataworks, an independent evaluator commissioned by Avista to complete an Energy Burden Assessment (sometimes referred as a Low-Income Needs Assessment, or LINA), also presented their preliminary findings, as much of this data was used to help inform the design of the Bill Discount; this LINA is discussed further within this Report, and has been provided in its entirety as Attachment A. At this Workshop, Avista identified that there were zero AMP enrollments conducted by the Agencies in the six months the offering had been available. The Company identified the following learnings from this preliminary implementation phase:

- Traditional assistance programs such as LIHEAP are already sufficiently helping low-income customers with current and past due balances and the AMP is helpful for those whose arrearage balance is not fully covered by traditional assistance

- Timing of the six-month update Workshop may also be a factor in the under-utilization of AMP, as historical trends show that Avista natural gas customers typically seek assistance closer to April/May timeframe
- Explaining the benefits to customers, along with the participation requirements, can be complex
- With COVID-19 impacts considered, the customer may question even the affordability of being able to pay their current bill plus another 1/12th of their 10% arrears amortization; this is a critical and difficult educational point to convey.

To address these lessons learned, several AMP program policies were altered in April 2022 to allow Avista to jointly administer the program, with enrollment based on self-attestation of income, previous qualification for bill assistance (within the most recent two-year period), and or enrollment in a similar means-tested program ("categorical eligibility") – rather than requiring an application for low-income assistance to be completed with the Agencies. Additionally, requirements that were found to be barriers for the Agencies, the Company and customers were removed, such as the restrictions on re-enrollment (previously limited to 2 times every 7 years) and the requirement that all forms of energy assistance be exhausted before the AMP is applicable. To establish Avista as a joint administrator of the AMP, the role of Avista's Customer Assistance, Referral, and Evaluation Services (CARES) staff was expanded to include qualification and enrollment of AMP customers. This undertaking required enhancements to the Company's Customer Care and Billing (CC&B) system, processes, and program guidelines, as well as staff training. In their new role, CARES conducted callouts to 190 customers to discuss the AMP as an option to address their past due balance. Their efforts resulted in 25 customers

being enrolled into the AMP. As of September 30, 2022, there were 100 active participants in the AMP.

HB 2475 and the LIRAP Bill Discount

Effective January 1, 2022, HB 2475 expanded the language under ORS 757.230 to allow the Commission to include additional factors when establishing rate classifications, including the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers." With this guidance in place, Commission Staff (Staff) opened Docket No. UM 2211, and with it outlined the framework and timeline expected for utilities to implement differential rate programs in response to HB 2475. This framework required that natural gas utilities provide near-term relief to its customers by way of 1) interim action proposals that provide income-eligible customers with an AMP or other enhanced bill assistance program, or explanation of existing offerings that meet the criteria by February 28, 2022; and 2) proposal of a differential rate program to become effective within the fourth quarter of 2022. In addition to these expedited customer support options, the timeline also provides for a broader investigation into the implementation of HB 2475 through which the Commission will more comprehensively explore and establish its policies regarding differential rates, including program design and administration.

As noted, much of Avista's 2022 energy assistance work revolved around the implementation of such interim action and significant overhaul needed in turning LIRAP from a grant-based program to a monthly discount with arrearage assistance for income-qualified customers. As part of its engagements with CAAs and external stakeholders to pursue this overhaul, the Company hosted three stakeholder meetings in 2022 to provide

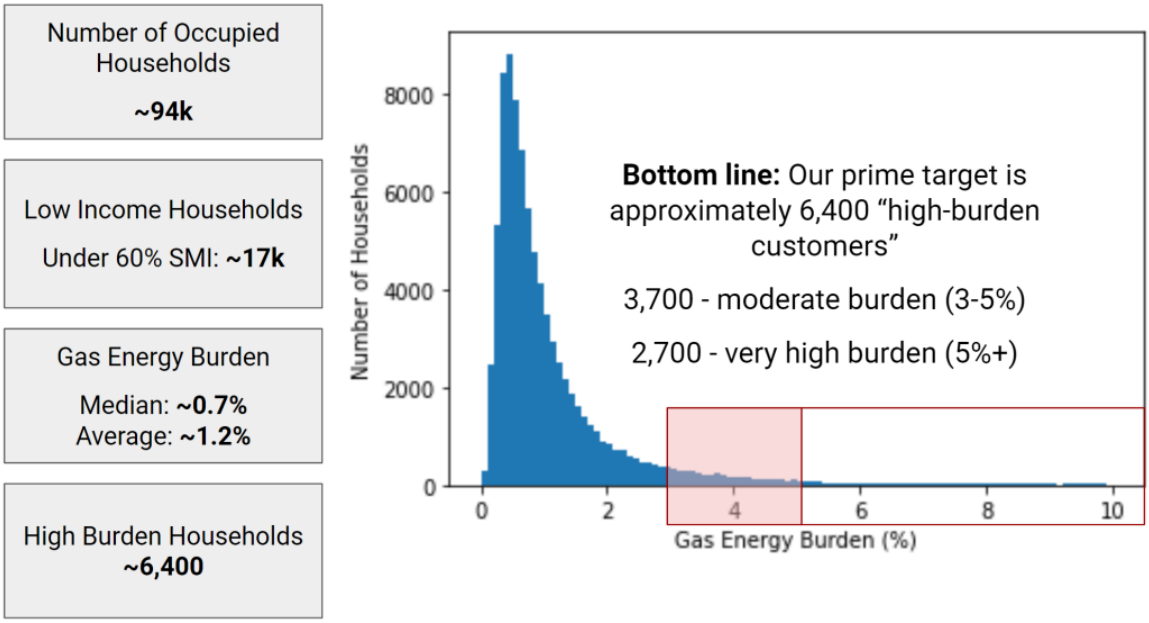
an overview of the LINA, proposed program modifications, potential cost impacts, and planned outreach and reporting. These meetings were also a time for reflection, collaboration, and discussion, with the resulting program design elements and changes ultimately supported from participating stakeholders.

In alignment with Staff's timeline, Avista filed its "Explanation of Existing Interim Action" in Docket No. UM 2211 on February 28, 2022, after having collaborated with its partner Agencies and other interested stakeholders regarding the Company's planned approach. At that time, the Company's planned approach was to consider its existing energy assistance programs, inclusive of the LIRAP AMP, as having fully met the intent of interim action by offering a suite of options available to help Avista customers that may be struggling with financial hardships or resource inadequacies. Continued conversations with its CAAs and other stakeholders regarding its existing LIRAP, however, led to the development of several proposed modifications to its LIRAP AMP, which were then presented to the Agencies, as well as UM 2211 stakeholders, as part of Avista's Workshop, as noted previously. Several AMP modifications that fit within the current program tariff were implemented in April 2022 and then, on June 1, 2022, Avista filed its LIRAP Bill Discount proposal with the Commission, with further modifications included it its supplemental tariff request on July 19, 2022.[5] Avista's proposal was approved by the Commission, to become effective August 1, 2022 to allow for an October 1, 2022 go-live date for the actual LIRAP components proposed.

Instrumental in the design and planning for the Bill Discount, Avista's LINA provided an assessment of the estimated energy assistance need within the Company's Oregon service territory, along with potential associated cost impacts. Empower

[5] See Docket No. ADV 1410.

Dataworks identified that of the approximate 94,000 residential service households within Avista's service area, approximately 17,000 could qualify for a bill assistance program with an income threshold of 60 percent State Median Income (SMI). The image below is an excerpt from the LINA, provided as Attachment A to this Report, and provides the distribution of energy burden among Avista's residential customers:[6]



The LINA also provided Avista with the percentage of monthly bill discount needed for low-income customers within each given income tier to achieve an energy burden of three percent or less, as illustrated below.

Zero to 60% SMI **Bill Discount**			
Zero to 5% SMI 90% discount	6 to 20% SMI 60% discount	21 to 40% SMI 25% discount	41 to 60% SMI 15% discount

[6] See Attachment A, Energy Burden Assessment, at page 18.

Agency Meetings

As previously noted, HB 2475 and the associated Commission Staff engagements brought with them significant requirements for interim and future action. With these new conditions, it became necessary to increase the frequency of meetings between Avista and its Agency partners, from the typical few meetings per year to a regular monthly cadence. The intent of such acceleration was to advise partner Agencies about the new law, various Commission requirements and the potential associated program changes; to achieve engagement with the CAAs for the Bill Discount implementation; to discuss the potential impacts to the Agencies and identify how they could best be supported for the imminent transformation of LIRAP. These CAA implementation meetings, held outside of the scope and requirement of the larger stakeholder meetings of Docket Nos. UM 2211 and 2114, are held in recognition that the CAAs are critical partners for successful program delivery and, as such, connections are made at a frequency appropriate for program-level discussions, with the larger stakeholder being involved at a lesser volume for collaborations more relevant to external voices. Additionally, the CAAs are the essential element for connecting customers to other programs to help stabilize the household – such as weatherization, rental and water assistance, and food security.

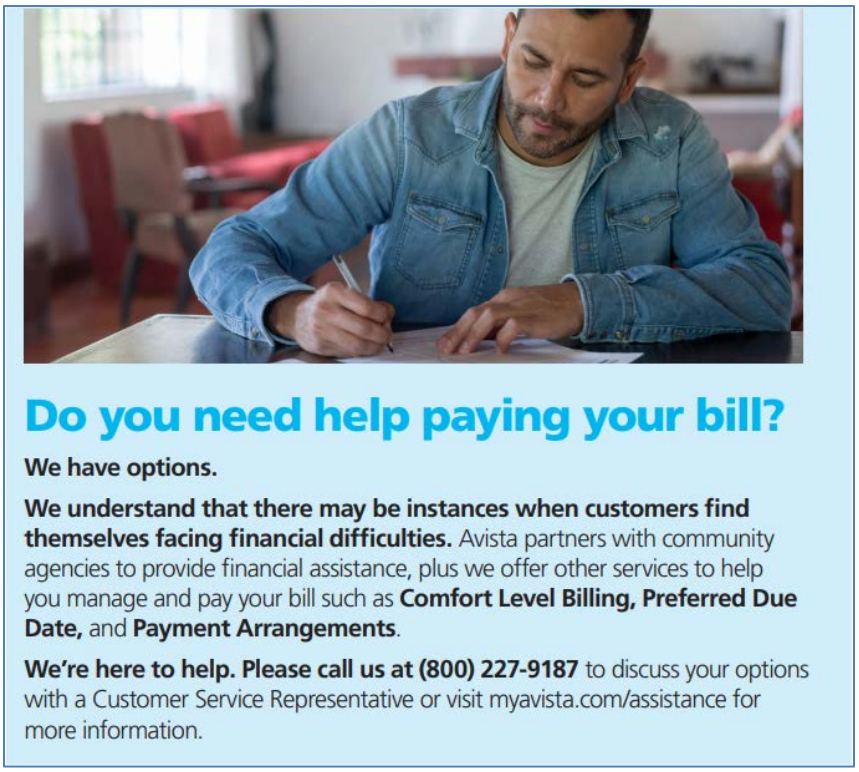
During the 2021-2022 program year meetings, Agencies identified that they would be unable to utilize the state LIHEAP database to administer the LIRAP Bill Discount with arrearage assistance. To support its CAA partners, the Company took on comprehensive systems overhaul to design, develop, and put into production various systems enhancements that enable Agency staff to enroll qualified customers into the Bill Discount and/or arrearage assistance through the company's Energy Assistance Workbench.

In September and early October of 2022, Avista staff also conducted onsite training at each CAA's place of business to educate their intake staff about the Bill Discount and arrearage assistance programs.

Outreach

Throughout 2021-2022, Avista continued marketing activity to raise awareness about its billing and payment options and the availability of bill assistance along with hardship referrals to ensure customers experiencing financial difficulty were connected to bill assistance programs. Any time a customer indicates to Avista that they have been referred to seek assistance, are actively seeking energy assistance, or have an appointment for assistance, a Hardship Referral is created. This referral sends the customer's contact information to their local Agency in a daily referral report. At the time this referral is created, any active collections on the customer's account are also suspended for 30 days to allow the customer time to connect with the appropriate assistance needed. Each CAA then attempts to reach the customer to offer such assistance. . Customers are allowed one Hardship Referral per program year. Of those referred, 31% end up receiving energy assistance within 90 days of the referral.

Since the onset of the pandemic in 2020, the Company has included bill assistance messaging in its monthly Connections newsletter that is included with mailed bills. An example of that messaging is featured below. The print version of the newsletter is distributed to 63,678 OR residential customers and the eConnections, the digital copy, goes to 62,906 customer emails.



Avista's website also includes a page dedicated to assistance resources where individuals can learn about the options available, in addition to a tool that allows customers to locate their local CAA (myavista.com/assistance).

Data Collection

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), and
- Community Action Agency records

This Report was a collaborative effort of utility staff and Agency partners. Agency staff provide monthly demographic reporting in aggregate of those they have served with LIRAP. Agencies also provide a comprehensive Administrative and Program Delivery spending report quarterly.

Avista staff contributing to the Report includes representation from Regulatory Affairs, Revenue Accounting, the Contact Center, and Community & Economic Vitality.

Participating Community Action Agencies

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

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