



Avista Corp.

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October 4, 2017

Advice No. 17-07-G

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Salem, OR 97302

Attention: 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 the Company"), filing of its proposed changes to the following tariff sheets, P.U.C. OR No. 5:

First Revision Sheet 485	Canceling	Original Sheet 485
First Revision Sheet 485A	Canceling	Original Sheet 485A
First Revision Sheet 485B	Canceling	Original Sheet 485B

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

On March 1, 2014 Avista began the AOLIEE program. Prior to that time the weatherization of low-income households was lumped together with the Company's residential program. The goal of the program is for the four Community Action Partnership Agencies (Agencies) that provide service to low-income families in the Company's service territory, to weatherize approximately 90 low income households each year. The amount of funding available from the program was up to \$3,000 for weatherization measures, \$175 for program administration per job, and each agency could use up to 15% of the overall annual budget they received for health, safety, and

repair measures. The annual budget for the program was set at \$350,000 with \$329,000 being made available to the Agencies. Since the inception of the program, the three year range for completed jobs was been between 45 to 87 homes weatherized, with actual spending of approximately \$155,000 to \$281,000. The average cost per home weatherized has ranged between \$4,977 to \$6,991 annually.

In February 2017, Avista conducted a survey of the Agencies' program managers to obtain information to better understand each Agency's program structure and barriers to completing jobs with the availability of funding from the AOLIEE program. Following the survey, the Company held meetings and teleconferences with the Agencies to obtain greater detail on their responses to the survey. The objective of this effort was to collaborate with the Agencies on potential program changes that would enhance their ability to reach the goal of weatherizing 90 homes per year.

After reviewing the discussion with the Agencies, analyzing historical results, and assessing the need for low-income weatherization services within its service territory, the Company identified the following issues as limiting factors in reaching the annual goal of 90 homes weatherized:

1. Funding

- a. Due to the timing of receiving federal funds, the Agencies may spend all of their federal funds and have no money left to match with Avista funds to complete additional jobs. Avista's funding cycle is based on the calendar year and federal funding is on a July through June program year.
- b. Amounts of federal funds are uncertain each year and must be spread between electric, natural gas, and other fuels, to ensure all residents are served.
- c. AOLIEE funds available per home is limiting Agencies' ability to complete 90 jobs per year.
- d. The Agencies use the federal funds to front the costs of many jobs. When AOLIEE funds are received after job completion they are used to reimburse the federal funds accounts. This become problematic at the end of the federal

funding cycle as Agencies are trying to make sure they spend any remaining federal funds to complete as many jobs as possible.

- e. 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).
2. The AOLIEE program tariff does not specify how much can be spent per home on health, safety, and repair measures, doesn't spread the benefit of these funds across all treated homes.
3. If an agency is underperforming or not using their allocated funds near the end of a program year it is difficult to reallocate funds to another agency.

Based on the issues above, the Company proposes the following program changes, which are incorporated into tariff Schedule 485.

1. Increase funding for weatherization measures (including health, safety, and repair measures) per home to an Agency average of \$6,000, with a cap of \$10,000 per individual home. Each Agency will be responsible for tracking the average cost per home, with oversight from Avista.
2. Increase funding for program administration to \$500 for each job completed.
3. Eliminate the need for Agencies to front project costs with federal funds by advancing each Agency \$15,000 to cover the cost of two jobs at the beginning of each AOLIEE program year. An Agency may request additional funds based on the number of jobs projected and costs of said jobs for the following month.
4. Clean up rebate verbiage in tariff sheets to ensure it is clear that Avista is funding weatherization, and is not a source of rebates after job completion.
5. Allow the Agencies to spend up to an average of \$1,000 for health, safety, and repair measures per job. Each Agency will be responsible for tracking the average cost per home, with oversight from Avista. The health, safety, and repair measure cost will be factored into the \$6,000 average and \$10,000 cap per home described in number one above.



6. Dedicate 6% of the overall agency budget for replacement of non-functioning or unsafe natural gas heating equipment with high-efficiency equipment. A portion of these funds will be allocated to each Agency based on number of meters in the Company's service territory that they serve.
7. Allow reallocation of funding throughout the year if an agency is under-performing or unable to spend their AOLIEE program funds.

If the proposed changes are approved the estimated annual AOLIEE program budget would increase from \$350,000 to \$660,000. The breakdown of the proposed budget is as follows:

Proposed AOLIEE Program Budget

Agency Measures	\$540,000
Agency Admin	\$ 45,000
Equipment Replacement	\$ 35,100
Avista Administration	\$ 37,206
Misc. Expenses	<u>\$ 2,694</u>
Total	\$660,000

If the proposed program changes are approved, the Company will seek to recover the increased budget amounts through its Schedule 469 – Public Purpose Funding Surcharge. The Company anticipates filing to update its Schedule 469 later in 2017, with an effective date of January 1, 2018, to ensure it collects the appropriate funds for the 2018 program year. As a result, the Company requests the tariff changes proposed herein become effective for service rendered on and after November 15, 2017, which will allow the Company to include the revised budget amount in its calculation for the necessary 2018 Public Purpose Funding Surcharge.

If you have any questions regarding this filing, please contact me at (509) 495-2782 or Kerry Shroy, Manager of OR DSM, at (541) 858-4743.

Sincerely,

/s/Shawn Bonfield

Shawn Bonfield
Sr. Regulatory Policy Analyst



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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 (T)
- ACCESS – Jackson County (T)
- United Community Action Network (UCAN) – Josephine and Douglas Counties
- Oregon Human Development Corp (OHDC) – Klamath County (T)

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.

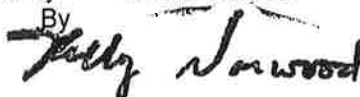
APPLICABLE:

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

PROGRAM BUDGET AND FUNDING:

Budget for program will be approximately \$660,000 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.

Advice No.	17-07-G	Effective For Service On & After
Issued	October 4, 2017	November 15, 2017

Issued by Avista Utilities
By  Kelly O. Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

**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.

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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.

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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.

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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 \$500 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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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. As a portfolio, the average cost for Avista's share of project funding shall not exceed \$6,000 per home. 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.

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

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 an average of \$1,000 per home. 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. The HSR measure costs will be factored into the \$6,000 average and \$10,000 cap per home that agencies are allowed to spend on all measures per home.

HEATING EQUIPMENT REPLACEMENT

Avista will apportion, based on meter count, 6% of the AOLIEE agency budget in additional funds for the replacement of non-functioning or unsafe natural gas heating equipment. Replacement equipment must exceed code where practical. If the Agency plans on replacing the existing equipment with standard efficiency because high-efficiency is not cost-effective or is impossible to install, it must specify the reason for the replacement in the reimbursement request. Agencies may also choose not to spend any of their AOLIEE funds on the heating equipment replacement and instead use them to fund weatherization measures in additional homes.

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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