

Agenda Date: July 29, 2021
Item Number: A6

Docket: UE-210533
Company: PacifiCorp d/b/a Pacific Power & Light Company

Staff: Molly Brewer, Regulatory Analyst

Recommendation

Issue an order approving PacifiCorp’s modification to its Low-Income Bill Assistance Program and allowing the revisions to Schedules 17 and 19 filed by PacifiCorp on July 2, 2021, in Docket UE-210533 to become effective August 1, 2021.

Overview

On July 2, 2021, PacifiCorp, d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to Schedule 17, Low Income Bill Assistance Program (LIBA) -Residential Service Optional for Qualifying Customers, and Schedule 19, Residential Service - Time of Use Pilot. The Company proposed three revisions in the tariff filing:

- 1) Expand Tier 3 Income Guideline to the higher of 200 percent of the Federal Poverty Line (FPL), or 80 percent of the Area Median Income (AMI).
- 2) Change the current discount program from a per kWh credit for usage in excess of 600 kWh to a straight percentage discount on the customer’s bill.
- 3) Remove the annual enrollment cap.

Background

Two legislative developments prompted the Company to revise its Low-Income Bill Assistance Program. First, the Clean Energy Transformation Act (CETA), passed in 2019 and codified as RCW 19.405, includes provisions on energy assistance. RCW 19.405.020(25) defines “low income” as household incomes as defined by the Department of Commerce or the 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. RCW 19.405.120(2) requires that electric utilities must make programs and funding available for energy assistance to low-income households by July 31, 2021. The Commission provided further clarification on the electric utilities’ obligations under RCW 19.405.120(2).¹ Specifically, the Commission clarifies that:

¹ Docket UE-200629, *Notice of Programs and Funding Requirements for Electric Utilities Under CETA* (April 21, 2021) (2021 Notice).

1. The utilities must provide at least two low-income energy assistance programs.²
2. The utilities must provide at least one energy assistance program be readily available to all low-income households.
3. Low-income means household incomes that do not exceed the higher of 80 percent of AMI or 200 percent of FPL, adjusted for household size.

The Commission requires utilities to either (1) file any necessary tariffs or tariff revisions with the Commission or (2) submit information to Docket UE-200629 demonstrating current compliance.³

Second, Engrossed Substitute Senate Bill 5295 (SB 5295) was passed in the 2020-2021 legislative session and becomes effective on July 25, 2021. SB 5295 requires that “*each gas or electrical company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs.*”⁴

PacifiCorp’s LIBA is a rate discount program, however, certain elements of the program need to be modified to better align with SB 5295 as well as Section 12 of CETA. Accordingly, in this filing, PacifiCorp proposes three modifications to LIBA.

First, PacifiCorp will adopt a new low-income eligibility threshold to comply with CETA and the Commission’s directive in UE-200629. Currently, the LIBA program has three tiers which provide a per kWh credit for usage above 600 kWh, with the third tier extending to customers with income up to 150 percent of FPL. PacifiCorp proposes to expand the eligible population for Tier 3 to include customers with household income up to the higher of 200 percent of FPL or 80 percent of AMI.

Next, PacifiCorp proposes to change the current discount program from a per kWh credit for usage in excess of 600 kWh to a straight percentage discount on the customer’s bill. This modification is intended to provide the most equitable benefits to all qualifying customers.

The following table illustrates the changes in income criteria and the discount levels.

² Energy assistance means a program undertaken by a utility to reduce the household energy burden of its customers, including weatherization, conservation, and efficiency services; monetary assistance; direct energy resource ownership; and other strategies.

³ 2021 Notice, at 1.

⁴ See RCW 80.28.068(1). SB 5295, § 3(1) (2021).

Table 1 – Comparison of Current and Proposed LIBA Program Design

Tiers	Current Program		Proposed Program	
	Household Income	Discount Credit for Usage Over 600 KWh	Household Income	Discount of Net Bill
1	0-75% of FPL	8.904 cents/kWh	0-75% of FPL	70% bill discount
2	76-100% of FPL	5.989 cents/kWh	76-100% of FPL	35% bill discount
3	101-150% of FPL	3.744 cents/kWh	Higher of 101% - 200% of FPL - or 80% of AMI	15% bill discount

Lastly, PacifiCorp proposes to eliminate the annual enrollment cap to make sure the LIBA benefits are accessible to all eligible customers. The LIBA program currently has an annual enrollment cap with 2 percent annual increase, which has grown from 4,814 households in 2017-2018 program year to 5,210 households for the 2021-2022 program year. Effective August 1, 2021, there will be no limitation on the number of enrollees to allow all eligible customers to participate in LIBA.

Discussion

Commission staff (Staff) supports the proposed expansion of Tier 3 within the LIBA program to include customers with incomes up to the higher of 200 percent of FPL, or 80 percent of AMI. The expanded income eligibility will align this program with Section 12 of CETA and the Commission’s 2021 Notice on CETA compliance. It is consistent with the public interest because more customers can receive LIBA benefits.

Staff supports the Company’s proposal to change the current discount program from a per kWh credit to a straight percentage discount on the customer’s bill. The original program design provides a discount only to usage above the first block, which primarily addresses the heating and cooling needs above the base load. As a result, however, income-qualified customers with low usage receive little or no rate discount for many months of the year. The new proposal would ensure that all low-income customers can receive a discount on their bill, which is a more holistic approach to address the overall energy burden, not just heat burden.

Staff believes a percentage discount program is consistent with SB 5295, which requires a discount rate for eligible low-income customers, and that the percentage discount rate will provide numerous benefits. Staff agrees with the Company that each component of a customer’s bill, including non-volumetric components, is a rate approved by the Commission.⁵ Even though the Company’s proposed discount will no longer be expressed in dollar per kWh (i.e., a discount rate or a discount credit), it will result in similar or better benefits for program participants, thus

⁵ UE-210533, PacifiCorp’s cover letter, at 3.

achieving discounted rates for customers.⁶ Most importantly, a percentage discount has the advantage of automatically providing higher benefits to program participants when the rates go up over time, including rates on rider schedules. It relieves administrative burden on the Company by eliminating the need to file frequent tariff revisions to update credit amounts every time rates are changed. Without periodic updates, the Company would risk providing stale discount rates that do not keep up with rate increases. In addition, the Company believes that a percentage discount is easier for customers to understand and thus facilitates stronger communication and outreach.

Lastly, Staff supports the elimination of the enrollment cap, as it will make the benefits of the LIBA program accessible to all eligible low-income customers, in compliance with the SB 5295 as well as the Commission directive on compliance to Section 12 of CETA.⁷

The removal of the enrollment cap will lead to an increase to the program spending. The Company estimates it may initially incur a 10 percent increase in adoption with these proposed changes, raising the cost of the program from \$2.973 million per year to \$3.362 million per year. LIBA program costs are currently recovered with a surcharge through Schedule 91. PacifiCorp will review the current under-collected balance of \$2.7 million along with the anticipated increased balance resulting from these tariff revisions. The Company will likely propose an increase to the Schedule 91 surcharge in the coming weeks. Staff agrees that this approach is reasonable.

The Company discussed the proposed program modifications with the LIBA Advisory Committee at multiple meetings. All stakeholders agree with the modifications.

Conclusion

Staff believes that these tariff revisions are consistent with the public interest. Staff recommends the Commission issue an order approving the modifications to the LIBA program in the tariff sheets filed by PacifiCorp in Docket UE-210533, effective August 1, 2021. Specifically, PacifiCorp will expand Tier 3 of the LIBA program to customers with incomes up to the higher of 200 percent of the FPL, or 80 percent of the AMI; PacifiCorp will change the per kWh credit into a percentage discount applicable to the entire bill; and PacifiCorp will eliminate the annual enrollment cap.

⁶ PacifiCorp shared its analysis with the advisory committee that showed households of various sizes and various energy usage levels will receive a greater benefit from the percentage discount as compared to the current per kWh credit.

⁷ See RCW 80.28.068(1). Section 3(5) of SB 5295 provides that “[a] residential customer eligible for a low-income discount rate must receive the service on demand.”); see also 2021 Notice at 2 (“[a]dditionally, since Staff finds that the statute requires that all low-income households have ready access to the program, utilities must either update bill assistance income eligibility to comply with the statute at this time or file new monetary assistance programs that are available to all low-income customers.”) (Emphasis added).