



We built it and they didn't come: Insights about low- and moderate-income households

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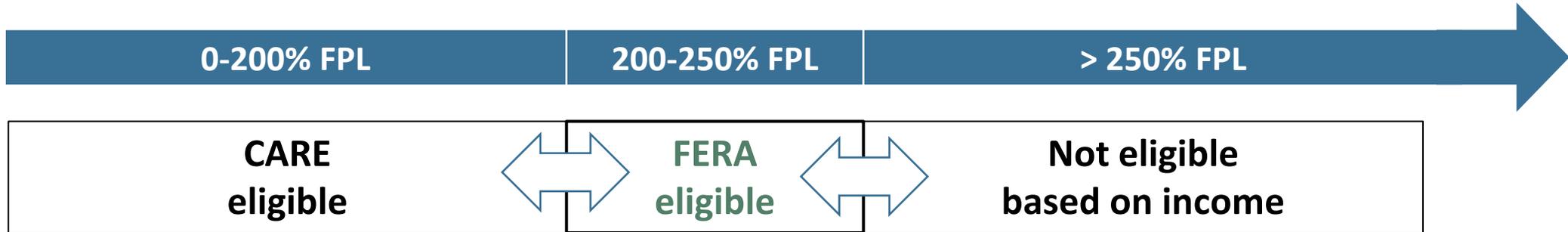
Ingo Bensch, Resource Innovations

Liandra Chapman, Evergreen Economics





Two Utility Bill Discounts for Income-qualified Customers of California IOUs



- **California Alternate Rates for Energy (CARE) program**

- Eligibility: Up to 200% Federal Poverty Line (FPL)
- Electric rate discount – 35%
- Gas rate discount – 20%

- **Family Electric Rate Assistance (FERA) program**

- Eligibility: 200-250% FPL
- Electric rate discount – 18%
- Gas rate discount – None



FERA Enrollment Rates Lag Behind Goals

- CARE metrics contributed to high expectations for FERA.
- Lag in FERA enrollments led to this study.

PG&E FERA Enrollment Targets and Levels

Program Year	Enrollment Target	Actual Enrollment Level
2021	30%	25%
2022	40%	21%
2023	50%	23%
2024	60%	25%
2025	65%	n/a
2026	70%	n/a

In comparison, CARE enrollments are close to 100% for PG&E and other IOUs.



Study Goals and Methodology

- Goals
 - Investigate the barriers to program enrollment
 - Explain what is leading to the low enrollments and what could be done
- Methodology
 - Review of past marketing efforts and assess enrollment process
 - Large-scale customer survey to understand awareness, interest, perceptions, and considerations related to enrollment



High awareness among eligible customers – 71%

1. Outreach Assessment:

- Approaching 2 million contacts with 0.5 million customers annually to reach 200,000 eligible households
- Multiple pathways, multiple targets, linguistic/cultural breadth

2. Ease of Enrollment:

- Income self-attestation at enrollment
- Only 5% of customers selected for post enrollment verification
- Enrollment processes are among the easiest available for means-based programs

93 percent of survey respondents reported learning about income-based rate discounts from utility messaging



Then why does enrollment (25%) fall short of regulatory target?

Multiple factors are at play

1. Program Structural Issue

- Narrow income band (200-250% FPL)
- Combined application with CARE program (< 200% FPL)
- Honor system may attract customers to enroll in program with higher discounts (?)
- High rates of entry and exit
 - 45% of low-income households in California experience either a 25 percent one-year growth or loss in annual income
 - This level of income variability can move customers in and out of the program-eligible income range

2 Household qualification

Fill out Section 2A **OR** Section 2B.

2A Public assistance programs

Check all the programs in which you, or someone in your household, participate.

- | | |
|---|---|
| <input type="checkbox"/> Low Income Home Energy Assistance Program (LIHEAP) | <input type="checkbox"/> Medi-Cal for Families (Healthy Families A&B) |
| <input type="checkbox"/> Women, Infants, and Children (WIC) | <input type="checkbox"/> National School Lunch Program (NSLP) |
| <input type="checkbox"/> CalFresh/SNAP (Food stamps) | <input type="checkbox"/> Bureau of Indian Affairs General Assistance |
| <input type="checkbox"/> CalWORKs (TANF) or Tribal TANF | <input type="checkbox"/> Medicaid/Medi-Cal (under age 65) |
| <input type="checkbox"/> Head Start Income Eligible (Tribal only) | <input type="checkbox"/> Medicaid/Medi-Cal (age 65 and over) |
| <input type="checkbox"/> Supplemental Security Income (SSI) | |

OR

2B Household income

I am currently on a fixed income and receive income or benefits from one or more of the following: pensions, Social Security, SSP or SSDI, interest/dividends from retirement accounts, Medicaid/Medi-Cal (age 65 and over) or SSI.

My household income is:

Total gross annual household income \$.00

(please account for all income from every household member)



2. Potential mis-enrollment due to dual eligibility (for both <200% and 200-250% FPL programs)

Effect of CARE Categorical Enrollment on FERA Enrollment Calculations

**Potential extent of
this dynamic**

One illustrative example

Medi-Cal eligibility
possible by individuals
with incomes above 250%
FPL (CARE, FERA, plus)

Medi-Cal based
categorical enrollment in
CARE ~ 500,000 (from
Categorical Eligibility
Study)

**Solution: Think of low and moderate income as a continuum → 0-250% FPL,
and combine both programs**

What Is Required for Voluntary Opt-Ins?

- **Offer something of interest/value**

- Benefits, perceived need, interest



Interest

Not all customers feel a need, want assistance, are attracted by an 18 percent discount, plan to be eligible for long, or are willing to go through the required process.

- **Willingness to engage in the process**

- Time, hassle, skepticism



Awareness

Willing customers need to be aware of the availability of the discount to choose it.

- **Ensure eligible customers are aware**

- At least enough to look into it further
- Perceived applicability



Perceived Eligibility

Interested and willing customers need to have a sufficient sense that they are eligible or have a sufficient sense that they meet the criteria to take the next step.

- **Follow-through**

- Recognizing that intention > action



Follow-through

Follow through on intentions is never 100 percent.



Estimating Achievable Enrollment

- **Used broad-based survey of PG&E customers to quantify achievable rates of willingness, awareness, and perceived applicability**
 - Two phases (Summer and Autumn 2024)
 - Two stages
 - Stratified by likely FERA program eligibility
 - 1,789 respondents; 116 with incomes that qualify for FERA program
- **Stage 1: Establish eligibility and awareness**
 - Asked about awareness of income-based rate discounts
 - Asked whether respondent thinks household qualifies
 - Determined eligibility based on self-reported income (presented as range)
- **Stage 2: Assess willingness and perceived applicability**
 - Asked likelihood of applying if eligible (accounts for 18% discount and application process)
 - Other insights, such as expected discount, process for determining income, income variability



Our Estimate of Achievable Enrollment

Enrollment Target Calculator	Rate	Customers
Number of Eligible Customers		100
Expression of Interest (a) benefit of 18% discount (b) willing to go through existing enrollment process	83%	83
Can be made aware with a strong outreach effort	71%	59
Connects discount availability with own eligibility	57%	34
Follow-through adjustment	85%	29

 Based on survey data

 Based on assumptions and professional judgment

Thank You

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