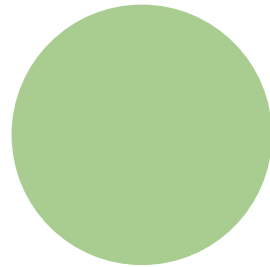


CURRENT
LOW-
INCOME
RATEPAYER
PROGRAMS



Derek Davidson
Director, Consumer Assistance and
Safety Division
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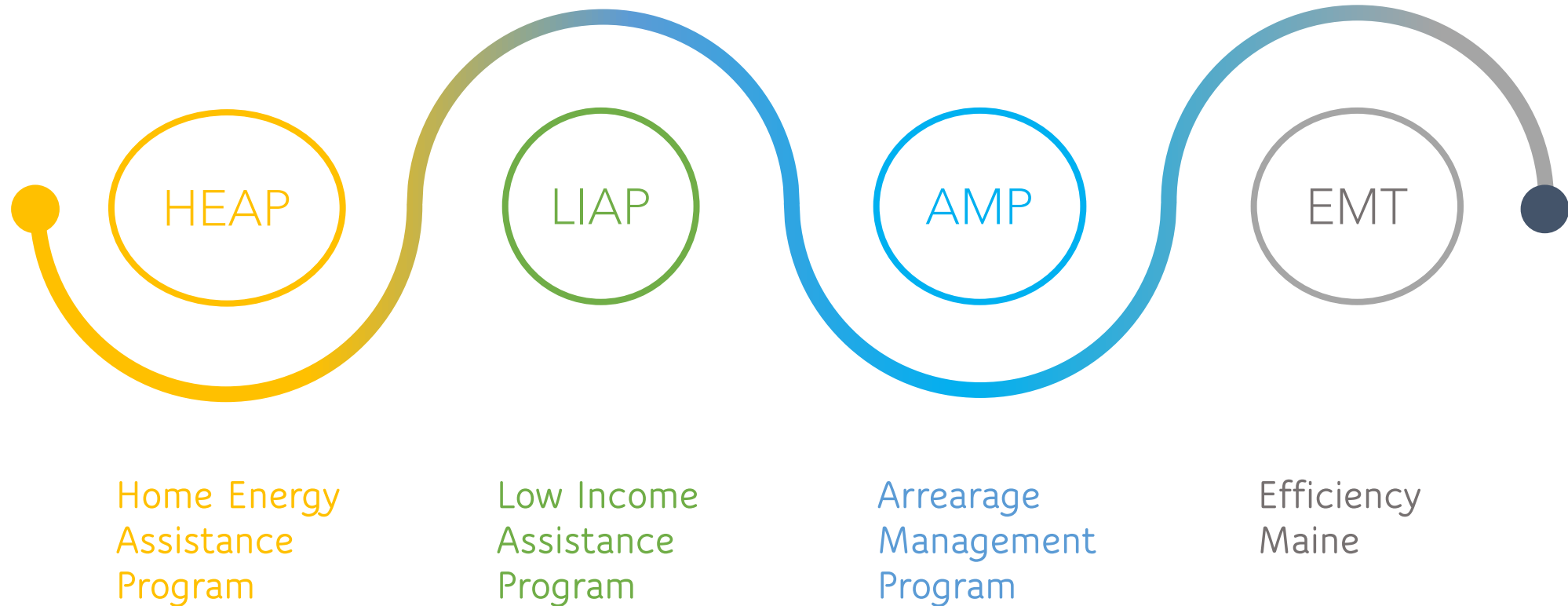
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August 22, 2022

SUPPORTS FOR LOW-INCOME ELECTRIC RATEPAYERS

"Electricity is a basic human necessity to which all residents of the State should have access."

[35-A M.R.S. § 3214](#)

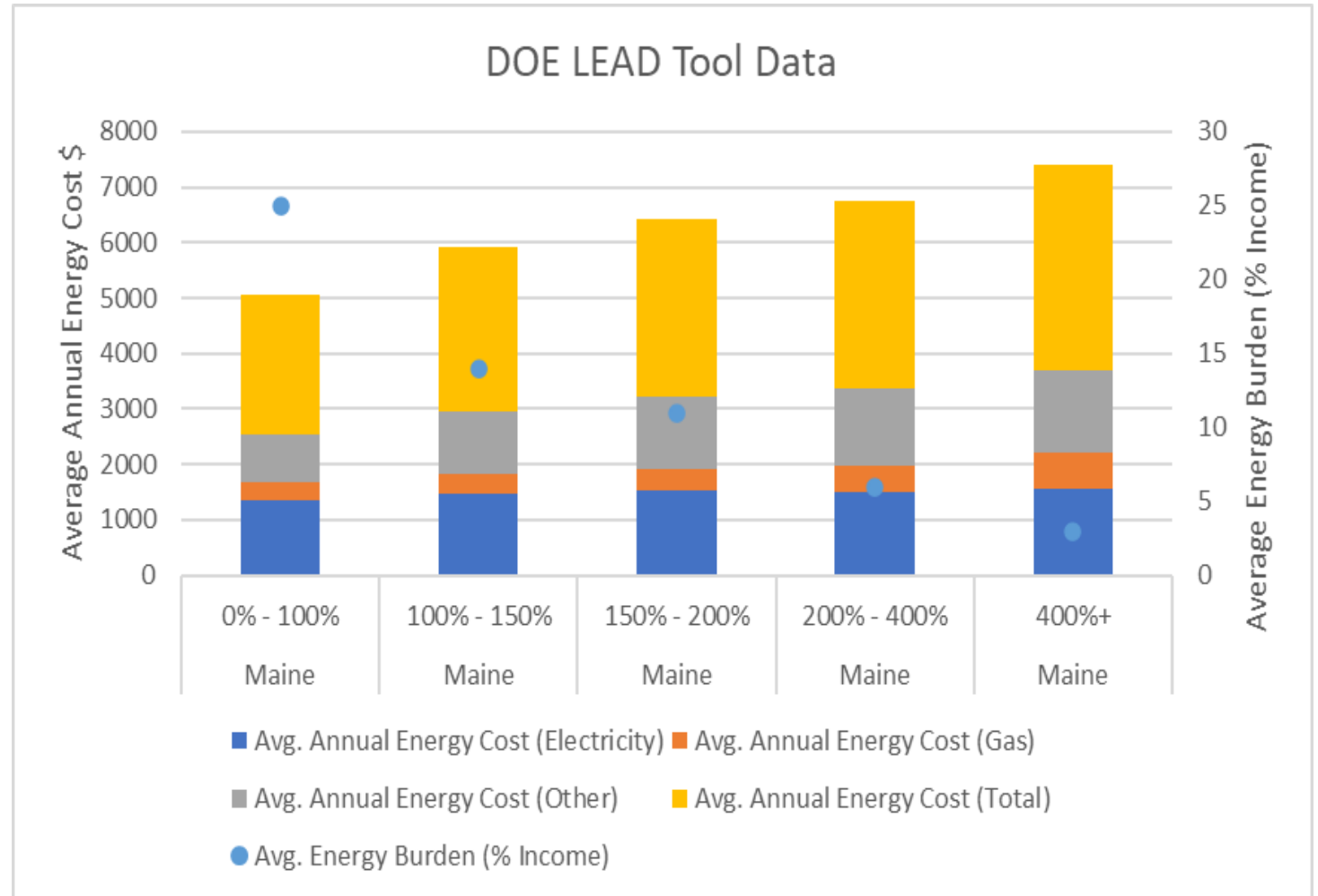


To truly support all Maine ratepayers program design should look to make current bills more affordable, decrease bad debt, and reduce the cost shifts to other ratepayers.

ENERGY BURDEN

- Households with the lowest income are spending a much larger percentage of their finances on energy expenditures
- Low income Maine households use 24% of their income on energy. Compare this to the 4% in other Maine households

Data table generated 8/10/22 using 2018 American Community Survey Data



<https://www.energy.gov/eere/slsc/maps/lead-tool>

<https://www.maine.gov/meopa/reports-and-testimony>

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

Funding	\$36,000,000 in FY 2022 from Federal funds
Participation Rate	Estimated 40% of eligible households apply and receive funding
Application Process	Local Community Action Agencies handle intake. Funds are applied directly to the vendor account
Eligibility Criteria	150% of Federal Poverty Guidelines or 60% of State Median Income
Dependencies between programs	Until Program Year (PY) 2022-23, HEAP was the sole eligibility criteria for LIAP and remains the sole eligibility for AMP
Current positives of structure	Flexible on fuel type and can change as home heating sources change
Complexities/weaknesses	Cumbersome application process, lack of adequate staffing at CAA, low participation
Reference Law	<u>30-A M.R.S.A. §§4722(1)(W), 4741 (1) and (15), and 4991 et seq</u>

Traditionally viewed as an oil subsidy - electric heat is eligible

Funds applied directly to utility/vendor account

MaineHousing and the Community Action Agencies continue to address and improve participation rates

LOW INCOME ASSISTANCE PROGRAM (LIAP)

Funding Source	Ratepayer funded through assessments. Funds reallocated to utilities whose participation level exceeds their assessed amount
Application Process	HEAP eligible households apply through CAAs, DHHS eligible households apply through the utility. Funds applied directly to utility account from MaineHousing
Eligibility Criteria	HEAP eligible or participating in a DHHS program with a household income 75% FPG or less
Dependencies between programs	Until PY 2022/23 HEAP eligibility was the only criterion to enroll in LIAP
Reference Law	35-A M.R.S. § 3214

The statute includes the legislature’s policy statement:

“In order to meet legitimate needs of electricity consumers who are unable to pay their electricity bills in full and who satisfy eligibility criteria for assistance, and recognizing that **electricity is a basic necessity to which all residents of the State should have access, it is the policy of the State to ensure adequate provision of financial assistance.**”

CREATION OF LIAP

In 1997, the Legislature enacted P.L. 1997, Ch. 316 "An Act to Restructure the State's Electric Industry." Section 3214 of the Act directed the Commission to oversee the implementation of a statewide financial assistance program for low-income electricity customers.

Section 3214 - Needs-based low-income assistance

1. Policy. In order to meet legitimate needs of electricity consumers who are unable to pay their electricity bills in full and who satisfy eligibility criteria for assistance, and recognizing that electricity is a basic necessity to which all residents of the State should have access, it is the policy of the State to ensure adequate provision of financial assistance.

2. Low-income assistance. In order to continue existing levels of financial assistance for low-income households and to meet future increases in need caused by economic exigencies, the commission shall:

- A. Receive funds collected by all transmission and distribution utilities in the State at a rate set by the commission in periodic rate cases; and
- B. Set initial funding for programs based on an assessment of aggregate customer need in periodic rate cases. The funding formula may not result in assistance being counted as income or as a resource in other means-tested assistance programs for low-income households. To the extent possible, assistance must be provided in a manner most likely to prevent the loss of other federal assistance.

CREATION OF LIAP

In response to Section 3214, the Commission initiated a rulemaking in 2001 to create a statewide, needs-based assistance program for electricity customers (statewide program). In the Notice of Rulemaking, the Commission stated:

Section 3214(1) articulates a policy which recognizes that electricity is a basic necessity to which all residents of the State should have access We interpret this policy statement, coupled with the other provisions of Section 3214, **to require a low-income program that provides comparable benefits for electric customers throughout the State.**

LIAP has been modified to further tailor the benefits over the years.

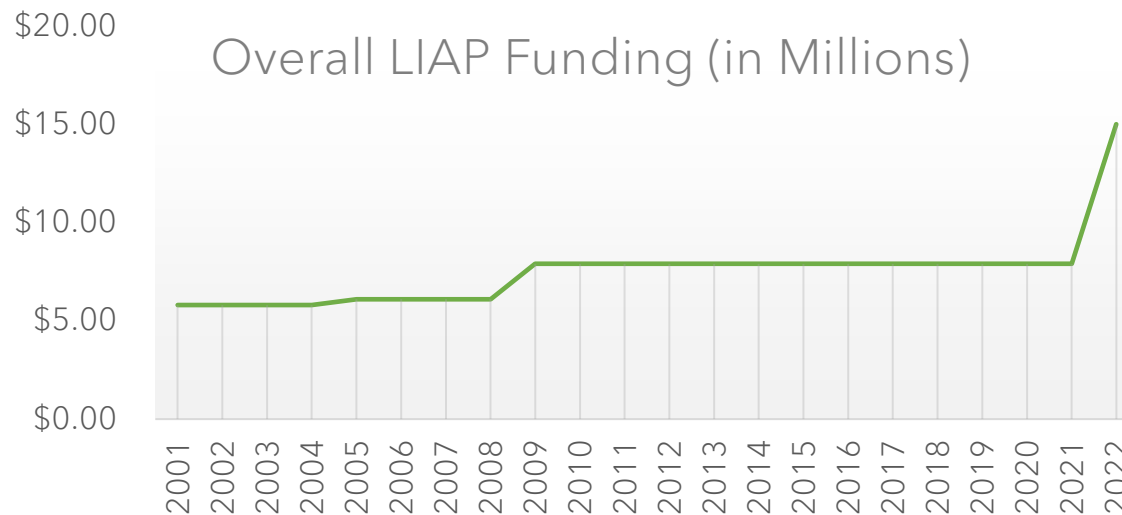
- PY 2018/19 - Created a model for utilities to use to calculate benefit amounts with the intent of providing benefit amounts based on need. Inputs to the model include the rates charged for service, the average usage for low-income customers in the utility's service area, and the income level of the participant.
- PY 2022/23 - Expanded eligibility to include DHHS households 75% or less of FPG. Increased funding from \$7.8 million to \$15 million. This is expected to approximately double the number of customers participating in the statewide program from approximately 24,000 customers to approximately 50,000 customers.

LIAP FUNDING

The statutory requirement: the programs "meet future increases in need caused by economic exigencies,"

To meet this the Commission has used the price of electricity as a proxy for the "increases in need caused by economic exigencies" and since the promulgation of the Rule the Commission has monitored the collective price of electricity that customers pay across the State on an annual basis. When electricity prices have more than a de minimis increase from the time of the last funding adjustment, the Commission increases the overall funding level of the statewide program in an amount commensurate to the increase in electricity prices. The Commission has never reduced the funding level of the LIAP.

Basically, the Commission monitors the total cost of electricity on a statewide basis and uses that to determine if an increase in funding is necessary. When prices decreased, the Commission did not reduce funding to LIAP.



LIAP FUNDING

The funding for the current statewide LIAP is \$7.8 million. The funding source is utility ratepayers. In a rulemaking completed this past spring, the Commission increased funding for the program to \$15 million.

To fund the statewide LIAP, each utility pays into a statewide fund an amount equal to the percentage of the state's residential customers that reside in each utility's service territory.

The fund is then "apportioned" to each utility based on the percentage of LIAP eligible customers that reside in each utility's service territory. This ensures that money is apportioned to utilities based on the need that exists in each utility's service territory.

Program years run October 1 through September 30

LIAP BENEFIT AMOUNTS

The rule requires each utility's program to provide higher benefit amounts to lower income customers (more in need). The rule further requires that each utility's LIAP have at least four separate benefit levels based on income.

The average LIAP benefit amount last year was approximately \$325. When the Commission expanded the eligibility for the program, it also increased the statewide fund amount commensurately to help ensure that customers receive approximately the same benefit amount under the expanded program.

% of Poverty Guidelines
Benefit Levels
0 - 75%
76 - 100%
101% - 125%
>126%

Assumptions in the lump sum model:
Average Annual Usage Estimate (kwh) for LIAP customers or Residential customers
Residential Rate (including cost of energy)
% of Annual Income for electricity use - 4%
Total Annual Apportionment (From PUC Order and Apportionment Tab)

LIAP AND THE RATEPAYER ADVISORY COUNCIL

The estimated cost of expanding the program to include DHHS clients at or below 150% of the FPL (to be consistent with LIHEAP eligibility) was approximately \$44 million.

In the Order Adopting Rule this spring, the Commission stated it was taking a gradual approach to expanding the LIAP, first expanding the program to include DHHS clients at or below 75% of the FPL who are the most in need, with the expectation that the newly created Advisory Council will make recommendations regarding the LIAP and also explore alternative funding sources for electric ratepayer low-income assistance.

LIAP AND THE RATEPAYER ADVISORY COUNCIL

Potential discussion points

- How to address significant prices changes during a program year?
- How to limit the impact to other ratepayers when funding the benefits?
- How to fully fund the benefit amount when enrollment and prices aren't known at the start of the program year?
- Should participants know their full benefit amount at the time of enrollment?
- Should this be ratepayer funded?
- Should LIAP be partnered with other programs?

ARREARAGE MANAGEMENT PROGRAM (AMP)

Funding Source	Ratepayer funded
Participation Rate	15-30% of eligible customers enroll
Application Process	Can enroll through CAA or utility
Dependencies between programs	Household must be HEAP eligible to enroll in AMP
Reference Law	35-A M.R.S. § 3214
Average arrearage amount	2016 - \$1462 Arrearages continue to increase Q1-Q3 2022 - \$2673

- An eligible low-income customer falls behind by specified amount and/or period of time (e.g. \$500, 90 days)
- If the customer elects to participate, the overdue amount or amount in arrears is set aside. Up to \$3600 can be forgiven per year
- For each month the customer makes a payment under the program, 1/12th of their amount in arrears is forgiven. If the customer remains on the program for a full year, full amount is forgiven up to \$3600

ARREARAGE MANAGEMENT PROGRAM (AMP)

The goal of arrearage management programs is to create a positive relationship between the customer and the utility and encourage on-time payment behavior, during the program and after. **Program is still considered a pilot program and the authorizing statute will be repealed in September 2024.**

- Rather than a direct payment, AMP benefits are earned through on-time payment behavior. Debt is only forgiven when on-time payments are made.
- Focuses on debt forgiveness while pairing with efficiencies, debt counseling and utility communications
- The program is only offered in Central Maine Power and Versant Power (investor owned utility) territories. The consumer owned utilities are able to participate but none are doing so currently.
- Customers can only participate in AMP one time.

EFFICIENCY MAINE

Funding Source	Utility ratepayer, federal funding, grants
Application Process	Call 866-376-2463 or visit efficiencymaine.com
Eligibility Criteria	Greatly expanded eligibility criteria depending on the program. Uses area median income, any means tested support program, area property values, etc.
Dependencies between programs	Most programs are independent and driven by customer interest. The exception currently is AMP which proactively offers customers energy usage data and DIY measures.
Reference Law	35-A M.R.S. Chapter 97

Efficiency Maine offers an important piece to the support puzzle - making current bills more affordable

“The Efficiency Maine Trust is the administrator for programs to improve the efficiency of energy use and reduce greenhouse gases in Maine. The Trust serves all sectors and all regions of the state. Its suite of nationally recognized programs provides consumer information, discounts, rebates, loans and investments for high-efficiency, clean energy equipment and strategies to manage energy demand. The Trust is a quasi-state agency governed by a Board of Trustees with oversight from the Maine Public Utilities Commission.”

EFFICIENCY MAINE LOW INCOME INITIATIVES



Heat Pumps: \$2,000 rebate (tax assessment eligibility)



Weatherization: Rebate is 90% of the project cost, for projects up to \$9,000 (tax assessment eligibility)



Heat Pump Water Heaters: Free (must have an unheated basement space)



Smart Thermostats: (Natural Gas Customers): \$200 reimbursement (only NG customers)



DIY Kits: (LEDs, aerators, showerhead): Free (reply to the postcard mailer)



Arrearage Management Program: Free DIY mailer, usage report, water heater if eligible



Electric Vehicles: \$2,500 rebate for used vehicles, up to \$5,500 rebate on new vehicles

NET ENERGY BILLING

Community solar - Concerns for HEAP or LIAP participants who enroll

- The subsidy is applied to the electric account, but the bill comes from the solar developer. There is no mechanism to allow the funds to be transferred to the solar developer.
- Community solar and LIAP/ELP funds - Unlike HEAP, the source of funding for this benefit is from other utility customers and community solar participants do not contribute. Potential equity issue if low-income community solar customers were allowed to receive LIAP/ELP benefits unless community solar participants were required to contribute to the cost of this program themselves.

Donation of expiring NEB Credits to AMP participants to pay down debt

- The new program starting in the Spring of 2022 which applies a monetary credit from Net Energy Billing kWh donations to Arrearage Management Program participants
- Complicated policy that does relieve the debt burden of low-income customers
- All ratepayers pay for the monetization of credits
- Does it undercut the design of AMP to structure on-time payment behaviors?

QUESTIONS?

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