

Joint Utility Presentation

Low-Income Energy Assistance Funding Cap per RCW 80.28.425(2)

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Relevant definitions

RCW 19.405.120

(15) **"Energy assistance"** means a program undertaken by a utility to reduce the household energy burden of its customers.

- (a) Energy assistance includes, but is not limited to, weatherization, conservation and efficiency services, and monetary assistance, such as a grant program or discounts for lower income households, intended to lower a household's energy burden.
- (b) Energy assistance may include direct customer ownership in distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other available conservation and demand-side measures.

(17) **"Energy burden"** means the share of annual household income used to pay annual home energy bills.

(24) **"Low-income"** means household incomes as defined by the department or commission, provided that the definition may not exceed the higher of eighty percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size.

WAC 480-100-605

"Energy assistance need" means the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.

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...”

→ **Joint Utility Position:** 5% of the billed revenue requirement is a hard cap on the amount of funds available, separately for gas and for electric.

“...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.”

→ **Joint Utility Position:** Currently, utilities are varied in which costs are included in the calculation of the 5% cap (e.g., gas CCA credit costs, administrative costs, weatherization program costs, etc.).

RCW 80.28.425(2) (Cont.)

“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.”

→ **Joint Utility Position:** The minimum rate increase in each year of the rate plan does not supersede the overall 5% hard cap.

“The commission may approve a larger increase to low-income bill assistance based on an appropriate record.”

→ **Joint Utility Position:** This provision is applicable to the minimum increase (double of the % of residential base rate increase for each year of the rate plan), not the 5% hard cap.

Other relevant statutes

RCW 80.28.068(5) *“A residential customer eligible for a low-income discount rate must receive the service on demand.”*

→ **Joint Utility Position:** Allows electric and gas utilities to limit program budgets for other low-income energy assistance programs to accommodate higher budget needs for discount rate. Allows electric and gas utilities to focus eligibility more narrowly than just low-income customers (e.g., focusing on low-income customers with higher energy burden, i.e., greater than 6%).

RCW 19.405.120(2) *“To the extent practicable, priority must be given to low-income households with a higher energy burden.”*

→ **Joint Utility Position:** Allows electric utilities to focus eligibility to low-income customers with higher energy burden (greater than 6%).

Other relevant statutes (Cont.)

RCW 19.405.120(4) *“(a) In addition to the requirements under subsection (3) of this section, each electric utility must submit biennially to the department an assessment of: ...*

(iii) A cumulative assessment of previous funding levels for energy assistance compared to the funding levels needed to meet:

(A) Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and

(B) ninety percent of the current energy assistance need by 2050.”

→ **Joint Utility Position:** Requires electric utilities to compare biennially previous energy assistance funding levels to 60%/90% of current energy assistance need by 2030/2050, respectively. These are not targets.

The 5% hard cap from RCW 80.28.425(2) supersedes and caps any energy assistance funding level here that would be compared to current EAN.

PSE Presentation

Low-Income Funding 5% Calculation

Birud Jhaveri

Director, Regulatory Affairs

August 28, 2025 (Thursday)



PSE projected to reach the cap by October 2025

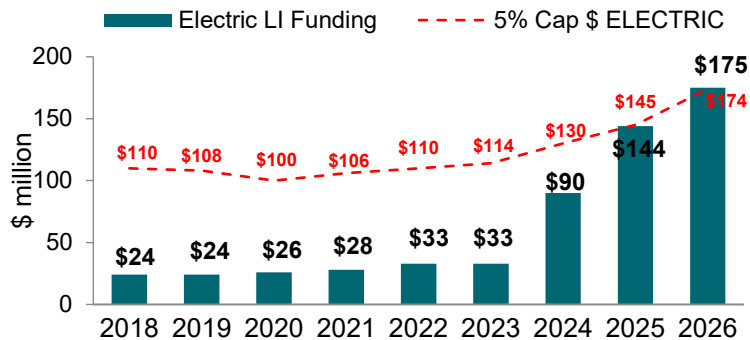


- PSE's current calculation of the 5% LI funding cap:

Low Income Revenue Requirement Limit Test - for rates October 2025 if no adjustment was made to Sch 129 LI Cap									
Row	Tracker	Type	ELECTRIC		GAS		Combined E&G		
4	Sch. 129 Low Income	A	\$	135,596,264	3.9%	\$	31,684,101	2.4%	\$167,280,365
5	Sch. 129D Bill Discount Rate	A/B	\$	24,015,109	0.7%	\$	6,664,416	0.5%	\$30,679,526
6	Sch. 120 Conservation	A	\$	14,610,903	0.4%	\$	1,981,021	0.1%	\$16,591,921
7	Sch. 134 Community Solar	B	\$	731,320	0.02%			0.0%	\$731,320
8	Sch. 111 CCA Low Income Credit	B			0.0%	\$	3,399,422	0.3%	\$3,399,422
9	TVR Programs (Low Income Non-Rate Spend)	B	Not Available			Not Available			
10	SUM "A" Bill assistance programs + "B" Special Rates		\$	174,953,596	5.03%	\$	43,728,961	3.3%	\$218,682,557
11	5% cap			\$174,010,985	5%		\$66,885,768	5%	\$ 240,896,753
12	Total Forecasted Billed Revenues Effective October 2025 est		\$	3,480,219,697		\$	1,337,715,357		\$ 4,817,935,055
13	Remaining before reaching the 5% Cap			(\$1,000,000)			\$23,200,000		
Row	Programs Not Included in Limit Test	Type	ELECTRIC		GAS		Combined E&G		
15	Sch. 111 CCA Low Income Decarbonization	C		n/a		\$	5,200,000	n/a	\$5,200,000
16	LIHEAP (Federal)	C	\$	10,234,905	n/a	\$	2,048,980	n/a	\$12,283,885
17	Warm Home Fund (Donations-based)	C	\$	929,552	n/a	\$	232,338	n/a	\$1,161,890
18	Other Pledges	C	\$	6,033,845	n/a	\$	1,508,136	n/a	\$7,541,981
19	PSE Targeted Electrification Pilot Phase 2 (Yr 1) - Low Income	C	\$	1,500,000	n/a	\$	1,500,000	n/a	\$3,000,000
20	SUM "C" Low Income program spending NOT in Cap test			\$18,698,302			\$10,489,454		\$29,187,756
21									
22	Total Annual Low Income Program Spending			\$193,651,898			\$54,218,414		\$247,870,313
Type/Source									
A	Low Income Bill Assistance								
B	Special Rate - Applies to Low Income Customers ONLY								
C	Low Income program spending not included in Cap test								

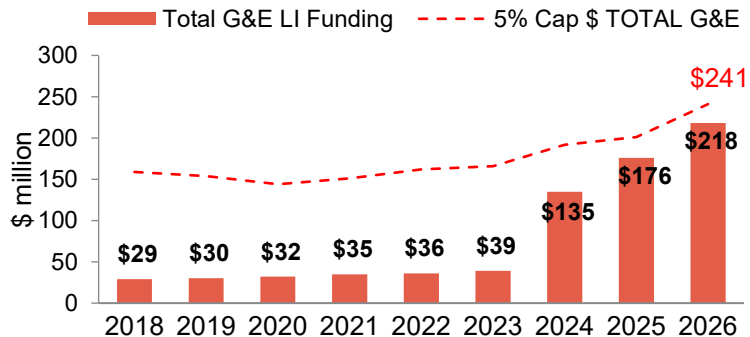
PSE Energy Assistance data

PSE



- PSE is at its 5% cap for electric low-income funding**

- ~\$174M est. Electric annual low-income programs funding eff. Oct 2025 (with only Sch. 129 revised)
- ~\$175M* est. Electric 5% cap eff. Oct 2025
- PSE has filed proposed Sch. 129 (eff. Oct. 2025) that has been adjusted to meet the 5% hard cap on electric side



- PSE is at 93% of its energy assistance need (EAN)**

- ~\$218M est. G&E annual low-income programs funding eff. Oct 2025 (with only Sch. 129 revised)
- ~\$233M EAN est. G&E annual for low-income customers with High-Energy-Burden (i.e., above 6%) (2024 energy burden analysis, PSE bill-portion)



Low Income Funding Spend Calculation as a % of Cap

August 2025

Shawn Bonfield, Sr. Manager, Regulatory Policy & Strategy

Methods for Calculating Spend as % of Cap (24/25 PY)

BILL ASSISTANCE FUNDING/SPEND INFORMATION		
Forecasted Spend for 2024-2025 PY	5% Cap	Forecasted Spend as % of Cap
Forecasted LIRAP <u>Direct Service</u> Spend ONLY		
\$35,847,504	\$46,834,000	77%
Forecasted LIRAP <u>Direct Service + Agency Administration</u> Funds		
\$39,702,902	\$46,834,000	85%
Forecasted LIRAP <u>Direct Service + Agency Admin + LIWX*</u>		
\$43,952,902	\$46,834,000	94%
Forecasted <u>LIRAP, All Costs</u> (Direct Service + Agency Admin + Avista Admin (incl. outreach, marketing, and labor**))		
\$41,143,502	\$46,834,000	88%
Forecasted LIRAP (All Costs) + LIWX*		
\$45,393,502	\$46,834,000	97%

Methods for Calculating Spend as % of Cap (25/26 PY)

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	\$48,136,000	99%
Forecasted LIRAP <u>Direct Service + Agency Administration</u> Funds		
\$51,778,663	\$48,136,000	108%
Forecasted LIRAP <u>Direct Service + Agency Admin + LIWX*</u>		
\$56,028,663	\$48,136,000	116%
Forecasted <u>LIRAP, All Costs</u> (Direct Service + Agency Admin + Avista Admin (incl. outreach, marketing and labor**))		
\$52,106,007	\$48,136,000	108%
Forecasted LIRAP(All Costs) + LIWX*		
\$56,356,007	\$48,136,000	117%

Low Income Funding and 5% Cap

Natasha Siores, Sr. Manager, Regulatory Compliance



NW Natural's Income-Qualified Programs and Funding Status



- Bill discount program - enrollments are at 50.5% of estimated low-income customers
 - Program design targets 2% energy burden
- GREAT – robust grant activity at or above soft cap past two program years
- AMP – began April 1, 2025
- WALIEE – additional new CAP agency added to administer program
- Note: LIHEAP funding for 2023-2024 Program Year was \$175,939

Bill discount program	\$1,937,820	Advice 24-15; UG-240881
GREAT program	\$867,320	Advice 24-08; UG-240696
WALIEE program	\$115,495	Advice 24-08; UG-240696
Arrearage Management Program	\$0	cost recovery to start in 2025 PGA
Income-eligible programs	\$2,920,635	
2024 Washington CBR Normalized Revenue	\$109,949,935	
Program costs as % of Revenue	2.7%	

NW Natural – Increasing Funding in a Rate Case



Bill Discount Program	Qualifying Income	Number of Participants	Total Discounts Applied since program inception
Tier 0 - 80% discount	0-60% FPL	1,262	\$657,326
Tier 1 - 40% discount	61-120% FPL	2,118	\$698,022
Tier 2 - 20% discount	121-150% FPL	1,109	\$176,630
Tier 3 - 15% discount	Greater of 151-200% FPL or 80% AMI	4,493	\$513,403
Total Washington		8,982	\$2,045,381

Energy Assistance Program	Average Household Benefit	Total Benefits 2023-24 program year	Customers served 2023-24 program year
Washington Gas Residential Energy Assistance Tariff (GREAT)	\$676	\$619,435	916
Federal LIHEAP – WA Customers	\$269	\$175,939	653
Gas Assistance Program (GAP) NWN/Customer Funded (OR and WA)	\$120	\$133,016	1,104

Low-Income Energy Efficiency Programs	Average Annual Therms Saved last 5 program years	Reimbursed Measure and Health/Safety Cost last program year	Homes Served last program year
Washington	5,784	\$82,396	10 homes served

- Complex to navigate the “double the rate increase” requirement due to the way programs are funded
- Funding for all programs are based on the actual costs, reflecting actual uptake of the programs and related administrative costs
 - Costs are incurred and placed in a deferred account
 - NW Natural seeks cost recovery of the deferred accounts annually, usually with Purchased Gas Adjustment filings in September
 - **Thus, funding follows the program need**



In the Community to Serve®

Cascade Natural Gas Corporation

Jennifer Gross
Manager, Regulatory Affairs

Cascade Natural Gas Corporation

2025 Base Revenues	Programs	2025 Budgets	% of Base Revenues	2025 Billed Revenue	% of Billed Revenue
\$153,588,890	CARES Budget	\$5,837,089	3.80%	\$449,199,140	1.30%
	LI WZ (WIP)	\$1,700,000	1.11%		0.38%
	WIP Pilot	\$904,000	0.59%		0.20%
	CCA Credit	\$1,908,573	1.24%		0.42%
TOTAL		\$10,349,662	6.74%		2.30%
2026 Base Revenues	Programs	2026 Budgets	% of Base Revenues	2025 Billed Revenue	% of Billed Revenue
\$166,330,766	CARES	\$ 8,000,000	4.81%	\$449,199,140	1.78%
	LI WZ (WIP)	\$ 2,000,000	1.20%		0.45%
	WIP Pilot	\$ 1,000,000	0.60%		0.22%
	CCA Credit	\$ 2,509,804	1.51%		0.56%
TOTAL		\$ 13,509,804	8.12%		3.01%

	2022	2023	2024
WA LIHEAP	\$565,358.75	\$950,578.47	\$939,116.37

PacifiCorp

Robert Meredith, Director, Regulation



Low-Income Bill Assistance Program

- Currently 3 discount tiers with full income verification

Income Level	Discount
0-75% of FPL	75%
76 – 100 of FPL	37%
100 – 200 of FPL or 80% of AMI, whichever is greater	16%


- Moving to 6 discount tiers with self-attestation on October 1, 2025

Income Level	Discount
0-25% FPL	85%
26-50% FPL	63%
51-75% FPL	40%
76-100% FPL	28%
101-150% FPL	21%
Greater of 151-200% FPL or 80% AMI	14%

- Presently, program expenditures are 2.2% of revenue requirement

Cap Considerations

- 5% is a hard cap
 - Double the increase in multi-year plans is unreasonable otherwise
 - Non-participating customers bear this cost
- Eligible costs should include the costs for all bill discount and arrearage assistance programs including administrative costs
- Denominator should be based upon billed customer revenue



Joint Utility – Conclusion

Low-Income Energy Assistance Funding Cap per RCW 80.28.425(2)

Key insights from Joint Utility perspectives:

- The 5% hard cap is sufficient for meeting our current Energy Assistance Need.
- The amount of funding provided per customer, especially for those who do not have high energy burden, is significant, and that is what drives up costs.
- To reduce Energy Assistance Need, future emphasis should be on more efficient use of funds already available focusing on low-income customers with higher energy burden (above 6%).

Commission guidance needed:

- Confirm 5% hard cap
- Advise on principles for 5% cap calculation
- High-level guidance for how to effectuate the hard cap once reached