



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

October 9, 2020

Filed Via Web Portal

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation
Commission 621 Woodland Square Loop SE
Lacey, WA 98503

Re: Docket UE-200629: Comments of Puget Sound Energy in response to the Commission's Notice on Energy Assistance and the Clean Energy Transformation Act

Dear Mr. Johnson:

Puget Sound Energy ("PSE") appreciates the opportunity to respond to the questions posed in this docket and submits the following comments in response to the request in the Washington Utilities and Transportation Commission's ("Commission") Notice of Opportunity to File Written Comments issued in Docket UE-200629 ("Notice") on September 15, 2020.

At the outset, PSE would like to reiterate its strong support for the policy goals outlined in RCW 19.405.120, a key part of the Clean Energy Transformation Act, which is to demonstrate progress towards making energy assistance funds available to low-income households. PSE was one of the first utilities in the state to establish a bill assistance program, and PSE remains strongly committed to continuing to serve its low-income customers – whether it be through long-established programs like PSE HELP, or through newly established programs like the Crisis Affected Customer Assistance Program (CACAP), which was specifically designed to assist customers who are struggling to pay their bills due to the impacts of the COVID-19 pandemic.

Responses to Commission Questions

- 1) **As noted above, RCW 19.405.120(2) requires utilities make "programs and funding" available for energy assistance to low-income households by July 31, 2021.**

Received
Records Management
10/09/20 15:02
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

a. What does the term “programs” mean in the context of RCW 19.405.120(2)? Is a program the same or different than the four types of energy assistance included in the “energy assistance” definition in RCW 19.405.020(15):

- **monetary assistance;**
- **conservation, weatherization, and efficiency services;**
- **direct distributed energy resource ownership; and**
- **other additional strategies.**

Please explain your answer.

PSE Response

All the above. A “program” should be viewed as utility measures or activities initiated with the aim of addressing or reducing energy burden or the need for energy assistance among households in its service territory. The three types of energy assistance specified in the definition in RCW 19.405.020(15) are examples of programs that are included but do not represent an exhaustive list, as indicated by the “other strategies” language.

PSE encourages the use of flexibility to enable utilities to find creative solutions to meeting the needs of low-income households. Low-income households face diverse circumstances that influence their ability to afford home energy bills. This diversity requires a toolbox of programs and options designed to meet unique customer needs. There is also likely room for improvement in current programs. For example, PSE questions whether there are structural barriers, while not intended, in the current programs and regulatory structures that make it difficult for historically marginalized communities to participate in energy assistance programs.

PSE knows that not all of the households eligible for current energy assistance programs participate in these programs. Exploring the factors that contribute to lack of participation may lead to either new programs or improvements to existing programs. As PSE uncovers more barriers and reaches out to vulnerable communities, it seeks the regulatory flexibility to develop program designs that are responsive to the voice of those communities.

PSE also encourages taking a broader look at energy assistance to include energy efficiency programs that may not require individual household income verification, but nonetheless serve vulnerable populations. In particular, since the income threshold for weatherization assistance is the greater of 60% SMI or 200% FPL, there currently is a gap in targeting low income energy assistance programs to households up to 80% AMI under CETA’s low income definition. For programs that serve customers in this income gap, PSE sees promise in using census tract data and other public databases to identify neighborhoods with high numbers of eligible households. This proactive approach combined with targeted outreach may increase the success of both traditional and new programs. Additionally, targeted energy efficiency programs may be able to lower barriers to entry by relying on geographic analysis along with other household characteristics, rather than strict income documentation. PSE emphasizes this because offering programs that do not require extensive income verification requirements but rely on proactive outreach to vulnerable communities can avoid any feelings of victimhood or stigma customers might feel by applying for a program with labels like “low income” or “financially struggling.”

This could be especially relevant in the coming year or so, as more households see loss of income due to COVID-19 related business closures and layoffs.

b. How should the Commission determine whether a utility’s “programs” and “funding” comply with RCW 19.405.120(2)?

PSE Response

RCW 19.405.120(2) states that a utility must:

1. Make programs and funding available to low-income households;
2. Demonstrate progress in providing energy assistance;
3. To the extent possible, prioritize higher energy burden households.

As discussed above, PSE views its current programing as sufficient for compliance with the first criteria required under RCW 19. 405.120(2). The answers to the questions below provide additional thoughts regarding criteria 2 and 3. As an overarching principle, PSE believes it is important to target “programs” and “funding” to those areas in greatest need, particularly those who have been historically marginalized. Therefore, PSE encourages the Commission to consider methods that will evaluate progress that include geographic analysis to indicate where and how program resources are targeted in the PSE service territory, in particular marketing and outreach, to determine whether a utility’s programs and funding comply with RCW 19.405.120 (2).

- c. How does the meaning of “low-income” relate to the eligibility requirements for energy assistance programs and funding offered by utilities? Do you agree with any of the four interpretations, or parts of the interpretations, offered by stakeholders to date? The four interpretations are summarized below.**
- **A utility must offer at least one low-income program where the eligibility for the program does not exceed the income levels established in the low-income definition.**
 - **A utility must have at least one program that is available to all customers up to the income levels established in the low-income definition.**
 - **The utility must have at least two programs that are available for all customers up to the income levels established in the low-income definition.**
 - **The utility must serve all customers up to the income levels established in the low-income definition for all energy assistance programs offered by the utility.**

PSE Response

PSE advocates for language that encourages a diverse low income program portfolio allowing for creative program design and flexibility to ensure valuable utility resources are maximized to meet the energy needs, including health and safety needs, conservation and other needs, of our low-income communities. In creating a diversity of programs, it should be permissible to have programs designed to reach specific vulnerable customers, for example, a senior rate discount program.

d. Do utility programs that are primarily intended to avoid disconnection, such as emergency assistance that are not income qualified, reduce energy burden as defined in RCW 19.405.020(17)?

PSE Response

Any program that has the effect of reducing the share of household income used to pay annual home energy bills could be considered a qualifying utility program under RCW 19.405.020 (17). Disconnections, or even late bill payments, typically result in late payment or reconnection charges that increase the amount of income needed for a household to pay their bill. Examples of programs that provide assistance to customers but are not income qualified are payment plan offerings and the current waivers of late fees and proposed waiver of reconnection charges offered by utilities in response to the COVID-19 pandemic. None of these programs, aimed at avoiding disconnection and alleviating the burden of extra fees on households, are income-qualified. Customers are given the ability to self-select into bill payment programs when they need assistance paying a balance, and the intention is that customers who can pay their bills on time during the pandemic will do so, leaving the waiver of late fees and eventual waiver of reconnection charges to those that are in financial need.

2) What principles and information should the Commission consider when determining whether a utility has “demonstrated progress in providing energy assistance?” Are the principles and information the same or different for the three elements of energy assistance: effectiveness, outreach, and funding?

PSE Response

Each of the three elements outlined in RCW 19.405.120(4) are distinct, but related, in contributing to the demonstration of progress. Geographical methods to capture energy burden across a utility’s service territory can be used both to target outreach and assistance and to track the effectiveness of programs. PSE encourages the Commission to consider how a utility is using geographical targeting for marketing and outreach activities for energy assistance and how this information can be used to evaluate program effectiveness in reducing energy burden.

3) RCW 19.405.120(2) requires that, to the extent practicable, utilities prioritize energy assistance to low-income households with the highest energy burden.

a. What principles and information should the Commission consider when determining whether a utility has prioritized assistance to low-income households with the highest energy burden?

PSE Response

Typically, higher energy burden will be associated with higher use households. While PSE does not have access to individual household level income data outside of the data collected from those already participating in low-income weatherization and bill assistance programs, PSE is examining ways to geographically target areas with higher energy use, combined with income data. This will provide the ability to prioritize geographic areas with higher incidence of energy burden for outreach regarding energy assistance, weatherization and other assistance programs. Successful marketing and outreach targeted to communities with

high need/high energy burden, developed in coordination with local organizations, should lead to increased applications from those populations. Customer impressions and conversion rates that tie to marketing and outreach campaigns can be measured geographically to demonstrate efficacy and burden of proof.

For bill assistance, it is more difficult for a utility or community action agency to prioritize individual households with the highest energy burden at the application level, because the added administrative burden may result in customers who are otherwise eligible for program benefits being placed on hold for extended periods of time while prioritization takes place. For the most part, current bill assistance programs such as PSE HELP operate on a first come, first served basis in order to provide timely assistance to customers with an immediate need. Making customers wait for help could result in undue stress while their utility bills remain unpaid. In the area of bill assistance, it may be more feasible to prioritize higher funding amounts for higher energy burden households. In contrast, for weatherization programs, it may be feasible to prioritize weatherization services to high usage households, both at an outreach and communications level and at the individual household level.

b. How should the Commission evaluate what is practicable? How should the Commission's evaluation differentiate between what is practicable in the short-term versus the long-term?

PSE Response

The Commission should evaluate what is practicable by looking at two things: 1) whether prioritization increases participation among target customer populations with high energy burdens; and 2) what is administratively feasible for utilities and agencies, without burdening programs with additional administrative duties and costs.

While prioritization could be well-intended, it can also have the potential to block participation in marginalized communities by creating extended wait times and other administrative hurdles. Our low-income customers should not have to bear the brunt of regulatory restrictions that pose unintended barriers. Prioritizing customers with high energy burden is best done at the marketing and outreach level, which will not create undue burden for our eligible customers. PSE also cautions that energy burden is a single measure of needs, and PSE prefers the flexibility to target customer groups using additional criteria such as race or ethnic demographics, age, etc.

PSE appreciates the opportunity to provide responses to the questions identified in the Commission's Notice of Opportunity to File Written Comments. Please contact Kara Durbin at

425-456-2377 for additional information about these comments. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

Jon Piliaris
Director, Regulatory
Affairs Puget Sound
Energy
PO Box 97034, EST07W
Bellevue, WA 98009-9734
425-456-2142
Jon.Piliaris@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Strom Carson, Perkins Coie