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Avista Corp.

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Via: Electronic Mail

March 6, 2020

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

RE: 2019 Avista Oregon Low Income Energy Efficiency (AOLIEE) Annual Report –
Informational Filing Only

Filing Center:

Avista Corporation, dba Avista Utilities (“Avista” or “Company”), hereby submits its Avista Oregon Low Income Energy Efficiency (AOLIEE) Annual Report (“Report”) for calendar year 2019. This Report is provided for informational purposes as requested by Commission Staff.

The AOLIEE program provides 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, use Avista’s funding and a variety of other matching resource funds to deliver weatherization services to qualifying customers. These Agencies are: Community Connection of Northeast Oregon (CCNO), serving Union County; Access, serving Jackson County; United Community Action Network (UCAN), serving Josephine and Douglas Counties; and Oregon Human Development Corp (OHDC), serving Klamath County. Each Agency is given a minimum target number of low-income households to fully weatherize each year with their available funding.

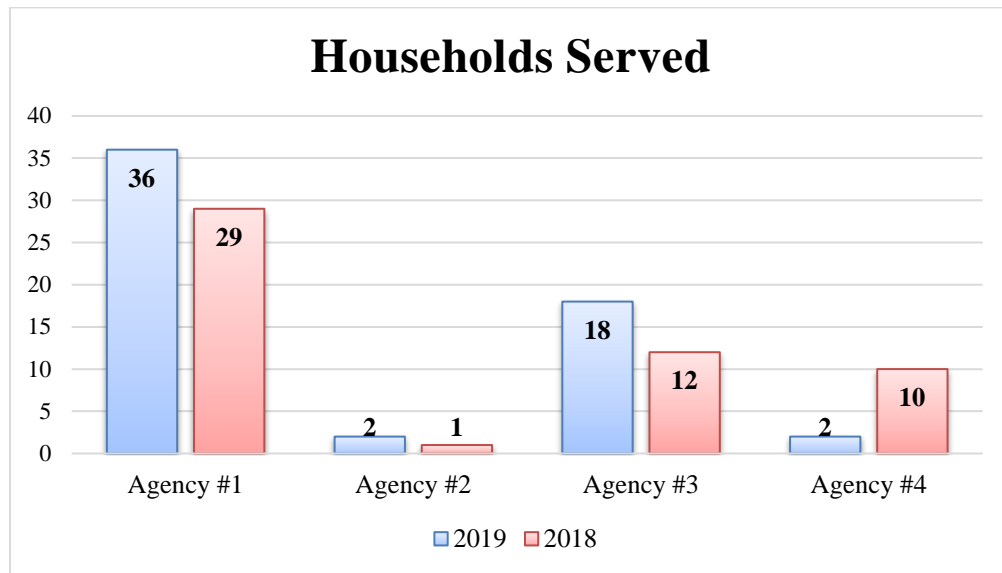
I. 2019 Program Results

The 2019 AOLIEE program provided agencies up to \$10,500 per home, inclusive of the measures themselves as well as administration, health, safety, and repair. Health, safety, and repair was up to an average of \$1,000 per home, with additional funding available to replace heating equipment. During the year, the program provided weatherization for 58 low-income homes,

resulting in a total natural gas savings achieved of 6,605 therms. Avista’s customer-funded Public Purpose tariff, Schedule 469, contributed \$447,162 to the four Agencies responsible for delivering low-income energy efficiency services within the Company’s service territory. In total, the Company spent \$476,258 on the AOLIEE program in 2019.¹

Since its inception in 2014, the AOLIEE program has maintained an aspirational benchmark of weatherizing 90 low-income homes each year. To date, this goal has been attained only twice by the Agencies, with the number of homes weatherized instead averaging around 69 homes per year. For the 2019 program year, the Agencies were able to weatherize a total of 58 low-income households, utilizing 72% of their available funds to do so. While most Agencies surpassed their previous years’ reach, Agencies with new staffing, or those unable to secure contractors to weatherize homes, continued to struggle in meeting annual goals. Chart No. 1 below illustrates the actual number of households served by each Agency, in comparison to each Agency’s weatherization accomplishments from the previous program year in 2018.

Chart No. 1 – Households Served, 2018-2019



Each home treated during 2019 had an average of 5 measures installed, with a total of 290 measures completed throughout the 58 homes. To be considered a valid weatherization measure for the purposes of the AOLIEE program, all measures must meet a Savings to Investment Ratio (SIR) of 1.0, or a combined SIR of 1.0 if multiple measures are being performed.² The average cost Agencies spent per home,³ not including program administration, was \$10,531.

Chart No. 2 below illustrates the percentage each individual measure represents within the total 290 measures. In addition to the measures identified in Chart No. 2, Agencies also installed LED lightbulbs and showerheads to further promote energy efficiency within the homes.

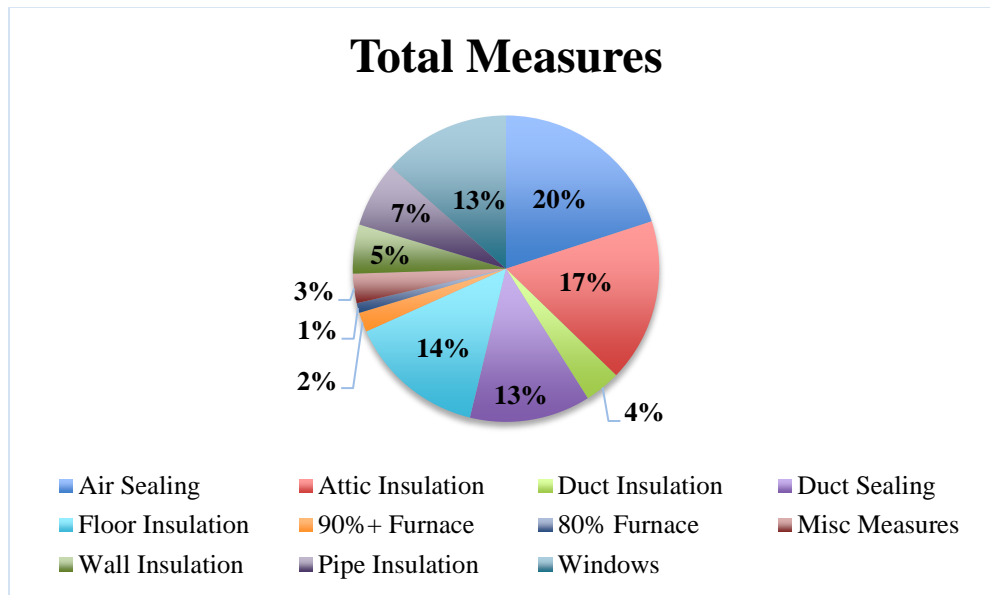
¹ Total spent includes the \$447,162 provided to the Agencies in addition to \$29,096 for Company admin costs.

² As allowed by the Department of Energy.

³ Utilizing both Avista funding and a variety of additional matching resource funds.

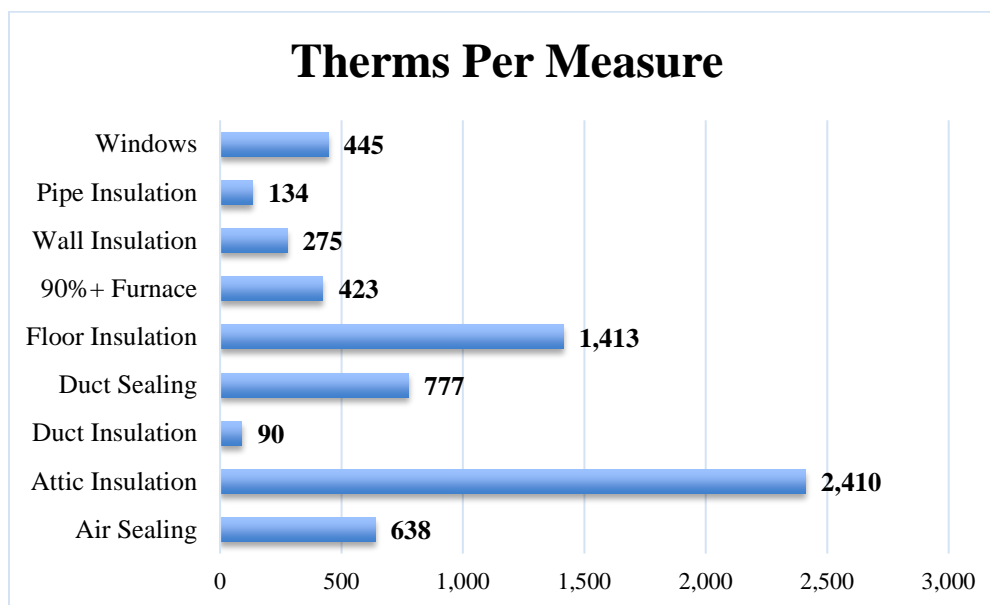
According to reports provided by Energy Trust of Oregon (ETO), six additional natural gas furnaces installed in affordable housing during 2019 also qualified for energy efficiency rebates.

Chart No. 2 – Total Measures Installed



As previously noted, the natural gas savings associated with the installation of all measures for 2019 was 6,605 therms. Chart No. 3 below details the therm savings associated with each measure.

Chart No. 3 – Therms Saved per Measure⁴



⁴ 80% efficiency furnaces, and “Miscellaneous Measures” are omitted from Chart No. 3, as there are no incremental savings associated.

II. Agency Feedback

Throughout 2019, Avista maintained regular contact with the Agencies via telephone and email correspondence, on-site visits to Agency offices, and attendance to the Oregon Energy Coordinator Association meetings. Collaboration with the Agencies is intended not only to assess the adequacy of each Agency's current funding level, but to also gather feedback regarding program structure and address any barriers encountered by the Agencies when attempting to complete weatherization projects. This information helps to inform any potential program changes that may enhance the program's ability to reach the maximum number of participants per year.

Based on Agency feedback, as well as to make various housekeeping changes to Avista's tariff Schedule 485, the following modifications were requested on November 22, 2019 in Docket No. ADV 1063 (Advice No. 19-10-G). These changes were approved effective January 1, 2020, and will therefore be incorporated into the 2020 AOLIEE program year:

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-G. Despite the continued deficit in funding for the replacement of 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. 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. An increased disbursement cap of \$14,000 per home if heating equipment is being replaced as a cost effective measure. This total includes the existing \$10,000 per weatherized home, with the provision of an additional \$4,000 provided 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. The removal of prescriptive numbers (i.e. annual budget) that are better suited for Agency Contracts and annual reporting rather than written in tariff. This will help to decrease the frequency of tariff modification filings.

Table No. 1 below provides a breakdown of the 2020 AOLIEE Program budget, inclusive of the modifications listed above, as approved by the Commission in Docket No. ADV 1063.

Table No. 1 – 2020 AOLIEE Program Budget

2020 AOLIEE Program Budget	
Agency Measures & Admin	\$ 717,000
Health, Safety& Repair (15%)	\$ 107,550
Avista Administration (6%)	\$ 49,473
Total	\$ 874,023

As noted in Section I of this Report, the Company recognizes the disparity between the desired goal of weatherizing 90 low-income homes per year and the actual number of homes reached annually by the Agencies. As such, the Company will further engage the Agencies in 2020 to assess existing goals and ensure that the 90-home target is still an appropriate target.

Avista will continue to monitor additional opportunities to maximize the reach of its low-income weatherization efforts, such as future potential co-funding efforts⁵, as well as participation in activities with potential crossover benefits for the weatherization program, such as OHCS’ current evaluation of the LIHEAP program. The Company continues to track the availability of other funding sources that are used to match AOLIEE funds, as well as the total cost per home and overall need in its service area, to determine if additional program changes will be necessary. Avista remains hopeful that by continuing to alleviate the complications Agencies face in their weatherization endeavors, thereby allowing the Agencies the flexibility to provide as many weatherization services as possible to low-income homes, the AOLIEE program will have further reach in the Oregon communities served.

If you have any questions regarding this report please contact Lisa McGarity at (541) 858-4719.

Sincerely,

/s/Linda Gervais/

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⁵ As outlined in Docket No. UM 2025, Order No. 19-232. Community Action of Washington County, ETO, and Oregon Housing and Community Services, (“OHCS”) are currently piloting such co-funding, with anticipated pilot completion in late summer 2020. Avista does not currently co-fund with ETO due to potential double-counting of natural gas savings.