



# Equity Advisory Group

*Ratemaking: How are rates determined and what they cover  
Clean Energy Transformation Act Refresher*

November 17th, 2023



# Introductions & Agenda

Topic	Topic Owner
Welcome & Introductions	Amber Lenhart
Overview of the Meeting: rules and intent	Amber Lenhart
Partner Shares	Amber Lenhart
Rates 101	Amanda Ghering
CETA Refresher	Annette Brandon
Wrap-up	Amber Lenhart

# Guest Introductions

- Name
  - Pronouns
- Organization



# Today's Meeting

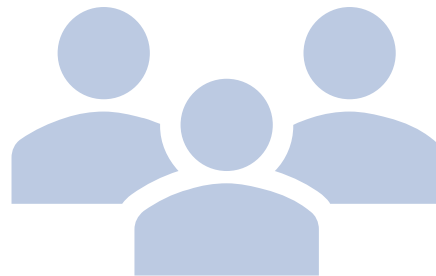
## Equity Lens Session November 2023

### Rates 101



Understand how rates are filed and what they cover.

### CETA Refresher



Current CBI's = customer needs

INCREASING LEVEL OF PUBLIC IMPACT				
INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.

# Rules for Engagement



- Encouraged to actively participate in discussions
- Each member will be provided time to speak
- Healthy and civil debate is encouraged
- Members should be open to new ideas and concepts
- Respectful of differing opinions
- Collectively the group should strive to align varying options (e.g., identify shared goals for different perspectives)

# Partner Shares

- Upcoming relevant community events or opportunities
- Pressing issues facing our community or a need someone might be able to address
- Challenges your organization is facing (especially around equity)





# Rates 101

*Regulatory*







Amanda Ghering



# Avista's Regulatory Structure

- ✓ Regulated Utility
- ✓ Investor-Owned Utility (IOU)
- Different regulation than other forms of electric utilities

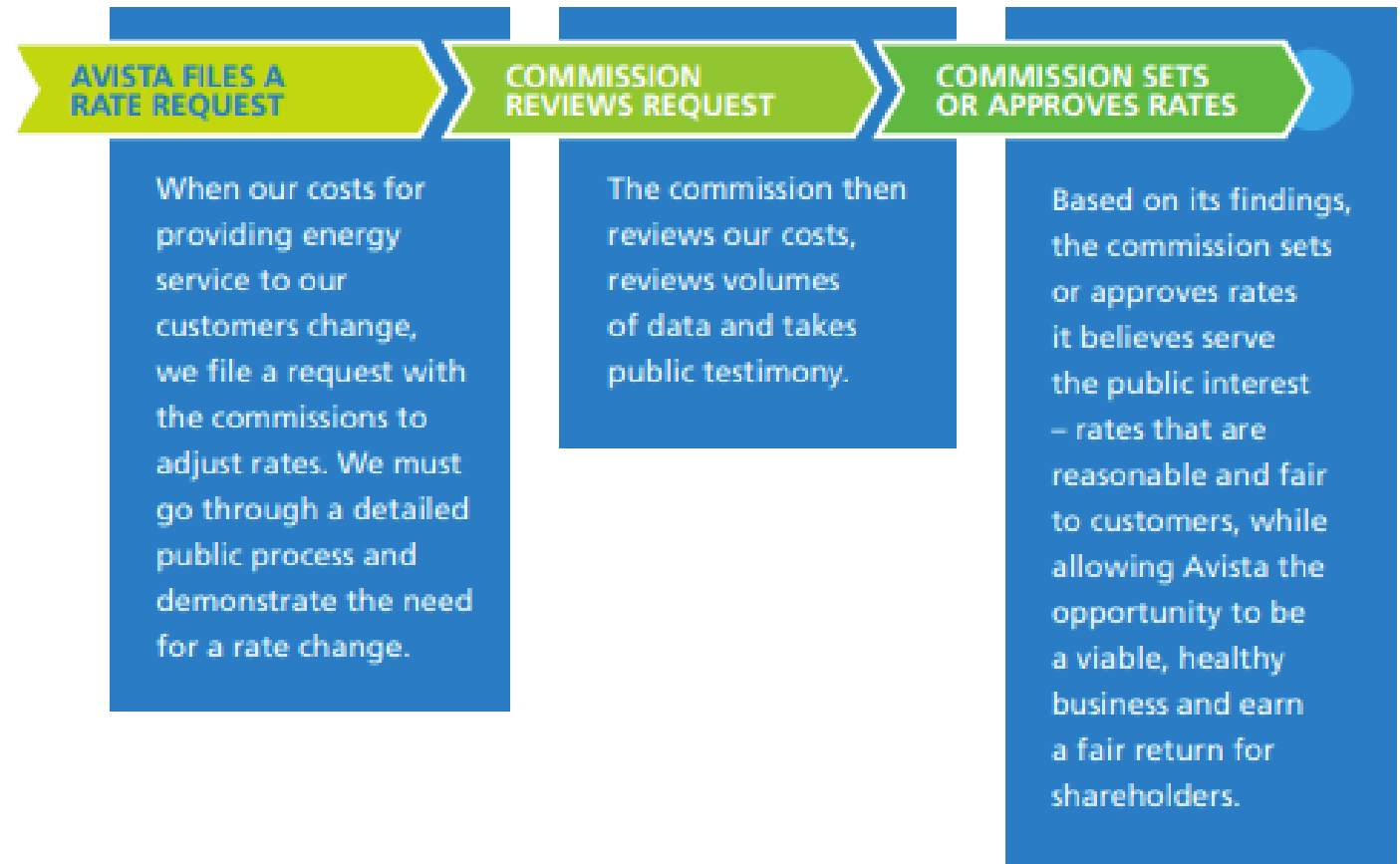
## Investor-Owned Utilities vs. Public Utilities Districts

	IOU	PUD
shareholders invest money in the utility to provide safe, reliable energy for customers		
state regulatory commissions approve or set rates they believe are reasonable and fair		
invests in technology that drives economic growth and strengthens communities		

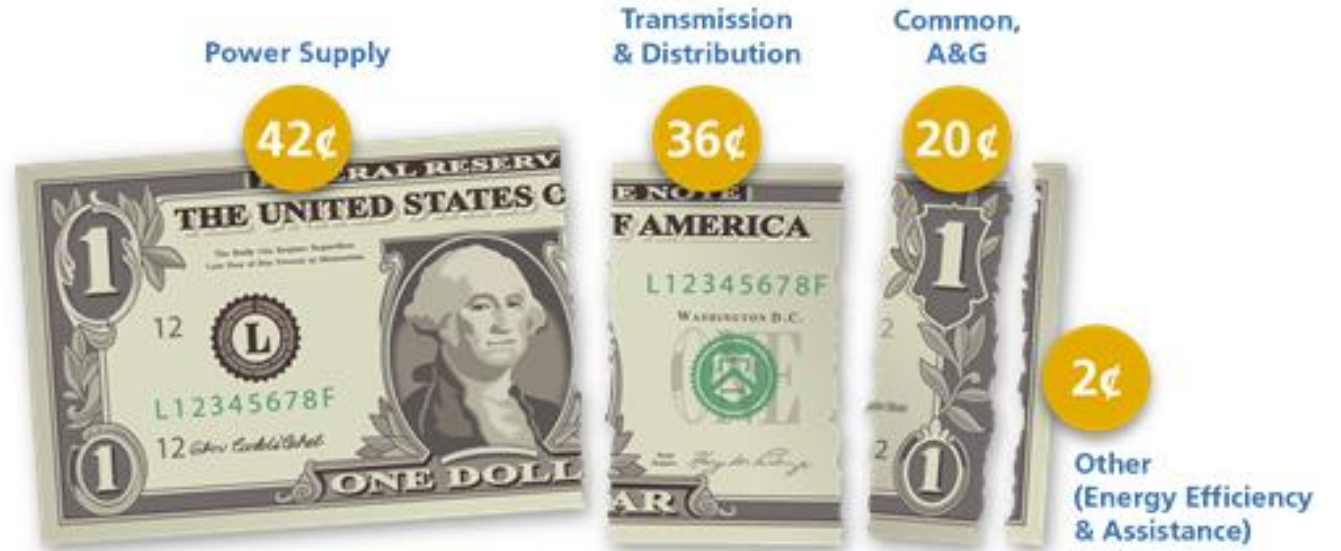
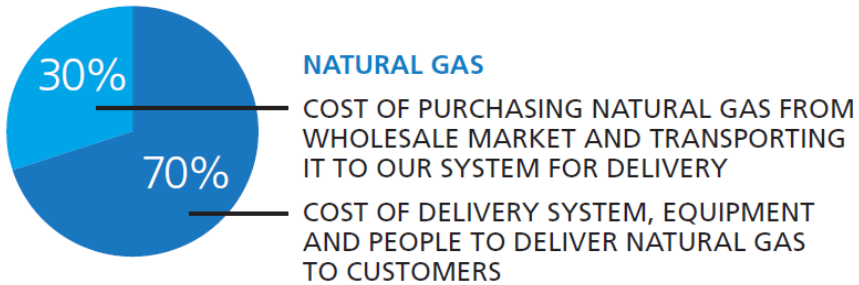
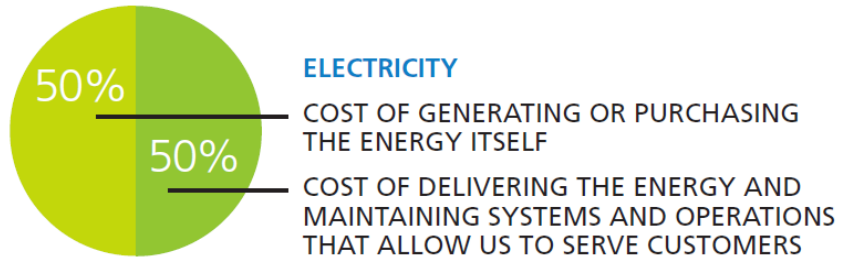
# How Are Rates Set

## How rates are set

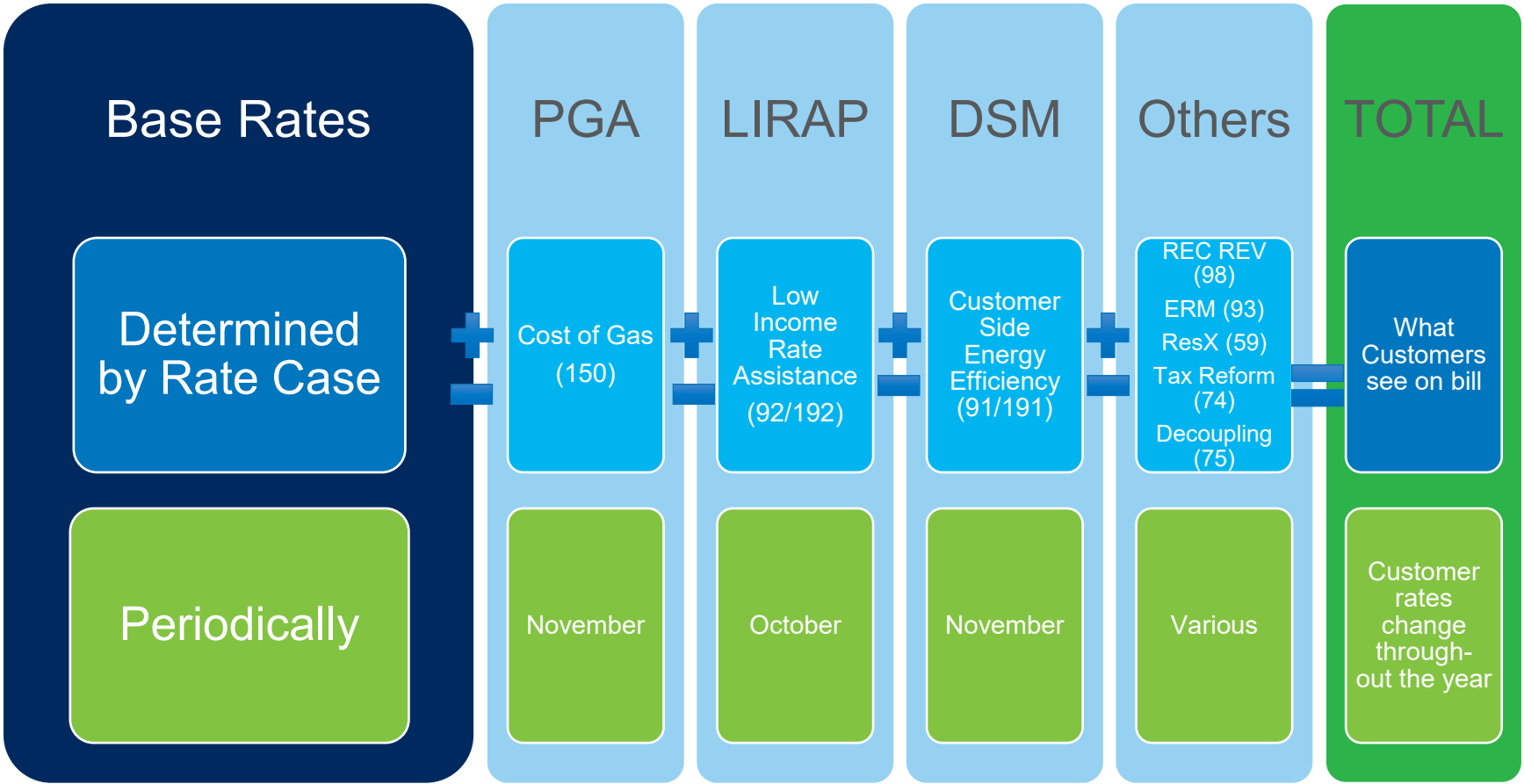
Avista is a regulated utility. That term, "regulated utility," is important because it means that regulators set or approve our rates. It's common to think we can raise our rates whenever we want, but in fact, the opposite is true. Avista's rates can only be changed with approval from state public utility commissions. Here's how the process works:



# What Rates Cover

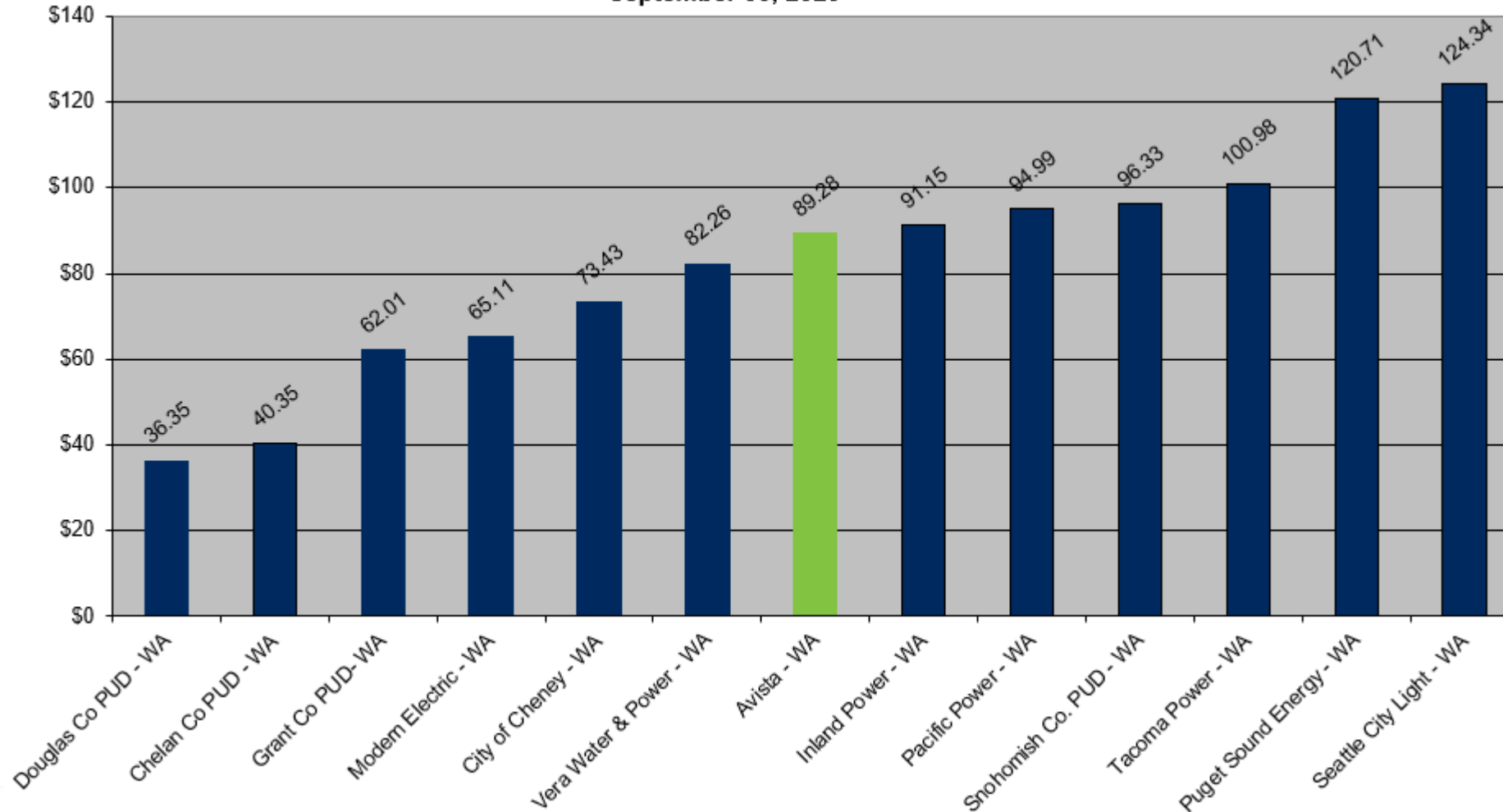


# Multiple Programs = Multiple Adjustments



# Washington Electric Utility Bill Comparison

Washington Electric Utility Residential Bill Comparison  
(Based on 950 KWhs)  
September 30, 2023



# Q&A

Thank you~



# Clean Energy Transformation Act Refresher

Annette Brandon



# Clean Energy Transformation Act (CETA)

- Senate Bill 5116, passed by legislature in 2019
- Applies to all electric utilities in Washington and sets specific milestones to reach 100% clean energy supply
  - 2025 – eliminate coal-fired resources from serving Washington Customers
  - 2023 – electric supply must be greenhouse gas neutral
  - 2045 – electric supply must be 100% renewable or be generated from zero carbon resources



# Clean Energy Implementation Plan (CEIP)

## Integrated Resource Plan (IRP)

20-year resource plan identifying lowest reasonable cost resource mix to provide energy to customers that is clean, affordable, reliable, and equitably distributed.

## Clean Energy Action Plan (CEAP)

Included in the IRP and sets 10-Year targets for complying with clean energy supply standards under CETA.

## Clean Energy Implementation Plan (CEIP) 2022-2025

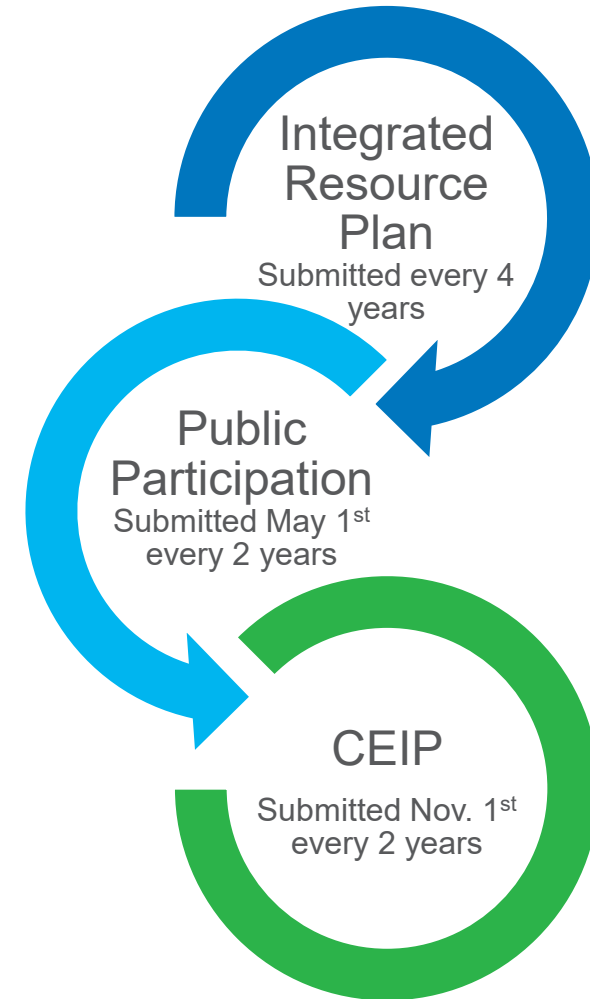
4-year plan establishing the actions the utility will take to comply with CETA requirements in an equitable manner, including:

- Interim Targets
- Specific Targets
  - Demand Response
  - Energy Efficiency
  - Renewable Energy
  - Other





**Must include:**  
**Customer Benefit Indicators  
and metrics**


**Informed by Public  
Participation Process**



# Definition

**equity** [ ek-wi-tee ] [SHOW IPA](#)  

[See synonyms for equity on Thesaurus.com](#)

 Elementary Level

*noun, plural eq·ui·ties.*

- 1 the quality of being fair or impartial; [fairness](#); [impartiality](#):  
*the equity of Solomon.*
- 2 something that is fair and just:  
*The concepts and principles of health equities and inequities are important to society as a whole.*
- 3 the policy or practice of accounting for the differences in each individual's starting point when pursuing a goal or achievement, and working to remove barriers to equal opportunity, as by providing support based on the unique needs of individual students or employees.: Compare [equality \(def. 1\)](#).

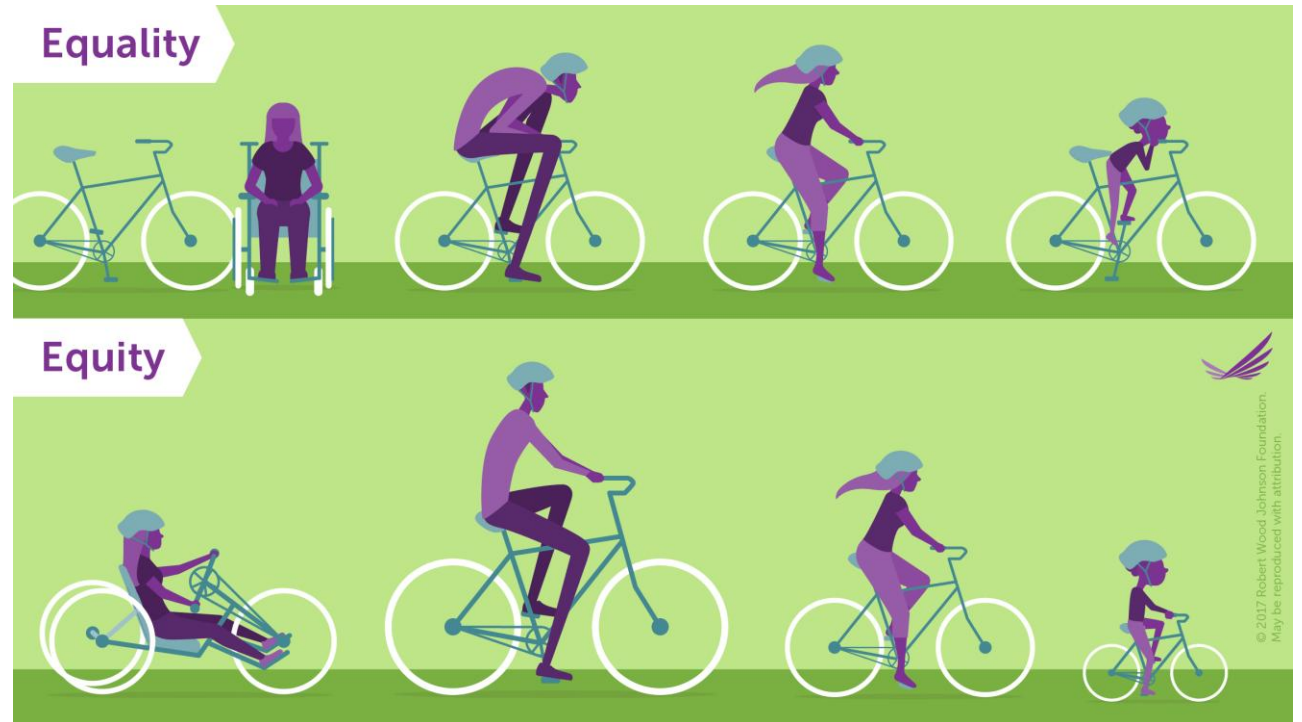
# Equity in CETA

Ensure that all customers are benefitting from the transition to clean energy through the equitable distribution of energy and nonenergy benefits and reduction of burdens to Named Communities.

Avista **must** consider and address:

- Language Barriers
- Cultural Barriers
- Economic Barriers

*“Equitable distribution” means a fair and just, but not necessarily equal, allocation intended to mitigate disparities in benefits and burdens, and based on current conditions, including existing legacy and cumulative impacts*



# Common Terminology

“Equitable means  
*fair or impartial.*”

**eq·ui·ty** *ek-wi-tee*, noun.  
Just and fair inclusion. An equitable society is one in which all can participate and prosper. The goals of equity must be to create conditions that allow all to reach their full potential. In short, equity creates a path from hope to change.

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## *Equity*

Treating all people fairly, and allocating resources and opportunities in a manner which an equal outcome

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## *Energy Equity*

Ensures fairness of distribution of burdens and benefits, across determinant and outcomes correlated with **generation, delivery and consumption**

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## *Equity in Practice*

Active concept of understanding and delivering what customer need

Seeking to overcome barriers to participation  
Equity-focused actions are present at each stage of decision-making process

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# Common Terminology, Cont.

## Fairness

- A “fair process” is defined as focus on ensuring no group of people share disproportional burden associated with policies, decisions or actions

## Meaningful participation:

- people have the awareness and opportunity to participate in decisions, processes or activities that may affect their communities
- customer contribution has the ability to influence decisions
- customer input will be considered in the decision-making process
- Company outreach efforts seek out and facilitate involvement of those potentially affected.



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# What is Energy Justice?

“Justice” is just (guided by truth, reason, justice, and fairness) treatment of all members of society

## Equality



The assumption is that everyone benefits from the same supports. This is equal treatment.

## Equity



Everyone gets the supports they need (this is the concept of “affirmative action”), thus producing equity.


## Justice



All 3 can see the game without supports or accommodations because the cause(s) of the inequity was addressed. The systemic barrier has been removed.

**justice** [ juhs-tis ] [SHOW IPA](#)  

[See synonyms for justice on Thesaurus.com](#)

 Elementary Level

*noun*

- 1 the quality of being just; righteousness, equitableness, or moral rightness:  
*to uphold the justice of a cause.*
- 2 rightfulness or lawfulness, as of a claim or title; justness of ground or reason:  
*to complain with justice.*
- 3 the moral principle determining just conduct.
- 4 conformity to this principle, as manifested in conduct; just conduct, dealing, or treatment:  
*Victims of rape and sexual assault have the right to the evidence they need to seek justice.*
- 5 just treatment of all members of society with regard to a specified public issue, including equitable distribution of resources and participation in decision-making (usually used in combination):  
*Environmental justice means that all people, regardless of race or income, have the right to a clean and healthy environment.*  
*A group of moms in the Bridgeton area are advocating for health justice for those living around the landfills.*  
*When we speak of climate justice, we demonstrate our sensitivity and resolve to secure the future of poor people from the perils of natural disasters.*

# Energy Justice Components



Procedural  
Justice

**Who is vulnerable, who is privileged and how?**  
Understanding historical and ongoing inequalities and prescribes efforts to reconcile.



Recognition  
Justice

**Who is at the table and what voice do they have in planning, decision making, and implementation?**  
Ensures proceedings that are fair, equitable and inclusive.



Distributional  
Justice

**Who bears the brunt of the burdens and who benefits and how?**  
Ensures Named Communities do not receive inordinate share of burdens or denied access to benefits

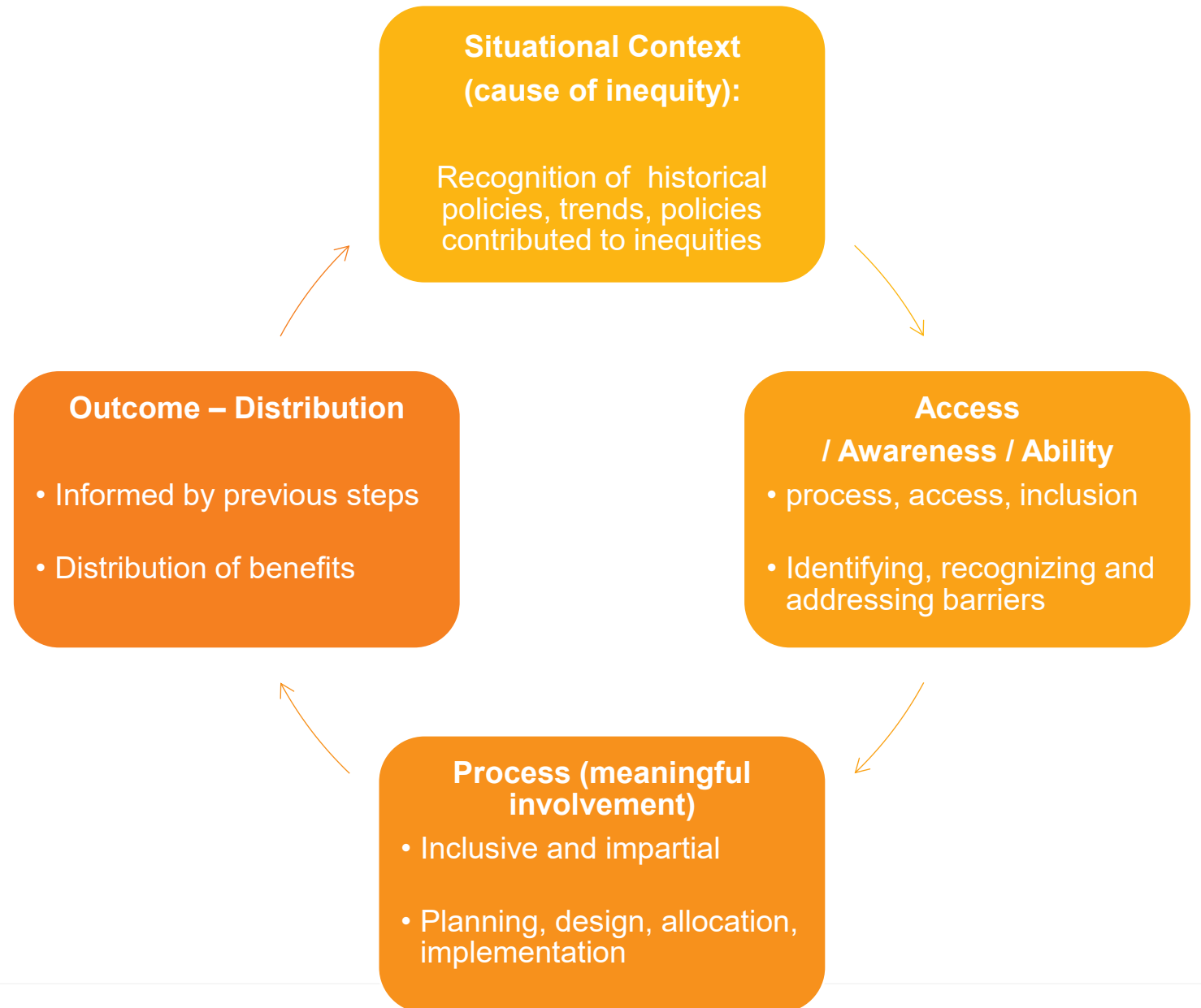


Restorative

**How can we rectify past injustices caused by the energy system and prevent future harm?**

# Tenets of Equity

## Simplified



# Customer Benefit Indicators (CBIs)

## CBI History

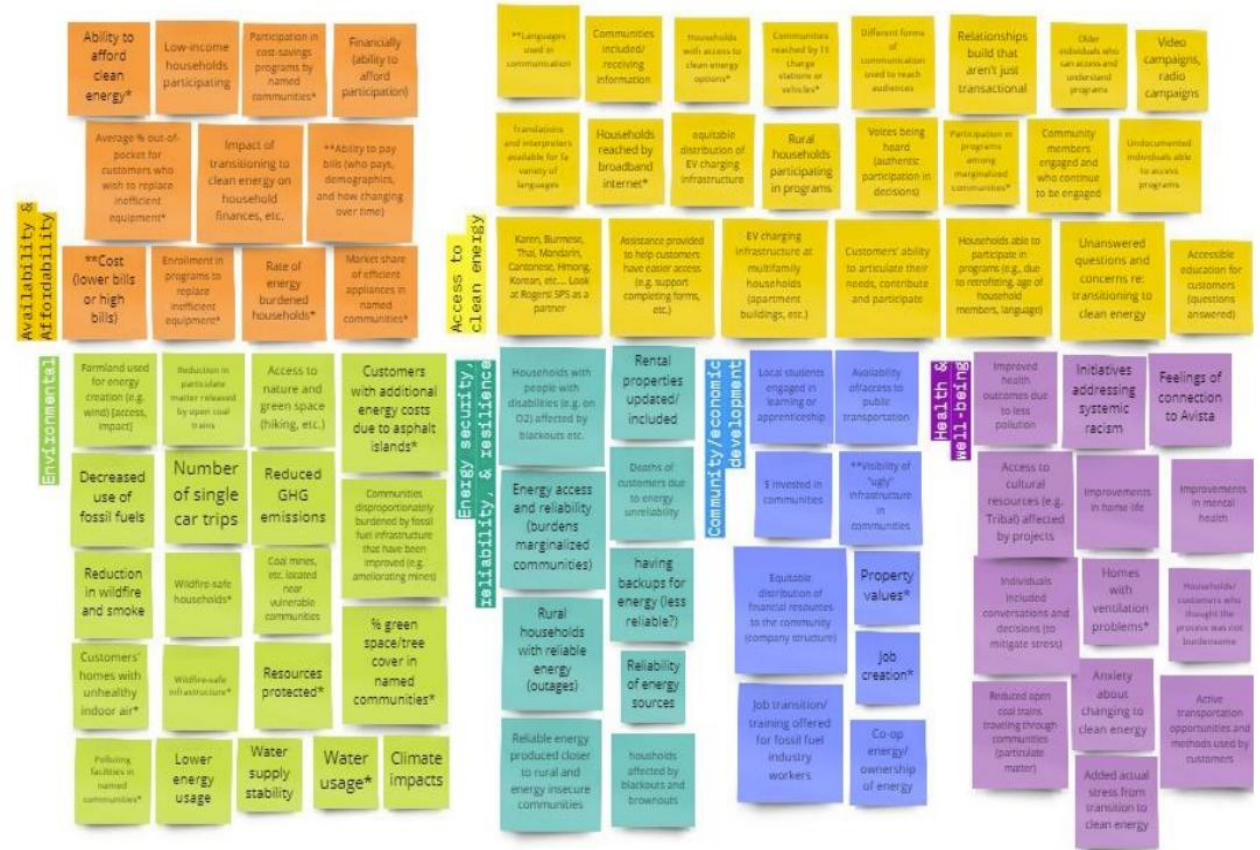
EAG discussed how the transition to clean energy may benefit or unintentionally harm customers:

How does the transition to clean energy benefit or unintentionally harm customers?

- Affordability
- Environmental
- Access to clean energy
- Energy security, resiliency
- Community/economic development

What may be some barriers or burdens?

- Language
- Cultural
- Awareness
- Transportation access



# CEIP Customer Benefit Indicators



## Affordability

Participation in Company Programs  
Households with High Energy Burden  
Residential Arrears & Disconnects



## Energy Security & Resilience

Energy Availability  
Energy Generation Location



## Access to Clean Energy

Methods/Modes of Outreach & Communication  
Transportation Electrification



## Environmental

Outdoor Air Quality  
Greenhouse Gas Emissions



## Community Development

Named Community Clean Energy  
Investments in Named Communities



## Public Health

Employee Diversity  
Supplier Diversity  
Indoor Air Quality

# Inclusive Benefits of the Energy “System”



## Energy

Physical delivery  
of power



## Social

Inclusive  
processes and  
diverse  
perspectives



## Economic

Job creation,  
economic growth,  
reliable supply,  
and affordability

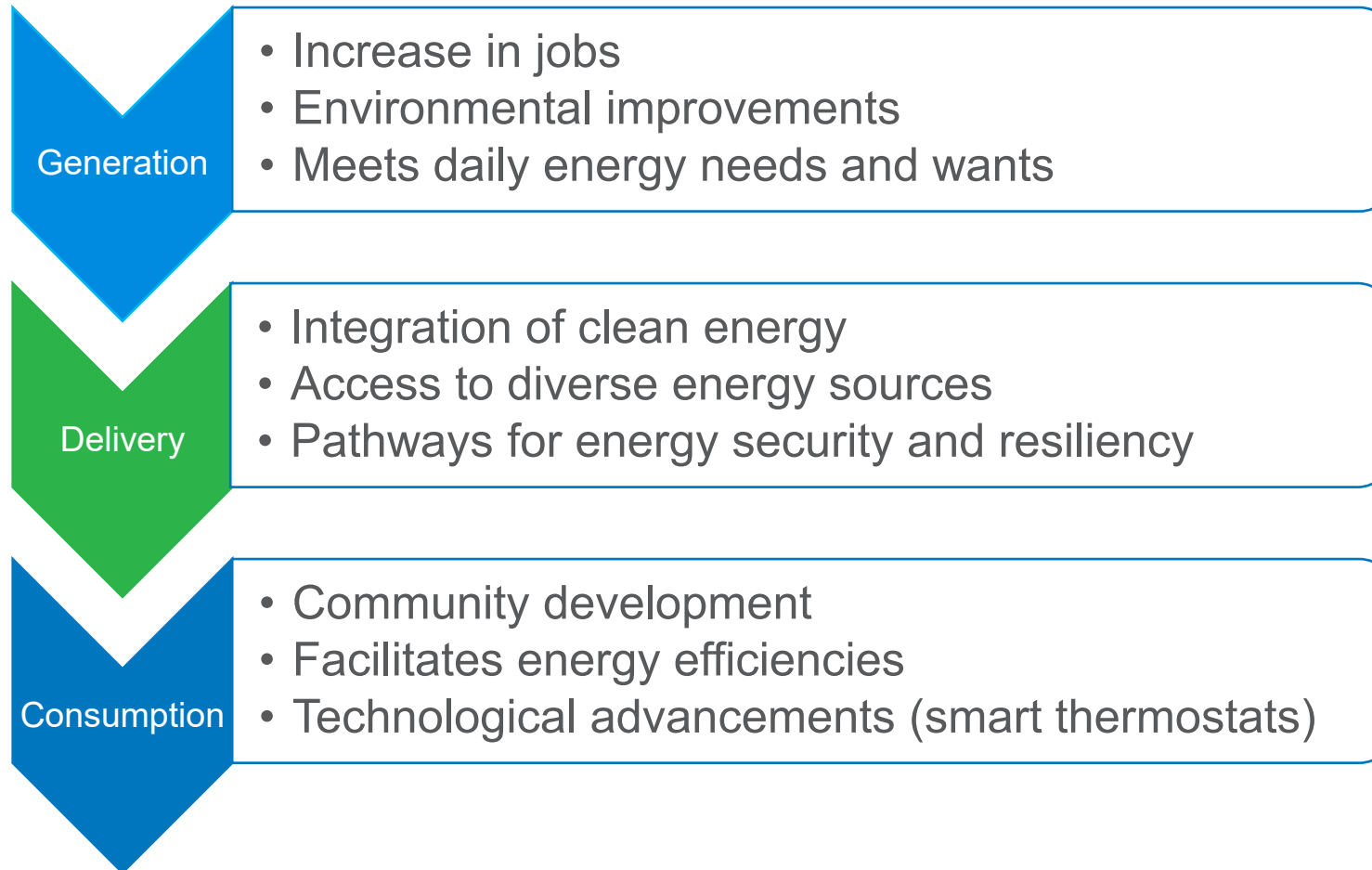


## Environmental

Public health,  
indoor and outdoor  
air quality, and  
sustainability

# Benefits of an Equitable Energy System

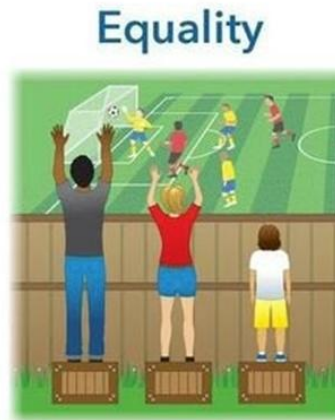
How well is an “action” achieving equitable access to energy and non-energy benefits or reduction of burdens related to the generation, delivery, or consumption of energy.



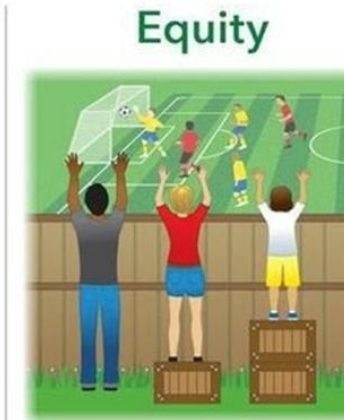
# Looking “Upstream”

## Discussion Goal:

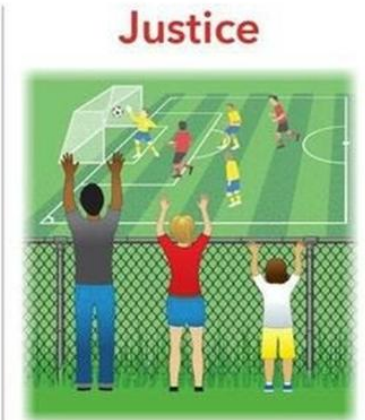
To identify social, economic, environmental, and political factors that contribute to barriers that keep certain populations or communities from equitably benefiting from the transition to cleaner energy.



The assumption is that **everyone benefits from the same supports**. This is equal treatment.



**Everyone gets the supports they need** (this is the concept of “affirmative action”), thus producing equity.

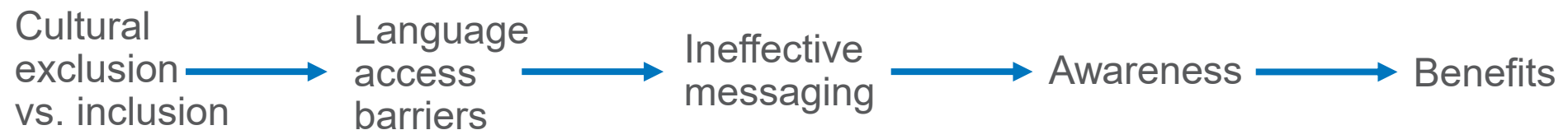


All 3 can see the game without supports or accommodations because **the cause(s) of the inequity was addressed**. The systemic barrier has been removed.

# Group reflection and discussion (future meeting)

What **social, economic, environmental, and political** factors make it hard for people to access the energy, social, economic, and environmental benefits of our energy system (for example, having reliable sources of energy, feeling engaged and included, accessing jobs in the industry, saving money on energy, and breathing clean indoor and outdoor air)?

## ➤ The 5 Why's



# Preparing for our future discussion

- Consider the energy, social, economic, and environmental benefits of the energy system
- Think about the communities where you work and live
  - What barriers might keep them from reaching these benefits?
  - Why do they experience these barriers?
  - Why do the barriers exist?
  - What behaviors, social factors, economic differences, environments, and policies contribute to those barriers?

# Next Meeting | Support Team



**January 17<sup>th</sup>**

- 12:00 – 1:30 pm

**January 19<sup>th</sup>**

- 7:30 – 9:00 am

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