

Mission Statement:

The UTC protects consumers by ensuring that utility and transportation services are fairly priced, available, reliable, and safe.



Washington Utilities and Transportation Commission

Low Income Issues

Prepared for: The Kyrgyz Republic SEA

Joelle Steward, Regulatory Analyst
December 2003

Presentation Outline

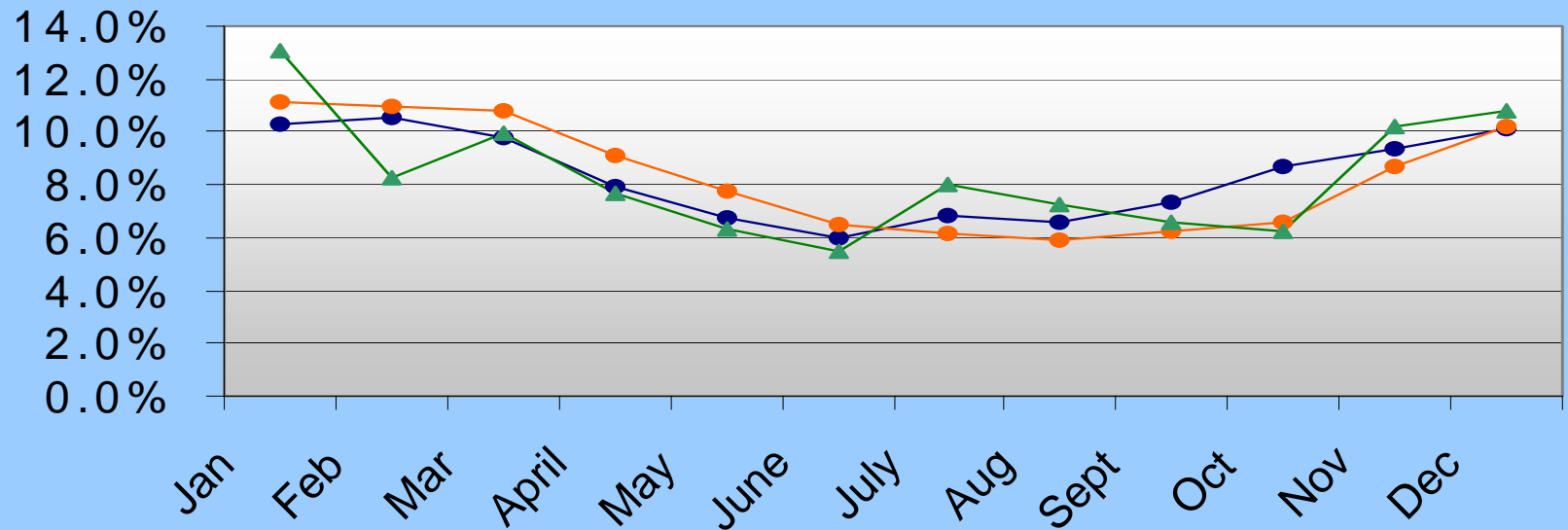


-
- Overview of residential class
 - Federal low income energy program
 - Washington State Legislation
 - Utility Programs
 - Best Practices

Residential Electricity Consumption by Company

Monthly Residential Load as a Percent of Annual Load

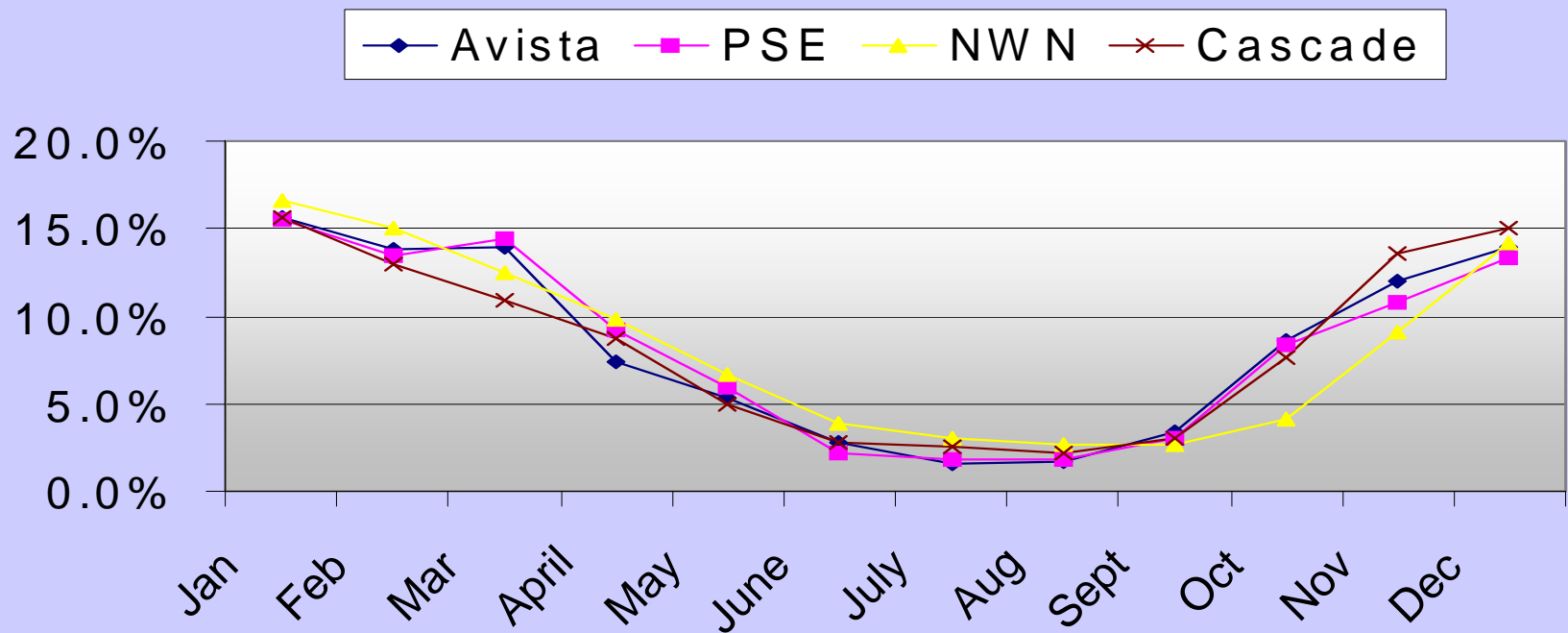
—●— Avista —●— PSE —▲— PacifiCorp



Residential Gas Consumption by Company



Monthly Residential Load as a Percent of Annual Residential Load



Uncollectibles

Residential Uncollectibles as a Percent of Residential Revenues

	Residential Revenue \$	Residential Uncollectibles \$	Residential Uncollectibles as a % of Revenue
Avista	192,597,350	2,051,227	1.07%
PacifiCorp	76,249,502	1,089,238	1.43%
PSE	1,056,228,951	10,385,149	0.98%
Cascade	95,966,528	495,460	0.52%
NW Natural	26,920,467	190,385	0.71%

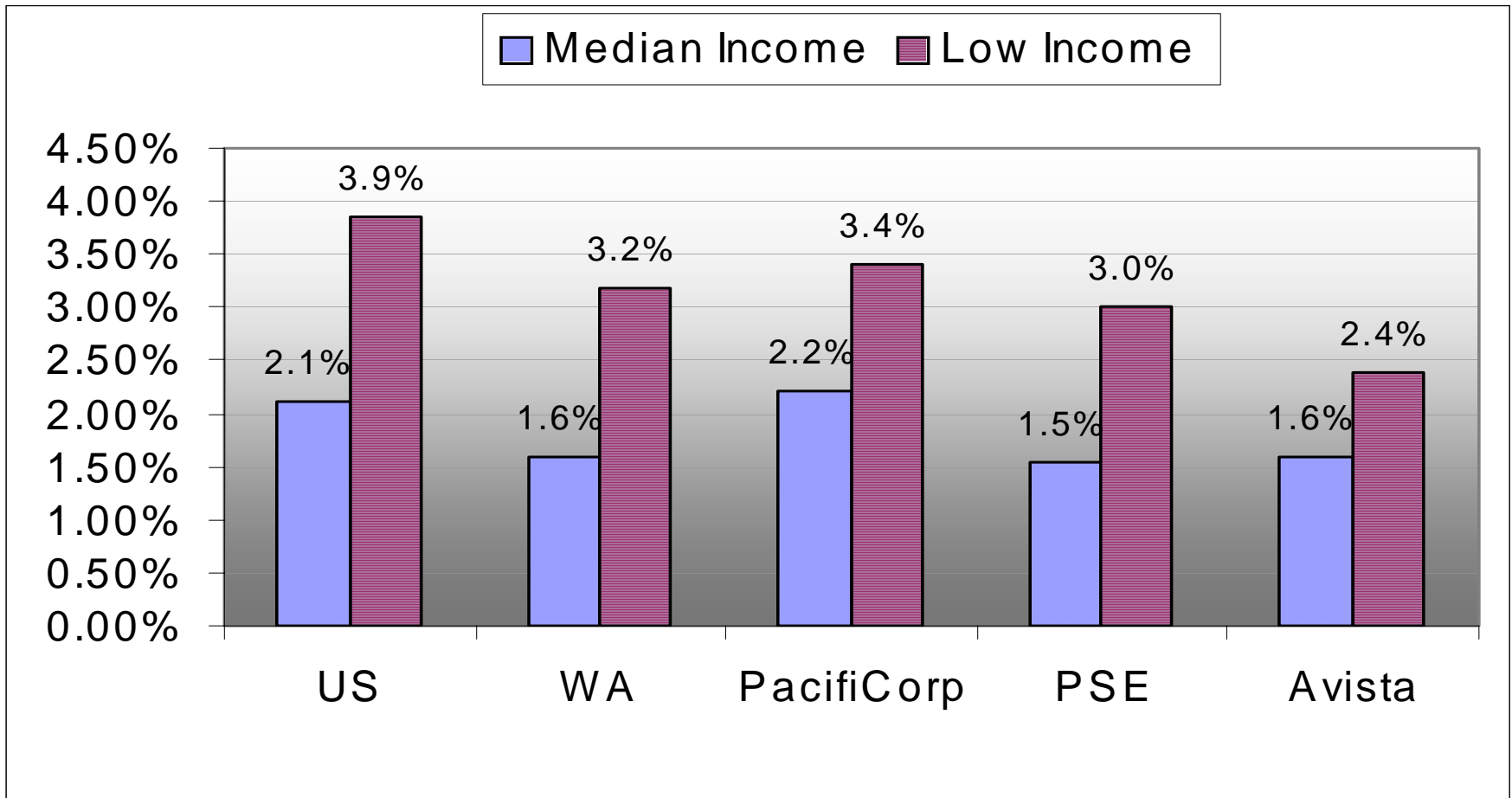
Source: The companies and FERC Forms 1 & 2 (2001)

Federal Poverty Levels

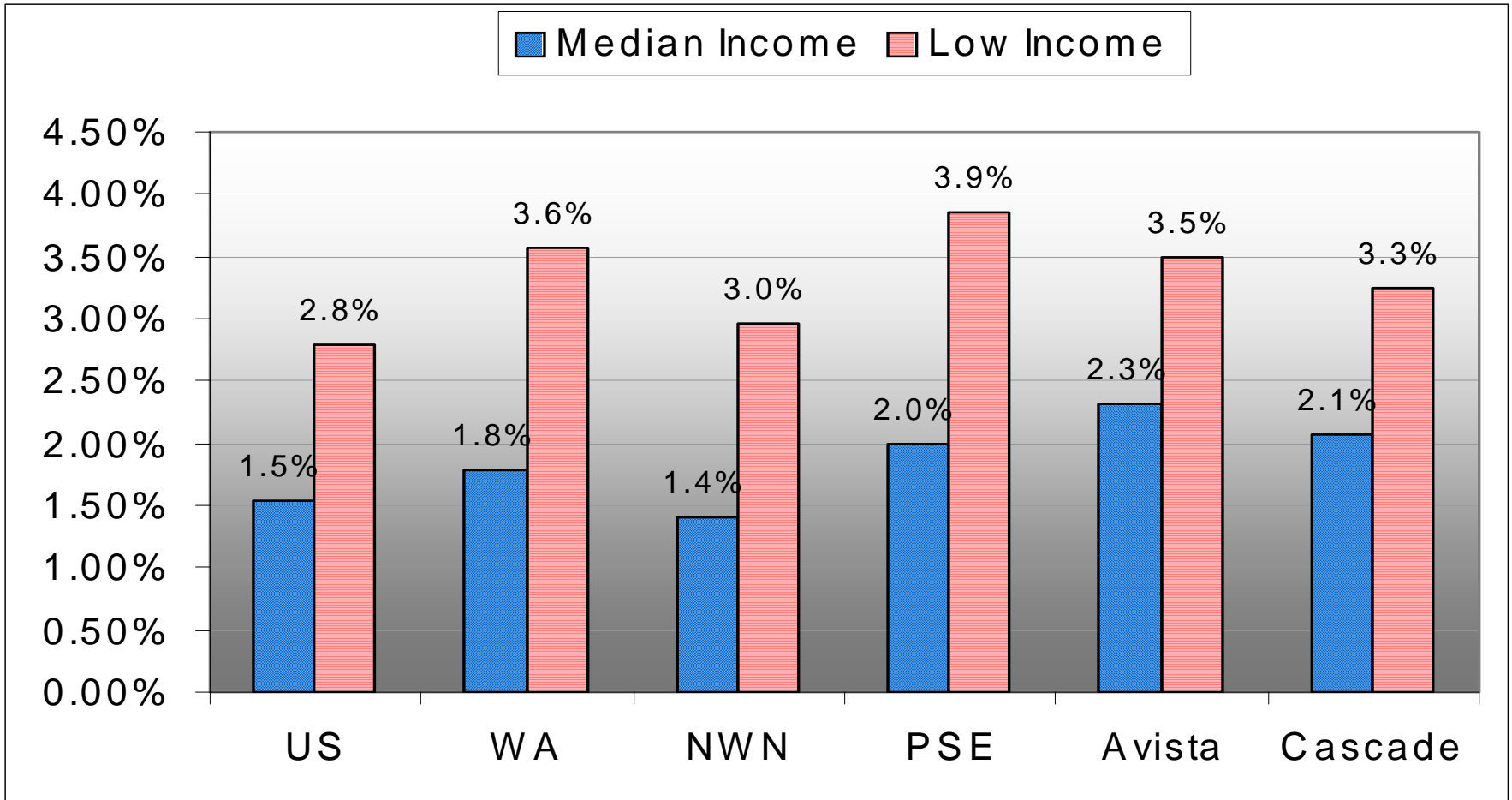
- Developed annually by Department of Health and Human Services
- Used for determining financial eligibility for certain federal programs
- Persons below poverty:
 - in US - 12.4%
 - In WA - 10.6%

2003 HHS Poverty Guidelines		
Size of Family Unit	Poverty Level	125% of Poverty Level
1	\$8,980	\$11,225
2	12,120	15,150
3	15,260	19,075
4	18,400	23,000
5	21,540	26,925
6	24,680	30,850

Energy Burden - Electricity



Energy Burden – Natural Gas



Federal Low Income Assistance



-
- LIHEAP = low income home energy assistance program
 - Provides bill payment assistance, energy crisis assistance and weatherization
 - Provides the highest level of assistance to the lowest income families with the highest energy consumption, taking into account family size
 - In 2003, Congress allocated \$1.7 billion to states

LIHEAP in Washington



- WA allotted \$34 million in 2003
- Administered by 27 community-based organizations under contract with the state
- Grant amount covers 50% to 90% of actual heating costs
- Average household benefit last winter \$379
- Serves 20% of eligible population

Washington Legislation



- Winter moratorium.
 - Utility service for residential space heating may not be terminated between Nov 15 and March 15
- 1999 Law authorizing rates for low income customers.
 - Allows commission to approve rates rates for low-income customers and allows recovery of lost revenues.
- 2001 Utility tax credits for low income assistance programs.

Avista

-
- Similar grant formula as LIHEAP
 - \$3 Million annual (0.79% of revenue)
 - Funded through surcharge on energy rate
 - residential monthly cost \$0.43 electric & \$0.51 gas
 - ~8100 Participants per year (20% of eligible population)
 - Average grant amount of \$176

Puget Sound Energy



-
- Similar grant formula as LIHEAP
 - \$8.9 Million annually (0.7% of revenue)
 - Funded through surcharge on energy rate
 - residential monthly cost \$0.34 electric & \$0.28 gas
 - 19,000 Participants per year (14% of eligible population)
 - Average grant amount \$300

PacifiCorp

Provides credit to the tail block rate (usage over 600 kWh) from November through April

Income Level to FPL	Energy Credit (cents/kWh)	Average Monthly	Discount as % of average bill
0 – 75%	3.5	\$32.51	42%
76 – 100%	2.355	\$21.88	28%
101-125%	1.472	\$13.67	18%

PacifiCorp (cont'd)

- \$550,000 annually (0.3% of revenue)
- Funded by monthly fixed surcharge:
 - Residential customers - \$0.23
 - Commercial customers - \$0.63
 - Industrial customers - \$75.00
- 2400 Participants per year (11% of eligible population)

PacifiCorp (cont'd)

- Low Income Program evaluated in 2003
- Found to decrease energy burden 12.7%
- Found utility is saving ~\$330,000 annually through
 - Reduction in arrearages and carrying costs
 - Reduction in collection costs (e.g., notices, shut-offs)

Low Income Weatherization Programs



- State Energy Matchmakers Fund – since 1987, weatherized 33,000 homes for \$43 million

	Annual Budget	kWh Savings	Therm Savings
Avista	\$1,100,000	2,300,000	37,000
PSE	\$2,400,000	2,300,000	122,000
PacifiCorp	\$545,000	543,000	n/a

Best Practices

-
- Tiered benefit structure
 - Incorporation of energy education
 - Simple implementation for customer and utility
 - One-stop shop for services with community-based agencies
 - Similar eligibility rules for all programs
 - Grants paid directly to utilities