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
### Energy Burden Analysis

<table>
<thead>
<tr>
<th>Event</th>
<th>Commission Staff</th>
<th>Public Counsel</th>
<th>NWEC</th>
<th>The Energy Project</th>
<th>Equity Advisory Group</th>
<th>Low Income Advisory Committee</th>
<th>Dept of Commerce</th>
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<tr>
<td>Initial Presentation</td>
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### Bill Discount Rate

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Collaborative #1</td>
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<td>8/12/2021</td>
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<td>Collaborative #4</td>
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<td>9/27/2021</td>
<td>10/5/2021</td>
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<td>Updated Proposal Presentation</td>
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<td>12/13/2021</td>
<td>11/9/2021</td>
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</tbody>
</table>
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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• Methodology Summary
• Summary Results
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CETA Section 12 Low-Income Assistance Guidelines

• 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

- 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:

**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 ≤80% area median income (AMI)
  - CETA: AMI ≤80% or ≤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

Energy Burden (EB) = annual home energy expenses as a percent of annual HH income

\[
\text{Yearly} \quad \frac{\text{Electricity Bill} + \text{Gas Bill} + \text{Other Heating Fuels Bill}}{\text{Income}}
\]
PSE Energy Burden Permutations using “Hybrid” bills

- 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

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

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<table>
<thead>
<tr>
<th>Number of Variables</th>
<th>PSE BPs Matched</th>
<th>Percent BPs Matched</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>316,148</td>
<td>29%</td>
</tr>
<tr>
<td>5</td>
<td>478,015</td>
<td>44%</td>
</tr>
<tr>
<td>4</td>
<td>208,458</td>
<td>19%</td>
</tr>
<tr>
<td>3</td>
<td>79,654</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>13,182</td>
<td>1%</td>
</tr>
<tr>
<td>1</td>
<td>38</td>
<td>0.004%</td>
</tr>
</tbody>
</table>
Data sources

• 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

<table>
<thead>
<tr>
<th>DENOMITATOR – the source for Income data</th>
<th>NUMERATOR – the Source for Billing data</th>
<th>DOE: DOE’s LEAD Tool</th>
<th>DOE+PSE: Hybrid bill using available PSE billing data and supplementing with DOE’s LEAD Tool billing data</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOE: Estimate of Income in DOE’s LEAD Tool</td>
<td>Method 1 [ EB = \frac{DOE}{DOE \text{ Income}} ]</td>
<td>Method 4 [ EB = \frac{\text{Hybrid (DOE + PSE)}}{DOE \text{ Income}} ]</td>
<td></td>
</tr>
<tr>
<td>Experian GT: Ground Truth Estimates from PSE Survey Data/Experian</td>
<td>Method 2 [ EB = \frac{DOE}{\text{Experian GT}} ]</td>
<td>Method 3 [ EB = \frac{\text{Hybrid (DOE + PSE)}}{\text{Experian GT}} ]</td>
<td></td>
</tr>
</tbody>
</table>
Selecting the preferred method

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:

<table>
<thead>
<tr>
<th>6-10% Energy Burden</th>
<th>10%+ Energy Burden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Map 1</td>
<td>Map 2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th>METHODS for calculation of Energy Burden (for PSE territory)</th>
<th>Estimated PSE Customers – with High EB (HEB) (&gt;6%)</th>
<th>Estimated PSE Customers – with Severe EB (SEB) (&gt;10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] EB = (DOE)/(DOE Income)</td>
<td>200,881 (18%)</td>
<td>84,504 (8%)</td>
</tr>
<tr>
<td>[M2] EB = (DOE)/(Experian GT)</td>
<td>141,699 (13%)</td>
<td>62,106 (6%)</td>
</tr>
<tr>
<td><strong>[M3] EB = Hybrid/(Experian GT)</strong></td>
<td><strong>163,167 (15%)</strong></td>
<td><strong>76,373 (7%)</strong></td>
</tr>
<tr>
<td>[M4] EB = Hybrid/(DOE Income)</td>
<td>221,039 (20%)</td>
<td>103,255 (10%)</td>
</tr>
</tbody>
</table>

About half of energy burdened customers spend over 10% of their annual income on energy (~47% of HEB HHs)
Majority (~96%) of High-EB customers are low-income (157K), and over 99% of Severe-EB customers (76K) are low-income

<table>
<thead>
<tr>
<th>METHODS for calculation of Energy Burden (for PSE territory)</th>
<th>Estimated PSE Customers – with High EB (HEB) (&gt;6%)</th>
<th>Estimated PSE Customers – with Severe EB (SEB) (&gt;10%)</th>
<th>Estimated Low-Income (LI) (&lt;80% AMI) PSE Customers – with High EB (&gt;6%)</th>
<th>Estimated Low-Income (LI) (&lt;80% AMI) PSE Customers – with Severe EB (&gt;10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] EB = (DOE)/(DOE Income)</td>
<td>200,881 (18%)</td>
<td>84,504 (8%)</td>
<td>192,268 (18%)</td>
<td>84,272 (8%)</td>
</tr>
<tr>
<td>[M2] EB = (DOE)/(Experian GT)</td>
<td>141,699 (13%)</td>
<td>62,106 (6%)</td>
<td>138,073 (13%)</td>
<td>62,010 (6%)</td>
</tr>
<tr>
<td>[M3] EB = Hybrid/(Experian GT)</td>
<td>163,167 (15%)</td>
<td>76,373 (7%)</td>
<td>156,892 (15%)</td>
<td>75,661 (7%)</td>
</tr>
<tr>
<td>[M4] EB = Hybrid/(DOE Income)</td>
<td>221,039 (20%)</td>
<td>103,255 (10%)</td>
<td>206,329 (20%)</td>
<td>101,996 (9%)</td>
</tr>
</tbody>
</table>

Low-income customers make up the majority of energy burdened customers

~96% (of High-EB HHs are Low-income) ~99% (of Severe-EB HHs are Low-income)
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

High-EB Customers by AMI Bracket

Cumulative High-EB Customers

AMI Level 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)

<table>
<thead>
<tr>
<th>METHODS for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</th>
<th>Estimated EAN ($) for all High-EB (HEB) (&gt;6%) PSE Customers</th>
<th>Estimated EAN ($) for all Severe-EB (SEB) (&gt;10%) PSE Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] EB = (DOE)/(DOE Income)</td>
<td>$159 million</td>
<td>$115 million</td>
</tr>
<tr>
<td>[M2] EB = (DOE)/(Experian GT)</td>
<td>$114 million</td>
<td>$83 million</td>
</tr>
<tr>
<td>[M3] EB = Hybrid/(Experian GT)</td>
<td><strong>$155 million</strong></td>
<td><strong>$116 million</strong></td>
</tr>
<tr>
<td>[M4] EB = Hybrid/(DOE Income)</td>
<td>$208 million</td>
<td>$156 million</td>
</tr>
</tbody>
</table>

Three quarters of EAN would go towards Severe-EB customers (~75% (of HEB HHs))

Preferred Method 3
Majority (~95% for High-EB and ~97% for Severe-EB) of the energy assistance need is coming from low-income customers

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

<table>
<thead>
<tr>
<th>METHODS for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</th>
<th>Estimated EAN ($) for all High-EB (HEB) (&gt;6%) PSE Customers</th>
<th>Estimated EAN ($) for all Severe-EB (SEB) (&gt;10%) PSE Customers</th>
<th>Estimated EAN for Low-Income PSE Customers – with HEB</th>
<th>Estimated EAN for Low-Income PSE Customers – with SEB</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] EB = (DOE)/(DOE Income)</td>
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<td>$115 million</td>
<td>$154 million</td>
<td>$115 million</td>
</tr>
<tr>
<td>[M2] EB = (DOE)/(Experian GT)</td>
<td>$114 million</td>
<td>$83 million</td>
<td>$112 million</td>
<td>$83 million</td>
</tr>
<tr>
<td>[M3] EB = Hybrid/(Experian GT)</td>
<td>$155 million</td>
<td>$116 million</td>
<td>$146 million</td>
<td>$111 million</td>
</tr>
<tr>
<td>[M4] EB = Hybrid/(DOE Income)</td>
<td>$208 million</td>
<td>$156 million</td>
<td>$194 million</td>
<td>$150 million</td>
</tr>
</tbody>
</table>

EAN is almost entirely coming from customers who are very high energy-burdened and very low-income.

| ~95% (of High-EB EAN to Low-Income) | ~97% (of Severe-EB EAN to Low-Income) |
Average per Customer total EAN is estimated to be $930 for High-EB low-income customers ($1,460 for Severe-EB low-income households)

<table>
<thead>
<tr>
<th>METHODS for calculation of Energy Burden (for PSE territory) = (Source of billing data)/(Source of Income data)</th>
<th>Estimated EAN per Customer ($/HH) for all High-EB (HEB) (&gt;6%) PSE Customers</th>
<th>Estimated EAN per Customer ($/HH) for all for all Severe-EB (SEB) (&gt;10%) PSE Customers</th>
<th>Estimated EAN per Customer ($/HH) for Low-Income (&lt;80% AMI) High-EB (&gt;6%) PSE Customers</th>
<th>Est. EAN per Customer ($/HH) for Low-Income (&lt;80% AMI) Severe-EB (&gt;10%) PSE Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] (EB = \frac{DOE}{DOE \text{ Income}})</td>
<td>$790</td>
<td>$1,363</td>
<td>$803</td>
<td>$1,361</td>
</tr>
<tr>
<td>[M2] (EB = \frac{DOE}{(Experian \text{ GT})})</td>
<td>$805</td>
<td>$1,341</td>
<td>$814</td>
<td>$1,339</td>
</tr>
<tr>
<td>[M3] (EB = \frac{\text{Hybrid}}{(Experian \text{ GT})})</td>
<td>$948</td>
<td>$1,513</td>
<td>$930</td>
<td>$1,460</td>
</tr>
<tr>
<td>[M4] (EB = \frac{\text{Hybrid}}{(DOE \text{ Income})})</td>
<td>$940</td>
<td>$1,514</td>
<td>$938</td>
<td>$1,470</td>
</tr>
</tbody>
</table>

Estimated Results Summary: Total Energy Assistance Need (EAN) per Customer ($/HH)
Estimated EAN attributable to PSE bill portion is 63%, or about $98 million ($91 million for low income)

\[
PSE\ Bill\ Portion\ of\ EAN = \frac{PSE\ Proportion\ of\ Total\ Estimated\ Energy\ Bill}{\text{Total Energy Bill}} \times \text{Total EAN} = \frac{PSE\ Energy\ Bill}{PSE\ Bill\ Portion}
\]

### Est. Results Summary: Total Energy Assistance Need EAN Attributable to PSE Bill Portion

<table>
<thead>
<tr>
<th>Methods for Calculating Energy Burden: [M3] EB = Hybrid/(Experian GT)</th>
<th>Low-Income PSE Customers with High-EB (&gt;6%)</th>
<th>Low-Income PSE Customers with Severe-EB (&gt;10%)</th>
<th>60% of EAN by 2030 – Low-Income HEB PSE customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAN attributable to PSE bill portion ($)</td>
<td>$91 million</td>
<td>$75 million</td>
<td>$57 million</td>
</tr>
<tr>
<td>Per Customer EAN attributable to PSE bill portion ($/HH)</td>
<td>$535</td>
<td>$1,323</td>
<td></td>
</tr>
</tbody>
</table>

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:

#### Energy Burdened HHs
- About **164K** (15%) PSE’s residential customers are energy burdened.
- Majority (96%, **157K**) of PSE energy burdened customers are *low-income* (at or below 80% AMI).
- About half of PSE energy burdened customers spend 10% or more of annual income on energy.

#### EAN
- PSE estimates $**155M** is needed to eliminate energy burden for its customers ($146M for *low-income*).
- PSE estimates $**93M** is needed to meet the CETA goal of providing 60% of energy assistance need by 2030 ($88M for *low-income*).

#### PSE Bill Portion of EAN
- PSE estimates $**98M** is the energy assistance need attributable to PSE bills ($91M for *low-income*).
- PSE estimates $**88M** is needed for the portion of energy burden attributed to PSE energy bills to meet the CETA goal of providing 60% of energy assistance need by 2030 ($57 million for *low-income*).

#### EAN per Customer
- PSE estimates: average EAN per Customer is $**948** for PSE’s energy burdened customers ($930 for *low-income*); and $1,513 for all Severe-EB customers ($1,460 for *low-income*).
- PSE estimates: average per Customer EAN attributable to PSE Bill Portion is $**700** for PSE’s energy burdened customers ($535 for *low-income*); and $3,042 for all Severe-EB ($1,323 for *low-income*).

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

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.

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

<table>
<thead>
<tr>
<th>Customer Type AMI Range</th>
<th>Total Customer Count (%)</th>
<th>[M3] Hybrid/GT Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High Energy Burden</td>
</tr>
<tr>
<td>0-30%</td>
<td>119,312 (11%)</td>
<td>80%</td>
</tr>
<tr>
<td>30-60%</td>
<td>161,482 (15%)</td>
<td>31%</td>
</tr>
<tr>
<td>60-80%</td>
<td>134,698 (13%)</td>
<td>9%</td>
</tr>
<tr>
<td>80-100%</td>
<td>116,179 (11%)</td>
<td>3%</td>
</tr>
<tr>
<td>100%+</td>
<td>519,403 (49%)</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

- 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

| Customer Type AMI range | Electric usage (kWh) |            |            |            |
|-------------------------|----------------------|------------|------------|
|                         | 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    |

| Customer Type AMI range | Gas usage (therms) |            |            |            |
|-------------------------|-------------------|------------|------------|
|                         | 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.

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Utility Service</th>
<th>Study Population</th>
<th>Low-Income Population EB &gt;6%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Non-Low Income</td>
<td>Low income</td>
</tr>
<tr>
<td>Electric only customers</td>
<td>Electric (kWh)</td>
<td>12,914</td>
<td>11,078</td>
</tr>
<tr>
<td>Gas only customers</td>
<td>Gas (therms)</td>
<td>753</td>
<td>655</td>
</tr>
<tr>
<td>Combo customers</td>
<td>Electric (kWh)</td>
<td>10,031</td>
<td>8,528</td>
</tr>
<tr>
<td></td>
<td>Gas (therms)</td>
<td>842</td>
<td>712</td>
</tr>
</tbody>
</table>
Energy burdened customers are primarily electric only customer.

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Study Population</th>
<th>Study Population with Income Data</th>
<th>Low Income Customer</th>
<th>Non-Low Income Customer</th>
<th>Low Income High Energy Burden customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric only</td>
<td>44%</td>
<td>43%</td>
<td>57%</td>
<td>33%</td>
<td>64%</td>
</tr>
<tr>
<td>customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas only customers</td>
<td>29%</td>
<td>30%</td>
<td>21%</td>
<td>32%</td>
<td>21%</td>
</tr>
<tr>
<td>Combo customers</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>35%</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>1,095,495</td>
<td>1,051,074</td>
<td>415,492</td>
<td>635,582</td>
<td>156,892</td>
</tr>
</tbody>
</table>
Energy Burdened Customer Characteristics

• 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.
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.

<table>
<thead>
<tr>
<th>Population</th>
<th>HEB</th>
<th>Less Than 6% EB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some College</td>
<td>31% High School Diploma</td>
<td>35% Some College</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>24% Some College</td>
<td>26% Bachelor Degree</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>26% Less Than High School Diploma</td>
<td>15% High School Diploma</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>16% Bachelor Degree</td>
<td>11% Graduate Degree</td>
</tr>
<tr>
<td>Less Than High School Diploma</td>
<td>6% Graduate Degree</td>
<td>10% Less Than High School Diploma</td>
</tr>
<tr>
<td>Unknown</td>
<td>1% Unknown</td>
<td>3% Unknown</td>
</tr>
</tbody>
</table>
Retired Customers are nearly twice the portion of the HEB population

<table>
<thead>
<tr>
<th>Occupation</th>
<th>HEB</th>
<th>Less Than 6% EB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Collar</td>
<td>17%</td>
<td>Retired</td>
</tr>
<tr>
<td>Management/Business &amp; Financial Operations</td>
<td>17%</td>
<td>Other</td>
</tr>
<tr>
<td>Retired</td>
<td>17%</td>
<td>Blue Collar</td>
</tr>
<tr>
<td>Other</td>
<td>15%</td>
<td>Legal/Education/Health Practitioner/Tech/Support 9%</td>
</tr>
<tr>
<td>Legal/Education &amp; Health Practitioner/Tech/Support</td>
<td>13%</td>
<td>Office &amp; Administrative Support</td>
</tr>
<tr>
<td>Office &amp; Administrative Support</td>
<td>7%</td>
<td>Management/Business &amp; Financial Operations 6%</td>
</tr>
<tr>
<td>Computers/Math &amp; Architect/Engineering</td>
<td>7%</td>
<td>Sales</td>
</tr>
<tr>
<td>Sales</td>
<td>5%</td>
<td>Computers/Math &amp; Architect/Engineering 3%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Energy Burden by Housing Tenure</th>
<th>Owner</th>
<th>Renter</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M3] EB = (DOE &amp; PSE)/(Experian GT)</td>
<td>Owner</td>
<td>Renter</td>
<td>Unknown</td>
</tr>
<tr>
<td>6% or Greater Energy Burden</td>
<td>58%</td>
<td>17%</td>
<td>25%</td>
</tr>
<tr>
<td>Less than 6% Energy Burden</td>
<td>72%</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Entire Population of Data Set</td>
<td>70%</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Energy Burden by Demographic Characteristics

• 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

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

- 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?
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).

<table>
<thead>
<tr>
<th>Methods for calculation of Energy Burden (for PSE territory)</th>
<th>Estimated EAN ($) for all High-EB (HEB) (&gt;6%) PSE Customers</th>
<th>Estimated EAN ($) for Low-Income (&lt;80% AMI) High-EB (&gt;6%) PSE Customers</th>
<th>60% of EAN by 2030 – all high energy burden PSE customers</th>
<th>60% of EAN by 2030 – low-income high energy burden PSE customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>[M1] EB = (DOE)/(DOE Income)</td>
<td>$159 million</td>
<td>$154 million</td>
<td>$95 million</td>
<td>$93 million</td>
</tr>
<tr>
<td>[M2] EB = (DOE)/(Experian GT)</td>
<td>$114 million</td>
<td>$112 million</td>
<td>$68 million</td>
<td>$67 million</td>
</tr>
<tr>
<td>[M3] EB = Hybrid/(Experian GT)</td>
<td>$155 million</td>
<td>$146 million</td>
<td>$93 million</td>
<td>$88 million</td>
</tr>
<tr>
<td>[M4] EB = Hybrid/(DOE Income)</td>
<td>$208 million</td>
<td>$194 million</td>
<td>$123 million</td>
<td>$116 million</td>
</tr>
</tbody>
</table>

Low-income as a percent of HEB HHs:

~95% (of HEB EAN to LI)
Estimated $155 million would be necessary in total energy assistance to eliminate high energy burden for all PSE’s residential customers.

Energy Burdened Customers

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-EB (non-SEB) - Low-Income</td>
<td>75,661</td>
<td>46%</td>
</tr>
<tr>
<td>Severe-EB - Non-Low Income</td>
<td>81,231</td>
<td>50%</td>
</tr>
<tr>
<td>Severe-EB - Non-Low Income</td>
<td>712</td>
<td>1%</td>
</tr>
<tr>
<td>High-EB (non-SEB) - Non-Low Income</td>
<td>5,563</td>
<td>3%</td>
</tr>
</tbody>
</table>

Total: 164K

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).

Total Energy Assistance Need

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-EB (non-SEB) - Total EAN - Low-Income</td>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td>Severe-EB - Total EAN - Low-Income</td>
<td>111</td>
<td>72%</td>
</tr>
<tr>
<td>Severe-EB - Total EAN - Non-Low Income</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>High-EB (non-SEB) - Total EAN - Non-Low Income</td>
<td>35</td>
<td>23%</td>
</tr>
</tbody>
</table>

Total EAN: $155 million

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.

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.

<table>
<thead>
<tr>
<th>County</th>
<th>Average EAN/low-income customer (attributable to PSE Bill Portion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kittitas</td>
<td>$800</td>
</tr>
<tr>
<td>Thurston</td>
<td>$655</td>
</tr>
<tr>
<td>King</td>
<td>$627</td>
</tr>
<tr>
<td>Island</td>
<td>$592</td>
</tr>
<tr>
<td>Kitsap</td>
<td>$577</td>
</tr>
<tr>
<td>Skagit</td>
<td>$534</td>
</tr>
<tr>
<td>Whatcom</td>
<td>$504</td>
</tr>
<tr>
<td>Pierce</td>
<td>$502</td>
</tr>
<tr>
<td>Lewis</td>
<td>$308</td>
</tr>
<tr>
<td>Snohomish</td>
<td>$247</td>
</tr>
<tr>
<td>PSE</td>
<td>$535</td>
</tr>
</tbody>
</table>

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.
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.
- Don’t attract bees – avoid wearing flowery perfumes or leaving sugary food out.
- Scrape off a bee stinger with a dull object – don’t use tweezers.
- 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
    Sr. Customer Insights Analyst
    Austin.Phillips@pse.com
  - Michael Wehling
    Sr. Market Analyst
    Market Research
    Michael.wehling@pse.com
  - Claire Locke
    Manager of Customer Insights
    Claire.locke@pse.com

- Regulatory Affairs - Pricing
  - Chhandita Das
    Sr. Economic Forecasting Analyst
    Chhandita.das@pse.com
  - Kelima Yakupova
    Sr. Regulatory Analyst
    Kelima.Yakupova@pse.com
  - Birud Jhaveri
    Manager of Pricing & Cost of Service
    Birud.jhaveri@pse.com
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

- 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

- 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.
• 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 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

- 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:

Annual (Electricity Bill + Gas Bill + Other Heating Fuels Bill) 

Annual Income
Energy Burden Analysis Overview

Data Sources
- Data Download and Cleaning
- Data Matching of Various Datasets
- Data Analysis

Definitions
- Customer - Household Energy Burden
  - Low Income
  - Energy Assistance Need
  - Energy Burden

Methodology
- 4 methods using various data sources
- 3 Energy Burden calculations for Electric Only, Gas Only, and Combo Customers

Data (Bills, Income, Demographic, and Geographic)
Energy Burden Study analyzed PSE residential customers

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

**Study Population**

- Total number of customers: **1,051,074**

**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)

**Energy Burden Study Population**

- **Electric Only**
  - 450,146
  - 43%
- **Gas Only**
  - 289,409
  - 27%
- **Combo**
  - 311,519
  - 30%

**Total: 1,051,074**
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:
  - 6-10% Energy Burden
  - 10%+ Energy Burden
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 ≤80% area median income (AMI)

- CETA: AMI ≤80% or ≤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.

Energy Burden Study Population

- **Electric Only**
  - 450,146 (43%)
- **Combo**
  - 311,519 (30%)
- **Gas Only**
  - 289,409 (27%)

**Total: 1,051,074**

Low Income Customers

- **Electric Only**
  - 236,887 (57%)
- **Combo**
  - 90,238 (22%)
- **Gas Only**
  - 88,367 (21%)

**Total: 415,492**

Non-Low Income Customers

- **Electric Only**
  - 213,259 (33%)
- **Combo**
  - 221,281 (35%)
- **Gas Only**
  - 201,042 (32%)

**Total: 635,582**
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.
Most energy burdened customers are classified as low income

Energy Burdened Customers

- Electric Only: 103,844 (64%)
- Gas Only: 34,150 (21%)
- Combo: 25,173 (15%)

Total: 163,167

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

Low Income High Energy Burden versus Non-LI HEB

- Electric Only: Low income HEB 96%
- Gas Only: Low income HEB 97%
- Combo: Low income HEB 95%
- Non-Low income HEB: 4%
Analysis estimated: about 15% (157K) of PSE’s customers are classified as low income and energy burdened.

Energy Burdened Customers

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

Low Income HEB Customers

- About 15% of Total Number of Customers in the Study
- About 96% of All Energy Burdened Customers
- About 38% of All Customers classified as Low-Income

Non-Low Income HEB Customers

- Total: 4,477
  - Electric Only: 3,186 (71%)
  - Combo: 836 (19%)
  - Gas Only: 455 (10%)

Low Income HEB 96%

Gas Only 34,150 (21%)

Combo 25,173 (15%)

Electric Only 103,844 (64%)

Total: 163,167

Electric Only 99,617 (64%)

Combo 24,037 (15%)

Gas Only 33,238 (21%)

Low Income HEB Customers

Total: 156,892

Non-Low Income HEB

Gas Only 455 (10%)

Combo 836 (19%)

Electric Only 3,186 (71%)

Total: 4,477

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

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

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

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

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.

15% of the Study population (or 38% of customers classified as low-income) need energy assistance ($146M, or $93M for PSE’s bills share).

**Low-income vs Low-income HEB customers**

- 40% of the Study population is classified as low-income.
- Less than 1% of Study Population is non-low income energy burdened customers.

Venn Diagram is for illustrative purpose only. It is not to scale.
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%).

***Draft Results***
About 96% of all HEB customers are classified as low-income.

~96% of High-EB customers are 0-80% AMI
~90% of High-EB customers are 0-60% AMI
~72% of High-EB customers are 0-40% AMI
~40% of High-EB customers are 0-20% AMI

Cumulative High-EB Customers

High-EB Customers by AMI Bracket
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 (416K, 40% of Total Study Population)
Low income HEB (157K, 15% of Total Study Population, 38% of All Low income Customers)

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

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

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

<table>
<thead>
<tr>
<th>Billed average Electric usage (kWh)</th>
<th>Non-HEB (EB&lt;=6%)</th>
<th>HEB (EB&gt;6%)</th>
<th>SEB (EB&gt;10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer AMI Range</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-30%</td>
<td>5,421</td>
<td>10,784</td>
<td>12,023</td>
</tr>
<tr>
<td>30-60%</td>
<td>7,746</td>
<td>15,056</td>
<td>20,966</td>
</tr>
<tr>
<td>60-80%</td>
<td>9,291</td>
<td>21,215</td>
<td>36,716</td>
</tr>
<tr>
<td>80-100%</td>
<td>9,855</td>
<td>26,465</td>
<td>64,365</td>
</tr>
<tr>
<td>100%+</td>
<td>11,397</td>
<td>53,339</td>
<td>125,949</td>
</tr>
</tbody>
</table>

***Draft Results***

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

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The difference in average gas usage is less pronounced

<table>
<thead>
<tr>
<th>Customer Type AMI range</th>
<th>Non-HEB (EB&lt;=6%)</th>
<th>HEB (EB&gt;6%)</th>
<th>SEB (EB&gt;10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30%</td>
<td>366</td>
<td>677</td>
<td>693</td>
</tr>
<tr>
<td>30-60%</td>
<td>592</td>
<td>819</td>
<td>903</td>
</tr>
<tr>
<td>60-80%</td>
<td>679</td>
<td>923</td>
<td>1,182</td>
</tr>
<tr>
<td>80-100%</td>
<td>712</td>
<td>1,189</td>
<td>1,504</td>
</tr>
<tr>
<td>100%+</td>
<td>812</td>
<td>2,207</td>
<td>2,356</td>
</tr>
</tbody>
</table>
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.
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 (≤80% AMI).
  - 22% are classified as low-income HEB.
Summary of Draft Results

• Households classified as low-income per WA’s new definition:
  o About 415K (40%) of PSE’s residential customers classified as low-income.
    o 53% of Electric Only, 31% of Gas Only, and 29% of Combo customers.

• Energy Burdened Households:
  o About 157K PSE’s residential customers are energy burdened and defined as low-income.
    o That’s 15% of total population, or 38% of customers classified as low-income.

• Energy Burdened Customers by Service Type:
  o 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:
  o 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.
  o 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

• Energy Burden among two lowest AMI brackets:
  o About 60% of HEB customers belong to the lowest AMI income group (from 0-30% AMI group); and
  o About 30% of HEB customers belong to the second lowest income group (30-60% AMI bracket).

• Energy Burden within two lowest AMI brackets:
  o About 80% of all PSE customers in the lowest income bracket (0-30% AMI group) are energy burdened. About 54% are severely energy burdened.
  o 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:
  o 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.
  o 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

- **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.
Questions?

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**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
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

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/17/2021</td>
<td>Wed 1-3:30pm</td>
<td>LIAC: Energy Burden Analysis Presentation</td>
</tr>
<tr>
<td>7/13/2021</td>
<td>Tue 9-12pm</td>
<td>LIAC: Collaborative 1</td>
</tr>
<tr>
<td>8/12/2021</td>
<td>Thu 1-4pm</td>
<td>LIAC+EAG: Collaborative 2</td>
</tr>
<tr>
<td>9/14/2021</td>
<td>Tue 9-12pm</td>
<td>LIAC: Collaborative 3</td>
</tr>
</tbody>
</table>

- **EXACT DATE AND TIME TBD**:
  - EAG: Collaborative 1
  - EAG: Energy Burden Analysis Presentation
  - EAG: Collaborative 2
  - EAG: Collaborative 3
Contacts

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

Email: Kelima.Yakupova@pse.com
Birud.Jhaveri@pse.com
PSE Low Income Discount Rate(s) Development
Presentation for 1:1 meetings with key stakeholders

June 28-July 1, 2021
Agenda

• Summary of Energy Burden Analysis Draft Results
• Summary of Electric Block Analysis
• Questions for discussion
By using 80% AMI, the definition of low-income is more inclusive and allows us to provide assistance to more customers.
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.**

**Draft Results**

- AMI bracket compared to 200% FPL and 80% AMI
  - 200% FPL (~29%)
  - 80% AMI (~53%)
  - Median (~64%)

**AMI Bracket**

- <10%: 5,787
- 10-20%: 16,151
- 20-30%: 18,670
- 30-40%: 21,235
- 40-50%: 20,445
- 50-60%: 24,018
- 60-70%: 21,588
- 70-80%: 22,077
- 80-90%: 10,127
- 90-100%: 17,420
- 100-110%: 14,463
- 110-120%: 10,273
- 120-130%: 10,306
- 130-140%: 5,655
- 140-150%: 6,549
- 150-160%: 3,121
- 160-170%: 3,026
- 170-180%: 2,513
- 180-190%: 2,645
- 190-200%: 2,835
- 200-210%: 2,315
- 210-220%: 11,147
- 220-230%: 8,189
- 230-240%: 5,000
- >240%: 10,000
- 150-200%: 15,000
- 200-250%: 20,000
- 250-300%: 25,000
- 300-350%: 30,000
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 Bracket | <10% | 10-20% | 20-30% | 30-40% | 40-50% | 50-60% | 60-70% | 70-80% | 80-90% | 90-100% | 100-110% | 110-120% | 120-130% | 130-140% | 140-150% | 150-160% | 160-170% | 170-180% | 180-190% | 190-200% | 200-210% | 210-220% | 220-230% | 230-240% | >240% |
|-------------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 80% AMI     | 50%  | 64%    | 64%    | 60%    | 53%    | 40%    | 29%    | 20%    | 12%    | 10%    | 9%       | 8%       | 7%       | 6%       | 5%       | 4%       | 3%       | 2%       | 1%       | 0%       | 0%       | 0%       | 0%       |
| Median      | 53%  | 67%    | 67%    | 63%    | 56%    | 43%    | 33%    | 23%    | 15%    | 12%    | 10%      | 9%       | 8%       | 7%       | 6%       | 5%       | 4%       | 3%       | 2%       | 1%       | 0%       | 0%       | 0%       |

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

- 0-600: 25%
- 600-800: 17%
- 800-1000: 15%
- 1000-2000: 37%
- >2000: 7%
Electric block and impact analysis – per 2019 GRC Order

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

<table>
<thead>
<tr>
<th>Energy Block</th>
<th>Energy Block Kwh</th>
<th>Base Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block 1</td>
<td>0- 600 kwh</td>
<td>$0.091549</td>
</tr>
<tr>
<td>Block 2</td>
<td>600 – 800 kwh</td>
<td>$0.111425</td>
</tr>
<tr>
<td>Block 2</td>
<td>&gt;800 kwh</td>
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</tr>
</tbody>
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<td>$0.111425</td>
</tr>
</tbody>
</table>

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%)

<table>
<thead>
<tr>
<th>Number of Customer (% impacted)</th>
<th>Avg. Customer Impact Percentage</th>
<th>Avg. Impact in $ terms</th>
<th>Total Annual Charge By Current Rule</th>
<th>Total Annual Charge By Proposed Rule</th>
<th>Revenue Impact $ Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>970,031 (74%)</td>
<td>(2.15%)</td>
<td>($3.09)</td>
<td>$1,064,383,285</td>
<td>$1,040,688,561</td>
<td>$23,694,724 (2.23%)</td>
</tr>
</tbody>
</table>

*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

**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

- **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

- **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?**
Development of PSE’s Income Qualified Discount Rates

Presentation to Equity Advisory Group (EAG)

July 12, 2021
Safety moment: electric safety tips on PSE.com

- 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.
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The above amount may not include deposits or recent payments. Total charges may include past due amounts which are due and payable now.
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*

- **"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

1.051 MM
Total Customer Base
(Energy Burden Study Population)

415 K
Low-Income
(40%)

157 K
Low-income Energy Burdened (15%)

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?

- 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

- **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

- 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?
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…

• 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
Who sets electricity rate for utilities?

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

Source: The Brattle Group
Overview of ratemaking process

Net rate base × Allowed Rate of Return + Operating and Other Expenses and Taxes = $ millions

Allocate costs among customer classes

Design retail rates

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).

<table>
<thead>
<tr>
<th>Charge Type</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Charge</strong></td>
<td></td>
<td>$7.49</td>
<td></td>
</tr>
<tr>
<td><strong>Electricity Charge</strong></td>
<td>1,000 kWh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 1 First</td>
<td>600 kWh</td>
<td>$0.093143</td>
<td>55.89</td>
</tr>
<tr>
<td>Tier 2 Remaining</td>
<td>400 kWh</td>
<td>$0.113349</td>
<td>45.34</td>
</tr>
<tr>
<td><strong>Energy Exchange Credit</strong></td>
<td>1,000 kWh</td>
<td>$(0.007386)</td>
<td>7.39</td>
</tr>
<tr>
<td><strong>Other Electric Charges and Credits</strong></td>
<td>1,000 kWh</td>
<td>$(0.004477)</td>
<td>4.48</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>$105.81</td>
<td></td>
</tr>
</tbody>
</table>

State Utility Tax included in above charges

**Total Bill** $105.81

Source: PSE Summary of Total Current Prices - Electric and PSE Summary of Total Current Prices - Gas (Rates effective May 1, 2021)
PSE’s Low Income Program funding – mechanism

- “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

• 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!

I'M MORGAN FREEMAN. IT'S TIME FOR YOUR BREAK, 15 MINUTES.

AND YOU JUST READ THAT IN MY VOICE.
PSE’s low-income program objectives and rate considerations

Birud Jhaveri, Manager of Pricing & Cost of Service, PSE
Suzanne Sasville, Supervisor of Energy Assistance Programs, PSE
## Refresher: PSE’s current low-income programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low-income bill assistance</strong></td>
<td></td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance Program (LIHEAP)</td>
<td>Federal program that helps pay for heating and cooling on the customer’s bill.</td>
</tr>
<tr>
<td>PSE Home Energy Lifeline Program (HELP)</td>
<td>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.</td>
</tr>
<tr>
<td>COVID Bill Assistance</td>
<td>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).</td>
</tr>
<tr>
<td>PSE’s Warm Home Fund</td>
<td>Helps keep customers from being disconnected or to reconnect service if they are disconnected. Max grant at this time is $600.</td>
</tr>
<tr>
<td><strong>Income-eligible programs</strong></td>
<td></td>
</tr>
<tr>
<td>Weatherization Assistance Program</td>
<td>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.</td>
</tr>
<tr>
<td>Emergency preparedness kits</td>
<td>Targeted distribution of emergency preparedness kits for 2020-2021 storm season to most vulnerable customers.</td>
</tr>
<tr>
<td>Multifamily New Construction</td>
<td>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.</td>
</tr>
<tr>
<td>Efficiency Boost rebates</td>
<td>Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
<tr>
<td><strong>All programs</strong></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency programs</td>
<td>Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.</td>
</tr>
<tr>
<td>Manufactured home rebates</td>
<td>Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
<tr>
<td>Budget Payment Plan</td>
<td>Monthly payment based on average annual energy usage.</td>
</tr>
<tr>
<td>Payment arrangements</td>
<td>Bill payment plans to extend the due date into weekly/monthly payments.</td>
</tr>
<tr>
<td>Arrearage Management Plan</td>
<td>Provides relief for income-qualified customers who have unmanageable past-due balances (arrears) on their bills.</td>
</tr>
</tbody>
</table>
PSE’s current low-income programs and eligibility

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Number of PSE Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>25,194</td>
</tr>
<tr>
<td>10-20%</td>
<td>47,409</td>
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<tr>
<td>20-30%</td>
<td>46,709</td>
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<tr>
<td>30-40%</td>
<td>48,064</td>
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<td>40-50%</td>
<td>49,747</td>
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<td>62,951</td>
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<td>67,123</td>
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<td>80-90%</td>
<td>78,311</td>
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<tr>
<td>90-100%</td>
<td>72,898</td>
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<tr>
<td>100-110%</td>
<td>50,745</td>
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<tr>
<td>110-120%</td>
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<td>130-140%</td>
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<td>40,366</td>
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<td>150-160%</td>
<td>20,045</td>
</tr>
<tr>
<td>160-170%</td>
<td>18,729</td>
</tr>
<tr>
<td>170-180%</td>
<td>14,587</td>
</tr>
<tr>
<td>180-190%</td>
<td>16,104</td>
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<tr>
<td>190-200%</td>
<td>16,955</td>
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<tr>
<td>200-210%</td>
<td>11,077</td>
</tr>
<tr>
<td>210-220%</td>
<td>26,629</td>
</tr>
<tr>
<td>220-230%</td>
<td>53,893</td>
</tr>
</tbody>
</table>

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

**Number of PSE Customers by Income Bracket**

*(PSE’s Energy Burden Analysis Draft Results)*

**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)
PSE low-income program approach and considerations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce energy burden</td>
<td>Reduced energy expenses</td>
</tr>
<tr>
<td>Provide bill affordability</td>
<td>Ability for customers to make consistent monthly payments</td>
</tr>
<tr>
<td>Provide energy security</td>
<td>Emergency funding to manage utility bills and prevent disconnections from accumulated debt (arrearages)</td>
</tr>
<tr>
<td>Reduce need for long-term assistance</td>
<td>Lower customer usage and bills through energy efficiency and conservation</td>
</tr>
</tbody>
</table>
PSE’s current low-income objectives and specific programs

*Low-income program objectives*

- **Reduce energy burden**
  - Low Income Home Energy Assistance Program (LIHEAP)
  - PSE HELP
- **Provide bill affordability**
  - Payment arrangements
  - Budget payment plans
- **Provide energy security**
  - Warm Home Fund
  - COVID Bill Assistance
  - Arrearage Management Program (AMP) (coming soon)
- **Reduce need for long-term assistance**
  - Low-income weatherization program
  - Energy efficiency programs
  - Budget payment plans

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

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 provides advice on goals and components of low-income (LI) rate program
- Process overview and components for LI rate design
- Draft rate proposals
  - EAG shares feedback on draft rate program proposals
- Sept. 2021
  - EAG affirms support and/or provides input on changes needed to do so
- Updated rate proposal(s) and request for support
- Jan. 2022
  - Submit low-income rate proposal(s) to UTC for approval
- 2022
  - UTC approves or denies PSE’s rate proposal(s)
- 2023
  - PSE begins implementation

We are here

- 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

- EAG reviews draft programs and actions
- PSE files draft CEIP with UTC
- PSE updates the CEIP with public feedback
- PSE files final CEIP with UTC
- EAG continues advising on equity, CEIP implementation
- UTC approves, modifies or denies
- PSE files low-income rate proposal(s) with UTC
- EAG affirms support of proposals
- EAG provides feedback on draft rate program proposal
- EAG advises on rate program design goals

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

• We need your feedback on Rate Design meeting date options
  • August
  • September

• Thank you for sharing your feedback – we’re listening and adjusting
Questions?

Contact:

• Rose McKinney-James: rose@mckinneyjamesassociates.com
• Diann Strom: diann.strom@pse.com
Development of PSE’s Income Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)

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

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

• 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

1.051 MM Total Customer Base (Energy Burden Study Population)

- 415 K Low-Income (40%)
- 157 K Low-income Energy Burdened (15%)
- Electric Only 99,617 (64%)
- Combo 24,037 (15%)
- Gas Only 33,238 (21%)

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.**

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Median (°64%)</th>
<th>80% AMI (~53%)</th>
<th>200% FPL (~53%)</th>
<th>150% FPL (~19%)</th>
<th>&lt;10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>5,787</td>
<td>6,655</td>
<td>17,420</td>
<td>16,151</td>
<td>11,147</td>
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<tr>
<td>10-20%</td>
<td>6,151</td>
<td>6,549</td>
<td>14,463</td>
<td>8,189</td>
<td>8,189</td>
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<tr>
<td>20-30%</td>
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<td>24,018</td>
<td>22,077</td>
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<td>20,445</td>
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<td>20,445</td>
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<td>10,127</td>
<td>17,420</td>
<td>16,151</td>
<td>16,151</td>
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<tr>
<td>50-60%</td>
<td>2,645</td>
<td>2,513</td>
<td>6,389</td>
<td>6,389</td>
<td>6,389</td>
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<tr>
<td>60-70%</td>
<td>1,420</td>
<td>3,121</td>
<td>11,147</td>
<td>11,147</td>
<td>11,147</td>
</tr>
<tr>
<td>70-80%</td>
<td>1,147</td>
<td>3,206</td>
<td>11,147</td>
<td>11,147</td>
<td>11,147</td>
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<td>80-90%</td>
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<td>10,273</td>
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<td>90-100%</td>
<td>11,147</td>
<td>10,306</td>
<td>10,306</td>
<td>10,306</td>
<td>10,306</td>
</tr>
<tr>
<td>100-110%</td>
<td>11,147</td>
<td>5,655</td>
<td>5,655</td>
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<td>110-120%</td>
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<td>2,835</td>
<td>2,835</td>
<td>2,835</td>
</tr>
<tr>
<td>170-180%</td>
<td>11,147</td>
<td>2,315</td>
<td>2,315</td>
<td>2,315</td>
<td>2,315</td>
</tr>
<tr>
<td>180-190%</td>
<td>11,147</td>
<td>2,100</td>
<td>2,100</td>
<td>2,100</td>
<td>2,100</td>
</tr>
<tr>
<td>190-200%</td>
<td>11,147</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>200-210%</td>
<td>11,147</td>
<td>1,900</td>
<td>1,900</td>
<td>1,900</td>
<td>1,900</td>
</tr>
<tr>
<td>210-220%</td>
<td>11,147</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>220-230%</td>
<td>11,147</td>
<td>1,700</td>
<td>1,700</td>
<td>1,700</td>
<td>1,700</td>
</tr>
<tr>
<td>230-240%</td>
<td>11,147</td>
<td>1,600</td>
<td>1,600</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>&gt;240%</td>
<td>11,147</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Number of PSE Customers</th>
<th>PSE’s Senior Customers (62+) as a proportion of PSE’s customers in each income bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>200% FPL (~20%)</td>
<td>70,000</td>
<td>25,194 (~29% for seniors)</td>
</tr>
<tr>
<td>150% FPL (~15%)</td>
<td>60,000</td>
<td>40,898 (~19% for seniors)</td>
</tr>
<tr>
<td>80% AMI (~40%)</td>
<td>50,000</td>
<td>32,868 (~53% for seniors)</td>
</tr>
<tr>
<td>Median (~50%)</td>
<td>40,000</td>
<td>37,868 (~64% for seniors)</td>
</tr>
</tbody>
</table>

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

---

**Draft Results**
LIAC IQDR Collaborative 1 – July 13, 2021
As income bracket increases, the number of energy burdened customers decreases.
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

<table>
<thead>
<tr>
<th>Electric Usage by Electric Customers (Electric Only + Combo-Electric)</th>
<th>Electric Usage by Electric Only Customers</th>
<th>Electric Usage by Combo (Electric and Gas) Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Population</td>
<td>Non-Low Income PSE Customers</td>
<td>Low-Income PSE Customers</td>
</tr>
<tr>
<td>Low-Income and Energy Burdened PSE Customers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Seniors -- ENERGY BURDEN ANALYSIS:

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

<table>
<thead>
<tr>
<th>Electric Usage by Electric Customers (Electric Only + Combo-Electric)</th>
<th>Electric Usage by Electric Only Customers</th>
<th>Electric Usage by Combo (Electric and Gas) Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Population</td>
<td>Non-Low Income PSE Customers</td>
<td>Low-Income PSE Customers</td>
</tr>
<tr>
<td>Low-Income and Energy Burdened PSE Customers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Refresher: PSE’s current low-income programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low-income bill assistance</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Low-Income Home Energy Assistance Program (LIHEAP)</strong></td>
<td>Federal program that helps pay for heating and cooling on the customer’s bill.</td>
</tr>
<tr>
<td><strong>PSE Home Energy Lifeline Program (HELP)</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>COVID Bill Assistance</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>PSE’s Warm Home Fund</strong></td>
<td>Helps keep customers from being disconnected or to reconnect service if they are disconnected. Max grant at this time is $600.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income-eligible programs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Weatherization Assistance Program</td>
<td>Free structural improvements and home upgrades like insulation, roof repairs, duct sealing and more. Priorities: seniors, disability, children, energy burden, Native American.</td>
</tr>
<tr>
<td>Emergency preparedness kits</td>
<td>Targeted distribution of emergency preparedness kits for 2020-2021 storm season to most vulnerable customers.</td>
</tr>
<tr>
<td>Multifamily New Construction</td>
<td>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.</td>
</tr>
<tr>
<td>Efficiency Boost rebates</td>
<td>Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All programs available to all customers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Energy Efficiency programs</td>
<td>Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.</td>
</tr>
<tr>
<td>Manufactured home rebates</td>
<td>Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
<tr>
<td>Budget Payment Plan</td>
<td>Monthly payment based on average annual energy usage.</td>
</tr>
<tr>
<td>Payment arrangements</td>
<td>Bill payment plans to extend the due date into weekly/monthly payments.</td>
</tr>
</tbody>
</table>
### PSE’s Current Low Income Programs: Eligibility

<table>
<thead>
<tr>
<th>Energy Efficiency (EE) program</th>
<th>Budget Payment Plan</th>
<th>Payment Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrearage Management Program (AMP) – LI eligibility details TBD</td>
<td>PSE HELP (200% FPL or 80% AMI, eff. Oct 1, 2021)</td>
<td>Low-income EE programs (200% FPL or 60% SMI)</td>
</tr>
<tr>
<td></td>
<td>COVID Bill Assistance (200% FPL)</td>
<td>Warm Home Fund (200% FPL)</td>
</tr>
<tr>
<td>Federal LIHEAP (150% FPL)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Number of PSE Customers by Income Bracket

(PSE’s Energy Burden Analysis Draft Results)

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Number of PSE Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>25,194</td>
</tr>
<tr>
<td>10-20%</td>
<td>47,409</td>
</tr>
<tr>
<td>20-30%</td>
<td>46,709</td>
</tr>
<tr>
<td>30-40%</td>
<td>48,884</td>
</tr>
<tr>
<td>40-50%</td>
<td>49,747</td>
</tr>
<tr>
<td>50-60%</td>
<td>62,051</td>
</tr>
<tr>
<td>60-70%</td>
<td>67,575</td>
</tr>
<tr>
<td>70-80%</td>
<td>67,123</td>
</tr>
<tr>
<td>80-90%</td>
<td>78,311</td>
</tr>
<tr>
<td>90-100%</td>
<td>72,898</td>
</tr>
<tr>
<td>100-110%</td>
<td>67,575</td>
</tr>
<tr>
<td>110-120%</td>
<td>50,745</td>
</tr>
<tr>
<td>120-130%</td>
<td>51,583</td>
</tr>
<tr>
<td>130-140%</td>
<td>56,274</td>
</tr>
<tr>
<td>140-150%</td>
<td>50,896</td>
</tr>
<tr>
<td>150-160%</td>
<td>40,366</td>
</tr>
<tr>
<td>160-170%</td>
<td>40,045</td>
</tr>
<tr>
<td>170-180%</td>
<td>26,620</td>
</tr>
<tr>
<td>180-190%</td>
<td>18,729</td>
</tr>
<tr>
<td>190-200%</td>
<td>16,104</td>
</tr>
<tr>
<td>200-210%</td>
<td>14,587</td>
</tr>
<tr>
<td>210-220%</td>
<td>16,955</td>
</tr>
<tr>
<td>220-230%</td>
<td>11,077</td>
</tr>
<tr>
<td>&gt;240%</td>
<td>26,629</td>
</tr>
</tbody>
</table>

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

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

• **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

- 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

• **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**

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

Source: PSE Pricing and COS team Research, June 2021
Questions for discussion – Rate Design

• 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)

6/17/2021
Wed 1-3:30pm
LIAC: Energy Burden Analysis Presentation

7/13/2021
TODAY

8/12/2021
Thu 1-4pm
LIAC: Collaborative 2

9/14/2021
Tue 9-12pm
LIAC: Collaborative 3

Jun-21

Sep-21
Questions?

Contact:

• Suzanne Sasville: Suzanne.Sasville@pse.com
Development of PSE’s Income-Qualified Discount Rates
Presentation to Low Income Advisory Committee (LIAC)

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.

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)

<table>
<thead>
<tr>
<th>County</th>
<th>Estimated households qualified for Energy Assistance (150% FPL threshold)</th>
<th>Customers served in study program year</th>
<th>Estimated Gap of customers eligible, but not served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Island</td>
<td>4,323</td>
<td>937</td>
<td>3,420</td>
</tr>
<tr>
<td>King</td>
<td>80,997</td>
<td>15,224</td>
<td>66,405</td>
</tr>
<tr>
<td>Kitsap</td>
<td>16,006</td>
<td>2,731</td>
<td>13,330</td>
</tr>
<tr>
<td>Kittitas</td>
<td>3,724</td>
<td>356</td>
<td>3,431</td>
</tr>
<tr>
<td>Lewis</td>
<td>720</td>
<td>85</td>
<td>645</td>
</tr>
<tr>
<td>Pierce</td>
<td>38,721</td>
<td>3,414</td>
<td>35,361</td>
</tr>
<tr>
<td>Skagit</td>
<td>8,529</td>
<td>2,131</td>
<td>6,551</td>
</tr>
<tr>
<td>Snohomish</td>
<td>11,835</td>
<td>936</td>
<td>10,921</td>
</tr>
<tr>
<td>Thurston</td>
<td>18,928</td>
<td>4,374</td>
<td>14,575</td>
</tr>
<tr>
<td>Whatcom</td>
<td>18,031</td>
<td>3,967</td>
<td>14,344</td>
</tr>
</tbody>
</table>
Participation Rates/Data – PSE HELP 2016 - 2020

PSE HELP: Benefits Awarded vs Allocated (through CAP agencies) by Program Year

- Benefits Allocated ($MM)
- Benefits Awarded ($MM)

Program Year:
- 2015-2016
- 2016-2017
- 2017-2018
- 2018-2019
- 2019-2020

Benefits Allocated ($MM):
- 2015-2016: $17.7
- 2016-2017: $20.6
- 2017-2018: $18.3
- 2018-2019: $18.4
- 2019-2020: $18.7

Benefits Awarded ($MM):
- 2015-2016: $15.4
- 2016-2017: $16.5
- 2017-2018: $14.8
- 2018-2019: $12.9
- 2019-2020: $11.0
Participation Rates/Data – PSE HELP 2016 - 2020

PSE HELP: Percent awarded through CAP Agencies by Year

- % Spend Electric
- % Spend Gas

<table>
<thead>
<tr>
<th>Year</th>
<th>% Spend Electric</th>
<th>% Spend Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>97%</td>
<td>55%</td>
</tr>
<tr>
<td>2017</td>
<td>98%</td>
<td>36%</td>
</tr>
<tr>
<td>2018</td>
<td>88%</td>
<td>53%</td>
</tr>
<tr>
<td>2019</td>
<td>77%</td>
<td>45%</td>
</tr>
<tr>
<td>2020</td>
<td>64%</td>
<td>41%</td>
</tr>
</tbody>
</table>
Participation Data – PSE HELP Program YTD (Oct 2020-Aug 2021)
Considerations

PSE’s INCOME QUALIFIED CUSTOMERS

WHO BENEFITS?

Rates would adjust up 1% for every $20MM (Electric) and 1.1% for every $10MM (Gas)*

ALL PSE RATEPAYERS

HOW ELECTRICITY RATES WILL BE AFFECTED?

WHO BEARS THE COST?

MULTI-LANGUAGE SUPPORT USE OF ALL FORMS OF ASSISTANCE WHERE APPLICABLE

ALL ELIGIBLE CUSTOMERS WHO APPLY CAN GET ASSISTANCE (PROPOSED TIERED RATES GIVE THE MOST HELP TO THOSE MOST IN NEED)

POTENTIAL TO USE OTHER PROGRAMS TO QUALIFY CUSTOMERS (I.E., PSE HELP), ON-LINE APPLICATIONS AS WELL AS MANUAL

STRUCTURED PROGRAMS TO INCREASE PARTICIPATION

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

HOW DOES IT PROVIDE EQUITY?

PSE

SOUND

ENERGY

LIAC Collaborative 2 – August 12, 2021

Page 168 of 365
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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

## Option B

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

## Option C

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

## Option D

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>Percentage of applications are validated</td>
<td>Percentage of applications are validated</td>
</tr>
</tbody>
</table>
## Eligibility: who gets the discount

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>An IQDR draft proposal</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>200% FPL or 80% AMI, the greater of</td>
<td><em>Pros:</em> Same guidelines as PSE HELP</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Cons:</em> Increase in number of eligible customers may cause a backlog in getting assistance provided</td>
</tr>
<tr>
<td>Documentation</td>
<td>• Identification w/ birth date,</td>
<td><em>Pros:</em> Customer is not required to be documented to receive assistance</td>
</tr>
<tr>
<td></td>
<td>• # of people in the household,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• proof of income for those 18 and over, or lack thereof.</td>
<td><em>Cons:</em> Providing documentation can be cumbersome for customers</td>
</tr>
<tr>
<td></td>
<td>➢ OR in lieu of income statement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</td>
<td></td>
</tr>
</tbody>
</table>
Example Program design: Customer Assistance Discount
Assumptions: average annual bill; estimated PSE HELP grant

<table>
<thead>
<tr>
<th>DISCOUNT 1</th>
<th>0%-20% AMI</th>
<th>20%-50% AMI</th>
<th>50%-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE Bill</td>
<td>$1,059</td>
<td>$1,184</td>
<td>$1,252</td>
</tr>
<tr>
<td>IQDR Discount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(30%/15%/5%)</td>
<td>$318</td>
<td>$178</td>
<td>$63</td>
</tr>
<tr>
<td>PSE HELP</td>
<td>$635</td>
<td>$474</td>
<td>$250</td>
</tr>
<tr>
<td>Remaining Balance</td>
<td>$106</td>
<td>$533</td>
<td>$939</td>
</tr>
<tr>
<td>Remaining Monthly Payment</td>
<td>$9</td>
<td>$44</td>
<td>$78</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISCOUNT 2</th>
<th>0%-20% AMI</th>
<th>20%-50% AMI</th>
<th>50%-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE Bill</td>
<td>$1,059</td>
<td>$1,184</td>
<td>$1,252</td>
</tr>
<tr>
<td>IQDR Discount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10% for all LI)</td>
<td>$106</td>
<td>$118</td>
<td>$125</td>
</tr>
<tr>
<td>PSE HELP</td>
<td>$635</td>
<td>$474</td>
<td>$250</td>
</tr>
<tr>
<td>Remaining Balance</td>
<td>$318</td>
<td>$592</td>
<td>$877</td>
</tr>
<tr>
<td>Remaining Monthly Payment</td>
<td>$26</td>
<td>$49</td>
<td>$73</td>
</tr>
</tbody>
</table>

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:

- **Vision:**
  - Is the vision clear and relatable?
  - Are there 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 14th

- **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)
PSE’s Current Low Income Programs: Eligibility

<table>
<thead>
<tr>
<th>Energy Efficiency (EE) program</th>
<th>Budget Payment Plan</th>
<th>Payment Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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**Exh. BDJ-12**
Page 178 of 365
Refresher: PSE Energy Burden Analysis draft results

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 Draft Numbers

- **1.051 MM** Total Customer Base (Energy Burden Study Population)
- **415 K** Low-income (40%)
- **157 K** Low-income Energy Burdened (15%)

**Electric Only**
- **99,617** 64%

**Combination**
- **24,037** 15%

**Gas Only**
- **33,238** 21%
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

- 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

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

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 complements 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

<table>
<thead>
<tr>
<th>Feedback heard</th>
<th>What we did with it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requests for low-income program participation data and accountability</td>
<td>Shared data in deck; we’ll discuss tonight</td>
</tr>
<tr>
<td>Clarity on low-income and energy burden definitions and guidance</td>
<td>We’ll discuss tonight</td>
</tr>
<tr>
<td>Avoiding “rearranging the deck chairs” and consider what is needed to improve</td>
<td>Reflected in the Vision and initial Operations options, and questions for discussion tonight</td>
</tr>
<tr>
<td>access to all groups and create better outcomes</td>
<td></td>
</tr>
<tr>
<td>Holistic approach for helping customers (more than a one-time offset) and</td>
<td>Reflected in the Vision and in initial Options, and questions for discussion tonight</td>
</tr>
<tr>
<td>preventing arrearages</td>
<td></td>
</tr>
<tr>
<td>Specific percentages PSE is committing to</td>
<td>Initial examples in deck, and question for discussion tonight</td>
</tr>
<tr>
<td><strong>Eligibility:</strong></td>
<td></td>
</tr>
<tr>
<td>• Being careful about using income guideline as primary eligibility requirement.</td>
<td>REFLECTED IN PROGRAM DESIGN OPTIONS, AND WE’LL DISCUSS TONIGHT</td>
</tr>
<tr>
<td>• Help people who need help</td>
<td></td>
</tr>
<tr>
<td>• All in LI bracket should qualify for this, not just those who are energy</td>
<td></td>
</tr>
<tr>
<td>burdened</td>
<td></td>
</tr>
<tr>
<td><strong>Compliment existing programs:</strong></td>
<td></td>
</tr>
<tr>
<td>• Monthly discount applied and reviewed annually.</td>
<td>Annual review is noted for Operations We’ll discuss how the discount and programs work together, and discuss how we avoid customers falling through the cracks</td>
</tr>
<tr>
<td>• How does bill assistance, low-income discount, and one-term grants work</td>
<td></td>
</tr>
<tr>
<td>together, and who is falling through the crack</td>
<td></td>
</tr>
</tbody>
</table>
How we used your feedback for tonight’s discussion

<table>
<thead>
<tr>
<th>Feedback heard</th>
<th>What we did with it</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>Reflected in Program Design options</td>
</tr>
<tr>
<td>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</td>
<td>Area Median Income should help with this</td>
</tr>
<tr>
<td>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</td>
<td>Reflected in the Vision. Discussion question tonight on accountability metrics</td>
</tr>
<tr>
<td>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</td>
<td>Noted for Outreach component, and questions for discussion tonight</td>
</tr>
</tbody>
</table>

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

- 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

• Participation rates of PSE’s existing low income-assistance programs
• Definitions of Low Income and Energy Burden
## Summary Data from LINA Phase 1 Study

### Estimated households qualified for Energy Assistance (150% FPL threshold)

<table>
<thead>
<tr>
<th>County</th>
<th>Estimated households qualified for Energy Assistance (150% FPL threshold)</th>
<th>Customers served in study program year</th>
<th>Estimated Gap of customers eligible, but not served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Island</td>
<td>4,323</td>
<td>937</td>
<td>3,420</td>
</tr>
<tr>
<td>King</td>
<td>80,997</td>
<td>15,224</td>
<td>66,405</td>
</tr>
<tr>
<td>Kitsap</td>
<td>16,006</td>
<td>2,731</td>
<td>13,330</td>
</tr>
<tr>
<td>Kittitas</td>
<td>3,724</td>
<td>356</td>
<td>3,431</td>
</tr>
<tr>
<td>Lewis</td>
<td>720</td>
<td>85</td>
<td>645</td>
</tr>
<tr>
<td>Pierce</td>
<td>38,721</td>
<td>3,414</td>
<td>35,361</td>
</tr>
<tr>
<td>Skagit</td>
<td>8,529</td>
<td>2,131</td>
<td>6,551</td>
</tr>
<tr>
<td>Snohomish</td>
<td>11,835</td>
<td>936</td>
<td>10,921</td>
</tr>
<tr>
<td>Thurston</td>
<td>18,928</td>
<td>4,374</td>
<td>14,575</td>
</tr>
<tr>
<td>Whatcom</td>
<td>18,031</td>
<td>3,967</td>
<td>14,344</td>
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<td>Whatcom</td>
<td>18,031</td>
<td>3,967</td>
<td>14,344</td>
</tr>
</tbody>
</table>

**Total**: 201,814

| Customers served in study program year | 34,155 | 17% |
| Estimated Gap of customers eligible, but not served | 168,983 | 83% |

*Added 8/16/21*
Participation rates/data: PSE HELP 2016 – 2020

PSE HELP: Benefits Awarded vs Allocated (through CAP agencies) by Program Year

Benefits Allocated ($MM)
- 2015-2016: $17.7
- 2016-2017: $20.6
- 2017-2018: $18.3
- 2018-2019: $18.4
- 2019-2020: $18.7

Benefits Awarded ($MM)
- 2015-2016: $15.4
- 2016-2017: $16.5
- 2017-2018: $14.8
- 2018-2019: $12.9
- 2019-2020: $11.0
Participation rates/data: PSE HELP 2016 - 2020

PSE HELP: Percent awarded through CAP Agencies by Year

- % Spend Electric
- % Spend Gas

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>97%</td>
<td>98%</td>
<td>88%</td>
<td>77%</td>
<td>64%</td>
</tr>
<tr>
<td>%</td>
<td>55%</td>
<td>36%</td>
<td>53%</td>
<td>45%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Exh. BDJ-12
Page 194 of 365
Participation data: PSE HELP Program YTD (Oct 2020-Aug 2021)
### Participation rates/data: CACAP April 2020 – Sept 2020

<table>
<thead>
<tr>
<th>County</th>
<th>Total Customers</th>
<th>Total Dollars</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Island</td>
<td>254</td>
<td>$159,546.00</td>
<td>2%</td>
</tr>
<tr>
<td>King</td>
<td>7947</td>
<td>$4,716,588.86</td>
<td>51%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>1081</td>
<td>$660,472.00</td>
<td>7%</td>
</tr>
<tr>
<td>Kittitas</td>
<td>57</td>
<td>$41,913.00</td>
<td>0%</td>
</tr>
<tr>
<td>Lewis</td>
<td>22</td>
<td>$9,799.00</td>
<td>0%</td>
</tr>
<tr>
<td>Pierce</td>
<td>2537</td>
<td>$1,452,057.00</td>
<td>16%</td>
</tr>
<tr>
<td>Skagit</td>
<td>533</td>
<td>$303,755.00</td>
<td>3%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>982</td>
<td>$305,654.00</td>
<td>3%</td>
</tr>
<tr>
<td>Thurston</td>
<td>1545</td>
<td>$1,036,613.00</td>
<td>11%</td>
</tr>
<tr>
<td>Whatcom</td>
<td>871</td>
<td>$480,222.00</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>15829</strong></td>
<td><strong>$9,166,619.86</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
## Participation rates/data: COVID Bill Assistance April 2021 - Present

<table>
<thead>
<tr>
<th>County</th>
<th>Nbr Customers</th>
<th>Total Dollars</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Island</td>
<td>255</td>
<td>$277,748.51</td>
<td>2%</td>
</tr>
<tr>
<td>King</td>
<td>6991</td>
<td>$5,684,595.68</td>
<td>49%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>995</td>
<td>$987,741.43</td>
<td>8%</td>
</tr>
<tr>
<td>Kittitas</td>
<td>97</td>
<td>$139,834.15</td>
<td>1%</td>
</tr>
<tr>
<td>Lewis</td>
<td>25</td>
<td>$25,274.28</td>
<td>0%</td>
</tr>
<tr>
<td>Pierce</td>
<td>1430</td>
<td>$1,561,576.90</td>
<td>13%</td>
</tr>
<tr>
<td>Skagit</td>
<td>575</td>
<td>$576,198.49</td>
<td>5%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>357</td>
<td>$238,962.43</td>
<td>2%</td>
</tr>
<tr>
<td>Thurston</td>
<td>1175</td>
<td>$1,329,943.21</td>
<td>11%</td>
</tr>
<tr>
<td>Whatcom</td>
<td>913</td>
<td>$824,351.59</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>12813</strong></td>
<td><strong>$11,646,226.67</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Participation rates/data: Salvation Army Warm Home Fund

![Warm Home Fund Donations By Year](chart)

- 2015: $800,000.00
- 2016: $600,000.00
- 2017: $400,000.00
- 2018: $200,000.00
- 2019: $1,400,000.00
- 2020: $1,600,000.00
- 2021: $1,200,000.00

Exh. BDJ-12
Page 198 of 365
Key definitions from regulations

- "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
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
Considerations

PSE’s INCOME QUALIFIED CUSTOMERS

WHO BENEFITS?

Rates would adjust up 1% for every $20MM (Electric) and 1.1% for every $10MM (Gas)*

ALL PSE RATEPAYERS

HOW ELECTRICITY RATES WILL BE AFFECTED?

WHO BEARS THE COST?

MULTI-LANGUAGE SUPPORT USE OF ALL FORMS OF ASSISTANCE WHERE APPLICABLE

ALL ELIGIBLE CUSTOMERS WHO APPLY CAN GET ASSISTANCE (PROPOSED TIERED RATES GIVE THE MOST HELP TO THOSE MOST IN NEED)

POTENTIAL TO USE OTHER PROGRAMS TO QUALIFY CUSTOMERS (I.E., PSE HELP); ON-LINE APPLICATIONS AS WELL AS MANUAL

STRUCTURED PROGRAMS TO INCREASE PARTICIPATION

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

Vision:

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>All applications are verified</td>
<td>All applications are verified</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>Percentage of applications are validated</td>
<td>Percentage of applications are validated</td>
</tr>
</tbody>
</table>
## Eligibility: who gets the discount

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>An IQDR draft proposal</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>200% FPL or 80% AMI, the greater of</td>
<td><strong>Pros:</strong> Same guidelines as PSE HELP</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Cons:</strong> Increase in number of eligible customers may cause a backlog in getting assistance provided</td>
</tr>
<tr>
<td>Documentation</td>
<td></td>
<td><strong>Pros:</strong> Customer is not required to be documented to receive assistance</td>
</tr>
<tr>
<td></td>
<td>• Identification w/ birth date,</td>
<td><strong>Cons:</strong> Providing documentation can be cumbersome for customers</td>
</tr>
<tr>
<td></td>
<td>• # of people in the household,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• proof of income for those 18 and over, or lack thereof.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ OR in lieu of income statement provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</td>
<td></td>
</tr>
</tbody>
</table>
### Example Program design: Customer Assistance Discount

Assumptions: average annual bill; estimated PSE HELP grant

#### DISCOUNT 1

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

#### DISCOUNT 2

<table>
<thead>
<tr>
<th>Average Annual:</th>
<th>0%-20% AMI</th>
<th>20%-50% AMI</th>
<th>50%-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE Bill</td>
<td>$1,059</td>
<td>$1,184</td>
<td>$1,252</td>
</tr>
<tr>
<td>IQDR Discount</td>
<td>$106</td>
<td>$118</td>
<td>$125</td>
</tr>
<tr>
<td>(10% for all LI)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSE HELP</td>
<td>$635</td>
<td>$474</td>
<td>$250</td>
</tr>
<tr>
<td>Remaining Balance</td>
<td>$318</td>
<td>$592</td>
<td>$877</td>
</tr>
<tr>
<td>Remaining Monthly Payment</td>
<td>$26</td>
<td>$49</td>
<td>$73</td>
</tr>
</tbody>
</table>
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

I'M MORGAN FREEMAN. IT'S TIME FOR YOUR BREAK, 15 MINUTES.

AND YOU JUST READ THAT IN MY VOICE
Working group discussions
Working group discussion

• 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:

- **Vision:**
  - Is the vision clear and relatable?
  - Are there 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

We are here this week

- EAG and LIAC provided advice on goals and components of low-income (LI) rate program
- EAG and LIAC share feedback on draft rate concepts

Process overview and components for LI rate design

Draft rate concepts

- EAG and LIAC share feedback on draft rate concepts

Sept. 2021

- PSE will provide recommendations for IQDR, as well as integration into low income programs portfolio. EAG and LIAC affirm support and/or provide input.

Updated rate proposal(s) and request for support

Aug. 2021

Submit low-income rate proposal(s) to UTC for approval

Jan. 2022

- UTC approves or denies PSE’s rate proposal(s)

2022

PSE begins implementation

2023

EAG Collaborative 2 – August 16, 2021
Questions?

Contact:

- Rose McKinney-James: rose@mckinneyjamesassociates.com
- Diann Strom: diann.strom@pse.com
# Refresher: PSE’s current low-income programs

## Low-income bill assistance

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Income Home Energy Assistance Program (LIHEAP)</td>
<td>Federal program that helps pay for heating and cooling on the customer’s bill.</td>
</tr>
<tr>
<td>PSE Home Energy Lifeline Program (HELP)</td>
<td>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.</td>
</tr>
<tr>
<td>COVID Bill Assistance</td>
<td>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).</td>
</tr>
<tr>
<td>PSE’s Warm Home Fund</td>
<td>Helps keep customers from being disconnected or to reconnect service if they are disconnected. Max grant at this time is $600.</td>
</tr>
</tbody>
</table>

## Income-eligible programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weatherization Assistance Program</td>
<td>Free structural improvements and home upgrades like insulation, roof repairs, duct sealing and more. Priorities: seniors, disability, children, energy burden, Native American.</td>
</tr>
<tr>
<td>Emergency preparedness kits</td>
<td>Targeted distribution of emergency preparedness kits for 2020-2021 storm season to most vulnerable customers.</td>
</tr>
<tr>
<td>Multifamily New Construction</td>
<td>Enhanced incentives targeting new affordable housing projects, including a 50% higher energy efficiency incentive and a $2,500 Early Design Assistance (EDA) incentive for projects that include PSE and other energy efficiency stakeholders in early planning meetings.</td>
</tr>
<tr>
<td>Efficiency Boost rebates</td>
<td>Increased rebates for income-qualified customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
</tbody>
</table>

## All programs available to all customers

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency programs</td>
<td>Efficiency program provide everyday rebates to increase accessibility to clean energy products and services, reduced bills and increased comfort and warmth at home.</td>
</tr>
<tr>
<td>Manufactured home rebates</td>
<td>Increased rebates for manufactured home customers to lower upfront costs of energy efficiency upgrades, higher than everyday rebates.</td>
</tr>
<tr>
<td>Budget Payment Plan</td>
<td>Monthly payment based on average annual energy usage.</td>
</tr>
<tr>
<td>Payment arrangements</td>
<td>Bill payment plans to extend the due date into weekly/monthly payments.</td>
</tr>
<tr>
<td>AMI Bracket</td>
<td>Number of PSE Customers</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>10,000</td>
</tr>
<tr>
<td>10% - 20%</td>
<td>20,000</td>
</tr>
<tr>
<td>20% - 30%</td>
<td>30,000</td>
</tr>
<tr>
<td>30% - 40%</td>
<td>40,000</td>
</tr>
<tr>
<td>40% - 50%</td>
<td>50,000</td>
</tr>
<tr>
<td>50% - 60%</td>
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<td>60% - 70%</td>
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<td>80% - 90%</td>
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<td>90% - 100%</td>
<td>100,000</td>
</tr>
<tr>
<td>100% - 110%</td>
<td>110,000</td>
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<td>200% - 210%</td>
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<td>210% - 220%</td>
<td>220,000</td>
</tr>
<tr>
<td>220% - 230%</td>
<td>230,000</td>
</tr>
<tr>
<td>230% - 240%</td>
<td>240,000</td>
</tr>
<tr>
<td>&gt;240%</td>
<td>250,000</td>
</tr>
</tbody>
</table>

**Low-Income Federal LIHEAP (150% FPL)**

25,194

**47,769**

46,709

48,247

62,851

67,575

67,123

78,311

37,868

72,898

52,715

51,583

50,274

40,898

40,386

14,397

16,104

16,815

11,077

10,000

15,000

20,000

25,000

30,000

35,000

40,000

45,000

50,000

55,000

60,000

65,000

70,000

75,000

80,000

85,000

90,000

95,000

100,000

105,000

110,000

115,000

120,000

125,000

130,000

135,000

140,000

145,000

150,000

155,000

160,000

165,000

170,000

175,000

180,000

185,000

190,000

195,000

200,000

205,000

210,000

215,000

220,000

225,000

230,000

235,000

240,000

245,000

250,000

255,000

260,000
PSE low-income programs are guided by key objectives

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

1.051 MM
Total Customer Base
(Energy Burden Study Population)

415 K
Low-Income
(40%)

157 K
Low-income Energy Burdened (15%)

Electric Only
99,617
64%

Combos
24,037
15%

Gas Only
33,238
21%

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.

### AMI Bracket

- **<10%**: 25,194
- **10%-20%**: 47,409
- **20%-30%**: 46,709
- **30%-40%**: 48,864
- **40%-50%**: 49,747
- **50%-60%**: 62,851
- **60%-70%**: 67,575
- **70%-80%**: 67,123
- **80%-90%**: 78,311
- **90%-100%**: 72,898
- **100%-110%**: 50,745
- **110%-120%**: 51,583
- **120%-130%**: 58,274
- **130%-140%**: 40,898
- **140%-150%**: 26,620
- **150%-160%**: 20,045
- **160%-170%**: 18,729
- **170%-180%**: 14,587
- **180%-190%**: 11,077
- **190%-200%**: 16,104
- **200%-210%**: 16,955
- **210%-220%**: 16,955
- **220%-230%**: 11,077
- **230%-240%**: 26,629
- **>240%**: 0

**Exhibit BDJ-12**

**Page 221 of 365**

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**Notes:**

- **80% AMI**: (~40%)
- **200% FPL**: (~40%)
- **150% FPL**: (~15%)

---

**Median** (~50%)
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.**

**AMI Bracket**

- **<10%**
- **10-20%**
- **20-30%**
- **30-40%**
- **40-50%**
- **50-60%**
- **60-70%**
- **70-80%**
- **80-90%**
- **90-100%**
- **100-110%**
- **110-120%**
- **120-130%**
- **130-140%**
- **140-150%**
- **150-160%**
- **160-170%**
- **170-180%**
- **180-190%**
- **190-200%**
- **200-210%**
- **210-220%**
- **220-230%**
- **230-240%**
- **>240%**

**Number of PSE Senior (62+) Customers**

- **5,787**
- **16,151**
- **18,670**
- **21,235**
- **20,445**
- **24,018**
- **26,542**
- **21,588**
- **22,077**
- **10,127**
- **17,420**
- **14,463**
- **10,273**
- **10,306**
- **6,549**
- **3,026**
- **2,513**
- **2,645**
- **2,835**
- **2,315**

- **200% FPL (~53%)**
- **80% AMI (~64%)**
- **150% FPL (~19%)**
- **10% - 20%**
- **20% - 30%**
- **30% - 40%**
- **40% - 50%**
- **50% - 60%**
- **60% - 70%**
- **70% - 80%**
- **80% - 90%**
- **90% - 100%**
- **100% - 110%**
- **110% - 120%**
- **120% - 130%**
- **130% - 140%**
- **140% - 150%**
- **150% - 160%**
- **160% - 170%**
- **170% - 180%**
- **180% - 190%**
- **190% - 200%**
- **200% - 210%**
- **210% - 220%**
- **220% - 230%**
- **230% - 240%**
- **>240%**
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**

- **AMI Bracket**
- **200% FPL (~20%)**
- **150% FPL (~15%)**
- **80% AMI (~40%)**
- **Median (~50%)**
- **100%**

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

- Electric Usage by Electric Customers (Electric Only + Combo-Electric)
- Electric Usage by Electric Only Customers
- Electric Usage by Combo (Electric and Gas) Customers

**Seniors -- ENERGY BURDEN ANALYSIS:**

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

- Electric Usage by Electric Customers (Electric Only + Combo-Electric)
- Electric Usage by Electric Only Customers
- Electric Usage by Combo (Electric and Gas) Customers

Study Population
- Non-Low Income PSE Customers
- Low-Income PSE Customers
- Low-Income and Energy Burdened PSE Customers
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

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Combustibles</td>
<td>Flammable Liquids</td>
<td>Live Electrical Equipment</td>
<td>Combustible Metal</td>
<td>Commercial Cooking Equipment</td>
</tr>
</tbody>
</table>
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

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

<table>
<thead>
<tr>
<th>Feedback heard</th>
<th>What we did with it</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Reflected in the selected program design</td>
</tr>
<tr>
<td>How do PSE HELP and the discount rate connect with each other and is it really two programs or one?</td>
<td>Reflected in the selected program design</td>
</tr>
<tr>
<td>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?</td>
<td>Needs further consideration</td>
</tr>
</tbody>
</table>
Developing a low-income/income-qualified discount rate to support customers

- **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

HOW DOES IT PROVIDE EQUITY?

MULTI-LANGUAGE SUPPORT USE OF ALL FORMS OF ASSISTANCE WHERE APPLICABLE

ALL ELIGIBLE CUSTOMERS WHO APPLY CAN GET ASSISTANCE (PROPOSED TIERED RATES GIVE THE MOST HELP TO THOSE MOST IN NEED)

POTENTIAL TO USE OTHER PROGRAMS TO QUALIFY CUSTOMERS (I.E., PSE HELP) ON-LINE APPLICATIONS AS WELL AS MANUAL

WHO BENEFITS?

PSE’s INCOME QUALIFIED CUSTOMERS

Rates would adjust up 1% for every $21MM (Electric) and 1% for every $10MM (Gas)*

ALL PSE RATEPAYERS

WHO BEARS THE COST?

HOW ELECTRICITY RATES WILL BE AFFECTED?

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

STRUCTURED PROGRAMS TO INCREASE PARTICIPATION

WHO BENEFITS?

*Based on Low Income Filing 2021 (latest), ceteris paribus
Proposed Program design: Sample Customer Discount

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

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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>IQDR proposal</th>
<th>PSE HELP change proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0% - 50% of Area Median Income or below</td>
<td>0% - 200% FPL / 80% of AMI whichever is greater</td>
</tr>
<tr>
<td>Documentation</td>
<td>Identification w/ birth date, # of people in the household, proof of income for those 18 and over, or lack thereof. OR in lieu of income statement provide enrollment in another qualifying program (i.e.: SNAP, housing, SSI, disability etc.)</td>
<td>Same as IQDR</td>
</tr>
<tr>
<td>Verification</td>
<td>Every 2 years</td>
<td>Same as IQDR</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>OPTION D</th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>Percentage of applications are validated</td>
<td>Percentage of applications are validated</td>
</tr>
</tbody>
</table>

- 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.

<table>
<thead>
<tr>
<th>Current Bill</th>
<th>Awareness/Outreach</th>
<th>Application</th>
<th>Eligibility &amp; Enrollment</th>
<th>Benefits &amp; Referrals</th>
<th>Energy Bill With IQDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer’s average monthly energy bill is $117. They receive $24 per month from PSE HELP. Their monthly out-of-pocket expense is $94.</td>
<td>PSE sends email and paper communications to customers auto-approved for the IQDR. Information on the IQDR is also available on PSE.com or by calling PSE Customer Care.</td>
<td>Customer receives email and paper mail from PSE stating that they are automatically enrolled in the IQDR and explaining the benefit.</td>
<td>No application needed because customer was approved for PSE HELP in 2021. - IQDR eligibility is confirmed by current-year assistance program approval. - Customers approved for assistance through PSE Help, LIHEAP, and Warm Home Fund are automatically enrolled in the IQDR – no application needed.</td>
<td>Based on their income and household size, the customer’s household income is 41% of AMI and they qualify for an IQDR discount of 15% or approximately $18.</td>
<td>The IQDR benefit is applied to the customer’s bill ($94 – $18 = $76). Additional assistance funds (e.g., LIHEAP) are applied to the remaining balance. In this example, the customer receives a $30 LIHEAP benefit ($76 – $30 = $46).</td>
</tr>
</tbody>
</table>

- PSE runs monthly process on approval data from qualifying programs (e.g., PSE HELP) to identify new customers eligible for IQDR auto-enrollment.

Based on their income and household size, the customer’s household income is 41% of AMI and they qualify for an IQDR discount of 15% or approximately $18. The IQDR benefit is calculated by (monthly usage bill) x (discount %) = (discount $).

PSE automatically refers the customer to other programs that they may qualify for. PSE also provides a referral to appropriate assistance agencies.

Customer is auto-enrolled in IQDR for current program year. Customer will be prompted to confirm eligibility in subsequent years.

With the IQDR benefit and PSE HELP, the customer’s monthly out-of-pocket expense is $46.
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.

Current Bill
- Customer’s average monthly energy bill is $117.
- They are not currently receiving any assistance.

Awareness/Outreach
- PSE runs on-going IQDR campaign using emails, media, social media, print, etc. to ensure customers are aware of the IQDR program.
- The PSE.com homepage includes an IQDR tile for easy access to enrollment information.
- Customer sees information on PSE.com homepage describing the IQDR program and how to apply online.

Application
- Customer goes to PSE.com IQDR webpage, reads program details, checks their income eligibility, and applies.
- Online applications are made through the PSE.com Energy Assistance Portal.
- Online applications require: (1) ID, (2) number of people in household, (3) Household income for previous 3 months, and (4) income documentation or attestation to accuracy of stated income.

Eligibility & Enrollment
- System checks application completeness and income eligibility. If criteria are met, customer is auto-approved.
- A percentage of auto-approved applications will be audited to confirm eligibility.
- Customer receives auto-approval email in less than 30 minutes of application confirming IQDR enrollment.

Benefits & Referrals
- Based on their income and household size, the customer’s household income is 45% of AMI and they qualify for an IQDR discount of 15% or approximately $18.
- IQDR benefit amounts are tiered based on household income.
- The IQDR benefit is calculated by (monthly usage bill) x (discount %) = (discount $).
- PSE automatically refers the customer to other programs that they may qualify for.
- PSE also provides a referral to appropriate assistance agencies.

Energy Bill With IQDR
- The IDQR benefit is applied to the customer’s bill ($117 – $18 = $99).
- Customer will be prompted to confirm IQDR eligibility in subsequent years.
- In this example, the customer receives a 24% HELP benefit ($99 – $24 = $76).

With the IQDR benefit and PSE HELP, the customer’s monthly out-of-pocket expense is $76.

Based on their income and household size, the customer’s household income is 45% of AMI and they qualify for an IQDR discount of 15% or approximately $18.

Current Bill
- Customer’s average monthly energy bill is $117.
- They are not currently receiving any assistance.

Awareness/Outreach
- PSE runs on-going IQDR campaign using emails, media, social media, print, etc. to ensure customers are aware of the IQDR program.
- The PSE.com homepage includes an IQDR tile for easy access to enrollment information.
- Customer sees information on PSE.com homepage describing the IQDR program and how to apply online.

Application
- Customer goes to PSE.com IQDR webpage, reads program details, checks their income eligibility, and applies.
- Online applications are made through the PSE.com Energy Assistance Portal.
- Online applications require: (1) ID, (2) number of people in household, (3) Household income for previous 3 months, and (4) income documentation or attestation to accuracy of stated income.

Eligibility & Enrollment
- System checks application completeness and income eligibility. If criteria are met, customer is auto-approved.
- A percentage of auto-approved applications will be audited to confirm eligibility.
- Customer receives auto-approval email in less than 30 minutes of application confirming IQDR enrollment.

Benefits & Referrals
- Based on their income and household size, the customer’s household income is 45% of AMI and they qualify for an IQDR discount of 15% or approximately $18.
- IQDR benefit amounts are tiered based on household income.
- The IQDR benefit is calculated by (monthly usage bill) x (discount %) = (discount $).
- PSE automatically refers the customer to other programs that they may qualify for.
- PSE also provides a referral to appropriate assistance agencies.

Energy Bill With IQDR
- The IDQR benefit is applied to the customer’s bill ($117 – $18 = $99).
- Customer will be prompted to confirm IQDR eligibility in subsequent years.
- In this example, the customer receives a 24% HELP benefit ($99 – $24 = $76).
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.

Current Bill
- Customer’s average monthly energy bill is $106.
- They are not currently receiving any assistance.

Awareness/Outreach
- PSE’s IQDR campaigns run in multiple languages and channels to increase exposure (email, media, social media, print, etc.).
- PSE.com Payment Assistance pages, including IQDR, are available in multiple languages.
- Customer can call PSE’s Customer Care and is connected to a Spanish speaking agent.
  - The agent describes the IQDR and the customer asks for an application.

Application
- Customer completes a paper application in Spanish.
  - They just started a new job and do not have income documentation, so they attest to their monthly household income.
  - The customer mails the application to PSE.

Eligibility & Enrollment
- PSE team checks application completeness, confirms income eligibility, and approves.
  - Customers must be at or below 200% of FPL or 80% AMI (whichever is higher) for the number of people in their household.
  - Enrollment confirmation postcard includes IQDR information and information about other assistance programs.

Benefits & Referrals
- Based on their income and household size, the customer’s household income is 19% of AMI and they qualify for an IQDR discount of 45% or approximately $48.

Energy Bill
- The IQDR benefit is applied to the customer’s bill ($106 – $48 = $58).
  - Additional assistance funds (e.g., HELP) are applied to the remaining balance.
  - In this example, the customer receives a 45% HELP benefit ($58 – $26 = $32).
  - The customer also receives a $16 LIHEAP benefit ($32 - $16 = $16).

- IQDR benefit amounts are tiered based on household income.
  - The IQDR benefit is calculated by (monthly usage bill) x (discount %) = (discount $).
  - PSE automatically refers the customer to other programs that they may qualify for.
  - PSE also provides a referral to appropriate assistance agencies.

Customer applies for and receives PSE HELP and LIHEAP.

With IQDR, PSE HELP, and LIHEAP the customer’s monthly out-of-pocket expense is $16.

Exh. BDJ-12
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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)
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

<table>
<thead>
<tr>
<th>Energy Efficiency (EE) program</th>
<th>Budget Payment Plan</th>
<th>Payment Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrearage Management Program (AMP) – LI eligibility details TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSE HELP (200% FPL or 80% AMI, eff. Oct 1, 2021)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income EE programs (200% FPL or 60% SMI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COVID Bill Assistance (200% FPL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warm Home Fund (200% FPL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal LIHEAP (150% FPL)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 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.

![Graph showing number of PSE customers by income bracket](image)
PSE’s Current Low-Income Programs with IQDR: Eligibility

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.
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

1.051 MM
Total Customer Base
(Energy Burden Study Population)

415 K
Low-Income
(40%)

157 K
Low-income Energy Burdened (15%)

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:

- **Vision:**
  - Is the vision clear and relatable?
  - Are there any 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?
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:

<table>
<thead>
<tr>
<th>IQDR area</th>
<th>What we heard</th>
<th>What we’re doing with it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options</td>
<td>Option D was most preferred.</td>
<td>PSE has used Option D as a starting point</td>
</tr>
<tr>
<td></td>
<td>Remove barriers and unnecessary requirements for participation by using self-attestation, mirroring COVID assistance, and menu of options for choosing programs.</td>
<td>PSE’s proposal herein already uses this feedback in the program design process. Discussed in sections Eligibility, Operation, and Program Design.</td>
</tr>
<tr>
<td>Design</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Will the design meet CETA requirements for energy assistance?</td>
<td>IQDR is designed to meet CETA requirements for energy assistance.</td>
</tr>
</tbody>
</table>
## How your feedback is shaping the IQDR

**IQDR area** | **What we heard**                                                                                                                                                                                                                                                                                                                                 | **What we’re doing with it**                                                                                                                                                                                                 |
---|---|---|
**Outreach and participation** | 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

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>IQDR proposal</th>
<th>PSE HELP change proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0% - 50% of Area Median Income or below</td>
<td>0% - 200% FPL / 80% of AMI whichever is greater</td>
</tr>
</tbody>
</table>
| Documentation | • Identification w/ birth date,  
|              |   • # of people in the household,  
|              |   • Self-Certification  
|              |   • Customer attests that their income meets the eligibility requirements and that they could be subject to audit |  • Same as IQDR |
| Verification | • Every 2 years |  • Same as IQDR |

- 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)**

<table>
<thead>
<tr>
<th>Year One</th>
<th>Customer tier by AMI bracket</th>
<th>0%-20% AMI</th>
<th>20%-50% AMI</th>
<th>50%-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total PSE Discount</strong></td>
<td></td>
<td>70%</td>
<td>35%</td>
<td>15%</td>
</tr>
<tr>
<td>PSE Average Annual Bill</td>
<td>$1,327</td>
<td>$1,413</td>
<td>$1,470</td>
<td></td>
</tr>
<tr>
<td>Proposed IQDR Discount %</td>
<td>45%</td>
<td>15%</td>
<td>not applicable</td>
<td></td>
</tr>
<tr>
<td>IQDR Discount ($)</td>
<td>$597</td>
<td>$212</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-IQDR Annual Bill</td>
<td>$730</td>
<td>$1,201</td>
<td>$1,470</td>
<td></td>
</tr>
<tr>
<td>Proposed PSE HELP %</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>PSE HELP Grant ($)</td>
<td>$328</td>
<td>$288</td>
<td>$221</td>
<td></td>
</tr>
<tr>
<td><strong>IQDR + HELP Combined Discount %</strong></td>
<td>70%</td>
<td>35%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>IQDR + HELP Combined Discount ($)</td>
<td>$926</td>
<td>$500</td>
<td>$221</td>
<td></td>
</tr>
<tr>
<td>Discounted Annual Bill</td>
<td>$401</td>
<td>$913</td>
<td>$1,250</td>
<td></td>
</tr>
<tr>
<td>Discounted Monthly Bill</td>
<td>$33</td>
<td>$76</td>
<td>$104</td>
<td></td>
</tr>
<tr>
<td>Average LIHEAP Grant</td>
<td>$478</td>
<td>$493</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Remaining Annual Bill</td>
<td>($76)</td>
<td>$420</td>
<td>$1,250</td>
<td></td>
</tr>
<tr>
<td>Remaining Monthly Bill</td>
<td>($6)</td>
<td>$35</td>
<td>$104</td>
<td></td>
</tr>
<tr>
<td><strong>Supplemental PSE HELP (year one ONLY)</strong></td>
<td>35%</td>
<td>20%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Year One Supplemental HELP ($)</td>
<td>$464</td>
<td>$283</td>
<td>$74</td>
<td></td>
</tr>
<tr>
<td>Discounted Year One Annual Bill</td>
<td>($541)</td>
<td>$137</td>
<td>$1,176</td>
<td></td>
</tr>
<tr>
<td>Discounted Year One Monthly Bill</td>
<td>($45)</td>
<td>$11</td>
<td>$98</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Ex.</th>
<th>Customer Details</th>
<th>Example Benefits – Year 1</th>
</tr>
</thead>
</table>
| 1   | • Household of 6  
    • Service address in Island County  
    • Monthly household income of $2,900 (41% AMI)  
    • **Average monthly energy bill is $117**  
    • IQDR discount of 15% or approximately $18 a month  
    • PSE HELP benefit that averages out to $49 a month (annual benefit of $590)  
    • LIHEAP benefit that averages out to $30 a month (annual benefit of $360) | $117 - $18 (IQDR) - $49 (PSE HELP) - $30 (LIHEAP) = $20  
**Resulting customer bill: $20**  |
| 2   | • Household of 4  
    • Service address in King County  
    • Monthly household income of $3,394 (45% AMI)  
    • **Average monthly energy bill is $117**  
    • IQDR discount of 15% or approximately $18 a month  
    • PSE HELP benefit that averages out to $35 a month (annual benefit of $422)  
    • Customer is not eligible for LIHEAP | $117 - $18 (IQDR) - $35 (PSE HELP) = $64  
**Resulting customer bill: $64**  |
| 3   | • Household of 6  
    • Service address in Kitsap County  
    • Monthly household income of $1,383 (19% AMI)  
    • **Average monthly energy bill is $106**  
    • IQDR discount of 45% or approximately $48 a month  
    • PSE HELP benefit that averages out to $55 a month (annual benefit of $662)  
    • LIHEAP benefit that averages out to $16 a month (annual benefit of $192) | $106 - $48 (IQDR) - $55 (PSE HELP) - $16 (LIHEAP) = -$13  
**Resulting customer bill: monthly credit of $13**  |
Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio

IQDR (together with HELP) would increase assistance available to PSE customers to reduce their energy burdens, especially in light of future expected rate increases expected to achieve CETA.

Furthermore, LIHEAP would continue to be available to eligible customers, and PSE and the Community Action Agencies (CAPs) would plan to coordinate to cross-refer customers to programs and to maximize LIHEAP assistance.
Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio

PSE’s energy assistance programs portfolio

- **Reduce energy burden**
  - Income-Qualified Discount Rate (IQDR)
  - PSE HELP
  - Home Energy Assistance Program

- **Provide energy security**
  - Payment Arrangements
  - Warm Home Fund
  - COVID Bill Assistance
  - Arrangement Management Program (AMP)
  - PSE HELP
  - LIHEAP

- **Reduce need for long-term assistance**
  - Low-income weatherization program
  - Energy efficiency programs
  - Budget payment plans

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

PSE’s energy assistance programs portfolio

Reduce energy burden
- Income-Qualified Discount Rate (IQDR)
- PSE HELP
- Home Energy Assistance Program

Provide energy security
- Payment Arrangements
- Warm Home Fund
- COVID Bill Assistance
- Arrearage Management Program (AMP) (Coming soon)
- PSE HELP
- LIHEAP

Reduce need for long-term assistance
- Low-income weatherization program
- Energy efficiency programs
- Budget payment plans

IQDR program design to ensure referrals to these programs and educational materials
**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.

**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

<table>
<thead>
<tr>
<th>OPTION D</th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>Percentage of applications are validated</td>
<td>Percentage of applications are validated</td>
</tr>
</tbody>
</table>

- **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
  - 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

- **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
Program design evaluation: PSE proposes regular program evaluation and data analysis

- 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)
## Common acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPs</td>
<td>Community Action Partnership (CAP) Agencies</td>
</tr>
<tr>
<td>CACAP</td>
<td>Crisis-Affected Customer Assistance Program</td>
</tr>
<tr>
<td>ceteris paribus</td>
<td>All other things being equal</td>
</tr>
<tr>
<td>EAG</td>
<td>Equity Advisory Group</td>
</tr>
<tr>
<td>HELP</td>
<td>Home Energy Lifeline Program</td>
</tr>
<tr>
<td>IQDR</td>
<td>Income-qualified Discount Rate</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>LIAC</td>
<td>Low Income Advisory Committee</td>
</tr>
<tr>
<td>LIHEAP</td>
<td>Low Income Home Energy Assistance Program</td>
</tr>
<tr>
<td>MM</td>
<td>Million</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for proposal</td>
</tr>
<tr>
<td>UTC</td>
<td>Washington Utilities and Transportation Commission, which regulates PSE</td>
</tr>
</tbody>
</table>
Developing a low-income/income-qualified discount rate to support customers

• **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

**WHO BENEFITS?**

- PSE's INCOME QUALIFIED CUSTOMERS
  - Rates would adjust up 1% for every $21MM (Electric) and 1% for every $10MM (Gas)*

**HOW ELECTRICITY RATES WILL BE AFFECTED?**

- ALL PSE RATEPAYERS
  - *Based on Low Income Filing 2021 (latest), ceteris paribus

**WHO BEARS THE COST?**

- ALL ELIGIBLE CUSTOMERS WHO APPLY CAN GET ASSISTANCE (PROPOSED TIERED RATES GIVE THE MOST HELP TO THOSE MOST IN NEED)
  - MULTI-LANGUAGE SUPPORT USE OF ALL FORMS OF ASSISTANCE WHERE APPLICABLE

**STRUCTURED PROGRAMS TO INCREASE PARTICIPATION**

- POTENTIAL TO USE OTHER PROGRAMS TO QUALIFY CUSTOMERS (I.E., PSE HELP)
  - ON-LINE APPLICATIONS AS WELL AS MANUAL

**HOW DOES IT PROVIDE EQUITY?**

- WHO BENEFITS?

- WHO BEARS THE COST?

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

---

**Table:**

| AMI Bracket | <10% | 10-20% | 20-30% | 30-40% | 40-50% | 60-70% | 70-80% | 80-90% | 90-100% | 100-110% | 110-120% | 120-130% | 130-140% | 140-150% | 150-160% | 160-170% | 170-180% | 180-190% | 190-200% | 200-210% | 210-220% | 220-230% | 230-240% | >240% |
|-------------|------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 200% FPL    | 37,868 | 50,745 | 51,583 | 58,274 | 26,629 | 40,898 | 40,366 | 18,729 | 16,104 | 16,955   | 11,077   | 26,629   | 26,629   |          |          |          |          |          |          |          |          |          |          |          |
PSE’s Current Low Income Programs with IQDR: 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)

Income-Qualified Discount Rate (50% AMI<~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.
Refresher: PSE Energy Burden Analysis draft results

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415 K
Low-Income (40%)

157 K
Low-income Energy Burdened (15%)

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33,238
21%

Combo
24,037
15%

Electric Only
99,617
64%

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.
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.

<table>
<thead>
<tr>
<th>EAG Member / Date</th>
<th>Comment</th>
<th>PSE Response</th>
</tr>
</thead>
</table>
| 7/12              | Suggestions for:  
- Bidding process to provide PSE services.  
- Changing boundaries of existing agencies as the customers in need are moving | 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 invested. |
| 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. |
<p>| 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. |</p>
<table>
<thead>
<tr>
<th>EAG Member / Date</th>
<th>Comment</th>
<th>PSE Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/12</td>
<td>Objective - Offering of educational program for energy conservation and transition of green energy?</td>
<td>Thank you for your comment. PSE considered this as it prepared draft concepts for the 8/16 meeting. Some CAP agencies already offer educational materials about energy conservation. 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.</td>
</tr>
<tr>
<td>7/12</td>
<td>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?</td>
<td>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.</td>
</tr>
<tr>
<td>7/12</td>
<td>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”</td>
<td>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.</td>
</tr>
<tr>
<td>7/12</td>
<td>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.</td>
<td>Thank you for this comment. The new use of Area Median Income should help alleviate some concerns with this issue.</td>
</tr>
<tr>
<td>7/12</td>
<td>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.</td>
<td>Thank you for sharing this outreach idea. This is something we are exploring implementing.</td>
</tr>
<tr>
<td>7/12</td>
<td>Culturally-relevant outreach is needed</td>
<td>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.</td>
</tr>
<tr>
<td>7/12</td>
<td>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</td>
<td>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.</td>
</tr>
<tr>
<td>7/12</td>
<td>PSE should consider equity dimensions of low-income rates and that reduction of burdens for low-income communities should not mean</td>
<td>PSE agrees that low-income rates should not result in compromised quality of service to any customer.</td>
</tr>
<tr>
<td>EAG Member / Date</td>
<td>Comment</td>
<td>PSE Response</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Estela Ortega</td>
<td>quality of service/product is compromised.</td>
<td>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. 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. 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.</td>
</tr>
<tr>
<td>Estela Ortega</td>
<td>Does PSE capture demographic data for customers? Low-income may not be specific enough to identify customers of color. &quot;...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.&quot;</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Estela Ortega</td>
<td>Signing up for the programs online is a barrier for low-income communities.</td>
<td>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.</td>
</tr>
<tr>
<td>Mariel Thuraisingham</td>
<td>What is the connection between the IQDR and other programs that will be coming down the line, including delayed payments, avoiding arrears, etc?</td>
<td>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.</td>
</tr>
<tr>
<td>Estela Ortega</td>
<td>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.</td>
<td>PSE HEL 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. We are researching how other utilities are managing and validating the self-attestation process and plans for this option to be available.</td>
</tr>
</tbody>
</table>
Development of PSE’s Income-Qualified Discount Rates

Presentation to Low Income Advisory Committee (LIAC)

October 5th, 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
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.
• Ringing 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.
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:

<table>
<thead>
<tr>
<th>Feedback heard</th>
</tr>
</thead>
<tbody>
<tr>
<td>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?</td>
</tr>
<tr>
<td>How will referrals to other programs work? How to increase participation in all programs?</td>
</tr>
<tr>
<td>What is the likelihood of people who receive HELP and IQDR receiving LIHEAP?</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>Consider interaction with upcoming arrearage management program. Is it possible to have the arrearage program start at same time as IQDR?</td>
</tr>
<tr>
<td>Does IQDR use established HELP funding and won't this cause competition between the two programs and reduce the availability of HELP?</td>
</tr>
</tbody>
</table>
What we heard in the last session:

<table>
<thead>
<tr>
<th>Feedback heard</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>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?</td>
</tr>
<tr>
<td>Benefit amounts: Consider increasing benefit amount for 50-80% AMI bracket. Consider not changing HELP for first year of IQDR.</td>
</tr>
<tr>
<td>How many customers are perpetually behind and how do we help them?</td>
</tr>
</tbody>
</table>
Eligibility: all income-qualified PSE customers would be eligible to receive IQDR and/or HELP

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>IQDR proposal</th>
<th>PSE HELP change proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0% - 50% of Area Median Income or below</td>
<td>0% - 200% FPL / 80% of AMI whichever is greater</td>
</tr>
</tbody>
</table>
| Documentation | • Identification w/ birth date,  
• # of people in the household,  
• Self-Certification  
  • Customer attests that their income meets the eligibility requirements and that they could be subject to audit |  • Same as IQDR |
| Verification |  • Every 2 years |  • Same as IQDR |

- 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)

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

<table>
<thead>
<tr>
<th>Year One Supplemental HELP (%)</th>
<th>35%</th>
<th>20%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year One Supplemental HELP ($)</td>
<td>$464</td>
<td>$283</td>
<td>$74</td>
</tr>
<tr>
<td>Discounted Year One Annual Bill</td>
<td>($541)</td>
<td>$137</td>
<td>$1,176</td>
</tr>
<tr>
<td>Discounted Year One Monthly Bill</td>
<td>($45)</td>
<td>$11</td>
<td>$98</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Ex.</th>
<th>Customer Details</th>
<th>Example Benefits – Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Household of 6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Service address in Island County</td>
<td>• IQDR discount of 15% or approximately $18 a month</td>
</tr>
<tr>
<td></td>
<td>• Monthly household income of $2,900 (41% AMI)</td>
<td>• PSE HELP benefit that averages out to $49 a month (annual benefit of $590)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Average monthly energy bill is $117</strong></td>
<td>• LIHEAP benefit that averages out to $30 a month (annual benefit of $360)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$117 - $18 (IQDR) - $49 (PSE HELP) - $30 (LIHEAP) = $20</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Resulting customer bill: $20</strong></td>
</tr>
<tr>
<td>2</td>
<td>• Household of 4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Service address in King County</td>
<td>• IQDR discount of 15% or approximately $18 a month</td>
</tr>
<tr>
<td></td>
<td>• Monthly household income of $3,394 (45% AMI)</td>
<td>• PSE HELP benefit that averages out to $35 a month (annual benefit of $422)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Average monthly energy bill is $117</strong></td>
<td>• Customer is not eligible for LIHEAP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$117 - $18 (IQDR) - $35 (PSE HELP) = $64</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Resulting customer bill: $64</strong></td>
</tr>
<tr>
<td>3</td>
<td>• Household of 6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Service address in Kitsap County</td>
<td>• IQDR discount of 45% or approximately $48 a month</td>
</tr>
<tr>
<td></td>
<td>• Monthly household income of $1,383 (19% AMI)</td>
<td>• PSE HELP benefit that averages out to $55 a month (annual benefit of $662)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Average monthly energy bill is $106</strong></td>
<td>• LIHEAP benefit that averages out to $16 a month (annual benefit of $192)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$106 - $48 (IQDR) - $55 (PSE HELP) - $16 (LIHEAP) = -$13</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Resulting customer bill: monthly credit of $13</strong></td>
</tr>
</tbody>
</table>
# Program Timeline

<table>
<thead>
<tr>
<th>Program Year</th>
<th>2021-2022</th>
<th>2022-2023</th>
<th>2023-2024</th>
<th>2024-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce Energy Burden</strong></td>
<td>LIHEAP</td>
<td>PSE HELP (Existing Formula)</td>
<td></td>
<td>PSE HELP (New Tiers)</td>
</tr>
<tr>
<td><strong>Provide Energy Security</strong></td>
<td>Payment Arrangements</td>
<td>COVID Bill Assistance</td>
<td>Warm Home Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PSE HELP (Existing Formula)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LIHEAP</td>
<td></td>
<td>AMP</td>
<td></td>
</tr>
<tr>
<td><strong>Reduce Need for Long-Term Assistance</strong></td>
<td>Weatherization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy Efficiency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Budget Payment Plan</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

IQDR Program Year 1
Proposed Program design: Integration of IQDR into PSE's existing low-income energy assistance programs portfolio

IQDR (together with HELP) would increase assistance available to PSE customers to reduce their energy burdens, especially in light of future expected rate increases expected to achieve CETA

Furthermore, LIHEAP would continue to be available to eligible customers, and PSE and the Community Action Agencies (CAPs) would plan to coordinate to cross-refer customers to programs and to maximize LIHEAP assistance.
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

PSE’s energy assistance programs portfolio

Reduce energy burden

- Income Qualified Discount Rate (IQDR)
- PSE HELP
- Home Energy Assistance Program

Provide energy security

- Payment Arrangements
- Warm Home Fund
- COVID Bill Assistance
- Arrearage Management Program (AMP)
- PSE HELP
- LIHEAP

Reduce need for long-term assistance

- Low-income weatherization program
- Energy efficiency programs
- Budget payment plans

IQDR program design to ensure referrals to these programs and educational materials
**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

**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

<table>
<thead>
<tr>
<th>OPTION D</th>
<th>IQDR</th>
<th>PSE HELP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CAP Agencies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income Validation</td>
<td>Percentage of applications are validated</td>
<td>Percentage of applications are validated</td>
</tr>
</tbody>
</table>

• 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

- **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
Program design evaluation: PSE proposes regular program evaluation and data analysis

- 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)
## Common acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPs</td>
<td>Community Action Partnership (CAP) Agencies</td>
</tr>
<tr>
<td>CACAP</td>
<td>Crisis-Affected Customer Assistance Program</td>
</tr>
<tr>
<td>ceteris paribus</td>
<td>All other things being equal</td>
</tr>
<tr>
<td>EAG</td>
<td>Equity Advisory Group</td>
</tr>
<tr>
<td>HELP</td>
<td>Home Energy Lifeline Program</td>
</tr>
<tr>
<td>IQDR</td>
<td>Income-qualified Discount Rate</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>LIAC</td>
<td>Low Income Advisory Committee</td>
</tr>
<tr>
<td>LIHEAP</td>
<td>Low Income Home Energy Assistance Program</td>
</tr>
<tr>
<td>MM</td>
<td>Million</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for proposal</td>
</tr>
<tr>
<td>UTC</td>
<td>Washington Utilities and Transportation Commission, which regulates PSE</td>
</tr>
</tbody>
</table>
Developing a low-income/income-qualified discount rate to support customers

• **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

PSE’s INCOME QUALIFIED CUSTOMERS

WHO BENEFITS?

Rates would adjust up 1% for every $21MM (Electric) and 1% for every $10MM (Gas)*

HOW ELECTRICITY RATES WILL BE AFFECTED?

ALL PSE RATEPAYERS

WHO BEARS THE COST?

ALL ELIGIBLE CUSTOMERS WHO APPLY CAN GET ASSISTANCE (PROPOSED TIERED RATES GIVE THE MOST HELP TO THOSE MOST IN NEED)

HOW DOES IT PROVIDE EQUITY?

MULTI-LANGUAGE SUPPORT USE OF ALL FORMS OF ASSISTANCE WHERE APPLICABLE

POTENTIAL TO USE OTHER PROGRAMS TO QUALIFY CUSTOMERS (I.E., PSE HELP) ON-LINE APPLICATIONS AS WELL AS MANUAL

STRUCTURED PROGRAMS TO INCREASE PARTICIPATION

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

**Energy Efficiency (EE) program**
- Budget Payment Plan
- Payment Arrangements

<table>
<thead>
<tr>
<th>Arrearage Management Program (AMP) – LI eligibility details TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE HELP (200% FPL or 80% AMI, eff. Oct 1, 2021)</td>
</tr>
<tr>
<td>Low-income EE programs (200% FPL or 60% SMI)</td>
</tr>
<tr>
<td>COVID Bill Assistance (200% FPL)</td>
</tr>
<tr>
<td>Warm Home Fund (200% FPL)</td>
</tr>
<tr>
<td>Federal LIHEAP (150% FPL)</td>
</tr>
</tbody>
</table>

### Number of PSE Customers by Income Bracket

(PSE's Energy Burden Analysis Draft Results)

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Number of PSE Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>25,194</td>
</tr>
<tr>
<td>10-20%</td>
<td>47,409</td>
</tr>
<tr>
<td>20-30%</td>
<td>46,709</td>
</tr>
<tr>
<td>30-40%</td>
<td>48,884</td>
</tr>
<tr>
<td>40-50%</td>
<td>49,747</td>
</tr>
<tr>
<td>50-60%</td>
<td>62,951</td>
</tr>
<tr>
<td>60-70%</td>
<td>67,575</td>
</tr>
<tr>
<td>70-80%</td>
<td>67,123</td>
</tr>
<tr>
<td>80-90%</td>
<td>78,311</td>
</tr>
<tr>
<td>90-100%</td>
<td>72,898</td>
</tr>
<tr>
<td>100-110%</td>
<td>50,745</td>
</tr>
<tr>
<td>110-120%</td>
<td>51,583</td>
</tr>
<tr>
<td>120-130%</td>
<td>58,274</td>
</tr>
<tr>
<td>130-140%</td>
<td>26,620</td>
</tr>
<tr>
<td>140-150%</td>
<td>40,898</td>
</tr>
<tr>
<td>150-160%</td>
<td>40,366</td>
</tr>
<tr>
<td>160-170%</td>
<td>20,045</td>
</tr>
<tr>
<td>170-180%</td>
<td>18,729</td>
</tr>
<tr>
<td>180-190%</td>
<td>14,587</td>
</tr>
<tr>
<td>190-200%</td>
<td>16,104</td>
</tr>
<tr>
<td>200-210%</td>
<td>16,955</td>
</tr>
<tr>
<td>210-220%</td>
<td>53,893</td>
</tr>
<tr>
<td>220-230%</td>
<td>11,077</td>
</tr>
<tr>
<td>230-240%</td>
<td>26,629</td>
</tr>
<tr>
<td>&gt;240%</td>
<td></td>
</tr>
</tbody>
</table>

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

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**Exh. BDJ-12**
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PSE’s Current Low Income Programs with IQDR: 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)
- Income-Qualified Discount Rate (50% AMI=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.
Refresher: PSE Energy Burden Analysis draft results

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 Draft Numbers

1.051 MM Total Customer Base (Energy Burden Study Population)

- 415 K Low-Income (40%)
- 157 K Low-income Energy Burdened (15%)

- Electric Only: 99,617 (64%)
- Combo: 24,037 (15%)
- Gas Only: 33,238 (21%)
Nearly 90% of customers in lowest income bracket are energy burdened, and nearly half in the second tier.

<table>
<thead>
<tr>
<th>AMI Bracket</th>
<th>Number of PSE Customers</th>
<th>Number of PSE Customers Classified as Low-Income and Energy Burdened by Income Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-20%</td>
<td>72,603</td>
<td>64,359 (89%)</td>
</tr>
<tr>
<td>20-50%</td>
<td>145,340</td>
<td>69,131 (49%)</td>
</tr>
<tr>
<td>50-80%</td>
<td>197,549</td>
<td>23,402 (12%)</td>
</tr>
</tbody>
</table>

Low-income HEB as a percent of Low-income customers.
PSE Low Income Advisory Committee

Presentation on AMP and IQDR Updates

November 9th, 2021 9:30 AM
Agenda

- 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

- 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

<table>
<thead>
<tr>
<th>Feedback heard</th>
<th>PSE Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the company including rate impact in increased revenue or ROE in the budget for IQDR and HELP?</td>
<td>Please clarify the question</td>
</tr>
<tr>
<td>Will our work develop all rate costs for IQDR, AMP, and HELP?</td>
<td>Please clarify the question</td>
</tr>
<tr>
<td>If PSE will file for a rate increase, will there also be an increase in bill assistance?</td>
<td>Yes</td>
</tr>
<tr>
<td>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.</td>
<td>Will be addressed in this presentation</td>
</tr>
<tr>
<td>Will AMP be included in the GRC filing with IQDR and HELP and will AMP be presented to this group prior to the filing?</td>
<td>Yes</td>
</tr>
<tr>
<td>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.</td>
<td>Noted, analysis is still underway</td>
</tr>
<tr>
<td>Can we run a cross section of scenarios with different incomes and usage histories to see how HELP will factor in?</td>
<td>PSE is looking into this</td>
</tr>
<tr>
<td>It would be helpful to see what the impact to the customer’s energy burden would be for HELP &amp; IQDR.</td>
<td>See Energy Burden Analysis</td>
</tr>
<tr>
<td>When will you start analyzing and evaluating the program and for how long will you do that? What is the timeline for the evaluation?</td>
<td>At the start of the program and ongoing</td>
</tr>
<tr>
<td>Feedback heard</td>
<td>PSE Response</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Will we be able to track how many/all low-income customers are referred that then receive other benefits?</td>
<td>We can if they come through PSE. Do agencies track this currently?</td>
</tr>
<tr>
<td>The agencies do other programs as well and it would be helpful to show full delivery of all programs.</td>
<td>Need more information</td>
</tr>
<tr>
<td>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?</td>
<td>We are looking at how changes will impact costs and analysis is ongoing</td>
</tr>
<tr>
<td>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.</td>
<td>For further discussion with the agencies</td>
</tr>
<tr>
<td>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.</td>
<td>Certain internal contracts are confidential</td>
</tr>
<tr>
<td>How will the audit happen and what are the consequences?</td>
<td>For further discussion with the agencies</td>
</tr>
<tr>
<td>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?</td>
<td>Yes, there will be a true-up after each program year.</td>
</tr>
<tr>
<td>Supplemental CACAP: Have these 50k customers not been served by any program?</td>
<td>Correct</td>
</tr>
<tr>
<td>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?</td>
<td>We will refer eligible customers to agencies to reach out to these customers</td>
</tr>
</tbody>
</table>
### Your feedback

<table>
<thead>
<tr>
<th>Feedback heard</th>
<th>PSE Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>We will track all applicants, more discussion as to how we would track agency data is needed</td>
</tr>
<tr>
<td>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</td>
<td>Noted</td>
</tr>
<tr>
<td>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?</td>
<td>Yes, the budget will cover at or below 200% and we are looking at auto-enrollment</td>
</tr>
<tr>
<td>Has CACAP2 slowed down?</td>
<td>No, we are still receiving new applications daily</td>
</tr>
<tr>
<td>Supplemental CACAP: How are we determining household size?</td>
<td>Census data</td>
</tr>
<tr>
<td>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?</td>
<td>More analysis needed</td>
</tr>
<tr>
<td>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:</td>
<td>More discussion needed</td>
</tr>
<tr>
<td>• 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)</td>
<td></td>
</tr>
<tr>
<td>• Structure of AMP and IQDR (how do the programs work together and more detail on AMP structure itself)</td>
<td></td>
</tr>
<tr>
<td>• Comparison for year 2 of HELP relative to benefit curve</td>
<td></td>
</tr>
<tr>
<td>• Impacts to customers</td>
<td></td>
</tr>
<tr>
<td>• Split between company versus agency operating HELP</td>
<td></td>
</tr>
</tbody>
</table>
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.

**ELIGIBILITY CRITERIA**
- Active residential customer
- Past due balance greater than $200
- Net household income less than or equal to 80% AMI or 200% FPL whichever is greater

**PROGRAM DESIGN**
- Customer agrees to pay monthly current charges for 12 months
- 1/12th of the customer’s arrearage is credited for each on-time monthly payment (up to $2,500 total)
- Customer can start a new AMP a maximum of 2 times in a rolling 12 months

**DEFAULT CRITERIA**
- Customers are removed from the AMP on the 3rd missed monthly payment.
- At that time, customers’ current and remaining past-due balances are due.
### Arrearage Assistance Timeline (Program Years)

<table>
<thead>
<tr>
<th>Program Year</th>
<th>2020-2021</th>
<th>2021-2022</th>
<th>2022-2023</th>
<th>2023-2024</th>
<th>2024-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce Energy Burden (On-Going Usage)</strong></td>
<td>LIHEAP</td>
<td>PSE HELP (Existing Formula)</td>
<td></td>
<td></td>
<td>PSE HELP (New Tiers)</td>
</tr>
<tr>
<td><strong>Provide Energy Security (Past Due Balances)</strong></td>
<td>Payment Arrangements</td>
<td></td>
<td></td>
<td></td>
<td>IQDR</td>
</tr>
<tr>
<td></td>
<td>Warm Home Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LIHEAP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PSE HELP (Existing Formula)</td>
<td></td>
<td></td>
<td></td>
<td>PSE HELP (New Tiers)</td>
</tr>
<tr>
<td></td>
<td>CACAP-1: $1,000</td>
<td>CACAP-2*: $2,500</td>
<td></td>
<td>AMP**: $2,500 per program year</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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

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

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

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
Customer contacts agency

Agency gets income information upfront.

Agency explains available benefit programs (LIHEAP, HELP, IQDR, AMP).

Does customer want LIHEAP?

Yes

Schedule appointment (follow current process).

No

Agency submits HELP and/or AMP application and customer attestation in portal.

No in person appointment or income validation required.

Applications go to PSE through portal

LIHEAP referrals from PSE
Agency Process

A. Agency sends PSE completed HELP application

Agency sends PSE completed HELP application

PSE portal automatically creates and approves IQDR application for eligible customers.

B. PSE posts pledge automatically

Customer completes application for assistance online

Customer completes self-attestation and acknowledges that they're subject to income verification.

No documents required.

PSE portal presents applicable programs (AMP, HELP, IQDR) and customer selects which programs they’d like.

PSE system automatically creates and approves applications for HELP and IQDR (if qualified).

AMP automatic if there is a remaining arrearage.

Refer to agency for LIHEAP (if eligible)
Agency Process

PSE randomly selects 10% of applications for income verification quarterly.*

Customers who have received LIHEAP won’t be subject to further income verification.

PSE sends list of customers for income verification to each CAP agency.

CAP agencies reach out to customers a minimum of 2 times to set up appointment to review documentation.

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 Verification Result

- Pass
  - Customer remains in program and is removed from audit list selection for 2 years.
  - Income verification data and result submitted to PSE through the portal.

- Fail
  - Customer is removed from program and can’t reapply for 12 months.
  - Fails audit or doesn’t respond within 90 days.

* Fails audit or doesn’t respond within 90 days.
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)
We will begin at 4pm.
Technical difficulties? Please call or text Claire Wendle 425-894-1206
Safety moment

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

* From U.S. Fire Administration
Facilitator’s requests

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

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

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

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 p.m.</td>
<td><strong>Opening</strong></td>
<td>Diann Strom, Strategic Engagement Lead, PSE</td>
</tr>
<tr>
<td></td>
<td>- Safety moment</td>
<td>Rose McKinney-James, Facilitator, Advocacy BL/ACK</td>
</tr>
<tr>
<td></td>
<td>- Agenda review and meeting objectives</td>
<td>Rose McKinney-James, Facilitator, Advocacy BL/ACK</td>
</tr>
<tr>
<td></td>
<td>- Icebreaker/Partner discussion</td>
<td>All</td>
</tr>
<tr>
<td>4:15 p.m.</td>
<td><strong>Income-qualified discount rate design update</strong></td>
<td>Carol Wallace, Director of Customer Solutions, PSE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Theresa Burch, Manager of Customer Solutions, PSE</td>
</tr>
<tr>
<td>4:30 p.m.</td>
<td><strong>Governance</strong></td>
<td>Rose McKinney-James, Facilitator, Advocacy BL/ACK</td>
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<tr>
<td></td>
<td>- Review governance materials</td>
<td></td>
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<td></td>
<td>- Discuss leadership structure</td>
<td></td>
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<tr>
<td></td>
<td>- 2022 visions and goals</td>
<td></td>
</tr>
<tr>
<td>5:00 p.m.</td>
<td><strong>Small group discussions:</strong> governance and 2022 planning</td>
<td>All</td>
</tr>
<tr>
<td>5:25 p.m.</td>
<td><strong>Small group report outs</strong></td>
<td>Rose McKinney-James, Facilitator, Advocacy BL/ACK</td>
</tr>
<tr>
<td>5:35 p.m.</td>
<td><strong>Break</strong></td>
<td>All</td>
</tr>
<tr>
<td>5:45 p.m.</td>
<td><strong>CEIP updates</strong></td>
<td>Brian Tyson, Manager Clean Energy Planning and Implementation, PSE</td>
</tr>
<tr>
<td>5:55 p.m.</td>
<td><strong>UTC announcements</strong></td>
<td>Wendy Gerlitz, Manager Regulatory Policy, PSE</td>
</tr>
<tr>
<td>6:00 p.m.</td>
<td><strong>EAG / CEIP Milestone Celebration</strong></td>
<td>All</td>
</tr>
<tr>
<td>6:15 p.m.</td>
<td><strong>Public comment</strong></td>
<td>Rose McKinney-James, Facilitator, Advocacy BL/ACK</td>
</tr>
<tr>
<td>6:25 p.m.</td>
<td><strong>Next steps</strong></td>
<td>Diann Strom, Strategic Engagement Lead, PSE</td>
</tr>
<tr>
<td>6:30 p.m.</td>
<td><strong>Adjourn</strong></td>
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</table>

EAG Meeting #11 – Dec. 13, 2021
Partner discussion in small groups

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)
Income-qualified discount rate design update
Since we last met on Oct. 4…

- **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

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**

<table>
<thead>
<tr>
<th>AMI Bands</th>
<th>0-20%</th>
<th>20-50%</th>
<th>50-80%</th>
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<tbody>
<tr>
<td><strong>Original Proposal</strong></td>
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<tr>
<td>Proposed IQDR Discount %</td>
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<td>35%</td>
<td>15%</td>
</tr>
</tbody>
</table>
### PSE’s current Low Income Programs with Bill Discount Rate: Eligibility

<table>
<thead>
<tr>
<th>Energy Efficiency (EE) program</th>
<th>Budget Payment Plan</th>
<th>Payment Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrearage Management Program (AMP) – (200% FPL or 80% AMI) – coming soon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSE HELP (greater of 200% FPL or 80% AMI, eff. Oct 1, 2021)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income EE programs (200% FPL or 60% SMI)</td>
<td></td>
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<tr>
<td>COVID Bill Assistance (200% FPL)</td>
<td></td>
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<tr>
<td>Warm Home Fund (200% FPL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Discount Rate (50% AMI=200% FPL) – coming soon</td>
<td></td>
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<tr>
<td>Federal LIHEAP (150% FPL)</td>
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### Number of PSE Customers by Income Bracket

(PSE’s Energy Burden Analysis *Draft Results*)

![Bar chart showing number of PSE customers by income bracket](image)

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

**Exh. BDJ-12**

*Page 334 of 365*
Integration of Bill Discount Rate into PSE's existing low-income energy assistance programs portfolio

Bill Discount Rate (together with HELP) would increase assistance available to PSE customers to reduce their energy burdens, especially in light of future expected rate increases expected to achieve CETA.

Furthermore, LIHEAP would continue to be available to eligible customers, and PSE and the Community Action Agencies (CAPs) would plan to coordinate to cross-refer customers to programs and to maximize LIHEAP assistance.
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)
Overview

• 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

<table>
<thead>
<tr>
<th>Charter section</th>
<th>EAG Comments</th>
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<tbody>
<tr>
<td>Member commitments</td>
<td>• Be available for sharing feedback outside of EAG meetings</td>
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<tr>
<td></td>
<td>• Formalize member accountability</td>
</tr>
<tr>
<td></td>
<td>• Address ethical issues</td>
</tr>
<tr>
<td></td>
<td>• Assist with community outreach</td>
</tr>
<tr>
<td></td>
<td>• Act as a test group for PSE programs</td>
</tr>
<tr>
<td>Terms of service</td>
<td>• Outline process for changes in employment</td>
</tr>
<tr>
<td></td>
<td>• Clarification on term lengths</td>
</tr>
<tr>
<td>Group conduct</td>
<td>• Guidelines around participation</td>
</tr>
<tr>
<td></td>
<td>• Support for EAG members and accommodations</td>
</tr>
</tbody>
</table>
Governance approach

• **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

- **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)

<table>
<thead>
<tr>
<th>Governance</th>
<th>Education</th>
<th>CEIP implementation</th>
<th>Capacity-building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter and bylaws</td>
<td>Energy efficiency programs</td>
<td>Baseline data &amp; customer benefit indicators</td>
<td>Equity Forum</td>
</tr>
<tr>
<td>Member recruitment process</td>
<td>PSE DEI initiative</td>
<td>Clean electricity procurement results</td>
<td>Equity training(s)</td>
</tr>
<tr>
<td>Annual review of guiding principles</td>
<td>Integrated Resource Plan</td>
<td>Clean electricity outreach</td>
<td>Member spotlight</td>
</tr>
<tr>
<td>Meeting planning for 2023</td>
<td>Clean energy Q&amp;A: battery storage, renewables, etc</td>
<td>Engaging highly impacted communities and vulnerable populations in program design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IQDR consultation</td>
<td>Equity assessment</td>
<td></td>
</tr>
</tbody>
</table>
Aligning on meeting schedule for 2022

- 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?
Small group discussions
Small group discussions

- 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**

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

• Each group will report out (~3-5 minutes each)
Break – TBD

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

<table>
<thead>
<tr>
<th>Topic</th>
<th>What we heard</th>
<th>What we did with it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>Share investment portfolios comparing costs with and without CETA</td>
<td>PSE shared draft CEIP cost table via email on 12/8. Table part of final CEIP.</td>
</tr>
<tr>
<td>Guiding</td>
<td><strong>Accessibility</strong></td>
<td>Updated EAG guiding principles for use in Final CEIP.</td>
</tr>
<tr>
<td>principles</td>
<td>• Education and action are connected; important to meet people where they are</td>
<td>Suggest revisiting these annually.</td>
</tr>
<tr>
<td></td>
<td>• CEIP needs to be flexible and prioritize access to information</td>
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</tr>
<tr>
<td></td>
<td>• Include capacity building and understand that it is a process</td>
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<td></td>
<td>• Expand the effort to attract a broader workforce</td>
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<tr>
<td>Affordability</td>
<td>• Commit to continually improving programs</td>
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<tr>
<td></td>
<td>• Add a focus to low-income and senior communities</td>
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<tr>
<td></td>
<td>• Include more action-oriented language</td>
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<tr>
<td>Accountability</td>
<td>• Meaningful engagement process includes education and capacity building</td>
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<tr>
<td></td>
<td>• Accountability is a powerful tool as the system continues to change</td>
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<tr>
<td></td>
<td>• Think beyond environmental harms; consider systemic harms</td>
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<td></td>
<td>• Consider actions to accelerate equity beyond 2045 after the CEIP is</td>
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<td></td>
<td>complete</td>
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</tbody>
</table>
Themes heard from feedback on draft CEIP

<table>
<thead>
<tr>
<th>Category</th>
<th>Feedback Focus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim target</td>
<td>• Mixed feedback on urgency and need for clean electricity transition</td>
</tr>
<tr>
<td></td>
<td>• Interest in variety of electricity resources, including hydro and nuclear</td>
</tr>
<tr>
<td>Specific targets</td>
<td>• Calls for more demand response and distributed energy resources</td>
</tr>
<tr>
<td></td>
<td>• Update resource costs and assumptions</td>
</tr>
<tr>
<td>Customer benefit indicators</td>
<td>• Add or adjust CBIs and metrics</td>
</tr>
<tr>
<td></td>
<td>• Clarify how CBIs will be used for decision-making</td>
</tr>
<tr>
<td></td>
<td>• Explain weighting process</td>
</tr>
<tr>
<td>Named communities*</td>
<td>• Interest in identifying existing disparities and connections to CBIs</td>
</tr>
<tr>
<td>Specific actions</td>
<td>• More details on programs</td>
</tr>
<tr>
<td></td>
<td>• Connecting actions with advancing equity outcomes</td>
</tr>
<tr>
<td>Costs</td>
<td>• Questions on how costs were allocated toward incremental costs</td>
</tr>
<tr>
<td>Public participation</td>
<td>• Broaden audiences to include more community-based organizations and labor</td>
</tr>
<tr>
<td></td>
<td>• Emphasis on need for education</td>
</tr>
<tr>
<td>Other</td>
<td>• Questions on electrification, peaking plants, etc.</td>
</tr>
</tbody>
</table>

*Reference to highly impacted communities and vulnerable populations
What’s going on now

- 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
UTC update
Update about UTC processes underway

- 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
Reflecting on EAG input into the CEIP

Clean energy visioning from first EAG meeting on April 19, 2021
Milestones at a glance

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

Updated 12/13/2021

- **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
Public comment period
Public comment protocols

To provide a public comment live:

**Join the Zoom meeting:**
- Visit [https://zoom.us/join](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
- **Email:** ceip@pse.com
Next steps
Next steps

**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](http://cleanenergyplan.pse.com)
### Common acronyms

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

### AMI Bands

<table>
<thead>
<tr>
<th>Proposal</th>
<th>0-30%</th>
<th>30-50%</th>
<th>50-80%</th>
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</thead>
<tbody>
<tr>
<td>Proposed IQDR Discount %</td>
<td>45%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Proposed PSE HELP % (applied to pre-IQDR bill)</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Total Combined Discount</td>
<td>70%</td>
<td>35%</td>
<td>15%</td>
</tr>
</tbody>
</table>

### 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)

<table>
<thead>
<tr>
<th>Program Year</th>
<th>2020-2021</th>
<th>2021-2022</th>
<th>2022-2023</th>
<th>2023-2024</th>
<th>2024-2025</th>
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<tbody>
<tr>
<td><strong>Reduce Energy Burden (On-Going Usage)</strong></td>
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<tr>
<td>Low-Income Home Energy Assistance Program (LIHEAP)</td>
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<tr>
<td>PSE Home Energy Lifeline Program (HELP) (Existing Formula)</td>
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<td><strong>Provide Energy Security (Past Due Balances)</strong></td>
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<tr>
<td>Payment Arrangements</td>
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<tr>
<td>Warm Home Fund</td>
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<tr>
<td>LIHEAP</td>
<td></td>
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<td></td>
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<tr>
<td>PSE HELP (Existing Formula)</td>
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<td></td>
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<tr>
<td>CACAP*-1: $1,000</td>
<td>CACAP-2*: $2,500</td>
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<tr>
<td>CACAP-3: $2,500</td>
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<tr>
<td><strong>Reduce Need for Long-Term Assistance</strong></td>
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<tr>
<td>Weatherization</td>
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<tr>
<td>Energy Efficiency</td>
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<td>Budget Payment Plan</td>
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</table>

* COVID Bill Assistance Program (CACAP)

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

**AMP: depending upon funding availability.