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

COMPANY NAME: Avista Corporation

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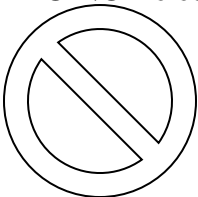
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# Low-Income Rate Assistance Program (LIRAP)

## Annual Summary Report

For the program period October 2017 through September 2018

**OREGON**

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## Overview

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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, 2017 ending September 30, 2018.

## Program Year Results

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A total of 10,127 energy grants totaling \$2,804,061 have been provided since the LIRAP program's inception in 2002. For the program year ending September 30, 2018, approximately 63% of LIRAP participants had household average incomes less than 100% of the Federal Poverty Level (FPL) and approximately 45% of the grant recipients had annual household incomes of less than 75% FPL. Over 61% of the LIRAP participants had households of two or more people. Customers renting their residences constituted 64% of the total.

Avista LIRAP provided 456 grants and distributed a total of \$133,267<sup>1</sup> during this program year. The grants averaged \$292 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

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<sup>1</sup> \$130,665 after reducing for \$2,602 of returned LIRAP payments.

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

<b>Table 1</b>				
<b>OREGON LIRAP</b>				
<b>Data Compilation - GRANTS</b>				
<b>Year 16 - October 1, 2017 - September 30, 2018</b>				
		# of Households	% of Households	Cumulative %
<b>Home Ownership</b>				
Own		162	36%	36%
Rent		294	64%	100%
<b>Total</b>		<b>456</b>		
<b>Heating Fuel Source</b>				
Electric		-	0%	0%
Natural Gas		456	100%	100%
Other		-	0%	100%
<b>Total</b>		<b>456</b>		
<b>Size of Household</b>				
1 Person		153	34%	34%
2 People		125	27%	61%
3 People		89	19%	80%
4+ People		89	19%	99%
<b>Total</b>		<b>456</b>		
<b>Annual Income Level</b>				
Up to 50%		120	26%	26%
51% to 75%		85	19%	45%
76% to 100%		80	18%	63%
101% to 125%		63	14%	77%
126% to 150%		61	13%	90%
151% to 175%		35	8%	98%
176% to 200%		10	2%	100%
201% and over		2	0%	100%
<b>Total</b>		<b>456</b>		

Total revenue and interest funds distributed during the reporting program year were \$220,479. This amount equates to \$215,031 of new revenue collected through the 0.00451 per therm charge in Schedule 410, and \$5,448 of interest income accrued. The total unspent balance is \$51,590, calculated by adding \$7,546 of undistributed direct service funds carried forward from the previous reporting program year, and subtracting the \$43,167 paid to the Agencies for administration and program delivery for the current program year from the total revenue and interest. Table 2 below is a recap of the funds collected, spent, and the amount available at September 30, 2018.

<b>Table 2</b> <b>OREGON LIRAP</b> <b>Year 16 - October 1, 2017 - September 30, 2018</b>	
<b>Total Carry Over from Prior Year</b>	<b>\$ 7,546</b>
Oct - Sept - Total Revenue and Interest to Distribute	<b>220,479</b>
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>(43,167)</u>
Net Funds Available for Direct Services	184,858
Direct Service Funds Distributed by Agencies	(133,267)
Unspent Direct Service Funds at Sept 30, 2018	<u><u>\$ 51,590</u></u>
Percent Unspent in Comparison to Available Funds	27.91%

## Administration and Program Delivery

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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 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 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 total low-income bill payment assistance funds collected.

For this reporting program year, a total of \$43,167 was distributed to the Agencies for administration and program delivery, which equates to 19.57% of revenue collections and accrued interest. This amount, including the \$63,094 carry over from the previous reporting program year, totaled \$106,261 available for administration and program delivery support costs.

The amount of admin reported as spent by the Agencies from LIRAP funds was \$28,581, leaving an unspent administration and program delivery balance of \$77,680 at September 30, 2018<sup>2</sup>. This funding has been distributed to the Agencies and can be carried forward into the next reporting program year to cover program administration and delivery costs of the undistributed direct services amount of \$63,094 described above.

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<sup>2</sup> One Oregon agency failed to report the amount of admin and program fees spent during the program year. The amount of LIRAP funding paid to the non-reporting agency totaled \$12,581.

Table 3 represents a recap of the administration and program delivery spent and the amount available at September 30, 2018.

<b>Table 3</b> <b>OREGON LIRAP</b> <b>Admin and Program Delivery Funds</b> <b>Year 16 - October 1, 2017 - September 30, 2018</b>	
<b>Admin and Program Fees Carry Over from Prior Year</b>	<b>\$ 63,094</b>
Oct - Sept - Admin & Program Delivery Funds paid to Agencies	<u>43,167</u>
Net Funds Available for Admin and Program Fees	106,261
Admin and Program Delivery Funds Spent by Agencies	(28,581)
Unspent Admin and Program Delivery Fees at September 30, 2016	<u>\$ 77,680</u>
Percent Unspent in Comparison to Available Funds	73.10%

## Unspent Funding

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The Company monitors the Agencies' unspent direct service funding at the end of each program year. As shown on Page 5, Table 2 of this Report, , the amount of unspent direct service funds at September 30, 2018 was \$51,590 or 27.91% remaining unspent, based on allocated direct service funds distributed to the Agencies.

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.



For the current program year, Avista supports a larger than normal carryover of unspent funds for the following reasons:

- The Company has discussed the underspending of direct service funding with each of the Agencies and believes that the spending strategies in place will be able to more closely align the 2019-2020 program year with the 20% carryover benchmark;
- The reduced spending is largely attributed to an unanticipated increase of approximately \$250 million in the 2018 Federal budget for LIHEAP, which was approved in March 2018, after the LIRAP program year was underway. The Agencies prioritize the spending of LIHEAP funds above that of LIRAP so as not to lose any available federal funding in a given program year.

## Returned Direct Services

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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, 2018, an additional \$2,602 of returned LIRAP payments has accumulated and was disbursed among all of the Agencies.

## Outreach

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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

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A meeting of the LIRAP Agencies was conducted in Medford in August 2018, 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, as 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

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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

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

## Contacts

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**ATTACHMENT 1  
OREGON LIRAP  
Monthly Revenue and Grants  
Year 16 - October 1, 2017 - September 30, 2018**

	Beginning Balance	Total Revenue	Total Interest (1)	Total Revenue and Interest	Total Admin/Prog Del Pd to Agencies	Total Funds Distributed	Ending Balance
Sep-17				Carry over from Year 2017 Annual Report			\$ 7,546
Oct-17	7,546	9,742.61	373	10,115	(1,980.42)	(1,896)	13,785
Nov-17	13,785	18,967.32	90	19,057	(3,731.12)	(250)	28,861
Dec-17	28,861	33,295.92	158	33,454	(6,549.82)	(3,835)	51,929
Jan-18	51,929	36,999.58	284	37,284	(7,299.71)	(3,620)	78,293
Feb-18	78,293	29,593.55	450	30,044	(5,882.21)	(10,200)	92,255
Mar-18	92,255	32,225.45	568	32,793	(6,420.51)	(10,580)	108,048
Apr-18	108,048	22,055.63	649	22,705	(4,445.37)	(8,460)	117,847
May-18	117,847	12,983.12	731	13,714	(2,685.10)	(29,560)	99,317
Jun-18	99,317	5,535.34	706	6,241	(1,221.98)	(16,008)	88,328
Jul-18	88,328	5,062.53	597	5,659	(1,108.02)	(28,970)	63,909
Aug-18	63,909	4,284.98	470	4,755	(930.91)	(11,162)	56,571
Sep-18	56,571	4,284.98	373	4,657	(911.88)	(8,726)	51,590
Program Year		215,031	5,448	220,479	(43,167)	(133,267)	51,590

(1) Interest is computed each month based on the average monthly fund balance undistributed at the Company's currently authorized rate of return (8.19%)

**ATTACHMENT 2  
OREGON LIRAP  
Monthly Recap of Number and Amount of Grants  
Year 16 - October 1, 2017 - September 30, 2018**

Total Grant Disbursements			# of Households or Grants		
Month	<u>Monthly Totals</u>		Month	<u>Monthly Totals</u>	
Oct-17	(1,896.00)		Oct-17	7	
Nov-17	(250.00)	<u>2017</u>	Nov-17	1	
Dec-17	(3,835.00)	\$ (5,981)	Dec-17	13	
Jan-18	(3,620.00)		Jan-18	13	
Feb-18	(10,200.00)		Feb-18	37	<u>2017</u>
Mar-18	(10,580.00)		Mar-18	39	21
Apr-18	(8,460.00)		Apr-18	29	
May-18	(29,560.00)		May-18	95	
Jun-18	(16,008.00)		Jun-18	53	
Jul-18	(28,970.00)		Jul-18	102	
Aug-18	(11,162.10)	<u>2018</u>	Aug-18	36	<u>2018</u>
Sep-18	(8,726.10)	\$ (127,286)	Sep-18	31	435
<b>Oct - Sept Totals</b>	<b><u>\$ (133,267)</u></b>		<b>Oct - Sept Totals</b>	<b><u>456</u></b>	