

Directions for AE Response to data in Background portion of the final report. Please follow the following guidelines.

1. Data calculations in the report were based on FY 2014 energy efficiency data. Responses should rely upon FY 2014 audited energy efficiency data.
2. Do not conflate CAP weatherization data with energy efficiency data. The CAP weatherization program is not an energy efficiency program. It is not funded with energy efficiency dollars.
3. If you want to discuss current funding of energy efficiency programs, please clarify and do not conflate with FY 2014 data. In other words, be transparent in your presentations. This data is relevant to determining recommendations; but cannot be analyzed in the detail provided for FY 2014. Also, do not conflate CAP weatherization funding with the energy efficiency programs for the same reasons set out in no. 2 above.
4. If AE wants to rely upon different population data, please provide copies of the source documents AE is relying upon and state the time period the population was calculated.

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## INTRODUCTION

The Low Income Consumer Advisory Task Force was created by Council resolution adopted August 28, 2014. The Task Force was directed: to look for and recommend improvements to current low and moderate income energy efficiency programs; to consider and recommend new programs and new approaches for low and moderate energy efficiency and renewable energy programs; and to set program funding and demand savings goals for low and moderate income energy efficiency programs.

Over this past year the Task Force has heard from the community and City departments. Many of their comments were incorporated into the recommendations provided in this report.

The report commences with a short section on background information about the Task Force and about Austin Energy's low and moderate income customers. The recommendations set out in this report are organized into four categories. The first category addresses residential energy efficiency programs including both homeowners and tenants living in single family residences. The second category involves multifamily facilities. Structural recommendations comprise the third category. These recommendations seek systematic changes to effect greater economical and energy efficiencies and to improve customer service. A miscellaneous category is included in this report to catch concerns not within the direct purview of this Task Force's directives but involve issues and ideas that were raised many times by the community. An appendix of significant documents is attached. All documents referenced in this report as well as all other documents provided the Task Force over the course of this past year are posted on the Task Force's website at: <http://low-income-consumer-advisory-task-force.>

A Table of contents and an executive summary complete the report.

This report is limited by the facts available to the Task Force. We found the data for the energy efficiency programs and for the energy efficiency rates funding these programs was not always consistently reported. Some data was not collected or not formatted in a manner to be meaningful or to be accessible. Consequently, the report applied the data in a conservative manner using tempering factors and noting when underlying data resources had been collected at different times.

Most of the recommendations in this report are intended to provide bill savings to more low and moderate income customers of Austin Energy than currently being provided. These bill savings will make Austin more affordable for these customers and will in all likelihood lead to reduced bad debt and collection costs for Austin Energy.

## BACKGROUND

### Demographics

Austin Energy provides electrical service to a population of almost one million spread over 437 square miles of service territory, 277 of which are within the Austin City limits. All but 15 of those miles are within Travis County.<sup>1</sup>

28.1% (118,200)<sup>2</sup> of Austin Energy's customers have family incomes at or below 200% federal poverty guidelines<sup>3</sup>, the income eligibility for the low income weatherization program. Of this amount, approximately 43,000 households in FY 2014 were customers enrolled in the Customer Assistance Program ("CAP") that provides rate discounts.<sup>4</sup>

An additional 15.2% (64,000)<sup>5</sup> of Austin Energy's customers have family incomes between 200 and 301% federal poverty guidelines. The Center for Public Policy Priorities report that an Austin family of four needs household income levels of 220% to 280%<sup>6</sup> federal poverty guidelines just to get by.<sup>7</sup> This group of customers gets little assistance from Austin Energy. They do not qualify for the CAP program providing bill relief through rate discounts nor do they

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<sup>1</sup> See service area map of Austin Energy located in the appendix of this report.

<sup>2</sup> See "Update of Energy Burden Tables," (Austin Energy 2015).

<sup>3</sup> Federal poverty guidelines is a federal poverty measure (expressed in annual or monthly dollars starting with a one-person household level and increasing as the number of the household members increase) issued each year in the Federal Register by the Department of Health and Human Services.

<sup>4</sup> Austin Energy, 3<sup>rd</sup> Quarter Report, Fiscal Year 2014.

<sup>5</sup> See footnote No. 2.

<sup>6</sup> The range is dependent upon whether the household pays for all or only a part of the family health care premium.

<sup>7</sup> Better Texas Family Budget, Data Center located at <http://familybudget.org>. Copies of the budget calculator are included in the appendix.

qualify for the energy efficiency low income weatherization program. Yet this group generally has inadequate resources to be able to participate in any of the electric utility's energy efficiency programs.

Another 12.4% (53,900)<sup>8</sup> Of Austin Energy's customers have family incomes between 300 and 400% of federal poverty guidelines. This is the last populations segment the Task Force was directed to focus on in carrying out its duties under the Council's resolution.

Austin Energy's energy efficiency program is funded with a separate rate combined with two other rates into a community benefit charge for utility billing purposes. Austin Energy customers receiving bill discounts, representing 36.37%<sup>9</sup> of the utility's customers who qualify for the low income weatherization program, paid the utility \$2,211,188<sup>10</sup> in energy efficiency rates to fund energy efficiency programs. Using the same level of consumption for the rest of the customers qualifying for the low income weatherization program brings that total to \$6,078,195 in energy efficiency rates obtained from Austin Energy customers whose household income levels are from 0 to 200% federal poverty guidelines.<sup>11</sup> Adding in Austin Energy customers whose family income levels are between 200 and 301% federal poverty guidelines<sup>12</sup> adds an additional \$2,615,720 in energy efficiency rates collected raising the total Austin Energy recovered to \$9,369,266.<sup>13</sup> Continuing these consumption level assumptions to the population

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<sup>8</sup> See footnote No. 2.

<sup>9</sup> This number is a best estimate because the report uses FY 2014 data to derive the number of CAP customers, but uses 2012-2012 data, the most recent available, to derive the population who would qualify for this program.

<sup>10</sup> Austin Energy Response to Information Request provided the Low Income Advisory Task Force on May 15, 2015.

<sup>11</sup> This report used a 10% tempering factor; that is, the amount of energy efficiency rates collected from the CAP customers represents only 90% of the electricity consumed by this group. Without the tempering factor, the total would have been \$6,753,546.

<sup>12</sup> See footnote No. 7.

<sup>13</sup> With the tempering factor. Without the tempering factor the total would be \$10,410,209.

segment whose household incomes are between 300 to 400% federal poverty guidelines adds an additional \$2,771,698 to bring the total estimated energy efficiency rates paid by Austin Energy customers whose household incomes are from 0 to 400% federal poverty guidelines to \$12,140,964.<sup>14</sup>

The amount of energy efficiency monies spent on low income weatherization programs does not match the amount of energy efficiency monies collected from Austin Energy's low income customers. In FY 2014, Austin Energy spent \$729,547 out of \$32,745,229 in energy efficiency expenditures<sup>15</sup> on the low income weatherization program while taking in \$6,000,000 from its low income customers, thereby showing a disparity between benefits received (energy efficiency programs) and costs incurred (energy efficiency rates paid). This disparity becomes extremely pronounced for Austin Energy customers whose family income levels are between 200 and 301% federal poverty guidelines. These customers receive little if no direct energy efficiency benefits yet pay \$2,615,720 in energy efficiency rates.

Direct access to energy efficiency programs is important because the benefits accruing for the low income customers are lower electric bills and for the utility are reduced bad debt and collection costs. Austin Energy data reported through two color codings of City of Austin zip codes—one for the amount of payment arrangements and one for below average incomes and above average poverty—reveal a relationship between Austin Energy's debt and the household incomes of its customers. The higher the debt in a zip code shows that zip code to have a higher incidence of poverty. Copies of these two maps are included in the appendix.

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<sup>14</sup> With tempering factor. Without tempering factor, the total would be \$13,489,952.

<sup>15</sup> Austin Energy response to public information request (June 4, 2015 and May 22, 2015).