



# Enhanced Bill Credit Assistance Program and Bill Impact

Presented by **Tacoma Power**, **Tacoma Water**, and **Customer Solutions**  
to the **Public Utility Board** on **September 28, 2022**

# Overall Poverty Rate Across TPU is 11%



*In response to BM O'Loughlin's question regarding poverty at the Board Retreat on March 30.*

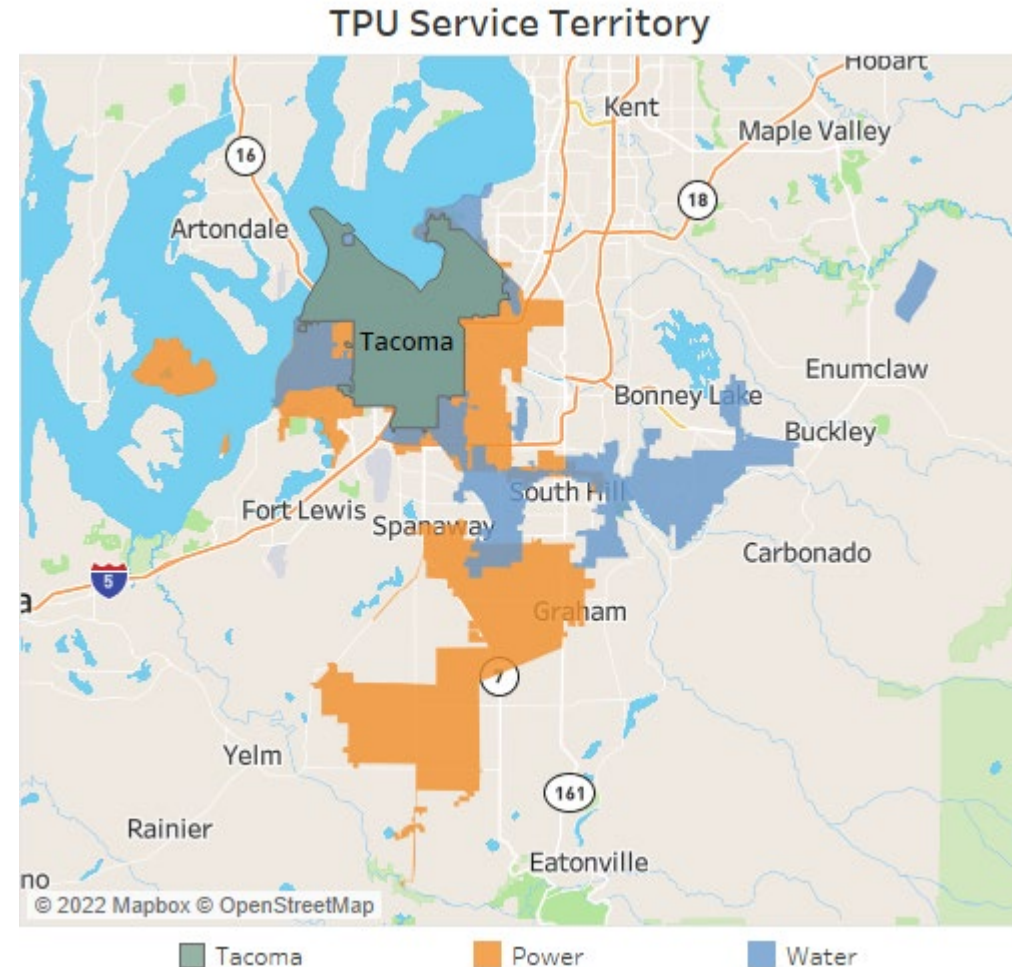
## Individuals in Poverty

**11%** TPU Service Territory

**12%** Inside Tacoma

**9%** Outside Tacoma

- To address programs and policy changes at TPU, we need to think in terms of affordability at the household level.
- How do we currently measure affordability?



# Measuring TPU Affordability with Benchmarks



*Power and water utilities have generally accepted metrics to benchmark utility affordability.*

**Utility affordability often measures utility bills relative to income, compared against a metric:**

- **For Power, the benchmark is set by the Clean Energy Transformation Act (CETA)**

$$\text{Power} = \frac{\text{Annual Power Bill}}{\text{Annual Income}} < 6.0\%$$

- **For Water, the benchmark is set by the Environmental Protection Agency (EPA)**

$$\text{Water} = \frac{\text{Annual Drinking Water Bill}}{\text{Annual Income}} < 2.5\%$$

# Measuring TPU Affordability with Benchmarks



*Power and water bills relative to income remain affordable when compared to standard metrics.*

Affordability	Power	Water
Average Monthly Bill	\$98.53	\$42.02
Average Annual Bill	\$1,182	\$504
Area Median Income	\$76,886	\$76,469
Ratio (bill to income)	1.5%	0.7%
Affordability Metric	6.0%	2.5%
Affordability Comparison to Benchmark	1.5% < 6.0%	0.7% < 2.5%
Services Unaffordable at Incomes Less Than	\$19,706	\$20,169

*For households with income at or below \$19,706, our services are considered unaffordable.*

# Program Design Changes in 2020



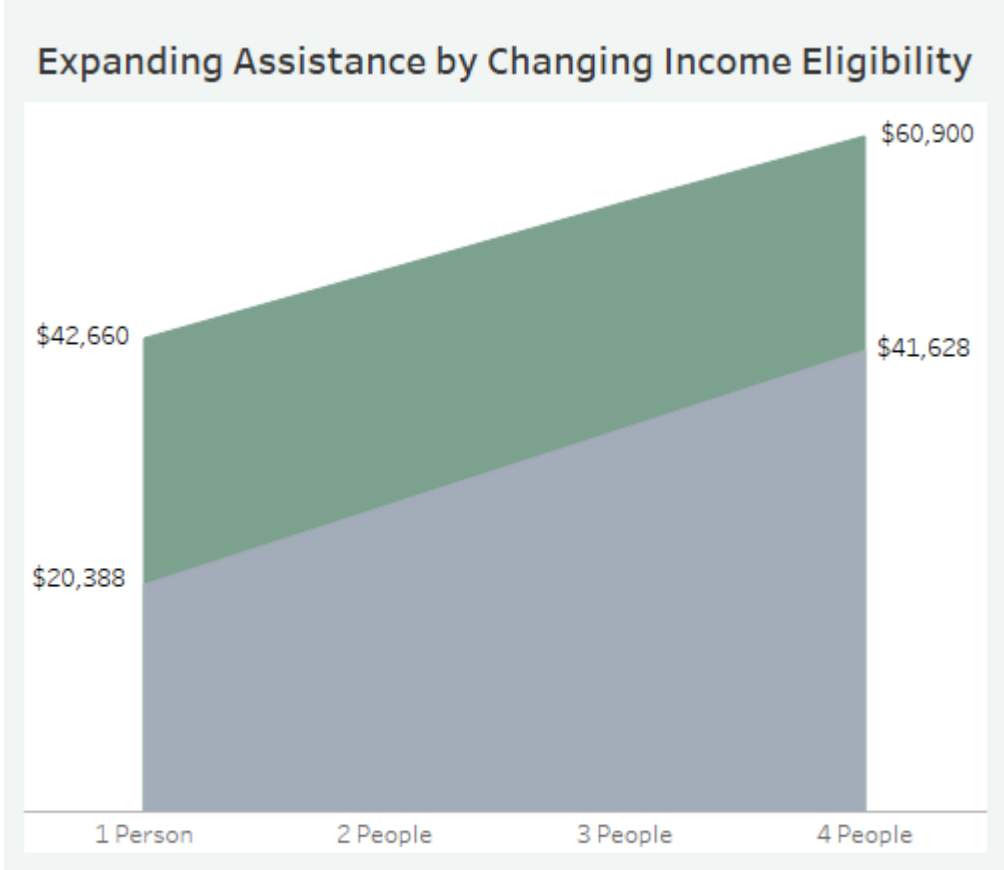
*In 2020, we expanded income eligibility requirements for customer assistance.*

## What we know

- There are **11%** of individuals in poverty
- Our services are unaffordable to households with income of **≤ \$19,000**

## What we've done

- Shifted from **150% of Federal Poverty Level** to **60% of Area Median Income** to **expand eligibility** based on income for our **Bill Credit Assistance Plan (BCAP)**



As of 2021, households in with income at 60% area median income (green bars) became eligible for bill credit assistance.

# Program Challenges in the Time of COVID



*In 2021, we expected to see bigger increases in customer participation and the amount of assistance.*

## 2021 Participation Rate

- **5%** participation rate for Power
- **4%** participation rate for Water

## What happened?

- Ongoing barrier of in full and on-time payments
- COVID
- Disconnection moratorium
- Outstanding unpaid bills
- Challenges applying for other assistance

Bill Credit Assistance Plan (BCAP)				
	Power		Water	
Year	Accounts	Assistance	Accounts	Assistance
2019	1,712	\$157,521	736	\$17,115
2020	1,532	\$174,720	564	\$15,253
2021	1,598	\$167,286	583	\$18,432

# Program Enhancement for 2023 and Beyond



*In 2022, we proposed a program design shift to provide more direct assistance.*

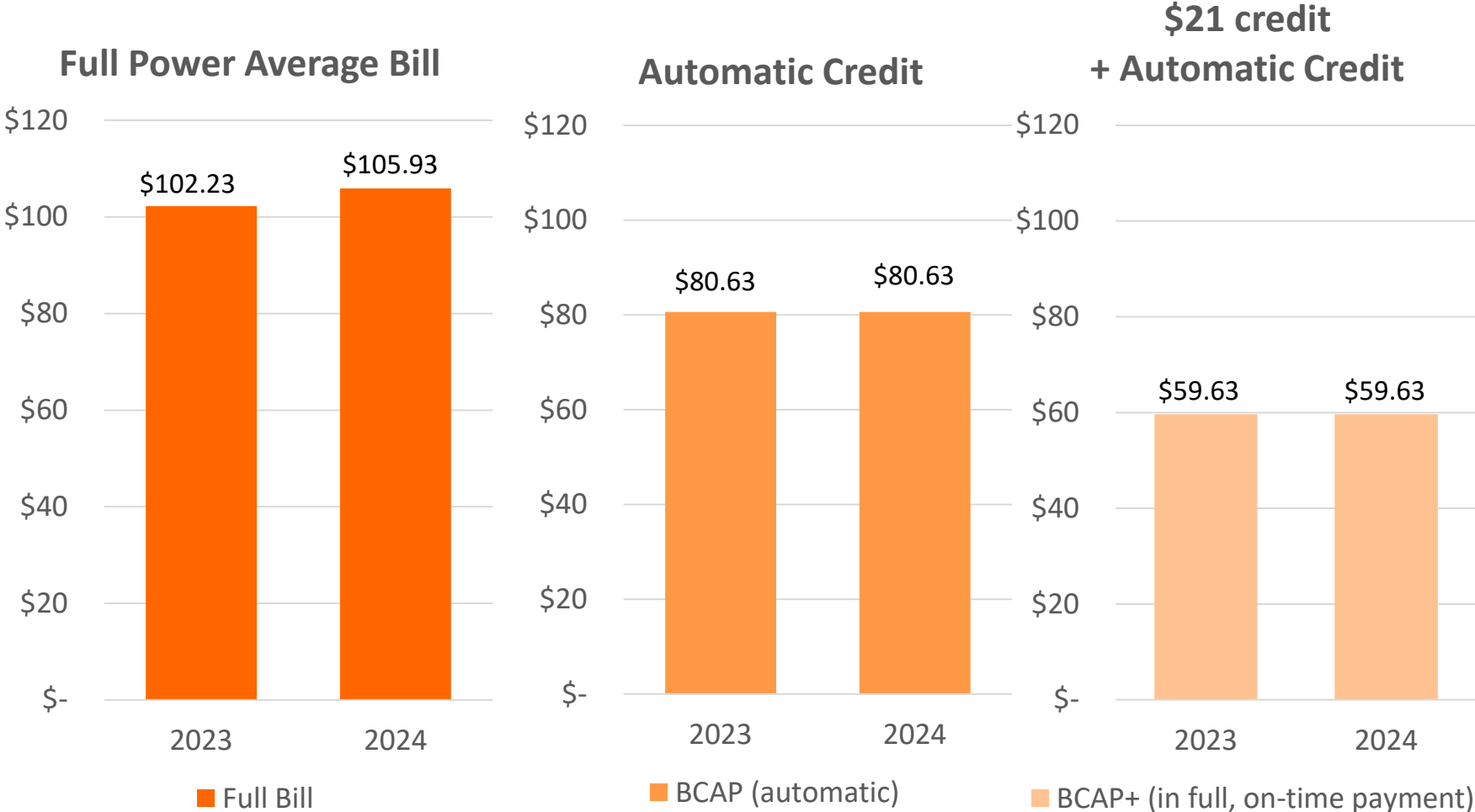
- This year, Bill Credit Assistance Plan (BCAP) customers received monthly bill credits with full, on-time payments
- Next year, BCAP Plus customers would receive monthly bill credits in two ways:
  - **Automatic credit.** Households would receive an automatic credit regardless of payment.
  - **Achievable credit.** Additional BCAP Plus credit could be achieved with full, on-time payments.

BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$21.60	\$21	\$42.60	\$511.20
Water	\$4	\$5	\$9	\$108

We estimate ~30,000 Power customers and ~19,000 Water customers are eligible for automatic credits.

# Expanded Bill Credit Assistance Plan

## More than Mitigates the Rate Increase for Qualifying Customers



*Preliminary, subject to change.  
Assumes 965 kWh consumption.*

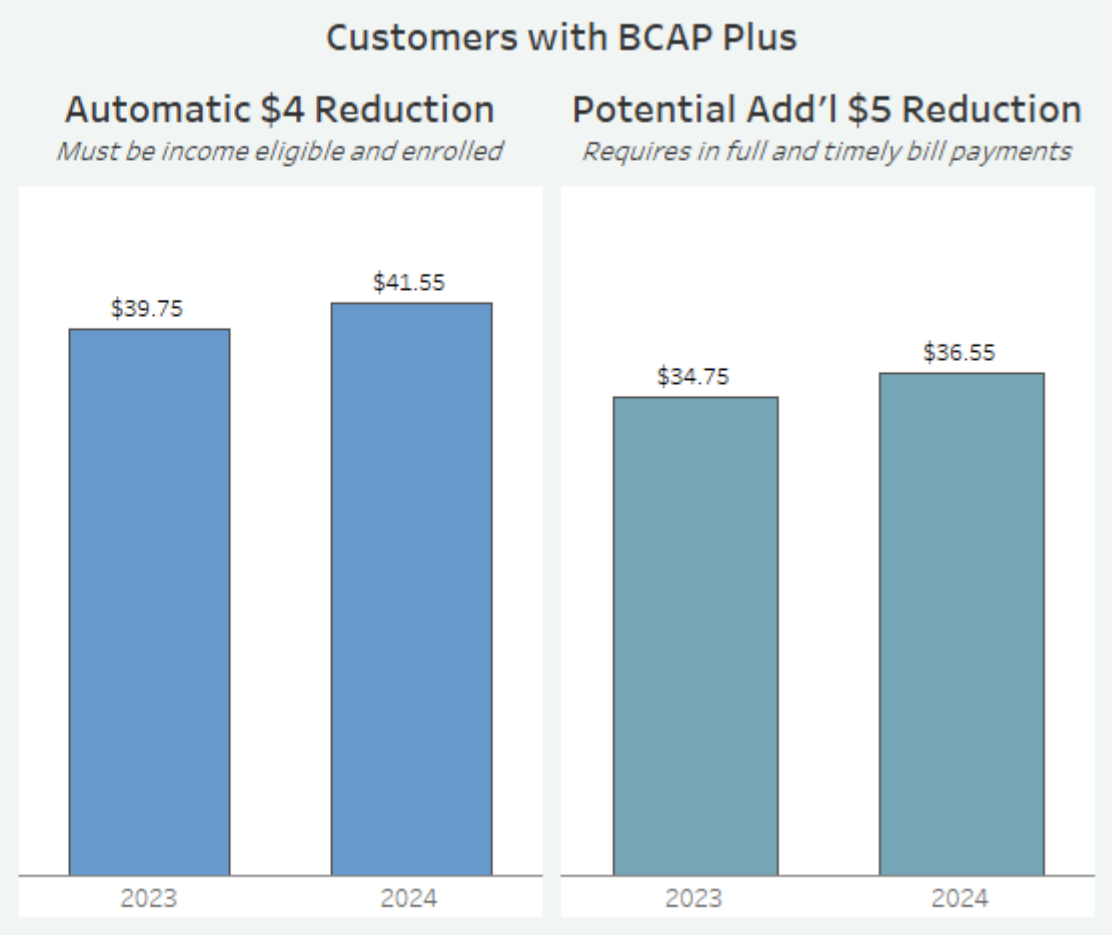
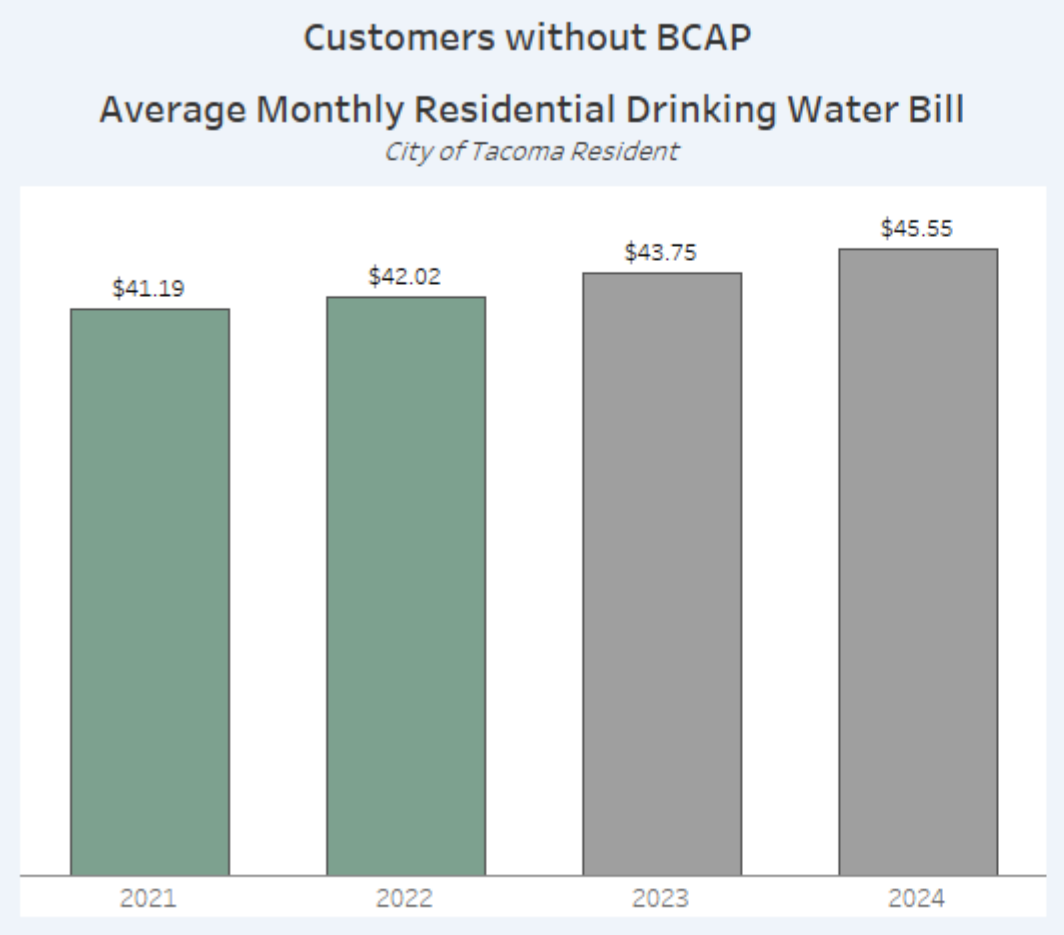
- New automatic credit is equal to customer fixed charge
  - \$21.60 proposed for 2023
  - \$25.30 proposed for 2024
- Customers who pay their full bill on-time will receive an **additional \$21 reduction** in their bill





# Program Changes Mitigate Rate Impacts

*Our proposed program changes mitigate rate impacts for qualifying customers.*



*This comparison assumes a single family consumes a monthly average 6 CCF (4,488 gallons) in winter months and 9 CCF (6,732 gallons) in summer months with a 5/8" meter.*



# Five Service Credits with BCAP Plus



*Households would receive an automatic credit regardless of payment.  
Additional BCAP Plus credit could be achieved with full, on-time payments.*

2023 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$21.60	\$21	\$42.60	\$511.20
Water	\$4	\$5	\$9	\$108
Wastewater	\$6	\$7	\$13	\$156
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$5	\$10	\$120
<b>Total *</b>	<b>\$39.60</b>	<b>\$41</b>	<b>\$80.60</b>	<b>\$967.20</b>

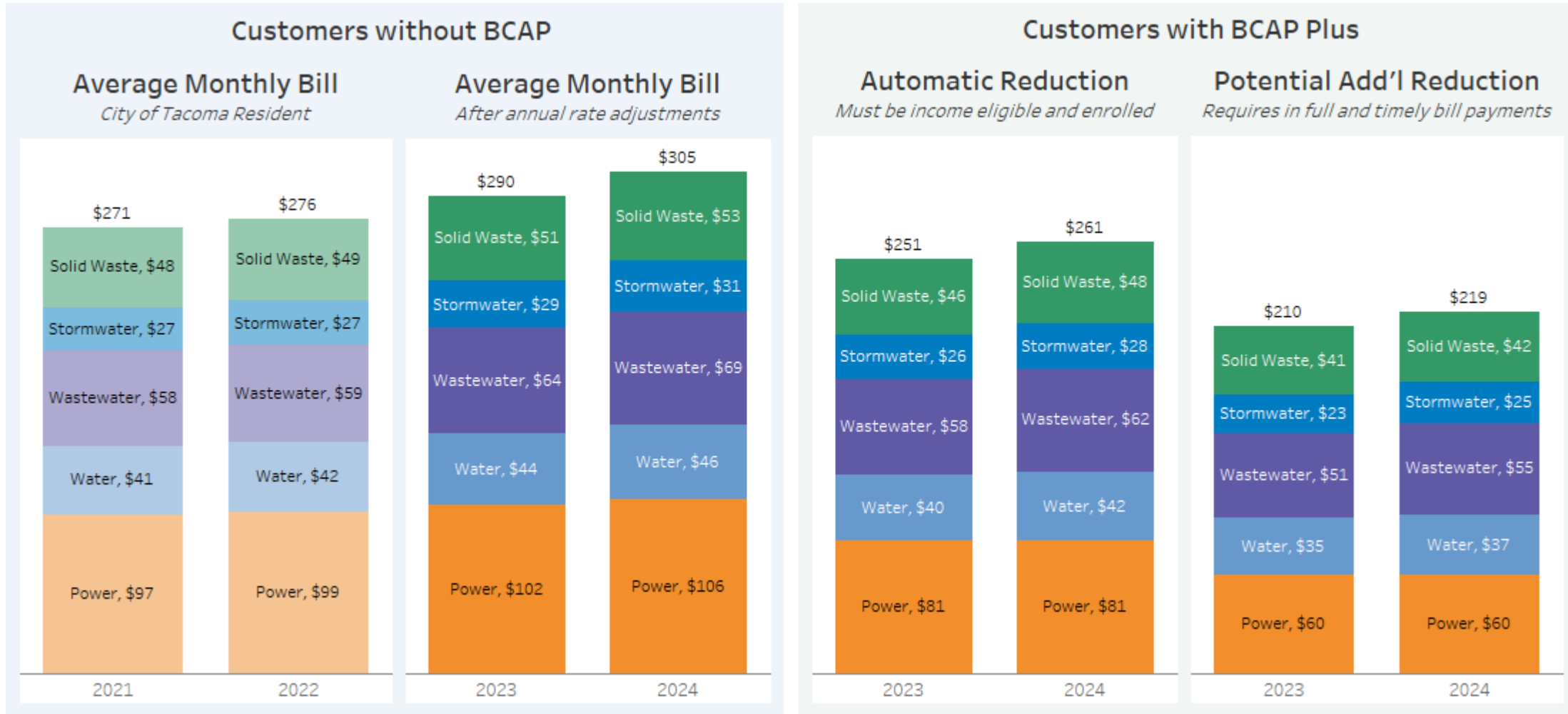
2024 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$25.30	\$21	\$46.30	\$555.60
Water	\$4	\$5	\$9	\$108
Wastewater	\$7	\$7	\$14	\$168
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$6	\$11	\$132
<b>Total *</b>	<b>\$44.30</b>	<b>\$42</b>	<b>\$86.30</b>	<b>\$1,035.60</b>

*\* The total is an example for eligible residential customers receiving all 5 utility services with full and on-time payments.*

# Five Service Bill with BCAP Plus



*Comparing an average monthly bill with and without bill credit assistance.*



*\* For the total 5 service bill, proposed rate adjustments equate to an average of 5.1% increase per year in 2023 and 2024.*

# Summary



## *Other programs and closing comments.*

- **Since March 2020, TPU received over \$14 million in utility assistance for customer accounts from federal and state grants and funding from other community partners.**
- **Customers enrolled in BCAP Plus will now automatically receive a monthly credit.**
- **Customers may also apply for utility assistance from outside resources which will increase their opportunity to sustain service without using their own income.**
- **In addition, a one-time Financial Education Credit of up to \$160 is still available for households enrolled in BCAP Plus who participate in a Financial Education Program offered by one of our approved community partners.**