

Agenda Date: November 13, 2021
Item Number: A1 and A2

Dockets: UE-210792 and UG-210793
Company: Puget Sound Energy

Staff: Hanna Navarro, Regulatory Analyst

Recommendation

Take No Action, allowing Puget Sound Energy's revisions to the WN U-60 Electric Tariff G and WN U-2, Natural Gas Tariff, Schedule 129 Low Income Program to become effective November 15, 2021, by operation of law.

Overview

On October 15, 2021, Puget Sound Energy (PSE or Company) submitted to the Washington Utilities and Transportation Commission (Commission) a tariff filing to implement their Supplemental Crisis Affected Customer Assistance Program (CACAP). PSE proposes to distribute \$34.587 million to relieve residential gas and electric customer arrearages through automatic enrollment. PSE estimates this program will assist roughly 50,000 low-income customers with arrearages, most of whom have never received bill assistance. The program would utilize unspent prior year funding from PSE's current CACAP programs and from PSE's Home Energy Lifeline Program (HELP) and will not result in a rate change at this time.

Background

CACAP-1 (UE-200331 and UG-200332)

On April 6, 2020, PSE filed a revision to its tariff to establish their first CACAP program. PSE used unspent funds from HELP as of September 30, 2019, to fund CACAP. The program ran from April 13, 2020, to September 31, 2020, and was designed to assist customers who were impacted by the COVID-19 pandemic.¹ The program made \$11 million available to residential gas and electric customers with income below 250 percent of the federal poverty level (FPL). PSE distributed \$9.2 million to over 20,000 customers. Customers applied through PSE's web portal or through requesting a paper application by phone.

CACAP-2 (UE-210137 and UG-210138)

On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, prohibiting all energy, water, and telecommunications providers from disconnecting residential services due to non-payment. On May 29, 2020, the governor issued Proclamation 20-23.4, requiring utilities to develop COVID-19 Customer Support programs to provide payment plan options for residential

¹ UE-200331 and UG-200332.

customers with arrears due to the pandemic. On October 20, 2020, the Commission issued Order 01 in U-200281, adopting Commission staff's (Staff) Revised Term Sheet with modifications. Among other things, Order 01 directed the utilities to establish a temporary COVID-19 bill assistance program, using 1 percent of its retail revenues, for all customers at or below 200 percent of FPL.

Following the Commission's directive, PSE established the second phase of CACAP, making a total of \$27.7 million available for eligible customers. The program was approved on March 25, 2021, and started operation on March 28, 2021.² As of November 3, 2021, PSE has distributed over \$17 million to over 25,000 customers from CACAP-2.

Current State

Despite the existing assistance programs, many low-income PSE customers are in arrears. As of October 4, 2021, PSE estimates that over 50,000 eligible customers have a total arrearage of over \$22 million. With the disconnection moratorium ended September 30, 2021, the Company is concerned that a great number of customers will face disconnections but have not reached out for financial assistance due to various reasons. PSE has verbally stated that they will not resume disconnections in the near-term, but without assistance, these customers are in a tenuous position.

Supplemental CACAP

PSE proposes to automatically distribute \$34.587 million to help customers in arrears. Eligibility is dependent upon (1) household income below 200 percent of the federal poverty level and (2) existence of an arrear on a customer's account. To determine eligibility, PSE will purchase Experian data to estimate household income. PSE will estimate household size based on the average size of households in the customers census block. The benefit will be automatically applied to a customer account. The maximum benefit will be \$2,500, consistent with the former rounds of CACAP. PSE will provide an opt-out option.

PSE will use a combination of collected but unspent prior year HELP gas and electric funds as well as a portion of the uncollected CACAP-2 budget to fund the supplemental CACAP.

PSE currently has \$18 million of collected but unspent natural gas low-income funding from HELP which is more than enough to cover current natural gas arrearages. PSE proposes to use this money to fund both CACAP-2 and their supplemental CACAP natural gas programs. PSE has \$16 million of collected but unspent electric funding from HELP, which is not enough to cover electric arrearages. In CACAP-2, PSE was directed to make 1 percent of retail revenue, a total of \$27.7 million, available to customers, with \$20 million from electric revenue and \$7.7 million from natural gas revenue, respectively. PSE expects to exhaust roughly \$20 million of this money on CACAP-2. Since there is not a need to collect and allocate the \$7.7 million in natural gas funds to natural gas arrearages, PSE proposes to instead collect all \$27.7 million from

² UE-210137 and UG-210138.

electric customers and allocate all of the \$27.7 million to electric COVID assistance, thus making the additional \$7.7 million for supplemental CACAP electric customer benefits.

Staff Assessment and Conclusion

Staff believes PSE's proposal is consistent with public interest. Staff shares PSE's concern about high customer arrears. There is a significant number of PSE customers with arrears who through estimation, are eligible for low-income benefits. Many of these customers have not applied for low-income benefits and are at risk of disconnection. Relying on the existing low-income bill assistance programs such as federal Low Income Home Energy Assistance Program, PSE's Help and CACAP-2 is not sufficient to address the urgent need for financial relief.

PSE has designed a program that will relieve utility debt for many customers, helping them avoid the potentially traumatic experience of losing connection to essential services in the upcoming winter months. While the benefit distribution based on estimated income is not perfect and could result in some customers receiving a benefit they should not receive, and some benefits not making it to eligible customers, Staff believes this is the most time efficient and least administratively burdensome way to deliver the financial assistance to customers in need. Staff supports the Company's experiment with this new approach. Staff is also supportive of the company's funding proposal as it avoids further adding to the existing fund imbalance between gas and electric customer low-income assistance need.

Staff is committed to work with the Company and the stakeholders in the low-income advisory group to track benefit disbursement data on the Supplemental CACAP program and evaluate the success of this program in the near future.

Recommendation

Staff believes the program will help avoid disconnections and get benefits out the door to eligible customers in a timely manner. Staff recommends the Commission take no action, allowing Puget Sound Energy's tariff revisions to WN U-60 Electric Tariff G and WN U-2, Natural Gas Tariff, Schedule 129 Low Income Program to become effective November 15, 2021, by operation of law.