



# Oregon

Kate Brown, Governor

**Public Utility Commission**

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December 17, 2019



BY EMAIL

Avista Corporation, dba Avista Utilities  
[linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com)

RE: Advice No. 19-10-G

At the public meeting on December 17, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1063. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

A handwritten signature in blue ink that reads "Nolan Moser".

Nolan Moser  
Chief Administrative Law Judge  
Public Utility Commission of Oregon  
(503) 378-3098

**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 filling.

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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.

ADV. 1063

AVISTA CORPORATION dba Avista Utilities
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## 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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Advice No. 19-10-G	
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Issued	November 22, 2019
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Effective For Service On & After	
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11/22/2019	
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Issued by	Avista Utilities
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By
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Patrick Ehrbar, Director of Regulatory Affairs	
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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.

#### 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 30<sup>th</sup> 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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(D)**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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