

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 01, 2020

DATE: December 9, 2019

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Michael Dougherty, John Crider, and Matthew Muldoon **SIGNED**

SUBJECT: AVISTA:
(Docket No. ADV 1063/Advice No. 19-10-G)
Requests modifications to Avista Oregon Low Income Energy Efficiency (AOLIEE) program, and associated with tariff Schedule 485.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Avista Utilities' (Avista) filing Advice No. ADV 1063, effective with service rendered on and after January 1, 2020, as requested.

DISCUSSION:

Issue

Whether the Commission should approve Avista's Advice No. 19-G, modifying the Company's Oregon Low Income Energy Efficiency (AOLIEE) program, and associated with tariff Schedule 485.

Applicable Law

The applicable statutes in this filing are: ORS 469.633, which requires energy efficiency programs, and ORS 757.262, which states that rates will be adopted to encourage energy efficiency.

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable per ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative

rules, including OAR 860-022-0005 and OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015.

Analysis

Avista filed Advice No. 1063/ 19-10-G on November 22, 2019. The purpose of the filing is to make modifications to the AOLIEE program, which allocates funding to community service agencies (Agencies) that provide weatherization services to low-income residential customers. The program was started in March of 2014 with a goal to weatherize 90 homes per year.

Avista represents in its filing that “[t]hroughout each AOLIEE program year, Avista maintains continuous communication with the Agencies to not only assesses” the adequacy of each Agency’s current funding level, but to also gather Agency feedback regarding program structure and any barriers they may be encountering when attempting to complete weatherization projects. This information is then used to inform any potential program changes that might enhance the Agencies’ ability to reach the maximum number of participants per year; this filing is intended to make such modifications, as well as to provide various housekeeping changes to tariff Schedule 485.”

After discussions with Staff regarding the program, Avista proposes the following changes to the program to be incorporated into tariff Schedule 485 effective January 1, 2020.

1. Increase Agency administration to \$1,100 per treated home to provide sufficient support to the Agencies and to better align with the administration costs offered by other investor owned utilities in Oregon.
2. Remove the language regarding “Heating Equipment Replacement”, and associated 6% funding, from the tariff. This section was added to Schedule 485 in 2017 as a result of Avista’s Advice No. 17-07-G1. Despite the continued funding deficit to fund replacing natural gas heating equipment that is broken or unsafe, a more efficient allocation of

funding to address this barrier would be to instead move the funds to the Health, Safety, and Repair portion of the budget, and add an additional \$24,000 to the Measures budget to cover heating equipment replacement. Per Avista, this resolution allows heating equipment to be replaced as a cost effective measure or, if it is not a cost-effective option, it can be funded with Health, Safety, and Repair measure funding.

3. Avista proposes a higher disbursement cap of \$14,000 per home if heating equipment is being replaced as a cost effective measure. The existing \$10,000 per weatherized home remains, with the provision of an additional \$4,000 only in instances where heating equipment is one of the cost-effective measures implemented within the home.

4. Fund Health, Safety and Repair based on a percentage of the Measures and Agency Administration total budget (15%) rather than a set average cost cap. Tracking an average is burdensome to the Agencies, and setting this funding based on a percentage allows for more flexibility and less tariff modifications when budget changes arise.

5. Additional housekeeping changes for tariff clarification, and to remove prescriptive numbers (i.e. annual budget) that are better suited for Agency Contracts and annual reporting rather than written in tariff, thereby increasing the frequency of modification filings such as this.

Avista states the proposed changes would require an increase in the annual AOLIEE program budget from \$660,000 to \$874,023. The breakdown of the proposed budget is as follow:

Proposed AOLIEE Program Budget

Agency Measures & Admin	\$717,000
Health, Safety, Repair (15%)	\$107,550
Avista Administration (6%)	\$ 49,523
Total	\$874,023

However, there are no proposed changes to any customer rates or charges in this filing, as Avista indicates the existing rate collected to fund the program under Schedule 469 (public purpose charge) will be sufficient to provide appropriate funding in 2020.

Conclusion

Staff supports Commission adoption of the Company's filing.

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PROPOSED COMMISSION MOTION:

Approve Avista's Advice ADV 1063/19-10-G to go into effect for service rendered on and after January 1, 2020.

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