Washington State Dept. of Commerce

Aug 30, 2022

# Request for public comment on the first energy assistance draft report

[RCW 19.405.120](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120) (Sec. 120) states that it is the intent of the Washington State Legislature to demonstrate progress toward making energy assistance funds available to low-income households. It requires utilities to make programs and funding available for energy assistance to low-income households. Each utility must demonstrate progress in providing energy assistance pursuant to an assessment and plans developed under the statute.

The Washington State Dept. of Commerce (Commerce) is required under the statute to collect and aggregate data estimating the energy burden and energy assistance need and reported energy assistance for each electric utility, in order to improve agency and utility efforts to serve low-income households with energy assistance. In addition, the statute instructs Commerce to submit a biennial report to the Legislature that includes:

* A statewide summary of energy assistance programs, energy burden, and energy assistance need
* An identification and quantification of current expenditures on low-income energy assistance
* An evaluation the effectiveness of additional optimal mechanisms for energy assistance including, but not limited to, customer rates, a low-income specific discount, system benefits charges, and public and private funds
* An assessment of mechanisms to prioritize energy assistance towards low-income households with a higher energy burden

Commerce intends to submit its first biennial report to the Legislature by Jan. 1, 2023.

### The first draft report

Below you will find the first draft of the first biennial energy assistance report to the Washington State Legislature. The content of the report follows from utility data and program assessments submitted to Commerce under Sec. 120. The utility data and program assessments have been supplemented with multiple Energy Assistance Advisory Team meetings and two stakeholder workshops over 2022.

The first draft of the report outlines the structure of the report and includes content for portions of the report where data analysis has been completed. Commerce aims to provide a complete draft report by its Sept. 27 workshop.

In addition to the draft report, Commerce has prepared an Excel file with utility program data and a Word document summarizing utility plans submitted as part of their program assessments under Sec. 120(4).

### Request for public comments by Sept. 16, 2022

Commerce is asking the public to review and submit comments on the first draft by Sept. 16, 2022. These comments may include responses to the following questions:

What resonated with you when reading the report?

What is missing from the report or should be highlighted more in the second draft?

It would help if comments were structured with the main idea both numbered and bolded and followed by an explanation. For example:

1. Commerce should include a greater conversation of the benefits of energy efficiency in the second draft of the report

The first draft report mentions the benefits of energy assistance sparingly. We believe the agency should include a greater discussion of the health benefits and cite the attached ACEEE report.

Structuring your comments in this fashion will make it easier for Commerce to respond to them.

### Request for additional information and data review by Sept. 16, 2022

In addition to public comments, Commerce is requesting additional information from utilities.

For all utilities as appropriate

1. It appears many utilities with Tribes in their service areas overlooked or forgot to specifically mention the outreach strategies used to encourage participation from Tribes. Commerce is asking these utilities to provide supplemental information on their outreach strategies and consultation work with Tribes. The Dept. of Health’s [Environmental Health Disparities Map](https://doh.wa.gov/data-and-statistical-reports/washington-tracking-network-wtn/washington-environmental-health-disparities-map) includes data on which utilities have Tribes in their service areas.
2. Commerce will be including a discussion of energy efficiency measures for tenant housing. Commerce invites utilities to share challenges and successes implementing energy efficiency retrofits for tenant housing as part of their comments due Sept. 16.
3. Commerce is asking utilities to review its latest file on utility energy assistance data posted on its [Energy Assistance webpage](https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance-2/). Utilities had the opportunity to review this data on Smartsheet during parts of July and August. Once utilities were done reviewing the file, Commerce downloaded the file and added columns clarifying program funding sources and program eligibility requirements were added. Federal programs and utility programs where the number of low-income households was unknown were removed from the file in accordance with Sec. 120 and the reporting template instructions.
4. Commerce has prepared a summary document of utility plans submitted as part of their assessments in Sec. 120(4). Commerce is requesting utilities review this document and provide the agency with any suggested revisions that align with the utility’s original submission. This could include a revision to the categorization of a utility’s plans or edits to the summary itself.
5. The agency also created a spreadsheet and identified particular responses across utilities. Please review this sheet to make sure it reflects what your utility submitted as part of its plans. If you have suggested revisions, please highlight the cell you wish to indicate an addition and copy and paste a checkmark into that highlighted cell. If you wish to remove a checkmark, simply highlight the cell and delete the checkmark. Submit the revised file in an email with a note explaining the revisions in the body of the email.

Consumer-owned utilities (COUs)

1. Commerce is asking consumer-owned utilities to review the discussion of COU consultations with community organizations and provide comments on whether that description accurately captures COU consultations with community organizations or overlooks or understates important details.

### Where are these files located?

The files and documents are posted on Commerce's [Energy Assistance webpage](https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance-2/).

### Submitting Comments

Comments and any additional materials or suggested revisions should be submitted to [austin.scharff@commerce.wa.gov](mailto:austin.scharff@commerce.wa.gov)

# Executive Summary

Commerce will provide a draft executive summary in its second draft of the report to be shared at the Sept. 27 workshop.

# Introduction

## Background

In 2019, the Washington State Legislature enacted [RCW 19.405.120](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120) (Sec. 120) of Washington's 100% clean electricity law, the Clean Energy Transformation Act (CETA). Sec. 120 requires electric utilities to make programs and funding available for low-income households by July 31, 2021. The law requires utilities to demonstrate progress in providing energy assistance pursuant toward assessments of:

* The programs and mechanisms used by the utility to reduce energy burden and the effectiveness of those programs and mechanisms in both short-term and sustained energy burden reductions;
* The outreach strategies used to encourage participation of eligible households, including consultation with community-based organizations and Indian tribes as appropriate, and comprehensive enrollment campaigns that are linguistically and culturally appropriate to the customers they serve in vulnerable populations; and
* A cumulative assessment of previous funding levels for energy assistance compared to the funding levels needed to meet: (A) Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and (B) ninety percent of the current energy assistance need by 2050.

Sec. 120 mandates the assessments include a plan to improve the effectiveness of the assessed mechanisms and strategies toward meeting the energy assistance need.

Beginning July 31, 2020, the Washington State Department of Commerce (Commerce) is required to collect and aggregate data estimating energy burden and energy assistance need, in order to improve its and utility efforts to serve low-income households. Commerce must update the aggregated data on a biennial basis, and make it publicly accessible on its website and, to the extent practicable, include geographic attributes.

## Legislative Report Requirements

Sec. 120 directs Commerce to submit a biennial report to the legislature that:

* Aggregates information into a statewide summary of energy assistance programs, energy burden, and energy assistance need;
* Identifies and quantifies current expenditures on low-income energy assistance;
* Evaluates the effectiveness of additional optimal mechanisms for energy assistance including, but not limited to, customer rates, a low-income specific discount, system benefits charges, and public and private funds; and
* Assesses mechanisms to prioritize energy assistance towards low-income households with a higher energy burden.

### Definitions

[RCW 19.405.020](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.020) provides the following definitions used in this report:

(10) "Consumer-owned utility" means a municipal electric utility formed under Title [35](http://app.leg.wa.gov/RCW/default.aspx?cite=35) RCW, a public utility district formed under Title [54](http://app.leg.wa.gov/RCW/default.aspx?cite=54) RCW, an irrigation district formed under chapter [87.03](http://app.leg.wa.gov/RCW/default.aspx?cite=87.03) RCW, a cooperative formed under chapter [23.86](http://app.leg.wa.gov/RCW/default.aspx?cite=23.86) RCW, or a mutual corporation or association formed under chapter [24.06](http://app.leg.wa.gov/RCW/default.aspx?cite=24.06) RCW, that is engaged in the business of distributing electricity to more than one retail electric customer in the state.

(15) "Energy assistance" means a program undertaken by a utility to reduce the household energy burden of its customers.

(a) Energy assistance includes, but is not limited to, weatherization, conservation and efficiency services, and monetary assistance, such as a grant program or discounts for lower income households, intended to lower a household's energy burden.

(b) Energy assistance may include direct customer ownership in distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other available conservation and demand-side measures.

(24) "Investor-owned utility" means a company owned by investors that meets the definition of "corporation" in [RCW 80.04.010](https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.010) and is engaged in distributing electricity to more than one retail electric customer in the state.

[WAC 194-40-030](https://app.leg.wa.gov/WAC/default.aspx?cite=194-40-030) and [480-100-605](https://apps.leg.wa.gov/wac/default.aspx?cite=480-100-605) define "energy assistance need" for investor-owned utilities (IOUs) and consumer-owned utilities (COUs):

"Energy assistance need" means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.

[WAC 194-40-030](https://app.leg.wa.gov/WAC/default.aspx?cite=194-40-030) provides a definition for "low-income" for COUs:

"Low-income" means household incomes that do not exceed the higher of eighty percent of area median income or two hundred percent of federal poverty level, adjusted for household size.

### Data Collection, Aggregation, and Review

2020 Reporting Cycle

Commerce assembled an Energy Assistance Advisory Group (TAG) in 2019 to assist in the development of best practices and resources to implement the data collection work directed under [RCW 19.405.120(3)](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120). The Data TAG Charter and list of members is posted on Commerce's [Energy Assistance webpage](https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance-2/).

Commerce used the [Department of Energy's Low-Income Energy Affordability Data (LEAD) Tool](https://www.energy.gov/eere/slsc/maps/lead-tool) in combination with utility submitted data to inform the requirements under [RCW 19.405.120(3)](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120). The data was aggregated by Commerce, shared with utilities and advocates, and posted on the [CETA Energy Assistance webpage](https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance-2/). Commerce did not require utilities to complete [RCW 19.405.120(4)](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120) during the 2020 reporting process, and instead gave utilities an additional two years to prepare for their assessments.

2022 Reporting Cycle

Commerce developed the 2022 reporting template with the members of the 2019 Data TAG over the course of the spring of 2021 and held a public webinar to gather stakeholder feedback in June of 2021. An outline of the report form was published six weeks after for utilities to prepare their reports. The final reporting template was published Oct. 28, 2021 with a reporting deadline of Feb. 1, 2022.

In the instructions of the reporting template, Commerce requested utilities submit data for their low-income programs. Commerce welcomed utilities to report data from programs available to all customers if utilities could identify the number of low-income households and the corresponding bill reductions and expenditures associated with assisting those customers. Commerce asked utilities to only submit data for programs that included some amount of utility funds.

Commerce began aggregating the data throughout February and March of 2022. The agency convened a Technical Advisory Team to meet regularly from May through October of 2022. The team provided input on both the data and policy evaluation work under Sec. 120. The Data Team Charter and list of members is posted on Commerce's [Energy Assistance webpage](https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance-2/).

Commerce held four public workshops and two public comment periods throughout the summer and fall of 2022 before finalizing the report.

Other Relevant Statutes

### RCW 80.28.068 and 80.28.425

The energy assistance statutes specific to IOUs

In 2021, the Legislature passed [SB 5295](https://app.leg.wa.gov/billsummary?BillNumber=5295&Initiative=false&Year=2021) that set new requirements for IOU energy assistance programs. It created two sections of law related to energy assistance.

RCW 80.28.068: The program design, eligibility, outreach, and enrollment statute for IOUs

[RCW 80.28.068](https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.068) requires IOUs to:

* Propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs.
* Make 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.
* Provide low-income discounts or grants in coordination with community-based organizations in the company's service territory including, but not limited to, grantees of the Department of Commerce, community action agencies, and community-based nonprofit organizations; and
* Conduct substantial outreach efforts to make the low-income discounts or grants available to eligible customers and must provide annual reports to the commission as to the gas or electrical company's outreach activities and results.

The statute further provided IOUs the authority to:

* Establish eligibility upon verification of a low-income customer's receipt of any means-tested public benefit, or verification of eligibility for the low-income home energy assistance program, or its successor program, for which eligibility does not exceed the low-income definition set by the commission pursuant to RCW [19.405.020](http://app.leg.wa.gov/RCW/default.aspx?cite=19.405.020); and,
* Establish an automated program of matching customer accounts with lists of recipients of the means-tested public benefit programs and, based on the results of the matching program, to presumptively offer a low-income discount rate or grant to eligible customers so identified. However, the gas or electrical company must within 60 days of the presumptive enrollment inform such a low-income customer of the presumptive enrollment and all rights and obligations of a customer under the program, including the right to withdraw from the program without penalty.

Finally, it stipulated:

* A residential customer eligible for a low-income discount rate must receive the service on demand.
* A residential customer may not be charged for initiating or terminating low-income discount rates, grants, or any other form of energy assistance.

RCW 80.28.425: The 5% rate modification statute for IOUs

[RCW 80.28.425](https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.425) permits the Utilities and Transportation Commission (UTC) to approve, disapprove, or approve with modifications:

Any proposal to recover from ratepayers up to five percent of the total revenue requirement for each year of a multiyear rate plan for tariffs that reduce the energy burden of low-income residential customers including, but not limited to: (a) bill assistance programs; or (b) one or more special rates. For any multiyear rate plan approved under this section resulting in a rate increase, the commission must approve an increase in the amount of low-income bill assistance to take effect in each year of the rate plan where there is a rate increase. At a minimum, the amount of such low-income assistance increase must be equal to double the percentage increase, if any, in the residential base rates approved for each year of the rate plan. The commission may approve a larger increase to low-income bill assistance based on an appropriate record.

### RCW 74.38.070

The energy assistance statute specific to local governments

Public utility districts and municipalities are permitted to provide services at reduced rates for low-income senior citizens or other low-income citizens under [RCW 74.38.070](https://app.leg.wa.gov/rcw/default.aspx?cite=74.38.070). The law requires any reduction in rates granted in any manner to low-income senior citizens or other low-income citizens be uniformly extended to low-income senior citizens or other low-income citizens in the service area.[[1]](#footnote-1) The statute originated in 1979 and originally referenced only low-income seniors. Low-income disabled citizens were added to the statute in 1988. The statute received its last significant revision in 1998, when the law was broadened to include all low-income citizens. The data in this report shows that as of 2022 the majority of public utility districts maintain utility funded low-income programs available only to low-income seniors or low-income disabled citizens.[[2]](#footnote-2)

# Energy Burden and Assistance Need

## Data from the Low-Income Energy Affordability Data (LEAD) Tool

Sec. 120 requires Commerce to collect and aggregate data estimating the energy burden and energy assistance need and reported energy assistance for each electric utility, in order to improve agency and utility efforts to serve low-income households with energy assistance. The aggregated data published by the department must include, but is not limited to:

* The estimated number and demographic characteristics of households served by energy assistance for each utility and the dollar value of the assistance;
* The estimated level of energy burden and energy assistance need among customers served, accounting for household income and other drivers of energy burden;
* Housing characteristics including housing type, home vintage, and fuel types; and
* Energy efficiency potential.

Each utility must disclose information to the department for use under this subsection, including:

* The amount and type of energy assistance and the number and type of households, if applicable, served for programs administered by the utility;
* The amount of money passed through to third parties that administer energy assistance programs; and
* Subject to availability, any other information related to the utility's low-income assistance programs that is requested by the department.

Commerce uses the Low-Income Energy Affordability Data (LEAD) Tool to report data on household demographics and average annual excess burden per household statewide and at the county level.

The LEAD Tool was developed by the U.S. Department of Energy (DOE) and National Renewable Energy Lab (NREL) as part of the Clean Energy for Low-Income Communities Accelerator (CELICA), a U.S. Department of Energy Better Buildings Initiative Accelerator, aimed to lower energy bills for low-income communities through a two-year voluntary partnership between DOE and state and local governments. Originally a set of Excel spreadsheets, the Tool was so widely used that DOE and NREL developed it into a web-based platform.

The LEAD Tool contains national, state, county, tribal, and city data. All the underlying data starts at the Census Tract level. Household income information is provided as a percentage of the Area Median Income (AMI), State Median Income (SMI), and Federal Poverty Level. The tool provides the number of occupied housing units and energy expenditures by:

* Tenure (owner or renter)
* Year of first construction
* Number of units in the building
* Housing unit primary heat type

### Definition of Energy Burden

Household energy burden is the percent of average housing energy expenditures to average household income. It includes expenditures on fuels use for home heating and power, such as electricity, natural gas, propane and wood. It does not include non-utility and transportation-related costs.

### Data sources

The DOE LEAD Tool uses the U.S. Census Bureau's American Community Survey (ACS). The current data set uses 2022 Public Use Microdata Samples averaged over five years (2016-2020). Like all U.S. Census Bureau data, the ACS survey data is self-reported. In other words, the survey asks about household energy use and expenditures and the respondent identifies their energy they use and monthly energy expenses. Energy prices and use can fluctuate greatly and respondents may overestimate or underestimate their energy costs. DOE calibrates the data using the U.S. Energy Information Administration's electric utility (Survey Form 861) and natural gas utility (Survey Form 176) data to correct for these errors as best as possible with readily available data. Any analysis using the DOE LEAD Tool should keep in mind that while the tool provides a good guesstimate of energy burden, the tool does not have access to actual utility rates and could be improved with that data.

Commerce will complete this section of the report in the second draft to be posted on Sept. 27, 2022.

# Summary of Energy Assistance Programs

## A brief history

The utility assessments conducted under Sec. 120 represent the first statewide review of low-income energy assistance programs. Over a quarter of these energy assistance programs have their origins in the 1980s when the federal and state government took deliberate actions to encourage electric utilities to conserve energy and provide reduced rates for low-income households. State law clarified that public utilities could provide direct bill assistance to low-income seniors and later low-income disabled persons, but it did not include all low-income households until 1998.[[3]](#footnote-3) Many of these legacy bill assistance programs remain the only bill reduction programs offered by utilities and closed to all low-income households. In addition, roughly half of all bill assistance programs created in the last 20 years are not open to all low-income households. These legacy programs, other mechanisms to reduce energy burden, and utility plans for the future are discussed below.

## Programs and mechanisms to reduce energy burden

### Energy efficiency

Energy efficiency programs include weatherization, conservation and efficiency services intended to specifically reduce the energy burden of low-income households. One of the strengths of energy efficiency lies not in its immediate impact on a low-income household's energy burden, but rather their long-term reductions in energy burden. Based on data submitted by utilities, Commerce estimates that every dollar spent on energy efficiency results in an $X annual reduction in a households energy burden, and $X reduction over the life of the measure. Additional benefits include improved health and wellbeing and higher property values. Energy efficiency programs have higher administration and operation costs, but also create more jobs than bill assistance programs.

### Arrearage forgiveness

Arrearage forgiveness offers another approach to reducing the energy burden of low-income households that have fallen behind on their energy bills. The number of households with arrears are likely a growing portion of the state's burdened customers following the COVID-19 pandemic and subsequent economic recession.

### Direct customer ownership in distributed energy resources

Energy assistance may include direct customer ownership in distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other available conservation and demand-side measures.[[4]](#footnote-4)

## Washington State Programs

### Program types

Washington utilities reported serving low-income households with a mix of bill assistance and energy efficiency programs in 2019 and 2020. 52 rate-based bill assistance programs and 42 rate-based energy efficiency programs were reported to serve low-income households in 2019 through 2020. Most utilities offer one-or-more rate-based bill assistance programs and energy efficiency programs serving low-income households. Municipalities and a few other utilities did not report offering energy efficiency programs.[[5]](#footnote-5) No rate-based arrearage forgiveness programs were reported. Two renewable energy programs were reported as contributing to rate-based energy assistance for low-income households.[[6]](#footnote-6) 23 donation-based bill assistance programs were reported as serving low-income households.

### Eligibility requirements

Roughly 2/3 of rate-based programs reported are open to low-income households. The other 1/3 reported programs only serve low-income households that meet additional criteria. With the exception of Snohomish County PUD No 1 and Clark County PUD No 1, public utility districts only offer rate-based bill assistance programs to "low-income plus" households; they do not offer rate-based bill assistance programs to all their low-income customers. This contrasts with investor owned utilities, which combined only offer one low-income plus program. Four municipalities and one cooperative offer only low-income plus programs.[[7]](#footnote-7) Low-income households are eligible for all energy efficiency programs and most donation-based programs.

The exact number of programs that comport with Commerce's definition of "low-income" is not known. [[8]](#footnote-8) Utilities were asked to only submit programs that comply with this definition, and Commerce assumes that all reported programs do.

## Reported successes and challenges

Utilities reported the cost of labor and materials for energy efficiency projects as a key challenge for energy efficiency programs. Other common challenges included time-consuming application processes, incomplete paperwork, extensive documentation requirements, lack of public awareness about program offerings, and fluctuations in available funding from donation-based programs. Utilities thought their programs were overall successful at reducing energy burden for low-income households.

## Short and long-term plans

### Utilities establishing their first rate-based energy assistance programs

Kittitas County PUD No 1, the City of Chewelah, Big Bend Electric Coop, Benton Rural Electric Assn, Columbia Rural Electric Assn, Okanogan Electric Coop did not have rate-based energy assistance programs prior to July 1, 2021. These utilities are now establishing their first rate-based energy assistance programs. They reported that they plan to identify energy assistance need in their service areas.

### Public utility districts and municipalities tweaking or restructuring programs

Public utility districts and municipalities are generally taking actions to either tweak or restructure their rate-based programs. There is no common set of actions among COUs. A few utility specific examples include:

* Clark County PUD No 1 adding an arrearage forgiveness program and intends to revise its energy efficiency programs in 2023.
* Cowlitz County PUD No 1 is assessing its customer demographic data to ensure eligibility requirements, income limits, and discount rates are applicable to vulnerable populations and highly impacted communities with high energy burden. It is also making program adjustments in response economic pressures, customer access constraints and identified gaps for customers with high energy burden that are ineligible for other energy assistance resources.
* Mason PUD No 3 hired a consultant to build the utility an energy assistance dashboard and evaluate their programs. They intend to use the dashboard to identify and reach out to vulnerable populations, and will partner with their community action council to offer low income residential energy efficiency programs and assistance.
* Pend Oreille County PUD No 1 will engage members of the Kalispel Tribe of Indians, low-income households, and seniors living in poverty, and plans to work with landlords and multi-family housing owners on potential conservation measures.
* Snohomish County PUD No 1 is currently planning to streamline enrollment for its income qualified discount program. The utility plans to add to its partnerships LIHEAP and DSHS to include a partnership with IQA in health care to limit redundancies and reach all areas across the utility's service area.
* Seattle City Light is modernizing its application process by adding an enterprise content management system that will bring together previously siloed programs into a “one-stop shop” for customers.

A handful of PUDs continue to evaluate what to do.[[9]](#footnote-9) A few PUDs and small cooperatives and cities aim to maintain their programs.[[10]](#footnote-10)

### Broader, deeper reforms in IOU programs driven by SB 5295 (2021)

IOUs are subject to both Sec. 120 and [RCW 80.28.068](https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.068). RCW 80.28.068 is driving structural reforms that aim to increase funding, availability, and access to low-income programs. Investor-owned utility plans under Sec. 120 reflect these structural reforms.

Avista is restructuring its LIRAP program from a grant based program to a discount based program, and updating its definition of low-income to align it with Sec. 120 and [RCW 80.28.68](https://app.leg.wa.gov/RCW/default.aspx?cite=80.28.068). The latter change will expand program eligibility. The program will be structured as tiered bill discount that will scale benefits to energy burden. The redesigned program will utilize self-attestation to streamline the income verification process. A limited number of documents will be required to enroll in the program and the company is proposing expanding the timeframe for submitting those documents. Avista will serve as a joint administrator for customer enrollments, which will provide a new point of access for customers seeking assistance. The company is in the process of designing targeted conservation programs that will be offered to energy burdened, vulnerable and highly impacted communities.[[11]](#footnote-11) Utility staff intend to use 2022 as a planning year to develop appropriate strategies and program design concepts, with the roll out of these programs in 2023.

PacifiCorp will expand the income thresholds of its programs to the greatest of 80% AMI or 200% FPL. The utility is changing the method of calculating its discount from applying credit to monthly usage in excess of 600 KWh to a straight percentage discount of the net monthly bill. It eliminated an annual cap on its programs, which will make the program available to all income eligible customers. PacifiCorp has proposed revisions to its Weatherization program. These revisions include an increase of funds available for repairs from 15% to 30% of annual eligible measure cost, and to permit installation of electric heat to replace permanently installed electric heat, space heaters, or any fuel source except natural gas.

Puget Sound Energy (PSE) is proposing a new low-income bill discount rate program pursuant to [RCW 80.28.068](https://app.leg.wa.gov/RCW/default.aspx?cite=80.28.068). The program has been designed to reduce the monthly PSE bill for customers who have the highest energy burdens. It is also proposing an arrearage management program which will forgive one-twelfth of a customer's arrearage with each on-time monthly payment, effectively paying off any past due balance after one year of on time payments. The company has proposed an income validation process that relies on limited documentation and customer's self-attestation for its PSE Help and bill discount programs. It is updating its web translation services to support more languages, and is leveraging findings from its Low Income Needs Assessment and Dept. of Health's cumulative impact assessment to inform program design and customer engagement.

# 

# 

# Current Expenditures on Assistance Programs

(See expenditures spreadsheet)

# Outreach and Enrollment

## Utility Outreach and Enrollment Strategies

Sec. 120 challenges utilities to take a more intentional, data-driven approach to community engagement and enrollment than they have previously. The statute asks utilities to assess their ability to identify eligible households, offer linguistically and culturally appropriate enrollment campaigns, and make enrollment easy and fast. Utilities have never kept demographic data on their customers and traditionally left income-verification and outreach to a few trusted community organizations, mainly community action partnerships (CAPs). Improving data, involving communities that have historically not been invited to participate in utility decision-making processes, and accessing existing state and federal resources to identify eligible households and streamline enrollment will be important next steps toward making programs accessible.

### Traditional outreach and enrollment tools

CAPs

Electric utilities have traditionally relied on community action partnerships (CAPs) to conduct outreach and verify the income status of low-income households. CAPs help administer federal and state low-income assistance programs. Their regular interactions with low-income households and presence in all 39 Washington counties make them a natural fit for identifying eligible participants for utility programs. However, CAPs can be understaffed and overwhelmed with federal and state programs and requirements, leading to long wait times and delays in processing utility program applications. The requirement to see a CAP also adds an additional step in the application process. Those households that do get an appointment may wait in line at a CAP only to fill out a large stack of paperwork. Many households may not have the time or wherewithal to submit the required paperwork and therefore won't receive needed assistance.

Local organizations and community events

Many utilities report partnerships with local organizations to conduct outreach for their programs. Municipal utilities and cooperatives reported partnering with local organizations, such as churches, schools, libraries, and other municipal agencies, to steer customers to utility assistance programs. Similarly, PUDs reported using countywide organizations and events, such as county fairs and garden shows, to promote their energy assistance programs. These organizations may be resources for some communities, but not others. It is important that utilities reach out to community organizations that have not traditionally been part of their outreach efforts.

### Additional tools

Mapping tools

IOUs and some COUs have since the enactment of Sec. 120 created mapping tools to identify low-income households using utility bill information, Census data, and purchased third party data. These tools provide utilities insights into the demographics and energy burden data of its customers, which allows these utilities to better tailor and target their programs to their low-income households. The downside of these tools is that they can be expensive for individual utilities to create and maintain and may not share the same assumptions about household energy burden. Some utilities have found ways of using in-house resources and the DOE LEAD Tool to accomplish the similar objectives.[[12]](#footnote-12)

Using state and federal program resources to identify eligible households

Commerce is currently exploring options of using DSHS and the state LIHEAP program to help identify eligible households and streamline enrollment. Its findings will be included in the second draft of this report to be shared at the Sept. 27, 2022 public workshop.

## Additional findings

Sec. 120 requires utilities to assess their outreach strategies used to encourage participation of eligible households, including consultation with community organizations and Tribes as appropriate. It also requires utilities to evaluate their comprehensive enrollment campaigns that are linguistically and culturally appropriate to the customers they serve in vulnerable populations.[[13]](#footnote-13)

### Consultations with Community-Based Organizations

There are distinctly different consultation practices between IOUs and most COUs. IOUs are required to maintain and regularly engage with external community organizations and representatives of low-income communities through energy advisory groups and low-income organizations.[[14]](#footnote-14) All three of the IOUs consulted these advisory groups, which include members of community-based organizations. From these consultations they gained insights about the communities they serve and adjusted their programs to better serve them.

The Sec. 120 assessments submitted by COUs show that COU consultations with community-based organizations occur less frequently, are less inclusive of a diverse set of community-based organizations, and result in fewer program changes tailored to their low-income communities. COUs are not required to maintain low-income or equity advisory groups, and Commerce is unaware of any COUs that maintain and regularly engage with low-income or equity advisory groups.[[15]](#footnote-15) Like IOUs, COUs interact with their traditional community partners, like CAPs, who administer their programs on a day-to-day basis. A few COUs hold annual or semi-annual meetings with community partners to gather input for their energy assistance programs.

### Consultations with Tribes

Sec. 120 requires utilities to assess the outreach strategies utilities use to encourage participation from eligible Tribal members if applicable. Most utilities did not mention outreach strategies used to encourage participation of Tribes. PSE mentioned that it has launched a Tribal no-cost Home Energy Assessment and small business direct install initiatives with Lummi Nation in Whatcom County. Klickitat County PUD No 1 and Mason County PUD No 1 mentioned they currently work with Tribes and will continue to do so. Okanogan County PUD No 1 mentioned that it is working toward connecting with Tribes. Pend Oreille County PUD No 1 noted that the Kalispell Tribe is a highly impacted community and will be a partner for future conservation programs. Lewis County PUD No 1 noted it had no Tribes in its service area.

### Comprehensive Enrollment Strategies for Vulnerable Populations

Sec. 120 requires utilities to assess their comprehensive enrollment campaigns that are linguistically and culturally appropriate to the customers they serve in vulnerable populations. Most utilities reported having bilingual or multilingual outreach materials and interpenetration services. Those that did not often indicated that they were developing these materials.

### Underserved Populations

The Sec. 120 reporting form requested utilities to identify underserved populations in their service areas. Utilities generally identified rural populations, renters, Tribes, and non-English speaking households as being underserved.

# Evaluation of Additional Mechanisms

## Evaluation Methodology

Sec. 120 requires Commerce to evaluate additional mechanisms for energy assistance including, but not limited to, customer rates, a low-income specific discount, system benefits charges, and public and private funds. Commerce will be spending time between the first and second drafts developing this section. As with all the sections, Commerce welcomes ideas for and feedback on this section during both the first draft and second draft comment periods.

### A low-income specific discount

Description

A low-income specific discount means a lower kilowatt hour rate or percentage discount on a household's electricity bill.

Strengths

Low-income specific discounts are good at targeting benefits to low-income household. They are easy to administer and tweak to fit program goals. Washington utilities have long been administering these discounts, and a few have started offering tiered discounts to better scale benefits to household income.

Drawbacks

Low-income specific discounts do not directly address energy consumption and could lead to changes in rates for other customers, including low-income households who do not participate in the program.

### Customer rates

Description

A group of ideas that might exist that aren't specifically in the low-income specific discount. For example, a utility could provide a waiver or reduction of any sort of fixed charge. Changes to customer rates may also include updating rate design to make electric service more affordable for eligible households. For instance, if low-income customers tend to have less energy consumption, an increased blocked rate structure could help all customers with low-levels of energy consumption and low-income customers to the extent they are in that group.

Strengths

If you are changing the per kilowatt hour rate, you will not be addressing fixed charges on the household's bill. Rate changes may have a significant impact on energy burden for low-income customers with higher energy burden.

Drawbacks

A rate structure for electricity would not address burden from natural gas, wood, or propane. It can be burdensome to make rate design changes. Other mechanisms may be easier to adjust. A rate discount for some customers may lead to rate changes for other customers. This could include low-income customers who are not enrolled in the program. Rate design may also not be supportive of efforts to improve energy efficiency.

### System benefits charge

Description

A system benefits charge would pool resources across utilities to fund energy assistance programs statewide. Funding would come from a uniform charge on utilities. Other states use system benefits charges for energy efficiency, but it could be used for bill assistance.

Strengths

There are many areas of Washington with high energy burden and small rate bases. Addressing energy burden in these areas would likely require steeper rate increases than in other parts of the state. A system benefits charge would avoid this outcome by sharing resources across utilities to address energy burden statewide. A systems benefits charge could address total energy burden and not just energy burden from electricity. In addition, a single system could also streamline income-verification, enrollment, and outreach. It could make easier to collect data on statewide data on energy burden. A systems benefit charge program could maintain on low-income households information.

Drawbacks

A centrally administered program could have higher administrative costs. Like other proposals, a system benefits charge does not address energy burden for low-income customers who do not sign up for the program and could raise rates for them.

### 5% revenue threshold

Description

In 2021, the Washington Legislature passed [SB 5295](https://app.leg.wa.gov/billsummary?BillNumber=5295&Initiative=false&Year=2021), which permits the Utilities and Transportation Commission (UTC) the authority to approve, disapprove, or approve with modifications:

Any proposal to recover from ratepayers up to five percent of the total revenue requirement for each year of a multiyear rate plan for tariffs that reduce the energy burden of low-income residential customers including, but not limited to: (a) bill assistance programs; or (b) one or more special rates. For any multiyear rate plan approved under this section resulting in a rate increase, the commission must approve an increase in the amount of low-income bill assistance to take effect in each year of the rate plan where there is a rate increase. At a minimum, the amount of such low-income assistance increase must be equal to double the percentage increase, if any, in the residential base rates approved for each year of the rate plan. The commission may approve a larger increase to low-income bill assistance based on an appropriate record.

The Washington Legislature could build on this law and require utilities fund their low-income energy assistance programs equal to five percent of their annual revenues. Expenditures above the five percent threshold could be funded by the state through public utility tax mechanism.

Strengths

This proposal would scale the amount of rate-payer funds available for low-income energy assistance by utility revenues and provide state funding to meet additional energy assistance need. Like the system benefits charge, it could be an effective mechanism to help utilities located in areas of the state with high energy burden.

Drawbacks

Utilities may need to raise rates to meet the 5% revenue threshold before the state funding would become available. Low-income customers who do not participate in the program and non-low-income households could see rate changes.

### Extend the provisions in RCW 80.28.068 to COUs

Description

This bill would extend provisions in [RCW 80.28.068](https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.068) to COUs. This would include requiring COUs to offer bill discounts, grants, as well as other low-income assistance programs to all low-income households. COUs would be required to make reasonable and good faith efforts to seek approval for low-income program design, eligibility, operation, outreach, and funding proposals from low-income and equity advisory groups before seeking approval from utility governing boards. Low-income discounts or grants approved under this law would have to be provided in coordination with community-based organizations in the COU's service territory including, but not limited to, grantees of the Department of Commerce, community action agencies, and community-based nonprofit organizations.

COUs would be required to conduct substantial outreach efforts to make the low-income discounts or grants available to eligible customers. Such outreach:

(a) Shall be made at least semiannually to inform customers of available rebates, discounts, credits, and other cost-saving mechanisms that can help them lower their monthly bills for gas or electrical service; and

(b) may be in the form of any customary and usual methods of communication or distribution including, without limitation, widely broadcast communications with customers, direct mailing, telephone calls, electronic communications, social media postings, in-person contacts, websites of the gas or electrical company, press releases, and print and electronic media, that are designed to increase access to and participation in bill assistance programs.

Outreach may include establishing an automated program of matching customer accounts with lists of recipients of the means-tested public benefit programs and, based on the results of the matching program, to presumptively offer a low-income discount rate or grant to eligible customers so identified. However, the COU must within 60 days of the presumptive enrollment inform such a low-income customer of the presumptive enrollment and all rights and obligations of a customer under the program, including the right to withdraw from the program without penalty.

COUs would be required to report on their efforts to the Department of Commerce and subject to audit from the State Auditor.

Strengths

Most COU bill assistance programs are only available for low-income plus customers and this proposal would require utilities to offer a bill discount for all low-income customers. It would improve require more community engagement and input into low-income program design, eligibility, operation, outreach and funding. It would also permit utilities to engage in automated program matching to help more people and streamline enrollment.

Drawbacks

There would need to be strong requirements and guidelines for how utilities establish their low-income and equity advisory groups to ensure these groups accurately reflect individuals and community organizations who have traditionally not been consulted or involved in utility decision-making.

### Public and private funds

Description

Public funds are understood to refer to state general funds. Private funds are understood to mean new or innovative ways to receive customer donations.

Strengths

These resources do not create rate pressure.

Drawbacks

Public funds are subject to allocation through the legislative process and donation-based programs are unreliable.

Other opportunities Commerce may explore in its second draft report:

* Arrearage forgiveness
* Distributed energy resources, i.e. community solar
* Utility discount for participation in demand response programs
* Energy efficiency services for renters

# Mechanisms to Prioritize Energy Assistance to Low-Income Households with a Higher Energy Burden

Commerce did not work on this section of this section in the first draft of its report. It will provide a draft of this section at its next public workshop on Sept. 27, 2022.

* Tiered incentives
* Improve existing data resources
* Consider needs assessment results and tailor outreach to underserved populations
* Streamline application process

1. [RCW 74.38.070: Reduced utility rates for low-income senior citizens and other low-income citizens. (wa.gov)](https://app.leg.wa.gov/rcw/default.aspx?cite=74.38.070) [↑](#footnote-ref-1)
2. Clark County PUD No 1 and Snohomish County PUD No 1 are the only public utility districts that have a rate based program open to all low-income households. [↑](#footnote-ref-2)
3. [RCW 74.38.070](https://app.leg.wa.gov/rcw/default.aspx?cite=74.38.070) [↑](#footnote-ref-3)
4. [RCW 19.405.020(15)(b)](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.020) [↑](#footnote-ref-4)
5. Town of Steilacoom, City of Coulee Dam, Vera Water & Power, Wahkiakum County PUD No 1, Orcas Power and Light, Skamania County PUD No 1. [↑](#footnote-ref-5)
6. Mason PUD No. 1 and Orcas Power and Light Co. [↑](#footnote-ref-6)
7. These include, Benton Rural Electric Association, City of Coulee Dam, City of Richland, Town of Steilacoom. The City of Richland mentioned in its energy assistance report that it would be revisiting its program design. [↑](#footnote-ref-7)
8. "Low-income" means household incomes that do not exceed the higher of eighty percent of area median income or two hundred percent of federal poverty level, adjusted for household size. [↑](#footnote-ref-8)
9. Ferry County PUD No 1, Jefferson County PUD No 1, Klickitat County PUD No 1, Mason PUD No 3, Pacific County PUD No 2 [↑](#footnote-ref-9)
10. Lewis County PUD No. 1 [↑](#footnote-ref-10)
11. See Docket Nos. UE-210826 and UG-210827 [↑](#footnote-ref-11)
12. Cowlitz County PUD No 1 and Benton County PUD No 1 both used Census data and in-house resources to identify and map energy burden and other important energy assistance metrics. [↑](#footnote-ref-12)
13. [RCW 19.405.120: Energy assistance for low-income households. (wa.gov)](https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.120) [↑](#footnote-ref-13)
14. [RCW 80.28.068: Rates—Low-income customers. (wa.gov)](https://app.leg.wa.gov/rcw/default.aspx?cite=80.28.068) [↑](#footnote-ref-14)
15. Commerce is aware of Franklin County's Rate Advisory Committee, which is made up of ratepayers from all different rate classifications. It is not low-income advisory committee or equity advisory group. [↑](#footnote-ref-15)