

**EXH. BDJ-12  
DOCKETS UE-22 \_\_\_/UG-22 \_\_\_  
2022 PSE GENERAL RATE CASE  
WITNESS: BIRUD D. JHAVERI**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-22 \_\_\_  
Docket UG-22 \_\_\_**

**ELEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**BIRUD D. JHAVERI**

**ON BEHALF OF PUGET SOUND ENERGY**

**JANUARY 31, 2022**

Puget Sound Energy  
2022 General Rate Case  
2021 Stakeholder Meetings

	Commission Staff	Public Counsel	NWEC	The Energy Project	Equity Advisory Group	Low Income Advisory Committee	Dept of Commerce
<b>Energy Burden Analysis</b>							
Initial Presentation	4/21/2021						4/21/2021
Draft Results Presentation #1					6/16/2021	6/17/2021	
Draft Results Presentation #2					7/12/2021	7/13/2021	
<b>Bill Discount Rate</b>							
Initial 1:1 meetings	7/1/2021	6/30/2021	6/28/2021	6/28/2021			
Collaborative #1					7/12/2021	7/13/2021	
Collaborative #2					8/16/2021	8/12/2021	
Collaborative #2 Repeat					8/27/2021	8/27/2021	
Collaborative #3	9/10/2021				10/4/2021	9/14/2021	
Collaborative #4				9/27/2021		10/5/2021	
Updated Proposal Presentation					12/13/2021	11/9/2021	

# PSE Energy Burden DRAFT Results



Presentation to Department of Commerce and Washington Utilities and Transportation Commission

April 21, 2021 (draft results)

Prepared by:  
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Chhandita Das, Kelima Yakupova, and Birud Jhaveri (Pricing and Cost of Service)

# Safety Moment: Power Lines Overhead

- Check for overhead power lines when working outdoors around your house. Remember to keep tall ladders, roofing materials and pruning equipment clear of overhead power lines to avoid a hazardous situation.



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# CETA Section 12 Low-Income Assistance Guidelines

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- Washington State's Clean Energy Transformation Act (CETA) requires the Washington State Department of Commerce and the state's utilities to assess energy assistance available to low-income households across the state
- In accordance with [RCW 19.405.120](#):
  - CETA required that utilities provide energy assistance funding and programs to low-income households starting July 31, 2021;
  - Each utility must submit biennially to Commerce a cumulative assessment of previous levels for energy assistance compared to the funding levels needed to meet:
    - A. 60% of the current energy assistance need, or increasing energy assistance by 15% over the amount provided in 2018, whichever is greater, by 2030; and
    - B. 90% of the current energy assistance need by 2050.

# Energy Burden Analysis has many applications

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- Pricing/Cost of Service/Rate Design
  - Future GRC engagement with WUTC and future regulatory strategy considerations
- IRP Vulnerability Assessment
- CETA reporting biannually beginning 2021
- Delivery System Planning Alternative Solutions Analysis
- Energy Efficiency Services (EES) Program Targeting
- Energy Assistance/Low-Income Weatherization
  - Refined strategy from LINA analysis/ dialogue with Stakeholder Group
- Equity Analysis
- Products and Services Marketing

# Definitions:

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## Energy Burden (EB)

Annual home energy expenses as a percent of annual HH income

- **High energy burden (HEB):** HHs with energy burden above 6% [CETA]
- **Severe energy burden (SEB):** HHs with energy burden above 10%

## Household (HH)

Residential PSE customer, identified by business partner ID

- Business partners (BP) with single customer account (CA) holders only (87% of cases)

## Low-income (LI)

HHs with annual income  $\leq 80\%$  area median income (AMI)

- CETA: AMI  $\leq 80\%$  or  $\leq 200\%$  Federal Poverty Level (FPL), whichever is highest, adjusted for HH size

## Energy Assistance Need (EAN)

The dollar amount in assistance necessary to reduce energy burden to 6% for one year. [CETA]

- It is to be determined by the Commission whether EAN will be specific to all customers, or low-income only customers

# Energy Burden Equation

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**Energy Burden (EB)**

annual home energy expenses as a percent of annual HH income

$$\text{Yearly } \frac{\text{Electricity Bill} + \text{Gas Bill} + \text{Other Heating Fuels Bill}}{\text{Income}}$$

# PSE Energy Burden Permutations using “Hybrid” bills

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- PSE’s Combo (Electric and Gas) customers:

$$\text{Yearly } \frac{\text{PSE Electricity Bill} + \text{PSE Gas Bill} + \text{Other Heating Fuels Bill}}{\text{Income}}$$

- PSE’s Electric only customers:

$$\text{Yearly } \frac{\text{PSE Electricity Bill} + \text{Other Gas Bill} + \text{Other Heating Fuels Bill}}{\text{Income}}$$

- PSE’s Gas only customers:

$$\text{Yearly } \frac{\text{Other Electricity Bill} + \text{PSE Gas Bill} + \text{Other Heating Fuels Bill}}{\text{Income}}$$

# DOE's Low-Income Energy Affordability Data ("LEAD") Tool

- Dept. of Commerce suggested **DOE/NREL LEAD Tool** as a baseline for evaluating energy burden reduction achievement per CETA Section 12 Goals
  - Sarah Vorpahl WA Dept. of Commerce coordinating with Kendra White WUTC
  - Aaron Vimont National Renewable Energy Laboratory (NREL)
- Derived from Puma survey data and 2018 ACS Housing Data with additional treatment to the energy expenditure data, then attributed across census tracts by 5 variables (housing type/tenure/vintage, heating fuel, and income)
- Limitations:
  - Data is sampled and aggregated (not available at household level)
  - Electricity and gas expenditures are taken from one month (not reported which month) and extrapolated for the entire year
  - Only includes occupied housing units
  - Potential sampling biases from non-response for energy expenditures
  - Characteristics for census tracts may be different from microdata samples used to build the larger data set



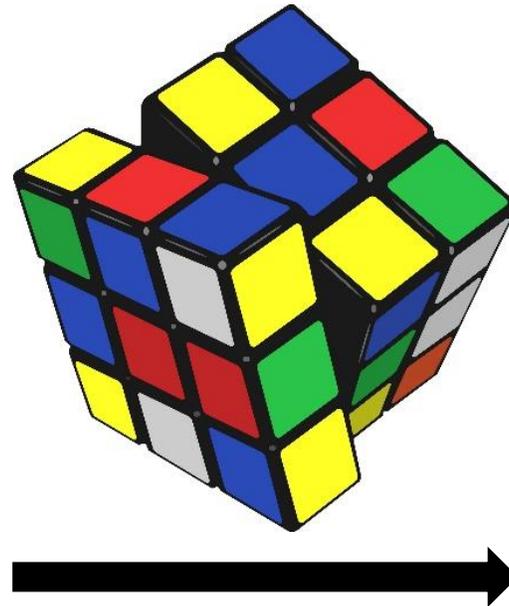
[LEAD Tool Link](#)



# PSE developed methodology for **matching DOE LEAD Tool data to estimate non-PSE energy bills** for PSE's customers

- Each PSE Business Partner (BP) was matched to the six LEAD Tool variables:

1. Housing tenure
2. Housing vintage
3. Housing type
4. Heating fuel type
5. AMI
6. Census Tracts



Number of Variables	PSE BPs Matched	Percent BPs Matched
6	316,148	29%
5	478,015	44%
4	208,458	19%
3	79,654	7%
2	13,182	1%
1	38	0.004%

# Data sources

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- Income data
  - Experian GT: Ground Truth Estimates from PSE Survey Data and Experian database
  - DOE/NREL LEAD Tool Data
- Billed amounts
  - DOE/NREL LEAD Tool data
  - PSE billing data
- Demographic Information
  - ACS 2019: ethnicity
  - Experian: own/rent, education, and profession
  - Attom: housing type and housing vintage (year built)
- Geographic Information
  - U.S. Census Jurisdictions: Census block groups aggregated to tracts
  - PSE Premise locations aggregated to block groups

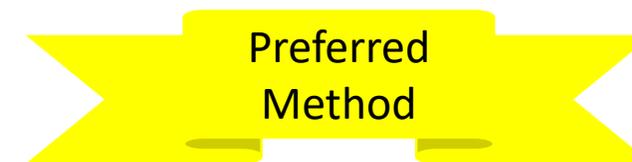
# Analysis considered four methods

<p><b>NUMERATOR – the Source for Billing data</b></p> <p><b>DENOMITATOR – the source for Income data</b></p>	<p><b>DOE:</b> DOE’s LEAD Tool</p>	<p><b>DOE+PSE:</b> Hybrid bill using available PSE billing data and supplementing with DOE’s LEAD Tool billing data</p>
<p><b>DOE:</b> Estimate of Income in DOE’s LEAD Tool</p>	<p><b>Method 1</b></p> $EB = \frac{DOE}{DOE\ Income}$	<p><b>Method 4</b></p> $EB = \frac{Hybrid\ (DOE + PSE)}{DOE\ Income}$
<p><b>Experian GT:</b> Ground Truth Estimates from PSE Survey Data/Experian</p>	<p><b>Method 2</b></p> $EB = \frac{DOE}{Experian\ GT}$	<p><b>Method 3</b></p> $EB = \frac{Hybrid\ (DOE + PSE)}{Experian\ GT}$

# Selecting the preferred method

**Method 3**

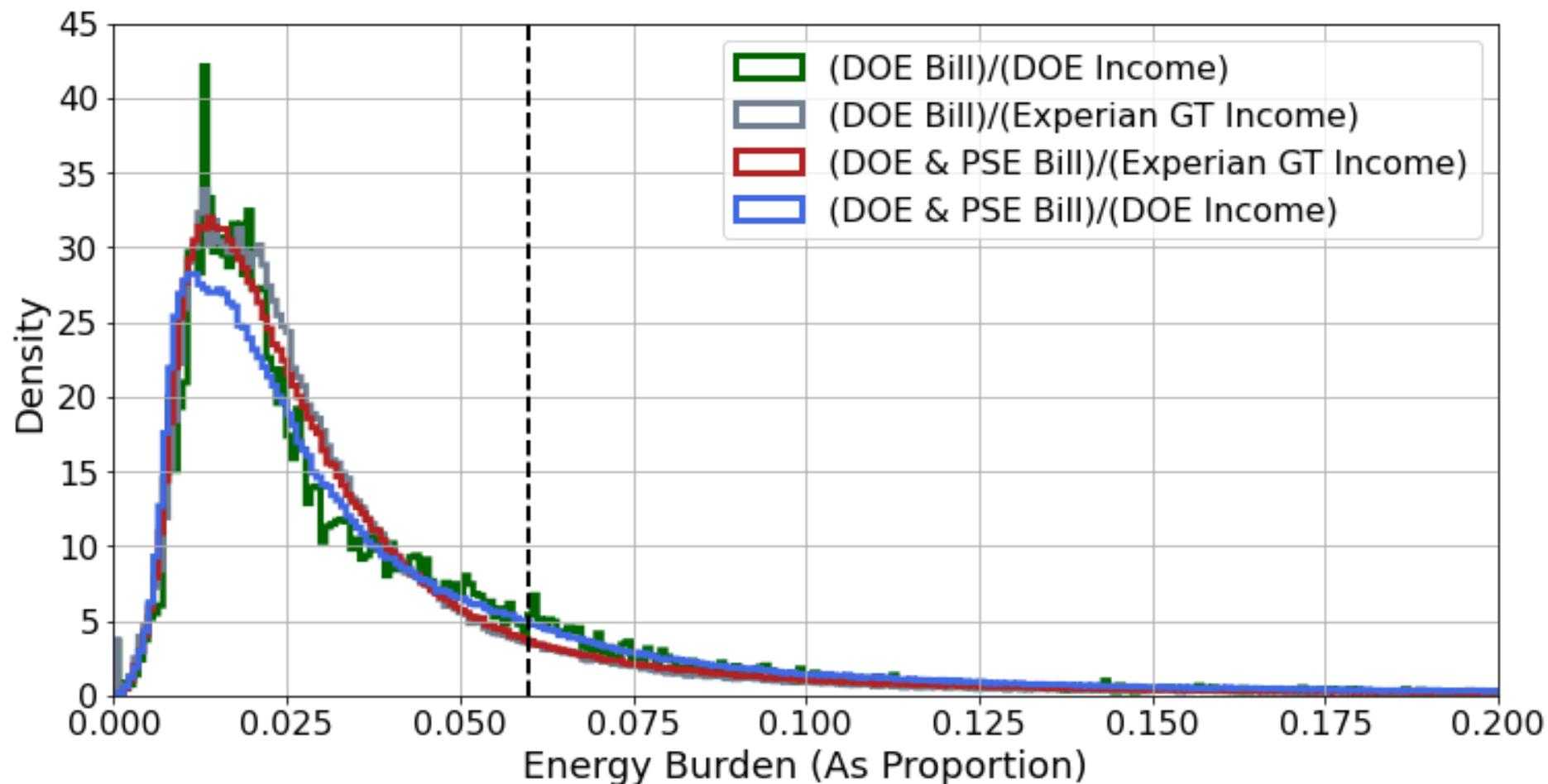
$$EB = \frac{\textit{Hybrid (DOE + PSE)}}{\textit{Experian GT}}$$



PSE prefers Method 3 to estimate energy burden:

- Pros on the income data-side:
  - Using Experian and ground truth income data enables PSE to estimate **individual customer energy burden**, while the LEAD Tool estimates are not available at the needed granularity.
  - Ground truth estimates from various surveys **increase the accuracy** of the income data.
- Pros on the billing data-side:
  - Using actual customer bills combined with LEAD Tool estimates mapped to the 5 customer characteristics for missing fuels **increases the accuracy** of energy burden estimates.
  - Other WA utilities serving multiple fuels that have complex service areas **can replicate this methodology** for their customer base.

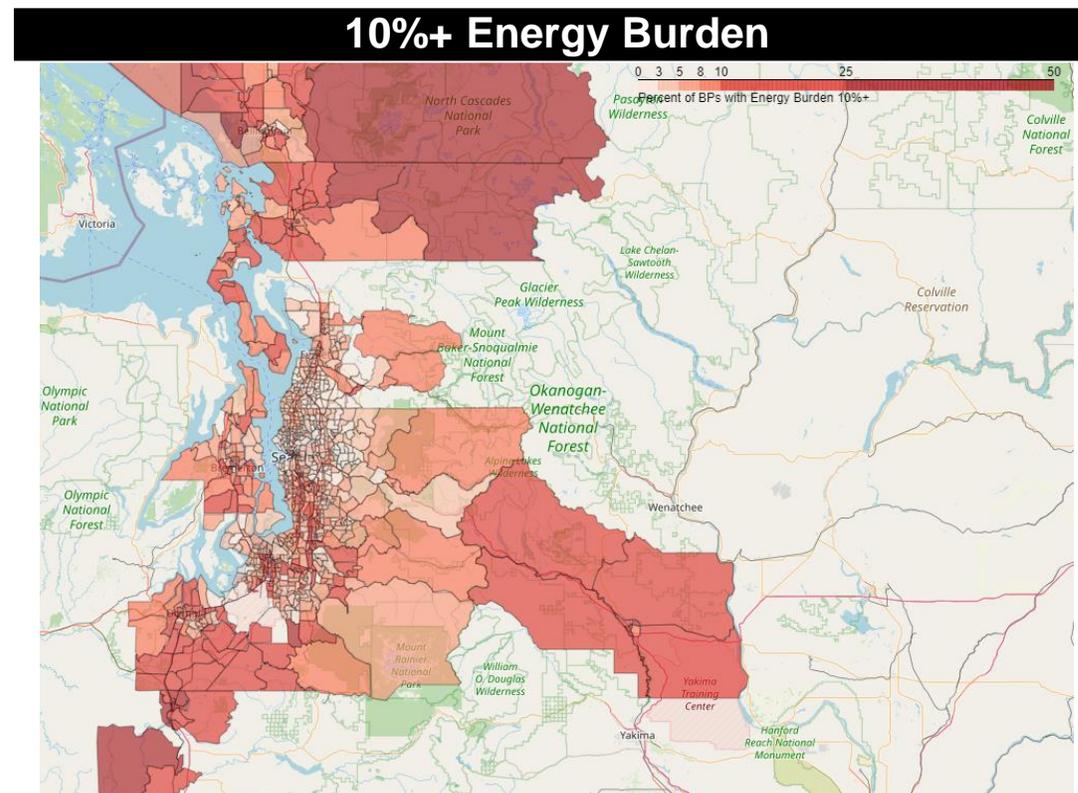
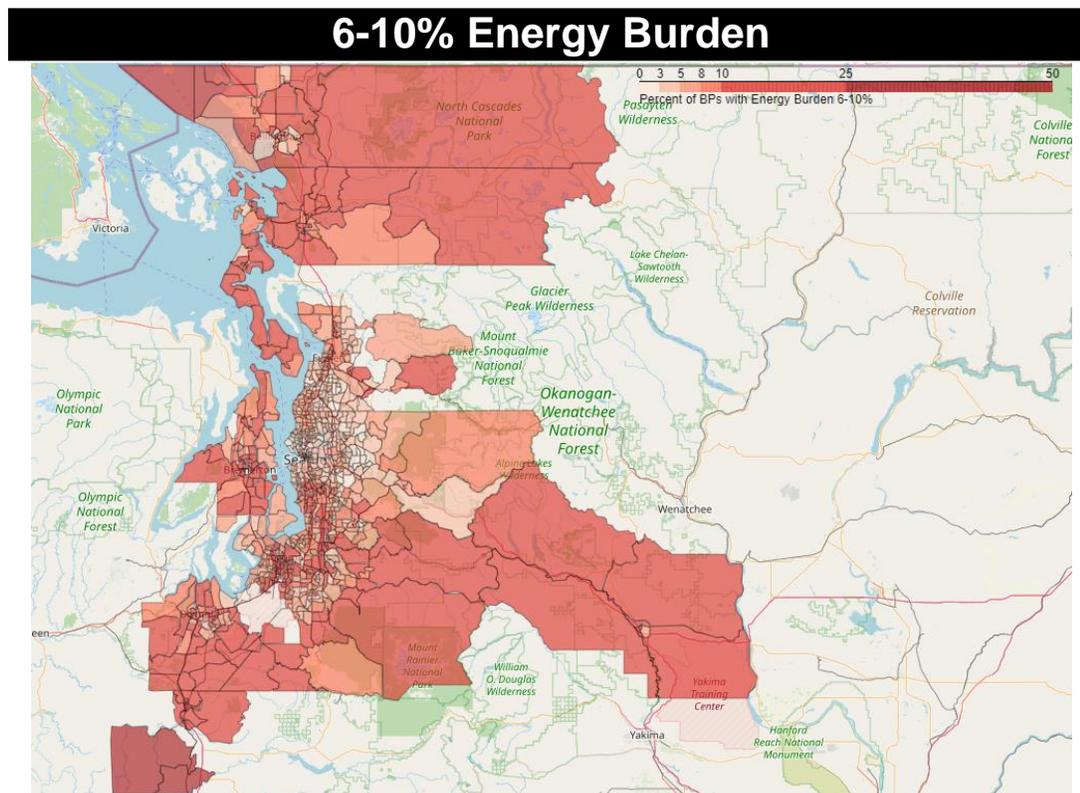
# Energy Burden Distributions



- All methods show right-skewness (mean EB is higher than median EB)

# Geographic Distributions of Energy Burden

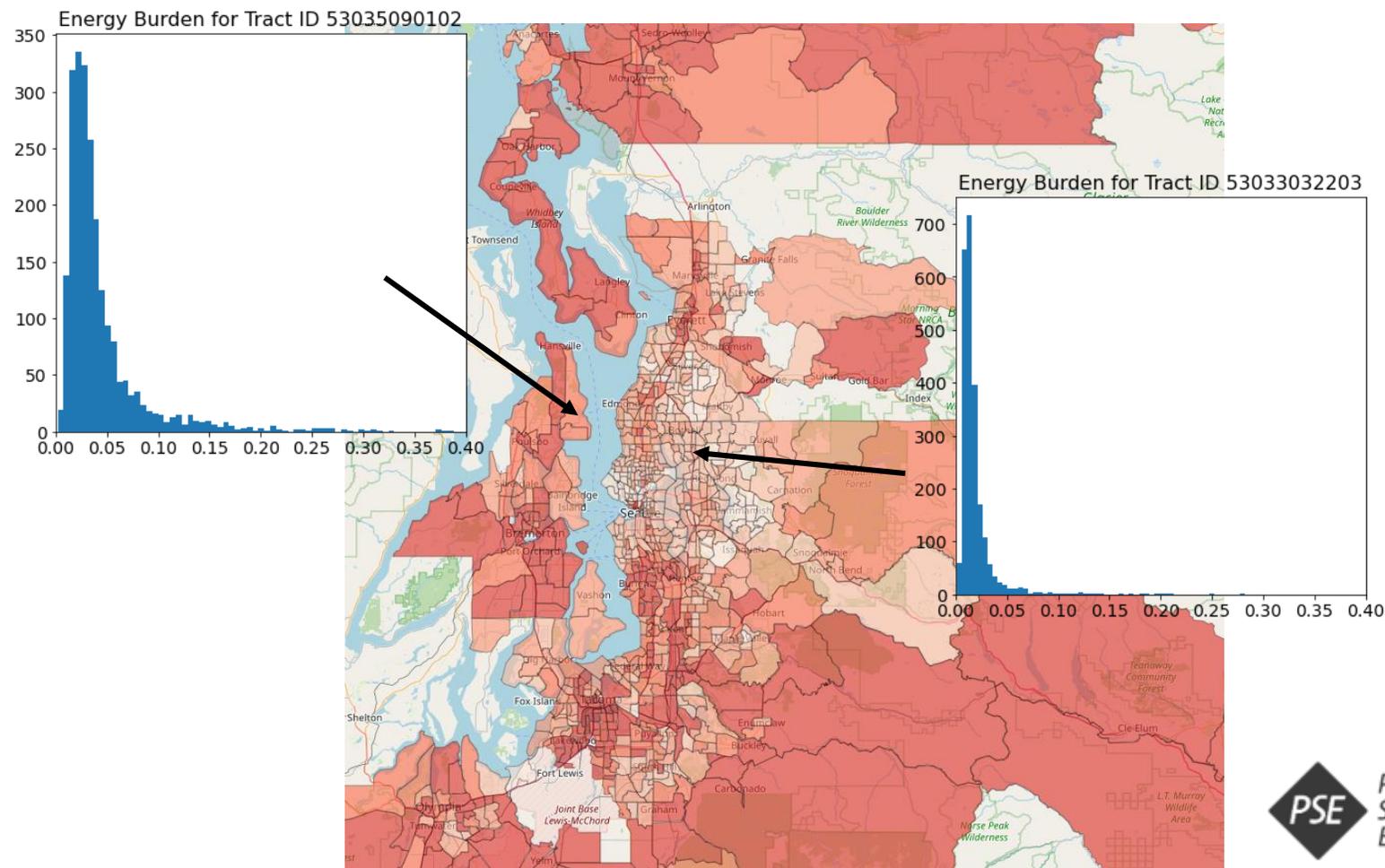
- Interactive maps illustrate census tracts with higher portions of PSE customers in the ranges of:



# Geographic Distributions of Energy Burden

- Within a census tract, EB tends to reflect right-skewed shape
- As a result, talking about “average” EB within any geography is misleading

• Each geography will have *many households with EB significantly higher than the average*



About 164K (15%) of PSE’s residential customers have high energy burdens, and about half of them (77K) spend over 10% of annual income on energy (severe energy burden)

**Est. Results Summary: Household (HH) Counts with High and Severe Energy Burdens (HEB and SEB)**

METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)	Estimated PSE Customers – with High EB (HEB) (>6%)	Estimated PSE Customers – with Severe EB (SEB) (>10%)
[M1] EB = (DOE)/(DOE Income)	200,881 (18%)	84,504 (8%)
[M2] EB = (DOE)/(Experian GT)	141,699 (13%)	62,106 (6%)
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>163,167 (15%)</b>	<b>76,373 (7%)</b>
[M4] EB = Hybrid/(DOE Income)	221,039 (20%)	103,255 (10%)
		<b>~47% (of HEB HHs)</b>

Preferred Method 3

About half of energy burdened customers spend over 10% of their annual income on energy



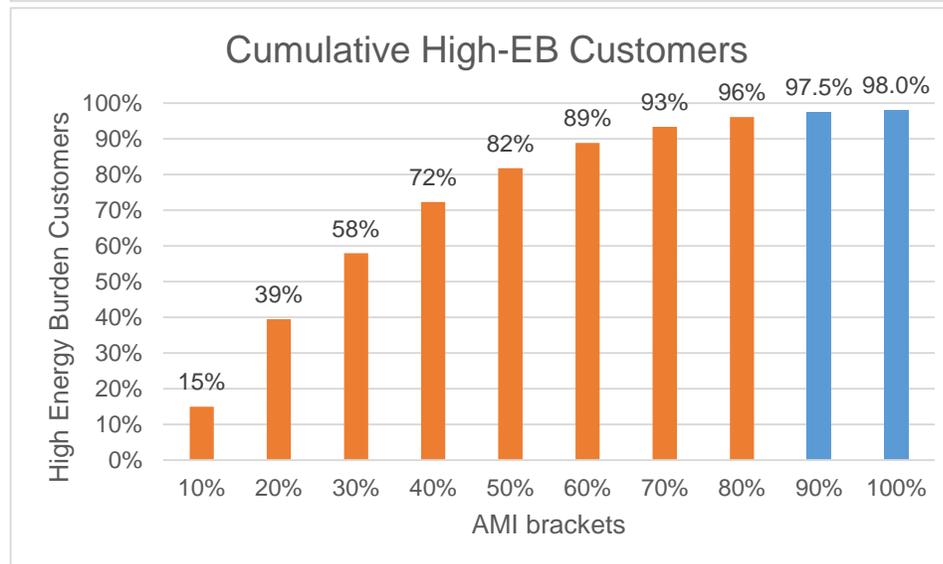
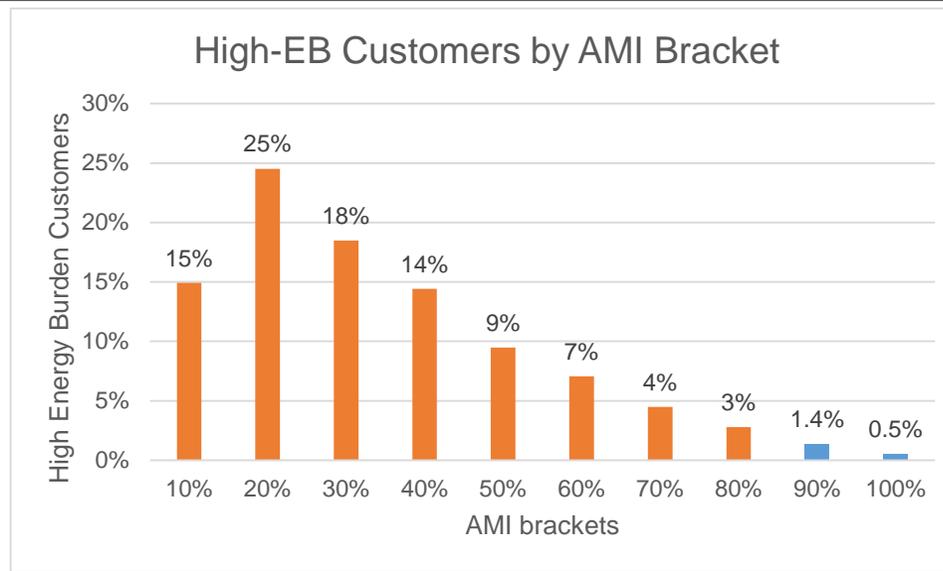
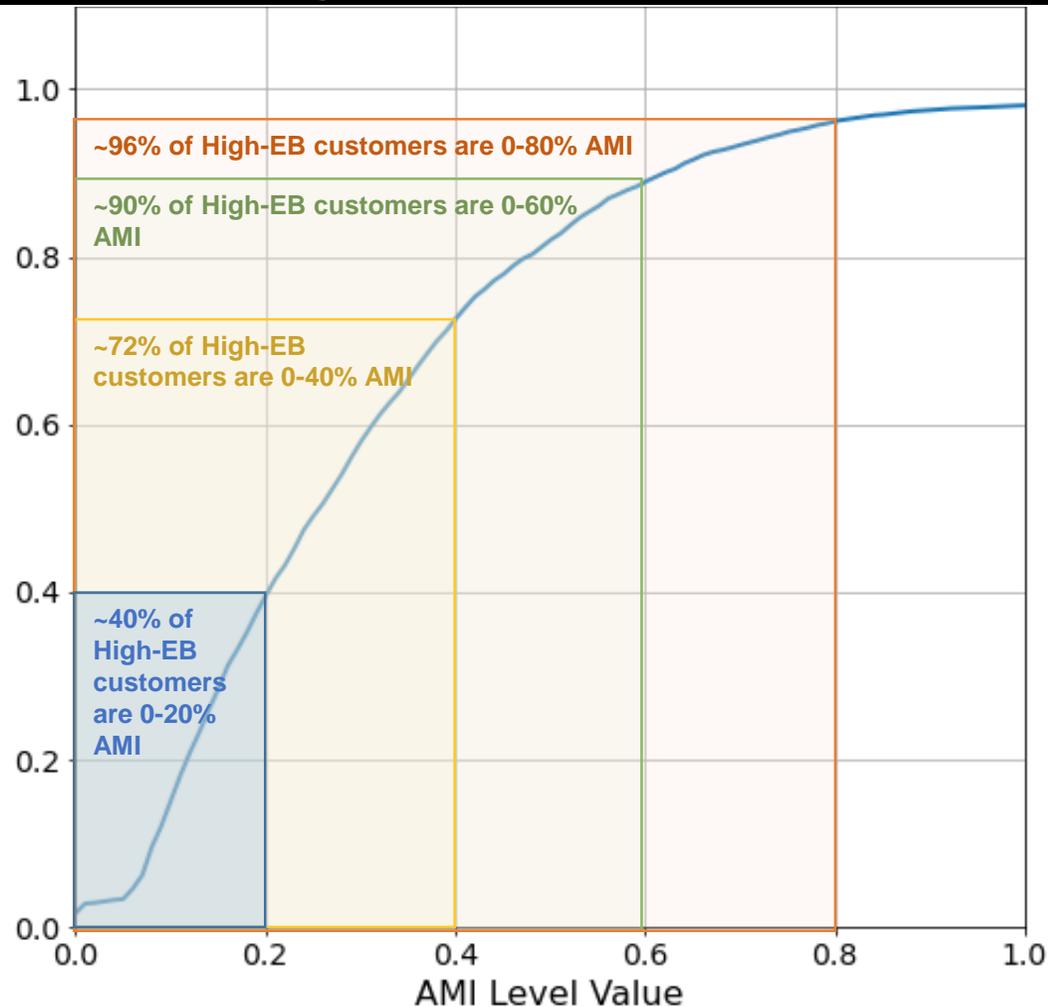
Majority (~96%) of High-EB customers are low-income (157K), and over 99% of Severe-EB customers (76K) are low-income

<b>Est. Results Summary: Household (HH) Counts with High and Severe Energy Burdens (HEB and SEB)</b>				
<b>METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</b>	<b>Estimated PSE Customers – with High EB (HEB) (&gt;6%)</b>	<b>Estimated PSE Customers – with Severe EB (SEB) (&gt;10%)</b>	<b>Estimated Low-Income (LI) (&lt;80% AMI) PSE Customers – with High EB (&gt;6%)</b>	<b>Estimated Low-Income (LI) (&lt;80% AMI) PSE Customers – with Severe EB (&gt;10%)</b>
[M1] EB = (DOE)/(DOE Income)	200,881 (18%)	84,504 (8%)	192,268 (18%)	84,272 (8%)
[M2] EB = (DOE)/(Experian GT)	141,699 (13%)	62,106 (6%)	138,073 (13%)	62,010 (6%)
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>163,167 (15%)</b>	<b>76,373 (7%)</b>	<b>156,892 (15%)</b>	<b>75,661 (7%)</b>
[M4] EB = Hybrid/(DOE Income)	221,039 (20%)	103,255 (10%)	206,329 (20%)	101,996 (9%)
<div style="background-color: black; color: white; padding: 5px; display: inline-block;"> <b>Low-income customers make up the majority of energy burdened customers</b> </div> <span style="font-size: 2em; vertical-align: middle;">➔</span>			<b>~96%</b> <b>(of High-EB HHs are Low-income)</b>	<b>~99%</b> <b>(of Severe-EB HHs are Low-income)</b>



About 96% of all High-EB customers are low-income customers (below 80% AMI), with about 90% - within the 0-60% AMI bracket

**Portion of High-EB customers with AMI < Value**



Estimated \$155 million would be necessary in energy assistance to eliminate high energy burden for all PSE’s residential customers

**Estimated Results Summary: Total \$-value Energy Assistance Need (EAN)**

METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)	Estimated EAN (\$) for all High-EB (HEB) (>6%) PSE Customers	Estimated EAN (\$) for all Severe-EB (SEB) (>10%) PSE Customers
[M1] EB = (DOE)/(DOE Income)	\$159 million	\$115 million
[M2] EB = (DOE)/(Experian GT)	\$114 million	\$83 million
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>\$155 million</b>	<b>\$116 million</b>
[M4] EB = Hybrid/(DOE Income)	\$208 million	\$156 million
		~75% (of HEB HHs)

Preferred Method 3

Three quarters of EAN would go towards Severe-EB customers

Majority (~95% for High-EB and ~97% for Severe-EB) of the energy assistance need is coming from low-income customers

<b>Estimated Results Summary: Total \$-value Energy Assistance Need (EAN)</b>				
<b>METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</b>	<b>Estimated EAN (\$) for all High-EB (HEB) (&gt;6%) PSE Customers</b>	<b>Estimated EAN (\$) for all Severe-EB (SEB) (&gt;10%) PSE Customers</b>	<b>Estimated EAN for Low-Income PSE Customers – with HEB</b>	<b>Estimated EAN for Low-Income PSE Customers – with SEB</b>
[M1] EB = (DOE)/(DOE Income)	\$159 million	\$115 million	\$154 million	\$115 million
[M2] EB = (DOE)/(Experian GT)	\$114 million	\$83 million	\$112 million	\$83 million
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>\$155 million</b>	<b>\$116 million</b>	<b>\$146 million</b>	<b>\$111 million</b>
[M4] EB = Hybrid/(DOE Income)	\$208 million	\$156 million	\$194 million	\$150 million
<p><b>EAN is almost entirely coming from customers who are very high energy-burdened and very low-income</b> →</p>			<b>~95% (of High-EB EAN to Low-Income)</b>	<b>~97% (of Severe-EB EAN to Low-Income)</b>



Average per Customer total EAN is estimated to be \$930 for High-EB low-income customers (\$1,460 for Severe-EB low-income households)

<b>Estimated Results Summary: Total Energy Assistance Need (EAN) per Customer (\$/HH)</b>				
<b>METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</b>	<b>Estimated EAN per Customer (\$/HH) for all High-EB (HEB) (&gt;6%) PSE Customers</b>	<b>Estimated EAN per Customer (\$/HH) for all Severe-EB (SEB) (&gt;10%) PSE Customers</b>	<b>Estimated EAN per Customer (\$/HH) for Low-Income (&lt;80% AMI) High-EB (&gt;6%) PSE Customers</b>	<b>Est. EAN per Customer (\$/HH) for Low-Income (&lt;80% AMI) Severe-EB (&gt;10%) PSE Customers</b>
[M1] EB = (DOE)/(DOE Income)	\$790	\$1,363	\$803	\$1,361
[M2] EB = (DOE)/(Experian GT)	\$805	\$1,341	\$814	\$1,339
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>\$948</b>	<b>\$1,513</b>	<b>\$930</b>	<b>\$1,460</b>
[M4] EB = Hybrid/(DOE Income)	\$940	\$1,514	\$938	\$1,470

Estimated EAN attributable to PSE bill portion is 63%, or about \$98 million (\$91 million for low income)

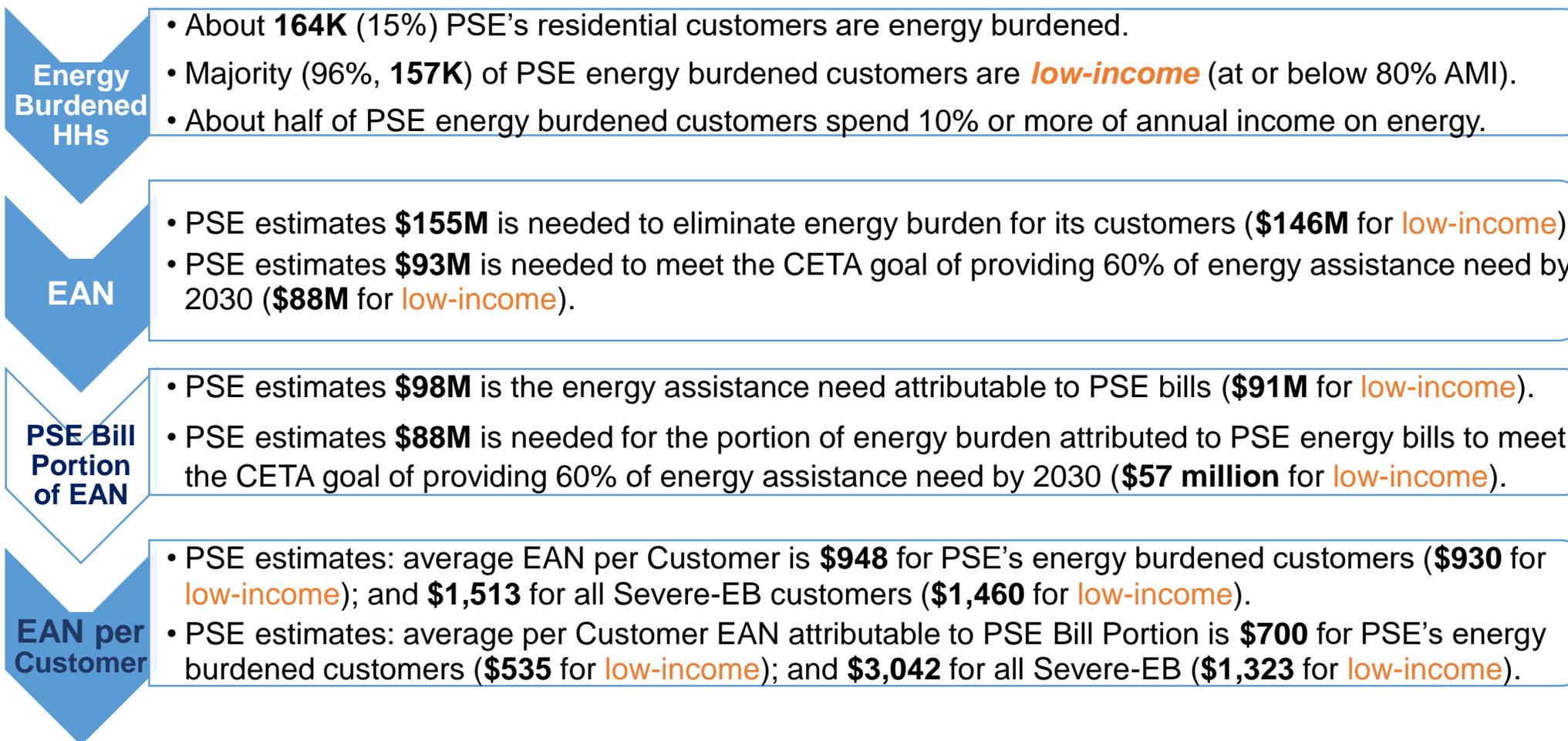
$$PSE \text{ Bill Portion of EAN} = Total \text{ EAN} * PSE \text{ Proportion of Total Estimated Energy Bill} = Total \text{ EAN} * \frac{PSE \text{ Energy Bill}}{Total \text{ Energy Bill}}$$

Est. Results Summary: Total Energy Assistance Need EAN Attributable to PSE Bill Portion			
Methods for Calculating Energy Burden: [M3] EB = Hybrid/(Experian GT)	Low-Income PSE Customers with High-EB (>6%)	Low-Income PSE Customers with Severe-EB (>10%)	60% of EAN by 2030 – Low-Income HEB PSE customers
EAN attributable to PSE bill portion (\$)	\$91 million	\$75 million	\$57 million
Per Customer EAN attributable to PSE bill portion (\$/HH)	\$535	\$1,323	

Average per Customer EAN attributable to PSE Bill Portion of total energy bills is estimated to be \$535 for High-EB customers (\$1,323 for Severe-EB households)



## Energy Burden Analysis summary results – key takeaways:

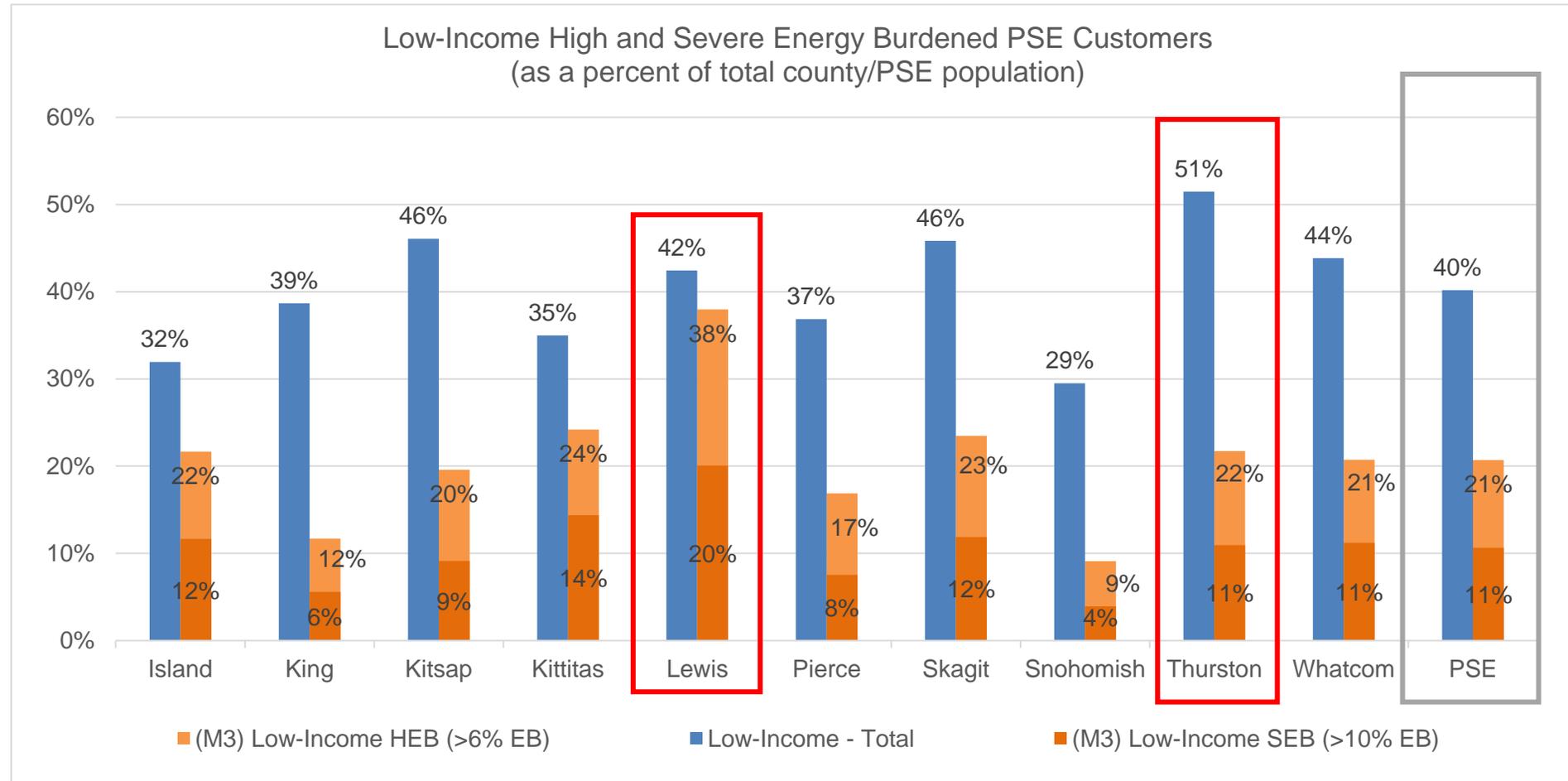


**PSE’s energy assistance will have to ramp up significantly to meet CETA’s Section 12 goals by 2030.**

# Disaggregated Results

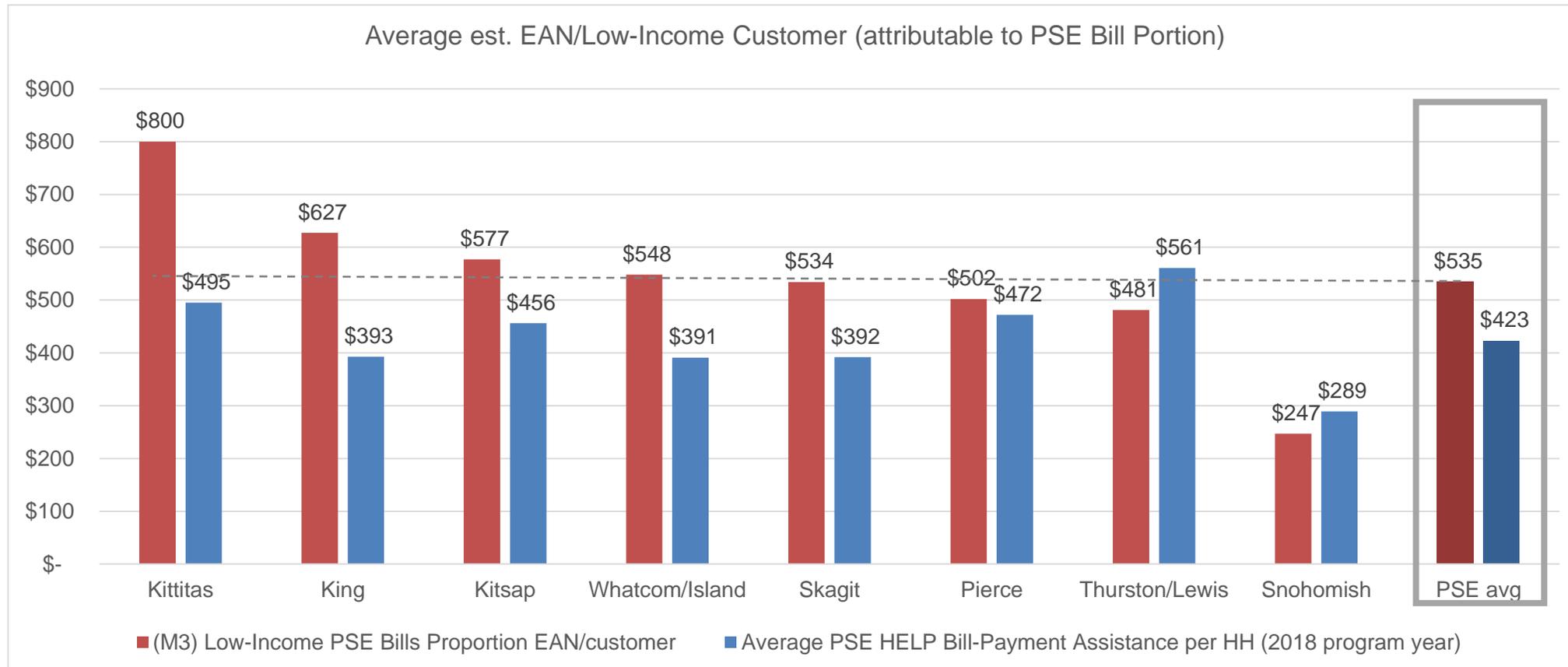


While Thurston county has the highest percent of low-income customers (51%),  
Lewis county has the highest percent of low-income customers with High-EB (38%)



Note: values here for PSE are slightly different from those reported in the summary slides because, when looking at data on the disaggregated level by AMI brackets, there is no AMI data reported for some households (about 40K customers) which are then not included in these county-level values – driving a slight difference for total PSE values.

## PSE Bill Portion EAN per Low-Income Customer in each county is on average about a quarter higher than the average PSE HELP assistance received in 2018 program year



- **Estimated PSE Bill Portion EAN per Customer is highest in Kittitas, King, and Kitsap counties**
- **PSE HELP data is based on the served 31K customers with total energy assistance of \$13 million**



Notes:

1. PSE HELP report reports data for Whatcom/Island and Thurston/Lewis together, therefore this graph combines HEB data for these counties. Source for PSE HELP data: PSE Annual Report on Program Outcome of PSE's Low Income Program Home Energy Lifeline Program ("HELP") For 2018 Program Year (October 2018 - September 2019), Filed May 29, 2020 (latest available at the time of presentation preparation).

2. Values here for PSE are slightly different from those reported in the summary slides because, when looking at data on the disaggregated level by AMI brackets, there is no AMI data reported for some households (about 40K customers) which are then not included in these county-level values – driving a slight difference for total PSE values.

# Energy Burden by County

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## Low-Income Customers versus High-EB Low-Income Customers:

- PSE estimates 40% of its customers are low-income *(at or below 80% AMI)*
- 15%-21% of PSE customers are estimated to be low-income and energy burdened.
- Thurston County has the highest percent of low-income customers (51%), and 22% of those low-income customers are energy burdened.
- In comparison, Lewis County has a lower percentage of low-income customers (42%) and a higher percentage of low-income energy burdened customers (38%).

## Energy Assistance Need per Customer by County:

- Based on Total EAN:
  - Per customer EAN is **at least double** than the average PSE HELP assistance received in 2018 program year
  - Total EAN per Customer is highest in Kittitas, Thurston, Island, Lewis, and King counties
- Based on EAN attributable to PSE Bill Portion:
  - Per customer EAN is on average **25% higher** than the average PSE HELP assistance received in 2018 program year
  - PSE Bill Portion EAN per Customer is highest in Kittitas, Thurston, King, Island, and Kitsap counties



About 60% of highly energy burdened customers and over 70% of the severely energy burdened customers are from the lowest income bracket

**Percentage of Customers HEB and SEB By AMI Range**

Customer Type by AMI Range	[M3] Hybrid/GT Income	
	High Energy Burden	Severe Energy Burden
<b>0-30%</b>	59%	84%
<b>30-60%</b>	31%	14%
<b>60-80%</b>	7%	1%
<b>80-100%</b>	2%	0.2%
<b>100%+</b>	1%	0.2%
<b>Total</b>	161,369	76,028



About 80% of PSE’s customers in the lowest income bracket (0-30%) are highly energy burdened and over 50% are severely energy burdened

**Percentage of Customers High and Severe Energy Burdens By AMI Range**

Customer Type AMI Range	Total Customer Count (%)	[M3] Hybrid/GT Income	
		High Energy Burden	Severe Energy Burden
<b>0-30%</b>	119,312 (11%)	80%	54%
<b>30-60%</b>	161,482 (15%)	31%	7%
<b>60-80%</b>	134,698 (13%)	9%	0.6%
<b>80-100%</b>	116,179 (11%)	3%	0.2%
<b>100%+</b>	519,403 (49%)	0.3%	0.04%

- This table shows the percentage of PSE customers that are energy burdened within each income bracket
- The lower the income bracket, the higher the percentage of energy burdened customers, with a large percentage of customers (80%) in the lowest income bracket (0-30%) being highly energy burdened



Average electricity usage for high-EB customers is almost double than for low-EB customers across all income groups; however, the difference in average gas usage is less pronounced

**Billed avg. Usage by AMI Range**

Electric usage (kWh)			
Customer Type AMI range	Non-HEB (EB<=6%)	HEB (EB>6%)	SEB (EB>10%)
0-30%	5,421	10,784	12,023
30-60%	7,746	15,056	20,966
60-80%	9,291	21,215	36,716
80-100%	9,855	26,465	64,365
100%+	11,397	53,339	125,949

Gas usage (therms)			
Customer Type AMI range	Non-HEB (EB<=6%)	HEB (EB>6%)	SEB (EB>10%)
0-30%	366	677	693
30-60%	592	819	903
60-80%	679	923	1,182
80-100%	712	1,189	1,504
100%+	812	2,207	2,356

- Energy burdened customers are primarily electric only customers
  - In the study population, 44% electric only, 29% gas only, and 27% combined electric and gas customers;
  - Among the identified Low-Income High-EB customers, 63% electric only, 22% gas only, and 16% are combo.



On average, electric only customers' usage is higher than combo customers' electric usage. Low-income HEB customers' usage is higher by 12% (gas) and 26% (electric), than non-HEB.

**Billed avg. Usage by Customer and Service Types**

Customer Type	Utility Service	Study Population		Low-Income Population EB >6%
		Non-Low Income	Low income	[M3] Hybrid/GT Income
<b>Electric only customers</b>	Electric (kWh)	12,914	11,078	13,851
<b>Gas only customers</b>	Gas (therms)	753	655	728
<b>Combo customers</b>	Electric (kWh)	10,031	8,528	11,051
	Gas (therms)	842	712	808

## Energy burdened customers are primarily electric only customer

Population and Energy Burdened Customer Distribution by Service Types					
Customer Type	Study Population	Study Population with Income Data	Low Income Customer	Non-Low Income Customer	Low Income High Energy Burden customers
Electric only customers	44%	43%	57%	33%	64%
Gas only customers	29%	30%	21%	32%	21%
Combo customers	27%	27%	22%	35%	15%
<b>Total</b>	<b>1,095,495</b>	<b>1,051,074</b>	<b>415,492</b>	<b>635,582</b>	<b>156,892</b>

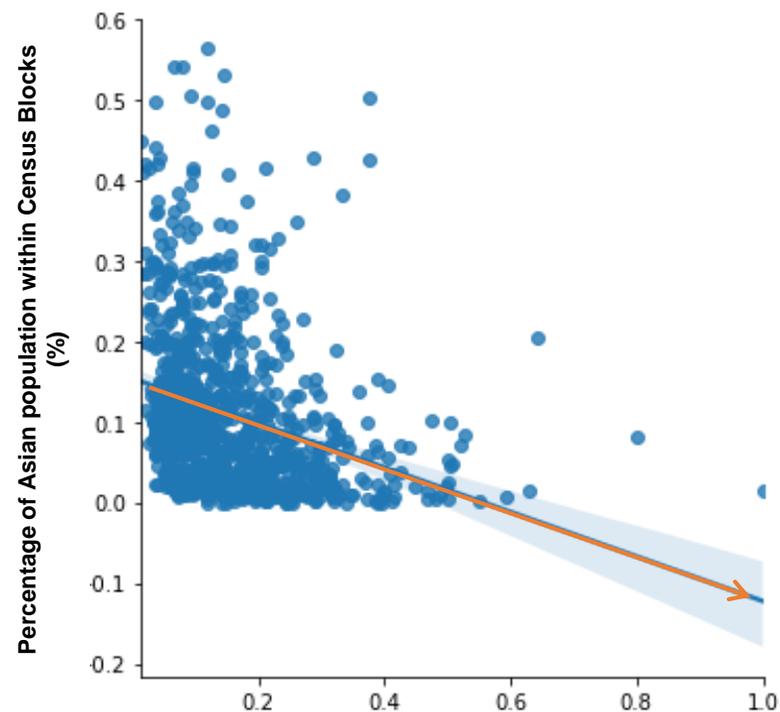
# Energy Burdened Customer Characteristics

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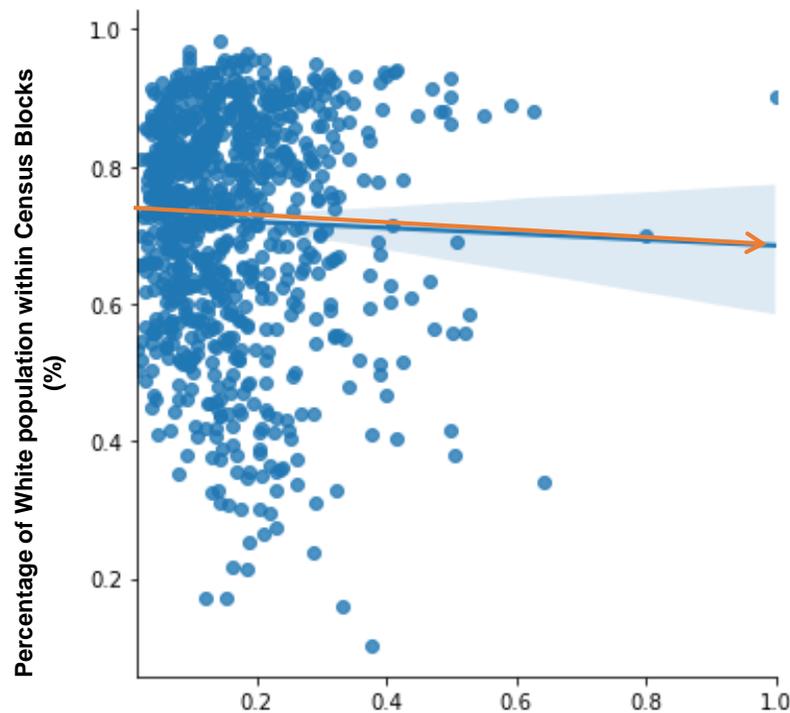
- **Energy Burden among two lowest AMI brackets:**
  - About 60% of High-EB customers belongs to the lowest AMI income group (from 0-30% AMI group); and
  - About 30% of High-EB customers belongs to the second lowest income group (30-60% AMI bracket).
- **Energy Burden within two lowest AMI brackets:**
  - About 80% of all PSE customers in the lowest income bracket (0-30% AMI group) are energy burdened. About 54% of them face Severe-EB.
  - In the second lowest income group (30-60% AMI group), 31% of all PSE customers have High-EB, and estimated 7% experience Severe-EB.
- **Energy Burdened Customers by Service Type:**
  - About 63% of Low-Income High-EB customers are PSE's electric only customers; 22% are PSE's Gas only customers; and 16% are PSE's Combo customers (buy both electricity and gas from PSE).
- **Energy Burden vs Customer Usage:**
  - Low income High-EB customers tend to use 26% more electricity and 12% more gas compared to average population.

# Energy Burden Racial Equity

Across the census blocks in PSE's Service Area, higher percentages of Asian or White populations are associated with lower percentages of 6% or more energy burden.



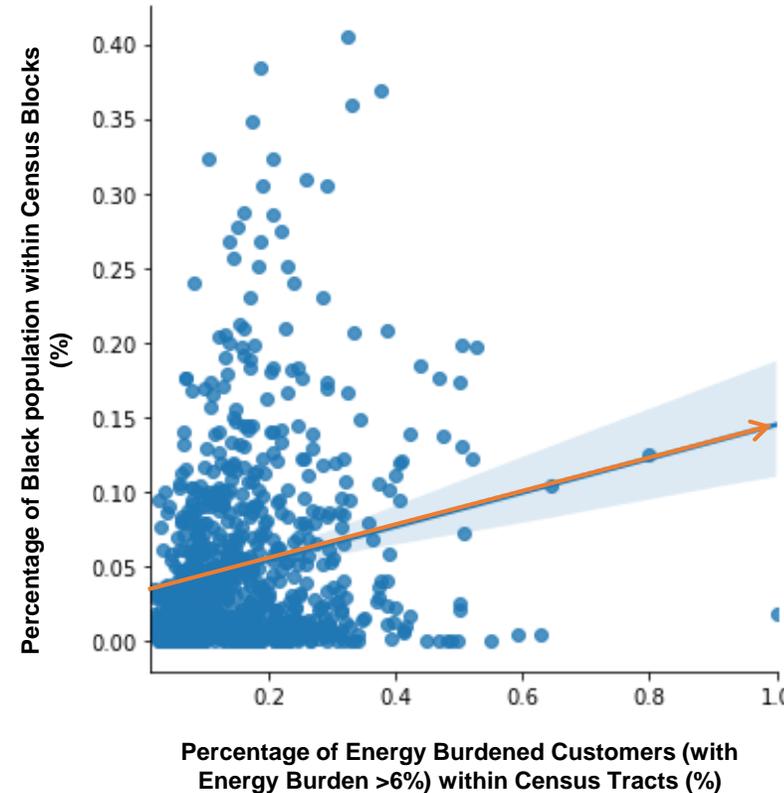
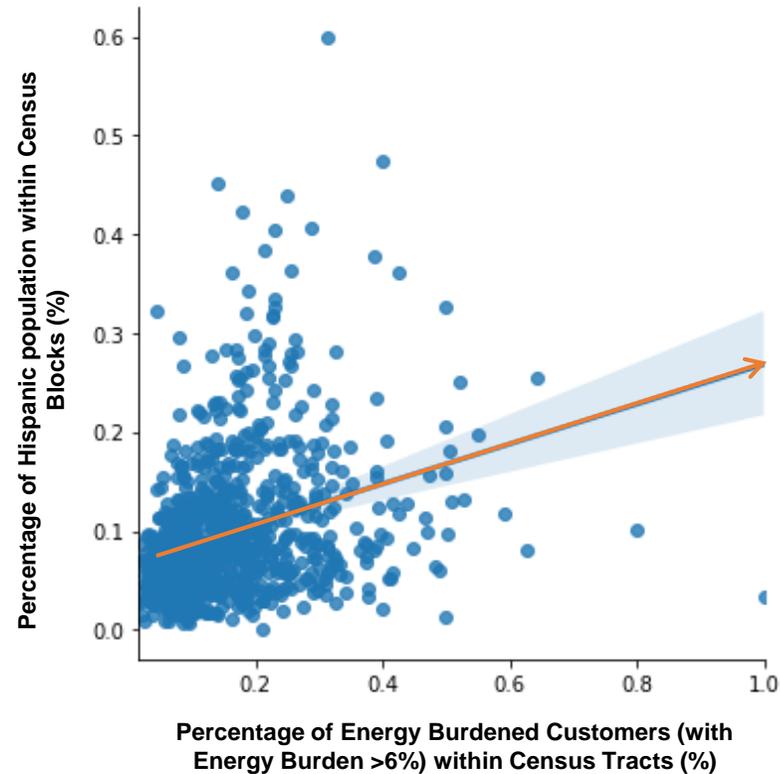
Percentage of Energy Burdened Customers (with Energy Burden >6%) within Census Tracts (%)



Percentage of Energy Burdened Customers (with Energy Burden >6%) within Census Tracts (%)

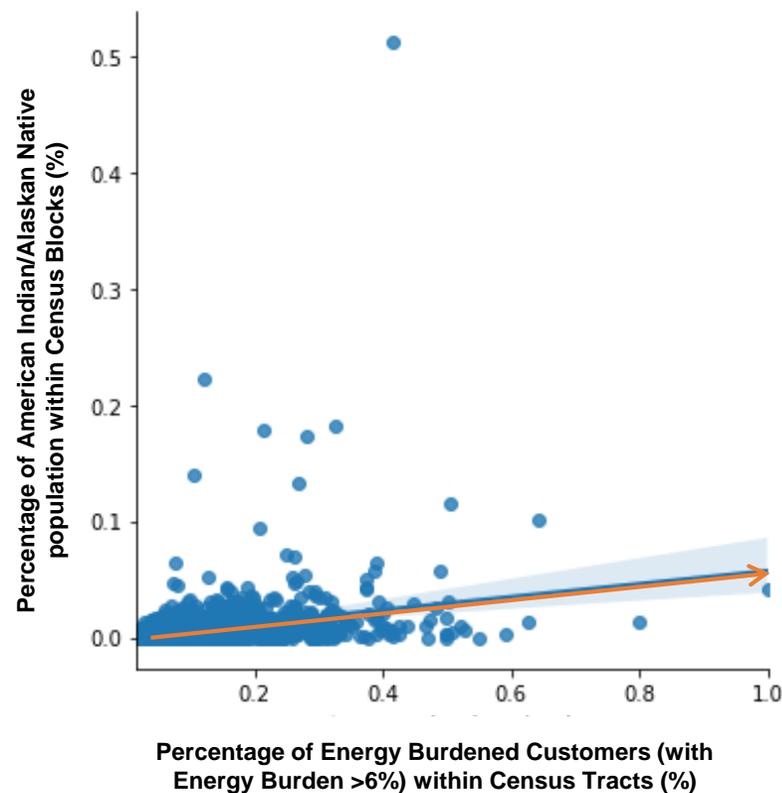
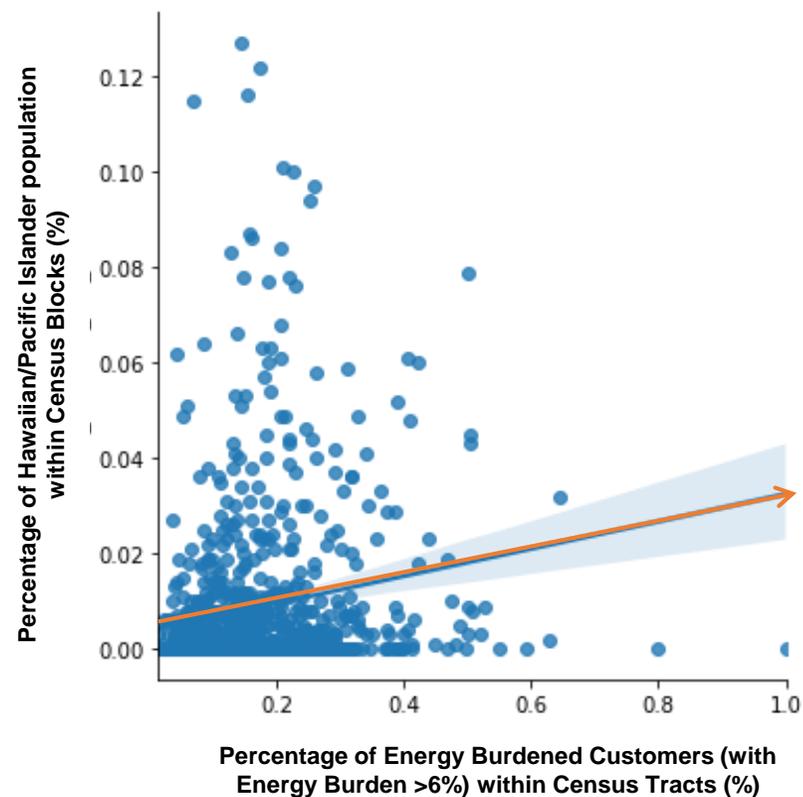
# Energy Burden Racial Equity

Across the census blocks in PSE's Service Area, higher percentages of Hispanic or Black populations are associated with higher percentages of 6% or more energy burden.



# Energy Burden Racial Equity

Across the census tracts in PSE's Service Area, higher percentages of Hawaiian/Pacific Islander or American Indian/Alaskan Native populations are associated with higher percentages of 6% or more energy burden.



The percentage of customers that have a high school or less than GED level of educational attainment are about 10 percent greater in the HEB population than the general PSE customer population

### Energy Burden and Educational Attainment

Population		HEB		Less Than 6% EB	
Some College	31%	High School Diploma	35%	Some College	32%
Bachelor Degree	24%	Some College	26%	Bachelor Degree	26%
High School Diploma	26%	Less Than High School Diploma	15%	High School Diploma	20%
Graduate Degree	16%	Bachelor Degree	11%	Graduate Degree	16%
Less Than High School Diploma	6%	Graduate Degree	10%	Less Than High School Diploma	5%
Unknown	1%	Unknown	3%	Unknown	1%

## Retired Customers are nearly twice the portion of the HEB population

Occupation		HEB		Less Than 6% EB	
Blue Collar	17%	Retired	31%	Management/Business & Financial Operations	19%
Management/Business & Financial Operations	17%	Other	19%	Blue Collar	17%
Retired	17%	Blue Collar	19%	Retired	15%
Other	15%	Legal/Education/ Health Practitioner/Tech/Support	9%	Other	14%
Legal/Education & Health Practitioner/Tech/Support	13%	Office & Administrative Support	7%	Legal/Education Health Practitioner/Tech/Support	14%
Office & Administrative Support	7%	Management/Business & Financial Operations	6%	Computers/Math & Architect/Engineering	7%
Computers/Math & Architect/Engineering	7%	Sales	4%	Office & Administrative Support	7%
Sales	5%	Computers/Math & Architect/Engineering	3%	Sales	5%

*Retired customers on a limited fixed income may be particularly vulnerable.*

# PSE Customers with HEB are more likely to live in multi-family and mobile housing (about 36%)

## Energy Burden by Building Type

[M3] EB = (DOE & PSE)/(Experian GT)	Single Family	Multi-Family	Mobile Home
<b>6% or Greater Energy Burden</b>	56%	23%	14%
<b>Less than 6% Energy Burden</b>	74%	18%	5%
	Single Family	Multi-Family	Mobile Home
<b>Entire Population of Data Set</b>	71%	18%	5%

## PSE Customers with HEB are more likely to rent compared to the rest of the customer population

Energy Burden by Housing Tenure			
[M3] EB = (DOE & PSE)/(Experian GT)	Owner	Renter	Unknown
6% or Greater Energy Burden	58%	17%	25%
Less than 6% Energy Burden	72%	8%	20%
	Owner	Renter	Unknown
Entire Population of Data Set	70%	10%	20%

# Energy Burden by Demographic Characteristics

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- **Racial Equity:**

- Across PSE's Service Area, higher percentages of Hispanic or Black populations are associated with higher percentages of energy burdened customers; followed by Hawaiian/Pacific Islander or American Indian/Alaskan Native populations.

- **Education Attainment:**

- Customers with high school diploma or less educational attainment are more likely to be energy burdened.

- **Occupation:**

- Customers who are retired, and possibly on a limited fixed-income, are more vulnerable.

- **Housing Tenure:**

- Energy burdened customers are more likely to be renters; and
- Energy burdened customers are more likely to live in multi-family and mobile housing.

# Key Takeaways from Draft Results

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## The Numbers

- About **164K (15%)** PSE customers spend > 6% of income on energy bills (**157K** low-income)
- To meet 60% of EAN by 2030, Total EAN would be **\$93M** per year (**\$88M** for low-income)
- PSE HELP assisted **31K** low-income customers with **\$13M** energy assistance (2018 Program Year)

## The Who & Why

- The vast majority of EB customers are *low-income* → income is the primary driver of EB
- High EB customers use *more energy* than overall customer base
- High EB is more likely among already *vulnerable populations* (ethnic background, education, homeownership, dwelling type, fixed-income status)

## The “So What”

- PSE's energy assistance would need to ramp up significantly to meeting 100% of need.
- Analysis can guide effort to optimally reduce EB at the level of customer, census tract, ZIP, county, or other geographic specifications.
- Reaching agreement on energy burden metrics empowers PSE to coordinate efforts across the organization to target and reduce energy burden in its customer base.

# Questions to UTC and Dept. of Commerce

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- We need to pursue a single methodology and use consistent data sources ***across utilities***
- We need to work much more collaboratively and linked when calculating Energy Burden
- If we have overlapping territories, we need consistent methods and data to identify energy burdened customers. Otherwise we run the risks of:
  - Customers identified as energy burdened in one territory and not in another
  - Inconsistent energy assistance levels

## What should be the next steps?

- How do we pull this together with other utilities?
- Are there areas we can improve our analysis? Are there areas of disagreement with the proposed methodology and sources?
- What are the decisions we need to make to enable us to move forward and reach a consensus on methods and data sources?

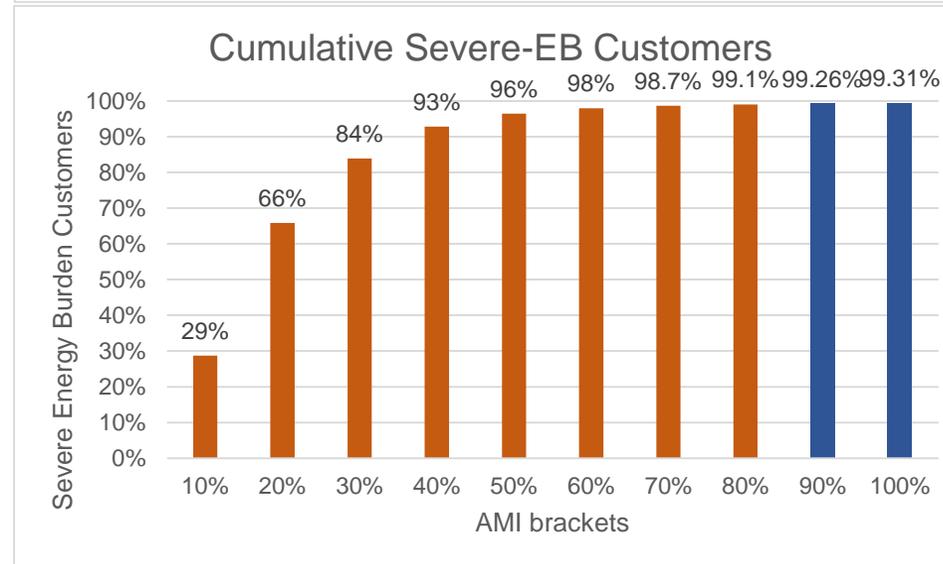
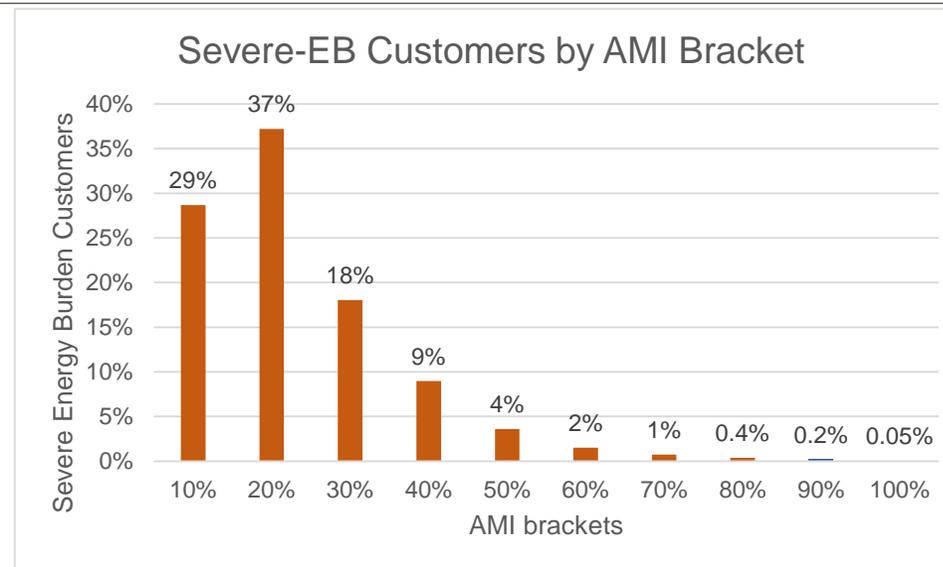
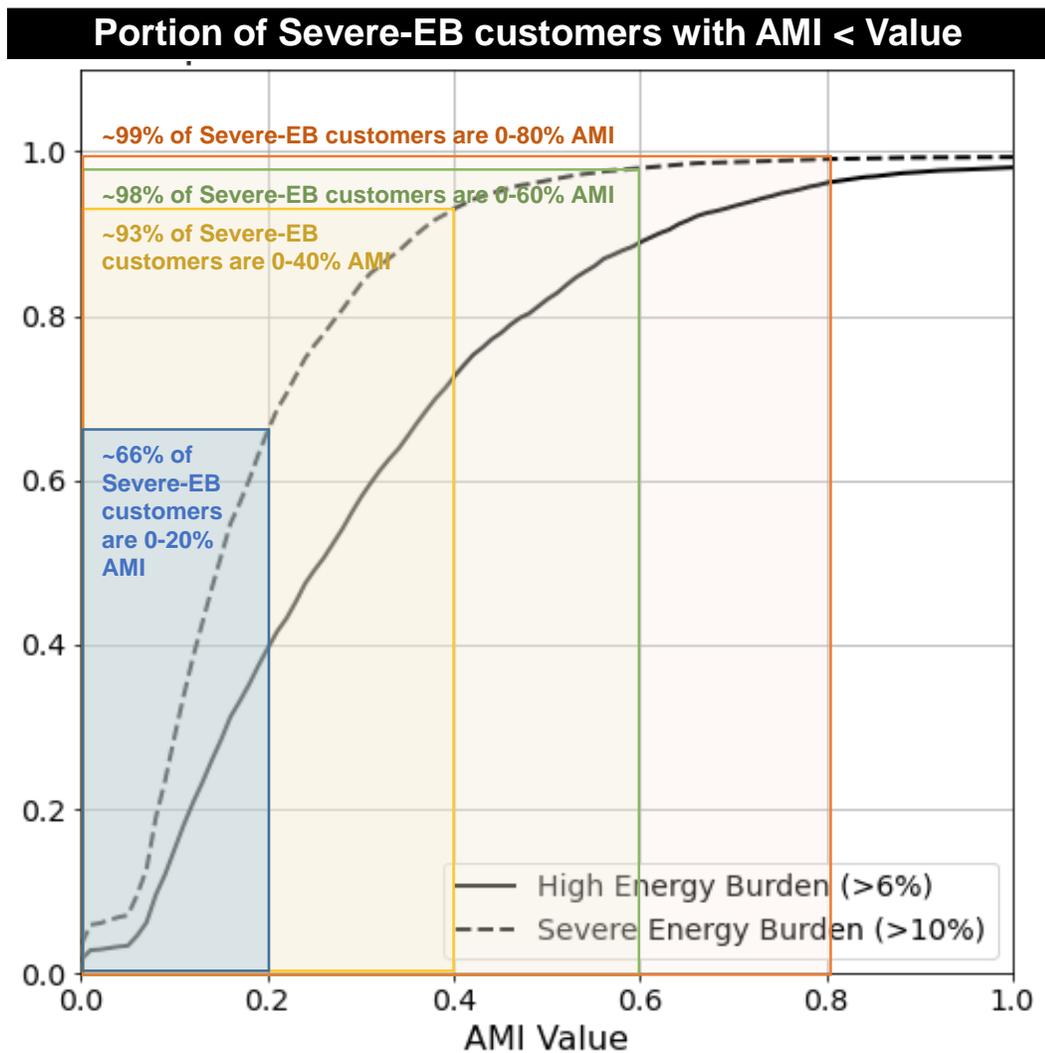
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# Appendix

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About 99% of Severe-EB customers are low-income customers (<80% AMI), with about 98% - within the 0-60% AMI bracket

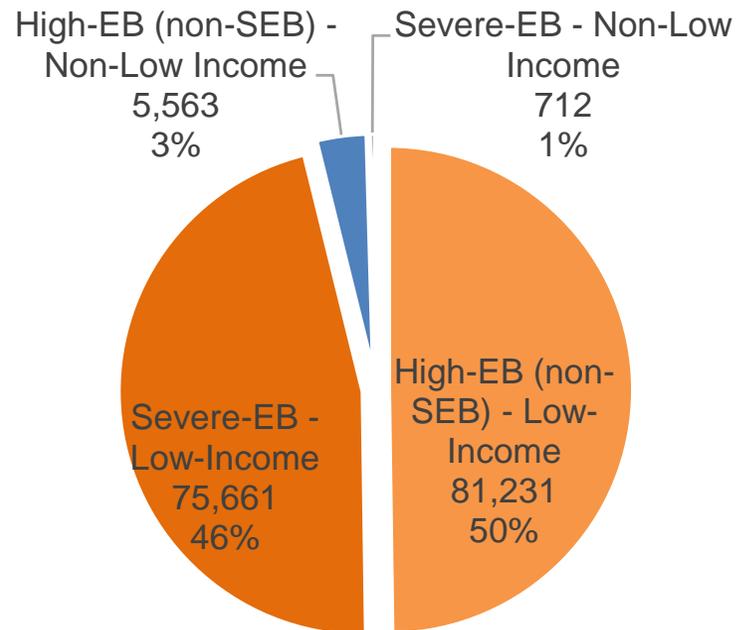


By 2030, estimated \$93 million in would be required by CETA – to meet the energy assistance need by 60% (\$88 million for **low-income**)

<b>Estimated Results Summary: Total \$-value Energy Assistance Need (EAN)</b>				
<b>METHODs for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</b>	<b>Estimated EAN (\$) for all High-EB (HEB) (&gt;6%) PSE Customers</b>	<b>Estimated EAN (\$) for Low-Income (&lt;80% AMI) High-EB (&gt;6%) PSE Customers</b>	<b>60% of EAN by 2030 – all high energy burden PSE customers</b>	<b>60% of EAN by 2030 – low-income high energy burden PSE customers</b>
[M1] EB = (DOE)/(DOE Income)	\$159 million	\$154 million	\$95 million	\$93 million
[M2] EB = (DOE)/(Experian GT)	\$114 million	\$112 million	\$68 million	\$67 million
<b>[M3] EB = Hybrid/(Experian GT)</b>	<b>\$155 million</b>	<b>\$146 million</b>	<b>\$93 million</b>	<b>\$88 million</b>
[M4] EB = Hybrid/(DOE Income)	\$208 million	\$194 million	\$123 million	\$116 million
Low-income as a percent of HEB HHs		<b>~95% (of HEB EAN to LI)</b>		

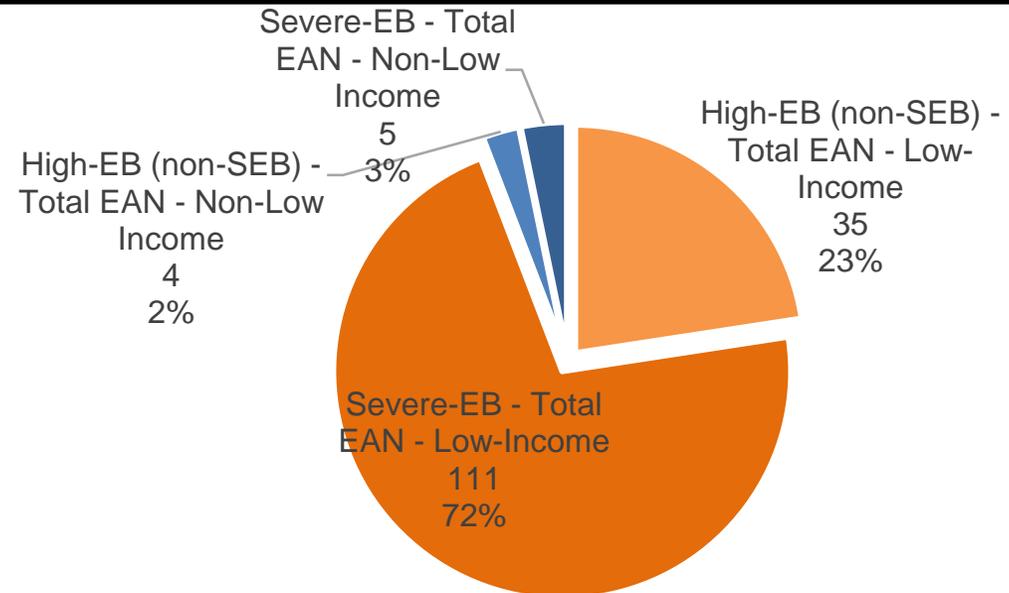
Estimated **\$155 million** would be necessary in **total** energy assistance to eliminate high energy burden for **all** PSE’s residential customers

### Energy Burdened Customers



**Total: 164K**

### Total Energy Assistance Need



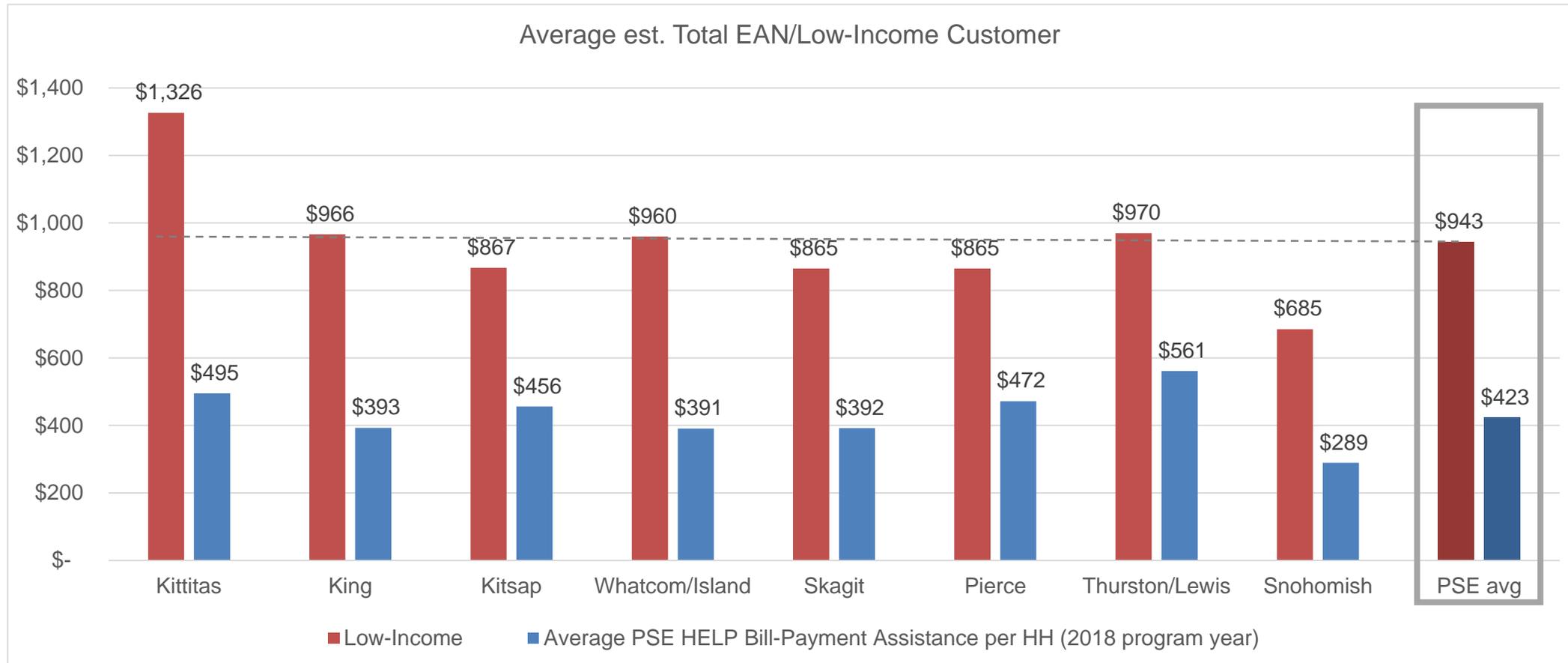
**Total EAN: \$155 million**

About **164K** (15%) PSE’s residential customers spend over 6% of income on energy bills (high energy burden), the majority being **low-income** (96%, **157K**), and about half of High-EB customers spend over 10% of annual income on energy (**Severe-EB**).

To meet 100% of EAN, it is estimated that **\$155M** is needed to eliminate energy burden for PSE’s customers (**\$146M** for **low-income**). Note, energy burden is driven by bills from other utilities and other heating fuels in addition to PSE bills. To meet 60% of EAN, as required by CETA by 2030, it is estimated to be **\$93M** (**\$83M** for **low-income**).



## Average estimated Total EAN per Low-Income Customer in each county is at least double than the average PSE HELP assistance received in 2018 program year



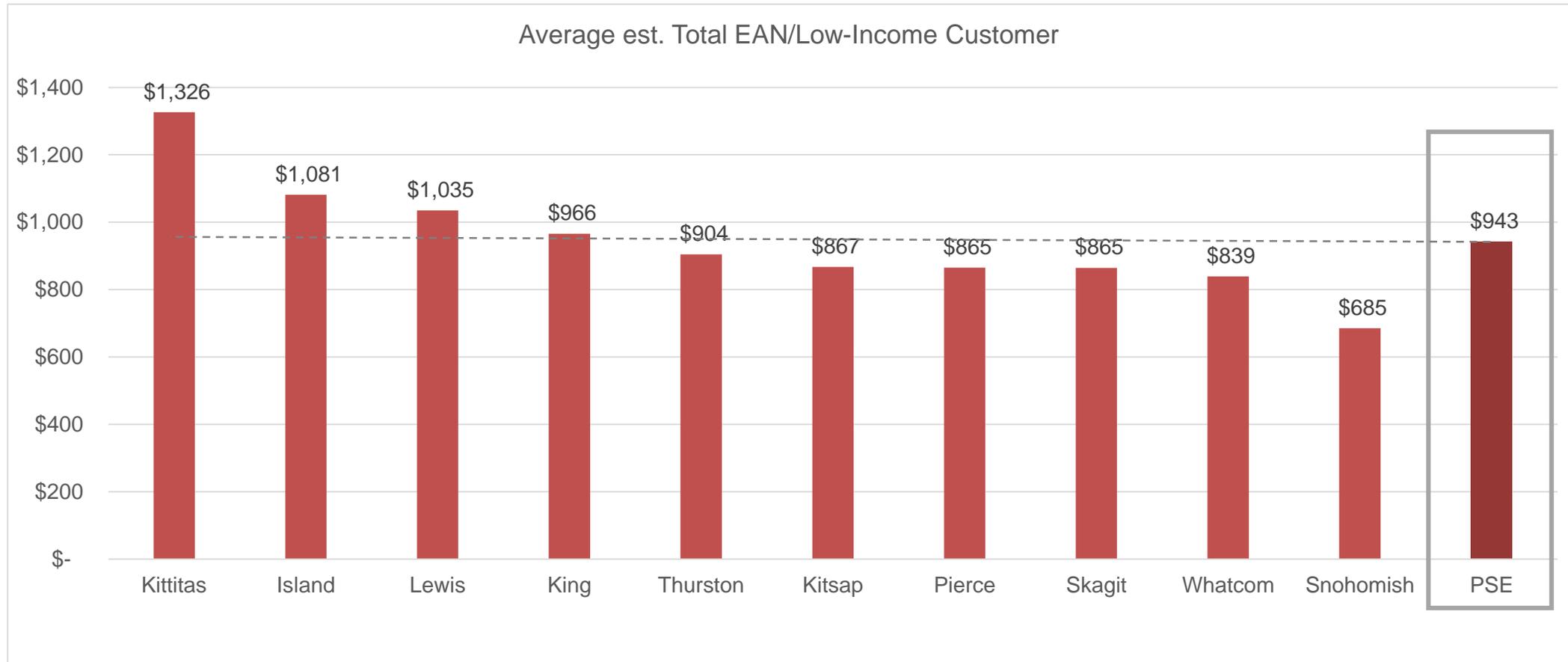
- **PSE HELP data is based on the served 31K customers with total energy assistance of \$13 million**
- **Total EAN: \$146M for 157K High-EB customers**



Note: PSE HELP report reports data for Whatcom/Island and Thurston/Lewis together, therefore this graph combines HEB data for these counties.

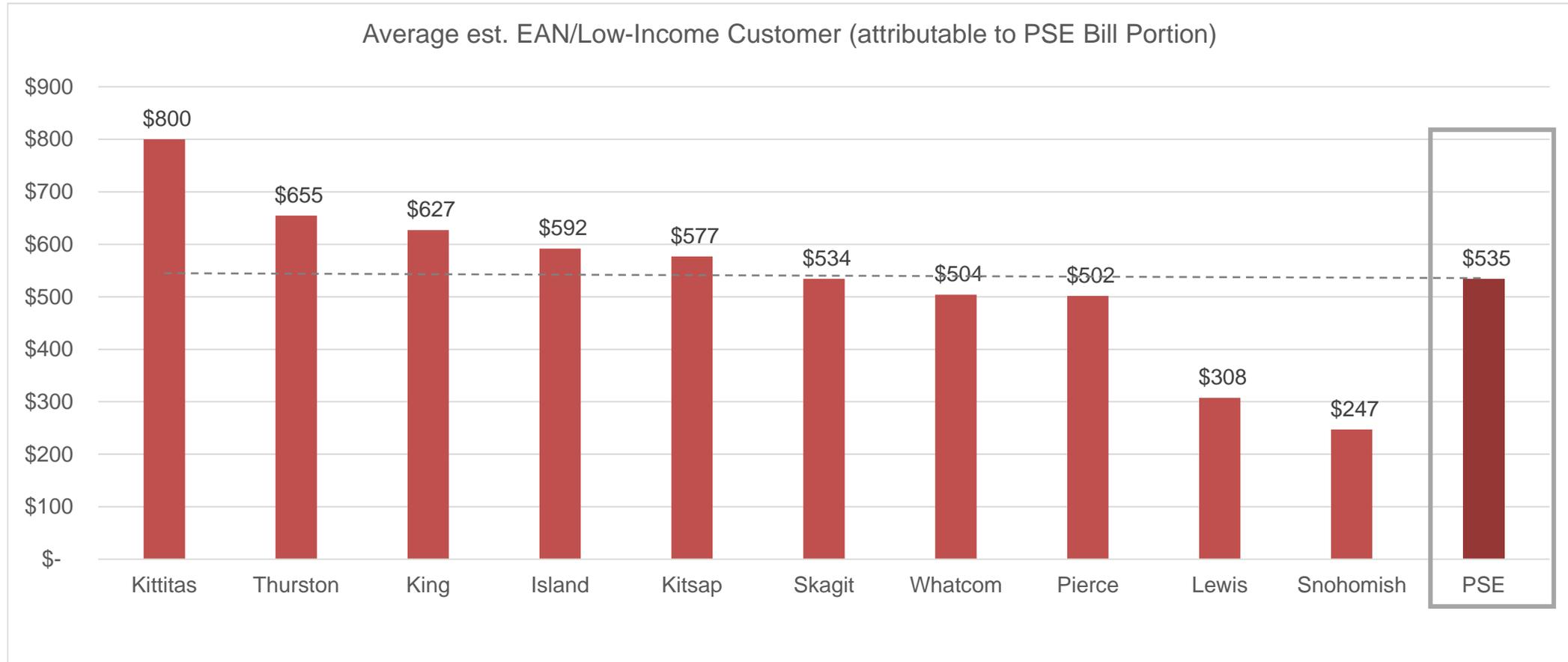
Source for PSE HELP data: PSE Annual Report on Program Outcome of PSE's Low Income Program Home Energy Lifeline Program ("HELP") For 2018 Program Year (October 2018 through September 2019), Filed May 29, 2020 (latest available at the time of presentation preparation).

## Estimated EAN per Low-Income Customer (based on Total EAN) is highest in Kittitas, Island, Lewis, and King counties



Note: values here for PSE are slightly different from those reported in the summary slides because, when looking at data on the disaggregated level by AMI brackets, there is no AMI data reported for some households (about 40K customers) which are then not included in these county-level values – driving a slight difference for total PSE values.

## Estimated EAN per Low-Income Customer (attributable to PSE Bill Portion) is highest in Kittitas, Thurston, King, Island, and Kitsap counties



Note: values here for PSE are slightly different from those reported in the summary slides because, when looking at data on the disaggregated level by AMI brackets, there is no AMI data reported for some households (about 40K customers) which are then not included in these county-level values – driving a slight difference for total PSE values.

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# PSE Energy Burden DRAFT Results

Presentation to Low Income Advisory Group (LIAG) and Equity  
Advisory Group (EAG)



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June 16-17, 2021

## Agenda

- Safety Moment / Introductions
- Key Takeaways / Analysis Applications
- Legislative Background / Definitions
- Methodology Overview
- Draft Results:
  - Geographic Distributions
  - Summary Numbers
    - Low Income
    - Energy Burden
    - Energy Assistance Need
  - Disaggregated Views
    - By Counties
    - By Income Brackets
    - Electric and Gas Usage
    - Demographic Characteristics
- Summary of Results
- Q&A / Next Steps / Contacts

# Safety moment: “Bee” Smart about Sting Safety

Guard your face and neck, the most common places for stings

Scrape off a bee stinger with a dull object – don't use tweezers

Don't attract bees – avoid wearing flowery perfumes or leaving sugary food out

If you've previously experienced an allergic reaction to a bee sting, talk to your doctor about carrying an EpiPen

If a swarm attacks, retreat to a closed area rather than swatting bees off, “playing dead,” or diving into water



# Introducing PSE Energy Burden Analysis team

- Strategic Customer Insights



**Austin Phillips**  
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# Key takeaways from draft results

## The Numbers

- ~ **415K (40%\*)** of PSE customers are now classified as Low Income under WA's new eligibility requirements
- ~ **157K (15% of total)** of PSE customers are identified low income and high energy burdened.
- Total energy assistance need is estimated to be **\$146M** (with **\$93M** from PSE's energy bills portion).

## The Who & Why

- Vast **majority of energy burdened** customers are classified as **low-income** → income is the primary driver of energy burden
- **High energy burden customers use more energy on average** than overall residential customers
- **High energy burden is more likely among already vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

## The "So What"

- PSE's **energy assistance** would need to **ramp up significantly** to meet 100% of need.
- **Analysis can guide effort to optimally reduce customers' energy burden** by both geography and demographics.
- **Reaching agreement** on energy burden metrics empowers PSE to coordinate efforts (programs) across the organization **to target and reduce energy burden** in its customer base.

\*Current analysis calculates CETA guidelines based on County average household size, not customer specific household size.  
Low-income customers will likely increase as our methodology becomes more sophisticated.

# Energy Burden Analysis has many applications

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- Pricing, cost of service, and rate design
  - Future PSE rate cast considerations (Electric Block analysis, and Low-Income Discount Rates)
- CETA reporting biannually beginning 2021
  - Already this analysis helped to frame comments on a proposed reporting template by Commerce
- Energy Efficiency Services (EES) Program Targeting
- Energy Assistance/Low-Income Weatherization
  - Refined strategy from Low Income Needs Assessment (LINA) analysis / dialogue with Stakeholder Groups
- Products and Services Marketing
- Delivery System Planning Alternative Solutions Analysis

# Legal and regulatory context for today's discussion

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- Washington State's Clean Energy Transformation Act (CETA) requires the Washington State Department of Commerce (Commerce) and the state's utilities to assess energy assistance available to low-income households across the state.
  - In accordance with **Revised Code of Washington (RCW) 19.405.120**:
    - CETA required that utilities provide energy assistance funding and programs to low-income households starting July 31, 2021;
    - Each utility must submit biennially to Commerce a cumulative assessment of previous levels for energy assistance compared to the funding levels needed to meet 60% of the current energy assistance need by 2030; and 90% of the current energy assistance need by 2050.
- Senate Bill 5295 (Regulatory Reform Bill) requires PSE to propose low income discount rate and low income senior discount rate (LIDRs).
  - SB 5295 points to **RCW 19.405.020** which defines low income, energy burden, energy assistance need, and energy assistance.
    - Eligibility may not exceed the low-income definition set by the commission pursuant to RCW 19.405.020.
    - LIDRs proposed by PSE will be submitted to the UTC for approval.

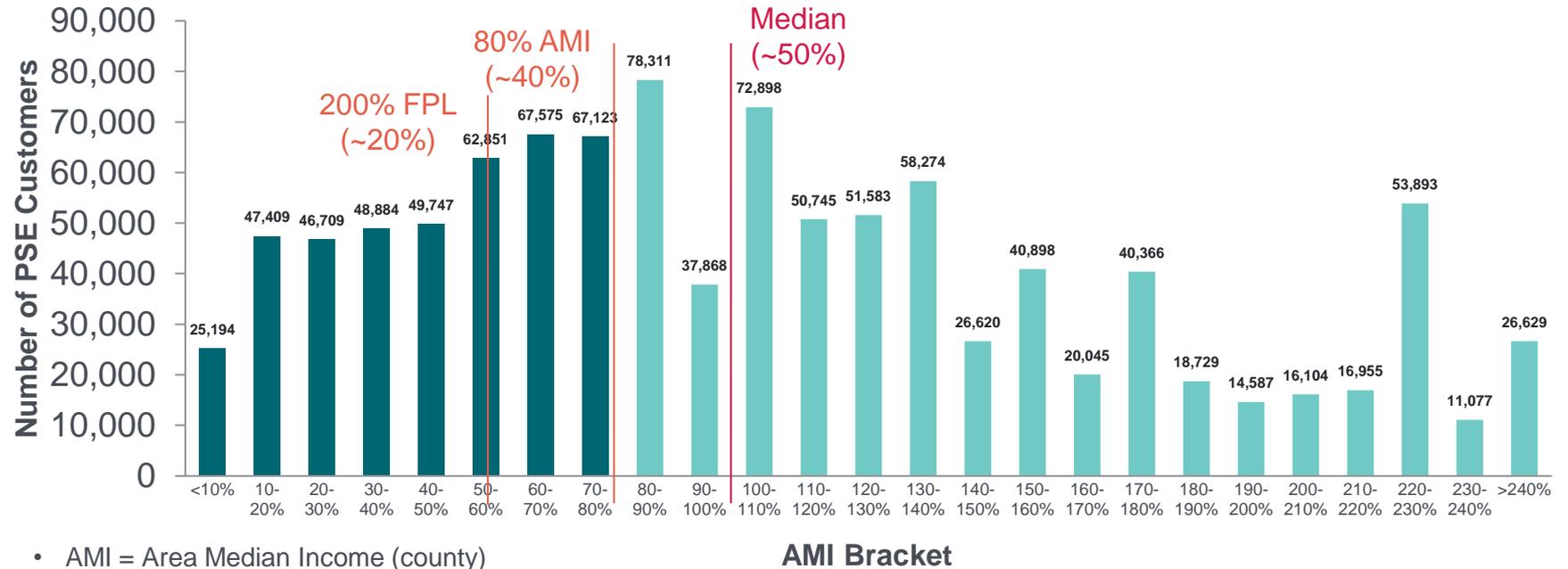
# WA State Legislature RCW 19.405.020 - Key Definitions

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- Section (15) "**Energy assistance**" means a program undertaken by a utility to reduce the household energy burden of its customers.
- Section (16) "**Energy assistance need**" means the **amount of assistance necessary to achieve a level of household energy burden** established by the department or commission.
- Section (17) "**Energy burden**" means the share of annual household income used to pay annual home energy bills.
- Section (25) "**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.
  - Both, Commission and Commerce, are assessing utility programs to meet the more inclusive definition

By using 80% AMI, the definition of low-income is more inclusive and allows us to provide assistance to more customers

## Number of PSE Customers by Income Bracket



- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# Defining Energy Burden and Energy Assistance Need

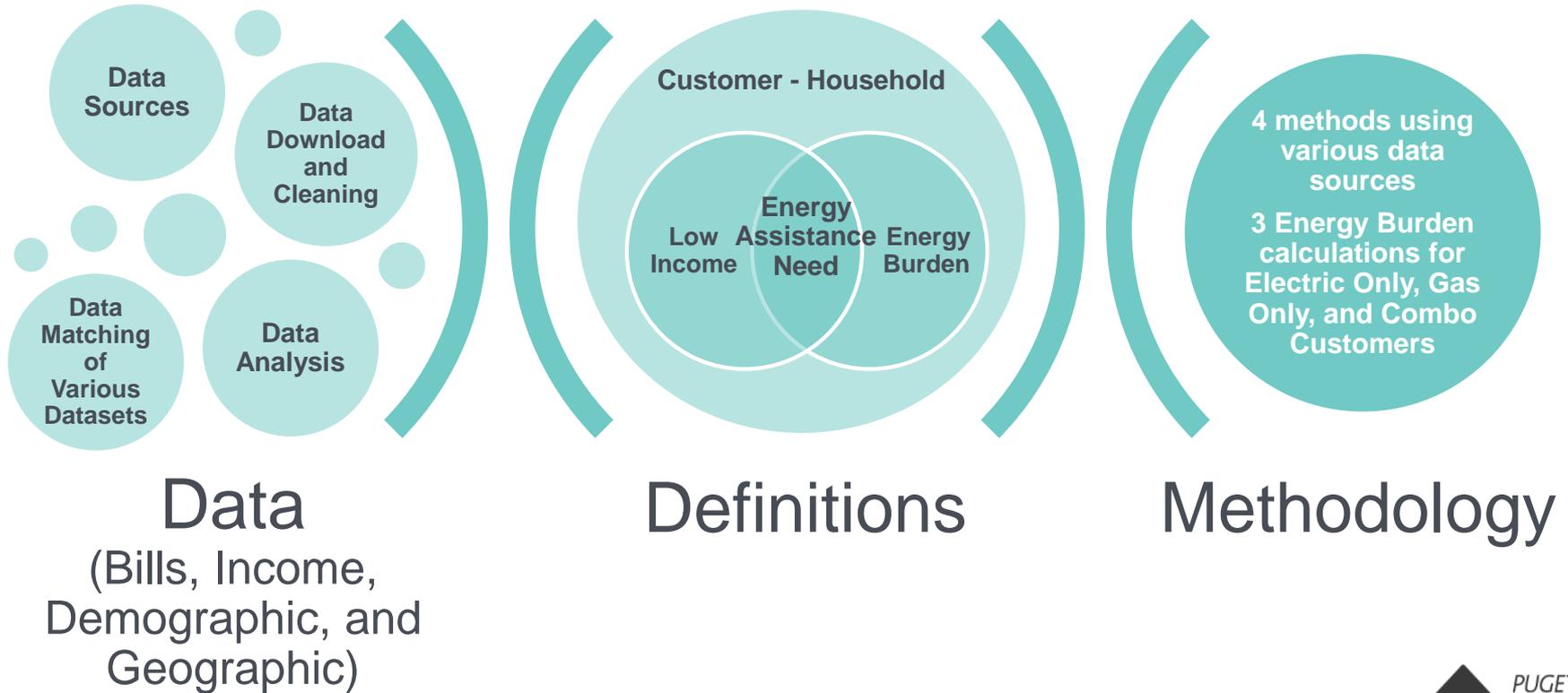
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- A household's energy burden (EB) is the **percentage of income spent on home energy bills**.
- Commerce set the threshold for determining energy assistance need at **6% energy burden** (high energy burden or HEB). Customers with HEB are **energy burdened**.
  - This definition comes from a widely accepted principle that total shelter costs should not exceed 30 percent of income and that utility costs should not exceed 20 percent of those shelter costs (i.e. 30% x 20% = 6%)

*Energy Burden Equation:*

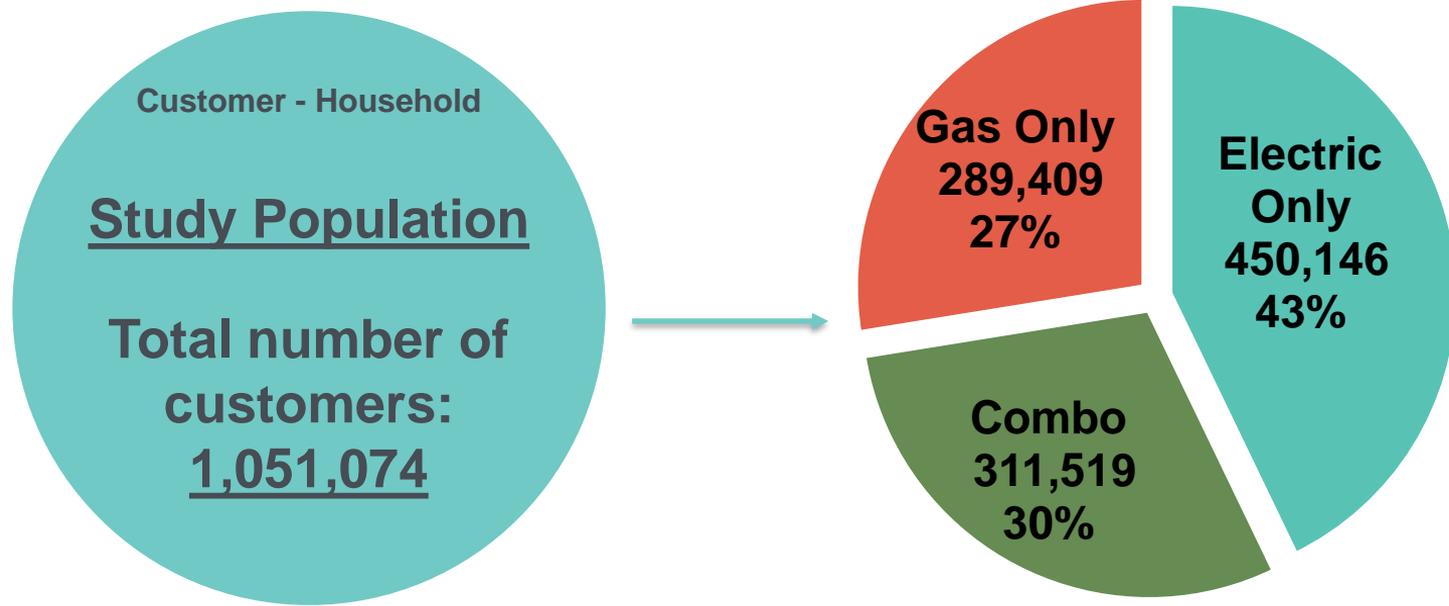
$$\frac{\text{Annual (Electricity Bill + Gas Bill + Other Heating Fuels Bill)}}{\text{Annual Income}}$$

# Energy Burden Analysis Overview



# Energy Burden Study analyzed PSE residential customers

- The Energy Burden Study analyzed PSE's residential customers with available data

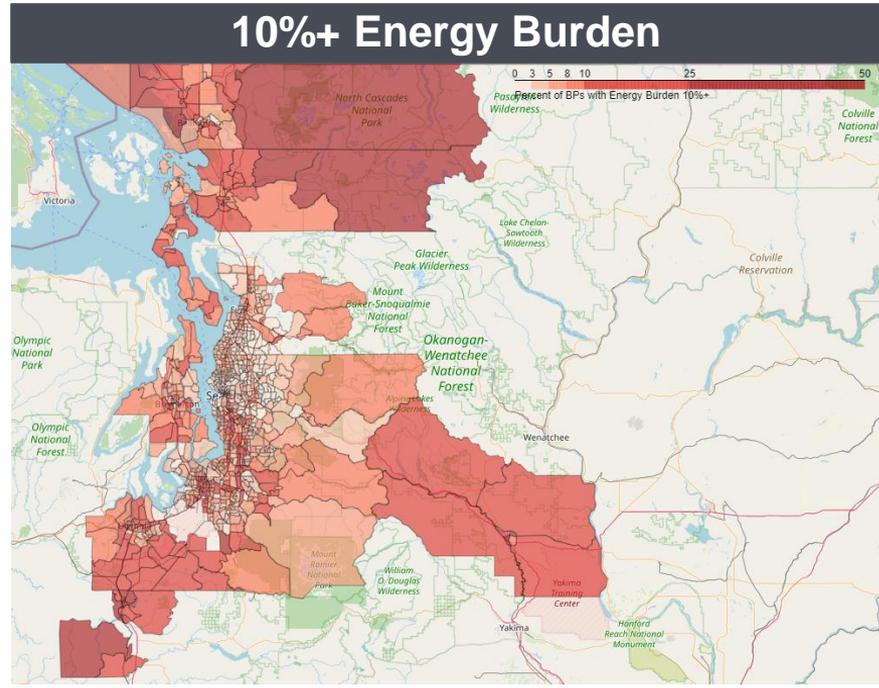
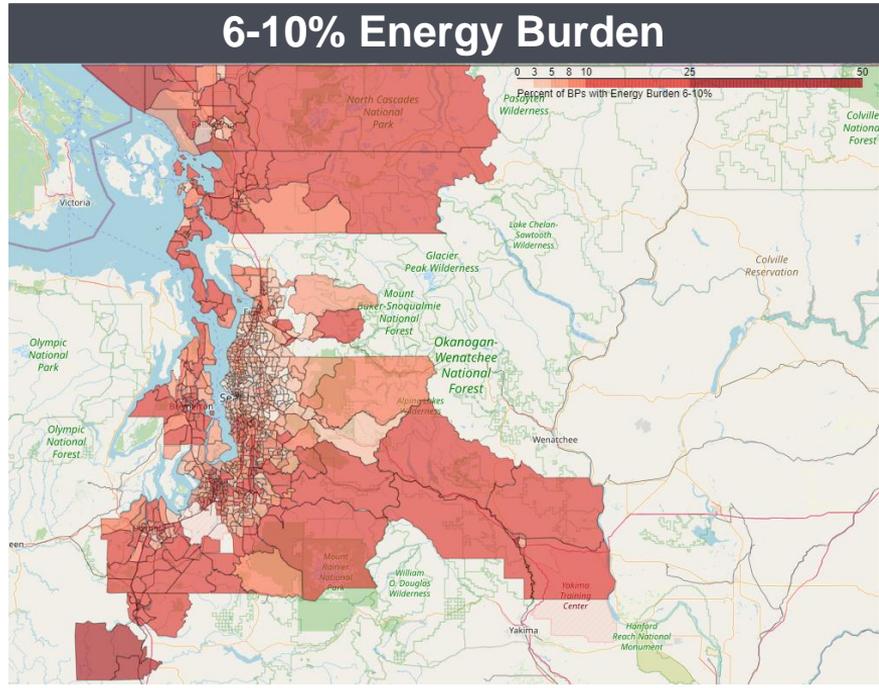


**Household (HH)** Residential PSE customer, identified by business partner ID

- Business partners (BP) with single customer account (CA) holders only (78% of cases)
- Customers with available data (96% of cases)

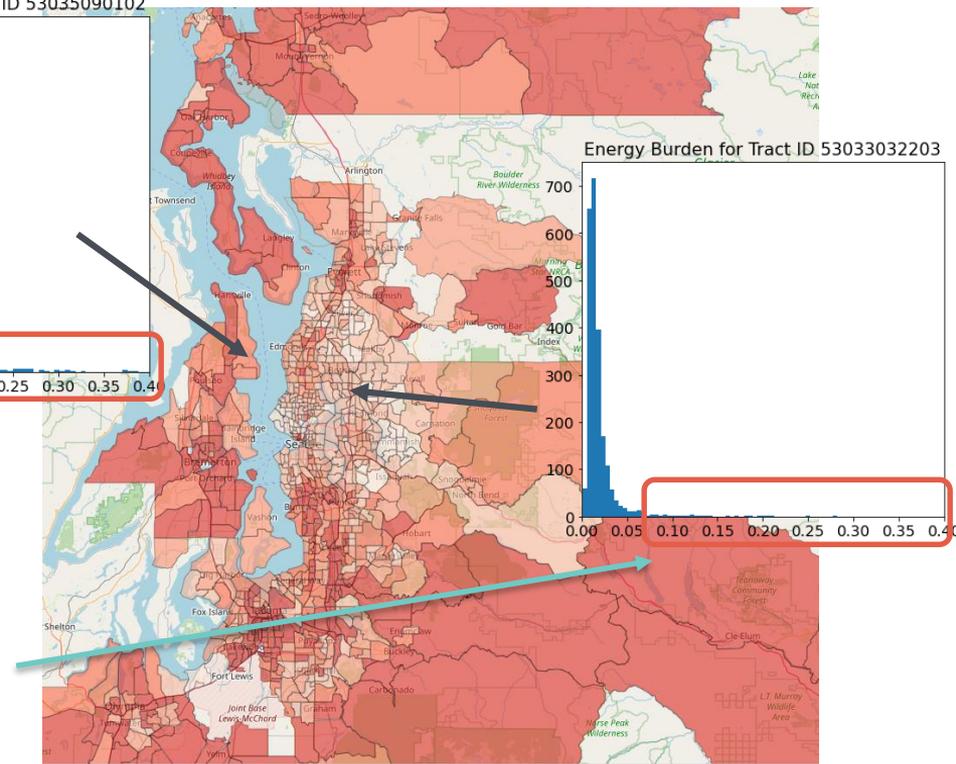
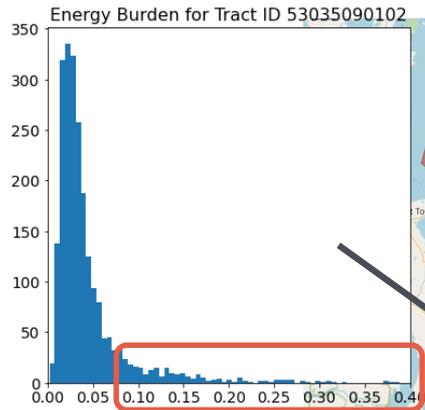
# Geographical view of Energy Burden across PSE service territory highlights areas with more energy burdened customers on average

- Interactive maps illustrate census tracts with higher portions of PSE customers in the ranges of:



# There are energy burdened customers **within** each area

- Within each census tract, energy burden tends to reflect right-skewed shape
- As a result, talking about “average” energy burden within any geography is misleading



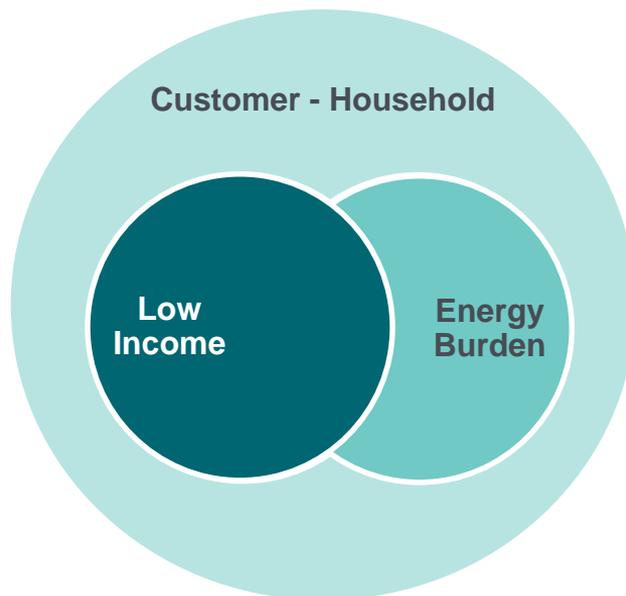
• Each geography will have many households with energy burden significantly higher than the average

# Defining low income in the Study

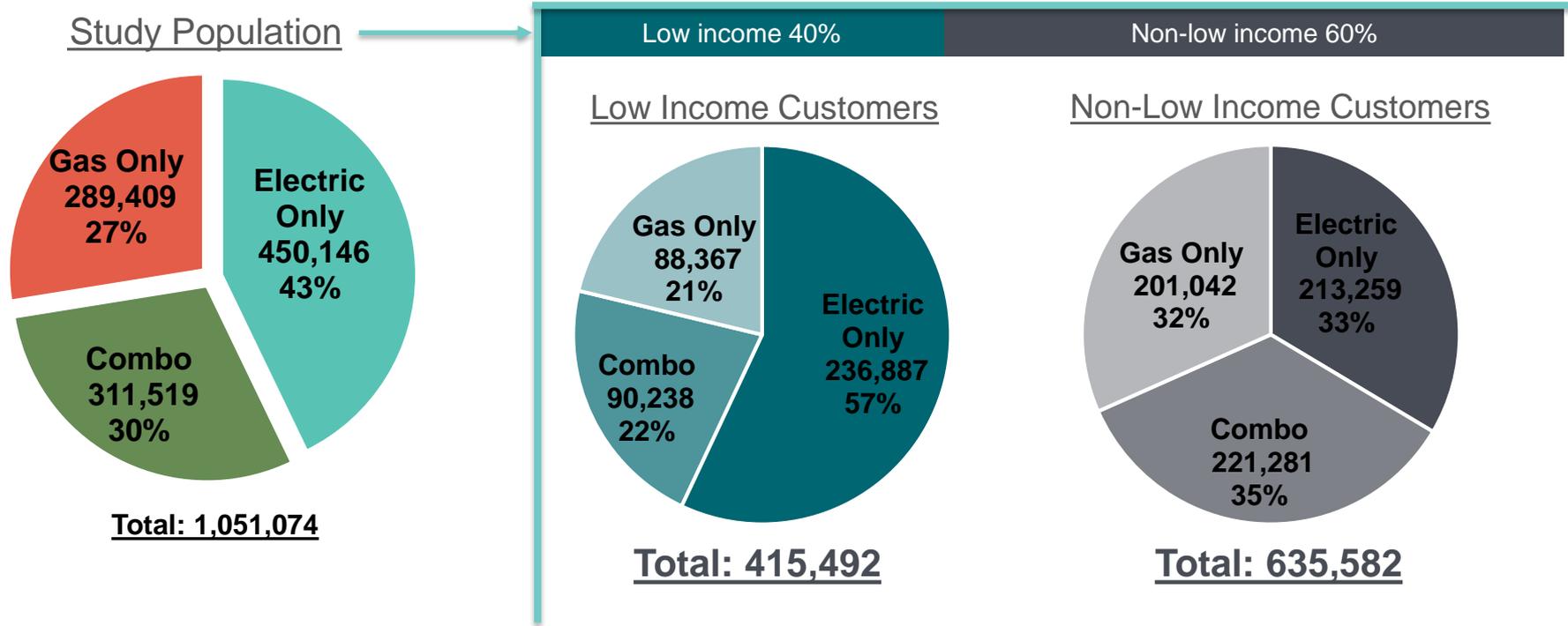
## Low-income (LI)

HHs with annual income  $\leq 80\%$  area median income (AMI)

- CETA: AMI  $\leq 80\%$  or  $\leq 200\%$  Federal Poverty Level (FPL), whichever is highest, adjusted for HH size



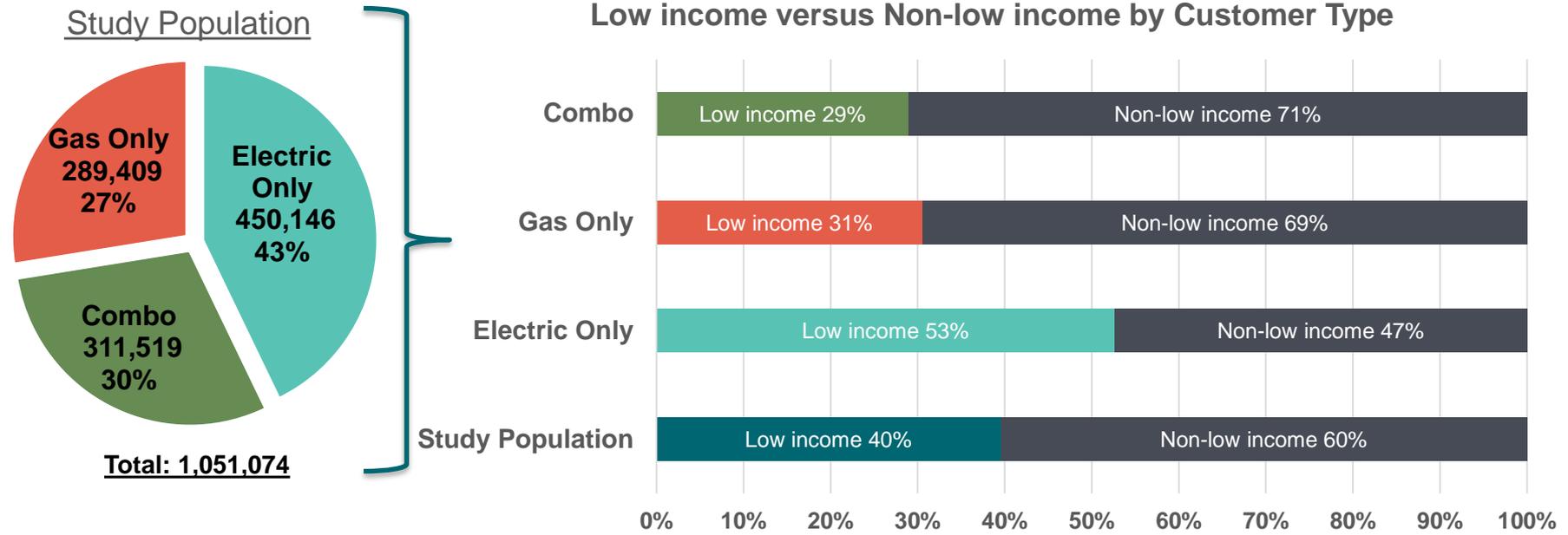
# Analysis estimated: about 40%\* of all customers in the study are classified as low income



\*Current analysis calculates CETA guidelines based on County average household size, not customer specific household size. The number of customers classified as low income will likely increase as our methodology becomes more sophisticated.



# Analysis estimated: 53% of Electric Only, 31% of Gas Only, and 29% of Combo customers are classified as low income based on new definition

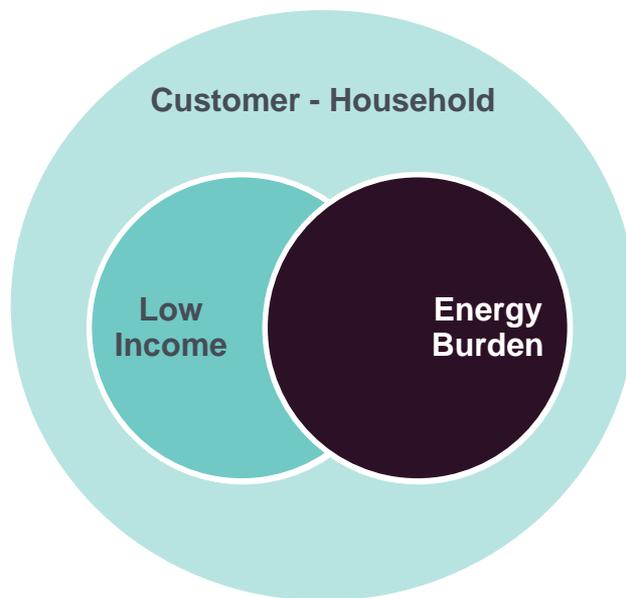


# Defining energy burdened customers in the Study

## Energy Burden (EB)

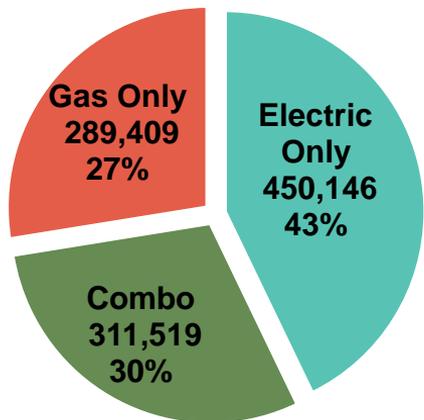
Annual home energy expenses as a % of annual HH income

- **High energy burden (HEB):** HHs with energy burden above 6% [CETA]
- **Severe energy burden (SEB):** HHs with energy burden above 10%



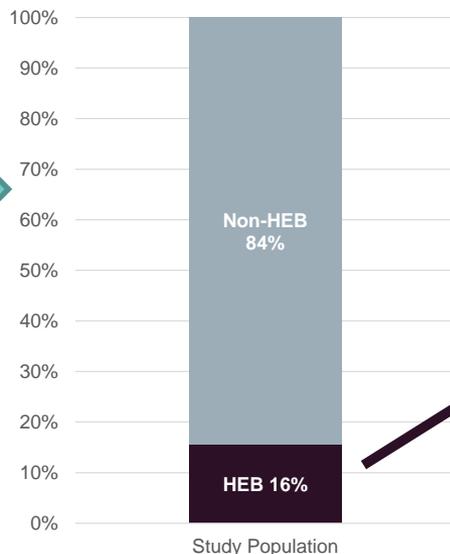
# Analysis estimated: 16% of PSE's total customers in the study are energy burdened

### Study Population

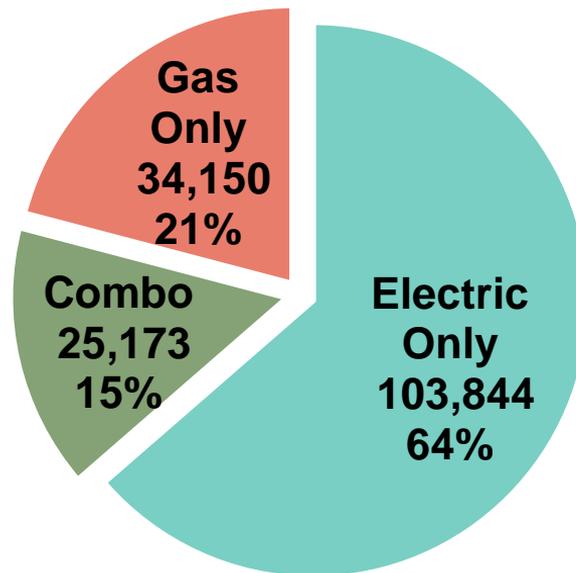


**Total: 1,051,074**

### High Energy Burden (HEB) versus Non-HEB by Customer Type

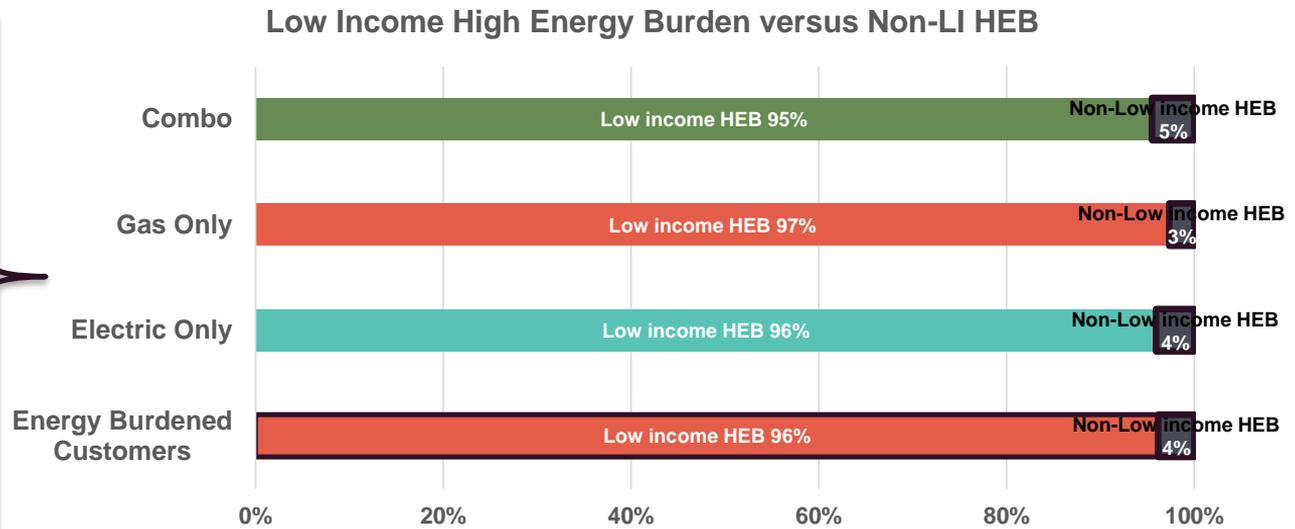
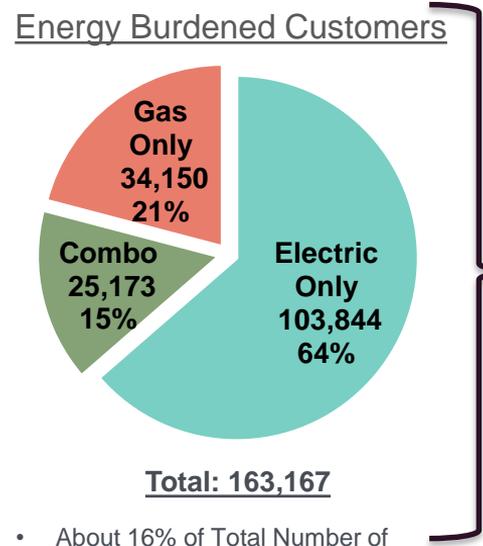


### Energy Burdened Customers



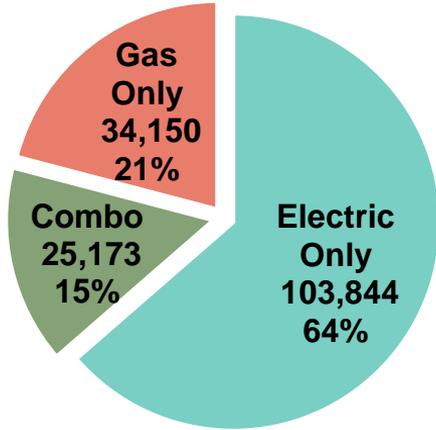
**Total: 163,167**

# Most energy burdened customers are classified as low income



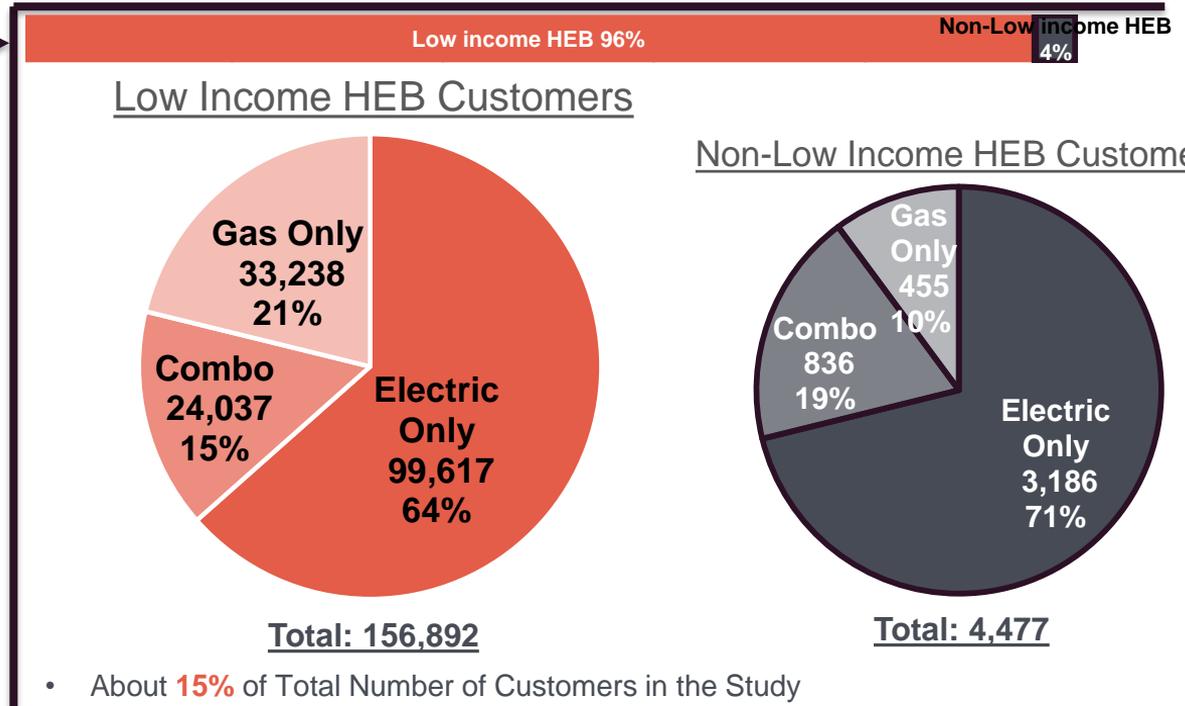
# Analysis estimated: about 15% (157K) of PSE's customers are classified as low income and energy burdened

## Energy Burdened Customers



**Total: 163,167**

- About 16% of Total Number of Customers in the Study



# Analysis estimated: about \$146M of energy assistance needed per year to eliminate high energy burden for customers classified as low-income

Utility Service Customer Type	Estimated Total EAN for PSE Customers classified as low-income – with HEB	Estimated Per Customer Total EAN for PSE Customers classified as low-income – with HEB
Electric Only	\$91 million (63%)	\$918
Combo	\$22 million (15%)	\$904
Gas Only	\$33 million (22%)	\$982
<b>Total</b>	<b>\$146 million</b>	<b>\$930</b>

## Energy Assistance Need (EAN)

The dollar amount in assistance necessary to reduce energy burden to 6% for one year. [CETA]

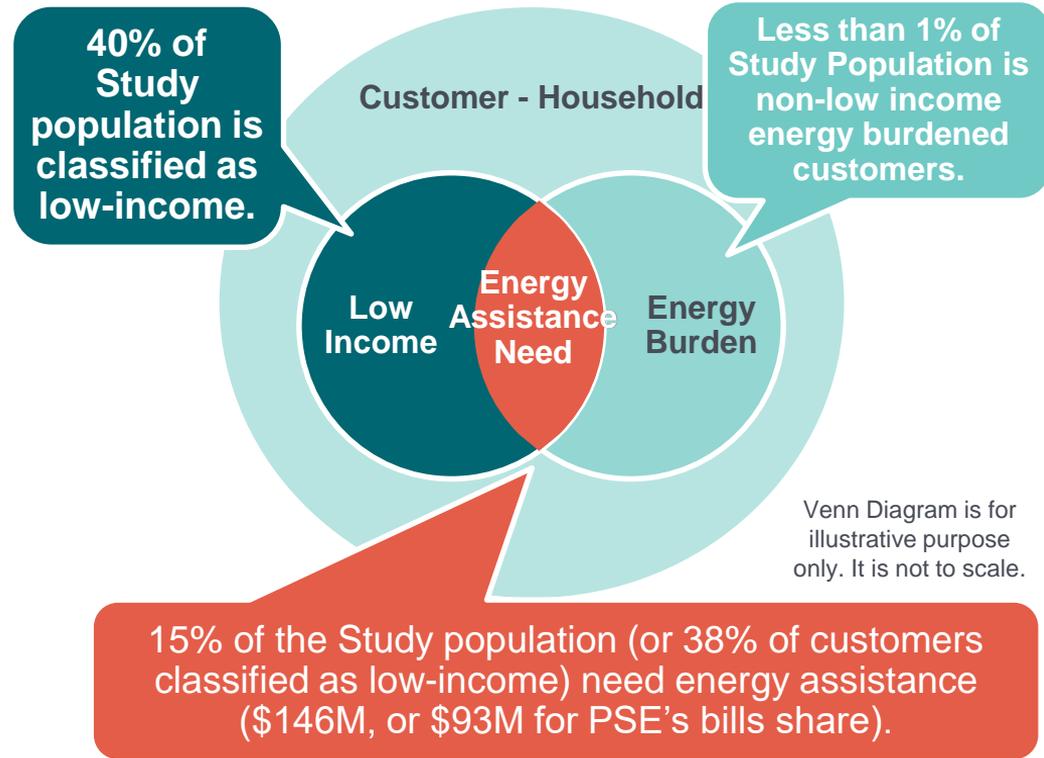
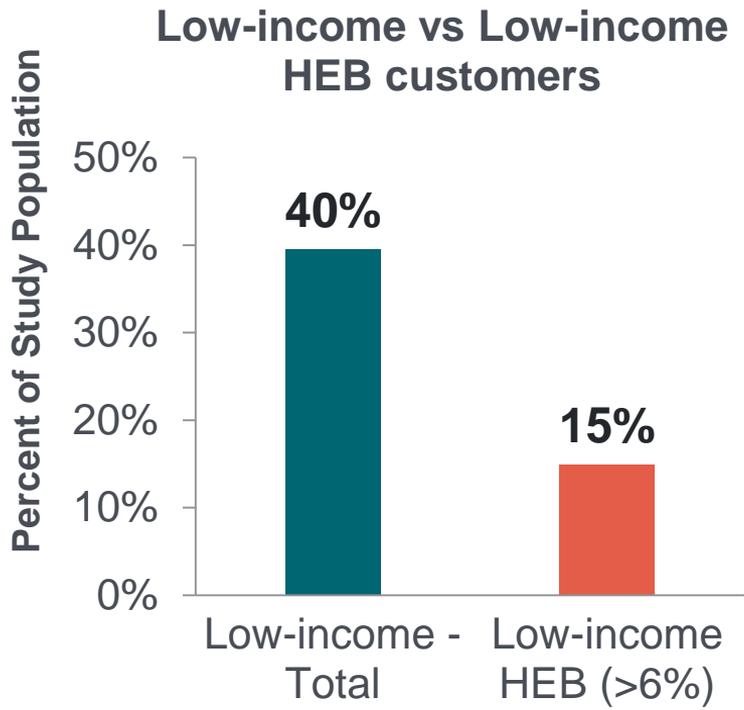
- It is still an open question at the Commission whether EAN will be specific to all customers, or low-income only customers

# Analysis estimated: PSE's bills share of energy assistance need is \$93 million

Utility Service Customer Type	Estimated <u>EAN</u> attributed to PSE Bills for PSE Customers classified as low-income – with HEB	Estimated Per Customer <u>EAN</u> attributed to PSE Bills for PSE Customers classified as low-income – with HEB
Electric Only	\$63 million (68%)	\$630
Combo	\$20 million (21%)	\$817
Gas Only	\$10 million (11%)	\$315
<b>Total</b>	<b>\$93 million</b>	<b>\$592</b>

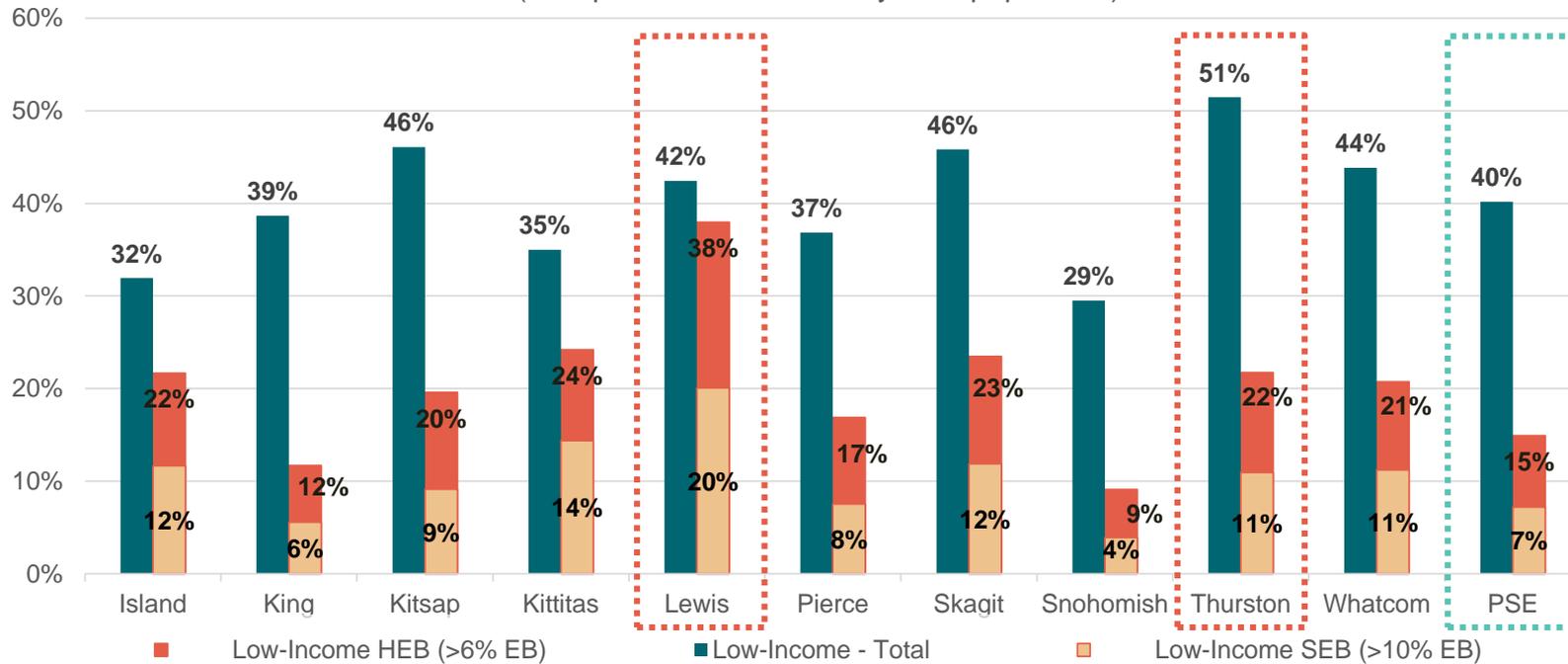
In addition to PSE's energy bills, other utilities' bills and other heating fuel bills drive the energy burden of PSE's customers

# Customers in need of energy assistance are the estimated 15% classified as both low-income and energy burdened



# Comparisons by county also show the importance of identifying customers classified as low-income and their energy burdens

**Low-Income High and Severe Energy Burdened PSE Customers**  
(as a percent of total county/PSE population)

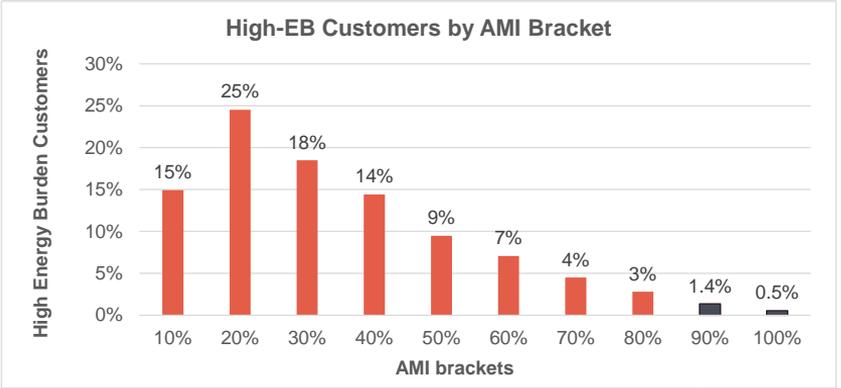
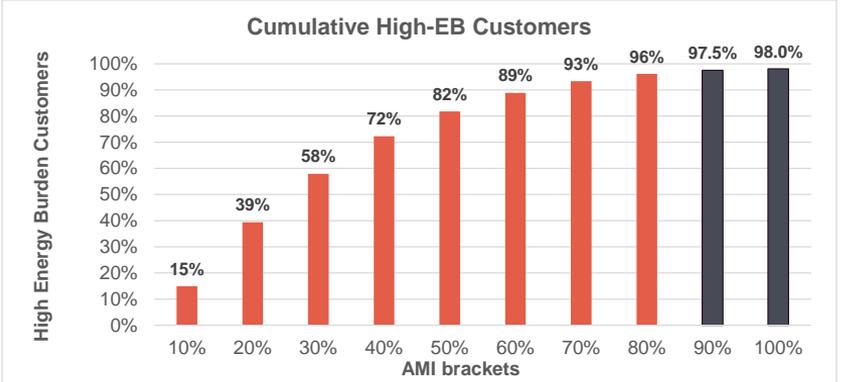
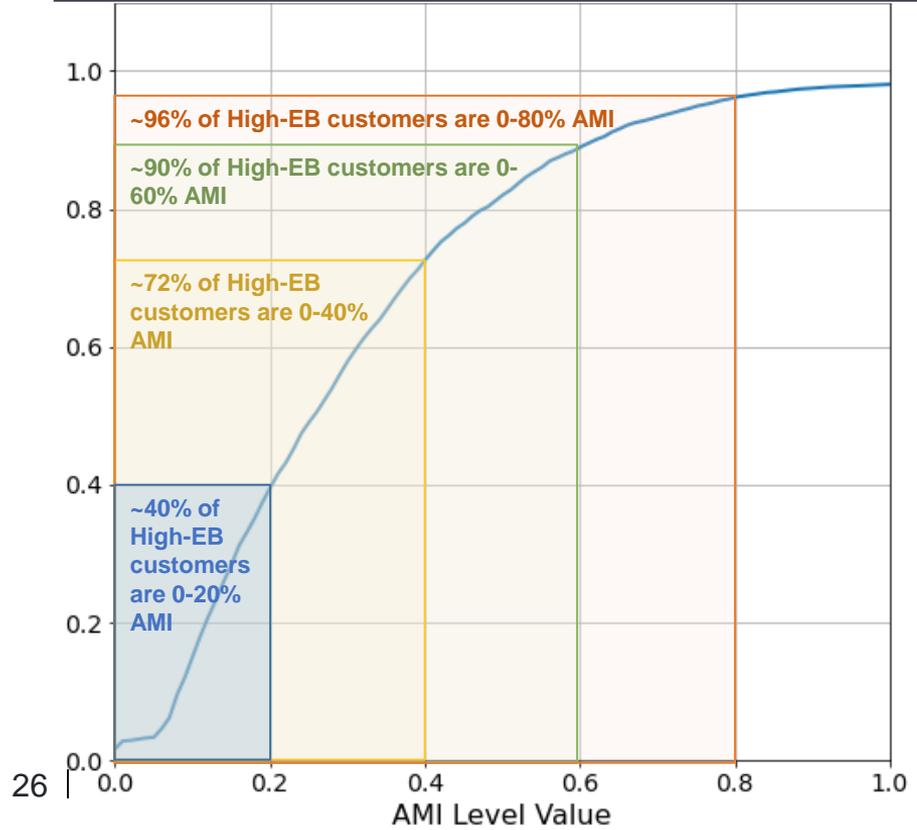


- Thurston County has the highest percent of customers (51%) classified as low income, and 22% of those customers were found energy burdened.
- Lewis County has a lower percentage of customers classified as low-income (42%) and a higher percentage of those classified as low income and with HEB estimates (38%).



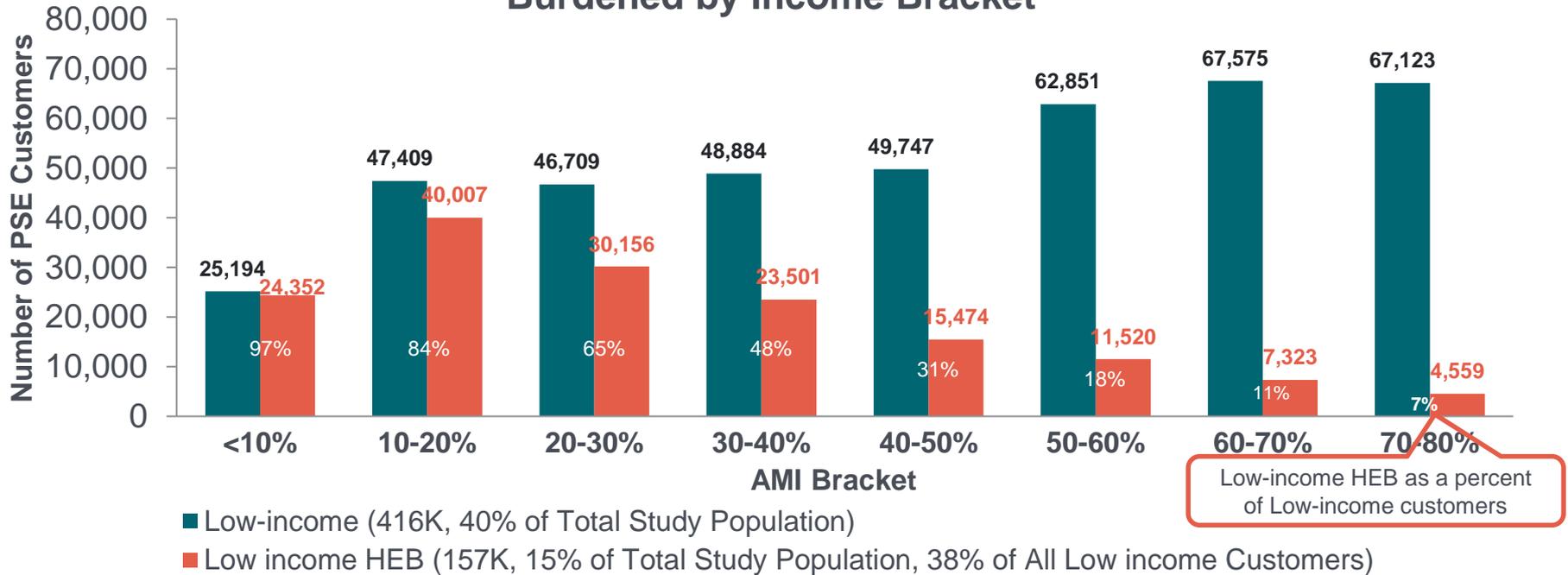
# About 96% of all HEB customers are classified as low-income

### Portion of High-EB customers with AMI < Value



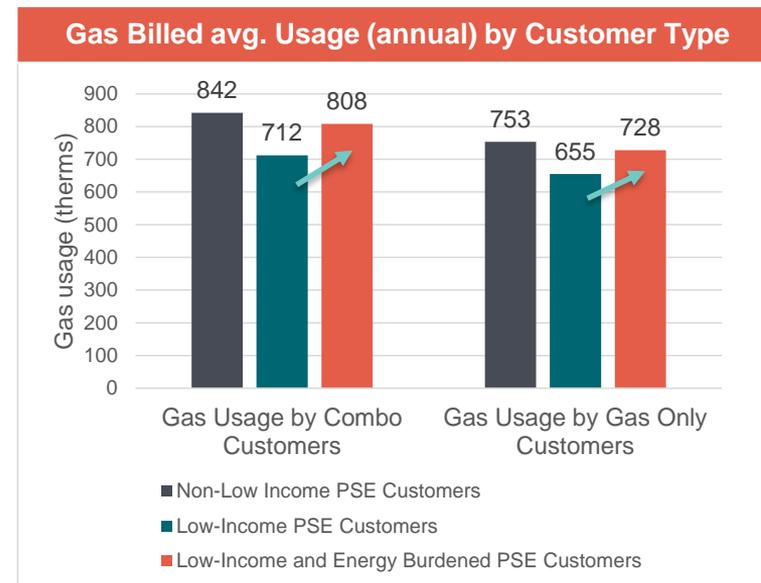
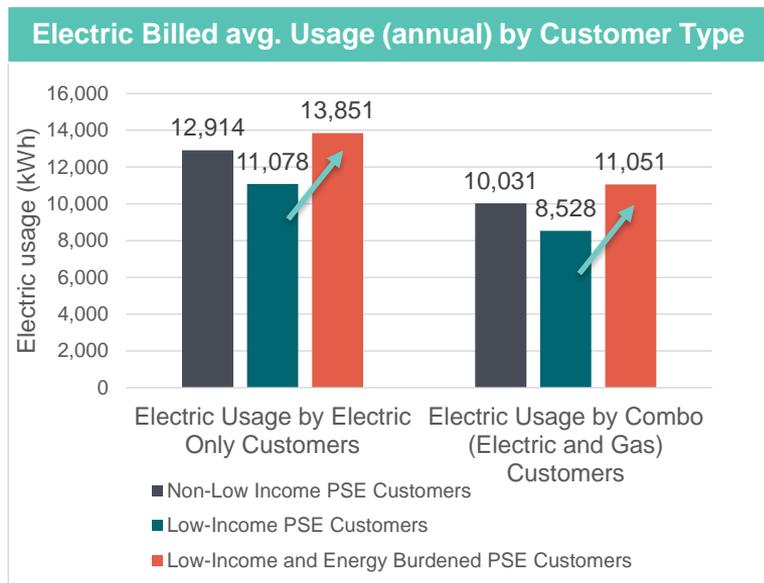
# As income bracket increases, the number of energy burdened customers decreases

## Number of PSE Customers Classified as Low-Income and Energy Burdened by Income Bracket



Low-income HEB as a percent of Low-income customers

# HEB customers use more energy than overall customer base



- On average, electric-only customers' usage is higher than combo customers' electric usage.
- Classified low-income HEB customers' electric usage is higher than for overall low-income customers by about 25% on average

- Classified low-income HEB customers' gas usage is higher than for overall low-income customers by about 11% on average

# Electric usage for High Energy Burden customers

- Average electricity usage for high-EB customers is **almost double** than for Non-HEB customers across all income groups

**Billed average Electric usage (kWh)**

Customer AMI Range	Non-HEB (EB<=6%)	HEB (EB>6%)	SEB (EB>10%)
0-30%	5,421	10,784	12,023
30-60%	7,746	15,056	20,966
60-80%	9,291	21,215	36,716
80-100%	9,855	26,465	64,365
100%+	11,397	53,339	125,949

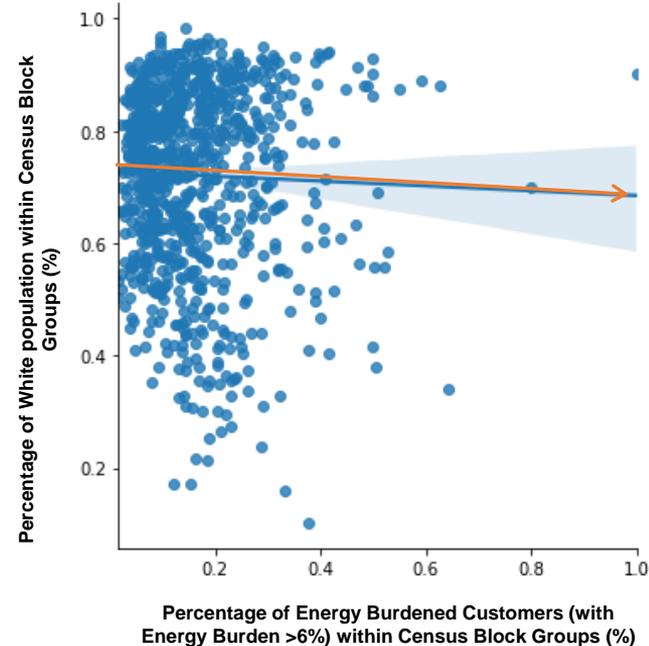
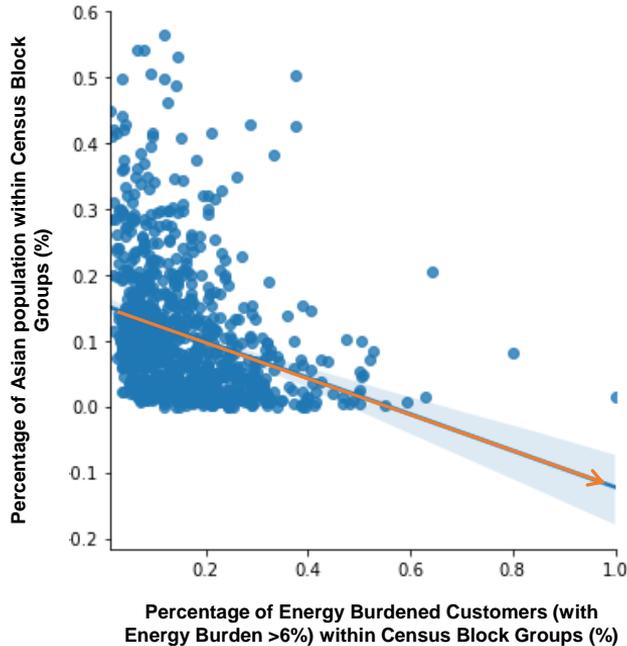
# The difference in average gas usage is less pronounced

**Billed average Gas usage (therms)**

<b>Customer Type AMI range</b>	<b>Non-HEB (EB&lt;=6%)</b>	<b>HEB (EB&gt;6%)</b>	<b>SEB (EB&gt;10%)</b>
<b>0-30%</b>	<b>366</b>	<b>677</b>	<b>693</b>
<b>30-60%</b>	<b>592</b>	<b>819</b>	<b>903</b>
<b>60-80%</b>	<b>679</b>	<b>923</b>	<b>1,182</b>
<b>80-100%</b>	<b>712</b>	<b>1,189</b>	<b>1,504</b>
<b>100%+</b>	<b>812</b>	<b>2,207</b>	<b>2,356</b>

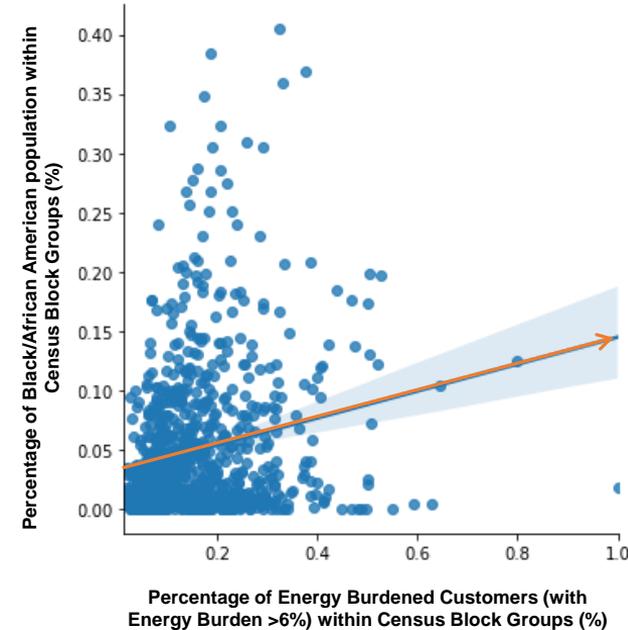
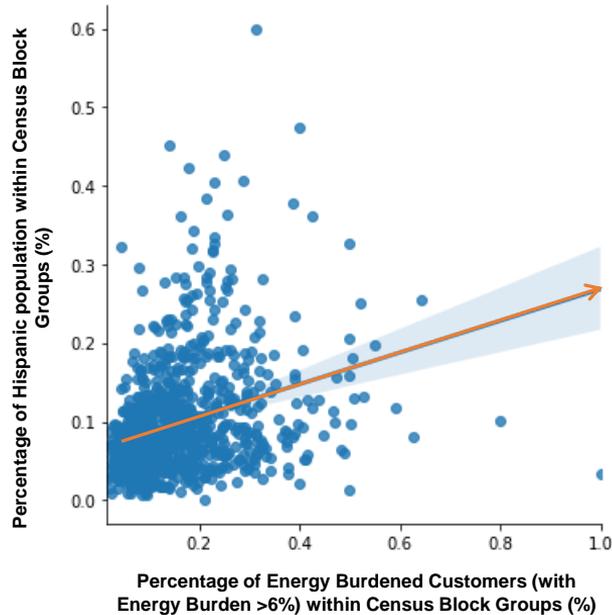
# Energy Burden racial equity: Asian & White

- Across the census block groups in PSE's Service Area, higher percentages of **Asian or White** populations are associated with lower percentages of 6% or more energy burden.



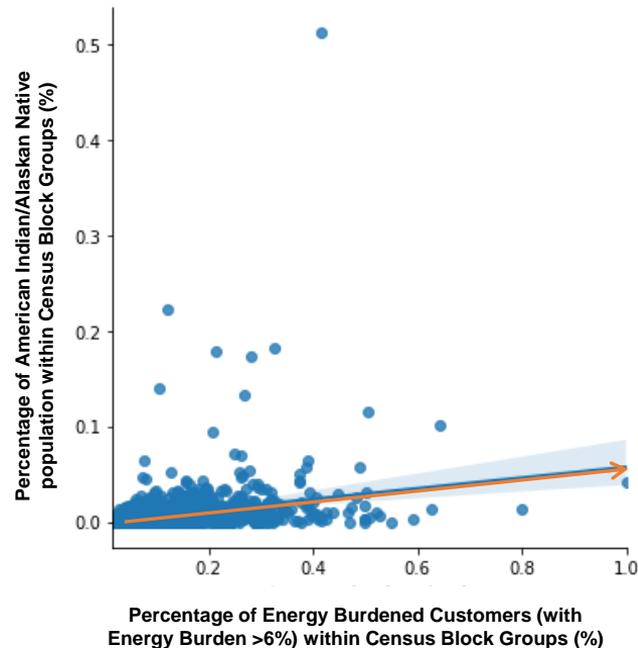
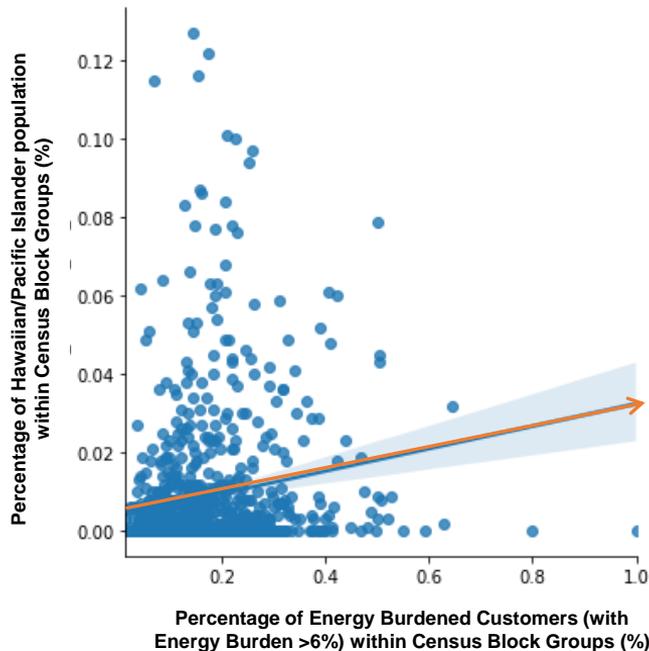
# Energy Burden racial equity: Hispanic & Black/African American

- Across the census block groups in PSE's Service Area, higher percentages of **Hispanic or Black/African American** populations are associated with higher percentages of 6% or more energy burden.

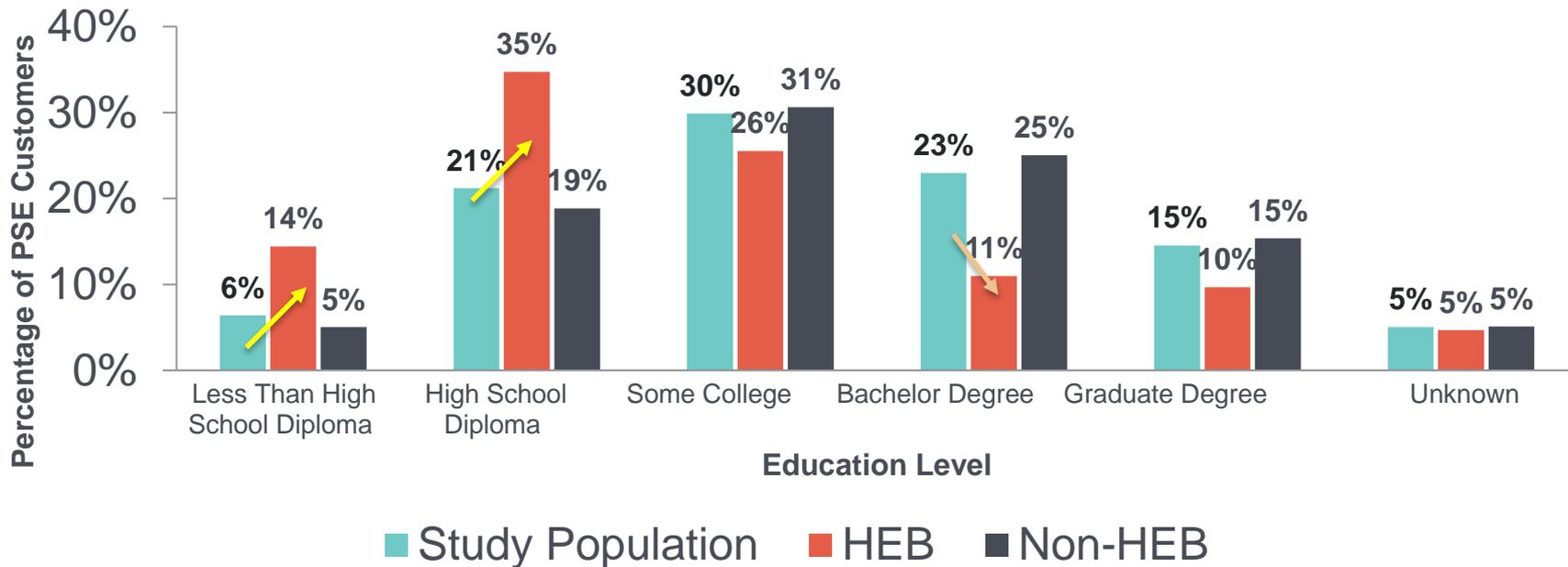


# Energy Burden racial equity: Hawaiian/Pacific Islander & American Indian/Alaskan Native

- Across the census block groups in PSE's Service Area, higher percentages of **Hawaiian/Pacific Islander** or **American Indian/Alaskan Native** populations are associated with higher percentages of 6% or more energy burden.

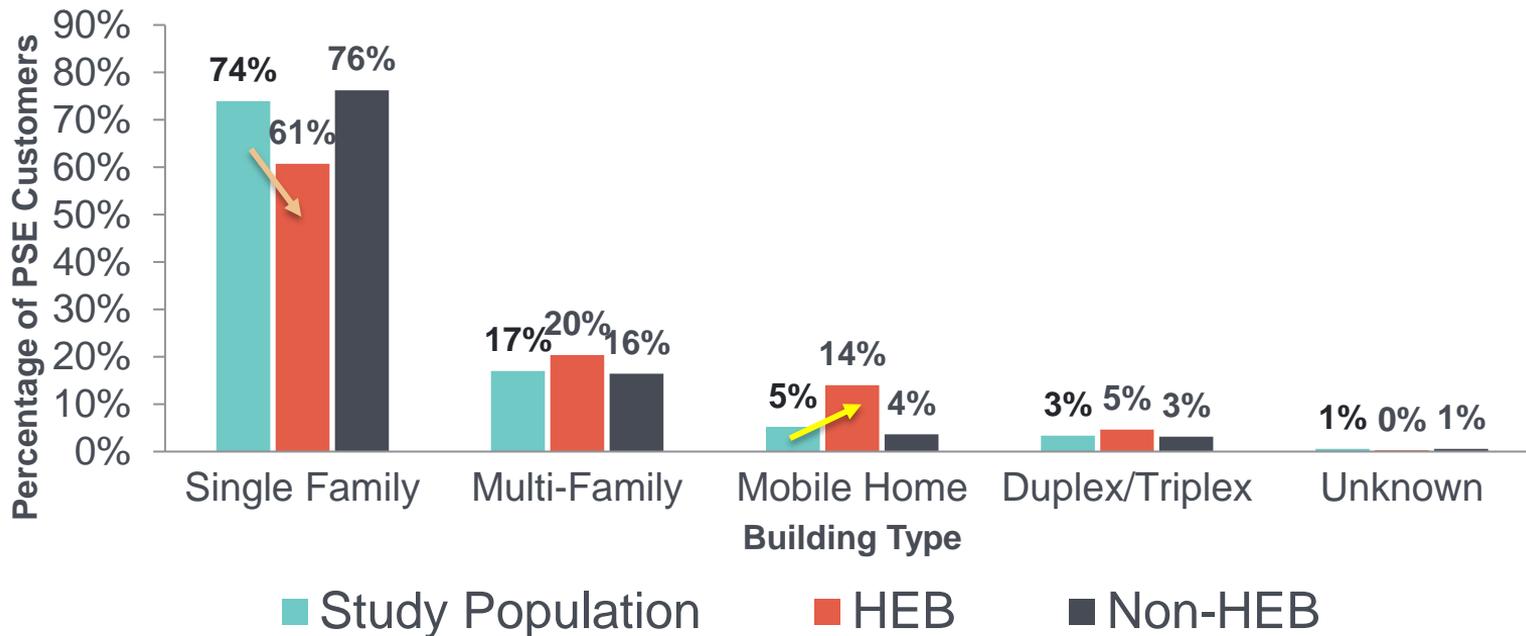


# Energy Burden and educational attainment



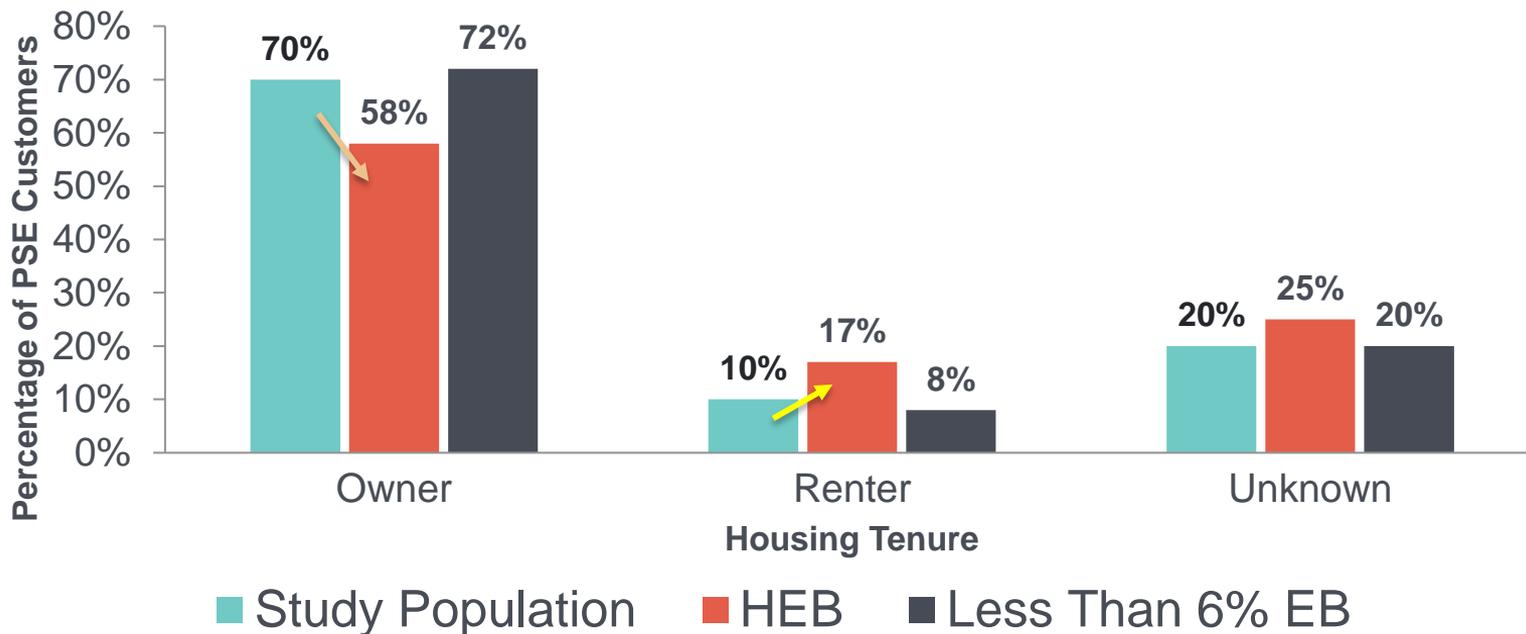
- The percentage of customers that have a high school or less than GED level of educational attainment are about 10% greater in the HEB population than the general PSE customer population

# Energy Burden by building type



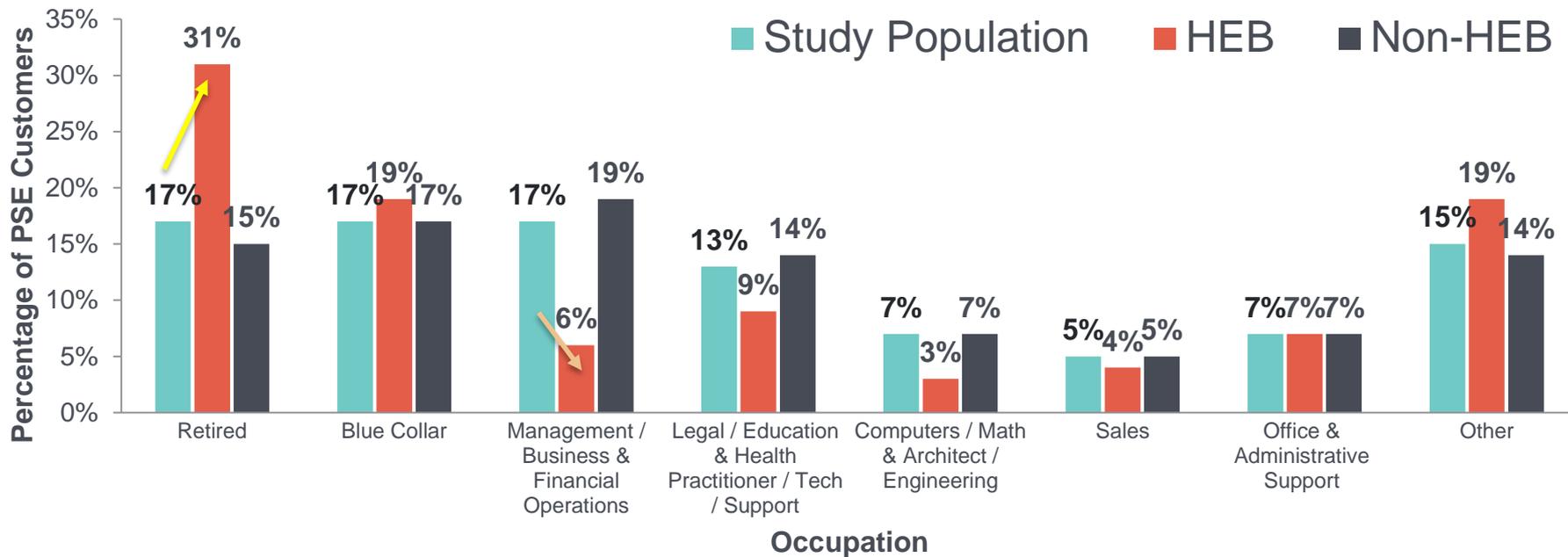
- Customers living in **mobile homes** are more likely to experience energy burden

# Energy Burden by housing tenure



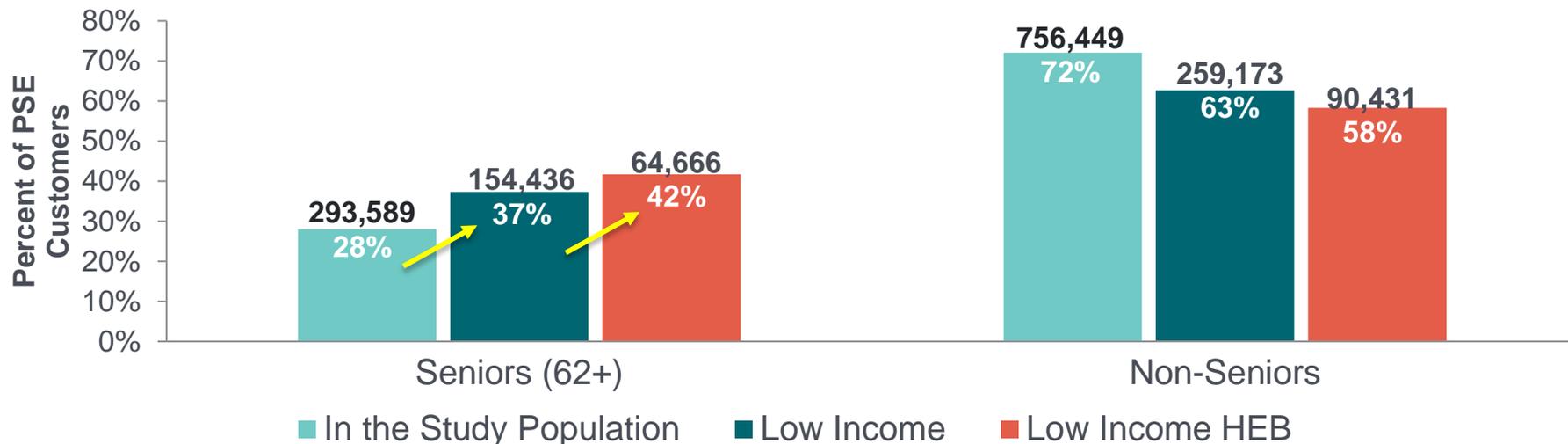
- PSE customers with HEB are **more likely to rent** compared to the rest of the customer population

# Energy Burden and occupation



- The proportion of **retired customers** that are energy burdened is **nearly twice** the proportion of the retired population overall

# Energy Burden for Seniors



- Seniors make up 28% of PSE’s total residential customers in the Study:
  - Seniors that are classified as low-income make up 15% of PSE’s customer population.
  - Seniors that are classified as low-income HEB make up 6% of PSE’s customer population.
- Among Seniors:
  - 53% are classified as low-income ( $\leq 80\%$  AMI).
  - 22% are classified as low-income HEB.

# Summary of Draft Results

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- Households classified as low-income per WA's new definition:
  - About 415K (40%) of PSE's residential customers classified as low-income.
    - 53% of Electric Only, 31% of Gas Only, and 29% of Combo customers.
- Energy Burdened Households:
  - About 157K PSE's residential customers are energy burdened and defined as low-income.
    - That's 15% of total population, or 38% of customers classified as low-income.
- Energy Burdened Customers by Service Type:
  - About 64% of HEB customers and classified as low-income are PSE's electric only customers; 21% are PSE's Gas only customers; and 15% are PSE's Combo customers.
- Energy Assistance Need:
  - About \$146M of energy assistance needed per year to eliminate high energy burden for customers classified as low income, of which \$93M is attributed to PSE's energy bills.
  - On average \$930 per Customer is needed to get PSE's HEB low income customers' energy burden to at or below 6% (with \$592 per Customer, based on EAN attributed to PSE's energy bills).

# Summary of Customer Characteristics

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- Energy Burden **among** two lowest AMI brackets:
  - About **60% of HEB customers belongs to the lowest AMI income group** (from 0-30% AMI group); and
  - About **30% of HEB customers belongs to the second lowest income group** (30-60% AMI bracket).
- Energy Burden **within** two lowest AMI brackets:
  - About **80% of all PSE customers in the lowest income bracket** (0-30% AMI group) **are energy burdened**. About **54% are severely energy burdened**.
  - In the second lowest income group (30-60% AMI group), 31% of all PSE customers have High-EB, and estimated 7% experience severe energy burdens.
- Energy Burden vs Customer Usage:
  - Average **electricity usage for high-EB customers is almost double** than for Non-HEB customers across all income groups; however, the difference in average gas usage is less pronounced.
  - Customers classified as **low income HEB tend to use 25% more electricity and 11% more gas** compared to average population of customers classified as low-income.

# Summary of Demographic Characteristics

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- **Racial Equity:**
  - Across PSE's Service Area, higher percentages of **Hispanic or Black/African American populations** are **associated with higher percentages of energy burdened customers**; followed by **Hawaiian/Pacific Islander** or **American Indian/Alaskan Native populations**.
- **Education Attainment:**
  - Customers with **high school diploma or less** educational attainment are more likely to be energy burdened.
- **Housing Tenure:**
  - Energy burdened customers are more likely to be **renters**; and
  - Energy burdened customers are more likely to live in **mobile housing**.
- **Occupation:**
  - Customers who are **retired**, and possibly on a **limited fixed-income**, are more vulnerable.
- **Seniors (62+):**
  - 53% of Seniors are classified as low-income; **22% Seniors are classified as low income HEB**.
  - **Seniors** make up 37% of PSE's customers classified as low-income, and **42% of PSE's customers classified as low-income and energy burdened**.

## Agenda

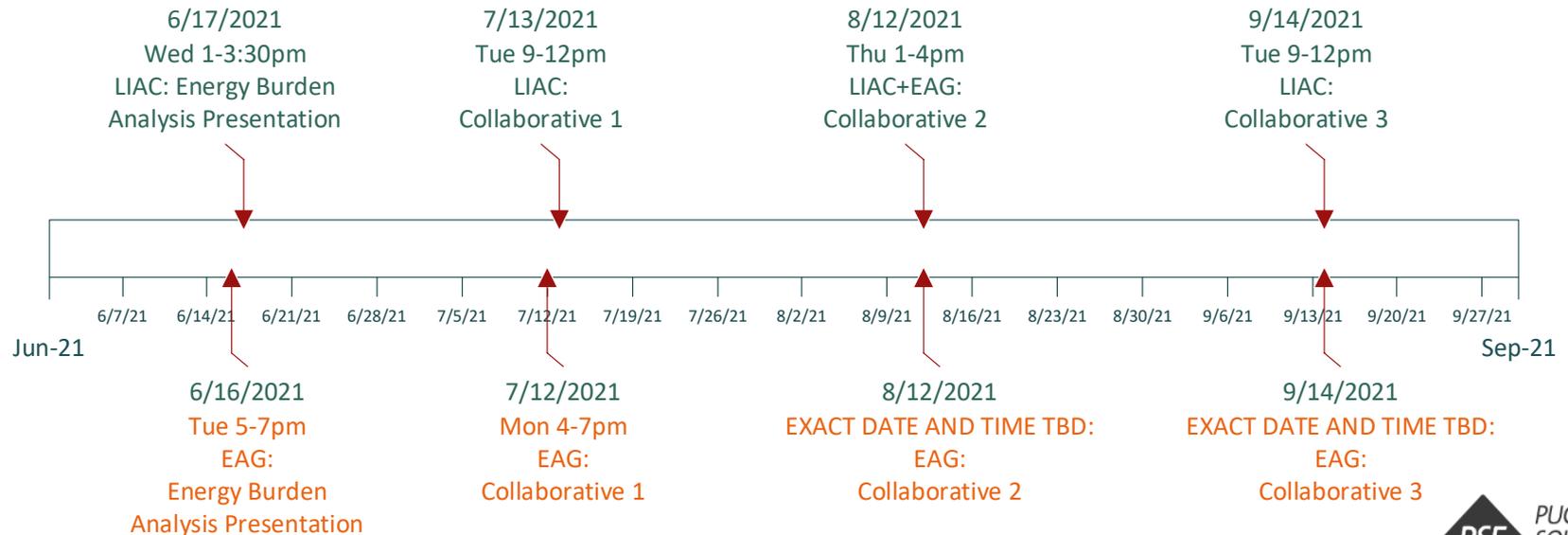
Questions?

- Safety Moment / Introductions
- Key Takeaways / Analysis Applications
- Legislative Background / Definitions
- Methodology Overview
- Draft Results:
  - Geographic Distributions
  - Summary Numbers
    - Low Income
    - Energy Burden
    - Energy Assistance Need
  - Disaggregated Views
    - By Counties
    - By Income Brackets
    - Electric and Gas Usage
    - Demographic Characteristics
- Summary of Results
- **Q&A / Next Steps / Contacts**

# Coming up next

- SB 5295: PSE must propose **Low-income Discount Rate and Low-income Senior Discount Rate**

## Upcoming LIAC and EAG Meetings related to Low Income Discount Rates



# Contacts

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- For additional questions or any comments, feel free to contact:

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Email: Kelima.Yakupova@pse.com

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Birud.Jhaveri@pse.com

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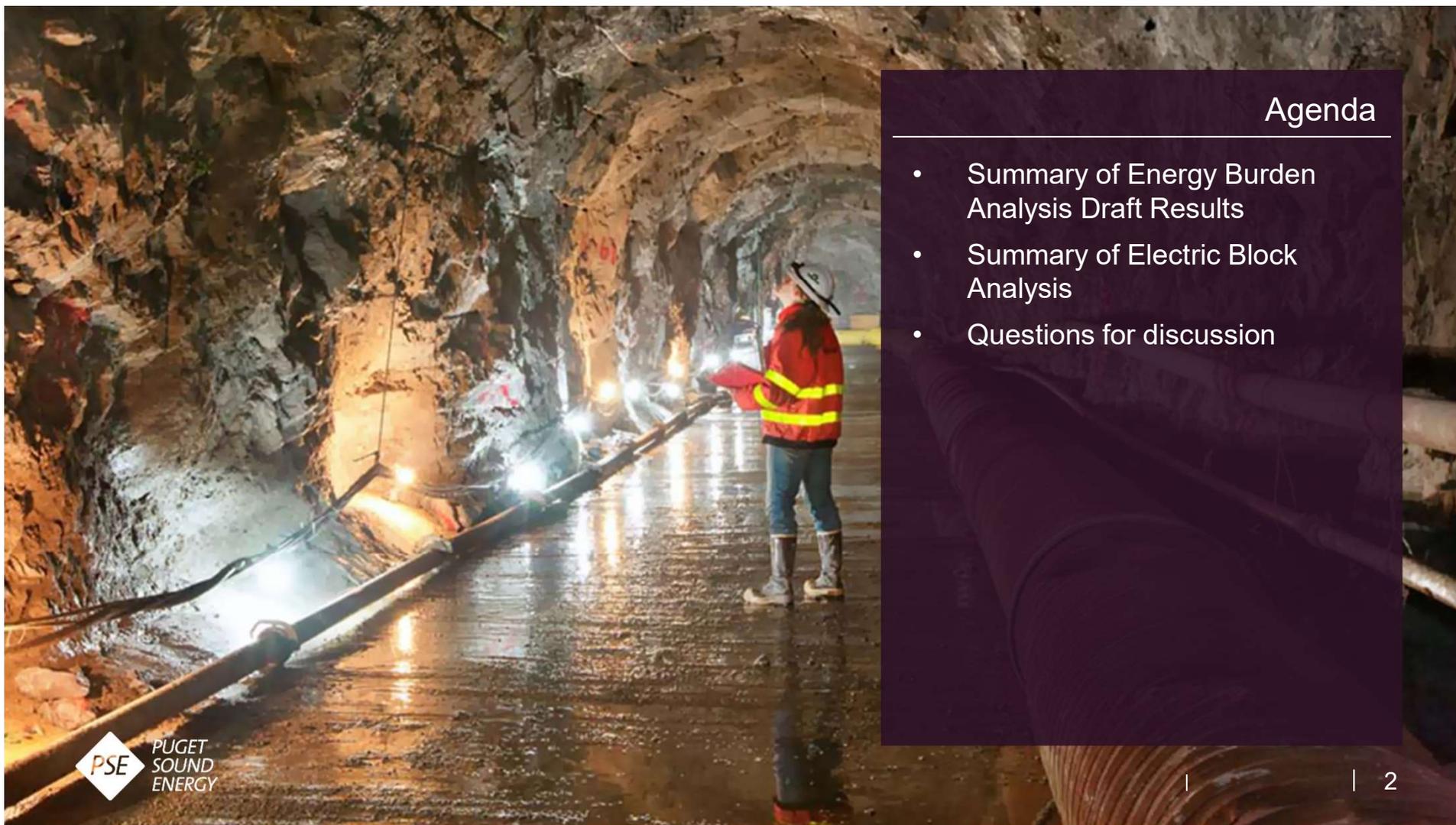
# PSE Low Income Discount Rate(s) Development

Presentation for 1:1 meetings with key stakeholders



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June 28-July 1, 2021



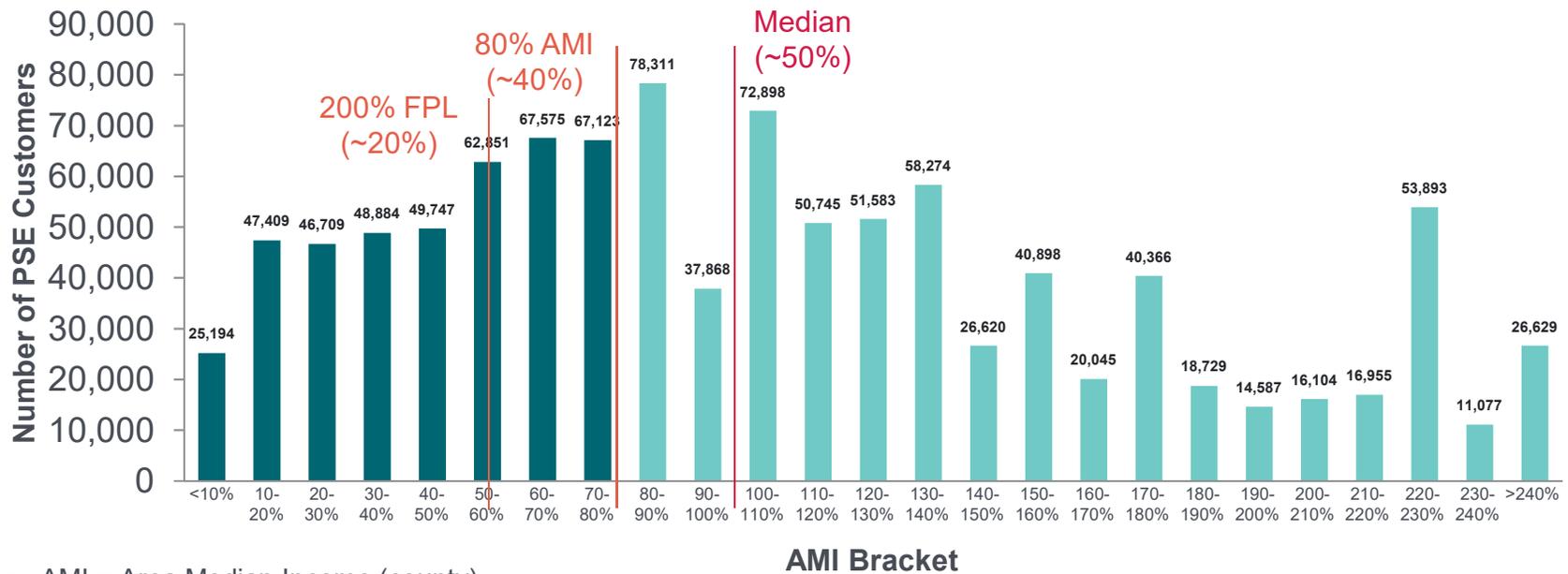
## Agenda

- Summary of Energy Burden Analysis Draft Results
- Summary of Electric Block Analysis
- Questions for discussion

All customers

By using 80% AMI, the definition of low-income is more inclusive and allows us to provide assistance to more customers

### Number of PSE Customers by Income Bracket



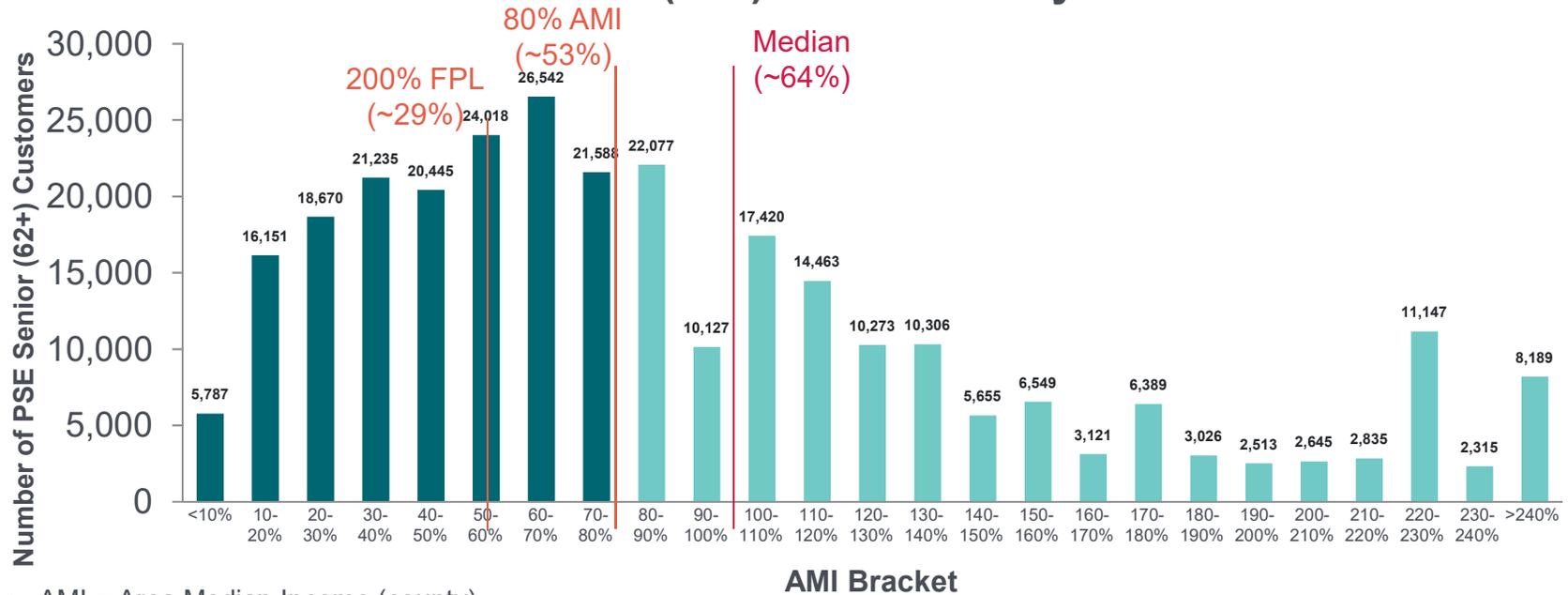
- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



Seniors

# PSE's Senior Customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

## Number of PSE Senior (62+) Customers by Income Bracket



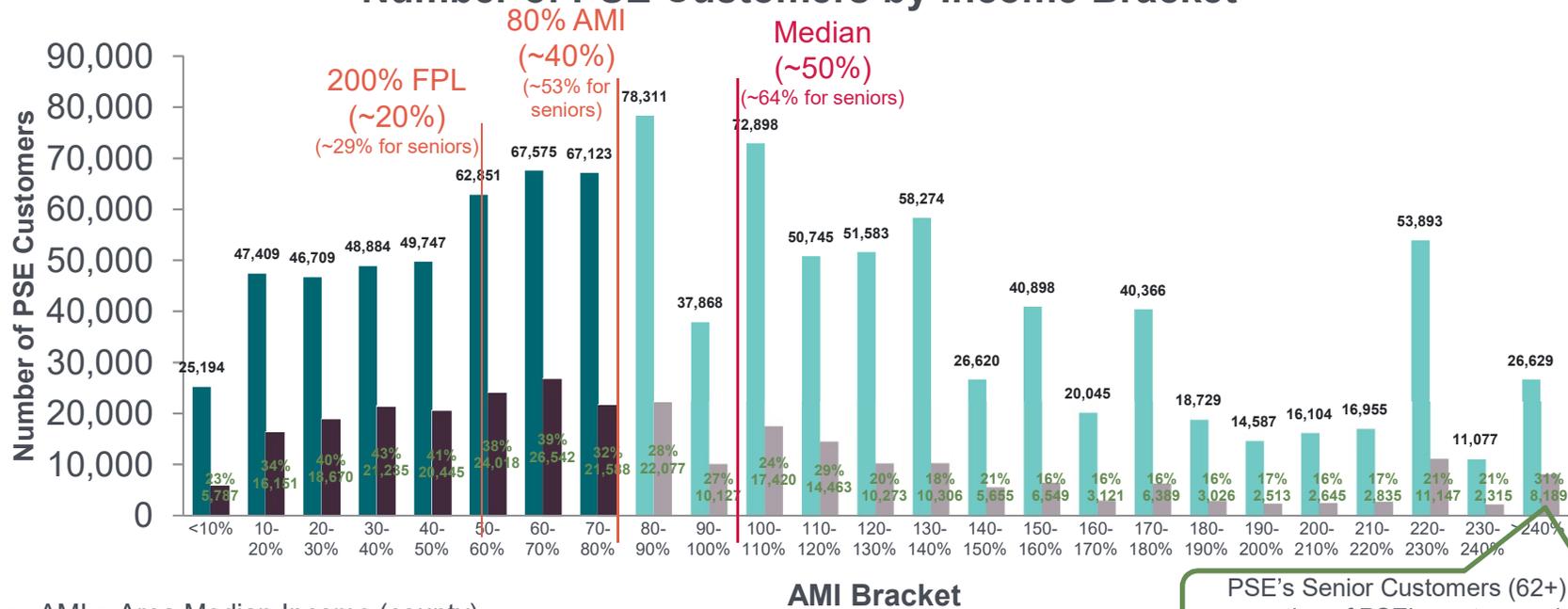
- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



All vs Seniors

# PSE's customers versus PSE's senior customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

### Number of PSE Customers by Income Bracket



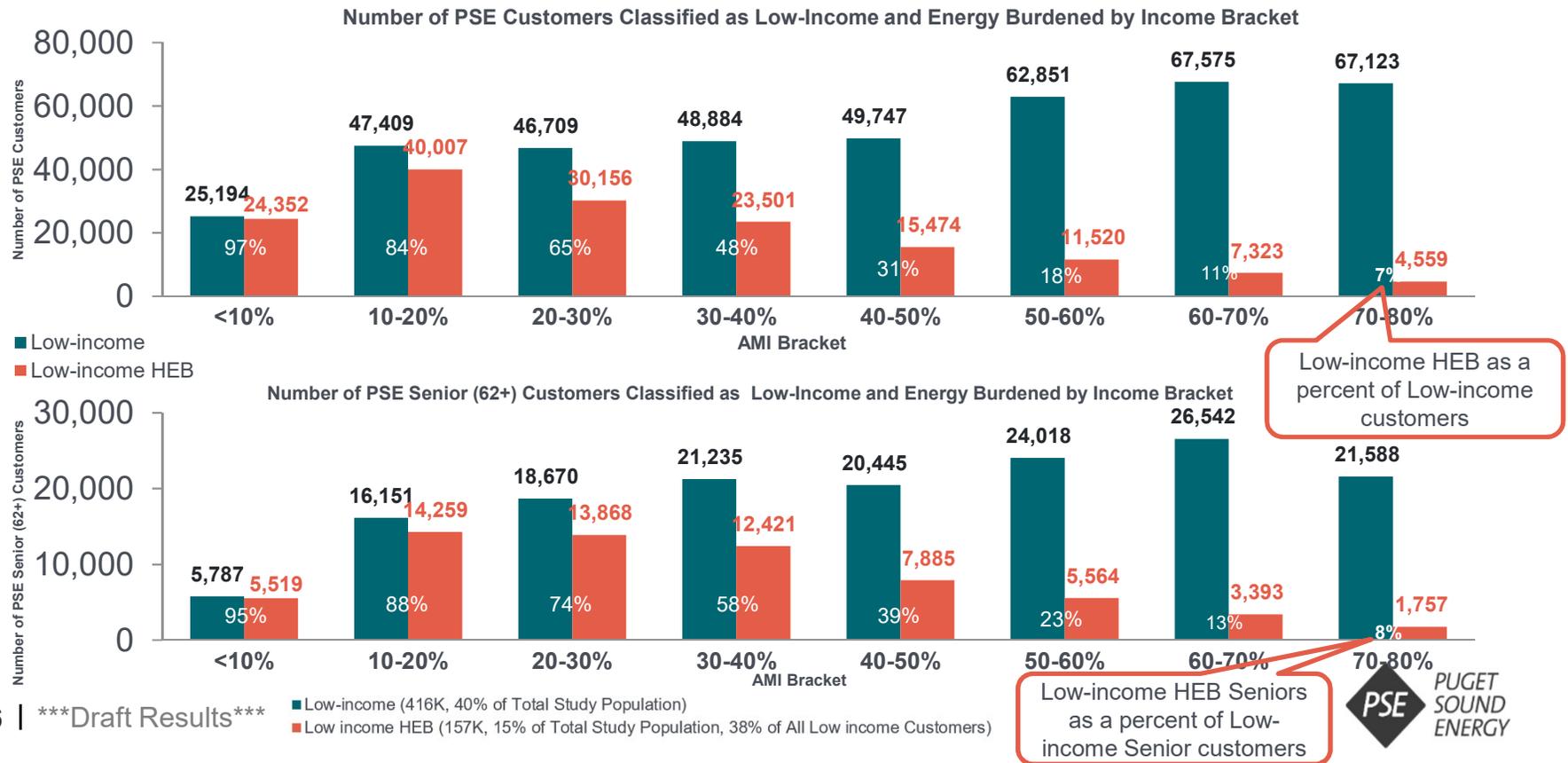
PSE's Senior Customers (62+) as a proportion of PSE's customers in each income bracket

- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



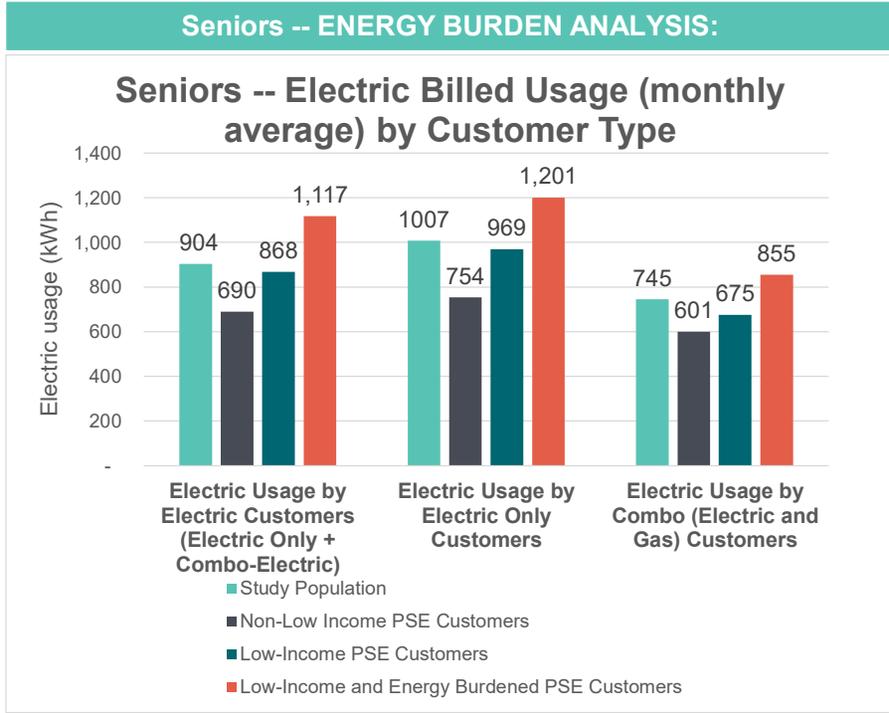
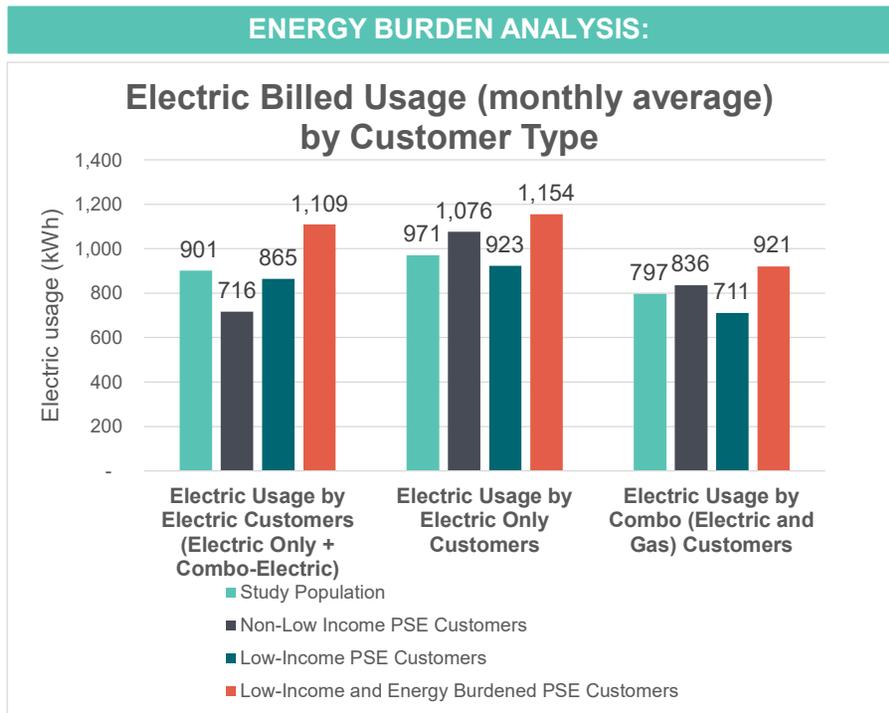
All vs Seniors

As income bracket increases, the number of energy burdened customers decreases

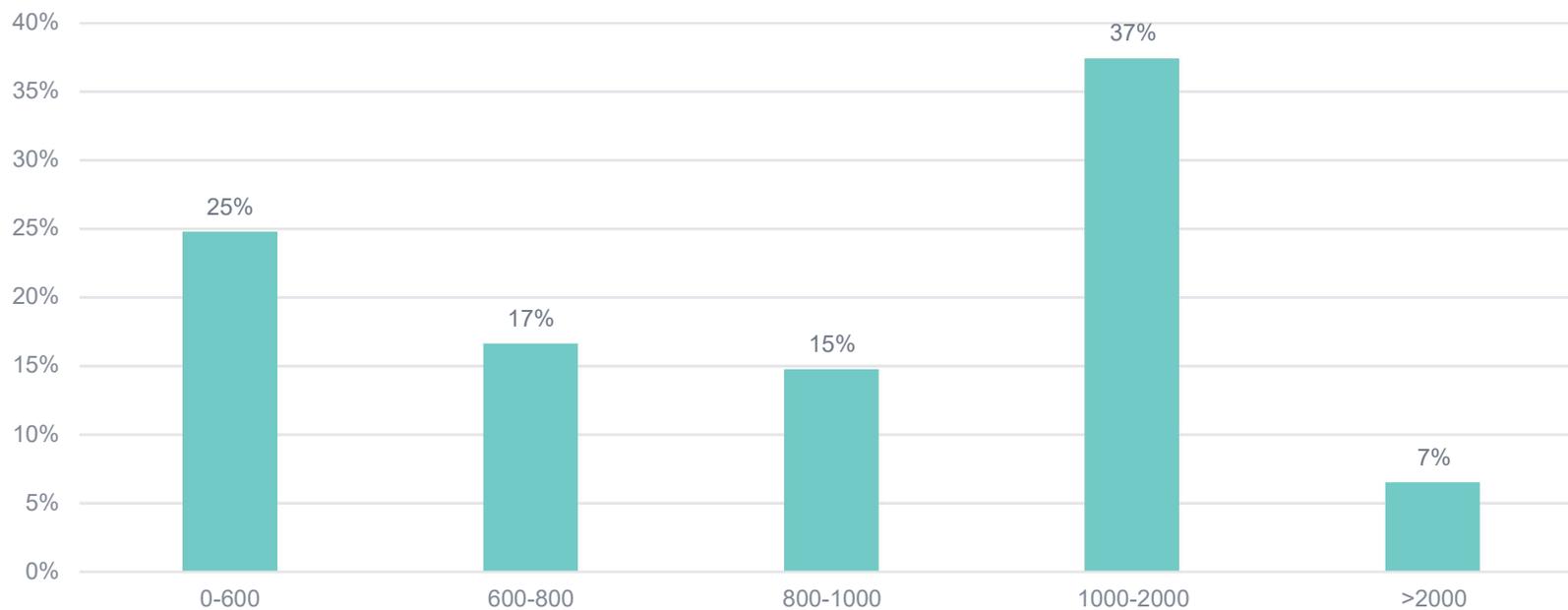


Usage – from Energy Burden analysis

Classified low-income HEB customers' electric usage is higher than for overall low-income customers by about 25% on average



## Low Income Energy Burdened Customers' Avg. Monthly Usage Pattern



## Electric block and impact analysis – per 2019 GRC Order

- Proposed change: Moving the current block 1 from 0-600kwh to 0-800kwh.

<u>Current Rules</u>			<u>Proposed Rules</u>		
Energy Block	Energy Block Kwh	Base Rate	Energy Block	Energy Block Kwh	Base Rate
Block 1	0- 600 kwh	\$0.091549	Block 1	0- 600 kwh	\$0.091549
Block 2	600 – 800 kwh	\$0.111425	Block 1	600 – 800 kwh	\$0.091549
Block 2	>800 kwh	\$0.111425	Block 2	>800 kwh	\$0.111425

### Overall Impact for Changing the Energy Block

- Proposed change will lead to a decrease in monthly bills for every customers consuming over 600kwh.

Total Shortfall -\$23,694,724 (2.23%)

Number of Customer (% impacted)	Avg. Customer Impact Percentage	Avg. Impact in \$ terms	Total Annual Charge By Current Rule	Total Annual Charge By Proposed Rule	Revenue Impact \$ Percentage
970,031 (74%)	(2.15%)	(\$3.09)	\$1,064,383,285	\$1,040,688,561	\$23,694,724 (2.23% ↓)

\*Impacts are calculated for each customer and then averaged over months

\*Impact Percentage = (Reduction in usage charge)\*100/(Usage charge per current rule)

## Electric block analysis – three ways of recuperating this shortfall are analyzed here

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### SFA1 - all shortfall is assigned to block 1 (0-800kw)

- SFA1 will increase the monthly bill for customers at lower usage level by about \$1 on average but no more than \$1.92.
- In fact, customers with higher usage level will experience an overall bill decrease.
- This method will have somewhat equitable distribution of the shortfall across customers.

### SFA2 - all shortfall is assigned to block 2 (>800kw)

- SFA2 will not impact customers whose monthly usages are below 600kwh.
- Customers using 800kwh or less in fact will experience a bill decrease of \$1.60 on average (up to \$4).
- However, customers at the very high usage level will experience a bill increase of \$9 on average (up to \$220).

### SFA3 - 50% of the shortfall is allocated to revised block 1 (0-800kw) and 50% to revised block 2 (>800kw)

- Similar to SFA1, method SFA3 will impact all customers.
- In this method, customers at the middle usage blocks will benefit but very high usage customers again will face a significant bill increase but it will be smaller than SFA2.

- **None of these shortfall allocation will decrease customer bills by a significant amount. However, a small percentage of customers, including low income customers, may experience a significant increase in bills.**
- **Since about 40% low income energy burdened customers use more than 1000 kWh on average per month, some of these customers could experience a significant bill increase due to SFA2 and SFA3.**
- **The impacts are pretty similar across income groups. However, impacts are slightly different for the energy burdened group.**
- **Low income customers may be better served by offering the low-income discount rate.**

## Questions for discussion

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- Program Design & Integration
  - What is your perspective on comprehensive Low Income program offerings?
  - How should the new LIDR program interact/integrate with other PSE Low Income programs?
  - What are the overall goals/objectives of the LIDR and Low Income program (e.g. reduce energy burden, reduce poverty, achieve energy security, etc)?
  - What metrics are we using to measure success/outreach of Low Income programs?
  - What is the role of agencies going forward?
  - Do you have examples from other utilities' LIDR programs and comprehensive program offerings that you suggest as best practice?
- Rate design
  - What is your perspective on offering separate LIDR and Low Income Senior Discount Rate (LISDR)?
  - How should a “rate discount” be offered? (fixed discount, volumetric discount, percentage of rate(s), percentage of bill, etc)?
  - Should the rate discount be offered to the customer charge, base rates, tracker/riders, all of the above?

## Questions for discussion

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- Funding/Cost Recovery
  - What should be the funding source for the LIDR/LISDR program?
  - How should the revenue deficiency from the LIDR/LISDR be recovered?
  - To which rate classes/schedules should the revenue deficiency be spread?
- Eligibility Requirements
  - What are your perspectives on eligibility requirements?
  - Who should be eligible for Low Income programs (e.g. all customers classified as low income, low income energy burdened, other)?
  - What is your perspective on a tiered approach for increased assistance (e.g. income based, PIPP, etc.)?
- Enrollment/Outreach
  - What is your interpretation of “(a) residential customer eligible for a low-income discount rate must receive the service on demand.”?
  - Do you have any suggestions for ways to pre-enroll/auto-enroll customers?
  - What would be your suggestions for partnerships? Lists/databases PSE could use?
  - What are your thoughts on verification when auto-enrolling?
  - What is your perspective on income verification frequency?
- Other?

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# Development of PSE's Income Qualified Discount Rates

Presentation to Equity Advisory Group (EAG)



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July 12, 2021

# Safety moment: electric safety tips on PSE.com

The screenshot shows the PSE website interface. The navigation menu includes 'Account & Billing', 'Safety & Outages', 'Customer Service', 'Efficiency & Green Options', 'Construction Services', and 'Who We Are'. Under 'Safety & Outages', the 'Electric safety' sub-menu is expanded, with 'Electrical safety tips' highlighted by a red box. A red arrow points from this box to the 'Electric safety tips' content area on the right. The content area lists several safety tips, including knowing where the circuit panel is, never using an oven to heat, and staying clear of downed power lines.

Power outages	Electric safety	Natural gas safety	Get prepared	Emergency operations
Outage map	Downed power lines	Natural gas leaks	Have a plan	
Report an outage	Generator safety	Call before you dig	Create a kit	
Storm resources	<b>Electrical safety tips</b>	Blocked sewer and septic	Storm	
Alerts and advisories	Electricity shut off	Gas inspections	Flood	
Street light problem	Electromagnetic fields	Carbon monoxide	Earthquake	
How power gets restored		Gas shut off		
Service guarantees		Gas safety tips		

## Electric safety tips

- Know where your home's circuit panel is and [how to turn off your breakers](#) and main switch.
- **Never** use an oven to heat your home.
- If you're using a generator, follow the manufacturer's instructions. See safety tips about [portable generators](#).
- Check for overhead powerlines when working outdoors around your house. Remember to keep tall ladders, roofing materials and pruning equipment clear of overhead power lines to avoid a hazardous situation.
- Stay clear of downed [power lines](#).
- Never climb transmission towers, power poles or substation fences. If a pet is stuck after climbing a power pole, call PSE at [1-888-225-5773](#) or call [911](#).
- Do not sit on the cabinets housing electrical equipment.
- When getting ready to dig, make sure to [call 811](#) – the free "Call Before You Dig" hotline – to avoid potential hazards with striking or digging around underground utilities.
- Plant new trees away from overhead power lines.
- **Never** climb trees near power lines – even if the power lines are not touching the trees.
- Avoid flying kites, metallic balloons, drones and radio-controlled toys near power lines. If a kite or Mylar balloon drifts near a power line, let it go. Never try to retrieve anything caught in a power line or from a tree located near a power line.

## Agenda

- Safety Moment
- Rate design process purpose and Equity Advisory Group's role
- Overview of rate design
- PSE's low-income program objectives and rate design considerations
- Open discussion with Q&As
- Next Steps

# Key definitions from regulations\*

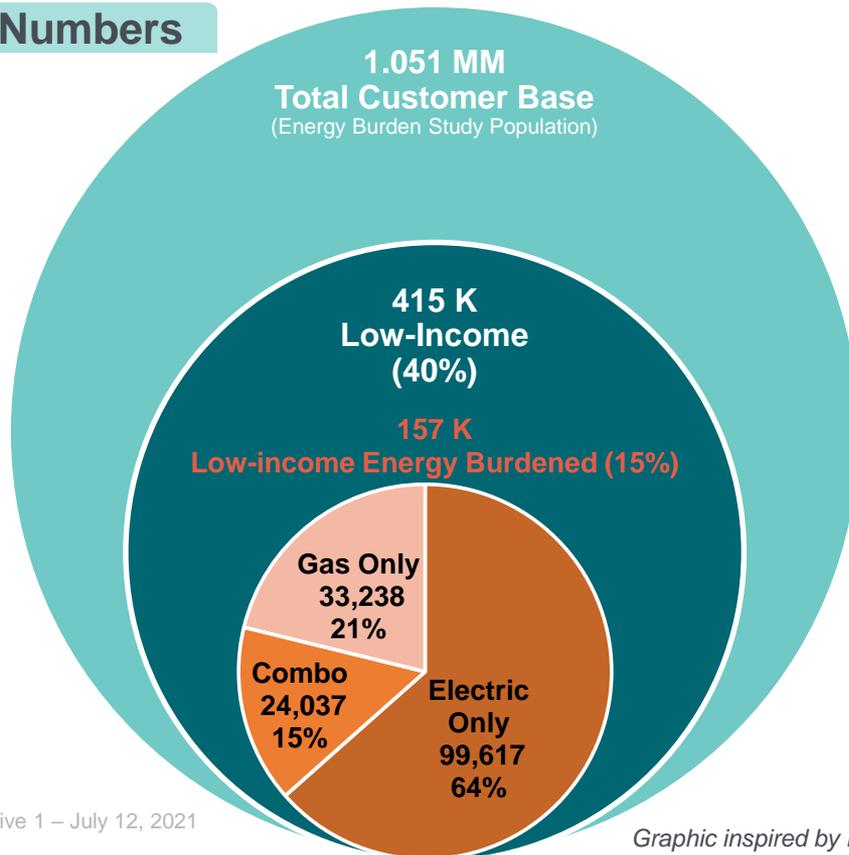
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- **"Energy assistance"** means a program undertaken by a utility to reduce the household energy burden of its customers.
- **"Energy assistance need"** means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.
- **"Energy burden"** means the share of annual household income used to pay annual home energy bills. Washington Department of Commerce has set the threshold for determining energy assistance need at 6% energy burden.
- **"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.

\* Senate Bill 5295 (Regulatory Reform Bill) referenced these Clean Energy Transformation Act definitions

# Refresher: PSE Energy Burden Analysis draft results

## The Draft Numbers



## The Who & Why

- Vast **majority of energy burdened** customers are classified as **low-income** → income is the primary driver of energy burden
- **High energy burden customers use more energy on average** than overall residential customers
- **High energy burden is more likely among already vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

# Why are we here tonight?

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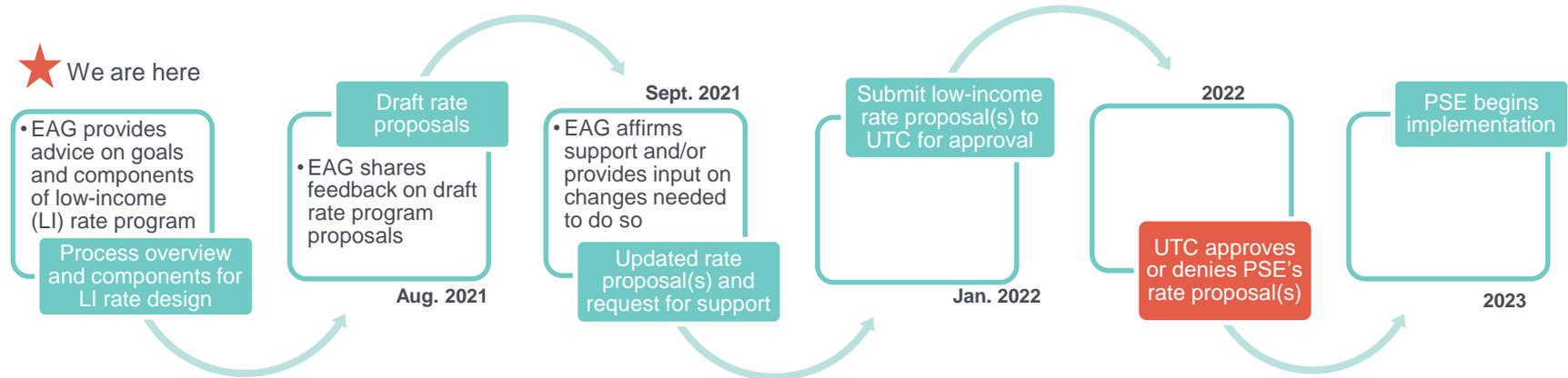
- PSE must propose low income discount rate
  - “The gas or electrical company must use **reasonable and good faith efforts to seek approval for low-income program design, eligibility, operation, outreach, and funding proposals** from its **low-income and equity advisory groups** in advance of filing such proposals with the commission.” (Senate Bill 5295)
- PSE believes input from our advisory groups will lead to a better outcome
- PSE is seeking:
  - Input from the Equity Advisory Group (EAG) and Low Income Advisory Committee (LIAC) on low-income discount rate design for electric and natural gas customers
  - Support for EAG and LIAC-informed rate proposals

# Developing a low-income discount rate to support customers

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- **What it is:** A discount on the customers bill
- **PSE must determine as part of the process:**
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Eligibility:** who gets the discount
  - **Operation:** how the discount is made available
  - **Outreach:** how to get the word out about the discount
  - **Funding:** how to balance low-income customer needs with impacts to all customers

# Low-income rate design process and Equity Advisory Group role



- **Goal:** Develop a rate design for low-income customers that will compliment existing low-income assistance programs
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

## Questions to consider today

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- Are the **objectives** of PSE's low-income programs appropriate? Are there additional objectives to consider?
- How should an **income-qualified rate complement existing programs**?
- **Who should participate and why** – those with the most need, seniors, or others?
- Since all customers pay the costs of low-income programs on their bills, **where can we produce the most good or equity**?
- What **outreach methods** and **partnerships** could we use to get customers to sign-up?

# Introduction to rate design by The Brattle Group

## Presented By



Ahmad Faruqui

PRINCIPAL | SAN FRANCISCO

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Dr. Faruqui is an internationally recognized energy economist whose consulting practice encompasses rate design, demand response, distributed energy resources, demand forecasting, decarbonization, electrification and energy efficiency and load flexibility.

In his career, Dr. Faruqui has advised some 150 clients in 12 countries on 5 continents and appeared before numerous regulatory bodies, governments, and legislative bodies. He has authored or coauthored more than 150 papers, co-edited 5 books and has been cited multiple news outlets.

He has also taught economics at San Jose State University, the University of California, Davis, and the University of Karachi. He has also been a guest lecturer at universities and given seminars on energy issues on 20 countries on 6 continents.

# Before we get started...

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- Spend three minutes watching the “Utility Rate Regulation Explainer Part 1” from the Energy Policy Innovation Council at Arizona State University
- [https://www.youtube.com/watch?v=7Q9eST\\_jzps](https://www.youtube.com/watch?v=7Q9eST_jzps)

# Who sets electricity rate for utilities?

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The principles of ratemaking include economic efficiency, equity, revenue stability, customer satisfaction and decarbonization

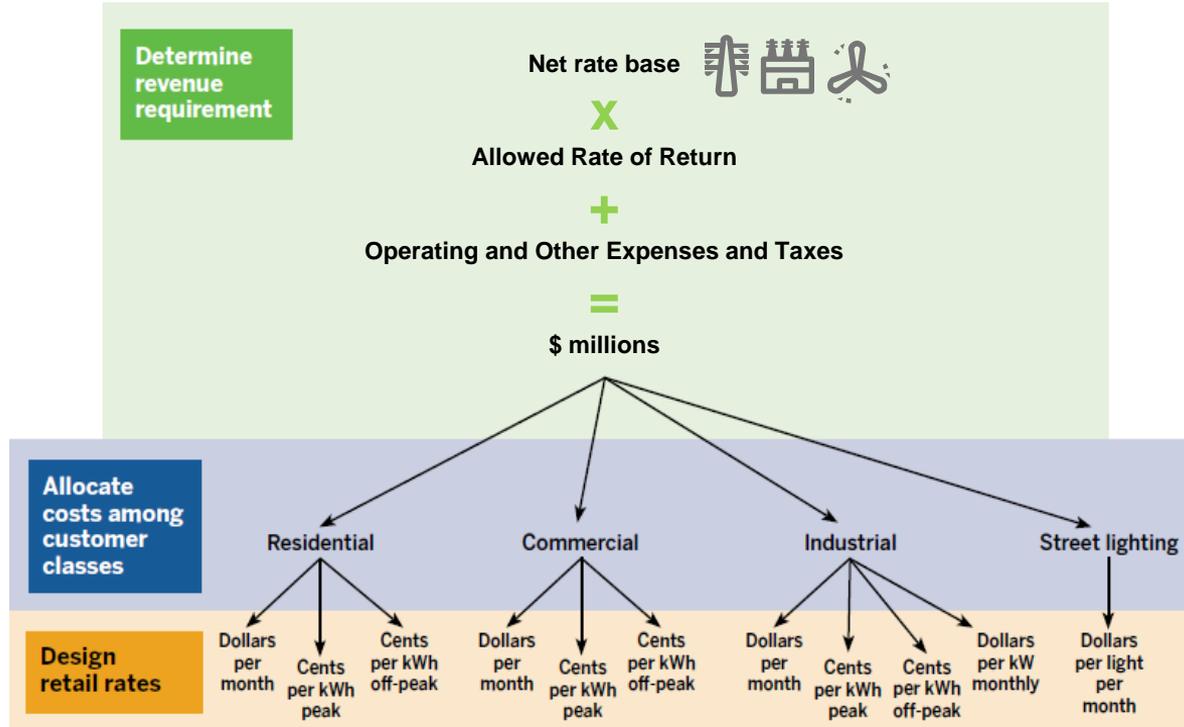
- The principles are generally similar across investor-owned utilities, publicly owned utilities and cooperatives but institutional differences do play a role in how they are implemented

For investor-owned utilities, state regulatory commissions set rates.

Utility management has to submit their rate proposal for approval by the regulators

- The frequency of rate applications varies by utility, being annual, biennial or triennial in several cases, less frequent in others
- In most cases, stakeholders representing various segments of society will intervene in the rate case and present their viewpoint to the relevant authorities

# Overview of ratemaking process



Source: Regulatory Assistance Project (RAP) "Electric Cost Allocation for a New Era: A Manual" Jan 2020; simplified by PSE

# PSE's Residential Rate Design (electric as example)

## HOW A CUSTOMER BILL IS CALCULATED

### SCH 7

### RESIDENTIAL SERVICE

For a customer who used 1,000 kWh during one month (assuming 30 days of service).

BASIC CHARGE			\$	7.49
ELECTRICITY CHARGE	1,000 kWh			
Tier 1 First	600 kWh	@	\$ 0.093143	\$ 55.89
Tier 2 Remaining	400 kWh		\$ 0.113349	\$ 45.34
ENERGY EXCHANGE CREDIT	1,000 kWh	@	\$ (0.007386)	\$ (7.39)
OTHER ELECTRIC CHARGES AND CREDITS	1,000 kWh	@	\$ 0.004477	\$ 4.48
			<b>SUBTOTAL</b>	<b>\$ 105.81</b>
State Utility Tax included in above charges				
			<b>TOTAL BILL</b>	<b>\$ 105.81</b>

# PSE's Low Income Program funding – mechanism

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- “Schedule 129” (Low Income Program)
  - Result of UTC requirements stemming from rules and rate cases
- All customers pay a surcharge that collects costs for this program

Source: [PSE Schedule 129 Low Income Program](#) (latest filed: effective June 27, 2021)

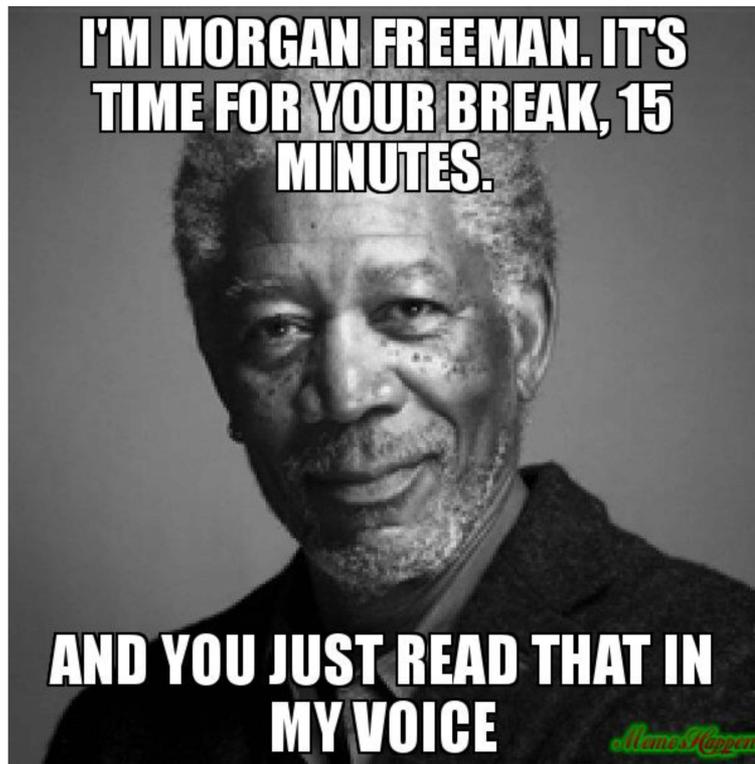
# Key takeaways

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- Rates are set by our regulator – the UTC
- Rates are developed to address:
  - Collection of utility costs and rate of return on needed investments
  - Allocation of costs spread across customers
- Rates are different for different types of customers, and collected based on those differences

# Questions?

# Break time!



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## PSE's low-income program objectives and rate considerations



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**Birud Jhaveri**, Manager of Pricing & Cost of Service, PSE  
**Suzanne Sasville**, Supervisor of Energy Assistance Programs, PSE

# Refresher: PSE's current low-income programs

## Low-income bill assistance

Program	Description
<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>	Federal program that helps pay for heating and cooling on the customer's bill.
<b>PSE Home Energy Lifeline Program (HELP)</b>	Currently, designed to pay 20%-60% of a household's annual energy usage in a one-time per program year bill credit. Grant range: \$100-\$1,000.
<b>COVID Bill Assistance</b>	Pays off a qualified customer's past due billing owed to PSE to avoid service disconnections once PSE begins to collect for non-payment in August. Max grant is \$2,500 (once per program year).
<b>PSE's Warm Home Fund</b>	Helps keep customers from being disconnected or to reconnect service if they are disconnected. Max grant at this time is \$600.

## Income-eligible programs

<b>Weatherization Assistance Program</b>	Qualified customers receive free structural improvements and home upgrades like insulation, roof repairs, duct sealing and more. Priorities: seniors, disability, children, energy burden, Native American.
<b>Emergency preparedness kits</b>	Targeted distribution of emergency preparedness kits for 2020-2021 storm season to most vulnerable customers.
<b>Multifamily New Construction</b>	Enhanced incentives targeting new affordable housing projects, including a 50% higher energy efficiency incentive and a \$2500 Early Design Assistance (EDA) incentive for projects that include PSE and other energy efficiency stakeholders in early planning meetings.
<b>Efficiency Boost rebates</b>	Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.

## All programs

<b>Energy Efficiency programs</b>	Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.
<b>Manufactured home rebates</b>	Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.
<b>Budget Payment Plan</b>	Monthly payment based on average annual energy usage.
<b>Payment arrangements</b>	Bill payment plans to extend the due date into weekly/monthly payments.
<b>Arrearage Management Plan</b>	Provides relief for income-qualified customers who have unmanageable past-due balances (arrears) on their bills.

# PSE's current low-income programs and eligibility

Energy Efficiency (EE) program

Budget Payment Plan

Payment Arrangements

Arrearage Management Program (AMP) – LI eligibility details TBD

PSE HELP (200% FPL or 80% AMI)

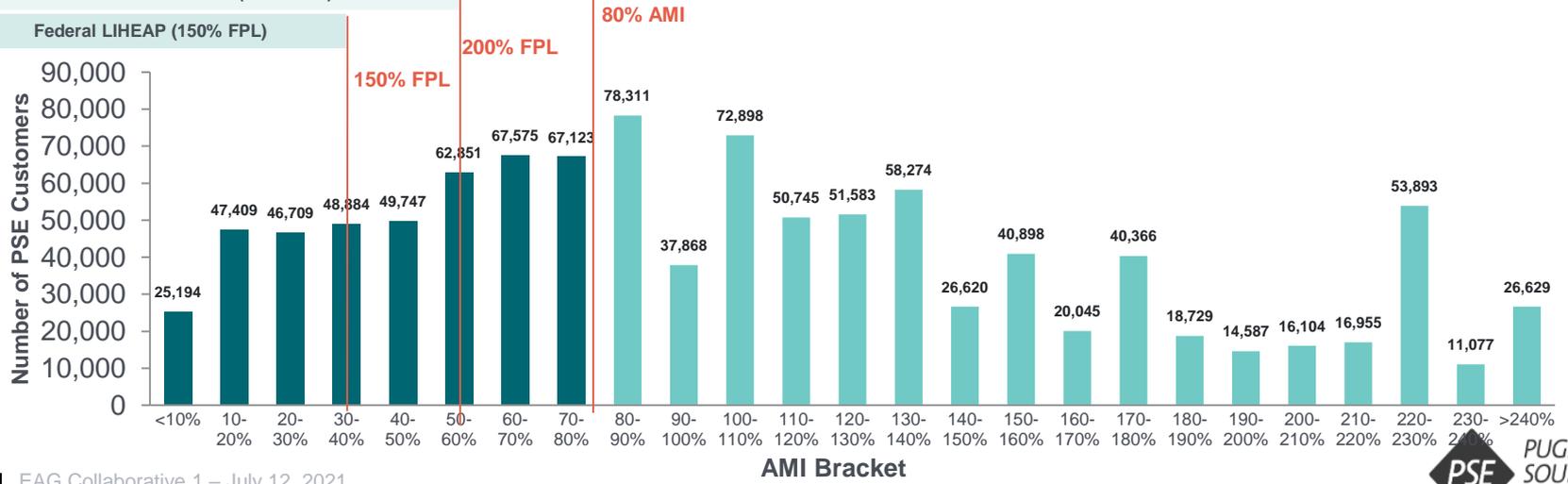
Low-income EE programs (200% FPL or 60% SMI)

COVID Bill Assistance (200% FPL)

Warm Home Fund (200% FPL)

Federal LIHEAP (150% FPL)

## Number of PSE Customers by Income Bracket (PSE's Energy Burden Analysis Draft Results)



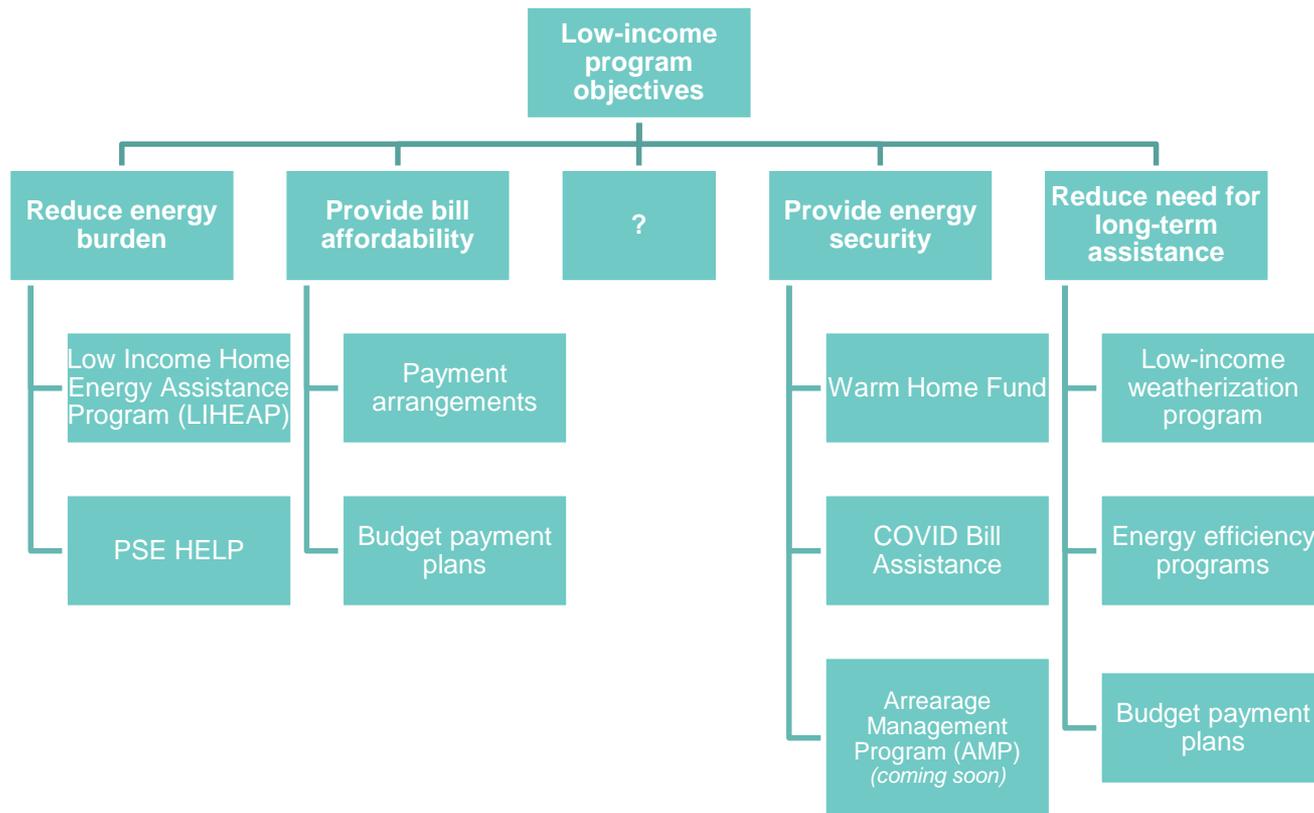
- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE low-income program approach and considerations

<b>Objective</b>	<b>Outcome</b>
<b>Reduce energy burden</b>	Reduced energy expenses
<b>Provide bill affordability</b>	Ability for customers to make consistent monthly payments
<b>Provide energy security</b>	Emergency funding to manage utility bills and prevent disconnections from accumulated debt (arrearages)
<b>Reduce need for long-term assistance</b>	Lower customer usage and bills through energy efficiency and conservation

# PSE's current low-income objectives and specific programs



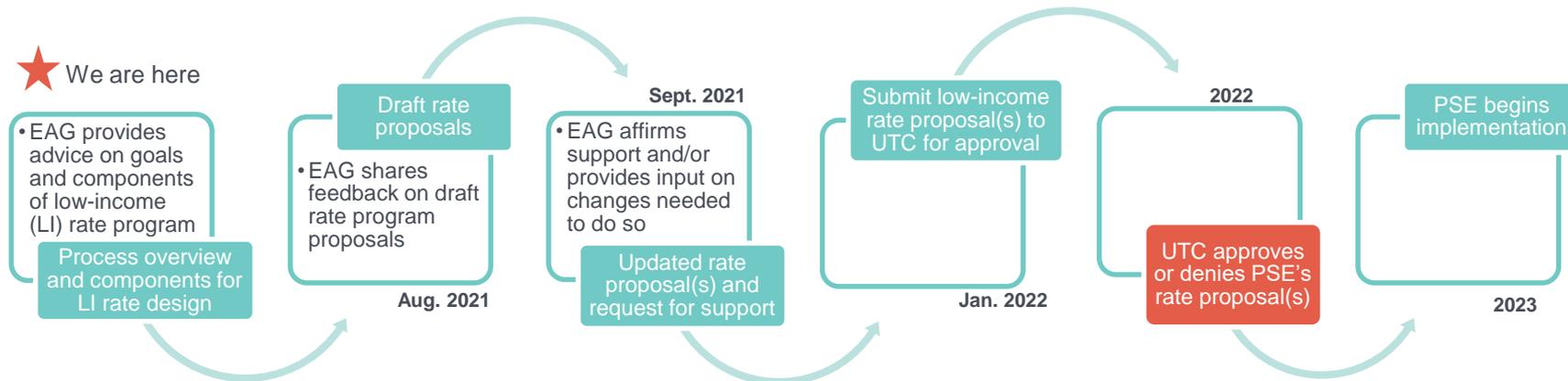
- Discussion questions:
- Are the objectives of the low-income programs appropriate?
  - Are there additional objectives to consider?

# Discussion

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1. How should an **income-qualified rate complement existing programs**?
2. **Who should participate and why** – those with the most need, seniors, or others?
3. Since all customers pay the costs of low-income programs on their bills, **where can we produce the most good or equity?**
4. What **outreach methods** and **partnerships** could we use to get customers to sign-up?

# Next steps



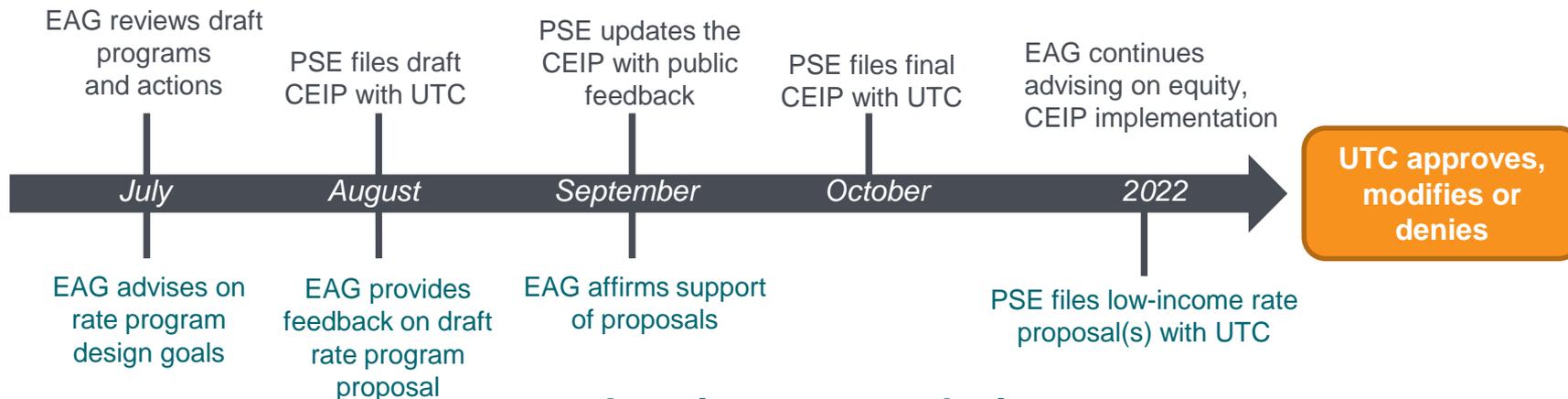
- EAG and LIAC feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# Clarifying Equity Advisory Group efforts

## Clean Energy Implementation Plan

Goal: EAG advises on equity issues related to electric energy planning

Outcome: Equity embedded in development and implementation of PSE's CEIP



## Low-income rate design

Tasked by Washington State Legislature in Spring 2021

Goal: EAG advises on low-income discount rate design that compliments existing low-income programs

Outcome: Advisory group-supported low-income discount rate(s) that benefit low-income customers

# Follow-ups

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- We need your feedback on Rate Design meeting date options
  - August
  - September
  
- Thank you for sharing your feedback – we're listening and adjusting

# Questions?

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## Contact:

- Rose McKinney-James: [rose@mckinneyjamesassociates.com](mailto:rose@mckinneyjamesassociates.com)
- Diann Strom: [diann.strom@pse.com](mailto:diann.strom@pse.com)

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# Development of PSE's Income Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)



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July 13, 2021

## Agenda

- Safety Moment
- Rate design process, purpose, and LIAC's role
- Refresher of key takeaways from Energy Burden Analysis Draft Results
- Overview of PSE's current assistance programs
- PSE's low-income program objectives and rate design considerations
- Open discussion with Q&As
- Next Steps

# Safety moment: Electric Safety Tips on PSE.com

The screenshot shows the PSE website interface. The navigation menu includes 'Account & Billing', 'Safety & Outages', 'Customer Service', 'Efficiency & Green Options', 'Construction Services', and 'Who We Are'. Under 'Safety & Outages', the 'Electric safety' sub-menu is expanded, with 'Electrical safety tips' highlighted by a red box. A red arrow points from this box to the 'Electric safety tips' content area on the right. The content area lists various safety tips, including knowing where the circuit panel is, never using an oven to heat, and staying clear of downed power lines.

Power outages	Electric safety	Natural gas safety	Get prepared	Emergency operations
Outage map	Downed power lines	Natural gas leaks	Have a plan	
Report an outage	Generator safety	Call before you dig	Create a kit	
Storm resources	<b>Electrical safety tips</b>	Blocked sewer and septic	Storm	
Alerts and advisories	Electricity shut off	Gas inspections	Flood	
Street light problem	Electromagnetic fields	Carbon monoxide	Earthquake	
How power gets restored		Gas shut off		
Service guarantees		Gas safety tips		

## Electric safety tips

- Know where your home's circuit panel is and [how to turn off your breakers](#) and main switch.
- **Never** use an oven to heat your home.
- If you're using a generator, follow the manufacturer's instructions. See safety tips about [portable generators](#).
- Check for overhead powerlines when working outdoors around your house. Remember to keep tall ladders, roofing materials and pruning equipment clear of overhead power lines to avoid a hazardous situation.
- Stay clear of downed [power lines](#).
- Never climb transmission towers, power poles or substation fences. If a pet is stuck after climbing a power pole, call PSE at [1-888-225-5773](#) or call [911](#).
- Do not sit on the cabinets housing electrical equipment.
- When getting ready to dig, make sure to [call 811](#) – the free "Call Before You Dig" hotline – to avoid potential hazards with striking or digging around underground utilities.
- Plant new trees away from overhead power lines.
- **Never** climb trees near power lines – even if the power lines are not touching the trees.
- Avoid flying kites, metallic balloons, drones and radio-controlled toys near power lines. If a kite or Mylar balloon drifts near a power line, let it go. Never try to retrieve anything caught in a power line or from a tree located near a power line.

# Key definitions from regulations

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- **"Energy assistance"** means a program undertaken by a utility to reduce the household energy burden of its customers.
- **"Energy assistance need"** means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.
- **"Energy burden"** means the share of annual household income used to pay annual home energy bills. **Washington Department of Commerce has set the threshold for determining energy assistance need at 6% energy burden.**
- **"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.

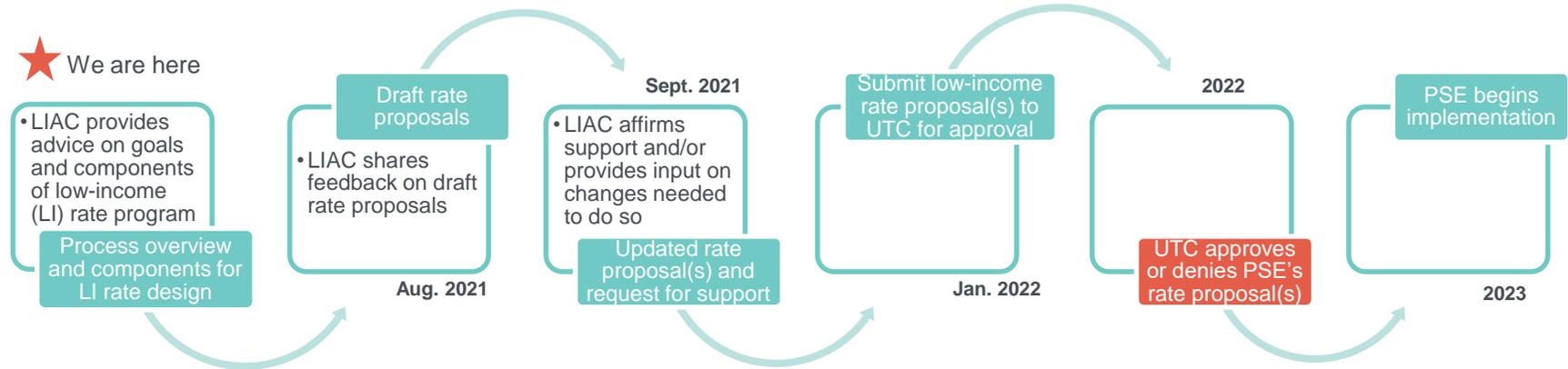
\* Senate Bill 5295 (Regulatory Reform Bill) referenced these Clean Energy Transformation Act definitions

# Why are we here today?

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- PSE must propose low income discount rate
  - “The gas or electrical company must use **reasonable and good faith efforts to seek approval for low-income program design, eligibility, operation, outreach, and funding proposals** from its **low-income and equity advisory groups** in advance of filing such proposals with the commission.” (Senate Bill 5295)
- PSE believes input from our advisory groups will lead to a better outcome
- PSE is seeking:
  - Input from the Equity Advisory Group (EAG) and Low Income Advisory Committee (LIAC) on low-income discount rate program design for electric and natural gas customers
  - Support for EAG and LIAC-informed rate proposals

# Low-income rate design process and LIAC's role



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

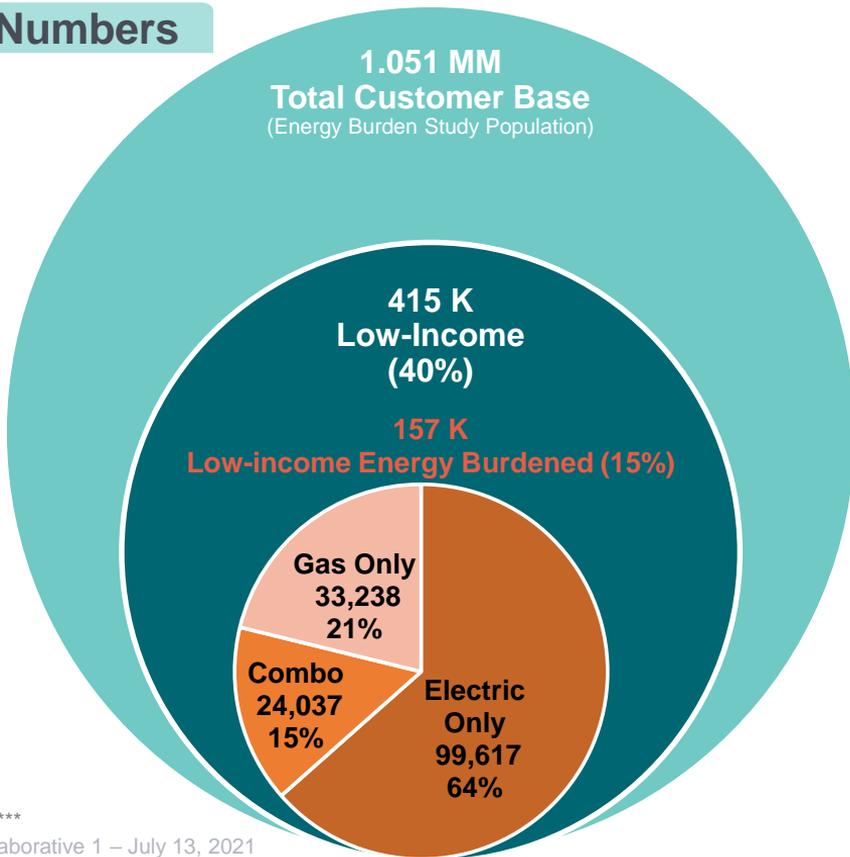
# Questions to consider today

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- Are the **objectives** of PSE's low-income programs appropriate? Are there additional objectives to consider?
- How could a specific income-qualified rate **compliment and add value** to PSE's existing low-income programs?
- Are there particular community members that might be better served by a rate design over other types of programs? **Who should participate and why** – those with the most need, seniors, or others?
- With the understanding that **all customers pay the costs of a low-income programs** on their bills, how can PSE make the most of limited resources to serve income-eligible customers and **how can we produce the most good or equity?**
- What unique considerations might there be with seniors to inform **whether we also develop a low-income senior discount rate?**

# Refresher: PSE Energy Burden Analysis draft results

## The Draft Numbers



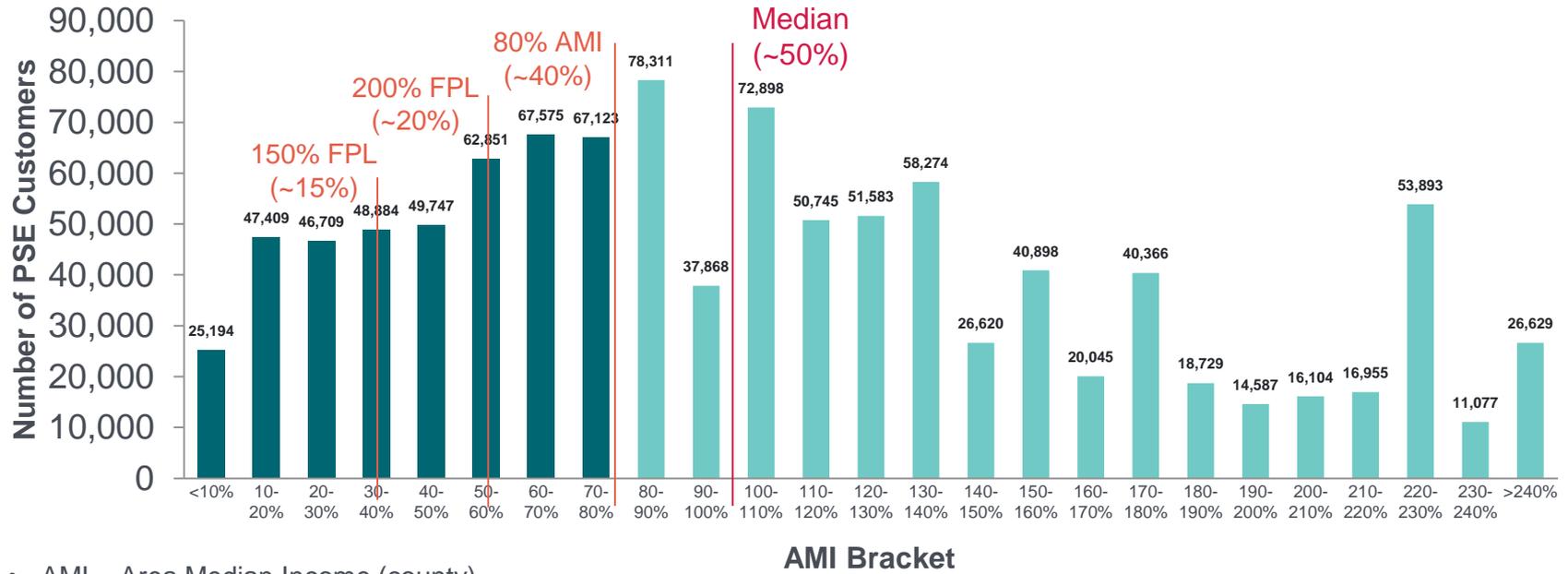
## The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)



# By using 80% AMI, the definition of low-income is more inclusive and allows us to provide assistance to more customers

## Number of PSE Customers by Income Bracket

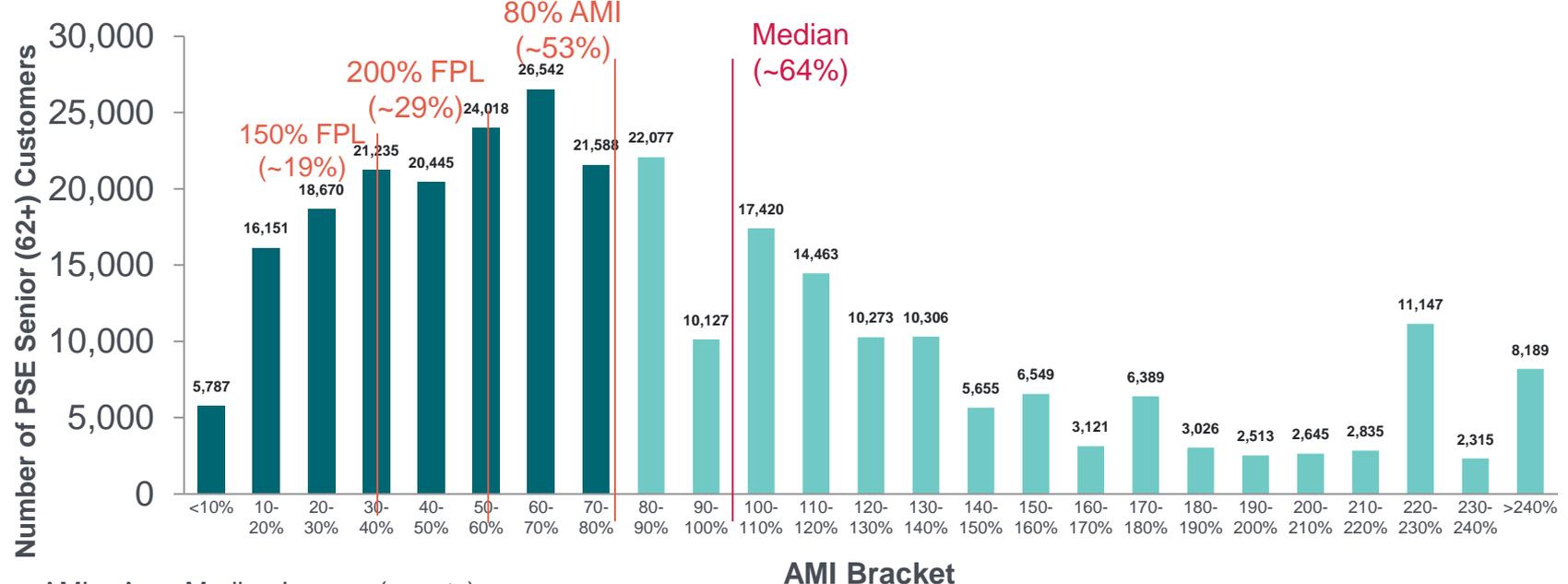


- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE's Senior Customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

## Number of PSE Senior (62+) Customers by Income Bracket

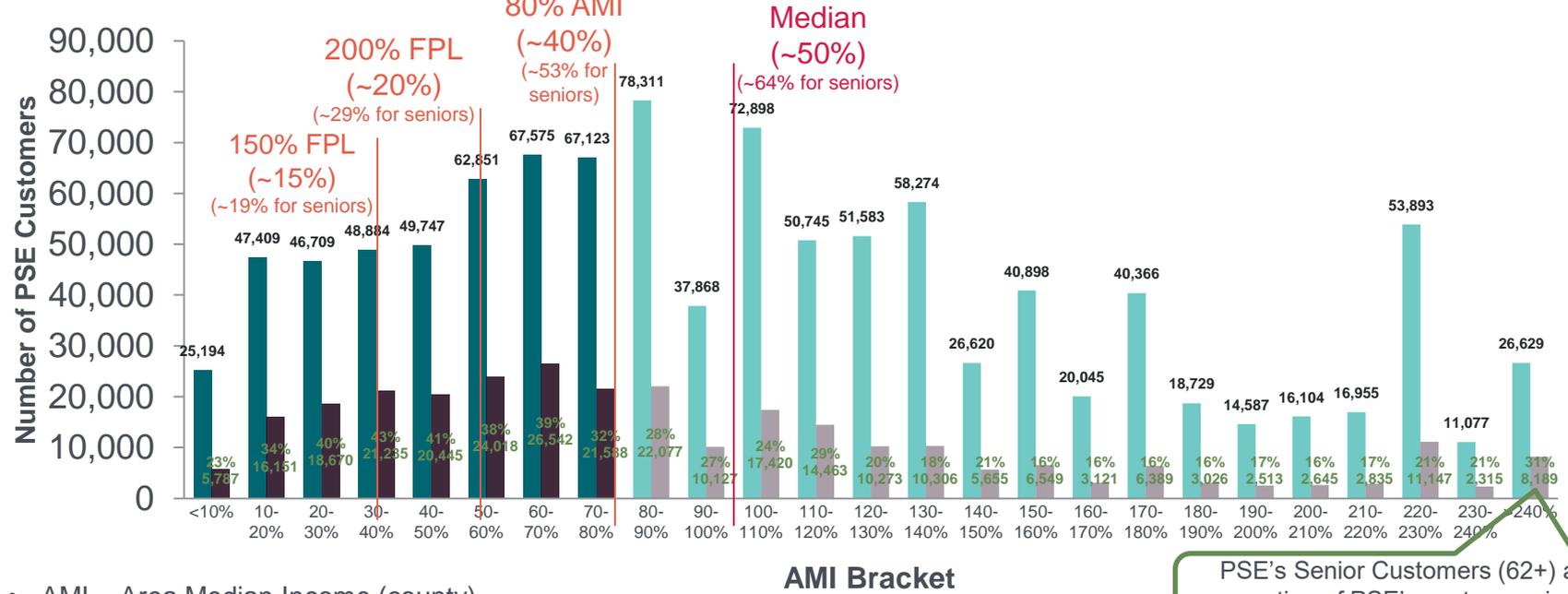


- AMI = Area Median Income (county)
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# PSE's customers versus PSE's senior customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

## Number of PSE Customers by Income Bracket

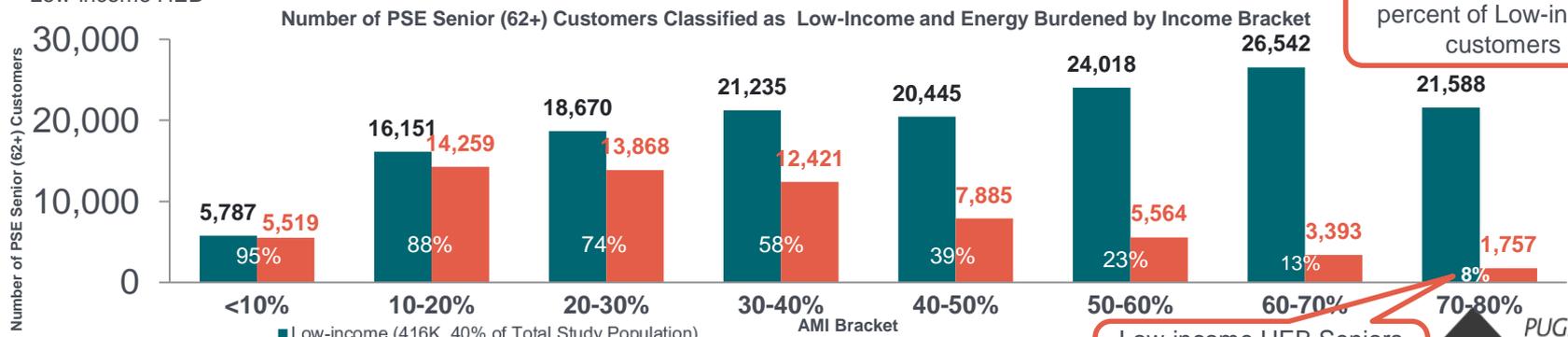
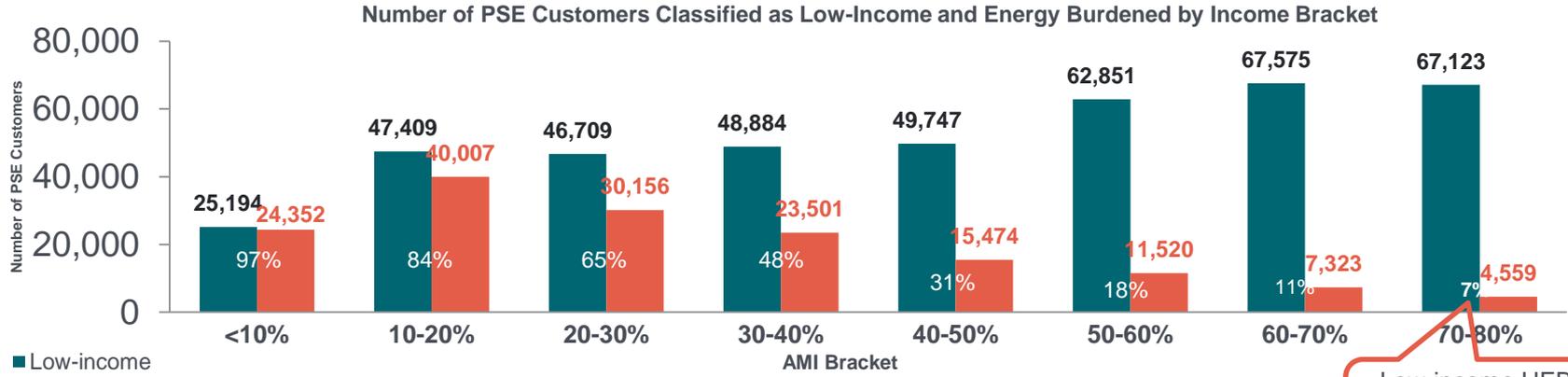


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PSE's Senior Customers (62+) as a proportion of PSE's customers in each income bracket



# As income bracket increases, the number of energy burdened customers decreases



Low-income HEB as a percent of Low-income customers

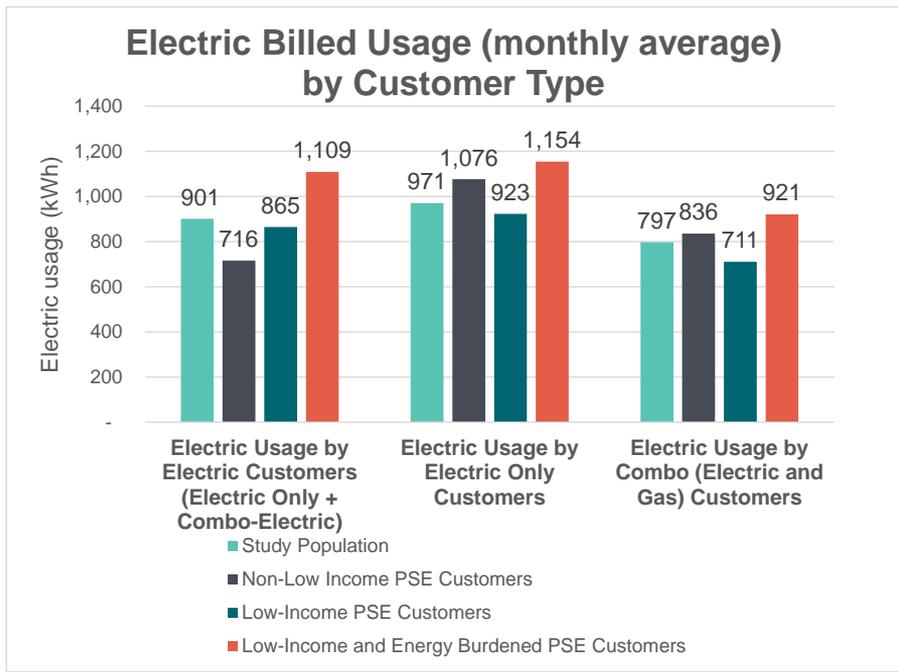
Low-income HEB Seniors as a percent of Low-income Senior customers

■ Low-income (416K, 40% of Total Study Population)  
 ■ Low income HEB (157K, 15% of Total Study Population, 38% of All Low income Customers)

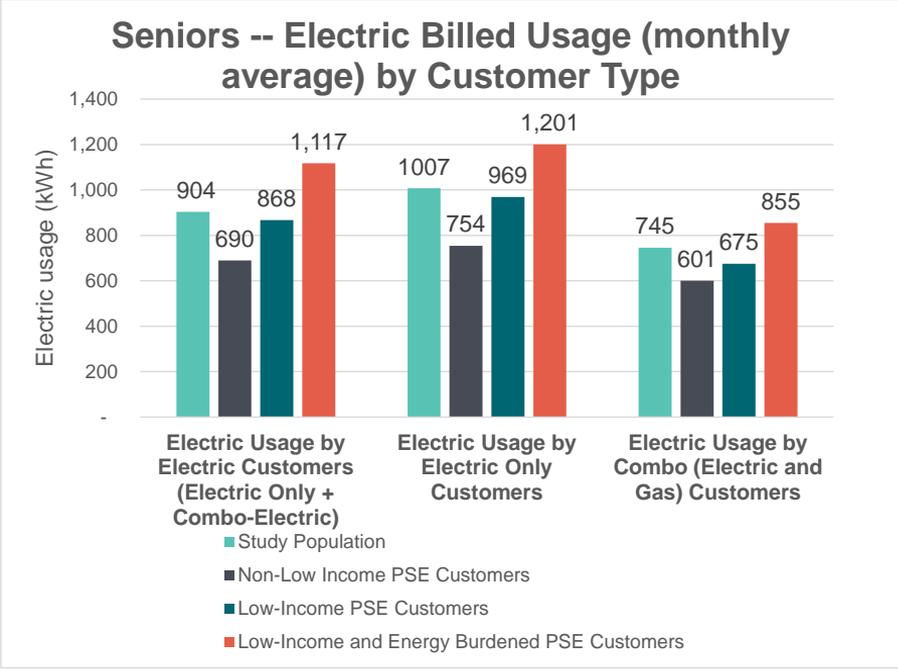


# Classified low-income HEB customers' electric and gas usage is higher than for overall low-income customers

## ENERGY BURDEN ANALYSIS:



## Seniors -- ENERGY BURDEN ANALYSIS:



# Refresher: PSE's current low-income programs

## Low-income bill assistance

Program	Description
<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>	Federal program that helps pay for heating and cooling on the customer's bill.
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<b>Efficiency Boost rebates</b>	Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.

## All programs available to all customers

Program	Description
<b>Energy Efficiency programs</b>	Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.
<b>Manufactured home rebates</b>	Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.
<b>Budget Payment Plan</b>	Monthly payment based on average annual energy usage.
<b>Payment arrangements</b>	Bill payment plans to extend the due date into weekly/monthly payments.

# PSE's Current Low Income Programs: Eligibility

Energy Efficiency (EE) program

Budget Payment Plan

Payment Arrangements

Arrearage Management Program (AMP) – LI eligibility details TBD

PSE HELP (200% FPL or 80% AMI, eff. Oct 1, 2021)

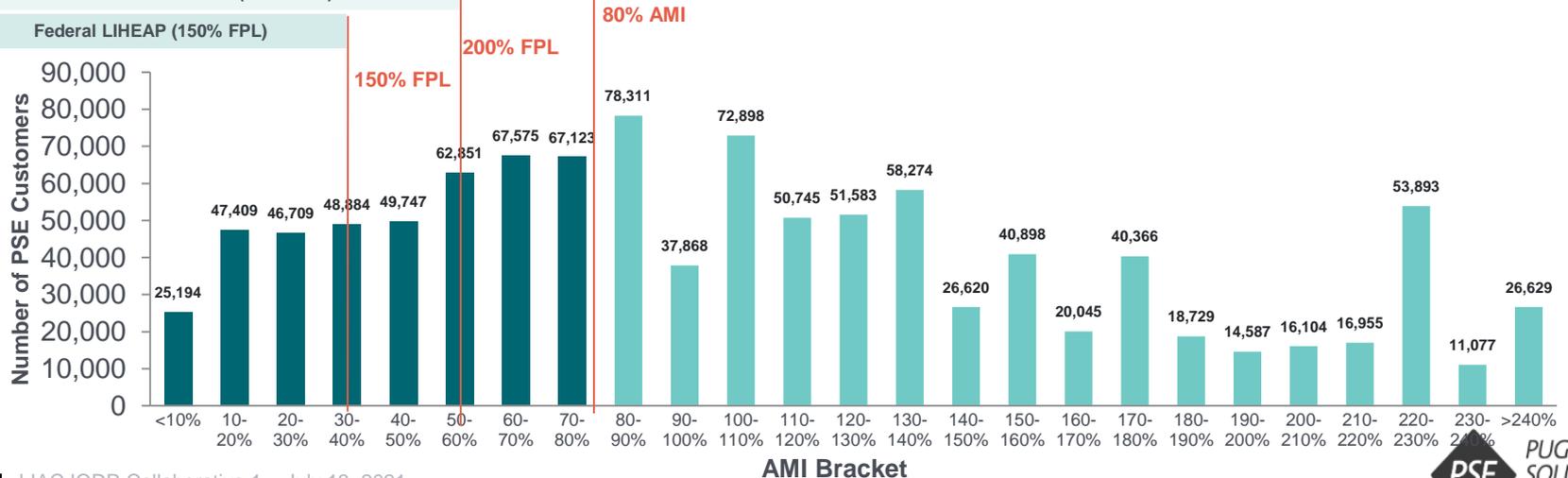
Low-income EE programs (200% FPL or 60% SMI)

COVID Bill Assistance (200% FPL)

Warm Home Fund (200% FPL)

Federal LIHEAP (150% FPL)

## Number of PSE Customers by Income Bracket (PSE's Energy Burden Analysis Draft Results)



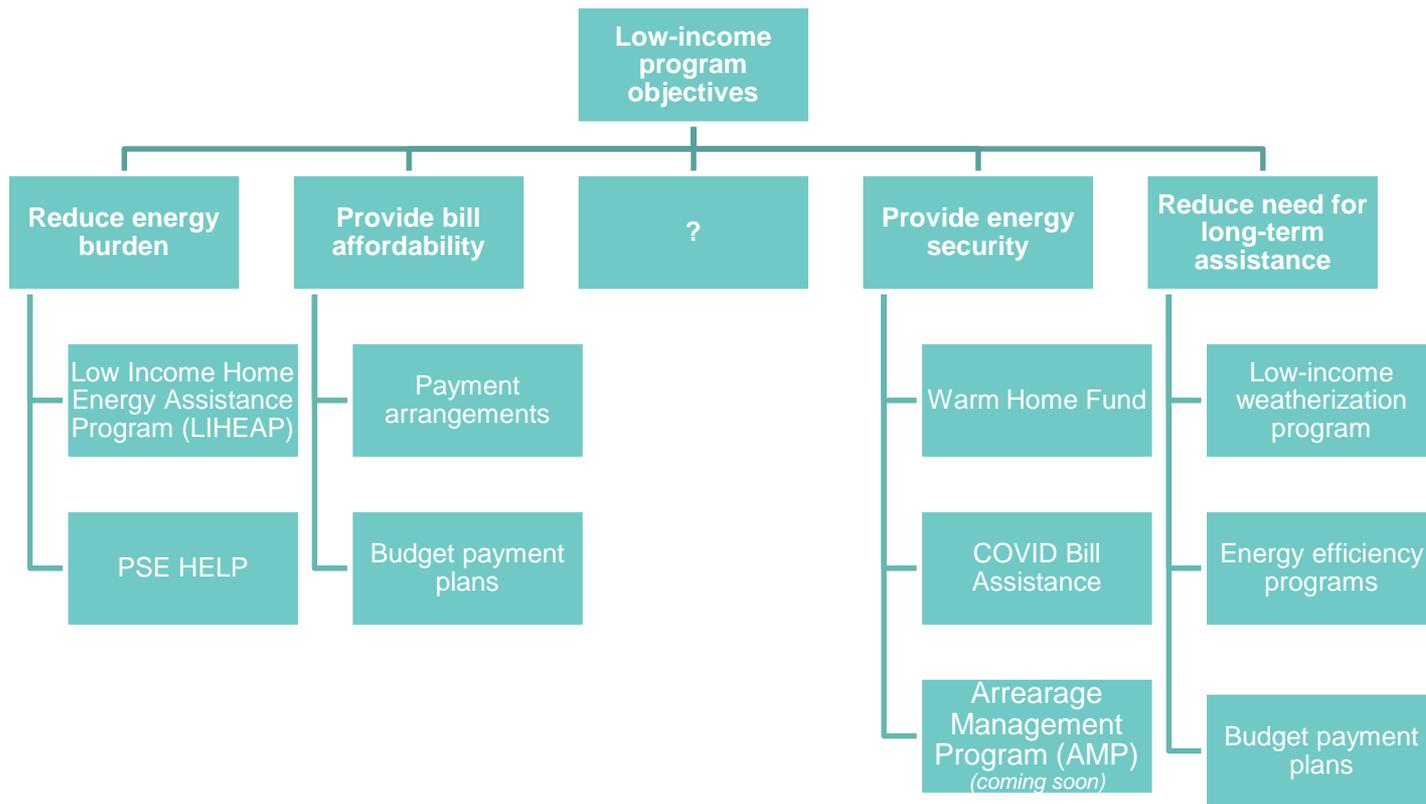
- AMI = Area Median Income (county)
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# PSE low-income programs are guided by key objectives

Objective	Outcome
<b>Reduce energy burden</b>	Reduced energy expenses
<b>Provide bill affordability</b>	Ability for customers to make consistent monthly payments
<b>Provide energy security</b>	Emergency funding to manage utility bills and prevent disconnections from accumulated debt (arrearages)
<b>Reduce need for long-term assistance</b>	Lower customer usage and bills through energy efficiency and conservation

# PSE's current low-income program objectives and specific programs



## Discussion questions:

- Are the objectives of the low-income programs appropriate?
- Are there additional objectives to consider?

# Developing a low-income discount rate to support customers

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- **What it is:** A discount on the customers bill
- **PSE must determine as part of the process:**
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Eligibility:** who gets the discount
  - **Operation:** how the discount is made available
  - **Outreach:** how to get the word out about the discount
  - **Funding:** how to balance low-income customer needs with impacts to all customers

# Questions for discussion - General

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- **Program Design & Integration**
  - What is your perspective on comprehensive Low Income program offerings?
  - Are the overall goals/objectives of the Low Income program appropriate (e.g. reduce energy burden, bill affordability, provide energy security, reduce need for long-term assistance)?
  - How should the new Income Qualified Discount Rate (IQDR) program integrate with other PSE Low Income programs?
    - What should be the objectives/goals of the IQDR program?
    - What gap should the IQDR program fill within the comprehensive program offering?
  - What metrics are we using to measure success/outreach of Low Income programs?
  - Do you have examples of comprehensive program offerings or discount rates that you suggest as best practice?

# Questions for discussion - General

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- **Eligibility Requirements**
  - Who should be eligible for IQDR?
  - How should eligibility be determined for IQDR?
  - What is your perspective on a tiered approach for increased assistance?
- **Enrollment/Outreach**
  - Do you have any suggestions for ways to pre-enroll/auto-enroll customers?
  - What would be your suggestions for partnerships? Lists/databases PSE could use?
  - What are your thoughts on verification when auto-enrolling?
  - What is your perspective on income verification frequency?

# Discount Rate Design Options vs Objectives

Rate Design	Example	Lowering Energy Burden	Bill Affordability / Stability	Energy Security / Reducing Disconnections	Reducing long-term need for assistance	Energy Conservation	Simplicity to Implement for Utility	Simplicity for Customer Understanding	Equity <small>(wrt vulnerable and highly-engaged communities and meeting needs of customers who need assistance most)</small>	Reaching more customers
Volumetric Rate Discount	Avista LIRAP Senior & Disabled Rate Discount	Medium – depends on the size of discount	Medium	Medium – depends on the size of discount	Low	Medium	Easy	Medium	Medium	Depends on program design and outreach
Fixed Bill Discount – fixed dollar amount	Chelan PUD Senior Discount Program	Low – depends on the size of discount	Medium	Medium – depends on the size of discount	Low	Low	Easy	Easy	Medium	Depends on program design and outreach
Fixed Bill Discount – percent of bill	Seattle City Light Utility Discount Program	Medium – depends on the size of discount	Medium	Medium – depends on the size of discount	Low	Low	Easy	Easy	Medium	Depends on program design and outreach
Tiered Bill Discounts	Pacific Power (WA) Bill Discount Program	High – depends on the size of discount	Medium	High – depends on the size of discount	Low	Medium	Medium	Hard	High	Depends on program design and outreach
Percent of Income Payment Plan	Avista LIRAP PIPP Program	High – depends on the size of discount	High	High – depends on the size of discount	Low	Low	Hard	Medium	High	Depends on program design and outreach

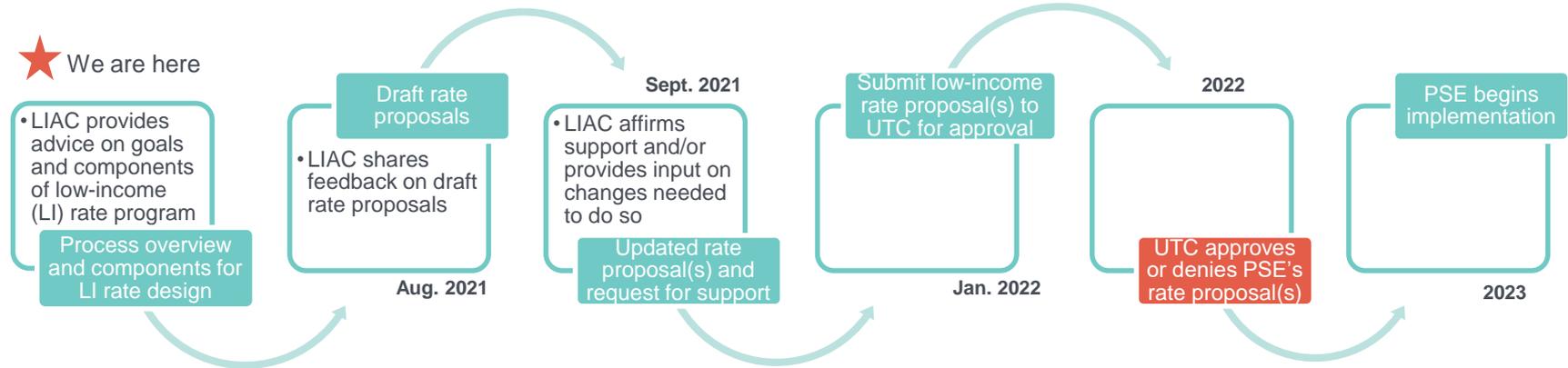
Source: PSE Pricing and COS team Research, June 2021

# Questions for discussion – Rate Design

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- Rate design
  - How should a “rate discount” be offered? (fixed discount, volumetric discount, percentage of rate(s), percentage of bill, etc.)?
  - What is your perspective on offering separate IQDR and Income Qualified Senior Discount Rate (IQSDR)?
    - How should the program for IQDR and IQSDR differ?
- Other?

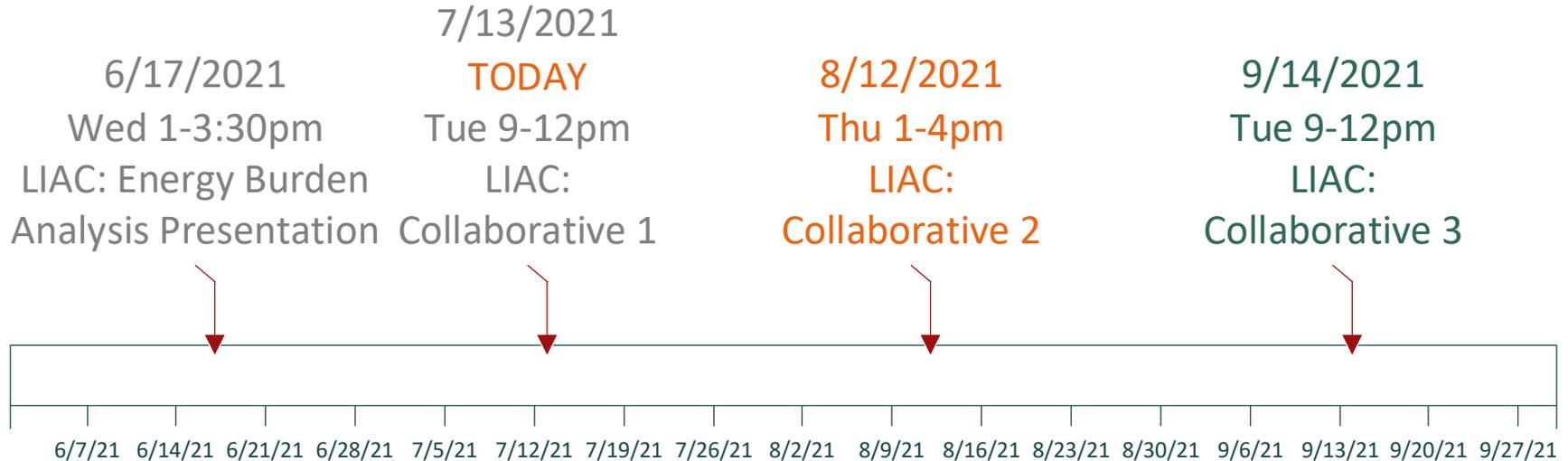
# Next steps



- PSE will incorporate EAG and LIAC feedback each step of the way leading up to filing with Washington Utilities and Transportation Commission (UTC) (our regulator)

# Coming up next

## Upcoming LIAC Meetings related to Low Income/Income Qualified Discount Rate(s)



Jun-21

Sep-21

# Questions?

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## Contact:

- Suzanne Sasville: [Suzanne.Sasville@pse.com](mailto:Suzanne.Sasville@pse.com)

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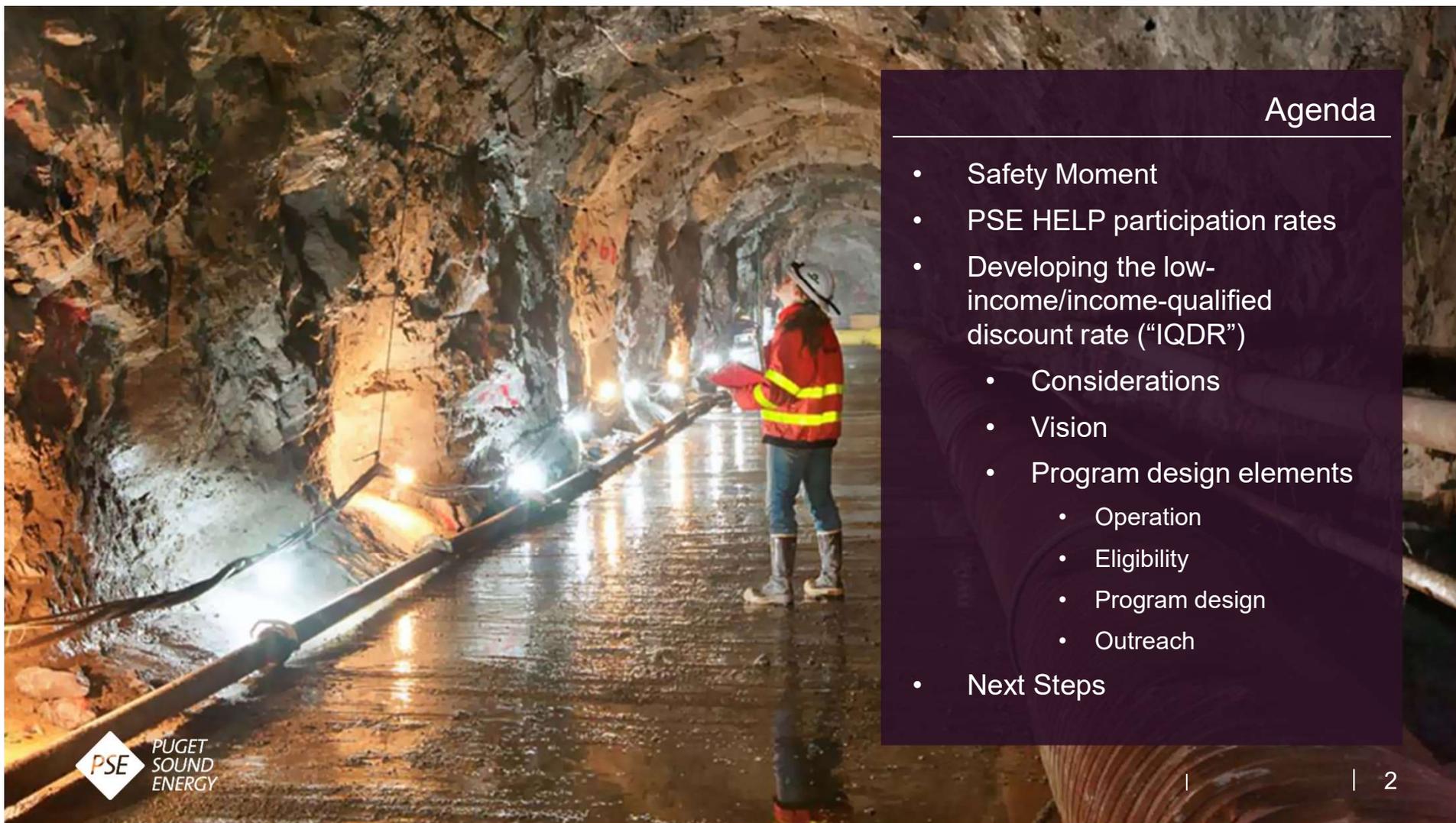
# Development of PSE's Income- Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)



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August 12, 2021



## Agenda

- Safety Moment
- PSE HELP participation rates
- Developing the low-income/income-qualified discount rate (“IQDR”)
  - Considerations
  - Vision
  - Program design elements
    - Operation
    - Eligibility
    - Program design
    - Outreach
- Next Steps

## Safety moment: WATER CAN GO BAD.

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### DID YOU KNOW?

- WATER CAN GO BAD.  
*7 Tips for Keeping Your Drinking Water Safe*
1. Do not handle the rim or mouth of a drinking container.
  2. Use glass, ceramic, or metal containers for drinking water.
  3. Do not expose water to the open air or heat, which can introduce germs.
  4. Do not drink water from plastic bottles that have been open for long periods.
  5. Discard leftover water that has been sitting for two or more days.
  6. Discard old or expired bottled water; some brands have a date stamp.
  7. Never reuse plastic bottles for drinking water.

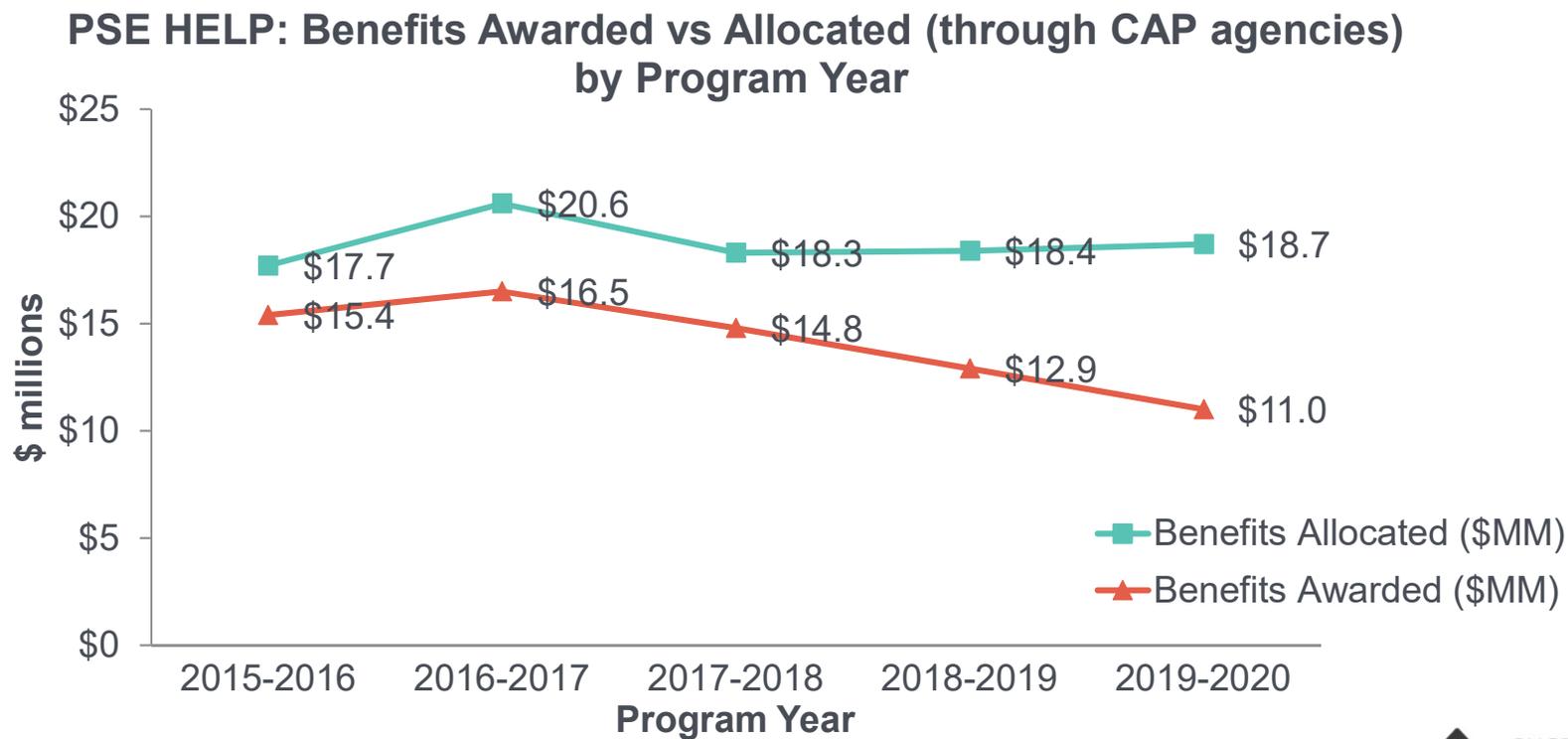


## Summary Data from LINA Phase 1 Study (added 08/10/2021)

Estimated households qualified for Energy Assistance (150% FPL threshold)	201,814	
Customers served in study program year	34,155	17%
Estimated Gap of customers eligible, but not served	168,983	83%

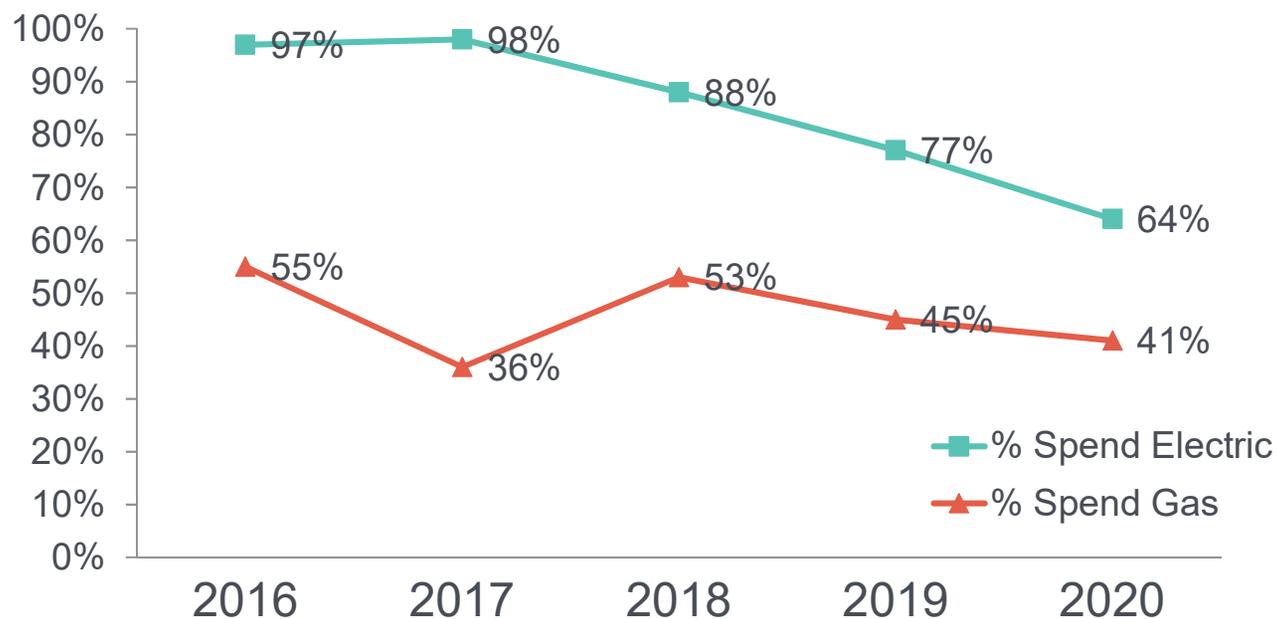
County	Estimated households qualified for Energy Assistance (150% FPL threshold)	Customers served in study program year		Estimated Gap of customers eligible, but not served	
		Count	Percentage	Count	Percentage
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<b>King</b>	80,997	15,224	19%	66,405	82%
<b>Kitsap</b>	16,006	2,731	17%	13,330	83%
<b>Kittitas</b>	3,724	356	10%	3,431	92%
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<b>Skagit</b>	8,529	2,131	25%	6,551	77%
<b>Snohomish</b>	11,835	936	8%	10,921	92%
<b>Thurston</b>	18,928	4,374	23%	14,575	77%
<b>Whatcom</b>	18,031	3,967	22%	14,344	80%

## Participation Rates/Data – PSE HELP 2016 - 2020

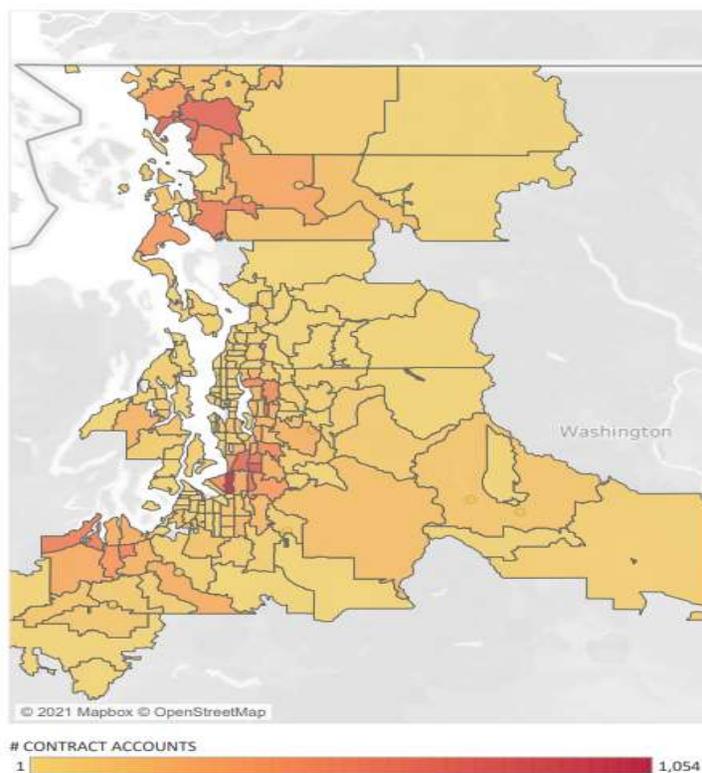


## Participation Rates/Data – PSE HELP 2016 - 2020

**PSE HELP: Percent awarded through CAP Agencies by Year**



# Participation Data – PSE HELP Program YTD (Oct 2020-Aug 2021)



## BY ZIP CODE

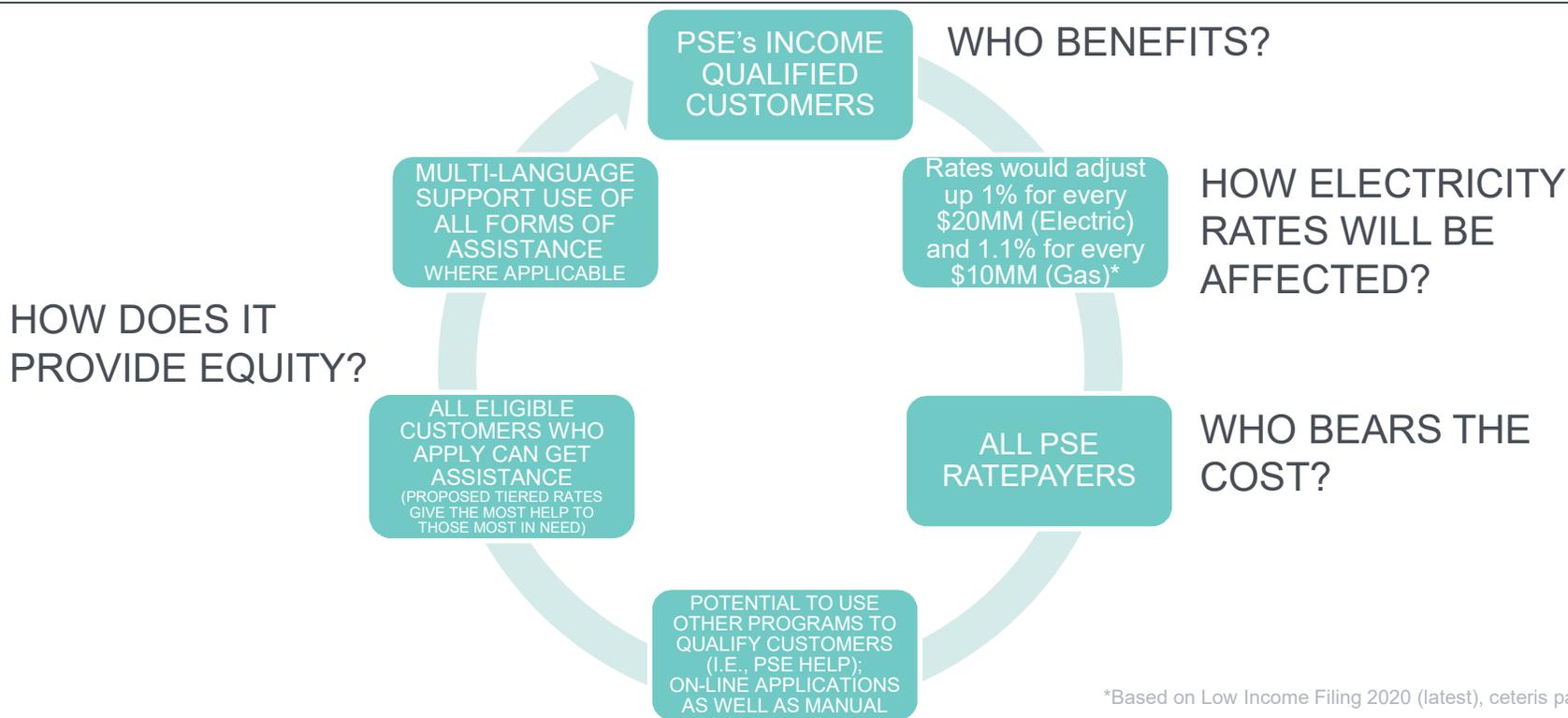
ZIP CODE	Number of Contract Accounts
98003	1,054
98030	759
98226	681
98032	663
98225	651
98002	607
98007	598
98031	553
98502	518
98273	514
98503	483
98058	453
98229	452
98052	438
98034	430

## BY CITY

CITY	Number of Contract Accounts
KENT	2,096
BELLINGHAM	1,784
FEDERAL WAY	1,525
OLYMPIA	1,321
BELLEVUE	1,294
RENTON	1,188
AUBURN	1,156
SEATTLE	754
LACEY	732
MOUNT VERNON	631
KIRKLAND	607
PUYALLUP	575
REDMOND	501
BREMERTON	451
OAK HARBOR	354



# Considerations



\*Based on Low Income Filing 2020 (latest), ceteris paribus

## STRUCTURED PROGRAMS TO INCREASE PARTICIPATION



# The Vision

## Vision:

Puget Sound Energy (PSE) and the Low Income Advisory Council (LIAC) will partner to make energy assistance more impactful, more accessible, and easier to sign-up for than ever before.

This will be accomplished by offering a new income-qualified discount rate (IQDR), which can be combined with payment assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) and Home Energy Lifeline Program (HELP), and will be measured using agreed upon Key Performance Indicators (KPIs).

## Guiding Principles:

1. The IQDR should work with and compliment energy assistance programs. (e.g., referrals across programs, combined benefits to reduce energy burden.)
2. The IQDR should be available to all income eligible customers with the largest benefit applied to customers with the greatest need.
3. We should design the IQDR program to maximize participation.
  - a) Auto-enrollment for existing customers when possible (e.g., participation in qualifying PSE, State, or Federal (e.g., SNAP) program.
  - b) Multiple paths for application in preferred language (e.g., physical mail, calling PSE Customer Care, PSE's energy assistance portal, referral from assistance program).
  - c) New PSE customers can apply for IQDR when starting service.
4. The IQDR application process should be quick and easy.
  - a) Basic eligibility information required (ID, number in household, household income, income documentation).
  - b) We trust our customers – customers attest to the accuracy of the information provided and applications that meet income eligibility are auto-approved.
  - c) A percentage of approved applications are audited for eligibility confirmation.

## Developing a low-income/income-qualified discount rate to support customers

---

- **What it is:** A discount on the customers bill
  - Considerations
  - The Vision
- **PSE must determine as part of the process:**
  - **Operation:** how the discount is administered
  - **Eligibility:** who gets the discount
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Funding:** how to balance low-income customer needs with impacts to all customers
  - **Outreach:** how to get the word out about the discount/providing support

## Operation: how the discount is administered

**Option A** *Pros: high flexibility for customers would drive higher enrollment*  
*Cons: high cost to verify all applications*

	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

**Option B** *Pros: maintains current processes*  
*Cons: less flexibility for customers*

	IQDR	PSE HELP
PSE	No	No
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

**Option C** *Pros: maintains current processes*  
*Cons: less flexibility for customers*

	IQDR	PSE HELP
PSE	Yes	No
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

**Option D** *Pros: allows us to serve the most customers and gets assistance out quickly*  
*Cons: potential for fraud*

	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	Percentage of applications are validated	Percentage of applications are validated

## Eligibility: who gets the discount

Eligibility	An IQDR draft proposal	Considerations
Income	200% FPL or 80% AMI, the greater of	<p><i>Pros:</i> Same guidelines as PSE HELP</p> <p><i>Cons:</i> Increase in number of eligible customers may cause a backlog in getting assistance provided</p>
Documentation	<ul style="list-style-type: none"> <li>• Identification w/ birth date,</li> <li>• # of people in the household,</li> <li>• proof of income for those 18 and over, or lack thereof.               <ul style="list-style-type: none"> <li>➤ OR in lieu of income statement provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</li> </ul> </li> </ul>	<p><i>Pros:</i> Customer is not required to be documented to receive assistance</p> <p><i>Cons:</i> Providing documentation can be cumbersome for customers</p>

## Example Program design: Customer Assistance Discount

Assumptions: average annual bill; estimated PSE HELP grant

For Illustrative Purpose Only

DISCOUNT 1	0%-20% AMI	20%-50% AMI	50%-80% AMI
Average Annual:			
PSE Bill	\$1,059	\$1,184	\$1,252
IQDR Discount (30%/15%/5%)	\$318	\$178	\$63
PSE HELP	\$635	\$474	\$250
Remaining Balance	\$106	\$533	\$939
Remaining Monthly Payment	\$9	\$44	\$78

DISCOUNT 2	0%-20% AMI	20%-50% AMI	50%-80% AMI
Average Annual:			
PSE Bill	\$1,059	\$1,184	\$1,252
IQDR Discount (10% for all LI)	\$106	\$118	\$125
PSE HELP	\$635	\$474	\$250
Remaining Balance	\$318	\$592	\$877
Remaining Monthly Payment	\$26	\$49	\$73

Discussion: How do we incorporate LIHEAP and Weatherization into these processes?

# Outreach: how to get the word out/providing support

## Using COVID-19 Bill Assistance outreach as a guide:

- **Community outreach** through active engagement with over 200 community non-profits
- **General awareness campaign** across service area via broadcast TV, banner ads, social media, radio, & print
- **Targeted social media advertising campaign** to zip codes with the highest index of in-need customers
- **Reaching Tribal communities** through combined outreach to 17 tribes, engaging leadership, working with tribal wellness organizations and augmented by advertising in tribal publications\*
- **Reaching BIPOC communities** via media serving these communities through earned media and advertising\*\*
- **PSE website** pages providing information on our assistance programs translated into the top five languages\*\*\*
- **Assistance application videos** developed in five languages\*\*\* taking customers through the online application process. Videos linked in community outreach materials, in social media and on web assistance pages
- **Community outreach materials** providing information and available in multiple languages\*
- **Multilingual community outreach** that provides in-language\*\*\* presenters for in-person events or presentations to community non-profits
- **Spanish advertising** on radio and social media (Facebook and Instagram)
- **Earned Media** outreach to area Spanish language broadcast, radio, digital, and print outlets

\* - Tulalip News, Squol Quol News, Muckleshoot Messenger, and Puyallup Tribal News

\*\* - Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The NW Facts, South Seattle Emerald, and Converge Media

\*\*\* - Spanish, Chinese, Vietnamese, Hindi, and Russian

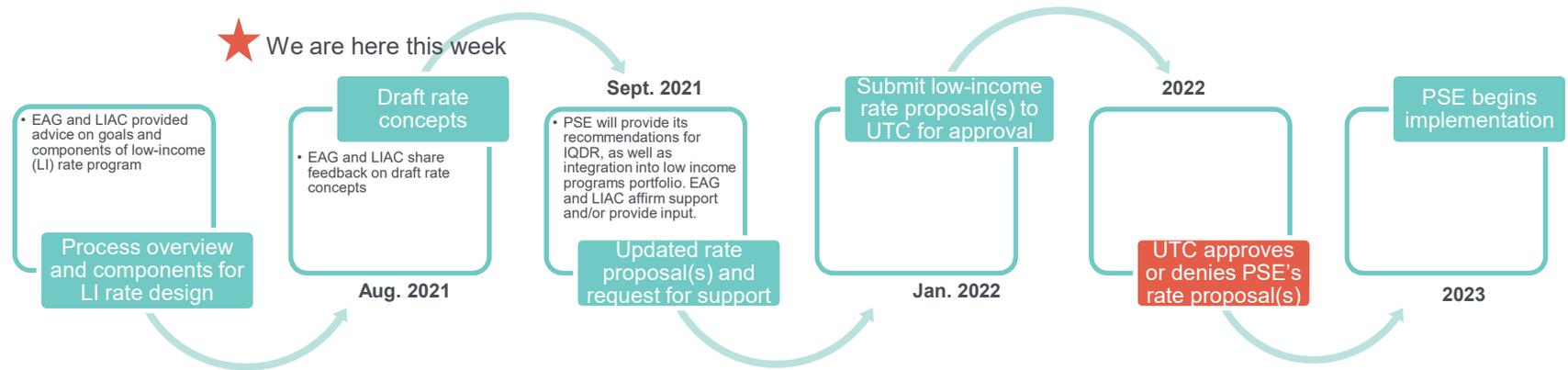


## Summary of Homework Questions:

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- **Vision:**
  - Is the vision clear and relatable?
  - Are there are changes you'd like to see with PSE's vision for the LIDR program?
- **Operations:**
  - Do you have questions on the proposed options or suggestions for changes or adjustments?
  - Are there options you prefer or don't prefer? Why, and what would you change?
  - What other ideas do you have or models you've seen that could increase access?
  - Are there accountability metrics you'd suggest?
- **Eligibility:**
  - Have we captured the right balance of criteria for eligibility?
  - Are there changes you'd make to PSE's eligibility proposal, and why?
- **Program Design:**
  - What questions do you have about the design examples?
  - How can we ensure that customers continue to have access to LIHEAP and Weatherization Programs administered by the CAP Agencies?
- **Outreach:**
  - Are there preferred or more effective methods PSE should consider to ensure accessibility?

## Next steps: next LIAC collaborative is scheduled for September 14<sup>th</sup>

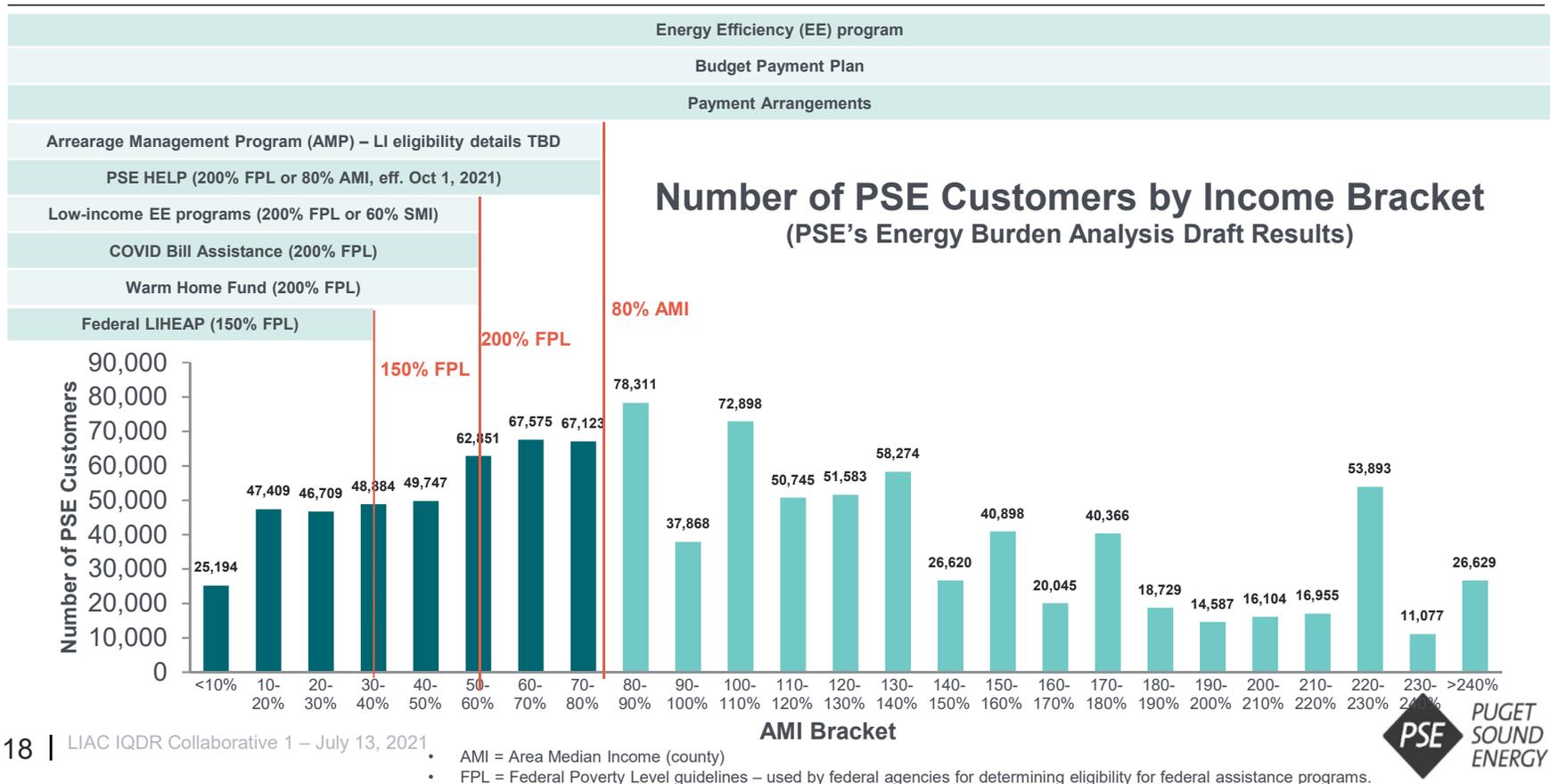


- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# APPENDIX

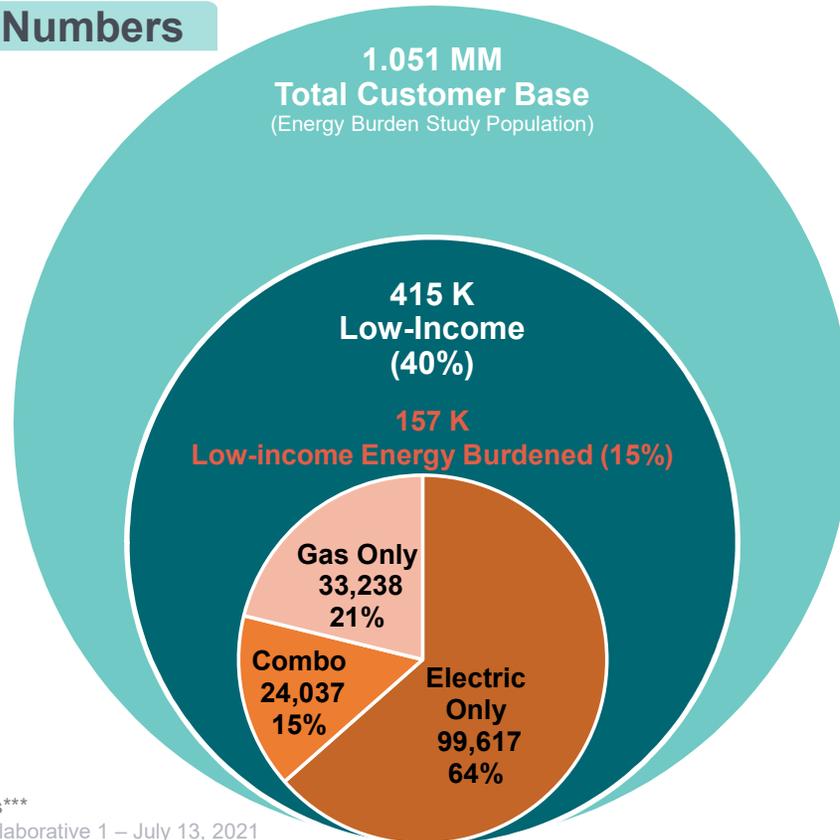
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# PSE's Current Low Income Programs: Eligibility



## Refresher: PSE Energy Burden Analysis draft results

### The Draft Numbers



### The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

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# Development of PSE's Income Qualified Discount Rates

Presentation to Equity Advisory Group (EAG)



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August 16, 2021

# Safety moment: WATER CAN GO BAD.

## DID YOU KNOW?

- WATER CAN GO BAD.  
*7 Tips for Keeping Your Drinking Water Safe*
  1. Do not handle the rim or mouth of a drinking container.
  2. Use glass, ceramic, or metal containers for drinking water.
  3. Do not expose water to the open air or heat, which can introduce germs.
  4. Do not drink water from plastic bottles that have been open for long periods.
  5. Discard leftover water that has been sitting for two or more days.
  6. Discard old or expired bottled water; some brands have a date stamp.
  7. Never reuse plastic bottles for drinking water.



# Facilitator's requests

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- Equity Advisory Group members, please:
  - Listen to and appreciate the diversity of views and opinions
  - Actively participate in the group
  - Behave constructively and courteously towards all participants
  - Respect the role of the facilitator to guide the group process

# Equity Advisory Group members

2021 EAG Member	Organization/Role
Susana Bailén Acevedo	Community advocate
Jenny Harding	GSBA and New Chapter Weddings and Events
Emily Larson Kubiak	Sustainable Connections
Michele Ogden and Lexi Withers (alternate)	Tacoma Urban League
Estela Ortega	El Centro de la Raza
TJ Protho	Vadis
Kate Sander	HopeSource
John Sternlicht	Economic Development Alliance of Skagit County
Dennis Suarez	Washington Soldiers Home
Teresa Taylor	Lummi Indian Business Council's Office of Economic Policy
Mariel Thuraisingham	Front and Centered
Cheryn Weiser	Island Senior Resources
Karia Wong and Michael Itti (alternate)	CISC

## Agenda

- Safety moment
- Address EAG questions from last meeting
- Developing the low-income/income-qualified discount rate (“IQDR”)
  - Considerations
  - Vision
  - Program design elements
    - Operation
    - Eligibility
    - Program design
    - Outreach
- Working group discussions
- Report outs and large group discussion
- Meeting reflections and next steps

# Icebreaker

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You'll be partnered with another EAG member and have four minutes to share:

- What's one thing your organization/community is doing right now on clean energy or equity that you're proud of and wish others knew about?

# Clarifying Equity Advisory Group efforts

## Clean Energy Implementation Plan

**Goal:** EAG advises on equity issues related to electric energy planning

**Outcome:** Equity embedded in development and implementation of PSE's CEIP

### **Roles and responsibilities:**

- EAG: uses equity lens on key topics for CEIP
- PSE: engage with advisory groups and customers to develop the plan
- UTC: ultimately approves, denies, modifies

## Low-income rate program design

**Goal:** EAG advises on low-income discount rate design that compliments existing low-income programs

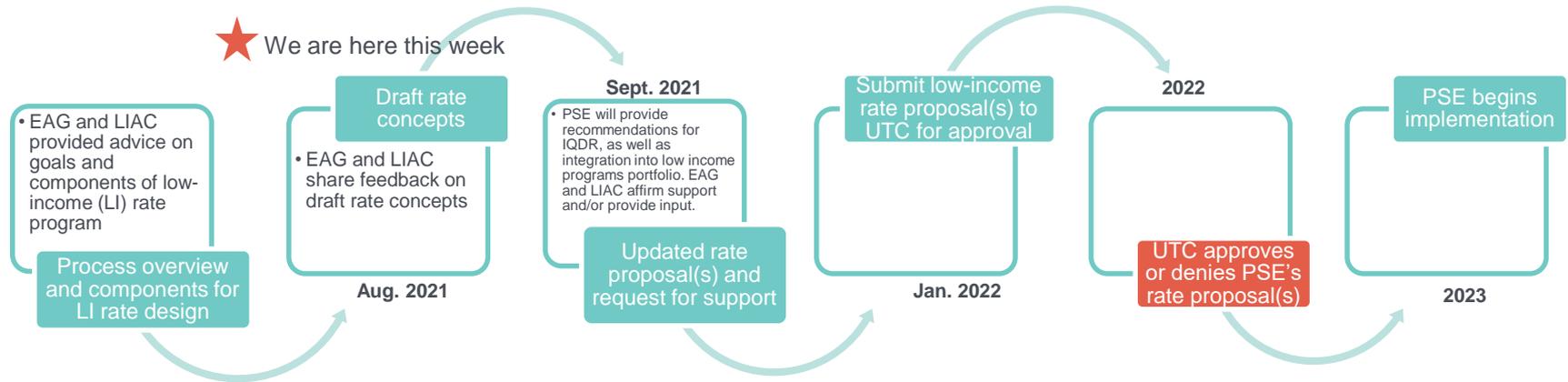
**Outcome:** Advisory group-supported low-income discount rate(s) that benefit low-income customers

### **Roles and responsibilities:**

- EAG: advises on rate program design goals and provides feedback on draft proposals
- PSE: files low-income rate proposal(s) with UTC
  - UTC: ultimately approves, denies, modifies

 **Today's work focuses here**

# Low-income rate design process and Equity Advisory Group role



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# How we used your feedback for tonight's discussion

Feedback heard	What we did with it
Requests for low-income program participation data and accountability	Shared data in deck; we'll discuss tonight
Clarity on low-income and energy burden definitions and guidance	We'll discuss tonight
Avoiding "rearranging the deck chairs" and consider what is needed to improve access to all groups and create better outcomes	Reflected in the Vision and initial Operations options, and questions for discussion tonight
Holistic approach for helping customers (more than a one-time offset) and preventing arrearages	Reflected in the Vision and in initial Options, and questions for discussion tonight
Specific percentages PSE is committing to	Initial examples in deck, and question for discussion tonight
<p><b>Eligibility:</b></p> <ul style="list-style-type: none"> <li>• Being careful about using income guideline as primary eligibility requirement.</li> <li>• Help people who need help</li> <li>• All in LI bracket should qualify for this, not just those who are energy burdened</li> </ul>	Reflected in Program Design options, and we'll discuss tonight
<p><b>Compliment existing programs:</b></p> <ul style="list-style-type: none"> <li>• Monthly discount applied and reviewed annually.</li> <li>• How does bill assistance, low-income discount, and one-term grants work together, and who is falling through the crack</li> </ul>	Annual review is noted for Operations We'll discuss how the discount and programs work together, and discuss how we avoid customers falling thru the cracks

# How we used your feedback for tonight's discussion

Feedback heard	What we did with it
All 40% of low-income customers should be able to participate. If not possible, tiered system starting with most vulnerable low-income/energy burdened first	Reflected in Program Design options
Frequent gap with energy assistance is that income guideline is too low and disqualifies low-income people. Housing costs are different in Bellevue, Seattle, Auburn and Renton	Area Median Income should help with this
Ensure programs and partnerships are reaching all communities and partner programs are being evaluated to ensure they continue to be the best fit to serve and accommodate all communities	Reflected in the Vision. Discussion question tonight on accountability metrics
Suggest grassroots campaign at community events and pounding the pavement. Inclusive and relevant flyers. Sit at the table with other organizations to support achieving their goals and reciprocating with ours. Culturally-relevant outreach is needed	Noted for Outreach component, and questions for discussion tonight

More to come on:

- **Funding** and considerations on how costs are socialized
- Further responses are being developed to address EAG's additional feedback



# Tonight's speakers

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- PSE Customer Solutions
  - Carol Wallace, Director of Customer Solutions
  - Theresa Burch, Manager of Customer Solutions
  - Suzanne Sasville, Supervisor of Energy Assistance Programs
  - Adam Van Assche, Manager of Enterprise Customer Engagement
- PSE Regulatory Affairs – Pricing
  - Birud Jhaveri, Manager of Pricing and Cost of Service
  - Kelima Yakupova, Senior Regulatory Analyst

# Responses to EAG questions

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- Participation rates of PSE's existing low income-assistance programs
- Definitions of Low Income and Energy Burden

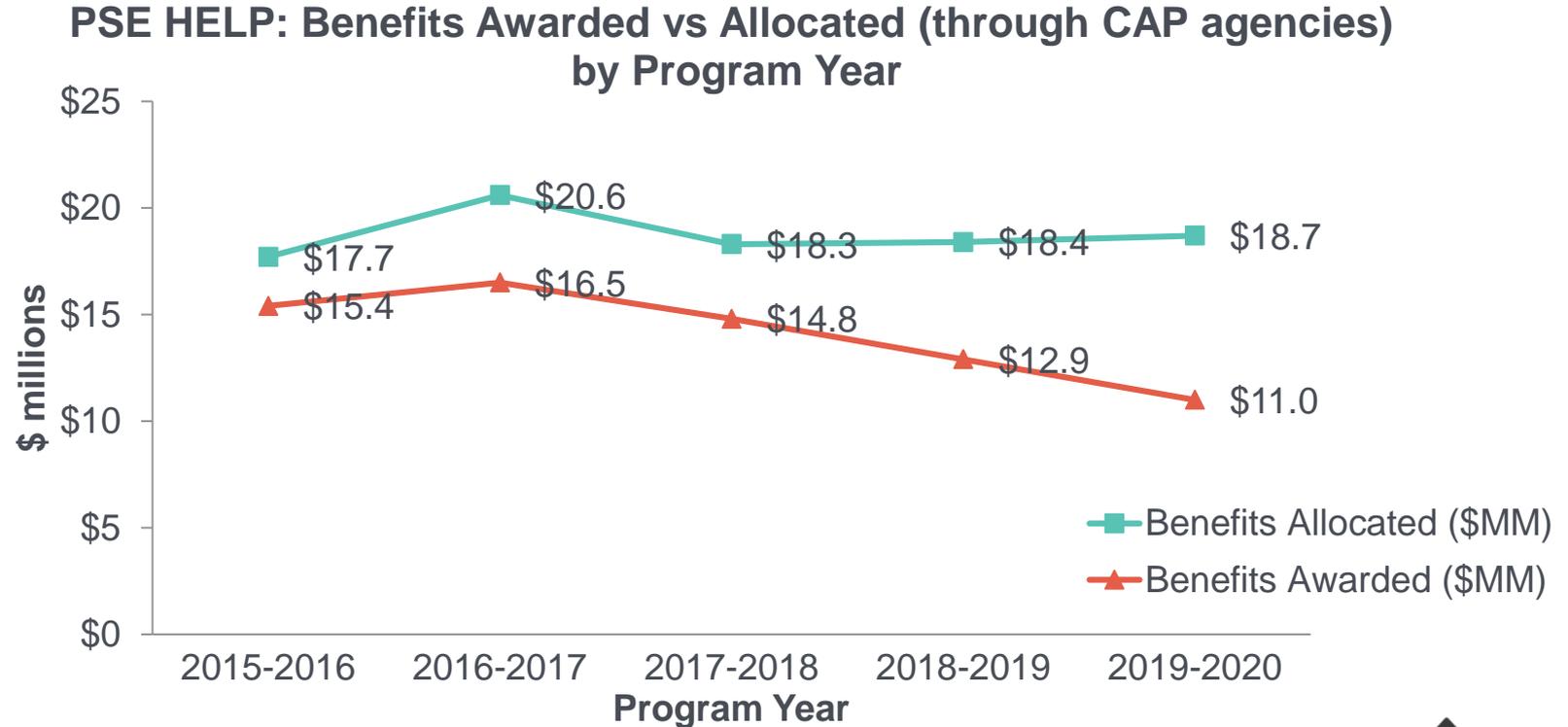
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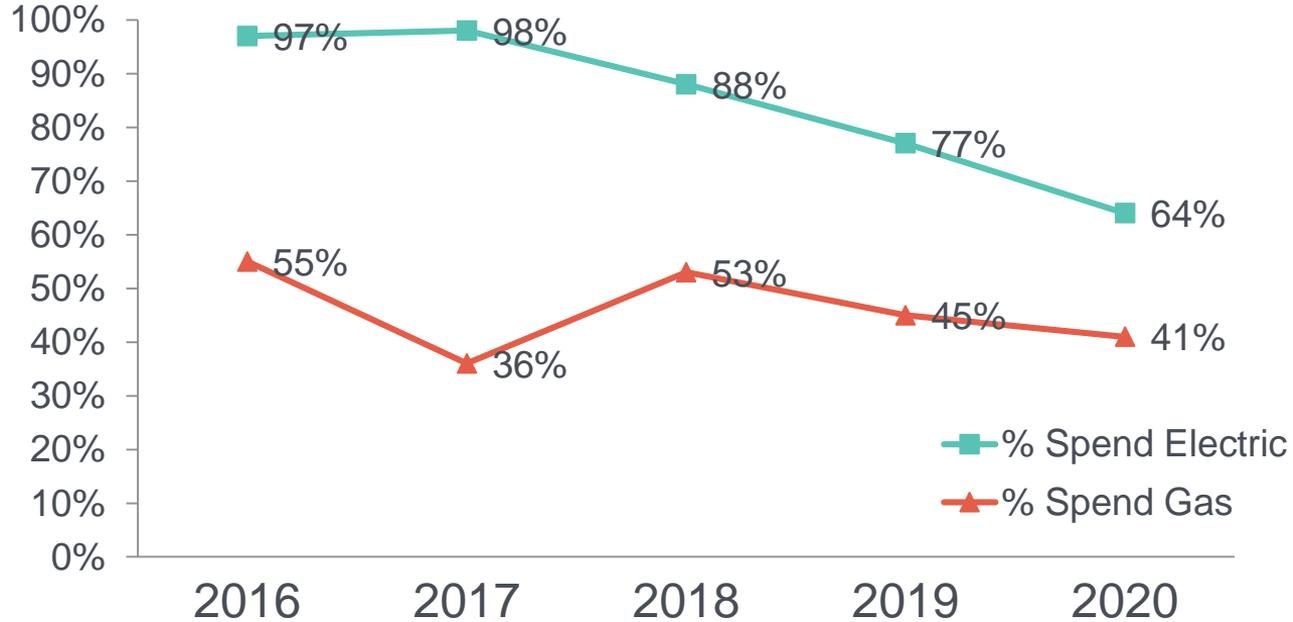


# Participation rates/data: PSE HELP 2016 – 2020

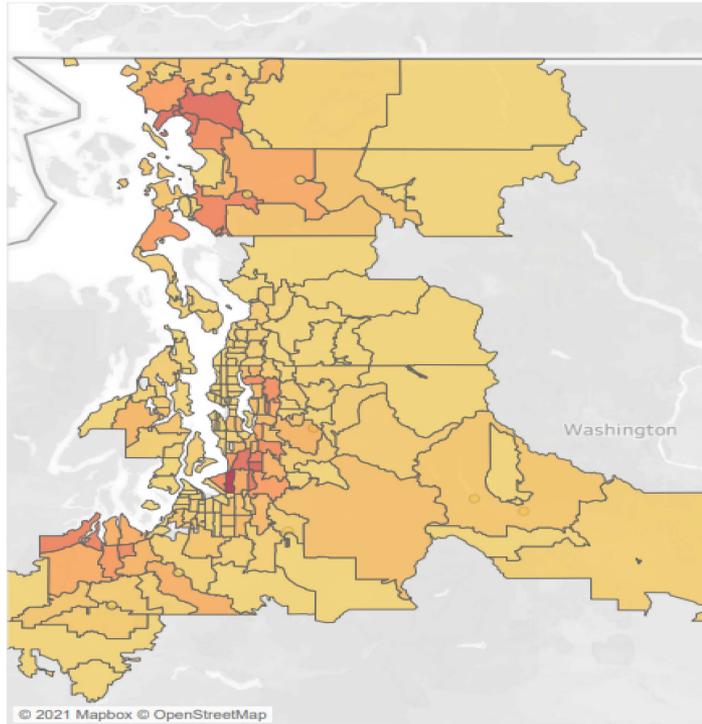


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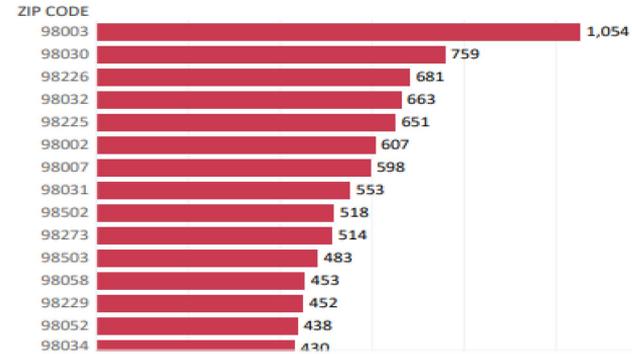
## PSE HELP: Percent awarded through CAP Agencies by Year



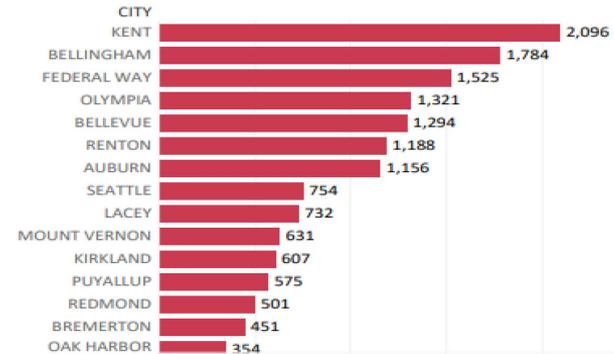
# Participation data: PSE HELP Program YTD (Oct 2020-Aug 2021)



## BY ZIP CODE



## BY CITY



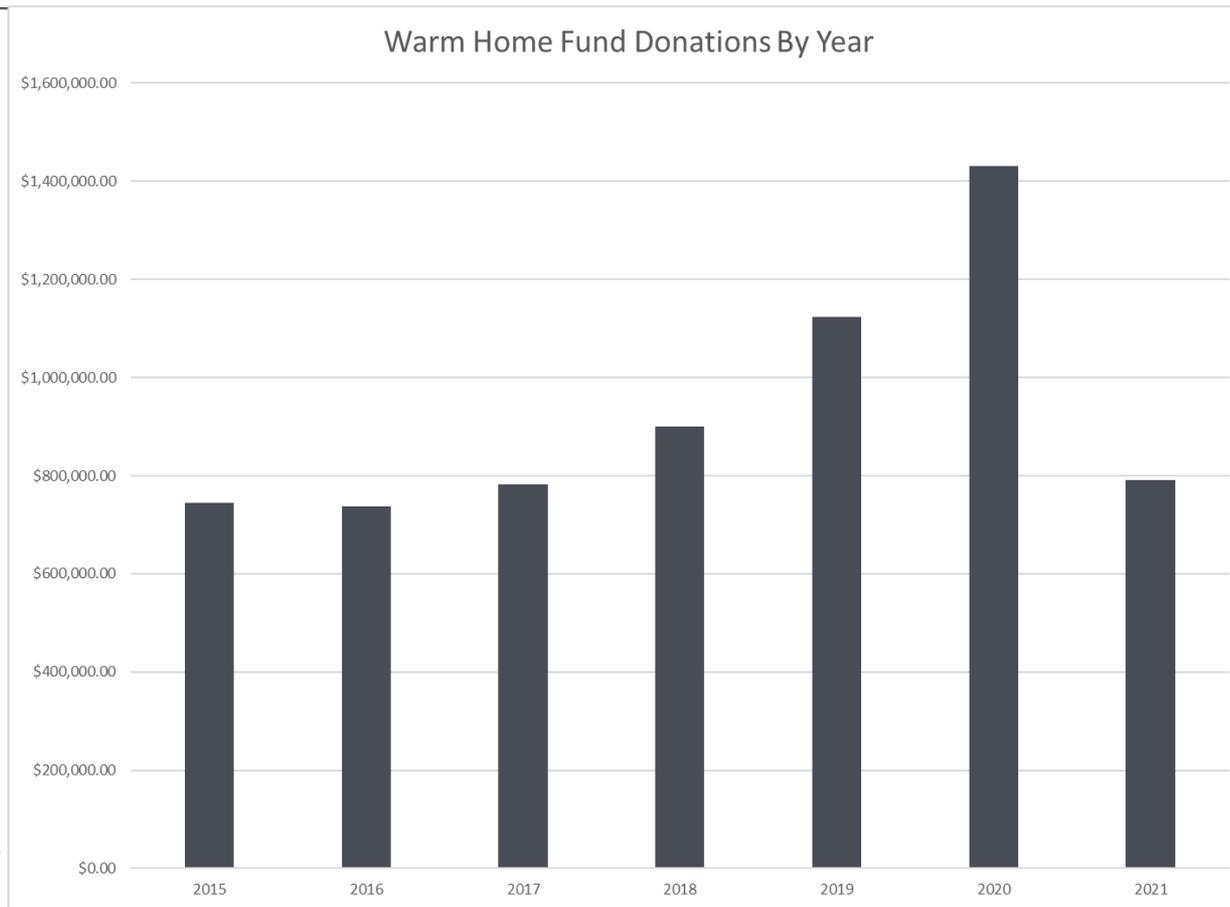
# Participation rates/data: CACAP April 2020 – Sept 2020

County	Total Customers	Total Dollars	Percent of Total
Island	254	\$ 159,546.00	2%
King	7947	\$ 4,716,588.86	51%
Kitsap	1081	\$ 660,472.00	7%
Kittitas	57	\$ 41,913.00	0%
Lewis	22	\$ 9,799.00	0%
Pierce	2537	\$ 1,452,057.00	16%
Skagit	533	\$ 303,755.00	3%
Snohomish	982	\$ 305,654.00	3%
Thurston	1545	\$ 1,036,613.00	11%
Whatcom	871	\$ 480,222.00	5%
<b>Grand Total</b>	<b>15829</b>	<b>\$ 9,166,619.86</b>	<b>100%</b>

# Participation rates/data: COVID Bill Assistance April 2021 - Present

County	Nbr Customers	Total Dollars	Percent of Total
Island	255	\$ 277,748.51	2%
King	6991	\$ 5,684,595.68	49%
Kitsap	995	\$ 987,741.43	8%
Kittitas	97	\$ 139,834.15	1%
Lewis	25	\$ 25,274.28	0%
Pierce	1430	\$ 1,561,576.90	13%
Skagit	575	\$ 576,198.49	5%
Snohomish	357	\$ 238,962.43	2%
Thurston	1175	\$ 1,329,943.21	11%
Whatcom	913	\$ 824,351.59	7%
<b>Grand Total</b>	<b>12813</b>	<b>\$ 11,646,226.67</b>	<b>100%</b>

# Participation rates/data: Salvation Army Warm Home Fund



## Key definitions from regulations

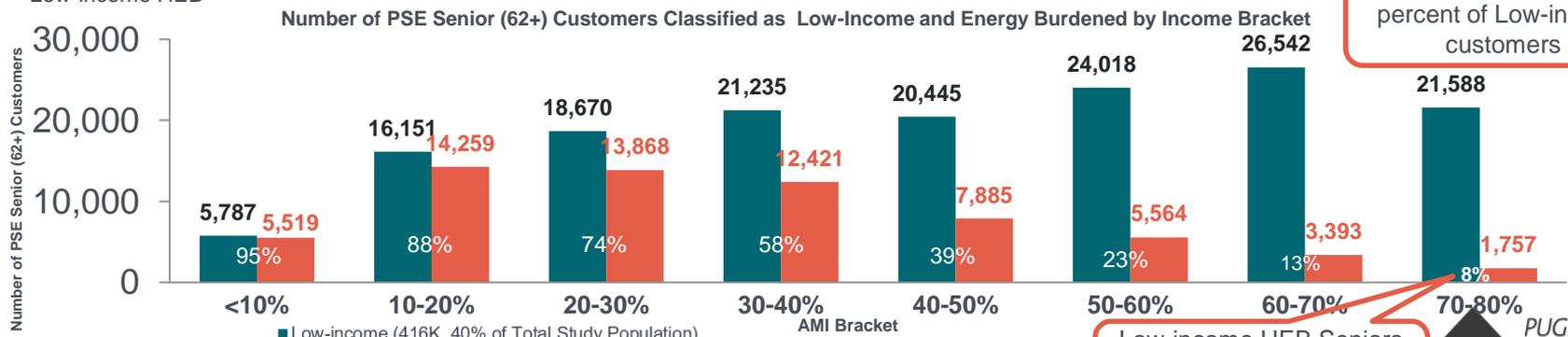
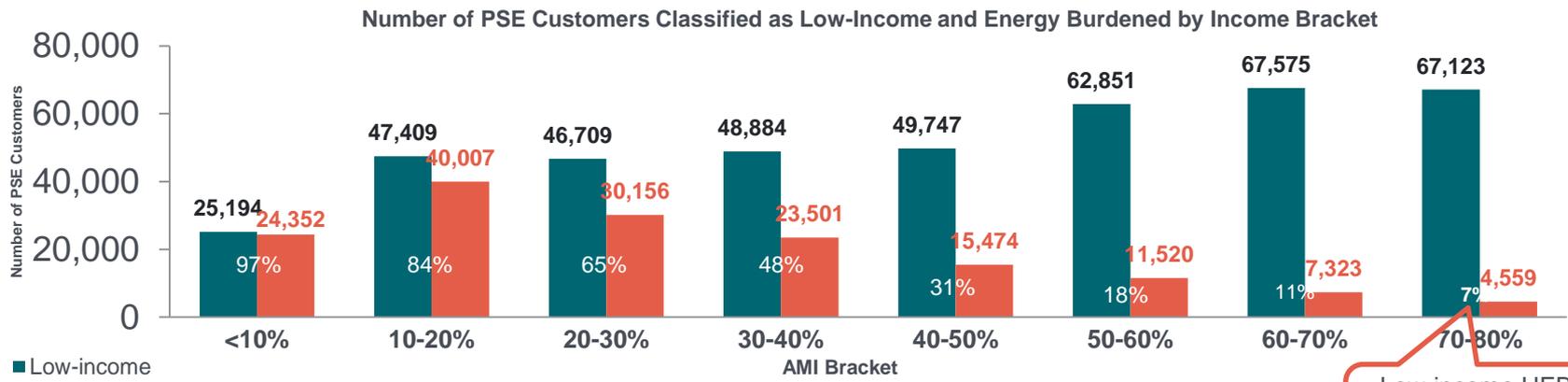
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- **"Energy assistance"** means a program undertaken by a utility to reduce the household energy burden of its customers.
- **"Energy assistance need"** means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.
- **"Energy burden"** means the share of annual household income used to pay annual home energy bills. **Washington Department of Commerce has set the threshold for determining energy assistance need at 6% energy burden.**
- **"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.

\* Senate Bill 5295 (Regulatory Reform Bill) referenced these Clean Energy Transformation Act definitions

# As income bracket increases, the number of energy burdened customers decreases

keep for EAG, appendix for LIAC



Low-income HEB as a percent of Low-income customers

Low-income HEB Seniors as a percent of Low-income Senior customers



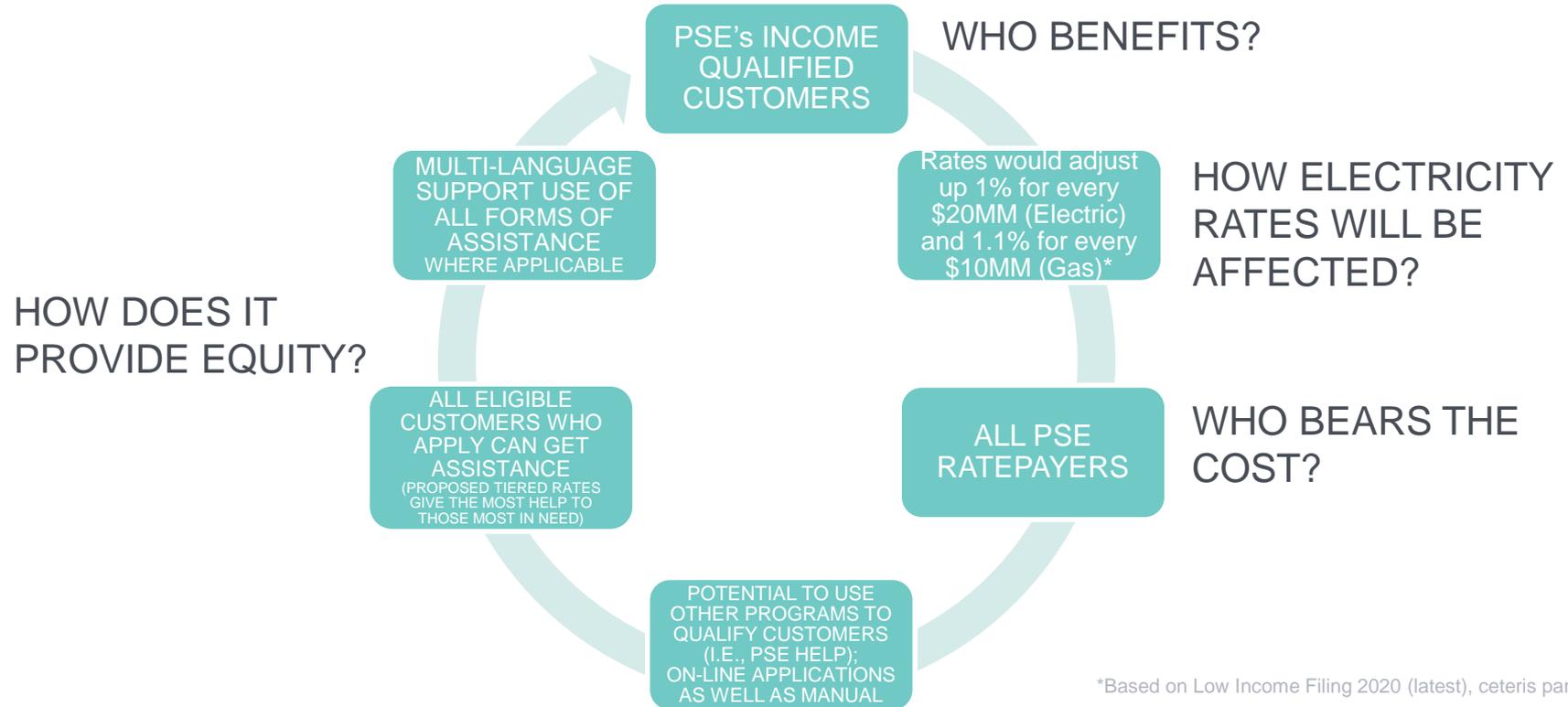
■ Low-income (416K, 40% of Total Study Population)  
■ Low income HEB (157K, 15% of Total Study Population, 38% of All Low income Customers)

# Developing a low-income/income-qualified discount rate to support customers

---

- **What it is:** A discount on the customers bill
  - Considerations
  - The Vision
- **PSE must determine as part of the process:**
  - **Operation:** how the discount is administered
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  - **Outreach:** how to get the word out about the discount/providing support

# Considerations



\*Based on Low Income Filing 2020 (latest), ceteris paribus

## STRUCTURED PROGRAMS TO INCREASE PARTICIPATION

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Puget Sound Energy (PSE) and the Low Income Advisory Committee (LIAC), in consultation with the Equity Advisory Group, will partner to make energy assistance more impactful, more accessible, and easier to sign-up for than ever before.

This will be accomplished by offering a new income-qualified discount rate (IQDR), which can be combined with payment assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) and Home Energy Lifeline Program (HELP), and will be measured using agreed upon Key Performance Indicators (KPIs).

## Guiding Principles:

1. The IQDR should work with and compliment energy assistance programs. (e.g., referrals across programs, combined benefits to reduce energy burden.)
2. The IQDR should be available to all income eligible customers with the largest benefit applied to customers with the greatest need.
3. We should design the IQDR program to maximize participation.
  - a) Auto-enrollment for existing customers when possible (e.g., participation in qualifying PSE, State, or Federal (e.g., SNAP) program.
  - b) Multiple paths for application in preferred language (e.g., physical mail, calling PSE Customer Care, PSE's energy assistance portal, referral from assistance program).
  - c) New PSE customers can apply for IQDR when starting service.
4. The IQDR application process should be quick and easy.
  - a) Basic eligibility information required (ID, number in household, household income, income documentation).
  - b) We trust our customers – customers attest to the accuracy of the information provided and applications that meet income eligibility are auto-approved.
  - c) A percentage of approved applications are audited for eligibility confirmation.

# Operation: how the discount is administered

## Option A

*Pros:* high flexibility for customers would drive higher enrollment  
*Cons:* high cost to verify all applications

	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

## Option B

*Pros:* maintains current processes  
*Cons:* less flexibility for customers

	IQDR	PSE HELP
PSE	No	No
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

## Option C

*Pros:* maintains current processes  
*Cons:* less flexibility for customers

	IQDR	PSE HELP
PSE	Yes	No
CAP Agencies	Yes	Yes
Income Validation	All applications are verified	All applications are verified

## Option D

*Pros:* allows us to serve the most customers and gets assistance out quickly  
*Cons:* potential for fraud

	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	Percentage of applications are validated	Percentage of applications are validated

## Eligibility: who gets the discount

Eligibility	An IQDR draft proposal	Considerations
Income	200% FPL or 80% AMI, the greater of	<p><i>Pros:</i> Same guidelines as PSE HELP</p> <p><i>Cons:</i> Increase in number of eligible customers may cause a backlog in getting assistance provided</p>
Documentation	<ul style="list-style-type: none"><li>• Identification w/ birth date,</li><li>• # of people in the household,</li><li>• proof of income for those 18 and over, or lack thereof.<ul style="list-style-type: none"><li>➤ OR in lieu of income statement provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</li></ul></li></ul>	<p><i>Pros:</i> Customer is not required to be documented to receive assistance</p> <p><i>Cons:</i> Providing documentation can be cumbersome for customers</p>

# Example Program design: Customer Assistance Discount

Assumptions: average annual bill; estimated PSE HELP grant

For Illustrative Purpose Only

DISCOUNT 1	0%-20% AMI	20%-50% AMI	50%-80% AMI
Average Annual:			
PSE Bill	\$1,059	\$1,184	\$1,252
IQDR Discount (30%/15%/5%)	\$318	\$178	\$63
PSE HELP	\$635	\$474	\$250
Remaining Balance	\$106	\$533	\$939
Remaining Monthly Payment	\$9	\$44	\$78

DISCOUNT 2	0%-20% AMI	20%-50% AMI	50%-80% AMI
Average Annual:			
PSE Bill	\$1,059	\$1,184	\$1,252
IQDR Discount (10% for all LI)	\$106	\$118	\$125
PSE HELP	\$635	\$474	\$250
Remaining Balance	\$318	\$592	\$877
Remaining Monthly Payment	\$26	\$49	\$73

# Outreach: how to get the word out/providing support

## Using COVID-19 Bill Assistance outreach as a guide:

- **Community outreach** through active engagement with over 200 community non-profits
- **General awareness campaign** across service area via broadcast TV, banner ads, social media, radio, & print
- **Targeted social media advertising campaign** to zip codes with the highest index of in-need customers
- **Reaching Tribal communities** through combined outreach to 17 tribes, engaging leadership, working with tribal wellness organizations and augmented by advertising in tribal publications\*
- **Reaching BIPOC communities** via media serving these communities through earned media and advertising\*\*
- **PSE website** pages providing information on our assistance programs translated into the top five languages\*\*\*
- **Assistance application videos** developed in five languages\*\*\* taking customers through the online application process. Videos linked in community outreach materials, in social media and on web assistance pages
- **Community outreach materials** providing information and available in multiple languages\*
- **Multilingual community outreach** that provides in-language\*\*\* presenters for in-person events or presentations to community non-profits
- **Spanish advertising** on radio and social media (Facebook and Instagram)
- **Earned Media** outreach to area Spanish language broadcast, radio, digital, and print outlets

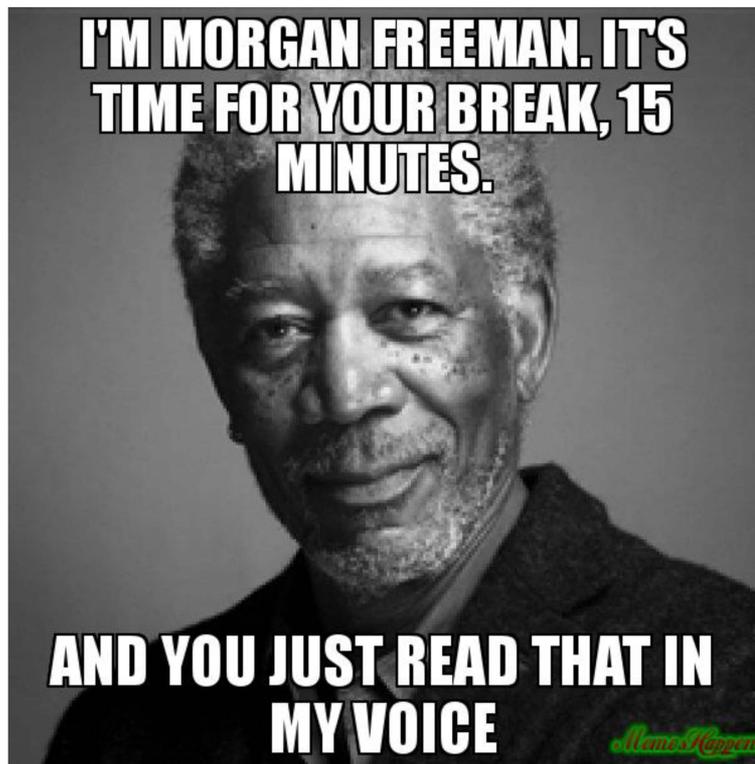
\* - Tulalip News, Squol Quol News, Muckleshoot Messenger, and Puyallup Tribal News

\*\* - Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The NW Facts, South Seattle Emerald, and Converge Media

\*\*\* - Spanish, Chinese, Vietnamese, Hindi, and Russian

Break time! Please return at XX

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## Working group discussions

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## Working group discussion

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- Members will be assigned to two groups (40 minutes)
  - Outreach and participation
  - Program design
- Members will return to share key takeaways from working group discussions (5 minutes each)

# Discussion questions:

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- **Vision:**
  - Is the vision clear and relatable?
  - Are there are changes you'd like to see with PSE's vision for the LIDR program?
- **Operation:**
  - Do you have questions on the proposed options or suggestions for changes or adjustments?
  - Are there options you prefer or don't prefer? Why, and what would you change?
  - What other ideas do you have or models you've seen that could increase access?
  - Are there accountability metrics you'd suggest?
- **Eligibility:**
  - Have we captured the right balance of criteria for eligibility?
  - Are there changes you'd make to PSE's eligibility proposal, and why?
- **Program Design:**
  - What questions do you have about the design examples?
  - How can we coordinate so customers eligible for the low-income discount rate continue to have access to LIHEAP and weatherization programs administered by CAP agencies?
- **Outreach:**
  - Are there preferred or more effective methods PSE should consider to ensure accessibility and cultural-relevancy?

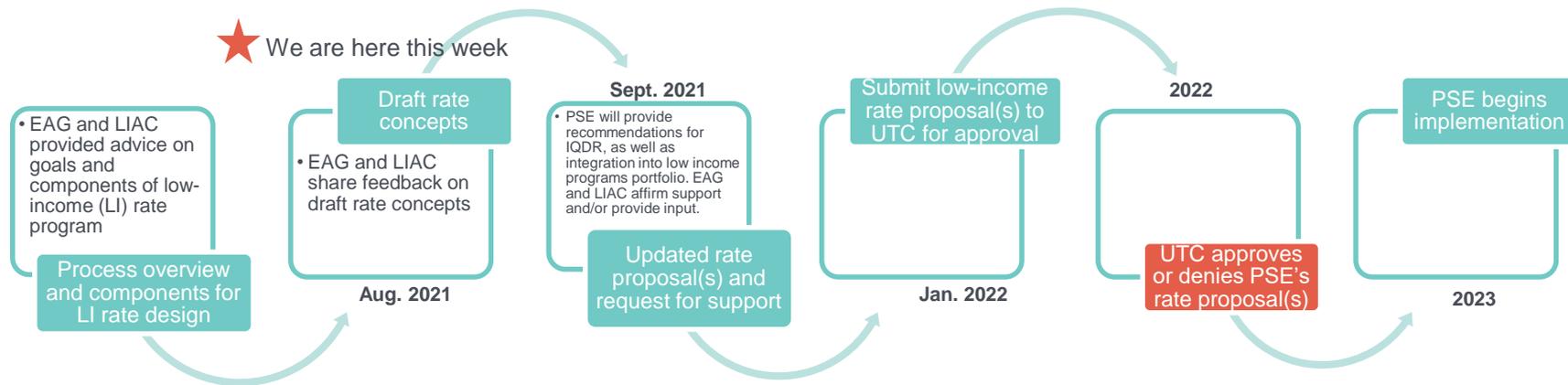


## Report outs and EAG discussion

- Each group will report out (~5 minutes each)
- EAG discussion



# Meeting reflections and next steps



# Questions?

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## Contact:

- Rose McKinney-James: [rose@mckinneyjamesassociates.com](mailto:rose@mckinneyjamesassociates.com)
- Diann Strom: [diann.strom@pse.com](mailto:diann.strom@pse.com)



# Refresher: PSE's current low-income programs

## Low-income bill assistance

Program	Description
<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>	Federal program that helps pay for heating and cooling on the customer's bill.
<b>PSE Home Energy Lifeline Program (HELP)</b>	Currently, designed to pay 20%-60% of a household's annual energy usage in a one-time per program year bill credit. Grant range: \$100-\$1,000.
<b>COVID Bill Assistance</b>	Pays off a qualified customer's past due billing owed to PSE to avoid service disconnections once PSE begins to collect for non-payment in August. Max grant is \$2,500 (once per program year).
<b>PSE's Warm Home Fund</b>	Helps keep customers from being disconnected or to reconnect service if they are disconnected. Max grant at this time is \$600.

## Income-eligible programs

Program	Description
<b>Weatherization Assistance Program</b>	Free structural improvements and home upgrades like insulation, roof repairs, duct sealing and more. Priorities: seniors, disability, children, energy burden, Native American.
<b>Emergency preparedness kits</b>	Targeted distribution of emergency preparedness kits for 2020-2021 storm season to most vulnerable customers.
<b>Multifamily New Construction</b>	Enhanced incentives targeting new affordable housing projects, including a 50% higher energy efficiency incentive and a \$2500 Early Design Assistance (EDA) incentive for projects that include PSE and other energy efficiency stakeholders in early planning meetings.
<b>Efficiency Boost rebates</b>	Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.

## All programs available to all customers

Program	Description
<b>Energy Efficiency programs</b>	Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.
<b>Manufactured home rebates</b>	Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.
<b>Budget Payment Plan</b>	Monthly payment based on average annual energy usage.
<b>Payment arrangements</b>	Bill payment plans to extend the due date into weekly/monthly payments.

# PSE's Current Low Income Programs: Eligibility

Energy Efficiency (EE) program

Budget Payment Plan

Payment Arrangements

Arrearage Management Program (AMP) – LI eligibility details TBD

PSE HELP (200% FPL or 80% AMI, eff. Oct 1, 2021)

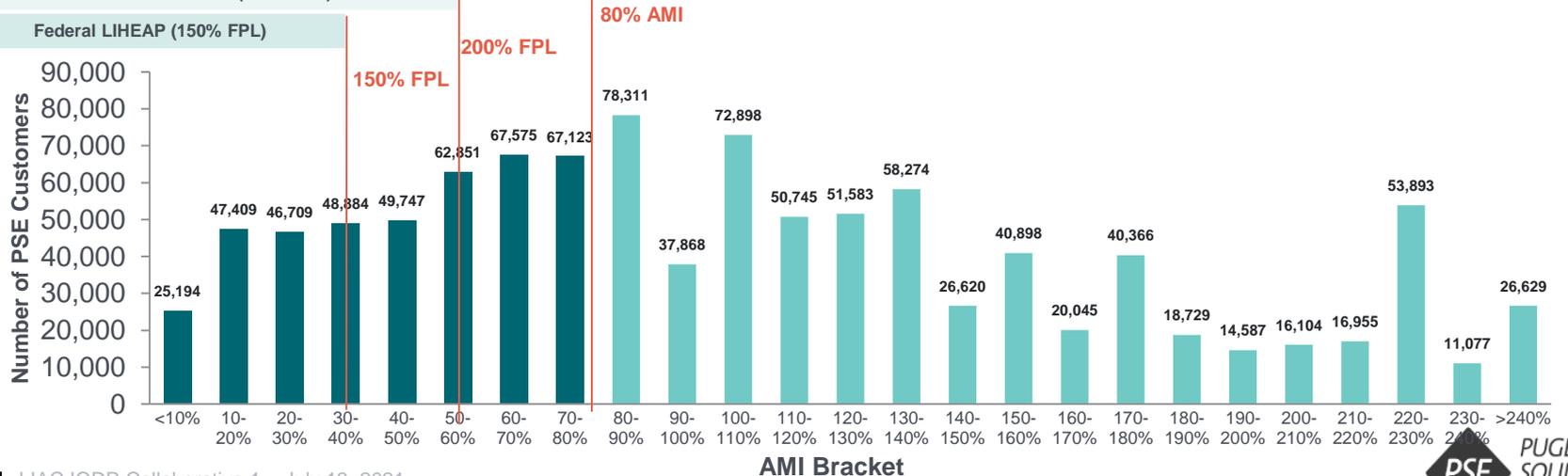
Low-income EE programs (200% FPL or 60% SMI)

COVID Bill Assistance (200% FPL)

Warm Home Fund (200% FPL)

Federal LIHEAP (150% FPL)

## Number of PSE Customers by Income Bracket (PSE's Energy Burden Analysis Draft Results)



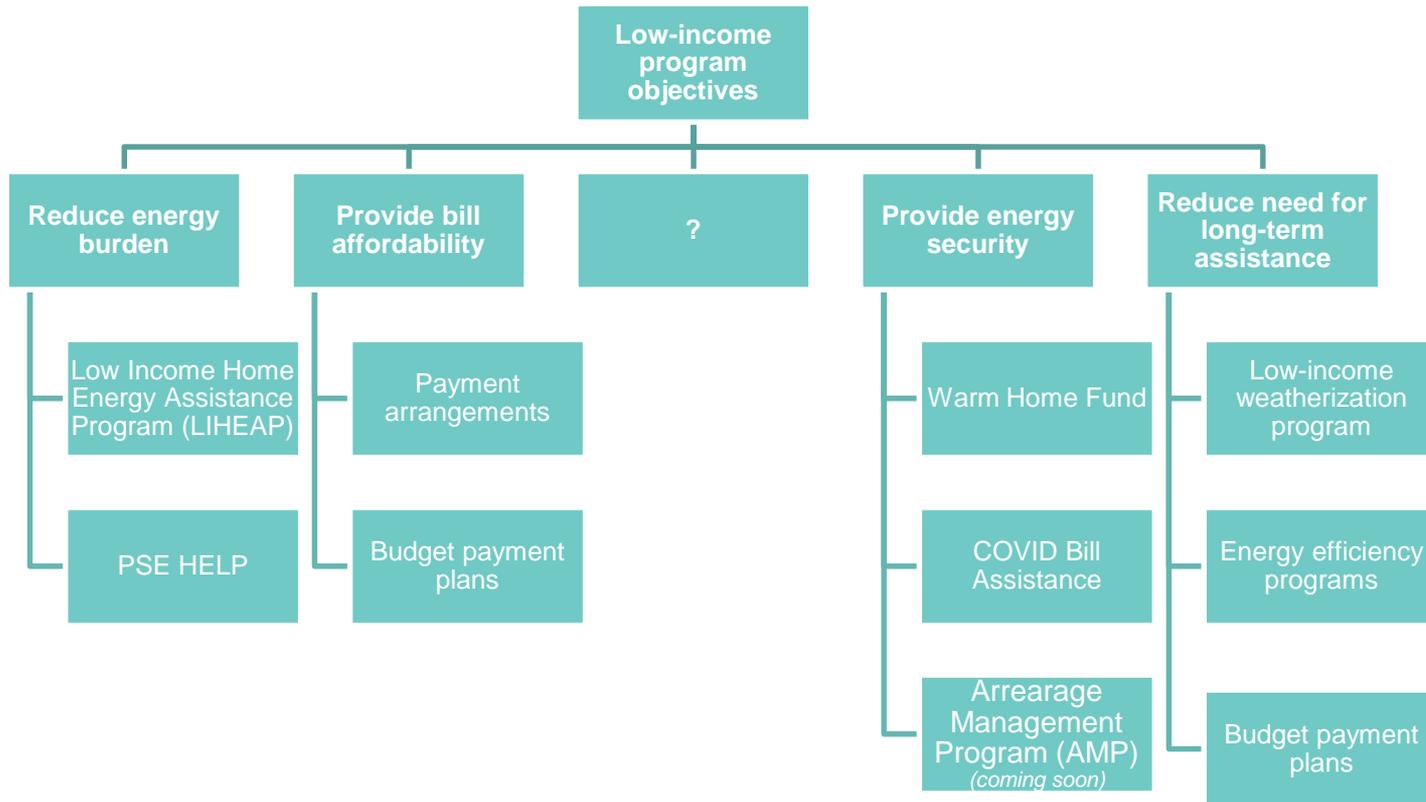
- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE low-income programs are guided by key objectives

Objective	Outcome
<b>Reduce energy burden</b>	Reduced energy expenses
<b>Provide bill affordability</b>	Ability for customers to make consistent monthly payments
<b>Provide energy security</b>	Emergency funding to manage utility bills and prevent disconnections from accumulated debt (arrearages)
<b>Reduce need for long-term assistance</b>	Lower customer usage and bills through energy efficiency and conservation

# PSE's current low-income program objectives and specific programs

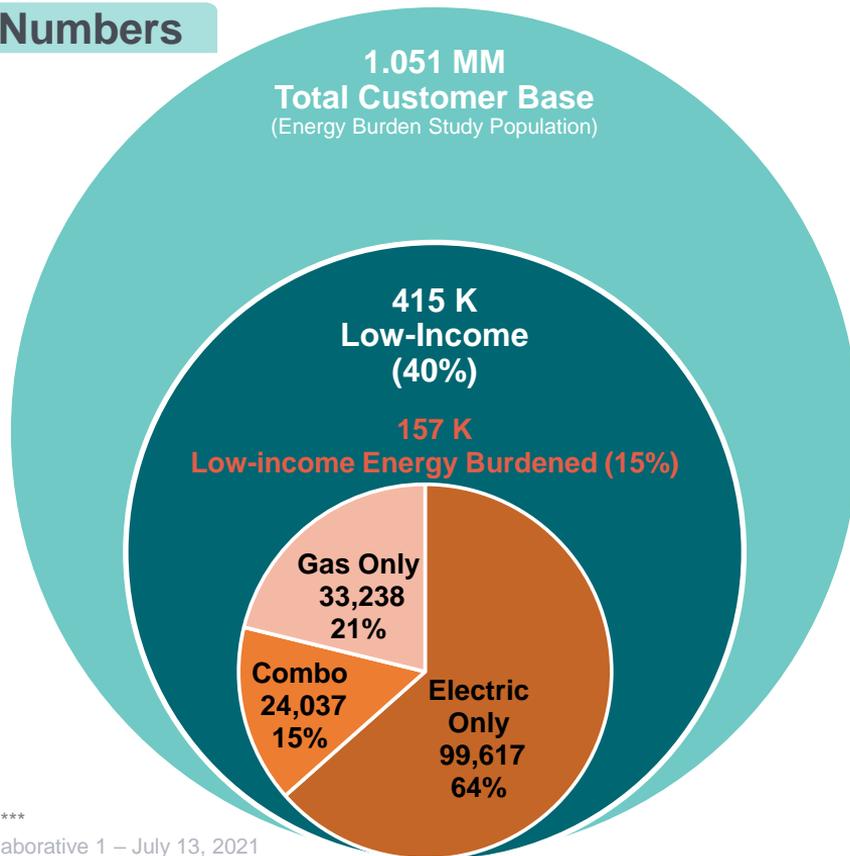


## Discussion questions:

- Are the objectives of the low-income programs appropriate?
- Are there additional objectives to consider?

# Refresher: PSE Energy Burden Analysis draft results

## The Draft Numbers

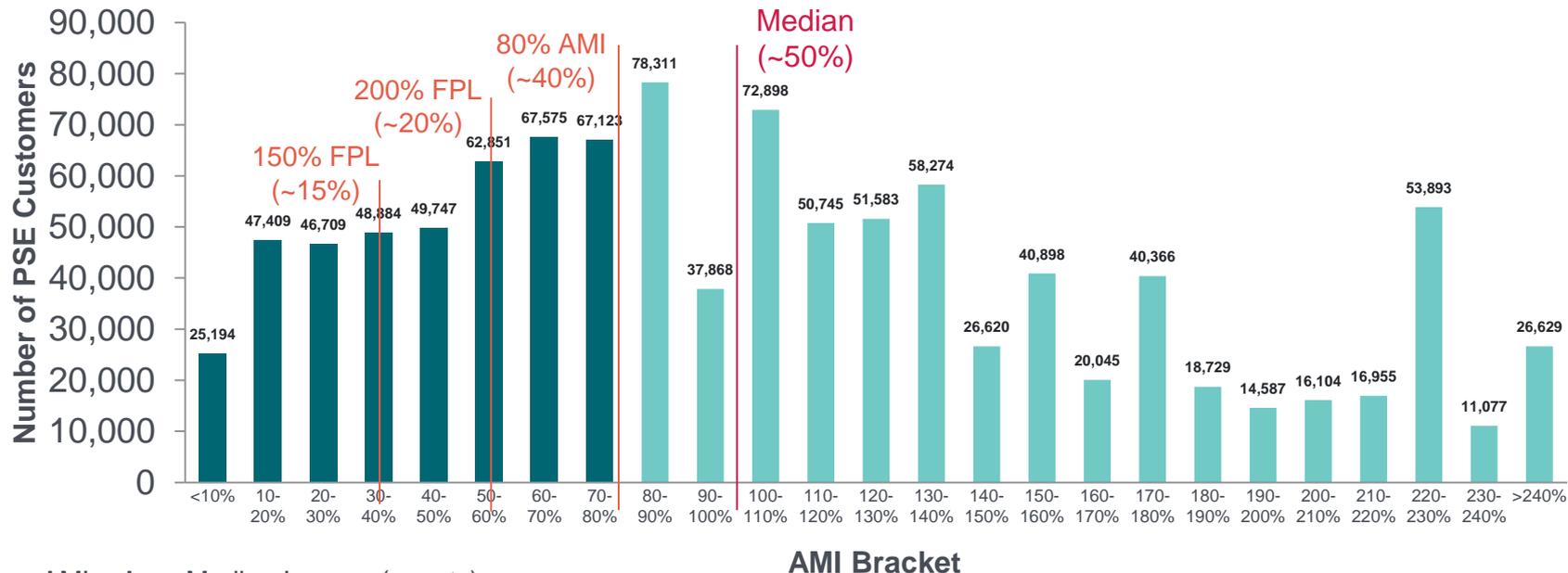


## The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

By using 80% AMI, the definition of low-income is more inclusive and allows us to provide assistance to more customers

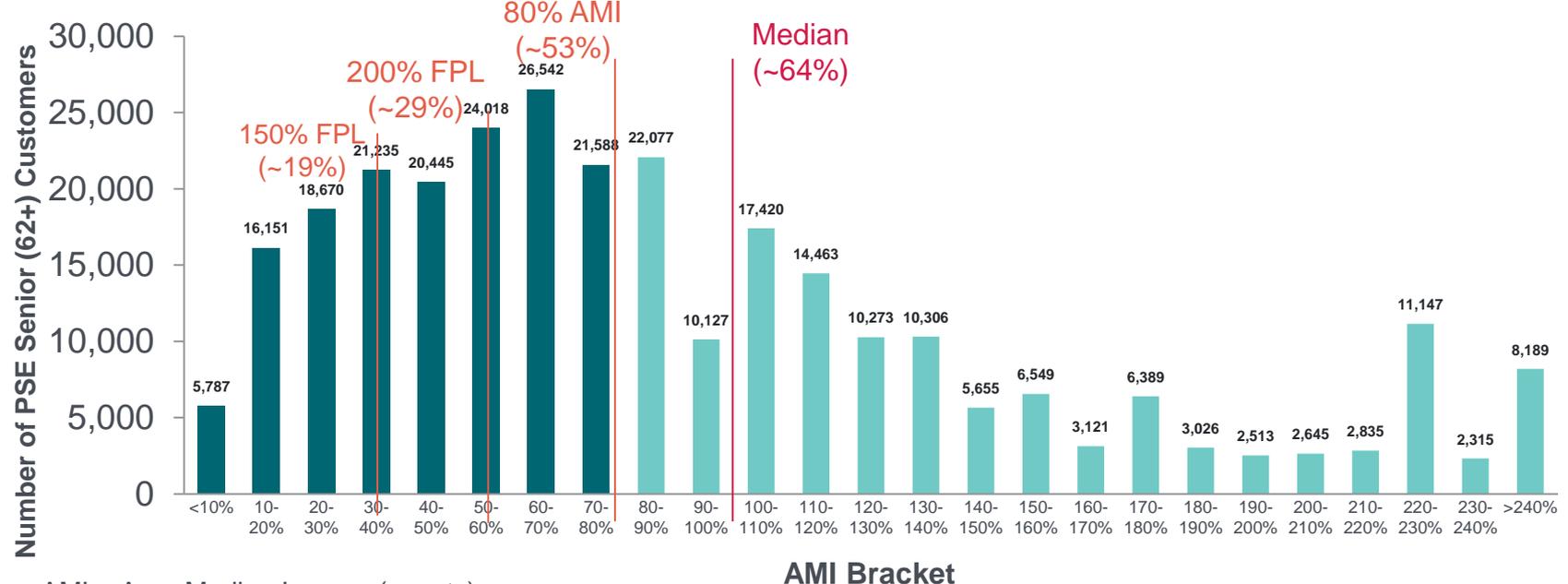
## Number of PSE Customers by Income Bracket



- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.

# PSE's Senior Customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

## Number of PSE Senior (62+) Customers by Income Bracket

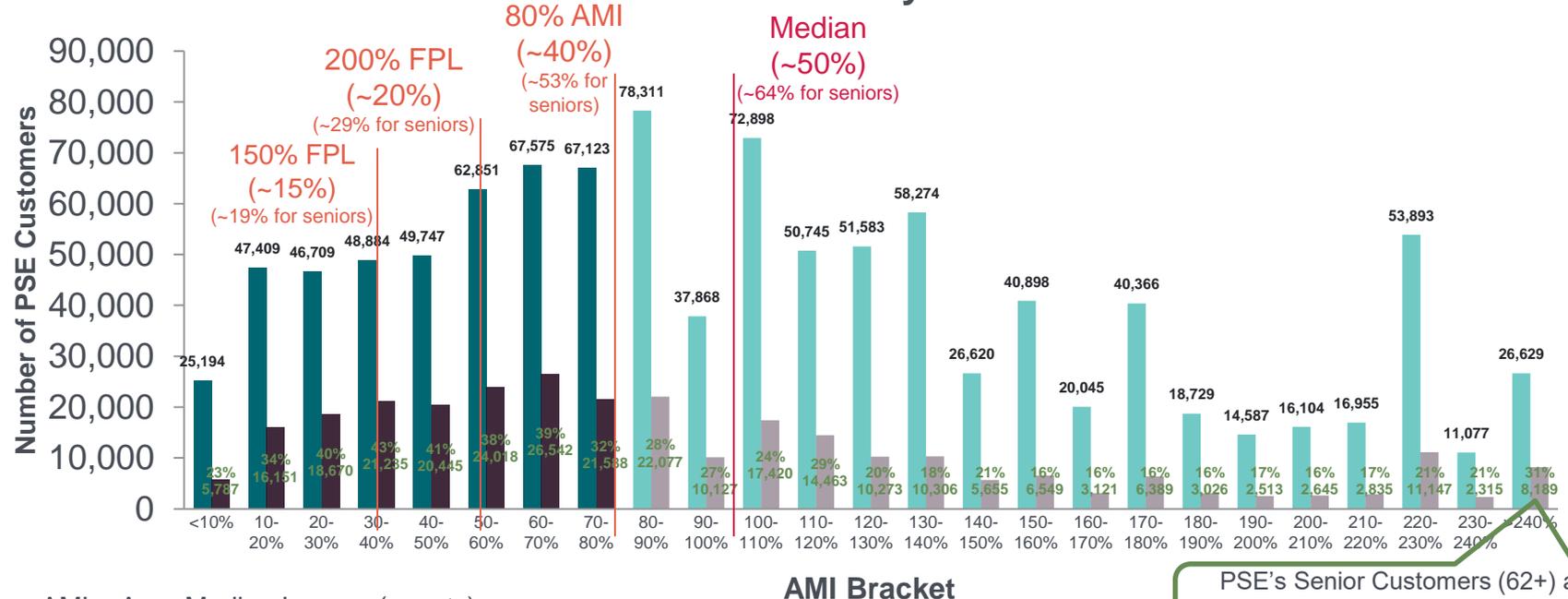


- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE's customers versus PSE's senior customers (62+) by AMI bracket compared to 200% FPL and 80% AMI

## Number of PSE Customers by Income Bracket



- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.

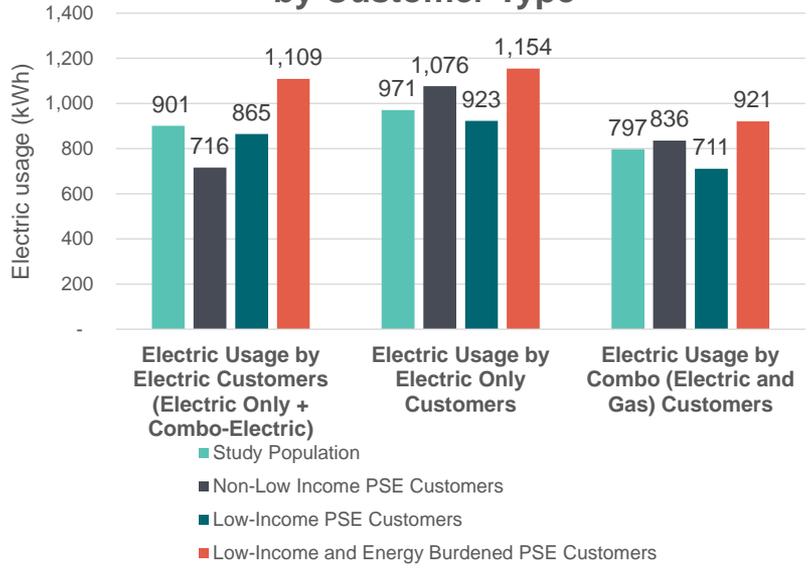
PSE's Senior Customers (62+) as a proportion of PSE's customers in each income bracket



# Classified low-income HEB customers' electric and gas usage is higher than for overall low-income customers

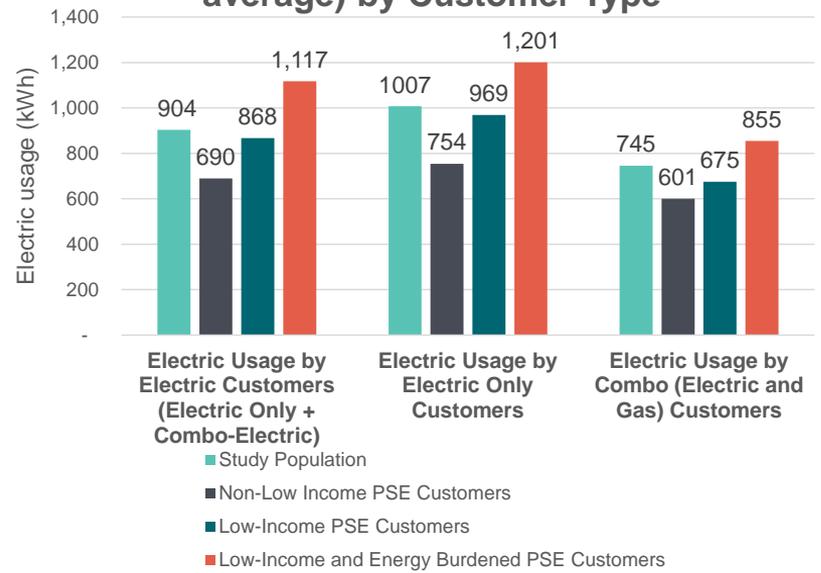
## ENERGY BURDEN ANALYSIS:

### Electric Billed Usage (monthly average) by Customer Type



## Seniors -- ENERGY BURDEN ANALYSIS:

### Seniors -- Electric Billed Usage (monthly average) by Customer Type



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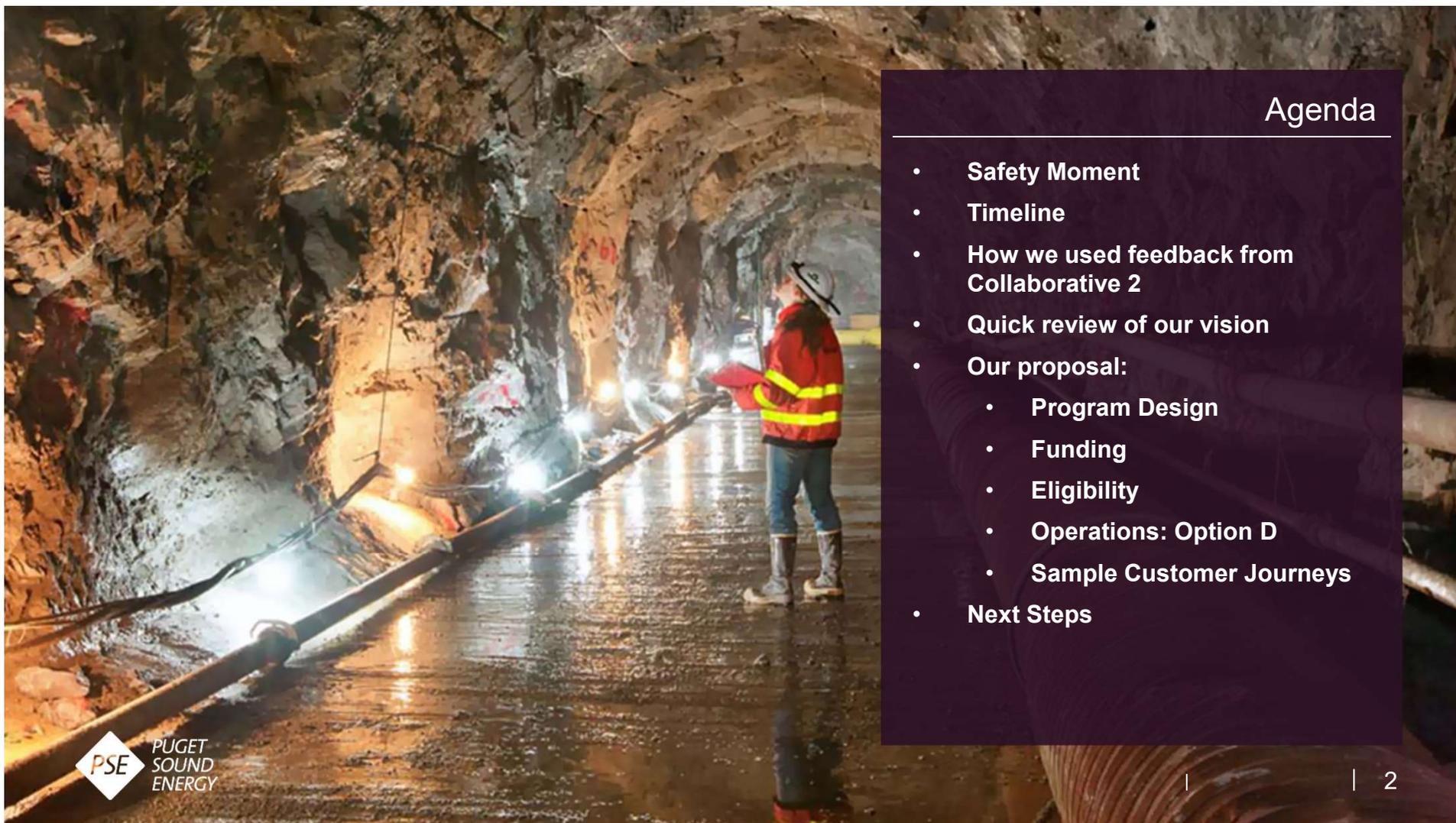
# Development of PSE's Income- Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)



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September 14, 2021



## Agenda

- Safety Moment
- Timeline
- How we used feedback from Collaborative 2
- Quick review of our vision
- Our proposal:
  - Program Design
  - Funding
  - Eligibility
  - Operations: Option D
  - Sample Customer Journeys
- Next Steps

# Safety moment: FIRE SAFETY.

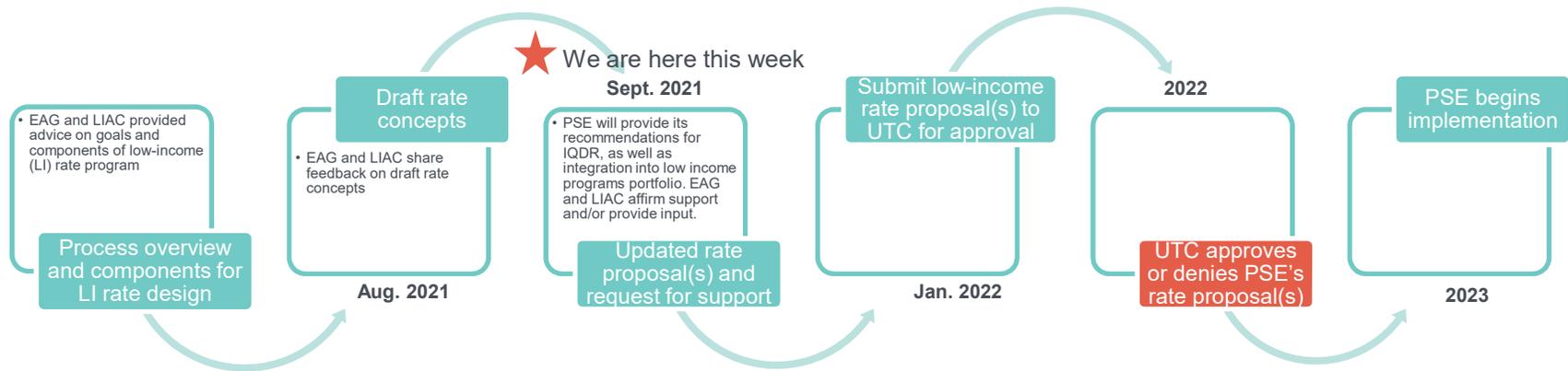


- *Be prepared for an emergency*

- In just two minutes, a fire can become life threatening.
- In five minutes a residence can be engulfed in flames.
- Families should plan and practice a home fire escape plan at *least* twice a year.
- Working smoke alarms cut the risk of dying in reported fires *in half*.
- Two of every five home fires start in the kitchen; check wiring, unplug appliances that are not in use.
- Have working fire extinguishers on every floor and remember **PASS**:
  - ✓ Pull the pin
  - ✓ Aim low
  - ✓ Squeeze the trigger
  - ✓ Sweep side to side

A		Ordinary Combustibles	Wood, Paper, Cloth, Etc.
B		Flammable Liquids	Grease, Oil, Paint, Solvents
C		Live Electrical Equipment	Electrical Panel, Motor, Wiring, Etc.
D		Combustible Metal	Magnesium, Aluminum, Etc.
K		Commercial Cooking Equipment	Cooking Oils, Animal Fats, Vegetable Oils

# Timeline



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# How we used your feedback for today’s discussion

Feedback heard	What we did with it
Requests for low-income program participation data going back further	Shared data in deck; we’ll discuss today
Anticipated cost and participation rate including cost analysis/additional resources needed for proposed program process. Including whether there are ways to reduce administrative cost of the programs, such as by changing PSE HELP to a flat rate.	Shared in deck; we’ll discuss today
<p>How will the discount rate create a meaningful impact for customers without being burdensome to receive the benefits?</p> <p>Is the discount rate % high enough or can it be increased?</p> <p>Would people need to come back year after year and apply to multiple programs?</p> <p>How will customers know about the program</p> <p>Preventing customer confusion if multiple entities run the program</p> <p>What will application, audit, and attestation processes look like?</p> <p>How to prevent too high of a benefit?</p>	Reflected in the selected program design
How will we have a meaningful impact on customers now, not just once the discount rate goes into effect?	Needs further consideration

## How we used your feedback for today's discussion

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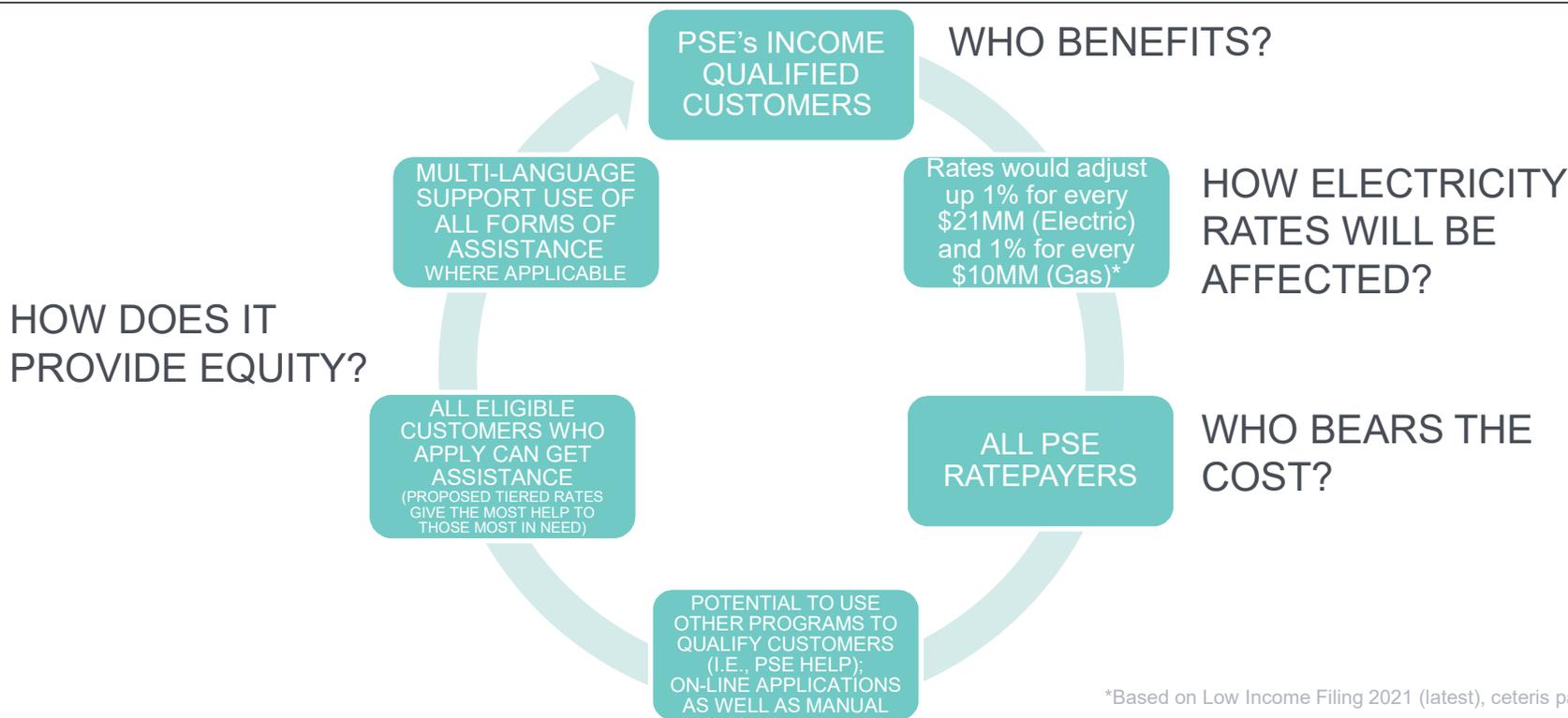
Feedback heard	What we did with it
There's interaction between LIHEAP, PSE HELP, and the discount rate we need to account for (rate impact on future LIHEAP grant amounts, difference in qualification and documentation requirements) including whether the agencies have the resources needed to administer the programs and what else needs to be decoupled between LIHEAP and HELP with HELP and discount rate program changes/creation.	Reflected in the selected program design
How do PSE HELP and the discount rate connect with each other and is it really two programs or one?	Reflected in the selected program design
What impacts will the discount rate have on other programs and their administration, such as impact on referrals from PSE HELP to the weatherization program and resulting increased burden on that team?	Needs further consideration

## Developing a low-income/income-qualified discount rate to support customers

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- **What it is:** A discount on the customer's bill
  - Considerations
  - The Vision
- **PSE must determine as part of the process:**
  - **Operation:** how the discount is administered
  - **Eligibility:** who gets the discount
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Funding:** how to balance low-income customer needs with impacts to all customers
  - **Outreach:** how to get the word out about the discount/providing support

# Considerations



\*Based on Low Income Filing 2021 (latest), ceteris paribus

## STRUCTURED PROGRAMS TO INCREASE PARTICIPATION



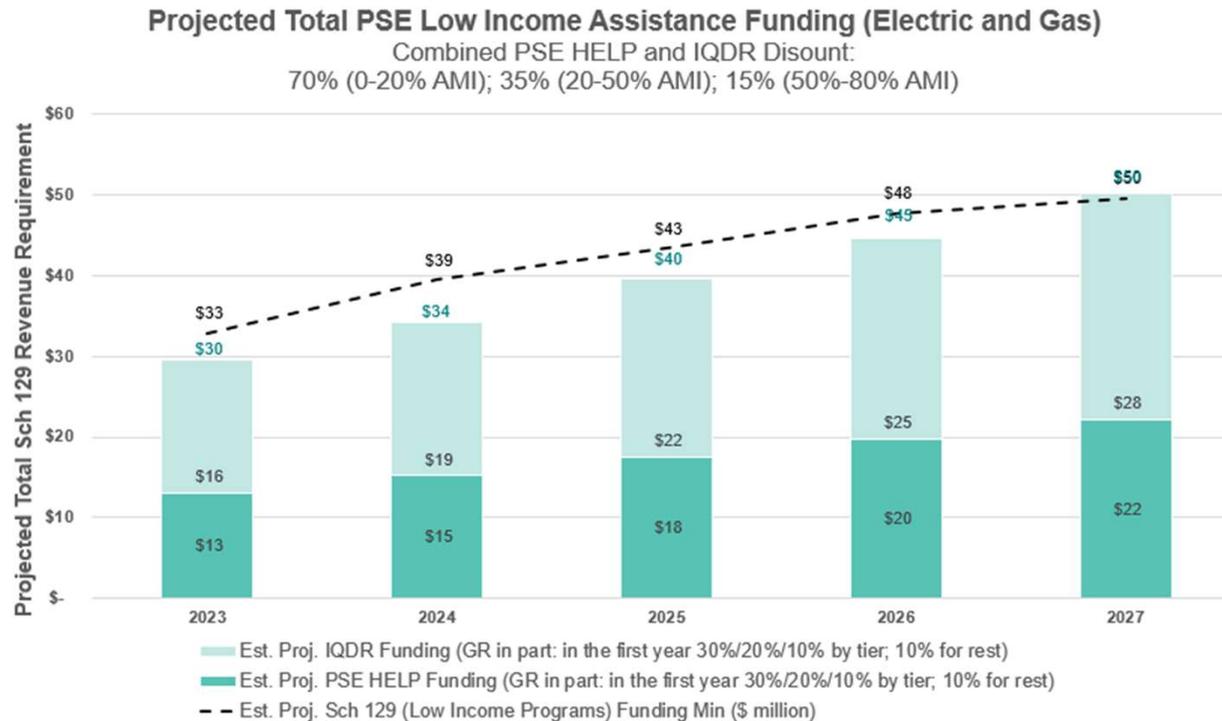
## Proposed Program design: Sample Customer Discount

Customer tier by AMI bracket:	0%-20% AMI	20%-50% AMI	50%-80% AMI
<b>Average Annual:</b>			
<b>Total PSE Discount</b>	<b>70%</b>	<b>35%</b>	<b>15%</b>
PSE Average Annual Bill	\$1,275	\$1,404	\$1,460
Proposed IQDR Discount %	45%	15%	0%
IQDR Discount (\$)	\$574	\$211	\$0
Proposed PSE HELP %	25%	20%	15%
PSE HELP Grant (\$)	\$316	\$287	\$219
<b>IQDR + HELP Combined Discount %</b>	<b>70%</b>	<b>35%</b>	<b>15%</b>
<b>IQDR + HELP Combined Discount (\$)</b>	<b>\$889</b>	<b>\$497</b>	<b>\$219</b>
Discounted Annual Bill	\$386	\$907	\$1,241
Discounted Monthly Bill	\$32	\$76	\$103
Average LIHEAP Grant	\$448	\$484	\$0
Remaining Annual Bill	(\$62)	\$423	\$1,241
Remaining Monthly Bill	(\$5)	\$35	\$103
<b>Discount IQDR + HELP + LIHEAP</b>	<b>105%</b>	<b>70%</b>	<b>15%</b>

### Assumptions:

- IQDR is always applied to the total bill, before grants
- The HELP formula is adjusted to be a fixed, tiered discount and the percentages shown are applied to the total bill, pre-discount
- LIHEAP is applied to the pre-discount bill

## Funding: PSE proposes to use unspent HELP funding for IQDR to minimize rate impacts



Based on the proposed program design and using assumed growth rates in participation in HELP and IQDR, over the next 5 years, we estimate **no additional rate impacts** from the implementation of the IQDR

## Eligibility: all income-qualified PSE customers would be eligible to receive IQDR and/or HELP

Eligibility	IQDR proposal	PSE HELP change proposal
Income	0% - 50% of Area Median Income or below	0% - 200% FPL / 80% of AMI whichever is greater
Documentation	<ul style="list-style-type: none"> <li>• Identification w/ birth date, # of people in the household, proof of income for those 18 and over, or lack thereof.</li> <li>OR in lieu of income statement provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</li> </ul>	<ul style="list-style-type: none"> <li>□ Same as IQDR</li> </ul>
Verification	<ul style="list-style-type: none"> <li>• Every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>• Same as IQDR</li> </ul>

Question to the agencies:

- Other than SS card, is there another document you use to verify the number of customers?

## Operation: PSE and CAP agencies would administer both IQDR and HELP to maximize customers served

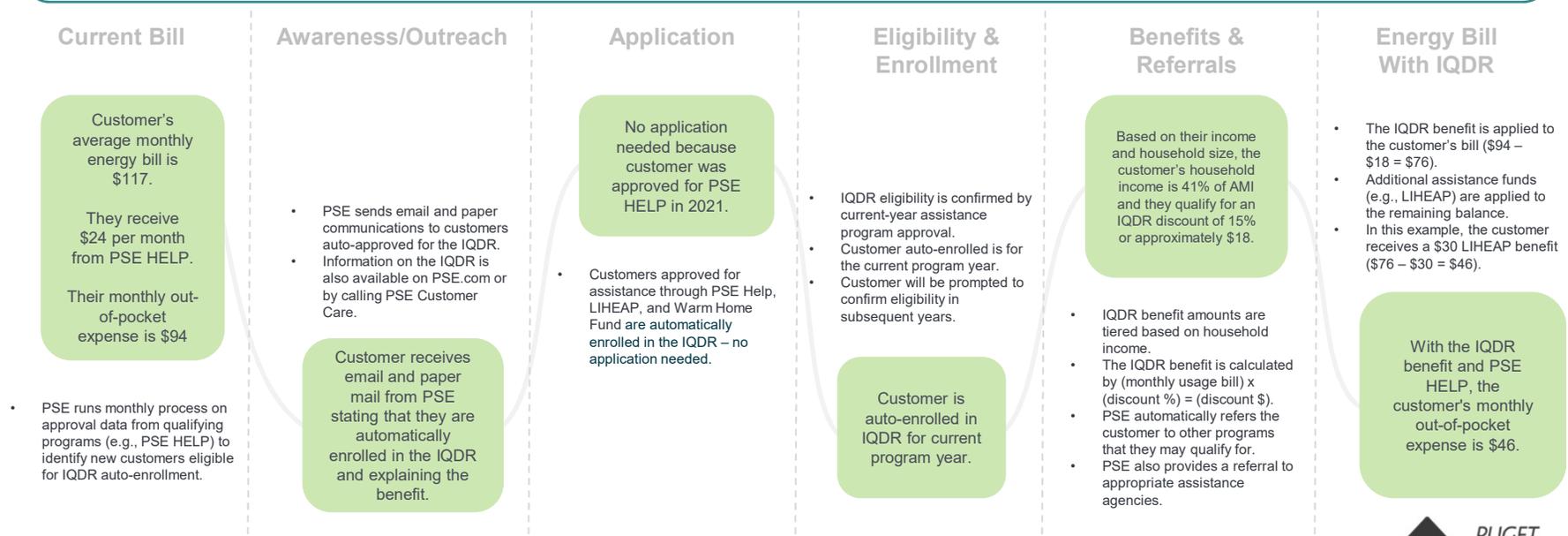
OPTION D	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	Percentage of applications are validated	Percentage of applications are validated

- **Per LIAC’s and EAG’s feedback, Option D was preferred:**
  - This would allow us to serve the most customers and gets assistance out quickly
  - To mitigate the risk for fraud, we would validate a percentage of applications
    - PSE is currently researching what other utilities are doing to get best practice. Looking at Southern California Edison and PG&E
- **Discussion Points:**
  - Who gets audited: Customers that have received PSE HELP and are on the discount rate but have not received or do not qualify for LIHEAP. If a customer has received LIHEAP, no audit would be needed.
  - Options for the audit: Agencies, PSE internally, a combination of the two? Which option is preferred?
  - If PSE completes audits, what external systems could PSE use to verify income and occupancy as the agencies do today?

# Customer Journey: Auto-Enrollment

**Customer 1:** A household of 6 people in Island County with a monthly income of \$2,900. The customer was approved for PSE HELP in February 2021 and their average monthly energy bill is \$117.

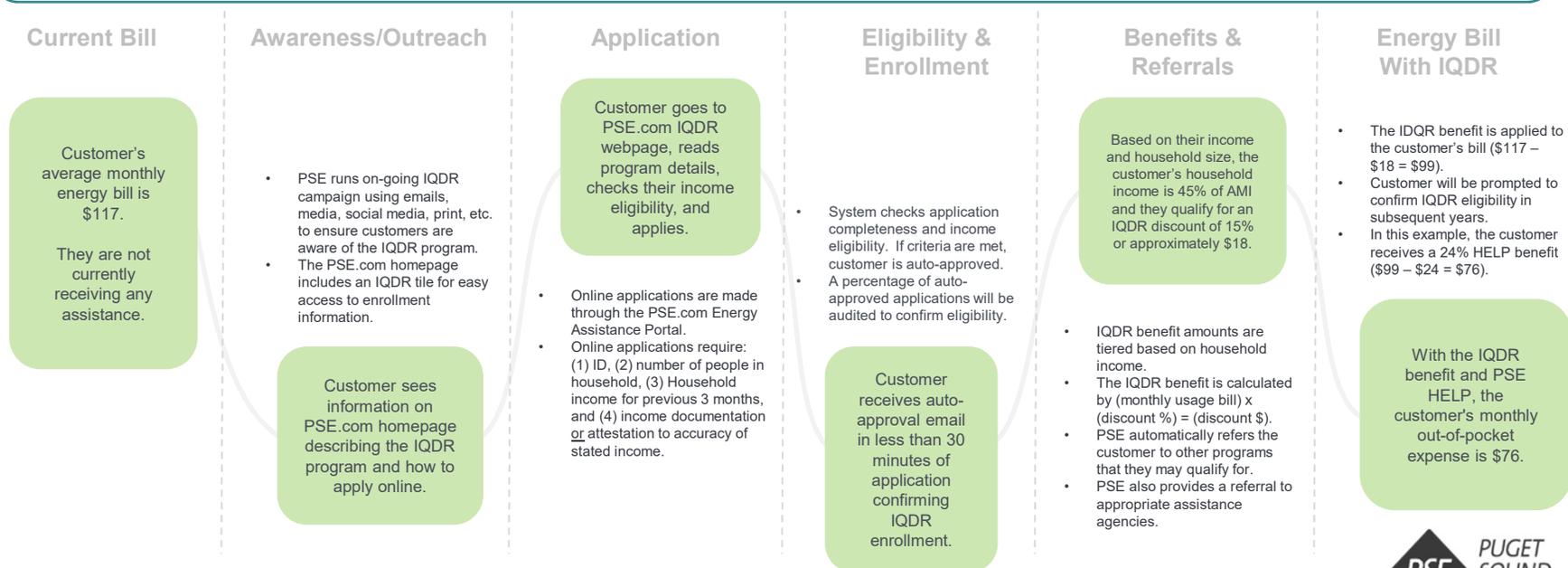
Customer Journey



# Customer Journey: Tech Savvy Customer

**Customer 2:** King County resident with 4 people in their household and a monthly income of \$3,394. The customer has never received any assistance for their energy bill. They have a PSE.com online account and use it regularly to check their energy usage. The customer's average monthly energy bill is \$117.

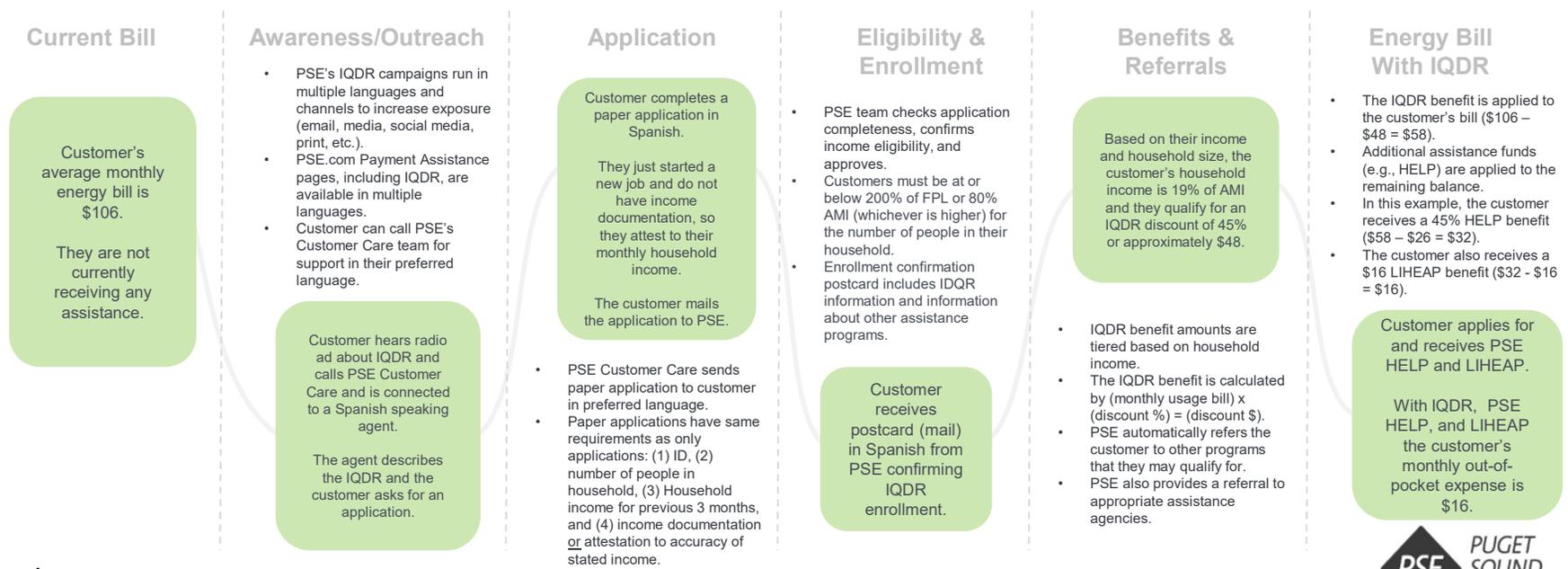
Customer Journey



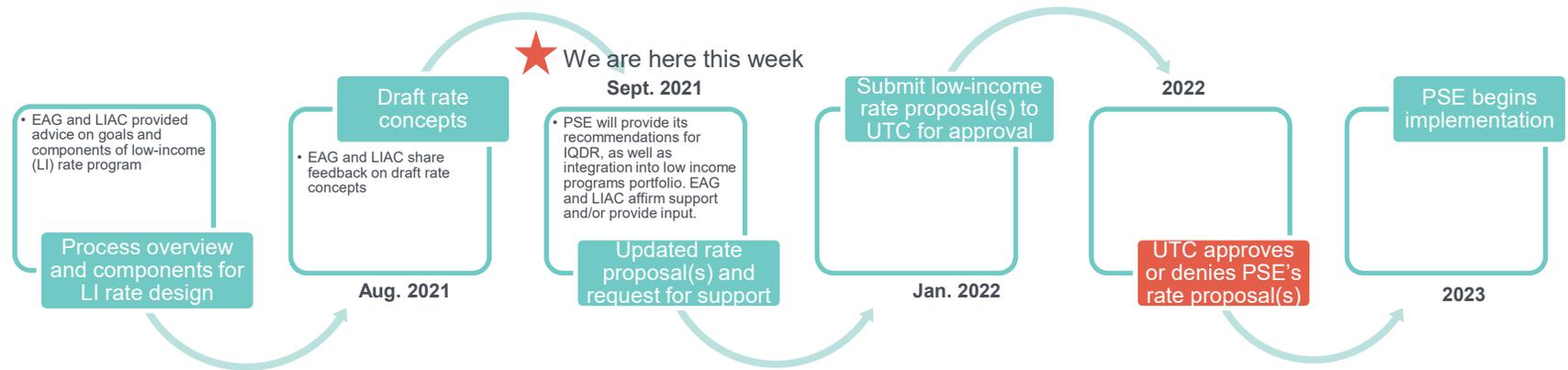
# Customer Journey: Manual Application

**Customer 3:** New to Kitsap County. Six people in household with a monthly income of \$1,383. The customer does not have a PSE.com online account and needs assistance in Spanish. Over the last 2 months, the customer's average energy bill was \$106.

Customer Journey



## Next steps: EAG and LIAC to affirm support and/or provide input



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# APPENDIX

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# The Vision

## Vision:

Puget Sound Energy (PSE) and the Low Income Advisory Council (LIAC) will partner to make energy assistance more impactful, more accessible, and easier to sign-up for than ever before.

This will be accomplished by offering a new income-qualified discount rate (IQDR), which can be combined with payment assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) and Home Energy Lifeline Program (HELP), and will be measured using agreed upon Key Performance Indicators (KPIs).

## Guiding Principles:

1. The IQDR should work with and compliment energy assistance programs. (e.g., referrals across programs, combined benefits to reduce energy burden.)
2. The IQDR should be available to all income eligible customers with the largest benefit applied to customers with the greatest need.
3. We should design the IQDR program to maximize participation.
  - a) Auto-enrollment for existing customers when possible (e.g., participation in qualifying PSE, State, or Federal (e.g., SNAP) program.
  - b) Multiple paths for application in preferred language (e.g., physical mail, calling PSE Customer Care, PSE's energy assistance portal, referral from assistance program).
  - c) New PSE customers can apply for IQDR when starting service.
4. The IQDR application process should be quick and easy.
  - a) Basic eligibility information required (ID, number in household, household income, income documentation).
  - b) We trust our customers – customers attest to the accuracy of the information provided and applications that meet income eligibility are auto-approved.
  - c) A percentage of approved applications are audited for eligibility confirmation.

# Outreach: how to get the word out/providing support

## Using COVID-19 Bill Assistance outreach as a guide:

- **Community outreach** through active engagement with over 200 community non-profits
- **General awareness campaign** across service area via broadcast TV, banner ads, social media, radio, & print
- **Targeted social media advertising campaign** to zip codes with the highest index of in-need customers
- **Reaching Tribal communities** through combined outreach to 17 tribes, engaging leadership, working with tribal wellness organizations and augmented by advertising in tribal publications\*
- **Reaching BIPOC communities** via media serving these communities through earned media and advertising\*\*
- **PSE website** pages providing information on our assistance programs translated into the top five languages\*\*\*
- **Assistance application videos** developed in five languages\*\*\* taking customers through the online application process. Videos linked in community outreach materials, in social media and on web assistance pages
- **Community outreach materials** providing information and available in multiple languages\*
- **Multilingual community outreach** that provides in-language\*\*\* presenters for in-person events or presentations to community non-profits
- **Spanish advertising** on radio and social media (Facebook and Instagram)
- **Earned Media** outreach to area Spanish language broadcast, radio, digital, and print outlets

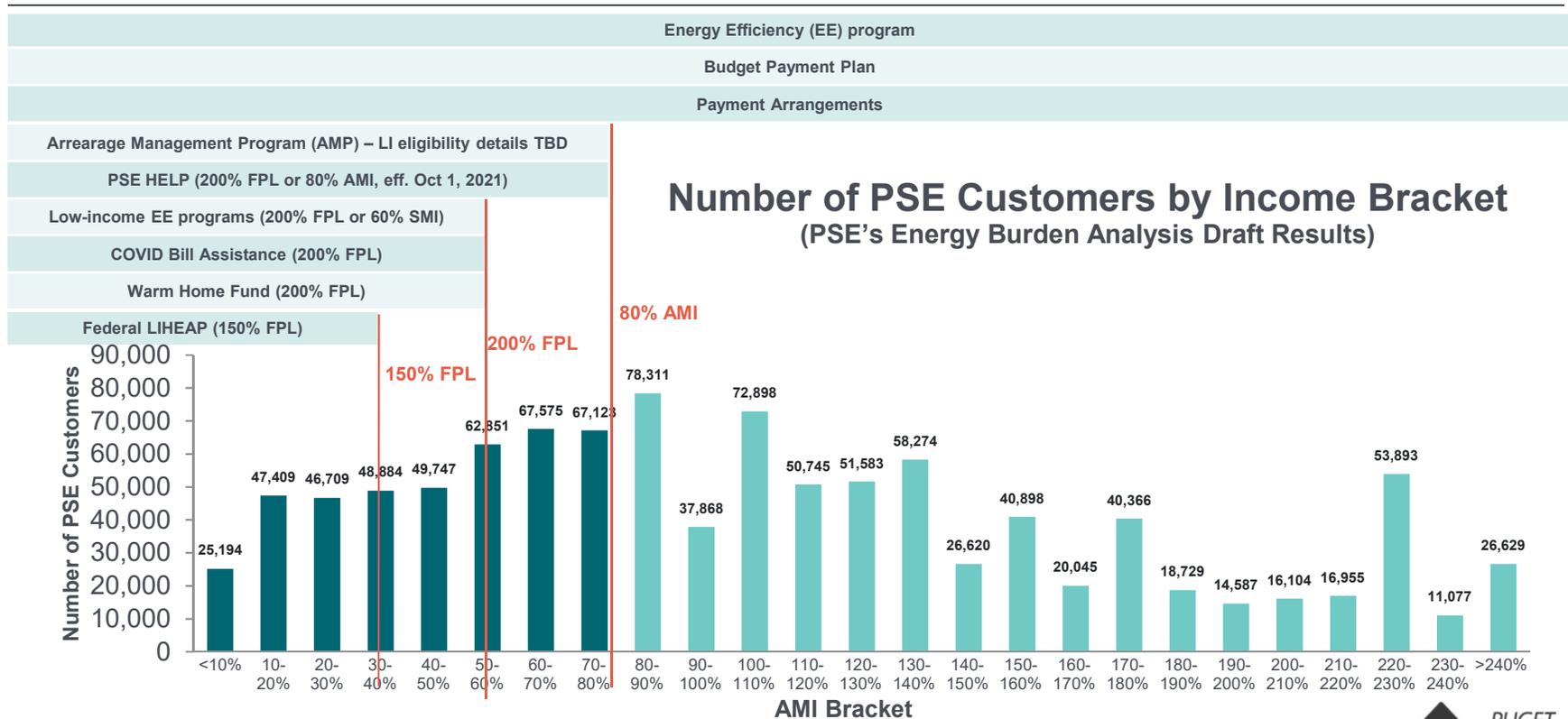
\* - Tulalip News, Squol Quol News, Muckleshoot Messenger, and Puyallup Tribal News

\*\* - Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The NW Facts, South Seattle Emerald, and Converge Media

\*\*\* - Spanish, Chinese, Vietnamese, Hindi, and Russian



# PSE's Current Low Income Programs: Eligibility

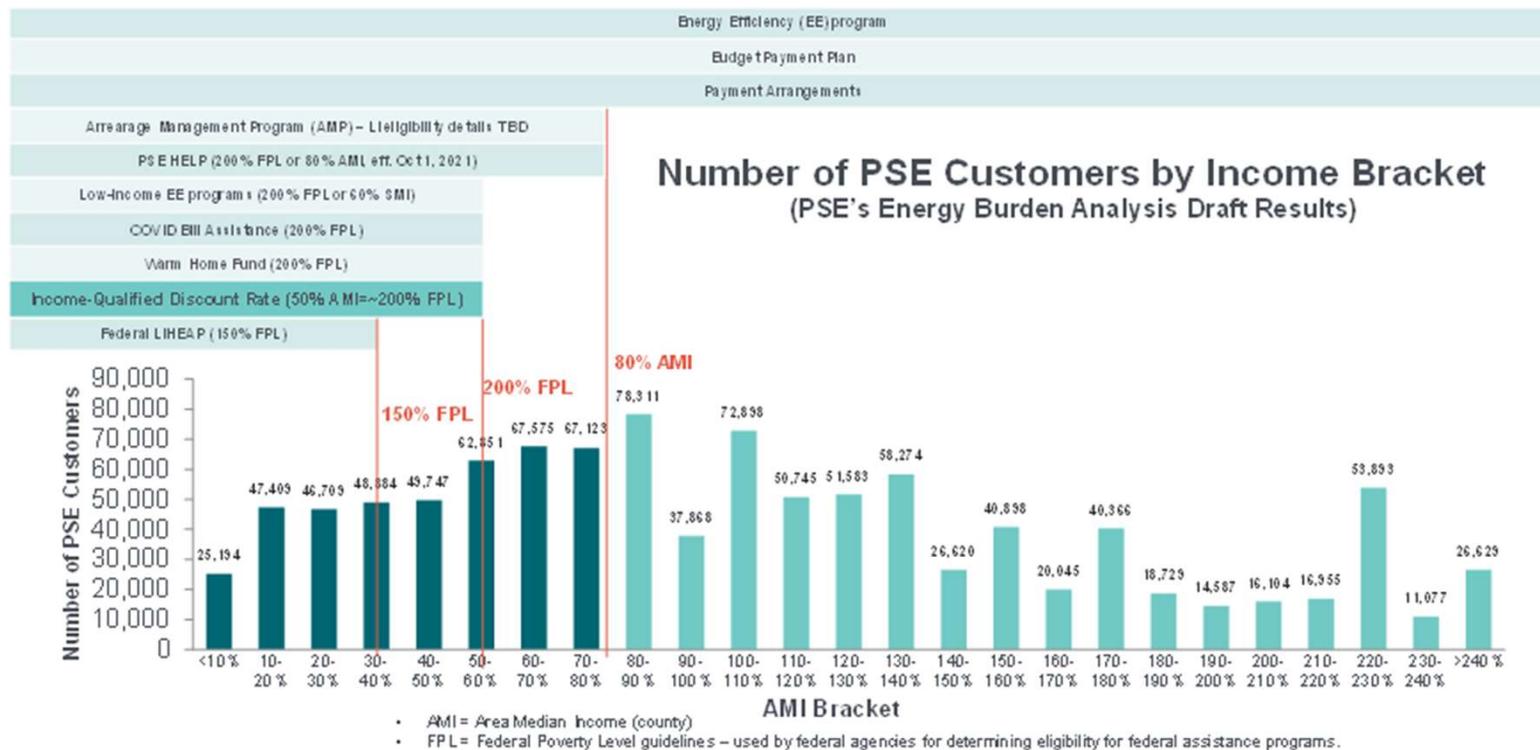


20 | \*\*\*Draft Results\*\*\*  
LIAC IQDR Collaborative 1 – July 13, 2021

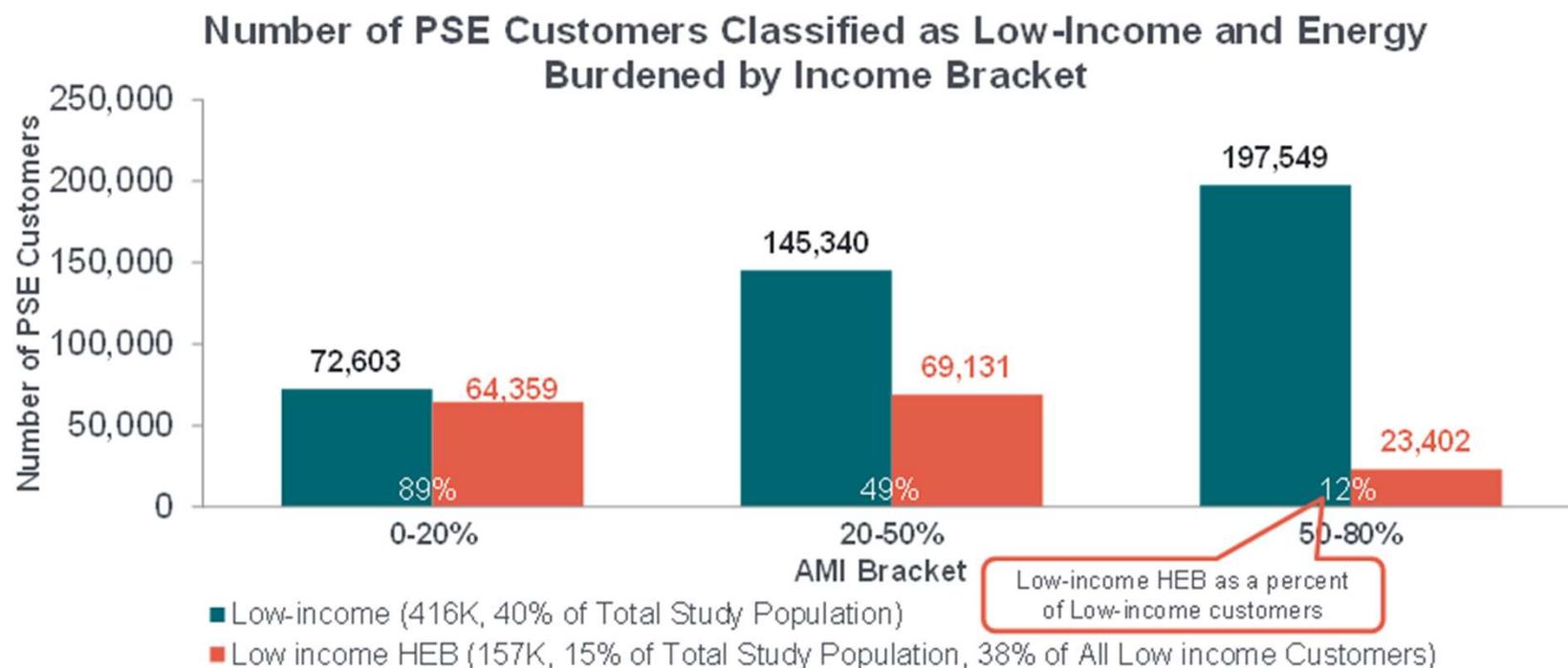
- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE's Current Low-Income Programs with IQDR: Eligibility

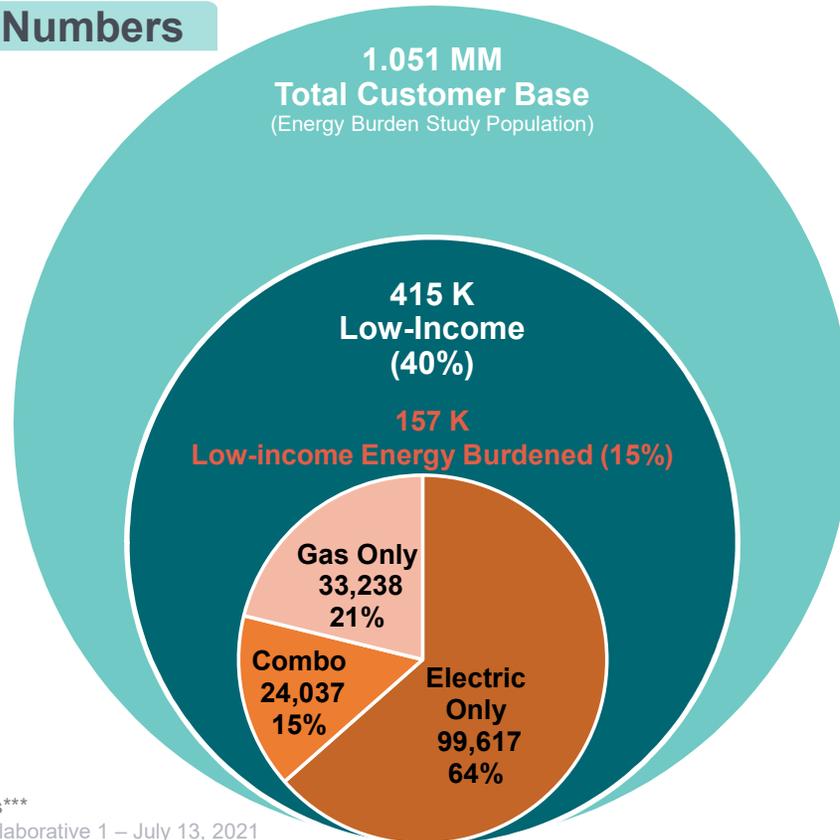


Nearly 90% of customers in lowest income bracket are energy burdened, and nearly half in the second tier



## Refresher: PSE Energy Burden Analysis draft results

### The Draft Numbers



### The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

## Summary of Homework Questions:

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- **Vision:**
  - Is the vision clear and relatable?
  - Are there are changes you'd like to see with PSE's vision for the LIDR program?
- **Operations:**
  - Do you have questions on the proposed options or suggestions for changes or adjustments?
  - Are there options you prefer or don't prefer? Why, and what would you change?
  - What other ideas do you have or models you've seen that could increase access?
  - Are there accountability metrics you'd suggest?
- **Eligibility:**
  - Have we captured the right balance of criteria for eligibility?
  - Are there changes you'd make to PSE's eligibility proposal, and why?
- **Program Design:**
  - What questions do you have about the design examples?
  - How can we ensure that customers continue to have access to LIHEAP and Weatherization Programs administered by the CAP Agencies?
- **Outreach:**
  - Are there preferred or more effective methods PSE should consider to ensure accessibility?

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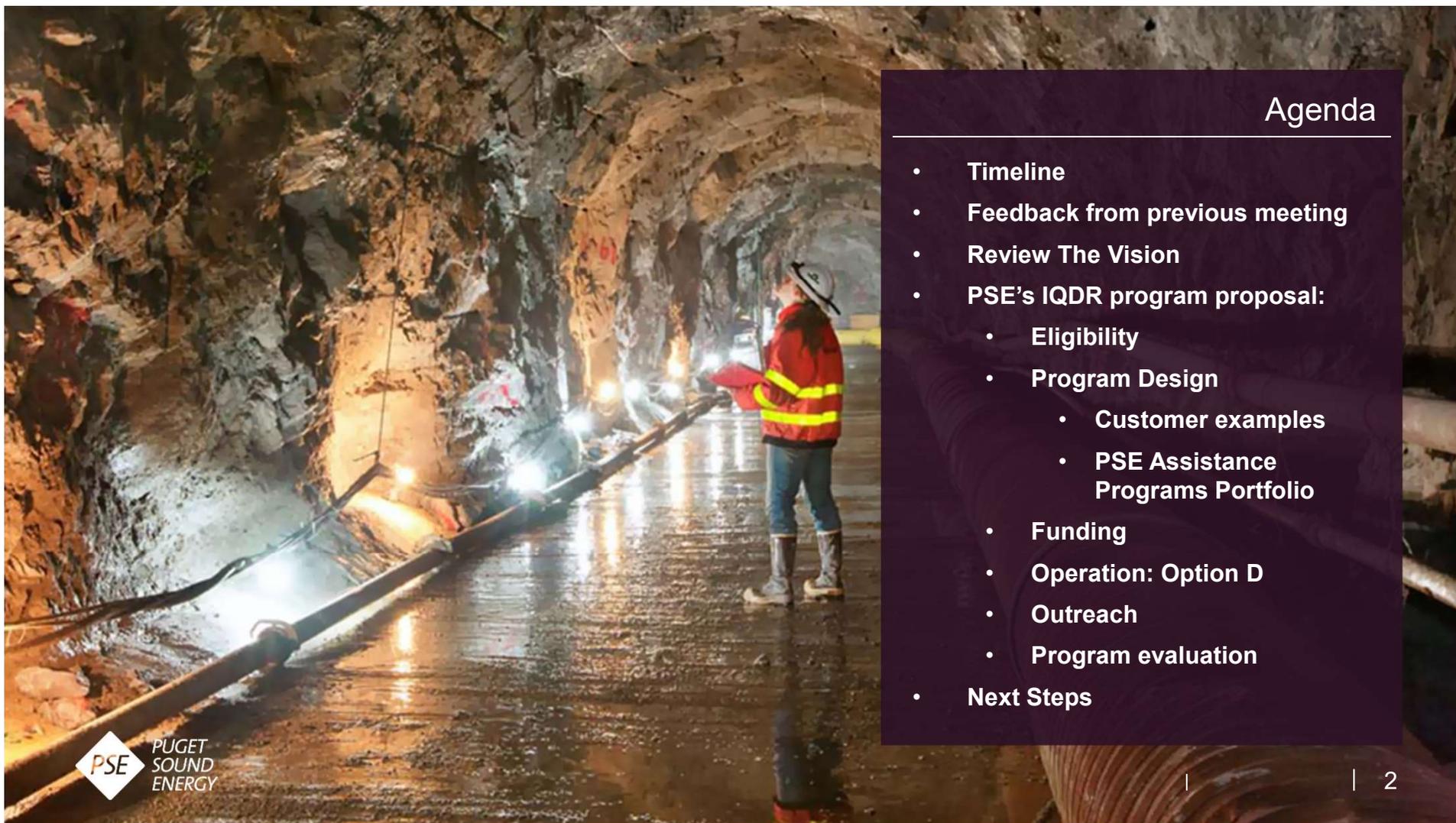
# Development of PSE's Income- Qualified Discount Rates

Presentation to Equity Advisory Group (EAG)



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October 4<sup>th</sup>, 2021



## Agenda

- **Timeline**
- **Feedback from previous meeting**
- **Review The Vision**
- **PSE's IQDR program proposal:**
  - **Eligibility**
  - **Program Design**
    - **Customer examples**
    - **PSE Assistance Programs Portfolio**
  - **Funding**
  - **Operation: Option D**
  - **Outreach**
  - **Program evaluation**
- **Next Steps**

## Income-Qualified Discount Rate (IQDR) stakeholder engagement with EAG



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

## How your feedback is shaping the IQDR

- Questions answered available in feedback form in meeting packet
- How we've used your feedback and questions from Aug. 16 meeting:

IQDR area	What we heard	What we're doing with it
<b>Options</b>	Option D was most preferred.	PSE has used Option D as a starting point
	Remove barriers and unnecessary requirements for participation by using self-attestation, mirroring COVID assistance, and menu of options for choosing programs.	PSE's proposal herein already uses this feedback in the program design process. Discussed in sections Eligibility, Operation, and Program Design.
<b>Design</b>	Meet communities where they are at – partner with trusted organizations to share info, provide clear info that's easy to understand (e.g., use visuals), allow extra time to process info and break through cultural barriers, and provide in-person and over the phone support.	Customer already can apply on-line, call in, or make an in-person appointment. Also discussed in section Outreach. We welcome ongoing feedback from EAG members on methods to do so.
	Will the design meet CETA requirements for energy assistance?	IQDR is designed to meet CETA requirements for energy assistance.

# How your feedback is shaping the IQDR

IQDR area	What we heard	What we're doing with it
<b>Outreach and participation</b>	How does IQDR fit with existing programs or supersedes them, who benefits, how programs differ and how they interact?	PSE is working through how programs will work together. Intention is to meet vision discussed on 8/16, and we expect programs to complement each other. Discussed further in this presentation.
	Low-income is not specific enough. Who is being served in these communities?	PSE is able to analyze participation data along with a number of customer attributes available thru data sources. Data should allow us to monitor participation by multiple characteristics (including whether the customer lives in a highly impacted or vulnerable community) in order to ensure that we are serving our customers equitably.
	Communicate creatively – share success stories, expand to other platforms, use word of mouth and testimonials	PSE will use this feedback in the program design process.

# The Vision

## Vision:

Puget Sound Energy (PSE) and the Low Income Advisory Council (LIAC) will partner to make energy assistance more impactful, more accessible, and easier to sign-up for than ever before.

This will be accomplished by offering a new income-qualified discount rate (IQDR), which can be combined with payment assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) and Home Energy Lifeline Program (HELP), and will be measured using agreed upon Key Performance Indicators (KPIs).

## Guiding Principles:

1. The IQDR should work with and compliment energy assistance programs. (e.g., referrals across programs, combined benefits to reduce energy burden.)
2. The IQDR should be available to all income eligible customers with the largest benefit applied to customers with the greatest need.
3. We should design the IQDR program to maximize participation.
  - a) Auto-enrollment for existing customers when possible (e.g., participation in qualifying PSE, State, or Federal (e.g., SNAP) program.
  - b) Multiple paths for application in preferred language (e.g., physical mail, calling PSE Customer Care, PSE's energy assistance portal, referral from assistance program).
  - c) New PSE customers can apply for IQDR when starting service.
4. The IQDR application process should be quick and easy.
  - a) Basic eligibility information required (ID, number in household, household income, income documentation).
  - b) We trust our customers – customers attest to the accuracy of the information provided and applications that meet income eligibility are auto-approved.
  - c) A percentage of approved applications are audited for eligibility confirmation.

## Eligibility: all income-qualified PSE customers would be eligible to receive IQDR and/or HELP

Eligibility	IQDR proposal	PSE HELP change proposal
Income	0% - 50% of Area Median Income or below	0% - 200% FPL / 80% of AMI whichever is greater
Documentation	<ul style="list-style-type: none"> <li>• Identification w/ birth date,</li> <li>• # of people in the household,</li> <li>• Self-Certification               <ul style="list-style-type: none"> <li>• Customer attests that their income meets the eligibility requirements and that they could be subject to audit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Same as IQDR</li> </ul>
Verification	<ul style="list-style-type: none"> <li>• Every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>• Same as IQDR</li> </ul>

- **The total PSE discount from IQDR and HELP a customer would receive Year 2 onwards:**
  - **70% discount for 0-20% of Area Median Income**
  - **35% discount for 20-50% of Area Median Income**
  - **15% discount for 50-80% of Area Median Income**

# Proposed Program design: Sample Customer Discount (no arrearages)

Year One		Customer tier by AMI bracket:		
		0%-20% AMI	20%-50% AMI	50%-80% AMI
<b>Average Annual:</b>				
<b>Total PSE Discount</b>		<b>70%</b>	<b>35%</b>	<b>15%</b>
PSE Average Annual Bill		\$1,327	\$1,413	\$1,470
Proposed IQDR Discount %		45%	15%	not applicable
IQDR Discount (\$)		\$597	\$212	
	Post-IQDR Annual Bill	\$730	\$1,201	\$1,470
Proposed PSE HELP %		25%	20%	15%
PSE HELP Grant (\$)		\$328	\$288	\$221
<b>IQDR + HELP Combined Discount %</b>		<b>70%</b>	<b>35%</b>	<b>15%</b>
<b>IQDR + HELP Combined Discount (\$)</b>		<b>\$926</b>	<b>\$500</b>	<b>\$221</b>
Discounted Annual Bill		\$401	\$913	\$1,250
Discounted Monthly Bill		\$33	\$76	\$104
Average LIHEAP Grant		\$ 478	\$ 493	\$0
	Remaining Annual Bill	(\$76)	\$420	\$1,250
	Remaining Monthly Bill	(\$6)	\$35	\$104

- The total PSE discount from IQDR and HELP a customer would receive Year 2 onwards: 70% / 35% / 15%
- IQDR discount (45% for 0-20% AMI and 15% for 20-50% AMI) would be applied always to the total net bill, before grants
- PSE HELP formula would be adjusted to be a fixed, tiered discount, applied to the bill: 25% / 20% / 15%
  - In Year 1 only, PSE HELP program wouldn't change from current benefit structure (20-60% based on income, usage and household size).
- LIHEAP is applied to the pre-discount bill

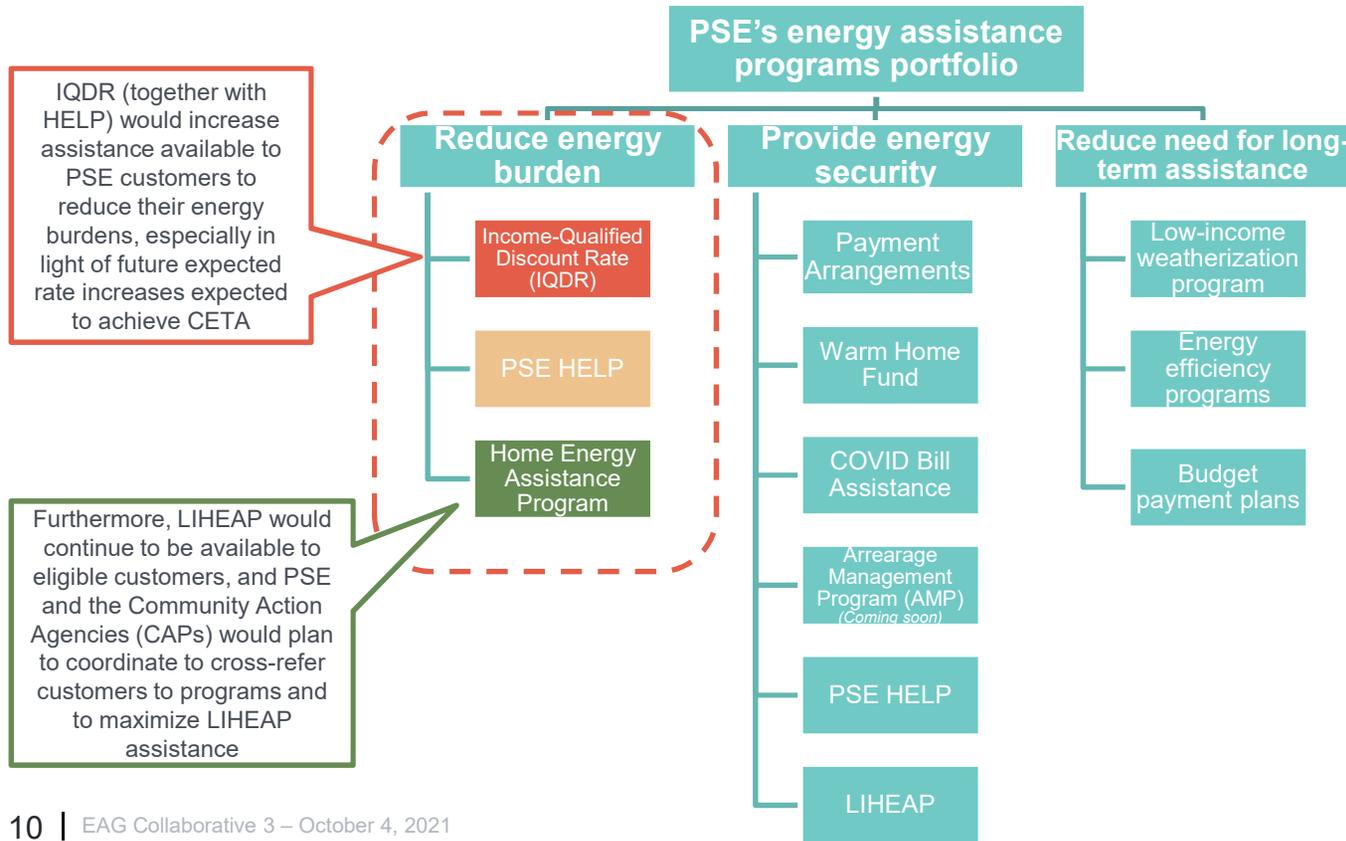
<b>Supplemental PSE HELP (year one ONLY)</b>		<b>35%</b>	<b>20%</b>	<b>5%</b>
Year One Supplemental HELP (\$)		\$464	\$283	\$74
Discounted Year One Annual Bill		(\$541)	\$137	\$1,176
Discounted Year One Monthly Bill		(\$45)	\$11	\$98



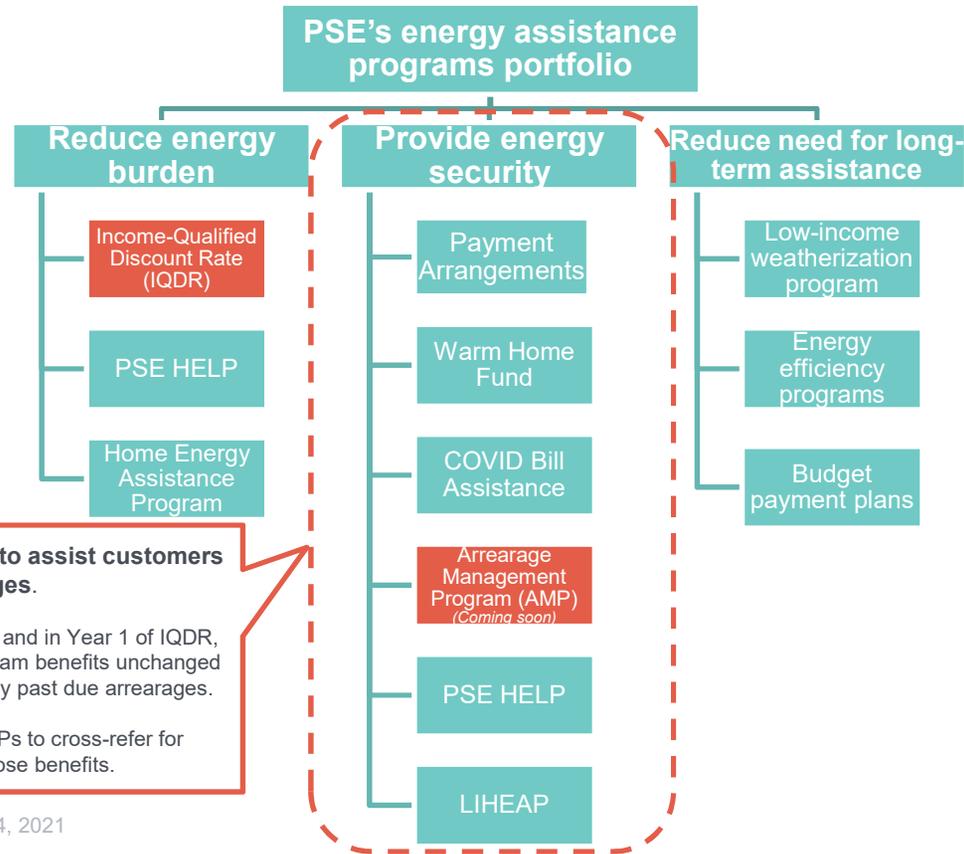
## Customer Examples: For illustration, each customer will have a unique benefit calculation

Ex.	Customer Details	Example Benefits – Year 1
1	<ul style="list-style-type: none"> <li>Household of 6</li> <li>Service address in Island County</li> <li>Monthly household income of \$2,900 (41% AMI)</li> <li><b>Average monthly energy bill is \$117</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 15% or approximately \$18 a month</li> <li>PSE HELP benefit that averages out to \$49 a month (annual benefit of \$590)</li> <li>LIHEAP benefit that averages out to \$30 a month (annual benefit of \$360)</li> </ul> <p>\$117 - \$18 (IQDR) - \$49 (PSE HELP) - \$30 (LIHEAP) = \$20  <b>Resulting customer bill: \$20</b></p>
2	<ul style="list-style-type: none"> <li>Household of 4</li> <li>Service address in King County</li> <li>Monthly household income of \$3,394 (45% AMI)</li> <li><b>Average monthly energy bill is \$117</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 15% or approximately \$18 a month</li> <li>PSE HELP benefit that averages out to \$35 a month (annual benefit of \$422)</li> <li>Customer is not eligible for LIHEAP</li> </ul> <p>\$117 - \$18 (IQDR) - \$35 (PSE HELP) = \$64  <b>Resulting customer bill: \$64</b></p>
3	<ul style="list-style-type: none"> <li>Household of 6</li> <li>Service address in Kitsap County</li> <li>Monthly household income of \$1,383 (19% AMI)</li> <li><b>Average monthly energy bill is \$106</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 45% or approximately \$48 a month</li> <li>PSE HELP benefit that averages out to \$55 a month (annual benefit of \$662)</li> <li>LIHEAP benefit that averages out to \$16 a month (annual benefit of \$192)</li> </ul> <p>\$106 - \$48 (IQDR) - \$55 (PSE HELP) - \$16 (LIHEAP) = -\$13  <b>Resulting customer bill: monthly credit of \$13</b></p>

# Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



# Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



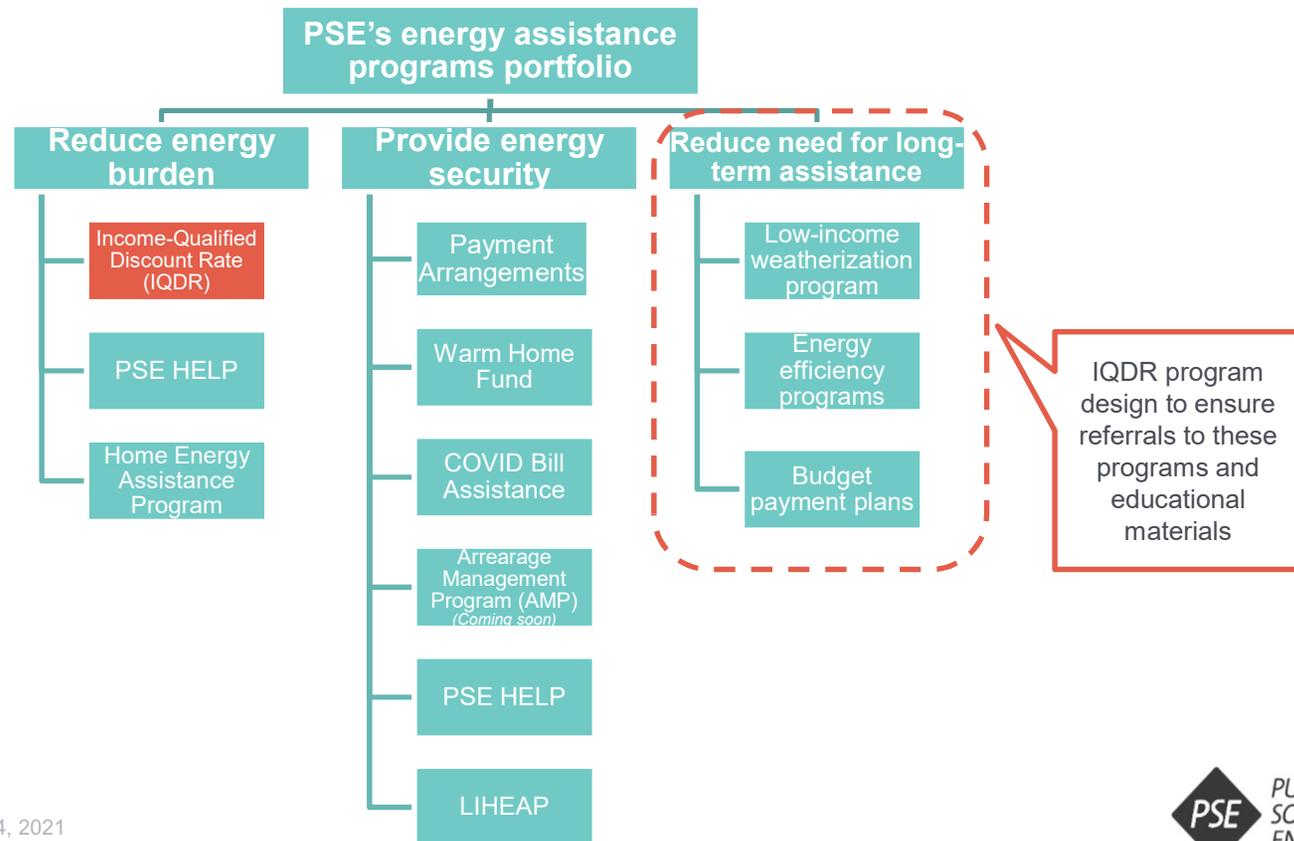
**PSE has a suite of programs to assist customers with arrearages.**

AMP program is planned for 2024, and in Year 1 of IQDR, PSE proposes to keep HELP program benefits unchanged to further assist customers with any past due arrearages.

PSE would coordinate with CAPs to cross-refer for LIHEAP to maximize those benefits.



# Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



**Funding:** PSE proposes to maintain PSE HELP funding independent of IQDR, and only redirect any unspent HELP funding towards IQDR budget in the following year to minimize rate impacts

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### **IQDR funding proposal:**

- PSE HELP funding would remain as is
  - Any unspent PSE HELP funds during previous year would be redirected for IQDR funding in the following year
- IQDR to be funded either through a new IQDR filing or be embedded as a new program in the Low Income Filing (Sch. 129)
- IQDR funding would be developed based on a forecasted budget for the rate effective year using forecasted participation rates and expected unspent funds from PSE HELP from the previous year. The IQDR revenue requirement would be trued-up annually at the end of each program year to reconcile forecasted budget with actual program spending.

## Operation: PSE and CAP agencies would administer both IQDR and HELP to maximize customers served

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OPTION D	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	Percentage of applications are validated	Percentage of applications are validated

- **Per LIAC’s and EAG’s feedback, Option D was most preferred:**
  - This would allow us to serve the most customers and gets assistance out quickly
  - To mitigate the risk for fraud, we would validate a percentage of applications
    - PSE is currently researching what other utilities are doing to get best practice. Looking at Southern California Edison, Avista, Seattle City Light and PG&E

## Operation: Ease of use and referrals

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- **Auto-enrollment** process completed each month for customers who receive assistance from qualifying programs
- Application **options across multiple channels to meet varying customer** needs
- PSE **automatically refers** customers to other programs they may qualify for, including Warm Home Fund and LIHEAP

# Outreach: how to get the word out/providing support

## Using COVID-19 Bill Assistance outreach as a guide:

- **Community outreach** through active engagement with over 200 community non-profits
- **General awareness campaign** across service area via broadcast TV, banner ads, social media, radio, & print
- **Targeted social media advertising campaign** to zip codes with the highest index of in-need customers
- **Reaching Tribal communities** through combined outreach to 17 tribes, engaging leadership, working with tribal wellness organizations and augmented by advertising in tribal publications\*
- **Reaching BIPOC communities** via media serving these communities through earned media and advertising\*\*
- **PSE website** pages providing information on our assistance programs translated into the top five languages\*\*\*
- **Assistance application videos** developed in five languages\*\*\* taking customers through the online application process. Videos linked in community outreach materials, in social media and on web assistance pages
- **Community outreach materials** providing information and available in multiple languages\*
- **Multilingual community outreach** that provides in-language\*\*\* presenters for in-person events or presentations to community non-profits
- **Spanish advertising** on radio and social media (Facebook and Instagram)
- **Earned Media** outreach to area Spanish language broadcast, radio, digital, and print outlets

\* - Tulalip News, Squol Quol News, Muckleshoot Messenger, and Puyallup Tribal News

\*\* - Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The NW Facts, South Seattle Emerald, and Converge Media

\*\*\* - Spanish, Chinese, Vietnamese, Hindi, and Russian

Other  
ideas?



## Program design evaluation: PSE proposes regular program evaluation and data analysis

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- PSE proposes to analyze the data from the first program year to evaluate if and/or what changes might be warranted to the IQDR program design from what had been proposed.
- What could be evaluated:
  - Number of customers in each bracket
  - Participation rates
  - Distribution of participation across communities
  - Total and average per customer data: need, benefits, and arrearages received by tier by county
  - CAPs to help with LIHEAP data
  - Total/average Funding awarded to CAPs
  - Total/average Funding disbursed by CAPs
  - Total/average Admin costs by CAPs
  - Number of customers assisted by CAPs
  - Number of customers assisted by PSE
  - Total/average Funding disbursed by PSE
  - Total/average/or per application Admin costs by PSE

## Next steps: IQDR stakeholder engagement with EAG



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# APPENDIX

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## Common acronyms

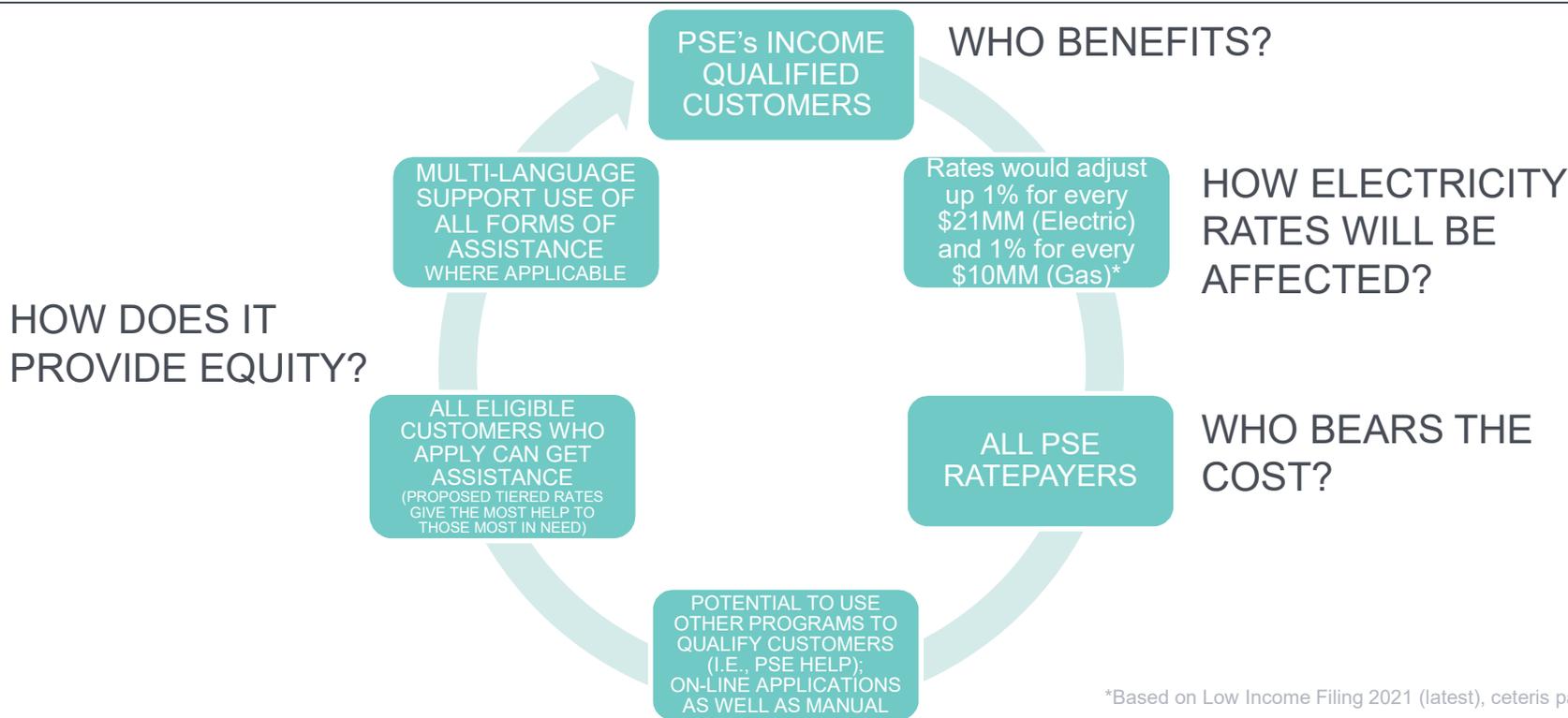
Acronym	Meaning
CAPs	Community Action Partnership (CAP) Agencies
CACAP	Crisis-Affected Customer Assistance Program
ceteris paribus	All other things being equal
EAG	Equity Advisory Group
HELP	Home Energy Lifeline Program
IQDR	Income-qualified Discount Rate
KPI	Key Performance Indicators
LIAC	Low Income Advisory Committee
LIHEAP	Low Income Home Energy Assistance Program
MM	Million
RFP	Request for proposal
UTC	Washington Utilities and Transportation Commission, which regulates PSE

## Developing a low-income/income-qualified discount rate to support customers

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- **What it is:** A discount on the customer's bill
  - Considerations
  - The Vision
- **PSE must determine as part of the process:**
  - **Operation:** how the discount is administered
  - **Eligibility:** who gets the discount
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Funding:** how to balance low-income customer needs with impacts to all customers
  - **Outreach:** how to get the word out about the discount/providing support

# Considerations

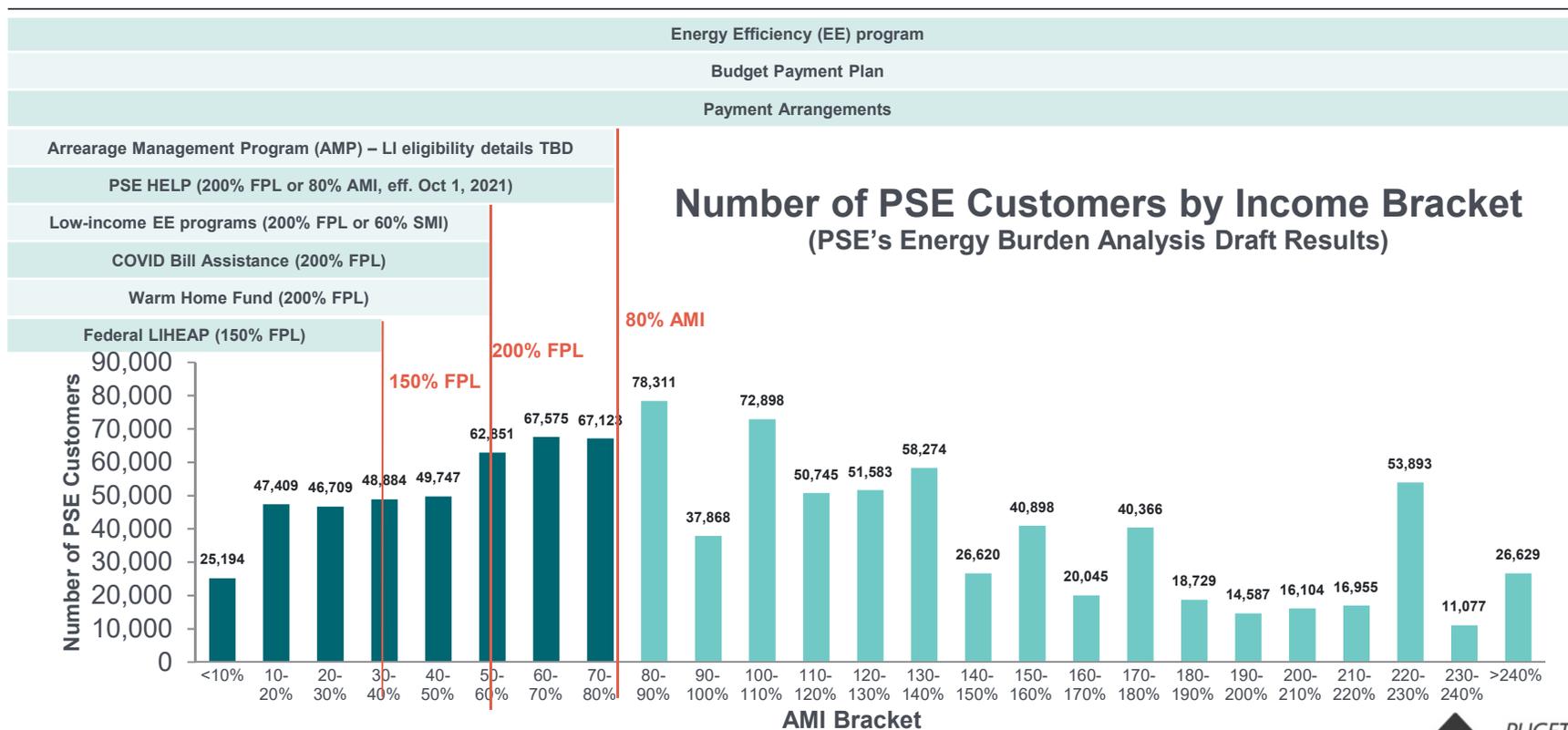


\*Based on Low Income Filing 2021 (latest), ceteris paribus

## STRUCTURED PROGRAMS TO INCREASE PARTICIPATION



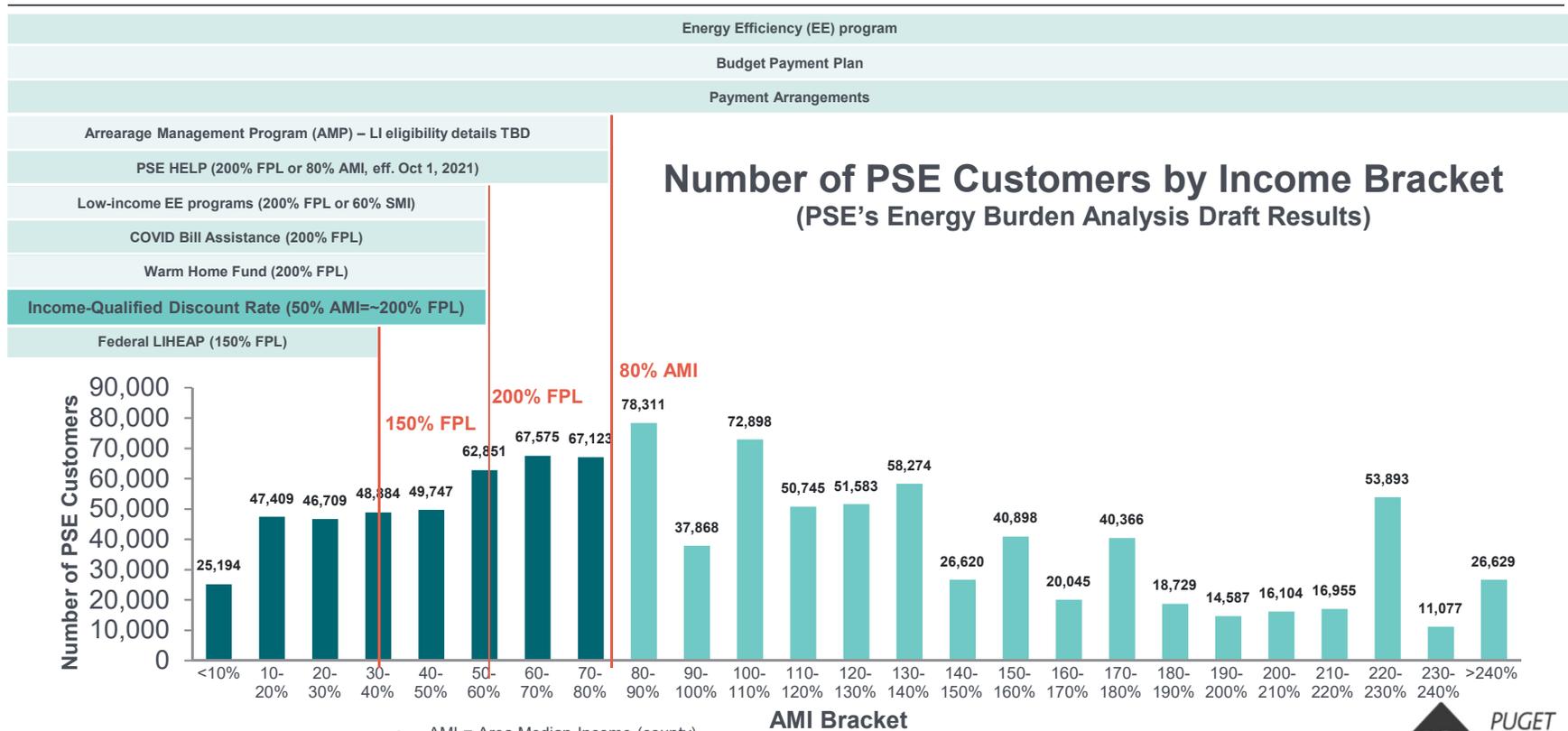
# PSE's Current Low Income Programs: Eligibility



- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE's Current Low Income Programs with IQDR: Eligibility



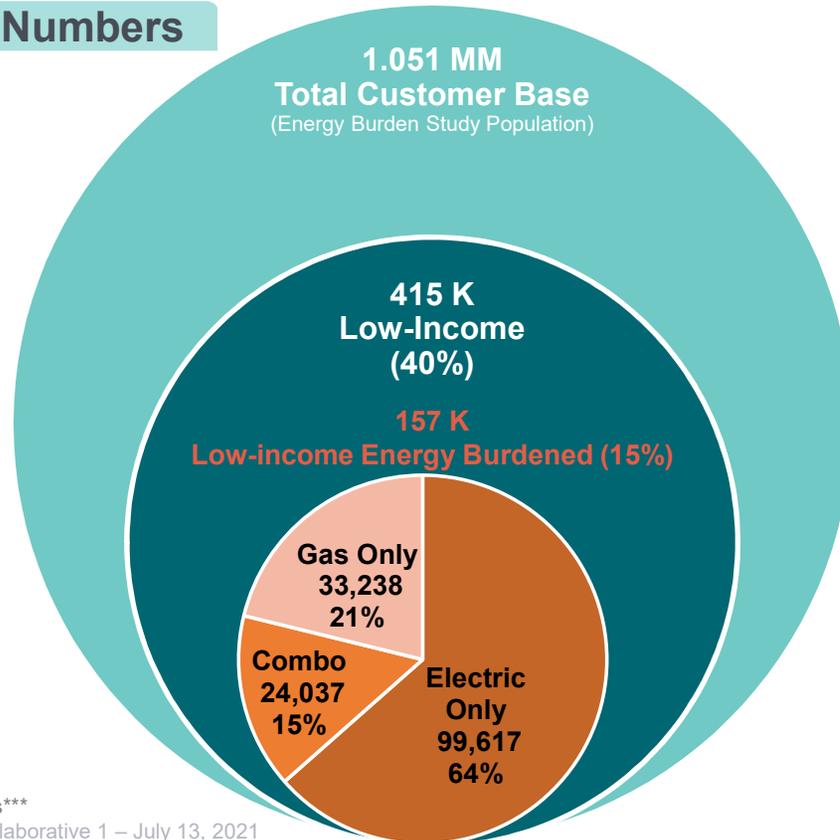
24 | \*\*\*Draft Results\*\*\*  
EAG Collaborative 3 – October 4, 2021

- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



## Refresher: PSE Energy Burden Analysis draft results

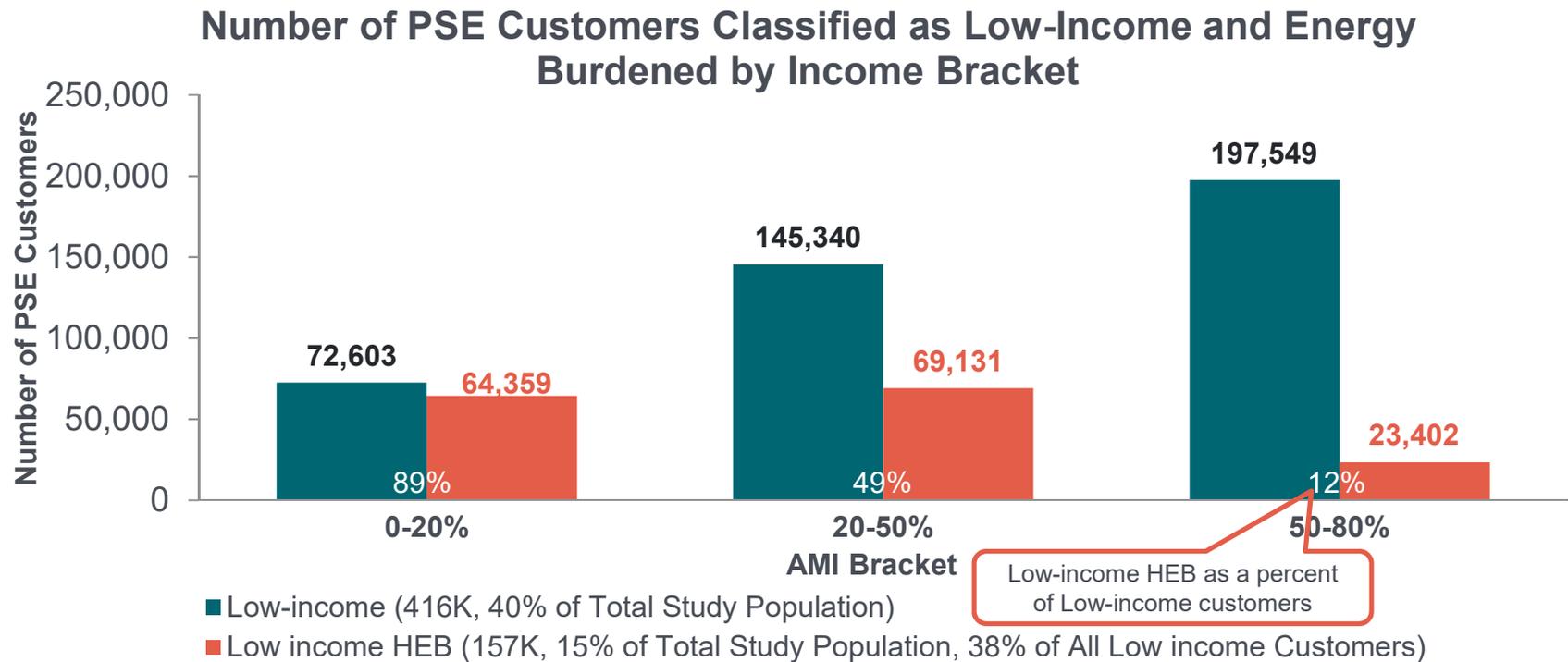
### The Draft Numbers



### The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

## Nearly 90% of customers in lowest income bracket are energy burdened, and nearly half in the second tier



## Equity Advisory Group Feedback Report for Income-Qualified Discount Rate meetings from July 12 and Aug. 16, 2021 Sept. 29, 2021

This document records unanswered questions from Equity Advisory Group members during the Income-Qualified Discount Rate (IQDR) design meetings on July 12 and Aug. 16, 2021. PSE's response to the feedback can be found in the far-right column.

EAG Member / Date	Comment	PSE Response
7/12	Suggestions for: <ul style="list-style-type: none"> <li>• Bidding process to provide PSE services.</li> <li>• Changing boundaries of existing agencies as the customers in need are moving</li> </ul>	Thank you for your feedback. PSE is currently reviewing contracting for low-income assistance programs and will consider these for future contracts.
7/12	How are contractors selected? Is it through an RFP process or?	Our Tariff for PSE Home Energy Lifeline Program (HELP) states that the administrator of our program must be a (Low-Income Home Energy Assistance Program) administering agency. This was to make it easier for a customer to receive both programs at the same time.
7/12	Is there any difference in determining the rate for public owned and private owned energy?	Electric and natural gas utilities that deliver retail service (to end use consumers) are regulated by state, federal and local agencies. The process for calculating rates is the same for public or private utilities. All Washington regulated utilities have to set rates based on cost. Costs (Revenue Requirement) reflects the total amount that must be recovered through rates. Unlike private companies (e.g., Amazon, Apple, Samsung), who charge a mark-up on their products or services, utilities are required to charge only the cost to serve the customers in its territory. The difference between a public utility and an investor owned utility is the inclusion of Return on Equity for the capital the investor owned utility invests.
7/12	Based on your experience, have you seen any utilities discount program would use that use universal qualifier? (ie, families/household/individual will be qualified as long as they are on specified public benefits)	Yes, there are a multitude of different eligibility methods across the country that include using means tested public benefit. Senate Bill (SB) 5295 Section 3.2 addresses eligibility. SB 5295 provides utilities the authority to use this approach to determine program eligibility, however, this will require changes to systems and reporting. PSE is exploring options with our partner agencies.
7/12	So are all discounts financed by taxpayer money or by the utility companies?	Utility energy discounts are funded neither by taxpayers nor by the utility. Utility energy discounts/assistance for low-income programs are costs that would be paid for by all (or, in some instances, all other non-low income) utility customers (i.e., rate payer funded).  Some other low-income energy assistance programs are federally-funded – for example, the LIHEAP program. LIHEAP is federal tax money collected from US taxpayers and the amount is voted upon by the House and Senate after the President gives his recommendation of how much to allocate to it. It is distributed to the US states via the Health and Human Services (HHS) division of the federal government. The federally-approved Community Action Partner (CAP) agencies administer distribution of that assistance, not utilities.
7/12	Who determines energy burden, and as a private entity could PSE do more than the state requirements? Could PSE have different standards?	Energy burden is defined as the share of annual household income used to pay annual home energy bills. Washington Department of Commerce has set the threshold for determining energy assistance at 6 percent energy burden. PSE is prohibited from setting a standard beyond that set by Department of Commerce. This was also discussed in the Aug. 16 meeting.
7/12	Review hub and spoke model for outreach in King County	Thank you for sharing this resource, which the team has reviewed. These sorts of examples are helpful for broadening our thinking.
7/12	Specify percentages that PSE is committing to.	Thank you for your comment. As a result of this suggestion, PSE shared sample percentages at the 8/16 meeting for EAG discussion and input.

EAG Member / Date	Comment	PSE Response
7/12	Objective - Offering of educational program for energy conservation and transition of green energy?	<p>Thank you for your comment. PSE considered this as it prepared draft concepts for the 8/16 meeting.</p> <p>Some CAP agencies already offer educational materials about energy conservation.</p> <p>PSE will consider these elements as part of the program design for IQDR and how it would integrate with other energy assistance and energy efficiency programs.</p>
7/12	I'm curious how reduced rates are intended to have a different impact than bill assistance? Is it because it would be an ongoing discount and would be easier to benefit from once you are in the program?	<p>PSE's vision is for the reduced rates to work in tandem with the bill assistance programs to reduce energy burden and to provide energy security depending on the needs of the customer. The discount rate will reduce ongoing monthly expenses and coupled with other energy assistance programs, will reduce the overall energy bill for qualified customers. For the most vulnerable customers, the combination of the discount rate, PSE HELP and LIHEAP may cover the energy bill in its entirety.</p>
7/12	Behavior modification programming (changing time, volume of energy usage) that considers different situations of customers but doesn't just tell low income customers to use less while wealthier households are left with the impression that "energy is limitless"	<p>PSE is working towards developing Time Varying Rates that will allow all customers the ability to save more on their energy bills by shifting their load/usage during peak periods. Time Varying Rates are developed to reduce the costs to all customers by reducing the need to make more investments in the electric grid through reducing total energy used during system peak periods. Anyone that shifts their load from on-peak to off-peak takes advantage of the lower rates and saves on their electric bill (all else being equal). In this option, all customers, regardless of income level, would pay more for using electricity during peak periods.</p>
7/12	The equity gap I often see in energy assistance is, the income level is too low and disqualify most of the low-income families that we serve, who may have the same energy burden as the seniors who are qualify for the energy assistance. It's because there is a huge gap between the federal poverty income level and the living wage in different part of the state. For instance, the housing costs are very different in Bellevue, Seattle, Auburn, Renton and Kent.	<p>Thank you for this comment. The new use of Area Median Income should help alleviate some concerns with this issue.</p>
7/12	Outreach methods: first page of their power bills so it is accessible and easy to read. If snail mail, make a note on the envelope that will encourage them to look inside for that information.	<p>Thank you for sharing this outreach idea. This is something we are exploring implementing.</p>
7/12	Culturally-relevant outreach is needed	<p>Thank you for sharing about the importance of culturally-relevant outreach. This is an ongoing discussion at PSE and for the income-qualified discount rate program. We welcome ongoing feedback from EAG members on methods to do so.</p>
7/12	Considerations around how costs are socialized to ensure low-income highly burdened customers are served, eg medium income customers not having their rates go up as much as higher wealth customers	<p>Thank you for considering the impacts of an income-qualified discount rate and how it affects all customers. The ratemaking process for utilities is essentially done over a three-step process: 1) Determining the total costs to provide service (the Revenue Requirement), 2) Allocating the costs in the Revenue Requirement among defined rate classes (e.g. residential, commercial, industrial) based on the cost to service those rate classes , 3) Designing rates for the rate classes to recover the Revenue Requirement. Rates that customers pay are based on the cost of providing service to that customer, and is not based on ability to pay.</p>
7/12	PSE should consider equity dimensions of low-income rates and that reduction of burdens for low-income communities should not mean	<p>PSE agrees that low-income rates should not result in compromised quality of service to any customer.</p>

EAG Member / Date	Comment	PSE Response
	quality of service/product is compromised.	
Estela Ortega 8/16	<p>Does PSE capture demographic data for customers? Low-income may not be specific enough to identify customers of color.</p> <p>“...the lack of knowing which communities are utilizing the service is antiquated and status quo. Look at what govt is doing with that sort of info is being tracked so communities are being served.”</p>	<p>PSE does not capture demographic data during program application processes due to privacy concerns. PSE instead uses modeled, third party demographic data and publically available census data to gain a better understanding of the customers being served by PSE programs.</p> <p>The Low Income Needs Analysis (LINA) which relied heavily on census data and was presented to the EAG during the 6/17/21 meeting showed no relationship between the percent of Black, Indigenous, and People of Color (BIPOC) households in a census block and percent of eligible households served with energy assistance. That suggests that PSE’s energy assistance programs are neither over nor under serving BIPOC communities. Likewise, PSE’s third party data shows that eligible BIPOC customers are served at a slightly higher rate than eligible non-BIPOC customers.</p> <p>PSE is able to analyze participation data along with a number of customer attributes available through census, third party, or other data sources. Our intention is to create reporting that allows us to monitor participation by multiple characteristics (including whether the customer lives in a highly impacted or vulnerable community) in order to ensure that we are serving our customers equitably.</p>
Estela Ortega 8/16	Signing up for the programs online is a barrier for low-income communities.	Customers have several options when applying for assistance. They can apply on-line on our website, request a manual application to be mailed to them by calling our Customer Care Center or by making an appointment with their local CAP agency to apply for assistance. In all instances, language support and materials are available to assist customers with the process.
Mariel Thuraisingham 8/16	What is the connection between the IQDR and other programs that will be coming down the line, including delayed payments, avoiding arrears, etc?	The IQDR will work in conjunction with other programs to provide the maximum available assistance to eligible customers. The IQDR is forward looking assistance, reducing the monthly bills to a more affordable level. Other programs, such as PSE HELP and LIHEAP provide a lump sum grant that can be used to offset arrearages if applicable. In addition, in 2024 PSE will be piloting an Arrearage Management Plan. Customers who may have already received other assistance and still find themselves in an arrearage situation can use this program to manage it. Lastly, all PSE customers are eligible to use PSE Payment Arrangement Plan (currently up to 18 months) if they just need more time to pay off an arrearage.
Estela Ortega 8/16	Are there alternatives to establishing means of income? The listed programs are for documented communities. Many immigrants are paid under the table and cannot provide documentation of income. The lack of knowing which communities are utilizing services are antiquated. The Washington State Housing and Finance Commission has good strategies to help verify income.	<p>PSE HELP is available to undocumented immigrants and self-attestation is an important element of the program. PSE will look into the strategies the Washington State Housing and Finance Commission uses to verify income.</p> <p>We are researching how other utilities are managing and validating the self-attestation process and plans for this option to be available.</p>

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# Development of PSE's Income- Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)



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October 5<sup>th</sup>, 2021



## Agenda

- Safety Moment
- Timeline
- Feedback from previous meeting
- PSE's IQDR program proposal:
  - Eligibility
  - Program Design
    - Customer Examples
    - Program Timeline
    - PSE Assistance Programs Portfolio
  - Funding
  - Operation: Option D
  - Outreach
  - Program evaluation
- Next Steps

# NOISE AND HEARING LOSS PREVENTION



## Preventing Hearing Loss

In the United States, hearing loss is the third most common chronic physical condition after high blood pressure and arthritis. Not surprisingly, hearing loss is among the most common work-related illnesses. Workers are faced with occupational noise hazards every day. This page provides guidelines and recommendations for employers and workers to help reduce risks from noise exposure in the workplace.

### Did you know that within every industry sector, there are workers at risk for work-related hearing loss? Why is prevention important?

- Almost all work-related hearing loss is **permanent**, and it can have a **profound impact on quality of life**.
- As hearing loss worsens, hearing and understanding others becomes increasingly difficult, which can lead to isolation.
- Hearing loss is associated with **cognitive (mental) decline** and **heart problems**, such as high blood pressure and heart disease.
- Hearing loss is also strongly associated with **depression**.
- Hearing loss can lead to **loss of enjoyment**, when all the sounds we want to hear (e.g., music, voice of loved one) become muted and lack quality.
- Ring in the ears** (tinnitus), which often occurs along with hearing loss, can disrupt sleep and concentration and is associated with both depression and anxiety.
- Hearing loss can impact **safety** at home and on the job.

### What can we do to prevent hearing loss?

- Reduce your noise exposure:
  - Take a break from the noisy activity.
  - Reduce noise at the source of the noise. Use quieter equipment and keep equipment well maintained and lubricated.
  - Enclose the source of the noise or place a barrier between you and the source.
  - Increase the distance between you and the source of the noise.
  - Reduce your time in noisy areas.
  - Always wear hearing protection in noisy areas, and if using foam plugs, insert them correctly.
  - If you are listening to music or something else, keep the volume at a safe level and only listen in areas that are not noisy.

## Hearing protection



Preventing Hearing Loss | NIOSH | CDC

## Income-Qualified Discount Rate (IQDR) stakeholder engagement with LIAC



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

## What we heard in the last session:

### Feedback heard

Agency admin fees: Consider having all admin fees available at start of program year. Will year 2 benefits count in admin fee calculations? Program changes will impact agency workload, what changes are needed to ensure adequate funding?

How will referrals to other programs work? How to increase participation in all programs?

What is the likelihood of people who receive HELP and IQDR receiving LIHEAP?

Need to work with the agencies on how to divorce HELP and LIHEAP. Including continued utilization of LIHEAP funds and process for 2-year certification.

Consider decoupling IQDR and HELP so customers have just one program meet their full needs. Or consider changing program so that all customers receive IQDR and then only some customers receive HELP.

Consider interaction with upcoming arrearage management program. Is it possible to have the arrearage program start at same time as IQDR?

Does IQDR use established HELP funding and won't this cause competition between the two programs and reduce the availability of HELP?

## What we heard in the last session:

### Feedback heard

What documentation will be required at time of application? At time of audit? And at what level is it reviewed at application and at audit? Need explicit statements on process, documentation, scenarios so that all agencies and PSE use the same criteria.

Audit: What is the purpose? What are consequences of ignoring it? What are consequences of audit finding false information in application? Would it require additional documentation in all cases? How do we make it as easy as possible on customers? Consider audit asking for documentation related to time of application rather than at time of audit.

For a two-year benefit: Would agencies need to follow up with all applicants at one-year to see if anything had changed and if so, what would need to be checked? Would benefit amount be recalculated for second year? What happens if something changed that impacts eligibility or bracket?

Benefit amounts: Consider increasing benefit amount for 50-80% AMI bracket. Consider not changing HELP for first year of IQDR.

How many customers are perpetually behind and how do we help them?

## Eligibility: all income-qualified PSE customers would be eligible to receive IQDR and/or HELP

Eligibility	IQDR proposal	PSE HELP change proposal
Income	0% - 50% of Area Median Income or below	0% - 200% FPL / 80% of AMI whichever is greater
Documentation	<ul style="list-style-type: none"> <li>• Identification w/ birth date,</li> <li>• # of people in the household,</li> <li>• Self-Certification                             <ul style="list-style-type: none"> <li>• Customer attests that their income meets the eligibility requirements and that they could be subject to audit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Same as IQDR</li> </ul>
Verification	<ul style="list-style-type: none"> <li>• Every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>• Same as IQDR</li> </ul>

- **The total PSE discount from IQDR and HELP a customer would receive Year 2 onwards:**
  - **70% discount for 0 – 20% of Area Median Income**
  - **35% discount for 20-50% of Area Median Income**
  - **15% discount for 50-80% of Area Median Income**

# Proposed Program design: Sample Customer Discount (no arrearages)

Year One		Customer tier by AMI bracket:		
		0%-20% AMI	20%-50% AMI	50%-80% AMI
<b>Average Annual:</b>				
<b>Total PSE Discount</b>		<b>70%</b>	<b>35%</b>	<b>15%</b>
PSE Average Annual Bill		\$1,327	\$1,413	\$1,470
Proposed IQDR Discount %		45%	15%	not applicable
IQDR Discount (\$)		\$597	\$212	
Post-IQDR Annual Bill		\$730	\$1,201	\$1,470
Proposed PSE HELP %		25%	20%	15%
PSE HELP Grant (\$)		\$328	\$288	\$221
IQDR + HELP Combined Discount %		70%	35%	15%
IQDR + HELP Combined Discount (\$)		\$926	\$500	\$221
Discounted Annual Bill		\$401	\$913	\$1,250
Discounted Monthly Bill		\$33	\$76	\$104
Average LIHEAP Grant		\$ 478	\$ 493	\$0
Remaining Annual Bill		(\$76)	\$420	\$1,250
Remaining Monthly Bill		(\$6)	\$35	\$104

• The total PSE discount from IQDR and HELP an eligible customer would receive: 70%/35%/15%

• IQDR discount (45% for 0-20% AMI and 15% for 20-50% AMI) would be applied always to the total net bill, before grants

• PSE HELP formula would be adjusted to be a fixed, tiered discount, applied to the bill: 25%/20%/15%

• In Year 1 only, PSE HELP program wouldn't change from current benefit structure (20-60% based on income, usage and household size)

• LIHEAP is applied to the pre-discount bill

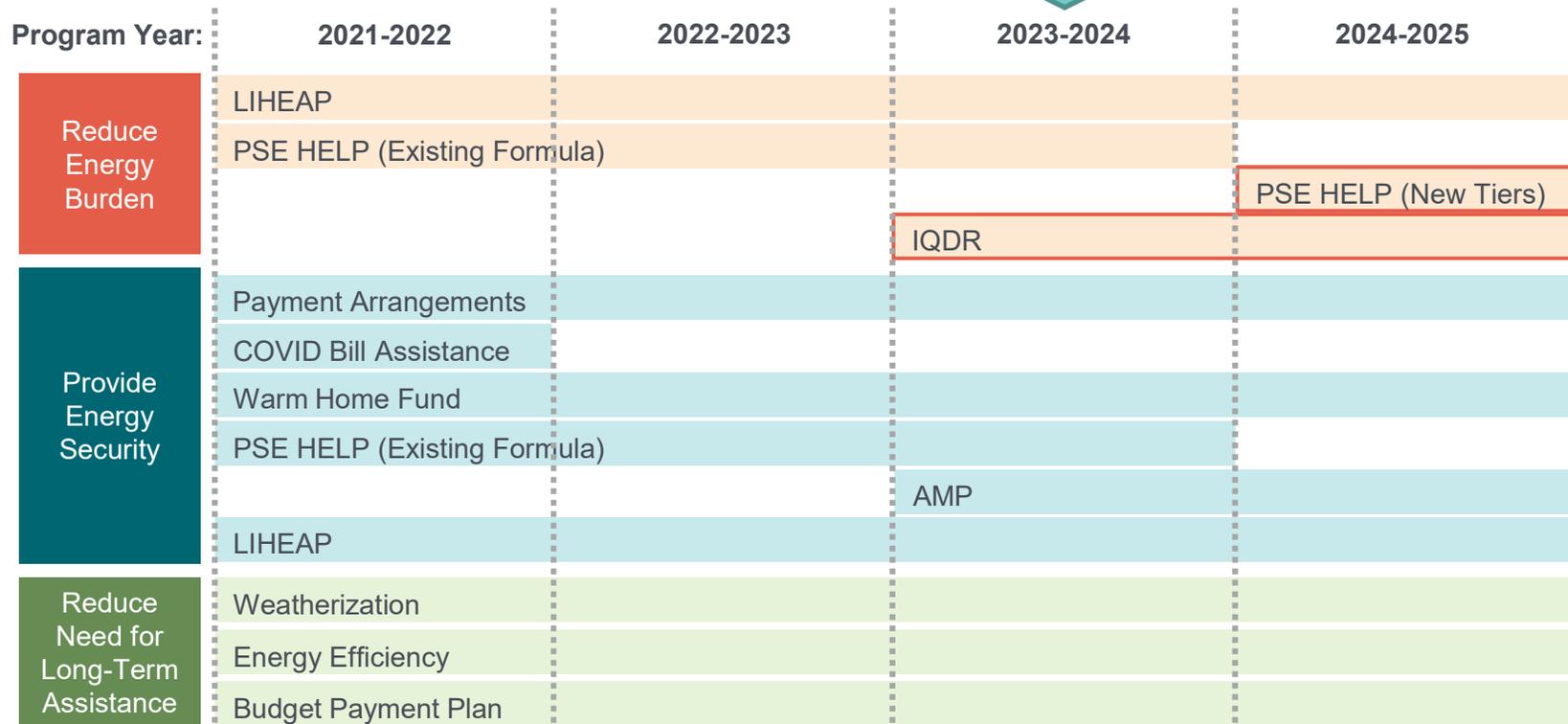
For illustrative purposes			
<b>Supplemental PSE HELP (year one ONLY)</b>	<b>35%</b>	<b>20%</b>	<b>5%</b>
Year One Supplemental HELP (\$)	\$464	\$283	\$74
Discounted Year One Annual Bill	(\$541)	\$137	\$1,176
Discounted Year One Monthly Bill	(\$45)	\$11	\$98



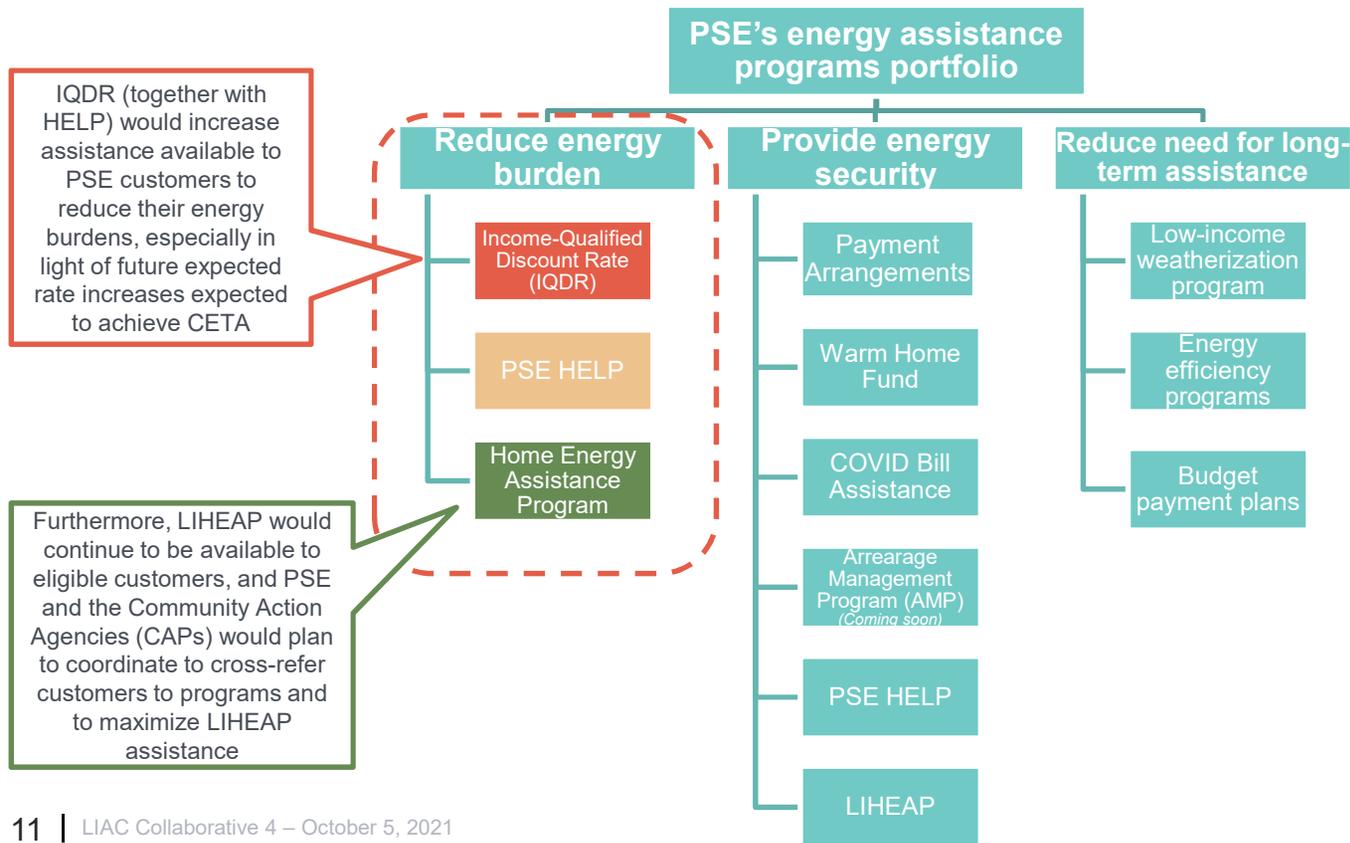
## Customer Examples: For illustration: each customer will have a unique benefit calculation

Ex.	Customer Details	Example Benefits – Year 1
1	<ul style="list-style-type: none"> <li>Household of 6</li> <li>Service address in Island County</li> <li>Monthly household income of \$2,900 (41% AMI)</li> <li><b>Average monthly energy bill is \$117</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 15% or approximately \$18 a month</li> <li>PSE HELP benefit that averages out to \$49 a month (annual benefit of \$590)</li> <li>LIHEAP benefit that averages out to \$30 a month (annual benefit of \$360)</li> </ul> <p>\$117 - \$18 (IQDR) - \$49 (PSE HELP) - \$30 (LIHEAP) = \$20  <b>Resulting customer bill: \$20</b></p>
2	<ul style="list-style-type: none"> <li>Household of 4</li> <li>Service address in King County</li> <li>Monthly household income of \$3,394 (45% AMI)</li> <li><b>Average monthly energy bill is \$117</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 15% or approximately \$18 a month</li> <li>PSE HELP benefit that averages out to \$35 a month (annual benefit of \$422)</li> <li>Customer is not eligible for LIHEAP</li> </ul> <p>\$117 - \$18 (IQDR) - \$35 (PSE HELP) = \$64  <b>Resulting customer bill: \$64</b></p>
3	<ul style="list-style-type: none"> <li>Household of 6</li> <li>Service address in Kitsap County</li> <li>Monthly household income of \$1,383 (19% AMI)</li> <li><b>Average monthly energy bill is \$106</b></li> </ul>	<ul style="list-style-type: none"> <li>IQDR discount of 45% or approximately \$48 a month</li> <li>PSE HELP benefit that averages out to \$55 a month (annual benefit of \$662)</li> <li>LIHEAP benefit that averages out to \$16 a month (annual benefit of \$192)</li> </ul> <p>\$106 - \$48 (IQDR) - \$55 (PSE HELP) - \$16 (LIHEAP) = -\$13  <b>Resulting customer bill: monthly credit of \$13</b></p>

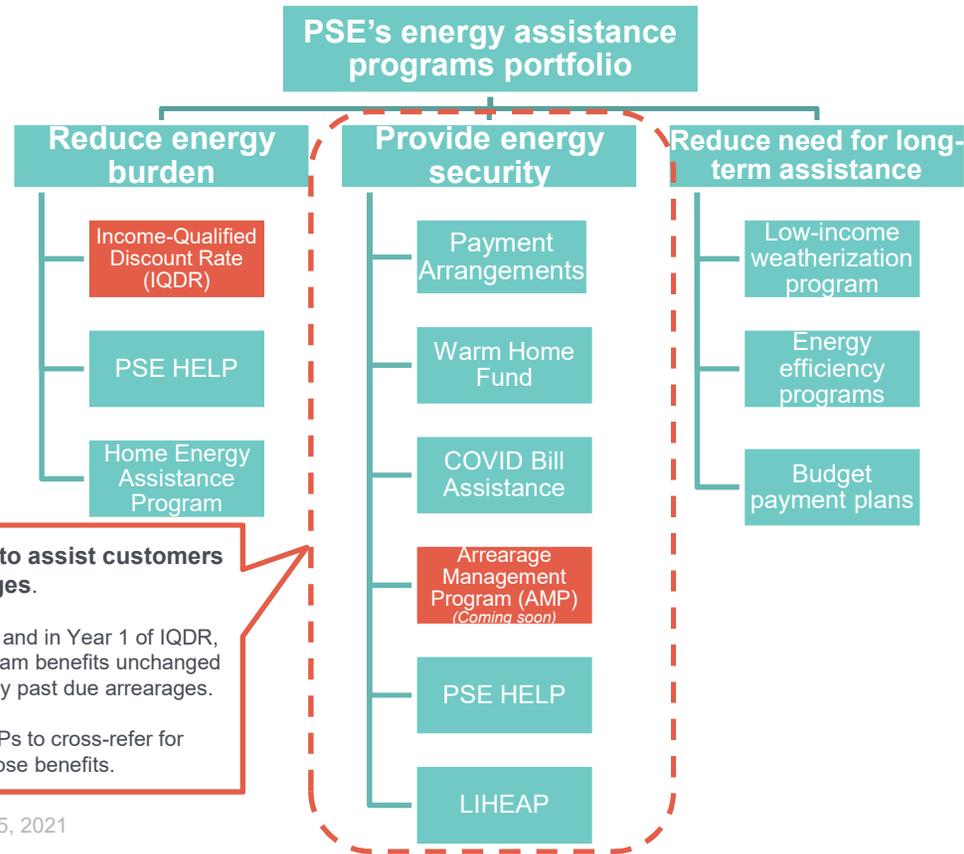
# Program Timeline



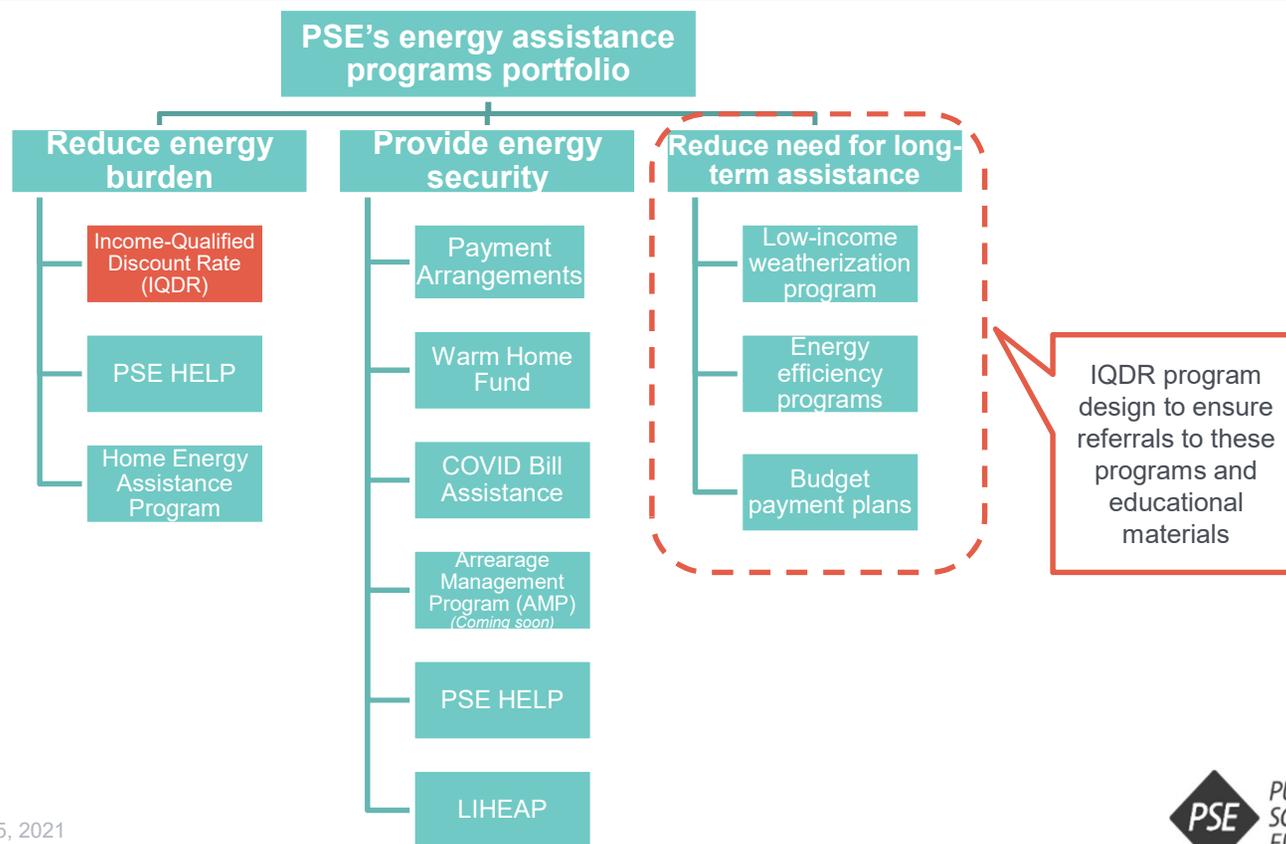
# Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



# Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



## Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio



**Funding:** PSE proposes to maintain PSE HELP funding independent of IQDR, and only redirect any unspent HELP funding towards IQDR budget in the following year to minimize rate impacts

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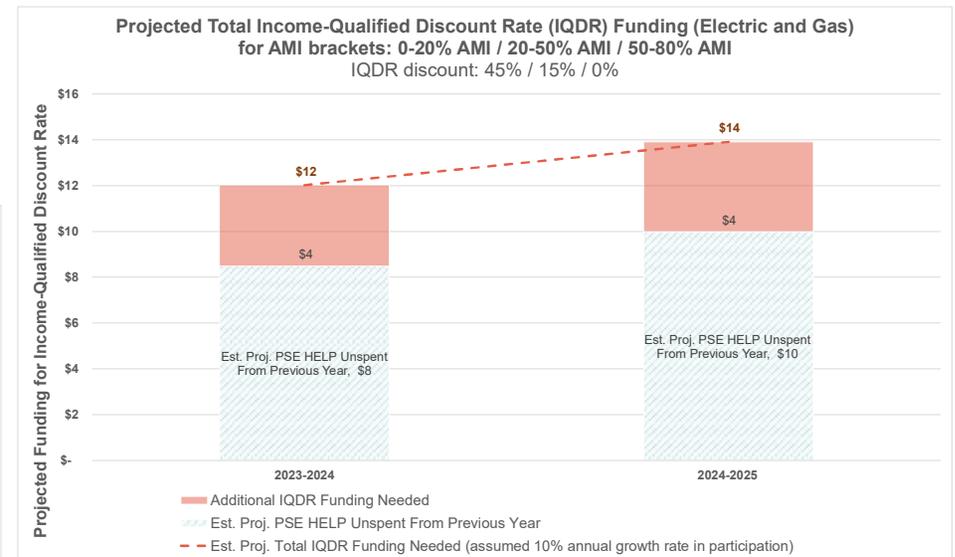
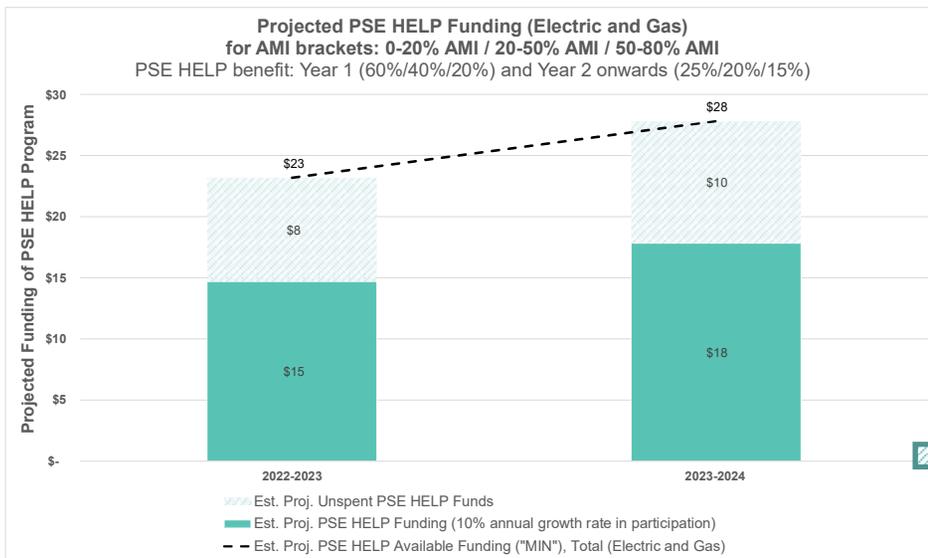
### **IQDR funding proposal:**

- PSE HELP funding would remain as is
  - Any unspent PSE HELP funds during previous year would be utilized for IQDR funding in the following year
- IQDR to be funded either through a new IQDR filing or be embedded as a new program in the Low Income Filing (Sch. 129)
- IQDR funding would be developed based on a forecasted budget for the rate effective year using assumed participation rates and expected unspent funds from PSE HELP from the previous year. The IQDR revenue requirement would be trued-up annually at the end of each program year to reconcile forecasted budget with actual program spending.

## Funding: using any unspent HELP funding for IQDR in the following year allows to minimize rate impacts to all customers from IQDR implementation

PSE HELP program is assumed to grow at double any future estimated rate increases, less 21% for CAP Agency admin costs.

At 10% participation growth rate, it is estimated that there would continue to be unspent HELP funds.



Assuming a 10% annual growth rate in participation, the proposed program design could mean a minimal impact on rates in first few years.

However, the actual impacts would depend on actual participation and other factors that would vary from average assumptions.



## Operation: PSE and CAP agencies would administer both IQDR and HELP to maximize customers served

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OPTION D	IQDR	PSE HELP
PSE	Yes	Yes
CAP Agencies	Yes	Yes
Income Validation	Percentage of applications are validated	Percentage of applications are validated

- **Per LIAC’s and EAG’s feedback, Option D was most preferred:**
  - This would allow us to serve the most customers and get assistance out quickly, while also lowering barriers to getting assistance
  - To mitigate the risk for fraud, we would validate a percentage of applications
    - PSE is currently researching what other utilities are doing to get best practice. Looking at Southern California Edison, Avista, Seattle City Light and PG&E

## Operation: Ease of use and referrals

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- **Auto-enrollment** process completed each month for customers who receive assistance from qualifying programs
- Application **options across multiple channels to meet varying customer** needs
- PSE **automatically refers** customers to other programs they may qualify for, including Warm Home Fund and LIHEAP

# Outreach: how to get the word out/providing support

## Using COVID-19 Bill Assistance outreach as a guide:

- **Community outreach** through active engagement with over 200 community non-profits
- **General awareness campaign** across service area via broadcast TV, banner ads, social media, radio, & print
- **Targeted social media advertising campaign** to zip codes with the highest index of in-need customers
- **Reaching Tribal communities** through combined outreach to 17 tribes, engaging leadership, working with tribal wellness organizations and augmented by advertising in tribal publications\*
- **Reaching BIPOC communities** via media serving these communities through earned media and advertising\*\*
- **PSE website** pages providing information on our assistance programs translated into the top five languages\*\*\*
- **Assistance application videos** developed in five languages\*\*\* taking customers through the online application process. Videos linked in community outreach materials, in social media and on web assistance pages
- **Community outreach materials** providing information and available in multiple languages\*
- **Multilingual community outreach** that provides in-language\*\*\* presenters for in-person events or presentations to community non-profits
- **Spanish advertising** on radio and social media (Facebook and Instagram)
- **Earned Media** outreach to area Spanish language broadcast, radio, digital, and print outlets

\* - Tulalip News, Squol Quol News, Muckleshoot Messenger, and Puyallup Tribal News

\*\* - Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The NW Facts, South Seattle Emerald, and Converge Media

\*\*\* - Spanish, Chinese, Vietnamese, Hindi, and Russian

Other  
ideas?



## Program design evaluation: PSE proposes regular program evaluation and data analysis

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- PSE proposes to analyze the data from the first program year to evaluate if and/or what changes might be warranted to the IQDR program design from what had been proposed.
- What could be evaluated:
  - Number of customers in each bracket
  - Participation rates
  - Distribution of participation across communities
  - Total and average per customer data: need, benefits, and arrearages received by tier by county
  - CAPs to help with LIHEAP data
  - Total/average Funding awarded to CAPs
  - Total/average Funding disbursed by CAPs
  - Total/average Admin costs by CAPs
  - Number of customers assisted by CAPs
  - Number of customers assisted by PSE
  - Total/average Funding disbursed by PSE
  - Total/average/or per application Admin costs by PSE

## Next Steps: IQDR stakeholder engagement with LIAC



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

# APPENDIX

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## Common acronyms

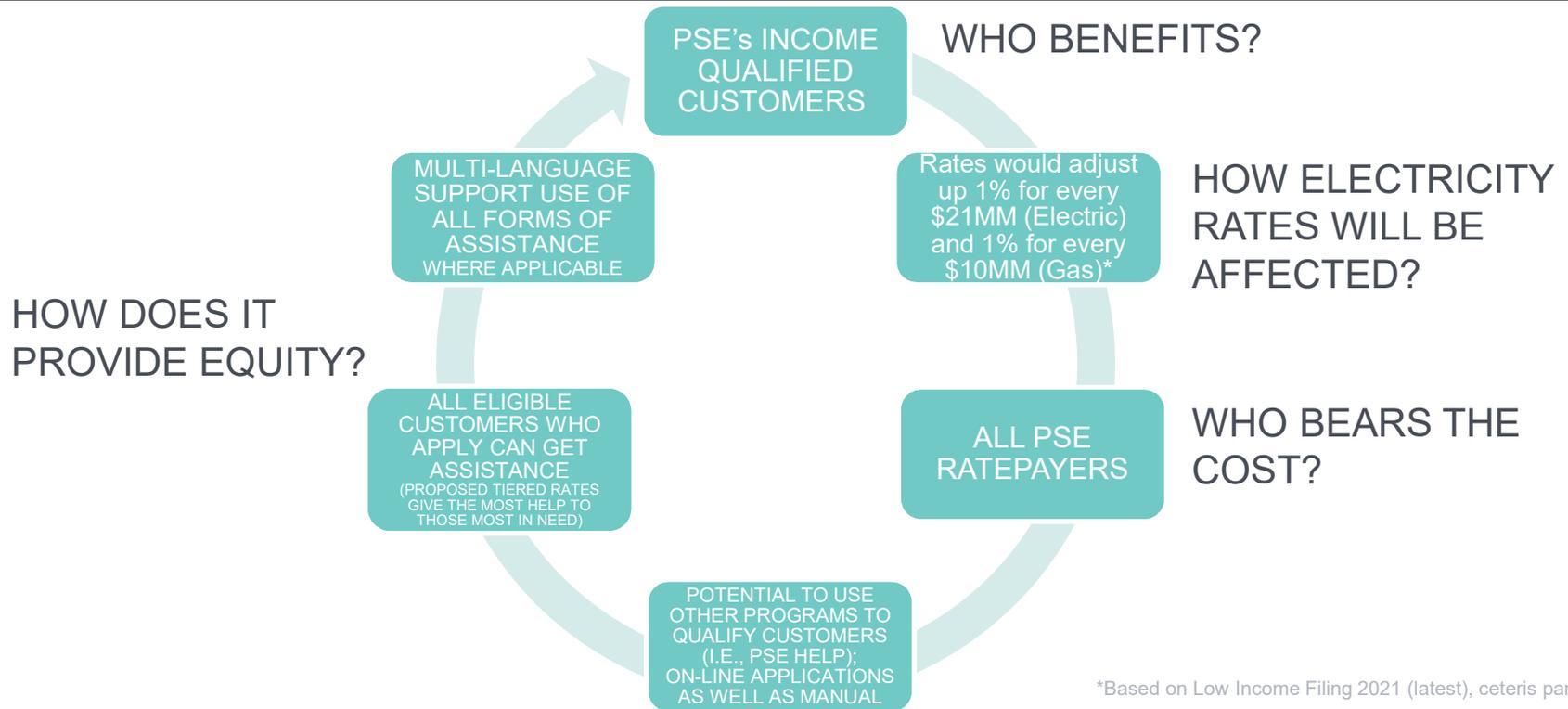
Acronym	Meaning
CAPs	Community Action Partnership (CAP) Agencies
CACAP	Crisis-Affected Customer Assistance Program
ceteris paribus	All other things being equal
EAG	Equity Advisory Group
HELP	Home Energy Lifeline Program
IQDR	Income-qualified Discount Rate
KPI	Key Performance Indicators
LIAC	Low Income Advisory Committee
LIHEAP	Low Income Home Energy Assistance Program
MM	Million
RFP	Request for proposal
UTC	Washington Utilities and Transportation Commission, which regulates PSE

## Developing a low-income/income-qualified discount rate to support customers

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- **What it is:** A discount on the customer's bill
  - Considerations
  - The Vision
- **PSE must determine as part of the process:**
  - **Operation:** how the discount is administered
  - **Eligibility:** who gets the discount
  - **Program design:** what the program is going to do (e.g., level of discount)
  - **Funding:** how to balance low-income customer needs with impacts to all customers
  - **Outreach:** how to get the word out about the discount/providing support

# Considerations



\*Based on Low Income Filing 2021 (latest), ceteris paribus

## STRUCTURED PROGRAMS TO INCREASE PARTICIPATION



# The Vision

## Vision:

Puget Sound Energy (PSE) and the Low Income Advisory Council (LIAC) will partner to make energy assistance more impactful, more accessible, and easier to sign-up for than ever before.

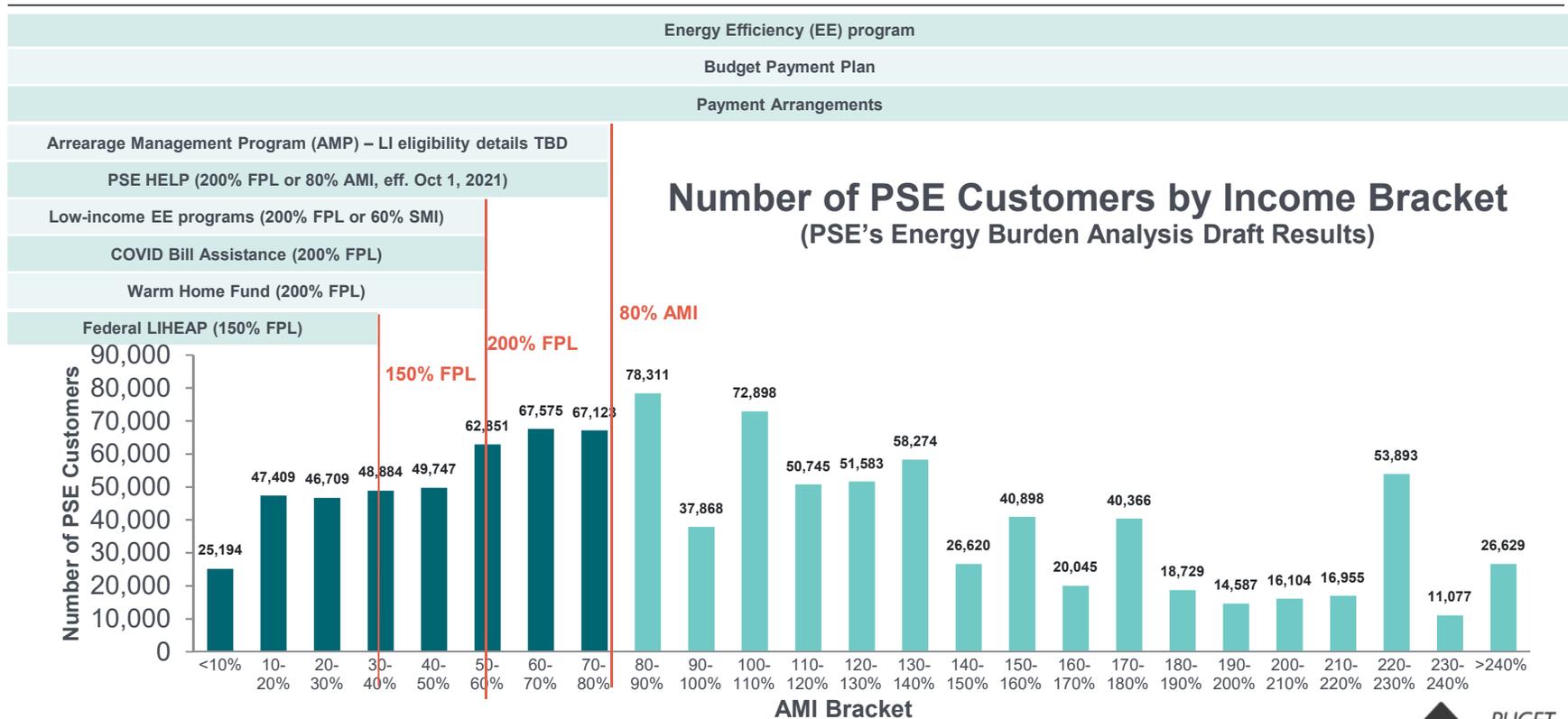
This will be accomplished by offering a new income-qualified discount rate (IQDR), which can be combined with payment assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) and Home Energy Lifeline Program (HELP), and will be measured using agreed upon Key Performance Indicators (KPIs).

## Guiding Principles:

1. The IQDR should work with and compliment energy assistance programs. (e.g., referrals across programs, combined benefits to reduce energy burden.)
2. The IQDR should be available to all income eligible customers with the largest benefit applied to customers with the greatest need.
3. We should design the IQDR program to maximize participation.
  - a) Auto-enrollment for existing customers when possible (e.g., participation in qualifying PSE, State, or Federal (e.g., SNAP) program.
  - b) Multiple paths for application in preferred language (e.g., physical mail, calling PSE Customer Care, PSE's energy assistance portal, referral from assistance program).
  - c) New PSE customers can apply for IQDR when starting service.
4. The IQDR application process should be quick and easy.
  - a) Basic eligibility information required (ID, number in household, household income, income documentation).
  - b) We trust our customers – customers attest to the accuracy of the information provided and applications that meet income eligibility are auto-approved.
  - c) A percentage of approved applications are audited for eligibility confirmation.



# PSE's Current Low Income Programs: Eligibility

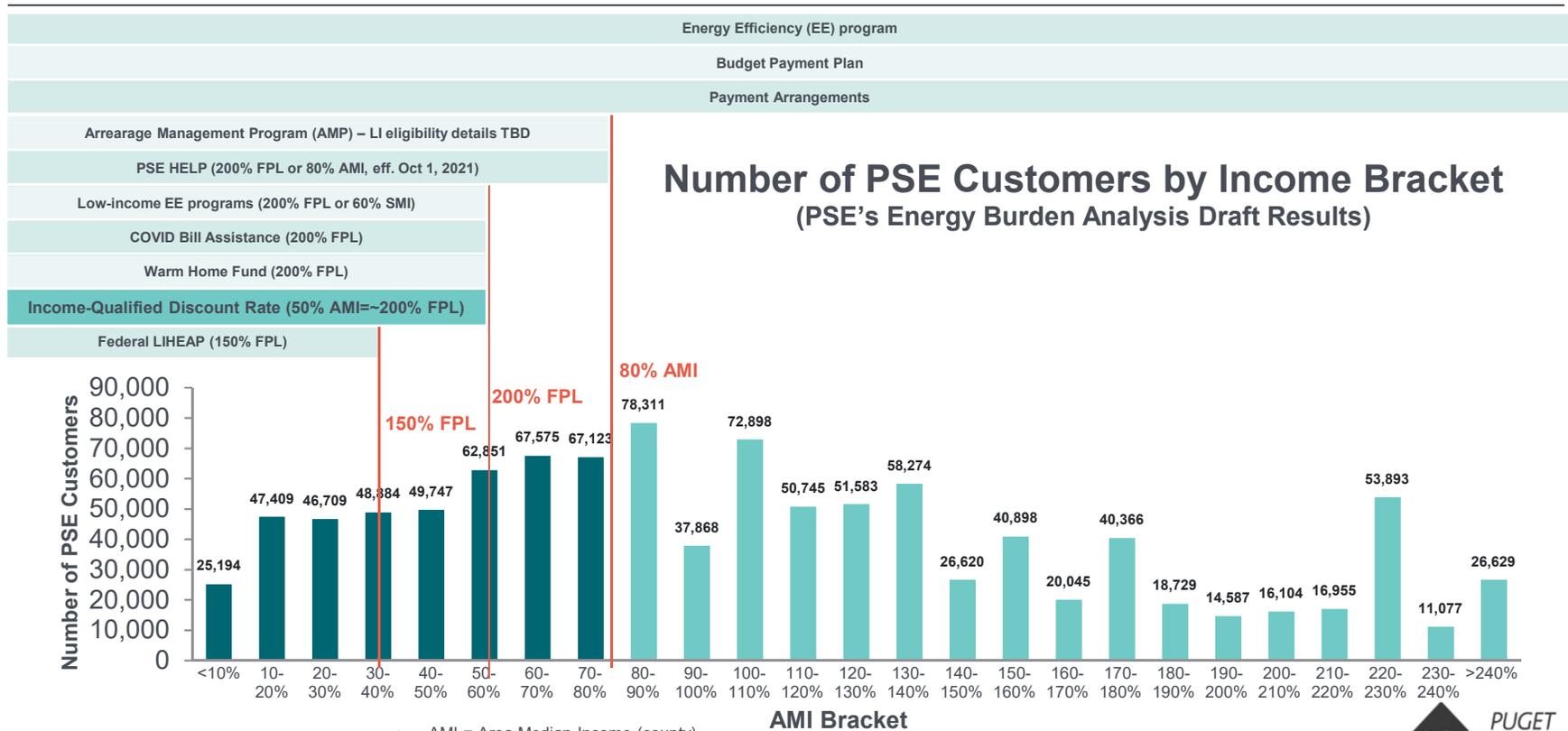


26 | \*\*\*Draft Results\*\*\*  
LIAC IQDR Collaborative 1 – July 13, 2021

- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# PSE's Current Low Income Programs with IQDR: Eligibility



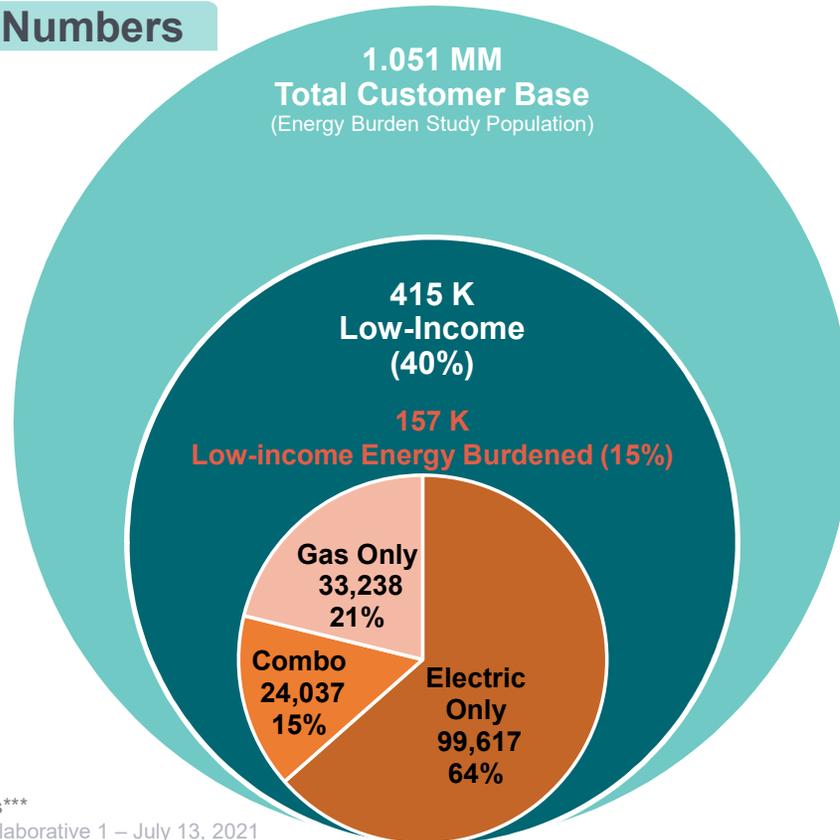
27 | \*\*\*Draft Results\*\*\*  
LIAC IQDR Collaborative 4 – October 5, 2021

- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



## Refresher: PSE Energy Burden Analysis draft results

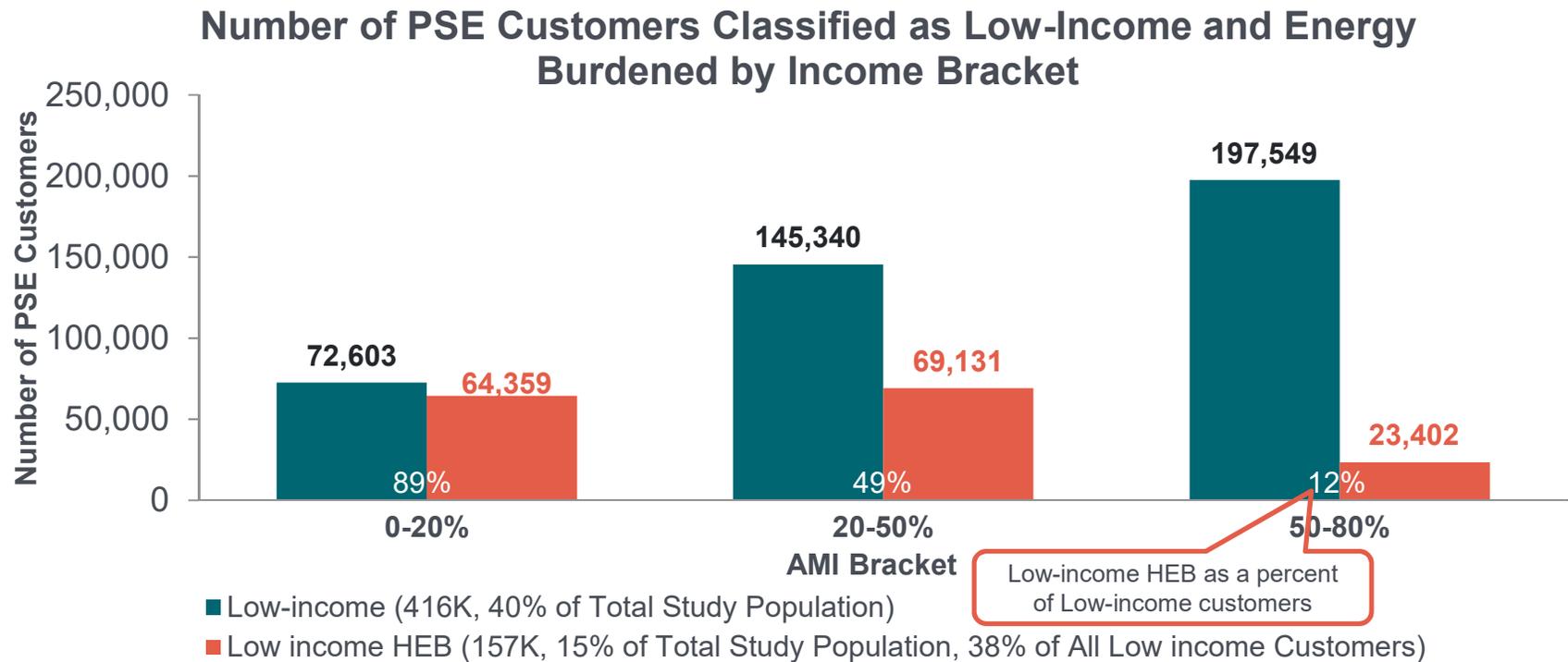
### The Draft Numbers



### The Who & Why

- Vast majority of energy burdened customers are classified as **low-income** → income is the primary driver of energy burden
- High energy burden customers use **more energy on average** than overall residential customers
- High energy burden is more likely among already **vulnerable populations** (ethnic background, education, homeownership, dwelling type, seniors and fixed-income status)

## Nearly 90% of customers in lowest income bracket are energy burdened, and nearly half in the second tier



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# PSE Low Income Advisory Committee

Presentation on AMP and IQDR Updates



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November 9<sup>th</sup>, 2021 9:30 AM

# Agenda

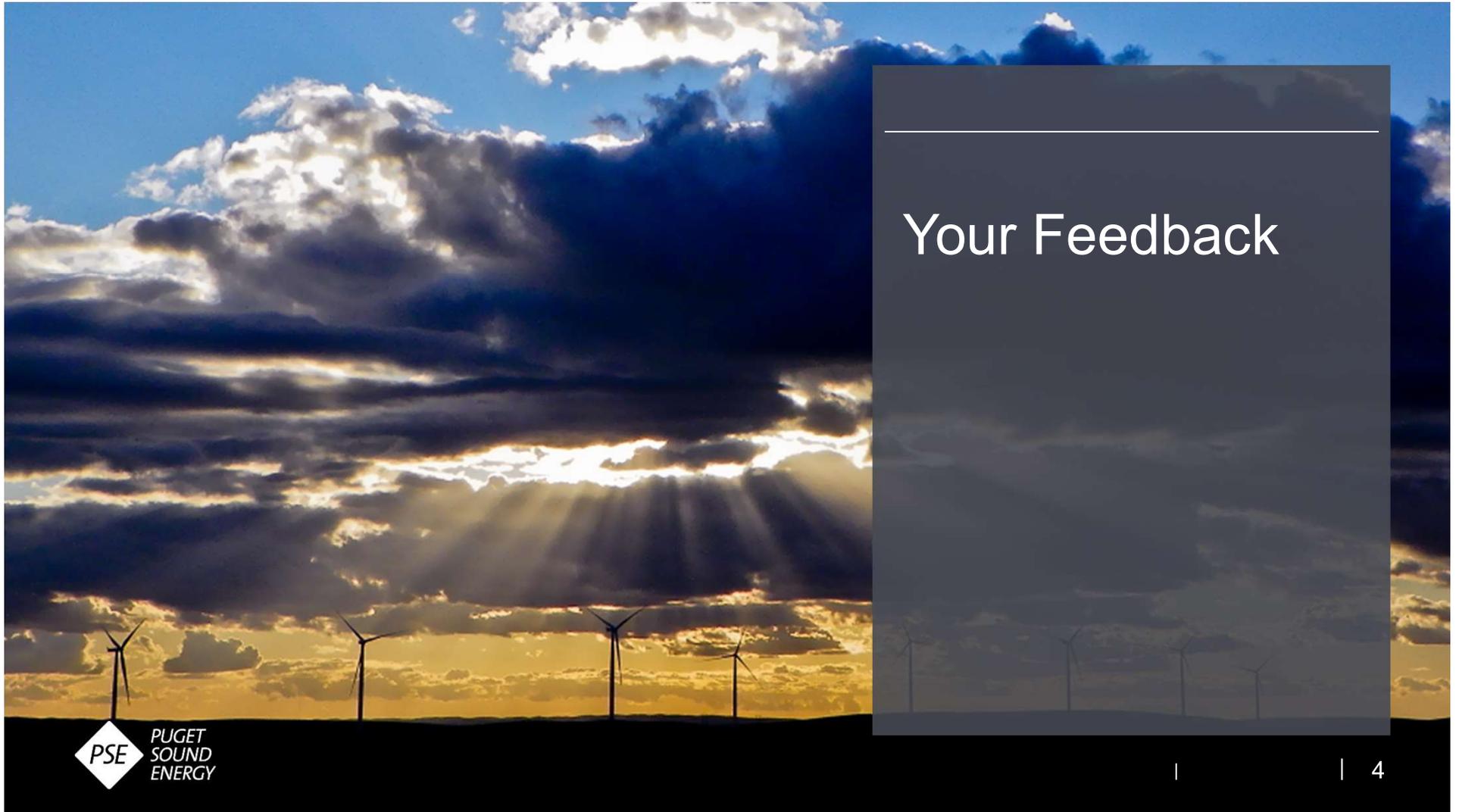
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- LIAC Goals and Objectives
- Feedback
- AMP Proposal
- IQDR Proposal Update
- Future programs process flows HELP/IQDR/AMP
- Next Steps

## Low-Income Advisory Committee Goals and Objectives

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- To keep customers connected to their energy service
- Provide bill assistance to more customers than are currently served
- Lower the energy burden of PSE HELP participants
- Collect data necessary to assess program effectiveness and inform ongoing policy discussions



## Your feedback

Feedback heard	PSE Response
Is the company including rate impact in increased revenue or ROE in the budget for IQDR and HELP?	Please clarify the question
Will our work develop all rate costs for IQDR, AMP, and HELP?	Please clarify the question
If PSE will file for a rate increase, will there also be an increase in bill assistance?	Yes
We would like to hear more detail for AMP so that agencies can be familiar with how it will work and how it will work with IQDR. We would like to advocate for categorical enrollment in AMP to determine the benefit amount then refer to other programs as appropriate but to also allow them to not provide income or declaration and to only apply for AMP.	Will be addressed in this presentation
Will AMP be included in the GRC filing with IQDR and HELP and will AMP be presented to this group prior to the filing?	Yes
HELP today has a benefit amount on a curve while the proposed is more of a fixed amount such that someone at 21% AMI has a substantially different income but relatively similar benefit as someone at 50% AMI	Noted, analysis is still underway
Can we run a cross section of scenarios with different incomes and usage histories to see how HELP will factor in?	PSE is looking into this
It would be helpful to see what the impact to the customer's energy burden would be for HELP & IQDR.	See Energy Burden Analysis
When will you start analyzing and evaluating the program and for how long will you do that? What is the timeline for the evaluation?	At the start of the program and ongoing

# Your feedback

Feedback heard	PSE Response
Will we be able to track how many/all low-income customers are referred that then receive other benefits?	We can if they come through PSE. Do agencies track this currently?
The agencies do other programs as well and it would be helpful to show full delivery of all programs.	Need more information
Would encourage stakeholders to consider a flat fee for approved applications moving forward for the admin fee structure. Also, have you considered whether PSE will need increased admin costs when looking at the rate impact?	We are looking at how changes will impact costs and analysis is ongoing
We need to account for a change in benefit amount. Consider if PSE is processing more and an agency less and if that varies by county. Cascade does a pay point, which works for them since the agencies are delivering it all.	For further discussion with the agencies
In order to do an accurate cost analysis, we will want to see the larger cost impacts, like the online portal work done by Avertra, not just the 3 additional FTE cost. The agency cost is predictable but PSE's is not so would like it tracked and shared.	Certain internal contracts are confidential
How will the audit happen and what are the consequences?	For further discussion with the agencies
Is there some mechanism to ensure that there is enough left in PSE HELP if demand went down so funds transferred to IQDR but then demand goes up?	Yes, there will be a true-up after each program year.
Supplemental CACAP: Have these 50k customers not been served by any program?	Correct
Supplemental CACAP: We have LIHEAP funds for arrearages but customers aren't reaching out. If PSE gives them this money, what is the push to have them call into an agency?	We will refer eligible customers to agencies to reach out to these customers

# Your feedback

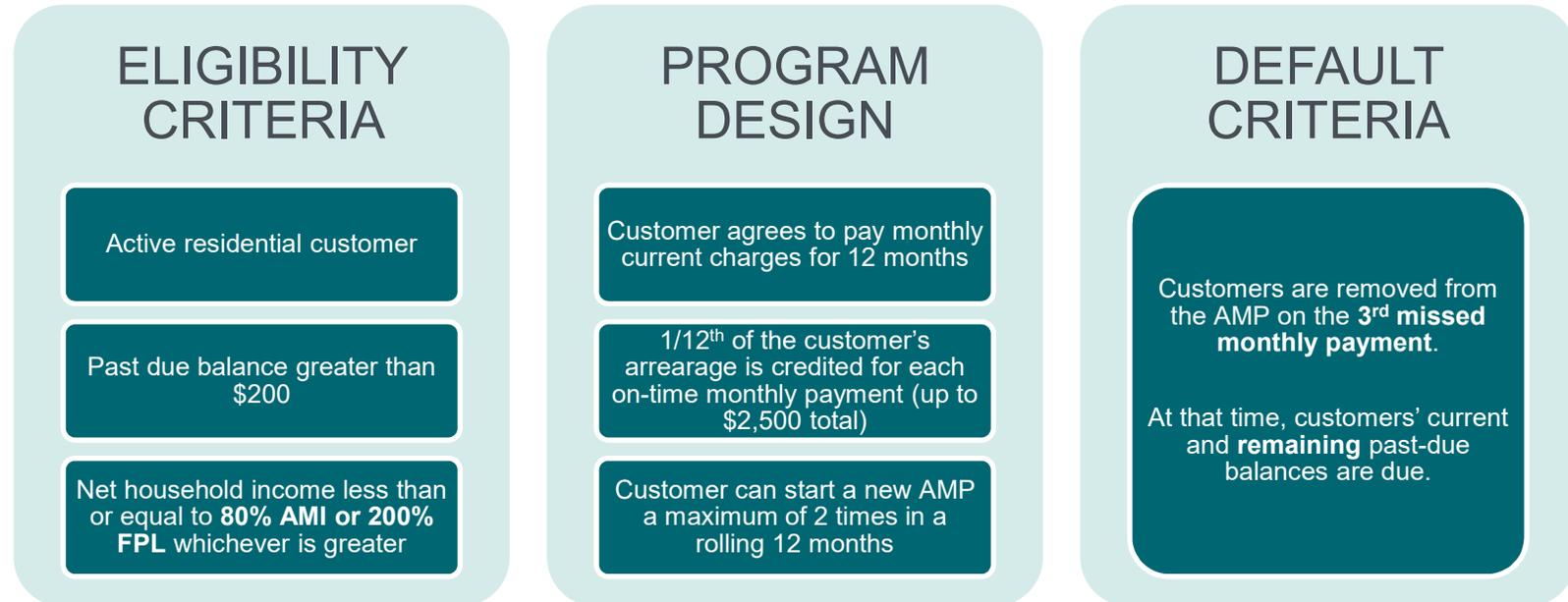
Feedback heard	PSE Response
Should also track whether there is an increase in new HELP applicants as that has been stagnant. Also how many come in but are denied, like the abandon rate in the call center.	We will track all applicants, more discussion as to how we would track agency data is needed
Supplemental CACAP: Customers may have not reached out due to the moratorium not having been lifted yet so if we give them this, we aren't giving them a chance to reach out to an agency	Noted
Supplemental CACAP: Is the budget at that amount to cover the past due balances at or below 200% FPL? Are we looking at automatic enrollment?	Yes, the budget will cover at or below 200% and we are looking at auto-enrollment
Has CACAP2 slowed down?	No, we are still receiving new applications daily
Supplemental CACAP: How are we determining household size?	Census data
Supplemental CACAP: As those closest to 200% FPL was of greatest concern to Jing, is there a way to separate those out and minimize the potential for errors?	More analysis needed
<p>Greater detail is needed on the following to show what we will be doing and be able to show what we've selected is best:</p> <ul style="list-style-type: none"> <li>• Admin calculation for agency delivery of HELP (how it relates to % of budget, award, pay point, keeping agency budget intact and able to hire staff to deliver program, transactions to complete the work)</li> <li>• Structure of AMP and IQDR (how do the programs work together and more detail on AMP structure itself)</li> <li>• Comparison for year 2 of HELP relative to benefit curve</li> <li>• Impacts to customers</li> <li>• Split between company versus agency operating HELP</li> </ul>	More discussion needed



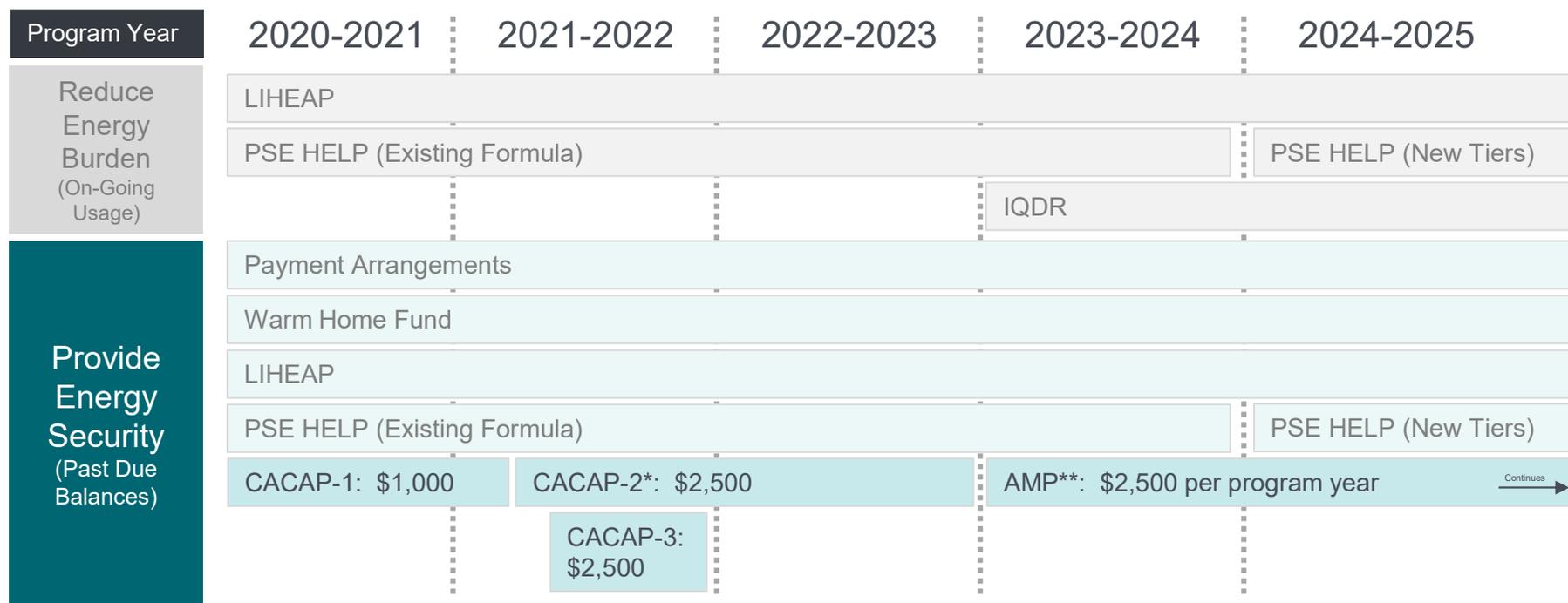
# AMP Proposal

# AMP Overview

PSE is proposing an Arrearage Management Plan (AMP) where an eligible customer's arrearage is eliminated after 12 months of on-time payments. The AMP will be funded through Schedule 129.



## Arrearage Assistance Timeline (Program Years)



\*CACAP-2: runs until end of the 2022-2023 program year or funds are exhausted.

\*\*AMP: depending upon funding availability.



# Updated IQDR Proposal

## Updated IQDR Proposal

<b>Original Proposal</b>	<b>AMI Bands</b>		
	<b>0-20%</b>	<b>21-50%</b>	<b>51-80%</b>
Proposed IQDR Discount %	45%	15%	0%
Proposed PSE HELP % (applied to pre-IQDR bill)	25%	20%	15%
<b>Total Combined Discount</b>	<b>70%</b>	<b>35%</b>	<b>15%</b>

<b>UPDATED Proposal</b>	<b>AMI Bands</b>		
	<b>0-30%</b>	<b>31-50%</b>	<b>51-80%</b>
Proposed IQDR Discount %	45%	15%	0%
Proposed PSE HELP % (applied to pre-IQDR bill)	25%	20%	15%
<b>Total Combined Discount</b>	<b>70%</b>	<b>35%</b>	<b>15%</b>



PSE proposes to **increase the number of customers eligible for the 70% combined discount** to include customers in the 21-30% AMI range.

Under the new proposal, the lowest-income customers will receive **greater benefits**, than they would get with today's PSE HELP curve.

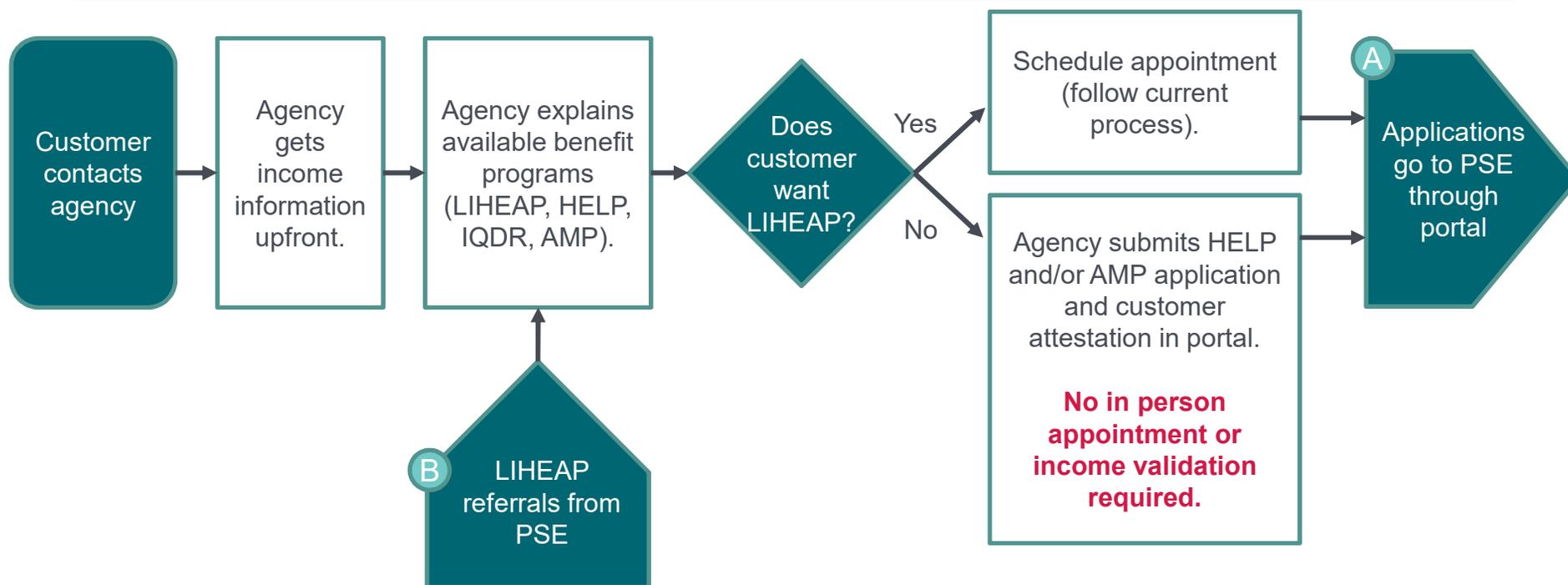


# Future Process Flows – DRAFT for discussion

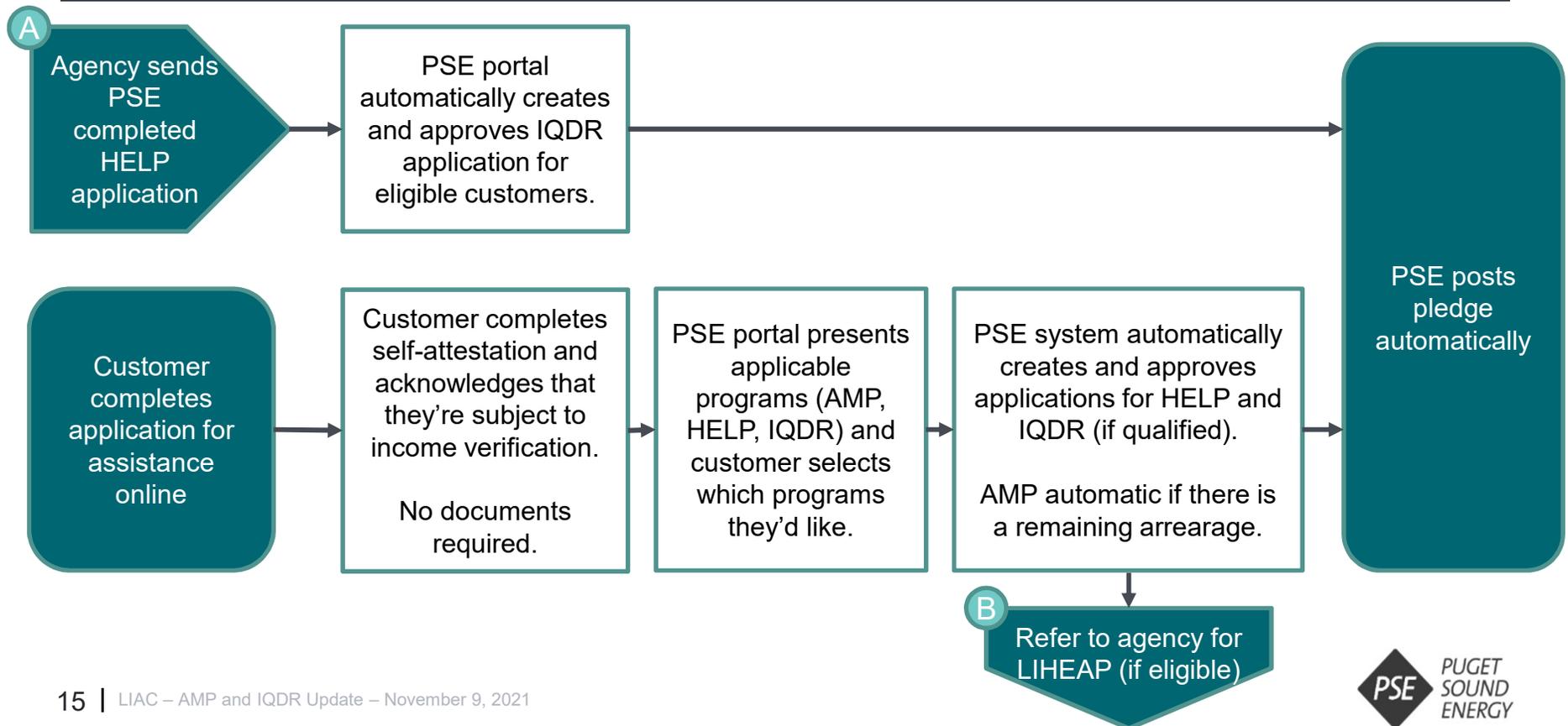
Beginning 2023-24  
program year



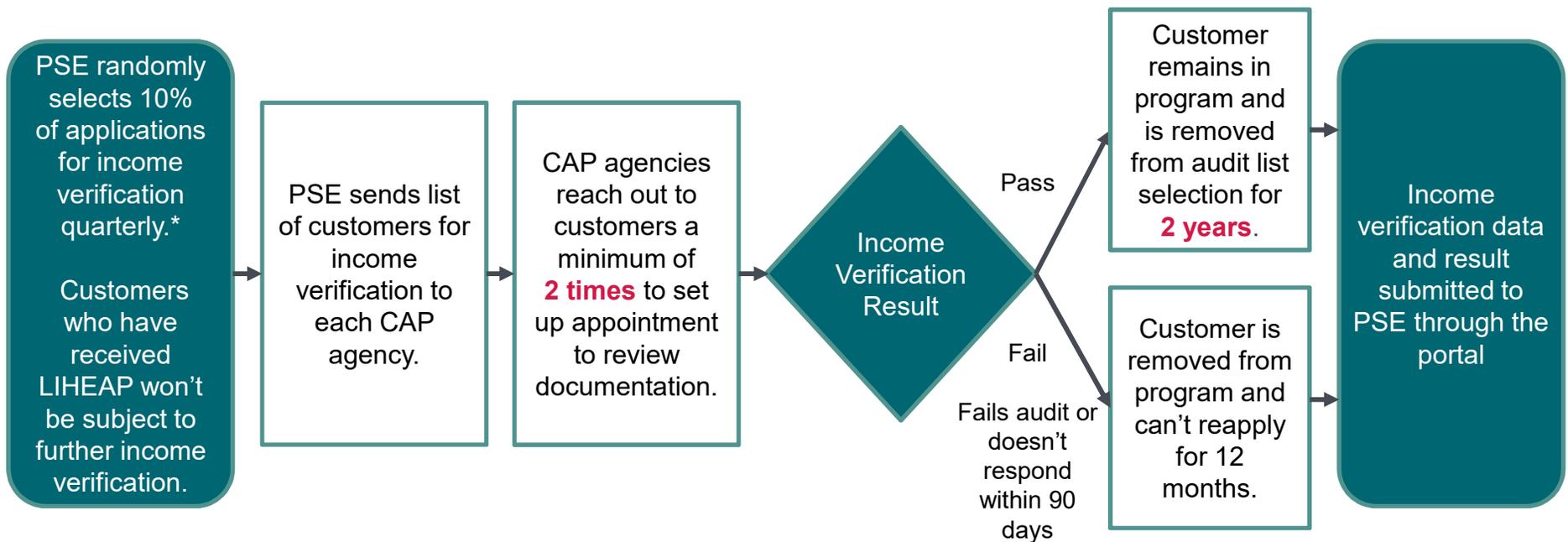
# Agency Process



# Agency Process



# Agency Process



\* PSE recommends starting income verification process with a random selection to identify data points that may be predictive of eligibility. If certain data turn out to be highly indicative of customers who are not eligible, we will move away from 100% random sample to part random sample and part customers that are likely to be not eligible.

## Income-Qualified Discount Rate (IQDR) stakeholder engagement with LIAC



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

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# Equity Advisory Group

Meeting #11 – December 13, 2021

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We will begin at 4pm.  
Technical difficulties? Please call or text Claire Wendle 425-894-1206

## Safety moment

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### Candle safety tips\*

- Keep lit candles at least 12 inches from anything that can burn
- Blow out candles when you leave a room or home, or go to bed
- Use sturdy candle holders that won't tip over
- Use flashlights, not candles in power outages



## Facilitator's requests

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Observers, please:

- Respect the Equity Advisory Group's time to discuss meeting topics
- Prepare to provide your verbal comments during the observer comment period on the agenda

Equity Advisory Group members, please:

- Listen to and appreciate the diversity of views and opinions
- Actively participate in the group
- Behave constructively and courteously towards all participants
- Respect the role of the facilitator to guide the group process

## Observer guidance and public comment

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All are welcome to watch the meeting as an observer.



Observers can provide verbal comments by joining the Zoom meeting or call in during the observer comment period. We will provide further instructions later in the meeting.



## Equity Advisory Group members

2021 EAG Member	Organization/Role
Susana Bailén Acevedo	Community advocate
Jenny Harding	GSBA and New Chapter Weddings and Events
Emily Larson Kubiak	Sustainable Connections
Michele Ogden and Lexi Withers (alternate)	Tacoma Urban League
Estela Ortega	El Centro de la Raza
TJ Protho	Vadis
Kate Sander	HopeSource
John Sternlicht	Economic Development Alliance of Skagit County
Dennis Suarez	Washington Soldiers Home
Teresa Taylor	Lummi Indian Business Council's Office of Economic Policy
Mariel Thuraingham	Front and Centered
Cheryn Weiser	Island Senior Resources
Karia Wong and Michael Itti (alternate)	CISC

# Agenda

4 p.m.	<b>Opening</b> <ul style="list-style-type: none"> <li>• <i>Safety moment</i></li> <li>• <i>Agenda review and meeting objectives</i></li> <li>• <i>Icebreaker/Partner discussion</i></li> </ul>	<b>Diann Strom</b> , Strategic Engagement Lead, PSE <b>Rose McKinney-James</b> , Facilitator, Advocacy BL/ACK <b>All</b>
4:15 p.m.	<b>Income-qualified discount rate design update</b>	<b>Carol Wallace</b> , Director of Customer Solutions, PSE <b>Theresa Burch</b> , Manager of Customer Solutions, PSE
4:30 p.m.	<b>Governance</b> <ul style="list-style-type: none"> <li>• Review governance materials</li> <li>• Discuss leadership structure</li> <li>• 2022 visions and goals</li> </ul>	<b>Rose McKinney-James</b> , Facilitator, Advocacy BL/ACK
5:00 p.m.	<b>Small group discussions:</b> governance and 2022 planning	<b>All</b>
5:25 p.m.	<b>Small group report outs</b>	<b>Rose McKinney-James</b> , Facilitator, Advocacy BL/ACK
5:35 p.m.	<b>Break</b>	<b>All</b>
5:45 p.m.	<b>CEIP updates</b>	<b>Brian Tyson</b> , Manager Clean Energy Planning and Implementation, PSE
5:55 p.m.	<b>UTC announcements</b>	<b>Wendy Gerlitz</b> , Manager Regulatory Policy, PSE
6:00 p.m.	<b>EAG / CEIP Milestone Celebration</b>	<b>All</b>
6:15 p.m.	<b>Public comment</b>	<b>Rose McKinney-James</b> , Facilitator, Advocacy BL/ACK
6:25 p.m.	<b>Next steps</b>	<b>Diann Strom</b> , Strategic Engagement Lead, PSE
6:30 p.m.	<b>Adjourn</b>	

## Partner discussion in small groups

*Updated 12/13/2021*

Reflecting on the Nov. 1 EAG Meeting and the draft Distributed Energy Resources (DER) Request for Proposals (RFP) presentation:

- *Do you have additional ideas on how we can connect with diverse suppliers and/or community-based organizations?*
- *Please identify at least 3 potential partners for PSE's consideration.*

*(When we come back together, please share your ideas via the chat)*

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# Income-qualified discount rate design update

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## Since we last met on Oct. 4...

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- **Incorporated your feedback on the Income-Qualified Discount Rate (IQDR)**
  - Support of IQDR design
  - Program outreach, access, potential barriers and long-term impacts should be considered as part of program design
- **Worked to address questions from Low Income Advisory Committee on:**
  - Avoiding changing how PSE HELP works until after the first year of the IQDR
  - Re-examining the bands, as 20% and 50% AMI have different needs
  - Tracking customers who fail to respond to or fail an audit
- **Ongoing work to check-in with the EAG on in 2022:**
  - Customer Solutions team provides updates (e.g., best practices research, studies)
  - Design of IQDR program, specifically around outreach and access

## Updated IQDR proposal: expanded eligibility and new name

<b>Original Proposal</b>	<b>AMI Bands</b>		
	<b>0-20%</b>	<b>20-50%</b>	<b>50-80%</b>
Proposed IQDR Discount %	45%	15%	0%
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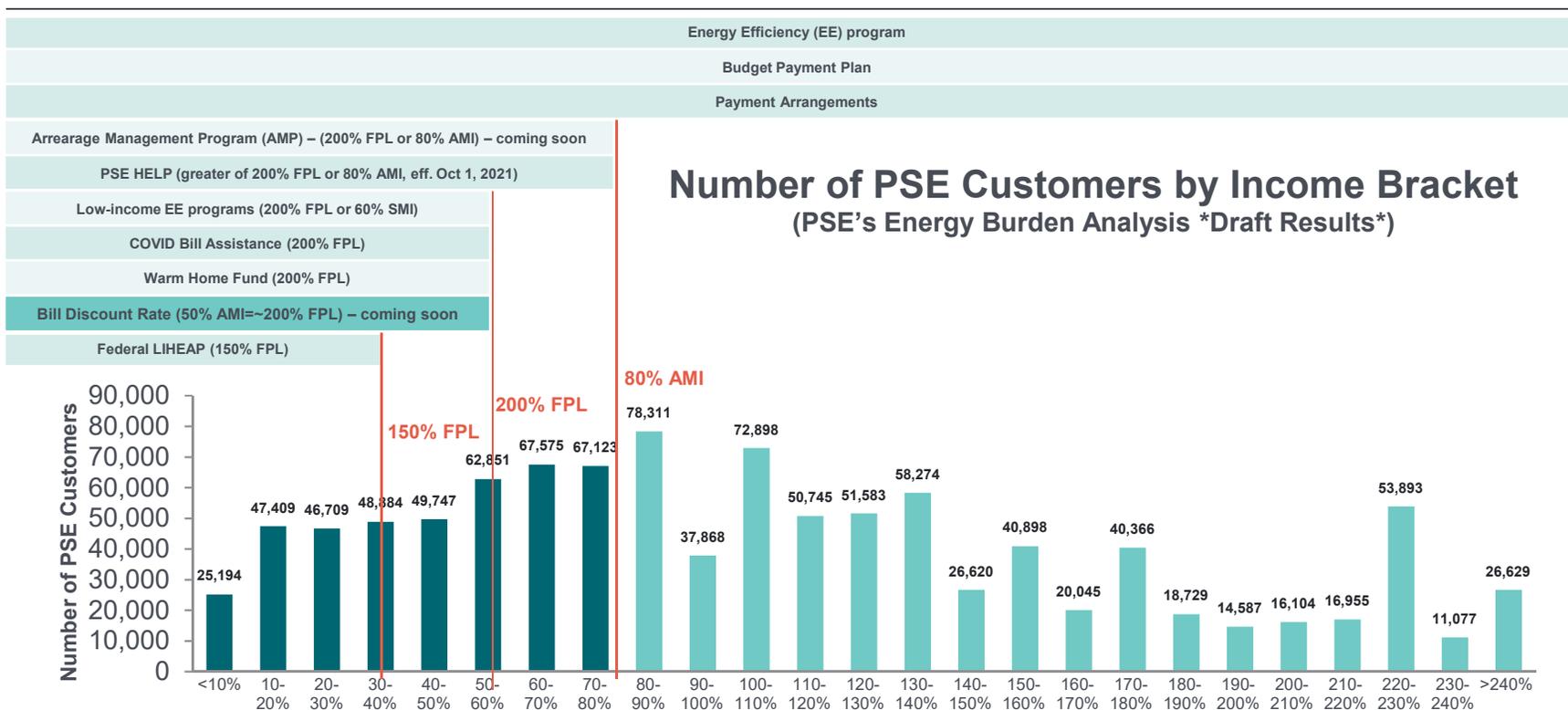
PSE proposes to **increase the number of customers eligible for the 70% combined discount** to include customers in the 20-30% AMI range.



Under the new proposal, the lowest-income customers will receive **greater benefits**, than they would get with today's PSE HELP curve.

## Transitioning name from IQDR to **Bill Discount Rate**

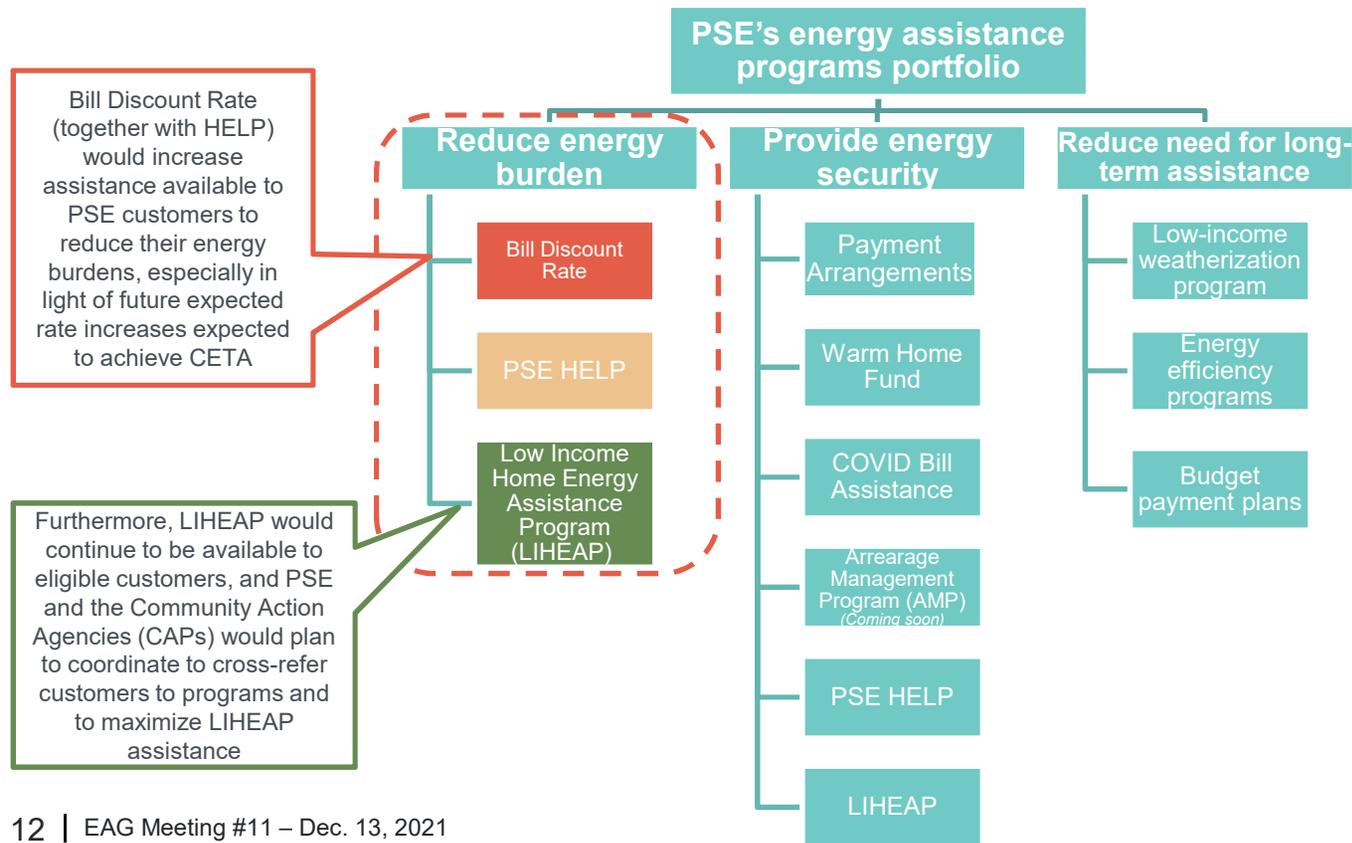
# PSE's current Low Income Programs with Bill Discount Rate: Eligibility



- AMI = Area Median Income (county)
- FPL = Federal Poverty Level guidelines – used by federal agencies for determining eligibility for federal assistance programs.



# Integration of Bill Discount Rate into PSE's existing low-income energy assistance programs portfolio



## IQDR/Bill Discount Rate stakeholder engagement with EAG



- **Goal:** Develop low-income discount rate program design that will compliment existing low-income assistance programs
- **Advisory groups:** Low-Income Advisory Committee (“LIAC”) and Equity Advisory Group (“EAG”)
- Advisory group feedback will be incorporated at each step prior to our filing with the Washington Utilities and Transportation Commission (UTC) (our regulator)

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# Governance

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## Overview

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- Discuss edits to charter and new bylaws
- Discuss draft objectives for EAG's work in 2022 and possible topics
- Align on 2022 meeting objectives and schedule

## What we heard from you during our Aug. 26 meeting

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Charter section	EAG Comments
Member commitments	<ul style="list-style-type: none"><li>• Be available for sharing feedback outside of EAG meetings</li><li>• Formalize member accountability</li><li>• Address ethical issues</li><li>• Assist with community outreach</li><li>• Act as a test group for PSE programs</li></ul>
Terms of service	<ul style="list-style-type: none"><li>• Outline process for changes in employment</li><li>• Clarification on term lengths</li></ul>
Group conduct	<ul style="list-style-type: none"><li>• Guidelines around participation</li><li>• Support for EAG members and accommodations</li></ul>

## Governance approach

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- **Charter:** *Charts the course of the EAG*
  - Purpose of EAG
  - PSE and EAG Commitments
  - Roles and Responsibilities
  - Group Conduct
- **By-laws:** *EAG structure and administration*
  - Organizational Structure
  - Membership and Terms of Service
  - Procedural Rules
- **Guiding principles for CEIP implementation:** *Guides EAG and PSE's work to ensure accessibility, affordability, and accountability*

## Draft objectives for EAG discussions in 2022

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- **Governance:** Establish governance and support structure for future EAGs
- **Education:** Broader understanding of PSE and clean energy
- **CEIP implementation:**
  - EAG provides customer voice and actionable advice on CEIP implementation - program design, baseline data, and ongoing CBI development
  - Active advisement and participation in customer education and outreach
  - Support PSE's accountability in acting on CEIP implementation commitments
- **Capacity building:**
  - Broaden understanding of equity
  - EAG members have more opportunities to network and share about their organizations
  - Successful Equity Forum that's co-developed with EAG

## Draft topics for EAG meetings for 2022 (no particular order)

Governance	Education	CEIP implementation	Capacity-building
Charter and bylaws	Energy efficiency programs	Baseline data & customer benefit indicators	Equity Forum
Member recruitment process	PSE DEI initiative	Clean electricity procurement results	Equity training(s)
Annual review of guiding principles	Integrated Resource Plan	Clean electricity outreach	Member spotlight
Meeting planning for 2023	Clean energy Q&A: battery storage, renewables, etc	Engaging highly impacted communities and vulnerable populations in program design	
	IQDR consultation	Equity assessment	

## Aligning on meeting schedule for 2022

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- Anticipate ~8 meetings in 2022
- Meeting logistics:
  - Frequency: Which months might you want to avoid meeting?
  - Duration: How long should meetings be – 2.5 hours or 2 hours?
  - Time: Could we move the meetings to begin at 5 p.m.?
  - Other considerations?

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# Small group discussions

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## Small group discussions

*Updated 12/13/2021*

- Each member will join a small group (25 minutes)
- Discussion questions
  - Governance:
    - Do you support a governance model that supports rotation of leadership, like the proposed Planning Committee?
    - Are you satisfied with the roles and commitments as outlined in the Charter? Should we add or delete anything?
    - Do you have specific questions on any of the three governance documents?
  - 2022 session planning
    - Do the objectives seem appropriate or are there any missing?
    - Are there other topics you'd like to learn about?
    - Thoughts on meeting frequency, duration and start time?
- Members will return to share key takeaways (5 minutes each)

**\*\*Breakout groups underway\*\***

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Equity Advisory Group members are in breakout groups.

We will reconvene in the main meeting room for breakout group reports after the break.

*See you when we get back!*



*"Solar Moonlight" by Barry Blankenship of Bremerton, WA*

## Report outs

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- Each group will report out (~3-5 minutes each)



## Break – TBD

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- Please return in 10 minutes



If you would like to provide a public comment live, you will be able to do so **at 6:15 p.m. Please do not join the meeting until then.** The first 5 individuals will have 2 minutes each to speak. There are two ways to join.

1. Join the Zoom meeting:

- a) Visit <https://zoom.us/join>
- b) Insert Meeting ID: **provided during meeting**

2. Call-in:

- a) Call number: **Provided during meeting**
- b) Insert Meeting ID: **Provided during meeting**



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# CEIP update

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## How your feedback is shaping the CEIP: feedback from Nov. 1 meeting

Topic	What we heard	What we did with it
<b>Costs</b>	Share investment portfolios comparing costs with and without CETA	PSE shared draft CEIP cost table via email on 12/8. Table part of final CEIP.
<b>Guiding principles</b>	<p><b>Accessibility</b></p> <ul style="list-style-type: none"> <li>• Education and action are connected; important to meet people where they are</li> <li>• CEIP needs to be flexible and prioritize access to information</li> <li>• Include capacity building and understand that it is a process</li> <li>• Expand the effort to attract a broader workforce</li> </ul> <p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>• Commit to continually improving programs</li> <li>• Add a focus to low-income and senior communities</li> <li>• Include more action-oriented language</li> </ul>	<p>Updated EAG guiding principles for use in Final CEIP.</p> <p>Suggest revisiting these annually.</p>
	<p><b>Accountability</b></p> <ul style="list-style-type: none"> <li>• Meaningful engagement process includes education and capacity building</li> <li>• Accountability is a powerful tool as the system continues to change</li> <li>• Think beyond environmental harms; consider systemic harms</li> <li>• Consider actions to accererate equity beyond 2045 after the CEIP is complete</li> </ul>	

## Themes heard from feedback on draft CEIP

Interim target	<ul style="list-style-type: none"><li>• Mixed feedback on urgency and need for clean electricity transition</li><li>• Interest in variety of electricity resources, including hydro and nuclear</li></ul>
Specific targets	<ul style="list-style-type: none"><li>• Calls for more demand response and distributed energy resources</li><li>• Update resource costs and assumptions</li></ul>
Customer benefit indicators	<ul style="list-style-type: none"><li>• Add or adjust CBIs and metrics</li><li>• Clarify how CBIs will be used for decision-making</li><li>• Explain weighting process</li></ul>
Named communities*	<ul style="list-style-type: none"><li>• Interest in identifying existing disparities and connections to CBIs</li></ul>
Specific actions	<ul style="list-style-type: none"><li>• More details on programs</li><li>• Connecting actions with advancing equity outcomes</li></ul>
Costs	<ul style="list-style-type: none"><li>• Questions on how costs were allocated toward incremental costs</li></ul>
Public participation	<ul style="list-style-type: none"><li>• Broaden audiences to include more community-based organizations and labor</li><li>• Emphasis on need for education</li></ul>
Other	<ul style="list-style-type: none"><li>• Questions on electrification, peaking plants, etc.</li></ul>

## What's going on now

*Revised 12/13/2021*

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- Received 380+ comments from the online open house surveys, emails, online comment forms, paper surveys, and meeting with stakeholders
- Embedding changes based on stakeholder feedback
- What's next
  - File final CEIP on Dec. 17
  - Final CEIP briefing with EAG during January 2022 meeting
  - UTC will accept comments on the final CEIP into early 2022

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# UTC update

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## Update about UTC processes underway

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- Supplier diversity workshop: Dec. 16, 2021 at 9:30 a.m.
  - Materials can be found [here](#)
  - PSE participating and will provide EAG with an update after the workshop
- New funding for UTC participation - “Intervenor Funding”
  - Funding for non-profit organizations to participate in UTC proceedings
  - Guidance includes funds set-aside for representatives of highly impacted and vulnerable communities – at least 1/3 of each utility’s overall budget cap (\$100,000 for PSE)
  - Funding may be used for “outreach, training and education to create a space at the regulatory table for their participation”
  - Executed through written agreements with utilities, approved by UTC
  - Policy guidance document and other materials can be found [here](#)

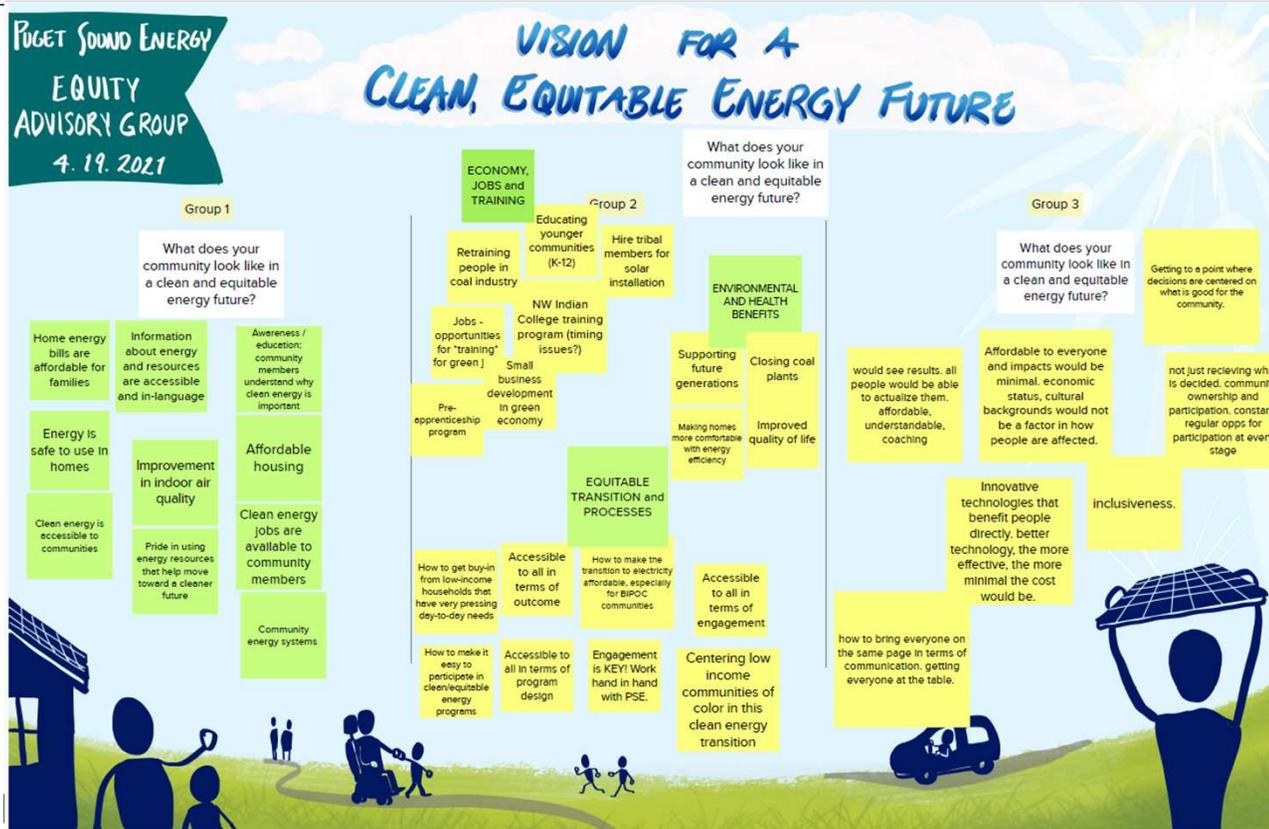
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**EAG/CEIP  
Milestone  
Celebration**

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# Reflecting on EAG input into the CEIP



Clean energy visioning from first EAG meeting on April 19, 2021

# Milestones at a glance

Updated 12/13/2021

EAG meeting	CEIP focus area
1 – April 19	Clean energy values
2 – May 3	Barriers, burdens and opportunities
3 – May 17	Vulnerable populations definition
4 – May 24	Developing customer benefit indicators
5 – June 21	CBIs and weightings Refining factors of vulnerability
6 – July 26	Process adjustments; further input into CBIs
7 – Sept. 13	Overview of draft CEIP targets, programs, actions and costs
8 – Sept. 27	Draft guiding principles, and implementation approach
9 – Oct. 4	Feedback on guiding principles and draft CEIP outreach
10 – Nov. 1	Feedback on draft CEIP and guiding principles



- 13** EAG members representing communities from 8 counties
- 10** Meetings on CEIP
- 26+** Hours providing input into CEIP
- 6** Meetings on IQDR & governance
- 13** Hours providing input into IQDR & governance



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**Public comment period**

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## Public comment protocols

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To provide a public comment live:

### Join the Zoom meeting:

- Visit <https://zoom.us/join>
- Insert Meeting ID: **provided during meeting**

### Call-in:

- Call number: **Provided during meeting**
- Insert Meeting ID: **Provided during meeting**



To provide a written comment:

- **Comment here:** [cleanenergyplan.pse.com/equity-advisory-group](https://cleanenergyplan.pse.com/equity-advisory-group)
- **Email:** [ceip@pse.com](mailto:ceip@pse.com)

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**Next steps**

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## Next steps

*Updated 12/13/2021*

### **CEIP submission**

**Dec. 17, 2021:** PSE files final CEIP with UTC

### **Next EAG meeting**

**January – date TBD**

Focus: governance and briefing on final CEIP

EAG meeting materials and details are available at  
[cleanenergyplan.pse.com](https://cleanenergyplan.pse.com)



*Pole wrap design by Yvonne Chan, Seattle, WA*

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# Appendix

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## Common acronyms

Acronym	Meaning
CBI	Customer benefit indicator
CEAP	Clean Energy Action Plan – 10-year strategy
CEIP	Clean Energy Implementation Plan – 4-year roadmap
CETA	Clean Energy Transformation Act, which set clean electricity standards for Washington
C&I	Commercial and industrial
DER	Distributed energy resource, e.g., rooftop solar & small-scale battery storage
DR	Demand response, e.g., incentive programs for customers to reduce their energy use at peak periods
EAG	Equity Advisory Group
HIC	Highly Impacted Communities
IRP	Integrated Resource Plan – 20+ year resource plan
Named Communities	Refers to “Highly Impacted Community” and “Vulnerable Populations” (defined by CETA)
PPA	Power purchase agreement
RFP	Request for proposal
SWMBE	Small-, woman-, and minority-owned businesses
UTC	Washington Utilities and Transportation Commission, which regulates PSE
VP	Vulnerable Populations

# IQDR proposed program design overview

## ELIGIBILITY CRITERIA

Active residential customer

IQDR: Net household income less than or equal to 50% AMI;  
HELP: Net household income 0% - 200% FPL / 80% of AMI, whichever is greater

Simplified documentation with self-attestation and quarterly audits. 2-year verification.

Proposal	AMI Bands		
	0-30%	30-50%	50-80%
Proposed IQDR Discount %	45%	15%	0%
Proposed PSE HELP % (applied to pre-IQDR bill)	25%	20%	15%
Total Combined Discount	70%	35%	15%

## PROGRAM DESIGN

Total PSE discount from IQDR and HELP an eligible customer would receive: 70%/35%/15% discount on all rates, except voluntary programs and taxes

IQDR discount (45% for 0-30% AMI and 15% for 30-50% AMI) would be applied always to the total net bill, before grants

PSE HELP formula would be adjusted to be a fixed, tiered discount, applied to the bill: 25%/20%/15%

In Year 1 only, PSE HELP program wouldn't change from current benefit structure (20-60% based on income, usage and household size)

# Timeline (Program Years)

