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PUBLIC SERVICE COMMISSION OF WISCONSIN

Quadrennial Planning Process IV

5-FE-104

ORDER

This is the Order regarding the Underserved Customer Analysis ordered by the Commission during the Quadrennial IV Planning Process and updates to the Focus on Energy Program Administrator's performance goals related to enhancing service to underserved customers.

Introduction

In its Final Decision for Quadrennial Planning Process IV in November 2022, the Commission included several order points regarding accessibility of Focus on Energy (Focus) programs, including through programs and offerings for low-income customers. ([PSC REF#: 453081](#)) These decisions have a common theme centered on using the current quadrennium (2023-2026) as a transitional period for gathering knowledge and information to support future planning and policy decisions centered around enhancing service to low-income populations and other underserved customer types with historically limited levels of Focus participation.

Examples include:

- Explore community-based pilot programs (*Order Point 7*).
- Coordinate with the Weatherization Assistance Program to identify and fill potential gaps in low-income offerings (*Order Point 7*).
- Convene a stakeholder group including community-based organizations (CBOs) to inform strategies for reducing barriers in marginalized communities (*Order Point 8*).
- Develop an approach for applying a benefits adder to programs targeting low-income customers (*Order Point 19*).
- Develop a framework to identify communities with low Focus activity and recommend program interventions and key performance indicators (KPIs) to address service discrepancies (*Order Point 29*).

This Order addresses Order Point 29 states in full:

The Program Administrator is directed to gather additional data and conduct analysis during the first year of Quad IV to better identify underserved customers, target program offerings, and develop KPIs. This effort shall emphasize underserved customers facing the highest energy burdens as well as small business customers.

The Commission staff memorandum presented the methodology and framework that was developed by the Focus Program Administrator, APTIM, in consultation with Commission staff, to identify underserved customers. APTIM and Commission staff also identified options for using the findings from its analysis to consider whether to update its current contractual KPIs related to identifying and serving underserved customers for the remaining two years (2025-26) of its current four-year contract.

On June 17, 2024 the Commission memorandum was released to the public and parties for comment. ([PSC REF#: 506180.](#)) Five comments were received, from Midwest Energy Efficiency Alliance ([PSC REF#: 507612](#)); Wisconsin Utilities Association (WUA) ([PSC REF#: 507624](#)); Citizens Utility Board ([PSC REF#: 507643](#)); Clean Wisconsin/Elevate ([PSC REF#: 507628](#)); and Kathy Kuntz ([PSC REF#: 507637.](#)) The Commission discussed the Underserved Customer Analysis and potential KPIs at its open meeting of July 18, 2024.

Findings of Fact

1. It is reasonable and in the public interest for the Commission to determine the appropriateness of the Underserved Customer Analysis and subsequent KPIs as set forth in this Order.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stats. §§ 196.02, 196.374, and 196.395, and Wis. Admin Code ch. PSC 137 to set and revise goals, programs, budgets, priorities, and measurable targets for Focus and to take all other actions necessary relating to the Commission's oversight of Focus.

2. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stats. §§ 196.02, 196.374, and 196.395.

Opinion

Order Point 29 from the Quadrennial Planning Process Final Decision directed the Program Administrator to develop a framework to identify communities with low Focus activity and recommend program interventions and KPIs to address service discrepancies. The Order Point further stated that the effort shall emphasize underserved customers facing the highest energy burdens as well as small business customers.

Communities of Focus Framework

APTIM, along with its subcontractor VEIC, developed a framework that builds off previous Focus efforts that have addressed barriers to participation for income qualified customers (enhanced incentives for equipment and weatherization measures); rural communities (since 2017 offering targeted and enhanced incentives); and small business customers.

This data-driven framework relies on comparing historical Focus participation data with publicly available geospatial demographic and socioeconomic datasets, which allows the

characteristics of communities showing lower levels of service to be identified. For example, energy burden data was collected from the Low-Income Energy Affordability Data tool (LEAD).¹ Also, many demographic indicators were collected via the ACS Survey Data Tables.² The U.S. Census Bureau ACS Survey Data Tables provide estimates of residential population characteristics including household demographics and housing unit characteristics. Finally, the Center for Disease Control and Prevention (CDC) provides its Social Vulnerability Index (SVI)³ maintained by the Agency for Toxic Substances and Disease Registry (ATSDR). SVI is intended to capture the negative impacts a community may experience due to external stresses on human health. While these data offered insight on residential customers, neither historical Focus program data nor readily available public datasets provided an adequate view of where small businesses are located or at what level Focus has served them. Focus participants do not currently provide data to the Program that would classify them as small businesses. Therefore, the program lacks the ability to identify participants that are small business in a reliable and consistent manner, and the subsequent analysis focused on metrics for the residential portfolio of programs.

The Focus on Energy-specific communities of interest, referred to as *Communities of Focus*, are those census tracts appearing in the top decile (top ten percent) of one or more of seven selected indicators. Table 1 below highlights (in red text) that these *Communities of Focus* comprise about a quarter of all Wisconsin households but have received only about 20 percent of

¹ U.S. Department of Energy. Office of State and Community Energy Programs. Low-Income Energy Affordability Data (LEAD) tool. <https://www.energy.gov/scep/slsc/low-income-energy-affordability-data-lead-tool>

² U.S. Census Bureau. American Community Survey Data Tables. <https://www.census.gov/programs-surveys/acs/data/data-tables.html>

³ U.S. Department of Health and Human Services. Center for Disease Control and Prevention. Agency for Toxic Substances and Disease Registry. Dataset – Social Vulnerability Index. <https://www.atsdr.cdc.gov/placeandhealth/svi/index.html>

Focus activity (defined as participation, incentives, and/or savings) from the Residential Portfolio during the five-year period considered – an indication of underservice. Four other indicators—two indicators of rural status, high share of elderly population and Justice40 communities—were also reviewed as possible indicators of underservice, but demonstrated historical Focus activity more closely aligned with their share of total population. A fifth additional indicator, housing cost burden, demonstrated historical Focus underservice, but APTIM analysts chose to exclude due to substantial overlap between that indicator and other financially related indicators already included in the seven *Communities of Focus*. Therefore, subsequent analysis was focused on the seven indicators under *Communities of Focus* in Table 1.

Table 1: <i>Communities of Focus</i> and Other Frameworks: Share of Tracts, Households, and Focus Residential Portfolio Activity	% of Tracts	% of Population (households)	Participation	Incentives	Savings
Census Tract Groups					
Communities of Focus	28.3%	24.3%	20.4%	20.2%	19.5%
<i>High Energy Burden/Costs</i>	10.0%	6.9%	4.5%	4.3%	4.1%
<i>High Share LMI population</i>	10.0%	6.9%	4.5%	4.7%	4.3%
<i>High Share renter population</i>	10.0%	8.0%	5.4%	6.3%	6.0%
<i>High Share BIPOC population</i>	10.0%	6.7%	3.9%	4.3%	3.9%
<i>High Share limited English-speaking population</i>	10.0%	8.8%	7.3%	7.8%	7.7%
<i>High share population with limited internet access</i>	10.0%	7.2%	6.4%	5.9%	5.5%
<i>High social vulnerability index (SVI) scores</i>	10.0%	8.1%	6.3%	6.2%	6.0%
Other Indicators Considered					
Located in majority (>50%) rural counties	26.4%	25%	26.9%	21.0%	20.4%
Located in highly (>75%) rural counties	14.7%	12.3%	13.0%	9.5%	9.4%
High housing cost burden	10.0%	7.4%	4.8%	5.3%	4.8%
High share elderly (65+) population	10.0%	8.3%	9.2%	8.2%	8.2%
Justice 40 Communities ²	19.8%	20.1%	20.4%	20.1%	20.3%

Figure 1 shows which parts of Wisconsin are identified as *Communities of Focus* (i.e., census tracts in the top ten percent of one or more *Communities of Focus* indicators shown in Table 1). The census tracts shaded in dark blue in Figure 1 do not fall within the top ten percent of census tracts for any of the seven *Communities of Focus* indicators. The census tracts shaded pink in Figure 1 represent census tracts in the top ten percent of census tracts for one or more of

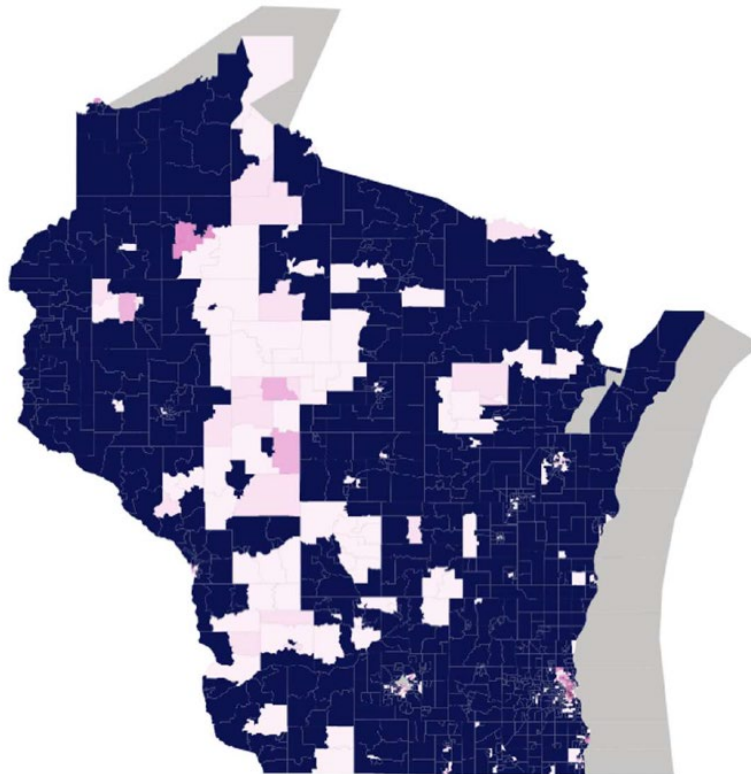
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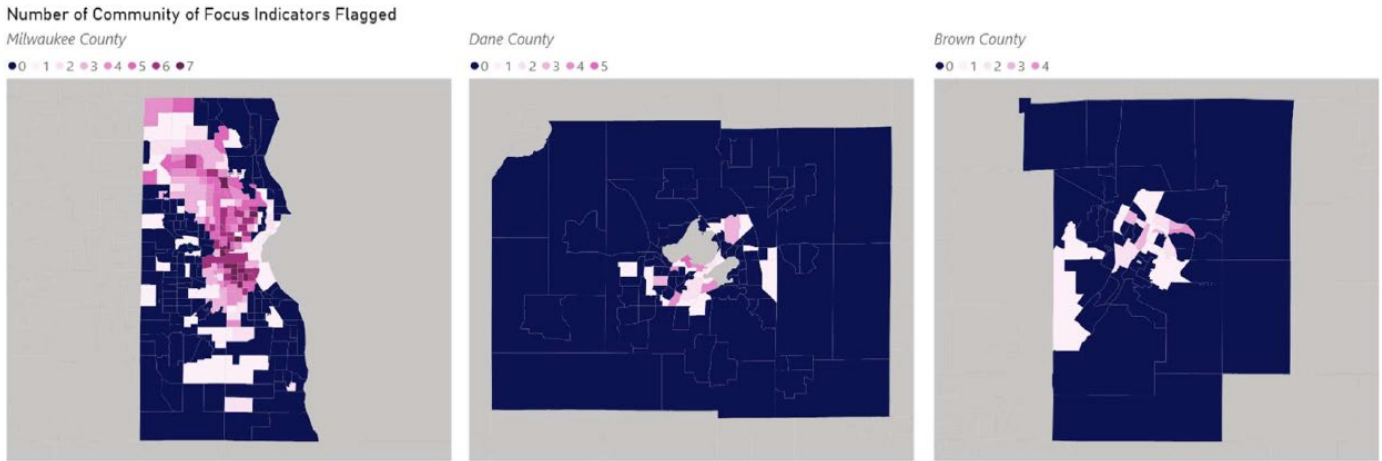
the *Communities of Focus* indicators (darker shades of pink indicate a tract is in the top ten percent for multiple indicators).

Figure 1: *Community of Focus* Census Tracts: Number of Indicators Flagged

Community of Focus Census Tracts
Number of Community of Focus indicators flagged

● 0 ● 1 ● 2 ● 3 ● 4 ● 5 ● 6 ● 7

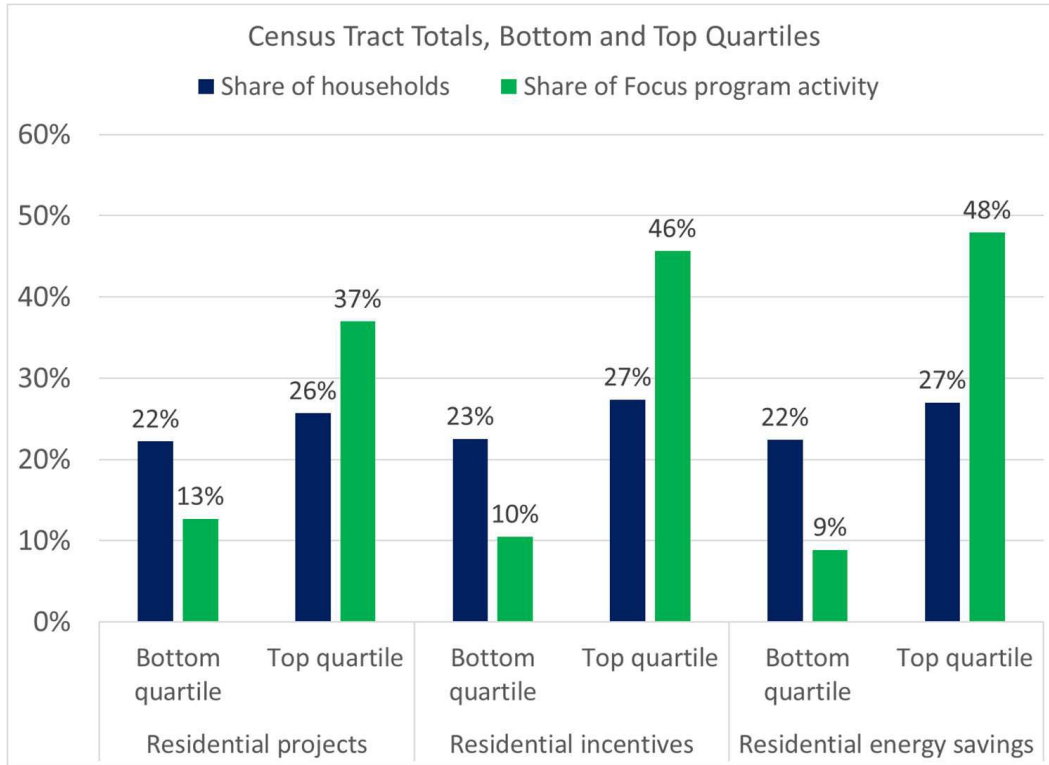




Determining Underservice with Focus Activity Data

As a first step in the process of identifying appropriate metrics for identifying underservice, metrics of program activity (number of projects, incentives paid, and lifecycle savings) were calculated by census tract, which were then sorted from highest to lowest and split into quartiles to better understand where Focus activity lagged that of other areas. Figure 2 below shows program activity in the bottom quartile tracts is much lower than the share of the population residing in those tracts, and it is much lower than the share of program activity occurring in the top quartile tracts.

Figure 2: Share of Program Service for Census Tracts in Bottom and Top Quartiles of Program Activity, by Program Service Indicator



Considering Demographic and Socioeconomic Indicators

While the above information may be useful in understanding which barriers prevent communities from meaningful engagement with Focus on Energy, it does not indicate why these areas have seen relatively low Focus activity. Therefore, after establishing an understanding of historical Focus activity by census tracts, analysis sought to identify the characteristics that may be driving the discrepancies in service levels shown above in Table 2. High energy burden was a key consideration the Commission identified directly in the Quad Planning Order. The simultaneous CBO Outreach and Engagement initiative by APTIM yielded

additional characteristics identified by CBOs, including communities of renters, older adults, black, indigenous, and people of color (BIPOC) communities, and limited English-speakers.

Table 2 below provides key demographic characteristics for tracts flagged as underserved on all three program activity metrics and tracts that are not underserved. When examined through these demographic characteristics, the populations residing in underserved areas differ substantially from those residing in areas that are not underserved.

Table 2: Averages Across Census Tract Groups for Demographics of Interest, Residential Portfolio

	Average Energy Burden	Average Energy Costs	Share of Households at or below 80% AMI	Share of Households that Rent	Share of Population that is BIPOC	Share of Households limited English-speaking	Share of Households with Broadband	Average SVI Score
Not underserved census tracts on all three metrics	2.3%	\$1,872	39%	29%	16%	1.0%	88%	44%
Underserved census tracts on all three metrics	3.7%	\$1,995	56%	48%	48%	3.2%	83%	70%
All census tracts	2.6%	\$1,902	42%	33%	22%	1.6%	87%	50%

Summary and Further Refinements

The analysis shows that *Communities of Focus* represent almost 25 percent of all Wisconsin households but have received only about 20 percent of Focus activity (participation, incentives, and savings.) Measuring disparities by multiple specific indicators (energy burden, BIPOC, renter, etc.) can support efforts to better target programmatic interventions, particularly when combined with localized knowledge and support from organizations serving those communities. Overall, this framework identifies communities across Wisconsin that are facing

barriers to Focus participation and can support insights into which communities across Wisconsin would benefit from enhanced service.

APTIM and VEIC acknowledge several challenges related to data availability with this first-generation framework that could benefit from additional review and analysis going forward. Potential improvements identified by APTIM and VEIC are described below in Table 3:

Table 3: Potential Improvements to the *Communities of Focus* Framework

1) Coordinate with DOA to incorporate Weatherization Assistance Program (WAP) and Wisconsin Heating Energy Assistance Program (WHEAP) participation data into analysis to be able to consider the impacts of these programs when determining Focus underservice.
2) Seek to obtain better granularity through tract-level geocoding to identify areas of the state with non-participating utilities.
3) Update the Rural-Urban Commuting Area (RUCA) codes to 2020 census tracts after they are updated by the U.S. Department of Agriculture in 2024. ⁴
4) Survey small business customers to supplement gaps that neither Focus participation data nor census data could adequately address. Engage directly with priorities of small businesses to learn what it means to be a small business and how their priorities could align with those of Focus – specifically, how proprietors define “small business”, what their business priorities are, how energy efficiency fits into their priorities, and their awareness and perception of Focus on Energy.
5) Develop a dashboard to monitor activity levels in specific areas where program interventions are tested and examine whether the differences in the top and bottom quartiles shrink over time.

After considering the information and data presented by the framework described above, the Commission finds it reasonable to approve the *Communities of Focus* framework developed to assess underserved customers. The Commission also finds it reasonable to direct the Program Administrator to continue refining the *Communities of Focus* framework consistent with the five suggested improvements listed above, as well as by reviewing how the framework could take

⁴ U.S. Department of Agriculture. Economic Research Service. Data Product- Rural-Urban Commuting Area Codes, <https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes>.

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into account investor-owned utility energy burden data submitted in Commission annual report filings.

Underserved KPIs for 2025 and 2026

APTIM asserts that the best path to identifying and implementing program interventions in the underserved communities identified by the *Communities of Focus* framework is to address the barriers a specific community is experiencing. In part because barriers may vary in nature and in magnitude across different communities, questions related to the costs of effectively serving these communities are also difficult to answer at this point. APTIM intends to use the community-based pilot ordered by the Commission to further explore the effectiveness of targeted program design and delivery approaches and their associated costs. The pilot is scheduled to begin in July 2024 and operate through August 2026, and would use data and insights from the *Communities of Focus* research.

Since the pilot is currently scheduled to operate through August of 2026, KPI options were developed for the Commission's consideration for program years 2025 and 2026 after the interim income-qualified and rural KPIs expire at the end of 2024. The Commission finds it reasonable to establish a KPI directing APTIM to increase the lifecycle MMBtu energy savings occurring in the *Communities of Focus* census tracts by five percent by the end of 2026, using 2023 savings as the baseline. Furthermore, the Commission finds it reasonable to establish a second KPI directing APTIM to partner with a minimum of three different CBOs representing a diverse grouping of underserved communities to spread awareness and cultivate an understanding of Wisconsin's energy programs.

ORDER

1. The *Communities of Focus* framework developed to assess underserved customers is approved.

2. APTIM shall continue refining the *Communities of Focus* framework consistent with the five suggested improvements in Table 3 of this Order and additionally taking into account how the framework may be informed by Investor-Owned Utility energy burden data filed in Commission annual reports.

3. Focus shall set a KPI to increase the lifecycle MMBtu energy savings occurring in the *Communities of Focus* census tracts by five percent by the end of 2026 using 2023 savings as the baseline.

4. Focus shall set a KPI for the Program Administrator partner with a minimum of three different CBOs representing a diverse grouping of underserved communities to spread awareness and cultivate an understanding of Wisconsin's energy programs before the end of the 2023-2026 quadrennial period.

Dated at Madison, Wisconsin, the 21st day of August, 2024.

By the Commission:

A handwritten signature in black ink, appearing to read 'Cru Stublely', written in a cursive style.

Cru Stublely
Secretary to the Commission

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