



BILL RELIEF THROUGH CUSTOMER ASSISTANCE PROGRAMS

PRESENTED BY:

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Informational Update

AGENDA



- **OVERVIEW OF CURRENT BILL RELIEF PROGRAM**
- **IMPACT OF CURRENT BILL RELIEF PROGRAM ON ENERGY BURDEN**
- **POTENTIAL SCENARIOS TO CONSIDER**
- **IMPACT ON BILLS, ENERGY BURDEN, & FUNDING**

CURRENT PROGRAM

AFFORDABILITY DISCOUNT PROGRAM (ADP)



OVERVIEW

- The existing affordability program provides customers a flat monthly discount of \$16.14/month & supports over 60,000 customers
 - Electric bill discount: \$11.67/month (65,000 customers)
 - Gas bill discount: \$4.47/month (44,000 customers)
- The program is funded through base rates at ~\$11.6M/year
- The cost is recovered from all customers with residential customers contributing ~62¢ per monthly bill to fund the program
 - (bill impacts for all customer classes on appendix slide 16)

ELIGIBILITY CRITERIA

- Income at or below 125% of federal poverty guidelines and one of the following:
 - Be 60 years old or older
 - Have a disability
 - Use life-sustaining medical equipment
 - Have pre-school aged children or school children age 18 and under
 - Have extenuating circumstances as determined by CPS Energy or the City of San Antonio

ENERGY BURDEN



DEFINITION

- The American Council for an Energy-Efficient Economy (ACEEE) has established thresholds for energy burden:
 - **High energy burdened customers** are those households that spend **6% or more** of total income on electricity & gas costs
 - **Severe energy burden customers** spend **10% or more** of total household income on electricity & gas costs

CALCULATION

- The annual energy burden is calculated by dividing the total energy bill (electric and gas) by the total household income.

$$\text{Annual Energy Burden} = \frac{\text{Annual Electric} + \text{Annual Gas Costs}}{\text{Annual Household Income}}$$

ADP IMPACT ON ENERGY BURDEN



$$\text{Annual Energy Burden} = \frac{\text{Annual Electric} + \text{Annual Gas Costs}}{\text{Annual Household Income}}$$

ASSUME TYPICAL GAS & ELECTRIC CUSTOMER IN FIRST INCOME QUINTILE

Before discount:	$\frac{\$1,380}{\$13,705}$	= ~10.1%	\$194/yr. Bill savings
Affordability Discount (Gas & Electric):	$\frac{\$1,186}{\$13,705}$	= ~8.7%	

ASSUME TYPICAL GAS & ELECTRIC CUSTOMER IN SECOND INCOME QUINTILE

Before discount:	$\frac{\$1,613}{\$35,976}$	= ~4.5%	\$194/yr. Bill savings
Affordability Discount (Gas & Electric):	$\frac{\$1,419}{\$35,976}$	= ~3.9%	

On average, the current program brings customers in the first quintile from severe to high energy burden.

WEATHERIZATION IMPACT ON ENERGY BURDEN



$$\text{Annual Energy Burden} = \frac{\text{annual electric} + \text{annual gas costs}}{\text{annual household income}}$$

ASSUME TYPICAL GAS & ELECTRIC CUSTOMER IN FIRST INCOME QUINTILE

Before discount:	$\frac{\$1,380}{\$13,705}$	=	~10.1%
Affordability Discount (Gas & Electric):	$\frac{\$1,186}{\$13,705}$	=	~8.7%
Affordability Discount and Weatherization assistance:	$\frac{\$692}{\$13,705}$	=	~5.1%

ASSUME TYPICAL GAS & ELECTRIC CUSTOMER IN SECOND INCOME QUINTILE

Before discount:	$\frac{\$1,613}{\$35,976}$	=	~4.5%
Affordability Discount (Gas & Electric):	$\frac{\$1,419}{\$35,976}$	=	~3.9%
Affordability Discount and Weatherization assistance:	$\frac{\$925}{\$35,976}$	=	~2.6%

Weatherization & ADP collectively bring energy burden below the high threshold for first quintile customers. We invest ~\$4,500 per home & customers save ~\$494/yr in energy costs.

Note: calculations use average income & average energy bills in these quintiles from Brattle. Brattle's income data is from 2019, but their calculations utilize our rates effective in Mar 2022.

CURRENT PROGRAM LIMITATIONS



CUSTOMERS SUPPORTED



- The current ADP program supports 65,000 customers
- There are an additional ~64,000 customers in the first income quintile that may be experiencing high to severe energy burden

LEVEL OF SUPPORT GIVEN



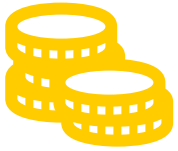
- ADP offers a flat monthly discount & does not scale with usage
- Our current program does not take into account usage or whether the home is energy inefficient.

ENROLLMENT & QUALIFICATION



- Qualifying and maintaining the list of eligible customers is a manual process
- For example, we are not notified when a household's income changes & they no longer meet the 125% federal poverty level

We know there is additional need in the community and the existing program can be expanded. Additional funding will have a bill impact & require rate support from all customers.



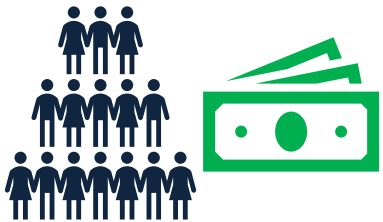
SCENARIO 1: INCREASE MONTHLY DISCOUNT

- Increase ADP discount by additional ~\$8 to \$16/month



SCENARIO 2: INCREASE NUMBER OF CUSTOMERS ASSISTED

- Assist ~32,500 to 65,000 additional customers



SCENARIO 3: TARGET 6% ENERGY BURDEN FOR 1ST QUINTILE CUSTOMERS

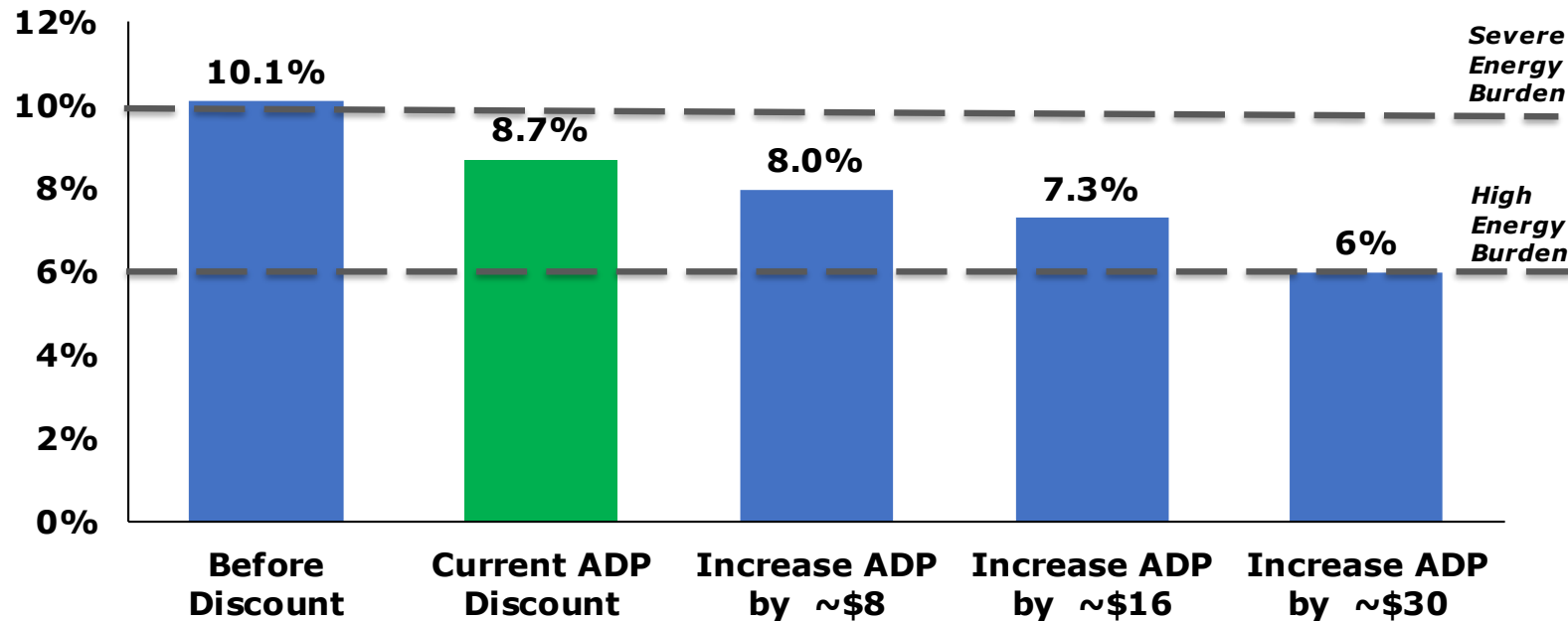
- Increase monthly discount by ~\$30
- & assist ~64,000 additional customers

POTENTIAL SCENARIOS

SCENARIO 1: INCREASE DISCOUNT



**Change in Energy Burden for 1st Quintile
by ADP Funding Scenario**



	<u>Monthly Assistance</u>	<u>Funding Level</u>	<u>Bill Impact*</u>
Current Program	\$16.14	~\$11.6M	-
Increase ADP by ~\$ 8	\$24.22	~\$17.4M	+31¢
Increase ADP by ~\$16	\$32.28	~\$23.2M	+62¢
Increase ADP by ~\$30	\$46.50	~\$33.4M	+\$1.77

For customers in lowest income quintile, the current program reduces energy burden from severe to high. To bring energy burden down to 6%, the discount would increase by ~\$30 & have a residential bill impact of ~\$1.77.

Note: Bill impact reflects the incremental impact to average residential electric & gas bills due to increased funding for the affordability discount program (ADP). All scenarios include funding for 65k electric bills and 44k gas bills.

SCENARIO 1 ALTERNATIVE

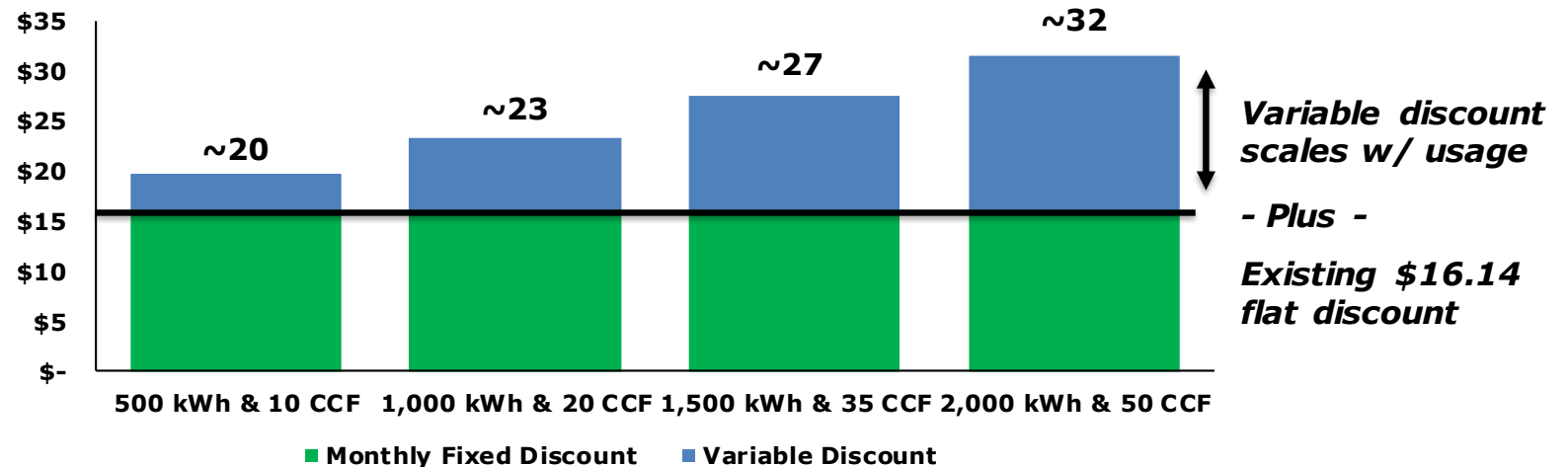
VARIABLE DISCOUNT



Keep the existing flat monthly **\$16.14** discount & add a **variable discount**. A variable discount would assist those with inefficient homes, those who have more people in the same home, etc. (Austin Energy uses this approach).

Monthly Assistance per Usage Level

Monthly Assistance	
Flat Discount	\$16.14
- Plus -	
Variable Electric Discount	0.55¢/kWh
Variable Gas Discount	8.8¢/CCF



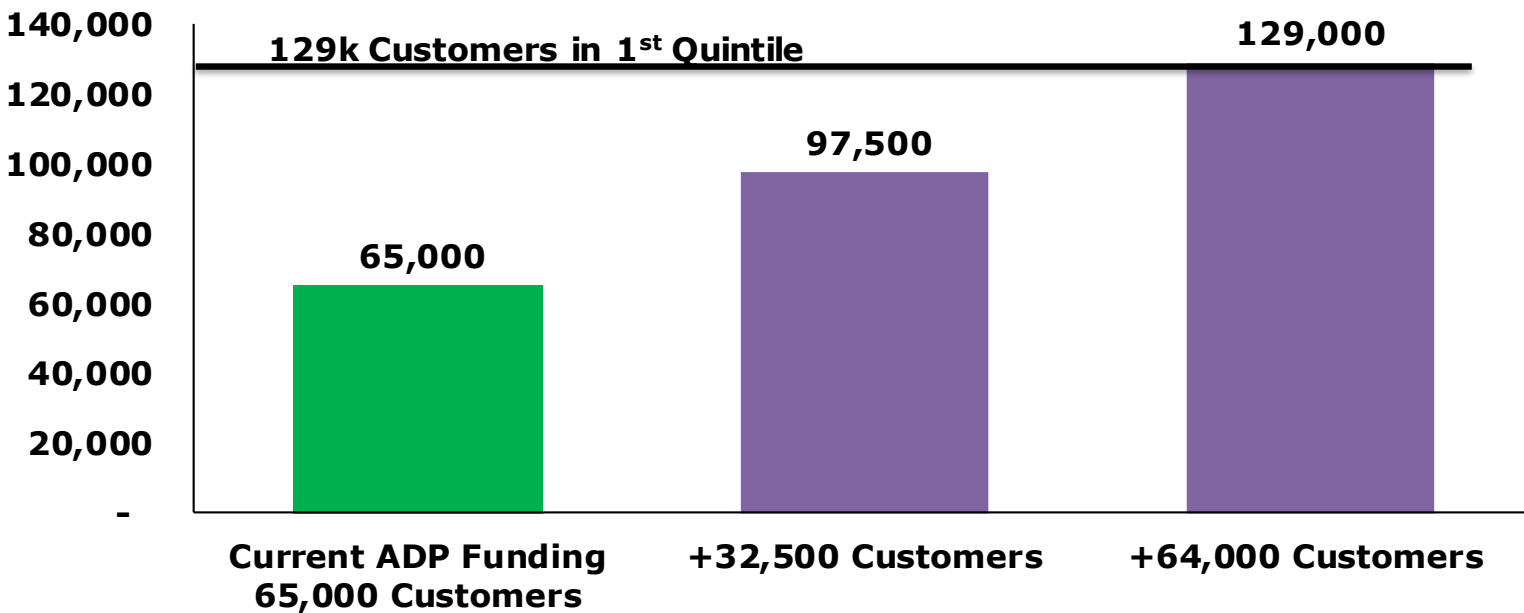
Adding a variable discount to the program allows the bill relief to scale with the customer's usage.

Note: the scenario in the chart assumes a program funding increase of 50% for the Affordability Discount Program (from ~\$11.6M program funding to ~\$17.4M funding)

POTENTIAL SCENARIOS



SCENARIO 2: EXPANDED ELIGIBILITY



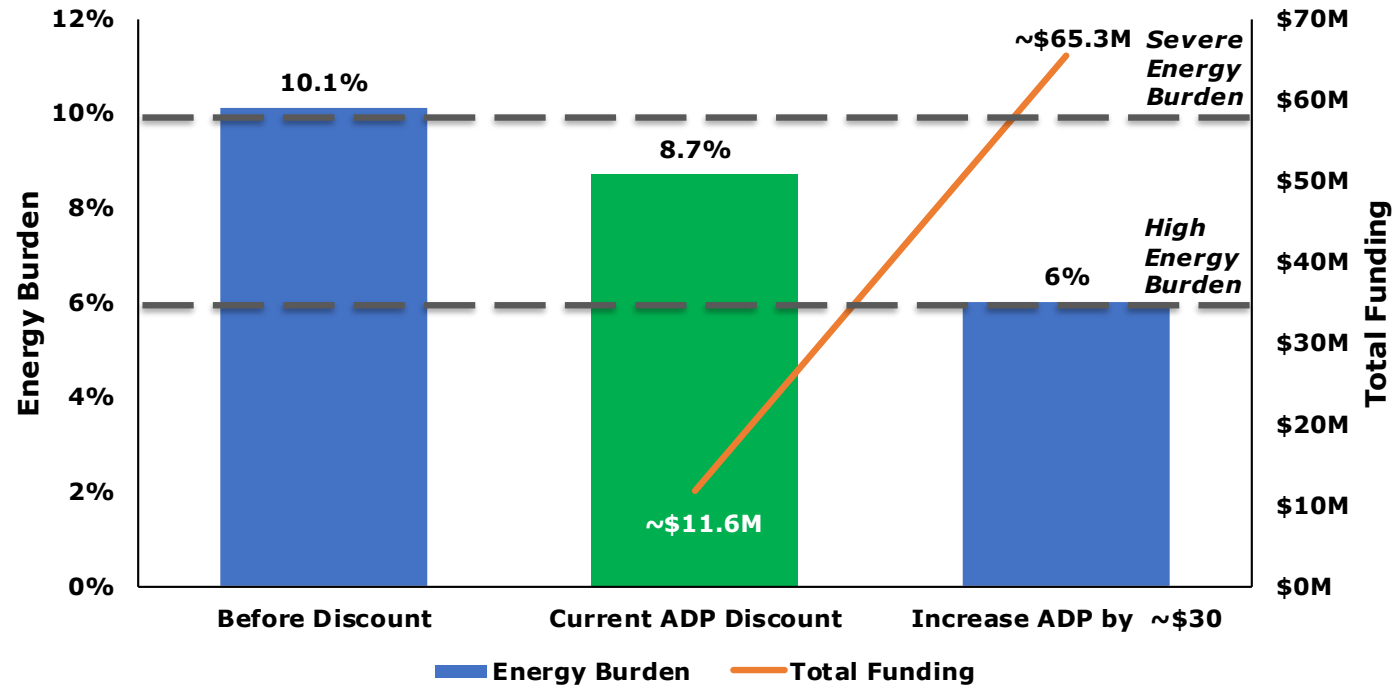
	<u>Monthly Assistance</u>	<u>Funding Level</u>	<u>Bill Impact*</u>
Current ADP Funding 65,000 Customers	\$16.14	~\$11.6M	-
+32,500 Customers	\$16.14	~\$17.4M	+31¢
+64,000 Customers	\$16.14	~\$22.7M	+59¢

Expanding eligibility maintains current energy burden levels, but expands assistance to more customers in need.

Note: Bill impact reflects the impact to average residential electric & gas bills due to increased funding for the affordability discount program (ADP)

POTENTIAL SCENARIOS

SCENARIO 3: TARGET 6% ENERGY BURDEN FOR 1ST QUINTILE CUSTOMERS

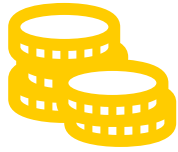


	Monthly Assistance	Funding Level	# Customers Assisted	Bill Impact*
Before Discount	-	~\$11.6M	65,000	-
Current Program	\$16.14	~\$11.6M	65,000	-
Increase ADP by ~\$30	\$46.50	~\$65.3M	129,000	+\$2.85

Targeting all 1st Quintile residential customers at 6% energy burden would require ~\$65M in funding; bill impact to fund the program would be ~\$2.85 for average residential customers.

Note: Bill impact reflects the impact to average residential electric & gas bills due to increased funding for the affordability discount program (ADP)

POTENTIAL SCENARIOS



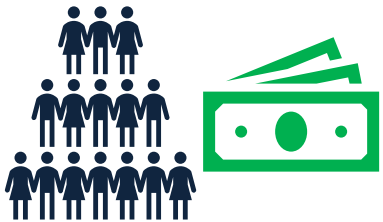
SCENARIO 1: INCREASE MONTHLY DISCOUNT

- Increase discount by ~\$8-\$16/month
- Increase funding by ~\$5.8-11.6M
- ~31-62¢ residential bill impact



SCENARIO 2: INCREASE NUMBER OF CUSTOMERS ASSISTED

- Assist ~32,500-65,000 additional customers
- Increase funding by ~\$5.8-11.6M
- ~31-62¢ residential bill impact



SCENARIO 3: TARGET 6% ENERGY BURDEN FOR 1ST QUINTILE CUSTOMERS

- Increase monthly discount by ~\$30 & assist ~64,000 additional customers
- Increase funding by ~\$54M
- ~\$2.85 residential bill impact

We know there is additional need in the community, and the existing program can be expanded. Additional funding will have a bill impact & require rate support from all customers.



Thank You





Appendix



BENCHMARKING

ASSISTANCE PROGRAMS ACROSS TEXAS



	CPS Energy	Pedernales Electric Cooperative	Austin Energy	Guadalupe Valley Electric Cooperative	New Braunfels Utilities	El Paso Electric
	CPSE	PEC	AE	GVEC	NBU	EPE
Discount (\$)	\$16.14/month	~\$25/month	~\$26/month	Varies by level of need	\$3/month	\$9.25/month
Description	Flat monthly discount	Bill assistance is up to \$300 per year and is spread throughout the year	Flat monthly discount plus variable discount (per kWh)	Bill assistance varies by level of need	Flat monthly discount applied to the whole utility bill which includes electric, water, and sewer	Flat monthly discount
Additional Assistance	~\$400 in assistance annually through REAP program					~\$267 in assistance annually through Bright Hearts Fund

Most Texas utilities utilize a flat discount; Austin provides a flat discount plus a per unit discount

POTENTIAL SCENARIOS

BILL IMPACTS BY RATE CLASS



		~\$11.6M in Funding	~\$17.4M in Funding	~\$23.2M in Funding	~\$65.3M in Funding
Rate Class		~Existing Program Support	~Incremental Support (50%)	~Incremental Support (+100%)	~Energy Burden at 6% for 1 st Quintile
ELECTRIC	Residential (RE, RA, RCE)	\$0.40	+\$0.20	+\$0.40	+\$2
	Small Commercial (PL)	\$2	+\$1	+\$2	+\$9
	Large Commercial (LLP)	\$47	+\$23	+\$47	+\$217
	Large Commercial TOU (LPT)	\$155	+\$77	+\$155	+\$717
	Extra Large Commercial (ELP)	\$443	+\$220	+\$443	+2,053
	Super Large Commercial (SLP)	\$2,499	+\$1,238	+\$2,498	\$11,571
GAS	Residential (Res G)	\$0.21	+\$0.11	+\$0.21	+\$1
	Small Commercial (Com G)	\$2	+\$1	+\$2	+\$10
	Industrial (Industrial B)	\$19	+\$9	+\$19	+\$86
	Large Commercial (LVG)	\$336	+\$167	+\$336	+\$1,558

CASA VERDE WEATHERIZATION



PROGRAM OVERVIEW

The program is a free program for income-qualified residential homeowners and renters. Intended to reduce energy loss (and costs) with free energy efficiency improvements such as attic insulation, wall insulation, air-sealing measures, replacement of incandescent light bulbs with LEDs, and duct sealing.

QUALIFICATIONS

- Must qualify based on income, energy burden or receipt of federal, state or local income assistance; and the condition of home must meet program guidelines.

ENERGY SAVINGS

- Residential customers who participated saved on average 4,285 kWh per year or ~\$493 from the energy saving measures in FY22.
- ~30,000 homes have been weatherized through this program & funding was approved in the new STEP plan for ~16,000 more homes

AVERAGE HOUSEHOLD INCOME BY QUINTILE



BRATTLE ENERGY BURDEN STUDY

Income Quintile	Mean Household Income
1 st	\$13,705
2 nd	\$35,976
3 rd	\$58,974
4 th	\$90,670
5 th	\$197,794

Note: Data used in Brattle Energy Burden study from the 2019 American Community Survey's 1-Year Detailed Tables.