

CURRENT BALANCE	
Previous Balance	62.86
Payment Received	- 62.86
Current Charges	+ 70.11
Amount Due	\$ 70.11

SUMMARY OF CURRENT CHARGES			
	DELIVERY SERVICES	SUPPLY SERVICES	OTHER CHARGES/ ADJUSTMENTS
Electric Service	34.44	33.21	2.46
Other Charges/Adjustments			\$ 2.46



2024 tax preference review: Public utility tax credit for home energy assistance

Legislative Auditor’s conclusion

Utilities are providing more home energy assistance to low-income families, but the tax credit likely does not influence the amount of energy assistance provided.

Key points

- Electric and gas utilities can request a public utility tax credit for up to 50% of the energy assistance they give to low-income customers.
- Statute caps the total credit at \$2.5 million per year. This amount is allocated to about 60 utilities that receive federal home energy grants for their low-income customers.
- Half of these utilities provide additional energy assistance and claim almost all the available credit each year.
- The tax preference likely does not influence the amount of energy assistance provided. Beneficiaries provided \$76 million in energy assistance in 2023. The credit reimbursed 3.3% of that amount.
- Statutory changes in 2019 and 2021 require utilities to provide energy assistance to low-income customers.

Tax detail

Tax type: Public utility tax
 Estimated beneficiary Savings: \$5 million (2027-29 biennium)
 Expiration date: None
 RCW: 82.16.0497

Recommendations

The Legislature should state public policy objectives and, if applicable, set performance metrics.

- If the Legislature’s objective is to encourage utilities to offer more utility-funded energy assistance, it should consult with the Department of Commerce to identify changes that achieve that goal. Possible options include increasing the amount of the credit or amending the qualification criteria.
- Alternatively, if the Legislature’s objective is providing tax relief, it should categorize the preference as one intended to do so.

Contact

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Additional detail

Statute caps the total credit at \$2.5 million per year

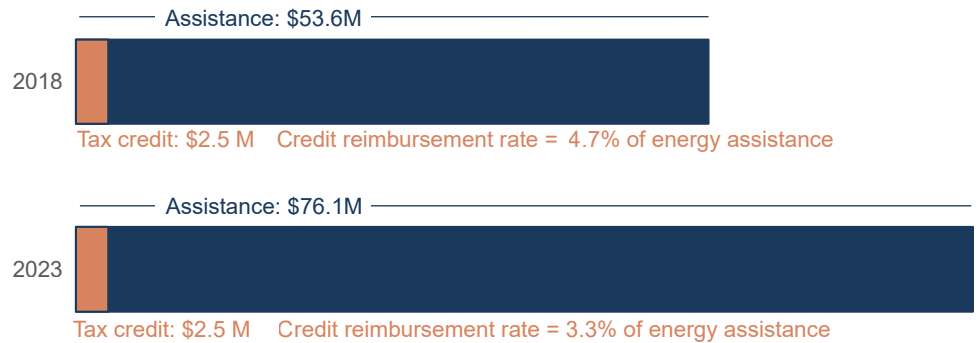
- The Department of Revenue (DOR) allocates the total credit among about 60 utilities based on each utility's share of federal Low Income Home Energy Assistance Program (LIHEAP) funds.
- To claim the credit, utilities must either:
 - Offer utility-funded energy assistance through billing discounts for low-income customers, and/or
 - Make contributions to specific agencies that help the Department of Commerce administer LIHEAP.
- If a utility does not apply for its base credit, DOR redistributes its credit among utilities that do apply. Utilities that serve more customers tend to receive more LIHEAP funds and a larger base credit allocation.

Seven large utilities received 78% of the base credit allocation (\$1.9 million)



Tax credit reimburses an average of 3.3% of energy assistance costs

- About 30 utilities claim the credit each year.
- From fiscal year 2018 to 2023, utilities that claimed the credit increased their utility-funded energy assistance by 42%.
- Because the cap remained the same, the credit reimbursement rate fell from 4.7% to 3.3% of energy assistance costs.



Tax credit likely does not influence amount of energy assistance provided

Inferred Objective	Results: Not Achieved
Incentivize utilities to provide additional energy assistance to low-income customers.	Beneficiaries report credit likely had limited influence on amount of credit provided. A 2023 Commerce report notes that whether a utility offers utility-funded energy assistance varies by the utility's type and size.

Recent statutory changes require utilities to provide energy assistance

- The Clean Energy Transformation Act (2019) requires that electric utilities make funding available for low-income bill assistance.
- A 2021 law requires investor-owned utilities to offer discounts to low-income customers. They may recover the cost by charging higher rates to other customers.