Avista Corp.
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July 31, 2024

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

Re: Advice No. 24-06-G/ UG 499 – Avista Utilities Low-Income Rate Assistance Program (LIRAP) Rate Adjustment

Filing Center:

Pursuant to ORS 757.205, ORS 757.259, OAR 860-022-0025 and OAR 860-027-0300, Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits for electronic filing with the Oregon Public Utility Commission (Commission) its proposed modifications to its Tariff Schedule 493, "Residential Low-Income Rate Assistance Program (LIRAP) – Oregon". The Company requests that the following tariff sheets, P.U.C OR No. 5, become effective on November 1, 2024:

Seventh Revision Sheet 493 Canceling **Sixth Revision Sheet 493**

The primary purpose of the requested tariff revision is to update the rates contained within the Company's LIRAP tariff to match future Schedule 493 revenues with current and forecasted expenditures needed to support Avista's LIRAP, inclusive of residual amortization balances approved in Order No. 23-394. This "true-up" will reconcile the previous periods' actual expenditures and collections to ensure the appropriate rate is set for future cost recovery.

Through this filing, the Company is requesting an increase in overall retail revenues of approximately $1.8 million, or 1.2%, effective November 1, 2024.

I. BACKGROUND

Avista's LIRAP was originally approved by the Commission in 2002. As a result of the passage of Oregon House Bill 2475 (HB 2475, or the Energy Affordability Act)[1], the Company transitioned

[1] HB 2475 (2021 Regular Session) amended ORS 756.610, ORS 757.230, and ORS 757.072 and enacted new provisions to address equity in rate setting and participating in Commission proceedings, effective January 1, 2022. OR Laws 2021 Ch. 90.

its formerly grant-based LIRAP into a jointly-administered[2] income-based discount model ("My Energy Discount", or MED), with complementary arrearage assistance options (Arrearage Management Plan (AMP) and Arrearage Forgiveness), to better serve the specific energy burden of the households it serves.[3] With this change, Avista deferred all costs associated with offering differential rates to qualifying customers pursuant to HB 2475 (Docket No. UM 2232). In 2023, the Company then requested to amortize these costs via Avista's Schedule 493 – which provides the revenues to support the program through a natural gas surcharge – so that all costs borne by LIRAP[4] go through the Company's Schedule 493 LIRAP tariff (rather than the prior bifurcation of some expenses flowing through tariff and some being deferred). Schedule 493, which was historically applicable to, and collected from, Schedule 410 residential customers, was also modified to spread cost allocation to all residential, commercial, and industrial class sales customers (Schedules 410, 420, 424, 425, 439, 440, and 444). These revisions were approved by the Commission in Order No. 23-394.

II. PROPOSED LIRAP RATE ADJUSTMENT

The Company's current Schedule 493 LIRAP deferral, most recently authorized on May 31, 2024 in Docket No. UM 1978, records the funds collected through Schedule 493, netted with the costs of LIRAP, in a balancing account, with any adjustments needed requested in July of each year along with the Company's annual Purchased Gas Adjustment (PGA) filings. Interest accrues on this balancing account each month based on the average monthly fund balance at the Modified Blended Treasury (MBT) rate.

As of June 30, 2024, the net deferral, inclusive of residual amortization, is a surcharge balance of $1,439,911. In Avista's prior approval of the amortization and associated LIRAP rate adjustment (ADV 1410/ Advice No. 22-03-G), the Company had indicated that 12-month amortization for UM 2232 balances would positively impact the need for future LIRAP rate adjustments, as once the 12-month amortization of these funds was completed, the LIRAP rates approved would mitigate the need for any additional rate increases in the 2024-2025 program year (PY), regardless of increasing customer participation rates. While this prediction was partially accurate, as the Company's LIRAP has indeed reached participation rates well over its original estimates,[5] the prior forecasting also contained a few assumptions that did not ultimately come to fruition, thereby causing the need to increase LIRAP funding to meet the needs of the program and the deferral balance for the upcoming PY.

One such assumption was the inclusion of a $1.6 million offset to LIRAP spend based on participants' anticipated receipt of federal Low-Income Home Energy Assistance Program

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[2] "Jointly administered" means that customers can enroll in LIRAP components at both the Agencies as well as directly through Avista.
[3] See Docket No. ADV 1410/ Advice No. 22-03-G.
[4] With the exception of existing [not incremental] Avista labor expenses associated with the administration of LIRAP, which remain within the Company's Operations and Maintenance (O&M) costs recovered within the Company's base rates. Any changes in the allocation of these costs would first require a removal of these costs from base rates, via a general rate case proceeding, and a subsequent proposal to instead run these costs through the LIRAP tariff rider.
[5] Workpapers from ADV 1410/ Advice No. 22-03-G had anticipated a 60% LIRAP saturation rate for the entire Oct. 2023- Sept. 2024, at the expense of $1,645,579; actual program results through June 2024 (3 months remaining in the PY) are a 62% saturation rate and $1,632,593 spent.

(LIHEAP) funding. With the transition to MED, the Company presumed that increased program saturation for LIRAP would come hand-in-hand with increased participation in federal programs (and therefore, funding from LIHEAP would be further utilized and help to balance the potential increased spend resulting from the new LIRAP design). This expected LIHEAP utilization, however, was not realized. Avista has, for this and future LIRAP budget forecasts, neutralized the anticipated LIHEAP contribution to reflect a more accurate and conservative expectation.

Additionally, last year's filing forecasted tariff collections approximately $0.2 million higher than actual collections through June 2024 ($2.3 million anticipated vs. $2.1 million collected). Lastly, residual spend within the prior HB 2475-related deferral between the time the forecast was developed for filing (June 2023) to when the amortization became effective (November 2023) added an additional $0.4 million to the balances needing recovery. As such, the Company is requesting this adjustment in order to complete the approved amortization and support the sustained growth of LIRAP as it continues to reach an unprecedented number of customers with valuable energy assistance. The rates included in the requested tariff revision are designed to reduce the reduce the net deferral balance to $0 at the end of October 2025, inclusive of forecasted LIRAP expenditures and Schedule 493 revenues.

3% Annual Rate Impact Test

Pursuant to ORS 757.259 and OAR 860-027-0300, the overall annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the proceeding calendar year, unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances. Total gross revenue for calendar year 2023 was $171,339,357 and total amortizations resulting from this filing, which is deemed to be the net deferral balance as of June 30,2024, is $1,485,671. The resulting annual average rate impact from the LIRAP amortization is 0.9%. Including the effect of the Company's other amortization rates filed coincident with this filing, the resulting annual average rate impact from the Company's qualifying amortization is (8.3)%. Please see Attachment C of the Company's PGA workpapers in Advice No. 24-02-G for a detailed calculation, and applicable amortization schedules, for the 3% test.

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:

Rate Schedule	Present Revenue	Change	Proposed Revenue	% Change	Customers
Schedule 410/411	$ 88,443,720	$ 1,268,267	$ 89,711,987	1.4%	95,294
Schedule 420	$ 41,724,939	$ 468,277	$ 42,193,216	1.1%	11,981
Schedule 424/425	$ 3,919,829	$ 13,697	$ 3,933,526	0.3%	98
Schedule 439/440	$ 8,892,374	$ 29,651	$ 8,922,025	0.3%	47
Schedule 444	$ 175,406	$ 511	$ 175,917	0.3%	2
Schedule 456	$ 2,701,247	$ -	$ 2,701,247	0.0%	31
	$ 145,857,515	**$ 1,780,403**	**$ 147,637,918**	**1.2%**	

If approved, a residential customer using an average of 47 therms a month could expect their bill to increase by $1.10 or 1.6%, for a revised monthly bill of $71.21 effective November 1, 2024.

However, after combining the impact of this filing with the other regulatory filings with a November 1, 2024 effective date[6], a residential customer using an average of 47 therms a month could expect their bill to **decrease** by $5.26, or 7.5%, for a revised monthly bill of $64.85 effective November 1, 2024.

III. CONCLUSION

Therefore, Avista respectfully requests that the tariff changes proposed for Schedule 493, inclusive of the requested rate adjustment for the Company's LIRAP be effective for service rendered on and after November 1, 2024.

Information related to this filing has been included on the Company's website, www.myavista.com, with additional notice to customers provided via newspaper advertisement both now and following the updated PGA filing in mid-September.

If you have any questions regarding this filing, please contact Marcus Garbarino at (509) 495-2567 or Jaime Majure at (509) 495-7839.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Affairs Manager

Enclosures

[6] On July 31, 2024, Avista filed to update effective November 1, 2024 Schedules 461 Purchased Gas Cost Adjustment and 462 Gas Cost Rate Adjustment (Advice No. 24-02-G), Schedule 467 COVID Deferred Costs (Advice No. 24-07-G), Schedule 475 Decoupling (Advice No. 24-03-G), Schedule 476 Intervenor Funding (Advice No. 24-04-G), Schedule 482 Regulatory Fee Amortization (Advice No. 24-05-G), and Schedule 493 LIRAP (Advice No. 24-06-G). The net effect of all filings is a revenue decrease of approximately $13.0 million or 9.9%.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 493

RESIDENTIAL LOW-INCOME RATE ASSISTANCE PROGRAM (LIRAP) – OREGON

PURPOSE:

The purpose of this schedule is to generate funds to be used for energy (D)
assistance for Avista's qualifying low-income residential customers (in accordance with ORS 757.315(3) and ORS 757.230), to recover funds related to the deferred costs associated with the Company's House Bill (HB 2475) deferral (UM 2232), and to describe the various forms of energy assistance available to qualifying low-income customers.

APPLICABLE:

To all residential Customers in the State of Oregon where the Company has natural gas service available. The Residential Low-Income Rate Assistance Program (LIRAP) Adjustment is applicable to all retail sales customers taking
service under Schedules 410, 411, 420, 424, 425, 439, 440 and 444 and the energy (N)
assistance offered through LIRAP is made available to all income-qualified
Schedule 410 and Schedule 411 customers. Income-qualified is defined as (N)
customers with gross household income at or below 60% of Oregon State Median Income (SMI), adjusted for household size, as described herein or established in collaboration with the Community Action Agencies ("Agencies"). Exceptions to income qualifications may be granted with supervisor approval, as described within this tariff.

MONTHLY RATE:

Rate Schedule	Rate	
Schedule 410/411	$0.05669 per Therm	(N)(I)
Schedule 420	$0.04597 per Therm	
Schedule 424/425	$0.00953 per Therm	
Schedule 439/440	$0.00685 per Therm	
Schedule 444	$0.01029 per Therm	

DRAFT

Recently, Avista requested a change in natural gas rates for our Oregon customers. We know you care about your energy costs, so we think it's important to share this news with you.

On July 31, 2024, Avista made six annual rate adjustment filings with the Public Utility Commission of Oregon (PUC) that if approved, are designed to decrease overall natural gas revenue by approximately $13.0 million or 9.9% effective Nov. 1, 2024. These filings have no impact on Avista's earnings.

The first rate adjustment is related to Avista's decoupling mechanism. Decoupling is designed to break the link between a utility's revenues and customers' energy usage. Generally, Avista's natural gas revenues are adjusted each month based on the number of customers rather than therms sales. The difference between revenues based on therm sales and revenues based on the number of customers is surcharged or rebated to customers beginning in the following year. If approved, Avista's request is designed to decrease overall natural gas revenue by approximately $4.2 million or 3.2%. This rate adjustment is driven primarily by a higher level of customer usage in 2023.

The second rate adjustment is the annual Purchased Gas Cost Adjustment (PGA) filing. PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, Avista's natural gas revenues would decrease by approximately $10.2 million or 7.8%. This rate adjustment is driven primarily by wholesale natural gas prices, which are lower than the level presently included in rates. Avista does not profit on the actual natural gas commodity or the costs to transport natural gas to Avista's service territory.

The third rate adjustment is related to Avista's Low Income Rate Assistance Program (LIRAP), which provides bill assistance to income eligible customers with a household income less than or equal to 60% of the State Median Income (SMI). This adjustment updates the tariff with rates needed to fund the LIRAP. The overall rate increase to natural gas customers is approximately $1.8 million or 1.4%.

The remaining three miscellaneous adjustments relate to recovering costs associated with intervenor funding and regulatory fees and rebating the residual balance in the Company's COVID pandemic deferral. The combination of those three filings is a decrease in overall natural gas revenue of approximately $0.3 million or 0.26%.

The bottom line

If all six requests are approved, and you are an Avista natural gas customer using an average of 47 therms per month, you could expect your bill to decrease by $5.26, or 7.5% for a revised monthly bill of $64.85 beginning Nov. 1, 2024. All other customer groups receiving firm natural gas service from Avista would also see decreases.

For more information

Copies of our filings are available at www.myavista.com/rates or you can call us at 1-800-227-9187.

This announcement is to provide you with general information about Avista's rate request and its effect on customers. The calculations and statements in this announcement are not binding on the PUC. For more information about the filing or for information about the time and place of any hearing, contact the PUC at:

Public Utility Commission of Oregon
201 High Street SE, Ste. 100
Salem, OR 97301
(800) 522-2404, www.puc.state.or.us

This notice contains forward-looking statements regarding the Company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the notice and are subject to a variety of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all the factors discussed in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2023 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.