



State of Maine
Office of the Public Advocate
112 State House Station, Augusta, Maine 04333-0112
(207) 624-3687 (voice) 711 (TTY)
www.maine.gov/meopa

Janet T. Mills
GOVERNOR

William S. Harwood
PUBLIC ADVOCATE

**Testimony in Support of
LD 2067, “An Act to Make Permanent the Arrearage Management Program for Low-
income Residential Electricity Customers”**

February 1, 2024

Senator Lawrence, Representative Zeigler and distinguished members of the Joint Standing Committee on Energy, Utilities, and Technology,

My name is William Harwood, here today as Public Advocate, to testify in strong support of LD 2067, “An Act to Make Permanent the Arrearage Management Program for Low-income Residential Electricity Customers.”

The OPA would like to thank Representative Foster for sponsoring this bill. I would also like to acknowledge the efforts of Representative Kessler, who sponsored LD 143, “An Act to Make the Arrearage Management Program Permanent,” in the 130th, which extended the sunset to 2024.

This bill is supported by the Maine Electricity Ratepayer Advisory Council (ERAC), a statutorily created organization of 18 members from state government, private industry, and low income advocacy groups. Attached is an excerpt from the ERAC Annual Report filed last December 1st indicating ERAC’s support for this bill (Attachment A).

The OPA has reviewed the sponsor’s amendment to extend the sunset for four years. The OPA prefers the original bill which removes the sunset altogether. However, in the spirit of compromise, OPA does not object to extending the sunset. Though, we ask the committee to consider a six-year extension rather than a four-year extension. It is difficult to justify putting the necessary time and effort into properly implementing and administering a statutory program when the program is under the threat of being sunsetted in a couple of years.



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This Program allows low-income customers with significantly past-due balances (accumulated arrears) who pay current monthly usage charges on time to receive a monthly reduction in their arrears. In addition, participants have access to a complementary energy efficiency program from Efficiency Maine Trust to help reduce their energy consumption.

Since the Program began in 2015, approximately 7,400 customers have enrolled, and 2,000 participants had their entire arrearage forgiven. The total amount of arrearage forgiven was almost \$6 million. Even participants who do not complete the entire Program have some of their arrearage permanently reduced, thereby decreasing the financial pressure of trade-offs between necessary heat, food, medication, on the one hand, and electricity, on the other.

In addition, customers' bill payment patterns improved after their participation in the Program, both in terms of the percentage of bills paid and the percentage of billed amounts paid.

The importance of this Program has expanded rapidly in recent quarters, with Program Year 2022-2023 seeing the highest annual eligibility and participation customer count in the program's history.

The recent lowering of electricity supply prices may help with affordability of future bills but will have no impact on large arrears accrued while prices were sky high. However, lower supply prices in 2024 will give AMP participants a better chance to successfully complete the Program and thereby have their past arrears forgiven.

Attached to this testimony is the OPA's Report on the Arrearage Management Program (Attachment B), which was included in the Electric Ratepayer Advisory Council's Annual Report submitted on December 1, 2023.



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Thank you for your time, attention, and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 2067 and will be available for the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in cursive script that reads "William S. Harwood".

William S. Harwood
Public Advocate

State of Maine
Electric Ratepayer Advisory Council



Second Annual Report
December 1, 2023

Recommendations for the Arrearage Management Program (AMP)

1. Based on the Office of Public Advocate Report, the Council recommends repealing the 2024 sunset of the Program.

The Council believes that these recommendations are consistent with Maine policies and initiatives on climate change, beneficial electrification, and clean energy.

**State of Maine
Office of the Public Advocate**



**Arrearage Management Program Report
December 1, 2023**

OPA Report to ERAC on Future of AMP

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I. Introduction

Maine’s Arrearage Management Program (AMP) is one of several low-income programs, along with the Low-Income Assistance Program (LIAP) and the Low-Income Heating Assistance Program (LIHEAP), that each support electricity customers in a unique way. AMP provides financial assistance and on-time bill payment incentives to eligible customers. Specifically, low-income customers with significantly past-due balances (accumulated arrears) who pay monthly usage charges on time receive a monthly credit towards their arrears as long as they remain in compliance with the terms of the program. In addition, AMP participants have access to a complementary energy efficiency program from Efficiency Maine Trust to help reduce their energy consumption.

This program has improved the lives of low-income Mainers. Since September 2021,¹ 915 Mainers have successfully completed AMP, meaning that they complied with the terms of AMP such that their entire arrearage was forgiven.² Recent data³ show that the need for this program is growing, where participation in the 3rd quarter of PY 2022-23 Q3 jumped 242%, 65%, and 171% above participation in the 3rd quarter of PY 2021-22 Q3 for Versant – Bangor Hydro District (BHD), Versant – Maine Public Service District (MPS), and Central Maine Power (CMP), respectively. Since AMP began in 2015, 2050 participants had their entire arrearage forgiven.⁴ The total amount of arrearage forgiven was \$5,510,358.43.

The statute enacting AMP, Title 35-A Section 3214(2-A), has a built-in “sunset provision” meaning that on September 30, 2024, Maine’s AMP program will automatically end unless the statute is amended to remove the sunset provision. In the meantime, no later than January 28, 2024,⁵ the Maine Public Utilities Commission (the Commission or the PUC) must prepare a report assessing the effectiveness of the utilities’ AMP programs.⁶

¹ The beginning PY 2021-22 Q1. The AMP program year (PY) is October 1-September 30.

² There were 248 and 667 for Versant (formerly Emera Maine) and CMP, respectively.

³ T&Ds with AMP programs are required to file quarterly reports.

⁴ Summarized from AMP quarterly reports filed by the T&Ds with the PUC.

⁵ 35-A M.R.S. § 3214(2-A)

⁶ Only the investor-owned utilities are required to implement an AMP program. 35-A M.R.S. § 3214(2-A).

The purpose of this report is to update the Electric Ratepayer Advisory Council on the status of AMP.

II. Description and Support for AMP

A. The AMP Approach

AMP provides relief to low-income customers with arrears on their utility bills. These customers may be able to pay for their monthly usage but cannot afford the extra expense of paying off the arrears. To put it simply, these customers can keep up, but they can't catch up. Rather than keeping these vulnerable customers in a situation where they are eventually faced with disconnection, and putting the utilities in a situation where they are owed amounts that will likely never be paid, AMP creates a positive relationship and a communication channel between the customer and the utility, leading to a mutually beneficial outcome.

AMP enrollment is also an opportunity to inform customers about other programs and services that can help make their bills more affordable. All AMP participants receive a free "Electricity Usage Assessment" performed by the Efficiency Maine Trust⁷ and must accept the free energy management measure and programs offered by the utility, EMT, and the MSHA. For example, between July 1, 2022 and June 30, 2023, EMT has helped 69 AMP customers to install new heat pump water heaters in their homes, thereby reducing their dependence on costly fossil fuel.⁸ All AMP enrollees receive Efficiency Maine Energy Efficiency Tips⁹ booklets in the mail.

The risk of future disconnection can be reduced through AMP. Even if the participant does not complete the entire program, but makes some monthly payments, the amount of the arrearage will be permanently reduced, thereby decreasing the financial pressure of trade-offs between necessary heat, food, medication, on the one hand, and electricity, on the other.

⁷ 65-407 C.M.R. ch. 317, § 3(C)(6).

⁸ *Efficiency Maine*, Low-Income Advisory Group Meeting Presentation, September 7, 2023.

⁹ <https://www.energymaine.com/docs/Energy-Efficiency-General-Education-Booklet-FNL.pdf>

B. How It Works

AMP began in 2014, when the Legislature launched an AMP pilot, Title 35-A M.R.S. Section 3214(2-A), which was followed by rulemaking in 2015 at the PUC to create Chapter 317 - "Statewide Arrearage Management Program." All the participating T&D utilities can recover in rates all the costs of its AMP program including incremental costs, reconnection fees and administrative and marketing costs, but not including the amount of any arrearage forgiven that is treated as bad debt for purposes of cost recovery.¹⁰

The program works as follows:

- A customer falls behind by at least \$500 for at least 90 days.
- Up to \$3,600 of the customer's overdue arrearage can be forgiven per year.
- For each month the customer makes a full payment of their current bill, 1/12th of their amount in arrears, up to a maximum of \$300, is forgiven. If the customer remains on the program for a full year, the full amount is forgiven up to \$3,600.
- The customer may remain on the program for more than one year until the full amount of the overdue arrearage has been forgiven, but they must reapply every 12 months.
- Rather than a direct payment, AMP benefits are earned through on-time payment behavior. Debt is only forgiven when on-time payments are made.
- The program is only offered to CMP and Versant Power customers. The other T&D utilities are able to participate, but none are doing so currently.

Currently, there are two open PUC proceedings that will affect AMP. First, on June 9, 2023, the Office of the Public Advocate (OPA) filed a request for the Commission to recommend four amendments to Chapter 317 (Docket No. 2023-00134) supported by ERAC¹¹ to: 1) allow participants to miss two payments before disqualification from the

¹⁰ 65-407 C.M.R. ch 317, § 5.

¹¹ The Electric Ratepayers Advisory Council.

program; 2) allow a ratepayer to participate once every seven years rather than once in a lifetime; 3) allow all LIAP-eligible ratepayers to qualify for AMP; and, 4) increase the maximum monthly AMP benefit to \$500 a month (which increases the total amount eligible for forgiveness to \$6,000 a year). The Commission added its own proposal to make changes to the enrollment process to clarify the start date when bill payments qualify for AMP and also proposed to add certain tracking and reporting requirements.¹² A Public Hearing on the proposed amendments was held on September 27, 2023, at the Commission, and a final order should be issued soon.

Second, in anticipation of the January 28, 2024, report that it is preparing, the PUC has opened an inquiry to seek public comment on AMP and to collect additional information from the T&D utilities on AMP participant patterns and administrative costs (Docket No. 2023-00239.) A stakeholder meeting will be held on December 6, 2023, and final comments are due December 20, 2023.

C. Support for AMP from the Utilities

OPA has discussed the future of the AMP program with a number of interested parties. The following are some of the more noteworthy comments:

In the words of Maine's two utilities whose customers benefit from AMP:

“The Arrearage Management Program provides a valuable opportunity for Mainers who have been through a difficult time and built up an arrearage with their utility company that's just too much for them to manage. It's a chance to keep up with their current bills while the program catches up the arrearage for them, forgiving some of the arrearage every time a current monthly bill is paid on time.”

- Linda Ball, Vice President, Customer Service, CMP

“There are no other holistic debt forgiveness programs out there like this.” “The AMP program provides a second chance for customers who have fallen behind on

¹² If customer already have a current, unpaid bill and they are enrolled in AMP, that unpaid balance will not be included in the arrearage total.

their utility bills. Simply by keeping current on their monthly bills, a customer can become debt free over time. But it's not only that- In addition, the customer is eligible for financial coaching from the agencies, which benefits the customer not only in the AMP program but with other monthly budgeting situations they face. Customers in the AMP program also get the support of Efficiency Maine, who looks for ways to improve the customer's usage in order to bring their monthly bills down."

- Lisa Henaghen, Manager of Billing & Payments, Versant Power.

D. Support for AMP from Low-Income Household Advocates

The utilities are not the only entities in the State to see the benefit of the program – low-income advocates see AMP's role as part of the suite of tools and programs to support low-income Mainers as crucial:

"The Maine State Housing Authority (MSHA) administers state and federal programs that provide rate relief for Maine's low-income utility ratepayers. With bills as high as they've ever been, we believe that the Arrearage Management Program works together with LIAP to create a lifeline for folks who have fallen behind on their electric bills. We support continuing the Arrearage Management Program."

- Erik Jorgensen, MSHA

"At Maine Equal Justice, I advocate alongside Mainers with low income who face rising electric bills that have put an untenable burden on their households. The Arrearage Management Program is a lifeline because it allows customers with low-income who have fallen behind in their bills an opportunity to become current and avoid disconnection. I support continuing the Arrearage Management Program."

- Ann Danforth, Maine Equal Justice Partners

"At AARP Maine, we advocate for Maine's elderly ratepayers. With today's sky high price of electricity, it is clear that many of our elderly are struggling to pay their electric bills and some of them are falling behind in their payments, through no fault of their own. The Arrearage Management Program gives these consumers an opportunity to dig out of their stressful financial predicament by making on time

payments of just the current amount due. Accordingly, AARP Maine strongly supports continuing the AMP program.”

- Noël Bonam, AARP Maine State Director

E. Anecdotes from Those That Have Successfully Completed AMP

In the nearly 10 years since its launch, thousands of low-income ratepayers have benefitted from utilities forgiving at least some of their past-due bills through the AMP. This can be life-changing help for Mainers facing tough times, like:

- **Tori T.**, who unfortunately faces multiple medical conditions, along with a brain injury that caused memory issues. Upon approval for AMP, Central Maine Power also helped her sign up for autopay so she could keep on track despite multiple hospitalizations, and she successfully completed the program and prioritizes making her CMP payments to this day despite the other challenges she’s facing.
- Versant customer **Mary B.** has now become a customer in good standing after enrolling in the AMP program in March 2022 with a substantial past due balance and paid monthly bills averaging \$300. Over the past year, she made several calls to Versant with questions regarding her consumption, which she had no previous history of doing so prior to enrolling in AMP. She also called Versant to make her monthly payments over the phone so she could verify they went through so she would not jeopardize her enrollment in the AMP program. She had good credit for 12 months and recently received her deposit plus a small amount of interest back. She successfully completed the AMP in March 2023 and was still current on her account, five months later.
- When electricity prices dramatically increased in January of 2023 due to skyrocketing natural gas prices and other factors, current AMP participant **Amelia**¹³ fell behind with her electric bill. “Our electric bill had quadrupled from when we first moved here, and we just couldn’t afford \$800 electric bill every month on top of the

¹³ Name changed to protect anonymity.

mortgage,” explained Amelia. “CMP got me set up on this program, and now I’m paying toward my electric bill on every pay day—it’s really helped out a lot. Sometimes people get into situations outside of their control, and they need a little forgiveness.”

- Similarly, AMP graduate **Jerry**¹⁴ found himself behind on his electric bill when both he and his wife suffered career impacts due to the COVID pandemic. “The pandemic really adversely affected our incomes in a tremendous way – my wife lost her job where she’d been working for five years, and the pandemic also hit me hard in terms of being able to sell my work as a writer,” said Jerry. Then the furnace broke. “For two winters, we couldn’t afford to replace our furnace and fuel tank, so we were using multiple space heaters to keep the house from freezing – we closed off half the house and wore thick sweaters, but we still needed some heat to make it through the winter,” Jerry explained. Jerry was able to apply for LIHEAP and got help getting his furnace replaced—but still had a large amount of past-due electric bills hanging over him. Working with his local Community Action Agency, Jerry was able to apply for AMP after being approved for LIHEAP, where over time, his debt has now been forgiven. “I can’t even begin to say how important AMP has been to me and my wife. It’s life-changing and potentially life-saving, but at the same time it has built in safeguards for the providers because if the person doesn’t make the payments, they’re off the program. It’s a win-win for everyone.” Jerry, originally from New York, is not surprised there’s a program like AMP in Maine. “In Maine, you can live your life in a caring community—that’s what drew us to Maine 25 years ago. People try to help each other here.”

III. What Other States are Doing

Maine is not the only state to recognize the benefits of an AMP. Many other states offer AMP to utility customers, among them Connecticut, Massachusetts, Rhode Island, Ohio, Pennsylvania, Illinois, Maryland, and California. In addition, Vermont’s Green

¹⁴ Name changed to protect anonymity.

Mountain Power forgives all arrears once a ratepayer qualifies for the state's Energy Assistance (this is a one-time opportunity.) Of note:

- In Rhode Island, ratepayers for Rhode Island Energy who qualify for LIHEAP can participate in what's called the "Forgiveness Program," if they have a balance of at least \$300 that's more than 60 days past due. If participants make payments on time, a portion of their past-due amount will be forgiven, up to \$1,500 per year.
- In California, eligible SoCal Gas customers can get up to \$8,000 forgiven per enrollment period if they participate in the AMP, as they pay up to 12 months of bills in full and on time.
- Connecticut's Fresh Start program for income-eligible EverSource electric customers forgives up to \$20,000 annually, wiping up 1/12th of their debt with each on-time payment made.
- All Massachusetts utilities have some form of AMP, for LIHEAP or low-income eligible ratepayers who owe at least \$300 in overdue bills, are up to 6 months past due on their bill, agree to a payment plan, make payments on time, as well as participate in budget counseling and EE programs. Benefits vary by utility, but most set up an affordable payment plan for past due and current charges, won't disconnect service for non-payment if the payment plan is followed; and forgive part or all of client debt if payment plan is followed and forgive all or part of a client debt up to \$1,500 - \$2,000 if payment plan is followed.
- In Maryland, Arrearage Retirement Assistance helps customers with large, past due electric and gas bills. If eligible, customers may receive a grant for up to \$2,000 towards their past due bill. Customers must have a past due bill of \$300 or greater to be considered eligible. Customers may only receive an arrearage grant once every five years, with certain exceptions.
- Ohio has an AMP for both gas and electric utilities as part of its Percentage of Income Payment Plan (or PIPP) Plus low-income program. PIPP Plus customers must apply for the regular Home Energy Assistance Program (HEAP) and the Home Weatherization Assistance Program (HWAP). In addition to paying utility bill

amounts based on their income, PIPP Plus customers earn 1/24th credit on their outstanding arrearage for on-time and in-full payments.

IV. AMP vs. Bad Debt

When electricity bills go unpaid and it is determined they will not be recovered, utility companies roll the unpaid bills into bad debt. This bad debt expense is then recovered through the ratemaking process where the T&D utilities are allowed to include their test year's total bad debt expense in rates. Bad debts include both the T&D portion of unpaid bills as well as the standard offer supply portion. Portions of unpaid electricity bills that are due to supply purchased through a Competitive Electricity Provider (CEP) are not included in this process.

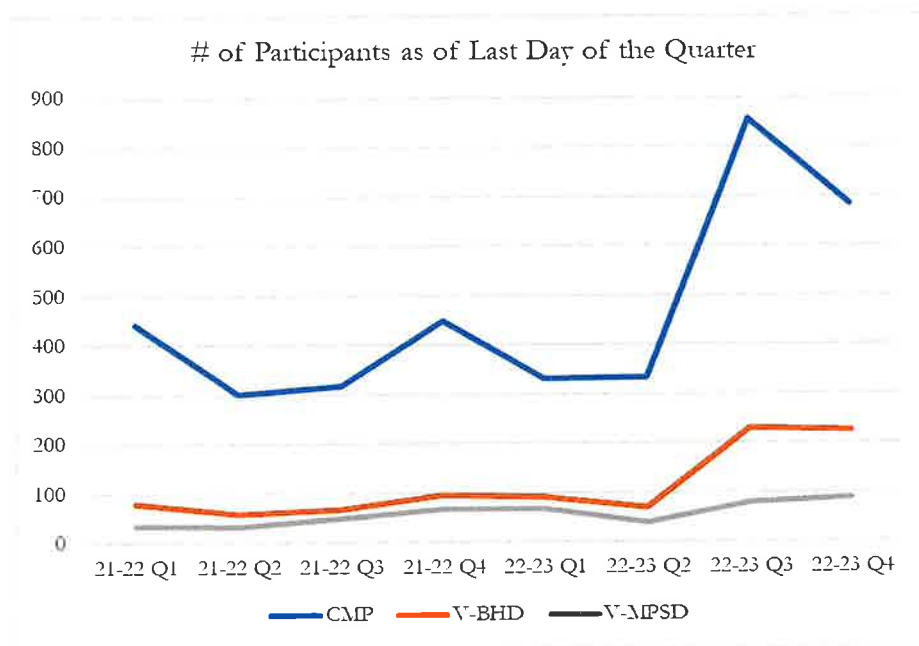
Like unpaid bills, amounts of arrearage that are reduced as part of the Arrearage Management Program are also rolled into bad debt and recovered through the ratemaking process. When a participant is issued a credit on their unpaid balance, the credited dollar amount is moved to bad debt and recovered through the ratemaking process as described above. As with non-AMP unpaid bills, any portion of an AMP participant's bill that is due to supply purchased from a CEP will not be credited as part of the program and will not be moved to bad debt. The AMP program is important to establishing a positive relationship between the utilities and customers who are behind on their bills. CMP acknowledges the program "is intended to cost-effectively and sustainably improve the payment behavior of residential customers who qualify for LIHEAP and are in arrears on their electricity bills."¹ If the program gets participants in the habit of making regular payments, the risk of missed future payments is reduced, and in turn the overall level of bad debt that ends up being recovered in rates by all customers is reduced.

Relative to the total amount of bad debt that results from unpaid electricity bills, the portion attributable to AMP is very small. For the 5-year period from January 1, 2018, through December 31, 2022, AMP on average accounted for just 3.35% of all residential bad debt and 3.05% of total bad debt (including non-residential) for CMP. As of October 23, 2023, the calendar year-to-date average shows AMP accounting for 4.80% of residential bad debt and 4.36% of total bad debt for CMP.

V. Statistics from the Maine Utilities

Since AMP began in 2015, 2050 participants have successfully completed the program such that their entire arrearage was forgiven.¹⁵ The total amount of arrears forgiven was \$5,510,358.43.

Between PY 2021-22 Q1 and PY 2022-23 Q2, the average number of AMP participants was 77, 49, and 362 for BHD, MPS, and CMP, respectively. Participation in PY 2022-23 Q3 jumped 242%, 65%, and 171% above participation in PY 2021-22 Q3 for BHD, MPS, and CMP, respectively.

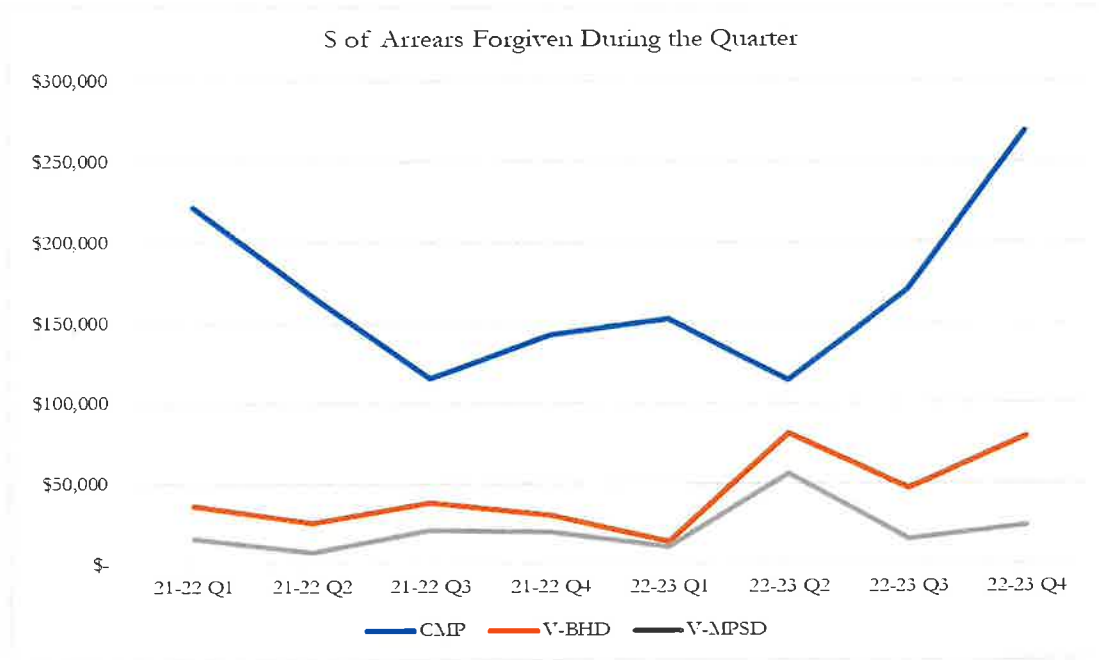


Between PY 2021-22 Q1 and PY 2022-23 Q4, the average total amount of arrears forgiven¹⁶ in each quarter was \$44,352.69, \$21,624.33, and \$169,381.82 for BHD, MPS, and

¹⁵ Summarized from AMP quarterly reports filed by the T&Ds with the PUC.

¹⁶ The sum of funds applied to the arrears of all participants.

CMP, respectively.



During PY 2021-2022 the total amount of arrears forgiven was \$132,234.33, \$65,692.48, and \$648,533.33 for BHD, MPS, and CMP, respectively. The total arrears forgiven for all 3 T&Ds was \$846,460.14 in PY 2021-22 and \$1,036,410.51 in PY 2022-23.

	Total \$ Arrears Forgiven			Total
	CMP	V - BHD	V - MPSD	
PY 2021-22	\$648,533.33	\$132,234.33	\$65,692.48	\$846,460.14
PY 2022-23	\$706,521.20	\$222,587.15	\$107,302.16	\$1,036,410.51

Between PY 2021-22 Q1 and PY 2022-23 Q4, the number of participants who successfully completed AMP such that their entire arrearage was forgiven was: 155, 93, and 667 for BHD, MPS, and CMP, respectively.

Individual Participant Success					
CMP		V - BHD		V - MPSD	
Completed 12m	All Arrears Forgiven	Completed 12m	All Arrears Forgiven	Completed 12m	All Arrears Forgiven

21-22 Q1	56	61	11	11	7	6
21-22 Q2	72	114	27	26	8	8
21-22 Q3	68	183	37	37	15	15
21-22 Q4	19	19	4	4	0	0
22-23 Q1	26	33	44	4	4	3
22-23 Q2	186	190	4	65	7	58
22-23 Q3	38	39	4	4	1	1
22-23 Q4	26	28	6	4	2	2
Total		667		155		93

VI. Conclusion

Mainers are barraged by multiple, alarming economic stressors that challenge their ability to keep current with household expenses. An unfortunate result is that they fall behind on paying their electric bills. Even if they are able to recover their financial stability, they may still be unable to pay off the overdue balance (arrearage) they have amassed and thus continue to face the threat of disconnection. The AMP program gives low-income customers a chance to reduce those unpaid amounts, and even to have their arrearage forgiven entirely if they consistently comply with the program terms. They are also put in contact with Efficiency Maine Trust to help reduce their energy consumption. AMP is a relatively small, but valuable program that has assisted low-income families for 10 years.

The data summarized in this Report, especially from the current AMP program year, demonstrate both how the program has helped low-income customers and growing importance of the program. The testimonials from the utilities, low-income advocates, and successful AMP participants reflect its high value. The AMP program alone will not produce a large reduction in Maine poverty, but it is one important piece of a network of government programs that collectively will relieve a substantial portion of the economic hardship and burden on low-income Mainers.

The OPA recommends that the Council support continuation of this important program by removing AMP’s statutory “sunset provision.”