

PRESENTATION OF CAROL BIEDRZYCKI
TEXAS ROSE (RATEPAYERS' ORGANIZATION TO SAVE ENERGY)
Utility Obligations to Disadvantaged (Underserved) Consumers
Policy Workshop – Monday, March 2, 2015
Topic: Austin Energy
12:30 p.m. to 2:30 p.m., Austin City Council Chambers

INTRODUCTION

I have been executive director of Texas ROSE since 1992. I am a member of the Resource Management Commission. I was a member of the Generation Resource Planning Task Force and am currently the chair of the Low Income Consumer Advisory Task Force. The Low-Income Task force is an off-shoot of the Generation Resource Planning Task Force. It was formed by a resolution sponsored by Mayor Pro Tem Tovo because the task force recognized in its final report that Austin Energy's energy efficiency programs are not reaching low and low moderate income customers.

A generation resource settlement plan was approved that did not take the energy efficiency recommendations regarding low and moderate income customers into account. The current task force is reviewing the energy efficiency programs and will make recommendations to Council about the programs in April. I have visited most of your offices with Timothy Arndt, the vice chair to explain the work we are doing and to let you know that recommendations are forthcoming. We are hoping that through the Low-Income task force the work of the Generation Task Force will be fully considered.

At the risk of being accused of oversimplification, in the limited time I have available to me today I would like to convey three key concepts, in addition to cost, that I have been taught as a low-income consumer advocate to apply to an assessment of a utility and its programs. First, I want to identify the customer groups that the Generation Task Force defined as underserved.

UNDERSERVED CUSTOMERS

In the Generation Task Force report there is reference to underserved customers. Three groups of under-served customers are identified – low-income, low moderate income and renters.

The report defines low-income as a percent of the Federal Poverty Guideline (FPG). Low-income is 0 to 200% of the FPG. These are customers who are income eligible for the low-income weatherization program.

- The FPG at 100% is \$11,770 for an individual; \$23,850 for a family of 4.
- FPG at 200% is \$23,540 for an individual; \$47,700 for a family of 4.

Low-moderate income is 201 to 400% of FPG.

- FPG at 300% is \$35,310 individual; \$72,750 family of 4.
- FPG at 400% is \$47,480 individual; \$97,000 family of 4.

The Economic Policy Institute Family Budget Calculator estimates that a family of 4 in the Austin Round Rock Area needs \$66,970 a year to attain a secure yet modest living standard. (There is no allowance for taking vacations, eating out, soccer and Little League, etc.) This is between 200 and 300% of FPG.

An Update of the Energy Burden tables provided by Austin Energy in January show the following:

- 24,921 or 5.9% of customers have income between 0-50% of FPG and spend 37.7% of income on electricity.
- 30,920 or 7.3% of customers have income between 51-100% of FPG and spend 11.3% of income on electricity
- 62,400 or 14.8% of customers have income between 101-200% of FPG and spend 5.9% of income on electricity
- 64,000 or 15.2% of customers have income between 201-300% of FPG and spend 3.4% of income on electricity
- 95,400 or 12.8% of customers have income between 301-400% of FPG and spend 2.7% of income on electricity
- 30,920 or 7.3% of customers have income between 51-100% of FPG and spend 11.3% of income on electricity
- 184,000 or 43.9% of customers have income over 400% of FPG and spend 1.6% of income on electricity

Twenty eight percent of all residential customers served by Austin Energy are eligible for the low income weatherization program. Another 28% are low-moderate income. There is no program targeted to this customer group. Energy efficiency spending is targeted primarily to 44% of higher income customers. Over half of all Austin Energy customers rent and there is substantial overlap between low and low-moderate income households and renting.

THREE KEY CONSUMER REVIEW CONCEPTS

There are three key concepts regarding a utility's obligations to underserved customers. These are equal access, equity and community values.

Equal Access

A public utility like Austin Energy has a monopoly service area and has an obligation to provide equal access to the system for residential customers. Costs are rising and electricity has

become too expensive for some people to afford it. To make access equal we have to adjust the costs in some way. This is a key objective of the Customer Assistance Program (CAP) that reduces rates for qualifying customers and provides bill payment assistance for customers in emergency situations. Energy efficiency programs, like Free Weatherization, reduce usage and bills and helps to keep costs more affordable for those with low-incomes. Payment arrangements for arrearages are another measure to help the poor keep the lights on in their homes. Other types of policies that serve the purpose of providing equal access are, maximizing enrollment in CAP, an arrearage management program, and an income based rate for the poorest families.

Equity

Equity is a concept in which economic policies must result in equal distribution of benefits to all. In a utility system all customers pay into the system through the rate structure. Services, programs and policies need to be structured to assure equal access to service and an equitable distribution of benefits to all customers. Equitable programs prevent subsidies to wealthier customers being paid for by lower-income consumers. Equity places a greater emphasis on economic justice and fairness than on economic efficiency. Thus, costs for programs to low-income customers by definition cost more than other energy efficiency programs.

Equity should be a priority for energy efficiency programs as all customers, including low and low moderate income customers pay for energy efficiency programs. There is no evidence to support that low and low moderate income customers are receiving a fair share of Austin Energy's energy efficiency program benefits. The low income weatherization program is the only program targeted to low-income customers and over the past three years production has been very low and unspent funds have instead been directed to other programs. Under the concept of equity this is a problem that needs to be corrected.

Another area of program equity being explored by the task force is providing energy efficiency to those customers (201 to 400% of FPG) that do not qualify for weatherization and are unlikely to be able to cover the costs. This is a program area where a sliding scale of grants and rebates combined with low-interest loans may be in order. Most important are developing more programs to make rental properties more energy efficient. Over half of all Austin households rent and those who rent are more likely to fall into the underserved population.

The solar photovoltaic (PV) program is a high cost program that is out of reach for low and low moderate income customers. The costs are high and one of the requirements is that the dwelling be energy efficient. Energy efficiency is the practical course for underserved customers from a cost and benefit perspective. However, I recognize that PV and other distributed generation technologies are a likely course for the future. A concern is that in the future the only customers who will be taking power from the utility are the disadvantaged customers who will

be paying higher costs for system infrastructure unless policies to avoid this from happening are established now.

Community Values

Austin Energy is a utility that is owned by its customers. The way Austin Energy operates the utility and sells electricity affects other aspects of the city and its programs. Utility costs affect housing affordability and homelessness. Providing more affordable housing and preventing homelessness are important city priorities and the utility should be working hand in hand to do what it can to promote the city's policies. A renter who is disconnected is subject to eviction. Child Protective Services can remove children from a home if there are no utilities. A tenant with a housing voucher loses all housing benefits if the utilities are disconnected. Security deposits are a barrier to housing homeless families. Another issue is past debt. Some housing transitions have been a failure because the homeless client did not pay a long past utility bill and full payment is demanded before utility service will be provided. Austin Energy's programs and customer policies can help or hinder the city in meeting the community's goals to provide affordable housing and prevent homelessness.

Austin prides itself on its commitment to environmental improvement and has aggressive climate protection goals. The choices the city makes in regard to new generation facilities directly impact our air and water quality. The same is true for energy efficiency programs. Aggressive energy efficiency programs can do even more by reducing the need for generation capacity. The climate protection goals will not be met if we allow more than half of our households to live in homes that are energy inefficient.

SUMMARY CONCLUSIONS

There are many obligations Austin Energy has to its underserved customers. These obligations are to provide customer's with equal access to the system, providing a fair share of the energy efficiency funds collected in the community benefit charge for underserved customers, assuring that lower income groups do not subsidize higher income groups, and to help the city meet community goals and standards.

To assure that Austin Energy's programs and policies receive a fair and thorough review city council should establish a consumer affairs office to represent residential and low-income consumers in matters related to rates and services provided by city departments including Austin Energy, Austin Water Utility and Austin Resource Recovery.

- Austin Energy needs programs like CAP, billing assistance, payment arrangements, energy efficiency programs, arrearage management, and percentage of income payment plans to assure that underserved customer groups can access the utility's service.

- Austin Energy's energy efficiency programs are inequitable. Weatherization is the only program designed to provide service to low-income customers and production has not met established program goals for any of the past three years. There is no evidence that underserved customers are participating in other energy efficiency programs.
- The low-income weatherization budget should be increased and the program should be operated by a third party in coordination with community housing programs.
- A new energy efficiency program should be created with a sliding scale of benefits to deliver more energy efficiency to customers at 201 to 400% of FPG.
- Austin Energy should collect demographic data, including ranges of income, from all residential customers who participate in an energy efficiency program. A simple card much like the ones filled out as part of an appliance warranty and the aggregated data should be reported annually to track the equity of energy efficiency programs.
- Austin Energy's operations and policies should work to achieve the city's goals for affordable housing, preventing homelessness, climate protection and others.

Thank you for the opportunity to participate in this policy workshop.

Respectfully submitted:
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