

Can't we just do it because
it's the right thing to do?

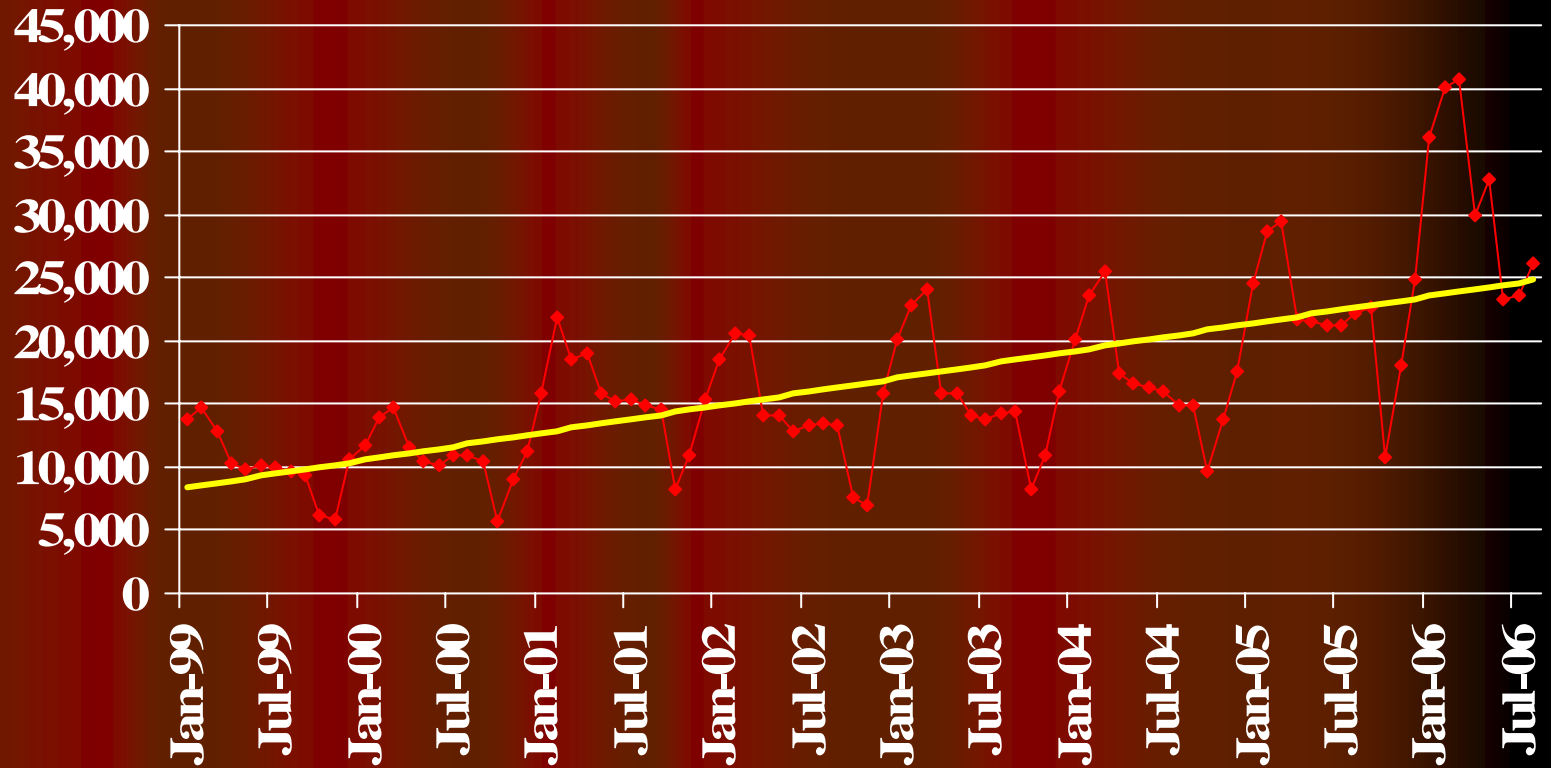
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National Low-Income Energy Consortium (NLIEC)
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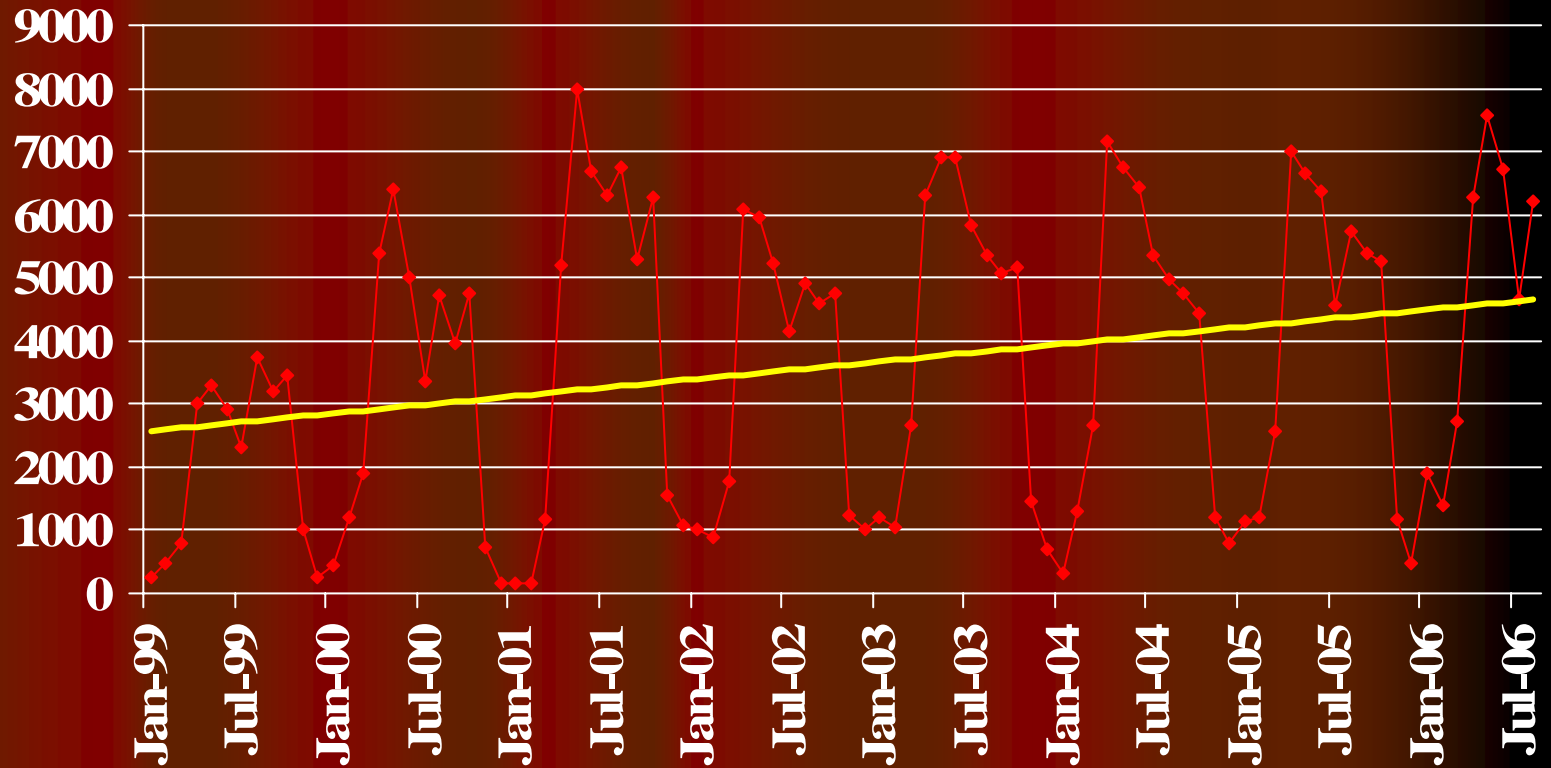
Justifying Low-Income Programs

A Typical State

Growth in EA Accounts in Arrears: Iowa

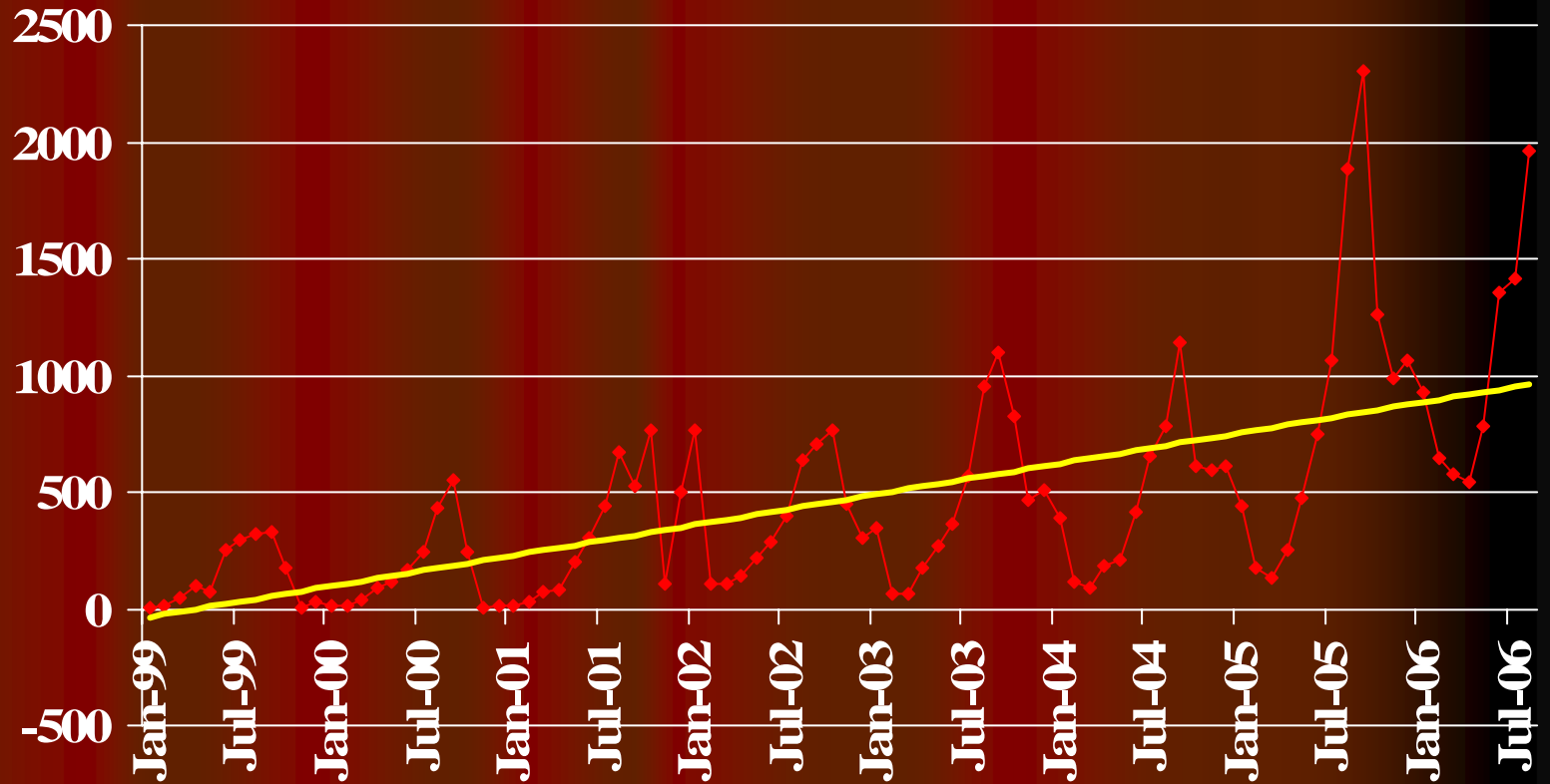


Growth in Disconnects: Iowa



Growth in EA Accounts

Written-offs: Iowa



Past Rationales for Rate Affordability Programs

- Pennsylvania PUC: Stop “wasteful cycle” of disconnect/reconnect/failed payment plan/disconnect. . .
- Ohio PUC: “Emergency” situation represented by tens of thousands of disconnected low-income customers.
- Philadelphia Gas Commission: best of the “available alternatives.”
- Maryland: Provide “concrete benefits” to all ratepayers.

What a "Business Case" Rationale is NOT

- Savings must exceed the costs.
 - Benefit/cost ratio of 1.0 or more.
- Impact is to reduce rates to nonparticipants.
- Only utility costs and benefits matter.
- Least expensive is optimum.

Justifying Low-Income Programs

Managing Arrears

Increase in Bills/Increase in Arrears 2005 to 2006 (Vectren)

	Jan		Apr		Aug	
	Bills	Arrears	Bills	Arrears	Bills	Arrears
USP1	\$51	\$32	\$84	\$23	\$111	\$0
USP2	\$45	\$27	\$72	\$32	\$88	\$8
USP3	\$59	\$48	\$94	\$63	\$124	\$25

Change in "Bills Behind" 2005 to 2006 (CGCU)

	Feb	Mar	Apr	May	Jun	Jul	Aug
2005	2.6	2.7	3.1	3.1	3.8	4.5	4.3
2006	1.4	1.5	1.5	1.8	2.0	2.6	2.7
Change	(1.2)	(1.2)	(1.6)	(1.3)	(1.8)	(1.9)	(1.6)

Justifying Low-Income Programs

Interrupting Disconnect Cycle

Winter Warmth Customers in Arrears by Months after DNP Notice (NIPSCO)

		Dec	Jan	Feb	Mar	Apr
	> 0 but < DNP amt	314	589	748	5,690	4,057
2	> 0 but < 50% DNP amt	103	175	255	4,199	2,314
	> DNP amount	2,857	2,379	1,319	1,963	1,756
	> 0 but < DNP amt	344	894	1,026	5,850	---
3	> 0 but < 50% DNP amt	99	292	484	3,866	---
	> DNP amount	2,941	1,936	930	1,408	---

Justifying Low-Income Programs

More Effective Nonpayment Response

Winter Warmth Customers with More than \$0 Arrears by Months after Program Payment (NIPSCO)

	Jan	Feb	Mar	Apr	May
1 month after	78	77	288	681	613
2 months after	72	101	310	726	---
3 months after	89	108	430	---	---
4 months after	126	161	---	---	---
Total WW	431	549	2,211	4,164	2,977

Of Low-Income Accounts with December Arrears, Percent with No Arrears in Comparison Month (Empire District)

	Tier 1				Tier 2			
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr
2003/2004	32%	32%	34%	47%	43%	42%	38%	51%
2004/2005	57%	64%	59%	68%	42%	45%	49%	61%

Empire District Experimental Low-Income Program (ELIP) program evaluation (FSC).

Of Low-Income Accounts with December Arrears, Percent with No or Decreased Arrears in Comparison Month

	Tier 1 (0 – 100% FPL)				Tier 2 (101 – 150% FPL)			
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr
2003/2004	58%	62%	75%	72%	71%	76%	83%	80%
2004/2005	71%	81%	80%	82%	73%	75%	84%	84%

Empire District Experimental Low-Income Program (ELIP) program evaluation (FSC).

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