



Avista Corporation

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone (509) 489-0500
Toll Free (800) 727-9170

August 29, 2025

Mr. Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Avista Utilities Tariff WN U-29, Schedule 192, Low-Income Rate Assistance Program

Dear Mr. Killip:

Attached for electronic filing with the Washington Utilities and Transportation Commission (Commission) are the proposed tariff revisions of Avista Corporation, dba Avista Utilities (Avista or the Company), requesting modifications to the following natural gas tariff sheets, WN U-29:

Eighteenth Revision Sheet 192	Canceling	Seventeenth Revision Sheet 192
Fourth Revision Sheet 192B	Canceling	2nd Substitute Third Revision Sheet 192B

The primary purpose of this filing is to increase funding collected under Avista's natural gas tariff Schedule 192, "Low-Income Rate Assistance Program" (LIRAP), to match future revenue with budgeted expenditures, in order to provide continued financial support for the Company's most vulnerable customers through the provision of energy assistance. This filing intends to reconcile the previous period's actual expenditures and collections with the forecasted costs required to maintain Avista's LIRAP for the upcoming Program Year (PY) and is being made in consideration of the provisions of RCW 80.28.425(2). The remaining proposed revisions are housekeeping in nature, intended to improve the administration of LIRAP.

I. BACKGROUND

Avista's LIRAP, approved by the Commission in 2001, collects funding through electric and natural gas tariff surcharges on Schedules 92 and 192, respectively. These funds are then distributed by Avista or by its partner Community Action Agencies (CAAs or Agencies) through various assistance offerings. LIRAP is currently comprised of five components: 1) bill discount, known as *My Energy Discount*, 2) Arrearage Management Program (AMP), 3) Arrearage Forgiveness, 4) Emergency Share Grant, and 5) Automatic Hardship Grant. The table below provides an illustration of how each of these components work together within LIRAP to provide a comprehensive assistance program for Avista customers.

TABLE NO. 1 – AVISTA'S LIRAP

Eligibility Zero to greater of 200% FPL <u>or</u> 80% AMI					
Affordability	Bill Discount				
	94% Discount Zero to 5% FPL	75% Discount 6 to 50% FPL	35% Discount 51 to 100% FPL	20% Discount 101 to 150% FPL	15% Discount 151%, Greater of
Past Due	Arrearage Forgiveness Zero to 50% FPL		Arrearage Management Program 51% FPL to the Greater of		
Hardship	Emergency Share Customers experiencing hardship or energy emergency				

II. PROPOSED LIRAP RATE ADJUSTMENT

The rate adjustment proposed within this filing ensures appropriate recovery of the funding needed to support ongoing LIRAP costs. As provided within the Company's tariff Schedule 192, Avista will request this true-up annually, if such an adjustment is needed, to become effective November 1st of each year.

For the 2025-2026 PY, Avista estimates that approximately 149,268 customers could potentially qualify for LIRAP. Based on an anticipated saturation rate of 54% of these customers participating in LIRAP within the upcoming PY, the Company forecasts that approximately \$52.1 million may be needed to fully fund the needs of all LIRAP participants. This equates to nearly \$40 million for electric and \$12.1 million for natural gas (around \$37.4 million and \$8.7 million

in Direct Service (DS) funding, respectively). Table No. 2 below provides the natural gas-only expense forecast for LIRAP for the 2025-2026 PY.

TABLE NO. 2 – LIRAP NATURAL GAS EXPENSE FORECAST, 2025-2026

LIRAP Natural Gas Expense Forecast 2025-2026	
Bill Discount	\$ 8,994,722
AMP	\$ 289,242
Arrearage Forgiveness	\$ 69,237
Emergency Share	\$ 885,858
Other Direct Service*	\$ 171,699
Direct Service Total	\$ 10,410,759
Agency Program Implementation	\$ 1,528,726
Agency Capital Expense	\$ 82,000
CAA PI Fund/CapEx Total	\$ 1,610,726
Avista Outreach/Con-Ed	\$ 123,482
Total LIRAP	\$ 12,144,967

*6% Allocation of prior-PY Direct Services spend to be usable by the CAAs for additional ConEd.

The estimated annual revenue change associated with this filing is an increase of approximately \$0.8 million, or an increase of 0.3% in overall billed rates. The proposed rate increase will have an average monthly bill impact of \$0.40 for residential natural gas customers using 66 therms per month, or 1.1%. If approved, the average monthly bill would increase from \$96.02 to \$96.42. The change in annual revenue by rate schedule is listed below:

Change in Annual Revenue		
Rate Schedule	(\$)	(%)
Schedule 101	\$ 805,000	0.4%
Schedule 111/112	\$ (17,000)	0.0%
Schedule 131/132	\$ (6,000)	-0.3%
Schedule 146	\$ 8,000	0.1%
Total	\$ 790,000	0.3%

LIRAP and RCW 80.28.425(2)

Avista provided the following information in its 2024 LIRAP rate adjustment filings, Docket Nos. UE-240651 and UG-240652, and states it again here for emphasis:

“Pursuant to RCW 80.28.425(2):

The commission may approve, disapprove, or approve with modifications any proposal to recover from ratepayers up to five percent of the total revenue requirement approved by the commission for each year of a

multiyear rate plan for tariffs that reduce the energy burden of low-income residential customers including, but not limited to: (a) Bill assistance programs; or (b) one or more special rates. For any multiyear rate plan approved under this section resulting in a rate increase, the commission must approve an increase in the amount of low-income bill assistance to take effect in each year of the rate plan where there is a rate increase. At a minimum, the amount of such low-income assistance increase must be equal to double the percentage increase, if any, in the residential base rates approved for each year of the rate plan. The commission may approve a larger increase to low-income bill assistance based on an appropriate record. [Emphasis added]

While Avista created the current LIRAP funding structure to holistically follow the need of its customers, so that all qualifying low-income customers could have access to rate relief that appropriately decreased their energy burden to an affordable level (below 6% for electric, and 3% for natural gas), the Company is now finding that the current trajectory of its LIRAP may not be sustainable given the above funding threshold...Avista had hoped that LIHEAP throughput, as well as the potential establishment of a statewide bill assistance program,¹ may help to assuage some of the energy assistance need within its service territory, and, in turn, put less pressure on its LIRAP; however, to the contrary, the continuously-increasing pool of potentially eligible low-income customers only brings with it a higher need from Company – one that the current LIRAP design may not be positioned to keep up with.”

The Company and fellow utilities continue to seek guidance from the Commission on the interpretation of the five-percent cap provision of RCW 80.28.425(2).² Avista has participated in various discussions both with other utilities as well as stakeholders such as The Energy Project, Commission Staff, Public Counsel, and the Alliance of Western Energy Consumers (AWEC). While this topic came before the Commission at its August 28, 2025 Open Meeting for deliberation and decision, in the meantime the Company explored several potential scenarios with regard to how the 5% cap may be applied. Table No. 3 below provides a summary of several calculations of

¹ The Washington 2023 Operating Budget requires the Department of Commerce to submit a report to the Legislature with recommendations on a design for a statewide energy assistance program to address the energy burden and provide access to energy assistance for low-income households [RCW 19.405.120 \(Sec. 120\) - Washington State Department of Commerce](#)

² See Puget Sound Energy’s Docket Nos. UE-250200/250201, Cover Letter pgs. 2-3; Avista’s Docket Nos. UE-240006/UG-240007.

Avista’s forecasted spend as a percent of the 5% cap, subject to various interpretations of which costs should be included when performing this calculation.

TABLE NO. 3 – COMPARISON OF RCW 80.28.425(2) SCENARIOS

BILL ASSISTANCE FUNDING/SPEND INFORMATION		
Forecasted Spend for 2025-2026 PY	5% Cap	Forecasted Spend as % of Cap
Forecasted LIRAP <u>Direct Service</u> Spend ONLY		
\$47,850,063	\$52,593,871	91%
Forecasted LIRAP <u>Direct Service + Agency Administration</u> Funds		
\$51,778,663	\$52,593,871	98%
Forecasted <u>LIRAP, All Costs</u> (Direct Service + Agency Admin + Avista Admin (incl. outreach, marketing and labor**))		
\$52,106,007	\$52,593,871	99%
Forecasted LIRAP (All Costs) + LIWX*		
\$56,356,007	\$52,593,871	107%

*The low-income weatherization (LIWX) program functions on a calendar year budget (vs. program year); \$4.25M is the total budget for calendar year 2025 and is used as the LIWX proxy within this table.

**Labor for LIRAP is contained within O&M, not tariff-funded, but is tracked for purposes of capturing comprehensive program costs. Due to the timing of this data collection, actual labor recorded is used for Oct. 2024-June 2025, with forecasted amounts utilized for the remainder of the Program Year (July 2025 through Sept. 2025).

The 5% cap included within this data is based on the total revenue requirement for all Avista tariffs effective November 1, 2025, utilizing the base revenue requirement approved by the Commission for RY2 of the Company’s most recent multi-year rate plan (Docket Nos. UE-240006 and UE-240007). At this stage, Avista does not believe low-income weatherization, although included in the Clean Energy Transformation Act (CETA) definition of “energy assistance”, should be included in this calculation as it is not a tariff “that reduce[s] the energy burden of low-income residential customers.” As such, based on the proposed budget for the upcoming program year, Avista is under the 5% cap as calculated herein.

If the Commission adopts an interpretation of the rule that results in Avista potentially exceeding the 5% cap within the 2025-2026 PY – which, given the information provided in Table No. 3 above, would mean the inclusion of low-income weatherization as part of the equation – the Company will modify this rate adjustment, if needed, to comply with the 5% ceiling. The Company would also scale back planned marketing and outreach initiatives for LIRAP in order to slow the increase in customer participation, while promptly convening its Energy Assistance Advisory Group (EAAG) to evaluate and implement necessary adjustments to the program design to ensure continued compliance with rule. As part of this process, and again dependent on the Commission

guidance noted above, the Company may need to review all programs that are included in the calculation of the spend as a percentage of the cap, so the Company may also need to involve its Energy Efficiency Advisory Group (EEAG), depending on the determination regarding weatherization inclusion. Conversely, if the Commission determines, as Staff asserts in its Memo for the August 28th Open Meeting,³ that the 5 percent provision does not set a hard cap, but rather just creates an “evidentiary trigger” requiring the utility to provide an additional showing regarding “why that amount is needed and appropriate”, then the Company further supports its filing with the following additional information about LIRAP. Further information regarding Avista’s low-income weatherization program, should it be determined as applicable, can be found within the Company’s most recent Biennial Conservation Report (BCR) in Docket Nos UE-230897 and UG-230898.

Each component of Avista’s LIRAP is purposefully designed, based on the Company’s most recent Energy Burden Assessment (EBA),⁴ to help customers reach and maintain an affordable (below 6% for electric, and 3% for natural gas) energy bill. The modifications made to LIRAP effective October 1, 2023,⁵ as well as the ongoing collaboration and oversight of Avista’s Energy Assistance Advisory Group (EAAG), have allowed the Company to expand its energy assistance saturation rate⁶ from approximately 13%⁷ to nearly 43% (as of June 30, 2025). This increased saturation rate, among other things, translates to 60,840 customers currently receiving *My Energy Discount* benefits, 4,381 total customers helped with their past due balances via AMP since October 2021 and 1,868 who have received Arrearage Forgiveness since October 2023. This rate adjustment request is based on the Company’s continued reach to those in need, and an estimated furthering of the saturation rate to approximately 54% (80,605 customers) by the end of the 2025-2026 Program Year. As with all LIRAP program design elements, Avista intends to continue its assessment of each component – the efficacy and appropriateness of each discount tier, the provisions or amounts allowable for both AMP and Arrearage Forgiveness, etc. – and will modify these design elements, in consultation with its EAAG, should it be determined that these offerings are not meeting their intended energy burden reduction outcomes (i.e., under- or over-

³ Docket A-250549, Staff Memo, page 4.

⁴ *Avista Energy Burden Assessment, Energy Burden Reduction Strategy*. Empower Dataworks, September 2021.

⁵ Dockets UE-230539 and UG-230540.

⁶ Saturation rate equals the percentage of estimated eligible customers who are receiving *any* form of bill assistance.

⁷ 3-year average saturation rate, pre-COVID (2017-2019).

serving customers). More specifically, the Company continues to report on the results of LIRAP each Program Year, including both the costs and impacts of the program, in its LIRAP Annual Summary Report (Dockets UE-010436 and UG-010437), and has only recently (2023-2024 PY) incorporated information regarding energy burden impacts within this reporting. It is the Company's intention to utilize this data, once the 2024-2025 PY is complete, to evaluate, with its EAAG, the existing generosity of the *My Energy Discount* tier levels, and any additional design elements that may need adjusted to best balance the needs of Avista's customers with the sizable cost implications of the LIRAP design. With two full Program Years completed, the Company believes it will now be able to identify any trends that may be occurring with participation; such trends may not have been as prevalent with the use of only one PY's worth of data.

Lastly, regarding the terms of RCW 80.28.425(2), which state that the amount of low-income assistance increase approved by the Commission for each year of a rate plan that encounters an increase must be equal to double the percentage increase, if any, in the residential base rates approved for each year of the rate plan, Avista notes that the base revenue change increase for 2026 (Rate Year 2, Docket Nos. UE-240006 and UE-240007) is approximately 2% for natural gas. Therefore, to comply with the above term, the increase in low-income assistance would need to be a minimum increase of 4%. The rate adjustments proposed within this filing for LIRAP equate to approximately 6.13% of the natural gas base rate increase for 2026, which is well above the provisions of RCW 80.28.425(2).

III. ADDITIONAL MODIFICATIONS

In addition to the requested rate adjustments, all other modifications requested within this tariff filing are housekeeping in nature and do not materially impact the Company's LIRAP. For ease of reference and review, below is a summary of the changes proposed:

- The addition of Avista with regards to which entity to contact in the event of a change in household income (General Program Term #6). Customers are able to contact both Avista or the Agencies if their household income changes while enrolled in *My Energy Discount*. If their income increases, resulting in a decreased discount, Avista is able to update the discount tier; if the income decreases and the customer requires a higher discount tier, the customer must verify their income with their local CAA.
- Clarification regarding the amount of Conservation Education (ConEd) funding available for Agencies (General Program Term #6). CAAs are allowed to use up to 6% of their DS funding as ConEd; with the introduction of *My Energy Discount*, there is no longer a "set budget" upon which to base this percentage, therefore,

Agencies are basing their ConEd on the DS spend from the *prior* Program Year, plus a Consumer Price Index (CPI) inflation adjustment, each year. This has been specified in tariff.

- The date by which Avista's annual LIRAP Report is to be submitted was updated from December 31st to January 31st. This adjustment is being made to accommodate Avista and the Agencies' closing of the prior program year and beginning the new program year in October, then allow 90 days after that time for the final submission.

IV. CONCLUSION

Avista respectfully requests that the Commission approve the tariff changes proposed for Schedule 192, inclusive of the proposed increase in rates and charges for the Company's LIRAP and the additional housekeeping modifications, to become effective on November 1, 2025. Pursuant to WAC 480-100-194(1), the Company will provide notice to customers, by way of a bill insert, in the September 2025 billing cycle, as well as a posting on the Company's website coincident with the date of the remaining filings. A draft of this notice, as well as the Company's workpapers supporting its LIRAP rate adjustment proposal, have been provided as Attachments to this filing.

If you have any questions regarding this filing, please contact me at (509) 495-7839 or jaime.stpeter@avistacorp.com.

Sincerely,

/s/ Jaime St. Peter

Jaime St. Peter
Regulatory Affairs Manager

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 192

LOW-INCOME RATE ASSISTANCE PROGRAM

APPLICABLE:

To residential Customers in the State of Washington where the Company has natural gas service available. The rate adjustment assessed for the Low-Income Rate Assistance Program (LIRAP) is applicable to all retail customers taking service under Schedules 101, 111, 112, 116, 131, 132 and 146. This rate adjustment is designed to recover costs incurred by the Company associated with providing LIRAP bill assistance.

AVAILABILITY:

LIRAP bill assistance is available to all income-qualified residential Customers, applicable only to their primary residence. Income-qualified is defined as customers with a gross household income, inclusive of deductions in alignment with the Low-Income Home Energy Assistance Program (LIHEAP), at or below 200% Federal Poverty Level (FPL) or 80% Area Median Income (AMI), whichever is greater.

LIRAP provides bill assistance to eligible customers. Program eligibility and benefit determination are conducted by Community Action Agencies (CAAs) and the Company, as described herein. Specific LIRAP Guidelines, including program activities, development and refinement, and Customer protections, are created in coordination with the CAAs and in consultation with the Energy Assistance Advisory Group (EAAG).

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 101	\$0.10759 per therm	(I)
Schedules 111, 112 & 116	\$0.04823 per therm	(R)
Schedules 131 & 132	\$0.03255 per therm	(R)
Schedule 146	\$0.00129 per therm	(I)

ANNUAL TRUE-UP:

On or before September 1 each year, if annual program revenues need to be adjusted, the Company will file to adjust rates collected for the necessary program revenue with an effective date of November 1.

Issued August 29, 2025

Effective November 01, 2025

Issued by Avista Corporation
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

LOW-INCOME RATE ASSISTANCE PROGRAM – Continued

Automatic Hardship Grant: a one-time grant for customers experiencing financial hardship, as proven by a past due balance subject to thresholds determined by Avista's EAAG and at timing intervals determined by the EAAG. Mimics "emergency" assistance (i.e., LIRAP Emergency Share or Project Share) processes. This emergency assistance is intended to cover past due balances only, not to exceed \$350.

GENERAL PROGRAM TERMS:

1. The LIRAP "Program Year" is October 1st through September 30th.
2. The Company will provide an annual summary evaluation report on the progress of the LIRAP, for review by the Commission, by January 31st following the end of each Program Year. (C)
3. LIRAP qualification is determined by Customer declaration of income, completed with either the CAA or the Company.
4. Once enrolled in the Bill Discount, the Customer is eligible to receive the monthly discount percentage for a 2-year term; qualified fixed-income participants may receive an extended term.
5. Bill Discount participants may be subject to verification of declared income; verification is based on random selection of enrolled Customers. If a Customer is found to be ineligible, the customer's LIRAP benefit will be suspended. The Customer will not be billed for any previous LIRAP benefits received. Customers whose LIRAP benefits have been suspended may re-enroll for LIRAP by providing verification of eligibility to their local CAA and may receive credits for missed LIRAP benefits upon re-enrollment. A new term, as described in General Program Term 4, begins the date Customer verification is approved by the Company.
6. Customers must contact Avista or their local CAA in the event of a change in household income in order to maintain the appropriate LIRAP benefit. (T)
7. Participation in LIRAP does not prohibit Customers from qualifying for, or participating in, additional assistance programs (such as LIHEAP).
8. Agencies may use up to 6% of direct service funding (based on prior Program Year spend, plus a Consumer Price Index (CPI) inflation adjustment) to purchase energy saving items to disburse to Customers for conservation education purposes. (T)

Issued August 29, 2025

Effective November 01, 2025

Issued by Avista Corporation
By

Patrick Ehrbar, Director of Regulatory Affairs

