

Statements on Income-Qualified Rate and Low-Income Efficiency Program

Statement posted on February 5, 2018

The discussion during the work session concerning the proposed Income Qualified Rate (IQR) and Low-Income Efficiency Programs on Tuesday, January 30th was a good one. The FCSG was pleased to hear councilmembers express general support for an IQR, as well as for a strong focus on promoting energy conservation and efficiency improvements among program participants.

We suggest that the City consider leveraging the existing tiered electric and water rate structures in the new IQR to promote energy and water conservation. This might be accomplished as follows:

1. Apply the IQR discount percentages (35% for electric, 45% for water, and 50% for sewer) to the fixed rate, the sewer rate, and the first electric and water tiers only. Leave the second electric tier rate and the second and third water tier rates the same as for all other residential customers.
2. Use the funds that Utilities would have spent on subsidizing consumption in the second electric tier and the second and third water tiers to pay for income-targeted electric and water efficiency programs, respectively.
3. Shift the break points between the first and second electric and water tiers downward from year to year for all customers as average residential consumption of electricity and water decrease - as continues to occur as a result of the City's electric and water efficiency programs. This will allow funding to shift gradually away from subsidizing the IQR rate, and toward income-targeted efficiency programs.

Of course, many details of the above proposal remain to be worked out. However, we believe that this proposal represents a promising approach to meeting the two goals of reducing utility bills for low-income households, and reducing energy and water use by those same households.

The following statement was originally posted on January 29, 2018, and was updated on January 30, 2018

The Fort Collins Sustainability Group (FCSG) is supportive of the proposed Income-Qualified Rate (IQR) and Low-Income Efficiency Program that City Council discussed at its work session on January 30th. However, we believe that before making the program permanent, City Council should require that the program demonstrate measurable reductions in energy and water use during the proposed three year phase-in period.

Fort Collins Utilities staff has proposed that households with incomes equal to or less than 165% of the Federal Poverty Level (FPL) be made eligible for reduced electricity, water, and sewer rates starting this fall. Under this Income Qualified Rate, the average household would save approximately \$49 per month on these utilities, or \$588 per year. This is a significant amount of money compared to the household incomes of those eligible, and demonstrates a sincere effort to assist renters and homeowners struggling to make ends meet.

Customers would enroll in the City's IQR and Low-Income Efficiency Program through participation in Larimer County's Low-Income Energy Assistance Program (LEAP), and would be eligible for new and existing programs promoting energy and water efficiency and conservation. One new initiative we are particularly pleased to see included in the list is "On-Bill Financing 2.0", which we believe offers a significant potential to generate energy and water savings.

City staff suggested two “success criteria” for the IQR program:

1. Percent of participants participating in efficiency programs, and
2. Percent of estimated low-income population participating in IQR.

We believe strongly that a third success criterion should be added:

3. Percent average reductions in energy and water use achieved by IQR program participants, considered in aggregate.

Reducing household use of energy and water need not and should not result in reduced quality of life. Technologies are available and should be promoted and subsidized by Fort Collins Utilities to enable IQR program participants to reduce energy and water use while maintaining or improving comfort. These technologies include – among others - LED lamps, programmable thermostats, improved door and window seals, and low flush toilets.

If the proposed IQR program is being “sold” both for reducing utility rates and encouraging efficiency and conservation, then the results of the efficiency and conservation portion of the program need to be quantified. “Percent of participants participating” in these programs is not an adequate measure. Average reductions in energy and water use by program participants are the key metrics in this category. If these reductions cannot be demonstrated during the initial three year phase-in period proposed by Utilities staff, then City Council should either require that changes be made to the program, or that the program be terminated.

During the meeting on January 30th, all council members expressed general support for an IQR program. Additionally, they expressed support for a) using LEAP to qualify customers for the program and b) ensuring that the program addresses energy efficiency as well as rate reductions.