

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE JOINT PETITION</b>	)	<b>CASE NO. AVU-E-18-02</b>
<b>OF AVISTA CORPORATION, IDAHO</b>	)	<b>AVU-G-18-01</b>
<b>PUBLIC UTILITIES STAFF, AND</b>	)	
<b>COMMUNITY ACTION PARTNERSHIP</b>	)	<b>ORDER NO. 34067</b>
<b>ASSOCIATION OF IDAHO (CAPAI) TO</b>	)	
<b>INCREASE LOW-INCOME FUNDING</b>	)	
<b>UNDER TARIFF SCHEDULES 91 AND 191</b>	)	

On February 20, 2018, Avista Corporation, Commission Staff, and CAPAI (“the parties”) filed a joint petition requesting approval of a settlement that increases funding to low-income programs. On March 21, 2018, the Commission issued a Notice of Proposed Settlement, Notice of Modified Procedure, and set comment deadlines. Staff filed the only comments and outlined its support for the proposed settlement.

**BACKGROUND**

On December 28, 2017, the Commission approved a settlement of Avista’s general rate case. *See* Order No. 33953. One provision of the settlement was that “[t]he Company and interested parties will meet and confer to consider whether the Low Income Weatherization Program and Energy Conservation Education Program funding should be increased from the current Commission approved levels....” *See* Stipulation and Settlement at 15. After extensive examination into how low-income funding has been utilized, and conferring with the parties, an agreement to increase the funding levels was reached.

**THE SETTLEMENT**

The parties report that, after conferring on the issue, a funding increase is appropriate. Specifically, they agreed that \$125,000 of additional annual funding for Avista’s Low Income Weatherization Program, and \$25,000 of additional annual funding for Avista’s Conservation Education Program in Idaho, be approved. The Company reported that the increase in funding “has no effect on the Company’s approved revenue requirement,” and that “the funding will come directly out of Avista’s Energy Efficiency Tariff Rider Schedules 91 and 191.” Joint Petition at 2.

**STAFF COMMENTS**

Staff provided a comprehensive review of its investigation into the proposed increase in low-income program funding. Staff asked dozens of questions to the Company and the

Lewiston Community Action Partnership (CAP) agency, conducted extensive conference calls and email exchanges, and held meetings in Boise and Lewiston to confer with relevant parties about how to view the programs. Staff Comments at 1-3. The Lewiston CAP serves ten counties in Northern Idaho, from Riggins to Canada. *Id.* at 5. Much of its service territory has populations in which 40 percent of residents income-qualify for weatherization services. *Id.* The CAP consistently spends its entire allotment of \$700,000 in rider funds for qualifying projects and measures. *Id.* at 6. Staff believes the CAP will easily spend the proposed \$125,000 annual funding increase. *Id.*

Staff determined that the low-income programs are not cost effective. However, Staff also found that the weatherization waiting list is extremely long, and that the Company has been granted over 8.9 percent electric, and 12.3 percent natural gas base rate increases since the last increase in low-income funding. *Id.* at 3. Staff concluded that the Lewiston CAP has consistently spent all assigned funds, and that additional funding will enable the CAP to achieve greater penetration. *Id.* Staff also found that the Lewiston CAP agency aptly manages the funding it receives from Avista. *Id.*

Staff found that the program is not cost effective. However, Staff also found that building material and labor costs to implement the program have increased, and at the same time, the avoided costs used to calculate cost-effectiveness have decreased. The funding for each measure is adjusted as avoided costs change. Staff believes that it is appropriate that the Lewiston CAP directs funding at measures that are the most cost effective. Staff discovered that the Company does not include administrative expenses or non-incentive utility funds in calculating cost-effectiveness. This makes periodic updates to measure funding levels overestimate the actual cost-effectiveness of the program. *Id.* at 4. Because of Staff's investigation, the Company has agreed to include CAP administrative expenses and non-incentive utility funds in the measure-level screening process going forward. *Id.* Staff stated this would improve cost-effectiveness. *Id.*

Staff discovered that the CAP's waiting list has increased every year since 2012, and as of October 2017, stands at 303 income-qualified customers. *Id.* Even with the proposed funding increase, the CAP reported that it would take well over five years to weatherize these homes, not factoring in a growing waiting list. *Id.* Furthermore, the wait-list does not factor in referrals from the federally funded Low Income Heating Assistance Program that will put further demand on CAP resources. *Id.* Staff believes that the Lewiston CAP service area has thousands

of potential clients, many of whom are unaware of their eligibility, further highlighting the rationale of increasing the outreach funding. Staff believes that increased saturation may lead to greater savings potential.

### **INTERVENOR FUNDING**

On April 24, 2018, CAPAI petitioned the Commission for a \$7,384.58 intervenor-funding award. *See* CAPAI's Petition for Intervenor Funding. Avista has informed Staff that Avista does not object to this request.

### **COMMISSION DECISION**

In 2012, the Commission adopted recommendations aimed to improve the cost-effectiveness of low-income programs. Order No. 32788. Specifically, the Commission approved factors that should be considered when deciding whether a funding increase for these programs may be appropriate. *Id.*

We determined that while cost-effectiveness should always be a benchmark and measuring stick for such programs, a funding increase could be appropriate under certain circumstances: if the waiting list of not-previously weatherized homes has increased significantly since the last review; if a utility's program provides significantly less funding on a per-capita basis than another utility operating in Idaho; if the utility is awarded a significant base rate increase; if the utility does not have sufficient funds to acquire the annually achievable low-income energy savings potential as indicated by the utility's most recent Conservation Potential Assessment; or if a utility's CAP agency has been consistently able to spend all of the available utility funding in the previous year. *See Id.*

Under the circumstances presented in this case, we find that increasing the funding for the Company's Low Income Weatherization program by \$125,000 annually, and its Conservation Education program by \$25,000 annually, is justified under the factors outlined in Order No. 32788. We find that the modest increase is appropriate considering the long waiting list associated with yet-to-be-weatherized homes waiting in queue with the Lewiston CAP, and in consideration of improvements to Avista's cost-effectiveness measure screening. We appreciate the vigorous management of funds by the Lewiston CAP. We also recognize the base rate increases over the years since the last low income funding increase. The increase in annual funding fulfills the Commission directive that utilities provide a way for *all* customers to participate in the energy efficiency programs which all customers fund.

## INTERVENOR FUNDING

On April 24, 2018, CAPAI filed a Petition for Intervenor Funding, seeking an award of \$7,384.58. *See* CAPAI’s Petition for Intervenor Funding. Intervenor funding is available under *Idaho Code* § 61-617A, which declares it is the “policy of [Idaho] to encourage participation at all stages of all proceedings before this Commission so that all affected customers receive full and fair representation in those proceedings.” The statute empowers the Commission to order any regulated utility with intrastate annual revenues exceeding \$3.5 million to pay all or a portion of the costs of one or more parties for legal fees, witness fees and reproduction costs not to exceed a total for all intervening parties combined of \$40,000. *Id.* The Commission must consider the following factors when deciding whether to award intervenor funding:

- a) that the participation of the intervenor has materially contributed to the decision rendered by the Commission;
- b) that the costs of intervention are reasonable in amount and would be a significant financial hardship for the intervenor;
- c) that the recommendation made by the intervenor differed materially from the testimony and exhibits of the Commission Staff; and
- d) that the testimony and participation of the intervenor addressed issues of concern to the general body of users or consumers.

*Idaho Code* § 61-617A(2). To obtain an intervenor funding award, an intervenor must comply with Commission Rules of Procedure 161 through 165. Rule 162 provides the form and content for the petition. IDAPA 31.01.01 162.

We find that CAPAI’s Petition satisfies the intervenor funding requirements. While CAPAI did not file supporting comments, it was a party to the proposed settlements, and participated in all aspects of the proceeding, which was focused on CAPAI’s core constituency: low-income customers. This matter was driven by a provision CAPAI negotiated in the Company’s previous rate case, and its Petition shows that it worked closely with Avista and Staff. CAPAI noted its role in the Company agreeing to meet with interested parties to discuss the Low Income Weatherization Assistance and Low Income Conservation Education programs with the goal of increasing the programs' funding (a provision addressing this was included in the Settlement). The Commission finds that CAPAI has materially contributed in this matter. We

find the costs and fees incurred by CAPAI are reasonable in amount, and that CAPAI, as a non-profit organization, would suffer financial hardship if the request is not approved.

**ORDER**

IT IS HEREBY ORDERED that the Settlement in this matter of increasing funding in low income programs by \$125,000 in additional annual funding for Avista's Low Income Weatherization Program, and \$25,000 in additional annual funding for Avista's Conservation Education Program, is approved.

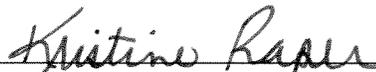
IT IS FURTHER ORDER that CAPAI's Petition for Intervenor Funding is granted in the amount of \$7,384.58 to be recovered from Avista's residential electric customers.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30<sup>th</sup> day of May 2018.



PAUL KJELLANDER, PRESIDENT

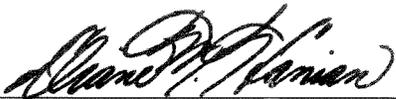


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian  
Commission Secretary