June 24, 2020

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
P. O. Box 30221
Lansing, MI 48909

Via E-filing

RE: MPSC Case No. U-20697

Dear Ms. Felice:

The following is attached for paperless electronic filing:

Direct Testimony of Roger Colton and Exhibits MEC-31 through MEC-45 on behalf of Attorney General Dana Nessel, Michigan Environmental Council, Natural Resources Defense Council, Sierra Club and Citizens Utility Board of Michigan

Proof of Service

Sincerely,

Tracy Jane Andrews
tjandrews@envlaw.com

xc: Parties to Case No. U-20697

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of **CONSUMERS ENERGY COMPANY** for authority to increase its rates for the generation and distribution of electricity and for other relief.	U-20697 ALJ Sally Wallace

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Direct Testimony
Of
Roger Colton

On Behalf of
Attorney General Dana Nessel, Michigan Environmental Council,
Natural Resources Defense Council, Sierra Club,
And Citizens Utility Board of Michigan

June 24, 2020

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PART 1. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Roger Colton. My business address is 34 Warwick Road, Belmont, MA 02478.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics of Belmont, Massachusetts. In that capacity, I provide technical assistance to a variety of federal and state agencies, consumer organizations and public utilities on rate and customer service issues involving water/sewer, natural gas and electric utilities.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of Attorney General Dana Nessel, as well as the Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.

A. I work primarily on low-income utility issues. This involves regulatory work on rate and customer service issues, as well as research into low-income usage, payment patterns, and affordability programs. At present, I am working on various projects in the states of New Hampshire, Maryland, Pennsylvania, Michigan, and Washington. My clients include state agencies (*e.g.*, Pennsylvania Office of Consumer Advocate, Maryland Office of People's Counsel, Illinois Office of Attorney General), federal agencies (*e.g.*, the U.S. Department of Health and Human Services), community-based organizations (*e.g.*, Legal Assistance of New Hampshire, Action Centre Tenants Ontario, BC Public Interest Advocacy Centre), and private utilities (*e.g.*, Unitil Corporation d/b/a Fitchburg Gas and Electric Company, Entergy Services, Xcel Energy d/b/a Public Service of Colorado). In addition to state- and

utility-specific work, I engage in national work throughout the United States. For example, in 2011, I worked with the U.S. Department of Health and Human Services (the federal Low Income Home Energy Association Program, or LIHEAP, office) to create the Home Energy Insecurity Scale and to advance its utilization as an outcomes measurement tool for LIHEAP and other low-income utility bill affordability programs. In 2016, I was part of a team that engaged in a study for the Water Research Foundation on how to reach "hard to reach" customers. I just completed a study of the affordability of water service in twelve United States cities for the London-based newspaper The Guardian. A description of my professional background is provided in Ex MEC-31.

Q. PLEASE EXPLAIN YOUR PREVIOUS WORK ON UTILITY LOW-INCOME BILL ASSISTANCE.

A. Over the course of the past 35 years, I have frequently been involved with the planning, implementation and evaluation of bill assistance programs for low-income households. In the past year, I have designed a water affordability program for the City of Baltimore and consulted with the California Public Utilities Commission in its consideration of how to address affordability in that state. In 2019, I worked for the Pennsylvania Office of Consumer Advocate in the Pennsylvania PUC's generic proceeding reviewing bill affordability programs in that state. At present, I am also consulting on the development of a statewide affordability program by the Washington Utilities and Transportation Commission (WUTC). In past years, amongst other activities, I was the consultant for the Staff of the New Hampshire PUC in its development of an Electric Assistance Program (EAP); for the Staff of the Maine Public Utilities Commission in that state's design of a fixed-payment PIPP for its electric utilities; for the Maryland Office of Peoples Counsel in

that state's design of its Electric Universal Service Program (EUSP); for the New Jersey Division of Ratepayer Advocate in that state's design of its Universal Service Fund (USF); and for the staff of the Ontario Energy Board in that province's development of its Ontario Electricity Support Program (OESP). I consulted with and for the Philadelphia City Council on the development of that city's water affordability program, and was named the Detroit City Council's representative to the Detroit Blue Ribbon Panel on Water Affordability. I was hired as the evaluator of low-income assistance programs by Missouri Gas Energy, Public Service Company of Colorado, and Empire District Electric. A complete listing of my publications and testimonies can be found in Ex MEC-31.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. After receiving my undergraduate degree in 1975 (Iowa State University), I obtained further training in both law and economics. I received my law degree in 1981 (University of Florida). I received my Master's Degree (Regulatory Economics) from the MacGregor School, Antioch University, in 1993.

Q. HAVE YOU PUBLISHED ON PUBLIC UTILITY REGULATORY ISSUES?

A. Yes. I have published three books and more than 80 articles in scholarly and trade journals, primarily on low-income utility and housing issues. I have published an equal number of technical reports for various clients on energy, water, telecommunications and other associated low-income utility issues. My most recent publication is a chapter in the book "Energy Justice: US and International Perspectives," published by Edward Elgar Publishing in London. My chapter was titled "The equities of efficiency: distributing usage reduction dollars." It offers an objective definition of "equity" based on legal and economic doctrine. A list of my publications is included in Ex MEC-31.

Q. HAVE YOU TESTIFIED BEFORE UTILITY REGULATORY COMMISSIONS?

A. Yes, I submitted testimony to the Michigan Public Service Commission in Case No. U-18255, regarding DTE Electric's proposed rate increase in its 2017 rate case and in MPSC Case No. U-18262 regarding DTE Electric's Energy Waste Reduction ("EWR") plan. I was a witness in the 2019 DTE Electric EWR proceeding (Case No. U-20429), in the 2019 DTE Gas EWR proceeding (Case No. U-20373), and in the 2019 DTE Electric rate case (Case No. U-20561). In addition, I have testified in more than 250 regulatory proceedings in more than 30 states and various Canadian provinces on a wide range of utility issues. A list of the proceedings in which I have testified is listed in Ex MEC-31.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following exhibits:

- MEC-31: Roger Colton CV
- MEC-32: MEC-CE-017 and ATT_1, ATT_2
- MEC-33: MEC-CE-003
- MEC-34: Schedule RDC-1
- MEC-35: MEC-CE-001, 002
- MEC-36: MEC-CE-566
- MEC-37: Schedule RDC-2
- MEC-38: Schedule RDC-3
- MEC-39: Schedule RDC-4
- MEC-40: Schedule RDC-5
- MEC-41: MEC-CE-020 and ATT_1, ATT_2
- MEC-42: MEC-CE-008 and ATT_1

- MEC-43: Schedule RDC-6
- MEC-44: Schedule RDC-7
- MEC-45: MEC-CE-004

Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.

A. In this case, Consumers Energy (electric) (CECo or the Company) presents programs for assisting some of the Company's low-income customers with the payment of their electric bills. CECo requests recovery through rates of the costs of these programs. While these programs provide a level of much-needed assistance for some customers, the scope of the problem is much larger than the assistance CECo is proposing to make available. More help, and also better-targeted help, is needed.

The programs CECo presents in this proceeding to address the needs of low-income customers do not reflect a clear understanding of the problem these types of investments should address.[1] The starting point to evaluate the reasonableness and prudence of the proposed programmatic investment to assist low-income customers is to recognize that CECo bills are unaffordable for a significant proportion of the Company's low-income customers. That CECo bills are unaffordable for a substantial number of customers is evidenced by the number of low-income customers in CECo's territory whose electric burden exceeds 3% of their income. Moreover, for the significant number of customers whose electric burden is already on the cusp of unaffordable, increasing residential rates

[1] These are the existing Residential Income Assistance (RIA) credit and the proposed Low Income Assistance Credit (LIAC). See Direct Testimony of Steven Q. McLean, p. 50.

even moderately will drive the burden into unaffordability for those low-income customers, as well.

The corollary of unaffordable bills is the inability of CECo to fully collect revenue from those customers who cannot afford their electric bills. This business problem can be measured in terms of complete payments, timely payments, regular payments, and unsolicited payments. Each of these metrics confirms that CECo invests significant resources attempting (unsuccessfully) to collect from low-income customers, relative to the residential class as a whole.

CECo's inability-to-collect challenge is consistent with that of other regulated electric utilities. Addressing this challenge successfully should also be informed by the successful efforts of other electric utilities and regulatory commissions. One key element of a successful effort to address inability-to-collect is to recognize that simply providing credits or payments to low-income customers because they are low-income is neither a sustainable nor an effective solution. This is because simply providing dollars of benefits (*e.g.*, bill credits) does not resolve the underlying root cause of an inability-to-collect – *i.e.*, unaffordable bills.

To address this utility inability-to-collect challenge requires an approach that effectively addresses the reality of CECo customer bill unaffordability. The primary tool to address bill unaffordability is to develop an appropriately designed and targeted discounted rate for low-income customers -- more particularly, a fixed-payment percentage of income

payment plan (PIPP). As part of that low-income rate, an arrearage management program is also needed. Developing an appropriately designed and targeted low-income rate is not feasible within the context of this rate case. However, there are interim steps that CECo should take to improve affordability for more low-income customers while such a program is being developed and implemented. These interim steps include increased bill credits, increasing participation in the bill credits program, and removing administrative barriers to participation in the program.

Not only is this approach, which starts from the premise that bills are unaffordable for some low-income customers, likely to be more successful than CECo's proposed electric Low Income Assistance Credit (LIAC) program, but it is also likely to be more economical to the utility. Moreover, addressing unaffordability may have additional benefits, including enabling low-income customers to benefit from effective price signals.

Q. WHAT ARE YOUR RECOMMENDATIONS?

A. There are three primary elements to my recommendations. First, CECo should be directed to develop an appropriately designed and targeted low-income bill assistance program. This program should involve a fixed-payment Percentage of Income Payment Plan ("PIPP"). Second, CECo should develop and implement an arrearage management program ("AMP"). The implementation of this AMP need not wait for the implementation of a PIPP. It can be made a part of the modified LIAC program that I recommend. Finally, CECo should, pending the design and implementation of a PIPP, modify the LIAC program that it has proposed in this proceeding.

More specifically, my recommendations, as developed and described below, are as follows:

1. Consumers Energy should transition low-income bill payment assistance to a fixed-payment Percentage of Income Plan ("PIPP"). This transition should occur over the 18-month period following this proceeding through a multi-stakeholder working group.

2. Consumers Energy should implement an arrearage management program ("AMP"). Implementation of an AMP should occur over the six-month period following the final order in this proceeding.

3. Consumers Energy should expand its low-income bill payment assistance to include the automatic enrollment of Food Stamp recipients into LIAC. Once the PIPP is implemented, automatic enrollment for these customers should continue as part of that program.

4. Pending implementation of a fixed-payment PIPP, Consumers Energy should:
    a. Expand the LIAC program credit from $30 per month to $60 per month; and
    b. Provide a special LIAC benefit adder of $20 a month to customers who demonstrate that they participate in certain programs, including Temporary Aid to Needy Families (TANF) and Supplement Security Income (SSI), which indicate the customers fall in the extremes of low Poverty Level.

I recommend cost recovery for these programmatic recommendations as follows:

1. The RIA credit should be discontinued and its funding repurposed to fund the bill assistance recommended above.

2. The existing RIA and LIAC funding should be used, in combination with additional ratepayer funds, to fund a basic portion of the total costs of the bill assistance through rates.

3. Incremental over- or under-collections should be reconciled on an annual basis and accrued in a reserve fund that should be recovered as part of CECo's next rate case.

Finally, I recommend a series of ongoing COVID-19 related emergency relief measures that CECO should pursue. These include:

1. Consumers Energy should continue to support Michigan's COVID-19 emergency relief program. While many of the program eligibility requirements and program parameters are within the jurisdiction of the Michigan Department of Health and Human Services (MDHHS) rather than CECo (or the Michigan Commission), aside from MDHHS decisions, I recommend that CECo should:
    a. Continue its moratorium on nonpayment disconnections until the Commission determines that the economic displacement resulting in extraordinary levels of unemployment has dissipated.
    b. Continue to extend its waiver of late charges on unpaid residential bills until the Commission determines that the economic displacement resulting in extraordinary unemployment has dissipated.
    c. Continue to waive 25 percent of outstanding bills for households receiving direct CARES-funded LIHEAP payments.
    d. Make clear that its emergency relief extends not only to active customers, but also to customers who have already had service disconnected for nonpayment. For those customers, the Company's 25% waiver should apply not only to bills for reconnected current service, but also to any reconnection charges that might impede the restoration of service.
    e. In response to the sharp drop in the number of "low-income" customers identified on its system beginning in October 2019, extend its COVID-19 emergency relief to all customers that had been identified as a low-income in September 2019 even without a new request or application by the customer. And finally,
    f. Avoid limiting the emergency relief it provides exclusively to customers who are receiving emergency LIHEAP assistance. If a customer can demonstrate that they are currently receiving unemployment benefits, which benefits were newly received on or after March 1, 2020, CECo's emergency relief should be extended to those customers on an ongoing basis.

2. In all situations, of course, CECo should refrain from sending disconnection notices to customers who are protected from a nonpayment disconnection by an internal policy or external regulation, or who the Company does not intend to disconnect for nonpayment at the time the shutoff notice is issued.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. In my testimony, I make recommendations on ways in which CECo should expand and modify the primary bill assistance program the Company is now offering to low-income

customers. After this introduction, in Part 2, I examine the affordability of home energy service to low-income customers in CECo's electric service territories. In Part 3, I examine how CECo's current (RIA) and proposed (LIAC) bill assistance affects bill affordability. In Part 4, I examine how the lack of an adequate bill assistance program adversely affects CECo's collection outcomes. In Part 5, I examine how an appropriately designed and implemented bill assistance program can be expected to positively affect CECo's ability-to-collect. Finally, in Part 6, I recommend changes to CECo's existing and proposed bill assistance initiatives.

PART 2. THE AFFORDABILITY OF CONSUMERS' ELECTRIC BILLS TO ITS LOW-INCOME CUSTOMERS.

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I examine the extent to which Consumers Energy electric bills are affordable, or unaffordable, to CECo's low-income customers, and also the impact of a rate increase on bill affordability. In summary, I find: (1) that CECo bills are unaffordable to a significant proportion of the Company's low-income customers at existing rates, (2) that the proposed rate increase (and also lesser rate increases) would seriously exacerbate that bill unaffordability. Increasing the inability-to-pay on the part of low-income customers also increases the inability-to-collect on the part of the Company.

Q. HOW DO YOU MEASURE AFFORDABILITY?

A. I measure "affordability" by examining home energy burdens. A home energy burden references bills as a percentage of income. For example, if a customer has an annual electric bill of $1,000 and an annual income of $5,000, that customer's electric burden is 20% ($1,000 / $5,000 = 0.20). If a customer has an annual electric bill of $800 and an

1 annual income of $12,000, that customer's electric burden is 6.7% ($800 / $12,000 =
2 0.0667). For purposes of this analysis, I define an "affordable" total home energy burden
3 to be a burden less than or equal to six percent (6%) of income.[2]
4 In addition to my consideration of home energy burdens, I examine the "income deficits"
5 of low-income CECo customers. An "income deficit" is the difference between a
6 household's actual income and that income which would be required for the household to
7 be self-sufficient.

8 **A. <u>Assessing the Affordability of Consumers Energy Electric Bills</u>.**

9 **Q. DO YOU HAVE A BASIS FOR USING 6% OF INCOME AS THE BILL BURDEN**
10 **BY WHICH TO DEFINE AFFORDABILITY?**

11 A. The 6% burden has been frequently adopted,[3] including in the states of New Hampshire,[4]
12 New York,[5] New Jersey[6] and Illinois.[7] In addition, at its public meeting on September 19,

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[2] See generally, Carroll, Colton and Berger (2007). *Ratepayer Funded Low-Income Energy Programs: Performance and Possibilities*, at 16, Apprise Inc.: Princeton (NJ). available at http://www.appriseinc.org/resource-library/selected-reports/energy-survey-research-and-policy-analysis/. The 6% threshold is for heating, cooling and baseload electric. To the extent that particular components of home energy are viewed apart, the affordable burden would be lower.

[3] Six percent is based on the recognition that total shelter costs are generally deemed to be unaffordable to the extent that they exceed 30% of income. Moreover, utility costs tend to equal 20% of total shelter costs. A multiplication of those two data points (20% times 30%) yields the 6% figure.

[4] New Hampshire Public Utilities Commission, Docket No. DE 06-079 (2006). ("The current tiered Low Income Electric Assistance Program (EAP) was designed with the goal of making electricity "affordable" at 4 % of household gross income for power and light usage and 6% of household gross income for electric heat.")

[5] The New York Public Service Commission favored a 6% energy burden level because it appears to be a widely accepted limit for utility payments, including in New Jersey and Ohio; and also reflected by EIA data. New York Public Service Commission's *Order Adopting Low Income Program Modifications and Directing Utility Filings* at 7-48, Case 14-M-0565 (effective May 20, 2016).

[6] New Jersey requires USF customers who use natural gas for heating and electricity will pay 3% for their natural gas service and 3% for their electricity service. If, however, the customer uses electricity for heating, the entire 6% is devoted to the electricity service. The discount provided to customers is based on the difference between their annual utility bill (after LIHEAP is applied) and the required percentage of household income. https://www.state.nj.us/dca/divisions/dhcr/faq/usf.html#q1

[7] Illinois administers a percentage of income plan (PIP) that charges customers a maximum of 6% of their income for gas and electric service. The maximum PIP credit, however, is $150 per month or $1,800 annually. Illinois Senate Bill 1918 at 108-109. http://www.ilga.gov/legislation/96/SB/PDF/09600SB1918lv.pdf

2019, the Pennsylvania PUC voted to cap home energy burdens for households with annual income at or below 50% of Poverty Level at 6% of income.[8] In each of these states, I worked for either the state public utility commission or the state NASUCA office[9] on the design of the low-income program.

Q. HOW DO YOU USE THE 6% BURDEN IN ASSESSING BILL AFFORDABILITY FOR CONSUMERS ENERGY?

A. First, I define the affordability of combined CECo gas and electric bills (or all-electric bills) to low-income customers based on the 6% burden. This affordable burden is allocated between electric and natural gas service on a 50%/50% basis.[10] The affordable burden for electric bills standing alone, therefore, is 3% of annual income. I then determine the extent to which the average CECo electric bill exceeds the percentage of income burden deemed to be affordable, on a community basis disaggregated by local geographic areas comprising

[8] Pennsylvania PUC (September 19, 2019). Home Energy Affordability for Low-Income Customers in Pennsylvania, Final Policy Statement and Order, Docket M—2019-3012599.

[9] National Association of State Utility Consumer Advocates ("NASUCA"). NASUCA offices are the state agencies charged with representing consumers in utility regulatory matters. In New Jersey, the NASUCA office is the Division of Ratepayer Advocate; in Pennsylvania it is the Office of Consumer Advocate; in Ohio it is the Office of Consumer Counsel; in Illinois, it is the Office of Attorney General.

[10] Allocating the burden on a 50%/50% basis between electricity and natural gas service is unquestionably a conservative approach given that electric bills tend to be higher than natural gas bills. Nonetheless, three principles are in play in this recommendation. First, "affordability" is a range and not a point. It cannot be said, for example, that 3% is affordable but 3.5% is not. Second, given that CECo is a combination gas/electric utility, the allocation of burdens between gas and electric service for the vast majority of customers will involve no distinction. Third, an analysis should not imply greater precision than can actually be achieved in reality. From a practical perspective, a gas/electric split for a 6% burden can either be 3%/3% (50%/50%) or can be 4%/2% (67%/33%). While the 3%/3% split may somewhat understate electric affordability, a 4%/2% split would somewhat overstate electric costs. Accordingly, I use an intuitively explainable allocation of 50%50% (3%/3%). Ultimately, as I explain below, I recommend that the design of an affordability program, including the allocation of gas burdens between gas and electric service, be assigned to a workgroup of internal and external stakeholders. For purposes of analysis here, I use the 50%/50% split.

1 the Company's service territory.[11] With this analysis, I could obtain and use Census data
2 on income, Poverty Level and other population attributes in my analysis.

3 **Q. PLEASE EXPLAIN THE FIRST AFFORDABILITY ANALYSIS THAT YOU**
4 **PERFORMED FOR THE CONSUMERS ENERGY SERVICE TERRITORY.**

5 A. The first affordability analysis I performed examines the affordability of CECo bills using
6 electric bills provided by the Company (Ex MEC-32, MEC-CE-017 ATT_1) and the 3%
7 burden I describe above as demarcating "affordability" for electric service standing alone.
8 In this analysis, I calculate an annual bill burden for each geographic area disaggregated
9 by four ranges of Federal Poverty Guidelines (FPG):

10 (1) below 50% of FPG;
11 (2) 50 to 99% of FPG;
12 (3) 100 to 149% of FPG; and
13 (4) 150 to 199% of FPG.

14 The FPGs differ by household size. In 2020, for example, 100% of FPG is:

15 (1) $12,760 for a 1-person household;
16 (2) $17,240 for a 2-person household;
17 (3) $21,720 for a 3-person household; and

[11] While Consumers does not track the numbers of electric customers by community, it provided the number of customers by zip code (MEC-CE-028). I matched the Company's zip code data to "communities" using Census data. I define a "community" to be a "place" or a "county subdivision" as reported and defined by the Census Bureau,. A "county subdivision" that is not considered a "place," for example, would include townships. Through this process, I matched 596 of the 699 zip codes provided by CECo to communities, representing 493 communities serving 95% of the Company's reported customer base. (Not all zip codes are associated with communities or "places.") I then combined multiple zip codes associated with the same community into one community to be matched with Census data. The matching was not always perfect. For example, while Consumers reports serving zip code 49338, which the Census Bureau says is Paris (MI), the CECo tariff does not list Paris (MI) as a Company service area. Similarly, with 48083, 48084, 48085, and 48098, which the Census Bureau says are Troy (MI), but which is not a listed CECo service area.

(4) $26,200 for a 4-person household (with additional dollars added for each additional household member).[12]

I allocate the number of customers in each geographic area by these FPG ranges in the same percentage that the population represents of each FPG range in each area. For example, if 12.36% of ABC City's population has annual income below 50% of Poverty, I allocate 12.36% of the CECo residential customers in ABC City to the below 50% of FPG range. Accordingly, if ABC City has 100 customers, I assume that 12 of those customers have an annual income below 50% of FPG.

Based on this analysis, I found that CECo has:

(1) 126,317 customers (7.8%) with income below 50% FPG;

(2) 162,846 customers (10.0%) with income between 50% and 99% of FPG;

(3) 162,044 customers (10.0%) with income between 100% and 149% of FPG; and

(4) 158,173 customers (9.7%) with income between 150% and 200% of FPG.

A total of 37.5% of the Company's customer base thus lives with an annual income below 200% of Poverty, while 27.8% of its customer base lives with an annual income below 150% of FPG.[13] My analysis further found that CECo has 17.8% of its customer base

[12] The income for each geographic area will thus vary based on the average household size. A community with an average household size of 2.5 persons, for example, would have a different (and higher) average income at 100% of Poverty than a community with an average household size of 1.5 persons.

[13] This calculation is based on the number of residential customers reported by CECo for March 2020 (n=1,625,724). (MEC-CE -633). My estimate differs somewhat from CECo's. Consumers reports that it "used information provided within the United Way's ALICE in Michigan: A Financial Hardship Study to estimate that approximately 12%, or 335,000, of the residential customer base was at 100% of FPL." (MEC-CE-0561). The Company did not provide that study nor did it explain or identify which "information provided within" the ALICE study was relied upon, nor how that information was "used." In fact, the ALICE study estimated that 14% of Michigan's households "earn below the

living with an annual income below 100% of Poverty. Michigan as a whole has 31.3% of its population with income below 200% of Poverty and 22.3% of its population with income below 150% of Poverty.

Table 1. Estimated Number of CECo Electric Customers by Ratio of Income to Federal Poverty Guidelines

Ratio of Income to FPG	Estimated Number of Customers
0 – 50%	126,317
50 – 99%	162,846
100 – 149%	162,044
150 – 199%	158,173

I then set the income for each geographic area equal to the mid-point of the Poverty range, with the exception of the range below 50% of FPG.[14] The annual income for each area is based on 100% of FPG given the household size reported for that geographic area. Accordingly, for example, a household size of 1.5 persons[15] will have an annual income (at the different ranges of FPG) lower than a household size of 2.2 persons, but higher than a household size of 1.3 persons. I determined an average annual bill by summing the average monthly electric bills provided by CECo for the 12 months of 2019. (Ex MEC-32 (MEC-CE-017, ATT_1)).

Federal Poverty Level." (ALICE in Michigan, at 4). For Consumers to conclude that only 12% of its customer base lives at or below Poverty would indicate that the Company believes that it serves a somewhat less income-challenged geographic area than the state as a whole, a conclusion that is contrary to available Census data. I based these conclusions on my review of the 2019 ALICE in Michigan report. Available at https://static1.squarespace.com/static/52fbd39ce4b060243dd722d8/t/5c902a7e971a186c0a29dff2/1552951937149/HR19ALICE_Report_MI_Refresh_02.26.19b_Final_Hires+%283%29.pdf (last accessed May 5, 2020).

[14] In my experience, using the mid-point of the below 50% of FPG range understates household income in that range. Accordingly, I set the income for the below 50% of FPG range equal to 40% of FPG.

[15] Having a household with a size in something other than whole numbers (e.g., 1, 2, 3) is an analytic fiction used to allow analysts to compare incomes between geographic areas. The Census Bureau does not report average household sizes in whole numbers.

Q. HOW UNAFFORDABLE ARE ELECTRIC BILLS FOR CECO LOW-INCOME CUSTOMERS?

A. CECo customers with income below 50% of Poverty have substantially unaffordable bills at existing rates. Of the 492 geographic areas which had some population with income below 50% of Poverty,[16] 480 areas had customers with income below 50% of Poverty who had CECo burdens of 15% of income or more.[17] Those areas included 125,901 customers with a CECo burden of 15% or more. Most (99.7%) CECo customers with income below 50% of Poverty Level have bill burdens exceeding 15% of income. The highest concentration of burdens fell into the range of 16% to 17% (329 areas with 105,810 customers).

As rates increase, bills become increasingly more unaffordable to households with income below 50% of Poverty. As **Table 2** shows, at existing rates, roughly 14,000 customers have electric burdens of 18% to 19%. With a rate increase of 10%, roughly 35,000 customers have burdens of 19% to 20%. With a rate increase of 14%, more than 20,000 customers have a burden of 20% to 21%.

[16] One area had 0 population with income in that Poverty range.

[17] Burdens are rounded to the nearest whole percentage. Accordingly, for example, a "14%" burden encompasses the range of 13.5% to 14.5%; a burden of "16%" encompasses the range of 15.5% to 16.5% and the like.

Table 2 . Number of Customers by Home Energy Burdens (Less than 50% FPG)
Given Differing Increases in Home Energy Bills (Affordable Burden = 3%)
(Consumers Energy--electric)

	Percentage Rate Increase				
Bill as Income Pct	0% (existing)	8%	10%	12%	14%
13%	15	---	---	---	---
14%	401	15	15	------	---
15%	5,986	336	92	15	15
16%	42,176	4,499	2,552	1,864	401
17%	63,633	24,186	10,026	6,529	4,975
18%	11,810	76,271	78,851	40,170	23,645
19%	2,107	16,087	27,172	61,725	76,261
20%	189	4,362	8,369	13,653	15,068
21%	---	561	1,056	2,067	5,357
22%	---	---	184	294	533
23%	---	---	---	---	53
24%	---	---	---	---	---
Total	126,317	126,317	126,317	126,317	126,317

CECo bills were still unaffordable when I examined the population with income at 50% to 99% of FPG (**Table 3**). Of the 493 areas I examined, 490 had burdens of 8% or more, representing 162,747 customers. Of the total CECo customer base with income between 50% and 99% of FPG (162,846 customers), in other words, 99.9% had CECo burdens of 8% of income or higher, nearly three times the affordable burden of 3% of income.

Table 3.. Number of Customers by Home Energy Burdens (50 – 100% FPG)
Given Differing Increases in Home Energy Bills (Affordable Burden = 3%)
(Consumers Energy--electric)

	Percentage Rate Increase				
Bill as Income Pct	0% (existing)	8%	10%	12%	14%
6%	---	---	---	---	---
7%	99	---	---	---	---
8%	21,185	1,847	741	127	88
9%	130,847	57,461	39,329	19,403	11,688
10%	10,438	98,377	113,839	128,434	125,213
11%	276	5,162	8,591	14,502	25,168
12%	---	---	346	380	689
13%	---	---	---	---	---
Total	162,846	162,846	162,846	162,846	162,846

At existing rates, CECo customers with income at 100% to 149% of FPG (**Table 4**) are right on the cusp of home energy unaffordability (3% affordable burden). Of the 493 areas I examined, 490 (representing a customer base of 161,875) had burdens of 5% or more. Of those, 116 areas (representing 30,856 customers) had a burden of 6% or more, two times the affordable level of 3% of income.

Q. PLEASE EXPLAIN WHAT YOU MEAN WHEN YOU REFER TO BEING "ON THE CUSP" OF HOME ENERGY UNAFFORDABILITY.

A. My reference to being "on the cusp of unaffordability" means that even moderate rate increases will push these customers into highly unaffordable ranges of home energy burdens. For example, **Table 4** below shows the impact on burdens for households with income at 100% to 150% of Poverty given differing bill increases ranging from 8% to 14%.

Given an 8% increase in bills, for example, rather than 19.0% of the customers with income between 100% and 150% of Poverty having a burden exceeding two times the affordable burden (6% of income) (30,856 / 162,044 = 0.190), 86% of the customers at that income (139,238 / 162,044 = 0.8593) would. Given a 10% bill increase, 92% of the customers with income between 100% and 150% of Poverty would have highly unaffordable burdens (two times the affordable burden of 3%: 6% or more) (148,322 / 162,044 = 0.9153). Given a 12% rate increase, nearly 95% of customers in this income range would have burdens exceeding twice the affordable level (153,572 / 162,044 = 0.9477). According to CECo, the Company is proposing an electric bill increase averaging 14% for residential customers in this proceeding.

Table 4. Number of Customers by Home Energy Burdens (100 – 150% FPG) Given Differing Increases in Home Energy Bills (Affordable Burden = 3%) (Consumers Energy--electric)

	Percentage Rate Increase				
Bill as Income Pct	0% (existing)	8%	10%	12%	14%
4%	169	---	---	---	---
5%	131,020	22,805	13,723	8,472	4,083
6%	30,820	138,057	143,898	146,486	143,613
7%	36	1,181	4,424	7,086	14,313
8%	---	---	---	---	36
9%	---	---	---	---	---
Total	162,044	162,044	162,044	162,044	162,044

Q. WHAT ARE THE IMPLICATIONS OF RATE INCREASES FOR CUSTOMERS WHO HAVE INCOME BETWEEN 150% AND 200% OF POVERTY?

A. A similar story exists for customers with annual income in the range of 150% to 200% of Poverty. The data is set forth in **Table 5** below. For CECo residential customers who fall into this income range (150% to 200% of Poverty), problems with bill affordability are substantially less at existing rates.

Table 5. Number of Customers by Home Energy Burdens (150 – 200% FPG)
Given Differing Increases in Home Energy Bills (Affordable Burden = 3%)
(Consumers Energy--electric)

	Percentage Rate Increase				
Bill as Income Pct	0% (existing)	8%	10%	12%	14%
3%	8,414	262	108	83	83
4%	149,484	151,749	146,759	139,638	126,292
5%	275	6,163	11,306	18,453	31,798
6%	---	---	---	---	---
7%	---	---	---	---	---
Total	158,173	158,173	158,173	158,173	158,173

At existing rates, while 8,414 customers with income between 150% and 200% of Poverty (5.3%) have an affordable burden of 3% or less at existing rates, 149,484 (94.7%) of customers with income between 150% and 200% of Poverty have electric burdens of between 3% and 4% of income. Accordingly, I conclude that customers at this income level are on the "cusp" of unaffordability.

As rates / bills increase, however, so too does the presence of the unaffordable burdens increase even at this income range. As shown in **Table 5** immediately above, currently

8,414 customers with income in the range of 150% to 200% of Poverty have affordable (3% or less) bills; an 8% rate increase results in only 262 of these customers with an affordable bills. The remaining 8,152 customers in this range who now have affordable bills would have unaffordable (4% electric burden) bills. In addition:

- With a 10% rate increase, only 108 customers in this income range have burdens at or below 3%, while with a 12% or 14% bill increase, 83 do.
- Stated in the converse, recognizing that an affordable burden is defined to be 3% of income, with a 10% rate increase, 158,065 of the customers with income at 150% to 200% of Poverty (99.8%) would have an electric burden of 4% or more, while with a 12% or 14% rate increase, 158,091 (99.9%) would do so.
- For customers in this low-income bracket, the difference between an 8% and 15% rate increase is the quintupling of the number of customers with electric burdens of 5%, representing substantial bill unaffordability problems.[18]

Q. WHAT DO YOU CONCLUDE FROM YOUR FIRST AFFORDABILITY ANALYSIS USING CONSUMERS ENERGY DATA?

A. Several conclusions flow from the above data. First, I conclude that CECo bills are not only unaffordable to "some" low-income customers, but CECo bills are unaffordable to a significant proportion of the Company's low-income customers. 100% of customers with income below 50% of Poverty had a bill burden of 13% or more (with 3% defining "affordable"). 100% of customers with income between 50% and 100% of Poverty had a bill burden of 7% or more (with 3% defining the limit of affordability). While bills at current levels are only somewhat unaffordable to households with income between 100%

[18] 31,798 / 6,163 = 5.15.

and 150% of Poverty at existing rates, with even moderate bill increases, a substantial majority of these customers would have highly unaffordable bills. By the time income reached the 150% to 200% of Poverty level, bill burdens fall within an affordable range at existing rates. With a bill increase as proposed in this proceeding, however, one-in-five (20%) of these higher income low-income customers would face unaffordable electric burdens of 5%, nearly two times the affordable burden of 3%.

Q. PLEASE EXPLAIN THE SECOND AFFORDABILITY ANALYSIS THAT YOU PERFORMED FOR THE CONSUMERS ENERGY SERVICE TERRITORY.

A. The second affordability analysis I performed examines the affordability of CECo bills using total bills (with taxes) provided by the Company (Ex MEC-32, MEC-CE-17 and ATT_1) and the 3% burden I describe above as applied to average incomes for the lowest quintile of income (Q1) in the various geographic areas served by CECo.[19] This analysis compares the average Consumers' bill to the average income, by geographic area, for a customer in this lowest income quintile.[20]

Before I begin my analysis based on Q1 incomes, however, I caution that not all incomes that are in the "lowest quintile" for a particular geographic area will be "low-income." The Q1 income can actually be quite high if the particular area being considered is a high

[19] The Census Bureau rank orders households by their level of income from lowest to highest. The ranking is then divided into five equal parts, each of which is called a "quintile." The "First Quintile" (sometimes known as the "bottom quintile") is the one-fifth of households with the lowest incomes. The "Second Quintile" captures households from 21% to 40% of the rankings. The "Fifth Quintile" (sometimes known as the "top quintile") is the one-fifth of households with the highest incomes.

[20] For this Q1 (or lowest quintile) affordability analysis, the income I use is the mean (average) income for the lowest quintile income (hereafter sometimes referred to as Q1 income) for each geographic area. I calculate a bill burden for each geographic area using the same average annual residential bill I use above ($1,244/year). In making this calculation, I place the average bill in the numerator and the average Q1 income for each geographic area in the denominator.

income area. In the CECo communities I examine, for example, the average income for the First Quintile (*i.e.*, lowest quintile) ranges from a low of $1,581 to a high of $40,844. Of the 459 geographic areas I examined from the CECo service territory,[21] 17 had a Q1 income of $25,000 or more, and 57 had a Q1 income of $20,000 or more. In contrast, 119 had a Q1 income of $10,000 or less and 10 had a Q1 income of $5,000 or less.

Q. WHAT DID THIS LOWEST QUINTILE AFFORDABILITY EXAMINATION REVEAL?

A. There is a wide disparity in the Q1 burdens throughout the CECo service territory. **Table 6** presents the data. The energy burdens range from a low of 3% per year to a high of 79% for the quintile of customers with the lowest (Q1) income in each geographic area. The range is somewhat misleading, however. The three geographic areas with a Q1 burden of 3% have an average mean income[22] of more than $39,600, while the nine geographic areas with a Q1 burden of 4% have an average mean income of more than $30,000. In contrast, all areas with a mean Q1 income of less than $10,000 (n=118) have CECo burdens of 13% or more. All of the geographic areas with average mean Q1 incomes of $6,000 or less have CECo burdens of 21% or more. All of the geographic areas with mean Q1 incomes of $5,000 or less have CECo burdens of 25% or more. **Table 6** shows that the CECo electric burden at the average of the mean Q1 incomes for the CECo service territory as a whole ($12,703) is between 9% and 10%, more than three times higher than the 3% demarcation of affordability.

[21] Not all geographic areas report incomes by quintile. Some have too few responses to allow data reporting consistent with Census Bureau privacy protection.

[22] By "average mean" I mean that this dollar figure represents the average of the mean incomes for the geographic areas.

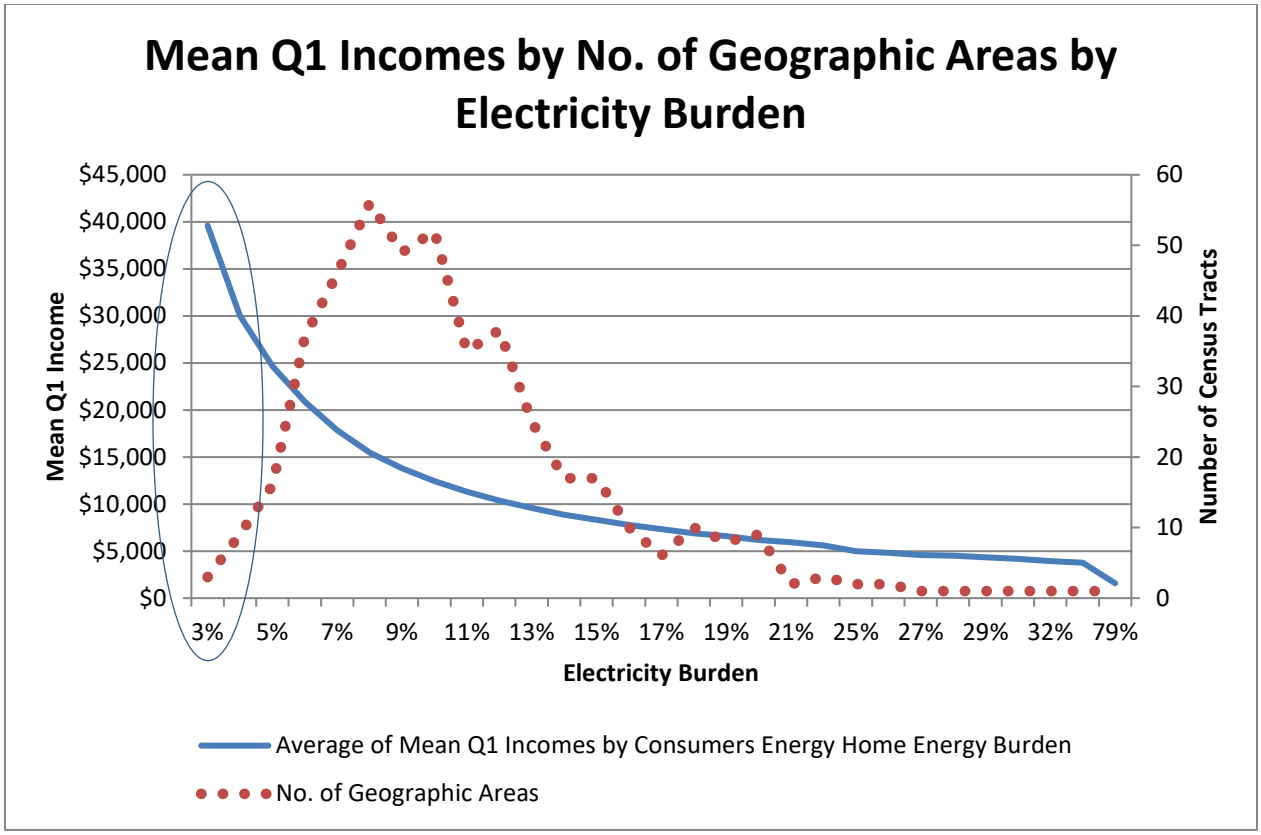
Table 6. Energy Burdens for First Quintile (Q1) Incomes
And Average of Mean Incomes by Home Energy Burden
(Consumers Energy, MI)

Q1 Burdens	No. Geographic Areas	Average of Mean Q1 Incomes
3%	3	$39,601
4%	9	$30,017
5%	16	$24,647
6%	37	$20,878
7%	46	$17,837
8%	56	$15,473
9%	49	$13,802
10%	52	$12,443
11%	35	$11,306
12%	38	$10,368
13%	25	$ 9,574
14%	17	$ 8,882
15%	17	$ 8,336
16%	10	$ 7,793
17%	6	$ 7,336
18%	10	$ 6,890
19%	8	$ 6,605
20%	9	$ 6,193
21%	2	$ 5,957
22%	3	$ 5,617
25%	2	$ 4,985
26%	2	$ 4,806
27%	1	$ 4,584
28%	1	$ 4,519
29%	1	$ 4,334
30%	1	$ 4,159
32%	1	$ 3,939
33%	1	$ 3,763
79%	1	$ 1,581
Total	459	$12,703

Q. PLEASE EXPLAIN THE RELATIONSHIP BETWEEN DECREASING Q1 MEAN INCOMES AND THE INCREASING ENERGY BURDEN.

A. Customers in the lowest income quintile are experiencing unaffordable energy bills (above 3% burdens), and some of those areas are experiencing extremely significant energy

burdens (more than 10% of income). The graph below demonstrates the relationship between the Q1 incomes and the CECo energy burdens. The downward movement in home energy burdens, coupled with the upward spike in the average of the mean incomes becomes particularly evident at burdens of roughly 10% and incomes of roughly $15,000. The number of communities with a CECo burden of 3% is quite small (the dotted line), while the average mean income (the solid line) at those low burdens is relatively quite high.



Overall, only three (3) of the 459 CECo geographic areas for which there is data have an affordable bill for that one-fifth of the population with the lowest incomes (Q1).[23] In contrast, 156 of the CECo areas have Q1 burdens of 12% or more, four times higher than the 3% demarcation of an affordable burden. All of these results assume current bill levels.

[23] By definition, a "quintile" is one-fifth. See, note 19, supra.

One result sought in this rate case, however, is a 14% increase in average residential rates (see Exh. A-16, Schedu F-4.0). As a result of any such rate increase, the affordability of Q1 bills will deteriorate even further.

B. <u>Income Deficits for Low-Income Customers Served by Consumers Energy.</u>

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I explain the affordability problems facing CECo low-income electric customers in terms of the "income deficit" facing CECo households at different levels of the Federal Poverty Level. I calculated an income deficit for 2017 for each county served by CECo as set forth in the Company's electric tariff (see MPSC No. 14—Electric, Original Sheet No. A-13.00, et seq.). I begin with the maximum income at three different levels of the Federal Poverty Level (50% of FPL; 100% of FPL; 150% of FPL). When I refer to the "maximum" income, I refer to the fact that while the Census data reports the number of people with annual income at "or below" 50% of FPL; at "or below" 100% of FPL; and at "or below" 150% of FP, my analysis focuses on households who are "at" the ceiling of each range.

I then compare the incomes at the top of each Poverty range to the self-sufficiency income for each county as reported for 2017.[24] To the extent that these Poverty incomes are less

[24] The self-sufficiency study was prepared by faculty at the University of Washington for the Food Bank Council of Michigan. Diana Pierce (2017). The Self-Sufficiency Standard for Michigan: 2017, Center for Women's Welfare, University of Washington School of Social Work: http://selfsufficiencystandard.org/sites/default/files/selfsuff/docs/MI2017_SSS.pdf
The Excel spreadsheet with the calculations for all 719 different family composition can be accessed at http://www.selfsufficiencystandard.org/michigan.

than the self-sufficiency income, I determine the extent of the difference. I refer to that difference as the "income deficit." Since the self-sufficiency income varies by household size and composition, I focus on three specific three-person household types:[25] (1) one adult with one preschooler and one school-age child; (2) two adults with one preschool age child; and (3) two adults with one school-age child. I selected those counties that have some portion of the county served by CECo.

The results for electric counties are summarized in Ex MEC-34, Schedule RDC-1 (page 1 through page 3). Since the point is not to associate cost-of-living with particular counties, the counties are simply numbered (in the "x" axis) and ranked from lowest deficit to highest deficit.

Q. WHAT DID YOU FIND IN YOUR SELF-SUFFICIENCY ANALYSIS?

A. The data set forth in Schedule RDC-1 (Ex MEC-34) show the extent by which incomes at differing Poverty levels fall short of a self-sufficiency income.

- For households living with income at 50% of Poverty Level in CECo counties, the lowest income deficit is roughly $25,000 while the highest income deficit ranges up to nearly $50,000 on an annual basis.
- For households living with income at 100% of Poverty Level in CECo counties, the lowest income deficit is roughly $15,000, while the highest income deficits range up to $40,000 per year.

[25] The self-sufficiency study calculates self-sufficiency incomes for 719 different family compositions.

- For households living with income at 150% of Poverty Level in CECo counties, the lowest annual income deficit is roughly $5,000, while the highest income deficits range up to more than $30,000.

It is, again, important to note that households rarely live "at" the top of these Poverty ranges. Instead, they live with income at "or below" 50% of Poverty; at "or below" 100% of Poverty; and at "or below" 150% of Poverty. Accordingly, income deficits are somewhat higher than what I identify here.

Q. WHAT DO YOU CONCLUDE?

A. Given the deficits I identify between the annual incomes which CECo customers actually experience and the annual income which these same households would need simply to meet minimum levels of "self-sufficiency" in the CECo counties, it comes as no surprise that these households disproportionately find themselves in payment trouble and needing external assistance to help pay their CECo bills on a complete, timely and regular basis.

C. <u>The Affordability Impacts of Pre-Existing Arrearages.</u>

Q. HOW DO PRE-EXISTING ARREARAGES AFFECT THE AFFORDABILITY OF LOW-INCOME CECO BILLS?

A. In this section of my testimony, I explain why, to the extent that CECo seeks to improve the ability-to-pay by, and thus the ability-to-collect from, its low-income customers, it needs to address the arrearages that have been incurred by low-income customers prior to the time they enroll in a program providing an affordable bill for current service. Providing affordable bills for current service and providing an arrearage management program are interrelated. People do not make separate payments for the bill for current service and their

arrearages. Rather people make a payment toward their total bill. From an affordability perspective, therefore, it makes no difference whether that total payment is unaffordable due to the bill for current service or due to a pre-existing arrearage.

I find that pre-existing arrearages represent a substantial contributor to the unaffordability of CECo bills for low-income customers.

Q. HAVE YOU EXAMINED CECO LOW-INCOME ARREARS?

A. I have examined the arrears of CECo to an extent. Since the electric LIAC program is merely proposed, I inquired of CECo about the pre-existing arrears in its gas LIAC program. The gas program has been in existence since the Fall of 2017. The most significant information that CECo reported is that "the aggregate level of arrears on gas LIAC customer accounts at the time of enrollment was $666.30 for customers who were enrolled in 2018." (MEC-CE-005(d)).[26] CECo's reference to "at the time of enrollment" means that when a low-income customer enrolls in the Company's bill assistance program, that customer was already more than $666 in the hole.

That pre-existing arrearage has a demonstrable impact on affordability. The average monthly residential natural gas bill for current service was $67.75 in 2019. (Ex MEC-32, MEC-CE-017, ATT_1). The average annual gas bill for current service was $814.36. (*Id.*)

[26] While CECo referred to the "aggregate" level of arrears, it is assumed that the Company meant the "average" level of arrears. It would be unlikely, at best, that the aggregate level of arrears for thousands of low-income customers would be less than $1,000. The average number of LIAC customers by month in 2018 was 10,829. (MEC-CE-005, Attachment 1). The total number of LIAC customers, however, would be much higher than that. LIAC enrollment ranged from a low of 7,601 (July 2018) to a high of 16,609. The total number of LIAC customers, therefore, would be more fully represented by taking into account the range, along with the ebb and flow of participation over the year.

If one spreads the average gas arrears at the time of enrollment ($666.30) over a twelve-month period, and adds it to the current bill, therefore, customers would be charged an additional $55.53 per month ($666.30 / 12 months = $55.53) simply for their arrears (and assuming no late fees or other collection charges). This addition of the payment responsibility for the arrears would increase the average monthly bill by 82%.[27]

Q. HOW DOES THE ADDITION OF THE ARREARS AFFECT AFFORDABILITY?

A. Using a measure of affordability for natural gas of 3% of income (6% total divided 50%/50% between gas and electricity), an average annual gas bill for current service ($814.36) would require an income of $27,145 to be affordable. With the same 3% demarcation of natural gas affordability, the combined gas bill for current service plus the arrears which existed on LIAC accounts at the time of LIAC enrollment would require an income of $49,355[28] to be affordable. For a household with two-persons, $49,355 is 292% of the 2019 Federal Poverty Guidelines.[29] For a three-person household, $49,355 is 231% of the FPG.[30]

Q. HOW DOES THE APPLICATION OF LIAC CREDITS AFFECT THIS AFFORDABILITY?

A. With no pre-existing arrearages, the application of a LIAC credit ($30.27/month for gas) to the gas bill for current service would reduce the income needed to make a bill for current service affordable (at 3% of income) to $15,037 ($814.36 - $363.24 = $451.12 / .03 = $15,037).

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[27] [$67.75 + 55.53] = 123.28 / $67.75 = 1.820.
[28] $814.36 + 666.30) = $1,480.66 / .03 = $49,355.
[29] 100% of Poverty for two-person household = $16,910.
[30] 100% of Poverty for a three-person household = $21,330.

However, when one takes into account the pre-existing arrears on LIAC accounts, even after applying the LIAC credits, the income necessary to make the annual bill affordable at 3% of income would be $37,247.[31] For a three-person household, that would represent 175% of the Federal Poverty Guidelines; for a two-person household, it would represent 220% of FPG.

The bill burden of a Consumers Energy gas bill for current service plus retirement of an arrears equal to the arrears existing at the time of LIAC enrollment, at different ranges of income, is presented in **Table 7** below. Setting the demarcation of "affordable" at 3% of income for natural gas, it is clear that the addition of the pre-existing arrearages to the bill for current service, even after subtracting the LIAC credit of $30.27 per month, leaves the total bill charged to LIAC participants at unaffordable burdens. The burden being charged to LIAC participants, even after application of the LIAC credit, ranges from 2 to 15 times higher than the burden deemed to be affordable.

Table 7. Bill Burdens at Differing Income Ranges after LIAC Applied
(CECo Natural Gas Bill for Current Service Plus Arrears)
($660.30 Arrears = Arrears at Time of Natural Gas LIAC Enrollment, 2018)

$0 - $5,000	45%
$5,000 - $10,000	15%
$10,000 - $15,000	9%
$15,000 - $20,000	6%

[31] $814.36 + 666.30 – 363.24 = $1,117.42 / .03 = $37,247.

Q. DOES CECO TRACK ARREARS AND/OR PAYMENTS OF LIAC PARTICIPANTS?

A. No. When asked, CECo said that "the company does [not] have a regular reporting mechanism for arrears incurred by customers who receive gas LIAC." (MEC-CE-005(c)).[32] Moreover, when asked, CECo stated that "the Company does not track or keep reports for credit and collection activities directed towards customers who receive the gas LIAC." (MEC-CE-005(e)).

Q. WHAT DO YOU CONCLUDE REGARDING THE IMPACTS OF PRE-EXISTING ARREARAGES ON AFFORDABILITY?

A. A program that addresses only bills for current service is not appropriately designed to generate an improvement in the ability-to-pay of customers, or in the ability-to-collect by Consumers Energy. Customers do not separately pay their bills for current service and their bills for pre-existing arrears each month. Customers instead pay (or fail to pay) their total bill. The failure to address the pre-existing arrearages of LIAC participants in the natural gas program has demonstrably adverse impacts on the affordability of the total bill charged to LIAC participants. The same impacts will arise for electric LIAC participants should the affordability of pre-existing arrears also not be addressed. CECo's electric LIAC should have an arrearage management component.

[32] The response provided by CECo did not include the word "not." That appeared to be a typographical error, which error was confirmed by counsel through an informal inquiry.

1 **D. <u>The Impact of COVID-19 Income Loss on Poverty.</u>**

2 **Q. HAVE YOU CONSIDERED THE IMPACT OF COVID-19 INCOME LOSSES ON**
3 **LOW INCOME CUSTOMERS IN YOUR DISCUSSION ABOVE?**

4 A. No. In my discussion above, I use the most recent Census data available through the
5 American Community Survey (ACS). In addition to using the most recent Census data
6 available, I use the 5-year data provided by the Census to smooth out year-to-year
7 fluctuations.[33] My purpose above is to examine the impacts of structural poverty in the
8 CECo service territory, not to measure the economic difficulties created by the COVID-19
9 pandemic.

10

11 I do not dispute the fact that innumerable households (and thus innumerable CECo
12 customers) are facing economic hardship due to job losses associated with the closure (or
13 curtailment) of businesses in Michigan. At this point, it is simply not known to what extent,
14 if at all, these affordability difficulties and the utility's inability-to-collect associated with
15 these affordability difficulties, may be viewed as a short-term emergency or whether, and
16 to what extent, if at all, they will become a part of structural poverty in Michigan. For
17 purposes of my analysis, at this point in time, the answer to that question cannot be
18 measured in any meaningful way. It is possible, however, to reach conclusions about the
19 direction of change. The long-term economic impacts of COVID-19, if any, will most
20 likely lead to a further deterioration in affordability for CECo customers. Accordingly, it
21 becomes even more critical, today, to determine an appropriately designed and targeted
22 CECo response to the structural issues of inability-to-pay (and thus inability-to-collect).

[33] The Census publishes 1-year data, 3-year data, and 5-year data.

In sum, my discussion, both above and below, examines the issues associated with long-term structural inability-to-pay, and the associated long-term structural inability-to-collect, in the CECo service territory. Today's COVID-19 impacts, to the extent they unquestionably exist, are beyond the scope of my testimony in this case.

Q. DO YOU HAVE RECOMMENDATIONS ON HOW CONSUMERS ENERGY SHOULD RESPOND TO THE ECONOMIC DISPLACEMENT ATTRIBUTABLE TO THE CURRENT COVID-19 PANDEMIC?

A. Yes. Consumers Energy should continue to support Michigan's COVID-19 emergency relief program. While many of the program eligibility requirements and program parameters are within the jurisdiction of the Michigan Department of Health and Human Services (MDHHS) rather than CECo (or the Michigan Commission), there are steps that CECo can and should be taking. First, I recommend that CECo continue its moratorium on nonpayment disconnections until the Commission determines that the economic displacement resulting in extraordinary levels of unemployment has dissipated. Second, I recommend that CECo continue to extend its waiver of late charges on unpaid residential bills until the Commission determines that the economic displacement resulting in extraordinary unemployment has dissipated. Third, I recommend that CECo continue to waive 25 percent of outstanding bills for households receiving direct CARES-funded LIHEAP payments. Fourth, CECo should make clear that its emergency relief extends not only to active customers, but also to customers who have already had service disconnected for nonpayment. For those customers, the Company's 25% waiver should apply not only to bills for reconnected current service, but to a waiver of any reconnection charges that might impede the restoration of service.

In addition, however, CECo should take additional steps to respond to COVID-19. As I explain in more detail below, in 2019, unrelated to COVID-19, CECo experienced a sharp drop in the number of "low-income" customers identified on its system. While from October 2018 through September 2019, CECo issued an average of 22,856 low-income bills per month, from October 2019 through February 2020, that average dropped to 12,130. While CECo indicated that it "is not certain as to why the identified fluctuations occurred. . .," the Company identified several factors that "could be contributing factors" to that decrease. (Ex MEC-36, MEC-CE-566) Those factors included the Company's observations that: "In FY20, CARE enrollments were delayed due to the state budget issues. MEAP funds were not released prior to the new program year beginning, which impacted enrollments. There is also a difference of 19,550 fewer HHC payments when comparing October-February of FY19 to the same time period in FY20. The Home Heating Credit form was not released until January 29, 2020." Moreover, CECo said, "Year to date there have been fewer CARE enrollments for FY20 than occurred in FY19. This could be a contributing factor." (*Id.*) These explanations indicate administrative considerations rather than any actual drop or change in the number of low-income customers during the period. CECo should, therefore, extend its COVID-19 emergency relief to all customers that had been identified as a low-income customer in September 2019 even without a new request or application by the customer.

Finally, CECo should not limit the emergency relief it provides exclusively to customers who are receiving emergency LIHEAP assistance. If a customer can demonstrate that they are currently receiving unemployment benefits, which benefits were newly received on or

after March 1, 2020, CECo's emergency relief should be extended to those customers on an ongoing basis.

In all situations, of course, CECo should refrain from sending disconnection notices to customers who are protected from a nonpayment disconnection by an internal policy or external regulation, or who the Company does not intend to disconnect for nonpayment at the time the shutoff notice is issued.

PART 3. ASSESSING THE CONSUMERS ENERGY LOW-INCOME BILL ASSISTANCE PROPOSAL

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I will assess the current design of CECo's existing bill credits (RIA) and the proposed design of additional bills credits (LIAC). I will assess whether the design of these two programs is reasonably structured to: (1) improve bill affordability; (2) generate positive outcomes on low-income ability-to-pay; and (3) improve CECo's ability-to-collect. I will finally show that restructuring of the LIAC program as I propose will address the shortcomings that I identify.

Q. PLEASE DESCRIBE CECO'S EXISTING RESIDENTIAL INCOME ASSISTANCE PROGRAM.

A. The CECo Residential Income Assistance ("RIA") program currently provides a monthly credit of $7.50 per customer when service is supplied to a Principal Residence Customer and the household receives a Home Heating Credit (HHC) in Michigan. For an income assistance customer to qualify for this credit, the Company requires annual evidence of the HHC energy draft or warrant. CECo's Electric tariff further provides that a customer may

receive the RIA credit if the customer meets the requirements of Rule B2, Consumer Standards and Billing Practices for Electric and Natural Gas Service, R. 460.102, Definitions; A to F. That regulation defines an "eligible low-income customer" to include "a utility customer whose household income does not exceed 150% of the federal poverty guidelines" as published by the Federal Government, "or who receives any of the following: (i) Supplemental Security Income or low-income assistance through the department of human services or successor agency; (ii) Food Stamps; [or] (iii) Medicaid."

Q. PLEASE EXPLAIN CECO'S PROPOSED ELECTRIC BILL ASSISTANCE PROGRAM AS YOU UNDERSTAND IT.

A. The Company views its proposed electric Low-Income Assistance Credit (LIAC) as an expansion of its gas LIAC program. (Direct Testimony of Rachel R. Barnes Direct, p. 5). The proposal is to "expand availability of LIAC to a limited number of eligible electric customers." (*Id.*) The language in the electric Tariff Sheets "mirrors the proposed language in the Company's Gas Rate Case No. U-20650, filed on December 16, 2019." (*Id.*) The gas program, however, has been available since August 7, 2017.

It is not clear what number of participants the Company is proposing to serve with LIAC. Company witness Miller states that the Company is proposing "to add a LIAC [credit] of $30 per month for 4,600 residential customers." (Miller Direct, p. 17). However, the Company's discovery responses state "The Company is not anticipating the participation rate to be anything other than 4,200" (Ex MEC-45, MEC-CE-004(c)) and that "The Company is projecting participation to be 4,200 customers. . ." (Ex MEC-45, MEC-CE-004(d)). Moreover, the Company's "Present and Proposed Revenue Detail" indicates

50,400 LIAC bills (which, divided by 12, indicates a year-round participation of 4,200). (Ex A-16, Schedule F-3.0, , at 1 of 25). Accordingly, notwithstanding witness Miller's testimony, I will use these 4,200 figures when referring to proposed LIAC participation below.

The Company describes LIAC as a broad-based low-income assistance program. For example, Witness McLean states that LIAC will "provide meaningful long-term assistance to eligible low-income customers that are struggling to pay their utility bill." (McLean Direct, p. 51). McLean says that LIAC involves "providing vulnerable customers with assistance that is timely and sustained within a long-term payment model." (*Id.*). He says that "customers who may otherwise experience a crisis are able to make necessary payments. . ." (*Id.*). He refers to LIAC as "a low-income customer support program. . ." (*Id.*). He argues that the proposed LIAC will "seek to promote and support a self-sufficiency journey for low-income customers by providing meaningful longer-term assistance." (*Id.* at 53).

Q. WHAT DO YOU CONCLUDE ABOUT THE PROPOSED LIAC PROGRAM?

A. It is not accurate to describe the LIAC program as a "low-income support program." **Table 8** below shows the LIAC enrollment as a percentage of the CECo total low-income customer base. CECo accepts a definition of "low-income" at either 150% of the Federal Poverty Level or 200% of the Federal Poverty Level (based on the underlying public program). (Ex MEC-33, MEC-CE-003). As can be seen, if one accepts 150% of Federal Poverty Level as the demarcation of "low-income," the electric LIAC program will reach somewhat fewer than 1% (93 customers out of every 10,000) of the Company's total low-

income population.[34] If one accepts 200% of Poverty as the demarcation of "low-income," the proposed electric LIAC program will reach somewhat less than 0.7% (69 out of each 10,000) of the Company's total low-income population .[35]

Table 8. LIAC Participation as a Percentage of Total Income-Eligible Population

	Full LIAC Enrollment (4,200)	Cumulative # of Low-Income Customers	Full LIAC Enrollment (4,200) as Percent of Cum. # of LI Customers
At or below150% FPL	4,200	451,207	0.9%
At or below 200% FPL	4,200	609,380	0.7%

As can be seen in **Table 8** above, under the Company's proposal, in other words:

- 9,907 of each 10,000 low-income customers will not be served if one defines "low-income" as at or below 150% of Poverty; and
- 9,931 of each 10,000 low-income customers will not be served if one defines "low-income" as at or below 200% of Poverty.

While the Company's tariff and working procedures would seem to indicate that CECo limits its program largely to Critical Care customers, as set forth in Schedule RDC-2 (Ex. 37), Critical Care customers make up a small proportion of the number of both the natural gas and electric RIA programs, and the existing natural gas LIAC program (no electric LIAC has yet been approved) participants.

[34] 4,200 / 451,207 = 0.0093.
[35] 4,200 / 609,380 = 0.0069

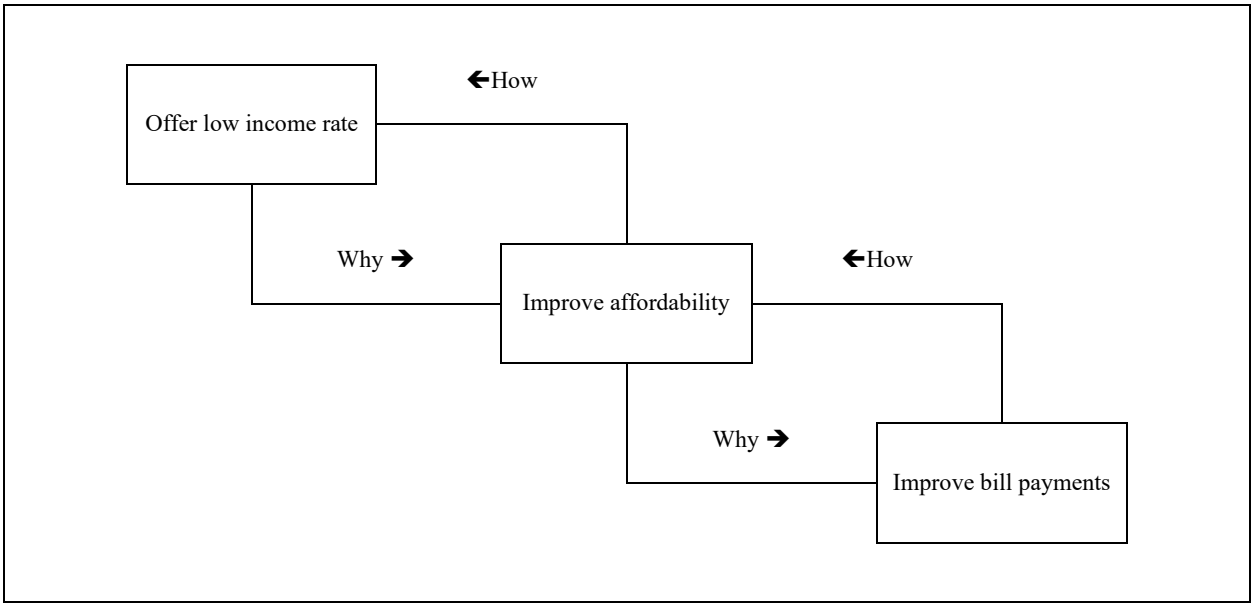
1 **A. <u>Identifying the Objective of Low-Income Bill Assistance.</u>**

2 **Q. PLEASE EXPLAIN THE PURPOSE OF OFFERING A DISCOUNTED UTILITY**
3 **RATE TO LOW-INCOME CUSTOMERS.**

4 A. The purpose of low-income bill assistance is to improve the affordability of utility service
5 to income-eligible customers who would face unaffordable bills in the absence of the
6 assistance. In noting that "affordability" is the objective, it is important to remember that
7 pursuing affordability, and thus offering a low-income discount, is a means to an end, not
8 an end unto itself. As I have described in detail throughout my testimony, the outcome
9 which stakeholders seek to achieve through a more affordable utility rate is the ability of
10 income-challenged customers to take utility service under sustainable conditions. The
11 rationale for a low-income rate is set forth in the decision-model set forth in the figure
12 below. As you move "down" the model, you answer the question "why." As you move
13 "up" the model, you answer the question "how." Thus:

14 ➢ Moving down: Why do you offer a low-income rate? To improve affordability.
15 Why do you seek to improve affordability? To improve bill payments.

16 ➢ Moving up: How do you improve bill payments? By improving affordability.
17 How do you improve affordability? By offering a low-income rate.



A discounted rate is a mechanism through which a utility, in effect, seeks to purchase an increase in the ability of low-income customers to consume their utility service while making complete, consistent, timely payments for that service with a minimum of collection intervention.

Q. PLEASE EXPLAIN THIS SECTION OF YOUR TESTIMONY.

A. In the previous section of my testimony, I examined the affordability of undiscounted CECo bills. In this section of my testimony, I examine the impact that the Company's proposed (1) continuation of its RIA initiative, and (2) adoption of its proposed LIAC initiative, would have on the affordability of electricity bills for customers with incomes at differing percentages of the Federal Poverty Level. I examine bills for the Residential On-Peak Summer (RSP) rate. I use the RSP rate since CECo uses the RSP rate for 100% of its proposed LIAC customers in presenting the "present and proposed revenue detail." (Ex A-16, Schedule F-3.0, , at 1, et seq.).

Rather than selecting one bill level, I examine affordability at five different bill levels. I begin by using the average residential bill for 2019 of $1,244.20. (Ex MEC-32, -MEC-CE-017). In addition to this average, I then include scenarios at the Average-Plus-15% and Average-Plus-30%. I finish by including scenarios at the Average-Minus-15% and Average-Minus-30%. The differing Scenarios are intended to present an affordability analysis at a range of bills; they are not intended, other than the average, to represent any particular usage patterns.[36] The resulting discounted low-income bills I used in my analysis are thus those set forth in **Table 9** below. I then substitute these annual bills into the affordability analysis I use above by community served by CECo. I also compare the non-discounted bills, and the bills with Low-Income Assistance Credit (LIAC) discounts, to bills with a Residential Income Assistance (RIA) discount.

[36] Despite this observation, I did check to determine whether the ranges were reasonable given an actual distribution of residential customers. While CECo was asked to provide a distribution of *annual* usage, it did not do so, instead providing only a distribution of monthly bills by usage. (MEC-CE-641). The median monthly usage for "unassigned" residential bills was between 530 (0.49848) and 540 (0.50893) kWh. The outer limits of usage given my ranges would be -30% on the bottom side and + 30% on the top side. Applying these two ranges to the monthly usage would result in a bottom limit of 371 (kWh) (530 - (530*0.30)) and an upper limit of 689 (kWh) (530 + (530*0.30)). CECo's data shows that 31.965% of monthly bills are at or below the bottom range (370 kWh). CECo's data shows that 64.572% of monthly bills are at or below the top range (690 kWh). Assuming the distribution of bills (in dollars) will reasonably mirror the distribution of usage (in kWh), I conclude that the billing ranges I use (average, average-minus-15%, average-minus-30%, average-plus-15%, average-plus-30%) succeed in achieving my goal, which was to select a reasonable range of "lower" to "higher" bills, with the average in the middle.

Table 9. Low-Income Bills Used in Affordability Analysis for RIA and LIAC Recipients

Scenario	Annual Bill	LIAC		RIA	
		LIAC Credit ($30/month)	Discounted LIAC Bill	RIA Credit ($8.50/month)	Discounted RIA Bill
1[37]	$1,244.20	$360	$884.20	$102	$1,142.20
2[38]	$1,430.63	$360	$1,070.63	$102	$1,328.63
3[39]	$1,617.46	$360	$1,257.46	$102	$1,515.46
4[40]	$1,057.57	$360	$697.57	$102	$955.57
5[41]	$870.91	$360	$510.91	$102	$768.91

I examine the impacts of both the RIA and LIAC credits by determining the five different levels of discounted bills. For each level of bill, I assign either an RIA credit ($8.50 per month) or an LIAC credit ($30 per month) to reduce those bills. I then examine the modified affordability for CECo low-income customers given incomes at differing ranges of the Federal Poverty Level. I do not limit the analysis only to those low-income customers who actually received RIA, or who would receive LIAC credits. For the purposes of assessing the distributional impacts of the two credits, I instead apply the credits to all low-income customers.

[37] Scenario 1 is the average residential bill in 2019 reported by Consumers Energy. (Ex MEC-32, MEC--017).
[38] Scenario 2 is the Average-plus-15%.
[39] Scenario 3 is the Average-plus-30%
[40] Scenario 4 is the Average-minus-15%.
[41] Scenario 5 is the Average-minus-30%.

B. <u>The Affordability Impacts of RIA Credit</u>s.

Q. WHAT DO YOU FIND WITH RESPECT TO RIA CREDITS?

A. My analysis of affordability is set forth in Schedule RDC-3 (Ex MEC-38). Schedule RDC-3 reveals several shortcomings in the CECo low-income RIA program. In general, by multiple measures, the RIA credit program does not address bill affordability. The following more specific observations can be made:

- First, even at the lowest level of bills studied (Scenario 5: Average-minus-30%), the RIA would not be sufficient to reduce electric burdens to an affordable level. At 0 – 50% of Poverty, electric burdens at 9% or more of income would exist in virtually all cases, even after receiving RIA credits (Schedule RDC-3, page 9), while at 50 – 100% of Poverty, electric burdens would be at or above 5% of income in virtually all places and for virtually all customers at the same low bill. (*Id.*) In contrast, at 150 – 200% of Poverty, at the lowest bill level (Scenario 5), bills will be affordable after receiving RIA credits only because they are affordable even without receiving RIA credits. (Schedule RDC-3, page 10).

- Not surprisingly, as bills increase, the corresponding bill burdens increase as well. Even after receipt of RIA credits, in Scenario 4 (Average-minus-15%), virtually all customers with income below 50% of Poverty have burdens at 12% of income or more after receiving RIA credits. (Schedule RDC-3, page 7). Even in Scenario 4, at 100 – 150% of Poverty, nearly 162,000 (161,801 of 162,044) have electric burdens at 4% of income or more after receiving RIA and before the rate increase proposed in this proceeding. (Schedule RDC-3, page 8).

- At the average level of annual electric bills (Scenario 1), 100% of customers with income less than 150% of Poverty exceed the 3% demarcation of affordability after receiving the RIA credit. (Schedule RDC-3, pages 1 and 2).

- As bills move into the two higher ranges (Scenario 2: Average-Plus-15%; Scenario 3: Average-Plus-30%), electric burdens become less and less affordable even after receipt of an RIA credit. At 100 – 150% of Poverty in Scenario 2, nearly three-of-four customers have electric burdens of 6% or more after receiving the RIA credits (Schedule RDC-3, page 4). Similarly, under Scenario 2, after applying an RIA credit, nearly 158,000 (157,640) of the 158,173 customers with income between 150% and 200% of Poverty would

have electric burdens exceeding five percent (5%) of income (Schedule RDC-3, page 4). As discussed above, an affordable electric burden is 3% of income.

Q. ASIDE FROM THE LACK OF SUCCESS WHICH RIA CREDITS HAVE IN ACHIEVING AFFORDABILITY, DO YOU MAKE ANY OTHER OBSERVATIONS ABOUT THE DISTRIBUTION OF RIA CREDITS?

A. Yes. Given that the objective of delivering low-income bill assistance is to improve the affordability of electric bills to the low-income customers of CECo, as described in more detail above, the RIA credits are not well-designed to achieve that objective. The objective of ratepayer-provided bill assistance is not to make a bill as low as possible. Rather, the goal is to achieve an "affordable" level so that bill payment patterns are sustainable.

The RIA credits both under-pay and over-pay assistance relative to achieving an affordability objective. An "under-payment" occurs when RIA credits are not sufficient (i.e., less than that which is needed) to achieve affordability. An "over-payment" occurs when RIA credits are more than sufficient (i.e., more than that which is needed) to achieve affordability. The data on over-payments and under-payments can be seen in **Table 10** below (this Table is derived from the more detailed data set forth in Ex MEC-38, Schedule RDC-3.)

The RIA credits nearly always under-pay low-income bill assistance when measured by whether the credits are sufficient to move bills from being unaffordable to being affordable. As can be seen in **Table 10** below, of the 20 combined scenarios studied (of different bills

levels and income levels),[42] in only 1 (Scenario 5, at 100 – 150% of Poverty), which I have shaded in blue, did the RIA credit move substantial numbers of customers from an unaffordable burden to an affordable burden (without the RIA credit, 13,233 have electric burdens at or below 3% while with the RIA credit, 146,499 have electric burdens at or below 3%). Of the 20 combined scenarios studied, in only 1 more (Scenario 4, at 150 – 200% of Poverty), which I have marked as a green-shaded cell, did the number of customers with an affordable burden (at or below 3% of income) substantially increase as a result of an RIA credit (from 148,087 to 158,165).

[42] There are five different levels of bills studied, each of which bill levels is applied to four different income ranges (20 scenarios total).

Table 10. Effect of RIA Credits on Achieving Affordable Electric Burdens (No. Customers Above/Below Affordability with/without RIA)

	Scenario 1 (Avg)		Scenario 2 (Avg +15%)		Scenario 3 (Avg +30%)	
	Without RIA	With RIA	Without RIA	With RIA	Without RIA	With RIA
<50% FPL	125,901 (>15%)	114,535 (>51%)	125,906 (>17%)	119,962 (>17%)	126,200 (>19%)	122,316 (>19%)
50 – 100% FPL	162,745 (>8%)	156,348 (>8%)	162,801 (>9%)	160,447 (>9%)	162,799 (>10%)	161,569 (>10%)
100 – 150% FPL	161,836 (>5%)	153,887 (>5%)	159,132 (>6%)	119,432 (>6%)	161,986 (>6%)	161,875 (>6%)
150 – 200% FPL	149,759 (>4%)	78,389 (>5%)	158,090 (>4%)	157,640 (>4%)	152,264 (>5%)	111,826 (>5%)
	Scenario 4 (Avg -15%)		Scenario 5 (Avg -30%)			
	Without RIA	With RIA	Without RIA	With RIA		
<50% FPL	126,300 (>12%)	123,955 (>12%)	126,303 (>10%)	120,926 (>10%)		
50 – 100% FPL	162,285 (>7%)	144,029 (>7%)	161,104 (>6%)	84,475 (>6%)		
100 – 150% FPL	162,044 (>4%)	161,801 (>4%)	13,233 (<3%)	146,499 (<3%)		
150 – 200% FPL	148,087 (<3%)	158,165 (<3%)	15,029 (<2%)	142,559 (<2%)		

Aside from the instances of under-payment, the distribution of RIA credits also sometimes over-pays benefits. As indicated above, an "over-payment" occurs when the RIA credit is more than that which is needed to achieve an affordable electric burden. In **Table 10**, for example, in 1 instance (Scenario 5, at 150 – 200% of Poverty), which I have shaded in pink, the RIA credit would provide additional bill affordability assistance even though the electric burdens were at or below 3% of income without such additional assistance. The

impact of RIA at this bill and income level was to move the number of customers with burdens below 2% of income from 15,029 to 142,559 with burdens less than 2% of income.

Q. WHAT DO YOU CONCLUDE REGARDING THE DESIGN OF THE RIA CREDIT PROGRAM?

A. Since the objective of bill assistance should be to provide ratepayer-funded low-income bill assistance as a means to an end and not an end unto itself, the RIA credit is not a well-designed bill assistance program. In the vast majority of instances where customers would be income-eligible to receive the RIA credit, the RIA credit would be insufficient to make bills affordable. Even after receiving the credit, customers would still receive bills that substantially exceed an affordable burden. As a result, despite the investment in "bill assistance," improvements in ability-to-collect outcomes, even in the short-term, are unlikely. Notwithstanding the expenditure of money on RIA credits, improvements in payment patterns involving whether payments are complete, timely, regular and unsolicited would not reasonably be expected to occur. Moreover, in a much smaller, though still not insignificant, number of instances, the RIA credit is unnecessary to achieve improvements in bill affordability. In these instances, bill burdens are affordable even without receiving the RIA credit. In these instances, also, the provision of RIA credits would still not generate the sought-after outcomes. In either, or both, circumstances (under-payment, over-payment), the investment is unlikely to result in any improved affordability, along with the improved bill payment patterns associated with that improved affordability.

1 **C. <u>The Affordability Impacts of CECo's Proposed LIAC Credits.</u>**

2 **Q. HAVE YOU ENGAGED IN AN AFFORDABILITY ANALYSIS OF THE**
3 **PROPOSED LIAC CREDITS?**

4 A. Yes. I performed the same analysis for LIAC credits that I performed for RIA credits. I
5 began with the same five bill levels as I discuss above: (1) Average; (2) Average-plus-
6 15%; (3) Average-plus-30%; (4) Average-minus-15%; and (5) Average-minus-30%. As I
7 describe above, these bills are not intended to represent any particular consumption pattern,
8 but rather are significant in that they present a range of bills, from reasonably low to
9 reasonably high. I use those bills in the same two ways I use them above in my RIA
10 analysis. First, I calculate the electric burdens for each CECo geographic area given bills
11 with no discount. Second, I subtract the proposed LIAC credit from those bills and
12 recalculate the electric burdens given the discounted bills. I compare the two sets of results
13 to determine what affordability impacts, if any, the distribution of LIAC assistance would
14 generate.

15 **Q. WHAT DID YOU FIND IN YOUR LIAC ANALYSIS?**

16 A. The results of my LIAC analysis are also set forth in Ex MEC-38, Schedule RDC-3 (along
17 with the RIA impacts). LIAC substantially under-pays[43] customers at the lowest level of
18 Poverty. At an average bill level (Schedule RDC-3, page 1), while LIAC credits improve
19 affordability, nonetheless, virtually 100% of the lowest income customers would have
20 electric burdens, after the receipt of LIAC, of 10% of income or more. More than three-
21 quarters of these lowest income customers would have a burden of 12% or more after
22 receiving LIAC, four times the affordable level of 3%.

[43] I define an "under-payment" in my testimony above. See, page45, supra.

As the bills increase, the bill burdens become less and less affordable to households with income less than 50% of Poverty. In Scenario 2 (Average-plus-15%) (Schedule RDC-3, page 3), nearly 126,000 customers would have burdens of 13% or more after receiving LIAC. In Scenario 3 (Average-plus-30%) (Schedule RDC-3, page 5), nearly 126,000 (of 246,000) customers would have bill burdens of 15% or more after LIAC was provided, five times the affordable level of 3%.

Circumstances do not substantially improve when the Scenarios based on below-average bills are considered. In Scenario 4 (Average-minus-15%), 122,388 (of 126,317) of the lowest income customers have electric burdens exceeding 8% of income after applying a LIAC credit. Finally, in Scenario 5 (Average-minus-30%), 114,378 (of 126,317) of the lowest income customers would have energy burdens exceeding 7% of income after receipt of LIAC.

LIAC unquestionably reduces electric burdens. Bill burdens at the average bill level would fall primarily between 15% and 20% of income for households with income below 50% of Poverty without LIAC, while they would fall primarily between 11% and 13% of income with LIAC. Nevertheless, the improvement falls substantially short of making bills affordable and addressing the CECo inability-to-collect.

Q. IS THERE A CORRESPONDING OVER-PAYMENT?

A. Yes. In addition to the under-payment described above, the LIAC program also results in a substantial degree of over-payment.[44] In Scenario 4 (Average-minus-15%) (Ex MEC-38,

[44] I define an "over-payment" in my testimony above. See, page 45, supra.

Schedule RDC-3, page 8), nearly 100% of customers with incomes at 150% to 200% of Poverty have an affordable burden with no discount at all. For these customers, the impact of receiving LIAC is to move these customers from having a 3% electric burden (with no bill credit) to having a 2% electric burden after receipt of the LIAC bill credit. Indeed, Schedule RDC-3 (page 8) shows that 148,087 of the 158,173 customers between 150% and 200% of Poverty (93.6%) would, at existing rates, have an affordable electric burden of 3% of income or less while receiving no discount at all. These customers, however, receive the same $30 per month ($360 per year) as do the customers with an income of less than 50% of Poverty and an electric bill burden of 20% or more of income. The impact of LIAC is to further reduce that bill burden for the customers in this income bracket (150% to 200% of Poverty) from 3% of income (n=148,087) to 2% of income (n=157,734) at existing rates.

As bills decrease, the burdens change but not the mis-targeting. In Scenario 5 (Average-minus-30%), LIAC results in 100% of the customers in the income bracket of 100 – 150% of Poverty having an electric burden of 2% or less at existing rates. (Schedule RDC-3, page 10). Indeed, in that same Scenario (Scenario 5: Average-minus-30%) 100% of the customers in the income bracket of 150 - 200% of Poverty have an affordable electric burden of 3% or lower with no discount at all at existing rates. The impact of the LIAC credit is to reduce bills to less than 2% of income for 100% of those customers, and to less than 1% of income for 18% of those customers.

Q. WHAT DO YOU CONCLUDE ABOUT THE PROPOSED LIAC CREDIT?

A. LIAC is a seriously mistargeted benefit if we measure its efficacy as an effort to address affordability and CECo's inability-to-collect. At the same time it is reducing bill burdens

for customers in the higher ranges of low-income (e.g., 150 – 200% of Poverty) to 1% and 2% of income, it is leaving bill burdens for the lowest of the low-income (e.g., below 50% of Poverty) at 10% and 20% of income.

Accordingly, I conclude that, as with my RIA discussion above, LIAC is not well-designed to achieve the objective of providing an affordable burden in order to address the inability-to-collect problem. Through LIAC, CECo is substantially over-paying some customers while, at the same time, it is substantially under-paying other customers. In both instances (under-payment, over-payment), the expenditure of dollars (in the form of the LIAC discount) is an ineffective and inefficient use of ratepayer resources.

Q. HAVE YOU EXAMINED WHETHER ADDRESSING ADDITIONAL BENEFITS TO HOUSEHOLDS WITH INCOME AT OR BELOW 50% OF POVERTY WILL IMPROVE AFFORDABILITY?

A. Yes. As I explained immediately above, the bulk of CECo's service territory for this lowest income population would have burdens of between 15% and 18% of income on an undiscounted basis (453 communities out of 493), and 481 communities would have a burden of 15% or more on an undiscounted basis. However, with the interim increased LIAC benefit I recommend below for this lowest income population,[45] the electric burdens faced by these households would be as set forth in **Table 11** below. As can be seen, with the increased LIAC benefit for those who can demonstrate participation in a program showing a likelihood that they fall into the extreme poverty (below 50% of Poverty), only

[45] The increased benefit is above my recommended base LIAC benefit of $60 per month, not over the CECo proposed credit of $30 per month.

3 of CECo's communities would have a bill burden of 5%. In contrast, 425 (of the 493 communities) would have bill burdens of between 3% and 4%. In addition, 65 communities would have the extremely low-income population experience bill burdens of less than 3% of income.

Table 11. Electric Burdens at Below 50% of Poverty
Given Expanded LIAC Benefit by Number of Communities

Electric Burden After Expanded Benefit	Number of Communities
3%	65
4%	425
5%	3

Q. HAS YOUR RECOMMENDATION THAT AN INCREASED BENEFIT BE PROVIDED TO LOW-INCOME CUSTOMERS IN EXTREME POVERTY BEEN ADOPTED IN ANY JURISDICTION?

A. Yes. In a Rhode Island rate case in 2018, National Grid proposed a flat percentage discount for low-income customers. In a settlement of that proceeding, National Grid agreed to provide an across-the-board discount for income-eligible customers of 25%.[46] That across-the-board discount would be increased by an additional 5% (to 30% total) for customers who are found to participate in one of three programs: (1) Medicaid, (2) General Public Assistance; or (3) Family Independence Program (Rhode Island's TANF program).[47]

While National Grid agreed to provide additional benefits one-fifth higher for customers in extreme Poverty, I am proposing that CECo provide additional benefits roughly one-

[46] National Grid, RI Tariff No. RIPUC No. 2184, Sheet 3.
[47] Michigan terminated its General Public Assistance Program in 1991. Available at: https://www.irp.wisc.edu/publications/focus/textver/16.2.a/whathapp.txt

third higher ($20 / $60 = 33%). The higher increase is justified because National Grid provides a percentage discount off the bill (meaning that as bills increase, the dollar discount increases as well), while CECo provides a flat dollar discount that does not account for the actual level of the bill being discounted.

D. <u>The Affordability Impacts of Expanding CECO's Proposed LIAC Credits.</u>

Q. HAVE YOU EXAMINED THE IMPACT ON AFFORDABILITY OF AN INCREASED LIAC CREDIT?

A. Yes. I have examined the affordability of average residential CECo bills reduced by a monthly $60 credit, which is double the amount proposed by CECo for the LIAC credit. I perform this analysis for four income ranges: (1) below 50% of Poverty; (2) from 50% to 100% of Poverty; (3) from 100% to 150% of Poverty; and (4) from 150% to 200% of Poverty. I find that at existing rates:

- For the population with annual income less than 50% of Poverty, while the bulk of CECo's service territory would have burdens of between 15% and 18% of income on an undiscounted basis (453 communities out of 493), and 481 communities would have a burden of 15% or more on an undiscounted basis, on a discounted basis with a $60 LIAC credit, 431 CECo communities would have an electric burden of 7% or less at an average residential bill;

- For the population between 50% and 100% of Poverty, while 490 (of the 493) communities would have an undiscounted burden of 8% or more, with the bulk of these (n=487) having a burden of 8% and 10%, 492 (of the 493) communities would have a discounted burden of 4% or less (with 406 having a discounted burden of 4%) with a $60 LIAC credit.

- For the population between 100% and 150% of Poverty, while 490 (of the 493) communities would have an undiscounted burden of 5% or more, with the bulk of these (489) having a burden of 5% to 6%, all 493 communities would have an electric burden of 3% or less with a $60 LIAC credit. Of these, 467 would have a discounted burden of 2% or less.

- For the population between 150% and 200% of Poverty, 432 would have an undiscounted burden of 4% or income or more, with the bulk of these (n=429) having an undiscounted burden of 4% of income. With a $60 LIAC credit, all 493 communities would have a discounted burden of 2% or less, with the bulk of these (n=407) having a discounted burden of 2% of income.

As can be seen, at existing rates, the expansion of the LIAC credit from $30 to $60 a month goes a long ways towards addressing the under-payment of benefits to the lowest income CECo customers. While bills remain unaffordable, when viewed from the perspective of an inability-to-collect, an expanded bill credit, which reduces the electric burdens for the population under 50% of Poverty from 15% to 18% of income to 7% of income or less, represents a tremendous improvement in the ability of CECo to achieve an improvement in its ability-to-collect. Similarly, while bills remain somewhat unaffordable for the population between 50% and 100% of Poverty, reducing bill burdens from 8% to 10% of income (roughly three or more times higher than an affordable burden of 3%) to a bill burden of 4%, again represents a tremendous improvement.

An expanded bill credit does not address the overpayment of benefits to higher income low-income households. However, if CECo wishes now to adopt an immediate response to this problem of over-payment, there are easy work-arounds to address the inability-to-pay of lowest income customers through a fixed monthly credit, and thus CECo's own inability-to-collect from these lowest income customers. So long as Consumers continues paying a fixed monthly credit irrespective of household income or the affordability level of the CECo bill, Consumers will continue to over-pay some of its highest income, low-income customers.

PART 4. THE RELATIONSHIP BETWEEN LOW-INCOME STATUS AND REVENUE COLLECTIONS.

Q. PLEASE EXPLAIN THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I explain how the affordability problem I identify above is not merely a social problem, but it is a business problem as well. The unaffordability I identify above is not merely an inability-to-pay on the part of the low-income customers; it is an also inability-to-collect on the part of the Company.

Q. HOW SHOULD CONSUMERS ENERGY MEASURE THE EXTENT TO WHICH THE UNAFFORDABILITY OF LOW-INCOME BILLS RESULTS IN AN INABILITY-TO-COLLECT BY THE UTILITY?

A. I use four different metrics to measure the inability-to-collect from low-income customers who cannot afford to pay their bills:

1. **Complete payment.** When CECo bills $100, it wants to collect $100 from its customers. Paying something less than $100 means that the customer is not making a "complete" payment.

2. **Timely payment.** When CECo sends a bill with a due date 20 days after the billing date, it wants to collect its payment on or before Day 20. Even if a customer makes a complete payment, if that payment comes on Day 45, or any other day after Day 20, the customer is not making a "timely" payment.

3. **Regular payment.** When CECo sends a bill for current service, it wants to collect a payment in response to that bill. If at the end of 6 months (representing six monthly bills), for example, even if two separate customers had both paid 100% of those bills, if Customer A made 100% of his/her payment in six (6) payments (1 payment per each bill), and Customer B made 100% of his/her payment in two (2) payments (1 payment for every 3 bills), Customer B would have made less regular payments.

4. **Unsolicited payment.** When CECo sends a bill, it wants to receive payment without needing to "chase" that payment. Even if CECo receives a complete payment from a customer, if that payment comes only after the Company needs to

send a reminder notice, issue a disconnection notice, and perhaps even perform a disconnection of service, CECo is expending more resources in the process of collection than if the payment would have been "unsolicited."

In my discussion below, I apply each metric using CECo data.

A. <u>Consumers Energy Data.</u>

Q. DOES CONSUMERS ENERGY TRACK ANY METRICS TO MEASURE THE IMPACT OF BILL UNAFFORDABILITY ON ITS ABILITY TO COLLECT BILLS IN A COMPLETE, TIMELY, REGULAR AND UNSOLICITED FASHION?

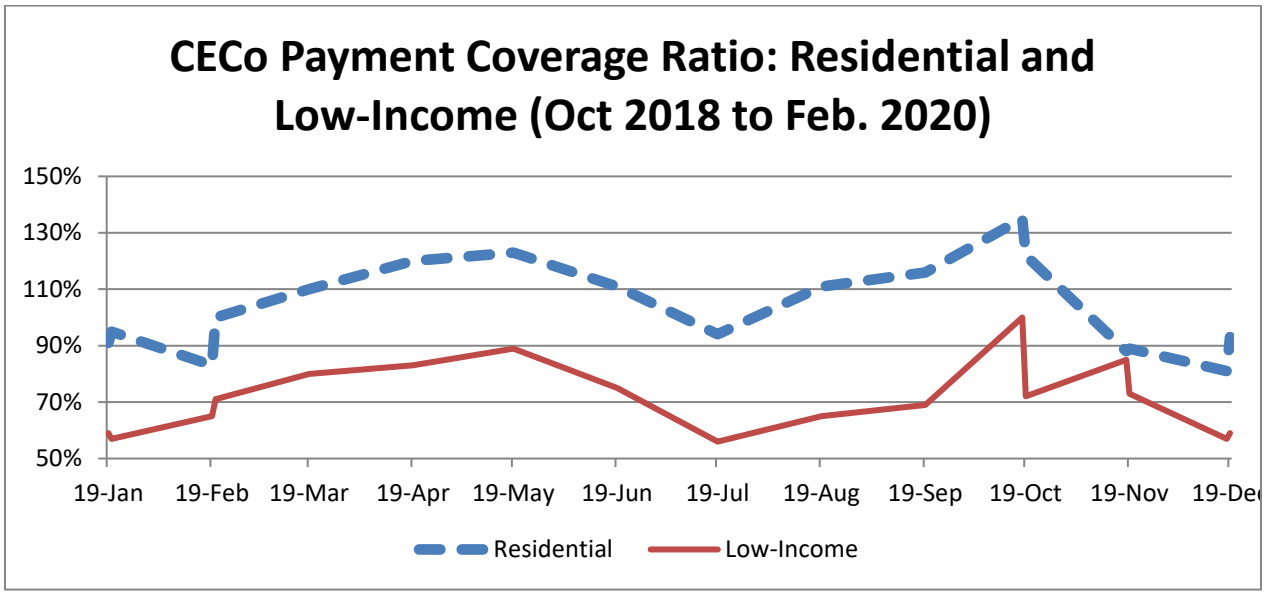
A. No. In discovery responses, CECo stated that it does not track affordability, measure the need for payment assistance, report on bill affordability, nor otherwise measure inability-to-pay nor inability-to-collect. Ex MEC-35 (MEC-CE-001, 002).[48]

Q. FROM A COMPLETE PAYMENTS PERSEPCTIVE, WHAT DID YOU FIND WITH RESPECT TO CECO'S INABILITY-TO-COLLECT FROM ITS LOW-INCOME CUSTOMERS FACING AN UNAFFORDABILE BURDEN?

A. The first thing I examine is the extent to which the unaffordability problems documented above translate into issues with "complete" payments, measured by the "payment coverage ratio." The payment coverage ratio places the dollars actually received in the numerator and the dollars billed in the denominator. If a customer's payments equal the customer's bills, the payment coverage ratio is 100%. If the customer's payments equal half of the customer's bills, the payment coverage ratio is 50%. The CECo data is set forth in Schedule RDC-4 (Ex MEC-39). That data is summarized in the Chart immediately below.

[48] The request referenced Consumers Energy (gas) because Consumers Energy has an existing gas bill assistance program, while a corresponding electric bill assistance program is merely proposed in this proceeding.

The residential payment-coverage ratio by month is the dashed line while the low-income payment coverage ratio by month is the solid line.



A number of observations stand out from looking at the Chart above (with complete data presented in Schedule RDC-4 (Ex MEC-39). First, the Payment Coverage Ratio for residential customers as a whole is substantially higher than for low-income customers. Over the 17-month study period,[49] the cumulative residential Payment Coverage Ratio (cumulative payments divided by cumulative bills) was 101%.[50] In contrast, the low-income Payment Coverage Ratio for that 17-month period was only 71%. That means that, as a whole,[51] low-income customers were paying only $70 for every $100 they received as their bill.

[49] Data was collected beginning in October 2018. That month was selected to allow for at least one full heating season to be included in the data (October 2018 – February 2020).
[50] The "bills" reported by CECo included arrears. See MEC-CE-564.
[51] The Payment Coverage Ratio does not reference individual customers. For example, if Customer A began with a $100 arrears and completely retired it, while Customer B began with a $0 arrears and ended with an arrears of $110, the Payment Coverage Ratio would be less than 100%. Similarly, if Customer A began with a $100 arrears and completely retired it, while Customers B and C began with a $0 arrears and ended with arrears of $50 and $60 respectively, the Payment Coverage Ratio would be less than 100%.

Second, for the residential population as a whole, in 9 of the 17 study months, CECo collected more than it billed (*i.e.*, had a Payment Coverage Ratio of 100% or more). In 13 of the 17 months, CECo collected 90% or more of what it billed. In two of the remaining four months the Payment Coverage Ratios were 88% (November 2018) and 89% (November 2019) respectively. In contrast, with the low-income customer base, in five months, the Payment Coverage Ratios were lower than 60% (*i.e.*, CECo collected fewer than $6 for every $10 billed). In three more months, the Payment Coverage Ratio was less than 70% (but higher than 60%), while in four additional months, the Payment Coverage Ratio was between 70% and 75%.

The point here is not to critique or assess CECo's collection practices. Rather, the point is to compare low-income payment patterns to the payment patterns of residential customers as a whole. In comparing the Payment Coverage Ratio of residential customers as a whole to that of low-income customers, one can see that:

- The lowest Payment Coverage Ratio for residential customers as a whole was 81% (December 2018), while the low-income customer population only got as high as 81% (or more) in four of the 17 months.

- The Payment Coverage Ratio in the four lowest residential months was 85%, while the Payment Coverage Ratio for the four lowest low-income months was 57%.

- The Payment Coverage Ratio for the four highest residential months was 120%. In contrast, the Payment Coverage Ratio for the low-income customers never once hit 100%.[52] The Payment Coverage Ratio for the four highest low-income months was 87%, just a little above the lowest level (81%) ever reached by residential customers in any given month.

[52] The 100% reported for October 2018 is, in fact, 99.8% rounded to 100%.

Q. HAVE YOU EXAMINED THE REGULARITY OF PAYMENTS?

A. Yes. As explained above, the "regularity" of payments is measured by the number of payments made as a function of the number of bills rendered. When CECo issues a bill, it wants a payment in response to that bill. A Payment Regularity Ratio places the number of payments in the numerator and the number of bills in the denominator. If the ratio is 1.0, customers are making exactly one payment for each one bill that has been rendered. In making this calculation, the size of the payment is not considered (i.e., the size of the payment is considered in the Payment Coverage Ratio discussed above). A payment of $10 is considered equal to a payment of $100 for purposes of the Payment Regularity Ratio.[53]

Q. WHAT DID YOU FIND WITH RESPECT TO PAYMENT REGULARITY?

A. Over the 17-month study period (October 2018 through February 2020), residential customers had a substantially higher Payment Regularity Ratio than did low-income customers. The data is set forth in Schedule RDC-5 (Ex MEC-40). For the 17-months as a whole, while residential customers as a whole made 91 payments for each 100 bills rendered (a Payment Regularity Ratio of 0.91), low-income customers made 68 payments for each 100 bills rendered (a Payment Regularity Ratio of 0.68). I found that:

- The difference between residential customers and low-income customers was evident. The two lowest residential months (each of which was 0.86) were significantly higher than the highest Payment Regularity Ratio for low-income customers (0.74).

- The difference between the four highest months was substantial as well. The four highest months for residential customers saw a Payment Regularity Ratio of 0.94 (94 payments for each 100 bills rendered), while the four highest low-income months had a ratio of only 0.72.

[53] This is one reason why a series of metrics, measuring different aspects of payment patterns, is required.

- The regularity of payments during the four months during and immediately after the cold weather months reflected the 17 months as a whole for residential customers as a whole. During that 8 month period (November 2018 through June 2019), residential customers as a whole made 90 payments for each 100 bills rendered (versus 91 of 100 for the 17 month study period as a whole). Low-income customers made 68 payments per 100 bills issued during this 8 month period (compared to 68 payments per 100 bills in the 17-month period as a whole).

Q. HAVE YOU EXAMINED THE TIMELINESS OF PAYMENTS FOR LOW-INCOME CUSTOMERS RELATIVE TO RESIDENTIAL CUSTOMERS AS A WHOLE?

A. Yes. The way in which I examine the "timeliness" of payments is by examining the aging of the dollars of arrears. CECo provided data for October 2018 through February 2020. Data for those months is presented in Schedule RDC-6 (Ex MEC-43). That Schedule presents the "monthly roll rates." "Roll rates" are the rate at which the previous month's aging bucket rolls into the subsequent month's next aging bucket (*i.e.* are not paid).[54] A higher roll rate means that a higher percentage of arrears remains in that aging bucket (*i.e.*, rolls forward). For purposes here, in other words, the higher the roll rate, the older an arrearage is and the less timely payments are being made by residential customers or by low-income customers. CECo reports that it does not utilize roll rates in its internal assessments of collection efficiency and/or effectiveness. (MEC-CE-0567).

[54] An "aging bucket," for example, refers to customers who are 1 – 30 days in arrears, 30 – 60 days in arrears, 60 – 90 days in arrears, and higher. Different utilities use different top codes for their aging buckets.

The data on roll rates for the residential, as well as for the low-income, customers of CECo is presented in Schedule RDC-6 (Ex MEC-43) below. In Schedule RDC-6, I present the roll rates for total bills rather than for electric bills. CECo does not disaggregate arrears by electric and gas service. (Ex 32, MEC-CE-017, ATT_1 and ATT_2). The roll rates are based on CECo aging reports provided in response to discovery (*Id.*)

Q. WHAT DID YOU FIND RELATED TO PAYMENT TIMELINESS OR ROLL-RATES?

A. The results in Schedule RDC-6 (Ex MEC-43) show the roll rates by four aging buckets (31-60 days, 61-90 days, 91-120 days, 121-150 days). In addition, it shows the "percentage of arrears remaining" at 150 days. My purpose here, again, is not to assess how well CECo is doing in collecting its arrears. The purpose here is only to compare low-income arrears to residential arrears to see if low-income customers make payments in a more timely, or a less timely, fashion than do residential customers generally.

Schedule RDC-6 (Ex MEC-43) documents that CECo's low-income customers make consistently less timely payments than do residential customers as a whole. In the 13 months of data, low-income customers had a higher percentage of arrears outstanding at Day 150 than did residential customers as a whole. As can be seen, for example, in January 2019, while 8.25% of low-income arrears were still outstanding (at the Day 150 mark), only 5.74% of residential arrears were. Indeed, in nine of the 13 months, the percentage of low-income arrears remaining at Day 150 was two times (or nearly so) higher than the residential percentage. In April 2019, for example, the low-income rate was 8.79% compared to a residential rate of 4.52% in April. In July 2019, the low-income rate was

10.11%, compared to a residential rate of 4.61% in July. In January 2020, the low-income rate was 10.37%, compared to a residential rate of 5.09% in that same month.

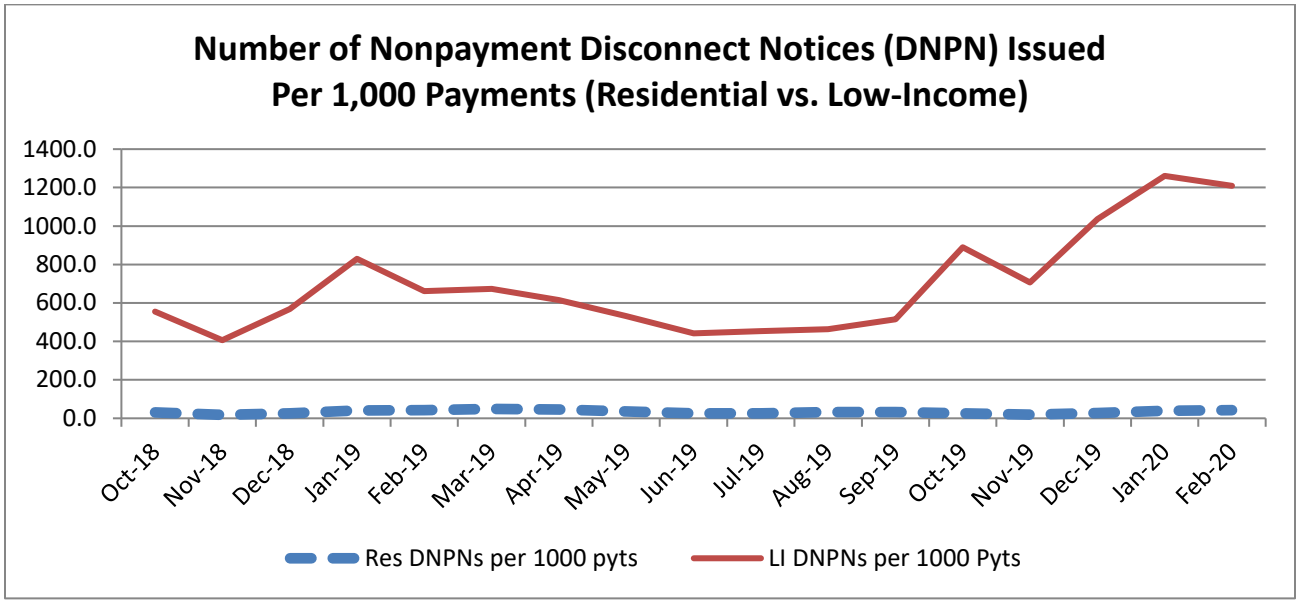
Q. DOES A PATTERN APPEAR FOR EACH AGING BUCKET IN EACH MONTH?

A. Yes. In Schedule RDC-6 (Ex MEC-43), I have shaded each cell in which the timeliness of low-income bill payments was lower than the timeliness of residential payments as measured by the roll rate for the low-income and residential population. Of the 64 aging buckets where a comparison can be made, the low-income performance on the timeliness of payments was lower than the residential performance in 60 of those instances.

Q. HAVE YOU EXAMINED HOW HARD CONSUMERS ENERGY MUST WORK TO COLLECT FROM RESIDENTIAL AND LOW-INCOME CUSTOMERS?

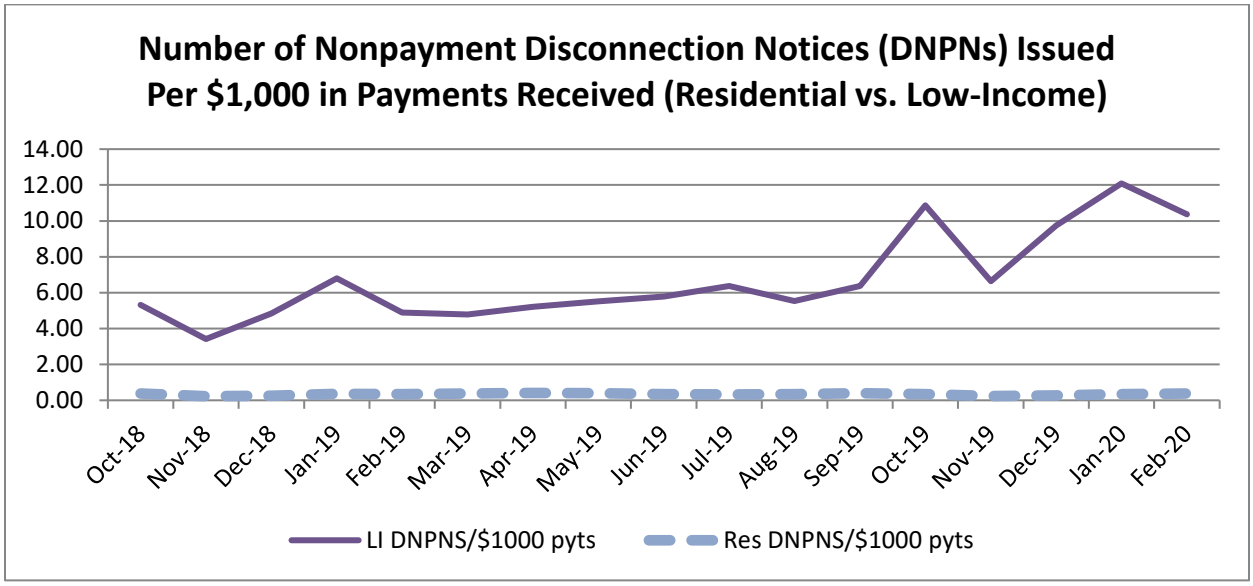
A. Yes. There are four separate but related metrics that I examine below: (1) the number of disconnection notices that CECo issues for each 1,000 payments it receives; (2) the number of disconnection notices for each $1,000 in payments CECo receives; (3) the number of actual service terminations that CECo performs for each 1,000 payments it receives; and (4) the number of actual service terminations that CECo performs for each $1,000 payments it receives. In each case, I present a comparison between the Company's residential population as a whole and the Company's low-income population.

The first Chart below presents the number of disconnect notices that CECo issues for every 1,000 payments it receives from its low-income and from its residential customer base. A lower figure indicates that the Company sends fewer notices for every 1,000 payments it receives. The exact numbers are not as important for my discussion here as is the location of the residential line (dashed line) to the low-income line (solid line).

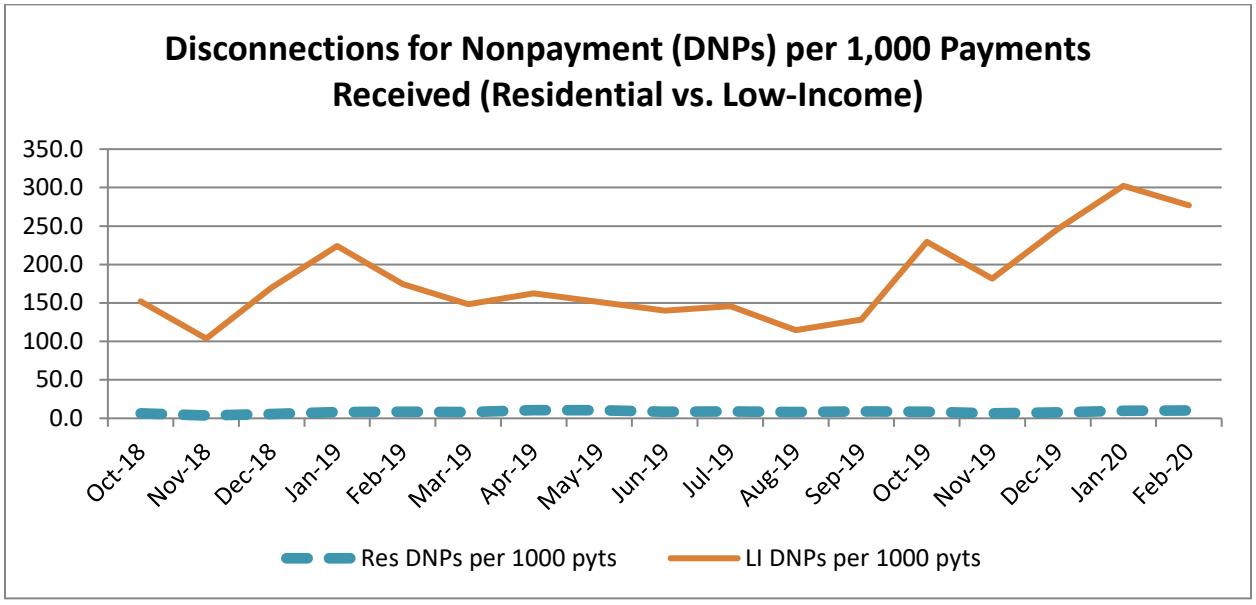


The analysis is a simple ratio. I place the number of disconnection notices the Company issues each month in the numerator and the number of payments it receives each month in the denominator. The Chart above demonstrates that CECo works much less hard for its residential payments than it works for its low-income payments.

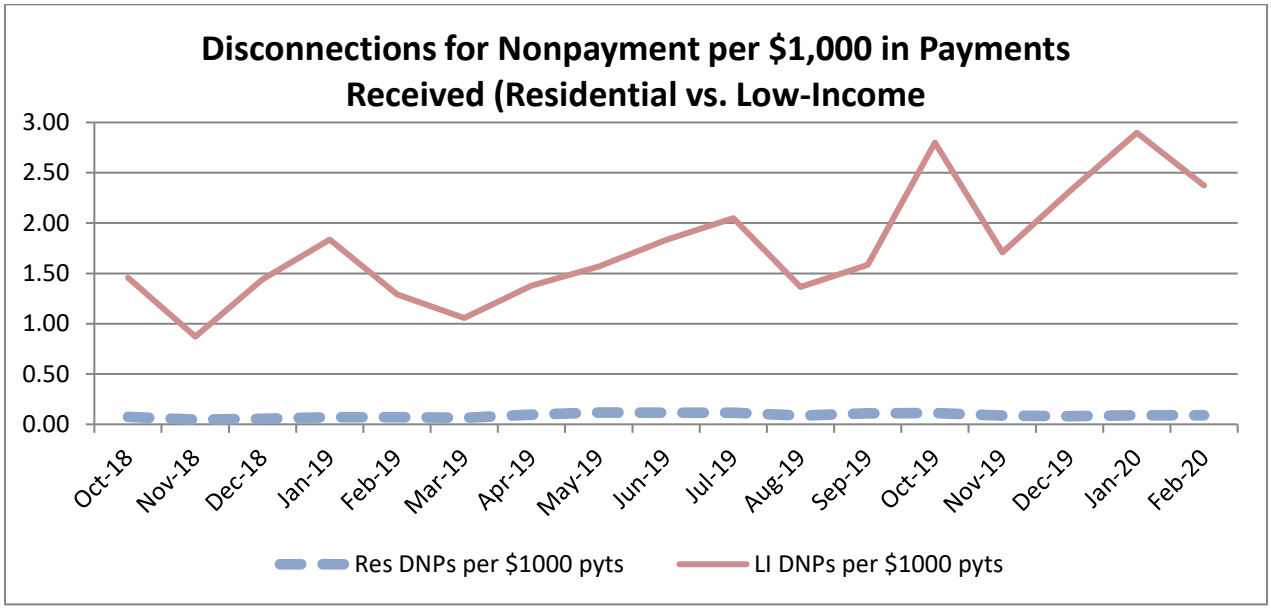
The Chart below shows the same data, but uses the dollars of payments rather than the number of payments. The dashed-line at the bottom of the Chart shows that residential customers as a whole receive substantially fewer disconnection notices for every $1,000 in payments that CECo receives than do low-income customers (dashed line). While low-income customers receive from four to twelve disconnect notices for each $1,000 payments they make, residential customers receive fewer than 1.0 for each $1,000 in payments they make.



The Chart below extends the analysis by looking not simply at the number of disconnection notices, but also at the number of actual disconnections for nonpayment performed. The number of residential disconnections per 1,000 payments is much closer to the number of low-income disconnections per 1,000 payments, but that doesn't mean that the numbers are close. CECo performs between 15 and 30 more low-income disconnections per every 1,000 payments than it performs for residential customers as a whole. In December 2018, for example, while CECo performed 5.6 residential disconnections for each 1,000 payments it received, it performed 169.8 low-income disconnections (a ratio of 30.3-to-1). In July 2019, while CECo performed 8.9 residential disconnections for every 1,000 payments it received, it performed 145.9 low-income disconnections (a ratio of 16.4-to-1).



The same pattern holds true for disconnections per $1,000 payments received by CECo from its residential customers and from its low-income customers. The Chart below shows that residential customers experience between 0.05 and 0.12 disconnections for every $1,000 in payments they make to CECo, while low-income customers experience between 0.9 and 2.9 disconnections per every $1,000 in payments made. The relationship between the residential customers as a whole (the dashed line) and the low-income customers (the solid line) indicates how much more effort CECo is required to undertake for each $1,000 it collects from its low-income customers.



Q. DOES YOUR ANALYSIS REFLECT THE FULL EXTENT OF THE INABILITY TO PAY AND INABILITY TO COLLECT PROBLEMS?

A. No. The extent of CECo's inability-to-collect is substantially under-stated in my discussion above. In providing the data upon which Schedule RDC-4 (Ex MEC-39) is based, the Company stated:

> Low-income customers are defined as having a household income up to 200 percent of the federal poverty guidelines ("FPG"). This is determined by receiving state or federal assistance or enrollment in a payment plan such as Shutoff Protection Plan or Winter Protection Plan. Some program eligibility limits are set at 150% FPL to match state assistance eligibility.

(Ex MEC-33, MEC-CE-003). There are two important observations to make about how CECo identifies "low-income" for purposes of this data. First, the Company's data extends to customers who have annual income up to 200% of the Federal Poverty Guidelines. As I documented in my discussion above, however, when affordability is viewed from the perspective of bills as a percentage of income (*i.e.*, bill "burden"), bills for customers in

the Poverty range of 150 – 200% are generally at a considerably more affordable percentage of income at existing rates than bills at lower Poverty levels. To the extent that the Company includes these "higher income" low-income customers (*i.e.*, 150 – 200% of Poverty), the bill payment problems will be lower than if the definition would have been limited to a lower level of Poverty (*i.e.*, at or below 150% of Poverty). In other words, by including the "higher" range of low-income customers, the data mitigates the full extent of the inability of low-income customers to pay and the inability of CECo to collect problems.

Second, the customers which CECo defines to be "low-income" are those who are either receiving assistance or are enrolled in a payment plan. (Ex MEC-33, MEC-CE-003). The inability-to-pay problems identified in CECo's data are the payment problems of low-income customers who are already receiving assistance. By limiting this analysis exclusively to those low-income customers who have already sought assistance, the analysis reaches but a tiny fraction of the low-income customers served by CECo. The payment problems I identify above, in other words, are not only the payment problems of those customers in the best of circumstances (*i.e.*, those having received financial help on their CECo bill), but they are a small fraction of the total number of low-income customers. I have documented above that CECo has roughly 451,000 "low-income" customers if "low-income" is defined as annual income at or below 150% of Poverty. CECo has roughly 610,000 low-income customers if "low-income" is defined as annual income at or below 200% of Poverty. In contrast, from October 2018 through September 2019, CECo issued an average of 22,856 low-income bills per month. From October 2019 through February 2020, that average dropped to 12,130. (Ex MEC-36, MEC-CE-566). Whether using the

higher participation or the more recent lower participation, however, it is clear that the percentage of identified low-income customers (out of the estimated total number of low-income customers) is quite small (under 5%).

Q. HOW DOES THE FACT THAT MANY LOW-INCOME CUSTOMERS ARE ALREADY RECEIVING SUPPORTIVE BENEFITS AFFECT YOUR ANALYSIS OF LOW-INCOME PAYMENT PATTERNS?

A. It appears that the payment difficulties I discuss above are experienced notwithstanding the fact that many low-income customers in the data set already receive assistance. For example, many of the low-income customers in CECo's data receive assistance through LIHEAP, the federal fuel assistance program. When a LIHEAP benefit is received by a low-income customer which creates a bill credit (*i.e.*, the payment retires all arrears and the bill for current service, while still leaving money remaining to be applied to a future bill), the payment of the benefit is nonetheless credited as received in the month in which the benefit is paid, not in the month in which the benefit is credited against the bill. (MEC-CE-563). This is significant because, as shown in **Table 12** below, the number of accounts receiving a LIHEAP benefit creating a bill credit is substantial.

Table 12. Number of LIHEAP Accounts Receiving a LIHEAP Benefit Creating a Bill Credit by Month
(October 2018 – February 2020)

Oct-2018	833	Jul-2019	679
Nov-2018	801	Aug-2019	411
Dec-2018	787	Sept-2019	484
Jan-2019	477	Oct-2019	558
Feb-2019	4,878	Nov-2019	590
Mar-2019	5,214	Dec-2019	465
Apr-2019	4,860	Jan-2020	286
May-2019	2,012	Feb-2020	862
Jun-2019	774		

I look at the three months of February 2019 through April 2019 in particular.[55] In these months, while between roughly 4,900 and 5,200 low-income customers received benefits that not only completely paid their bills, but exceeded their billing amount and left a bill credit, the bill payment coverage ratio for the low-income population as a whole for those three months not once reached 100%. Instead, the bill payment coverage ratio for those months was 65% in February 2019, 80% in March 2019, and 83% in April 2019. What this means is that despite the receipt of external assistance which more than pays all outstanding bills to a substantial number of low-income customers, as a whole, low-income customers were unable-to-pay (and CECo was unable-to-collect) the total dollars billed to those customers.

[55] It is not uncommon for LIHEAP recipients to carry a bill credit in the winter heating months. LIHEAP credits are paid which exceed any given winter monthly bill. Bill credits are thus carried while the customer "spends down" the LIHEAP benefit.

B. <u>Cold Weather Protections and Consumers Energy Bill Payment.</u>

Q. HOW DO COLD WEATHER PROTECTIONS FOR CONSUMERS ENERGY AFFECT PAYMENT PATTERNS FOR LOW-INCOME CONSUMERS ENERGY CUSTOMERS?

A. Frequently, an argument is advanced that low-income arrearages increase during cold weather months because a utility faces restrictions on the extent to which it can disconnect (or threaten to disconnect) service for nonpayment. However, this does not seem to be the case for CECo low-income customers. The data is set forth in Schedule RDC-7 (Ex MEC-44).

There is no question but that low-income arrears increase during the cold weather months. The Payment Coverage Ratio for December (2018) through February (2019) was 57%, 59%, and 65% respectively. For December (2019) through February (2020), the Payment Coverage Ratio was 59%, 57% and 71% respectively. The problem, however, does not lie with any cold weather restrictions on nonpayment disconnections that result in some wholesale stoppage of payments by low-income customers. The data in Schedule RDC-7 (Ex MEC-44) shows that:

- The total dollars of low-income payments increased in the cold weather months. All three months (December, January, February) in 2018-2019 were higher than October 2019. January and February 2019 were both higher than November 2018. In the next year, the same was true. Payments in each month December through February were higher than the October preceding the cold weather season; payment in both January and February 2020 were higher than the preceding November (2019).

- The number of payments in both heating seasons went up (or stayed constant). The number of payments in January/February 2019 was higher than December 2018 and higher than (or equal to) the number of payments in the preceding

November (2018). The same was true also in the next heating season. The number of payments in January/February 2020 was higher than the number of payments in all three months preceding the cold weather months (December, November, October).

- The dollars of payment made per payment also increased. The dollars per payment made increased (or remained constant) in January/February 2019 relative to October, November, December 2018. The dollars per payment also increased (or remained constant) in January/February 2020 relative to October, November and December 2019.

This analysis shows that cold weather protections do not correlate to any systematic nonpayment of bills by the low-income customers of CECo. Rather, during winter months for low income customers: (1) the total dollars of payment increases; (2) the total number of payments increases; (3) the number of payments for each bill rendered increases; and (4) the dollars of payment for each payment made increases.

Q. WHAT THEN HAPPENS DURING THE COLD WEATHER MONTHS?

A. In the cold weather months, bill unaffordability increases due to bill increases that exceed ability-to-pay. For example, from October 2018 to February 2019, total bills increased by 215%, while total payments increased, but increased by only 141%. From November 2018 to March 2019, total bills increased by 137%, while payments increased, but increased to a smaller degree (128%). From October 2019 to January 2020, the number of low-income payments increased from 11,525 per month to 12,654 per month (with the Payment Regularity Ratio increasing from 0.63 to 0.70). The amount of total payments increased from $943,767 to $1.320 million, while the dollars of payment (for each payment made) increased from $81.89 to $104.30. Nonetheless, the Payment Coverage Ratio fell in this same time period from 72% to 57%.

Q. WHAT DO YOU CONCLUDE ABOUT WINTER PAYMENT PATTERNS?

A. What this data reveals that low-income customers have reached the limits of their capacity to pay. They did not make a fewer number of payments nor did they make fewer dollars of payments. Indeed, they paid more dollars of payment and made more numbers of payment. My conclusion is that what low-income customers were able to pay was simply not sufficient to allow them to keep up with what they were being billed. That is the same conclusion that flows from my discussion of affordability in the complete payments (or Payment Coverage Ratio) section of my testimony above.

Q. DOES SCHEDULE RDC-4 (EX MEC-39) SHOW ANOTHER COLD WEATHER PAYMENT PATTERN?

A. It is often assumed that residential customers fall behind on their cold weather month bills only to make down-payments on the arrears, and then to retire those arrears, in the ensuing warm weather months. For residential customers as a whole, you can see a basis for that assumption. The Payment Coverage Ratios for November 2018 through February 2019 were 88%, 81%, 91% and 83% respectively. The Payment Coverage Ratios for the four months March 2019 through June 2019, however, were 110%, 120%, 121% and 111% respectively. The cumulative Payment Coverage Ratio for that 8-month period (November 2018 through June 2019) was 98.5%.

The same process, however, does not work for low-income customers. The Payment Coverage Ratios for low-income customers for the four months November 2018 through February 2019 were 85%, 57%, 59% and 65% respectively. While the Payment Coverage Ratios were higher in the four months March 2019 through June 2019, they nonetheless

still reached only 80%, 83%, 89% and 75% respectively. While the Payment Coverage Ratios in the four months after the cold weather season are noticeably higher than in the months either before or after that four-month period (March through June), payments came nowhere close to meeting the entire bill (a Payment Coverage Ratio of 100%). In other words, unlike the residential class as a whole, low income customer as a group are unable to fully recover from the high winter bills over the summer months.

C. <u>Corroborating Data from Other States.</u>

Q. IS THERE INFORMATION THAT CORROBORATES YOUR CONCLUSIONS BASED ON CONSUMERS ENERGY DATA REGARDING THE RELATIONSHIP BETWEEN LOW-INCOME STATUS AND INABILITY-TO-COLLECT?

A. Yes. The CECo information presented above is uniformly consistent with data that has been generated for natural gas and electric utilities in other states. Not only each set of data unto itself, but the group of states taken as a whole, demonstrates that low-income customers suffer from a greater inability-to-pay than residential customers generally. The data also demonstrates the relationship between low-income inability-to-pay and the utility's inability-to-collect. This data demonstrates finally that it is not only possible, but probable, that CECo would help address not only the inability-to-pay problems of the individual customers, but also the business problems arising from these inability-to-collect troubles, by offering adequate bill payment assistance.

1 **Q. CAN YOU DESCRIBE SOME OF THE LESSONS LEARNED FROM OTHER**
2 **ENERGY UTILITIES SERVING LOW-INCOME RESIDENTS IN OTHER PARTS**
3 **OF THE UNITED STATES?**

4 A. Yes. For example, CECo can learn many lessons from utilities serving low-income
5 Maryland residents in the energy (gas and electric) industries. Data from Maryland
6 demonstrates that low-income customers are not only more likely to be in arrears, but, also,
7 that those who are in arrears are more likely to be deeper in arrears. In its 2007 evaluation[56]
8 of the Electric Universal Service Program ("EUSP"),[57] the PA Consulting Group compared
9 a variety of attributes of payment difficulties, including but not limited to the number of
10 elapsed days after receiving a bill before making a payment, the completeness of
11 payment,[58] the regularity of payments,[59] and the continuity of payments.[60] PA Consulting
12 found that "all households" outperformed low-income customers on each of these payment
13 metrics. "All households" paid a higher percentage of their bills, made more payments in
14 response to bills, and exhibited more regularity in payments than did low-income

[56] PA Consulting (May 2007). *Electric Universal Service Program Evaluation: Final Evaluation Report*, prepared for Maryland Public Service Commission. (hereafter, "PA Consulting"). Available at http://webapp.psc.state.md.us/intranet/reports/EUSP051107.pdf (last accessed May 9, 2020).

[57] Maryland Public Service Commission (2014). *Electric Universal Service Report: 2014 Annual Report*, at 1, prepared for the General Assembly of Maryland. ("The Electric Universal Service Program ("EUSP"), enacted as part of the Electric Customer Choice Act of 1999, was designed by the Maryland General Assembly to assist low-income electric customers with retiring utility bill arrearages, making current bill payments, and accessing home weatherization following the restructuring of Maryland's electric utilities and electricity supply market. The Act, codified as Section 7-512.1 of the Public Utilities Article, Annotated Code of Maryland ("PUA §7-512.1" or "EUSP Legislation") required the Public Service Commission of Maryland ("Commission") to establish the program, make it available to low-income electric customers Statewide, and provide oversight to the Office of Home Energy Programs ("OHEP"), the arm of the Department of Human Resources ("DHR") responsible for administering the EUSP.")

[58] "The completeness index is an indicator of the percent of the total bill for which the household was responsible that was paid during the before and after periods." PA Consulting, supra, at 4-3.

[59] The regularity index "is the percentage of payments the customer made compared to the number of billings." PA Consulting, supra, at 4-4.

[60] The continuity index "is an indicator of how consistently payments were made. For example, making nine payments in a row would yield a higher consistency score than making three payments in a row." PA Consulting, supra, at 4-4.

customers prior to their participation in EUSP. **Table 13** below presents data comparing low-income performance to residential performance as a whole. Even when Maryland's low-income energy customers did make payments, PA Consulting found, they were less regular and less continuous. Moreover, low-income households making payments took more days before making their payments.

Table 13. Low-Income[61] vs. All Residential Customers
Selected Payment Performance Indicators

	Completeness of Payment	Regularity of Payment	Continuity of Payment[62]	Elapsed Days before Payment
Low-income customers	83.6%	70.0%	0.3	32.6
All customers	97.6%	86.8%	0.52	21.8

Q. ARE THERE OTHER STATES THAT SHARE THE PAYMENT DIFFICULTIES DOCUMENTED IN MARYLAND AND MICHIGAN?

A. Yes, The Pennsylvania PUC's Bureau of Consumer Services publishes an annual report on "collections performance" for that state's nineteen natural gas and electric utilities. The data in **Table 14** below shows that nearly three times more low-income electric customers (26% vs. 9%) are in arrears. However, not only is a higher percentage of accounts in

[61] "Low-income" is defined as a participant in the Maryland EUSP program prior to their entry into EUSP. All EUSP participants, however, receive federal fuel assistance through the Maryland Energy Assistance Program ("MEAP"). The reported performances would, as a result, be better than low-income customers not receiving MEAP. MEAP serves a fraction of all Maryland low-income customers.

[62] The "continuity of payment" is measured as follows according to PA Consulting: "The continuity index is the sum of the square of payments made in sequence divided by the square of the number of billings in the study period. Thus, if a participant makes 12 payments in a row and there are 12 billing periods then the continuity index is $12^2 / 12^2$ or one. This means that the participant consistently paid the electric bill. The continuity index is structured so that the more payments that are made in sequence, the higher the continuity index. A household that made 9 of 12 payments in contiguous months would have a continuity index of $9^2/12^2$ or 0.56. A household that made 9 of 12 payments where four and five of the payments were in sequence, would have a continuity index of $(5^2 + 4^2)/12^2*100$ or 0.28. The three missed payments could have been dispersed at the beginning, middle, or end of the study period; have all been at the beginning, middle, or end; or in some other combination. A final illustration is that nine payments made in clusters of 3 would result in a continuity index of $(3^2 + 3^2 + 3^2)/12^2$ or 0.19. The continuity index captures how payments are made in sequence." PA Consulting, supra, at 4-4.

arrears, but, in addition, those who are in arrears are deeper in arrears. The average dollar level of low-income electric arrears is nearly 50% higher than residential customers as a whole.

The resulting collections outcomes are thus not surprising. Pennsylvania utilities disconnect service (for nonpayment) to between three and four times more low-income customers than they do to residential customers generally. And having disconnected service to that many low-income customers, the bad debt rate (in terms of percentage of billed revenue) is between three and four times higher for low-income customers than it is for residential customers as a whole.

Table 14. Collection Impacts of Low-Income and Residential Customers (Pennsylvania) (2015)[63]

	Electric		Natural Gas	
	Residential as a whole	Low-Income	Residential as a whole	Low-Income
Percent accounts in arrears	9.1%	25.9%	9.3%	18.2%
Average dollars of arrears	$452	$672	$470	$566
Termination rate	4.4%	15.8%	3.9%	12.0%
Bad debt rate	2.3%	9.8%	3.9%	14.0%

Q. WHY IS THIS DATA FROM OTHER STATES RELEVANT TO A CONSIDERATION OF A MICHIGAN UTILITY SUCH AS CONSUMERS ENERGY?

[63] The annual BCS Report on Universal Service Programs and Collections Performance can be accessed at: http://www.puc.state.pa.us/filing_resources/universal_service_reports.aspx (last accessed on April 20, 2020).

A. The data I cite from other states will assist in considerations within this proceeding on a number of different levels. The information is most relevant in the following specific ways, however. First, the data demonstrates that there is nothing unique about how the unaffordability of home energy plays out as a utility business problem caused by CECo's inability-to-collect. When home energy unaffordability exists, that unaffordability results in an inability-to-collect. No-one has yet to find that, on a population-wide basis, unaffordable home energy bills are sustainably collectable by the utility rendering those bills. It is not a matter of collection procedures, or payment plan procedures, or other collection responses. A structural mismatch between income and home energy bills, as evidenced by an excessive home energy burden (i.e., bill as a percentage of income), results in a utility's inability-to-collect.

Second, the data demonstrates a way forward in how to respond to the inability-to-collect the unaffordable bills rendered to low-income customers. If responsive action is taken, which does not address the underlying structural inability-to-collect, there is no expectation that a remediation of the inability-to-collect problem will arise as a result.

Third, utility actions that merely respond to the results or consequences of an inability-to-pay do not address the underlying structural inability-to-collect problems. Regulating the disconnection of service, or the offer of payment plans accepts the problems caused by the structural inability-to-collect and tries to mitigate the consequences. It is akin to allowing people to get sick and then seeking to treat their illness rather trying to keep people healthy

in the first instance. As the data from each jurisdiction indicates, there is a substantial cost involved to engaging in that reactive approach.

Finally, the research demonstrates a series of metrics by and through which the effectiveness of low-income bill assistance can be measured. The question is partially, but not exclusively, one of uncollectibles (or write-offs). The question is, partially, but not exclusively, one of the dollar level of arrears, or one of the prevention of disconnections for nonpayment. The question is partially, but not exclusively, one of the aging of arrears. Addressing the structural inability-to-collect caused by excessive home energy burdens involves rendering a bill that can be sustainably paid by low-income customers in a complete, regular, timely, and unsolicited manner.

D. <u>Michigan Data Corroborating an Affordability Approach.</u>

Q. DOES CONSUMERS ENERGY CITE DATA FROM OTHER MICHIGAN UTILITIES TO ASSESS ITS OWN CUSTOMER BASE ON ISSUES SIMILAR TO THOSE WHICH YOU ARE ADDRESSING?

A. Yes. CECo was asked to provide information setting forth "the Company methodology, procedure or process designed to systematically review, study or assess the Company residential billing and/or payment records in an effort to: (a) characterize patterns of nonpayment; (b) identify the characteristics of nonpayers; (c) identify predictors of nonpayment; (d) identify strategies to reduce nonpayment; and (e) identify early indicators of nonpayment." (Ex MEC-41, MEC-CE-020). In response, CECo provided two reports prepared for DTE Energy evaluating Michigan's Energy Assistance Programs. (Ex MEC-

41, MEC-CE-020, ATT_1 (2016 study); ATT_2 (2018 study)). These reports use data from both energy and natural gas utilities, as well as data from utilities statewide in Michigan, to answer the questions posed (e.g., characterize patterns of nonpayment, identify characteristics of nonpayers, identify early indicators of nonpayment). The reports which CECo uses, in other words, do not involve exclusively CECo data.

Q. DO THE REPORTS WHICH CONSUMERS ENERGY CITES DOCUMENT ANY RELATIONSHIP BETWEEN HIGH ENERGY BURDENS AND THE INABILITY-TO-COLLECT AS YOU DISCUSS ABOVE?

A. Yes. CECo first relies upon the 2016 "Evaluation of the Michigan Energy Assistance Programs: Successes and Options for Improvement." (Ex MEC-41, 2016 study). In its description of "the need for energy assistance," that 2016 Evaluation relies upon home energy burdens (i.e., bills as a percentage of income) to describe that need. According to that 2016 Evaluation, in contrast to the 7 percent of income which the "average household" spends on its energy needs,[64] "for low-income households, energy expenditures can account for 13.2 percent of their income—double the average individual's burden." (2016 Evaluation, at 4, internal citation omitted). The 2016 Evaluation states that "[p]olicymakers at the federal and state level recognize that for many low-income households, energy costs represent a *sizeable portion of their income*, and that some households will need assistance to avoid falling behind or experiencing crisis." (*Id*., at 4) (emphasis added).

The 2016 Evaluation does not incorporate all of the metrics of "collectability" that I use in my testimony above. Nonetheless, the similarity between the 2016 Evaluation and "my"

[64] These numbers are from a 2016 report, which used data preceding 2016.

metrics is striking. "The two metrics with which grantees most clearly showed successes were 1) reducing the number of shutoffs and 2) paying bills on time." (*Id.*at 20). The 2016 Evaluation said that there is a need to gain "a more complete picture of whether the program is addressing longer-term, chronic energy bill payment issues." (*Id.*, at 23). "Clearer evidence" of achieving self-sufficiency in home energy, the 2016 Evaluation said, involves "instead of reporting that customers avoided one-time shutoff immediately upon receiving energy assistance, a more effective measure would be reporting that a customer continued to avoid shutoff or delinquency for the duration of the heating season or for the entire year." (*Id.*, at 21). The need is to be able to track "whether the program is successful in reducing the number of *successive* (emphasis in original) bill payment issues. . ." (*Id*., at 23).

Q. DID THE 2018 EVALUATION REPEAT THESE BASIC CONCLUSIONS?

A. Yes. CECo states that it also relied upon the 2018 "Evaluation of Michigan's Energy Assistance Programs: The Impacts of Energy Assistance Offerings for Low-Income Households." (Ex MEC-41, 2018 study). Also prepared for DTE Energy, that 2018 evaluation reported that "key metrics" it tracked included: (1) "changes in energy burdens per household (baseline and postparticipation)"; (2) "changes in arrearage level (baseline and postparticipation"; and (3) "changes in past-due and shutoff notifications as well as changes in the number of actual shutoffs that occur due to nonpayment." (*Id.*, at 20). In recommending that Michigan "realign program goals and funding," the 2018 Evaluation stated that "heating assistance[65] is meant to target the population with the lowest incomes

[65] "Heating assistance" was not used in contra-distinction to "non-heating assistance." Rather, the term "heating assistance" was used in contra-distinction to "crisis assistance." (2018 Evaluation, at 57).

who spend *the highest proportion of their income* on energy costs." (*Id.,* at 57) (emphasis added).

Q. WHY DO YOU DOCUMENT ABOVE THE LOW-INCOME PAYMENT PROBLEMS IN SUCH DETAIL?

A. My experience counsels that people often consider the fact that low-income customers have greater affordability problems than do non-low-income customers to be self-evident and, as a result, do not given the notion that these problems can be measured and quantified much additional thought. When viewed as self-evident, people fail to translate the inability-to-pay into the various manifestations of the inability-to-collect. Flowing from this failure is a reaction to the low-income affordability problem as though such unaffordability is a "social" problem. The correlative argument is that it is not the role of a public utility to address such a "social" problem. This approach fails to consider the resulting business problems associated with inability-to-pay and inability-to-collect.

My detailed discussion above confirms that an unaffordability problem viewed as an "inability-to-pay" from a social perspective is also an "inability-to-collect" from the utility's perspective. When seen as a utility's inability-to-collect the bills it is rendering for service, low-income unaffordability is not merely a social problem, it is a business problem which the utility needs to address in a sound business fashion.

Q. WHY DO YOU SO THOROUGHLY ESTABLISH THAT BILL UNAFFORDABILITY IS A BUSINESS PROBLEM FOR CONSUMERS ENERGY, GIVEN THAT THE COMPANY HAS ALREADY PROPOSED A LOW-INCOME BILL ASSISTANCE PROGRAM?

A. I recognize that CECo has proposed a limited bill assistance program in this proceeding. But my testimony above addresses not only "whether" there should be low-income bill assistance, but it addresses, also, "how" that low-income assistance should be structured and delivered. The CECo design is based on the simplistic notion of identifying low-income customers and giving those customers some level of financial aid. The CECo design is not related to addressing the business-related problems of the Company's inability-to-collect. Nor is the CECo design structured to address, or to remedy, those business problems. It is instead designed to provide assistance to people in need, without addressing the structural issues. The grant of assistance is not viewed as a means to improve collections, even though the two DTE studies, upon which CECo states it relies, both identify improved collections as a primary outcome.

PART 5. THE DEMONSTRATED BILL PAYMENT IMPACTS OF LOW-INCOME BILL ASSISTANCE

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I explain how an appropriately designed and targeted low-income bill assistance program can be expected to positively affect CECo's ability-to-collect from its low-income customers.

Q. DO YOU USE CONSUMERS ENERGY DATA IN THIS DISCUSSION?

A. No. CECo states that it does not collect data on the arrearages of its natural gas LIAC program. (MEC-CE-005(c)). ("The Company does have a regular reporting mechanism for arrears incurred by customers who receive gas LIAC.") Nor does CECo track data on credit and collection activities directed toward its natural gas LIAC program participants. (MEC-CE-005(d)). ("The Company does not track or keep reports for credit and collection activities directed towards customers who receive the gas LIAC.") Since the electric program is only being proposed in this proceeding, any impacts of a program similarly structured would need to be viewed from the corresponding natural gas program previously adopted.

Q. DOES APPROPRIATELY DESIGNED AND TARGETED BILL PAYMENT ASSISTANCE DIRECTED TOWARD LOW-INCOME CUSTOMERS HELPS REDUCE UTILITY COSTS?

A. Yes. The delivery of appropriately designed and targeted bill payment assistance to low-income customers not only yields social benefits to the participating customer, but also delivers a broad range of improvement in a utility's ability-to-collect. Accordingly, low-income bill payment assistance should be pursued as an important business tool in controlling system-wide utility costs that are ultimately included in rates to customers. Cost reductions commonly associated with low-income bill payment assistance include savings such as reduced bad debt, reduced working capital, reduced credit and collection expenses, and other savings.

A. <u>The Relationship between Effective Bill Assistance and Utility Costs</u>.

Q. HOW CAN BILL PAYMENT ASSISTANCE APPROPRIATELY TARGETED TO LOW-INCOME CUSTOMERS REDUCE COSTS TO THE UTILITY?

A. My discussion here is not intended to be an exhaustive list of how bill payment assistance targeted to low-income customers, all else equal, might reduce costs to the utility. This list, instead, is intended to be illustrative.

- If a low-income customer has an arrearage, the total "asked to pay" amount includes the unpaid arrears *<u>plus</u>* the bill for current service. To the extent that bill payment assistance reduces the bill for current service, more of the total payment by the customer will be available to apply to the retirement of arrears. By reducing the level of arrears, not only does CECo reduce its working capital requirement, it reduces its risk of bad debt (in the event that some portion of the arrears ultimately goes unpaid).

- To the extent that a customer has been unsuccessful on a payment plan, the arrearages subject to that payment plan are placed in jeopardy of ultimate nonpayment. By reducing the asked-to-pay amount for current service, particularly on a seasonal basis, given a constant payment, the ability of a low-income customer to successfully complete a payment plan would increase. As a result, CECo would reduce both its working capital requirement and its risk of loss due to bad debt.

- To the extent that CECo disconnects service to a low-income customer for nonpayment, reducing that customer's bills would make the reconnection of service more affordable. As a result, CECo would not only reduce its risk of loss due to bad debt, but it would also preserve its future stream of revenue from having the customer back on its system, and more likely to remain, with a more affordable bill.

- To the extent that a customer has enrolled in Budget Billing, but has been removed for nonpayment, there is evidence that even a levelized bill exceeds the capacity of a customer to pay. By combining bill payment assistance with Budget Billing targeted toward a low-income customer, this customer, who by his/her enrollment in Budget billing has evidenced a willingness to work with the Company to address potential payment difficulties, experiences a reduced levelized annual bill that is less likely to result in nonpayment. As a result,

CECo would experience a reduction in working capital requirements (both due to the level of arrears and due to the age of arrears) and a reduction in the risk of bad debt.

Q. WHY IS WORKING CAPITAL, RATHER THAN SIMPLY SHUTOFFS, AN IMPORTANT EXPENSE REDUCTION TO CONSIDER IN ASSESSING THE IMPACT OF APPROPRIATELY-TARGETED BILL ASSISTANCE?

A. Working capital reductions are important to consider for several reasons. First, working capital reductions arise even if there is merely a reduction in the level of arrears. Arrearages do not have to be eliminated entirely. If a low-income customer carries an arrearage of $100 rather than $300, there is a working capital reduction. Second, working capital reductions occur if bill payment is merely accelerated, even if the ultimate amount of payment is the same. If a low-income customer carries an arrears for one month rather than three months, even if at the end of three months the bill is completely paid either way, there has been a working capital reduction. Third, since working capital is a capital item, the inclusion of working capital carries an equity return with it. The impact of reducing either the dollar level of arrears (i.e, increasing the completeness of payment) or the number of days before a bill is paid (i.e., increasing the timeliness of payment), is more than the expense reduction itself. There is a return associated with it as well. Fourth, given the fact that there is a return associated with working capital, there will be a tax impact associated with the equity portion of the return. A dollar reduction in working capital, in other words, has more than a dollar reduction in rate impact. To the extent that an appropriately targeted low-income program has the impact of reducing the number of low-income customers in arrears, the dollars of arrears which low-income customers carry, or the length of time that

arrearages remain outstanding, there is a working capital reduction that redounds to the benefit of ratepayers in numerous ways.

Q. WHAT ARE YOUR GENERAL CONCLUSIONS ABOUT THE POTENTIAL COST SAVINGS TO CONSUMERS ENERGY FROM A BILL PAYMENT ASSISTANCE PROGRAM?

A. Cost reductions arise from reductions in arrears in at least the following ways. To the extent that CECo reduces the dollar level of arrears, the Company will experience expense savings. Second, to the extent that CECo reduces the amount of time a customer carries arrears, it will experience expense reductions. Third, to the extent that CECo reduces the credit and collection activity needed to pursue a bill payment, the Company will experience expense reductions. Expense reductions include, amongst other things, reduced bad debt, reduced working capital, and reduced credit and collection expenses. In addition, to the extent that CECo retains its customers against nonpayment disconnections, it preserves future sales and thus future revenue streams.[66]

B. <u>The Impacts of Effective Bill Assistance in Affecting Low-Income Payment Patterns.</u>

Q. PLEASE DESCRIBE THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I describe the demonstrated positive impacts that accrue to the benefit of a utility, and thus to its ratepayers, from offering appropriately designed and targeted bill payment assistance. Due to the unavailability of CECo-specific data, my

[66] A utility will also preserve future sales given that unaffordable energy contributes to a household's frequent mobility. Colton (1995). A Road Oft Taken: Unaffordable Home Energy Bills, Forced Mobility, and Childhood Education in Missouri. Accessible at: http://www.fsconline.com/downloads/Papers/1995%2001%20HD-START.pdf (last accessed April 28, 2020).

discussion below will focus on those impacts that have been identified and documented in other states.

Q. PLEASE DESCRIBE THE FIRST EXPECTED BUSINESS-RELATED IMPACT ARISING FROM AN APPROPRIATELY-DESIGNED LOW-INCOME BILL ASSISTANCE PROGRAM.

A. The first impact of a bill assistance program would be an increase in the bill payment coverage ratio by participating low-income consumers. The bill payment coverage ratio is the percentage of billed revenue actually paid by the customer. A customer who pays $90 of a $100 bill, for example, has a bill payment coverage ratio of 90%. Having a bill payment coverage ratio of more than 100% means the customer is not only paying his/her current bill, but is also retiring pre-existing arrears. Having a bill payment coverage ratio of less than 100% means that the customer is incurring additional arrears.

Q. PLEASE IDENTIFY EXAMPLES OF IMPROVED BILL PAYMENT COVERAGE RATIOS WHERE PUBLIC UTILITIES ADOPTED BILL AFFORDABILITY PROGRAMS.

A. Public utilities adopting bill affordability programs see a dramatic improvement in the bill payment coverage ratios of their low-income customers. For example, consider the Apprise, Inc. evaluation of the New Jersey Universal Service Fund.[67] That Apprise report shows the following for gas or electric customers (target affordable bill burden of 3%):

[67] APPRISE, INC. (2006). Impact Evaluation and Concurrent Process Evaluation of the New Jersey Universal Service Fund: Final Report, prepared for New Jersey Board of Public Utilities, available at: http://www.appriseinc.org/wp-content/uploads/2016/05/NJ-USF-2006.pdf (last accessed May 21, 2020).

Table 12. Distribution of Effective Coverage Rate by Net Energy Burden (gas or electric: 3%)

	Bill Payment Coverage Rate			
Burden	< 50%	50% - <90%	90% - <100%	100% or more
<2%	0.0%	2.7%	5.3%	92.0%
2% - 3%	0.0%	6.0%	11.5%	82.5%
3% - 4%	0.0%	10.0%	13.2%	76.9%
4% - 6%	0.0%	11.6%	16.6%	71.6%
6% - 8%	0.4%	16.6%	17.4%	65.6%
More than 8%	1.0%	25.6%	16.1%	57.4%

As can be seen in **Table 12** above, so long as the bill burden remained in the target range in New Jersey, from 94%[68] of low-income customers generated a bill payment coverage ratio of more than 90%. Indeed, between 82.5% and 92% of low-income program participants had a bill payment coverage ratio of 100% or more.

Similar results have arisen from the Pennsylvania bill affordability programs (called Customer Assistance Programs, or CAPs). Each year, the Pennsylvania PUC's Bureau of Consumer Services (BCS) collects and reports data[69] on the performance of that state's "universal service" programs.[70] The data collection allows policy-makers and utility service providers to compare the performance of low-income residential customers participating in the CAP programs of Pennsylvania utilities to "confirmed low-income" customers in general. In 2013, Pennsylvania utilities had 1.046 million confirmed low-

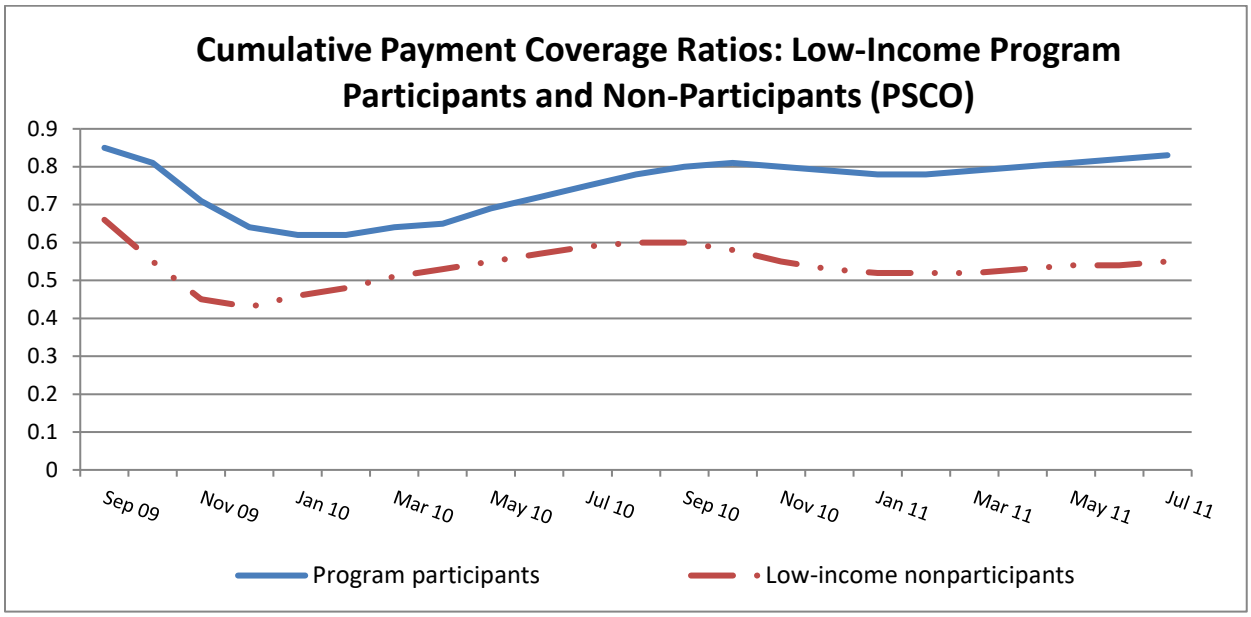
[68] 82.5% + 11.5%) to 97% (92% + 5.3%).
[69] See pages 76-77, supra, and accompanying notes.
[70] Pennsylvania defines its "universal service" programs to be those bill assistance and energy efficiency programs directed toward income-eligible customers designed to assist low-income customers pay their bills and retain utility service.

1 income customer accounts statewide.[71] The confirmed low-income accounts were heavily
2 payment-troubled in much the same fashion as CECo low-income customers are. Fifteen
3 percent had been disconnected for nonpayment, of which only 72% were reconnected.
4 More than 22% of all confirmed low-income accounts were in debt, with an average
5 monthly arrears of $656. Of those confirmed low-income accounts in arrears, fewer than
6 half were on payment agreements.
7
8 In contrast to these payment difficulties for confirmed low-income customers, the
9 participants in the low-income CAP programs (Pennsylvania's low-income bill assistance
10 program) had an average payment coverage ratio of 86%. Through their bill affordability
11 programs, in other words, Pennsylvania's utilities took extremely payment-troubled
12 confirmed low-income customers and structured a response where the utilities were
13 receiving nearly $9 of every $10 billed, a result that closely mirrors New Jersey.
14
15 Public Service Company of Colorado (PSCO) also experienced a dramatic increase in the
16 payment coverage of its low-income program participants.[72] The impact of the Colorado
17 low-income program can be seen in the Chart of payment coverage ratios (*i.e.*, customer
18 payments / billed revenue = payment coverage ratio) presented immediately below.
19 PSCO's bill assistance program participants substantially out-performed those PSCO low-

[71] Pennsylvania utilities "confirm" low-income status in a variety of ways, including but not limited to, the customer's receipt of federal fuel assistance and information provided through customer service processes such as negotiating payment plans.
[72] Colton (2012). Public Service Company of Colorado's (PSCO) Pilot Energy Assistance Program (PEAP) and Electric Assistance Program (EAP): 2011 Final Evaluation Report, prepared for PSCO: Denver (CO). http://www.fsconline.com/downloads/Papers/2012%2002%20Xcel_PEAP_Evaluation.pdf

income customers who received LIHEAP –called "LEAP" in Colorado--[73] but who did not participate in the bill assistance program.

As can be seen in the Chart below, by the end of the program pilot, the payment coverage ratio of participants in PSCO's low-income bill assistance program (83%) was nearly 30% higher than the payment coverage ratio of low-income customers not participating in the program (55%). Moreover, the cumulative payment coverage ratio of program participants was increasing throughout the term of the pilot. PSCO has since expanded its program into a full low-income bill assistance program.



A universal finding of programs offering affordable bills has been that low-income customers increase their payment coverage ratios. In contrast to the ongoing and substantial nonpayment problems faced by CECo, bill assistance participants would tend to pay their bills in a substantially more complete manner.

[73] Both "LIHEAP" (Low-Income Home Energy Assistance Program) and "LEAP" (Low-income Energy Assistance Program) refer to the federal energy assistance program in the United States.

Q. PLEASE DESCRIBE THE SECOND EXPECTED BUSINESS-RELATED IMPACT ARISING FROM AN APPROPRIATELY-DESIGNED LOW-INCOME BILL ASSISTANCE PROGRAM.

A. A utility bill assistance program can be expected to increase the productivity of utility collection efforts directed toward low-income customers. In essence, an affordable bill can be expected to improve the productivity of collection activities from two different but related perspectives. On the one hand, an affordable bill will affect how much revenue (outputs) is generated by each collection intervention. On the other hand, an affordable bill will affect how many collection activities (inputs) are needed to generate the revenue. A utility collects more money and devotes fewer resources to the process of collection.

Productivity is the ratio of the effort expended to the outcomes generated. The metrics used to measure collection efficiency are thus two-fold:

- The number of each collection activity per 1,000 customer payments (measured in number of payments without regard to the size of each individual payment); and

- The number of each collection activity per $1,000 in customer payments (measured in dollars of payments made).

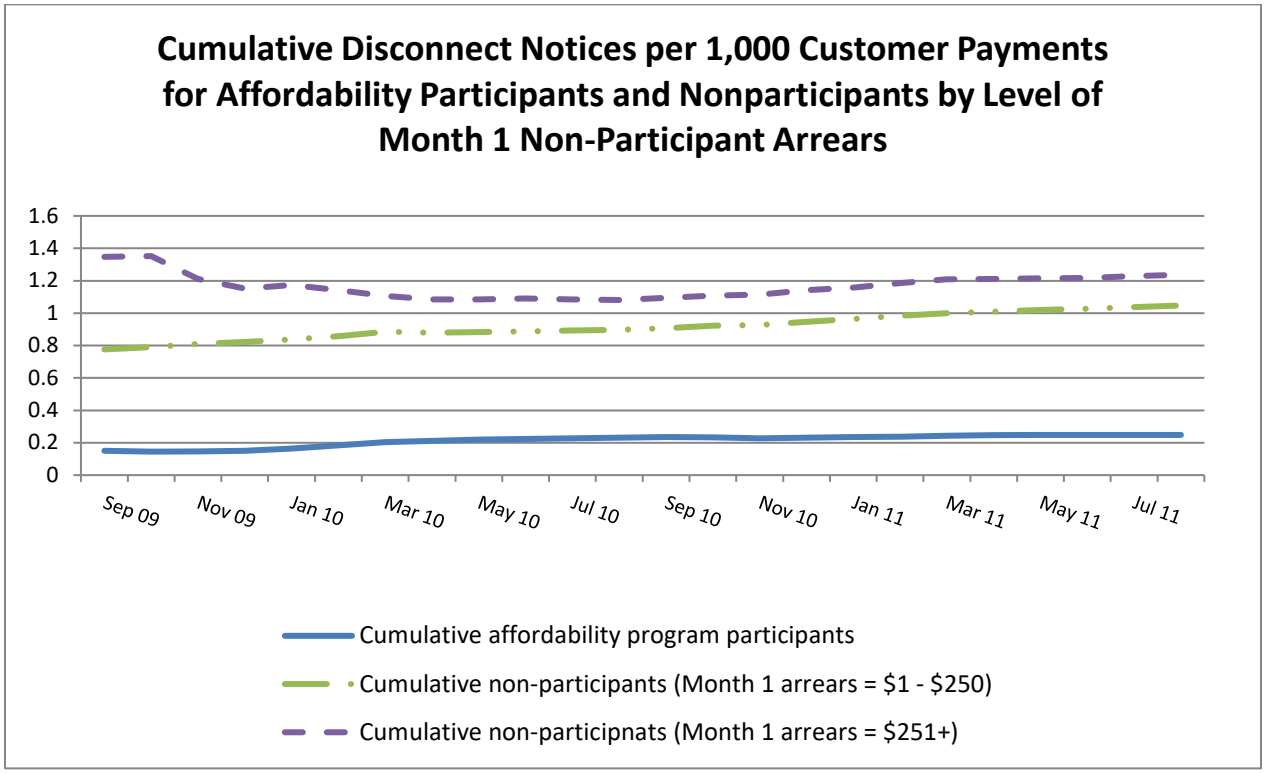
In both instances, a lower number is "better" than a higher number in that a lower number indicates less effort needed per outcome generated.[74]

[74] Engaging in four collection actions per each $1,000 in payments is "better" than engaging in seven collection activities per each $1,000 in payments.

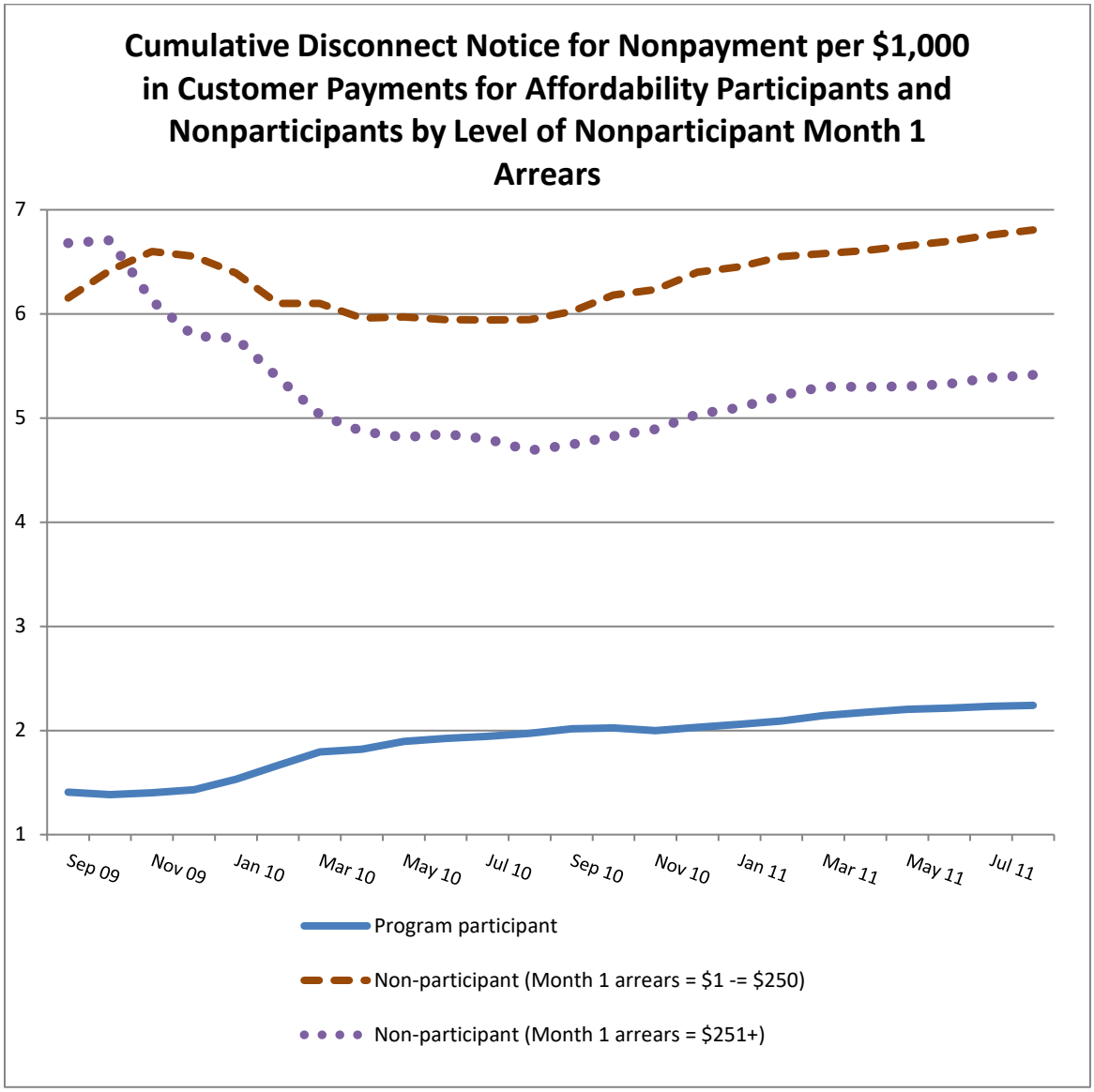
Q. PLEASE IDENTIFY EXAMPLES OF IMPROVED COLLECTION PRODUCTIVITY WHERE PUBLIC UTILITIES ADOPTED BILL AFFORDABILITY PROGRAMS.

A. The evaluation of PSCO's affordable bill program found that the collection activities that PSCO directed toward program participants were more productive at generating payments than the collection activities directed toward program non-participants. PSCO needed to engage in from three to five times more collection activities for each 1,000 customer payments it received from non-participants.[75] As shown in the Chart below, the Colorado evaluation found that low-income customers who were not program participants, on a cumulative basis over the 24-month study period, received more disconnect notices per 1,000 customer payments than did affordability program participants.

[75] As discussed in more detail above, this result might occur for one of two reasons. On the one hand, more PEAP participants might make payments without need of any disconnect notices being issued. On the other hand, more PEAP participants might respond to the receipt of a disconnect notice by making payments.



The results were the same when collections productivity was viewed in terms of dollars of payments rather than in terms of numbers of payments. In Colorado, participation in the affordability program reduced the reliance on disconnect notices as a collection activity. As shown in below, while program participants required between one (1) and two (2) disconnect notices for each $1,000 in customer payments, non-participants required between five (5) and seven (7) disconnect notices for the same level of payments.



In sum, based on both measures of productivity, overall, not only did PSCO collect more revenue from its affordability program participants per unit of collection effort, but the utility engaged in fewer collection activities to generate those payments.

Q. HOW DOES AN APPROPRIATELY-DESIGNED BILL ASSISTANCE PROGRAM AFFECT THE EXTENT TO WHICH LOW-INCOME CUSTOMERS MAKE PAYMENTS WITHOUT NEED OF ANY COLLECTION ACTIVITY DIRECTED TOWARD THEM?

A. Ultimately, the ideal circumstance for a utility is to receive payment without the need to resort to any collection activity in aid of that receipt. Affordable bills have been shown to improve payment performance in this respect.

When a utility issues a bill to a customer, that company seeks not simply full and timely payment of the bill, but seeks also the payment of the bill without need for collection activity to prompt the payment. For instance, the PSCO affordable bill program allowed the utility to reduce both the rate and intensity of the use of disconnection nonpayment notices ("DNP notice") as a collection activity. **Table 15** below presents information on both the incidence of DNP notices per account and the rate at which customers received DNP notices

PSCO's program participants received one-third the number of DNP notices (0.14/participant) that program non-participants received (0.42/participant). While the difference was narrower between program participants and non-participants having $0 in Month 1 arrears,[76] there still existed a significant drop in the number of DNP notices per account (0.14/participant compared to 0.36/non-participant with $0 in Month 1 arrears). In contrast, non-participants having a positive level of arrears in Month 1 of the study period had a rate of receiving DNP notices higher than those accounts with $0 of Month 1 arrears (roughly 0.50). In this Table, Line 1 presents the number of disconnection notices per

[76] Simply because an account had $0 in arrears in Month 1 did not mean that it would continue to have $0 in arrears throughout the program. One reason the evaluation disaggregated the population by the Month 1 arrears was to determine whether that history of payment or nonpayment would have an effect on program outcomes over time.

1 account. In contrast, Line 2 presents the number of disconnection notices received by an
2 account receiving a disconnection notice.

Table 15. Incidence of Disconnect Notices by Program Participants and Non-Participants

	Participants	Non-Participants by Month 1 Arrears		
		$0	$1 - $250	$251+
Average no. of DNP notices per account /a/	0.14	0.36	0.51	0.52
Average no. of DNP notices per account receiving a DNP notice	5.7	6.9	9.4	9.4

NOTES:

/a/ DNP = disconnect non-payment.

3
4 Aside from the absolute incidence of DNP notices, the program participant population
5 experienced a much less intense use of DNP notices. **Table 12** above also presents the
6 number of DNP notices issued over the 24-month study period for each account having
7 received a DNP notice. Program participants received far fewer notices as compared to
8 non-participants. Of accounts receiving a DNP notice, program participants received fewer
9 than six (6) notices over the 24-month period. In contrast, of accounts receiving a DNP
10 notice, non-participants with a Month 1 arrears greater than $0 received more than nine
11 (9), while non-participants with a $0 Month 1 arrears received roughly seven (7).
12
13 As can be seen, even at the same time that an affordable bill improves the efficiency of
14 collection activities, the affordable bill also decreases the need to use collection activity at
15 all to generate payments from low-income customers.

Q. PLEASE DESCRIBE THE THIRD EXPECTED BUSINESS-RELATED IMPACT ARISING FROM AN APPROPRIATELY-DESIGNED LOW-INCOME BILL ASSISTANCE PROGRAM.

A. By addressing the underlying inability-to-pay utility bills, an appropriately designed and targeted low-income bill assistance program can be expected to increase not only the productivity of collection efforts (as I describe immediately above), but it can also be expected to increase the long-term success of collection efforts as well. It would be unreasonable to expect a low-income affordable bill program to totally eliminate the need for all collections efforts directed toward program participants. Even non-low-income residential customers have some collection effort directed toward them. However, an affordable bill can be expected to increase the success of those collection efforts that are needed.

Q. HOW IS "LONG-TERM SUCCESS" IN THIS REGARD MEASURED?

A. A "successful" (or "effective") collection activity is measured not merely by the extent to which customers make payments in the month in which the collection activity occurs, but also over a period of time immediately subsequent to that collection activity.[77] A collection activity that generates a payment in the month of the activity, only to see the customer fall back into a pattern of nonpayment in the immediate subsequent months is less "effective" (or "successful") than a collection activity that generates a series of more timely (or more complete) payments over a period of months.

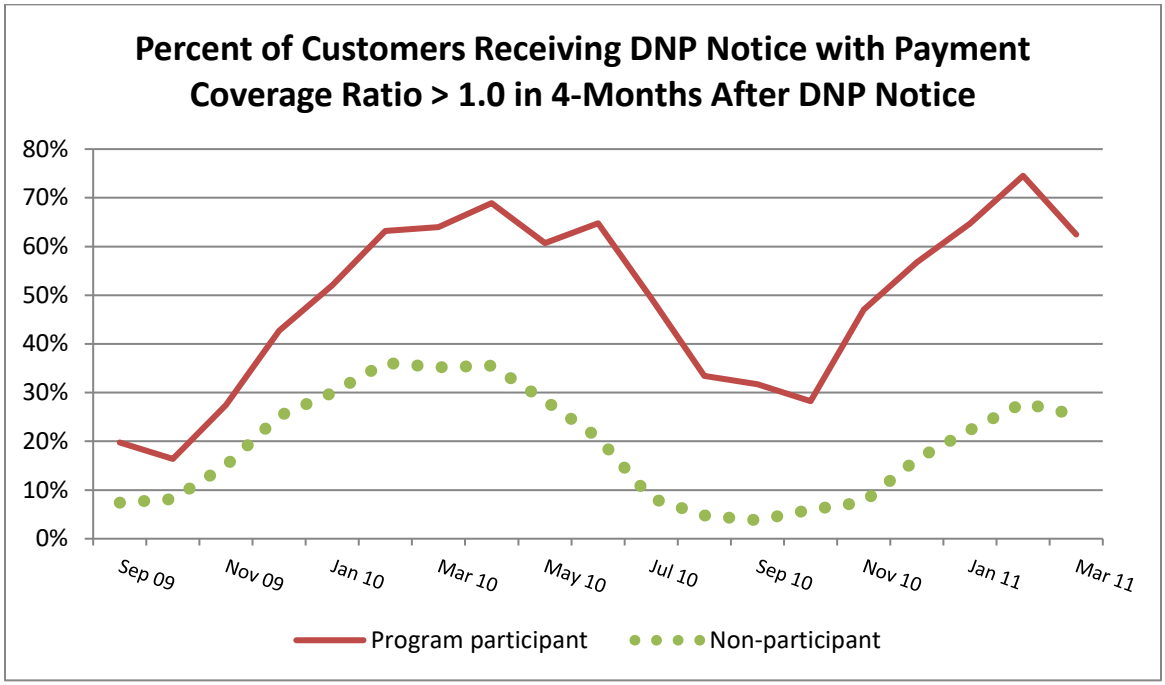
[77] Both the 2016 study and the 2018 study, previously discussed (Ex MEC-41, seepages 78-82, supra, and accompanying notes) present this sustained success as one objective of energy assistance.

The PSCO program evaluation measured the success of collection efforts for low-income customers participating in that company's affordable bill program as compared to the success of collection efforts directed toward low-income customers *not* participating in the bill assistance program. The data examined the percentage of accounts receiving disconnect notices that have a customer payment coverage ratio of more than 1.0 in the ensuing four months. In this inquiry, a higher number is "more effective" while a lower number is "less effective." A higher number indicates that more accounts having received a disconnect notice made payments equal to a higher proportion of their bill for current usage in the four months immediately following receipt of a disconnect notice.

The data presented in the Chart below examines the proportion of customers having received a DNP notice who made payments equal to or more than 100% of their current bill. The percentage of program participants with a payment coverage ratio of more than 1.0 is consistently higher than the proportion of non-participants doing so. A payment coverage ratio of greater than 1.0 means that the customer is paying more than his/her bill for current usage. That customer, in other words, is completely paying his/her bill for current usage and making some payment toward the arrears that was the reason for issuing the disconnect notice in the first instance.

As can be seen, the payment performance for participants in the low-income program improved over time, while the payment performance of low-income customers not participating in the low-income program did not. In this Chart, the population is limited to customers who received a disconnect notice for nonpayment. The payment coverage ratio

examined the ratio of dollars of payments made in the four months after receiving a disconnect notice to the dollars of bills received in the four months after receiving a disconnect notice. The Chart shows that three times more program participants were paying their entire bill for current service plus something toward their arrears than were program non-participants.



Q. DO YOU EXPECT ANY OTHER BUSINESS-RELATED IMPACTS TO RESULT FROM AN APPROPRIATELY-DESIGNED LOW-INCOME BILL PAYMENT ASSISTANCE PROGRAM?

A. One clear impact of an appropriately designed low-income bill assistance program is the extent to which such a program will improve the "price signals" delivered to inability-to-pay customers through utility bills.

Q. HOW DOES A UTILITY IMPROVE PRICE SIGNALS BY REDUCING BILLS TO LOW-INCOME CUSTOMERS?

A. As a general rule, energy bills represent an ineffective means to send price signals to low-income customers. As I describe in detail above, low-income customers, particularly customers with energy burdens exceeding a prescribed level, pay less than their entire bill. As a result, low-income customers' inability-to-pay for utility service substantially distorts the price signal the consumer receives.

The viability of sending a price signal assumes that the customer has the ability to receive and to act upon the signal.[78] If a customer has an ability to pay $50 per month, in other words, the price signal sent to a customer by receiving a bill of $85 rather than $75 is negligible, if any signal exists at all. In contrast, the price signal received through a bill for $49 rather than a bill for $55 is more significant. The closer that CECo can tailor bills to reflect affordability, the more efficacious any price signal will be. A low-income discount program that reduces bills to an affordable level actually improves the price signaling of utility rates.

[78] From an economic theory perspective, it is easy to understand this result. From a price theory perspective, price signals "work" only if there is adequate information about price and quality. The inability-to-pay, and the resulting arrears, impedes this information process. By improving this information process, while maintaining the task of reflecting increases and decreases in a bill, the bill assistance program improves rather than distorts the price signal. See generally, Colton (1990). "Customer Consumption Patterns within an Income-Based Energy Assistance Program." 24 Journal of Economic Issues 1079.

Q. WHY DOES INABILITY-TO-PAY ATTRIBUTABLE TO UNAFFORDABLE BILLS IMPEDE PRICE SIGNALS?

A. Without an affordable bill, attempting to provide a price signal to low-income customers through a utility bill is impeded in two ways.

- First, the price signal provided through the price of current consumption is only effective if a customer has the ability to receive and respond to that price signal. When a customer can afford to pay only a fraction of the bill, the impact of the per-unit price becomes less meaningful.

- Second, the impact that the price of current consumption has on the total bill is diluted to the extent that there are substantial arrears wrapped into the total bill. Prices only send a "price signal" if the current bill and the total bill are reasonably the same.

Given these two fundamental observations, the extent to which an affordable bill program improves price signals can be examined, as described below.

Q. TO WHAT EXTENT MAY AN APPROPRIATELY-DESIGNED BILL AFFORDABILITY PROGRAM BETTER ALIGN ACTUAL BILLS WITH AFFORDABLE BILLS AND SEND MORE EFFECTIVE PRICE SIGNALS?

A. I will address the seven electric utilities[79] offering affordable bills in Pennsylvania immediately below. **Table 14** below shows the average bill for current consumption under standard residential rates; the affordable bill; and the "CAP credit" (*i.e.*, the difference between the affordable bill and the bill at standard residential rates).

[79] Duquesne Light, Metropolitan Edison, PECO Energy, Pennsylvania Electric Company (Penelec), Penn Power Company, Pennsylvania Power and Light (PPL), and West Penn Power Company.

Table 14. Impact of Affordable Bills on Utility Price Signals

Program Year: 2013	Bill at Standard Rate	Bill under Affordability Program	Difference Between Actual Bill and Bill at which Price Signal Received
Duquesne Light	$1,267	$924	$343
Met Ed	$1,452	$684	$768
PECO Energy	$1,393	$828	$565
Pennelec	$1,205	$552	$653
Penn Power	$1,123	$468	$655
PPL Utilities	$1,982	$948	$1,034
West Penn Power	$1,356	$1,020	$336

As can be seen, a change in the bill at standard residential rates would have no impact on sending a "price signal" to these inability-to-pay customers. The annual bills at standard residential rates are hundreds of dollars away from being at a level where a change would send any reasonable price information to the program participants. The bills at standard rates range between 30% and 140% greater than the bill level which delivers effective information. In contrast, with 90% (or more) of the bill under CAP actually being paid, any change in price (or consumption) that may affect the bill under the affordability program will have an impact on whether the bill is paid, or whether the bill remains unpaid. As a result, the effectiveness of price signals is enhanced.

Q. DO INCOME-BASED PROGRAMS SEND AN INAPPROPRIATE PRICE SIGNAL WITH A RESULTING INCREASE IN USAGE?

A. No. The suggestion that affordable bills have an adverse impact on the "price signals" sent by utility bills is not well-founded. Not only are such arguments not grounded in fact,[80] but they are not well-grounded in sound economic price theory either. Rather than impeding price signals, entirely consistent with price theory, utility bill assistance programs have been found to improve the price signals embedded in utility rates.

Q. WHAT DO YOU CONCLUDE WITH RESPECT TO THE BENEFITS OF AN APPROPRIATELY DESIGNED BILL PAYMENT ASSISTANCE PROGRAM?

A. Each of the impacts that I have identified above, again the discussion of which is intended to be illustrative and not exhaustive, represents a financial benefit of a bill payment assistance program to CECo and to its customers. Given the extent of these potential expense reductions to CECo, the benefits of the low-income program create a justification for the recommendations I make regarding the structure, funding, and term of an extended and expanded program as I propose below.

[80] Not one single evaluation in over a 25 year period has found that a low-income program resulted in a systematic increase in customer usage.

PART 6. MODIFYING THE CONSUMERS ENERGY LOW-INCOME BILL ASSISTANCE PROGRAM.

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I present a series of modifications that CECo should implement with respect to its offer of low-income bill assistance. These recommendations take three forms:

- First, I present my recommendations on the long-term restructuring of CECo's low-income bill assistance. These modifications result in an appropriately designed and targeted bill assistance effort.
- Second, I present a set of recommendations that can and should be adopted even as part of CECo's proposed LIAC. This second set of recommendations should, however, also be carried forward into the long-term restructured CECo bill assistance program.
- Finally, I present a set of recommendations on how CECo's proposed (LIAC) low-income bill assistance should be modified and adopted in this proceeding. These short-term recommendations should be adopted even recognizing that, in the long-term, I recommend that LIAC be replaced with an appropriately designed and targeted long-term program.

A. The Long-Term Structure of CECo Low-Income Bill Assistance.

Q. PLEASE EXPLAIN THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I recommend a fixed-payment percentage of income payment plan (PIPP) for Consumers Energy. Adoption of a PIPP is necessary to achieve the purposes and objectives or offering such bill assistance in the first instance. A PIPP is

a program design that has been adopted in a variety of states (e.g., Maine, New Jersey, Pennsylvania, Ohio, Illinois, Colorado). Irrespective of what percentage of income is deemed to be appropriate, the fundamental structure of each program involves setting the utility bill equal to a percentage of the customer's gross annual household income.

Q. HOW DO PIPPS WORK?

A. Percentage of income burdens are determined on an annual basis. Payments are determined on an individual customer basis. The "net shortfall" between the bill at standard residential rates and the percentage of income PIPP bill is recovered from other ratepayers.[81] In addition, the program should include an arrearage management element to it, as I will describe in more detail below, Accordingly, CECo would not only be providing affordable bills for current service going forward, it would also be addressing the backlog of debt that people already have.

To illustrate, let me assume that a customer has an annual income of $8,000 and that CECos has defined an "affordable bill" to be a bill representing six percent (6%) of income for the total energy bill (3% for electricity standing alone).[82] This hypothetical customer has a bill of $1,200 at standard residential rates. The customer's affordable payment would be set equal to $240 ($8,000 x 0.03 = $240). The "gross shortfall" would thus be $960 ($1,200 - $240 = $960). If the bill increases above $1,200, the shortfall grows; if the bill decreases

[81] The "gross shortfall" cannot be used as a synonym for "program cost." The gross shortfall is the absolute difference between the discounted bill and the bill at standard residential rates. Calculating the gross shortfall assumes that the entire bill would have been paid in the absence of the program, an assumption we know, from my extensive discussion above, to be in error. Determining the mechanism for distinguishing between the net shortfall recovered in rates is subject to a determination through the stakeholder process I describe below.

[82] A 6% burden is my recommended definition of an affordable total home energy burden. See, notes 2 - 8, supra, and accompanying text.

below $1,200, the shortfall shrinks. As can be seen, the "fixed payment PIPP" is demarcated by the fact that the customer payment is held constant (at $240 in this hypothetical), not the customer bill.

One primary advantage of the PIPP is that it provides that amount of assistance, but only that amount of assistance, needed to render a low-income bill affordable. Unlike the RIA and the proposed LIAC which both, as I discuss above, pay "too much" in many instances and pay "too little" in many instances, the PIPP is narrowly targeted so that the expenditure of funds on bill assistance is appropriately geared toward generating the objective (improved ability-to-collect) sought through the program. A second advantage of the PIPP is that it explicitly takes affordability into account and sets annual bills at a level that will maximize the non-participant benefits arising from the improved affordability.

Q. HOW DOES THAT DIFFER FROM RIA CREDITS AND/OR THE LIAC PROGRAM?

A. A fixed-payment PIPP differs from both the existing RIA program, and the proposed LIAC program, in the following ways.

First, based on the principle that ratepayer-funded bill assistance programs should not be designed to give money to low-income customers simply because they are low-income, an immediate difference becomes evident. As I document in some detail above, there is no effort to tie the distribution of funds through RIA or LIAC to achieving an appropriate utility objective. As I document, many customers now receive RIA benefits, and will receive LIAC benefits, paid for by other ratepayers, even though those recipients have no

need for the financial assistance in order to receive an affordable bill. That would not occur under a fixed-payment PIPP.

Second, based again on the principle that the objective of a ratepayer-funded bill assistance program is to achieve affordability in order not simply to address the customers' inability-to-pay, but also to address the Company's inability-to-collect, the difference between the fixed-payment PIPP and the uniform bill credits provided through RIA and LIAC becomes evident. Under both the RIA and the proposed LIAC, at the same time the Company is significantly under-paying many customers, it is significantly over-paying other customers. In both instances (under-payment, over-payment), the Company is spending money that does not contribute to achieving the objective of the distribution of bill assistance in the first place. In the first instance (under-payment), the Company is not spending enough to achieve its objective. Given that bills remain unaffordable even after receiving the RIA or LIAC benefits, there is still an inability-to-collect. In the second instance (over-payment), the Company is spending more than is needed to achieve its objective. Given that bills would have been affordable even in the absence of the full benefit, the Company is spending money with no resulting improvement in the ability-to-collect. In both instances, the expenditures are ineffective and inefficient as a mechanism by which to address the Company's inability-to-collect.

Finally, the distributional differences should not be ignored. Under the existing RIA and the proposed LIAC, the Company is proposing to take funds from non-participating ratepayers and give those funds to some customers who do not need the funds in order to

receive an affordable bill. Moreover, also from a distributional perspective, under the existing RIA and the proposed LIAC, at the same time the Company is giving less than is needed to achieve an affordable bill to some low-income customers, it is giving more than is needed to achieve an affordable bill to other low-income customers.

In sum, the way in which a fixed payment PIPP differs from both the existing RIA and the proposed LIAC program is that a fixed-payment PIPP narrowly targets the distribution of bill payment assistance to achieve affordable bills and therefore to also achieve a utility-related business objective, to address the Company's inability-to-collect attributable to an inability-to-pay.

Q. WHAT IS THE COST OF ADMINISERING A FIXED PAYMENT PIPP?

A. Operating a bill affordability program for a public utility, of course, cannot occur without incurring some level of administrative costs. Such costs, however, need to be divided into two categories: (1) the Gross Incremental Administrative Costs; and (2) the Net Incremental Administrative Costs.[83] The Gross Incremental Administrative Costs represent the total new costs of administering the affordable rate. These Gross Incremental Administrative Costs include expenses on activities such as outreach, intake, income verification, and annual recertification of eligibility. Pennsylvania's gas and electric utilities, which have offered affordable rates for 20+ years, provide good insights into the additional costs associated with administering such an initiative. According to the Pennsylvania Public Utility Commission's Bureau of Consumer Services ("BCS"), which

[83] "Incremental costs" are those cost that would not have been occurred but for the implementation of the program. For example, if existing customer service staff are used for outreach and/or intake purposes, the costs of that staff would not be costs incremental to implementation of the program.

1 oversees the affordability initiatives, the Gross Incremental Administrative Costs for that
2 state's gas and electric utilities range from four percent (4%) to seven percent (7%) a year
3 as shown in **Table 16** below.
4

Table 16. Gross Administrative Costs: Pennsylvania Customer Assistance Programs ("CAPs")
Gas and Electric Utilities (2015 – 2017) (statewide weighted average)[84]

	2015	2016	2017
Electric	4%	5%	5.9%
Natural gas	5%	7%	6.3%

5
6 Ohio is another state where gas and electric utilities have offered income-based affordable
7 rates for an extended period of time. Ohio adopted its "percentage of income payment
8 program" ("PIPP") in the mid-1980s. According to the Public Utilities Commission of
9 Ohio ("PUCO"), the costs of administering the Ohio PIPP are somewhat lower than the
10 costs of administering the Pennsylvania CAPs. The statewide administrative costs as
11 reported by PUCO are set forth in **Table 17** below. Unlike the Pennsylvania utilities,
12 Ohio's utilities operate their income-based affordable rates with an administrative cost of
13 between two percent (2%) and four percent (4%). These reported Ohio costs, too, represent
14 gross administrative costs.

[84] Pennsylvania PUC, Bureau of Consumer Services. Report on Universal Service Programs and Collections Performance (2017: page 59; 2016, page 58) (prior to 2017, Gross Administrative Costs were only reported in whole percentages.)

Table 17. Percentage of Income Payment Plan Gross Administrative Costs (Public Utilities Commission of Ohio) (PUCO)

	FY 10-11	FY 11-12	FY12-13	FY13-14	FY14-15	FY16 (budgeted)
Percent	2.86%	3.70%	2.79%	2.50%	1.77%	2.99%

Finally, New Jersey operates a fixed-payment PIPP, based on a 6% affordability definition,[85] for its regulated natural gas and electric utilities. As in Ohio, the budget for the program, called the Universal Service Fund ("USF"), is presented to, and approved by, the state utility commission (the New Jersey Board of Public Utilities, "BPU") on an annual basis. **Table 18** below sets forth, for the past two complete years (2017/2018, 2018/2019) the calculation of the USF Rider approved by the New Jersey BPU. The dollar costs included in the Table below include the estimated utility costs for the program year. In reviewing the Table, one must also remember that the Table sets forth only those benefits that are above and beyond the LIHEAP benefits which are used to assist New Jersey's low-income utility customers to achieve the six percent home energy burden deemed to be affordable. I do not present **Table 18** to support a cost calculation for a fixed-payment PIPP for CECo. Instead, I present it to demonstrate the New Jersey administrative costs for a fixed-payment PIPP.

[85] Remember, I recommend defining an "affordable burden" to be 6% of income for total home energy bills for CECo as well. For the reasons I explain earlier in my testimony, I allocate that 6% burden between gas and electricity on a 50%/50% basis. See pages 10-11, supra, and accompanying notes. New Jersey, too, uses a 6% total energy burden, split 3% for electricity and 3% for natural gas (6% for all-electric).

Table 18. USF Rate Calculations

	2017/2018[86]			2018/2019[87]		
	Total	Gas	Electric	Total	Gas	Electric
Administrative costs – DCA	$ 6,513,613	$ 990,019	$ 5,523,694	$ 6,400,005	$1,095,681	$5,304,324
Administrative costs -- Utility	$3,069	$2,536	$533	$1,613	$1,787	($174)
Estimate of Benefits	$125,602,488	$19,090,617	$106,511,871	$114,680,939	$19,633,923	$95,047,016
Fresh Start Cost Estimate[88]	$5,314,463	$1,575,439	$3,739,024	$4,646,501	$1,333,037	$3,313,464
Total program projections	$137,433,633	$21,658,611	$115,775,022	$125,729,058	$22,064,428	$103,664,630
Administrative costs as % of program costs	4.7%	4.6%	4.8%	5.1%	5.0%	5.1%

As can be seen, New Jersey's costs reflect the experience of the other two fixed-payment PIPPs that are based on ratepayer funds. The annual administrative costs in both the 2017/2018 and 2018/2019 program years were roughly 5% of total program costs.

Q. HOW DOES THE COST OF OPERATING A FIXED-PAYMENT PIPP COMPARE TO THE COST OF DISTRIBUTING LIHEAP FUNDS IN MICHIGAN?

A. In all three instances (New Jersey, Pennsylvania, Ohio), it should be noted, the operation of these PIPPs is undertaken with administrative costs that are substantially lower than the cost of administering Michigan's LIHEAP program. According to Michigan's LIHEAP State Plan for the program year October 1, 2019 through September 30, 2020, the "administrative and planning costs" are budgeted at 10% of total program costs.[89] This

[86] In the Matter of the 2017/2018 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor within the Societal Benefits Charge, Docket No. ER17060676, Order Approving Interim USF Rates and Lifeline Rates, Exhibit A, September 22, 2017.

[87] In the Matter of the 2018/2019 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor within the Societal Benefits Charge, Docket No. ER18060661, Order Approving Interim USF Rates and Lifeline Rates, Exhibit A, September 17, 2018.

[88] "Fresh Start" is New Jersey's arrearage forgiveness component to its USF.

[89] Detailed Model Plan (LIHEAP), Michigan, at 4. Available at https://www.michigan.gov/documents/mdhhs/LIHEAP_State_Plan_FY20_662377_7.pdf (last accessed May 7, 2020).

observation, I note, is not a criticism of the expense of administering LIHEAP in Michigan. It is, instead, simply to note that the complexity and expense of administering a fixed-payment PIPP is not excessive.

Q. PLEASE EXPLAIN THE NET INCREMENTAL ADMINISTRATIVE COSTS YOU REFERENCE.

A. The Gross Incremental Administrative Costs are to be contrasted with Net Incremental Administrative Costs. For a cost to be "incremental," it must be an expense that would not have been incurred in the absence of the affordable rate. For a cost to be "net," it must represent increased expenses net of increased expense reductions. For example, if CECo devotes staff time or other resources to outreach for RIA and/or LIAC, devoting that same staff time or resources to outreach for PIPP would not be a new or "incremental" cost.

In this regard, the recovery of Net Incremental Administrative Costs are just like any other utility expenditure. In mandating that state's CAPs, for example, the Pennsylvania PUC stated in its "CAP Policy Statement":

> In evaluating utility CAPs for ratemaking purposes, the Commission will consider both revenue and expense impacts. Revenue impact considerations include a comparison between the amount of revenue collected from CAP participants prior to and during their enrollment in the CAP. CAP expense impacts include both the expenses associated with operating the CAPs as well as the potential decrease of customary utility operating expenses. . .When making CAP-related expense adjustments and projections, utilities should indicate whether a customer's participation in a CAP produced an immediate reduction in customary utility expenses and a reduction in future customary expenses pertaining to that account.[90]

[90] Pennsylvania PUC, CAP Policy Statement, Section 69.266, 52 Pa. Code § 69.266 (Supp. 389, April 2007).

If CECo devotes administrative costs to PIPP, for example, but the resources it devotes to credit and collection are reduced, the net cost of PIPP should recognize that expense reduction.

Q. HAVE YOU CALCULATED A NET ADMINISTRATIVE COST FOR CONSUMERS ENERGY?

A. No. The proper place to calculate a net administrative cost for a fixed-payment PIPP for Consumers Energy is in its next base rate case. The cost-savings generated by a fixed-payment PIPP are neither known, nor measurable, on a forecasted basis. However, the low-income payment difficulties I document in such detail in my testimony above are not completely cost-free to the utility. Addressing those payment problems and improving the Company's ability-to-collect would generate expense reductions to the utility. The Net Incremental Administrative Cost for Consumers Energy will be less than the Gross Incremental Administrative Cost.

Q. WHAT DO YOU CONCLUDE ABOUT THE COST OF ADMINISTERING A FIXED-PAYMENT PIPP BILL ASSISTANCE?

A. The lesson to be learned from New Jersey, Pennsylvania and Ohio is that the operation of an affordable rate is not cost-free. However, in recognizing that lesson, the potential administrative costs of offering an affordable rate should not be over-stated. Not only are the Gross Incremental Administrative Costs of offering an affordable rate reasonable (in the range of 2% to 7% of total program costs), the utility would also experience cost reductions. Accordingly, Net Incremental Administrative Costs would be less than Gross Incremental Administrative Costs.

Q. IS THERE A NEED TO MAKE A DISTINCTION BETWEEN "GROSS" AND "NET" COSTS WHEN RECOVERING ANY REVENUE SHORTFALL?

A. Yes. While the distinction between "gross shortfall" and "net shortfall" does not turn on offsetting expense reductions, there is nonetheless a distinction. The "gross shortfall" is the total shortfall between bills at discounted rates and bills at standard residential rates. The gross shortfall, however, assumes that 100% of the bill at standard residential rates would have been collected in the absence of providing the discount. Based upon my extensive discussion above, that is objectively not accurate. The net shortfall that should be collected in rates should be limited to the difference between the bills at discounted rates and the bills that would have been collected in the absence of the discount at standard residential rates. That portion of low-income bills that would not have been collected, even if no discount existed, should not be collected as part of the shortfall created by the program. That shortfall already exists and is already included in rates. That shortfall should be determined by using the uncollectable rate for identified low-income customers as that portion of billings (in dollars) that has not been collected and is, accordingly, already in rates.[91]

Q. PLEASE EXPLAIN THE PROCESS THROUGH WHICH CONSUMERS ENERGY SHOULD DEVELOP AND IMPLEMENT A FIXED-PAYMENT PIPP.

A. Consumers Energy should immediately convene a workgroup of internal and external stakeholders to begin a transition to a fixed-payment PIPP as explained above. The internal stakeholders will be charged with developing the transition plan for CECo processes

[91] Details regarding developing this offset should be assigned to the stakeholder working committee that I recommend. For example, whether the offset is the most recent annual average, a rolling-average for a period of years to be determined, or some other figure is the type of detail that should be addressed by that working group.

involving billing and data collection as well as other customer service processes. These internal processes include not only business procedures, but changes, if any, required in information technology and staffing as well.

The workgroup that includes external stakeholders should address issues such as outreach, income verification, and enrollment. There is, for example, reason to believe that CECo might not be best positioned to use internal staff to engage in intake and enrollment. Not only would CECo not know who its low-income customers are to pursue enrollment in the fixed-payment PIPP, but, in addition, internal utility staff are generally neither trained for, nor qualified for, tasks such an income verification and enrollment. This stakeholder group, for example, would be charged with deciding whether to adopt procedures such as the fixed-payment PIPPs in Ohio and New Jersey, which primarily rely on the state LIHEAP program to perform income verification and enrollment; whether it would instead prefer to adopt procedures such as the fixed-payment PIPPs in Pennsylvania and Illinois, which primarily rely on contracting with local Community Action Agencies (CAAs) or similar Community-Based Organizations (CBOs); or whether to newly design a procedure unique to Michigan.

I recommend that CECo be provided a design time of 18 months to develop and implement the transition to a fixed-payment PIPP.

Q. PLEASE SUMMARIZE THE LONG-TERM RECOMMENDATION YOU MAKE FOR AN APPROPRIATELY DESIGNED LOW-INCOME BILL ASSISTANCE PROGRAM.

A. I recommend that CECo be directed to develop an income-based fixed-payment PIPP through which to distribute low-income bill assistance. I recommend that CECo be directed to form a working group of internal and external stakeholders to develop a final design and implementation plan for that fixed-payment PIPP. I recommend that the definition of "affordable" be set at 6% of gross annual income for total home energy. The allocation of that 6% between heating and non-heating (*i.e.*, gas and electric) service should be assigned as one task of the work group.

B. Two Immediate Modifications to CECO's Low-Income Bill Assistance.

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I explain two immediate steps that CECo should take to modify its low-income bill assistance program to present an effective and efficient Company response to its inability-to-collect from its low-income customers. These two steps forward should be taken as an immediate move toward establishing an effective and efficient long-term assistance program. These two steps can be incorporated into the proposed LIAC program pending the development of the long-term fixed-payment PIPP. The modifications should then be carried forward into the fixed-payment PIPP.

i. <u>Adoption of an Arrearage Management Program.</u>

Q. PLEASE EXPLAIN THE FIRST IMMEDIATE MODIFICATION THAT CECO SHOULD ADOPT.

A. CECo should implement an arrearage management program. An implementation plan for arrearage management should be developed and presented to the Michigan Commission within six months of a Final Order in this proceeding. I recommend as good management practice that CECo develop its arrearage management program in collaboration with low-income stakeholders such that stakeholder input can be received and incorporated prior to the presentation of an implementation plan to the Commission.

Q. PLEASE EXPLAIN HOW AN ARREARAGE MANAGEMENT PROGRAM OPERATES.

A. An arrearage management program is structured so that those arrearages that exist at the time a customer begins the AMP are frozen at the time the customer enters the AMP. "Freezing" an arrearage means two things: (1) the level of arrears subject to the AMP will not increase once the customer enters the program; and (2) the Company shall take no collection activity based on that frozen arrearage so long as the customer remains active in the AMP. Having frozen the pre-existing arrearage, through the AMP, for each complete payment made by an AMP program participant, the Company will apply a bill credit that will pro rata reduce any pre-existing arrears to $0 over a reasonable planning horizon (I recommend a 24-month period). For each complete payment, in other words, the pre-existing arrearage (i.e., that arrearage which existed at the time a person enrolled in the AMP) will be reduced by 1/24th of the initial amount. After 24 complete payments, the pre-existing arrearage balance would be reduced to $0. Even though during the pendency

of the 24-month period, no collection activity will be directed toward the customer for nonpayment of that pre-existing balance, nonpayment of ongoing bills for current service, of course, would be subject to normal collection practices.

Q. PLEASE EXPLAIN YOUR REFERENCE TO A "COMPLETE PAYMENT"?

A. My reference to a "complete payment" is to a complete payment of the asked–to-pay amount for the bill for current service. The asked-to-pay amount will be the bill for current service as adjusted to reflect the LIAC credits that are applied against the bill.

Q. WHY DO YOU PROPOSE A SIX MONTH PERIOD DURING WHICH CECO SHOULD DEVELOP A FINAL DESIGN AND IMPLEMENTATION PLAN FOR YOUR PROPOSED ARREARAGE MANAGEMENT PROGRAM?

A. As with any such program, more detailed implementation issues should be addressed. Developing such a detailed implementation plan does not lend itself to a litigated rate proceeding. Illustrative decisions would include, but not be limited to: (1) is there a minimum level of arrears a customer should have to be eligible for AMP; (2) is there a maximum forgiveness that should be granted on a monthly or annual basis; and (3) is eligibility for AMP limited to active customers, or can customers who have been disconnected for nonpayment have service restored with their underlying arrearages be subject to AMP. Even given the need to resolve those detailed implementation decisions, the fundamental operation of an AMP would be as I explain it above.

Implementation of such an arrearage management program should be independent of any move to a fixed-payment PIPP. CECo should implement an arrearage management program even as part of its LIAC initiatives as I have proposed to restructure LIAC pending the design and implementation of a fixed-payment PIPP.

Q. DOES ADOPTION OF AN AMP ALSO PRESUME THE FUTHER ADOPTION OF A FIXED-PAYMENT PIPP?

A. No. An Arrearage Management Program is an essential component of a fixed-payment PIPP. However, an arrearage management program should be implemented as an element of LIAC as I propose LIAC to be restructured. The need for, and benefits from, an AMP, however, are independent of the adoption of a fixed-payment PIPP.

Q. HOW WOULD THE COSTS OF AN AMP BE RECOVERED?

A. Implementation cost recovery should be performed in the same way as implementation cost recovery for the fixed-payment PIPP. I explain that cost recovery in further detail below.

ii. <u>Automatic Enrollment of Food Stamp Recipients.</u>

Q. PLEASE EXPLAIN THE SECOND IMMEDIATE MODIFICATION YOU PROPOSE FOR CECO LOW-INCOME BILL ASSISTANCE.

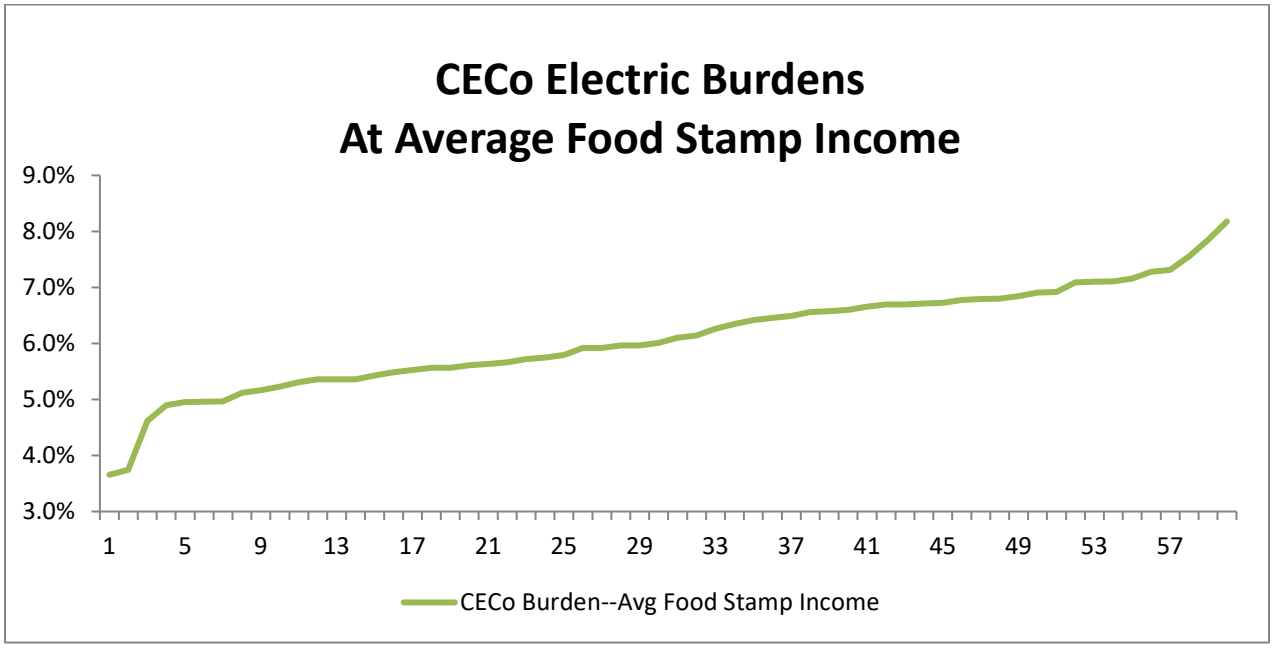
A. I recommend that CECo provide for the automatic enrollment of Food Stamp recipients into LIAC.[92] This step should be incorporated into CECo's low-income procedures independent of any move to a fixed-payment PIPP.

Q. PLEASE EXPLAIN WHY YOU RECOMMEND AUTOMATIC ENROLLMENT FOR FOOD STAMP PARTICIPANTS.

A. I explained in detail earlier in my testimony the relationship between low-income status and payment difficulties. In particular, I explained the relationship between home electric burdens and the unaffordability of home electric service. Food Stamp participants in

[92] While the federal Food Stamp program has been re-named as the Supplemental Nutrition Assistance Program (SNAP), I will refer to it by its colloquial "Food Stamps" name in this testimony.

CECo's electric service territories have average incomes (American Community Survey, Table S2201, 2018) that would indicate that their home electric burdens would be high. Of CECo's counties, all would have an electric burden given CECo's average electric bill of $1,244.20 (Ex MEC-32, MEC-CE-017) and the median income of Food Stamp recipients of more than the affordable burden of 3% of income. No county has a Food Stamp recipient (at the median Food Stamp recipient income) with an affordable burden. A distribution of the burdens of Food Stamp recipients by county is set forth in the Chart below.



As shown in the Chart above, amongst the 60 counties served by Consumers Energy (electric), more than half (n=33) have Food Stamp recipients (in 2018) that had an electric burden (at the median Food Stamp recipient income) of 6% of income or more, more than two times the affordable level. Nine counties had Food Stamp recipients with an electric burden of 7% or more.

1 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY AUTOMATIC ENROLLMENT.**

2 A. CECo's RIA tariff already provides that a CECo customer who can show that he or she is
3 a Food Stamp recipient will be qualified to receive the RIA credits. (*see e.g.*, Ex. A-16,
4 (RLB-2), Schedule F-5, pages 37, 59, 64, 70).[93] A customer, however, has to apply for the
5 RIA and be found to be a Food Stamp participant. I propose that CECo instead engage in
6 a regular data exchange with Michigan's Food Stamp office to determine those CECo
7 customers who receive Food Stamps. After all, the Food Stamp program in Michigan is
8 administered by the State Department of Health and Human Services (DHHS), the same
9 state department that administers the State Emergency Relief program. In the telephone
10 industry, the electronic exchange of data for purposes of establishing Telephone Lifeline
11 eligibility has long been held to be permissible for purposes of automatic enrollment as a
12 "routine use" under federal privacy statutes.[94]

13 **Q. DOES THE AUTOMATIC ENROLLMENT OF FOOD STAMP RECIPIENTS**
14 **PRESUME THE FUTURE ADOPTION OF A FIXED-PAYMENT PIPP?**

15 A. No. The automatic enrollment of Food Stamp recipients should be a component of a fixed-
16 payment PIPP. However, the automatic enrollment of Food Stamp recipients should be
17 implemented as an element of LIAC as I propose LIAC to be restructured. The need for,
18 and benefits from, the automatic enrollment of Food Stamp recipients, however, are
19 independent of the adoption of a fixed-payment PIPP.

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[93] Under the CECo electric tariff, and the cited MPSC R460.102, in addition to Food Stamps, categorical enrollment can occur for SSI recipients and Medicaid recipients. (R460.102(n)(i) – iii)). I limit my proposed automatic enrollment to Food Stamp recipients.

[94] FSC News, Issue No. 2006-2 (March/April 2006), Programs that Provide Automatic Enrollment for Telephone Lifeline Assistance do not Implicate Federal Privacy Concerns. Available at: http://www.fsconline.com/downloads/FSC%20Newsletter/news2006/n2006_0304.pdf (last accessed May 11, 2020).

1 **C. <u>Modifications to LIAC Pending Implementation of a Fixed-Payment PIPP.</u>**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3 A. In this section of my testimony, I recommend modifications to the electric LIAC as
4 proposed by CECo in this proceeding. I recommend adoption of an electric LIAC program
5 that incorporates these modifications. Ultimately, however, the electric LIAC program
6 should be replaced by the fixed-payment PIPP that I recommend above. Adoption of the
7 electric LIAC program, in other words, should be viewed as a bridge program to the
8 adoption of a fixed-payment PIPP. My recommended modifications to LIAC would allow
9 the LIAC program to be rationally adopted for CECo (electric) while also allowing the
10 Company sufficient time to engage in the design and implementation of a fixed-payment
11 PIPP.

12 **Q. PLEASE EXPLAIN THE FIRST LIAC MODIFICATION THAT YOU**
13 **RECOMMEND.**

14 A. I recommend that CECo expand its LIAC program from a $30 monthly credit to a $60
15 monthly credit. As I explained above, the expansion of the LIAC credit from $30 to $60 a
16 month goes a long way towards addressing the under-payment of benefits to the lowest
17 income CECo customers. While bills remain unaffordable, when viewed from the
18 perspective of an inability-to-collect, an expanded bill credit, which reduces the electric
19 burdens for the population under 50% of Poverty from 15% to 18% of income to 7% of
20 income or less, represents a tremendous improvement in the ability of CECo to achieve an
21 improvement in its ability-to-collect. Similarly, while bills remain somewhat unaffordable
22 for the population between 50% and 100% of Poverty, reducing bill burdens from 8% to

10% of income (roughly three or more times higher than an affordable burden of 3%) to a bill burden of 4%, again represents a tremendous improvement.

Q. PLEASE EXPLAIN THE SECOND LIAC MODIFICATION THAT YOU RECOMMEND.

A. I recommend that customers who demonstrate that they participate in certain programs which would indicate that they fall in the extremes of low Poverty Levels be given a special additional adder to the LIAC benefits that they receive from CECo. I recommend that these customers be provided an additional benefit of $20 per month above and beyond those LIAC benefits provided to all LIAC recipients. This additional benefit would provide a total LIAC benefit to these customers in extreme poverty of $80 per month.

The programs I recommend be used as the indicator of extreme Poverty are receipt of (1) Temporary Assistance to Needy Families (TANF) benefits, or (2) Supplemental Security Income. In Michigan, a household receiving TANF benefits would receive benefits of $352 per month, slightly over $4,200 a year. A household receiving SSI benefits (so long as they do not live in someone else's home with that other person contributing to household expenses)[95] would receive monthly benefits of $771per month (somewhat more than $9,500 per year). As I explain above, adoption of this added benefit will help largely alleviate the unaffordability for benefit recipients with income below 50% of Poverty.

[95] A person living in someone else's home, with the other person contributing to household expenses would have one-third of the SSI benefits reduced.

Q. DO YOU HAVE ANY CAVEAT YOU WOULD PLACE ON THESE TWO LIAC MODIFICATIONS?

A. Yes. My caveat on my LIAC recommendations is to again note that, while I recommend these two improvements as necessary to any approval of an electric LIAC, the LIAC program should be viewed simply as a bridge program to the adoption of an appropriately designed and implemented fixed-payment PIPP.

D. <u>Cost Recovery for Low-Income Bill Assistance.</u>

Q. PLEASE EXPLAIN THE FUNDING YOU PROPOSE BE MADE AVAILABLE FOR LOW-INCOME BILL ASSISTANCE.

A. First, given the ineffectiveness and inefficiency of the RIA program, I recommend that CECo discontinue the existing RIA program and repurpose the funding currently and proposed for RIA into the restructured low-income assistance which I recommend above. CECo currently has budgeted $4.614 million for its RIA program. (Ex A-16, Schedule F-3.0, , page 1 of 25).

Second, CECo currently has budgeted $1.512 million for its proposed LIAC initiative to fund a LIAC participation of 4,200 customers. (Ex A-16, Schedule F-3.0, page 1 of 25). Thus, the total low-income budget currently included in CECo rates is $6.126 million. I recommend continuing this funding for the expanded and restructured LIAC that I have recommended (pending adoption of a fixed-payment PIPP).

Third, CECo has estimated that extending LIAC credits of $30 per month to the entire RIA recipient population of 64,666 would cost $23,279,260. (Ex MEC-45, MEC-CE-004). Experience counsels that 100% of the eligible population would not participate in a program such as I recommend. Assuming a reasonable participation ceiling of 40% of the RIA population, and extending the LIAC credits to $60 per month, results in a cost of $18,623,808.[96] The gross incremental cost of extending the LIAC credit to $60 per month for a participation rate of 40% would thus be $12.497 million. I recommend including this further incremental $12.497 million in base rates in addition to the $6.126 million already in base rates.

Q. HOW DO YOU RECOMMEND THAT CECO LOW-INCOME BILL ASSISTANCE COSTS BE RECOVERED SHOULD THEY VARY FROM THIS AMOUNT INCLUDED IN BASE RATES?

A. I acknowledge that there will be an annual uncertainty in the costs of providing low-income bill assistance. Under a restructured LIAC, which I recommend as a bridge program to a fixed-payment PIPP, annual costs may fluctuate based on the number of participants. The costs of an AMP may fluctuate based not only on the number of participants, but based also on the extent to which participants earn their arrearage forgiveness. The costs of a fixed-payment PIPP may vary based on the number of participants and the level of bills at standard residential rates. It is important to note, however, that costs may fluctuate up or down. It is not the case that costs might only exceed those costs I propose to be included in base rates.

[96] 64,666 x 0.40 x 12 bills per year = 310,397 bills x $60 LIAC credit per bill = $18,623,808.

I recommend that actual costs that vary from those included in base rates, as I recommend above, should be treated in the same way as such low-income bill assistance costs are treated in Maine. In adopting low-income bill assistance for Maine Public Service and Central Maine Power (called "PowerPACT"), the Maine Public Utilities Commission provided:

> By establishing this reserve, both MPS and its ratepayers will be protected against significant departures between the PowerPACT allowances included in rates and actual cost expenditures. MPS shall design this PowerPACT reserve account to automatically account for differences between the cash flows received from ratepayers to fund the reserve (e.g., 0.54% of Maine-jurisdictional electric revenues) relative to the amount expended for the PowerPACT program costs. Any reserve surplus will be treated as a deduction from rate base on future rate cases. Net reserve deficiencies, if this situation were to occur, would be treated as a rate base addition in future years.[97]

The deferred account would be collected in rates "subject to the standard prudence review" and as an addition to rate base. "Thereafter, expenditures that exceed or fall short of the deferred account will be added to or deleted from rate base in a subsequent rate case."[98] The Commission made clear, however, that only benefits given, not administrative costs, were to be included in the deferred account.

Q. HAS THIS APPROACH BEEN ADOPTED ELSEWHERE?

A. Yes. The approach used in Maine is akin to the recovery of costs for California's low-income CARE program adopted by natural gas and electric utilities. California utilities "receive reimbursement on a dollar-for-dollar basis of all bill subsidies" provided to low-

[97] Re. Modifications to Central Maine Power Company's Electric Lifeline Program for the 1993-94 Program Year, Docket No. 93-156, Order, at 6 (October 22, 1993) (hereafter Modification Order).
[98] *Id.*, at 6 – 7.

income customers.[99] California utilities use what are called "two-way balancing accounts" through which to recover their CARE expenditures.

> Two-way balancing accounts allow the utility to recover actual program costs that may be higher than the amount of funding authorized, subject to audit or reasonableness review. One-way balancing accounts limit total recovery to the authorized funding level. The large investor-owned utilities (PG&E, SCE, San Diego Gas & Electric Company and Southern California Gas Company) have two-way balancing accounts for CARE administrative and subsidy costs. These costs are particularly difficult to forecast accurately in advance, due to the open-ended nature of program eligibility (i.e., anyone who qualifies for the programs is entitled to participate).[100]

One advantage of the two-way balancing accounts, the California Commission said, is that the state's utilities can "increase their efforts, as needed, to meet (and exceed) their minimum CARE penetration targets."[101]

Q. HAVE YOU CALCULATED A COST PER CUSTOMER RESULTING FROM YOUR RECOMMENDATIONS?

A. Yes. When asked, CECo stated that "the monthly impact to the average residential customer as a result of the Company offering the LIAC program to 4,200 low income customers is just below $0.03 per month." (Ex MEC-45, MEC-CE-004(e)). I estimate that at a cost of $0.03 for every $1.512 million in benefits, the monthly gross revenue shortfall of extending $60/month LIAC benefits to a participation of 40% of the RIA population would be roughly $0.24 ($0.2396), or roughly $2.90 per year.

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[99] Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing post-2003 Low Income Assistance Programs, Docket R-04-01-006, Decision 05-12-026; December 15, 2005.
[100] In the Matter of the Application of Southwest Gas Corporation for Authority to Adjust Public Purpose Program Surcharges, et al., D.03-03-007, at 39 (March 13, 2003), *citing* D.02-09-021, at 7 – 9 (establishing the rationale for CARE balancing accounts).
[101] *Id*., at 48.

1.	Gross Shortfall of Expanded LIAC to $60	$18,623,808
2.	Use existing RIA and LIAC funding for expanded LIAC	$6,126,000
3.	Additional Gross Shortfall of expanded LIAC beyond existing RIA and LIAC funding (Line 1 – Line 2)	$12,497,808
4.	Existing LIAC funding as proposed	$1,512,000
5.	Increments of existing LIAC funding in Additional Gross Shortfall (Line 3 / Line 4)	8.27
6.	Monthly cost per customer of existing LIAC funding (MEC-CE-0004(e))[102]	$0.03
7.	Monthly cost per customer of expanded LIAC (Line 5 x Line 6)	$0.2396
8.	Annual cost per customer of expanded LIAC (Line 7 x 12)	$2.88

Given the average residential bill of $1,244 at existing rates (MEC-001-17), this $2.88 would represent a rate increase of less than one-quarter of one percent ($2.88 / $1,244 = 0.23%).

On the one hand, any incremental charge collected through the reconcilable rate rider (e.g., arrearage management credits, the extreme poverty additur) would be in addition to this annual cost of $2.90. On the other hand, this gross revenue shortfall does not take into account any expense offsets, or any degree to which that shortfall is already included in rates, both of which I have described above.

PART 7. SUMMARY AND RECOMMENDATIONS

Q. PLEASE SUMMARIZE THE RECOMMENDATIONS YOU MAKE IN THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I make recommendations on how to respond to the shortcomings in CECo's provision of bill payment assistance to low-income customers. I

[102] CECo says that the $1.512 million results in a cost to customers of "just below" $0.03 per month. A cost of $0.029 is thus used in this calculation.

recommend a long-term restructuring of CECo's low-income bill payment assistance and outline a process to achieve that restructuring. I further recommend short-term modifications that should be made immediately pending the long-term restructuring. My recommendations include:

1. To transition the Consumers Energy low-income bill payment assistance to a fixed-payment Percentage of Income Plan. This transition should occur over an 18-month period through a multi-stakeholder working group.

2. To implement an arrearage management program ("AMP"). An AMP should be independent of the extent to which, or when, CECo implements a fixed-payment PIPP. Implementation of an AMP should occur over a six month period subsequent to a final order in this proceeding.

3. To expand CECo's low-income bill payment assistance to include the automatic enrollment of Food Stamp recipients into LIAC.

4. Pending implementation of a fixed-payment PIPP, to expand the LIAC program credit from $30 per month to $60 per month.

5. Pending implementation of a fixed-payment PIPP, to provide a special LIAC benefit adder of $20 a month to customers who demonstrate that they participate in certain programs indicating they fall in the extremes of low Poverty Level. These programs should include Temporary Aid to Needy Families ("TANF") and Supplement Security Income ("SSI").

I recommend cost recovery for these programmatic recommendations as follows:

1. The RIA assistance should be discontinued and the funding currently proposed for RIA be repurposed to fund the bill assistance recommended above.

2. The existing RIA and LIAC funding should be used, in combination with additional ratepayer funds, to fund a basic portion of the total costs of the bill assistance through base rates.

3. Incremental over- or under-collections should be reconciled on an annual basis and incorporated into base rates in future rate cases.

Finally, I recommend a series of ongoing COVID-19 related emergency relief measures that CECO should pursue. These include:

1. Consumers Energy should continue to support Michigan's COVID-19 emergency relief program. While many of the program eligibility requirements and program parameters are within the jurisdiction of the Michigan Department of Health and Human Services ("MDHHS") rather than CECo (or the Michigan Commission), aside from MDHHS decisions, I recommend that CECo should:
    a. Continue its moratorium on nonpayment disconnections until the Commission determines that the economic displacement resulting in extraordinary levels of unemployment has dissipated.
    b. Continue to extend its waiver of late charges on unpaid residential bills until the Commission determines that the economic displacement resulting in extraordinary unemployment has dissipated.
    c. Continue to waive 25 percent of outstanding bills for households receiving direct CARES-funded LIHEAP payments.
    d. Make clear that its emergency relief extends not only to active customers, but also to customers who have already had service disconnected for nonpayment. For those customers, the Company's 25% waiver should not only to bills for reconnected current service, but to a waiver of any reconnection charges that might impede the restoration of service.
    e. In response to the sharp drop in the number of "low-income" customers identified on its system beginning in October 2019, extend its COVID-19 emergency relief to all customers that had been identified as a low-income in September 2019 even without a new request or application by the customer. and finally,
    f. Avoid limiting the emergency relief it provides exclusively to customers who are receiving emergency LIHEAP assistance. If a customer can demonstrate that they are currently receiving unemployment benefits, which benefits were newly received on or after March 1, 2020, CECo's emergency relief should be extended to those customers on an ongoing basis.

2. In all situations, of course, CECo should refrain from sending disconnection notices to customers who are protected from a nonpayment disconnection by an internal policy or external regulation, or who the Company does not intend to disconnect for nonpayment at the time the shutoff notice is issued.

Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

A. Yes.

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Colton has testified in state and federal courts in the United States and Canada, as well as before regulatory and legislative bodies in more than three dozen states. He is particularly noted for creative program design and implementation within tight budget constraints.

Belmont Media Center – Belmont Journal: 2017 - present

Host of *Belmont* Journal, the weekly hyper-local news show for Belmont (MA), produced by the Belmont Media Center. Assistant producer of *Belmont Journal*.

Commentator: Belmont Citizen-Herald: 2014 – present

Author of biweekly "Community Conversations" column for Belmont Citizen-Herald, weekly newspaper (June 2014 to present).

Host of biweekly "Community Conversations" podcast, Belmont Media Center, BMC Podcast Network (October 2016 to present)

National Consumer Law Center (NCLC): 1986 - 1994

As a staff attorney with NCLC, Colton worked on low-income energy and utility issues. He pioneered cost-justifications for low-income affordable energy rates, as well as developing models to quantify the non-energy benefits (*e.g.*, reduced credit and collection costs, reduced working capital) of low-income energy efficiency. He designed and implemented low-income affordable rate and fuel assistance programs across the country. Colton was charged with developing new practical and theoretical underpinnings for solutions to low-income energy problems.

Community Action Research Group (CARG): 1981 - 1985

As staff attorney for this non-profit research and consulting organization, Colton worked primarily on energy and utility issues. He provided legal representation to low-income persons on public utility issues; provided legal and technical assistance to consumer and labor organizations; and provided legal and technical assistance to a variety of state and local governments nationwide on natural gas, electric, and telecommunications issues. He routinely appeared as an expert witness before regulatory agencies and legislative committees regarding energy and telecommunications issues.

PROFESSIONAL AFFILIATIONS:

Chair:	Belmont Zoning By-law Review Working Committee (climate change)
Member:	Board of Directors, Massachusetts Rivers Alliance
Columnist:	Belmont Citizen-Herald
Producer:	Belmont Media Center: BMC Podcast Network
Host:	Belmont Media Center: Belmont Journal
Member:	Belmont Town Meeting
Vice-chair:	Belmont Light General Manager Screening Committee
Chair:	Belmont Goes Solar
Coordinator:	BelmontBudget.org (Belmont's Community Budget Forum)
Coordinator:	Belmont Affordable Shelter Fund (BASF)
Chair:	Belmont Solar Initiative Oversight Committee
Member:	City of Detroit Blue Ribbon Panel on Water Affordability
Chair:	Belmont Energy Committee
Member:	Massachusetts Municipal Energy Group (Mass Municipal Association)
Past Chair:	Housing Work Group, Belmont (MA) Comprehensive Planning Process
Past Member:	Board of Directors, Belmont Housing Trust, Inc.
Past Chair:	Waverley Square Fire Station Re-use Study Committee (Belmont MA)
Past Member:	Belmont (MA) Energy and Facilities Work Group
Past Member:	Belmont (MA) Uplands Advisory Committee
Past Member:	Advisory Board: Fair Housing Center of Greater Boston.
Past Chair:	Fair Housing Committee, Town of Belmont (MA)
Past Member:	Aggregation Advisory Committee, New York State Energy Research and Development Authority.

Past Member: Board of Directors, Vermont Energy Investment Corporation.
Past Member: Board of Directors, National Fuel Funds Network
Past Member: Board of Directors, Affordable Comfort, Inc. (ACI)
Past Member: National Advisory Committee, U.S. Department of Health and Human Services, Administration for Children and Families, Performance Goals for Low-Income Home Energy Assistance.
Past Member: Editorial Advisory Board, International Library, *Public Utility Law Anthology*.
Past Member: ASHRAE Guidelines Committee, GPC-8, *Energy Cost Allocation of Comfort HVAC Systems for Multiple Occupancy Buildings*
Past Member: National Advisory Committee, U.S. Department of Housing and Urban Development, Calculation of Utility Allowances for Public Housing.
Past Member: National Advisory Board: Energy Financing Alternatives for Subsidized Housing, New York State Energy Research and Development Authority.

PROFESSIONAL ASSOCIATIONS:

National Association of Housing and Redevelopment Officials (NAHRO)
National Society of Newspaper Columnists (NSNC)
Association for Enterprise Opportunity (AEO)
Iowa State Bar Association
Energy Bar Association
Association for Institutional Thought (AFIT)
Association for Evolutionary Economics (AEE)
Society for the Study of Social Problems (SSSO)
International Society for Policy Studies
Association for Social Economics

BOOKS

Colton, *et al.*, ***Access to Utility Service***, National Consumer Law Center: Boston (4th edition 2008).

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BOOK CHAPTERS

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JOURNAL PUBLICATIONS

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Colton (May 2019). Energy Affordability for Low-Income Natural Gas and Electric Customers in Pennsylvania, prepared for Pennsylvania Office of Consumer Advocate, Docket M-2017-2587711, Energy Affordability in Pennsylvania.

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Colton (2017). Baltimore's Conundrum: Charging for Water / Wastewater Services that Community Residents Cannot Afford to Pay, prepared for Food and Water Watch (Baltimore MD).

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Coltn (2015). ***Re-Sequencing Posting Utility Bill Payments: A Case Study Involving Philadelphia Gas Works***.

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Colton (2014). ***The 2014 Home Energy Affordability Gap: Connecticut***, prepared for Operation Fuel, (Bloomfield, CT).

Colton (2014). ***The Equity of Efficiency: Distributing Utility Usage Reduction Dollars for Affordable Multi-family Housing***, prepared for the Natural Resources Defense Council (New York, NY).

Colton (2014). ***Assessing Rooftop Solar PV Glare in Dense Urban Residential Neighborhoods: Determining Whether and How Much of a Problem***, submitted to American Planning Association: Chicago (IL).

Colton (2013). ***White Paper: Utility Communications with Residential Customers and Vulnerable Residential Customers In Response to Severe Weather-Related Outages***, prepared for Pennsylvania Office of Consumer Advocate.

Colton (2013). ***Massachusetts Analysis of Impediments to Fair Housing: Fiscal Zoning and the "Childproofing" of a Community***, presented to Massachusetts Department of Housing and Community Development.

Colton (2013). ***Home Energy Affordability in New York: The Affordability Gap (2012)***, prepared for New York State Energy Research and Development Authority (NYSERDA).

Colton (2013). ***Home Energy Affordability in Connecticut: The Affordability Gap (2012)***, prepared for Operation Fuel (Bloomfield, CT).

Colton (2013). ***Owning up to the Problem: Limiting the Use of an Assets Test for Determining Home Energy Assistance Eligibility.***

Colton (2013). ***Privacy Protections for Consumer Information Held by Minnesota Rate-Regulated Utilities***, prepared for Legal Services Advocacy Project (St. Paul, MN).

Colton (2013). ***Proposal for the Use of Pervious Pavement for Repaving the Belmont High School Parking Lot***, prepared for Sustainable Belmont: Belmont (MA).

Colton (2012). ***Home Energy Affordability in New York: 2011***, prepared for the New York State Energy Research and Development Authority (NYSERDA) (Albany NY).

Colton (2012). ***A Fuel Assistance Tracking Mechanism: Measuring the Impact of Changes in Weather and Prices on the Bill Payment Coverage Capacity of LIHEAP***, prepared for Iowa Department of Human Rights: Des Moines (IA).

Colton (2012). ***Home Energy Affordability Gap: 2012: Connecticut Legislative Districts***, prepared for Operation Fuel (Bloomfield, CT).

Colton (2012). ***Attributes of Massachusetts Gas/Electric Arrearage Management Programs (AMPS): 2011 Program Year***, prepared for Fisher, Sheehan & Colton, Public Finance and General Economics, Belmont (MA).

Colton (2012). ***Customer and Housing Unit Characteristics in the Fitchburg Gas and Electric Service Territory***, prepared for Unitil Corporation, d/b/a Fitchburg Gas and Electric Company (Portsmouth, NH).

Colton (2012). ***Public Service Company of Colorado's (PSCo) Pilot Energy Assistance Program (PEAP) and Electric Assistance Program (EAP) 2011 Final Evaluation Report***, prepared for Xcel Energy (Denver CO).

Colton (2012). ***Home Energy Affordability Gap: 2011: Connecticut Legislative Districts***, prepared for Operation Fuel (Bloomfield, CT).

Colton (2011). ***Home Energy Affordability in Idaho: Low-Income Energy Affordability Needs and Resources***, prepared for Community Action Partnership of Idaho (Boise, ID).

Colton (2011). ***Home Energy Affordability Gap in New York***, prepared for the New York State Energy Research Development Authority (NYSERDA) (Albany, NY).

Colton (2011). ***Home Energy Affordability Gap: 2010: Connecticut Legislative Districts***, prepared for Operation Fuel (Bloomfield, CT).

Colton (2011). ***Section 8 Utility Allowances and Changes in Home Energy Prices in Pennsylvania***, prepared for Pennsylvania Utility Law Project: Harrisburg (PA).

Colton (2010). ***Interim Report on Xcel Energy's Pilot Energy Assistance Program***, prepared for Xcel Energy (Denver, CO).

Colton (2010). ***Home Energy Affordability Gap: 2009: Connecticut Legislative Districts***, prepared for Operation Fuel (Bloomfield, CT).

Colton (2010). ***Home Energy Affordability in Manitoba: A Low-Income Affordability Program for Manitoba Hydro***, prepared for Resource Conservation of Manitoba, Winnipeg (MAN).

Colton (2009). ***Mirror, Mirror on the Wall: How Well Does Belmont's Town Meeting Reflect the Community at Large***, prepared for Fisher, Sheehan & Colton, Public Finance and General Economics, Belmont (MA).

Colton (2009). ***An Outcomes Planning Approach to Serving TPU Low-Income Customers***, prepared for Tacoma Public Utilities, Tacoma (WA).

Colton (2009). ***An Outcome Evaluation of Indiana's Low-Income Rate Affordability Programs: 2008 – 2009***, prepared for Citizens Gas and Coke Utility, Northern Indiana Public Service Company, Vectren Energy Delivery Indianapolis (IN).

Roger Colton (2009). ***The Earned Income Tax Credit (EITC) as "Energy Assistance" in Pennsylvania***, prepared for Pennsylvania Utility Law Project (PULP).

Colton (2009). ***Energy Efficiency as a Homebuyer Affordability Tool in Pennsylvania***, prepared for Pennsylvania Utility Law Project, Harrisburg (PA).

Colton (2009). ***Energy Efficient Utility Allowances as a Usage Reduction Tool in Pennsylvania***, prepared for Pennsylvania Utility Law Project, Harrisburg (PA).

Colton (2009). ***Home Energy Consumption Expenditures by Income (Pennsylvania)***, prepared for Pennsylvania Utility Law Project, Harrisburg (PA).

Colton (2009). ***The Contribution of Utility Bills to the Unaffordability of Low-Income Rental Housing in Pennsylvania***, prepared for Pennsylvania Utility Law Project, Harrisburg (PA).

Colton (2009). ***The Integration of Federal LIHEAP Benefits with Ratepayer-Funded Percentage of Income Payment Programs (PIPPs): Legal and Policy Questions Involving the Distribution of Benefits***, prepared for Pennsylvania Office of Consumer Advocate, Harrisburg (PA).

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Colton (2008). ***Public Health Outcomes Associated with Energy Poverty: An Analysis of Behavioral Risk Factor Surveillance System (BRFSS) Data from Iowa***, prepared for Iowa Department of Human Rights.

Colton (2008). ***Indiana Billing and Collection Reporting: Natural Gas and Electric Utilities: 2007***, prepared for Coalition to Keep Indiana Warm.

Colton (2008). ***Inverted Block Tariffs and Universal Lifeline Rates: Their Use and Usability in Delivering Low-Income Electric Rate Relief***, prepared for Hydro-Quebec.

Colton (2007). ***Best Practices: Low-Income Affordability Programs, Articulating and Applying Rating Criteria***, prepared for Hydro-Quebec.

Colton (2007). ***An Outcome Evaluation of Indiana's Low-Income Rate Affordability Programs***, performed for Citizens Gas & Coke Utility, Vectren Energy Delivery, Northern Indiana Public Service Company.

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Colton (2007). ***The Law and Economics of Determining Hot Water Energy Use in Calculating Utility Allowances for Public and Assisted Housing***.

Colton (2007). ***Comments of Belmont Housing Trust on Energy Conservation Standards for Residential Furnaces and Boilers***, Belmont Housing Trust (Belmont MA).

Colton (2006). ***Indiana Billing and Collection Reporting: Natural Gas and Electric Utilities: 2006***, prepared for Coalition to Keep Indiana Warm.

Colton (2006). ***Home Energy Affordability in Maryland: Necessary Regulatory and Legislative Actions***, prepared for the Maryland Office of Peoples Counsel.

Colton (2006). ***A Ratepayer Funded Home Energy Affordability Program for Low-Income Households: A Universal Service Program for Ontario's Energy Utilities***, prepared for the Low-Income Energy Network (Toronto).

Colton (2006). ***Georgia REACH Project Energize: Final Program Evaluation***, prepared for the Georgia Department of Human Resources.

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Colton (2006). ***Municipal Aggregation for Retail Natural Gas and Electric Service: Potentials, Pitfalls and Policy Implications***, prepared for Maryland Office of Peoples Counsel.

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Colton (2003). ***The Impact of Missouri Gas Energy's Experimental Low-Income Rate (ELIR) On Utility Bill Payments by Low-Income Customers: Preliminary Assessment***, prepared for Missouri Gas Energy.

Colton (2003). ***The Economic Development Impacts of Home Energy Assistance: The Entergy States***, prepared for Entergy Services, Inc.

Colton (2003). ***Energy Efficiency as an Affordable Housing Tool in Colorado***, prepared for Colorado Energy Assistance Foundation.

Colton (2003). ***The Discriminatory Impact of Conditioning Iowa's Winter Utility Shutoff Protections on the Receipt of LIHEAP.***

Colton (2003). ***The Economic Development Impacts of Home Energy Assistance in Colorado***, Colorado Energy Assistance Foundation.

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Colton (2002). ***Low-Income Home Energy Affordability in Maryland***, prepared for Office of Peoples Counsel.

Colton (2002). ***Winter Weather Payments: The Impact of Iowa's Winter Utility Shutoff Moratorium On Utility Bill Payments by Low-Income Customer***, prepared for Iowa Department of Human Rights.

Colton (2002). ***A Fragile Income: Deferred Payment Plans and the Ability-to-Pay of Working Poor Utility Customers***, prepared for National Fuel Funds Network.

Colton (2002). ***Credit where Credit is Due: Public Utilities and the Earned Income Tax Credit for Working Poor Utility Customers***, prepared for National Fuel Funds Network.

Colton (2002). ***Payments Problems, Income Status, Weather and Prices: Costs and Savings of a Capped Bill Program***, prepared for WeatherWise.

Colton (2001). ***Integrating Government-Funded and Ratepayer-Funded Low-Income Energy Assistance Programs***, prepared for U.S. Department of Health and Human Services (HHS) and Oak Ridge National Laboratory.

Colton (2001). ***In Harm's Way: Home Heating, Fire Hazards, and Low-Income Households***, prepared for National Fuel Funds Network.

Colton (2001). ***Structuring Low-income Affordability Programs Funded through System Benefits Charges: A Case Study from New Hampshire***, prepared for Oak Ridge National Laboratory.

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Colton (2001). ***Group Buying of Propane and Fuel Oil in New York State: A Feasibility Study,*** prepared for New York State Community Action Association.

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COLTON EXPERIENCE AS EXPERT WITNESS

1999 – PRESENT

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O Columbia Gas of Pennsylvania	Office of Consumer Advocate	R-2020-xxxx	Low-income program design	PA	20
I/M/O Pennsylvania-American Water Co.	Office of Consumer Advocate	R-2020-3019369	Low-income program design	PA	20
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	R-2020-3017206	Low-income program design	PA	20
I/M/O Philadelphia Water Department	City of Philadelphia/Public Advocate	None	Low-income program design	Philadelphia	20
I/M/O Pittsburgh Water and Sewer Authority	Office of Consumer Advocate	R-2020-3017951	Low-income program design	PA	20
I/M/O Consumers Energy (electric)	Michigan Office of Attorney General, et al.	U-20697	Low-income program design	Michigan	20
I/M/O Eversource	New Hampshire Legal Assistance	DE-19-057	Low-income program design / customer service	NH	19
I/M/O DTE (electric) rates	Michigan Office of Attorney General, et al.	U-20561	Low-income program design	Michigan	19
I/M/O DTE Energy Waste Reduction (EWR) Plan (gas)	Natural Resources Defense Council, et al.	U-20429	Low-income program design	Michigan	19
I/M/O DTE Energy Waste Reduction (EWR) Plan (electric)	Natural Resources Defense Council, et al.	U-20373	Low-income program design	Michigan	19
I/M/O Ameren Energy	Illinois Office of Attorney General	18-1486	Minimization of uncollectible accounts	Illinois	19
I/M/O Commonwealth Edison Company	Illinois Office of Attorney General	18-1456	Minimization of uncollectible accounts	Illinois	19
I/M/O NICOR Illinois	Illinois Office of Attorney General	18-1437	Minimization of uncollectible accounts	Illinois	19
I/M/O Peoples Gas	Office of Consumer Advocate	R-2018-3006818	Customer service / Low-income cost recovery	Pennsylvania	19

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O UGI Electric	Office of Consumer Advocate	R-2018-3006814	Customer service / Low-income cost recovery	Pennsylvania	19
I/M/O Pittsburgh Water Authority	Office of Consumer Advocate	M-2640802	Customer service / Low-income cost recovery	Pennsylvania	19
I/M/O Ameren Prepayment Meter	Illinois Office of Attorney General	Docket 18-1008 – 18-1009 (cons)	Prepayment meters	Illinois	18
I/M/O Pittsburgh Water and Sewer Authority	Office of Consumer Advocate	R-2018-3002645/3002647 (cons)	Customer service / Low-income cost recovery	Pennsylvania	18
I/M/O National Grid (electric)	Division of Public Utility Control	Docket No. 4770	Customer service / Low-income cost recovery	Rhode Island	18
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-2018-2647577	Customer service / Low-income cost recovery	Pennsylvania	18
I/M/O PECO (electric)	Office of Consumer Advocate	R-2018-3000164	Customer service / Low-income cost recovery	Pennsylvania	18
i/N/O Duquesne Light Company	Office of Consumer Advocate	R-2018-3000124	Customer service / Low-income cost recovery	Pennsylvania	18
I/M/O UGI-Electric	Office of Consumer Advocate	R-2017-2640058	Customer service / Low-income cost recovery	Pennsylvania	18
I/M/O Philadelphia Water Department requested rates for 2019 - 2021	Philadelphia Public Advocate	None	Water rate:: low-income program cost recovery / public fire protection / storm water charge exemptions	Philadelphia	18
I/M/O Commonwealth Edison Prepayment Meters	Illinois Office of Attorney General	17-0837	Electric customer service	Illinois	18
I/M/O 2018/2020 Statewide Energy Efficiency Plan	The Way Home / New Hampshire Legal Assistance	DE 17-136	Non-energy impacts / Low-income energy efficiency	New Hampshire	17
I/M/O DTE (electric) / gas EWR (energy waste reduction) plan	Sierra Club / Natural Resources Defense Council	Case No. U-18262	Low-income energy efficiency	Michigan	17
I/M/O DTE (electric)	Sierra Club / Natural Resources Defense Council	Case No. U-18255	Low-income energy efficiency	Michigan	17
I/M/O Merger of AltaGas and WGL Holdings	Office of People's Counsel	Case No. 9449	Low-income / charitable contributions / community impacts	Maryland	17
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	R-2017-2587783	Low-income / rate design	Pennsylvania	17

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O UGI-Peoples Natural Gas	Office of Consumer Advocate	R-2016-2580030	Low-income	Pennsylvania	17
I/M/O Peoples Natural Gas	Office of Attorney General	16-0376	Low-income	Illinois	17
I/M/O UGI-PNG	Office of Consumer Advocate	R-2016-2580030	Rate deisgn/EE&CP/Low-Inocme	Pennsylvania	17
I/M/O Pacific Gas and Electric Company	TURN	15-09-001	Electric bill affordability	California	16
I/M/O FirstEnergy Companies (Met Ed, Penelec, PennPower, West Penn Power)	Office of Consumer Advocate	R-2016-2537349, R-2016-2537352, R-2016-2537355, R-2016-2537359 (consolidated)	Rate design / low-income program cost recovery	Pennsylvania	16
I/M/O PGW Demand Side Management	Office of Consumer Advocate	P-2014-2459362	Demand Side Manaement	Pennsylvania	16
I/M/O Columbia Gas of Pennsylvania	Office of Consumer Advocate	R-2016-2529660	Rate deisgn / customer service / Low-income program cost recovery	Pennsylvania	16
I/M/O Philadelphia Water Department	Public Advocate, City of Philadelphia	N/A	Low-income program design	Philadelphia	16
I/M/O UGI Gas	Office of Consumer Advocate	M-2015-2518438	Rate design, energy efficiency, customer service	Pennsylvania	16
Keener v. Consumers Energy	Keener (plaintiff)	15-146908-NO	Collections	State District Ct--MI	16
I/M/O Energy Efficiency and Conservation Plan, Phase III, PECO Energy	Office of Consumer Advocate	M-2015-2515691	Multi-Family Energy Efficiency	Pennsylvania	16
I/M/O Energy Efficiency and Conservation Plan, Phase III, Duquesne Light Company	Office of Consumer Advocate	M-2015-2515375	Multi-Family Energy Efficiency	Pennsylvania	16
I/M/O Energy Efficiency and Conservation Plan, Phase III, FirstEnergy Companies (Metropolitan Edison, Penelec, Penn Power, West Penn Power)	Office of Consumer Advocate	M-2015-2514767; M-2015-2514768; M-2015-2514769; M-2015-2514772	Multi-Family Energy Efficiency	Pennsylvania	16
I/M/O Energy Efficiency and Conservation Plan, Phase III, PPL Electric Corporation	Office of Consumer Advocate	M-2015-251-2515642	Multi-Family Energy Efficiency	Pennsylvania	16

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O BC Hydro	Public Interest Action Centre	N/A	Rate design / terms and conditions / energy efficiency	British Columbia	15 - 16
Augustin v. Philadelphia Gas Works	Augustin (Plaintiffs)	2:14—cv-04238	Constitutional notice issues	U.S. District Court (E.D. PA)	15
I/M/O PPL Utilities	Office of Consumer Advocate	R-2015-2469275	Rate design / customer service	Pennsylvania	15
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-2015-2468056	Rate design / customer service	Pennsylvania	15
I/M/O PECO Energy Company	Office of Consumer Advocate	R-2015-2468981	Rate design / customer service	Pennsylvania	15
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	P-2014-2459362	Demand Side Management	Pennsylvania	15
I/M/O SBG Management v. Philadelphia Gas Works	SBG Management	C-2012-2308454	Customer service	Pennsylvania	15
I/M/O Manitoba Hydro	Resource Action Centre		Low-income affordability	Manitoba	15
I/M/O FirstEnergy Companies (Met Ed, WPP, Penelec, Penn Power)	Office of Consumer Advocate	R-2014-2428742 (8743, 8744, 8745)	Rate design / customer service / storm communications	Pennsylvania	14
I/M/O Xcel Energy Company	Energy CENTS Coalition	E002/GR-13-868	Rate design / energy conservation	Minnesota	14
I/M/O Peoples Gas Light and Coke Company / North Shore Gas	Office of Attorney General	14-0224 / 14--0225	Rate design / customer service	Illinois	14
I/M/O Columbia Gas of Pennsylvania	Office of Consumer Advocate	R-2014-2406274	Rate design / customer service	Pennsylvania	14
I/M/O Duquesne Light Company Rates	Office of Consumer Advocate	R-2013-2372129	Rate design / customer service / storm communications	Pennsylvania	13
I/M/O Duquesne Light Company Universal Service	Office of Consumer Advocate	M-2013-2350946	Low-income program design	Pennsylvania	13
I/M/O Peoples-TWP	Office of Consumer Advocate	P-2013-2355886	Low-income program design / rate design	Pennsylvania	13
I/M/O PECO CAP Shopping Plan	Office of Consumer Advocate	P-2013-2283641	Retail shopping	Pennsylvania	13
I/M/O PECO Universal Service Programs	Office of Consumer Advocate	M-201202290911	Low-income program design	Pennsylvania	13

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O Privacy of Consumer Information	Legal Services Advocacy Project	CI-12-1344	Privacy of SSNs & consumer information	Minnesota	13
I/M/O Atlantic City Electric Company	Division of Rate Counsel	BPU-12121071	Customer service / Storm communications	New Jersey	13
I/M/O Jersey Central Power and Light Company	Division of Rate counsel	BPU-12111052	Customer service / Storm communications	New Jersey	13
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-2012-2321748	Universal service	Pennsylvania	13
I/M/O Public Service Company of Colorado Low-Income Program Design	Xcel Energy d/b/a PSCo	12A--EG	Low-income program design / cost recovery	Colorado	12
I/M/O Philadelphia Water Department.	Philadelphia Public Advocate	No. Docket No.	Customer service	Philadelphia	12
I/M/O PPL Electric Power Corporation	Office of Consumer Advocate	R-2012-2290597	Rate design / low-income programs	Pennsylvania	12
I/M/O Peoples Natural Gas Company	Office of Consumer Advocate	R-2012-2285985	Rate design / low-income programs	Pennsylvania	12
I/M/O Merger of Constellation/Exelon	Office of Peoples Counsel	CASE 9271	Customer Service	Maryland	11
I/M/O Duke Energy Carolinas	North Carolina Justice Center	E-7, SUB-989	Customer service/low-income rates	North Carolina	11
Re. Duke Energy/Progress Energy merger	NC Equal Justice foundation	E-2, SUB 998	Low-income merger impacts	North Carolina	11
Re. Atlantic City Electric Company	Division of Rate Counsel	ER1186469	Customer Service	New Jersey	11
Re. Camelot Utilities	Office of Attorney General	11-0549	Rate shock	Illinois	11
Re. UGI—Central Penn Gas	Office of Consumer Advocate	R-2010-2214415	Low-income program design/cost recovery	Pennsylvania	11
Re. National Fuel Gas	Office of Consumer Advocate	M-2010-2192210	Low-income program cost recovery	Pennsylvania	11
Re. Philadelphia Gas Works	Office of Consumer Advocate	P-2010-2178610	Program design	Pennsylvania	11
Re. PPL	Office of Consumer Advocate	M-2010-2179796	Low-income program cost recovery	Pennsylvania	11
Re. Columbia Gas Company	Office of Consumer Advocate	R-2010-2215623	Rate design/Low-income program cost recovery	Pennsylvania	11
Crowder et al. v. Village of Kauffman	Crowder (plaintiffs)	3:09-CV-02181-M	Section 8 utility allowances	Texas Fed Court	11
I/M/O Peoples Natural Gas Company.	Office of Consumer Advocate	T-2010-220172	Low-income program design/cost recovery	Pennsylvania	11
I/M/O Commonwealth Edison	Office of Attorney General	10-0467	Rate design/revenue requirement	Illinois	10
I/M/O National Grid d/b/a Energy North	NH Legal Assistance	DG-10-017	Rate design/revenue requirement	New Hampshire	10
I/M/O Duquesne Light Company	Office of Consumer Advocate	R-2010-2179522	Low-income program cost recovery	Pennsylvania	10

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O Avista Natural Gas Corporation	The Opportunity Council	UE-100467	Low-income assistance/rate design	Washington	10
I/M/O Manitoba Hydro	Resource Conservation Manitoba (RCM)	CASE NO. 17/10	Low-income program design	Manitoba	10
I/M/O TW Phillips	Office of Consumer Advocate	R-2010-2167797	Low-income program cost recovery	Pennsylvania	10
I/M/O PECO Energy—Gas Division	Office of Consumer Advocate	R-2010-2161592	Low-income program cost recovery	Pennsylvania	10
I/M/O PECO Energy—Electric Division	Office of Consumer Advocate	R-2010-2161575	Low-income program cost recovery	Pennsylvania	10
I/M/O PPL Energy	Office of Consumer Advocate	R-2010-2161694	Low-income program cost recovery	Pennsylvania	10
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-2009-2149262	Low-income program design/cost recovery	Pennsylvania	10
I/M/O Atlantic City Electric Company	Office of Rate Council	R09080664	Customer service	New Jersey	10
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	R-2009-2139884	Low-income program cost recovery	Pennsylvania	10
I/M/O Philadelphia Gas Works	Office of Consumer Advocates	R-2009-2097639	Low-income program design	Pennsylvania	10
I/M/O Xcel Energy Company	Xcel Energy Company (PSCo)	085-146G	Low-income program design	Colorado	09
I/M/O Atmos Energy Company	Atmos Energy Company	09AL-507G	Low-income program funding	Colorado	09
I/M/O New Hampshire CORE Energy Efficiency Programs	New Hampshire Legal Assistance	D-09-170	Low-income efficiency funding	New Hampshire	09
I/M/O Public Service Company of New Mexico (electric)	Community Action of New Mexico	08-00273-UT	Rate Design	New Mexico	09
I/M/O UGI Pennsylvania Natural Gas Company (PNG)	Office of Consumer Advocate	R-2008-2079675	Low-income program	Pennsylvania	09
I/M/O UGI Central Penn Gas Company (CPG)	Office of Consumer Advocate	R-2008-2079660	Low-income program	Pennsylvania	09
I/M/O PECO Electric (provider of last resort)	Office of Consumer Advocate	R-2008-2028394	Low-income program	Pennsylvania	08
I/M/O Equitable Gas Company	Office of Consumer Advocate	R-2008-2029325	Low-income program	Pennsylvania	08
I/M/O Columbia Gas Company	Office of Ohio Consumers' Counsel	08-072-GA-AIR	Rate design	Ohio	08
I/M/O Dominion East Ohio Gas Company	Office of Ohio Consumers' Counsel	07-829-GA-AIR	Rate design	Ohio	08
I/M/O Vectren Energy Delivery Company	Office of Ohio Consumers' Counsel	07-1080-GA-AIR	Rate design	Ohio	08
I/M/O Public Service Company of North Carolina	NC Department of Justice	G-5, SUB 495	Rate design	North Carolina	08
I/M/O Piedmont Natural Gas Company	NC Department of Justice	G-9, SUB 550	Rate design	North Carolina	08

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O National Grid	New Hampshire Legal Assistance	DG-08-009	Low-income rate assistance	New Hampshire	08
I/M/O EmPower Maryland	Office of Peoples Counsel	PC-12	Low-income energy efficiency	Maryland	08
I/M/O Duke Energy Carolinas Save-a-Watt Program	NC Equal Justice Foundation	E-7, SUB 831	Low-income energy efficiency	North Carolina	08
I/M/O Zia Natural Gas Company	Community Action New Mexico	08-00036-UT	Low-income/low-use rate design	New Mexico	08
I/M/O Universal Service Fund Support for the Affordability of Local Rural Telecomm Service	Office of Consumer Advocate	I-0004010	Telecomm service affordability	Pennsylvania	08
I/M/O Philadelphia Water Department	Public Advocate	No Docket No.	Credit and Collections	Philadelphia	08
I/M/O Portland General Electric Company	Community Action--Oregon	UE-197	General rate case	Oregon	08
I/M/O Philadelphia Electric Company (electric)	Office of Consumer Advocate	M-00061945	Low-income program	Pennsylvania	08
I/M/O Philadelphia Electric Company (gas)	Office of Consumer Advocate	R-2008-2028394	Low-income program	Pennsylvania	08
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-2008-2011621	Low-income program	Pennsylvania	08
I/M/O Public Service Company of New Mexico	Community Action New Mexico	08-00092-UT	Fuel adjustment clause	New Mexico	08
I/M/O Petition of Direct Energy for Low-Income Aggregation	Office of Peoples Counsel	CASE 9117	Low-income electricity aggregation	Maryland	07
I/M/O Office of Consumer Advocate et al. v. Verizon and Verizon North	Office of Consumer Advocate	C-20077197	Lifeline telecommunications rates	Pennsylvania	07
I/M/O Pennsylvania Power Company	Office of Consumer Advocate	P-00072437	Low-income program	Pennsylvania	07
I/M/O National Fuel Gas Distribution Corporation	Office of Consumer Advocate	M-00072019	Low-income program	Pennsylvania	07
I/M/O Public Service of New Mexico--Electric	Community Action New Mexico	07-00077-UT	Low-income programs	New Mexico	07
I/M/O Citizens Gas/NIPSCO/Vectren for Universal Service Program	Citizens Gas & Coke Utility/Northern Indiana Public Service/Vectren Energy	CASE 43077	Low-income program design	Indiana	07
I/M/O PPL Electric	Office of Consumer Advocate	R-00072155	Low-income program	Pennsylvania	07
I/M/O Section 15 Challenge to NSPI Rates	Energy Affordability Coalition	P-886	Discrimination in utility regulation	Nova Scotia	07
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	R-00061931	Low-income programs / credit and collections	Pennsylvania	07
I/M/O Equitable Gas Company	Office of Consumer Advocate	M-00061959	Low-income program	Pennsylvania	07

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O Public Service Company of New Mexico	Community Action of New Mexico	Case No. 06-000210-UT	Late charges / winter moratorium / decoupling	New Mexico	06
I/M?O Verizon Massachusetts	ABCD	Case NO. DTE 06-26	Late charges	Massachusetts	06
I/M/O Section 11 Proceeding, Energy Restructuring	Office of Peoples Counsel	PC9074	Low-income needs and responses	Maryland	06
I/M/O Citizens Gas/NIPSCO/Vectren for Univ. Svc. Program	Citizens Gas & Coke Utility/Northern Indiana Public Service/Vectren Energy	Case No. 43077	Low-income program design	Indiana	06
I/M/O Public Service Co. of North Carolina	North Carolina Attorney General/Dept. of Justice	G-5, Sub 481	Low-income energy usage	North Carolina	06
I/M/O Electric Assistance Program	New Hampshire Legal Assistance	DE 06-079	Electric low-income program design	New Hampshire	06
I/M/O Verizon Petition for Alternative Regulation	New Hampshire Legal Assistance	DM-06-072	Basic local telephone service	New Hampshire	06
I/M/O Pennsylvania Electric Co/Metropolitan Edison Co.	Office of Consumer Advocate	N/A	Universal service cost recovery	Pennsylvania	06
I/M/O Duquesne Light Company	Office of Consumer Advocates	R-00061346	Universal service cost recovery	Pennsylvania	06
I/M/O Natural Gas DSM Planning	Low-Income Energy Network	EB-2006-0021	Low-income gas DSM program.	Ontario	06
I/M/O Union Gas Co.	Action Centre for Tenants Ontario (ACTO)	EB-2005-0520	Low-income program design	Ontario	06
I/M/O Public Service of New Mexico merchant plant	Community Action New Mexico	05-00275-UT	Low-income energy usage	New Mexico	06
I/M/O Customer Assistance Program design and cost recovery	Office of Consumer Advocate	M-00051923	Low-income program design	Pennsylvania	06
I/M/O NIPSCO Proposal to Extend Winter Warmth Program	Northern Indiana Public Service Company	Case 42927	Low-income energy program evaluation	Indiana	05
I/M/O Piedmont Natural Gas	North Carolina Attorney General/Dept. of Justice	G-9, Sub 499	Low-income energy usage	North Carolina	05
I/M/O PSEG merger with Exelon Corp.	Division of Ratepayer Advocate	EM05020106	Low-income issues	New Jersey	05
Re. Philadelphia Water Department	Public Advocate	No docket number	Water collection factors	Philadelphia	05
I/M/O statewide natural gas universal service program	New Hampshire Legal Assistance	N/A	Universal service	New Hampshire	05
I/M/O Sub-metering requirements for residential rental properties	Tenants Advocacy Centre of Ontario	EB-2005-0252	Sub-metering consumer protections	Ontario	05

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O National Fuel Gas Distribution Corp.	Office of Consumer Advocate	R-00049656	Universal service	Pennsylvania	05
I/M/O Philadelphia Gas Works (PGW)	Office of Consumer Advocate	R-00049157	Low-income and residential collections	Pennsylvania	04
I/M/O Nova Scotia Power, Inc.	Dalhousie Legal Aid Service	NSUARB-P-881	Universal service	Nova Scotia	04
I/M/O Lifeline Telephone Service	National Ass'n State Consumer Advocates (NASUCA)	WC 03-109	Lifeline rate eligibility	FCC	04
Mackay v. Verizon North	Office of Consumer Advocate	C20042544	Lifeline rates—vertical services	Pennsylvania	04
I/M/O PECO Energy	Office of Consumer Advocate	N/A	Low-income rates	Pennsylvania	04
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	P00042090	Credit and collections	Pennsylvania	04
I/M/O Citizens Gas & Coke/Vectren	Citizens Action Coalition of Indiana	Case 42590	Universal service	Indiana	04
I/M/O PPL Electric Corporation	Office of Consumer Advocate	R00049255	Universal service	Pennsylvania	04
I/M/O Consumers New Jersey Water Company	Division of Ratepayer Advocate	N/A	Low-income water rate	New Jersey	04
I/M/O Washington Gas Light Company	Office of Peoples Counsel	Case 8982	Low-income gas rate	Maryland	04
I/M/O National Fuel Gas	Office of Consumer Advocate	R-00038168	Low-income program design	Pennsylvania	03
I/M/O Washington Gas Light Company	Office of Peoples Counsel	Case 8959	Low-income gas rate	Maryland	03
Golden v. City of Columbus	Helen Golden	C2-01-710	ECOA disparate impacts	Ohio	02
Huegel v. City of Easton	Phyllis Huegel	00-CV-5077	Credit and collection	Pennsylvania	02
I/M/O Universal Service Fund	Public Utility Commission staff	N/A	Universal service funding	New Hampshire	02
I/M/O Philadelphia Gas Works	Office of Consumer Advocate	M-00021612	Universal service	Pennsylvania	02
I/M/O Washington Gas Light Company	Office of Peoples Counsel	Case 8920	Rate design	Maryland	02
I/M/O Consumers Illinois Water Company	Illinois Citizens Utility Board	02-155	Credit and collection	Illinois	02
I/M/O Public Service Electric & Gas Rates	Division of Ratepayer Advocate	GR01050328	Universal service	New Jersey	01
I/M/O Pennsylvania-American Water Company	Office of Consumer Advocate	R-00016339	Low-income rates and water conservation	Pennsylvania	01
I/M/O Louisville Gas & Electric Prepayment Meters	Kentucky Community Action Association	200-548	Low-income energy	Kentucky	01

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O NICOR Budget Billing Plan Interest Charge	Cook County State's Attorney	01-0175	Rate Design	Illinois	01
I/M/O Rules Re. Payment Plans for High Natural Gas Prices	Cook County State's Attorney	01-0789	Budget Billing Plans	Illinois	01
I/M/O Philadelphia Water Department	Office of Public Advocate	No docket number	Credit and collections	Philadelphia	01
I/M/O Missouri Gas Energy	Office of Peoples Counsel	GR-2001-292	Low-income rate relief	Missouri	01
I/M/O Bell Atlantic--New Jersey Alternative Regulation	Division of Ratepayer Advocate	T001020095	Telecommunications universal service	New Jersey	01
I/M/O Entergy Merger	Low-Income Intervenors	2000-UA925	Consumer protections	Mississippi	01
I/M/O T.W. Phillips Gas and Oil Co.	Office of Consumer Advocate	R00994790	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O Peoples Natural Gas Company	Office of Consumer Advocate	R-00994782	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O UGI Gas Company	Office of Consumer Advocate	R-00994786	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O PFG Gas Company	Office of Consumer Advocate	R00994788	Ratemaking of universal service costs.	Pennsylvania	00
Armstrong v. Gallia Metropolitan Housing Authority	Equal Justice Foundation	2:98-CV-373	Public housing utility allowances	Ohio	00
I/M/O Bell Atlantic--New Jersey Alternative Regulation	Division of Ratepayer Advocate	T099120934	Telecommunications universal service	New Jersey	00
I/M/O Universal Service Fund for Gas and Electric Utilities	Division of Ratepayer Advocate	EX00200091	Design and funding of low-income programs	New Jersey	00
I/M/O Consolidated Edison Merger with Northeast Utilities	Save Our Homes Organization	DE 00-009	Merger impacts on low-income	New Hampshire	00
I/M/O UtiliCorp Merger with St. Joseph Light & Power	Missouri Dept. of Natural Resources	EM2000-292	Merger impacts on low-income	Missouri	00
I/M/O UtiliCorp Merger with Empire District Electric	Missouri Dept. of Natural Resources	EM2000-369	Merger impacts on low-income	Missouri	00
I/M/O PacifiCorp	The Opportunity Council	UE-991832	Low-income energy affordability	Washington	00
I/M/O Public Service Co. of Colorado	Colorado Energy Assistance Foundation	99S-609G	Natural gas rate design	Colorado	00
I/M/O Avista Energy Corp.	Spokane Neighborhood Action Program	UE9911606	Low-income energy affordability	Washington	00
I/M/O TW Phillips Energy Co.	Office of Consumer Advocate	R-00994790	Universal service	Pennsylvania	00
I/M/O PECO Energy Company	Office of Consumer Advocate	R-00994787	Universal service	Pennsylvania	00

CASE NAME	CLIENT NAME	Docket No. (if available)	TOPIC	JURIS.	YEAR
I/M/O National Fuel Gas Distribution Corp.	Office of Consumer Advocate	R-00994785	Universal service	Pennsylvania	00
I/M/O PFG Gas Company/Northern Penn Gas	Office of Consumer Advocate	R-00005277	Universal service	Pennsylvania	00
I/M/O UGI Energy Company	Office of Consumer Advocate	R-00994786	Universal service	Pennsylvania	00
Re. PSCO/NSP Merger	Colorado Energy Assistance Foundation	99A-377EG	Merger impacts on low-income	Colorado	99 - 00
I/M/O Peoples Gas Company	Office of Consumer Advocate	R-00994782	Universal service	Pennsylvania	99
I/M/O Columbia Gas Company	Office of Consumer Advocate	R-00994781	Universal service	Pennsylvania	99
I/M/O PG Energy Company	Office of Consumer Advocate	R-00994783	Universal service	Pennsylvania	99
I/M/O Equitable Gas Company	Office of Consumer Advocate	R-00994784	Universal service	Pennsylvania	99
Allerruzzo v. Klarchek	Barlow Allerruzzo	N/A	Mobile home fees and sales	Illinois	99
I/M/O Restructuring New Jersey's Natural Gas Industry	Division of Ratepayer Advocate	GO99030123	Universal service	New Jersey	99
I/M/O Bell Atlantic Local Competition	Public Utility Law Project	P-00991648	Lifeline telecommunications rates	Pennsylvania	99
I/M/O Merger Application for SBC and Ameritech Ohio	Edgemont Neighborhood Association	N/A	Merger impacts on low-income consumers	Ohio	98 - 99
I/M/O Baltimore Gas and Electric Restructuring Plan	Maryland Office of Peoples Counsel	Case No. 8794	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Delmarva Power and Light Restructuring Plan	Maryland Office of Peoples Counsel	Case No. 8795	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Potomac Electric Power Co. Restructuring Plan	Maryland Office of Peoples Counsel	Case No. 8796	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Potomac Edison Restructuring Plan	Maryland Office of Peoples Counsel	Case No. 8797	Consumer protection/basic generation service	Maryland	98 - 99

Question:

17. In excel format, separately stated for low-income and for all residential customers if available, disaggregated by heating and non-heating residential customers, please provide by month for each month October 2018 to the present:

    a. The average bill for current service for all residential accounts;
    b. The average arrears of residential accounts in arrears;
    c. The average bill for current service of residential accounts in arrears;
    d. The total dollars of residential arrears;
    e. The percentage of total residential billed dollars constituting arrears;
    f. The percentage of billed residential accounts having arrears; and
    g. The average arrears of all residential accounts disconnected for nonpayment in that month.

Response:

Objection by Counsel: Consumers Energy Company objects to this request for the reason that it would be unduly burdensome and time consuming to attempt to respond to portions of the request. Without waiving this objection, Consumers Energy responds as follows:

a. Attachment 1 provides the average bill for current service for all residential accounts for 2019. The average bill for the other months requested is not readily available and would be very time consuming and burdensome to calculate.

b. The Company does not have a process to separate the overall average arrears from customers who are past due.

c. The Company does not have a way to find the average bill for current service of residential customers in arrears. The average arrears for all residential customers for 2019 can be found in Attachment 1.

d. Attachment 2 includes the total dollars of residential arrears for each month of 2019 for a balance over 60 days past due and balance over 90 days past due. The total dollars are shown in millions. The Company does not have this information readily available for the other months requested.

e. Attachment 2 includes the percentage of total residential billed dollars constituting arrears for 2019. The Company does not have this information readily available for the other months requested.

f. Attachment 2 includes the percentage of total residential billed dollars constituting arrears for 2019. It would be very time consuming and burdensome to provide the percentage of billed residential accounts having arrears.

g. The Company has not calculated and does not track the average arrears for all residential accounts disconnected for nonpayment, and it would be very time consuming and burdensome to attempt to provide.

Steven Q. McLean
April 2, 2020

Customer Experience

Average 2019 Invoice Size by amount and consumption per Contract Account

		Electric					Gas				
		Sales	kWh	CA Customers	Average kWh	Average	Sales	Mcf	CA Customers	Average Mcf	Average
January	***Residential***	$188,266,479	1,180,922,141	1,616,408	731	$116.47	$199,340,871	25,945,797.8	1,666,083	16	$119.65
February	***Residential***	$187,642,574	1,196,442,483	1,609,796	743	$116.56	$235,078,676	32,457,861.7	1,652,859	20	$142.23
March	***Residential***	$166,712,271	1,056,590,553	1,618,928	653	$102.98	$196,542,962	26,739,057.5	1,656,542	16	$118.65
April	***Residential***	$145,353,458	913,618,242	1,612,719	567	$90.13	$137,175,713	17,735,742.1	1,657,228	11	$82.77
May	***Residential***	$137,140,901	858,565,154	1,620,415	530	$84.63	$89,323,066	10,802,371.0	1,663,974	6	$53.68
June	***Residential***	$142,305,100	862,154,330	1,616,958	533	$88.01	$51,975,476	5,103,815.9	1,667,196	3	$31.18
July	***Residential***	$211,469,674	1,254,172,968	1,622,774	773	$130.31	$39,445,852	3,140,816.9	1,671,372	2	$23.60
August	***Residential***	$217,011,059	1,274,232,990	1,625,782	784	$133.48	$40,509,414	2,624,691.4	1,671,894	2	$24.23
September	***Residential***	$169,704,399	1,039,895,263	1,622,983	641	$104.56	$37,451,551	2,812,082.6	1,670,273	2	$22.42
October	***Residential***	$144,841,422	900,180,659	1,626,908	553	$89.03	$48,358,654	4,278,611.9	1,671,402	3	$28.93
November	***Residential***	$145,115,105	908,442,955	1,622,854	560	$89.42	$112,603,299	13,289,644.0	1,670,031	8	$67.43
December	***Residential***	$160,306,260	1,018,354,426	1,625,593	626	$98.61	$166,539,060	20,781,011.9	1,672,121	12	$99.60
YTD Total	***Residential***	$2,015,868,701	12,463,572,164	19,442,118	641	$103.69	$1,354,344,594	165,711,505	19,990,975	8	$67.75

Residential Aged Receivable GL 1460000

Source: Billing Services, BI Query

(Dollars In Millions)

Month End	Current		1 - 30 dpd		31 - 60 dpd		61 - 90 dpd		91 - 120 dpd		121 - 150 dpd		151 - 180 dpd		181+ dpd		Total Open Items	Bal over 60 dpd		Bal over 90 dpd	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	$	%	$	%
Dec 2019	$ 155	70%	$ 48	22%	$ 9	4%	$ 4	2%	$ 3	1%	$ 2	1%	$ 1	0%	$ 2	1%	$ 222	$ 11	5%	$ 7	3%
Nov 2019	151	77%	24	11%	8	4%	5	2%	3	1%	2	1%	1	0%	2	1%	195	12	6%	8	4%
Oct 2019	111	69%	29	13%	10	4%	5	2%	3	1%	2	1%	1	0%	2	1%	161	12	5%	7	3%
Sep 2019	142	72%	33	15%	11	5%	4	2%	3	1%	2	1%	1	1%	2	1%	198	12	6%	8	4%
Aug 2019	164	71%	45	20%	9	4%	5	2%	3	2%	2	1%	1	1%	1	1%	231	13	6%	8	4%
Jul 2019	192	77%	34	15%	10	4%	6	3%	4	2%	3	1%	1	1%	2	1%	252	16	7%	10	4%
Jun 2019	167	72%	38	17%	12	6%	7	3%	4	2%	2	1%	1	1%	1	1%	232	15	7%	8	4%
May 2019	176	71%	48	22%	13	6%	6	3%	3	1%	2	1%	1	0%	1	0%	249	12	5%	6	3%
Apr 2019	215	73%	53	24%	13	6%	5	2%	3	1%	2	1%	1	0%	2	1%	294	12	6%	7	3%
Mar 2019	265	76%	56	25%	13	6%	6	3%	3	1%	2	1%	1	0%	2	1%	347	14	6%	8	4%
Feb 2019	301	80%	48	21%	13	6%	6	3%	3	1%	1	1%	1	0%	2	1%	375	13	6%	7	3%
Jan 2019	227	76%	46	21%	12	5%	5	2%	3	1%	2	1%	1	0%	3	1%	299	13	6%	8	4%

Question:

3. Please provide by month, for the months October 2018 to present inclusive:

   a. The dollars billed to residential customer accounts;
   b. The dollars paid by residential customers;
   c. The number of bills rendered to residential customer accounts;
   d. The number of payments made on residential customer account;
   e. The dollars billed to low-income customer accounts (with an explanation of how a "low-income" account is identified);
   f. The dollars paid on low-income customer accounts;
   g. The number of bills rendered to low-income customer accounts;
   h. The number of payments made on low-income residential accounts.

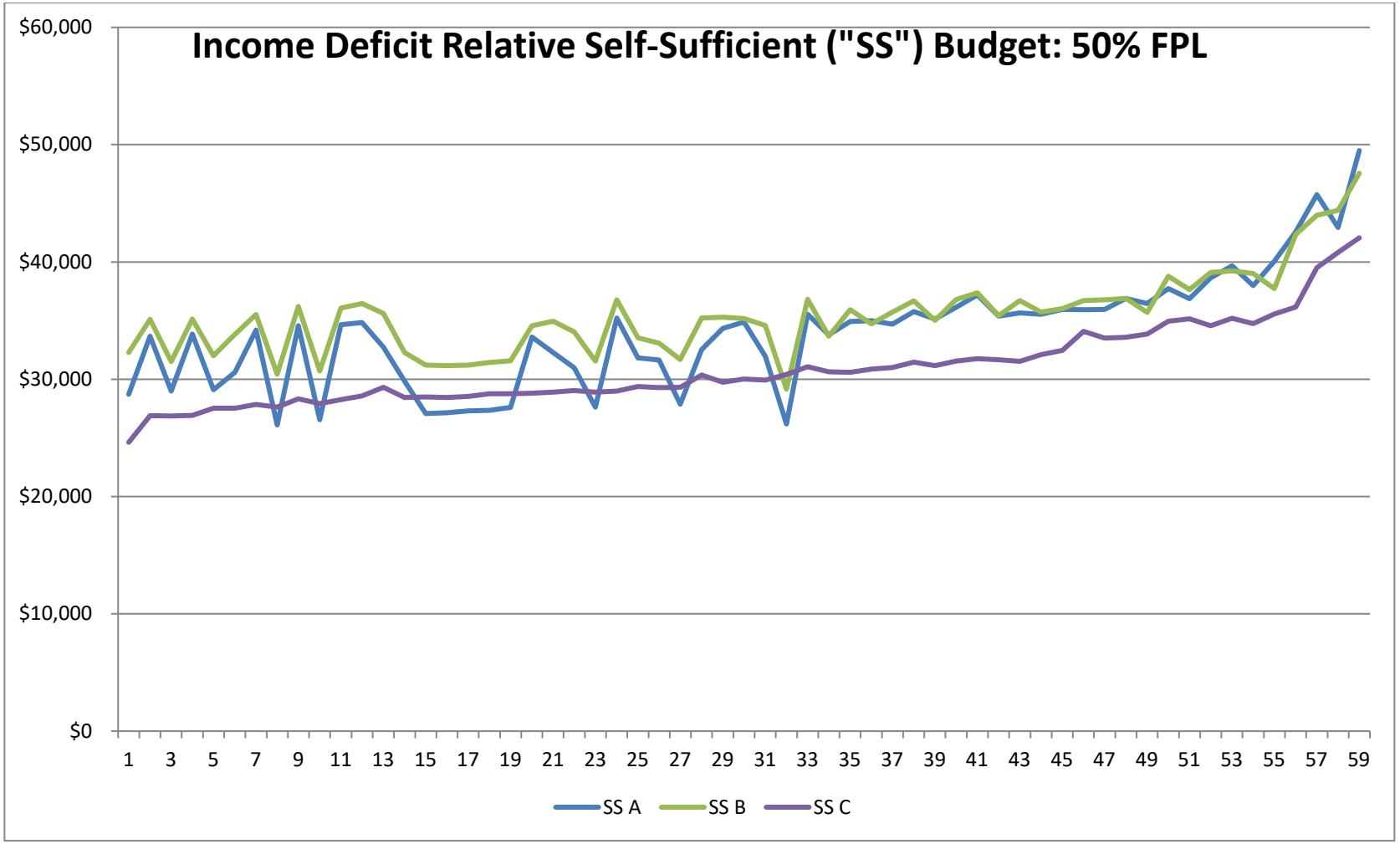
Response:

Attachment U20697-MEC-CE-003-McLean_ATT_1 provides responses to all parts within their own tabs. Low-income customers are defined as having a household income up to 200 percent of the federal poverty guidelines ("FPL"). This is determined by receiving state or federal assistance or enrollment in a payment plan such as Shutoff Protection Plan or Winter Protection Plan. Some program eligibility limits are set at 150% FPL to match state assistance eligibility.

Steven Q. McLean
April 2, 2020

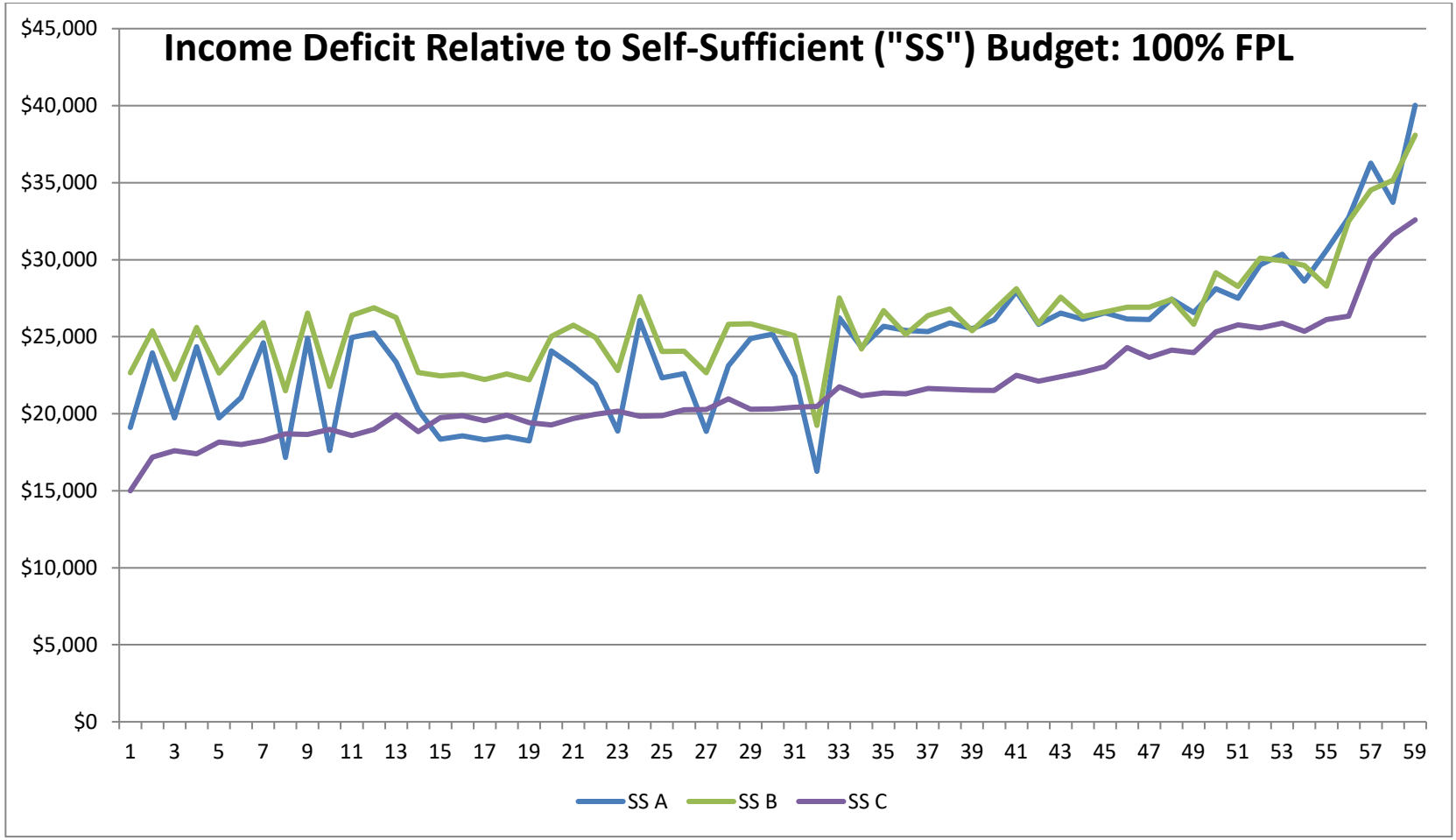
Customer Experience

Schedule RDC-1
(page 1 of 3)[1]



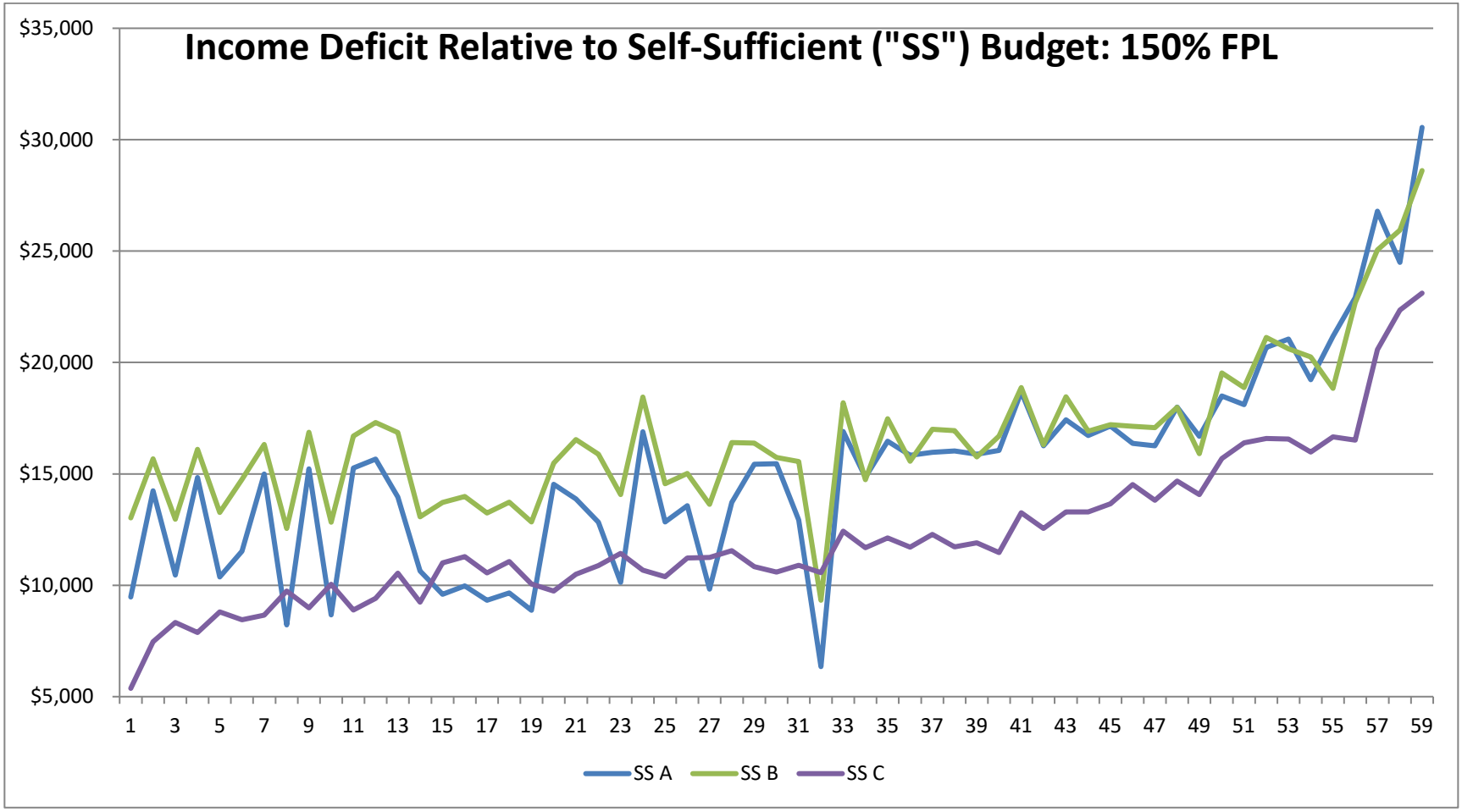
[1] SS A = One adult, one preschooler, one school age child. SS B = Two adults, one preschooler. SS C = Two adults, one school-age child.

Schedule RDC-1
(page 2 of 3))[2]



[2] SS A = One adult, one preschooler, one school age child. SS B = Two adults, one preschooler. SS C = Two adults, one school-age child.

Schedule RDC-1
(page 3 of 3))[3]



[3] SS A = One adult, one preschooler, one school age child. SS B = Two adults, one preschooler. SS C = Two adults, one school-age child.

Question:

1. Please provide:

   a. all written reports, evaluations, assessments, presentations, or other written document which identify metrics by which Consumers Energy measures whether electric bills are "affordable."
   b. all reports or other written document collecting data on the metrics identified in the immediately preceding data request.

Response:

I am not aware of Company metrics that track the "affordability" of electric bills. The Company is cognizant of many levels of need throughout its service territory as captured through the Federal Poverty Guidelines, the United Way's ALICE Report, and other customer segmentation reports. The Company uses the US Energy Information Administration to benchmark its bills nationally. The Company is also an active participant in the Michigan Energy Assistance Program ("MEAP"). MEAP is a long-term assistance program that provides discounted bills to eligible low-income customers, and the Low Income Assistance Credit would help expand these efforts.

Steven Q. McLean
April 2, 2020

Customer Experience

Question:

2. For the Consumer Energy (gas) low-income bill credit, please provide all reports showing the extent to which:

   a. Bills to the affordability assistance recipients are or are not "affordable."
   b. The bill payment assistance provided by Consumers Energy (gas) is the factor that makes the difference between whether such bills are "affordable" or not.

Response:

The Company does not have the requested reports related to the "affordability" of electric bills. The Company is cognizant of many levels of need throughout its service territory as captured through the Federal Poverty Guidelines, the United Way's ALICE Report, and other customer segmentation reports. The Company uses the US Energy Information Administration to benchmark its bills nationally. The Company is also an active participant in the Michigan Energy Assistance Program ("MEAP"). MEAP is a long-term assistance program that provides discounted bills to eligible low-income customers, and the Low Income Assistance Credit would help expand these efforts.

Steven Q. McLean
April 2, 2020

Customer Experience

Question:

6. Please provide a detailed explanation of

   a. Why the number of low-income bills reported in response to MEC-CE-003 experienced a reduction from 32,318 in September 2019 to 18,324 in October 2019.
   b. Separately indicate the reason why the number of low-income bills in the period October 2018 through September 2019 was 32,000 (or more) while the number of low-income bills in the period October 2019 through February 2020 was 18,324 and less.
   c. Separately indicate why the number of low-income bills declined in each month October 2019 through February 2020.
   d. Separately indicate why the number of low-income bills declined in each month October 2019 through January 2020 while the number of low-income bills increased in each month October 2018 through January 2019.

Response:

The Company is not certain as to why the identified fluctuations occurred, but believes the following could be contributing factors:

a. September 30, 2019 was the last day of FY19 and thus the graduation date for all Year 2 CARE Customers. This could be a contributing factor to the decreased numbers.
b. The following could be contributing factors. In FY20, CARE enrollments were delayed due to the state budget issues. MEAP funds were not released prior to the new program year beginning, which impacted enrollments. There is also a difference of 19,550 fewer HHC payments when comparing October-February of FY19 to the same time period in FY20. The Home Heating Credit form was not released until January 29, 2020.
c. Year to date there have been fewer CARE enrollments for FY20 than occurred in FY19. This could be a contributing factor.
d. See previous responses.

Steven Q. McLean
May 4, 2020

Customer Experience

Schedule RDC-2
(MEC-CE-635, Attachment 1)

	RIA Gas	RIA Gas	RIA Gas	RIA Elect	RIA Elect	RIA Elect	LIAC Gas	LIAC Gas	LIAC Gas
	Non-Critical Care	Critical Care	TOTAL	Non-Critical Care	Critical Care	TOTAL	Non-Critical Care	Critical Care	TOTAL
18-Oct	70,974	22	70,996	56,835	112	56,947	15,497	31	15,528
18-Nov	71,725	20	71,745	56,652	109	56,761	16,578	31	16,609
18-Dec	68,403	22	68,425	54,517	116	54,633	13,667	31	13,698
19-Jan	58,523	25	58,548	52,475	106	52,581	15,576	31	15,607
19-Feb	59,819	24	59,843	51,900	110	52,010	12,654	31	12,685
19-Mar	67,855	30	67,885	56,941	112	57,053	14,293	31	14,324
19-Apr	69,627	32	69,659	56,175	111	56,286	13,720	31	13,751
19-May	70,159	34	70,193	55,331	110	55,441	13,151	31	13,182
19-Jun	67,289	33	67,322	53,283	110	53,393	12,438	32	12,470
19-Jul	65,874	35	65,909	52,249	101	52,350	12,649	32	12,681
19-Aug	64,659	36	64,695	51,089	94	51,183	12,502	32	12,534
19-Sep	66,784	38	66,822	53,535	95	53,630	12,205	32	12,237
19-Oct	66,217	39	66,256	52,925	96	53,021	11,973	32	12,005
19-Nov	65,801	43	65,844	52,107	96	52,203	11,745	31	11,776
19-Dec	65,037	44	65,081	51,668	98	51,766	11,513	31	11,544
20-Jan	53,771	43	53,814	51,574	92	51,666	11,366	32	11,398
20-Feb	54,332	44	54,376	51,423	105	51,528	11,214	31	11,245
20-Mar	62,456	56	62,512	53,972	122	54,094	10,975	31	11,006

Schedule RDC-3
(page 1 of 10)
(Scenario 1: Avg residential bill)

	Below 50%						50% - 100%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places[1]	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
5%											741	12
6%									46	1	134,884	360
7%							99	3	6,453	64	27,134	119
8%							21,185	147	132,554	324	87	2
9%					15	1	130,847	281	23,437	97		
10%					1,916	21	10,438	59	357	7		
11%					26,383	177	276	3				
12%			15	1	85,946	217						
13%	15	1	1,864	18	11,550	66						
14%	401	11	9,905	102	507	10						
15%	5,986	64	83,692	204	-	1						
16%	42,176	191	24,898	119								
17%	63,633	138	5,436	38								
18%	11,810	60	507	10								
19%	2,107	23	-	1								
20%	189	4										
21%	0	1										
Total	126,317	493	126,317	493	126,317	493	162,747	493	162,747	493	162,747	493

[1] Throughout Schedule RDC-3, the term "places" is not used in the technical sense as defined by the Census Bureau. Rather, it is used to describe geographic areas as described in the narrative of my testimony (page 13, note 11). For example, a "township" is not a "place" pursuant to Census Bureau terminology.

Schedule RDC-3
(page 2 of 10)
(Scenario 1: Avg residential bill)

	100% - 150%						150% - 200%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%												
2%											9,450	71
3%					9,313	71	8,414	65	79,784	289	148,723	422
4%	169	3	8,187	65	152,476	420	149,484	425	78,389	204		
5%	131,020	374	151,849	409	256	2	275	3				
6%	30,820	115	2,008	19								
7%	36	1										
8%												
9%												
10%												
11%												
12%												
13%												
14%												
15%												
Total	162,044	493	162,044	493	162,044	493	158,173	493	158,173	493	158,173	493

Schedule RDC-3
(page 3 of 10)
(Scenario 2: 115% avg residential bill)

	Below 50%						50% - 100%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
6%											99	3
7%									46	1	53,986	225
8%							46	1	2,354	27	106,249	237
9%							8,440	75	75,971	261	2,512	27
10%							126,515	293	81,899	174	-	1
11%					15	1	26,389	107	2,577	29		
12%					417	12	1,457	16	-	1		
13%					8,834	88	-	1				
14%			15	1	80,271	213						
15%	15	1	401	11	30,838	130						
16%	336	7	5,939	62	5,517	39						
17%	4,220	49	35,944	167	425	9						
18%	22,691	128	64,814	143	-	1						
19%	72,482	155	16,569	73								
20%	17,955	91	2,341	27								
21%	7,378	43	294	8								
22%	1,056	15	-	1								
23%	184	3										
24%	0	1										
25%												
26%												
Total	126,317	493	126,317	493	126,317	493	162,846	493	162,846	493	162,846	493

Schedule RDC-3
(page 4 of 10)
(Scenario 2: 115% avg residential bill)

	100% - 150%						150% - 200%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%												
2%												
3%							83	1	534	8	143,693	431
4%			58	1	58,408	228	123,757	368	154,156	455	14,480	62
5%	2,913	28	42,555	184	103,600	264	34,333	124	3,484	30		
6%	142,593	393	118,412	297	36	1						
7%	16,503	71	1,020	11								
8%	36	1										
9%												
10%												
Total	162,044	493	162,044	493	162,044	493	158,173	493	158,173	493	158,173	493

Schedule RDC-3
(page 5 of 10)
(Scenario 3: 130% avg residential bill)

	Below 50%						50% - 100%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
7%											88	2
8%											13,759	110
9%							46	1	1,277	17	135,879	306
10%							4,184	44	37,764	182	12,770	70
11%							69,254	233	111,825	224	350	5
12%							82,615	169	11,578	61		
13%					15	1	6,396	41	402	9		
14%					336	7	350	5				
15%					4,928	57						
16%			15	1	35,474	163						
17%	15	1	336	7	66,360	156						
18%	103	3	3,651	43	16,843	77						
19%	2,542	28	11,764	119	2,092	24						
20%	7,116	80	73,771	144	269	7						
21%	44,511	162	26,006	104								
22%	52,826	110	8,463	46								
23%	14,533	66	2,043	21								
24%	4,086	29	269	7								
25%	402	10	-	1								
26%	184	3										
27%	0	1										
Total	126,317	493	126,317	493	126,317	493	162,846	493	162,846	493	162,846	493

Schedule RDC-3
(page 6 of 10)
(Scenario 3: 130% avg residential bill)

	100% - 150%						150% - 200%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%												
2%												
3%											6,099	50
4%					156	2	5,910	45	46,348	199	151,634	438
5%	58	1	169	3	123,734	345	148,857	420	111,640	292	440	5
6%	13,664	90	81,717	286	38,118	145	3,407	28	186	2		
7%	140,240	356	79,462	195	36	1						
8%	8,046	45	696	9								
9%	36	1										
10%												
11%												
Total	162,044	493	162,044	493	162,044	493	158,173	493	158,173	493	158,173	493

Schedule RDC-3
(page 7 of 10)
(Scenario 4: 85% avg residential bill)

	Below 50%						50% - 100%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
3%												
4%											3,072	34
5%									46	1	157,198	429
6%							562	8	18,771	132	2,577	30
7%					15	1	72,645	266	141,226	328		
8%					3,914	49	88,183	202	2,803	31		
9%					95,815	290	1,457	17	-	1		
10%			15	1	25,333	134						
11%	15	1	2,348	28	1,240	18						
12%	1,864	18	37,049	193	-	1						
13%	10,426	114	74,849	194								
14%	92,186	229	11,471	63								
15%	18,027	92	586	13								
16%	3,558	33	-	1								
17%	239	5										
18%	0	1										
19%												
Total	126,317	493	126,317	493	126,317	493	162,846	493	162,846	493	162,846	493

Schedule RDC-3
(page 8 of 10)
(Scenario 4: 85% avg residential bill)

	100% - 150%						150% - 200%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%												
2%					156	2			262	4	157,734	488
3%			243	4	161,392	486	148,087	444	157,903	488	440	5
4%	77,018	274	157,193	457	496	5	10,086	49	8	1		
5%	84,991	218	4,608	32								
6%	36	1										
7%												
8%												
9%												
10%												
Total	162,044	493	162,044	493	162,044	493	158,173	493	158,173	493	158,173	493

Schedule RDC-3
(page 9 of 10)
(Scenario 5: 70% avg residential bill)

	Below 50%						50% - 100%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%												
2%												
3%											22,693	162
4%									46	1	140,153	330
5%					15	1	1,742	19	78,325	288	-	1
6%					11,924	126	140,274	377	84,199	201		
7%					111,743	330	20,830	96	276	3		
8%			15	1	2,635	35	-	1				
9%	15	1	5,376	67	-	1						
10%	2,645	31	96,926	279								
11%	41,102	218	22,642	125								
12%	74,101	184	1,358	20								
13%	8,186	51	-	1								
14%	269	7										
15%	0	1										
16%												
17%												
Total	126,317	493	126,317	493	126,317	493	162,846	493	162,846	493	162,846	493

Schedule RDC-3
(page 10 of 10)
(Scenario 5: 70% avg residential bill)

	100% - 150%						150% - 200%					
	Undiscounted		RIA		LIAC		Undiscounted		RIA		LIAC	
Burden	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places	Customers	Places
1%											29,214	162
2%					161,025	482	15,029	91	142,559	423	128,959	331
3%	13,723	91	146,499	423	1,020	11	143,144	402	15,614	70		
4%	148,286	401	15,546	70								
5%	36	1										
6%												
7%												
8%												
9%												
Total	162,044	493	162,044	493	162,044	493	158,173	493	158,173	493	158,173	493

Schedule RDC-4
(page 1 of 2)

	Consumers Energy: Payment Coverage Ratios: Residential Customers			
Month	**Total Bill with Tax**	**Payment Amount**	Pyt Coverage Ratio	Rolling 3-mo Pyt Coverage Ratio
Oct-18	$192,376,018.22	$259,522,645.52	135%	
Nov-18	$263,671,920.04	$232,712,236.25	88%	
Dec-18	$354,149,593.69	$285,263,595.70	81%	96%
Jan-19	$386,063,222.18	$351,912,847.27	91%	87%
Feb-19	$424,081,010.42	$351,947,969.50	83%	85%
Mar-19	$361,582,000.09	$399,517,443.72	110%	94%
Apr-19	$283,954,639.42	$340,539,879.04	120%	102%
May-19	$223,849,380.65	$276,033,166.55	123%	117%
Jun-19	$194,749,526.58	$216,716,442.17	111%	119%
Jul-19	$251,059,742.49	$236,525,844.87	94%	109%
Aug-19	$252,202,444.16	$280,406,358.64	111%	105%
Sep-19	$211,782,781.26	$244,898,633.52	116%	107%
Oct-19	$192,908,738.02	$234,853,905.45	122%	116%
Nov-19	$258,406,748.51	$230,045,772.24	89%	107%
Dec-19	$327,274,153.78	$303,577,033.83	93%	99%
Jan-20	$368,167,945.33	$348,211,380.79	95%	92%
Feb-20	$348,826,889.80	$347,476,708.12	100%	96%

Schedule RDC-4
(page 2 of 2)

Consumers Energy: Payment Coverage Ratios: Low-Income Customers

Month	LI Total Bill with Tax	LI Payment Amount	LI Pyt Coverage Ratio	LI Rolling 3-mo Pyt Coverage Ratio
Oct-18	$2,325,550.23	$2,314,506.31	100%	
Nov-18	$3,145,853.97	$2,685,868.70	85%	
Dec-18	$4,233,362.38	$2,419,892.67	57%	76%
Jan-19	$4,591,983.74	$2,701,810.29	59%	65%
Feb-19	$5,010,817.63	$3,274,119.12	65%	61%
Mar-19	$4,310,199.12	$3,440,529.86	80%	68%
Apr-19	$3,362,477.86	$2,798,989.14	83%	75%
May-19	$2,695,776.78	$2,407,767.56	89%	83%
Jun-19	$2,294,497.44	$1,718,991.40	75%	83%
Jul-19	$2,927,655.27	$1,644,540.77	56%	73%
Aug-19	$2,982,511.93	$1,928,724.38	65%	65%
Sep-19	$2,469,676.97	$1,693,388.71	69%	63%
Oct-19	$1,307,558.02	$943,767.44	72%	68%
Nov-19	$1,695,154.69	$1,241,054.87	73%	71%
Dec-19	$2,058,097.79	$1,222,961.42	59%	67%
Jan-20	$2,326,886.33	$1,319,874.27	57%	62%
Feb-20	$2,179,430.54	$1,549,453.77	71%	62%

Schedule RDC-5

Bill Payment Regularity Ratio (Residential) (Consumers Energy)			
	Bill Count	Payment Count	Pyts per Bill
Oct-18	3,319,609	3,050,623	0.92
Nov-18	3,316,995	2,956,015	0.891
Dec-18	3,331,208	2,863,358	0.86
Jan-19	3,315,956	3,056,739	0.92
Feb-19	3,302,138	2,930,682	0.888
Mar-19	3,307,545	3,160,224	0.96
Apr-19	3,410,186	3,107,038	0.91
May-19	3,320,061	3,084,409	0.93
Jun-19	3,325,457	2,859,372	0.86
Jul-19	3,333,152	3,043,040	0.91
Aug-19	3,334,290	3,042,861	0.91
Sep-19	3,325,375	2,938,383	0.88
Oct-19	3,331,701	3,058,479	0.92
Nov-19	3,322,241	2,975,397	0.90
Dec-19	3,326,672	3,061,500	0.92
Jan-20	3,328,705	3,120,299	0.94
Feb-20	3,321,258	3,083,627	0.93
Cumulative	56,572,549	51,392,046	0.91
4 low cumulative	13,284,178	11,591,795	0.87
4 high cumulative	13,277,569	12,448,559	0.94
Winter (and 4 mos after)	26,629,546	24,017,837	0.90
Bill Payment Regularity Ratio (Low-Income Residential) (Consumers Energy)			
Oct-18	33,615	22,158	0.66
Nov-18	33,858	22,582	0.67
Dec-18	34,024	20,555	0.60
Jan-19	34,110	22,129	0.65
Feb-19	34,073	24,226	0.71
Mar-19	34,184	24,472	0.72
Apr-19	34,461	23,726	0.69
May-19	33,927	24,970	0.74
Jun-19	33,550	22,479	0.67
Jul-19	33,312	23,085	0.69
Aug-19	32,908	22,975	0.70
Sep-19	32,318	20,917	0.65
Oct-19	18,324	11,525	0.63
Nov-19	18,167	11,675	0.64
Dec-19	18,074	11,503	0.64
Jan-20	17,975	12,654	0.70
Feb-20	17,857	13,294	0.74
Cumulative	494,737	334,925	0.68
4 low cumulative	88,589	55,258	0.62
4 high cumulative	120,041	86,962	0.72
Winter (and 4 months after)	272,187	185,139	0.68

Question:

20. Please provide, for the dates January 1, 2009 to present, a copy of all reports, evaluations, memos, analyses or other written documents of any nature containing the Company methodology, procedure or process designed to systematically review, study or assess the Company residential billing and/or payment records in an effort to:

    a. Characterize patterns of nonpayment;
    b. Identify the characteristics of nonpayers;
    c. Identify predictors of nonpayment;
    d. Identify strategies to reduce nonpayment;
    e. Identify early indicators of nonpayment.

Response:

Objection by Counsel: Consumers Energy Company objects to this request for the reason that it is overly broad and would be unduly burdensome and time consuming to attempt to respond to the request. Consumers Energy also objects to this request because it seeks certain information that is confidential and proprietary. Without waiving this objection, Consumers Energy responds as follows:

The Company participated in two Public Sector Consultants reviews of energy assistance in the state. The 2016 report is provided as Attachment 1. The 2018 report is provided Attachment 2.

The Company has contracted with a third-party vendor to perform an analysis related to this request; however, the analysis cannot be provided as a provision of the contract with the vendor.

Steve McLean

Steven Q. McLean
April 2, 2020

Customer Experience

Evaluation of the Michigan Energy Assistance Program: Successes and Options for Improvement

May 2016

Prepared for
DTE Energy
Detroit, Michigan

Prepared by
Public Sector Consultants Inc.
Lansing, Michigan
www.pscinc.com

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History of Low-Income Energy Assistance in Michigan

THE NEED FOR ENERGY ASSISTANCE

Household energy consumption is an integral part of everyday life. Families depend on energy to provide insulation from the variability in temperature and weather, to prepare and store foods, and to perform a myriad of other daily activities. According the Low-Income Home Energy Assistance Program (LIHEAP) *Home Energy Notebook for FY 2011*, nationally the average household spends $2,205 annually on its energy needs, this represents 7 percent of their income. However, for low-income households, energy expenditures can account for 13.2 percent of their income—double the average individual's burden (U.S. DHHS March 2014). The gap is much higher for households with income below the poverty line. The Home Energy Affordability Gap study shows that for a Michigan household earning below 50 percent of the federal poverty level (FPL), energy costs can represent 37 percent of their annual income (FSC 2015). This reality presents a challenge to many families who may have to make tough decisions about where they spend their limited resources. Exhibit 1 provides an overview of the home energy burden for Michigan households.

EXHIBIT 1. Home Energy Burden for Michigan Households, 2014

Federal Poverty Level	Home Energy Burden	Number of Households
Below 50	37%	293,390
50–100	20%	347,830
100–125	13%	174,443
125–150	11%	178,772
150–185	9%	252,470
185–200	8%	102,659

Source: FSC. April 2015. *The Home Energy Affordability Gap 2014.* Available at: http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html (accessed 7/15/15)

The Home Energy Affordability Gap study calculates the difference between households' actual bills and what an affordable energy bill is. The authors determined that a household's "affordable burden" for energy bills is 6 percent of their income (FSC 2003). Using this methodology, the report determined that the average home energy affordability gap for Michigan households living below 200 percent FPL was $1,550 in 2014. The total affordability gap was just over $2 billion (FSC 2015). The distribution of households below 150 percent FPL is shown in Appendix A.

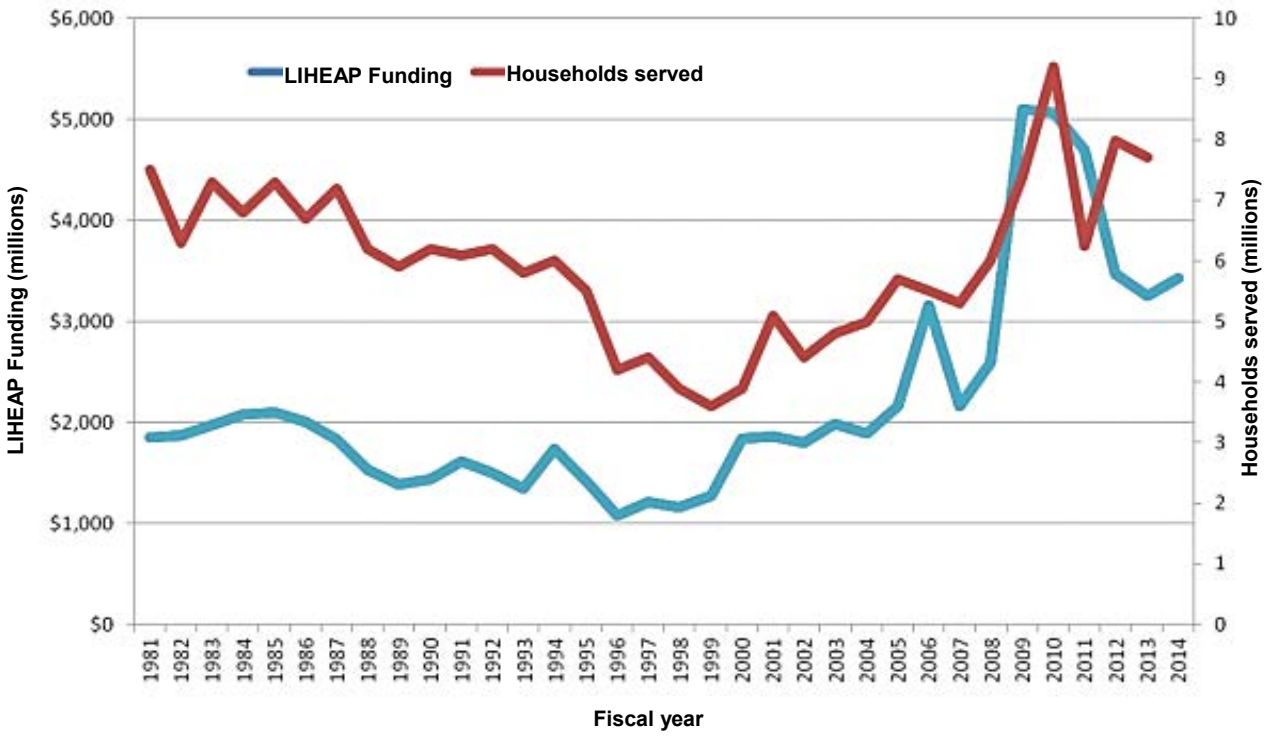
Policymakers at the federal and state level recognize that for many low-income households, energy costs represent a sizeable portion of their income, and that some households will need assistance to avoid falling behind or experiencing crisis. Energy assistance programs have been developed in an effort to help families meet their basic energy needs.

HISTORICAL FUNDING SOURCES

The primary source of energy assistance funding comes from the Low-Income Home Energy Assistance Program. First adopted in 1981, LIHEAP is a federally funded grant program that distributes funds for energy assistance to states. LIHEAP sets certain eligibility requirements and performance standards for the

funds, but in large part, leaves the design and administration of energy assistance programs up to individual states. Federal funding for LIHEAP has fluctuated over the years from around $1 billion in 1996 up to more than $5 billion nationally in 2009. The level of funding has fallen in recent years, $3.017 billion has been allocated for Fiscal Year (FY) 2016. A summary of historic LIHEAP funding is provided below, see Exhibit 2.

EXHIBIT 2. LIHEAP Funding and Households Served 1981–2014



Note: LIHEAP Funding includes Emergency Contingency Funds/ Estimated household data for 2010, 2011, 2012, 2013

Source: LIHEAP Clearing House. March 2014. *LIHEAP 101 What You Need to Know.* Available at: http://www.liheapch.acf.hhs.gov/pubs/LCIssueBriefs/FinalLIHEAPPrimer.pdf (accessed 7/21/15)

Need for Additional Energy Assistance Funding

While federal funds have helped some of Michigan's low-income households address their energy needs, there has historically been and continues to be a greater demand for assistance than there are resources to fill it. The federal government has acknowledged this, stating that "LIHEAP funding has never been adequate to assist all eligible households or to fully address their home energy needs"—adding that "historically, LIHEAP has served less than 20 percent of eligible households" (LIHEAP 2014). This unmet need has spurred the development of state policies designed to provide increased funding for low-income energy assistance programs.

STATE FUNDING SOURCES

Low-Income and Energy Efficiency Fund

The first state funded energy assistance program in Michigan was the Low-Income and Energy Efficiency Fund (LIEEF) created by Public Act 141 in 2000. The LIEEF was funded by excess securitization[1] funds, collected by utilities, and administered by the Michigan Public Service Commission (MPSC) (MPSC 2002). The fund received approximately $44 to $46 million per year, from securitization between 2001 and 2004 (MPSC June 2004). The MPSC established procedural a framework for LIEEF which called for 75 percent of funds were to be used for energy assistance payments and energy-efficiency programs for low-income customers, and the remaining 25 percent to be used to develop energy-efficiency programs for all customer classes (MPSC 2002). From 2001 through 2004, the MPSC approved $107,422,675 in grants through LIEEF—$80 million of which were for low-income energy assistance.

On June 20, 2003, DTE Energy filed a motion to amend its electric rates with the MPSC. Included in its proposal was nearly $40 million to continue funding LIEEF beyond 2004. DTE's position was that there would no longer be any excess securitization funds to contribute to LIEEF. The commission approved DTE's proposal stating that the "existence and funding of the LIEEF should continue at present levels unless the issue is revisited in an appropriate case" (MPSC November 2004). A year after approving DTE's continued funding for LIEEF, the commission authorized Consumers Energy to contribute $26.5 million from electric customers[2] to the fund. In its order approving the funding, the commission made the following observation: "Contributions to the LIEEF are beneficial to ratepayers because the LIEEF is an appropriate means to reduce bad debt and uncollectible accounts, the cost of which ratepayers must already assume" (MPSC 2005).

For several years, the MPSC administered the LIEEF program with funds collected from DTE and Consumers. The total revenue contributed to LIEEF was approximately $83.8 million annually (MPSC 008). In 2010, the commission authorized DTE Energy (then Michigan Consolidated Gas Company) to collect $5 million from customers to fund LIEEF. Despite having been upheld by courts in previous attempts, petitioners appealed the commission's order to the Michigan Court of Appeals. On July 26, 2011, the court found that administering LIEEF no longer fell under the commission's statutory authority. This reversed previous court rulings that had affirmed the commission's authority over LIEEF. When the state overhauled its energy policy in 2008, Public Act 286 rewrote LIEEF's enabling legislation and omitted the reference to the program. The Court of Appeals stated that the "administration of a LIEEF does not fall within the scope of the PSC's general statutory powers, but depends in every instance on specific statutory authorization" (COA July 26, 2011).

The Vulnerable Heat and Warmth Fund

Following the court's decision, the MPSC had no choice but suspend the grants it had made using the LIEEF. This created an immediate issue for low-income households around the state who depend on the availability of energy assistance during the winter months. Recognizing the need to fill the void once covered by LIEEF, the legislature introduced a measure to fund energy assistance programs for the upcoming heating season. On December 20, 2011, Gov. Rick Snyder signed the Vulnerable Heat and Warmth Fund

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[1] PA 141 restructured Michigan's electric market and allowed utilities to securitize assets approved under the prior regulatory system. Securitization allowed utilities to recover the stranded costs of approved investments through a surcharge on customer bills.

[2] The commission would later approve Consumers Energy to collect $17.4 million from its gas customers as well.

into law. This appropriated $58 million for energy assistance relief—$23 million went to the MPSC for energy assistance grants, and the remaining $35 million was given to the Michigan Department of Health and Human Services (MDHHS) for the State Emergency Relief (SER) program (MPSC n.d.). This program solved the immediate need for additional energy assistance, but did not address the need for a sustainable replacement for the LIEEF program.

Low-Income Energy Assistance Grant

Without a solution in place for energy assistance, on June 26, 2012, the state made another one-time allocation to the MDHHS for additional emergency relief energy services (PA 200 of 2012). The MDHHS entered into an agreement to share the $59 million in additional funds with the MPSC. The MPSC received $27.7 million to administer the Low-Income Energy Assistance (LIEA) grant program for the 2012–2013 heating season. The stop gap measures instituted during 2011 and 2012 gave low-income households some security for the heating seasons, while the legislature worked to develop a long–term, state-funded energy assistance program.

MICHIGAN'S CURRENT ENERGY ASSISTANCE PROGRAMS

For FY 2016, Michigan expects to receive over $162 million from LIHEAP (MDHHS n.d.). This funding will be distributed through several different programs, including:

- Home Heating Tax Credit (HHC): Widely available heating assistance funds offered through the Department of Treasury. Eligibility is based on income and home energy burden.
- State Emergency Relief (SER): Primarily crisis energy assistance, administered through the Michigan Department of Health and Human Services (MDHHS). Eligibility is based on need and income.
- Weatherization Assistance Programs (WAP): Home improvements designed to reduce household energy consumption and reduce a household's energy burden.
- Michigan Energy Assistance Program (MEAP): The newest energy assistance program, which offers a variety of energy assistance alternatives through public and private entities. Programs must help customers achieve self-sufficiency.

See Exhibits 3 and 4 for a breakdown of federal funding for energy assistance programs. A brief overview of each of these programs is available in Appendix B.

EXHIBIT 3. Funding for Michigan's Energy Assistance Progams

FY 2016 Projected LIHEAP Funding	Available Revenue
LIHEAP Original/ Regular Block Grant Funding	$156,221,127
LIHEAP Carry Forward from Prior Year	$6,320,123
Total Projected Funding Available	$162,541,250
FY 2016 Projected Expenditures	Projected Spending
Administration - Home Heating Credit*	$2,430,000
Home Heating Tax Credit	$50,266,300
Michigan Energy Assistance Program	$40,000,000
Weatherization Assistance	$6,677,535
Administration – Weatherization*	$333,877
Crisis Assistance* (CAPS $850)	$49,975,302
Total Spending Plan for the LIHEAP 32560 Account	$149,683,014
MDHHS Administrative Expense*	$12,858,236
Total Projected LIHEAP Plus Administration	**$162,541,250**

*Amount available for LIHEAP administrative costs is 10 percent of the original LIHEAP block rant or $16,127,240. Administrative costs are split between the Department of Treasury, Community Action Agencies, and MDHHS.

Source: MDHHS. n.d. Michigan Low Income Home Energy Assistance (LIHEAP) FY2016 Spending Plan. Available at: http://www.michigan.gov/documents/mdhhs/Section_655_512362_7.pdf (accessed 3/26/16)

EXHIBIT 4. Number of Households and Average Payments from Energy Assistance Programs, FY 2014

	Households Served	Average Payment
Basic Heating Assistance: Home Heating Credit	342,689	$118.75
SER Energy Services: Heating and Electric	207,428	$505.75
Energy-Related Home Repairs	1,404	$2,306.29
Michigan Energy Assistance Program*	87,647	$906.86
Weatherization Assistance Program^	N/A	N/A

*MEAP grant period was from November 13, 2013, through August 31, 2014.
^WAP funding for FY 2014 was through Department of Energy Weatherization Assistance Program, not LIHEAP.

Source: Michigan Department of Technology, Management, and Budget. January 2015. *Program Description Fiscal Year 2016.* Available at: http://www.michigan.gov/documents/dhs/FY_2016_DHS_Program_Descriptions_486684_7.pdf (accessed 7/21/15)

The Michigan Energy Assistance Program

Recognizing that the state needed a sustainable energy assistance model for the future, the legislature "directed the Michigan Department of Human Services, or MDHS (now the Michigan Department of Health and Human Services, or MDHHS)" to convene a workgroup to study "more efficient way[s] to administer state emergency relief, low income home energy assistance program, and weatherization" (PA 63 of 2011). The resulting Energy Assistance Workgroup, chaired by Senator Bruce Caswell, began meeting in August 2011. The workgroup included participants from state departments, community action agencies, nonprofit organizations, and utility companies. Following several months of discussion, the group released ten proposed recommendations for updating state-funded energy assistance programs (MDHS 2012). Building off the workgroup's recommendations, Senator Caswell drafted the Michigan Energy Assistance Act, which was signed into law on January 8, 2013, as Public Act 615 creating the Michigan Energy Assistance Program (MEAP).

OVERVIEW OF MEAP

The MEAP was designed to better coordinate the delivery of energy assistance among different departments and state agencies, and to assist low-income households in moving towards self-sufficiency. Prior to the introduction of MEAP, energy assistance focused primarily on alleviating crises rather than preventing them. This meant a customer typically needed a shutoff notice from their provider before they could request assistance. MEAP adopted a new standard allowing customers to seek assistance before a shutoff notice when their account was past due[3] (MCL 400.1232). By removing the requirement that a customer be facing shutoff, customers can now ask for help earlier, avoid fees associated with disconnection, and potentially have lower arrears when they seek assistance.

In addition to changing when assistance can be sought and delivered, the MEAP also placed an emphasis on self-sufficiency. The statute elaborates on this point, saying energy assistance services should include "assisting participants in paying their energy bills on time, assisting participants in budgeting for and contributing to their ability to provide for energy expenses, and assisting participants in utilizing energy services to optimize on energy efficiency" (MCL 400.1233). The bill's sponsor, Senator Caswell, said of the program when it was being debated back in 2012: "We're also focused on creating a program that creates self-sufficiency for these folks who come into the system. Don't just give 'em the money and walk away. Give 'em the money when they need it, but then work with them to lower their heating bills and be more efficient and use their money more wisely so that they don't need to keep coming back year after year" (MIRS 2012).

The *2015 Michigan Energy Assistance Program Grant Request for Proposal,* offers the following description of the program.

> *MEAP strives to incorporate customer accountability or provide incentives for positive actions by the customer for more responsible energy usage, and develop a uniform methodology for measuring outcomes. The implementation of innovative, cost-efficient energy assistance programs that provide extended case management, assistance with energy payments, financial and energy education, and employment assistance can help low-income households learn to achieve and*

[3] For nonutility customers, eligibility is based on their deliverable fuel tank was less than 25 percent full, their prepayment account is below a minimum amount, or they have stated the need for nontraditional fuel.

maintain an independent, self-sufficient lifestyle that allows them to provide the basic needs for their families.

MEAP OBJECTIVES

The MEAP allows each grantee to design their own energy assistance program. Despite the fact that each grantee's program is different, there are common requirements for all MEAP grantees. These requirements are outlined in the *2015 Michigan Energy Assistance Programs Grant Request for Proposals.* The primary requirements are:

- Help eligible low-income households meet home energy costs for their primary residence through payment or partial payment of bills
- Enable participants to become or move toward becoming self-sufficient

PROGRAM FUNDING

The MEAP is funded through the Low-Income Energy Assistance Fund (LIEAF), which was established by Public Act 95 of 2013. Money for LIEAF is collected through a monthly surcharge on customer electric bills. The MPSC determines this surcharge through their annual calculation of a low-income energy assistance funding factor. This funding factor is designed to collect up to $50 million[4] annually, and cannot exceed $1 per month per customer. Federal LIHEAP funds have been used to supplement LIEAF dollars for MEAP grants, historical funding for MEAP is shown in Exhibit 5. The amount of LIEAF funds collected from each participating electric utility is available in Appendix C.

EXHIBIT 5. MEAP Funding 2014-2016

Funding Source	2014	2015	2016
State LIEAF	$50,000,000	$50,000,000	$50,000,000
LIEAF Funding Factor	$ 0.99	$ 0.97	$ 0.98
Federal LIHEAP	$40,000,000	$62,000,000	$40,000,000
Total MEAP Funding	**$90,000,000**	**$112,000,000**	**$90,000,000**

Source MPSC. July 22, 2014. *Commission Order in Case Number U-17377.* Available at: http://www.michigan.gov/documents/mpsc/U-17377_-_Order_Adopting_2015_LIEAF_Funding_Factor_481100_7.pdf (accessed 3/26/2016) and MPSC. July 22, 2014. *Commission's Order in Case No. U-17377*. Available at: http://www.michigan.gov/documents/mpsc/U-17377_-_Order_Adopting_2015_LIEAF_Funding_Factor_481100_7.pdf (accessed 4/4/2016) and MPSC. July 29, 2013. *Commission Order in Case No. U-17377*. Available at: http://efile.mpsc.state.mi.us/efile/docs/17377/0021.pdf (accessed 4/4/2016)

Program Spending

Unlike SER and the HHC, which are administered by state entities, MEAP is offered through a variety of public and private entities across the state. The Michigan Agency for Energy (MAE)[5] operates a competitive

[4] "The amount used by the public service commission to calculate a low-income energy assistance funding factor during each fiscal year shall not exceed $50,000,000.00 minus both the amount appropriated from the general fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year" (MCL 460.9t).

[5] In 2015, the Energy Grants division that oversees MEAP was transferred from the MPSC to MAE.

grant program for MEAP.[6] MAE issues a request for proposals (RFP) and makes grants based on an applicant's ability to effectively and efficiently administer low-income energy assistance funds. To date, 14 different grantees have received MEAP funding; however, only 13 grantees have received funding for the 2015 and 2016 grant years. These grantees vary in terms of type of organization, geographic reach and program approach. In previous energy assistance grant programs, such as LIEEF and LIEA, funding typically went to nonprofit organizations whose main focus was community outreach. While these organizations still make up a large share of MEAP grantees, utilities have also begun participating in the program. Exhibit 6 displays a list of grantees and the amount of funding they have received.

EXHIBIT 6. Distribution of MEAP Grant Dollars and Reach, by Grantee, 2015 Grant Year

Grantee	Total 2015 Funds	Anticipated Reach	Actual Reach	Number of Counties Served
Barry County United Way	$165,100	209	215	1
Consumers Energy Company	$15,677,000	16,500	18,827	68
MDHHS - BCAEO	$7,000,000	7,260	6,097	Statewide
DTE Energy	$20,000,000	26,000	24,244	56
Flat River Outreach Ministries, Inc.	$92,712	42	42	2[1]
Lighthouse Emergency Services	$350,000	627	514	1
Michigan Community Action	$12,620,000	4,650	10,777	Statewide
SEMCO ENERGY Gas Company	$2,250,000	4,000	4,442	26
Society of St. Vincent de Paul	$4,000,000	3,832	3,404	39
Superior Watershed Partnership	$2,495,188	2,430	2,082	15[2]
The Heat and Warmth Fund	$10,000,000	7,650	8,904	65
The Salvation Army	$16,850,000	12,847	14,525	Statewide
TrueNorth Community Services	$20,000,000	10,237	19,859	64
Totals	**$111,500,000**	**96,284**	**113,946**	

[1] Lowell School District, portions of Kent and Ionia Counties.
[2] The Upper Peninsula only.

Source: MAE. August 22, 2014. *2015 Michigan Energy Assistance Program Grants*. Available at: http://www.michigan.gov/documents/mpsc/2015_MEAP_Grant_Approvals_466157_7.pdf (accessed 4/7/16) and Barry County United Way October 2015; Consumers Energy October 2015; MDHHS-BCAEO October 2015; DTE Energy October 2015; Flat River October 2015; Lighthouse Community Services October 2015; Michigan Community Action October 2015; SEMCO Energy October 2015; St. Vincent de Paul October 2015; Superior Watershed October 2015; The Heat and Warmth Fund October 2015; The Salvation Army October 2015; TrueNorth October

The MEAP program received an additional $22 million dollars of funding for the 2015 grant year, bringing the total funding level of MEAP to $111.5 million (MDHHS n.d.). Of MEAP's funding, $50 million was collected from electric utility customers in Michigan. The remaining $62 million is federal LIHEAP funding. On July 22, 2014, the MPSC approved the low-income energy assistance funding factor of $0.97 per meter per month to be collected from customers of participating utilities (MPSC July 22, 2014).[7] A complete summary of participating and nonparticipating electric utilities is available in Appendices C and D.

[6] The MPSC Energy Grants Division, which has managed the first two MEAP grants, was recently moved to the newly formed Michigan Agency for Energy.
[7] In 2014, there were 23 participating electric service providers. Cherryland Electric Cooperative and Chelsea Department of Electric and Water both participated in 2014, but opted out of the MEAP program for the 2015–2016 grant period.

According to MEAP's authorizing legislation, 92 percent of the program funds are to be spent on energy assistance. Program grantees spent more than 95 percent of MEAP funds on energy assistance payments and self-sufficiency services. The MEAP legislation also dictates that 70 percent of funds must be expended during the crisis season from November 1 through May 31. For the 2015 MEAP grant, 74.6 percent of funds were spent during the crisis season. Exhibit 7 provides a summary of how MEAP grant funds were spent for the 2015 grant period.

EXHIBIT 7. How MEAP Funds Were Spent, 2015

	2015 Spending	2015 Percent
Total grant funds awarded	$111,500,000.00	100.0%
Total grant funds spent	$111,003,969.14	99.6%
Funds returned (seven grantees)	$496,030.86	0.4%
Grant funds spent on energy bills	$96,632,268.75	86.7%
Grant funds spent on self-sufficiency programs	$10,378,739.12	9.3%
Administrative costs	$3,992,961.27	3.6%
Customers served with energy bill assistance (unduplicated)	$113,946	
Grant funds spent outside of crisis season (Nov. 1–May 31)	$24,586,548.53	25.4%
Grant funds spent during crisis seasons (Nov. 1–May 31)	$72,045,720.22	74.6%

Source: MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

Number of People Served

DHHS contributed additional LIHEAP funding to MEAP for the 2015 grant year. Due to the availability of extra funds grantees were awarded an additional $21,855,000, and with these additional grant dollars, MEAP was able to serve 113,946 households—30 percent more than in 2014. The average household enrolled in MEAP received $848.05—much higher than either SER or the HHC. This is in part due to the fact that the program enables spending on self-sufficiency services as well as allowing energy assistance dollars to be spent outside the crisis season. Exhibit 8 provides a breakdown of the number of households served through MEAP and the average spending per household by income level. During the 2015 grant year, 17,352 people were denied assistance either due to ineligibility or lack of funds (MDHHS n.d.). Appendices E and F show the distribution of MEAP households and program spending across Michigan by county.

EXHIBIT 8. Unduplicated Households Served, Income Levels, and Total MEAP Funds Spent

Poverty Level	Households Served	Total MEAP Funds Spent	Average Funds Spent Household
Under 75%	64,636	$55,025,920.79	$851.32
76-100%	25,712	$20,843,071.48	$810.64
101-125%	14,884	$12,802,775.60	$860.17
126-150%	8,585	$7,452,225.43	$868.05
151%+*	129	$142,086.43	$1,101.45
	113,946	**$96,266,079.73**	**$844.84**

*An exception may be granted, due to extenuating circumstances, for households who are above 150% FPL.
Source: MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature.)

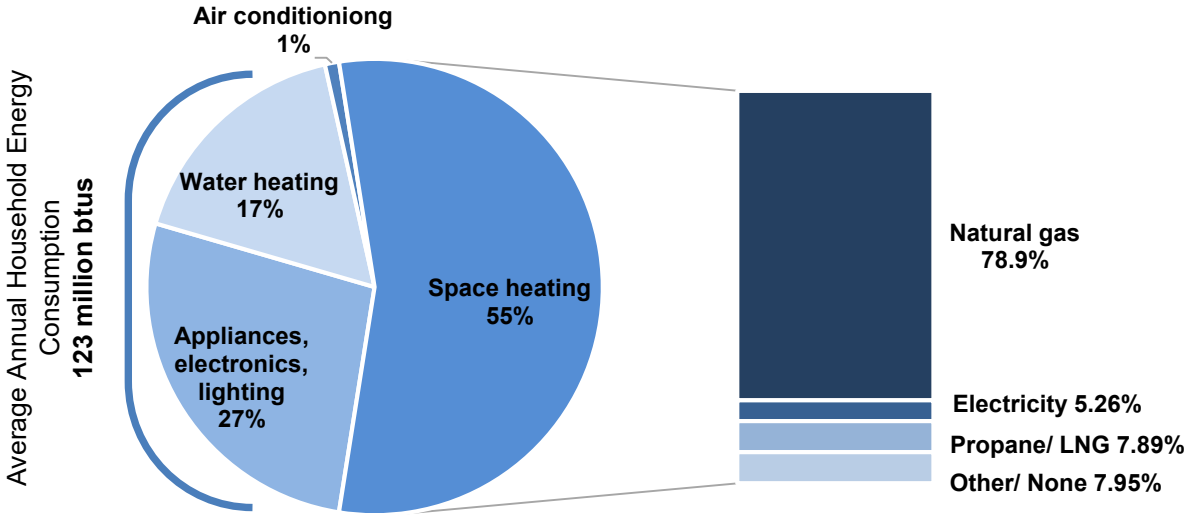
Number of People Served by Energy Type

Due to the state's temperate climate, Michigan households consume more energy for home heating than the national average. Space heating is the largest source of household energy demand. It accounts for 55 percent of household consumption in Michigan. Natural gas is the most common fuel used for home heating in Michigan, accounting for 78.9 percent of all homes (EIA 2013). The remaining 21.1 percent of homes rely on either propane, electricity, or other fuel sources, see Exhibit 9.

MEAP funds can be used to help households that depend on a variety of different fuels for their home heating needs. The 113,946 MEAP households received a total of 359,415 energy assistance payments during the 2015 grant year. More than $96 million was spent on energy payments—approximately 87 percent of total funding. The average energy payment was $268.86 (as illustrated in Exhibit 10).

During the 2015 grant cycle, 10 percent of energy assistance went to customers with combined gas and electric bills, 44.5percent of funds went to pay for electricity, 31.5 percent to natural gas payments, 9.8 percent for propane customers, and the remaining funds were used for heating, fuel, and other energy sources.

EXHIBIT 9. Household Energy Consumption by End-use and Fuel Type Used for Home Heating



Source: U.S. Energy Information Administration. August 13, 2013. *Residential Energy Consumption Survey (RECS).* Available at: http://www.eia.gov/consumption/residential/reports/2009/state_briefs/pdf/mi.pdf (accessed 8/21/15)

EXHIBIT 10. Households Served by Energy Type & Total MEAP Funds Spent

Energy Type	Total Energy Assistance Payments*	Total Energy Payments	Percent of Energy Payments	Average Payment
Non-Heat Electricity	165,355	$43,025,108.78	44.5%	$260.20
Natural Gas	165,244	$30,442,215.54	31.5%	$184.23
Combined	10,015	$9,541,005.76	9.9%	$952.67
Propane/ LP Gas	13,203	$9,505,854.83	9.8%	$719.98
Fuel Oil	1,764	$1,244,506.89	1.3%	$705.50
Wood	1,450	$939,943.00	1.0%	$648.24
Other	2,384	$1,933,634.10	2.0%	$811.09
Total	**359,415**	**$96,632,268.90**		**$268.86**

Source: MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

Recipient Profile

The primary eligibility requirement for MEAP is that a household must have income below 150 percent FPL (MCL 400.1231). Beyond that, there is no requirement for MEAP to serve a particular demographic. Grantees reported demographics for all unduplicated MEAP households. Of the 113,946 MEAP households, 38,697 contained at least one member with a handicap and 25,493 have at least one member age 60 years or older. The complete demographic breakdown for MEAP participants is shown in Exhibit 11.

EXHIBIT 11. Unduplicated MEAP Households, 2015

Household Type	Number	Percent of Households
TANF Households	57,675	50.6 %
Non-TANF Households	56,271	49.4 %
Total Households*	**113,946**	
Contains at least one member age 60 or older	25,493	22.4 %
Contains at least one member age two or younger	15,666	13.7 %
Contains at least one member age three to five	17,489	15.3 %
Contains at least one member that is handicapped	38,697	34 %

*Households can fall into more than one category
Source: MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

Changes in spending from 2014 to 2015

MEAP received an additional $21,850,000 in funding during the 2015 grant year—a nearly 25 percent increase in funding compared to 2014. With this additional funding, grantees were able to administer 21 percent more energy-assistance payments and serve nearly 30 percent more households in 2015. Despite the fact that MEAP delivered more services to more customers in 2015, grantees' administrative costs only increased by 17 percent from 2014 to 2015. Administrative spending accounted for only 3.6 percent of all MEAP funds in 2015—a decline from 2014 when 3.8 percent of MEAP spending went towards administration. Grantees spent 80 percent more funds on self-sufficiency during the 2015 grant year compared to the previous year. A complete comparison of grant funds and spending is available below in Exhibit 12.

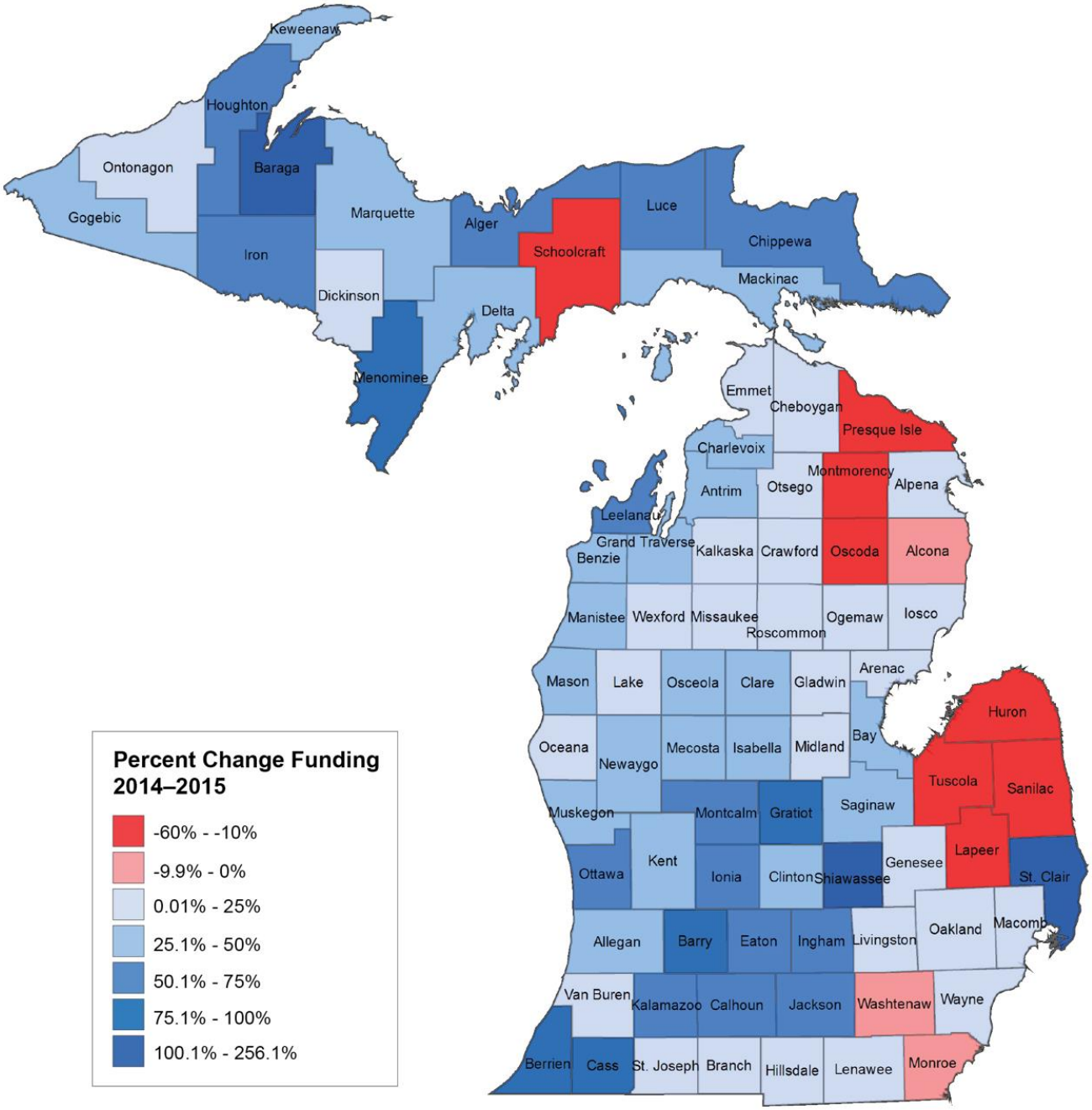
EXHIBIT 12. MEAP Funds Spent 2014 and 2015,

	2014 Spending	2015 Spending	Percent Change 2014-2015
Total grant funds awarded	**$89,615,000.00**	**$111,500,000.00**	**24.42%**
Total grant funds spent	**$88,618,448.68**	**$111,003,969.14**	**25.26%**
Funds returned (seven grantees)	$996,551.32	$496,030.86	-50.23%
Grant funds spent on energy bills	$79,483,834.84	$96,632,268.75	21.57%
Grant funds spent on self-sufficiency programs	$5,738,059.38	$10,378,739.12	80.88%
Administrative costs	$3,396,554.46	$3,992,961.27	17.56%
Customers served with energy bill assistance (unduplicated)	**87,647**	**113,946**	**30.01%**
Grant funds spent outside of crisis season (Nov. 1–May 31)	$23,409,502.57	$24,586,548.53	5.03%
Grant funds spent during crisis seasons (Nov. 1–May 31)	$56,074,332.34	$72,045,720.22	28.48%

Source: MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

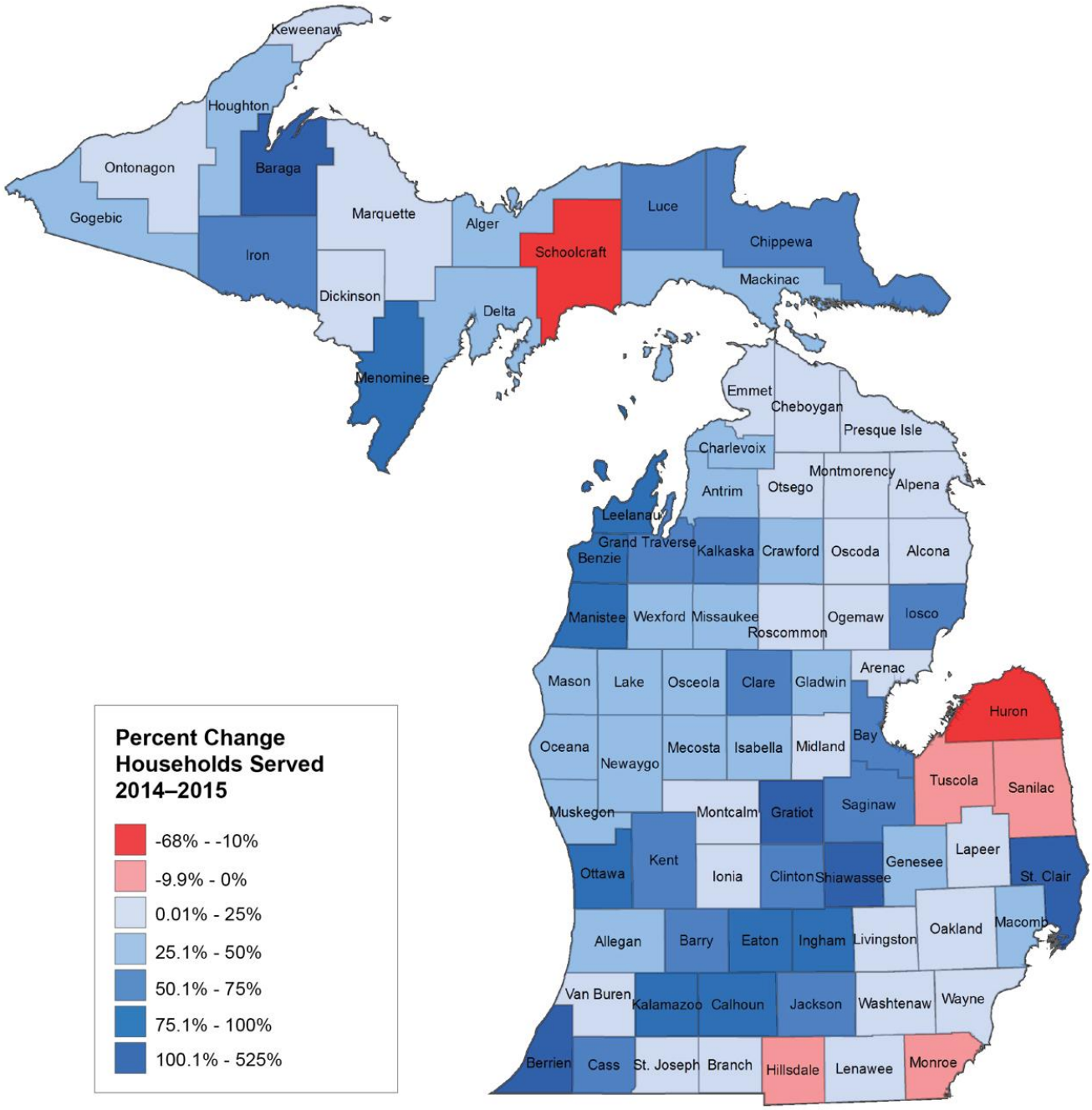
While overall MEAP funding increased from 2014 to 2015, these increases did not reach all parts of Michigan evenly. Of Michigan's 83 counties, six counties had fewer households served and 12 others received less MEAP funds in 2015 compared to 2014. There were five counties in which both fewer households were served and less funding was received. These include Schoolcraft, Huron, Tuscola, Sanilac, and Macomb counties. The distribution of funds by county is shown in Exhibits 13 and 14.

EXHIBIT 13. Change in MEAP Spending by County 2014 to 2015



Source MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

EXHIBIT 14. Change in MEAP Households Served by County2014 to 2015



Source MDHHS. December 1, 2015. 2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

Evaluation of Program Results

Based on the review of MEAP reports and data and interviews with program stakeholders, it is clear that the MEAP is addressing an unmet need for low-income energy assistance. The program has helped thousands of households in Michigan pay off energy utility debt and get related wraparound social services that could help people move toward financial self-sufficiency. However, there are also shortcomings with the program as it is currently being implemented that are limiting its full success. Public Sector Consultants' findings regarding program success fall into three key areas:

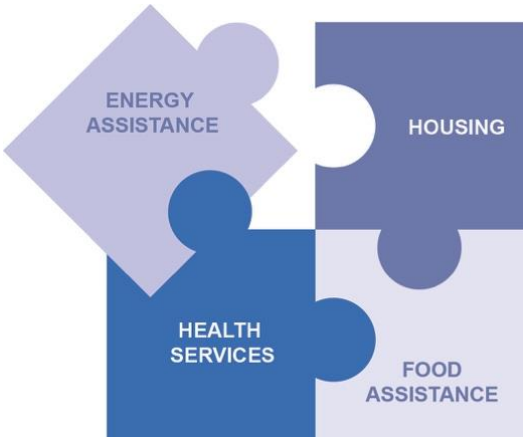
- Defining program goals and aligning them with program implementation
- Measuring success
- Program functionality

DEFINING PROGRAM GOALS AND ALIGNING THEM WITH PROGRAM IMPLEMENTATION

The overarching goal of the MEAP program, as defined in the enabling legislation is to provide "services that will enable participants to become or move toward becoming self-sufficient, including assisting participants in paying their energy bills on time, assisting participants in budgeting for and contributing to their ability to provide for energy expenses, and assisting participants in utilizing energy services to optimize on energy efficiency." The legislation directs the MDHHS to "attempt to coordinate its efforts with the efforts of other state departments or agencies to assist low-income households in becoming or moving toward becoming self-sufficient."

The language of the legislation has created some tension in the program because the stated goal of the program—enabling participants to become or move toward becoming self-sufficient—is very broad and difficult to achieve by just providing households with assistance in meeting their energy expenses and reducing their energy use.

From the findings of the Energy Assistance Workgroup and statements by the bill's sponsor, Senator Caswell, the intent of the program was to focus on ***energy self-sufficiency*** as one part of a larger suite of local, state, federal, nonprofit, and private sector programs to help low-income households achieve financial self-sufficiency more broadly.



Similarly, the state's request for proposals for MEAP service delivery organizations emphasized that the program's aim is to, "substantially reduce shutoffs by redefining crisis and shifting the emphasis of energy assistance towards prevention and accountability, and away from emergency crisis relief."

However, the implementation of the program remains focused on addressing short-term crises and bill payment, and does not differentiate itself enough from other energy assistance programs, such as the SER program. Most of the program grantees address bill payment issues through one-time payments that address arrears, but the program doesn't provide continuing help to households in meeting or controlling monthly energy costs. In addition to providing bill payments, most grantees provide MEAP participants with wraparound services such as counseling, financial management advice, or other assistance; however, through

the 2015 grant year, it remains unclear whether these efforts are truly breaking the cycle of need for participants. The result is that households who have chronic or structural issues with their ability to pay their energy bills wind up needing repeat energy assistance from the state—either through MEAP or the SER—and there is overlap with the objectives of the SER program.

The most effective programs for getting participants on a path to self-sufficiency are individual case management efforts that are time consuming and require multiple one-on-one meetings with clients. These programs recognize that participants frequently face multiple challenges in their lives that are not specifically related to energy use or needs. Many underlying challenges need to be addressed, and time is often necessary to see results. As the report on the Flat River program stated about their self-sufficiency work, the program is "…not long enough to make long-term difference….most participants still felt stress over their financial situation." (Flat River Outreach Ministries 2015)

Some of the grantees, particularly TrueNorth, have been able to demonstrate that their MEAP program has made strong progress in helping their clients move down the spectrum toward financial self-sufficiency. Their 2014 progress report to the state says:

> *In 2013, with support from the Fremont Area Community Foundation, TrueNorth re-invented the low-income energy assistance system in Newaygo County. The project discarded the traditional "one size fits all" approach to assistance. Clients identified as having the capacity for change entered the self-sufficiency track and received intensive case management support to promote their independence from assistance and attain sustainable self-sufficiency. The results of this program indicated significant success in moving clients off assistance and toward self-sufficiency. Service recipients achieved a significant improvement in their level of self-sufficiency following six months of intensive work in the program. At entry into the program, recipients used agency assistance to cover 98% of their energy costs. Following service participation, recipients paid for 34% of their own energy bill independently. Additionally, through education and case worker support, recipients reduced the amount of their energy consumption by 14%. The combination of these measures resulted in a 48% reduction in the need for assistance. Performing at these levels, self-sufficiency services proved a positive cost benefit in year 2014. If gains in self-sufficiency are sustained and the service continues to produce positive outcomes, the long-term cost benefit achieved by reducing the need for assistance is significant* (TrueNorth Community Services 2014).

While TrueNorth has shown continued success with its self-sufficiency program in its 2015 grant report and has expanded the program to reach more customers, the program remains small. In the 2015 grant year, TrueNorth provided energy assistance to over 40,000 households. However, just 3.2 percent of these households participated in the intensive case management and self-sufficiency services. The successful outcomes from TrueNorth's self-sufficiency efforts should not be diminished, but it is important to examine whether such efforts can be scalable due to the intensive personnel and time commitments required.

Finally, while some of the program grantees have provided energy-efficiency education geared toward changing behavior, there has not been much focus or demonstrated success on decreasing household energy use through in-home energy-efficiency improvements. What reporting that has been done is, in large part, anecdotal. Reports reference providing energy education or some energy-efficiency upgrades, but are unable to quantify if customers are actually decreasing their energy consumption and receiving the benefit of lower energy bills.

MEASURING SUCCESS

The reporting requirements in PA 615 and the required annual report to the legislature are not well aligned with the broad goal of self-sufficiency or even the narrower goal of energy self-sufficiency. PA 615 requires

that the MDHHS "include clear performance metrics in any contract with an entity" receiving MEAP funding, but the act does not attempt to define those metrics, does not require that reporting be consistent from grantee to grantee, and does not require that the metrics be related to the goals of self-sufficiency or the specific provisions of the act to assist participants in paying their energy bills on time, budgeting for and contributing to their ability to provide for energy expenses, and in utilizing energy services to optimize on energy efficiency. We note specifically that nothing in PA 615 mentions reducing the number of service terminations (shutoffs) as a goal of MEAP.

Instead, the required annual report to the legislature asks that the MDHHS report "…on how the money from the program created in this act was distributed." The 2014 and 2015 reports do this and provide good information about the distribution of program funds.

In implementing the program, MDHHS and MAE have tried to get information on how well the program is meeting the goal of the act and the provisions regarding types of services to provide. State agencies included more energy-specific objectives for MEAP in the 2014 and 2015 RFPs for organizations implementing the MEAP program. The final project status report required of all grantees states that each grantee report on the following four "program metrics" (MPSC 2014):

- Explain how the program has reduced the energy consumption of participating low-income households; include success metrics.
- Explain how the program has reduced the number of shutoffs; include success metrics.
- Explain how the program has reduced the size of the energy subsidy per household; include success metrics.
- Explain how the program has assisted participating low-income households pay utility bills on time; include success metrics.

These metrics are consistent with the language in PA 615 about self-sufficiency and related energy matters, but are not directly identical.

Reporting on Metrics

Although grantees are required to report on these four metrics, the consistency of reporting from grantee to grantee varies widely. These inconsistencies arise from the requirement that grantees report on metrics even when they lack access to the necessary information or understanding of how this reporting should be structured. The primary reason most grantees have difficulty responding in any meaningful way to the MDHHS's request for information related to these four program metrics is that the data to answer these questions reside with the utilities. Without easy access to this data, many of these questions simply cannot be answered. Although utilities make participation data available through DTE's Online Resource for Agencies database and Consumers Energy's Portal for Agency Self Service, the challenge for agencies is that it is impossible to obtain batch information for analytical purposes. Without easy access to this information, agencies will continue to struggle with reporting on the success of MEAP, or they will face significant costs associated with collecting the necessary data one query at a time.

The two metrics with which grantees most clearly showed success were 1) reducing the number of shutoffs and 2) paying bills on time. It is less clear that similar success is occurring on the other two metrics—i.e., reducing the energy consumption of participating households and reducing the size of the energy subsidy per household. Grantees' responses to the four MEAP metrics are summarized below. Responses from 2015 final reports have been included in their entirety in Appendix G.

Reduce the Number of Shutoffs

Reducing the number of utility shutoffs—especially during the winter heating seasons—helps protect vulnerable, low-income households from variable temperatures or other potential hazards and is an inherent benefit of administering energy assistance. By paying customers' utility bills and/or arrears, grantees help utility customers avoid shutoffs, but this metric falls short in determining whether the long-term goal of creating self-sufficient customers is being achieved. Many grantees responded to this metric in general terms in their annual reporting, explaining that participants were provided information and education, or stating that shutoffs were avoided through bill payment and communication with a utility. It is unclear from grantees' reports whether customers that avoided shutoff are better positioned to subsequently avoid the issue.

Both Consumers Energy and DTE document substantial success at reducing shutoff rates for MEAP participants. DTE reports that, typically, when a customer's account falls into the collections cycle, that customer is disconnected 55 percent of the time. However, only 0.8 percent of the more than 24,000 customers enrolled in LSP had their service disconnected in 2015. Consumers Energy describes similar success with its CARE program and reports that prior to enrolling, 34 percent of participants had experienced disconnection, but in 2015, only 5.5 percent of CARE participants were disconnected.

For clearer evidence of the self-sufficiency goal's achievement, instead of reporting that customers avoided one-time shutoff immediately upon receiving energy assistance, a more effective measure would be reporting that a customer continued to avoid shutoff or delinquency for the duration of the heating season or for the entire year.

Assist Households in Paying Utility Bills on Time

A customer's ability to pay utility bills on time is an important measure of success for MEAP because it shows that customers are making strides toward preventing future crises and are adopting behaviors necessary for self-sufficiency. Unfortunately, most grantees cannot quantify how their efforts have contributed to ensuring on-time bill payment. Most grantees reported provision of a case management or budgeting education; however, without access to customers' utility account information, it is difficult for them to assess whether customers continue to make on time utility payments. Utility participants do the best job of actually documenting—where possible—the results, because customers' bills are readily available. In 2015, Consumers and DTE reported that the vast majority of customers participating in their affordable payment plans stay enrolled for the entire year—81 percent and 92 percent of enrollees, respectively. SEMCO also reported success with its affordable payment plan in 2015 with 86 percent of customers making on-time payments.

Reduce the Size of the Energy Subsidy

Reducing the size of the energy subsidy per household would ideally mean that customers are better able to meet their own energy needs and are less reliant on energy assistance programs. However, from grantees' reports, it is unclear whether this metric is being achieved. Grantees report that most efforts to reduce the size of the energy subsidy have focused on reducing consumption through energy assistance or by providing self-sufficiency services. Despite the amount of information collected, reporting generally does not quantify how these efforts have reduced the size of the energy subsidy. Some grantees have been able to document success in improving self-sufficiency—TrueNorth reported that program participants reduced their energy utilization and achieved a 58 percent net increase in bill payments during the 2015 grant year.

Some grantees pointed to the difference in the average amount of energy assistance households received in 2015 compared to that of 2014 as evidence that they had reduced the size of energy subsidies. While certain grantees saw a reduction in the average assistance per household, overall, grantees did not significantly reduce the size of energy subsidies between these two years. The average household received just 6 percent less energy assistance in 2015 than 2014, but results for individual grantees varied, and it is not clear

whether that reduction is a testament to specific programs or other factors such as winter temperatures. Exhibit 15 shows the average energy assistance payment for each grantee.

Exhibit 15. Number of Households and Average Amount of Energy Assistance 2014 and 2015

Grantee Organization	2014			2015			
	Number of Households	Energy Assistance	Average Energy Assistance	Number of Households	Energy Assistance	Average Energy Assistance	Percent Change
Barry County United Way	186	$112,500.00	$604.84	215	$151,525.00	$704.77	16.52%
MDHHS - BCAEO	5,882	$5,200,458.68	$884.13	6,097	$5,607,681.48	$919.74	4.03%
Consumers Energy	11,104	$9,650,380.75	$869.09	18,827	$14,899,069.33	$791.37	-8.94%
DTE Energy	20,755	$14,654,895.66	$706.09	24,244	$16,864,845.60	$695.63	-1.48%
Flat River Outreach Ministries	23	$30,674.00	$1,333.65	42	$54,637.97	$1,300.90	-2.46%
Lighthouse of Oakland County	547	$266,913.22	$487.96	514	$312,623.72	$608.22	24.65%
Michigan Community Action	7,666	$6,965,168.19	$908.58	10,777	$10,175,743.33	$944.21	3.92%
Salvation Army	12,732	$12,002,503.23	$942.70	14,525	$14,557,618.15	$1,002.25	6.32%
SEMCO Energy	1,741	$937,836.25	$538.68	4,442	$2,137,486.01	$481.20	-10.67%
St. Vincent de Paul	1,904	$2,102,986.00	$1,104.51	3,404	$3,717,687.50	$1,092.15	-1.12%
Superior Watershed Partnership	1,093	$846,800.00	$774.75	2,082	$2,084,572.72	$1,001.24	29.23%
The Heat and Warmth Fund	13,718	$14,584,964.93	$1,063.20	8,904	$9,084,590.33	$1,020.28	-4.04%
TrueNorth Community Services	9,652	$11,085,898.76	$1,148.56	19,859	$16,983,585.78	$855.21	-25.54%
Total	**87,956**	**$79,593,582.55**	**$904.92**	**113,932**	**$96,631,666.92**	**$848.15**	**-6.27%**

Source: MDHHS. December 1, 2015.2015 Michigan Energy Assistance Program Report to the Legislature. Lansing: MDHHS.

Reduce the Energy Consumption of Participating Households

Like grantees' report of the reduction of energy subsidy size, reporting on the decrease in MEAP participants' energy consumption is, in large part, anecdotal. Most grantees report providing some form of energy efficiency education, energy efficiency kit, or referral to weatherization programs, but absent the ability to analyze actual consumption data, grantees are unable to state for certain whether such efforts have an impact on energy consumption. TrueNorth makes an effort to quantify the impact of their energy conservation kits by calculating the baseline savings that would occur from installing such efficiency measures, but they are unable to report whether customers realized the expected savings.

Access to consumer data enables substantive reporting on MEAP's metrics. Consumers Energy reported that customers enrolled in MEAP decreased their electricity consumption by 12 percent and natural gas consumption by 10 percent compared to the same period prior to enrolling in MEAP. DTE does not report how customers reduced their energy consumption and state only that 97 percent of LSP customers managed to keep their consumption within the program's consumption limits.

Other Metrics to Consider

It does not appear that grantees or the state agencies are tracking whether the program is successful in reducing the number of *successive* bill payment issues (versus just number of shutoffs avoided). The need for energy assistance clearly exceeds the financial resources available through MEAP (and other state programs), so reducing the overall number of program participants is probably not a realistic goal. However, to determine whether the program is truly having an effect on helping people achieve energy self-sufficiency, tracking the number of *repeat* participants might be a more effective measure. Combining this information with the number of MEAP customers receiving SER assistance in subsequent years would provide a more complete picture of whether the program is addressing longer term, chronic energy bill payment issues.

There are examples of other state government programs that have achieved a better alignment between program goals and reporting to determine if goals are being met and the program can be considered a "success." The recent Medicaid expansion legislation, for example, requires reporting back to the legislature on several metrics designed to determine the success of the program beyond simply enrolling more people:

- Value and cost-effectiveness of optional Medicaid services
- Compare private sector employee health care benefits to Medicaid
- Measure Medicaid's return on investment for taxpayers
- Evaluate effectiveness of current incentives for Medicaid providers and beneficiaries
- Review and evaluate current Medicaid design principles
- Identify private sector initiatives used to encourage compliance with medical advice

The reporting requirements in the Medicaid expansion legislation might be a useful guide as MEAP is reviewed (MCL September 2013).

PROGRAM FUNCTIONALITY

In our review of program reports and interviews with grantees, Public Sector Consultants noted two key issues regarding program functionality: documentation and eligibility requirements and energy assistance program coordination.

Documentation and Eligibility Requirements

The MEAP heavily emphasizes documentation of eligibility to reduce the number of people who do not qualify and prevent ineligible people from receiving assistance. Several grantees noted that it is time consuming, if not difficult, under the current system to verify if an applicant has already received MEAP funding from a different source. Currently, if an applicant seeks assistance from multiple MEAP grantees, the problem will be identified only after the utility company recognizes that multiple assistance payments have been made for one customer. The state also provides organizations with an updated list of households enrolled in energy assistance programs at the beginning of each month, while this doesn't keep doesn't help manage enrollment it real time it can prevent some double dipping. This creates an administrative burden and inhibits grantees from effectively administering limited assistance resources. The ongoing development of a statewide MEAP database presents the possibility that this issue can be overcome.

In addition, grantees noted the rigor of the audits from the state and the amount of organizational time and resources spent on the extensive audits. Although grantee concerns about the level of reporting is understandable, the substantive reporting requirements are clearly driven by legislative insistence that the program and grantees do everything possible to prevent ineligible people from receiving assistance.

Alongside these issues comes that of state-established eligibility requirements. The federal statute authorizing LIHEAP gives states discretion for setting eligibility requirements based on the following options:

- A person or household is deemed eligible if they are already receiving:
  - Assistance from the state program funded under Part A of Title IV of the Social Security Act
  - Supplemental security income payments
  - Food stamps
  - Certain veterans' benefits
- Eligibility is also established if a household's income does not exceed the greater of:
  - 150 percent of the poverty level for such state
  - 60 percent of the state median income

The state of Michigan—in its annual LIHEAP plan—opts for a narrow definition of eligibility requiring households to have income that does not exceed 150 percent of the federal poverty level. This eligibility requirement is also present in MEAP's authorizing statute—PA 615. One way to reduce administrative burden for MEAP would be to adopt a more inclusive definition of eligibility. Expanding the definition of eligibility to include categorical eligibility would allow persons or households who have already qualified for other assistance programs (e.g., TANF, SNAP, or SSI) for automatic eligibility for LIHEAP assistance. As of 2016, 16 states employ some form of categorical eligibility in their LIHEAP programs (LIHEAP Clearing House n.d.).

Coordination Between Energy Assistance Programs

Finally, the program functionality is diminished by the lack of coordination between similar energy (and other) state assistance programs. Currently, the program allows a customer to receive MEAP funding if they have already received SER assistance as long as the sum of the SER assistance payment and the MEAP payment does not exceed any cap on MEAP assistance imposed by a grantee. However, a customer receiving assistance through MEAP is not eligible to receive additional assistance through SER during the same fiscal year (MDHHS February 1, 2015). This arrangement seems to introduce an additional and possibly unnecessary step into the MEAP, by requiring verification from MDHHS about SER assistance before administering MEAP assistance.

The eligibility requirements for SER and MEAP are essentially the same, but MDHHS is in charge of intake and processing of SER applications and individual MEAP grantees are responsible for intake and processing of MEAP applications. This requires low-income program participants to submit multiple program applications and work with two different agencies for addressing related (and sometimes overlapping) program services. Another difference between MEAP and SER is that MDHHS requires an asset test for enrollment in SER. This creates the potential issues for delivering energy assistance because customers may not distinguish between different forms of assistance and subsequently not seek out assistance if they are rejected from one program.

To ease the process of matching and enrolling customers in the energy assistance program that best meets their unique needs, an ideal approach would consist of a single set of eligibility requirements and a common application for both SER and MEAP. With a single intake for state energy assistance or a "no wrong door" approach, the customer's choice of an agency, utility, or the state of Michigan has no bearing on the delivery of appropriate energy assistance. Such an approach would reduce the threat of applicants "double dipping" between programs, reduce the current time and administrative burdens on low-income household applicants, and help coordinate and connect applicants with the program that is most suitable to their needs (e.g., one-time bill payment through SER versus longer-term energy bill management through MEAP). The completion of the state's online database could play a key role coordinating these programs. This is not to suggest that a single entity would control enrollment in energy assistance programs, but only that uniform

eligibility, a common application, and collaboration between organizations could contribute to meeting low-income households' needs more effectively.

One of the recommendations made by the Energy Assistance Workgroup in their August 20, 2012, report to the legislature was that, along with the MDHHS, "community service agencies and utility companies … design a short screening tool to support the identification of customers into the appropriate assistance track in the proposed model" (MDHHS 2012). While several grantees currently utilize a screening tool in their programs, the practice is not universal.

Recommendations

PA 615 expires after 2016, which, as Senator Caswell stated when the bill was passed, will "force us to come back to the table to see how the system is working" (MIRS 2012). Based on the evaluation of program successes and challenges, there are several options for improving the efficiency and outcomes of the MEAP that could help determine whether and how to continue the program:

- Reaffirm the focused goal of energy self-sufficiency for the MEAP program
- Match households with the appropriate type of energy assistance to meet their needs
- Leverage and build on the successful elements of the program
- Track successful outcomes

REAFFIRM THE FOCUSED GOAL OF ENERGY SELF-SUFFICIENCY FOR THE MEAP PROGRAM

An approach that leverages areas of success within the current program, but which narrows the focus of the MEAP to best address the intent of the original legislation energy self-sufficiency—is likely to improve both the process and outcomes of the MEAP. While the basic approach of the program should be maintained, both the enabling legislation and department requirements of grantees should ensure that goals, metrics, and reporting requirements are aligned. The current language in PA 615 regarding paying bills on time, budgeting for energy expenses, and reducing energy use through energy efficiency would be outcomes or measures of whether the program is helping participants achieve the goal of becoming or moving toward becoming energy self-sufficient.

MATCH HOUSEHOLDS WITH THE APPROPRIATE ENERGY ASSISTANCE

Within the realm of helping low-income residents to achieve energy self-sufficiency, the state should target programs to meet the three primary areas of need for energy assistance:

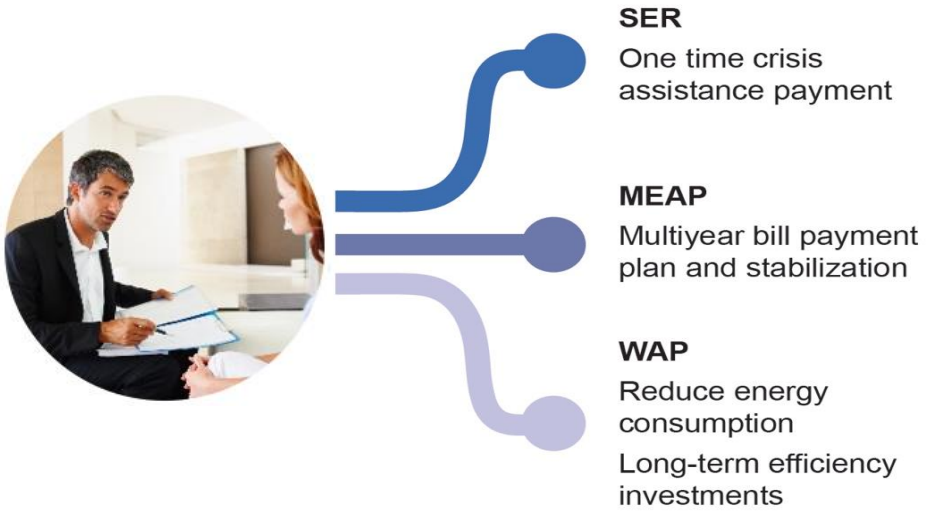
1. **One-time bill payment assistance** that accrued because a unique or crisis situation resulted in the inability to pay energy bills during that time
2. **Stable, multiyear bill payment assistance** for people who need a reduced, steady bill payment plan and an ability to have their utility bill arrears forgiven over time as they improve their overall financial self-sustainability
3. **Ongoing bill payment assistance** for people who have chronic, structural issues with paying for their energy costs (e.g., elderly people with fixed incomes that will not increase over time)

Michigan's SER program provides immediate assistance for households in the first category—those needing one-time bill payment assistance for a crisis situation. It enables households to address backlog energy debts and is coordinated with other services that address housing and health related emergencies through MDHHS.

Given the existing SER program's focus on immediate assistance for crises, it would make sense to have the MEAP program focus on providing multiyear and ongoing crisis-prevention assistance for people with chronic or structural energy self-sufficiency needs. This would help direct more of MEAP's funding at moving households toward self-sufficiency and reducing the need for future crisis prevention.

In order to most effectively address the different types of need, the state's energy assistance programs should be coordinated to allow for a common intake based on uniform eligibility, assessment of need, and referral to the appropriate type of services for each household, as illustrated in Exhibit 16.

EXHIBIT 16. Aligning Customer Need with the Right Energy Assistance Program



A central or common intake process for energy assistance through the MDHHS or through social service agency grantees (such as the existing SER and MEAP grantee organizations) would reduce overlapping application requirements, making the process simpler for applicants and enabling more consistent data tracking and household case management across programs. This "no wrong door" approach to delivering energy assistance would help ensure that the limited funds are administered in the most effective way. As highlighted in the findings section, these have been challenges to efficiently participating in and administering the MEAP program. It would also allow MDHHS and/or social service grantee organizations to coordinate services and assistance with other areas of self-sufficiency programming.

LEVERAGE AND BUILD ON THE SUCCESSFUL ELEMENTS OF THE PROGRAM

The MEAP includes partners who each bring strengths to helping address energy self-sufficiency. An update of the program should leverage and build on those strengths and the successful elements of the program over the last few years.

A common intake and assistance matching approach is the first step in ensuring program efficiency and the effective use of limited dollars. Once households have been referred to the MEAP through the energy assistance intake process, they should receive two types of assistance:

- **Energy assistance education and case management**. Working with social services agencies chosen by the state through its RFP process, program participants would work with case managers to receive education and training on energy-efficiency actions they can take in their homes to reduce their energy bills, monthly budgeting and financial planning, and priority referral to programs that make energy-efficiency improvements in homes (such as utility energy optimization or community weatherization programs). The successful programs of TrueNorth and other grantees provide models on which this intensive case management approach can be based, as they have had some success in documenting participating households' moves toward self-sufficiency.

- **Enrollment in bill payment and debt forgiveness program**. Households would be enrolled in a multiyear, fixed bill payment plan (based on DTE's LSP or Consumers Energy's CARE programs) that would provide steady bill payment assistance and forgiveness of energy utility bill arrears upon completion of the program. The bill payment program could be administered by the participating utilities or by the social services agency grantees, as long it is modeled on the existing utility bill payment plan programs. For households with structural bill payment issues (e.g., fixed income elderly households), the bill payment assistance would continue as long as there is a continued demonstrated financial need (applicants would need to verify eligibility each year).

TRACK SUCCESSFUL OUTCOMES

One of the major shortcomings of the MEAP program in its first few years has been lack of consistent measures or metrics of the program's success in achieving self-sufficiency. Much of the reporting to the state and the public has been focused on process (e.g., how and where the money was spent, number of households served). These are important program reporting elements, but they do not provide any detail on whether the program is successful helping households achieve energy self-sufficiency. By narrowing the focus of the MEAP program to advancing energy self-sufficiency**,** the program should be able to consistently track key measures of success, such as:

- Reduction in the number of repeat customers to the MEAP (or between MEAP and SER) program[8]
- Reduction in monthly household energy use/energy costs
- Increased on-time payment of energy utility bills
- Improvement in the baseline energy self-sufficiency "scores" used by the state and/or social services agencies at the initial eligibility and program matching screening (e.g., a decrease in the percent of household income spent on energy bills)
- Client satisfaction with energy self-sufficiency programming

These metrics provide a more effective measure of whether people are improving their overall ability to meet their energy needs and costs.

Social service agency partners would track and report on clients: MEAP participation (enrollment and re-enrollments or requests for SER); participation in energy efficiency and budgeting/financial planning programs; satisfaction with energy self-sufficiency related programming; and progress in improving energy self-sufficiency from the baseline (intake) evaluation scores.

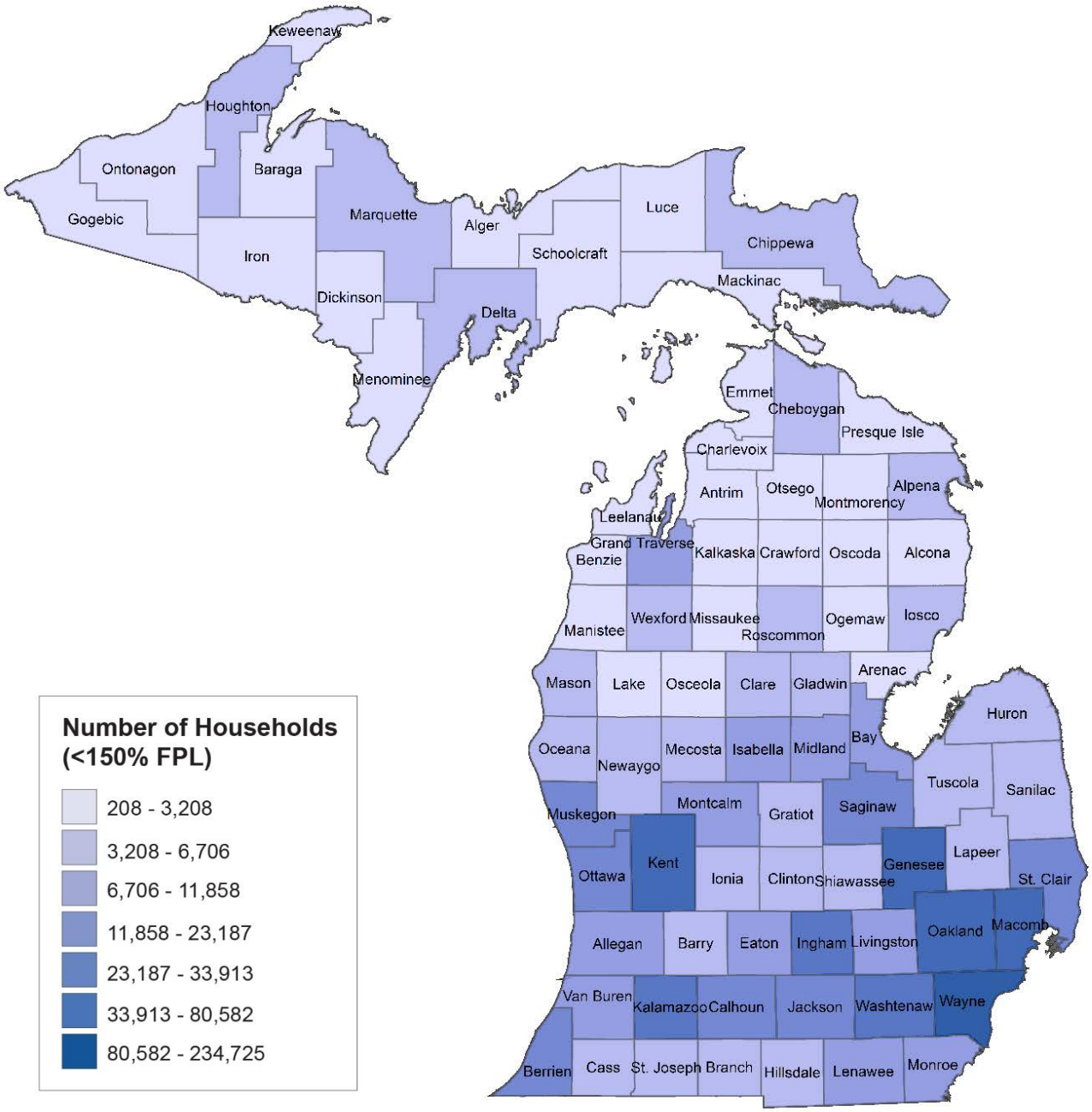
Energy utility partners would track and provide individual and aggregate data for MEAP customers on reductions in monthly household energy use and costs, performance on timely bill payment, and any energy-efficiency improvements made in program participants' homes through their utility energy optimization programs.

These consistent, program-wide measures would enable the state and its energy assistance partners to report on the return on investment that taxpayers and ratepayers are getting for their investment in low-income energy assistance programs. They would also enable the state and its partners to continue adaptively managing the program over time to meet changing household needs.

[8] This metric assumes that there would be a reduced number of customers with repeated utility shutoffs or threat of shutoffs, which would subsequently trigger reenrollment in energy assistance programs.

Appendices

Appendix A. Number of Households Below 150 Percent of the Federal Poverty Line



Source: FSC. April 2015. *The Home Energy Affordability Gap 2014.* Available at: http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html (accessed 7/15/15)

Home Heating Credit

Michigan's Home Heating Tax Credit—established in 1978—is one of the ways the state administers LI-HEAP funding. Eligibility is based on a household's income, number of exemptions, and home heating expenses. In 2013, approximately 356,200 households received assistance through the HHC program. The total amount of assistance was $48.5 million and the average credit was $136.06. There were 19,500 fewer credits delivered in 2013 compared to 2012 despite the fact that the program had 1 percent more funding (Michigan Department of Treasury 2015).

State Emergency Relief

The State Emergency Relief Program (SER) covers a variety of essential services, including housing expenses and burials in addition to energy-related expenses. The focus of the SER's energy assistance program is to help households in crisis with their energy-related expenses. The MDHHS administers the SER program and is responsible to enrolling and verifying all applicants. SER assistance is only available during the crisis season from November 1 through May 31. To ensure that funds are being used to divert from crisis, a household's heat or electric service must be in past due status, in threat of shutoff, or already shut off.[9] Another requirement of SER energy assistance is that households make monthly payments toward their heat or electricity bills. This payment depends on the size of the household.

The SER program caps the amount of assistance a household can receive during a program year. Payments for natural gas, wood, electricity (nonheat residential), electricity (heat and residential), and other fuels (kerosene, corn pellets, cherry pits, etc.) are capped at $850. Households with deliverable fuels such as fuel oil, propane, or coal can receive up to $1,200 per year. If a household has already received funding through MEAP, then they cannot receive funding from the SER program. Approved payments must maintain or restore service for at least 30 days (MDHHS 2015). Appendices H and I show the distribution of SER households and program spending across Michigan.

EXHIBIT A. SER Payments Type of Service for FY 2015

	Number of Payments	Amount	Average Payment
Heat Deposit & Reconnect Fees	3,218	$292,778.56	$90.98
Electricity Deposit & Reconnect Fees	777	$85,155.38	$109.60
Furnace Repair & Replacement	981	$2,371,870.73	$2,417.81
Heating Fuel	66,472	$21,850,764.75	$328.72
All Electrical Households	3,884	$1,312,616.11	$ 337.95
Electricity	63,142	$18,418,232.78	$291.70
Total	**138,474**	**$44,331,418.31**	**$320.14**

Source: Michigan Department of Health and Human Services. n.d. *Annual Report of Key Program Statistics: FY 2015.* Available at: http://www.michigan.gov/documents/mdhhs/2015_Annual_State_Summary_513885_7.pdf (accessed 3/26/16)

[9] The eligibility requirements for households using deliverable or alternative fuels can are available at: http://www.mfia.state.mi.us/OLMWEB/EX/ER/Public/ERM/301.pdf#pagemode=bookmarks

Weatherization Assistance Programs

In recent years, Michigan has not allocated any of its LIHEAP funds to Weatherization Assistance Programs (WAP).[10] Instead, these programs are funded through grants from the U.S. Department of Energy. WAP funding helps low-income households reduce their energy consumption through home improvements, and by installing efficient products and technologies. By weatherizing their home, households can typically save 20 percent on their energy bills. For the 2013 program year, 1,191 households received WAP services (DTMB 2015).

Appendix C. Funds Collected from Electric Service Providers for Low-Income Energy Assistance, 2015–2016

Count	2015–2016 Participating Electric Service Providers	Estimated Amount (in Dollars) of Low-Income Energy Assistance
1	Alger-Delta Cooperative Electric Association	$115,219.07
2	Alpena Power	$192,133.44
3	Baraga, Village of	$9,030.81
4	Bay City, City of	$236,912.19
5	Clinton, Village of	$16,149.90
6	Consumers Energy Company	$20,970,950.58
7	DTE Electric Co. f/k/a Detroit Edison Company	$25,521,224.40
8	Gladstone, City of	$34,246.71
9	Hillsdale Board of Public Utilities	$70,006.38
10	Indiana Michigan Power Company	$1,493,743.06
11	Lowell Light and Power	$31,056.61
12	Marshall Electric Department	$57,656.45
13	Midwest Energy Cooperative	$379,857.02
14	Negaunee Department of Public Works	$22,342.46
15	Newberry Water and Light Board	$16,056.08
16	Niles Utility Department	$82,426.68
17	Northern States Power Company-Wisconsin	$105,332.10
18	Norway, City of	$26,857.87
19	Petoskey, City of	$57,879.29
20	Presque Isle Electric and Gas Co-op	$380,936.03
21	St. Louis, City of	$22,682.58
22	Thumb Electric Cooperative	$142,733.73
23	Union City Electric Department	$14,566.58
	Total	**$50,000,000**

Source: MPSC. n.d. *2016 MEAP RFP - Rev'd Att. B - Participating & Non-Participating Utilities.* Available at: http://www.michigan.gov/documents/mpsc/2016_MEAP_Attachment_B__Participating__Non-Participating_Utilities_504250_7.pdf (accessed 3/26/16)

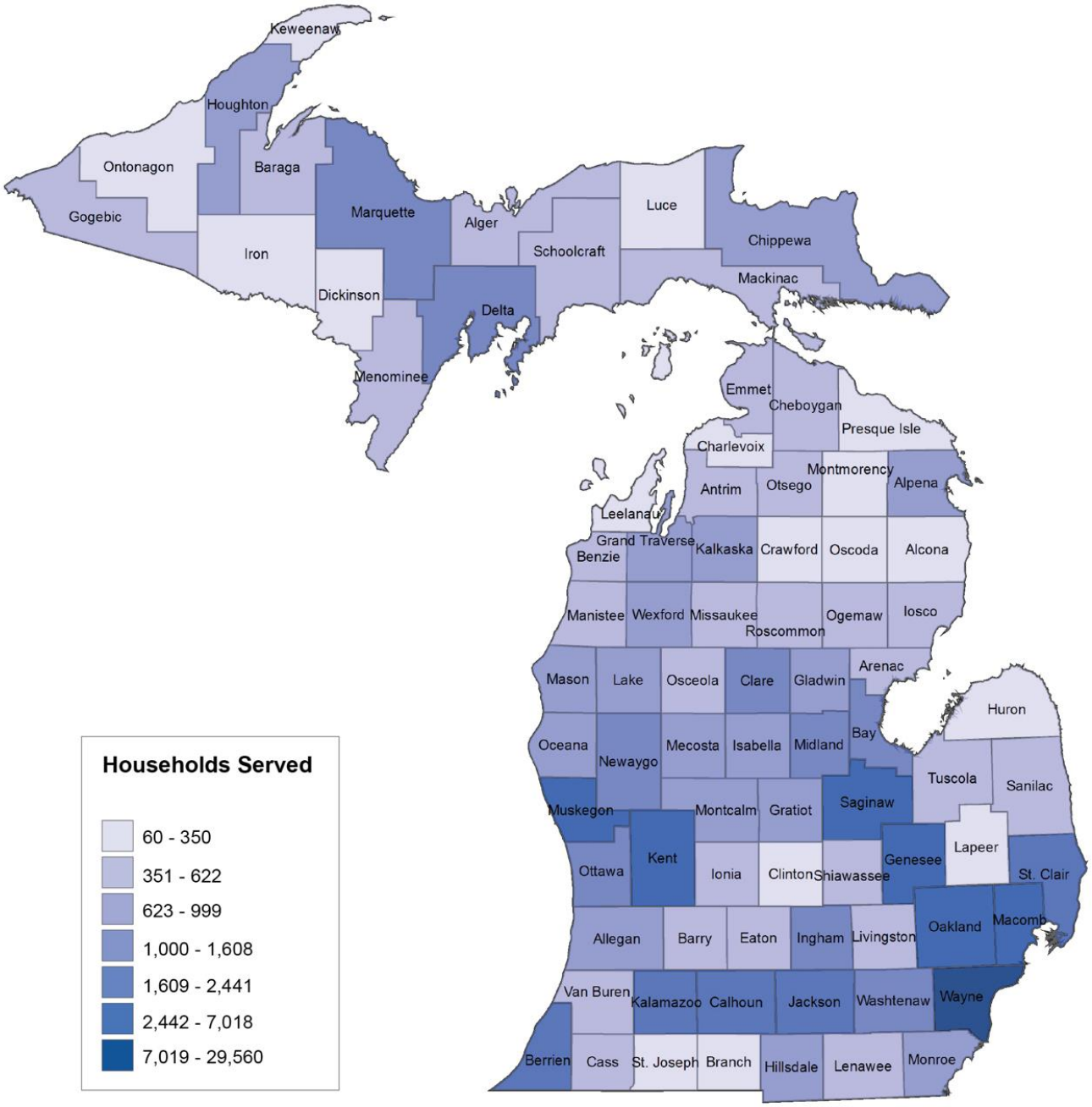
[10] The state's LIHEAP spending plan for FY 2015 includes funding for WAP.

Appendix D. Nonparticipating Electric Service Providers

Count	2014–2015 Nonparticipating Electric Service Providers
1	Bayfield Electric Cooperative
2	Charlevoix, City of
3	Chelsea Department of Electric and Water
4	Cherryland Electric Cooperative
5	Cloverland Electric Cooperative
6	Coldwater Board of Public Utilities
7	Croswell Municipal Light & Power Department
8	Crystal Falls, City of
9	Daggett Electric Department
10	Detroit Public Lighting Department
11	Dowagiac, City of
12	Eaton Rapids, City of
13	Escanaba, City of
14	Grand Haven Board of Light and Power
15	Great Lakes Energy Cooperative
16	Harbor Springs, City of
17	Hart Hydro, City of
18	Holland Board of Public Works
19	HomeWorks Tri-County Electric Cooperative
20	L'Anse, Village of
21	Lansing Board of Water & Light
22	Marquette Board of Light and Power
23	Ontonagon Co. Rural Electrification Association
24	Paw Paw, Village of
25	Portland, City of
26	Sebewaing, City of
27	South Haven, City of
28	Stephenson, City of
29	Sturgis, City of
30	Traverse City Light & Power
31	Upper Peninsula Power Company
32	Wakefield, City of
33	Wisconsin Public Service Corporation
34	Wisconsin-Electric Power Company d/b/a We Energies
35	Wyandotte Department of Municipal Service
36	Zeeland Board of Public Works

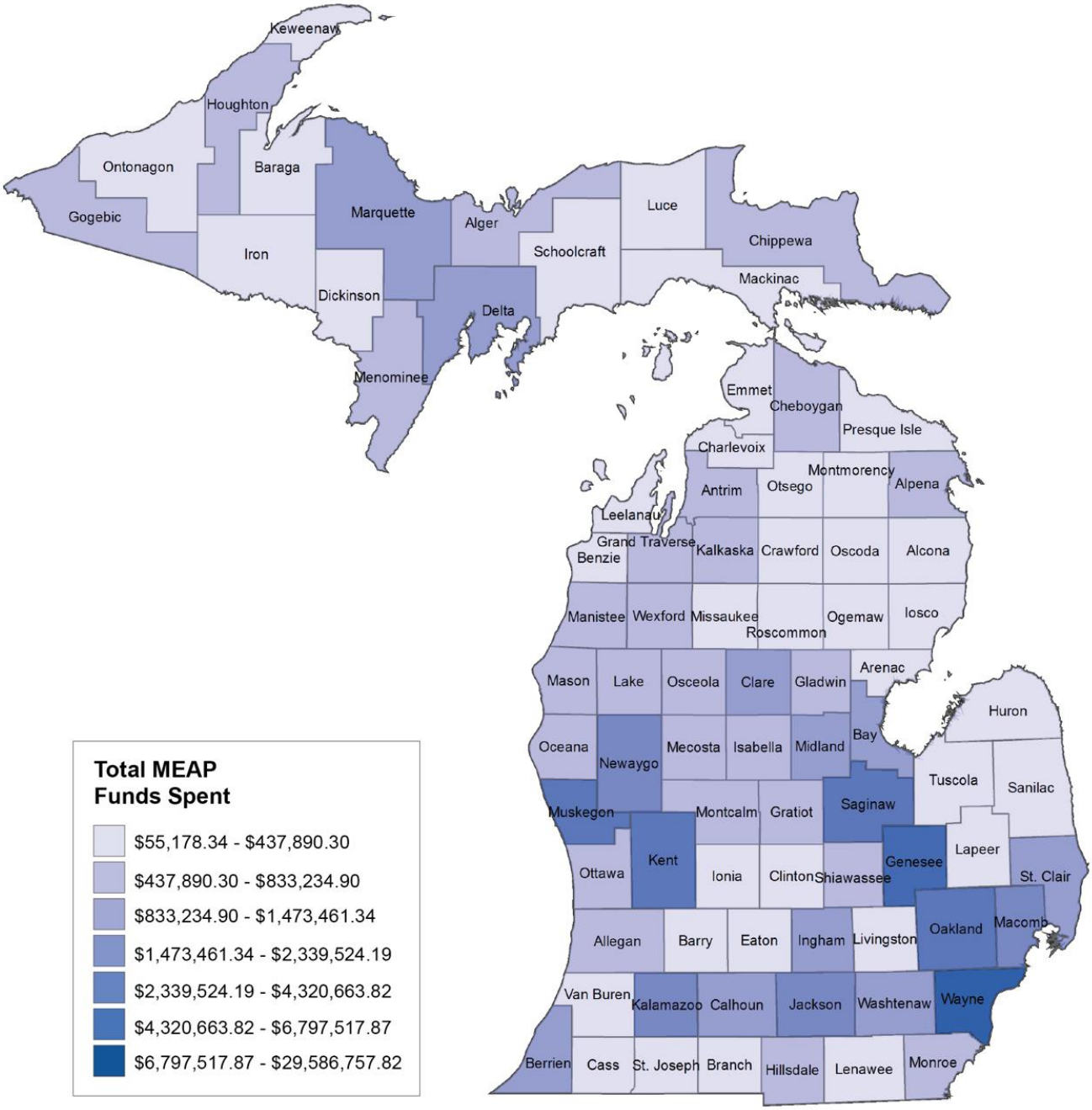
Source: MPSC. n.d. *2016 MEAP RFP - Rev'd Att. B - Participating & Non-Participating Utilities.* Available at: http://www.michigan.gov/documents/mpsc/2016_MEAP_Attachment_B__Participating__Non-Participating_Utilities_504250_7.pdf (accessed 3/26/16)

Appendix E. Number of Households Receiving MEAP Funding, 2015



Source: MDHHS. December 1, 2014. *2014 Michigan Energy Assistance Program Report to the Legislature.* Available at: http://www.michigan.gov/documents/dhs/Section_261-2_476512_7.pdf (accessed 6/29/15)

Appendix F. Amount of MEAP Funding Delivered per County, 2015



Source: MDHHS. n.d. 2015 Michigan Energy Assistance Program Report to the Legislature. Available at: (accessed 3/26/16)

Explain how the program has reduced the energy consumption of participating low-income households; include success metrics.

The Heat and Warmth Fund (THAW)

- THAW has reduced the energy consumption of participating low-income households by providing its energy literacy curriculum to 622 households through the Pathways to Potential program.

Flat River Outreach Ministries (FROM)

- We proposed the completion of 15 energy conservation projects. We doubled that number and completed 30 home energy repair projects for 12 households. We have also scheduled an additional 8 more projects to be done during our Neighbor to Neighbor fall event. The energy conservation projects consisted of the following replacements/repairs: windows, weather stripping, furnaces, plumbing, exterior doors and other miscellaneous work. And 7 homeowners had extensive insulation work done to the underbelly of their mobile homes The work completed was a collaborative effort with FROM's Neighbor to Neighbor program which provided $9,686.00 for the cost of labor and needed volunteers.

  In addition to the conservation projects, 36 households had extensive home energy audits completed and were provided with CFL lights bulbs and LED night lights. We exceeded our goal for energy conservation projects and expect that our efforts will reduce our participant's energy consumption and cost.

Superior Watershed Partnership (SWP)

- Through the MEAP, the SWP and project partners reduced energy consumption of participating low-income households by building energy conservation awareness through education and outreach. This outreach included aiding participants in identifying and implementing energy conservation practices in their home, home energy checkups, direct installation of efficiency measures, and by providing information on local, state, and federal programs to reduce energy costs.

  The SWP also provided information on major home energy improvements for those participants interested in taking additional measures in energy conservation. Success metrics include 161 home checkups throughout the UP with certified professionals who provided a simple report with recommendations for the most effective low cost and no cost measures to help homeowners reduce energy consumption and save money on their utility bills.

  In addition, 798 home energy savers kits were provided, which included ten CFLs, two LED-800 Lumen, two LED night lights, one power strip, one low flow showerhead, one kitchen aerator, one bathroom aerator, window film and one six-inch pipe wrap. These efficiency tools aid in lowering overall home energy consumption.

Lighthouse of Oakland County

- Lighthouse has a strong working relationship with the Oakland Livingston Human Service Agency (OLHSA) for all or our emergency service programs. The OLHSA program provides both physical improvements as well as educating clients on a variety of ways to save money on energy costs. Lighthouse client referrals aremade to OLHSA for those in need of weatherization assistance for their houses.

Salvation Army

- The GPS intervention model used by TSA with clients receiving energy assistance includes providing recipients with tips on how to conserve energy and save money on their energy bills. According to recipient surveys (sent to households that have received energy assistance in the previous 3 months), the majority of caseworkers were identified as providing this information (57%). Of the recipients

whose caseworker provided them this information, nearly all (97%) agreed that it was helpful to them. According to one recipient: "I was really amazed on the usage she brought to my attention, so I'm following her advice and I have seen a tremendous saving in my DTE bill altogether. Thanks so much. I am very eager to learn other simple steps on how to save more efficiently. "

SEMCO Energy Gas Company

- The budget plan encourages customers to reduce energy costs, and therefore energy use, by requiring that they pay the difference between the energy credit provided and the actual energy usage. Based on this practice, the budget amount a customer is required to pay to be on the program is determined based on their actual gas usage. Customers are encouraged to participate in weatherization programs to increase conservation habits in effort to decrease their budget amounts.

St. Vincent de Paul

- During application intake, our volunteers and caseworkers are asked to discuss the 'Energy Efficiency - Home Audit Checklist' (attached) with applicants, to encourage them to work on these items to decrease energy consumption and to also get a home energy audit done. Actual results of reduction in energy consumption will be seen only if clients decide to act on this advice. We are also working with the utility companies to get relevant data that can give us quantitative information to determine the success of the program.

True North Community Services

- The self sufficiency program provides intensive case management in the client's home. Education was provided to support behavior change and modifications to the home that would save energy. Examples include use of energy saving light bulbs, turning down the thermostat and using low flow shower heads. TrueNorth also distributed energy conservation kits and energy education literature both electronically and physically to support reduced energy usage. 80% of our self sufficiency clients have received an energy optimization kit. The following numbers are based off of exchanging out just 2 incandescent 60W bulbs with 2 CFL light bulbs: Each year these households will save approximately 103 kWh of electricity for $14. Over the life of the light bulbs they will save approximately $108 in electricity costs and $6 in equipment replacement costs. By using CFL light bulbs our households will reduce emissions by approximately 159 pounds of carbon dioxide annually, which is equivalent to the emissions reduction of not driving your car for five days. This savings is in addition to all other energy saving components included in the kit

Barry County United Way

- By having the clients bring in their bills and talking through their monthly usage, we were able to identifying 3rd party supplier overages for client during the crisis months.

MDHHS Bureau of Community Action and Economic Opportunity (BCAEO)

- 5879 households received energy, income, or budgeting counseling as part of receiving benefits of MEAP. Additionally, households were referred to the Weatherization program which installs energy saving measures into low income housing units to assist with energy costs and energy savings. This includes energy education to teach clients how to reduce energy consumption.

Consumers Energy

- Average Electricity usage by sampled participants within 5 enrollment months was 655 kilowatt hours (kWh) per month. This was 12 % lower than the same period before joining the program at 745 kWh per month.

- Average Gas usage by sampled participants within 5 enrollment months was 4.7 Mcf per month. This was 10 % lower than the same period before joining the program at 5.3 Mcf per month.

DTE Energy

- Customers on the LSP program are required to remain within specific usage guidelines and were referred to participating energy efficiency programs and education if they were trending over the limit. Only 703 (or 3%) LSP customers are currently over the program's consumption limit. Each of these customers has been referred to DTE's Home Energy Consultation (HEC) services. Additionally, LSP customers that are within the consumption limits were also referred to DTE's HEC services; for a total of 1,700 customers assisted by a HEC. Furthermore, approximately, 1,300 LSP customers have been aided with a furnace test and tune up as part of DTE's Energy Efficiency Assistance (EEA) pilot program.

Michigan Community Action

Not included in Final Project Status Report – September 30, 2015

Explain how the program has reduced the number of shutoffs; include success metrics

The Heat and Warmth Fund (THAW)

- THAW has reduced the number of shutoffs by providing assistance to households before they reach crisis, reaching customers through the many channels described in the Project Progress section. THAW has also decreased its customer response time by improving access to applications online and expanding its Utility Assistance Center, allowing THAW to reach customers before shutoff occurs.

Flat River Outreach Ministries

- 42 qualified households were enrolled in the MEAP who were at risk of having their utilities shut-off, or had deliverable fuel that was below 25%. Households who were in program compliance were provided with direct assistance for 4 months, thereby eliminating the danger of utility shut-off during the heating season.

Superior Watershed Partnership

- Through the MEAP, the SWP and project partners provided 2,082 households with a total of 3,915 energy assistance payments, many of which helped applicants avoid shutoff and/or lack of heat due to their heating resources being used. The SWP collected a large number of applications which included shutoff notices, most of which were approved for assistance and paid within five days. Many homes heated with other utility types, such as wood, were assisted in time so that the household avoided running out of heating resources.

Lighthouse of Oakland County

- Lighthouse works to reduce the number of shut-offs for clients by completing a household inventory when clients seek assistance. This allows us and them to take a look at the total household expenses and assess where funds are being expended; if there is a financial budgeting issue keeping them from staying current on the utility bill, we would refer them to work with a financial coach. Lighthouse will also work with each client to encourage them to enroll in energy savings programs such as but are not limited to local weatherization programs in the area.

Salvation Army

- Every crisis assistance payment made by TSA ultimately prevented a shut off by helping low income families pay arrearages that are beyond their ability to pay. Although some recipients wait until after they are already shut off to request assistance, other recipients of assistance met the official definition of crisis in order to receive assistance in the following manner:

Past due notice	27.44%
Shut off notice	62.08%
Propane tank at less than 25%	9.82%
Need for non-traditional fuel	.66%

SEMCO Energy Gas Company

- SEMCO reduced the number of shutoffs upon enrollment in MAP by bringing each participating household to a zero, or near zero, balance. Each of the 4,442 households enrolled in MAP over the grant period were eligible for up to $500 in arrears assistance, based on need. SEMCO then carried forth with establishing monthly budget plans and payments to prevent households from moving back into arrears. In addition, as part of MAP, SEMCO did not issue any shutoffs to active MAP customers, compared to 676 service interruptions issued due to non-payment the year prior to the 2015 MAP program.

St. Vincent de Paul

- As a standard practice, the EAP team at the Corporate Office requests a HOLD on clients' DTE & Consumers Energy accounts upon receiving an energy assistance application. Holds are granted on approximately 75% of applications received, which prevents clients from being shut off while their applications are being processed. We are also working with the utility companies to get data that can give us quantitative information on the success of the program.

True North Community Services

- Shutoffs were reduced in most cases by contact with the utility company. TrueNorth worked closely with utility providers such as Consumers Energy and DTE to share information and prevent client shutoffs. In cases where applicants could not be processed due to an incomplete application, the utility company was contacted and a hold was requested until the application could be processed.

Barry County United Way

- Our policy is to resolve the total bill with our assistance, this eliminates the risk of the clients continuing be at risk of shut off and gives them a current status.

MDHHS Bureau of Community Action and Economic Opportunity (BCAEO)

- The MEAP-LCA program kept 6098 households (7535 total payments) warm during the winter season. By having a self-sufficiency component, households also received additional services based on their family/household need, to help clients reduce energy and increase self-sufficiency, which leads to reducing shut offs.

Consumers Energy

- An analysis of disconnect data for CARE participants indicated that prior to enrollment in the program, 34% of them, on average, had experienced a disconnecton of their service. After enrolling in CARE, only 5.5 % of participants were disconnected.

DTE Energy

- During the program year, only 183 LSP customers had their service disconnected. That's 0.7% of the total MEAP enrollment and 0.8% of the 24,244 that received funding. The typical rate of disconnection for customers in collections is 55%. Therefore, 13,000 -14,000 (55% x 26,000 minus 183 = 14,117 and 55% x 24,244 - 183 = 13,151) shutoffs were avoided due to the success of the LSP program.

Michigan Community Action

Not included in Final Project Status Report – September 30, 2015

Explain how the program has reduced the size of the energy subsidy per household; include success metrics

The Heat and Warmth Fund (THAW)

- THAW has reduced the size of the energy subsidy per household by focusing on getting each household to a zero balance on their utility bills. THAW also removed its cap on energy assistance. THAW provides direct payment assistance to remove any balance from a Households bill, bringing the household to zero balance excluding applicable any late fees or fees not related to energy consumption.

Flat River Outreach Ministries

- More time would be needed to study the impact from the energy conservation projects and weatherization education to determine the reduction of energy consumed. Research however, states that similar efforts do in fact reduce energy consumption and cost

Superior Watershed Partnership

- Through the MEAP, the SWP and project partners reduced the size of the energy subsidy per household through budget counseling, home energy check-ups, direct install kits, and customized reports designed to assist the homeowner target energy saving upgrades and measures. In addition, 798 participants received energy savers kits which, when used properly, have shown to reduce energy consumption up to 10%. The measures above were planned to not only reduce the energy required per household, but to educate and make applicants conscious of their energy usage. The budget planning forms and discussions with SVdP and other intake partners allowed for applicants to consider their future needs and develop strategies to reduce their assistance amount collected from outside sources.

Lighthouse of Oakland County

- Lighthouse continues to work with clients when they come to us seeking utility assistance on areas of weatherization and payments plans to help and assist in the reduction of overall bills, however there are instances when the reduction of utility bills is out of the control of the agency and/or the client. When the overall consumption of energy whether it be heat or electricity has not significantly increased if at all and the bill has gone up due to the cost of utilities, unfortunately the client may find themselves in a utility emergency.

Salvation Army

- MEAP assistance is primarily intended as crisis assistance which is most often provided on a single occasion. Limited interaction curtails the potential to meet the MEAP goal helping families better manage their utility payments without assistance, whether they are receiving a one-time crisis payment or are enrolling or re-enrolling in a subsidy program. The structure of this program places limits on our ability to track data on future client behavior that is beyond the assistance interaction.

Nevertheless, TSA is committed to working with the families we serve to help them improve their situations and work toward self-sufficiency. As a result of this commitment, when an individual comes in needing MEAP assistance, TSA caseworkers are trained to review with the client their household budget and provide them with tips on how to conserve energy.

In an effort to get a glimpse of the long-term impact on families TSA has assisted, client surveys were sent to a random sampling of 300 clients who received assistance in the previous 3 months. Our return rate on these surveys is roughly 20%. A large majority (80%) of respondents to the client survey reported that their caseworker reviewed their household budget and 57% reported that their caseworker reviewed energy saving tips with them. Of those who reviewed their budget with the caseworker, nearly all (92%) said that this was helpful to them. Likewise, of those who received information on energy conservation, nearly all (97%) agreed that this was helpful.

In the words of these recipients:

"The Salvation Army staff does a great job, is always courteous and answers all questions totally. Doing a budget sheet helped me balance and see areas in budget to fix. Thank you. "

"The assistance I received has given me a new start. I now can afford to pay DTE a monthly amount I can afford on the budget plan. Thank you! "

"The Salvation Army was a great experience. I am still feeling the effects from our visit there. I pay less on my electricity and I am back on a budget payment for the gas. Thank you very much for all your help. "

SEMCO Energy Gas Company

- SEMCO was able to assist 4,442 households during the 2015 MAP grant year, 2,701more households served than the previous grant year. MAP was able to decrease the amount of assistance per household by approximately $57, or 10.7%, over the current grant year. By reducing the size of the energy subsidy per household, SEMCO was able to assist an additional 476 households.

St. Vincent de Paul

- Our volunteers and case workers discussed moving towards self-sufficiency with clients when they meet them one-on-one while doing intake on energy assistance. We hope this input motivates clients to move to the next level resulting in reduction in size of energy subsidy. We are also working with the utility companies to get data that can give us quantitative information to evaluate the success of the program.

TrueNorth Community Services

- By utilizing screening and a three track service delivery system, TrueNorth has reduced the energy subsidy per household through the provision of self-sufficiency services. In the households that received these services TrueNorth has achieved a reduction in energy utilization and a 58% net increase in bill payment by the household.

Barry County United Way

- Part of our assistance program is to have the clients make goals and objectives, one of these goals often is to review their energy consumption, and budgeting. By walking them through this process, clients reach their goals and objectives, and often don't return for an additional assistance request thus reducing the energy subsidy per household.

MDHHS Bureau of Community Action and Economic Opportunity (BCAEO)

- With energy education, the program has shifted the emphasis of energy assistance toward prevention and accountability and away from emergency crisis relief.

Consumers Energy

- Last year the average energy subsidy per household for care 1.0 was $888 compared to $655 pre-enrollment. In CARE 2.0 the average energy subsidy per household been reduced to $791 which is 11% lower than last year. This decrease can mainly be attributed to overall lower arrears forgiveness payment required for CARE 2.0 participants, and CARE 1.0 re-enrollees among them.

DTE Energy

- Customers on the LSP program contribute 40% - 45% toward their usage, a 20% increase compared to those on standard payment plans.

Michigan Community Action

Not included in Final Project Status Report – September 30, 2015

Explain how the program has assisted participating low-income households pay utility bills on time; include success metrics

The Heat and Warmth Fund (THAW)

- THAW's customers, more than ever, have greater access to tools to help them continue to make bill payments, such as THAW's Utility Assistance Center

Flat River Outreach Ministries

- Households enrolled in MEAP must be willing to commit to attending 6 Financial Management/Weatherization classes. They are also required to meet with a trained volunteer- Empowerment Coach for an additional 6 weeks to work on financial goals.

  The program provided a monthly utility payment subsidy for those who were in program compliance. The subsidy schedule: crisis payment first month, 60% the second month, 80% the third month, and 100% of the fourth month. To receive a subsidy payment, program participants are required to pay their portion of the bill, or provide a plan for doing so.

Superior Watershed Partnership (SWP)

- The SWP MEAP materials included budget forms, which initiated planning for future energy costs for applicants' households. The St. Vincent DePaul conferences and other partner agencies carried out budgeting discussions with applicants, which included best practices for financial planning and responsible use of resources. It is hoped that efficiency awareness and tools assisted in reducing consumer costs and that direct assistance allowed for households to prepare for upcoming expenses.

Lighthouse of Oakland County

- This is done through the education of our clients when we meet with them and not only once they come to us with a utility crisis. Lighthouse has developed an interview process of approximately 75 minutes where basic information is obtained to look at an entire picture of a client. Through this interview process we determine if they may be at risk of having financial difficulty maintaining a current status on their utility bill. If is determined that they may be at risk we would recommend that they enroll in a weatherization program, encourage the clients when appropriate to be placed on a plan with the utility company to help and keep their utility costs at a consistent balance throughout the year. Lighthouse also encourages our clients to enroll in the Lighthouse Centers for Working Families program allowing them to work with a financial coach one on

Salvation Army

- As part of the GPS intervention model, The Salvation Army encourages applicants to make on time, monthly energy payments, and begins a conversation about how to plan for these payments through a household budgeting process. Caseworkers also participated in enrollments for the utility subsidy programs, CARE and LSP during the grant year. These programs, by design, offer incentives for on time payments through arrearage forgiveness and a discounted monthly rate. The Salvation Army enrolled 1,544 households in CARE and 786 in LSP.

SEMCO Energy Gas Company

- SEMCO assisted participating households with paying utility bills on time by creating the $500 arrears assistance and monthly credit incentives, as well as supporting on-time bill payment through its bill payment reminder process. Through the reminder process, SEMCO alerted customers if a payment was missed or late and provided participating households with an opportunity to make the payment before being removed from MAP. MAP customers were very successful making on-time payments during the 2015 program year. MAP experienced an on-time payment rate of approximately 86%, compared to 80% during the last grant season. The increase in on-time payments enabled customers to continue to move towards self-sufficiency by minimizing the likeliness for crisis situations.

St. Vincent de Paul

- Here again, during application intake, our volunteers and caseworkers are asked to discuss client's home budget using a 'Budget Worksheet' (attached), to encourage clients to make sound financial decisions with this objective data in hand, and we hope clients act on this input Clients are told that MEAP is not a Bill Assistance Payment Program and volunteers stress the importance of setting aside funds to pay their utility bills on time. Clients are also asked for a voluntary commitment (form attached) that is yet another aid to induce them to act. We are also working with the utility companies to get data that can give us quantitative information on the success of the program.

True North Community Services

- The program assisted timely bill payments by working closely with utility companies and education of applicants with information regarding options for support. Utility companies were contacted as soon as possible and, if immediate processing was not possible, a hold on the account was requested. TrueNorth also worked toward timely bill payment through self sufficiency services. Staff met frequently with families in their homes and provided financial management education and planning. This process ensured on time bill payment through a combination of assistance and client contribution.

Barry County United Way

- During the case management portion we review payment history and due dates, and emphasis the importance of timely payments to reduce late fees and shut offs. By helping resolve entire bills, all clients are brought to current status and told when there next regular bill will post.

MDHHS Bureau of Community Action and Economic Opportunity (BCAEO)

- The MEAP-LCA program allows CAAs to provide a holistic approach to assisting families. Rather than just making a utility payment, they are able to identify additional issues that led the customer to crisis and utilize that information to provide additional services that will help the household better plan and have more income to budget bills properly. Most notably, 5879 households received income, budget, and/or energy counseling.

Consumers Energy

- Through the winter heating season, 89 % of CARE customers successfully paid their bill and did not default off the program. By the end of the grant year, 81% of the CARE customers successfully remained enrolled in the program. This compares to an average success rate of less than 5 % for customers utilizing the alternative income-qualified, payment deferral Shut off Protection Plan (SPP) and Winter Protection Plan (WPP).

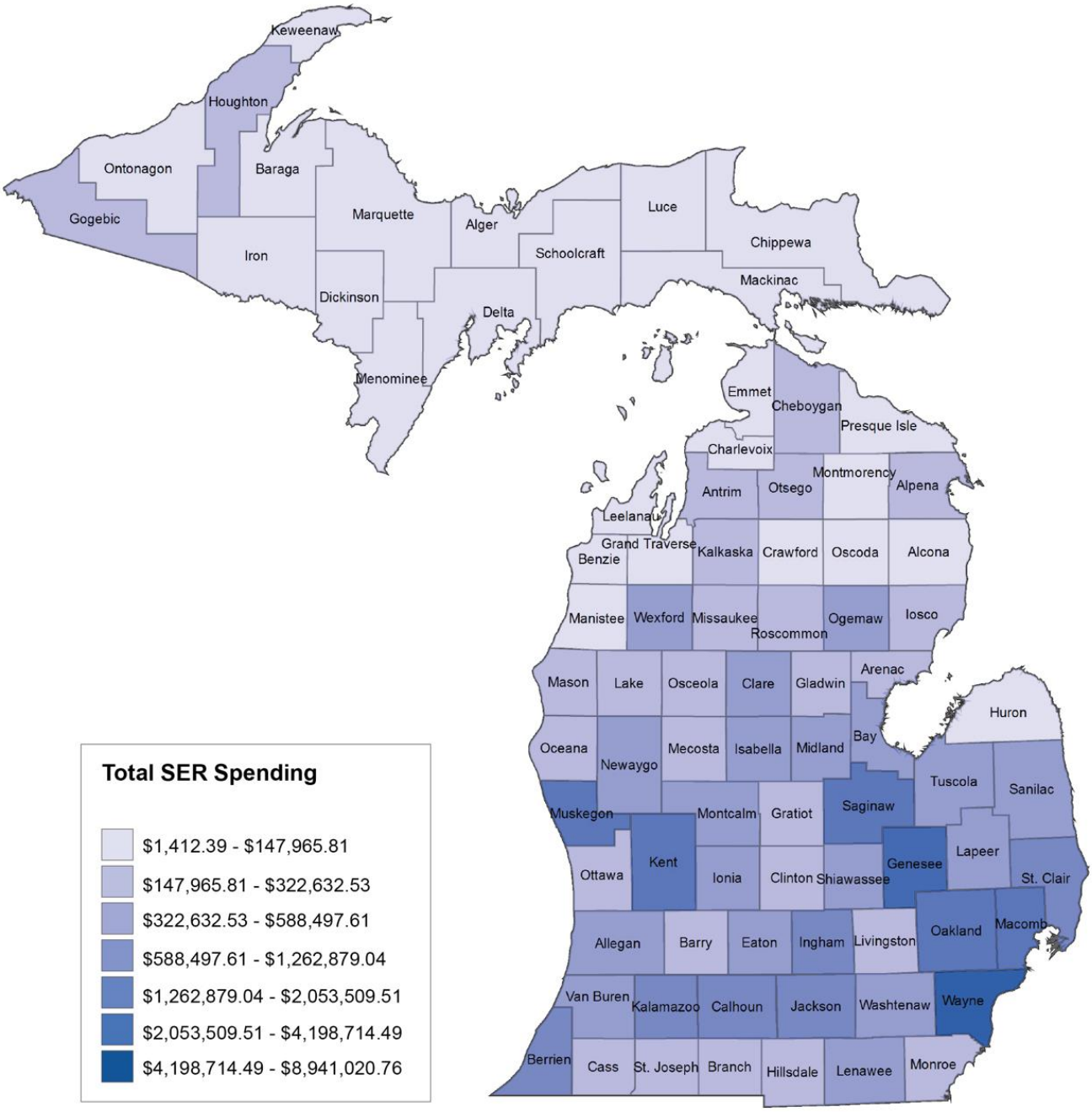
DTE Energy

- The LSP program requires participants to pay a fixed payment per month based on their income level and consumption for the previous 12 months. Customers received monthly energy assistance payments, as long as they stayed current on their monthly payment obligation. If a customer started to fall behind on their monthly payments, DTE proactively reached out to them to communicate the importance and incentives of making regular payments in the program. As of September 30th, 22,184 (92% of the 24,244 that received funding and 85% of the total MEAP enrollment) customers remained enrolled on the LSP program and were making timely payments.

Michigan Community Action

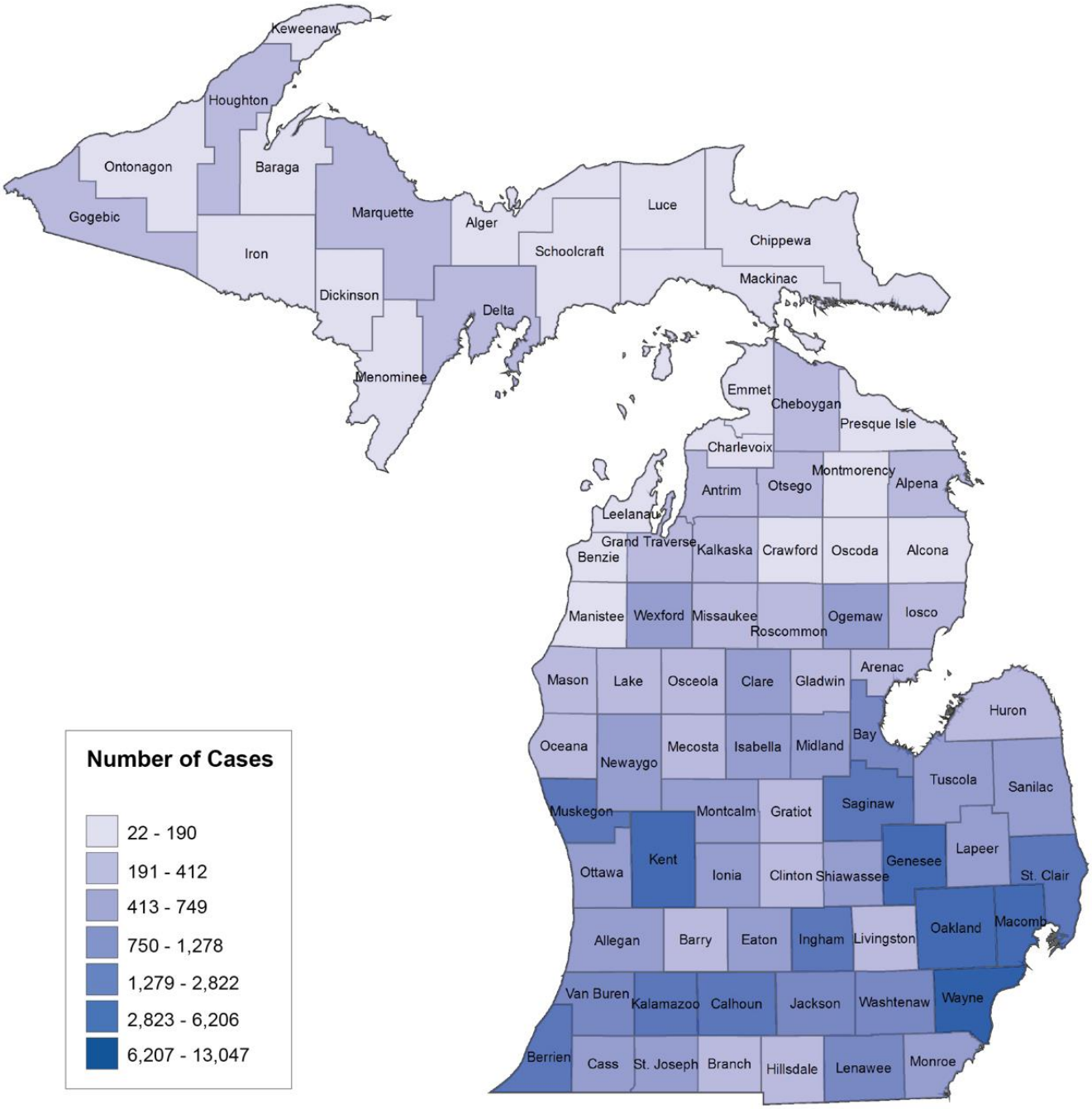
Not included in Final Project Status Report – September 30, 2015

Appendix H. Amount of SER Funding Delivered per County, 2015



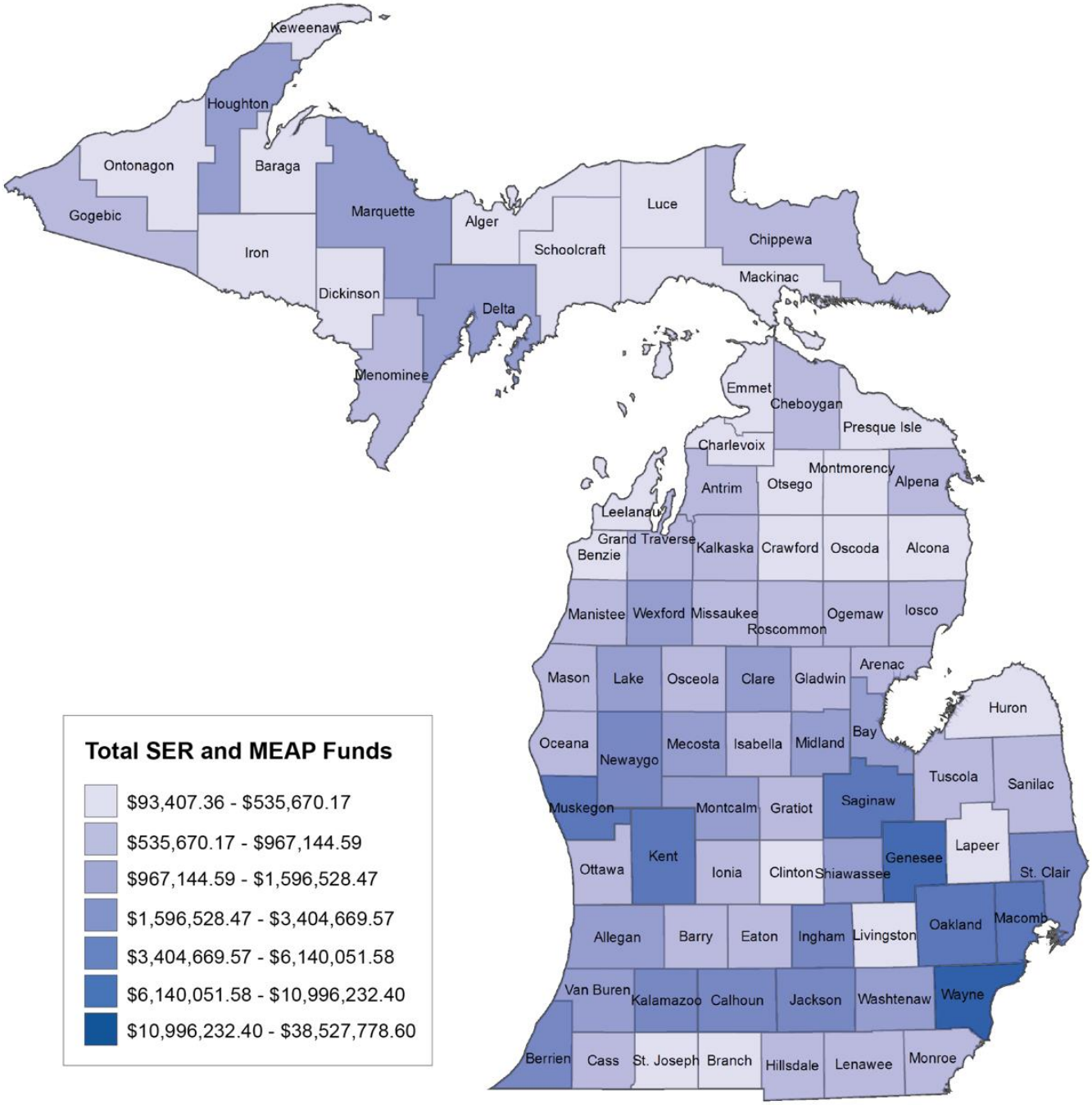
Source: Michigan Department of Health and Human Services (MDHHS). n.d. *Annual Report of Key Program Statistics: FY 2015.* Available at: http://www.michigan.gov/documents/mdhhs/2015_Annual_State_Summary_513885_7.pdf (accessed 3/26/16)

Appendix I. Number of SER Cases per County, 2014



Source: Michigan Department of Health and Human Services (MDHHS). n.d. *Annual Report of Key Program Statistics: FY 2015.* Available at: http://www.michigan.gov/documents/mdhhs/2015_Annual_State_Summary_513885_7.pdf (accessed 3/26/16)

Appendix I. Combined SER and MEAP Funding per County, 2015



Source: Michigan Department of Health and Human Services (MDHHS). n.d. *Annual Report of Key Program Statistics: FY 2015.* Available at: http://www.michigan.gov/documents/mdhhs/2015_Annual_State_Summary_513885_7.pdf (accessed 3/26/16)

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Evaluation of Michigan's Energy Assistance Programs

The Impacts of Energy Assistance Offerings for Low-income Households

03.2018

PSC

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DISCLAIMER

The views and opinions expressed in this report do not represent the views of the Michigan Agency for Energy, Michigan Department of Health and Human Services, Michigan Department of Treasury, or other entities who participated in this evaluation.

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EXECUTIVE SUMMARY

Household energy use supports some the most fundamental aspects of daily life—like cooking, cleaning, bathing, entertaining. However, energy's most essential role, especially in Michigan, is keeping homes warm when the temperatures drop in winter. According to the U.S. Energy Information Administration (2013), Michigan households use 38 percent more energy than the U.S. average and 14 percent more just to heat their homes. While energy is essential to protecting health and providing comfort for families, it is not always affordable. For households living below the poverty line, energy costs can account for more than 20–40 percent of their annual income. Even for those whose income is above the poverty line, energy bills can comprise a large share of their resources. However, the inability to afford energy bills does not mean residents can live without it. In many cases, energy shutoffs during Michigan's heating season can create life-threatening situations, especially for the medically frail, the elderly, or young children. Though some billing rules for energy companies provide some protections for these populations, they stop short of filling the gap for households who cannot pay their energy bills.

To address the affordability gap facing households and to ensure continued access to the vital functions provided by energy, state- and federal-level policymakers have developed programs to offer energy assistance to households who have the hardest time affording their bills. One such program, the federal Low-income Home Energy Assistance Program (LIHEAP), delivered $3.3 billion in funding to states for energy assistance in Fiscal Year (FY) 2016, of which $158 million was allocated to Michigan. Combined with state funding through the Michigan Energy Assistance Program (MEAP), energy assistance programs in Michigan distribute approximately $200 million in assistance to more than 400,000 households each year.

Despite the indisputable need for energy assistance and the essential role it plays for low-income households in meeting their basic needs, the future of funding is uncertain given continued pressure from the White House to eliminate LIHEAP. Compounding this uncertainty, is the looming expiration of Michigan's MEAP statute in September 2019—unless policymakers act to reauthorize the program. While both LIHEAP and MEAP are broadly supported in Congress and in the Michigan Legislature, the case needs to be made that these programs help low-income households, achieve their stated goals, and use resources effectively to ensure the continuation of funding.

To date, reporting on the impact of Michigan's energy assistance programs has been limited. The state's longest running assistance programs—the Home Heating Credit (HHC) and State Emergency Relief (SER)—provide annual reports that detail funding distribution but provide little to no measurement of the short- or long-term impact assistance has on customers. While these programs focus on achieving LIHEAP's central aim—providing the greatest level of benefit to those with the greatest level of need—they often fail to consider other needs a household may have and fail to connect residents to vital energy services that sustain long-term energy affordability. However, LIHEAP does provide states with significant flexibility regarding program design. In addition to energy bill payments, states can allocate LIHEAP funding to energy needs assessments, weatherization services, energy counseling, and support with energy vendors, but prior to MEAP's introduction, Michigan assistance programs focused mainly on bill payment.

Now in its fifth heating season, MEAP has created a new paradigm for energy assistance: It is shifting the focus from simply providing one-time solutions to a more holistic approach that addresses the broader

challenges associated with energy assistance. Specifically, the Michigan Legislature stipulated that the program be used to help households achieve self-sufficiency. Because of this requirement, MEAP providers have developed programs that not only deliver energy assistance but also provide wraparound services with things budgeting, energy waste reduction, access to additional social services, and other support to address broader needs. MEAP has even improved the reporting on the delivery of energy assistance by requiring providers to detail how their programs are helping customers reduce their energy bills, avoid service shutoffs, decrease subsidies paid to households, and make on-time payments. Despite these efforts, Michigan is still unable to articulate the impacts MEAP, or other energy assistance programs, have in moving Michigan's needy households from energy crisis intervention to crisis prevention.

At the most basic level, Michigan's energy assistance programs can be deemed successful because they connect hundreds of thousands of households to assistance services each year. They help customers avoid shutoff; restore power to those who have been shut off; possibly fund replacement furnaces or home weatherization; and pay down arrears. Even with these successes, there is still a question of whether Michigan is making the most of its scarce resources for the hundreds of thousands of residents who depend on energy assistance funding and whether the programs yield lasting impacts.

Unlike other forms of assistance offered to low-income families—such as Supplemental Nutrition Assistance (SNAP) or Medicare—LIHEAP and MEAP are not entitlement programs, meaning there are limited funds available and limited access to them, despite household eligibility. This underpins the imperative that Michigan ensure the effective implementation of these programs and that they demonstrate positive impacts for households by making energy bills more affordable, developing positive bill payment history, reducing arrears, and ensuring access to energy, especially in the coldest months.

It has been difficult to take a comprehensive look at Michigan's energy assistance programs and their impacts because each program is managed by multiple state agencies; annual reporting methods are inconsistent; and each have slightly different objectives. Over the past three years, Public Sector Consultants (PSC) has conducted periodic reviews of MEAP to determine whether the program is meeting its stated goals. These efforts included reviewing MEAP grantee reports, interviewing stakeholders, analyzing financial status reports, and convening stakeholders to discuss the program. Through these efforts, PSC identified the need for additional data to examine how households performed both before and after receiving energy assistance in terms of energy bill payment, arrears, and past-due status to truly evaluate these programs' outcomes.

PSC sought to address the need for data and to perform a quantitative analysis of how energy assistance programs impact households over time. We did this by developing an evaluation methodology using customer billing information, provided by energy companies, to analyze customer account characteristics over a three-year period. PSC worked with DTE Energy and Consumers Energy to obtain account records for approximately 250,000 customers who received energy assistance in FY 2015 and for the years preceding and following.[1] Having access to three years of customer account information enabled PSC to determine how households performed before and after receiving assistance. This data also allowed us to examine the impact of this assistance on customers' bill payment and arrears and provided additional insight on the performance of energy assistance programs; however, this represents only a snapshot of

[1] While data from Consumers Energy and DTE Energy does not cover all fuel types, energy providers, or areas of the state, accessing data from these two companies provided PSC with information for nearly 90 percent of the state's electric customers and the majority of natural gas customers. The analysis focused on FY 2015 recipients to allow for availability of a full-year of postenergy assistance energy consumption and bill payment data.

experiences. Therefore, an ongoing examination of resulting quantitative impacts of energy assistance programs is necessary to afford a deeper understanding of their effectiveness; offer additional insight into household needs as programs evolve; and provide guidance for future program design and delivery strategies.

PSC officially kicked off this latest evaluation project at the beginning of March 2017. In addition to performing quantitative analysis using customer account information, PSC utilized methods employed in previous evaluations, including review of MEAP grantees' reports, analysis of other available energy assistance reporting, interviews with stakeholders, and stakeholder engagement. PSC also conducted a survey of caseworkers from MEAP grantees to get a better picture of household access to and experience with energy assistance programs.

Through these efforts, PSC uncovered new insights related to the impacts of energy assistance programs as well as suggestions for program improvements that build on themes identified in previous reports. Notable findings from this report include the following:

- **Michigan continues to focus assistance on crisis intervention than any other state.** This limited focus contributes to large swings in the volume of enrollments experienced throughout the year, which creates capacity challenges for entities responsible for customer enrollment. It also does little to help customers who have persistent issues affording their energy bills because of seasonal funding, and it does not address issues related to living on a fixed income or inefficient housing stock. Our analysis confirms that households receiving sustained energy assistance support show the greatest reductions in arrears over time.
- **Reporting on the impact of self-sufficiency services in helping customers actually attain self-sufficiency is limited.** If self-sufficiency remains a goal for MEAP, then the state must require consistent measurement of this metric. Our research supports the idea that not all households eligible for energy assistance can attain this—especially through a program with a limited focus. Therefore, if the state upholds self-sufficiency as a goal, additional segmentation is required of households applying for energy assistance and alternative strategies to help households for whom self-sufficiency may be unattainable.
- **Affordable payment plans (APPs) are a great option for households who have enough income to contribute to their monthly energy bills and have high arrears.** These plans can spread out the cost of arrears forgiveness, which lessens the amount of assistance required during a single assistance season, and can ensure the availability of benefits to more households. However, accessibility limitations raise concerns over equity in program administration. Also, the number of plans offered, and their variations, unnecessarily complicate enrollment. The state should expand access to APPs, regardless of a household's service provider, and streamline offerings.
- **Despite ongoing efforts by state entities and various stakeholders to expand and improve reporting on energy assistance programs, the information available is still inconsistent.** New LIHEAP performance requirements will help address this, but at minimum, the state should provide consistent reporting for programs utilizing LIHEAP and MEAP funding on an annual basis.

- The burden associated with documenting eligibility for energy assistance has been a consistent issue expressed among stakeholders. LIHEAP provides flexibility to states for determining household eligibility, including the use of categorical eligibility to enroll households already receiving other income-qualified benefits. Michigan should fully vet the use of categorical eligibility for enrollment in energy assistance programs. Further, the state's focus on crisis intervention is at odds with efforts to promote household self-sufficiency and on-time bill payment.
- HHC provides the lowest energy assistance benefit, but the households who receive HHC have the lowest frequency of arrears and the lowest incidence of shutoff. This suggests that these households have limited need for crisis intervention. Understanding program impacts on crisis intervention and energy affordability are important to optimize the state's energy assistance portfolio energy assistance.
- Despite delivering less than 20 percent of M**ichigan's combined federal and state** energy assistance funding during FY 2016, the Michigan Department of Health and Human Services (MDHHS) used nearly 50 percent of funds for program administration. Inquiries were made to determine the disposition of administrative funds, but the request for this information was unfulfilled. This raises serious concern over how the state's administrative funding is utilized.

PSC believes that the findings included in this evaluation will provide valuable information to stakeholders and policymakers as they work to preserve and improve the delivery of energy assistance programs in Michigan.

Note: This report details the status and operation of Michigan's energy assistance programs based on the most recent completed year. For MEAP, this report examines the 2016 program year, which ran from October 2015 to September 2016; for SER, this report relies on reporting from FY 2016; and for HHC, we reviewed information from tax year 2015.

Additionally, there are discrepancies between how various energy assistance programs report data. For example, HHC reports on the number of credits, SER provides the number of payments and recipients, and MEAP reports the number of households receiving assistance.

SECTION I. ENERGY ASSISTANCE PROGRAMS OVERVIEW, FUNDING, AND NEED

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

The primary source of energy assistance funding nationally comes from LIHEAP, a federally funded block grant program, adopted in 1981, that distributes dedicated energy assistance funds to states.

Overview

States' LIHEAP grants provide vital financial assistance to low-income households for their energy bills. Each year, federal funds appropriated to LIHEAP are allocated to states, territories, tribes, and the District of Columbia based on an established formula that accounts for population, weather, and other regional characteristics that impact need. To receive LIHEAP funding, state grantees are required to submit annual fund distribution plans. The block grant structure provides states with wide latitude in designing and administering LIHEAP; however, grantee states are required to abide by 16 assurances outlined by LIHEAP statute. The fundamental objective of the program, as stated by the Office of Community Services (OCS), is spelled out in assurance one, which directs states to use funds for the following purposes:

- Conduct outreach activities and provide assistance to low-income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy
- Intervene in energy crisis situations
- Provide low-cost residential weatherization and other cost-effective, energy-related home repairs
- Plan, develop, and administer each state program under LIHEAP, including leveraging programs

The other assurances outline LIHEAP's requirements for determining eligibility, conducting outreach, coordinating with other federal programs, ensuring promptness, designating partner organizations, establishing payment standards, providing equitable benefits, spending on administrative functions, performing fiscal oversight, cooperating with federal investigations, facilitating public engagement in plan development, granting administrative hearings to individuals, collecting and reporting data, partnering with local entities to perform intake and outreach, and working to reduce the need for energy assistance (LIHEAP Clearinghouse n.d.).

By statute, states can offer three types of energy bill payment assistance: heating, cooling, or crisis support. Heating assistance programs help households afford their basic home heating energy needs; cooling programs provide assistance to cover homes' seasonal cooling demands; and crisis programs intervene in situations where customers experience energy shutoffs, are at risk of being disconnected, or are running out of fuel. Each state chooses to deliver services in its own way. All 50 states and the District of Columbia provide access to heating and crisis assistance. Meanwhile, only 23 states—those with higher seasonal air conditioning demands—provide cooling assistance through LIHEAP.

Another benefit of LIHEAP that goes beyond paying energy bills is the Heat and Eat program—included in the Agriculture Act of 2014, which is commonly referred to as the Farm Bill. The Heat and Eat program allows states to leverage LIHEAP benefits into larger SNAP benefits, which are determined, in part, by

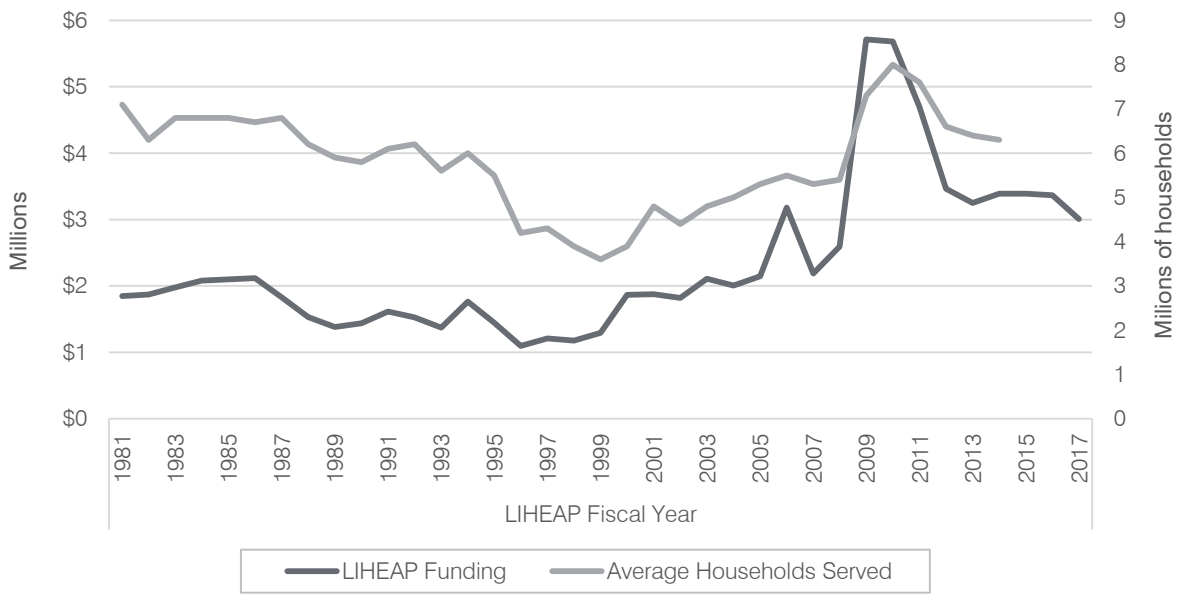
household income and eligible income deductions, such as child care, dependent care, and excess shelter costs. Heat and Eat allows households who receive at least $20 in LIHEAP benefits to claim the standard utility allowance in their shelter-related expenses, which leads to a higher SNAP benefit, according to the National Conference of State Legislatures (NCSL) (April 2014).

The future of LIHEAP funding faces increased scrutiny under the Trump administration, which has proposed eliminating it in its first two budget proposals. Stakeholders from across the country continue to support LIHEAP and advocate on the program's behalf to policymakers. LIHEAP sets certain eligibility requirements and performance standards for the funds, but it leaves the design and administration of energy assistance programs up to individual states.

Funding

Federal funding for LIHEAP has fluctuated over the years from around $1 billion in 1996 up to more than $5 billion in 2009. The level of funding has fallen from its peak but has remained steady over the past five years: $3.03 billion has been allocated for FY 2018. A summary of historic LIHEAP funding is provided below in Exhibit 1.

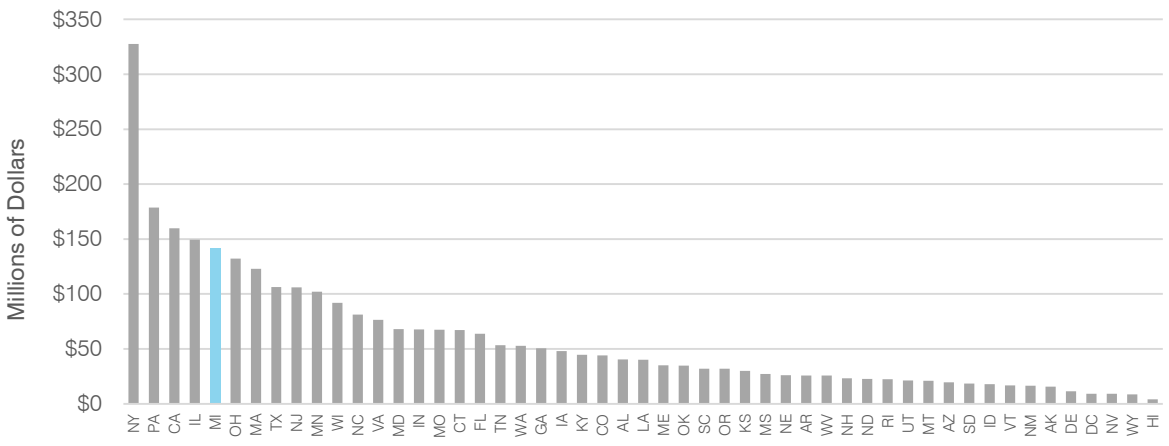
EXHIBIT 1. LIHEAP Funding 1981–2017



Source: LIHEAP Clearinghouse. n.d. "Low-income Energy Programs Funding History 1977–2016." *U.S. Department of Health and Human Services*. Accessed October 12, 2017. https://liheapch.acf.hhs.gov/Funding/energyprogs_hist.htm

In FY 2018, Michigan was one of only ten states that received more than $100 million in LIHEAP funding. Only New York, Pennsylvania, California, and Illinois received more funding than Michigan. See Exhibit 2 below for LIHEAP funding allocations by state.

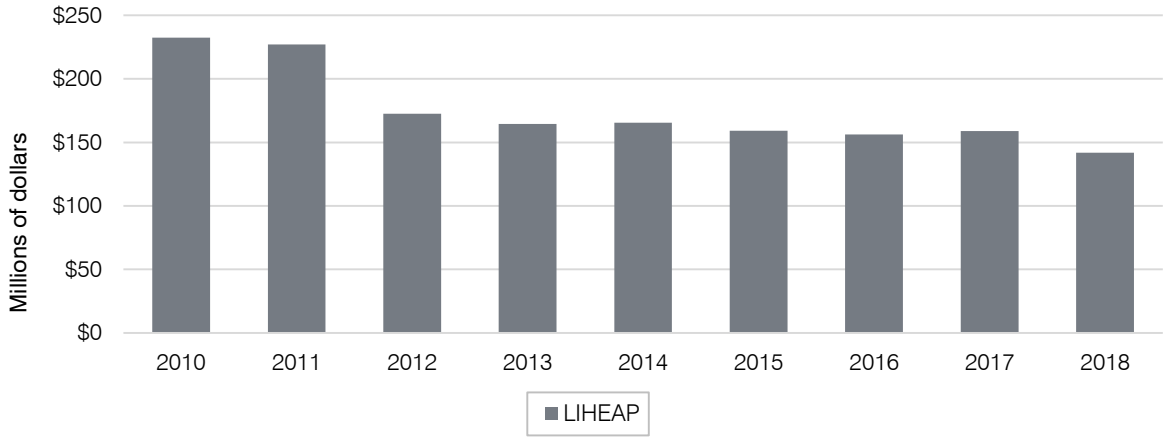
EXHIBIT 2. LIHEAP Funding Allocations by State, FY 2018



Source: Administration for Children and Families. n.d. "2018 Initial CR Release of LIHEAP Block Grant Funds to States and Territories under P.L. 115-56." *U.S. Department of Health and Human Services*. Accessed November 16, 2017. https://www.acf.hhs.gov/sites/default/files/ocs/attach_1_dcl_q1_release_stateterritory_table_fy18.pdf

As overall LIHEAP funding has been cut in recent years, Michigan's share has fallen significantly in proportion to the national reduction. For FY 2018, Michigan was allotted $141.8 million in funding. While this represents nearly 39 percent decline since 2010—when LIHEAP funding peaked—Michigan's LIHEAP funding has been consistent over the past seven years, as shown below in Exhibit 3.[2]

EXHIBIT 3. LIHEAP Funding in Michigan, 2010–18



Note: PSC compiled this data from several sources.
Source: Office of Community Services (2012a); Office of Community Services (2012b); U.S. Department of Health and Human Services (n.d.).

[2] Policymakers authorized temporary funding increases for LIHEAP in response to the 2007 recession. Funding levels returned to pre-recession levels in 2012.

STATE ENERGY ASSISTANCE PROGRAMS

While federal funds have provided significant financial relief for low-income households, the need for energy assistance has historically outweighed the resources available. The federal government recognized this reality, stating "LIHEAP funding has never been adequate to assist all eligible households or to fully address their home energy needs," adding that, "historically, LIHEAP has served less than 20 percent of eligible households" (LIHEAP 2014). This unmet need for energy assistance has led states to develop supplemental mechanisms to provide increased funding for energy assistance programs. Dating back to 2001, Michigan has provided additional state funding to supplement federal dollars in support of energy assistance programs. A complete discussion of past state energy assistance programs and funding sources is provided in Appendix A.

Overview

Michigan uses both federal and state funding to support its energy assistance programs. In FY 2017, Michigan received $158.9 million from the LIHEAP. This funding was distributed through the state's existing energy assistance programs, as stipulated by MDHHS. These programs are as follows:

- HHC: Widely available income-based heating assistance payment offered by the Michigan Department of Treasury (Treasury) to alleviate costs associated with household heating.
- SER: Program administered by MDHHS to assist families facing immediate energy crises.
- Weatherization Assistance Program (WAP): Program offered by the U.S. Department of Energy to reduce the burden of cost associated with energy consumption through energy-efficient home improvements.
- MEAP: Program administered by nonprofits and community organizations to provide energy assistance to low-income families and to foster future self-sufficiency.

HHC

Michigan provides LIHEAP heating assistance through the HHC—a program established in 1978 to help low-income households with annual heating-related expenses. To receive this benefit, households must file a claim with the Treasury. Most HHC claims are submitted when a household files their taxes; however, under certain circumstances, a claim can be filed without filing a state tax return. Eligibility is based on a household's income, number of exemptions claimed, and reported home heating expenses. While other energy assistance programs in the state provide benefits to households with incomes up to 150 percent of the federal poverty line (FPL), HHC is only available to households at or below 110 percent of the FPL (Treasury n.d.).

Funding for HHC is determined on an annual basis by the State Budget Office and MDHHS. Their determination considers the amount of funding used in the previous year and the total amount of LIHEAP funds available. There is no prescribed funding level for Michigan's annual HHC appropriation.

SER

SER provides households access to assistance for a variety of essential services, including housing and energy-related expenses. (This report focuses solely on the energy assistance portion of Michigan's SER program.) The program's goal is to provide crisis relief to households struggling with energy-related expenses to ensure "safe, decent, affordable housing and other essential needs when an emergency situation arises" (MDHHS 2013).

MDHHS administers the SER program and is responsible for enrolling and verifying applicants. SER assistance is only available during the crisis season (November 1 through May 31). To ensure funds are indeed used to respond to a crisis, a household's heat or electric service must be in past-due status, in threat of shutoff, or already shut off.[3] Another requirement of SER is that residents must make monthly payments, based on household size, toward their heat or electricity bills—unless good cause is established.

The SER program caps the amount of assistance a household can receive during a program year. Payments for natural gas, wood, electricity (nonheat residential; heat and residential), and other fuels (kerosene, corn pellets, cherry pits, etc.) are capped at $850 per commodity per year. Those with deliverable fuels, such as fuel oil, propane, or coal, can receive up to $1,200 per year. If a household has already received funding through MEAP within the fiscal year, they cannot also receive funding from SER. Some may be eligible to receive SER assistance if they are participating in an energy provider-sponsored program through their utility—if the program only covers one energy service. For example, a customer enrolled in DTE's Low-income Self-sufficiency Plan (LSP) for electricity could receive SER benefits to cover their propane bill in an emergency—and if other requirements are met. The amount of the SER payment is the minimum necessary to avoid shutoff or restore service and prevent crisis from occurring for at least 30 days (MDHHS 2017).

WAP

Michigan's WAP provides energy conservation services for low-income homeowners and renters to reduce energy burdens. By weatherizing, residents can reduce their energy consumption rates and, in turn, save on energy bills. Eligible home improvements include wall insulation, attic insulation/ventilation, foundation insulation, air leakage reduction, smoke detectors, dryer venting, furnace repair/replacement, water heater repair/replacement, combustion appliance testing, and energy conservation education. WAP-funded weatherization services are implemented by Community Action Agencies. States may use up to 15 percent of their LIHEAP allocation for weatherization with the option of applying for a waiver to use an additional 10 percent. Michigan allocates just a fraction of its total energy assistance dollars to weatherization—for FY 2017, weatherization received $6 million from LIHEAP, and for the 2014 program year, 1,761 households received LIHEAP-funded weatherization services (MDHHS January 2016).

MEAP

The current iteration of state energy assistance funding was established in 2013 with the passage of Public Acts (PAs) 615 and 95. PA 615, the Michigan Energy Assistance Act, defined parameters for the new MEAP, and PA 95 established the Low-income Energy Assistance Fund (LIEAF), which funds MEAP through a surcharge on customers' electric bills. These statutes charge MDHHS with administering MEAP and expending the state's LIEAF. However, since the program's inception, MDHHS has partnered with the Department of Licensing and Regulatory Affairs through an interagency agreement to administer the program through the Michigan Agency for Energy (MAE).

The Michigan Public Service Commission (MPSC) calculates the LIEAF surcharge amount each year by determining the low-income energy assistance funding factor. MPSC can collect up to $50 million annually through this surcharge, but it cannot exceed $1 per month per customer.[4] Electric service

[3] The eligibility requirements for households using deliverable or alternative fuels are available here: http://www.mfia.state.mi.us/OLMWEB/EX/ER/Public/ERM/301.pdf#pagemode=bookmarks.

[4] "The amount used by the MPSC to calculate a low-income energy assistance funding factor during each fiscal year shall not exceed $50,000,000.00 minus both the amount appropriated from the general fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year" (Michigan Compiled Laws 460.9t).

providers can opt out of the surcharge each year; however, the provider cannot "shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account" (Michigan Compiled Laws [MCL] 460.9t). The list of participating and nonparticipating electric service providers is available in Appendix B. LIEAF ParticipationThe amount collected from each participating service provider is detailed in Appendix C.

MEAP was established to update energy assistance delivery methods by improving coordination between state entities and providing low-income households support in moving toward self-sufficiency. Before this program, energy assistance was delivered either through SER (crisis intervention) or HHC (heating assistance). MEAP sought to differentiate its offerings by shifting the focus to crisis prevention and adopting new parameters for when customers meet assistance eligibility. Prior to MEAP, customers could only receive assistance when they were nearly out of fuel or were facing utility shutoff; however, under MEAP, customers can receive assistance if their account is past due.[5] This helps customers avoid costly fees, increased arrears, and potential health and safety issues.

Unlike SER and HHC, which are directly administered by state agencies, MEAP is delivered through a network of nonprofits, community organizations, and energy providers across the state.[6] These entities apply for MEAP funding through a competitive grant process. MAE and MDHHS evaluate grantees' proposals and allocate funding based on demonstrated ability to "intervene to resolve energy crisis situations and provide energy assistance programs that will help eligible low-income households meet home energy costs for their primary residence to prevent future crisis situations through payment or partial payment of bills" (MAE 2017).

There are two general types of programs offered by MEAP grantees: one-time energy assistance payments and utility APPs. One-time assistance programs offer customers support for their past-due energy bills and arrearages, often coupled with energy education or limited self-sufficiency services. APPs provide customers with a subsidized payment plan to help them consistently pay their energy bills over a longer-term horizon. These plans offer incentives if customers stay on the program for a prescribed period (e.g., arrears forgiveness) to reward customers for demonstrating positive bill payment patterns.

In addition to its goal of shifting energy assistance to a crisis prevention model, MEAP requires that the services provided enable participants to move toward self-sufficiency. This involves providing customers with other wraparound social services when a customer applies for energy bill assistance. Limited pilot programs providing intensive self-sufficiency services, in addition to energy bill assistance, are being tested by some grantees; however, these specialized interventions currently serve a small fraction of MEAP-assisted households.

To align the program better with SER-provided crisis assistance and to support a larger population of customers in need, annual caps per recipient household were established. For the 2016 program year, household assistance caps for MEAP were determined by individual grantees; in 2017, MAE instituted a $3,000 per household cap. In 2018, MAE created separate caps for crisis intervention and crisis prevention offerings. Crisis intervention, one-time energy assistance payments, is capped at $850—the

[5] For nonutility customers, eligibility is based on if their deliverable fuel tank was less than 25 percent full, their prepayment account is below a minimum amount, or they have stated the need for nontraditional fuel.

[6] Energy providers were eligible to be MEAP grantees from 2014 to 2017. MAE excluded energy providers from serving as grantees, beginning in the 2017 grant year, after receiving guidance from federal LIHEAP administrators. This topic will be discussed in greater detail later in this report.

same level as SER. Customers enrolled in crisis prevention, long-term payment plan programs, can receive up to $3,000 in assistance—$1,500 for heating costs and $1,500 for nonheat electricity.

Funding

The LIEAF surcharge on customers' electric bills generates $50 million per year. Additionally, MDHHS has devoted a portion of the Michigan's LIHEAP allocation for crisis programs to MEAP. (See Exhibit 4.)

EXHIBIT 4. MEAP Funding, 2014–17

	2014	2015	2016	2017
LIEAF State Ratepayer Funding	$50,000,000	$50,000,000	$50,000,000	$50,000,000
LIHEAP Federal Funding	$40,000,000	$62,000,000	$42,500,000	$40,000,000
Total Funding	**$90,000,000**	**$112,000,000**	**$92,500,000**	**$90,000,000**

Source: PSC compiled data from the annual MEAP report to the legislature for 2014, 2015, and 2016. Data for 2017 was pulled from Michigan's LIHEAP spending plan for FY 2017.

MDHHS's LIHEAP spending plan for FY 2017 is detailed below in Exhibit 5.

EXHIBIT 5. Michigan's LIHEAP Spending Plan, FY 2017

Projected LIHEAP Funding	FY 2017
LIHEAP Original/Regular Block Grant Funding (estimated for state planning purposes)	$155,537,866
LIHEAP Carryforward from Prior Year	$13,860,249
Total Funding Available	**$169,398,115**
Program Spending Plan	
HHC	$60,000,000
HHC administration	$2,430,000
Heat and Eat program	$6,766,800
MEAP	$40,000,000
WAP	$6,000,000
WAP administration	$300,000
SER	$33,977,528
Flint Water Heater Replacement	$100,000
Deliverable Fuel Crisis Assistance	$7,000,000
Total Spending Plan for LIHEAP	**$156,574,328**
MDHHS Administrative Expenses*	$12,823,787
Total Projected LIHEAP Plus Administration	**$169,398,115**
Projected Carryforward	n/a

Note: *Amount available for LIHEAP administrative costs is 10 percent of the original LIHEAP block grant or $15,553,787. Administrative costs are split between the Treasury, Community Action Agencies, and MDHHS.
Source: MDHHS. 2016. *Michigan Low-income Home Energy Assistance (LIHEAP) Spending Plan FY 2017*. Lansing: MDHHS. Accessed November 7, 2017. http://www.michigan.gov/documents/mdhhs/Section_655_554420_7.pdf

Through LIEAF, Michigan allotted another $50 million for low-income energy assistance programs to be administered through MEAP. A complete breakdown of energy assistance program state and federal funding for 2017 is available in Exhibit 6 below.

EXHIBIT 6. MEAP Funding, 2017

Program	Funding
HHC	$60,000,000
HHC administration	$2,430,000

Heat and Eat	$6,766,800
MEAP—LIEAF	$49,500,000
MEAP—LIHEAP	$40,000,000
MEAP administration	$500,000
WAP	$6,000,000
WAP administration	$300,000
SER	$40,977,528
MDHHS administration	$12,823,787
Flint water heater replacement	$100,000
Total Program Funding	**$219,398,115**

Source: MDHHS. 2016. *Michigan Low-income Home Energy Assistance (LIHEAP) Spending Plan FY 2017*. Lansing: MDHHS. Accessed November 7, 2017. http://www.michigan.gov/documents/mdhhs/Section_655_554420_7.pdf; MAE. n.d. *2017 Michigan Energy Assistance Program Grants.* Accessed December 12, 2017. Lansing: MAE. http://www.michigan.gov/documents/energy/2017_MEAP_Grant_Approvals_535896_7.pdf

ENERGY ASSISTANCE NEED

Each year, more than a million Michiganders struggle to afford their energy bills. While energy affordability is important to all, for the state's low-income population, energy costs can represent a much higher proportion of their financial resources—and are rarely affordable. The difference between what households can afford and the actual cost of their energy bills is known as the Home Energy Affordability Gap—a commonly used metric in the energy assistance ecosystem that seeks to define affordable energy costs. According to this model, energy costs totaling more than 6 percent of a household's gross income are unaffordable (Fisher, Sheehan, and Colton, Public Finance and General Economics 2017). Based on this research, the affordable amount for the median household in Michigan, that makes just over $50,000 annually, is only $3,000 or $250 per month (U.S. Census Bureau 2017).

According to the Home Energy Affordability Gap study for 2016, there are more than 1.3 million households in Michigan whose energy bills account for more than 7 percent of their income. A summary of this gap in Michigan for 2016 is available in Exhibit 7.

EXHIBIT 7. Michigan Home Energy Affordability Gap, 2016

Poverty Level	Income Spent on Energy	Number of Households
≤ 50%	33%	295,842
51–100%	18%	349,325
101–125%	12%	176,625
126–150%	10%	181,859
151–185%	8%	249,624
186–200%	7%	102,958
Total < 200%		1,356,233

Source: Fisher, Sheehan, and Colton, Public Finance and General Economics. 2017. "Current Year Affordability Gap Data." *Home Energy Affordability Gap*. Accessed November 7, 2017. http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html

There are 3,860,394 households in Michigan, and based on the estimates from Fisher, Sheehan, and Colton, 35.1 percent of Michigan households have unaffordable energy burdens (U.S. Census Bureau 2017). According to U.S. Census Bureau (2017) estimates, 16.3 percent—1,296,434 people—lived in poverty during 2016, and 34.4 percent—3,332,112 people—lived at or below 200 percent of the FPL. More detail about Michigan's population in poverty is available in Exhibits 8 and 9.

EXHIBIT 8. Percentage of Michigan Population in Poverty, 2016

	Percent
All people	16.3%
Under 18 years	22.8%
18 years and over	14.3%
18–64 years	15.9%
65 years and over	8.1%

Source: U.S. Census Bureau. December 7, 2017. *American Community Survey 5-year Estimates 2012–2016. U.S. Census Bureau.* Accessed December 17, 2017. https://www.census.gov/programs-surveys/acs/data/summary-file.html

EXHIBIT 9. Ratio of Income to Poverty Level for Michigan Residents, 2016

	Percent	Population
Under .50*	7.38%	714,978
.50 to .99*	8.88%	860,088
1.00 to 1.24*	4.50%	435,468
1.25 to 1.49*	4.57%	442,495
1.50 to 1.84	6.44%	623,962
1.85 to 1.99	2.63%	255,121
2.00 and over	65.59%	6,351,753
Total		**9,683,865**

* Eligible for LIHEAP and MEAP assistance

Source: U.S. Census Bureau. December 7, 2017. *American Community Survey 5-year Estimates 2012–2016. U.S. Census Bureau.* Accessed December 17, 2017. https://www.census.gov/programs-surveys/acs/data/summary-file.html

SECTION II. RESEARCH OVERVIEW

PAST RESEARCH

MEAP was created in 2013 to fill a void in Michigan's energy assistance offerings following the expiration of the state-funded Vulnerable Household Warmth Fund and the Low-income Energy Assistance grant program. The goal of MEAP is to increase coordination of energy assistance among state departments and assist low-income households in becoming self-sufficient. Prior to MEAP, energy assistance was primarily focused on crisis intervention rather than prevention; however, MEAP exercised a different tactic by allowing customers to seek assistance before receiving a shutoff notice. MEAP also expanded the practice of delivering financial assistance through grants to 13 different energy providers, nonprofits, and community organizations across the state. MEAP's fundamentally different approach serves as a way to test innovative strategies for energy assistance delivery, and the program continues to provide invaluable assistance to households struggling with energy bills.

In spring 2015, DTE Energy asked PSC to assess the newly formed MEAP to determine whether the program's goals were being met. Over the past three years, PSC has led several efforts to review Michigan's energy assistance programs, MEAP operations, key program successes, and opportunities for improvement. An overview of PSC's work is detailed below.

MEAP Review: May–September 2015

- PSC interviewed grantees, reviewed project reports, and met with state officials.
- PSC prepared a report detailing MEAP-related findings and outlined recommendations for program improvements.

MEAP Review: October 2015–March 2016

- Only one year of MEAP data was available for PSC's first report. Using data from the second grant year, concluding in October 2015, PSC updated the report, which is available at the following link.

Stakeholder Collaborative Meetings: April–May 2016

- PSC convened key program stakeholders to review the updated MEAP report, establish guiding principles, and discuss ways to improve energy assistance delivery in Michigan. This group of stakeholders is referred to as the Low-income Energy Assistance Collaborative.
- The Low-income Energy Assistance Collaborative met three times during 2016. They created guiding principles for MEAP and identified successes as well as challenges. The group also proposed an enhanced funding model to increase MEAP funding.
- Based on the collaborative's recommendations, the MAE modified the MEAP request for proposals in 2016.

2017 ENERGY ASSISTANCE EVALUATION APPROACH

In 2016, Gov. Rick Snyder signed PA 147, which extended MEAP through September 30, 2019. The extension created an opportunity for continued evaluation of the program's impacts and outcomes. Additionally, the Low-income Energy Assistance Collaborative expressed a need for ongoing evaluation of energy assistance programs. To this end, in 2017, PSC embarked on its most comprehensive evaluation to

date. While PSC's past evaluations focused primarily on MEAP, this program is only one piece of Michigan's portfolio of energy assistance offerings. To gain a more comprehensive view of the success and reach of energy assistance programs, PSC expanded its focus for its 2017 evaluation to include Michigan's HHC and the SER program. PSC's evaluation was composed of the following tasks:

Establishing an Evaluation Steering Committee

Because of the broad reach of MEAP and the number of stakeholders with key roles or interest in assisting Michigan families to improve energy affordability and self-sufficiency, PSC recommended forming an evaluation steering committee to ensure various perspectives were reflected in the 2017 evaluation. The steering committee comprises representatives from the MAE, MDHHS, Treasury, Consumers Energy, SEMCO Energy Gas Company (SEMCO), DTE Energy, TrueNorth Community Services (TrueNorth), Salvation Army, and United Way for Southeastern Michigan. The committee met at key points in the evaluation process to review and offer input on the evaluation plan and key research questions as well as synthesize recommendations. Additionally, the steering committee was given the opportunity to review PSC's interim findings and provide guidance on the resulting recommendations.

Conducting Key Informant Interviews

Over the course of four months, PSC conducted 15 interviews with the following energy assistance program administrators, MEAP grantees, energy providers, and representatives from neighboring states' energy assistance programs:

- MAE
- MDHHS
- Treasury
- Consumers Energy
- SEMCO
- TrueNorth
- Salvation Army
- Michigan Association of United Ways/2-1-1
- Michigan Community Action (MCA)
- Society of St. Vincent de Paul
- Superior Watershed Partnership (SWP)
- The Heat and Warmth Fund (THAW)
- Flat River Outreach Ministries (FROM)
- Wisconsin Division of Energy Services
- Minnesota Department of Commerce

Assessing Assistance Activity

Using a similar approach to past evaluations, PSC analyzed MEAP grantees' reports (submitted to the state), MEAP policy manuals, grantees' proposals, MDHHS's annual reports, Treasury's HHC reports, and other secondary sources. PSC obtained reporting data for each MEAP grantee to assess 2016 program activity in each of the following categories:

- Level of funding distributed
- Type of assistance provided
- Number of households served
- Geographic and demographic distribution of households served
- Other complementary services offered (e.g., energy education, efficiency services, other case management services)

Surveying Caseworkers

PSC conducted a survey of caseworkers and other agency staff who are on the ground daily, meeting with clients and performing enrollments for energy assistance and other programs. The survey sought to gather information about: how clients learn about energy assistance services; the processes for applying for and determining eligibility for services; the client experience of applying for assistance and challenges faced; prioritization of energy assistance objectives; coordination with any agency services provided, especially those designed to promote self-sufficiency; and the effectiveness of current energy assistance options in meeting those objectives.

Analyzing Recipient Data

To provide a more robust evaluation of the types of assistance programs offered in Michigan, PSC obtained detailed recipient data from Consumers Energy and DTE Energy for customers who receive MEAP, HHC, or SER services to assess program impact on energy affordability and self-sufficiency. MEAP participants are further distinguished between those who receive one-time assistance and those who are enrolled in APPs. For a representative sample of energy assistance recipients, PSC examined pre- and postparticipation data to assess changes in payment patterns, arrearages, and energy consumption levels. PSC also conducted exploratory data analysis to assess the overall effects of MEAP, HHC, and SER in helping households attain energy self-sufficiency, which allowed for further comparison of the effectiveness of different program approaches in driving self-sufficiency improvements. Through this analysis, PSC developed and reported on the following key program metrics:

- Changes in energy burden per household (baseline and postparticipation)
- Changes in arrearage level (baseline and postparticipation)
- Changes in energy consumption (baseline and postparticipation)
- Changes in past-due and shutoff notifications as well as changes in the number of actual shutoffs that occur due to nonpayment

SECTION III. RESEARCH AND KEY FINDINGS

PSC's evaluation of energy assistance programs was composed of four tasks: (1) interviews with key stakeholders, (2) a review of energy assistance activity, (3) a survey of energy assistance caseworkers, and (4) an analysis of recipient data. Through these activities, PSC engaged with people representing diverse perspectives and gathered information related to the impact and operation of energy assistance programs in Michigan. Key findings from these research activities are detailed in the following section.

KEY INFORMANT INTERVIEWS

PSC conducted 15 interviews with stakeholders from across the energy assistance community, including program administrators, MEAP grantees, energy providers, and representatives from neighboring states. These conversations yielded valuable information about the operation of assistance programs as well as insight into ongoing challenges and successes for energy assistance programs.

Methodology

Based on the steering committee's input, PSC developed tailored discussion guides for the key informant interviews to suit the role of the different groups. There was a discussion guide for MEAP grantees, one for program administrators, and a third for other stakeholders. The guides included questions related to program design, program reach, and measurement of program impacts. One-hour time blocks were scheduled with each entity; interviews typically included multiple representatives from each organization to represent a variety of perspectives and/or roles.

The interview guides served as a checklist to ensure that key topics were addressed in the discussion rather than a script for the conversation. Two or more members of the PSC team conducted interviews with a designated scribe, and where possible, interviews were recorded. Following the interviews, the PSC team categorized responses by theme and coded them to identify commonalities and to characterize the diversity of perspectives. Based on this analysis, PSC compiled the following set of key findings that contained themes and observations expressed by multiple informants. Commentary from these interviews is provided without direct attribution to provide anonymity.

Findings

Program Measurement

- No consistent measures of success among programs: There are no consistent measures of success for energy assistance programs that can be applied across programs. MEAP requires grantees to report on four program metrics, but there are no clearly defined measures for SER and HHC. SER's only metric is whether an assistance payment alleviates a household's crisis for 30 days, and for HHC, it is a measurement of whether the dollars go to households with the highest need, but this is loosely reported.
- **MEAP's goal of shifting the focus of assistance away from crisis** conflicts with the **program's use of** LIHEAP crisis assistance funding: MEAP was designed to alleviate the focus of energy assistance delivery from crisis intervention and prioritize crisis prevention through programs that promote self-sufficiency. However, the LIHEAP funding allocated to the MEAP program is designated as crisis funding by MDHHS, and, thus, the funds must meet rules for crisis funding.

- **Lack of common definition for self-sufficiency to enable program comparison:** While most grantees have a definition for self-sufficiency, there is no common definition used by the State. This makes it difficult to report on the program's ability to achieve the overarching goal and to compare how effective different approaches are.
- **Ensure timely delivery of energy assistance funds:** The State should ensure that all SER funding is either distributed in a given year or successfully carried over to the next year. Informants noted that, consistently, there are unspent SER funds at the end of the year; however, MEAP grantees utilize all of their available funding. The State may carry over funds year to year, which ensures funding is available if there is a delay in federal funds.

Program Operation

- **Limited ability to space out enrollments during the year contributes to capacity problems for intake agencies:** The beginning of crisis season is a busy time for MEAP program staff because there is an influx of households seeking assistance—in part due to limited assistance available during the summer months—and because MEAP grantees cannot enroll households until crisis season begins. These factors create a bottleneck for households and providers that could be alleviated if Michigan enabled year-round enrollment or promoted outreach and enrollment in the months leading up to heating season.

  There are concerns about MEAP grantees' ability to meet customer needs in a timely manner. In some cases, agencies report that customers experience long waits for assistance. When households are facing crisis, providers must act quickly to ensure households avoid a shutoff or run out of fuel. However, more investment in training and capacity building is underway to address this problem. Resulting improvements should be monitored, and effective approaches should be institutionalized statewide.
- **Burdensome documentation is an enrollment barrier:** There continues to be difficulties related to enrolling low-income households in energy assistance programs due to the documentation required. Grantees are trying several different approaches to reduce incomplete applications, such as using online enrollment platforms that send reminders or having caseworkers follow up with clients to complete applications; however, grantees continue to report that this process is another obstacle low-income households face.
- **Past-due requirement discourages timely payment:** The requirement that households must have a past-due bill before receiving MEAP assistance creates a disincentive to paying bills. This creates a potentially distorted incentive, resulting in households avoiding bill payment to become eligible for energy assistance.
- **Matching households with an assistance program that best suits their needs is not always possible:** Self-determination is an important consideration in providing energy assistance. Caseworkers should enable households to make informed decisions about the type of energy assistance that will best serve their needs by providing them with comprehensive information and education about the level of benefits and associated services offered. Caseworkers should also combine their understanding of program offerings with a household's unique circumstances to provide residents with the appropriate type of assistance.

  The State, along with grantees, should continue efforts to develop and refine a universal screening tool that better aligns the incentives offered with desired program impacts so customers receive the

most effective energy assistance. For many households, uncertainty about the future makes it difficult to choose between a long-term APP when the option for one-time assistance is available.

- **Reporting and documentation is administratively burdensome:** Most informants commented that MEAP's monthly reporting requirements are overly burdensome and noted there should be an easier way to handle reporting.
- **Funding available for MEAP grantees does not adequately cover full program costs:** Many MEAP organizations supplement their energy assistance program operations budgets with other sources because program restrictions do not allow enough funding to cover full administrative costs.

Impact of Funding

- **Monitoring is needed to ensure the appropriate level of funding is used to pay customers' bills:** There is a significant amount of energy assistance funding that is used for services other than direct energy assistance. Since the program's inception, MEAP grantees have gradually used more funding for services other than direct energy assistance, such as education and wraparound services. While these wraparound services are required by MEAP statute, additional assessment is needed to determine their impact.
- **Assistance caps are a limiting factor for certain households already receiving necessary assistance:** The cap on MEAP benefits unnecessarily limits grantees from assisting households and is not appropriate for longer-term solutions, such as APPs.
- **Providing energy waste reduction measures can help customers who need it most:** It is not enough to pay households' energy bills; there needs to be more focus on reducing energy consumption for those who can least afford their energy bills.
- **Annual energy assistance funding will not solve structural problems for certain populations:** Energy assistance programs do not do enough for households on a fixed income, including the elderly and people with disabilities. It would be more appropriate to have a continued subsidy program or rate structure for these households to support long-term affordability.
- **Households who are ineligible for LIHEAP or LIEAF still face energy affordability challenges:** State LIEAF funds should be used to help households above 150 percent of the FPL because they often still need help affording their energy bills but cannot qualify for LIHEAP funding.
- **A one-size-fits-all approach to energy assistance does not work:** Any changes to energy assistance programs should ensure options for clients with different circumstances, such as those who need one-time crisis assistance and those better suited to a longer-term subsidized assistance program.

Overarching Concerns

- **Michigan does not have a real-time, statewide database for MEAP or other energy assistance programs:** The creation of a Salesforce database for MEAP is an improvement, but there are still some challenges with this system. Grantees expressed concern that the client list—generated through Salesforce and disseminated monthly—can be up to two months old, resulting in concerns about accuracy.
- **There is no common vision for Michigan's energy assistance delivery:** There does not seem to be alignment between state agencies regarding funding allocation for energy assistance programs or program priorities, which contributes to yearly funding concerns.

- **Energy assistance is not a cure-all for self-sufficiency:** Self-sufficiency cannot be achieved by focusing solely on energy costs. There are many other aspects of self-sufficiency that determine long-term success—access to employment, education, and healthcare must be addressed before self-sufficiency is achieved. Though energy assistance can play a role in reaching self-sufficiency, it is not the sole solution.

Successes

- **Michigan is working to get the most out of federal funding opportunities:** The passage of Michigan's Heat and Eat program legislation provided new opportunities for households to receive heating and food assistance by leveraging federal funds.
- **Michigan continues to improve energy assistance delivery:** MEAP extended the crisis season, which helps households access assistance earlier.
- **Improved data management and sharing provides new opportunities for review:** The implementation of a Salesforce database for MEAP will help Michigan perform more rigorous analysis of MEAP's outcomes—something impossible before the collection of statewide data.
- **MEAP has promoted innovative program design:** MEAP has allowed grantees to pilot and test new programs related to behavioral change and energy-efficiency programs, which help customers achieve lasting energy savings.
    - Additional data collection and analysis is necessary to quantify the impacts these programs have on low-income energy consumption. Agencies continue to work on determining how to best serve low-income households, including the innovation of tools to segment the population and align households with the most suitable form of assistance.
    - New forms of enrollment (e.g. online applications) can improve access to energy assistance benefits for part of the population and help reduce the number of incomplete applications.
    - MEAP has enhanced collaboration between some grantees.
    - Certain grantees noted the use of online enrollment is easing the application process for participants.
- **Consistency helps households find assistance:** Grantees have expressed the program's maturity is improving customers' familiarity with and access to assistance.
- **Wraparound services provide customers with the right tools, but their impact is unknown:** Agencies continue to provide essential support services beyond paying customers' energy bills; however, additional reporting from grantees detailing the impacts of these services on self-sufficiency should be encouraged.
- **APPs help customers:** Grantees have expressed the value of utility-offered APPs to customers because they help customers develop positive bill payment patterns, incentivize consistency through arrears forgiveness, and can help ensure funding is available to more households during a given year.
- **MEAP agencies help households leverage other forms of assistance:** Grantees report greater uptake of HHC among MEAP recipients.

ENERGY ASSISTANCE ACTIVITY

The following section details the distribution and impact of energy assistance dollars delivered through HHC, SER, and MEAP. Where possible, this analysis assesses whether program goals are being achieved and if the assistance programs are cost effective. This analysis was compiled based on dozens of reports and data files related to Michigan's energy assistance programs.

Distribution of HHC Funds

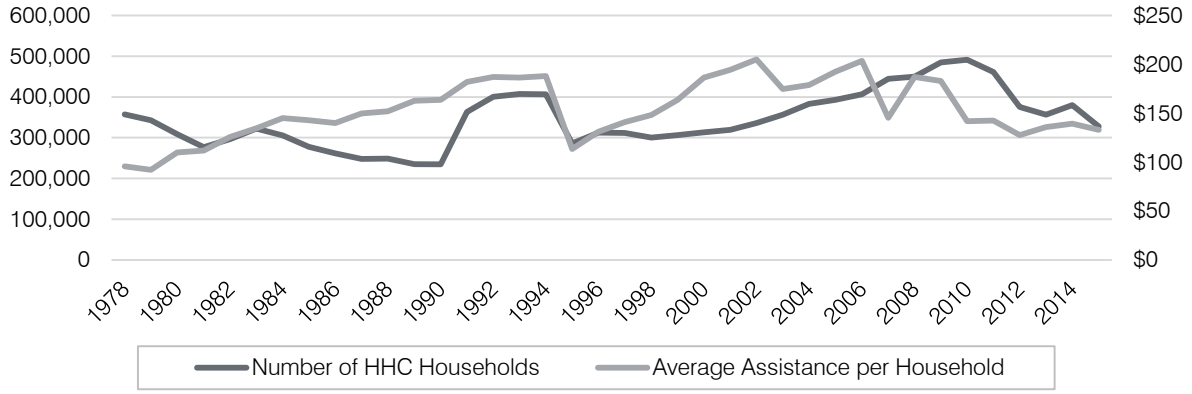
In tax year 2015, approximately 327,700 households received heating assistance through HHC. The total amount of assistance delivered was $43.6 million, and the average credit was $133.08. In 2015, 47,700 fewer credits were delivered compared to 2014—a 14.1 percent decrease. Overall, funding for HHC has declined significantly since 2008 (Treasury July 2017). This can be explained in part because Michigan has received less LIHEAP funding overall since 2010 and has begun using a portion of its LIHEAP allocation to fund MEAP in 2014. Historical funding for HHC is shown below in Exhibits 10 and 11.

EXHIBIT 10. Home Heating Expenses Reported by HHC Filers, 2008–15

Tax Year	Number of HHCs	Total HHC Assistance	Average HHC Assistance per Household
2015	327,700	$43,600,000	$133.08
2014	379,900	$52,900,000	$139.38
2013	356,200	$48,500,000	$136.06
2012	375,700	$47,900,000	$127.64
2011	461,200	$65,800,000	$142.61
2010	491,400	$69,800,000	$141.94
2009	484,800	$88,800,000	$183.09
2008	450,100	$106,000,000	$187.23

Source: Michigan Department of Treasury. n.d. "Archived Home Heating Expenses Reported by Home Heating Credit Filers Reports." *Michigan Department of Treasury*. Accessed October 5, 2017. http://www.michigan.gov/treasury/0,4679,7-121-44402_44404_44406_44410_65749---,00.html

EXHIBIT 11. Home Heating Expenses Reported by HHC Filers, 1978–2015



Source: Michigan Department of Treasury. n.d. "Archived Home Heating Expenses Reported by Home Heating Credit Filers Reports." *Michigan Department of Treasury*. Accessed October 5, 2017. http://www.michigan.gov/treasury/0,4679,7-121-44402_44404_44406_44410_65749---,00.html

HHC Program Impacts

One way to assess the HHC's impact on energy affordability for low-income households is to compare the received credit amount to reported heating expenses. This helps gauge the effect energy assistance has on reducing households' total energy expenditures. Out of 327,700 credits issued in 2015, 54.4 percent of filers included their household energy costs on the HHC form. Heating expenses for this group ranged from 7.5 percent to 34.5 percent of total household resources. The HHC reduced the proportion of heating expenses to total resources for customers of all incomes. For households whose incomes were less than 25 percent of the FPL, the HHC reduced the proportion by 15.2 percent. However, the HHC had less of an impact on those with more resources at their disposal. The program's overall effect on affordability ranged from 15.2 to 0.3 percent, as shown in Exhibit 12 below. Despite reducing the percentage of households' total resources dedicated to heating expenses, credits were not large enough to help most customers reach the threshold for affordable burden established in the Home Energy Affordability Gap (i.e., reducing the percentage of their total income dedicated to energy costs to 7 percent or less).

EXHIBIT 12. HHC's Reported Heating Expenses

Percent of FPL*	Number of Credits	Average Reported Heating Expense	Heating Expenses as a Percentage of Household Resources ^	Average Credit Amount	Credit as a Percent of Heating Expenses ^
< 25%	9,050	$1,059	44.8%	$363	15.20%
26–50%	19,189	$1,159	14.9%	$286	3.70%
51–75%	56,648	$1,249	10.6%	$201	1.70%
76–100%	61,338	$1,197	7.7%	$114	0.80%
101–125%	24,746	$1,261	6.7%	$69	0.30%
>125%	4,886	$1,219	5.6%	$56	0.30%
Total	**175,857**	**$1,212**		**$166**	

Note: Totals include all HHC's, both standard and alternate calculations, reported annual heating costs.
*Calculations for federal poverty level are based on USDHHS's federal poverty guidelines.
^ Expenses as a percentage of resources is calculated using only claimants with total household resources > $0.
Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis. *2017. Home Heating Credit Expenses Reported by Home Heating Credit Filers.* Lansing: Michigan Department of Treasury. Accessed October 5, 2017. http://www.michigan.gov/documents/treasury/2015_Reported_Home_Heating_Expenses_579890_7.pdf

Another way to judge HHC's effectiveness is to compare the amount of energy assistance payments made with the program's administrative costs. Programs that have low costs relative to the benefits they provide can provide additional assistance to households. In 2016, Treasury delivered $43.6 million in energy assistance on an administrative budget of only $2.43 million, meaning that 94.5 percent of HHC's total funding was applied to customers' heating expenses. Alternatively, the cost per credit to administer HHC is only $7.42. This is likely because the Treasury itself does not perform enrollment procedures or fill out the credit forms. Because HHC is, in effect, a tax credit, tax professionals, other tax preparing services, or individuals handle the application, which keeps Treasury's administrative costs low when compared to other energy assistance programs. Additionally, agencies that assist low-income residents with their tax returns do not receive funding to enroll HHC households and, therefore, must rely on other funding for tax preparation services. HHC provides the lowest average benefit out of all three assistance programs.

Distribution of SER Funds

In FY 2016, SER provided $36.6 million in assistance to more than 150,000 recipients. MDHHS made 104,199 crisis payments for heating fuel and electricity totaling $34.2 million. A breakdown of all SER payments is available below in Exhibit 13.

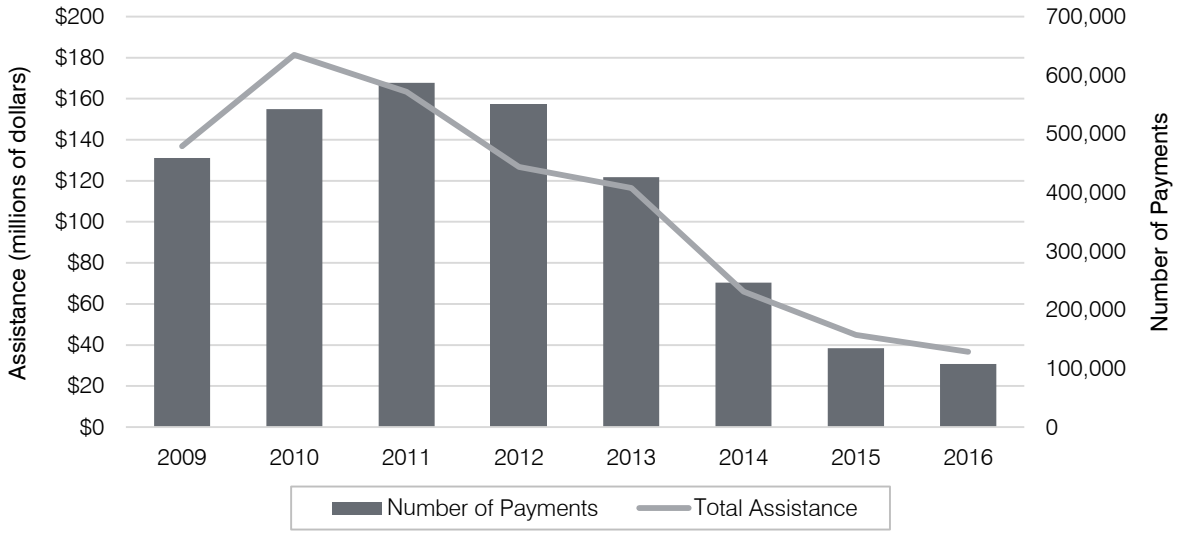
EXHIBIT 13. SER Payments, Type of Service for FY 2016

Type of Service	Number of Recipients	Number of Cases	Number of Payments	Amount	Average Payment
Heat deposit and reconnect fees	4,210	1,606	1,701	$165,383.26	$97.23
Electricity deposit and reconnect fees	1,806	661	676	$73,186.36	$108.26
Furnace repair and replacement	1,143	885	894	$2,249,359.82	$2,516.06
Heating fuel	97,645	39,249	46,980	$14,557,154.20	$309.86
All electrical households	7,452	3,200	3,744	$1,358,330.73	$362.80
Electricity	118,224	44,801	53,475	$18,285,987.59	$341.95
Total	**151,572***	**59,242***	**107,470**	**$36,689,401.96**	**$341.39**

* Totals are reported for the number of unplacated recipients and cases. Some households received SER assistance for more than one service during FY 2016.
Source: MDHHS. n.d. *Annual Report of Key Program Statistics: FY 2016*. Lansing: MDHHS. Accessed October 22, 2017. http://www.michigan.gov/documents/mdhhs/2016_Annual_State_Summary_544176_7.pdf

As LIHEAP funding has decreased since 2008, Michigan has been forced to devote less funding to SER. In 2011, SER provided $163.4 million in assistance to low-income households; however, in 2016, the program provided just $36.6 million—a decline of 77.5 percent. Less LIHEAP funding is not the only reason for the decrease in SER funding: Starting in FY 2014, MDHHS began contributing funding, previously administered by SER, to fund MEAP. Historical funding for SER is shown below in Exhibit 14.

EXHIBIT 14. Total SER Payments, 2009–16



Source: PSC compiled MDHHS annual reports for FYs 2009–16.

SER Program Impacts

The goal of SER's energy assistance program is to provide crisis relief to households struggling with energy-related expenses; therefore, one way to evaluate this program is to assess whether its goal is being achieved. Unfortunately, it is unclear what benefit households see from the provision of crisis assistance funds because there is limited reporting on the program, making it difficult to assess what impact it has beyond alleviating immediate energy crises. MDHHS's limited reporting details the number of payments, amount of assistance provided, in what county funding was administered, and how funding was used. Unlike MEAP and HHC, MDHHS does not provide information about households served, such as income level. The data provided by the state for SER are insufficient in evaluating whether customers are successful at preventing future crises or avoiding successive shutoffs.

It is possible, however, to evaluate the cost effectiveness of SER (i.e., how much funding goes toward customer assistance compared to program administration). In 2016, MDHHS delivered $36.6 million in crisis relief for low-income households through SER and used $12.8 million in LIHEAP funds for administrative expenses—representing 35.2 percent of SER's total funding allocation (MDHHS April 2016). This amounts to $216.06 in administrative costs per unduplicated case in 2016. MDHHS uses more administrative funding than the HHC, MEAP, and WAP combined—despite delivering just over 20 percent of the state's energy assistance during the 2016 heating season. It is true that MDHHS uses LIHEAP administrative dollars for more than just operating SER, including developing, administering, and reporting on Michigan's LIHEAP plan, but this does not explain why the program's administrative costs are so much higher than others. LIHEAP rules only allow states to use up to 10 percent of its total funding allocation for administrative costs and, while Michigan overall does not exceed the 10 percent maximum, MDHHS' share of administrative costs certainly seem to be greater than necessary. Several attempts were made to gather additional information about MDHHS's administrative funding expenses; however, no explanation was provided.

Distribution of MEAP Funds

The primary source for PSC's review of MEAP activity was grantees' final project and financial status reports from the 2016 program year. These reports detail how grantees distribute assistance dollars, who receives assistance, and the impact funding has on low-income households. In the 2016 program year, which ran from October 1, 2015, to September 30, 2016, MAE partnered with 13 different grantees to deliver $92.5 million in energy assistance. (See Exhibit 15 below.)[7]

EXHIBIT 15. MEAP Grantees and Funding Allocation, 2016

Grantees	Total Grant Award
THAW	$8,500,000
FROM	$97,325
SWP	$1,624,000
Lighthouse of Oakland County	$300,000
Salvation Army	$12,625,000
SEMCO	$2,225,000
Society of St. Vincent de Paul	$4,574,128
TrueNorth	$16,175,000
Barry County United Way	$175,547

[7] The 2016 program year was the most recently completed grant year available for inclusion in this evaluation. The 2016 program year concluded in September 2017.

Grantees	Total Grant Award
MDHHS–Bureau of Community Action and Economic Opportunity (MDHHS–BCAEO)*	$6,920,500
Consumers Energy	$13,177,000
DTE Energy	$17,000,000
MCA	$9,106,500
Total	**$92,500,000**

*2016 was the final year MDHHS–BCAEO participated as a MEAP grantee.
Source: MDHHS. 2016. *Fiscal Year 2016 Michigan Energy Assistance Program Report to the Legislature*. Lansing: MDHHS. Accessed November 8, 2017.

In 2016, MEAP assisted 101,103 households and made 356,798 payments to approximately 555 different energy providers in all 83 counties. Of the $92.5 million in MEAP funding allocated for 2016, 99.8 percent was spent; 84.6 percent of funds were spent on customers' energy bills. Outside of direct energy assistance, spending on self-sufficiency programs and wraparound services accounted for the most MEAP spending at 10.2 percent. A complete breakdown of MEAP spending is shown below in Exhibits 16 and 17.

EXHIBIT 16. MEAP Program Spending, FY 2016

	2016 Spending	2016 Percent
Total grant funds awarded	$92,500,000	100.0%
Total grant funds spent	$92,296,260.00	99.8%
Funds returned (seven grantees)	$203,740.00	0.2%
Grant funds spent on energy bills	$78,814,514.47	85.4%
Grant funds spent on self-sufficiency programs	$9,449,680.03	10.2%
Administrative costs	$4,032,065.27	4.4%
Customers served with energy bill assistance (unduplicated)	101,103	
Unduplicated customers' bill payments	$78,111,577.80	84.6%
Grant funds spent outside of crisis season (Nov. 1–May 31)	$21,228,139.80	23.0%
Grant funds spent during crisis seasons (Nov. 1–May 31)	$71,068,120.20	77.0%

MDHHS. 2016. *Fiscal Year 2016 Michigan Energy Assistance Program Report to the Legislature*. Lansing: MDHHS. Accessed November 8, 2017.

EXHIBIT 17. MEAP Household Energy Type and Funding Distribution, 2016

Energy Type	Energy Payments*	Total MEAP Funds Spent	Percent of MEAP Funds Spent	Average Payment
Natural gas	168,955	$22,993,796.00	29.4%	$136.09
Propane/LP gas	10,971	$6,005,803.16	7.7%	$547.43
Fuel oil	1,553	$807,102.02	1.0%	$519.71
Coal	7	$4,297	0.0%	$613.86
Nonheat electricity	162,865	$37,727,373.54	48.3%	$231.65
Wood	3,328	$2,736,721	3.5%	$822.33
Other	9,119	$7,836,485.13	10.0%	$859.36
Total	**356,798**	**$78,111,577.80**	**100%**	**$218.92**

*The column reflects the total number of energy assistance payments made on behalf of low-income households, not the number of unduplicated households served.
Source: MDHHS. 2016. *Fiscal Year 2016 Michigan Energy Assistance Program Report to the Legislature*. Lansing: MDHHS. Accessed November 8, 2017.

MEAP Program Impacts

Of MEAP households served, 78.4 percent fell below the FPL and more than half of MEAP households were below 75 percent of the FPL, indicating that MEAP is meeting its objective of serving low-income

households. Only 0.03 percent of MEAP assistance went to those with incomes above 150 percent of the FPL.[8] While MEAP provides benefits to a high percentage of households below the FPL, it is unclear whether a differentiation in the level of benefits received by household-income level exists. This raises the issue of whether MEAP is helping the lowest income households reduce their energy expenditures in a way that has a lasting impact. A breakdown of MEAP assistance by household income is provided below in Exhibit 18.

EXHIBIT 18. MEAP Assistance by Household Income, 2016

Percent of FPL	Households Served	Percent of Households Served	Total MEAP Funds Spent	Average Assistance per Household
≤ 75%	55,517	54.91%	$43,615,413.67	$785.62
76–100%	23,708	23.45%	$17,671,914.37	$745.40
101–125%	13,357	13.21%	$10,285,565.31	$770.05
126–150%	8,488	8.40%	$6,512,913.36	$767.31
> 151%	33	0.03%	$25,771.09	$780.94
Total	**101,103**		**$78,111,577.80**	**$772.59**

Source: MDHHS. 2016. *Fiscal Year 2016 Michigan Energy Assistance Program Report to the Legislature*. Lansing: MDHHS. Accessed November 8, 2017.

In addition to reaching the lowest income households, MEAP also aims to deliver assistance to vulnerable ones, including those with elderly members, young children, and people with disabilities. Almost 20 percent of MEAP households were provided to households with an elderly member, and 30 percent were provided to households with a member who is disabled. These numbers are in line with the distribution of MEAP funds during the previous years. Other characteristics of MEAP households and the distribution of MEAP funds are provided below in Exhibit 19.

EXHIBIT 19. MEAP Household Characteristics, 2016

Household Type	Households Served	Percent of Households Served
Contains at least one member aged 60 or older	20,124	19.9%
Contains at least one member aged two or younger	10,791	10.7%
Contains at least one member aged three, four, or five	14,363	14.2%
Contains at least one member with a disability	30,352	30.0%

Source: MDHHS. 2016. *Fiscal Year 2016 Michigan Energy Assistance Program Report to the Legislature*. Lansing: MDHHS. Accessed November 8, 2017.

While assessing MEAP's reach at the program level can help determine the program's distribution across income levels and fuel types, additional insight can be gained by comparing how grantees perform individually. Because MEAP places importance on helping customers become more self-sufficient, grantees have received significant flexibility to spend funds on services other than direct energy assistance. Overall, 84.9 percent of MEAP funds were in the form of direct energy payments to service providers—$78.35 million out of $92.27 million. However, the percentage of funds spent on direct energy payments varies by provider. Flat River Outreach Ministries used the lowest proportion of their MEAP funds to pay energy bills. Four grantees—Barry County United Way, SEMCO, Society of St. Vincent de

[8] To be eligible for MEAP assistance, households must have incomes below 150 percent of the federal poverty level; however, the MEAP grant administrator can grant a waiver on an individual basis.

Paul, and THAW—used more than 90 percent of funds for direct energy assistance. A complete breakdown of this spending is shown below in Exhibit 20.

EXHIBIT 20. Direct Energy Assistance Payments by Grantee, 2016

Grantee	Direct Energy Assistance Payments	Total Program Spending	Percent of Funds Spent on Energy Assistance
Barry County United Way	$152,043.52	$168,681.34	90.14%
Consumers Energy	$11,547,991.15	$13,177,000.00	87.64%
DTE Energy	$14,575,000.00	$17,000,000.00	85.74%
FROM	$64,691.52	$93,183.35	69.42%
Lighthouse Emergency Service	$268,838.00	$300,000.00	89.61%
MCA	$7,309,827.16	$9,106,500.00	80.27%
MDHHS–BCAEO	$5,508,295.40	$6,743,814.51	81.68%
SEMCO	$2,065,678.51	$2,200,000.00	93.89%
Society of St. Vincent de Paul	$4,251,069.74	$4,567,120.28	93.08%
SWP	$1,256,540.00	$1,615,355.95	77.79%
THAW	$7,683,123.88	$8,499,986.74	90.39%
TrueNorth	$12,777,412.10	$16,175,000.00	78.99%
Salvation Army	$10,651,066.82	$12,624,617.53	84.37%
Total	**$78,359,749.39**	**$92,271,259.70**	**84.92%**

Note: Direct energy assistance payments are the amount of MEAP funding used to pay customers' energy bills.
Source: PSC compiled data from MEAP grantees' final financial status reports for the 2016 program year.

There is no definitive explanation for the range in funding grantees used for direct energy assistance—though the use of resources for intensive self-sufficiency programs could be responsible for higher-than-average program costs for some grantees. Also, some agencies that use seasonal or temporary staff to supplement capacity to handle high volumes of applications within a short time frame may experience higher per-household costs.

We can also assess individual grantee's use of MEAP funds by comparing the amount spent on nonenergy program costs per household. While this metric does not mean a grantee's program is more successful than another, it can be used as a comparison, because grantees with lower average costs per household are able to use more assistance dollars for customer bills. Just like the percentage of funds spent on direct assistance, there is a wide range of nonenergy program costs per household. Two grantees spent less than $30 per household served on nonenergy costs; however, eight grantees spent more than $100, and three grantees' costs were greater than $200. Again, there is no clear explanation for this variability; however, this variability does not appear to correspond with the number of payments made per household—nor does it seem to be explained by the total number of residents served. Nonenergy program costs by grantee are displayed below in Exhibit 21.

EXHIBIT 21. Nonenergy Cost per Household Served

Grantee	Number of Households Served	Average Nonenergy Costs per Household
Barry County United Way	198	$84.03
Consumers Energy	15,525	$105.35
DTE Energy	26,614	$91.12
FROM	74	$385.02
Lighthouse Emergency Service	411	$75.82
MCA	9,285	$21.04
MDHHS–BCAEO	6,723	$167.07

SEMCO	4,900	$27.41
Society of St. Vincent de Paul	3,650	$86.59
SWP	1,423	$252.15
THAW	7,202	$113.42
TrueNorth	13,797	$246.26
Salvation Army	11,850	$166.54
Total or Average	**101,652**	**$177.80**

Source: PSC compiled data from MEAP grantees' final status reports for the 2016 program year.

Despite MEAP's endeavors to promote self-sufficiency, only two grantees documented their programs' success at this in the 2016 program year. They reported that MEAP-enrolled households showed positive movement toward self-sufficiency after participation.

DTE partnered with UWSEM to evaluate how the LSP program helped households become more self-sufficient. The United Way Crisis pilot group administered a self-sufficiency basic needs assessment to households when they first received assistance and then again six months later. This assessment measures households' ability to meet basic needs without assistance. DTE reported that, after six months, most reported improvements in total income, food availability and healthcare. On average, households scores increased 12.8 percent.

TrueNorth also reported on overall success in moving toward self-sufficiency. Using the Self-Sufficiency Matrix, TrueNorth assessed households' self-sufficiency scores during the intake process and then again after 90 days of intensive case management. TrueNorth (2016) notes that participants "experienced an observed improvement in their level of self-sufficiency." Additional follow up was conducted after six months, and households continued to show improvement in their scores.

MEAP grantees provide thorough documentation on fund expenditures, which makes it easy to analyze the distribution of assistance dollars. However, most of the data reported does not help determine the impact MEAP funds have on customers achieving program goals. Specifically, the MEAP statute requires that the program "enable participants to become or move toward becoming self-sufficient, including assisting participants in paying their energy bills on time, assisting participants in budgeting for and contributing to their ability to provide for energy expenses, and assisting participants in utilizing energy services to optimize on energy efficiency" (MCL 400.1233). The statute also stipulates that Michigan establish clear performance metrics for entities administering MEAP (MCL 400.1233).

For the 2016 program year, MAE required grantees to report on program performance for the following four performance metrics (MPSC 2014):

- Explain how the program reduced energy consumption of participating low-income households; include success metrics.
- Explain how the program reduced number of shutoffs; include success metrics.
- Explain how the program reduced size of the energy subsidy per household; include success metrics.
- Explain how the program assisted participating low-income households to pay utility bills on time; include success metrics.

These metrics have been in place since MEAP's beginning; however, in many cases, grantees struggle or are unable to articulate how their programs perform on these metrics. PSC reviewed all 13 grantees' final project reports for the 2016 program year and identified the following elements from grantees' reporting. (Grantees' complete responses are available in Appendix D.)

Explain how the program reduced energy consumption of participating low-income households; include success metrics.

- The primary method employed to reduce energy consumption was through energy education, which includes providing customers information about behavioral changes that can reduce energy waste and energy costs. Several grantees paired this education with budgeting assistance to help customers better plan for energy costs over time.
- Many grantees also provided customers with low-cost energy-efficiency products and services, such as LED lightbulbs, window film insulation, and weatherstripping. If installed, these measures can reduce household energy consumption; however, virtually no documentation was provided on the impact these services actually have on energy costs.
- Grantees commonly reported providing households with referrals to other low-income energy-efficiency programs, either through local community action agencies or utility programs. Though it is unknown how many customers were ultimately assisted due to insufficient reporting.
- SWP implemented pilot programs for refrigerator replacement and insulation. They replaced 55 refrigerators, which they anticipate will reduce household consumption by 10 percent annually. In addition, SWP provided 20 MEAP households with home insulation, which is expected to decrease heating costs by 25 percent per year.
- Several grantees noted that accessing customer account information through utilities' systems is overly burdensome. Both Consumers Energy and DTE Energy provide agencies with access to this information through online portals; however, grantees remarked that without the ability to perform batch data requests, substantial staff resources are necessary. However, without the information, it is impossible for grantees to report on whether household energy consumption was impacted.
- The three utility grantees, who have access to customer account information, provided the most robust reporting on MEAP's impact on energy consumption.
    - DTE Energy provided 3,326 customers with energy-efficiency services. The company estimated that these efforts would reduce annual household consumption by 700 kilowatt hours for electric services and 5,000 cubic feet for gas service.

- SEMCO documented a 7.6 percent decrease in average household consumption for MEAP participants.

Consumers Energy reported that Consumers Affordable Resources for Energy (CARE) Program participants had lower electric and gas consumption rates than the prior year before enrolling.

- Several grantees noted that the temperatures during the 2016 program year were milder than previous years. Based on analysis of heating degree days (HDDs), PSC confirmed that the 2016 heating season was indeed milder than the 2015's.[9] Michigan experienced 24 percent fewer HDDs in 2016 than in 2015 (National Weather Service 2009). This temperature data explains at least a portion of the year-over-year household energy savings.

Explain how the program reduced number of shutoffs; include success metrics.

- Due to grantees' inability to track households after receiving assistance, it is impossible to determine whether MEAP helped residents avoid successive shutoffs. However, for customers with a past-due bill or disconnect notice, grantees noted success in shutoff prevention. A total of 104,542 households were able to avoid shutoff or running out of fuel at the time they received MEAP assistance. However, it is unclear from grantees' reports whether these households avoided this issue for the duration of the heating season. Without access to customer information throughout the year, grantees could only report whether the assistance prevented crisis for a moment in time.
- Because they have access to customer account information, Consumers Energy and DTE Energy were able to report on how customers enrolled in long-term APPs faired throughout the year. Only 5 percent of customers enrolled in the CARE Program were shut off during the 2016 program year. Prior to participating in CARE, 27 percent of these customers had their services disconnected. DTE Energy reported that only 1.26 percent of LSP customers were shut off during the 2016 program year. Utility reports are evidence that customers receiving MEAP benefits can be successful in avoiding shutoff throughout the year, but more agency reporting is necessary to determine whether these impacts are experienced across the board for MEAP households.
- Most households receiving MEAP assistance were able to avoid shutoff during the 2016 heating season—at least at the time they received assistance. Just 12 percent of households received assistance payments to restore natural gas or electric services after a disconnection. A similar trend was observed for delivered-fuel customers: only 11 percent ran out of fuel prior to receiving MEAP assistance. This provides evidence that customers know about assistance programs or are learning about them before experiencing an energy crisis. The ability of assistance providers to reach households before their heat is turned off or they run out of fuel is a true success for MEAP.
- In one example of grantees innovating to reduce the number of shutoffs, TrueNorth implemented a three-track system to prioritize households based on the urgency of their energy crisis, ensuring appropriate response times. A complete breakdown of assistance payments by MEAP grantee is provided in Exhibits 22, 23, 24, and 25.

[9] According to the U.S. Energy Information Administration (2017), "heating degree days (HDD) are a measure of how cold the temperature was on a given day or over a period of days. For example, a day with a mean temperature of 40°F has 25 HDD. Two such cold days in a row have a total of 50 HDD for the two-day period."

EXHIBIT 22. Energy Service Restored after Disconnection

Grantee	All Occurrences	Combination	Electricity	Natural Gas
Barry County United Way	39	0	26	13
Consumers Energy	3,600	2	1,200	477
DTE Energy*	0	0	0	0
FROM	8	0	6	2
Lighthouse Emergency Service	76	0	45	31
MCA	2,579	0	1,634	945
MDHHS–BCAEO	0	0	0	0
SEMCO	202	0	0	202
Society of St. Vincent de Paul	527	0	271	256
SWP	58	0	42	16
THAW	336	0	163	173
TrueNorth	2,838	0	1,623	1,215
Salvation Army	2,258	0	1,317	941
Total	**12,521**	**2**	**6,327**	**4,271**

*Customers must have active service to be eligible for LSP.
Source: PSC compiled data from MEAP grantees' final status reports for the 2016 program year.

EXHIBIT 23. Fuel Delivered to a Home that Ran Out of Fuel

Grantee	All Occurrences	Fuel Oil	Propane	Other Fuels
Barry County United Way	5	0	5	0
Consumers Energy	0	0	0	0
DTE Energy	0	0	0	0
FROM	2	0	2	0
Lighthouse Emergency Service	1	1	0	0
MCA	7	0	5	2
MDHHS–BCAEO	0	0	0	0
SEMCO	7	0	7	0
Society of St. Vincent de Paul	7	0	7	0
SWP	56	21	21	14
THAW	0	0	0	0
TrueNorth	1,457	124	901	423
Salvation Army	7	0	7	0
Total	**1,549**	**146**	**955**	**439**

Source: PSC compiled data from MEAP grantees' final status reports for the 2016 program year.

EXHIBIT 24. Household with a Past-due or Disconnect Notice

Grantee	All Occurrences	Combo	Electricity	Natural Gas
Barry County United Way	163	0	110	53
Consumers Energy	15,525	8,293	5,173	2,059
DTE Energy	26,614	0	11,861	10,227
FROM	67	0	43	24
Lighthouse Emergency Service	334	0	211	123
MCA	9,355	0	6,417	2,938
MDHHS–BCAEO*	0	0	0	0
SEMCO	3,740	0	0	3,740
Society of St. Vincent de Paul	5,544	0	3,088	2,456
SWP	1,730	0	1,258	472
THAW	11,604	0	6,241	5,363
TrueNorth	15,561	0	10,571	4,990

Grantee	All Occurrences	Combo	Electricity	Natural Gas
Salvation Army	15,857	0	10,618	5,239
Total	**106,094**	**8,293**	**55,591**	**37,684**

*MDHHS-BCAEO assisted customers who had 25 percent or less deliverable fuel remaining. It is unknown whether the household ran out of fuel between application and the delivery of fuel.
Source: PSC compiled data from MEAP grantees' final status reports for the 2016 program year.

EXHIBIT 25. Households at Risk of Running out of Fuel

Grantee	All Occurrences	Fuel Oil	Propane	Other Fuels
Barry County United Way	12	0	11	1
Consumers Energy	0	0	0	0
DTE Energy	0	0	0	0
FROM	7	1	6	0
Lighthouse Emergency Service	2	1	1	0
MCA	16	1	4	11
MDHHS–BCAEO	6,723	649	4,219	1,855
SEMCO	34	0	34	0
Society of St. Vincent de Paul	98	13	85	0
SWP	553	113	294	146
THAW	4	0	0	4
TrueNorth	3,848	229	2,579	1,040
Salvation Army	1,486	205	1,062	219
Total	**12,783**	**1,212**	**8,295**	**3,276**

Source: PSC compiled data from MEAP grantees' final status reports for the 2016 program year.

Explain how the program reduced size of the energy subsidy per household; include success metrics.

- Grantees' reporting on how programs reduced the size of energy subsidy per household varied widely. Due to the inability to track assistance beyond the current program year, grantees are limited in how they can report this information. Five grantees suggested that energy education, budget counseling, and other wraparound services were helpful in reducing households' energy subsidies. Grantees also noted that the average assistance provided per household declined from 2015 to 2016, but given the variation in temperature during this same time frame, it is unclear whether this decrease can be attributed to assistance programs or differences in weather.
- Consumers Energy and DTE Energy reported that they have reduced the size of the energy subsidy per household by modifying the structure of their APPs. DTE Energy increased customers' portion of LSP in the 2016 program year and documented success rates similar to previous years. Consumers Energy also reduced the size of the subsidy to households by steadily reducing the assistance amount available to CARE customers. Since the inception of CARE, Consumers Energy has reduced the average benefit per household by 16 percent while demonstrating consistent success rates for customers. Given that both LSP and CARE continue to produce successful outcomes while reducing the size of the subsidy paid, there seems to be further opportunity for these companies to experiment with program design to optimize assistance levels.
- SEMCO reported that, through more targeted customer outreach, they have reduced the energy subsidy per household because they can enroll customers before they fall too far behind and begin accruing additional arrearages.

- SWP requires customers with incomes above 100 percent of the FPL to make a copayment to receive MEAP assistance. Their customers contributed over $17,000 to their own energy bills through this program. Salvation Army also required a copayment. Their recipients contributed $979,054 towards their own energy bills during the 2016 program year. These efforts not only reduce the amount of subsidy paid by MEAP funds, but they also encourage essential energy-saving behaviors that help manage future energy bills.
- TrueNorth continues to document success through their self-sufficiency programs. These customers receive energy education, low-cost energy-efficiency improvements, case management, and additional wraparound services. TrueNorth reports these households have been able to increase their contribution to energy bills by 67 percent.

Explain how the program assisted participating low-income households to pay utility bills on time; include success metrics.

- As is the case with other MEAP program metrics, grantees are limited in their ability to report on whether energy assistance helps customers make energy payments on time. Because a customer receives assistance through MEAP, we know that they have failed to pay on time; however, without information from energy providers, grantees cannot be certain whether customers are consistently making timely payments after receiving assistance. Six grantees suggested that energy education and budgeting services increase households' awareness of their monthly energy costs and provide them with planning tools to promote on-time payment, but evidence to support this point was not provided.
- Consumers Energy, DTE Energy, and SEMCO all reported that their APP programs are successful in getting customers to make timely utility payments. Consumers Energy's customers made on-time payments 82.6 percent of the time in the 2016 program year; for DTE Energy, customers made on-time payments 87.5 percent of the time; and SEMCO reported the highest rate of on-time payment with 89 percent.

SURVEY OF MEAP AGENCIES' STAFF

To further gauge households' experience with MEAP and the program's impact, PSC surveyed staff of MEAP agency grantees, including frontline staff, intake workers, and caseworkers. These staff are the key point of contact for energy assistance recipients and provide multiple functions, including:

- Counseling individuals or households about available energy assistance resources
- Helping individuals or households complete applications for services
- Processing applications to determine eligibility for services
- Referring individuals or households to other services they may be eligible for, including energy and nonenergy services

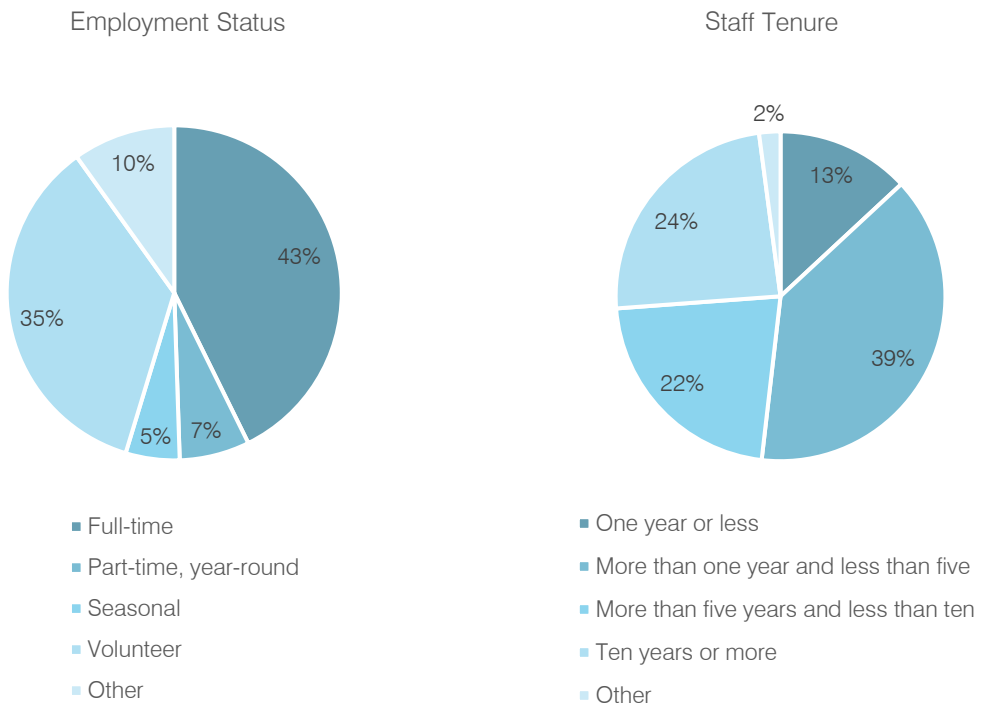
Methodology

PSC developed the survey and shared the link with agency managers for distribution to staff, with the request that surveys be completed during the last two weeks of October 2017. Nearly 200 agency staff from seven different agencies completed the survey, representing diversity in agency affiliation, tenure, and role. The number of responses per agency varied based on the number of staff and the point at which the agencies were in their launch of the FY 2018 assistance enrollment.

Agency Staff Characteristics, Activities, and Assistance Offered

Exhibit 26 shows the tenure and employment status of the agency staff survey respondents. Of staff, 46 percent have been with the agency for five years or more. The largest portion of respondents are full-time employees of the agencies, but agencies also utilize volunteers, part-time employees, and seasonal workers.

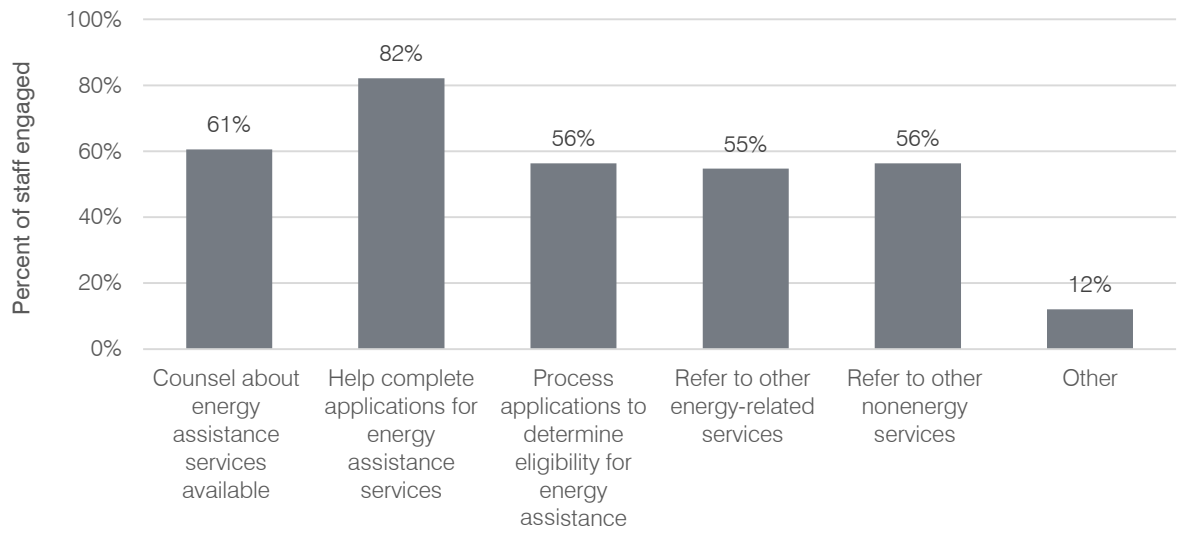
EXHIBIT 26. Agency Staff Characteristics



Source: PSC survey of MEAP agencies' staff.

Agency staff are responsible for multiple functions related to delivery of energy assistance, including counseling individuals or households about available resources, helping them fill out assistance applications, reviewing applications, determining eligibility, and referring energy assistance recipients to other agency resources. Exhibit 27 shows the various functions survey respondents perform. Other functions include case management, program development, and coordination with other agencies.

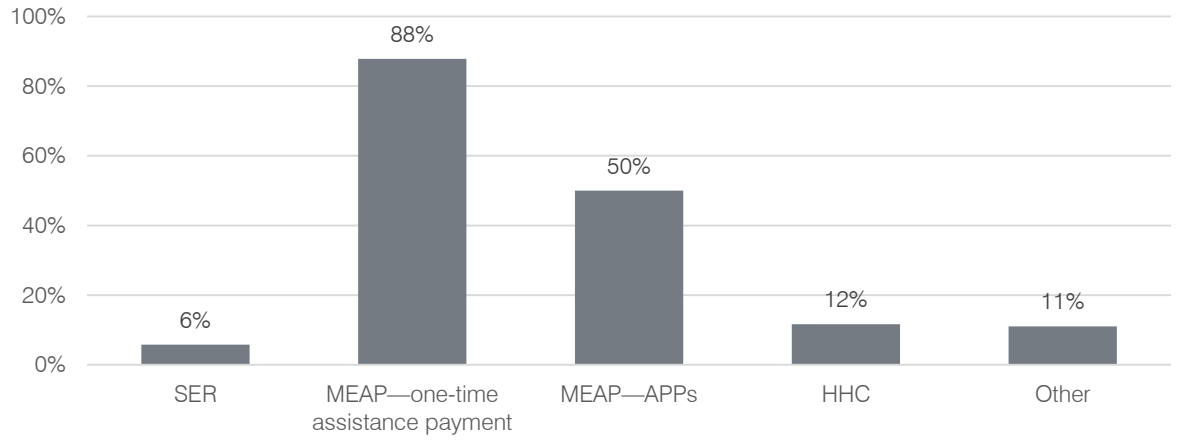
EXHIBIT 27. Agency Staff Functions



Source: PSC survey of MEAP agencies' staff. Respondents could select more than one response.

When asked which types of energy assistance agency staff help clients apply for, most help clients apply for one-time MEAP assistance, about half enroll customers in APPs, and some caseworkers indicated they provide clients application assistance for SER and HHC (as shown in Exhibit 28). It should be noted that the MEAP agency grantees do not enroll households in SER or HHC; however, as reported in the agency interviews, households may receive support for completing applications or tax forms for these other services. Agency staff also assist with PeopleCare, a partnership between Consumers Energy and the Salvation Army, and other privately funded assistance.

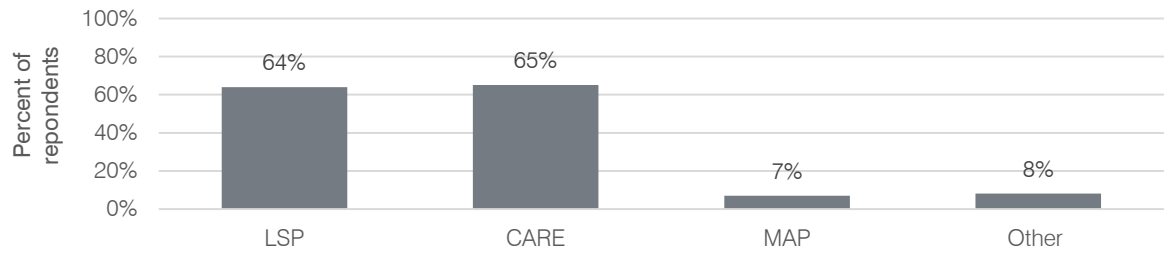
EXHIBIT 28. Types of Assistance Delivered



Source: PSC survey of MEAP agencies' staff. Respondents could select more than one response.

Of the 50 percent of agency staff enrolling clients in APPs, about two-thirds reported enrolling customers in DTE Energy's LSP and Consumers Energy's CARE. Agency staff also enrolled customers in the SEMCO Monthly Assistance Program (MAP) and other programs, including Salvation Army's RISE and REACH programs as well as budget billing programs offered by Wisconsin Public Service and direct delivery fuel providers (Exhibit 29).

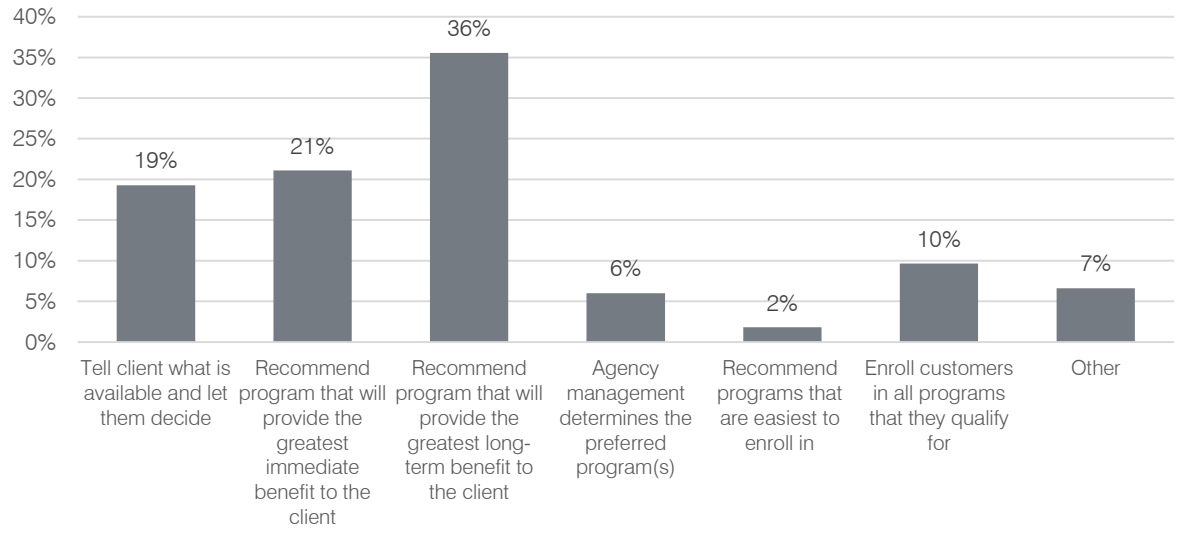
EXHIBIT 29. APP Enrollment



Source: PSC survey of MEAP agencies' staff. Respondents could select more than one response.

Agency workers were asked to indicate how recipients were matched with available assistance types. As shown in Exhibit 30, 36 percent of respondents indicated that they sought to match enrollees with the assistance that would provide the greatest long-term benefit; 21 percent indicated that they sought to provide the assistance that would offer the greatest immediate benefits; and 19 percent said that they inform the client of all types of assistance available and allow the client to choose their preferred program. However, agencies' staff reported limitations in their ability to provide a clear comparison; some indicated uncertainty about the level of assistance recipients receive once they are enrolled in the APPs.

EXHIBIT 30. Determining Appropriate Programs

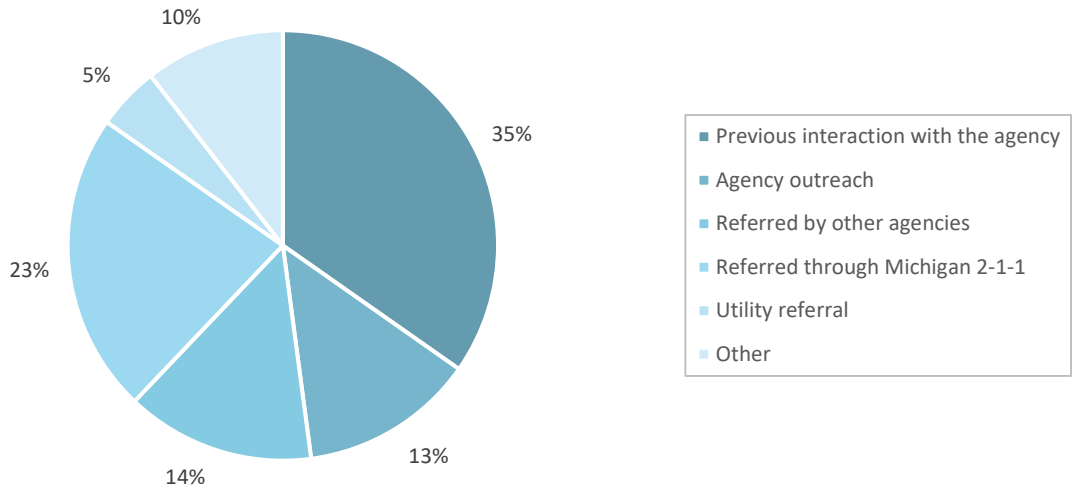


Source: PSC survey of MEAP agencies' staff.

Energy Assistance Awareness and Enrollment

Agency workers were asked how energy assistance recipients learned about the programs. As shown in Exhibit 31, previous interactions with the agency were the most frequent way clients learned about the programs. Nearly a quarter of workers indicated that recipients are referred through the Michigan 2-1-1 program. Agency outreach and referrals from other agencies also account for a significant portion of awareness building. Utility referrals make up a limited portion of the energy assistance awareness and may represent an additional opportunity to connect customers who struggle with paying energy bills to other resources.

EXHIBIT 31. Sources of Awareness of Energy Assistance Programs

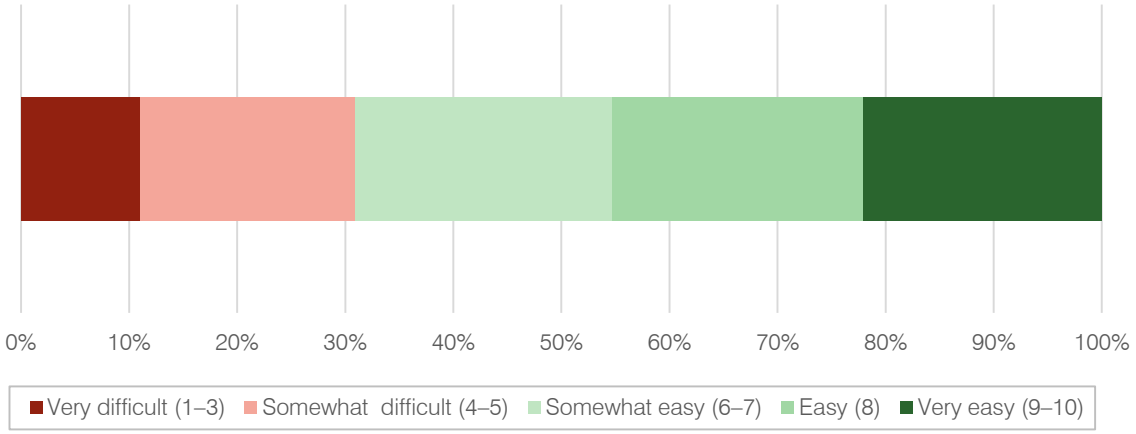


Source: PSC survey of MEAP agencies' staff.

When asked what the primary mode was for individuals and households to enroll in energy assistance programs, 72 percent of the respondents indicated that in-person enrollment is the dominant mode. Thirteen percent indicated that the primary mode for application completion was by phone and 8 percent indicated online submission. Other modes included mail or via home visit. Reiterating a common theme from the agency interviews, several respondents indicated their agency was exploring expanded use of online applications, but that path for enrollment has been underutilized to date.

Respondents were asked to rate the difficulty of the process of applying for energy assistance on a scale of one to ten where one would indicate extremely difficult and ten would indicate extremely easy, based on their interaction with households or individuals applying for assistance. Respondents gave an average rating of 6.7. As shown in Exhibit 32, over half of respondents rated the process seven or less and over thirty percent rated the process five or less. In general, the comments from survey respondents indicated the process is time consuming and demanding, especially with regard to the required documentation.

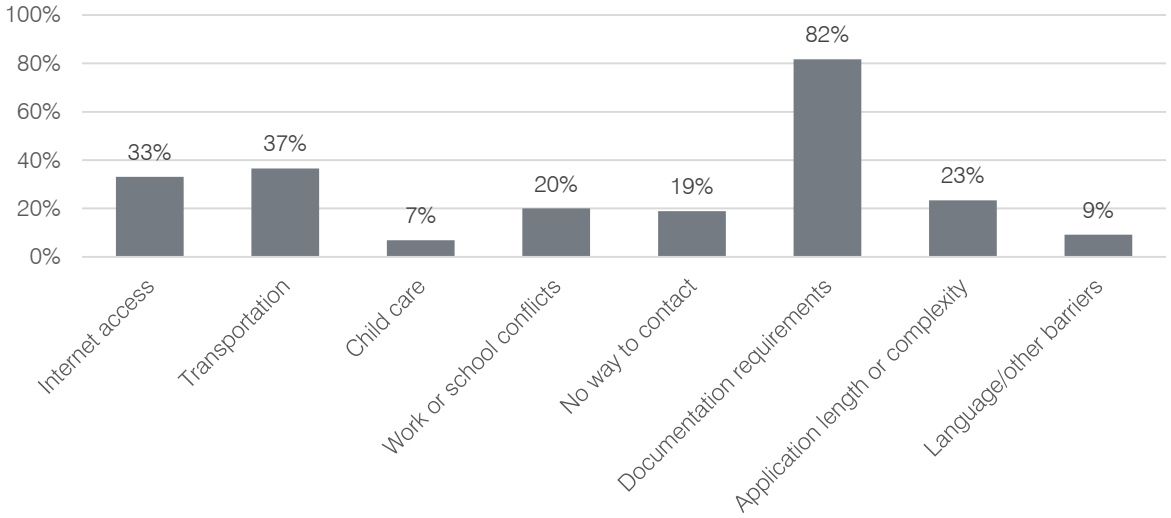
EXHIBIT 32. Energy Assistance Application Process



Source: PSC survey of MEAP agencies' staff.

Respondents identified several barriers to completing the application, the most significant of which is the documentation required to demonstrate eligibility. These requirements were listed by 82 percent of respondents as a barrier to completing the application process (and those noting this barrier rated the process of application at 6.2, lower than the average respondent). Other barriers included lack of access to both transportation and the Internet. Less than a quarter of the respondents indicated application length or complexity as a barrier. The full list of responses is available in Exhibit 33.

EXHIBIT 33. Barriers or Challenges to Apply for Energy Assistance



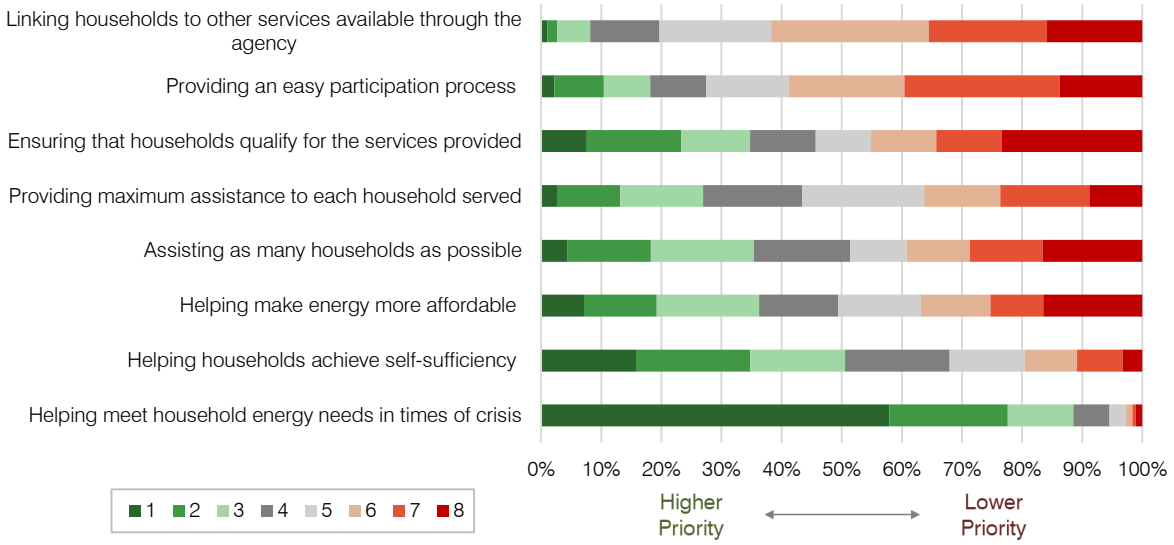
Source: PSC survey of MEAP agencies' staff. Respondents could select more than one response.

When asked how the process of applying for energy assistance could be improved, agency staff suggested improved technology resources (e.g., public access computers that clients can use to retrieve necessary documentation); expanded use of online applications; better coordination with energy providers (e.g., ability to refer clients directly to the utility providers for energy-efficiency services or budget billing arrangements); agency staff training on topics like budget counseling; and enhanced energy management service offerings. Creation of a centralized database that archived client information and provided energy assistance history was mentioned as a way to lessen documentation burden, prescreen applicants, and reduce potential for misuse of energy assistance. MAE's Salesforce platform provides some of this functionality, but there is sometimes a significant lag between collection of data at the agency level and the availability of data within the system. There are also a limited number of Salesforce licenses available for agency staff.

Energy Assistance Objectives Priority and Effectiveness

It is widely acknowledged that energy assistance is designed to fulfill multiple objectives, including helping households address crises, improving energy affordability, and building self-sufficiency. Further, energy assistance can be the point of entry to agencies that provide a wide range of other services for vulnerable households. Agency staff were asked to rank the various objectives in order of priority, assigning a one to the most important objective. Exhibit 34 shows the priority rankings assigned for the listing of objectives. Over half of the respondents ranked "helping meet household energy needs in times of crisis" as the highest priority for energy assistance, while 16 percent rated "helping households achieve self-sufficiency" highest.

EXHIBIT 34. Agency Priorities



Source: PSC survey of MEAP agencies' staff.

For those objectives given the highest priority rankings (one to four), respondents were asked to assess how effectively energy assistance meets or satisfies those objectives. Exhibit 35 shows the average rating for priority for each objective, the number of respondents rating the effectiveness (i.e., the number of respondents assigning a high priority to that objective), and the mean score for effectiveness in meeting the objective.

EXHIBIT 35. Effectiveness in Meeting Energy Assistance Objectives

Objective	Average Priority Ranking*	Number of Respondents Ranking Objective in Top Four	Average Effectiveness Score**
Helping meet household energy needs in times of crisis	1.9	174	8.5
Helping households achieve self-sufficiency	3.6	128	6.0
Helping make energy more affordable	4.7	93	6.3
Assisting as many households as possible	4.8	96	8.2
Providing maximum assistance to each household served	4.9	84	7.9
Ensuring households qualify for the services provided	4.9	89	8.1
Providing an easy participation process	5.6	54	7.0
Linking households to other services available through the agency	5.8	41	6.3

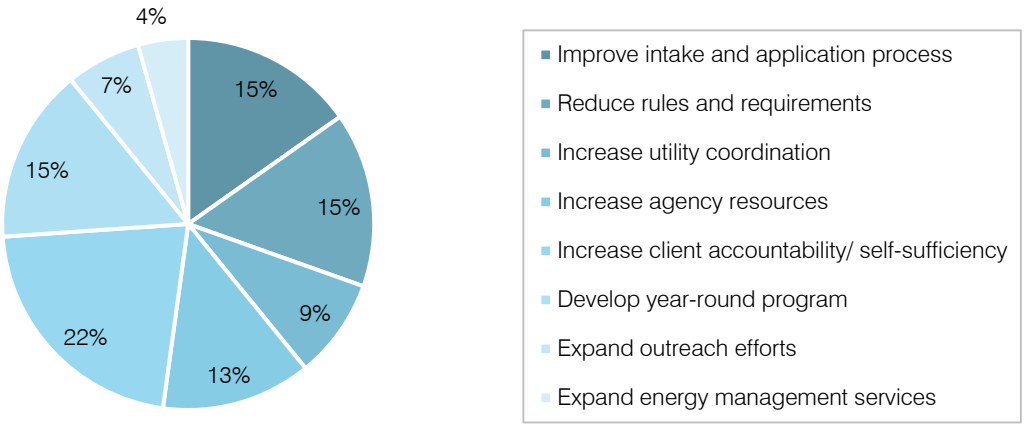
*Average ranking from one to eight where one is the highest priority and eight is the lowest priority.
**Average rating on a scale of one to ten where one is very ineffective and ten is very effective.
Source: PSC survey of MEAP agencies' staff.

Agency workers assigned high priority to helping clients meet energy needs during times of crisis and indicated a very high degree of effectiveness in fulfilling that objective (8.5 on a scale of one to ten). Other areas that respondents gave energy assistance high ratings for effectiveness were in the areas of helping as many households as possible and ensuring households qualify for the services provided. Two high-priority areas that respondents gave more moderate ratings for were helping households achieve self-sufficiency and making energy more affordable, assigning scores of 6.0 and 6.3 respectively.

Opportunities for Program Enhancement

Respondents were asked an open-ended question about ways to enhance energy assistance programs. About a quarter of total respondents offered suggestions that covered a wide range of issues and opportunities. PSC reviewed and categorized the comments. Exhibit 36 shows the distribution of comments across the categories.

EXHIBIT 36. Opportunities for Program Enhancement



Source: PSC survey of MEAP agencies' staff.

Notably, comments related to increasing client accountability and self-sufficiency made up the largest category. These comments described some tensions between providing short- and long-term assistance. In addition, the comments described the delicate balance of engaging clients in the effort to manage energy costs and budget effectively, the challenge of living in crisis, and the availability of resources to make meaningful and lasting impacts on households.

Illustrative comments included:

> Offer the opportunity to get on APPs to more customers and combine that with services that help households become self-sufficient, so they will not always need the payment plan.

> Offer a continued reduced rate for families with fixed income who qualify and will most likely never increase their household income, i.e. disabled or the elderly.
>
> Stop allowing clients to come back over and over and over until they reach a $3,000 cap, with no accountability measures in place. Our hands are tied as caseworkers because we are not allowed to deny anyone who qualifies for the funds until they have met their $3,000 cap, which is more than a lot of households spend on energy in a year, or more than they would spend if they knew how to reduce energy costs in an easy and effective way. We can offer these clients suggestions and budgeting tips, but if they know they can continue to seek assistance until they meet their cap, they are more likely to take that route because it is easier and like a security blanket.

> The past-due balance requirement is one of the biggest contradictions of the program. We are encouraging and enticing people to pay their bill on time, but when the year ends, and they have completed the program but still need help, we are telling them we cannot help them. It is extremely frustrating for the clients who make paying their bills a priority over food and other bills.

> I encounter many clients who return numerous times for assistance, and I start to feel as though I did not do enough to help them avoid getting into another crisis situation. After about the third time, they come for help (especially in a year's time period) and you start to wonder what the root of the problem is. Many times, I just don't know how to address it. So, we should definitely try to get to the root of the problem and have a system in place for addressing it.

ENERGY ASSISTANCE RECIPIENT DATA ANALYSIS

In prior evaluations, PSC noted that the lack of data relevant to households' sustained success following receipt of energy assistance makes it difficult to effectively assess its impact. Additionally, available reporting on customers' success has been limited to individual MEAP offerings, such as LSP or CARE. To date, no one has taken a comprehensive look at customer outcomes across energy assistance delivery options. To address this gap, PSC worked with DTE Energy and Consumers Energy to obtain customer data that would enable quantitative analysis of energy assistance and provide insight into the distribution and impact on recipients. Analysis of this data was used to expand understanding related to the customer experience, including impact of assistance on energy costs, arrearage levels, and payment patterns. Requested data included:

- Energy assistance recipients with the type and amount of assistance received
- Monthly amount due for electric consumption and/or for natural gas consumption
- Total amount due, including any past-due amounts
- Payment due dates, dates payments are made, amount of payments, and source of payment (including specific type of energy assistance, if applicable)
- Energy assistance recipients who receive past-due and shutoff notices
- Shutoff history of energy assistance recipients

The analysis focused on energy assistance recipients in FY 2015, which allowed PSC to obtain a full year of pre- (FY 2014) and postparticipation data (FY 2016).[10] FY 2015 represented a peak in both the number and level of energy assistance payments across multiple programs. The data were contained across multiple databases and required significant coordination between the energy providers and PSC to compile and structure for analysis. PSC recognizes that examining data from Consumers Energy and DTE Energy leaves out portions of the state and deliverable fuel customers; however, this data gives us access to at least half of all households receiving energy assistance in a given year due to the size of these utilities' customer bases.

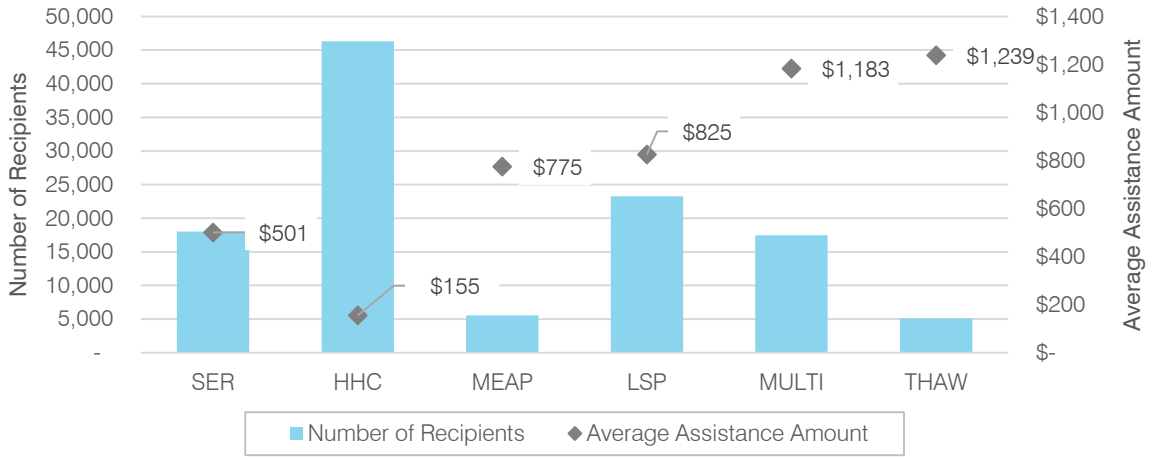
[10] Data on energy assistance program funding and use provided earlier in this report draw on data from FY 2016.

Energy Assistance Distribution

In FY 2015, nearly 116,000 DTE Energy customers and 140,000 Consumers Energy customers received assistance. These payments came in several forms—HHC, SER, and MEAP—both as one-time assistance and APPs. Exhibits 37 and 38 summarize the distribution of energy assistance in FY 2015. For both energy providers, the highest number of assistance payments were from HHC, but these payments were the lowest per household of all the assistance types. The average SER payment received in FY 2015 was approximately $500, and average APP assistance was $759 per household for Consumers Energy and $825 for DTE Energy. In FY 2015, average MEAP incentives provided through THAW to DTE Energy customers was 1,239. Consumers Energy data included additional types of assistance, such as PeopleCare and other privately funded assistance. This additional assistance was often delivered in conjunction with other types of assistance. Households only receiving this assistance, shown as "other," got an average of $605.

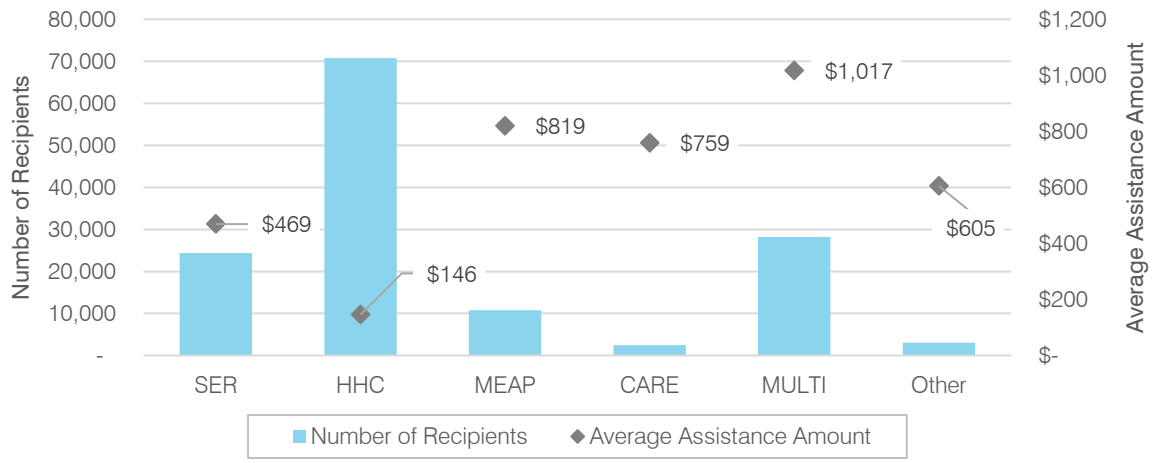
Households receiving multiple types of energy assistance (multi-EA) received an average of $1,017 for Consumers Energy's customers and $1,183 for DTE Energy. This is more than twice the average assistance received by households getting a single type of assistance ($453 for Consumers Energy and $470 for DTE Energy customers).

EXHIBIT 37. Energy Assistance Distribution, DTE Energy, FY 2015



Source: PSC analysis of energy assistance award data from DTE Energy. Participants receiving more than one type of assistance are labeled as MULTI, and the average assistance amount is based on the sum of all assistance received. The THAW initiative was implemented using MEAP funding and includes energy assistance as well as intensive education and counseling services to support self-sufficiency.

EXHIBIT 38. Energy Assistance Distribution, Consumers Energy, FY 2015



Source: PSC analysis of energy assistance award data from Consumers Energy. Participants receiving more than one type of assistance are labeled as MULTI, and the average assistance amount is based on the sum of all assistance received. "Other" includes PeopleCare and other privately funded assistance.

Of households receiving energy assistance, 15 percent of DTE Energy's recipients and 20 percent of Consumers Energy's recipients received more than one form in FY 2015. Exhibit 39 shows the combination of assistance types received by participants for both DTE Energy and Consumers Energy. This chart indicates that, for example, 32 percent of DTE Energy SER recipients also received at least one other type of assistance. Of those SER recipients receiving multi-EA, 48 percent also secured HHC; 36 percent also received MEAP assistance (one-time); and 34 percent were also enrolled in the LSP. On average, recipients of multi-EA received 2.4 types of assistance.

EXHIBIT 39. FY15 Multiple Energy Assistance Recipients

DTE Energy					
Percent of recipients receiving at least one additional type of assistance		Percent receiving these additional types of assistance			
		SER	HHC	MEAP	LSP
SER	32%		48%	36%	34%
HHC	21%	33%		22%	58%
MEAP	37%	48%	43%		29%
LSP	30%	27%	68%	18%	

Consumers Energy						
Percent of recipients receiving at least one additional type of assistance		Percent receiving these additional types of assistance				
		SER	HHC	MEAP	CARE	Other
SER	32%		58%	37%	19%	13%
HHC	15%	56%		20%	37%	30%
MEAP	37%	67%	38%		14%	7%
CARE	36%	33%	68%	14%		73%
Other	27%	30%	74%	9%	98%	

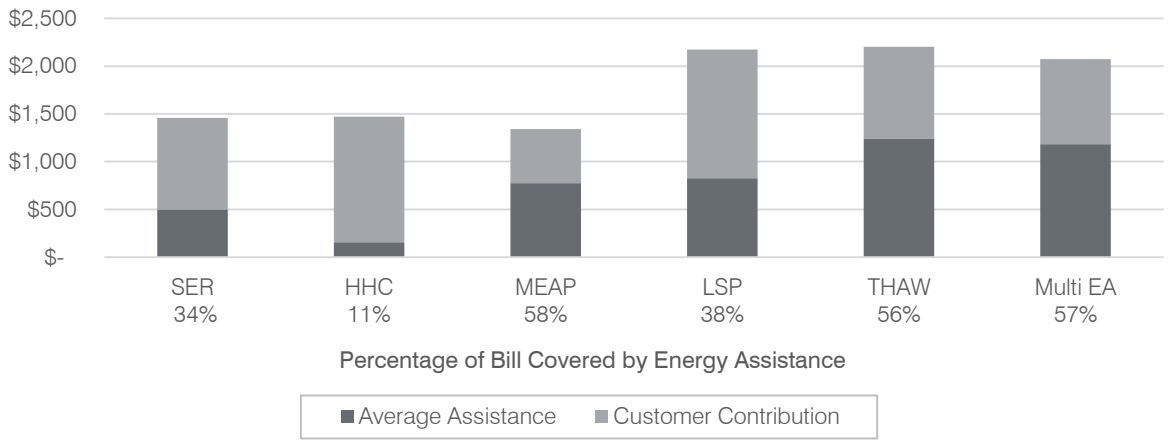
Source: PSC analysis of energy assistance award data from DTE Energy and Consumers Energy.

Contribution to Energy Costs

Different types of energy assistance provide households with varying levels of support. From the utility data examined, it is possible to see how much assistance programs contribute to households' annual

energy burden. Exhibit 40 shows the average annual bill by assistance type and the contribution to the annual bill made by the energy assistance received for DTE Energy customers. SER and LSP each provided funding to cover about one-third of households' annual energy costs. The average level of FY 2015 assistance for LSP-only recipients was $825, compared to $501 for SER recipients; the average bill for SER-only recipients was $1,458, compared to $2,172 for LSP customers in FY 2015. For households receiving one-time MEAP assistance, it covered 58 percent of annual energy bills, and energy assistance covered 57 percent of the total energy cost of households receiving multi-EA. HHC contributed 11 percent to households' total bill of DTE customers receiving only that type of assistance.

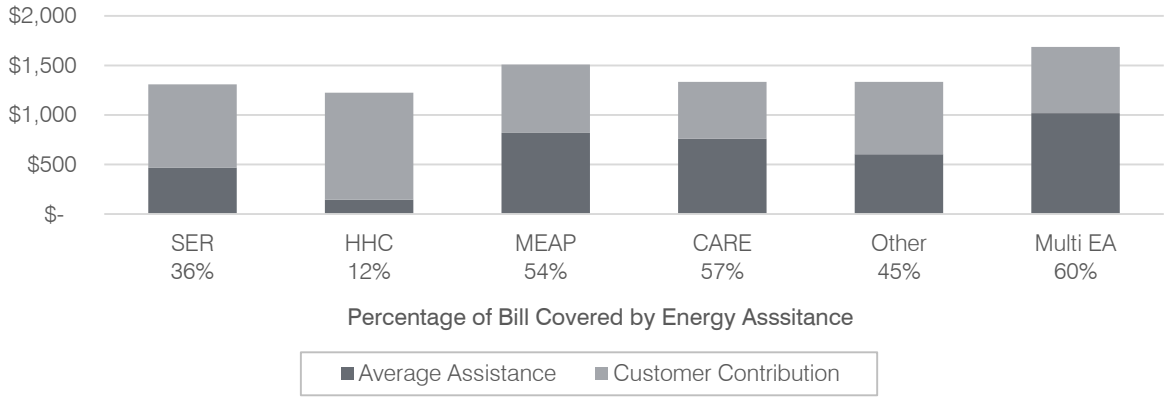
EXHIBIT 40. FY 2015 Energy Assistance Contribution to Total Energy Costs, DTE Energy



Source: PSC compiled from DTE Energy billing data and records of energy assistance awards.

Exhibit 41 shows similar information for Consumers Energy. Similar to DTE Energy, energy assistance contributed the smallest amount to the energy bills of HHC-only recipients; however, it covered over half of the costs for multi-EA recipients. Participants of the CARE program had slightly higher coverage amounts (43 percent) compared to DTE Energy's LSP participants (38 percent).

EXHIBIT 41. FY 2015 Energy Assistance Contribution to Total Energy Costs, Consumers Energy



Source: PSC compiled from Consumers Energy billing data and records of energy assistance awards.

Impact on Arrearages and Utility Shutoffs

One of the most significant (intended) impacts of energy assistance is the reduction in households' arrears related to energy bills and interruption of utility services. When households enroll in energy assistance, they often have past-due or shutoff notices, which is sometimes required for eligibility. Using the utility data, PSC examined energy arrears of recipients by utility and energy assistance type to illuminate both the short- and intermediate-term impacts on arrears.

PSC's analysis included matching of multiple records to create a complete view of the energy recipient households. This included merging of data that included:

- Energy assistance payment type and level
- Monthly bills and payments
- Budget billing and other payment arrangements
- Dunning notices and/or shutoff notices

Customer identification numbers were used to identify individual households or accounts across multiple databases. The data were used to calculate various metrics, including:

- Number and percentage of energy assistance recipients with arrearages
- Average level of arrearage
- Change in arrearage over time—from FY 14 to FY 16
- Changes in utility shutoff rate

For each household receiving energy assistance in FY 2015, billing data were reviewed to determine if the customer carried arrears in FY 2014 (pretreatment) and FY 2016 (posttreatment). While energy assistance recipients carry a past-due balance, some may be enrolled in payment plans or may pay their bill between the due date and the start of the next billing cycle. For purposes of this analysis, PSC calculated arrears at the point a past-due or shutoff notice was created.

Changes in arrears levels were calculated for each customer and then averaged for recipients of each assistance type. A negative value for the average change in arrears indicates a reduction in overall past-due balances of recipients—a desired effect of energy assistance programs. Overall, changes in arrears levels were small, but individual changes could be much more significant with increases or decreases in individual arrearages of more than $10,000 for some households. Exhibit 42 shows the overall change in level of arrearage by energy assistance type, utility, and overall.

EXHIBIT 42. Arrearage Analysis Results

DTE Energy	SER	HHC	MEAP	LSP	Multi-EA*	THAW	Overall
Number of FY 15 Recipients*	16,386	44,649	4,899	22,271	17,027	4,737	109,969
Number with FY14 Arrearage	13,247	16,708	3,676	10,691	11,431	3,343	59,096
Percent of FY 15 Recipients with Arrearage in FY 14	81%	37%	75%	48%	67%	71%	54%
Average FY 14 Arrearage	$1,459	$1,157	$1,697	$2,013	$2,076	$2,230	$1,652

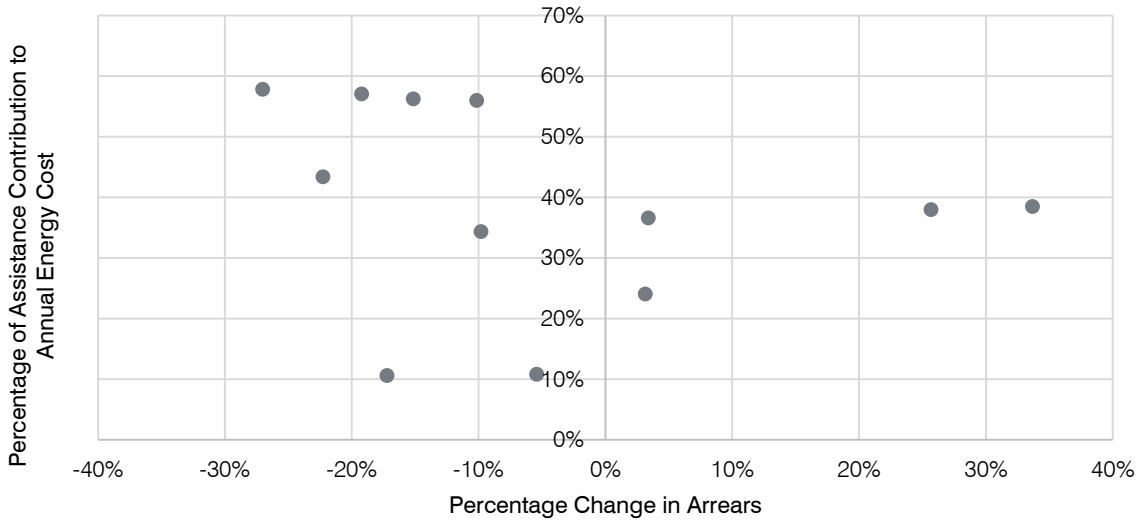
Number with FY 16 Arrearage	10,212	12,630	2,940	11,330	9,563	2,943	49,618
Percent of FY 15 Recipients with Arrearage in FY 16	62%	28%	60%	51%	56%	62%	45%
Average FY 16 Arrearage	$1,707	$1,271	$1,548	$2,387	$2,005	$2,147	$1,825
Average Change in Arrearage	-$115.82	-$73.64	-$343.87	+$248.02	-$267.34	-$239.79	-$63.97
Consumers Energy							
	SER	**HHC**	**MEAP**	**CARE**	**Multi-EA**	**Other**	**Overall**
Number of FY 15 Recipients	24,355	70,780	10,781	2,434	28,235	3,043	139,628
Number with FY 14 Arrearage	8,982	11,813	3,174	842	11,162	757	36,730
Percent of FY 15 Recipients with Arrearage in FY 14	37%	17%	29%	35%	40%	25%	26%
Average FY 14 Arrearage	$1,118	$931	$1,335	$1,725	$1,291	$1,160	$1,144
Number with FY 16 Arrearage	10,586	12,000	4,261	665	12,093	1,054	40,659
Percent of FY 15 Recipients with Arrearage in FY 16	43%	17%	40%	27%	43%	35%	29%
Average FY 16 Arrearage	$979	$866	$1,028	$1,691	$1,069	$1,115	$993
Average Change in Arrearage	+$12.98	-$8.55	+$13.05	-$134.52	-$52.37	+$97.63	-$11.87

Source: PSC analysis of DTE Energy and Consumers Energy billing data and energy assistance records. DTE analysis excludes recipient accounts that did not have 2014 billing data; received negative assistance amounts in FY 15; or represented multiunit housing complexes under the same contract account number.

The impact on arrearages varies significantly by program, but it can also be affected by a number of other factors, such as the effectiveness of other services delivered in conjunction with energy assistance, the type of service provided by the utility (gas, electric, or both) the total amount of energy assistance available, weather conditions, energy consumption levels, and arrearage forgiveness approaches. Both DTE Energy and Consumers Energy offer APPs, which are designed to help customers reduce arrearages over time based on participants' ability to make regular payments towards their energy bills. By strengthening household energy management and budgeting skills, APPs are designed to reduce the recurring need for energy assistance and build self-sufficiency. Consumers Energy's CARE program works with program enrollees to eliminate arrearages over one to two years, while LSP supports participants and forgives arrearages over a four-year period. In this analysis, the CARE program shows a net reduction in arrearages of $134.52 from FY 2014 to FY 2016. The longer period for arrearage forgiveness, combined with income-adjusted payments, results in an increase in arrearage from FY 2014 to FY 2016 for LSP enrollees. PSC examined the impact of sustained participation in the LSP on arrearage levels and found that the 67 percent of FY 2015 participants who remained enrolled in FY 2016 reduced arrearages by $115.44—or 13 percent of the overall average. The portfolios of energy assistance programs show net reductions in arrearage levels for both utilities.

As noted, energy affordability is another goal of energy assistance programs, which may be most directly impacted by the percentage of the total energy cost covered through energy assistance payments. Exhibit 43 shows the relationship between the arrearage reductions and the percentage of energy costs covered by assistance programs. The higher the contribution to the overall bill, the greater the reduction in average arrears. The exception to this trend is for HHC recipients; this is expected because arrears are not a requirement for eligibility.

EXHIBIT 43. Relationship of Arrearage Levels and Energy Assistance Contribution to Energy Costs



Source: PSC analysis of DTE Energy and Consumers Energy billing data and energy assistance records. DTE analysis excludes recipient accounts that did not have 2014 billing data; received negative assistance amounts in FY15; or represented multiunit housing complexes under the same contract account number.

Another key objective of energy assistance shows the impact of the programs on utility shutoffs or termination of service due to nonpayment. HHC recipients experience the fewest shutoffs for both utilities. DTE saw a slight increase in the number of shutoffs per customer for recipients of SER, LSP, and multi-EA. Recipients of LSP had lower shutoff rates in both FYs 2014 and 2016 than recipients of other assistance types—with the exception of HHC. Like the arrears analysis, LSP FY 2015 recipients who remained in the program in FY 2016 saw a drop in the shutoff rate from 10 percent to 8 percent.

Reductions in the number of shutoffs were realized for Consumers Energy customers receiving each type of assistance except for the "other" category. The largest reductions in shutoffs were amongst recipients of SER and CARE. Exhibit 44 shows the analysis of shutoff data provided by the utilities.

EXHIBIT 44. Analysis of Utility Shutoffs

DTE Energy							
	SER	HHC	MEAP	LSP	Multi-EA	THAW	Overall
Number of FY 15 Recipients	16,386	44,649	4,899	22,271	17,027	4,737	109,969
Number of Shutoffs in FY 14	4,225	3,080	1,193	2,609	3,264	977	15,348
Percent with Shutoff	26%	7%	24%	12%	19%	21%	14%
Average Number of Shutoffs	1.5	1.3	1.4	1.4	1.4	1.5	1.4
Number of Shutoffs in FY16	4,462	2,979	1,094	3,303	3,400	1,181	16,419
Percent with Shutoff	27%	7%	22%	15%	20%	25%	15%
Average Number of Shutoffs	1.5	1.4	1.4	1.4	1.5	1.5	1.5
Change in Shutoffs	0.8%	0.0%	-0.9%	0.8%	0.3%	2.0%	0.3%
Consumers Energy							
	SER	HHC	MEAP	CARE	Multi-EA	Other	Overall
Number of FY 15 Recipients	24,355	70,780	10,781	2,434	28,235	3,043	139,628
Number of Shutoffs in FY 14	5,316	3,965	1,850	436	4,492	208	16,267
Percent with Shutoff	22%	6%	17%	18%	16%	7%	12%
Average Number of Shutoffs	1.3	1.2	1.3	1.4	1.3	1.3	1.3
Number of Shutoff in FY 16	3,640	2,497	1,572	215	3,670	283	11,877
Percent with Shutoff	15%	4%	15%	9%	13%	9%	9%
Average Number of Shutoffs	1.4	1.3	1.4	1.4	1.4	1.3	1.4
Change in Shutoffs	-2.5%	-0.2%	-0.8%	-2.4%	-0.8%	0.4%	-0.6%

Source: PSC analysis of DTE Energy and Consumers Energy billing data and energy assistance records.

Limitations of the Analysis

This analysis provides some comparison of the impact on arrearages and utility shutoffs between recipients of different assistance types. The analysis shows the simple calculation of the change in arrearages or shutoffs, but regression analysis was conducted for additional insight. The coefficients on type and level of energy assistance were proportional to the results of the analysis, but a very low R-squared indicates that the type and level of assistance explain only a portion of the variation or change in

arrearages.[11] As mentioned, other factors may affect the level of arrearage experienced. Another limitation of the analysis is that it looks at just one year prior to and after receiving energy assistance; this is particularly impactful when looking at APPs, which engage with households for multiple years to address energy consumption, payment patterns, budgeting, and other issues impacting energy affordability. Longitudinal analysis that looks at the impact of energy assistance over time would provide insight on the long-term effects of energy assistance on crisis avoidance, energy affordability, and payment patterns. This perspective is important, especially for programs like LSP that work with customers for multiple years to reduce arrears and build self-sufficiency.

However, this analysis provides a useful starting point for comparing program impacts and documenting the overall need for energy assistance. The utility data came from a variety of sources in multiple formats. The process of combining and preparing data can now be replicated more quickly; appending the dataset created for this analysis with data from subsequent years would allow examination of the longitudinal effects of energy assistance programs, especially multiyear programs. Including additional data elements, like demographic information, fuel type, weather impacts, household occupancy, and access to additional services would provide further understanding of arrearage variation and how it changes over time.

[11] R-squared is a statistical measure that ranges from 0 to 1 and is usually interpreted as summarizing the percentage of variation in a dependent variable that the regression model explains. Various models that looked at the level or change in arrears as a function of the level and type of energy assistance received yielded R-square values between 0.03 and 0.10.

SECTION IV. RECOMMENDATIONS

Energy assistance programs provide critical support to low-income households. They help thousands of people annually avoid the health and safety impacts of running out of fuel or having energy services shut off by intervening in crises or providing vital heating assistance benefits. Over recent years, Michigan has made strides to connect energy assistance with other social services by shifting the focus of assistance programs from crisis intervention to a more holistic, preventative approach.

Still, the number of households in need of assistance is far greater than the amount of assistance available each year. This is evidenced by the fact that energy assistance providers consistently expend all funding in a given year and are forced to turn people away or try to find additional services for them. While more funding can certainly alleviate issues of assistance availability, the ongoing debate at the federal level over LIHEAP funding does not engender confidence that more funding will be provided. This means states need to do more with the funding they already have by improving the effectiveness and long-term impact of programs.

Michigan has come a long way in recent years. The creation of MEAP has led to new, innovative approaches to delivering assistance and leveraged additional state funds to support low-income households throughout the state. MEAP has done more than just creating a new assistance program: It jumpstarted conversations that generated ideas for improving Michigan's existing energy assistance delivery methods, raised expectations for what energy assistance can provide, and built a platform for enhanced collaboration between stakeholders. Despite MEAP's recent success and the ongoing success of Michigan's energy assistance programs overall, there is still more that can and needs to be done to expand positive customer impacts and maximize effectiveness of energy assistance dollars.

Based on the evaluation activities outlined in this report, PSC has developed the following recommendations to improve the operation and impacts of Michigan's energy assistance programs.

IMPROVE AND ALIGN PROGRAM METRICS

At a high level, Michigan's energy assistance programs can be deemed successful because they deliver millions of dollars of assistance to hundreds of thousands of vulnerable households a year. But beyond that, there are limited metrics for evaluating program performance and reporting varies by each assistance program. SER only reports on the number of payments, type of assistance provided, location of household by county, and payment amounts. HHC provides similar reporting but also includes household demographic information and heating costs. MEAP's reporting is by far the most comprehensive. Not only are MEAP grantees required to report on household demographics, fuel type, geographic distribution, and household income, grantees must also report on four program metrics (in Appendix D). MAE recently expanded the program metrics for MEAP in the 2017 grant year to better align grantees' reporting with MEAP's stated objectives. These revised objectives will provide MAE with a more complete picture of MEAP assistance delivery and provide valuable data to evaluate program impacts (MAE August 2017). The updated program metrics are available in Appendix E.

Reporting discrepancies for energy assistance programs make it difficult for the state to compare program performance. While the state can and should have distinct programs to achieve specific outcomes, such as crisis intervention and basic heating assistance, there should be common metrics for all programs so Michigan can determine whether these programs are achieving overall objectives.

At the federal level, new LIHEAP performance measures were instituted in FY 2016. These measures seek to answer many of the same questions Michigan has been working to address by asking states to report on the following outcomes: reduction of home energy burden, restoration of home energy service, and prevention of loss-of-home energy service. Michigan will work with the state's five largest utilities and the top ten of providers of fuel oil, propane, and other heating sources to gather relevant customer data to report on these measures. The measures are not new objectives for the program, but LIHEAP's administrators are requiring grantees to submit data in new ways, so they can perform additional analysis to evaluate state's performance (Administration for Children and Families n.d.).

Michigan's low-income energy assistance efforts, however, suffer from a fundamental problem—too many programs with different enacting statutes passed in varying years, different funding streams with varying requirements and goals, all administered by different entities—both public and private.

Policymakers should evaluate the state's energy assistance delivery programs to ensure that they are aligned with household needs, have clear and consistent goals, and have an impact on energy affordability by ensuring that the lowest income Michiganders have access to energy assistance. This should include adopting a common definition of and measurements for self-sufficiency, if that continues to be a goal of the MEAP or other assistance programs.

ELIGIBILITY DETERMINATION

Energy assistance providers have consistently commented that the documentation required to verify eligibility can be a challenge for low-income customers. Efforts over the past few years have sought to ease the burden on households through the development of a common application for MEAP and the creation of new enrollment methods (e.g., online/mobile applications). Still, each year, there are households deterred from enrolling or unable to complete enrollment requirements.

It is important that the goal of alleviating enrollment burden for energy assistance programs be balanced with maintaining the integrity of the State's assistance programs. Because these programs are funded with federal LIHEAP dollars, the State must follow federal requirements. However, LIHEAP allows states to take different approaches to determining eligibility, which Michigan does not take advantage of.

The LIHEAP statute enables states to define a household as categorically or automatically eligible if at least one person in the household received assistance from one of the following programs: Temporary Assistance for Needy Families, Supplemental Security Income, SNAP, and certain veteran's assistance programs. Eighteen states already allow categorical eligibility under their LIHEAP programs.

This approach is not without its challenges but given that categorical eligibility is allowed and has been implemented in other states, Michigan should commit to evaluating the feasibility of adopting categorical eligibility for its energy assistance programs.

SERVICE INTEGRATION

Accessing energy assistance can pose challenges for low-income households because there are numerous entities tasked with delivering assistance; MDHHS delivers crisis assistance through SER, as many as 13 different grantees provide MEAP assistance, local community action agencies administer WAP, and HHC is a tax credit submitted to the Treasury. For a low-income household in need of assistance or facing an energy crisis, finding the right provider can be difficult. Consistency is an important consideration, so

households are not forced to find a new provider each year. As MEAP has matured over time, grantees report that customers have become more aware of assistance offerings. However, there is more that can be done to ensure customers statewide can readily access energy assistance providers.

Michigan's 2-1-1 service provides households with information about and referrals to thousands of assistance programs and services throughout the state. The 2-1-1 system has been around for nearly two decades and fields more than 150,000 calls related to energy assistance annually, yet the program is not closely integrated with energy assistance providers. Despite the large call volume received by 2-1-1, in a survey of agency caseworkers, only 23 percent of respondents noted that customers were referred to assistance through 2-1-1. While partnerships with 2-1-1 and energy assistance providers—especially United Way entities—have improved in the past couple of years, Michigan needs to do a better job of integrating energy assistance delivery with this service. Closer integration will allow the thousands of households who turn to 2-1-1 for information about basic services or assistance to be connected to the right provider.

REALIGN PROGRAM GOALS AND FUNDING

LIHEAP affords states significant flexibility in determining how to utilize their energy assistance funds. LIHEAP dollars are generally divided between two types of assistance: heating and crisis assistance. Heating assistance is meant to target the population with the lowest incomes who spend the highest proportion of their income on energy costs. Crisis assistance is supposed to be available for households who need intervention to avoid shutoff or running out of fuel.

Historically, Michigan has chosen to deliver the energy assistance portion of LIHEAP through HHC and crisis assistance through SER. In 2013, the state tried to shift the emphasis of energy assistance from crisis intervention to crisis prevention and programs that support long-term self-sufficiency. This led to the creation of MEAP. However, the HHC statute creates challenges with program reform because it does not allow the state to administer any other heating assistance programs with LIHEAP funds. Due to this restriction, MEAP is funded through the state's crisis portion of LIHEAP funding and thus subject to rules governing crisis assistance. This creates an issue for MEAP because even though the program has goals for moving households to self-sufficiency, it must also be available for crisis response.

Policymakers should evaluate Michigan's energy assistance delivery programs to ensure they are aligning with need, making an impact on energy affordability, and ensuring that the lowest income Michiganders are accessing assistance. The state should also consider options that allow MEAP to utilize heating assistance funding so that the program can work toward achieving its goal.

PROGRAM MONITORING AND INTEGRITY

Through the development of MEAP, Michigan created a system where new ideas and approaches have been instituted to improve assistance delivery for low-income households. Despite bringing innovative approaches to the problem of energy assistance, the system has created a unique, albeit divided approach to delivering benefits. Early on in MEAP's implementation, the state intended to develop a statewide database for MEAP grantees to track customer enrollment, benefit amounts, and other necessary data. This effort was derailed following difficulties with vendors and escalating costs. Without a statewide system for tracking program operations, MEAP grantees were forced to invest time and resources into

developing their own internal systems to perform client management and tracking. The outcome—several different systems in operation with no functioning statewide database for MEAP.

Michigan has made strides over the past two years to introduce statewide monitoring through the online customer relationship management system—Salesforce. Grantees currently submit their client lists electronically each month and the State uploads them to the Salesforce database. Michigan is working to obtain additional user licenses, so grantees can upload their client lists more frequently without submitting them to the State first. This system will help improve program integrity and ease the monitoring and reporting burden for administrators. While the Salesforce database is being used to improve MEAP for program administrators, grantees expressed that it is not integrated with other systems, creating an additional step.

Michigan needs to prioritize investment in an online database for MEAP that enables agencies, energy providers, and administrators to enroll customers, determine benefit amounts, analyze data, and monitor program integrity. Several states have already dealt with the same issue Michigan faces, and their examples can guide the development of a solution that will improve assistance delivery, monitoring, and reporting. PSC interviewed program administrators from Minnesota and Wisconsin during this evaluation, and both states noted the value a statewide database brings to program administration, monitoring, and integrity.

EMPHASIS ON ENERGY WASTE REDUCTION

As detailed in this report, the demand for energy assistance continually outstrips the funding available. One strategy that can reduce the need for energy assistance is to prioritize investment in energy waste reduction for households that have the hardest time affording their energy bills. Michigan should continue promoting investment in energy waste reduction for households at or below 200 percent of the FPL. Ongoing work should be done by energy assistance providers and energy service providers to identify customers who consistently need assistance. Customers who received energy assistance in consecutive years should be evaluated to determine the potential impacts energy waste reduction can have and prioritized to receive utility-funded waste reduction services.

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APPENDIX A. HISTORICAL STATE FUNDING SOURCES

LOW-INCOME AND ENERGY-EFFICIENCY FUND

The first state-funded energy assistance program in Michigan was the Low-income and Energy-efficiency Fund (LIEEF), created by PA 141 in 2000. The LIEEF was funded by excess securitization funds, collected by utilities, and administered by the (MPSC 2002).[12] The fund received between $44 and $46 million per year from securitization between 2001 and 2004 (MPSC June 2004). The MPSC established a procedural framework for LIEEF, which allocated 75 percent of funds for energy assistance payments and energy-efficiency programs for low-income customers; the remaining 25 percent was for developing energy-efficiency programs for all customer classes (MPSC 2002). From 2001 to 2004, the MPSC approved $107,422,675 in grants through LIEEF—$80 million of which were allocated for low-income energy assistance.

On June 20, 2003, DTE Energy filed a motion to amend its electric rates with the MPSC. Included in its proposal was nearly $40 million to continue funding LIEEF beyond 2004. DTE's position was that there would no longer be any excess securitization funds to contribute to LIEEF. The MPSC approved DTE's proposal stating that the "existence and funding of the LIEEF should continue at present levels unless the issue is revisited in an appropriate case" (MPSC November 2004). A year after approving DTE's continued funding, the commission authorized Consumers Energy to contribute $26.5 million from electric customers to the fund.[13] In MPSC's order approving the funding, they made the following observation: "Contributions to the LIEEF are beneficial to ratepayers because the LIEEF is an appropriate means to reduce bad debt and uncollectible accounts, the cost of which ratepayers must already assume" (MPSC 2005).

For several years, the MPSC administered the LIEEF program with funds collected from DTE Energy and Consumers Energy. The total revenue contributed to LIEEF was approximately $83.8 million annually (MPSC 2008). In 2010, the commission authorized DTE Energy to collect $5 million from customers to fund LIEEF. Despite being upheld by courts in previous attempts, petitioners appealed the commission's order to the Michigan Court of Appeals. On July 26, 2011, the court found that administering LIEEF no longer fell under the commission's statutory authority. This reversed previous court rulings that had affirmed MPSC's authority over LIEEF. When Michigan overhauled its energy policy in 2008, PA 286 rewrote LIEEF's enabling legislation and omitted the reference to the program. The Michigan Court of Appeals (2011) ruled that the "administration of a LIEEF does not fall within the scope of the PSC's general statutory powers, but depends in every instance on specific statutory authorization."

THE VULNERABLE HEAT AND WARMTH FUND

Following the court's decision, MPSC had no choice but to suspend the grants it had made using the LIEEF. This created an immediate issue for low-income households around the state who depended on the availability of energy assistance during winter months. Recognizing the need to fill the void once covered by LIEEF, the legislature introduced a measure to fund energy assistance programs for the upcoming heating season. On December 20, 2011, Gov. Rick Snyder signed the Vulnerable Heat and

[12] Public Act 141 restructured Michigan's electric market and allowed energy providers to securitize assets approved under the prior regulatory system. Securitization allowed energy providers to recover the stranded costs of approved investments through a surcharge on customer bills.

[13] The commission would later approve Consumers Energy to collect $17.4 million from its gas customers as well.

Warmth Fund into law. This appropriated $58 million for energy assistance relief—$23 million went to the MPSC for energy assistance grants, and the remaining $35 million was given to MDHHS for SER (MPSC n.d.). This program solved the immediate need for additional energy assistance, but it did not address the need for a sustainable LIEEF program replacement.

LOW-INCOME ENERGY ASSISTANCE GRANT

Without an energy assistance solution, on June 26, 2012, the State of Michigan made another one-time allocation through PA 200 of 2012 to the MDHHS for additional emergency relief energy services. The MDHHS entered into an agreement to share the $59 million in additional funds with the MPSC. The MPSC received $27.7 million to administer the Low-income Energy Assistance grant program for the 2012–2013 heating season. The stop gap measures instituted during 2011 and 2012 gave low-income households some security for the heating seasons, while the legislature worked to develop a long-term, state-funded energy assistance program.

APPENDIX B. LIEAF PARTICIPATION

Participating Electric Service Providers	Nonparticipating Electric Service Providers
Alger Delta Cooperative Electric Association	Bayfield Electric Cooperative
Alpena Power Company	Charlevoix, City of
Baraga, Village of	Chelsea Department of Electric and Water
Bay City, City of	Cherryland Electric Cooperative
Clinton, Village of	Cloverland Electric Cooperative
Consumers Energy	Coldwater Board of Public Utilities
DTE Electric	Croswell Municipal Light & Power Department
Gladstone, City of	Crystal Falls, City of
Hillsdale Board of Public Utilities	Daggett Electric Department
Indiana Michigan Power	Detroit Public Lighting Department
Lowell Light & Power	Dowagiac, City of
Marshall Electric Department	Eaton Rapids, City of
Midwest Energy Cooperative	Escanaba, City of
Negaunee Department of Public Works	Grand Haven Board of Light and Power
Newberry Water and Light Board	Great Lakes Energy
Niles Utility Department	Harbor Springs, City of
Northern States Power Company–Wisconsin	Hart, City of
Norway, City of	Holland Board of Public Works
Petoskey, City of	HomeWorks Tri-County Electric Cooperative
Presque Isle Electric and Gas Cooperative	L'Anse, Village of
St. Louis, City of	Lansing Board of Water & Light
Thumb Electric Cooperative	Marquette Board of Light & Power
Union City Electric System	Ontonagon County Rural Electrification Association
	Paw Paw, Village of
	Portland, City of
	Sebewaing, Village of
	South Haven, City of
	Stephenson, City of
	Sturgis, City of
	Traverse City Light & Power
	Upper Peninsula Power Company
	Wakefield, City of
	Wisconsin Public Service
	Wisconsin Electric Power Company d/b/a/ We Energies
	Wyandotte Department of Municipal Service
	Zeeland Board of Public Works

APPENDIX C. MEAP FUNDING BY ELECTRIC SERVICE PROVIDER

Electric Service Provider	Funds Contributed to LIEAF
Alger Delta Cooperative Electric Association	$115,219.07
Alpena Power Company	$192,133.44
Baraga, Village of	$9,030.81
Bay City, City of	$236,912.19
Clinton, Village of	$16,149.90
Consumers Energy	$20,970,950.58
DTE Electric	$25,521,224.40
Gladstone, City of	$34,246.71
Hillsdale Board of Public Utilities	$70,006.38
Indiana Michigan Power Company	$1,493,743.06
Lowell Light & Power	$31,056.61
Marshall Electric Department	$57,656.45
Midwest Energy Cooperative	$379,857.02
Negaunee Department of Public Works	$22,342.46
Newberry Water and Light Board	$16,056.08
Niles Utility Department	$82,426.68
Northern States Power Company–Wisconsin	$105,332.10
Norway, City of	$26,857.87
Petoskey, City of	$57,879.29
Presque Isle Electric and Gas Cooperative	$380,936.03
St. Louis, City of	$22,682.58
Thumb Electric Cooperative	$142,733.73
Union City Electric System	$14,566.58
Total	**$50,000,000.02**

APPENDIX D. GRANTEES REPORTING ON MEAP PROGRAM METRICS

METRIC—EXPLAIN HOW THE PROGRAM HAS REDUCED THE ENERGY CONSUMPTION OF PARTICIPATING LOW-INCOME HOUSEHOLDS; INCLUDE SUCCESS METRICS.

The Salvation Army

The GPS intervention model used by The Salvation Army (TSA) with clients receiving energy assistance includes providing recipients with tips on how to conserve energy and save money on their energy bills. According to recipient surveys (sent to households that have received energy assistance in the previous three months), the majority of caseworkers were identified as providing this information (77 percent). Of the recipients whose caseworker provided them this information, nearly all (82 percent) agreed that it was helpful to them. According to one recipient:

> I was really amazed on the usage she brought to my attention, so I'm following her advice, and I have seen a tremendous saving in my DTE bill altogether. Thanks so much. I am very eager to learn other simple steps on how to save more efficiently.

The Heat and Warmth Fund

In addition to referring eligible customers to home weatherization agencies to help families permanently reduce their energy consumption, THAW empowered 900 P2P families with energy-efficiency education. At each educational workshop, participating households were not only equipped with practical advice on reducing overall energy consumption and making their homes more energy efficient, but each also received an energy-efficiency kit filled with proven tools to conserve power in their homes, such as energy-efficient lightbulbs and window sealing film.

TrueNorth Community Services

The Self-Sufficiency Program contributed to the reduction of energy consumption through providing energy efficiency and optimization education to 1,285 households throughout the 16 county service areas through handouts. In total, 637 energy optimization kits were also administered in the homes of clients, which included the installment of LED light bulbs, plastic window coverings, energy-conserving power strips, programmable thermostats, and the provision of clotheslines and clothespins.

Barry County United Way

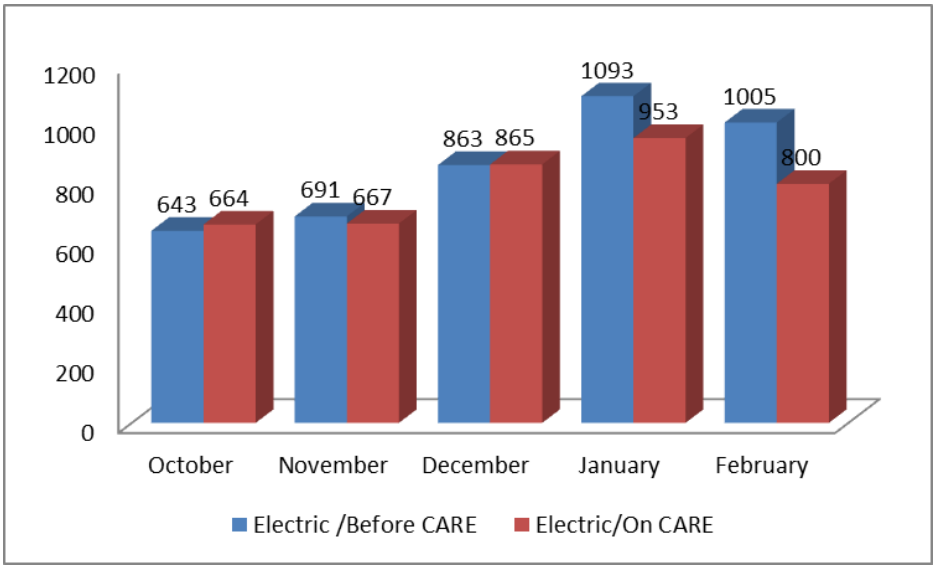
We are continuing to discuss ways to save by turning off household lights and appliances that are not in use. We also educate on hot-water heater elements and furnace maintenance. We recently met with Consumers Energy to discuss their energy-efficiency program and now provide the clients with the brochures for that program along with referrals to Community Action for weatherization.

Consumers Energy

Analysis is based upon monthly enrollment totals, examining five months' usage (October 2015–February 2016) for all enrollees, to track CARE's impact on consumption behavior.

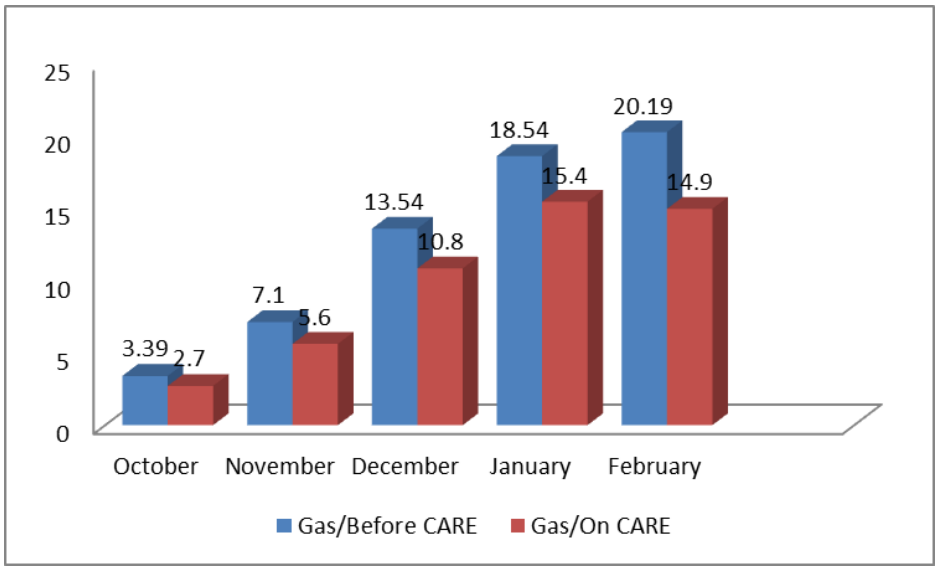
Electric Usage: Average electricity usage by all participants within five enrollment months was 790 kilowatt hours (kWh) per month. This was 8 percent lower than the same period before joining the program at 859 kWh per month. The graph below represents a reduction in electric usage for three out of five months. The other two months, while there was no reduction, usage amounts were very similar.

CARE Customers' Electric Consumption



Gas Usage: Average gas usage by all participants within five enrollment months was 9.9 Mcf per month. This was 21 percent lower than the same period before joining the program at 12.6 Mcf per month. While on CARE, customers reduced gas usage for all five months.

CARE Customers' Gas Consumption



MDHHS-BCAEO

Community Action Agencies (CAAs) provide energy counseling, budgeting counseling, referral to weatherization programs which provide ways in which the customer can reduce energy consumption. It is presumed that because of the counseling provided, that households will implement the suggestions offered and save on energy consumption in the long run.

DTE Energy

Customers in the LSP program are required to remain within specific usage guidelines. Customers trending over the limit were referred to participating energy-efficiency programs and provided educational materials. Only 623 (or 2.2 percent) LSP customers were over the program's consumption limit. Each of these customers were referred to DTE's Home Energy Consultation services.

Overall, 3,326 customers received energy optimization and energy-efficiency services in 2016. Initial estimates show that these customers could save up to 2.2 million kWh per year or up to 700 kWh per customer for electric services. For gas services, estimates show a potential of 174,000 CCF savings per year or over 50 CCF per customer.

Similarly, savings from energy optimization and energy-efficiency services performed in previous years can be seen for many years after being performed. A total of 17,972 LSP customers received energy optimization and energy-efficiency services in previous years while on the program, with similar annual saving rates of 700 kWh per customer for electric services and 50 CCF per customer for gas services.

Flat River Outreach Ministries

We proposed the completion of 15 energy conservation projects, and we exceeded that goal by completing 22 weatherization repairs. The energy conservation projects consisted of the following: weatherstripping, door replacement, attic insulation, as well as repair work on a water heater, a furnace, and windows. Three mobile homes had extensive insulation work done to the underbelly of their homes. This work was

completed in collaboration with our Neighbor to Neighbor program, which provided $4765.00 for the cost of labor and also provided volunteer workers.

In addition to the energy conservation projects completed, 32 households received CFL light bulbs and LED nightlights.

We exceeded our goal for energy conservation projects and expect that our efforts will reduce our participants' household energy consumption and costs.

Lighthouse of Oakland County (Lighthouse Emergency Services)

All 411 clients who received MEAP utility assistance through Lighthouse of Oakland County were provided resources for energy education to reduce energy consumption. This included referral for weatherization, a free refrigerator program, and information on classes.

Michigan Community Action

CAAs provided a number of wraparound services, including energy education, which demonstrates how changes in behavior can reduce energy consumption. This includes educating the client on the house's systems and low-cost measures that may be performed, such as finding and fixing air leaks within the dwelling, which also helps with reducing energy consumption.

SEMCO

The budget plan encourages customers to reduce energy costs, and therefore energy use, by requiring that they pay the difference between the energy payment provided and the actual energy usage. All customers approved for the program are provided with information related to energy-efficiency agencies and services and are encouraged to participate in weatherization programs to improve conservation. To quantify consumption trends, actual usage was evaluated throughout the program year and compared to the same time frame the previous year. In addition, to minimize variability in the comparison, those customers who did not relocate during this time frame were further reviewed. When evaluating sample customers, an average consumption decrease of 7.6 percent was discovered during the program year. The combined effort to increase customer awareness, improve access to energy-efficiency information and services, and provide customers with budget accountability related to actual consumption have contributed to the reduction in consumption throughout the year.

Society of St. Vincent de Paul in the Archdiocese of Detroit

During the MEAP application intake, our volunteers and caseworkers were asked to discuss the energy-efficiency home audit checklist with applicants to encourage them to work on items that will enable them decreased energy consumption. They are also given information on how to get a home energy audit done. Actual results of reduction in energy consumption will be seen only if and when clients decide to act on input given. We will need to get relevant data from the utility companies that can give us quantitative metrics to determine how the program has reduced energy consumption of participating households in order to determine the success of the program.

Superior Watershed Partnership

The refrigeration program was successful in providing energy-efficient replacement refrigerators to 55 MEAP-eligible families. The new energy-efficient refrigerators are expected to reduce the selected

households' overall home electric energy usage by more than 10 percent. According to the U.S. Department of Energy, ENERGY STAR® appliances can reduce home appliance energy usage and costs by as much as 10 percent to 50 percent.

A total of 500 energy saver guides from the U.S. Department of Energy, named *Tips on Saving Money and Energy at Home*, were mailed to MEAP-eligible clients along with a home energy savers kit. The guide shows how to reduce home energy costs by providing tips and information. The energy kit (contents shown below) can save up to 10 percent in energy costs per year if all items are installed.

- Five LED-800 lumen light bulbs
- Two LED nightlights
- One 1.75 GPM showerhead
- One 1.5 GPM kitchen aerator
- Two 1.5 GPM bathroom aerators
- One six-inch ¾" pipe wrap
- One energy saver guide

Twenty MEAP qualified homes were fitted with installation, saving clients an average of 25 percent per year in heating costs. The actual savings will be determined and reported 12 months after the insulation was installed.

METRIC—EXPLAIN HOW THE PROGRAM HAS REDUCED THE NUMBER OF SHUTOFFS; INCLUDE SUCCESS METRICS.

The Salvation Army

Every crisis assistance payment made by TSA ultimately prevented a shutoff by helping low-income families pay arrearages that are beyond their ability to pay. Although some recipients wait until after they are already shut off to request assistance, other recipients met the official definition of crisis in order to receive assistance.

The Heat and Warmth Fund

Nearly one in five Michigan families live below the federal poverty level, and energy costs can account for up to 25 percent of a low-income household's annual budget, which means that countless families in crisis do not have the means to enroll in budget and protection programs or the income flexibility to respond to the variable cost of utilities from month to month. As a result, they often accrue steep arrears and find themselves at risk of utility shutoffs. THAW's program reduced the number of shutoffs by providing emergency assistance to households with significant arrears and by bringing numerous Michigan households to zero balances on their utility bills.

TrueNorth Community Services

TrueNorth implemented a three-track prioritization system during the crisis season to fulfill the LIHEAP statute requiring the following: No later than 48 hours after a household applies for energy crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits; No later than 18 hours after a household applies for crisis benefits, provide some form of

assistance that will resolve the energy crisis if such household is eligible to receive such benefits and is in a life-threatening situation. Upon receiving the application, the application is evaluated to determine if it qualifies for a track one (18 hour), track two (48 hours), or track three (ten day) priority status. The application is then shared in the appropriate response time to ensure that clients are taken care of within the designated time frame. This approach allows the processing center to ensure that shutoffs are significantly reduced. In cases where applicants could not be processed due to an incomplete application, the utility company will be contacted and a hold requested until the application is processed.

Barry County United Way

Since the 2016 program year, when we identified third-party suppliers, we have continued our efforts in educating clients about them. We have identified around ten throughout the 2016 program year and review the bills with the clients to show them how much they are being overcharged during the crisis months. This can add up to several hundred dollars throughout the crisis season and, once removed, allows the client to afford their monthly bills, essentially preventing the possibility of shutoffs. We have also shared this information with United Way of Jackson County and Salvation Army, so they are now addressing this issue with their clients as well.

Consumers Energy

An analysis of disconnect data for CARE 3.0 participants indicated that, prior to enrollment in the program, 27 percent, on average, experienced a disconnection of their service. After enrolling in CARE, the disconnect rate amongst the participating low-income customers dropped to under 5 percent.

MDHHS-BCAEO

MDHHS-BCAEO MEAP-LCA funding does not assist with gas or electric.

DTE Energy

During the program year, only 356 customers had their service disconnected. This is only 1.26 percent of the total 28,299 customers enrolled and 1.34 percent of the 26,614 customers who received funding.

Flat River Outreach Ministries

We enrolled 74 eligible households in MEAP who were at risk of having their utilities shut off, had services discontinued, or the amount of deliverable fuel was below 25 percent.

Households in the Lowell School District who were in program compliance were provided with direct assistance for four months, thereby eliminating the danger of utility shutoff during the heating season.

Households enrolled by referral from TrueNorth were provided with a one-time payment assistance that eliminated their energy crisis for 30 days.

Lighthouse of Oakland County (Lighthouse Emergency Services)

We successfully prevented shutoffs for 334 families and individuals through the MEAP utility assistance program.

Michigan Community Action

By providing households the Client Action Plan model, a number of services to promote self-sufficiency have been arranged, which provides resources that are leveraged to reduce the possibility of shutoffs. Household budgeting education is also provided to help clients better allocate the resources available to them.

SEMCO

MAP is designed to protect every customer from shutoff while enrolled in the program. At the time of prequalification, customers are granted a holding period where the account is protected from shutoff, allowing the customer time to submit required documentation. Once approved, an additional hold is placed on the account, ensuring the account is protected from shutoff and in the correct place for program enrollment. MAP will then timely address the customer's past-due balance, paying up to $1,000 in arrearage, in an effort to move the customer from a shutoff situation to current.

When reviewing participating customers' activity leading up to their enrollment, there were 470 households that experienced disconnection of service due to nonpayment during the same time the previous year. In addition, MAP provided support to over 3,700 customers whose account was at risk of shutoff at the time of enrollment. MAP then protects all customer from shutoff while enrolled in the program.

Society of St. Vincent de Paul in the Archdiocese of Detroit

As a standard practice, the energy assistance program (EAP) team at the corporate office requests a hold on clients' DTE Energy and Consumers Energy accounts upon receiving a MEAP application. Holds are requested by us at the corporate office on approximately 35 percent of MEAP applications received, which prevents clients from being shut off while their applications are being processed. We will need to get relevant data from the utility companies that can give us quantitative metrics to determine how the program has reduced the number of shutoffs of participating households to determine the success of the program.

Superior Watershed Partnership

All MEAP applications had a past-due or disconnect notice or had an imminent risk of running out of fuel. The SWP MEAP staff, project partners, and energy providers were able to prevent a total of 1,730 applicants from having their services shut off and 553 instances where fuel was delivered before it ran out. The SWP was also responsible for restoring energy services in 58 instances when the client was shut off before assistance was sought, and in 56 instances when deliverable fuel was at 0 percent at the time of the assistance request. In the shutoff and out-of-fuel emergencies, the SWP, project partners, and energy providers were able to restore services the same day or the next day.

METRIC—EXPLAIN HOW THE PROGRAM HAS REDUCED THE SIZE OF THE ENERGY SUBSIDY PER HOUSEHOLD; INCLUDE SUCCESS METRICS.

The Salvation Army

MEAP assistance is primarily intended as crisis assistance, which is most often provided on a single occasion. Limited interaction curtails the potential to meet the MEAP goal of helping families better

manage their utility payments without assistance, whether they are receiving a one-time crisis payment or are enrolling or reenrolling in a subsidy program. The structure of this program places limits on our ability to track data on future client behavior that is beyond the assistance interaction.

Nevertheless, TSA is committed to working with the families we serve to help them improve their situations and work toward self-sufficiency. As a result of this commitment, when an individual comes in needing MEAP assistance, TSA caseworkers are trained to review, with the client, their household budget and provide them with tips on how to conserve energy.

In an effort to get a glimpse of the long-term impact on families TSA has assisted, client surveys were sent to a random sampling of 300 clients who received assistance in the previous three months. Our return rate on these surveys is roughly 20 percent.

A large majority (93 percent) of respondents to the client survey reported that their caseworker reviewed their household budget, and 77 percent reported that their caseworker reviewed energy saving tips with them. Of those who reviewed their budget with the caseworker, nearly all (89 percent) said that this was helpful to them. Likewise, of those who received information on energy conservation, most (82 percent) agreed that this was helpful.

In the words of these recipients:

> TSA staff does a great job, is always courteous, and answers all questions totally. Doing a budget sheet helped me balance and see areas in budget to fix. Thank you.
>
> The assistance I received has given me a new start. I now can afford to pay DTE a monthly amount I can afford on the budget plan. Thank you!

> TSA was a great experience. I am still feeling the effects from our visit there. I pay less on my electricity, and I am back on a budget payment for the gas. Thank you very much for all your help.

The Heat and Warmth Fund

THAW's program reduced the size of the energy subsidy per household through our partnerships with utility providers who help strategically identify customers who are having trouble paying their bills on time, have accrued arrears on their accounts or are on the verge of shut-off. Providers such as DTE Energy not only refer these low-income households to THAW for energy assistance, but also preregister them for customer assistance days, so applicants arrive at the neighborhood-based event with all documentation required to complete the application for assistance. This collaborative approach effectively targets customers who are behind on their payments so that THAW may provide assistance before additional charges accrue and the amount of arrears increase, allowing us to maximize MEAP funds and to reach more families across the state. DTE Energy preregistered over 10,000 customers alone during the grant year.

Also, as noted above, THAW provided 900 families with energy efficiency education to reduce household power usage and motivate them to make meaningful changes in their homes that steer them toward self-sufficiency.

TrueNorth Community Services

The overall energy subsidy requested per household in 2016 was 17 percent lower than the previous year. Through the use of our Service Screening Instrument and its ability to determine service by need, TrueNorth has reduced the energy subsidy per household through the provision of our self-sufficiency services in 16 counties. In the households that received self-sufficiency services, TrueNorth has achieved a reduction in energy utilization through education and energy kit administration and a 67 percent net increase in bill payment by the household.

Barry County United Way

This is being achieved through our increased case management and action plans. The action plan is completed with every one of our households assisted. Review of the action plan for goal accomplishments with duplicate assists within the grant year and year to year is crucial to our program and assisting clients to becoming self-sufficient.

Consumers Energy

Since the inception of the CARE program, there has been a steady reduction in the average subsidy per CARE customer. For CARE pilot participants, the average was $888, followed by an 11 percent reduction to $791 for CARE 2.0 customers, and another 6 percent reduction to $744 for CARE 3.0 customers. These decreases can mainly be attributed to lower arrears forgiveness benefits due to reenrollees among both CARE 1.0 and CARE 2.0 participants. Additionally, we note that the average CARE benefit for participating customers is significantly less than the annual SER cap per household of $850 per commodity or up to $1,600 per dual commodity account. Therefore, the CARE benefit, within its APP model, is enabling longer-term help while concurrently requiring improvements in recipient accountability, at a lesser average cost per customer.

MDHHS-BCAEO

CAAs assisted 6723 households with deliverable fuel services including 649 households with fuel oil, 4219 with propane, and 1855 with other deliverable fuels.

DTE Energy

For grant years 2014–15 and 2015–16, the LSP plan amounts (and, therefore, customer responsibility) were increased by $5 per commodity. This reduced the amount of energy subsidy paid from MEAP funds, allowing more customers to enroll on LSP.

As we increased self-sufficiency services, customers were able to pay more toward their energy bills. Even with an increased bill, customers were able to leverage their learnings from these self-sufficiency services effectively, as indicated by a similar success rate, year over year.

By ensuring that each customer's consumption must remain in a specified and reduced range, DTE Energy's LSP program helps more customers avoid crisis situations without increasing their energy subsidy.

Flat River Outreach Ministries

More time would be needed to study the impact from the energy conservation projects and weatherization education to determine the reduction of energy consumed. Research, however, states that similar efforts do in fact reduce energy consumption.

Lighthouse of Oakland County (Lighthouse Emergency Services)

For those clients who had previously received energy education referrals and resources, many reported a significant decrease in their utility consumption.

Michigan Community Action

The MCA program experienced a reduction in the amount of assistance per household from the 2016 program year. The average assist for 2015 was $944.21, and the average assist for the 2016 program year is $787.28—a difference of $156.93.

SEMCO

MAP was able to assist 4,900 households during the grant year, increasing the amount of households served by 458 when compared to the previous. This was supported by MAP's focus on targeted customer outreach to assist those most in need. This strategy has also enabled MAP to reach customers at the time an account becomes past due. Providing outreach early in the billing process helps prevent or minimize inflating past-due balances, which could ultimately result in larger assistance payments. In addition, MAP has enabled customers who complete the program to reenroll prior to falling back into crisis. This approach, in many cases, has eliminated the need for additional arrears payments enabling MAP to stretch its funding further and support more households while decreasing the amount each household receives. As a result of these efforts, MAP was able to decrease the amount of assistance per households by approximately $43.38, or 9 percent, over the current grant year. By reducing the size of the energy subsidy per household, MAP assisted 300 more customers than originally anticipated.

Society of St. Vincent de Paul in the Archdiocese of Detroit

Our volunteers and caseworkers discussed with clients during intake about the importance of moving towards self-sufficiency. We hope this input motivates clients to work on reducing the size of energy subsidy. We will need to get relevant data from the utility companies that can give us quantitative metrics to determine how the program has reduced the size of energy subsidy per households in order to determine the success of the program.

Superior Watershed Partnership

The SWP implemented a copay for applicants between 101 and 150 percent FPL. Clients between 101 and 125 percent FPL paid a 10 percent copay, and clients between 126 and 150 percent FPL paid a 20 percent copay. By the completion of the fourth quarter, client copayments totaled $17,091, which was 206 (8 percent) of the applications received and resulted in a 1 percent savings to the program.

The SWP implemented a money management workbook for clients who were above the 100 percent FPL. At the completion of the fourth quarter, 79 clients completed the money management workbook and were able to apply for their second assist. The SWP is optimistic that the money management workbook was effective in teaching clients how to properly budget their expenses and therefore reduce the amount of energy assistance requests in the future.

METRIC—EXPLAIN HOW THE PROGRAM HAS ASSISTED PARTICIPATING LOW-INCOME HOUSEHOLDS PAY UTILITY BILLS ON TIME; INCLUDE SUCCESS METRICS.

The Salvation Army

As part of the GPS intervention model, TSA encourages applicants to make on-time, monthly energy payments and begins a conversation about how to plan for these payments through a household budgeting process. Caseworkers also participated in enrollments for the utility subsidy programs, both RISE and LSP during the grant year. These programs, by design, offer incentives for on-time payments through arrearage forgiveness and a discounted monthly rate.

The Heat and Warmth Fund

THAW assisted participating low-income households pay utility bills on time by enrolling over 1,000 customers in DTE Energy's LSP. Once enrolled, customers made a fixed, affordable monthly payment toward their bill, and the program paid the remaining difference between the plan amount and the monthly bill. More than 80 percent of customers enrolled in the LSP are successfully completing the plan by making on-time payments, setting them on a path to economic stability and self-sufficiency.

TrueNorth Community Services

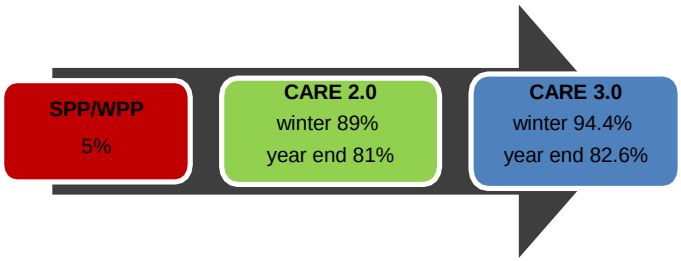
The program assisted timely bill payments by working closely with utility companies and education of applicants with information regarding options for support. Utility companies were contacted as soon as possible and, if immediate processing was not possible, a hold on the account was requested. TrueNorth also worked toward timely bill payment through self-sufficiency services. Staff met frequently with families in their homes and provided financial management education and planning. This process ensured on-time bill payment through a combination of assistance and client contribution.

Barry County United Way

This is accomplished through education of when their payments are due and the various ways they can go about making that payment. Every time assistance is provided, we inform them when their next due date is and, if possible, what that next bill amount is going to be. We educate on budgeting techniques, such as biweekly payments, that are more affordable and manageable.

Consumers Energy

Through the winter heating season, 94.4 percent of the CARE customers successfully paid their bill and did not default off the program. By the end of the grant year, 82.6 percent of the CARE customers successfully remained enrolled in the program. This compares to an average success rate of approximately 5 percent for customers utilizing the alternative income-qualified, payment deferral Shutoff Protection Plan (SPP) and Winter Protection Plan (WPP). The conclusion of CARE 3.0 has demonstrated a notable increase in participant appreciation of program requirements and the value of its benefits rewarded for on-time bill payment.



MDHHS-BCAEO

The MEAP program provided customers that need assistance with more than just a payment to their energy company. As part of the program, they provided customers applying for services with referrals to other programs to assist the households, referrals to the HHC, and financial/energy counseling services.

DTE Energy

The LSP program requires participants to pay a fixed payment per month based on their income level and consumption for the previous 12 months. Customers received monthly energy assistance payments, as long as they stayed current on their monthly payment obligation. If a customer started to fall behind on their monthly payments, DTE proactively reached out to them to communicate the importance and incentives of making regular payments in the program. As of September 30, 23,294 customers (87.5 percent of the 26,614 who received funding and 82.31 percent of the total 28,299 customers enrolled) remained enrolled on the LSP program and were making timely payments.

LSP Program Metrics

Metrics	2015–2016	2014–2015	2013–2014	2012–2013	Other Programs
Service Disconnection Rate	1%	1%	2%	1%	55%
Plan Success Rate	88%	92%	81%	67%	8%
Customer Satisfaction	93%	97%	96%	97%	70%
Customer Usage within Limit	98%	97%	96%	88%	50%
Pilot Programs BNA Score	12.8%	+13.7%	N/A	N/A	Unknown

Success metrics narrative:

- Service disconnection rate remained very low and similar to previous years
- Plan success rate slightly decreased, mainly due to a mild winter
- Customer satisfaction decreased slightly, as many of the customers has been on the plan for multiple years
- Customer usage within limit has been improving over the last three years, mainly due to partners' efforts, communication, and consumption eligibility limits
- Basic needs assessment score has been consistent year over year, showing care coordination has a significant impact in resolving the crisis

Flat River Outreach Ministries

Households from the Lowell School District who were enrolled in MEAP were required to complete a money management/weatherization class and meet with their assigned empowerment coach to work on their financial and energy conservation goals.

Households in program compliance received four graduated utility payments:

- Month one—Crisis payment
- Month two—60 percent of current month and balance owing
- Month three—80 percent of current month
- Month four—100 percent of current month

To receive the subsidy payment, participants had to pay their portion of the bill or provide a plan for doing so.

Attached is the pre-/post-Financial Management and Weatherization Survey. The financial management portion of the survey measured financial management confidence and financial literacy. The survey results illustrate growth in both areas, thereby increasing the participants' knowledge to better manage their finances.

Lighthouse of Oakland County (Lighthouse Emergency Services)

The clients who received MEAP utility assistance through Lighthouse of Oakland County were able to start fresh. This resulted in a greater ability to maintain and control timely payment for all utilities and bills. Because they were participants, we were able to get them enrolled in BudgetWise Billing and the Shutoff Protection Plan in order to maintain bills based off of their budget.

Michigan Community Action

Through assisting the household with the crisis, households receive energy education which also stresses the importance of timely bill payments. The agencies also enable clients with other resources available, such as food assistance, which free up the household's income constraints so they have the opportunity to resume timely payment for its utilities.

SEMCO

MAP assisted participating households with paying utility bills on time by establishing monthly credit incentives as well as providing a personalized follow up to customers through its bill payment reminder process. Through the reminder process, MAP alerted customers if a payment was missed and provided participating households with an opportunity to make the payment up before being removed from the program. MAP customers were very successful making on-time payments during the program year. MAP experienced an on-time payment rate of approximately 89 percent, compared to 86 percent during the last grant season. The increase in on-time payments enabled customers to continue to move towards self-sufficiency by minimizing the likeliness for crisis situations.

Society of St. Vincent de Paul in the Archdiocese of Detroit

Here again, during MEAP application intake, our volunteers and caseworkers are asked to discuss client's home finances using a budget worksheet to encourage clients to make sound fiscal decisions. With this objective data, we hope clients act on input offered. Our volunteers explain to clients that MEAP funds are not a bill assistance payment program, and they stress the importance of setting aside funds to pay their utility bills on time. Clients are also asked for a voluntary commitment that is yet another aid to induce them to act. We will need to get relevant data from the utility companies that can give us quantitative metrics to determine how the program has assisted eligible households to pay their utility bills on time. This data will help us determine if the program was a success.

Superior Watershed Partnership

By assisting the clients with an energy payment, the program allowed the household to get caught up. A total of 46 percent of SWP MEAP clients requested only one energy assist. A total of 36 percent of the households requested two assists (in most situations the second assist was for nonheat electric). Only 18 percent of households returned to the SWP MEAP for three or more assists.

Number of Assistance Payments per Household

Applications per Household	Total Number of Households Served	Percentage of Households Served by Quantity of Applications
1	656	46%
2	513	36%
3	124	9%
4	90	6%
5	19	1%
6	13	1%
7	4	0%
8	2	0%
9	1	0%
Total	**1,423**	**100%**

APPENDIX E. REVISED MEAP PROGRAM METRICS

- Explain how the program has reduced the energy consumption of participating low-income households; include success metrics. Provide the number of unduplicated households, as well as the percentage of total unduplicated households reported, utilizing energy services to optimize energy savings. Explain how the program has encouraged and enabled households to reduce their home energy needs and thereby the need for future energy assistance.
- Explain how the program has reduced the number of shutoffs; include success metrics.
- Meet the LIHEAP reporting requirements—a reporting form will be provided in the MEAP manual:
  - Benefit Targeting Index for High Burden Households
  - Energy Burden Reduction Targeting Index for High Burden Households
  - Restoration of Home Energy Service
  - Prevention of Loss of Home Energy Service
- For customers enrolled in energy supplier APPs:
  - Provide the number of unduplicated households, as well as the percentage of total unduplicated households reported, that have made consecutive on-time payments.
  - Provide the number of unduplicated households that were removed from the energy supplier's APP.
  - Provide the number of unduplicated households that received energy assistance from another MEAP grantee or the SER program.
- Provide the number of households, as well as the percentage of total unduplicated households reported, that have received extensive wraparound services as well as a summary of the services offered by your agency.
- Explain how your program assists clients with household budgeting. Provide the number of households, as well as the percentage of total unduplicated households reported, that have received assistance with household budgeting.
- Number of unduplicated households that were denied energy assistance and income levels of those households.

PUBLIC SECTOR CONSULTANTS

230 N. Washington Square
Suite 300
Lansing, MI 48933

Question:

8. Please provide a single copy of all written documents of any nature:

   a. Memorializing the program processes and procedures for the Consumers Energy (gas) low-income bill payment assistance program;
   b. Memorializing the program processes and procedures for the proposed Consumers Energy (electric) low-income bill payment assistance program.

Response:

a. Attachment 1 to this response memorializes the program processes and procedure in prior years. The Company is in the process of improving the LIAC processes and procedures. Our process going forward will be to review the counts and enroll as needed to ensure we meet our requirements on a quarterly basis. Each quarter, the Company will review customer accounts for those who have not received a SER, HHC, or CARE enrollment within the last 12 months, and they will be removed from LIAC. At that time, the Company will fill any gaps in LIAC enrollment counts by identifying customers who meet eligibility criteria as outlined in discovery response 20697-MEC-CE-006.

b. The Company intends to follow the same process and procedures outlined above for the proposed electric LIAC program. Gas LIAC and electric LIAC do have some differences as outlined in discovery response 20697-MEC-CE-009, including a 27-cent difference in the monthly credit and different participation rates.

Steven Q. McLean
April 2, 2020

Customer Experience

LIAC_GAS Flag
Process and Maintenance Guide

Overview

LIAC_GAS flag for program year 2018 - 2019 has had the following characteristics determined:

- The newly configured credit will be available to customers starting October 2018 bill month which begins on Sept 28,2018 and end on Sept 2019 bill month.
- The pilot program ends in Sept 2018 bill month.
- The credit will be $30.27 per meter per month.
- Only residential customers with rates A_250, A_260, and A_752 are eligible
- Customers selected on LIAC will not be eligible for the RIA provision while enrolled in LIAC.
- Credit will not follow the customer if they move out.
- Credit Amount will not be prorated on long and short span bills
- Current pilot customers will be de-enrolled at the end of the pilot program year. At the start of the new program year, customers with highest need will be enrolled.
- The current LIAC arrear counter will be kept for cancel rebill purposes.
- A warning message will be configured if an account is flagged with both the RIA and LIAC provisions.
- Customers must have less than $2500.00 in Gas consumption charges over the previous 12 months to be eligible.

Furthermore the LIAC_GAS flag program criteria for selection is based on the most recent tariff language and audit request (dated 12/13/2017) listed as follows:

LIAC customer selection will be based on highest need chosen from those with a significant medical condition, customers with lowest income and those with highest past-due balances, based on the following criteria:

1. Customers with an approved critical care certification where the total household income does not exceed 150% of the Federal Poverty level within the last 12 months, as verified by an authorized State or Federal agency.
2. Customers who have received a Home Heating Credit in the previous 12 months,
    - Enrollment based on customers with highest arrears balance.
3. Customers whose total household income does not exceed 150% of the Federal Poverty level and have a past due balance.
    - Enrollment based on customers with the highest arrears balance.

Eligibility List

Energy Assistance would be responsible for preparing the list of eligible customers at the beginning of September. This is in order for accounts to be de-enrolled from the previous year's LIAC_GAS flag before the enrolling accounts according to the new eligibility list.

Note: Currently the only way we can prove that customers do not exceed 150% FPL is by using customers who were on the INCOME_AST, INCOME_ASC, or LIAC_GAS flag within the last 12 months.

The following data must be pulled and merged for the eligibility list.

(1) INCOME_ASC customers with USD Amount of GAS Consumption over last 12 months
  a. Business Reporting → Public Folders → Customer Care and Service → CCS Master Data Analytics → Shared - CCS Master Data Analytics → Low Income

(2) INCOME_ASC customers and their open account balances
  a. Business Reporting → Public Folders → Customer Care and Service → CCS Master Data Analytics → Shared - CCS Master Data Analytics → Low Income

(3) LIAC_GAS customers and their open account balances
  a. Business Reporting → Public Folders → Customer Care and Service → CCS Master Data Analytics → Shared - CCS Master Data Analytics → Low Income

(4) All Home Heating Credit Recipients from the last 12 months
  a. Business Reporting → Custom Query

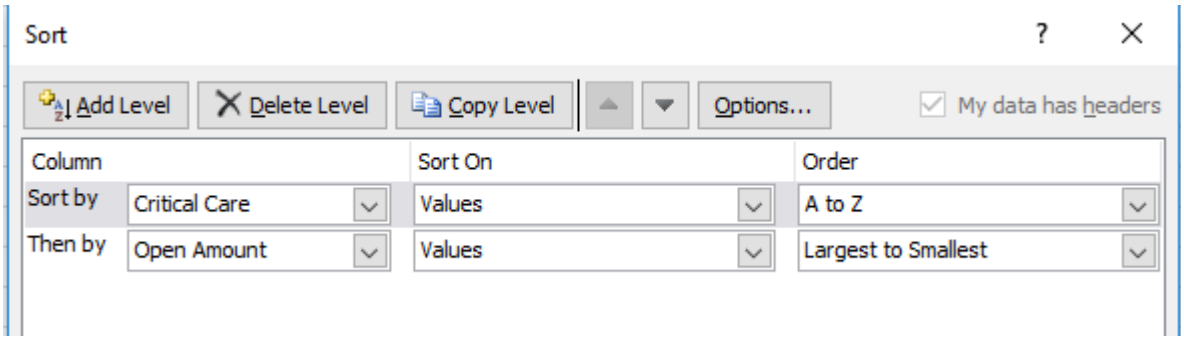
(5) Latest Critical Care customer list
  a. Avail. August , request from Amy Fuller

(6) List (1) and (2) combined

(7) List (4), (5), and (6) combined (Final List)

List (1) must be filtered to have less than $2500.00 in charges
List (1) must be filtered to only hold account with rates A_250, A_260, and A_752.
List (2) must have accounts matched to List (1)
List (6) must be combined with list (3)
List (4) and (5) must be matched to List (6)
List (7) must be sorted as follows:

- Critical Care, Then HHC by Highest Arrears
- In Excel, it look like the Custom Sort depicted below



Then enrollment would start from the top of this last filtered list to the bottom, enrolling however many customer it takes to reach the LIAC_GAS year's budget.

- (Budget / $30.27 = Total Customers)

Note: Make sure you have as many account as possible with a balance in order to have new enrollments ready if needed later in the year

Future Enrollment Years

Process:

1. **MANUAL PROCESS**: Create Eligibility List
    a. Must be completed before Sept 1
        i. Handoff to Special Billing, Corey Williams

2. **SCRIPTED PROCESS:** Previous year enrollees must be de-enrolled by portion
    a. Must be completed by October billing month start
        i. Special Billing, Corey Williams
        ii. Start date: First Week of September

3. **MANUAL PROCESS:** Anyone de-enrolled that is not eligible for new LIAC_GAS enrollment must have account checked to see if they are eligible for RIA
        i. Special Billing, Corey Williams
        ii. Provided by portion, and installation number
        iii. Date: Throughout October billing month

4. **SCRIPTED PROCESS**: New year LIAC_GAS enrollees must be enrolled in the order provided by the Eligibility list
    a. Must be completed by October billing month start
        i. Special Billing, Corey Williams
        ii. Start date: First Week of September

Schedule RDC-6
(page 1 of 2)

Residential Roll Rates	11/30/2018	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019
31-60	36.74%	52.85%	34.37%	28.82%	26.50%	23.25%	24.60%	25.27%
61-90	48.59%	52.62%	43.73%	48.24%	42.74%	41.40%	45.09%	49.63%
91-120	62.82%	68.15%	57.06%	55.73%	52.89%	53.05%	53.74%	64.34%
121-150	62.28%	62.85%	54.91%	52.02%	58.44%	51.56%	59.16%	67.92%
Pct arrears remaining--150				5.74%	7.53%	4.52%	3.87%	4.01%

LI Roll Rates	11/30/2018	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019
31-60	41.7%	48.6%	45.5%	39.5%	41.3%	34.3%	36.1%	37.6%
61-90	47.5%	51.2%	51.7%	52.6%	53.6%	53.3%	55.8%	56.1%
91-120	49.9%	59.8%	62.2%	56.7%	58.2%	59.5%	52.1%	68.5%
121-150	58.4%	57.9%	66.1%	62.1%	67.3%	63.2%	64.0%	78.3%
Pct arrears remaining-150				8.25%	9.60%	8.79%	8.07%	8.96%

Schedule RDC-6
(page 2 of 2)

Residential Roll Rates	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020
31-60	24.93%	26.25%	23.51%	29.83%	28.68%	35.72%	29.38%	26.82%
61-90	49.21%	49.64%	47.13%	44.17%	46.84%	48.60%	44.12%	47.60%
91-120	62.36%	56.16%	60.86%	62.35%	60.07%	58.88%	54.93%	57.80%
121-150	68.31%	56.70%	63.52%	58.28%	67.62%	55.40%	61.85%	49.28%
Pct arrears remaining--150	4.61%	4.32%	4.44%	4.39%	5.22%	3.46%	5.09%	3.77%

LI Roll Rates	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020
31-60	37.3%	37.8%	37.1%	45.7%	41.0%	46.1%	42.7%	38.6%
61-90	53.6%	54.0%	55.8%	52.8%	53.8%	56.5%	54.2%	55.3%
91-120	64.1%	51.4%	64.6%	67.1%	58.1%	62.0%	62.0%	63.1%
121-150	77.0%	45.8%	66.0%	66.9%	69.3%	58.8%	68.0%	61.1%
Pct arrears remaining-150	10.11%	5.96%	6.84%	8.70%	9.80%	6.71%	10.37%	8.76%

Schedule RDC-7

	Consumers Energy: Winter Protection Impacts: Low-Income Customers					
Month	Total Bill with Tax	Payment Amount	Pyt Coverage Ratio	No. of Pyts	Pyt Regularity Ratio	Dollars of Pyt per Pyt
Oct-18	$2,325,550.23	$2,314,506.31	100%	22,158	0.66	$104.45
Nov-18	$3,145,853.97	$2,685,868.70	85%	22,582	0.67	$118.94
Dec-18	$4,233,362.38	$2,419,892.67	57%	20,555	0.60	$117.73
Jan-19	$4,591,983.74	$2,701,810.29	59%	22,129	0.65	$122.09
Feb-19	$5,010,817.63	$3,274,119.12	65%	24,226	0.71	$135.15
Mar-19	$4,310,199.12	$3,440,529.86	80%	24,472	0.72	$140.59
Apr-19	$3,362,477.86	$2,798,989.14	83%	23,726	0.69	$117.97
May-19	$2,695,776.78	$2,407,767.56	89%	24,970	0.74	$96.43
Jun-19	$2,294,497.44	$1,718,991.40	75%	22,479	0.67	$76.47
Jul-19	$2,927,655.27	$1,644,540.77	56%	23,085	0.69	$71.24
Aug-19	$2,982,511.93	$1,928,724.38	65%	22,975	0.70	$83.95
Sep-19	$2,469,676.97	$1,693,388.71	69%	20,917	0.65	$80.96
Oct-19	$1,307,558.02	$943,767.44	72%	11,525	0.63	$81.89
Nov-19	$1,695,154.69	$1,241,054.87	73%	11,675	0.64	$106.30
Dec-19	$2,058,097.79	$1,222,961.42	59%	11,503	0.64	$106.32
Jan-20	$2,326,886.33	$1,319,874.27	57%	12,654	0.70	$104.30
Feb-20	$2,179,430.54	$1,549,453.77	71%	13,294	0.74	$116.55

Question:

4. Please provide the estimated annual cost of the proposed Consumers Energy (electric) bill payment assistance program:

   a. If the participation rate is 100% of those eligible;
   b. If the participation rate is equal to the participation rate for the Consumers Energy (gas) low-income bill assistance participation rate;
   c. If the participation rate is equal to a rate other than those identified in (a) or (b) as projected by the Company.
   d. On an average per-participant basis at the participation rate projected by the Company;
   e. On an average per-non-participant basis (assuming the program cost is billed to non-participants on a per kWh basis) at the participation rate projected by the Company.

Response:

The Company is interpreting the question to be asking about the proposed electric Low-Income Assistance Credit (LIAC).

a. In 2019, there were 64,666 customers who received the electric Residential Income Assistance (RIA) credit. If all 64,666 customers were to receive the $30 monthly credit from the proposed electric Low-Income Assistance Credit (LIAC) the estimated annual cost would be $23,279,760.
b. In Case No. U-18124, the combined customer count for Residential Income Assistance (RIA) gas and Low-Income Assistance Credit (LIAC) gas qualifying customers was set at 69,000. The LIAC gas credit was to be made available to 17% of the Company's qualifying customers. Therefore, the LIAC gas participation rate is 12,000. If 12,000 was also the target for LIAC electric, the estimated annual cost would be $4,320,000.
c. The Company is not anticipating the participation rate to be anything other than 4,200.
d. The Company is projecting participation to be 4,200 customers with an estimated annual cost of $1,512,000.
e. The monthly bill impact to the average residential customer as a result of the Company offering the LIAC program to 4,200 low income customers is just below $0.03 per month.

Steven Q. McLean
April 2, 2020

Customer Experience

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of **CONSUMERS ENERGY COMPANY** for authority to increase its rates for the generation and distribution of electricity and for other relief.	U-20697 ALJ Sally Wallace

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PROOF OF SERVICE

On the date below, an electronic copy of **Direct Testimony of Roger Colton and Exhibits MEC-31 through MEC-45 on behalf of Attorney General Dana Nessel, Michigan Environmental Council, Natural Resources Defense Council, Sierra Club and Citizens Utility Board of Michigan** were served on the following:

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[signature page follows]

The statements above are true to the best of my knowledge, information and belief.

OLSON, BZDOK & HOWARD, P.C.
Counsel for MEC, NRDC, SC, and CUB of Michigan

Date: June 24, 2020

By: Karla L Gerds Digitally signed by Karla Gerds Date: 2020.06.24 13:56:54 -04'00'

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