



Avista Corp.

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VIA – Electronic Filing

November 22, 2019

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

RE: Advice No. 19-__-G

Filing Center:

Pursuant to OAR 860-022-0025(1), attached for filing with the Commission is an electronic copy of Avista Corporation's, dba Avista Utilities ("Avista" or "Company"), filing of its proposed changes to the following tariff sheets, P.U.C. OR No. 5:

Second Revision Sheet 485	Canceling	First Revision Sheet 485
Second Revision Sheet 485A	Canceling	First Revision Sheet 485A
Third Revision Sheet 485B	Canceling	Second Revision Sheet 485B

The purpose of this filing is to make modifications to the Avista Oregon Low Income Energy Efficiency (AOLIEE) Program, and associated tariff Schedule 485. There are no proposed changes to any customer rates or charges in this filing.

Avista's AOLIEE program began on March 1, 2014, in an effort to provide weatherization services to customers that have income levels at or below 200% of the Federal Poverty Level (FPL). Avista provides funding, on an annual basis, to each of the four Community Action Agencies ("Agency" or "Agencies") within its Oregon service territory, and the Agencies, in turn, deliver weatherization services to qualifying customers. Prior to 2014, the weatherization of low-income households was a part of the Company's overall residential program.

Throughout 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.

Based on the Agency discussions mentioned above, the Company proposes the following program changes for its 2020 program year, requested 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. In its approved filing, the Company stated that "The current amount of health, safety, and repair measure funding is not adequate to cover the high cost of replacing natural gas heating equipment (i.e., broken or unsafe furnace).", suggesting the 6% funding allocation in an effort to close this funding gap. While this funding deficit is still true, 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. 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. In collaboration with the changes to heating equipment replacement language above, incorporate 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,

¹ Filed on October 4, 2017 and approved by the Commission on November 7, 2017, several modifications were made to Tariff Schedule 485 to more appropriately meet the needs of the Agencies providing low-income weatherization to Avista customers.

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.

If the proposed changes are approved, the estimated annual AOLIEE program budget would increase from \$660,000 to \$874,023. This budget allows for the incorporation of the above changes, in addition to supporting the full weatherization of 63 homes. However, we anticipate the agencies could blend funding to achieve more homes. The breakdown of the proposed budget is as follows:

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

The Company will continue to recover the costs of its AOLIEE program, inclusive of the increased budget amounts, if approved, through its Schedule 469 – Public Purpose Funding Surcharge (“Public Purpose Charge”). However, Avista anticipates that the existing rate collected through Schedule 469 will be sufficient to provide appropriate funding in 2020 for all of the Company’s energy efficiency programs served through this Public Purpose Charge, inclusive of not only the AOLIEE program but also for the delivery of energy efficiency programs administered by the Energy Trust of Oregon (“ETO”), and Company energy efficiency program administrative costs. Therefore, the Company is not requesting any changes to customer rates at this time. Avista will continue to monitor its Schedule 469 revenues and file with the Commission for the appropriate rate adjustment if one becomes necessary.



Avista respectfully requests that the tariff changes included herein be effective for service rendered on or after January 1, 2020. Please direct any questions regarding this filing to Jaime Majure at (509) 495-7839 or Lisa McGarity, Manager of Oregon Energy Efficiency, at (541) 858-4719.

Sincerely,

/s/Linda Gervais

Linda Gervais
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Enclosures



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 485

AVISTA OREGON LOW INCOME ENERGY EFFICIENCY PROGRAM ("AOLIEE")

PURPOSE:

The purpose of the AOLIEE program is to fund residential low-income energy efficiency projects delivered by Community Action Partnership Agencies (Agency or Agencies) serving Avista low-income customers. Agencies representing Avista service territory include the following:

- Community Connection of Northeast Oregon (CCNO) – Union County
- ACCESS – Jackson County
- United Community Action Network (UCAN) – Josephine and Douglas Counties
- Oregon Human Development Corp (OHDC) – Klamath County

The AOLIEE program is intended to increase energy efficiency in low-income households by providing a dedicated funding source, which can be leveraged by utilizing existing infrastructure currently in place as a result of delivering the Federal Weatherization Assistance and Low Income Home Energy Assistance Programs. The customer intake process includes potential consideration for weatherization services and other income-qualified programs that can also serve as referrals for energy assistance services.

AVAILABLE:

The AOLIEE program shall be available to income-qualified residential customers of Avista as determined by the Agencies. In addition to the income-eligibility requirement, recipient must have an active account with Avista and must use natural gas as their primary heating source. Any residential dwelling that receives assistance for the installation of the same or similar measure under any other energy efficiency program may not be eligible for assistance under this program.

APPLICABLE:

To natural gas heated residential dwellings, including multi-unit dwellings.

PROGRAM FUNDING:

Budget for program will be determined annually. Actual spending for program year may be less than budgeted amount. Funding for the program will be collected through Tariff Schedule 469– Public Purpose Funding Surcharge.

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Issued November 22, 2019

Effective For Service On & After
January 1, 2020

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By

Patrick Ehrbar, Director of Regulatory Affairs



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**SCHEDULE 485
AVISTA OREGON LOW INCOME ENERGY EFFICIENCY PROGRAM ("AOLIEE")**

PROGRAM ADMINISTRATION AND ADMINISTRATION COSTS:

AOLIEE will be administered by the Company in accordance with tariff schedule 485. Administration costs shall not exceed 6% of the total AOLIEE program budget. Administration costs will cover the cost of processing reimbursement requests, working with Agencies, attending Oregon Energy Coordinators Association (OECA) meetings, and other functions to support the program.

PROGRAM YEAR AND REPORTING

The AOLIEE program year will be the same as the calendar year. Following the end of the program year, the Company will submit an annual report of the AOLIEE program to the Commission on or before April 30th of the following year. After filing the annual report, the Company will review the results of the program with Commission Staff and other interested parties to determine if any changes should be made to the program.

DISTRIBUTION OF FUNDS

Program funds will be allocated to the Agencies based on the number of meters served within the service area of each Agency. If it is determined that an Agency is under-performing and will not spend all of their allocated funds by the end of the year, the Company may choose to make those funds available to other Agencies. Any amounts not spent during the Program Year will not be carried over to the following Program Year.

At the Company's discretion, up to \$15,000 can be advanced to each Agency at the beginning of the funding cycle to assist the Agency in managing multiple funding sources. An Agency may request additional funds based on the expected job totals and costs for any subsequent month.

AGENCY ADMINISTRATIVE AND DELIVERY COSTS

Each Agency will be reimbursed for a portion of the administrative and delivery costs of administering the AOLIEE program in the amount of \$1,100 per household. The Agency administrative payment will be included with the payment for installed energy efficiency and health, safety, and repair measures. The Company will process payment requests within thirty (30) days of receiving all required documentation. A home is eligible for payment no more than twice under the program.

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SCHEDULE 485
AVISTA OREGON LOW INCOME ENERGY EFFICIENCY PROGRAM ("AOLIEE")

APPROVED MEASURES TO BE FUNDED

Avista will provide funding for 100% of the cost of all installed measures, not to exceed a maximum of \$10,000 per home, or \$14,000 per home if heating equipment is replaced. The total group of installed measures in the home, as prescribed by the Energy Analyzer Software used by each of the Agencies, must meet or exceed a Savings to Investment Ratio (SIR) of 1.0 or better. Measures may be bundled to determine SIR for a group of measures being installed in a home as allowed by the Department of Energy. Agencies shall determine the appropriate measures to install for the AOLIEE program as long as the measure meets the minimum SIR requirement of 1.0 or better.

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A measure can only be completed once during its measure life in a home under the program. Under no circumstances will project funding exceed the actual installed cost of the measure(s).

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HEALTH, SAFETY, AND REPAIR MEASURE FUNDING

AOLIEE funding may be used for the cost of health, safety, and repair (HSR) measures. These measures are those that adversely impact the safety and health of the occupants living in the home or the effectiveness of the efficiency measures. Agencies may use their discretion on the amount spent on HSR measures in each home, not to exceed 15% of the Agency's overall budget. Agencies may also choose not to spend any of their AOLIEE funds on HSR measures and instead use them to fund weatherization measures in additional homes.

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AGENCY REPORTING REQUIREMENTS

Agencies must submit all information required by the Company in order to receive payment of jobs. Required information will be outlined within the contract between the Company and the Agency for administration of the AOLIEE program.

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