



**Avista Corp.**

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November 15, 2022

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

**Re: Advice No. 22-11-G – Avista Utilities’ Revisions to Schedules 469 and 485**

Filing Center:

Pursuant to ORS 757.205 and OAR 860-022-0025, attached for filing with the Public Utility Commission of Oregon (Commission or PUC) is an electronic copy of Avista Corporation’s, dba Avista Utilities (Avista or the Company), filing of its proposed revisions to the following tariff sheets, P.U.C. OR No. 5:

<b>Fifth Revision Sheet 469</b>	Canceling	<b>Fourth Revision Sheet 469</b>
<b>Third Revision Sheet 485</b>	Canceling	<b>Second Revision Sheet 485</b>
<b>Third Revision Sheet 485A</b>	Canceling	<b>Second Revision Sheet 485A</b>
<b>Fourth Revision Sheet 485A</b>	Canceling	<b>Third Revision Sheet 485A</b>

The purpose of these requested tariff revisions is to adjust Schedule 469, “Public Purpose Funding Surcharge” (Public Purpose Charge or PPC), to reflect the rates required to fund the Company’s 2023 energy efficiency programs. Specifically, these funds support the delivery of energy efficiency programs administered by the Energy Trust of Oregon (ETO), the Avista Oregon Low-Income Energy Efficiency (AOLIEE) Program, and Company energy efficiency program marketing and administrative costs. These Schedule 469 changes also include the addition of a provision to allow ETO the flexibility to serve Avista’s interruptible and natural gas transport customers, though cost recovery for this provision will not be included PPC rates, as described herein. As explained in further detail below, through this filing the Company is requesting a decrease of \$2,199,918, or 1.5%, effective January 1, 2023.



Concurrently with the Schedule 469 rate request, the Company is proposing modifications to its associated AOLIEE tariff, Schedule 485, to incorporate program adjustments intended to further expand the reach of low-income energy efficiency offerings and to better support the Community Action Partnership Agencies (Agencies) administering the AOLIEE Program.

## **I. PROPOSED CHANGES TO PPC**

The primary driver of the requested rate decrease for Avista's PPC is a decrease in the ETO budget for the 2023 program year, from the \$4,943,292 budget for 2022 to approximately \$3,374,609 for 2023. This budget, coupled with approximately \$1,671,239 (including interest) to be held as ETO's negotiated reserve funding, will provide a total of approximately \$5,045,848 to ETO for the 2023 program year. Due to lower spend during the 2022 program year, ETO also anticipates approximately \$2,846,915 in carryover funding to be available for the 2023 program year, resulting in an actual funding need of approximately \$2,193,292 for 2023.<sup>1</sup> As provided in its November 3, 2022 budget presentation to the Commission,<sup>2</sup> ETO's budget decrease is the result of robust savings and participation forecasts for 2022 that were not fully realized, due in part to the lingering effects of the COVID-19 pandemic and increased inflation. While the ETO does anticipate an increase in throughput for 2023 and will also collaborate to identify potential targeted load management projects and a hybrid heating system pilot during the upcoming program years, there is enough of a funding buffer built into the lower budget amount (as well as a much higher percentage being held in reserve) so that there are no budget increases—and therefore no associated rate increases—anticipated through 2024.

The remaining components funded through Avista's Schedule 469 will remain relatively consistent for 2023 (notably, the AOLIEE budget, inclusive of the modifications requested within this filing, remains unchanged), resulting in the following proposed budget:

<b>Expenditure Type</b>	<b>Budget</b>	<b>%</b>
ETO	\$3,374,609	74%
AOLIEE	\$874,023	19%
General Labor	\$184,462	4%
Marketing	\$125,000	3%
Admin/Travel	\$13,000	0%
Total	\$4,571,094	

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<sup>1</sup> Inclusive of approximately \$5,641 in anticipated interest to be credited.

<sup>2</sup> [https://oregonpuc.granicus.com/player/clip/1040?view\\_id=2&redirect=true&h=6d8a7f8ae149e8a07d2e2fcd0b171320](https://oregonpuc.granicus.com/player/clip/1040?view_id=2&redirect=true&h=6d8a7f8ae149e8a07d2e2fcd0b171320)



Avista is estimating that it will have a year-end surplus of approximately \$207,563 related to the funds collected from January 2022 through December 2022, thus will need to recover a total of \$3,182,214 through rates during the 2023 program year to meet the needs of the Company's Oregon energy efficiency programs. At its current rate, the Schedule 469 surcharge rate is set to collect approximately \$5,474,087 during the 2023 program year, resulting in a \$2,199,918 forecasted over-collection. It is worth noting that the requested revenue collection amounts contained herein do not fully align with Commission Staff's recommendation that collections for each utility served by ETO in 2023 be no less than what was collected in 2021.<sup>3</sup> Based on the comprehensive budget planning discussions between Avista and ETO, both parties have agreed that the requested revenue collection, while slightly less than the amount requested by Staff, strikes the appropriate balance between providing adequate support to the ETO while also keeping customer interests at the forefront by providing as much of a rate decrease as possible and still maintaining enough reserve funding for ETO to mitigate the need for any potential rate increases through 2024. Inclusive of the revenue decrease requested, ETO's negotiated reserve funding is forecasted to be nearly 50% for 2023, and to remain at over 15% for 2024; in comparison, annual reserves have historically been negotiated to remain at around 10%.

The Company is proposing that the collection of the revenue continue to be on a uniform percentage of revenue basis from Schedules 410, 420, 424, 425 and 444, consistent with present Schedule 469 funding. Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by the filing, and the annual revenue before and after the impact of the proposed rate change, are as follows:

<b><u>Rate Schedule</u></b>	<b><u>Number of Customers</u></b>
Schedule 410	94,617
Schedule 420	12,016
Schedule 424	103
Schedule 425	0
Schedule 444	2

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<sup>3</sup> See Staff Memo issued October 25, 2022; SUBJECT: ENERGY TRUST OF OREGON: Presentation of 2023 Draft Budget and 2023-24 Action Plan.



<u>Rate Schedule</u>	<u>Present Revenue</u>	<u>Change</u>	<u>Proposed Revenue</u>	<u>% Change</u>
Schedule 410	\$ 89,216,002	\$ (1,475,233)	\$ 87,740,769	-1.7%
Schedule 420	\$ 42,391,012	\$ (678,819)	\$ 41,712,193	-1.6%
Schedule 424/425	\$ 4,129,593	\$ (43,908)	\$ 4,085,685	-1.1%
Schedule 439/440	\$ 9,035,548	\$ -	\$ 9,035,548	0.0%
Schedule 444	\$ 176,086	\$ (1,958)	\$ 174,128	-1.1%
Schedule 456	\$ 2,684,071	\$ -	\$ 2,684,071	0.0%
Schedule 447	\$ 175,000	\$ -	\$ 175,000	0.0%
	<u><b>\$ 147,807,312</b></u>	<u><b>\$ (2,199,918)</b></u>	<u><b>\$ 145,607,394</b></u>	<u><b>-1.5%</b></u>

If approved, a residential customer using an average of 48 therms a month could expect their bill to *decrease* by \$1.32, or 1.7 percent, for a revised monthly bill of \$78.42 effective January 1, 2023.

As previously noted, the revisions to Schedule 469 also include addition of a Special Condition 4, which allows ETO to serve the Company's natural gas interruptible and transport customers with energy efficiency services. While conversations regarding the specifics of such offering are still in progress between ETO and Avista, there will be no immediate rate impact associated with these changes as the Company plans to defer these expenses as part of its "Application Of Avista Corporation For An Order Authorizing Deferral Of Costs Of Compliance With The Climate Protection Plan", which is pending Commission approval in Docket No. UM 2254. Based on preliminary discussions with ETO regarding interruptible and transportation customers, the budgets anticipated to be deferred in 2023 are approximately \$310,000 and \$250,000, respectively. Avista anticipates energy efficiency programs to be offered to this subset of customers beginning in 2023 for interruptible and mid-2023 for transport customers; the Company will continue to work with stakeholders, including those representative of interruptible and transport customers, to obtain valuable input necessary to ensure adequate and appropriate program offerings for these customers.

## **II. PROPOSED AOLIEE MODIFICATIONS**

Avista has proposed several modifications to its AOLIEE tariff to provide for further flexibility and support for low-income energy efficiency services provided within its service territory. Throughout 2022, the Company engaged the Agencies as well as several other



organizations that serve its low-income households<sup>4</sup> via meetings, email correspondence, and telephone conversations in order to gain community perspective and collaborate regarding ideas intended to open new avenues for increased customer participation in the AOLIEE Program. All changes listed below are intended to expand the reach of the existing AOLIEE program and to prioritize energy burdened customers within these communities to ensure that the energy efficiency and weatherization services available are reaching those that need them most.

### **Administrative Costs**

With regard to Agency administration costs, Avista requests to change the reimbursement amount to a percentage-based amount rather than a flat fee. Currently, the Agencies are provided a set amount of \$1,100 for each household served; the Company would like to instead provide them with 15% of the overall invoiced household cost, not to exceed \$2,000 per household. With the average cost spent per home being \$12,775 in 2021,<sup>5</sup> and continuous variability in project time or material costs now and into the future, aligning compensation with the overall breadth of the project will help to recompense Agency costs more adequately.

The Company is also proposing to update its own current percentage designated to administer the program from 6% to 10% of the total AOLIEE Program budget. The current funding percentage provides approximately \$52,441 annually help to cover the costs of Avista's management of the program. The change to 10%, which would provide approximately \$87,402 annually, is being requested to increase customer program awareness through marketing and to further reach communities that have been underserved. The Company believe such endeavors to be appropriate aligned with the directives of HB 2475 (via UM 2211) regarding the bundling of energy efficiency and weatherization services and pairing of such complementary services with bill assistance options to more comprehensively address the energy burden of a given household.

### **Distribution of Funds**

Having historically allocated AOLIEE funding based simply on customer count – i.e. the number of active Avista meters within each Agency's service area – the Company is now looking to broaden the Agencies' ability to weatherize homes by offering alternative distribution structures to more appropriately disperse funding to where the customer needs are greatest and/or where the

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<sup>4</sup> Such organizations include Federally Recognized Tribes and Saint Vincent de Paul.

<sup>5</sup> See Docket No. RG 81, March 16, 2022, 2021 Avista Oregon Low-Income Energy Efficiency (AOLIEE) Annual Report.



funding is actually able to be spent. While providing funding based on meter count and setting a target number of weatherized homes to strive for has been the common practice each year, the Company and its partner Agencies continuously report an inconsistency in the number of homes reached within each Agency service area. As such, rather than allocating funds by meter population, the Company suggests working with the Agencies and other interested stakeholders each year to determine the best prioritization of funds—whether it be providing more funding to the areas with highest energy burden or allotting amounts based on a target number of homes to be reached with energy efficiency services that year. As Avista and its Agencies continue to endeavor in reaching those that need these services the most, finding creative ways to be intentional in the targeting of low-income funding is paramount. The Company believes that the more flexibility that can be offered in the provision of these funds—starting with where they are allocated—will help to promote equity in its AOLIEE Program rather than the equality model perpetuated by using meter count.

### **Measure Funding**

Under the current AOLIEE tariff language, Avista provides funding for 100% of the cost of all installed measures, not to exceed \$10,000 per home or \$14,000 if heating equipment is being replaced. Additionally, the allowance available for health, safety and repair (HSR) measures is currently set at 15% of each Agency's overall budget. As noted previously, the average cost per home has continued to vacillate over the years, sometimes landing above the maximum amount provided by Avista's AOLIEE Program. In these scenarios, the Agencies must leverage other funding sources—some with differing guidelines for funding usage—to provide comprehensive services to a single home. To mitigate this ceiling of funding and further expand the number of low-income homes served with energy efficiency within Avista's service area, the Company is proposing to remove this capped structure in favor of a model that fully funds 1) any total group of measures that meets or exceeds a Savings-to-Investment Ratio (SIR) of 1.0, and 2) any measure(s) identified within the Priority List of the Department of Energy (DOE). Because measures identified within the DOE Priority List have already been noted by the DOE<sup>6</sup> as those that facilitate greater impacts and reduce administrative burdens, such measures are not subject to SIR requirements. Additionally, measures with identifiable savings, as evidenced by the

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<sup>6</sup> [Weatherization Program Notice 22-8: Streamlining the Energy Audit Process—Optional Regional Weatherization Priority Lists.](#)



Company's Deemed Savings List,<sup>7</sup> yet not eligible for funding based on the two (2) criteria listed above will be eligible for funding of up to 100% of the total avoided cost of the measure(s).

Concurrently with this change in the measure funding structure, HSR funding would also be increased to 20% of Agency budgets to allow for added support in the provision of those measures that may be hindering energy efficiency efforts in these households (for example, weatherization measures cannot be completed in a home if there are HSR measures adversely impacting the safety and health of the home's occupants, or that would influence the effectiveness of the efficiency measures. Such HSR measures should be addressed first and foremost, so availability of adequate HSR funding is essential).

Lastly, to alleviate the burden of being waitlisted at the Agencies—sometimes for several years—for whole-home weatherization or energy efficiency services, Avista proposes that if the home has previously received measures under AOLIEE or another program, the measures provided at a later date may instead meet an SIR of 0.60 or better rather than the initial 1.0. This accommodation will allow waitlisted customers to be provided with at least *some* energy efficiency measures while they await the more comprehensive whole-home services and will allow customers to pursue and/or receive energy efficiency measures without the risk of any new measures no longer meeting cost-effectiveness requirements because of the efficiency improvements already made.

### **Miscellaneous Changes**

The remaining modifications are housekeeping in nature, to provide clarification to existing verbiage and to remove language the Company finds to be overly-prescriptive. For example, the Company removed its list of the four specific Agencies that serve Avista's low-income customers with energy efficiency services, leaving instead the broader "Community Action Partnership Agencies". The phrase "and other programs" was also added to the listing of existing infrastructure providers to account for those outside of the traditional Low Income Home Energy Assistance Program (LIHEAP) and Federal Weatherization Assistance programs.

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<sup>7</sup> Avista's 2023 Oregon Deemed Savings List has been provided as Attachment A to this filing.



### **III. CONCLUSION**

Avista respectfully requests that the tariff changes proposed for Schedules 469 and 485 be effective for service rendered on and after January 1, 2023. Information related to this filing has been included on the Company's website, [www.myavista.com/rates](http://www.myavista.com/rates).

Please direct any questions regarding this filing to Jaime Majure at (509) 495-7839 or [jaime.majure@avistacorp.com](mailto:jaime.majure@avistacorp.com), or Lisa McGarity, Manager of Oregon Energy Efficiency, at (541) 858-4719 or [lisa.mcgarity@avistacorp.com](mailto:lisa.mcgarity@avistacorp.com).

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy

Enclosures



BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES  
ADVICE NO. 22-11-G

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**Tariff Sheets**

November 15, 2022



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 469

PUBLIC PURPOSE FUNDING SURCHARGE - OREGON

**APPLICABLE:**

Adjustments under this schedule are applicable to all bills calculated under all schedules of this Tariff.

**PURPOSE:**

The purpose of this schedule is to collect funds to be used to fund energy efficiency programs administered through the Energy Trust of Oregon (ETO) and the Company.

**MONTHLY RATE:**

A public purpose charge, based on a percentage of revenues on an annualized basis, will be collected through monthly charges for the purpose described above. The Commodity Charge per therm of the individual rate schedules are to be adjusted by the following amounts:

<u>Rate Schedule</u>	<u>Rate</u>
Schedule 410	\$0.04012 per Therm
Schedule 420	\$0.03498 per Therm
Schedule 424/425	\$0.02084 per Therm
Schedule 444	\$0.02125 per Therm

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**DETERMINATION OF RATE**

The Company will annually determine if the Public Purpose Funding Surcharge for energy efficiency programs administered by the ETO and the Company needs to be adjusted so that forecasted collections, plus any unspent collections, are sufficient to meet all programming needs by the ETO and the Company. Any adjustments needed will take place on the 1<sup>st</sup> of each year.

**SPECIAL TERMS AND CONDITIONS:**

1. The annual budget funds collected to be transferred to the ETO will be calculated in partnership with the Company and the ETO.
2. The monies collected under this schedule for the purposes of funding energy efficiency program delivered by the ETO will be transferred to the ETO monthly.
3. The Company will retain a portion of the funding collected under this schedule to fund Schedule 485, Avista Oregon Low Income Energy Efficiency Program ("AOLIEE") as well as administrative and marketing expenses.
4. Funding provided to ETO for purposes of providing energy efficiency services to customers taking service under Schedules 439, 440, and 456 will be recovered separately from the Public Purpose Funding Surcharge.

(N)  
(N)  
(N)

Advice No. 22-11-G  
Issued November 15, 2022

Effective For Service On & After  
January 1, 2023

Issued by  
By

Avista Utilities



Patrick Ehrbar, Director of Regulatory Affairs



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.

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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 Program (WAP), Low Income Home Energy Assistance Program (LIHEAP) and other 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.

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## 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 when shell measures are installed. 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.

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## APPLICABLE:

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

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## 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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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 10% of the total AOLIEE Program budget. Administration costs will cover the cost of processing reimbursement requests, working with Agencies, attending applicable 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 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 a target number of homes to be served, Agency energy burden population, or the number of meters served within the service area of each Agency. Such allocation will be determined annually in collaboration with the Agencies. 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, those funds may be made 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.

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 15% of the reimbursement request cost not to exceed \$2,000 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.

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Advice No. 22-11-G  
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Effective For Service On & After  
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By

Patrick Ehrbar, Director of Regulatory Affairs





AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 485  
AVISTA OREGON LOW INCOME ENERGY EFFICIENCY PROGRAM ("AOLIEE")

APPROVED MEASURES TO BE FUNDED

Avista will provide funding for up to 100% of the total cost of all installed measures if such measures: 1) are identified within the Priority List of the Department of Energy (DOE), or 2) the total group of installed measures in the home, as prescribed by the Energy Analyzer Software used by each of the Agencies, meets or exceeds 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, and those measures identified within the DOE Priority List are not subject to SIR requirements. Agencies shall determine the appropriate measures to install for the AOLIEE program as long as the measure meets the minimum SIR requirement or is identified within the DOE Priority List. If the home has previously received partial weatherization measures under AOLIEE or another program, the measures provided through AOLIEE may instead meet an SIR of 0.60 or better.

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For measures with identifiable savings as established within the Company's Deemed Measures List, yet not eligible for funding based on the above qualifications, Avista will provide funding for 100% of the total avoided cost of the measure(s).

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).

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 20% 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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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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BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES  
ADVICE NO. 22-11-G

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**2023 Deemed Measures List**

November 15, 2022



# 2023 OR Deemed Measures List



The following list of measures is valid for use with the **Avista Low Income Energy Efficiency (AOLIEE) Program**, as described within Avista Utilities' P.U.C. OR No. 5, Schedule 485. In accordance with Schedule 485, funding for each measure cannot exceed 100% of the total avoided cost amount, or total cost of the measure, whichever is less.

Measure	Cost
Natural Gas Boiler – AFUE 90%	\$772.00
Natural Gas Furnace – AFUE 90%	\$887.00
Natural Gas Wall Furnace – AFUE 90%	\$779.00
Natural Gas Tank Water Heater – UEF 0.67	\$ 90.00
Natural Gas Tankless Water Heater – UEF 0.87	\$525.00
Smart Thermostat – Energy Star (Natural Gas Heat)	\$282.00
Clothes Washer – Energy Star (Natural Gas Water Heat)	\$ 39.00