

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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**IN THE MATTER OF THE COMMISSION'S)
INQUIRY ABOUT ENERGY AFFORDABILITY)
ISSUES AND WORKSHOPS.)**

IDAHO PUBLIC
UTILITIES COMMISSION
CASE NO. GNR-U-08-01

STAFF'S FINAL REPORT

On September 29, 2008, the Idaho Public Utilities Commission (Commission) initiated Case No. GNR-U-08-01 to provide a forum for the exploration of issues related to the affordability of energy in Idaho. The Commission noted that rising energy costs were affecting utilities and their customers. Order No. 30644.

The Commission recognizes that there are a variety of factors contributing to significant upward pressure on electric and natural gas rates in Idaho. Energy affordability has become a central issue for many Idaho households and businesses.

Two public workshops were conducted by Commission Staff at the Idaho Public Utilities Commission on October 14 and October 22, 2008. The purpose of the workshops was to identify issues and discuss solutions pertaining to energy affordability and customers' ability to pay energy bills. Staff submitted comments on November 26, 2008. Numerous responsive comments were received. A broad spectrum of interests and views were represented. A matrix is attached as Appendix 19 which briefly summarizes the various views of those submitting comments in this case. Those views are discussed in greater detail within this report.

ENERGY AFFORDABILITY AND INABILITY TO PAY

Customers today are facing serious economic challenges. The combination of increasing rates for natural gas and electricity, higher food and fuel costs, rising unemployment levels, and turmoil in the financial and housing markets are impacting customers' ability to pay their utility bills. Idaho's unemployment rate has risen to the highest rate in over twenty years. Recent Idaho Department of Labor data shows a sharp rise in the State's unemployment rate. Two years ago the unemployment rate was 2.7%. In January 2009, Idaho's unemployment rate reached 6.6%. The total number of workers without jobs has hit a record high (50,000), which is more than double the number of those unemployed last year. Job loss rose in forty of Idaho's

forty-four counties. Such a significant increase in the unemployment rate is likely to lead to an increase in the percentage of the state's population that falls at or below 100% of the Federal Poverty Level Guidelines. The State of Idaho currently has roughly 44,000 households at or below 100% of poverty.¹

An Idaho household that is at 75-99% of the Federal Poverty Level typically spends 13.6% of the household's annual income to pay for home energy. A household below 50% of the Federal Poverty Level typically spends 47.8% of its annual income to pay for home energy bills. These figures represent the household's "energy burden."² Energy burden is the percentage of a household's income that is spent on all energy used for space heating and cooling, lighting, and water heating. According to federal guidelines, an energy burden of 6% of annual household income is considered affordable.

Rule 306 of the Commission's Utility Customer Relations Rules (UCRR) protects certain residential customers who are unable to pay their winter energy bills. During the months of December, January, and February, households with children, elderly or infirm who declare eligibility for the "moratorium" cannot have their electric or natural gas service disconnected for failure to pay a utility bill in full. However, this provision does not protect a low-income customer who has no children, elderly or infirm in the household or those customers who are eligible for protection but do not contact the utility. Customers who have declared eligibility for the moratorium are still expected to pay their bills each month, but cannot be disconnected for failure to pay. Payment of any past due balance or negotiation of a new payment arrangement is required on or before March 1. During the 2007/2008 winter heating season, over 18,000 customers declared eligibility for the moratorium.³

Customers who have declared eligibility for the moratorium can also enter into a Winter Payment Plan. Under a Winter Payment Plan, customers agree to make monthly payments equal to half of a regular level payment amount. The plan allows for an additional two months of protection (November and March). Customers with Winter Payment Plans must pay any past due balance or negotiate a new payment arrangement on or before April 1. Though protected

¹ See Appendices 2 (Idaho Demographic Discussion), 3 (Idaho Demographics), and 4 (Federal Poverty Level Guidelines).

² See Appendix 1 (Energy Burden and Affordability GAP).

³ This includes 10,284 Idaho Power customers, 4,553 Intermountain Gas customers, 2,635 Avista customers, and 560 Rocky Mountain Power customers.

from disconnection in the coldest winter months, many customers are unable to pay off their accrued balances when the moratorium ends.

CURRENT ASSISTANCE PROGRAMS

There are several programs in Idaho that provide financial assistance to customers who need help paying their utility bills and assistance with energy efficiency measures. Programs operate under a wide variety of guidelines and restrictions and are funded by both public and private resources.

Low-Income Home Energy Assistance Program (LIHEAP)⁴

The Low-Income Home Energy Assistance Program (LIHEAP), also known as “Energy Assistance,” provides low-income customers with financial assistance designed to pay utility bills associated with the customer’s primary heating source.⁵ Applicants must meet income-criteria based on Federal Poverty Guidelines. To be eligible, participants must apply for LIHEAP benefits at a community action agency each program year.⁶

Last year 101,000 Idaho households qualified for LIHEAP benefits. LIHEAP’s 2007/2008 Energy Assistance funding amount of \$9,410,895 provided benefits for 32,843 of 101,000 eligible households. The average benefit received was \$286 per household for the 2007/2008 winter heating season. Based on that average benefit amount, an additional \$19,492,902 would have been needed to cover all of Idaho’s eligible households.

LIHEAP provides additional assistance for customers whose disconnection is imminent. These “Crisis Funds” are allocated independent of regular LIHEAP funds. Crisis Funds must be used to pay energy bills for the household’s primary heating source, and are available regardless of whether the household has previously received a benefit. In Idaho, Crisis Funds are very limited and have only been available for the past two heating seasons.

⁴ Appendix 6 contains a LIHEAP funding matrix.

⁵ A Federal Block Grant funds the LIHEAP program.

⁶ Appendix 5 lists the community action agencies in Idaho.

Fuel Funds

Fuel funds are programs that help people pay home heating costs. The major programs in Idaho – Project Share, Project Warmth, and Lend A Hand – are administered by nonprofit agencies.

Project Share⁷

Project Share provides up to \$400 annually per household regardless of the household's heating source, *i.e.*, the program is fuel-blind. Monies are dispersed toward payment of bills for any energy source (electric, natural gas, wood, coal, propane, kerosene or oil). Project Share is funded with contributions made by utility customers, employees and shareholders. All money collected, with the exception of administrative costs, is returned to the community. Funds for the program are administered by the Salvation Army in southern Idaho. In northern Idaho, Project Share funds are administered by the Community Action Partnership and Spokane Neighborhood Action Programs. Avista, Idaho Power and Intermountain Gas promote Project Share and offer customers the opportunity to make contributions when paying their utility bills.

Project Warmth⁸

Project Warmth also provides financial assistance to individuals regardless of the household heating source. This program was created for individuals residing in southeastern Idaho where Project Share funding was not available. The primary source of funding for Project Warmth is derived through a yearly golf tournament. Intermountain Gas, Rocky Mountain Power, the Southeastern Idaho Community Action Agency, Monsanto, Agrium, Washington Group, City of Soda Springs, and Caribou County Indigent Services help to organize the tournament. All money collected, with the exception of administrative costs, is returned to the community. To be eligible, recipients must be at or below 125% of the Federal Poverty Guidelines. An eligible household can receive an annual benefit of up to \$200. The program is modeled after Project Share. Funds for the program are administered through the Southeastern Idaho Community Action Agency.

⁷ Appendix 7, 8 and 9 contains Project Share funding and disbursement amounts.

⁸ Appendix 9 contains Project Warmth funding and disbursement amounts.

Lend A Hand⁹

Lend A Hand provides financial assistance to Rocky Mountain Power customers with electric space heat. Funding is provided through contributions by Rocky Mountain Power customers, employees, and shareholders. All money collected, with the exception of administrative costs, is returned to the community. To be eligible, recipients must be at or below 150% of the Federal Poverty Guidelines. Recipients can receive an annual household benefit of up to \$400. Funds for the program are administered through the Southeastern Idaho Community Action Agency and the Eastern Idaho Community Action Partnership.

Keep Kids Warm¹⁰

Keep Kids Warm provides financial assistance to individuals regardless of the household heating source. The fuel-blind program was started in 1996 by KIZN radio (Boise) to assist households with their heating needs. Intermountain Gas partners with KIZN radio in the fundraising efforts through pledge cards and a yearly radio broadcast telethon. All money collected is returned to the community. There are no administrative fees or other costs associated with administering this program. Over \$650,000 has been raised since the program's inception. Benefit amounts are determined on a case-by-case basis. Funds for the program are administered through El-Ada Community Action Agency, Western Idaho Community Action and the Malheur Council on Aging and Community Services in Oregon.

Low-Income Weatherization

Weatherization increases energy efficiency by reducing heat loss and addressing air infiltration issues. Measures taken to improve energy efficiency include the following: attic, floor and wall insulation; repairing or upgrading windows; proper ventilation; duct insulation and sealing; caulking; and weather stripping. Additional measures may include switching the customer to compact fluorescent light bulbs and furnace (or AC unit) repair or replacement. Energy conservation education is provided to customers whose homes are weatherized.

⁹ Appendix 10 contains Lend A Hand funding and disbursement amounts.

¹⁰ Appendix 9 contains Lend A Hand funding and disbursement amounts. Additional guidelines for Project Share, Project Warmth, Lend A Hand and Keep Kids Warm can be found in Appendices 10 and 11.

Low-income weatherization assistance is provided by community action agencies throughout Idaho as well as the Canyon County Organization on Aging. Applicants who own or rent single family, multi-family, or manufactured homes that qualify for LIHEAP funding automatically qualify for Weatherization Assistance. The administering agencies determine income eligibility. Households with income at or below 160% of the Federal Poverty Guidelines automatically qualify to receive weatherization services. An energy audit is performed by the administering agency before a home is weatherized.

According to a report provided by CAPAI, the average investment per weatherized home in 2007 was \$3,674. The number of homes needing weatherization greatly exceeds the funding that is available. Currently only 10% of homes receiving LIHEAP benefits also obtain weatherization assistance because of the lack of available funds.

Funding for weatherization comes from several sources, including the U.S. Department of Energy (DOE) and energy utilities. The table below reflects the total dollars spent from all funding sources on an annual basis for weatherization.¹¹

Year	Dollars Spent	Homes	Average Home Investment
2006	\$4,913,645	1,460	\$3,365
2007	\$5,081,900	1,383	\$3,674

The current Commission-approved annual utility funding levels for low-income weatherization are as follows: Idaho Power \$1,200,000, Avista \$465,000, and Rocky Mountain Power \$150,000.

Utility Energy Efficiency Programs

In addition to low-income weatherization, most utilities offer a variety of different residential energy efficiency programs, e.g., do-it-yourself home energy audits, energy efficient lighting, appliance and equipment incentives, and improved energy efficiency standards for new construction.¹²

¹¹ Appendix 12 outlines utility weatherization program funding guidelines and amounts.

¹² A summary of these programs can be found in Appendix 13.

Inability to Meet the Need

Although there are resources available to help customers pay their energy bills and become more energy efficient, those resources are insufficient to meet the current and future need. As previously indicated, during the 2007/2008 heating season, 101,000 Idaho households met the income guidelines (at that time, 150% of the Federal Poverty Level) for LIHEAP. Only one-third of those households (32,843) actually applied for and received benefits totaling \$9,410,895. An additional benefit of \$19,492,902 would have been needed to provide the remaining two-thirds of Idaho households who met income guidelines but did not receive energy assistance benefits.

LIHEAP benefit amounts are based on a funding matrix, not customers' actual heating bills or total energy costs. The average benefit amount was \$286 during the 2007/2008 heating season. As of May 1, 2008, 136,602 gas and electric residential customer accounts (16% of all residential accounts) were past due, with a total of \$13,381,884 owing.

Fuel funds are a valuable resource for bill payment assistance, but despite the generosity of utility shareholders and customers, and other contributors, the dollars available fall far short of meeting the remaining need. Taken together, Idaho fuel funds disbursed \$481,274 to a total of 2,909 recipients. Assuming that households receiving LIHEAP benefits and those who receive grants from fuel funds are mutually exclusive groups (which is not necessarily the case), a shortfall of over \$19 million still exists, leaving over 65,000 low income households without bill payment assistance. These totals do not take into account the increasing cost of energy, the rapid increase in unemployment, or the total outstanding balances owed by qualified customers already receiving assistance.

PROPOSALS TO ADDRESS ENERGY AFFORDABILITY

Bill Payment Assistance

During the workshops, participants discussed financial assistance that could be made available to customers for the payment of energy bills. Five ways to provide new or additional funds for bill payment assistance were discussed: 1) create utility programs designed to help low-income customers pay energy bills funded by all utility customers through rates; 2) increase voluntary contributions to nonprofit fuel funds; 3) increase federal funding for the Low-Income Home Energy Assistance Program (LIHEAP); 4) increase LIHEAP funding received by Idaho

through leveraging; and 5) create a program funded by Idaho state tax revenue to provide financial assistance to low-income households.

Implement Utility Programs Designed to Provide Financial Assistance

In both Oregon and Washington, Avista offers a Low-Income Rate Assistance Program (LIRAP) intended to ease the home energy burden for Avista's residential customers with limited incomes. The program serves as an additional resource for financial assistance. In Oregon, LIRAP may be used in conjunction with or in lieu of assistance provided by other programs such as LIHEP (Low-Income Home Energy Program)¹³ and Project Share. In Washington, LIRAP can be used in conjunction with or in lieu of assistance that is provided by other programs such as Project Share, but cannot be used in conjunction with LIHEAP (Low-Income Home Energy Assistance Program).

Funding for LIRAP differs between Washington and Oregon. In May 2001, the Washington Utilities and Transportation Commission approved a Public Purpose Rider Adjustment to fund Avista's Demand Side Management services and LIRAP. The rider amount varies by customer class and applies to both electric and gas usage on a per kWh and therm basis. The LIRAP portion of the surcharge was designed to produce a funding level of approximately 0.79% of base rates under Schedule 91 and 191.¹⁴

The Public Utilities Commission of Oregon approved LIRAP as a stand-alone program authorizing Avista to implement a surcharge of \$0.00438 per therm for gas consumption. The surcharge applies to residential customers and is designed to produce a funding level of approximately .05% of base rates under Schedule 493.¹⁵

In both states, Avista provides the collected LIRAP revenue to community action agencies which administer the program in a similar manner to LIHEAP fund administration. Factors such as annual household income, estimated annual home energy costs, and type of housing (*i.e.*, single family or multi-family) are used to determine the amount of assistance granted to customers. Typically, recipients of LIRAP in both Washington and Oregon are well below poverty level. To qualify for LIRAP in either state, a family of four who is at or below

¹³ In Oregon, LIHEP is the term used to refer to the federal LIHEAP program.

¹⁴ See Appendix 14 for Washington's rate schedules.

¹⁵ See Appendix 15 for Oregon's rate schedules.

100% of the Federal Poverty Guidelines would have a household income of \$1,760 or less per month. In 2007, approximately 75% of Washington and 65% of Oregon LIRAP recipients had annual household incomes under \$15,000. One-third of LIRAP participants in both Washington and Oregon have annual household incomes under \$8,000.

Avista's LIRAP surcharge also funds its Senior Outreach Program and Energy Conservation Program. Washington's Senior Outreach Program helps to identify senior citizens who need assistance with their energy bills. Some seniors may have incomes that exceed the ceiling for LIHEAP or LIRAP grants. However, other major expenses, such as medical costs, can leave seniors unable to pay their home energy bills. The Senior Outreach Program has successfully assisted those who fall into this situation with a Senior Energy Outreach grant. The grant funding amount is comparable to a LIHEAP or LIRAP grant.

Conservation education is also funded by the surcharge. Participants receive either written material or classroom instruction through workshops and seminars. Avista's education program is being expanded to encourage school-aged children to conserve energy as well.

Neither the Avista Senior Outreach Program nor the Conservation Energy Program is offered in Idaho due to lack of funding.

Increase Customer Awareness of / Encourage Voluntary Contributions to Nonprofit Fuel Funds

All workshop participants agreed that increasing customer and community awareness of nonprofit fuel funds would be beneficial. Given the current economic crisis, donations made to financial assistance programs could potentially decrease at a time when the need for assistance is even more critical. Utilities currently publicize programs such as Project Share, Project Warmth, Keep Kids Warm and Lend A Hand through websites, newsletters, and monthly customer billings.

To raise public awareness and encourage voluntary contributions in the past, Avista, Rocky Mountain Power, and Idaho Power enlisted partners in the community. Businesses offered products for sale, with a percentage of the proceeds donated to local fuel funds such as Project Share or Lend A Hand. Unfortunately, Rocky Mountain Power and Idaho Power have discontinued their partnering programs. Intermountain Gas currently partners with KIZN radio for a yearly telethon fundraiser and golf tournament for the Keep Kids Warm program.

Increase Funding for LIHEAP

The 2009 LIHEAP Energy Assistance funding available to the State of Idaho has been budgeted at \$17,439,570. This represents a one-time \$8,028,675 increase from last year's budgeted amount of \$9,410,815. In response to increased funding, average benefit amounts for eligible participants is projected to increase to \$386 from last year's average benefit amount of \$286. Additionally, by changing the level at which a household is eligible to receive assistance from a maximum of 150% to a maximum of 160% of the Federal Poverty Guidelines, the number of eligible households is projected to increase from 101,000 last year to 111,100 this year.

LIHEAP funds can be increased through a process called "leveraging." Essentially, the Federal government withholds a percentage of LIHEAP money allocated to each state as an incentive for that state to first acquire non-federal funds for assistance to low-income households. Grants are awarded to states that use their own or other non-federal government resources or private funding to increase the total amount of assistance available, thereby leveraging federal funding. Last year, \$52,000 in LIHEAP leveraging grants were provided to the State of Idaho and were used by CAPAI and local community action agencies to provide bill payment assistance and weatherization. All workshop participants agreed that obtaining additional federal funding for LIHEAP through leveraging would benefit both customers and utilities. In workshop discussions, it was apparent that few participants were aware of the leveraging concept.

Create a State-Funded Financial Assistance Program

All workshop participants agreed that a program funded by state tax revenue to supplement federal LIHEAP funds would be beneficial. Additional funding would have the potential to increase the number of customers who would receive benefits and/or increase benefit amounts.

Staff Comments:

The LIRAP program would be beneficial for Idaho's low-income utility customers. LIRAP would provide additional funds to supplement existing federal LIHEAP funds, allowing

more people to obtain the financial assistance needed to pay their energy bills. Because LIRAP is administered through community action agencies, the infrastructure for the program is already in place in Idaho.¹⁶ However, implementing a LIRAP program in Idaho would likely require legislation. *Idaho Code* § 61-315 provides that, “No public utility shall...make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage.”

During the workshops, utilities expressed concern that, should LIRAP be implemented in Idaho, a surcharge appearing on customer billing statements could impact donations given to other financial assistance programs such as Project Share. It is Staff’s opinion that any decrease in voluntary contributions would be offset by funding derived from a LIRAP program.

Staff recommends that the Commission support legislation to allow it to adopt a LIRAP program. Specifically, the legislation should modify existing statutes to allow the Commission to implement programs for the benefit of low-income residential customers and allow for rates or charges designed to recover the costs of such programs.

All workshop participants were in agreement with the need to increase awareness about nonprofit fuel fund programs in order to increase the amount of funding received. Efforts to increase awareness do not require legislative or Commission involvement. Utility companies are encouraged to continue with their creative efforts to make those in the community more aware of nonprofit fuel funds. Staff also encourages each utility to set goals for fund raising and continue the implementation of programs that partner with local businesses.

All workshop participants agreed that an increase in federal funding for LIHEAP would be beneficial. Additional LIHEAP funds would allow more utility customers to obtain financial assistance. While increased funding for the current heating season will certainly benefit customers, the annual struggle for additional LIHEAP funding remains. Support by Idaho’s Congressional delegation is an important factor in securing Congressional budget approval. Staff recommends that a dialogue be initiated with Idaho’s Congressional delegation to increase awareness of LIHEAP’s value and the critical need for additional program funding.

Leveraging is a significant tool through which Idaho can increase its federal LIHEAP funds. Unfortunately, not everyone is aware of the program or how it works. Staff recommends

¹⁶ As an example, the Community Action Partnership Agency in northern Idaho already administers LIRAP for Avista customers in Washington State.

that utilities, Commission Staff, and other interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funding.

A new program funded by Idaho state tax revenue to supplement federal LIHEAP funding would require legislative involvement and support. Given a projected decrease in State revenue this fiscal year, it appears unlikely that such a program would be created and funded in the near term. Staff believes that this proposal, though a good idea, should not be pursued until an environment exists that would make such a proposal viable.

Rocky Mountain Power Response Comments:

Rocky Mountain Power does not believe that establishing a LIRAP program is the most effective way to reach all low income citizens in the State of Idaho. Rocky Mountain Power believes it would be more equitable and appropriate for the legislature to implement a state energy assistance tax. Alternatively, if the Commission determines it will encourage and support legislation to offer rate relief, Rocky Mountain Power requests that the legislation allow the utilities flexibility in the programs they offer, recognizing the unique circumstances of each utility and service area. Further, Rocky Mountain Power maintains that any legislation would allow for recovery of program costs through a separate rider or other mechanism on customer bills and that any programs be voluntary offerings by the utilities.

Rocky Mountain Power currently offers a bill discount program in Utah. Rocky Mountain Power believes bill discount programs are less costly and less burdensome to administer and can be designed to provide on-going relief to low-income customers.

Rocky Mountain Power agrees with Staff's recommendation regarding increased awareness of and funding for nonprofit fuel funds. Rocky Mountain Power actively strives to increase customer awareness and funding for the Lend-A-Hand program by distributing donation envelopes in November, February and June bills. Along with the envelope distribution, Rocky Mountain Power distributes news releases, includes program details in its customer newsletter, and places program/contribution information on the website landing page used by customers who pay their bills electronically.

Rocky Mountain Power will support efforts to educate and work with Idaho representatives to raise awareness of LIHEAP benefits. The Company believes the

increase in LIHEAP funding for the 2008/2009 heating season is a positive step in obtaining recognition by the Congressional delegation of the importance of the LIHEAP program.

Northwest Industrial Gas Users (NWIGU) Response Comments:

NWIGU agrees that the Commission should educate Idaho's Congressional delegation of the need for increased federal funding for LIHEAP. It also agrees that further leveraging of LIHEAP funds in Idaho should be pursued. NWIGU does not, however, support Staff's recommendation that a LIRAP program be instituted in Idaho. NWIGU members believe that a social program to provide financial assistance to low-income households should be considered by the legislature only in the context of funding by Idaho state tax revenue and should not be recovered through rates.

NWIGU members support voluntary contributions to non-profit fuel funds as well as cost-effective conservation programs. NWIGU agrees with Staff's recommendation that the consideration of low-income weatherization efforts as part of a utility's cost-effective conservation program should be considered in future rate cases.

While NWIGU realizes that the focus of this proceeding is on low-income residential consumers, NWIGU urges the Commission to take a supportive role in proceedings before the Federal Energy Regulatory Commission and other forums by providing visible support to natural gas resource development and infrastructure proposals that benefit Idaho (e.g., by intervening in support of pipeline proposals that benefit Idaho natural gas customers or by intervening in the next round of expected natural gas pipeline rate cases that will impact Idaho consumers). NWIGU suggests that a more active role by the Commission in these proceedings would benefit all energy consumers, whether residential or industrial.

Intermountain Gas Company Response Comments:

Intermountain Gas supports Staff's recommendation that a dialogue be initiated with Idaho's Congressional delegation regarding increased awareness of LIHEAP's value and the critical need for additional program funding. The Company also supports Staff's recommendation that the utilities, Commission

Staff, and other interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funds. The Company states that it has and will be an active participant in supporting the need for increased LIHEAP funding. Alternatively, Intermountain believes that any LIRAP legislation should recognize and acknowledge its potential harmful effects, *e.g.*, higher rates to the majority of customers, economic deficiencies, and overuse by subsidized customers.

Intermountain Gas Company believes it is meeting its corporate responsibility regarding the visibility and funding of nonprofit fuel funds. Intermountain currently distributes six (6) separate bill inserts each year regarding fuel funds. In the past, the Intermountain Industries Foundation has provided funding each year to both Project Share and Project Warmth. Intermountain has promoted a bill program whereby customers can pledge dollars on their monthly statements. The Company provides media coverage for these funds several times a year, including the most recent Season of Hope campaign with Channel 7 and Idaho Power.

Idaho Power Response Comments:

Idaho Power fully agrees with Staff's recommendation that a dialogue be initiated with Idaho's Congressional delegation and that interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funding.

Idaho Power does not endorse Staff's recommendation of legislation allowing the Commission to adopt utility programs for financial assistance to low-income customers. As a matter of public policy, should the State of Idaho decide additional funds for energy assistance are in the public interest, Idaho Power believes an explicit state tax is preferable to an additional utility charge. A state-wide tax would provide the means for customers of all utilities in Idaho, not just those regulated by the Commission, to benefit from financial assistance.

Idaho Power fully agrees with Staff's recommendation to increase customer awareness of and contributions to nonprofit fuel funds. Since the conclusion of the workshop, the Company has participated with KTVB Channel 7's Season of Hope campaign, actively promoted Project Share donations to its employees, included information on Project Share in customers' November bills, and increased its

shareholders' donation for this heating season in recognition of the current economic conditions.

Avista Response Comments:

Avista supports increased awareness of LIHEAP's value and congratulates the Idaho delegation for its work to secure the increased funding level for this heating season. The Company will continue to work with CAPAI and others to seek legislative solutions that would allow for greater customer participation in these programs.

In addition to LIHEAP, Avista currently has the Low Income Rate Assistance Program (LIRAP) in both Washington and Oregon. Washington's LIRAP program collects approximately \$3.75 million (natural gas and electric combined) per year through tariff surcharges. Over 6,290 electric and natural gas customers in the Company's Washington service territory received grants averaging \$396 during the 2007-2008 heating season. In Oregon, a total of 3,758 energy grants totaling \$1.1 million have been provided since the LIRAP program inception in 2002. The purpose of Avista's LIRAP program is to reduce the energy cost burden among those customers least able to pay energy bills.

Avista believes it would be "seamless" and in its customers' best interest to add LIRAP to its Idaho service territory. The Company agrees with Staff's recommendation to support legislation that would allow the Commission to adopt programs such as LIRAP. The Company believes that the legislation should allow the Commission to implement programs for the benefit of low-income residential customers as proposed by the individual utilities and approve rates or charges designed to recover the costs of such programs.

Avista promotes Project Share in the communities it serves and supports Staff's recommendation for utilities to increase awareness of and funding for nonprofit fuel funds. The Company is currently making enhancements to the promotion of Project Share in conjunction with Spokane Neighborhood Action Programs (SNAP), the recipient and administrating agency for Project Share. Avista has also formed partnerships with local businesses to help in this effort with the sale of Project Share branded products.

