

We acknowledge the assistance of the National Center for Appropriate Technology's LIHEAP Clearinghouse, in particular its staff members Kay Joslin and Sherry Vogel, in preparing this appendix. Much of the information that appears here is drawn from the LIHEAP Clearinghouse website ([www.liheap.ncat.org](http://www.liheap.ncat.org)) and reprinted with NCAT's permission. The LIHEAP Clearinghouse website includes State Low-Income Energy Profiles ([www.liheap.ncat.org/sp.htm](http://www.liheap.ncat.org/sp.htm)), which is the most up-to-date source of information regarding state-by-state resources that are available to assist low-income households with payment of energy bills and weatherization of their homes. The LIHEAP Clearinghouse website also includes Summary of Supplements to Energy Assistance and Energy Efficiency programs ([www.liheap.ncat.org/Supplements/2007/supplement07.htm](http://www.liheap.ncat.org/Supplements/2007/supplement07.htm)), a table of the amounts of money available in each state for these purposes (last visited in September 2008).

*Note:* The ***bold italicized*** terms indicate hyperlinks to other materials that are accessible through the accompanying website.

## ALABAMA

### Fuel Funds

Alabama's Project Share is funded by contributions from major electric and gas utilities' customers, employees, and stockholders. Project SHARE raises between \$1.4 and \$1.5 million annually and provides aid to about 14,000 households each year in a six-county area. Alabama Power administers collections, and the Red Cross administers the rest of the program. The project operates year round and serves elders, disabled persons, and those on fixed or low incomes.

### Utility Rate Assistance

Since 1991, the major electric power company and two gas companies have waived the monthly customer service charge, about \$8.00 per month, for SSI, Medicaid, and TANF recipients. Costs are recovered through residential ratepayers served by these utilities; estimated cost is between 4 cents to 6 cents per month per customer. The waiver amounts to about \$1.7 million yearly and is given to about 16,000 households.

## ALASKA

### State Funds

The state-funded Power Cost Equalization Program subsidizes the cost of electricity for LIHEAP households in remote areas with

high electric rates. The state general fund supplements weatherization and provides "enhanced weatherization" in some areas, and the state contributes funds for the Rural Residential Energy Rehabilitation Program. The rate assistance portion amounted to about \$5 million in 2007, and nearly \$2 million supplemented weatherization.

## ARIZONA

### State Funds

The Neighbors Helping Neighbors Energy Assistance Fund check-off became effective in 1992. Individual taxpayers can designate a portion of their refund as a voluntary contribution to the Neighbors Helping Neighbors Fund, which is administered by the LIHEAP grantee, the Department of Economic Security. The fund is designed to help qualified low-income households with one-time crisis/emergency utility bill payments, energy conservation, and home weatherization.

The Utility Repair, Replacement and Deposit (URRD, a program funded by unclaimed utility deposits), was established by the state legislature in 1989. URRD money goes to the Department of Economic Security, the LIHEAP grantee, which then distributes it to community action agencies for the repair or replacement of utility-related appliances or utility deposits. Utility-related appliances can be heating- or cooling-related appliances, including water heaters, refrigerators, and stoves. Assistance is limited to once a year and \$900 per year.

The Arizona Housing Trust Fund is generated by the state's unclaimed property taxes. Funds are used for emergency repair or replacement of heaters, coolers, and other weatherization needs. These three resources provided over \$5 million in assistance in 2007.

### Fuel Funds

The Home Energy Assistance Fund began statewide operations on October 1, 2007, reportedly the first statewide fuel fund to be established by a warm weather state. It was enabled through a settlement with El Paso Corporation that provided \$3 million for assistance and start-up costs. The state's network of community action agencies determines eligibility, which is capped at 200% of federal poverty guidelines. Households that are over income and in a crisis may be helped.

Project Share is funded by customer and utility funds from Arizona Public Service, Southwest Gas, and Salt River Project. Assistance is available once every twelve months, and 100% of contributions are used for assistance.

While most fuel funds operate through a combination of utility, customer, and shareholder contributions, Arizona has a fuel fund endowed specifically by utility shareholders, which operates on interest generated from endowments.

In 1996, Tucson Electric Power Company set aside \$4.5 million in shareholder funds for the Low-Income Fund for Emergencies (LIFE) Fund. Interest generated from the fund offsets cuts in LIHEAP. It is administered by the Salvation Army.

Tucson Electric Power's Help with Emergency Energy Relief Operation (HEERO) invites its customers to round up their electric bill payment to the next dollar. The balance is donated to a fund, managed by the Salvation Army, which makes one-time payments on energy bills for low-income customers.

Fuel fund resources in Arizona totaled about \$2.25 million during 2007.

### Utility Rate Assistance

Most of the state's major electric and gas utilities offer rate discounts. While programs vary by utility, they all offer a declining block discount structure, with the customer receiving a smaller percentage discount as their monthly usage passes certain kWh thresholds. In addition to a general residential discount, called residential energy support, some utilities offer a low-income elders' discount rate, or medical life support rate, which provides flat or graduated monthly discounts. The rate structure of the largest utility, Arizona Public Service, is typical: for monthly usage of 0-400 kWh, the discount is 40%; 401-800 kWh = 26%; 801-1200 kWh = 14%, 1201 kWh and up = 13%. Discounts from the major utilities totaled over \$16 million in 2007.

### Energy Efficiency

Most major utilities offer weatherization services. Funding totaled about \$2.5 million in 2007.

## ARKANSAS

### Rate Assistance

Electric customers with an annual household income of less than \$12,000 are exempted from the sales tax on the first 500 kWh each month. The tax exemption has amounted to about \$1 million per year since 2004, when the state began counting it.

### Energy Efficiency

The Arkansas Weatherization Program (AWP) began on October 1, 2007. Not to be confused with the federally funded Weatherization Assistance Program, AWP eligibility is based on the age and energy efficiency of homes, not the resident's income level, and "severely energy inefficient" homes are targeted. The AWP concept was approved by the Arkansas Public Service Commission (APSC) early in 2007 after a collaborative process that involved utilities, the Arkansas Community Action Agencies Association, and others. The APSC ordered all electric and gas utilities to begin implementing cost-effective energy efficiency programs for all utility customer classes. The APSC does not have the authority to

order income-based programs. (For more background, see "Restructuring Update" below.)

The AWP is approved through 2009 with a spending target totaling nearly \$3.7 million, including \$407,431 for the last three months of 2007, by the state's seven investor-owned gas and electric utilities. Total AWP spending by utilities through 2009 is capped at \$4.4 million. Utilities will recover AWP costs through a rider or surcharge on customer bills. Electric cooperatives have a similar but separate voluntary weatherization program funded at \$114,000 for each full year and operated by community action agencies. Non-low-income participants must share the cost of program improvements; federal weatherization funds are used for a low-income participants share.

### Fuel Funds

Entergy provides funds to nonprofits, Area Agency on Aging, the Red Cross, churches, and community action agencies for energy assistance through Project Deserve. Funds provide energy crisis assistance cash payment towards the household's electric bill. CenterPoint's Good Neighbor Fuel Fund provides utility bill assistance to customers that are at risk of losing their gas service. Customer and employee donations are supplemented by a monthly company match. There are also church and community donations. The total for all sources for 2007 was \$4.3 million.

### Restructuring Update

Even though Arkansas has repealed electricity restructuring legislation (*Act 120* and *Act 121*) passed in February 2003 established a Weatherization Assistance Fund and Alternative Fuel Fund. However, a civil lawsuit ruling in April 2005 said that that monies collected under the legislation were an illegal tax and not a fee. Furthermore, the ruling said, the legislature had delegated to a utility the authority to decide to impose the tax, which the legislature cannot do because utilities are not a political subdivision of the state. Collection of the tax was termed an "illegal exaction" and, therefore, unconstitutional.

On January 11, 2007, the Arkansas Public Service Commission (PSC) adopted rules that led to the state's first utility-funded energy efficiency programs, including weatherization of low-income households.

As part of the state's first regulatory framework for energy efficiency programs, the Commission ordered all jurisdictional electric and gas utilities to begin implementing cost-effective energy efficiency programs for all customer classes.

The rules were the result of a collaborative process; participants included the state's utilities, the state community action association, industrial and commercial customers, and the PSC. Utilities were ordered to file plans for programs that could get underway on a "quick start or pilot" basis by April 12, 2007; full implementation began in October 2007.

Low-income households are being served under a "quick start program" for "severely energy-inefficient homes" that may be weatherized through the state's Weatherization Assistance Program network and guidelines. Eligibility criteria would include age as well as type and energy efficiency condition of homes, but not income, because collaborators agreed that a low-income specific program could not be approved in Arkansas due to potential

lawsuits such as the above-mentioned one that nullified the energy efficiency program.

In starting the rulemaking process in 2006, the PSC cited record natural gas prices and the nation's energy crisis, along with Arkansas' ranking as one of the states with the fewest conservation and energy efficiency programs. Additionally, the PSC stated that it was critical to ratepayers and the state's future that more attention be focused on ways to reduce all consumers' electricity and natural gas usage.

## CALIFORNIA

### State Funds

City and County funds are allocated for utility assistance, emergency fund accounts, and for direct weatherization. A small amount of Petroleum Violation Escrow (PVE) funds are allocated for the state energy efficiency program used to weatherize additional LIHEAP-eligible households. These funds amounted to about \$2 million in 2006.

### Fuel Funds

Utility-sponsored fuel funds, along with cash donations for low-income energy crisis from cooperatives, city funds, and church and community sources totaled about \$12.4 million in 2007.

Some of the larger fuel funds include: Relief for Energy Assistance through Community Help (REACH), instituted in 1983, which is funded by donations of about \$2 million each year from customers and employees of Pacific Gas and Electric.

Customer donations to Southern California Gas Company's Gas Assistance Fund are matched dollar for dollar up to \$250,000 by corporate funding from Sempra Energy.

Southern California Edison's Energy Assistance Fund is designed to help those in need pay their winter electric bills each year in February and March. SCE shareholders match customer donations dollar for dollar.

### Utility Rate Assistance

California Alternate Rates for Energy (CARE) began in 1989 as result of *state legislation*. On June 7, 2001, the California Public Utility Commission (CPUC) raised the amount of the CARE discount from its historic level of 15% to 20% and increased income eligibility levels from 150% of federal poverty guidelines (FPG) to 175% for all regulated utilities. The CPUC raised CARE eligibility levels again in October 2005 to 200% of FPG. In addition, CARE customers are exempt from the rate surcharges adopted during the height of the state's energy crisis. Additionally, most municipal utilities have discount programs for low-income and elders. Reported CARE funding totaled at least \$813 million during 2007, and about 3.7 million customers received electric and gas discounts.

### Utility Energy Efficiency

Energy efficiency for low-income customers (generally called the Low-Income Energy Efficiency Program or LIEE) became a statutory requirement in 1990 with the passage of SB 845, (now

Pub. Util. Code § 2790), which was amended by AB 1393, effective January 1, 2000. These statutes direct the public utility commission to require gas and electric corporations to perform home weatherization services for low-income households and to define those services to include the following "Big Six" measures: (1) attic insulation; (2) caulking; (3) weather stripping; (4) low-flow showerheads; (5) water heater blankets and (6) door and building envelope repairs which reduce infiltration. The statutes also direct the utilities to provide as many of these Big Six measures as feasible for each eligible low-income dwelling unit. Weatherization services may also include other building conservation measures, energy efficiency appliances, and energy education programs determined by the regulatory commission to be feasible. Eligibility had historically been 175% of FPG, but it was raised to 200% in October 2005. LIEE funding for 2007 totaled over \$127 million, and about 155,000 households received services.

### Miscellaneous

Local agencies negotiate for discounted weatherization materials and equipment, donated equipment, weatherization materials, services, and labor; they also provide in-house manufacturing of storm windows, solar screens, glass windows, and cooler covers. Landlords also contribute to weatherization. These resources amounted to about \$5.8 million in 2007.

### Restructuring Update

Despite the turmoil caused by electric deregulation in California, low-income programs have remained mostly intact; in fact, they have been expanded in response to the skyrocketing electric and natural gas rates the state experienced during 2000 and 2001 and 2005-2006.

Beyond that, the low-income programs continue much as they did prior to restructuring. California's utilities continue to operate and administer the state's mandated low-income electric and gas rate discount (CARE or California Alternate Rates for Energy) and its low-income conservation program (Low-Income Energy Efficiency or LIEE), also referred to as the Direct Assistance Program. The two programs had been legislatively mandated for at least a decade prior to deregulation.

The California Public Utilities Commission (CPUC) and the 1996 deregulation legislation had stipulated that low-income program funding continue at not less than 1996 authorized levels, but the commission added that this "does not preclude consideration of higher levels, as appropriate, in the future."

At the beginning of 2001, CARE spending by the four largest utilities totaled about \$126 million; by the end of 2007, it amounted to over \$813 million, with nearly 3.7 million customers receiving gas and electric bill discounts. This total is discount spending only; it does not include administrative, outreach, and other utility expenses. (The four major utilities are San Diego Gas & Electric (SDG&E), Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and Southern California Gas Company (SCG).)

Likewise, LIEE spending levels have increased since 2001. The four largest utilities spent about \$127 million during 2007, compared to \$56 million in 1996. This total is for efficiency measures only and does not include administrative and indirect costs or costs of inspections and oversight. Measures include repair and replace-

ment of gas and electric heating and water heating systems, air conditioners and evaporative coolers, refrigerator and lighting upgrades, weatherization, and energy efficiency education. Over 155,000 low-income households received one or more of these measures during 2007.

Other utilities, whether investor-owned or publicly-owned, must spend at least 2.85% of their 1994 revenues on public goods programs that must include: "services provided for low-income electricity customers, including but not limited to, targeted energy efficiency service and rate discounts." Low-income energy expenditures for the other utilities total at least \$40 million yearly.

In June of 2004, a new Commission-approved program went into effect that allows an electric bill discount to low- to middle-income households of three or more people. Under the program, called Family Electric Rate Assistance (FERA), a household of four may earn from \$41,501 to \$51,800 per year. The program was approved by the PUC in a November 2003 order.

Program participants save on their electric bills by being billed at a lower rate. FERA participants' Tier 3 usage (131% to 200% of baseline) is billed at Tier 2 rates. Usage in Tier 4 (201%–300% of baseline) and Tier 5 (above 300% of baseline) continues to be billed at the original rates for those tiers. Utilities and the CPUC have noted that more than one-third of residential customers do not exceed usage above 130% of baseline. (Baseline is a quantity of electricity or gas that is billed at the lowest rate. By law, the Commission must set baseline quantities for gas and electricity at a "significant portion of the reasonable energy needs of the average residential customer.")

In approving FERA, the Commission heeded recommendations from the advocacy groups The Utility Reform Network (TURN) and Latino Issues Forum, which testified that the existing baseline determination method was unfair because the household size of residential customers was not taken into account. As a result, a large family was expected to use the same amount of energy as a single person living alone, and often large families exceeded the baseline allowance and paid more expensive rates, the advocates testified.

The program applies only to the three larger utilities: PGE, SCE, and SDG&E. PGE has estimated that approximately 200,000 of its 4.3 million residential customers meet the FERA eligibility requirements. At the end of 2007, FERA served about 34,000 households, and the utilities spent about \$3.7 million for benefits.

The Commission said it did not extend FERA to the smaller electric utilities because their upper-tier rates were not as high as those of the major utilities, therefore they did not appear to have a comparable need for rate relief.

**Background:** In the wake of rate hikes resulting from California's energy crisis and subsequent rate hikes, the following initiatives have impacted CARE and LIEE:

1. In June 2001, the California Public Utility Commission (CPUC) raised the amount of the CARE discount from its historic level of 15% to 20% and increased income eligibility levels from 150% of federal poverty guidelines to 175%. At that time, the expansion only applied to customers of the four largest IOUs. In January 2002, the CPUC increased the income limit for eight smaller gas and electric utilities' discount programs and increased the discount amount so they would be consistent with the four large utilities.
2. In response to escalating energy prices that were expected to raise utility bills by 70%, the CPUC issued an emergency

order in October 2005 that expanded CARE and LIEE income eligibility levels from 175% of federal poverty guidelines to 200%. Additionally, CARE customers were allowed to enroll by telephone and could not be dropped from the program during the winter for failure to recertify income eligibility. LIEE program enrollment was simplified in several ways to help speed up the provision of services, and utilities were authorized to accelerate the replacement of gas forced-air furnaces, leaky or broken gas water heaters, and inefficient refrigerators and light bulbs for low-income customers during the winter.

3. The CPUC also exempted CARE recipients from electricity rate hikes that it had approved during 2001. With these exemptions, some CARE electric customers may receive a discount of up to 44%.
4. Declaring that "California is currently experiencing an energy crisis that threatens to adversely affect the economic and environmental well-being of the state," in May 2001 the California legislature passed SBX1 5, a massive \$850 million electricity conservation bill. It added \$100 million to CARE (of which \$84 million was later rescinded due to state budget cuts), \$20 million to the LIEE, and provided \$50 million to an energy-efficient appliance purchase and replacement program targeted at low-income households. All were one-time allocations.
5. In May 2001, in response to SBX1 5 and the crisis facing low-income households, the commission adopted a "rapid deployment" program to expand enrollment and increase spending on CARE and LIEE, a program that continues to the present, in part through the \$15 million from SBX1 5 funds for expanded CARE outreach.

Additionally, SBX1 5 gave a one-time allocation of \$120 million for a state LIHEAP (later named CAL LIHEAP), which more than doubled existing LIHEAP funding. (The state's 2001 regular and emergency LIHEAP funding totaled \$102 million.) Due to state budget cuts later, CAL LIHEAP's funding was reduced to \$96.3 million. As of December 2002, that funding has been spent.

**Other Low-Income Program Issues:** In the years since restructuring was authorized in 1996 legislation, CARE has the subject of statewide debate and decision-making focusing on several key issues:

1. Administration of CARE and LIEE;
2. A low-income needs assessment in order to meet the legislative mandate that the programs "be funded at not less than 1996 authorized levels based on an assessment of customer need";
3. Program outreach and participation levels.

These issues have been addressed several times through various CPUC orders and state legislation, and some are still ongoing. The following summarizes major actions by the CPUC and the legislature on some of the key issues.

**Administration:** The issue of program administration occupied the CPUC, the legislature, and low-income program stakeholders from the passage of restructuring legislation until late 1999, when additional legislation settled the increasingly controversial matter.

SB 1393, signed into law in October 1999, required gas and electric companies that participate in CARE to administer low-

income rate assistance and energy efficiency subject to commission oversight.

The law also stated that utilities must work with state and local agencies, community-based organizations, and other entities to ensure efficient and effective delivery of low-income efficiency programs. The law required participating utilities to competitively bid, to the extent practical, service delivery components of these programs.

*Needs Assessment:* Since 1998, the issue of how a needs assessment should be conducted has occupied the CPUC, its advisory boards, and the utilities. Several proposals for a needs assessment have been submitted by the various entities. In a resolution in March 2000, the CPUC assigned the task of conducting the needs assessment to its Energy Division and stated that the study would "help to define the energy-related requirements of the low income population and whether or not the current utility programs are, or are not, meeting those needs."

The purpose of the first phase, finished in early 2002, was to identify the study objectives, current relevant data, and data gaps to be filled as part of Phase 2 as well as to design Phase 2 and create an RFP for hiring the Phase 2 contractors. This study is available at [www.liob.org/docs/PhaseIReport.zip](http://www.liob.org/docs/PhaseIReport.zip) (last visited in September 2008).

After four years in the making, the final report, *Phase 2 Low Income Needs Assessment*, was released to the public in September 2007. Its purpose was to determine the following: the number of households eligible for and being served by CARE and LIEE; whether the programs were reaching the appropriate populations and whether there were under- or over-served segments of the population; whether the programs were achieving their maximum potential in terms of participation and energy savings; and whether there was adequate coordination with other programs.

With the assessment performed by KEMA, the Phase 2 results suggest that, "over time, the programs have effectively targeted and provided services to low-income households that have the greatest need."

According to the report's executive summary, "[a]s of year-end 2006, however, there remains significant untapped potential in terms of the number of eligible households not enrolled in CARE and the number of households for which LIEE measures would be technically feasible, applicable and needed."

KEMA's calculations show that, as of the end of 2006, nearly 3.7 million households were served by CARE; however, nearly 1.5 million households were eligible for but not receiving services, including 500,000 households in Southern California Gas territory, another 500,000 eligible households in Pacific Gas & Electric territory, plus 300,000 in Southern California Edison and 115,000 in San Diego Gas and Electric territories.

When KEMA first began its study, the CARE and LIEE income maximum was 175% of federal poverty guidelines; it was increased to 200% in October of 2005. As a result, KEMA had to expand its study to take the increase into account.

Regarding LIEE, the report shows that compact fluorescent light bulbs (CFLs), faucet aerators, water heater pipe wrap and blankets, and weather-stripping were among the most commonly applicable and needed measures, and that CFLs, replacement refrigerators, and ceiling insulation present the largest potential for available electricity savings. Measures with the largest potential for available natural gas savings included ceiling insulation and water heater tank wraps.

The study used in-depth interviews, energy audits, census data, utility billing records, and on-site surveys to develop a profile of the demographic, socio-economic, dwelling-type, and geographic characteristics of the eligible low-income population in California.

Issues such as energy burden, energy insecurity, need for energy efficiency measures, and household comfort, health, and safety were explored in the study, along with an assessment of barriers to program participation such as levels of program awareness, reluctance to accept aid, fear or distrust, and structural barriers to LIEE installations.

In addition to characterizing the population of low-income households across the state, the needs assessment provided characterizations within individual utility service territories, including the four major investor-owned utilities mentioned above and seven smaller multi-jurisdictional utilities serving other areas of the state.

The KEMA report made several recommendations with regard to targeting and enrollment strategies for improving LIEE programs. During late 2007 and early 2008, the Commission was reviewing the study results and seeking comments on them.

#### *Program Outreach Participation Levels:*

As with the needs assessment and administration issues, the various stakeholders have made recommendations on program outreach. The impacts of the energy price spikes, the expanded eligibility and discount amount for CARE, the CAL-LIHEAP funding, and the CPUC rapid deployment strategy have all combined to create a greater outreach effort from June 2001 to the present. Utilities report to the CPUC each year their success through various outreach initiatives such as utilizing more community groups, targeting ethnic and non-English speaking neighborhoods, and extending assistance hotline hours. Another outreach strategy is the use of "capitation fees" for community-based organizations. These organizations may receive up to \$12 for each successfully enrolled new CARE customer. These and other expanded activities have been continued under the rapid deployment strategy that continues through the present.

Program participation levels—the percentage of eligible households enrolled in CARE—has long been of concern to advocates and the CPUC. In a ruling issued in November 2001, the Commission expressed its continued interest in CARE enrollment, in particular through automatic enrollment, and said it would "proceed to consider expeditiously whether automatic enrollment of customers into the CARE and LIEE programs is feasible. Automatic enrollment will likely lead to significant increases in penetration levels and help to reduce administrative costs."

On July 17, 2002, after reviewing responses and studies and issuing a draft opinion, the Commission announced that its goal is to reach 100% of low-income customers that are eligible for, and desire to participate in, the CARE program. Noting that utilities report that more than one million low-income customers meet the CARE eligibility criteria but are not currently participating in the program, the Commission pledged to enroll each and every one of these customers who wants to participate.

In the July 17 ruling, the Commission adopted an automatic enrollment program that would enroll customers of PG&E, SCE, SCG, and SDG&E into CARE when they participate in the following partner agency programs: Medi-Cal and Women, Infants and Children administered through the California Health and Human Services Agency (HHSA), Healthy Families administered by the Managed Risk Medical Insurance Board (MRMIB), or the Energy Assistance Programs administered by the Department of



Community Services and Development (DCSD). As of mid-2007, despite intervention by the state legislature, the automatic enrollment process has stalled, in part because DHS claims that Medicaid rules prohibit data transfer.

SB 580, passed by the legislature and signed by the governor in September 2005 would, if implemented, significantly impact the number of CARE households. The bill ordered the HHS to evaluate, on or before April 1, 2006, how the use of certain state programs and databases can be optimized to facilitate the automatic enrollment of eligible customers into CARE.

However, during 2004 and 2005, through agreements among the utilities and the Department of Community Services and Development, the LIHEAP grantee, automatic enrollment of LIHEAP households has gotten underway. Utilities followed guidelines in a ruling released in May 2004.

As of December 2007, according to utility reports to the CPUC, the CARE enrollment penetration rate averaged around 72% of eligible households for the four largest utilities. The 2007 penetration rate cannot be compared to that of prior years because new and updated eligible household estimates are being used.

More information, including CPUC decisions and utility reports, can be found on the website of the Low-Income Oversight Board ([www.liob.org](http://www.liob.org)), an advisory board to the Commission.

## COLORADO

### State Funds

State-funded *Property Tax, Rent, and Heat Rebate*, Department of Revenue, allows tax rebates for home heating payments to income-eligible residents at least 65 years old, surviving spouses at least 58 years old, and totally disabled regardless of age. Under legislation passed in 1998, the maximum heat rebate has risen from \$160 to \$192, and the income limit for single-member households is now \$11,000, up from \$7,500; for a couple, it is \$14,700. The higher rebates went into effect in FY 2000. The heat portion of the rebate amounts to \$3 to \$4 million per year.

Additionally, Colorado's governor has provided \$10 million to the state's LIHEAP each year since 2003. In 2006, reacting to escalating energy costs, the legislature provided \$24 million for LIHEAP that year, plus at least \$7 million each year through 2009. The same legislation authorized \$19 million for low-income energy efficiency programs with funding of \$4 million for 2006, then increasing to \$5 million and \$6 million the following two years.

### Fuel Funds

*Energy Outreach Colorado* (EOC) (formerly CEAF) was created specifically to raise and distribute funds to supplement LIHEAP. Originated in 1989 through an executive order of the governor, it is a public/private partnership of government agencies, low-income advocacy groups, the business community, and utilities.

EOC raises funds through participating utility contributions, company matches, customer contributions, *unclaimed deposits/refunds*, and special events. Since 1991, CEAF has granted between \$1 million and \$6 million annually to be distributed through the state LIHEAP offices and other nonprofits; contributions for 2007 totaled over \$5.8 million.

Care and Share Inc./COPE operates on customer donations from Colorado Springs Utility Company.

## Utility Energy Efficiency

The state PUC issued an order in 1991 directing utilities to design energy conservation programs specifically for low-income households. The Energy Saving Partners Program (ESP) ([www.colorado.gov/energy/residential/income-upgrades.asp](http://www.colorado.gov/energy/residential/income-upgrades.asp)), a partnership between one major utility and the state of Colorado weatherization program, was created in 1993 as a result of this order. Funds spent annually by the utility, averaging about \$2.4 million, pay for weatherization materials and labor. LIHEAP and Weatherization Assistance Program funds, along with the above-mentioned state funds during 2006 and 2007, are administered by the Governor's Office of Energy Conservation and used for overhead, support, administration, and outreach, as well as health and safety repairs.

In FY 2007, the utility and state funding amounted to about \$6.3 million and, combined with the federal weatherization program, about 22,000 households received one or more services. Emphasis is placed on serving households that represent the greatest potential for energy savings—those with high fuel bills and poor housing conditions—as well as those with unsafe heating systems.

## CONNECTICUT

### Fuel Fund

Connecticut's legislature passed a law requiring all of the state's gas and electric utilities with at least 75,000 customers to facilitate the collection of donations for *Operation Fuel*, a statewide fund. Each utility must include in its monthly bills a request to each customer to add a \$1.00 donation to the bill payment. Nearly \$1 million in aid was given by Operation fuel during 2007.

### Utility Rate Assistance

All gas public service companies are required by statute to operate an arrearage forgiveness program for gas heating customers. One of the state's three gas utilities has extended the program to non-heating gas customers, as allowed by the statute. A payment agreement is established that includes a customer's base monthly payment plus an affordable arrearage payment. There are two arrearage forgiveness program periods (November 1 to April 30 and May 1 to October 31) in conjunction with the state energy assistance program dates of operation.

Participation in the winter-month period does not require timely payments, but all payments are due to the utility by April 30. However, failure to make a timely payment during the summer-month period may result in termination of gas service until payments are made or the November 1 moratorium begins. For persons successfully completing a program period, arrearage forgiveness results in a reduction of the bill on the last period day equal to the total of customer payments plus energy assistance.

Both electric utilities operate arrearage forgiveness programs. As of late 2004, arrearage forgiveness programs are mandatory for electric heat customers but still voluntary for non-heating electric customers' bills. During 2007, about \$10.5 million worth of gas

bill arrears were forgiven, along with about \$3.7 million of electric bill arrears.

### Energy Efficiency

Connecticut's restructuring legislation created an energy conservation fund for energy efficiency programs, funded by a charge on all electricity sold by the state's two IOUs. Spending for low-income energy efficiency programs totaled about \$6.5 million in 2007, mostly through the low-income weatherization network. The low-income programs offer weatherization, energy-efficient lighting, domestic hot water measures, heating system repairs, and replacement of high-energy-use refrigerators to income-eligible households.

### Bulk Fuel Discount

The statewide fixed-margin oil discount program started out as a pilot in 1990 in one county; after expanding steadily each year, it is now statewide. A predetermined amount is allowed to be added to the wholesale price of fuel oil for resale to LIHEAP recipients. The program pays participating vendors the margin price or their retail price, whichever is lower. Vendors must put their regular retail price on all delivery tickets. The local administering agency or the state calculates the fixed-margin price. Savings have averaged close to \$2 million for the last several years, including \$1.6 million during 2007.

### Restructuring Update

Connecticut's 1998 electric restructuring law imposed two separate charges. One, a system benefits charge, provides a mechanism to cover some of the two largest electric utilities' expenses in operating low-income assistance programs and complying with the state's consumer protection statutes; the other, a conservation surcharge, funds conservation and load management activities.

The law also continued Connecticut's consumer protection measures, considered among the strongest in the country, including a strict winter disconnect moratorium.

A system benefits charge (SBC) imposed on customers of the state's two investor-owned utilities—Connecticut Light & Power (CL&P) and United Illuminating—helps the utilities cover some low-income energy expenses. However, the majority of the fund has been used to decommission aging power plants, including a nuclear plant, pay taxes to towns affected by sales of utility properties, provide displaced worker protection, and for other utility revenue purposes.

The utilities' assistance programs mostly consist of budget payment and arrearage forgiveness programs. Qualified customers who make regular and timely payments can receive semi-annual arrearage forgiveness. Legislation passed in 2003 affected these programs by making arrearage forgiveness for electric heating customers mandatory; it remains voluntary for non-heating electric bills. The mandatory provision went into effect in late 2004.

The utilities are also allowed to use SBC funds to write off arrearages and uncollectibles incurred by hardship customers during the winter protection period. During 2007, SBC-funded arrearage forgiveness for electric heating customers amounted to about \$3.7 million and helped 5073 households.

Apart from the SBC, a gas arrearage forgiveness program has been mandated by statute for a number of years for households that receive energy assistance for their gas heating bills. During 2007, gas companies claimed about \$10.5 million in expenses for this program, which served nearly 20,000 households.

The restructuring legislation also created an energy conservation fund for energy efficiency programs, funded by another charge called the Conservation and Load Management Charge, on all electricity sold by the state's two IOUs. In 2007, this charge resulted in about \$70 million, which was spent for conservation programs for all customer classes. These include load management programs, economic development, efficiency programs, including low-income weatherization; market transformation efforts; and research and development of new technologies, including renewables, that might improve energy efficiency in businesses and households.

Connecticut Light & Power and United Illuminating, whose low-income weatherization programs are called WRAP (Weatherization Residential Assistance Partnership) and UI-HELPS (Weatherization Residential Assistance Partnership) and UI-HELPS respectively, spent about \$7.2 million of the energy conservation management fund for low-income energy efficiency programs in 2007, serving over 16,000 households mostly through the state's low-income weatherization network. The programs offer a full range of energy conservation measures to address inefficient lighting, water heating, inefficient heating equipment, refrigeration, and insufficient insulation. During 2007, WRAP served over 10,600 homes at an average cost per unit of \$564, including 922 refrigerator replacements, 307 window air conditioners, and 116,831 lighting products. UI-HELPS served about 5200 households.

CL&P and UI also organize workshops for low- and fixed-income customers to acquaint them with state and local assistance programs and also how to budget limited incomes by managing energy, housing, clothing, and food dollars.

The publication *Evaluation of the 2005 UI Helps and WRAP Low-Income Weatherization Programs: Final Report* summarizes the key findings and recommendations of a process evaluation of the 2005 WRAP and UI Helps.

Completed in December 2006 by Nexus Market Research, the evaluation showed that the programs accomplished their goals of reducing customers' energy use and bills despite limited program resources and a great demand for services. Participants reported high levels of satisfaction with and appreciation for the programs.

The evaluation noted that some participants in both programs received comprehensive services (e.g., insulation, refrigerators, etc.) that had a large impact on their energy use and bills; however, most participants received measures with relatively minor impact (e.g., compact fluorescent lights and portable fixtures, faucet aerators, and showerheads).

The evaluation made twenty-eight recommendations for both programs aimed at improving program delivery, goal measurement and achievement, and customer satisfaction.

For more information: Annual reports from the Connecticut Energy Conservation Management Board about energy efficiency programs, including low-income, are available at [www.state.ct.us/dpuc/ecmb/index.html](http://www.state.ct.us/dpuc/ecmb/index.html) (last visited in September 2008).

**DELAWARE****State Public Benefit Funds**

An annual \$800,000 contribution from Conectiv funds low-income energy assistance, weatherization, and furnace replacements. The Department of Health and Social Services, Division of State Service Centers, the LIHEAP grantee, administers the fund as a program that is separate from LIHEAP, mostly for clients at or above 150% of federal poverty guidelines.

**Fuel Funds**

Utility sponsored fuel funds and church and community contributions.

**Restructuring Update**

Even though restructuring legislation was passed in March 1999, only one competitive electric supplier was offering services to residential customers as of December 2006. About 2488 residential customers, less than 1%, have switched suppliers.

Electric restructuring legislation, drafted by the state's two major power providers, Delmarva Power & Light (DP&L) and Delaware Electric Cooperative, allowed for a transition period for customers to choose their power supplier by March 31, 2005.

On March 22, 2005, the Commission signed PSC Order No. 6598, which approves DP&L as the Standard Offer Service (SOS) supplier after May 1, 2006, with no specified termination date.

DP&L, the state's largest power provider, opened competition to residential customers on October 1, 2000. Residential customers received a 7.5% rate cut until September 30, 2003. As part of a DP&L-Pepco merger settlement that was completed in August 2002, the residential electric rate increased by less than 1% after September 30, 2003, and was frozen until May 2006.

After May 1, DP&L's electric rates for residential customers increased approximately 59%. For a typical customer who uses about 1000 kWh of electricity a month, this will result in an increase of about \$54 per month. The General Assembly passed legislation that automatically enrolls all of DP&L's residential customers in an Electric Rate Phase-In Plan, which allows customers to spread the higher electricity rates over a period of time. Under the Phase-In Plan, rates increased 15% on May 1, 2006, a 25% increase is due on January 1, 2007, and a 17% increase on June 1, 2007. Starting January 1, 2008, customers will begin to pay back the amount deferred (about \$415) over a seventeen-month period in monthly installments. Customers can opt out of the rate phase plan.

Retail choice for residential customers of Delaware Electric, a subscriber-owned cooperative, began on April 1, 2001. No rate cut was provided since the cooperative's customers received a 5% rate cut during the past five years. Rate caps for residential customers of the Delaware Electric Cooperative ended on March 31, 2005. Rates for the cooperative's customers have increased about 6% to 8% since their rate freeze was lifted and are expected to increase further once long-term power purchasing contracts expire in 2007.

Restructuring legislation provides funding for low-income energy assistance and weatherization through a systems benefit charge (SBC) on Delmarva Power & Light Company customers.

DP&L provides \$800,000 annually for low-income energy assistance, weatherization, and furnace replacements. The Department of Health and Social Services, Division of State Service Centers, the LIHEAP grantee, administers the fund as a program that is separate from LIHEAP, mostly for clients at or above 150% of federal poverty guidelines.

**DISTRICT OF COLUMBIA****State Public Benefit Funds for Rate Assistance**

The Universal Service Discount Program (USDP) was established through the enactment of the Retail Electric Competition and Consumer Protection Act of 1999. The programs are funded through the Reliable Energy Trust Fund (RETF), a public benefit fund that supports universal service for low-income customers and residential energy efficiency and renewable resources programs.

The RETF funds the ongoing Residential Aid Discount (RAD) expansion and the expanded LIHEAP program. The RAD Expansion increases the availability of existing rate discounts to more LIHEAP-eligible PEPCO customers by providing additional funds to PEPCO. The LIHEAP Expansion is an addition to the current LIHEAP program and includes bill payment assistance and education about other energy efficiency programs for residents.

**State Public Benefit Funds for Energy Efficiency**

The District of Columbia's electric restructuring legislation mandated a Reliable Energy Trust Fund (RETF) to pay for universal service, energy efficiency, and renewable energy programs. Three components provide comprehensive energy efficiency services, starting with rehabilitation and followed by weatherization and appliance replacement.

The Omnibus Utility Emergency Amendment Act of 2005 that was signed into law on January 28, 2005, established the Natural Gas Trust Fund (NGTF) to promote energy efficiency and provide assistance to low-income natural gas customers. The NGTF is funded through a non-bypassable charge of 0.0055 per therm on natural gas residential customer bills.

**Restructuring Update**

Low-income electric customers have benefited from universal service, energy efficiency, and renewable resources programs since 2000, when the District's "Retail and Consumer Protection Act" was approved by Congress. Programs were established by Commission-issued Order No. 11876 on December 29, 2000, and are funded through the Reliable Energy Trust Fund (RETF), a public benefit fund that is financed by a non-bypassable surcharge on residential Potomac Electric Power Company (PEPCO) bills.

The Omnibus Utility Emergency Amendment Act of 2005 changed the RETF surcharge to \$.00111 per kWh and mandated the amended surcharge to start on February 1, 2005. The surcharge adds about 50 cents each month to a typical residential PEPCO bill. Customers in the universal services program do not pay the surcharge.

The RETF initially supported two low-income programs approved by the Commission: the expanded Residential Aid Discount (RAD) program and a weatherization program. On March 7,



2005, the PSC approved \$20 million to expand existing programs and support new two-year energy efficiency, renewable, and affordability programs. The funding supplemented \$2.2 million that PEPCO had spent each year on energy efficiency, renewable energy, and affordability programs.

On December 27, 2007, in PSC Order No. 14689, the Commission approved the extension of low-income programs funded by the RETF. The programs are extended through September 30, 2008, with funding of over \$3.7 million.

Three programs funded by the RETF are designed to help participants manage their energy bills through bill payments and energy education. The LIHEAP Expansion and Energy Education program is an addition to the current LIHEAP program and includes bill payment assistance and education about other energy efficiency programs for residents.

The Residential Assistance Discount (RAD) expansion increases the availability of existing discounts to more LIHEAP-eligible PEPCO customers by providing additional funds to PEPCO. This program extends the number of households served by RAD; it does not increase the discount for a household beyond RAD.

PEPCO has offered the RAD program for a number of years. RAD customers receive a 63% discount on the first 400 kWh in the summer months (June–October) and a 32% discount on the first 400 kWh in the winter months (November–May) for a total savings of \$102 per year. Eligible all-electric customers receive a \$20-per-month discount year-round and save \$240.

The Arrearage Retirement program is intended to reduce eligible participants' electric bills up to \$250, on the condition that customers make specified co-payments and participate in the education, efficiency, and RAD programs.

Households eligible for RAD can also participate in the RETF low-income weatherization programs. Three components will provide comprehensive energy efficiency services, starting with rehabilitation and followed by weatherization and appliance replacement.

The combined Weatherization Plus and Appliance Program expands the District Department of the Environment's (DDOE) weatherization programs by adding electricity-saving measures in homes, including cost-effective refrigerator and lighting replacement, water heater wraps, hot pipe wraps, low-flow showerheads, and faucet aerators. This program will also replace inefficient air conditioners when it is found to be cost-effective in high-use homes.

The Weatherization/Rehabilitation program will expand to non-profit and community development corporations that are providing or will provide improvements to the homes of low-income District of Columbia residents. RETF funds would be used to add an energy efficiency component to the home improvement efforts by selected organizations.

DDOE, the LIHEAP grantee, is the designated administrator of the RETF affordability, energy efficiency, and renewable resources programs.

On February 8, 2005, the generation and transmission rate caps for non-RAD customers were lifted. The cap on the generation rates for RAD customers was lifted on February 8, 2007. On December 13, 2006, the Commission approved Order No. 14139, which provided an increase of 7.5% to be applied to all RAD customers, effective February 8, 2007. This amounts to about \$3.00–\$4.00 more per month on a customer's bill.

Based on the Commission's Order in the PEPCO/Connecticut Merger case (F.C. No. 1002), PEPCO's distribution rates will be capped through August 31, 2009, for RAD customers.

Even though all residential and commercial electricity customers have been able to choose an alternative electricity generation supplier since January 1, 2001, only 0.9% have chosen an electric supplier and 99.1% have remained with the PEPCO Standard Offer of Services (SOS) as of March 2008. The Commission approved PEPCO's proposed SOS retail rates, effective June 2006, for its customers in the District of Columbia. Each year in June, supply rates are adjusted to reflect the cost of power that PEPCO buys on behalf of its customers who do not contract with an alternative supplier.

Low-income natural gas customers are also benefiting from energy efficiency and rate assistance programs that were approved through the Omnibus Utility Emergency Amendment Act of 2005 that was signed into law on January 28, 2005. The Act establishes a Natural Gas Trust Fund (NGTF) to promote energy efficiency and provide assistance to low-income natural gas customers.

The NGTF is funded through a non-bypassable charge of 0.0055 per therm on natural gas residential customer bills. The charge started in June 2005 and is not applied to customers participating in the existing Residential Essential Service program.

The DC Public Service Commission, in a January 2006 decision, Order No. 13857, approved four programs to be funded under the NGTF. The programs were proposed by DDOE and were approved on a pilot basis that ended on March 31, 2006. In Order No. 14608, dated October 23, 2007, the PSC approved extending several programs, listed below, which were to be implemented no more than ninety days after the date of the order and will end two years after.

Programs approved by the Commission include:

- Residential Essential Service (RES), a discount rate for qualified Washington Gas customers that was established in 1986. The RES discount, based on household size and income level, is available from November through April. The goal of the RES credit expansion is to increase participation in the RES program. The Commission agreed to increase the RES credit by 20% over a six-year period. The average credit of \$211 will increase to \$254 and will be available to an additional 2200 customers per program year.
- Heating System Repair Replacement and Tune-Up will replace or repair natural gas heating systems in low-income homes.
- Energy Awareness Campaign will promote energy efficiency awareness and increase low-income participation in natural gas financial assistance programs.

Continuation of the Residential Weatherization and Efficiency pilot for non-low-income homes was not approved by the Commission.

DDOE requested an increase in the eligibility level from 150% of the federal poverty guidelines to 175%. The Commission did not approve the increase, stating that the DDOE needs to improve the penetration rate among currently eligible customers. But the Commission does believe that outreach should play a significant role in increasing participation and approved the awareness component of the RES program at a level of \$50,000 for each of the two budget years.

As of March 2008, there were four alternative commodity gas

suppliers serving 12,091 participants in the residential program, accounting for 9% of all residential gas customers.

## FLORIDA

### Fuel Funds

Several private utilities have fuel funds, including Florida Power & Light Company's Care to Share Program, which provides energy assistance to customers who are in a crisis situation and are unable to pay their electric bill, and Progress Energy's Energy Neighbor Fund, which helps low-income families facing unexpected energy crises. Also, Tampa Electric's SHARE helps elder customers who are low-income and/or medically disabled pay their energy-related bills. All funds are distributed through local social service agencies to pay for electricity, gas, oil, or wood. Additionally, several municipal and cooperative utilities have funds. Nearly \$10 million was distributed through these funds in 2007.

## GEORGIA

### State Universal Service Funds for Rate Assistance

A Universal Service Fund (USF) was established by the original deregulation law and funded through surcharges on large industrial users. Initially designed to benefit the gas industry; the law was amended in 2001, and energy assistance for natural gas customers is now the fund's primary expenditure. Since December 2001, in response to gas price increases and severe weather, the Georgia Public Service Commission has disbursed the funds at least once yearly through the LIHEAP grantee, the Department of Human Resources, with a portion aimed at low-income elders and the remainder for other LIHEAP households. As of early 2008, the amount of USF funds disbursed by the Commission to low-income households since 2001 is nearly \$60 million.

### Fuel Funds

Project Share, a statewide fuel fund, was established in 1984 through a partnership between Georgia Power and the Salvation Army. The fund, which is administered by the Salvation Army, was started with \$100,000 in seed money from Georgia Power. In 2007, Georgia Power and its customers contributed over \$2 million, which provided assistance to over 50,000 households. While other utilities in the state contribute to the fund, Georgia Power represents about 85% of the total. Assistance includes energy related needs as well as clothing, shelter, food, and medicine.

HEAT is administered by the Georgia Department of Human Resources statewide through Community Action Agencies. Donations come from private citizens and several gas companies, as well as propane companies and other corporate contributors. During 2007, HEAT disbursed \$705,000 to nearly 3000 households.

### Utility Rate Assistance

In 1987, the PSC mandated that major gas and electric utilities waive their monthly service charge for customers age 65 or over who earn less than \$10,000 per year. Since then, the PSC has made

several increases to the income limit and the amount of the service charge waiver. Based on changes made during 2005 and early 2006, the income limit has gone from \$12,000 to \$14,355 and the waivers from \$10.50 to \$14.00 per month. Other utilities have smaller discounts. At least 55,000 elders receive the electric discount yearly, and about 35,000 receive the gas discount, for a total of at least \$15. million during 2007.

### Utility Energy Efficiency

Georgia Power, the state's largest electric utility, contributes \$1.3 million annually to low-income energy efficiency. The funds are piggybacked with the DOE WAP and provide building envelope, electric water heating, and baseload measures. Savannah Electric contributes \$130,000 annually to low-income energy efficiency.

### Restructuring Update

One unique result of Georgia's experience with natural gas deregulation was the creation of a regulated provider designed to offer low-income households lower-cost gas and to serve customers who cannot get service elsewhere.

The regulated provider is assigned with serving two types of customers: Group 1 customers, defined as LIHEAP-eligible, and Group 2 customers, defined as those unable to obtain natural gas service as a result of poor credit or those who have been refused service by another marketer.

The Georgia Public Service Commission (PSC) chose SCANA Energy as the regulated provider in June of 2002, and it has reappointed SCANA twice since. The latest appointment, made in June 2007, gave SCANA a two-year term through August 2009.

As of February 2008, SCANA was serving approximately 27,000 low-income customers. According to the PSC website, the rates for Group 1 households are approximately 10 cents to 14 cents per therm lower than the current variable rates, and low-income elder citizens receive an additional 2 cents per therm discount; their monthly customer service charge is also \$1.00 less, and the \$100 deposit for new elder citizen accounts is waived. The rates for Group 2 customers are higher than the current market rates to offset the added costs and risks associated with serving these customers.

Group 1 customers must meet LIHEAP income guidelines and they can apply through the LIHEAP subgrantee offices, most of which are community action agencies.

While the regulated provider's gas prices are supposed to be lower than prices of other providers, that has not always been the case; as a result, the PSC has had to step in and provide supplemental funding for low-income customer's gas bills. (See background section.)

Another result of Georgia's gas deregulation has been the creation of the Universal Service Fund (USF). Established under the original deregulation law and funded through surcharges on large industrial users and certain kinds of profits from Atlanta Gas Light (AGL), the deregulated natural gas company, the USF was originally designed to reimburse marketers for uncollectible accounts and pay for extension of natural gas service into new territory; any balance at the end of the fiscal year was to be reimbursed to customers.

The law was amended in 2001 to allow a portion of the fund to be used for low-income energy assistance programs. The Natural Gas Consumers' Relief Act ([www.legis.state.ga.us/legis/2001\\_02/fulltext/hb1568.htm](http://www.legis.state.ga.us/legis/2001_02/fulltext/hb1568.htm) [last visited in September 2008]) changed the law so that low-income energy assistance is now the primary expenditure of the universal service fund; according to the law, its funding cannot exceed \$25 million yearly.

In response to higher gas costs that have regularly hit the state, the PSC has utilized the USF on several other occasions through early 2008, the most recent being the release in December 2006 of \$5.2 million, which provided a \$150 credit to about 35,000 low-income elders, and the release in February 2008 of \$7 million to assist over 26,000 low-income customers on the Atlanta Gas Light system with grants of up to \$250 for winter natural gas bill. The total amount of USF funds disbursed by the PSC to low-income households since 2001 is nearly \$60 million.

A third result of the state's gas deregulation has been the imposition of fines on gas marketers, some of which the PSC has directed be paid to the state LIHEAP office.

During 2003, the PSC ordered three marketers to contribute to LIHEAP: (1) Energy America, \$400,000, for "slamming" customers—that is, signing them up without their consent; (2) Southern Company, \$100,000, for failure to abide by disconnection rules; and (3) ACN Energy, \$17,000, also for disconnection violations.

In January of 2004, natural gas marketer Energy America was ordered to pay at least \$60,750 to the state LIHEAP because of its failure to properly credit payments from LIHEAP to over fifty customers' accounts. Included was a \$125 credit to each customer who had been wrongly disconnected, plus \$5.00 for each day of disconnection. In August of 2004, Shell Energy Services was ordered to contribute \$50,000 to the Georgia LIHEAP as punishment for switching customers without their authority.

**Background:** Georgia's 1997 Natural Gas Competition and Deregulation Act forced most natural gas customers to choose a competitive marketer. One provision required that customers who had not selected a marketer by May 1999 be randomly assigned to a competitive supplier. (The law applied to customers of Atlanta Gas Light Company (AGL), the state's largest utility; the other large utility, United Cities, decided not to open its territory to competition.)

Nineteen marketers entered a field previously dominated by two companies, bringing with them new pricing methods, delayed billings, erroneous billings and, in some cases, illegal practices such as slamming.

To complicate matters, Georgia consumers were hit with increased prices for natural gas during the unusually cold winter of 2000–2001 when monthly bills soared to hundreds of dollars.

In response to public outcry over high heating bills, the PSC voted in January 2001 to prohibit natural gas marketers from disconnecting residential customers for non-payment until April 1, 2001. When the moratorium expired, marketers disconnected 124,000 customers. As the winter of 2001–2002 began, about 64,000 customers remained disconnected because of arrearages, and many did not have the means to have their gas turned back on. In November, then-Governor Roy Barnes appointed a task force to investigate how to protect natural gas customers from high prices and disconnection.

In February 2002, the Governor's Blue Ribbon Task Force on Natural Gas ([www.psc.state.ga.us/gas/ngdereg/taskforce.pdf](http://www.psc.state.ga.us/gas/ngdereg/taskforce.pdf)) re-

leased its final report, calling for a "multi-pronged approach" that neither dismantled deregulation nor relied entirely on the free market. The task force dismissed the increasingly popular idea of returning to a natural gas monopoly because of serious financial and legal barriers. Its report noted, for example, that legal claims from marketers could run as high as \$500 million if the state were to put them out of business.

Instead, the task force recommended that the PSC designate a provider with regulated rates that could serve low-income and other residential consumers who needed an alternative to competitive marketers.

The General Assembly rated the natural gas issue a top priority for its 2002 session. Using the recommendations of his natural gas task force, Governor Barnes sponsored the Natural Gas Consumers' Relief Act and lawmakers voted overwhelmingly to approve it.

Along with the regulated provider, the law established a number of consumer protections. It limited late fees to \$10 or 1.5% of past due balance (whichever is greater), limited deposits to \$150, and prohibited newly published prices from being applied to already consumed gas.

In June 2002, the PSC selected SCANA, one of three marketers to bid, as the regulated natural gas provider. When its program started in September 2002, SCANA was offering rates that were 10 cents to 14 cents per therm less than other residential rates; elders were to receive rates of 12 cents to 16 cents less per therm.

However, the company did not procure enough gas through long-term contracts to honor those prices for longer than a few months. Its regulated-provider contract with the PSC allowed the company to adjust prices to reflect higher wholesale prices in the first half of 2003.

Because that adjustment was so severe—forcing the company's low-income enrollees to pay the highest prices in the state—the PSC tapped the state's USF for \$750,000 to give the regulated-provider enrollees a \$50 bill credit in June of 2003. Customers transferred to SCANA because of credit problems did not receive the bill credit.

In response to higher gas costs that have continued to hit the state, the PSC has utilized the USF on several other occasions throughout 2007.

**Other Payment Assistance:** In 1987, the PSC mandated that major gas and electric utilities waive their monthly service charge for customers age 65 or over earning less than \$10,000 per year (the income limit was raised to \$12,000 in 2001). The amount of the waiver has increased over the years as part of electric and gas utility rate case settlements.

Effective January 1, 2005, Georgia Power's elder citizen discount increased to \$14.00 per month from \$10.50; the same increase in the discount was effective on May 1, 2005, for low-income elders who are customers of Atlanta Gas Light. Around 55,000 elders receive the electric discount yearly, and about 35,000 receive the gas discount.

## IDAHO

### Utility Energy Efficiency

The largest utility, Idaho Power, has provided a yearly allocation to weatherization, which has varied from over \$400,000 to

\$225,000. Effective June 1, 2004, funding from Idaho Power will total about \$1,225,000 annually for three years, the result of a regulatory commission decision in a rate case. This annual funding level was continued by the state regulatory commission in the spring of 2007.

Avista Utilities, Bonneville Power Administration, and Pacific Corp weatherization programs have been funded at between \$100,000 and \$450,000 in recent years. Customers with qualifying incomes can receive weatherization (insulation and air sealing) or heating system improvements.

## ILLINOIS

### State Funds

The City of Chicago utilizes part of the city's investment of Chicago Skyway proceeds to provide home heating assistance for low-income households amounting to \$4 million for 2007.

### State Public Benefit Funds for Rate Assistance

Effective 1998, the Supplemental Low-Income Energy Assistance Fund (SLEAF) was authorized through electric utility restructuring legislation. The law directed gas and electric utilities (participation by municipal utilities and electric cooperatives is optional) to assess a monthly charge of 40 cents per month on each residential electric service account and 40 cents per month on residential gas service accounts, plus higher amounts for commercial and industrial accounts.

The utilities collect the charges from customers (about \$76 million yearly) and deposit them into a state fund, which the General Assembly then appropriates yearly to the LIHEAP and weatherization grantee. Annual SLEAF funding for bill payment assistance has averaged about \$65 million annually. In August 2007, the Illinois legislature extended the SLEAF, otherwise scheduled to sunset at the end of 2007, through December 2013.

### State Public Benefit Funds for Energy Efficiency

About 10% of the above-described Supplemental Low-Income Energy Assistance Fund goes toward low-income energy efficiency and supplements the state's DOE Weatherization Assistance Program with about \$7.6 million yearly.

### Other

In July of 2007, a \$1 billion multi-year rate relief package was approved for electric customers of Ameren Illinois and Commonwealth Edison to help offset electric rates that had escalated after rate caps in place for nine years expired. Rate hikes averaged about 30% statewide, but some all-electric homes saw increases up to 300%. The package included low-income summer cooling assistance, rate credits, and weatherization. For the low-income, ComEd was to spend at least \$20 million over three years and Ameren about \$16 million over four years.

ComEd provided a one-time credit of \$30 during the summer of 2007; a \$240 credit for customers with incomes up to 200% of FPG; and an expanded weatherization program for low-income electric space-heat customers. For Ameren customers, a cooling

assistance program provided grants of \$150 in the summer of 2007 to qualifying elders, the disabled, and households with children; assistance was also provided during the summer of 2008. Additionally, \$150 grants are provided to low-income electric customers with household incomes of 150% to 200% of FPG. Weatherization assistance is also available to LIHEAP-approved customers, focusing on high usage and all-electric homes.

### Fuel Funds

Funds operated by Peoples Energy (the major gas company in the state), Ameren, and ComEd provided over \$2 million in assistance in 2007. Community and charitable donations amounted to another \$1 million.

### Restructuring Update

Illinois has had ten years of experience in operating a Supplemental Low-Income Energy Assistance Fund (SLEAF), created through restructuring legislation passed in November 1997. Paid for by a surcharge on electricity and natural gas bills, the legislation earmarks 80% of the fund for low-income bill payment assistance.

During FY 2007, around \$65 million from the SLEAF provided energy assistance benefits in Illinois, and about \$7 million was used for low-income weatherization. About 320,000 households received energy assistance from combined state and federal funds.

In August 2007, the Illinois legislature extended the SLEAF, otherwise scheduled to sunset at the end of 2007, through December 2013. The fund is administered by the Department of Healthcare and Family Services (DHFS), the LIHEAP and weatherization grantee, through the state LIHEAP network and in coordination with LIHEAP. DHFS makes payments from the fund directly to utilities. SLEAF funds may be used only for assistance to low-income customers of the regulated gas and electric utilities that assess the surcharge. Most of the state's municipal and rural cooperative utilities do not assess the charge, so their LIHEAP customers cannot benefit from SLEAF funds, although they can receive LIHEAP.

The surcharge is 40 cents per month on each residential electric service account and the same amount on each residential gas service account; \$4.00 per month on non-residential gas and electric accounts with less than 10 MW of peak demand the prior year; and \$300 per month on non-residential accounts that had 10 MW or greater of peak demand during the previous calendar year.

Illinois' restructuring legislation allows 10% of the state fund to be spent on low-income weatherization and 10% on program administration. Under the state-funded weatherization component, average funding is about \$7 million per year, and around 1110 households are served, with a limit of up to \$7500 per household. These are households that normally could not be served under the federal weatherization program because their dwellings need roof replacements or other major repairs.

While the fund was extended for another six years, some entities have sought changes in Illinois' energy assistance program for a number of years. The culmination of the drive for change will be the start of a Percentage of Income Payment Plan (PIPP) pilot in June of 2008. While the plans had not been finalized as of early 2008, the pilot is expected to enroll up to 18,000 low-income electrically-heated customers of Ameren, a utility serving southern Illinois.

After an electric rate relief package was approved in Illinois in the fall of 2007, utilities, advocates, and the DHFS agreed to move forward with the PIPP pilot using Ameren rate relief funds to help pay pre-program arrears of participating households. These households will be required to make a payment on their current electric bill that is limited to a percentage of their income, probably 10%, and LIHEAP and SLEAF funds will also cover a portion of the bill.

Under the rate relief settlement, each of the major electric utilities, Commonwealth Edison and Ameren, agreed to fund rate relief programs that included low-income initiatives for the next several years. Ameren will provide about \$13 million for several low-income assistance programs, plus the PIPP pilot, for which \$6 million has been allocated over four years.

The rate relief settlement came about after a nine-year rate freeze expired and electric rates escalated, especially for Ameren customers, some of whom saw bills up by 300%. Illinois legislative leaders, the Illinois attorney general's office, the two utilities, electric-generating companies, and others announced the negotiated settlement of the \$1 billion package on July 23, 2007, after months of wrangling between the legislature and the utilities.

**Background:** Activities related to improving energy assistance in Illinois have included the following.

The advocacy group ACORN has several times introduced legislation to create a PIPP-type program under which LIHEAP-eligible households would pay no more than a certain percentage of their annual income for gas and electric service. The state's largest gas utility, People's Gas, serving Chicago and the surrounding area, presented a white paper in March 2004 titled "Improving Energy Assistance in Illinois." The state community action association—part of a working group of advocates, energy policy advisors, researchers, and community leaders, called the Illinois Affordable Energy Campaign (IAEC)—has also advocated program changes at the legislative level.

The IAEC published a paper outlining an Affordable Energy Plan in September 2004. The paper called for a PIPP under which most low-income households would pay no more than 10% of their income for energy. The proposed program would also include greater targeting of energy efficiency services, more efficient use of crisis funds, an arrearage reduction component, a hedging strategy to achieve better gas prices, and more stringent reporting requirements for utilities regarding past-due accounts and disconnections.

## INDIANA

### State and Local Funds

Legislation dating back to 1894 applies to Indiana's 1008 towns and townships, requiring them to provide "poor relief" that can include housing, utility, food, and medical assistance. In Indiana, townships are local governmental units within counties and cities, with their own elected boards and trustees. "Poor relief" is funded by property taxes, and each local entity can establish its own guidelines on how the funds can be spent. Since 2003, funding has averaged nearly \$6 million per year, including \$6.6 million in 2007.

The state has also allocated surplus TANF funds to energy assistance, including \$10 million in 2006 and \$6 million in 2007.

### Fuel Funds

Through Northern Indiana Public Service Company's (NIPSCO)

Gift of Warmth fuel fund, private and NIPSCO customer donations are matched by a company discount/waiver. A cash payment for a recipient's home energy cost is supplemented by matching credit. Duke Energy's Helping Hand fuel fund is funded by shareholder, customer, and employee donations. The fund matches \$3.00 for every \$1.00 made available by an eligible customer up to a maximum of \$45. There are also electric company fuel funds and community and charitable contributions.

### Utility Rate Assistance

Energy assistance programs at Indiana's three gas utilities, which began during the winter of 2004–2005, have been extended each year; the most recent extension is through May 2009. Indiana's largest gas utility, NIPSCO, spent about \$4 million in 2007 on its Winter Warmth assistance program, providing up to \$450 annually to customers with incomes up to 200% of FPG. Funding comes from a customer surcharge and a contribution from NIPSCO.

Also extended was the Universal Service Program (USP), the result of an agreement reached during 2004 among the two other major gas utilities (Citizens Gas and Vectren), state agencies and various groups. It began on January 1, 2004. LIHEAP recipients of the two gas utilities receive a percentage discount, between 10% and 32%, off monthly heating costs. The USP provided an annual total of about \$2.5 million in assistance to Citizens Gas customers and about \$4 million in assistance to Vectren customers during 2007. Approximately 17,000 Citizens customers and about 23,000 Vectren customers received USP benefits. The USP also provided crisis assistance to those with incomes up to 200% of FPG.

Funding for the Citizens Gas USP comes from several Citizens Gas support programs, including its Warm Heart Warm Home assistance fund, and, if needed, its annual Customer Benefit Distribution, which is income from Citizens' unregulated subsidiaries. Vectren's USP funding includes the utility's "Share the Warmth" assistance funds, through which Vectren annually donates \$500,000 in heating assistance and matches "Share the Warmth" contributions up to \$200,000. If additional money is necessary, Vectren assesses a small monthly per-unit charge to all of its Indiana customers.

### Utility Energy Efficiency

The three gas companies also provide energy efficiency funding, which was expanded during the above-mentioned extensions.

## IOWA

### State and Local Funds

Fees charged to a utility for use of city-owned property amounted to about \$278,000 in 2007.

### Fuel Funds

Utility customer and church and community contributions amounted to nearly \$800,000 in 2007. They included MidAmerican Energy's I-CARE program and Interstate Power Company's Hometown Care program.



## Utility Energy Efficiency

Commitments to low-income energy efficiency in 2007 from three utilities, Interstate Power & Light, Aquila, and MidAmerican Energy Company, totaled \$4.8 million. These funds are the continuation of a legislative mandate that regulated utilities return money to low-income customers for energy efficiency programs. These funds are contracted through the state weatherization grantee.

## KENTUCKY

### State and Local Funds

County and community funds provide utility emergency assistance.

### Fuel Funds

Kentucky's WinterCare fund was established in 1983 as a partnership between Kentucky Utilities, an investor-owned electric company, and the Community Action Council (CAC) for Lexington-Fayette, Bourbon, Harrison, and Nicholas counties. In 1984, the Kentucky Public Service Commission mandated that other regulated utilities participate in WinterCare or develop acceptable alternatives.

Currently thirty-one utilities and twenty-two community action agencies (CAAs), serving 119 of the state's 120 counties, participate in WinterCare, which is managed by the CAC and administered by community action agencies. Advertising services have been donated by a public relations firm, and utilities raise the funds and contribute the administrative costs. Participating CAAs contribute to local administration. Total contributions amounted to about \$1 million for 2007.

### Utility Rate Assistance

In September 2007, the Kentucky Public Service Commission (PSC) approved the continuation of energy assistance programs for low-income customers of Kentucky Utilities and Louisville Gas & Electric. The programs, first approved by the PSC in November 2004 as three-year pilot programs, were set to expire on October 1. The PSC extended the programs for five years and also extended a 10-cents-per-meter charge on residential bills that funds the programs.

Customers of Kentucky Utilities (KU) must use electric heat and have household income at or below 130% of federal poverty guidelines to participate. For the first three years, eligible KU customers will receive a fixed amount of \$294 per year in seven monthly installments of \$42; for the last two years, the monthly benefit is set at \$44 per applicable month.

Louisville Gas & Electric (LG&E) customers with household income at or below 130% of federal poverty guidelines must have a minimum monthly household income of \$100 and household utility arrearages under \$1000 to participate. The energy assistance program provides a year-round fixed credit that varies by month and is based on the household's income, size, and utility bills for the previous twelve months, an adjustment for monthly normal heating degree days, and any significant changes in utility pricing. The programs are expected to serve about 900 customers and 1400 KU customers.

## LOUISIANA

### Fuel Funds

Several utilities have fuel funds, including Entergy's Project Care and Helping Hands, which serve elder and disabled customers; CenterPoint's Energy Assistance Program and Good Neighbor Fuel Fund; and Atmos Energy's Sharing the Warmth. Along with church and community donations, nearly \$4.3 million was distributed in 2007.

### Utility Rate Assistance

One utility has a waiver of its monthly service charge for elders and others have late fee waivers.

## MAINE

### State and Local Funds

General assistance programs exist as a last resort in every city and town to help the poor with a variety of needs, including energy emergencies. The state partially matches city and town expenses. About \$1 million was reported for 2007.

### Utility Rate Assistance

State legislation in 1991 ordered low-income rates or other programs from investor-owned utilities; they include a rate discount, a PIPP variation, and a bill credit program. The largest program, through Central Maine Power, allows participants to pay a fixed percentage of their income for energy; the percentage varies based on their level of poverty and electric usage. Effective October 2001, the statewide Low Income Assistance Plan (LIAP), set forth in Chapter 314, was adopted, continuing the large utility programs and mandating that all electric utilities participate in the Plan. The LIAP fund amounted to about \$5.8 million from 2002 through 2006. In May of 2006, the MPUC voted to increase LIAP funding by 20% to about \$7 million, effective October 1, 2006. About 30,000 households received LIAP benefits in 2007.

### Utility Energy Efficiency

Since January 2004, Efficiency Maine has been the state's portfolio of energy conservation programs for all customer classes, including the low-income, through the Low-Income Appliance Replacement Program. These programs are mandated by Maine's 2002 Act to Strengthen Energy Conservation, which replaced some of the conservation stipulations in the state's restructuring law. Funding for Efficiency Maine is included in the rates of the major electric utilities, and at least 20% of its funds must be for low-income energy efficiency services, generally refrigerator replacement and energy-efficient lighting. During SFY 2007 (July 1, 2006-/June 30, 2007), the program delivered 2468 energy-efficient refrigerators and nearly 28,000 CFLs to 12,000 low-income households at a cost of about \$2 million.

## Community and Church

These resources include church and community donations for emergency situations, including furnace repairs and fuel deliveries, Operation Santa Claus, private donations of money and blankets, jackets, sweaters, sleepers, etc.

## Bulk Fuel Discount

A new bulk-fuel-buying program began in 2007 under which dealers have two options: they can offer LIHEAP customers a discount off the retail oil or kerosene price or they can charge a margin over their wholesale price, which can vary depending on the vendor's location. These amounted to about \$1 million in savings in 2007.

## Restructuring Update

Maine's restructuring law states that "the policy of the state is to ensure adequate provision of financial assistance." The 1997 legislation continued separate rate assistance programs, amounting to about \$5.6 million yearly, which had been required of the three largest electric utilities since 1991. It also directed the Maine Public Utilities Commission (MPUC) to oversee the implementation of a statewide assistance program for low-income electricity customers.

The result was the MPUC's adoption of a Statewide Low-Income Assistance Plan in July 2001. The plan, set forth in Chapter 314 of the MPUC's rules, required each of Maine's transmission and distribution utilities to create or maintain a Low-Income Assistance Program (LIAP) for its customers by October 31, 2001.

These rate assistance programs are funded by 0.5% of each utility's annual revenues. Chapter 314 created a central fund to finance the statewide plan and apportioned the fund to each utility according to the percentage of LIHEAP eligible persons in that utility's service territory. Each utility contributes money to the central fund based upon the number of residential customers residing in its service territory. The funds are then redistributed to the utilities based on the number of customers eligible for LIHEAP in each service territory.

Initially, the MPUC and some of the stakeholders favored a single, uniform assistance program, called the Electric Lifeline Program, similar to one of the same name operated by the largest utility, Central Maine Power (CMP). Like the CMP program, the proposed program would have used a percentage-of-income approach, in which participants' electric bill payments are based on their income, and those at the lowest income level pay a lower percentage than those at higher income levels.

However, after two rounds of hearings, comment periods, and rule makings, the MPUC's final rule "represents a series of compromises that were necessitated, in part, by the need to get the statewide program in place by October 1, 2001." Utilities with existing low-income programs have continued those programs, and consumer-owned utilities developed their own LIAPs within the requirements of the rule. The PUC left open the possibility that it can amend its rule to change the program, if necessary.

The Maine State Housing Authority (MSHA), which is the LIHEAP and weatherization grantee, administers, implements and coordinates the statewide plan and the individual LIAPs in con-

junction with its delivery of LIHEAP. Eligibility for LIAP is contingent on LIHEAP eligibility. In its initial years, the fund amounted to between \$5 and \$6 million annually. In May of 2006, the MPUC voted to increase LIAP funding by 20% to about \$7 million yearly, effective October 1, 2006, to help low-income consumers keep pace with rising electricity rates. About 30,000 households received LIAP benefits in 2007.

The different utilities use the fund in slightly different ways. For example, CMP's percentage-of-income program depends on a formula that keeps electric bills within a range from 4% to 10% of a customer's total income. Bangor Hydro-Electric uses a straight low-income rate, while the other smaller utilities give low-income customers one or two discounts a year on their bills if they make regular payments during the winter.

The final rule required that LIAP benefits be stratified so that participants with the greatest needs receive the highest benefits. Each LIAP that does not employ a percentage-of-income benefit structure must have a minimum of four separate benefit categories based on the federal poverty guidelines. The rule also requires that each LIAP track any changes in the LIHEAP program, such as an increase in the eligibility requirement, which may affect customers' LIAP eligibility.

**Low-Income Conservation:** Since January 2004, Efficiency Maine has been the state's portfolio of energy conservation programs for all customer classes, including the low-income, through the Low-Income Appliance Replacement Program. These programs are mandated by Maine's 2002 Act to Strengthen Energy Conservation, which replaced some of the conservation stipulations in the state's restructuring law.

Funding for Efficiency Maine is included in the rates of the major electric utilities, and at least 20% of its funds must be for low-income energy efficiency services. Before Efficiency Maine was fully funded and permanent, low-income households were served under an interim appliance replacement program funded at \$300,000.

The low-income component of Efficiency Maine is implemented through the MSHA and the state's community action agencies. Agency workers install the new refrigerators and properly dispose of old ones when auditors find that a refrigerator replacement will save 750 or more kWh per year. While at a residence, workers also replace incandescent bulbs, halogen lamps, and torchieres with compact fluorescent light bulbs.

During SFY 2007 (July 1, 2006–/June 30, 2007), the program delivered 2468 energy-efficient refrigerators and nearly 28,000 CFLs to 12,000 low-income households at a cost of about \$2 million. Altogether, the refrigerators and efficient lights are estimated to save each customer more than 2000 kWh per year. The program is reported to be cost-effective with a benefit-to-cost ratio of 1.21 to 1, according to Efficiency Maine's 2007 annual report.

In April of 2007, a new Low Income CFL Program was launched and implemented with the administrative resources and expertise of the state's local housing authorities and service agencies. Participating agencies distribute multi-packs of five CFLs to eligible individuals and/or directly install CFLs into rental facilities where the individuals pay the utilities. In its first two months of operations, the program delivered 870 CFLs to 174 households. More information is available on the program website at [www.efciencymaine.org](http://www.efciencymaine.org) (last visited in September 2008).

In 2005, the Maine Legislature required gas utilities serving 5000 or more residential customers in Maine to offer conservation

programs to residential and commercial customers. Northern Utilities, which serves about 25,000 customers in the state, is the only gas utility to which the law applies. Under its Partners in Energy program, Northern provides weatherization measures to about 150 low-income customers in coordination with Maine's community action agencies.

## MARYLAND

### State and Local Funds

Low-income households of adult disabled persons are paid monthly with Transitional Emergency, Medical, and Housing Assistance (TEMHA) funds, of which \$40 is designated to energy assistance.

Local energy tax dollars are given in a rebate to low-income households in two counties. In St. Mary's County, the list of certified MEAP households is provided and direct payment of \$55 is sent to MEAP households. In Prince George's County, the MEAP grant is increased by \$72 per household.

Additionally, all LIHEAP eligible customers are qualified to apply for the Utility Services Protection Program, a year-round monthly utility payment program. An equal-monthly-payment plan based on the estimated cost of the customer's average annual utility usage minus the LIHEAP benefit will be used to determine the even monthly payments for participation in the USPP.

### State Public Benefit Funds for Rate Assistance

Maryland's restructuring legislation, passed in April 1999, provided a \$34 million universal service program (USP) to be administered by the Department of Human Resources (DHR) through the Maryland Energy Assistance Program. As of July 2000, DHR began collecting the universal service funds and operating the Electric Universal Service Program (EUSP) that was authorized in restructuring legislation. The EUSP helps participants pay current and past-due electric bills and provides weatherization measures. In recent years, in response to electric rate hikes, the EUSP base amount has been increased and has been supplemented by state general revenue funds. In 2007, the program spent about \$46 million on bill payment assistance and \$5 million for arrearage forgiveness.

### Fuel Funds

The Victorine Q. Adams Fuel Fund, formerly the Baltimore Fuel Fund, one of the oldest and largest fuel funds, was organized in 1979. A seed grant of \$10,000 was provided by Baltimore Gas and Electric and matches contributions dollar for dollar. It pays up to \$125 to clients facing shut-offs and provides utility credits toward arrearages. It also operates an emergency oil program that provides 100 gallons of oil to eligible families at nominal cost.

The Fuel Fund of Maryland serves Marylanders in Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Montgomery counties.

Funding also comes from church, community, charitable, and service organizations that are not connected to fuel funds. Total fuel fund and other organizations contributed just over \$9 million in 2007.

### Bulk Fuel Discounts

Maryland has been negotiating bulk fuel dealer discounts on behalf of low-income households since 1985. Since the late 1980s, it has obtained a 3% discount off current retail oil prices for LIHEAP recipients; in 1991, coal, propane, and wood vendors were added to the discount program, resulting in a discount of about \$500,000 in 2007.

### Restructuring Update

Maryland's Electric Universal Service Program (EUSP) entered its eighth year on July 1, 2007, after its State Fiscal Year (SFY) 2008 operations plan was approved by the Maryland Public Service Commission (PSC).

The program is a result of Maryland's 1999 restructuring law, SB 300, which provided \$34 million for a universal service program that is continuing and non-lapsing, to be administered by the Department of Human Resources (DHR) through the Maryland Office of Home Energy Programs (OHEP), the LIHEAP grantee.

The universal service program, known as the Electric Universal Service Program or EUSP, has three components: (1) bill payment assistance to help participants pay current electric bills; (2) arrearage retirement payments to help them pay some past-due electric bills; and (3) weatherization to provide electric energy efficiency measures to reduce future electric bills. Effective July 1, 2005 (SFY 2006), the weatherization component was transferred from OHEP to the Department of Housing and Community Development, the state's weatherization grantee. The Department receives \$1 million yearly from EUSP funds for weatherization.

In its SFY 2008 proposal, OHEP noted that higher electric rates had gone into effect for the majority of Maryland electric customers because rate caps, imposed since the restructuring bill, had expired for Maryland's largest utility, BGE, and several smaller utilities. Although OHEP did not have final enrollment totals for FY 2007, it noted that enrollment had not increased as much as expected over the previous year, despite the higher rates, and this was attributed to a warmer than normal winter.

In response to escalating energy costs during the winter of 2005-2006 and to the controversy that accompanied the rate cap expiration, the state legislature took the following actions:

1. In November 2005 allocated \$11 million in state funds to be used for both the Maryland Energy Assistance Program (MEAP) and EUSP funding shortfalls;
2. In March 2006 allocated \$25.1 million in state general funds to the EUSP to be spent over four years; funds can also be used for non-electric bills under the MEAP;
3. In June provided a one-time allocation of \$6 million from corporate taxes to be earmarked for arrearage retirement payments during FY 2007;
4. Increased EUSP funding from \$34 million to \$37 million annually with the additional \$3 million to be collected from industrial and commercial ratepayers, thus increasing the amount collected from them to \$27.4 million, while the amount collected from residential ratepayers remains at \$9.6 million;
5. Raised EUSP income eligibility from 150% of federal poverty guidelines to 175%; and
6. Stipulated that the state general funds be used to serve households from 175% to 200% of FPG.

As a result, the EUSP budget for SFY 2007 was about \$46 million, compared to about \$34 million annually since the program's inception in 2001. Its 2008 budget was originally \$52 million—\$36 million from the above-mentioned customer charges and \$16 million in state general funds. In June of 2007, reacting to soaring electric bills and political storms due to the expiration of the rate caps, Governor Martin O'Malley authorized an additional \$5 million for the FY 2008 EUSP budget. The EUSP also began taking applications in June instead of on its normal July 1 starting date.

During SFY 2007, the program served an estimated 84,000 households with an average grant of \$516. Using state funds,

OHEP spent \$5 million on arrearage forgiveness, serving over 10,000 households with an average grant of \$481.

During SFY 2006, the bill assistance component served 83,853 households with an average grant of \$410 and spent \$34.3 million. The program also spent \$1.7 million on arrearage retirement payments, serving 3900 households with an average payment of \$435.

As shown in the table below, EUSP bill payment assistance participation has increased substantially since the program's inception. OHEP has reported that the increases are due to more families in need of assistance and more persons becoming aware of the program through OHEP's expanded outreach.

EUSP Summary Data Program Year FY 2001-2007

Type of Program	Program Year						
	2007 est.	2006	2005	2004	2003	2002	2001
<b>Arrearage</b>							
Applicants Served	10,327	3900	3894	4888	3551	5148	26,211
Average Grant	\$481	\$445	\$385	\$307	\$432	\$415	\$270
Benefit Expenditures	\$5 million	\$1.7 million	\$1.5 million	\$1.5 million	\$1.5 million	\$2 million	\$7.7 million
<b>Bill Assistance</b>							
Applicants Served	84,000	83,853	78,668	72,390	69,781	57,585	56,245
Average Grant	\$516	\$410	\$361	\$396	\$419	\$287	\$270
Benefit Expenditures	\$41 million*	\$34.3 million	\$28 million	\$28.7 million	\$29.2 million	\$16.7 million	\$17.6 million
<b>Weatherization</b>							
Applicants Served	NA	NA	945	NA	409**	NA	697
Average Grant	NA	NA	\$2564	NA	\$1487**	NA	\$2152
Benefit Expenditures	NA	NA	\$2.5 million	NA	\$612,121**	NA	\$1.4 million

\* Includes state funds

\*\* Represents FY 2002 funds expended during program year 2003 and does not include counts and expenditures for unsuccessful contacts.

Source: Maryland Department of Human Resources, Office of Home Energy Programs

Evaluation: In May 2007, an evaluation of the EUSP that presented results of process and impact evaluations of the programs conducted from July 1, 2004, to June 30, 2006, was completed by PA Consulting group.

Among the conclusions of the evaluation:

- The program is reaching and helping households with some of the most severe needs.
- New or recent participants in the program do not exhibit improved bill-payment behaviors and probably cannot respond with improved bill-payment behaviors in the short term because they have other substantial needs as well.
- Participants continuing in the program do show improvements in bill-payment behavior.
- The annual growth in eligible applicants served since 2001 is 48%.
- The program is reaching households in great need of electric assistance, as seen by the high average electric burden of participants and the customer survey results showing the needs of these households and their concerns with meeting monthly electric costs
- High participant satisfaction was shown with the budget

billing and arrearage component of the program as well as with the application process

Among the recommendations for improvements, the evaluation indicated that OHEP should: explore ways to increase program retention of eligible households from year to year; investigate the trade-off between greater program standardization to deliver services consistently throughout the state and inefficiencies that may result from greater standardization; strengthen program processes that will improve the equitable distribution of EUSP benefits across the state; convene the EUSP working group to discuss ways to increase the effectiveness of EUSP administration, in particular, review changes needed in administrative funding limitations in order to address improvements in application processing, local agency training, and the OHEP information system; and explore ways to better coordinate EUSP with other assistance programs.

**History:** SB 300, Maryland's 1999 restructuring law, defined a universal service program as one that "helps low-income customers maintain electric service" and includes "customer bill assistance and payment programs, termination of service protection, and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner."

Collection of the universal service funds from customers started in July 2000, and OHEP then began operating the newly-created Electric Universal Service Program with the three components: bill payment assistance, arrearage retirement payments, and weatherization.

The restructuring law stated that, for the first three years, at least half of the fund should be spent on bill payment assistance and the remainder on energy efficiency and retirement of arrearages incurred by low-income households prior to the initial implementation date of the program (July 1, 2000). The law's provision for arrearage retirement stemmed from studies showing that low-income households' inability to pay utility bills was partly due to accrual of significant arrearages. Arrearage retirement funding totaled \$7.7 million in the first year and \$2 million in the second.

The restructuring law authorized the EUSP for three years. On June 30, 2003, Maryland finished the initial three years. In April 2003, the EUSP was given an extension, and its funding of \$34 million per year was continued, subject to annual review and approval by the PSC and the legislature. SB 504, the bill to extend the program, was signed into law April 22, 2003.

SB 504 continued the original program structure, except that it capped arrearage retirement funding at \$1.5 million per year, although the funding cap was removed for the 2007 program, and limited payments to those customers who had not previously received arrearage retirement assistance. (SB 504 also allowed the program to waive income eligibility guidelines to provide bill payment assistance to customers experiencing "extraordinary circumstances" such as major medical emergencies or losses due to major natural disasters.)

The lion's share of the EUSP funding comes from industrial and commercial customers; during the first six years, it was \$24.4 million; due to the above-mentioned actions of the state legislature, it is now \$27.4 million. The remaining \$9.6 million comes from residential customers, who pay about 40 cents per month.

Because EUSP is administered by OHEP, clients can apply at local LIHEAP agencies for both programs year round, as well as for the Maryland Weatherization Assistance Program, operated by another department. EUSP has the same income eligibility level as MEAP.

In designing the SFY 2006 program, OHEP proposed and attained PSC approval for changes in its benefit determination methodology for the bill assistance component with a goal of better targeting assistance to the most needy. These changes remained in effect for SFY 2007 and 2008. The bill payment program calculates benefits based on income and household size, actual household electricity consumption, and electricity price. Previously, OHEP's calculation took into account average or approximate consumption and income. The EUSP benefit is integrated with the state's LIHEAP benefit, which, as of FY 2006, also utilizes a more targeted benefit matrix. OHEP explained in its program proposal that its previous benefit calculations had resulted in some households with low consumption receiving a credit on their utility bills.

Beginning in SFY 2006, OHEP reconfigured its poverty criteria for determining benefit levels by utilizing groupings of 0%–75% of federal poverty guidelines, 76%–110% FPG, and 111%–150% FPG in order to provide better targeting of benefits. For the 2007 and 2008 program year, it added another grouping: 151%–175% FPG.

Under the arrearage management component, OHEP added a requirement that applicants must have a minimum of \$100 in past-due bills (this was changed to \$300 for FY 2008), and the

maximum benefit amount is capped at \$2000. In its annual reports and in its proposal for 2008, OHEP has noted that the \$1.5 million for arrears retirement is exhausted early in the program and has suggested that the statutory funding limit be changed because there is not enough funding to serve everyone who is eligible.

In EUSP documents, both the OHEP and the PSC noted that implementation of the weatherization program lagged behind the other two components. Because of start-up issues and delays in issuing an invitation to bid for program operation, the EUSP weatherization funds were under-spent most years. The transfer of the weatherization component to the state weatherization office is expected to result in a more efficient program because it will be coordinated with the federal weatherization program.

## MASSACHUSETTS

### State Public Benefit Funds for Rate Assistance

State and local agencies have negotiated low-income discounts with major gas and electric utilities as part of rate cases since 1980. In 1997, the Massachusetts legislature passed restructuring *legislation* that requires distribution companies to continue discounts to eligible low-income customers. The legislation also codified and expanded eligibility for existing utility discounts so that households earning up to 175% of poverty would be eligible. All of the state's regulated electric and gas utilities provide low-income discounts ranging from 20% to 35%. The discount eligibility level was raised to 200% in November 2005. Spending for 2007 was over \$58 million and over 268,000 households received discounts.

### State Public Benefit Funds for Energy Efficiency

A permanent low-income conservation fund, established through a charge on electric bills, amounts to about \$15 million annually; a conservation charge on natural gas customers funds about \$7 million in gas low-income energy efficiency programs.

### Fuel Funds

The Good Neighbor Energy Fund is statewide and consists of private donations and utility contributions amounting to nearly \$700,000 in 2007. It is administered by the Salvation Army and select LIHEAP subgrantees.

### Bulk Fuel Discount

Since the winter of 1991, Massachusetts has had a statewide Margin Over Rack (MOR) program that pays oil dealers the lesser of either a set margin price per gallon—originally 25 cents per gallon and 30 cents as of 2007—or their regular retail price on the date of delivery. The MOR concept is based on the fact that oil vendors base their per-gallon retail price on a margin added to their terminal or "rack" price. Each vendor's margin is different due to variances in operating costs associated with delivery of the product. The MOR program allows all oil vendors to participate.

For over a decade, a competitive bid oil program has operated in the Haverhill area, wherein companies bid for an acceptable profit margin above their wholesale oil price. It saves LIHEAP households from 10 cents to 20 cents per gallon. Total savings from both programs were over \$4 million in 2007.



## Restructuring Update

More than a dozen gas, electric, and combination investor-owned utilities in Massachusetts offer low-income utility rate discounts that totaled over \$58 million in FY 2007 (compared to \$42 million in FY 2005) and ranged from 11% to 43% of low-income households' bills. Over 268,000 households received the discounts during 2007.

The natural gas discount is mandated by state regulation, while the electric discount is codified through the state's 1997 restructuring legislation. The increased enrollment is in part due to full scale implementation of an automatic enrollment process (*see below*).

Additionally, in response to higher energy prices during the winter of 2005–2006, the Massachusetts legislature raised the income eligibility ceiling for the discounts to 200% of the federal poverty guidelines from the previous level of 175%.

While the Massachusetts discounts are some of the most generous in the nation, escalating utility costs, especially the commodity portion of bills, have eroded their value. Massachusetts residential natural gas prices have increased 64% between 2002 and 2007, and average electricity prices have jumped from 10.93 cents per kWh in 2002 to 16.6 cents per kWh in 2006, a 52% increase.

Prompted by the increased costs and observing that electric and gas utility customers "face serious challenges meeting utility costs, staying current with utility bills, and avoiding service termination," the state Department of Public Utilities (DPU) in February 2008 opened D.P.U. 08-4 ([www.mass.gov/Eocsa/docs/dte/electric/08-4/21308dpuford.pdf](http://www.mass.gov/Eocsa/docs/dte/electric/08-4/21308dpuford.pdf) [last visited in September 2008]), an investigation into expanding low-income consumer protections and assistance, including standards for arrearage management programs, the discount rates, service termination, and energy efficiency programs. (No decision has been made on any programs as of August 2008.)

Comments filed by utilities, the Massachusetts Energy Directors Association, and the Low-Income Weatherization and Fuel Assistance Network (the Network) concurred with the DPU that an automatic enrollment process begun in 2005 (DTE 01-106-A) has succeeded in enrolling 90,000 new households onto the discount rates (*see "History" below*). (*Note: As of April 2007, the Department of Transportation and Energy (DTE) was reorganized into two agencies, and the DPU now handles electric and gas utility issues formerly handled by DTE.*)

However, as noted by the Network and other respondents, electric utility low-income discounts ranged from 24% to 35% of the total bill in 1999, and gas discounts ranged from 18% to 20%. As a result, many more utility customers could afford to pay their bills without building up high arrearages and being disconnected for non-payment. Since electric industry restructuring, and increased costs and volatility in natural gas bills, the value of these discounts has been greatly eroded. As of July 2007, electric company discounts had lost between 27% and 50% of their value, and gas discounts have decreased up to 63% in value since 1999.

As a result, in its comments, the Network wrote: "We agree with the Department that a much larger percentage discount is needed and that it should include discounts on the commodity portion of the bill, at a stable percentage. The Network/MEDA also recommends that the discount should be tiered to reflect differences in income among the low-income population, and that the

percentage value of the discount should be made uniform across all utilities."

The Network also recommended that the Department raise the discount income eligibility cap to 60% of the state median income.

The Network and other respondents also had extensive recommendations regarding the recently established arrearage management programs. In 2006, the Department directed each gas and electric company to establish an arrearage management program targeted at their low-income customers with overdue utility bill balances. Enrollees must agree to an affordable payment plan and, in return, receive some forgiveness of their debt.

According to the most recent figures from the DPU, approximately 3500 individuals enrolled in the program in 2006, and gas and electric utilities received over \$1 million in bill payments from low-income consumers with overdue balances while forgiving approximately \$300,000 in arrearages.

**Energy Efficiency:** Massachusetts' restructuring law also established a low-income conservation fund through a 0.25 mills per kWh charge on every electric customer, which amounts to about \$15 million per year for low-income electric efficiency programs. A conservation charge on natural gas customers funds about \$7 million in gas low-income energy efficiency programs.

The programs are implemented through the existing weatherization and energy assistance network, primarily community action agencies. The utility funds are combined with federal weatherization funds to expand the number of jobs completed and the work performed in low-income dwellings. Typical measures include attic and/or wall insulation, blower door directed air sealing, heating system repairs and replacements, and ventilation. Priority is given to high-use households as well as to elder households and those with young children. Because high usage is often the cause of high arrearages, the efficiency programs are well-coordinated with the arrearage management programs.

About 17,000 low-income households received efficiency services through the utility funds during FY 2007. Services are offered to customers with incomes below 60% of the state's median income, which equates to about 225% of federal poverty guidelines.

According to the Network's comments in D.P.U. 08-4, in the past ten years, Massachusetts low-income energy efficiency programs have won many national awards and proven cost-effective on a societal basis. The electric programs achieved a benefit/cost ratio of 2.9 in the period 2003–2005, according to a recent report. In 2006, the low-income electricity programs saved 17 MW of summer demand, 44 MW of winter demand, and 179,000 MWh of energy.

For participants, this has meant average savings of about 10% in baseload electricity consumption and about 20% in heating fuel. The high quality and cost-effectiveness of these programs could not have occurred without the skill and cooperation of the utilities and the program administrators, the Network wrote.

**History:** As a result of efforts by the Network, the DTE, and others, an expanded automatic enrollment process for the discounts is now underway in Massachusetts and, as mentioned above, it has shown significant results. It began in December 2001, when the DTE opened a proceeding (D.T.E. 01-106) to investigate increasing the penetration rate for the electric discount, as well as discounts for natural gas and telephone service. (*Note: As of April 2007, the DTE was reorganized into two agencies, and the DPU now handles electric and gas utility issues formerly handled by DTE.*)

In August 2003, after extensive meetings with stakeholders, the DTE issued an order establishing a process for automatic enrollment for the gas and electric discounts. The order stipulated the following:

1. A Memorandum of Understanding between DTE and the state's Executive Office of Health and Human Services (EOHHS) outlined changes that were to be made to EOHHS application forms for such means-tested benefit programs as food stamps and TANF. (EOHHS administers a range of health and human service programs through various departments within it and has a database of program beneficiaries).
2. Applicants are asked to give their permission to release limited information to utility companies (name, address, a unique identifying number). This allows EOHHS to certify that the EOHHS applicant/beneficiary is income eligible for utility discounts.
3. Utilities must share information electronically with EOHHS to identify those EOHHS-served households that are income-eligible for the discounts. EOHHS will use its database to match the names on customer lists provided by utilities.
4. The utilities must presumptively place these income-eligible households on the appropriate discount rate within sixty days of learning that they are income-eligible. The utilities also must send notices to the households letting them know that they have been placed on the discount rate and that they have the right to be removed from the discount rate if they so request.

It took over a year for various issues related to implementation of the August order, including cost recovery by the utilities, to be resolved. On December 6, 2004, the DTE ordered all state electric and gas companies to share their customer lists within thirty days of the order date with the EOHHS so that automatic enrollment\* could begin. That agency is responsible for identifying eligible utility customers and then directing the utilities to automatically enroll them unless the customers opt out. An opt-out form may be placed on utility websites.

The DTE requires utilities to submit quarterly reports tracking the number of customers enrolled in the discounts through the computer match as well as by traditional means such as the LIHEAP application process at community action agencies and through utilities.

Additionally, during December of 2003, the major utilities joined together with state agencies and community action agencies to launch a new effort called "Energy Bucks" ([www.energybucks.com](http://www.energybucks.com) (last visited in September 2008)), an integrated campaign combining grassroots outreach, community-based activities, and advertising to build awareness of the variety of energy efficiency and discount services available to families on limited income and encourage them to utilize the services. The Network credited the program with heightening visibility within the low-income community of discount rates, LIHEAP, and energy efficiency programs.

## MICHIGAN

### State Funds

The Winter Protection Plan protects qualified elders and low-income customers from service shut-off due to non-payment dur-

ing the winter months. While enrolled in this program, customers must pay a portion of their estimated annual bill plus regular payments on any past-due bills.

### State Public Benefit Funds for Rate Assistance

Michigan's 2000 restructuring law legislation created the Low-Income Energy and Efficiency (LIEE) fund to provide energy payment assistance and fund energy efficiency programs. Beginning in 2002, the Public Service Commission has periodically issued requests for proposals for low-income energy projects and since then it has awarded nearly \$370 million to the state LIHEAP and weatherization offices and to various nonprofits, with about 75% going for energy assistance.

### State Public Benefit Funds for Energy Efficiency

Michigan's 2000 restructuring law legislation created the Low-Income Energy and Efficiency (LIEE) fund to provide energy payment assistance and fund energy efficiency programs. Beginning in 2002, the Public Service Commission has periodically issued requests for proposals for low-income energy projects and, since then, it has awarded nearly \$370 million to the state LIHEAP office and weatherization offices and to various nonprofits, with about 17% going for low-income energy efficiency initiatives.

### Fuel Funds

The Michigan Community Action Association sponsors an annual statewide Walk for Warmth, which began in 1989. The uniqueness of Walk for Warmth lies in the fact that, while the CAAs coordinate the walks, people of all backgrounds in the communities volunteer their services. Participants include CAA staff and board members, vendors, business executives, legislators, schools, elders, chart groups, local businesses and industries, and private corporations. Some businesses donate a percentage of that day's profits to the effort; others provide free advertising. Walkers garner pledge money per mile walked.

Money raised in each community goes toward specific energy needs within that community as identified by the members of local steering committees. None of the money received is spent to organize, promote, or conduct the walks.

The Heat and Warmth Fund (THAW) is funded by individuals, businesses, community organizations, utilities, and fuel companies. A maximum of \$300 per household is available for electricity, gas, coal, oil, propane, or wood. Most utilities match customer donations or provide bill credits up to an additional \$300.

These and several other private energy funds distributed about \$8.5 million during 2007.

### Utility Rate Assistance

Deposit and fee waivers are provided by several utilities, amounting to about \$24 million in 2007.

### Restructuring Update

From February 2002 through May 2008, the Michigan Public Service Commission (MPSC) has disbursed a total of \$369 million

in low-income energy grants. The total for FY 2007 was \$80 million.

The grants come from the state's Low-Income and Energy Efficiency Fund (LIEEF), initially established as part of the Customer Choice and Electric Reliability Act of 2000 (Public Act 141) and continued in a subsequent order. The purpose of the Fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes.

Since late 2001, the MPSC has called for energy assistance and energy efficiency grant proposals on over a dozen occasions and has allocated LIEEF funds statewide through a series of grant awards beginning in February 2002. Overall, the Commission has allocated approximately 75% of the grants to low-income energy assistance programs, about 17% to low-income energy efficiency programs, and the remainder to the development of energy efficiency programs for all customer classes.

As a result, the majority of the funding—about \$298 million—has gone for low-income bill payment assistance, and a majority of that amount has been made available for distribution through the Family Independence Agency (FIA), which is the state LIHEAP grantee. Most of the remaining funds have gone for low-income energy efficiency projects.

In awarding the grants, the Commission announced that it gave significant consideration to organizations with a proven record in distributing energy assistance to low-income residents, an existing administrative structure to handle additional distribution activities, and the ability to coordinate assistance with other service providers and serve multiple counties. In addition to grants to the FIA, the Michigan Community Action Agency Association, The Heat and Warmth Fund, a Detroit-based statewide fuel fund, and the Salvation Army have been regular grant recipients.

In several cases, including during the winter of 2005–2006, the Commission issued the energy assistance grants on an expedited basis in response to rising gas prices, the state's budget, extremely cold weather, the economy, and an increasing occurrence of utility service shutoffs. In May 2007, \$22 million in LIEEF funds was distributed directly to the FIA by the state legislature, rather than through the MPSC, in order to swiftly provide supplemental funds for the LIHEAP crisis assistance program, which had run out of money.

**Background:** Michigan's 2000 restructuring law created the LIEEF as part of securitization—bonds that customers pay off on their bills, allowing the state's two largest electric utilities, Detroit Edison and Consumers Energy, to recover their stranded costs. Savings from securitization were first used to lower rates by 5%; any other savings went into the LIEEF. Detroit Edison was the only electric utility whose securitization savings exceeded the amount necessary to fund the rate reduction required in the law and was the only company that contributed to the Fund.

In February 2004, in an interim order granting rate relief to Detroit Edison, the PSC determined that there were no longer any excess securitization savings to fund the LIEEF and that it should be included in Detroit Edison's cost of service. It established a surcharge on the utility's distribution rates to fund the LIEEF. The surcharge was set to generate \$39.9 million annually.

In its final decision on the Detroit Edison rate case issued in November 2004, the Commission wrote that the "existence and funding of the LIEEF should continue at the present level unless the issue is revisited in an appropriate case." It dismissed arguments from the utility and others that the funds should only be used

for low-income customers located in Detroit Edison's service territory because the utility's customers are the only ones paying into the LIEEF.

A new funding source for the LIEEF came in December 2005 when the MPSC, in a rate case settlement with Consumers Energy, directed the company to contribute \$26.5 million annually to the LIEEF from its electric customers. Consumers Energy had proposed spending \$15 million on low-income energy programs, but the Commission increased the amount, saying that state law allows it to take the necessary steps to ensure that low-income and energy efficiency funds are available and sufficient.

Additionally, in November of 2006, the Commission in Case No. U-14547 authorized Consumers Energy to fund \$17.4 million annually for the LIEEF from its natural gas customers, bringing the total annual LIEEF funding to nearly \$84 million. Like Detroit Edison, Consumers Energy will recover its costs through customer charges.

More background information is available in *Report on the Low-Income and Energy Efficiency Fund* (June 2007), the PSC's latest annual report on the effectiveness of its low-income fund.

## MINNESOTA

### State Funds

State Emergency Assistance for energy payments is distributed through the Minnesota Department of Human Services, at the county level. Payments are made to energy vendors on behalf of TANF, GA, and MSA clients. State housing agency funds are provided for energy-related repair service, weatherization materials, and heating equipment installed free of charge to low-income homeowners. A fee assessed to liquid propane and oil distributors provides heating system repair and replacement for LIHEAP eligible households who heat with oil and/or propane. These resources amounted to about \$7.7 million in 2007.

### Fuel Fund

Reach Out for Warmth, an emergency energy assistance fuel fund, was established in 1992 by the Minnesota Legislature. The fund is funded from corporate and individual donations that are matched by federal funds.

The Salvation Army and Minnegasco developed HeatShare in 1982. HeatShare is funded through customer contributions from Minnesota utilities and is administered by The Salvation Army. These funds, along with church and community groups, distributed about \$4 million in 2007.

### Utility Rate Assistance

As a result of legislation passed in 1994, Minnesota requires that electric companies serving over 200,000 residential customers provide a 50% discount for low-income customers on the first 300 kilowatt hours consumed each month. The provision applies only to the state's largest utility, Xcel Energy. In 2007, approximately \$7 million in discounts were provided to over 31,000 households.

In 2007, the Minnesota Public Utilities Commission (MPUC) approved a four-year pilot Gas Affordability Program to help eligible customers of CenterPoint Energy pay their bills. Partici-

pants pay no more than 6% of their income for their gas bill, and the program includes arrearage forgiveness. It will be targeted to LIHEAP recipients with poor payment histories and high arrears. The Energy CENTS Coalition, a St. Paul nonprofit, will administer the program. About 6000 households are expected to be enrolled at a cost of about \$5 million annually.

### Utility Energy Efficiency

Energy Conservation Improvement law, passed in 1982 and amended in 1991, requires Minnesota's regulated electric and natural gas utilities to spend a percentage of their annual gross operating revenue on programs to encourage conservation among all customers, including low-income. On approval by the Public Utilities Commission, utilities recover conservation program costs from their ratepayers. About \$6.4 million was reported spent by utilities for low-income weatherization in 2007.

## MISSISSIPPI

### Fuel Funds

Entergy, Atmos Energy, Mississippi Power, and Mississippi Valley Gas sponsor fuel funds for their low-income customers; along with church and service organizations, donations totaled about \$540,000 in 2007.

### Utility Rate Assistance

Since the early 1990s the monthly service charge has been waived for eligible low-income and elder customers of the largest electric utility, Mississippi Power. The waiver amounts to about \$16.43 per month for TANF and SSI recipients. Other utilities waive reconnection fees and late payment charges; the total is about \$500,000 per year.

## MISSOURI

### Fuel Funds

The Missouri Utilicare program was established by legislation in 1979 to help Missourians with winter utility costs but had not received any funding since 2001. It received legislative appropriations of about \$6 million yearly for FY 2006 and 2007.

The Mid America Assistance Coalition (MAAC) of Kansas City, administers more than \$600,000 each year to assist those unable to pay their utility bills. More than 4000 families are helped annually through the seven privately donated MAAC managed funds.

Dollar-Help, Inc. (DHI), was founded in 1982 and partners with Laclede Gas Company, which matches customer donations with \$1 for every \$5.00 up to \$4000 per month. Laclede Gas also donates all administration, fund raising, and promotion expenses. In 1984, local congregations became involved and initiated Super Dollar-Help Weekend to raise funds for DHI.

Dollar More provides temporary financial assistance to households with special needs to keep utility services operating during the extreme temperature seasons of winter and summer. Raising

nearly \$1 million per year, the program is funded by customers of AmerenUE, which donate varied amounts, usually an additional dollar on their monthly bill. There are also charitable donations from the Salvation Army and churches. Total assistance amounted to \$15.6 million in 2007.

## MONTANA

### State Public Benefit Funds for Rate Assistance

A major gas/electric utility agreed to a 10% discount in gas and electric rates for LIHEAP recipients beginning in winter 1991; several smaller utilities also have discounts. The discounts have continued under electric and gas utility restructuring, and the major utility's discount is generally 15%, although it has been temporarily raised to 25%, and the gas discount has been temporarily raised to 30% during the winter months. During 2007, discounts amounted to \$3.7 million.

### State Public Benefit Funds for Energy Efficiency

One major gas/electric utility and several smaller ones provide low-income energy efficiency, continued under electric and gas utility restructuring legislation. Expenditures totaled \$1.5 million in 2007.

### Fuel Funds

The Energy Share program in Montana is funded by voluntary contributions from individuals, organizations, churches, and utilities. The fund is unique in that it provides assistance as a loan rather than a grant and encourages recipients to repay their loans so that the money can be used to help another household in need. In 1997, Energy Share established an endowment, made possible by state legislation that provides a 50% tax credit for planned gifts and corporate donations to a qualifying endowment. Electric cooperatives also provide emergency funds to low-income customers. Fuel funds provided \$1.5 million in assistance during 2007.

### Restructuring Update

Montana's 1997 restructuring legislation established an electric universal systems benefits charge (USBC), a portion of which funds low-income energy assistance and conservation. Beginning January 1, 1999, the law required all utilities to set aside 2.4% of their retail sales revenues (based on 1995 levels) to fund "energy conservation, renewable resource projects and applications, and low-income energy assistance" through July 1, 2003.

The 2001 legislature extended the USBC through December 2005, and the 2005 legislature extended it through 2009.

A minimum of 17% of the system benefits pool, roughly \$2.3 million per year, must be spent on low-income energy and weatherization assistance. Electric cooperatives are required to participate in the universal system benefits portion of the law, although they can choose not to open their markets up to competition.

Montana also passed legislation restructuring its gas industry. This legislation established a USBC, which all natural gas transmission or distribution service providers began charging to all end users in May 1997. A natural gas utility's annual funding require-

ment for conservation and low-income energy bill assistance within the USBC was 0.42% of the utility's 1995 revenue; in 2007 this was changed so that the requirement is now a minimum of 0.42% of the utility's previous year's revenue. Both the electric and gas utilities can receive credits for internal programs or activities that qualify as universal system benefits programs.

The lion's share of the electric USBC comes from NorthWestern Energy, the state's largest electric and gas utility. In February 1999, the Montana Public Service Commission (PSC) ruled that 21% of that total would be allocated among low-income weatherization, bill payment assistance, small low-income renewables projects, outreach, and Energy Share, a fuel fund that provides emergency bill assistance.

The 21% allocation for low-income purposes is an increase in the floor amount of 17% set in the restructuring legislation. The USBC covers NorthWestern's costs for the 10% low-income rate discount provided in Montana since 1991, along with low-income weatherization. That discount was increased from 10% to 15% in June 1999; currently it is 25% from November through April and 15% from May through October.

In 2007, the NorthWestern electric USBC generated \$9.4 million. Of that, about \$4.1 million was spent on low-income programs—payment assistance, the Energy Share fuel fund, and the free weatherization program. Over 11,500 low-income customers received at least a 15% discount on their electric bills at a cost of about \$1.8 million, and at least 291 households received free weatherization measures totaling about \$1.5 million.

Under the gas USBC, NorthWestern collected about \$2.2 million during 2006 and spent \$1.7 million on rate assistance for 7721 households and \$585,000 on low-income weatherization for 524 households, with the remainder for non-low-income conservation. Additionally, the gas USB received \$157,414 from electric USB funds in order to cover gas USB shortfalls. This allocation was ordered by the Montana Public Service Commission in late 2005 due to higher natural gas supply costs and more customers signing up for energy assistance, which in turn put increased pressure on the gas discount. The discount, which had been at 15% since 2000, has been 30% from November through April since 2005.

The discounts are currently administered through the state LIHEAP and weatherization grantee, the Department of Public Health and Human Services. The state flags LIHEAP recipients for the discount and sends the information to the utility, and these households receive the discount automatically. The department also administers most of the weatherization funds, which are spent locally by community action agencies.

Low-income USBC expenditures by other Montana utilities (investor-owned and rural electric cooperatives) totaled about \$1.3 million during 2007.

## NEVADA

### State/Local Funds

The Nevada State Housing division sets aside 15% of its revenue from the Real Estate Transfer Property Tax to assist low-income families with utility deposits and bill assistance, amounting to about \$372,000 in 2006.

### State Public Benefit Funds for Rate Assistance

The Public Utility Commission has been collecting the Nevada Fund for Energy Assistance and Conservation (NFEAC) since August 2001. The NFEAC is funded through a mill tax assessment, referred to as the Universal Energy Charge (UEC), paid by residential and commercial customers of the seven regulated utilities in the state. The UEC generates about \$10 million annually for low-income energy assistance and conservation; 75% is distributed on a quarterly basis to the Nevada State Division of Welfare and Supportive Services, the state LIHEAP grantee. With its portion, the state's LIHEAP began implementing a Fixed Annual Credit (FAC) in July 2002, based on the energy burden of the participating household.

During SFY 2007, the Energy Assistance Program expended over \$13 million in UEC funds, serving 15,535 households with those and other funds including LIHEAP. The average benefit was \$877. About \$1.2 million was spent for arrearage assistance with an average benefit of \$419 to 2940 households.

### State Public Benefit Funds for Energy Efficiency

The Public Utility Commission has been collecting the Nevada Fund for Energy Assistance and Conservation (NFEAC) since August 2001. The NFEAC is funded through a mill tax assessment, referred to as the Universal Energy Charge (UEC), paid by residential and commercial customers of the seven regulated utilities in the state. The UEC generates about \$10 million annually for low-income energy assistance and conservation; 25% is distributed on a quarterly basis to the state weatherization grantee, the Nevada Housing Division.

During SFY 2007, about \$3.1 million in UEC funds provided energy conservation measures such as insulation in ceilings, floors, and ducts; weather-stripping and caulking; heating and cooling system repairs and replacement; and water heater repairs and replacement for about 1058 households.

### Fuel Funds

Sources include utility corporate funds and customer contributions that provide supplemental energy assistance to low-income households, about \$785,000 in 2007.

### Utility Energy Efficiency

DSM funds from two largest utilities amounted to over \$1.8 million in 2007.

### Restructuring Update

In July 2001, Nevada created a funding source to supplement existing low-income energy programs. AB 661—the enabling legislation—created the Nevada Fund for Energy Assistance and Conservation (FEAC), funded through a mill tax assessment, or Universal Energy Charge (UEC), paid by residential and commercial customers of the seven regulated gas and electric utilities in the state.

The Public Utility Commission of Nevada (PUCN) has been collecting the UEC, which is based on consumption, since August



2001. The PUCN takes up to 3% of the UEC for its administrative costs. The remainder is placed in an interest-bearing account of the state Division of Welfare and Supportive Services (formerly Welfare Division), the LIHEAP grantee.

The Division distributes up to 75% of this amount to its LIHEAP, also known as the Energy Assistance Program or EAP, and up to 25% to the Nevada Housing Division's Weatherization Assistance Program (WAP). Any accumulated interest is distributed to the EAP and WAP programs. Funds are drawn down periodically as needed by each program, thus enabling interest to accrue on the balance.

The monthly charge averages about 47 cents on the typical residential electric bill and 16 cents on the typical residential gas bill. For state fiscal year (SFY) 2008, starting July 1, 2007, the UEC is expected to generate about \$12.6 million.

As of July 2002, the Division began using both federal LIHEAP and its FEAC funds to operate a new energy assistance program that requires participants to pay no more than a small percentage of their income for energy. The energy assistance benefit, referred to as a Fixed Annual Credit (FAC), is calculated for each eligible household. The FAC is the amount sufficient to reduce the percentage of the applying household's income spent on energy to the state median percentage of household income spent on energy. To determine the FAC benefit, the Division has a computer-generated exchange with the state's major utilities to ascertain the annual energy usage of the address at which the applicant resides.

The lower the income (which takes into account family size), and the higher the usage, the greater the benefit. Both the median household income and the median household energy burden are updated annually for each new program year. Nevada's SFY 2008 median household income is \$48,314, and the statewide median household energy burden for natural gas, electricity, fuel oil, and propane is 3.53% of that amount.

The following is an excerpt from the state's FY 2008 plan explaining how the FAC benefit is calculated:

1. Identify eligible household's gross annual income and apply 3.53% to determine the amount the household is expected to pay for their energy burden.
2. Identify eligible household's annual energy usage in dollars (to include all energy sources).
3. Compare the 3.53% figure to the eligible household's annual energy burden (usage in dollars):
  - If the household energy burden is greater than 3.53% of the household's annual income, the difference is the FAC for that household. The FAC is the benefit amount the household receives, not to exceed UEC annual usage.
  - If the eligible household energy burden is less than 3.53% of the household's annual income, the household may receive a payment of \$180 paid with non-UEC monies. Eligible households having a fixed annual credit up to and including \$179 and may receive a payment of \$180. The FAC portion is paid with UEC funds, and the remainder of the \$180 is paid with non-UEC monies

All households receiving an FAC will be referred by the Division, via the agency's computer system, to the Housing Division for energy efficiency services. A list of eligible households with an FAC of \$2200 or greater is also provided to the Housing Division on a daily basis with a goal of prioritizing these high burden

households. The maximum allowable FAC is based on income, household size and poverty level.

Only those households that are charged a UEC on their natural gas and/or electricity bill may receive a FAC benefit paid from the FEAC. Eligible households can receive both LIHEAP and FEAC funds. LIHEAP funds will be paid out before FEAC funds, and FEAC funds can only be distributed to a participating UEC vendor. The two funding sources are separate and are disbursed and tracked separately.

In cases in which eligible households have only non-UEC vendors (electric cooperatives and bulk fuel dealers), the FAC benefit will be paid with LIHEAP funds, up to the maximum amount. Any remaining FAC benefit due will be paid with revenue from other sources, such as state general funding.

During SFY 2007, the Energy Assistance Program expended over \$13 million in UEC funds, serving 15,535 households with those and other funds including LIHEAP. The average benefit was \$877. About \$1.2 million was spent for arrears assistance with an average benefit of \$419 to 2940 households.

Eligible households may elect to have their FAC benefit go directly to their UEC heating provider, go directly to their UEC cooling provider, or be equally split between their UEC heating and cooling providers.

Evaluations of the program for its first four full years of operation (SFY 2003 through SFY 2006) have been completed, and the 2006 evaluation is available at [http://dwss.nv.gov/dmdocuments/EAP\\_SFYO6Eval.pdf](http://dwss.nv.gov/dmdocuments/EAP_SFYO6Eval.pdf) (last visited in September 2008).

Initially, the evaluations noted that the Division was still ramping up the energy assistance program and, due to problems with outreach, computer technology, and administration, spent less than a quarter of its FEAC during the first two years. By the end of the fourth year, the evaluation reported that problems with implementation and spending had largely been solved.

Because of the initial under-spending, the state-funded program came under criticism during 2004, and, as a result, the Division contracted with a professional marketing firm to develop and implement an aggressive outreach campaign, targeting low-income elder, disabled, and families with children 6 years and under. The outreach paid off, as shown in a significant increase in households served during SFY 2005.

During SFY 2007, the Housing Division spent about \$3.1 million in UEC funds providing energy conservation measures such as insulation in ceilings, floors, and ducts; weather-stripping and caulking; heating and cooling system repairs and replacement; and water heater repairs and replacement. Over 1000 household received services.

For more information, including annual plans and evaluations, visit the website of the Nevada State Division of Welfare and Supportive Services.

## NEW HAMPSHIRE

### State and Local Funds

New Hampshire has a statute dating back to the 1840s that requires towns and cities to provide emergency welfare services to the poor, funded by local property taxes. Although local entities can adopt their own assistance guidelines, in most cases the

assistance includes payments to landlords and utilities for rental and utility assistance, vouchers for food and clothing, as well as burial expenses. The amount for energy assistance alone is generally about \$2 million per year; it was over \$4 million in 2007.

When LIHEAP is operating, the towns do outreach and refer applicants to the community action agencies who administer LIHEAP. The CAAs may assign representatives to town halls to take applications. When LIHEAP funds are expended, the CAAs then refer people back to the towns. The town will pay an energy bill when LIHEAP is operating if a household's application has not been certified and the household has an energy emergency.

### State Public Benefit Funds for Rate Assistance

The legislature passed a restructuring law in 1996 that authorized a system benefits charge (SBC) for low-income energy programs. A 3.0 mills per kWh SBC paid by all electric customers is divided between energy assistance (1.2 mills) and energy efficiency programs (1.8 mills).

In October 2002, the state began operating a Tiered Discount Program, a modified percentage-of-income plan. The tiers are structured to provide qualified low-income households with monthly electric bill payments equal to, on average, 4.5% of income. Local community action agencies determine eligibility based on income levels and then identify the discount that goes with each income level. Overall, the discounts range from 15% to 90%. Payments to 30,475 participants totaled over \$11 million for 2007.

The 2005 legislature continued authorization of the SBC through June of 2008 with the same amount of funding for the low-income programs; the 2007 legislature removed that sunset date and continued the program indefinitely.

### State Public Benefit Funds for Energy Efficiency

A 3.0 mills per kWh system benefits charge paid by all electric customers is divided between energy assistance (1.2 mills) and energy efficiency programs (1.8 mills). The 1.8 mills funds New Hampshire's low-income energy efficiency program, called the Home Energy Assistance Program. It receives about \$2 million annually through the SBC. Eligible households can receive up to \$4000 in energy efficiency measures and program services.

### Fuel Funds

Five of the six electric utilities and both of the gas utilities participate in Neighbors Helping Neighbors, a statewide fuel fund that is administered by community action agencies in coordination with LIHEAP. The fund operates year-round and is a fund of "last resort," serving households after LIHEAP funds are exhausted.

In 1994, New Hampshire passed legislation allowing utilities to place unclaimed utility deposits into the fuel fund. The measure allows the public utilities commission to certify that utilities are participating in a financial assistance program that assists low-income households with utility bills. Upon certification, the utility pays 85% of the unclaimed funds into the fuel fund program, which is also certified by the commission.

One electric utility runs a separate program called Project Care. These three sources and church and community funds amounted to about \$800,000 in 2007.

### Utility Rate Assistance

A one-year pilot providing a discount on gas delivery for Keyspan's and Northern Utilities' eligible customers started in November 2005. The program was continued through the winter of 2006–2007 and funding amounted to \$1.3 million.

### Utility Energy Efficiency

Since 2002, two natural gas utilities operating in New Hampshire have provided low-income energy efficiency services to about 150 households with a combined budget of around \$380,000 annually. The programs will operate through 2009.

### Bulk Fuel Discount

New Hampshire has a statewide discount on bulk fuels for LIHEAP recipients. The program's success is attributed to a four-day turn-around from delivery of fuel to when the check is received by the vendor, which resulted from a Governor's executive order. Of the state's 472 unregulated utilities, 450 provide discounts of 2 cents to 20 cents per gallon, with an average discount of 10 cents per gallon. They also waive fees for after-hours delivery for savings of \$30 to \$50 per household, and they provide free or low-cost furnace repair. Savings have averaged around \$500,000 per year in the last five years.

### Restructuring Update

New Hampshire's Electric Assistance Program (EAP), also called the tiered-discount program (TDP), and its Core Energy Efficiency Programs were implemented statewide during 2002 for customers of regulated electric utilities. The legislature passed a restructuring law in 1996 that authorized a system benefits charge (SBC) for such programs. A 3.0 mills per kWh system benefits charge paid by all electric customers is divided between the EAP (1.2 mills) and the Core Energy Efficiency Programs (1.8 mills).

The 2005 legislature continued authorization of the SBC through June of 2008 with the same amount of funding for the low-income programs; the 2007 legislature removed that sunset date and continued the programs indefinitely.

After asking stakeholders to review the program for possible changes for FY 2007, the New Hampshire Public Utilities Commission (PUC) issued Order No 24,664 on September 1, 2006, incorporating a new program design that was based on consensus among the stakeholders including utilities, the state community action association, and the state utility consumer advocate.

The new design, effective October 1, 2006, made the EAP a uniform statewide program rather than utility-specific, maintained the program funding level at 1.2 mills per kWh, and expanded enrollment to about 30,000 households annually, up from about 24,000 previously.

The PUC and stakeholders favored increased EAP enrollment in order to maintain the FY 2006 level, which had been expanded in response to escalating energy costs. Late in 2005, the New Hampshire legislature temporarily boosted EAP funding by allowing \$3 million to be borrowed from SBC efficiency programs. The funding law, SB 228, required the state's electric utilities to allocate more money to the EAP, up to \$3 million, and then pay themselves

back from the energy efficiency portion of the SBC fund over the next three years. As a result, about 6500 low-income households on the EAP waiting list received assistance during the winter of 2006 through a temporary program called the Supplemental Winter EAP.

The PUC also changed the way benefits are determined in order to take into account a household's poverty level and household size rather than income alone. As a result of this change and the expanded enrollment, the average EAP benefit was reduced for some households with higher incomes and increased for some with smaller incomes. There are six benefit levels ranging from at or below 75% of federal poverty guidelines (FPG) to 185% of FPG, with an average annual benefit of approximately \$420 compared to over \$600 previously.

Also, the new design for the EAP eliminated different discount levels for electric and non-electric heat usage. The program was originally structured so that low-income households had electric bill payments equal to, on average, 4% of household income for general use customers and 6% for electric heat users. Under the new design, customers are responsible for electric bills equal to approximately 4.5% of household income.

During FY 2007, the EAP provided discounts averaging \$420 to about 30,475 households, with spending totaling about \$11.5 million. Households at or below 185% of FPG are eligible, and they must be customers of the following regulated utilities: Public Service of New Hampshire, National Grid, New Hampshire Electric Coop, and Unutil.

**Background:** On May 30, 2002, the New Hampshire PUC issued an Order, Docket # DE 02-034, explaining its consideration of three different assistance program designs and adopting the tiered discount design. The order stated that the adopted design "strikes the best balance between cost efficiency and program efficiency" and that the program would reach several thousand more households than either of the other two proposals.

The EAP, in effect since October 1, 2002, replaced an interim program, adopted in 1999, which had provided a discount of approximately 25% on the electric bills of eligible households. That program served about 13,000 households in 2001, at a cost of \$1.1 million.

The tiered-discount program is a modified percentage-of-income plan. The tiers were originally structured to provide qualified low-income households with monthly electric bill payments equal to, on average, 4% of income for general use customers and 6% for electric heat users. As mentioned above, the PUC in 2006 changed that to 4.5% for all electric use. Local community action agencies determine eligibility and then identify the discount for each benefit level.

Participants are eligible for the discount for twelve months and must recertify annually. Income-eligible elder customers over 65 years of age and customers on fixed incomes are required to recertify every twenty-four months. Participants must make their payments on time; failure to do so results in traditional collection activity by the utility.

The EAP also included a one-time pre-program arrearage retirement component for arrearages that were less than twenty-four months old. Only arrearages existing on or before August 31, 2002, were eligible for retirement. The program paid out over \$500,000 in arrears forgiveness during its first three years. It was discontinued prior to FY 2005-2006 so that more direct benefits could be paid.

**Low-Income Energy Efficiency Program:** As mentioned above, the SBC funds energy efficiency programs as well as the EAP. In May 2002, the New Hampshire Public Utility Commission ordered implementation of a Core Energy Efficiency Program for all customer classes for nineteen months. It included a \$3.1 million low-income energy efficiency program that began June 1.

After the initial program concluded, the PUC has approved program funding annually, with annual funding totaling about \$18 million, including about \$2 million for low-income customers through the Home Energy Assistance Program. Eligible households can receive up to \$4000 in energy efficiency measures and program services. Households that also qualify for the federal Weatherization Assistance Program (WAP), which is administered through local community action agencies, can receive additional energy efficiency measures and program services from a combination of the state and federal funds.

The services provided to low-income customers include insulation, air sealing, new thermostats, electric hot water measures, refrigerator replacement, lighting upgrades, health and safety measures, and a home energy audit and rating (the rating is based on a computer model of the home's relative efficiency). In 2007, about 1200 units received energy efficiency measures under a program budget of \$2.1 million.

In a 2005 publication, the American Council for an Energy Efficient Economy identified the Home Energy Assistance Program as an "exemplary" low-income efficiency program. It said the program uses holistic practices and state of the art software and data tracking. Because it is delivered by CAAs that also deliver the federal WAP, it leverages several different funding sources, allowing customers to receive more services than they would with a utility-funded program. It also achieves relatively high electricity savings per household, the ACEEE report said, because it prioritizes electrically heated and other high-energy-use homes.

When it released its order implementing the Core programs, the Commission also issued an Order of Notice to investigate whether it would be in the public interest to re-institute energy efficiency programs by New Hampshire's two natural gas utilities, Northern Utilities and Keyspan. On October 2, 2002, Keyspan submitted its Energy Efficiency Proposal for 2003-2005, and Northern filed a final Energy Efficiency Proposal on November 27, 2002. In December 2002, the Commission approved a Settlement Agreement that allows implementation of the natural gas companies' energy efficiency programs.

Specific programs offered by Keyspan and Northern include residential low-income audits and up to \$3600 in qualifying weatherization services to eligible households. Keyspan's low-income program has a \$332,823 annual budget with a participant goal of 129. Northern proposed a budget of \$48,500 for each program year and estimated participant levels of 17 to 20 per year. The programs will operate through April 2009.

In May of 2005, partially in response to escalating natural gas prices, the Commission opened an investigation into the benefits of a low-income rate assistance for natural gas customers. (Around 18% of New Hampshire's low-income households use natural gas as their primary heating fuel.) Both Keyspan and Northern agreed that such a program was needed and that they would work toward implementing it for the winter of 2005-2006. Both utilities operate low-income discount programs in Massachusetts and both indicated they could pattern a New Hampshire program after their Massachusetts programs. Keyspan expected about 6000 of its

low-income customers to participate, and Northern expected about 1000.

The New Hampshire Public Utilities Commission (PUC) on September 1 approved an order creating a one-year pilot program for qualifying customers of Keyspan and Northern. Customers who qualified for one of 13 means-tested programs, including LIHEAP and the EAP, were eligible for the pilot and received a discount of up to 50% on the delivery portion of their bill, amounting to about \$800,000 during FY 2006. The program continues as of the winter of 2007-2008.

Another fund is Gift of Warmth, operated through customer and company contributions from one gas utility. In FY 2007, over \$221,000 in benefits was provided by the two funds.

### Utility Rate Assistance

The regulatory commission mandates waiver of utility deposits and fees during the disconnect moratorium. FY 2007 waivers amounted to \$20.7 million for 70,700 households.

## NEW JERSEY

### State Public Benefit Funds for Rate Assistance

Utility restructuring legislation established a non-lapsing Universal Service Fund. In March 2003, the Board approved a statewide permanent Universal Service Fund to assist low-income customers who heat their homes with electricity and gas through a fixed-credit percentage-of-income payment plan under which participants will be required to pay no more than 6% of their annual income toward electric and gas bills. The permanent USF got underway late in 2003. The FY 2007 program includes \$118 million for USF benefits; \$12 million for the USF Fresh Start program, which helps USF customers pay off their arrearages; and \$68 million for the Lifeline Assistance Program, which provides a heating assistance benefit to elder and disabled citizens.

### Restructuring Update

New Jersey's Universal Service Fund (USF) low-income energy assistance program, which began in October 2003, is now in its fifth year.

The USF program is called a fixed-credit percentage-of-income payment plan under which participants are required to pay no more than 6% of their annual income toward electric and gas bills—3% for electric and 3% for gas or 6% for all-electric heat customers. Credit to customers is capped at \$1800 annually.

New Jersey electric and gas customers whose household income is equal to or less than 175% of the federal poverty level are eligible for the program. First-year participants were enrolled through an automatic enrollment process, through which the program administrator at the time, the Department of Human Services (DHS, the LIHEAP grantee), reviewed information it had on file about customers already enrolled in either LIHEAP or Lifeline (a state-funded rate assistance program for New Jersey's elder and disabled) from September 1, 2002, through August 31, 2003. Using this data, plus information provided by the utilities, DHS automatically enrolled customers who met the eligibility criteria. A manual enrollment process, wherein customers could apply directly, began in November 2004.

### State Public Benefit Funds for Energy Efficiency

A societal benefits charge (SBC) funds continuation of pre-restructuring demand-side management programs. In March 2001, the Board of Public Utilities approved a statewide comprehensive energy efficiency and renewable energy program that includes a low-income energy efficiency component called New Jersey Comfort Partners. The program, in which seven major electric and gas utilities participate, is funded at about \$16.5 million yearly.

During FY 2004, its first year of operations, the USF spent about \$65 million on credits and enrolled about 130,000 households. By the end of FY 2007, it was serving over 187,000 households and provided benefits worth nearly \$118 million, according to the state's FY 2007 leveraging report.

The following table shows how the USF credit is calculated for a USF participant with an annual income of \$10,000. The calculation takes the difference between the previous twelve months' electric and/or gas billing, net of any LIHEAP and/or Lifeline benefits, and 3% (one service) or 6% (two services) of the eligible customer's income.

### Fuel Funds

In late 1997 a coalition of New Jersey's top energy companies and nonprofit agencies formed *New Jersey SHARES* (Statewide Heating Assistance and Referral for Energy Services), a nonprofit statewide fuel fund. It was slated to begin providing assistance in the fall of 1998. New Jersey SHARES grants are targeted to non-welfare residential energy customers who have short-term financial difficulties, have exhausted all other available resources, and cannot pay their energy bills. Recipients are certified for eligibility by local community agencies.

New Jersey SHARES was funded principally by a \$1 million start-up grant from Public Service Gas & Electric Company. The other energy provider members contribute a flat-rate percentage of first-year administration costs and a pro-rated contribution based on the number of residential electric and gas customers they have in New Jersey. More funding has come from solicitations of the state's businesses, state funds, and the general public. Three utilities that previously operated their own fuel funds have folded them into New Jersey SHARES.

	Annual	Monthly
Customer's Annual Bill (Energy Burden)	\$1200	\$100
Customer's PIP Payment (No more than 6% of Income)	600*	50
Remaining Energy Bill Balance	600	50
USF Credit Amount (credited monthly)	300	25**

\* The PIP is the amount USF participants are required to pay the utility company.

\*\* Fixed monthly benefit paid on behalf of the customer from the USF directly to the USF participant's natural gas and/or electric utility. The yearly credit cannot exceed \$1800.

In March 2004, the New Jersey Board of Public Utilities (BPU) approved establishment of an arrearage payment plan, called Fresh Start, for USF enrollees. The program allows these enrollees a chance to have their past-due bills forgiven if they start paying their monthly bills in full and do so for an entire year. The program began in April 2004, available to about 135,000 USF enrollees. State officials said 40% of the people enrolled in the program—or about 50,000—had accrued significant unpaid utility bills. Under the program, only pre-program arrears are eligible for forgiveness, and they must total more than \$60.

During FY 2005, the first full year of Fresh Start operations, arrearage payments totaled \$23 million; payments totaling \$12.1 million were made during FY 2007 to over 50,000 households.

**History:** The USF is a result of New Jersey's 1999 restructuring legislation that provided for a permanent fund to help address low-income energy needs. The program design was at least three years in the making, with input from various stakeholders including the state Ratepayer Advocate, New Jersey AARP, New Jersey Citizen Action, and the DHS.

The restructuring law left it to the BPU to determine the level of USF funding, its administration, purposes, and programs to be funded, as well as whether new charges should be imposed to fund new or expanded programs. The law also defined the USF as "nonlapsing," meaning it does not have a sunset.

The BPU began holding hearings on implementation of the USF in mid-2000. In September 2000, New Jersey's Ratepayer Advocate (RPA), with support from groups such as AARP, Legal Services of New Jersey, Citizen Action, and state government, submitted a detailed proposal for a comprehensive universal service program, designed to create affordable energy bills for New Jersey's low-income consumers and funded through a statewide universal service charge on both electric and gas customers. That program's cost was estimated at \$67 million.

RPA and advocacy groups from around the state pressed the BPU to create an interim low-income rate affordability program by the onset of the winter of 2000–2001. In November 2001, the BPU ordered the creation of an interim affordability program to help address bills for the winter of 2001–2002. The order mandated that an interim USF be established for the eligible customers of Elizabethtown Gas Company, New Jersey Natural Gas Company, Public Service Electric and Gas Company, South Jersey Gas Company, Connecticut Power Delivery, and Rockland Electric Company. GPU (a.k.a. Jersey Central Power and Light) was permitted to continue its previously approved low-income assistance pilot program and was exempt from the November order.

On March 21, 2002, the Board gave final approval to the interim program, authorizing \$15 million to assist low-income consumers with the payment of their electric and natural gas heating bills through a \$200 credit. LIHEAP income eligibility levels (175% of FPG) were used, and each utility administered the program in its own service territory. Nearly 59,000 eligible customers received the one-time credit of \$200. Later in the year, the BPU approved the use of remaining USF funds, as well as approximately \$1 million in unspent TANF funds, to provide a \$100 benefit to some 41,000 households whose electricity and natural gas bills were included in their rent.

In March 2003, the New Jersey Board of Public Utilities (BPU) issued the long-awaited Universal Service Fund Order establishing a permanent statewide assistance program, and it followed with another directive on July 16 ordering utilities to start assessing

customers for the cost of the program.

First-year funding was originally estimated at about \$30 million—it turned out to be about \$65 million—plus 10% for administrative costs and start-up costs, estimated at \$500,000.

The July 16 order also told utilities to begin assessing customers for the cost of the Lifeline program. Historically, that program had been funded from state casino revenues, but New Jersey's Governor, in setting the 2004 state budget, decided Lifeline should be funded through a surcharge on utility bills beginning August 1.

Lifeline provides an annual energy bill credit of \$225 to low-income elders and disabled residents. It has been and will continue to be administered by the Department of Health and Senior Services. For FY 2007, \$68 million was spent, with 302,310 households receiving benefits.

In late 2006, the state decided to switch administration of the USF from the DHS, where it had been since its inception, to the Department of Community Affairs (DCA). This change followed the transfer of LIHEAP administration from DHS to DCA.

For FY 2008, the USF budget has been set at \$174.4 million, including \$10.8 million for Fresh Start. Additionally, the Lifeline budget has been set at \$76.8 million.

**Evaluation:** Also during 2006, the program's first evaluation (found at [www.appriseinc.org/reports/NJ%20USF%202006.pdf](http://www.appriseinc.org/reports/NJ%20USF%202006.pdf) [last visited in September 2008]) was completed by Applied Public Policy Research Institute for Study and Evaluation (APPRISE). It analyzed the program's operations and results from its start in October 2003 through FY 2005.

During 2005, the program served 120,000 households and provided USF credits totaling \$74 million, plus \$22 million for arrearage forgiveness. About 177,000 households have received USF benefits since the program began, the evaluation reported: 139,000 households received electric benefits, and 100,000 received gas benefits. On average, USF participants received \$626 per year in USF credits.

Among positive aspects of the program, APPRISE found the following:

- The impact of the USF is significant for those who receive it—it covers about 40% of the total energy bill for eligible clients.
- The program's standard of energy affordability, i.e., 6% of income, is one of the most progressive in the country. Similar programs in Ohio and Pennsylvania require low-income households to pay up to 17% of their income on energy bills.
- About 41% of participants had incomes at or below \$10,000, and 37% of households had an elder member.
- The majority of USF customers, 67%, were able to pay 100% of their annual utility bills.
- The USF program eliminated about 90% of pre-program arrears for USF customers.
- Compared to LIHEAP recipients in other Northeastern states, USF participants had a lower rate of utility shutoffs.

Although the program targets the lowest-income households, the evaluation found that it does not necessarily reach the most vulnerable groups such as the young, elders, groups with language barriers, or those households with the highest energy burdens.

The evaluation provided recommendations for improving client outreach to overcome identified barriers and to better reach vulnerable populations; it also contains programmatic recommendations to increase client bill payment.



Since its release, the evaluation has been reviewed by USF staff at the BPU, who have issued their own recommendations for program changes. (These recommendations are included with the APPRISE evaluation.) A stakeholder process has been underway where stakeholders are reviewing the evaluation and the staff recommendations. As of early 2008, the BPU had made no major revisions to the program, although there have been and are pending changes in processes to streamline enrollment and increase outreach.

**Energy Efficiency:** The restructuring law also created a societal benefits charge (SBC) to fund continuation of pre-restructuring demand-side management programs, renewable energy, nuclear plant decommissioning, low-income energy efficiency, consumer protection and other social programs as approved by the Board.

In March 2001, the Board ordered a three-year \$358 million program, called New Jersey Clean Energy, to develop energy efficiency and renewable energy sources, including a low-income energy efficiency program, all to be funded through the SBC. In 2004, funding for all programs was approved for 2005–2008 with a budget of \$745 million.

The low-income energy efficiency program, called New Jersey Comfort Partners, in which the seven major electric and gas utilities participate effective May 9, 2001, was initially funded at \$15 million yearly and expected to serve about 6100 households yearly. It replaced the low-income energy efficiency programs previously operated by of New Jersey's utilities. Funding for 2005–2008 is at least \$19 million yearly.

The Comfort Partners Program is available to any New Jersey household with significant electric use, having an income at or below 175% of the federal poverty guidelines.

The low-income program includes direct installation of cost-effective energy efficiency measures addressing all fuels, comprehensive personalized customer energy education and counseling, and arrearage forgiveness for participants who agree to payment plans.

Among the measures to be considered for each home are efficient lighting products, hot water conservation measures, replacement of inefficient refrigerators, programmable thermostats, insulation upgrades, blower-door guided air sealing, duct sealing and repair, heating/cooling equipment maintenance, repair and/or replacement, and other custom measures.

For 2003, the BPU created an elder pilot program under which the above-mentioned measures were available in selected areas to elders with incomes up to 300% of FPG. Additionally, elders with incomes between 301% and 400% of FPG may receive "Shared Cost" program services, under which the program will pay for one-half of the total cost of the measures and services, up to a maximum of \$750, with the total job cost not to exceed \$2500.

During 2007, with a budget of over \$21 million, Comfort Partners provided services to about 8000 households.

For more information: The text of the Act can be accessed at [www.njleg.state.nj.us/9899/Bills/a0500/16\\_i1.htm](http://www.njleg.state.nj.us/9899/Bills/a0500/16_i1.htm) (last visited in September 2008). Frequently asked questions about the USF can be found at [www.state.nj.us/dca/dcr/usf/faqusf.pdf](http://www.state.nj.us/dca/dcr/usf/faqusf.pdf). Several evaluations

New Jersey Comfort Partners are on the APPRISE website at [www.appriseinc.org/reports\\_usage.htm](http://www.appriseinc.org/reports_usage.htm) (last visited in September 2008).

For more information on energy efficiency programs, go to [www.njcleanenergy.com](http://www.njcleanenergy.com) (last visited in September 2008).

## NEW MEXICO

### Fuel Funds

Funding comes from local church donations to utility companies and fuel vendors on behalf of low-income clients and donations from customers and matching funds from one utility, all amounting to over \$850,000 in 2007.

### State Funds

An \$800,000 annual contribution from state general funds supplement the state's WAP.

## NEW YORK

### State and Local Funds

A Home Energy Allowance and a Supplemental Home Energy Allowance are provided to public assistance recipients from state and local funds. Also, New York law exempts the collection of utility sales tax from certain public assistance recipients; also provided from state and local funds is payment of utility arrears for public assistance clients. These amounted to over \$104 million in 2007.

### State Public Benefit Funds for Energy Efficiency

Since 1998, most low-income energy efficiency programs are funded through a systems benefits charge (SBC) on electricity bills and administered by the New York State Energy Research and Development Authority. The SBC program, known as New York Energy \$mart<sup>SM</sup>, provides efficiency programs for all customer classes, including low-income homeowners and renters. The initial SBC program operated through June 2001 with low-income funding averaging \$14 million yearly; it was continued and expanded through June 2006 with low-income funding averaging \$25 million yearly. In December of 2005, the SBC was extended another five years with increased funding; low-income initiatives will average about \$38 million per year.

About \$10 million yearly is budgeted for EmPower New York, an energy efficiency program coordinated with the federal WAP and targeted to low-income households below 60% of state median income (SMI) who are enrolled in utility payment assistance programs.

Other low-income programs are targeted to households with incomes up to 80% of SMI; other programs provide outreach, education, marketing, training, and financial incentives to households as well as to builders and developers of low-income single- and multifamily housing.

### Fuel Funds

Major utilities sponsor fuel funds with customer and company contributions; these contributions amounted to nearly \$1.5 million in 2007.

## Utility Rate Assistance

Most of New York's investor-owned utilities (both electric and gas) have rate assistance programs, and most of them have expanded in recent years as part of restructuring or rate case settlements. Each utility has a program designed specifically for its customers' needs. Most provide a discount off the basic monthly gas or electric service charge; a few provide case management or arrearage forgiveness. Total funding for these programs has been about \$35 million annually in recent years. In addition, PSC regulated utilities waive security deposits and reconnect fees for recipients of public assistance, SSI, and other state programs; these waivers amounted to over \$2 million in 2007.

Under the Public Assistance Cooperative for Energy (PACE), low-income customers of National Fuel in two counties are pooled with other customers for discounted gas and transportation costs.

## Miscellaneous Donations

The New York Division of Housing and Community Renewal, the weatherization grantee, will pay 50% of weatherization costs of individual housing units, provided the landlord makes a matching contribution. In 2007, landlord contributions to weatherization amounted to nearly \$18 million.

## Restructuring Update

New York is different from other restructured states in that the New York Public Service Commission (PSC) rather than the state legislature has spearheaded and directed the restructuring process. It is also different in that the PSC has created a broad-based multi-utility system benefits fund for energy efficiency, including low-income programs, but rate assistance programs have been designed and implemented on a utility-by-utility basis as part of individual utility restructuring or rate case settlements.

The PSC has stated its support for universal service and for adequate funding of low-income affordability programs, but it has largely left it up to individual utilities to set program design and funding levels. As of 2007, restructuring plans and merger or rate case settlements filed by the major electric and gas companies include nearly \$35 million annually for low-income rate assistance programs—mostly consisting of discounts off the basic monthly service charge—funded through utility rates and administered by the utilities. Some of these programs offer arrearage forgiveness and case management as well.

Since 1998, most low-income energy efficiency programs have been funded through a systems benefits charge (SBC) on electricity bills and administered by the New York State Energy Research and Development Authority (NYSERDA).

The SBC program, known as New York Energy Smart<sup>SM</sup>, provides efficiency programs for all customer classes, including low-income renters and homeowners. The SBC program was created to ensure that certain public benefit energy efficiency and energy research programs were adequately maintained during the state's transition toward a more competitive electric market.

On December 14, 2005, the PSC approved a five-year extension of the SBC and increased the program's annual funding from \$150 million to \$175 million. The decision committed \$875 million for energy efficiency and research between July 2006 and June 2011. Annual funding for low-income programs was increased by \$11

million per year, the PSC ruled, noting that the state's low-income and elder populations are disproportionately impacted by higher commodity prices.

The SBC began in February 1998 with an order by the PSC to allow the SBC for public purpose programs, including low-income energy efficiency. The SBC was in place for an initial period of three years beginning July 1, 1998, with annual funding of about \$78 million, averaging \$14 million yearly for low-income programs.

On January 26, 2001, the PSC approved the continuation and expansion of the SBC for an additional five years through June of 2006. Yearly funding rose to between \$125 to \$150 million and averaged \$25 million per year for low-income initiatives.

Initially, the program included these five utilities: Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric and Gas Corporation (NYSEG), National Grid (formerly Niagara Mohawk Power Corporation), and Orange and Rockland Utilities. The second round of funding added Rochester Gas and Electric. Outside the SBC, the Long Island Power Authority and the New York Power Authority administer their own energy efficiency programs.

The investor-owned electric utilities collect the SBC revenues from customers, retain a portion of the revenues to fund certain utility-administered, unexpired public-benefit programs that predated the SBC program, and transfer the remainder to NYSERDA, which was chosen by the PSC in 1998 as the third-party administrator. NYSERDA's multi-year operations plans, evaluations, and other program materials are available on its website, including its plan for the latest round of funding, from July 2006 through June 2011.

Low-income program components offered under the initial round of SBC funding included the Direct Installation Program, the Publicly Assisted Housing Program (PAHP), and Low-Income Aggregation. Under the \$8.5 million Direct Installation program, electric efficiency measures were installed in 10,235 housing units, mostly in the Consolidated Edison/New York City area, reducing annual electric bills by about \$299 per unit and saving about \$6 million per year. Under the PAHP, energy audits and financial packaging were completed for 10,220 units at a cost of \$13.3 million, for annual customer savings of \$520.

NYSERDA's plan for the second round of funding coincided with an important change in the Weatherization Assistance Program (WAP) that allowed the federal program, for the first time, to fund electric efficiency improvements. As a result, NYSERDA shifted its focus from supplementing weatherization efforts, as it had done under the Direct Installation program, to serving households with incomes between 60% and 80% of the SMI, the so-called working poor. NYSERDA considered this population to be under-served by other public and private statewide energy efficiency programs.

The major low-income program components funded from mid-2002 through June 2006 were:

*Assisted Home Performance with ENERGY STAR®:* This component targeted one- to four-family residences of lower-income households between 60 and 80% of the SMI that were not eligible for assistance through the WAP. Energy efficiency services included energy audits, financing, and installing energy efficiency measures. These households were also eligible for low-interest loans or project subsidies. Services were provided to over 1400 lower-income households per year, at a total cost of \$16 million.

**Weatherization Network Initiative:** This component allowed cost-effective electric-reduction measures and other energy-related building improvement efforts in one- to four-family homes that were previously weatherized but did not receive electric measures because they were not allowed at the time under weatherization guidelines. Delivered in conjunction with the state's WAP network, the program's electric measures included energy-efficient lighting, appliances, strategies to reduce the use of electric-resistance space and water heating, and demand management opportunities that address utility summer system peak constraints. About 4000 households were served annually at a total cost of \$5.5 million.

**EmPower New York:** Starting in 2004, and initially available to LIHEAP-eligible customers of NYSEG and Niagara Mohawk/National Grid, EmPower New York provides cost-effective electric reduction measures, particularly lighting and refrigerator replacements, as well as insulation and health and safety measures. On-site energy-use education provides customers with additional strategies for managing their energy costs. It is now available to customers of Central Hudson, Consolidated Edison, Orange and Rockland, and Rochester Gas and Electric; its budget is about \$10 million annually through 2010. In 2007, it was expanded to provide natural gas efficiency services to low-income National Grid customers with non-SBC funds.

**Assisted Multifamily Program (AMP):** This program provided technical assistance, training, and financial incentives to encourage the incorporation of energy-efficient design and the selection and installation of energy-efficient equipment in the state's public and publicly assisted housing. Building upon the Direct Installation Program and the PAHP, it aimed to serve up to 80,000 apartment units at a cost of \$68.4 million. The Department of Housing and Community Renewal, the WAP grantee, worked closely with NYSEERDA to ensure that AMP and WAP activities are coordinated to ensure maximum benefit.

**The Low-Income Aggregation Program:** This component was designed to fund a variety of aggregation strategies designed to use untapped market power of aggregated low-income energy users to secure lower prices for electricity, natural gas, fuel oil, propane. It also proposed to provide energy efficiency services as a summer fill and tune-up program for low-income fuel oil owners, along with budget counseling and energy management education.

The latest evaluation of Energy Smart<sup>SM</sup>, finalized in May 2005, identified the following about the low-income program initiatives:

They accounted for 13.4% of the total eight-year (1998–2006) budget, or \$128.4 million.

The Assisted Multifamily Program aimed to increase awareness and understanding of energy efficiency among owners of low-income multifamily buildings. As of year-end 2004, nearly 70% of eligible low-income multifamily housing units were participating in the program.

The Low-Income Direct Installation Program, administered between 1998 and 2002, installed efficiency measures in 236 low-income homes, with a net annual energy savings of 11,500 MWh.

The Weatherization Network Initiative (WNI), which provided electric efficiency measures to households up to 60% of the state's population, serviced 1426 units of low-income housing with electric efficiency measures, saving 1423 kWh per unit at an average

cost of \$686 per unit. Overall, the program saved 2030 MWh per year.

In its plan for the 2006–2011 SBC funding, NYSEERDA said it would merge the WNI and EmPower New York to simplify program structure and provide more comprehensive services. It also planned to consolidate and streamline multifamily energy efficiency programs for low-income and moderate-income households. Annual funding for EmPower New York was set at about \$10 million annually with a goal of serving 6300 households each year.

NYSEERDA also continued a partnership with the LIHEAP grantee, the New York State Office of Temporary & Disability Assistance (OTDA), to increase the buying power of LIHEAP funds. Through this partnership, NYSEERDA provides technical and implementation support to assist OTDA in the HEAP Heating Oil Buying Component, which began in FY 2004 in five counties and began operating statewide at the beginning of FY 2008. OTDA estimated that 40% of low-income households in New York use bulk fuels such as heating oil or kerosene, and approximately \$60 million of the state's LIHEAP grant is spent annually on these fuels. The program negotiates with vendors for lower prices for these fuels in order to leverage the LIHEAP funds.

At the end of the 2006–2007 heating season, NYSEERDA estimated that the program had produced savings averaging 13 cents per gallon for LIHEAP households. After the program has been implemented statewide, the LIHEAP program's oil-buying power will be increased by approximately \$6 million a year, according to NYSEERDA.

More information is available on the program's home page and in NYSEERDA's 2003 RFP requesting a program implementer.

In January 2005, the PSC solicited comments in Case 05-M-0090 on whether the SBC program should be continued beyond 2006 and, if so, whether it should be modified or expanded in scope. Most of the responses supported renewal of the SBC program, along with increased funding and a longer-term commitment to the program. Among other issues, the PSC also sought input on whether the scope of the SBC program should be expanded to include programs for natural gas customers. The current SBC funds programs for electricity customers only. The PSC is examining that issue in a separate proceeding.

**History:** An exhaustive state-level review of low-income energy programs that went through a collaborative process, followed by two administrative law judges' recommendations on the matter and a PSC policy statement, has resulted in little change to the structure of New York's non-SBC low-income energy programs. In March 2000, the PSC opened the collaborative proceeding (Case 00-M-0504) to address issues still outstanding in the process of moving New York to a fully competitive market and to identify and remove obstacles to its achievement.

The collaborative, consisting of about fifty representatives of utilities, energy service companies, governmental entities, and consumer advocacy groups, reviewed low-income programs and attempted to reach a consensus on program design during the transition to competition as well as once competition had arrived. In July 2001, two administrative law judges assigned to the issue reviewed the collaborative's work and issued a recommended decision (RD), which the PSC did not act upon until January 27, 2004, when it issued a Notice Seeking Comments, essentially reopening the issue for further comment from interested parties.

The Commission's most recent statement in Case 00-M-0504 (which is continuing but has had no activity since September 2006) was issued in August 2004. The PSC declined to implement any specific programmatic recommendations made by the collaborative or the administrative law judges except to support low-income aggregation. While stating that it would not make any sweeping policy pronouncements on low-income energy programs, the PSC added, "It is enough to reaffirm that low-income programs require adequate funding and that we must continually reassess the sources of that funding."

The PSC directed its staff to work with utilities and interested parties to explore additional opportunities for low-income aggregation programs and pledged to continue "to monitor market developments as they may impact the access to reliable energy services by customers facing financial difficulties."

The legislature's involvement in utility restructuring has been limited, except for its passage of legislation to change how residential consumers would be treated by unregulated gas and electric suppliers, also known as energy service companies (ESCOs) or marketers. In June of 2002, the legislature unanimously passed the Energy Consumer Protection Act (ECPA) of 2002, which extends to ESCO customers those consumer protections available to regulated utility customers under existing legislation (the Home Energy Fair Practices Act or HEFPA). Considered the New York utility consumer's bill of rights, HEFPA had been in existence since 1981, but the PSC had ruled in 1996 that ESCOs did not have to comply with it. On December 20, 2002, the ECPA was signed into law.

According to the Public Utility Law Project, which supported the ECPA, along with the AARP, other consumer groups, and a coalition of marketers, it does the following:

Under ECPA, all of the protections defined by HEFPA are made applicable to the transactions between the competitive suppliers and residential consumers. With respect to the commencement and continuation of service, these include rules with respect to deposits, budget billing, estimated bills, plain language bills, third-party notices, deferred payment agreements and other protections found in HEFPA for households experiencing medical emergencies, for households with elderly, blind or disabled customers, and for households that might experience a loss of service in a cold weather season. Finally, this bill allows the residential customer taking service from a competitive supplier who has a billing or service dispute with that supplier under HEFPA to take that complaint for hearing and written determination to the Public Service Commission.

## NORTH CAROLINA

### State and Local Funds

City and county governments provide general assistance funds and provide energy assistance in several areas of the state; these amounted to about \$350,000 in 2007.

### Fuel Funds

The Crisis Assistance Ministry is a partnership of the religious community, a gas and an electric utility, United Way, and Mecklenburg County, North Carolina, that addresses utility, food, and basic needs. It was founded during the recession of 1975 by the religious community as a service ministry of the Charlotte Area Clergy Association. In 1985, after an extensive joint study, Mecklenburg County and the United Way appointed the Ministry as the lead agency to coordinate all emergency financial assistance in the county. Through a public-private partnership, Mecklenburg County and United Way provide most of the Ministry's operating funds. Contributions are received from area congregations, the City of Charlotte, utilities, individuals, foundations, businesses, and community organizations.

Duke Power's Share the Warmth is a heating bill assistance program funded by Duke Power customers and Duke Energy shareholders. The Duke Energy Foundation matches individual contributions dollar-for-dollar up to \$50, for a maximum corporate contribution of \$500,000 annually.

The Progress Energy Neighbor Fund is supported by customers, employees, and an annual grant from the Progress Energy Foundation.

Piedmont Natural Gas has been partners with its customers to help others with energy bills through its Share the Warmth" program. These resources amounted to nearly \$5 million in 2007.

### Utility Rate Assistance

A flat discount on energy charges for the first 350 kWh is provided for low-income elder and disabled SSI customers of Duke Energy. The discount amounted to about \$2 per month, or \$146,000 for 2007.

## OHIO

### State Public Benefit Funds for Rate Assistance

Mandated by the PUC in 1983, the Percentage of Income Payment Plan (PIPP) allows qualifying low-income customers of regulated gas and electric utilities to pay 10% of the gross monthly household income during heating months (November–April) to the utility company providing the main heating source and 5% to the utility company providing the secondary heating source. If the company provides both gas and electric services or if the customer has an all-electric home, the payment is 15% of the gross monthly income. If the household is at or below 50% of the federal poverty level and the household uses electricity as its secondary source of heat, the household pays 3% instead of 5% in the winter heating season only. During the summer months, customers pay the current bill or the respective percentages, whichever is higher. The shortfall between the actual bill and the PIPP payment and other energy assistance the customer may receive is recovered through a ratepayer surcharge or PIPP rider. The state's restructuring legislation established a Universal Service Fund that incorporated the electric PIPP and other existing programs and put them under state administration. The PIPP amounted to about \$275 million in savings in 2007.

## State Public Benefit Funds for Energy Efficiency

Ohio's restructuring legislation established a Universal Service Fund (USF) for low-income customer assistance programs, including the Electric Partnership Program (EPP), which is designed to improve the electric efficiency of low-income households that participate in PIPP (Percentage of Income Payment Plan) by performing in-home audits, installing appropriate electric baseload and thermal energy efficiency measures, and conducting consumer energy education. Gas utilities and landlords also contribute funding to weatherization. Total reported weatherization spending in 2007 was \$9.4 million.

## Restructuring Update

Ohio's electric Universal Service Fund is now in its eighth year of operations, and escalating energy costs continue to send more low-income people to the state's longstanding Percentage of Income Payment Plan (PIPP).

Ohio's restructuring legislation, signed into law on July 6, 1999, established a Universal Service Fund (USF) for low-income customer assistance programs, to include Ohio's existing Percentage of Income Payment Plan, targeted low-income energy-efficiency programs, a consumer education program, and administration costs. Funding originates from a universal service rider assessed on retail electric distribution service rates.

The legislation assigned administration of these programs to the Ohio Department of Development (ODOD), the LIHEAP and weatherization grantee, with a goal of lowering program administration costs and providing a one-stop shop for program clients. (Prior to the restructuring law, Ohio's utilities administered their PIPPs and energy efficiency programs; gas utilities continue to administer their programs.)

First implemented in 1983, based on an order of the Public Utilities Commission of Ohio (PUCO), Ohio's PIPP is the largest and oldest state-mandated PIPP in the country, serving over 200,000 households (both electric and gas) during FY 2007. Originally, the PIPP had been funded by a PIPP rider or ratepayer surcharge on customers of Ohio's regulated electric and gas utilities. The restructuring legislation converted the electric PIPP rider to a universal service rider, assessed on customers of eight electric utilities. (The gas PIPP rider remains unchanged for gas utilities, as does the gas portion of the PIPP.)

PIPP requires customers with incomes up to 150% of federal poverty guidelines to pay a percentage of their monthly household incomes to the utility or utilities providing their primary and secondary heating service. There are several different PIPP plans, but the maximum PIPP payment is 15% of the household's income. If customers remain current on their PIPP payments, they cannot be shut off at any time regardless of the amount of their arrears. The amount of the bill not covered by a combination of the customer's PIPP payment, the LIHEAP payment, and any other energy assistance the customer may receive is recovered through the riders.

ODOD's Office of Community Services, the LIHEAP grantee, had been involved in operational aspects of PIPP since the program's inception. Effective October 2000, it began to administer the PIPP portion of the USF funds.

The restructuring law requires utilities to collect the rider revenues and remit them to OCS, which must keep them in an

interest-bearing account called the USF. OCS verifies the amount of unpaid PIPP customers' bills (called PIPP arrears) and returns it to the appropriate company. Remaining funds from the rider collection stay in the USF, to be spent on electric energy efficiency and consumer education services to high-consumption, high-arrears PIPP households.

During a year-long process of USF implementation after the law's passage, a USF rider was determined for each electric utility territory to cover the newly authorized programs. The rider is adjusted each year, based on the revenue requirements of the programs, and the revenue collected varies because it is based on electric consumption.

USF rider revenues for 2007 totaled around \$111.5 million; they are projected to total around \$148 million for 2008. While the majority of the rider revenues funds the PIPP (at least \$99 million during 2007), about \$7 million is set aside each year for the energy efficiency program and \$6 million for consumer education. By comparison, rider revenues for 2001 were \$64.6 million, while the amount spent on the PIPP was less than \$50 million.

During March 2007, the program's enrollment was the highest in its history—230,205 households. Average enrollment for the year was 215,000 households. Since 2001, enrollment has increased by 56% from the total of 137,399 that year. The average PIPP payment for 2007 was \$477.

The natural gas PIPP, administered by the utilities, served about 208,000 households during 2007, up from 194,000 during 2006. The program cost about \$85 million during 2006; costs are unavailable for 2007. The gas PIPP rider is embedded in gas distribution charges, and companies collect for costs as needed rather than readjusting the rider annually.

For the past couple years, a PIPP reform working group has been studying ways to improve the PIPP and will propose program changes during 2008. The working group is composed of ODOD, the Public Utilities Commission of Ohio, the Office of Consumer Counsel, and low-income advocates.

According to a presentation by the group posted on the ODOD website, the reform proposals will try to:

- Contain escalating costs of the program while continuing to provide a valuable benefit. Records show the rider revenue required for the 2008 electric USF (\$148 million) will be an increase of more than 100% over the 2001 level (\$64.6 million). Additionally, according to ODOD, the high program cost creates a cash-flow dilemma that requires ODOD to borrow funds to avoid paying penalties to companies.
- Increase payment frequency while reducing PIPP payment requirements. Many stakeholders see the 15%-of-income customer payment as too high; the group recommends a more affordable amount of between 6% to 8% of income, in part because less than 9% of participating households make their payment every month.
- Create more program similarity between the gas and the electric PIPPs.
- Create a better way to repackage energy assistance programs, including LIHEAP, to make payment plans affordable and reduce reliance on emergency LIHEAP. The number of repeat users of emergency LIHEAP in consecutive years has been as high as 40%. The new model would require customers to meet a standard for payments in order to retain eligibility for PIPP.

Energy Efficiency: Since 2006, the efficiency program—called



the Electric Partnership Program (EPP) (formerly Targeted Energy Efficiency Program)—began in March 2002 and is targeted to high-consumption, high-arrears PIPP or PIPP-eligible households who are customers of the state's investor-owned electric utilities. Its goal is to reduce electric consumption by these households in order to reduce the growth of PIPP household arrears and, as a result, reduce the amount of money ratepayers pay to support the PIPP.

As of June 2007, the program had helped over 45,000 PIPP households, providing 26,081 new energy-efficient refrigerators, 9784 freezers, and 635,489 compact fluorescent light bulbs.

The third impact evaluation of the EPP was completed in June 2006 and is posted on the website of the Ohio Department of Development, the weatherization grantee. The evaluation shows that the EPP continues to produce substantial electricity savings in thousands of PIPP households each year.

The program has three components: one each for those with high baseload use, moderate baseload use, and moderate or high electric heating or cooling. The evaluation found the programs for high-baseload users and for high heating and cooling users were cost effective with savings-to-investment ratios of 1.50 and 1.37 respectively. The program for moderate users was not cost effective.

The program provides in-home audits, appropriate electric baseload and thermal energy efficiency measures, and consumer education. The major baseload measures are replacement of inefficient refrigerators and freezers and installation of compact fluorescent light bulbs. EPP also provides weatherization measures for those who heat with electricity and who have moderate to high usage. It also addresses health and safety issues. The education component varies in intensity depending on the PIPP customer's electric consumption and other factors. Participants may receive in-home visits, attend workshops, or receive materials by mail.

As to whether EPP has reduced PIPP costs, the evaluation notes that the \$12.7 million in lifetime bill savings shown in the evaluation will reduce the cost of PIPP by an estimated \$11.3 million and provide about \$1.4 million in out-of-pocket savings to the participants.

ODOD's Office of Energy Efficiency (OEE), the state weatherization grantee, administers the EPP. In coordination with OCS, it monitors monthly consumption, bill payment, and arrearage data from electric utilities for their PIPP accounts. Households whose total energy burdens exceed a certain threshold are targeted for EPP and conservation education services.

A unique feature of Ohio's restructuring law forgave arrearages owed by elder (age 65 and older) or disabled PIPP customers who had complied with their payment responsibilities. As of the end of 2001, utilities had forgiven over 22,000 accounts totaling about \$34 million. The arrearage forgiveness was a one-time provision, not an ongoing one.

In 2003, the PUCO authorized arrearage crediting programs in several gas utility territories; these permit gas PIPP customers who pay their bills on time to eliminate arrearages over three years. Credits are provided annually. In 2005–2006 gas companies forgave about \$6.5 million in PIPP arrearages.

Per the restructuring legislation, ODOD is also authorized to aggregate electric PIPP customers for the purpose of seeking competitive generation supplies; any savings that results from aggregation of PIPP customers would be reinvested in the EPP. The gas supplies of PIPP customers are already aggregated (see

Residential Natural Gas Choice Programs: Overview and Close-up of Low-Income Aggregation).

ODOD issued an RFP in 2002 seeking a supplier to aggregate electric PIPP customers, either statewide or in selected regions or utility territories. ODOD received three bids but did not find savings significant enough to accept any of them, a reflection of the lack of competitive electricity prices within the state. ODOD issued another RFP in 2004, but it was withdrawn due to continued lack of competition in the market and rate stabilization cases pending before the regulatory commission that prevented prudent forecasting by potential bidders and the department.

For more information, visit the Ohio LIHEAP website at [www.odod.state.oh.us/cdd/ocs/heap.htm](http://www.odod.state.oh.us/cdd/ocs/heap.htm) (last visited in September 2008) or the information page of the Public Utilities Commission of Ohio. The Ohio law can be accessed at [www.legislature.state.oh.us/BillText123/123\\_SB\\_3\\_10\\_N.htm](http://www.legislature.state.oh.us/BillText123/123_SB_3_10_N.htm) (last visited in September 2008).

## OKLAHOMA

### Utility Rate Assistance

LIHEAP customers for one gas utility receive a rate differential, which results in an average savings of \$10.42 per month. LIHEAP customers of one gas/electric utility receive a rate differential, which average a savings of \$4.39 per month. Total savings for 2007 was \$5.5 million.

## OREGON

### Public Benefit Funds for Rate Assistance

Oregon's restructuring law authorizes collection of \$10 million for low-income electric rate assistance through a meters charge on customers of the state's two investor-owned electric utilities. The funds must be expended solely for low-income electric bills in the service area of the electric company from which the funds are collected. Priority is directed to low-income electricity consumers in danger of having their electricity service disconnected. The funds are distributed through the local agencies that operate LIHEAP.

Due to the passage of SB 461 by the Oregon Legislature in 2007, the amount collected through the meters charge has increased from \$10 million annually to \$15 million. The law also allows that amount to change each year in accordance with the percentage change in the number of residential customers and certain business electricity sales.

Additionally, legislation enacted in 2001 allows natural gas companies to collect funds through a meters charge for bill payment assistance. In 2007, NW Natural Gas collected about \$1.6 million from a monthly charge of 25 cents per residential customer for an assistance program called Oregon Low Income Gas Assurances. Avista collected about \$230,000 in 2007 for bill payment assistance.

### Public Benefit Funds for Energy Efficiency

See *electric utility restructuring legislation*, which established a \$60 million Public Purpose Charge (PPC). About 13% of the

PPC is earmarked for the Public Purpose Low-Income Weatherization Program. The PPC is equal to 3% of the total revenues collected by electric utilities. It will be collected for ten years by the state's two investor-owned utilities—Portland General Electric and Pacific Power—which serve 80% of the state's electric customers. These monies are distributed through the state weatherization agency network, about \$7 million yearly.

NW Natural Gas collects public purpose funds based on a percentage of revenues amounting to about \$5 million yearly, of which \$1.2 million is earmarked for low-income weatherization. Bonneville Power Administration provides rebates to electric utilities offering weatherization.

### Fuel Funds

Oregon HEAT is a partnership of individuals and private and public utilities, working with community and state agencies. The majority of funding for Oregon HEAT comes from customers of utilities. HEAT's primary program objective is to prevent disconnection of utility service during inclement weather by providing bill payment assistance to low-income households in emergency situations.

Oregon Heat also operates a "recovered oil program," through which excess oil from households that have converted from oil to another heat source goes to low-income households.

### Miscellaneous

Discounts on weatherization supplies and services, donations of heating fuels, blankets, coats, etc., and utility and private donations of energy-related materials and services account for over \$1 million annually.

### Restructuring Update

Oregon's restructuring legislation provided for about \$18 million in new funding for low-income energy assistance and weatherization programs. Signed into law in July 1999, SB 1149 established a \$60 million Public Purpose Charge (PPC), of which about 12%, about \$7.5 million yearly, is earmarked for low-income weatherization.

The PPC is equal to 3% of the total revenues collected by participating electric utilities and funds "new cost-effective local energy conservation, new market transformation efforts, the above market costs of new renewable energy resources and new low-income weatherization." It will be collected for ten years by the state's two investor-owned utilities—Portland General Electric (PGE) and PacifiCorp—which serve 80% of the state's electric customers.

The measure also authorized collection of money for low-income electric rate assistance through a meters charge on residential and commercial customers of PGE and PacifiCorp. From late 2001 through 2007, the meters charge collected about \$10 million annually. The amount was an attempt to bring the state's total bill assistance funding up to the peak level of LIHEAP funding in 1985; Oregon received about \$20 million for LIHEAP rate assistance that year.

Due to the passage of SB 461 by the Oregon Legislature in 2007, the amount collected through the meters charge has increased from \$10 million annually to \$15 million. The law also

allows that amount to change each year in accordance with the percentage change in the number of residential customers and certain business electricity sales.

The law stipulates that the Oregon Department of Housing and Community Services (DHCS), the LIHEAP and weatherization grantee, administer both low-income funding sources. DHCS distributes the funds through the same local agencies that operate LIHEAP and the WAP, but energy assistance is under a separate program called Oregon Energy Assistance (OEAP). The law requires that priority assistance be directed to low-income electricity consumers in danger of having their electricity service disconnected.

It also stipulates that bill payment and crisis assistance include programs "that effectively reduce service disconnections and related costs to retail electricity consumers and electric utilities." The funds must be expended solely for low-income electric bills in the service area of the electric company from which the funds are collected. Income eligibility for the electric assistance funds is the same as for LIHEAP—60% of state median income. The program served 26,529 households in FY 2007 with an average benefit of \$250. During 2007, DHCS also reported that 17,152 utility shut-offs were prevented and 2486 households that had been disconnected were reconnected.

An evaluation of the program was completed in January 2003.

Additionally, legislation enacted in 2001 allows natural gas companies to collect funds through a meters charge for bill payment assistance; as a result, three gas utilities collect these funds. The largest, NW Natural Gas, imposes a monthly charge of 25 cents per residential customer for a bill payment assistance program called Oregon Low Income Gas Assurances, which it administers.

During 2007, NW Natural spent about \$1.6 million through assistance payments to over 4000 households. NW Natural also collects public purpose funds based on a percentage of revenues amounting to about \$5 million yearly, of which about \$1 million has been earmarked for low-income weatherization, helping about 350 households yearly. Another utility, Avista, collects about \$230,000 yearly for bill payment assistance; in FY 2007, it helped about 700 households.

Consumer-owned utilities (public utility districts and municipal utilities) can choose whether to participate in restructuring. If they do participate, they are also obligated to collect the 3% public purpose charge from their customers. While a section of the law requires consumer-owned utilities to have bill assistance programs, it has no other guidelines or specifications.

However, it does override an existing Oregon law that prohibited utilities from establishing reduced rates or other bill payment assistance for low-income customers based on the rationale that these rates are discriminatory.

According to the 2008 *Oregon Low-Income Energy Assistance Snapshot* (hereafter *Snapshot*), published each January by the Community Action Partnership of Oregon, each of the state's thirty-seven consumer-owned utilities provides assistance to their low-income customers. The report describes three forms of assistance: utility funded programs (using funds provided by ratepayers), voluntary contribution programs (using funds provided on a voluntary basis), and rate discount programs that are funded as a part of utility operations.

Together these utilities provide around \$3 million per year for their low-income programs, according to *Snapshot*. However, be-

tween 50% to 60% of this total is accounted for by a single utility, the Eugene Water & Electric Board, which serves about 18% of the consumer-owned utility customer base.

**Low-income Weatherization Program:** Collection of the low-income portion of the PPC began on March 1, 2002. These monies are distributed through DHCS and fund two separate programs—one for energy efficiency for low-income households and administered through the weatherization network, the second designed to reduce the energy usage and utility costs of lower-income tenants in multifamily rentals. All expenditures must be for customers of PGE and PacifiCorp.

According to a 2006 report on the PPC, during an eighteen-month period from January 2005 through June 2006, \$7.2 million was collected from PGE and \$4.3 million from PacifiCorp and allocated to DHCS for two low-income weatherization programs.

Through the first program, called Energy Conservation Helping Oregonians (ECHO), low-income households that use electricity as their primary heat source can receive weatherization measures such as insulation, energy-related minor home repairs, air infiltration reduction, furnace repair and replacement, as well as baseload measures, including lighting and refrigerator replacement, and educational services. (About 70% of Oregon's low-income households use electricity for heat.) All other households may receive education and baseload measures. Over 3000 homes received services during the period at a cost of about \$8.6 million.

The second program, for multifamily rental housing, provides grants for the construction or rehabilitation of affordable rental housing. At least 50% of the units in the project must be rented to households whose income is at or below 60% of the area median income. Projects receiving funds must also remain affordable for at least ten years. Program resources may be used for weatherization measures such as windows, doors, and insulation, as well as baseload measures, including energy-efficient appliances and lighting. Around \$1.5 million was committed to about twenty-two projects during the eighteen-month period.

The overriding principle of the both programs is that 1 kWh must be saved for every dollar spent, and their effectiveness is evaluated according to that measure. Additionally, DHCS receives and administers PPC funds for low-income housing. A total of 4.5% of the PPC funds are dedicated to low-income housing development projects, either construction of new housing or rehabilitation of existing housing for low-income families through the DHCS Housing Trust Fund.

Oregon is the first Northwest state to follow the recommendations of the 1996 *Comprehensive Review of the Northwest Energy System*, a report generated by a committee convened by the governors of Montana, Idaho, Oregon, and Washington to reach consensus on how to restructure the region's electric utilities. The Committee's report recommended that 3% of the revenues from the sale of electricity services in the region be set aside for public purpose programs. Montana's 1997 restructuring legislation set aside 2.4%; the other two states have not enacted restructuring legislation.

For more information on the low-income public purpose funds, see the following: *Report to Legislative Assembly on Public Purpose Expenditures*, released in December 2006 by ECONorthwest.

## PENNSYLVANIA

### State Public Benefit Funds for Rate Assistance

Under electric and gas restructuring legislation, all electric and gas utilities are required to offer universal service programs, to include Customer Assistance Programs (CAPs), and to continue pre-restructuring low-income programs. Most electric utilities expanded their CAPs in their 1999 restructuring plans or subsequent settlements.

### State Public Benefit Funds for Energy Efficiency

Mandated by a 1987 PUC order, the *Low-Income Usage Reduction Program* (LIURP) was renewed in 1992 through 1996 and continued under universal service provisions of electric and gas utility restructuring legislation. The state's fifteen major gas and electric utilities participate in LIURP with a pre-restructuring funding level of about 2/10 of 1% of each utility's total revenues. LIURP includes an education component that addresses energy savings and regular bill payment behavior and provides application assistance.

### Fuel Funds

The Philadelphia Utility Emergency Services Fund is one of the largest fuel funds in the country, providing over \$2 million annually in energy crisis assistance benefits in recent years. It was created by utility companies, public officials, business leaders, and community organizations in response to increased terminations of gas, electric, and water service coupled with inadequate LIHEAP benefits. Philadelphia's three major utilities (gas, electric, and water) provide a dollar-for-dollar match to every dollar raised and contribute to the fund's operating costs.

The Pennsylvania Dollar Energy Fund, the fourth largest fuel fund in the country, began operating in October of 1983 to help people without heat and light and to assist those who were not able to keep up with their utility bill payments. A network of over ninety social service, religious, and community organizations work closely with eight major utilities to serve needy families and individuals in most counties throughout the state. The fund includes utility shareholder, employee and customer contributions.

These funds, along with utility shareholder, employee, and customer contributions from several other utilities spent over \$1 million to assist households in 2006.

### Restructuring Update

Pennsylvania's electric and gas utilities spent about \$358 million on low-income rate assistance and energy efficiency program during 2007, a 12.5% increase over the \$318 million spent in 2006. Most of these programs were mandated under the state's utility restructuring laws.

Pennsylvania is into its ninth year of experience with electric restructuring. Electric utility restructuring became law in September 1996, and electric choice began in January 1999. In June 1999 it became one of the first states to offer both gas and electric supplier choice with the passage of natural gas competition legislation.