

Agenda Date: August 24, 2023  
Item Number: A3 and A4

**Dockets:** UE-230560 and UG-230561  
**Company:** Puget Sound Energy

**Staff:** Corey Cook, Regulatory Analyst  
Keith Quinata, Section Manager of Energy Rates and Services

### **Recommendation**

Take no action, thereby allowing Puget Sound Energy’s (PSE or Company) filed tariff sheets, in Dockets UE-230560 and UG-230561, to become effective as a matter of law and recommend that the Low-Income Advisory Committee (LIAC) monitor the effectiveness of the program and suggest revisions as necessary.

### **Summary of Filings**

On July 6, 2023, PSE filed with the Washington Utilities and Transportation Commission (Commission), in Docket UE-230560, a proposed revision to Tariff WN U-60, Schedule 7, introducing new, optional Bill Discount Rate (BDR) Services, Schedules 7BDR, and 7BDR-A. The Company also filed, in Docket UG-230561, a proposed revision to Tariff WN U-2, Schedule 123, introducing new, optional Bill Discount Rate Services, Schedules 123BDR and 123BDR-A. Each filing establishes the qualifying parameters for PSE’s low-income BDR programs for each industry it serves and implementation of the same, effective August 11, 2023.

On July 24, 2023, PSE filed revisions to each Docket, extending the requested effective dates to August 25, 2023.

### **Background**

The Clean Energy Transformation Act (CETA), passed in 2019 and codified as Chapter 19.405 Revised Code of Washington (RCW), defines “low income” as “household incomes as defined by the Department of Commerce (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.”<sup>1</sup>

Additionally, CETA includes mandates for utilities to provide energy assistance for low-income households with a stated goal of meeting “Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2019, whichever is greater, by 2030; and ninety percent of the current energy assistance need by 2050.”<sup>2</sup>

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<sup>1</sup> RCW 19.405.020 (25).

<sup>2</sup> RCW 19.405.120 (4)(a)(iii).

On December 29, 2020, Commerce revised WAC 194-40-030 to define “Energy assistance need” as “the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.”<sup>3</sup>

On July 25, 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB 5295), codified as RCW 80.28.068, to update the Washington Utilities and Transportation Commission’s regulation of electric and natural gas utilities’ rates. SB 5295, among other things, included requirements 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.”<sup>4</sup> Additionally, the Commission shall approve, disapprove, or approve with modifications each gas or electrical company’s low-income assistance discount rate and grant program.<sup>5</sup> The company must make diligent and good faith efforts to its low-income and equity advisory groups for approval related to program design, eligibility, operation, and funding of low-income programs.

In response to CETA requirements, PSE formed its LIAC, which includes representatives from the Company, Commission staff (Staff), The Energy Project (TEP), Northwest Energy Coalition (NVEC), Public Counsel (PC), and the various Community Action Partners (CAP) within the Company’s service territory.

PSE held meetings with its LIAC beginning in December 2022. Through April 2023, meetings were generally held twice weekly and reduced to weekly, or less as needed, during May and June 2023. In total, PSE has held about 40 meetings with its LIAC. The LIAC discussed topics of program tier structure, requirements and processes regarding application, income information collection, eligibility, expiration, re-enrollment, and program administration.

The LIAC conducted significant data analyses during the meetings to inform the design of program tiers, including the number of tiers, income brackets for each tier, and the percent discount amount applied to customer bills under each monthly tier. PSE’s LIAC approved the program design as submitted.

On December 22, 2022, the Commission issued Order 24/10 in consolidated Dockets UE-220066, UG-220067, and UG-210918. Condition 11 of the Order required PSE, by July 1, 2023, to file for approval of its BDR.<sup>6</sup>

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<sup>3</sup> WAC 194-40-030.

<sup>4</sup> RCW 80.28.068 (1).

<sup>5</sup> *Id.*

<sup>6</sup> In Final Order 24/10, the Commission required the Company to make a subsequent filing on July 1, 2023, seeking approval of the BDR and AMP programs design developed through the LIAC process. *In the Matter of Authorized Deferred Accounting Treatment and Share of Costs for PSE*. Dockets UE-220066, UG-220067, and UG-210918 (Consolidated), Final Order 24/10 ¶ 263 (December 22, 2022).

On June 30, 2023, PSE submitted in Dockets UE-220066 and UG-220067, its BDR program as a Compliance filing. Staff requested that the Company refile each BDR program separately rather than as a compliance item.

On July 6, 2023, PSE filed its BDR Program effective August 11, 2023. On July 24, 2023, PSE submitted a revision to its filing, changing the BDR Program effective date to August 25, 2023.

### **Discussion**

Since December 2022, PSE has engaged in twice-weekly meetings, with cadence reduced to weekly as of April 2023, with the LIAC subcommittee and Advisory Group (AG), which includes Staff, PC, PSE, TEP, NWECA, and representative of each CAP in the Company's service territory.

The LIAC discussed and finalized all BDR design and implementation details with significant support from its members. TEP, PC, and NWECA expressed dissatisfaction at PSE's system limitations for maximizing the use of federal funds, such as LIHEAP; however, the group agreed that the program being launched in its current state is more beneficial for customers and program revisions can be made as needed.

On June 30, 2023, the Company filed its original tariff revision, with a requested effective date of August 11, 2023.

On July 12, 2023, Commission Regulatory Services and Consumer Protection Staff met with TEP, NWECA, and PC (Advocates) to discuss BDR filings. Advocates were interested in having all BDR filings heard at the August 24, 2023, Open Meeting. Staff agreed it would allow interested parties to attend a single Open Meeting rather than multiple.

On July 13, 2023, Staff requested that PSE submit a filing revision to change the effective date of its filed Tariff Sheets to allow the item to be heard at the Open Meeting on August 24, 2023.

On July 24, 2023, PSE submitted a revised filing, changing the effective date of its Tariff Sheets to August 25, 2023.

First, the Company seeks to add Tariff WN U-60, Schedule 7BDR, an optional service available to customers taking service on Schedules 7, 307, 317, and 327.

Second, the Company seeks to add Tariff WN U-2, Schedule 23BDR, which is an optional service available to customers taking service on Schedule 23.

Third, the Company establishes funding for its BDR programs through its established Low Income Program Tariff WN U-60, Schedule 129, and Tariff WN U-2, Schedule 129.

Fourth, the Company seeks to modify the Arrearage Management Plan (AMP) and Arrearage Forgiveness programs removing the notation that the AMP was only available twice within a 7-

year period and including an exception to the \$2,500 maximum for a maximum of up to \$5,000 for AMP and Arrearage Forgiveness as a rare exception for customers experiencing an extreme, extenuating customer situation.

Finally, the discount provided by the BDR program, which is applicable to each Tariff individually:

Discount Tier	Qualifying Monthly Household Income Limit	Discount Amount
1	0% FPL to $\leq$ 20% FPL*	45%
2	>20% FPL to $\leq$ 50% FPL	40%
3	>50% FPL to $\leq$ 100% FPL	20%
4	>100% FPL to $\leq$ 150% FPL	15%
5	>150% FPL to $\leq$ 200% FPL	10%
6	>200% FPL to $\leq$ 80% AMI**	5%

On August 8, 2023, PSE met with its AG to discuss its submitted filing. The Advocates proposed significant changes to PSE’s Tariff language during the AG meeting.

On August 14, 2023, TEP sent PSE a list of changes and modifications it requested the Company make to its filing, including defining the role of Agencies in administering the Tariff, and various relocations of existing language. PC and NWECA voiced support for the changes.

On August 15, 2023, PSE submitted substitute Tariff Sheets to the Commission. The sheets incorporate some of the Advocates’ recommendations; revising the location of Tariff language to more appropriately align with the Header under which that language is found, and removing the word “additional” from the second to last sentence in the “Eligibility” Header on Original Sheet No. 7BDR-A.

PSE declined to incorporate TEP’s proposed edit to the “Purpose” Header with the suggested language. However, the proposed language describing “Agencies” and “Qualifying Organization”<sup>7</sup> are already included within the “Eligibility” Header.

As of August 15, 2023, Staff has yet to receive any public comments on these filings.

On August 17, 2023, Staff determined these items did not require an order and advised interested parties these items were being moved to the No Action portion of the Commission's August 24, 2023, Open Meeting agenda.

TEP responded to Staff requesting the item be put on the Consent portion of the agenda and order PSE to follow commitments it made in its Cover Letter relative to these filings. Staff disagrees with TEP's request for an Order for these items.

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<sup>7</sup> RCW 82.16.0497

Considering Docket UG-230551, heard at the July 27, 2023, Open Meeting; Staff considers issuing an Order in these Dockets to be unnecessary. As to Cascade Natural Gas Corporation's (Cascade) commitments it made during the Discussion regarding improvement and revision of its BDR program as necessary, and the Commissioners choosing not to issue an Order imposing those same commitments as requirements on Cascade, PSE should likewise be afforded the opportunity to make continuous improvement on good faith. Staff is a member of the AG and will make the same commitment to notify the Commissioners if PSE is failing to meet this commitment.

On August 18, 2023, TEP and PC submitted their Comments to the Docket. Specifically, TEP wanted to ensure the following excerpt from PSE's Cover Letter is included in the Record: "PSE agrees that the LIAC will revisit the issue of implementing the BDR in a manner that maximizes the use of government funds in the first quarter of 2024, using data received after the implementation of the Bill Discount Rate, with the goal of ensuring government funds (e.g., LIHEAP) are both available and used before ratepayer funds, where possible. By April 2025, the LIAC will again evaluate the entire assistance portfolio after implementing the AMP. PSE will collect and report to the LIAC data concerning the use of federal vs. ratepayer funds and the impact on customer benefits. PSE will endeavor to make the changes discussed with the LIAC regarding maximizing government funds within the calendar year. The changes are discussed with the LIAC. PSE agrees to maintain a budget to continuously improve its energy assistance and billing software through December 31, 2025. PC appreciates the Company's efforts in collaboratively developing its BDR more to serve income-eligible customers, deliver more affordable monthly bills, and offer critical arrearage relief. PC believes that the BDR includes provisions to reduce barriers to program enrollment with the intention of enrolling more eligible customers and maintaining customer participation.

### **Conclusion**

Staff recommends that the Commission take no action, thereby allowing PSE's filed Tariff Revisions and the substitute Sheets filed on August 15, 2023, to become effective by operation of law on August 25, 2023.