Analysis of Income Qualified Discount Programs

Georgia Power ("Georgia Power", "GPC" or the "Company") submits to the Georgia Public Service Commission (the "Commission" or "PSC") its response to requirements outlined in Paragraph 24 from the Stipulation approved in the 2022 Rate Case Order in Docket No. 44280.

Overview

Purpose and Requirement

In the 2022 Rate Case Stipulation, Georgia Power agreed to collaborate with interested stakeholders and Commission Staff on a process to consider potential options for the expansion of income qualified discount opportunities to assist customers. Specifically, paragraph 24 stated:

> *24. The Stipulating Parties agree that within ninety (90) days of the Final Order in this docket, the Company and Staff will collaborate on a process to consider potential options for the expansion of income qualified discount opportunities to assist customers. This process will allow for interested stakeholders to provide input on the options to be considered. Stipulating Parties further agree that within 270 days of the Final Order in this docket, the Company, after considering input from interested stakeholders, will report back to the Commission on their findings and may recommend additional action. Any potential program options must consider cost impacts to non-participating customers as well as the impacts of any revenue erosion.*

This report provides the results of the collaboration, contains details on the proposals recommended by interested parties, shows results of the Company's analysis of proposed programs, and includes a recommendation regarding further action on this matter.

Existing Income Qualified Support

The Stipulation was specific to direct the Company to work with the stated parties to consider the expansion of income qualified discount opportunities. This is important to note because Georgia Power already offers a variety of support and services for customers who struggle to pay their bills. Here are a few examples:

- The Income-Qualified Senior Citizen Discount ("IQSCD") program has approximately ninety-four thousand customers participating, resulting in nearly $37 million in discounts annually. This program provides up to a $33.50 monthly ($402 annually) discount for qualified and participating customers.
- Project SHARE is a partnership with the Salvation Army that allows customers to donate to other customers in need. Georgia Power matches 150% of customer contributions up

to $1.5M annually. Since 1985, Georgia Power has partnered with the Project SHARE program, through this partnership over $80M has been disbursed to Georgia families in need. In 2023, the Project SHARE program has assisted 1,355 GPC households with an average payment of approximately $300 to date.

- Georgia Power offers several energy efficiency programs that reduce energy usage and costs for our customers. These include Energy Assistance for Savings & Efficiency ("EASE") and HopeWorks, which provide income-qualified customers home energy improvements of up to $5,000 per home with no cost to the customer.
- Georgia Power has a dedicated Energy Assistance team that partners with community-based organizations, nonprofits, houses of worship, and government-funded programs and services to assist those in need. So far $60.8M in utility assistance payments have been made on behalf of income-qualified customers, through partnerships with assistance organizations and community and faith-based organizations across the state in 2023.
- Georgia Power has a community assistance resource tool (C.A.R.T.) for GPC and non-GPC customers to locate assistance resources such as utilities, food, shelter, rent, counseling, and mortgage assistance, by zip code. This assistance locator is housed on the Company's website at georgiapower.com/assistance. Currently, greater than 300 organizations are listed in the C.A.R.T. statewide directory.

The following programs evaluated and outlined in this report would be in addition to these existing programs, which the Company would continue to make available to support customers.

Approach and Analysis

Georgia Power has evaluated several scenarios of three income qualified discount programs that were proposed by the collaboration between the Georgia Coalition of Local Governments, Georgia Watch, and the Southern Environmental Law Center ("SELC") who represents Georgia Interfaith Power & Light (collectively "interested parties"). The Company's analysis was designed to estimate the total costs, participation level and impacts of costs to non-participating customers. During the evaluation process, the Company consulted with interested parties and Commission Staff to discuss the proposed programs and to ensure a consistent understanding of the assumptions and projections.

The Interested Parties Requested all Proposals be evaluated using the following principles:

- The costs for these programs should be borne by all customer classes.
- No program should result in more than a $1 per month increase to the average residential bill, or the proportional increase to commercial or industrial bills.
- All newly enrolled participants who own their residence must sign up for an energy assessment through Georgia Power's Energy Assistance for Savings & Efficiency ("EASE") program.

In response to the guiding principles recommended by the interested parties, the Company agrees with the fundamental principle of targeting $1 per residential customer per month. In addition, Georgia Power recommends that costs be borne by the residential class because the IQSCD program is designed to benefit the residential class of customers only. Lastly, it is important to note that each of our income-qualified based programs such as the IQSCD, HopeWorks and the EASE operate independently of each other with different eligibility requirements. The current IQSCD requires customers 65 years of age or older to demonstrate a combined household income of 200% of the federal poverty guidelines for a single-person household ($29,160) or less to qualify. However, the HopeWorks program which focuses on energy efficiency upgrades for seniors, requires the following:

- Active account with Georgia Power
- Be 60 and older
- Own and be living in the home
- Have an income at or below 200% of the federal poverty guidelines.

EASE, also a program that focuses on energy efficiency improvements, simply removes the age and home ownership requirement and determines eligibility based on 200% of the federal poverty guidelines as mentioned above. Overall, this ensures that the Company is directly addressing both our senior citizen customer segment and income-qualified customers and the challenges they individually face.

Georgia Power designs energy efficiency programs during the Integrated Resource Plan using a process that is approved and filed with the PSC. This process considers benefits and economics for the associated customer class. Any program modifications, including recommendations from Demand-Side Management Working Group, would be considered as part of this approved process.

The Interested Parties Requested considerations of 3 separate proposals in order of preference:

Proposal 1: Tiered Discount Program

A tiered program would provide a varying level of discount based on your income level, where the lower the income, the higher the discount. The underlying goal of the program is to reduce the average electric bill to approximately 6% of a household's income. Discounts for the tiered program ranged from 20% - 76% of the participant's total monthly bill. Georgia Watch's consultant provided an estimate of the costs and impacts of the program using assumptions and publicly available data (see Appendix). Georgia Power then conducted its own analysis using Company-specific data that is provided in Tables 1.1 and 1.2 and within attachment "Income-Qualified Discount Analysis.xlsx". This same program was evaluated in 2020.

Proposal 2: Expand the current Income Qualified Senior Citizen Discount eligibility - LIHEAP
This expands the current $33.50 per month discount to include all households who qualify for Low Income Home Energy Assistance Program ("LIHEAP") assistance.

Proposal 3: Expand the current Income Qualified Senior Citizen Discount eligibility
This expands the current $33.50 per month discount eligibility to include the following three categories:
(a) all seniors who live in a household with a combined income that is 200% or less of the federal poverty level, *adjusted for household size*; and
(b) Individuals with federally recognized disabilities of any age; and
(c) Any resident who receives a housing choice voucher of any age.

Estimates of programs include the following assumptions:

- Participation Scenarios are the same across all programs with take rates of 30%, 50% and 70% for qualifying customers to cover a range of possible participation.
- Proposal #1
    - Administrative overhead costs were included at a rate of 7% of the program cost based on the analysis provided by the SELC.
- Proposal #2 and #3
    - No additional administrative costs were included in the cost analysis, but there could be additional administrative costs that would need to be evaluated once the program grows to see what is needed in addition to the administrative support already used for the existing IQSCD.

Summary of Estimated Program Costs

The Company created 9 scenarios of potential programs with the total costs ranging from $61 million to $326 Million. The program cost variance comes with a corresponding range in the number of customers that could benefit from the discount – which spanned from 137,000 – 366,000. A summary of the 9 scenarios is provided in Table 1.1 below, and full details are in the attached file "Income-Qualified Discount Analysis.xlsx".

Estimates of the potential impacts to customers from the costs of these proposals are noted in Table 1.2 below. The Company analyzed two potential methods for recovering the additional costs for the proposed program scenarios:

- **All Customers**:
    - If the revenue requirement is spread to all customers, Commercial and Industrial customers would incur roughly 56% of the total cost as their pro-rata share. This results in a range of $34 million to $182 million in additional annual revenue requirements from these customers. The remaining 44% would be spread to Residential customers, with the resulting increase to the average residential bill ranging from $0.38/month to $5.57/month.

- **Residential Only:**
    - The full costs of the programs are recovered from Residential customers – who are the direct beneficiaries of the programs. The resulting Residential impacts would range from an increase of $0.67/month to $11.43/month.

Table 1.1 of Estimated Scenarios

Description	Scenario	Income Guideline	Participation %	Total Participants	Avg. Monthly Discount	Additional Costs	Total Costs
Proposal 1: Tiered Discount (Avg. $65/month)	1	$0 up to 60% SMI	30%	137,243	$ 65.01	N/A	$ 139,818,520
	2	$0 up to 60% SMI	50%	228,739	$ 65.01		$ 233,030,867
	3	$0 up to 60% SMI	70%	320,235	$ 65.01		$ 326,243,214
Proposal 2: Expanding IQSCD LIHEAP Discount (Avg. $33.50/month)	4	$0 up to 60% SMI	30%	116,926	$ 33.50	$ 47,004,291	$ 84,792,291
	5	$0 up to 60% SMI	50%	288,877	$ 33.50	$ 78,340,485	$ 116,128,485
	6	$0 up to 60% SMI	70%	366,828	$ 33.50	$ 109,676,679	$ 147,464,679
Proposal 3: Expanding IQSCD (Avg. $33.50/month)	7	200% Poverty	30%	151,190	$ 33.50	$ 22,990,451	$ 60,778,451
	8	200% Poverty	50%	189,317	$ 33.50	$ 38,317,418	$ 76,105,418
	9	200% Poverty	70%	227,444	$ 33.50	$ 53,644,385	$ 91,432,385

**SMI – State Median Income*
**Tiered Discount Program would replace existing IQSCD; assessed at Total Cost only*

Table 1.2 of Potential Impacts to Customers

Description	Scenario	Additional Impacts if costs spread only to **Residential**		Additional Impacts if costs spread to **All Customers**		Total Impacts if costs spread only to **Residential**		Total Impacts if costs spread to **All Customers**	
		Cost to C&I ($M)	Residential $/month	Cost to C&I ($M)	Residential $/month	Cost to C&I ($M)	Residential $/month	Cost to C&I ($M)	Residential $/month
Proposal 1: Tiered Discount (Avg. $65/month)	1	N/A		N/A		$ -	$ 4.90	$ -	$ 2.39
	2					$ -	$ 8.16	$ -	$ 3.98
	3					$ -	$ 11.43	$ -	$ 5.57
Proposal 2: Expanding IQSCD LIHEAP Discount (Avg. $33.50/month)	4	$ -	$ 1.37	$ -	$ 0.77	$ -	$ 2.48	$ -	$ 1.39
	5	$ -	$ 2.29	$ -	$ 1.28	$ -	$ 3.40	$ -	$ 1.90
	6	$ -	$ 3.21	$ -	$ 1.79	$ -	$ 4.32	$ -	$ 2.41
Proposal 3: Expanding IQSCD (Avg. $33.50/month)	7	$ -	$ 0.67	$ -	$ 0.38	$ -	$ 1.78	$ -	$ 0.99
	8	$ -	$ 1.12	$ -	$ 0.63	$ -	$ 2.23	$ -	$ 1.25
	9	$ -	$ 1.57	$ -	$ 0.88	$ -	$ 2.68	$ -	$ 1.50

Georgia Power Recommendation

Georgia Power submits this report and attached analysis to the Commission on the proposed income-qualified programs suggested by the Interested Parties. The Company has entered into a stipulated agreement that includes both GIPL & Georgia Watch (see language below) which will expand the existing IQSCD in alignment with Proposal 3 outlined in this report in the Georgia Power Company's Vogtle Units 3 and 4 Construction Monitoring proceeding (Docket No. 29849). This expansion will approximately double the number of participants receiving the current discount of $33.50 per month while also reaching new segments of customers in need. This is a balanced approach to increasing income-qualified assistance while considering the increased costs to non-participating customers. The stipulated agreement represents Georgia Power's recommendation, and no further recommendation is made from this report and analysis. The decision to approve this stipulation will be voted on by the Commission on December 19, 2023.

Vogtle Units 3 and 4 Rate Adjustment Stipulation Agreement paragraph 16:

> *16. As a condition of this Stipulation, Georgia Power agrees to expand the current Income Qualified Senior Discount to: (a) all seniors who live in a household with a combined income that is 200% or less of the federal poverty level, adjusted for household size; (b) individuals who receive Social Security Disability Income assistance or Supplemental Security Income; and (c) customers who participate in the federal Housing Choice Voucher Program (HUD Section 8). The provisions of this Paragraph 16 will take effect when rates are adjusted the month after Commercial Operation of Unit 4. This will be paid for by residential customers and will be limited to approximately $1 per month per residential customer, which equates to $28 million annually. The parties agree that Georgia Power plans to implement this change by adding up to 96,000 participants over the next three years (approximately 32,000 per year).*

Appendix

Georgia Watch Analysis (as provided)

Summary of Program –

Year 1 Program Expenditures and Discounts

Georgia Power Tiered Discount Worksheet

Program Inputs/Assumptions

Target Burden	6.0%	Average Pre-program Arrearage	$200	# Participants per tier	18348	Annual Expenditure	$1,555	Program Administration (% of Arrearage Write-down + Discounts)	7%

Income Brackets, Households, Expenditures and Discounts

Ratio of Income to Poverty Brackets										
Lower	Upper	Income at Category Midpoint (2-person hh)	# HH	Average Annual Electricity Expenditure	Target Burden	Expenditure @ Target Burden	$ Annual Discount	$ Monthly Discount	Percentage Discount	Total $ Discount per Tier
0.00	0.75	$6,341	18,348	$1,555	6.0%	$380.48	$1,174.25	$97.85	75.5%	$21,545,405
0.76	1.25	$16,995	18,348	$1,555	6.0%	$1,019.67	$535.06	$44.59	34.4%	$9,817,295
1.26	1.50	$23,336	18,348	$1,555	6.0%	$1,243.78	$310.95	$25.91	20.0%	$5,705,285
1.51	60% SMI	$27,700	18,348	$1,555	6.0%	$1,243.78	$310.95	$25.91	20.0%	$5,705,285
		Weighted Average Discount	43.3%							

Summary of Program Costs

# HH	Annual Arrearage Write-down	Bill Discounts	Arrearage Write-down + Discounts	Program Administration	Total Program Cost (Year 1)
73,393	$14,678,531	$42,773,270	$57,451,801	$4,021,626	$61,473,427
		Program Cost as a % of Total 2018 Revenues from Sales		0.764%	
		Average Residential Cusomter Monthly Bill Impact		$0.99	

Additional Supplemental Documentation (as provided by “SELC”)

2023.08.07 [44280] GIPL, Local Govt, GW_IQ Discount_Response (FINAL).pdf

Annual Statistical Report on SSDI Program, 2021.pdf

Beneficiary Details (incl. Table 9).pdf

National Beneficiary Survey, Disability Statistics, 2015 (incl. Table 9).pdf

SSI Recipients by County in Georgia, 2021.pdf