

**BENCH REQUEST 9:**

Witness Stokes offers an alternative recommendation in Term 04 that outlines protections for certain classes of customers. Term 05 of this recommendation at Stokes, Exh. SNS-1T at 34:1-5 would allow for customers to self-attest to their status; places the burden of proof on the utility to determine any improprieties with the individual attestations; and would then turn-in these cases to the Commission for review. Under this alternative recommendation, it appears the Commission would determine if a disconnection is warranted on a case-by-case basis.

- a. Since the requirements outlined in Term 05 require some degree of personal and financial information, would this be a process better suited for the Community Action Agencies to verify customer attestations?
- b. Has TEP conducted any type of analysis or estimate of the costs that would be incurred by the Community Action Agencies for the processes covered in Term 04 and Term 05 of the alternative recommendation? If so, please provide the cost study TEP prepared estimating the costs for such a process?
- c. If no cost study has been conducted, please provide an estimate of the costs that would be incurred by the Community Action Agencies to carry out the process outlined in Term 05?
  - i. Additional postage and materials,
  - ii. Wages for representatives to respond to increased customer contacts in response to increased dunning activities,
  - iii. Increased costs incurred by Community Action Agencies to address increased workloads,
  - iv. Any other ancillary or administrative costs? If there are other costs, please specify the nature of those costs.

**THE ENERGY PROJECT'S RESPONSE TO BENCH REQUEST 9:**

**a. Since the requirements outlined in Term 05 require some degree of personal and financial information, would this be a process better suited for the Community Action Agencies to verify customer attestations?**

Community Action Agencies' (CAAs') missions are to build healthy communities, dismantle poverty, and stabilize households in need. As community-based organizations, CAAs work hard to earn and keep the trust of the customers they serve, and their effectiveness depends upon maintaining this trust. Asking CAAs to make decisions and communications that may facilitate or allow disconnections conflicts with their mission and risks undermining the trust these agencies have built with their communities. Therefore, The Energy Project (TEP) does not believe that it is appropriate for CAAs to adjudicate disputes between a utility and customers about membership in a protected group or to investigate utility allegations that particular customers are ineligible for protections.

If the Commission is determined to ask CAAs to play a role in this process despite TEP's reservations, TEP would recommend using a process modeled on the role of CAAs in performing post-enrollment verification of income for the enhanced bill assistance programs. Such a process would be less disruptive to the relationships of CAAs with the community.

Differences between Term 05 and the post-enrollment verification process include the method of selecting customers and the individual or entity who provides the documents. In Term 05, the utility identifies those customers that self-declared as members of a protected group that the utility alleges are not part of the protected group. The utility then “presents evidence to the Commission that a household does not fall within the protected group.”<sup>1</sup>

In contrast, in the post-enrollment verification process, PSE randomly selects a certain percentage of customers that self-declared for post-enrollment verification.<sup>2</sup> The utility then asks selected customers to provide documentation of their eligibility to the CAA. Next, the CAA follows up with the customer and reviews documents they provide. If the customer does not respond in the allotted time or is otherwise ineligible, then the utility—not the CAA—sends the customer a notice of disenrollment from the energy assistance program.

TEP can envision CAAs playing a role in a process where a random number of customers that self-declared membership in a protected group, or are protected from disconnection because they are estimated low-income, are selected for a verification process. The utility would then ask the randomly selected customers to provide documentation of their eligibility to the CAA. The CAA then follows up with the customer, reviews documents they provide, and enrolls eligible customers in bill assistance. If the customer does not respond in the allotted time or is otherwise ineligible, then the utility—not the CAA—would send the customer a disconnection notice.

Thus, any process involving CAAs should randomly select customers for verification and ensure the utility sends any disconnection notices. It would conflict with the role of CAAs as community-based organizations to adjudicate disputes between utilities and customers about membership in a protected group, to investigate utility allegations that particular customers are ineligible for protections, or to send disconnection notices.

Finally, TEP notes that this type of eligibility verification after self-declaration is likely labor intensive because most customers are likely not familiar with CAA processes nor prepared to find and provide relevant documentation. For these reasons, TEP expects that post-enrollment verification will be the most labor-intensive work CAAs do for utilities. Further, as explained below, this type of eligibility verification after self-declaration would be new to utilities and CAAs in Washington.

**b. Has TEP conducted any type of analysis or estimate of the costs that would be incurred by the Community Action Agencies for the processes covered in Term 04 and Term 05 of the alternative recommendation? If so, please provide the cost study TEP prepared estimating the costs for such a process?**

No.

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<sup>1</sup> Stokes, Exh. SNS-1T at 34:1-4 (December 8, 2023).

<sup>2</sup> Dkts. UE-230560 & UG-230561, Comments of the Energy Project on Enhancements to Avista and Puget Sound Energy's Low-Income Assistance Programs, at 7-10 (Aug. 18, 2023).

**c. If no cost study has been conducted, please provide an estimate of the costs that would be incurred by the Community Action Agencies to carry out the process outlined in Term 05?**

Eligibility verification after self-declaration is new to utilities and CAAs in Washington, so there are no actual costs available on which to base an estimate. CAAs and PSE have spent considerable time over the past two years designing a post-enrollment eligibility verification process for energy assistance programs. However, CAAs and PSE do not yet have any experience implementing this process. PSE started the post-enrollment verification process for bill assistance programs and sent the first customers a notice of selection for post-enrollment verification this month, in February 2024. Therefore, there is no information on actual costs to implement the post-enrollment verification process at this time.

Accordingly, the information TEP provides in response to this request is only an estimate, or best guess, of the resources required to administer this program.

**i. Additional postage and materials**

TEP estimates a flat rate for program-specific support costs, including software, digital tool licenses, printed material, and postage at \$4 per customer.

**ii. Wages for representatives to respond to increased customer contacts in response to increased dunning activities**

TEP estimates 4 hours of staff time spread over days or weeks to complete one verification. This time estimate is not based on actual data and may not prove to be accurate. A typical labor rate, including benefits, is \$35 per hour (please note the need for annual inflation adjustments so that effective wages do not decrease over time). This estimate assumes that staff working on protected-status verification are the same as those working on enrollment for PSE's energy assistance programs; as a result, the estimate assumes that dedicated employees and separate training are not necessary. However, using existing staff may not be plausible for some CAAs given their sizes, other commitments, and the inability to predict the volume of protected-status verifications.

**iii. Increased costs incurred by Community Action Agencies to address increased workloads**

Because of the concerns described above, it may be more reasonable for CAAs to hire a full time employee with dedicated capacity to work on disconnection protected status verifications. To hire and support a dedicated employee for this work, TEP roughly estimates annual costs of \$100,000 per employee, including benefits (please note the need for annual inflation adjustments so that effective wages do not decrease over time).

**iv. Any other ancillary or administrative costs? If there are other costs, please specify the nature of those costs.**

Service providers typically include an administrative overhead rate of 30% to cover payroll, human resources, information technology, hardware, facilities, and other administrative costs.

Table 1: Estimated CAA cost per customer verification

	Calculation	Total
(i) program-specific support cost estimate		\$4
(ii) hourly labor estimate	$\$35 * 4 \text{ hrs}$	\$140
(iv) administrative overhead rate (payroll, human resources, information technology, hardware, facilities, and other administrative costs)	30%	\$43
<b>Total per verification cost estimate (assuming hourly labor and no dedicated staff)</b>		<b>\$187</b>