



MEMORANDUM

TO: Low Income Consumer Advisory Task Force (LICATF)
FROM: Denise Kuehn, Energy Efficiency Services Director
DATE: August 7, 2015
SUBJECT: Response to Low Income Consumer Advisory Task Force (LICATF) posting.
Cooper Request Concerning AE Response to Background Portion of the LICATF
Final Report

In a follow up to the July 17 meeting, Lanetta Cooper provided the Background portion of the final report:

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.
-
1. AE has provided FY14 audited financial information and the associated data associated with the Weatherization program.
 2. For this draft, Lanetta has requested the FY 2014 weatherization program data funded by the Customer Benefit Charge broken out by Energy Efficiency Services and Customer Assistance Program. For the report, AE will provide both.
 3. See answer to #2.

4. All population data is based on Census data (<http://www.census.gov/>), using 2010 and 2013 data.
Data is based on Travis county

Ms. Cooper also asked for a review of the Background portion of the report. That is provided below. As part of the edits, an error was found in the section regarding the 301-400% of federal poverty guidelines. The table below is from the report reference in the Background section. It is provided for additional support.

Measure	Austin		Brownsville		Corpus Christi		Dallas		El Paso		Houston		San Antonio		Texas	
Total Households	421,129		118,446		152,670		2,047,328		256,149		1,783,863		602,599		8,852,444	
Households Below Poverty	55,841		36,627		24,678		257,433		57,514		248,758		93,035		1,333,625	
% of all Households	13%		31%		16%		13%		22%		14%		15%		15%	
Households by Percent of Poverty	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total	Num (000s)	Pct of Total
0-100%	55.8	13.3%	36.6	30.9%	24.7	16.2%	257.4	12.6%	57.5	22.4%	248.8	13.9%	93	15.4%	1333.6	15.1%
101-200%	62.4	14.8%	31.4	26.5%	33.9	22.2%	367.4	17.9%	66.8	26.1%	324.1	18.2%	121.3	20.1%	1744.1	19.7%
201-300%	64.0	15.2%	18.2	15.4%	27.0	17.7%	318.6	15.6%	43.6	17.0%	272.8	15.3%	109.1	18.1%	1453.7	16.4%
301-400%	53.9	12.8%	11.8	10.0%	19.7	12.9%	268.5	13.1%	29.3	11.4%	221	12.4%	77.8	12.9%	1142.4	12.9%
401+%	184.9	43.9%	20.4	17.2%	47.4	31.0%	835.3	40.8%	58.9	23.0%	717.2	40.2%	201.4	33.4%	3178.7	35.9%
Median Annual Household Income	\$56,452		\$32,745		\$44,699		\$56,197		\$39,261		\$55,561		\$49,130		\$50,611	
CPPP Income Requirement (Month)	\$3,487		\$3,156		\$3,272		\$3,553		\$3,132		\$3,582		\$3,358		N / A	
% < CPPP Income Requirement	36%		60%		46%		39%		54%		40%		44%		N / A	
Electricity Burden Measures																
Average Monthly Electric Bill	\$151.00		\$169.00		\$193.00		\$187.00		\$92.00		\$181.00		\$152.00		\$176.00	
Median Monthly Electric Bill	\$126.00		\$150.00		\$174.00		\$160.00		\$74.00		\$158.00		\$133.00		\$153.00	
Median Monthly Household Income	\$4,863.00		\$2,772.00		\$3,906.00		\$4,863.00		\$3,367.00		\$4,775.00		\$4,245.00		\$4,331.00	
Electricity Burden (%)	2.60%		5.41%		4.44%		3.29%		2.19%		3.31%		3.13%		3.54%	

The edits are provided as support to Ms. Cooper's request and should not be viewed as the final edits or comments made by AE.

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 square miles are within Travis County.¹

Of Austin Energy's customers, 28.1% (118,200)² have household incomes at or below 200% federal poverty guidelines³, 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.⁴

An additional 15.2% (64,000)⁵ of Austin Energy's customers have household incomes between 201 and 300% federal poverty guidelines. The Center for Public Policy Priorities report that an Austin family of four needs household income levels of 220% to 280%⁶ federal poverty guidelines just to get by.⁷ 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 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.

¹ See service area map of Austin Energy located in the appendix of this report.

² See "Update of Energy Burden Tables," (Austin Energy 2015).

³ 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.

⁴ Austin Energy, 3rd Quarter Report, Fiscal Year 2014.

⁵ See footnote No. 2.

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

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

Another 12.8% (53,900)⁸ Of Austin Energy’s customers have household incomes between 301 and 400% of federal poverty guidelines. This is the last population 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 from a community benefit charge for utility billing purposes. Austin Energy customers receiving bill discounts, representing 36.37%⁹ of the utility’s customers who qualify for the low income CAP program, paid the utility \$2,211,188¹⁰ in energy efficiency rates to fund energy efficiency programs. .¹¹ Adding in Austin Energy customers whose household income levels are between 201 and 300% federal poverty guidelines¹² adds an additional \$2,615,720 in energy efficiency rates collected raising the total Austin Energy recovered to \$9,369,266.¹³ Continuing these consumption level assumptions to the population segment whose household incomes are between 301 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 \$12,140,964.¹⁴

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 expenditures¹⁵ on the low income weatherization program while taking in \$6,000,000

Comment [j1]: This is not clear. 43,000 is 9.6% of AE customers. 36.37% is 164,000 AE customers. Without knowing what this number is or represents, it is difficult to assess the dollar amounts. They are out of context.

Comment [dk2]: This value was provided by Ronnie Mendoza with regard to the CBC collected from all of the 43,000 CAP customers however used here referencing 36.37%. <http://www.austintexas.gov/edims/document.cfm?id=231345>. A table that would outline the extrapolations of these values for each income level would be helpful.

Comment [j3]: This is not the sum of the above 3 numbers quoted.

Comment [dk4]: Please show the calculations and the source of these correlations to help us, help you.

Comment [dk5]: Please show the calculations and the source of these correlations to help us get you the right resources. It may be best to work with Finance

Comment [j6]: This number is not the sum of the previous numbers quoted.

Comment [j7]: Only \$2.2M for eligible poverty percentage as noted before. The numbers are inflated.

⁸ See footnote No. 2.

⁹ 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.

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

¹¹ 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.

¹² See footnote No. 7.

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

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

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

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 household income levels are between 201 and 300% 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 for 2 of the zip codes. 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.

Comment [dk8]: This does not appear to be in alignment with the 2014 audited financial values associated with WX. The \$32 million includes rebates, contracts and staff for all EES programs. This value provided is the CAP contracted amount to complete the homes. AE spends several million for low income programs.

2014 Audited Wx Contract Expenditu

AEWX	CAP	Total
\$729,547	\$1,374,646	\$2,104,;

Comment [j9]: This is a bit misleading as the commentary does not account for single family (currently eligible for weatherization) and multifamily. If they took 60% from the total figures of CBC, the numbers would not be so disparate.

Comment [dk10]: This assumes the customers do not participate in other AE customer rebate programs, i.e., buying bulbs rebated at Home Depot or through appliance rebates.