



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND**

**AB 6527  
October 1, 2024  
Consent Agenda**

**AGENDA BILL INFORMATION**

|                            |  |   |
|----------------------------|--|---|
| <b>TITLE:</b>              | AB 6527: Letter of Support for Improvements to the PSE Low-Income Utility Assistance Programs  | <input type="checkbox"/> Discussion Only<br><input checked="" type="checkbox"/> Action Needed:<br><input checked="" type="checkbox"/> Motion<br><input type="checkbox"/> Ordinance<br><input type="checkbox"/> Resolution |
| <b>RECOMMENDED ACTION:</b> | Authorize the Mayor to sign on to a letter to the Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program. |   |

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|-------------------------------|---|
| <b>DEPARTMENT:</b>            | City Council and Youth & Family Services  |
| <b>STAFF:</b>                 | Mayor Salim Nice<br>Derek Franklin, YFS Administrator   |
| <b>COUNCIL LIAISON:</b>       | n/a   |
| <b>EXHIBITS:</b>              | 1. Letter to WA State Utility and Transportation Commission<br>2. Puget Sound Energy’s Notice of Requested Changes to PSE Rates and Public Hearings |
| <b>CITY COUNCIL PRIORITY:</b> | n/a   |

|                               |        |
|-------------------------------|--------|
| <b>AMOUNT OF EXPENDITURE</b>  | \$ n/a |
| <b>AMOUNT BUDGETED</b>        | \$ n/a |
| <b>APPROPRIATION REQUIRED</b> | \$ n/a |

**EXECUTIVE SUMMARY**

The purpose of this agenda bill is to authorize the Mayor to sign on to a letter of support to the WA State Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program for improvements in the way low-income energy discount programs are administered.

**BACKGROUND**

The City of Mercer Island received a request from the City of Kenmore to sign on to a letter to the UTC to support addressing increasing utility rates and the adequacy of low-income utility assistance programs (Exhibit 1). The letter details specific recommendations aimed at decreasing the energy burden on the most vulnerable communities. This request was sent to all eastside cities in the hope that a collective commitment to advocating for these essential changes and united front amplifies the message and highlights the urgent need for restructuring.

PSE is currently undergoing a regulatory process for a rate increase, with a public hearing scheduled for October 9 (see Exhibit 2). This is an opportunity to advocate for needed changes to PSE's low-income assistance programs.

## **ISSUE/DISCUSSION**

About a year ago, PSE launched their Bill Discount Rate (BDR) program, which featured a streamlined application and advertised discounts of 5% - 45%. A few months into the new program, it was learned that residents at or below 30% AMI were only receiving a 5% discount. After investigating, Kenmore discovered that the program criteria are based on Federal Poverty Level (FPL) guidelines rather than Area Median Income (AMI). This means that in most of the eastside communities, low-income residents typically qualify for 5-10% discounts. Unlike the federal Low-Income Home Energy Assistance Program (LIHEAP) assistance program, the utility companies can set their own income guidelines and are not required to align with Federal Poverty Level (FPL) or LIHEAP criteria.

The letter urges the UTC to require, as a stipulation of the approval of PSE's requested rate increase, (1) the adoption of the use of Area Median Income (AMI) as the basis for qualifying individuals and families for these vital programs, and (2) to further examine the percentage discount that is received by Very Low Income (50% AMI) and Extremely Low Income (30% AMI) residents. These changes would represent a significant step forward in addressing the diverse needs of eastside communities, ensuring that all residents have access to the support they need, and protecting the most vulnerable residents from the substantial energy rate increase that has been requested.

PSE is aware of this letter and provided feedback, which the City of Kenmore has incorporated into the letter.

## **NEXT STEPS**

Following City Council authorization, the Mayor will sign the letter, and staff will respond to the City of Kenmore indicating the City of Mercer Island's support for the letter.

## **RECOMMENDED ACTION**

Authorize the Mayor to sign on to a letter to the Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program.