Paying Energy Arrearages through Savings

EFFICIENCY VERMONT RESEARCH AND DEVELOPMENT REPORT

Liz Curry, Author/Low Income & Multifamily Consultant

Efficiency Vermont
December 22, 2017

Table of Contents

I. Project Background 3
II. Project Summary 3
III. Research Activities....................4
IV. Braiding Utility Billing and Payment Services with Energy Efficiency 5
V. Project Learnings 6
A. The Low-Income Utility Billing & Payment Toolbox 6
i. Low-Income Rate 6
ii. Budget Plans and Arrearage Management 10
iii. Arrearage Forgiveness.................... 11
B. Statewide Implementation Scenarios for Low-Income Billing and Payment Services 13
C. Aligning Energy Efficiency Services to Low-Income Ratepayers 15

I. Project Background

Efficiency Vermont's research into *Paying Energy Arrearages through Savings* (PEAS) launched in January 2017 with a goal to understand utility arrearage management program (AMP) designs nationwide, and explore the idea of pairing energy efficiency services with AMPs in Vermont. The query was based on legislation in the State of Maine that requires all electric distribution and transmission utilities to create AMPs, and deliver to AMP customers an energy usage analysis from Efficiency Maine Trust (EMT) combined with a Do-It-Yourself kit of products to reduce energy use.[1] The PEAS project was designed to:

- Research the scale of and best practices for AMPs nationwide;
- Discover whether Vermont electric and gas distribution utilities (DUs) offer AMPs;
- Explore program design options for delivering efficiency services in Vermont to customers who are in arrearage.

This report summarizes the research team's findings and makes recommendations for aligning energy efficiency services with electric distribution utility payment and billing tools. The Efficiency Vermont PEAS research team included the diverse talents and skills of Elizabeth Chant (Principal Consultant), Elizabeth Palchak (Consultant), and Stephanie Morse (Consultant). Subcontract work was performed by former Washington Electric Co-op (WEC) General Manager Avram Patt (Patt), who researched the concept of a statewide discount rate and other billing and payment services to strengthen low-income households' ability to pay their electric bills.

II. Project Summary

Broadly, Efficiency Vermont found that arrearage management programs are most effective at scale if combined with other tools that help to decrease the bad debt for both the customer and the utility. The research revealed that arrearage management programs alone do not remove barriers for customers that fundamentally lack sufficient income to cover utility bills. These customers typically need more assistance than the option to repay arrears over time. In many situations, utilities cannot solve this problem alone, and one of the tools that offers promise for Vermont is building a stronger link between energy efficiency services and ratepayers who often fall into arrears.

In the case of Green Mountain Power's (GMP) arrearage forgiveness program, eligible customers receive a low-income rate which reduces their risk of repeated arrearages. Additionally, Efficiency Vermont includes GMP customers in its outreach materials so that some GMP customers with incomes below 80% of the area median income with high electrical usage, between 900 – 1,000 kWh per month, receive Efficiency Vermont's Targeted High Use program services. Targeted High Use includes free assessments and products directly installed by the local weatherization agency. For GMP and non-GMP territories, the research indicates that there is greater opportunity to deliver more services to all Vermonters with low-incomes with utility bill arrearages. The range of services includes an individualized household usage analysis, customer support and education by phone for non-

[1] 35-A M.R.S. §3214

high users, and enrollment in the Targeted High Use program for eligible customers. Customers also receive energy education with product installation to encourage behavior changes. Ultimately, arrearages create increased vulnerability to power disconnects which set in motion a series of economic barriers that affect household health and stability. Energy conservation offers a valuable tool for lowering risk of customer arrearages, sustaining the reduction in bad debt over time, and commensurately lowers the risk of disconnects.

III. Research Activities

Soon after project launch, the team learned that GMP created the Energy Assistance Program (EAP), which includes a low-income discount rate and an arrearage forgiveness program. The EAP came out of the GMP and Central Vermont Public Service (CVPS) merger, which resulted in a three-year pilot from 2013 to 2016. Upon learning about the EAP, the PEAS scope broadened to explore the range of electric and natural gas DU billing and payment services available throughout Vermont, circumstances under which these utilities may or may not include low-income discount rates, payment plans, arrearage forgiveness, and opportunities to improve coordination between DUs and Efficiency Vermont to support low-income households' ability to prevent disconnection.

To assist with the research, Efficiency Vermont's Research and Development (R&D) Manager leveraged prior experience with integrating the Middlebury Environmental Senior Seminar class, into R&D projects and connected these students as a resource to 2017 R&D researchers. The PEAS team leader met with Middlebury Senior Seminar instructors on January 11, 2017 and designed a plan for students to undertake a portion of this research project that would identify examples of AMP designs nationwide, and extract some key features that the students would recommend.

With the new knowledge that one Vermont utility has an AMP, the PEAS team developed a syllabus and reading list for the Middlebury Environmental Senior Seminar to research AMPs around the country. Between March and May 2017, the students familiarized themselves and the research team with a variety of AMPs, and industry literature related to consumer protection related to utility billing and payment services. Their work also involved specific outreach to EMT because of the Maine statute that requires cooperation between distribution and transmission utilities and EMT to deliver efficiency services to customers in arrears. The students presented their findings to the research team on May 9, 2017 and their final report is attached as Appendix 1.

Concurrently with the Middlebury students' research in the first quarter of 2017, the research team had conversations with Vermont stakeholders to understand the broader needs of low-income utility customers. The research team first interviewed the Vermont Department of Children and Families (DCF), Low Income Home Energy Assistance Program (LIHEAP) director, who shared some background on GMP's contract with LIHEAP to administer the income-eligibility determination for GMP's EAP.

The research team also interviewed the Vermont American Association of Retired Professionals (AARP) Director of Advocacy, Philene Taormina, and former LIHEAP director Richard Moffi, who both shared historical documents and information regarding GMP's low-income rate and AMP design. Moffi also provided information regarding the discount rate on heating fuels and natural gas as important pieces of the puzzle that help low-income Vermonters keep the heat on.

Additionally, at end of the research year on November 22, 2017, the Vermont Public Utility Commission (PUC) issued a memo, which opened Case # 17-4999-INV. The memo stated that the PUC was planning to hold a workshop for the purpose of exploring and discussing issues and concerns related to PUC Rule 3.300 (disconnection of residential electric, gas, and water service) as well as preventive measures that might be employed to help reduce the number of service disconnections for non-payment.[2] The memo also stated that it anticipated that the workshop process may lead to new cooperative approaches among utilities, regulators, social service agencies, and providers of energy efficiency services. Informed by the PEAS research, Efficiency Vermont filed recommendations on December 20, 2017in 17-4999-INV regarding coordinated efforts between electric distribution utilities and Efficiency Vermont, as a means to provide efficiency services to help prevent service disconnection.

IV. Braiding Utility Billing and Payment Services with Energy Efficiency

Electric distribution and gas utilities in nearly all states are required to offer some stop-gap measure to ensure that all customers can keep their power on. Depending on utility size and location, these mechanisms range from budget plans and discount rates, to arrearage forgiveness plans that may also incorporate financial literacy or budget management classes. These billing and payments services, combined with public assistance programs, such as LIHEAP and crisis fuel assistance, provide a lifeline that connects customers experiencing low financial security with their basic energy needs. Integrating energy efficiency is essential for improving financial security and lowering dependency on public assistance, which can improve bill payment capabilities.

Bill payment problems not only hurt the customer, but also add cost for the utility and the community. Bill collections, arrearages, disconnects, and bad-debt write-offs can translate into upward pressure on rates in order for the utility to recoup these costs. The National Consumer Law Center confirms that it is in utilities'

> …own financial best interest to have…affordability programs, not only because utilities will collect more money and spend less in the process of debt collection, but also because it takes strain away from other welfare programs and therefore all constituents in general. Solid social safety net programs also make jurisdictions more attractive for business, therefore creating jobs and helping the community in general.[3]

States with mature low-income billing and payment programs integrate energy efficiency services sometimes automatically, or through well-established referrals. This research endeavor concludes that there is opportunity for stronger partnerships between Vermont's electric DUs, social services agencies and Efficiency Vermont in order to align existing low-income services and resources, such as energy efficiency, with the service delivery system that Vermonters rely on when they struggle to pay their utility bills. In 2007, APPRISE found that:

---

[2] Vermont Public Utility Commission memo *Re: Workshop to Discuss Issues Related to PUC Rule 3.300 – Disconnection of Residential Electric, Gas and Water Service (Case 17-4999-INV)*. This memo is attached as Appendix 2.

[3] *Helping Low-Income Utility Customers Manage Overdue Bills through Arrearage Management Programs (AMP).* September 2013. Charlie Harak, National Consumer Law Center®, at 19

> Most states operating a rate affordability program link their rate initiatives with their energy efficiency initiatives through a referral process… States such as Maine and Maryland refer high-use affordability program participants to their usage reduction programs…Wisconsin requires high-use affordability program participants to accept efficiency services to the extent that such services are offered.[4]

The PEAS project informed Efficiency Vermont staff regarding the conditions under which utilities can support low-income households' ability to pay. The research team then considered the ways in which Efficiency Vermont could offer Vermont electric and natural gas DUs electrical efficiency information and services for their customers who contend with high energy burdens.

V. Project Learnings

A. The Low-Income Utility Billing & Payment Toolbox

In their final report in May, 2017, the Middlebury Environmental Senior Seminar students developed a set of recommendations based on conclusions they drew collectively regarding the essential ingredients for increasing financial security for utility customers, who experience energy poverty associated with high energy burdens. They identified two industry best practices in particular – a discount rate and arrearage management program for low-income customers.

i. Low-Income Rate

The paramount finding of the Middlebury students, and as confirmed by the research team in interviews with industry professionals, is that a discounted rate is the cornerstone of utility services for low-income ratepayers because,

> the majority of customers who fall into arrears do so because they cannot afford to pay their utility bills. Even better money management techniques and arrearage forgiveness cannot give someone the ability to earn enough money to pay their utility bills. Therefore, customers who fall below a certain income-threshold should receive a low-income rate.[5]

Indeed, numerous sources identify the low-income discount rate as the starting point for low-income utility programs. Fisher, Sheehan & Colton (FSC), long-time experts in low-income utility and energy efficiency issues, offer three options for maximizing accessibility for low-income customers in their *2009* low-income outcomes planning paper:

- Expand scope of existing low-income discount to all customers with incomes at or below [a certain percentage] of the Federal Poverty Level (FPL);

[4] *Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities. Final Report."* Prepared by APPRISE and Fisher, Sheehan, and Colton. July 2007, at 13
[5] *Recommendations for Developing Arrearage Management Programs (AMPs) in Vermont*. Barron, M; Dohan, S; Ganesan, S; Karlson, K; Lama, K. Middlebury College Environmental Studies Program, ENVS 401 Senior Seminar, Spring 2017, at 27

- Make the grant of low-income discounts retroactive to the beginning of the heating season for all customers applying during the heating season;
- Allow for the automatic enrollment of eligible low-income customers by public agencies delivering programs with income similarities. [6]

Keeping in mind that this paper was written in 2009, most low-income utility billing and payment services nationwide that were researched by Efficiency Vermont staff, align income eligibility levels with programs like LIHEAP and the Weatherization Assistance Program (WAP). In Vermont, LIHEAP and WAP are available to households at 185% and 200% of FPL, respectively. Aligning low-income utility services with federal fuel and weatherization assistance income guidelines is a long-standing best practice because it allows low-income people access to meet their basic needs comprehensively, with minimal bureaucratic barriers.

GMP is the only Vermont electric DU that offers a low-income discount rate. In terms of heating fuel, 33 VSA §2607(f) enables DCF to purchase heat fuel at a discounted price which gets passed on to LIHEAP and crisis fuel assistance customers only. 33 V.S.A. §2607(g)(1)requires Vermont Gas Systems (VGS) to provide a discount rate to their low-income customers, who are customers with incomes no greater than 200 FPL.

The Emergence of GMP's Energy Assistance Program

The largest electric distribution utility in Vermont is GMP. Through interviews with GMP's low-income program manager, Mary Morris (Morris), the research team found that GMP offers a low-income rate to customers below 150% of FPL. The research team learned from Patt and others that,

> upon petition by AARP, the PUC opened Docket 7536 in 2009 to consider whether to establish a low-income payment assistance program for both GMP and CVPS. In its Final Order for Phase 1 of the proceeding, issued in 2011, the PUC approved establishment of the programs, which are now entirely operated by GMP as a result of the merger of the two utilities. Vermont statute authorizes the PUC, upon petition or its own motion, to consider and act on proposals to establish such programs at other electric utility.[7]

GMP's discount rate went into effect in September 2012, which created the EAP for low-income customers, funded through meter charges on all customer classes. The EAP also offers arrearage forgiveness, as discussed in Section IV(A)(iii) *Arrearage Forgiveness*. GMP agreed to operate the EAP as a pilot for three years, initially with the lower rate structured as a 25% discount on the customer charge and the first 600 kWh per month: three years after administering this rate structure, GMP discovered that, at current benefit levels and EAP fees, GMP over-collects on a monthly basis by

[6] *An Outcomes Planning Approach To Serving TPU Low-Income Customers Prepared For: Tacoma Public Utilities (TPU), City Of Tacoma (Washington)*. Prepared By: Roger Colton, Fisher, Sheehan & Colton, Public Finance And General Economics, Belmont, MA 02478. June 2009, at 6

[7] *Vermont Utility-Based Payment Assistance And Arrearage Management Programs, Report To Efficiency Vermont*. Patt, Avram. December 11, 2017, at 2

approximately $140,000. The benefit that the typical EAP customer receives is approximately $18.00 per month based on 400 kWh of usage."[8]

After the three year pilot, GMP concluded that many low-income customers use less than the full 600 kWh block of energy, therefore GMP's inclination is to remove the kWh usage limit associated with the lower rate: GMP's October 2016 tariff filing letter in Docket 8500, requests PUC agreement to expand the benefit:

> Expanding the benefit to all kWh used by the customer will increase the average benefit provided to approximately $24.00 per month. At current participation rates, this will reduce the over-collection from $140,000 per month to $82,000 per month. Expanding participation at this enhanced benefit level from 10,000 to 11,000 participants would reduce the over-collection further to approximately $58,000.[9]

Insufficient income among low-income households is a major contributor to the energy burden, and through interviews with Morris, the research team also found that:

- The lowest income customers who receive the discount rate are often not the majority of those who reach the point of being disconnected. Morris surmised that customers with the lower rate tend to pay some of their bill every month, perhaps because they have the EAP discount;
- While GMP had an average disconnect rate of 1,016 residential customers per month in 2016, only 20% of those met the income threshold for EAP eligibility;
- Customers in the 185%-200% of FPL – roughly $45,000 - $48,000 annual income – are more likely to be disconnected, perhaps because they are not eligible for the discount rate, but lack sufficient income to stay current with bills.

This GMP disconnect information illustrates a misalignment with best practices, which is to match discount rate eligibility with federal fuel and WAP eligibility – and avoid a specific income threshold in the law, as discussed in Section IV(A)(i) *Low Income Rate*. The low-income rate in GMP's EAP is pegged to a specific household income (150% of FPL) as per the definition of "low-income electric utility consumer" in 30 V.S.A. §218(e). This was the income limit for LIHEAP the year the statute was drafted, rather than tying eligibility to LIHEAP eligibility generally (currently at 185% of FPL).

Without the statutory authority to extend the discount rate to customers with incomes over 150% of FPL, GMP finds that customers who are 150%-200% of FPL have more trouble staying current with their utility bills. Aligning the statutory language on income eligibility so that GMP EAP eligibility is at least on par with VGS would provide rate relief to more of our low-income neighbors in Vermont.

Challenges for Small Utilities with Offering Low-Income Rate

[8] Docket 8500 – Tariff Filing Letter from Scott R. Anderson, Green Mountain Power Manager of Rates to Vermont Public Service Board. October 14, 2016, at 2
[9] Id at 2

Through conversations with advocates, LIHEAP administrators, GMP, and Avram Patt, the research team distilled a common sentiment that the discount rate is ideally the first rung on the ladder to support low-income customers. For this reason, the feasibility of a statewide low-income rate became a query for the PEAS research. The team consulted with Patt to conduct further research into whether such utility-based programs should and/or could be extended to include all or some of Vermont's other electric distribution utilities. According to Patt, this question has been discussed since the establishment of GMP's low-income programs, and raises questions about different ways such an extension could be structured, as well as pros, cons and concerns raised by different options.

The research team asked Patt to identify Vermont's opportunities and barriers associated with a more uniform statewide approach to extending discount rates and/or arrearage forgiveness to low-income utility customers. Patt identified the characteristics of Vermont electric utilities as follows:

- Vermont has 17 electric utilities of widely differing sizes, demographics, rate revenue sources, density, staffing and technical capabilities;
- GMP serves approximately 70% of the state's residential customers (220,600);
- The next largest electric DUs include: Vermont Electric Co-op (VEC) – 34,318 customers, Burlington Electric Department (BED) – 18,000 and WEC –10,340;
- The smaller municipal electric utilities range in size from 650-4,800 residential customers;
- The percent of customers in the residential class varies widely, as does the percent of revenue derived from residential customers, as illustrated by this disparity:
    - 84% of BED's customers are residential and they account for 24% of kWh sold;
    - 95% of WEC's customers are residential, and they account for 87% of kWh sold;
- Median income customers' ability to pay their bills varies considerably based on the region of the state, rural vs. urban v. suburban, and other unique demographics;
- Statewide disconnection data shows that differences in each territory do not appear related to size. Some municipal electric DUs have a much higher transient population than others, such as BED. In other instances, it could be the utility's collection practices that affect how many residential customers can reduce their arrearage and not ultimately get disconnected;
- Among the smaller municipal electric DUs, staffing and other capacity affect billing and customer service greatly. Some municipal departments are also a water utility. The larger ones may have 2-3 people handling these functions. At smaller DUs, the village clerk or treasurer may handle this work on an excel spreadsheet while dealing with land records and dog licenses all in the same day;
- Information technology capability varies greatly. GMP, VGS, BED, VEC and WEC have industry software and that enables more sophisticated billing, payment and customer service systems. Among Vermont Public Power Supply Authority (VPPSA) members, there are 8 different systems in use, some of which include excel spreadsheets.

Written testimony filed by AARP during the GMP-CVPS merger reinforced Patt's findings:

> BED and likely the smaller cooperative and municipal utility companies would need a different approach to help make electric rates affordable for their low-income customers. For example, BED has a large percentage of the state's low-income households, a smaller customer base and a less favorable mix of classes of ratepayers. Washington Electric Coop (WEC) has a largely rural

> rate base and a small customer base with virtually no large commercial and industrials customers.[10]

The Middlebury students interviewed Roger Colton from FSL, regarding the barriers faced by small utilities. Colton reinforced that:

> when utilities are below a certain size, the number of people you're helping is minimal compared to the amount of money you're spending, the work you need to enter into contracts, the money spent on the program's computers, and the training for staff persons using the programs. A potential solution would be for multiple smaller utilities to have an agreement essentially forming a larger a utility … or a straight discount for smaller utilities.[11]

The Middlebury College students also interviewed Penelope Conner, Senior Vice President and Chief Customer Officer at Eversource Energy Company, which serves Massachusetts, New Hampshire and Connecticut. Conner suggested that small utilities could aggregate together through a shared-cost agreement for either a discount rate or an AMP.

Fundamentally, structuring a lower tier into rates requires a customer base that is large and diverse enough to absorb a cost-shift that reduces rates for some customers. The nature of Vermont's smaller electric DUs is that they lack scale and diversity among customer classes, and many serve predominantly low-income census tracts. While these characteristics minimize the ability to cross-subsidize rates, the concept of forming a collaborative arrangement to support low-income customers with bill payment assistance may offer a platform for future improvements to strengthen economic security for vulnerable Vermonters.

ii. Budget Plans and Arrearage Management

Rate affordability is critical for supporting the financial stability of low-income households, but even without a low-income discount rate, many utilities resolve payment problems in a number of ways before disconnecting them, including budget plans and arrearage management. Budget plans help levelize payments so that some low-income households can manage their monthly costs; utilities typically require that customers remain current with payments in order to stay on the budget plan.

Delinquencies and cumulative amounts owed can dislodge a customer from their budget plan and revive the threat of disconnection. Arrearage management is a pivotal tool for utilities that offers mutual benefits to the customer and the utility, and is intended to prevent or reduce disconnects. For the customer, arrearage management plans offer a chance to pay down the arrearage in monthly installments while also staying current with the monthly usage bill. For the utility, AMPs can reduce bad-debt on their books, as well as reduce disconnect rates. Some neighboring New England states, such as Maine, have statutory requirements for utilities to implement arrearage management

---

[10] *Taormina testimony on low-income electric assistance program, Vermont Public Utility Commission Docket # 7535, September 23, 2009* at 17

[11] *Recommendations for Developing Arrearage Management Programs (AMPs) in Vermont*. Barron, M; Dohan, S; Ganesan, S; Karlson, K; Lama, K. Middlebury College Environmental Studies Program, ENVS 401 Senior Seminar, Spring 2017, at *18*

programs. While all Maine utilities must offer arrearage management, they are not required to set a discount rate.

Similarly, Vermont's PUC Rule 3.300 requires that, "Each gas and electric utility shall offer budget payment plans to a customer at a primary residence…The plan shall be designed to reduce fluctuations in the customer's bills due to seasonal patterns of consumption and seasonal rates."[12] The Rule goes on to require utilities to accept payment for delinquent balances as well, and gives customers "the right to pay the delinquency in an extended repayment plan concurrent with the budget plan."[13]

iii. Arrearage Forgiveness

The research team's literature review and conversations with industry professionals indicated that, although payment plans are an essential service for customers, and can prevent disconnects for those who can manage to pay down any arrears in installments, there will always be a group of customers that cannot catch up on cumulative amounts owed. Based on the Public Assets Institute's report, *State of Working Vermont – 2017*,

> In 2016, one in nine Vermonters faced poverty, including 16,000 children …only 32% of single parents with one child had wages high enough to meet their basic needs. Among two-adult families with children, more than a third could not meet their basic needs, even when both adults worked. Vermont was one of only four states where poverty increased…from 10.2% to 11.9%, a rise of more than 11,000 people.[14]

This economic profile suggests that these families lack sufficient income to cover all of their costs of living. If faced with utility arrearages, the crisis fuel assistance program can help prevent a disconnection but is limited in the number of times a household can use it. Arrearage-related disconnects can further expose an economically vulnerable household. These eventualities translate into social service costs for Vermont.

Arrearage forgiveness can be an effective option for handling cumulative bad-debt and the associated costs of collections, disconnects, and reconnects. Forgiveness involves writing off the customers arrearage in exchange for 12 –36 months of on-time bill payments (term often linked to arrearage amount) and is typically used for customers with significant arrearages, and can be highly successful at getting customers back on track to stay current, in the absence of more chronic underlying issues that prevent a household's financial stability altogether.

> The forgiven amounts go into the lost and uncollectible account and are then recovered from all customers through rates. The intent of this arrangement is to provide assistance to certain low-income customers in a manner that results in a net benefit to all…customers through an increase in the net revenue collected…attributable to improved bill payment practices and reduced collection costs.[15]

[12] Vermont Public Utility Commission Rule 3.302(D) at 3
[13] Id.
[14] *State of Working Vermont 2017*, Public Assets Institute, at 10 & 11
[15] *Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities, Final Report.* Prepared by APPRISE and Fisher, Sheehan, and Colton. July 2007, at 51

GMP's EAP includes a discount rate and arrearage forgiveness. GMP forgives the entire arrears for first time enrollments. GMP contracts with DCF for eligibility determination, which is a common practice in the industry due to complex regulatory thresholds for income definitions. GMP also automatically enrolls the EAP participant in the low-income rate. For customers that fall into arrears after their forgiveness agreement is complete, GMP has an AMP, whereby GMP will match 50% of the arrearage if the customer repays the other 50% on a budget plan.[16]

Most AMPs with full forgiveness restrict participation to one time only, unless the household faces an emergency, in which case utilities evaluate on a case-by-case basis. Like GMP, the partial forgiveness approach may be used for subsequent arrearage payment arrangements. Based on the Middlebury students' and Efficiency Vermont's research, AMPs vary widely in their design but face similar considerations under these categories:[17]

- Automatic versus opt-in enrollment
- Income eligibility standards
- Program administration
- Utility discretion over program design
- Whether to include amount of fuel assistance payments in calculation of level monthly payment (e.g. anticipated fuel assistance receipts are subtracted from the estimated annual energy bill before computing the monthly payment amount)
- How quickly arrearage is forgiven if customer makes payments
- Impact of missing an AMP monthly payment
- AMP availability to customers who have been disconnected
- Repeated AMP enrollments

Nationwide, many utilities implement AMPs whether required to or not, as long as state regulators support a policy framework that enables utilities to recoup costs in their rate structures and establish uniform procedures. AMPs deliver these benefits to the utility:[18]

- Minimizes bad debt on utility's books
- Customer retention
- Improves customer relations and satisfaction
- Reduces disconnect and reconnection costs
- Reduces time spent working with public assistance agencies
- Reduces collections costs

According to the National Consumer Law Center, "As a general rule, utilities do not like bad debt and prefer to minimize it as much as possible."[19] Many utilities in large states have the need and capacity to address the combined costs of bad debt, collections, disconnects and reconnects, if these costs exceed those associated with managing arrearage forgiveness.

---

[16] See Appendix 3 for a full description of the GMP EAP.

[17] *Helping Low-Income Utility Customers Manage Overdue Bills through Arrearage Management Programs (AMP).* September 2013. Charlie Harak, National Consumer Law Center®, at 2

[18] Id at 22

[19] Id

AMPs with full forgiveness remove reconnection fees, allow households to rebuild financial stability or catch up on other bills that may be past due, and take advantage of referrals to energy efficiency and social services that can support the household's longer-term financial security. Full forgiveness AMPs can also reduce pressure on a state's social service costs, such as crisis fuel assistance and LIHEAP, or other emergency benefits such as food shelves.

B. Statewide Implementation Scenarios for Low-Income Billing and Payment Services

After gathering information about the billing and payment tools described in Section IV *Project Learnings*, the PEAS team addressed the question of whether there is an opportunity in Vermont to create a mechanism for extending payment assistance statewide, which combined with greater energy efficiency could result in less disruption from disconnects, as well as greater financial security for our most vulnerable residents. The research team asked Patt to consider the advantages and disadvantages of, and mechanisms for, statewide assistance.

First, it doesn't appear the PUC is charged "to approve statewide rate schedules or tariffs that are applicable to all utilities."[20] For this reason, opportunities to support all low-income Vermonters with rate relief are currently limited to individual utility jurisdictions. Arrearage forgiveness programs, on the other hand appear to be unencumbered.

Patt considered potential approaches to advancing a discount rate in more of Vermont's electric DU service territories that include:

- Proposals from DUs for establishing a low-income discount rate could be considered from utilities interested and/or readily capable of implementing a low-income discount rate.
- There are 17 electric distribution utilities with significant differences in size, technical capability, ratepayer profile, and other characteristics, so the presumption is that utilities that see a cost-benefit would proceed.
- A significant number of income-eligible Vermonters would benefit from a low-income discount rate if only 1-3 more DUs had such a rate to offer. It could be a very long time if we wait until every utility participates in discount rates.
- It may be possible to consider more than one utility in the same proceeding.
- As more utilities participate, they could share the cost of third-party administration ESD's basic operating cost, which may lower the unit costs (e.g. cost per recipient) for participating utilities.

The research team also asked Patt to identify disadvantages or barriers to advancing a discount rate in more of Vermont's electric DU service territories, which include:

- Due to specific characteristics of each DU, it will be challenging for all of them to offer more low-income services than they already provide.
- There is the possibility that each DU could develop different program designs with different income eligibility thresholds, which may create confusion in the market place and additional complexity for ESD eligibility determination.

[20] *Taormina testimony on low-income electric assistance program, September 23, 2009, Vermont Public Utility Commission Docket # 7535,* at *12*

- Assuming that multiple DUs are establishing the same or similar approaches, and look to a meter charge or their rates to cover costs, there will likely be disparities in financial impact on DUs in terms of their ability to collect enough in meter charges/rates to cover services and administrative costs. These disparities may be significant for some.
- People move: a look at the DU territories shows many locations where, for example, an income-eligible person/household/participant could move within an area, nevertheless into or out of a participating DU territory. Smaller electric utilities may be concerned with the following:
    - Assistance programs should not be DU funded in principle, due to the cost-shift onto customers who are paying bills on time. In much of Vermont, residential utility customers are on fixed-incomes, so does it make sense for the ratepayers to be the funding source?
  - The question of how much a discount rate is needed above what is presently done to prevent disconnects.
  - A DU may have a history and prefer to design, operate and brand its own program versus advancing uniform programs.
  - A DU may not want a requirement to have a program, whether implemented independently or statewide, that would limit its responsiveness, creativity and current strategies for working with its customers who are having trouble paying bills.

Patt suggested that there are different possible structures for statewide implementation of either a low-income discount rate or other services. One scenario is that funds collected through a meter charge or other mechanism would be retained by each DU and applied as benefits for eligible customers of that DU. In this scenario, the ESD would conduct eligibility determinations for all DUs, and would also perform other current functions, such as outreach, education and training, and renewals. A second scenario would be to pool the funds collected by the DUs statewide, and to disburse them to DUs based on the number of eligible customers receiving benefits. The pros and cons of this second approach include:

Advantages:
- All eligible Vermonters can benefit;
- Creates economies of scale at ESD;
- Allows for more extensive statewide outreach;
- Eligibility determination, renewals and possibly the benefit itself could be made transferable if the customer moves to another DU territory;
- Eliminates financial impact disparities for the different utilities and their ratepayers, which is a significant issue;
- Facilitates uniform statewide accounting and reporting;
- Can be used regardless of funding source or mechanism;
- Redistributes funds collected via a meter charge more progressively;
- A third party administrator could deliver uniform and consistent services, offers customer one-stop shopping, and can coordinate with and facilitate referrals among other energy programs; and
- Necessitates software that helps prepare Vermont utilities for next generation digital technology.

Disadvantages:

- This would involve a major undertaking.
- Some DUs would likely need more financial, technical and staffing resources in order to participate. Or, they may need to develop shared resource arrangements.
- Would require significant administrative cost to perform data and reporting functions at the utility and state level, which would require all utilities to invest in standard software.
- There may be opposition from "losers" of redistributed meter charge funds.
  Would require an entity to be a fiscal agent/funds administrator. This could be a state government role, or it could be contracted, but there would be a cost for this (see advantages as well).

After considering scenarios for a statewide approach, Patt looked into the current third party structure for administering GMP and VGS low-income rate eligibility determination, which is carried out by ESD.[21] ESD has the expertise, client data information, and systems to conduct outreach and inform people about the availability of the utility programs. As an aside, the arrangement between VGS, GMP and ESD benefits ESD as well in terms of staffing capacity for their own eligibility determination function.

If a statewide program that pooled revenue was created, a third-party administrator would be needed to collect and redistribute funds. It is inappropriate from both a confidentiality as well as a management perspective to have DUs obtaining and storing income and other household information about their customers, and they lack the expertise to deal with the complexities and change of circumstance issues involved in regulated eligibility determination. Possible models include:

- Administration by a state government division such as ESD;
- A single DU contracted by other DUs;
- A private entity under contract (e.g. an accounting firm employed as the Energy Efficiency Utility Fund Fiscal Agent.) Notably, this would come with administrative and accounting costs that would have to be calculated to inform a cost-benefit analysis.

C. Aligning Energy Efficiency Services to Low-Income Ratepayers

A key question in the PEAS research asked whether costs associated with arrearages could be mitigated with bill reduction through efficiency. Ultimately, the question led to a broader assessment of how energy efficiency services could align with utility billing and payment touch-points to reduce the energy burden for Vermonters that lack financial security. According to APPRISE in an evaluation of rate-payer funded low-income energy programs, "Bill reductions through usage reduction and bill reductions through rate discounts/energy assistance are not found to be interchangeable, but rather complementary."[22]

---

[21] With respect to VGS, ESD's administrative role was established in Vermont Public Utility Commission Order of January 15, 2013 in Docket 7888, at 2.

[22] *Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities. Final Report.* Prepared by APPRISE and Fisher, Sheehan, and Colton. July 2007, at 13

The model that served as the impetus for the PEAS research is a Maine PUC Rule that was adopted to implement Maine's AMP legislation, which requires electric distribution and transmission utilities and Efficiency Maine Trust (EMT), to work together to deliver energy efficiency services to AMP participants. When customers enroll in an AMP, these utilities ask a series of questions about their appliances and energy usage in the home, then forwards this information to EMT.[23] On an opt-in basis, EMT will complete an energy usage assessment for the AMP participant's residence (to the extent such assessment is within the participant's control), and then ships a Do-It-Yourself energy kit with LED bulbs and water saving devices.[24] Other features of the Maine AMP legislation provides for AMP customers to receive automatic referrals to the state's WAP agencies as well.

The EMT model serves as a possible strategy for Vermont. Each of the billing and payment services discussed in Section IV (A) *The Low-Income Utility Billing & Payment Toolbox*, represent a potential touch-point for efficiency services, particularly for identifying high-usage customers. Efficiency Vermont could conduct a usage analysis for customers in arrears and refer those with high usage (over 900 – 1,000 kWh/month to Efficiency Vermont's Targeted High Use direct install services, which also results in eligibility determination for weatherization services. For non-high usage ratepayers in arrears, Efficiency Vermont can explore the provision of:

- Phone consultation with customer support to lower plug load and identify conditions or appliances that may be driving high usage;
- Written and web-based information and education regarding behavior changes and efficient product purchases; and
- Do-it-Yourself kits with LED bulbs and water saving devices.

For low-income homeowners and tenants with high electric usage (10,000 kWh's annually), Efficiency Vermont offers free and comprehensive efficient product installation through partnerships with WAP agencies. Free products include LED bulbs, water saving devices, pipe wrap, eligible appliances, heat pump water heaters, and cold climate heat pumps to replace electric resistant heat where appropriate. The recent Vermont Renewable Energy Standard Tier III framework could also potentially enhance opportunities to leverage resources between Efficiency Vermont, WAP agencies and Tier III utilities to integrate efficiency and bill payment services.

Ultimately, addressing high energy burdens for lower income households requires both utility assistance programs that support Vermonters' ability to pay utility bills, and decreasing energy usage and costs through energy efficiency and conservation. Through this research, it became apparent that utilities typically use their billing and payment tools as a leverage point to engage customers, first and foremost to make budget payment arrangements. The PEAS research goal was to examine these payment arrangements as customer interface opportunities to deliver energy efficiency services.

---

[23] *Recommendations for Developing Arrearage Management Programs (AMPs) in Vermont.* M. Barron, S. Dohan, S. Ganesan, K. Karlson, K. Lama, Middlebury College Environmental Studies Program, ENVS 401 Senior Seminar, Spring 2017, at 25

[24] EMT is in the process of evaluating the DIY approach.

Efficiency Vermont currently works with GMP and VEC to identify high kWh usage among low-income customers for its direct install strategy. While Efficiency Vermont's budget may not allow the direct install strategy to reach all customers with a low-income rate and/or those in arrears, this research was intended to assess a level of service that may be feasible within its low-income resource allocation constraints. An arrearage database by utility territory with residential customer counts, arrearage rates, repeat arrearages, LIHEAP customers with arrearages, and other related data could help Vermont understand the scale and opportunity for reducing

With the PUC's November 2017 Order in Case # 17-4999-INV, Efficiency Vermont is looking forward to explore and discuss cooperative approaches among utilities, regulators, social service agencies and providers of energy efficiency services. Efficiency Vermont looks forward to opportunities for greater collaboration with utility partners to deliver clean energy services that help vulnerable neighbors gain more financial stability by minimizing their energy burden.

Appendix 1

Recommendations for Developing Arrearage Management Programs (AMPs) in Vermont

Middlebury College Environmental Studies Program
ENVS 401 Senior Seminar
Spring 2017

Recommendations for Developing Arrearage Management Programs (AMPs) in Vermont

Maheyaar Barron

Sarah Dohan

Shubha Ganesan

Krista Karlson

Karma Lama

Middlebury College Environmental Studies Program

ENVS 401 Senior Seminar

Spring 2017

Table of Contents

Executive Summary………………………………………………………….. 3
Methods……………………………………………………………………. 9
Results…………………………………………………………………... 9
Review of Existing AMPs……………………………………………………………… 9
Introduction 9
State Mandates and Legislation 10
Eligibility 11
Enrollment 11
Forgiveness Amounts, Payment Structure, and Pay Period 12
Late Payments 13
Community Outreach and Collaboration 13
Interview Summaries………………………………………………………………… 14
Bobby Arnell 14
Melanie Brown 16
Roger Colton 18
Penni Connor 20
Elizabeth Eddy 22
John Howat 23
Andy Meyer 25
Philene Taormina 26
Recommendations…………………………………………………………. 27
Barriers to Creating a Statewide AMP in Vermont……………………….. 31
Conclusions………………………………………………………........ 32
Acknowledgments…………………………………………………………. 33
Resources/Works Cited……………………………………………………. 34
Appendix………………………………………………………………... 35
Interview Transcripts 35

Executive Summary

Introduction

The issue of energy equity is one that is of particular importance in the state of Vermont, where cold winter temperatures and an ageing housing stock often contribute to the ways in which energy costs take up an unsustainable portion of people's incomes. Arrearage Management Programs, popularly referred to as AMPs, aim to break the cycle of energy inequity by helping customers avoid falling into arrears, the term for debt accrued from failing to pay off energy bills.

This report, researched and written by five students in Middlebury College's Spring 2017 Energy Equity Environmental Studies Senior Seminar provides findings on trends and best practices from AMPs around the country, as well as suggestions on how to implement and support AMPs in the state of Vermont. Interviews with AMP and energy equity experts from across the United States were used to assemble a list of recommendations for creating or improving future AMPs in Vermont.

Literature Review

A review of AMPs across the United States (with a focus on those in the Northeast region) provided information about the various ways in which AMPs differ.

- **Eligibility:** In order to enroll in an AMP, participants must be customers of the utility offering the program. Though specific eligibility requirements vary by utility, most were found to require participants to have a certain income level described as a percentage of the Federal Poverty Level (FMI) or State Median Income (SMI). Generally, customers must be in arrears at the time of enrollment in order to participate in the AMP.
- **Enrollment:** AMPs tend to require participants to self-enroll or do so with the help of a community organization, as is the case in Maine and with Philadelphia Gas Works. However, more companies have recently begun enrolling participants automatically if they are below a certain income and in arrears, as is the case in Massachusetts.

- **State Mandates:** Though the majority of AMPs studied were established voluntarily by the utility companies, there are several states in which utilities are mandated to provide AMPs for low-income customers. In particular, Connecticut, Massachusetts, and Maine all require utilities to provide such programs, though their structure varies by state. In Massachusetts, all electricity and gas companies are required to implement AMPs for low-income customers, whereas Maine's mandate acts solely on electric distribution and transmission companies.
- **Payment Period and Structure:** Participants typically pay a special discounted monthly rate for their energy services throughout the duration of the AMP. Rather than paying off all of their debt, they are able to earn certain amounts of debt forgiveness each month that they pay their bills in full and on time. The majority of plans appear to operate on a 12-month framework, with the goal of participants having earned full forgiveness within a year, though some plans offer less forgiveness per month and operate on a longer timeframe. Many programs, such as Ameren Missouri and PG Energy, also require participants to apply for Low-Income Home Energy Assistance Program (LIHEAP) or Weatherization Assistance Program (WAP) benefits before enrolling.
- **Late Payments:** The majority of plans allow for up to either one or two missed payments (or "broken arrangements") before the customer is removed from the program. After missing payments, programs typically allow customers to re-enroll during the disconnection process by making up all missed payments and late fees. In more lenient cases, customers can be reinstated on the AMP even after removal by paying all late fees and missed payments so long as it is before the scheduled end date of the program.
- **Community Outreach and Collaboration:** Several of the AMPs surveyed involved collaboration with community action programs (also known as CAPs) such as AARP, as well as energy-efficiency utilities such as Efficiency Maine, who often assist customers with enrollment and weatherization or provide financial aid.

Interview Findings

Seven phone interviews were conducted with AMP experts from various fields, including policy makers, CAP directors, and utility employees. Full transcripts of these interviews can be found in the Appendix section. It should be noted that, due to privacy laws and restrictions, the authors were unable to conduct interviews with individual customers who were currently participating in or had completed AMPs in the past. The information provided by interviewees was used to inform the findings and recommendations for an AMP in Vermont, as detailed below.

Barriers to Creating a Statewide AMP in Vermont

Despite the success of mandated AMPs in Massachusetts and Maine, interviewees also made clear that there exist a number of barriers preventing AMPs from being mandated in the state of Vermont. Though some of these barriers exist in all states, others are Vermont-specific and will need to be specifically addressed by utilities and policymakers.

- **Legislative Barriers:** There are often significant legal barriers to passing a mandated AMP in state legislatures. The concept of public control over private companies is unpalatable to many legislators, who do not want to be accused of overreach. Furthermore, no legislator wants to be seen as increasing the cost of living in his/her state, and therefore may choose not to vote for a mandated AMP in favor of maintaining constituent support.
- **Cultural Barriers:** Many customers see AMPs as a form of socialism, and do not want to have to pay a surcharge to help customers who cannot pay their bills. These cultural beliefs, however, do vary by state: Massachusetts, a state with a long history of strong support for social services, passed legislation for AMPs relatively easily, but New Hampshire, on the other hand, has struggled and failed to even bring the discussion of mandated AMPs to its legislature, as it has a strong belief in individuality as exemplified by its “Live Free or Die” motto.

- **Financial/Administrative Barriers:** An AMP involves a significant administrative cost, which becomes lessened if a utility has a larger customer base. In Vermont, one significant challenge to creating a mandated AMP is the small customer base of most utilities. Though Green Mountain Power covers most of the eastern and southern portion of the state, other areas are served primarily by small municipal utilities and co-ops. Because of these utilities' small number of customers, each individual customer would need to pay more to develop and fund an AMP. The lack of data surrounding AMPs makes it difficult to find evidence to support the economic advantages of such programs, even if they result in financial gain for utility companies and states.

Recommendations

The following suggestions present ways in which the state of Vermont might integrate lessons learned from other AMPs in other states, as well as take into account the feedback and recommendations of the AMP experts interviewed for this project. Given the difficult nature of creating and implementing an AMP, it is unlikely that a Vermont AMP would be able to incorporate all suggestions provided. However, they can be useful guidelines for assessing an AMPs ability to provide comprehensive and long-term support to customers.

- **Discounted low-income rate:** It is recommended that utilities provide a reduced monthly energy rate for low-income customers, regardless of whether they are participating in an AMP. Interviewees stressed that customers often are prevented from making regular payments due to the insufficient quantity of their incomes, rather than their money-managing behaviors. Because of this, a discounted low-income rate not restricted to AMP participants or the duration of the AMP would better enable low-income customers to avoid falling into arrears.
- **Automatic Enrollment:** As many customers often do not know that AMPs exist, it is recommended that low-income customers in arrears be enrolled automatically into AMPs to ease the burden on customers.
- **Re-enrollment:** Several interviewees also stressed the importance of allowing AMP participants to re-enroll multiple times, even if they have completed or were unable to complete a previous AMP.

- **Mandatory Participation in Energy-Efficiency Programs:** It is recommended that AMP participants also be given access to energy-efficiency services, programs, and tools such as LED light bulbs and efficient showerheads. As lower-income customers' payment difficulties are often exacerbated by their residence in older, less energy-efficient homes, increasing efficiency can also help customers reduce their energy costs.
- **No down payment:** Utilities are discouraged from requiring a down payment from participants before they can begin participating in the AMP, as this imposes an additional monetary burden on lower-income customers. The need for a monetary "safeguard" from lower-income customers continues to stigmatize energy poverty.
- **Tiered discounting:** Instituting a tiered discount system would provide an AMP with different discounted rates for different income brackets, thus increasing specificity in aid. As opposed to having a straight discount rate, which ignores the variability in the ability to pay among enrolled persons/households, a tiered system would be better able to provide proportional discounts for families at many income levels.
- **Aggregation of electrical co-ops:** Though large investor-owned utilities like Green Mountain Power are more easily able to offer an AMP due to their large customer base, smaller, often rural utilities tend to struggle due to their smaller number of customers of whom a larger portion is often low-income. Small energy co-ops committed to establishing AMPs might potentially aggregate in order to share the significant upfront cost and operational costs that often keep smaller utilities from establishing AMPs.
- **Long-term and comprehensive support:** A successful AMP will include mechanisms for supporting customers both during and after the program payment period in order to prevent customers from building up future arrears post-program completion. Examples of such mechanisms include free or discounted financial planning, free or discounted energy usage reports and consultation, and collaboration between landlords and efficiency utilities.
- **Non-punitive:** Interviewees maintained that AMPs using what was termed a punitive approach towards eliminating arrears and interacting with customers were prone to failure. These approaches (which, for example, forbid customers from re-enrolling in arrears if they fail to complete the program) often ignore the underlying factors that lead

to the accumulation of arrears, such as inconsistent incomes. AMP administrators should be aware of the systemic issues contributing to the accumulation of arrears that are not necessarily indicative of customers' own inability to "manage their money."

Conclusion

AMPs, when effective, can help lower-income customers live debt-free, recoup costs for utilities, help the environment by encouraging energy-efficiency, and contribute to the development of a social services network that supports and cares for residents. However, in order for this to be realized, legislators, policymakers, and utility administrators need to be conscious of the elements that contribute to successful AMPs. In order to be successful, AMPs should incorporate non-punitive measures, allow for multiple re-enrollments, and be made easily accessible to potential participants. Though AMPs do have the potential to help lower-income Vermonters, they are not the only solution to combatting energy poverty: it is important that they be implemented in tandem with energy-efficiency measures and other social services. Despite the benefits of AMPs, there are also several adaptations or alternatives to the AMP model (such as tiered discounting and Percentage of Income Payment Plan programs) that may be even more beneficial for lower-income customers. Though the presence of financial, cultural, and legislative barriers might make the process of instituting a mandated AMP difficult, this report indicates that the benefits AMPs bring to customers and communities should not be ignored.

Methods

We identified AMP best practices with regard to both electricity and heating by conducting a literature review of out-of-state AMPs and then interviewing stakeholders associated with AMPs at both the national and local scale. In our literature review, we analyzed legislation, third-party reports, and internal reviews of existing AMPs from Massachusetts, Maine, Pennsylvania, Maryland, Missouri, and other smaller programs, including municipal programs in Austin, Texas, and Philadelphia, Pennsylvania. We looked at these programs to compare eligibility requirements, enrollment policies, forgiveness procedures, payment plans, repayment terms and conditions, late payment policies, coordination with community partners, and metrics for regulatory reporting. Our goal was to create a recommendation for a comprehensive Vermont AMP that can be used as a model for state-level policy in the future. Interviews were conducted over a period of weeks by phone with members of community, state, and national organizations that work with AMPs, as well as employees of out-of-state utilities. We had no direct communication with Vermont's largest utility, Green Mountain Power (GMP), though we learned about their existing AMP program through many of interviews. Due to privacy concerns, we also did not communicate directly with individuals who are currently participating in or previously participated in an AMP program.

Results

Review of Existing AMPs

Introduction:

An Arrearage Management Program (AMP) is a program administered by states, municipalities, utilities and/or community organizations to assist low-income ratepayers in paying their overdue energy bills. Most programs forgive the ratepayer's debt over a period of one year as the individual successfully pays their monthly utility bill. Each time a participant makes a monthly payment, the arrearage is reduced until it is completely eliminated. The National Consumer Law Center found that AMPs are an important tool to respond to the increasing energy costs and numbers of people who cannot afford to pay their bills, particularly when the customer gets behind and is asked to pay off both current charges and their debt. Each

AMP has different eligibility requirements, enrollment processes, and payment structures. Some states also have different legislation and regulatory mechanisms regarding mandated AMPs.

State Mandates and Legislation:

While many utility companies across the United States are now offering arrearage management plans, in most cases the utility company voluntarily elects to do so. Since 1998, Connecticut has mandated that regulated gas and electric companies offer AMPs in which the utility companies match the payments participating customers make towards their arrearages (Conn. Gen. Stat. § 16-262c(b)(4)-(5)). In 2008, however, Massachusetts set an important precedent by mandating that all gas and electric companies offer AMPs to low-income customers, which the state defines as having an annual household income (before taxes) that is below 60 percent of the state's median income. Furthermore, the Massachusetts Legislature and Department of Public Utilities (DPU) must work together to set certain parameters regarding such programs, allowing them to change as society changes. While utility companies are able to control their own AMPs, the MA DPU must approve them annually to ensure they adequately help low-income customers (NCLC Mass Report, 8). Massachusetts' legislation is more encompassing than that of Connecticut, as customers do not have to make payments towards their arrears, and they are forgiven if customers meet the program's conditions (Fisher et al., 3). In 2015, the State of Maine implemented similar legislation to that of Massachusetts, requiring all electric transmission and distribution companies to create AMPs. Maine has taken Massachusetts' actions a step further, also mandating that anyone on an AMP have an energy assessment of their home conducted. Through this, they can learn methods of energy efficiency, helping them to reduce their bills while simultaneously helping the environment (Maine OPA Order, 1).

Other states are encouraging utility companies to offer relief to their customers, and often include arrearage forgiveness programs as a possible option. For instance, Pennsylvania requires its utility companies to provide customer assistance programs (CAPs), and several choose to do so in the form of AMPs (A National Survey of Electric and Gas Utility Rate Structures for Low-Income Customers, 9). Missouri's legislature believes it does not have the power to mandate preferential rates for low-income customers so its utility program has established specifically dedicated funds that utility companies can use for AMPs (NLIEC Multi-Sponsor Study, v).

Eligibility:

There was quite a bit of variation with regards to eligibility for the programs, but certain trends did present themselves. Some programs set limits for eligibility based on the amount of arrearage and time overdue (Massachusetts National Consumer Law Center 2013, 9; Maine Public Utilities Commission 2015, 4). Others required customers to demonstrate eligibility by having a certain income, shown as a percentage of the FPL (i.e. 150% or 100%) (Ameren 2012; Philadelphia Gas Works 2006, iv; PG Energy Report 2005, iii). Two programs chose to not use the FPL and instead opted for SMI (Massachusetts National Consumer Law Center 2013, 2; Maine Public Utilities Commission 2015, 4). A fairly common requirement was that customers must be on the residential service rate (be a residential customer) in order to participate (Maine Public Utilities Commission 2015, 1; Council Committee on Austin Energy 2014; Ameren Keeping Current Report 2012, 5). Overall, the programs have more differences than similarities, suggesting that certain criteria fit certain localities/regions/states better.

Enrollment:

The distinguishing factor for enrollment was the level of individual agency required. Some programs automatically enrolled eligible households, while others required a self-initiated application process. The Philadelphia Gas Works program and the Maine Public Utilities Commission program both required self-application, while the Massachusetts AMP involved automatic enrollment (Philadelphia Gas Works 2006, 7; 2015, 5).

The possibility of multiple enrollments also varied according to the program. The AMP mentioned in the Massachusetts National Consumer Law Center's (Mass NCLC) report denies re-enrollment for both customers who complete and fail to complete the AMP (2013, 2). The nuance here is that utilities have the choice to analyze client's circumstances and make a decision on a case by case basis (2013, 4). The Maine Public Utilities Commission gives less leeway, and does not allow multiple enrollments regardless of circumstances (2015, 4). On the other hand, the Philadelphia Gas Works Customer Responsibility Program (CRP) allow customers to re-certify on the 11th month after their last enrollment or recertification. This process is automatic, and forms are sent to customers with the required details. If the customer fails to respond both by the 12th month and the following 45 day default period, they are suspended from the CRP and all arrears are now due (2006, 11).

Forgiveness Amounts, Payment Structure, and Pay Period:

Most AMPs surveyed offer full forgiveness to their participants. Due to the way in which AMPs are structured, participants typically pay a special rate for their energy services throughout the duration of the AMP; rather than paying off all of their debt, they are able to earn certain amounts of debt forgiveness each month that they pay their bills in full and on time (Mass NCLC). The majority of plans appear to operate on a 12-month framework, with the goal of participants having earned full forgiveness within a year.

Among the programs surveyed by the Mass NCLC, the majority required participants to pay a “level payment” each month computed by the utility companies based on projected energy usage for the year and on a special discounted rate for low-income individuals (Mass NCLC, 10). In other programs, customers pay monthly energy fees that vary according to income and program standards, and are forgiven 1/12 the amount of the arrearage every month (Maine PUC, 9). Philadelphia Gas Works, for example, stipulates a 36-month (3 year) repayment period during which participants pay up to 10% of their gross monthly income in monthly energy fees, as well as a $3 arrearage copay (Philadelphia Gas Works, 5). Other programs feature stricter rules surrounding forgiveness, such as those of PG Energy, in which $5 of forgiveness is provided each month, as well as Ameren Missouri, in which participants are given monthly forgiveness “credits” ranging from $5-50 depending on income (PG Energy, 5) (Ameren Missouri, iii).

Many programs, such as those put in place by PG Energy and Ameren Missouri, require participants to apply for LIHEAP orWAP benefits in order to enroll in the program. In the case of PG Energy, participants who don’t qualify for LIHEAP benefits are required to pay an extra yearly fee of $100 in order to make up the lost funding, though other utilities like Philadelphia Gas Works explicitly forbid such charges (Ameren Missouri, iii) (PG Energy, iv) (Philadelphia Gas Works, 10).

Late Payments:

In terms of late payments, the majority of plans allow for up to either one or two missed payments before the customer is removed from the program, though the Community Council on Austin Energy allows for up to 4 “broken arrangements” before service is disconnected (PG Energy) (Philadelphia Gas Works) (Mass NCLC) (CCAE). With most programs, customers are allowed to re-enroll during the disconnection process by making up all missed payments and late fees (Maine PUC, 10-11) (PG Energy, v) (Philadelphia Gas Works, 13). In more lenient cases, such as that presented by the Mass NCLC, customers can get back on the program even after removal by paying all late fees and missed payments so long as it is before the scheduled end of the program (Mass NCLC, 12).

Community Outreach and Collaboration:

Several, but not all, of the AMPs reviewed here involve collaboration with community organizations. In Massachusetts, community organizations help customers enroll in AMPs and offer financial counselling to help customers make a plan for paying their bills. No details are provided about these community organizations. Similarly, Ameren notes that its AMP was designed in collaboration with the American Association of Retired Persons (AARP), but does not detail the mechanisms of AARP’s involvement.

PG Energy takes a different approach by offering a Project Outreach Hardship Fund, which provides grants of up to $200 for as many as 600 customers. These grants ensure that customers will not get their utilities shut off, and PG Energy matches up to $20,000 in donations from individuals and fundraisers (PG Energy Universal Services and Energy Conservation Programs Evaluation).

Council Committee on Austin Energy takes yet another approach, forming a working group consisting of utilities, state agencies, discount steering committee, and advocacy groups. The working group meets eight times to develop an arrearage plan that suits the needs of all constituents (Payment Arrangement and Arrearage Management).

Interview Summaries

Bobby Arnell

Fuel Assistance and Utility Programs Director

Vermont Agency of Human Services

Robert (Bobby) Arnell, director of Fuel Assistance and Utility Programs at the State of Vermont's Agency of Human Services, provided basic information on LIHEAP benefits, the state of AMPs and AMP-like discount programs in Vermont, and the state of Vermont's other fuel assistance programs.

Green Mountain Power operates the only official AMP in Vermont; their program is funded by a dollar charge on ratepayers' monthly bills. Eligible participants have incomes at or below 150% of the federal poverty level, and first-time participants are eligible to receive a 25% discount on their monthly electricity bill as well as complete arrearage forgiveness. After completing the program, participants can still receive monthly discounts on their bill, though they will no longer qualify for arrearage forgiveness. Vermont Gas Systems (VGS) operates its own non-AMP discount program in which customers with incomes at or less than 185% of the federal poverty level can receive a 20% discount on their total monthly bill. The program is funded by an 11-cent tax on ratepayers. If customers are in the service area for both utilities (the Northwest Vermont area), it is possible to be on both programs and LIHEAP at the same time.

Whereas utility programs are ratepayer-funded, LIHEAP is a national program and is funded at the national level, though it is administered at the state level. The Agency of Human Services' LIHEAP programs provide metering assistance for people who use electricity as well as provide discounts for oil, coal, firewood, and kerosene. They also provide crisis fuel assistance for those who have been disconnected from their meters. Bobby provided commentary on LIHEAP funding sources at the national level, noting that, if federal LIHEAP funding were to be eliminated, the Vermont Legislature would only be able to establish alternative funding with an appropriations bill, which may not happen. AMPs, however, would continue to exist as they are controlled by individual utilities and funded by a tax on ratepayers. Though Bobby notes that LIHEAP caseloads in the state have been declining since 2011, he remarked that while this may be due to an improved economy, it is also likely that it stems from eligible applicants not applying, as participants in Vermont are not automatically enrolled in LIHEAP, but must submit a paper application.

One major barrier for AMPs is that smaller municipal or co-op utilities may not be able to handle the administrative costs necessary for an AMP. Suggestions for measuring AMP success include looking at recidivism rates (identifying the number of people who drop out before completing the program) and collecting data on cost savings by utilities (especially in terms of administrative costs). The LIHEAP program allows for a way to see what percentage of a household's fuel bill it helps pay. A potential strategy for reducing administrative costs and increasing participation in AMP and AMP-like programs might be to establish some form of categorical eligibility so that participants who qualify for similar forms of benefits (such as SNAP benefits) would automatically qualify for fuel aid.

Melanie Brown

General Supervisor Customer Service Credit and Collections Dept.

Ameren Illinois

Melanie gave us an important perspective, as she works for Ameren, a utility company that manages an AMP. In Illinois, as Melanie described, the state requires that all utility companies of a certain size offer an AMP to customers. This raised an interesting element to consider in our research, as we try to determine how Vermont could or should use AMPs. Some customers in Illinois cannot take advantage of an AMP simply because they live in an area serviced by a small utility company. That said, it is difficult for small companies to economically maintain an AMP, and this Illinois mandate makes AMPs more feasible, and less likely to encounter resistance from utility companies. Ameren is a large utility company, serving much of Illinois, and Melanie therefore had to, as an Ameren representative, give a positive view of AMPs.

She offered an interesting perspective on how AMPs truly encourage good long-term payment behaviors. Due to the winter moratorium, utility companies cannot cut power between December 1 and March 31 in Illinois. Previously, many customers, lacking an incentive to pay, simply ignored their bills during this time period, only to find themselves with arrears in April. On an AMP, however, if a customer does not pay during the moratorium s/he will be forced off the AMP. To further aid long-term payment behaviors, Ameren is working on creating an automated process to remind customers to pay and develop a budget. In Illinois, however, it is state agencies, not utility companies, that must give customers budgeting tools. Utility companies only need to provide customers with information on their own billing programs.

Melanie described the only drawback of AMPs was the perceived belief that they were socializing the debt. Every ratepayer must pay a small amount in order to fund the program. She added that this is no longer a major problem, however, as customers in Illinois are now used to the program, as they have had to pay this additional fee since the state introduced AMPs in 2010.

While many AMPs do not allow re-enrollment, Melanie argued that Ameren's policy of allowing it is vital to the success of AMPs. Ameren allows customers to re-enroll in the fall, when the program begins each year. She believes this is important as many customers learn the consequences of not paying the first time and thus succeed the second time. Various non-profit groups in Illinois support customers, helping them enroll in and stay in the AMP, helping to reduce the number of failures. She says that over time the AMP has become very successful. In terms of our recommendations, it is important to allow time to implement the program before evaluating it, as the first few years will not be as successful.

Melanie also told us of a new idea of implementing a pre-pay program. In this program, customers could pay for a certain amount of kilowatt-hours. They would get texts or emails reminding them of their energy balance, and customers could add money when they were getting low. This method puts the onus on customers, as they are responsible for paying the bill, and if they fail to add more money they simply “use up” their energy. This program is similar to a gas or propane tank, in which you have to refill your energy in order to obtain it. This is a very intriguing idea, and we think it deserves further research.

Suggestions for Future Research

- Have any utility companies implemented a pre-pay system, and if so, are they finding success with it?
- In Illinois the state is responsible for providing customers with budgeting tools. Is this common in most states? Based on Melanie’s comments, the Illinois state government seems very disorganized, so does this impede the functioning of AMPs?
- How will pre-pay methods impact low-income customers? This is a very new idea, and has not been widely used. How can we study if it is a good method if there is little data regarding it?

Roger Colton
Boston Office Director
Fisher Sheehan and Colton

Roger reiterated much of what was said in other interviews about the need for long term support programs for low income households. This does not necessarily mean mandatory budgeting workshops, as according to him if you don't have enough money to pay your bills it doesn't matter how well you budget. On the other hand, like John Howat, Senior Policy Analyst at the National Consumer Law Center, he is a big supporter of Percent Income Payment Plans (PIPS). He says that without a long-term plan, like with a PIP, AMPs are bound to fail. However unlike John, he rejects the idea that PIPs are more expensive to implement than other types of programs. According to him, all programs require finding and verifying each household's income, the difference is simply that PIPs use an income specific discount while straight discounts categorize someone as low-income or not low-income. This information is then sent to the utilities (Roger believes that utilities should not be the entity collecting this information, and that it should instead be done by CAPs).

He mentioned that the change from "Arrearage Forgiveness" to "Arrearage Management" may imply further emphasis on longer term solutions, but based off the frustrations he has expressed he clearly thinks that not enough is being done.

According to Roger, AMPs make sense everywhere, as long as there are low-income individuals and unaffordable utility bills present, but programs must be nuanced to deal with local legislation. We asked him about Vermont's issue of having a lot of smaller municipal utilities, and he said that this could definitely be problematic. He says that when utilities are below a certain size, the number of people you're helping is minimal compared to the amount of money you're spending, the work you need to enter into contracts, the money spent on the program's computers, and the training for staff persons using the programs! A potential solution would be for multiple smaller utilities to have an agreement essentially forming a larger a utility. He has not heard of this being done before, but he says it could work. He also suggests a straight discount for smaller utilities.

Roger also stated that there are two ways to persuade the government to support these kinds of programs. The first is to frame it as a social obligation, such as providing clean drinking water. The other is to tell people that it's really in their own financial best interest to have AMPs in collaboration with affordability programs, not only because utilities will collect more money and spend less in the process of debt collection, but also because it takes strain away from other welfare programs and therefore all constituents in general. Solid social safety net programs also make jurisdictions more attractive for business, therefore creating jobs and helping the community in general

Suggestions for Further Research

- How do you discuss energy issues differently among different populations to address socioeconomic differences? How do these different populations respond differently to energy issues?
- We know that you and your firm have also done a lot of work on the home energy affordability gap in general. Do you have any other ideas of suggestions for reducing the home energy affordability gap, beyond AMPs or PIPs?

Penelope (Penni) Conner
Senior Vice President and Chief Customer Officer
Eversource Energy Co.

Penni Conner gave us an interesting perspective, as she currently works for Eversource, a large utility in Massachusetts, Connecticut, and New Hampshire. Prior to her current position, she worked for N-Star, and helped that utility company create an AMP after the Massachusetts Regulatory Board mandated that it do so.

Penni described the history of AMPs in Massachusetts, helping us learn how or if we can establish them in Vermont. In 2005 the Massachusetts Regulatory Board wanted to fundamentally transform how to handle arrears, and looked at a small AMP in eastern Massachusetts. Due to a previous court settlement, the eastern part of Massachusetts has had an AMP since the 1990s. In essence, the state regulatory board simply used this program as a pilot and expanded it. Penni highlighted how it was critical that both low-income groups and utility representatives work together to create AMP guidelines. The former group knows what an AMP needs to accomplish while the latter understands the realities of utilities and what is feasible.

Eversource's AMP continues to be successful because the company maintains strong partnerships with CAP agencies. The utility company ensures that its struggling clients have access to the services of CAP agencies. In this way, clients can learn about weatherization, budgeting, and money management. Initially, CAP agencies played a major role in helping people enroll in AMPs. Today, due to increased technology, the process is automated and any low-income customer who falls into arrears is automatically enrolled. CAPs, however, still help customers learn about AMPs. Not all customers know about the low-income rate, so if a customer enters a CAP agency and asks for assistance the agency will notify Eversource to enroll the customer in the discounted rate and work with the customer to prevent arrears.

While those on an AMP need support, Penni also noted that AMPs cannot last too long. She recommended twelve months, as this is long enough to ensure that clients pay every month, even during the winter moratorium, but not too long as to drag out the process. Furthermore, she highlighted the need to offer all low-income customers a discounted rate. Without this lower rate, it is very likely that customers will not be able complete the AMP, or they will go back into arrears after completion. Eversource, she noted, does allow customers to enroll in the AMP multiple times, but the company caps it after the second or third enrollment.

Penni acknowledged that Vermont is different from Massachusetts, and Massachusetts' AMP succeeded in large part due to factors unique to the state. First of all, the settlement funds eastern Massachusetts used to establish a pilot program were unique to the Bay State and allowed residents to see the benefits of an AMP before committing their personal finances to the project. Massachusetts residents tend to support social causes, and are accustomed to high taxes so a small addition to their utility bill is not a large cause of outrage. Furthermore, Massachusetts already emphasized energy efficiency programs, so residents were used to the rhetoric used by AMP campaigns, and it was easy for utility companies to find and partner with CAP agencies. Additionally, Massachusetts has a much larger tax base than Vermont, making it easier to raise the necessary funds for an AMP.

Penni, however, was optimistic that Vermont could find a way to make AMPs work. She suggested:

- Electrical co-ops aggregate together to increase their customer base
- Utility companies create a discounted low-income rate as well as just the AMP
- Utility companies mandate that all AMP participants also participate in energy efficiency programs
- Policy makers should emphasize the savings AMPs can provide utility companies. AMPs will not be a financial burden on the rest of the population if they are managed effectively.

Elizabeth Eddy

Community Services Program Director

BROC – Community Action in Southwestern Vermont

Elizabeth described the role of community action organization in helping low-income households join an AMP. She works at Bennington Rutland Opportunity Council (BROC) which is one of the five community action agencies in the state. From her experience, Elizabeth said that most of the people she works with just don't prioritize pay their energy bills because they know there's electrical assistance available. They tend to rely on social agencies for their energy bills and prioritize other bills. Sometimes in extreme cases, people will go without electricity and live in the dark for a few months every year. Especially because of relatively mild winters brought on by climate change, requests for electrical assistance have been nearly equal to or exceeded requests for fuel assistance like oil. Going forward, Elizabeth emphasized that it is crucial that the problem is addressed before bills become astronomical. She stressed that early intervention is key. When connecting clients to the current GMP program, the typical payment plan is customized to the client where ½ of bill is paid by BROC and the other ½ from the client. This half and half example is just one example of a program customized based on a certain income. But GMP must agree to this payment plan and they tend not to make payment plans as readily if client has reneged before.

John Howat

Senior Policy Analyst

National Consumer Law Center

John gave a relatively comprehensive breakdown of the prominent types of AMPs in the U.S. He separated them into two categories, those where the arrears are completely written off in one fell swoop (the administratively simpler choice), and those where the arrears are whittled down incrementally over a period of time (the behavioral economic approach). He expressed a level of distaste for the second option, as he sees it as a more patronizing approach that assumes spending habits are the primary issue for low-income households. According to John, without the recognition of poverty and the complications it entails many programs will, have, and are going to fail; therefore, long term affordability is a must. Therefore each month that a bill is paid should be viewed as a victory. Also, down payments can be very exclusionary, and should be avoided. In the end, while shorter term programs where arrears are paid off faster are better, it is also matter of making sure bills outside of the program can also be met.

This clearly segues into Percent Income Payment Plan (PIPPS), and John seems to really like PIPPs. He spent some time talking about tiered discounts (different benefit levels according to income) vs. flat rate discounts, and while he emphasized that tiered discounts are better/more elegant, he also mentioned that PIPs are even more targeted. Since Vermont's current legislation does not limit such a program, pushing for a tiered discount program/PIP may be an effective policy goal.

A lot of what John was saying is tied to understanding poverty and developing less punitive programs. Low income households are likely to have both gradual and volatile cash flows; therefore programs should not respond too harshly to missed payments, and should allow for ratepayers to renegotiate terms with the program/utility. Such a level of understanding may be harder in Vermont where the anti-“freeloader”sentiment is pretty strong, but such negative sentiment is always present in some form.

John mentioned that utilities likely do have data on disconnections, administrative costs, etc., but it would require either a legal route or pressure from someone of import to get the utilities to divulge the information. Another option is third party reviews. Still, third party reviewers like APPRISE can have either a positive or a negative effect when reporting on AMPs, depending on how the study is structured. According to John, Someone like Philene Taormina, Director of Advocacy at AARP Vermont, or NCLC should design or participate in making the evaluation. EverSource in MA seems to be at the top of John's list for effective AMPs.

Andy Meyer

Residential Program Manager

Efficiency Maine

Andy Meyer is the Residential Programs Director at Efficiency Maine, an energy-efficiency utility similar to Efficiency Vermont. He provided details on how Efficiency Maine works with utility companies to support Arrearage Management Programs.

Maine's AMPs were created by the state's Public Utilities Commission in order to help all ratepayers avoid late payments on their utility bills -- it therefore originated more as a financial endeavor rather than as a specific energy-efficiency measure. Efficiency Maine's role is limited to helping customers make energy-efficiency changes in the home: they do not play a significant role in reaching out to or enrolling customers in the program, which is done primarily by the utilities themselves, or by Community Action Agencies or in billing and payment, which is the utility's responsibility. Maine utilities appear to be relatively unique in that they collect detailed data about customers participating in the program: when customers enroll in the AMP, they are asked a series of questions about their appliances and energy usage in the home. This information is then forwarded to Efficiency Maine, who sends customers individualized energy savings tips that directly relate to their profile. In a modification of the Massachusetts AMP, Efficiency Maine will also send "DIY" tools that AMP participants can use to improve energy efficiency in their homes, such as efficient showerheads and LED light bulbs. These tend to be well-liked and used by customers, and received very high ratings on a recent pilot survey of a selection of participants.

Because the utility is able to gather so much data about participants, they can better track the AMP's long-term success. Though they have little data on this yet, Andy plans to conduct a billing analysis to compare people's energy use and behaviors pre- and post-AMP enrollment. Overall, this interview supplied us with useful suggestions for additional ways that organizations such as Efficiency Vermont can support utilities and AMP participants.

Philene Taormina
Director of Advocacy
AARP Vermont

Philene made it clear that the Vermont legislature has been a significant obstacle to establishing AMPs since there is lots of skepticism from utilities, legislators and consumers about the benefits of AMPs. Utilities are concerned that they can't quantify the benefits of the program, legislators are concerned that AMPs are just a means for utilities to collect debt from ratepayers, and consumers are concerned about AMPs as a tax on ratepayers who successfully pay their bills.

Vermont's current low-income energy discount program is not effective because even after a 25% bill discount and a 6% efficiency charge, customers still cannot afford their bills.

Philene believes that AMPs should have automatic enrollment and the eligibility requirements should be the same for electrical and fuel AMPs. Additionally, she believes that customers are more likely to succeed at paying their bills if there is a shorter payment period.

Suggestions for Further Research

- Utilities are worried that they can't quantify the benefits of AMPs because they don't know how much uncollected debt is associated with ratepayers. Do utilities have uncollected debt that doesn't come from ratepayers?
- Do Vermont utilities have a record of how much debt is owed by each customer?

Recommendations

Drawing on our findings from out-of-state AMPs and interviews with a variety of stakeholders, we recommend that Vermont take a comprehensive and non-punitive approach to creating and administering AMPs. This approach should include:

Discounted low-income rate

The majority of customers who fall into arrears do so because they cannot afford to pay their utility bills. Even better money management techniques and arrearage forgiveness cannot give someone the ability to earn enough money to pay their utility bills. Therefore, customers who fall below a certain income-threshold should receive a low-income rate. Ideally, any customer who receives LIHEAP should be automatically given this rate. CAP agencies should serve the important role of identifying customers who may be eligible for this rate. In Massachusetts the low-income rate is a 35% reduction of the normal rate, and this works well for the state. Vermont could adapt a similar mandatory reduced rate.

Automatic enrollment

Any customer who is on the low-income rate will be automatically enrolled in the AMP if s/he falls into arrears. The customer should not have to file additional paperwork if it is his or her first time using an AMP. Without this provision, many eligible customers will not know how to enter the AMP and instead have their electricity cut.

Re-enrollment

Customers should be allowed to enter an AMP two times through the normal process of automatic enrollment. This allows customers who fail to complete an AMP the first time to have a second chance, or enter again if they find themselves struggling at a later date. After the second time, customers must file an application detailing why they need to enter the AMP and how it will benefit them. Ideally, customers will learn better payment strategies after the first or second time, and not have to apply for a third time. That said, it is important to recognize that financial hardships can come unexpectedly, and customers may need to enter an AMP again. For instance, if a customer completes an AMP twice and learns how to pay her bills based on her salary but then loses her job, she may find herself in arrears due to loss of income. In this case, she would file a petition to enter an AMP a third time.

Mandatory participation in an energy efficiency program

When a customer enrolls in an AMP s/he should automatically be enrolled in a free energy efficiency assessment. The efficiency utility should send the customer his/her energy usage profile with suggestions for how to lower energy bills through increased home efficiency. These efficiency measures should be tiered, offering the customer a range of options from installing LED light bulbs or low-flow shower heads to weatherizing the entire home. The efficiency utility should collaborate with the energy utility to measure customers' energy usage before and after enrollment in the AMP/efficiency program.

12 month payment plan

Ideal time frame of an arrearage payment plan should be 12 months to maximize chances of successfully completing the AMP and minimize need for later re-enrollment. The payment plan should be agreed upon by both the utility and low-income ratepayer and be a fixed rate that requires a customer to pay the same amount each month. Research by APPRISE has found that a fixed payment plan has a greater likelihood of improving payment patterns because they help customers develop regular payment patterns and increase the total amount of payments that customers make. However, it is critical that utilities are flexible in negotiating the terms of the payment plan if there is a drastic change in the ratepayer's financial status such as sudden loss of income or unforeseen medical costs.

Electrical co-ops aggregate

A large investor owned utility like Green Mountain Power is able to establish an AMP due to its large customer base since 76% of ratepayers in Vermont are with GMP. In contrast to GMP, there are 16 other utilities in Vermont that are small municipal utilities with only a few hundred customers. Additionally to having a small customer base, these municipal utilities also tend to be located in more rural areas of Vermont with a large portion of the population being low-income such as the Northeast Kingdom. Upfront set-up cost as well as operational costs are two other barriers that keep small utilities from establishing AMPs. A viable solution to this problem is for municipal utilities to aggregate into co-ops to help spread the costs of AMPs.

Financed by ratepayers

AMPs are financed by other ratepayers and are often misunderstood as "socializing the debt." Instead of being seen as paying off other people's debt, AMPs should be seen as part of the social services system that provides assistance to low-income households, which in the end supports the broader public interest. When energy equity is recast as a public good, taxpayers will be more understanding of spreading the costs of AMPs over all customers in support of a universal service.

No down payment

When it comes to providing energy bill support to low-income persons, it would be best not to impose further monetary barriers. Households enrolling or trying to enroll in an AMP are doing so because of their inability to pay their bills, reflecting a lack of adequate income to meet their baseline needs. Therefore, requiring a further charge may not only prevent some from accessing the program, but may also impair the ability of fully enrolled persons from meeting the monthly payments. Such a requirement also reflects a more punitive and distrustful mindset, implying that these energy users are unreliable and must prove their ability to pay prior to entering the program. Such an approach detracts from the effectiveness of the program, as it ignores the variety of burdens low income families face while simultaneously feeding the stigma surrounding energy poverty.

Tiered discounting

Tiered discounting should be the preferred approach of any AMP. This method, with different rates for different income brackets allows for increased specificity in aid. This is much more effective than a straight discount rate, which ignores the variability in the ability to pay among enrolled persons/households, and would make it more likely that AMP participants meet their monthly energy bills. Tiered discounting, according to testimonies like Roger Colton's, would not impose any further administrative costs, and should therefore be the preferred approach.

Long-term and comprehensive support

Without a system for long-term support, it is difficult for customers to break the cycle of accruing arrears. A successful AMP will include mechanisms for supporting customers during and after the payment period. These mechanisms include, but are not limited to, free or discounted financial planning, free or discounted energy usage reports and consultation, collaboration between and within community advocacy groups focused on energy and food (since customers often make choices between paying for energy and paying for food), and collaboration between landlords and efficiency utilities (since efficiency measures save tenants money and increase the property value).

Non-punitive

An AMP that uses a punitive approach is bound to fail because it does not address the underlying factors that led to the customer accruing arrears. Customers do not simply accrue arrears because they ineffectively manage their money or because they use too much energy; it is often because they live in an old, leaky home that requires a lot of heat or because their fixed income forces them to make hard choices about paying for energy or paying for food. A comprehensive AMP must acknowledge these underlying issues. Instead of using poverty shaming techniques like "educating people how to better manage their money" which disincentivizes customers from enrolling in AMPs, a comprehensive AMP should be viewed as one piece of the larger social services network that works together to improve individuals' quality of life. AMPs can be a stepping stone to assist customers out of arrears so that they can focus on longer-term goals like becoming food secure or saving for a home.

Barriers to Creating a Statewide AMP in Vermont

While a legislatively mandated AMP available to all Vermonters is a feasible goal for the state, it will not be easy for Vermont to create this plan. Although there are several states in the nation whose legislatures have mandated that all private utility companies offer an AMP, most states have not. It is very difficult to create a public mandate on private companies. As the interviews indicated, many customers see AMPs as a form of socialism, and do not want to have to pay a surcharge to help customers who cannot pay their bills. The cultural beliefs of the state therefore must be assessed and taken into account while planning how a state should pass an AMP mandate. Massachusetts, for instance, passed legislation for AMPs relatively easily, but the state has a long history of strong support for social services. New Hampshire, on the other hand, has struggled and failed to even bring the discussion of mandated AMPs to its legislature, as it has a strong belief in individuality and its “Live Free or Die” motto. No legislator wants to be seen as increasing the cost of living in his/her state, and therefore may not be willing to vote for a mandated AMP. The concept of public control over private companies is unpalatable to many legislators, who do not want to be accused of overreach. The need to maintain constituent support will prevent some legislators from voting in favor of a mandated AMP. In Vermont, it is even harder to create a mandated AMP due to the small customer base of most utilities. The smaller the number of customers, the more each individual customer will have to pay to develop and fund an AMP. An AMP involves a significant amount of administrative costs, and the more customers there are, the less an individual needs to contribute. The lack of data surrounding AMPs make it harder to find evidence to support the economic advantages of such programs, even if they result in financial gain for utility companies and states. Most utility companies do not share their data for AMPs, making it hard for others to learn about them in order to use the data to effectively create AMPs.

Conclusion

AMPs, when effective, can help lower-income customers live debt-free, recoup costs for utilities, help the environment by encouraging energy-efficiency, and contribute to the development of a social services network that supports and cares for residents. However, in order for this to be realized, legislators, policymakers, and utility administrators need to be conscious of the elements that contribute to successful AMPs. In order to be successful, AMPs should incorporate non-punitive measures, allow for multiple re-enrollments, and be made easily accessible to potential participants. Though AMPs do have the potential to help lower-income Vermonters, they are not the only solution to combatting energy poverty: it is important that they be implemented in tandem with energy-efficiency measures and other social services. Despite the benefits of AMPs, there are also several adaptations or alternatives to the AMP model (such as tiered discounting and PIP programs) that may be even more beneficial for lower-income customers. Though the presence of financial, cultural, and legislative barriers might make the process of instituting a mandated AMP difficult, this report indicates that the benefits AMPs bring to customers and communities should not be ignored.

Acknowledgments

This research would not have been possible without the expertise of many others. We would like to give special thanks to the following people:

Bobby Arnell, VT DCF

Melanie Brown, Ameren Illinois

Elizabeth Chant, Liz Curry, Stephanie Morse & Elizabeth Palchak, Efficiency VT

Roger Colton, Fisher, Sheehan & Colton

Penni Conner, Eversource

Elizabeth Eddy, BROC

John Howat, NCLC

Andy Meyer, Efficiency Maine

Philene Taormina, AARP VT

Diane Munroe

Professor Morse

Our classmates

Resources/Works Cited

APPRISE. (2005). PG Energy: Universal Services & Energy Conservation Programs Evaluation: Final Report (pp. i–85).

APPRISE. (2006). Philadelphia Gas Works Customer Responsibility Program: Final Evaluation Report (pp. i–135).

APPRISE. (2012). Ameren Keeping Current Program Final Evaluation Report (pp. i–83).

Council Committee on Austin Energy. (2014, November). Payment Arrangements & Arrearage Management.

Harak, C. (2013). Helping Low-Income Utility Customers Manage Overdue Bills through Arrearage Management Programs (AMP) (pp. 1–31). National Consumer Law Center.

Mahoney, M. (2013). A National Survey of Electric and Gas Utility Rate Structures for Low-Income Customers (pp. 1–11). ASU Energy Policy Innovation Council.

State of Maine Public Utilities Commission. (2015). ORDER ADOPTING RULE AND STATEMENT OF FACTUAL AND POLICY BASIS (No. 2015-00015) (pp. 1–15).

Appendix

Interview With Bobby Arnell

Contact Information:

Bobby Arnell, Fuel Assistance and Utility Programs Director

Vermont Agency of Human Services

280 State Drive

Waterbury, VT 05671-1020

(802) 557-1251 (cell)

bobby.arnell@vermont.gov

Interviewers:

Maheyaar Barron

Sarah Dohan

Shubha Ganesan

Krista Karlson

Date of Interview:

3/21/2017

Interview Transcript

Can you provide us with an overview of the fuel assistance and utility programs at DCF?

- In Vermont, there are two main utility discount programs (Utility discount program works with LIHEAP):
    - Green Mountain Power's Energy Assistance Program/AMP, which is funded by a dollar fee on ratepayers bill
        - Participants in the AMP receive 25% off total bill each month
        - The state of VT is responsible for determining people's eligibility; participants are eligible for the program if they are at or below 150% of federal poverty level

        - First time participants can get total arrearage forgiveness, but this total forgiveness is only available once; afterwards, participants can still get 25% off bill but will not receive arrearage forgiveness
        - This was just changed 2 months ago; participants used to receive 25% off of their first 600 kwH but the VT Public Utility Board recently did away with that aspect
        - Even if already received total arrearage can now be eligible for 50% of arrearage forgiveness but completely dependent upon entering bill repayment program with GMP and GMP has total discretion over eligibility.
    - Low Income Assistance Program out of Vermont Gas Systems (VGS)
        - Not an AMP; they've discussed having one in the past but it hasn't come to fruition
        - VGS has smaller customer base, so there is less money paid into program
        - Program is funded by an 11 cent fee placed on customer's bills
        - The state of VT does intake and eligibility
            - There is a higher income threshold for eligibility than with GMP's program (customers at or below 185% of the federal poverty level are eligible for discounts)
            - Participants receive a 20% discount on their total monthly bill.

What role does LIHEAP play in the programs you administer?

- State administers federal LIHEAP program for various fuel types; there are two components in every LIHEAP program:
    - Fuel assistance
        - They provide metering assistance for people who use electricity. They also have discounts for oil, coal, firewood, and kerosene.
        - There is a seasonal benefit - begins at end of October
        - Even if someone's main heating type is oil, it's still good to make sure they're in good standing with the electricity provider, because heating is

powered by electricity. So even if someone is having issues with heating, they might need help with their electricity bill.

    - Crisis assistance
        - People get disconnect notices from metered utilities (Generally people who are not enrolled in programs)
        - They're seeing more and more of these -- probably because smaller utilities don't have AMP's
            - The DCF has been to help more recently because lower oil prices and more aid money available

How do people know if they are eligible for LIHEAP? What resources do you provide to help them register?

- Bobby's department works with the community action agencies and pays them funds to do outreach. They do the same for agencies like AARP.
- Regarding eligibility, the application participants fill out is the same application to receive all state benefits (SNAP, LIHEAP, etc.)
- Since 2011, caseloads have declined annually, though it's hard to determine if this is due to the improving economy or people just not applying -- there are probably plenty of eligible people who haven't applied
    - Participants do have to apply to receive benefits (no automatic enrollment) -- so the paperwork can be a hassle
    - For outreach, they do send out fliers from the states for those already on fuel systems program that they know are eligible but not enrolled.
    - GMP has a brochure for their assistance programs that they send out

Do you think LIHEAP funds are sufficient (or in danger, especially given the current political climate)? If not, how much would be necessary for the funding to be sufficient? Do you have any ideas of where this funding could come from?

- Not in all cases -- municipal utilities might be too small to create AMPs, since AMPs are ratepayer funded

    - There's an increased cost for smaller utilities - they pay higher percentage in terms of administrative costs
- The NW Section of VT has most assistance (and most forms of assistance) available to customers since there are both GMP and VGS programs
    - Eligible residents can be on both programs and on LIHEAP at the same time
- Other funding would have to come from a general appropriation from the state, but in the last two years haven't seen any appropriation from state for these programs
- If funding was eliminated, is it likely that appropriation would happen?
    - He doesn't know… would like to think yes

What if Trump's budget eliminates LIHEAP?

- There's still healthy degree of skepticism that this would happen (keep your fingers crossed)
- Utility discount programs would be able to continue because they are ratepayer funded
    - This is a good thing to consider for AMPs - maybe they should be ratepayer funded to guarantee stability
- Some states (like Colorado) have been funding solar projects with LIHEAP funds -- but they need a waiver to do this

How do you measure a discount program or AMP's success?

- With utility discount programs - you can see if the number of enrollees has increased
    - Is that good? Or does it mean that you're not fixing the problem
- With LIHEAP, you are also able to see what percentage of household fuel bill LIHEAP benefits cover for consumers

Do you have any other suggestions of AMP features we could look at or ways to measure success?

- Recidivism rates would provide data on the long-term success of AMPs
    - The number of people who participate in AMPs and then drop out and build up new arrears

    - If AMPs appear to be helping, this could be a good tool for him to bring to utilities and the PSB in order to persuade them to bring more AMP's/bring more utilities into the state
- He also suggests collecting data from utilities on their cost savings -- how much have they saved from avoiding having to write off bad debt or reduced administrative costs?
    - Suggests gathering information on how many other utilities outsource eligibility portion of program to state agency like we do in VT, as opposed to doing it in house or through CAPs
        - These programs can be similar to lifeline programs, like discounts for landlines, etc
        - Look into idea of categorical eligibility -- consumers would be for one program (like an AMP) if they were eligible for a different program (like SNAP benefits)

Interview With Melanie Brown

Contact Information:

Melanie Brown, General Supervisor Customer Service Credit and Collections Dept.
Ameren Illinois
370 S Main St A-10
Decatur, IL 62523
T 217.424.8327 / C 217.412.2802

Interviewers:

Maheyaar Barron
Sarah Dohan
Shubha Ganesan
Krista Karlson
Karma Lama

Date of Interview:

4/4/ 2017

Interview Transcript

- **What are the benefits of an AMP for a utility company?**
    - Monthly pledge - state and customer pay a piece
    - Can't cut between Dec. 1 and March 31 due to winter moratorium
        - No incentive to pay so customers don't and then they get themselves in a bind come April 1
            - AMP encourages good monthly habits

- **How do AMPs encourage good long-term payment behaviors?**
    - Biggest hurdle is consumer education
        - Partners with state for this

        - Had worked on automating this process
            - Now focusing on different ways to reach people and give them different budgeting tools to make them successful in other areas
                - State agencies do this not utility
                    - But utility does provide handouts on their own billing program
        - Utility doesn't get super-involved in this

- **What are the drawbacks to having AMPs?**
    - They have a mechanism in place for funding; every ratepayer pays a portion on their bill that supports the program
        - Effectively socializing the debt
            - Fine for utility but many ratepayers dislike this idea
                - Not a lot of resistance now, but at first people disliked idea - now it's habit
            - Started 2010 -- been in place for a while now
            - Illinois state budget is a mess
                - Currently no budget
                - Collect money from ratepayers and send it to Illinois dept of revenue and one year the money was used for other things so couldn't have AMP during July 1 2015 - Sept 2016

- **How does re-enrollment work?**
    - Send electronic notification to agency when customer payment is late and then they handle outreach to customer
        - Will get letters and if continue to not pay then they're done
        - Can re-enroll in the fall when program re-starts
            - This is frequently under discussion

            - If you fail on PIP some say you shouldn't be able to come back but many agencies against it because people often succeed the second time because they know the consequences

- **What kind of groups are supporting people to enter and stay in the program?**
    - Office of Community Assistance (state agency) partners with various non-profit agencies throughout the state
            - Have contract with state to administer this
            - State-funded

- **Has this been successful, in your opinion?**
    - Very few drops - keeps getting better as customer behavior changes
        - At first it was difficult and people had to drop PIP program
        - How to educate people on bill and energy consumption and then apply this knowledge to other bills

- **Other things affecting program:**
    - Energy is deregulated so customers can choose other companies to buy energy and then billed
        - Many low-income customers don't know how to recognize these scams
        - "Bad players" can target low-income households by promising short-term gains ($50 gift card) -- customers who don't necessarily know how to read their bills (or even read the bills).
        - Budget billing for PIP customer locked in for 12 months
            - Masks any changes in price per KWH and usage
        - How to make someone more in tune with their bill and know what a bill means?

- **Comments on politics -- could this change in the future? Her opinions on going**

through the state for programs? Especially re. Funding

- Will remain deregulated

- **Do you think there will be any new legislation affecting the program in the near future?**
    - Pretty set now
    - Recent amendment (don’t know who suggested it - maybe consumer advocate group) passed in December and trying to figure out how to implement
        - To develop arrearage reduction program for LiHEAP program as opposed to one-time payment
        - Work arrearage reduction piece into program

- **What other utilities in Illinois have AMPs?**
    - AMP mandated for all utilities above certain number of customers
        - Has to do with number of customers you serve -- all Illinois regulated utilities (People’s Northshore gas, Commonwealth Edison, etc.)
        - Just for regulated utilities (not if you have propane, part of co-op, etc.)
            - Difficult to have monthly plan for propane since you pay in advance
            - This is an entirely automated program… municipality or small co-op doesn’t have resources to do this
        - So there are some people without access to this kind of program depending on who their provider is

- **How do you view the recent consideration of implementing a pre-pay program?**
    - Lots of feedback that it benefits the low-income customers
        - Puts onus on customers - Ameren didn’t shut me off, I didn’t pay
            - Pay for use rather than use and then pay
        - Would work in conjunction with LIHEAP

        - Constant communication
            - Texts or emails reminding you of your balance

- **What else is AMEREN doing to promote energy efficiency and reduce energy poverty?**
    - Several programs through energy efficiency department offer insulation, new heating and cooling equipment
        - Work with lender to finance these through your bill
        - State has similar weatherization program but very backlogged so hard to get your work done…
        - On-bill financing program is also legislatively mandated
        - Collection nightmare because they have to provide up to $10 million in loans AMEREN could be on the hook for if they fail to pay

- **How does LIHEAP enrollment work?**
    - In Illinois there is a priority period for LIHEAP so Sept is seniors only, in October it opens to people with disabilities and small children, then in Nov. to general population
        - So majority of customers are seniors who pay the utility bill before grocery or healthcare bills
    - Limit on how many PIP customers the agencies can support -- administrative cap

- **How could LIHEAP enrollment change to better target those most in need? What other demographics who could more benefit from being enrolled first?**
    - People in disconnect-reconnect cycle
    - When stopped PIP due to funding Ameren left people on AMP
        - Found that no one could pay full budget billing
            - When people can't pay all of bill they don't even pay part of it
        - Budget billing -- state pays a piece, customer pays a piece -- how program is funded (?)

- If they’re only paying part -- state makes rules about how long they can be kept on program -- 15 days late, 30, **45 days** late -- 5-7 days more before someone is dropped from program
- If the customer is enrolled in PIP and has an arrearage to start with, will automatically be enrolled in AMP
    - Any balance at time of enrollment is set aside
    - Next bill starts monthly obligation

Interview with Penni Conner

Contact Information:

Penelope (Penni) Conner, Senior Vice President and Chief Customer Officer
Eversource Energy Co.
247 Station Drive
Westwood, MA 02092
Phone: (781)-441-8526
Penelope.Conner@eversource.com

Interviewers:

Sarah Dohan
Shubha Ganesan

Date of Interview:

April 25, 2017

Articles of Interest by Penelope Conner

- http://www.elp.com/articles/print/volume-93/issue-6/columns/forgiveness-can-lead-to-self-sufficiency.html
- http://www.elp.com/articles/print/volume-93/issue-5/columns/arrears-management-can-be-a-win-win.html
- http://www.elp.com/articles/print/volume-94/issue-1/columns/arrears-management-program-best-practices.html

Interview Transcription

- **Can you tell us more about the formation and development of Eversource's AMP?**
  - In 2005 or 2006 the MA Regulatory Dept wanted to fundamentally transform how to handle arrearage management

- Previously eastern Mass had an AMP due to a settlement case in which utilities were given a large sum of money to have arrearage forgiveness programs. This worked as a pilot case for the statewide AMP mandate, as the Regulatory Department saw its success and wanted to broaden its impact
- Low income advocacy groups and representatives from utilities worked together on guidelines for AMPs and then utilities designed programs to meet the guidelines
- In 2012 - NSTAR (who Penni previously worked for) merged with Northeast Utilities and formed Eversource
  - In the process, Eversource had to combine three different AMPs (two in MA and one in CT) and make them as similar as possible, despite varying regulations by state

- **What has changed about the AMP since its development?**
  - Today the process is much more automated
  - More forgiving of customers now
    - Customers are now no longer immediately kicked out of the program for failure to pay

- **What makes Eversource's AMP successful?**
  - Eversource partners with CAP agencies
    - Eversource recognizes that arrearage forgiveness in and off itself cannot help customers remain financially sound. Instead, it works with CAP agencies to ensure that clients have access to other services (help with budgeting and managing money, etc.).
  - Forgives arrears over a 12 month period,
    - Faster is better, but customer has to demonstrate that they can pay that minimal monthly usage (so you need to have at least a calendar year)
  - Give all low-income households a discounted rate
  - Ensure that consumers feel they have power to become self-sufficient

- **What determines customer eligibility?**
    - Much more automated - If consumer is on low-income rate and has arrears then the service is available
    - Low-income advocates on Eversource’s staff to connect with CAP agencies to facilitate best practices

- **You mentioned in one of your articles that some utilities might share administration of the AMP with Community org’s. How common/feasible is this? How exactly would this shared administration take place? Would it be exclusive to enrollment, or do you imagine org’s taking an even stronger role in administration?**
    - CAPs don’t do administration but they do help with enrollment
    - CAPs used to do more to help with enrollment but now it’s automated so they can focus their resources on awareness
    - If a consumer enters CAP agency and asks for assistance they will automatically be enrolled in low-income rate when CAP agency notifies Eversource
        - Digital transfer of files makes this process automatic and simple

- **Would you suggest programs allow applicants multiple re-entries if they fail to meet the program's standards?**
    - Eversource allows customers to enroll either two or three times
    - For them to provide forgiveness every month, they need to pay their actual bill for that month
    - The winter moratorium is designed to work as a safety net but instead it often supports bad paying behavior
    - People need to learn new behavioral traits in order to figure out how to pay over a long period of time

- **What would you say are some of the most difficult challenges N-Star and then Eversource faced when putting together their AMP?**

- Much needed conversation about level of support community is willing to provide
- Eversource emphasized the ancillary benefits for utilities
    - Fewer disconnects so not as many trucks needed
- MA succeeded in large part because there was some available body of money to use for this pilot AMP due to the earlier court ruling
    - Most states are not this fortunate
- Not all states believe in this system of cross-subsidization
    - NH, for instance, with its Live Free or Die motto
- During the 2008 financial crisis more people needed temporary support, and this was there to help people
    - Reminder that AMPs aren't just there to "help" people who want to "play the system"
- Low-income discount rate + reminders to pay + encouragement to pay = success stories of AMPs

- **What advice for creating AMPs would you give to smaller utilities?**
    - If it's a co-op, are all members willing to take on this to support all of their members?
        - Citing culture of NH -- "live free or die"
        - Is it a social cost we should take on?
        - Think of the ancillary benefits (reduces bad debt, fewer truck rides for disconnects, etc.)
    - Emphasize that it is a small cost to all to cover the situation with most vulnerable
    - Charlie Herrick can provide data to back this up
- **What other resources should those in an AMP be provided?**
    - Surround-sound of services: energy-efficiency/weatherization
        - In MA, consumers are connected to CAP agencies
        - Low-income -- no co-pay
        - Another social cost that has a very strong business case
        - Co-op doesn't have weatherization programs because they don't charge

customers for the cost to maintain programs

        - MA has very robust energy efficiency programs so this is easier for Eversource

- **What do you need to create a successful AMP?**
    - Need discounted low-income rate (35% in MA)
    - Participate in energy efficiency programs to minimize waste/usage
    - 12 month program to demonstrate they can cover monthly usage
        - If they miss a month they can make it up (pay two months the next month)
        - Especially important in states with winter moratorium - some customers are not used to paying 12 months/year because they simply don't pay in the winter, knowing they won't be cut off
    - Social programs are not just a cost if you do it in the right way
    - For co-ops to effectively do an AMP, she wonders if they'd need to aggregate together (kind of like insurance does)
    - Deal with the issue of small populations
        - VT has a much smaller tax base than MA and at times there can be too small a population to tax

Interview with Roger Colton

Contact Information:

Roger Colton, Boston Office Director, Public Finance and General Economics
Fisher, Sheehan & Colton
roger@fsconline.com

Interviewers:

Maheyaar Barron
Sarah Dohan
Shubha Ganesan
Krist Karlyson
Karma Lama

Date of Interview:

4/20/17

Interview Transcript

How are you involved with AMP's? How do you see them as possible solution for energy crisis?

- He's been working with AMP-type program for 30ish years.
- Earlier, he was a staff attorney with NCLC in Boston.
- Roger was one of the if not the primary proponent of bill affordability programs (percentage income plans): Sets bills equal to an affordable percentage for low income customers.
  - Relevant to AMPs because quickly became evident that it didn't make sense to make bills for current usage affordable if people weren going to have unaffordable total bills because they had to pay off prior arrearages.
- The reason low-income folks get into debt is because they can't afford to pay for current service.

- The existence of arrears is a manifestation of current unaffordability.
- AMP's originally called "Arrearage Forgiveness" --shows the switch to longer term bill management?
- AMP's are for customers whose bills are unaffordable on a forward looking basis because of preexisting arrears.

Can you tell us more about the work you've done with Arrearage Management Programs? (It seems like he was more on program design/legal side?) -- So were you creating AMPs at NCLC?

- He works on a national basis -- less work in Massachusetts than he does elsewhere.
- Has worked in 30ish states and 4-5 Canadian provinces.
- Different states need different designs. Some states require that the authorizing legislation include commissions that have accepted that commissions do not need special legislation authorizing an arrearage management plan.
- Credit collection device vs. low-income social policy rate
    - If viewed as a credit collection device, it doesn't have to be passed through legislature.

What conditions in Massachusetts allowed AMP's to be mandated? How could we replicate this in VT?

- AMP's make sense everywhere. There are no special conditions that need to exist. Wherever you have low income household and unaffordable utility bills, AMP's make sense.
- One place where he considered a program, but couldn't make it work because there were too low income households and too few higher income households to absorb the cost was in New Orleans (~20 ya).
- Another prerequisite -- underlying bill affordability program

What are ways to guarantee more long-term success?

- Budgeting workshops aren't going to solve poor people's problems -- many just don't have enough money to pay your bills.

    - 10,000 dollars in bills and 5,000 dollar income, doesn't matter how well you budget.
- Don’t blame the victim.
- Need an underlying bill affordability program that provides a meaningful discount.

Philene mentioned that she saw Percentage of Income Payment Plans as a better alternative to AMP’s since they allow for a more specific discount for low-income energy consumers. However, we’ve also heard that instituting a PIP might be more difficult in terms of the legislation required as well as the administrative costs. What are your thoughts on this issue?

- Firm believer in PIPs.
- Straight discounts aren’t good way to deal with low income utility bills.
    - Meaningful discounts are good place to start, but still not making bills affordable.
- He doesn’t think straight discount is a good idea
    - Throwing money away: Spending money without getting impact.
- Bill affordability program has to be substantive enough to make a difference.

Do PIPs have higher administrative costs?

- He doesn’t think that the administrative costs for PIPs are much higher:
    - Not true, looking at the numbers it is more difficult to set up, but once you are set up you are spending no more money for administration than for any other type of program.
        - Ohio utilities operate PIPs and they spend 2 or 3 or 4 percent of their program budget on administration. This could be compared to the federal LIHEAP program, which gives a single grant based on income levels, and spends 10-12 percent of its program dollars.

What do you mean by more difficult to set up? Just legislatively? Can you talk more about this? How have taxpayers responded to this?

- PIPs are like other programs -- lots of ways to do it.
- PIPs require you to know actual household income -- so if 10 different households are

applying, you need to know the actual incomes of each of those households, because their bills will be a percentage of their income.

- For a straight discount, you only need to know whether the household is low-income or not (yes/no toggle). If they are not poor you don't give them anything.
- The work that goes into making the determination for either of these programs is in taking and verifying the income info from the households in the first place.
- Getting and verifying the info -- work required to do this is identical for both programs
    - Difference: the info you then send to the utility
- Utilities shouldn't be in the business of taking income information from customers-- leave that task to folks who know how to do it (CAPs).
- Once info is attained, it is just a matter of putting it into a computer program and it will be electronically sent to the utility.
- Electronic info will say percentage of income bill for household or say if the household is eligible.
- Process of info collection isn't different than with AMPs, it's just how you use the information.

How could we do this in VT, especially with a non-functioning legislature, many small municipal utilities and co-ops, and a low tax base?

- Small utility exemption.
- When you get below a certain size, the number of people you're helping is minimal compared to amount of money you're spending, the work you need to enter into contracts, the money spent on the programs computers, and the training for staff persons using the programs.
- For very small utilities, a straight across the board discount is the way to go.
- The way you do that is to have two tariffs (done in his Belmont Municipal Utility): Residential tariff (RES tariff) and RES-LI tariff (the former reduced by 25 percent).

Another possibility -- lots of small utilities banding together to make it more feasible? Is that possible?

- Assume that small utilities are municipal.
- Create an inter-utility agreement to effectively become a larger utility.
  - Never heard of it, but could see it working
- PA and mid-Atlantic: Dollar Energy Fund:
  - Contract to run program for small utilities
- If they get multiple small utilities (not familiar with it happening anywhere), he could see it happening.

Are PIPs better than AMPs?

- He thinks AMP on standalone basis is bound to fail if operated outside the context of a broader affordability program.
- Arrearage means customer can't afford bill for current service. Makes no sense to address symptom without addressing underlying problem-- people will find themselves back in the same situation.
- He support PIPs even though he knows other people don't.

What about public pushback because seen as socializing the debt? How to persuade people that this is okay?

- Couple of ways to persuade the public to support these programs:
  - Say it is a social obligation to make home energy affordable (like with water).
  - On the other hand, he tells people that it's really in their own financial best interest to have AMPs in collaboration with affordability program, because utilities will collect more money and spend less in the process of debt collection.
  - In credit collection industry, concept called Net Back:
    - You look at the percentage of the bill that you're actually collecting and subtract the costs of collection from that; what you get is the "net back" -- net financial benefit to entity doing the billing.
    - Better to collect 90% of a $70 bill than to collect 60% of a $100 bill
    - Getting more money and spending less in process of collection.
    - Not an argument that says that savings will offset discount -- they won't

offset the discount (completely): But does recognize that with lower income persons you are not collecting the entire bill to begin with.

        - The assumption that in the absence of the program you would be collecting 100% is just wrong.

- When you start with ($$ that you bill * percentage collected) - cost collection= better off with AMP (more net $$ than if program didn't exist)
- You also make housing more stable -- people move less, spend more on retail spending as opposed to deposits.
- Less homelessness means fewer public dollars being devoted to responding to that issue.
- Health outcomes improve, so the dollars we all pay for for increased costs in the healthcare system are reduced.
- When you have good solid social safety net programs (AMP's and PIPs), it makes a jurisdiction more attractive to business location decisions.
    - Attract business= attract jobs= good for everyone

Interview with Elizabeth Eddy

Contact Information:

Elizabeth Eddy, Community Services Program Director
BROC – Community Action in Southwestern Vermont
60 Center St.
Rutland, VT 05701
802-665-1732
eeddy@broc.org

Interviewers:

Sarah Dohan
Shubha Ganesan
Krista Karlson
Karma Lama

Date of Interview:

4/17/2017

Interview Transcript

- **What do you do?**
  - One of five community action agencies in the state

- **How do you engage residents in conversations about assistance programs? What resources do you provide to encourage people to register/learn about such programs?**
  - Constituents make appointments with BROC, BROC conducts an intake (capture demographic, determine if they need fuel or electricity), determine income (primary eligibility)
  - Income and expense budget for every client

    - Makes referrals to weatherization
    - For crisis fuel screening, would determine if electricity runs the client's furnace
    - Do high(?) utility applications through weatherization dept
    - Then review bill and make contact with GMP
        - Contact company to find out what minimum is needed to pay to avoid disconnection
    - Usually half, if client will make a payment plan -- but it's not formulaic, can differ
    - If they have funding at that time of year ,issue funds and pledge funding to GMP, would speak on phone with GMP to create any required payment plan, then they do their own paperwork purchase order
        - Just for electrical heat

- **We know that BROC helps residents apply for seasonal fuel assistance. Do you think most of these people would be able to apply on their own? How do you guide them?**
    - Both reach out to clients and clients come to BROC
    - Outreach especially to clients eligible for crisis fuel but not seasonal fuel
        - Not serving upper-end regarding client income, so trying to reach a broader spectrum of client income
    - Tend to serve clients in lower income brackets -- most clients are well under 100% of federal poverty
    - Past 2 years, CAPs haven't been using all their funding, attributable since 1) clients receiving larger amounts crisis fuel 2) lower fuel prices 3) warmer weather than usual
    - No seasonal fuel unless they receive electric heat -- electrical remains an area of high demand; most clients don't have electric heat
        - If oil customers can still need electric to operate system?
- **Do people tend to re-enroll in AMP?**
    - Very common

- For power partners, must come in before disconnection happens
    - Not available for clients on energy assistance program
    - Power partner provides some arrearage assistance, BROC provides ¼ arrearage assistance
        - When ¼ forgiven, BROC pays ¼ then BROC helps client apply for EAP
        - Maximize the benefits to client
        - Paying electrical bill is not a priority for most clients
        - Clients avoid these bills when they become enormous
- Lots of clients continue to fall behind even after receiving aid
- Crisis: Last Monday in November through end of April? Lots of money for aid with disconnections -- after this, no money for aid, companies begin pursuing these bills
- April 15-30, can only help with metered heat
- May thus involves lots of disconnects
        - Arrearages catch up with people
- Legally GMP can disconnect anyone at any time, but in reality they won't during the winter moratorium months
    - They usually don't, but they will in May
- Most electrical assistance money (or all of it) geared towards heating programs

- **Funding?**
    - Liheap is federal but through state
    - Some goes to crisis fuel which is administered by Community Action Programs
    - Various discretionary programs (wheels for warmth, etc)

- **Why do people fall behind on their bills even after receiving assistance? How can we change this?**
    - Bills exceed income and so these people must decide which bills to pay
    - People have a limited amount of money and because there's electrical assistance

available they tend to rely on social agencies for these bills and prioritize other bills
    - Unless it's the winter, electricity is not an essential - you CAN live without it
    - Usually, these bills aren't prioritized/part of the bills they pay
    - There are also people who live in the dark for a few months every year -- go to other people's' houses to shower, etc. -- people will live without electricity
    - These bills become really really high and aren't manageable for clients or for social work agencies to intervene with-- the PSB and regulations that utilities must adhere to have made it clear that their hands are tied
    - She's seen a $10,000 bill
    - This population tends to be transient and when they move they leave their electrical bill but when they get a new home arrears return
    - Follow benefit cycle-- know when they can benefit from each program-- "kick the can down the road"
    - Bills are never fully addressed -- and they're high -- you don't see people with $43 bills, you see people with $4300 bills
    - Environmental factors
        - Greater unemployment, more people in a home - then the bills are higher
    - Space heating is one of the biggest contributors to large bills, even though people buy them bc cheap upfront
        - $200 to $400 each month
    - Payment system: both BROC and client are expected to pay
    - Sometimes BROC has been only payer on bill to GMP (client never pays…)

- **Has BROC considered merging its weatherization and energy assistance programs? How do the two different programs work in tandem?**
    - So you refer customers with high usage to weatherization programs?
        - What's the process like for helping people reduce their bills?
    - Efficiency coach is more geared to help with electrical
    - A lot of people tend to be concerned that they're paying for electricity use….?

        - Old houses, wiring suspect
        - People don’t realize just how much electricity they’re using so they blame other people
        - “People find it a mystery”
    - Simple counseling for weatherization (clothesline, space heater, etc.)
    - But Weatherization Dept. has energy efficiency coach that goes to homes and points out ways to save energy and reduce bill
        - If household qualifies for whole house weatherization, then energy auditor comes
        - To save on Fuel not electrical
    - Make many referrals to Weatherization but don’t work directly alongside them

- **Are there people in the service area who are aware of programs but don’t enroll?**
    - Probably
    - Some people don’t want financial assistance - pride
    - Some eligible people don’t think they’re eligible and so don’t seek help
    - People tend to use BROC for financial assistance
    - Lots of people are very well-served

- **Do you provide financial counseling services?**
    - Not a great deal of interest in that
    - Any time there is financial assistance, less motivation for behavioral changes
        - Sometimes there actually aren’t ways to change because of fixed income
        - Anxious to find help in a crisis but when it’s over they stop
    - They provide financial assistance so people see them as having solved the problem, feel like they don’t need to do the workshops
    - Also some people can’t make changes; they can’t earn more money
    - Payment plans; most people eager to do it, but stop after they don’t need it; tend to live in permanent state of crisis
        - Payment plan is customized to client

        - ½ from BROC, ½ from client - GMP must agree to it though
        - GMP doesn't make payment plans as readily if client has reneged before

- **Other financial assistance models? PIPS? What could be done differently?**
    - There could be improvement -- biggest would be ensuring this is addressed before bills become astronomical
    - Not necessarily more assistance -- has to come back to clients and intervening earlier to ensure clients take this on, maybe with assistance
    - If someone has already gotten to AMP they've done all they can do
    - Want a better option but don't seem to know what exactly this would be?
    - Most of these programs, EAP, power partners, etc. are new in past 11 years'
        - So probably there will be more forthcoming changes

- **Do you have any questions for us?**
    - The electrical is one of the hardest things for them to work on bc more assistance for fuels but electrical is becoming such a big problem
    - **Talk to fuel coordinators across the state -- Bobby Arnell compiles all the data from CAPS**
    - Data from fuel office
        - Bobby Arnell
            - Compiles data from all CAPs

- **Do you connect people to GMP's AMP?**
    - Yes
    - Work with power partners, employee assistance program, and, when available, arrearage assistance
    - Especially because of temperatures recently, requests for electrical assistance have been nearly equal to or exceeded requests for fuel assistance (like oil)
    - Always exploring new/available options
        - Varies based on year

Interview With John Howat

Contact Information:

John Howat, Senior Policy Analyst
National Consumer Law Center
7 Winthrop Square, 4th Floor
Boston, MA 02110
617/542-8010; mobile 617-212-9664
www.nclc.org

Interviewers:

Maheyaar Barron
Shubha Ganesan
Karma Lama

Date of Interview:

4/6/2017

Interview Transcript

- **How did you measure the efficacy of AMPs?**
  - There have been many program designs that have been proposed, but never implemented.
  - Different types of AMPs, different program designs, different approaches that have been adopted and implemented over time
  - 2 main categories of AMPS: Both models recognize that the lack of sufficient income makes it hard to make ends meet, and that utility affordability is necessary to help those households stay connected to vital services.
    - Category #1: Program participants arrearage completely written down in one fell swoop
      - Administratively simpler, designed in recognition of the reality

that low income bill paying assistance needs to be comprehensive in nature.

            - Administrative costs are very low (wipe out all arrearage in the system).
            - Massachusetts has preferred this approach, as well as GMP.
    - Category #2: Arrearage whittled down over time (monthly or quarterly increments) (1 to 2 year period).
        - More prevalent model.
        - Behavioral approach -- This is aimed at changing people's' spending behaviors in the long term, by incentivizing them to meet the monthly payments.

        - **Is this approach more successful in the long run?**
            - Depends on your definition of success. There are a lot of ways to look at success:
                - Participants' perspective -- extent to which disconnects are reduced and participants can have uninterrupted affordable service
                - "Home energy security" of participant
                - Lowering energy burden and lowering the rate of service disconnection = successful program.
            - He's suspicious of current behavioral economic thinking:
                - Many households are without the money to pay for the bills, and behavioral economics is not really considering this base issue.
                - Problematic to assume that spending behaviors are the most pressing problem.
                - You can provide all the incentive you want, but it doesn't change the fundamental dynamic.
- If you just write down the bad bills without looking to help with affordability in

the future, households will just end up right back to where they started from.

    - **Why would a program be designed so that participants take longer to pay off their bills (a longer program time frame)?**
        - From the utility's perspective, they want to reduce uncollectible accounts, costs associated with credit and connections, and increase the proportion of total bills paid by all customers.
    - Bill Coverage Ratio
        - How much of the bill is being paid by the low income households.
            - Before, after, and during participation (looked at to measure effectiveness).
            - With other model (forgiving all at once), look at reductions in administrative costs.
    - In VT, there was AMP already: It was one of the wipe out all the arrears models.
        - So the reductions in administrative costs make up for the lost payments?
            - Could look for data on reductions in disconnections

            - **But, we don't have good data. Is this common?**
                - Have to get info through legal route.
                - Or get someone they have to pay attention to to get the data for us, someone at the regulatory commission or another stakeholder.
                - He asks if we'd talked to Philene.

- **Is it feasible for municipal utilities to run AMP?**
    - Consumer protection structures that are helpful to low income households are also difficult for these smaller utilities.
    - Staffing issue is very real for small municipal/co-op companies
    - Smaller utilities could potentially join together so as to gather the resources for the administrative costs of such programs.

- If committed to a “less punitive” approach
- When he and Philene were looking to get low-income discounts, they heard that if you don’t pay energy bills for small companies they put a lien (can lose the house) on your house.

- **Thoughts on re-enrollment/what happens after completion of the debt payment?**
  - Reenrollment is a common occurrence (or more the need to re-enroll).
  - If there isn’t a bill payment assistance program that deals with current bills...and the benefits aren’t sufficient to keep bills affordable, there are issues.
  - In the instances with VT and NH one-time write-down approach, not ongoing
    - So model 1 is usually periodic or one-time basis.
  - With the other programs, eg in Mass, with paying off over time, there are limitations imposed by companies for getting back into the program
  - Down payments: Some programs have high down payment requirements that serve as a barrier to participation.
  - Repayment term: If it takes a customer a long time to write down/get rid of their arrears, not gonna happen, need a faster time frame (i.e Rhode Island).
  - Gradual/volatile cash flow of low-income households -- due to loss of pay, illness, etc. hourly wage, lack of steady employment.
    - Therefore maybe not be so harsh on sudden missed payments. Needs to be the ability for the renegotiation of terms.
    - At worst must make up your back payments and then continue on.

  - **Is there one program that really stands out in this regard? With easy renegotiation?**
    - EverSource utilities in CT and MA do a good job with this.
    - Penny Conner is executive vice president -- he’s emailing her.
    - If she can’t talk, she can get us in touch with someone else.
    - She has actually written some short articles on the subject (we should check it out).
      - Understands both company’s perspective and utility’s perspective

- **Thoughts on PIPs?**
    - He is a big fan of PIP's.
    - A straight discount/flat rate discount doesn't really target the pool of benefits among participating low income households in an elegant way. Can address this problem by implementing a tiered discount (different benefit level according to your income) (3 to 4, etc.).
        - Tiered isn't quite as targeted as a PIP.
    - PIP -- look at income and expense from each participating household and target benefit level -- they get specific benefit level to achieve target energy burden level
    - Burden would be proportion of income dedicated to home energy bill
    - IF electric only, maybe target burden level of 3%, look at econ circumstances of indiv household and provide customized discount based on their regular bill
        - BUT, admin is complicated and costs are high for a tiered discount.
        - More individualized, requires people(not man)power.

    - **How does legislation tie into this? Would a PIP be possible in VT given legislative process/current legislation?**
        - Could have it right now given the current legislation/ statutory provisions that exist.
        - No prohibition against altering the existing straight discount program and turning into tiered discount or PIP.
        - He and Philene originally wanted one of the two (tiered discount or PIP) in VT, but there was too strong of a pushback from stakeholders, especially utilities.
            - Sort of a tactical decision -- went with what they felt they could achieve politically
            - You can come up with what you think is the optimal program design, but others might still push back!

            - **Has the political environment changed since then?**

        - Program has been operating for 8-10 years
        - You can always go back

- **What are some elements of a successful AMP?**
    - **What are the key takeaways you have on what works in an AMP? You mentioned no downpayments, more flexibility with re enrollment, tiered reductions, etc. Is there anything else you didn't mention?**
        - Have to be flexible, have to be able to modify the program based on the experience of implementing it.
        - If you administer/design/ and implement it based on the understanding of why people are late for paying their bills rather than looking at it through a punitive lense, the program will run a lot better.
        - Those who are late are viewed in a negative light: Trying to game the system, irresponsible, mismanaged their money (poverty shaming/lack of trust in the poor).
            - This attitude will definitely fail.
        - AMP's won't succeed for all low income consumers- some in such a bad state they can't pay discounted bills consistently.
        - Every month a customer participant participates successfully, should be viewed as a success (shorter term goals and more understanding).
        - Number of successful payments should be a metric. How you measure success is really important.
- **Describe the pushback surrounding mandatory AMPs in MA, and how legislators overcame it.**
    - **Do utilities actively take this on or do they fight it?**
            - They had a pilot AMP 15 years ago.
            - Companies saw it was good for them, that it didn't hurt them.
            - They were pretty much on board.
            - Attorney General's Office -- general consumer advocate -- NCLC goes and talks to all the utility companies and tries to make sure

program benefits are consistent across the state, through these meeting have learned about what is necessary to be successful.

- Started with energy efficiency programs (pushed by low income advocates)
- They've long had a discount program -- in late 90's with deregulation/electric restructuring bill, locked in discounts
- AMPs came later -- have been able to lock those in, but would have to check to see if they're in statute, or just in a Department of Public Utilities order.

- **Who is paying for the discounts?**
  - Money comes from all ratepayers (Massachusetts).
    - 25% rate (flat rate) (?).
    - Utility bills are adjusted to reflect amounts.
    - Industrial customers, commercial, residential customers.

  - **Ratepayer pushback? Seen as paying off other people's' debt? Is there any way to get around this, or is this always there?**
    - That always comes up.
    - Less of a problem in MA because of their long history of upholding a universal service ideal.
    - Don't get as much pushback in MA as in other states.
    - But there is ideological pushback etc.

- **What about 3rd party reviewers like APPRISE?**
  - Third party evaluations are useful if they are designed well. If not, could be destructive. Someone like Philene or NCLC should design or participate in the making of the evaluation.

Interview with Andy Meyer

Contact Information:

Andy Meyer

Efficiency Maine

Residential Program Manager

andy.meyer@efficiencymaine.com

Interviewers:

Maheyaar Barron

Sarah Dohan

Shubha Ganesan

Krista Karlson

Karma Lama

Date of Interview:

04/20/2017

Interview Transcript

Background info to understand prior to interview about EMT's role in AMP:

- *Upon enrollment, the utilities send EMT energy use information (including interval data, where available) on the participant. EMT then sends the customer an energy usage assessment, along with a list of energy saving tips, a list of relevant programs and resources, and an offer for energy efficiency measures (LEDs, low-flow showerheads, aerators) that EMT will deliver, at no cost to the customer, upon request.*
- *When people apply for Central Maine's Power AMP they are asked if they've participated in any Efficiency Maine weatherization programs. Have most people done so, and how does this impact their application?*

Can you provide some background on AMP's in Maine? How does Efficiency Maine work with customers in Arrearage Management Programs?

- The AMP's in Maine were not created as part of any energy efficiency programs
- Maine's Public Utility Commission (a regulatory body) created the AMPs
- They were created to help people get current on their bills, as well as to help all ratepayers, if one person fails to pay not everyone else has to pick up the tab. (or is this not the case?)
- After the utility (or sometimes Community Action Agency) enrolls customer in AMP, Efficiency Maine sends customers a list of energy savings tips that relate directly to their profile (they know what their home and energy use looks like) and a list of resources of other relevant programs
    - Efficiency Maine (EM) is then able to send these individualized energy savings tips because the utilities collect data based on AMP application (asking participants if they have central AC, a freezer, etc.)
- EM offers free LED lightbulbs, shower heads, aerators, etc. to AMP participants
- Efficiency Maine's role is restricted to helping with efficiency changes -- not helping people pay the actual arrearage
- EM doesn't actually help enroll customers, but it's usually done by the utility or by a Community Action Agency and the participants are likely reached by phone.
- To enroll, customers need to have an energy assessment conducted by Efficiency Maine -- but since EM does it all, it doesn't ask that much of the participants

How much communication does Efficiency Maine have with energy utilities?

- Efficiency Maine and utility companies don't strategize together, but instead have complementary roles.
- The utility does their part, which is the actual billing process -- EM is not concerned with bill paying but want to help people use electricity more efficiently
- But when someone enrolls, utilities transfer the information to EM
- Then EM reaches out to the customer and shares their DIY measures
- The utility company is trying to sell more electricity; there are "no hard feelings", but

they just don’t have the same goals as EM. However, they still have a good working relationship.

Some of the utilities with AMP’s that we contacted have had trouble because of a lack of data about customers. Do you have any comments on this?

- He would be surprised if any utility in the country doesn't know exactly how much each person owes, though information given by the utilities is “highly confidential”.
    - Utilities might not be able to share the information with a group of students, or publicly -- customers would be touchy if their info was shared, and it’s probably against regulations.

What do you think is working especially well with Maine’s AMPs?

- The Office of the Public Advocate reached out, worked with Efficiency Maine to think about how to change usage
- It helps to know each customer’s profile (again relating to that secure communication between the utility and Efficiency Maine)
    - The Public Utilities Commission ordered utilities to disclose all low-income people in state. Even without AMP, know who MIGHT struggle to pay bills and can reach out
        - Now also, with AMP, know who exactly is failing to pay

What are the efficiency measures being used the most by customers?

- He’s pretty confident that the LED light bulbs are being used
- Changing people’s behavior re. Energy usage is much more difficult, and he’s unsure that it will work
- Most people use the efficient showerheads and aerators, and he’s confident that these will save money and energy

Have you received any feedback from participants about what they liked and didn't like about the program?

- EM conducted a pilot study of these energy efficiency measures (aerators, etc.), and received very high satisfaction levels for DIY/Do it yourself measures.
- Conducted a survey where they spoke to 42 out of about 300 recipients and asked them to rate their opinions on a 0-10 scale -- they had a very high satisfaction rate, with 8.3 as the worst rating and 9.3 as the highest).

One of the criticisms of AMPs we've heard is that it's hard to tell if they are able to really help people in the long term. Do you have any thoughts on how you could measure long-term behavior changes?

- Andy is going to embark on a billing analysis working with the utility company to try to detect savings by comparing people's' utility usage before and after their participation in the AMP.

Do you have information on if/how Maine based its program off of the Massachusetts AMP?

- He'd recommend checking with Tim Schneider, the head of the Office of the Public Advocate
    - Founder of the Maine AMP.
- They did modify the MA program by choosing to directly send energy efficiency equipment to participants -- the benefits of sending kits outweigh the costs 2 to 1
- He wouldn't say that people are more interested in enrolling in the program because of the DIY kits -- they don't receive kits until they actually enroll, so they don't know about the offer until they've already decided to participate in the AMP

Interview With Philene Taormina

Contact Information:

Philene Taormina, Director of Advocacy
AARP – Vermont
Courthouse Plaza
Burlington, VT 05401
802-951-1303
ptaormina@aarp.org

Interviewers:

Maheyaar Baron
Sarah Dohan
Shubha Ganesan
Krista Karlson
Karma Lama

Date of Interview:

4/4/2017

Interview Transcript

- **How does AARP reach out to consumers?**
  - Different states do it differently
  - She recommends looking into NCLC (John Howat)
    - AARP used NCLC to petition board to create low-income discount and AMP for Green Mountain Power
    - Don't advocate AMP over low-income program
      - AMP doesn't make bill more affordable going forward

- **Can you tell us about AMPs in Vermont?**

- VT is the only state north of D.C. that does not have a low-income program
  - Utilities tried to establish one in 80s or early 90s but regulatory board said they didn't have the statutory authority to do so
    - Had to change the law to allow the board to create a program and then petitioned board to create program
    - Worked with GMP because it was the largest utility
    - VT had largest affordability gap
    - Arrearage was a "sticking point" in the legislature -- some saw it as just means for utilities to collect uncollected debt from ratepayers, but not as something that helped low-income people reduce their rates over time
    - Lots of skepticism over AMP concept -- companies were also skeptical because they couldn't quantify the benefits -- they knew how much overall arrears were, but couldn't tell what percentage of overall uncollected debt for company was due to low-income people not paying bills -- didn't know how much money it would be
      - Never had a vote on the actual type of program because Legislature couldn't get there
- In VT, you entered into the program if you had arrears, got a clean slate, but no help if you got into arrears again afterwards
  - Very limited; only open for the first 3 months (afterwards, wouldn't get forgiven)
  - Extra money so did second round of arrearage forgiveness
  - Now still collecting more money than program using
- Not doing first-time forgiveness any more -- She doesn't know if debt is "wiped out" when customers enroll

- **How do you think bills can be made more affordable going forward?**
  - People still having trouble paying bills despite having arrears

forgiven

            - Discount in VT is only 25% and then efficiency charge is 6% so bill still isn't affordable
            - PIP programs in other states collect from all utilities and put in one pool and then distribute to all residents who need it
                - Harder for utilities to administer
                - Customers don't necessarily want to be subsidizing low-income customers from other utilities
                - 76% of ratepayers in VT are with GMP

- **Where does funding come from?**
    - Wanted all classes of customers to pay (industrial, residential, businesses) but majority comes from residential based on their meters
        - Meter fee (proportional to income) funds the program
        - IBM as a business uses a lot of electricity but pays a lower rate
    - Health and safety reasons to stay connected to grid
    - States with PIP programs give people with biggest bill and lowest income the biggest discount → has a better discount particularly for low income
        - Very difficult to administer
        - Not feasible in VT
    - Split-incentive: under VT program, low income renters would get flat 25% discount -- but in a state with more complex system, would get bigger discount
    - Debate over what constitutes affordability
- Faster someone can pay off arrearage the more likely they are to succeed
    - Shouldn't drag it out
- GMP just filed, program is reviewed every year and tweaked
    - Didn't want people to crank up heat because they had a lower bill from being in the program
        - No evidence to support this

        - In order to appease that concern originally limited discount to first 600 kWH
        - Going to try to change this going forward

- **Why do so many companies seem to have longer duration AMPs (12+ months)? Is there a business case for this?**
    - The NCLC study looked at different time periods and found people are more successful when given a shorter time period to pay
        - High arrearage means higher payments
    - If the bill isn't affordable and the discount isn't making it affordable, consumers will get into the same problem as before
    - GMP pilot program on low-income discount was part of process
        - Was a 15% discount but they had to raise the discount because it was too low and people didn't think it was worth enrollment
        - Right now it's a 20% discount off first 600? KWH of monthly bill

- **It seems like the Legislature has been an obstacle in establishing these programs. Do you see a way to resolve this, especially given the current political climate?**
    - A lot of states in Northeast created these programs during deregulation so didn't have to go through legislature (they were negotiated deals)
    - Don't necessarily need to go through legislature because statute allows companies to create AMPS
    - People see AMP as a tax
    - Don't want to feel like they're paying off other people's' debts

- **Did people feel like they were benefitting from the program?**
    - Usually they tell Community Advocacy Programs (CAPs) like FuelUp rather than AARP
    - Most people feel like they're being helped

    - LIHEAP eligibility threshold had been 120% of poverty -- at state, changed to 150%
        - Nervous about opening up the law because you might get unwanted changes...

- **How are CAPs reaching out to people to enroll them?**
    - AARP doesn't do advocacy but they did advertise when it started
    - They don't provide a service, so they don't have direct interaction with people who might enroll
    - State fuel offices that enroll people in LIHEAP ask if you're a GMP customer and ask for a bill
    - Philene thinks it should be auto-enroll
        - People won't lie about their income
            - Government should trust their citizens
            - It would be helpful if fuel and electrical help had same eligibility requirements so that you could fill out one set of paperwork
    - CAPs should offer people who meet 150% of poverty eligibility standards the option of enrolling (if they are GMP customers)
    - Department of Public Service never really came around to believing in/supporting the program

- **What requirements does AARP believe should surround AMPs? Who should be eligible?**
    - Everyone in the AARP efficiency program is eligible for AMP
- **How do you think we should measure affordability?**
    - **Not sure, but look at PIPS** (Percentage of Income Payment Plan)
        - Look at actual income and usage
        - Roger Colton - lawyer in Boston
            - Fisher, Sheehan, and Colton

            - Noted for creative program design and implementation within tight budget constraints
            - Previously worked for NCLC

- **What are other state branches of AARP doing?**
    - Other states' offices do work to improve these programs
    - New Jersey created a great program before VT did
    - States work with whoever administers low-income programs, utilities, try to communicate with community or tweak program if they have to
    - Doesn't know if all of them have arrearage programs, but she thinks most prob do

- **Anything you'd recommend we look into?**
    - APPRISE could review VT low income program
    - Really hard push in VT
        - Legislature is part-time
        - Not as much policy expertise in VT legislature as in other states
        - There are bills that tried to set up PIP programs in VT but legislature couldn't pass it
            - Partly because it was a stand alone program not a negotiation
                - Maybe we should try to pass AMP as part of a larger program?
    - Other utilities in VT getting on board but it's hard to get through legislature
    - AARP will no longer be filing any more petitions for other utilities

We have neither given nor received unauthorized aid on this project.

Maheyaar Barron

Sarah Dohan

Shubha Ganesan

Krista Karlson

Karma Lama

Appendix 2

Vermont Public Utilities Commission

Order Opening Workshop to Discuss

Issues Related to PUC Rule 3.300

Disconnection of Residential Electric, Gas and Water Service

(Case 17-4999-INV)

November 22, 2017

112 State Street
4th Floor
Montpelier, VT 05620-2701
TEL: 802-828-2358

TTY/TDD (VT: 800-253-0191)
FAX: 802-828-3351
E-mail: puc.clerk@vermont.gov
Internet: http://puc.vermont.gov

State of Vermont
Public Utility Commission

To: Vermont electric distribution utilities, Vermont Public Power Supply Authority, Vermont Gas Systems, Inc., PUC regulated water utilities, Efficiency Vermont, Vermont Department of Public Service, including Consumer Affairs and Public Information division ("CAPI"), Vermont Agency of Human Services, Vermont Office of Economic Opportunity, Vermont Low Income Advocacy Council, Vermont Public Interest Research Group, Vermont Legal Aid, Inc., Champlain Valley Office of Economic Opportunity ("CVOEO"), BROC-Community Action in Southwestern Vermont, Capstone Community Action, Southeastern Vermont Community Action, Inc. ("SEVCA"), Northeast Kingdom Community Action, Vermont AARP, Community of Vermont Elders ("COVE"), Central Vermont Council on Aging, Age Well VT, Council on Aging for Southeastern Vermont, Southwestern Vermont Council on Aging, Northeast Kingdom Council on Aging, Capstone Weatherization Office, Champlain Valley Weatherization Service, SEVCA Weatherization Office, BROC Weatherization Office, NETO Weatherization Office – Newport, NETO Weatherization Office - St. Johnsbury, Agency of Human Services Field Service Directors, Fuel & Utility Assistance Program Director at Economic Services at Vermont Department for Children & Families, and Office of Economic Opportunity at Vermont Department for Children & Families.

From: Vermont Public Utility Commission

Re: Workshop to Discuss Issues Related to PUC Rule 3.300 -- Disconnection of Residential Electric, Gas, and Water Service (Case 17-4999-INV)

Date: November 22, 2017

The Vermont Public Utility Commission ("Commission" or "PUC") is planning a workshop to explore and discuss issues and concerns related to PUC Rule 3.300 (disconnection of residential electric, gas, and water service) as well as preventative measures that might be employed to help reduce the number of service disconnections for non-payment. In advance of such a workshop, the Commission is soliciting comments from interested persons with respect to issues or concerns related to the Rule, its interpretation, and application, as well as more general issues associated with the non-payment of bills for essential utility service and disconnections of such service.

The Commission expects that the workshop process will, at minimum, clarify procedures and standards for disconnections, and also envisions possible proposals to amend Rule 3.300 that may be followed up in a formal rule-making proceeding. The Commission also anticipates that the workshop process may lead to new cooperative approaches among utilities, regulators, social service agencies, and providers of energy efficiency services. A copy of Rule 3.300 is attached to this memorandum.

The Commission requests that any comments or proposals be submitted on or before December 20, 2017, to the Commission (by mail, e-mail, or electronically in this case, 17-4999-INV, through ePUC (the Commission's electronic filing and case management system). Any comments that are submitted by mail or e-mail should reference "Case 17-4999-INV" in the subject line. All submitted comments will be posted in ePUC (Case # 17-4999-INV).

The Commission welcomes comments and proposals on any aspect of Rule 3.300 and the disconnection process, but has thus far identified the following matters that it would like to have addressed as part of the workshop process:

• whether the Commission should expressly enable utilities to remotely disconnect customers, and, if so, in what circumstances and subject to what notice, standards, and procedures;[1]

• the use of physician's certificates by customers to prevent disconnection,[2] and the consideration of appropriate standards and processes the Commission should use in its own determinations under the Rule;[3]

---

[1] *See* following excerpt from PUC Rule 3.306.

> When service is disconnected at the premises of the ratepayer, which shall include disconnection at a pole at or near the premises of the ratepayer, the individual making the disconnection shall immediately inform a responsible adult on the premises that service has been disconnected, or if no responsible adult is then present, such individual shall leave on the premises in a conspicuous and secure place a notification advising that service has been disconnected and what the ratepayer has to do to have service restored.

The Commission has expressly allowed for remote disconnection of electric customers, on a case by case basis at the request of a utility, when the personal safety of an employee is at risk. By memorandum dated February 12, 2016, the Commission requested additional information from Vermont electric distribution utilities regarding incidents of threatening behavior by customers toward distribution utility employees. A copy of such memorandum and the responses from the distribution utilities and the Vermont Department of Public Service to the Commission will be uploaded and posted in this case in ePUC.

[2] Among other exceptions, Rule 3.302(B)(5) provides that :

> Disconnection shall not be permitted if: . . . (5) the disconnection would represent an immediate and serious hazard to the health of the ratepayer or a resident within the ratepayer's household, as set forth in a physician's certificate furnished to the company. (Notice by telephone or otherwise that such certificate will be forthcoming will have the effect of receipt, providing the certificate is in fact received within seven days.)

See, also, Rule 3.301(D) for a definition of "physician's certificate" and limitations on the use of physician's certificates.

[3] A "written order of the Commission" is required for the use of a physician's certificate to prevent disconnection or cause reconnection for any period beyond "two consecutive 30-day periods" or "three 30-day periods" in any calendar year.[3] *See* Rule 3.301(D).

• the actual practices of utilities, depending on the circumstances, in accepting payments to prevent disconnection of customers in amounts that are less than the delinquency amount shown on the disconnection notice;

• the actual practices of utilities with respect to the disconnection of customers for non-payment during the period from November 1 to March 31;[4]

• the early identification by utilities of high-usage residential customers participating in low-income energy assistance programs so that such customers may be targeted for energy efficiency services;

• in its review of monthly utility disconnection reports, the Commission notes a significant percentage of utility customers (for financial or other reasons) pay their utility bills only after the receipt of a disconnection notice; the Commission seeks further information, comments, and proposals concerning this practice.

Attachment: PUC Rule 3.300

---

[4] *See* Rule 3.304 (winter disconnections). The Commission is interested in learning from electric, gas, and water utilities about their actual winter disconnection practice and the number of winter disconnections that take place under the existing rule during this period.

3.300 DISCONNECTION OF RESIDENTIAL GAS, ELECTRIC, AND WATER SERVICE

3.301 Definitions

For the purposes of this rule, the following definitions apply:

(A) Disconnection: deliberate interruption, limitation, or disconnection of utility service to a ratepayer by the serving utility, not including disconnection at the request of or with the permission of the ratepayer.

(B) Delinquency: failure of the ratepayer to tender payment for a valid bill or charge (1) within thirty days of the postmark date of that bill or charge, or (2) by a "due date" at least thirty days after mailing, which date shall be printed on the bill.

(C) Notice: except where otherwise provided or where the context otherwise requires, notice shall mean written notice on a form approved by the Commission, mailed or delivered within forty days after delinquency but not more than twenty days, nor less than fourteen days prior to the first date on which disconnection of service may occur. Where payment has been made by a check or other instrument which is subsequently dishonored, then the number of days between delivery to the utility of the dishonored instrument and receipt by the utility of notice of dishonor may be deducted from the minimum number of days prior to disconnection that notice must be sent, but in no event may that minimum number of days be less than four.

(D) Physician's Certificate: a written statement by a duly licensed physician certifying that a ratepayer or resident within the ratepayer's household would suffer an immediate and serious health hazard by the disconnection of the company's service, or by failure to reconnect service, to that household. The certificate will be valid for thirty days, or the duration of the hazard, whichever is less, and may be renewed once. Use of a physician's certificate by a customer to prevent disconnection or to cause a reconnection is limited to two consecutive 30-day periods and shall not exceed three 30-day periods in any calendar year, except upon written order of the Commission.

(E) Payment of a bill: receipt at the company's business office or authorized payment agency of cash or of a check or other instrument which is subsequently honored.

(F) Business Days: Monday through Thursday, excluding Vermont legal holidays and any other day, when the company's business offices are not open to the public, and any day preceding the day the company's business offices are not open to the public.

3.302 General Rule

Except at the request of the ratepayer or upon order of the Commission, no utility shall disconnect residential service of gas, electric, or water unless payment of a valid bill or charge is delinquent and notice of disconnection has been furnished to the ratepayer, as provided in this rule.

(A) Disconnections for Health or Safety Reasons. This rule shall not apply to any disconnection or interruption of service made necessary for reasons of health or safety of the ratepayer or the general public.

(B) Exceptions. The following exceptions shall not apply to payment(s) of deposits, but shall apply to the general rule of this section. Disconnection shall not be permitted if:

(1) the company bills at least as frequently as once every two months, and the delinquent bill or charge, or aggregate delinquent bills and charges, do not exceed $50.00, provided that this exception may not be used for more than two billing cycles in one calendar year;
(2) the only charges or bills constituting the delinquency are more than two years old;
(3) the delinquency is due solely to a disputed portion of a charge which has been referred to the Commission by the ratepayer or the company, and the Commission has advised the company not to disconnect service;
(4) the delinquency is due to a failure to pay a line extension, special construction charge, or other non-recurring charge except that this exception shall not apply to reconnection charges, or charges for personal visits to collect delinquent accounts;
(5) the disconnection would represent an immediate and serious hazard to the health of the ratepayer or a resident within the ratepayer's household, as set forth in a physician's certificate furnished to the company. (Notice by telephone or otherwise that such certificate will be forthcoming will have the effect of receipt, providing the certificate is in fact received within seven days.); or
(6) the ratepayer has not been given an opportunity to enter into (a) a reasonable repayment plan or, having entered into such a plan, has substantially abided by its terms in accordance with Section 3.305 (A); and (b) in the case of gas and electric utilities, a monthly installment plan for the payment of future bills.

(C) Disconnection of Rental Units. If a ratepayer requests that service be disconnected, the electric, gas or water company must ask whether a tenant resides in the dwelling. An electric, water or gas company may not disconnect a dwelling at the request of a lessor, owner, or agent ("landlord") or because the landlord (as a customer) has failed to pay an overdue amount, if it has reason to believe the dwelling is rented and unless the utility gives notice as described below.

A company must make every reasonable attempt with respect to each potentially affected dwelling unit to deliver a notice three days prior to the scheduled disconnection to at least one adult occupant of that dwelling unit or mail a notice to the tenant of that dwelling unit. In buildings where service to two or more units is to be disconnected because of a landlord's request or non-payment, the utility must also post the notice in a secure and obvious place in the affected building or buildings. The notice must, in addition to the applicable disclosures of Section 3.303, inform the tenant how service can be continued. Notwithstanding the provisions of Section 3.301(C), a disconnection notice containing a newly established disconnection date shall be provided to the tenant at least ten days prior to the newly established disconnection date. If the disconnection is due to the failure of the landlord to pay an overdue amount, the landlord shall be responsible for usage during the additional ten-day notice period.

A utility must offer the tenant the opportunity either to obtain service in the tenant's name or to otherwise assume responsibility for further payment. If the building has a single master meter for the whole building the utility must make arrangements where possible to provide individual meters to separate dwelling units.

Where the wiring and metering arrangements allow, the utility must provide service upon request of the tenant. The utility may not require the tenant to pay any of the bill owed to the utility by the landlord.

If the utility disconnects a household because it is not aware that the household is occupied by the tenant, and the landlord is responsible for payment of the utility bill, the utility must reinstate service upon notification from the tenant. Under such circumstances, the utility shall not require advance payment of any deposit, and the customer shall have the option of paying the deposit, if required, in three equal payments, with one third due in fifteen days, one third due in thirty days and one third due in sixty days.

(D) Budget Billing Plans. Each gas and electric utility shall offer budget payment plans to a customer at a primary residence, as defined in PUC Rule 3.201 in accordance with the following:

(1) The plan shall be designed to reduce fluctuations in the customer's bills due to seasonal patterns of consumption and seasonal rates.
(2) A customer may elect to participate in the budget billing plan at any time of year. A budget payment plan shall be based on the customer's recent twelve-month consumption, adjusted for known changes, including anticipated length of occupancy. If twelve months of billing data are not available for the customer, then twelve months of billing data for the premises shall be used. If twelve months of billing data are not available for the premises, then the utility shall estimate the future consumption over the next twelve-month period. Each plan shall provide that bills clearly identify consumption and state the amounts that would be due without budget billing.
(3) The monthly payment due shall not exceed one-twelfth of the annual estimated bill, or the estimated average monthly amount for customers who expect to be in a dwelling for less than one year, as defined in subsection (D) (2) of this section. Between three and six months after the payment plan is initiated, the utility shall compare the payment plan bill with projected energy consumption and shall make adjustments necessary to minimize under- or over-payment by the customer. Between six and nine months after the payment plan is initiated, the utility may compare the payment plan with the projected energy consumption and if the difference exceeds 10% of the estimated annual consumption, the utility may adjust the monthly payment amount. Additionally, the utility shall reconcile a customer's budget payment plan twelve months after initiating the customer's plan and annually thereafter either on the anniversary of the initiation of the plan or at a set time of the year as filed in the utility's tariff. If the amount of the deficit exceeds $50, the customer shall have the option of paying any budget plan deficit in twelve equal monthly installments during the ensuing 12 months.
(4) Any customer who applies for the plan and has a delinquent balance shall have the right to pay the delinquency in an extended repayment plan concurrent with the budget plan.
(5) Any customer who applies for budget billing shall be informed in writing that any disputed terms or conditions for such a billing plan may be referred to the Consumer Affairs Division of the Department of Public Service. Notice to the customer shall include the division's address and toll-free number.

(E) Equal Treatment of Payments. A company shall treat all payments made by any person including the ratepayer in the same manner unless the utility receives instructions to the contrary. Payments shall be applied toward the delinquent portion of the account before being applied to the current bill unless written instructions from the customer, a disputed bill, or payment arrangements require otherwise.

(F) Household Rule. A company shall not disconnect or refuse service to a customer due to a delinquent bill owed by another person unless a person owing a delinquent bill, resulting from service to that household, resides in the same household.

(G) Establishment of a Reasonable Repayment Plan. When establishing a reasonable repayment plan, the company shall consider the income and income schedule of the customer, if offered by the customer, the customer's payment history, the size of the arrearage and current bill, the amount of time and reason for the outstanding bill and whether the delinquency was caused by unforseen circumstances.

3.303 Disconnection Notice Form

The notice form required under Section 3.302 and defined in Section 3.301 shall contain the following information:

(A) a statement that the ratepayer's account is delinquent, a statement of the amount of the delinquency, and a statement that service will be disconnected unless:

(1) the delinquency is paid in full by a certain date; or
(2) the ratepayer enters into a reasonable agreement with the utility to pay the delinquency by means of a repayment plan; or
(3) the ratepayer denies the existence of any delinquency in excess of $50.00, submits the dispute to the Commission, and the Commission advises the utility not to disconnect service; or
(4) the ratepayer presents to the utility (or gives actual notice that he or she will, within seven days, present to the utility) a statement from a duly licensed physician certifying that disconnection will result in an immediate and serious health hazard to the ratepayer or to a resident within the ratepayer's household, provided that use of physician's certificate to prevent disconnection or to cause a reconnection is limited to two consecutive 30-day periods and shall not exceed three 30-day periods in any calendar year, except upon written order of the Commission;

(B) the dates and times of day when the utility may disconnect service if the ratepayer does not take appropriate action as described above;

(C) a statement that the utility will negotiate a reasonable agreement for payment of the delinquency by means of a repayment plan and that if, after entering such negotiations, the ratepayer does not believe the utility's terms to be reasonable, the ratepayer may request the assistance of the Consumer Affairs Division of the Department of Public Service in conducting further negotiations;

(D) the name(s) or title(s), address(es), telephone number(s) and business hours of the company representatives with whom the ratepayer may make any inquiry or complaint, and a statement that telephone calls made from within Vermont for such purposes may be made collect or toll free;

(E) the address, telephone numbers, including the toll-free number, and business hours of the Consumer Affairs Division of the Department of Public Service, and a statement that, in addition to providing assistance or advice as to negotiations with utilities, the Division can provide information as to how to submit to the Commission a dispute over the existence of a delinquency;

(F) the itemized cost that may be charged to the ratepayers for disconnection, collection and later restoration of service and, if a deposit may be required for restoration of service, an explanation of how the amount will be calculated;

(G) in the case of gas and electric utilities, if disconnection is to occur between November 1 and March 31, inclusive, a list as annually compiled and distributed by the Department of Public Service, of the names, addresses and telephone numbers of governmental and private agencies which may provide assistance to ratepayers in paying their utility bills;

(H) in the case of gas and electric utilities, an offer to arrange a monthly installment plan for the payment of future bills, provided, that such offer need not be made if the account is for service at premises not used as a principal residence; and

(I) in the case of gas and electric utilities, a statement that service to households with any member aged 62 or older shall not be disconnected between November 1 and March 31 if outdoor temperatures are forecast to fall below 32 degrees Fahrenheit during a 48-hour period beginning at the anticipated time of disconnection, provided that the account holder furnishes advance written notice to the utility that the household qualifies under this paragraph and, if requested by the utility, furnishes reasonable proof of such qualification; and

(J) any other information not inconsistent with the above and which has received prior approval of the Commission.

3.304 Winter Disconnections

No gas or electric utility may disconnect service to any residential ratepayer between November 1 and March 31, inclusive, unless, in addition to complying with all other requirements of this rule, the utility has complied with the following:

(A) the utility shall make reasonable attempts to give the ratepayer actual oral notice of the information required by Section 3.303. If actual oral notice has not been given in any other manner, reasonable attempts shall consist of at least the following: three telephone calls made at least three hours apart to a telephone number provided by the ratepayer for this purpose or, if no such number has been provided, to the ratepayer's number as it appears in the telephone directory or as obtained from directory assistance, and a personal visit to the premises at which service is provided. Actual oral notice given by one of these methods (telephone calls or personal visit) eliminates the need for further attempts by any other method.

(1) The notice required by this paragraph may be given to either the ratepayer or to another responsible adult at the premises where service is to be disconnected.

(2) If actual oral notification has not otherwise been given, at least one of the telephone calls made to comply with this section shall be placed between the hours of 5:30 P.M. and 9:30 P.M. on a business day.
(3) A telephone call to a telephone not removed from service which results in a busy signal or in any other condition preventing communication, or an unanswered call which has not been allowed to ring for at least 60 seconds, shall not count toward satisfaction of the requirement of this section.
(4) The unavailability of a ratepayer's telephone number shall excuse compliance with the requirement to attempt notification by telephone.
(5) If no responsible adult is at the premises when a personal visit made in compliance with this paragraph occurs, a notice containing the information required by Section 3.303 shall be left in a secure and conspicuous place.
(6) When oral notification is given in compliance with this paragraph, in addition to giving the information required by Section 3.303, the utility shall advise the ratepayer or other responsible adult as the case may be, that oral notification is not required to be given in connection with any subsequent disconnection which may occur during the same winter season, unless the utility's tariffs provide otherwise.

(B) If, after complying with the requirements of subparagraph (A), actual oral notification has not been given, then, at least 48 hours before disconnection is to occur, the utility shall report to the Department of Public Service, in writing or by telephone, the ratepayer's name, address and, if available, telephone number. The utility shall be preparedto provide a description of the observations of the person who attempted to give oral notice by personal visit as to whether the premises appear to be occupied.

(C) If the ratepayer has been given actual oral notice during the current winter period with respect to a previous delinquency, compliance with subparagraphs (A) and (B) shall not be required, provided that the utility shall deliver or mail to the premises at which service is to be disconnected (with a copy mailed to the ratepayer's billing address if different) a notice containing the information required by Section 3.303. Delivery is complete (1) if made by personal service, upon actual delivery to the ratepayer or his premises at least 48 hours prior to the disconnection, not counting Vermont holidays, and (2) in the case of notice by mail, by deposit of the notice at any United States post office, postage prepaid, at least four days prior to disconnection, not counting days when the postal service does not make regular deliveries of mail.

(D) (1) Prior to disconnection during the winter period, the utility shall confirm that outdoor temperatures, as predicted by a current National Weather Service (phone 862-2475) forecast for the Burlington, Vt., area, or by another weather service approved by the Public Utility Commission, will not drop under 10 degrees Fahrenheit during a 48-hour period beginning between 7 a.m. and 10 a.m. on the anticipated date of disconnection. When temperatures are forecast to fall below 10 degrees Fahrenheit during the winter period, the utility is prohibited from performing disconnections.

(2) Utility service to households with any member aged 62 or older shall not be disconnected during the winter period if outdoor temperatures are forecast to fall

below 32 degrees Fahrenheit during a 48-hour period beginning between 7 and 10 a.m. on the anticipated date of disconnection, provided that the account holder furnishes advance written notice to the utility that the household qualifies under this paragraph. The utility may require reasonable proof of such qualification under this subparagraph.

3.305 Notice Under Repayment Plan

(A) Notwithstanding the provisions of 3.301(C), when a utility proposes to disconnect service because of a ratepayer's failure to abide by the terms of a repayment plan it shall deliver or mail to the address at which service is to be disconnected (with a copy mailed to the ratepayer's billing address if different) a notice containing the information required by Sections 3.303(A)(1) and 3.303 (B). If made in person, delivery shall be effected at least 72 hours prior to disconnection; if the notice is mailed, it shall be deposited in a United States post office at least five days prior to disconnection. In lieu of giving written notice, the utility may give notice orally, in person or by telephone, at least 72 hours prior to disconnection. Substantial compliance with a repayment plan established under Section 3.307(B) or Section 3.302 (B) (6) shall be demonstrated if the customer has paid at least 75 percent of each agreed-upon payment as due.

(B) The manner of notice provided for in subparagraph (A) shall be sufficient, even in the case of disconnection by a gas or electric utility in the winter, provided that such utility shall have given oral notice of the information contained in Section 3.303 at the time the repayment plan was entered into and provided the terms of the repayment plan were reasonable.

(C) Disconnection resulting from failure to meet the terms of a repayment plan shall occur only after the utility has issued notice in accordance with Section 3.305(A).

3.306 Time and Notice of Disconnection

Disconnection of utility service shall occur only between the hours of 8:00 A.M. and 2.00 P.M. of the business day, specified on the notice of disconnection, or within four business days thereafter between April 1 and October 31, inclusive, and within eight days thereafter between November 1 and March 31, inclusive; provided, however, if a company has available personnel authorized to reconnect service and enter into arrangements on behalf of the utility until 8:00 P.M. of a normal business day, the utility may disconnect service between the hours of 8:00 A.M. and 5:00 P.M. When service is disconnected at the premises of the ratepayer, which shall include disconnection at a pole at or near the premises of the ratepayer, the individual making the disconnection shall immediately inform a responsible adult on the premises that service has been disconnected, or if no responsible adult is then present, such individual shall leave on the premises in a conspicuous and secure place a notification advising that service has been disconnected and what the ratepayer has to do to have service restored.

3.307 Restoration of Service

(A) If service has been disconnected, the company shall within twenty-four hours restore service upon the ratepayer's request when the cause for disconnection of service has been removed or when an agreement has been reached between the ratepayer and the company regarding the dispute which led to the disconnection or when directed to do so by the Commission.

(B) The company shall restore service if the disconnected customer pays one-half of the delinquent bill, or a lesser negotiated amount, before restoration and enters into a repayment plan to pay the balance over a minimum period of three months, except that the utility is not obligated to enter into more than two plans of this type with a particular customer within a calendar year.

(C) Restoration of service, to the extent feasible, shall be done so as avoid charging ratepayers for overtime rates and other abnormal expenses.

(D) A company shall not require prepayment of any non-recurring charges associated with disconnection and restoration of service as a condition of restoration of service. Such charges shall be paid within thirty days unless part of a repayment agreement.

(E) Upon receipt of a Physician's Certificate, as defined in Section 3.301(D), the company shall reconnect service as soon as possible, but in no event longer than 24 hours.

3.308 <u>Filing Requirements</u>

(A) Within thirty days after the effective date of this rule, all companies subject to its provisions shall submit to the Commission for its review a copy of the disconnection notice form described in Section 3.303.

(B) All gas, electric and telephone utilities subject to this rule shall file monthly with the Commission, on a form provided by the Commission, a statement reporting the following information regarding residential service for the previous month: the number of bills forwarded to ratepayers, the number of disconnection notices sent, the number of actual disconnections, the number of reconnections made within 15 days of disconnection, the number of repayment plans entered into, the number of repayment plans that were broken, and the dollar amount of delinquencies for which disconnections were made.

(C) Companies that fail to file information required in Section 3.308(B) within six months of the month being reported shall be precluded from disconnecting any residential customers.

(D) Within 120 days of the effective date of revisions to this rule, each utility shall file tariff amendments to ensure that they are consistent with the provisions of this rule.

PSB Case No. 17-4999-INV - SERVICE LIST

Participants:

James Porter, Esq. (for Vermont Department of Public Service)
Vermont Public Service Department
Vermont Public Service Department
112 State St
Montpelier, VT 05620
james.porter@vermont.gov

Carol Flint
112 State Street
Montpelier, VT 05620
carol.flint@vermont.gov

Christine Peterson
Vermont Department of Public Service
112 State Street
3rd Floor
Montpelier, VT 05620-2601
christine.peterson@vermont.gov

Others Receiving Copies of Notice:

Vermont Electric Distribution Utilities

Agency of Human Services Field Service Directors

Vermont Public Water Companies Regulated by PUC

Ken Nolan
Vermont Public Power Supply Authority
PO Box 126
Waterbury Center, VT 05677

Vermont Gas Systems, Inc.
PO Box 467
Burlington, VT 05402

Vermont Energy Investment Corporation
David Westman
128 Lakeside Avenue, Suite 401
Burlington, VT 05401

Vermont Agency of Human Services
280 State Drive - Center Building
Waterbury, VT 05671

Office of Economic Opportunity - DCF
280 State Drive, NOB2 North
Waterbury, VT - 05671-1050

Vermont Low Income Advocacy Council Inc
ATTN: Karen Lafayette
109 Caroline Street
Burlington, VT 05401

Vermont Public Interest Research Group (VPIRG)
141 Main St., Ste. 6
Montpelier, VT 05602

Vermont Legal Aid, Inc.
Eric B. Avildsen, Esq., Executive Director
PO Box 1307
264 N. Winooski Ave
Burlington, VT 05402-1367

Champlain Valley Office of Economic Opportunity
Jan Demers, Executive Director
PO Box 1603
Burlington, VT 05402

BROC-Community Action
45 Union Street
Rutland, VT 05701

Southeastern Vermont Community Action
91 Buck Drive
Westminster, VT 05158

Northeast Kingdom Community Action (NEKCA)
Joe Patrissi, Executive Director
jpatrissi@nekcavt.org

AARP Vermont State Office
199 Main Street, Suite 225
Burlington, VT 05401

Community of Vermont Elders (COVE)
641 Comstock Road, Suite 4
Berlin, VT 05602

Central Vermont Council on Aging
59 N. Main Street, Suite 200
Barre, VT 05641

Age Well Vermont
76 Pearl Street, Suite 201
Essex Junction, VT 05452

Southwestern Vermont Council on Aging
143 Maple Street
Rutland, VT 05701

Council On Aging For Southeastern Vermont
56 Main Street, Suite 202
Springfield, VT 05156-2945

Northeast Kingdom Council on Aging
481 Summer St., Suite 101
St. Johnsbury, VT 05819

Champlain Valley Weatherization Service
136 Jimmo Drive, Suite 3
Colchester, VT 05446

SEVCA Weatherization Office
91 Buck Drive
Westminster, VT 05158

BROC Weatherization Office
45 Union Street
Rutland, VT 05701

NETO Weatherization Office - Newport
PO Box 584
Newport, VT 05855

NETO Weatherization Office - St. Johnsbury
PO Box 186
St. Johnsbury, VT 05819

Capstone Community Action
20 Gable Place
Barre, VT 05641

Capstone Community Action
197 Harrel Street
Morrisville, VT 05661

Capstone Community Action
PO Box 500
Bradford, VT 05033

Capstone Community Action
PO Box 284
Randolph, VT 05060

Capstone Community Action
Evergreen Senior Center
5308 Main Street
Waitsfield, VT 05763

Appendix 3

Green Mountain Power

Energy Assistance Program

Appendix 3
Green Mountain Power Energy Assistance Program

For the administration of income-eligibility determinations for customers in arrears, GMP contracts with the Department of Children and Families (DCF), which funnels EAP calls through their call center. Local community action programs (CAPs) affiliated with Vermont's Office of Economic Opportunity (OEO) manage fuel crisis services, and assist with client enrollment in the GMP's EAP and Power Partners. Power Partners is an option for customers who don't meet EAP income eligibility, which is a one-time option and statutorily restricted to households with incomes at 150% of federal poverty level and below.

GMP's customer base and classes are large and diverse enough that the utility can offer a discount rate, a budget plan for prevention, and arrearage forgiveness as an intervention. GMP offers two options for low income customers – the Energy Assistance Program was created as a result of Docket No. 7535, and is targeted by statute to those with incomes at and below 150% of FPL. The Power Partners program is for customers with incomes up to 200% of FPL.

Energy Assistance Program – eligibility at 150% of FPL is codified in statute:

1. New enrollees get 100% of past due forgiven and are enrolled in the low-income discount rate.
2. If the customer goes into arrears again, they are eligible for an EAP Power Partner match.
    a. The eligibility criteria for EAP Power Partner match is that they must be an EAP participant; have a past due amount; are subject to disconnection of service for non-payment; and have not broken a payment arrangement of this type within the past 12 months.
    b. EAP customers must contact GMP in order to qualify and must have an active disconnect notice. If the customer contacts GMP by the day before the first day of the disconnect window, GMP will provide a "payment" match of 50% of the customer's disconnect amount and the customer is responsible for the remaining 50% of the disconnect amount. The customer portion is paid via a payment arrangement set up between the customer and GMP.
    c. Customer's may receive benefits from this program more than once in a calendar year provided they do not break the payment arrangement. If the payment arrangement is broken, the customer will be ineligible for 12 months from the bill date of the broken payment arrangement.

Regular Power Partners:

1. Must be income qualified by Community Action Program.
2. Eligibility Criteria: 200% of Poverty Level and not on the GMP Low Income Rate, must have disconnection notice.
3. GMP customers must take their disconnection notice to their local Community Action Agency (CAA). The CAA will qualify the customer using 200% of poverty for income qualifications. The CAA then determines the amount of assistance available to the customer – not to exceed 50% of the customer's disconnect amount. The customer is responsible for an up-front payment equal to 25% of the disconnect amount, due at GMP (posted or received) by the day before the first day of the disconnect window. GMP will match 25% of the disconnect amount after the payment is received from the customer as described. The customer is also responsible for the remaining 50% of the disconnect amount. This is paid via a payment arrangement set up between the customer and GMP.
4. Customers can only participate in Power Partners once in a calendar year.

The EAP program facets indicate that GMP's is following or exceeds these best practices that have been identified by industry advocates:

- Income qualification is administered by the LIHEAP/fuel assistance program, which has expertise to decipher complex income-eligibility regulations;
- Enrollment prevents disconnection and, once enrolled, 100% of the arrearage is forgiven immediately for new participant, who also receives a low-income rate;
- GMP allows customers who received 100% arrearage once to re-enroll in an arrearage forgiveness arrangement multiple times at 50% arrearage forgiveness, but only if the payment obligation is met. If it is broken, customer can still re-enroll but must wait 12 months before re-enrolling.
- GMP offers a second arrearage forgiveness option for customers who are over 150% but under 200% FPL, which forgives 25% of their arrearage and covers another 25% with a match. The customer is responsible for paying down the remaining 50% balance upfront. Customers can re-enroll in Power Partners every year, but only once in a calendar year. Many AMPs prohibit re-enrollment after a customer participates in an AMP once, unless extenuating circumstances such as health care costs, job loss, or death of a household wage earner occur; and
- GMP is extending its discount rate to the entire kWh usage for income-eligible customers that enroll in the EAP.
- GMP is prohibited by Vermont statute from enrolling all LIHEAP-eligible customers in the discount rate.