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

COMPANY NAME: Avista Corporation

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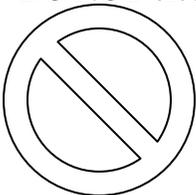
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**AVISTA UTILITIES**

**LOW-INCOME RATE ASSISTANCE PROGRAM**  
**(LIRAP)**

**ANNUAL SUMMARY REPORT**

For the period July 1, 2012 through June 30, 2013

**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 \$0.00438 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 eleventh program year, from July 1, 2012 and ending June 30, 2013.

## Program Year Results

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A total of 6,763 energy grants totaling \$1,901,110 have been provided since the LIRAP program inception in 2002. Approximately 67% of LIRAP participants had household average incomes less than \$15,000. Approximately 39% of the grant recipients had annual household incomes of less than \$8,000. Over 70% of the LIRAP participants had households of two or more people. Customers renting their residences constituted 70% of the total.

Avista Utilities' Low-Income Rate Assistance Program provided 680 grants and distributed a total of \$200,011 during the eleventh program year. The grants averaged \$294 per customer. Table 1 shows the number of grants and the total amount distributed during the reporting program year. It also includes 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).

<p style="text-align: center;"><b>Table 1</b>  <b>OREGON LIRAP</b>  <b>Data Compilation - GRANTS</b>  <b>Program Year 9 - JULY 1, 2012 - JUNE 30, 2013</b></p>			
	# of Households	% of Households	Cumulative %
<b>Home Ownership</b>			
Own	207	30%	30%
Rent	473	70%	100%
<b>Total</b>	<b>680</b>		
<b>Heating Fuel Source</b>			
Electric	73	11%	11%
Natural Gas	607	89%	100%
Other	-	0%	100%
<b>Total</b>	<b>680</b>		
<b>Size of Household</b>			
1 Person	207	30%	30%
2 People	147	22%	52%
3 People	122	18%	70%
4+ People	204	30%	100%
<b>Total</b>	<b>680</b>		
<b>Annual Income Level</b>			
Under \$2,000	99	15%	15%
\$2,000-\$3,999	41	6%	21%
\$4,000-\$5,999	63	9%	30%
\$6,000-\$7,999	61	9%	39%
\$8,000-\$9,999	82	12%	51%
\$10,000-\$11,999	53	8%	59%
\$12,000-\$14,999	58	8%	67%
Over \$15,000	224	33%	100%
<b>Total</b>	<b>680</b>		

Total revenue and interest funds distributed during the reporting program year were \$253,096. This amount equates to \$207,893 of new revenue collected through the 0.00438 per therm charge per Schedule 410, \$15,642 of interest income accrued, and \$73,835 of undistributed direct service funds carried forward from the previous reporting program year, less the current reporting program year administration and program delivery money paid to the agencies of \$44,274 (see Section 4.2 Administration and Program Delivery). Table 2 below is a recap of the funds collected, spent, and the amount available at June 30, 2013.

(See also Attachment 2 for a summary of grant disbursements and number of household grants in total, by month and year-end 2013.)

<b>Table 2</b>	
<b>OREGON LIRAP</b>	
<b>Program Year 11 - JULY 1, 2012 - JUNE 30, 2013</b>	
<b>Total Carry Over from Program Year 10</b>	<b>\$ 73,835</b>
Program Year 11 - Total Revenue and Interest to Distribute	<b>223,534</b>
Program Year 11 - Admin & Program Delivery Funds paid to Agencies	<u>(44,274)</u>
Net Funds Available for Direct Services	253,096
Direct Service Funds Distributed by Agencies	<u>(200,011)</u>
Unspent Direct Service Funds at June 30, 2013	<u><u>\$ 53,085</u></u>
Percent Unspent in Comparison to Available Funds	20.97%
<p>Note: The percent unspent is calculated by dividing \$53,085 of unspent Direct Services funds from the total funds available for Direct Services \$253,096</p>	

## 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 was 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 low-income bill payment assistance funds collected.

For this reporting program year, a total of \$44,274 was distributed to the Agencies for administration and program delivery, which was 19.81% of revenue collections and accrued interest. This amount, including the \$30,264 carry over from the previous reporting program year, totaled \$74,538 available for administration and program delivery support costs.

Excluding the amount subsidized from other funding sources, the amount spent by the agencies from LIRAP funds was \$35,019, leaving an unspent administration and program delivery balance of \$39,519 at June 30, 2013. This amount will be carried forward into the next reporting program year to cover distribution costs of the undistributed direct services amount of \$53,085 described above. Table 3 represents a

recap of the administration and program delivery spent and the amount available at June 30, 2013.

<b>Table 3</b> <b>OREGON LIRAP</b> <b>Admin and Program Delivery Funds</b> <b>Program Year 11 - JULY 1, 2012 - JUNE 30, 2013</b>	
<b>Admin and Program Fees Carry Over from Program Year 10</b>	<b>\$ 30,264</b>
Program Year 11 - Admin & Program Delivery Funds paid to Agencies	<u>44,274</u>
Net Funds Available for Admin and Program Fees	74,538
Admin and Program Delivery Funds Spent by Agencies	<u>(35,019)</u>
Unspent Admin and Program Delivery Fees at June 30, 2013	<u><u>\$ 39,519</u></u>
Percent Unspent in Comparison to Available Funds	53.02%
Note: The percent unspent is calculated by dividing \$39,519 of unspent Admin and Program Delivery Fees from the total funds available for Admin and Program Delivery Fees available to the Agencies \$74,538	

## Unspent Funding

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The Company continues to monitor the Agencies' unspent funding at the end of each program year. As shown on Table 2, based on allocated direct service funds distributed to the Agencies, the amount of unspent direct service funds at June 30, 2013 was \$53,085 or 20.97% remaining unspent.

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. Only one of the agencies still had a carryover amount that is larger than the agreed upon 20% at the end of the heating season. The agency states that the change in LIHEAP program year (e.g. that it is a year-round program rather than seasonal) contributed to their significant LIRAP Direct Service balance, as they were concentrating spending on LIHEAP. The agency has prioritized the spending of LIRAP to be in alignment with LIHEAP and based on the need in their area, believes they can distribute the excess Direct Service funding down to the agreed upon amount. Based on the President's 2014 budget, it appears that LIHEAP funding may decrease from the 2013 program year (e.g. 2014 LIHEAP budget \$2.97 billion, down from \$3.256 billion (post-sequester) in FY 2013 - NEADA advisory, June 18, 2013). The continued decrease of LIHEAP funding over the past few years increases the importance of LIRAP in helping to meet the basic needs in the communities that the agencies serve.

## 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.

At June 30, 2013, an additional \$2,355.67 of returned LIRAP payments has accumulated and was disbursed among all of the Agencies, brings the total unallocated balance to \$0.

## Proposed Change to the Program Year

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The participating LIRAP Agencies and Avista discussed the LIRAP program Avista regarding the timing of the program year at both the Fall and Spring meetings. Based on the results of those conversations, the Company would like to propose changing the LIRAP program year to align with the LIHEAP program year. The program year of July 1 through June 30<sup>th</sup> has been in effect since the 2<sup>nd</sup> program year. The LIHEAP program year is October 1<sup>st</sup> through September 30<sup>th</sup>, and is considered the norm for when the official Heating Season and for reporting data such as the number of households helped, and the amount of funding available for the program year. Since the LIRAP program follows the guidelines of the federal energy assistance program, the agencies and Avista use the LIHEAP program year as the guideline for the program with the exception of reporting LIRAP funds collected, allocated and unspent in the Annual Summary Report. To make a transition to the timing of the LIHEAP program year, the Company proposes submitting a Summary Report for the months of July 1 through September 30, 2013, and begin the new program year on October 1, 2013. The report would be submitted to the Commission no later than November 30, 2013.

## Outreach

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Although the Oregon LIRAP program does not contain a Conservation Education component, the Company provided services to assist low-income and senior customers manage their energy use, at no expense to the LIRAP program.

Approximately 4,000 seniors attended the ACCESS Senior Fair this past winter. As a participant, the Company was represented by a Regional Business Manager. He

personally spoke with close to 400 seniors at this event regarding utility-related questions or specific interest in the energy conservation materials that were offered (i.e. outlet gasket draft covers and window plastic)

## Advisory Meetings

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Avista continues to meet regularly throughout the year with the LIRAP agencies. 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, their experience and knowledge has made LIRAP an effective program.

## Enhancement to the Avista Workbench

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For the 2012/2013 heating season, Avista added a feature that enables the agency's administrator to update information regarding their service hours, availability of energy appointments, funding and other key information for the Company's Customer Service Representatives (CSRs) to access when referring customers to the agencies. This automated method for providing current information regarding the agencies enables the Company's CSRs to effectively, and correctly refer customers so that errors are minimized and the customer experience is improved.

## Updated Agency Allocations

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The Company conducted a review to update the agency LIRAP allocations. Each agencies allocation was determined on the residential meter count for the Avista service area within each of the agencies service area.

	Allocation		% of Change
	Previous Distribution	New Allocation based on Premise Count	
<b>ACCESS</b>	31.06%	47.19%	16.14%
<b>JOCO</b>	15.55%	13.04%	-2.51%
<b>DOCO</b>	17.52%	15.61%	-1.91%
<b>CCNO</b>	12.27%	7.66%	-4.61%
<b>KLCAS</b>	23.60%	16.50%	-7.10%

## Reporting Protocols

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The Company reviewed the program year results in the Fall of 2012 with the Company's Advisory Group. This Report is intended to be responsive to several areas identified for evaluation as part of the PUC's authorization of this program.

## Key Terms

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Key terms used in this Report are described as follows:

- Participants—Customers who received LIRAP grant(s).
- Project Share—Customer, community, and company-funded program that provides one-time emergency energy assistance to families in our region.

## Data Collections

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The data collection and measures used by Avista Utilities in the evaluation of LIRAP include:

- LIRAP Database;
- Customer Service System (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 assumed LIRAP energy assistance program administration in 2011 for Klamath County which was in keeping with the LIHEAP program activity in that area.

## Contacts

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**ATTACHMENT 1  
OREGON LIRAP  
Monthly Revenue and Grants  
Program Year 11 - JULY 1, 2012 - JUNE 30, 2013**

	Beginning Balance	Total Revenue	Total Interest (1)	Total Revenue and Interest	Total Admin/Prog Del Pd to Agencies	Total Funds Distributed	Ending Balance
<b>Jun-11</b>					Carry over from Program Yr 9		<b>\$ 73,835</b>
Jul-12	<b>73,835</b>	6,275.73	1,247	7,523	(1,490)	(13,120)	66,748
Aug-12	66,748	4,453.51	1,155	5,609	(1,111)	(11,312)	59,934
Sep-12	59,934	4,532.04	1,117	5,649	(1,119)	(5,068)	59,396
Oct-12	59,396	5,450.65	1,100	6,551	(1,297)	(18,985)	45,665
Nov-12	45,665	14,052.11	1,058	15,110	(2,993)	(1,978)	55,804
Dec-12	55,804	25,380.23	978	26,358	(5,221)	(3,255)	73,687
Jan-13	73,687	39,651.27	1,266	40,918	(8,104)	(7,065)	99,435
Feb-13	99,435	38,740.46	1,379	40,120	(7,946)	(19,715)	111,894
Mar-13	111,894	29,733.54	1,566	31,299	(6,199)	(28,413)	108,581
Apr-13	108,581	19,564.29	1,645	21,210	(4,201)	(36,439)	89,150
May-13	89,150	12,315.61	1,601	13,917	(2,756)	(20,094)	80,217
Jun-13	80,217	7,743.21	1,528	9,271	(1,836)	(34,567)	53,085
		<b>207,893</b>	<b>15,642</b>	<b>223,534</b>	<b>(44,274)</b>	<b>(200,011)</b>	<b>202,784</b>

(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  
Program Year 11 - JULY 1, 2012 - JUNE 30, 2013**

<u>Total Grant Disbursements</u>			<u># of Households or Grants</u>		
<u>Month</u>	<u>Monthly Totals</u>	<u>Annual Totals</u>		<u>Monthly Totals</u>	<u>Annual Totals</u>
Jul-12	\$ (13,120)		Jul-12	39	
Aug-12	\$ (11,312)		Aug-12	35	
Sep-12	\$ (5,068)		Sep-12	17	
Oct-12	\$ (18,985)		Oct-12	79	
Nov-12	\$ (1,978)	<u>2012</u>	Nov-12	8	<u>2012</u>
Dec-12	\$ (3,255)	\$ <u>(53,718)</u>	Dec-12	12	<u>190</u>
Jan-13	\$ (7,065)		Jan-13	28	
Feb-13	\$ (19,715)		Feb-13	71	
Mar-13	\$ (28,413)		Mar-13	96	
Apr-13	\$ (36,439)		Apr-13	118	
May-13	\$ (20,094)	<u>2013</u>	May-13	66	<u>2013</u>
Jun-13	\$ (34,567)	\$ <u>(146,293)</u>	Jun-13	111	<u>490</u>
<b>Program Year 11 Totals</b>	<b>\$ <u>(200,011)</u></b>		<b>Program Year 11 Totals</b>	<b><u>680</u></b>	